

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
1010 Sunwest Centre, Roswell, NM 88201
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1740' FSL - 660' FEL
At proposed prod. zone Same
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
40 miles west of Carlsbad, NM
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
660'
16. NO. OF ACRES IN LEASE
668.81
17. NO. OF ACRES ASSIGNED TO THIS WELL
320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
10,700'
19. PROPOSED DEPTH
10,700'
20. ROTARY OR CABLE TOOLS
Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4210 Gr.
22. APPROX. DATE WORK WILL START*
August 25, 1989

PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#-48#	350'	350 sx. <u>circulate</u>
12 1/4"	8 5/8"	32#-24#	2550'	1100 sx. <u>circualte</u>
7 7/8"	5 1/2"	17#	TD	450 sx.

Yates Energy Corporation proposes to drill and test the Morrow and intermediate formations. Approximately 350' of surface casing and 2550' of intermediate casing will be set and cemented to the surface. If commercial pay is encountered, will run 5 1/2" casing and cement with a minimum of 600' of cover, perforate and stimulate as needed for production.

MUD PROGRAM: Fresh water to 6500', cut brine to 8500'; salt water mud to TD.

BOP PROGRAM: BOP and Hydrill on 8 5/8" casing, pipe rams tested daily, and blind rams tested on trips.

GAS NOT DEDICATED

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 Fred C. Yates TITLE President DATE July 21, 1989
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE CARLSBAD RESOURCE DATE 8-15-89

CONDITIONS OR APPROVAL, IF ANY:

NSW-2684
8-14-89

*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.

Send to Appropriate
District Office
State Lease - 4 copies
Federal 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

INSTRUMENT
For Box 1500 Hesse NM 87401

INSTRUMENT
For Box 1500 Hesse NM 87401

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For Box 1500 Hesse NM 87401

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator: Yates Energy Corp.
Section: 27
Twp: 23
Range: 23
County: NMNM
Well No: 1740
Morrow Undesignated East Hesse Morrow 320 Acres

1. The well location is shown on the plat by a center point, four corner marks on the plat below.

2. The well location is shown on the plat by a center point, four corner marks on the plat below.

3. The well location is shown on the plat by a center point, four corner marks on the plat below.

4. The well location is shown on the plat by a center point, four corner marks on the plat below.

5. The well location is shown on the plat by a center point, four corner marks on the plat below.

6. The well location is shown on the plat by a center point, four corner marks on the plat below.

7. The well location is shown on the plat by a center point, four corner marks on the plat below.

OPERATOR CERTIFICATION

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

Signature: Fred G. Yates

President

Yates Energy Corporation

Date:

July 21, 1989

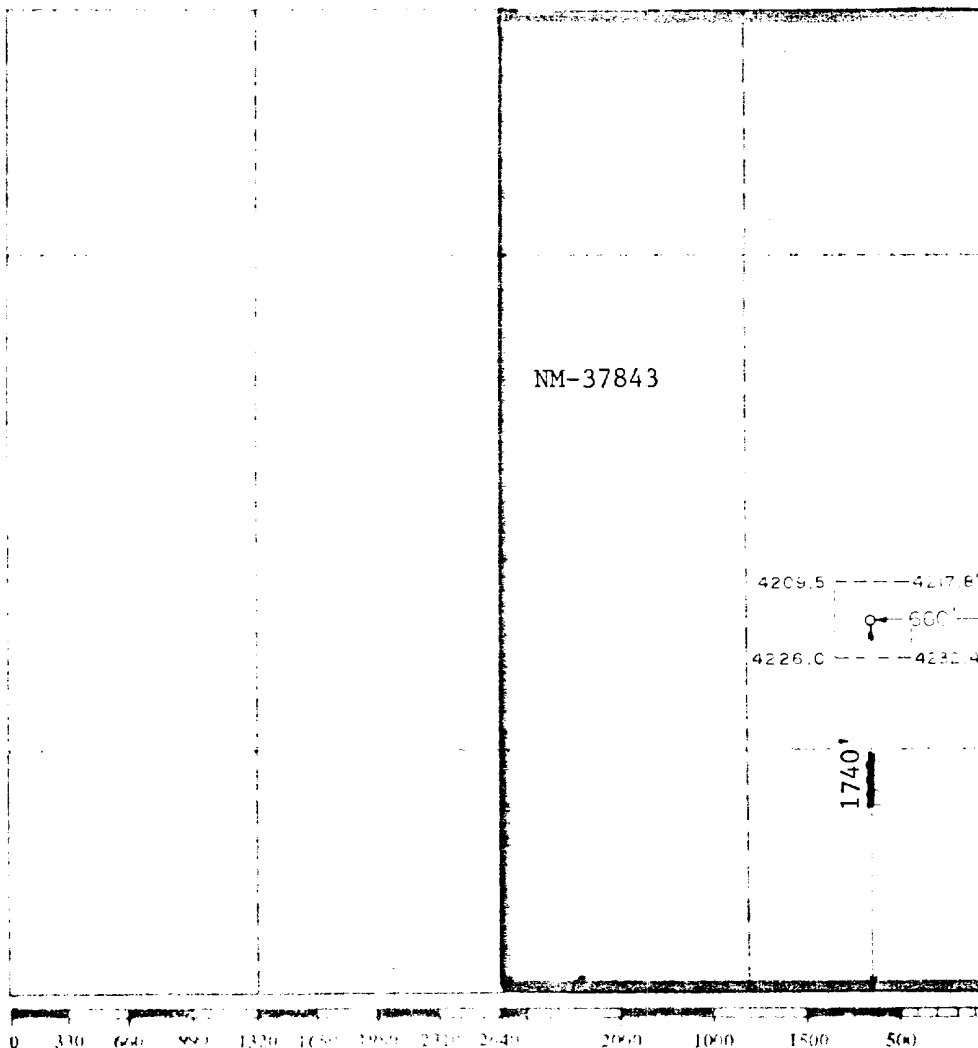
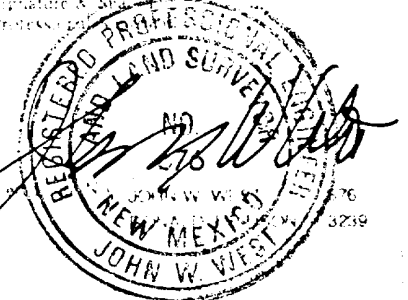
STATE OF NEW MEXICO

I hereby certify that the well location shown on this plat was determined by a survey of the land on which the well is located, and that the location is true and correct to the best of my knowledge and belief.

Date Surveyed:

July 15, 1989

Signature & Seal of Professional Surveyor



Yates Energy Corporation
Desert Rose Federal #1
1740' FSL and 660' FEL
Section 27, T23S, R23E
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 Grayburg.
2. The estimated tops of geologic markers are as follows:

Bone Springs	4,470'	Canyon	8,400'
Third Bone Springs Sand	6,850'	Strawn	8,650'
Wolfcamp	7,100'	Atoka	9,150'
Lower Wolfcamp	7,580'	Morrow Clastics	9,880'
Cisco	8,100'	TD	10,700'

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

Water: Approximately 150'

Oil or Gas: Strawn 8,650', Atoka 9,150', and Morrow 9,880'

4. Proposed Casing Program: See Form 9-331-C
5. Pressure Control Equipment: See Form 9-331-C and Exhibit.
6. Mud Program: See Form 9-331-C.
7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

DST's:	If Warranted
Coring:	None planned
Logging:	Intermediate casing to TD CNL-FDC 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, 1989. Drilling time will be approximately 35 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Energy Corporation
Desert Rose Federal #1
1740' FSL and 660' FEL
Section 27, T23S, R23E
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 38 miles west of Carlsbad. The access route is indicated on Exhibit B.

Directions:

1. Travel west from Carlsbad on Dark Canyon Road for 36 miles then turn south on State Road 137.
2. Turn south and go for 3.5 miles.
3. Turn SE at the Yates Energy Corporation sign and go for .8 mile. The new road will start here going east.

2. PLANNED ACCESS ROAD.

- A. The proposed new road will be approximately 10' in length from the point of origin to where it ties back on to the existing road.
- B. The new road will have a 12 foot driving surface.
- C. The new and the existing road will be bladed with drainage on one side and surfaced where needed. One cattle guard will be set.
- D. The route of the road is visible.

3. LOCATION OF EXISTING WELLS.

- A. The Yates Energy Corporation's Lonesome Dove Federal #1 well is located approximately ½ mile E-S-E of the proposed location. The Lonesome Dove is currently shut-in.

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. This pasture is not being grazed at this time.
- 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 on the foothills and slopes down to the south. An 8'-10' foot cut, or less, and fill will be needed to level the location area.
- C. The major portion of the road and pad are on caliche. Caliche may be hauled from the pad area to the low places on the road.
- 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 on the foothills of a mountain. The existing road is on flat surface and the new road will be going up the slope.
- 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, Lachugilla, 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, this pasture that the location is on is not being grazed this year.
- E. There are no dwellings in the vicinity of the wellsite.
- F. Surface Ownership: The pad and the road in on private land with federal minerals.

The landowners are: Kramer and Murray, P.O. Box 129, Carlsbad, New Mexico. Yates Energy Corporation is currently negotiating an Agreement with the landowners to use their surface.

12. OPERATOR'S REPRESENTATIVE.

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

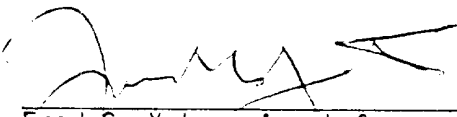
Jim O'Briant
O'Briant Engineering
Midland, Texas
Phone: 915-683-5511

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.

Date

7/24/89


Fred G. Yates, Agent for
Yates Energy Corporation

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Eddy County, NM

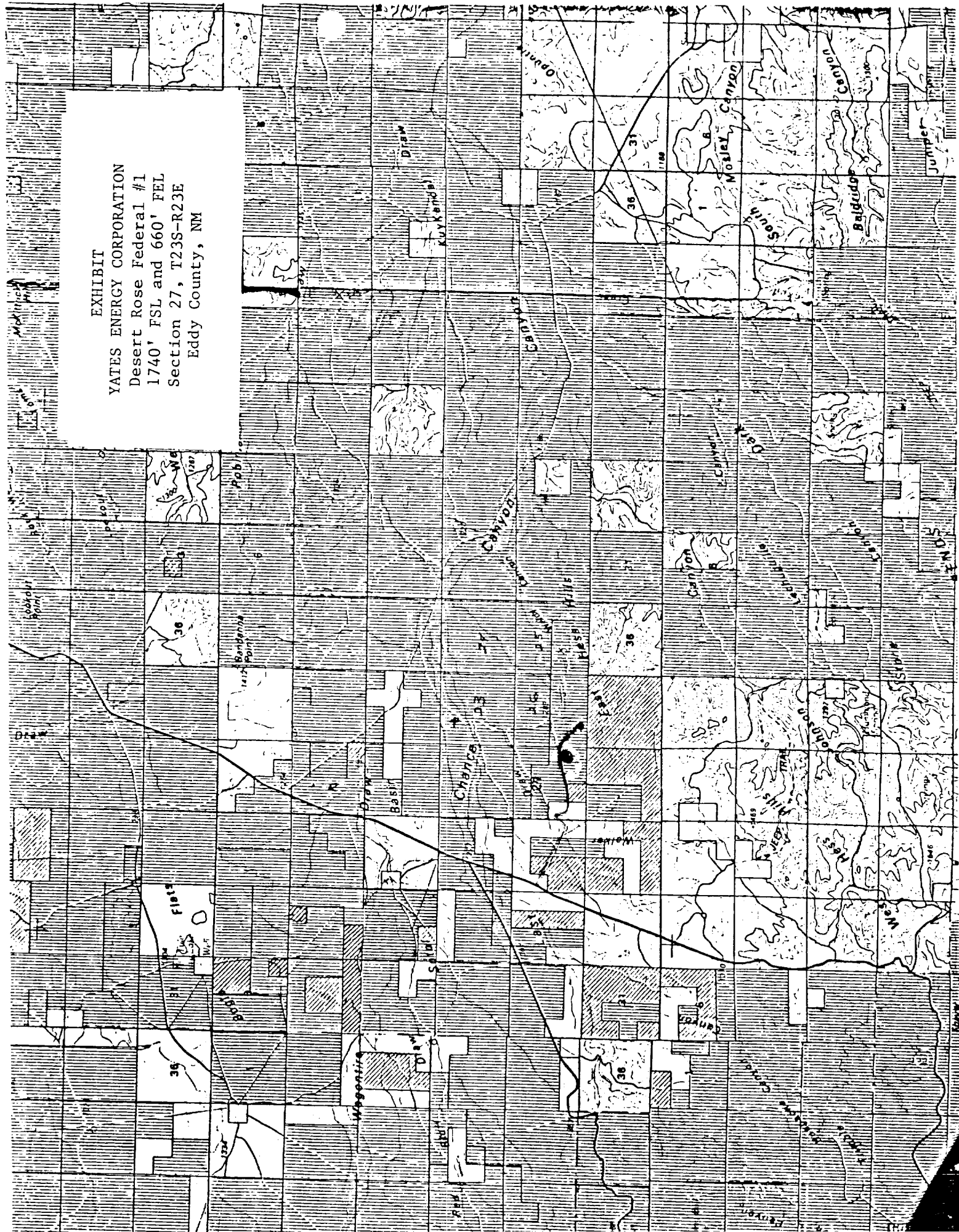
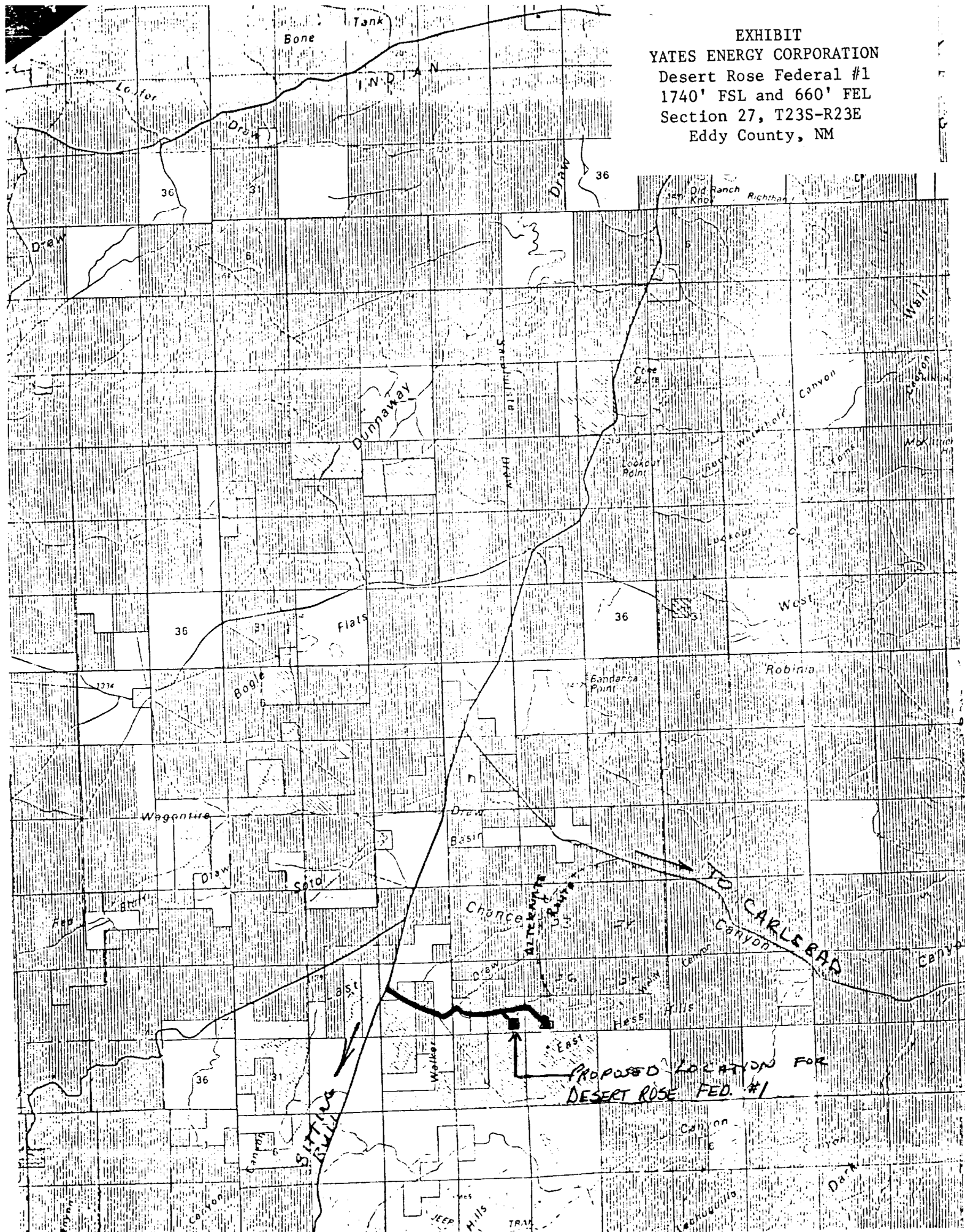


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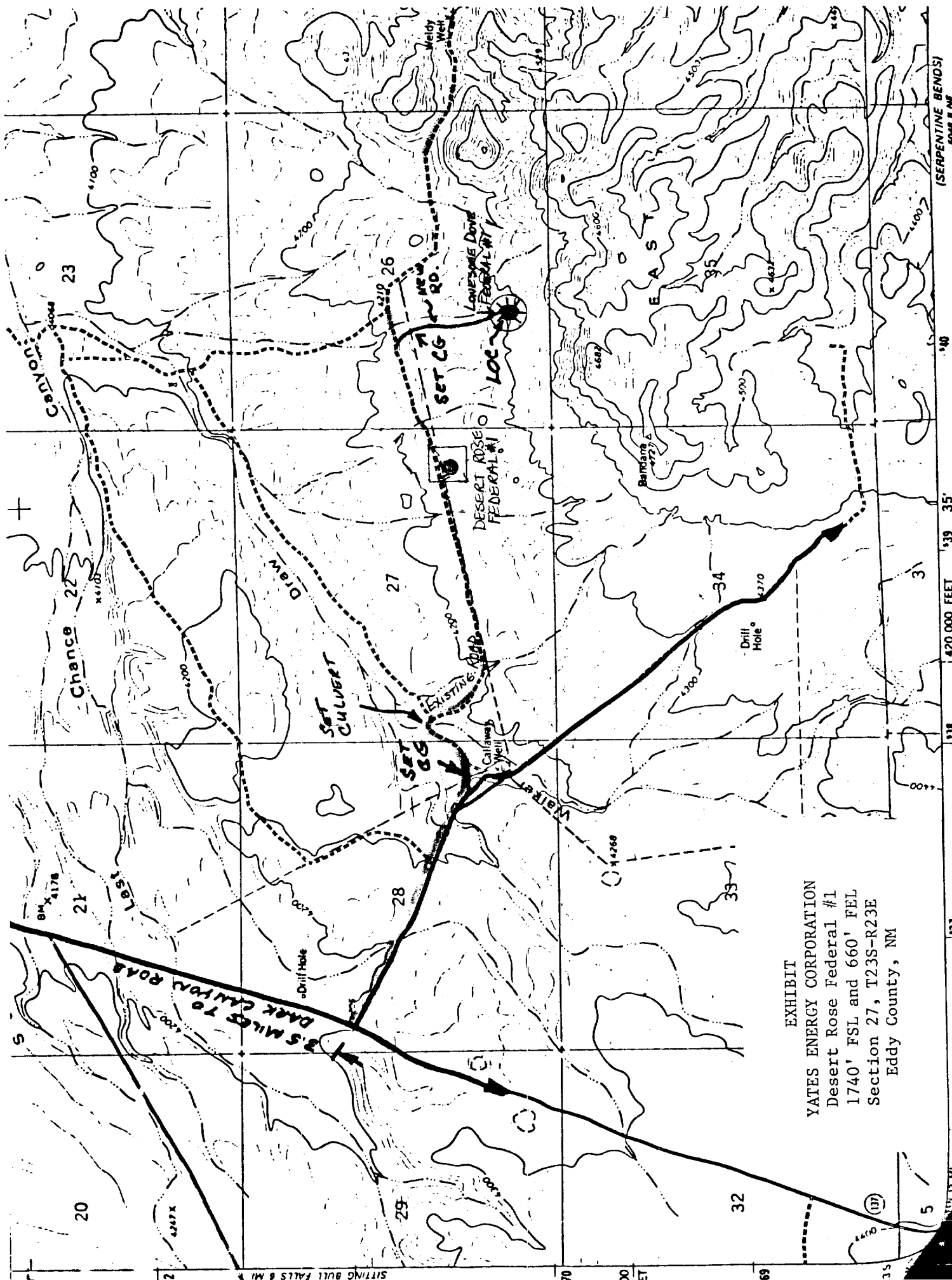


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SCALE 1:24 000

and published by the Geological Survey

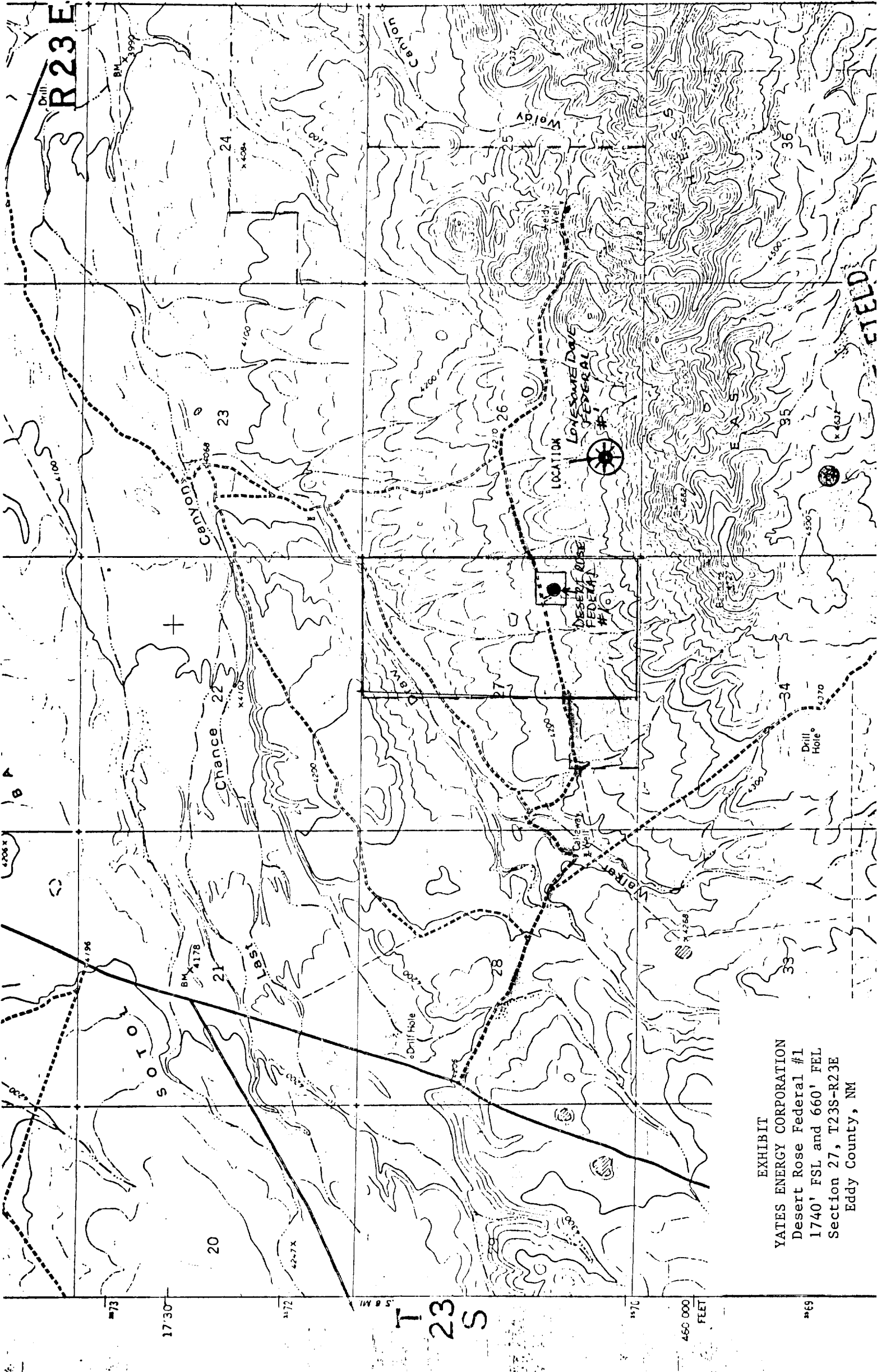


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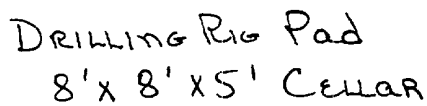
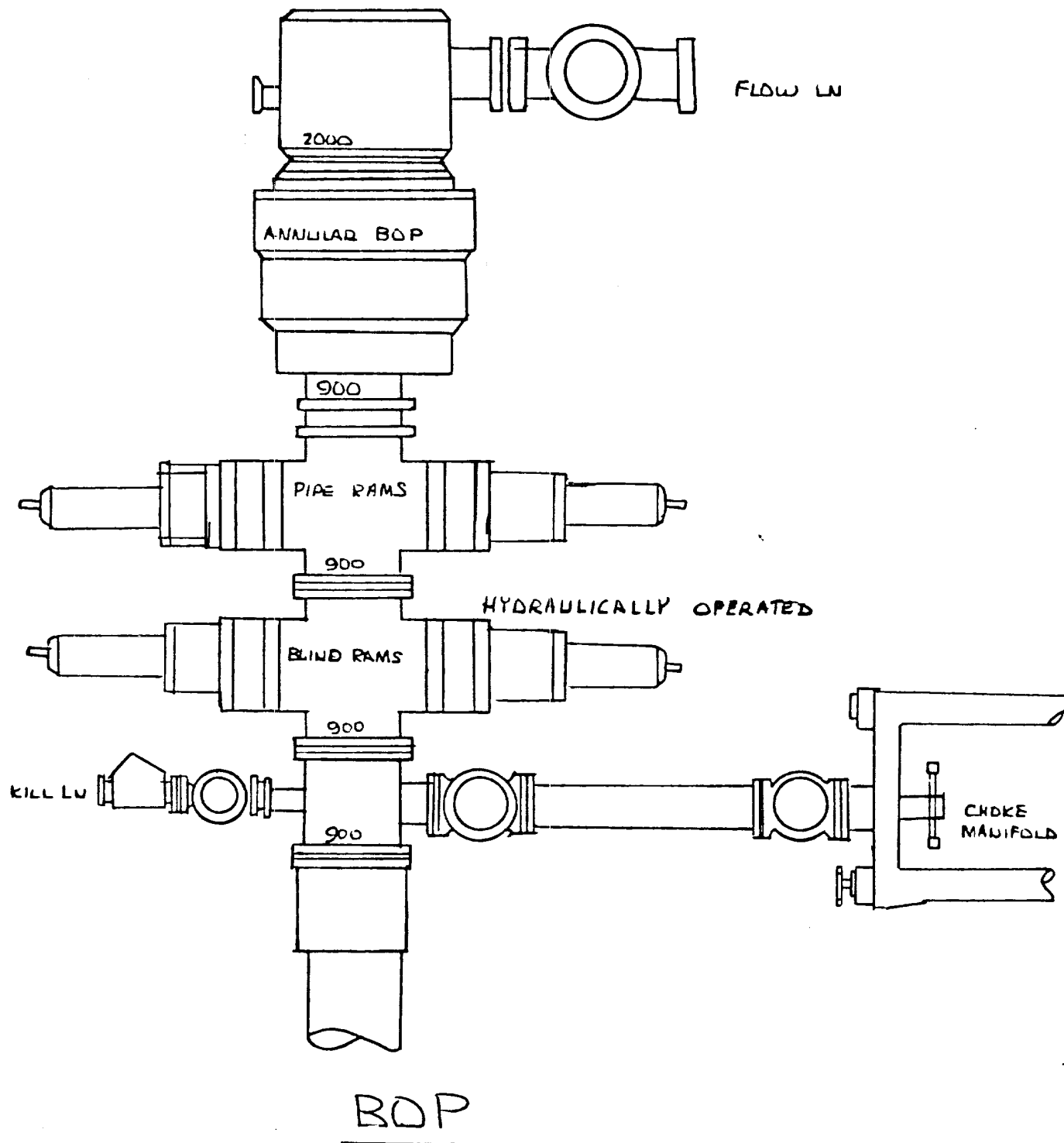


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Exhibit



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