OPER. OGRID NO. 25575 revised 10-09-96

PROPERTY NO. 18793 CATE* on

POOL CODE 51683

EFF. DATE 11/7/96

API NO. 30-025-33673

Form 3160-3
(July 1992)

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

UNITED
DEPARTMENT OI
BUREAU OF LA

APPLICATION FOR PERI

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, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
990' FNL and 990' FWL, Unit Letter D
At proposed prod. zone
Same

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 Fed. #9

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-T.23S-R.32E

12. COUNTY OR PARISH
Lea

13. STATE
NM

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)

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
9200'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3738'

22. APPROX. DATE WORK WILL START*

23. PROPOSED CASING AND CEMENTING PROGRAM

CARLSBAD CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	11 3/4"	42#	1270'	800 sacks Circula WITNESS
11"	8 5/8"	32#	4810'	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 1270' of surface casing will be set and cemented. Approximately 4810' of intermediate casing will be set and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW/Gel to 1270'; Brine to 4810', Cut Brine, Starch to TD.

BOPE PROGRAM: BOPE will be nippled up on the 11 3/4" casing and tested daily for operational.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

OCT 31 1996

ROSWELL, NEW MEXICO

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 10-8-96

(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 (ORIG. SGD.) TONY L. FERGUSON TITLE ADM. MINERALS DATE 11-4-96

*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
30-025-33673	51683	RED TANK BONE SPRING

⁴ Property Code	⁵ Property Name	⁶ Well Number
18793	THYME "APY" FEDERAL	9

⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
025575	YATES PETROLEUM CORPORATION	3738

¹⁰ Surface Location

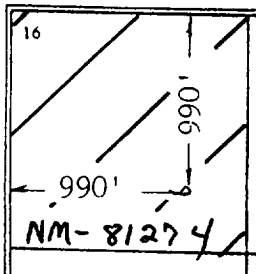
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	23S	32E		990	NORTH	990	WEST	LEA

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
10-8-96
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.

10/04/96
Date of Survey

Signature and Seal of Professional Surveyor:

HERSCHEL L. JONES
NEW MEXICO
3640
REGISTERED LAND SURVEYOR
PROFESSIONAL

Certificate Number 3640

YATES PETROLEUM CORPORATION
THYME "APY" FEDERAL #9
990' FNL AND 990' 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	9200'
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
14 3/4"	11 3/4	42#	J55	8R	ST&C	0-1270'	1270'
11"	8 5/8	32#	J55	8R	ST&C	0-4200'	4200'
12 1/4"	8 5/8	32#	HC80	8R	ST&C	4200-4810'	610'
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	8500-9200'	700'

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% CaCl2 (wt. 12.4 ppg. Yield 1.84 ft3) + 250 sx. Class "C" w/ 2% CaCl2. (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% CaCl2. (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
0-1270'	FW Gel, Paper. LCM	8.6 - 9.6	32-36	N/C
1270'-4810'	Brine	10.0-10.2	28	N/C
4810'-6500'	Cut brine,	8.9 - 9.1	28	N/C
6500'-9200'	Cut brine, Starch	8.9 - 9.1	30-33	<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 20' from surface to 4000', 10' from 4000' to TD.
Logging: CNL/LDT from TD to casing with GR-CNL up to surface; DLL w/RXO from TD to casing; CMR over slected 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: 1270	Anticipated Max. BHP:	250	PSI
From: 1270	TO: 4810	Anticipated Max. BHP:	2062	PSI
From: 4810	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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
THYME "APY" FEDERAL #9
990' FNL AND 990' FWL
SECTION 1-T23S-R32E
LEA COUNTY, NEW MEXICO

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 41 miles Northwest of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:
Go east of Carlsbad on Hwy 285 to Hwy 31. Go east on Hwy 31 to Hwy 128 (Jal Hwy). Go approximately 17 miles to a major pipeline road. Turn left and go approx. 5.7 miles. Turn left (NW) and go approx. 1.4 miles and turn right. Go approx. 3.1 miles. Go approximately 0.6 of a mile east. New access will start here and go south.

2. PLANNED ACCESS ROAD

A. The proposed new access will be approximately 600' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a(n) southerly direction.
B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
C. The new road will be bladed with drainage on one side. No traffic turnout will be built.
D. The route of the road is visible.
E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

A. There is drilling activity within a one-mile radius of the wellsite.
B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

   A. There are production facilities on this lease at the present time.
   B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.
   C. A 3" steel flowline will be laid on the surface following the access road to the tank battery on the #1 location.

5. LOCATION AND TYPE OF WATER SUPPLY:

   A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

   Federal pit located in the NE of Section 15-T23S-R32E

7. METHODS OF HANDLING WASTE DISPOSAL:

   A. Drill cuttings will be disposed of in the reserve pits.
   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
   C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
   D. Oil produced during operations will be stored in tanks until sold.
   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
   F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:

   A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
   B. The reserve pits will be plastic lined.
   C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP: Federal surface administered by BLM.

12. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Clifton R. May, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations, Completions and Production:

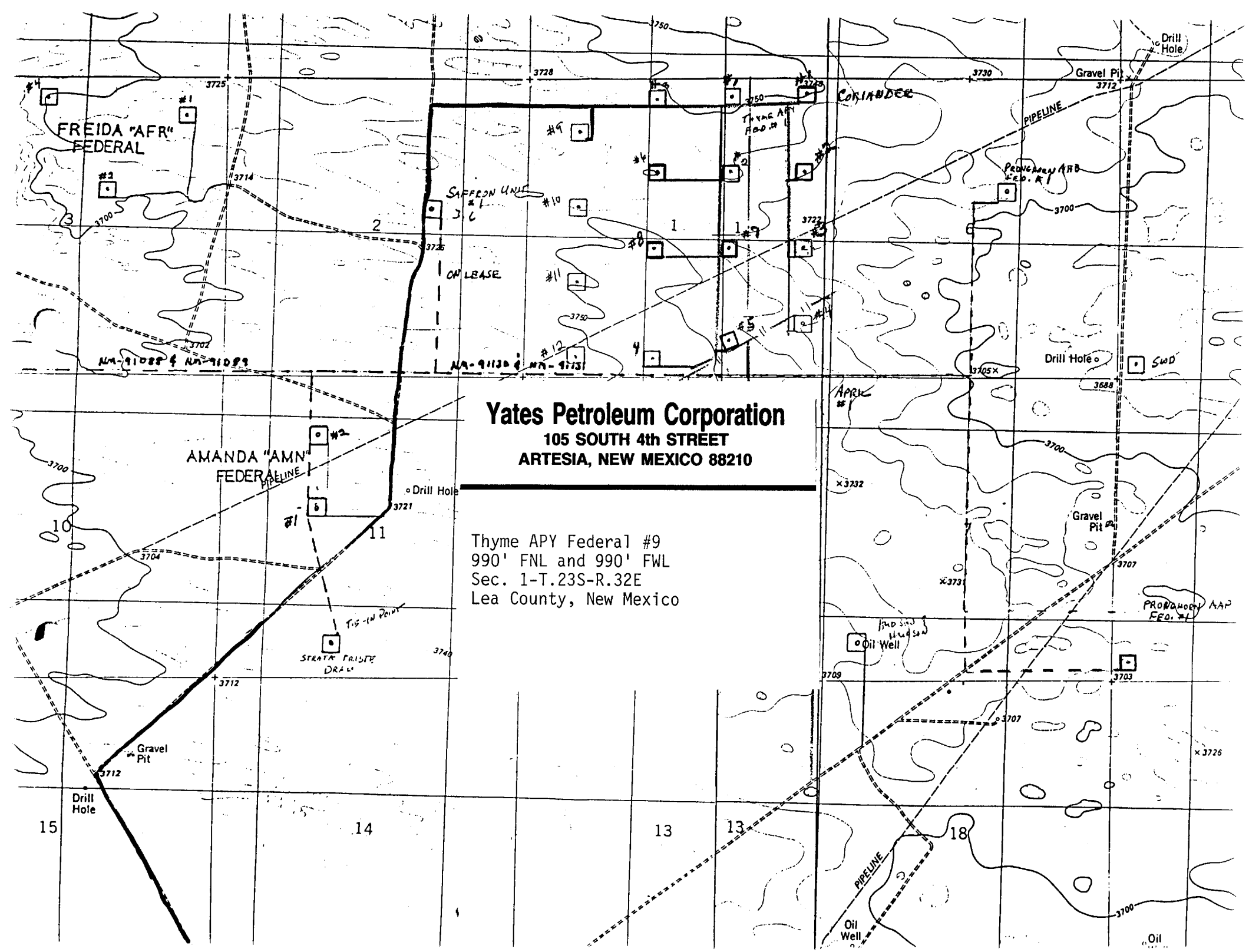
Brian Collins, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

10/8/96 Date

Clifton R. May
Regulatory Agent



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Thyme APY Federal #9
990' FNL and 990' FWL
Sec. 1-T.23S-R.32E
Lea County, New Mexico

Yates Petroleum Corporation

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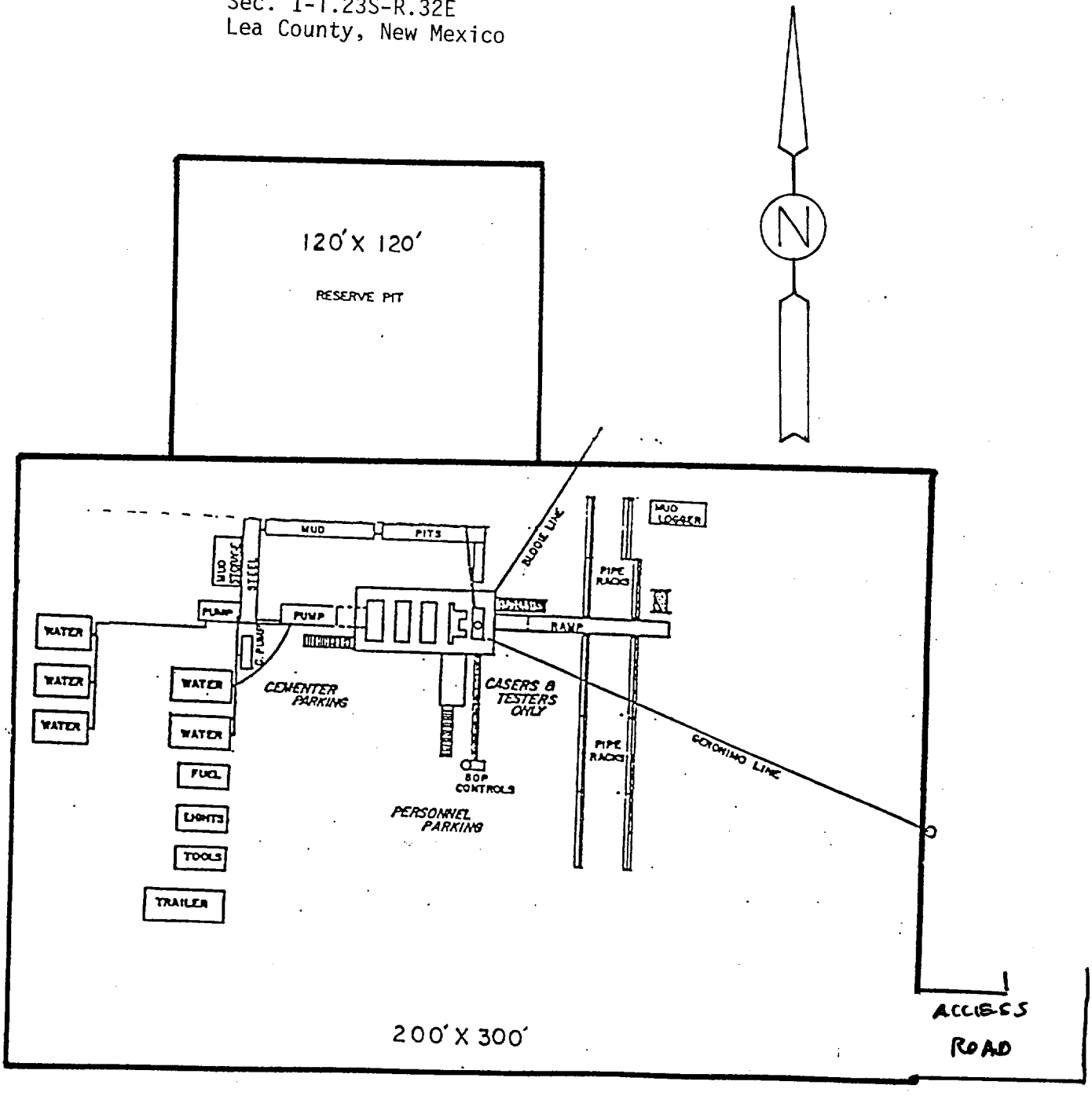
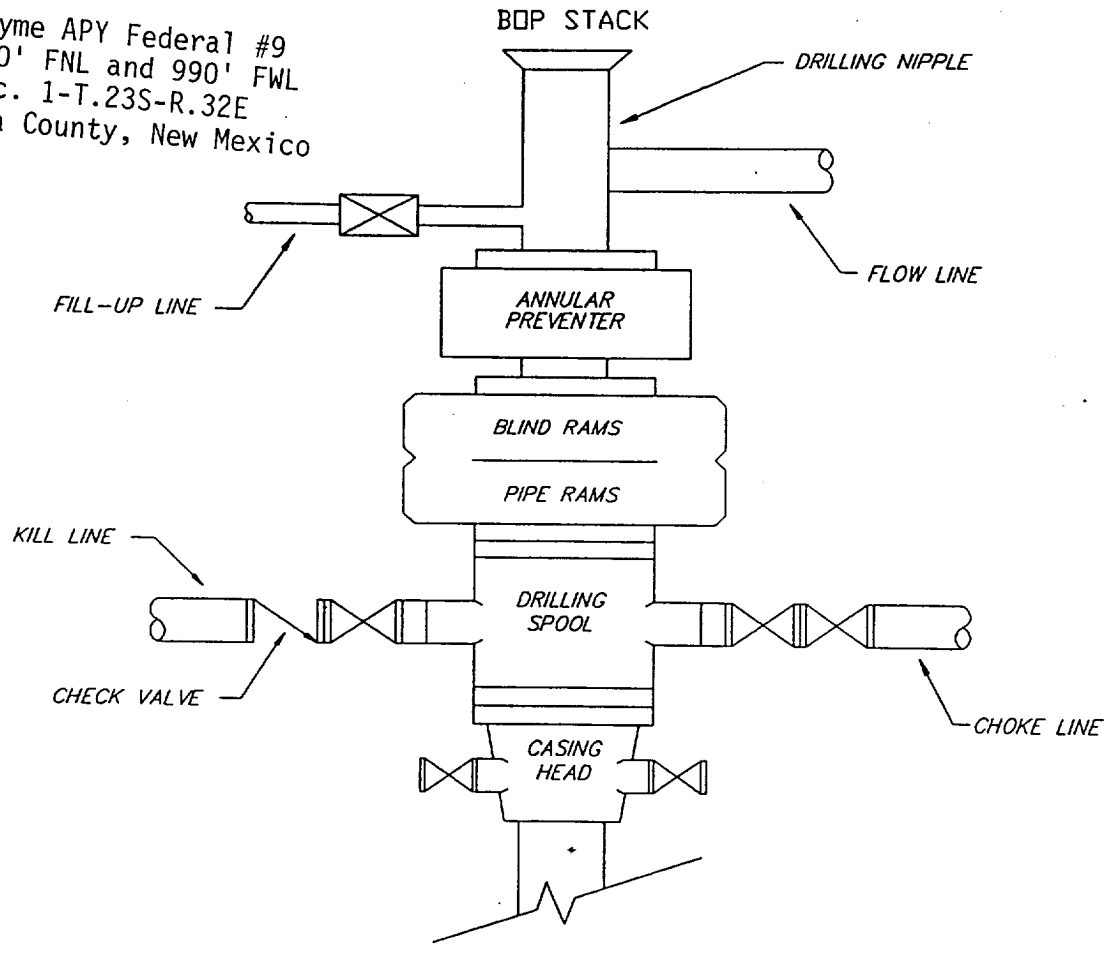


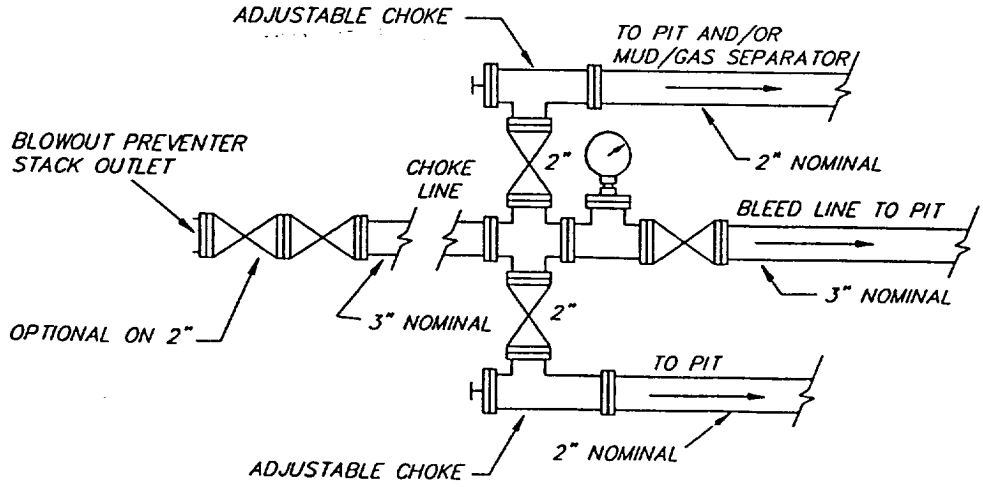
YATES PETROLEUM CORPORATION

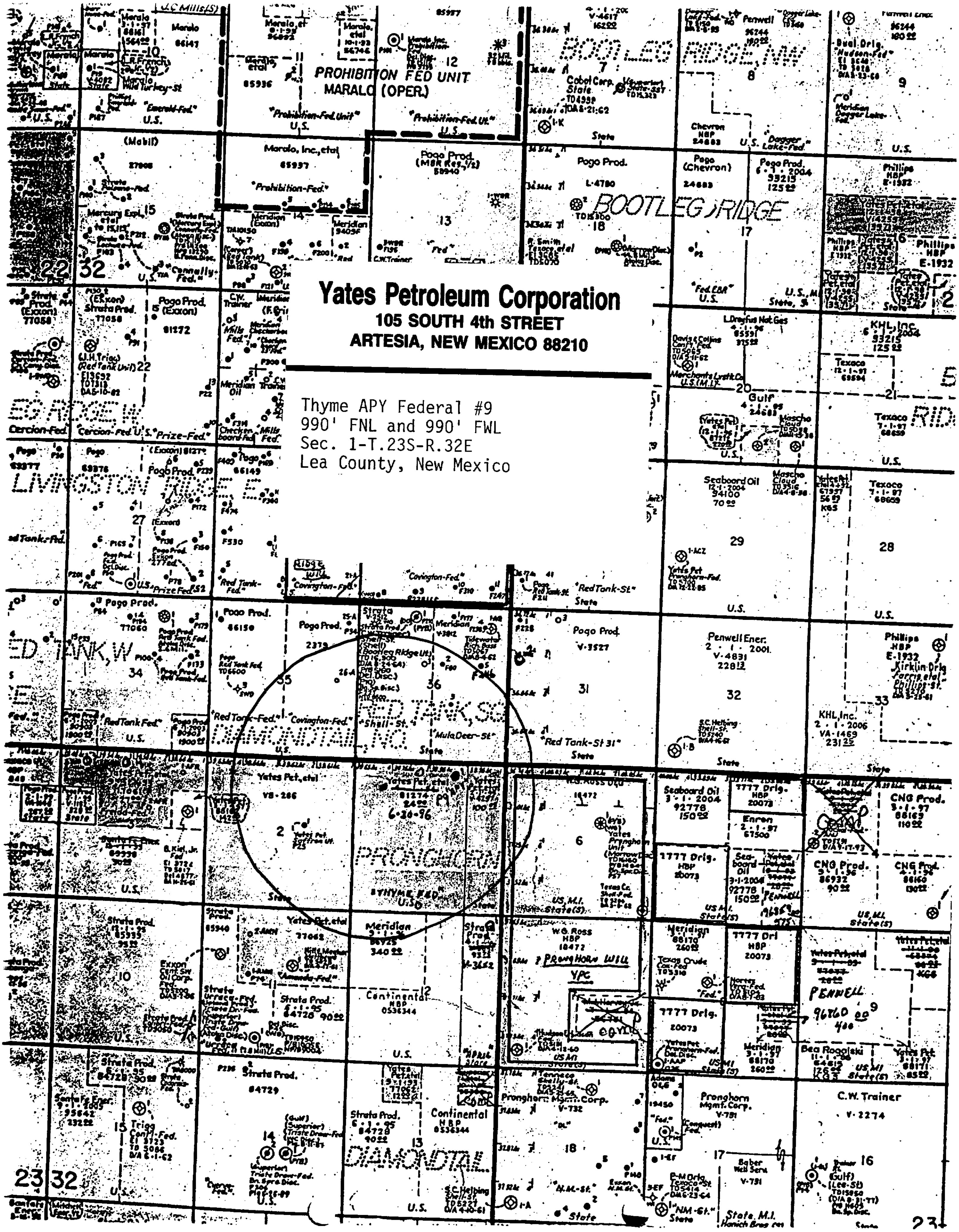
Thyme APY Federal #9
990' FNL and 990' FWL
Sec. 1-T.23S-R.32E
Lea County, New Mexico

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKE MANIFOLD SCHEMATIC




Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210
Thyme APY Federal #9
990' FNL and 990' FWL
Sec. 1-T.23S-R.32E
Lea County, New Mexico
PROHIBITION FED UNIT
MARALO (OPER.)
BOOTLEG RIDGE
Pogo Prod.
Strata Prod.
Pronghorn Mgmt. Corp.
C.W. Trainer