

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK		2. NAME OF OPERATOR		7. UNIT AGREEMENT NAME	
DRILL	<input checked="" type="checkbox"/>	DEEPEN	<input type="checkbox"/>	PARKER DEEP 5 FED COM	
b. TYPE OF WELL		c. ADDRESS AND TELEPHONE NO.		8. FARM OR LEASE NAME, WELL NO.	
OIL WELL	<input type="checkbox"/>	GAS WELL	<input checked="" type="checkbox"/>	2	
		OTHER	<input type="checkbox"/>	9. API WELL NO.	
		SINGLE ZONE	<input checked="" type="checkbox"/>	30-CIS-31548	
		MULTIPLE ZONE	<input type="checkbox"/>	10. FIELD AND POOL, OR WILDCAT	
1. NAME OF COMPANY		11. SEC., T., R., M., OR BLK		SHUGART MORROW NORTH	
HARVEY E. YATES COMPANY		AND SURVEY OR AREA		SEC 5, T18S, R31E	
3. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)		12. COUNTY OR PARISH		13. STATE	
AT SURFACE		EDDY		NM	
AT PROPOSED PROD. ZONE		SAME			

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
10 MILES SOUTHEAST OF LOCO HILLS NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)		1,370'	16. NO. OF ACRES IN LEASE  40	17. NO. OF ACRES ASSIGNED TO THIS WELL  319.96
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		NONE	19. PROPOSED DEPTH  11,900	20. ROTARY OR CABLE TOOLS  ROTARY
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3,675'			APPROX. DATE WORK WILL START 1-Feb-00	

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H-40	48# ST&C 8RD	3550 550	425 SX "C" w/ 2% CACL & 1/4# FLOSEAL
12 1/4"	8 5/8" J-55	32# ST&C 8RD	4450	350 SX "C" w/ 2% CACL & 1/4# FLOSEAL 1500 SX TAIL
7 7/8"	5 1/2" J-55, N80 & S-95	17# LT&C 8RD	11900	1100 SX LEAD & 400 SX TAIL "
		(SEE EXHIBIT "E")		

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# FLOEAL  
\*\* LEAD: 1100 SX "H" POZ w/ 2% GEL & 5# SALT PER SACK  
TAIL: 500 SX "H" w/ 3% KCL, .5% FLUID LOSS, .3% DISPERSANT, 1% BONDING AGENT, .3% RETARDER, & 2% SODIUM METASILICATE PER SACK

### PROPOSED MUD PROGRAM

PROPOSED MUD PROGRAM	
0-350 550	FRESH WATER w/ PAPER & SHALE GUARD. MW-9.0 VIS-31
400-4450	BRINE WATER w/ PAPER & SHALE GUARD. MW-10.0 VIS-31
3100-8800	FRESH WATER, PAPER, ACTIGUARD, & AMMONIA NITRATE. 30-60,000 CHLORIDES MW-9.0 VIS-31
8800-11,900	MUD UP W/BARAZAN. 30-60,000 CHLORIDES. MW 9.6-9.8. VIS. 34. 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 11/16/00

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

PERMIT NO.	APPROVAL DATE
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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:

APPROVED BY	DATE	TITLE	DATE
CLARENCE D. GRAY		Assistant Field Manager, Lands And Minerals	10/1/54

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

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS**



**Application  
Harvey E. Yates Company  
Parker Deep 5 Fed Com #2  
Section 5, T18S, R31E  
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:**  
Rustler 470', Yates 1,930', Seven Rivers 2,250', Bowers 2,700', Queen 2,945', Penrose 3,150', Grayburg 3,415', Loco Hills Sand 3,565', San Andres 3,965', Delaware 4,390', Bone Springs Ls 5,365', BSPG 1<sup>st</sup> Sand 7,410', BSPG "B" Zone 7,425', BSPG 2<sup>nd</sup> Sand 7,725', BSPG "C" Zone 8,400', BSPG 3<sup>rd</sup> Sand 8,725', Wolfcamp 8,900', Penn. Shale 9,900', Strawn 10,750', Atoka 11,025', Morrow Clastics 11,525', L. Morrow Mkr. 11,700'.
3. **Estimated Depths at which Water, Oil, or Gas Formations are expected:**  
Oil: Bone Spring 1<sup>st</sup> sand @ 7,410  
Gas: Bone Spring 1<sup>st</sup> sand @ 7,410
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:**  
Possible rotary sidewall cores will be taken, and one DST is planned for the Wolfcamp, or Atoka. The planned logs are Schlumberger Platform Express w/HALS.
9. **Abnormal Conditions, Pressures, Temperature, or Potential Hazards:**  
No abnormal conditions are anticipated in this well bore.  
BHST 170 deg F  
BHP 4300 psi
10. **Anticipated Starting Date & Duration of Operation:**  
Spud Date: Approximately February 1, 2001. Duration of this project will be approximately 50 days from start of Construction of drilling pad until finish of completion operations

UNITED STATES DEPARTMENT OF THE INTERIOR  
Bureau of Land Management  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility 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.: NM-068038

Lease Name: Parker Deep 5 Federal Com #2

Legal Description of Land: 1,370' FNL & 1,980' FWL, Sec 5, T18S, R31E  
Eddy County, New Mexico

Formation(s) if applicable: Shugart Morrow North

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

Authorized signature: Bob Williams  
Bob Williams

Title: Drilling Superintendent

Date: November 16, 2000

**Surface Use Plan**  
Harvey E. Yates Company  
Parker Deep 5 Fed Com #2  
Section 5, T18S, R31E  
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 40 miles east of Artesia, NM. Leave Artesia on U.S. 82 & travel east to the junction of Eddy County 222. Turn South and go 2.4 miles. Turn right on caliche road, and go .6 miles to location.
2. **Planned Access Roads:**  
Existing road will be re-routed around location.
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 surface and mineral owner is the Federal Government. The grazing Lessee is Williams and Sons Cattle Company. They have been contacted regarding this operation.
- 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  
Harvey E. Yates Company  
P.O. Box 1933  
Roswell, NM  
505-623-6601

November 16, 2000



Bob Williams  
Drilling Superintendent

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

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

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

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

DISTRICT IV  
P.O. Box 2088, Santa Fe, N.M. 87504-2088

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	Pool Name
Property Code	Property Name PARKER DEEP 5 FEDERAL COM	Well Number 2
GRID No.	Operator Name HARVEY E. YATES COMPANY	Elevation 3678

Surface Location

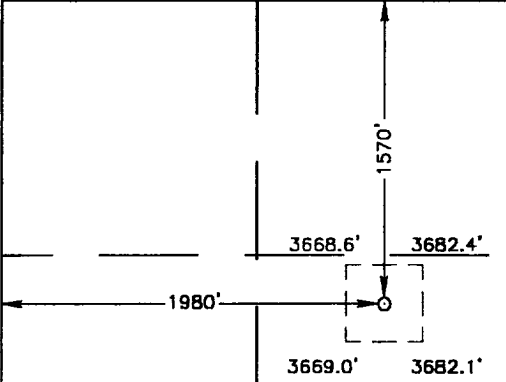
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	5	18 S	31 E		1570	NORTH	1980	WEST	EDDY

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
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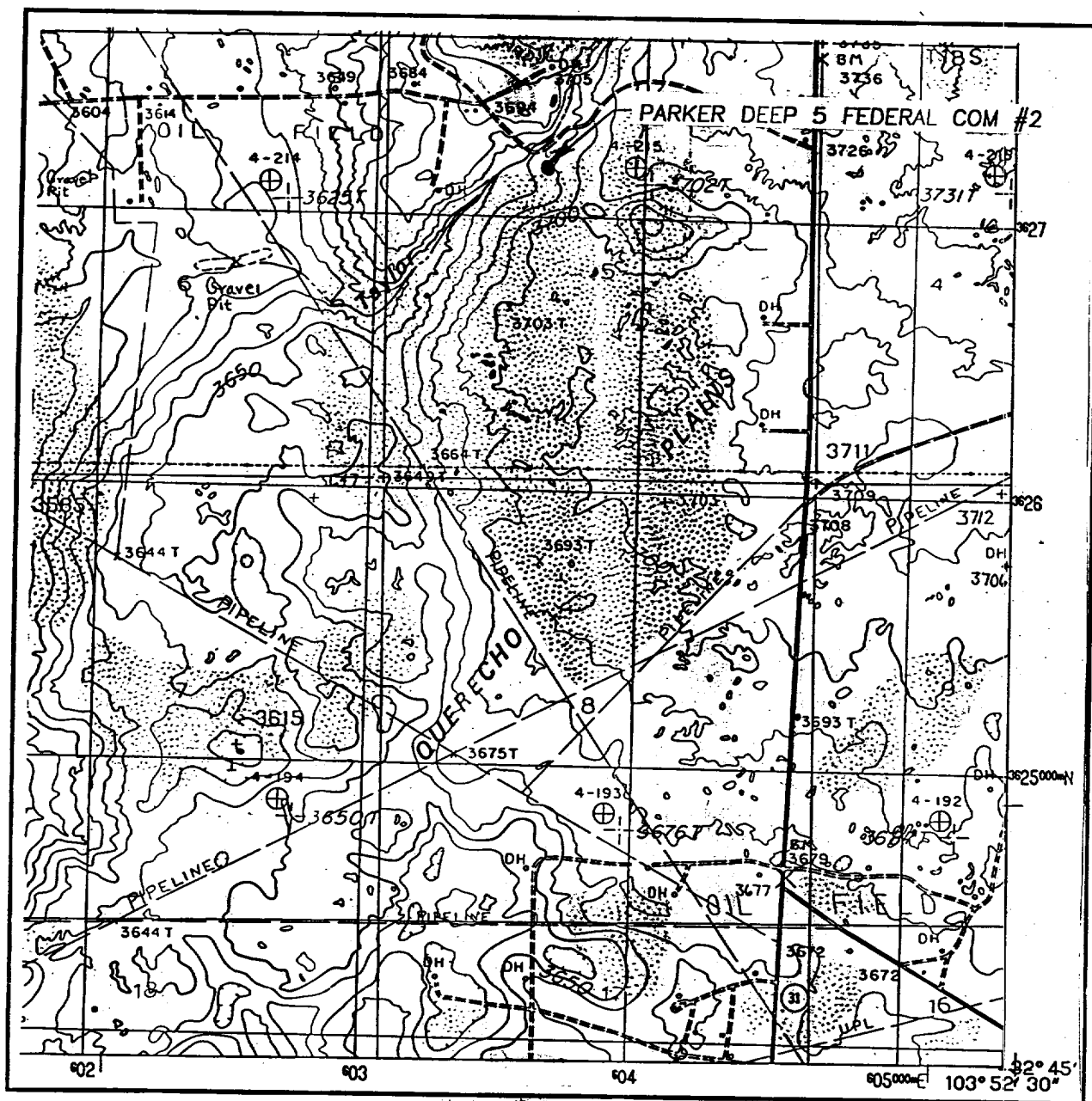
Dedicated Acres 319.96	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Bob Williams</u> Signature</p> <p><u>BOB WILLIAMS</u> Printed Name</p> <p><u>DRLG SUPR</u> Title</p> <p><u>11-30-00</u> Date</p>
<p>Parker Deep 5 Fed Com. #1 *</p>	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>NOVEMBER 28, 2000</p> <p>Date Surveyed _____ LMP</p> <p>Signature &amp; Seal of Professional Surveyor <u>Ronald L. Eidson</u> 11/30/00 00-11-1554</p> <p>Certificate No. <u>RONALD L. EIDSON</u> 3239 <u>CARY EIDSON</u> 12641 <u>MACON McDONALD</u> 12165</p>

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NEW MEXICO  
LAND AND NATURAL  
RESOURCE AREA

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
LOCO HILLS, N.M. - 10'

SEC. 5 TWP. 18-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1570' FNL & 1980' FWL

ELEVATION 3678

OPERATOR HARVEY E. YATES COMPANY

LEASE PARKER DEEP 5 FEDERAL COM

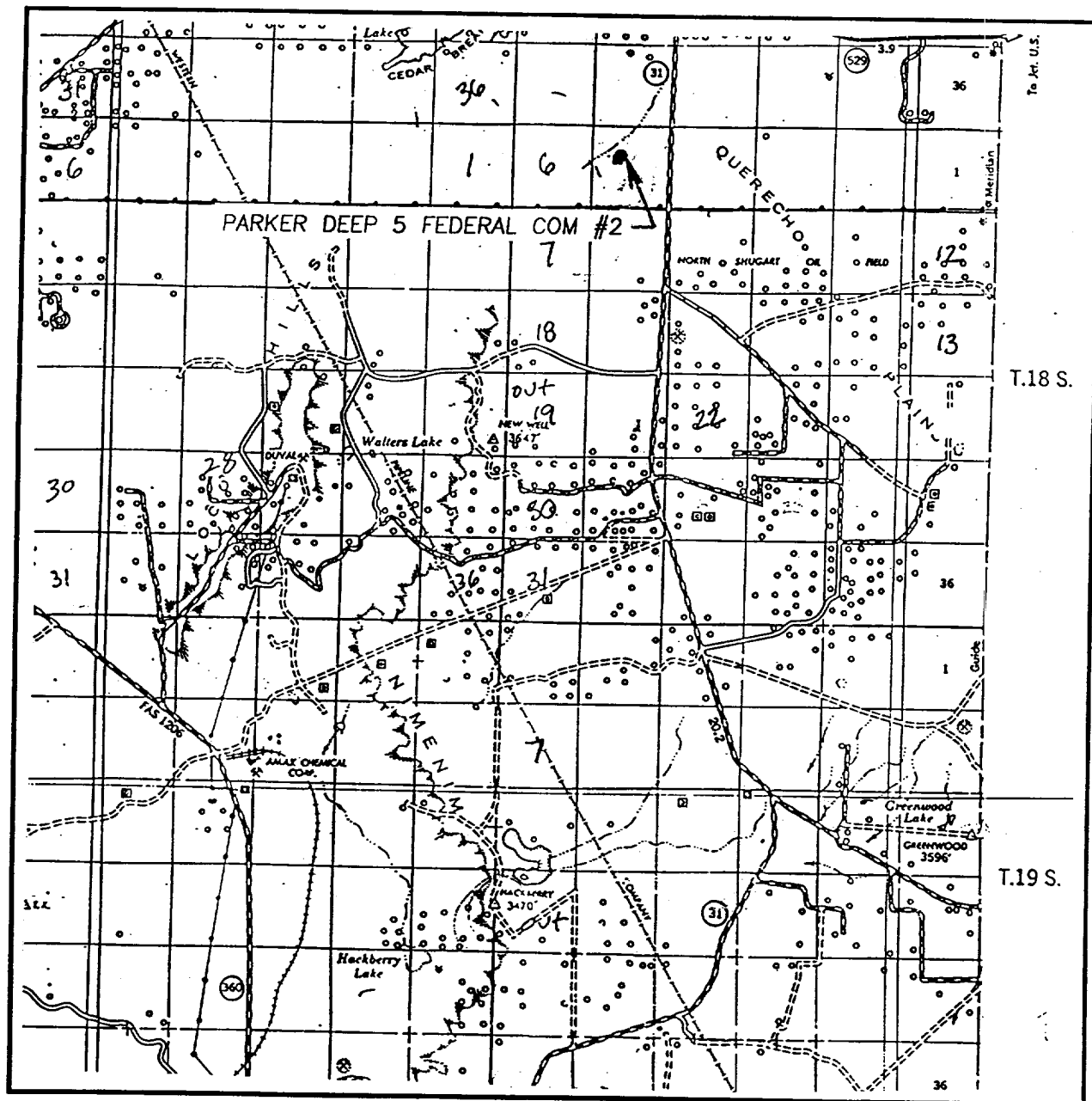
U.S.G.S. TOPOGRAPHIC MAP  
LOCO HILLS, N.M.

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

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JAN 12 1984  
12:54  
HOBBS, NEW MEXICO  
AREA



# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 5 TWP. 18-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1570' FNL & 1980' FWL

ELEVATION 3678

OPERATOR HARVEY E. YATES COMPANY

LEASE PARKER DEEP 5 FEDRERAL COM

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3111

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2000 DEC 11 P 12:54  
LAND RIGHT  
SOURCE AREA

EXHIBIT C BOP STACK  
Parker Deep 5 Fed Com #2  
1,370' FNL & 1,980' FWL  
Sec 5, T18S, R31E  
Eddy County, NM

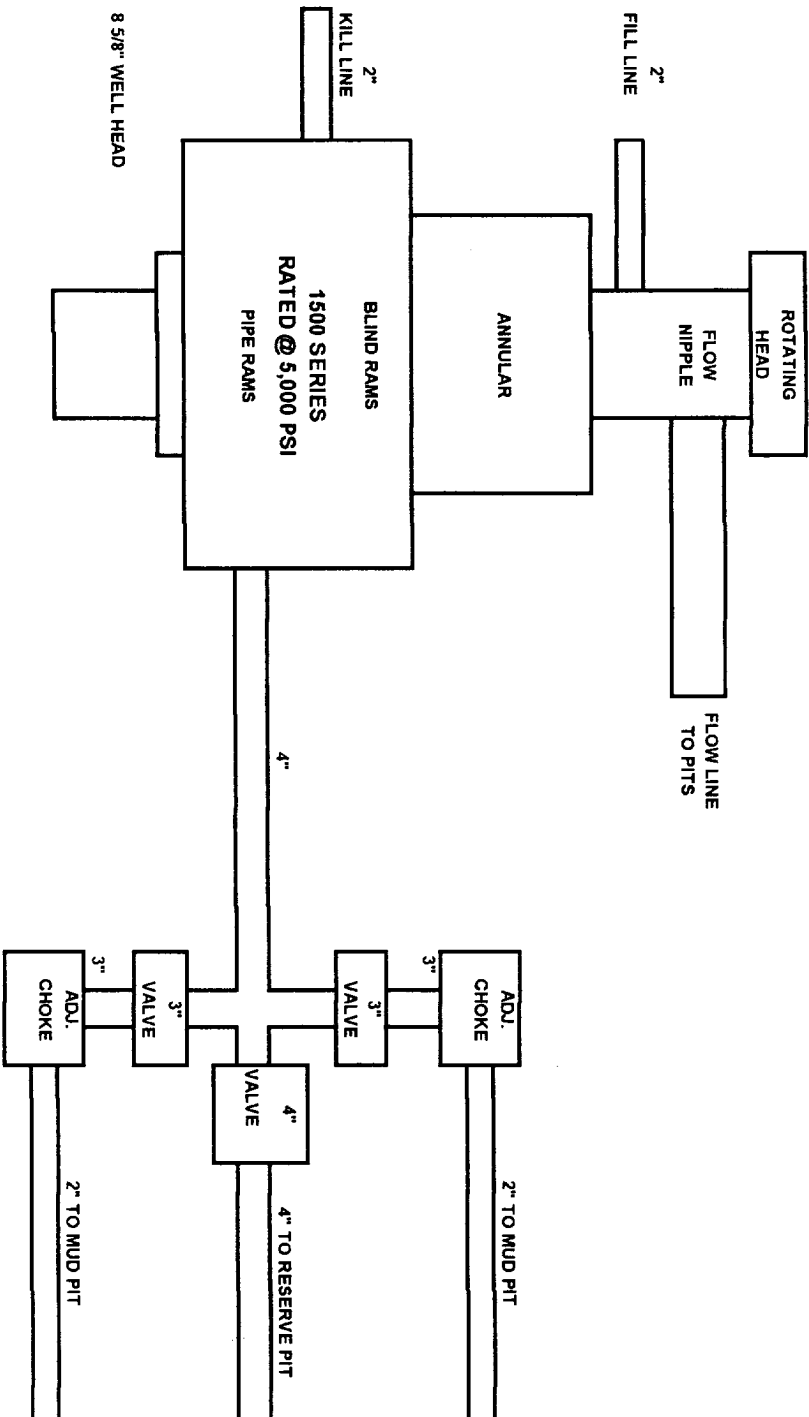
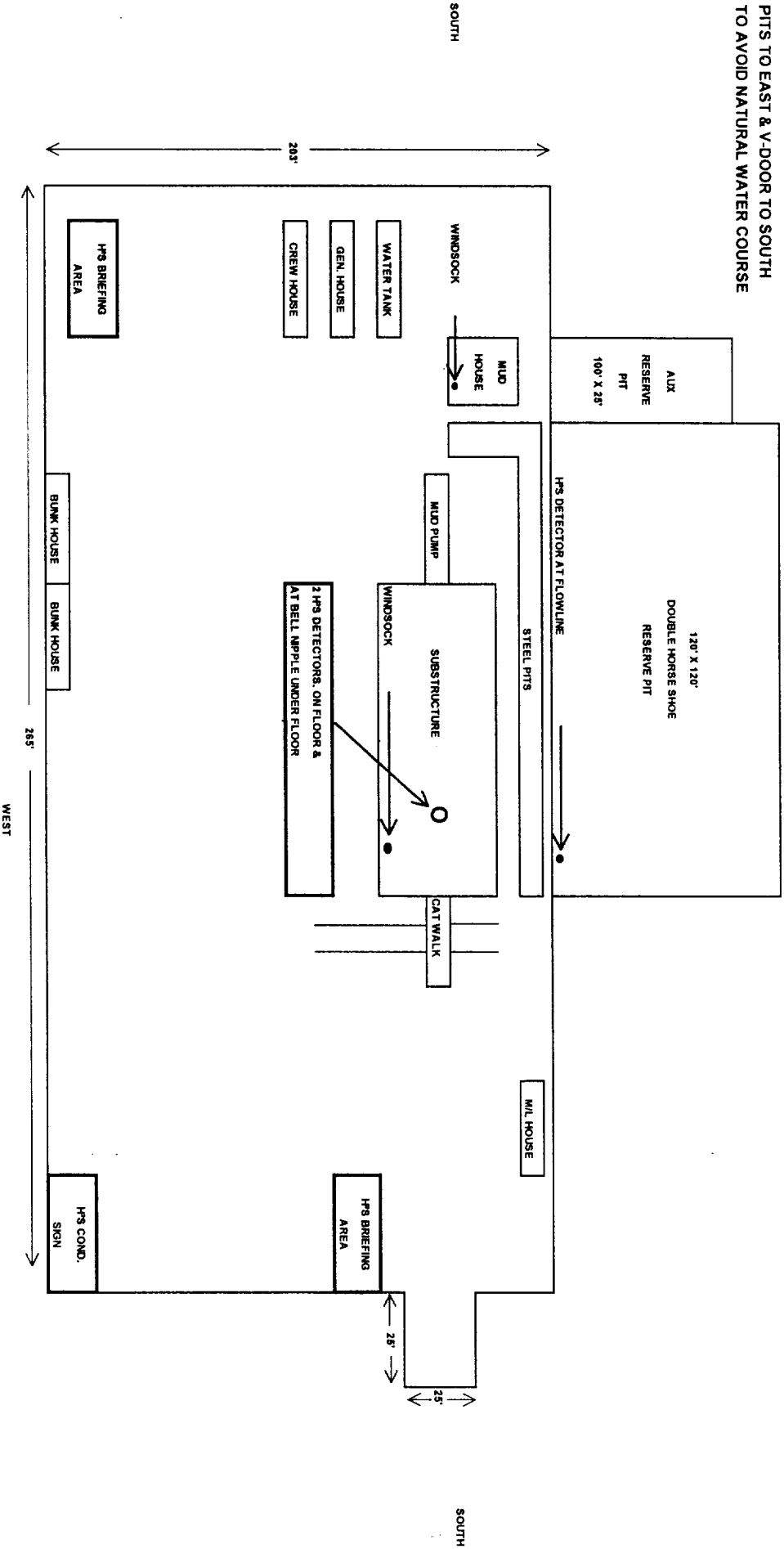


EXHIBIT D

Parker Deep 5 Fed Com #2  
1,370' FNL & 1,980' FWL  
Sec 5, T18S, R31E  
Eddy County, NM

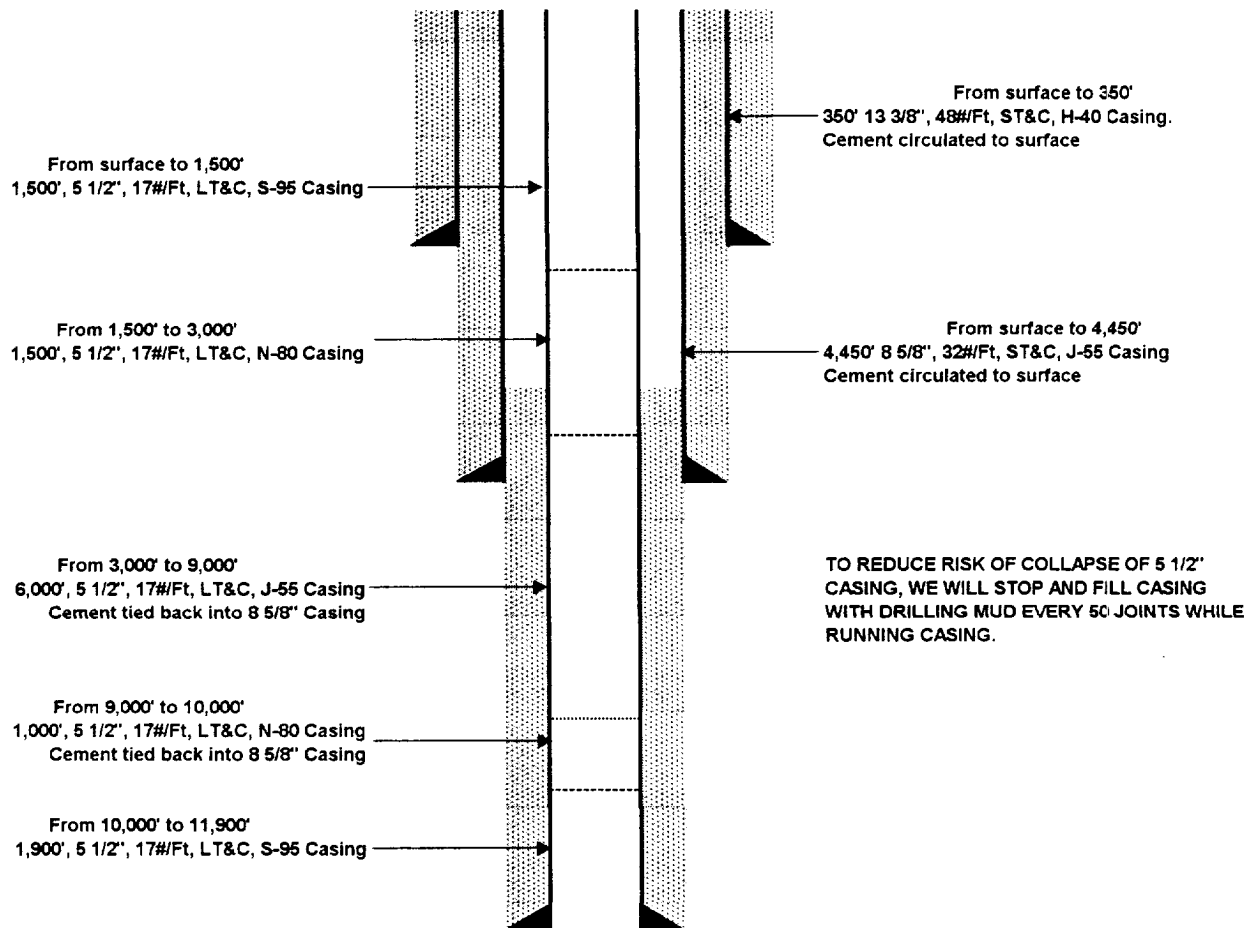
EAST

PITS TO EAST & V-DOOR TO SOUTH  
TO AVOID NATURAL WATER COURSE



# EXHIBIT "E" CASING DESIGN

Parker Deep 5 Fed Com #2  
 1,370' FNL & 1,980' FWL  
 Sec 5, T18S, R31E  
 Eddy County, NM



## EXHIBIT "F"

Harvey E. Yates Company  
Parker Deep 5 Fed Com #2  
Section 5, T18S, R31E  
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 (H<sup>2</sup>S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H<sup>2</sup>S detectors, alarms, warning signs, briefing areas, and evacuation procedures.
5. The proper technique for rescues.

#### II H<sup>2</sup>S Safety Equipment and Systems

All H<sup>2</sup>S safety equipment and systems will be installed 1,000 feet prior to penetrating the first zone containing or reasonably expected to contain H<sup>2</sup>S.

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. H<sup>2</sup>S 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. H<sup>2</sup>S Condition sign located at entrance to location.
5. Mud Program

The mud program has been designed to minimize the volume of possible H<sup>2</sup>S circulated to surface. Proper weight, safe drilling practices, and the use of H<sup>2</sup>S scavengers will minimize hazards when penetrating possible H<sup>2</sup>S bearing zones.