

Form 3160-8  
(August 1999)

SEP 2002  
RECEIVED  
OCD - ARTESIA

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

0  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

NM-2351

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Federal HY #12

9. API Well No.

30-005-63503

10. Field and Pool, or Exploratory

Pecos Slope Abo

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

Section 28-T7S-R25E

12. County or Parish

Chaves

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 990' FNL AND 1980' FWL, Unit Letter C

At proposed prod. Zone same as above

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

Approximately 21 miles N/NE of Roswell, NM

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

2520

17. Spacing Unit dedicated to this well

160

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

19. Proposed Depth

4200'

20. BLM/BIA Bond No. on file

Nationwide Bond #NM-2811

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

3757' 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 *Clifton R. May*

Name (Printed/Typed)

Clifton R. May

Date

7/22/02

Title:

Regulatory Agent

Approved by (Signature)

*LARRY D. BRAY*

Name (Printed/Typed)

LARRY D. BRAY

SEP 28 2002

Title

Assistant Field Manager,  
Lands And Minerals

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)

**DISTRICT I**  
1626 E. French Dr., Hobbs, NM 88240

**DISTRICT II**  
811 South First, Artesia, NM 88210

**DISTRICT III**  
1600 Rio Bravo Rd., Aztec, NM 87410

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87506

**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**

<b>API Number</b>	<b>Pool Code</b>	<b>Pool Name</b>
		Pecos Slope Abo
<b>Property Code</b>	<b>Property Name</b>	<b>Well Number</b>
	Federal "HY"	12
<b>OCED No.</b>	<b>Operator Name</b>	<b>Elevation</b>
025575	Yates Petroleum Corporation	3757

**Surface Location**

<b>UL or Lot No.</b>	<b>Section</b>	<b>Township</b>	<b>Range</b>	<b>Lot Idn</b>	<b>Feet from the</b>	<b>North/South line</b>	<b>Feet from the</b>	<b>East/West line</b>	<b>County</b>
C	28	7S	25E		990	North	1980	East	Chaves

**Bottom Hole Location If Different From Surface**

<b>UL or Lot No.</b>	<b>Section</b>	<b>Township</b>	<b>Range</b>	<b>Lot Idn</b>	<b>Feet from the</b>	<b>North/South line</b>	<b>Feet from the</b>	<b>East/West line</b>	<b>County</b>
<b>Dedicated Acres</b>	<b>Joint or Infill</b>	<b>Consolidation Code</b>	<b>Order No.</b>						
160									

**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**

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature Clifton R. May Printed Name Regulatory Agent Title 7/22/2002 Date	
	<b>SURVEYOR CERTIFICATION</b>  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.  REFER TO ORIGINAL PLAT Date Surveyed Signature & Seal of Professional Surveyor	
	Certificate No. Herschel L. Jones RLS 3640  GENERAL SURVEYING COMPANY	

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

State of New Mexico  
Energy, Minerals and Natural Resources I

Form C-102  
Revised 1-1-89

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

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>FEDERAL "HY"</b>		Well No. <b>12</b>
Unit Letter <b>C</b>	Section <b>28</b>	Township <b>7 SOUTH</b>	Range <b>25 EAST</b>	County <b>CHAVES</b>	
Actual Footage Location of Well: <b>1980</b> feet from the <b>WEST</b> line and <b>990</b> feet from the <b>NORTH</b> line					
Ground level Elev. <b>3757</b>		Producing Formation <b>ABO</b>		Pool <b>PECOS SLOPE ABO</b>	Dedicated Acreage: <b>160</b> 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

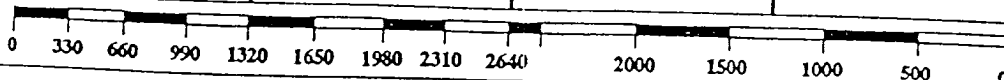
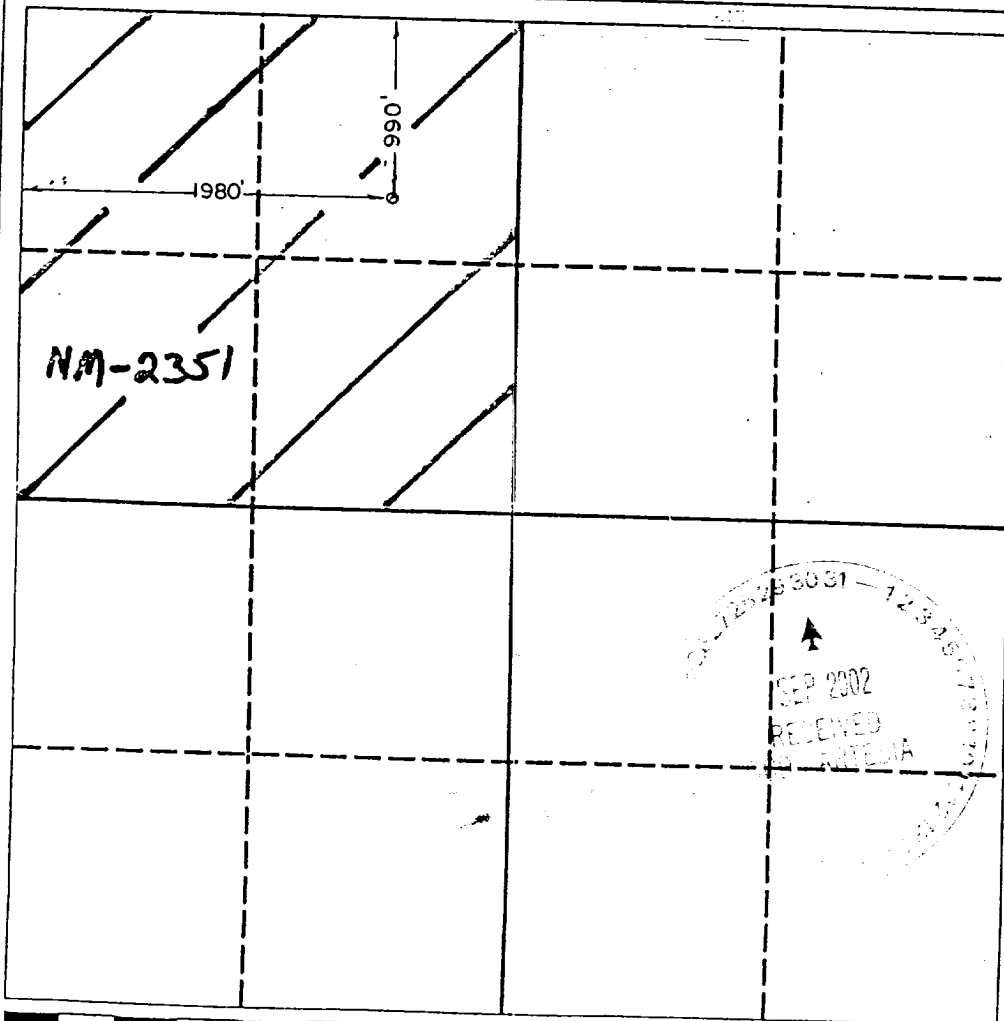
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature Clifton R. May  
Printed Name Clifton R. May  
Position \_\_\_\_\_  
Permit Agent \_\_\_\_\_  
Company Yates Petroleum Corporation  
Date December 22, 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 12/15/92  
Signature & Seal of Professional Surveyor EL  
L. JONES  
3640  
Certificate No. 3640



**YATES PETROLEUM CORPORATION**  
**Federal "HY" #12**  
 990' FNL and 1980' FWL  
 Section 28-T7S-R25E  
 Chaves County, New Mexico

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

San Andres	366'	Abo	3544'
Glorieta	1436'	TD	4200'
Fullerton	2868'		

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

Water:	250'-300'
Gas:	3544'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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>
17 1/2"	13 3/8"	54.5#	J-55	ST&C	0-850'	850'
*12 1/4"	8 5/8"	24#	J-55	ST&C	0-1450'	1450'
7 7/8"	4 1/2"	9.5#	J-55	ST&C	0-4000'	4000'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. \* 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'.
3. 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 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 bottom hole pressure in this field is proven to be near 1000 psi. A shut in surface pressure would be less than 1100 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. Most of the time the Abo formation requires treatment before it flows.

## B. CEMENTING PROGRAM:

Surface Casing: Set with 500 sx HL "C" + 1/2#/sx Flocele + 3#/sx granulite + 3% CaCl<sub>2</sub> (YLD 1.84 WT 12.7) Tail in with 200 sx "Neat" with 2% CaCl<sub>2</sub> (YLD 1.32 WT 14.8), circulated to surface.

\*Intermediate Casing: If needed will be set with 350 sx HL with 3% CaCl<sub>2</sub>, 3#/sx Granulite + 1/3#/sx Flocele (YLD 1.84 WT 12.8) with top of cement being approximately 1200'. Tailed in with 200 sx "C" + 2% CaCl<sub>2</sub> (YLD 1.32 WT 14.8).

Production Casing: Set with 575 sx 65/35 Poz "C" with 2% Gel + .6% Halad-332 + 2#/sx salt (YLD 1.6 WT 14.0) with cement being approximately 3100'

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

## 5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-850'	Spud Mud			
850'-1450'	FW Gel/LCM	8.6-9.9	32-40	N/C
1450-3400'	Cut Brine	9.9	28	
TD'	S. Gel/Starch & Diesel	9.3	31-39	15/cc

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: 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, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0 TO: 1000'

From: 1000' TO: 4200'

Anticipated Max. BHP: 400 PSI

Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 145 F

## 8. ANTICIPATED STARTING DATE:

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**  
**Federal "HY" #12**  
990' FNL and 1980' FWL  
Section 28-T7S-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 well site is located approximately 21 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 approximately 13 miles to One Horse Road. Turn right and follow road 2.6 miles to Cottonwood road. Go left on Cottonwood for 7.2 miles. Turn west for ½ of a mile and then south about 1600' to Federal HY #6 location. The new access will start here and go west.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 3000' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a westerly 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 turnout 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 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, and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A. A probable source is the Cooper #2 located in Section 5-T7S-R26E, RA 4553.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate nearest pit and will obtain any permits and materials needed for construction. A probable pit will be in the SE/4 of Section 1-T8S-R24E.

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.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.
- D. Pad will be rotated putting the 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 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: 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, and historical and cultural sites.
- B. The primary surface use is for grazing.

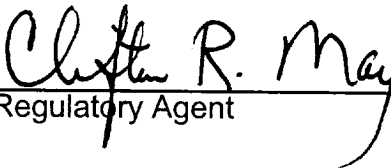
13. OPERATOR'S REPRESENTATIVE:

- |  |   |
|--|---|
| A. Through A.P.D. Approval:<br>Clifton R. May, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>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.

7/22/02

  
Regulatory Agent



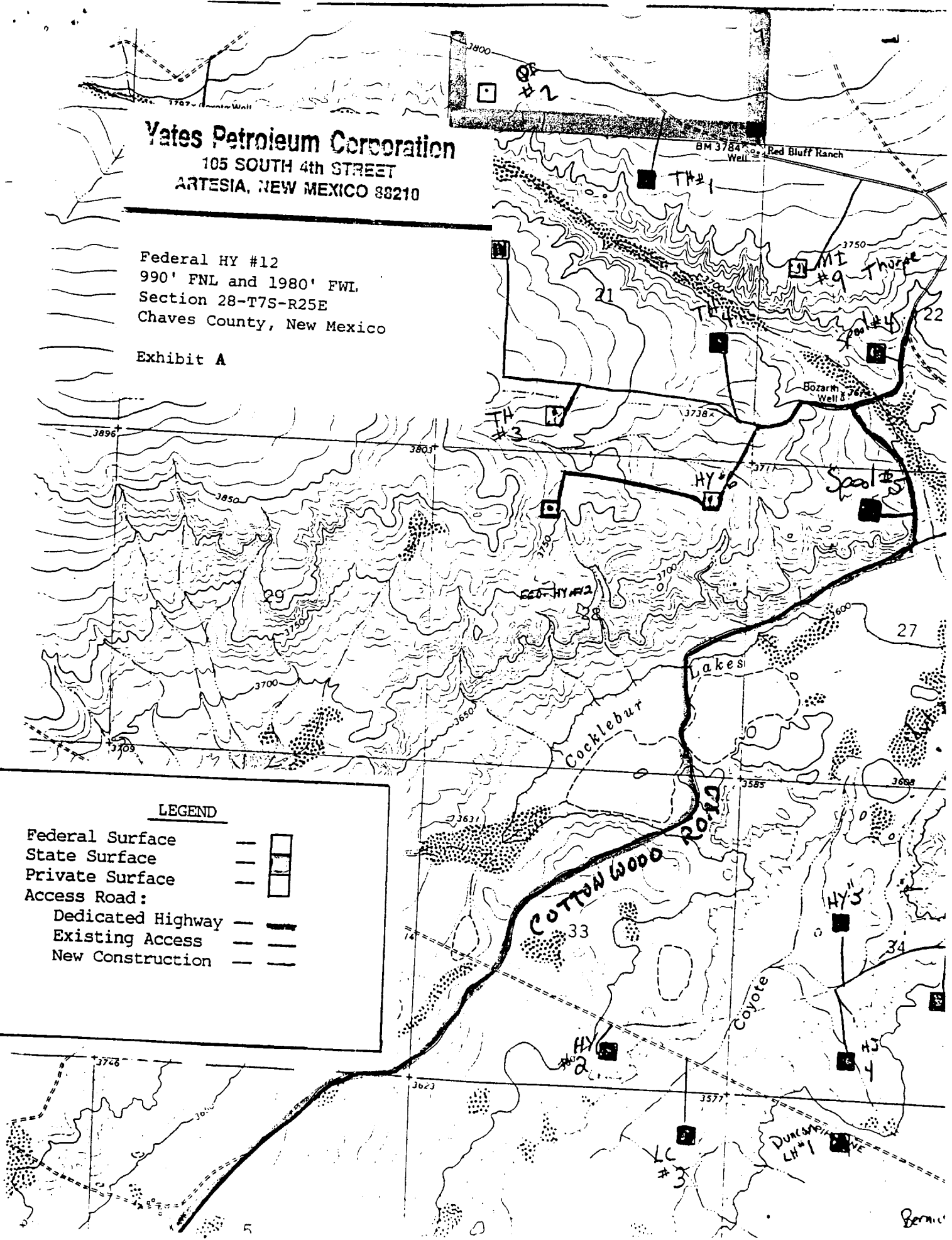
**Yates Petroleum Corporation**  
 105 SOUTH 4th STREET  
 ARTESIA, NEW MEXICO 88210

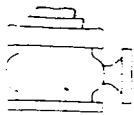
Federal HY #12  
 990' FNL and 1980' FWL  
 Section 28-T7S-R25E  
 Chaves County, New Mexico

Exhibit A

**LEGEND**

Federal Surface	—	□
State Surface	—	□
Private Surface	—	□
Access Road:		
Dedicated Highway	—	—
Existing Access	—	—
New Construction	—	—

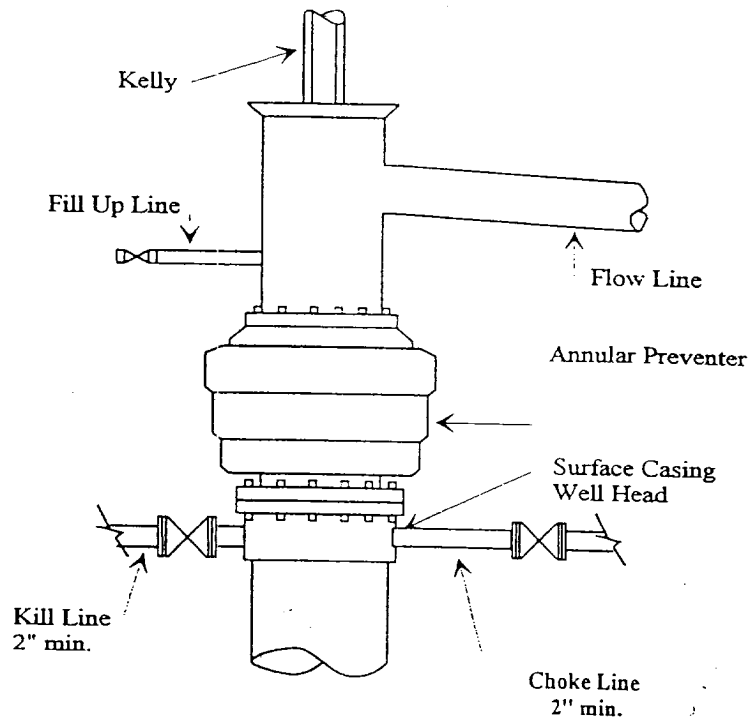




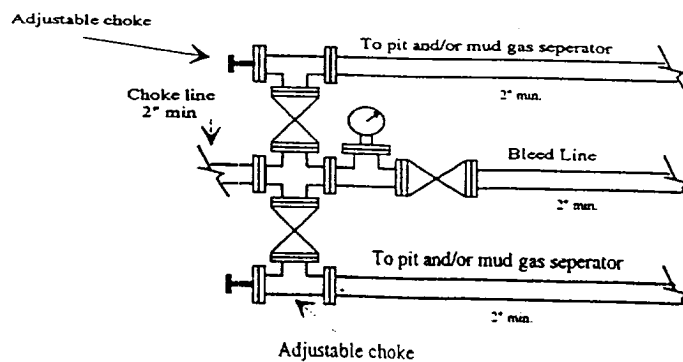
# Yates Petroleum Corporation

BOP-1

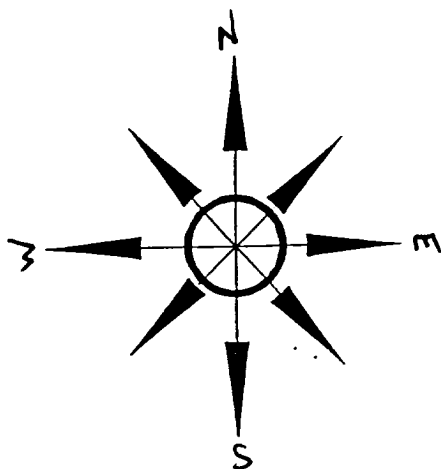
Typical Low Pressure System  
Schematic  
Annular Preventer 2,000 psi



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



Yates Petroleum Corporation  
Federal "HY" #12  
990' FNL & 1980' FWL  
Section 28-T7S-R25E  
Chaves County, New Mexico  
Exhibit "B"



# Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation

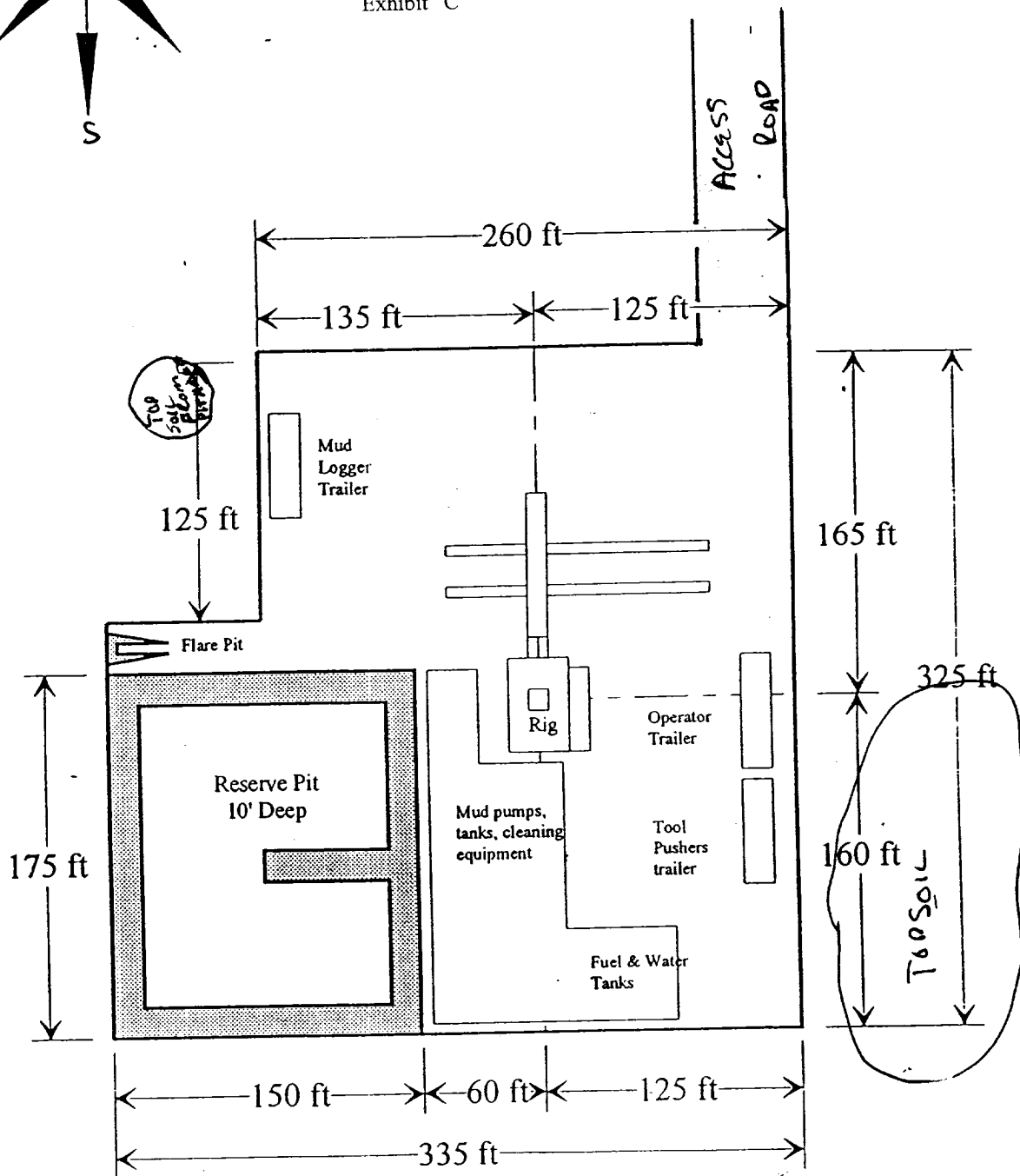
Federal "HY" #12

990' FNL & 1980' FWL

Section 28-T7S-R25E

Chaves County, New Mexico

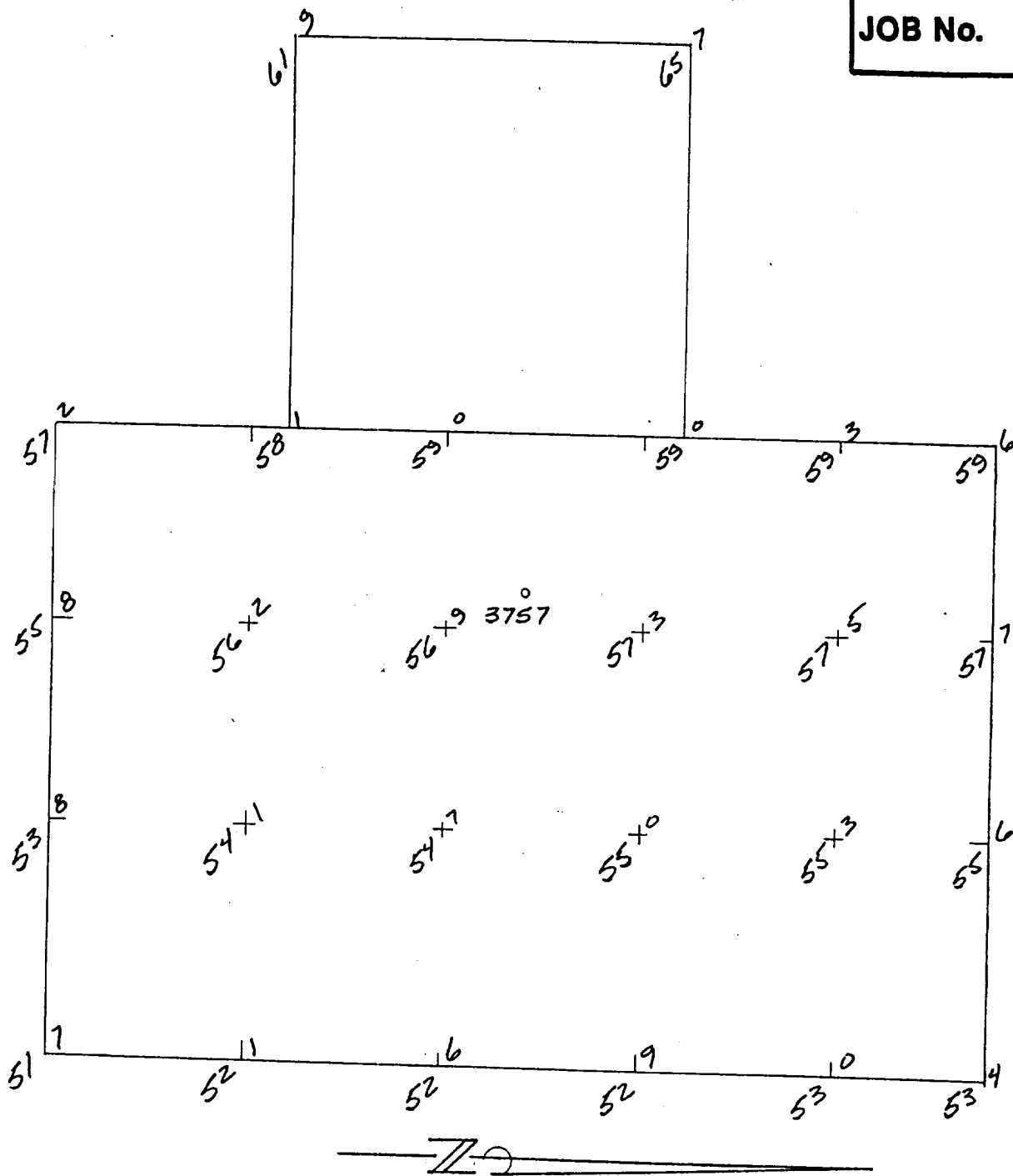
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

JOB No.



Yates Petroleum Corporation  
Federal "HY" #12  
990' FNL & 1980' FWL  
Section 28-T7S-R25E  
Chaves County, New Mexico  
Exhibit "C-1"

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 STANDARDS FOR

