

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☐ DRILL ☒ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator
Yates Petroleum Corporation

3A. Address **105 South Fourth Street
Artesia, New Mexico 88210**

3b. Phone No. (include area code)
(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **660' FSL and 660' FWL**
At proposed prod. Zone **Same**

14. Distance in miles and direction from nearest town or post office*
Approximately 11 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)

660'

16. No. of Acres in lease
480

17. Spacing Unit dedicated to this well
320

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth
9000'

20. BLM/BIA Bond No. on file
BLM 585997

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3801.4 GL

22. Approximate date work will start*
ASAP

23. Estimated duration
30 days

24. Attachments

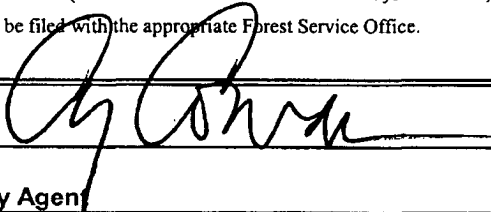
ROSWELL CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature



Name (Printed/Typed)
Cy Cowan

Date
9/11/03

Title:

Regulatory Agent

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed/Typed)

/s/ Joe G. Lara

Date
16 OCT 2003

Title

ACTING

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval 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.

APPROVAL FOR 1 YEAR

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OFF CONSERVATION DIVISION
1720 South St Francis Dr
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

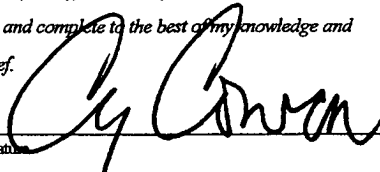
¹ API Number 30-	² Pool Code	³ Pool Name Wildcat Morrow
⁴ Property Code	⁵ Property Name Blown Gasket AVX Federal Com.	
⁷ OGRID No. 025575	⁶ Operator Name Yates Petroleum Corporation	⁸ Well Number 1
		⁹ Elevation 3801.4

¹⁰ Surface Location

[illegible]¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code			¹⁵ Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Cy Cowan Printed Name Regulatory Agent Title 09/11/03 Date
NM-87314		V-4816		18 SURVEYOR CERTIFICATION <i>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 belief.</i> REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor Certificate Number
660'				
660'				

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name Wildcat Morrow	
Property Code		Property Name Blown Gasket AVX Fed. Com			Well Number 1
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3801.4

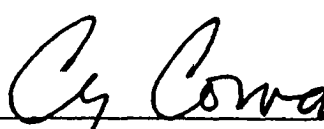
¹⁰ Surface Location

UL or lot no. M	Section 21	Township 14S	Range 24E	Lot Idn	Feet from the 660'	North/South line South	Feet from the 660'	East/West line West	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <div>NM-87314 YPC</div> <div>660'</div> <div>660'</div>				<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div></div> <div>Signature Cy Cowan</div> <div>Printed Name Regulatory Agent</div> <div>Title 6-26-00</div> <div>Date</div>	
				<div>18 SURVEYOR CERTIFICATION</div> <div>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 belief.</div> <div>Refer to Original Plat</div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor:</div>	
				Certificate Number	

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-4-65

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

Lessor MIDWEST OIL CORP			Lessee Federal "J"		Well No. 1
Letter M	Section 21	Township 18 South	Range 24 East	County Eddy	
Well Footage Location of Well: 660 feet from the south line and 660 feet from the west line					
Well Level Elev. 3801.4	Producing Formation Mississippian	Pool Wildcat	Dedicated Acreage: 31.40 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 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.

Name **Carolyn Turner**
Position **Production Clerk**
Company **Midwest Oil Corporation**
Date **8-31-70**

I hereby certify that the well location shown on this plat is the same as the 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.

RECEIVED
SEP 1 1970
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

Date Surveyed **Aug. 27, 1970**
Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No. **676**

YATES PETROLEUM CORPORATION

Blown Gasket AUX Federal #1

Drilling Prognosis

Page 2

This well was originally drilled by Midwest Oil Corporation as the Federal "J" #1. It was spudded on September 11, 1970. TD was reached October 3, 1973. Well was P/A'd February 9, 1974.

Yates Petroleum Corporation proposes to re-enter this well with a pulling unit. Surface and intermediate casing are in place and cemented to surface. The 5 1/2" production casing was run to TD but was cut and pulled out of the well to 5291'. We propose to drill out the plugs to the 5 1/2" casing stub at 5291' and run 5 1/2" casing to the stub, splice and cement casing with enough cement to bring cement up into the 8 5/8" casing. We will then drill out the splice, pressure test casing, and drill out remaining plugs to the 5 1/2" casing shoe at 8750'. Existing Morrow Perforations 8442'-8457' will be retested. Other Morrow and possibly shallower intervals may also be perforated, acidized, and fraced as needed to obtain production.

Fluids used for the re-entry will be gelled cut brine Vis 35-40 and 10-15 water loss in the open hole and KCL water in the cased hole.

YATES PETROLEUM CORPORATION
BLOWN GASKET AVX FED. COM. #1 (re-entry)
660' FSL and 660' FWL
Section 21,-T18S-R24E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

Tubb	3176'	Canyon	7204'
Abo	3823'	Strawn	7805'
Wolfcamp	5193'	Morrow	8199'
Cisco	6377'	TD	8750'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 200'-300'
Oil or Gas: All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3000# BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment, and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.
4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program:

<u>Hole Size</u>	<u>Casing</u>	<u>Size Wt./Ft</u>	<u>Grade</u>	<u>Interval</u>	<u>Length</u>
15"	11 3/4"	48#	H-40	465'	In place
11"	8 5/8"	24 & 32#	J-55	2099'	In place
7 7/8"	5 1/2"	15.5# & 17#	K-55	0-8750'	8750'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

Blown Gasket AVX Federal Com. #1 (re-entry)

Page 2

B. CEMENTING PROGRAM:

Surface casing: Cement with 450 sacks Class "C" in place.

Intermediate Casing: 800 sacks Class "C" in place.

Production Casing: 1000 sacks Class "C" or enough to bring cement up into the 8 5/8" casing.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-8750'	Gelled Cut Brine	N/A	35-40	<10-15cc
KCL water in cased hole.				

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing to TD.

Logging: CNL/LDT, W/NGT TD-surface casing: W/GR-CNL TD surface casing: DLL-MSFL TD-surface casing: BHC Sonic TD-surface casing.

Coring: None anticipated.

DST'S: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 450'	Anticipated Max.	BHP: 200	PSI
From: 450'	TO: 4000'	Anticipated Max.	BHP: 2300	PSI
From: 4000'	TO: 8700'	Anticipated Max.	BHP: 4000	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 170 F

8. ANTICIPATED STARTING DATE:

Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 20 days to re-enter the well with completion taking another 7-10 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
BLOWN GASKET AVX FEDERAL COM. #1 (re-entry)
660' FSL & 660' FWL
Section 21, T18S-R24E
Eddy 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 the 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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 11 miles southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia on HWY 285 for approximately 7 miles to Four Dinkus Road. (CR 39) Turn west and go approximately 5.6 miles to the Four Dinkus Ranch. From the ranch house continue west for approximately 4 miles. The road will fork, take left fork and go approximately 1 mile crossing draw and going across cattle passing windmill on left. From the windmill continue south for .9 of a mile to a cattle guard. Cross cattle guard and go approximately .6 of a mile. The existing access road starts here going north.

2. PLANNED ACCESS ROAD.

- A. The existing access is approximately 0.2 of a mile in length from the point of origin to the southwest of the drilling pad. The road will lie in a south to north direction.
- B. N/A
- C. N/A
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

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, a 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 fresh 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:

Dirt contractor will acquire any materials from the closest source when necessary for the construction of the well pad.

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. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, and the access road approach.
- B. The reserve pits will be plastic lined.
- C. Existing well pad is in place and will be upgraded.

10. PLANS FOR RESTORATION

- 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 leveled.
- 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 after they have evaporated and dried.

Blown Gasket AVX Federal Com. #1 (re-entry)
Page 3

11. SURFACE OWNERSHIP: Four Dinkus Ranch
Artesia, New Mexico

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.
- C. In regard to the water pipeline going across the north side of the location I discussed The water line with Mr. Darrell Brown, Operations Manager, of the Four Dinkus Ranch and received his permission to build the location on top of the water line.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

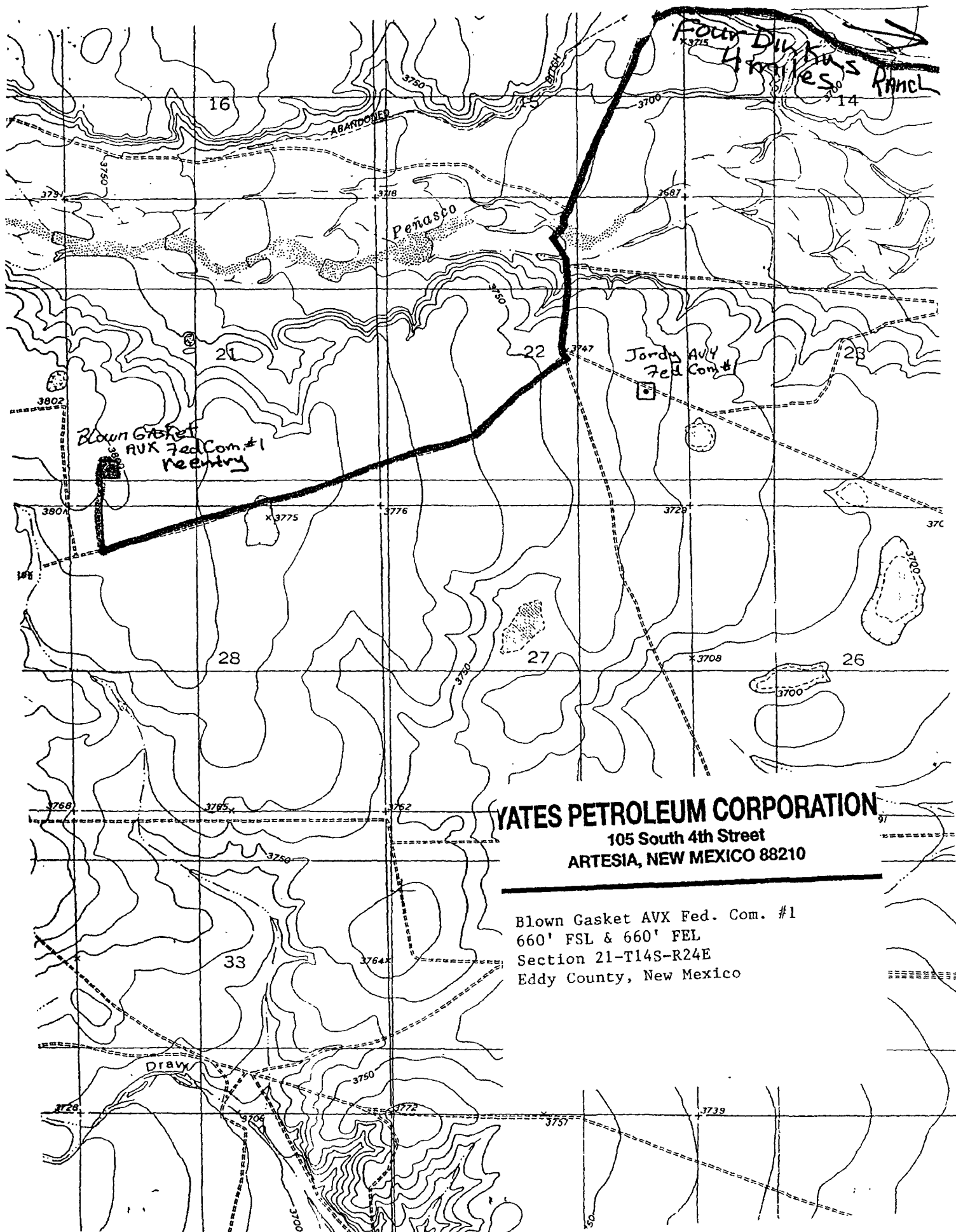
B. Through Drilling Operations,
Completions and Production:
Tim Krogman
~~Brian Collins~~, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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.

09/11/03


Regulatory Agent



YATES PETROLEUM CORPORATION

105 South 4th Street
ARTESIA, NEW MEXICO 88210

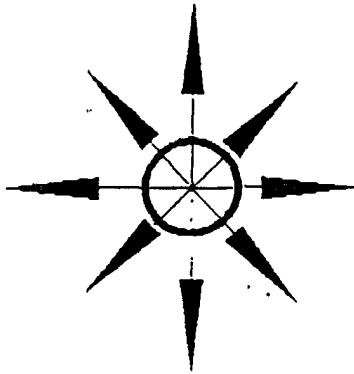
Blown Gasket AVX Fed. Com. #1
660' FSL & 660' FEL
Section 21-T14S-R24E
Eddy County, New Mexico

PB - L1

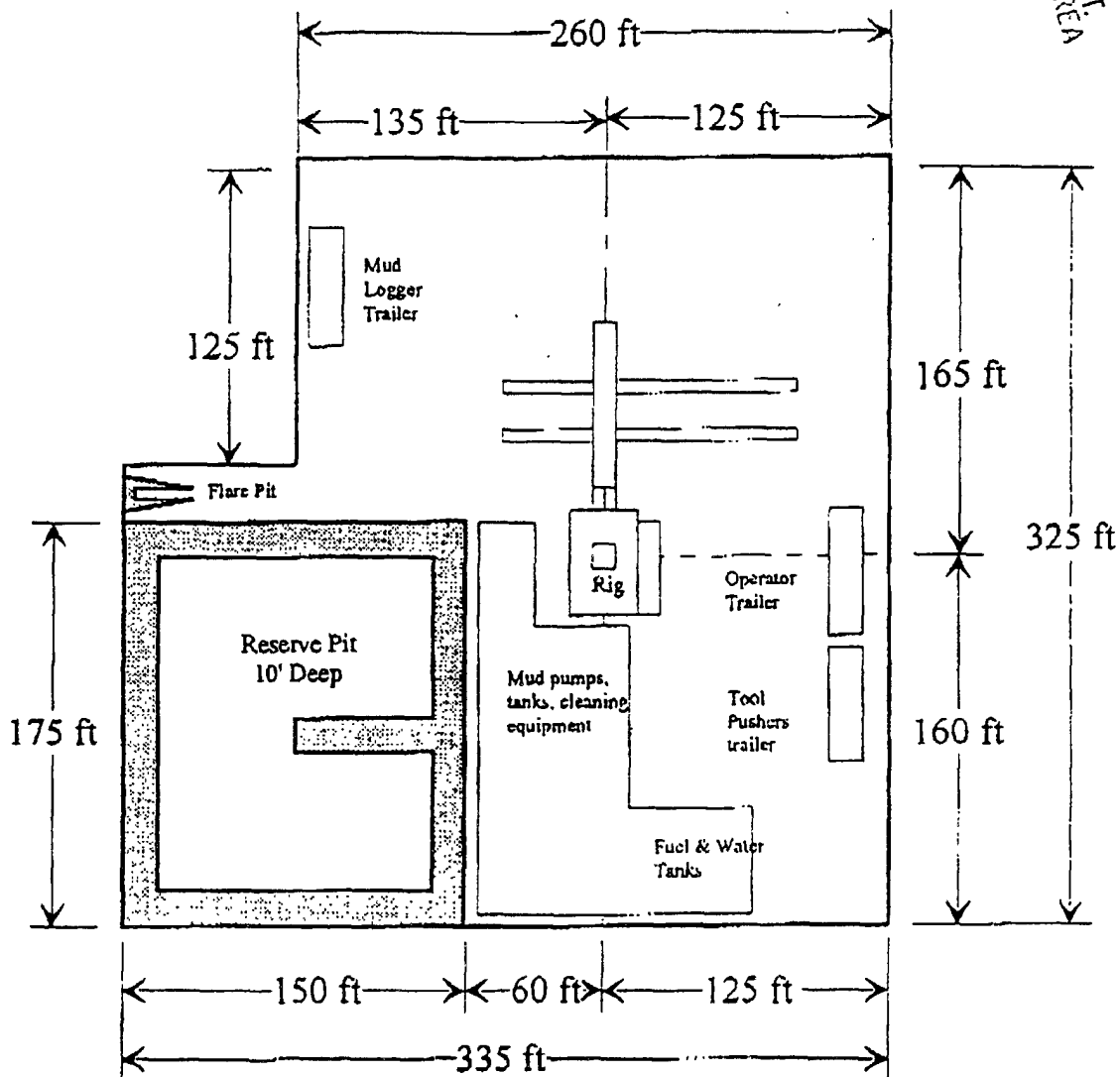
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'



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YATES PETROLEUM CORPORATION
LAND MANAGEMENT
PERMIAN BASIN SOURCE AREA



Distance from Well
Head to Reserve Pit
will vary between rigs

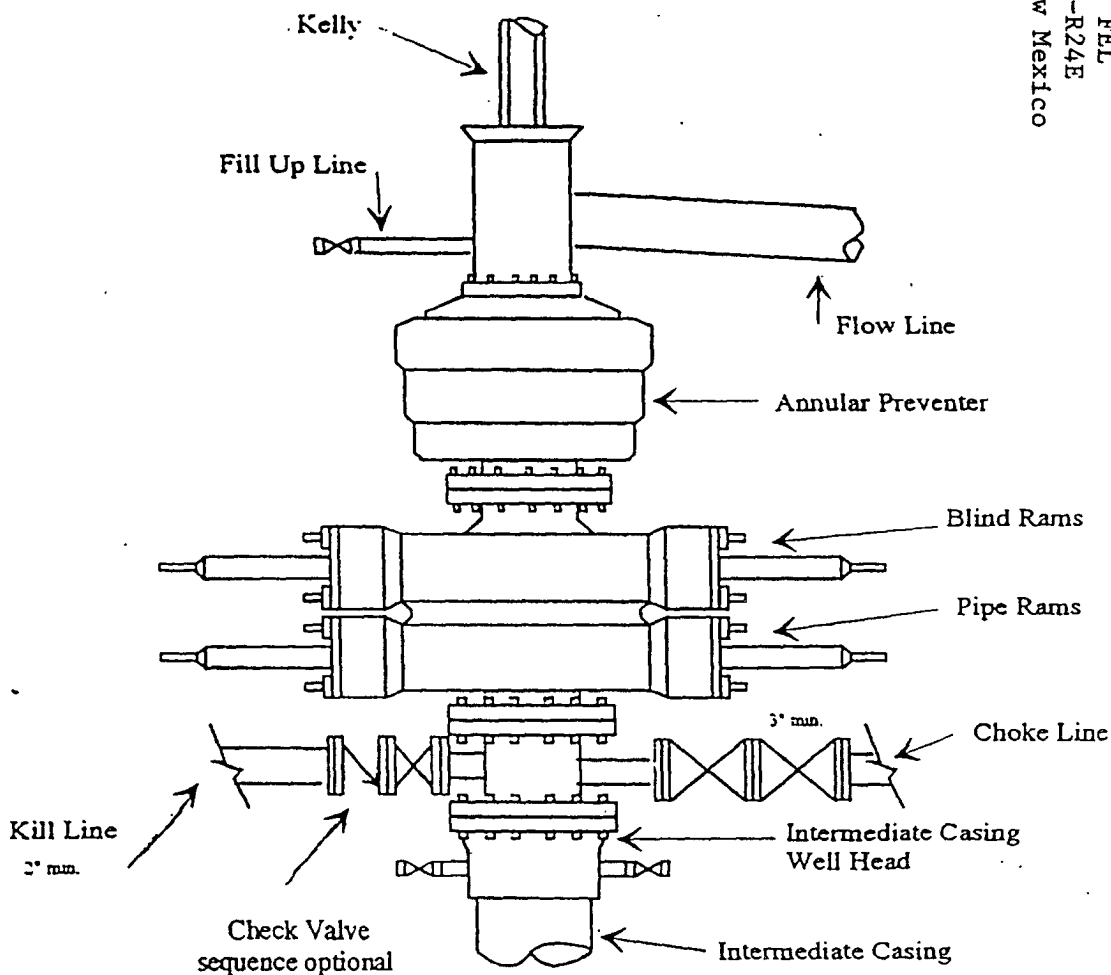
The above dimension
should be a maximum

YATES PETROLEUM CORPORATION

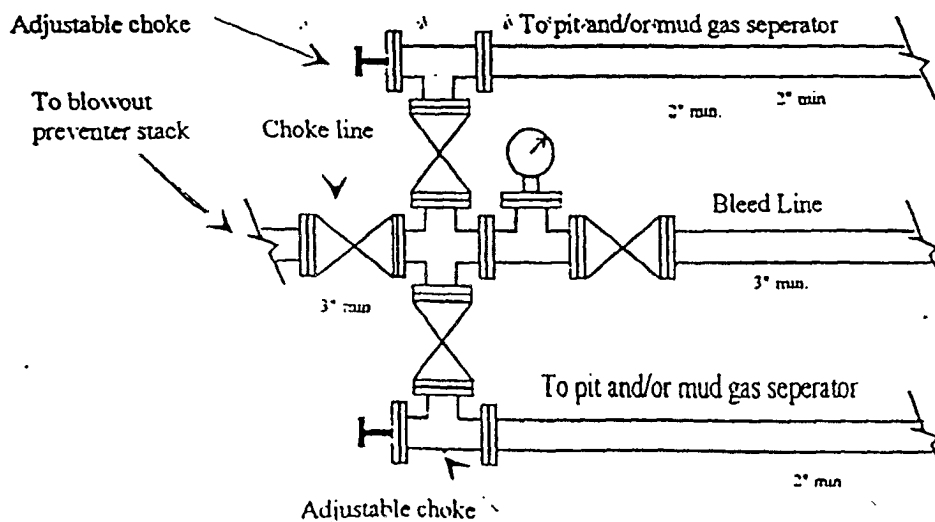
105 South 4th Street
ARTESIA, NEW MEXICO 88210

Blown Gasket AVX Fed. Com. #1
660' FSL & 660' FEL
Section 21-T14S-R24E
Eddy County, New Mexico

Yates Petroleum Corporation Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



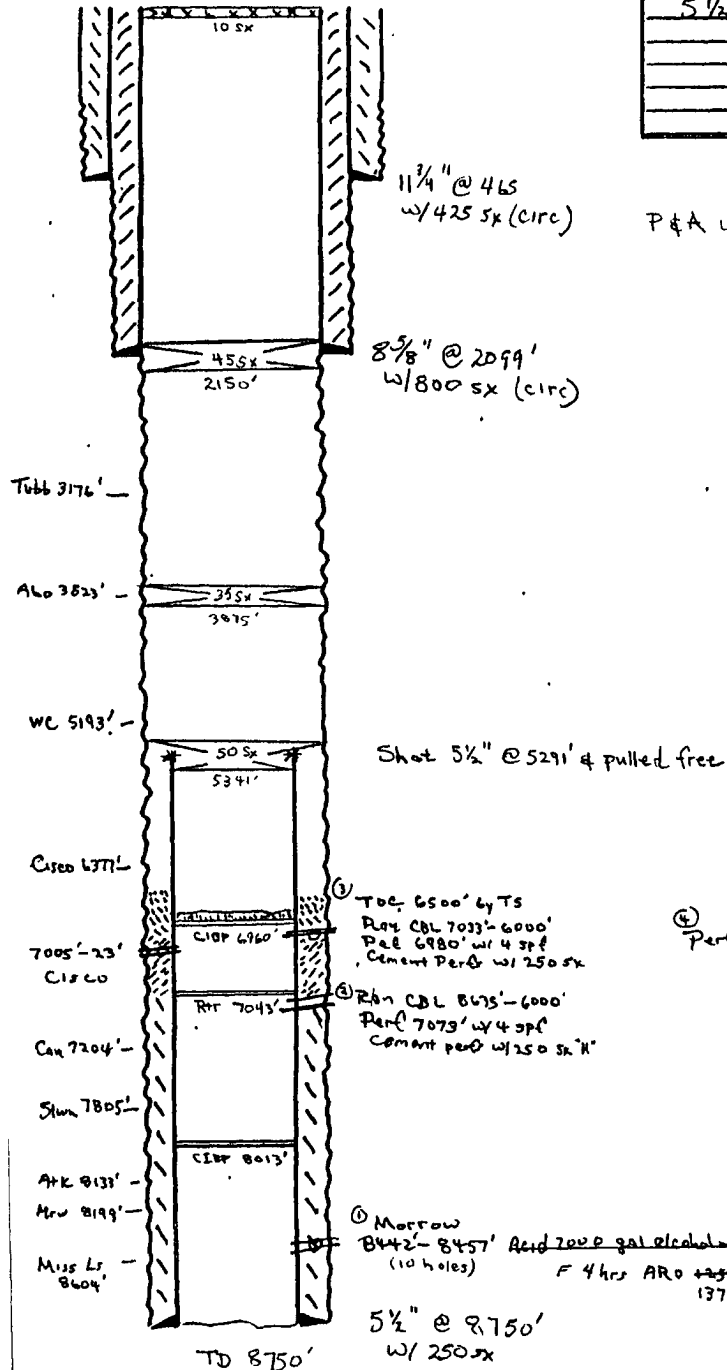
Typical 3,000 psi choke manifold assembly with at least these minimum features



Midwest Oil Corp
 WELL NAME: Federal J #1 FIELD AREA: _____
 LOCATION: 660' FS & WL Sec 21, T18S, R24E
 GL: 3801' ZERO: _____' AGL: _____'
 KD: _____' ORIG. DRLG./COMPL. DATE: _____
 COMMENTS: Spud: 9-11-70
P & A: 2-9-74

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
11 3/4" 42# H-40	465'
8 5/8" 32# 24# K-55 ST&C	2099'
5 1/2" 17# 15.5# N80 QJ 55	8750'



P & A work done by Lea County Casing Pullers
 2/3-9/74 Starting w/ CIBP @ 6960'

④ Perf 7005'-23' w/ 2 spf (After remedial cementing)
 Acid 1000 gal 15% MSA
 Flowed bk water & GTSTM - est @ 100-150 mcf/d
 Acid 5000 gal 20% CRA + 250 gal 15% Ic-acid
 F G & W w/ GTSTM SITP 1604
 18 1/2 hr SITP 725
 112 hr SITP 1140

Acid 500 gal F 1085 psi x 1 1/4" = 900 mcf/d + 1/2"
 ReAcid 1500 gal F 825 psi x 1 1/4"
 CROP 1100 mcf/d / 72 hr SITP 2743 psi
 (0.32 psi/A)

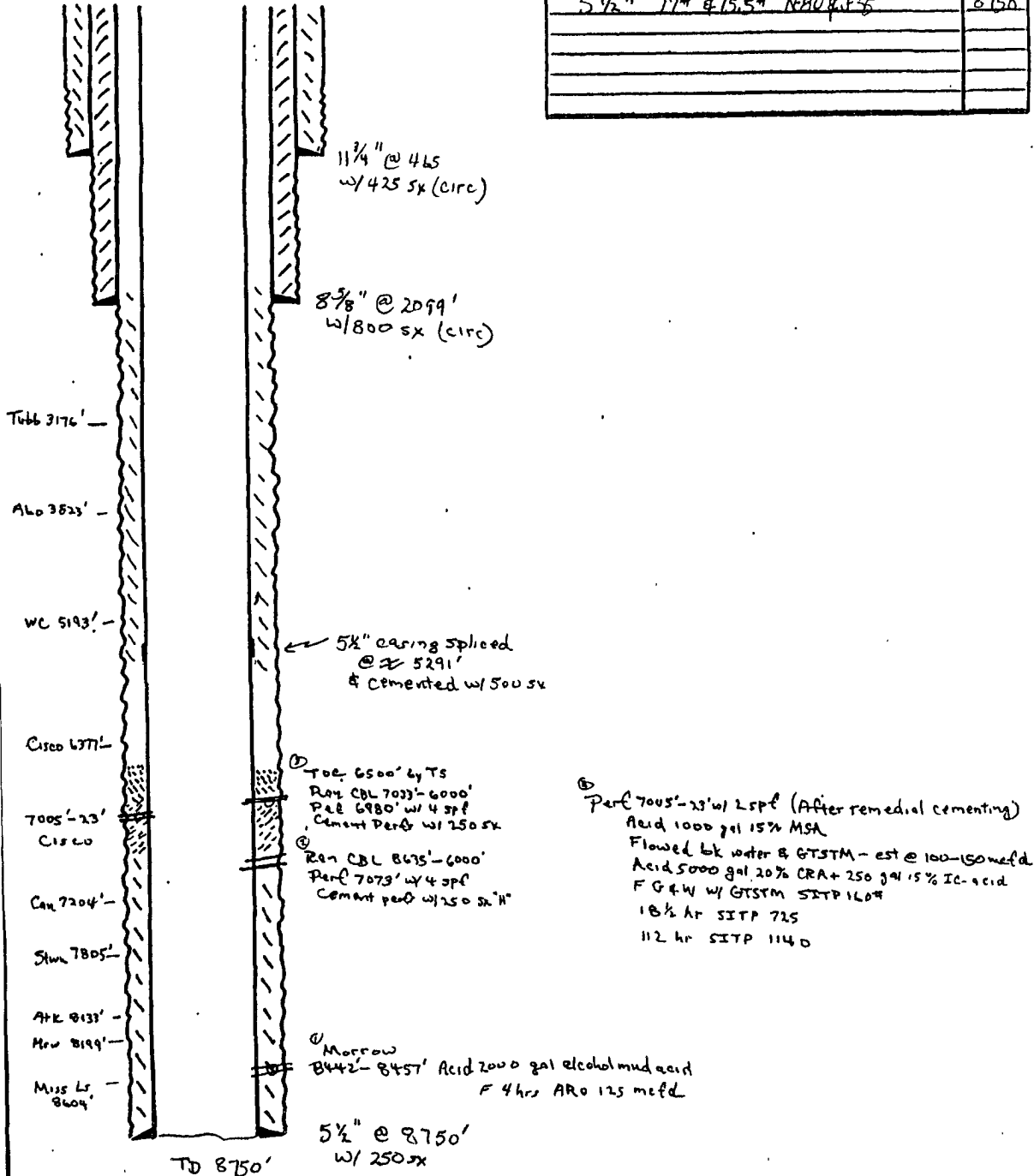
- SKETCH NOT TO SCALE -

REVISED: Ray S 4/26/00

Midwest Oil Corp
 WELL NAME: Federal J #1 FIELD AREA: _____
 LOCATION: 660' FS & WL Sec 21, T18S, R24E
 GL: 3801' ZERO: _____' AGL: _____
 KB: _____' ORIG. DRLG./COMPL. DATE: _____
 COMMENTS: Spud: 9-11-70

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
11 3/4" 42# H-40	465'
8 5/8" 32# K-55 ST&C	2099'
5 1/2" 17# 15.5# N80 8.75	8750'



- SKETCH NOT TO SCALE -

REVISED: Reys 4/26/00