

OFFICIAL FILE COPY

RECEIVED
DEC 4 1992
FEC 15 1992
O. C. D.
OFFICE

3160(067)
NM-82904
CCC-2-92
11-

RLM 11/25/92

Q. Lys 11/30/92
J. Hargison 11/21/92

CERTIFIED--RETURN RECEIPT REQUESTED
P 864 872 939

Yates Petroleum Corporation
Attention: Clifton R. May
105 South Fourth Street
Artesia, NM 88210

RE: Adeline "ALN" Federal Well No. 3
NM-82904
660' FNL & 1980' FEL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 4
NM-82904
660' FNL & 1980' FWL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 5 ✓
NM-82904
660' FNL & 660' FWL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 6
NM-82904
1980' FNL & 660' FWL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 7
NM-82904
1980' FNL & 1980' FEL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 8
NM-82904
1980' FNL & 660' FEL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 9
NM-82904
1980' FSL & 660' FEL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 10
NM-82904
1980' FSL & 1830' FEL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 11
NM-82904
2030' FSL & 2080' FWL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Adeline "ALN" Federal Well No. 12
NM-82904
1980' FSL & 660' FWL, Sec. 6, T24S, R31E
Eddy County, New Mexico

Dear Mr. May:

On September 30, 1992, Yates Petroleum Corporation filed Applications for Permit to Drill (APDs) at the above referenced locations. I am pleased to approve your APD's at the present locations. Your copies of each APD, with attached stipulations, are enclosed.

Through our analysis of the APD's, we have determined that the well sites are located a sufficient distance from mineable ore zones that potash resources should not be impacted.

If you need any additional information, please contact Tony Herrell in the Carlsbad Resource Area at (505) 887-6544.

Sincerely,

Larry L. Woodard

Larry L. Woodard
State Director

10 Enclosures

bcc:
NM(910, L. Woodard)
NM(920, R. Smith)
NM(060, L. Cone)
NM(060, A. Lopez)
NM(067, T. Herrell)

067:JOlsen:mlt:10/23/92:A:\ade63up.AL

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

June 26, 1992

Mr. Walt Thayer
IMC Fertilizer, Inc.
P.O. Box 71
Carlsbad, New Mexico 88220

Dear Mr. Thayer:

Yates Petroleum Corporation is the operator of the Oil & Gas Lease NM-82904. We have staked the following location:

Adeline "ALN" Federal #5
660' FNL and 660' FWL
Section 6-T24S-R31E
Eddy County, New Mexico

An application to Drill is being filed with the Oil Conservation District.

We have been advised that your company is the owner of record of certain potash leases in this area. We respectfully request that you waive any objection you may have to this proposed well location and so indicate by signing and returning one copy of this letter in the the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May
Clifton R. May
Permit Agent

CRM/pkw
Enclosures

NO OBJECTIONS OFFERED

IMC FERTILIZER, INC.

By: _____

Title: _____

Date: _____

OBJECTIONS OFFERED

IMC FERTILIZER, INC.

By: _____

Title: _____

Date: _____

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none">• Complete items 1 and/or 2 for additional services.• Complete items 3, and 4a & b.• Print your name and address on the reverse of this form so that we can return this card to you.• Attach this form to the front of the mailpiece, or on the back if space does not permit.• Write "Return Receipt Requested" on the mailpiece below the article number.• The Return Receipt will show to whom the article was delivered and the date delivered.		<ul style="list-style-type: none">• I also wish to receive the following services (for an extra fee):1. <input type="checkbox"/> Addressee's Address2. <input type="checkbox"/> Restricted Delivery <p>Consult postmaster for fee.</p>	
3. Article Addressed to: Mr. Walt Thayer Imc Fertilizer, INC. P.O. Box 71 Carlsbad, NM 88220		4a. Article Number P402 179 566	
4b. Service Type <ul style="list-style-type: none"><input type="checkbox"/> Registered<input checked="" type="checkbox"/> Certified<input type="checkbox"/> Express Mail<input type="checkbox"/> Insured<input type="checkbox"/> COD<input type="checkbox"/> Return Receipt for Merchandise		7. Date of Delivery 6-29-92	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid) Adeline "ALN" #1-12	
6. Signature (Agent) Adeline "ALN" #1-12			

P 402 179 566



Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail (See Reverse)

Sent to Walt Thayer / IMC Fertilizer, Inc. Street and No. P.O. Box 71 Carlsbad, NM 88220	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	6-26-92
Adeline "ALN" #1-12	

PS Form 3800, June 1991

Thank you for using Return Receipt Service.

YATES PETROLEUM CORPORATION

Adeline "ALN" Federal #5

660' FNL and 660' FWL

Section 6-T24S-R31E

Eddy County, New Mexico

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

Rustler	477'
Top of Salt	863'
Bottom of Salt	3,932'
Bell Canyon	4,150'
Cherry Canyon	5,129'
Brushy Canyon	6,810'
Bone Spring	8,010'
TD	8,200'

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

Water: 150'

Oil or Gas: Canyon 5129' and Bone Springs 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 preventer 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.

4. Auxiliary Equipment and Proposed Casing Program:

- 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.
- B. Casing and Cementing Program:

Hole Size: 17 1/2"

Total Depth: 500'

Casing Size: 13 3/8"

Setting Depth: 500'

Mud Weight: 8.8 ppg

Casing Design:

<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
13 3/8	54.50#	J-55	8R	ST & C	0 - 500'	500'

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

Cement Program: Slurry 500 sacks "Class C" with 2% CaCl₂

Expected Linear Fill: Circulate to surface.

Slurry Properties: Weight: 14.8 ppg Yield 1.32 cu.ft./sack

Hole Size: 11 "

Total Depth: 4200'

Casing Size: 8 5/8"

Setting Depth: 4200'

Mud Weight: 10.0 ppg

Adeline "ALN" Federal #5
Page 2

Casing Design:

<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
8 5/8"	32#	J-55	8R	ST & C	0 - 4200'	4200'

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

Cement Program: Lead Slurry: 1000 sacks "Lite C" with 10# salt, 1/4# Cellocel
Slurry Properties: Weight: 12.7 ppg Yield 1.98 cu.ft./sack

Tail Slurry 250 sacks "Class C" with 2% Caclz
Calculated Linear Fill: Circulate to surface.
Slurry Properties: Weight: 14.8 ppg Yield 1.32 cu.ft/sack

Hole Size: 7 7/8" Total Depth: 7900' Casing Size: 5 1/2"
Setting Depth: 8500' Mud Weight: 8.7 ppg

Casing Design:

<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
5 1/2"	17#	J-55	8R	LT & C	0 - 500'	500'
5 1/2"	15.50#	J-55	8R	LT & C	500' - 7550'	7050'
5 1/2"	17#	J-55	8R	LT & C	7550' - 8200'	650'

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

Cement Program: First Stage: 175 sacks "Class H" + 8# sack CSE + 0.6% CF-14 + 5# sack Gilsonite + 0.35% Thriftylite DV Tool set at approximately 7100'.

Cement calculated to 7100'.
Slurry Properties Weight: 13.6 ppg Yield: 1.32 cu.ft/sack

2nd Stage: 425 sacks "Class C" with 10# sack CSE, 1/4# sack cellocel. Weight: 11.5 ppg, Yield 2.25 cu.ft/sack + 300 sacks- "H", 8# sack CSE, 0.5% CF-14 + 0.35% Thriftylite.

Calculated to tie back to intermediate casing.
Slurry Properties: Weight: 13.3 ppg Yield: 1.82 cu.ft/sack

5. Mud Program and Auxiliary Equipment:

From 0 to 500' (Minimum Properties)

Mud Weight: 9.1 ppg, Viscosity: 32 sec./1000 cc, Water Loss: N/C cc, Mud Type: FW Gel/LCM
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kept on location to maintain minimum properties.

From 500' to 4200' (Minimim Properties)

Mud Weight: 10.0 ppg, Viscosity: 28 sec./1000cc, Water Loss: N/C cc, Mud Type: Brine, use salt water gel for hole sweeps.
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kept on location to maintain minimum properties

From 4200' to 6500' (Minimum Properties)

Mud Weight: 8.7 ppg, Viscosity: 28 sec.1000cc, Water Loss: N/C cc, Mud Type: Cut Brine.
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kept on location to maintain minimum properties.

From 6500' to 8200' (Minimum Properties)

Mud weight: 8.7 - 8.9 ppg, viscosity 28 sec./1000cc, Wate Loss: 15 cc, Mud Type: Starch, cut Brine.
Mud will be checked tourly by rig personnel. Sufficient quantities of mud will be kep on location to maintain minimum properties.

6.. Testing, Logging and Coring Program:

Samples: Every 10' from surface casing to TD.

DST's: Any tests will be based on the recommendation of the well site Geologist as warranted by drilling breaks and shows.

Coring: None anticipated.

Logging: CNL-FCD from TD to casing, with GR-CNL up to surface; DLL from TD to casing.

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

Anticipated BHP:

From: <u>-0-</u>	TO <u>500'</u>	Anticipated Max. BHP: <u>215</u> PSI
From: <u>500'</u>	TO <u>4200'</u>	Anticipated Max. BHP: <u>1800</u> PSI
From: <u>4200'</u>	TO <u>8200'</u>	Anticipated Max. BHP: <u>3710</u> PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None.

H2S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 125 F

8. Anticipated starting date: As soon as possible after approval with the drilling time being approximately 15 days and the completion time being another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Adeline "ALN" Federal #5
660' FNL and 660' FWL
Section 6-T24S-R31E
Eddy County, New Mexico

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 BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 24 miles northeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east out 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). Go approximately 3.2 miles. New access will start and go west.

2. **PLANNED ACCESS ROAD**

- A. The proposed new access will be approximately 2200' in length from the point of origin to the southeast edge of the drilling pad. The road will go west.
- 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. No traffic turnout will be built.
- D. The route of the road is visible.

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 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:

Re-open pit located in the NWSE of Section 6-T24S-R31E on Federal Surface.

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.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

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, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

- 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 dried and been levelled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

11. SURFACE OWNERSHIP: Federal Surface administered by Bureau of Land Management, Carlsbad Resource Area.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:

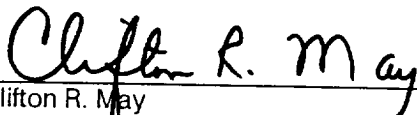
Mike Slater, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. 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 Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

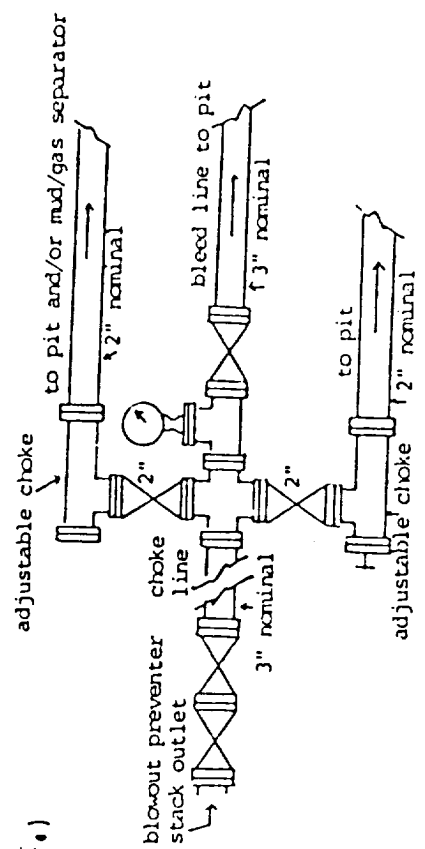
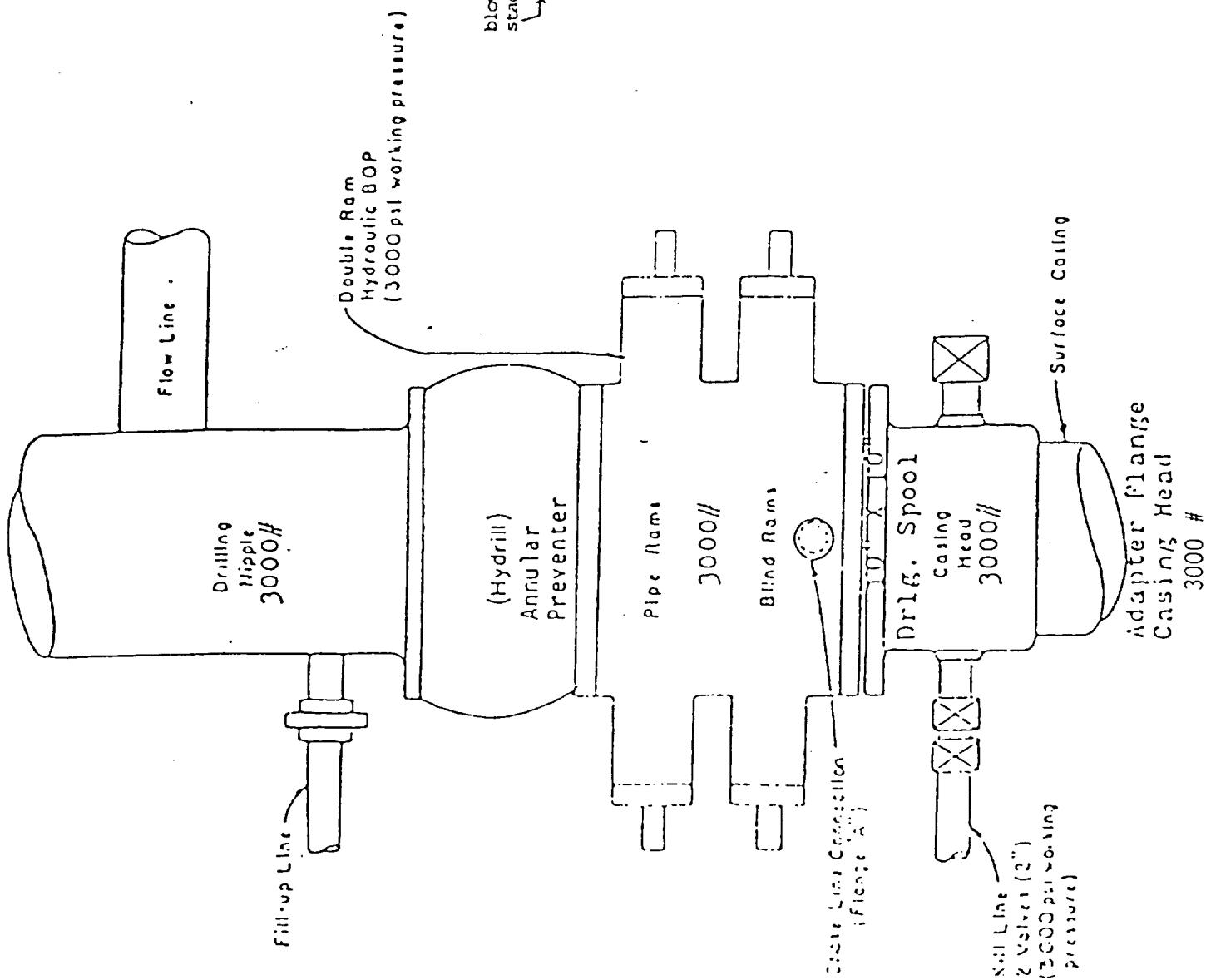
9-28-92

Date



Clifton R. May
Permit Agent

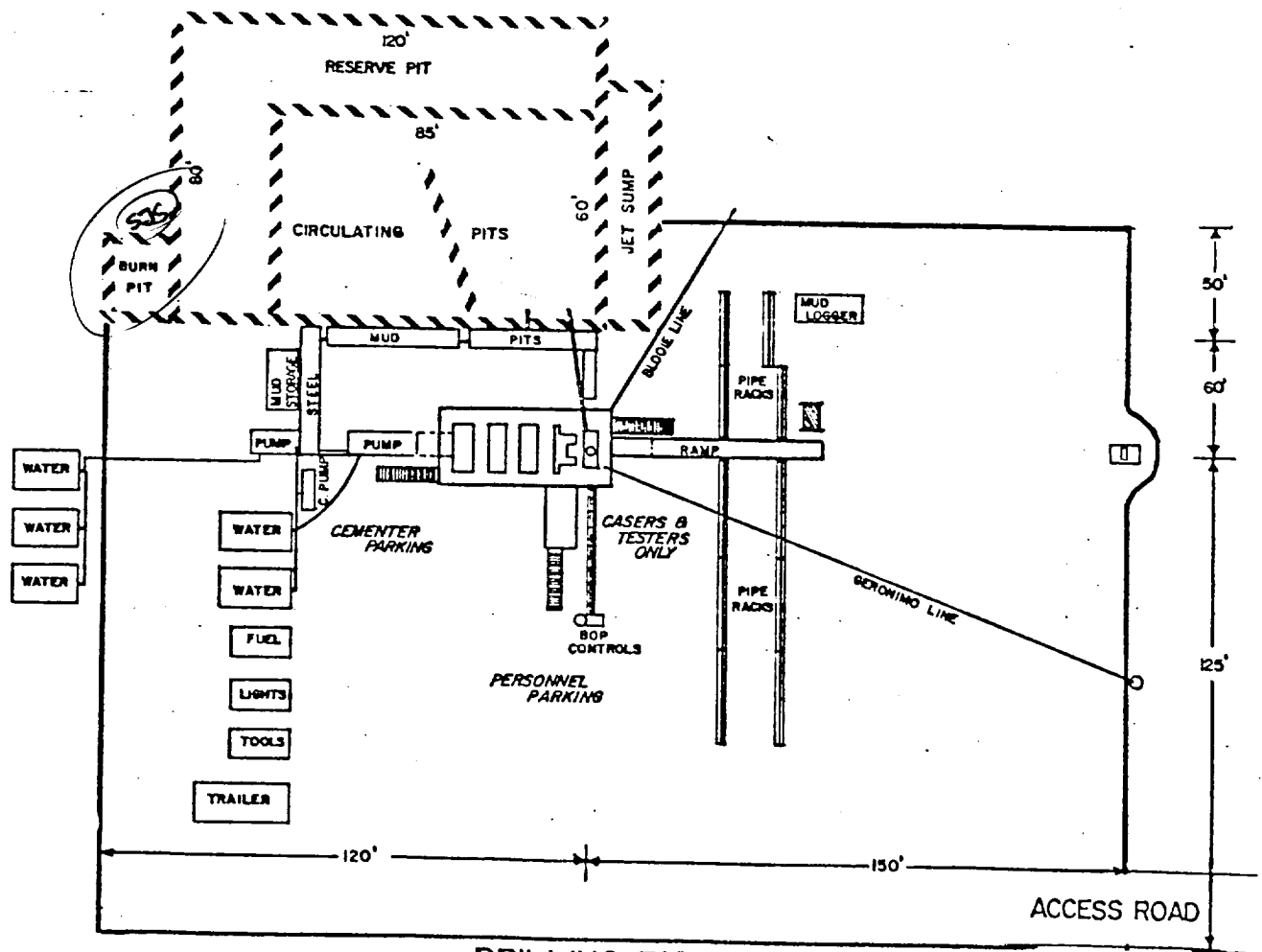
Exhibit A



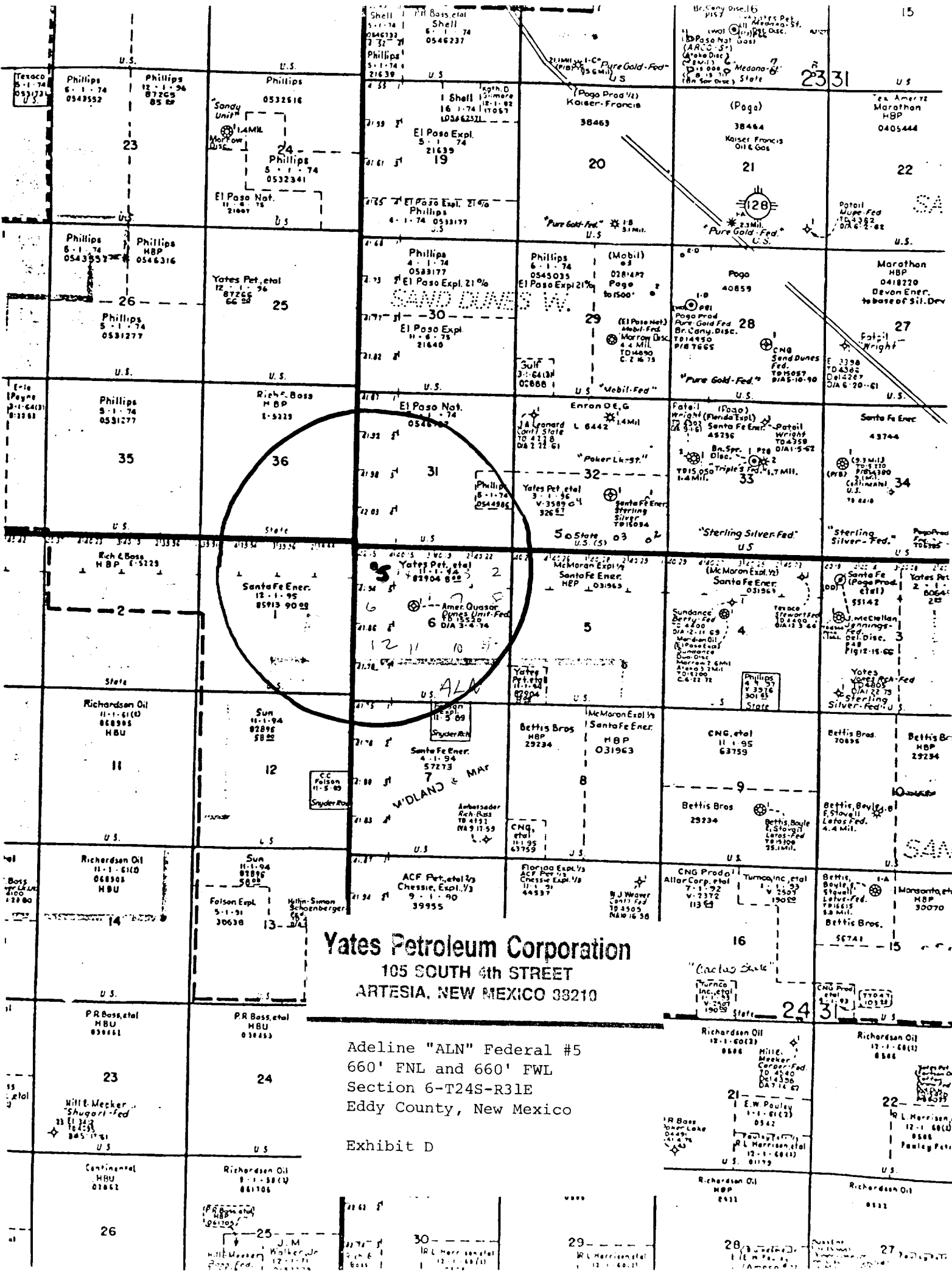
typical choke manifold assembly for 3M rated working pressure service-surface installation

EXHIBIT "B"
Blowout Preventer
Diagram

YATES PETROLEUM CORPORATION



DRILLING RIG LAYOUT
Scale: 1 inch = 50 feet



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 38210

Adeline "ALN" Federal #5
660' FNL and 660' FWL
Section 6-T24S-R31E
Eddy County, New Mexico

Exhibit D