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O. C. D.

ARTESIA OFFICE

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work

Type of Well DRILL ☒ DEEPEN ☐ PLUG BACK ☐
OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

Name of Operator

Yates Petroleum Corporation

Address of Operator

207 S. 4th, Artesia, New Mexico 88210

Location of Well

UNIT LETTER N LOCATED 660' FEET FROM THE South LINE

1980' FEET FROM THE West LINE OF SEC. 2 TWP. 5S RGE. 24E

5A. Indicate Type of Lease

STATE ☒ FEE ☐

5. State Oil & Gas Lease No.

LG-563

7. Unit Agreement Name

8. Farm or Lease Name

Smernoff "NL" State

9. Well No.

4

10. Field and Pool, or Wildcat

✓ Pecos Slope Abo

17. County

Chaves

19. Proposed Depth

4050'

19A. Formation

Abo

20. Rotary or C.T.

Rotary

21. Elevations (show whether D.F., K.I., etc.)

3922.4' GL

21A. Kind & Status Plug. Bond

Blanket

21B. Drilling Contractor

Artesia Fishing Tool #2

22. Approx. Date Work will start

ASAP

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
14 3/4"	10 3/4"	40.5# J-55	900'	600 sx	circulated
7 7/8"	4 1/2"	9.5#	TD	350 sx	

We propose to drill and test the Abo and intermediate formations. Approximately 900' of surface casing will be set and cement circulated to shut off gravel and caving. If needed (lost circulation) 8 5/8" intermediate casing will be run to 1500' and cemented with enough cement calculated to tie back into the surface casing. If commercial, production casing will be run and cemented with adequate cover, perforated, and stimulated as needed for production.

MUD PROGRAM: FW gel and LCM to 900', Brine to 3200', Brine & KCL water to TD.

BOP PROGRAM: BOP's will be installed at the offset and tested daily.

GAS NOT DEDICATED.

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 10-27-82
UNLESS DRILLING UNDERWAY

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION 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.

Signed Ken Beardsley Title Regulatory Coordinator Date 4/19/82

(This space for State Use)

PROVED BY Mr. Walker TITLE Oil and Gas Inspector DATE APR 27 1982

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.

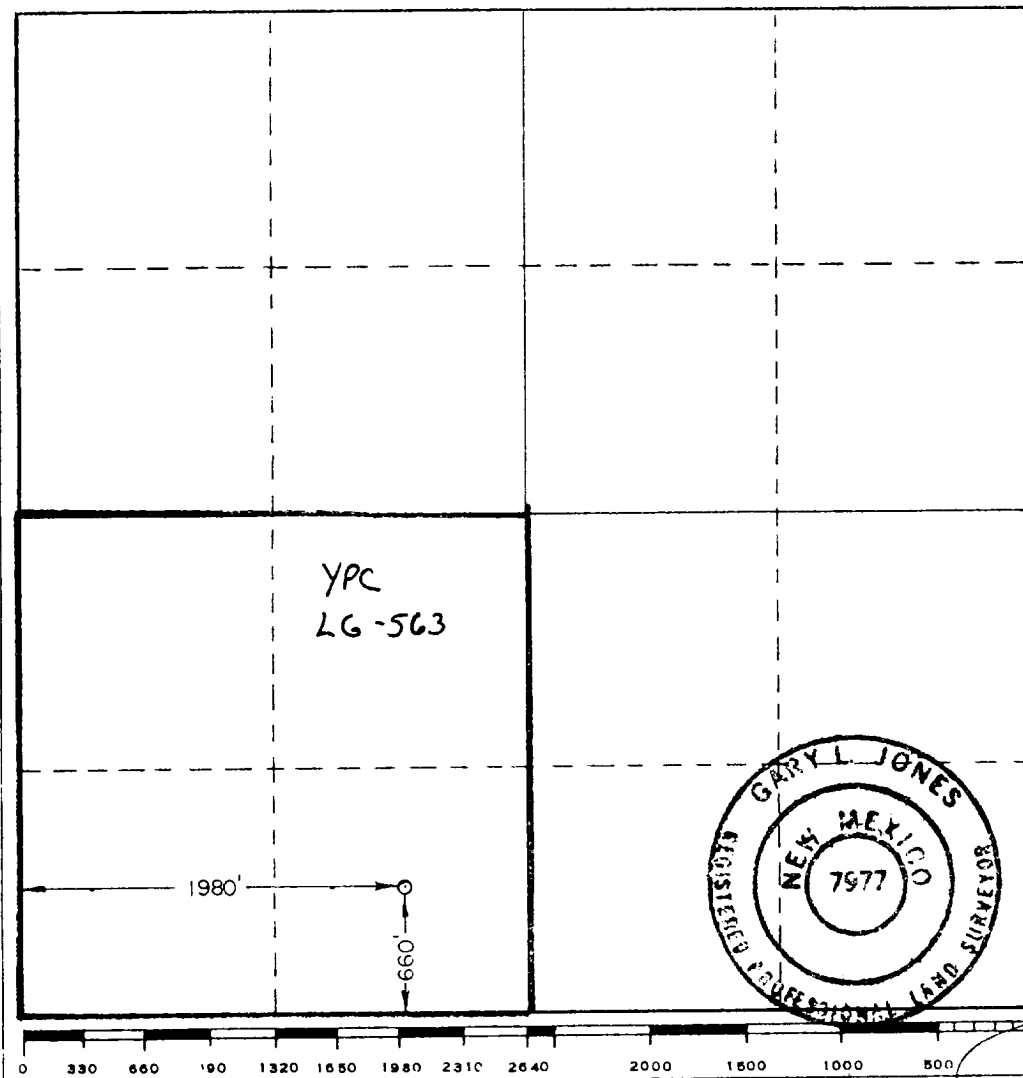
Operator YATES PETROLEUM CORPORATION			Lease Smernoff "HL" State		Well No. 4
Unit Letter N	Section 2	Township 5 South	Range 24 East	County Chaves	
Actual Footage Location of Well:					
660		feet from the South	line and 1980	feet from the West	line
Ground Level Elev. 3922.4'	Producing Formation Abo		Pool Pecos Slope Abo		Dedicated Acreage: 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.

Ken Beardemphl

Name

Ken Beardemphl

Position

Regulatory Coordinator

Company

Yates Petroleum Corp.

Date

4/22/82

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

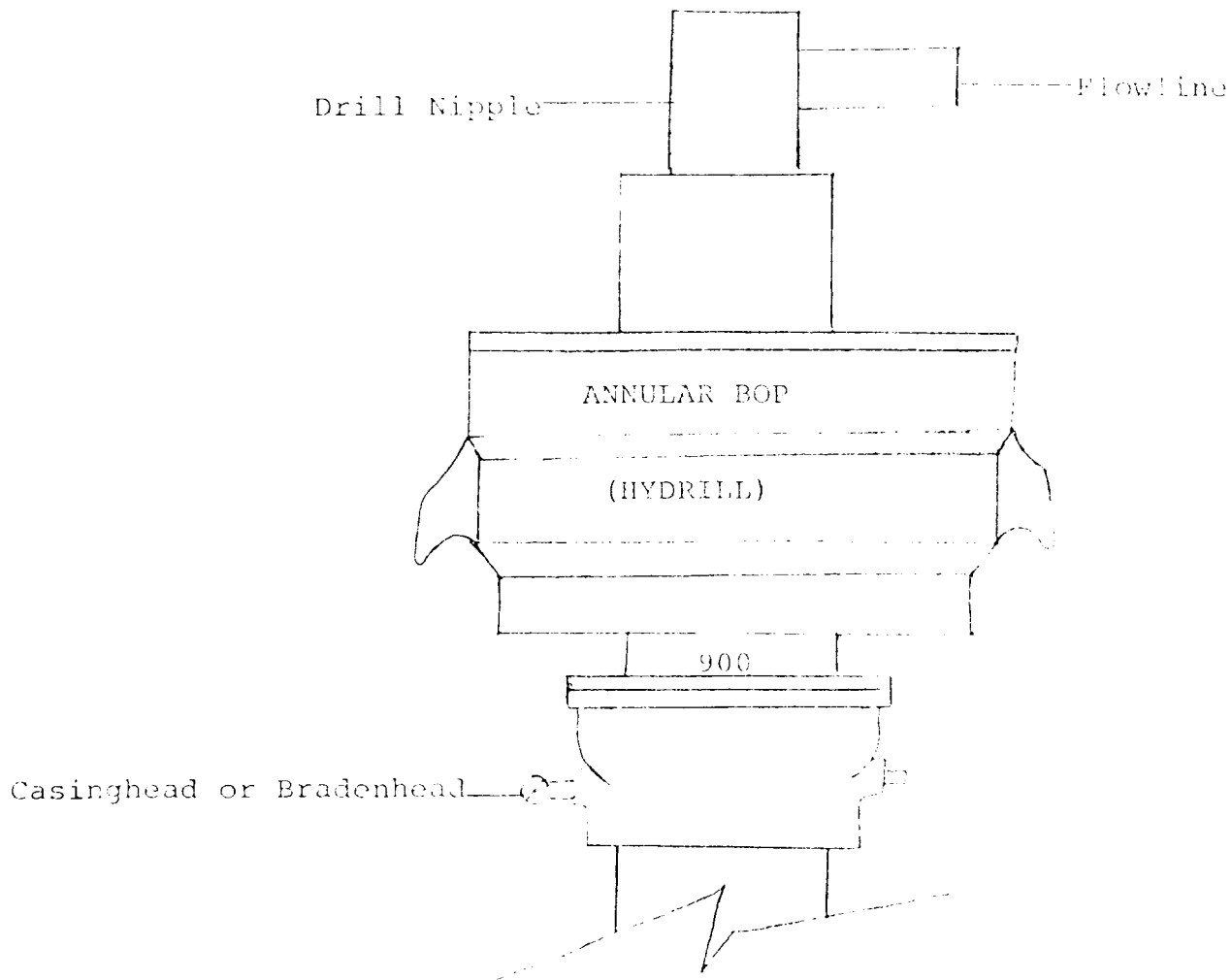
April 12, 1982

Registered Professional Engineer and/or Land Surveyor

Certificate No.

7977

Exhibit R



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. All connections from operating manifolds to preventers to be all steel. Hole or tube a minimum of one inch in diameter.
3. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the BOP's.
4. All connections to and from preventer to have a pressure rating equivalent to that of the BOP's.
5. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.