Form 3160-3 (August 1999) N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue

Artesia, NM 88210

0210

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OMB No. 1004-0136 Expires November 30, 2000

5. Lease Serial No.

APPLICATION FOR PERMIT TO DRILL OR REENTER	IAN 2 1 2005	o. If fildiall, Allottee of

	VAIT	2 X 200J			
1a. Type of Work: X DRILL RE	ENTER CYUS	ah lesia	7. If Unit or CA Agreement	, Name and No.	
		1	8. Lease Name and Well No	).	
b. Type of Well: Oil Well Gas Other	Single	Multiple Zone	Crazy 8 Federal C		
Well	Zone		9. API Well No.		
2. Name of Operator			_	211	
YATES DRILLING COMPANY	3b. Phone No. (include area code	<u>,                                      </u>	30-015 - 339		
3A. Address 105 South Fourth Street	_	McMillan Morrow	•		
Artesia, New Mexico 88210  4. Location of Well (Report location clearly and in accordance with any	(505) 748-147	<u>'</u>	11. Sec., T., R., M., or Blk,		
At surface 990' FNL an			Section 8, T20		
	ama	ļ	000000000000000000000000000000000000000	- (L) L	
14. Distance in miles and direction from nearest town or post office*	allie		12. County or Parish	13. State	
Approximately 22 miles southeast of Artesia, No	ew Mexico.		<b>Eddy County</b>	l NM	
15. Distance from proposed* location to nearest	16. No. of Acres in lease	17. Spacing Un	it dedicated to this well		
property or lease line, ft. (Also to nearest drig, unit line, if any)					
· · · · · · · · · · · · · · · · · · ·	160	20 DIA/DIA I	W/2 BLM/BIA Bond No. on file		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.  1300'	19. Proposed Depth 11000'	20. BLM/BIA	586000		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*		23. Estimated duration		
3392' GL	ASAP		45 days		
	24. Attachments				
The following, completed in accordance with the requirements of Onshor	re Oil and Gas Order No. 1, shall be	e attached to this	form:		
1. Well plat certified by a registered surveyor.	4. Bond to cove	r the operations	unless covered by an existing	bond on file (see	
2. A Drilling Plan.	Item 20 above	e).			
3. A Surface Use Plan (if the location is on National Forest System Land	ls, the 5. Operator certi	fication.			
SUPO shall be filed with the appropriate Forest Service Office.	6. Such other sit	e specific informa	ation and/or plans as may be re	equired by the	
	authorized off	fice.			
25. Signature	Name (Printed/Typed)		Date	*****	
- (M) MOUNT	Cy Cowan			11/16/04	
Regulatory Agent					
Regulatory Agent					
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /S/ J	oe G. La	ara JAN	2 0 2005	
Title W FIELD MANAGER	Office	SBAD FII	ELD OFFICE		
11/11					
Application approval does not warrant or certify that the applicant holds	legal or equitable title to those righ	ts in the subject l	ease which would entitle the a	onlicant to conduct	
Application approval does not warrant or certify that the applicant holds operations thereon.		•	ease which would entitle the ap	•	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

\*(Instructions on reverse)

APPROVAL SUBJECT TO

Witness Surface Casing

Contina Committed Water Tacks

DIDIKICI I 1825 M. Prench Dr., Hobbs, MM 88245 DISTRICT' II

811 South First, Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

660'

990

330

1650, 1880, 5310,

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 67505

DISTRICT III

State of New Mexico Energy, Minerals and Natural Resources Departm

Pubmit to Appropriate District Office

- 4 Copies Pee Lease - 3 Copies

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe. New Mexico 87504-2088

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	
	1	Mc Millan Morrow	
Property Code	Property Name		
	CRAZY "8" FED	ERAL COM.	1
OGRID No.	Operato	r Name	Elevation
(025575	YATES DRILLING	COMPANY	3392

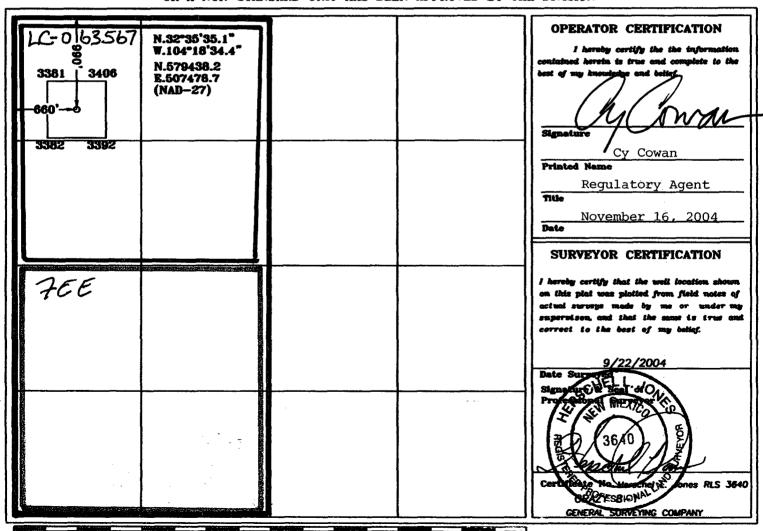
#### Surface Location

UL or	lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Peet from the	East/West line	County
D		8	20S	27E		990	NORTH	660	WEST	EDDY

#### Bottom Hole Location If Different From Surface

UL or lot No.	Section 1	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West, line	County
Dedicated Acres	Joint or	Infili Cos	eclidation (	ode Or	ier No.	Constitution	·	'	
320									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



2310' 1980' 1650'

990

660' 330'

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

### State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Form C-144

March 12, 2004

Pit or Below-Grade Tank Registration or Closure

	nk covered by a "general plan"? Yes X or below-grade tank X Closure of a pit or below		
Operator: YATES DRILLING COMPANY Telephone: (505) 748-1471	e-mail address:		
Address: 105 South Fourth Street, Artesia, NM 88210			
Facility or well name: Crazy 8 Federal Com. #1API #:	U/L or Qtr/Qtr D Sec 8 T 20	S R_27E_	
County: Eddy Latitude N.32 35 35.1 Longitude E.104 18	34.4 NAD: 1927 X 1983 Surface Owner F	ederal X State Private	Indian 🗌
<u>Pit</u>	Below-grade tank		
Type: DrillingX Production Disposal D	Volume:bbl Type of fluid:		RECEIVED
Workover	Construction material:		, IEOLI VLD
Lined X Unlined	Double-walled, with leak detection? Yes 🔲 I	f not, explain why not.	NÓV 1 9 2004
Liner type: Synthetic X Thickness 12 mil Clay Volume 20,000 bbl			ORPIARTER
Depth to ground water (vertical distance from bottom of pit to seasonal high	Less than 50 feet	(20 points)	
	50 feet or more, but less than 100 feet	(10 points)	
water elevation of ground water.) 198'	100 feet or more	( 0 points)	0
W. m. 1	Yes	(20 points)	
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	No	( 0 points)	0
Distance to surface sustant / horizontal distance to all sustands where	Less than 200 feet	(20 points)	
Distance to surface water: (horizontal distance to all wetlands, playas,	200 feet or more, but less than 1000 feet	(10 points)	
irrigation canals, ditches, and perennial and ephemeral watercourses.)	1000 feet or more	( 0 points)	0
	Ranking Score (Total Points)		0 Points
			· · · · · · · · · · · · · · · · · · ·
If this is a pit closure: (1) attach a diagram of the facility showing the pit's onsite  offsite  If offsite, name of facility date. (4) Groundwater encountered: No  Yes  If yes, show depth belo diagram of sample locations and excavations.	(3) Attach a general description of remedial	action taken including ren	
I hereby certify that the information above is true and complete to the best of been/will be constructed or closed according to NMOCD guidelines , a Date: 11/16/04  Printed Name/Title Cy Cowan, Regulatory Agent  Your certification and NMOCD approval of this application/closure does not otherwise endanger public health or the environment. Nor does it relieve the regulations.	general permit X or an (attached) alternative of Signature  Signature of liability should the contents.	OCD-approved plan .  s of the pit or tank contam	inate ground water or
Approval: Date: DEC 1 2001 III App II Printed Name/Title	_Signature		

## YATES DRILLING COMPANY Crazy 8 Federal Com. #1

990' FNL and 1650' FWL Section 8,T20S-R27E Eddy County, New Mexico

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

Queen	740'	Strawn	9020'
Grayburg	1100'	Atoka	9740'
San Andres	1685'	Morrow	10190'
Bone Spring Lime	2755'	Morrow Clastics	10255'
1 <sup>st</sup> Bone Spring Lime 3 <sup>rd</sup> Bone Springs Sand	5475'	Lower Morrow	10360'
3 <sup>rd</sup> Bone Springs Sand	7525'	Barnett/Austin Cycle	10465'
Wolfcamp	7925'	Chester	10870'
Penn Cisco Canyon	8395'	TD	11000'

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

Water:

198"

Oil or Gas:

All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 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 Preventor 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.

### **Auxiliary Equipment:**

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.

#### 4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	<u>Grade</u>	<b>Thread</b>	<u>Interval</u>	<b>Length</b>	tentre (PSS
17 ½"	13 3/8"	48#	H-40	ST&C	0-400'	400'	withess
12 ¼"	9 5/8"	36#	J-55	ST&C	0-2750'	2750'	
8 ¾"	5/1/2"	17#	L-80	LT&C	0-1300'	1300'	
8 3/4"	5 1/2"	17#	J-55 <sup>-</sup>	LT&C	1300'-2500'	1200'	
8 3/4"	5 1/2"	15.5#	J-55	LT&C	2500'-6200'	3700'	
8 3/4"	5 1/2"	17#	J-55	LT&C	6200'-8100'	1900'	
8 3/4"	5 1/2"	17#	L-80	LT&C	8100'-9100'	1000'	
8 3/4"	5 1/2"	17#	HCP-110	LT&C	9100'-11000'	2000'	

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8 Yates Drilling Company requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a varience to test the system to 1000# using the rig pumps. The test will be

# Crazy 8 Federal Com. #1 Page 2

held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

### B. CEMENTING PROGRAM:

Surface casing: 500 sx Class 'C' + 2% CaCl2(YLD 1.32 WT 14.8).

Intermediate casing: Lead with 860sx Lite (YLD 2.0 WT 12.5) Tail in w/200 sx

Class C + 2% CaCL2 (YLD 1.32 WT 14.8).

Production Casing: TOC 7400', Lead w/750 sx Super 'C' (YLD 1.63 WT 13.0)

### 5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
Spud to 400'	FW Gel/Paper	8.4-8.8	32-40	N/C
400'-2750'	Brine	10.0	29	N/C
2750'-7600'	Cut Brine	8.7-8.8	29	N/C
7600'-11000'	S Gel/Starch/4%-6% KCL	8.9-9.6	38-40	<12-15cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

### 6. EVALUATION PROGRAM:

Samples: 10' from surface casing to TD. Two (2) sets washed and dried. Logging: Halliburton CSNG/DSN/SDL TD-Surf. Csg; DLL-MGRD TD-Surf.

Csg; SSS-RSCT TD-Surf Csg; XRMI TD-Top of Wolfcamp.

Coring: Sidewall Cores to be determined.

DST's: Possible Wolfcamp through Strawn.

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

From: 0 TO 400' Anticipated Max. BHP: 175 PSI From: 400' TO 2750' Anticipated Max. BHP: 1200 PSI From: 2750' TO 11000' Anticipated Max. BHP: 5500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Pennsylvanian Cisco-Canyon (8395'-9020')

H2S Zones Anticipated: Possible Wolfcamp

Maximum Bottom Hole Temperature: 189° F

### 8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

### MULTI-POINT SURFACE USE AND OPERATIONS PLAN YATES DRILLING COMPANY

Crazy 8 Federal Com. #1 990' FNL and 660' FWL Section 8.T20S-R27E

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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 22 miles southeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

### **DIRECTIONS:**

From the intersection of the WIPP Bypass and Illinois Camp Road go north on Illinois Camp Road for approx. 2.2 miles to Lake Road. Turn west on Lake Road and go approx. 8.2 miles to Netherland Road. Turn north on Netherland Road and go approx. 1.1 miles. Just before old well pad turn right here on existing two track road which will be upgraded. Go east on two track road for approx. .4 of a mile. A pump jack will be on the left. The new road will start here going southeast to the northwest corner of the proposed Crazy 8 Federal Com. #1 well pad.

#### 2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.1 of a mile in length from the point of origin to the northwest corner of drilling pad. The road will lie in a northwest/southeast direction.
- 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 upgraded and new road will be bladed with drainage on one side. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

#### 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.

## Crazy 8 Federal Com. #1 Page 3

### 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:

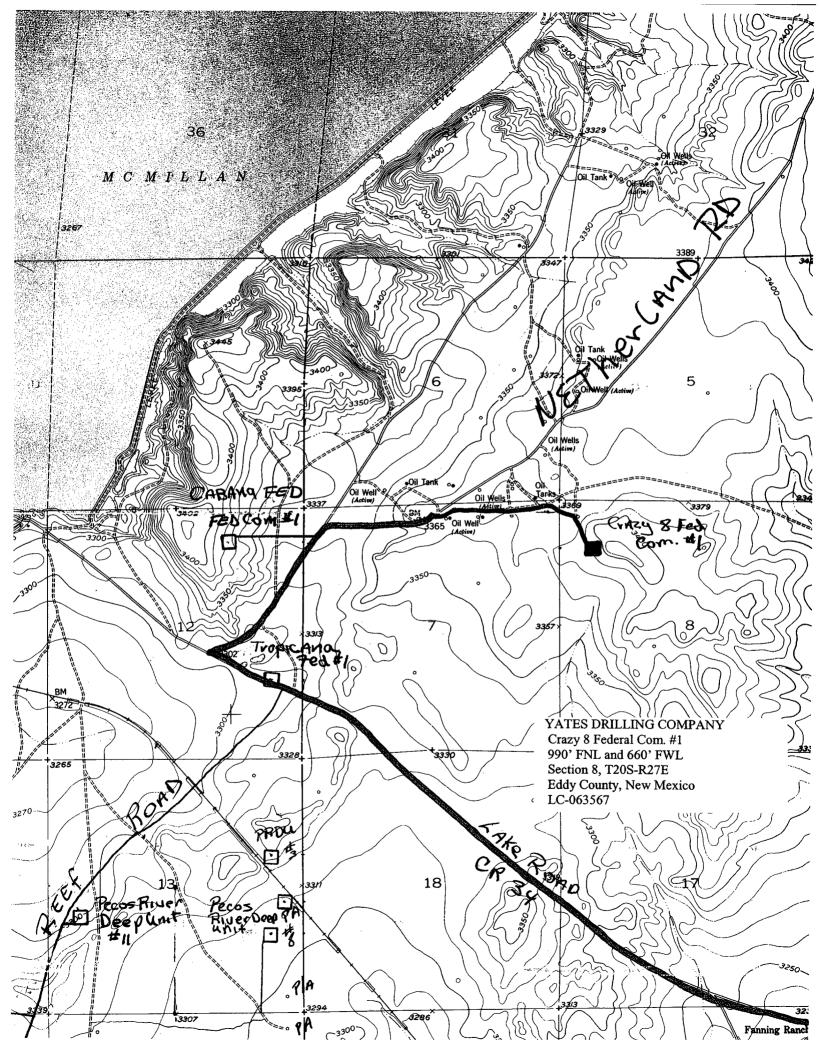
Cy Cowan, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 B. Through Drilling Operations,
Completions and Production:
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

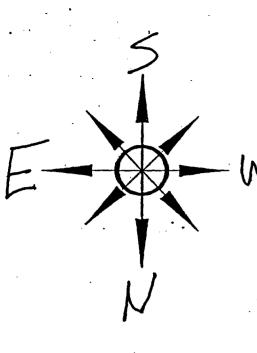
### 14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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.

11/16/04

Regulatory Agent

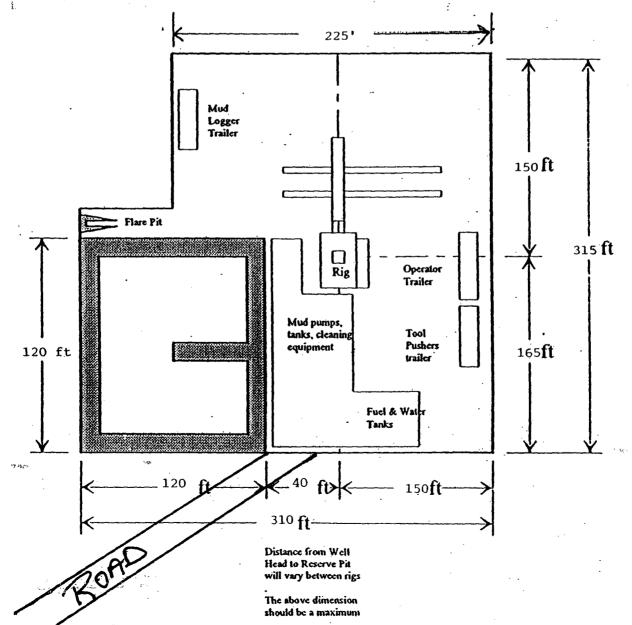




Yates Drilling Company
Location Layout for Permian Basin
Up to 12,000'

YATES DRILLING COMPANY Crazy 8 Federal Com. #1 990' FNL and 660' FWL Section 8, T20S-R27E Eddy County, New Mexico LC-063567

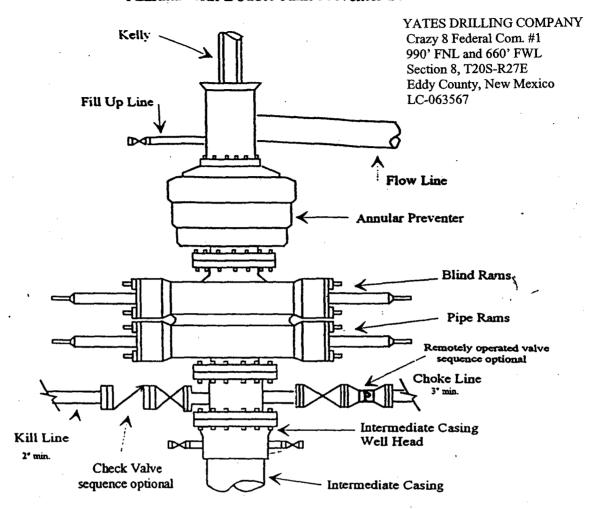
WPITSEAST



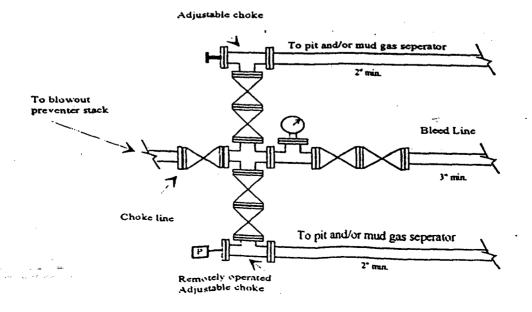
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### YATES DRILLING COMPANY

# Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimun features





### YATES DRILLING COMPANY

105 SOUTH FOURTH STREET • ARTESIA, NEW MEXICO 88210 (505) 748-8440 • FAX (505) 748-8470 EMAIL: ydc1@qwest.net

PEYTON YATES PRESIDENT

S. P. YATES VICE PRESIDENT

RANDY G. PATTERSON SECRETARY

> DENNIS G. KINSEY TREASURER

### STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: <u>LC-063567</u>	Bond Coverage: <u>Individually Bonded</u>
Legal Description of Land:  Section 8, T20S-R27E, NW  Eddy County, New Mexico	BLM Bond File No.: <u>NM 586000</u>
Formation (s) – (if applicable):	
Date: January 13, 2005	YATES DRILLING COMPANY  Cy Cowan, Regulatory Agent

7005 JAN 13 PM 3: 54

# **Yates Drilling Company**

105 S. Fourth Street Artesia, NM 88210

# Hydrogen Sulfide (H<sub>2</sub>S) Contingency Plan

For

Crazy 8 Federal Com. #1

990' FNL, 660' FWL Sec-8, T-20S, R-27E Eddy County NM

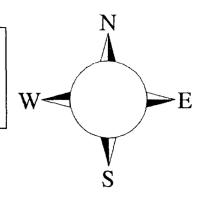
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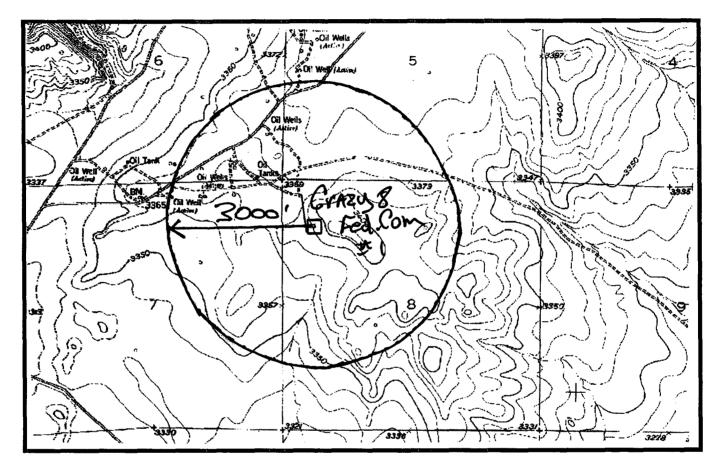
NOV 1 9 2004

ORBINATERIA

### Crazy 8 Federal Com. #1 Location

This is an open drilling site. H<sub>2</sub>S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H<sub>2</sub>S, including warning signs, wind indicators and H<sub>2</sub>S monitor.





Assumed 100 ppin ROE = 3000  $^{\circ}$  100 ppm H28 concentration shall tagger activation of this plan.

### **Emergency Procedures**

In the case of a release of gas containing H<sub>2</sub>S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of  $H_2S$ , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with  $H_2S$  monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

### **Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

### Characteristics of H<sub>2</sub>S and SO<sub>2</sub>

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H <sub>2</sub> S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air = 1	2 ppm	N/A	1000 ppm

### **Contacting Authorities**

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

### Yates Drilling Company Phone Numbers

YDC Office Toby Rhodes/Operations Manager Greg Boans/Production Manager Artesia Answering Service (During non-office hours)  Agency Call List	(505) 748-8461 (505) 365-5233
Eddy County (505)	
Artesia	
State Police	746 2702
City Police	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
NMOCD	748-1283
Carlsbad	
State Police	885-3137
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
- · · · · · · · · · · · · · · · · · · ·	(505) 827-9126
New Mexico State Emergency Operations Center	•
	` '
National Emergency Response Center (Washington, DC)	(800) 424-8802
Other	
Boots & Coots IWC1-800-256-9688 or (281) 931-8884	
Cudd Pressure Control(915) 699-0139 or (915) 563-3356	
Halliburton(505) 746-2757	
B. J. Services(505) 746-3569	
Flight For Life -4000 24th St, Lubbock, TX	806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX(	806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(	
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	
	,