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United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

RECEIVED

JUN 25 1979

O. C. C.
ARTESIA, OFFICE

June 22, 1979

Yates Petroleum Corp.
207 South 4th Street
Artesia, New Mexico 88210

Gentlemen:

YATES PETROLEUM CORP.
South Alkali "I.K" Fed. No. 1
1980 FNL 1980 FEL Sec. 12 T6S R25E
Chaves County Lease No. NM-9813

Above Data Required on Well Sign

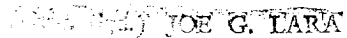
Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 5700 feet to test the Granite Wash is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.
3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should not be less than 8" x 5" in size and each page should identify the well.
4. Before drilling below the 8-5/8" Intermediate casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
5. A kelly cock will be installed and maintained in operable condition.
6. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.



7. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
 - (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
9. Cement behind the 13-3/8" and 8-5/8" casing must be circulated.
10. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

 JOE G. LARA

Joe G. Lara
Acting District Engineer