

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 Energy Corporation

3. ADDRESS OF OPERATOR

P. O. Box 2323, Roswell, NM 88202-2323

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

At surface

660' FSL & 330' FWL
At proposed prod. zone

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

10 miles S.E. of Loco Hills

10. DISTANCE FROM PROPOSED*

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

330'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1650'

16. NO. OF ACRES IN LEASE

600.18

19. PROPOSED DEPTH

9300'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

3774.0 GR

22. APPROX. DATE WORK WILL START*

11/1/90

23.

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"	48#	350'	405 sx. Circulate
12 1/4"	8 5/8"	24#	2400'	1240 sx. Circulate
7 7/8"	5 1/2"	15.0 - 17.0#	TD	600 sx. (see slips)

Yates Energy Corporation proposes to drill and test the Bone Springs intervals and intermediate formations. Approximately 350' of surface casing and 2400' 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: See attachment for details

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

Sharon B. Hamill

TITLE Landman

DATE 10/2/90

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE 10 24 90

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO

GENERAL REQUIREMENTS AND

SPECIAL STIPULATIONS

ATTACHED

*See Instructions On Reverse Side

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. Denver DD, Artesia, NM 88210

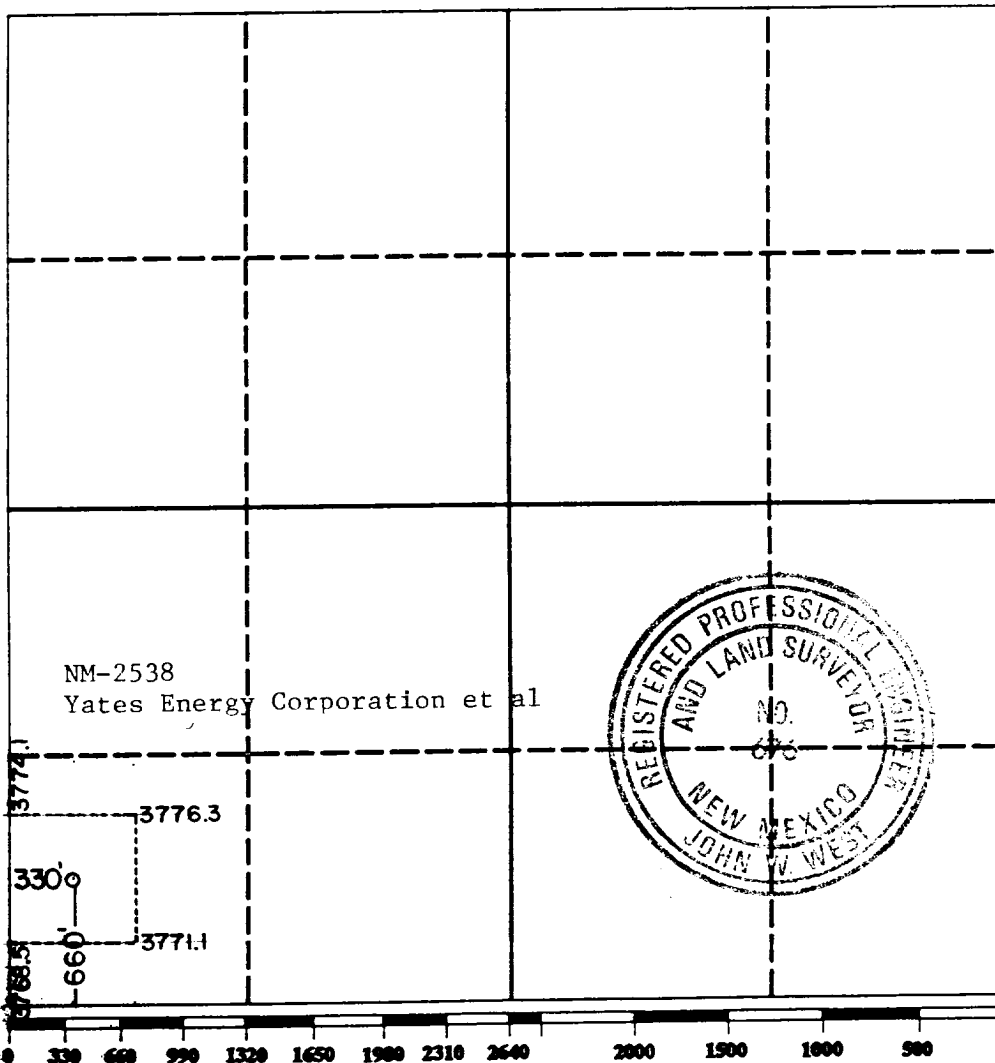
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES ENERGY CORP.		Lease Thornbush Federal		Well No. 2
Unit Letter M	Section 1	Township 18 South	Range 31 East NMPM	County Eddy
Actual Footage Location of Well: 660 feet from the South line and 330 feet from the West line				
Ground level Elev. 3774.0	Producing Formation Bone Springs	Pool Tamano Bone Springs	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 Force Pooling
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
Sharon R. Hamilton
Printed Name
Sharon R. Hamilton
Position
Landman
Company
Yates Energy Corporation
Date
10/2/90

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
September 24, 1990

Signature & Seal of
Professional Surveyor

John W. West
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

YATES ENERGY CORPORATION
Thornbush Federal #2
660' FSL & 330' FWL
Section 1, T18S, R31E
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 Quaternary.
2. The estimated tops of geologic markers are as follows:

Yates	2370'	Bone Springs	5550'
Seven Rivers	2750'	1st Bone Springs	7550'
Queen	3440'	2nd Bone Springs	8100'
Loco Hills	4070'	3rd Bone Springs	8800'
San Andres	4570'		

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

Water: Fresh water at approximately 150'
Oil or Gas: Queen 3440', San Andres 4570', 1st Bone Springs 7550',
2nd Bone Springs 8100', 3rd Bone Springs 8800'

4. Proposed Casing Program: See Form 9-331-C
5. Pressure Control Equipment: See Form 9-331-C and Exhibit.
6. Mud Program:

0 - 350'	FW Spud, 8.9-9.0#/gal.
350' - 2400'	Cut brine, 10#/gal., Vis. 28-29, CL 20-30 PPM.
2400' - TD	Cut brine, 8.9-9.1#/gal., Vis. 29, WL 10-20cc or less, CL. 40-50 PPM.
7. Auxiliary Equipment: Kelly Cock; pit level indicators and flow sensor equipment; full-opening safety valve on floor with drill pipe and collar connections.
8. Testing, Logging and Coring Program:

DST's:	If Warranted
Coring:	None planned
Logging:	Intermediate casing to TD CNL-LDT 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 November 1, 1990. Drilling time will be approximately 21 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Energy Corporation
Thornbush Federal #2
660' FSL & 330' FWL
Section 1, T18S, R31E
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 10 miles southeast of Loco Hills. The access route is indicated in red. The existing BLM right-of-way is indicated in blue.

Directions:

1. Travel east from Loco Hills on US 85 for 7 miles to County Road 222.
2. Turn south on County Road 222 and go approx. 4 miles to County Road 249.
3. Turn southeast on County Road 249 and go approx. 1.1 miles.
4. Turn norhteast at gravel pit onto field road, go approx. 2.2 miles.
5. Turn north at second gravel pit (Yates Energy Corporation sign at turn) and go approx. 1 mile to Yates Energy Corporation Thornbush Federal #1 well location.
6. Turn west and go approx. 1650' to location. (New access road is indicated in green on Exhibit "A")

2. PLANNED ACCESS ROAD

- A. The proposed new road will be approximately 1450' in length west from the existing lease road.
- B. The new road will have a 12 foot driving surface.
- C. The new road will be bladed with drainage on one side and surfaced where needed.
- D. The route of the road is staked.

3. LOCATION OF EXISTING WELLS

- A. Producing well - Thornbush Federal #1, located 330' FSL & 1980' FWL of Section 1-18S-31E, operated by Yates Energy Corporation.
- B. Producing well - Mesquite "2" State #2, located 660' FS&EL of Section 2-18S-31E, operated by Harvey E. Yates Company.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are currently production facilities on this lease located in Unit Letter N, 330' FSL & 1980' FWL of Section 1-18S-31E.
- B. If the well proves to be commercial, the necessary production facilities will be installed on the drilling pad, or the existing facilities will be utilized.

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.
- 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 relatively flat.
- C. The pad is on caliche, it will be hauled from the pad area to use on the road if necessary.
- 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 terrain is level along the access road, with undulating terrain and a number of elongate dune rises along the west side, and north 1/2 of the well pad.
- B. Soil: Berion complex fine sands.
- C. Flora and Fauna: Grassland Formation, scrub-grass scrub disclimax community. No wildlife was observed, but the wildlife in the area probably includes those typical of semi-arid desert land.
- D. Land use: Cattle grazing.
- E. There are no dwellings in the vicinity of the wellsite.
- F. Surface Ownership: The surface is owned by the State of New Mexico with federal minerals. New Mexico Grazing Lease GM-2543, Williams & Sons Cattle Company, P. O. Box 30, Maljamar, NM 88264.

12. OPERATOR'S REPRESENTATIVE


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

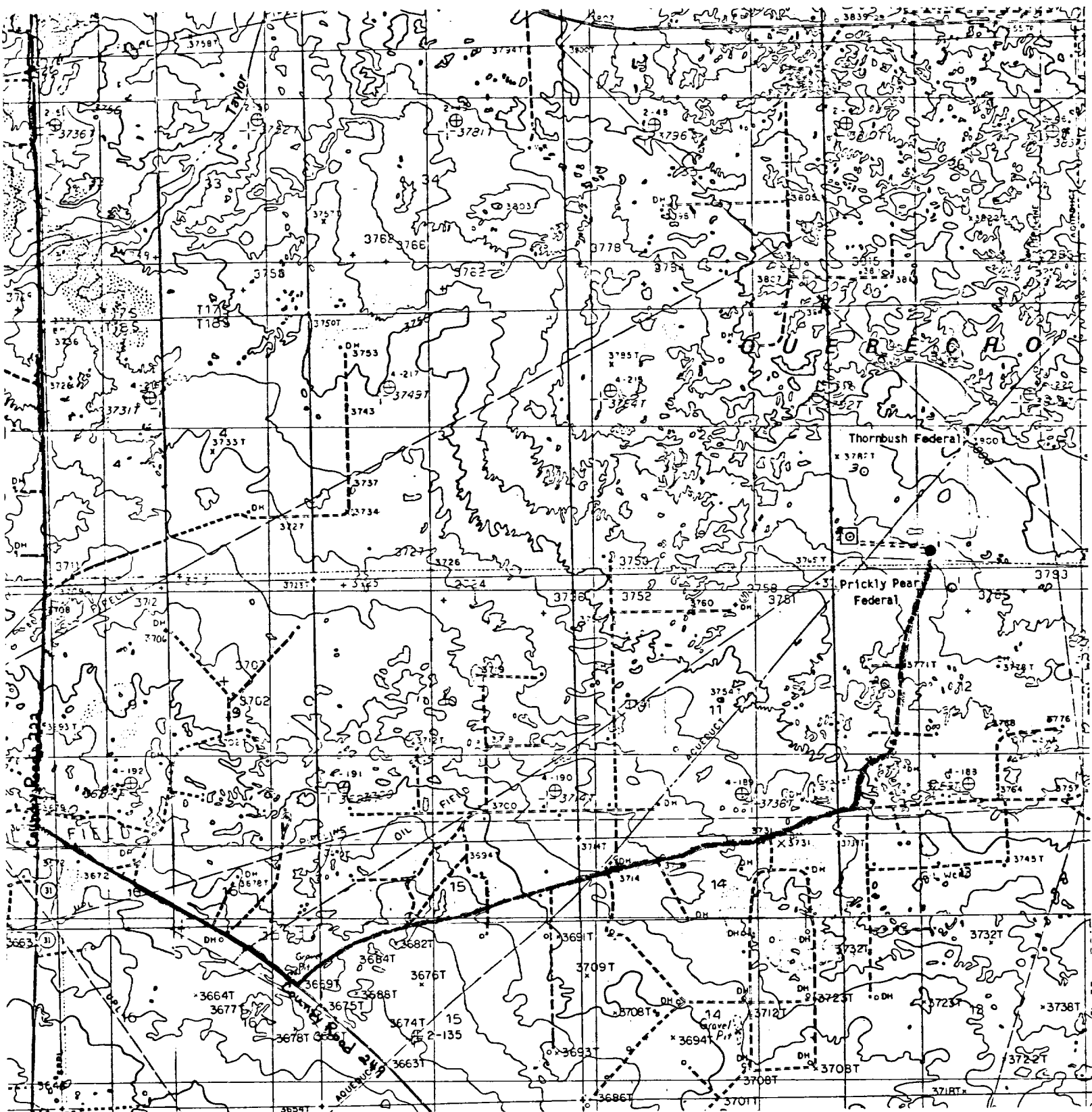
Jim O'Briant
O'Briant Engineering
Midland, Texas
Phone: 915-683-5511

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.

October 2, 1990
Date


Sharon R. Hamilton, Landman for
Yates Energy Corporation



YATES ENERGY CORPORATION
 Thornbush Federal #2
 660' FSL & 330' FWL
 Section 1-18S-31E
 Eddy County, NM

Thornbush Federal #1 Access Road Right-of-Way
 NM-82213 (NE)

New Construction

Thornbush Federal #2
660' FSL & 330' FWL
Section 1-18S-31E
Eddy County, NM

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(Maggie Lee)

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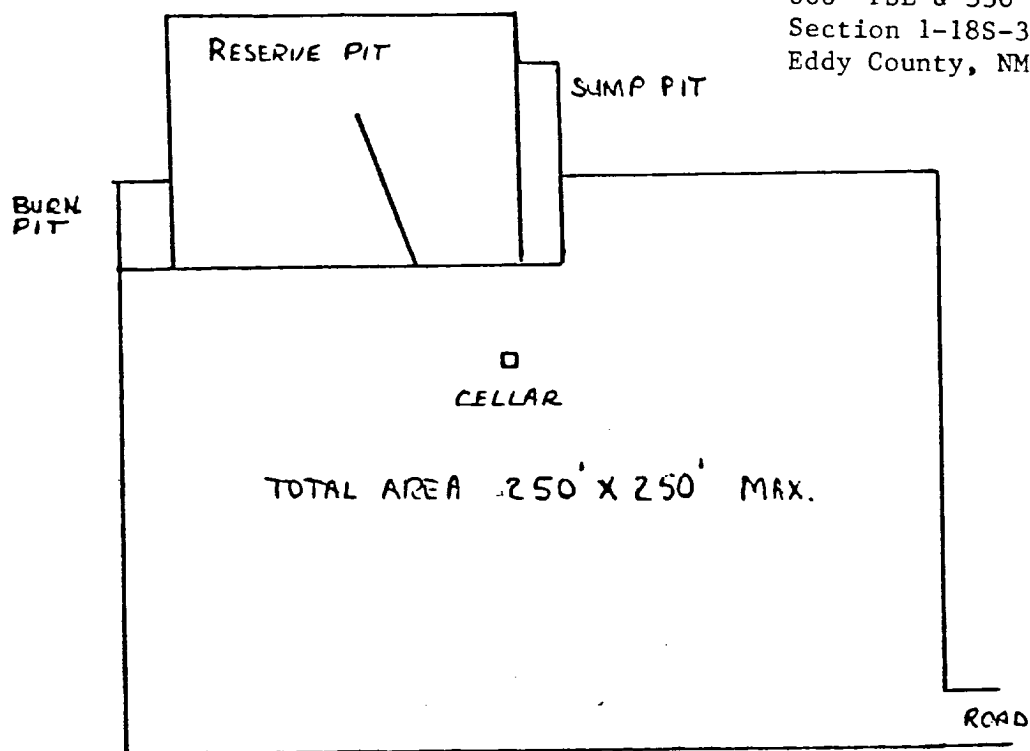
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Kerr-McGee 1 NM-ST 1

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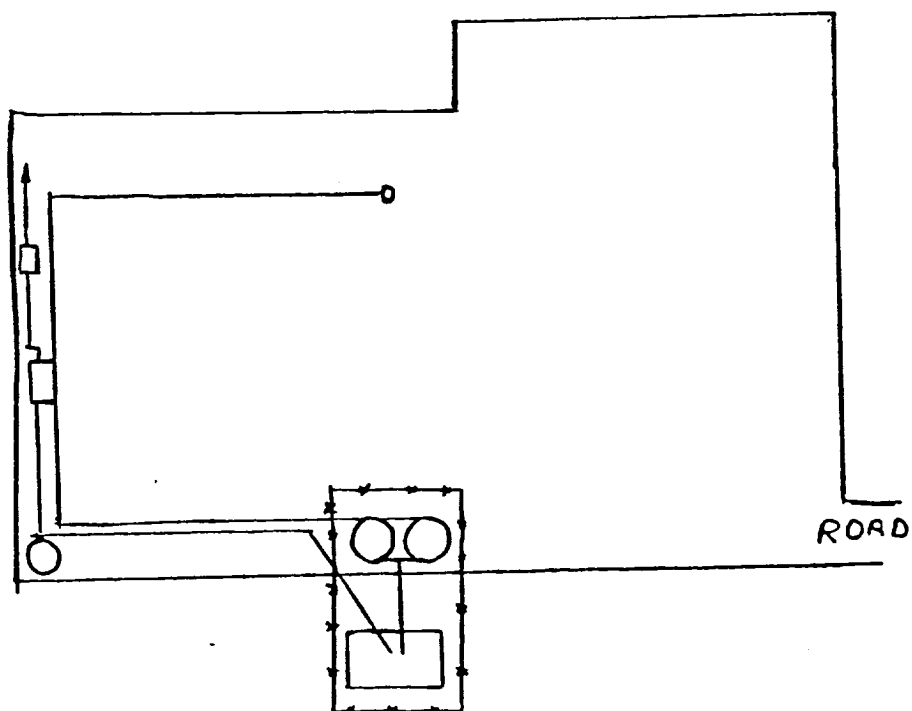
Wales Energy Corporation

Exhibit

Thornbush Federal #2
660' FSL & 330' FWL
Section 1-18S-31E
Eddy County, NM



DRILLING RIG PAD



TANK BATTERY LAYOUT

ales Energy Corporation

Exhibit

Thornbush Federal #2

660' FSL & 330' FWL

Section 1-18S-31E

Eddy County, NM

