N.M.O.C.D. COPY Artesia

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-61178

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

C/SF

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 9982

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

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

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

8. FARM OR LEASE NAME: Teckla "MD" Fed.

2. NAME OF OPERATOR: Yates Petroleum Corporation ✓

9. WELL NO.: 4

3. ADDRESS OF OPERATOR: 207 S. 4th Street, Artesia, NM 88210

10. FIELD AND POOL, OR WILDCAT: Wildcat and Ld-O

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FSL & 660' FWL
At proposed prod. zone:

RECEIVED
OCT 15 1981
OIL & GAS
U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Ut-L Sec. 13, T6s-R25e

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 31 miles north and 13½ miles east of Roswell, NM

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): 660'

16. NO. OF ACRES IN LEASE: 960

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320- 160

RECEIVED
OCT 27 1981
O. C. D.
ARTESIA, OFFICE

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

19. PROPOSED DEPTH: 4350'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3802 GL

22. APPROX. DATE WORK WILL START*:

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15"	10 3/4"	40.5# J-55	Approx. 890'	800 sx. circulated
7 7/8" or 6¼"	4½" or 5½"	10.5# or 15.5#	TD	350 sx.

We propose to drill and test the Abo and intermediate formations. Approximately 890' of surface casing will be set and cement circulated to shut off gravel and casing. If needed (lost circulation) 7 5/8" intermediate casing will be run to 1550' and cemented with enough cement calculated to tie back into the surface casing. Temperature survey will be run to determine cement top. If commercial, production casing will be run and cemented with adequate cover, perforate, and stimulate as needed for production.

MUD PROGRAM: FW gel and LCM, Brine to 3500'. Brine & KCL water to TD. MW 10-10.2.

BOP PROGRAM: BOP's will be installed on 8 5/8" casing and tested daily.

GAS NOT DEDICATED:

Posted ID-1
API + NL Book
10-30-81

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 Glenna Rooney TITLE Regulatory Manager DATE 10-14-81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY (Orig. Sgd.) GEORGE H. STEWART TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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	Tekla MD Federal	4

Unit Letter	Section	Township	Range	County
L	13	6 South	25 East	Chaves

Actual Footage Location of Well:
1980 feet from the South line and 660 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3802.1	ABO	Undes ABO	160 Acres

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

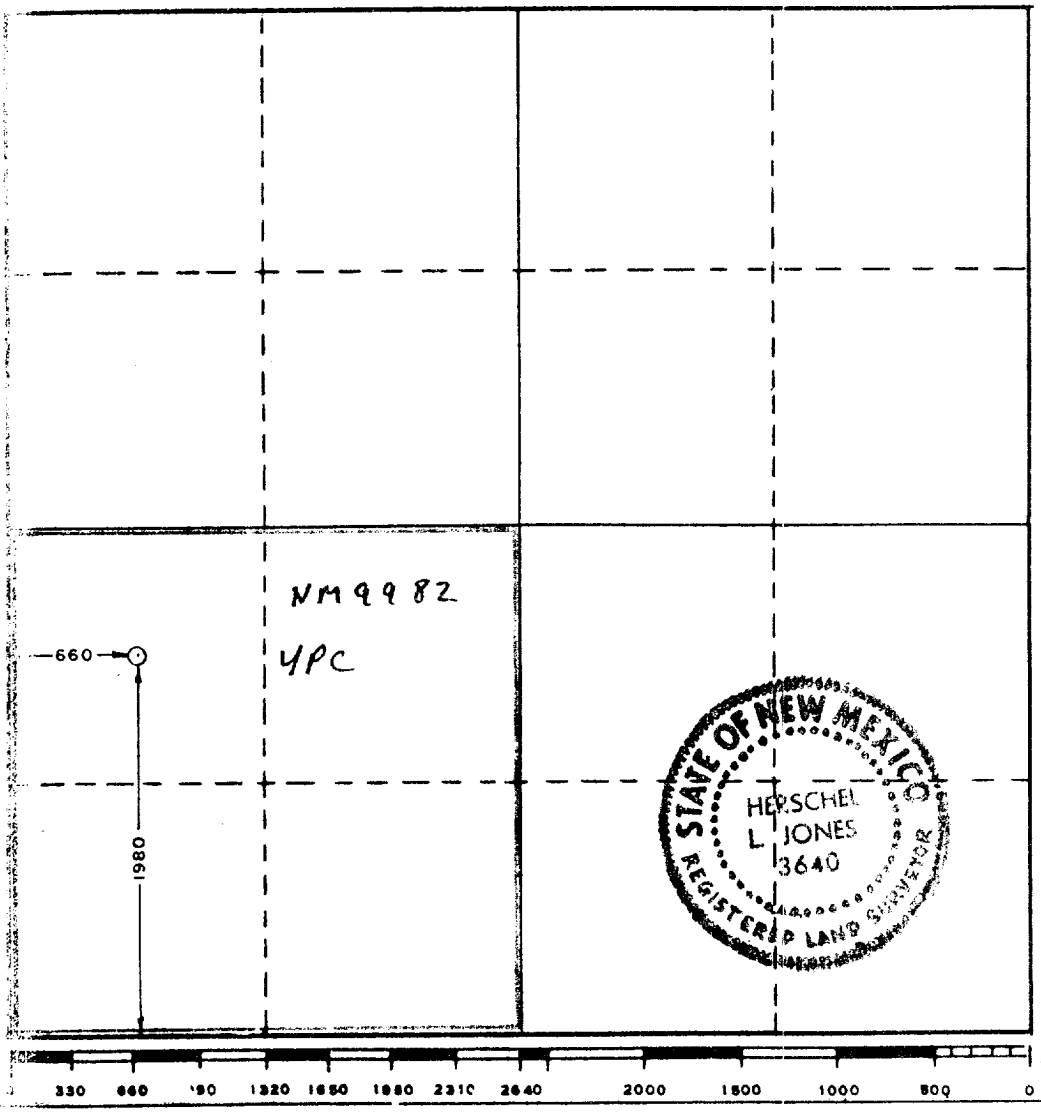
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: REG. MGR.

Company: YATES PETROLEUM CORP.

Date: 9-11-81

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: September 2, 1981

Registered Professional Engineer and/or Land Surveyor

Certificate No. 3640

Yates Petroleum Corporation
Teckla "MD" Federal #4
1980' FSL & 660' FWL
Section 13-T6s-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 sandy alluvium.

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

San Andres	576'
Glorieta	1361'
Fullerton	2921'
Abo	3637'
Wolfcamp	4270'
TD	4350'

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

Water:	Approximately 270' - 330'	
Oil or Gas:	Abo	3660'
	Wolfcamp	4250'

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:

Samples:	Surface casing to TD.
DST's:	As Warranted
Logging:	Surface casing to TD CNL-FDC TD to casing with GR-CNL on to surface and DLL from TD to casing with R_xO.
Coring:	None Anticipated

9. No abnormal pressures or temperatures are anticipated.

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

Yates Petroleum Corporation
Teckla "MD" Federal #4
1980' FSL & 660' FWL
Section 13-T6s-R25e
(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, the construction activities and operations plan, 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 drilling of this well.

1. EXISTING ROADS.

Exhibit A is a portion of a county map showing the roads in the vicinity of the proposed location. The proposed wellsite is located approximately 30 miles NNE of Roswell, New Mexico and the access route to the location is indicated in ren and green on Exhibit A.

DIRECTIONS:

1. Proceed north from Roswell on Highway 285 for a distance of approximately 28 miles.

2. Turn east for approximatley 14 miles and continue north for 3 3/4 miles. Then west for 1 mile to South Alkali "LK" location. Turn south 3/4 mile to Teckla MD Federal #2 location. Continue going southwest for approximately .6 of a mile turn southeast. The new road will start here.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 1000' in length from point of origin to the southwest edge of the drilling pad. The road will lie in a northwest to southeast direction.

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

C. The new road will be covered with the necessary depth of caliche or other suitable material. The surface will be crowned, with drainage on one side. No turnouts will be built.

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

3. LOCATION OF EXISTING WELL.

A. There are water and gas or oil wells within one-mile radius of 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 water will be obtained from the ranches and will be trucked to the location.

6. SOURCE OF CONSTRUCTION MATERIALS.

   A. Material for construction of the drilling pad and the new access road will be obtained form a pit on fee land only if needed.

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 operatiosn.

8. ANCILLARY FACILITIES.

   A. None required.

9. WELLSITE LAYOUT.

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

   B. The location surface is fairly flat.

   C. The reserve pits will be plastic lined.

   D. A 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 pleasing a condition as possible.

B. Unguarded pits, if any, containing fluids will be fenced until they have dried and leveled.

C. If the proposed well is non-productive, all rehabilitation requirements of the Operator-Landowner Agreement will be complied with and will be 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 tobosa, terpentine, pepper weed, and mesquite. 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. The Pecos River is approximately 4 miles east.

D. Surface Ownership: The wellsite is on federal surface and minerals.

E. 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 is:

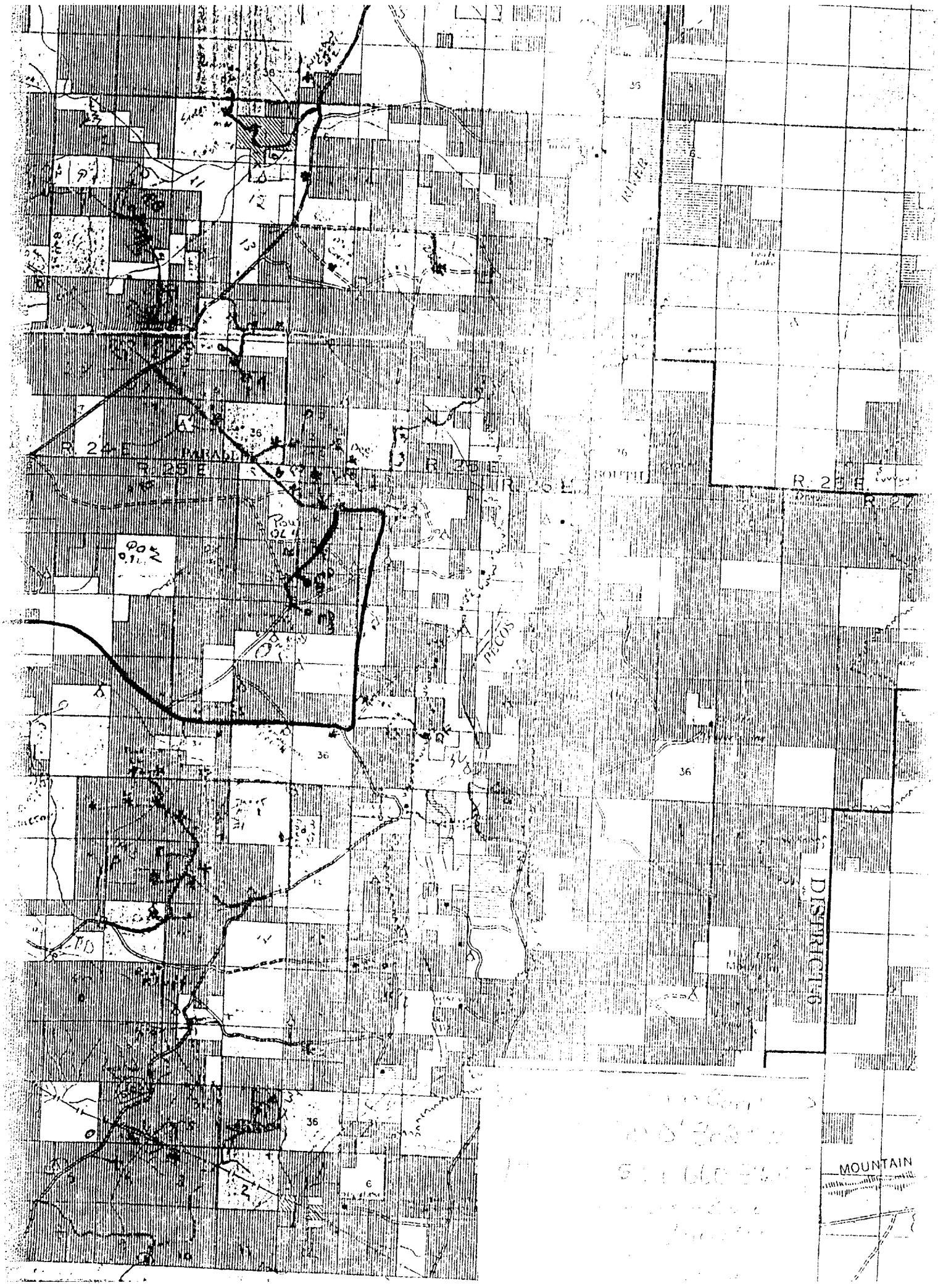
Gliserio "Rod" Rodriguez or Cy Cowan
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210
(505) 746-3558

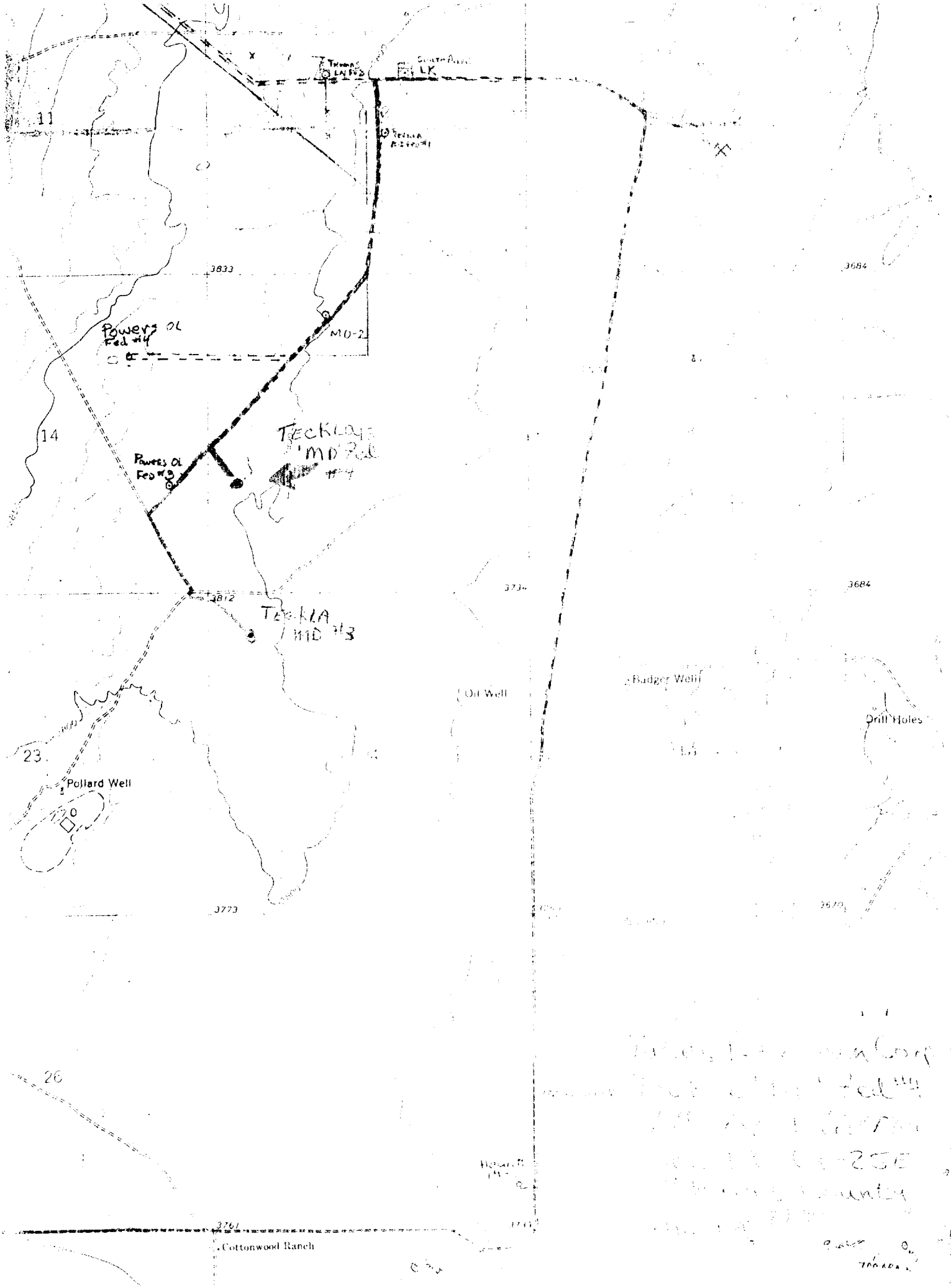
13. CERTIFICATION.

I hereby certify that I, or person 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 sub contractors in conformity with this plan and the terms and conditions which it is approved.

10-13-81
Date

Gliserio Rodriguez, Regulatory Manager


R. 24 E.
R. 25 E.
R. 26 E.
R. 27 E.
PECOS
DISTRICT 6
MOUNTAIN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3684
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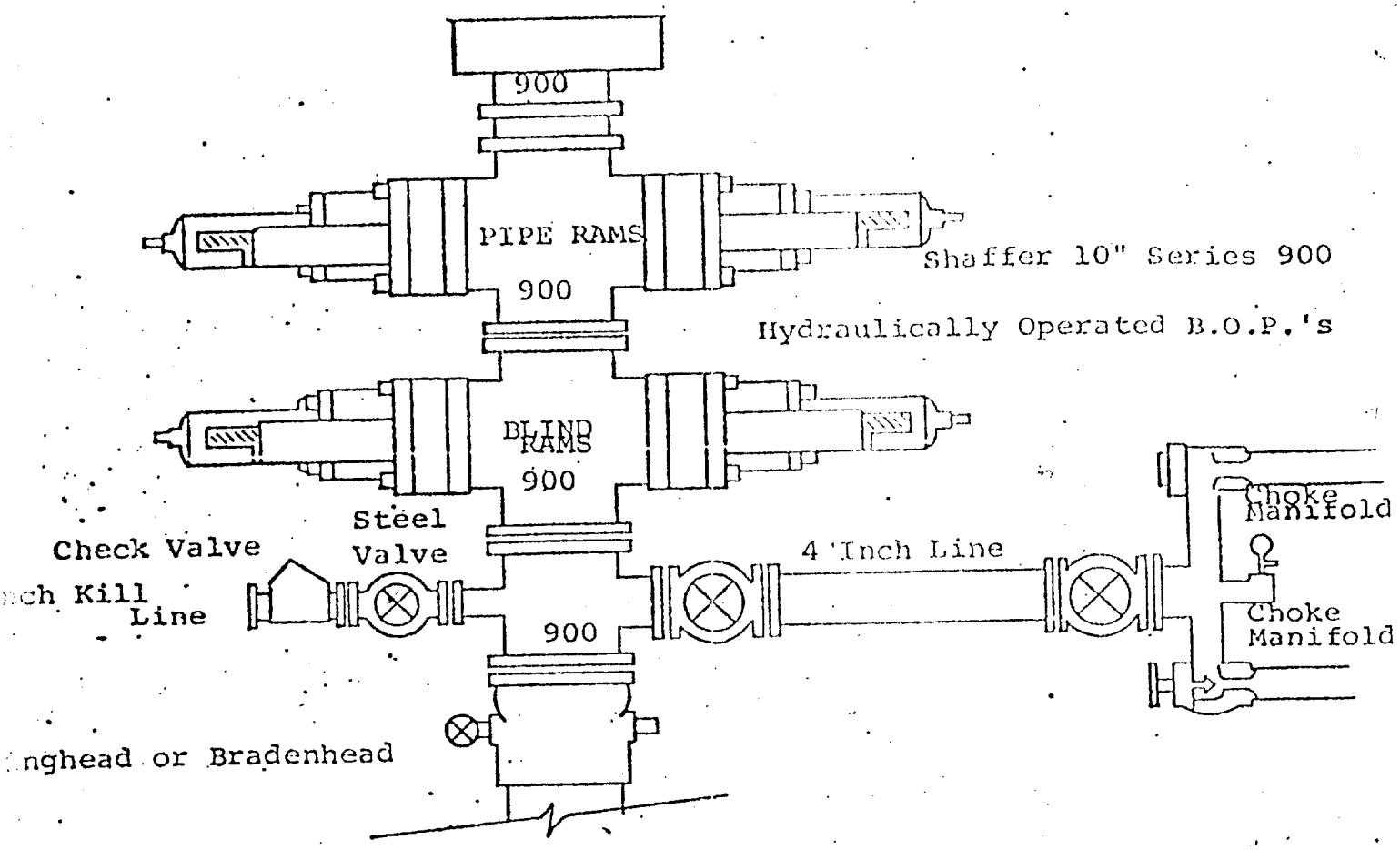
3761
MD-2
Powers OL
Fed #4
Powers OL
Fed #3
Oil Well
Badger Well
Drill Holes
Pollard Well
720
Cottonwood Ranch

EXHIBIT B



FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
Choke outlet to be a minimum of 4" diameter.
Kill line to be of all steel construction of 2" minimum diameter.
All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
Inside blowout preventer to be available on rig floor.
Operating controls located a safe distance from the rig flo .
Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
D. P. float must be installed and used below zone of first gas intrusion.

EXHIBIT C

YATES PETROLEUM CORPORATION