

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 01 2005

APPLICATION FOR PERMIT TO DRILL OR REENTER

000-ARTESIA

0  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

NM-88136

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No. 20474  
Corral Draw AQH Federal #2

9. API Well No. 30-015-34257

10. Field and Pool, or Exploratory  
96473

11. Sec., T., R., M., or Blk. and Survey or Area  
Section 13, T24S-R29E

12. County or Parish  
Eddy County

13. State  
NM

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator 25575  
Yates Petroleum Corporation Under Pierce Crossing, Bone Spring, East

3A. Address 105 South Fourth Street  
Artesia, New Mexico 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 1980' FNL and 1980' FWL  
At proposed prod. Zone Same

14. Distance in miles and direction from nearest town or post office\*  
Approximately 36 miles east of Malga, New Mexico.

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
1980'

16. No. of Acres in lease  
320.00

17. Spacing Unit dedicated to this well  
NE/NW

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
.4 of mile

19. Proposed Depth  
6970' 9200'

20. BLM/BIA Bond No. on file  
NM-2811

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3073' GL

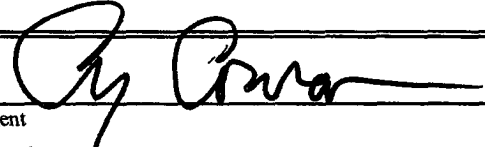
22. Approximate date work will start\*  
ASAP

23. Estimated duration  
45 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 shall be filed with the appropriate Forest Service Office.
4. Bond to cover the operations unless covered by an 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 authorized office.

25. Signature  Name (Printed/Typed) Cy Cowan Date 6/20/05

Regulatory Agent  
Regulatory Agent

Approved by (Signature) /s/ Tony J. Herrell Name (Printed/Typed) /s/ Tony J. Herrell Date JUL 27 2005

Title FIELD MANAGER Office CARLSBAD FIELD 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 conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully 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 reverse)

C-144 attached

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

9.5  
355h

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☐

Operator: YATES PETROLEUM CORPORATION Telephone: (505) 748-1471

e-mail address: \_\_\_\_\_

Address: 105 South Fourth Street, Artesia, NM 88210

Facility or well name: Corral Draw AQH Federal #2 API #: \_\_\_\_\_ U/L or Qtr/Qtr F Sec 13 T 24S R 29E

County: Eddy Latitude N 32°13'09.7" Longitude W 103°56'24.8" NAD: 1927 X 1983 ☐ Surface Owner Federal X State Private ☐ Indian ☐

**Pit**

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined X Unlined ☐

Liner type: Synthetic X Thickness 12 mil Clay ☐ Volume 20,000 bbl

**Below-grade tank**

Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_

Construction material: \_\_\_\_\_

Double-walled, with leak detection? Yes ☐ If not, explain why not. \_\_\_\_\_

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

0

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

0

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

0

**Ranking Score (Total Points)**

0

**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit X or an (attached) alternative OCD-approved plan ☐.

Date: June 20, 2005

Printed Name/Title Cy Cowan, Regulatory Agent

Signature 

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 8/4/05

Printed Name/Title

Mike Bratcher DIST II

Signature

Mike Bratcher

**DISTRICT II**  
811 South First, Artesia, NM 88210

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

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87505

Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

# 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 Pierce Crossing Bone Spring	East
Property Code	Property Name CORRAL DRAW "AOH" FEDERAL	Well Number 2	
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3073	

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	13	24S	29E		1980	NORTH	1980	WEST	EDDY

### 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

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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.   Signature Cy Cowan  Printed Name Regulatory Agent  Title June 6, 2005 Date
	<b>SURVEYOR CERTIFICATION</b>  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.  10/21/2004 Date Surveyed Signature of Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 CORRAL-DRAW GENERAL SURVEYING COMPANY

0 330' 660' 990' 1650' 1980' 2310' 2640' 2970' 3300' 3630' 3960' 4290' 4620' 4950' 5280' 5610' 5940' 6270' 6600' 6930' 7260' 7590' 7920' 8250' 8580' 8910' 9240' 9570' 9900' 10230' 10560' 10890' 11220' 11550' 11880' 12210' 12540' 12870' 13200' 13530' 13860' 14190' 14520' 14850' 15180' 15510' 15840' 16170' 16500' 16830' 17160' 17490' 17820' 18150' 18480' 18810' 19140' 19470' 19800' 20130' 20460' 20790' 21120' 21450' 21780' 22110' 22440' 22770' 23100' 23430' 23760' 24090' 24420' 24750' 25080' 25410' 25740' 26070' 26400' 26730' 27060' 27390' 27720' 28050' 28380' 28710' 29040' 29370' 29700' 30030' 30360' 30690' 31020' 31350' 31680' 32010' 32340' 32670' 33000' 33330' 33660' 33990' 34320' 34650' 34980' 35310' 35640' 35970' 36300' 36630' 36960' 37290' 37620' 37950' 38280' 38610' 38940' 39270' 39600' 39930' 40260' 40590' 40920' 41250' 41580' 41910' 42240' 42570' 42900' 43230' 43560' 43890' 44220' 44550' 44880' 45210' 45540' 45870' 46200' 46530' 46860' 47190' 47520' 47850' 48180' 48510' 48840' 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**YATES PETROLEUM CORPORATION**  
**Corral Draw AQH Federal #2**  
 1980' FNL & 1980' FWL  
 Section 13-T24S-R29E  
 Eddy County, New Mexico

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

Rustler	330'	Brushy Canyon Marker	5360'
Top of Salt	450'	Brushy Canyon	6700'
Base of Salt	3015'	Bone Spring	6970'
Bell Canyon	3220'	TD	9200'
Cherry Canyon	4090'		

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

Water: Approx 18'

Oil or Gas: All potential zones.

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	0-500'	500'
11"	8 5/8"	32#	J-55	ST&C	0-100'	100'
11"	8 5/8"	24#	J-55	LT&C	100'-2200'	2100'
11"	8 5/8"	32#	J-55	ST&C	2200'-3200'	1000'
7 7/8"	5 1/2"	17#	J-55	ST&C	0-500'	500'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	500'-7200'	6700'
7 7/8"	5 1/2"	17#	J-55	LT&C	7200'-9200'	1000'

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

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

**B. CEMENTING PROGRAM:**

Surface casing: 350 sx Lite "C" (YLD 2.01 WT 12.4); Tail in w/ 200 sx Class "C" + 2% CaCl<sub>2</sub> (YLD 1.34 WT 14.8).

Intermediate Casing: 825 sx Lite (YLD 2.01 WT 11.9); Tail in w/ 200 sx "C" + 2% CaCl<sub>2</sub> (YLD 1.32 WT 14.8)

Production Casing: Stage I: TOC 6500', 550 sx Super "H" (YLD 16.7 WT 13.0) DV tool + packer at 6500'. Tail in w/ 50 sx Thixset (YLD 1.4 WT 14.4).  
Stage II: 550 sx Lite (YLD 2.5 WT 11.9); Tail in w/ 50 sx Premium (YLD 1.3 WT 14.8)

## 5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-500'	FW/Spud Mud	8.4-8.6	30-34	N/C
500'-3200'	Brine	10.0-10.2	28	N/C
3200'-5150'	Cut Brine	8.8-9.1	28-29	N/C
5150'-9200'	Cut Brine/Starch	8.8-9.2	28-32	<10-15cc

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: 30' samples surface to 3000'; 10' samples 3000'-TD.

Logging: Platform HALS; CMR.

Coring: None Anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: O	TO: 500'	Anticipated Max.	BHP: 220	PSI
From: 500'	TO: 3200'	Anticipated Max.	BHP: 1700	PSI
From: 3200'	TO: 9200'	Anticipated Max.	BHP: 4400	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: 168 F

## 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.

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

**Yates Petroleum Corporation**

**Corral Draw AQH Federal #2**

**1980' FNL & 1980' FWL**

**Section. 13-T24S-R29E**

**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 36 miles east of Malga, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go east of Malga, New Mexico on Duarte Road (CR-720) for .7 of a mile to Harroun Road (CR-745). Turn left on Harroun Road and go approx. 2.9 miles to Dog Town Road (CR-788). Turn right on Dog Town Road and go approx. 1.1 miles. Turn left here on caliche road and go 1.9 miles. Turn left here at a cattleguard and go past dry hole location with tanks on it to one more cattleguard. Turn right here (Devon Ore Ida Lease sign here) go 1.6 miles. Cattleguard and powerpoles on the left. Turn left here and go .8 of a mile to the Corral Draw AQH Federal #1 well location. The new road will start here going northeast for approx. .3 of a mile to the southwest corner of the well location.

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

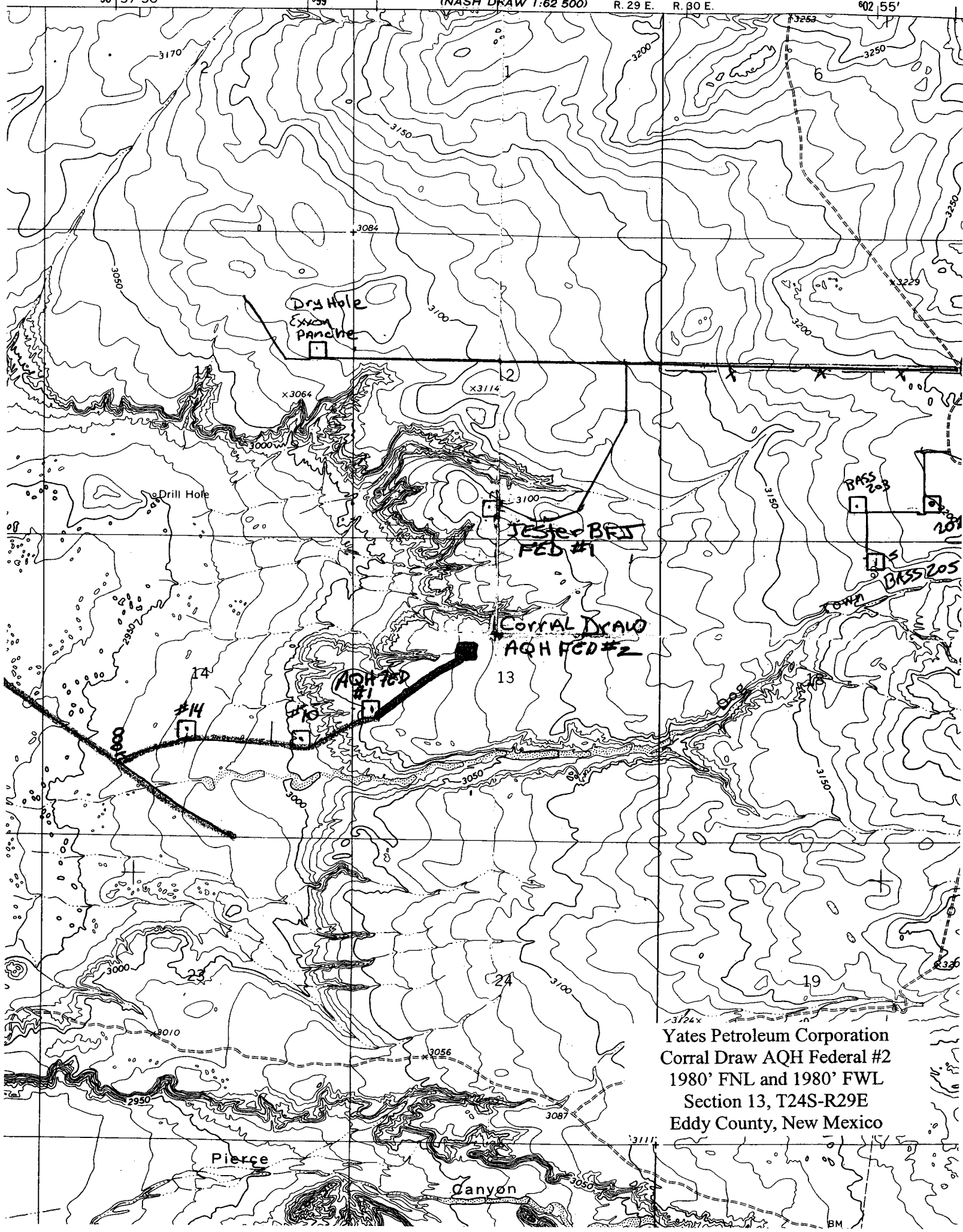
- A. The proposed new access will be approximately 0.3 of a mile going northeast to the southwest corner of the drilling pad. The road will lie in a northeasterly direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- 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**

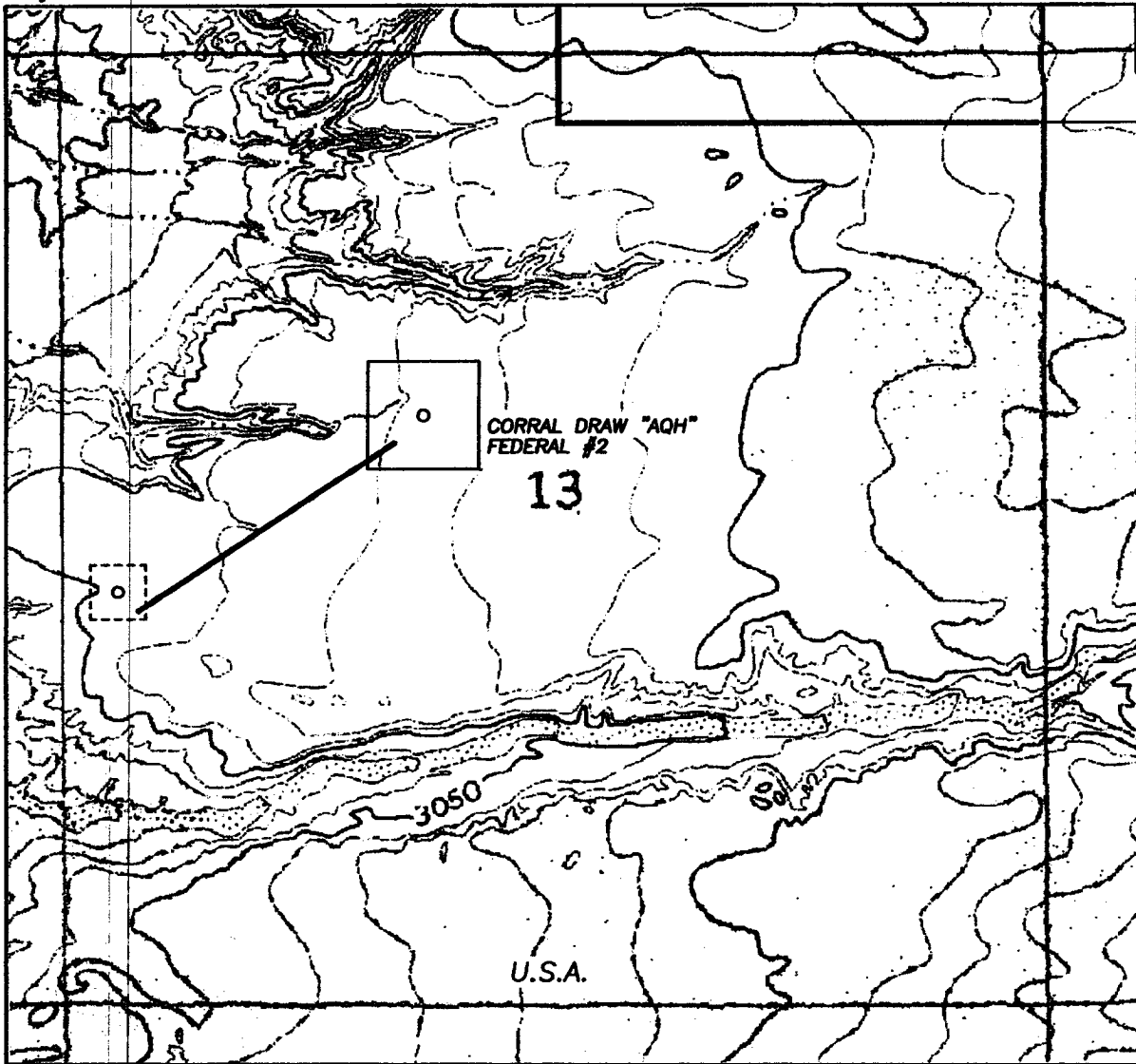
- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

### **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.



SECTION 13, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



1000' 0 1000' 2000'  
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES, P.E. No. 3640

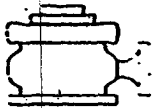
GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

## YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES CORRAL DRAW "AQH" FEDERAL #2 WELL, LOCATED IN SECTION 13, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 10/21/2004	Sheet 2 of 2 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 10/21/04	Scale 1" = 1000' CORRAL DW





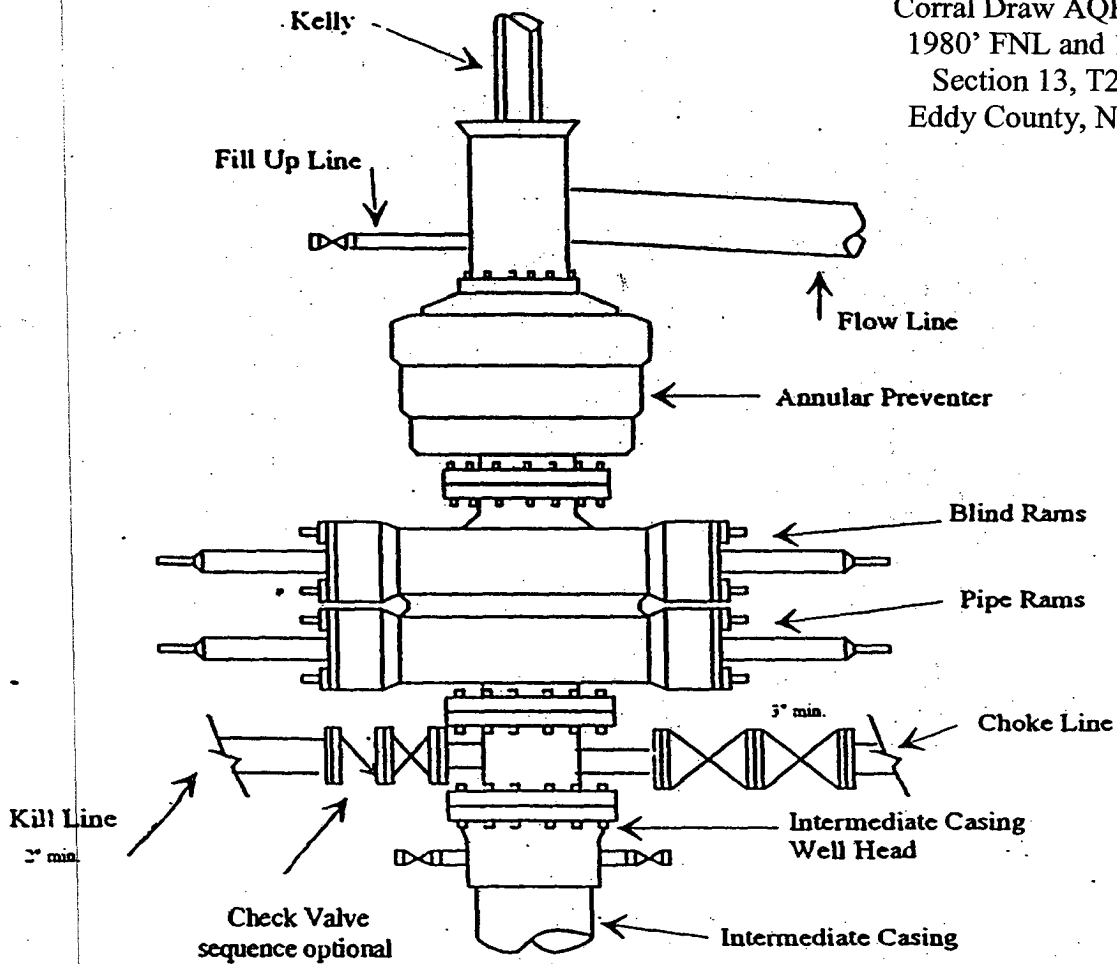
# Yates Petroleum Corporation

BOP-3

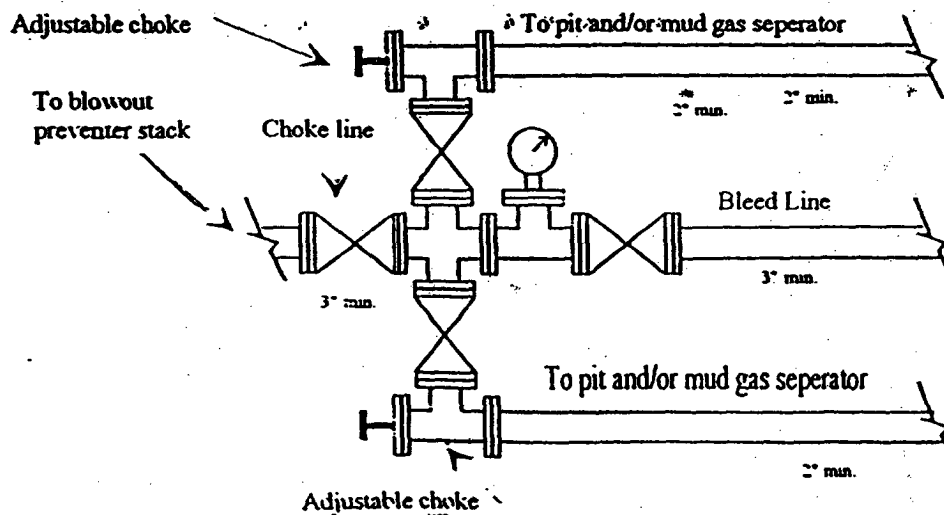
Typical 3,000 psi Pressure System  
Schematic

Annular with Double Ram Preventer Stack

Yates Petroleum Corporation  
Corral Draw AQH Federal #2  
1980' FNL and 1980' FWL  
Section 13, T24S-R29E  
Eddy County, New Mexico



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



## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corporation  
Well Name & No. Corral Draw AQH Federal #2  
Location: 1980' FNL, 1980' FWL, Section 13, T. 24 S., R. 29 E., Eddy County, New Mexico  
Lease: NM-88136

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

A. Well spud

B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch

C. BOP tests

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. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

### II. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 500 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is to be circulated to the surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

### III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi. A 2000 psi system may be used to drill the intermediate section of the well if necessary. Testing to 1000 psi is approved.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.