

XEROX COPY

SUBMIT 1. REPLICATE*
(Other instructions on
reverse side)Form approved.
Budget Bureau No. 42UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
RECEIVED

30-015-22899

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 ☒U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICOSINGLE
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 & 1300' FEL

At proposed prod. zone

Same

O. C. C.
ARTESIA, OFFICE

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

11 miles SE of Artesia, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. 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.

19. PROPOSED DEPTH

Approx. 9985'

20. ROTARY OR CABLE TOOLS

Rotary

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

3424.9 GR

22. APPROX. DATE WORK WILL START*

As soon as approved

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# J-55	320'	270 sx circulate
12 1/4"	9 5/8"	24# J-55	2000'	800 sx circulate
7 7/8"	5 1/2" or 4 1/2"	17# -15.5# K&N or 11.6 # 10.5# K&N	TD	200 -250 sx

We propose to drill and test the Morrow and intermediate formations. Approximately 320' of surface casing will be set to shut off gravel and cavings, cement circulated. Intermediate casing will be set at approximately 2000' and cemented to the surface. If commercial pay is encountered, will run 5 1/2" or 4 1/2" casing, cemented with a minimum of 600' cover, perforate and stimulate as needed for production.

MUD PROGRAM: F.W. Gel and LCM 1850', water to 6600' (2% KCL at 4100'); starch-driskak KCL to 8800'; flosal, driskak, KCL to TD.

BOP Program: BOP's & hydril on 8 5/8" casing tested, pipe rams daily, blinds on trips, will Yellowjacket prior to drilling the Wolfcamp formation.

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

Eddie M. Wright

TITLE Engineer

DATE 3/26/79

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

4-10-79

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

Order 5982

*See Instructions On Reverse Side

I MEXICO OIL CONSERVATION COMMIS. N
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-107
Supersedes C-107
Effective 1-1-79

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

Operator YATES PETROLEUM CORPORATION			Lease Rio Pecos ^{NO} Federal ^{NO} Co.		Well No. 1
Unit Letter A	Section 28	Township 18 South	Range 27 East	County Eddy	
Actual Footage Location of Well: 660 feet from the North line and 1300 feet from the East line					
Ground Level Elev. 3424.9	Producing Formation MORROW	Pool UNDES	Dedicated Acreage: 320 Acres		

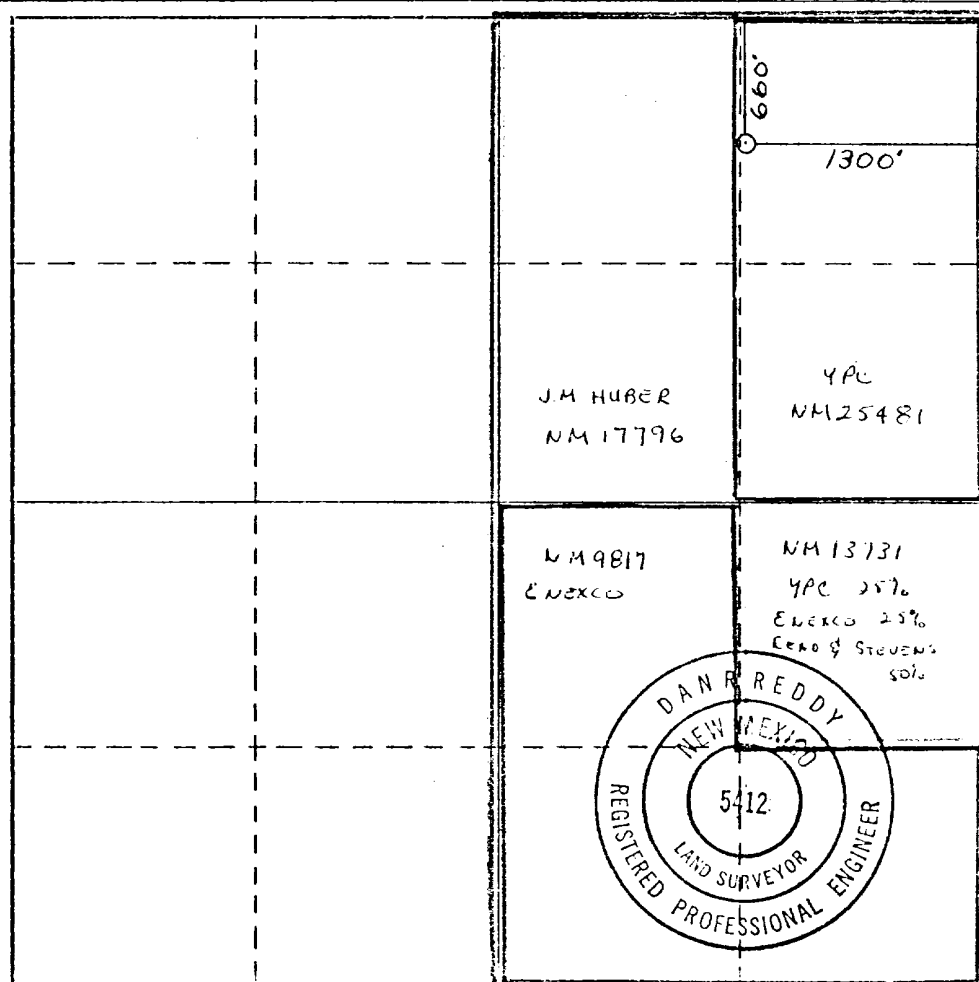
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is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

☒ Yes ☐ No

If answer is "yes," specify how consolidation TO BE 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. Mahood
Name

EDDIE M. MAHOOD

Position

ENGINEER

Company

YATES PETROLEUM CORP.

Date

3-26-79

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

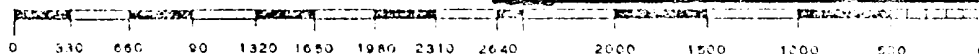
March 14, 1979

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.

New Mexico PE&LS #5412





NMCCC COPY

United States Department of the Interior

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

April 10, 1979

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

YATES PETROLEUM CORPORATION
Rio Pecos "KO" Fed. Com. No. 1
660 FNL 1300 FEL Sec. 28, T18S, R27E
Eddy County Lease No. NM-25481

Above Data Required on Well Sign

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 9,985 feet to test the Morrow formation 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 No. 595A, color 20318 or 30318).
5. Before drilling below the 9-5/8" intermediate 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 9-5/8" 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 9-5/8" casing.
10. Cement behind the 13-3/8" and 9-5/8" casing must be circulated.

Sincerely yours,

(Orig. Signatures)

Joe G. Lara
Acting District Engineer

Yates Petroleum Corporation
Rio Pecos Federal KO #1
660' FNL and 1300' FEL
Section 28 - T18S - R27E
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 Seven Rivers.
2. The estimate tops of geologic markers are as follows:

San Andres	1840'	Canyon	7960'
Glorieta	3540'	Strawn	8835'
Bone Springs lime	4050'	Atoka	9230'
Third Bone Springs Sand	6450'	Morrow	9585'
Wolfcamp	6650'	Chester Shale	9850'
Cisco	7810'	Chester Lime	9935'
		T.D.	9985'

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

Water: 6650' - 6950' (Wolfcamp)
8120' - 8420' (Canyon)

Gas: Morrow 9585' - 9850'

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:

DST's: As Warranted
Logging: Intermediate Casing - T.D.
Coring: CNL-FDC T.D. to casing with GR-CNL on to surface and
DLL from T.D. to casing with selected min. R_x0.
9. No abnormal pressures or temperatures are indicated.
10. Anticipated starting date: As soon as possible after approval. This unorthodox location is scheduled for a hearing on March 28, 1979.

Yates Petroleum Corporation
Rio Pecos KO Federal #1
Section 28-T18S-R27E
660' FNL and 1300' FEL
(Exploratory Well)

RECEIVED
MAR 30 1979
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

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 of the proposed well, the proposed construction activities and operations plan, the magnitude of 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 operation.

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 11 miles SE of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed east from Artesia on Highway 82 for a distance of approximately 12.5 miles.
2. Turn south for approximately 4.65 miles and turn SW for 1 mile; then west across cattleguard, continue west for 2 miles to another cattleguard, keep going west for 1.1 miles to a third cattleguard. The location is .2 miles southwest on the road.

2. PLANNED ACCESS ROAD.

- A. The existing road will be rerouted around the location within the 400' X 400' area.
- B. The new road will be 12 feet in width (driving surface) adjacent to the wellsite.
- C. The new road will be covered with the necessary depth of caliche. The surface will be crowned, with drainage on one side.
- D. The new road has not been flagged as it will be within the 400' X 400' area.

3. LOCATION OF EXISTING WELLS.

- A. Drilling activity within a one-mile radius of the wellsite is shown on Exhibit A. The nearest production is a gas well in the NW/4 of Section 27.

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. 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.

- A. Any caliche required for construction of the drilling pad and the new access road will be obtained from the nearest existing pit.

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 slopes slightly from south to north, minor cuts or fills will be needed in the pad area.
- C. The reserve pits will be plastic lined.
- D. The pad 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 aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the BLM and the USGS 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 fairly flat. The immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover consists of prairie grass, greasewood and miscellaneous desert growth. 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. 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: The wellsite is on federal surface. Grazee is Bill Gissler.
- F. There is no evidence of any archeological, 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
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

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.

3-28-79
Date

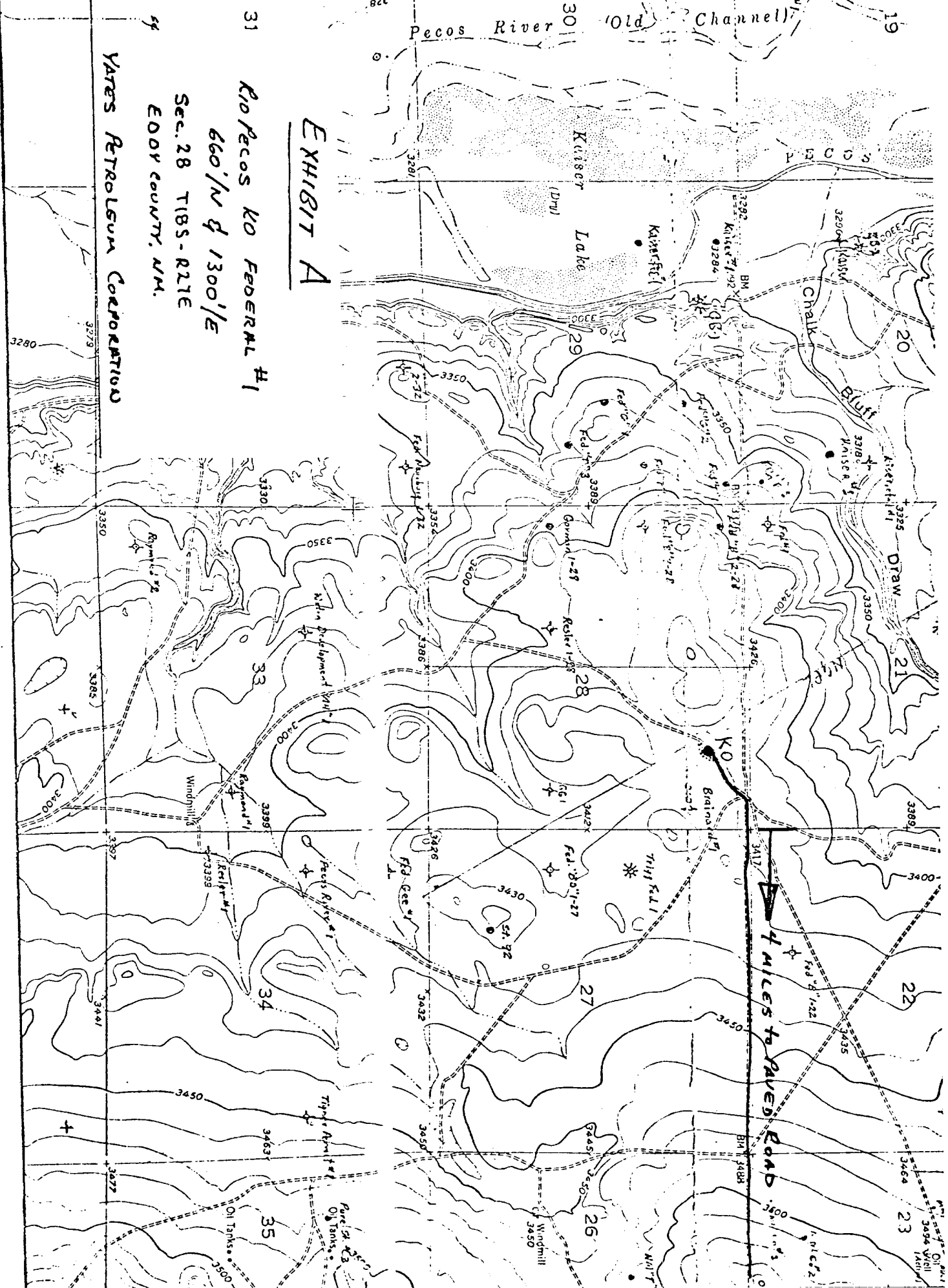
Gliserio Rodriguez
Gliserio Rodriguez, Geographer

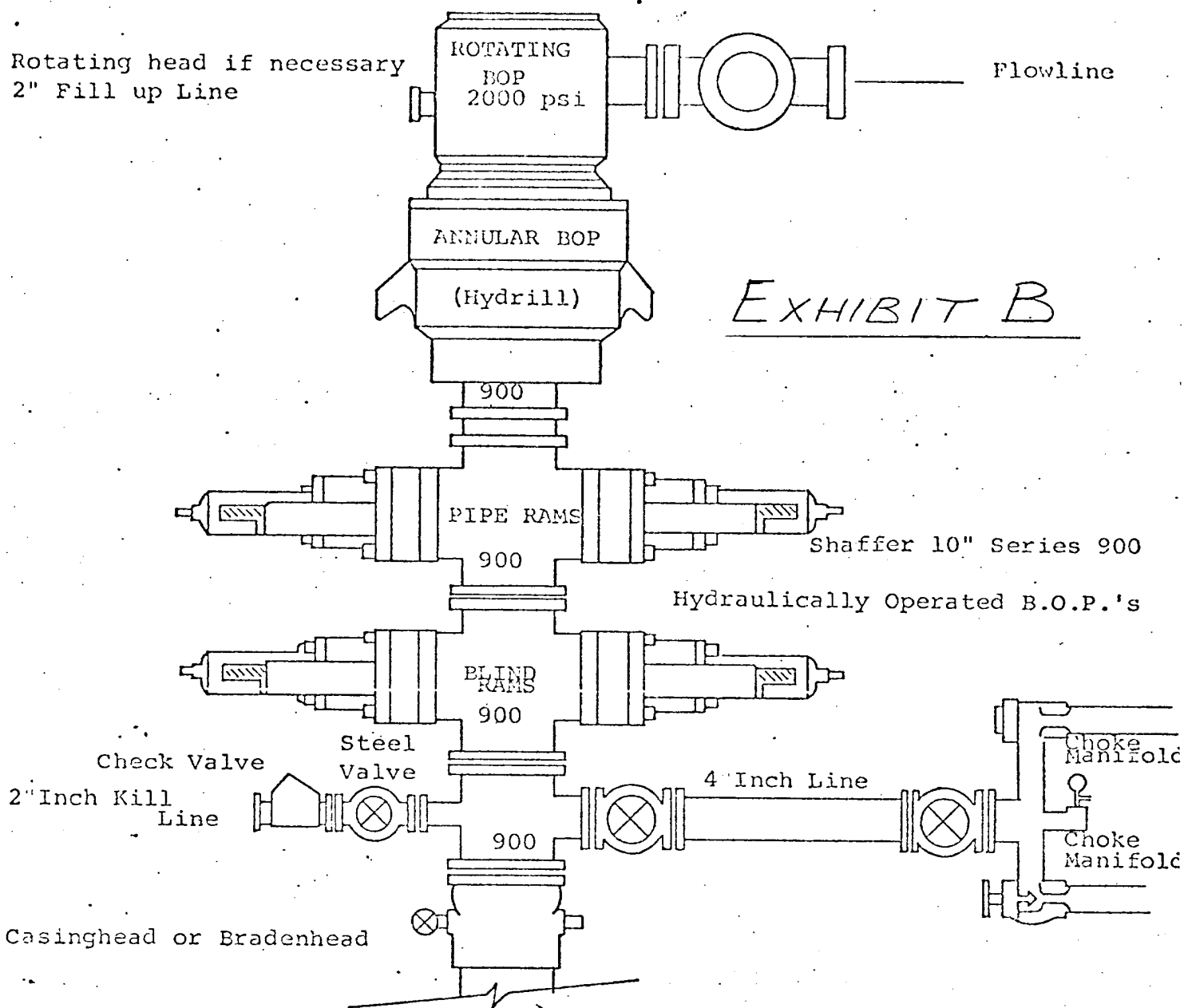
Pecos River (Old Channel)

EXHIBIT A

31 Kio Pecos KO FEDERAL #1
660' N of 1300'E
Sec. 28 T18S-R27E
EODR COUNTY, NM.
YATES PETROLEUM CORPORATION

4 MILES TO PAVED ROAD

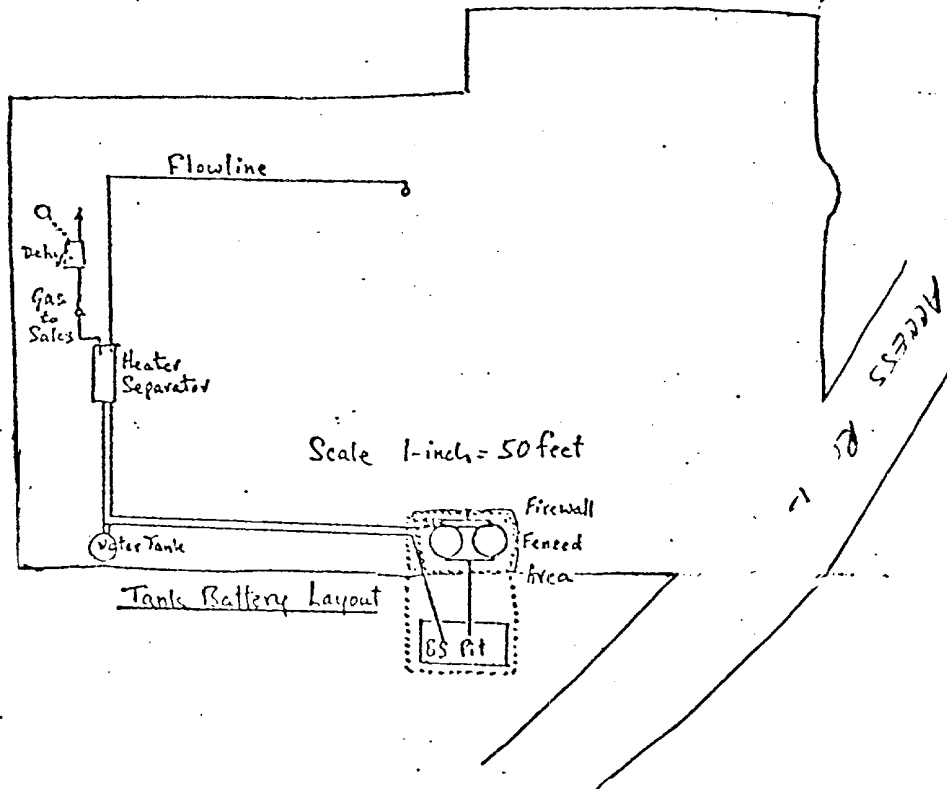
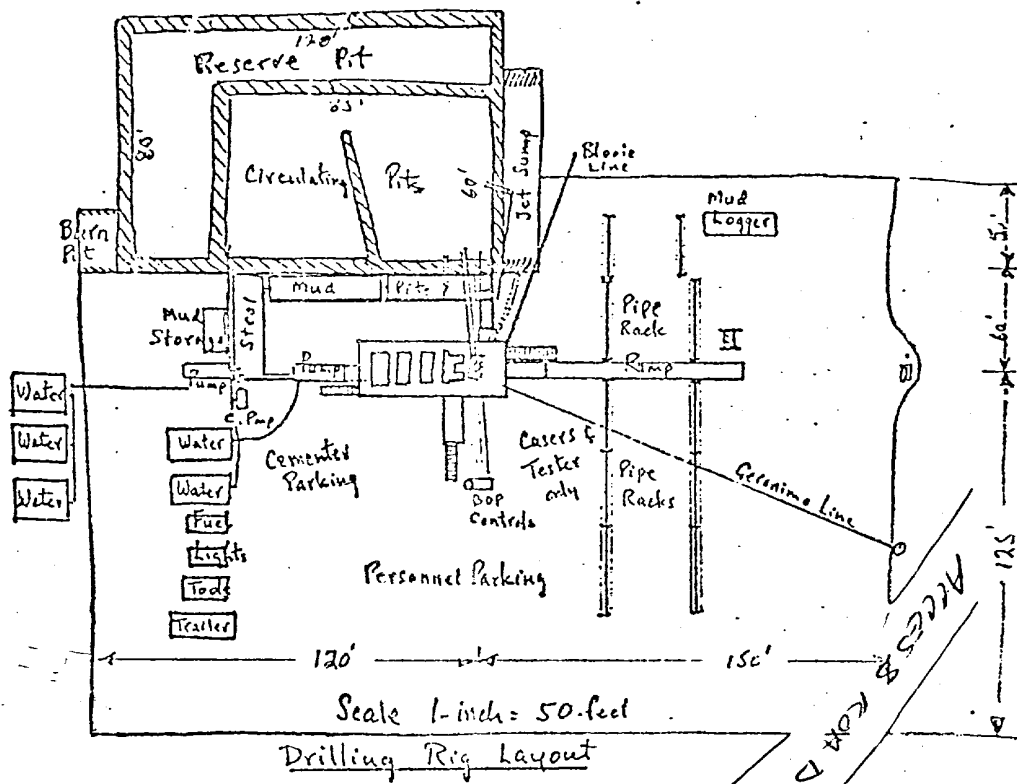




THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

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



(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:

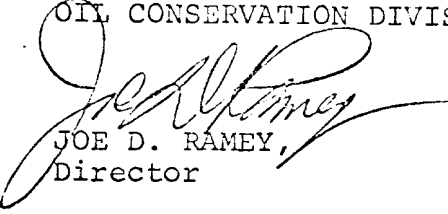
(1) That an unorthodox gas well location for Wolfcamp through Mississippian formations is hereby approved for the Yates Petroleum Corporation Rio Peccos Federal "KO" Well No. 1, to be located 660 feet from the North line and 1300 feet from the East line of Section 28, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the E/2 of said Section 28 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

dr/