

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐

2. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

3. NAME OF OPERATOR
Yates Petroleum Corporation ✓

4. ADDRESS OF OPERATOR
207 South 4th Street, Artesia, NM 88210

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1650' FSL and 2310' FWL
At proposed prod. zone

6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
miles west of Dayton, NM

7. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any) 1650

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

9. ELEVATIONS (Show whether DF, RT, GR, etc.)
3604 GL

10. NO. OF ACRES IN LEASE
1280

11. NO. OF ACRES ASSIGNED
TO THIS WELL
40

12. PROPOSED DEPTH
3000

13. ROTARY OR CABLE TOOLS
Rotary

14. APPROX. DATE WORK WILL START*
ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15"	10 3/4"	32.3 J-55	approx. 360'	250 sx circulate
9 1/2"	7"	20# J-55	approx. 1010'	550 sx circulate
6 1/2"	4 1/2"	9.5# J-55	approx. 3100'	300 sx circulate

We propose to drill and test the Yeso formation. Approximately 360' of surface casing will be set to shut off gravel and caving. Intermediate casing will be set at least 100' below the Artesian Water Zone. 4 1/2" production casing will be run, cemented with adequate cover, perforated and simulated as needed for production.

MUD PROGRAM: Fresh water gel to 1000', fresh water to TD.

BOP PROGRAM: BOP's will be installed on 7" casing and tested.

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 prevention program, if any.

SIGNED [Signature] TITLE Regulatory Coordinator DATE 1/16/81
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
(Orig. Sgd.) PETER W. CHESTER TITLE ACTING DISTRICT ENGINEER DATE JAN 22 1981
APPROVED BY _____
CONDITIONS OF APPROVAL ANY: _____

JAN 28 1981
OIL CONSERVATION DIVISION
SANTA FE

30-015-23644

5. LEASE DESIGNATION AND SERIAL NO.
NM 0487738

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
RECEIVED

7. UNIT AGREEMENT NAME
JAN 30 1981

8. FARM OR LEASE NAME
Federal AB

9. WELL NO.
10 O.C.D.
ARTESIA, OFFICE

10. FIELD AND POOL, OR WILDCAT
Penasco Draw S.A.-Yeso

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
UL K
Sec. 32, T18S-R25E

12. COUNTY OR PARISH
Eddy

13. STATE
NM

N. MEXICO OIL CONSERVATION COMMISS.
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 AB		Well No. 10
Letter K	Section 32	Township 18 South	Range 25 East	County Reddy	
Footage Location of Well: 1650 feet from the South line and 2310 feet from the West line					
Level Elev. 3604.	Producing Formation Yeso		Pool Peñasco Draw SA-Yeso	Dedicated Acreage: 40 Acres	

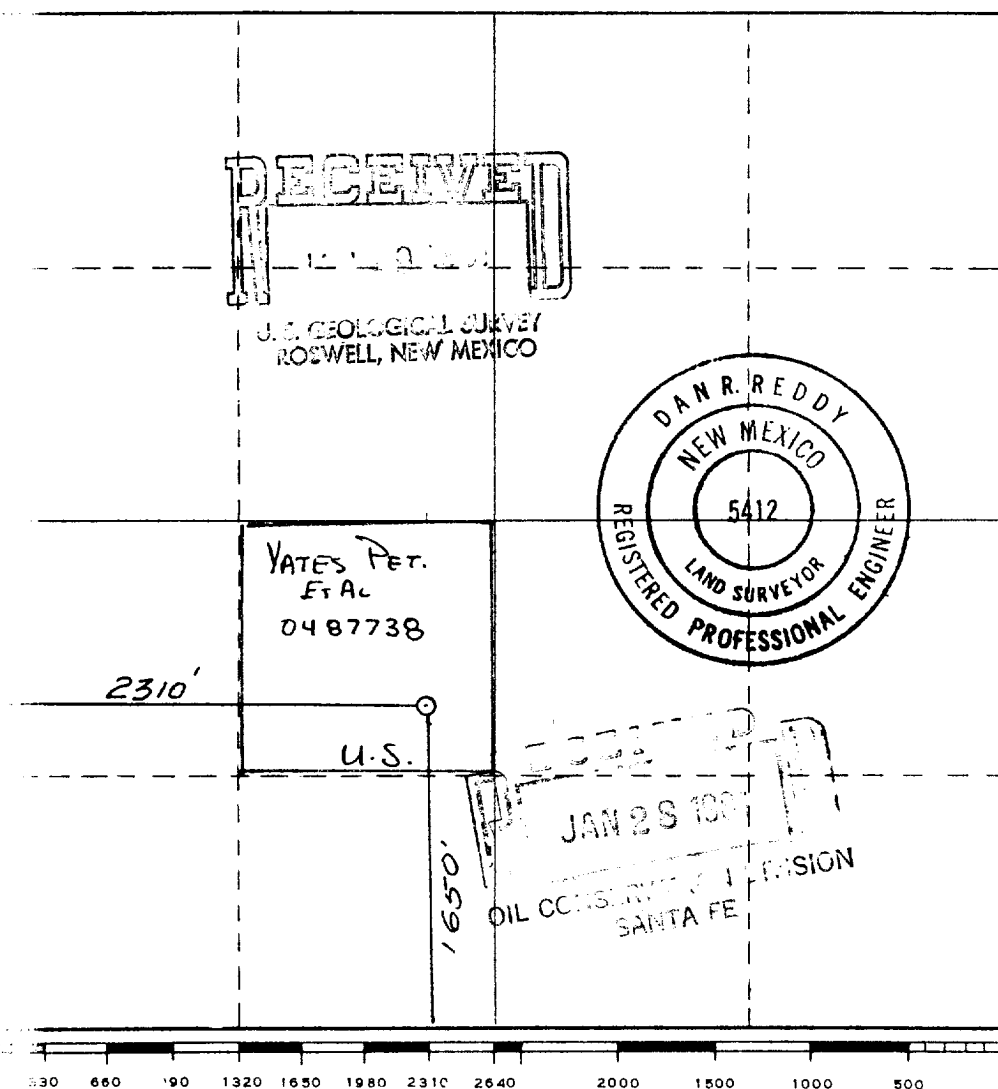
Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

1. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
2. 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 _____

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.

Name JOHNNY A. LOPEZ
Position REGULATORY COORDINATOR
Company YATES PETROLEUM CORP
Date 1/16/81

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 1/11/81
Registered Professional Engineer and/or Land Surveyor Dan R. Reddy
Certificate No. NM PE&LS #5412

Yates Petroleum Corporation
Federal AB #10
1650' FSL and 2310' 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:

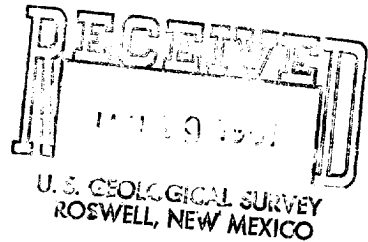
San Andres	634'
Glorieta	1964'
TD approx.	3100'
3. The estimated depths at which anticipated water or oil formations are expected to be encountered:

Water:	Approximately	380'
Oil:	Yeso - San Andres	640 - 690'
		2500 - 2800'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Program: 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

Yates Petroleum Corporation
Federal AB #10
Section 32, T18S-R25E
1650' FSL and 2310' FWL
(Developmental Well)



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 another mile to double cattleguards.
3. Take the road along the north side of the fence for about 2 miles. Turn north, go approximately 3/4 mile to Federal AB #6 location. The access road will be due east of AB #6 pad to southwest corner of AB #9 pad.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 1300' in length from point of origin to the edge of the drilling pad. The road will lie in a west to east direction.
- B. The new road will be 12 feet in width (driving surface)
- C. The new road will be bladed and caliched.
- D. The new road has been flagged.

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, (pump jack and flowlines). If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power immediately until electrical power is supplied to replace fossil fuel.

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/or hauled to the location by truck over the existing and proposed roads shown in Exhibit A or piped to location.

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 pits located at SW/4 of Section 1-T19S-R24E (Federal) or NW/4 Section 31, T18S, R25E (State).

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 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 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 level, 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.

1/16/81

Date

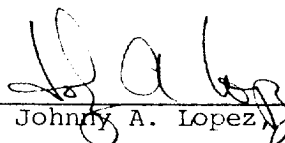

Johnny A. Lopez, Regulatory Coordinator

EXHIBIT A
YATES PETROLEUM CORPORATION
FEDERAL AB #10
1650' PSL AND 2310' FWL
SEC. 32 T1B3 R25E
EDDY COUNTY, NM

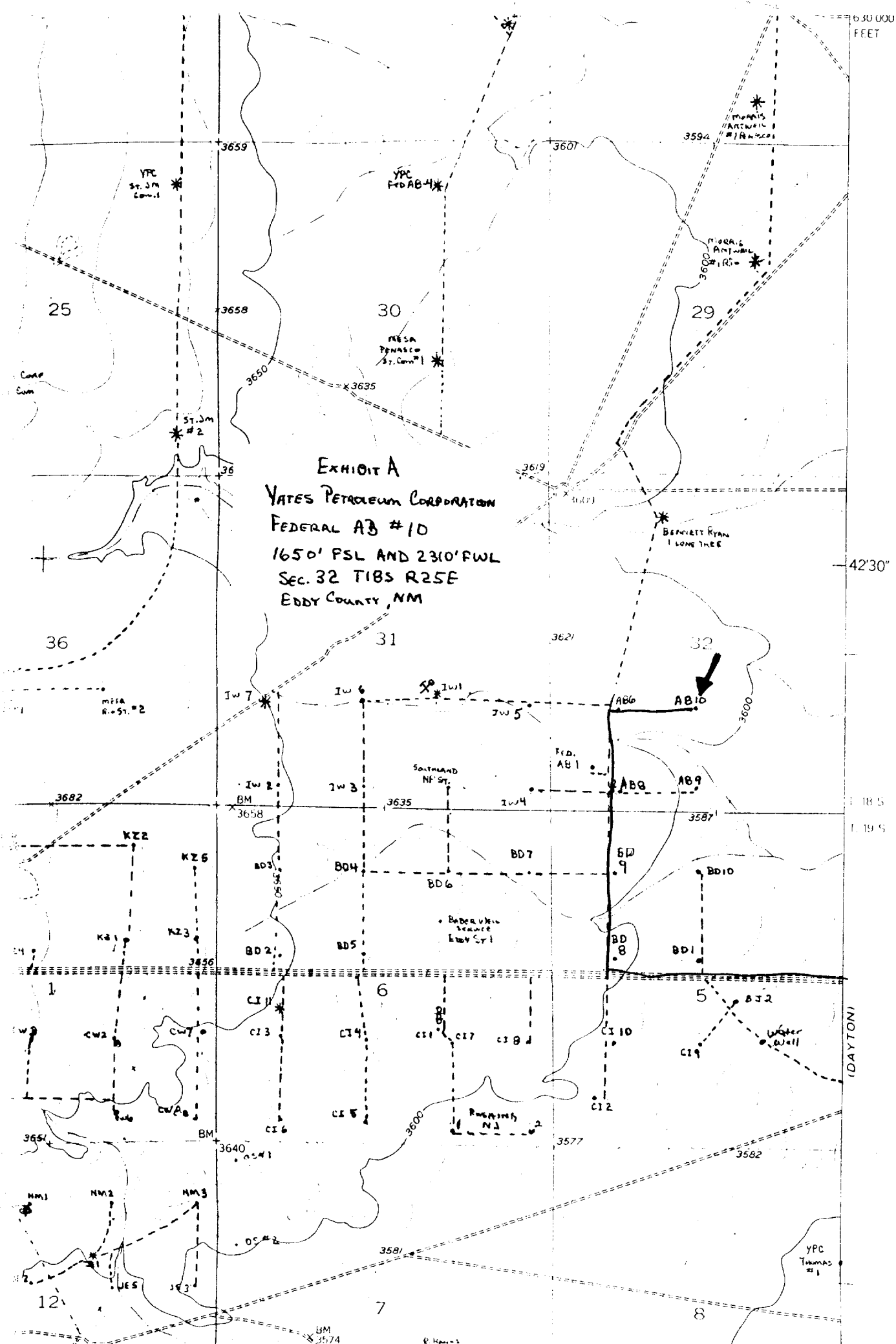
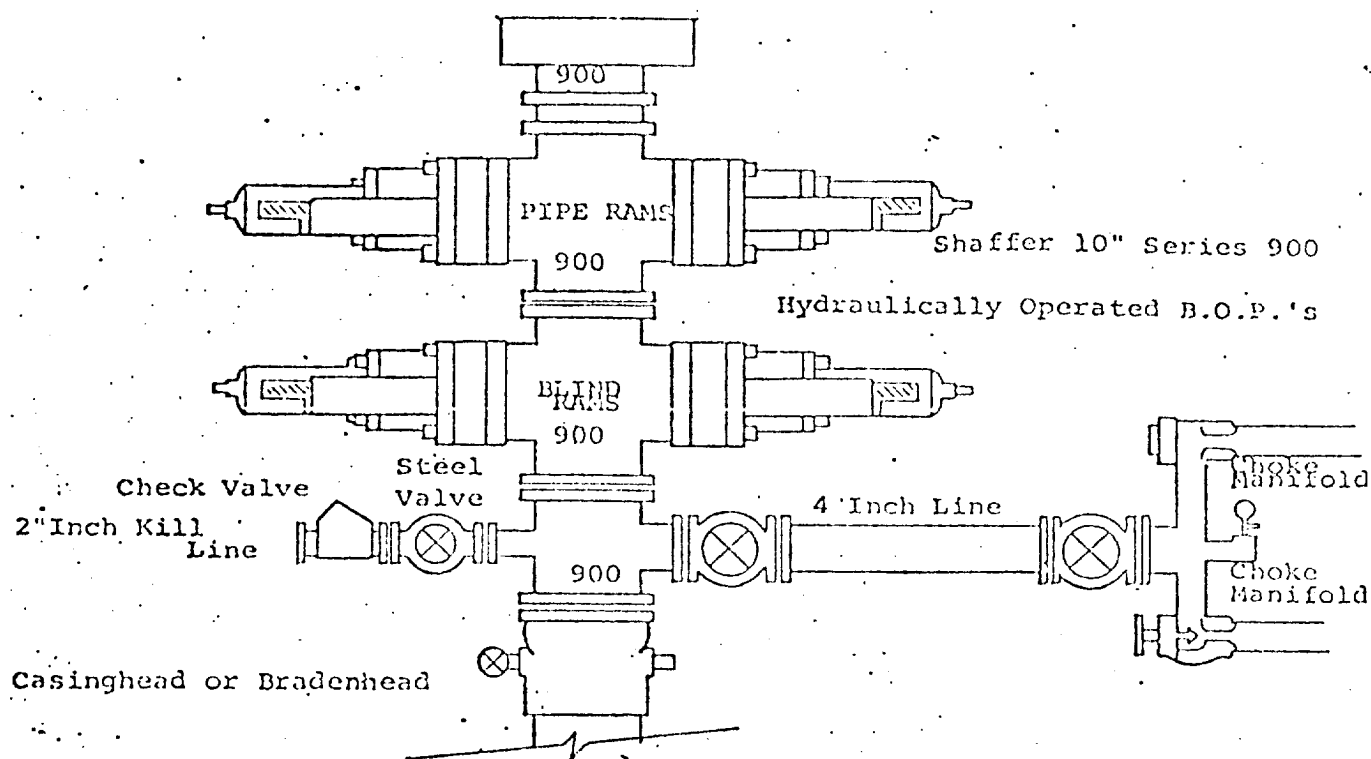


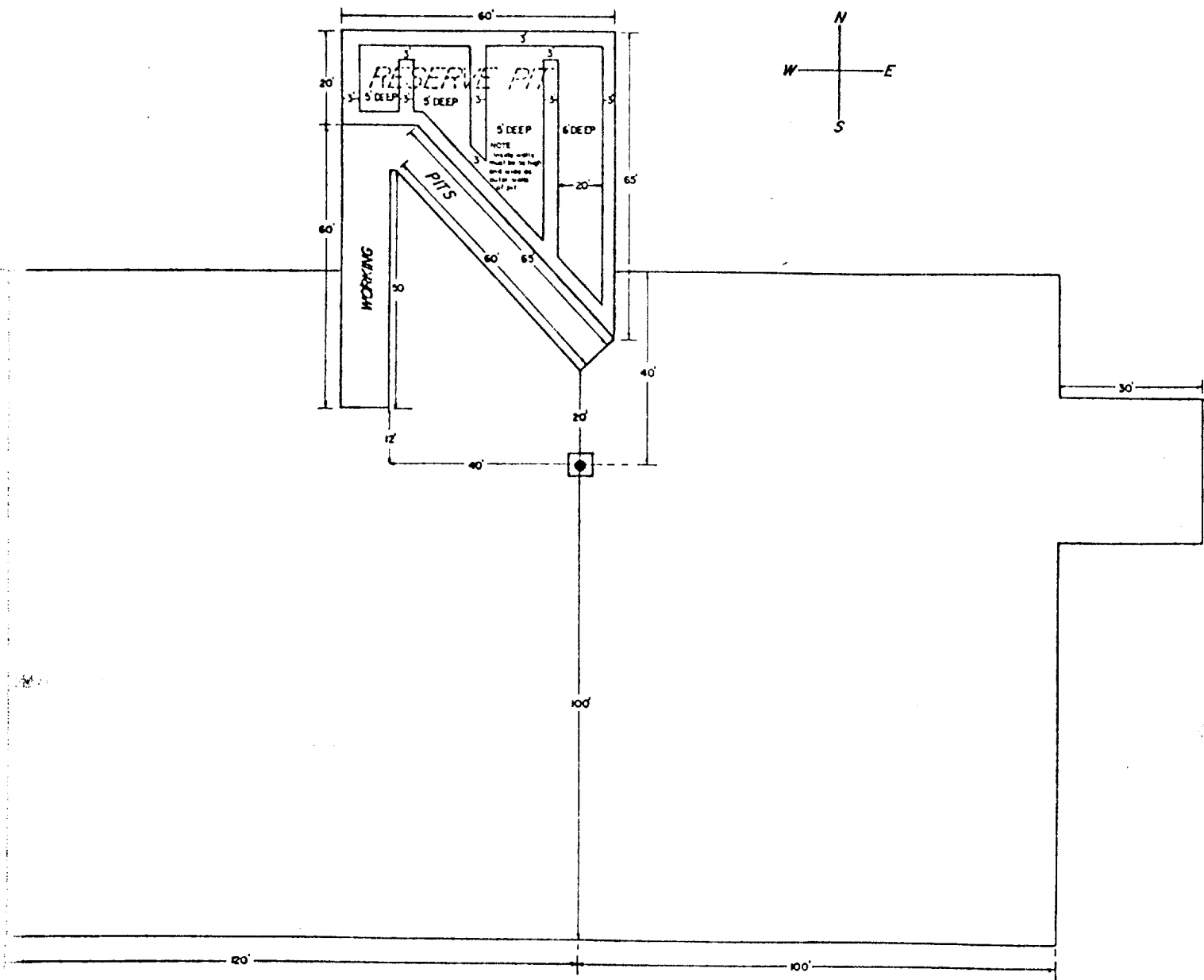
EXHIBIT B



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.

0-3000 FT.





207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

RECEIVED

JAN 30 1981

O. C. D.
ARTESIA, N.M.

January 16, 1981

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

USGS
Federal Building
Roswell, New Mexico 88201

ATTENTION: Mr. George Stewart

Gentlemen:

Re: Federal AB #8, Federal AB #9 and
Federal AB #10

Yates Petroleum Corporation has submitted an application to drill wells on surface owned by Lincoln, Land and Cattle Co., P.O. Box 338, 410 E. College Blvd., Roswell, New Mexico 88201. These wells are located in SW/4 Section 32, T18S, R25E.

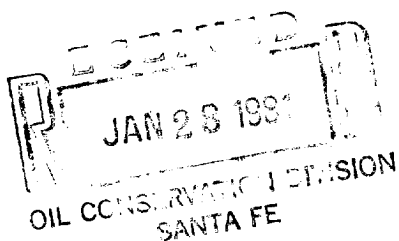
In a visit with Hutch Calvin, Legal Advisor for Lincoln, Land, and Cattle Co., it was agreed that we would compensate him monetarily for the surface damages incurred. Also that in the rare possibility of a dry hole, we would leave the road intact. The pit area will be leveled after they are dry and along with the pad will be left to reseed naturally.

Sincerely,

YATES PETROLEUM CORPORATION

Rod Rodriguez
Rod Rodriguez
Geographer

RR/ob



1-20-81

