

30-05-26445  
Form approved.  
Budget Bureau No. 1004-0136  
Expires August 31, 1985

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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 Energy Corporation

3. ADDRESS OF OPERATOR

P. O. Box 2323, Roswell, NM 88202-2323

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

330' FNL & 2310' FWL

At proposed prod. zone

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

10 miles S.E. of Loco Hills, NM

15. DISTANCE FROM PROPOSED\*

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

330'

16. NO. OF ACRES IN LEASE

600.18

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.

660'

19. PROPOSED DEPTH

5000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3778.2 GR

22. APPROX. DATE WORK WILL START\*

Aug. 25, 1990

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	350'	250 sx. Circulate
7 7/8"	4 1/2"	15#	TD	1,500 sx. Circulate

Yates Energy Corporation proposes to drill and test the San Andres formation. Approximately 350' of surface casing will be set and cemented to the surface. If commercial pay is encountered, will run 4 1/2" casing and cement with a minimum of 600' of cover, perforate and stimulate as needed for production. to circulate.

MUD PROGRAM See attachment for details.

BOP PROGRAM Double ram preventor or a Hydrill on 8 5/8" casing, pipe rams tested daily, and blind rams tested on trips.

GAS NOT DEDICATED

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

Post ID-1  
8-17-90  
New Log & APP

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

*Sharon Hamilton*

TITLE Landman

DATE 7/16/90

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Orig. Signed by Richard L. Morris

AREA MANAGER

APPROVED BY

TITLE CARLSBAD RESOURCE AREA

DATE

8-8-90

CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person 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.



YATES ENERGY CORPORATION  
Prickly Pear Federal #1  
~~400~~ 330' FNL & 2310' FWL  
~~530~~ Section 12, T18S, R31E  
Eddy County, New Mexico

In conjunction with Form 9-331-C, Application for Permit to Drill the well captioned above, Yates Energy Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geologic surface formation is the Quaternary.
2. The estimated tops of geologic markers are as follows:

Yates	2350'
Seven Rivers	2800'
Queen	3500'
Grayburg	4000'
San Andres	4365'
San Andres Porosity	4635'

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

Water: Fresh water at approximately 350'  
Oil or Gas: Queen 3500', Grayburg 4000', San Andres Porosity 4635'

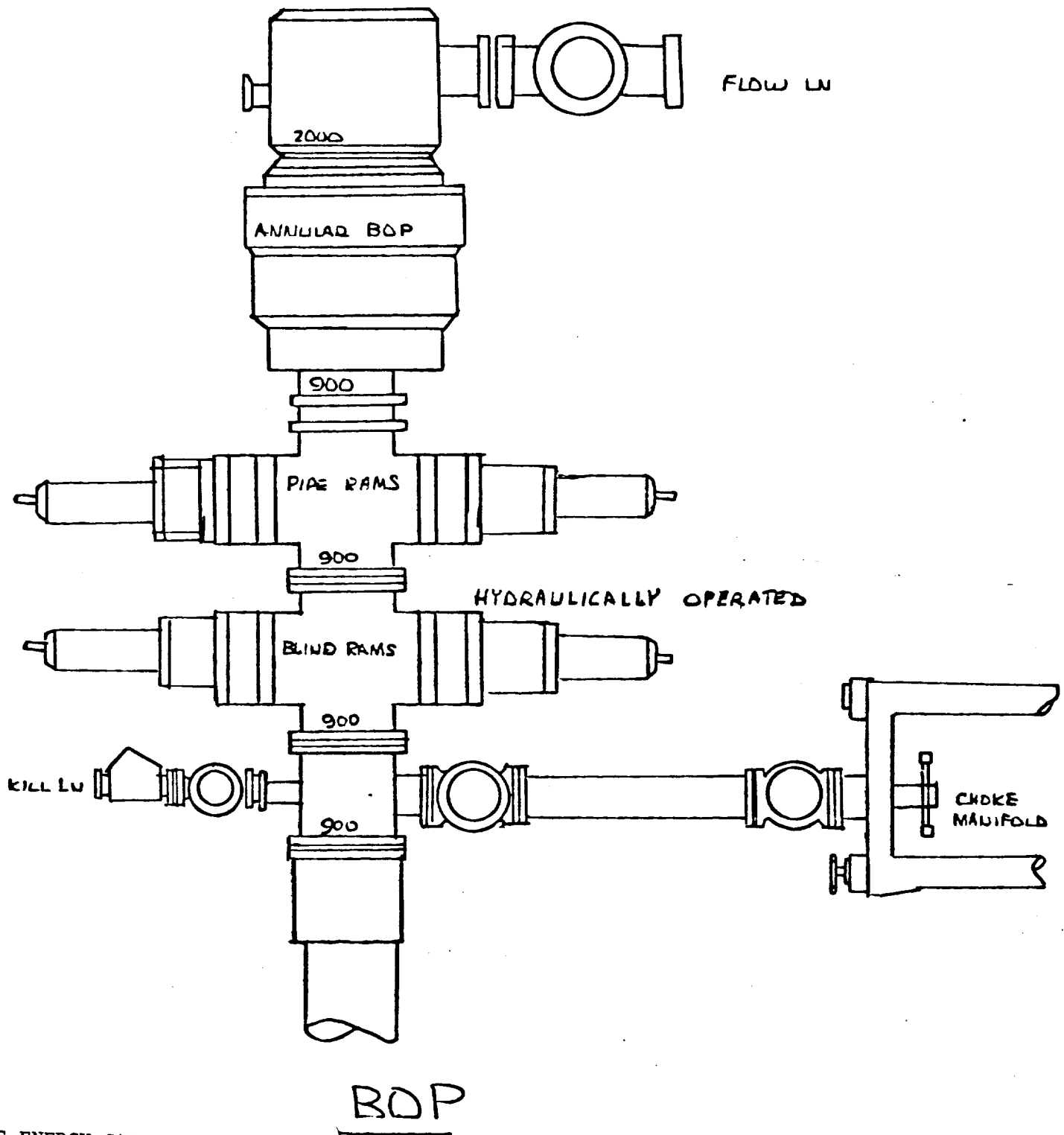
4. Proposed Casing Program: See Form 9-331-C
5. Pressure Control Equipment: See Form 9-331-C and Exhibit.
6. Mud Program: 

0 - 350'	FW Spud,
350' - 2400'	Cut brine, 8.9-9.0#/gal.
2400' - TD	Cut brine, 8.9-9.5#/gal., Vis. 28-30, WL 20cc or less, oil if required.
7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; full-opening safety valve on floor with drill pipe and collar connections.
8. Testing, Logging and Coring Program:

DST's:	If Warranted
Coring:	None planned
Logging:	Surface to TD CNL-LDT to casing with GR-CNL on to surface and DLL from TD to casing with selected RxO.
9. No abnormal pressures or temperatures are anticipated. In the event they are encountered, the proposed mud program will be modified to increase the mud weight.
10. Anticipated starting date: Around August 25, 1990. Drilling time will be approximately 10 days.

# Yates Energy Corporation

Exhibit



YATES ENERGY CORPORATION  
Prickly Pear Federal #1  
330' FNL & 2310' FWL  
Section 12-18S-31E  
Eddy County, New Mexico

## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Energy Corporation  
Prickly Pear Federal #1  
330' FNL & 2310' FWL  
Section 12, T18S, R31E  
Eddy County, New Mexico

This plan is submitted with Form 9-331-C, 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 operations.

### 1. EXISTING ROADS

Exhibit A is a portion of a BLM topographic map showing the roads in the vicinity of the proposed location. The proposed well site is approximately 10 miles southeast of Loco Hills. The access route is indicated in red. The BLM existing right-of-way is indicated in blue, See Exhibit B.

#### Directions:

1. Travel east from Loco Hills on US 85 for 7 miles to County Road 222.
2. Turn south on County Road 222 and go approx. 4 miles to County Road 249.
3. Turn southeast on County Road 249 and go approx. 1.1 miles.
4. Turn northeast at gravel pit onto field road, go approx. 2.2 miles.
5. Turn north at second gravel pit and go approx. 3/4 mile, then turn right and go approx. 400' to location.

### 2. PLANNED ACCESS ROAD

- A. Approximately 400' of new road will be built.

### 3. LOCATION OF EXISTING WELLS

- A. Producing well- Thornbush Federal #1, located due north , 330' FSL & 1980' FWL of Section 1-18S-31E.
- B. Drilling well - Taylor Deep "12" Federal #5, located due west, 990' FNL & 660' FWL of Section 12-18S-31E.

### 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no production facilities on this lease at this time.

- B. If the well proves to be commercial, the necessary production facilities will be installed on the drilling pad.

#### 5. LOCATION AND TYPE OF WATER SUPPLY

- A. It is planned to drill this well with fresh and/or brine water. The water will be obtained from commercial sources and trucked to the location via the proposed route.

#### 6. SOURCES OF CONSTRUCTION MATERIALS

- A. Caliche, if possible, for surfacing the road and the well pad will be taken from the pad area.

#### 7. METHODS OF HANDLING WASTE DISPOSAL

- A. Drill cuttings will be disposed in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area only if cattle are run in this pasture.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to BLM for approval.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. Oil produced during operations will be stored in tanks until sold.
- G. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.

#### 8. ANCILLARY FACILITIES

- A. None required.

#### 9. WELLSITE LAYOUT

- A. The well pad exhibit shows the relative location and dimensions of the well pad and reserve pits, etc.
- B. The location surface is loamy sand-and sandy loam- soils and relatively flat.
- C. Caliche for the road and pad will be hauled from the nearest pit.

- D. The reserve pits will be to the north and lined.
- E. 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 work will be removed. The location will be cleaned of all trash and junk leaving the wellsite in as aesthetically pleasing a condition as possible.
- B. If the pits were fenced, they will remain so until they have dried and are leveled.
- C. If this well is non-productive, all rehabilitation and/or vegetation requirement of the Landowner/Operator agreement, if any, will be complied with and accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment or are no longer needed.

#### 11. OTHER INFORMATION

- A. Topography: The location is relatively flat. The existing road is on flat surface to the location.
- B. Soil: The topsoil is a thin layer and may not be adequate to stockpile.
- C. Flora and Fauna: Vegetative cover consist of various grasses, mesquite, shinnery oak, and other miscellaneous growth. No wildlife was observed, but the wildlife in the area probably includes those typical of semi-arid desert land.
- D. Land use: Cattle grazing.
- E. There are no dwellings in the vicinity of the wellsite.
- F. Surface Ownership: The surface is owned by the State of New Mexico with federal minerals. Federal Grazing Allotment #6008, Virgil Linam Estate, c/o Faye Klein, Box 1503, Hobbs, NM 88249.

#### 12. OPERATOR'S REPRESENTATIVE

- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is:

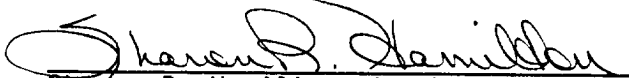
Jim O'Briant  
O'Briant Engineering  
Midland, Texas  
Phone: 915-683-5511

### 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 Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

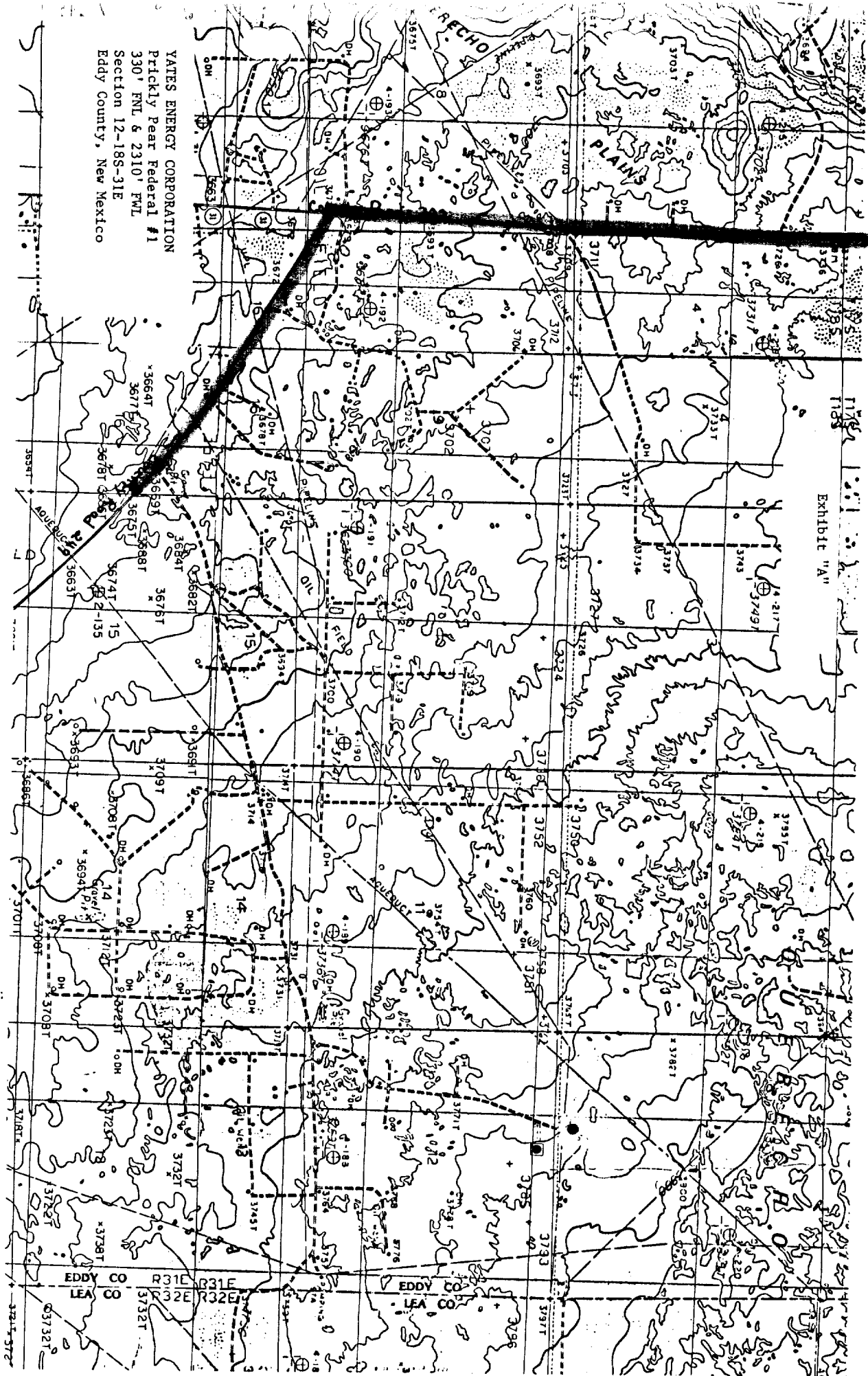
July 16, 1990

Date

  
Sharon R. Hamilton, Landman for  
Yates Energy Corporation

YATES ENERGY CORPORATION  
Prickly Pear Federal #1  
330' FNL & 2310' FWL  
Section 12-18S-31E  
Eddy County, New Mexico

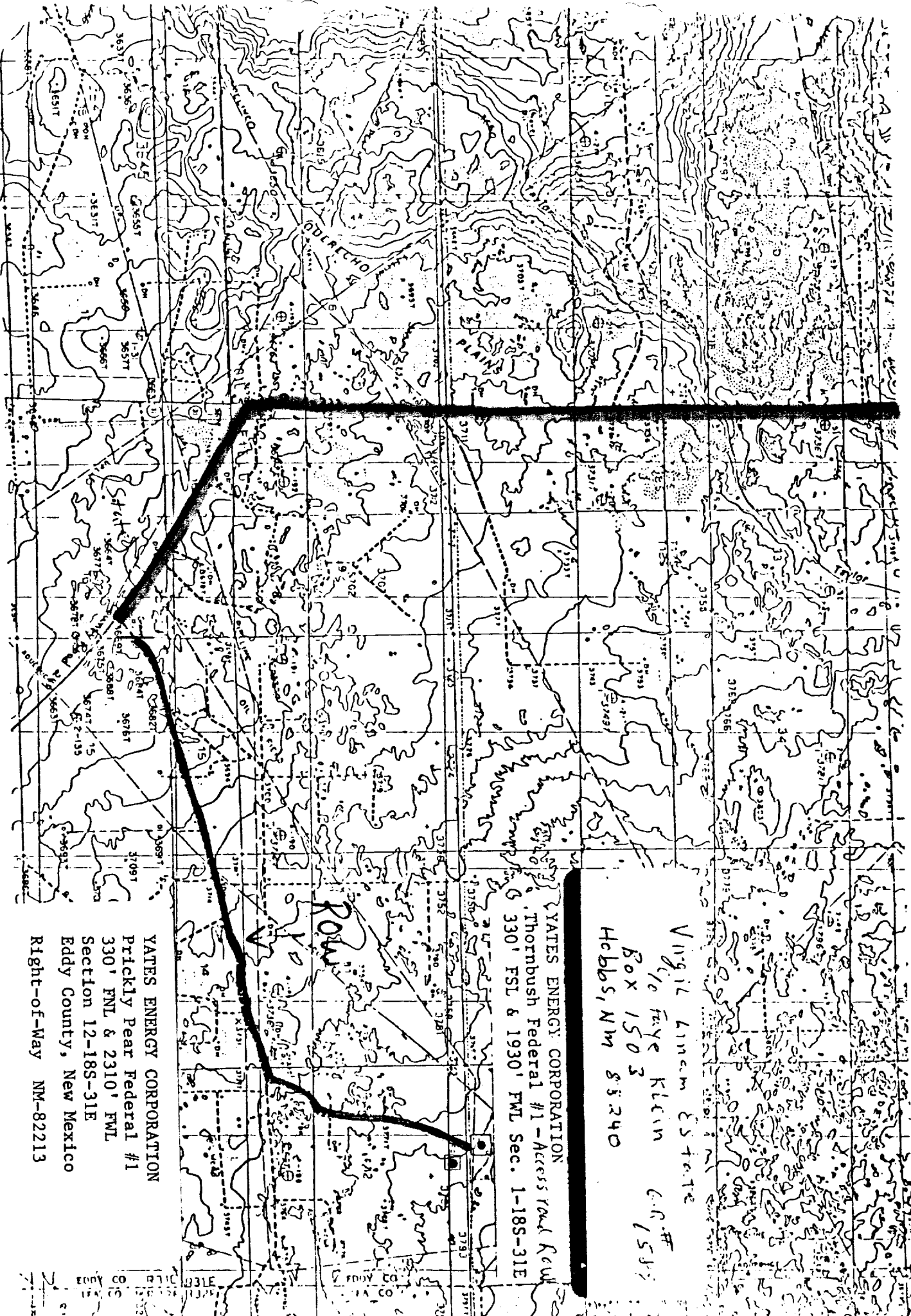
Exhibit "A"



YATES ENERGY CORPORATION  
Prickly Pear Federal #1  
330' FNL & 2310' FNL  
Section 12-18S-31E  
Eddy County, New Mexico

EDDY CO R31E R32E  
LEA CO R31E R32E

NM82213

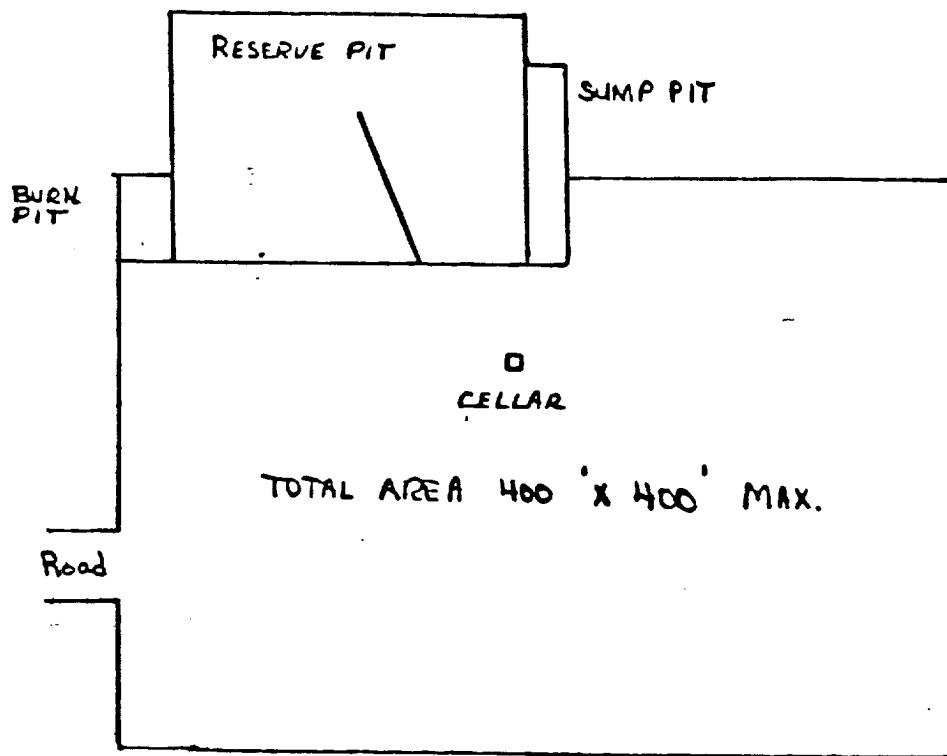


VIRGIL LINCOLN ESTATE  
c/o Faye Klein  
Box 1503  
Hobbs, Nm 88240

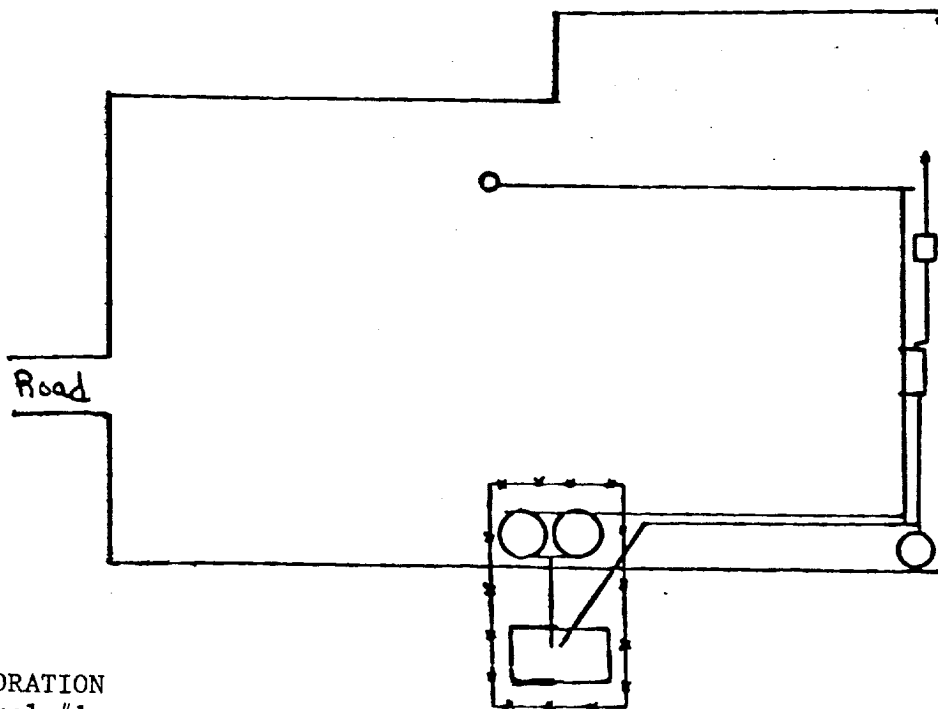
YATES ENERGY CORPORATION  
Thornbush Federal #1 - Access Road Row  
330' FSL & 1930' FWL Sec. 1-18S-31E

YATES ENERGY CORPORATION  
Prickly Pear Federal #1  
330' FNL & 2310' FWL  
Section 12-18S-31E  
Eddy County, New Mexico  
Right-of-Way NM-82213

Yates Energy Corporation  
Exhibit



DRILLING RIG PAD



TANK BATTERY LAYOUT

YATES ENERGY CORPORATION  
Prickly Pear Federal #1  
330' FNL & 2310' FWL  
Section 12-18S-31E  
Eddy County, New Mexico