



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT RECEIVED

NEW MEXICO STATE OFFICE  
1474 RODEO RD.  
P.O. BOX 27115  
SANTA FE, NEW MEXICO 87502-7115

JUN 22 1992

C. C. O.  
BLM OFFICE

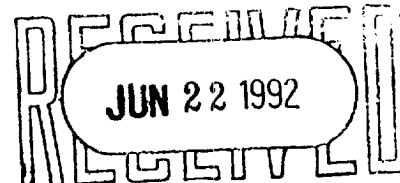


IN REPLY REFER TO:

3160 (067)  
NM-53232

JUN 10 1992

CERTIFIED--RETURN RECEIPT REQUESTED  
P 864 869 068



Yates Petroleum Corporation  
Attn.: Clifton R. May  
105 South 4th Street  
Artesia, NM 88210

RE: Kaleidoscope AKO Federal Well No. 2  
NM-53232  
1980' FSL & 660' FEL, Sec. 33, T21S, R30E  
Eddy County, New Mexico


Dear Mr. May:

I am happy to approve your Application For Permit to Drill (APD) at the above referenced location. Your copy of the APD with attached stipulations is enclosed.

As you may be aware, there has recently been a significant increase in APD's in the Secretary's Oil/Potash area. Unfortunately, this has resulted in a lengthy processing time. If you have any APD's which need to receive a higher priority, such as this one, please contact or submit a list to the Carlsbad Resource Area.

If any additional information is required please contact Tony Herrell at the Carlsbad Resource Area, (505) 887-6544.

Sincerely,

  
Larry L. Woodard  
State Director

1 Enclosure

1 - Application for Permit to Drill

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-53232		
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR Yates Petroleum Corporation / 25575			7. UNIT AGREEMENT NAME		
3. ADDRESS OF OPERATOR 105 South Fourth Street, Artesia, New Mexico			8. FARM OR LEASE NAME / 12428 Kaleidoscope "AK0" Federal		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface Unit Letter I; 1980' FSL and 660' FEL At proposed prod. zone			9. WELL NO. 2		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 25 miles northeast of Loving, NM			10. FIELD AND POOL, OR WILDCAT Undesignated Delaware		
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 680	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 7500'	20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3126' GR			22. APPROX. DATE WORK WILL START* ASAP		

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# J-55	150'	Circulate - 250 sacks
11"	8 5/8"	32.0# J-55	3550'	Circulate - 1400 sacks
7 7/8"	5 1/2"	17 & 15.5# J-55	TD	Adequate cover (Tie Back)

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 150' of surface casing will be set and cement circulated. Approximately 3550' 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: Native mud to 150'; Brine to 3550'; cut Brine to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily to assure good mechanical working order.

Part ID-1  
6-26-92  
Newbee & API

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL SPECIFICATIONS  
OF BLM

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 Cliff E. May TITLE Permit Agent DATE 3-18-92  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE 6-22-92  
CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions On Reverse Side

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

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

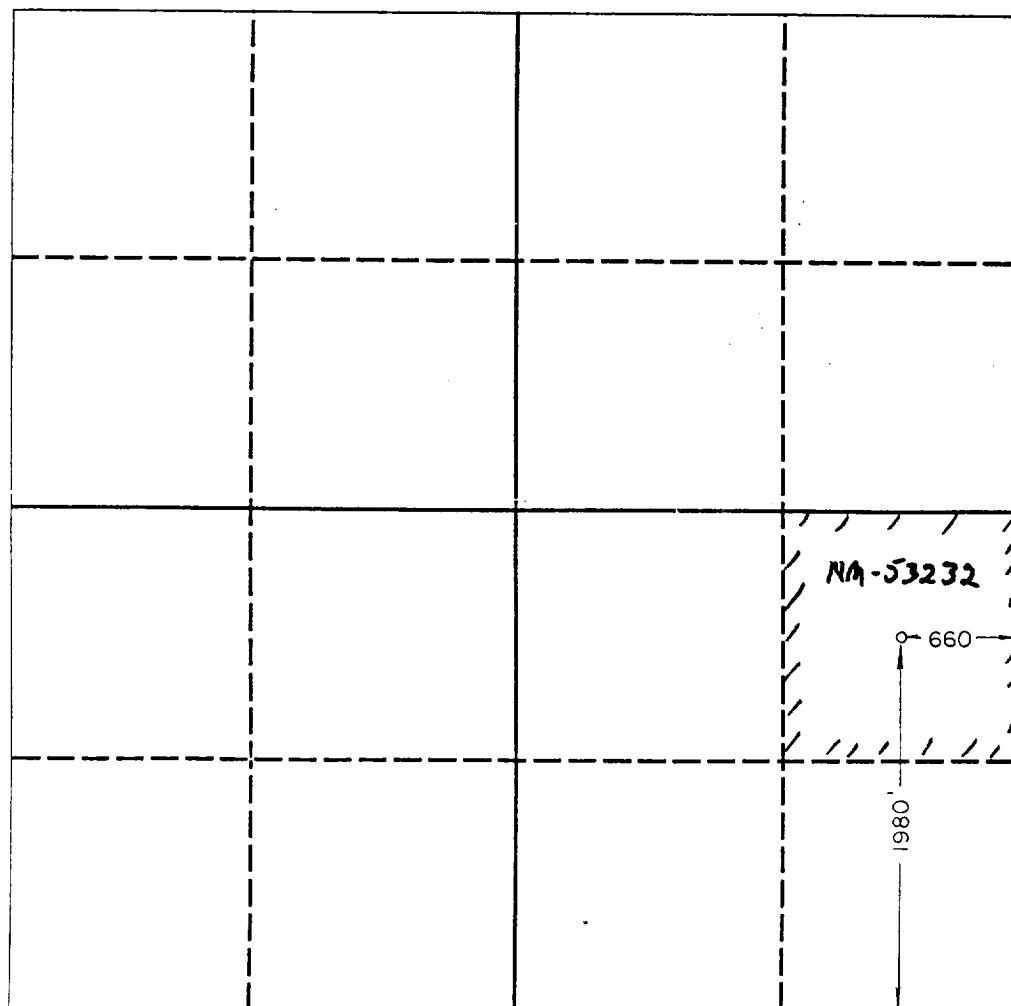
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease KALEIDOSCOPE "AKO" FEDERAL		Well No. 2
Unit Letter I	Section 33	Township 21 SOUTH	Range 30 EAST	County EDDY	
Actual Footage Location of Well: 1980 feet from the SOUTH line and 660 feet from the EAST line					
Ground level Elev. 3126	Producing Formation DELAWARE		Pool UNDESIGNATED DELAWARE	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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  
Clifton R. May  
Printed Name  
Clifton R. May  
Position  
Permit Agent  
Company  
YATES PETROLEUM CORPORATION  
Date  
March 18, 1992

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  
2/20/92  
Signature & Seal of  
Professional Surveyor  
Certificate No.  
3640

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

**YATES PETROLEUM CORPORATION**

**Kaleidoscope "AKO" Federal #2  
1980' FSL and 660' FEL  
Section 33-T21S-R30E  
Eddy County, New Mexico**

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

1. The geological surface formation is Sandy Alluvium:

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

Rustler	109'
Top of Salt	345'
Base of Salt	3,215'
Bell Canyon	3,490'
Cherry Canyon	4,455'
Brushy Canyon	6,291'
Bone Springs	7,262'
TD	7,500'

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

Water:	150'
Oil or Gas:	4531' and 6401'

4. Proposed Casing Program:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Setting Depth</u>
17 1/2"	13 3/8"	54.5#	J-55	ST&C	150'
11"	8 5/8"	32.0#	J-55	LT&C	3550'
7 7/8"	5 1/2"	15.5# & 17#	J-55	LT&C	TD

Surface pipe (0' - 150') will be cemented with 300 sacks C + 2% CaCl + 1/4 lb/sk Celloseal. Yield 1.33 cu.ft./sk. Weight will be 14.8 lb/gal. Quantity sufficient to circulate to surface.

Intermediate pipe (0' - 3550') will be cemented with 1200 sacks C-Lite + 10 lbs/sk salt + 1/4 lb/sk Celloseal. Yield 1.94 cu.ft./sk. Weight will be 12.9 lb/gal. Tailed in with 200 sacks C + 1% CaCl. Yield 1.32 cu.ft./sk. Weight will be 13.8 lb/gal. Quantity will be sufficient to circulate to surface.

Production pipe (0' - 7500') will be cemented with 200 sacks (or sufficient to cover zones of interest) Class H + 5 lb. CSE + .7% CF-14 + 10 lb/sk Gilsonite. Yield 1.45 cu.ft./sk. Weight will be 14.4 lb/gal.

5. Pressure Control Equipment: See Form 3160-3 and Exhibit B.

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 connections.

8. Testing, Logging and Coring Program:

Samples: Out from under surface casing to TD.

DST's: As warranted.

Coring: None anticipated.

Logging: Dual Induction Laterolog, Gamma Ray/Litho Density, Gamma Ray/Compensated Neutron with Caliper Log.

9. No abnormal pressures or temperatures are anticipated. No H<sub>2</sub>S is expected to be encountered during drilling operations.

10. Anticipated starting date: As soon as possible after approval.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation  
Kaleidoscope "AKO" Federal #2  
1980' FSL and 660' FEL  
Section 33-T21S-R30E  
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 BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 25 miles northeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go out of Carlsbad, New Mexico on Hobbs Highway (62-180) to Road 31. Go south for approximately 8 miles to Cimarron Road (736). Go east approximately 5.5 miles thru cattle guard past ranch house. County Road goes south. Continue east on lease road approximately 1.5 miles (road forks past trailer house). Go left approximately 1.5 miles road T's. Turn left and go .4 of a mile to old location. Turn right and follow the road to the Julia "AJL" Federal #4 location. The new access road will start here on the south edge of pad.

### **2. PLANNED ACCESS ROAD**

- A. The proposed new access will be approximately 4500' in length from point of origin to the southeast edge of the drilling pad. The road will lie in a westerly 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 both sides. Adequate traffic turnouts will be built.
- D. The route of the road is visible.
- E. One cattleguard will be needed.

### **3. LOCATION OF EXISTING WELL**

- A. There is drilling activity within 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 no 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 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:

Request that BLM provide a pit in that area.

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:

- A. None required.

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 levelled.
- 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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: Federal surface administered by the Bureau of Land Management.

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, Permit Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

B. Through Drilling Operations,  
Completions and Production:

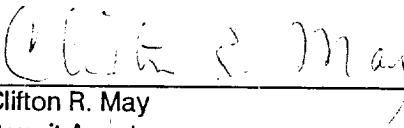
Mike Slater, Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

14. CERTIFICATION:

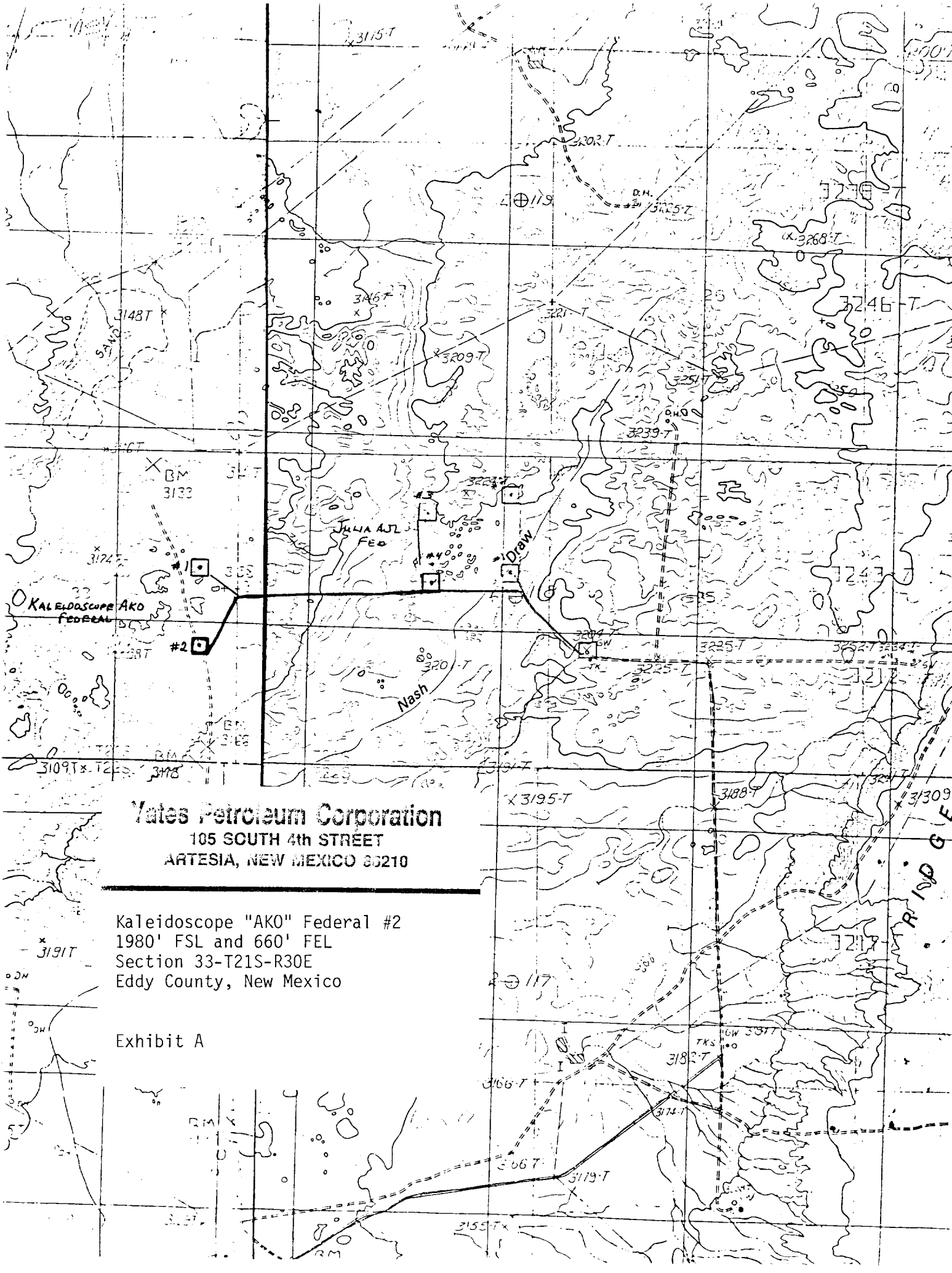
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated 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.

3-18-92

Date

  
Clifton R. May  
Permit Agent

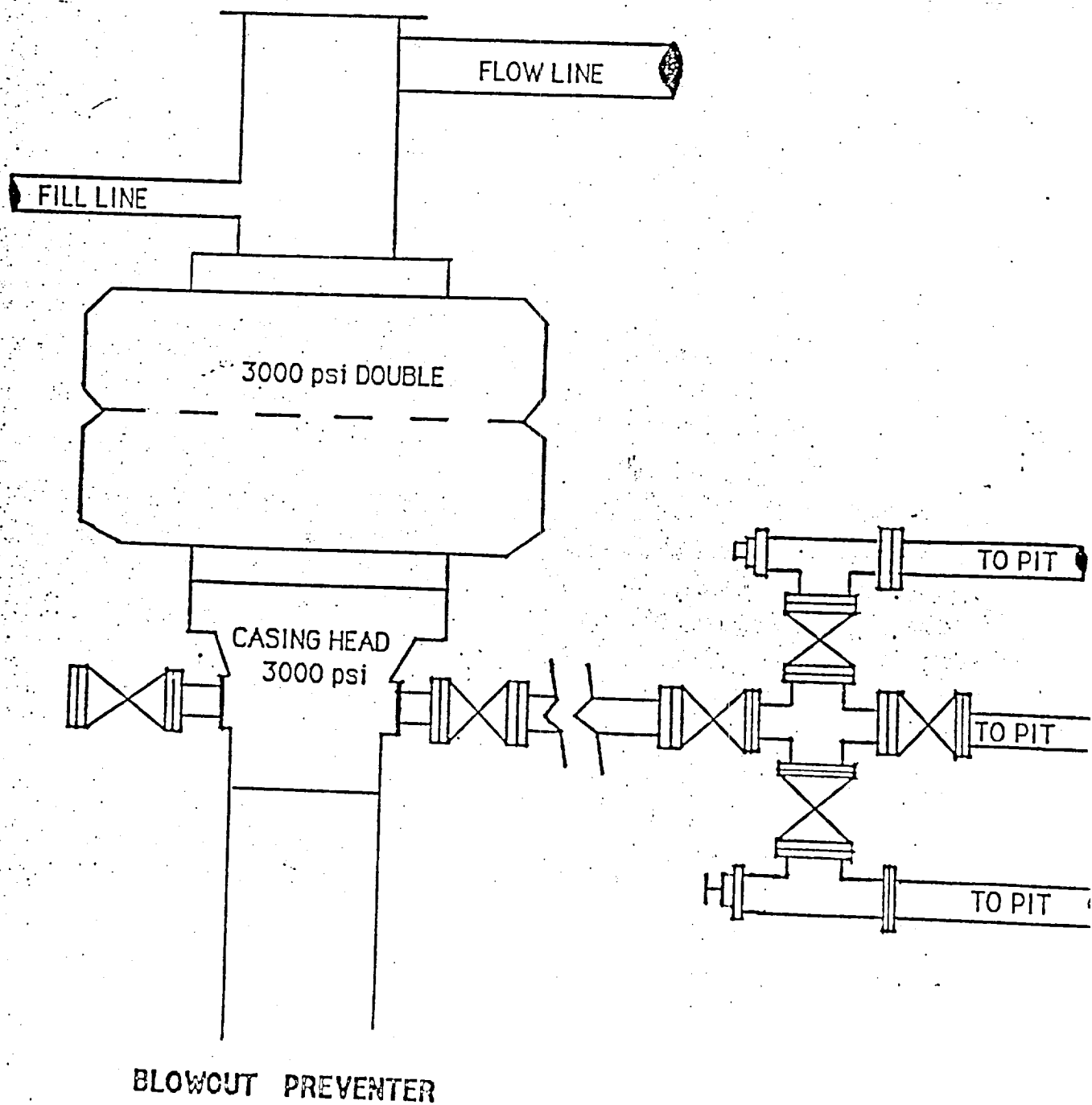




**Yates Petroleum Corporation**  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 80210

Kaleidoscope "AKO" Federal #2  
1980' FSL and 660' FEL  
Section 33-T21S-R30E  
Eddy County, New Mexico

Exhibit A



# YATES PETROLEUM CORPORATION

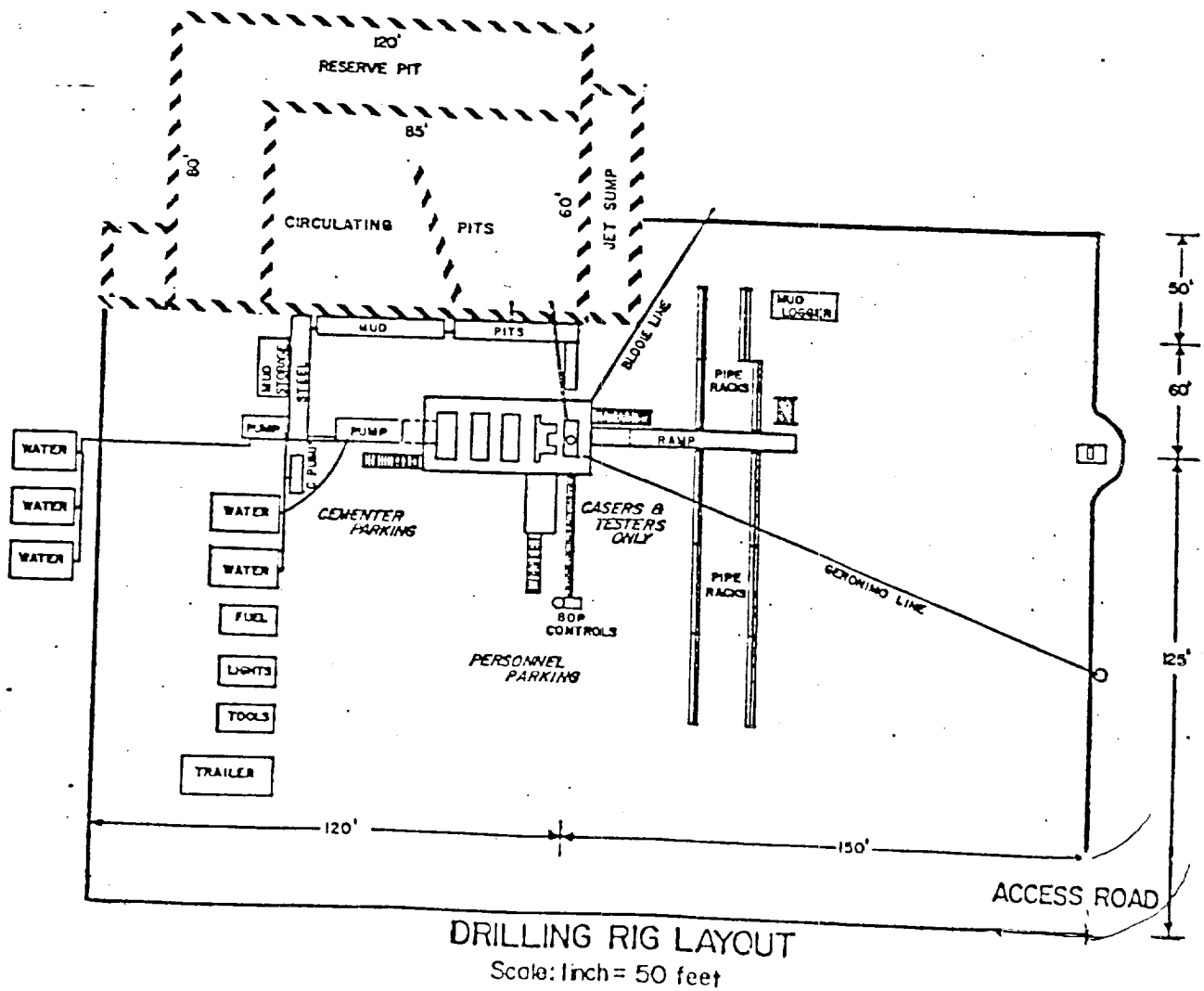
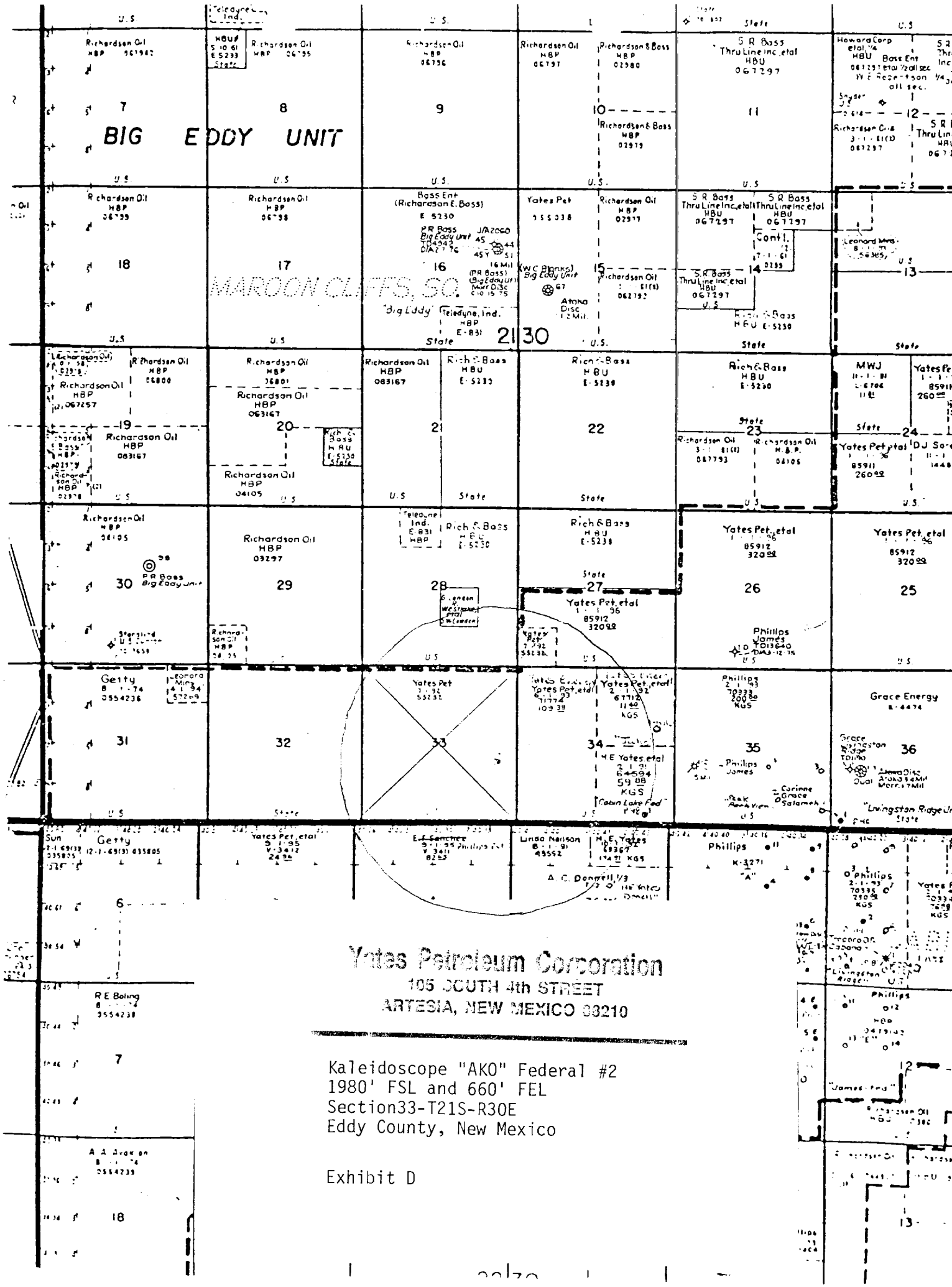


EXHIBIT C

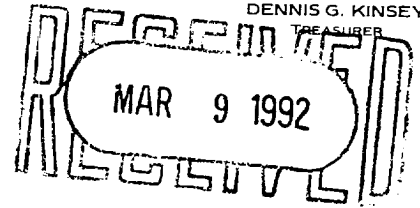


MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

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



March 2, 1992

Mississippi Chemical Corporation  
Randy Foote, General Manager  
P.O. Box 101  
Carlsbad, New Mexico 88220

Dear Mr. Foote:

Yates Petroleum Corporation is the operator of the Oil and Gas Lease NM-53232. We have staked the following location:

Kaleidoscope AKO Federal #2  
1980' FSL and 660' FEL  
Section 33-T21S-R30E  
Eddy County, New Mexico

An Application to Drill is being filed with the Bureau of Land Management.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection 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. Should you have any questions, please call me at 748-1471.

Sincerely,

**YATES PETROLEUM CORPORATION**

Clifton R. May  
Permit Agent

CRM:tg

NO OBJECTIONS OFFERED

MISSISSIPPI CHEMICAL CORPORATION

By: Randy Foote  
Title: Gen. Manager  
Date: 3-6-92

OBJECTIONS OFFERED

MISSISSIPPI CHEMICAL CORPORATION

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

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

March 2, 1992

Mr. Walt Thayer  
IMC Fertilizer, Inc.  
P.O. Box 71  
Carlsbad, New Mexico 88220

Dear Mr. Thayer,

Yates Petroleum Corporation is the operator of the Oil and Gas Lease NM-53232. We have staked the following location:

Kaleidoscope AKO Federal #2  
1980' FSL and 660' FEL  
Section 33-T21S-R30E  
Eddy County, New Mexico

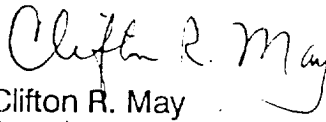
An Application to Drill is being filed with the Bureau of Land Management.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection 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. Should you have any questions, please call me at 748-1471.

Sincerely,

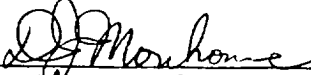
YATES PETROLEUM CORPORATION

  
Clifton R. May  
Permit Agent

CRM:tg

NO OBJECTIONS OFFERED

IMC FERTILIZER, INC.

By:   
Title: MINE MANAGER  
Date: 3-5-92

OBJECTIONS OFFERED

IMC FERTILIZER, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_