

NMOCC COPY
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN DUPLICATE*
(Other Instructions on
reverse side)Copy to 57
Form approved.
Budget Bureau No. 42-R1425.

30-015-22832

5. LEASE DESIGNATION AND SERIAL NO.

NM-0440087

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Federal "CX" Com

9. WELL NO.

3

10. FIELD AND POOL, OR WILDCAT

Undesignated

11. SEC., T., R., M., OR BLK.

AND SURVEY OR AREA

Unit L, NMPM

Section 7-18S-25E

12. COUNTY OR PARISH 13. STATE

Eddy

NM

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

FEB 14 1979

SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Yates Petroleum Corporation

O. C. C.

3. ADDRESS OF OPERATOR

ARTESIA, OFFICE

207 S. 4th Street, Artesia, New Mexico 88210

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

At surface

1980' FSL & 1980 FWL of Section 7-18S-25E

At proposed prod. zone

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

8 miles west of Atoka, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

16. NO. OF ACRES IN LEASE

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.

19. PROPOSED DEPTH

8450'

20. ROTARY OR CABLE TOOLS

Rotary

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

3621 GR

22. APPROX. DATE WORK WILL START*

As Soon As Possible

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" New	48# K-55	Approx 320'	175 sacks - circulate
12 1/4" - 11"	8 5/8" New	24# K-55	Approx 1100'	550 sacks - circulate
7 7/8"	5 1/2" New or	15.5-17# K-55	Approx 8450	250 sacks
	4 1/2" New	or 10.5-11.6# K-55		300 sacks

Propose to drill and test the Morrow & intermediate formations. Approximately 320' of surface casing will be run and cement circulated to shut off gravel and caving. Intermediate casing will be set 100' below the Artesian Water Zone and cemented to the surface. If commercial pay is encountered, will run 5 1/2" or 4 1/2" casing and cement with 600' of cover, perforate and stimulate as needed for production.

MUD PROGRAM: F.W. Gel & LCM to 1100', fresh water to 4000', KCL water to 6200', flosal-driskpak-KCL mud to TD, MW 8.8-9.0, Vis 35-39, WL 10-7.

BOP PROGRAM: BOP's & hydril on 8 5/8" casing and tested, pipe rams daily, blind rams on trips, Yellow Jacket prior to drilling Wolfcamp.

GAS ACREAGE 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

Engineer

DATE

1/26/79

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

2-12-79

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:



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United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U

Artesia, New Mexico 88210

February 12, 1979

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

YATES PETROLEUM CORPORATION Federal "CX" Com. No. 3 1980 FSL 2310 FWL Sec. 7, T18S, R25E Eddy County Lease No. NM-0440087
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Gentlemen:

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 8,450 feet to test the Morrow 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 be not less than 8" x 5" in size and each page should identify the well.
4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate sandstone brown (Federal Standard Color 595A, color 20318 or 30318).
5. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
6. A kelly cock will be installed and maintained in operable condition.
7. 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.

8. 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. Notify the Survey in sufficient time to witness the cementing of the 8-5/8" casing.
10. Cement behind the 13-3/8" and 8-5/8" casing must be circulated.

Sincerely yours,

Albert R. Stall

Albert R. Stall
Acting District Engineer

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.

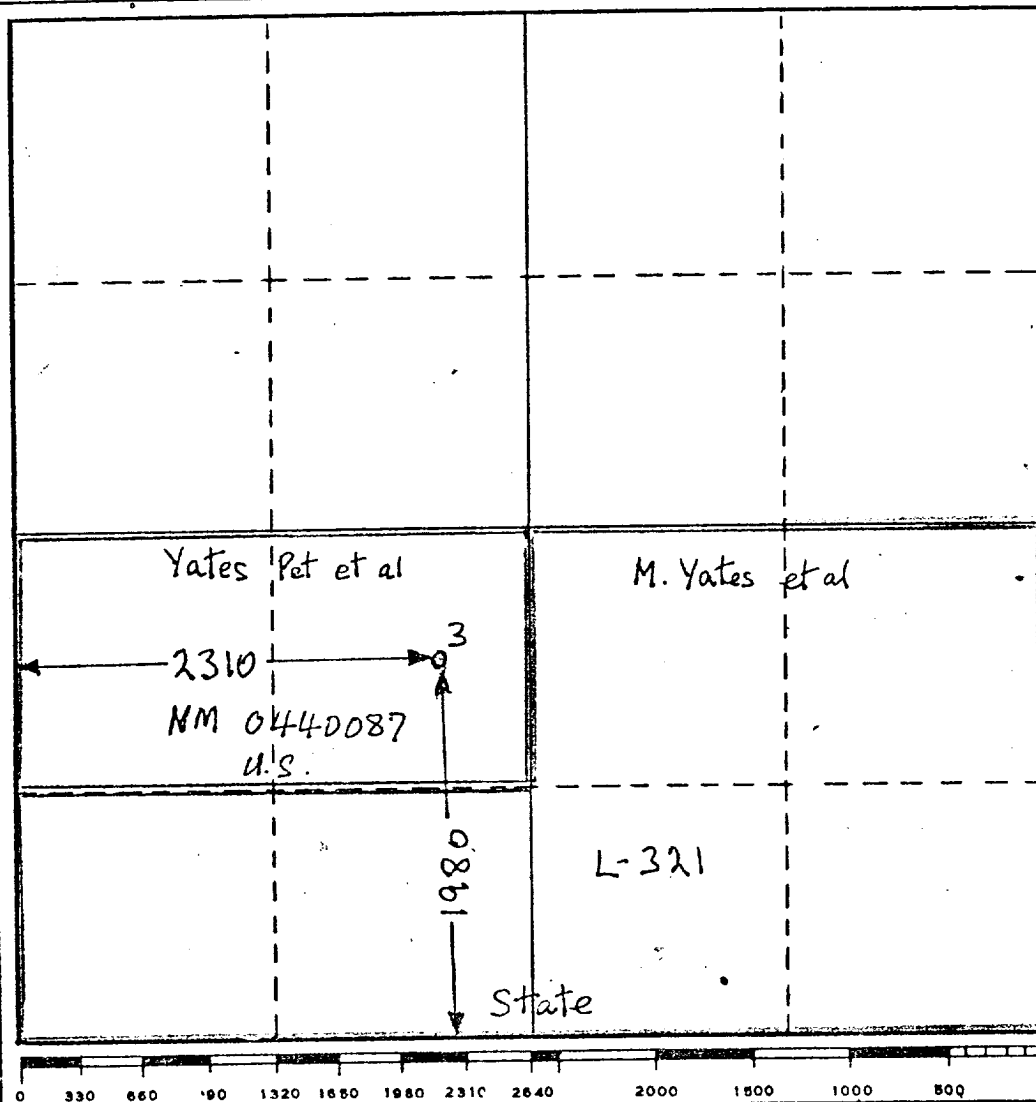
Operator Yates Petroleum Corporation			Lease Federal CX Com		Well No. 3
Unit Letter K	Section 7	Township 18S	Range 25E	County Eddy	
Actual Footage Location of Well: 1980 feet from the South line and 2310 feet from the West line					
Ground Level Elev. 3621	Producing Formation Morrow		Pool Undesignated	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 Being 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.

Eddie M. Mahfood
Name

EDDIE M. MAHFOOD

Position
Engineer

Company
Yates Petroleum Corporation

Date
January 29, 1979

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

Registered Professional Engineer and/or Land Surveyor

L. Jones
Certificate No.

3640

1. Surface Formation: Quaternary Alluvium.
2. Geologic Markers anticipated:
 - San Andres @ 640'
 - Glorieta @ 1905'
 - Abo @ 3943'
 - Wolfcamp ls @ 5105'
 - Cisco @ 6315'
 - L. Canyon @ 7241'
 - Strawn @ 7732'
 - Atoka @ 8025'
 - Morrow Elastics @ 8210'
 - Chester ls @ 8380'
3. Surface Water anticipated @ 395-420'; Artesian Water @ 670-990'.
Oil & Gas Pays: Possible Basal Abo @ 5060-5105'; approx BHP-2030 psia
Possible Cisco @ 6350-6780; approx BHP-2700 psia
Possible Morrow @ 8250-8380; approx BHP-3525 psia
4. Casing Program: See Form 9-331-e.
5. Pressure Control: See Form 9-331-e and Exhibit "D."
6. Mud Program: See Form 9-331-e
7. Auxiliary Eqmpt.: Kelly cock; Pit level indicators & flow sensor
Sub with full-opening valve on floor.
8. Drill stem tests as warranted; Mud-logger on @ 4900'; no coring
CNL-Density log and Dual Laterolog.
9. Pressure and temperature data is from previous drilling experience in the area. Hydrogen sulfide and other toxic gases are minimal or non-existent. Mud is checked hourly and inhibited for corrosion control.
10. Anticipated Starting Date: 4-7 weeks

Eddie M. Mahjood
1-26-79

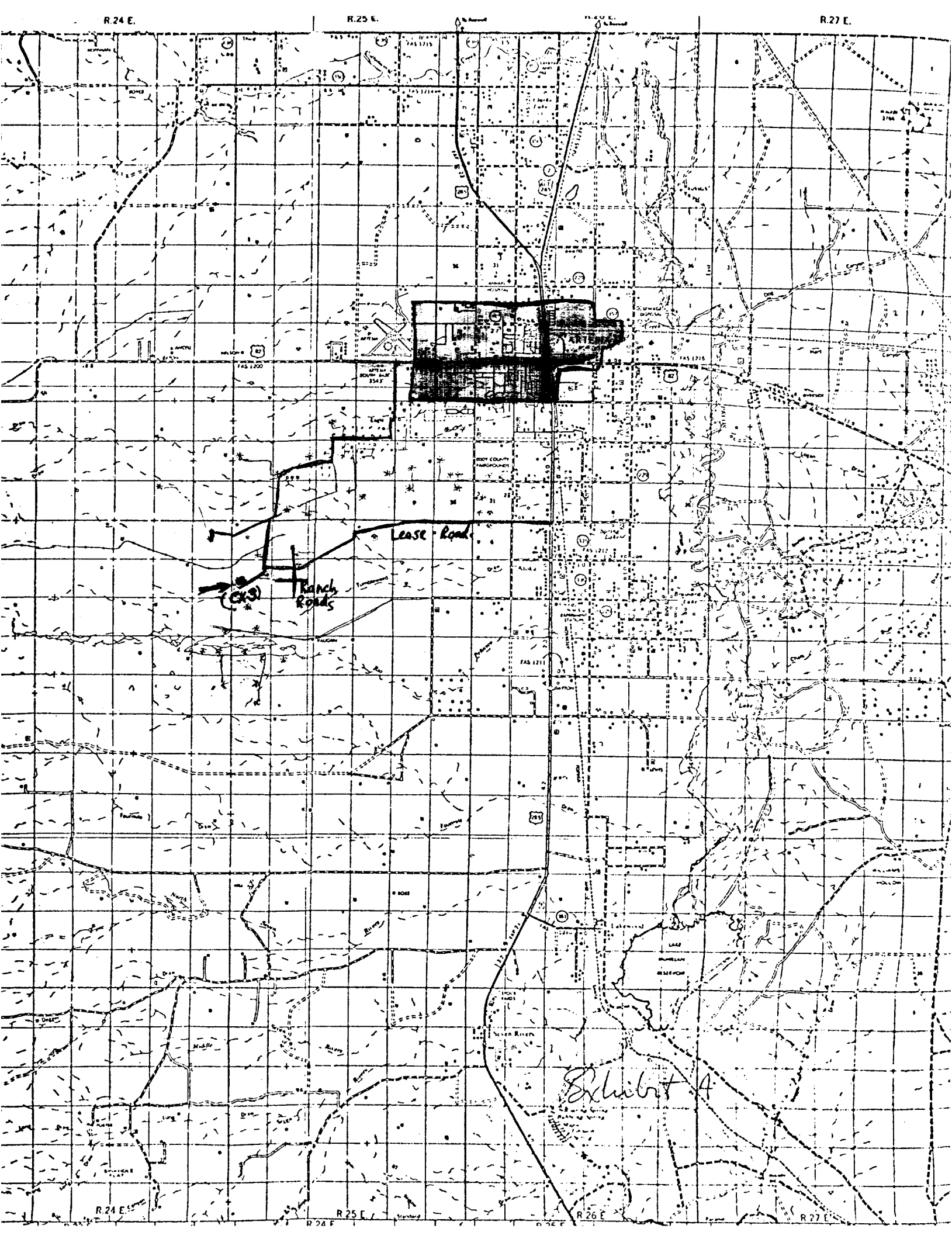
Yates Petroleum Corporation
Federal CX #3
1980 FSL 2310 FWL
Sec 7-18S-25E, Eddy County, New Mexico

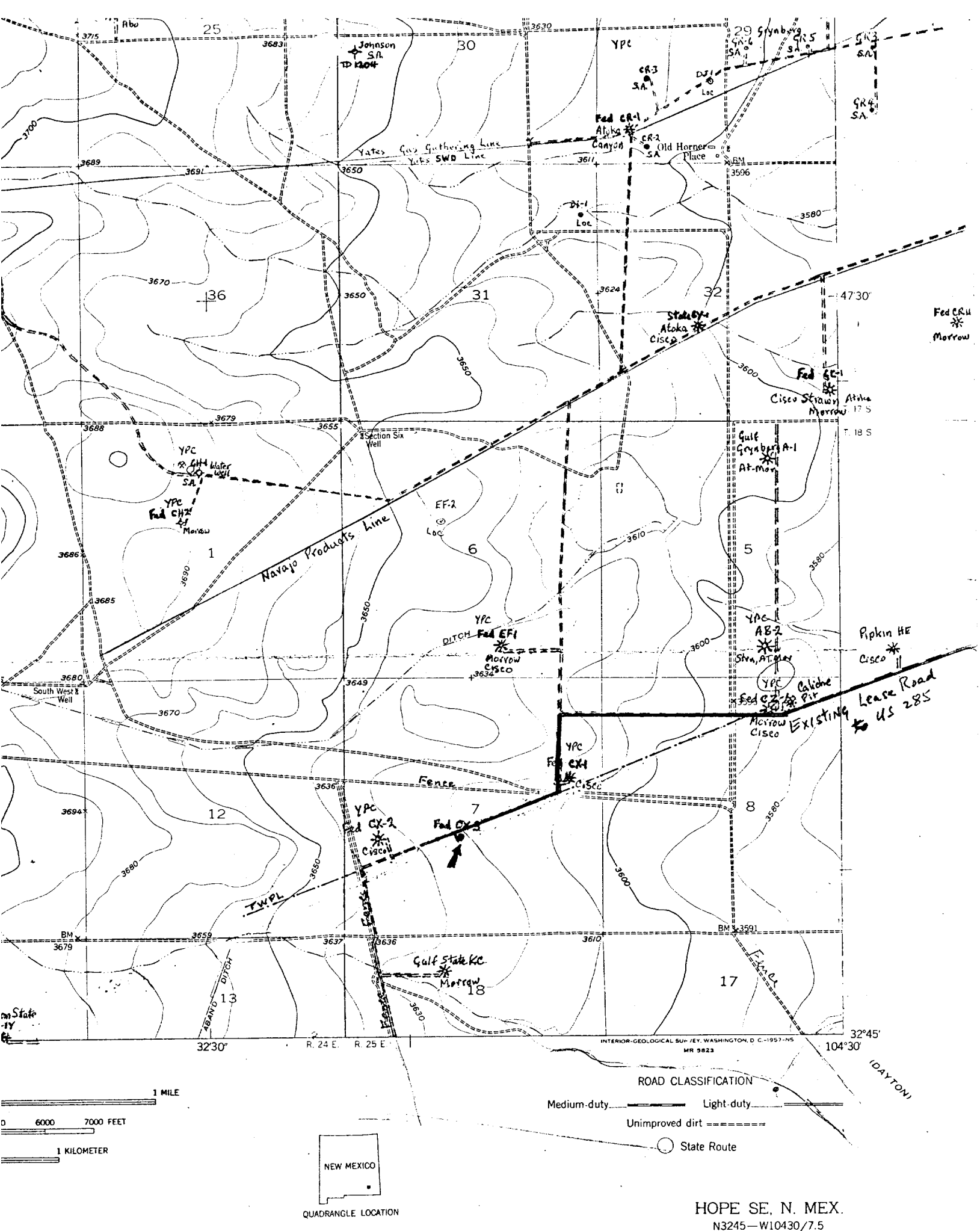
Surface Use Plan to Accompany "Applications to Drill, Federal Lease".

1. EXISTING ROADS: See Plat (Exhibits A & B) From Artesia go 4 miles south on U.S. 285 (north of Ranch House) then west on black-top 1 mile to 13th Street. Continue west on caliche road (county maintained road) for 4.2 miles to Kennedy Ranch house, then south 0.1 mile and southwest on lease road for 2.5 miles, then south on lease road for 0.3 miles to TWPL Right-of-way and lease road, then 0.4 miles southwest to access road. The lease roads are caliched and maintained.
2. PLANNED ACCESS ROADS: See Plat (Exhibits A & B) *Approx. 200' new road. 12' wide. SE across pipeline R/W from* lease road. The road would be caliched and watered for dust control.
3. LOCATION OF EXISTING WELLS: See Plat (Exhibits A & B) There are several producing gas wells surrounding this location. There are 2 dry holes to the northwest, one converted to a water source well. The nearest windmill is $\frac{1}{2}$ mile southwest.
4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES: See Plat (Exhibit C) The tank battery will be on the south side of the pad. Flowlines will be 2" steel and will be above ground. A fiberglass tank will collect produced water for subsequent disposal by trucking to a suitable disposal system.
5. LOCATION AND TYPE OF WATER SUPPLY: See Plat (Exhibit B) Drilling water will be piped from source water well in NE/4 of NW/4, Section 1-18S-24E.
6. SOURCE OF CONSTRUCTION MATERIAL: See Plat (Exhibit B) There is an open caliche pit on the east side of Federal "CZ" No. 1 well in NW/4 of NE/4, Section 8-18S-25E.
7. METHODS FOR HANDLING WASTE DISPOSAL: See Plat (Exhibit C) Well cuttings will be disposed of in the reserve pits; mud sacks, paper & garbage will be burned; garbage will be accumulated in trash barrels and disposed of by burning or buried three feet in the burn pit. If productive, produced water will be collected in a tank and hauled away.
8. ANCILLIARY FACILITIES: None.
9. WELL SITE LAYOUT: (rig, tanks, pits, racks, etc) See Sketch (Exhibit C) Exhibit C shows position of drill pad, rig, reserve pits, burn pit, mud pits, jet sump, pipe racks, pumps, water tanks. Pad size - 270' X 220'; Cut and fill - negligible; Surfaced with caliche, watered & compacted; Reserve pit - 80' X 120', plastic-lined; Pad is flagged with red tape, Pit area is flagged with blue tape.
10. PLANS FOR RESTORATION OF SURFACE: If well is productive, pits will be fenced until dry, then backfilled and levelled as soon as practical. Location will be cleaned, all excess material removed from location. Upon abandonment, location will be cleaned and levelled or restored in compliance with BLM stipulations.
11. OTHER INFORMATION: (a) Terrain is gently rolling with rock or caliche outcrop.
(b) Soil is a thin sandy loam.
(c) Vegetation consists of Prairie Grass, Filaree, Yucca, broomweed, greasewood, cactus.
(d) There are no ponds or streams in the area. The nearest windmills or water wells are located 1.5 miles northeast and 1.7 miles northwest.
(e) The nearest residences or buildings are located 1.5 miles to the northeast.
(f) Surface use is grazing.
(g) The effect on the environment will be minimal; drillsite is in semi-arid desert country, wind-blown and natural re-seeding.
(h) Surface ownership is BLM with grazing rights to *Lincoln County Cattle Co.* ~~Diamond A Cattle Co.~~, Roswell, NM.
12. LESSEE'S OR OPERATOR'S REPRESENTATIVE: Eddie Mahfood, Rod Rodriguez, or James Jonas, 207 South Fourth Street, Artesia, New Mexico, Phone: 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 Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

1-26-79
Date

Eddie Mahfood, Engineer
Name and Title





HOPE SE, N. MEX.
N3245-W10430/7.5

YPL - Federal CX Com No. 3

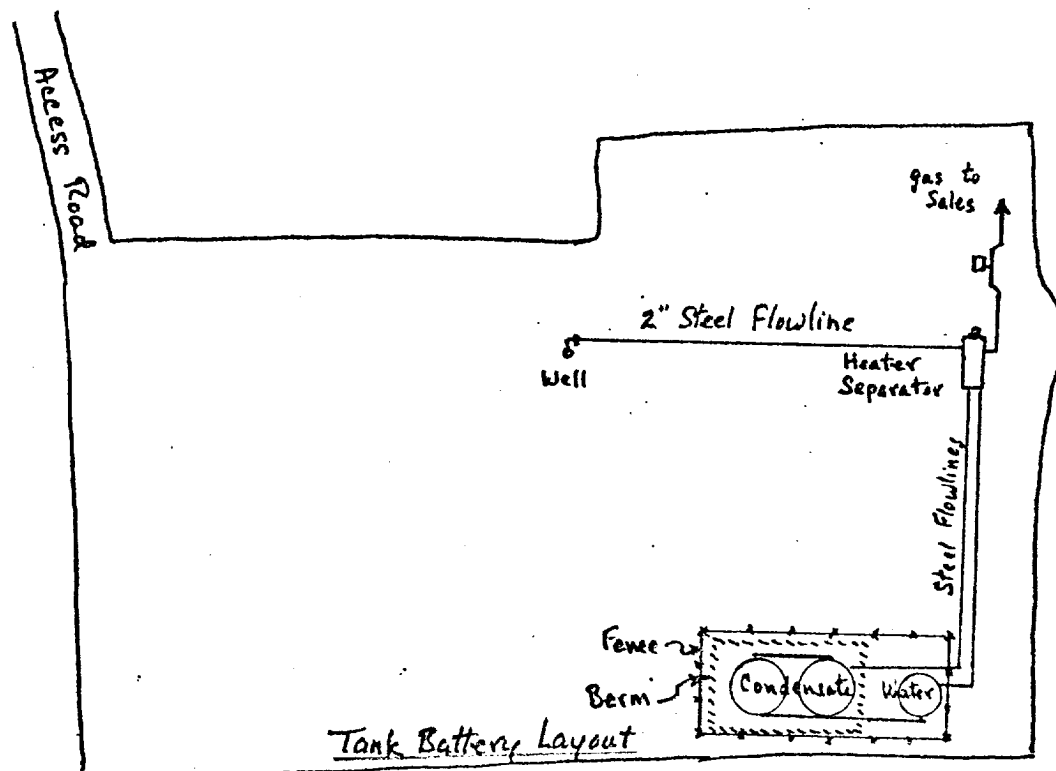
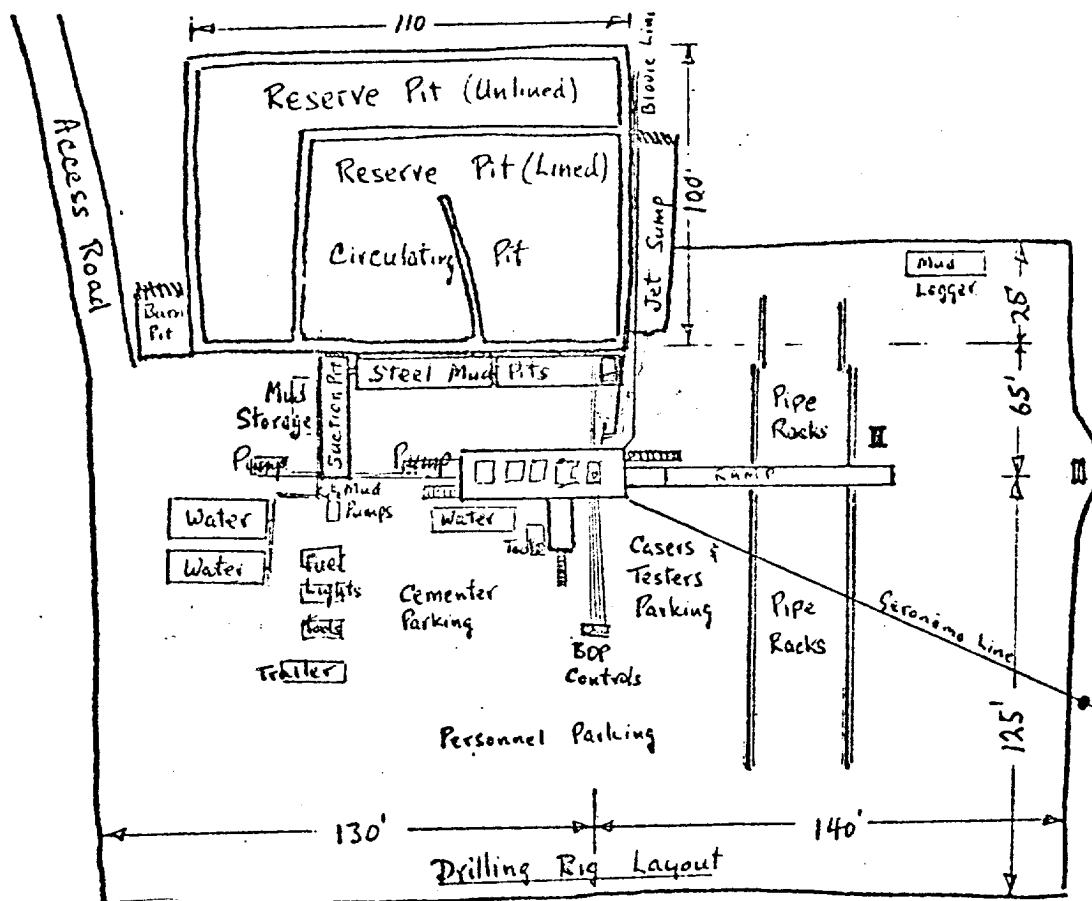
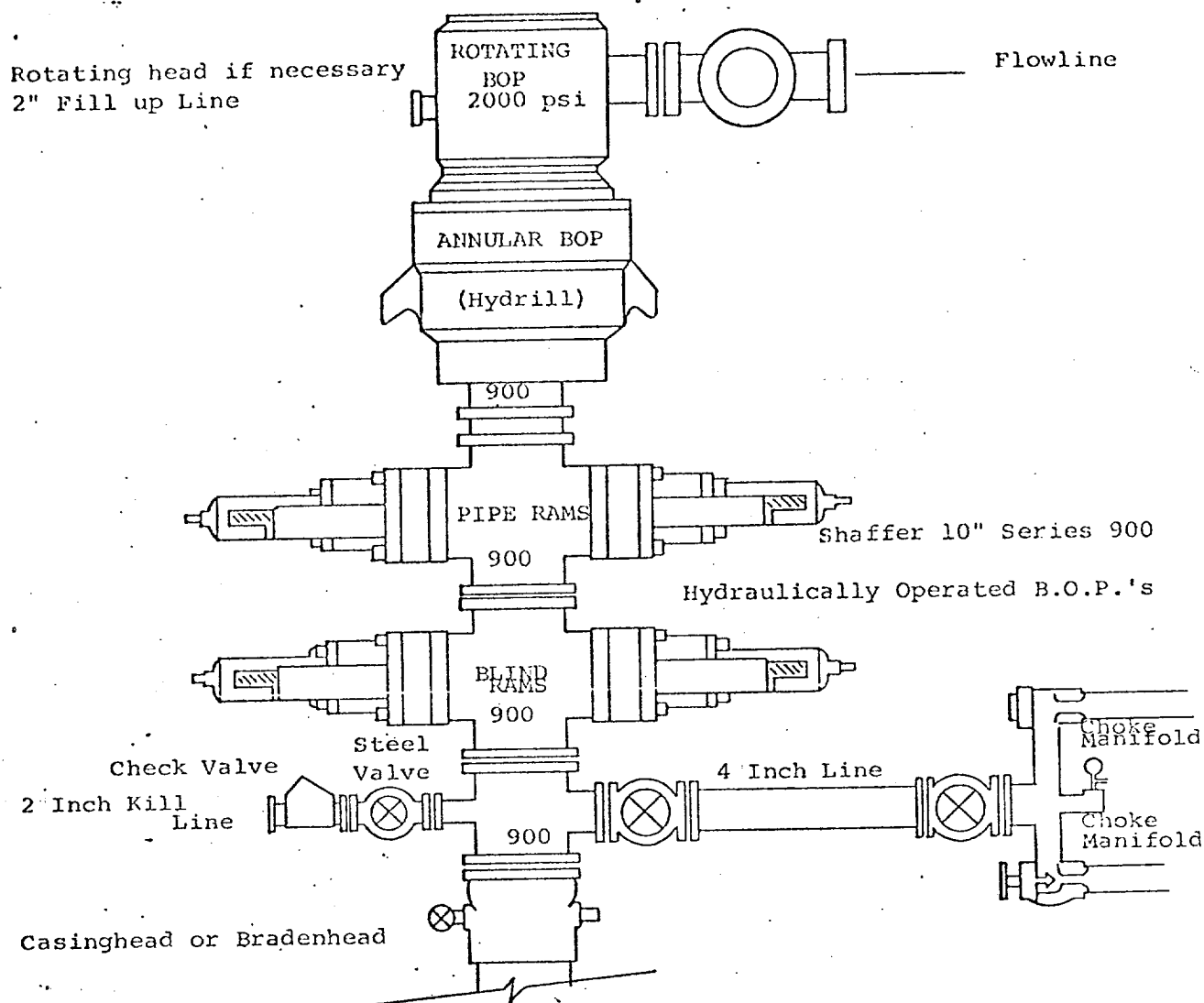


Exhibit "C"



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.