

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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"/>		RECEIVED MAR 29 '89
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 105 South Fourth Street, Artesia, New Mexico 88210		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1980' FNL & 660' FWL At proposed prod. zone Same		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 17 miles southwest of Artesia, New Mexico		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)	16. NO. OF ACRES IN LEASE 660'	17. NO. OF ACRES ASSIGNED TO THIS WELL 320.00 acres
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH 8250'	20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3764.0 GR		22. APPROX. DATE WORK WILL START* ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5 # J-55	Approx. 250'	250 Sacks CIRCULATE
12 1/4"	8 5/8"	24# J-55	Approx. 1100'	600 Sacks
7 7/8"	5 1/2"	15 & 17 # J-55	TD	350 Sacks

We propose to drill and test the Morrow formation. Approximately 250' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented. Will perforate and stimulate as needed for production.

MUD PROGRAM: FW gel and LCM to 1100', fresh water to 3850', KCL water to 6000', starch / drispak/KCL to 7100', flosal/drispak/KCL mud to TD. MW 8.8-9.0, Vis 34-39, WL 10-7.

BOP PROGRAM: BOP's and Hydril on 8 5/8" casing and tested, piperams daily for operational, Yellow Jacket prior to drilling Wolfcamp.

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.

SIGNED Clifton R. May TITLE Permit Agent DATE 3-6-89  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
APPROVED BY [Signature] TITLE for DATE 3-28-89  
CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the 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

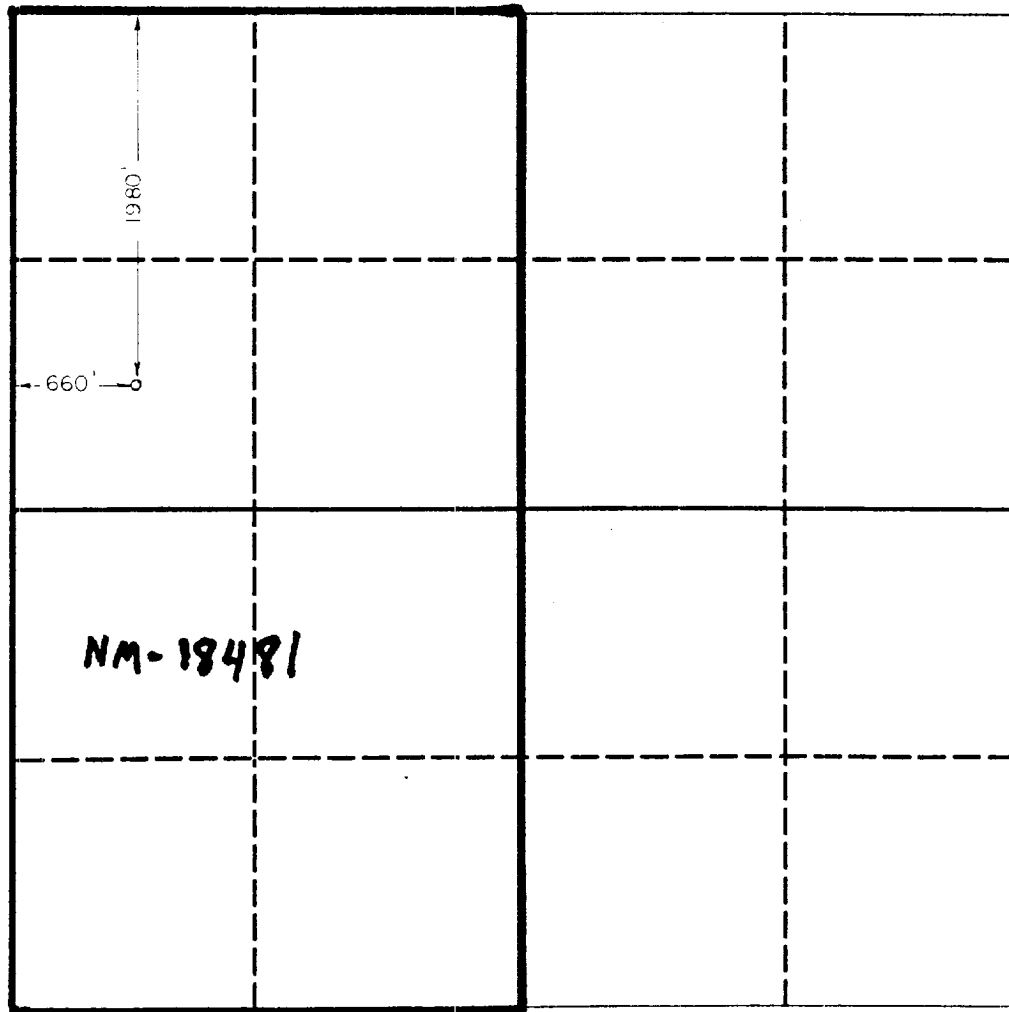
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Yates Petroleum Corporation			Lease Laney "AGJ" Federal		Well No. 2
Unit Letter E	Section 3	Township 18 South	Range 24 East	County Eddy	
Actual Footage Location of Well: 1980 feet from the North line and 660 feet from the West line					
Ground level Elev. 3764.0	Producing Formation MORROW		Pool WILDCAT MORROW	Dedicated Acreage: 320 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: March 14, 1989

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.

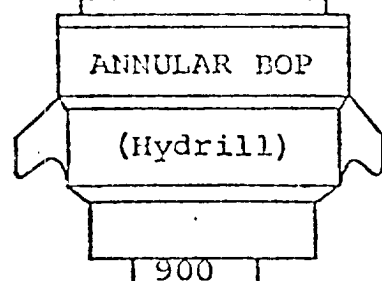
Date Surveyed:

Signature: *L. Jones*  
Professional Surveyor

STATE OF NEW MEXICO  
HERSCHEL L. JONES  
19840  
REGISTERED SURVEYOR

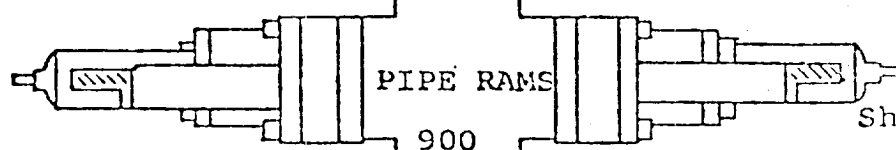
0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

Rotating head if necessary  
2" Fill up Line



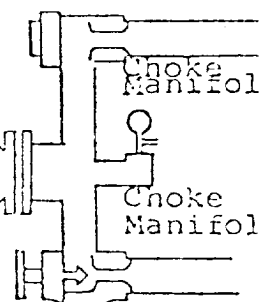
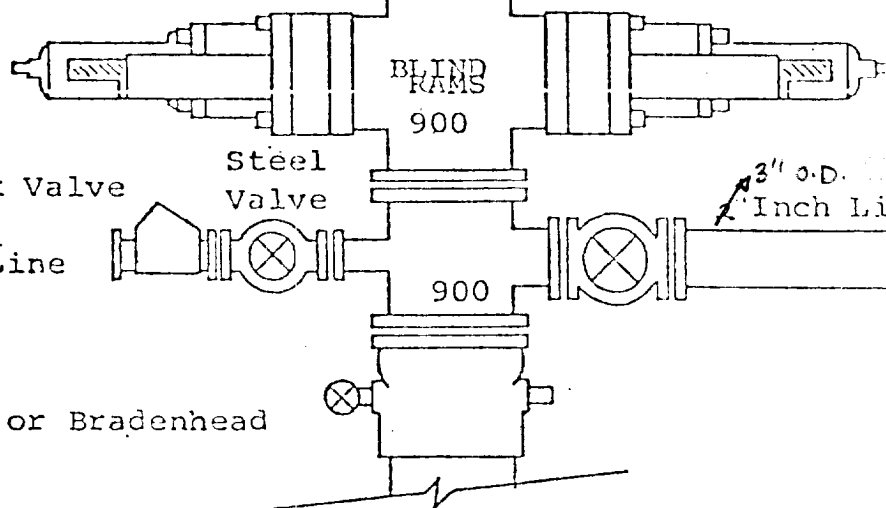
YATES PETROLEUM CORPORATION  
LANEY AGJ FEDERAL #1  
1980' PNL AND 660' FWL  
SECTION 3 - 185-24E

EXHIBIT B



Hydraulically Operated B.O.P.'s

Check Valve  
2" Inch Kill Line  
Steel Valve  
Casinghead or Bradenhead



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual control 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.
10. D. P. float must be installed and used below zone of first gas intrusion

YATES PETROLEUM CORPORATION

Laney "AGJ" Federal #2

1980' FNL & 660' FWL

Section 3-T18S-R24E

Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

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

San Andres	489	Lower Canyon	7022
Glorieta	1858	Strawn	7285
ABO	3805	Atoka	7633
Wolfcamp Lime	4920	Morrow Clastics	7933
Cisco	6121	Chester Lime	8028
Upper Canyon	6447	TD	8250
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approximately 100'-150'    Artesia water approximately 630'-950'

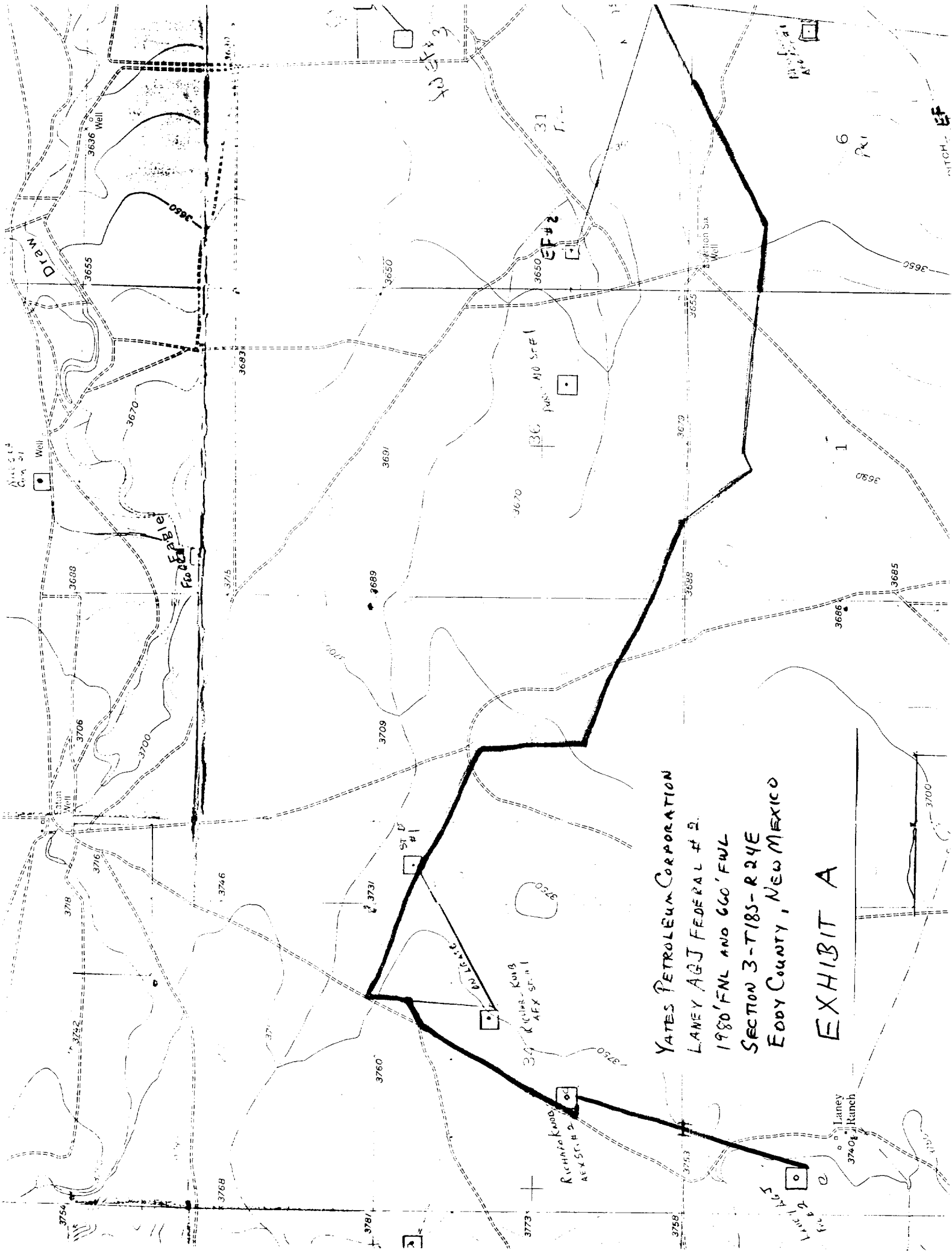
Oil or Gas: 6121, 7633, 8028
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Kelly cock, pit level indicators and flow sensor equipment; sub with full opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

DST's: As warranted

Logging: CNL/FDC from TD to casing with GR-CNL on to surface; DLL with RXO to casing. Low-speed sonic TD to Casing.

Samples: Surface casing to TD

Coring: None
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.



YATES PETROLEUM CORPORATION  
LANEY AGJ FEDERAL #2  
1980' FNL AND 660' FWL  
SECTION 3-T185-R24E  
EDDY COUNTY, NEW MEXICO  
EXHIBIT A

Laney  
37408  
Kunch

Richman Knob  
AEX ST. #2

374 RICHMAN-KNOB  
AEX ST. #1

ST D  
#1

EF#2

36  
for NO ST#1

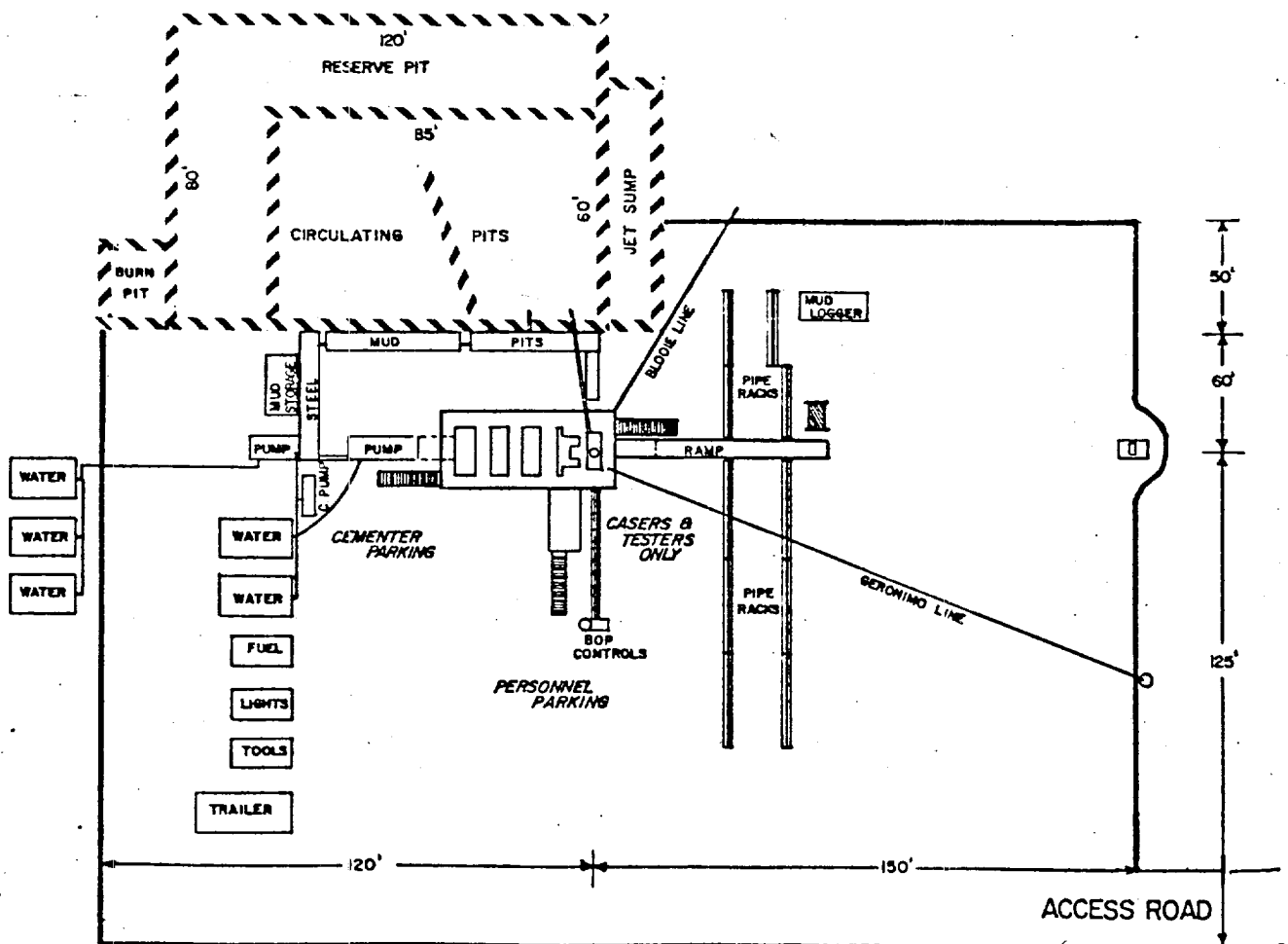
36543

ATCH EF

# YATES PETROLEUM CORPORATION

LANEY AGJ FEDERAL #1  
1980' FWL AND 660' FWL  
SECTION 3-18S-24E

EXHIBIT C



DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet