

N. M. Oil Cons. Division

811 S. 1ST ST.
ARTESIA, NM 88210-2834

5F

Form 3160-3
(August 1999)

RECEIVED
OCD - ARTESIA

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM-27791
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 YATES PETROLEUM CORPORATION ✓		7. If Unit or CA Agreement, Name and No.
3a. Address 105 South Fourth Street Artesia, NM 88210		8. Lease Name and Well No. Zane ABS Federal Com. #3
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 50-005-62577
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1780' FNL and 1980' FEL At proposed prod. zone Same <i>Four Ranch, Pre Permian</i>		10. Field and Pool, or Exploratory <i>[REDACTED]</i>
14. Distance in miles and direction from nearest town or post office* <i>Approximately 21 miles east of Roswell, NM.</i>		11. Sec., T., R., M., or Blk. and Survey or Area Section 15, T9S-R26E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 450'	16. No. of Acres in lease 240	17. Spacing Unit dedicated to this well E/2 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3000'	19. Proposed Depth 6200'	20. BLM/BIA Bond No. on file 585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3790' 3970' GR	22. Approximate date work will start* <i>As soon as a correct APD is turned in and approved.</i>	23. Estimated duration 20 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>[Signature]</i>	Name (Printed/Typed) Cy Cowan	Date July 14, 2000
Title Regulatory Agent		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) SILVIA D. BRAY	Date AUG 07 2000
Title Assistant Field Manager, Lands And Minerals	Office	APPROVED FOR 1 YEAR

Application approval does not warrant or certify the 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.

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)

Former: Yates - Zane ABS
Fed Com #2

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JUN 14 1962
ROOSEVELT, NEW YORK

District I
1625 N. French Dr., Hobbs, NM 88240

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

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name Wildcat	
Property Code	Property Name Zane ABS Federal Com.			Well Number 3	
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION			Elevation 3790'	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	15	9S	26E		1780'	North	1980'	East	Chaves

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320			

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

¹⁶		NM 28171 1780' 4PC	NM 27791	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <i>Cy Cowan</i> Printed Name Cy Cowan Title Regulatory Agent Date July 14, 2000 ¹⁸ 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
			1980' 7EE	
		NM 27791		
		4PC		

YATES PETROLEUM CORPORATION
Zane ABS Federal Com.#3 (Re-entry)
1780' FNL & 1980' FEL
Section 15-T9S-R26E
Chaves County, New Mexico

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

Wolfcamp	5176'
Cisco	5765'
Penn Clastics	5885'
Mississippian	6052'
Ordovician	6094'
TD	6200'

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

Water:	150'-300'
Oil or Gas:	5176' and 6200'

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>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
12 1/4"	8 5/8"	24#	J55	ST&C	8 rd	0-965'	965'
7 7/8"	4 1/2"	10.5#	J55	ST&C	8 rd	0-6200'	6200'

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

B. CEMENTING PROGRAM:

Surface casing: 600 sx circulated (in place).

Production Casing: Cemented back to TOC 3000'

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0 -6200'	Brine Water	9.3-9.5	45-55	N/A

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: 10' samples out from surface casing to TD.
Logging: CNL/LDT TD to casing w/GR-CNL to surface; DLL TD to CSG. W/min RXV.
Coring: None.
DST's: As warranted.

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

Anticipated BHP:

From: 0	To: 1145'	Anticipated Max. BHP:	500 PSI
From: 1145'	To: 6200'	Anticipated Max. BHP:	2400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 120 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 10 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Zane ABS Federal Com. #3 (Re-entry)
1780' FNL & 1980' FEL
Section 15-T9S-R26E
Chaves 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 21 miles east of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Roswell on Highway 70 to the Acme School House (Magdalena Road) Turn south and go approximately 6 miles. Turn north and go approximately .2 of a mile the the Spear OA Federal #2 location. The access road starts here going southeast for approximately .3 of a mile.

2. PLANNED ACCESS ROAD:

None needed as there is an existing road to the location. The existing road will be upgraded.

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.

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:

That which is on location. If additional materials are needed the dirt contractor will be responsible for locating them and obtain any permits if necessary

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 land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None.

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. No archaeological survey will be needed. Refer to Pecos Archaeological Consultants report PAC 87141 dated November 27, 1987.

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 wellsite 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, Roswell, 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:
- B. Through Drilling Operations, Completions and Production:

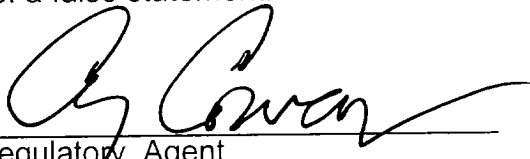
Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

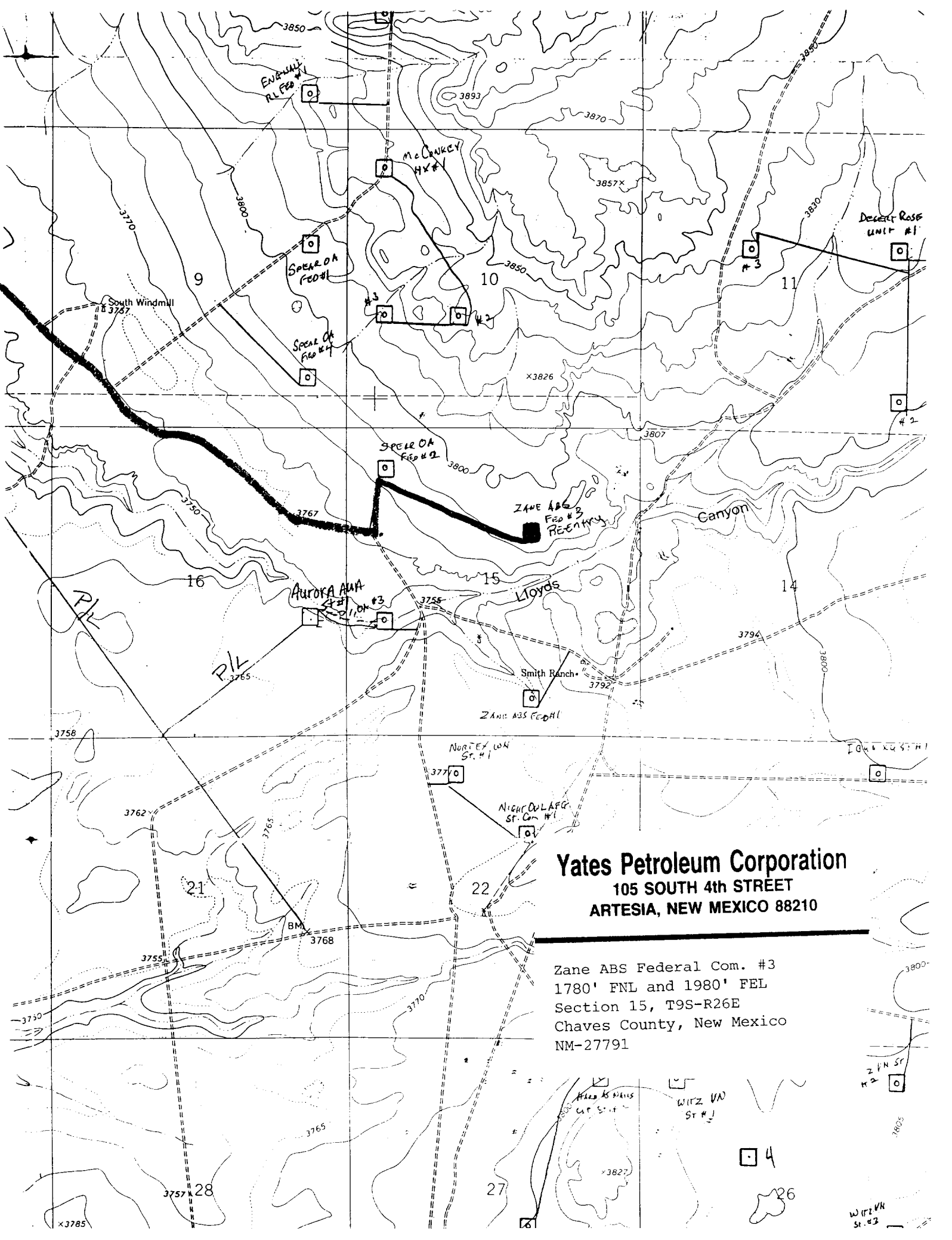
Brian Collins, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

7/13/00


Regulatory Agent



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

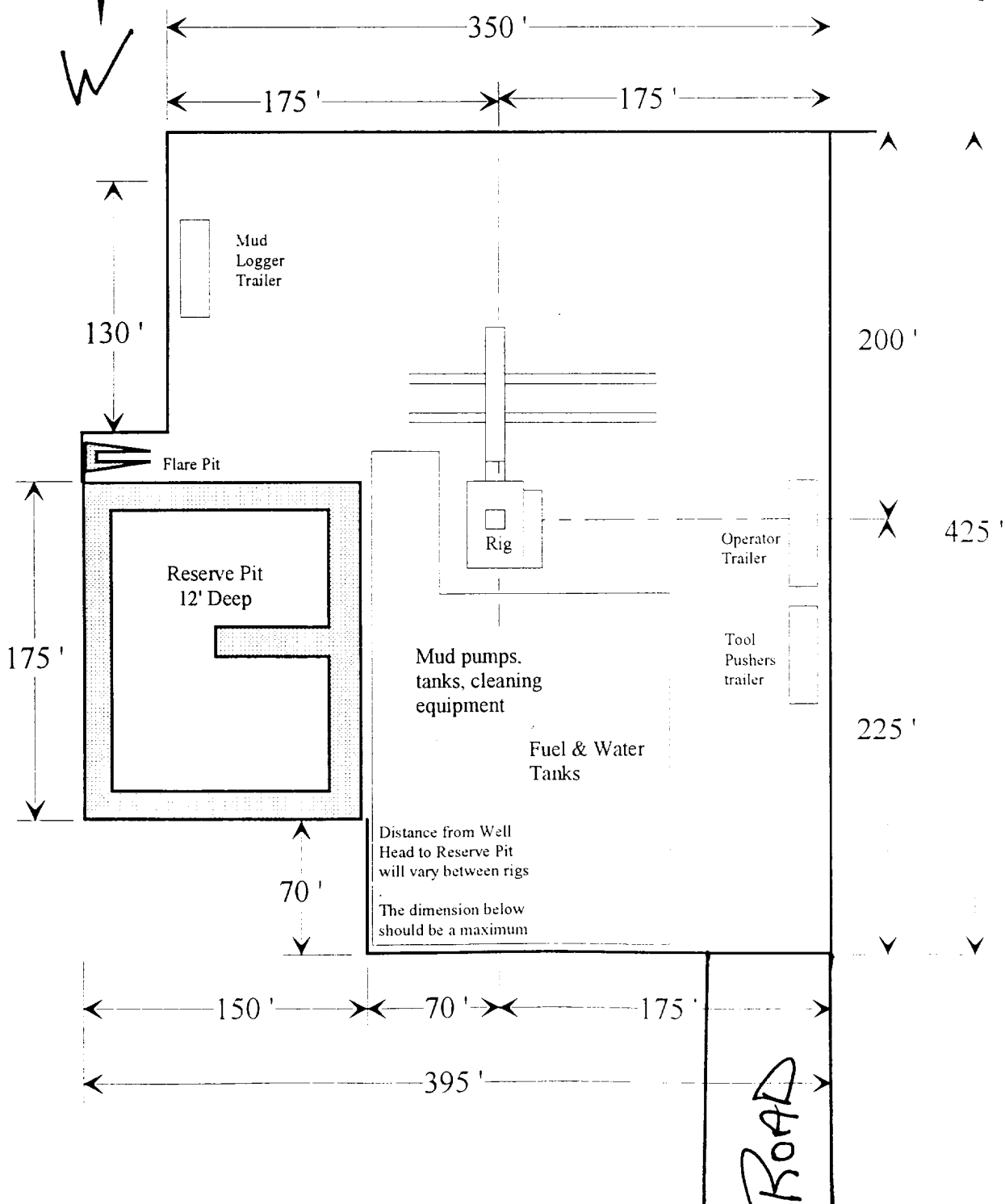
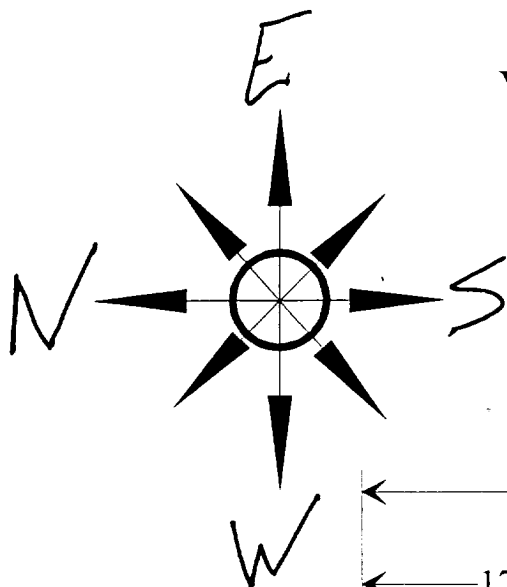
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Yates Petroleum Corporation

Location Layout for Permian Basin
 12,000' to 14,000'

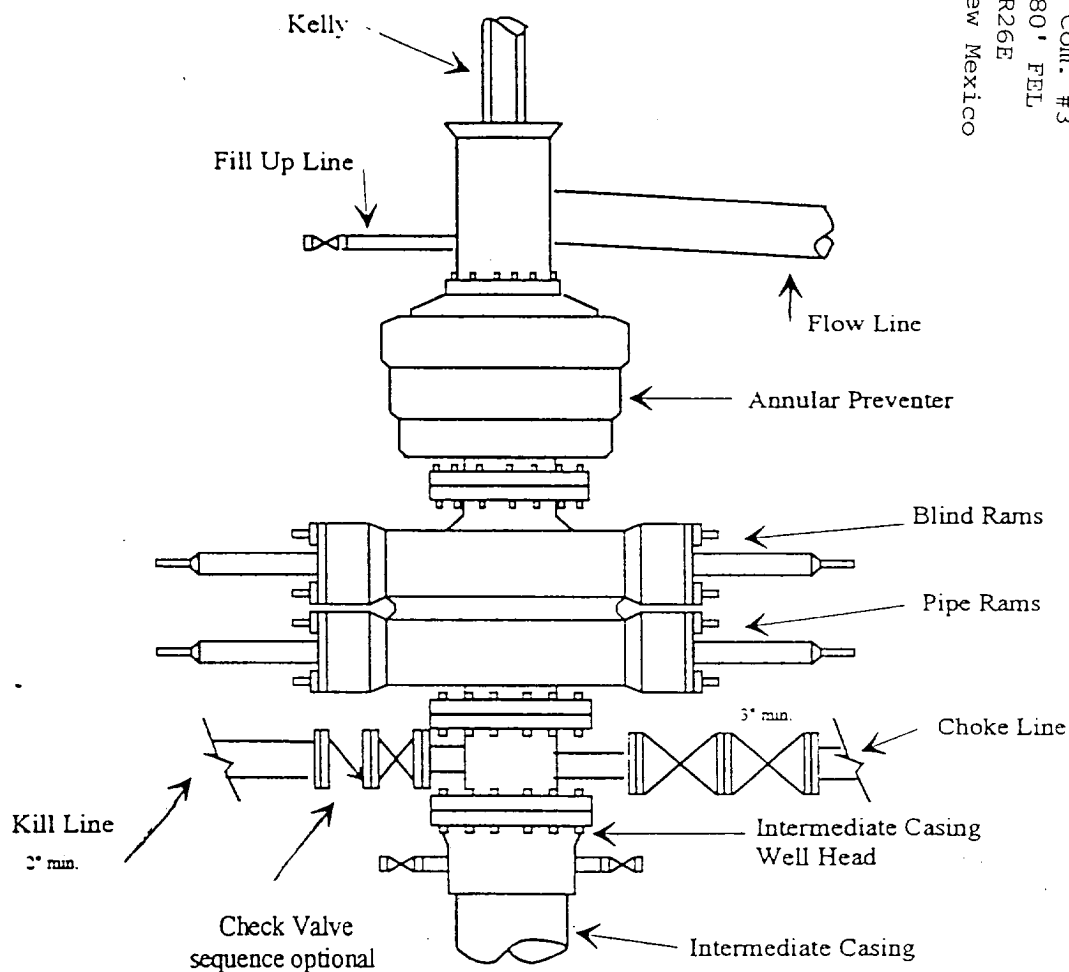


Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

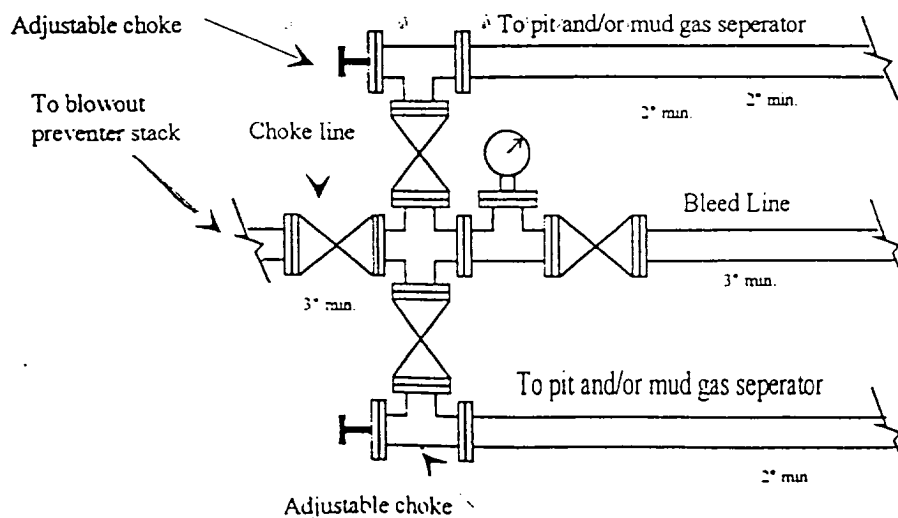
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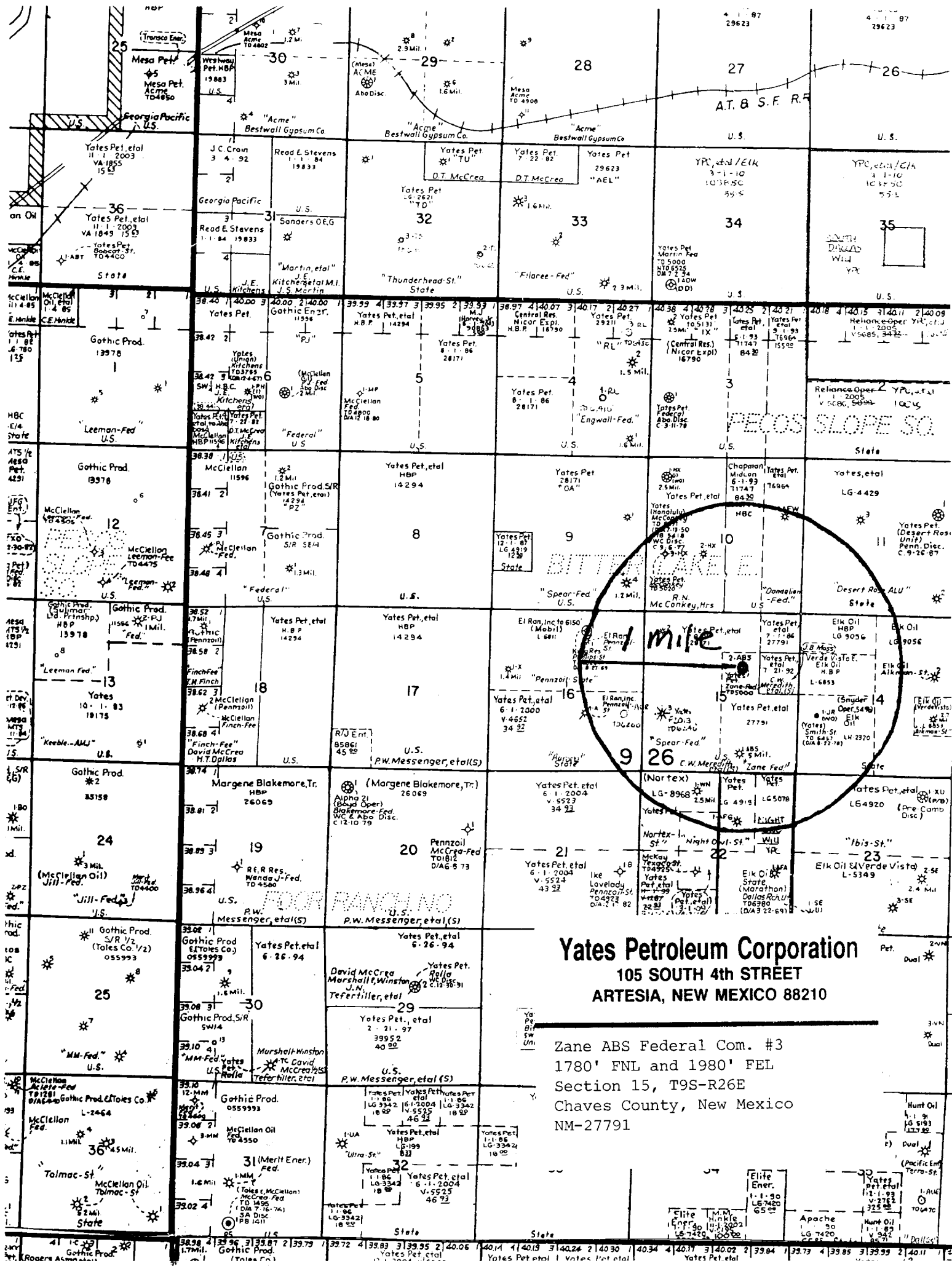
Yates Petroleum Corporation

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



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





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