

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

105 South Fourth Street, Artesia, New Mexico 88210

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

At surface

Unit L; 1880' FSL and 660' FWL
At proposed prod. zone
same

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

Forty miles NE of Loving, New Mexico

10. DISTANCE FROM PROPOSED*

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

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

16. NO. OF ACRES IN LEASE

19. PROPOSED DEPTH

8500'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

3635' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM Secretary's Potash/R-111-P Potash

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	1150'	Circulate - 800 sacks
11"	8 5/8"	32.0#	4550'	Circulate - 1450 sacks
7 7/8"	5 1/2"	17 & 15.5#	TD	Tie Back to 8 5/8" - 900 sacks

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 1150' of surface casing will be set and cement circulated. Approximately 4550' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated, and stimulated as needed for production.

MUD PROGRAM: Native mud to 1150'; Brine to 4550'; cut Brine to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

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

Cliff R. May

TITLE

Permit Agent

DATE

9-21-92

(This space for Federal or State office use)

PERMIT NO.

APPROVED BY

/s/ Kathy Labor

TITLE

State Director

DATE

JUL 12 1993

CONDITIONS OF APPROVAL, IF ANY

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

*See Instructions On Reverse Side

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**OCD HOBBS
OFFICE**

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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 ANITA "ALD" FEDERAL		Well No. 1
Unit Letter L	Section 17	Township 21 SOUTH	Range 32 EAST	County NMPM LEA	
Actual Footage Location of Well: 1880 feet from the SOUTH line and 660 feet from the WEST line					
Ground level Elev. 3635	Producing Formation DELAWARE		Pool WILDCAT DELAWARE	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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

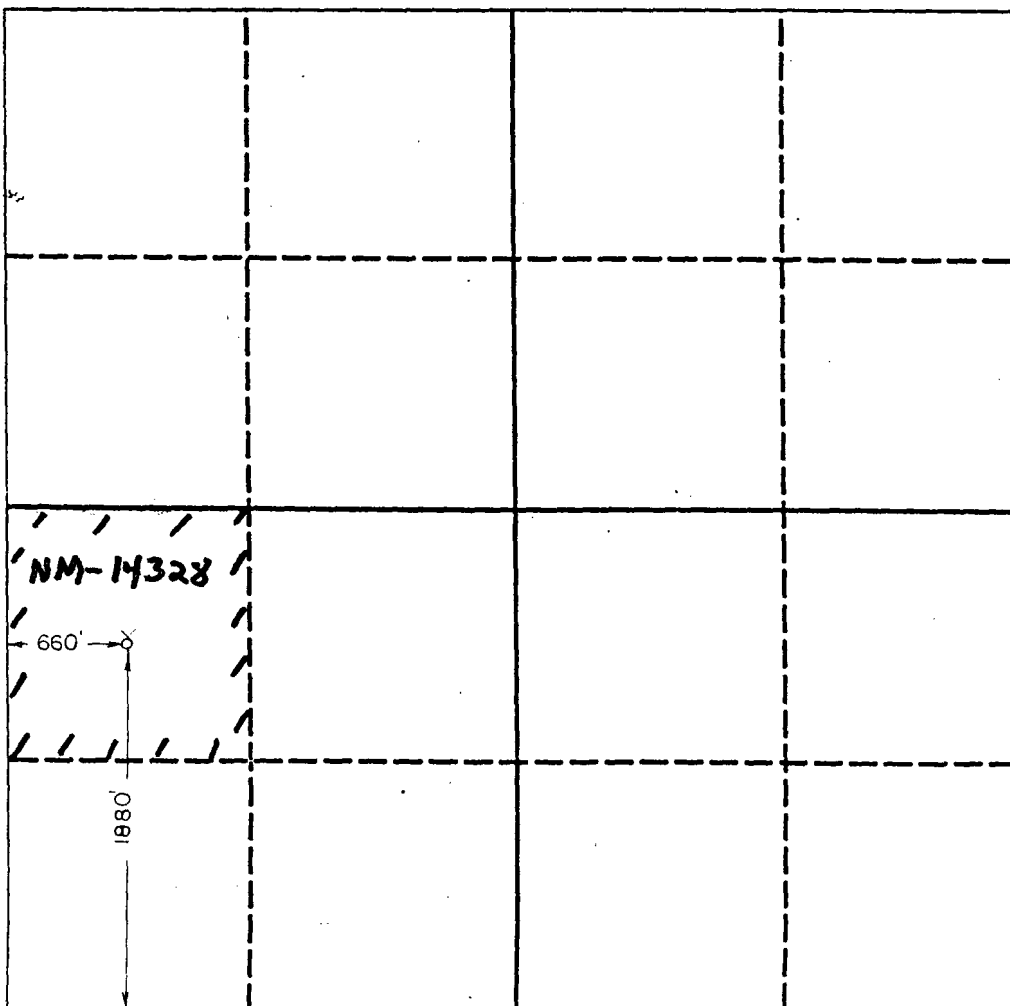
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature Clifton R. May
Printed Name Clifton R. May
Position Permit Agent
Company Yates Petroleum Corporation
Date September 21, 1992

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 6/09/92
Signature & Seal of Professional Surveyor
Certificate No. 3640
HERSCHE
AND SURVEYOR



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

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

May 27, 1992

Mr. Bob Lane
New Mexico Potash
P.O. Box 610
Hobbs, New Mexico 88241

Dear Mr. Lane:

Yates Petroleum Corporation is the operator of the Oil and Gas Lease NM-14328. We have staked the following location:

Anita ALD Federal #1
1880' FSL and 660' FWL
Section 17-T21S-R32E
Lea County, New Mexico

An Application to Drill is being filed with the Bureau of Land Management.

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 enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

YATES PETROLEUM CORPORATION

Clifton R. May
Permit Agent

CRM:tr

NO OBJECTIONS OFFERED

NEW MEXICO POTASH

By: _____

Title: _____

Date: _____

OBJECTIONS OFFERED

NEW MEXICO POTASH

By: _____

Title: _____

Date: _____

YATES PETROLEUM CORPORATION

Anita "ALD" Federal #1
1880' FSL and 660' FWL
Section 17-T21S-R32E
Lea County, New Mexico

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

Rustler	1,118'
Top of Salt	1,568'
Reef	3,437'
Bell Canyon	4,541'
Cherry Canyon	5,531'
Brushy Canyon	7,316'
Bone Spring	8,486'
TD	8,500'

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

Water: 150'
Oil or Gas: ^ Canyon 5531' and Bone Springs 8486'
Brushy 535

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" casing and rate 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: 1150' Casing Size: 13 3/8"
Setting Depth: 1100' 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 - 1150'	1150'

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

Cement Program: Lead Slurry: 500 sacks "Lite C" with 1/4# sack Cellocel, 2% Caclz
Slurry Properties: Weight: 12.4 ppg Yield 1.98 cu.ft./sack

Tail Slurry 300 sacks "Class C" with 2% Caclz
Expected Linear Fill: Circulate to surface.
Slurry Properties: Weight: 14.8 ppg Yield 1.32 cu.ft./sack

Hole Size: 11 " Total Depth: 4550' Casing Size: 8 5/8"
Setting Depth: 4400' Mud Weight: 10.0 ppg

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**GOOD HOLES
OFFICE**

Anita "ALD" Federal #1
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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 - 4550'	4550'
8 5/8"	32#	HC-80	8R	ST & C		

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

Cement Program: Lead Slurry: 1200 sacks "Lite C" with 10# sack salt, 5# Gilsonte
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 - 2050'	2050'
5 1/2"	15.50#	J-55	8R	LT & C	2050' - 7250'	5200'
5 1/2"	17#	J-55	8R	LT & C	7250' - 8500'	1250'

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

Cement Program: First Stage: 175 sacks "Class H" + 8# per sack CSE + 0.6% CF-14 + 5# Gilsonte + 0.35% Thifty
lite DV Tool set at approximately 7400'.
Cement calculated to 7400'.
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% Thrifty lite. Weight 13.3 ppg, yield 1.82 cu.ft/sack.
Calculated to tie back to intermediate casing.
Slurry Properties: Weight: 13.6 ppg Yield: 1.75 cu.ft/sack

5. Mud Program and Auxiliary Equipment:

From 0 to 1150' (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 1100' to 4550' (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 4550' to 8500' (Minimum Properties)

Mud Weight: 8.7 ppg, Viscosity: 28 sec.1000cc, Water Loss: N/C cc, Mud Type: Cut 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

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.

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

Anticipated BHP:

From: <u>-0-</u>	TO <u>1150'</u>	Anticipated Max. BHP: <u>430</u> PSI
From: <u>1100'</u>	TO <u>4550'</u>	Anticipated Max. BHP: <u>1800</u> PSI
From: <u>3150'</u>	TO <u>8500'</u>	Anticipated Max. BHP: <u>3740</u> PSI

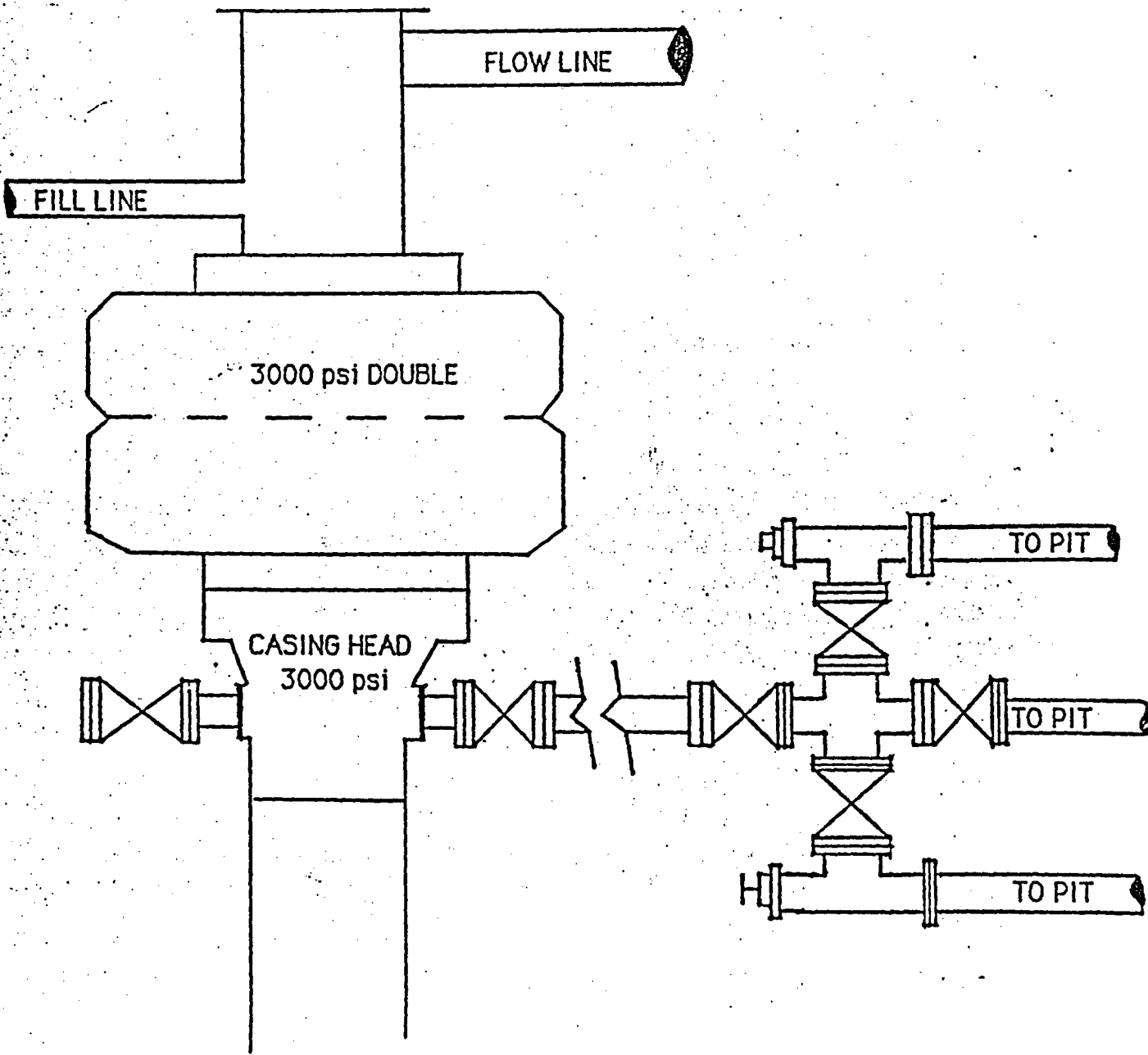
Abnormal Pressures Anticipated: None

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.



BLOWOUT PREVENTER