

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

0  
OMB No. 1004-0136  
Expires November 30, 2000

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☐ Oil Well ☐ Gas Well ☒ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

**Yates Petroleum Corporation**

3A. Address **105 South Fourth Street  
Artesia, New Mexico 88210**

3b. Phone No. (include area code)  
**(505) 748-1471**

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*

At surface **660' FSL & 660' FWL**  
At proposed prod. Zone **Unit M same as above**

14. Distance in miles and direction from nearest town or post office\*

**15 miles southeast of Loco Hills, New Mexico**

**Capitan Controlled Water Basin**

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any)

**660'**

16. No. of Acres in lease

**160.00**

17. Spacing Unit dedicated to this well

**W/2 320**

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

**1/2 mile**

19. Proposed Depth  
**12,250'**

20. BLM/BIA Bond No. on file  
**585997**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

**3455' GL**

22. Approximate date work will start\*

**ASAP**

23. Estimated duration

**60 Days**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

*Cy Cowan*

Name (Printed/Typed)

**Cy Cowan**

Date

**3/20/01**

Title:

**Regulatory Agent**

Approved by (Signature)

**/s/ LESLIE A. THEISS**

Name (Printed/Typed)

**/s/ LESLIE A. THEISS**

Date

**AUG 08 2001**

Title

**FIELD MANAGER**

Office

**CARLSBAD FIELD OFFICE**

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, are attached.

**APPROVAL FOR 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

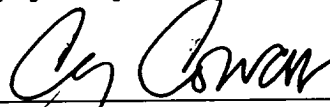


\*(Instructions on reverse)

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

**DISTRICT IV**  
**2040 South Pacheco, Santa Fe, NM 87506**

Form C-102  
Revised March 17, 1960  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Free Lease - 3 Copies

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

NM-101112	NM-82902				<b>OPERATOR CERTIFICATION</b>  <i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i>   _____ Signature  _____ Printed Name  _____ Title  _____ Date
					<b>SURVEYOR CERTIFICATION</b>  <i>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.</i>  _____ Date Surveyed
NM-94614   N.32°40'10.1" W.103°53'52.6" 3455.4    3460.4  3455.7    3452.8 880					5/16/2001  _____ Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones NLS 3640 DOMINGO GENERAL SURVEYING COMPANY

# YATES PETROLEUM CORPORATION

Domino "AOJ" Federal Com. #9

660' FSL & 660' FWL

Section. 8 -T19S-R31-E

Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

Rustler	518'	2 <sup>nd</sup> Bone Spring	8483'
Tansill	1946'	3 <sup>rd</sup> Bone Spring	9293'
Yates	2082'	Wolfcamp	9773'
Seven Rivers	2378'	Strawn	10873'
Queen	3000'	Atoka	11213'
Capitan	3833'	Morrow	11553'
Cherry Canyon	4150'	Mississippian	12113'
Brushy Canyon	4426'	TD	12250'
Bone Spring Lime	6146'		
1st Bone Spring	7623'		

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

Water: Approx 250' - 350'  
Oil or Gas: All Potential Zones

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 5000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

## Auxiliary Equipment:

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

## A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-550'	550'
12 1/4"	8 5/8"	32#	J-55	ST&C	0-3100'	3100'
7 7/8"	5 1/2"	17#	L-80	LT&C	0-3300'	3300'
7 7/8"	5 1/2"	17#	J-55	LT&C	3300-7400'	4100'
7 7/8"	5 1/2"	17#	N-80	LT&C	7400-10400'	3000'
7 7/8"	5 1/2"	20#	P-110	LT&C	10400-12250'	1850'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

B. CEMENTING PROGRAM:

Surface casing: 250 sx Lite (Yld 2.01 Wt.12.4) Tail in w/200 sx "C" (Yld 1.34 Wt 14.8)

Intermediate Casing: 1300 sx Lite (Yld 2.06 Wt 12.4); Tail in w/200 sx "C"  
(Yld 1.32 Wt. 14.8)

Production Casing: TOC-9400'; 400 sx Super "C" (Yld 1.67 wt. 13.0).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-550'	FW/Spud Mud	8.4-9.0	32-36	N/C
550'-3100'	Brine	10.0-10.2	28-34	N/C
3100'-10800'	Cut Brine	8.8-9.4	28	N/C
10800'-TD	Salt Gel/Starch/Drispac	9.5-10.2	32-40	<12

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10 samples out from under surface casing.  
Logging: GR, NEUTRON, DENSITY, LATERLOG.  
Coring: As warranted.  
DST's: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: O	TO: 550'	Anticipated Max. BHP:	240	PSI
From: 550'	TO: 3100'	Anticipated Max. BHP:	1800	PSI
From: 3100'	TO: TD	Anticipated Max. BHP:	6400	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 15 days.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**  
Domino "AOJ" Federal Com. #9  
660' FSL & 660' FWL  
Section. 8, T-19S-R31-E  
Eddy County, New Mexico

This plan is submitted with Form 3160-3, 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 the 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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 15 miles southeast of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go east of Loco Hills on Highway 82 approx. 4.8 miles to County Road (222) Sugart Road. Turn south and go approx. 10 miles cattleguard on right. Turn west crossing cattleguard and go on caliche road for approx. 1.5 miles going toward the Domino #2 location. Approximately 300 feet before the Domino #2 the new road starts here going west for approximately .5 of a mile to the southeast corner of the well location.

### **2. PLANNED ACCESS ROAD.**

- A. The proposed new access will go west approximately .5 of a mile to the southeast corner of the drilling pad. The road will lie in an east to west direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

### **3. LOCATION OF EXISTING WELL**

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

### **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. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

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 will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate closest pit and obtain any permits and materials needed for construction.

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.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

- 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 been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP: Federal surface, Administered by the Bureau of Land Management, Carlsbad, New Mexico.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Cy Cowan, Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471


B. Through Drilling Operations,  
Completions and Production:

Pinson McWhorter,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

14. CERTIFICATION:

I hereby 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 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 Corporation 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.

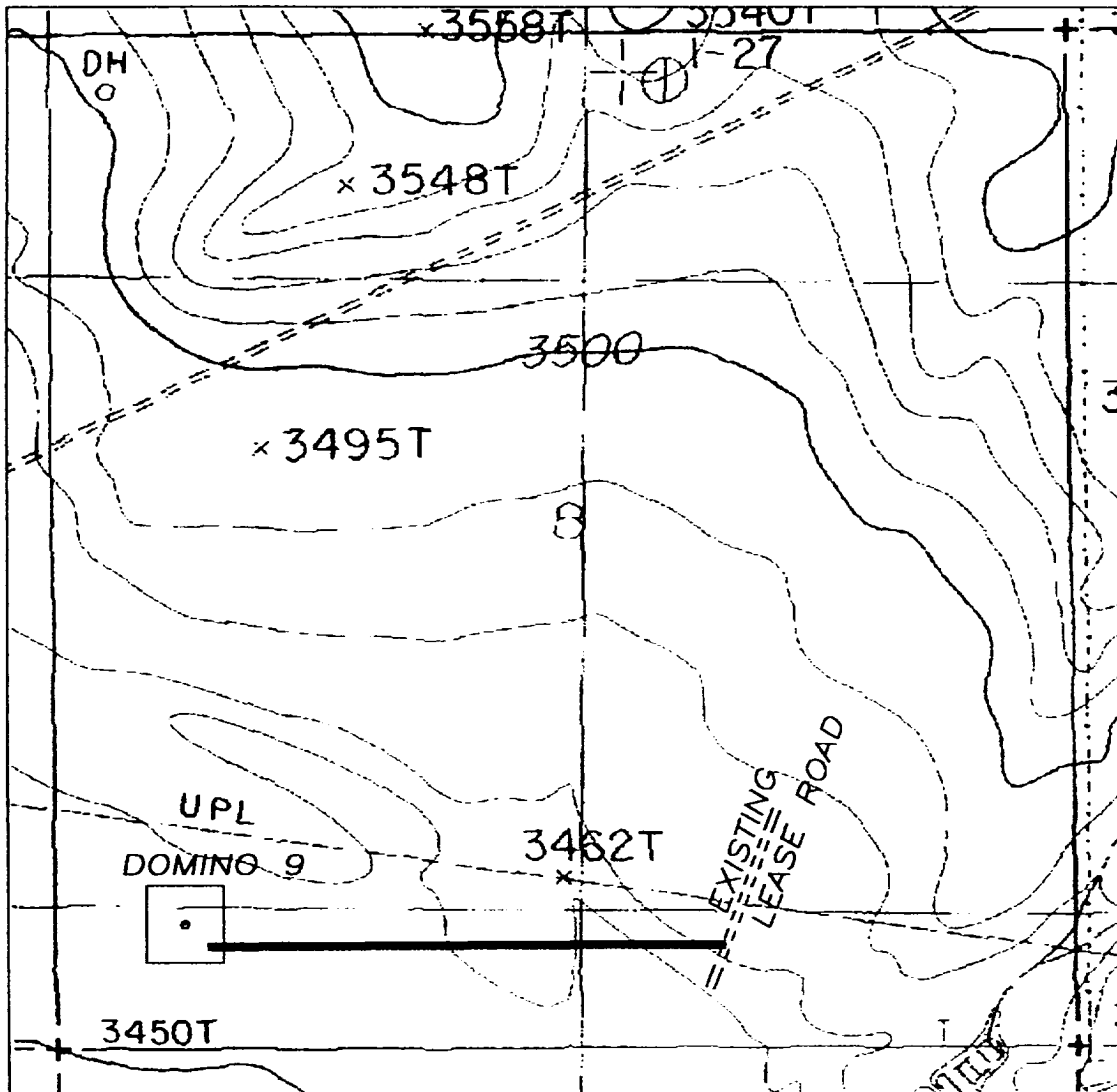
6/5/01

  
Regulatory Agent





SECTION 8, TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



1000' 0 1000' 2000'  
Scale 1" = 1000'

THE PREPARATION OF THIS PLAN AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAN ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEETS THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

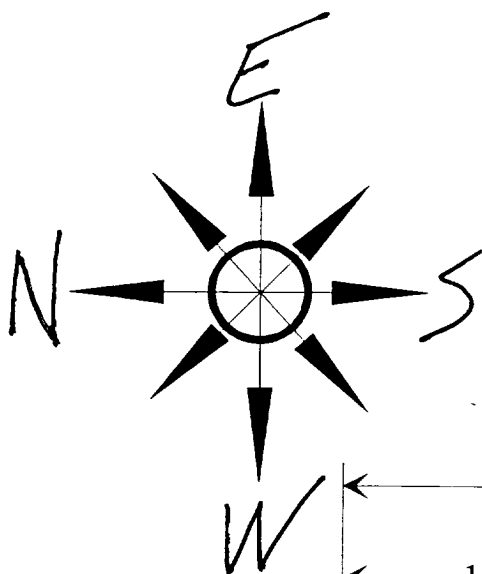
HERSCHEL L. JONES, R.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

# YATES PETROLEUM CORP.

LEASE ROAD TO THE YATES DOMINO "AOJ"  
FEDERAL COM. #9 LOCATED IN SECTION 8,  
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 5/10/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevis	W.O. Number
Date: 5/11/01	Scale 1" = 1000' DOMINO 9



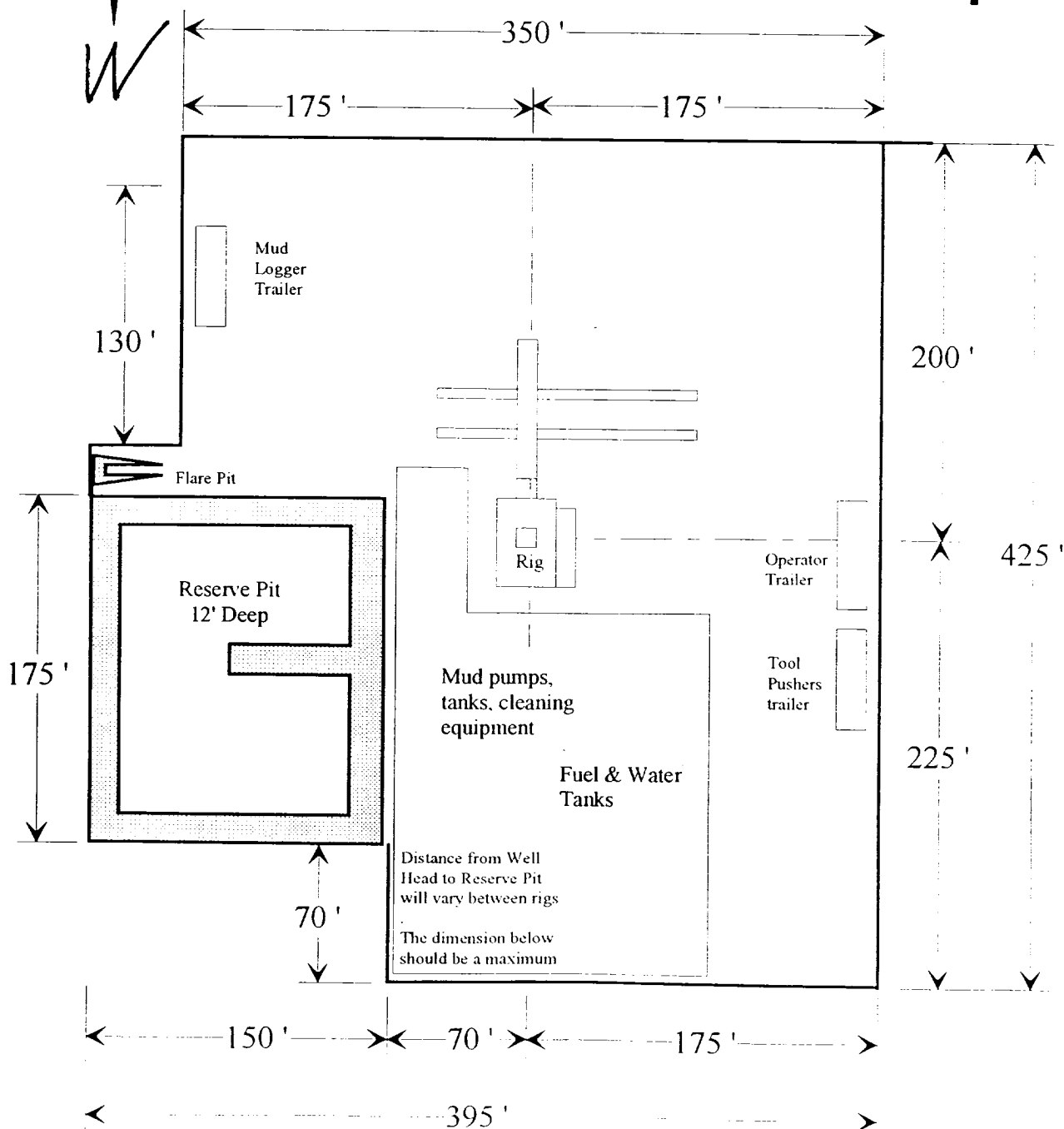
# Yates Petroleum Corporation

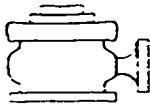
Location Layout for Permian Basin  
12,000' to 14,000'

Pits North.

**Yates Petroleum Corporation**  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 88210

Domino AOJ Federal Com. #9  
660' FSL and 660' FWL  
Section 8, T19S-R24E  
Eddy County, New Mexico  
NM-94614



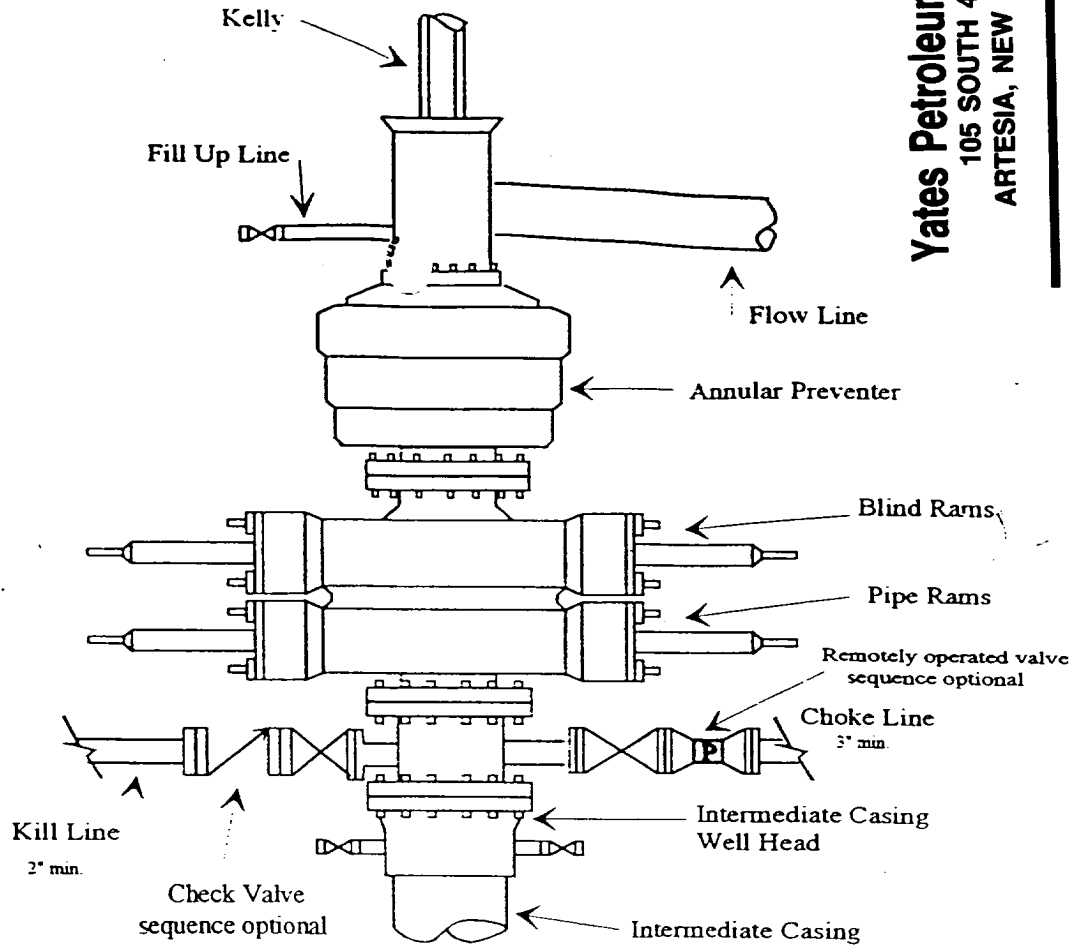


# Yates Petroleum Corporation

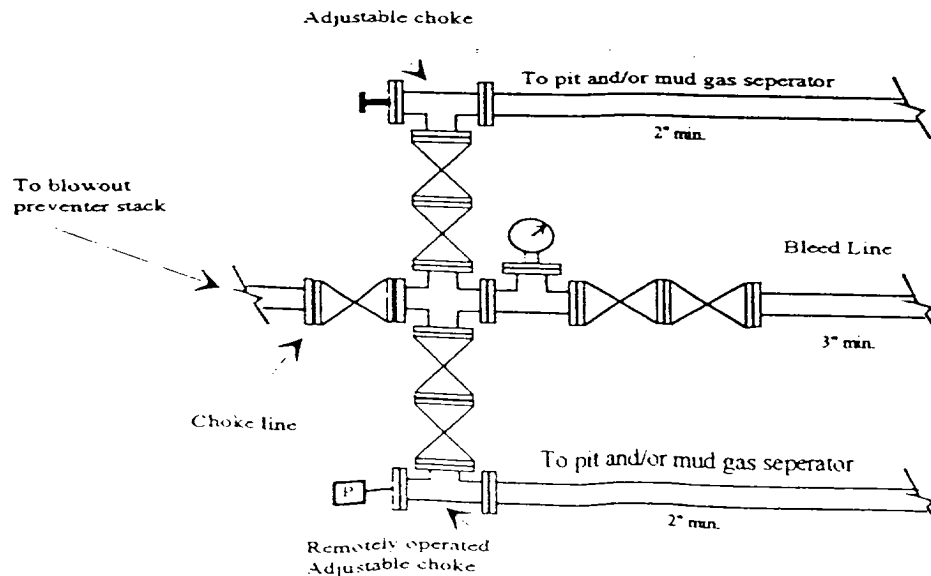
Typical 5,000 psi Pressure System  
Schematic  
Annular with Double Ram Preventer Stack

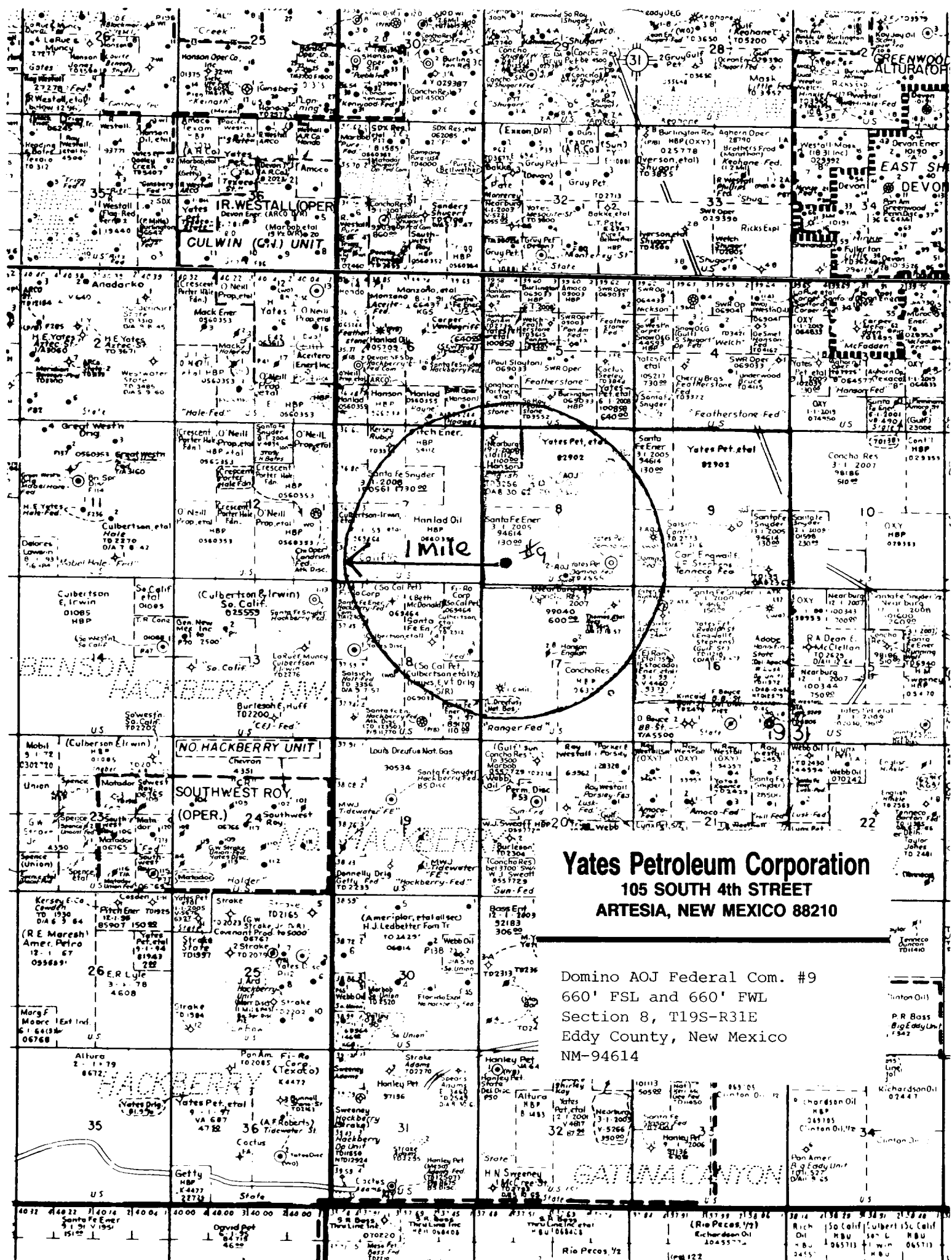
**Yates Petroleum Corporation**  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 88210

Domino AOJ Federal Com. #9  
660' FSL and 660' FWL  
Section 8, T19S-R31E  
Eddy County, New Mexico  
NM94614



Typical 5,000 psi choke manifold assembly with at least these minimum features





**Yates Petroleum Corporation**  
105 SOUTH 4th STREET  
ARTESIA, NEW MEXICO 88210

Domino AOJ Federal Com. #9  
660' FSL and 660' FWL  
Section 8, T19S-R31E  
Eddy County, New Mexico  
NM-94614

**GATINACANTON**

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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-94614      Bond Coverage: Individually Bonded  
Domino AOJ Federal Com. #9

Legal Description of Land:      BLM Bond File No.: NM 0344  
W/2 Section 8, T19S-R31E  
Eddy County, New Mexico

Formation(s) (if applicable):

N/A

YATES PETROLEUM CORPORATION

Date: July 16, 2001

RECEIVED  
2001 JUL 17 AM 8:50  
BUREAU OF LAND MANAGEMENT  
POSTHILL OFFICE