

30-015-26147
Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT 88210

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 ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Vates Petroleum Corporation

3. ADDRESS OF OPERATOR

105 South Fourth Street, Artesia, NM 88210

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

At surface

1980' FNL & 660' FEL

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. 660'
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

19. PROPOSED DEPTH

8300'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320.00 acres

20. ROTARY OR CABLE TOOLS

Rotary

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

3718.2' 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
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 - Circulate
7 7/8"	5 1/2"	15 & 17 #J-55	TD	350 Sacks

We propose to drill and test the Morrow and intermediate formations. Approximately 250' of surface casing will be run and cement circulated to shut off gravel and cavings. Intermediate casing will be set 100' below the Artesian Water Zone and cemented to the surface. If commercial pay is encountered, we will run 5 1/2" casing and cement with 600' of cover, 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.

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

PILOT ID-1
NEXAP
7-7-89

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

6-8-89

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

6-30-89

CONDITIONS OF APPROVAL IF ANY:

*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 MARLBORO "ADF" FEDERAL		Well No. 1
Unit Letter H	Section 3	Township 18S	Range 24E	County EDDY	

Actual Footage Location of Well:

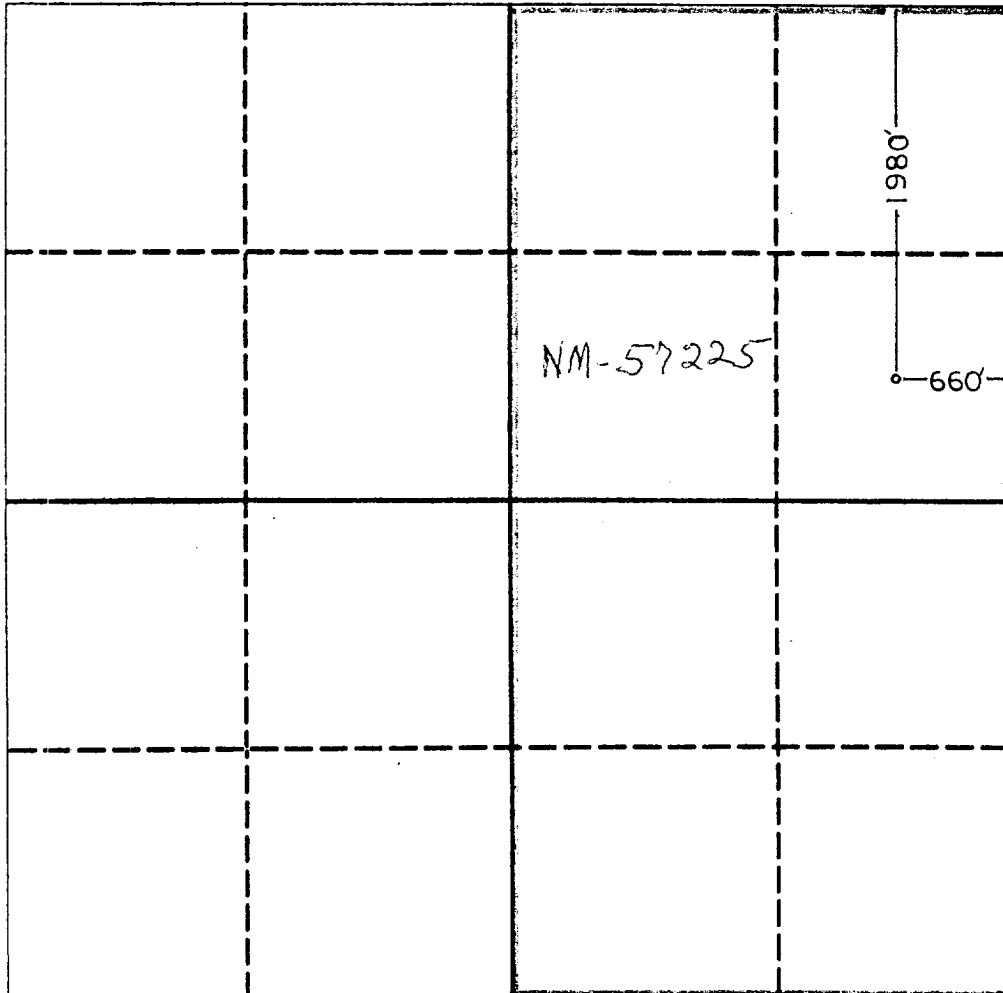
1980 feet from the NORTH line and 660 feet from the EAST line

Ground level Elev. 3718.2	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.



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

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 CORP.
Date 6-5-89

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 6-2-89
Signature & Seal of Professional Surveyor

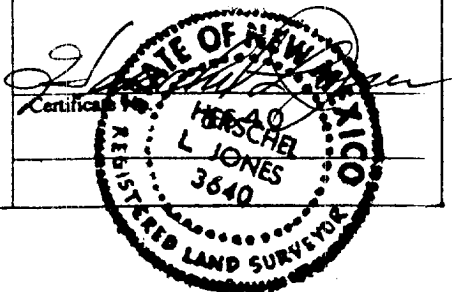
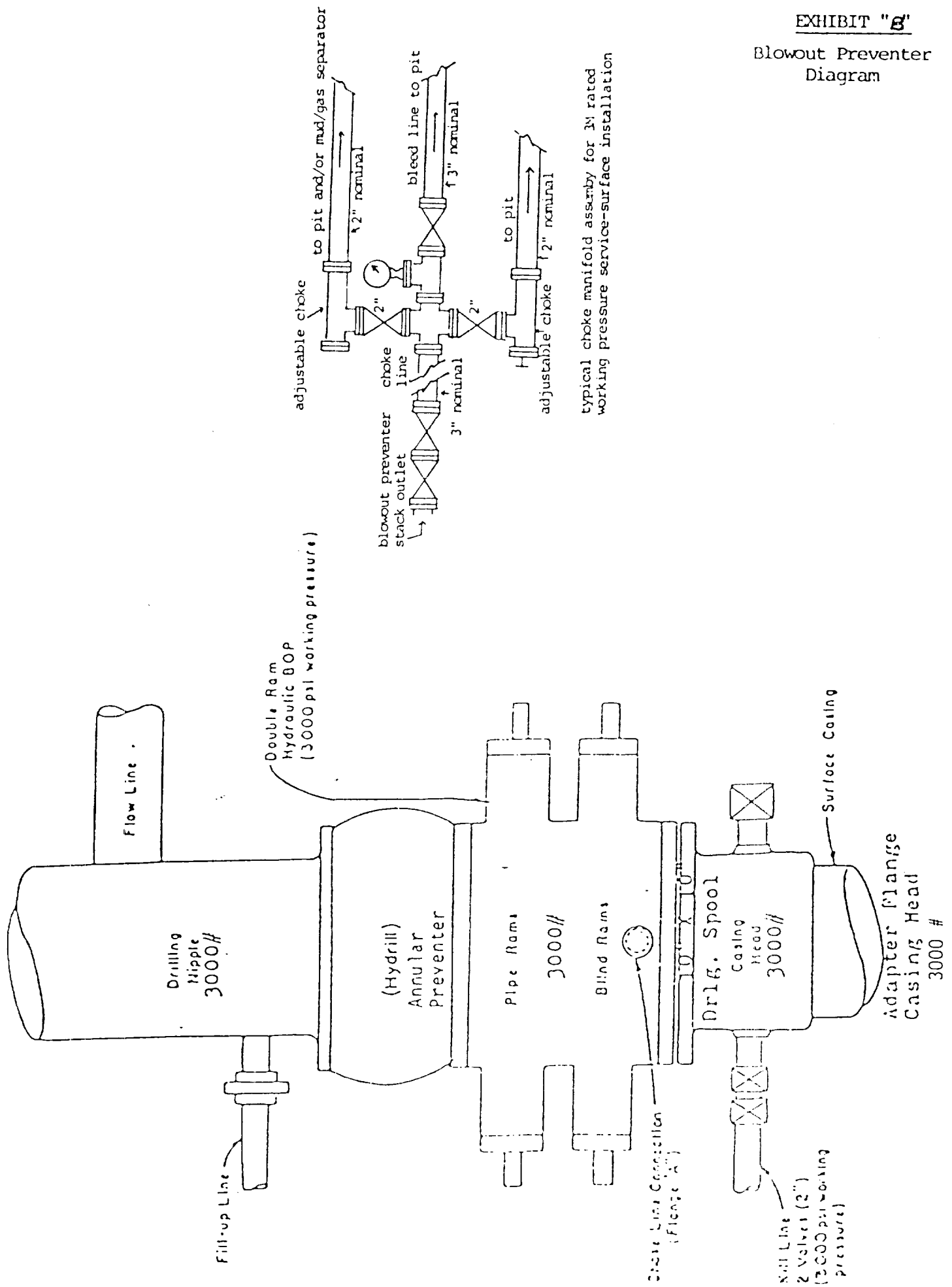


EXHIBIT "B"

Blowout Preventer Diagram



YATES PETROLEUM CORPORATION
Marlboro ADF Federal #1
1980' FNL and 660' FEL of
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:

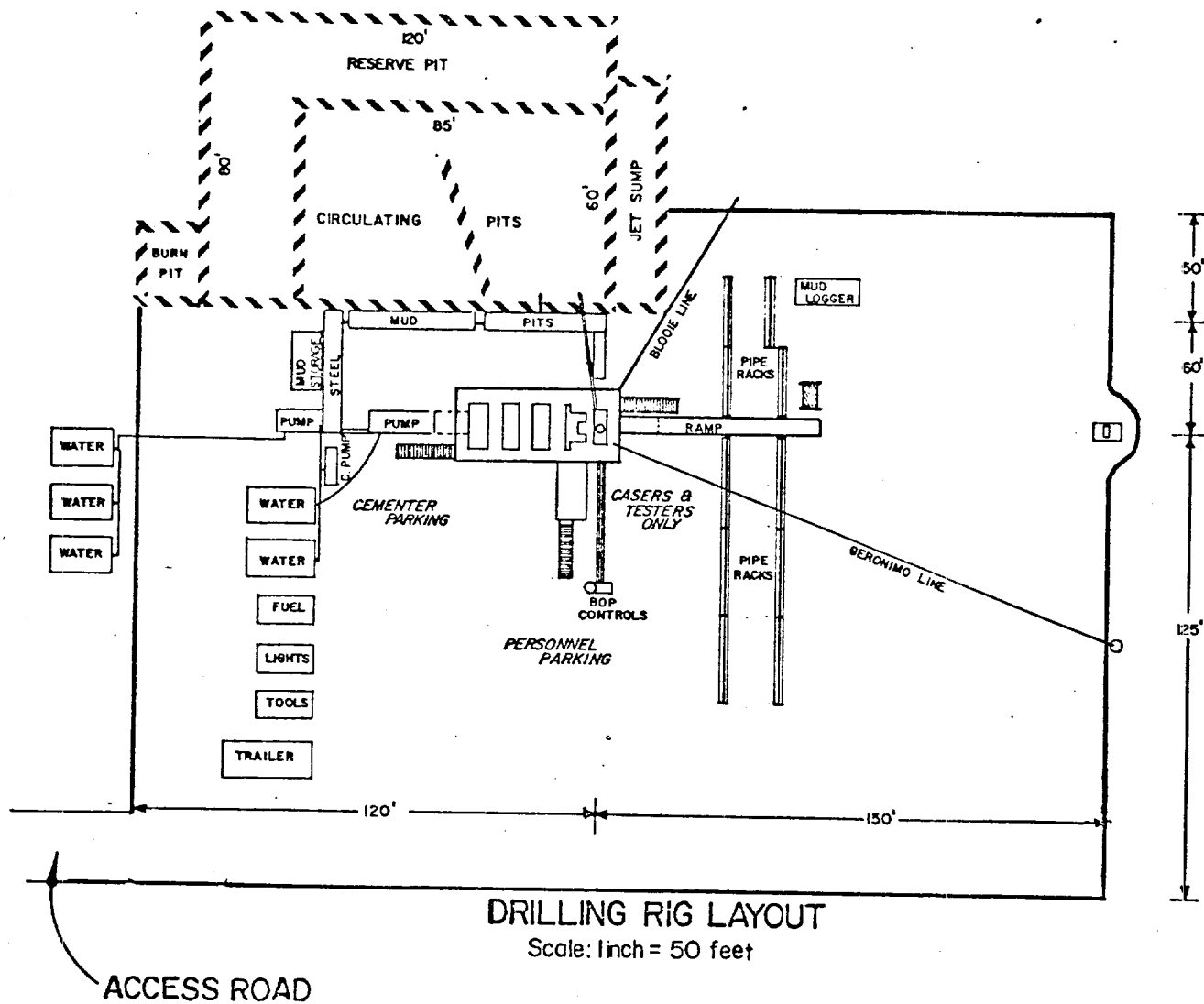
San Andres	508	Lower Canyon	7067
Glorieta	1893	Strawn	7425
ABO	3847	Atoka	7733
Wolfcamp Lime	4957	Morrow Clastics	8038
Cisco	6138	Chester Lime	8196
Upper Canyon	6507	TD	8300
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

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/LDC from TD to casing with GR-CNL on to surface; DLL with TXO 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

EXHIBIT C



DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet