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NEW MEXICO OIL CONSERVATION COMMISSION

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JUL 2 1980

O. C. D.
ARTESIA, OFFICE

30-005-60743
Form C-101
Revised 1-1-65

| |
|--|
| 5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEDERAL <input type="checkbox"/> |
| 5. State Oil & Gas Lease No. IC-4340 |
| 7. Unit Agreement Name |
| 8. Farm or Lease Name Selman Draw NS State |
| 9. Well No. 2 |
| 10. Field and Pool, or Wildcat Wildcat |
| 12. County Chaves |
| 19. Proposed Depth approx. 4900' |
| 19A. Formation Penn |
| 20. Rotary or C.T. Rotary |
| 21. Elevations (Show whether DT, RT, etc.) 3826' GL |
| 21A. Kind & Status Plug. Bond Blanket |
| 21B. Drilling Contractor LaRue Drilling |
| 22. Approx. Date Work will start ASAP |

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| |
|--|
| 1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> |
| b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> |
| 2. Name of Operator Yates Petroleum Corporation ✓ |
| 3. Address of Operator 207 S. 4th Street, Artesia, New Mexico 88210 |
| 4. Location of Well UNIT LETTER B LOCATED 660 FEET FROM THE North LINE AND 1980 FEET FROM THE East LINE OF SEC. 8 TWP. 7S RGE. 24E NMPM |
| 19. Proposed Depth approx. 4900' |
| 19A. Formation Penn |
| 20. Rotary or C.T. Rotary |
| 21. Elevations (Show whether DT, RT, etc.) 3826' GL |
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23.

PROPOSED CASING AND CEMENT PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP |
|--------------|------------------|--------------------------|---------------|-----------------|-----------|
| 17 1/2" | 13 3/8" | 48# - J-55 | approx. 400' | 500 | circulate |
| 12 1/4" | 8 5/8" | 24# - J-55 | approx. 1550' | 675 | circulate |
| 7 7/8" | 4 1/2" or 5 1/2" | 10.5 - 11.6# or 14-15.5# | TD 4900' | 400 | |

We propose to drill and test the Penn and intermediate formations. Approximately 450' of surface casing will be set below water zone (100') and cement circulated to shut off cavings. If commercial 5 1/2" or 4 1/2" production casing will be run and cemented with adequate cover, perforate and stimulate as needed for production.

MUD PROGRAM: FW gel and LCM to 1500', FW to 3300', salt gel, flosal-driskpak KCL to TD.

BOP PROGRAM: BOP's will be installed on 8 5/8" casing and tested daily.

GAS NOT DEDICATED.

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED

EXPIRES 10-3-80

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed John A. Lopez Title Regulatory Coordinator Date July 2, 1980

(This space for State Use)

APPROVED BY Mike Williams TITLE OIL AND GAS INSPECTOR DATE JUL 3 1980

CONDITIONS OF APPROVAL, IF ANY:

Cement must be circulated to surface behind 13 3/8" + 8 5/8" casing Notify N.M.O.C.C. in sufficient time to witness Cementing of 8 5/8"

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

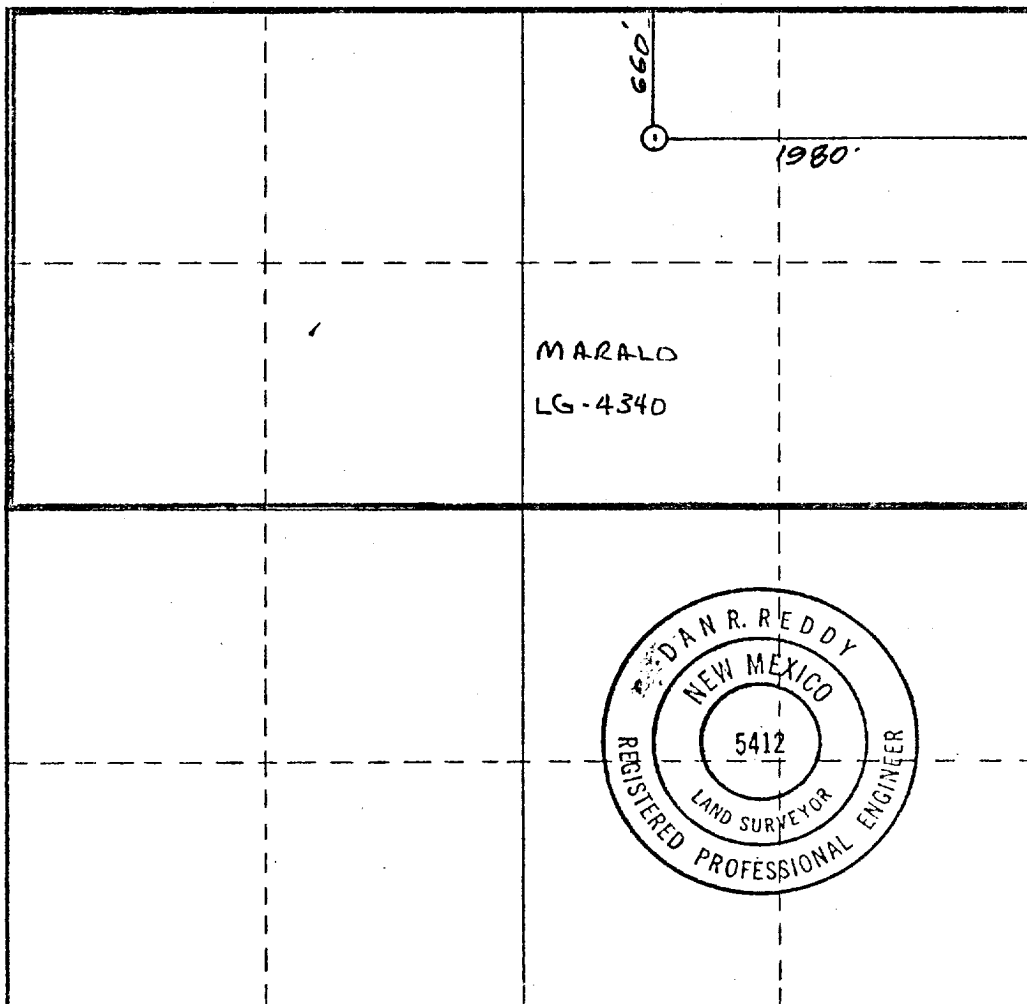
| | | | | | |
|---|------------------------------------|-----------------------------|--------------------------------------|---|----------------------|
| Operator Yates Petroleum Corporation | | | Lease Selman Draw NS State | | Well No. 2 |
| Unit Letter B | Section 8 | Township 7. South | Range 24 East | County Chaves | |
| Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the East line | | | | | |
| Ground Level Elev. 3826 | Producing Formation PENN | | Pool WILDCAT | Dedicated Acreage: 3.20 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Gliserio Rodriguez
Name

GLISERIO RODRIGUEZ

Position:

GEOGRAPHER

Company

YATES PETROLEUM CORP.

Date

JUNE 30, 1980

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

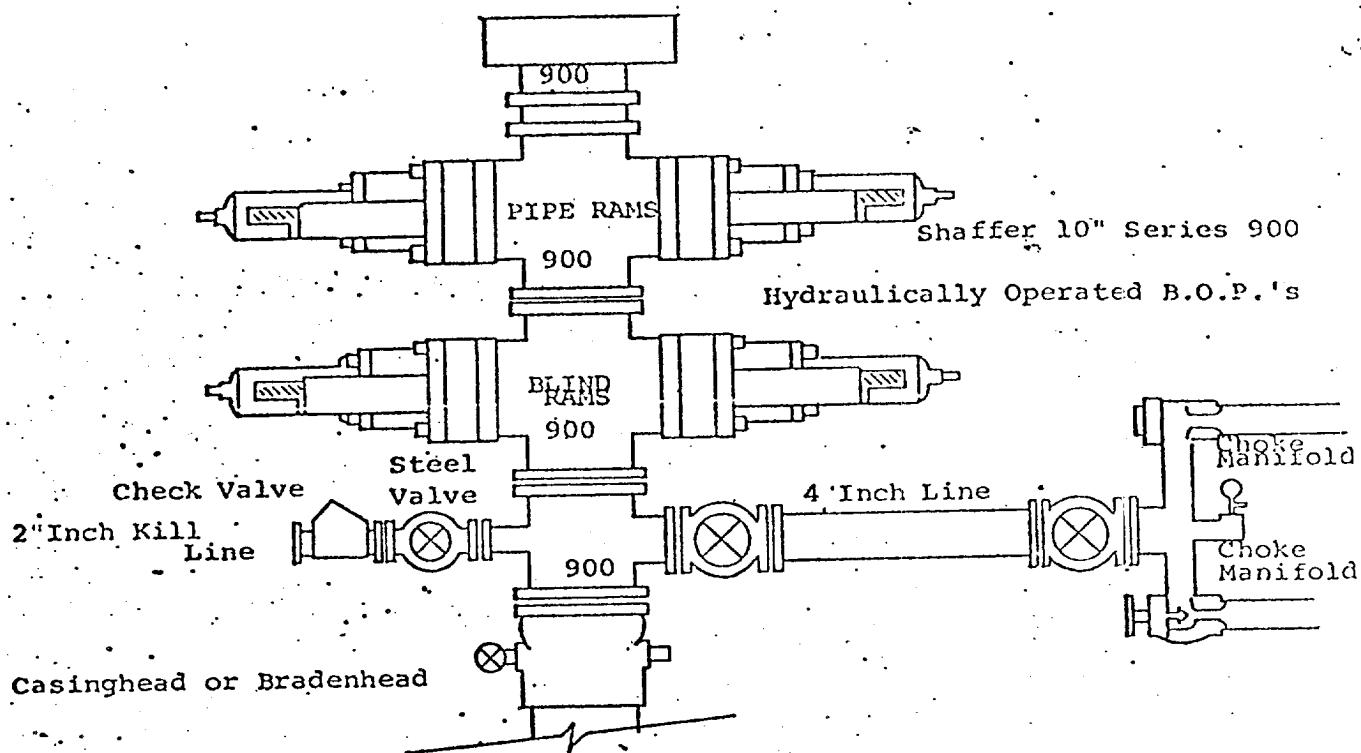
Date Surveyed
June 27, 1980

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NMPE&LS #5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel, hole or tube a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.