N.M.O.C.D. COPY

C/SF

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-015-23487

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 12391 - A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

RECEIVED
SEP 30 1980
O. C. D.
ARTESIA, OFFICE

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME: Serpentine Bends Unit

8. FARM OR LEASE NAME: Serpentine Bends Unit

2. NAME OF OPERATOR: Yates Petroleum Corporation

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: 207 South 4th Street, Artesia, New Mexico, 88210

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1630' FSL & 2255 FWL
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 25-24S-23E

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

12. COUNTY OR PARISH: Eddy | 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1630'	4801.78	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
	10,400	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4517 GR BLM, ECC, St Eng, Geo 9-15-80

22. APPROX. DATE WORK WILL START*: Expiring Lease 9-30-80

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½"	13 3/8"	48# J-55	approx. 300	250 sx circulate
12¼ & 11"	8 5/8"	24# J-55	approx. 2100	1200 sx circulate
7 7/8"	5½ or 4½	17# K-55 & N80 11.6# K&N	approx. 10400	250 sx

Propose to drill a Morrow test and to test all shows in intermediate horizons. Surface pipe will be set at about 300' to protect the surface water and intermediate casing will be set in top of the Delaware. If production is encountered will set 5½" or 4½" casing, perforate and stimulate as needed for production.

MUD PROGRAM: F.W. Gel & LCM to about 2100'. Water to 7200', KCL-starch-drispak mud to 8900', and flosal-drispak-KCL mud to TD.

BOP PROGRAM: BOP's and hydril will be installed on 8 5/8" from under surface casing and tested, pipe rams tested daily, blind rams on trips. Yellow Jacket prior to drilling Wolfcamp.

NSL 1267
9-19-80

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 _____ TITLE Geographer DATE 9/12/80

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE ACTING DISTRICT ENGINEER DATE SEP 26 1980

CONDITIONS OF APPROVAL, IF ANY:

Access

STATE
[X] OIL AND GAS

N.M.O.C.D. COPY

333

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-015-23487

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [x] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [x] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Yates Petroleum Corporation

3. ADDRESS OF OPERATOR: 207 South 4th Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1630' FSL & 2255 FWL
At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.: NM 12391-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: Serpentine Bends Unit

8. FARM OR LEASE NAME:

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 25-24S-23E

12. COUNTY OR PARISH: Eddy

13. STATE: NM

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1630'

16. NO. OF ACRES IN LEASE: 4801.78

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320

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

19. PROPOSED DEPTH: 10,400

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4517 GR

22. APPROX. DATE WORK WILL START*: Expiring Lease 9-30-80

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NSL-1267
9-19-80

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24.

SIGNED Gloria Cathey TITLE Geographer DATE 9/12/80

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 9-26-80

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

RECEIVED
SEP 30 1980
O. C. D.

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

Operator	Lease	Well No.
YATES PETROLEUM CORPORATION	Serpentine Bends Unit	1

Unit Letter	Section	Township	Range	County
K	25	24 South	23 East	Eddy

Actual Footage Location of Well:
1630 feet from the South line and 2255 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
4517	MORROW	WILDCAT	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

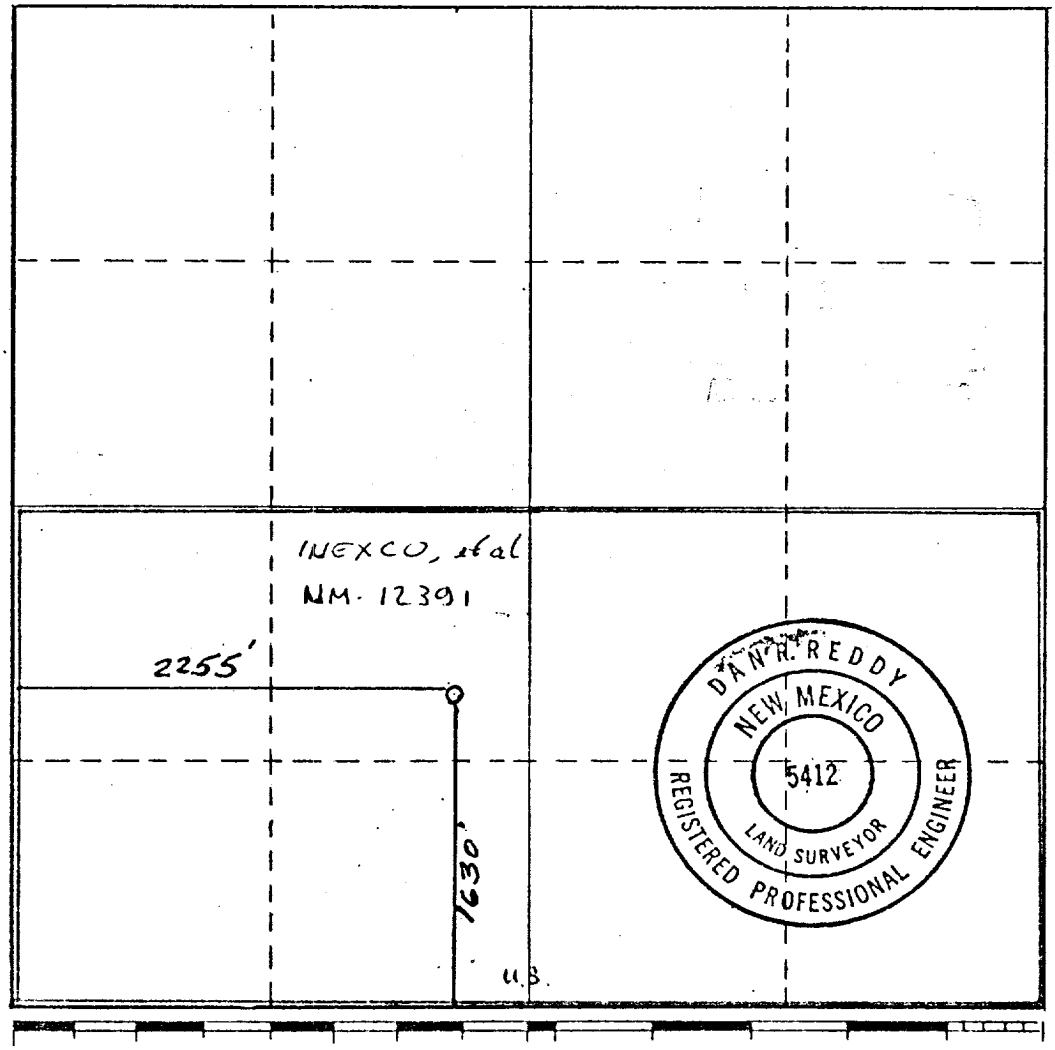
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the 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: GLISERIO RODRIGUEZ

Position: GEOGRAPHER

Company: YATES PETROLEUM CORP

Date: SEPT 12, 1980

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: Sept. 11, 1980

Registered Professional Engineer and/or Land Surveyor

Certificate No. NMPE&LS #5412

Yates Petroleum Corporation
Serpentine Bends Unit #1
1630' FSL and 2255' FWL
Section 25 - T24S - R23E
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 USGS requirements:

1. The geologic surface formation is Permian Artesia Group.

2. The estimate tops of geologic markers are as follows:

Delaware	2100'	Canyon	7900'	
Bone Spring Limestone	2900'	Strawn	8770'	
3rd Bone Spring Sand	6950'	Atoka	8940'	
Wolfcamp	7270'	Morrow Cl.	9740'	
		L. Morrow Mkr	9960'	
		Austin	10170'	
		Chester Shale	10327	TD 10400'

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

   Water: Approximately 100' - 500'

   Gas: Strawn - approximately 8800'
   Atoka - approximately 8970'
   Morrow - approximately 9800'

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C and Exhibit B.

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: Intermediate Casing - TD
   Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and DLL from T.D. to casing with selected min. $R_x O$.

9. No abnormal pressures or temperatures are indicated.

10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Serpentine Bends Unit #1
1630' FSL and 2255' FWL
Section 25-T24S-R23E
(Exploratory Well)

This plan is submitted with Form 9-331C, 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 operation.

1. EXISTING ROADS.

Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 52 miles south of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed from Artesia for 24.2 miles on U.S. 285 to Sitting Bull Falls Road, then west on Highway 137 for 9.3 miles to a fork in the road.

2. Continue on left fork to road marker 29 for an additional 11.5 miles.

3. Turn left off paved road onto county road and proceed southeast approximately 6 miles to Dark Canyon Road with "C & K Production" sign. Turn south and continue for approximately 12 miles (Ranch road will be bladed). The new road going south and up the alluvial fan will start here.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 500' in length from point of origin to the edge of the drilling pad. The road will lie in a west-to-east direction.

B. The new road will be 12 feet in width (driving surface).

C. The new road will be bladed with no caliche if at all possible.

D. The new road has not been flagged, as we intend to follow the existing ranch road.

3. LOCATION OF EXISTING WELLS.

A. There is no drilling activity within a one-mile radius of the wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

A. There are no 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 and 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. The rancher's water well will be tested for quantity, if good, will buy.

6. SOURCE OF CONSTRUCTION MATERIALS.

A. Any caliche required for construction of the drilling pad and the new access road will be obtained from the pad and/or purchased from private surface and minerals (Joe Stell).

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 to the USGS for appropriate approval.

D. Oil produced during operation 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 dirt. All waste material will be contained of 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 completions operations.

8. ANCILLARY FACILITIES.

A. None required.

9. WELLSITE LAYOUT.

A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, etc.

B. The location surface is on top of an alluvial fan with a north aspect, cuts or fills will be needed in the pad area and access road.

C. The reserve pits will be plastic lined.

D. The 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 been filled.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the BLM and the USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled leveled within 90 days after abandonment.

11. OTHER INFORMATION.

A. Topography: The land surface in the vicinity of the wellsite is hilly with deep "U" shape canyons. The immediate area of the wellsite is discussed above in paragraph 9B.

B. Flora and Fauna: The vegetation cover consists of cacti, scrub oak, prairie flowers, and miscellaneous desert growth. Wildlife was observed, so the wildlife in the area probably includes those typical of semi-arid land. The area is used for cattle grazing.

C. There is an intermitten creek north of the location approximately 500'.

D. There are no inhabited dwellings in the vicinity of the proposed well.

E. Surface Ownership: The wellsite is on federal surface with federal minerals.

F. There is no evidence of any archaeological, historical, or cultural sites in the area.

12. OPERATOR'S REPRESENTATIVE.

A. The field representative responsible for assuring compliance with the approved surface use plan are:

Gliserio "Rod" Rodriguez or Johnny A. Lopez
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210
Phone: (505) 746-3558

13. 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 Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

9-12-80
Date

Gliserio Rodriguez, Geographer

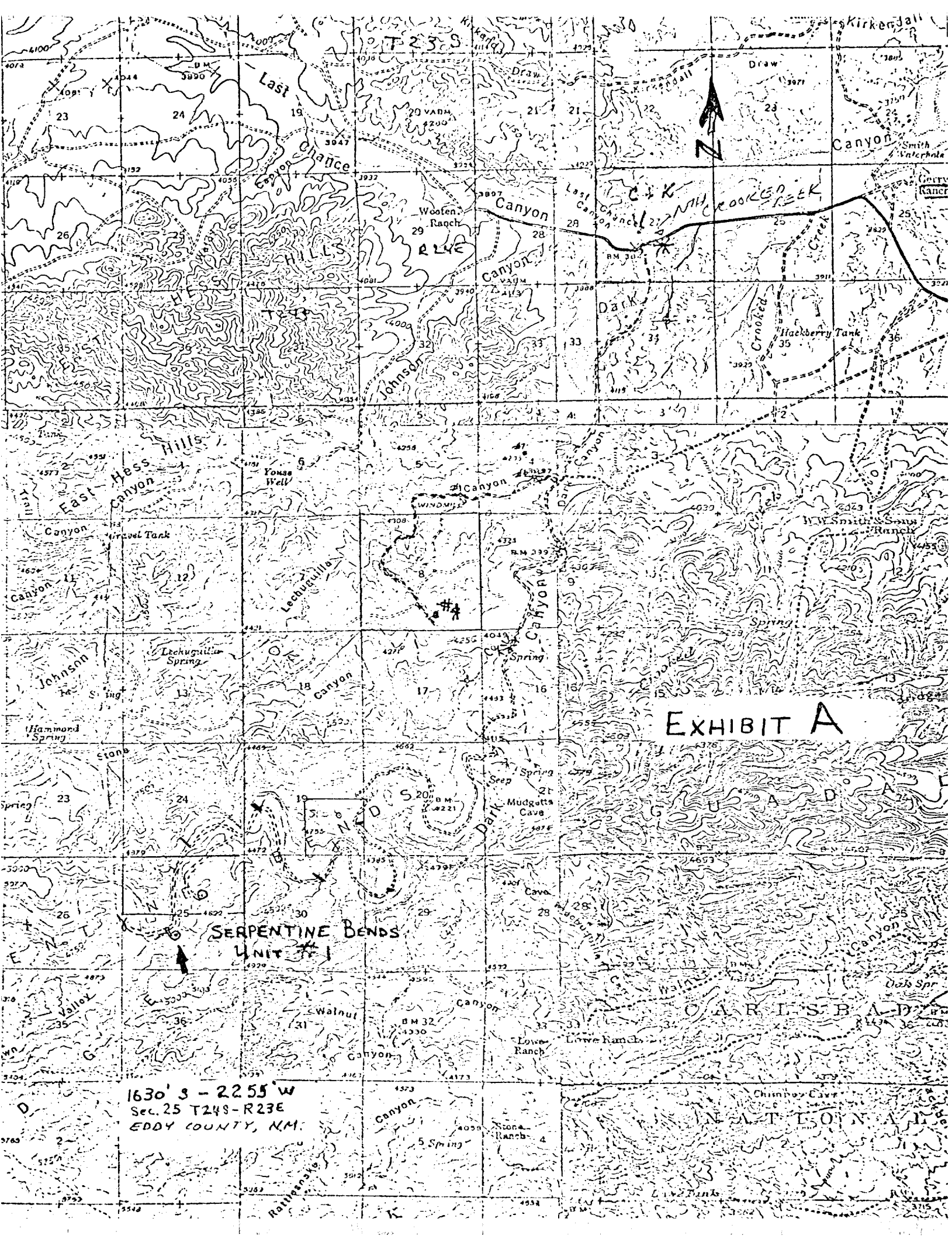
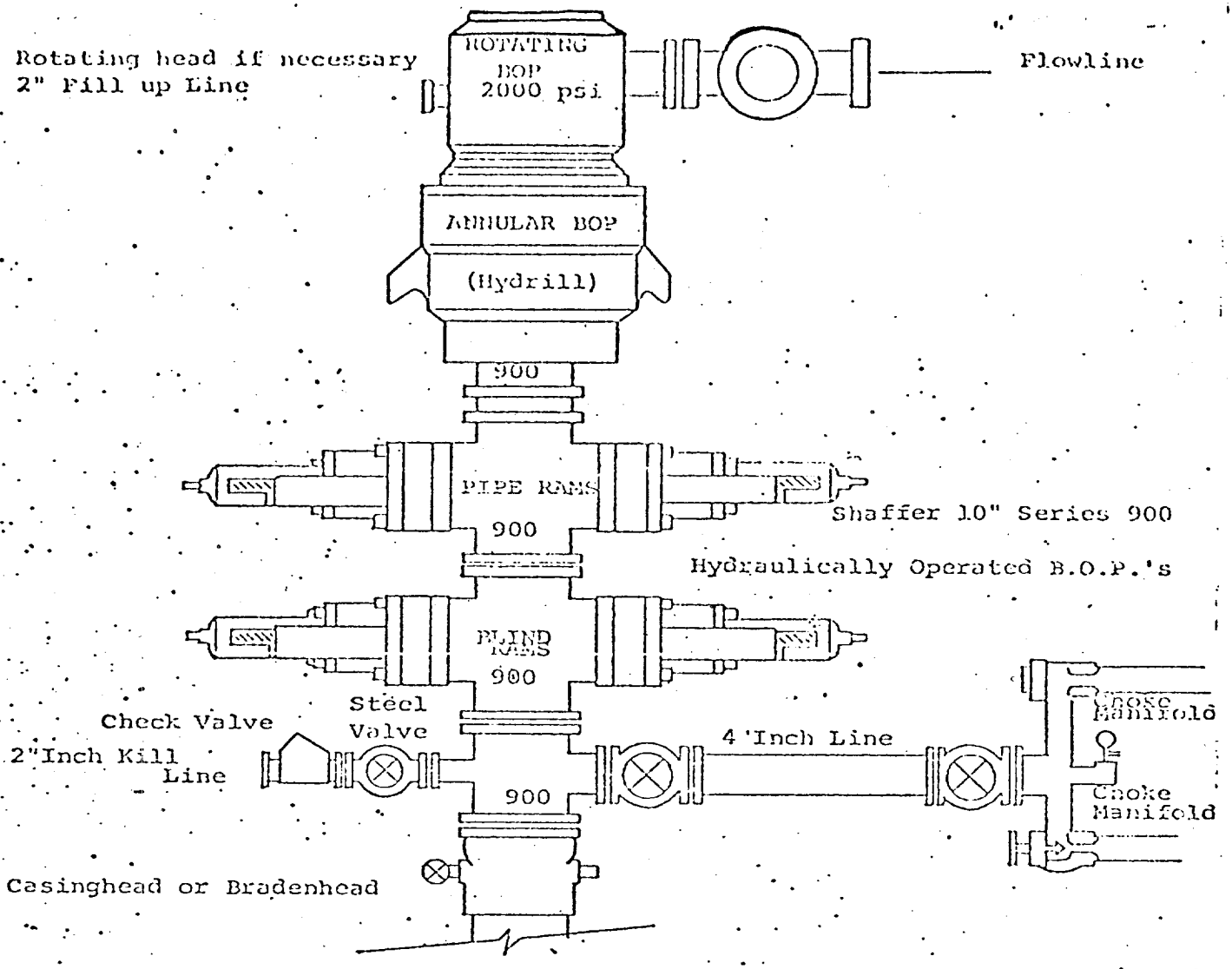


EXHIBIT A
SERPENTINE BENDS UNIT #1
1630' S - 2255' W
Sec. 25 T24S-R23E
EDDY COUNTY, N.M.
T 23 S
T 24 S
EAST HESS HILLS
Last Chance Canyon
Crooked Creek
Dark Canyon
Johnson Canyon
East Hess Hills
Lechuguilla
Lechuguilla Spring
Hammond Spring
Mudgetts Cave
Lowe Ranch
Woolen Ranch
Hackberry Tank
Travel Tank
Yonge Well
W.W. Smith & Sons Ranch
Stone Ranch
Chimney Cave
Oak Spr.
Walnut Canyon
Rattlesnake
CARLSBAD
NATIONAL

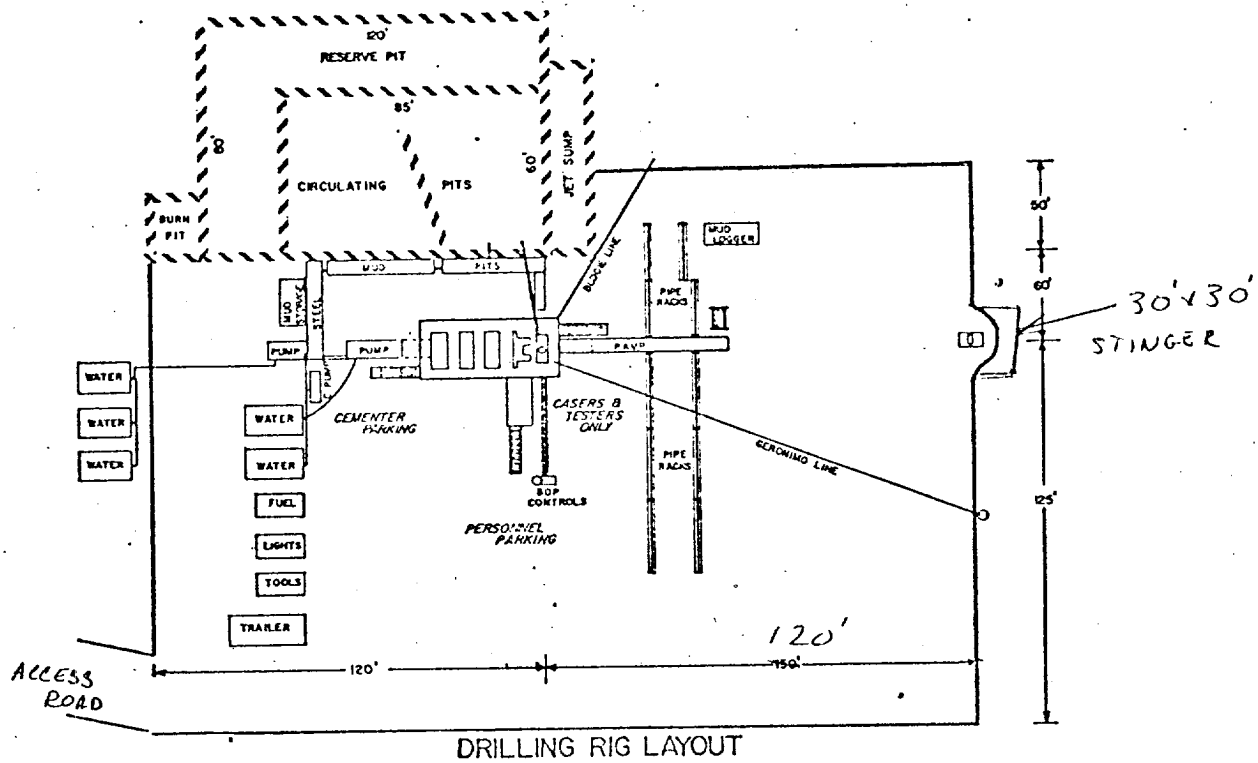
EXHIBIT B



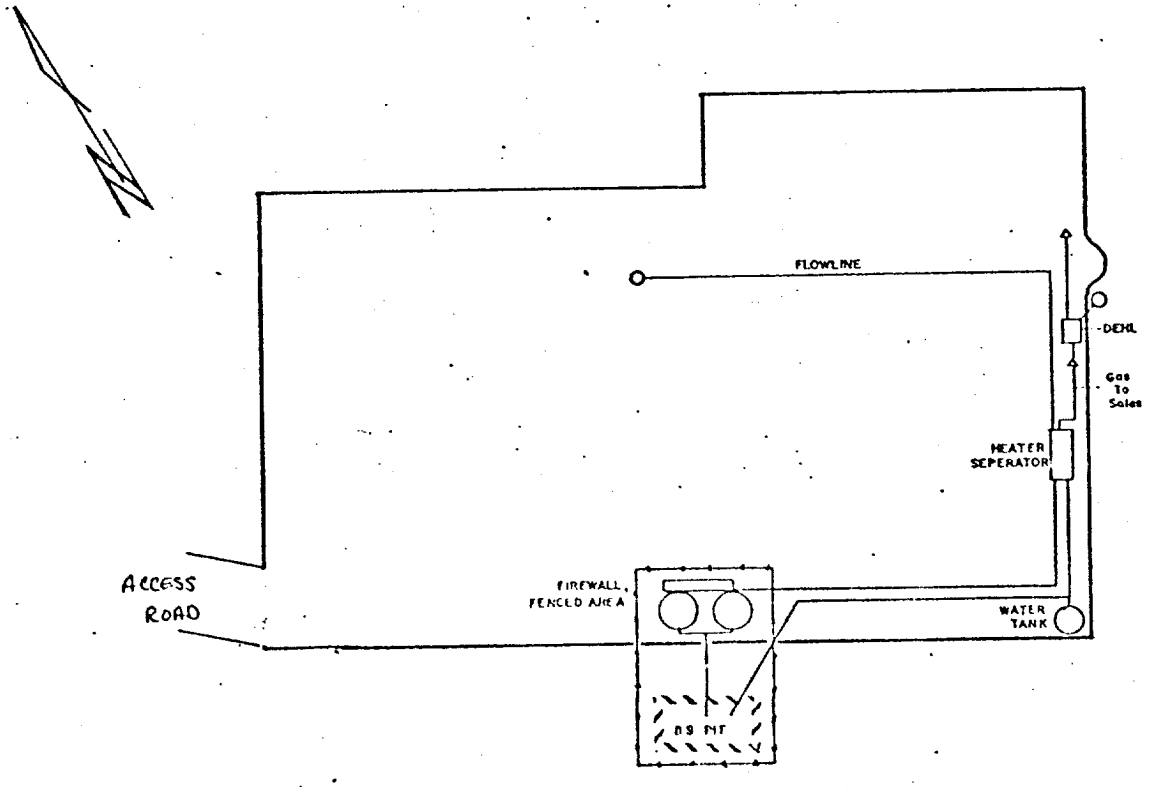
THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls 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. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

YATES . ETROLEUM CORPC RATION



DRILLING RIG LAYOUT
Scale: 1 inch = 50 feet



TANK BATTERY LAYOUT
Scale: 1 Inch = 50 Feet

EXHIBIT C

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

September 19, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

RECEIVED
SEP 22 1980
O. C. D.
ARTESIA, OFFICE

Yates Petroleum Corporation
207 South Fourth Street
Artesia, New Mexico 88210

Attention: Mr. Gliserio "Rod" Rodriquez

Administrative Order NSL-1267

Gentlemen:

Reference is made to your application for approval of a non-standard location for your Serpentine Bends Unit Well No. 1 to be located 1630 feet from the South line and 2255 feet from the West line of Section 25, Township 24 South, Range 23 East, NMPM, Wolfcamp-Pennsylvanian formation, Eddy County, New Mexico.

By authority granted me under the provisions of Rule 104 F of the Division Rules and Regulations, the above-described unorthodox location is hereby approved.

Sincerely,

JOE D. RAMEY,
Director

JDR/dr

cc: Oil Conservation Division - Artesia
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Artesia