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United States Department of the Interior

GEOLOGICAL SURVEY

SPECIAL APPROVAL STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN:

YATES PETROLEUM CORPORATION
Federal AB No. 6
NW 1/4 Sec. 32 T. 18S R. 25E
Eddy County New Mexico
Lease No. NM-0487738

THE SPECIAL STIPULATIONS CHECK MARKED BELOW ARE APPLICABLE TO THE ABOVE-DESCRIBED WELL AND APPROVAL OF THIS APPLICATION TO DRILL IS CONDITIONED UPON COMPLIANCE WITH SUCH STIPULATIONS. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE SPECIAL STIPULATIONS PURSUANT TO TITLE 30 CFR 290.

- ☒ A. 10 3/4" surface casing should be set in the Rustler Anhydrite formation and cement circulated to the surface. If surface casing is set at a lesser depth, the _____ casing must be cemented from the casing shoe to the surface or cemented to the surface through a stage tool set at least 50 feet below the top of the Rustler after cementing around the shoe with sufficient cement to fill to the base of the salt section.
- ☒ B. Before drilling below the 7" casing, the blowout preventer assembly will consist of a minimum of ~~one annular type and~~ two ram type preventers.
- ☐ C. Casing protectors will be run on drill pipe while drilling through the _____ casing. Protectors will be of sufficient number and of sufficient outside diameter to protect the casing.
- ☒ D. Minimum required fill of cement behind the 7" casing is to circulate to surface.
- ☒ E. After setting the 7" casing string and before drilling into the GLORIETA 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.~~
- ☒ F. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the GLORIETA 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.
- ☒ G. All pits containing toxic liquids will be fenced and covered with a fine mesh netting, if necessary for the protection of livestock or wildlife.
- ☒ H. Above ground permanent structures and equipment shall be painted in accordance with the Painting Guidelines. The paint color is to simulate:
- ☒ Sandstone Brown, Fed. Std. 595-20318 or 30318
- OR ☒ Sagebrush Gray, Fed. Std. 595-26357 or 36357
- ☐



I. A kelly cock will be installed and maintained in operable condition.



J. The ARTESIA Sub-District Office is to be notified in sufficient time for a representative to witness:

(a) Spudding ☒

(b) Cementing casing

2" inch

_____ inch

_____ inch

(c) ~~BOP tests~~



K. A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the U. S. Geological Survey, P. O. Box 26124, Albuquerque, New Mexico 87125. The effective date of the agreement must be prior to any sales.



L. A Gamma Ray-Compensated Neutron log is required from the base of the salt section to the surface with cable speed not to exceed 30 feet per minute.



M. At least one working day prior to constructing the well pad, access roads and/or related facilities, the operator or dirt contractor shall notify the authorized officer (Bureau of Land Management, _____ area). He shall also notify the Authorized Officer within two working days after completion of earth-moving activities.



N. All access roads constructed in conjunction with the drilling permit (APD) will be limited to a _____ foot wide driving surface, excluding turn-arounds. Surface disturbance associated with construction and/or use of the road will be limited to _____ feet in width. If well is a producer, all roads will be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts and/or any other measures deemed necessary by the authorized officer of the BLM. The following is a general guide for the spacing of water bars:

% Slope

less than 2% 200 ft.

2% to 4% 100 ft.

4% to 5% 75 ft.

more than 5% 50 ft.



O. Other special stipulations

Any permanent pit containing waste oil must be fenced and covered with mesh wire.

Yates Petroleum Corporation
Federal AB #6
1650' FSL & 990' FWL
Section 32, T18S-R25E
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 quaternary alluvium.
2. The estimate tops of geologic markers are as follows:

San Andres	638'
Glorieta	1973'
TD approx.	3000'
3. The estimated depths at which anticipated water or oil formations are expected to be encountered:

Water:	Approximately	380'
Oil:	Yeso - San Andres	640 - 690'
		1970 - 2150'
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:

Samples:	10' samples from under surface
DST's:	None
Logging:	GR/Neutron
Coring:	None
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS

RECEIVED

Yates Petroleum Corporation
Federal AB #6
Section 32, T18S-R25E
1650' FSL & 990' FWL
(Developmental Well)

OCT 10 1980

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 showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 17 miles SW of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed south from Artesia on Highway 285 for a distance of approximately 9 miles.
2. Turn west, go past the Transwestern Plant about 3/4 mile and veer south for approximately a mile, then follow the road going west for a mile.
3. Take the road along the north side of the fence for about 2 miles. Turn north, go approximately 1 mile. The location will be next to existing road.

2. PLANNED ACCESS ROAD.

- A. There will be no new access road. Existing roads will be used.

3. LOCATION OF EXISTING WELL.

- A. There are existing wells within a one-mile radius of the wellsite. See Exhibit A.

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.

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 location itself or pit located at SW/4 of Section 1-T19S-R24E.

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 mainly covered with desert weeds, shrubs and grasses.
- 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 dried and leveled.

- 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, minor cut and fill will be needed. The immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover consists of some greasewood, various grasses, 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 inhabited dwellings in the vicinity of the proposed well.
- D. Surface Ownership: The wellsite is on fee surface and federal minerals.
- E. There is no evidence of any 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 is:

Gliserio "Rod" Rodriguez or Johnny A. Lopez
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.

10/9/80

Date

Johnny A. Lopez
Johnny A. Lopez, Regulatory Coordinator