

50-105-62923
Form approved.
Budget Bureau No. 1004-0138
Expires August 31, 1985

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
1980' FSL and 1980' FEL; Unit J
At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 38 miles northeast of Roswell, 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
17. NO. OF ACRES ASSIGNED TO THIS WELL
19. PROPOSED DEPTH
20. ROTARY OR CABLE TOOLS

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3924' GR

22. APPROX. DATE WORK WILL START*
ASAP

5. LEASE DESIGNATION AND SERIAL NO.
NM-14755

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Powers "OL" Federal

9. WELL NO.
8

10. FIELD AND POOL, OR WILDCAT
X Pecos Slope Abo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 21-T6S-R25E

12. COUNTY OR PARISH
Chaves

13. STATE
NM

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.50#	650'	585 sacks - Circulate
12 1/4"	*8 5/8"	24.0 #	1450'	250 sacks - 250'
7 7/8"	4 1/2"	9.5 #	TD	700 sacks - 850'

*8 5/8" casing to be set if lost circulation is encountered. If lost circulation is not encountered, the hole will be reduced to 7 7/8" at 1450'.

Yates Petroleum Corporation proposes to drill and test the Abo and intermediate formations Approximately 650' of surface casing will be set and cement circulated to shut off gravel and cavings. If needed due to lost circulation, 8 5/8" intermediate casing will be run to 1450' and cemented to 1200'. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud mud to 650'; FW gel/LCM to 1450'; cut Brine to 3400'; SW gel, Starch, and diesel to TD.

BOPE PROGRAM: BOPE will be installed on the 13 3/8" casing and tested daily.

GAS NOT DEDICATED

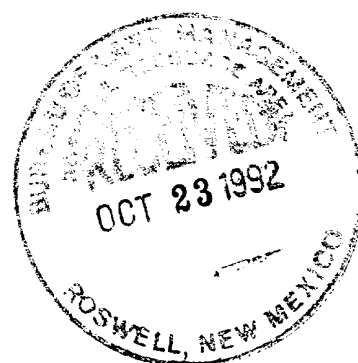
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Clifton R. May TITLE Permit Agent DATE 10-20-92
(This space for Federal or State office use)

PERMIT NO. David Stout APPROVAL DATE 11/12/92
APPROVED BY David Stout TITLE Asst Area Manager DATE 11/12/92
CONDITIONS OF APPROVAL, IF ANY:

APPROVAL OF THIS PERMIT IS NECESSARY FOR THE PERMITTEE TO DRILL OR CERTIFY THAT THE PERMITTEE IS IN COMPLIANCE WITH THE PERMITTABLE TITLE TO THOSE TO WHOM THE PERMIT IS ISSUED. See Instructions On Reverse Side

ENTITLED TO THE PROTECTION OF THE FEDERAL GOVERNMENT. U.S.C. Section 1001, makes 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.



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

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

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

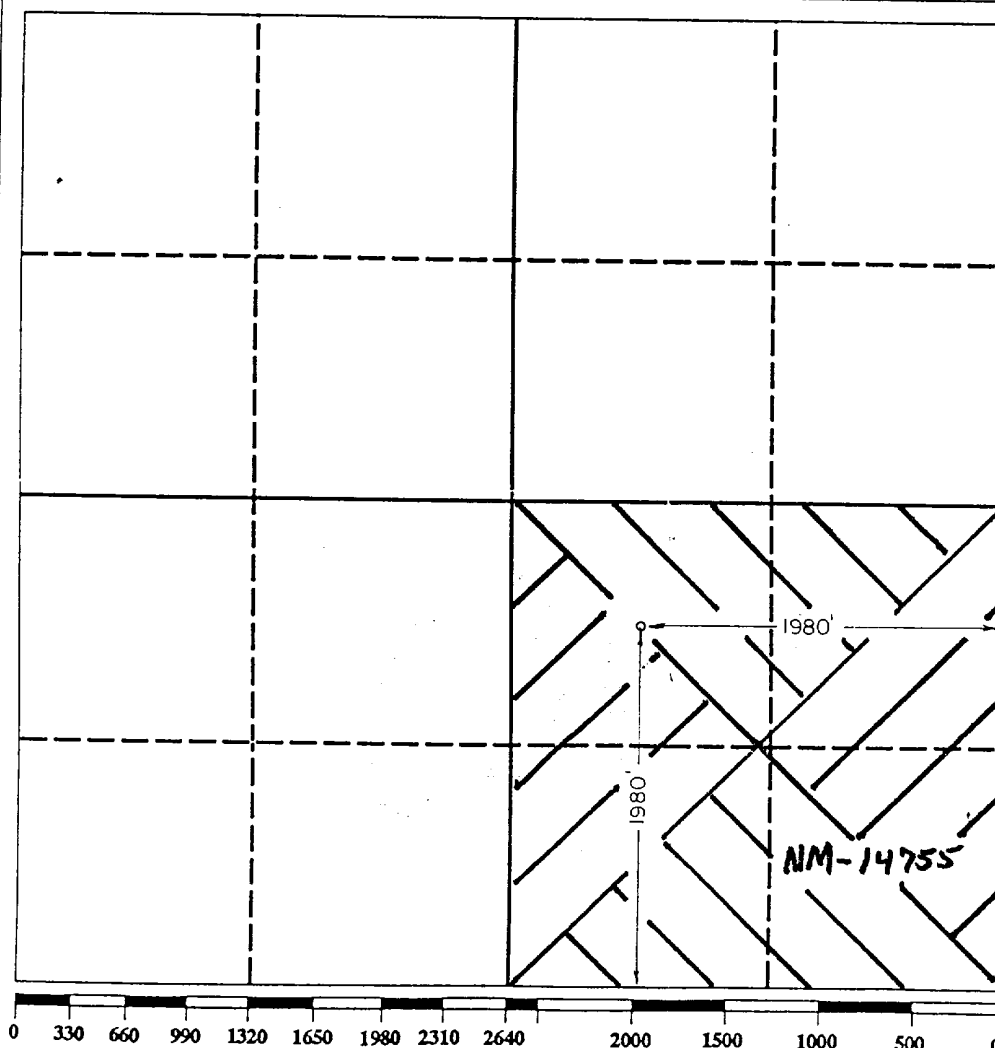
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease POWERS "OL" FEDERAL		Well No. 8
Unit Letter J	Section 21	Township 6 SOUTH	Range 25 EAST	County NMPM CHAVES	
Actual Footage Location of Well: 1980 feet from the SOUTH line and 1980 feet from the EAST line					
Ground level Elev. 3924	Producing Formation Abo	Pool PECOS SLOPE Abo	Dedicated Acreage: 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.



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
October 20, 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
10/13/92
Signature & Seal of
Professional Surveyor
Certificate No.
3640



YATES PETROLEUM CORPORATION
Powers "OL" Federal #8
1980' FSL and 1980' FEL
Section 21-T6S-R25E
Chaves County, New Mexico
DRILLING PROGNOSIS

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:

Surface	Sandy Alluvium
San Andres	516'
Glorieta	1,425'
Tubb	3,000'
Abo	3,653'
TD	4,250'

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS, OR MINERAL FORMATIONS:

Water:	250' - 300'
Gas:	3675'

3: PRESSURE CONTROL EQUIPMENT - (Schematic Attached)

A. The Blow-Out Preventer will be equipped as follows:

1. One (1) blind ram (above)
2. One (1) pipe ram (below)
3. Kill line (2-inch minimum)
4. One (1) kill line valve (2-inch minimum)
5. One (1) choke line valve
6. Two (2) adjustable chokes.
7. Upper kelly cock valve with handle available
8. Safety valves & subs to fill all drill strings in use
9. 2-inch (minimum) choke line
10. Fill-up line above the upper most preventor

B. Pressure Rating: 2,000 PSI

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>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	54.5#	J-55	8RD	ST&C	0-650'	650'
*12 1/4"	8 5/8"	24#	J-55	8RD	ST&C	0-1450'	1450'
7 7/8"	4 1/2"	9.5#	J-55	8RD	ST&C	0-4250'	4250'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing to be tested to 1500 PSI to testing the casing to 1000 PSI. The rig pumps will be used to test the casing. 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 to do the testing. Also, the maximum shut-in bottom hole pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.



* 8 5/8" casing to be set if lost circulation is encountered. If lost circulation is not encountered, the hole size will be reduced to 7 7/8" at 1450'.

B. CEMENTING PROGRAM:

Surface Casing: Set with 335 sx HL "C" + 1/4#/sx Flocele + 2% CaCl₂ with weight of 12.7 ppg and Yield 1.84 cu.ft./sx. Tail in 250 sx "Class C" with 2% CaCl₂ with weight of 14.8 ppg and yield 1.32 cu.ft./sx, circulated to surface.

*Intermediate Casing: If needed will be set with 250 sx Class C with 2% CaCl₂ with weight of 14.8 ppg and yield 1.32 cu.ft./sx with top of cement being approximately 1200'.

Production Casing: Set with 700 sx 65/35 Poz "C" with 2% Gel + .6% Halad - 332 + 2#/sx salt with weight of 14.1 ppg and yield 1.22 cu.ft./sx with cement top being approximately 3400'.

A greater amount of cement will be used if necessary to ensure that all potentially productive hydrocarbon zones are cemented off. Fill-up to be determined from logs.

5. MUD PROGRAM:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1450'	FW Gel/LCM	8.6-9.9	32-40	N/C
1500'-3400'	Cut Brine	8.6-9.9	28	
3400' - TD	S.Gel/Starch & Diesel	9.3	31-39	15cc

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

6. EVALUATION PROGRAM:

Samples: Every 10' out from under surface casing.

Logging: CNL/LDT - TD to casing w/GR/CNL to surface; DLL w/RXO - TD to casing.

Coring: None Anticipated.

DST's: Any tests will be based on the recommendation of the well site geologist as warranted by breaks and shows.

7. ABNORMAL CONDITIONS

No abnormal temperatures or pressures are anticipated. No H₂S has been reported or is known to exist from previous drilling in this area at this depth.

8. ANTICIPATED STARTING DATES

Plans are to drill this well before the end of the year. 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
Powers "OL" Federal #8
1980' FSL and 1980' FEL
Section 21-T6S-R25E
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 BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 38 miles northeast of Roswell, New Mexico, and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Roswell on Highway 285 for approximately 23.5 miles to Cottonwood Ranch Road (NM 136). Turn right (east) and go approximately 6.5 miles. Take the left fork and go approximately .5 of a mile. Then right for approximately 2.2 miles. Turn left and go to the Hewitt IM Federal #3 location. The new access will start here from the NW corner of the pad.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately 2600' in length from point of origin to the southwest edge of the drilling pad. The road will lie in a easterly 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 new road will be bladed with drainage on one side. One traffic turnouts will be built.
- D. The route of the road is visible.

3. LOCATION OF EXISTING WELL

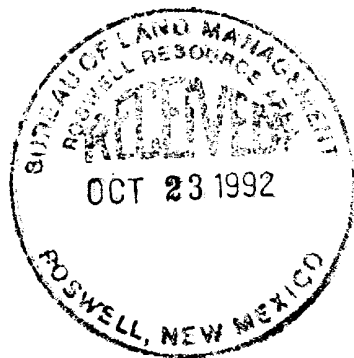
- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are 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. A local water trucking firm will be contracted to furnish the water. They will provide the water obtaining it from whatever sources available to them at their discretion. It will be trucked to the location over the existing and proposed roads shown in Exhibit A. A probable source is Pipeline #5 located in Section 35-T5S-R24E.



6. SOURCE OF CONSTRUCTION MATERIALS:

- A. The dirt contractor will come up with a pit to use for construction of the road and pad. Probably from the Corn Brothers pit in Section 8-T6S-R26E.

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:

- A. None required.

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.
- C. A 400' x 400' area has been staked and flagged.
- D. The top soil will be stored on the south side of location close to the SE Corner of pad.

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 levelled.
- 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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: Federal surface administered by the BLM.

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:	B. Through Drilling Operations, Completions and Production:
Clifton R. May, Permit Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471	Mike Slater, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

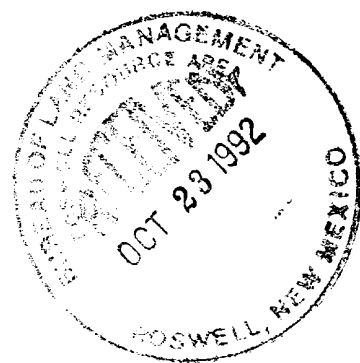
14. CERTIFICATION:

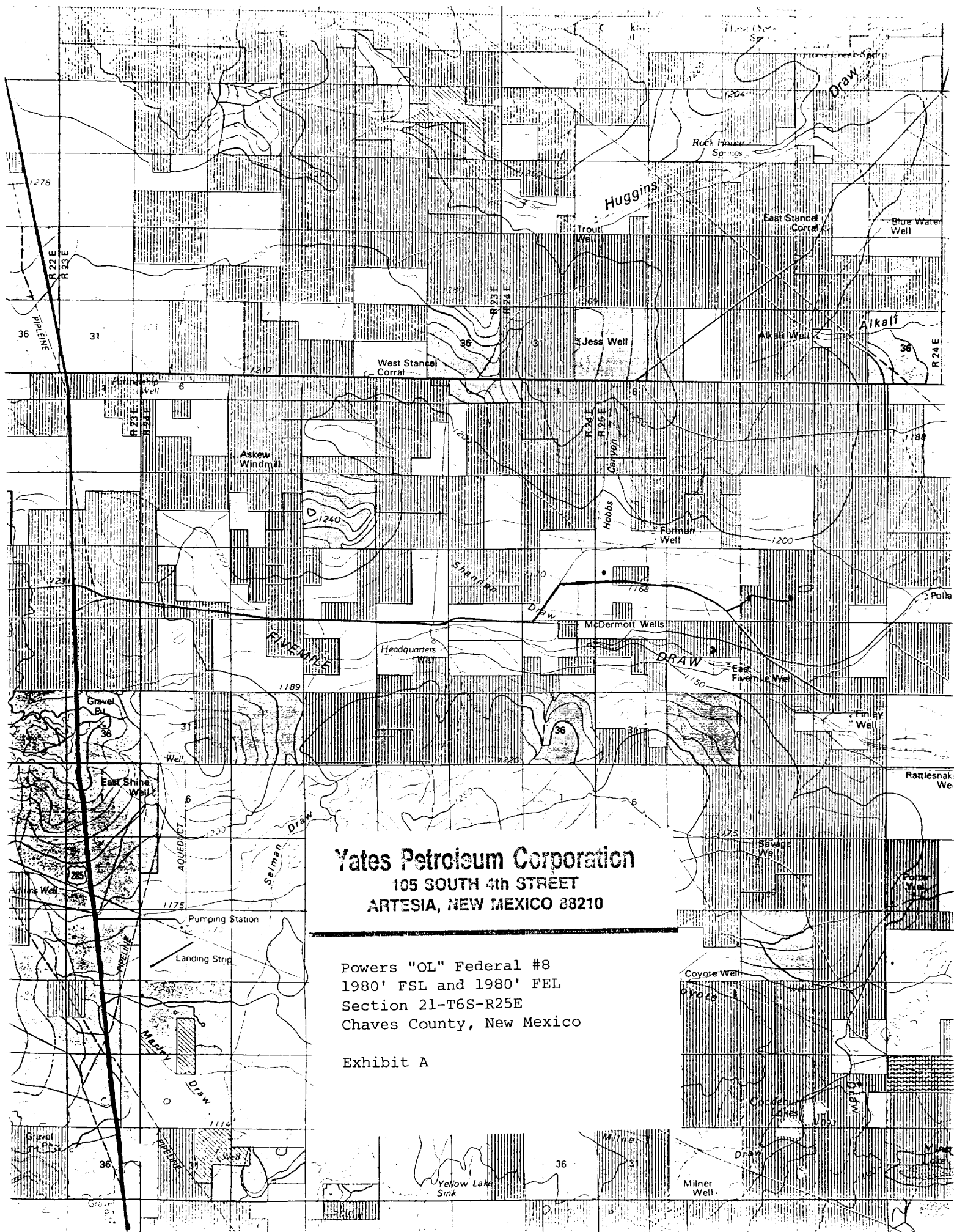
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated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

10-20-92

Date

Clifton R. May
Clifton R. May
Permit Agent



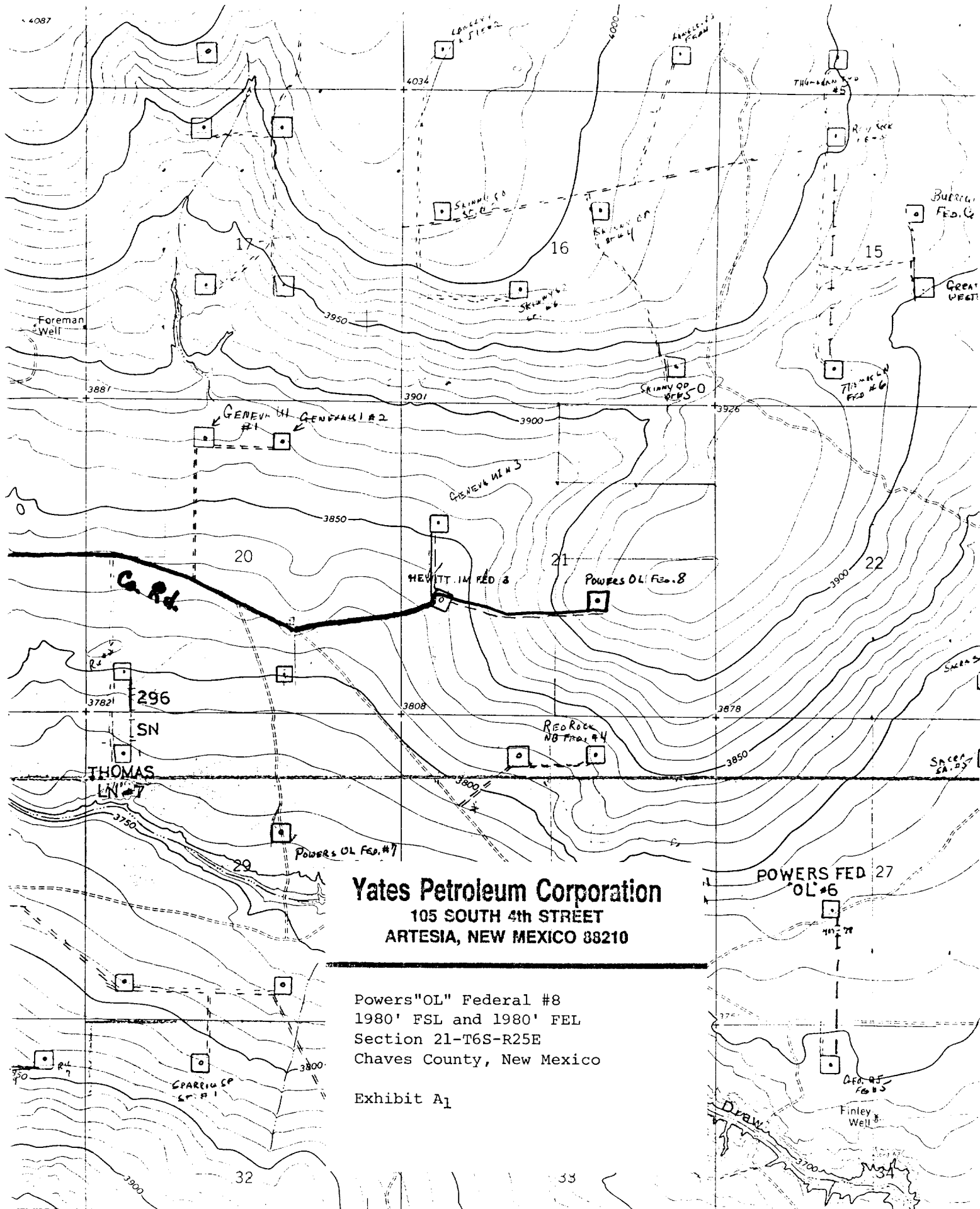


Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Powers "OL" Federal #8
1980' FSL and 1980' FEL
Section 21-T6S-R25E
Chaves County, New Mexico

Exhibit A

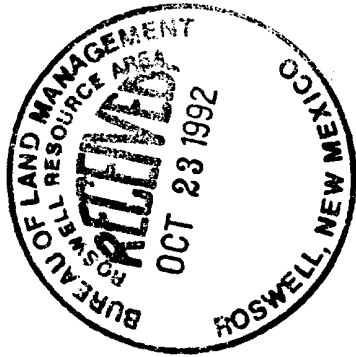




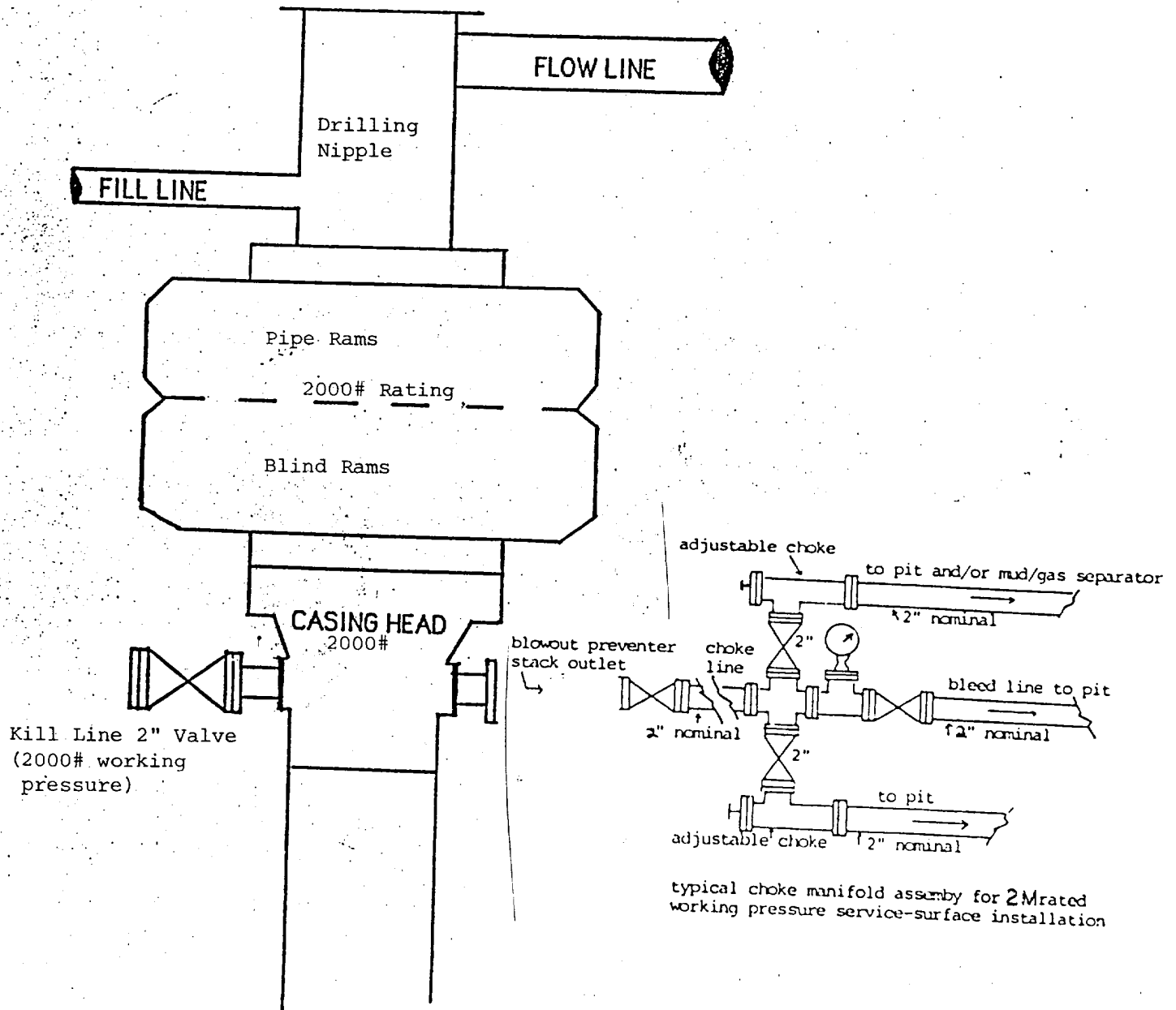
Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Powers "OL" Federal #8
1980' FSL and 1980' FEL
Section 21-T6S-R25E
Chaves County, New Mexico

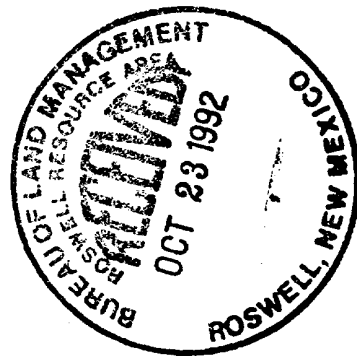
Exhibit A₁



YATES PETROLEUM CORPORATION

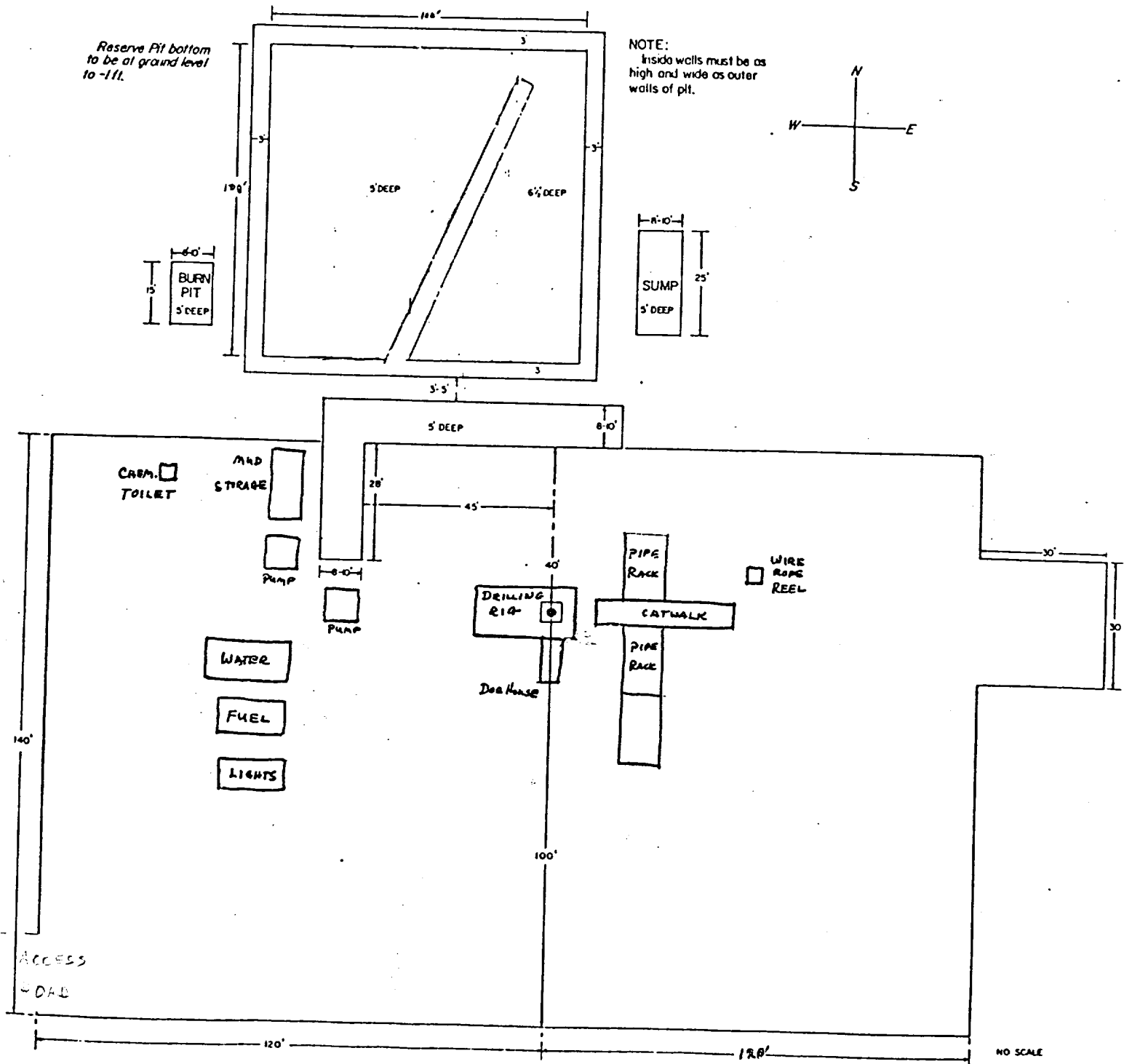


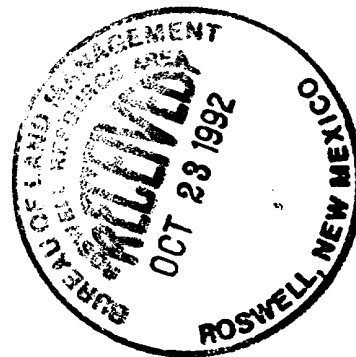
**BLOWOUT PREVENTER
2M SYSTEM**

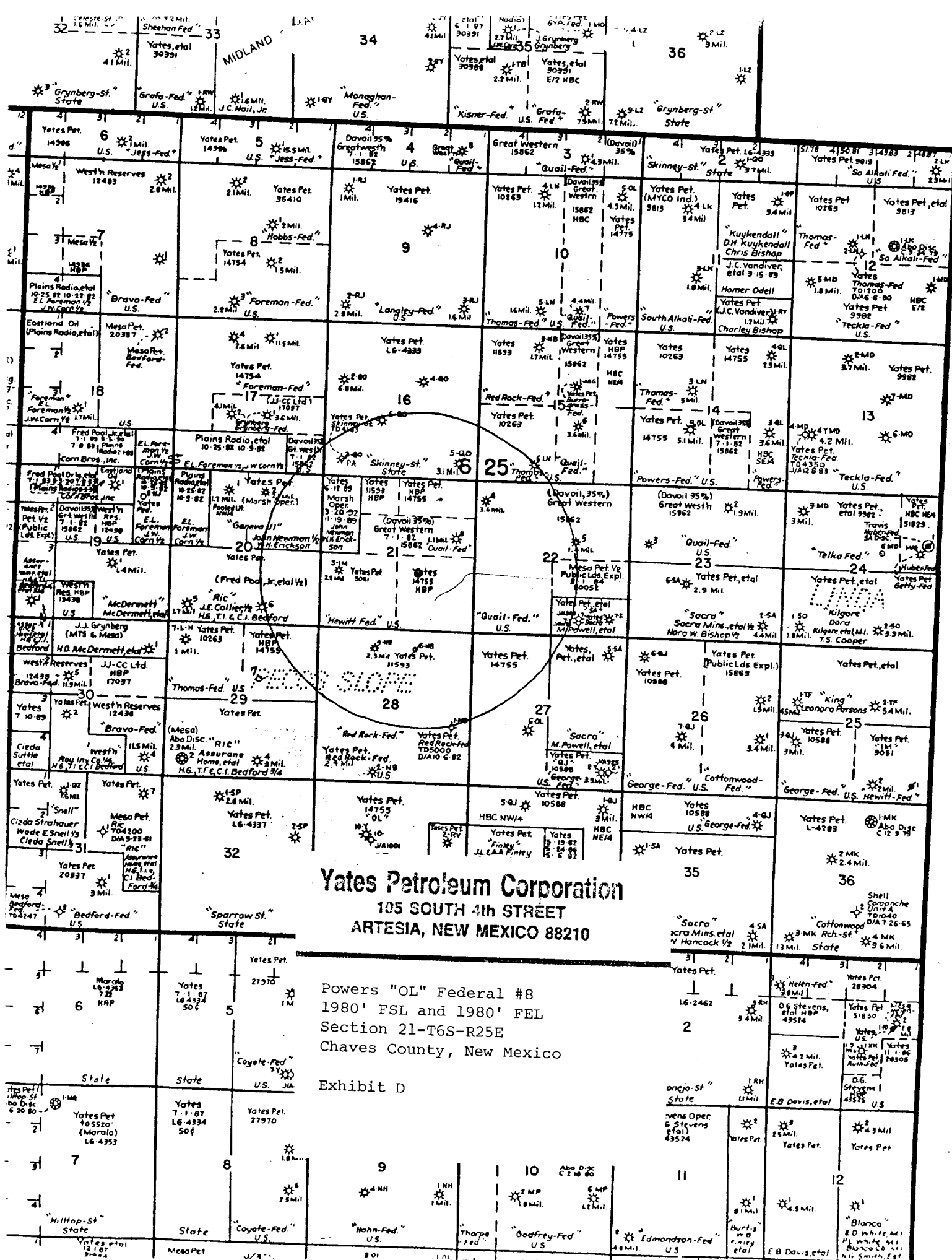


YATES PETROLEUM CORPORATION

EXHIBIT C







Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Powers "OL" Federal #8
1980' FSL and 1980' FEL
Section 21-T6S-R25E
Chaves County, New Mexico

Exhibit D



JOB No.



THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED* WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEETS THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

YATES PETROLEUM CORPORATION

ELEVATION PLAN VIEW ON POWERS "OL" FEDERAL #8,
1980/S & 1980/E, Section 21, T.6 S., R.25 E.,
NMPM, CHAVES COUNTY, NEW MEXICO.

P.O. Box 996 Lovington, New Mexico 88260

SCALE: 1" = ' DRAWN BY: erh

DATE: 10/14/92 SHEET 1 OF 2

HERSCHEL L. JONES

R.L.S. No. 3840

