

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-23129

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

1650' FSL & FEL

At proposed prod. zone

Same

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

3 1/2 miles SE of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED*

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

1650'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

3775'

20. ROTARY OR CABLE TOOLS

Small rotary

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

3524.1 GR

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
11"	8 5/8"	24#	500'	275 sx circulate
7 7/8"	5 1/2"	15.5#	TD	250 sx

We propose to drill and test the San Andres. Approximately 500' of surface casing will be set, cement will be circulated to shut off gravel and cavings. If commercial will run 5 1/2" casing and cement with 600' of cover.

MUD PROGRAM: Spud mud to 1170', Brine & LCM to TD.

BOP PROGRAM: BOP on 5 1/2" casing and tested, pipe rams tested daily.

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ARTESIA, NEW MEXICO

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

Glenn Rodriguez

TITLE

Geographer

DATE 1/4/80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

1-15-80

APPROVED BY

TITLE

DATE

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

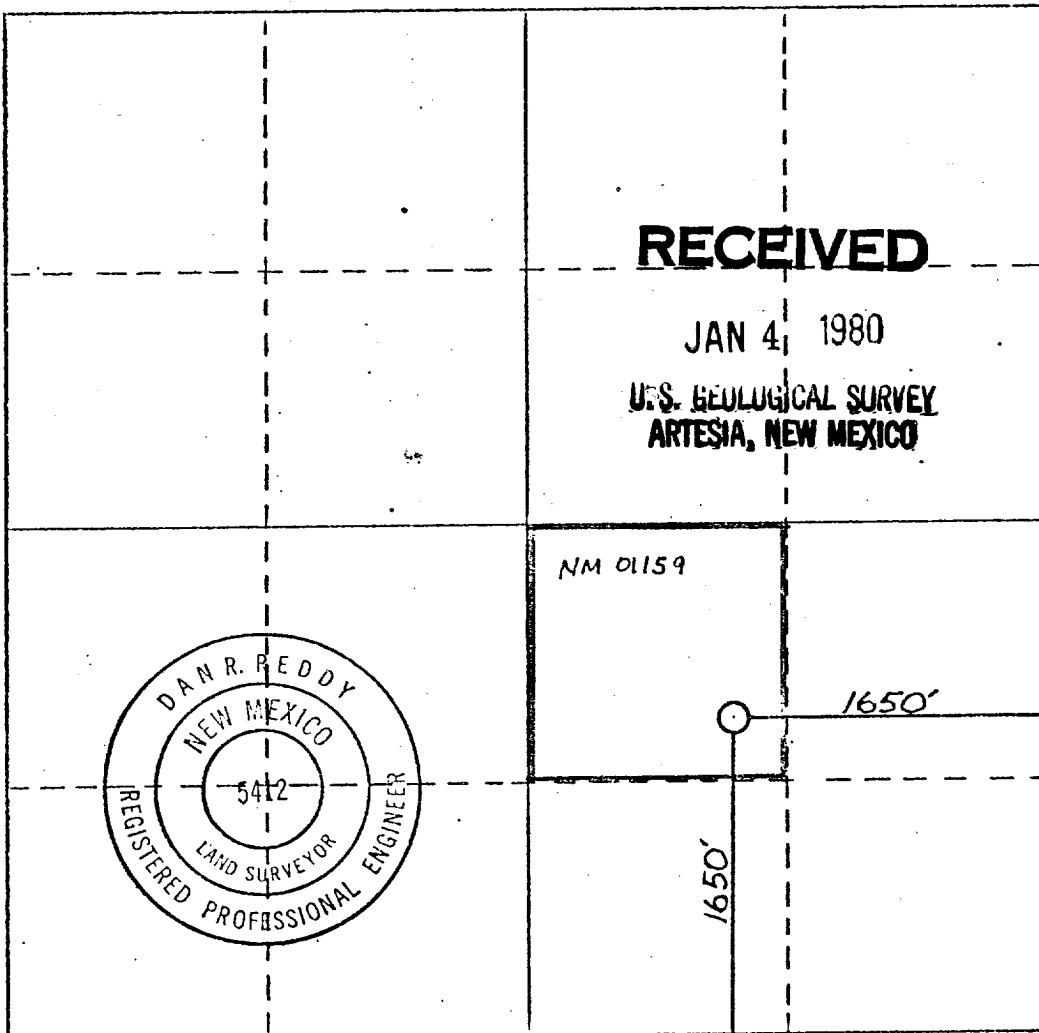
All distances must be from the outer boundaries of the Section.

Operator YATES PETROLEUM CORPORATION			Lease Nelson-Yates MR Federal		Well No. 1
Unit Letter J	Section 3	Township 18 South	Range 30 East	County Eddy	
Actual Footage Location of Well: 1650 feet from the South line and 1650 feet from the East line					
Ground Level Elev. 3524.1	Producing Formation SAN ANDRES		Pool GRATON LOCO HILLS - QUEEN G-S A		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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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).
JAN 16 1980
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.
O. C. D. ARTESIA, OFFICE
☐ Yes ☐ No If answer is "yes," type of consolidation _____

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

12-27-79

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.

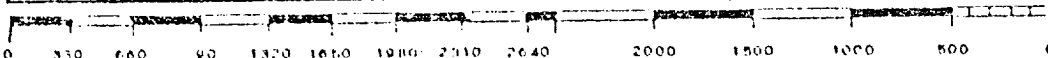
Date Surveyed

Dec. 18, 1979

Registered Professional Engineer
or Land Surveyor

Dan R. Reddy
Certificate No.

NM PE&LS #5412





United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

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O. C. D.
ARTESIA, OFFICE

January 15, 1980

Yates Petroleum Corporation
207 South Fourth Street
Artesia, New Mexico 88210

Gentlemen:

YATES PETROLEUM CORPORATION
Nelson-Yates "MR" Fed No. 1
1650 FSL 1650 FEL Sec. 3 T.18S R.30E
Eddy County Lease No. NM 01159

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 3,775 feet to test the San Andres 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 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 this approval including the GENERAL REQUIREMENTS.
3. Submit a Daily Report of Operations from spud date until the Well Completion Report (form 9-330) is filed. The progress 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 Requirements. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).
5. Cement behind the 8-5/8" casing must be circulated.
6. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

George H. Stewart
Acting District Engineer



Yates Petroleum Corporation
Nelson-Yates "MR" Federal #1
1650' FSL and 1650' FEL
Section 3-T18S-R30E
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 sandy dunes.
2. The estimate tops of geological markers are as follows:

Yates	1574'	Loco Hills	3080'	Lovington	3719'
Queen	2564'	San Andres	3531'	TD	3775'
Grayburg	2984'				

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

Water: Approximately 300'-500'
Oil or Gas: 1580' on

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: None required.
8. Testing, Logging and Coring Program:

DST's: As Warranted
Logging: CNL-GR
Coring: None
9. No abnormal pressures or temperatures are indicated.
10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Nelson-Yates "MR" Federal #1
1650' FSL and 1650' FEL
Section 3-T18S-R30E

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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 $3\frac{1}{2}$ miles SE of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed south from Loco Hills on the state highway for a distance of approximately 1 $\frac{1}{2}$ miles.
2. Turn SE onto a pipeline road for approximately 3 miles. New road starts here.
3. Turn east along power line and go for approximately 1 mile. Then turn north for 1550' to the location.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 6800' in length from point of origin to the edge of the drilling pad. The road will lie in an east-to-west direction.
- B. The new road will be 12 feet in width (driving surface).
- C. The new road will be bladed only but will caliche if essential. The surface will be crowned, with drainage on one side.
- D. The new road has been cleared by Dr. Haskell on 12/22/79 for Holly Energy, Inc.

3. LOCATION OF EXISTING WELLS.

- A. There is not any drilling activity within a one-mile radius of the 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 of 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 and brine 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 or similar material required for construction of the drilling pad and the new access road will be obtained as a last resort from the pit already cleared by Dr. Haskell in Section 4-T18S-R30E on 11/8/79.

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 in sand dunes. There are pipelines N-S on the east side of the pad area. Arrangements re the pipeline are being made with Homer Davis of Texas-New Mexico P/L.
- 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 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 USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be leveled within 90 days after abandonment.

11. OTHER INFORMATION.

- A. Topography: The land surface in the vicinity of the wellsite is sand dune undulations. The immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover consists of mesquite, saltbush, sand sage, shimmery oak and other miscellaneous desert growth. The wildlife in 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.
- 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 is:

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

13. CERTIFICATION.

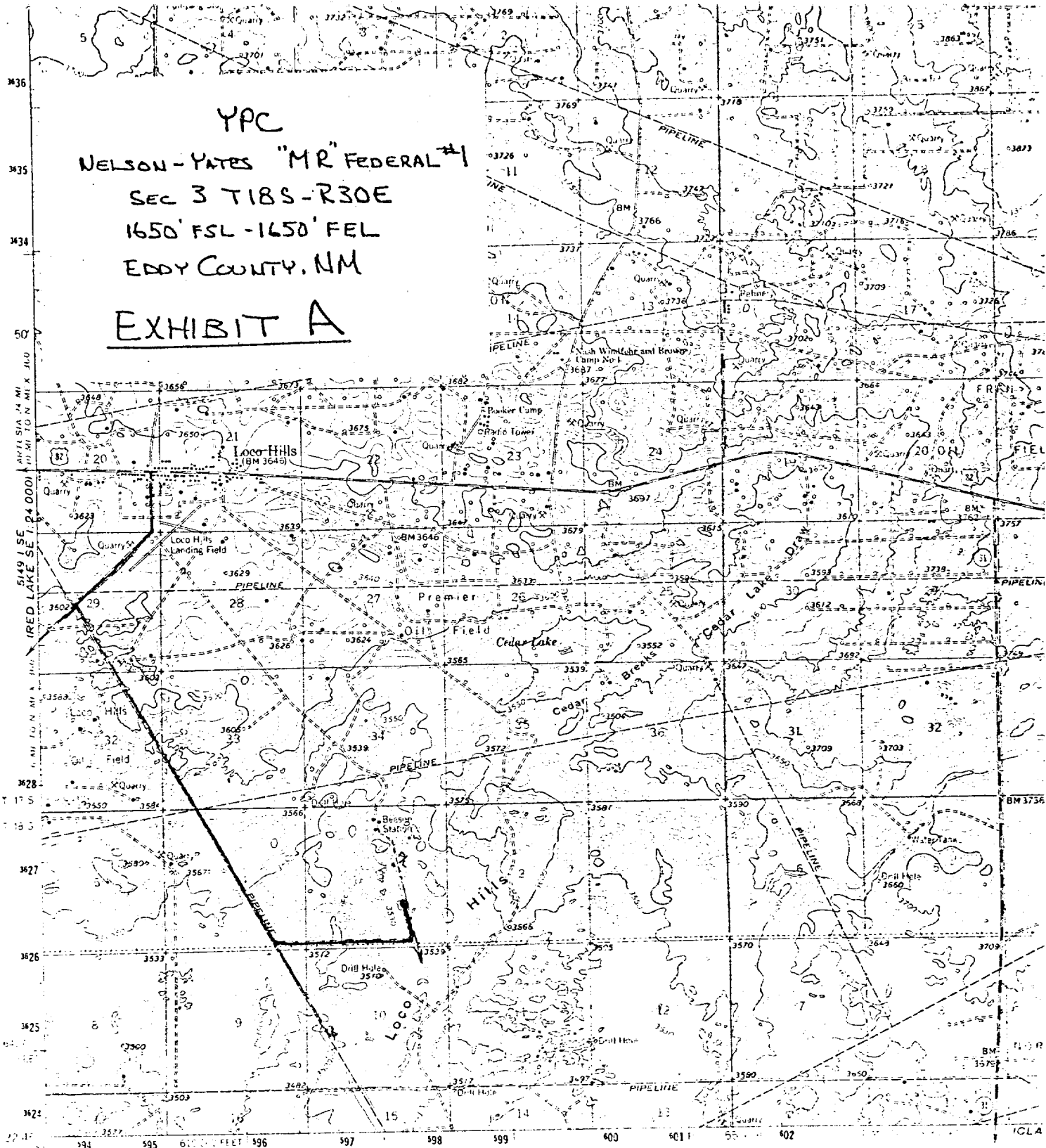
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in the plan are to the best of my knowledge, true and correct; and, that the work associated 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.

1-4-80

Date

Gliserio Rodriguez
Gliserio Rodriguez, Geographer

YPC
NELSON-YATES "MR" FEDERAL #1
SEC 3 T18S-R30E
1650' FSL - 1650' FEL
EDDY COUNTY, NM
EXHIBIT A

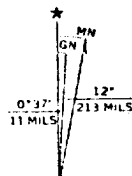


Mapped, edited, and published by the Geological Survey

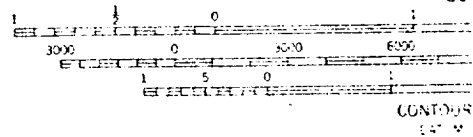
under U.S. and USCRGS

Photometry by photogrammetric methods from aerial photographs
taken 1957. Topography by aneroid surveys 1963

Projection: 1927 North American datum
1:62,500 grid based on New Mexico coordinate system, east zone
containing Universal Transverse Mercator grid ticks
zone 13 shown in blue

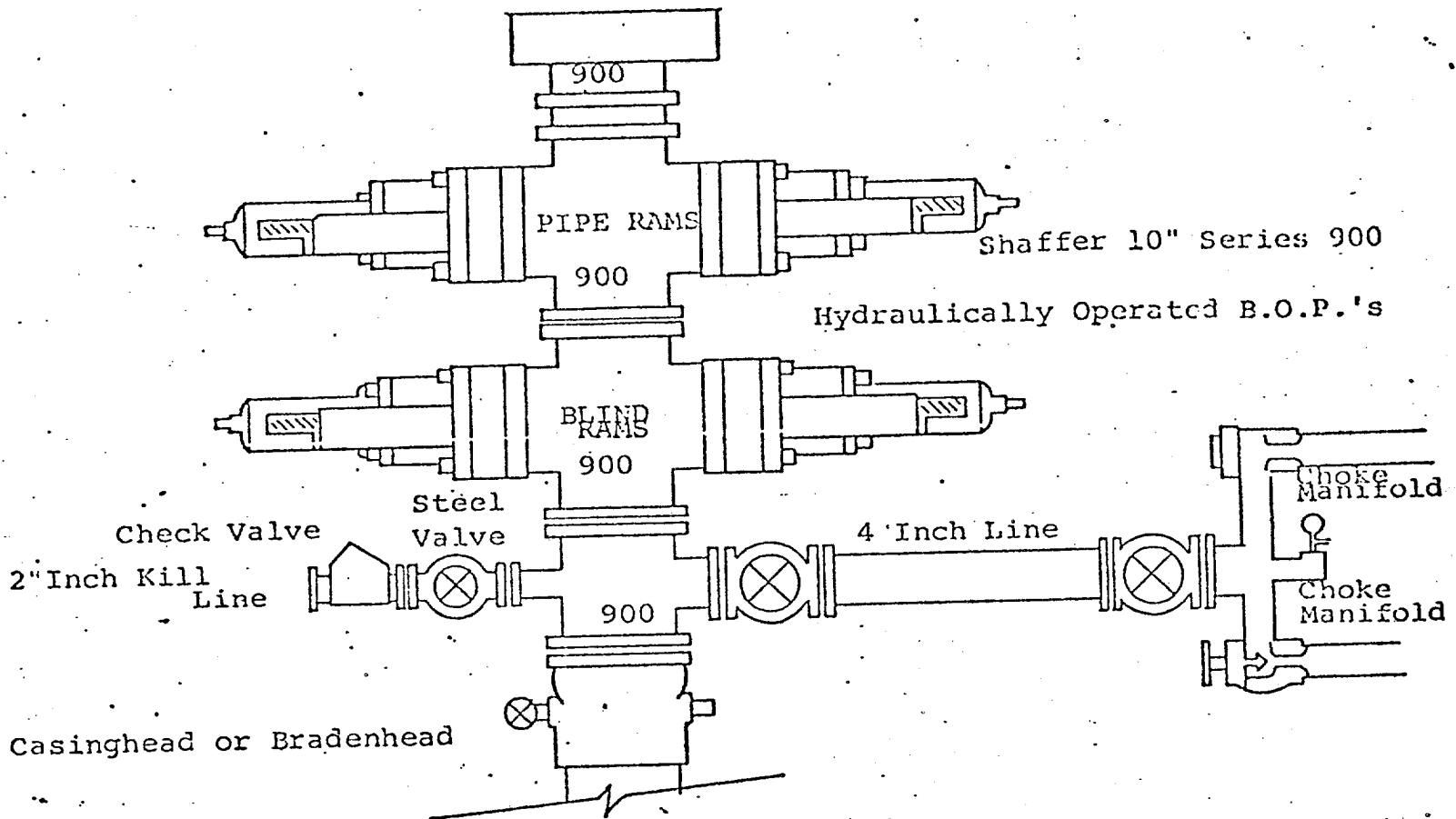


UTM GRID AND 1963 MAGNETIC NORTH
DECLINATION AT CENTER OF SHEET



THIS MAP COMPLIES WITH
FOR SALE BY U.S. GEOLOGICAL SURVEY.
A FOLDER DESCRIBING TOPOGRAPHIC

EXHIBIT B

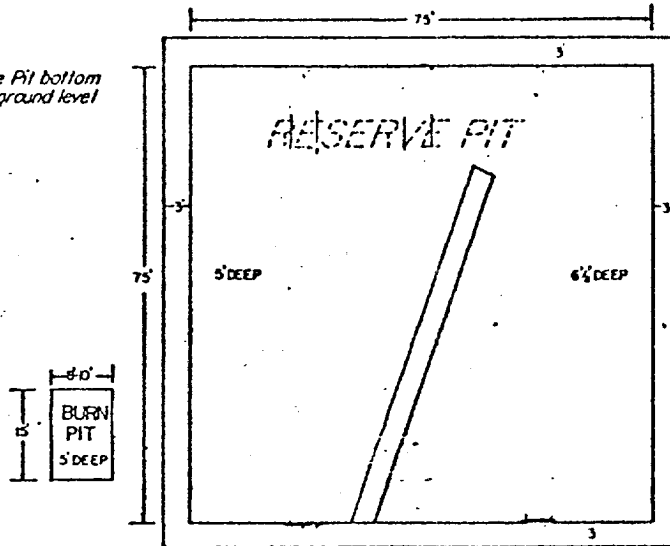


THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

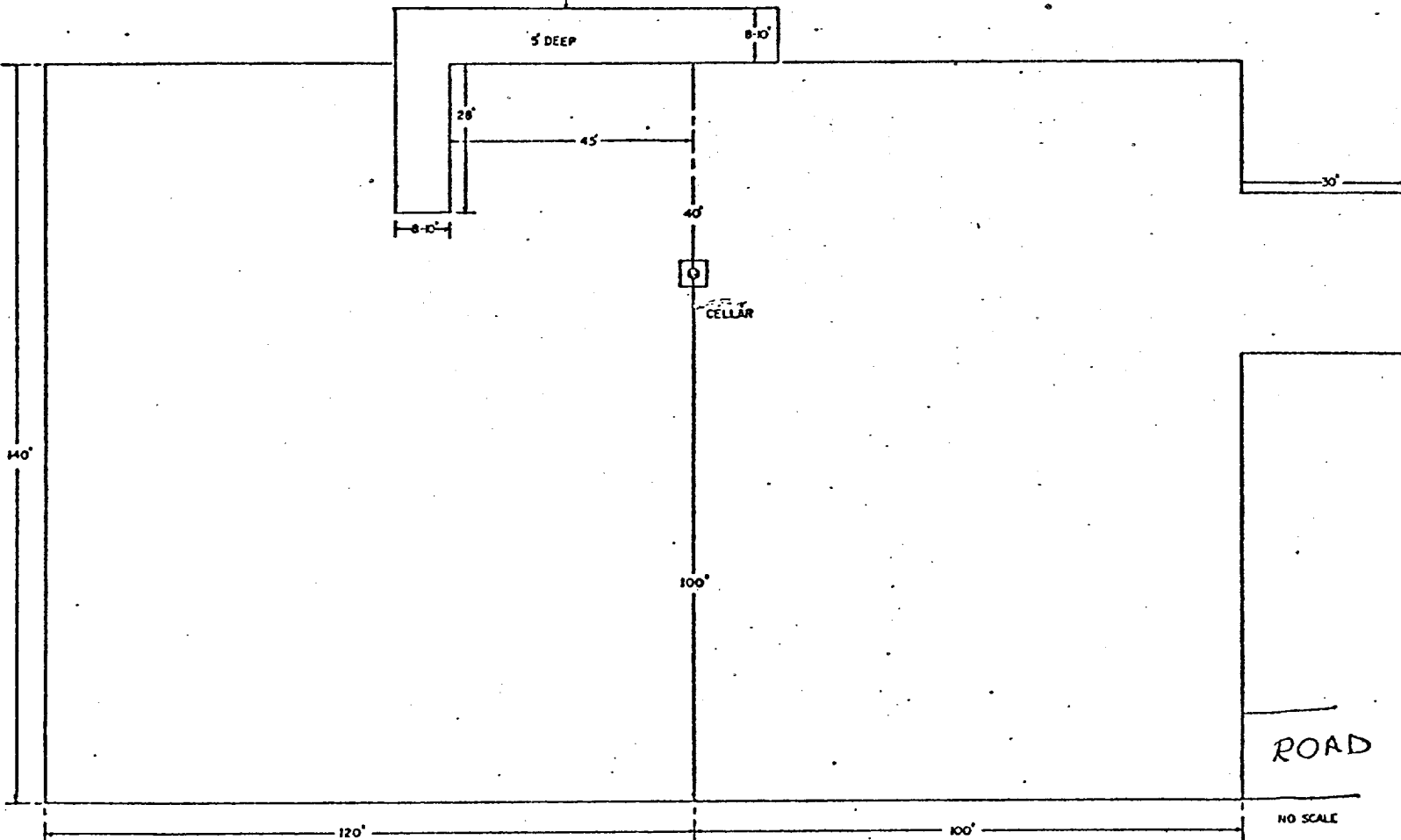
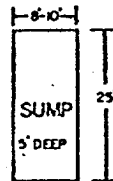
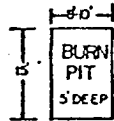
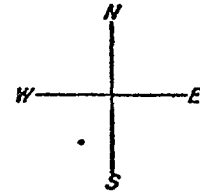
1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers 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

Reserve Pit bottom
to be at ground level
to -1 ft.



NOTE:
Inside walls must be as
high and wide as outer
walls of pit.



ROAD

NO SCALE