

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 S. 4th Street, Artesia, NM 88210

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

At surface

660' FNL & 990' FWL

At proposed prod. zone

same

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

5 miles SW of Artesia, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

80

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

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

660'

19. PROPOSED DEPTH

8350'

20. ROTARY OR CABLE TOOLS

Rotary

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

3543' GL

22. APPROX. DATE WORK WILL START*

ASAP

23.

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#	360'	375 sx. circulate
12 1/4"	8 5/8"	24#	1250'	650 sx. circulate
7 7/8"	5 1/2" or 4 1/2"	15.5 - 17#	TD	350 sx.
		10.5 - 11.6#		

We propose to drill to the morrow formations, test it and intermediate zones perforate and stimulate for production. If commercial will run 5 1/2" or 4 1/2" casing. Will set surface casing through the Artesian Water Basin to protect it and keep the hole from caving in.

MUD PROGRAM: FW Gel and LCM to 1250'; water (KCL @ 4000') to 6200'; Starch and Drispak to 7500'; Starch, Drispak, and Salt Gel to TD.

BOP PROGRAM: BOP's and hydril on 8 5/8" casing and tested, pipe rams daily, blind rams on trips; yellow jacket prior to Wolfcamp.

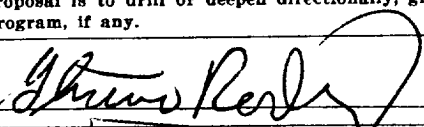
NOTE: Unorthodox - completed unprotected hearing.

GAS NOT DEDICATED.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new 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 Reg. ManagerDATE 4-14-81

(This space for Federal or State office use)

PERMIT NO.

(Orig. Sec.) GEORGE H. STEWART

APPROVAL DATE

APPROVED BY

APR 20 1981

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

JAMES A. GILLHAM
DISTRICT SUPERVISOR

APR 20 1981

U.S. GEOLOGICAL SURVEY

TO CIVIL
FROM CIVIL

4-23-81

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.

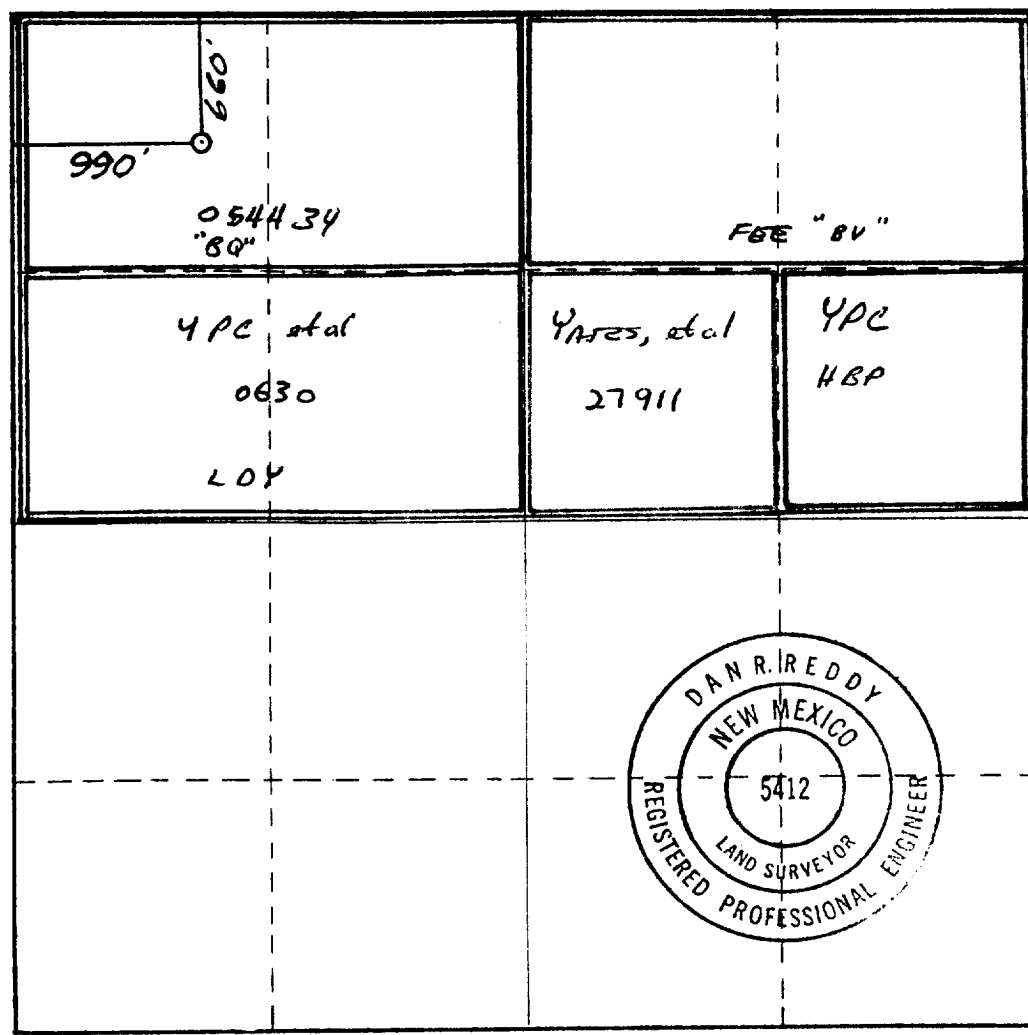
Operator YATES PETROLEUM CORPORATION		Lease Federal BQ		Well No. 7
Unit Letter D	Section 27	Township 17 South	Range 25 East	County Eddy
Actual Footage Location of Well: 660 feet from the North line and 990 feet from the West line				
Ground Level Elev. 3543.	Producing Formation MORROW	Pool Und. EAGLE CREEK MORROW	Dedicated Acreage: 320 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 COMMUNITIZATION

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.

Gliserio Rodriguez
Name
GLISERIO RODRIGUEZ
Position
GEOGRAPHER
Company
YATES PETROLEUM CORP
Date
4-6-81

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
March 21, 1981

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NM PE&LS #5412

Yates Petroleum Corporation
Federal "BQ" #7
660' FNL & 990' FWL
Section 27-17s-25e
Eddy 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 alluvium.

2. The estimate tops of geologic markers are as follows:

San Andres	742'	Cisco	6317'	Morrow Clastics	8062'
Glorieta	2021'	Lower Canyon	7215'	Chester Lime	8277'
Abo	4094'	Strawn	7443'	TD	8350'
Wolfcamp Lime	5255'	Atoka	7825'		

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

Water: 150' - 250'

Gas Possibilities: Atoka 7850'
Morrow 8085'

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:

10' samples out from under surface casing to TD.

Logging: CNL - FDC TD-Csg with GR-CNL on up to surface. DLL TD-Csg. with min. R_xO .

Mudlogging: One man unit 5000' - TD.

9. No abnormal pressures or temperatures are indicated.

10. Anticipated starting date: ASAP.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Federal "BQ" #7
660' FNL & 990' FWL
Section 27-T17s-R25e

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 rehabilitation of the surface after completion of the well so that an appraisal can be made of the environment effected by this well.

1. EXISTING ROADS.

Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 5 miles SW of Artesia, New Mexico and the access route to the lcoation is indicated in red and green on Exhibit A.

DIRECTIONS:

1. From Artesia head west on Highway 82 for 2 miles. (Airport will be to the north.) Turn south at the blue cattle guard and proceed south for 1.5 miles. Turn west for approximately 300'.
2. Turn south and travel .5 of a mile.
3. At the "BW" #1 turn west and go .5 of a mile to the tank battery.
4. Turn south at the tank battery and go .2 of a mile. Then travel west for .3 of a mile.
5. At this point the new access road will start. It will go in a northerly direction for approximately 400' to the location.

2. PLANNED ACCESS ROAD.

- A. 400' of road will be needed to get to the location off of the existing road.

3. LOCATION OF EXISTING WELLS.

- A. This well is being drilled within the Eagle Creek field.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There is production facilities on this lease at the present time. See Exhibit A.
- 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 of oil, electricity is available on lease. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY.

A. Water will be piped in from our water well.

6. SOURCE OF CONSTRUCTION MATERIALS.

A. Caliche will be taken from a federal pit recently cleared by Dr. J.L. Haskell.

7. METHODS OF HANDLING WASTE DISPOSAL.

A. Drill cuttings will be disposed of in a small reserve pit.

B. Drilling fluids will be allowed to evaporate in the reserve pit 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. Location is in a flat area amid the oil wells on this lease.

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 aesthetically pleasing a condition as possible.

B. Unguarded pit, if any, containing fluids will be fenced until they have dried.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements made in the Operator-Landowner Agreement will be complied with and will be accomplished 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 rolling hills. The immediate area of the wellsite is discussed above in paragraph 9A.
- B. Flora and Fauna: Terrian is flat with prairie grasses, native flowers and yucca.
- C. There are no ponds, lakes or rivers in the area.
- D. There are no inhabited dwellings in the vicinity of the proposed well.
- E. Surface Ownership: Surface is privately owned with federal minerals.
- F. There is no evidence of 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 are:

Gliserio "Rod" Rodriguez or Cy Cowan
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.

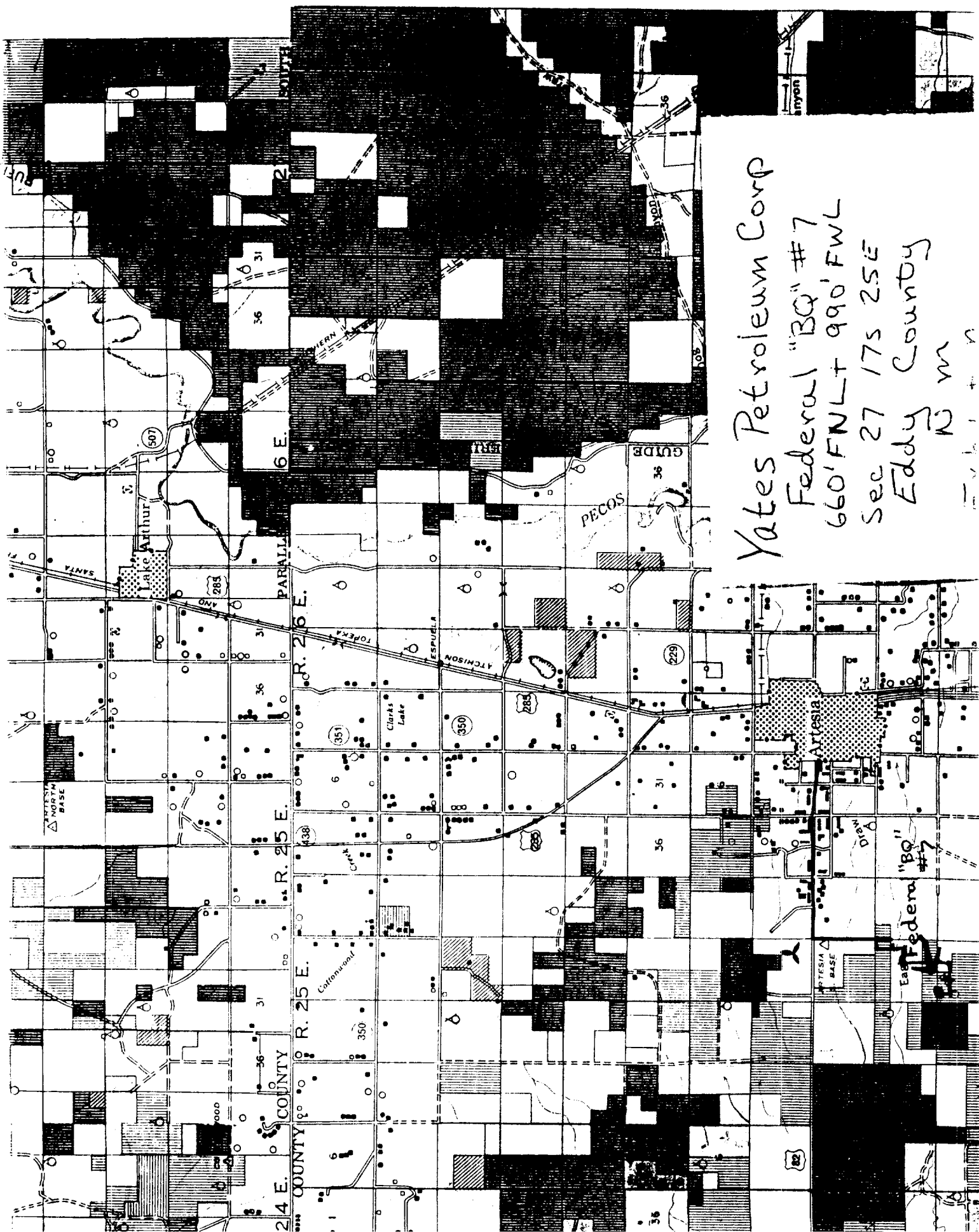
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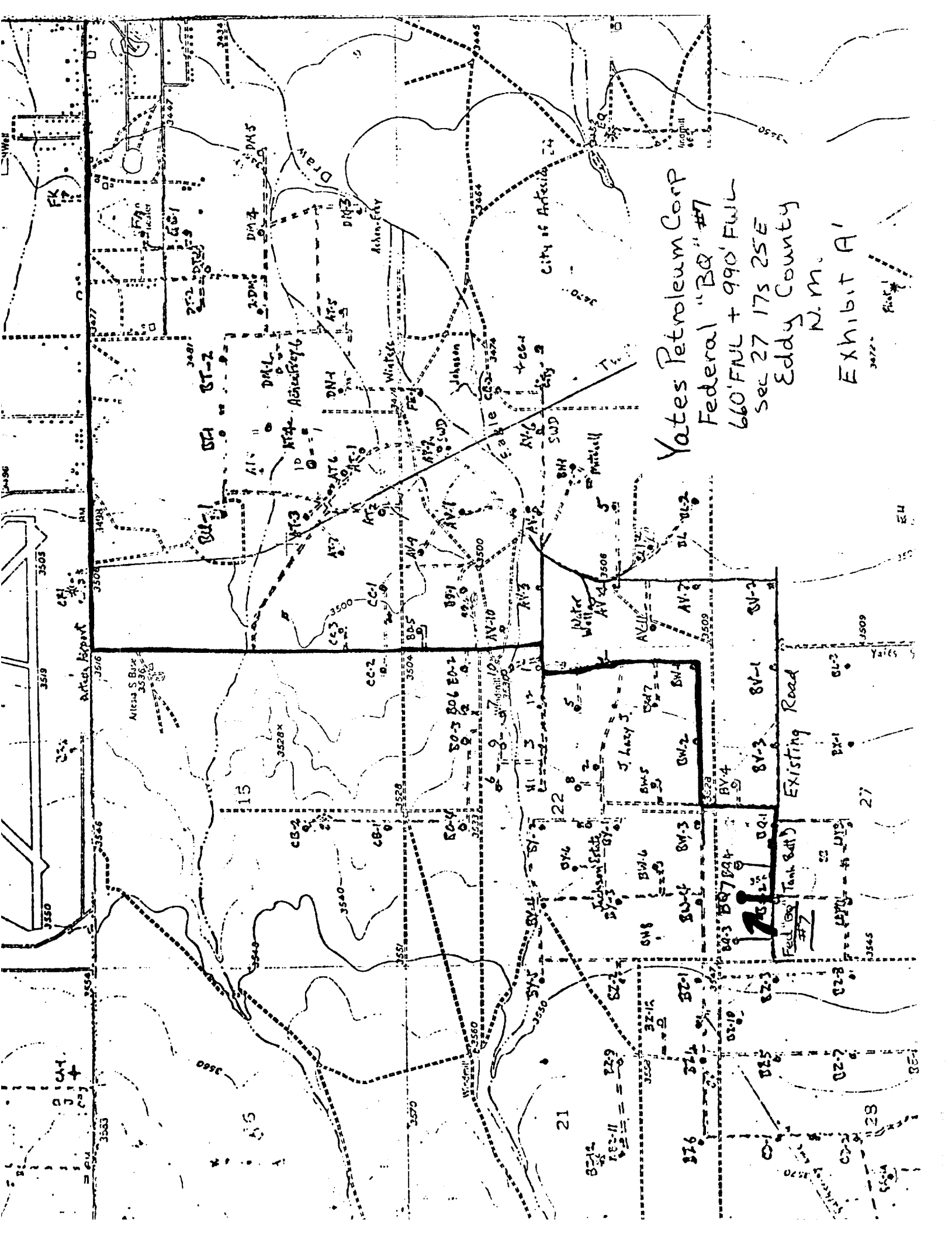
Date

Gliserio Rodriguez

Gliserio Rodriguez Geographer

T. 175





Yates Petroleum Corp

Federal "BQ" #7

660' FUL + 990' FWL

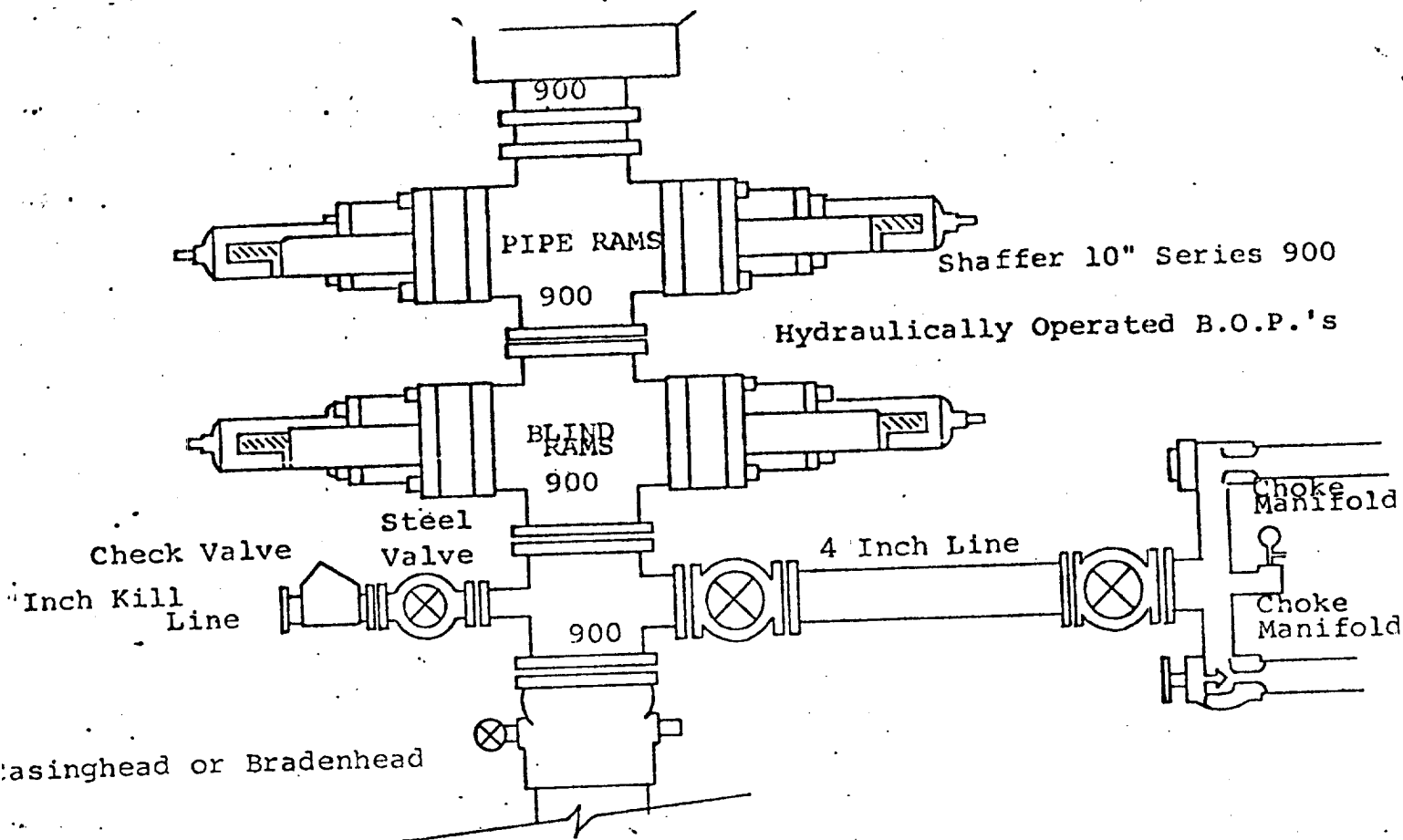
Sec 27 17s 25E

Eddy County

N.M.

Exhibit A'

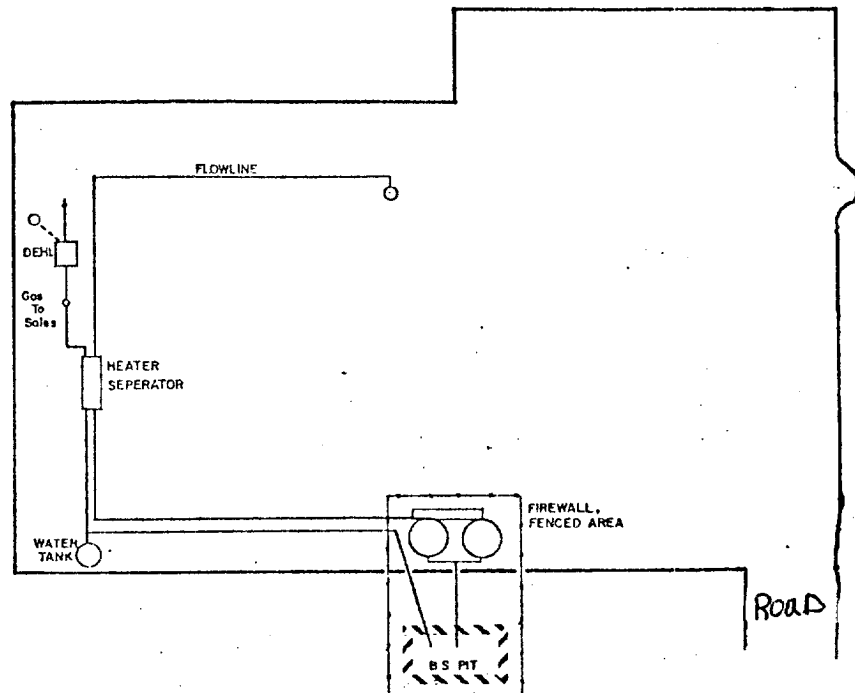
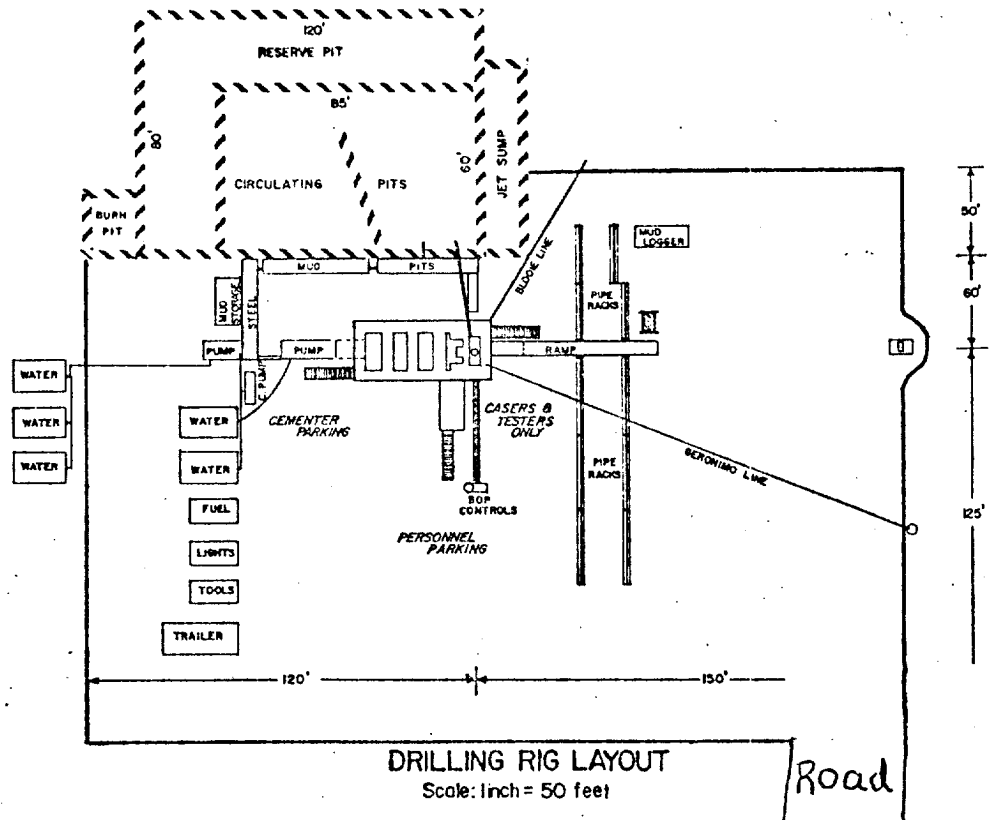
3472-1



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



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APR 16 1981

O. C. D.

ARTESIA, OFFICE

CASE NO. 7218

Order No. R-6656

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 8, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of April, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Petroleum Corporation, seeks approval of an unorthodox gas well location for its Federal "BQ" Well No. 7 to be drilled 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.

(3) That the N/2 of said Section 27 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

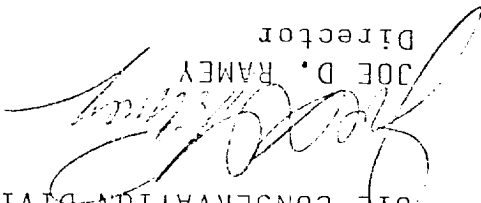
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for the Yates Petroleum Corporation Federal "BQ" Well No. 7 to be located at a point 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) That the N/2 of said Section 27 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMSEY
Director

S E A L

fd/