

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN THE MANNER
COMMISSION (See instructions on
reverse side)

30-015-26651
Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

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, New Mexico 88202-2323

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 990' FSL & 2310' FEL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
10 miles S.E. of Loco Hills, New Mexico

10. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 330'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 660'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3788.7 GR

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|---------------------|
| 12 1/4" | 8 5/8" | 24# | 350' | 250 sx. Circulate |
| 7 7/8" | 4 1/2" | 15# | TD | 1,500 sx. Circulate |

Yates Energy Corporation proposes to drill and test the San Andres formation. Approximately 350' of surface casing will be set and cemented to the surface. If commercial pay is encountered, will run 4 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 Double ram preventor or a Hydrill on 8 5/8" casing, pipe rams tested daily, and blind rams tested on trips.

GAS NOT DEDICATED

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 flowout preventer program, if any.

24. SIGNED Sharon D. Daniel TITLE Landman DATE 1-28-91

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 2-25-91

CONDITIONS OF APPROVAL, IF ANY:

*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.

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

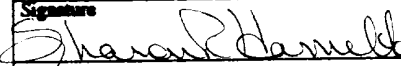
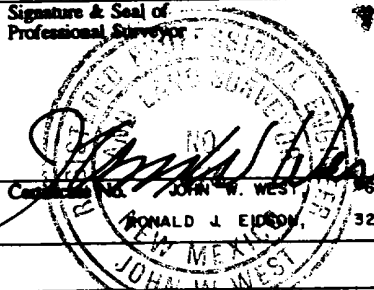
DISTRICT I
P.O. Box 1900, Hobbs, NM 88240

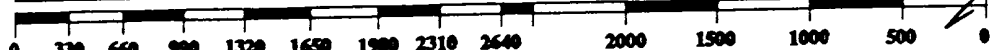
DISTRICT
P.O. Drawer DD, Artesia, NM 88210

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 Energy Corp. | | | Lease Cocklebur Federal | | Well No. 1 |
| Unit Letter 0 | Section 1 | Township 18 South | Range 31 East | County Eddy | |
| Actual Footage Location of Well: 990 feet from the South line and 2310 feet from the East line | | | | | |
| Ground level Elev. 3788.7 | Producing Formation San Andres | | Pool North Shugart-San Andres | | Dedicated Acreage: 40 Acres |
| <p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>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).</p> <p>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.?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>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.</p> | | | | | |
| <div style="border: 1px solid black; height: 300px; position: relative; margin-top: 10px;"><div style="position: absolute; top: 10px; left: 10px; width: 80%; height: 80%; border: 1px dashed black;"></div><div style="position: absolute; top: 100px; left: 100px; text-align: center;">Yates Energy Corporation Et al</div><div style="position: absolute; top: 150px; left: 150px; text-align: center;">3786.3 3784.5</div><div style="position: absolute; top: 150px; left: 200px; text-align: center;">3789.5 3790.1</div><div style="position: absolute; top: 150px; left: 250px; text-align: center;">2310'</div><div style="position: absolute; top: 180px; left: 200px; text-align: center;">990'</div><div style="position: absolute; top: 200px; left: 250px; text-align: center;">NM-2537</div></div> | | | | OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> | |
| | | | | Signature  Printed Name Sharon R. Hamilton Position Landman Company Yates Energy Corporation Date 1-28-91 | |
| | | | | SURVEYOR CERTIFICATION <i>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.</i> | |
| | | | | Date Surveyed January 17, 1991 Signature & Seal of Professional Surveyor  | |



YATES ENERGY CORPORATION
Cocklebur Federal #1
990' FSL & 2310' 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 | 2400' | San Andres | 4535' |
| Seven Rivers | 2700' | San Andres Porosity | 4615' |
| Queen | 3513' | Delaware | 4807' |
| Grayburg | 4000' | Bone Springs | 5565' |
| Loco Hills Sand | 4100' | | |

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

Water: Fresh water at approximately 350'

Oil or Gas: Queen 3513', Grayburg 4000', San Andres Porosity 4615'

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, 8.9-10.0#/gal.
350' - TD Cut brine, 9.8-10.1#/gal., Vis. 29-30,
WL 10-15cc or less, oil if required.

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 April 15, 1991. Drilling time will be approximately 10 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Energy Corporation
Cocklebur Federal #1
990' FSL & 2310' FEL
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 green, the existing BLM right-of-way is indicated in blue and the proposed access route is indicated in pink.

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 northeast 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 right and go approx. 800' to location in a northeast direction. (New access road is indicated in pink on Exhibit "A")

2. PLANNED ACCESS ROAD

- A. The proposed new road will be approximately 800' in length.
- 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 southwest, 330' FSL & 1980' FWL of Section 1-18S-31E, operated by Yates Energy Corporation.

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.
- B. If caliche is not available on site, it will be hauled from the nearest pit.

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.
- 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 relatively flat. The existing road and new access road are on flat surface,
- B. Soil: The topsoil is a thin layer and may not be adequate to stockpile.
- 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. State Grazing Lease GM 2543, George H. Williams et al, P. O. Box 30, Maljamar, New Mexico 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.

January 28, 1991
Date


Sharon R. Hamilton, Landman for
Yates Energy Corporation

YATES ENERGY CORPORATION
Cocklebur Federal #1
990' FSL & 2310' FEL
Section 1-18S-31E
Eddy County, NM

SHUGART
(ON SO.) UNIT
PENASCO (OPER)

TAYLOR UNIT
GRSJ PET. (OPER)

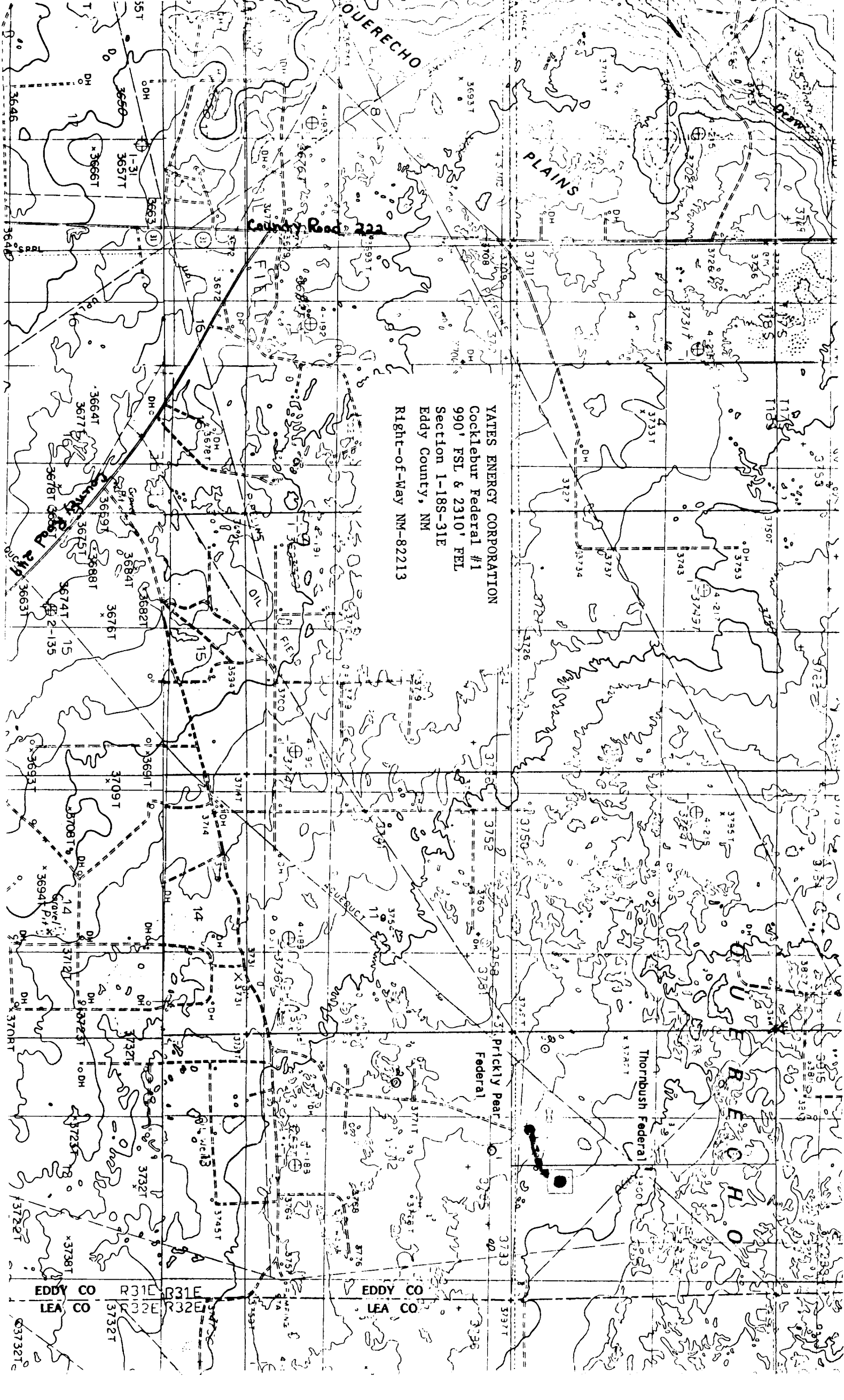
PLEMONS
1-ANGEL
24 CO. (OPER)
ON UNIT

GREENWOOD PRE-GBG UNIT
AMOCO (OPER)

SHUGART
UNIT

HONDO (OPER)

T
18
S



YATES ENERGY CORPORATION
Cocklebur Federal #1
990' FSL & 2310' FEL
Section 1-18S-31E
Eddy County, NM
Right-of-Way NM-82213

EDDY CO R31E R31E
LEA CO R32E R32E

EDDY CO
LEA CO

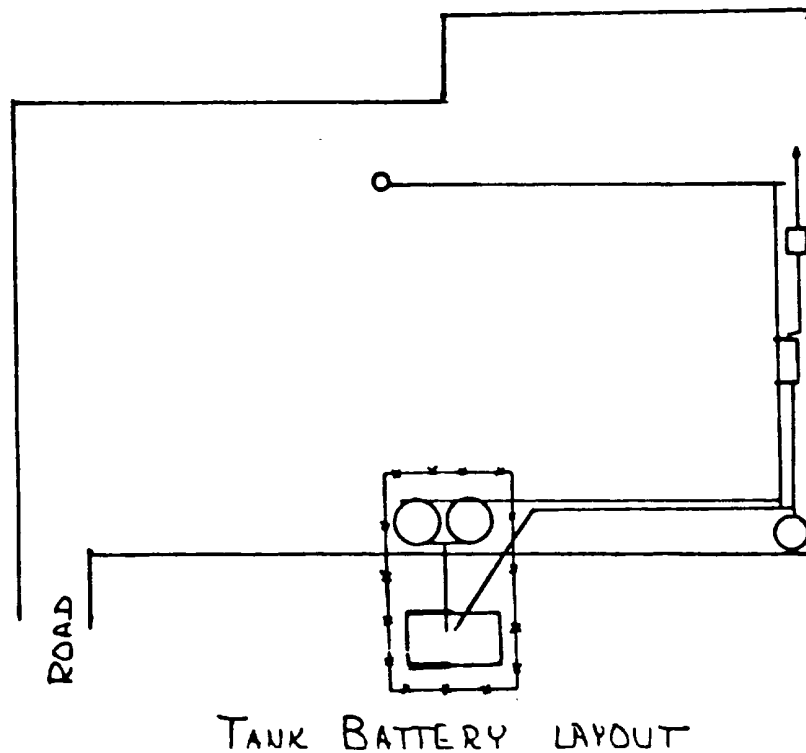
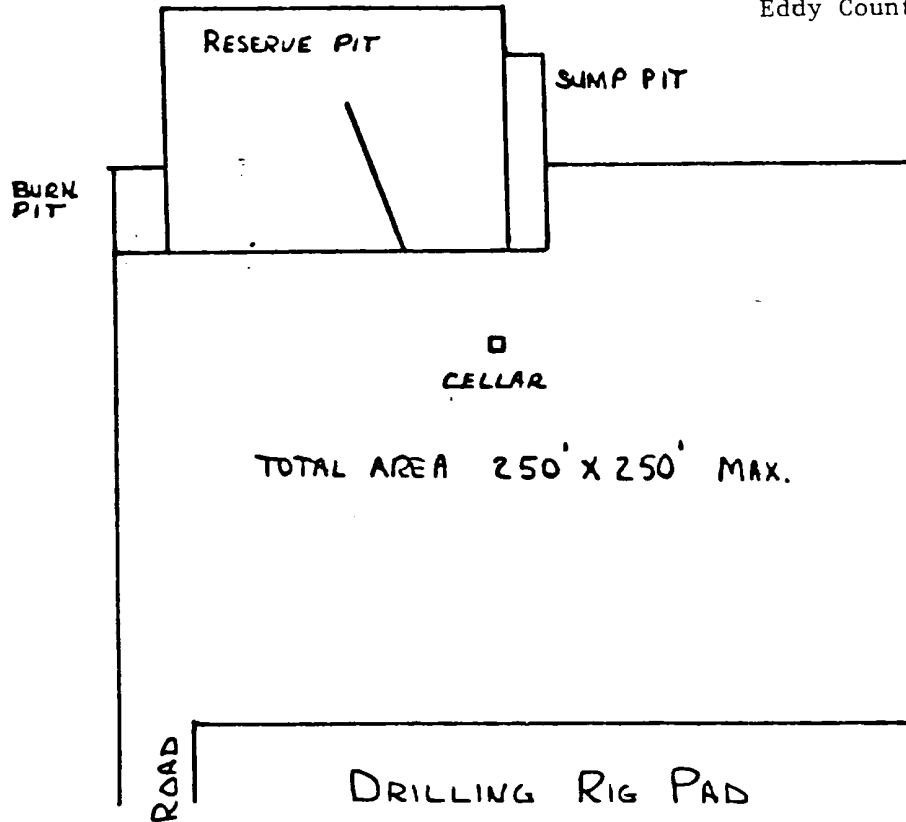
Prickly Pear
Federal

Thorndush Federal

Yates Energy Corporation

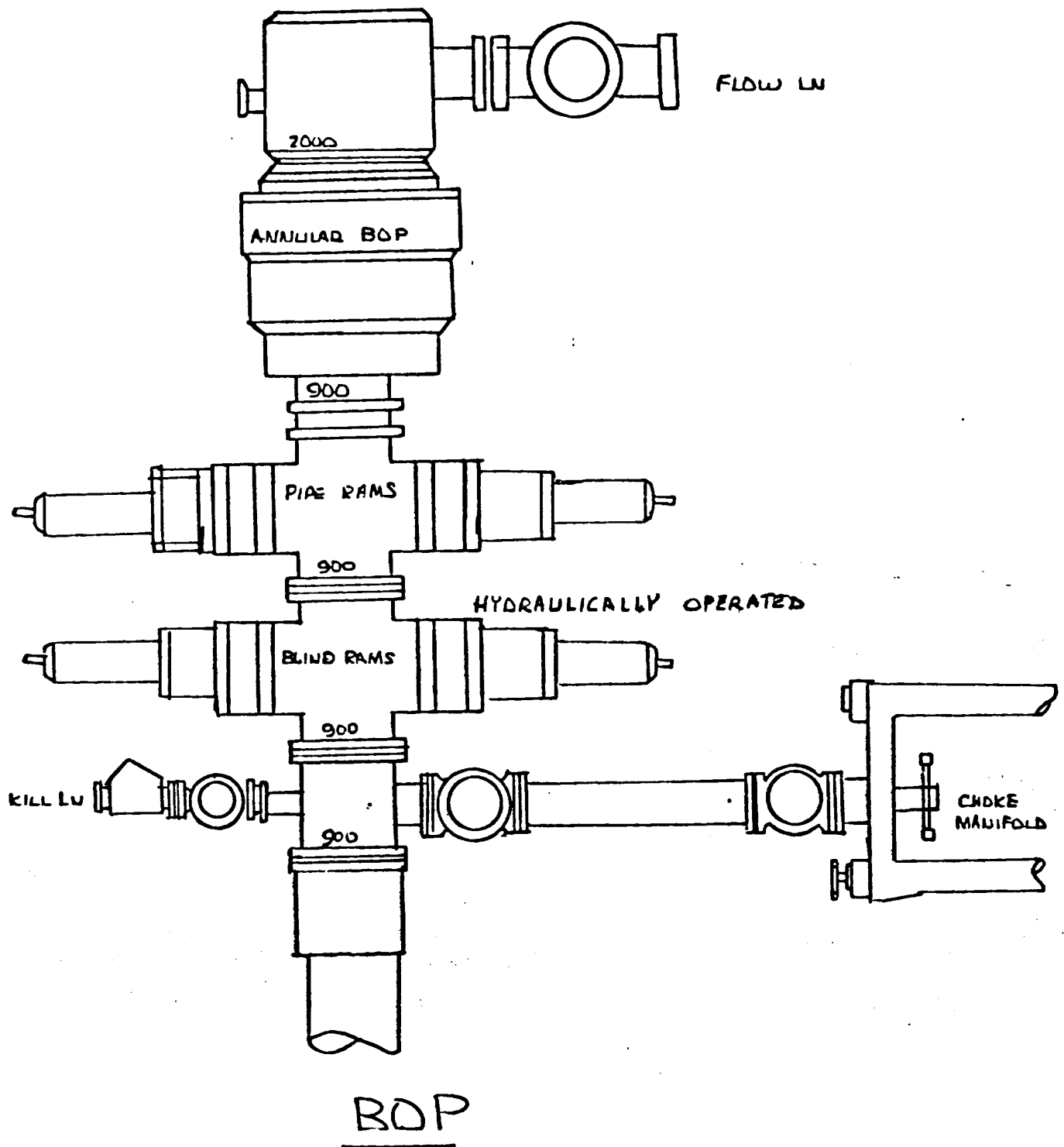
Exhibit

Cocklebur Federal #1
990' FSL & 2310' FEL
Section 1-18S-31E
Eddy County, New Mexico



Yates Energy Corporation

Exhibit



YATES ENERGY CORPORATION

Cocklebur Federal #1
990' FSL & 2310' FEL
Section 1-18S-31E
Eddy County, New Mexico