

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-36715
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----
2. NAME OF OPERATOR Yates Petroleum Corporation ✓		7. UNIT AGREEMENT NAME Blackwater Unit
3. ADDRESS OF OPERATOR 105 South Fourth Street, Artesia, New Mexico		8. FARM OR LEASE NAME -----
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit I; 1980' FSL and 660' FEL At proposed prod. zone same		9. WELL NO. 3
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 18 miles northwest of Roswell, New Mexico		10. FIELD AND POOL, OR WILDCAT Wildcat Abo
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7-T9S-R22E
16. NO. OF ACRES IN LEASE 160		12. COUNTY OR PARISH Chaves
17. NO. OF ACRES ASSIGNED TO THIS WELL 160		13. STATE NM
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 3700'		19. PROPOSED DEPTH 3700'
20. ROTARY OR CABLE TOOLS Rotary		21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4186' GR
22. APPROX. DATE WORK WILL START* ASAP		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	900'	900 sacks - circulated
7 7/8"	4 1/2"	10.5#	TD	As warranted

Yates Petroleum Corporation proposes to drill and test the Abo and intermediate formations. Approximately 900' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW gel/LCM to 900'; Brine to 2400'; SW Gel and Starch to TD.

BOP PROGRAM: BOP's will be installed on the 8 5/8" casing and tested daily for operational.

GAS NOT DEDICATED

POST 10-1
2-12-93
NEWLX & API

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 12-23-92
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY Sandra L. Allen TITLE Area Manager DATE 2-4-93
CONDITIONS OF APPROVAL, IF ANY:

APPROVAL OF THIS APPLICATION 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.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

18 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.

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 2: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 3: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plots, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

DEC 24 1992

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 395; 43 CFR Part 3160.
 PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.
 ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.
 EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:
 This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.
 This information will be used to analyze and approve applications.
 Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

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

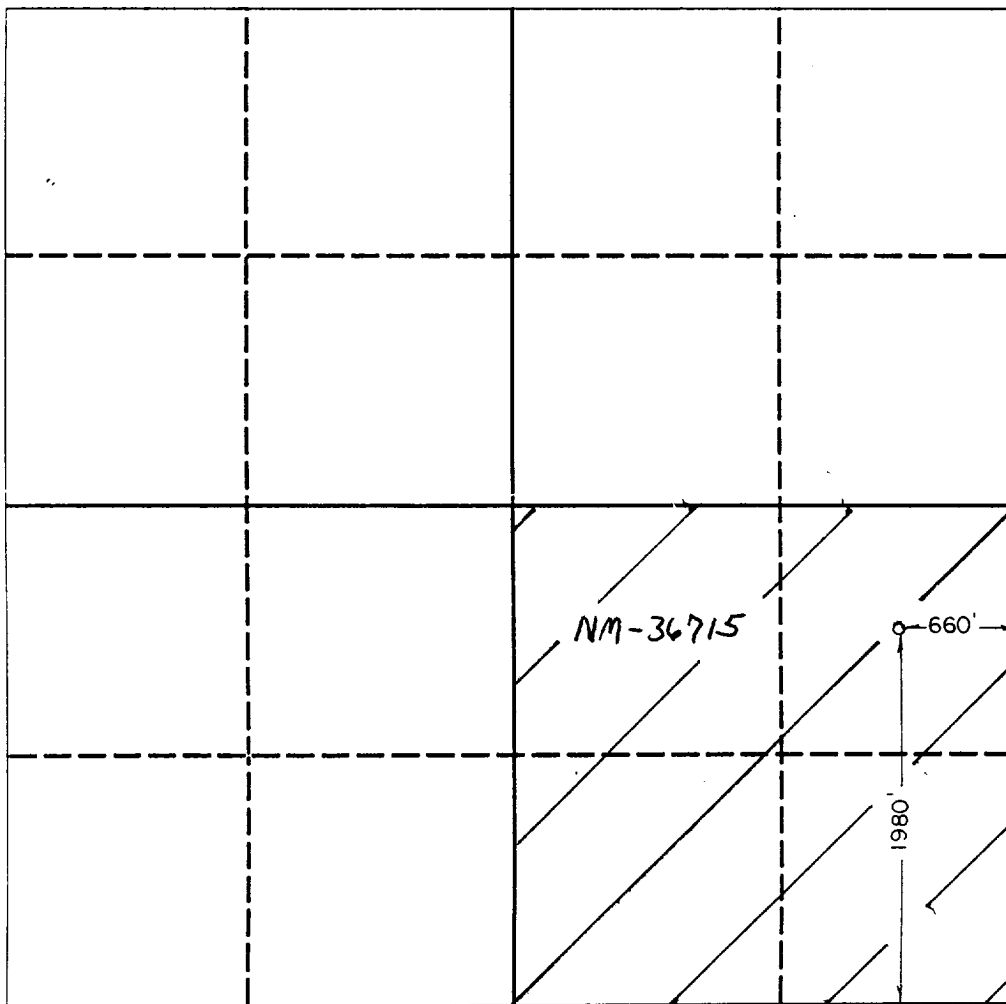
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease BLACKWATER UNIT		Well No. 3
Unit Letter I	Section 7	Township 9 SOUTH	Range 22 EAST	County CAHVES	
Actual Footage Location of Well: 1980 feet from the SOUTH line and 660 feet from the EAST line					
Ground level Elev. 4186	Producing Formation ABO		Pool WILDCAT ABO	Dedicated Acreage: 160 Acres	

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 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

December 23, 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

12/23/92

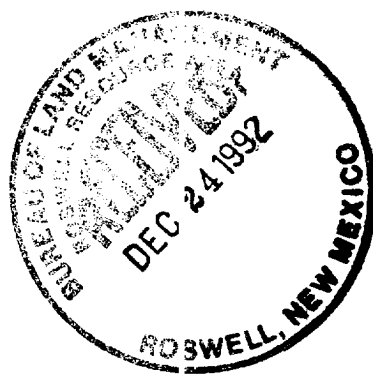
Signature & Seal of
Professional Surveyor

HERSCHEL
L. JONES

Certificate No.

3640

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



YATES PETROLEUM CORPORATION

Blackwater Unit #3

1980' FSL and 660' FEL

Section 7-T9S-R22E

Chaves County, New Mexico

DRILLING PROGNOSIS

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:

Glorieta	595'
Tubb	1,900'
Abo	2,553'
Granite	3,501'
TD	3,700'

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

Water:	250' - 300'
Gas:	2553'

3: PRESSURE CONTROL EQUIPMENT - (Schematic Attached)

A. The Blow-Out Preventor 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>
12 1/4"	8 5/8"	24#	J-55	8RD	ST&C	0-900'	900'
7 7/8"	4 1/2"	9.5#	J-55	8RD	ST&C	0-3700'	3700'

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.



B. CEMENTING PROGRAM:

Surface Casing: Set with 650 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.

Production Casing: Set with 600 sx 65/35 Poz "C" with 2% Gel + .6% Halad - 332 + 5# Gilsonite with weight of 13.8 ppg and yield 1.46 cu.ft./sx with cement top being approximately 2300'.

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>
0-900'	FW Gel/LCM	8.4-8.9	32-38	N/C
900'-2400'	Brine	9.6-10.1	29	
2400' - TD	SW Gel & Starch	9.7-10.2	31-34	20cc

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
Blackwater Unit #3
1980' FSL and 660' FEL
Section 7-T9S-R22E
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 16 miles northwest of Roswell, New Mexico, and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go out on Highway 285 to Pinelodge Road (246). Turn west on 246 and go approximately 15 miles to caliche road with Sacra Ranch sign. Turn north (right) and go approximately 2 miles and new access will start here and go east.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately .4 of a mile of two-track road to caliche and then right approximately 500' south to the northeast corner of pad.
- B. The road will not be bladed but caliche spread over the surface and compacted.

3. LOCATION OF EXISTING WELL

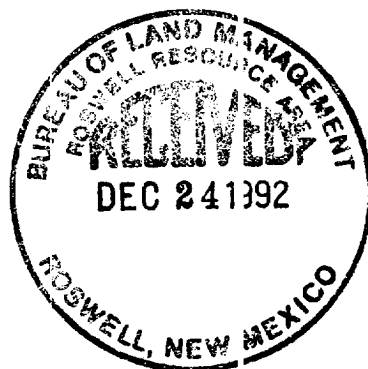
- A. There is no drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

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:

- A. Federal pit in the SWNE of Section 7-T9S-R22E.

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. A cross section of drillpad with approximate cuts, fills, and pad orientation is shown on Exhibit E.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.
- D. Location will be rotated with pits to the west.

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 BLM 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: Federal Surface administered by the BLM, Roswell, New Mexico

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:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:

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.

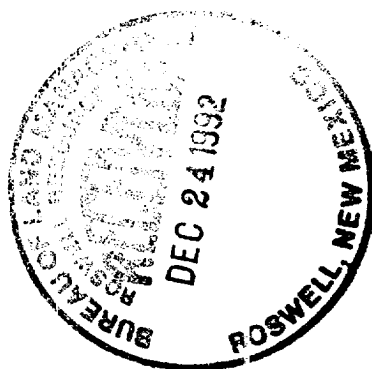
12-23-92

Date



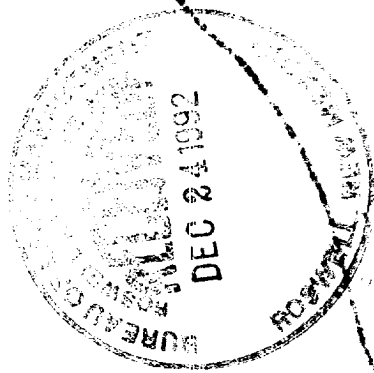
Clifton R. May
Permit Agent

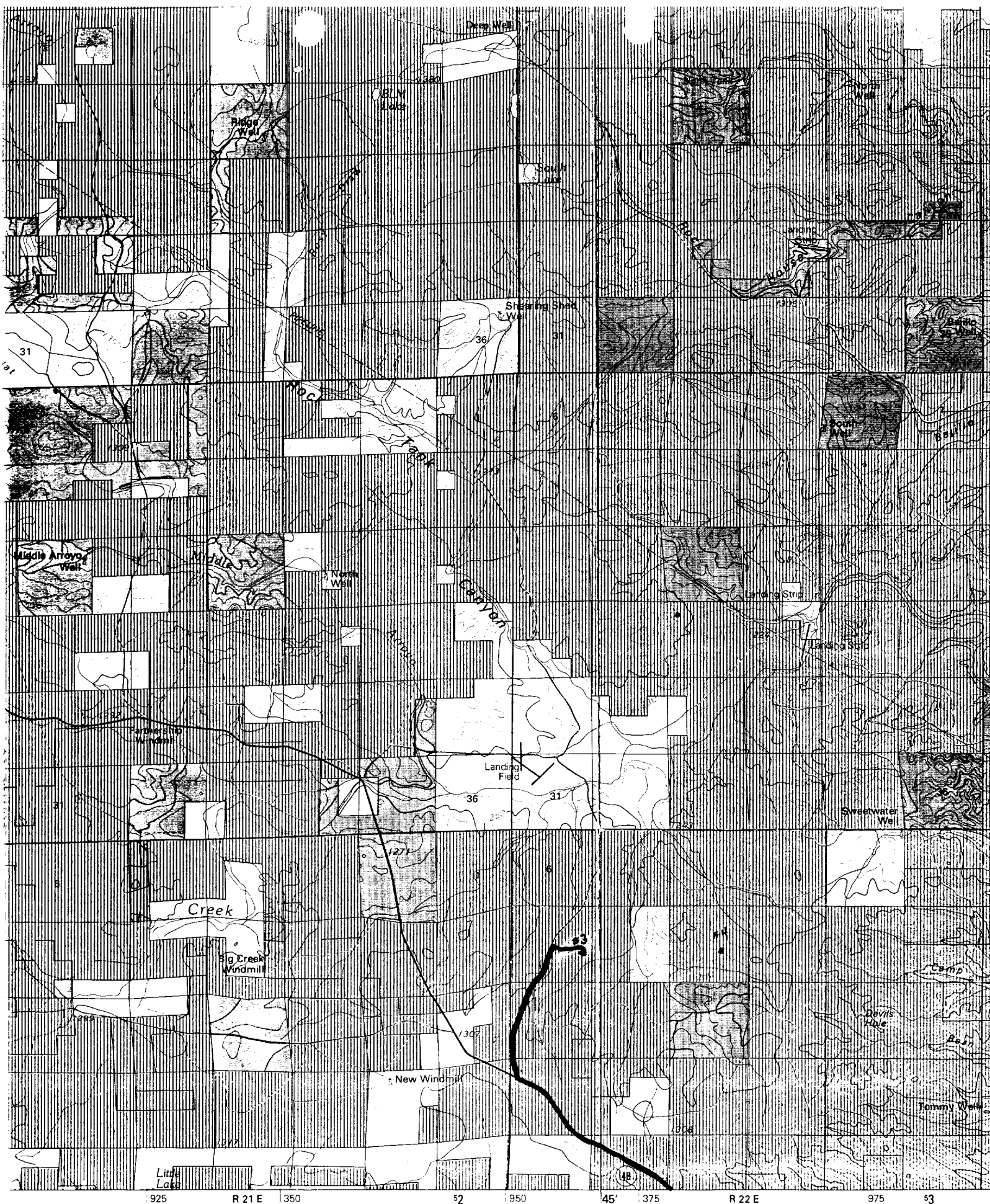
Gift S. M. 24



Blackwater Unit #3
1980' FSL and 660' FEL
Section 7-T9S-R22E
Chaves County, New Mexico

BARN DRAW)
5051 11 SW



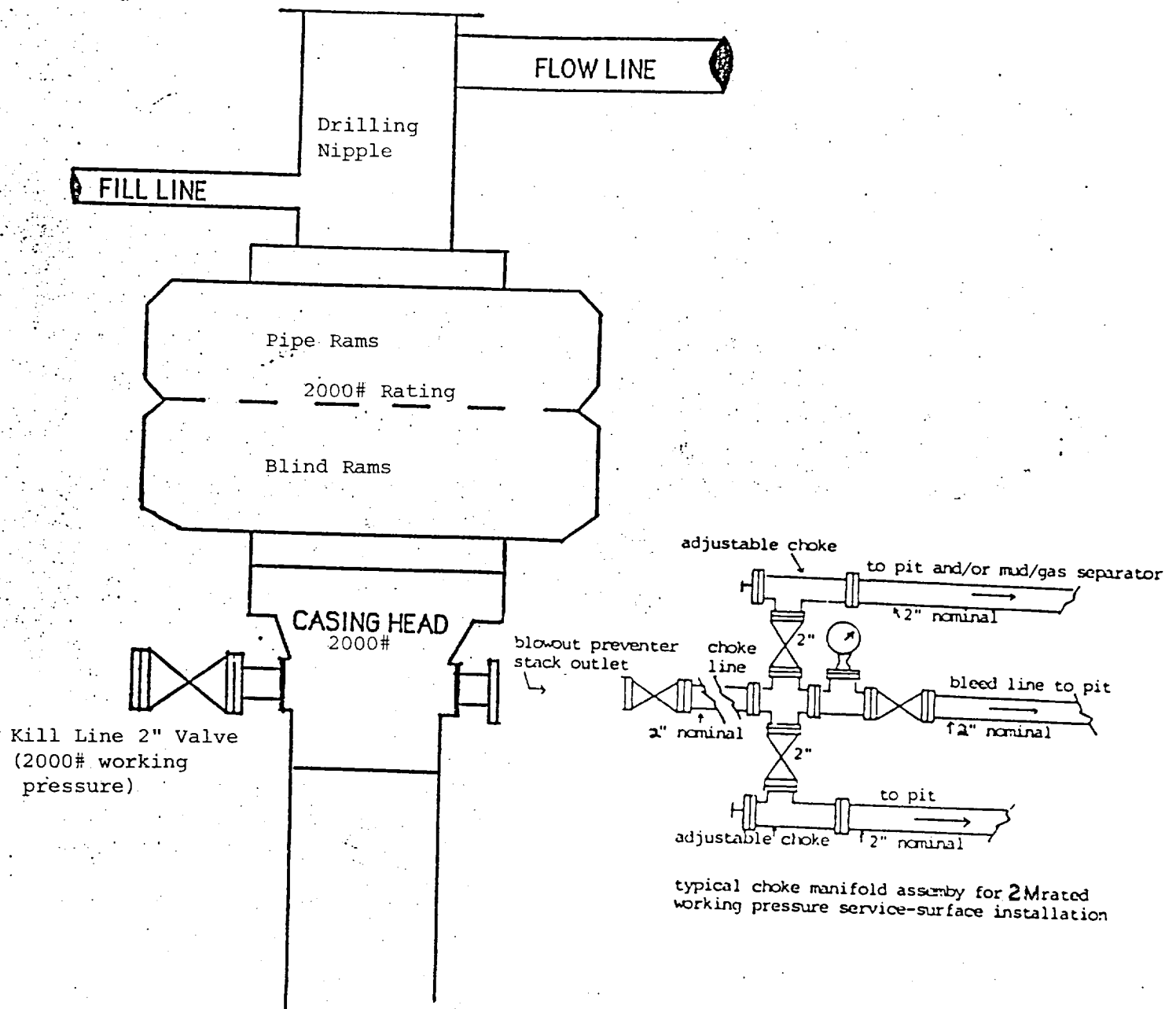


925 R 21 E 350 52 950 45' 375 R 22 E 975 53





YATES PETROLEUM CORPORATION



**BLOWOUT PREVENTER
2M SYSTEM**

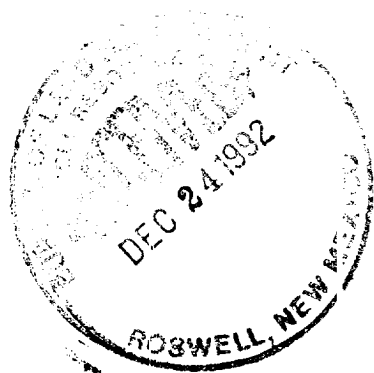
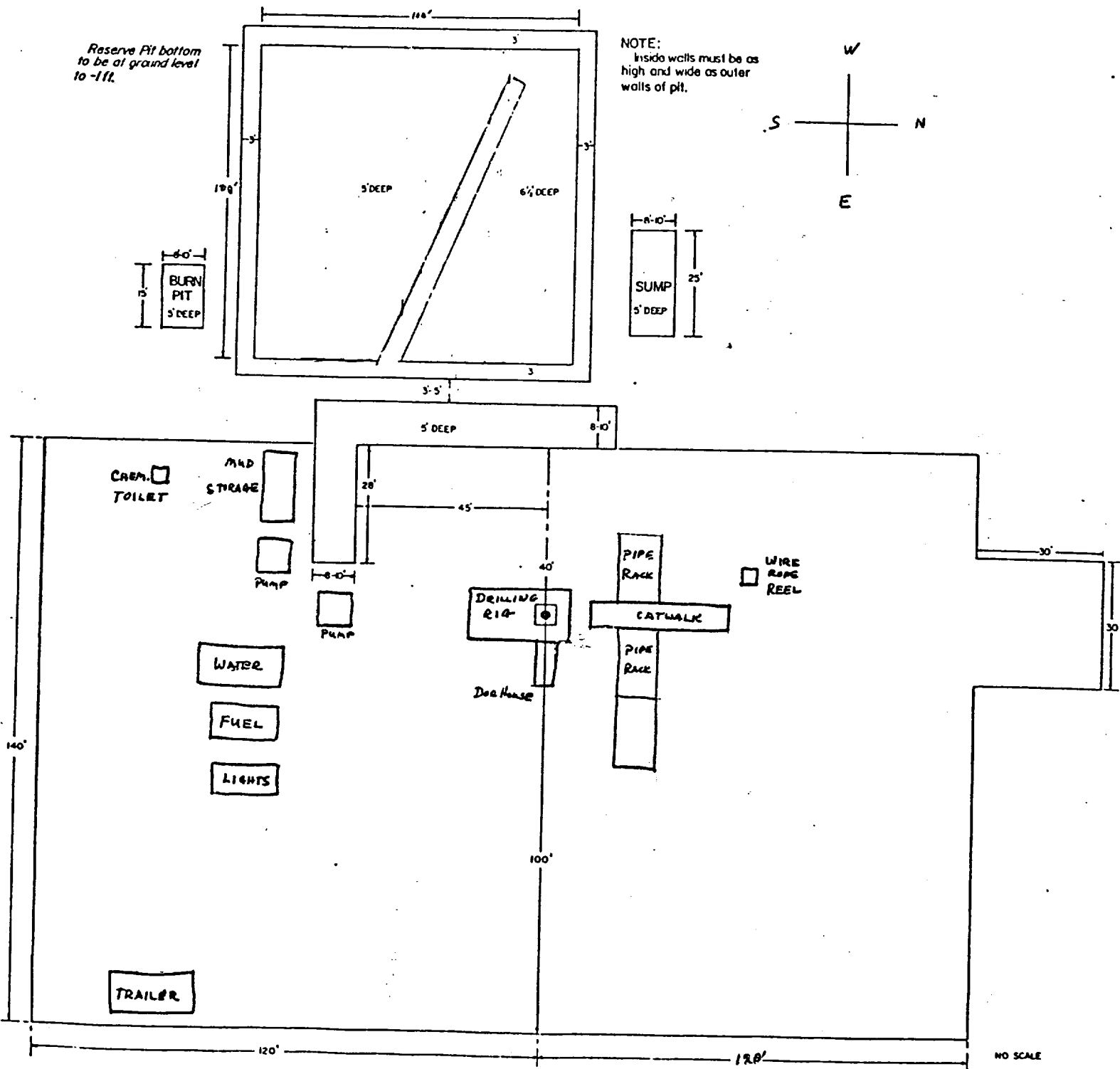
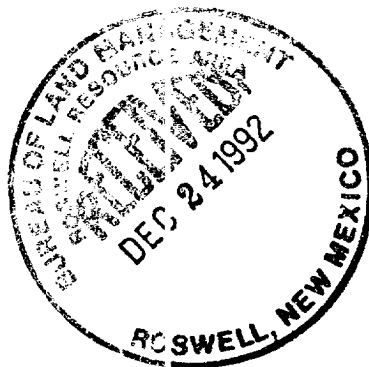


EXHIBIT C



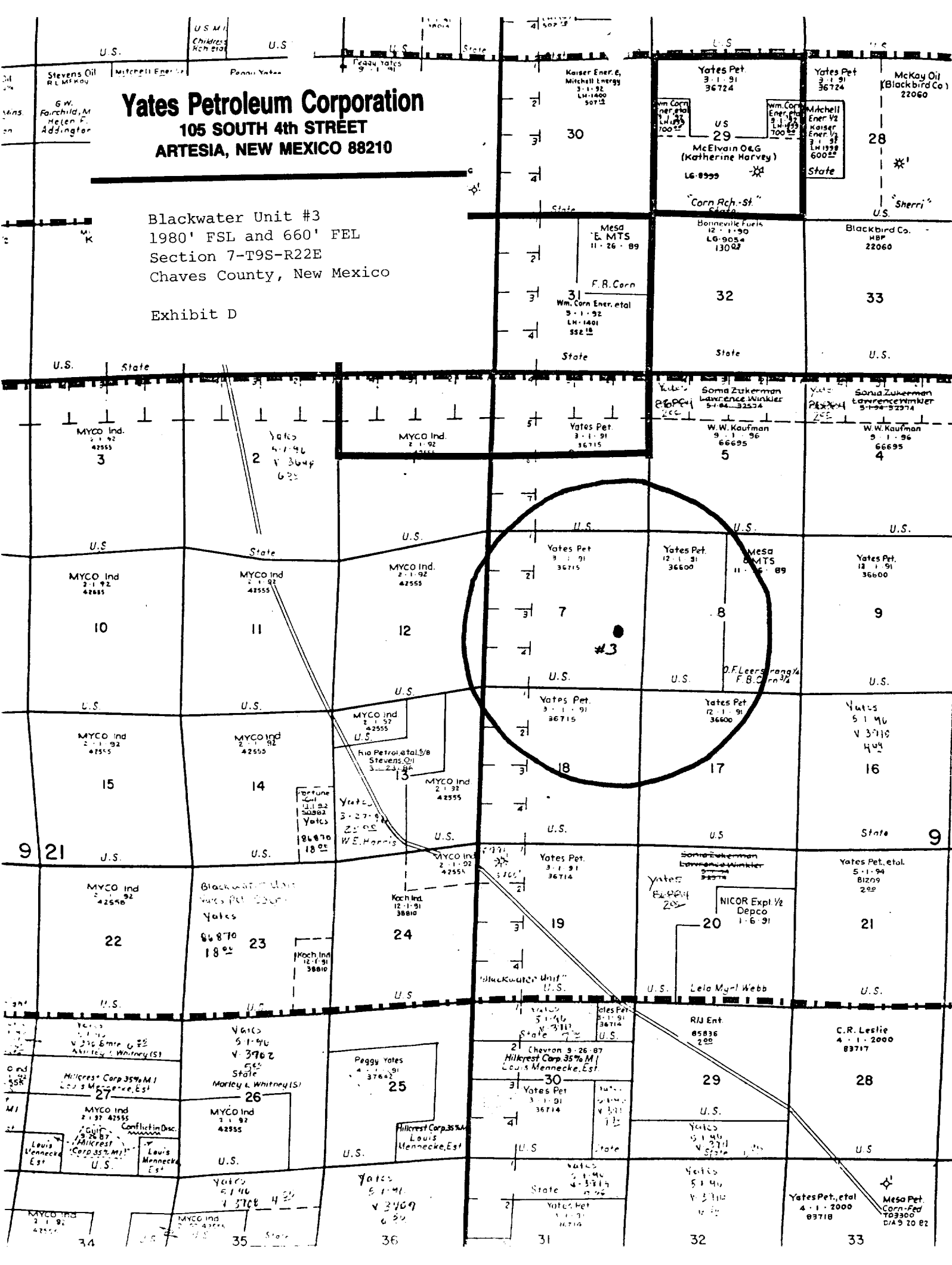


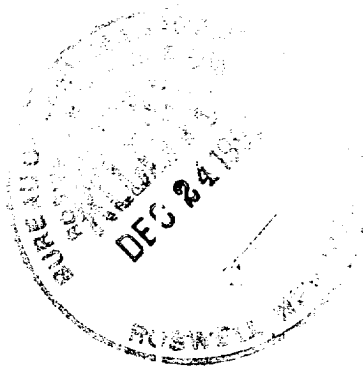
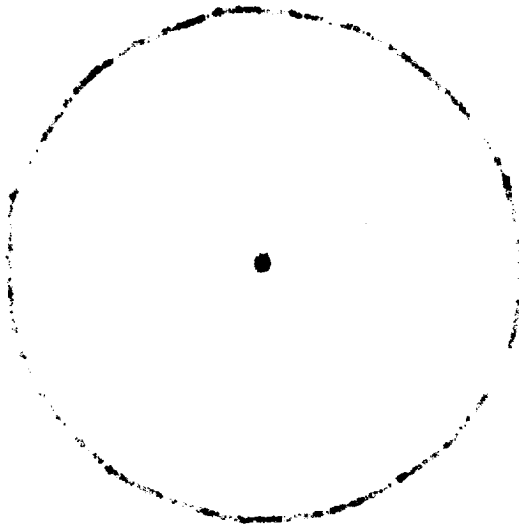
Yates Petroleum Corporation

105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

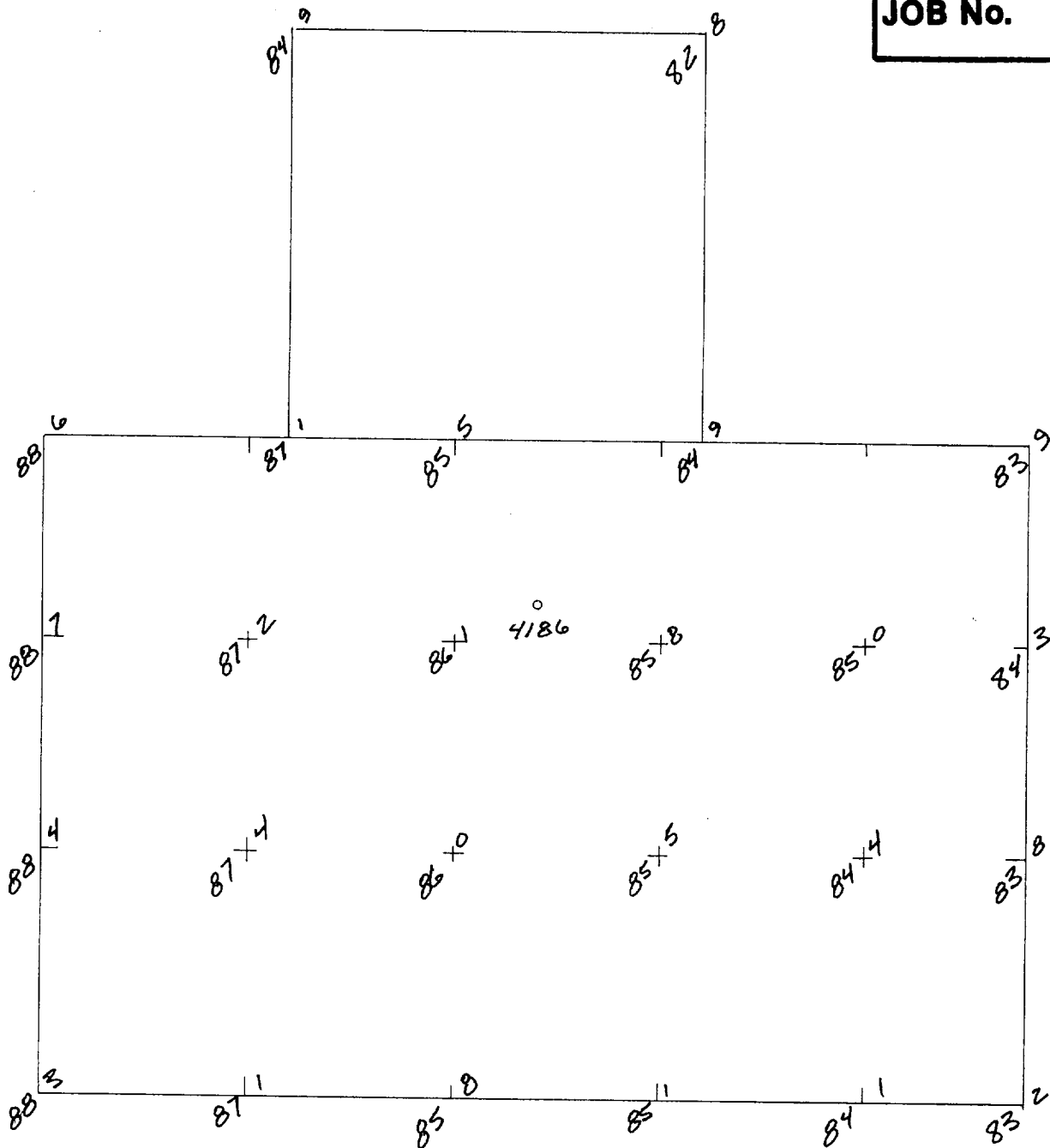
Blackwater Unit #3
1980' FSL and 660' FEL
Section 7-T9S-R22E
Chaves County, New Mexico

Exhibit D





JOB No.



THE PAD WILL BE ROTATED PUTTING
THE PITS TO THE WBS

