

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-23111

5. LEASE DESIGNATION AND SERIAL NO.

12396

6. IF INDIAN, ALEUTIC OR TRIBE NAME

7. UNIT

Serpentine Bends Unit

8. FARM OR RANCH NAME

ARTESIA, OFFICE

9. WELL NO.

2

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

Sec. 19 T24S-R24E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

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

3. ADDRESS OF OPERATOR

207 South 4th Street, Artesia, New Mexico 88210

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

At surface

1270' FSL & 455' FEL

At proposed prod. zone

DEC 6 1979

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

51 miles south of Artesia, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

455'

16. NO. OF ACRES IN LEASE

4801.78 in unit

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.

19. PROPOSED DEPTH

10,500'

20. ROTARY OR CABLE TOOLS

Rotary

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

4388 GR

22. APPROX. DATE WORK WILL START*

As soon as approved

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½"	13 3/8"	48# J-55	approx. 500	450 sx - circulate
12½" & 11"	8 5/8"	24# J-55	approx. 2500	1200 sx - circulate
7 7/8"	5½" or 4½"	17# K55 & N80 11.6# K & N	approx. 10500	250 sx

Propose to drill a Morrow test and to test all shows in intermediate horizons. Surface pipe will be set @ about 300' to protect the surface water in the windmill and intermediate casing will be set in top of the Delaware. If production is encountered will set 5½" or 4½" casing, perforate and stimulate as needed for production.

MUD PROGRAM: F.W. Gel & LCM to about 2500'. Water to 7200', KCL-Starch-Drispak mud to 9500', and flosal-drispak-KCL mud to TD.

BOP PROGRAM: BOP's and hydril will be installed on 8 5/8" casing and tested, pipe rams tested daily, blind rams on trips. Will Yellow Jacket prior to drilling Wolfcamp.

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

Glicerio Rodriguez

TITLE Geographer

DATE 11/30/79

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

12-19-79

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

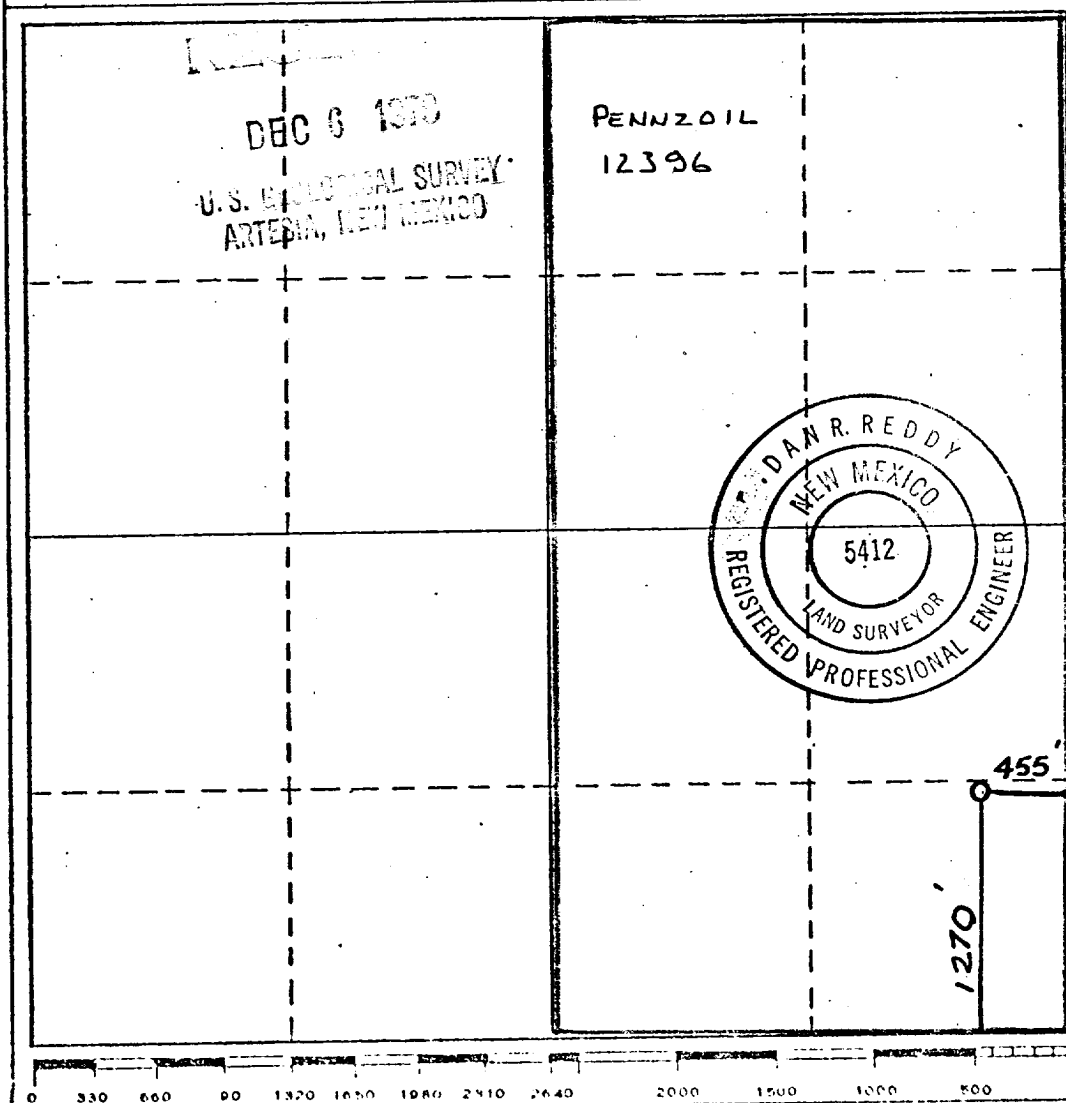
Operator YATES PETROLEUM CORPORATION			Lease Serpentine Bend Unit No		Well No. 2
Unit Letter P	Section 19	Township 24 South	Range 24 East	County Eddy	
Actual Footage Location of Well:					
1270 feet from the South		line and 455 feet from the East		line	
Ground Level Elev. 4388	Producing Formation MORROW		Pool WILDCAT	Dedicated Acreage 320	

1. Outline the acreage dedicated to the subject well by colored pencil or machine 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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation UNITIZATION

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 interests, has been approved by the Commission.



CERTIFICATION

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

Gliserio Rodriguez
Name

GLISERIO RODRIGUEZ

Position

GEOGRAPHER

Company

YATES PETROLEUM CORP.

Date

12-6-79

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

Dec. 5, 1979

Registered Professional Engineer
and/or Land Surveyor

Dan R. Reddy
Certificate No.

NMPE&LS # 5412

DEC 20 1979



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

O. C. D.
ARTESIA, OFFICE

December 19, 1979

Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210

Gentlemen:

<p>YATES PETROLEUM CORPORATION Serpentine Bends Unit No. 2 1270 FSL 455 FEL Sec. 19 T.24S R.24E Eddy County Lease No. NM 12396</p>
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<p>Above Data Required on Well Sign</p>

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 10,500 feet to test the Morrow is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.
3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should not be less than 8" x 5" in size and each page should identify the well.
4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).
5. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
6. A kelly cock will be installed and maintained in operable condition.



7. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.
8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
 - (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
9. Special stipulations (BLM): Copy attached.
10. Cement behind the 13-3/8" casing must be circulated.
11. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(s) GEORGE H. STEWART

George H. Stewart
Acting District Engineer

Special stipulations to be included in the approval of application for Permit to Drill #2 - Serpentine Bends Unit Well:

- (a) The Bureau of Land Management authorized officer must be notified prior to the operator or contractor entering the area to begin any road work or construction activities and/or cross Bureau administered lands.
- (b) The existing road may be upgraded, but not widened. Bureau personnel must be present during any upgrading of roads in Wilderness Intensive Inventory Units. No other surface disturbance or vegetation removal is permissible within the Wilderness Intensive Inventory Unit.
- (c) No new roads or turnouts will be built in the Wilderness Intensive Inventory Units.
- (d) No vehicle traffic would be allowed off of existing roads and trails.
- (e) The construction, placement or location of permanent facilities is not allowed within Wilderness Intensive Inventory Units.
- (f) All above ground structures, not subject to applicable safety requirements, shall be painted to blend with the natural surroundings. The paint used will be a flat (non-reflective) or semi-gloss (lusterless) color that simulates Federal Standard No. 30318.
- (g) Replicate natural contours by rehabilitating surface cuts and fills.
- (h) Revegetate disturbed areas.
- (i) Install low profile production facilities.
- (j) No caliche will be removed from Federal surface or subsurface.
- (k) Operator will provide the dirt contractor with a copy of the above stipulations prior to construction of the road, pad or associated developments.

1-300 ~~ALL~~
Case 6780
Serpentine Bends Unit
4802 acre 245-23+24e

8-2893

Yates Petroleum Corporation
Serpentine Bends Unit #2
1270' FSL and 455' FEL
Section 19 - T24S - R24E
Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Ector stony loam.

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

Delaware	1483'	Atoka	9080'
Bone Spring Limestone	2925'	Morrow	9739'
3rd Bone Spring Sand	7176'	L. Morrow Mkr	10105'
Wolfcamp	7495'	Chester Shale	10317'
Strawn	8530'	T.D.	10,500'

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

Water: Approximately 250' - 350'

Gas: Strawn - approximately 8550'
Atoka - approximately 9100'
Morrow - approximately 9750-10200'

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C and Exhibit B.

6. Mud Program: See Form 9-331C.

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: As Warranted

Logging: Intermediate casing - T.D.

Coring: CNL-FDC T. D. to casing with GR-CNL on to surface and
DLL from T.D. to casing with selected min. R_x 0.

9. No abnormal pressures or temperatures are indicated.

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

MULT. POINT SURFACE USE AND OPERATION PLAN

Yates Petroleum Corporation
Serpentine Bends Unit #2
1270' FSL and 455' FEL
Section 19-T24S-R24E
(Exploratory Well)

RECEIVED

DEC 6 1979

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

This plan is submitted with Form 9-331C, 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 operation.

1. EXISTING ROADS.

Exhibit A is a portion of a USGS topographic map showing the wells and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 51 miles south of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

1. Proceed from Artesia for 24.2 miles on U.S. 285 to Sitting Bull Falls Road, then west on Highway 137 for 9.3 miles to a fork in the road.
2. Continue on left fork to road marker 29 for an additional 11.5 miles.
3. Turn left off paved road onto county road and proceed southeast approximately 6 miles to Dark Canyon Road with "C & K Production" sign). Turn south and continue for approximately 8 miles (Ranch road will have to be bladed). The new road going west will start here.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 350' in length from point of origin to the edge of the drilling pad. The road will lie in an east to west direction.
- B. The new road will be 12 feet in width (driving surface).
- C. The new road will be bladed with no caliche if at all possible.
- D. The new road has been flagged, as we intend to follow the existing ranch road. The new road will be going west in the flat of the bottom of the canyon.

3. LOCATION OF EXISTING WELL.

- A. There is no drilling activity within a one-mile radius of the 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.

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.

- A. Any caliche required for construction of the drilling pad and the new access road will be obtained from the pad and part of the road going up the side of the hill to the location.

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 to the USGS for appropriate approval.
- D. Oil produced during operation 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 dirt. All waste material will be contained of 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, etc.
- B. The location surface is at bottom of a hill, cut or fill will still be needed in the pad area.
- C. The reserve pits will be plastic lined.
- D. The 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 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 been filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the BLM and the USGS will be complied with and will be accomplished as expeditiously as possible. All pits will be filled leveled within 90 days after abandonment. We will also abide by the Operator - Landowner agreement.

11. OTHER INFORMATION.

- A. Topography: The land surface in the vicinity of the wellsite is sloping. The immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover consists of cacti, prairie flowers, and miscellaneous desert growth. Wildlife was observed, so the wildlife in the area probably includes those typical of semi-arid land. The area is used for cattle grazing.
- C. Location is at the bottom of the canyon.
- D. There are no inhabited dwellings in the vicinity of the proposed well.
- E. Surface Ownership: The wellsite is on fee surface.
- F. There is no evidence of any archeological, historical or cultural sites in the area.

12. OPERATOR'S REPRESENTATIVE.

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

Gliserio "Rod" Rodriguez
Yates Petroleum Corporation
207 South 4th Street
Artesia, New Mexico 88210
Phone: (505) 746-3558

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 Petroleum Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

11-30-79

Date

Gliserio Rodriguez

Gliserio Rodriguez, Geographer



EXHIBIT A

YATES PETROLEUM CORP.
SERPENTINE FEDERAL UNIT #2
SECTION 19 T24S-R24E
1270' FSL & 455' FEL
EDDY COUNTY, NM.

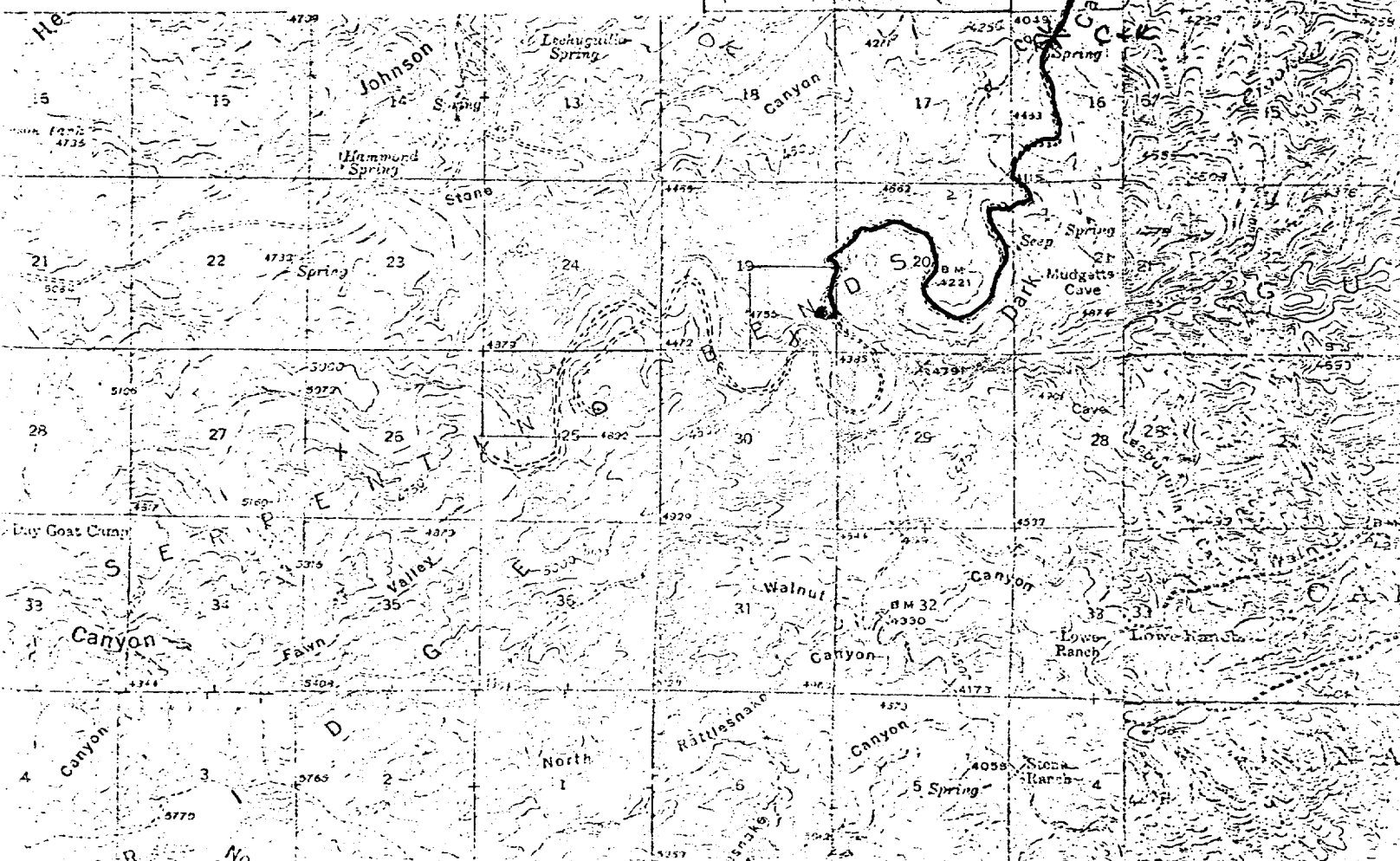
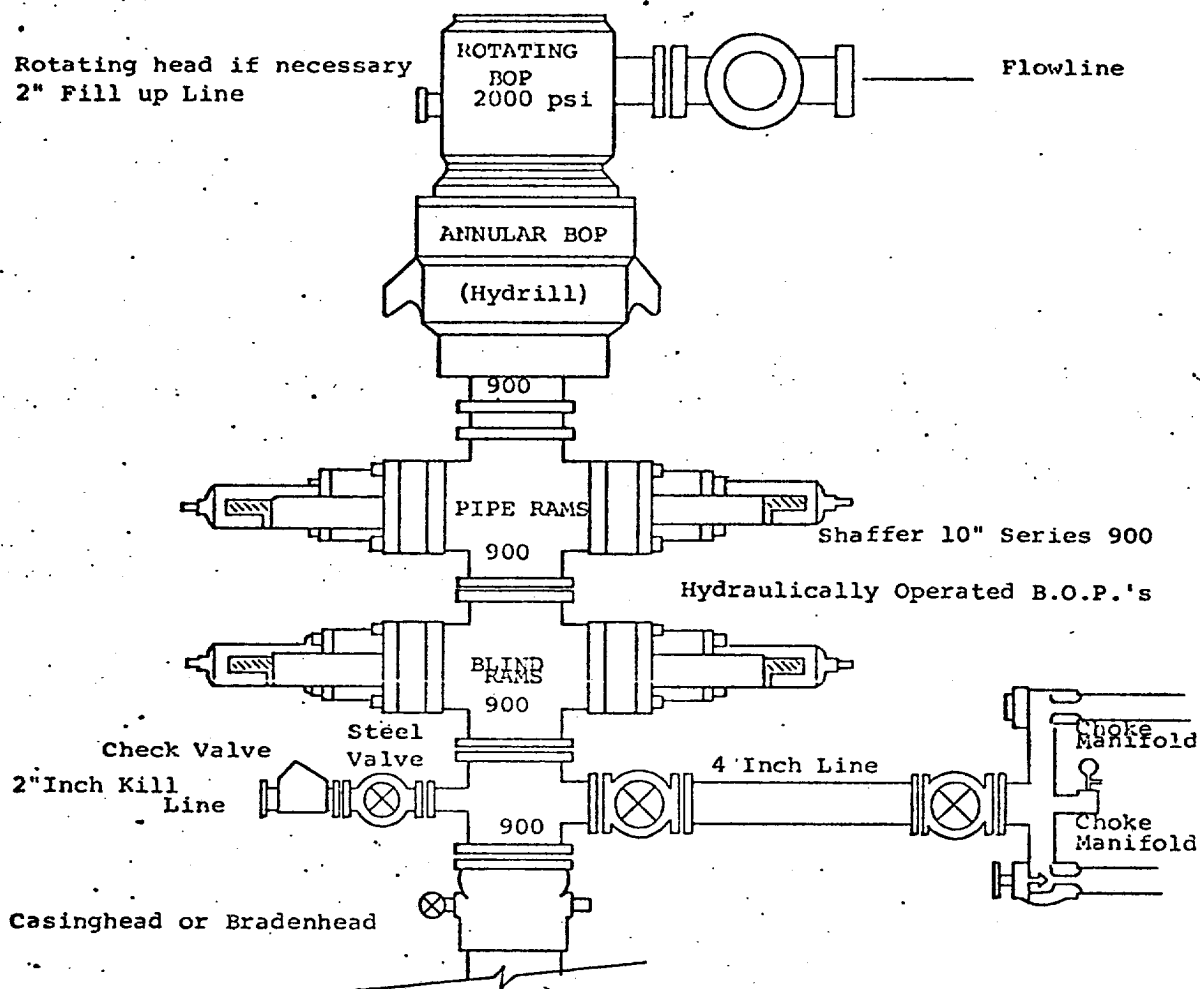


EXHIBIT B - YPC



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

YATE PETROLEUM CORPORATION

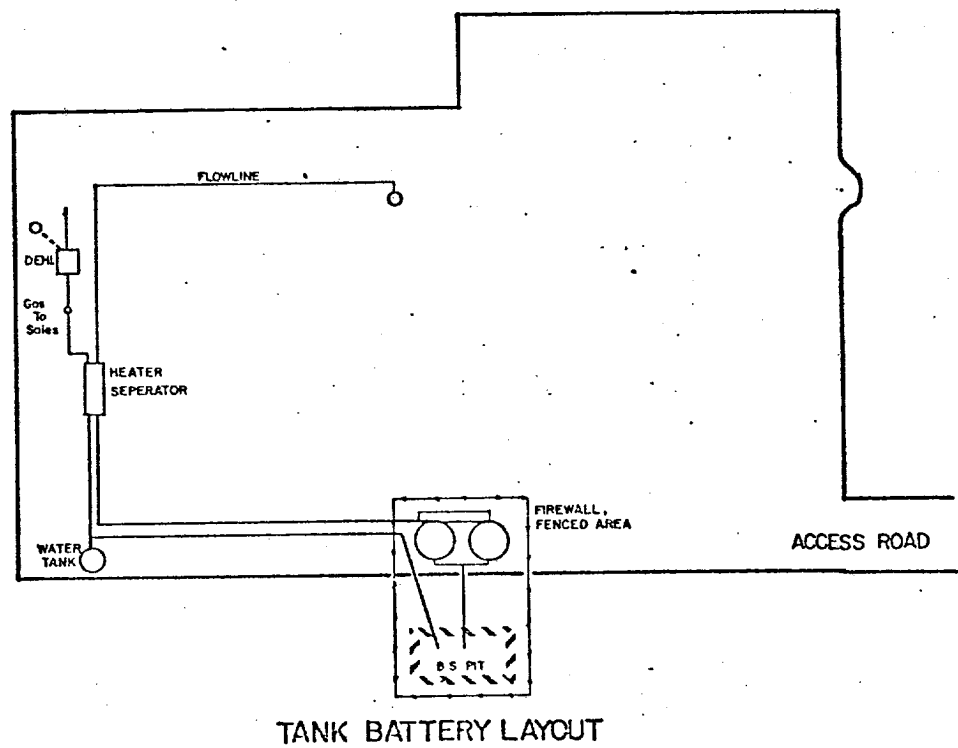
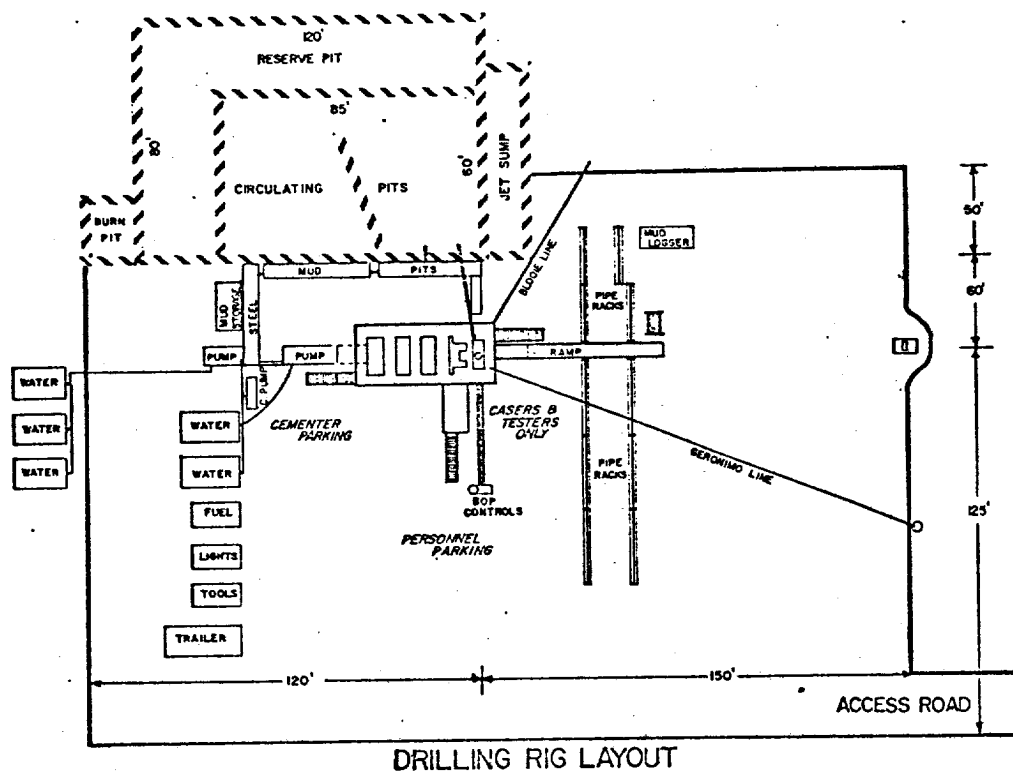


EXHIBIT C



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 746-3558

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC.-TREAS.

December 6, 1979

Bureau of Land Management
P. O. Box 506
Carlsbad, New Mexico 88220

ATTENTION: Mr. Don Petterson


Re: Serpentine Bends Unit #2

Gentlemen:

Yates Petroleum Corporation is submitting an application to drill a well on surface by Mr. J. M. Stell, Jr., 2911 Mountain View Drive, Carlsbad, New Mexico 88220. The well is located 1270' FSL and 455' FEL of Section 19-24S-24E in Eddy County.

In an on-site meeting with Mr. Stell, it was agreed that we would compensate him monetarily for the surface used in drilling this well. In the event of a dry hole, we shall turn the well over to him to develop into a water well.

YATES PETROLEUM CORPORATION


Rod Rodriguez
Georgrapher

RR/jg