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ARTESIA, N.M. 88001

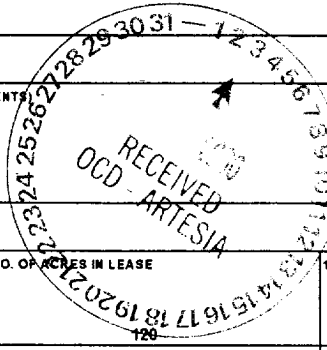
0195

Form 3180-3 (July 1992)
Harvey E. Yates Company

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NMLC-061701
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTEE OR TRIBE NAME 26/46
2. NAME OF OPERATOR HARVEY E. YATES COMPANY 10179		7. UNIT AGREEMENT NAME POCO LOCO 8 FED COM
3. ADDRESS AND TELEPHONE NO. P.O. BOX 1933, ROSWELL, NEW MEXICO 88202 505-623-6601		8. FARM OR LEASE NAME, WELL NO. 1
4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS) AT SURFACE 860' FSL & 1980' FWL AT PROPOSED PROD. ZONE SAME Unit N		9. API WELL NO. 30-015-31228
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 10 MILES SW OF LOCO HILLS, NM		10. FIELD AND POOL, OR WILDCAT SOUTH EMPIRE MORROW
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 860'		11. SEC., T., R., M., OR BLK AND SURVEY OR AREA SEC 8, T18S, R29E
16. NO. OF ACRES IN LEASE 120		12. COUNTY OR PARISH EDDY
17. NO. OF ACRES ASSIGNED TO THIS WELL 320		13. STATE NM
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 330'		20. ROTARY OR CABLE TOOLS ROTARY
19. PROPOSED DEPTH 11,200'		21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3518 (GR)
23. PROPOSED CASING AND CEMENTING PROGRAM		APPROX. DATE WORK WILL START 10-May-00



SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H-40	48#	300'	350 SX "C" W/2% CACL & 1/4# CELLOSEAL
12 1/4"	8 5/8" J-55	32#	3,200'	350 SX "C" W/2% CACL & 1/4# CELLOSEAL, 1,000 SX FILLER *
7 7/8"	5 1/2" J-55, N-80, S-95 (SEE EXHIBIT E)	17#	11,200'	1100 SX LEAD & 400 SX TAIL **

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS.
CEMENT WILL BE CIRCULATED ON 13 3/8" AND 8 5/8" CASING.
CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS.
* FILLER CEMENT 35/65 "C" POZ w/ 6% GEL, 5# SALT, & 1/4# FLOSEAL
** LEAD: 1100 SX "H" POZ w/ 2% GEL & 5# SALT PER SACK
TAIL: 400 SX "H" w/ 3% KCL, .5% FLUID LOSS, .3% DISPERSANT, 1% BONDING AGENT, .3% RETARDER, & .2% SODIUM METASILICATE PER SACK

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

PROPOSED MUD PROGRAM	
0-300'	FRESH WATER, PAPER, & ACTIGUARD. MW-9.0 VIS-31
300'-3,200'	BRINE WATER, PAPER, & ACTIGUARD. MW-10.0, VIS-31
3,200'-7,800'	FRESH WATER, PAPER, ACTIGUARD, & AMMONIA NITRATE. 30,000 CHLORIDES MW-9.0 VIS-31
7,800'-11,200'	MUD UP W/BARAZAN. 30,000 CHLORIDES, MW-9.2-9.4, VIS-34-36, WL-10-20

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Bob Williams Bob Williams TITLE Drilling Superintendent DATE March 31, 2000

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

PERMIT NO. _____ APPROVAL DATE _____

APPLICATION APPROVAL DOES NOT WARRANT OR CERTIFY THAT THE APPLICANT HOLDS LEGAL OR EQUITABLE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON.

CONDITIONS OF APPROVAL IF ANY:
Acting Assistant Field Manager,
Lands And Minerals
APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ TITLE _____ DATE JUN 8 2000

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS KNOWINGLY AND WILLFULLY TO MAKE TO ANY DEPARTMENT OR AGENCY OF THE UNITED STATES ANY FALSE, FICTITIOUS OR FRAUDULENT STATEMENTS OR REPRESENTATIONS AS TO ANY MATTER WITHIN ITS JURISDICTION



Application
Harvey E. Yates Company
Poco Loco 8 Fed Com #1
Section 8, T18S, R29E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application For Permit To Drill Or Deepen subject well, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 10.

1. **Geologic Name of Surface Formation:**
Quaternary alluvium and bolson deposits
2. **Estimated Tops of Significant Geologic Markers:**
Yates 940', Seven Rivers 1,265', Queen 1,960', Penrose 2,110', Bone Spring 3,985', BSPG 1st sand 6,110' BSPG "B" zone 6,400', BSPG 2nd sand 7,080', BSPG "C" zone 7,460', BSPG 3rd sand 7,830', Wolfcamp 7,975', Cisco 9,255', Canyon 9,690', Strawn 9,960', Atoka 10,270', Morrow 10,560', Morrow Clastics 10,730', L. Morrow Mkr. 10,840', PTD 11,200'.
3. **Estimated Depths at which Water, Oil, or Gas Formations are expected:**
Oil: Bone Spring 3,985'
Gas: Bone Spring 3,985'
4. **Proposed Casing Program:**
See Form 3160-3
5. **Pressure Control Equipment:**
BOP & Annular. See Exhibit C.
6. **Drilling Fluid Program:**
See Form 3160-3
7. **Auxiliary Equipment:**
H2S Compliance package
8. **Testing, Logging, & Coring Program:**
The planned logs are Schlumberger Platform Express w/HALS.
One DST is possible in the Wolfcamp or Atoka
9. **Abnormal Conditions, Pressures, Temperature, or Potential Hazards:**
No abnormal conditions are anticipated in this well bore.
BHST: 170 deg F
BHP: 3,000 psi
10. **Anticipated Starting Date & Duration of Operation:**
Spud Date: Approximately May 10, 2000. Duration of this project will be approximately 56 days from start of Construction of drilling pad until finish of completion operations



Surface Use Plan
Harvey E. Yates Company
Poco Loco 8 Fed Com #1
Section 8, T18S, R29E
Eddy County, New Mexico

1. Existing Roads:

Exhibit A is a portion of a New Mexico map showing the location of the proposed location. The location is approximately 30 miles east of Artesia, NM Leave Artesia on U.S. 82 & travel east to the junction of NM 360. Turn South and go 4.4 miles. Turn left. Go .3 miles to fork in road. Take right fork and go .4 miles to location.

2. Planned Access Roads:

This well will be accessed by existing roads.

3. Location of Existing Wells:

See EXHIBIT B

4. Location of Tank Batteries, Electric Lines, Etc:

In the event a producing well is drilled, a tank battery will be built on the location. See EXHIBIT B

5. Location and Type of Water Supply:

Water will be obtained from commercial sources.

6. Source of Construction Material:

We will use materials from the primary and auxiliary reserve pits to build the location.

7. Methods of Handling Waste Disposal:

Waste will be handled in an approved manner. The wellsite will be cleaned of all waste within 30 days of final completion of the well.

8. Ancillary Facilities:

N/A

9. Wellsite Layout:

a. EXHIBIT D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.

b. The land is relatively flat with sandy soil and sand dunes.

c. The pad and pit area have been staked.

10. Plan for Restoration of the Surface:

a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. Pits will be back filled and the location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.

b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible. All pits will be filled and leveled within 90 days after abandonment.

11. Other Information:

a. The mineral owner is the Federal Government. The surface owner, Bogle Limited, has been contacted, and an agreement reached regarding surface damages.

b. The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.

c. There are no ponds, lakes, or rivers in this area.

d. An Archaeological Survey has been made and a copy has been sent to the Roswell BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.

e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

12. Operator's Representative:

I certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; that the work associated with operations proposed herein will be performed by Harvey E. Yates Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Bob Williams Drilling Superintendent
Harvey E. Yates Company
P.O. Box 1933
Roswell, NM
505-623-6601

Mar 31, 2000

Bob Williams

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Well Name
Property Code	Property Name POCO LOCO 8 FEDERAL COM	Well Number 1
OGRID No.	Operator Name HARVEY E. YATES COMPANY	Elevation 3518

Surface Location

UL or lot No. N	Section 8	Township 18 S	Range 29 E	Lot Idn	Feet from the 860	North/South line SOUTH	Feet from the 1980	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LC-058603	LC-050906
LC-061702	
NM-14844	3520.6' 3516.3' 3518.3' 3514.0' DETAIL
LC-061701	SEE DETAIL 1980' 860'

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Bob Williams
Signature

Bob Williams
Printed Name

Drilling Superintendent
Title

April 3, 2000
Date

SURVEYOR CERTIFICATION

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 belief.

MARCH 6, 2000

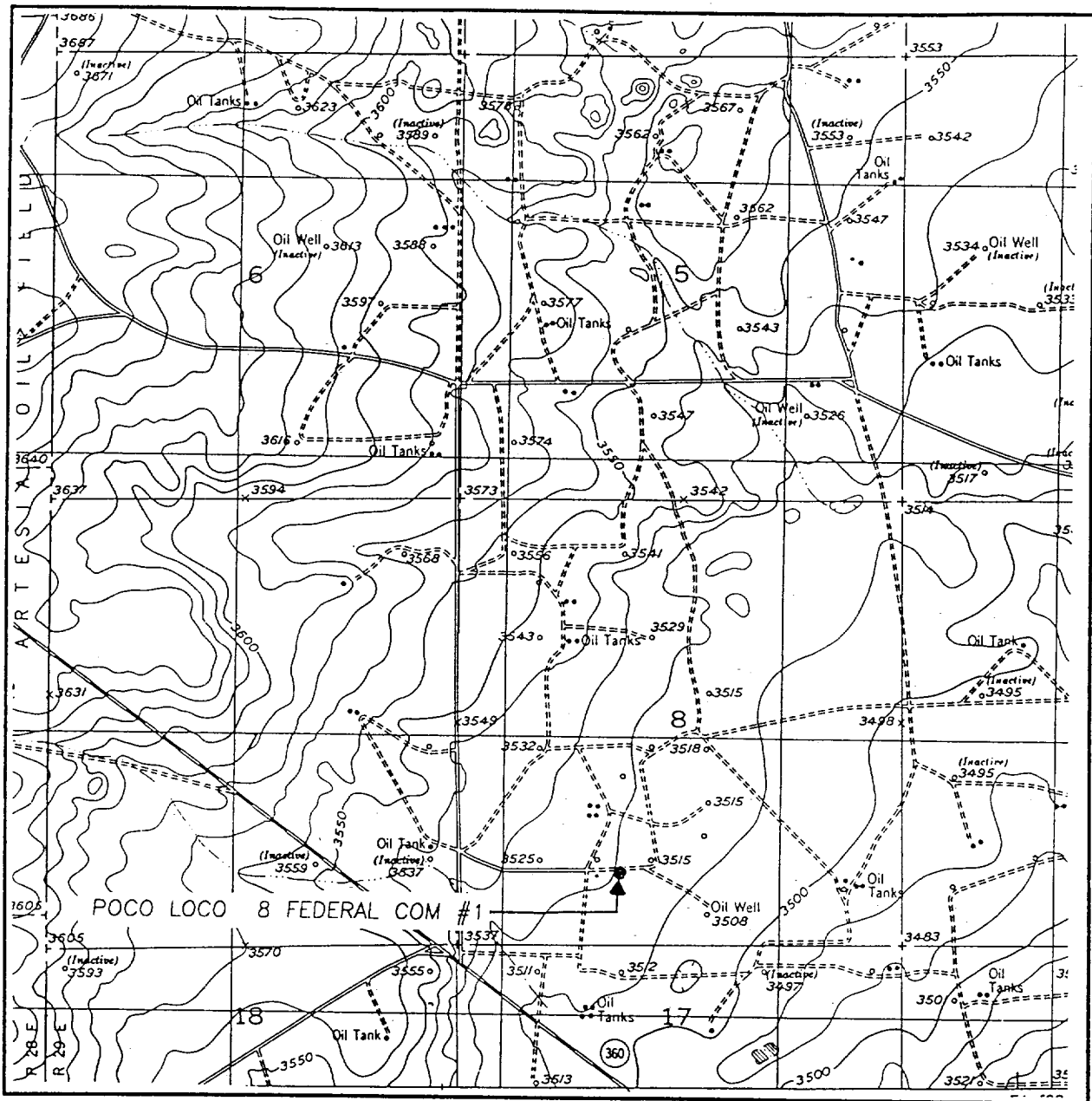
Date Surveyed _____ DC

Signature & Seal of Professional Surveyor

Gary Eidson 3/20/2000
00-11-0322

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12841
MACON McDONALD 12185

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE - 10'

SEC. 8 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 860' FSL & 1980' FWL

ELEVATION 3518

OPERATOR HARVEY E. YATES COMPANY

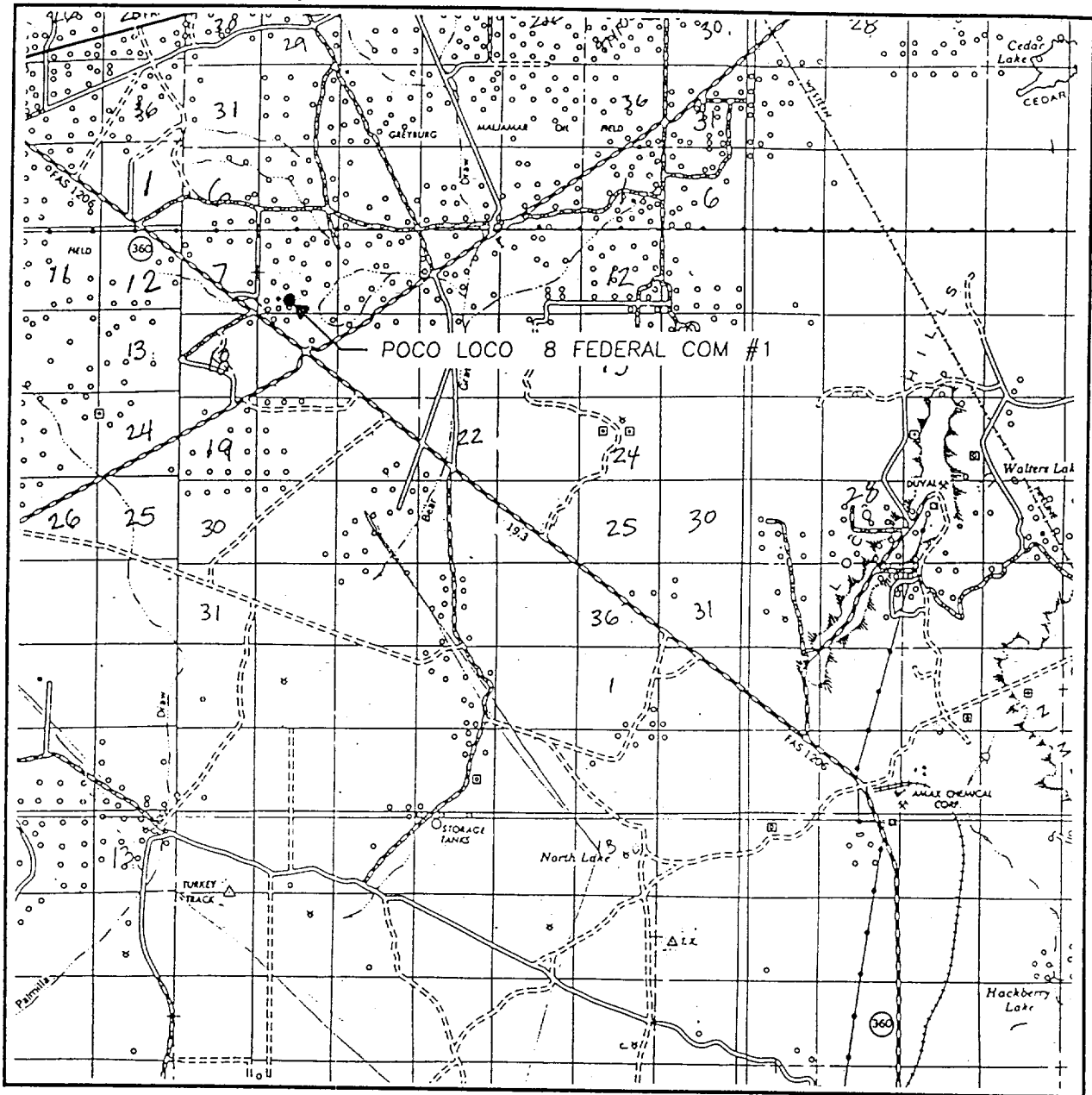
LEASE POCO LOCO 8 FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 8 TWP. 18-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 860' FSL & 1980' FWL

ELEVATION 3518

OPERATOR HARVEY E. YATES COMPANY

LEASE POCO LOCO 8 FEDERAL COM

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)

United States Department of the Interior

**BUREAU OF LAND MANAGEMENT
Roswell Resource Area
P.O. Drawer 1857
Roswell, New Mexico 88202-1857**

Statement Accepting Responsibilities for Operations

**Operator Name: Harvey E. Yates Company
Street or Box: P.O. Box 1933
City, State: Roswell, New Mexico
Zip Code: 88202**

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No.: NMLC-061701

Lease Name: Poco Loco 8 Fed Com #1

Legal description of land: Sec 8, T18S, R29E, Lea County, New Mexico

Formation(s) (if applicable): Morrow

Bond Coverage: (State if individually bonded or another's bond): Blanket Bond

BLM Bond File No.:

Authorized Signature: Bob Williams

Title: Drilling Superintendent

Date: Mar 31, 2000

EXHIBIT "D" LOCATION DIAGRAM

Poco Loco 8 Fed Com #1
860' FSL & 1980' FWL
Sec 8, T18S, R29E
Eddy County, NM

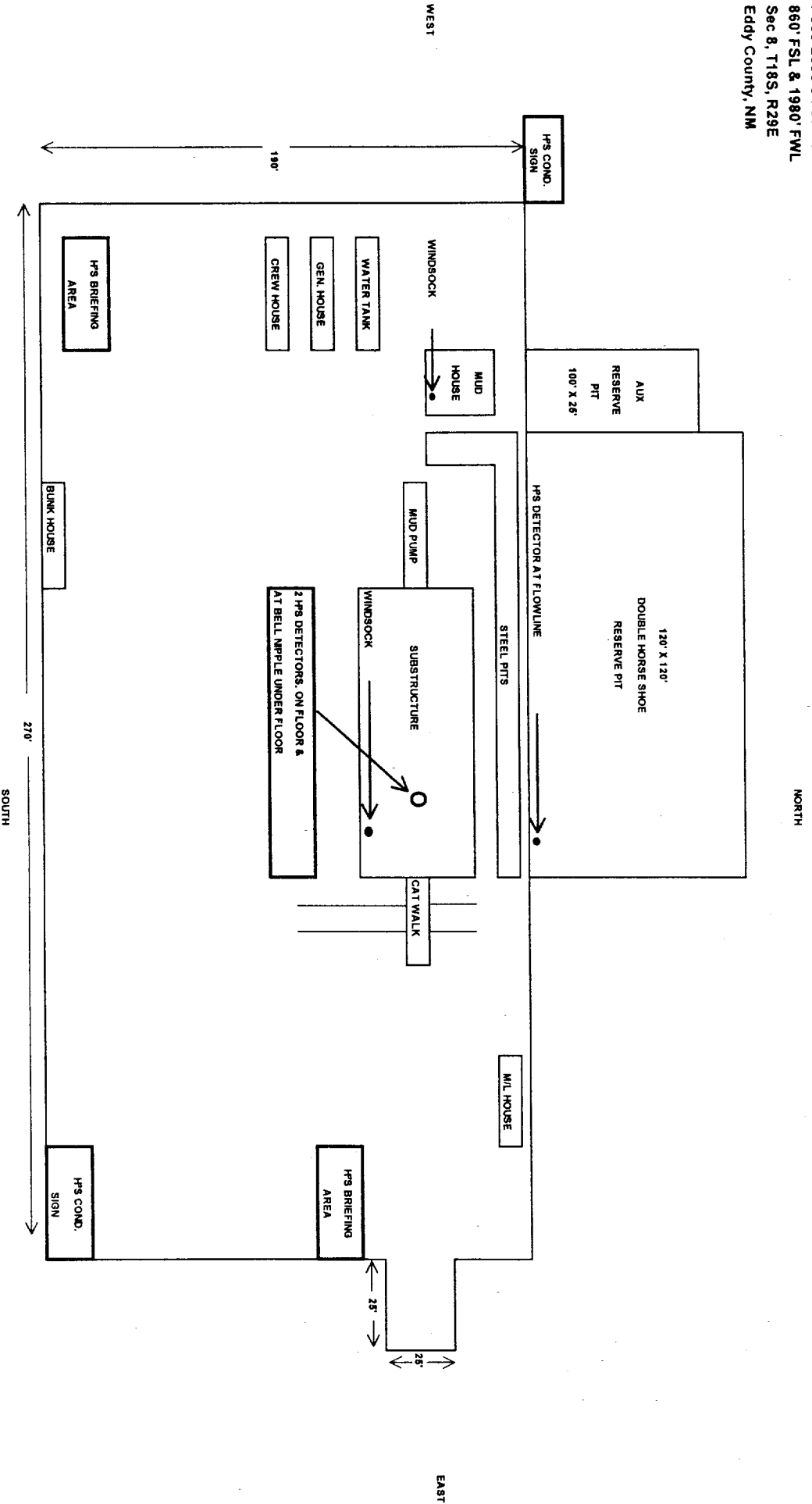


EXHIBIT "C" BOP STACK

Poco Loco 8 Fed Com #1
860' FSL & 1980' FWL
Sec 8, T18S, R29E
Eddy County, NM

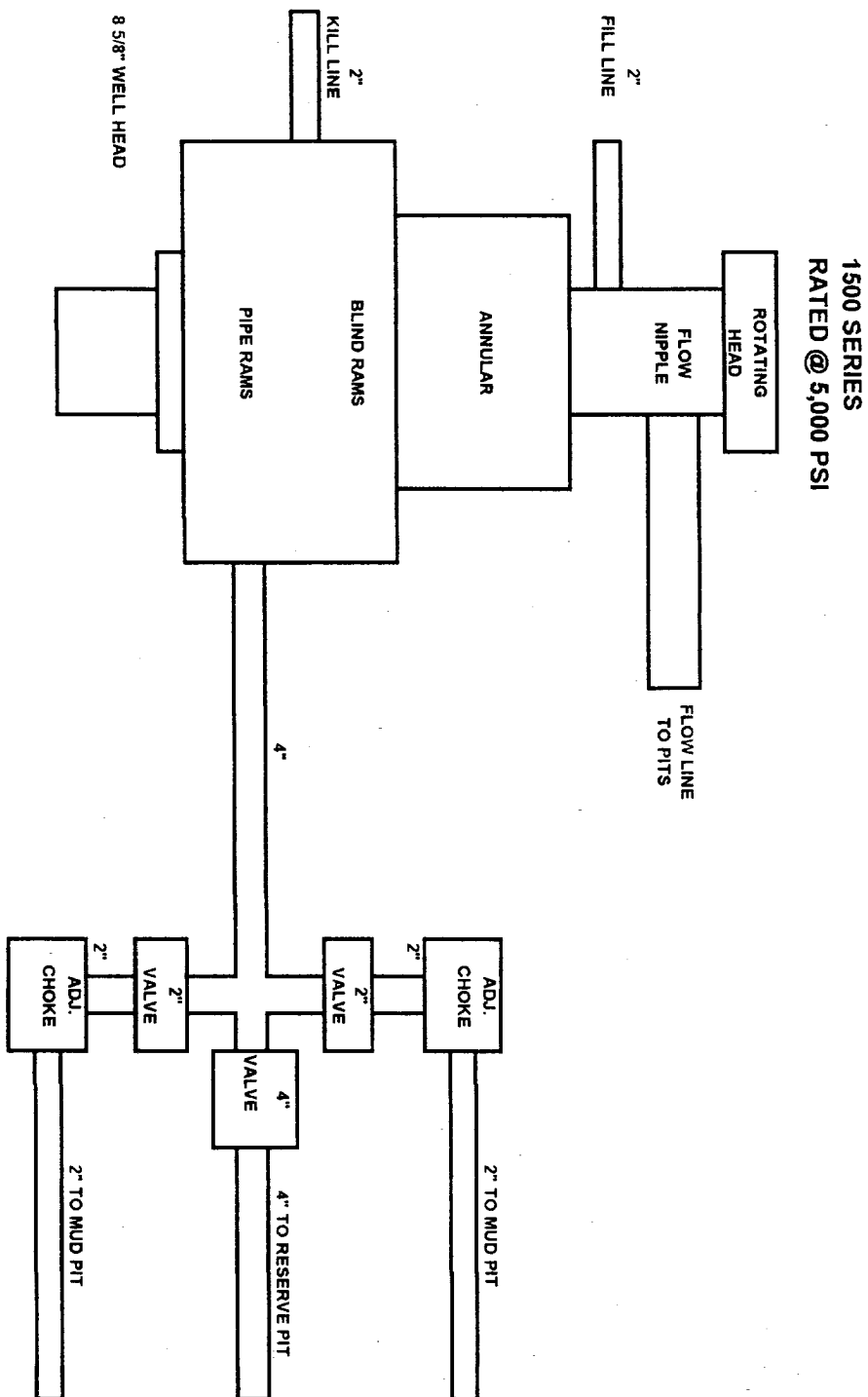


EXHIBIT "E" CASING DESIGN

Casing Design

Poco Loco 8 Fed Com #1
860' FSL & 1980' FWL
Sec 8, T16S, R29E
Eddy County, NM

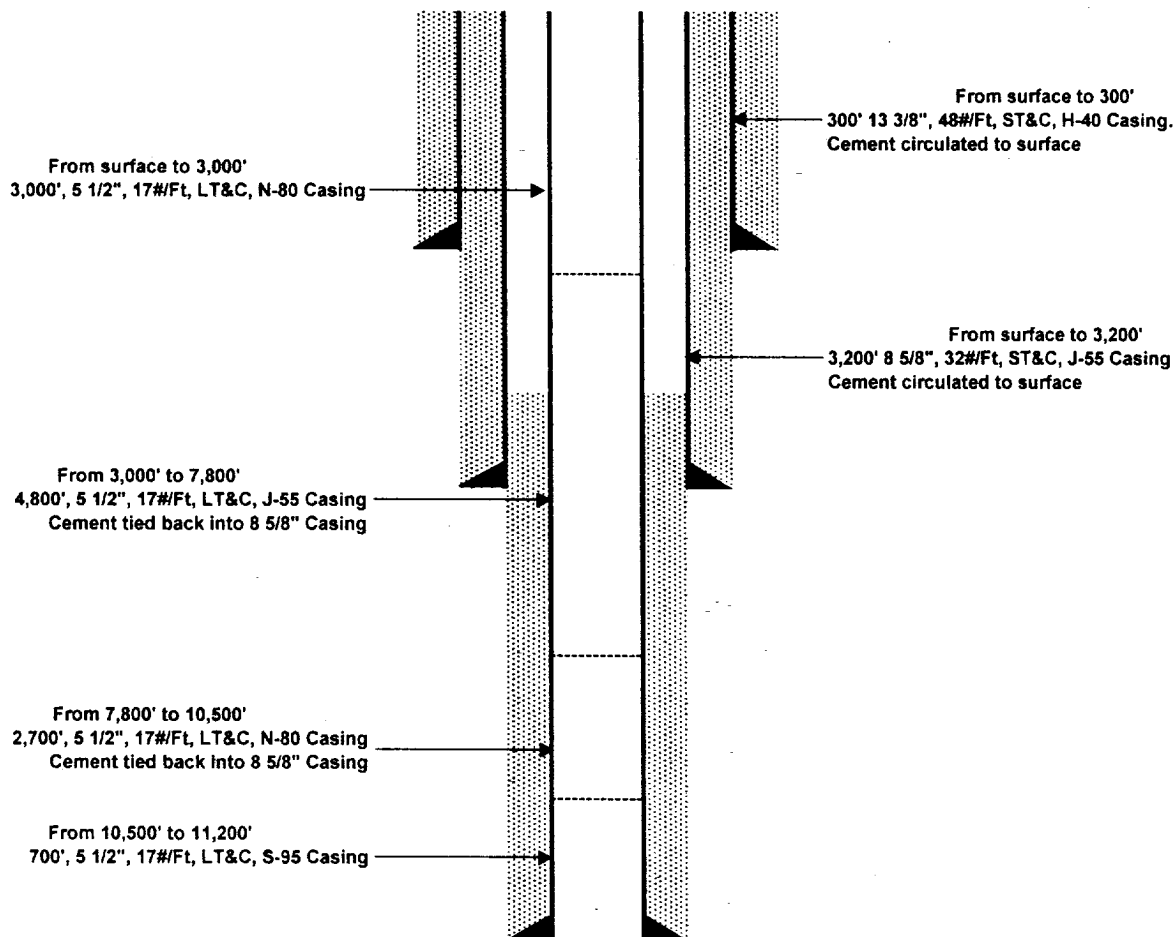


EXHIBIT "F"

**Harvey E. Yates Company
Poco Loco 8 Fed Com #1
Section 8, T18S, R29E
Eddy County, New Mexico**

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis will show proof of training from a qualified instructor in the following areas before commencing any work on the above named well.

- 1. The hazards and characteristics of hydrogen sulfide (H²S)**
- 2. The proper use and maintenance of personal protective equipment and life support systems.**
- 3. The proper use of H²S detectors, alarms, warning signs, briefing areas, and evacuation procedures.**
- 5. The proper technique for rescues.**

II H²S Safety Equipment and Systems

All H²S safety equipment and systems will be installed 1,000 feet prior to penetrating the first zone containing or reasonably expected to contain H²S.

- 1. Well Control Equipment**
 - A. Choke manifold with a minimum of two adjustable chokes.**
 - B. Blind and pipe rams to accommodate all pipe in use.**
 - C. Auxiliary equipment to include annular preventer and rotating head.**
- 2. Protective equipment for essential personnel**
 - A. Four 5 minute escape units in top dog house.**
 - B. One 30 minute SCBA at each briefing area.**
- 3. H²S detection and monitoring equipment**
 - A. Three channel monitor located on floor, with detectors located on floor, on flow nipple, and on flow line on mud pit.**
- 4. Visual Warning Systems**
 - A. Windsock located on floor and mud pits.**
 - B. Briefing area signs located on NE & SW corners of pad.**
 - C. H²S Condition sign located at entrance to location.**
- 5. Mud Program**

The mud program has been designed to minimize the volume of possible H²S circulated to surface. Proper weight, safe drilling practices, and the use of H²S scavengers will minimize hazards when penetrating possible H²S bearing zones.

6. Metallurgy

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifolds, and associated lines and valves shall be suitable for an H²S environment.

7. Communications

Drilling rig and company vehicles will be equipped with two way radios or cellular telephones.

8. Well testing

One Drill Stem Test is planned for this well.