

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.  
NM-36410

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.  
Hobbs Federal #3

9. API WELL NO.  
30-005-62993

10. FIELD AND POOL, OR WILDCAT  
Pecos Slope ABO

11. SEC., T., R., M., OR BLE.  
AND SURVEY OR AREA  
H  
Sec. 8-T6S-R25E

12. COUNTY OR PARISH  
Chaves

13. STATE  
New Mexico

17. NO. OF ACRES ASSIGNED TO THIS WELL  
160

20. ROTARY OR CABLE TOOLS  
Rotary

22. APPROX. DATE WORK WILL START\*  
ASAP

1a. TYPE OF WORK  
DRILL ☒ DEEPEN ☐

b. TYPE OF WELL  
OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR  
YATES PETROLEUM CORPORATION ✓

3. ADDRESS AND TELEPHONE NO.  
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' FNL & 660' FEL  
At proposed prod. zone  
Same  
OCT 18 1993  
C.O.D.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
Approximately 40 miles NNE of Roswell, New Mexico

10. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
660'

16. NO. OF ACRES IN LEASE  
360

17. NO. OF ACRES ASSIGNED TO THIS WELL  
160

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
1320'

19. PROPOSED DEPTH  
4400'

20. ROTARY OR CABLE TOOLS  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
4057' GR

22. APPROX. DATE WORK WILL START\*  
ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4" 17 1/2"	13 3/8" 7 7/8"	54.5# J-55 76#	750' 900' - 950'	585 sacks circulated
8 7/8" 12 1/4"	* 8 5/8" 7"	24# J-55 70#	1500' 1450'	650 sacks circulated
7 7/8"	4 1/2"	9.5# J-55	4400'	575 sacks

\* 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 1500'.

Yates Petroleum Corporation proposes to drill and test the Abo and intermediate formations. Approximately 750' of surface casing will be set and cement circulated to shut off gravel and caving. If needed due to lost circulation 7 7/8" intermediate casing will be run to 1500' and cemented with adequate cover calculated to tie into the surface casing. If commercial, production casing will be run, cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Gel/LCM to 1500'; cut Brine to 3400' Salt Gel, Starch to TD

BOP PROGRAM: BOP's will be installed on the 13 3/8" casing and tested daily

GAS NOT DEDICATED.

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

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

24.

SIGNED

Clifton R. May

TITLE

PERMIT AGENT

DATE

9/3/93

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY

Shirley L. Allen

TITLE

Area Manager

DATE

10/13/93

\*See Instructions On Reverse Side

Title 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.

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

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 HOBBS FEDERAL		Well No. 3
Unit Letter H	Section 8	Township 6 SOUTH	Range 25 EAST	County CHAVES	

Actual Footage Location of Well:

1980 feet from the NORTH line and 660 feet from the EAST line	Ground level Elev. 4057	Producing Formation Abo	Pool PECOS SLOPE Abo	Dedicated Acreage: 160 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.

				1980'
		NM-36410		

OPERATOR CERTIFICATION

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

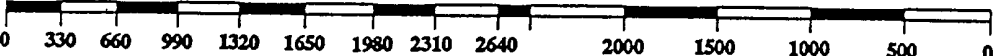
Signature Clifton R. May
Printed Name CLIFTON R. MAY
Position Permit Agent
Company Yates Petroleum Corporation
Date 9/3/93

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 8/19/93
Signature & Seal of Professional Surveyor

Certificate No. 3640
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# YATES PETROLEUM CORPORATION

Hobbs Federal #3  
1980' FNL & 660' FEL  
Sec. 8-T6S-R25E  
Chaves County, New Mexico

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

San Andres	752'
Glorietta	1482'
Abo	3652'
Wolf Camp	4300'
TD	4400'

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

Water:	250' - 350'
Oil or Gas:	3652'

3. Pressure Control Equipment: BOPE will be installed on the ~~13-3/8"~~<sup>9 5/8"</sup> 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.

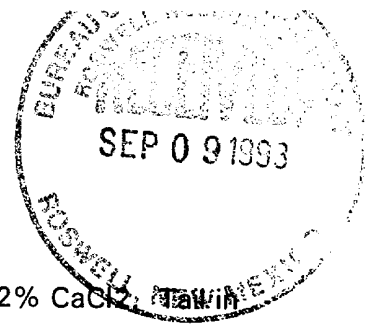
4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	Grade	Thread	Coupling	Interval	Length
<del>17 1/2" 14 3/4"</del>	<del>13 3/8"</del> <sup>9 5/8"</sup>	<del>54.50#</del> <sup>36</sup>	J55	8R	ST&C	<del>0-750'</del> <sup>800-850'</sup>	<del>750'</del> <sup>900-950'</sup>
<del>* 12 1/4" 8 3/4"</del>	<del>8 5/8" 7"</del> <sup>7"</sup>	<del>24#20</del>	J55	8R	ST&C	<del>0-1500'</del> <sup>1450'</sup>	<del>1500'</del> <sup>1450'</sup>
7 7/8"	4 1/2"	9.5#	J55	8R	LT&C	0-4400'	4400'
* OPTIONAL							

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 1500 PSI to testing the casing and BOPE 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 and 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: Cement with 335 sacks HLC + 1/4#/sk flocele + 2% CaCl<sub>2</sub> with 250 sacks 'C' + 2% CaCl<sub>2</sub>.

Intermediate Casing: (Optional) Cement with 400 sacks Haliburton Lite 'C' with 2% CaCl<sub>2</sub>. Tail in with 250 sacks Neat 'C' with 2% CaCl<sub>2</sub>.

Production Casing: 575 sacks 65/35 Poz C with 2% gel, .6% Halad 322, 2# salt.

**5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1500'	Gel/LCM	8.6 - 9.9	32-40	N/C
1500'-3400'	Cut Brine	8.6 - 10.0	28	N/C
3400'-TD	S. Gel/Starch	9.3 ppg	31-39	<15cc

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: 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: As warranted.

**7. Abnormal Conditions, Bottom hole pressure and potential hazards:**

Anticipated BHP:

From: 0	TO: 1500'	Anticipated Max. BHP: 200'	PSI
From: 1500'	TO: 3400'	Anticipated Max. BHP: 768'	PSI
From: 3400'	TO: 4400'	Anticipated Max. BHP: 1100'	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: 0-1500.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 105 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  
Hobbs Federal #3  
1980' FNL & 660' FEL  
Sec. 8-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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 40 miles North 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 31 miles to Dona Ana Road.. Turn east on Dona Ana road and go approximately 7.5 to Sierra Road  
Turn on Sierra Road and go approximately 1.3 miles. Turn left to the Hobbs Federal #2. The new road will leave the SE corner of pad and go to the SW corner of the Hobbs Federal #3 pad.

### **2. PLANNED ACCESS ROAD**

- A. The proposed new access will be approximately 1000' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a(n) 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 both sides. No traffic turnouts 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 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.
- C. A 3" steel flowline will be laid to the Hobbs Federal #2 pad (approximately 1000' in length to the north side of pad).

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. A possible water source may be the Cooper water station located in Section 5-T7S-R26E.

6. SOURCE OF CONSTRUCTION MATERIALS:

A Local dirt contractor will be hired to build this location. He will be responsible for obtaining proper permits and furnishing surfacing materials from a source of their choosing.

7. METHODS OF HANDLING WASTE DISPOSAL:

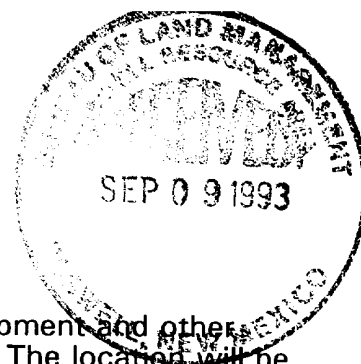
- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will 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

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.



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:

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

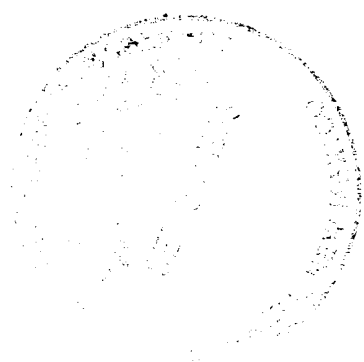
14. CERTIFICATION:

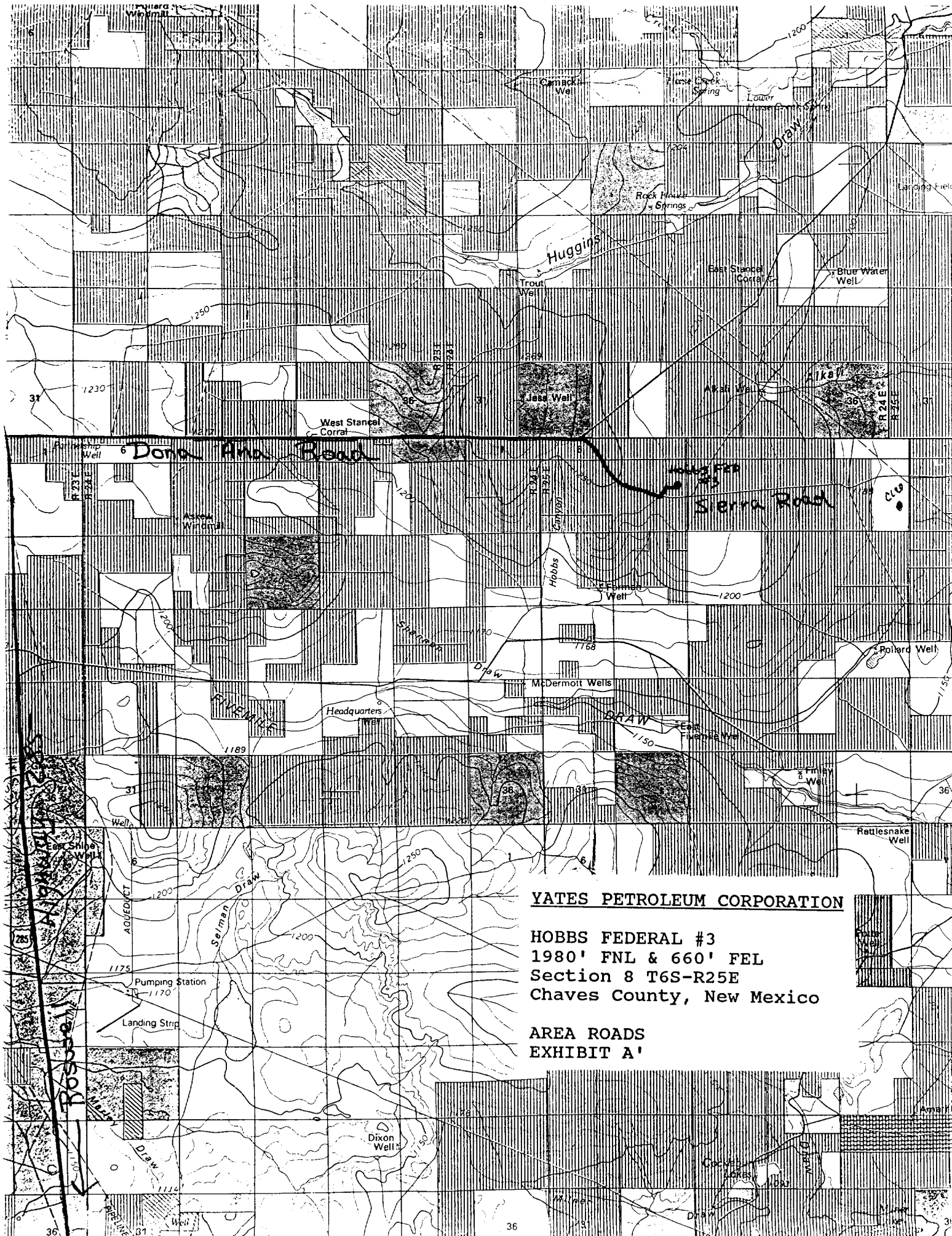
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated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

9/3/93

Clifton R. May  
Permit Agent







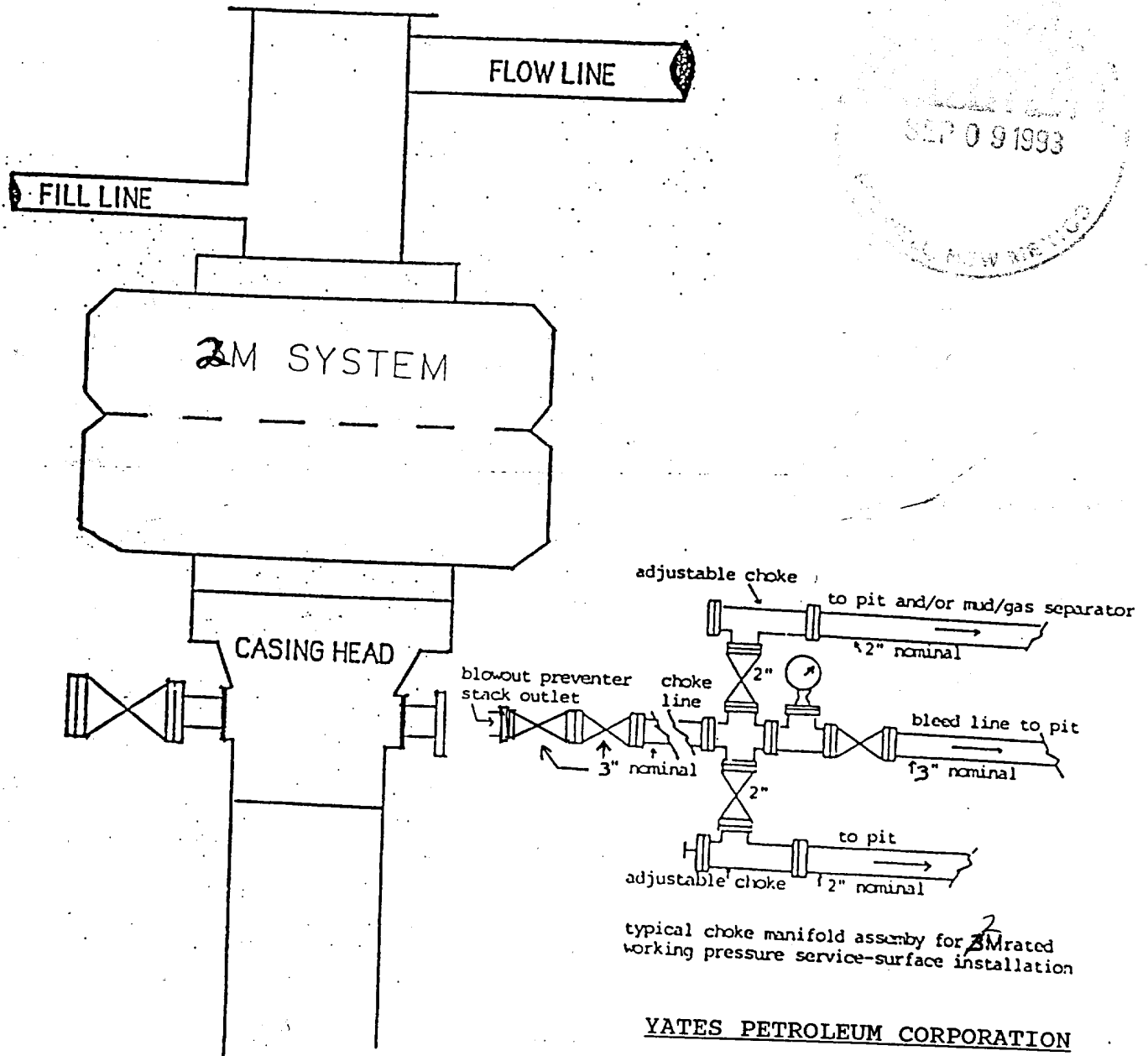
**YATES PETROLEUM CORPORATION**

**HOBBS FEDERAL #3  
1980' FNL & 660' FEL  
Section 8 T6S-R25E  
Chaves County, New Mexico**

**AREA ROADS  
EXHIBIT A'**



# YATES PETROLEUM CORPORATION

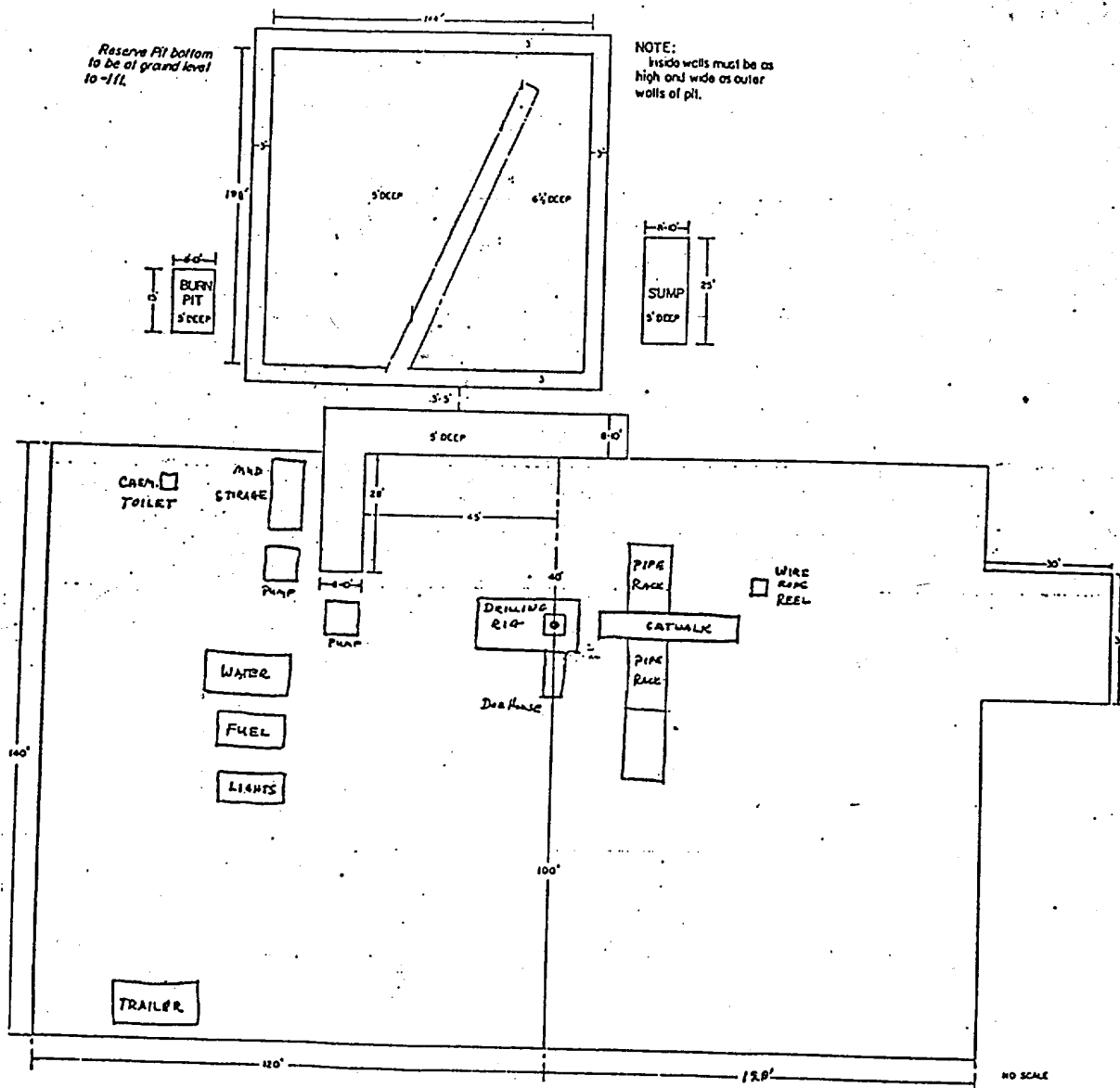


YATES PETROLEUM CORPORATION

HOBBS FEDERAL #3  
1980' FNL & 660' FEL  
Section 8 T6S-R25E  
Chaves County, New Mexico

BOP DIAGRAM  
EXHIBIT B

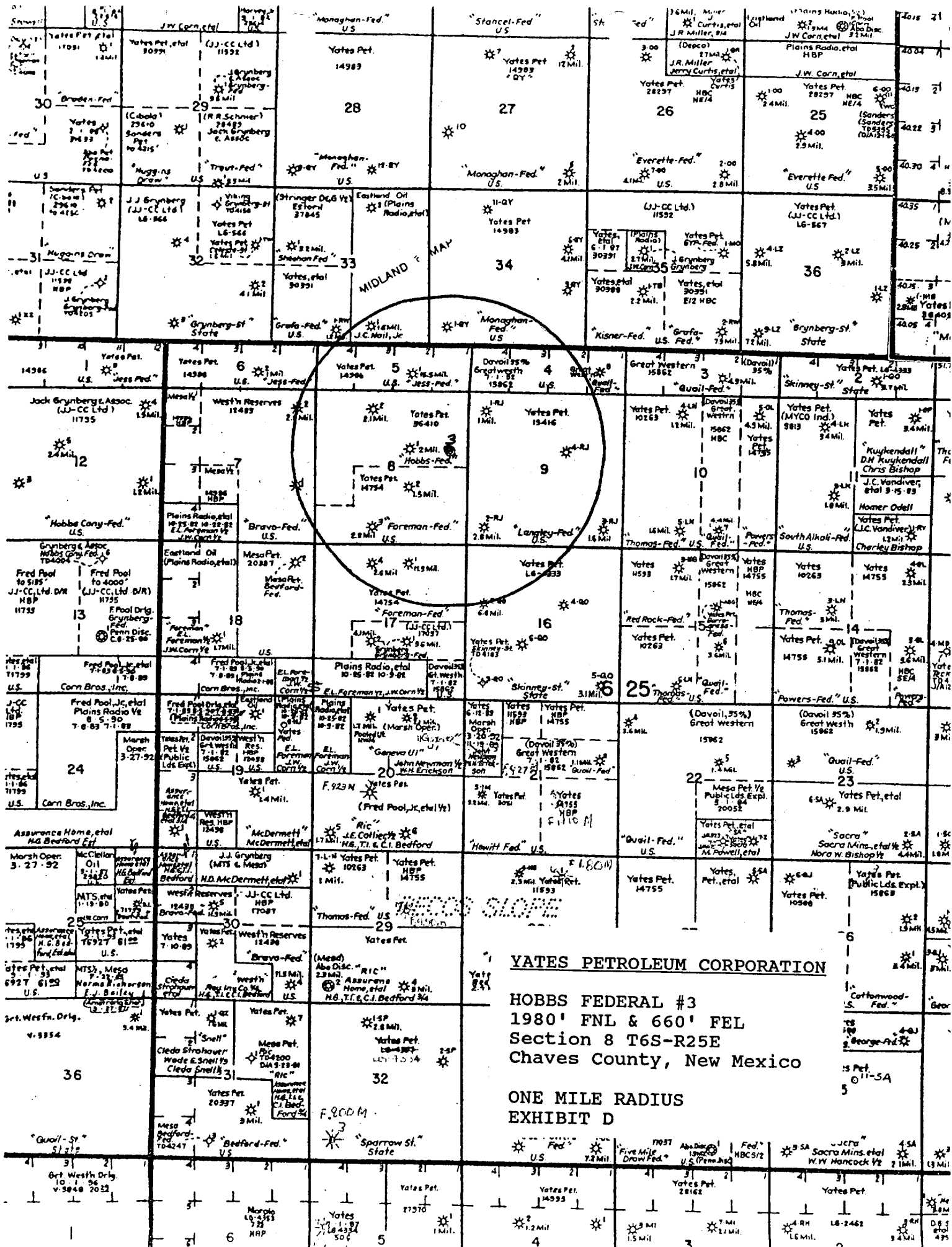
# YATES PETROLEUM CORPORATION



YATES PETROLEUM CORPORATION

HOBBS FEDERAL #3  
1980' FNL & 660' FEL  
Section 8 T6S-R25E  
Chaves County, New Mexico

RIG LAYOUT  
EXHIBIT C

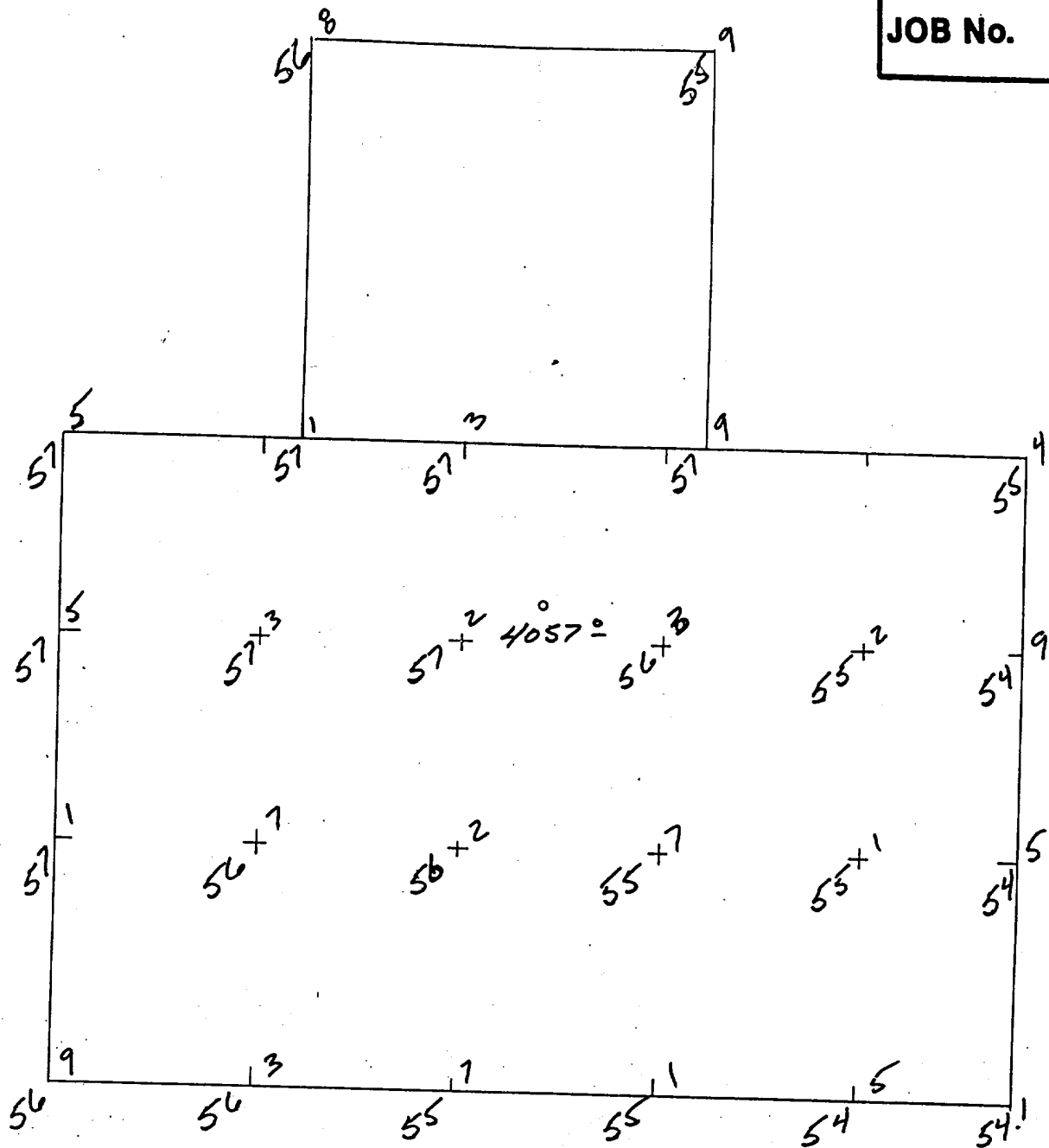


## YATES PETROLEUM CORPORATION

HOBBS FEDERAL #3  
1980' FNL & 660' FEL  
Section 8 T6S-R25E  
Chaves County, New Mexico

ONE MILE RADIUS  
EXHIBIT D

JOB No.



YATES PETROLEUM CORPORATION

HOBBS FEDERAL #3  
1980' FNL & 660' FEL  
Section 8 T6S-R25E  
Chaves County, New Mexico

CUT AND FILL DIAGRAM  
EXHIBIT E

HIGH POINT: NORTH LINE OF PAD = 4057.9

LOW POINT: SE CORNER OF PAD = 4054.1

3.8 FEET

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

PLAN VIEW OF HOBBS FEDERAL #3  
1980/N & 660/E OF SECTION 8, T.6 S., R.25 E.,  
NMPL, CHAVES COUNTY, NEW MEXICO.

P.O. Box 996

Lovington, New Mexico 88260

SCALE:

DRAWN BY: erb

DATE: 8/20/93

SHEET OF

*Herschel L. Jones*  
HERSCHEL L. JONES

R.L.S. No. 3640

