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NEW MEXICO OIL CONSERVATION COMMISSION

Form O-101
Revised 1-14-83

1A. Initial Type of Lease	STATE <input checked="" type="checkbox"/> FEDERAL <input type="checkbox"/>
2. State of New Mexico	V-644

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

3. Type of Well		4. Type of Well		5. Type of Well	
DRILL <input checked="" type="checkbox"/>	DEEPEN <input type="checkbox"/>	PLUG BACK <input type="checkbox"/>	GAS WELL <input type="checkbox"/>	SINGLE ZONE <input type="checkbox"/>	MULTIPLE ZONE <input type="checkbox"/>
6. Name of Operator		7. Name of Lessee		8. Name of Lessee	
Yates Petroleum Corporation		Paloma "WW" State		1	
207 S. 4th, Artesia, New Mexico 88210		Lazy J Penn		UNDESIGNATED	
UNIT LETTER F LOCATED 1980 FEET FROM THE North LINE		1980 FEET FROM THE West LINE OF SEC. 3 TWP. 14S R. 33E NMPM		Lea	
21A. Kind & Status Plug Head		21B. Drilling Contractor		21C. Formation	
Blanket		Ard #7		Permo-Penn	
22. Approx. Date Work will start		23. Proposed Well Depth		24. Formation	
ASAP		10200'		Rotary	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13 3/8"	48# J-55	450'	400 sx	circulated
12 1/4"	8 5/8"	24# J-55	4200'	1300 sx	400'
7 7/8"	5 1/2"	17# N-80-L	TD	450 sx	9200'
		17# N-55-L			
		17# N-55-S			
		17# N-80-L			

We propose to drill a 10,200' well and test the Permo-Penn and intermediate formations. Approximately 450' of surface casing will be set and cement circulated back to about 400'. Production casing will be set to TD and cemented back to approximately 9200'.

MUD PROGRAM: FW gel to 450', native mud 4200', water & paper to 7500', starch/drisk/KCL to TD.

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

IN 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 Richard J. McLaughlin Title Regulatory Agent Date 1/26/83

APPROVED BY Eddie Wilson TITLE OIL & GAS INSPECTOR DATE JAN 27 1983

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 7/27/83
UNLESS DRILLING UNDERWAY

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.

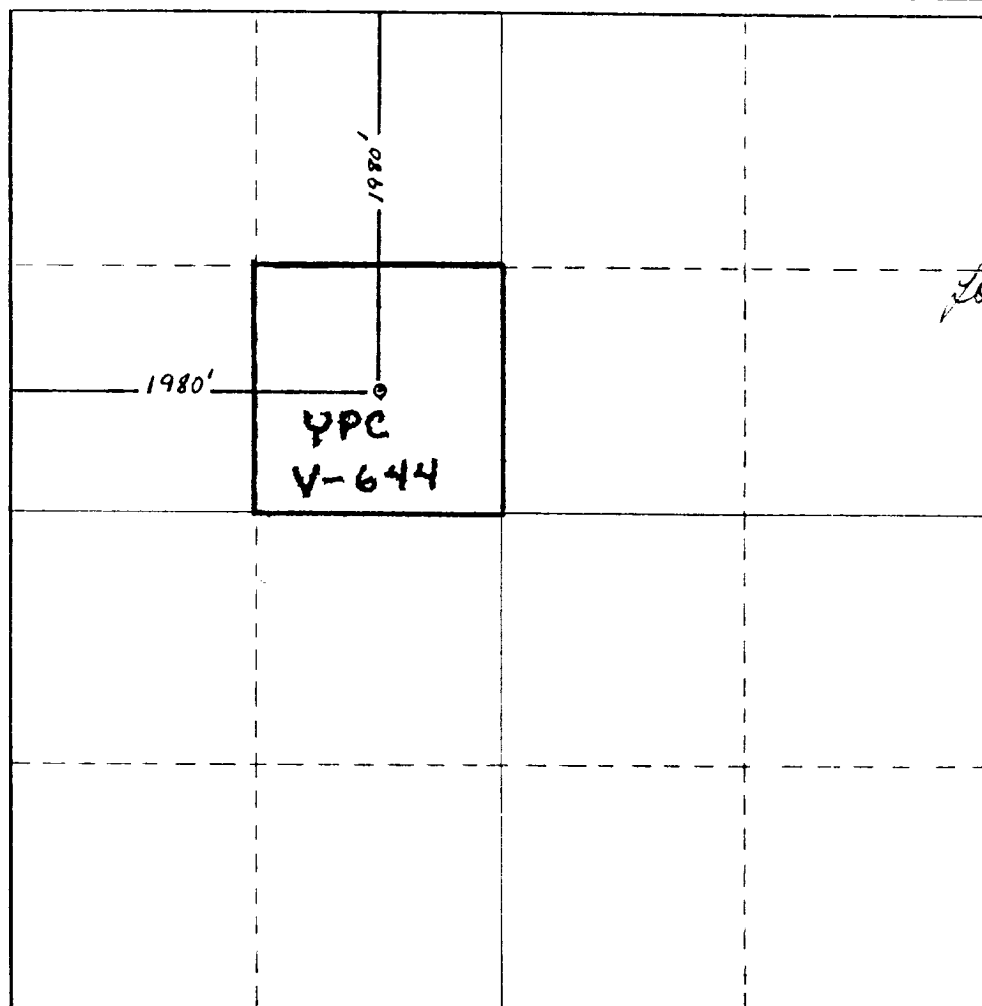
Owner YATES PETROLEUM CORPORATION			Lease Paloma "WW" State		Well No. 1
Map Letter F	Section 3	Township 14 South	Range 33 East	County Lea	
Actual Electric Location of Well: 1980 feet from the North line and 1980 feet from the West line					
Ground Level Elev. 4224.2' GL	Producing Formation Permo-Penn		Pool Lazy J Penn		Dedicated Acreage: 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 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.

Roberto L. Yelland
Name

Gliserio Rodriguez
Position

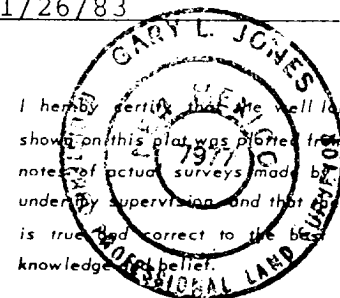
Regulatory Agent

Company

Yates Petroleum Corp.

Date

1/26/83



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

Date Surveyed

January 25, 1983

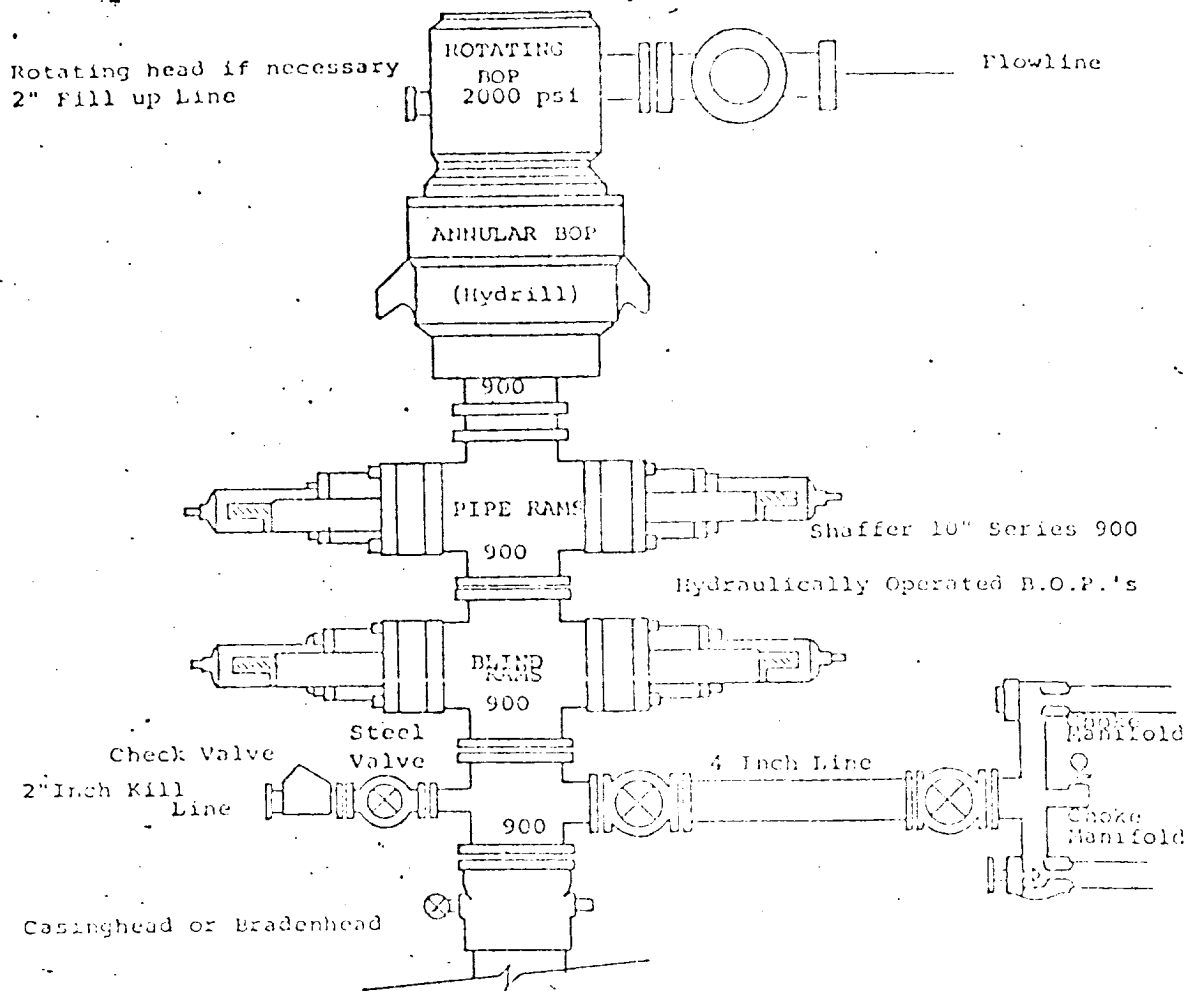
Registered Professional Engineer and/or Land Surveyor

Gary L. Jones

Certificate No.

7077

EXHIBIT B



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. Choke outlet to be a minimum of 4" 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. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

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