

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

951

OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☐ DRILL ☒ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

9557E

3A. Address 105 South Fourth Street

Artesia, New Mexico 88210

3b. Phone No. (include area code)

(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

1980' FSL and 1980' FWL, Unit K

At proposed prod. Zone

same as above

14. Distance in miles and direction from nearest town or post office*

Approximately twenty (20) miles NE of Roswell, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

1980'

16. No. of Acres in lease

955.40

17. Spacing Unit dedicated to this well

320acres - S/2

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

3000'

19. Proposed Depth

6200'

20. BLM/BIA Bond No. on file

NM-2811

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3756' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

30 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

Pat Perez by Clifton May

Name (Printed/Typed)

Pat Perez

Date

5/3/02

Title:

Regulatory Agent

Approved by (Signature)

/s/LARRY D. BRAY

Name (Printed/Typed)

/s/LARRY D. BRAY

Date

JUN 3 4 2002

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

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)

Former: R & R Resource
Wanda J Fed #1
P&H 6-22-89

RECEIVED
2002 MAY -6 AM 9:49
BUREAU OF LAND MGMT.
ROSWELL OFFICE

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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	Pool Name Undesignated Foor Ranch North
Property Code	Property Name MARGENE "AWM" FEDERAL	Well Number 5
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3689

Surface Location

UL or lot No. K	Section 19	Township 9S	Range 26E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 1980	East/West line WEST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320 S/2		Joint or Infill	Consolidation Code	Order No.					

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

				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Pat Perez</u> Signature</p> <p><u>Pat Perez</u> Printed Name</p> <p><u>Regulatory Agent</u> Title</p> <p><u>05/03/02</u> Date</p>	
				<p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p><u>4/22/2002</u> Date Surveyed</p> <p><u>See Attached Plat</u> Signature & Seal of Professional Surveyor</p> <p><u>HERSCHEL L. JONES</u> Certificate No. Herschel L. Jones RLS 3640</p> <p>MARGENE LAND SURVEYING COMPANY</p>	
<p>N.33°30'58.8" W.104°20'22.2"</p> <p>1980'</p> <p>1980'</p> <p>NM-26069</p>					

Form C-102
Revised 1-1-89

MAR 28 1989

BONWELL, NEW MEXICO

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

ICT III
io Brazos Rd., Aztec, NM 87410

All Distances must be from the outer boundaries of the section

or		Lease		Well No.	
O & R Resources		Wanda J. Federal		1	
letter	Section	Township	Range	County	
K	19	9 South	26 East	Chaves	NMPM
Footage Location of Well:					
1980	feet from the	South	line and	1980	feet from the
					West
					line
d level Elev.	Producing Formation		Pool	Dedicated Acreage:	
3686	Abo		Pecos Slope Abo	160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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.

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

Signature _____

Printed Name _____

Jeff Roberts

Position

Agent

Company

R & R Resources

Date _____

3/28/89

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 _____

March 2, 1989

Signature & Seal
Professional Surveyor

P.R.

Certificate No.
8112

YATES PETROLEUM CORPORATION
Margene "AWM" Federal #5
1980' FSL and 1980' FWL
Section 19-T9S-R26E
Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well originally drilled by R & R Resources as the Wanda J Federal #1 and abandoned June 22, 1989. Yates' plan is to re-enter the well with a drilling rig 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 4,850'. The well will be deepened to 6,200' +/- . Mud to be used will be 9.2 – 9.5 ppg brine water with a 55-70 viscosity. After reaching the new TD, a new suite of open hole logs will be run and if the new logs indicate any zones have a potential to be productive, then a string of 5 1/2 casing will be run to TD and cemented to bring the top of the cement to 3500' +/- . The well will be completed with a pulling unit and the zones that might be tested are the Wolfcamp @ 5,300', the Cisco @ 5,500' the Strawn @ 5,800' or the Silurian @ 6,000'. If none of these zones are productive, then the Abo might be tested for production.

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

San Andres	725'	Wolfcamp	4750'
Glorieta	1800'	Cisco	5330'
Tubb	3295'	Strawn	5440'
Abo	4030'	Basement-Granite	5550'
		TD	6200'

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

Water: 150'-200'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 2000# 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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-878'	878'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0-6200'	6200'

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

2. YPC requests a variance be granted in requiring the casing and BOPE to be tested to 2000 psi to testing the casing and BOPE to 1000 psi. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 psi. We would have to go to the greater expense of hiring an independent service company to do the testing. Also, the maximum shut-in bottom hole formation pressure is 2200 psi. Pressure at the surface is less than 1000 psi. We feel that a 1000 psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

B. CEMENTING PROGRAM:

Surface Casing: 450 sx in place.

Production Casing: 700 +/- sx in place, TOC 3500'.

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: Platform Express, CNL/LDT W/NGT to TD to surface casing, w/ GR/CNL TD to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI TD - top of Wolfcamp.

Coring: Sidewall

DST's: None

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

Anticipated BHP:

From: 0	TO: 878'	Anticipated Max. BHP: 400 PSI
From: 878'	TO: 6200'	Anticipated Max. BHP: 2800 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 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Margene "AWM" Federal #5
1980' FSL and 1980' FWL
Section 19-T9S-R26E
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.

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 well site is located approximately 20 miles east of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east out of Roswell, NM on HWY 380 to Alamo Road. Turn left on Alamo and go approx. 1.9 miles to Y. Take left fork for approx. 1.6 miles to another Y. Take right fork and go approx. 2.3 miles to a crossroad. Turn right (North) and go approx. 1.9 miles (just before corrals). Turn right (East) and go around dirt pit for approx. 0.8 of a mile to the Rolla TC #2 location. Follow road north approx. 0.9 of a mile to two-track road on the left (right before Margene #1 location). Turn left on road and drive approx. 0.8 of a mile to lease road and turn left (south). Drive south approx. 600' to a two-track road and turn right, follow road to the fence where a cattle guard will have to be placed. Continue west approx. 2000' to dry hole marker.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 3000' in length from the point of origin to the southeast corner of the drilling pad.
- 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 both sides. No traffic turnout will 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 well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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, possibly in Roswell, and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits which may be required.

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 landfill. 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. Note: Pits to East Southeast.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.


10. PLANS FOR RESTORATION:

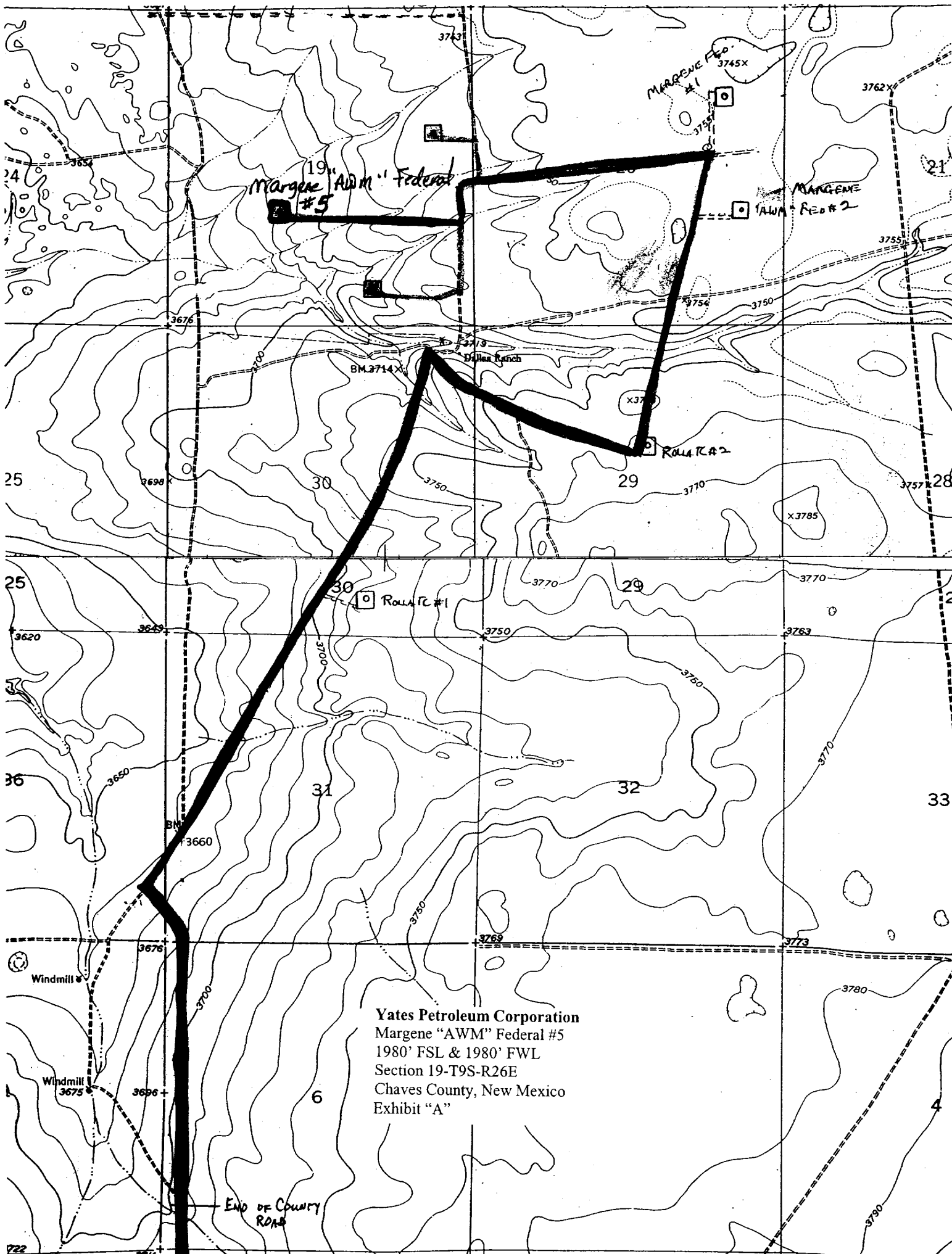
- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, 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: The access road and location is on private lands belonging to Mr. Jack Hagelstein, P. O Box 3281, Roswell, NM 88210, Ranch (505) 623-7046. I certify that Yates Petroleum Corporation has reached an agreement with Mr. Hagelstein as to YPC's operations that are to be conducted on his lands.
12. OTHER INFORMATION:
- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for grazing.
13. OPERATOR'S REPRESENTATIVE:
- | | |
|---|---|
| A. Through A.P.D. Approval:
Pat Perez, Regulatory 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:

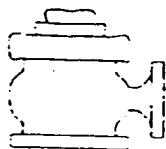
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

5/3/02


Regulatory Agent



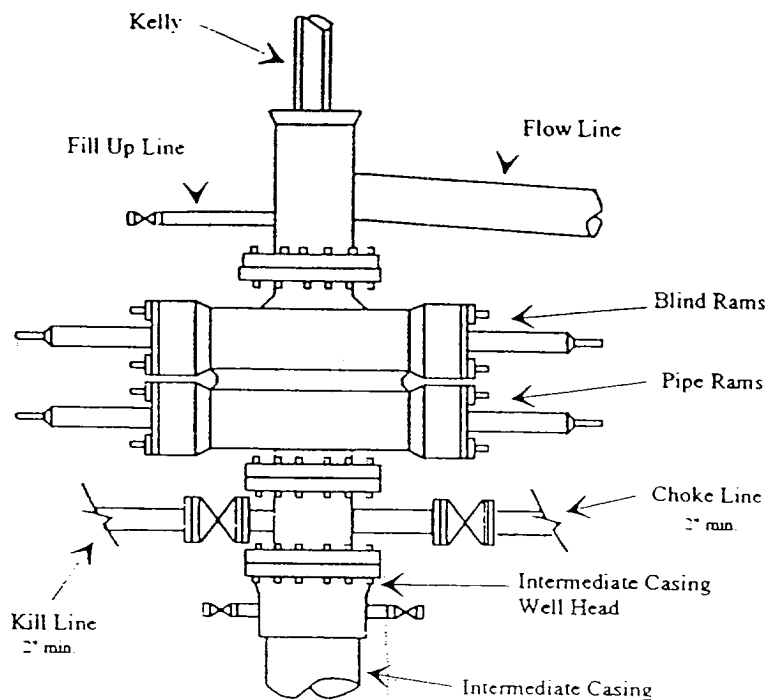
Yates Petroleum Corporation
Margene "AWM" Federal #5
1980' FSL & 1980' FWL
Section 19-T9S-R26E
Chaves County, New Mexico
Exhibit "A"



Yates Petroleum Corporation

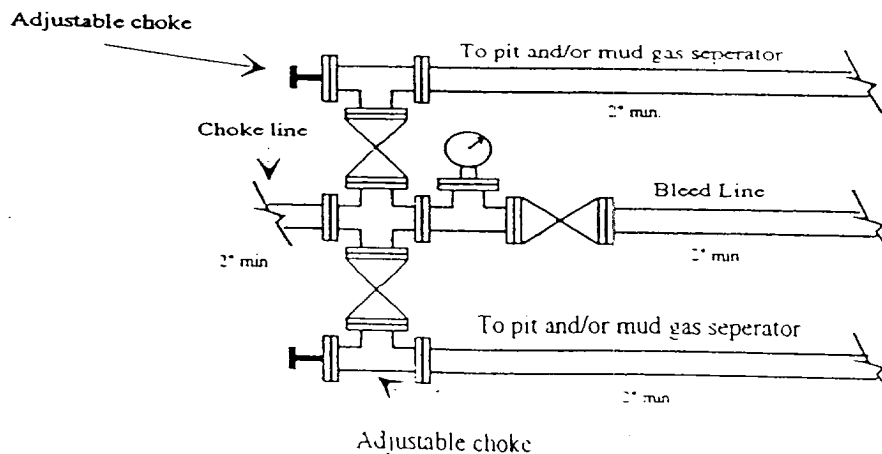
BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Yates Petroleum Corporation
Margene "AWM" Federal #5
1980' FSL & 1980' FWL
Section 19-T9S-R26E
Chaves County, New Mexico
Exhibit "B"

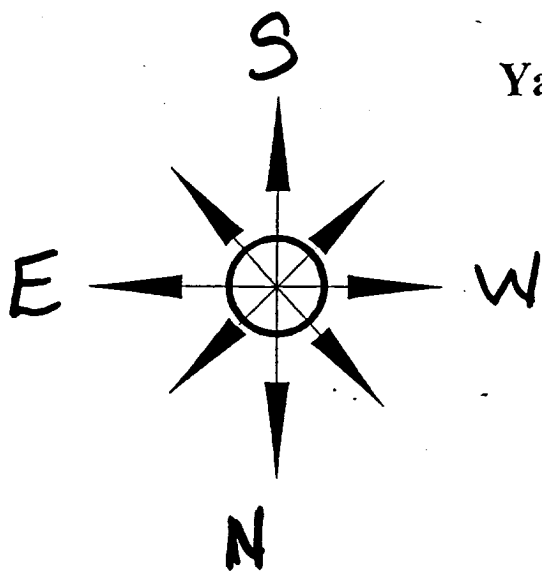
Typical 2,000 psi choke manifold assembly with at least these minimum features



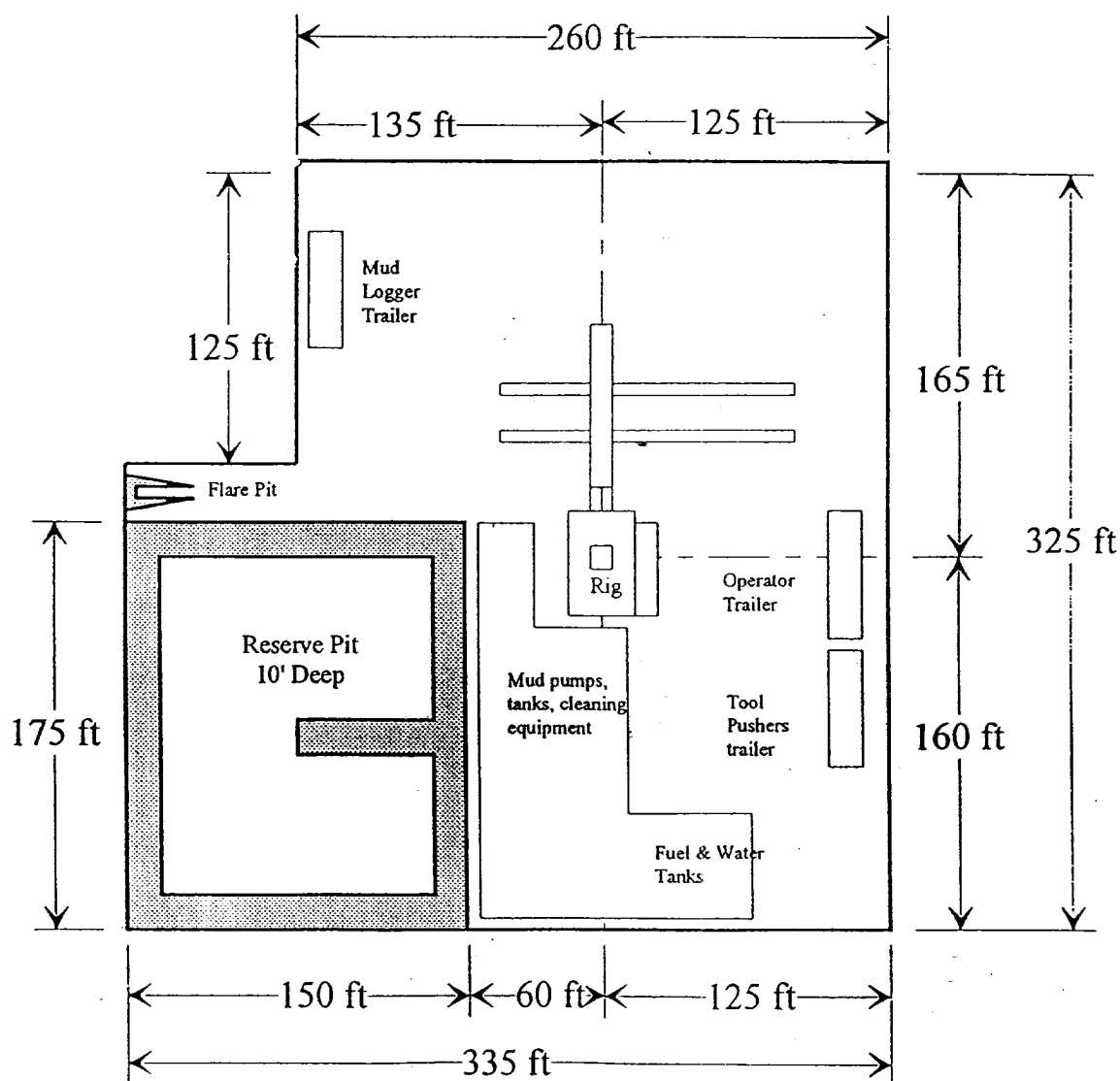
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

Yates Petroleum Corporation
Margene "AWM" Federal #5
1980' FSL & 1980' FWL
Section 19-T9S-R26E
Chaves County, New Mexico
Exhibit "C"



Pits East 1



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

