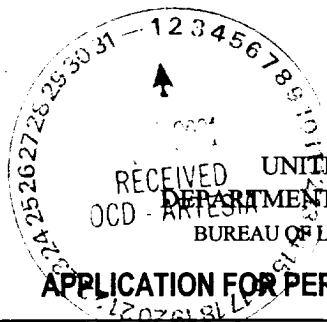


5
(August 1999)



N.M. Oil Cons. Division
411 S. 1st Street
Artesia, NM 88210-2834

APPLICATION FOR PERMIT TO DRILL OR REENTER

0

OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-30391

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

12327

8. Lease Name and Well No.

Grafa "RW" Federal #4

9. API Well No.

30-015-63425

10. Field and Pool, or Exploratory

Pecos Slope Abo

11. Sec., T., R., M., or Blk. and Survey or Area

Section 35, T5S-R24E

12. County or Parish

Chaves County

13. State

NM

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

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

660' FSL and 1980' FEL

At proposed prod. Zone

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

Approximately 30 miles northeast of Roswell, New Mexico

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

16. No. of Acres in lease

520

17. Spacing Unit dedicated to this well

160 - SE/4

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

19. Proposed Depth

4150'

20. BLM/BIA Bond No. on file

NM-2811

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

3950' 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

Name (Printed/Typed)

Date

Pat Perez

7/11/01

Title:

Regulatory Agent

Approved by (Signature)

Name (Printed/Typed)

Date

Title

**Assistant Field Manager,
Lands And Minerals**

Office

RFO

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)

RECEIVED
2001 JUL 13 AM 8:50
BUREAU OF LAND MGMT.
ROSWELL OFFICE

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

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

☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name	
			Pecos Slope Abo	
Property Code	Property Name			Well Number
	GRAFA "RW" FEDERAL			4
OGRID No.	Operator Name			Elevation
025575	YATES PETROLEUM CORPORATION			3950

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	35	5S	24E		660	SOUTH	1980	EAST	CHAVES

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 160.00	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

				OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> <u>Pat Perez</u> Signature <u>Pat Perez</u> Printed Name <u>Regulatory Agent</u> Title <u>7/12/01</u> Date
				SURVEYOR CERTIFICATION <i>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.</i> <u>12/06/1999</u> Date Surveyed <u>Herschel L. Jones</u> Signature & Seal of Professional Surveyor
				GENERAL SURVEYING COMPANY Certificate No. <u>Herschel L. Jones RLS 3640</u> <u>GRAFA 4 DISK 17</u>

YATES PETROLEUM CORPORATION
Grafa "RW" Federal #4
660' FSL and 1980' FEL
Section 35-T5S-R24E
Chaves County, New Mexico

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

San Andres	585'
Glorieta	1485'
Yeso	1590'
Tubb	3010'
Abo	3655'
TD	4150'

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#	J55	ST&C	0-900'	900'
7 7/8"	4 1/2"	10.5#	J55	ST&C	0-4150'	4150'

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 and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 500 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 500 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: Cement with 200 sx. Lite "C" (Yld 2.0 Wt. 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (Yld 1.33 Wt. 15.6).

Production Casing: Cement with 350 Super "C" (Yld 1.67 Wt 13). TOC 3100'

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900'	FW Gel/Paper/LCM	8.6-9.6	32-36	N/C
900'-3630'	Brine	10-10.2	28	N/C
3630'-4150'	Starch/Salt Gel	9.3-10.2	32-40	<10cc

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: 20' samples out from surface casing.

Logging: HLS; DLL – MSFL and DSN/SDL: TD –Surface casing with GRIDSN to Surface.

Coring: Possible Sidewall Cores

DST's: Possible

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

Anticipated BHP:

From: 0 To: 900' Anticipated Max. BHP: 400 PSI

From: 900' To: 4150' Anticipated Max. BHP: 1100 PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H₂S Zones Anticipated: None

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 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Grafa "RW" Federal #4
660' FSL and 1980' FEL
Section 35-T5S-R24E
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 25 miles northeast of Roswell New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Drive North of Roswell on HWY 285 approx. 23 miles to Dona Ana Road. Turn right (East) on Dona Ana Road & drive approx. 9.7 miles to the Pipeline Road. Turn on pipeline Rd. and drive approx. 2 miles. Turn right (SW) at intersection and drive approx. 0.6 of a mile to Mesa-Quail location. Turn right (North) on lease road & drive approx. 0.2 of a mile to Grafa "RW" #2 location. The lease road is staked on the West side of this location and goes West approx. 1000' to the SE corner of the location.

2. PLANNED ACCESS ROAD

The proposed new access road will be approximately 14' in width and 1000' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a east to west direction.

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. 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.

Grafa "RW" Federal #4
Page 2

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 land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES:

Yates Petroleum Corporation wishes to run a 1000' on lease 2" X-42 buried steel natural gas pipeline to connect the Grafa "RW" #4 well and tie into existing pipeline connection the Grafa "RW" #4 well.

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 pits will be put to the northeast.

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.

SURFACE OWNERSHIP: Bureau of Land Management
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:

Pat Perez, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

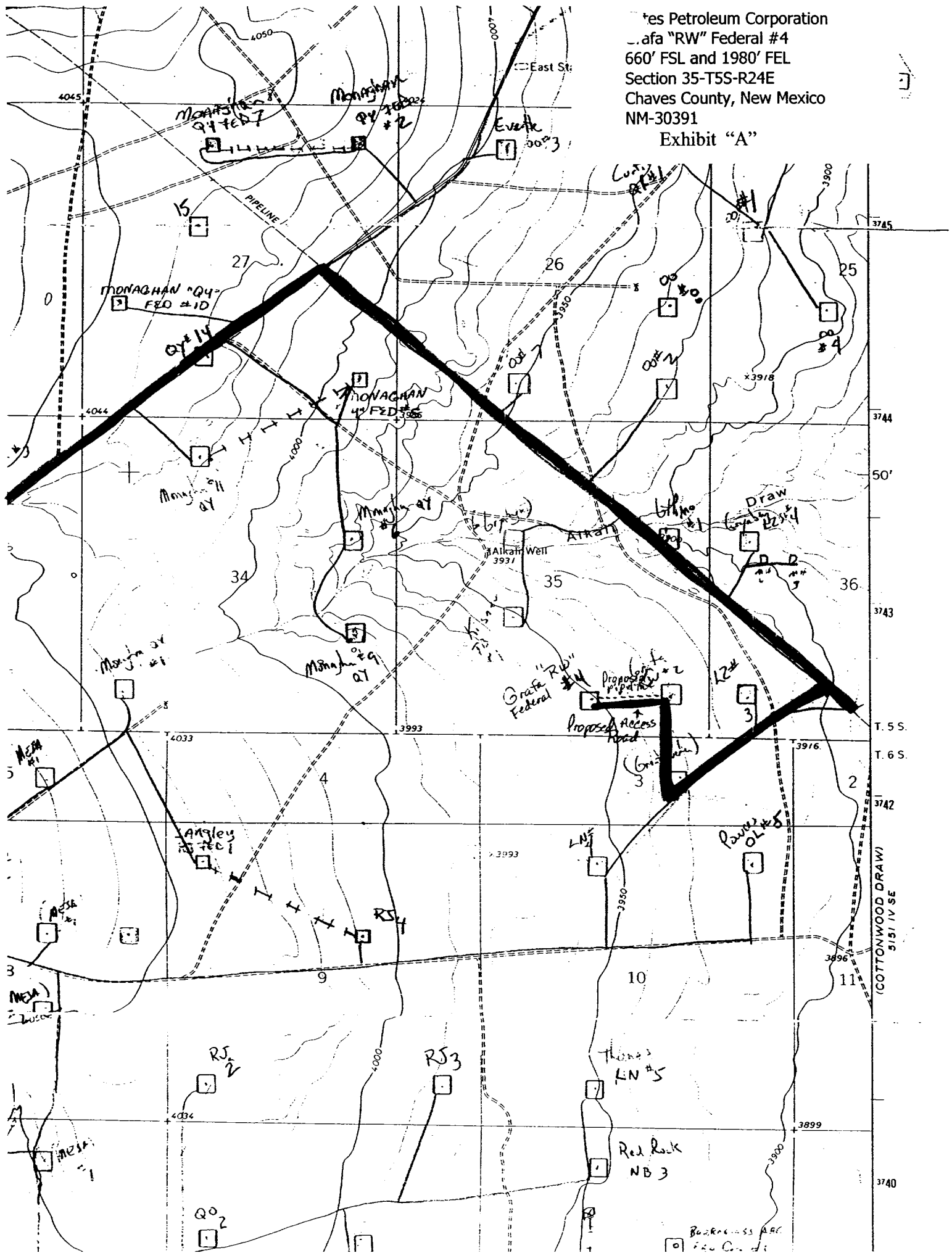
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated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

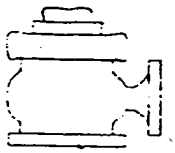
07/12/01



Regulatory Agent

Exhibit "A"





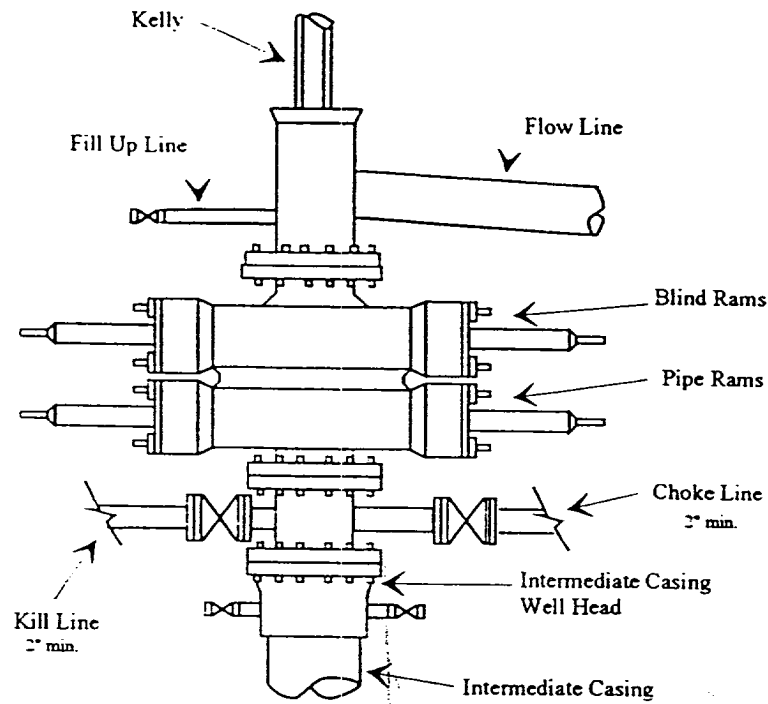
Yates Petroleum Corporation

BOP-2

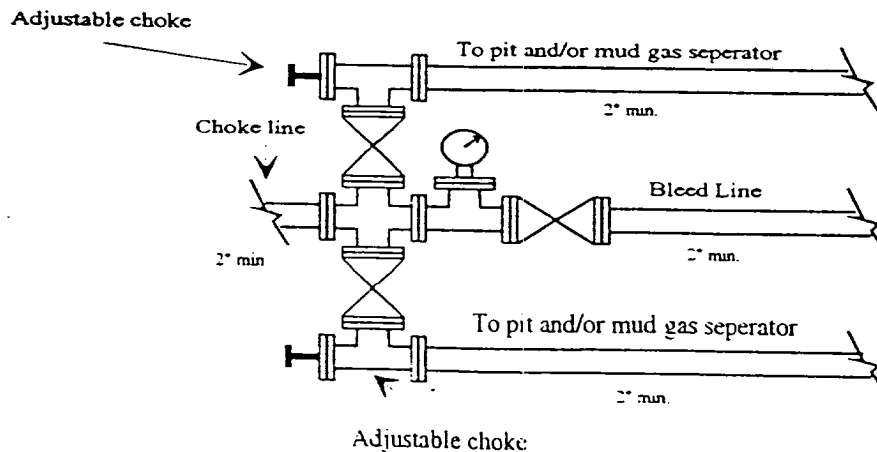
Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation
Grafa "RW" Federal #4
660' FSL and 1980' FEL
Section 35-T5S-R24E
Chaves County, New Mexico
NM-30391

Exhibit "B"



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

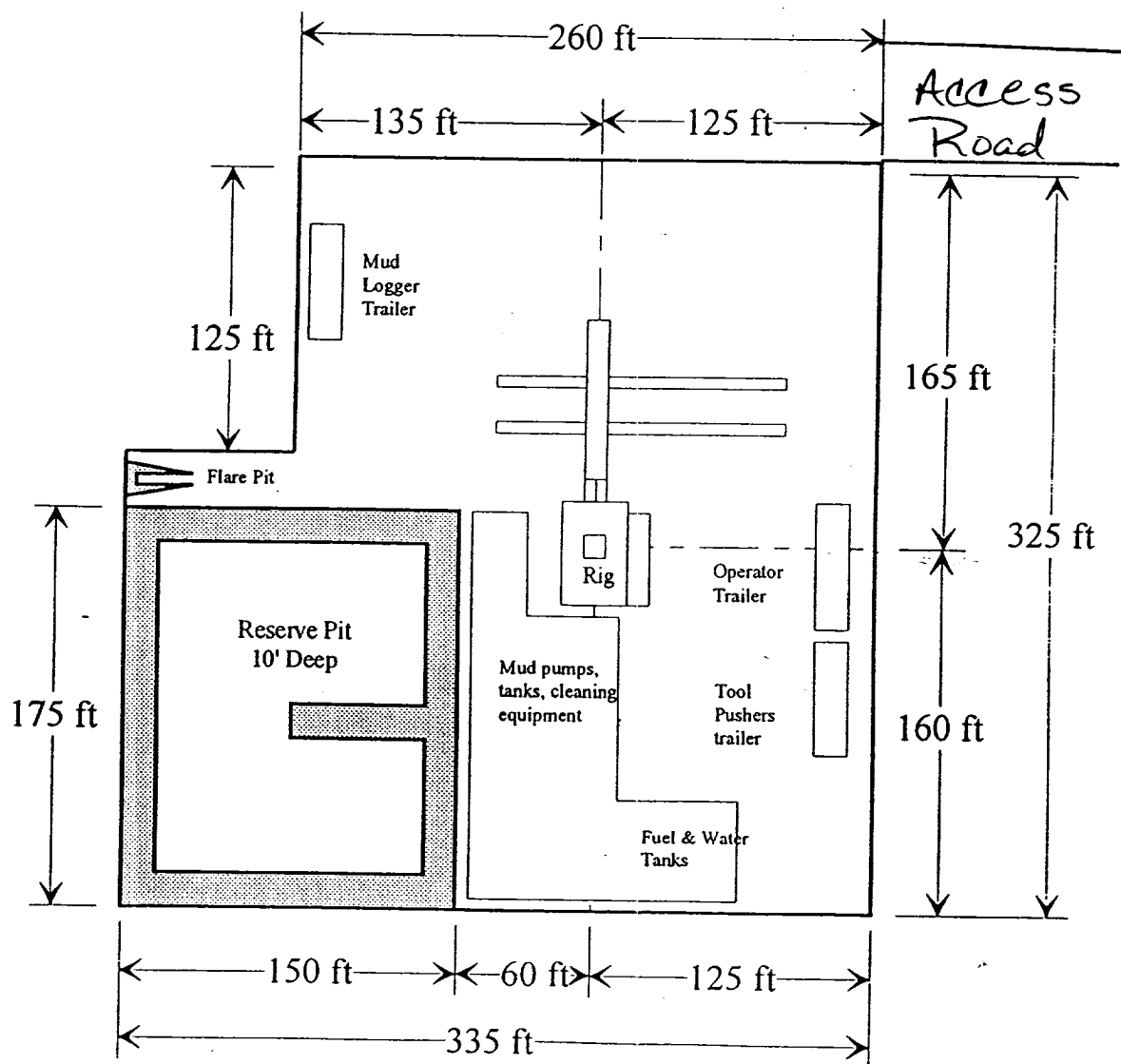
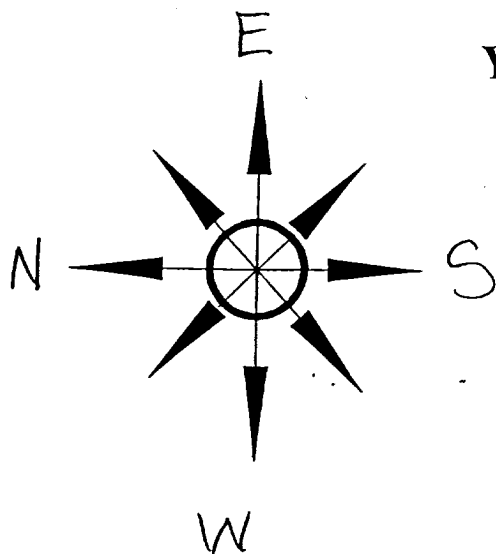


Yates Petroleum Corporation

Location Layout for Permian Basin

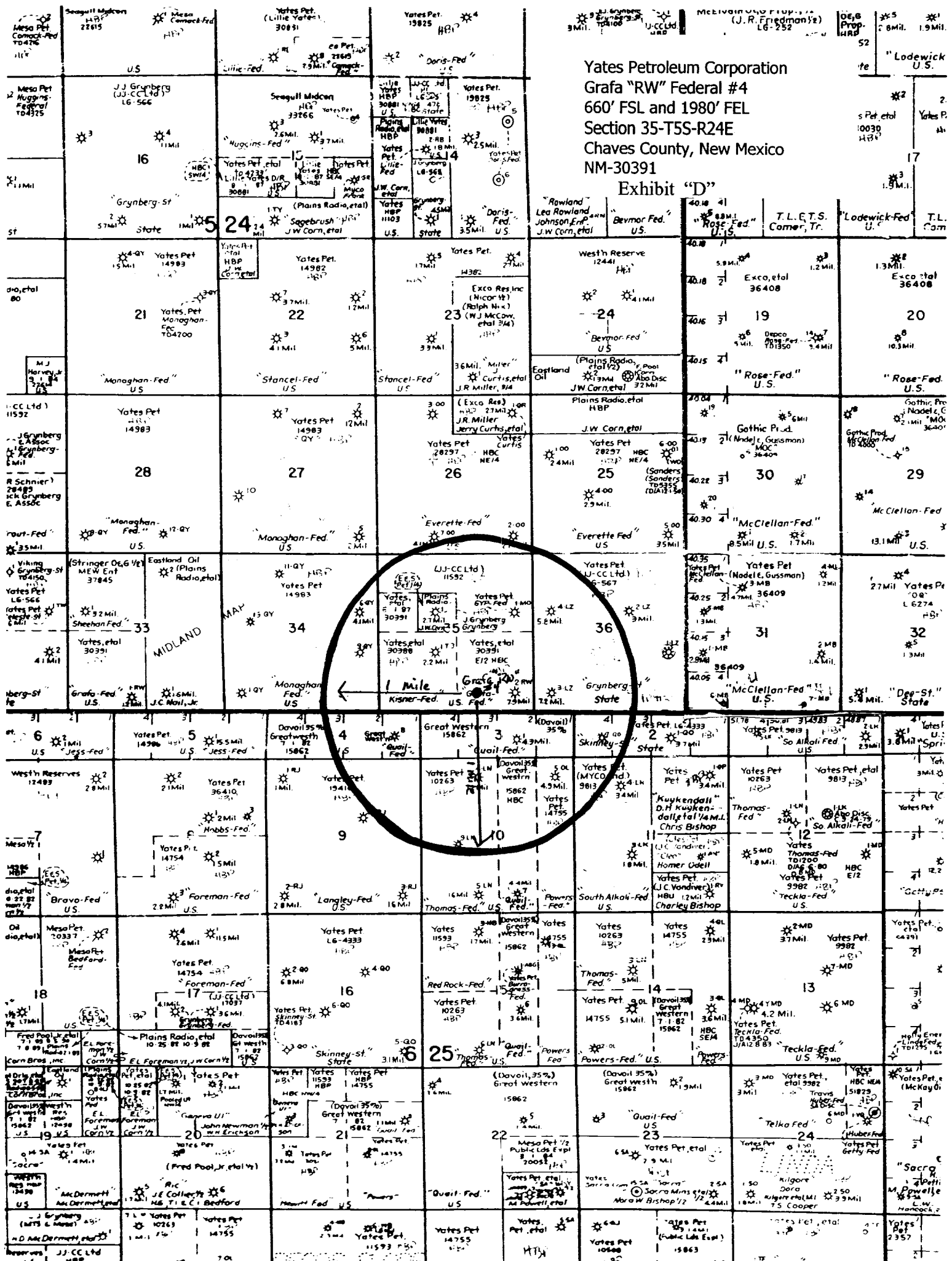
Up to 12,000'

Yates Petroleum Corporation
Grafo "RW" Federal #4
660' FSL and 1980' FEL
Section 35-T5S-R24E
Chaves County, New Mexico
NM-30391
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



Yates Petroleum Corporation
Grafa "RW" Federal #4
660' FSL and 1980' FEL
Section 35-T5S-R24E
Chaves County, New Mexico
NM-30391

Exhibit "D"