30-025-32220

Form 3160-3
(November 1983)
(formerly 9-331C)

N. M. OIL CONSERVATION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-14328

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 [X] GAS WELL [ ] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME: Anita "ALD" Federal

2. NAME OF OPERATOR: Yates Petroleum Corporation

9. WELL NO.: 3

3. ADDRESS OF OPERATOR: 105 South Fourth Street, Artesia, New Mexico 88210

10. FIELD AND POOL, OR WILDCAT: ~~Wildcat~~ Lost Tank Delaware

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

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 17-T21S-R32E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Forty miles NE of Loving, New Mexico

12. COUNTY OR PARISH: Lea | 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
		40
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**
	8500'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3642 GR

22. APPROX. DATE WORK WILL START*: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash / (R-111-P Potash)

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	1000'	Circulate - 800 sacks
11"	8 5/8"	32.0#	4500'	Circulate - 1450 sacks
7 7/8"	5 1/2"	17 & ~~20~~ 15.5#	TD DV@±7400'	Tie Back to 8 5/8" - 900 sacks

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 1000' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed or production. SJS

MUD PROGRAM: Native mud to 1000'; Brine to 4500'; cut Brine to TD.

BOP PROGRAM: BOP will be installed on the ~~8 5/8"~~ 13 3/8" casing and tested daily for operational.

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 9-30-92

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY /s/ Kathy Porter TITLE Acty. State Director DATE 7-7-93

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

*See Instructions On Reverse Side

Title 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.

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
YATES PETROLEUM CORPORATION	ANITA "ALD" FEDERAL	3

Unit Letter	Section	Township	Range	County
K	17	21 SOUTH	32 EAST NMPM	LEA

Actual Footage Location of Well:
1980 feet from the SOUTH line and 1980 feet from the WEST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3642	DELAWARE	WILDCAT DELAWARE	40 Acres

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

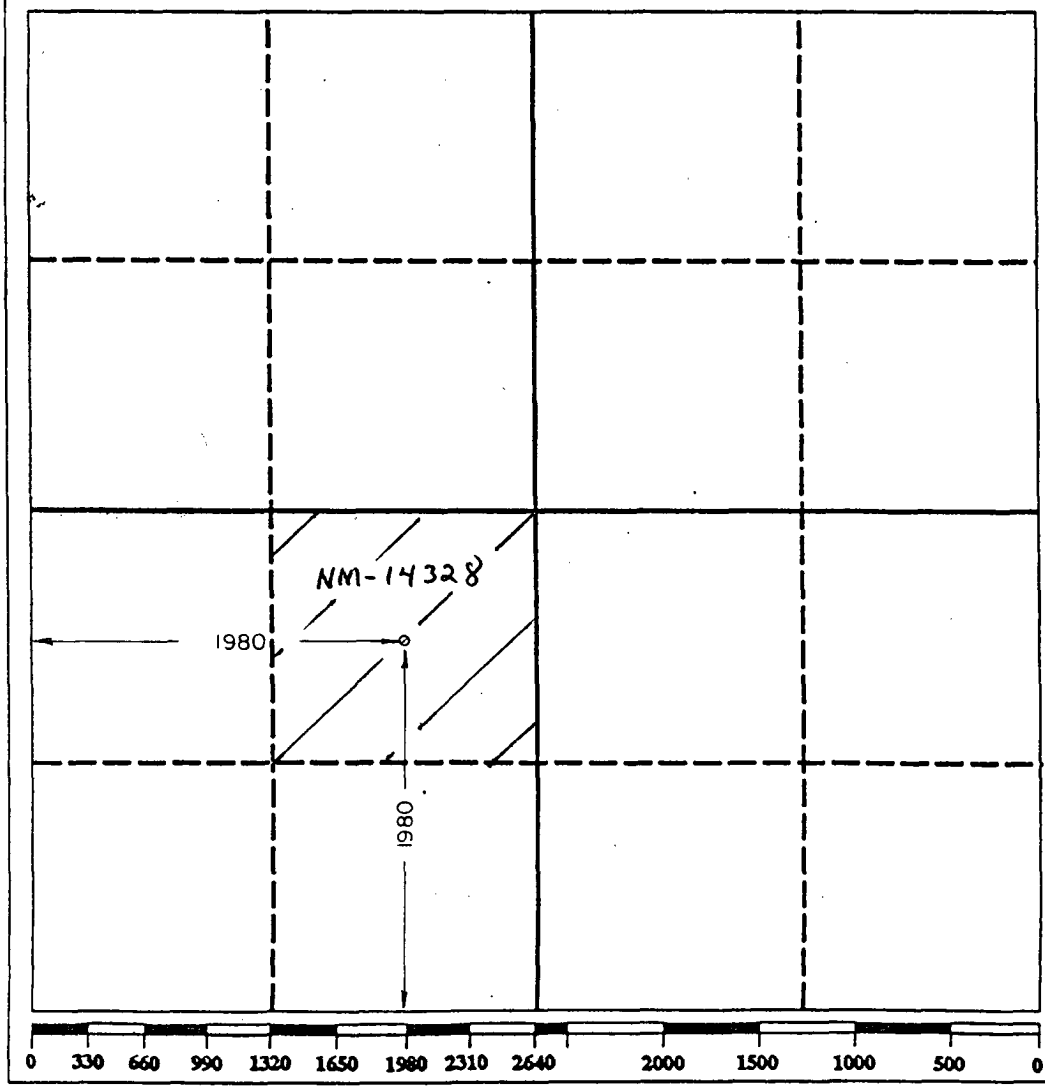
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the 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 neccessary. _____

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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein in 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 Corporation

Date: 9-30-92

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: 6/09/92

Signature & Seal of Professional Surveyor: HERSCHEL JONES

Certificate No. 3640

STATE OF NEW MEXICO
3640
REGISTERED LAND SURVEYOR

YATES PETROLEUM CORPORATION

Anita "ALD" Federal #3
1980' FSL and 1980' FWL
Section 17-T21S-R32E
Lea County, New Mexico

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

Rustler	956'
Top of Salt	1,332'
Bottom of Salt	3,157'
Bell Canyon	4,486'
Cherry Canyon	5,436'
Brushy Canyon	7,227'
Bone Spring	8,404'
TD	8,500'

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

Water: 150'
Oil or Gas: Brushy Canyon 5436' and Bone Springs 8404' SSS

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rated for 3000#. BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventer controls will be istalled prior to drilling the surface plug and will remain in use until the well is complted or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

4. Auxiliary Equipment and Proposed Casing Program:

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment, and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

B. Casing and Cementing Program:

Hole Size: 17 1/2" Total Depth: 1000' Casing Size: 13 3/8"
Setting Depth: 1000' Mud Weight: 8.8 ppg

Casing Design:

O.D.	Weight	Grade	Thread	Coupling	Interval	Length
13 3/8	54.50#	J-55	8R	ST & C	0 - 1000'	1000'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

Cement Program: Lead Slurry: 500 sacks "Lite C" with 1/4# sack Cellocel, 2% Cacl2
Slurry Properties: Weight: 12.4 ppg Yield 1.98 cu.ft./sack

Tail Slurry 250 sacks "Class C" with 2% Cacl2
Expected Linear Fill: Circulate to surface.
Slurry Properties: Weight: 14.8 ppg Yield 1.32 cu.ft/sack

Hole Size: 11" Total Depth: 4500' Casing Size: 8 5/8"
Setting Depth: 4500' Mud Weight: 10.0 ppg

Casing Design:

O.D.	Weight	Grade	Thread	Coupling	Interval	Length
8 5/8"	32#	J-55	8R	ST & C	0 - 4500'	4500'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

Cement Program: Lead Slurry: 1200 sacks "Lite C" with 10# sack salt, 5# Gilsonite
Slurry Properties: Weight: 12.7 ppg Yield 1.98 cu.ft./sack

Tail Slurry 250 sacks "Class C" with 2% Cacl2
Calculated Linear Fill: Circulate to surface.
Slurry Properties: Weight: 14.8 ppg Yield 1.32 cu.ft/sack

Hole Size: 7 7/8" Total Depth: 8500' Casing Size: 5 1/2"
Setting Depth:8500' Mud Weight: 8.7 ppg

Casing Design:

O.D.	Weight	Grade	Thread	Coupling	Interval	Length
5 1/2"	17#	J-55	8R	LT & C	0 - 2050'	2050'
5 1/2"	15.50#	J-55	8R	LT & C	2050' - 7250'	5200'
5 1/2"	17#	J-55	8R	LT & C	7250' - 8500'	1250'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

Cement Program: First Stage: 175 sacks "Class H" + 8# sack CSE + 0.6% CF-14 + 5# sack Gilsonite + 0.35% Thiftylite. DV Tool set at approximately 7400'.
Cement calculated to 7400'.
Slurry Properties Weight: 13.6 ppg Yield: 1.32 cu.ft/sack

2nd Stage: 425 sacks "Class C" with 10# sack CSE, 1/4# sack cellocel. Weight: 11.5 ppg, Yield 2.25 cu.ft/sack + 300 sacks- "H", 8# sack CSE, 0.5% CF-14 + 0.35% Thrifty lite. Weight 13.3 ppg, yield 1.82 cu.ft/sack.
Calculated to tie back to intermediate casing.
Slurry Properties: Weight: 13.6 ppg Yield: 1.75 cu.ft/sack

5. Mud Program and Auxiliary Equipment:

From 0 to 1000' (Minimum Properties)
Mud Weight: 9.1 ppg, Viscosity: 32 sec./1000 cc, Water Loss: N/C cc, Mud Type: FW Gel/LCM
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kept on location to maintain minimum properties.

From 1000' to 4500' (Minimim Properties)
Mud Weight: 10.0 ppg, Viscosity: 28 sec./1000cc, Water Loss: N/C cc, Mud Type: Brine, use salt water gel for hole sweeps.
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kept on location to maintain minimum properties

From 4500' to 8500' (Minimum Properties)
Mud Weight: 8.7 ppg, Viscosity: 28 sec.1000cc, Water Loss: N/C cc, Mud Type: Cut Brine.
Use salt water gel for hole sweeps.
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kept on location to maintain minimum properties

6.. Testing, Logging and Coring Program:

Samples: Every 10' from surface casing to TD.
DST's: Any tests will be based on the recommendation of the well site Geologist as warranted by drilling breaks and shows.
Coring: None anticipated.
Logging: CNL-FCD from TD to casing, with GR-CNL up to surface; DLL from TD to casing.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:
Anticipated BHP:

From:	-0-	TO	1000'	Anticipated Max. BHP:	430 PSI
From:	1100'	TO	4500'	Anticipated Max. BHP:	1800 PSI
From:	3150'	TO	8500'	Anticipated Max. BHP:	3740 PSI

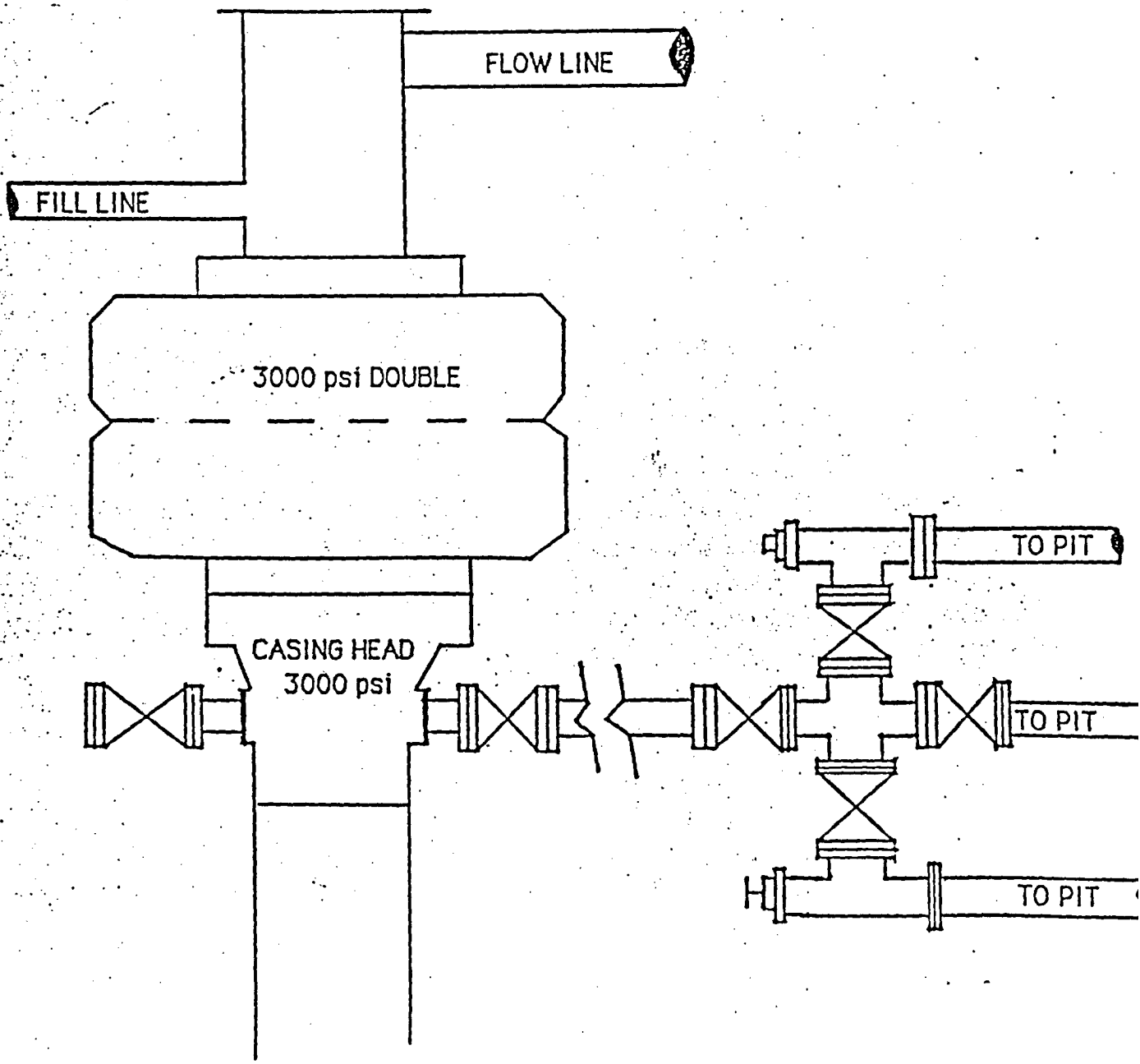
Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None.

H2S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 125 F

8. Anticipated starting date: As soon as possible after approval with the drilling time being approximately 15 days and the completion time being another 15 days.



BLOWOUT PREVENTER