Form 9-331 C
(May 1963)

NMOCC COPY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Copy to SF

Form approved.
Budget Bureau No. 42-R1425.

30-005-60540

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

RECEIVED
JAN 2 1979
O. C. C.
ARTESIA, OFFICE

RECEIVED
DEC 18 1978
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

5. LEASE DESIGNATION AND SERIAL NO.
NM - 16093

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

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

7. UNIT AGREEMENT NAME

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

8. FARM OR LEASE NAME
Phillips Fed. ~~KH~~ KF Com

2. NAME OF OPERATOR
Yates Petroleum Corporation ✓

9. WELL NO.
1

3. ADDRESS OF OPERATOR
207 S. 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
At proposed prod. zone 1980' FNL & 660' FEL

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec 23-T14S-R27E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 8½ miles E of Hagerman, New Mexico

12. COUNTY OR PARISH
Chaves

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
660'	160	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**
	Approx. 8400'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3503.2

22. APPROX. DATE WORK WILL START*
ASAP after approval

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'	150 sx - circulate
12¼"	8 5/8"	24# J-55	approx. 1625'	450 sx - circulate
7 7/8"	5½" ro 4½"	15.5-17# K-55 or 10.5 - 11.6#	T.D.	250 sx

Propose to drill and test the Mississippian and intermediate horizons. Approx. 300' of surface casing will be run and cement circulated to shut off gravel and caving. Intermediate casing will be set 100' below the Artesian Water Zone and cemented to the surface. If commercial pay is encountered, we will run 5½" or 4½" casing and cement with 600' of cover, perforate and stimulate as needed.

Mud Program: F.W. Gel & LCM to 1625', fresh water to 4000', KCL water to 6600', starch-drispak KCL to 7400', flosal-drispack-KCL mud to T.D.; MW 8.9-9.0, vis. 34-39, WL 10-7.

BOP Program: BOP's and hydril on the 8 5/8" casing and tested, pipe rams daily, blind rans on trips, Yellow-Jacket prior to drilling Wolfcamp.

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 Eddie L. Galyean TITLE Engineer DATE 12/18/78

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 12-28-78

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

December 28, 1978

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

YATES PETROLEUM CORPORATION	
Phillips Fed. ~~Kit~~ Com. No. 1	
1980 FNL 660 FEL	Sec. 23, T14S, R27E
Chaves County	Lease No. NM-16093
Above Date Required on Well Sign	

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 8,400 feet to test the Mississippian is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.

2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.

3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should be not less than 8" x 5" in size and each page should identify the well.

4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate sandstone brown (Federal Standard Color No. 595A, color 20318 or 30318).

5. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.

6. A kelly cock will be installed and maintained in operable condition.

7. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.

8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:

   (1) A recording pit level indicator to determine pit volume gains and losses.

   (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.

   (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.

Sincerely yours,

(Orig. Sgd.) ALBERT R. STALL

Albert R. Stall
Acting District Engineer

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	Phillips Fed Com	1

Unit Letter	Section	Township	Range	County
H	23	14 South	27 East	Chaves

Actual Footage Location of Well:
1980 feet from the North line and 660 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3303.2	MISSISSIPPIAN	WILDCAT	320 Acres

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

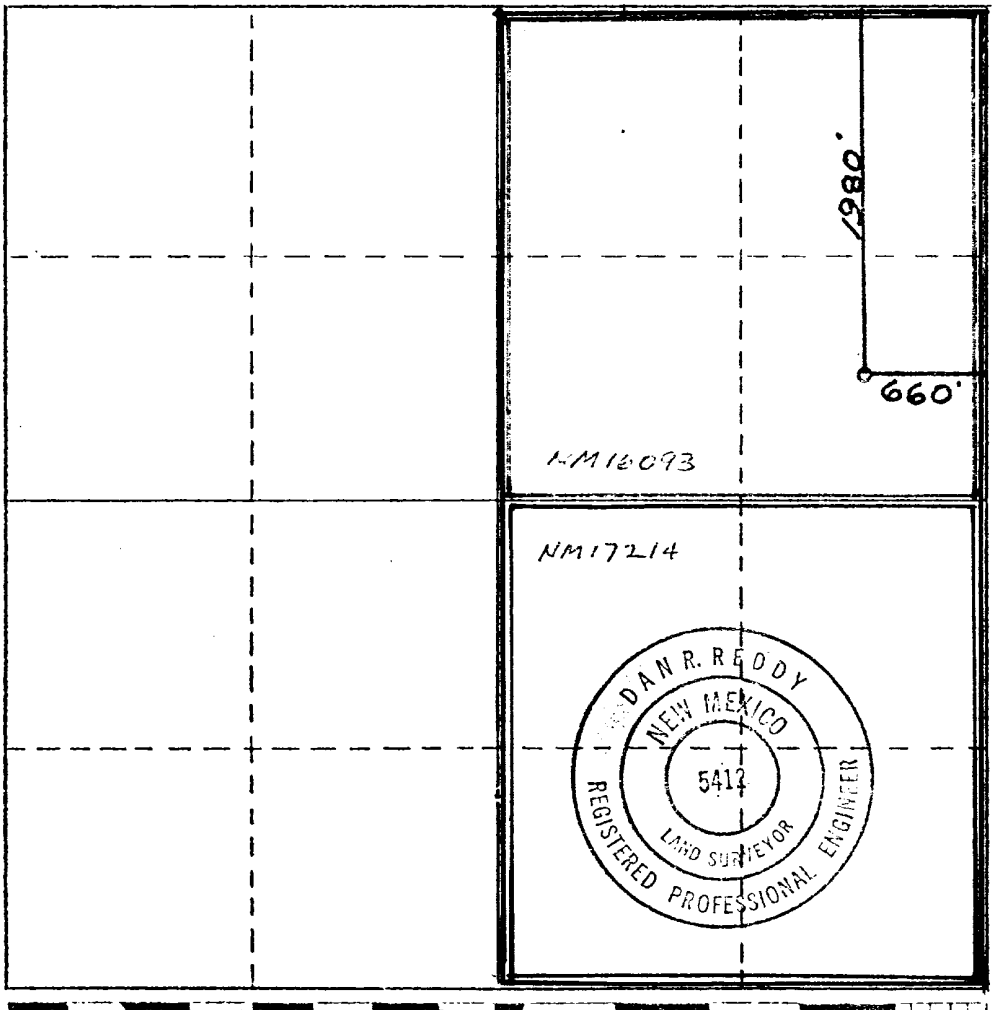
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 COMMUNITIZATION

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: EDDIE M MAHFOOD

Position: ENGINEER

Company: YATES PETROLEUM CORP.

Date: 12-18-78

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: 12/14/78

Registered Professional Engineer and/or Land Surveyor

Certificate No. N.M.P.E.&L.S. #5412

Yates Petroleum Corporation
Phillips Federal KH Com #1
1980' FNL and 660' FEL
Section 23 - T14S - R25E
Chaves 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 quaternary alluvium

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

San Andres	1462'	Lower Canyon	7241'
Glorieta	2821'	Strawn	7460'
Abo	4993'	Atoka	7779'
Wolfcamp Lime	6001'	Morrow Clastics	7846'
Cisco	6854'	Chester	8002'
		Mississippian Lime	8092'
		T. D.	8342'

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

   Water: Approximately 200'

   Gas: 7460'
   7779'
   7846'

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: 5800 - T. D.
   Coring: CNL-FDC T. D. to casing with GR-CNL on to surface and DLL from T. D. to casing with selected min. R_xO.

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
Phillips Federal KH Com #1
1980' FNL and 660' FEL
(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 8½ miles east of Hagerman, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed east from Hagerman on Highway 31 for a distance of approximately 8½ miles.

2. Turn south for approximately 1800'. This will be the new access road to the location.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 1800 feet in length from point of origin to the edge of the drilling pad. The road will lie in a north-to-south direction and will pass through a fence near the point of origin. A cattleguard will be installed through the fence.

B. The new road will be 12 feet in width (driving surface), except at the point of origin, adjacent to the existing road, at which point enough additional width will be provided to allow the trucks and equipment to turn.

C. The new road will be covered with the necessary depth of caliche. The surface will be crowned, with drainage on both sides. One turnout will be necessary.

D. The new road has been flagged and the route of the road is clearly visible.

3. LOCATION OF EXISTING WELLS.

A. Drilling acitivity within a one-mile radius of the wellsite is shown on Exhibit A. The nearest production is a gas well in the NE¼ of Section 35 (2 miles south).

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 the 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.

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 nearest existing pit.

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 completion 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 fairly flat, minor cuts or fills should be needed in the pad area or access road.

   C. The reserve pits will be plastic line.

   D. The pad 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 fairly flat. The immediate area of the wellsite is discussed above in paragraph 9B.

B. Flora and Fauna: The vegetation cover consists of prairie grass, prairie flowers, greasewood and miscellaneous desert growth. No wildlife was observed, but the wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.

C. There are no ponds, lakes, or rivers in the area.

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

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

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

12. OPERATOR'S REPRESENTATIVE.

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

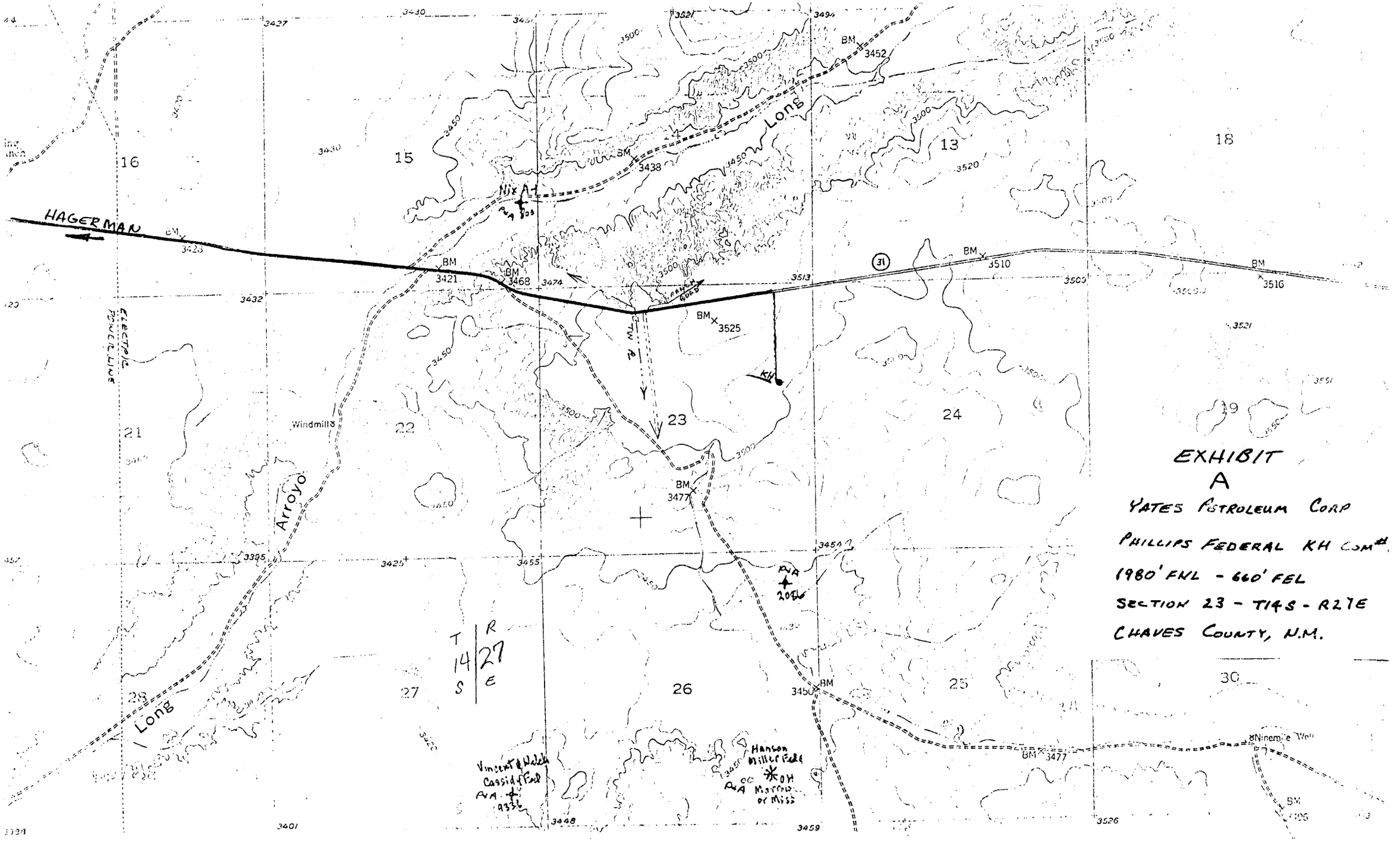
Gliserio "Rod" Rodriguez
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

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.

12-15-78
Date

Gliserio Rodriguez, Geographer


HAGERMAN
BM 3428
BM 3421
BM 3468
3474
BM 3525
BM 3510
BM 3516
BM 3452
BM 3438
Nix A-1
P&A
Long
Windmill
Arroyo
ELECTRIC POWER LINE
KH
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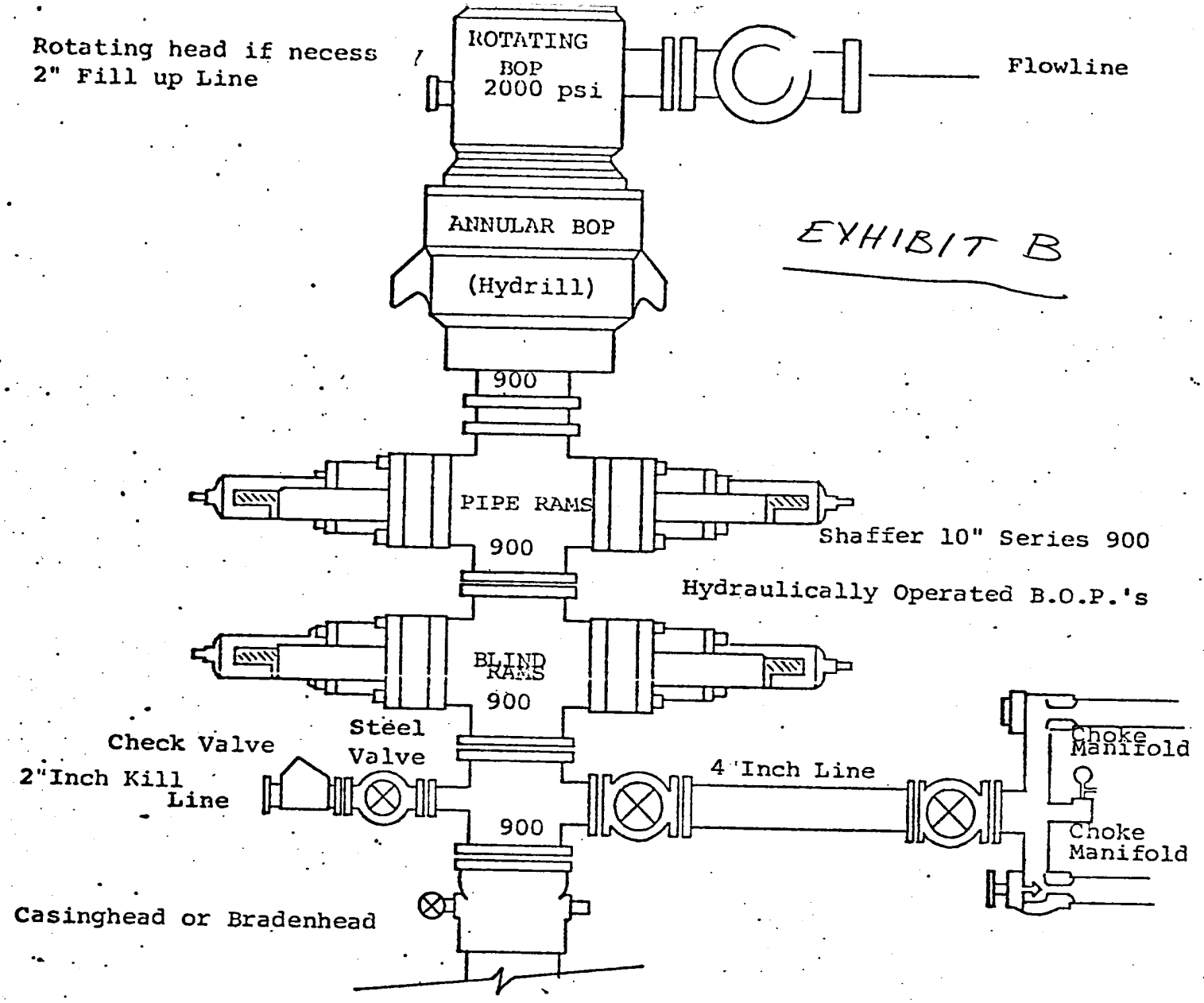
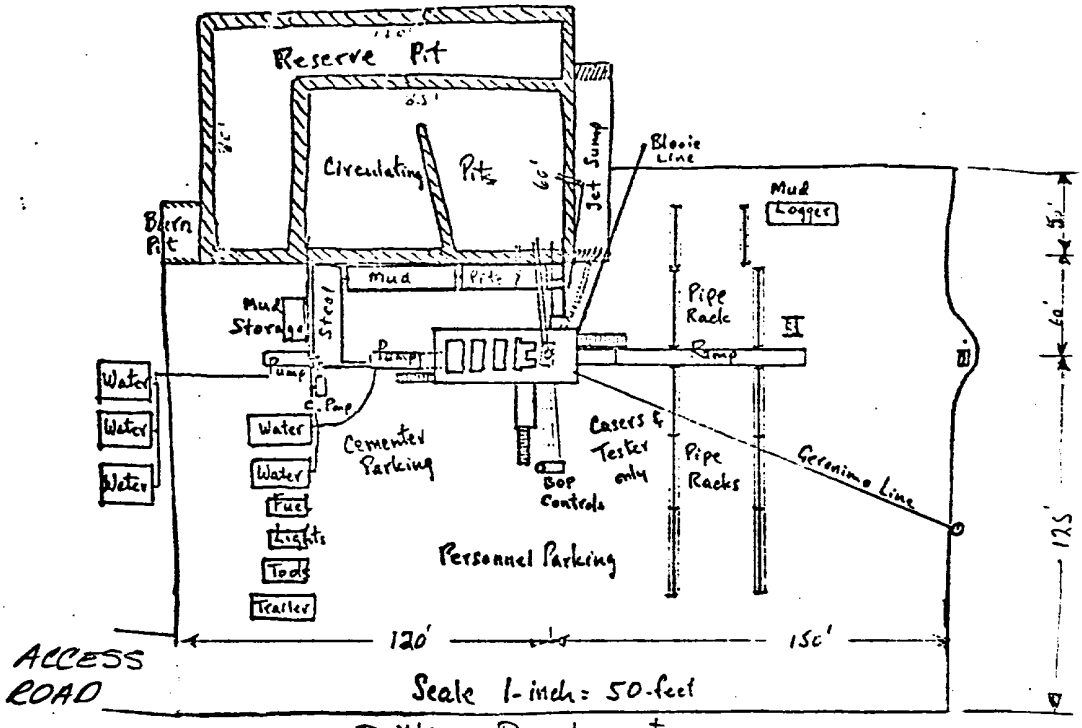
BM 3477
BM 3450
Ninemile Well
Vincent & Welch Cassidy Fed
P&A 9336
Hanson Miller Fed
OH
P&A
Morrow or Miss
T 14 S
R 27 E
EXHIBIT
A
YATES PETROLEUM CORP
PHILLIPS FEDERAL KH COM #1
1980' FNL - 660' FEL
SECTION 23 - T14S - R27E
CHAVES COUNTY, N.M.



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

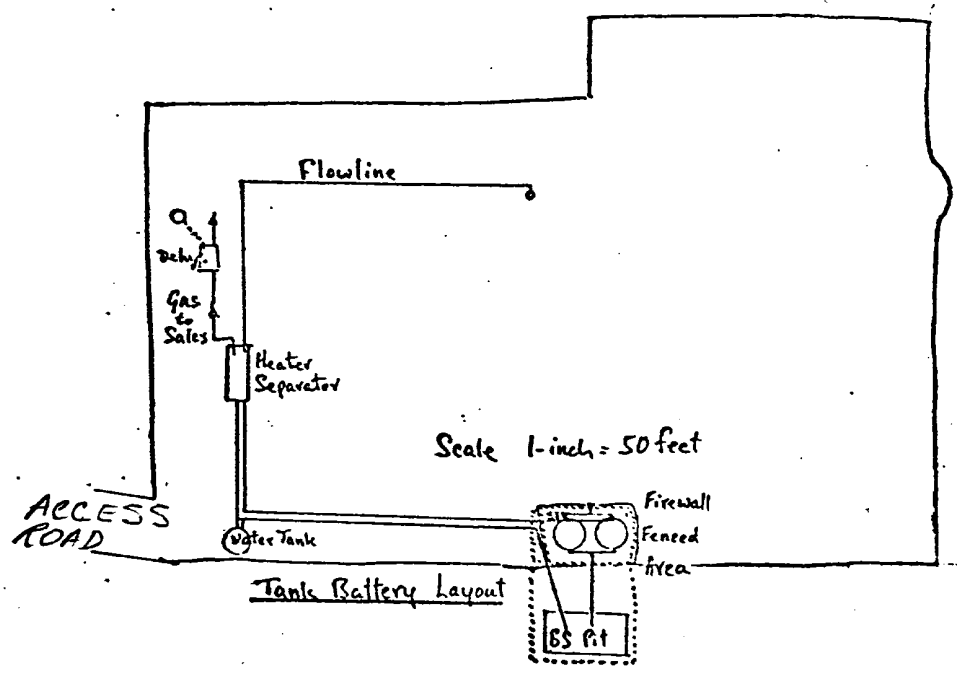
1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers 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.

EXHIBIT C



Drilling Rig Layout

N



Tank Battery Layout