

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

OCT 25 1991

O. C. D.

API NO. (assigned by OCD on New Wells) 30-015-26878	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. V-1673	
7. Lease Name or Unit Agreement Name Lost Tank "AIS" State	
8. Well No. 9	
9. Pool name or Wildcat Wildcat Delaware	
10. Proposed Depth 8500'	
11. Formation Delaware	
12. Rotary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GR, etc.) 3614'	
14. Kind & Status Plug. Bond Blanket	
15. Drilling Contractor Undesignated	
16. Approx. Date Work will start As soon as possible	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	
b. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	
4. Well Location Unit Letter <u>I</u> : 1980 Feet From The <u>South</u> Line and <u>330</u> Feet From The <u>East</u> Line Section <u>36</u> Township <u>21 South</u> Range <u>31 East</u> NMPM <u>Eddy</u> County	

10. Proposed Depth 8500'		11. Formation Delaware		12. Rotary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GR, etc.) 3614'		14. Kind & Status Plug. Bond Blanket		15. Drilling Contractor Undesignated	
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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"	54.5#	850'	850	Circulate
11"	8 5/8"	32.0#	4500'	2500	Circulate
7 7/8"	5 1/2"	17 & 20#	TD	As warranted	Tie Back

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate 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: Native mud to 850'; Brine to 4500'; cut Brine to TD.

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

Letter has been sent to N.M. Potash Corporation.

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 5/8/92
UNLESS DRILLING UNDERWAY

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.

SIGNATURE Clifton R. May TITLE Permit Agent DATE 10-24-91
TYPE OR PRINT NAME Clifton R. May TELEPHONE NO. 748-1471

(This space for State Use)

ORIGINAL SIGNED BY

MIKE WILLIAMS

SUPERVISOR, DISTRICT II

APPROVED BY _____ TITLE _____ DATE NOV 13 1991

CONDITIONS OF APPROVAL, IF ANY:

NOTIFY N.M.O.C.D. IN SUFFICIENT
TIME TO WITHHOLD CEMENTING THE
13 3/8 - 8 5/8 - 5 1/2

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

RECEIVED

OCT 30 1991

O. C. D.
ARTESIA OFFICE

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 24, 1991

Mr. Bob Lane
New Mexico Potash
P.O. Box 610
Hobbs, NM 88241

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease V-1673. We have staked the following location:

Lost Tank AIS State #9
1980' FSL and 330' FEL'
Sec. 36-T21S-R31E
Eddy County, NM

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

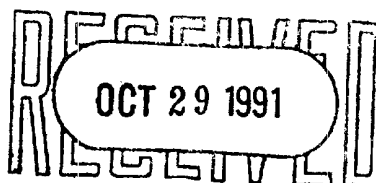
Clifton R. May
Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By: [Signature]
Title: Permit Agent
Date: 10/25/91



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

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

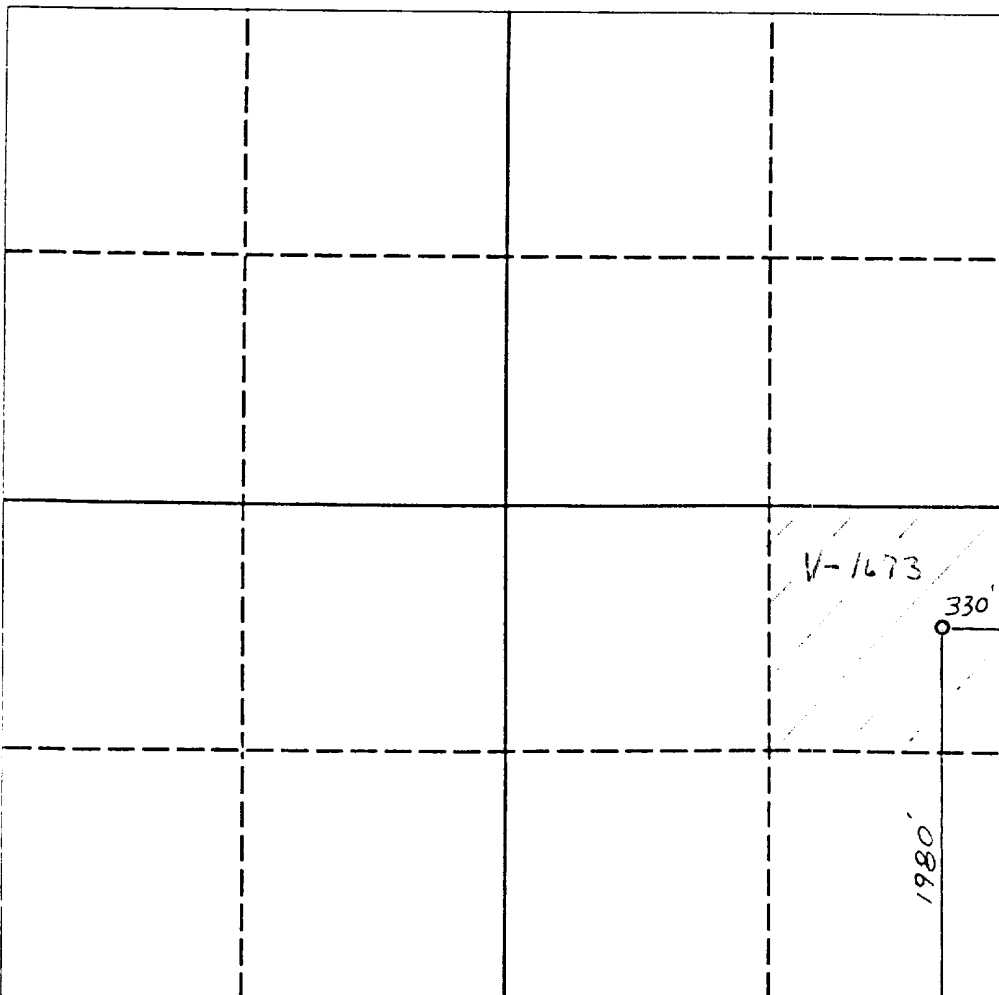
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease LOST TANK AIS STATE		Well No. 9
Unit Letter I	Section 36	Township 21 SOUTH	Range 31 EAST	County EDDY COUNTY, N.M.	
Actual Footage Location of Well: 1980 feet from the SOUTH line and 330 feet from the EAST line					
Ground level Elev. 3614.	Producing Formation DELAWARE		Pool WILCOAT DELAWARE	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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
October 24, 1991

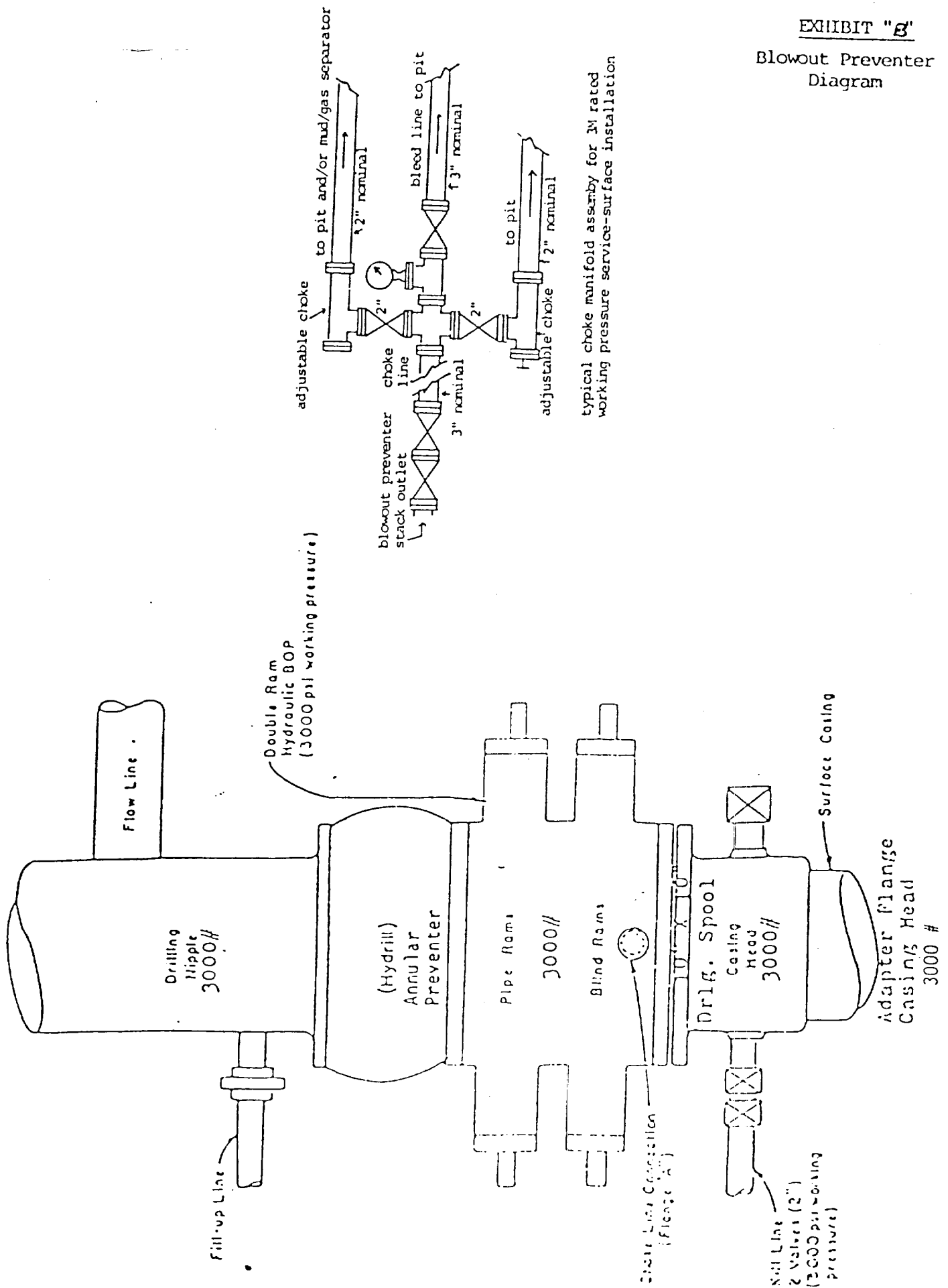
SURVEYOR CERTIFICATION

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
OCTOBER 22, 1991
Signature
ASB
Professional Surveyor
NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER
Certificate No. SURVEYOR
NM P.E. NO. 5412

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

EXHIBIT "B"
Blowout Preventer
Diagram



YATES PETROLEUM CORPORATION

<p>SECTION 26 - 215 - 31E</p> <p>POTASH UNLEASED</p> <p>USA</p>	<p>SECTION 25 - 215 - 31E</p> <p>NEW MEXICO POTASH</p> <p>USA</p>	<p>SECTION 30 - 215 - 32E</p> <p>POTASH UNLEASED</p> <p>USA</p>
<p>SECTION 35 - 215 - 31</p> <p>POTASH UNLEASED</p> <p>USA</p>	<p>SECTION 36 - 215 - 31E</p> <p>NO. 15. MAY A115R. NEW MEXICO POTASH NO. 12. LOST TANA A15 SR. 19.</p> <p>STATE</p>	<p>SECTION 31 - 215 - 32E</p> <p>POTASH UNLEASED</p> <p>USA</p>
<p>SECTION 2 - 225 - 31E</p> <p>NEW MEXICO POTASH</p> <p>STATE</p>	<p>SECTION 1 - 225 - 31E</p> <p>POTASH UNLEASED</p> <p>USA</p>	<p>SECTION 6 - 225 - 32E</p> <p>POTASH UNLEASED</p> <p>USA</p>

11-5-91 -- CRAIG w/BLM CARLSBAD

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471
November 6, 1991

Mr. Armando Lopez
Bureau of Land Management
P.O. Box 1397
Roswell, New Mexico 88202-1397

- Re: Potash Area Wells
1. Lost Tank AIS State #9
1980' FSL and 330' FEL
Section 36-T21S-R31E
 2. Mary AIV State #2
1980' FNL and 330' FEL
Section 36-T21S-R31E
 3. Mary AIV State #5
660' FNL and 330' FEL
Section 36-T21S-R31E

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-555 PS Form 3800, June 1985	Sent to	Armando Lopez - BLM
	Street and No.	P.O. Box 1397
	P.O. State and ZIP Code	Roswell, NM 88202-1397
	Postage	\$
	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
	Return Receipt showing to whom and Date Delivered	
	Return Receipt showing to whom, Date, and Address of Delivery	
	TOTAL Postage and Fees	\$
Postmark or Date 11-6-91 Lost Tank AIS #9 Mary AIV State #2 & 5 Graham AKB State #1 & #2		

Dear Sir:

Enclosed is a plat showing the area in a one mile radius of these proposed wells in the potash area. There are several unleased sections with federal minerals. The Oil Conservation District has instructed Yates Petroleum Corporation to notify the Bureau of Land Management as to our intentions to drill the above locations.

Should your agency have no objections to these wells being drilled please indicate by signing and returning one copy of this letter in the enclosed envelope. Thank you for your time and consideration given to this matter.

Sincerely,

YATES PETROLEUM CORPORATION

NO. 11-8-91

CRM:tg
Enclosures

NO OBJECTIONS OFFERED
Bureau of Land Management
Roswell District Office

BY:

Title:

Date:

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested. 1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: Attn: Armando Lopez Bureau of Land Management P.O. Box 1397 Roswell, New Mexico 88202-1397	4. Article Number P 384 291 178 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED .
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid) Lost Tank AIS State #9 Mary AIV State #2 & 5 Graham AKB State #1 & 2
6. Signature - Agent X <i>Andy Davis</i>	
7. Date of Delivery <i>11-8-91</i>	

PS Form 3811, Apr. 1989

★ U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT