

Artesia, NM UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☐

RECEIVED ☐

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

660' FSL and 1980' 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

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

8000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3431' 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#	Approx. 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/driskak/starch to TD.

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

GAS NOT DEDICATED.

Part ID-1
2-1-91

New Loc & API

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 R. May TITLE Permit Agent DATE 12-12-90
(This space for Federal or State office use)

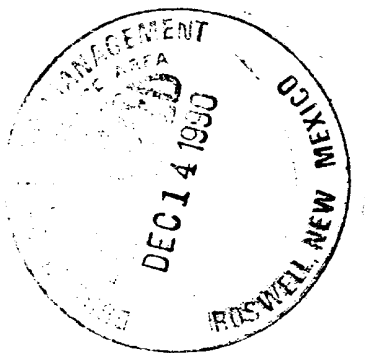
PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY /s/ Sandra L. Porents TITLE Area Manager DATE JAN 18 1991
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

1949 2 18

1949 2 18



Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1900, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Azusa, NM 88210

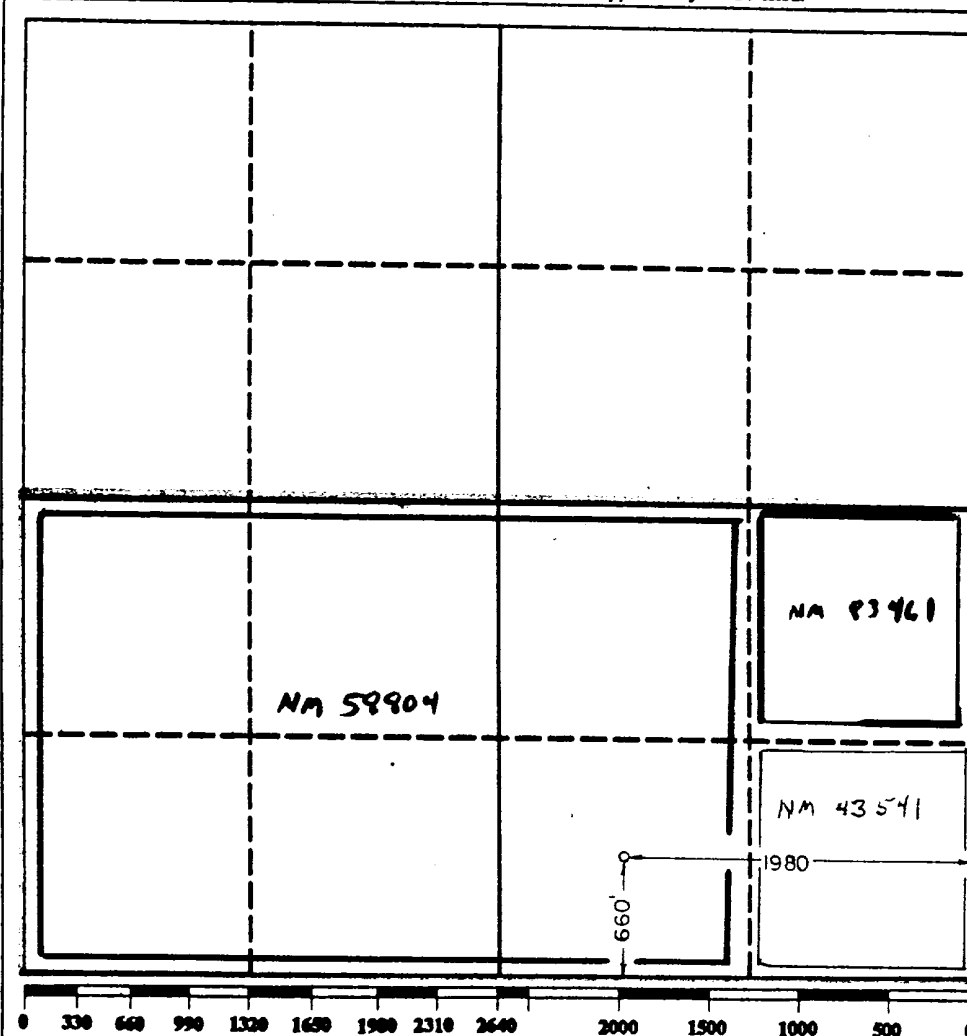
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease ARROYO LARGO "AIR" FEDERAL		Well No. 1
Unit Letter 0	Section 10	Township 14 SOUTH	Range 27 EAST	County CHAVES	
Actual Footage Location of Well: 660 feet from the SOUTH line and 1980 feet from the EAST line					
Ground level Elev. 3431	Producing Formation MORROW		Pool UND. SPRINGER BASIN ATORA-MORROW		Dedicated Acreage: 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

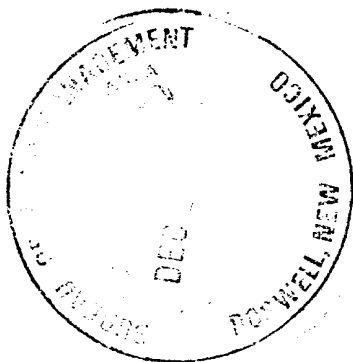
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Clifton R. May
Printed Name
Clifton R. May
Position
Permit Agent
Company
Yates Petroleum Corp.
Date
12-12-90

SURVEYOR CERTIFICATION

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
12/05/90
Signature & Seal of Professional Surveyor
[Signature]
Certificate No. 3640



YATES PETROLEUM CORPORATION

**Arroyo Largo "AIR" Fed. Com. #1
660' FSL & 1980' FEL
Section 10-T14S-R27E
Chaves County, New Mexico**

In conjunction with Form 3160-3, 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 geological surface formation is quaternary alluvium:

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

San Andres	1,304'
Glorieta	2,670'
Abo	4,844'
Wolfcamp Lime	5,812'
Cisco Lime	6,635'
Lower Canyon	7,065'
Strawn	7,102'
Atoka	7,448'
Morrow Clastics	7,595'
Chester Lime	7,683'
Mississippian Lime	7,701'
Sand Free Mississippian	7,783'
TD	8,000'

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 3160-3.

5. Pressure Control Equipment: See Form 3160-3 and Exhibit B.

6. Mud Program: See Form 3160-3.

7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connections.

8. Testing, Logging and Coring Program:

Samples: 10' samples from under surface casing to TD.

DST's: As warranted by drilling breaks and shows.

Coring: None.

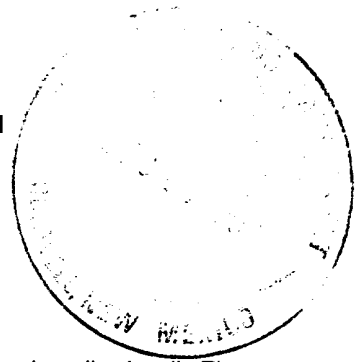
Logging: CNL-LDT from TD to casing, with GR-CNL up to surface;
DLL with RxO from TD to casing.

9. No abnormal pressures or temperatures are anticipated.

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



MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Arroyo Largo "AIR" Fed. Com. #1
660' FSL & 1980' FEL
Section 10-T14S-R27E
Chaves County, New Mexico



This plan is submitted with Form 3160-3, 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 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 operations.

1. EXISTING ROADS:

Exhibit A is a portion of BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 8 miles east of Hagerman, New Mexico, and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Go to Hagerman and turn east on Highway 31. Go for approximately 7.7 miles.
2. Turn left (northeast) for approximately .6 of a mile.
3. Turn north for approximately .7 of a mile to the Long Arroyo WH Fed. #1 well.
4. The new access will start here and go west to the southeast corner of pad.

2. PLANNED ACCESS ROAD

1. The proposed new access road will be approximately 2500' in length from point of origin to the southeast edge of the drilling pad. The road will lie in a westerly direction.
2. The new road will be 12 feet in width (driving surface).
3. The new road will be crowned and pitched with drainage on both sides. One turnout will be built.
4. The route of the road is visible.

3. LOCATION OF EXISTING WELL

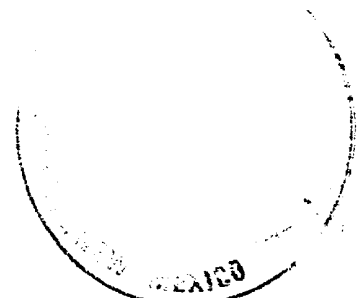
- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

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 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. From a pit located on federal land in the NENE of Section 19-T14S-R27E. The pit has been arch cleared and a copy sent to the BLM.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allows 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.
- D. Oil produced during operations 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 of dirt. All waste material will be contained to 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, the location of the drilling equipment, rig orientation and access road approach. A cross section of a drill pad with approximate cuts, fills and pad orientation is shown on Exhibit E.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

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

11. SURFACE OWNERSHIP:

- A. Surface at the wellsite is owned by Mr. C. O. Holloway, P. O. Box 1571, Roswell, New Mexico 88201.
- B. Surface ownership of new access road is owned by same.
- C. An Operator-Landowner Agreement has been reached between Yates Petroleum Corporation and Mr. Holloway.
- D. Surface ownership of access road, as shown on Exhibit A and A1 is as follows:

Section A-B	Paved State Highway 31 from Hagerman, New Mexico, 7.7 miles.
Section B-C	Oilfield road, 1.3 miles, State, BLM, State and Private.
Section C-1	New access road, 2500', private.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:

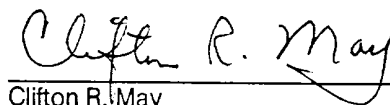
Mike Slater, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

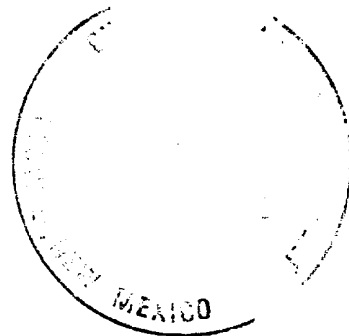
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

12-12-90

Date

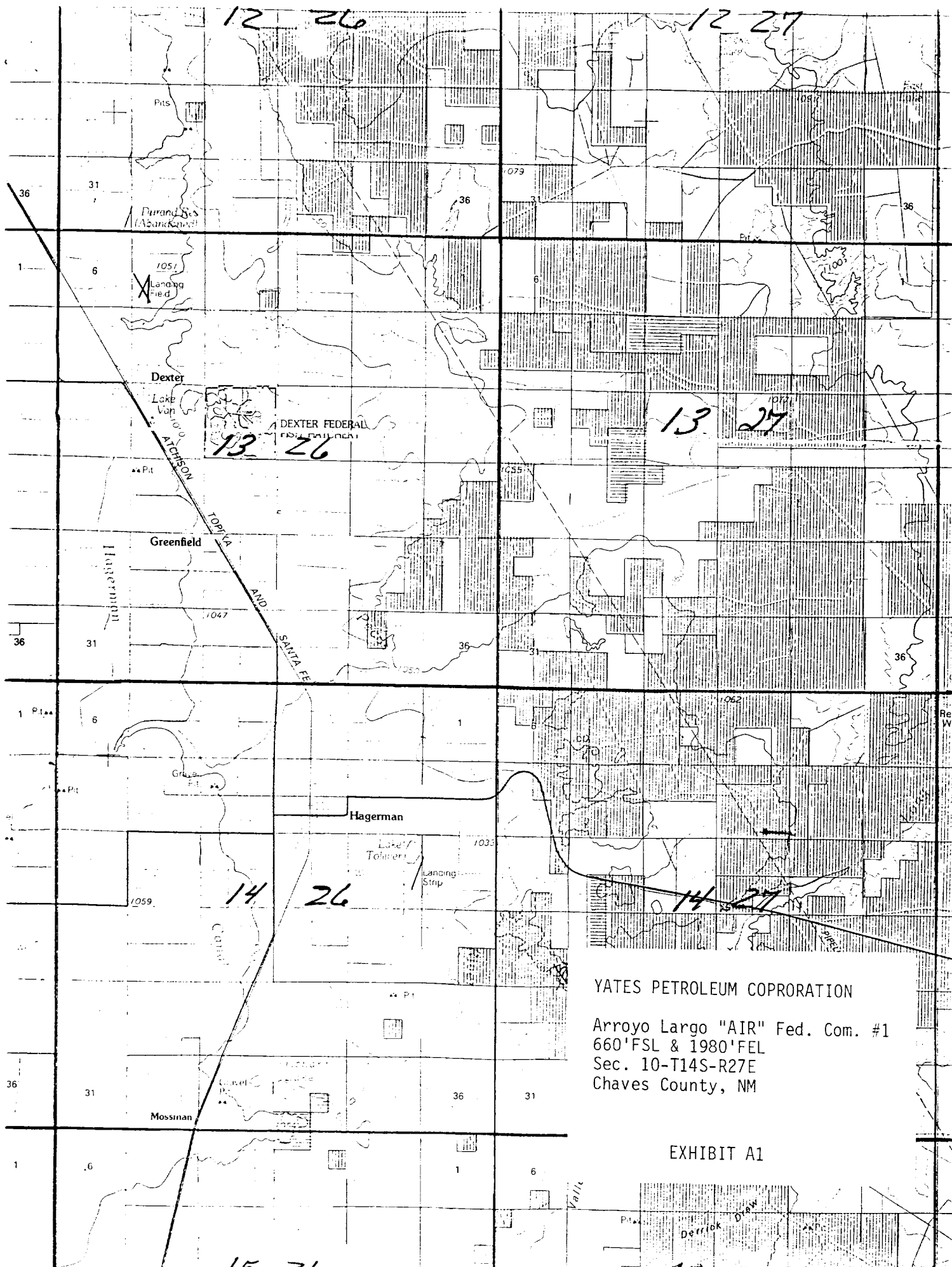


Clifton R. May
Permit Agent



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

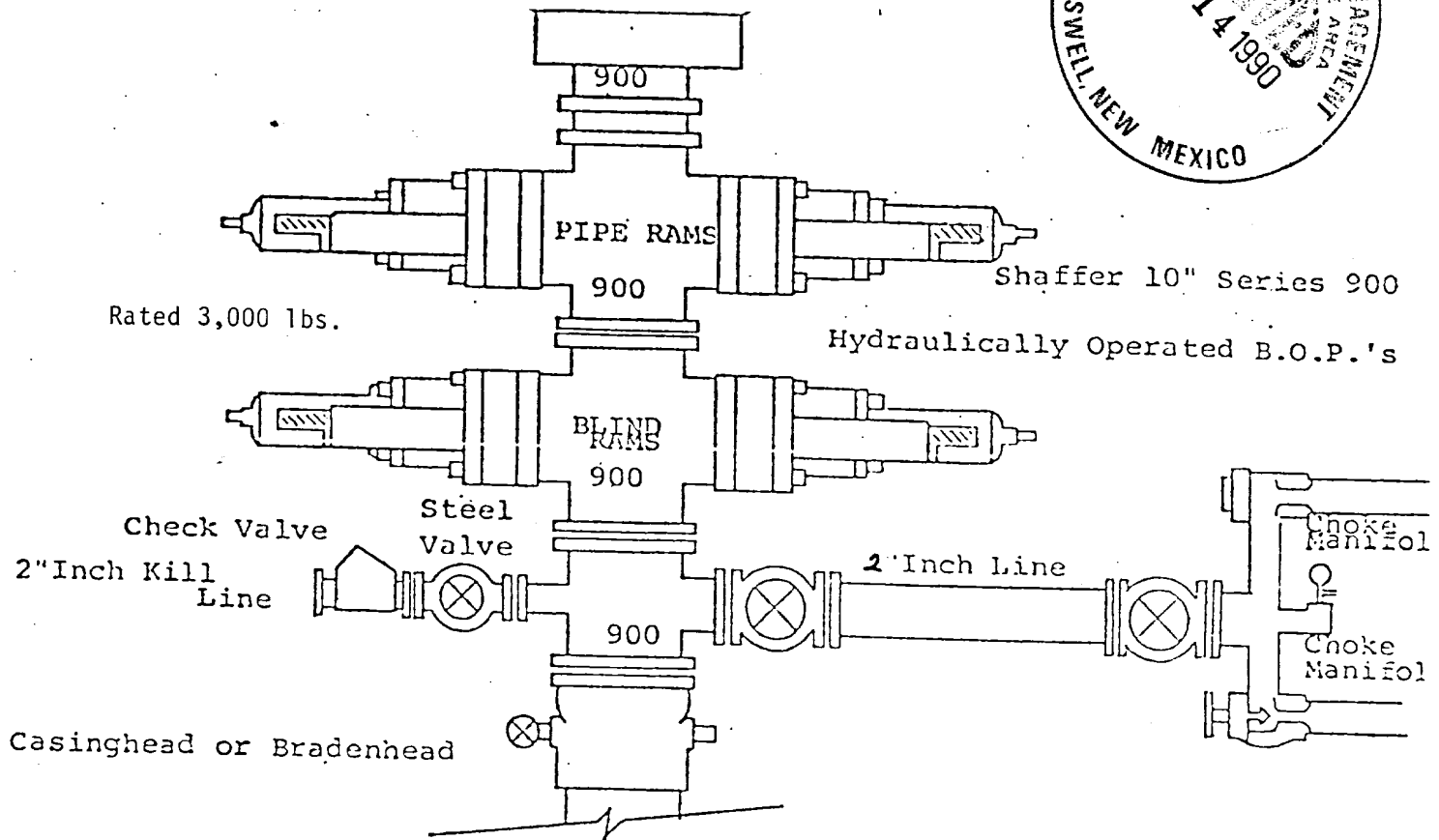
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YATES PETROLEUM COPORATION

Arroyo Largo "AIR" Fed. Com. #1
660'FSL & 1980'FEL
Sec. 10-T14S-R27E
Chaves County, NM

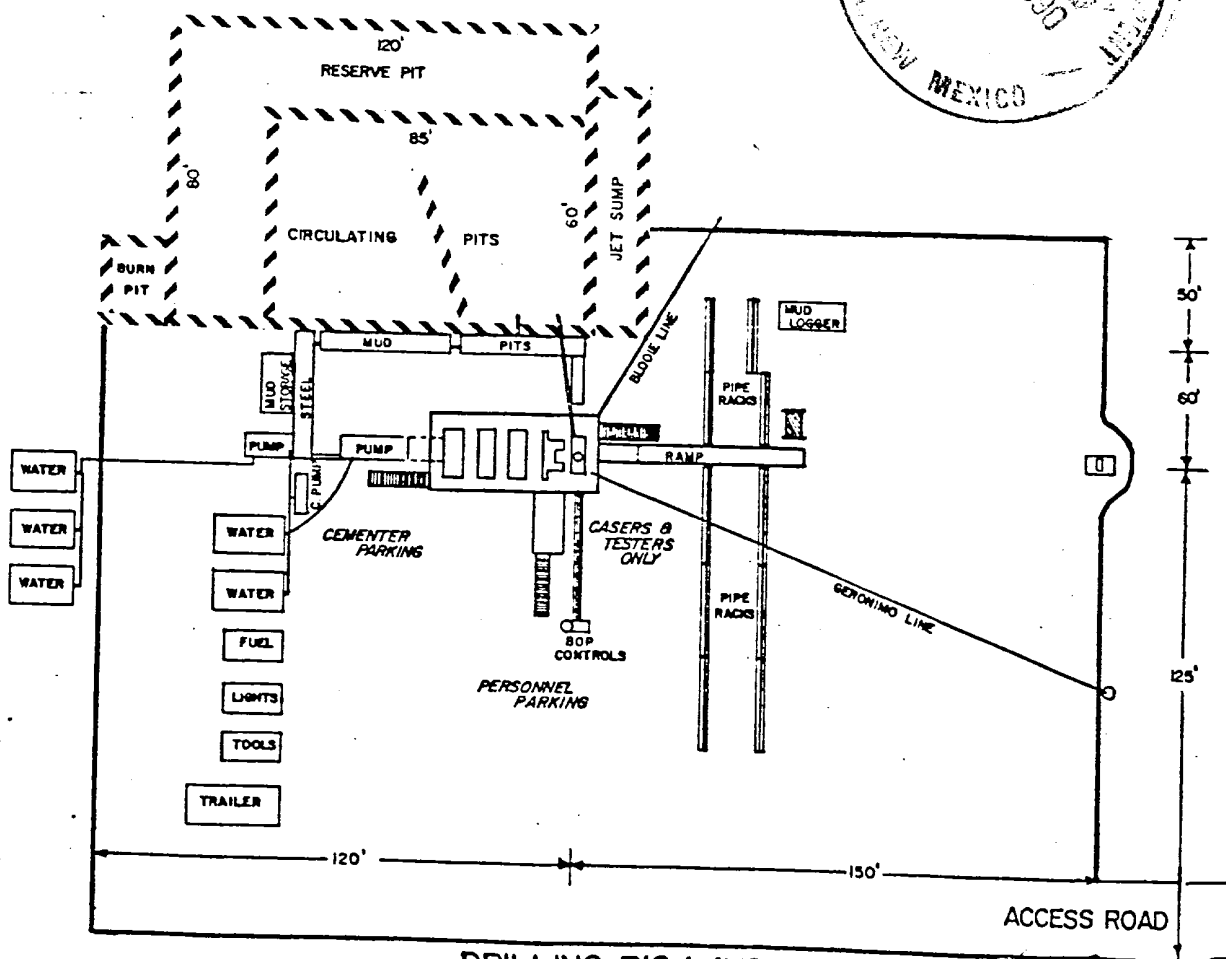
EXHIBIT A1



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

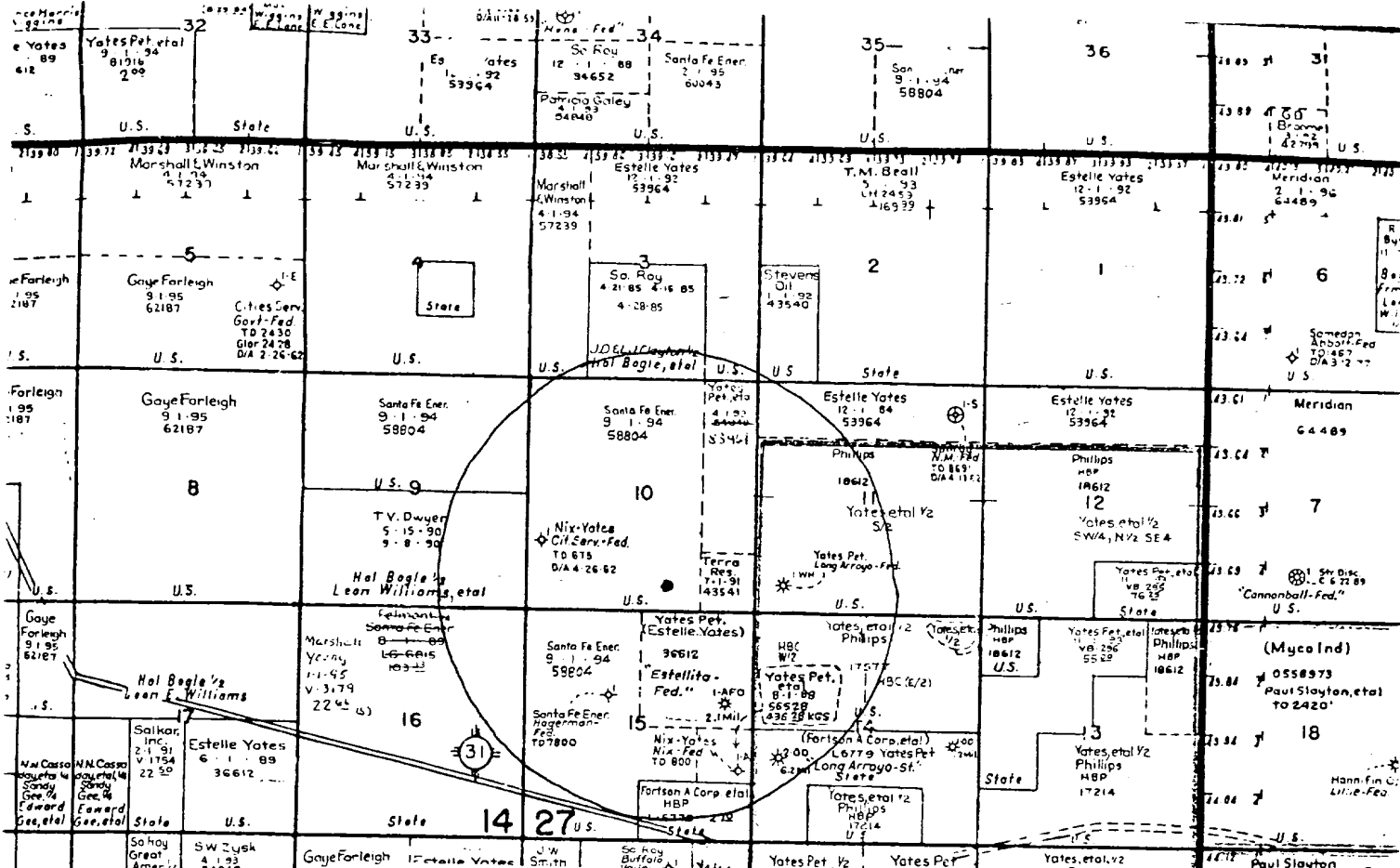
1. All preventers to be hydraulically operated with secondary manual control installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 2" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers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



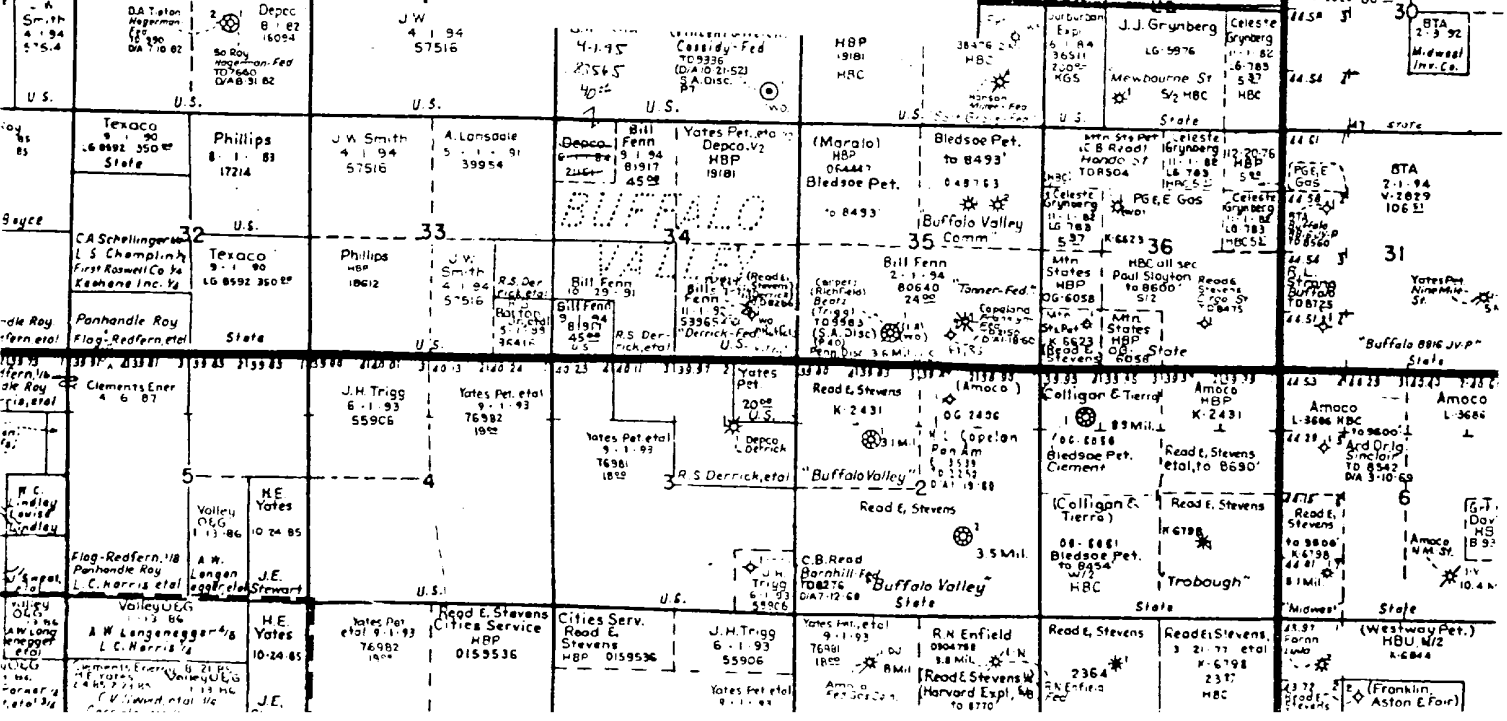
DRILLING RIG LAYOUT

Scale: 1 inch = 50 feet

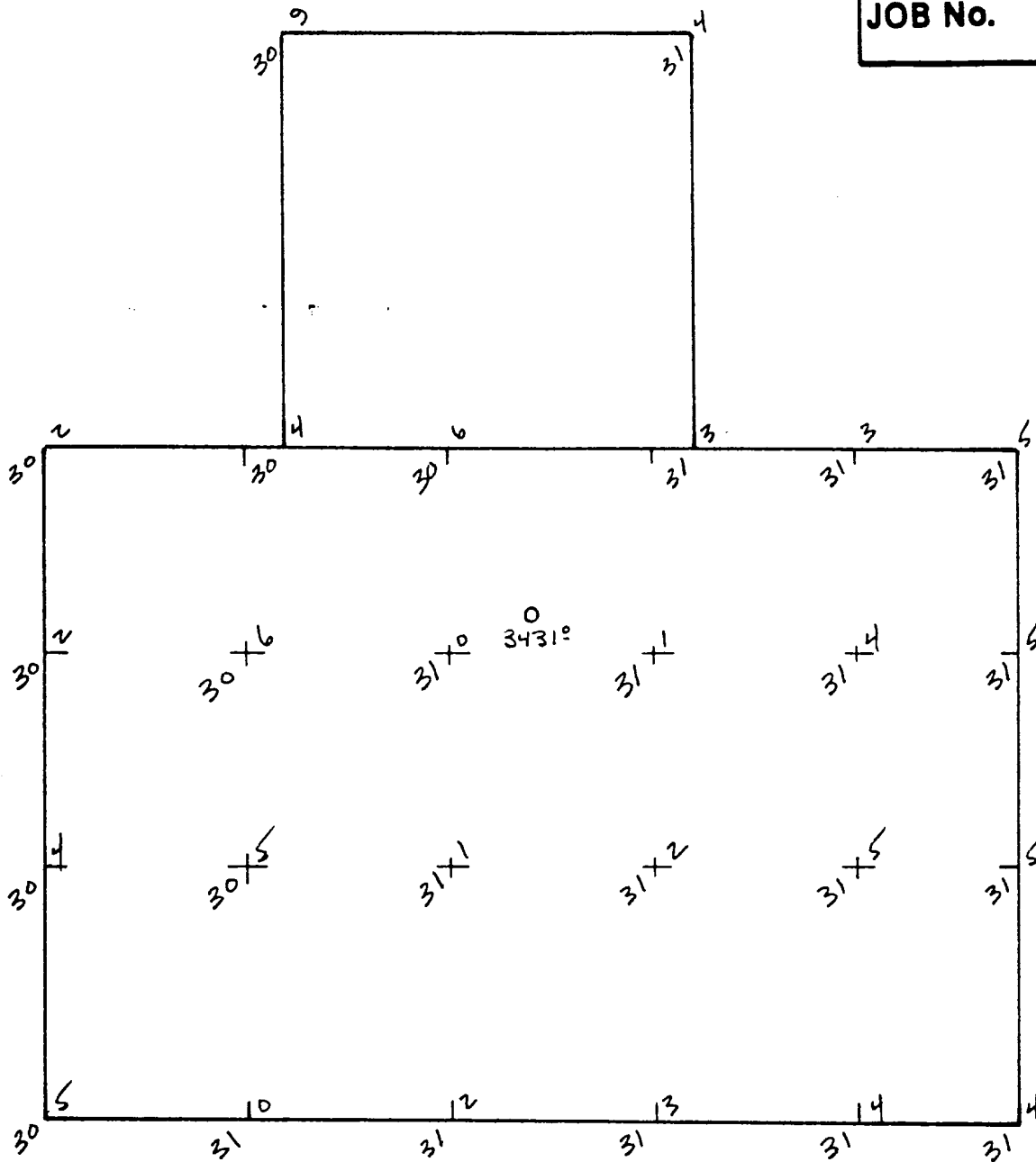


YATES PETROLEUM CORPORATION
Arroyo Largo "AIR" Fed. Com. #1
660' FSL & 1980' FEL
Sec. 10-T14S-R27E
Chaves County, NM

EXHIBIT D



JOB No.



THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEETS THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

YATES PETROLEUM CORPORATION

ELEVATION PLAN VIEW
YATES PETROLEUM CORPORATION
ARROYO LARGO "AIR" FEDERAL #1
660/S & 1980/E Sec.10, T.14 S.,
R.27 E., N.M.P.M., CHAVES COUNTY,
NEW MEXICO

P.O. Box 900

Lovington, New Mexico 88260

SCALE:

DRAWN BY:

DATE:

12/05/90

SHEET

OF

Herschel L. Jones
HERSCHEL L. JONES
R.L.S. No. 3640

