

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN 1 ATE*
(Other instructions on
reverse side)

30-015-26641
Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

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

2310' FNL & 790' FWL

At proposed prod. zone

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

10 miles S.E. of Loco Hill, NM

15. DISTANCE FROM PROPOSED*

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

790'

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.

1350'

19. PROPOSED DEPTH

5,500'

20. ROTARY OR CABLE TOOLS

Rotary

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

3757.7 GR

22. APPROX. DATE WORK WILL START*

February 24, 1991

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 Grayburg/Delaware 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.

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

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 D. Hamilton

TITLE

Landman

DATE

1/25/91

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

Jon Hare

TITLE

AREA MANAGER
CARTER COUNTY AREA

DATE

2-14-91

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.

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-88

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1502, Hobbs, NM 88240

DISTRICT II
P.O. Box 1000, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Yates Energy Corp.			Lease Prickly Pear Federal		Well No. 2
Unit Letter E	Section 12	Township 18 South	Range 31 East	County Eddy	
Actual Footage Location of Well: 2310 feet from the North line and 790 feet from the West line					
Ground level Elev. 3757.7		Producing Formation Grayburg/Delaware		Pool Und. North Shugart	
Dedicated Acreage: 40 Acres					

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.

OPERATOR CERTIFICATION

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

Signature

Printed Name
Sharon R. Hamilton

Position

Landman
Company

Yates Energy Corporation

Date
1-25-91

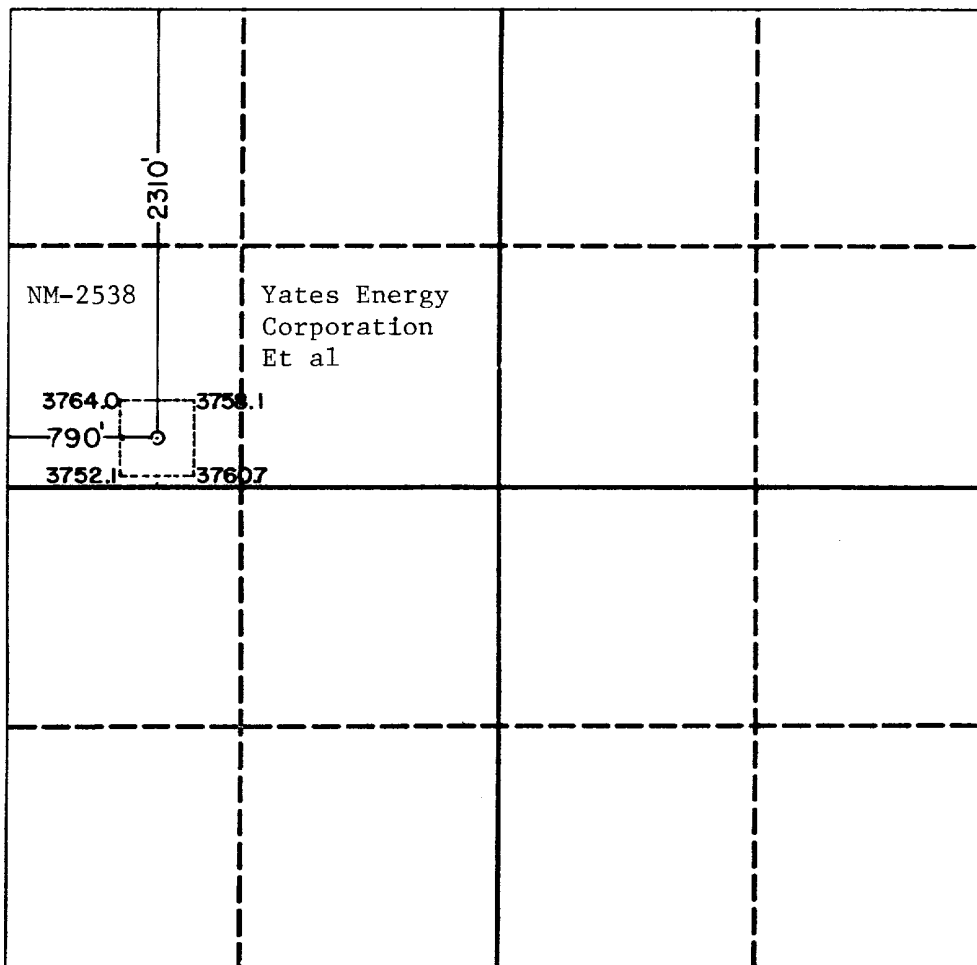
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed
January 17, 1991

Signature & Seal of
Professional Surveyor

Professional Surveyor
JOHN W. WEST
6376
2339



125630

YATES ENERGY CORPORATION
Prickly Pear Federal #2
2310' FNL & 790' FWL
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	2400'	Grayburg	4025'
Seven Rivers	2790'	Loco Sand Hills	4162'
Queen	3500'	San Andres	4452'
Penrose	3730'	Delaware	4670'

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 4025', San Andres 4452',
Delaware 4670'

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' - 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 February 24, 1991. Drilling time will be approximately 10 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Energy Corporation
Prickly Pear Federal #2
2310' FNL & 790' 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 green. The BLM existing right-of-way is indicated in blue, new road is indicated in pink. 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. 1/2 mile, then turn left 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 - Prickly Pear Federal #1, located north-east, 330' FNL & 2310' FWL of Section 12-18S-31E.

- B. Dry hole - Taylor Deep "12" Federal #5, located due north-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 relatively flat.
- C. The pad is on caliche, it will be hauled from the pad area to use on the road if necessary.
- D. The reserve pits will be to the west 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 and minerals are owned by the United States of America. 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:

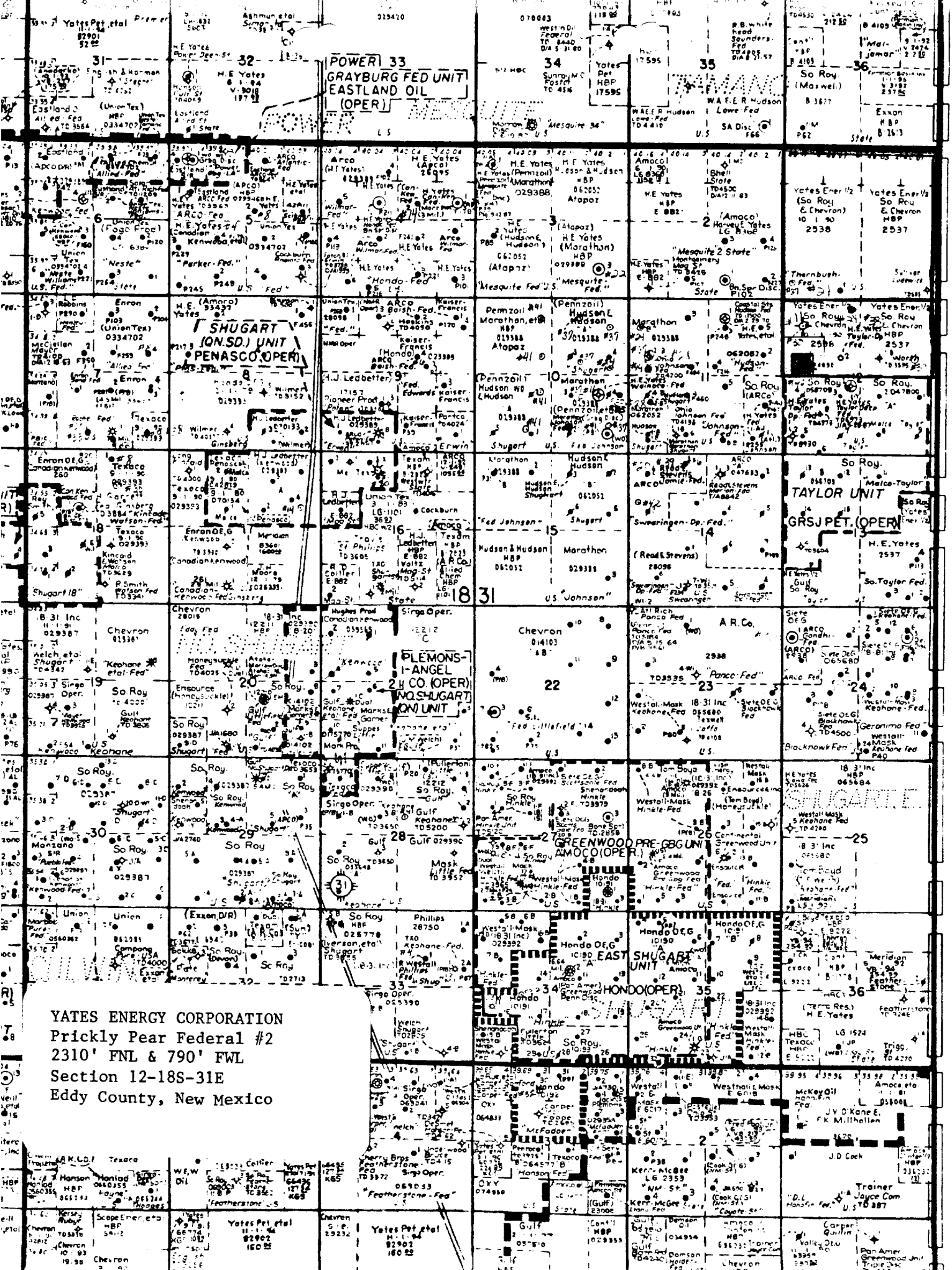
Jim O'Briant
O'Briant Engineering
Midland, Texas
Phone: 915-683-5511

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.

January 25, 1991
Date


Sharon R. Hamilton, Landman for
Yates Energy Corporation



YATES ENERGY CORPORATION
Prickly Pear Federal #2
2310' FNL & 790' FWL
Section 12-18S-31E
Eddy County, New Mexico

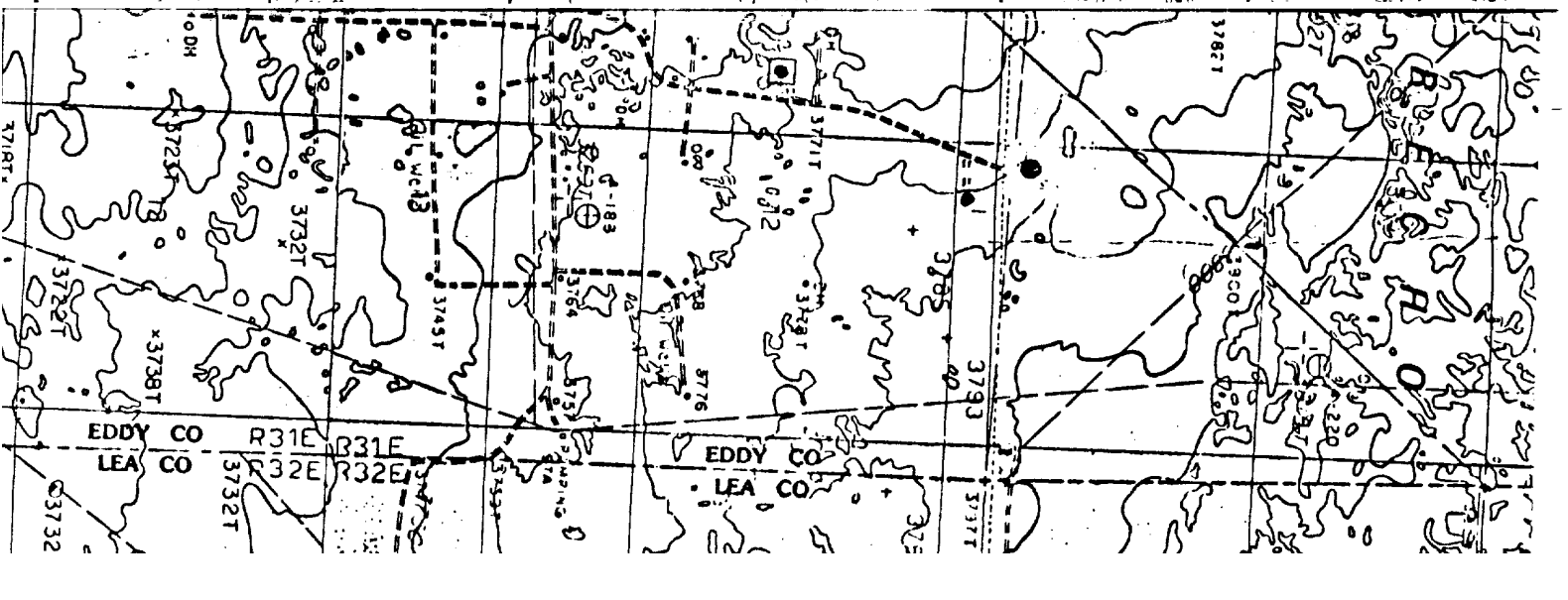
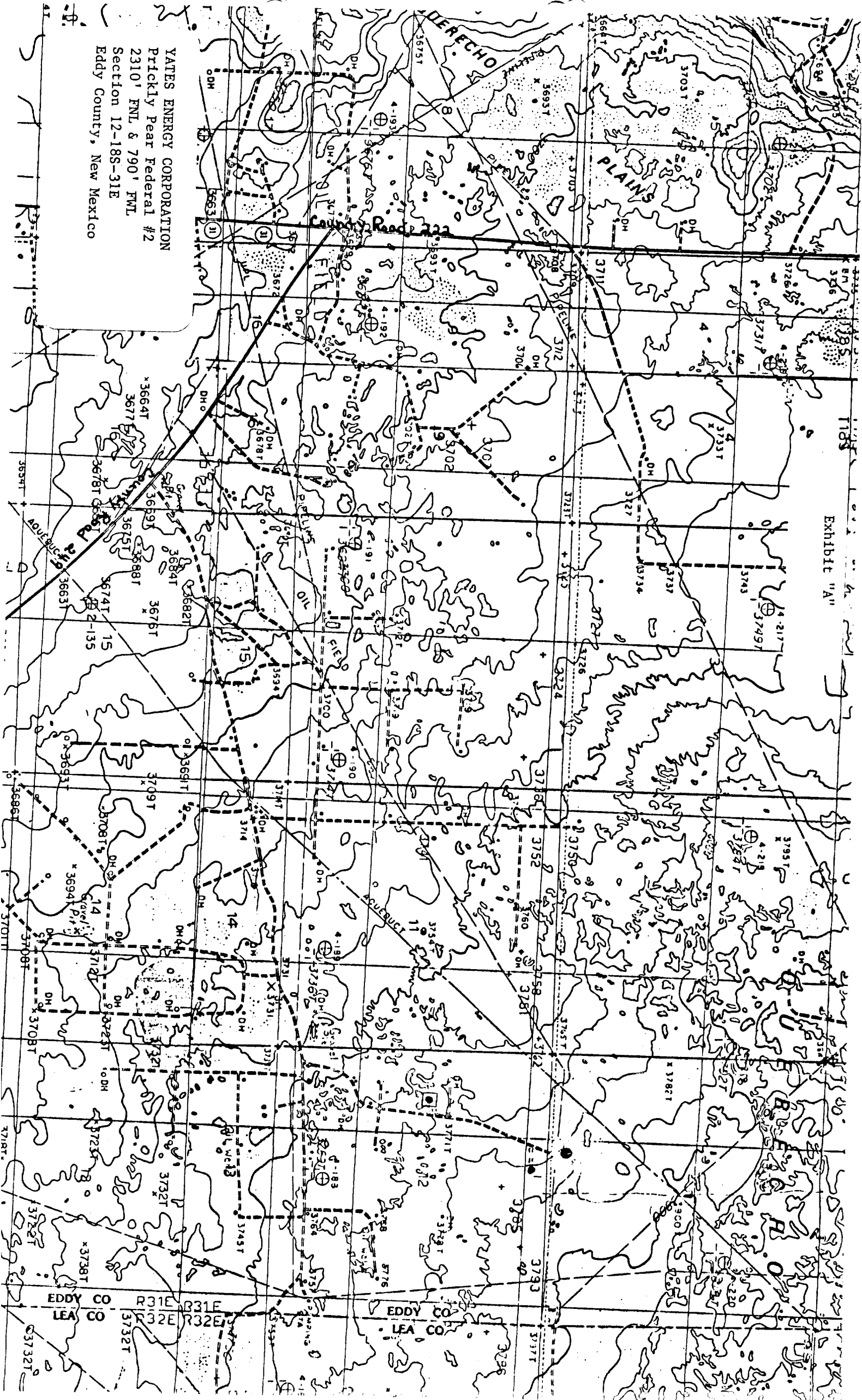
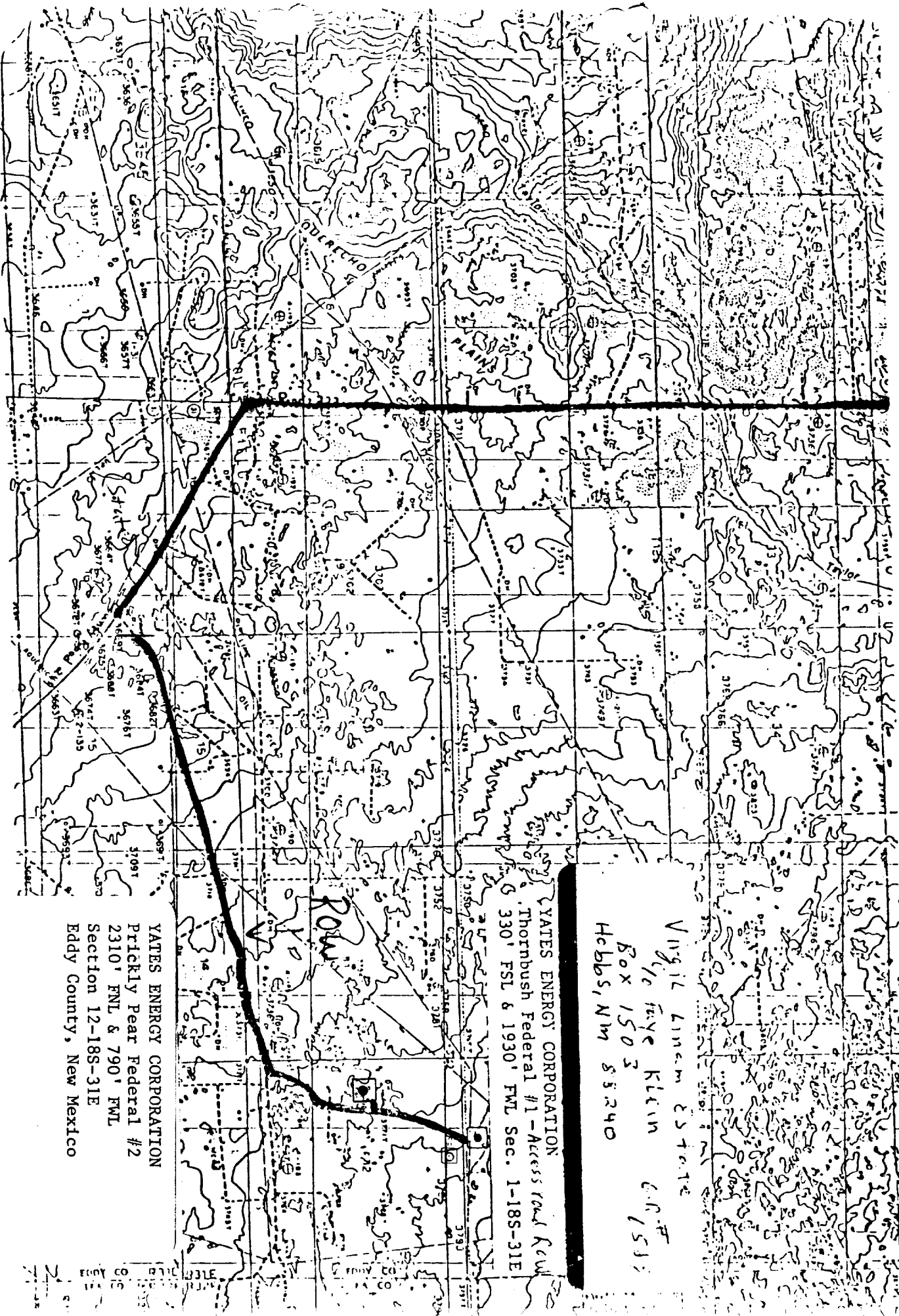


Exhibit "A"

YATES ENERGY CORPORATION
Prickly Pear Federal #2
2310' FNL & 790' FWL
Section 12-185-31E
Eddy County, New Mexico



NM82213

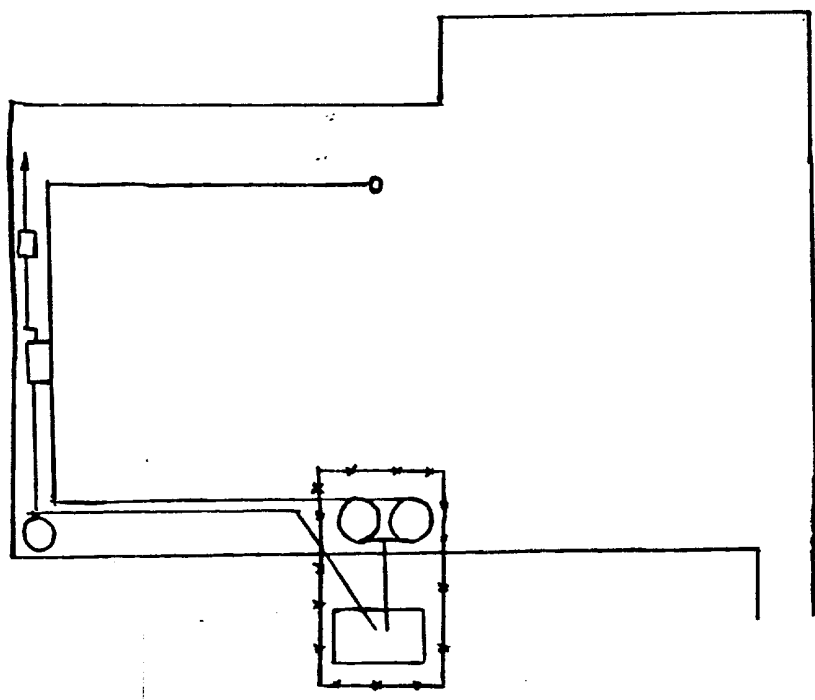
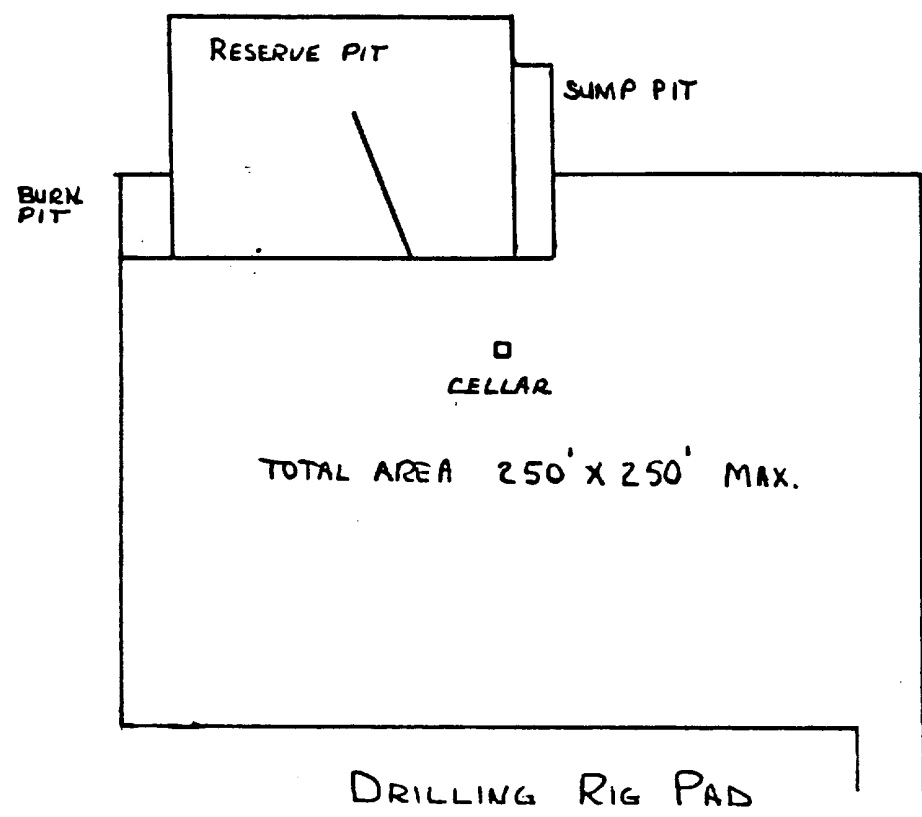


Virgin Linem Estate
Vic Raye Klein C.R.#
Box 1503
Hobbs, NM 88240

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

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Eddy County, New Mexico

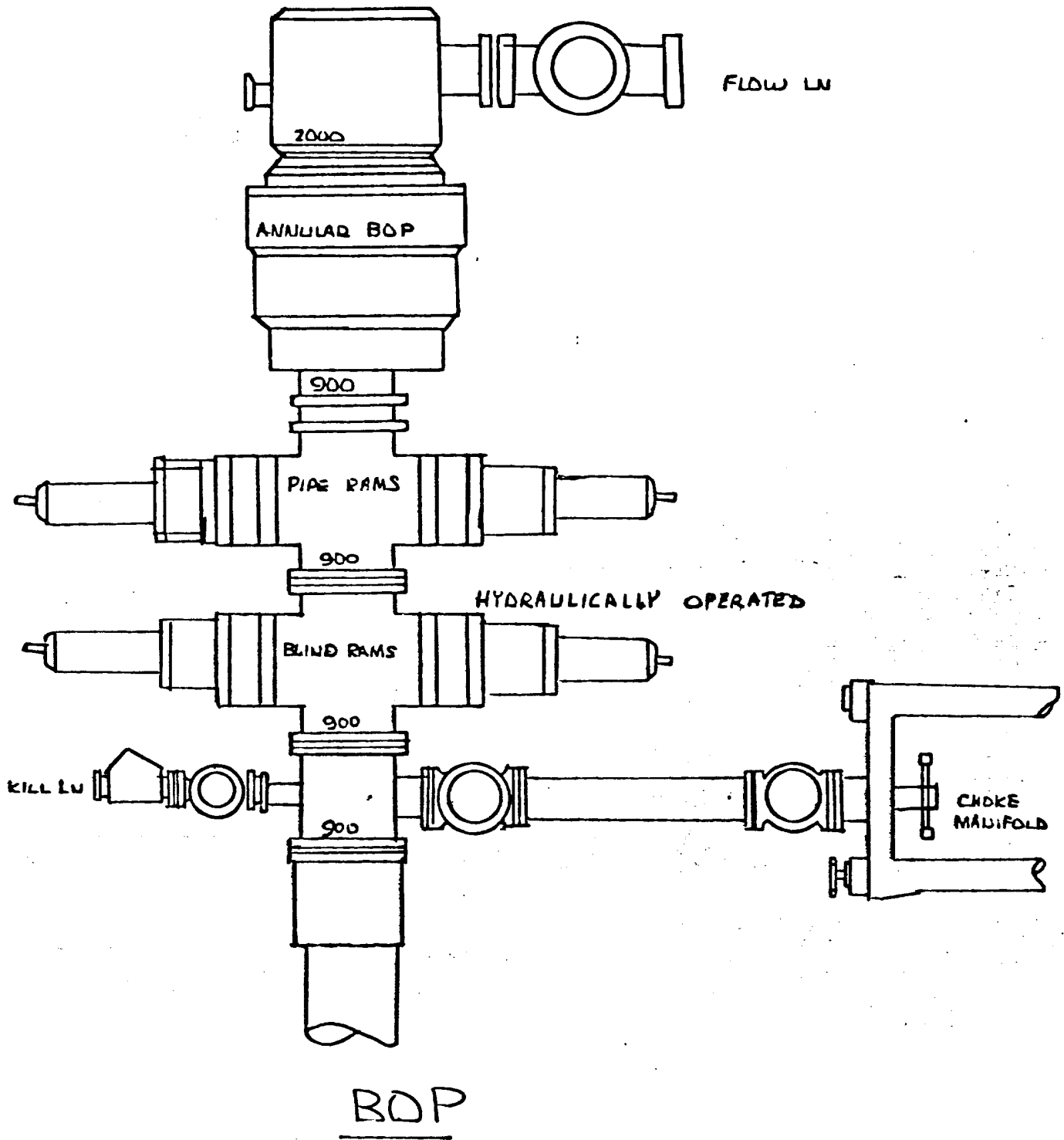
Yates Energy Corpora
Exhibit



YATES ENERGY CORPORATION
Prickly Pear Federal #2
2310' FNL & 790' FWL
Section 12-18S-31E
Eddy County, New Mexico

TANK BATTERY LAYOUT

Yates Energy Corporation
Exhibit



YATES ENERGY CORPORATION
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Section 12-18S-31E
Eddy County, New Mexico