

N.M. Oil Cons. Div. 10
1001 W. Central
Artesia, NM 88210

160-3
August 1999

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-82904	
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator 25575 Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. 11974	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Adeline ALN Federal #4	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-32192	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL and 1980' FWL, Unit C At proposed prod. Zone Same		10. Field and Pool, or Exploratory [REDACTED]	
14. Distance in miles and direction from nearest town or post office* Approximately 24 miles northeast of Loving, New Mexico.		11. Sec., T., R., M., or Blk, and Survey or Area Section 6, T24S-R31E	
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. County or Parish Eddy County	
16. No. of Acres in lease 640		13. State NM	
17. Spacing Unit dedicated to this well 40 NE/NW			
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.			
19. Proposed Depth 8200'			
20. BLM/BIA Bond No. on file 585997			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3401' GR		22. Approximate date work will start* ASAP	
23. Estimated duration 35 days			
24. Attachments Carlebad Controlled Water Basin			

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

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office. | 6. 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 10/23/01
Title: Regulatory Agent		
Approved by (Signature) /S/ RICHARD A. WHITLEY	Name (Printed/Typed) /S/ RICHARD A. WHITLEY	Date JAN 29 2002
Title ASSOC. STATE DIRECTOR	Office NM STATE 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)

R-211-P Permit

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



MM STATE OFFICE

RECEIVED
NOV 11 1961

2061 NOV - 1 AM 11:20

RECEIVED

Submit 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

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 ADELINE "ALN" FEDERAL		Well No. 4
Unit Letter C	Section 6	Township 24 SOUTH	Range 31 EAST	County NMPM	EDDY
Actual Footage Location of Well: 660 feet from the NORTH line and 1980 feet from the WEST line					
Ground level Elev. 3401	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 is true and complete to the best of my knowledge and belief.

Signature *Cy Cowan*

Printed Name
Cy Cowan

Position
Permit Agent

Company
Yates Petroleum Corporation

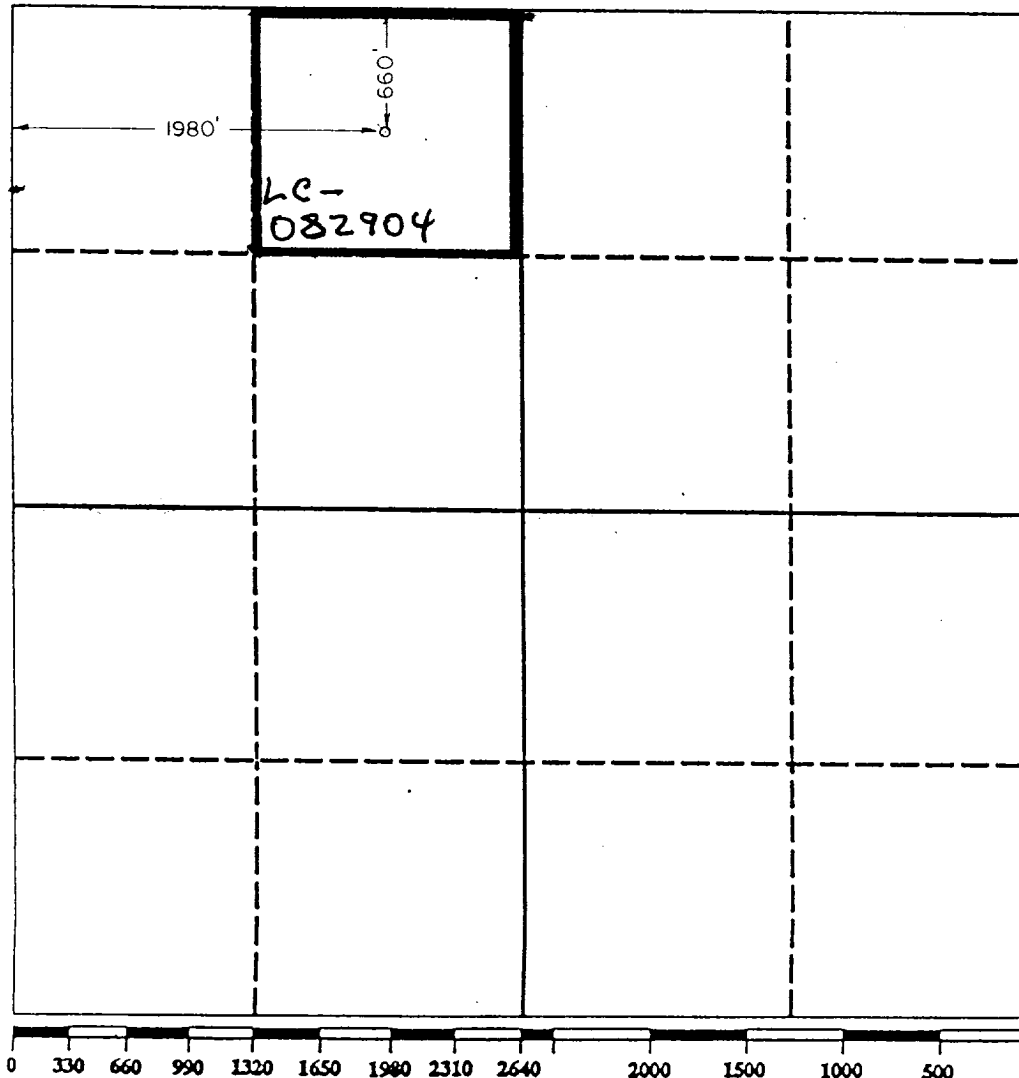
Date
October 31, 2001

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes actual surveys made by me or under my supervision, and that the same is true to the best of my knowledge and belief.

Date Surveyed
7/23/92

Signature & Seal of Professional Surveyor
Herschel L. Jones
HERSCHEL L. JONES
3640
NEW MEXICO
REGISTERED LAND SURVEYOR



YATES PETROLEUM CORPORATION

Adeline "ALN" Federal #4

660' FNL & 1980' FWL

Sec. 6-T24S-R31-E

Eddy County, New Mexico

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

Rustler	477'
Top of Salt	863'
Base of Salt	3932'
Bell Canyon	4150'
Cherry Canyon	5129'
Brushy Canyon	6810'
Bone Spring Lime	8010'
TD	8200'

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

Water: Approx 150'
Oil or Gas: Brushy Canyon 5129' and Bone Spring 8010'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rated for 3000 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	0-750'	750'
11"	8 5/8"	32#	J-55	ST&C	0-4100'	4100'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100'-6800'	6700'
7 7/8"	5 1/2"	17#	J-55	LT&C	6800'-8200'	1400'

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

B. CEMENTING PROGRAM:

Surface casing: 450 sx Lite (YLD 1.96 WT.12.6) Tail in w/ 200 sx Class "C" + 2% CaCl₂ (YLD 1.34 WT 14.8).

Intermediate Casing: 1000 sx Lite (YLD 2.5 WT 11.9); Tail in w/ 250 sx "C" w/ 2% CaCl₂ (YLD 1.34 WT. 14.8)

Production Casing: (TOC=3700') Stage I; 450 sx Super "H" (YLD 1.67 WT. 13.0). Tail in with 50 sx Thixotropic (Yld. 1.4 Wt 14.4) Stage II: Lead w/350 sx Lite (YLD 2.0 WT 12.0) Tail in w/ 50 sx Super "H" (Yld 1.67 Wt 13.0). DV tool at 6500'.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-750'	FW/Native Mud	8.6-9.2	28-36	N/C
750'-4100'	Brine	10.0-10.2	28	N/C
4100'-6800'	Cut Brine	8.6-9.1	28	N/C
6800'-8200'	Cut Brine/Starch	8.6-9.1	28-32	<15cc

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: CNL/LDT TD to casing; GR w/CNL to Surface; DLL x/RXO TD to casing.

Coring: None Anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 750'	Anticipated Max.	BHP: 500	PSI
From: 750'	TO: 4100'	Anticipated Max.	BHP: 1790	PSI
From: 4100'	TO: 8200'	Anticipated Max.	BHP: 4100	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 198 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Adeline "ALN" Federal #4

660' FNL & 1980' FWL

Sec. 6-T24S-R31-E

Eddy County, New Mexico

RECEIVED

2001 NOV 9 PM 2 46

BUREAU OF LAND MGMT.
CARLSBAD FIELD OFFICE

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 23 miles northwest of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Carlsbad on Highway 285 to Highway 31. Go east on Highway 31 to Highway 128 (Jal Highway). Go approximately 12 miles to County Road 787 (Twin Wells Road). Turn south and go approximately 2.8 miles to a cattleguard on the county road. Cross the cattleguard and immediately turn west on a two track road. The new road will start here going west.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 0.2 of a mile west then will turn south and go approx. 600' to the southeast corner of the drilling pad. The road will lie in a to west then south 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.

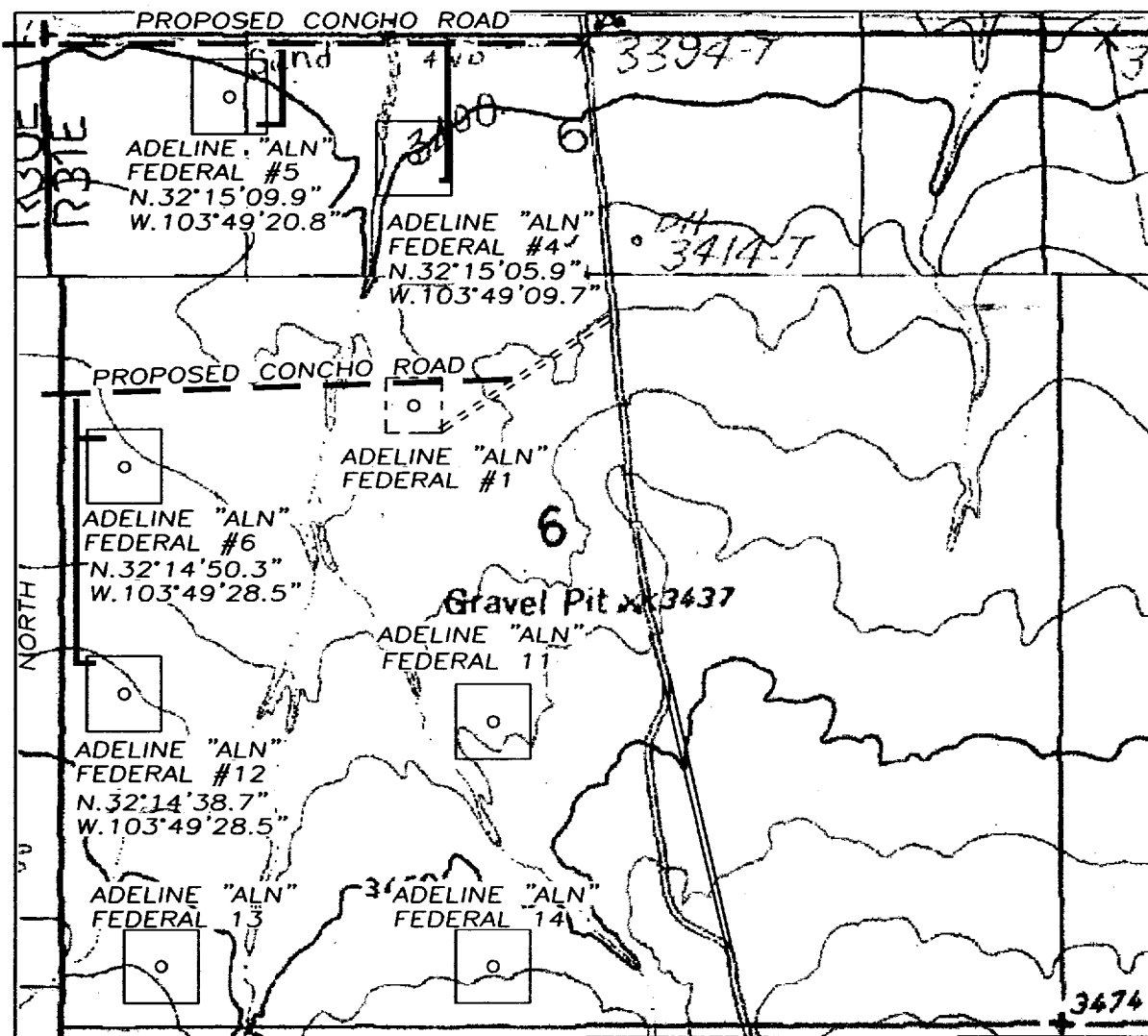
3. LOCATION OF EXISTING WELL

- 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.

SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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

Adeline ALN Federal #4
 660' FNL and 1980' FWL
 Section 6, T21S-R31E
 Eddy County, New Mexico
 NM-82904

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

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET 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.

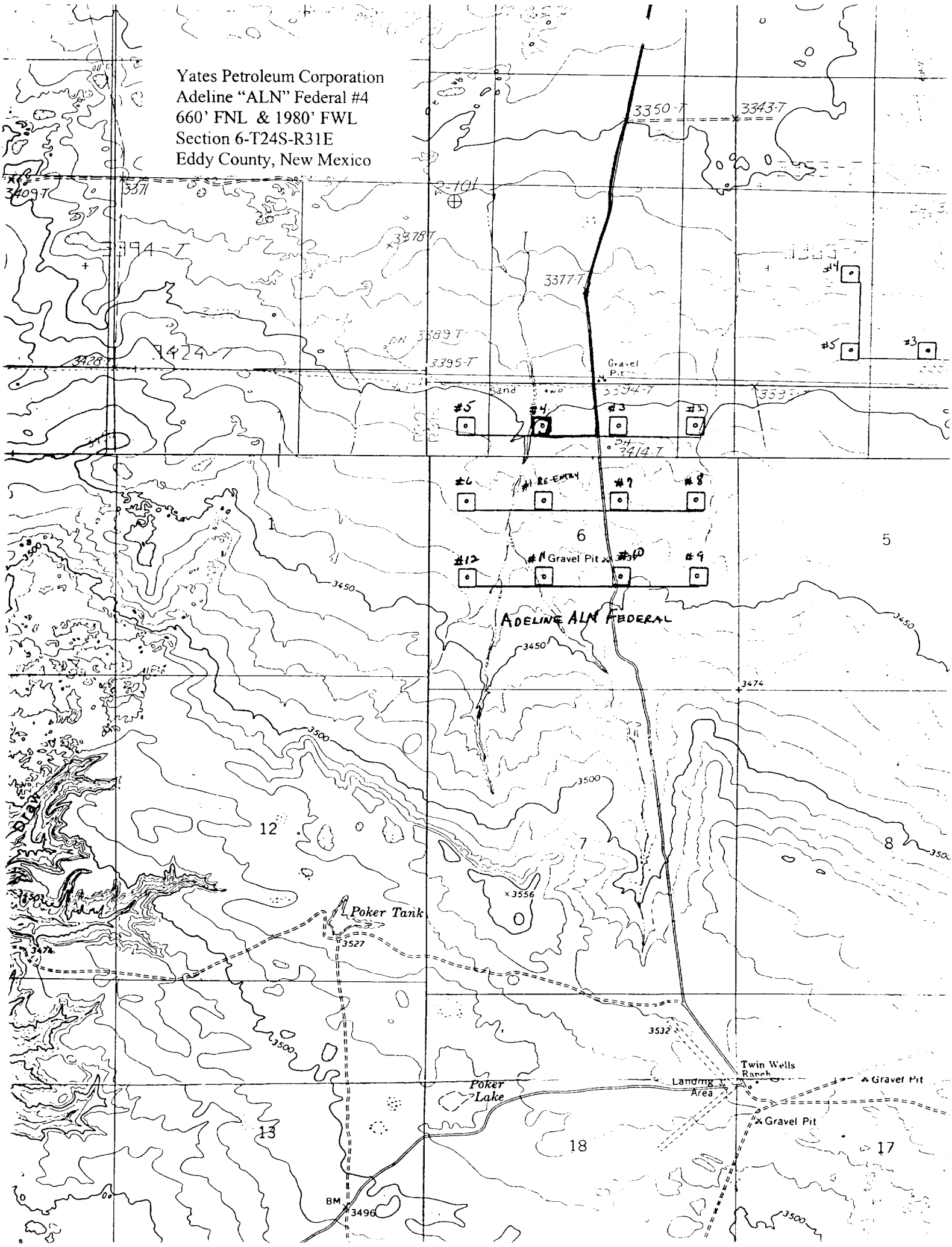
3640
 HERSCHEL L. JONES R.S. No. 3640
 GENERAL SURVEYING COMPANY P.O. BOX 1928
 LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES ADELINE
 "ALN" FEDERAL #4, 5, 6, & 12 WELLS LOCATED
 IN SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31
 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 11/02/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/02/01	Scale 1" = 1000' ADELINE

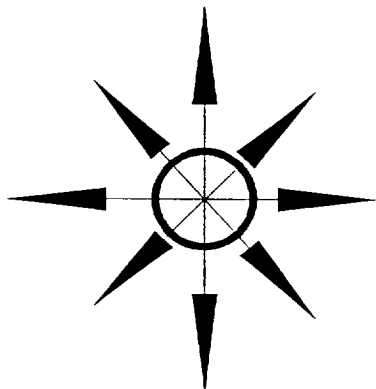
Yates Petroleum Corporation
Adeline "ALN" Federal #4
660' FNL & 1980' FWL
Section 6-T24S-R31E
Eddy County, New Mexico



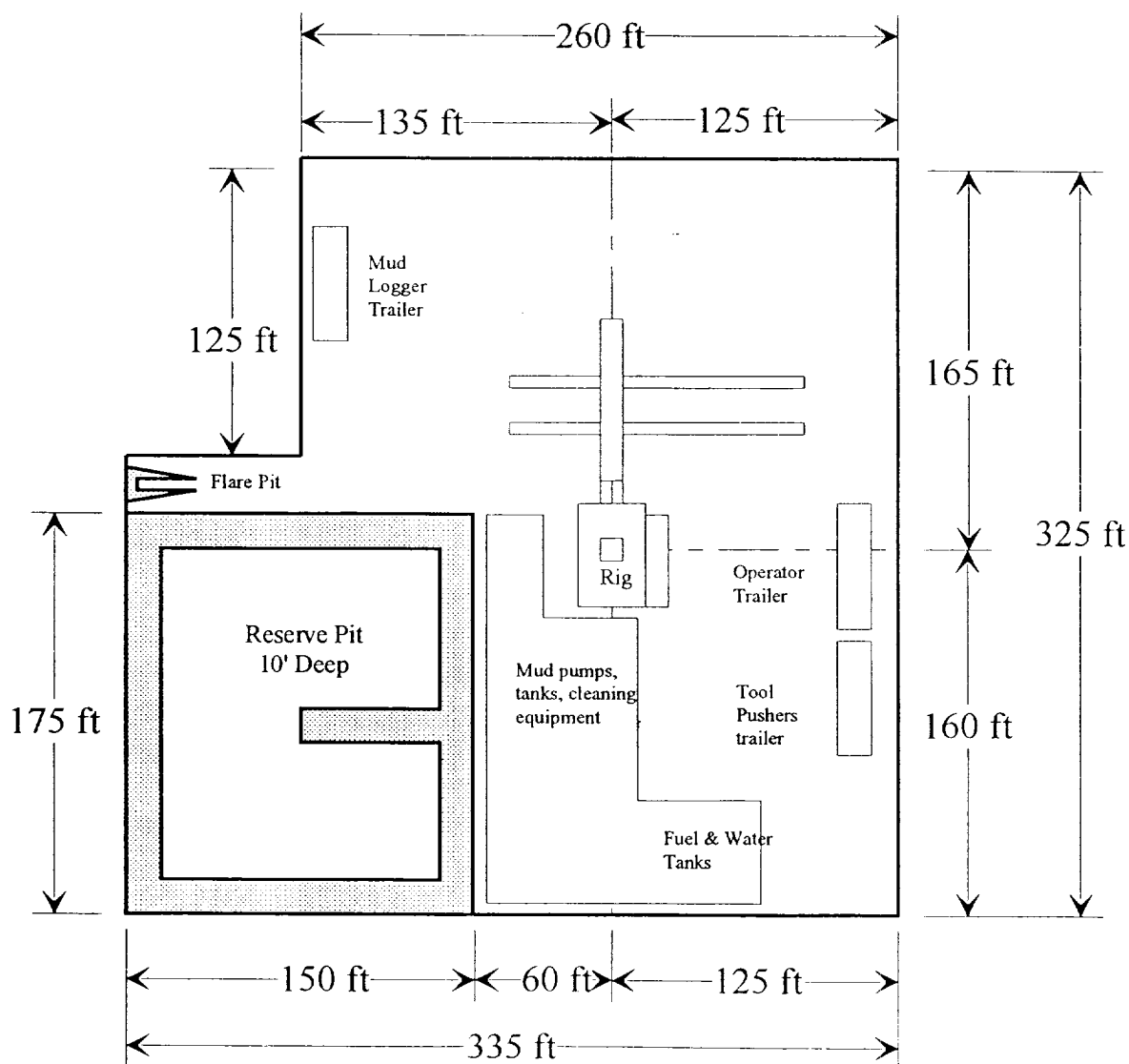
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

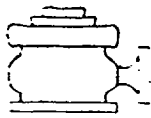


Yates Petroleum Corporation
 Adeline "ALN" Federal #4
 660' FNL & 1980' FWL
 Section 6-T24S-R31E
 Eddy County, New Mexico



Distance from Well
 Head to Reserve Pit
 will vary between rigs

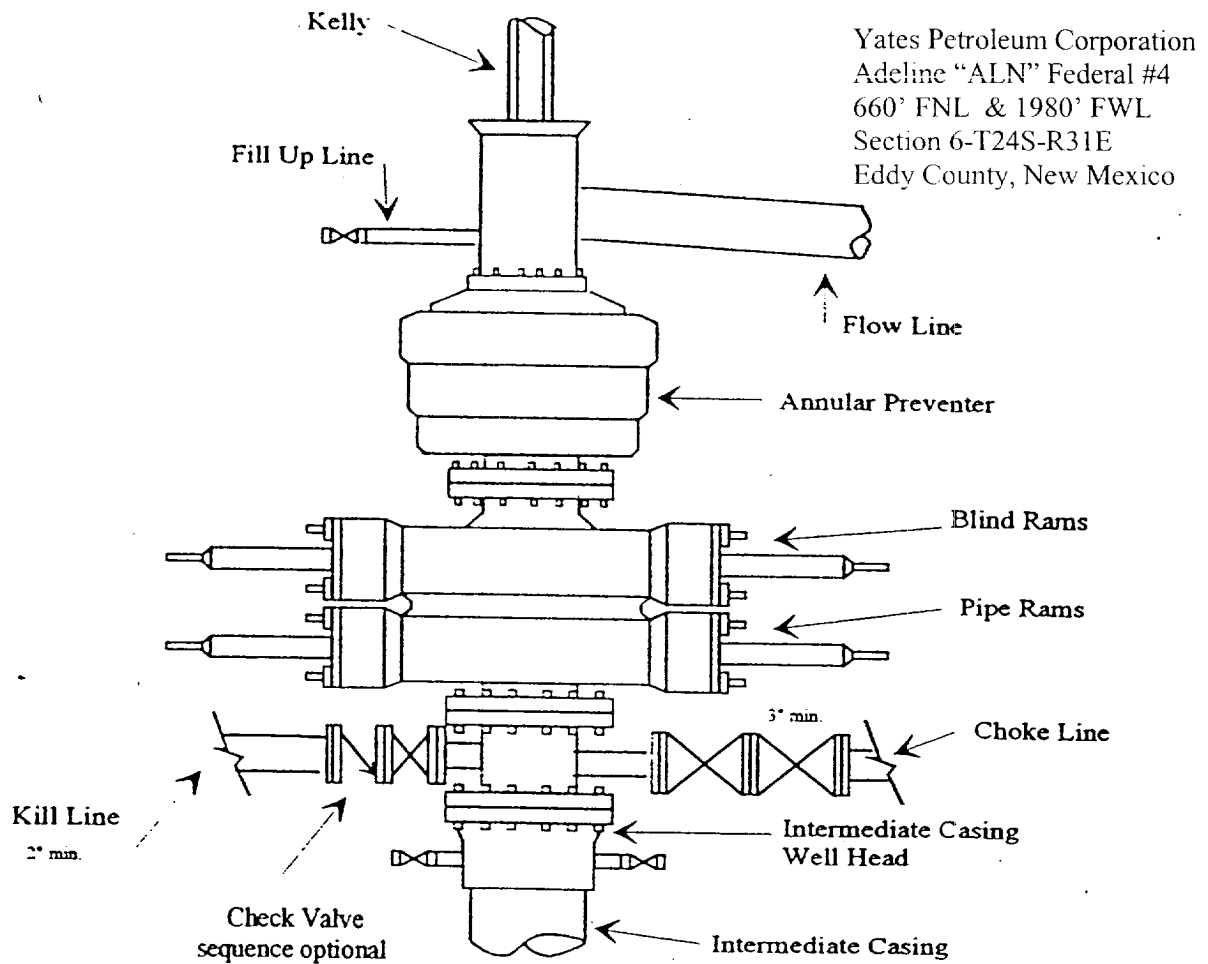
The above dimension
 should be a maximum



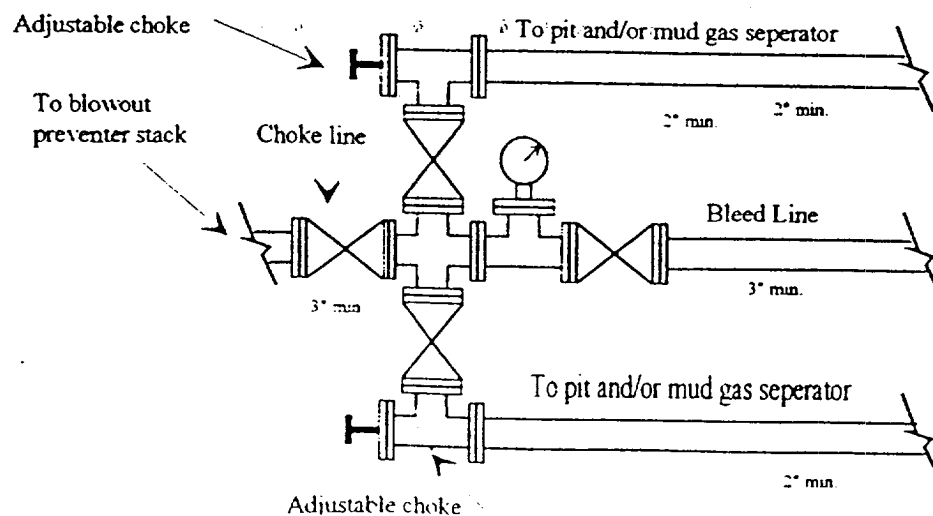
Yates Petroleum Corporation

BOP-3

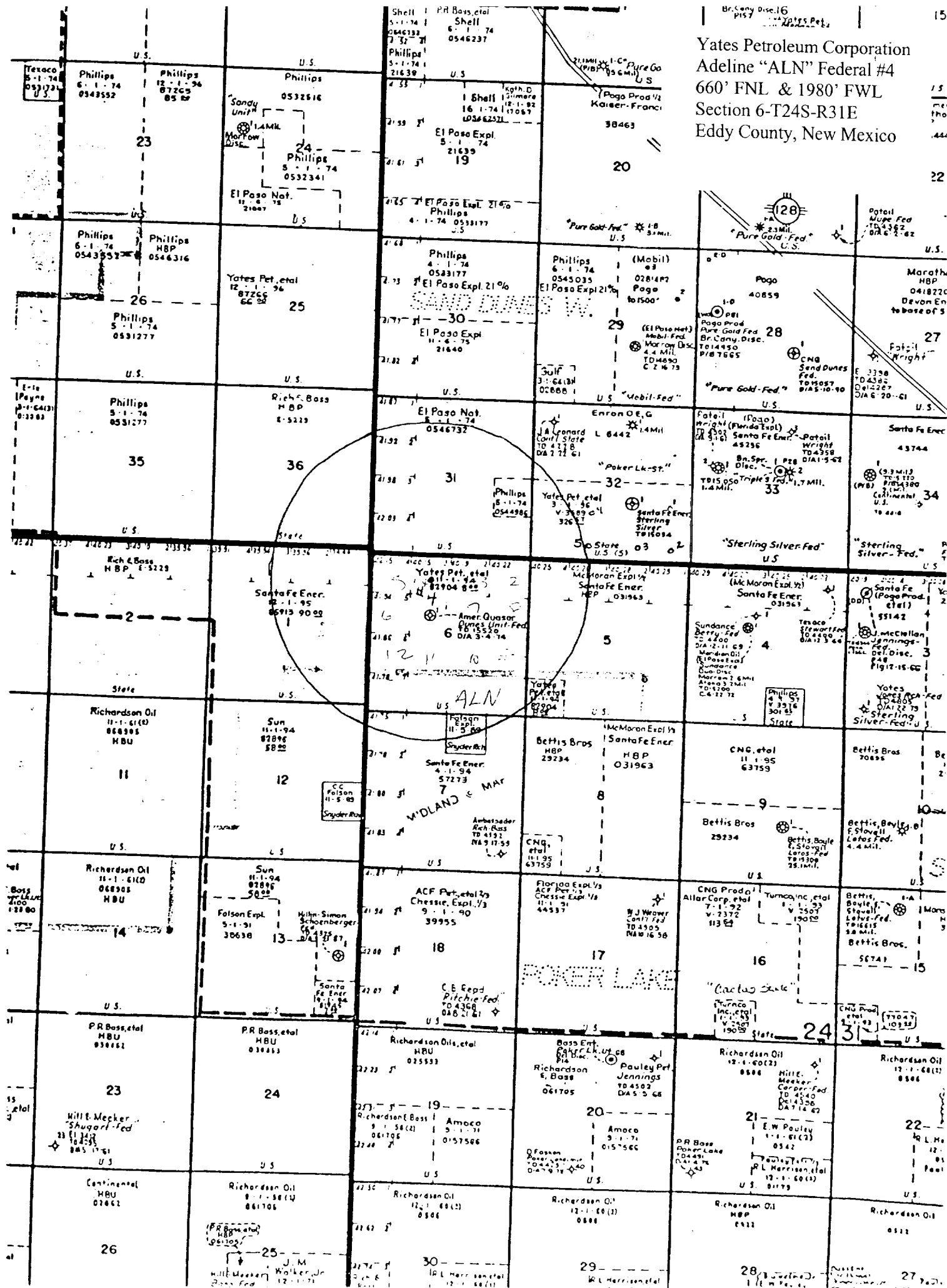
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



15
—
net
tho
2
44



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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
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

October 31, 2001

Attention: Mr. John Purcell, Chief Mining Engineer
IMC Carlsbad Potash Company
P.O. Box 71
Carlsbad, New Mexico 88221-0071

RE: Adeline ALN Federal #4
Township 24 South, Range 31 East
Section 6: 660' FNL & 1980' FWL
Eddy County, New Mexico

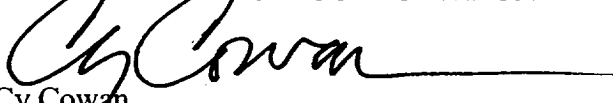
Dear Mr. Purcell:

Yates Petroleum Corporation wishes to place the captioned well on our list for future drilling operations. We are planning to drill this well to a total depth of 8,200' or 100' below the base of the Delaware Formation. We have been advised that your company is the owner of certain potash leases in this area. Therefore, we respectfully request that you waive any objections 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. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

☐ NO OBJECTION OFFERED
IMC Potash Company

By: _____

Title: _____

Date: _____

☐ OBJECTION OFFERED
IMC Potash Company

By: _____

Title: _____

Date: _____

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. John Purcell
IMC Carlsbad Potash Company
P.O. Box 71
Carlsbad, New Mexico
88221-0071

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes
☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered

☐ Insured Mail

☐ C.O.D.

☐ Return Receipt for Merchandise

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from serv)

7001 0320 0001 3353 3931 Adeline ALN Fed. #4

PS Form 3811, March 2001

Domestic Return Receipt

102595-01-M-1424

U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

Adeline ALN Federal #4

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

IMC Carlsbad Potash Company

Street, Apt. No.,
or PO Box No.

P.O. Box 71

City, State, ZIP+4

Carlsbad NM 88221-0071



TEBE E5EE T000 02EO T00L
TEBE E5EE T000 02EO T00L

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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

October 31, 2001

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IMC Carlsbad Potash Company
P.O. Box 71
Carlsbad, New Mexico 88221-0071

RE: Adeline ALN Federal #4
Township 24 South, Range 31 East
Section 6: 660' FNL & 1980' FWL
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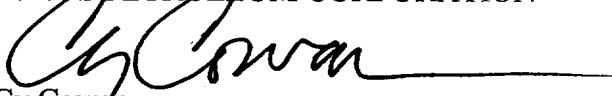
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Your favorable consideration of this request will be greatly appreciated. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

☐ NO OBJECTION OFFERED
IMC Potash Company

By: _____

Title: _____

Date: _____

☐ OBJECTION OFFERED
IMC Potash Company

By: _____

Title: _____

Date: _____

SENDER: COMPLETE THIS SECTION

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- Attach this card to the back of the mailpiece, or on the front if space permits.

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P.O. Box 71
Carlsbad, New Mexico
88221-0071

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent
☐ Addressee

D. Is delivery address different from item 1? If YES, enter delivery address below: ☐ Yes ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7001 0320 0001 3353 3931 Adeline ALN Fed. #4

PS Form 3811, March 2001 Domestic Return Receipt

102595-01-M-1424

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

Adeline ALN Federal #4

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

Sent To

IMC Carlsbad Potash Company

Street, Apt. No.,
or PO Box No.

P.O. Box 71

City, State, ZIP+4

Carlsbad, NM 88221-0071

TE66 E5EE T000 02E0 T002
TE66 E5EE T000 02E0 T002



CERTIFIED MAIL

PLACE STICKER AT TOP OF MAIL PIECE TO THE RIGHT OF THE ADDRESS. DO NOT REMOVE OR DESTROY.