

Resubmittal

OCD-ARTESIA SECRETARY'S POTASH

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

APR 18 2006

OCD-ARTESIA

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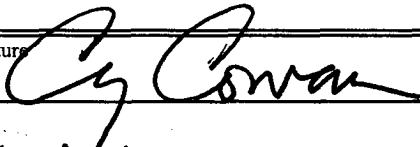
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>LC-028990-B</b>	
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator <b>Yates Petroleum Corporation, 25575</b>		7. If Unit or CA Agreement, Name and No. <b>13231</b>	
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		8. Lease Name and Well No. <b>A</b> <b>Creek AL Federal #16</b>	
3b. Phone No. (include area code) <b>(505) 748-1471 56405</b>		9. API Well No. <b>30-016-34789</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>990' FSL and 1780' FEL, Unit O</b> At proposed prod. Zone <b>Same</b>		10. Field and Pool, or Exploratory <b>Shugart, Bone Spring, North</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately 8 miles Southwest of Loco Hills, New Mexico</b>		11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 24, T18S-R30E</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1780'</b>		12. County or Parish <b>Eddy County</b>	
16. No. of Acres in lease <b>560</b>		13. State <b>NM</b>	
17. Spacing Unit dedicated to this well <b>40 acres SW/4SE/4</b>		18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. <b>1300'</b>	
19. Proposed Depth <b>8400'</b>		20. BLM/BIA Bond No. on file <b>Nm 2811 585997</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3611' GL</b>		22. Approximate date work will start* <b>ASAP</b>	
23. Estimated duration <b>30 days</b>		24. Attachments <b>Capitan Controlled Water Basin</b>	

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.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).   |
| 2. A Drilling Plan.  | 5. Operator certification.  |
| 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. | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) <b>Cy Cowan</b>	Date <b>2/25/2006</b>
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Title:  
**Regulatory Agent**

Approved by (Signature) <b>/s/ Linda S. C. Rundell</b>	Name (Printed/Typed) <b>/s/ Linda S. C. Rundell</b>	Date <b>APR 12 2006</b>
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Title <b>STATE DIRECTOR</b>	Office <b>NM STATE OFFICE</b>
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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

Previously Approved

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

District I  
1625 French Dr., Hobbs, NM 88240

District II  
811 South First, 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

Form C-102  
Revised August 15, 2000

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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 <b>30-015-32207</b>	<sup>2</sup> Pool Code <b>56905</b>	<sup>3</sup> Pool Name <b>Shugart Bone Spring, North</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Creek AL Federal</b>	<sup>6</sup> Well Number <b>16</b>
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>	<sup>9</sup> Elevation <b>3611</b>

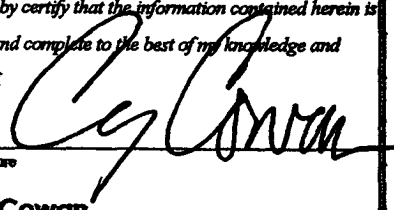
<sup>10</sup> Surface Location

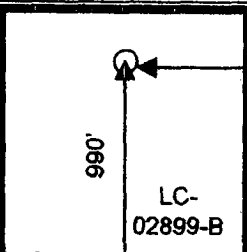
UL or lot no. <b>O</b>	Section <b>24</b>	Township <b>18S</b>	Range <b>30E</b>	Lot Idn	Feet from the <b>990</b>	North/South line <b>South</b>	Feet from the <b>1780</b>	East/West line <b>East</b>	County <b>Eddy</b>
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<sup>11</sup> Bottom Hole Location 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 <b>40</b>	<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

<sup>16</sup>					<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature <b>Cy Cowan</b> Printed Name <b>Regulatory Agent</b> Title <b>01/05/2004</b> Date
					<sup>18</sup> 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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number



990'  
LC-02899-B  
1780'



**YATES PETROLEUM CORPORATION**  
**Creek "AL" Federal #16**  
 990' FSL and 1780' FEL  
 Section 24-T18S-R30E  
 Eddy County, New Mexico

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

Rustler	485'
Tansill	1800'
Yates	1910'
Seven Rivers	2350'
Queen	3075'
Grayburg	3560'
Delaware	4600'
Bone Spring	5820'
Dolomite	8220'
TD	8400'

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

Water: 250'-350'  
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" 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	0-700'	700'
11"	8 5/8"	32#	J-55	ST&C	0-2800'	2800'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100'-6800'	6700'
7 7/8"	5 1/2"	17#	J55	LT&C	6800'-8400'	1600'

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

## B. CEMENTING PROGRAM:

Surface casing: 400 sx Lite(Yld 2 Wt. 12.5) Tail in w/250 sx Class "C" + 2% CaCL<sub>2</sub> (YLD 1.32 WT 14.8).

Intermediate Casing: 600 sx Lite (Yld 2 Wt 12.5). Tail in w/250 sx Class "C" + 2% CACL<sub>2</sub> (Yld 1.32 Wt. 14.8).

Production Casing: TOC-2300'; 550 sx Lite (Yld 2 Wt. 12.5). Tail in w/500 sx Super "C" (Yld 1.32 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>
0-700'	FW/Native Mud	8.4-9.0	28-32	N/C
700'-2800'	Brine	10.0-10.2	28	N/C
2800'- TD	FW/Cut Brine	8.4-9.2	28	N/C

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 to 5000'. 10' samples to 5000' to TD.

Logging: Platform HALS.

Coring: Sidewall cores as warranted.

DST's: As warranted.

## 7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0	TO: 700'	Anticipated Max. BHP:	300	PSI
From: 700'	TO: 2800'	Anticipated Max. BHP:	1200	PSI
From: 2800'	TO: TD	Anticipated Max. BHP:	3700	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

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

## 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**  
**Creek "AL" Federal #16**  
990' FSL and 1780' FEL  
Section 24-T18S-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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 8 miles Southeast of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go East of Artesia on Highway 82 to Highway 360. Turn Right on 360 and go to Duval Shaft Road (CR 251). Turn left on Duval Shaft Road and to Grubbs Rd (CR 250). Turn right on Grubbs Rd. and go approx. 4.8 miles. Turn north here and go approx. 0.7 of a mile to the Creek "AL" Battery on the right. On the west side of the Creek Battery follow road to the North for approx. 0.3 of a mile to the Creek AL Fee #2 well. Turn West and follow existing two track road West for approx. 0.2 of a mile to the Southeast corner of the well pad.

2. **PLANNED ACCESS ROAD:**

- A. The proposed new access will go west for approximately 0.2 of a mile to the Southeast corner of the drilling pad. The road will lie in an east to west 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. Some traffic turnouts 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 no drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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:

Dirt contractor will locate nearest 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 landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: INCLUDE ONE (1) 3" SDR-11, POLY, SURFACE FLOWLINE AND ONE (1) 640 VOLT, 3 PHASE, RAPTOR PROOF POWERLINE FOLLOW ACCESS ROADS TO THE CREEK BATTERY, SEE EXHIBIT.

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 well site 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 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.

13. OPERATOR'S REPRESENTATIVE:


A. Through A.P.D. Approval:  
  
Cy Cowan, Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

B. Through Drilling Operations,  
Completions and Production:  
Pinson McWhorter,  
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.

2/25/2006

  
\_\_\_\_\_  
Regulatory Agent

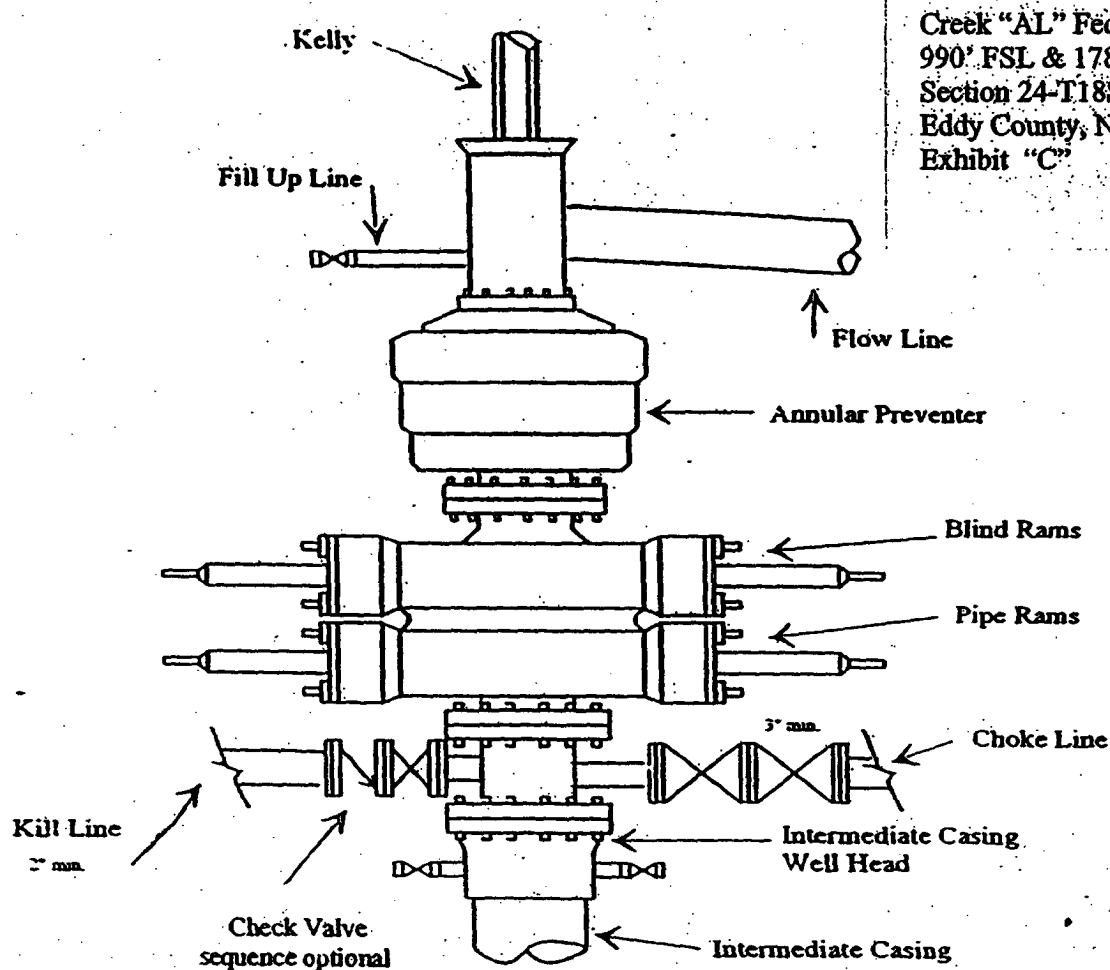




# Yates Petroleum Corporation

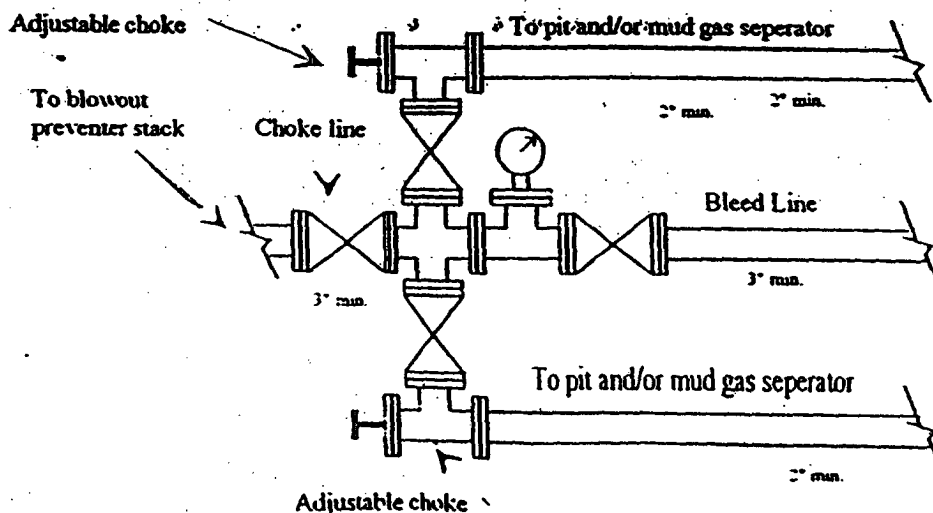
BOP-3

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Creek "AL" Federal #16  
990' FSL & 1780' FEL  
Section 24-T18S-R30E  
Eddy County, New Mexico  
Exhibit "C"

## 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: Creek AL Federal Com No. # 016

Location: Surface ~~900'~~ <sup>900'</sup> ESL & 1780' FEL Sec. 24, T. 18 S. R. 30 E.

Lease: NMLC-028990B ~~LSA~~ Eddy County, NM

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### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

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

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan shall not be required on this wellbore. The operator shall verify that all hands and rig personnel has had sufficient training in H2S Safety Awareness and uses caution at the return flow line and stays aware of its dangers and the signs thereof.

3. 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.

4. 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.

5. 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 shall be set at 700 Feet OR at least 10 feet minimum above the Top of the Salt if encountered at this depth, with 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 circulate to surface.

3. The minimum required fill of cement behind the 5 1/2 inch Production casing is to place TOC at approximately 2700 ft., at lest 200 feet above any potential known hydrocarbon zones.

### 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. 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 5 M psi.

### **III. Pressure Control (continued):**

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

- The test 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 safe workman-like manner. Hard line connections shall be required.

**Ggourley 02/10/06**