

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**1a. TYPE OF WORK**DRILL ☒DEEPEN ☐PLUG BACK ☐**b. TYPE OF WELL**OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☐MULTIPLE
ZONE ☐**2. NAME OF OPERATOR**

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

207 South 4th Street, Artesia, New Mexico 88210

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

At surface

1980' FSL 660' FEL

At proposed prod. zone

Abo

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

30 miles NNE of Roswell, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drilg. unit line, if any)

660'

16. NO. OF ACRES TO LEASE

2040

18. DISTANCE FROM PROPOSED LOCATION*TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

3.8 miles SSW

19. PROPOSED DEPTH

4300

17. NO. OF ACRES ASSIGNED

TO THIS WELL

160

20. ROTARY OR CABLE TOOLS

Rotary

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

3622.8

22. APPROX. DATE WORK WILL START*

As soon as approved

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"	48# J-55	450'	300 sx circulate
7 7/8"	5 1/2" or 4 1/2"	15.5# or 10.5#	TD	450 sx circulate

We proposed to drill and test the Abo and intermediate formations. Approximately 450' of surface casing will be set and cement circulated to shut off gravel and caving. If needed (lost circulation), 8 5/8" intermediate casing will run to 1500' and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforate and stimulate as needed for production.

MUD PROGRAM: FW gel and LCM to 1500', brine KCL to 3200', KCL drispak & starch to TD.
MW 10-10.2, Vis 34-39, WL 14-7.

BOP PROGRAM: BOP's will be installed on 13 3/8" casing and tested daily.

GAS NOT DEDICATED.

NOV 26 1980

O. C. D.

ARTESIA OFFICE

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed 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

TITLE

Regulatory Coordinator

DATE

10/24/80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

George H. STEWART

TITLE

ACTING DISTRICT ENGINEER

DATE

NOV 21 1980

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

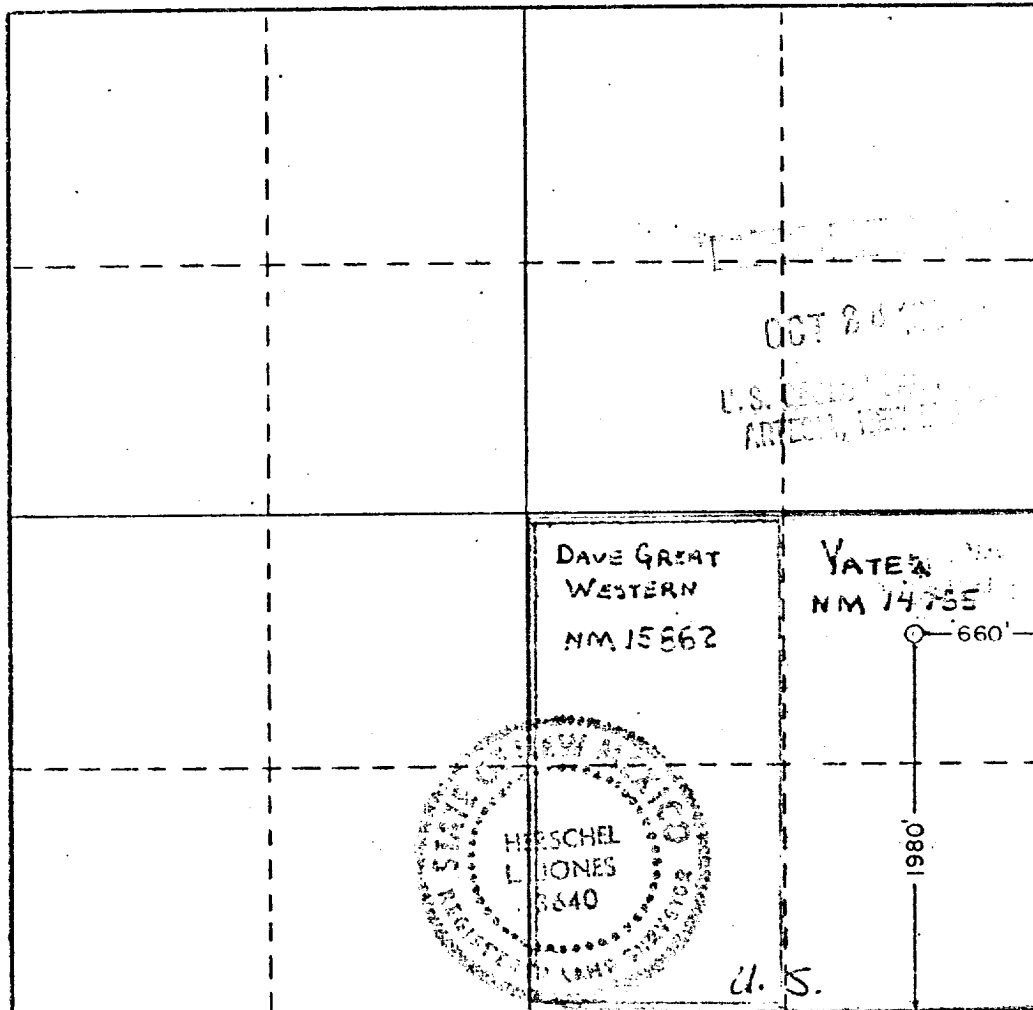
Operator YATES PETROLEUM CORPORATION			Lease Powers OL Federal		Well No. 3
Unit Letter I	Section 14	Township 6 South	Range 25 East	County Chaves	
Actual Footage Location of Well: 1980 feet from the South line and 660 feet from the East line					
Ground Level Elev. 3622.8	Producing Formation Aeo		Pool UNDES. ABO	Dedicated Acreage: 150 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation COMMUNITIZED

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 interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name James A. Jones
Position Yates Petroleum Corporation
Company REGULATORY COORDINATOR
Date 10/24/80

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
October 18, 1980

Registered Professional Engineer and/or Land Surveyor

Herschel L. Jones
Certificate No. **3640**

Yates Petroleum Corporation
Powers "OL" Federal #3
1980' FSL and 660' FEL
Section 14, T6S - R25E
Chaves County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is sandy alluvium.
2. The estimate tops of geologic markers area as follows:

San Andres	455
Glorieta	1405
Abo	3455
Wolfcamp	4236
TD	4300
3. The estimated depths at which anticipated water, oil, or gas formations are expected to be encountered:

Water:	Approximately 260' - 330'
Oil or Gas:	Abo 3500' - 4150'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C and Exhibit B.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Kelly Cock, pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

Samples:	Surface casing to TD
DST's:	As warranted
Logging:	Surface casing to TD, CNL-FDC TD to casing with GR-CNL on to surface and DLL from TD to casing with R _x O.
Coring:	None anticipated
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

Yates Petroleum Corporation
Powers "OL" Federal #3
1980' FSL and 660' FEL
Section 14, T6S - R25E
(Exploratory Well)

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location, the construction activities and operations plan, 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 drilling of this well.

1. EXISTING ROADS.

Exhibit A is a portion of a county map showing the roads in the vicinity of the proposed location. The proposed wellsite is located approximately 30 miles NNE of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed north from Roswell on Highway 285 for a distance of approximately 28 miles.
2. Turn east for approximately 1 1/4 miles and continue north for 3 3/4 miles. Then west for 1 mile to South Alkali "LK" location. Turn south 3/4 mile to Teckla MD Federal #2 location. The new road will start at location going southwest approximately 3/4 mile to proposed site.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 3/4 mile in length from point of origin to the southeast edge of the drilling pad. The road will lie in a northeast-to-southwest direction.
- B. The new road will be 12 feet in width (driving surface).
- C. The new road will be covered with the necessary depth of caliche or other suitable material. The surface will be crowned, with drainage on one side. No turnouts will be built.
- D. The new road has been flagged and the route of the road is visible.

3. LOCATION OF EXISTING WELL.

- A. There are water and gas or oil wells within one-mile radius of 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. Water will be obtained from ranches and will be trucked to the location.

6. SOURCE OF CONSTRUCTION MATERIALS.

- A. Material for construction of the drilling pad and the new access road will be obtained from a pit located at NW/4 NW/4, Section 22, T5S, R24E or from access road and location itself.

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 to the USGS for appropriate approval.
- D. Oil produced during operation will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches dirt. All waste material will be contained of prevent scattering by the wind.
- G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

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, etc.
- B. The location surface is nearly level with loose sandy material.
- C. The reserve pits will be plastic lined.
- D. A 400' X 400' area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

- 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 pleasing a condition as possible.

- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and leveled.
- C. If the proposed well is non-productive, all rehabilitation requirements of the Operator-Landowner Agreement will be complied with and will be as expeditiously as possible. All pits will be filled leveled within 90 days after abandonment.

11. OTHER INFORMATION.

- A. Topography: The land surface in the vicinity of the wellsite is nearly level. The immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover consists of tobosa, terpetine, pepper weed and mesquite. No wildlife was observed, but the wildlife in the area probably includes those typical of semi-arid desert land. The area is used for cattle grazing.
- C. The Pecos River is approximately $4\frac{1}{2}$ miles east.
- D. There is a watering tank within a mile of the vicinity of the proposed well.
- E. Surface Ownership: The wellsite is on fee surface and federal minerals.
- F. There is no evidence of any archaeological, historical or cultural sites in the area.

12. OPERATOR'S REPRESENTATIVE.

- A. The field representative responsible for assuring compliance with the approved surface use plan is:

Gliserio "Rod" Rodriguez or Johnny A. Lopez
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210
(505) 746-3558

13. 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 Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10/27/80

Date

Johnny A. Lopez
Johnny A. Lopez, Regulatory Coordinator

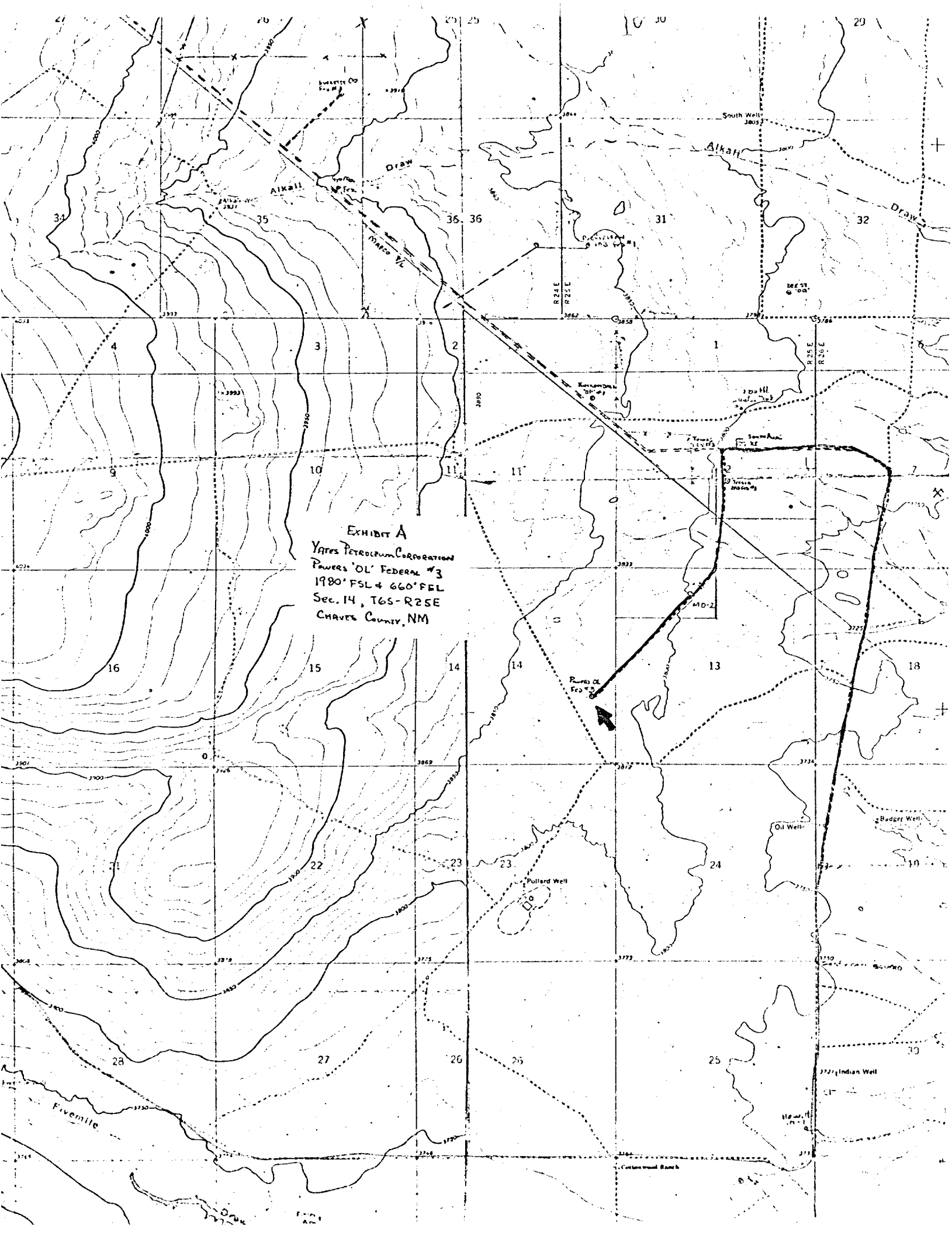
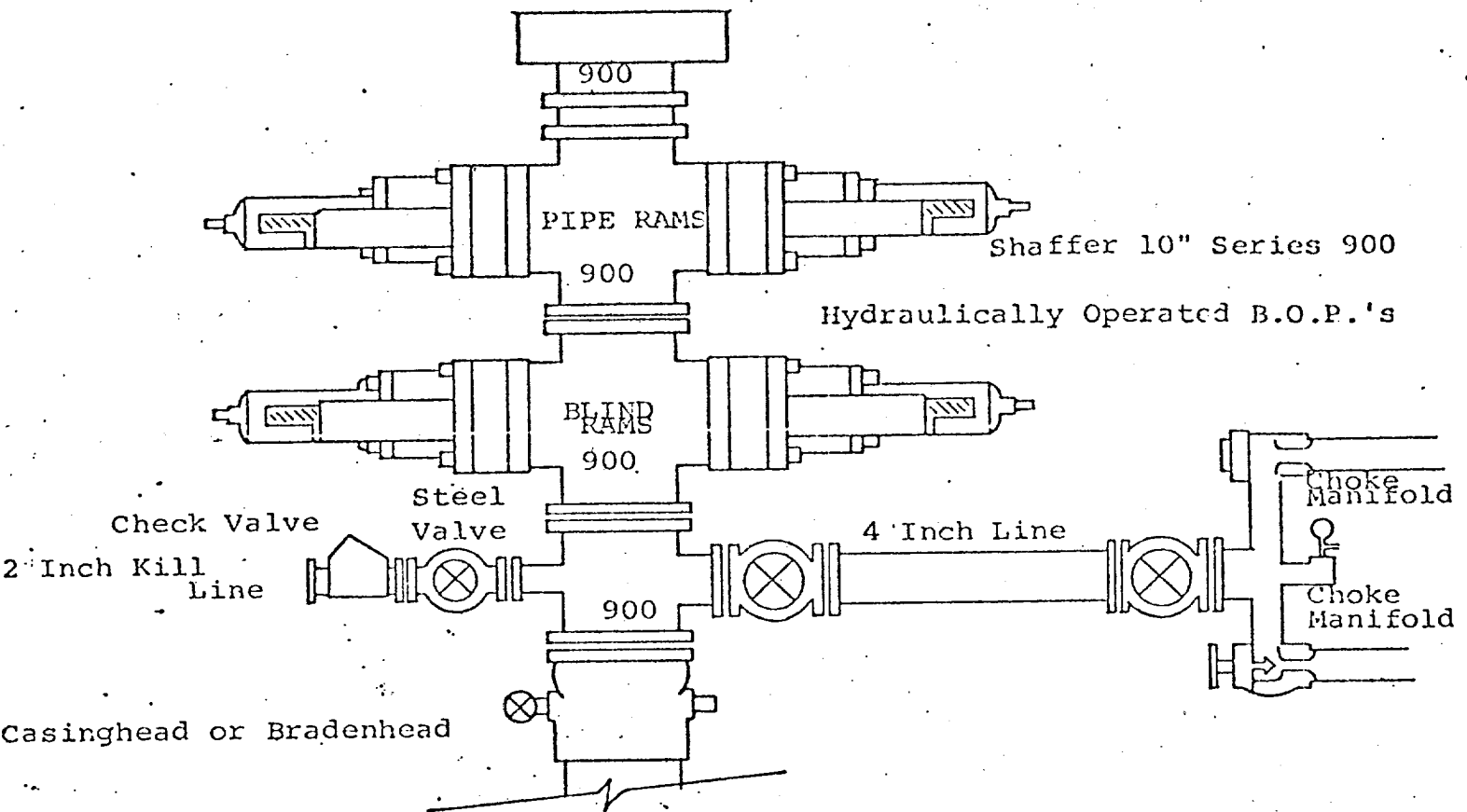


EXHIBIT A
Yates Petroleum Corporation
Powers OL Federal #3
1980' FSL & 660' FEL
Sec. 14, T6S-R25E
CHAVES COUNTY, NM

EXHIBIT B



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

EXHIBIT C

YATES PETROLEUM CORPORATION

