1314151617 1819 N.M. Oil Cons. DiV-Form 3160-3 OMB No. 1004-0136 (August 1999) Expires November 30, 2000 TED STATES 5. Lease Serial No ENT OF THE INTERIOR NM-106906 6. If Indian, Allottee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR REENTER Not Applicable 7. If Unit or CA Agreement, Name and No REENTER DRILL 1a. Type of Work Not Applicable 8 Lease Name and Well No. Single x Multiple Zone Applesauce "AZR" Federal #1 Oil Well Gas b. Type of Well: Zone Well 9. API Well No. 2. Name of Operator 008-**Yates Petroleum Corporation** 10. Field and Pool, or Explorator 3b. Phone No. (include area code) 105 South Fourth Street 3A. Address Pennsylvanian (505) 748-1471 Artesia, New Mexico 88210 11. Sec., T., R., M., or Blk, and Survey or Area 4. Location of Well (Report location clearly and in accordance with any State requirements.*) 500' FNL and 990' FWL, Unit D At surface Section 25, T11S-R27E same as above At proposed prod. Zone 13. State 12. County or Parish 14. Distance in miles and direction from nearest town or post office* NM Approximately twenty-five (25) miles northeast of Roswell, New Mexico Chaves County 17. Spacing Unit dedicated to this well 16. No. of Acres in lease Distance from proposed location to nearest property or lease line, ft.
(Also to nearest drig. unit line, if any) 320 - N/2 1040 20. BLM/BIA Bond No. on file 19. Proposed Depth Distance from proposed location* to nearest well, drilling, completed, NM-2811 6865 applied for, on this lease, ft. 23. Estimated duration 22. Approximate date work will start' 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 30 Days **ASAP** 3754 24. Attachments ROSWEL CONTROLLED WATER BASIN ments of Onshore Oil and Gas Order No. 1, shall be attached to this form Bond to cover the operations unless covered by an existing bond on file (see 1. Well plat certified by a prister sur APT 30-005-Item 20 above) 2. A Drilling Plan. Operator certification. Forest System Lands, the Cancel 3. A Surface Use Plan (if the location is on Such other site specific information and/or plans as may be required by the SUPO shall be filed with the appropriate Forest Service Office. authorized office Date Name (Printed/Typed) 25. Signature 9/11/01 Pat Perez Title: Regulatory Agent DOCT 23 2001 Name (Printed/Typed) Approved by (Signature) APPROVED FOR 1 YEAR Office **ROSWELL FIELD OFFICE** Title 7.1 Acting Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached. 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 GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

11_ STANDARN Location

77.77 C.S. 1.51.15.08

SOURCE IS BY 1:18

RECEIVED

DISTRICT I 1688 M. French Dr., Hobbs, MM 26340 DISTRICT II 811 South First, Artesia, NM 26210 DISTRICT III

1000 Rio Brazos Rd., Axtec, NM 87410

DISTRICT IV 2046 South Pachoco, Santa Fc, NM 87605

State of New Mexico

Energy, Minerals and Natural Resources Departmen.

Form C-102 Revised March 17, 1999 Instruction on back Submit to Appropriate District Office

State Lease - 4 Copies Fee 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	Poel Name
	Pe	nnsylvanian
Property Code	Property Name	Well Number
	Applesauce "AZR" Federal	#1
OCRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3754 '

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Vest line	County
D	25	115	27E		500'	North	990'	West	Chaves

Bottom Hole Location If Different From Surface

	BOCCOM HOLE INCAMON IN DIRECTORS 21022 2 22222								_			
ļ	UL or let No.	Section	Townsh	ip Re	nge Lot	ldn	Feet from the	North/South line	Feet from the	East/Vest line	County	
	Dedicated Acres	Joint o	r Infill	Consolid	etion Code	Or	der No.	<u> </u>		<u></u>	<u>L </u>	-
	320					<u> </u>						

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

NM-106906	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my incusions and belief. Signature
	Pat Perez Printed Name Regulatory Agent Title 9-11-01 Date SURVEYOR CERTIFICATION
	I hereby certify that the well location shown on this plat uses plotted from field noise of sectual surveys made by me or under my supervison, and that the same is true and correct to the best of my bolis. Date Surveyed Signature & Seal of
	Refer to original plat- attached. Certificate No. Herschel L Jones RLS 3640 GENERAL SURVEYING COMPANY

MEXICO OIL CONSERVATION COM ON ON WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-Effective 1-1-1

6689

500

1000

All distances must be from the outer boundaries of the Section Operator Federal-New Kumet -68860 MAXUS EXPLORATION CO. Township County Section Range Unit Letter 27-E Chaves 11**-**S 25 Actual L'ootage Location of Well: 990 West 500 North feet from the feet from the line and Ground Level Elevi **Producing Formation** Pool Dedicated Acreage: 2) blich 3754 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both; 49 interest and royalty). 3. Il more than one lease of different ownership is dedicated to the well, have the interests of all owners been e dated by communitization, unitization, force-pooling. etc? O. C. D. ARTESIA, OFFICE If answer is "yes," type of consolidation If answer is "no," list the owners and tract descriptions which have actually been cons olidated. (Use reverse side this form if necessary.). No allowable will be assigned to the well until all interests have been consolidated (by communitization forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commi sion. CERTIFICATION 50Ò' I hereby certify that the information co tained herein is true and complete to the best of my knowledge and belief. James M. Pachulski Sr. Environmental & Regulation Engineer Company Maxus Exploration Company June 5, 1987 I hereby certify that the well location shown on this plat was plotted from fie nates of actual surveys made by me under my supervision, and that the san is true and correct to the best of knowledge and belief. Date Surveyed June 1, 1987 Registered Professional Engineer Land Surveyor

1320 1650

YATES PETROLEUM CORPORATION Applesauce "AZR" Federal #1

500' FNL and 990' FWL Section 25-T11S-R27E Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well originally drilled by Maxus Exploration Company as the Newkumet Federal #1 and abandoned August 25, 1987. Yates' plan is to reenter the well with a pulling unit to drill out the cement plugs in the 8 5/8" casing and in the 7 7/8" open hole down to the original TD of 6,865'. The hole will be circulated clean then a string of 4 $\frac{1}{2}$ " casing will be run to TD and cemented to 4000' +/-. The well will be completed with a pulling unit and the formations to be completed will probably be the Penn Sand at 6,600', the Cisco at 6,310' or the Wolfcamp at 6,090'.

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

San Andres	1483'
Glorieta	2680'
Tubb	4147'
Abo	4921'
Wolfcamp	5243'
Penn	6353'
Mississippian	6600'
Devonian	6800'
TD	6865'

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

Water:

150'-500'

Oil or Gas: All potential zones.

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 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>	Coupling	Interval
17 1/2	13 3/8"	48#	H-40	ST&C	0-389'
12 1/4"	8 5/8"	24#	K-55	ST&C	0-1840'
7 7/8"	4 1/2"	11.60#	N-80	LT&C	0-6865

Applesauce "AZR" Federal #1 Page 2

- 1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8
 - A. CEMENTING PROGRAM:

Surface Casing: 420 sx in place Intermediate Casing: 580 sx in place Production Casing: 1,000 sx. TOC 4000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

This well will be drilled with a brine system.

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' samples out from under surface casing.

Logging: CNL/LDT, W/NGT TD-Surf csg; with CNL/GR up to Surf; DLL/MS

FL TD-Surf csg: BHC Sonic TD-SURF CSG

Coring: None

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0 From: 900' TO: 900' TO: 6865' Anticipated Max. BHP: 375 PSI Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN Applesauce "AZR" Federal #1 500' FNL and 990' FWL

500' FNL and 990' FWL Section 25-T11S-R27E Chaves 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.

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 25 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Roswell on Highway 380 approx. 16 miles to Aleut Road. Turn right (South) and drive approx. 5.9 miles on main rd. (Continue south past Rock House Ranch sign.) Turn left (East) on lease road in front of Cooper Cattle Company sign and gate. Drive East approximately 0.8 of a mile (past dirt pit). Continue East at intersection. Drive approx. 0.6 of a mile to gate. Pass gate and drive on road approx. 0.7 of a mile to the Southwest corner of the location.

2. PLANNED ACCESS ROAD:

No new access road needed since there is an existing road to the location.

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 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:

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

Applesauce "AZR" Federal #1 Page 2

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: NONE

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.

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 leveled.
- 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 after they have evaporated and dried.

11. SURFACE OWNERSHIP: Thomas S. Cooper Las Cruces, New Mexico

A surface agreement has been reached with Mr. Cooper

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.

Applesauce "AZR" Federal #1 Page 3

13. OPERATOR'S REPRESENTATIVE:

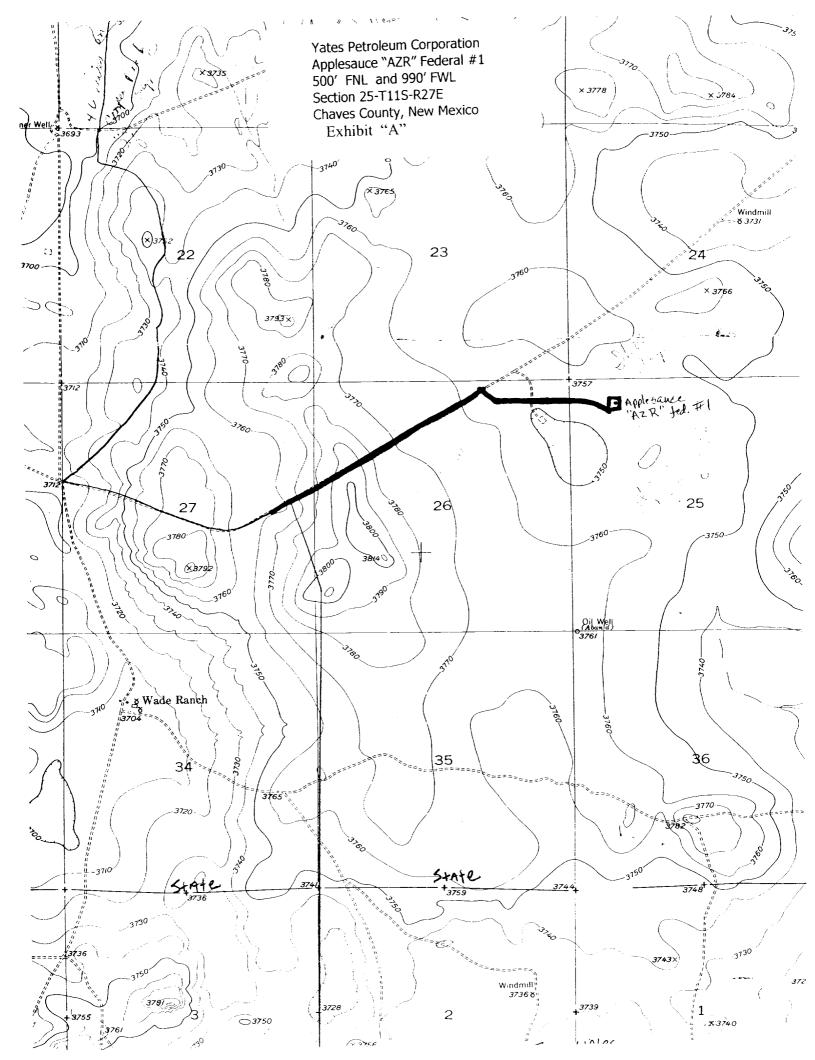
- A. Through A.P.D. Approval:
 Pat Perez, Permit Agent
 Yates Petroleum Corporation
 105 South Fourth Street
 Artesia, New Mexico 88210
 Phone (505) 748-1471
- B. Through Drilling, Completions & Prod. Pinson McWhorter, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New 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.

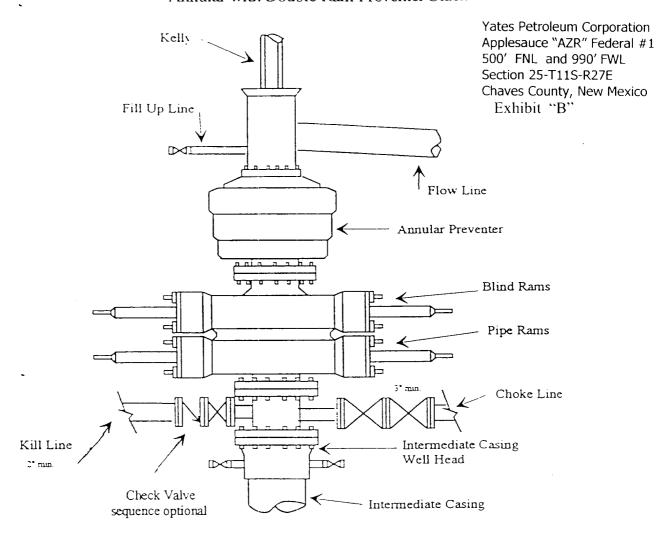
9/11/2001

Regulatory Agent

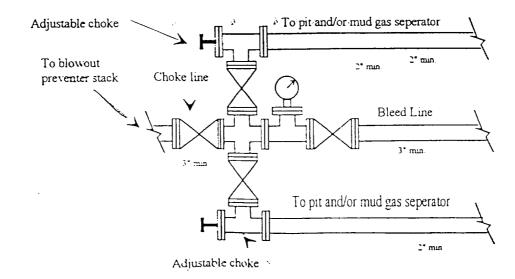


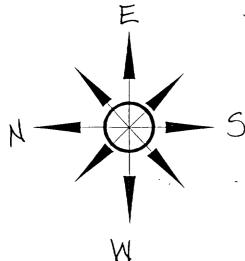
Yates Petroleum Corporation

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features

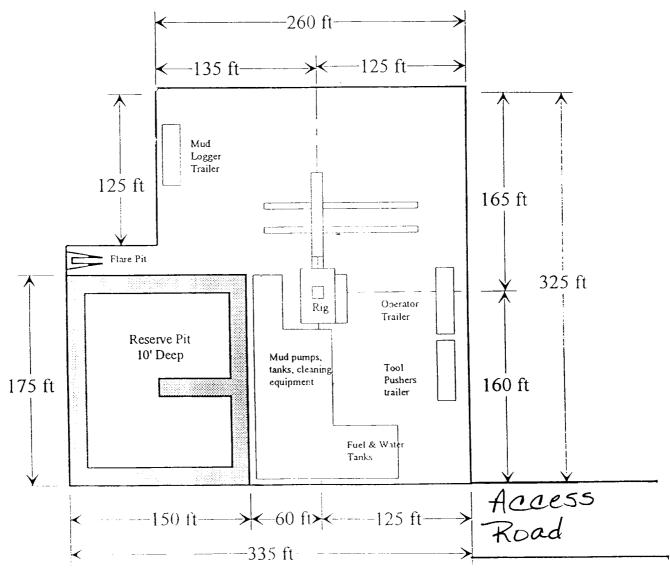




Yates Petroleum Corporation

Location Layout for Permian Basin Up to 12,000'

> Yates Petroleum Corporation Applesauce "AZR" Federal #1 500' FNL and 990' FWL Section 25-T11S-R27E Chaves County, New Mexico Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above differentian should be a maximum

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