

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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 Petroleum Corporation

AUG 27 1991

3. ADDRESS OF OPERATOR

105 South Fourth Street, Artesia, NM 88210

O. C. D.
ARTESIA, OFFICE

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

At surface

Unit Letter P: 330' FEL and 660' FSL

At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.

NM-61358

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Wolf "AJA" Federal

9. WELL NO.

7

10. FIELD AND POOL, OR WILDCAT

X Wildcat Delaware

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Sec. 24-T21S-R31E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

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

38 miles northeast of Loving, NM

15. DISTANCE FROM PROPOSED*

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

16. NO. OF ACRES IN LEASE

880

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.

19. PROPOSED DEPTH

8500'

20. ROTARY OR CABLE TOOLS

Rotary

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

3631' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash/R-T-T-P Potash

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	850'	Circulate - 850 sacks
11"	8 5/8"	32.0#	4500'	Circulate - 2500 sacks
7 7/8"	5 1/2"	17 & 20#	TD	Adequate cover (tie back)

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

Potash Area - See attached letter

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

Clifton R. May

TITLE Permit Agent

DATE 8-5-91

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

APPROVAL SUBJECT TO ANY:

GENERAL REQUIREMENTS AND

SPECIAL STIPULATIONS

ATTACHED

*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 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

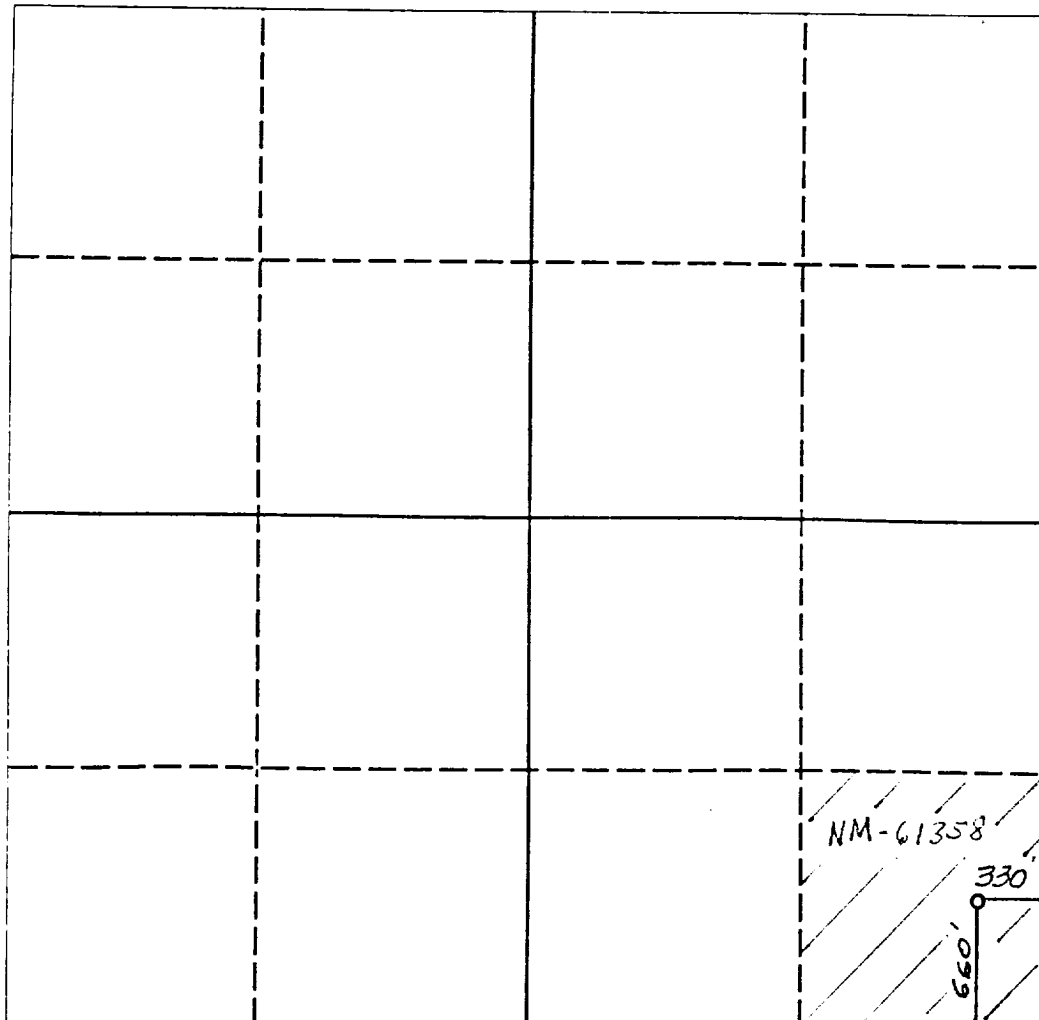
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease WOLF AJA FEDERAL		Well No. 7
Unit Letter P	Section 24	Township 21 SOUTH	Range 31 EAST	County EDDY COUNTY, N.M.	
Actual Footage Location of Well: 660 feet from the SOUTH line and 330 feet from the EAST line					
Ground level Elev. 3631.	Producing Formation DELAWARE		Pool WILDCAT DELAWARE	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 in true and complete to the best of my knowledge and belief.

Signature
Clifton R. May
Printed Name
Clifton R. May
Position
Permit Agent
Company
Yates Petroleum Corporation
Date
8-5-91

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
JULY 26 R. 1991 D.Y.
Signature & Seal of
Professional Surveyor

Certification No.
NM P.E. 5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

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
REYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

JUL 30 1991

July 24, 1991

Mr. Bob Lane
New Mexico Potash
P.O. Box 610
Hobbs, NM 88241

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease NM-61358. We have staked the following location:

Wolf AJA Federal #7
660' FSL and 330' FEL'
Sec. 24-T21S-R31E
Eddy County, NM

A Notice of Staking has been filed with Bureau of Land Management.

Would you please look this location over and let me know what you think. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated. Should you have any questions, please call me at 748-1471.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May
Permit Agent

CRM/tg

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By:
Title: Permit Agent
Date: 7/27/91

OBJECTION OFFERED

NEW MEXICO POTASH

By: _____
Title: _____
Date: _____

YATES PETROLEUM CORPORATION

**Wolf "AJA" Federal #7
660' FSL and 330' FEL
Section 24-T21S-R31E
Eddy County, New Mexico**

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is Sandy Alluvium.

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

Rustler	804'
Top of Salt	1,136'
Base of Salt	3,384'
Bell Canyon	4,384'
Cherry Canyon	5,452'
Brushy Canyon	7,189'
Bone Springs	8,374'
TD	8,500'

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

Water:	150'
Oil or Gas:	7189' and 8374'

4. Proposed Casing Program:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Setting Depth</u>
17 1/2"	13 3/8'	54.5#	J-55	ST&C	850'
11"	8 5/8'	32.0#	J-55	LT&C	4500'
7 7/8"	5 1/2'	15.5# & 17#	J-55	LT&C	TD

Surface pipe (0' - 850') will be cemented with 600 sacks C-Lite + 2% CaCl + 1/4 lb/sk Celloseal. Yield 1.76 cu.ft./sk. Weight will be 12.9 lb/gal. Tailed in with 200 sacks C with 2% CaCl + 1/4 lb/sk Celloseal. Yield 1.33 cu.ft./sk. Weight will be 14.8 lb/gal. Quantity sufficient to circulate to surface.

Intermediate pipe (0' - 4500') will be cemented with 1200 sacks C-Lite + 10 lbs/sk salt + 1/4 lb/sk Celloseal. Yield 1.94 cu.ft./sk. Weight will be 12.9 lb/gal. Tailed in with 200 sacks C + 1% CaCl. Yield 1.32 cu.ft./sk. Weight will be 13.8 lb/gal. Quantity will be sufficient to circulate to surface.

Production pipe (0' - 8500') will be cemented with 200 sacks (or sufficient to cover zones of interest) Class H + 5 lb. CSE + .7% CF-14 + 10 lb/sk Gilsonite. yield 1.45 cu.ft./sk. Weight will be 14.4 lb/gal.

5. Pressure Control Equipment: See Form 3160-3 and Exhibit B.

6. Mud Program: See Form 3160-3.

7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connections.

8. Testing, Logging and Coring Program:

Samples: Out from under surface casing to TD.

DST's: As warranted.

Coring: None anticipated.

Logging: Dual Induction Laterolog, Gamma Ray/Litho Density, Gamma Ray/Compensated Neutron with Caliper Log.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Wolf "AJA" Federal #7
660' FSL and 330' FEL
Section 24-T21S-R31E
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 BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 38 miles northeast of Loving, New Mexico, and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go southeast out of Carlsbad, New Mexico on Highway 285 to 31. Go east on 31 to 128 (Jal Hwy). Go approximately 16 miles to Red Road (County Road 802). Turn north and go approximately 9 miles on the pavement. Will be a Lea County 29 sign. Stay on pavement and continue for approximately 4.5 miles. Go left (west) to Wolf Federal #4 location. New road will start here and go north past the Wolf Federal #5 on the SE corner of pad.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately 250' in length from the point of origin to the southeast edge of the drilling pad. The new road will lie east to west for 2000' then north for 1000'.
- 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 both sides. No traffic turnout will be built.
- D. The route of the road is visible.

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 no 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.
- C. A flowline from this well to the #4 well will be needed. It will follow the west side of the road.

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:

The pit located in the E/2SW/4 of Section 12-T22S-R31E on BLM lands unless dirt contractor finds a closer source.

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. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
- G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

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. A cross section of a drill pad with approximate cuts, fills and pad orientation is shown on Exhibit E.
- 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 levelled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

11. SURFACE OWNERSHIP: Federal Surface administered by BLM (Carlsbad, NM)

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:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:

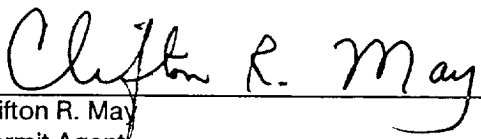
Mike Slater, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

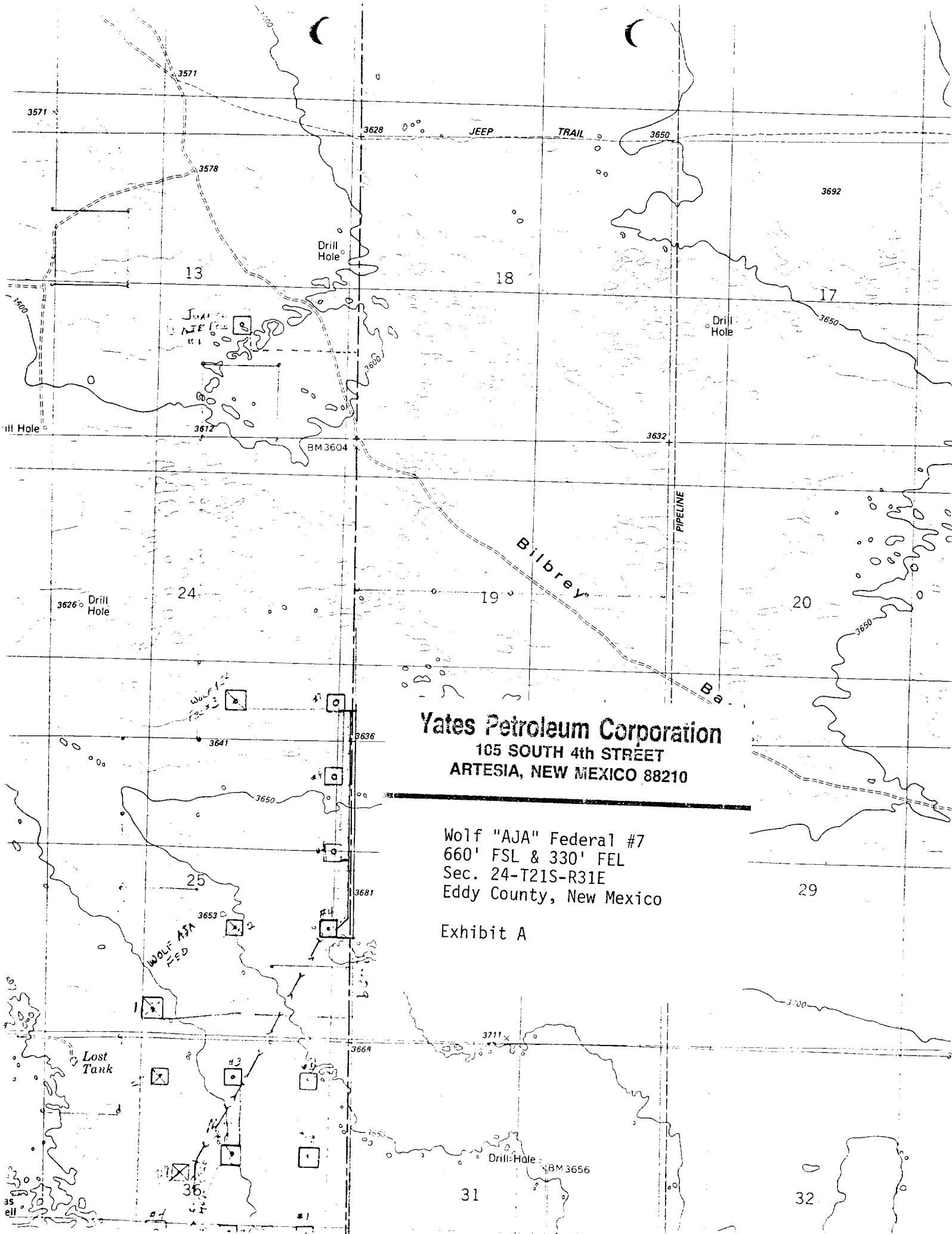
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated with the operations proposed herein will be performed by Yates 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.

8-5-91

Date



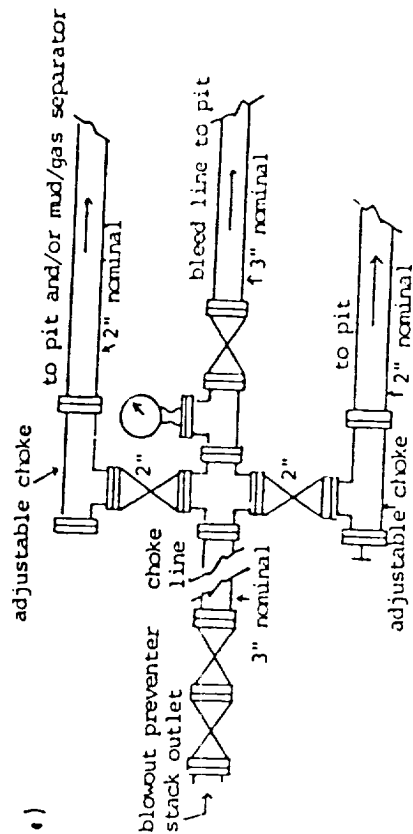
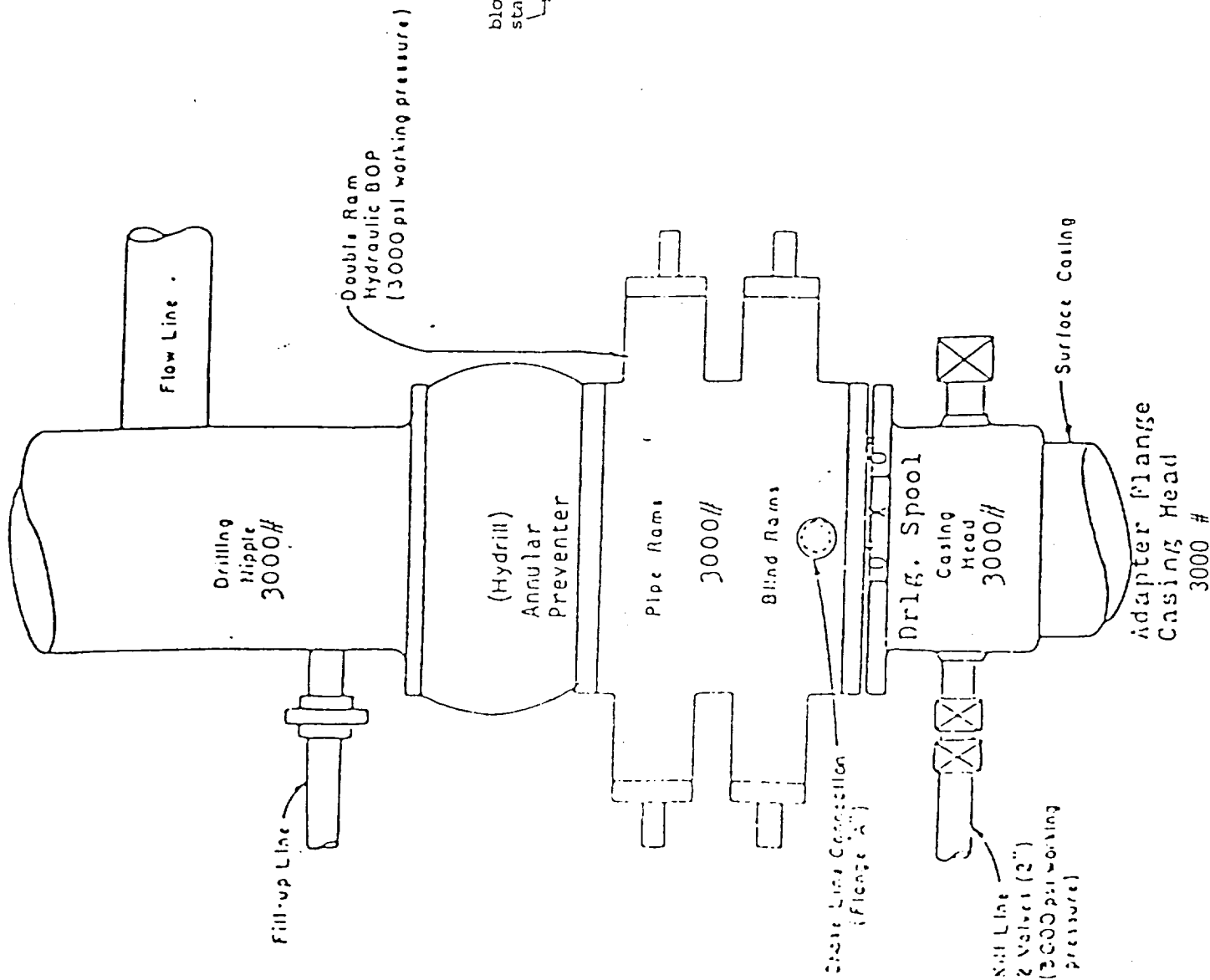
Clifton R. May
Permit Agent



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

Wolf "AJA" Federal #7
660' FSL & 330' FEL
Sec. 24-T21S-R31E
Eddy County, New Mexico

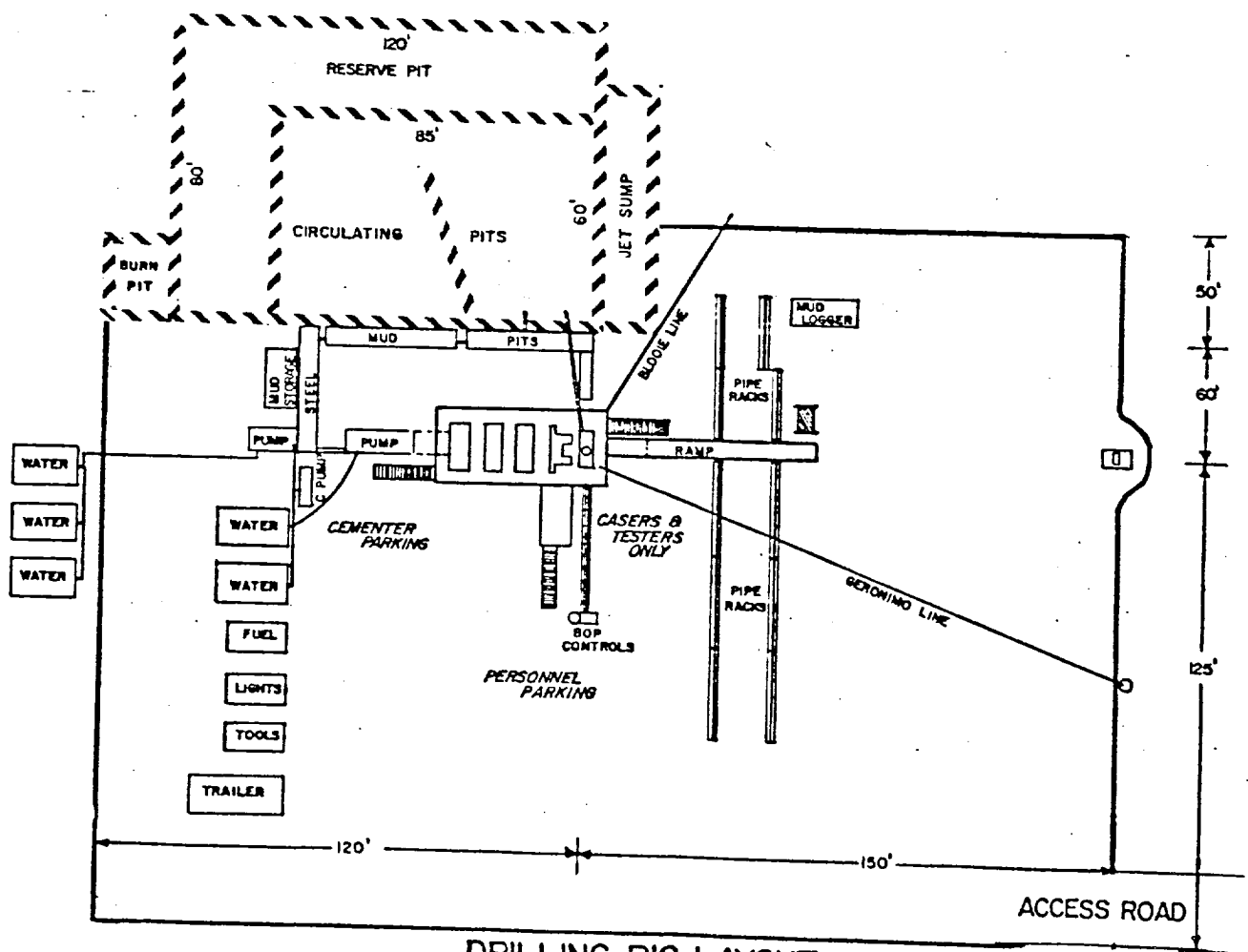
Exhibit A



typical choke manifold assembly for 3M rated working pressure service-surface installation

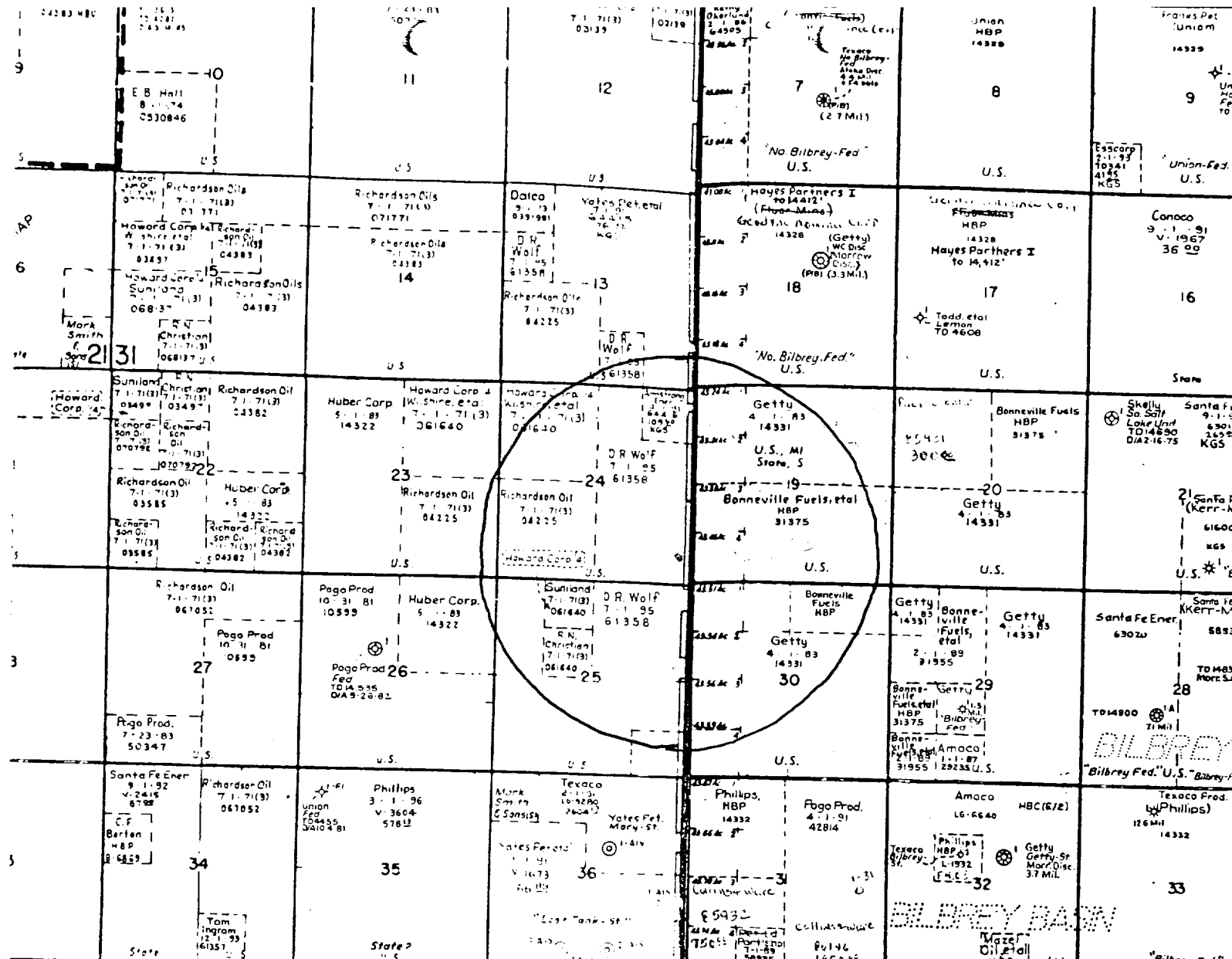
EXHIBIT "B"
Blowout Preventer
Diagram

YATES PETROLEUM CORPORATION



DRILLING RIG LAYOUT
Scale: 1 inch = 50 feet

EXHIBIT C



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

Wolf "AJA" Federal #7
660' FSL & 330' FEL
Sec. 24-T21S-R31E
Eddy County, New Mexico

Exhibit D

