

P.C. OPER. OGRID NO. 25575
HO PROPERTY NO. 19015

ICATE*
8 ON

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

UNITED STATES
DEPARTMENT OF
BUREAU OF LAND MANAGEMENT

POOL CODE _____
EFF. DATE 6-11-96
API NO. 30-025-33482

APPLICATION FOR PERMIT

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

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

1250' FSL and 900' FEL

UNORTHODOX
LOCATION:

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 16 miles SE of Jal, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

16. NO. OF ACRES IN LEASE

80

19. PROPOSED DEPTH

8500

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

2983' 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 |
|--------------|-----------------------|-----------------|---------------|--------------------|
| 14 3/4" | 11 3/4" H-40 | 42# | 1120' | 550 sx |
| 11" | 8 5/8" J-55&HC80 | 32# | 4130' | 1050 sx |
| 7 7/8" | 5 1/2" J-55&N-80 | 15.5# & 17.0# | 8500' | 900 sx |

The Notice of Staking filed April 19, 1996 had this well named the Ed Powell Unit #3. This needs to be changed to the Ed Powell Unit #1. Yates Petroleum Corporation plans to drill and test the Abo and intermediate formation. 1120' of surface casing will be set and cemented. 4130' of Intermediate casing will be set and cemented. If commercial production casing will be set to TD, cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud to 1120' with FW Gel, Paper, LCM; 1120' to 4130' with Brine; 4130' to 8500' with Cut Brine, Starch.

BOPE PROGRAM: 3000 PSI BOPE system will be installed on the 11 3/8" casing and tested daily for operational

Approved by: _____
General Supervisor _____
Special Supervisor _____
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

4-29-96

(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/ Yolanda Vena

TITLE

ASSISTANT AREA MANAGER

DATE

5-20-96

*See Instructions On Reverse Side

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 30-025-33482 | | 2 Pool Code | | 3 Pool Name | | |
| 4 Property Code 19015 | | 5 Property Name ED POWELL UNIT | | | 6 Well Number 1 | |
| 7 OGRID No. 025575 | | 8 Operator Name YATES PETROLEUM CORPORATION | | | 9 Elevation 2983 | |

10 Surface Location

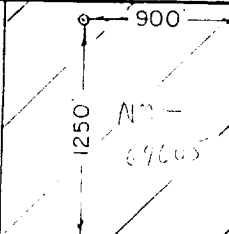
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| P | 20 | 26S | 38E | | 1250 | SOUTH | 900 | EAST | 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 40 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------------|--------------------|-----------------------|--------------|

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

| | | | | | | | |
|----|--|--|--|--|--|---|--|
| 16 | | | | |  | 17 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 Title: Regulatory Agent Date: 4-29-96 | |
| | | | | | | 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. Date of Survey: 4/22/96 Signature and Seal of Professional Surveyor: [Signature] Certificate Number: 3640 | |
| | | | | | | | |

YATES PETROLEUM CORPORATION
Ed Powell Unit #1
1250' FSL and 900' FEL
Sec. 20-T26S-R38E
Lea County, New Mexico

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

| | |
|--------------|-------|
| Rustler | 1100' |
| Salt | 1180' |
| Base of Salt | 2570' |
| Yates | 2755' |
| Penrose | 3680' |
| San Andres | 4130' |
| Glorieta | 5350' |
| Blaine Berry | 5815' |
| Tubb | 6740' |
| Drinkard | 6740' |
| Abo | 7800' |
| TD | 8500' |

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

Water: 300' - 400'
Oil or Gas: 7800'

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" 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.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

| <u>Hole Size</u> | <u>Casing Size</u> | <u>Wt./Ft</u> | <u>Grade</u> | <u>Thread</u> | <u>Coupling</u> | <u>Interval</u> | <u>Length</u> |
|------------------|--------------------|---------------|--------------|---------------|-----------------|-----------------|---------------|
| 14 3/4" | 11 3/4" | 42# | H-40 | 8RD- | ST&C | 0-1120' | 1120' |
| 11" | 8 5/8" | 32# | J-55 | 8RD | ST&C | 0-4000' | 4000' |
| 11" | 8 5/8" | 32# | HC-80 | 8RD | ST&C | 4000-4130' | 130' |
| 7 7/8" | 5 1/2" | 17# | N-80 | 8RD | LT&C | 0-3500' | 3500' |
| 7 7/8" | 5 1/2" | 17# | J-55 | 8RD | LT&C | 3500-5000' | 1500' |
| 7 7/8" | 5 1/2" | 15.5# | J-55 | 8RD | LT&C | 5000-6100' | 1100' |
| 7 7/8" | 5 1/2" | 17# | J-55 | 8RD | LT&C | 6100-8000' | 1900' |
| 7 7/8" | 5 1/2" | 17# | N-80 | 8RD | LT&C | 8000-8500' | 500' |

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

B. CEMENTING PROGRAM:

Surface casing: 300 sx PSL "C" w 1/4# Cellocel, 3% CaCl₂, wt. 12.4 pg, yld 1.84.
250 C w 2% CaCl₂ wt. 14.8, yld 1.32.

Intermediate Casing: 800 sx Pacesetter Lite C w/1/4# Cellocel, 10# ^{SALT} Slat. Tail in w/250
sx. "C" w/2% CaCl₂, wt. 14.8, yld 1.32.

Production Casing: Approximately 750 sx Pacesetter Lite "C" w/5# Gilsomite, 5# Slat,
0.4% CF-14 wt. 12.7 yld 1.84. Tail in with 150 sx "H" w/8# CSE, 5# Golsomite,
6/10% CF-14 .35% Thriftylite wt. 13.6 yld 1.75

5. Mud Program and Auxiliary Equipment:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|-------------------|---------------|------------------|-------------------|
| Spud to 1120' | FW Gel Paper, LCM | 8.6-9.6 | 32 - 36 | N/C |
| 1120' to 4130' | Brine | 10.0-10.2 | 28 | N/C |
| 4130' to 8500' | Cut Brine, Starch | 8.9-9.1 | 29-32 | <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: 20' from surface to 2500', 10' from 2500' to TD.

Logging: CNL-LDT, TD to CSG w/GR CNL to Surface; DLL w/RXO TD to CSG; BHC
Sonic TD to CSG

Coring: None.

DST's: As Warranted.

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

Anticipated BHP:

| | | | |
|------------|-----------|-----------------------|----------|
| From: 0 | To: 1120' | Anticipated Max. BHP: | 250 PSI |
| From: 1120 | To: 4130' | Anticipated Max. BHP; | 2062 PSI |
| From: 4130 | To: 8500' | Anticipated Max. BHP | 4000 PSI |

Abnormal Pressures Anticipated: None expected.

Lost Circulation Zones Anticipated: None expected.

H₂S Zones Anticipated: None expected.

Maximum Bottom Hole Temperature: 128 degrees.

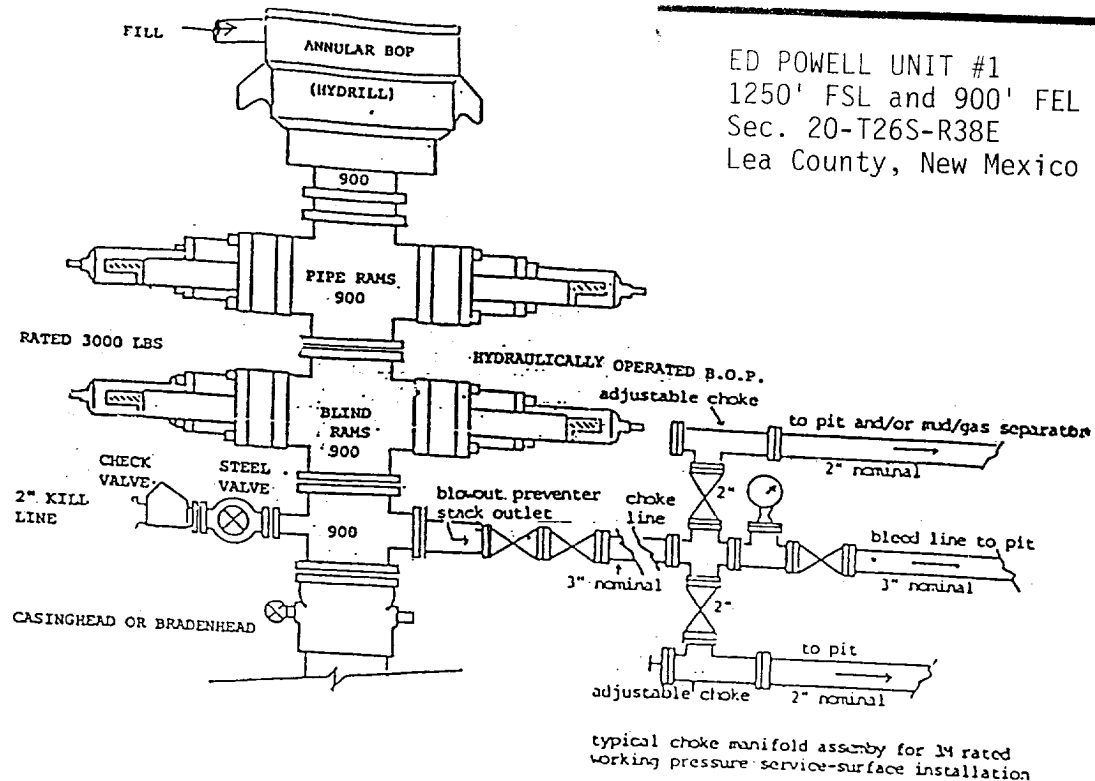
8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

YATES PETROLEUM CORPORATION

Yates Petroleum Corporation

105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210



ED POWELL UNIT #1
1250' FSL and 900' FEL
Sec. 20-T26S-R38E
Lea County, New Mexico

EXHIBIT B

THE FOLLOWING CONSTITUTES 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.