

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 ☐		5. LEASE DESIGNATION AND SERIAL NO. LC-068882	
b. TYPE OF WELL OIL WELL ☒ GAS WELL ☐ OTHER ☐		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR YATES DRILLING CO. & MYCO INDUSTRIES, INC.		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR 105 SOUTH 4th. STREET, ARTESIA NM 88210		8. FARM OR LEASE NAME FEDERAL 30	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1650' FSL & 660' FWL At proposed prod. zone SAME		9. WELL NO. 1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 20 MILES SOUTHEAST OF LOCO HILLS, NM 88255		10. FIELD AND POOL, OR WILDCAT LUSK DELAWARE, WEST	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 30 T-19s R-32e	
16. NO. OF ACRES IN LEASE 40.52		12. COUNTY OR PARISH LEA	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40.52		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 7300		20. ROTARY OR CABLE TOOLS ROTARY	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3526 GR.		22. APPROX. DATE WORK WILL START* SOON AS POSSIBLE	

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 #	850'	700 SACKS CIRCULATED
12 1/4"	8 5/8 "	32 #	4200'	1000 SACKS CIRCULATED
7 7/8"	5 1/2 "	15.5 & 17 #	7300'	500 SACKS APPROX.

WE PROPOSE TO DRILL AND TEST THE DELAWARE AND INTERMEDIATE FORMATIONS.
APPROXIMATELY 850' OF SURFACE CASING & 4200' OF INTERMEDIATE CASING WILL BE SET AND
CEMENT CIRCULATED TO THE SURFACE. IF COMMERCIAL, PRODUCTION CASING WILL BE RUN AND
CEMENTED WITH ADEQUATE COVER, PERFORATED AND STIMULATED AS NEEDED FOR PRODUCTION

MUD PROGRAM: FW GEL TO 850'; BRINE TO 4200'; FW TO TD

BOP PROGRAM: BOP'S WILL BE INSTALLED ON THE 13 3/8" & 8 5/8" CASING
PIPE RAMS TESTED DAILY AND BLIND RAMS TESTED ON TRIPS

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 Karen J. Leckman TITLE Production Clerk DATE 10/05/90
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 10-12-90
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

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 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, 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 DRILLING CO. & MYCO INDUSTRIES INC.			Lease FEDERAL 30		Well No. 1
Unit Letter L	Section 30	Township 19 SOUTH	Range 32 EAST	County NMPM	LEA
Actual Footage Location of Well: 660 feet from the WEST line and 1650 feet from the SOUTH line					
Ground level Elev. 3526	Producing Formation DELAWARE		Pool LUSK DELAWARE, WEST		Dedicated Acreage: 40.52 Acres

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

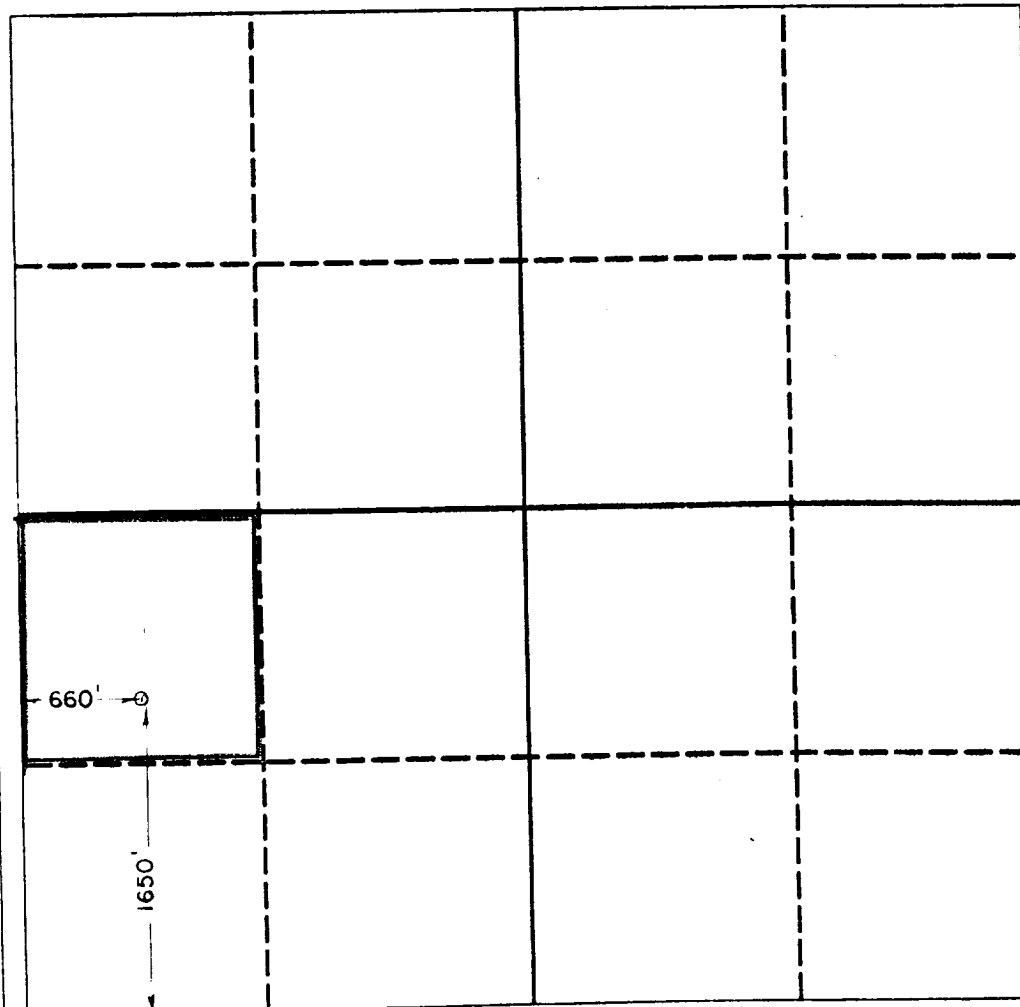
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 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 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

Karen J. Leishman

Printed Name

Karen J. Leishman

Position

Production Clerk

Company

YATES DRILLING CO.

Date

10/05/90

SURVEYOR CERTIFICATION

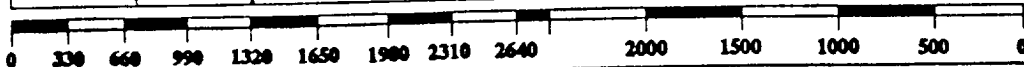
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

9/13/90

Signature & Seal of
Professional Surveyor

[Signature]
Certificate No. 3640



MYCO Industries, Inc.
Federal 30 # 1
1650' FSL + 660' FWL of
Section 30-T19s-R32e
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, MYCO Industries, Inc. submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Quaternary.

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

830'	Rustler
2825'	Yates
2890'	Seven Rivers
4300'	Delaware
5650'	Lower Delaware
7175'	Bone Spring
7300'	TD

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

Water: Approximately 150'

Oil: Lower Delaware approximately 7050'

4. Proposed Casing Program: See Form 3160-3

5. Pressure Control Equipment: See Form 3160-3

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 connection.

8. Testing, Logging and Coring Program:

DST's: As warranted by drilling breaks and shows

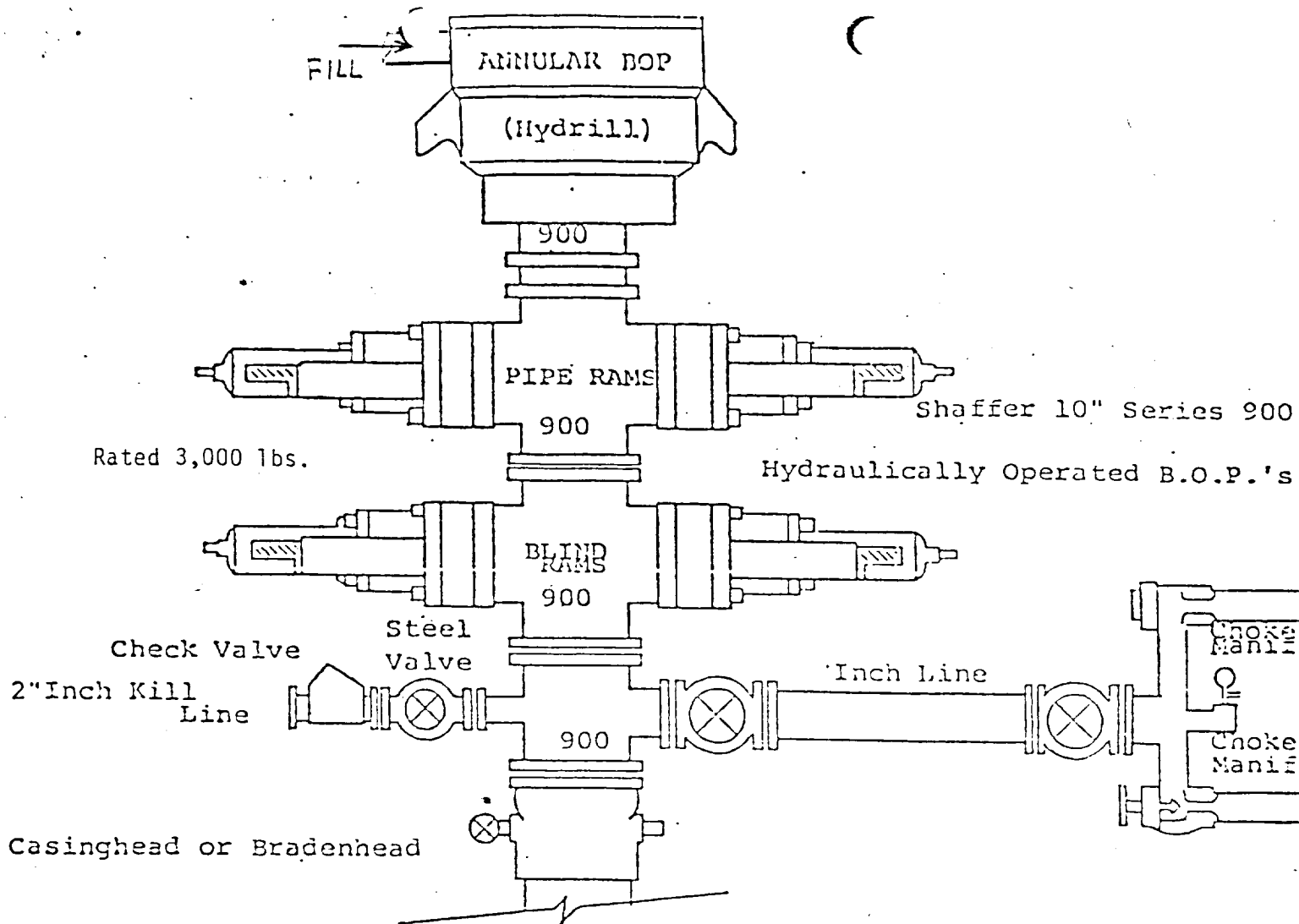
Logging: CNL/LTD from TD to casing with GR-CNL on to surface; DLL from TD to casing with RXO over select intervals. Possible long spaced sonic.

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.



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.

MYCO INDUSTRIES, INC.

FEDERAL 30 # 1
1650' FSL & 660' FWL
SEC. 30 T-19s- R-32e
LEA COUNTY, NM

EXHIBIT B