OPER. OGRID NO. 25575
PROPERTY NO. 18793
POOL CODE 51683
EFF. DATE 8/2/96
API NO. 30-025-33530

Form 3160-3
(July 1992)

UNITE[D] STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

[DU]PLICATE*
[ins]tructions on
[re]verse)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-81274
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT AGREEMENT NAME:
8. FARM OR LEASE NAME, WELL NO.: Thyme APY Federal #3
9. API WELL NO.:
10. FIELD AND POOL, OR WILDCAT: Red Tank Bone Spring
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 1-T23S-R32E
12. COUNTY OR PARISH: Lea
13. STATE: NM

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: YATES PETROLEUM CORPORATION

3. ADDRESS AND TELEPHONE NO.: 105 South Fourth Street, Artesia, NM 88210 (505) 748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 330' FNL and 2310' FWL
At proposed prod. zone: Same Unit C

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 41 miles Northwest of Jal, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 479.25

16. NO. OF ACRES IN LEASE: 479.25

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: 9150'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3749' GR

22. APPROX. DATE WORK WILL START*: ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	1150'	550 sacks circulated
12 1/4"	8 5/8"	32#	4650'	1750 sacks (tie back)
7 7/8"	5 1/2"	15.5# & 17#	TD	1050 sacks (tie back)

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 1150' of surface casing will be set and cement circulated. Approximately 1650' 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 for production.

MUD PROGRAM: FW/Gel to 1150'; Brine to 4650', Cut Brine, Starch to TD.

BOPE Program: BOPE will be nippled up on the 13 3/8" casing and tested daily for operational.

Subject to General Requirements and Special Stipulations Attached

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Regulatory Agent DATE 6-20-96

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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 thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ TIMOTHY J. BURKE TITLE Acting AREA MANAGER DATE JUL 24 1996

*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

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
30-025-33530	51683	RED TANK BONE SPRINGS

⁴ Property Code	⁵ Property Name	⁶ Well Number
18793	THYME "APY" FEDERAL	3

⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
025575	YATES PETROLEUM CORPORATION	3749

¹⁰ Surface Location

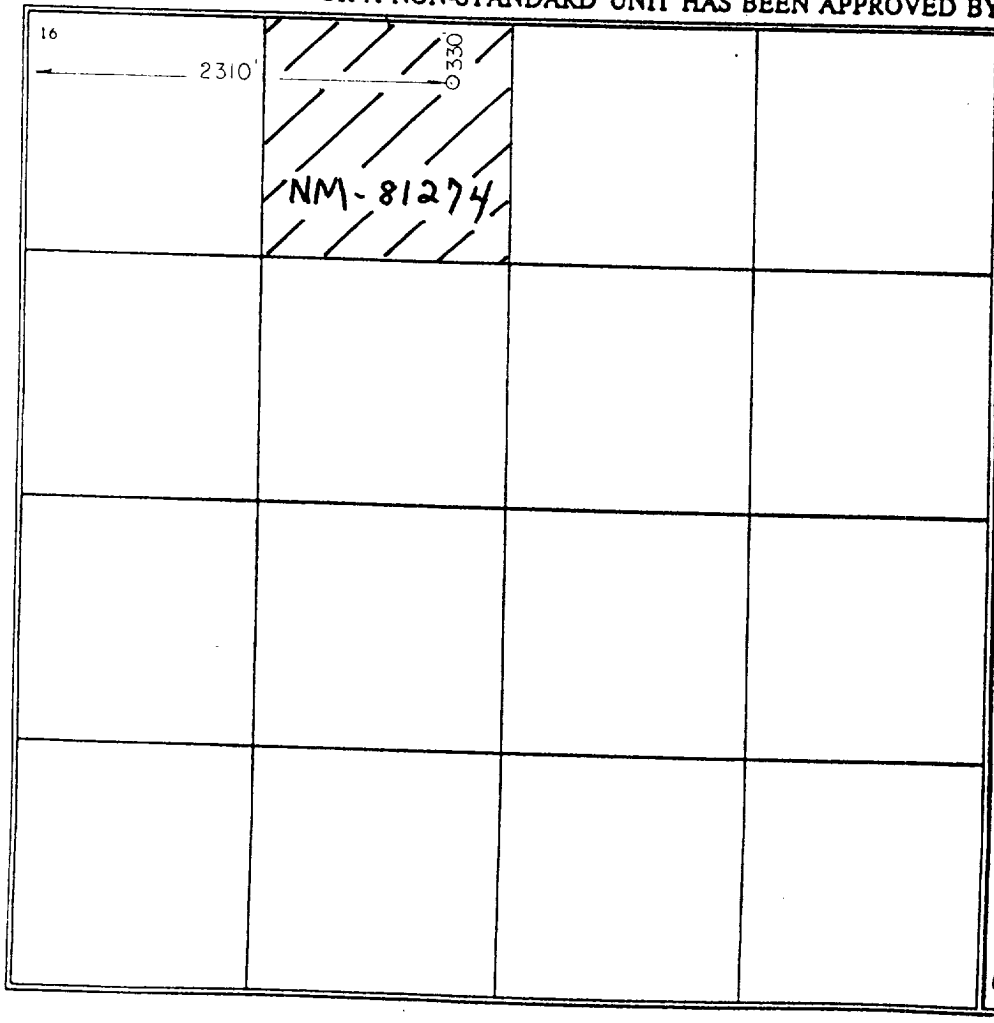
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	1	23S	32E		330	NORTH	2310	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

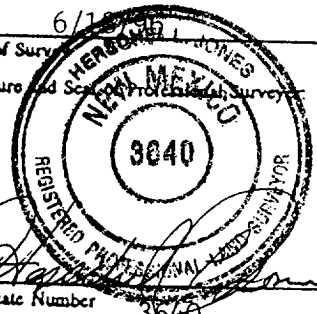
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Clifton R. May
Signature
Clifton R. May
Printed Name
Regulatory Agent
Title
6-20-96
Date

¹⁸ 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 belief.

6/1[illegible]96
Date of Survey
Signature and Seal of Professional Surveyor



Certificate Number 3640

YATES PETROLEUM CORPORATION
THYME "APY" FEDERAL #3
330' FNL AND 2310' FWL
SECTION 1-T23S-R32E
LEA COUNTY, NEW MEXICO

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

Rustler	1260'	Bone Spring	8800'
Top of Salt	1295	TD	9150'
Bottom of Salt	4680'		
Delaware	4968'		
Cherry Canyon	5990'		

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

Water:	250-750
Oil or Gas:	8800'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rated for 3M 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 Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed 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.

   Auxiliary Equipment:

   A. Auxiliary Equipment: Kelly cock, pit level indicators, 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.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

   A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	Grade	Thread	Coupling	Interval	Length
17 1/2"	13 3/8	48#	J55	8R	ST&C	0-1150'	1150'
12 1/4"	8 5/8	32#	J55	8R	ST&C	0-4200'	4200'
12 1/4"	8 5/8	32#	HC80	8R	ST&C	4200-4650'	450'
7 7/8"	5 1/2	17#	N80	8R	LT&C	0-2000'	2000'
7 7/8"	5 1/2	17#	J55	8R	LT&C	2000-3000'	1000'
7 7/8"	5 1/2	15.5#	J55	8R	LT&C	3000-7000'	4000'
7 7/8"	5 1/2	17#	J55	8R	LT&C	7000-8500'	1500'
7 7/8"	5 1/2	17#	N80	8R	LT&C	8500-9150'	650'

Minimum Casing Design Factors: Callapse 1.125, Burst 1.0, Tensile Strength 1.80

B. CEMENTING PROGRAM:

Surface casing: 550 sx. Pacesetter Lite "C" w/ 1/4# Cellocel & 3% CaClz (wt. 12.4 ppg. Yield 1.84 ft3) + 250 sx. Class "C" w/ 2% CaClz. (wt. 14.8 ppg., Yield 1.32 ft3) Cement calculated to circulate to surface.

Intermediate Casing: 1500 sx. Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl2. (wt. 14.8 ppg. Yield 1.32 ft 3) + 250 sx. Class "C" w/2% CaClz. (wt. 14.8 ppg. Yield 1.32 ft3) Cement calculated to circulate to surface.

Production Casing: 1st Stage: 250 sx. "H" w/8# sack CSE, + 0.6% CF-14 +5# sack Gilsonite (wt. 13.6 ppg Yield 1.75 ft3) Cement calculated to 8000' DV tool set at approx. 8000 ft.

2nd Stage: 650 sacks pacesetter lite "C" w/5# sack Gilsonite, 1/4# sack Cellocel, + 0.5% CF-14.(wt. 12.7 ppg Yield 1.84 ft3) + 150 sacks "H" w/0.5% Cf-14 (wt. 13.6 ppg Yield 1.78 ft3). Cement calculated to tie back to intermediate csng. 100'.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1150	FWGEL	8.6 - 9.6	32-36	N/C
1150-4650	Brine	10.0-10.2	28	N/C
4650-9150	cut brine, starch	8.9 - 9.1	30	<15cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: Every 10' from surface to 4400' , 10' from 4400 to TD.
Logging: CNL - LDT from TD to casing with GR-CNL up to surface; DLL w/RXO from TD to casing; CMR over selected intervals.
Coring: None anticipated
DST's: Any tests will be based on the recommendations of the well site geologist as warranted by drilling breaks and shows

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

From: 0	TO: 1150	Anticipated Max. BHP:	250	PSI
From: 1150	TO: 4650	Anticipated Max. BHP:	2062	PSI
From: 4650	TO: TD	Anticipated Max. BHP:	3800	PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H2S Zones Anticipated: None

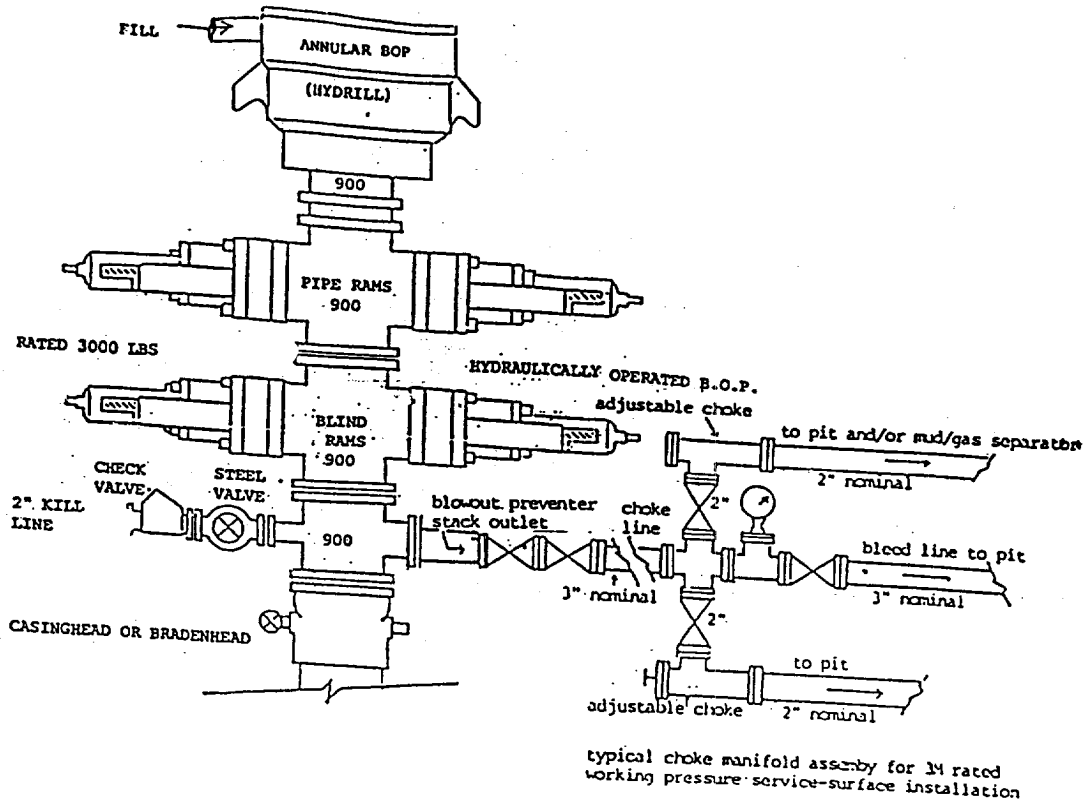
Maximum Bottom Hole Temperature: 140F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days.

YATES PETROLEUM CORPORATION

Thyme APY Federal #3
330' FNL and 2310' FWL
Sec. 1-T23S-R32E
Lea County, New Mexico



typical choke manifold assembly for 3M rated working pressure service-surface installation

EXHIBIT B

THE FOLLOWING CONSTITUES THE MINIMUM BLOWOUT PREVENTER REQUIREMENTS FOR 3000 PSI WP SYSTEMS

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 3" diameter.
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be 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 to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.