

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☐

RECEIVED
MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

105 South Fourth Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

460' FNL & 1880' FWL

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 21 miles N/NW of Roswell, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 460'
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED
TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
3300'

160

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3861.0' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/2"	8 5/8"	24.0# J-55	1200	1200 sacks circulated
7 7/8"	4 1/2"	9.5# J-55	TD	350 sacks approx. 3600'

Yates proposes to drill and test the Abo and intermediate formations. Approximately 1200' of surfacing casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW/GEL/LCM to 1200', Cut Brine to 2700', Starch/Drlspak to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

GAS NOT DEDICATED:

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Clifton R. May

TITLE

Permit Agent

DATE

8/8/89

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

S/Phil Kirk

TITLE

Area Manager

DATE

SEP 11 1989

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL OF THIS APPLICATION DOES NOT WARRANT OR CERTIFY THAT THE APPLICANT HOLDS LEGAL OR EQUITABLE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

See Instructions on Reverse Side

United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Bravos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

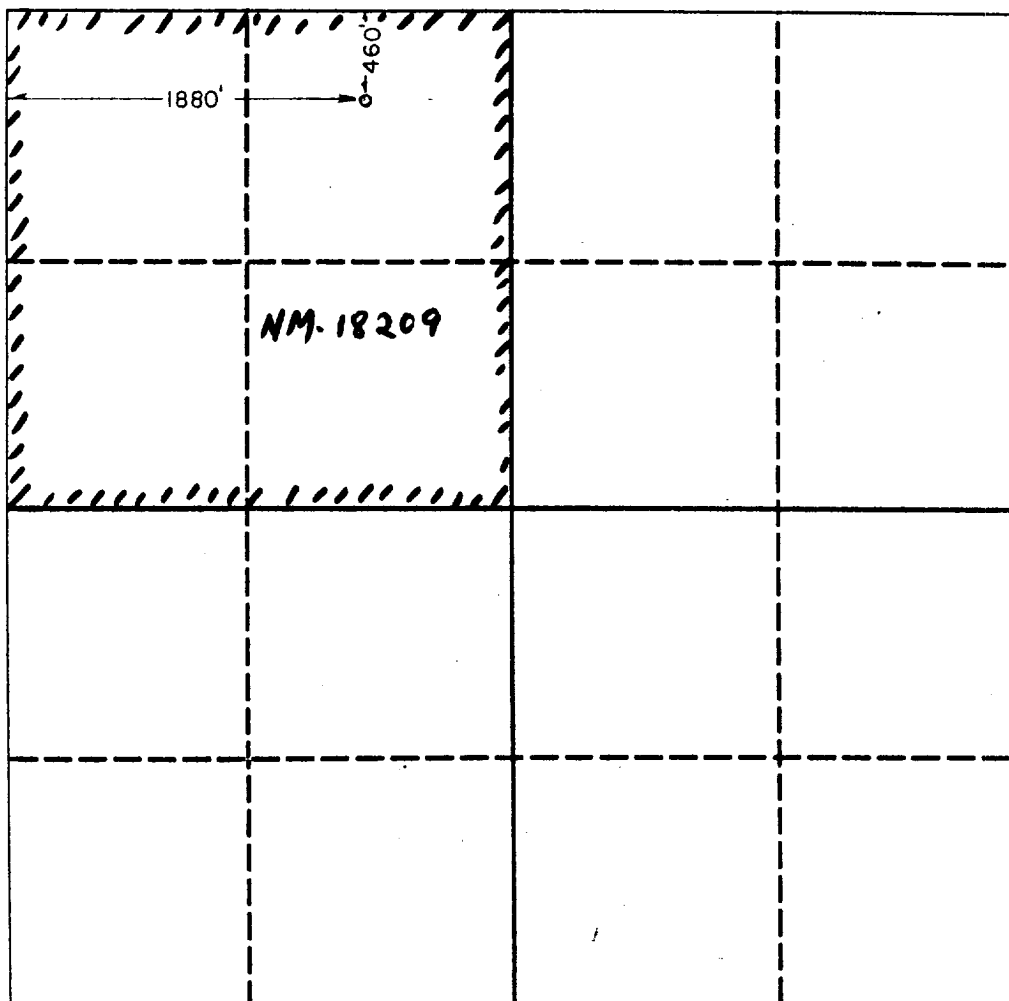
All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease MILDRED "XD" FEDERAL		Well No. 2
Unit Letter C	Section 33	Township 7 South	Range 23 East	County Chaves	NMPM
Actual Footage Location of Well: 460 feet from the North line and 1880 feet from the West line					
Ground level Elev. 3861.0	Producing Formation Abo		Pool W. Pecos Slope Abo		Dedicated Acreage: 160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Clifton R. May
Printed Name
CLIFTON R. MAY
Position
PERMIT AGENT
Company
YATES PETROLEUM CORPORATION
Date
8-8-89

SURVEYOR CERTIFICATION

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
7/21/89
Signature & Seal of
Professional Surveyor

Certified No. 8488
STATE OF NEW MEXICO
LAND SURVEYOR

YATES PETROLEUM CORPORATION
Mildred XD Federal #2
460' FNL & 1880' FWL
Section 33-T7S-R23E
Chaves County, New Mexico

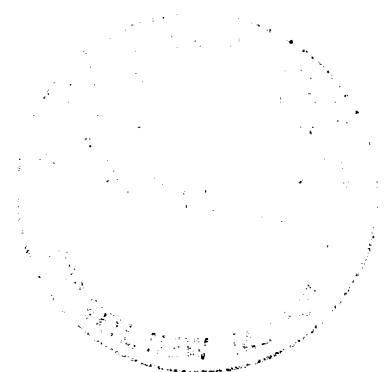
In conjunction with Form 3160-3, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements.

1. The geological surface formation is Sandy Alluvium.
2. The estimated tops of geologic markers are as follows:

Fullerton	2128'
Abo	2773'
TD	3300'.
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water:	Approximately 250' - 350'
Oil or Gas:	- Abo - 3470'
4. Proposed Casing Program: See Form 3160-3
5. Pressure Control Equipment: See Form 3160-3 and Exhibit B
6. Mud Program: See Form 3160-3
7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

Samples:	Surface casing to TD
DST's:	As warranted
Coring:	None anticipated
Logging:	CNL/FDC from TD to casing with GR-CNL on to surface; DLL from TD to casing.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.



MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Mildred XD Federal #2
460' FNL & 1880' FWL
Section 33-T7S-R23E
Chaves County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of BLM Topographic map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 21 miles N/NW of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

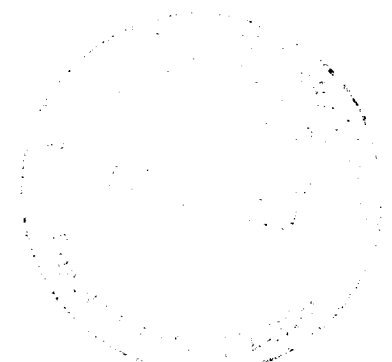
Go north of Roswell on 285 approximately 12 miles to Verbena Road. Turn west and go approximately 5 1/2 miles to Rock House Road. Turn right and almost immediately turn right again on Lease Road. Go approximately 2 miles. Turn east and follow road to Rambler. New access starts here and goes up on hill and then east to location.

2. PLANNED ACCESS ROAD

- A. The proposed access road will be approximately 3200' in length from point of origin to the northwest edge of the drilling pad. The road will lie in an north and east direction.
- B. The new road will be 14' in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed. Traffic turnouts will be built as needed.
- D. The route of the road is visible.
- E. The surface will not be caliched.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.



4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, and gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Additional construction materials may not be needed for drilling the well or constructing the access road into the location during drilling. The surface soil materials may be sufficient. If additional material is needed, they will be bought from a private source.
- B. No construction materials will be taken off federal land except that taken off location and road which is on federal lands.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
- G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLIARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach. A cross section of drill pad with approximate cuts, fills and pad orientation is included.

- B. The reserve pits will be plastic lined.
- C. A 400' X 400' area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been levelled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

11. OTHER INFORMATION:

- A. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, swelling, historical and cultural sites.
- B. Waterways: See archaeological report.

12. SURFACE OWNERSHIP:

- A. The wellsite and access road is on federal surface administered by BLM.
- B. The surface is leased to David Corn, Dunlap Route, Box 1141, Roswell, New Mexico 88201.

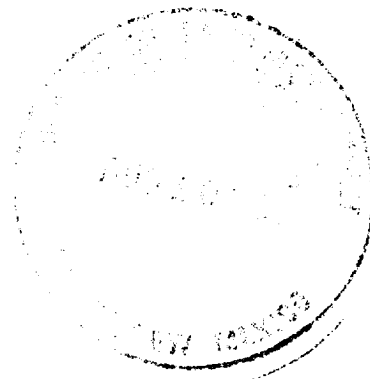
13. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505)-748-1471

B. Through Drilling Operations:

Al Springer, Drilling Superintendent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505)-748-1471



Mildred XD Federal #2

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14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

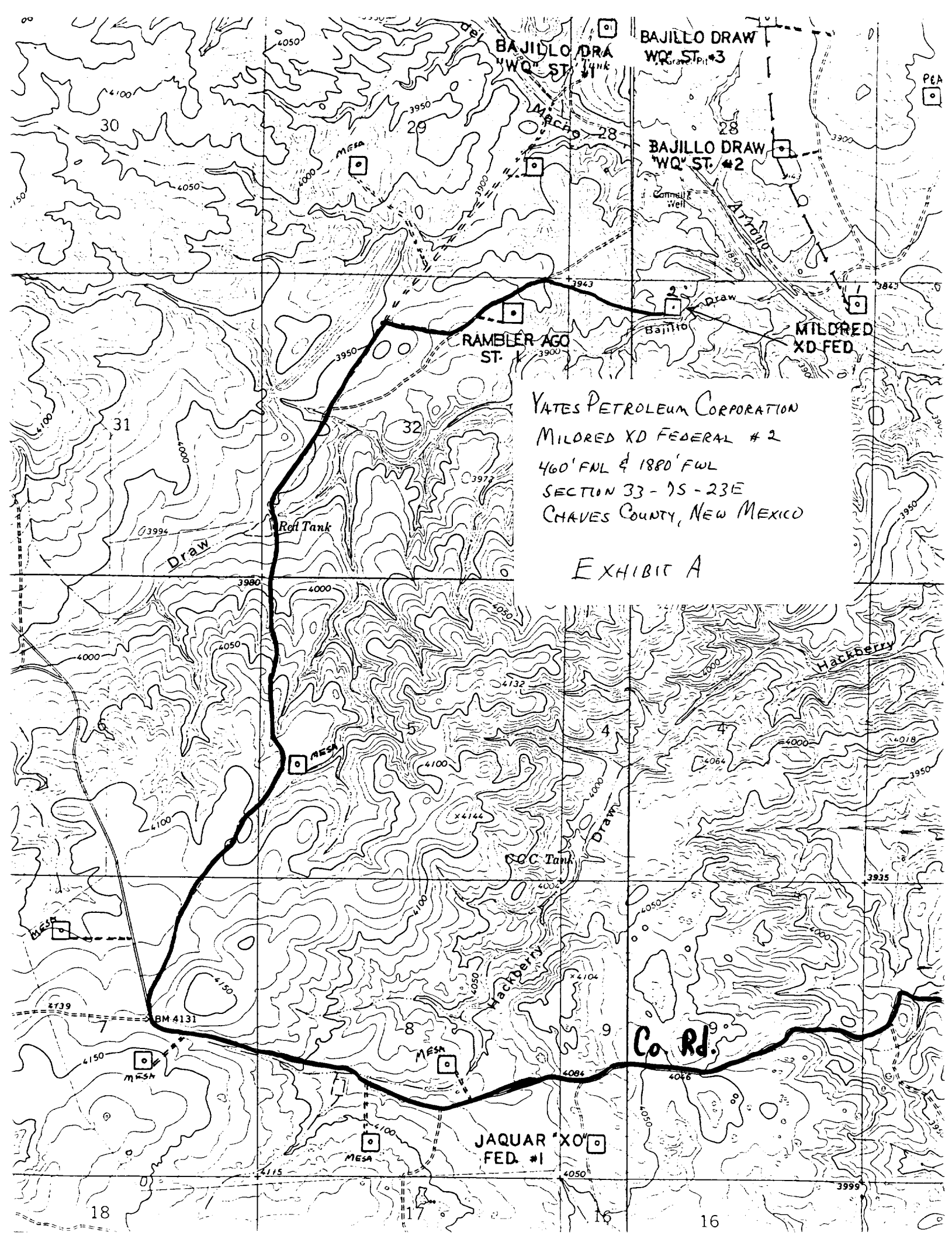
8-9-89

Date

Clifton R. May

Clifton R. May
Permit Agent



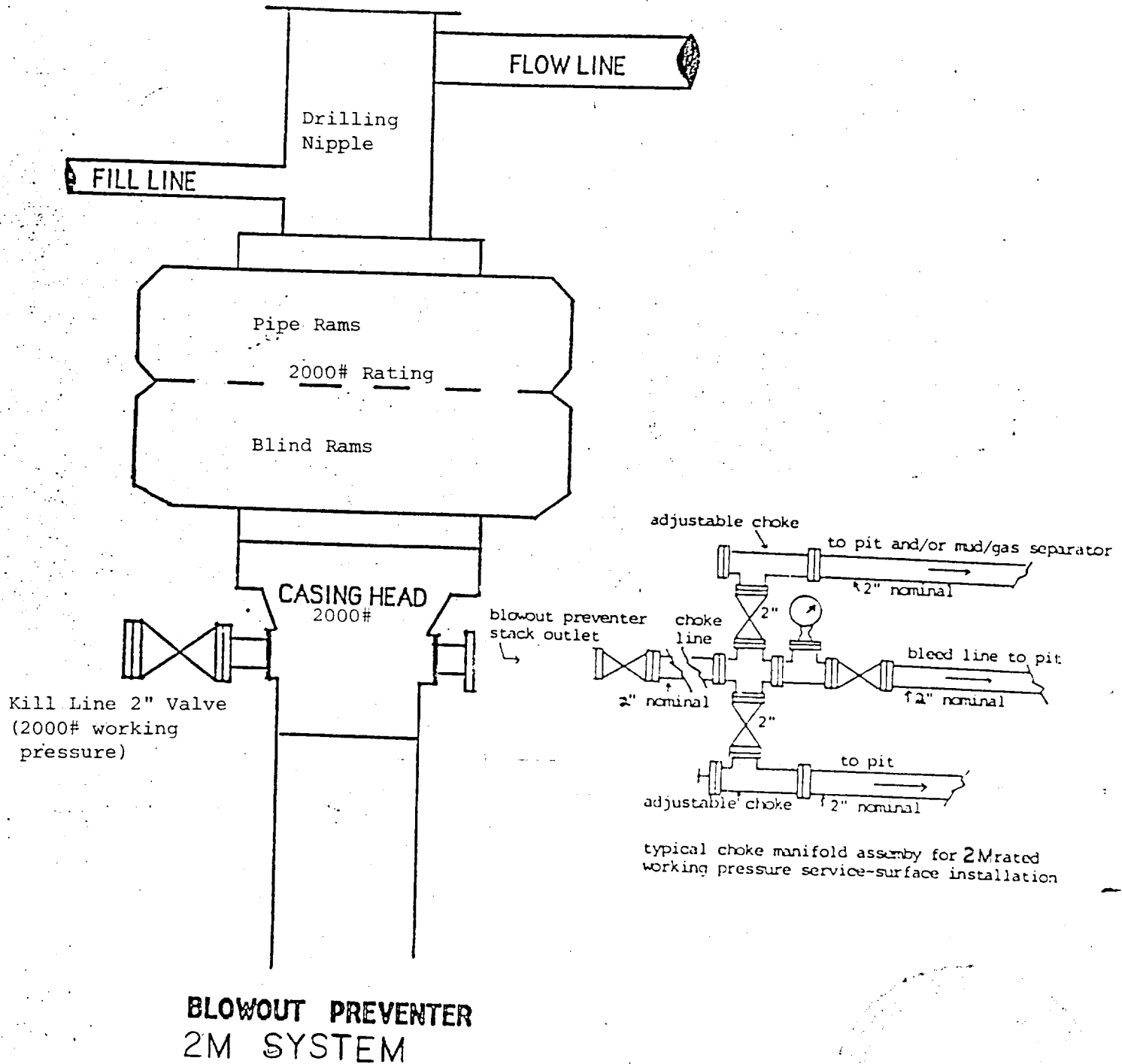


YATES PETROLEUM CORPORATION
MILDRED XD FEDERAL # 2
460' FNL & 1880' FWL
SECTION 33 - 7S - 23E
CHAVES COUNTY, NEW MEXICO

EXHIBIT A

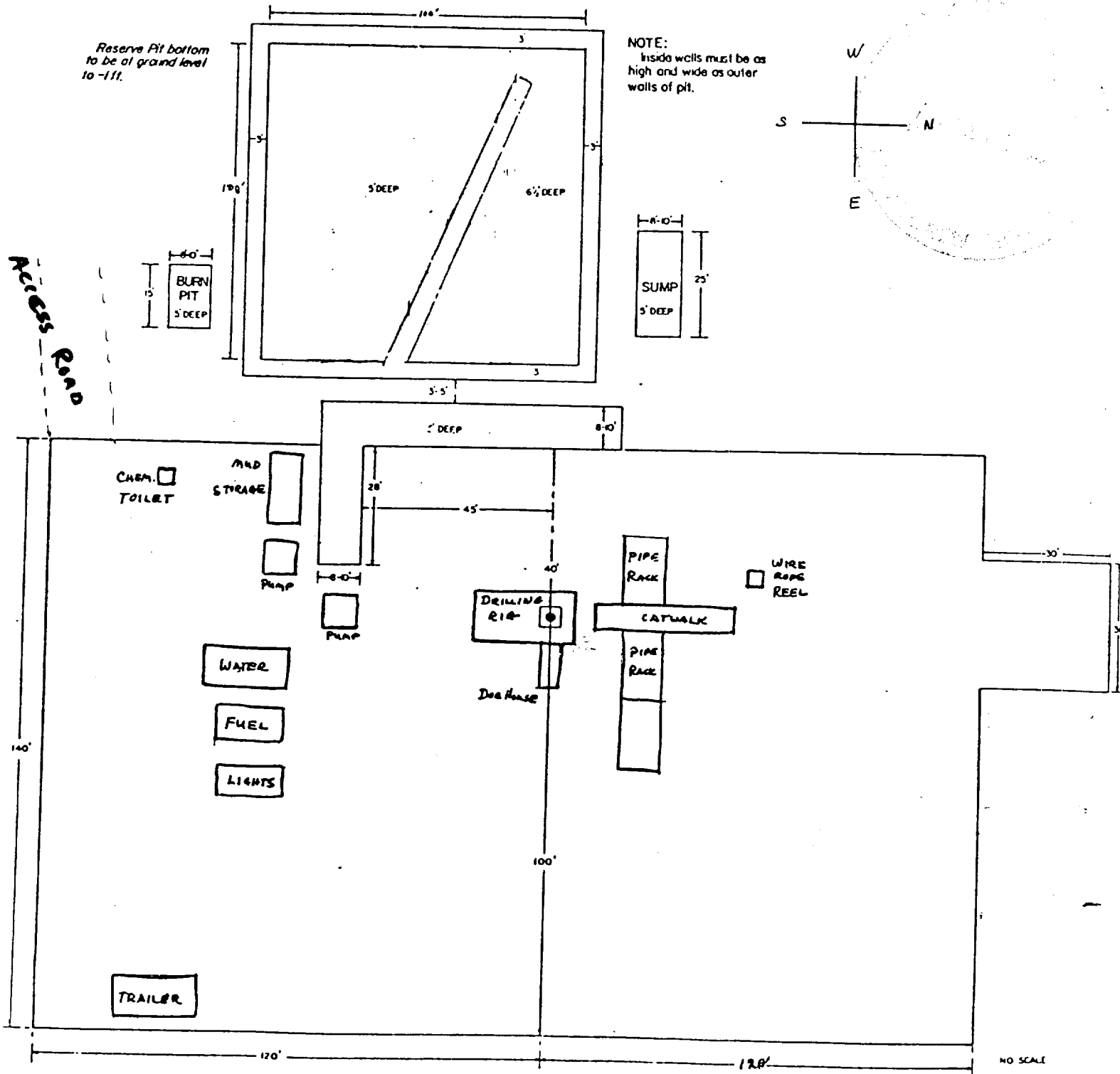
YATES
PETROLEUM
CORPORATION

EXHIBIT B



YATES PETROLEUM CORPORATION

EXHIBIT C



JOB No.

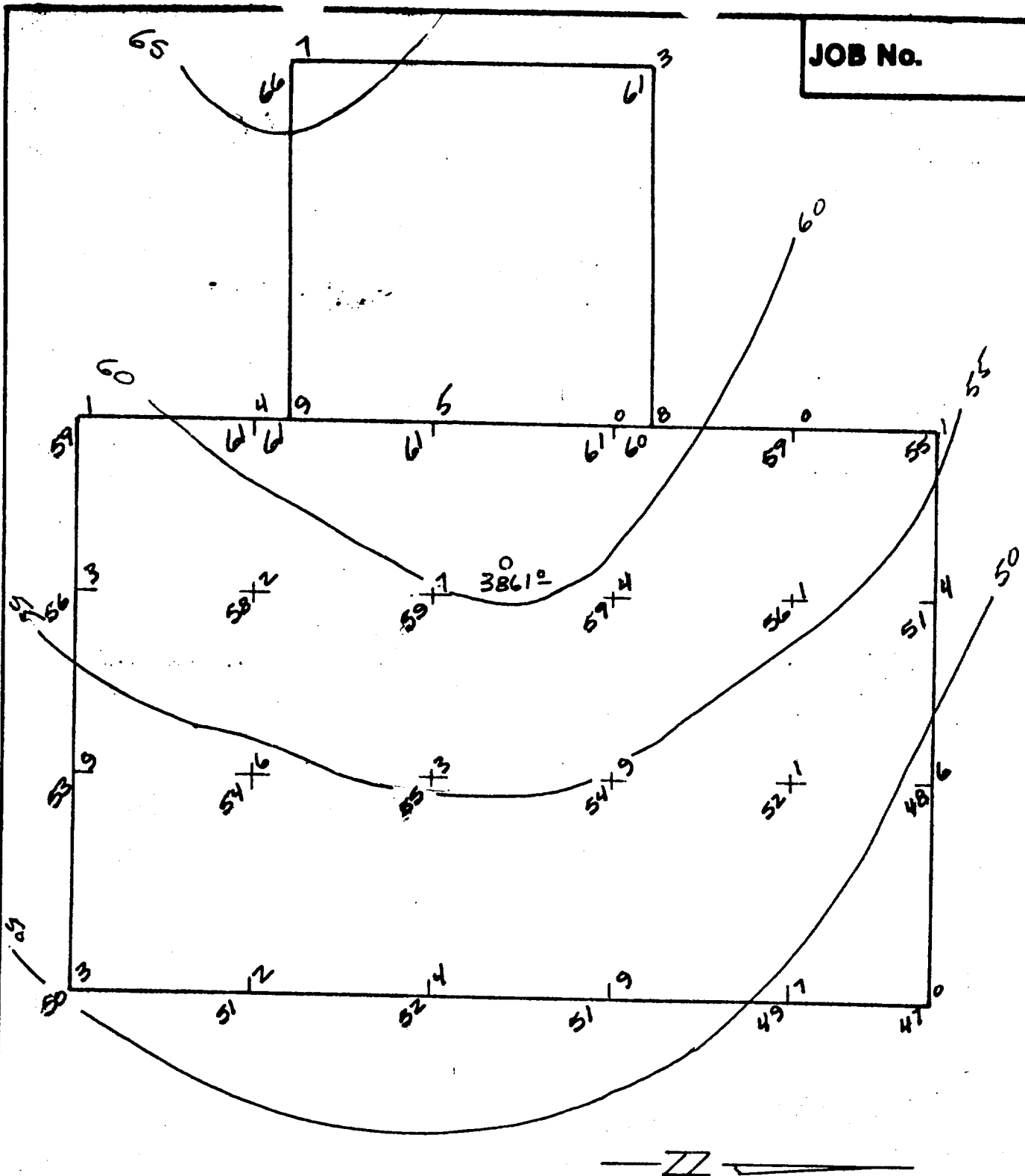
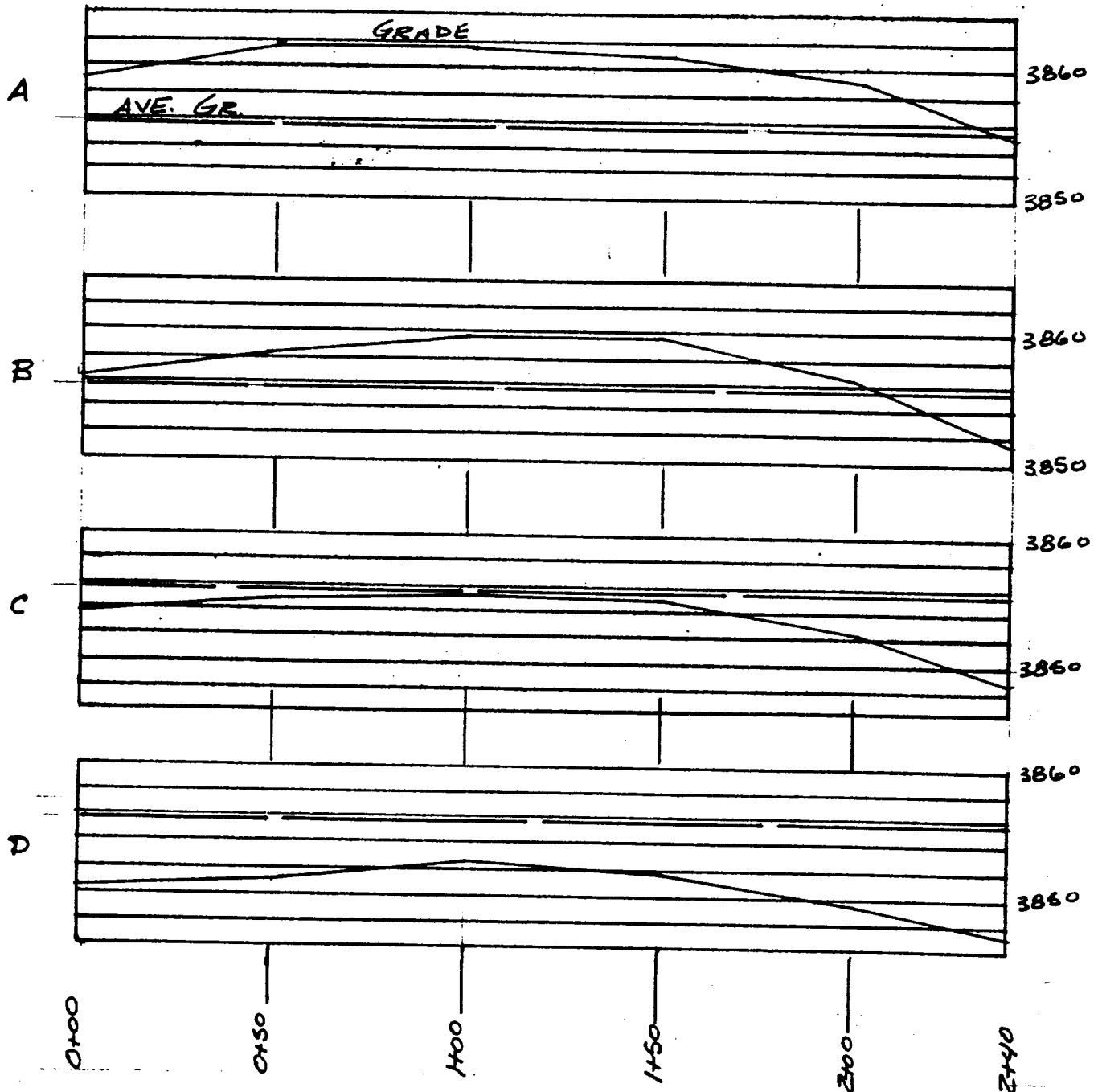


EXHIBIT C₂

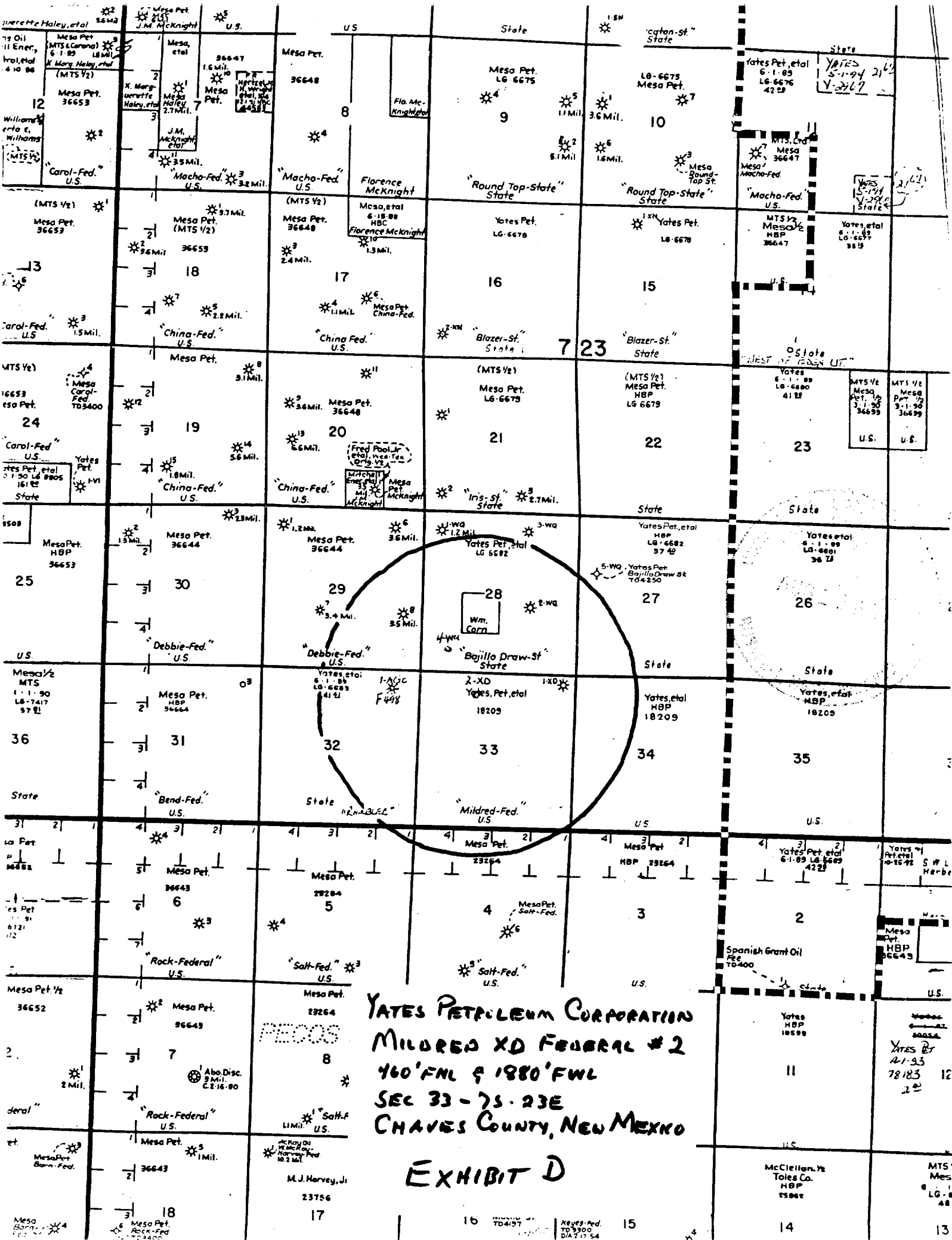
THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY REFLECTS THE RESULTS OF SAID SURVEY AND MEETS THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

JOB No.



Cut. 1981 cu. yds
Fill 1955 cu. yds

EXHIBIT C₃



YATES PETROLEUM CORPORATION
MILDRED XD FEDERAL #2
460' FNL & 1880' FNL
SEC 33 - 73 - 23E
CHAVES COUNTY, NEW MEXICO

EXHIBIT D