



# United States Department of the Interior

## GEOLOGICAL SURVEY

P. O. Drawer U  
Artesia, New Mexico 88210

RECEIVED

OCT 22 1979

O. C. C.  
ARTESIA, OFFICE

October 19, 1979

Yates Petroleum Corporation  
207 South 4th Street  
Artesia, New Mexico 88210

YATES PETROLEUM CORPORATION  
Duncan "LH" Federal No. 1-Y  
860 FNL 1980 FWL Sec. 3 T.8S R.25E  
Chaves County Lease NM 10458

Gentlemen:

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 4,300 feet to test the Wolfcamp formation is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the SURFACE USE PLAN and this approval including the GENERAL REQUIREMENTS.
3. Submit a Daily Report of Operations from spud date until the Well Completion Report (form 9-330) is filed. The progress report should be not less than 8" x 5" in size and each page should identify the well.
4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Requirements. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).
5. Before drilling below the 10-3/4" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
6. A kelly cock will be installed and maintained in operable condition.



7. After setting the 10-3/4" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.
8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
  - (1) A recording pit level indicator to determine pit volume gains and losses.
  - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
  - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
9. Cement behind the 13-3/8" and 10-3/4" casing must be circulated.
10. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(Orig. Sgd.) GEORGE H. STEWART

George H. Stewart  
Acting District Engineer