

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

MAY PLUG BACK ☒

b. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

105 South Fourth Street - Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1980' FNL and 660' FEL

At proposed prod. zone

Same

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

Approximately 8 miles east of Hagerman, New Mexico

O. C. D.

ARTESIA OFFICE

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

320

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

19. PROPOSED DEPTH

8100'

20. ROTARY OR CABLE TOOLS

Rotary

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

3460.6' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	54.5#	Approx. 300'	250 sacks - circulate
12-1/4"	8-5/8"	24#	" 1450'	400 sacks - circulate
7-7/8"	5-1/2"	15.5# & 17#	TD	300 sacks

We propose to drill and test the Morrow and intermediate formations. Approximately 300' of surface casing will be run and cement circulated to shut off gravel and cavings. Intermediate casing will be set at approximately 1450' and cemented to surface. If commercial, production casing will be run to TD and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud mud to 300', FW gel/LCM to 1450', fresh water to 4800', cut brine/SW gel/driskpak/starch to TD

BOP PROGRAM: BOP's on 8-5/8" casing and tested daily for operational

GAS NOT DEDICATED

Post 10-1
NLQ API
7-15-88

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

Clifton E. May

TITLE

Permit Agent

DATE May 25, 1988

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

S/Levi Deike, Acting

TITLE

Area Manager

DATE

JUN 29 1988

APPROVAL OF THIS APPLICATION 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

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

Under the 18 U.S.C. Section 1001, makes 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.

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

Form C-102
Supersedes C-128
Effective 1-1-85

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

Operator YATES PETROLEUM CORPORATION			Lease ESTELLITA "AFO" FEDERAL COM.		Well No. 1
Unit Letter "H"	Section 15	Township 14 South	Range 27 East	County Chaves	
Actual Footage (Location of Well) <div style="display: flex; justify-content: space-between;"> 1980 feet from the North line and 660 feet from the East line </div>					
Ground Level Elev. 3460.6	Producing Formation MORROW		Pool UNDES. SPRINGER BASIN KROKA MORROW		Dedicated Acreage 320 Acres

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

Clifton R. May

Name
Clifton R. May

Position
Permit Agent

Company
Yates Petroleum Corporation

Date
May 25, 1988

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
May 24, 1988

Registered Professional Engineer and/or Land Surveyor

Herschel L. Jones
Certificate No. **3640**

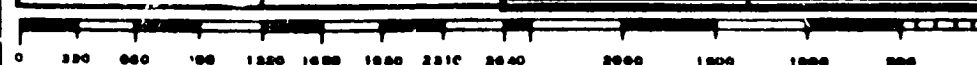
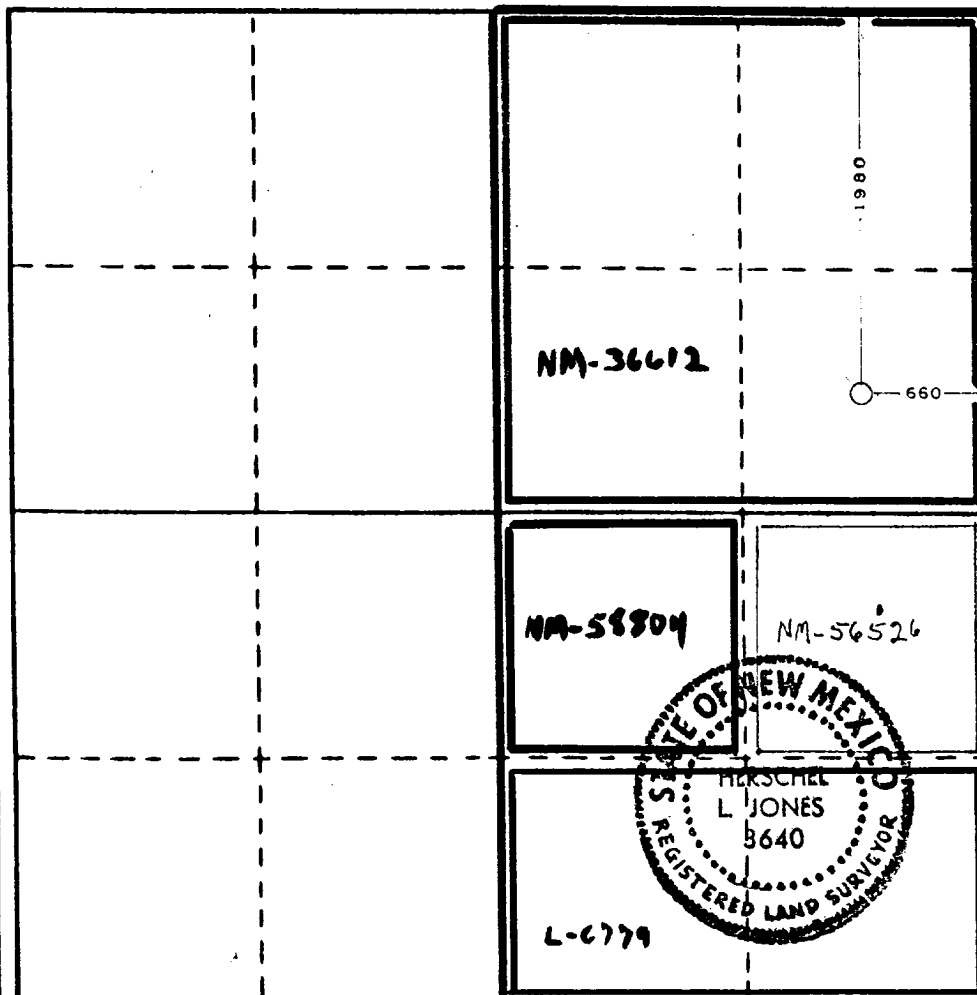
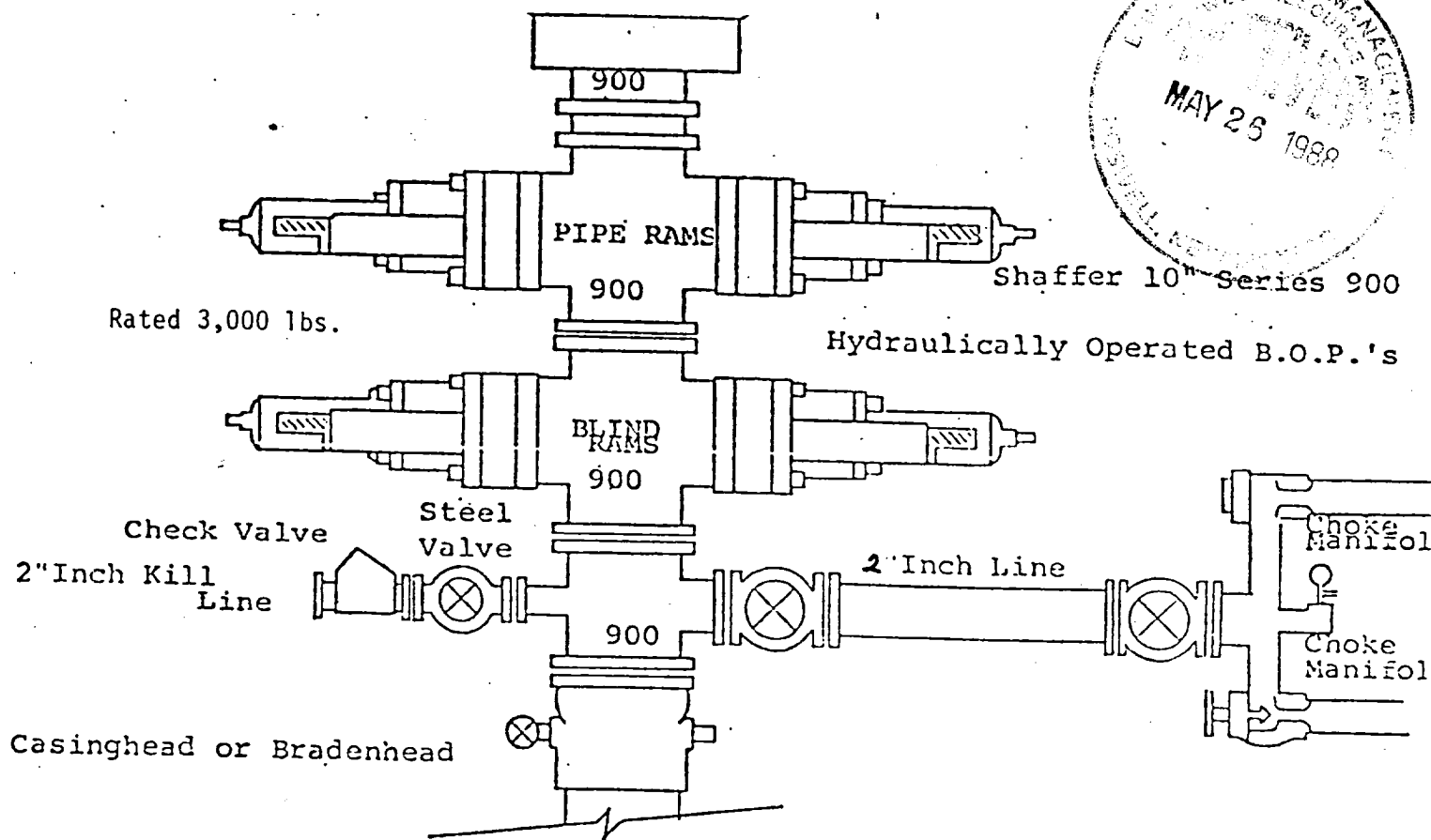
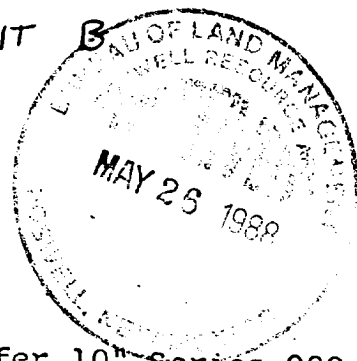


EXHIBIT B



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual control installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 2" 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.
10. D. P. float must be installed and used below zone of first gas intrusion

YATES PETROLEUM CORPORATION
Estellita AFO Federal Com #1
1980' FNL and 660' FEL of
Section 15-T14S-R27E
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 BLM requirements.

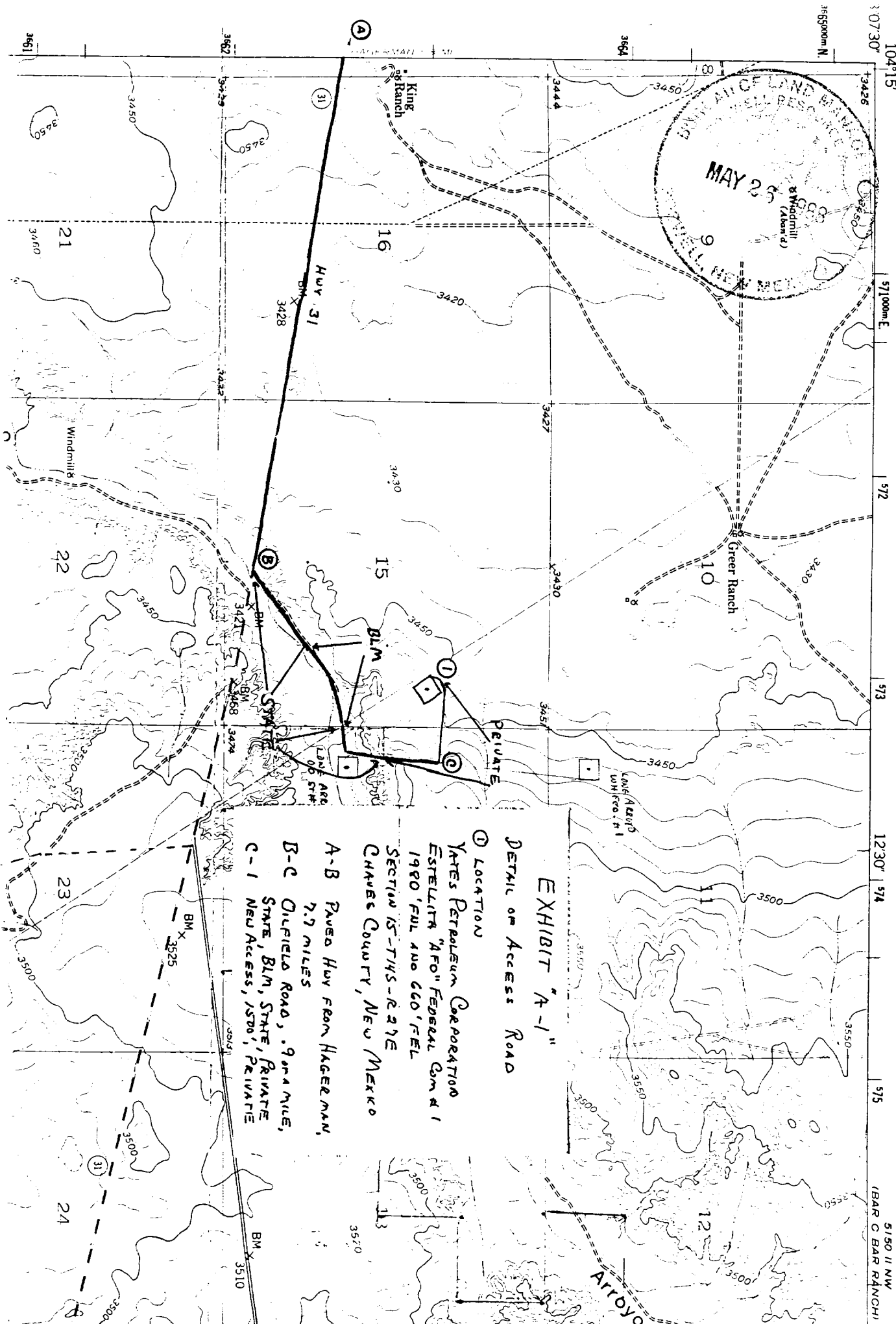
1. The geological surface formation is quaternary alluvium.
2. The estimated tops of geologic markers are as follows:

San Andres	1354'	Strawn	7296'
Glorieta	2703'	Morrow Clastics	7595'
Abo	4895'	Chester Lime	7804'
Wolfcamp Lime	5848'	Mississippian Lime	7889'
Cisco Lime	6712'	TD	8100'
Lower Canyon	7142'		
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

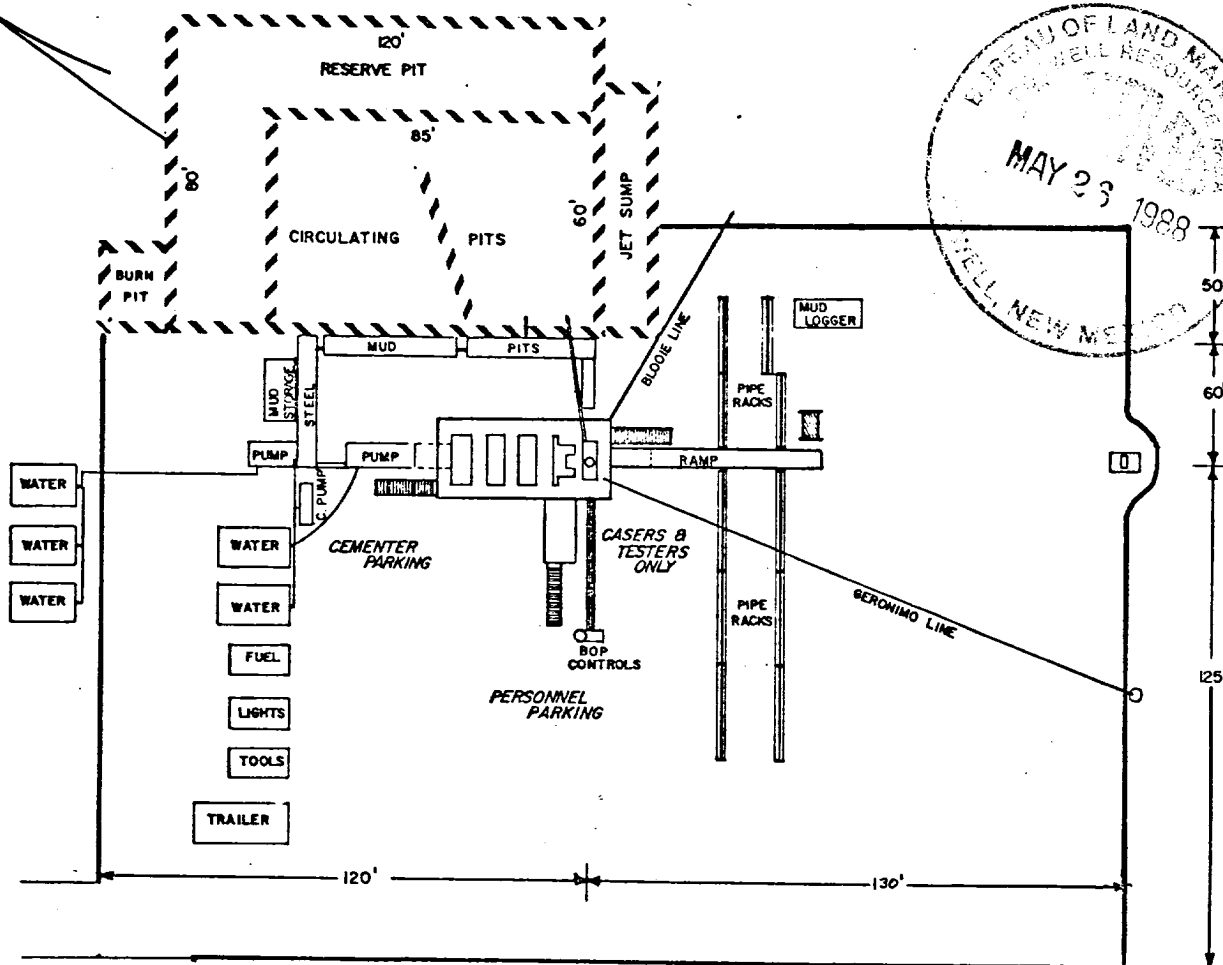
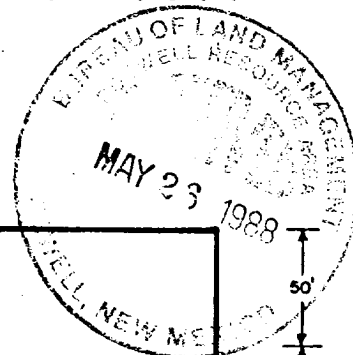
Water: Approximately 250'
Oil or Gas: 7315', 7750'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Kelly cock, pit level indicators and flow sensor equipment; sub with full opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

DST's: As warranted
Logging: CNL/LDT from TD to casing with GR-CNL on to surface;
Samples: 10' samples out from under surface casing to TD
Coring: None
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

NE
AST

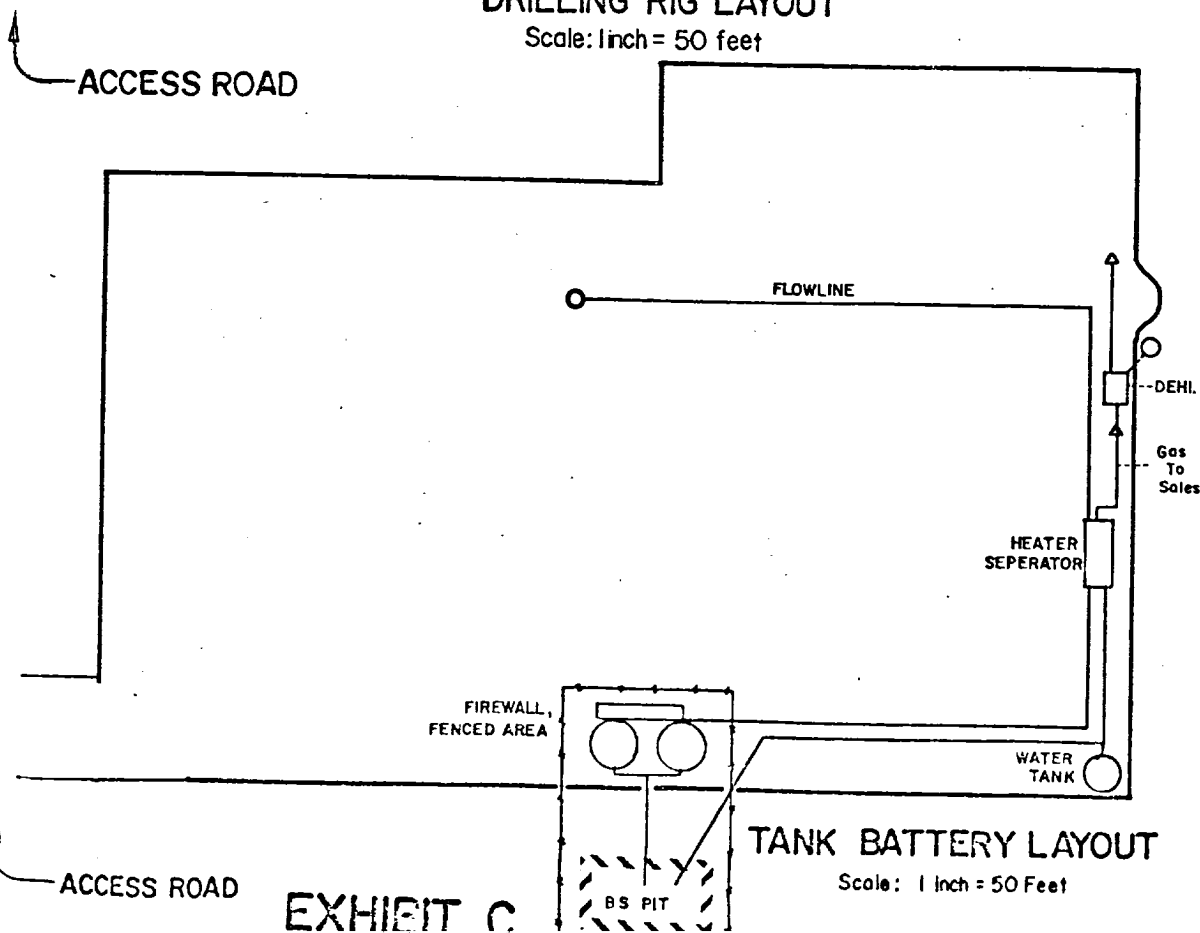


YATES PETROLEUM CORPORATION



DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet



TANK BATTERY LAYOUT

Scale: 1 inch = 50 Feet

EXHIBIT C