

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Yates Drilling Company

(505) 748-1471

3. ADDRESS AND TELEPHONE NO.

105 South 4th St., Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface

683' FNL & 532' FWL

At proposed prod. zone

Same

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

4 air miles S of Nageezi

15. DISTANCE FROM PROPOSED\*

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

532'

16. NO. OF ACRES IN LEASE

1,280.92

18. DISTANCE FROM PROPOSED LOCATION\*

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

2,024'

19. PROPOSED DEPTH

5,120'

20. ROTARY OR CABLE TOOLS

Rotary

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

6,840' ungraded

22. APPROX. DATE WORK WILL START\*

Aug. 28, 2001

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55 8-5/8"	24	275'	≈212 cu. ft. & to surface
7-7/8"	J-55 4-1/2"	10.5	5,120'	≈1,097 cu. ft. & to surface

This section is subject to review of BLM procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

APD was originally approved at 500' FNL & 550' FWL in 1990. That well was never drilled. That well site was never built. This APD replaces that APD dated 10-17-90.

This APD is also serving as a BLM road right-of-way application to amend NMNM-80855. Amendment application crosses Lot 4, Sec. 18, T. 23 N., R. 8 W. Dimensions are 40' x 417.36' = 0.38 acres.

ALL FIELD OPERATIONS AUTHORIZED AND  
SUBJECT TO COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS"

cc: BLM, May, OCD (via BLM)

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 surface locations and measured and true vertical depths. Give blowout preventer program, if any.

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Consultant (505) 466-8120

8-4-01

SIGNED

TITLE

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

9/6/01

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:

/s/ Joel Farrell

SEP - 6

APPROVED BY

TITLE

DATE

\*See Instructions On Reverse Side

NMOCD

State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

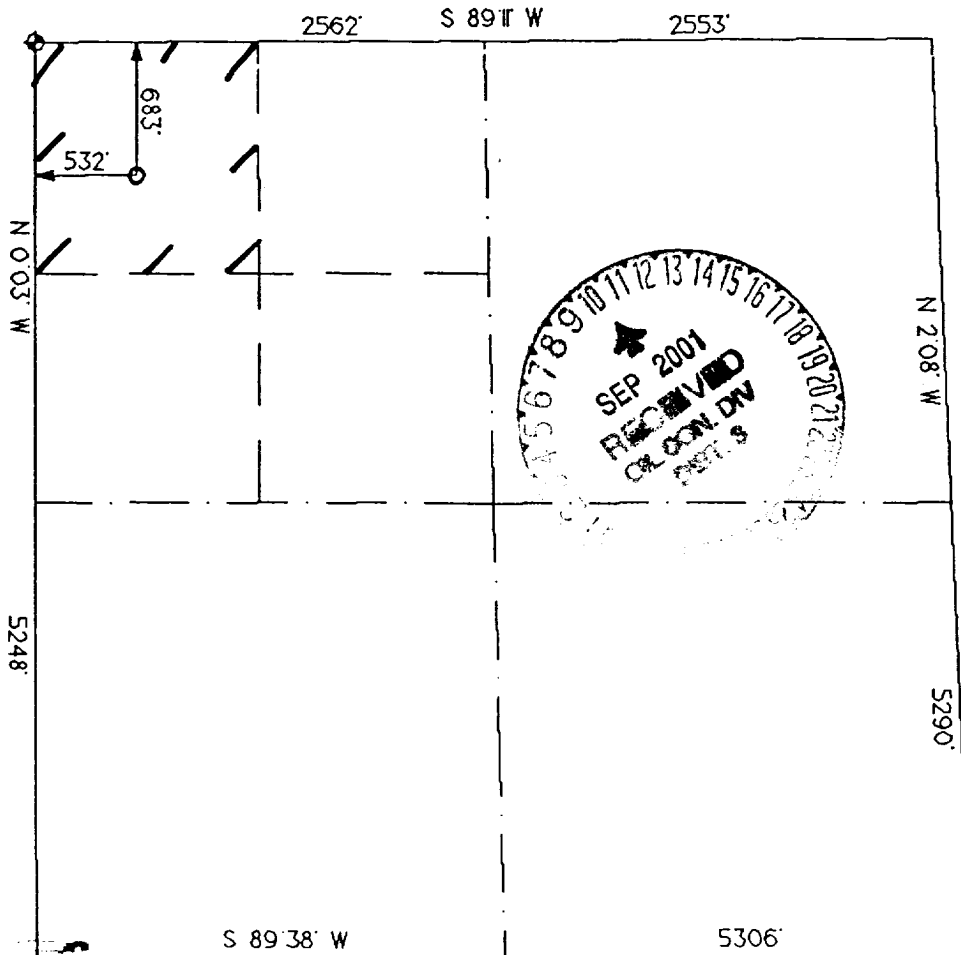
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number <b>30775</b> <b>30-045-28432</b>	Pool Code <b>96598</b>	Pool Name <b>KIMBETO WASH GALLUP</b>
Property Code <b>011926</b>	Property Name <b>NAGEEZI FEDERAL</b>	Well Number <b>2</b>
GRID No. <b>25513</b>	Operator Name <b>YATES DRILLING COMPANY</b>	Elevation <b>6840'</b>

Surface Location									
UL or Lot <b>D</b>	Sec. <b>19</b>	Twp. <b>23 N.</b>	Rge. <b>8 W.</b>	Lot Idh.	Feet from <b>683'</b>	North/South <b>NORTH</b>	Feet from <b>532'</b>	East/West <b>WEST</b>	County <b>SAN JUAN</b>

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idh.	Feet from	North/South	Feet from	East/West	County
Dedication	Joint ?	Consolidation	Order No.						

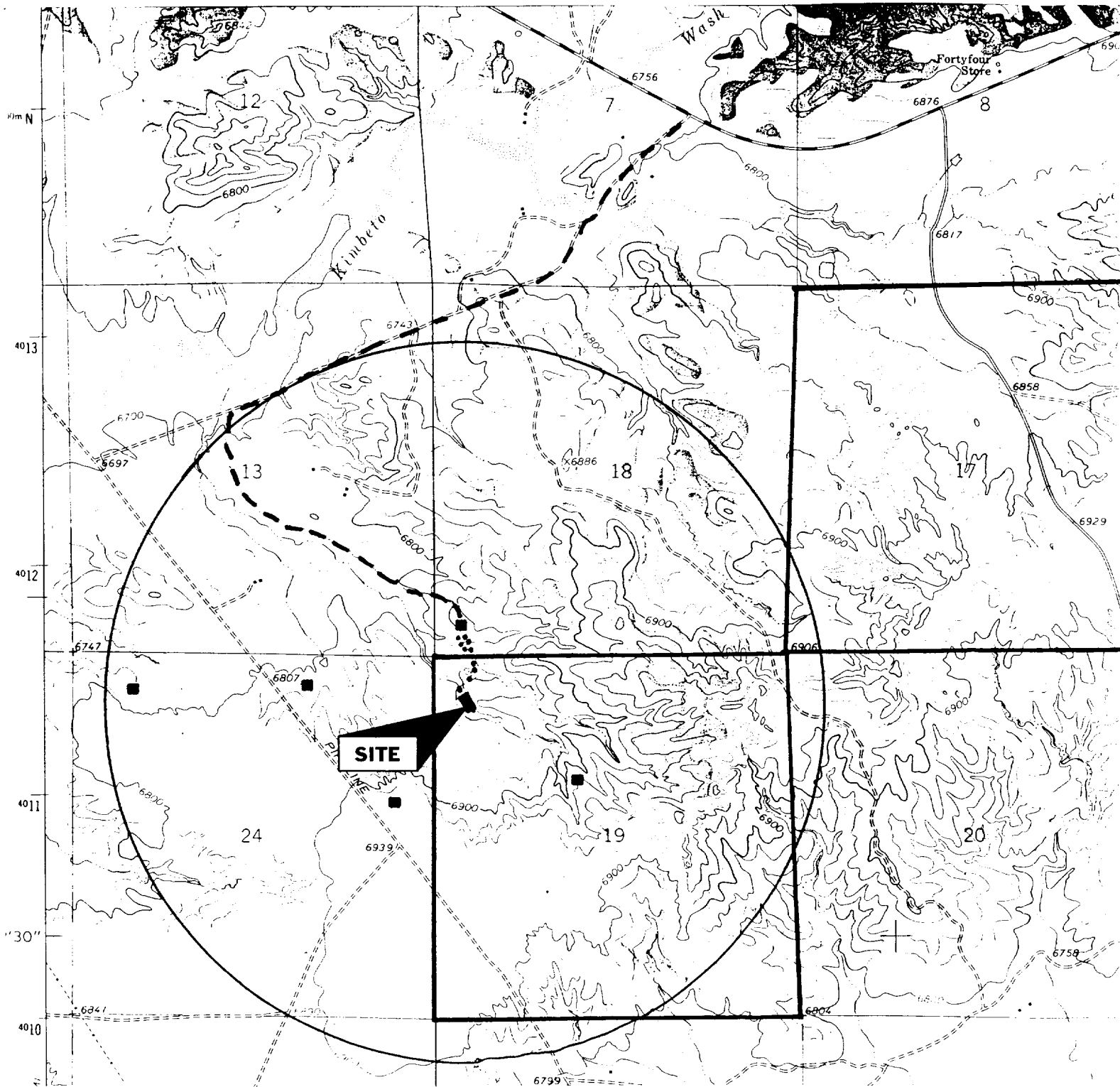
NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<b>OPERATOR CERTIFICATION!</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i>	
Printed Name	<b>BRIAN WOOD</b>
Title	<b>CONSULTANT</b>
Date	<b>AUGUST 4, 2001</b>
<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location 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	
Signature and Seal of Professional Surveyor	

Yates Drilling Company  
 Nageezi Federal #2  
 683' FNL & 532' FWL  
 Sec. 19, T. 23 N., R. 8 W.  
 San Juan County, New Mexico

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PROPOSED WELL: ■ NEW ROAD: ⋯  
 EXISTING WELL: ■ EXISTING ROAD: ~  
 LEASE: └ RIGHT-OF-WAY APPLN.: ⋯

**PERMITS WEST**, INC.  
 PROVIDING PERMITS for LAND USERS

Yates Drilling Company  
Nageezi Federal #2  
683' FNL & 532' FWL  
Sec. 19, T. 23 N., R. 8 W.  
San Juan County, New Mexico

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Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

### 3. PRESSURE CONTROL

BOP systems will follow Onshore Order #2 and API RP 53. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is on PAGE 3.

BOP controls will be installed before drilling the surface casing plug and remain in use until the well is completed or abandoned. Once out from under the surface casing, a minimum 2,000 psi BOP and choke manifold system will be used on 8-5/8" casing. System will include anchored choke lines, kelly cock, pit level indicators, and flow sensor. A sub with a 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.

All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Will test to 1,000 psi with rig pump.

### 4. CASING & CEMENT

The proposed casing program is:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
12-1/4"	8-5/8"	24	J-55	ST&C	New	275'
7-7/8"	4-1/2"	10.5	J-55	ST&C	New	5,120'

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Minimum casing design factors include collapse = 1.125, burst = 1.0, and tensile strength = 1.8.

Surface casing will be cemented to the surface with  $\approx 212$  cubic feet (87% excess) Class B with 2%  $\text{CaCl}_2$  (yield = 1.18, weight = 15.6). Two centralizers will be used.

Production casing will be cemented to the surface in two stages with DV tool set at  $\approx 3,500'$ . First stage will be cemented with  $\approx 250$  sx 50/50 Poz + 2% gel (yield = 1.32, weight = 13.4) tailed in with  $\approx 50$  sx Class B (yield = 1.18, weight = 15.6). Second stage will be cemented from the DV to the surface with 550 sx 65/35 Poz + 6% gel (yield = 1.86, weight = 12.4) tailed in with  $\approx 50$  sx Class B (yield = 1.18, weight = 15.6). Excess = 95%. Six to eight centralizers will be used.

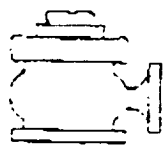
## 5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 275'	Fresh water spud mud	8.4 - 9.2	40-50	NC
275' - 5,120'	Polymer/starch	8.8 - 9.2	32-50	<8 cc

Sufficient mud material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well site while drilling. Mud will be checked hourly by rig personnel.

## 6. CORING, TESTING, & LOGGING

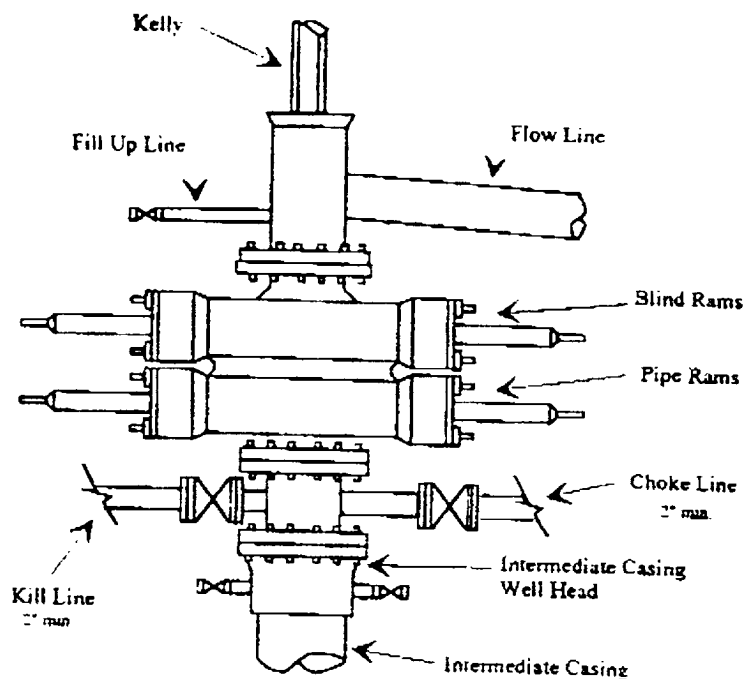
No cores are planned. Conventional DSTs may be run in the Gallup. FDC/CNL and DLL/GR logs will be run from TD to surface casing.



## Yates Petroleum Corporation

BOP-2

### Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Typical 2,000 psi choke manifold assembly with at least these minimum features

