

ATS-08-41  
RESUBMITTAL

44

OCD-ARTESIA

Form 3160-3  
(February 2005)

DEC 17 2007  
OCD-ARTESIA

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

R-111-POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB NO 1004-0137  
Expires March 31, 2007

1a. Type of Work. ☒ DRILL ☐ REENTER  
1b. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation 025575

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No (include area code)

505-748-1471

4. Location of well (Report location clearly and in accordance with any State requirements. \*)

At surface

330' FNL and 990' FWL

At proposed prod zone

Same

14. Distance in miles and direction from the nearest town or post office\*

Approximately 24 miles northeast of Loving, NM

15. Distance from proposed\*

location to nearest

property or lease line, ft

(Also to nearest drlg unit line, if any)

990'

16. No. of acres in lease

640.00

17. Spacing Unit dedicated to this well

42.15 NW/NW

18. Distance from proposed location\*

to nearest well, drilling, completed,

applied for, on this lease, ft

1000'

19. Proposed Depth

8200'

20. BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3403' GL

22. Approximate date work will start\*

ASAP

23. Estimated duration

35 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by existing bond on file (see item 20 above).

5. Operator certification.

6. Such other site specific information and/ or plans as may be required by the BLM

25. Signature

Name (Printed/ Typed)

Cy Cowan

Date

10/4/2007

Title

Regulatory Agent

Well Spudded on 2/2/08

Approved By (Signature)

/s/ Linda S.C. Rundell

Name (Printed/ Typed)

/s/ Linda S.C. Rundell

Date

DEC 11 2007

Title

STATE DIRECTOR

Office

NM STATE OFFICE

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 cc operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and wilfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

Previously Attached

C-144 attached

C-102 attached

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                  |   |  |
|----------------------------------|---|--|
| <sup>1</sup> API Number          | <sup>2</sup> Pool Code<br>53818                           | <sup>3</sup> Pool Name<br>Sand Dunes ; Delaware, South |
| <sup>4</sup> Property Code       | <sup>5</sup> Property Name<br>ADELINE ALN FEDERAL         | <sup>6</sup> Well Number<br>5                          |
| <sup>7</sup> OGRID No.<br>025575 | <sup>8</sup> Operator Name<br>YATES PETROLEUM CORPORATION | <sup>9</sup> Elevation<br>3403'                        |

<sup>10</sup> Surface Location

|                    |              |                 |              |         |                      |                           |                      |                        |                |
|--------------------|--------------|-----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|----------------|
| UL or lot no.<br>D | Section<br>6 | Township<br>24S | Range<br>31E | Lot Idn | Feet from the<br>330 | North/South line<br>NORTH | Feet from the<br>990 | East/West line<br>WEST | County<br>EDDY |
|--------------------|--------------|-----------------|--------------|---------|----------------------|---------------------------|----------------------|------------------------|----------------|

<sup>11</sup> 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 |
| <sup>12</sup> Dedicated Acres<br>42.15 NW/NW | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.

|  |  |  |  |   |   |
|--|--|--|--|---|---|
|  |  |  |  | <p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p><i>Cy Cowan</i> 10/4/07</p> <p>Signature _____ Date _____</p> <p>Cy Cowan<br/>Printed Name _____</p> <p>Regulatory Agent<br/>Title _____</p> |   |
|  |  |  |  |   | <p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>REFER TO ORIGINAL PLAT</p> <p>Certificate Number _____</p> |
|  |  |  |  |   |   |
|  |  |  |  |   |   |

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

Act, NM 82046

Act, Article, NM 82016

ACT III

The Brance Bld., Astec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87506

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |                             |                  |
|---------------|-----------------------------|------------------|
| API Number    | Pool Code                   | Pool Name        |
|               |                             | Wildcat Delaware |
| Property Code | Property Name               | Well Number      |
|               | ADELINE "ALN" FEDERAL       | 5                |
| OCRID No.     | Operator Name               | Elevation        |
| 025575        | YATES PETROLEUM CORPORATION | 3403             |

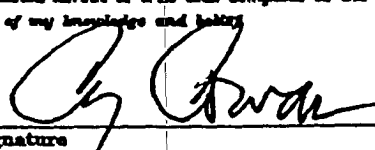
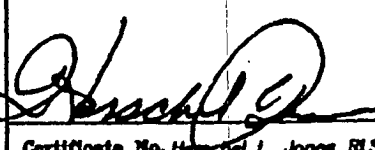
## Surface Location

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
| D             | 6       | 24S      | 31E   |         | 330           | NORTH            | 990           | WEST           | EDDY   |

## Bottom Hole Location If Different From Surface

|                 |                 |                    |           |         |               |                  |               |                |        |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No.   | Section         | Township           | Range     | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|                 |                 |                    |           |         |               |                  |               |                |        |
| Dedicated Acres | Joint or Infill | Consolidation Code | 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

|  |  |  |  |  |
|--|--|--|--|--|
| <div>3403 3405</div> <div>990'</div> <div>NM 3411 3411</div> <div>82904</div> <div>330'</div> <div>N.32°15'09.9"</div> <div>W.103°49'20.8"</div> |  |  |  | <div>OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</div> <div></div> <div>Signature</div> <div>Cy Cowan</div> <div>Printed Name</div> <div>Regulatory Agent</div> <div>Title</div> <div>July 19, 2001</div> <div>Date</div>   |
|  |  |  |  | <div>SURVEYOR CERTIFICATION</div> <div>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.</div> <div>7/11/2001</div> <div>Date Surveyed</div> <div></div> <div>Signature &amp; Seal of Professional Surveyor</div> <div>Certification No. H000001 L Jones RLS 3640</div> <div>ADELINE 5</div> <div>GENERAL SURVEYING COMPANY</div> |
|  |  |  |  |  |
|  |  |  |  |  |

**YATES PETROLEUM CORPORATION**

**Adeline ALN Federal #5**

330' FNL & 990' FWL

Sec. 6-T24S-R31E

Eddy County, New Mexico

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

|                  |       |                    |
|------------------|-------|--------------------|
| Rustler          | 477'  | <del>Oil Pay</del> |
| Top of Salt      | 863'  | <del>Oil Pay</del> |
| Base of Salt     | 3950' | Oil Pay            |
| Bell Canyon      | 4150' | Oil Pay            |
| Cherry Canyon    | 5129' | Oil Pay            |
| Brushy Canyon    | 6810' | Oil Pay            |
| Bone Spring Lime | 8010' | Oil Pay            |
| TD               | 8200' | Oil Pay            |

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

Water: *cherry* Approx 150'

Oil or Gas: *^* Canyon 5129' and Bone Spring 8050'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rated for 3000 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, flow sensor equipment 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)

| <u>Hole Size</u> | <u>Casing Size</u> | <u>Wt./Ft</u> | <u>Grade</u> | <u>Coupling</u> | <u>Interval</u> | <u>Length</u> |
|------------------|--------------------|---------------|--------------|-----------------|-----------------|---------------|
| 17 1/2"          | 13 3/8"            | 48#           | H-40         | ST&C            | 0-890'          | 890'          |
| 11"              | 8 5/8"             | 32#           | J-55         | ST&C            | 0-4100'         | 4100'         |
| 7 7/8"           | 5 1/2"             | 17#           | J-55         | LT&C            | 0-100'          | 100'          |
| 7 7/8"           | 5 1/2"             | 15.5#         | <i>J-55</i>  | LT&C            | 100'-6900'      | 6800'         |
| 7 7/8"           | 5 1/2"             | 17#           | J-55         | LT&C            | 6900'-8200'     | 1300'         |

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

**B. CEMENTING PROGRAM:**

Surface casing: 250 sx Lite (YLD 1.96 WT.12.5) Tail in w/ 200 sx Class "C" + 2% CaCl<sub>2</sub> (YLD 1.34 WT 14.8). Surface.

Intermediate Casing: 750 sx Lite (YLD 2.5 WT 11.9); Tail in w/ 250 sx "C" w/ 2% CaCl<sub>2</sub> (YLD 1.34 WT. 14.8) Surface.

Production Casing: (TOC=3700') Lead w/400 sx Lite (YLD 2.0 WT 12.0) Tail in w/300 sx Super "H" (Yld 1.67 Wt 13.4). TOC 3700'.

## 5. Mud Program and Auxiliary Equipment:

| <u>Interval</u> | <u>Type</u>      | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|------------------|---------------|------------------|-------------------|
| 0-890'          | FW/Native Mud    | 8.6-9.2       | 28-36            | N/C               |
| 890'-4100'      | Brine            | 10.0-10.2     | 28               | N/C               |
| 4100'-6500'     | Cut Brine        | 8.6-9.1       | 28               | N/C               |
| 6500'-8200'     | Cut Brine/Starch | 8.6-9.1       | 28-32            | <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: 10 samples out from under surface casing.

Logging: CNL/LDT TD to casing; GR w/CNL to Surface; DLL x/RXO TD to casing.

Coring: None Anticipated.

DST's: As warranted.

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

Anticipated BHP:

|             |           |                  |           |     |
|-------------|-----------|------------------|-----------|-----|
| From: O     | TO: 890'  | Anticipated Max. | BHP: 400  | PSI |
| From: 890'  | TO: 4100' | Anticipated Max. | BHP: 1790 | PSI |
| From: 4100' | TO: 8200' | Anticipated Max. | BHP: 4100 | PSI |

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: None

Maximum Bottom Hole Temperature: 198 F

## 8. ANTICIPATED STARTING DATE:

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

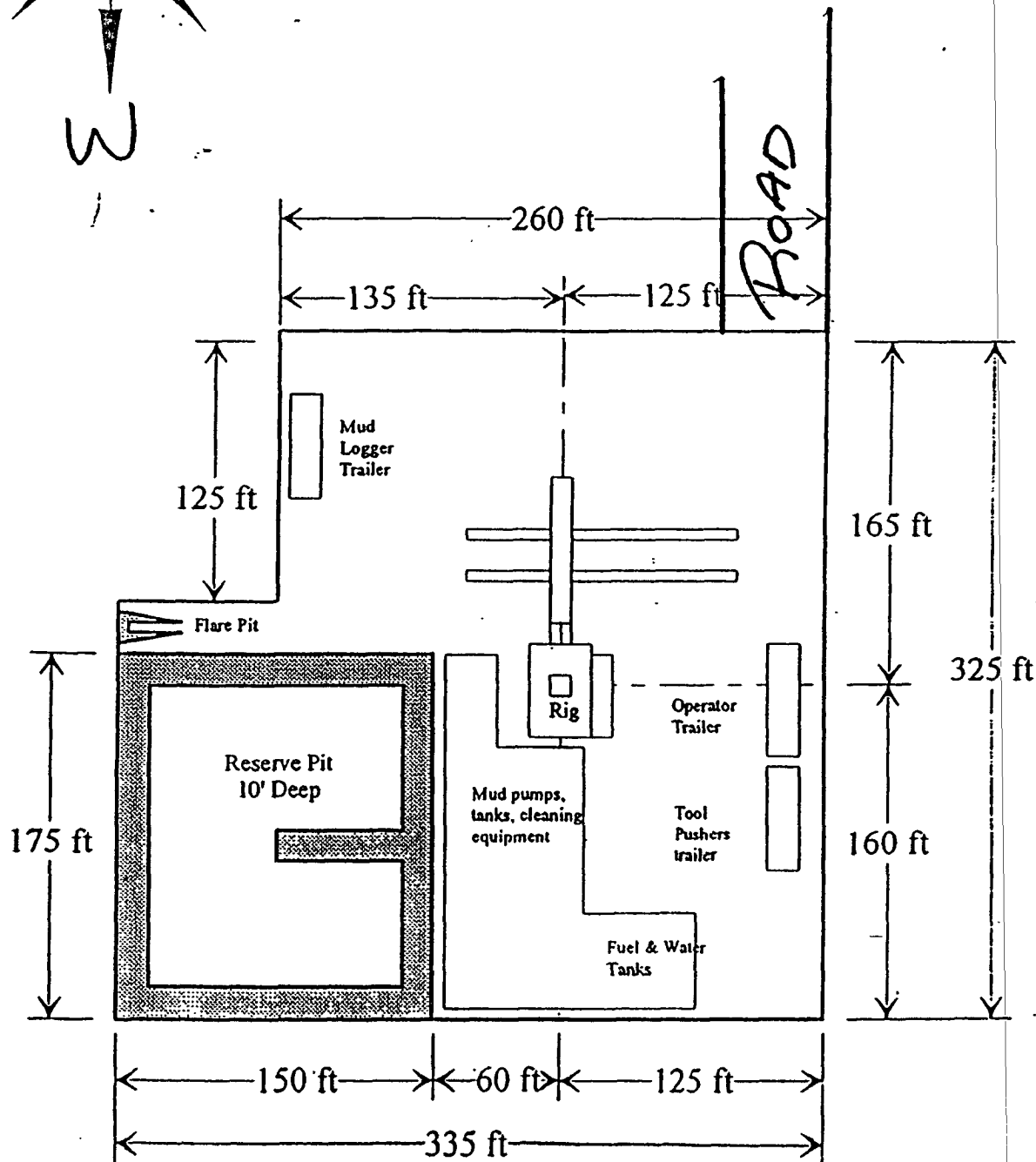
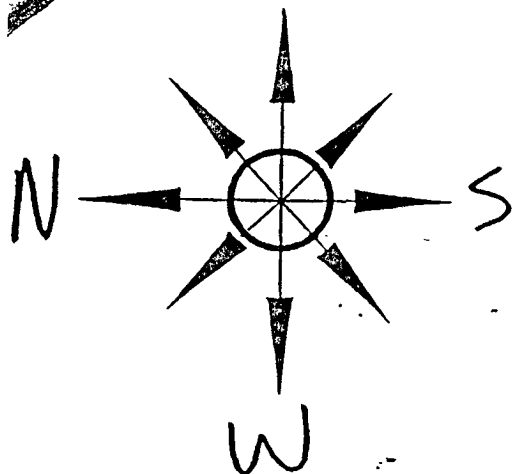
PB - L1

# Yates Petroleum Corporation

Location Layout for Permian Basi  
Up to 12,000'

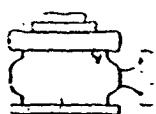
Yates Petroleum Corporation  
Adeline "ALN" Federal #5  
330' FNL and 990' FWL  
Section 6-T24S-R31E  
Eddy County, New Mexico  
NM-82904

Exhibit "C"



Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum

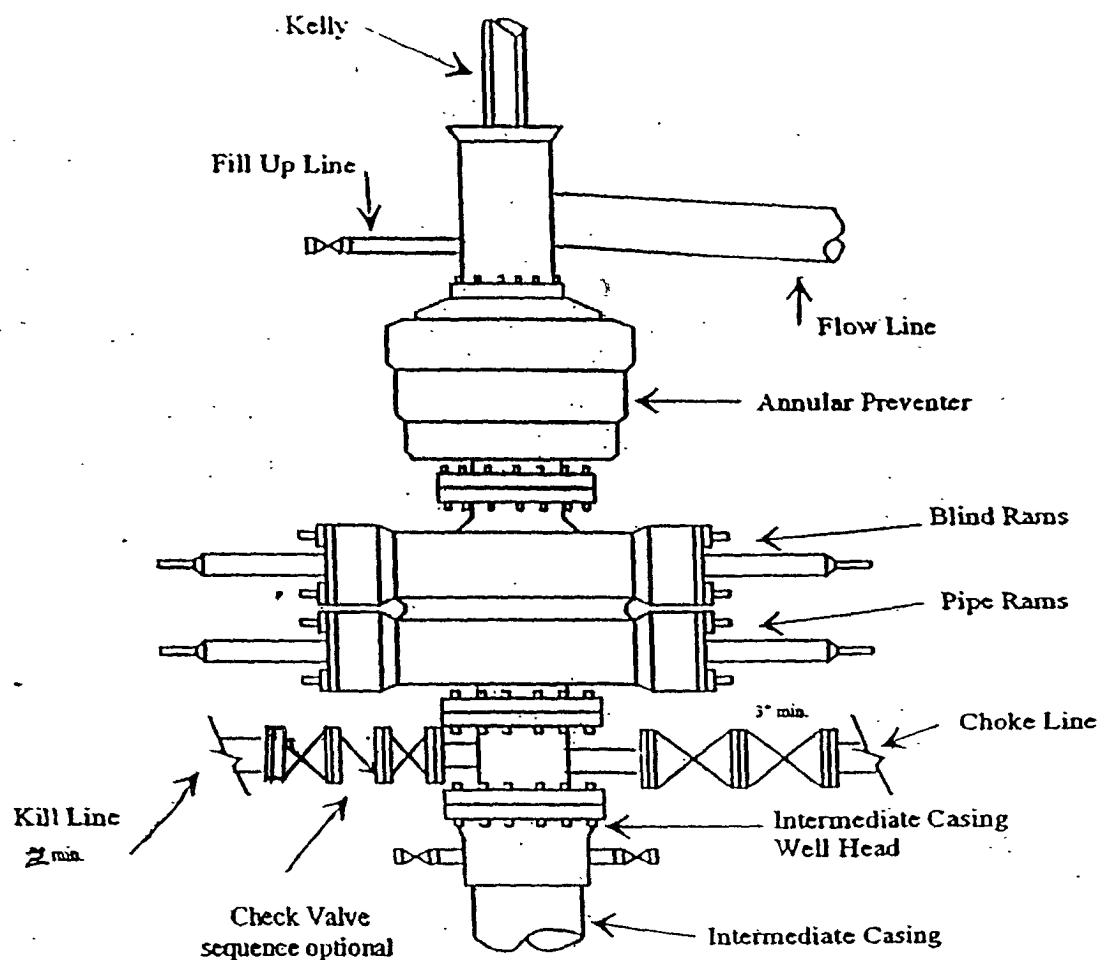


# Yates Petroleum Corporation

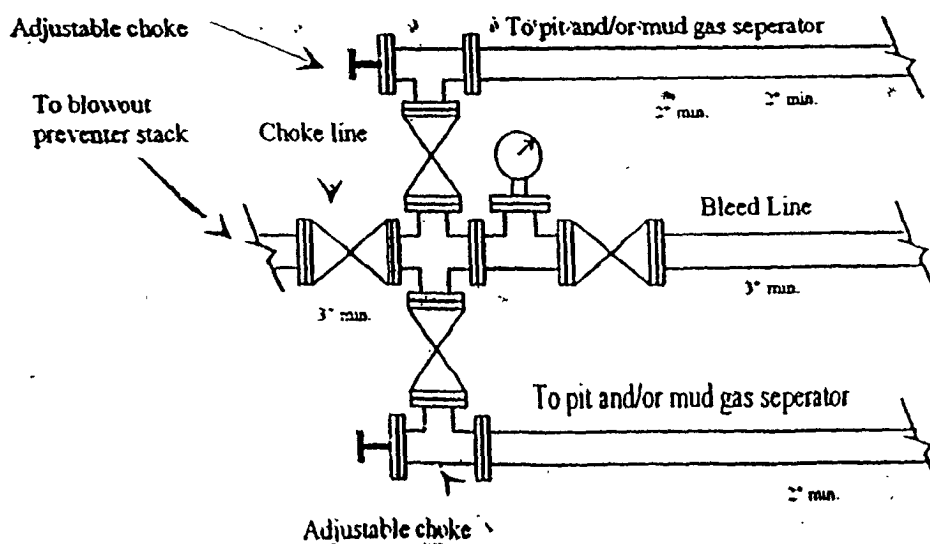
BOP-3

## Typical 3,000 psi Pressure System Schematic

### Annular with Double Ram Preventer Stack



### Typical 3,000 psi choke manifold assembly with at least these minimum features



## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Adeline ALN Federal #5

330' FNL & 990' FWL

Sec. 6-T24S-R31E

Eddy 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 23 miles northwest of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

### DIRECTIONS:

Go east of Carlsbad on Highway 285 to Highway 31. Go east on Highway 31 to Highway 128 (Jal Highway). Go approximately 12 miles to County Road 787 (Twin Wells Road). Turn South and go approximately 3.5 miles. The new road will start here going west to the well location.

### 2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 0.3 of a mile west then turn south and go approx. 400' to the southeast corner of the drilling pad. The road will lie in a west then south 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. Traffic turnouts may 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.



5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The fresh 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:

Dirt contractor will locate closest pit and obtain any permits and materials needed for construction.

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: Amend the surface use plan to include the following, one 3" SDR Poly surface flowline and one (1) three phase 640 volt raptor proof powerline from this well to the Adeline ALN Federal Com. #1. See attached plat.

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 and will face to the north.
- 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 the Bureau of Land Management, Carlsbad, New Mexico.

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.

CERTIFICATION  
YATES PETROLEUM CORPORATION  
Adeline ALN Federal #5

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 4th day of October, 2007.

Printed Name Cy Cowan

Signature 

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 505-748-4372

Field Representative (if not above signatory) Jim Krogman

Address (if different from above) Same

Telephone (if different from above) 505-748-4215

E-mail (optional) cy@ypcnm.com

## VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(505) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. When floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufactures of the logging tools recommended speed. (R-111-P area only)

### B. CASING

1. The 13-3/8 inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite at approximately 890 feet** and cemented to the surface. **BLM geologist indicates that Salt is deeper than shown on drilling prognosis. Cement volume may not be adequate if any lost circulation is encountered.**
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

- b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
- d. If cement falls back, remedial action will be done prior to drilling out that string.

**Possible lost circulation in the Delaware and Bone Spring formations.**

**Possible water flows in the Salado, Castile, Delaware, and Bone Spring formations.**

- 2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
  - ☒ Cement to surface. If cement does not circulate see B.1.a-d above.
- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
  - ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **R-111-P potash. Additional cement will be required to circulate cement on this casing string.**
- 4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
- 5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

**C. PRESSURE CONTROL**

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- 2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
  - a. The tests shall be done by an independent service company.
  - b. The results of the test shall be reported to the appropriate BLM office.

- c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

**D. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

**Engineer on call phone (after hours):      Carlsbad: (505) 706-2779**

**WWI 110607**

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 8  
TELEPHONE (505) 748-1

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 30, 2001

Attention: Mr. John Purcell, Chief Mining Engineer  
IMC Carlsbad Potash Company  
P.O. Box 71  
Carlsbad, New Mexico 88221-0071

RE: Adeline ALN Federal #5  
Township 24 South, Range 31 East  
Section 6: 330' FNL & 990' FWL  
Eddy County, New Mexico

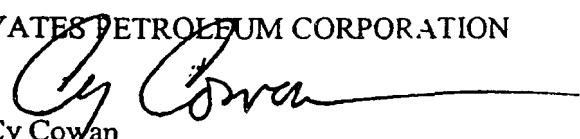
Dear Mr. Purcell:

Yates Petroleum Corporation wishes to place the captioned well on our list for future drilling operations. We are planning to drill this well to a total depth of 8,200' or 100' below the base of the Delaware Formation. We have been advised that your company is the owner of certain potash leases in this area. Therefore, we respectfully request that you waive any objections you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

  
Cy Cowan  
Regulatory Agent

☐ NO OBJECTION OFFERED  
IMC Potash Company

By: \_\_\_\_\_

Title: \_\_\_\_\_

☐ OBJECTION OFFERED  
IMC Potash Company

By: \_\_\_\_\_

Title: \_\_\_\_\_

7001 0320 0001 3355 4224

| U.S. Postal Service<br>CERTIFIED MAIL RECEIPT<br>(Domestic Mail Only; No Insurance Coverage Provided) |    |
|---|----|
| Postage   | \$ |
| Certified Fee   |    |
| Return Receipt Fee<br>(Endorsement Required)  |    |
| Restricted Delivery Fee<br>(Endorsement Required)   |    |
| Total Postage & Fees  | \$ |
| Sent To <u>IMC - John Purcell</u>   |    |
| Street, Apt. No. or PO Box No. <u>P.O. Box 71</u>   |    |
| City, State, ZIP+4 <u>Carlsbad, NM 88221-0071</u>   |    |

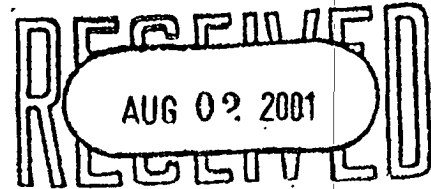
PS Form 3800, January 2001 See Reverse for Instructions



IMC Potash Carlsbad Inc.  
P. O. Box 71  
1361 Potash Mines Road  
Carlsbad, New Mexico 88221-0071  
505.887.2871  
505.887.0589 Fax

August 1, 2001

Mr. Cy Cowan  
Yates Petroleum Corporation  
105 South Fourth Street.  
Artesia, New Mexico 88210-2188



RE: Proposed Wells Adeline ALN Federal #5, #6, #12  
Section 6, T24S-R31E, N.M.P.M.  
#5: 330' FNL & 990' FWL  
#6: 2310' FNL & 330' FWL  
#12: 1800' FSL & 330' FWL  
Eddy County, New Mexico

Dear Mr. Cowan:

IMC Kalium Carlsbad Potash Company has received your notices that Yates Petroleum Corporation intends to drill the above referenced wells. IMC Kalium has no objections to Yates drilling wells Adeline ALN Federal #5, #6, #12 to depths no deeper than 100' below the base of the Delaware formation at the stated locations. Based on the best available information, the locations of the fore mentioned wells would not interfere with the development of our potash resources.

The above consideration is based on the best available information at this time; as more information becomes available our estimates of the extent of the potash resources in the area may change. Therefore, please consider the "objections offered" and "no objection offered" to the well locations to be valid for one year only. If you are still considering a well location that a potash operator has or has not objected to, more than one year prior, notify us again at that time so we can make the decision based on current information.

IMC Kalium submits this letter in lieu of the forms requested.

Sincerely,

John Purcell  
Chief Mine Engineer

cc: Don Purvis Charlie High Leslie Theiss Lori Wroteneery  
Dan Morehouse Tim O'Brien Craig Cranston