

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101  
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

HOBBS OCD

FEB 05 2014

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address HARVEY E. YATES Co P.O. BOX 1933 ROSWELL N.M 88202		<sup>2</sup> OGRID Number 10179 ✓
<sup>3</sup> Property Code <del>39629</del> 40385		<sup>4</sup> API Number 30-025-41678
<sup>5</sup> Property Name AIRSTRIP 31 STATE COM		<sup>6</sup> Well No. 2H

<sup>7</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
M	31	18 S	35 E	4	150'	SOUTH	330'	WEST	LEA

<sup>8</sup> Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	31	18 S	35 E	1	330'	NORTH	710'	WEST	LEA

<sup>9</sup> Pool Information

Pool Name AIRSTRIP; BONE SPRING	Pool Code 960
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Additional Well Information

<sup>11</sup> Work Type NEW DRLG	<sup>12</sup> Well Type OIL	<sup>13</sup> Cable/Rotary ROTARY	<sup>14</sup> Lease Type STATE	<sup>15</sup> Ground Level Elevation 3948'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth TVD 10,980' / MD 15,185'	<sup>18</sup> Formation 3 <sup>rd</sup> BONE SPRING	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 5/15/14
Depth to Ground water 60'	Distance from nearest fresh water well		Distance to nearest surface water	

We will be using a closed-loop system in lieu of lined pits

<sup>21</sup> Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
SURF	17.5	13.375	48#	1945	1600	SURF
INT	12.25	9.625	36#	3840	1100	SURF
PROD	8.75	5.5	17#	15,185	2700	2950

Casing/Cement Program: Additional Comments

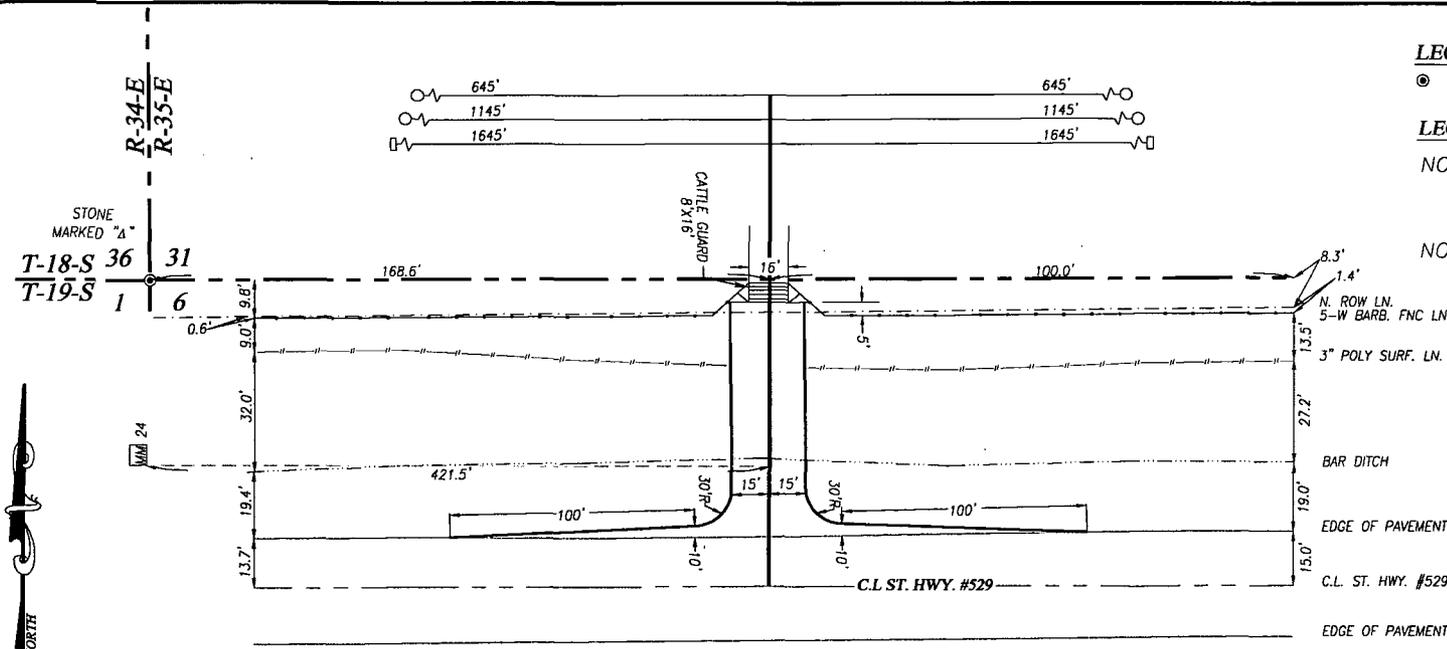
Plan to drill 17 1/2" to 1945' uses fresh water, run 13 3/8" 54.5# J-55 csg and cmt back to surf. Drill 12 1/4" hole to 3840' with brine, run 9 5/8" 36# J-55 csg and cmt back to surf. Drill 7 7/8" curve and lateral with cut brine to MD depth of approx. 15,185. Run 5 1/2" 17# P110 csg and cmt and cmt back to 3600' in two stage. Set DVtool @ 9950' +/-

<sup>22</sup> Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DOUBLE RAM	5000PSI	3000PSI	

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> , if applicable. Signature: <i>Keith Cannon</i> Printed name: Keith Cannon Title: Drilling Superintendent E-mail Address: kcannon@heycoenergy.com Date: 1-31-14/ Phone: 575.623.6601	OIL CONSERVATION DIVISION	
	Approved By: <i>[Signature]</i>	
	Title: Petroleum Engineer	
	Approved Date: 02/26/14	Expiration Date: 02/26/16
	Conditions of Approval Attached	

FEB 27 2014 *JM*



**LEGEND**

⊙ DENOTES FOUND CORNER AS NOTED

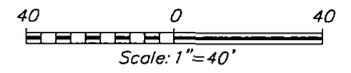
**LEGEND**

NOTE: Warning Signs Will Be Placed 1500 Feet In Both Directions During Construction.

NOTE: □ = Shoulder Work Ahead  
 ○ = Be Prepared To Stop  
 ⊙ = Flagman Ahead

"SHOULDER WORK AHEAD and BE PREPARED TO STOP" signs shall remain in place from the time construction starts until it is completed.

"FLAGMAN AHEAD" signs will be in place during the hours construction men and equipment are working. A flagman will be on duty all the time that construction men and/or equipment are working. Signs will be 48"x48" in size. Color will be black on orange and will meet the reflective quality specified in the New Mexico State Highway & Transportation Standard Specifications.



**HARVEY E. YATES**

A PROPOSED ROAD TURN OUT  
 ON ST. HIGHWAY #529  
 LOCATED IN SECTION 31,  
 TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M.  
 LEA COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (575) 393-3117 www.jwsc.biz

Survey Date: 12/16/13	CAD Date: 1/6/14	Drawn By: ACK
W.O. No.: 13111419	Rev.:	Rel. W.O.:
		Sheet 1 of 1



**EXHIBIT "D" LOCATION DIAGRAM**

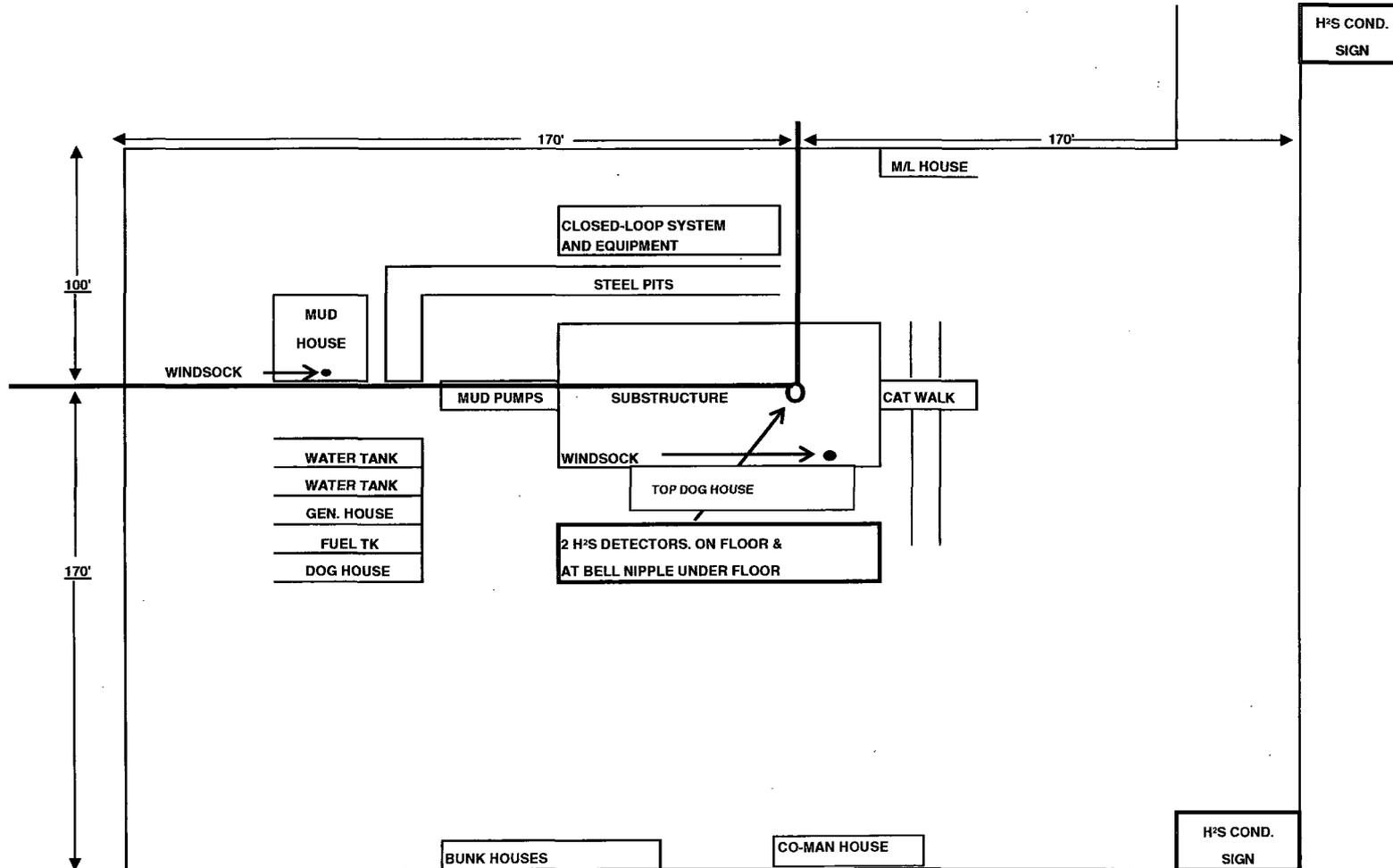
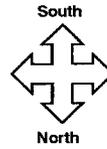
Harvey E. Yates

Airstrip 31 State Com 1H

150' FSL & 330' FWL

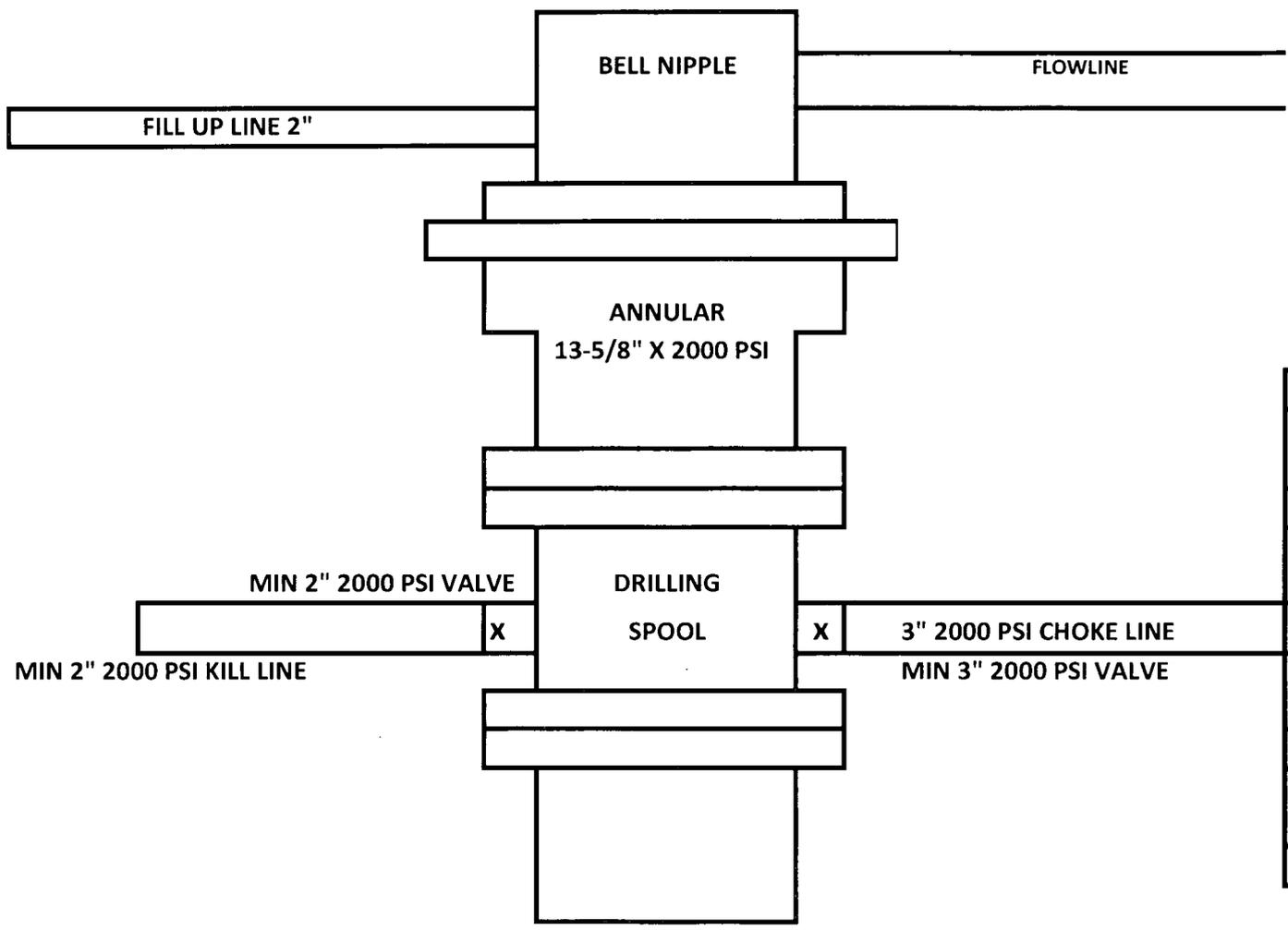
UNIT M, SEC 31, T18S, R35E

Lea County, NM



Well: Airstrip 31 State Com 2H  
 150' FSL & 330' FWL, Sec 31, T18S, R35E  
 LEA County New Mexico

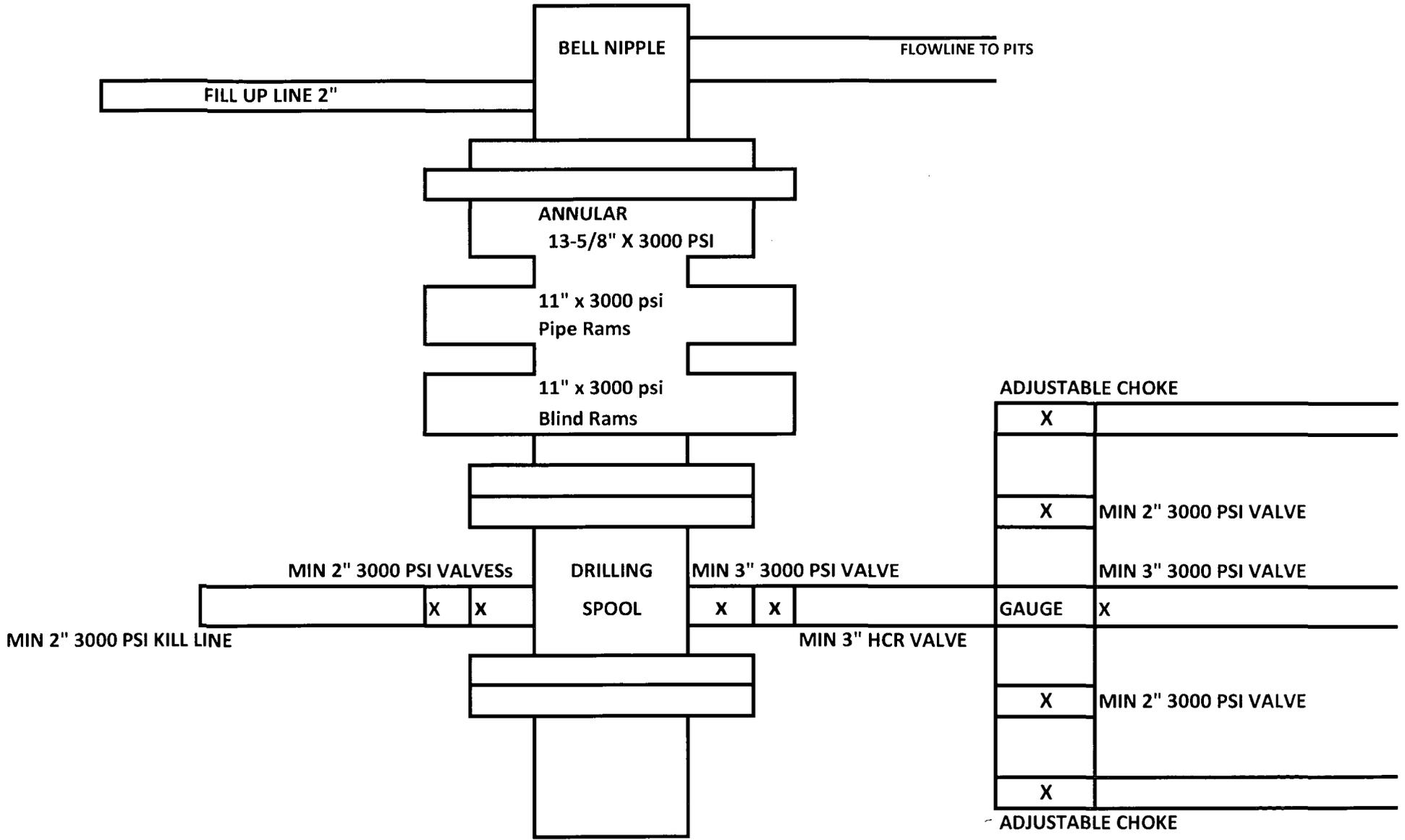
**Harvey E. Yates**  
**BOP Scematic 12.25" hole**



ADJUSTABLE CHOKE	
X	
X	MIN 2" 2000 PSI VALVE
	MIN 3" 2000 PSI VALVE
GAUGE	X
X	MIN 2" 2000 PSI VALVE
X	
ADJUSTABLE CHOKE	

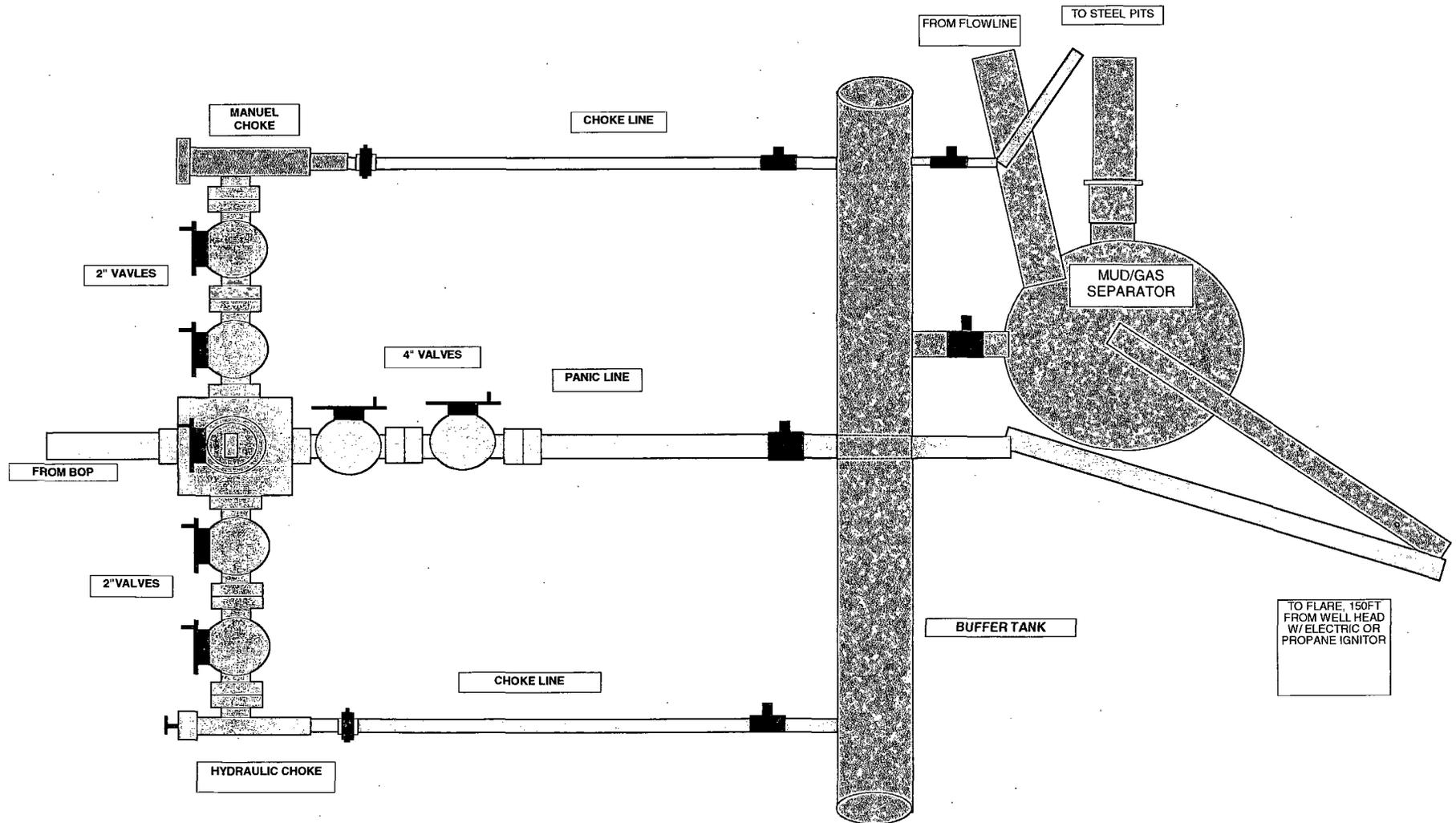
Well AIRSTRIP 31 STATE COM 2H  
 150' FSL, 330 FWL, Sec. 31, T18S, R35E  
 LEA County New Mexico

### Harvey E. Yates BOP Scematic 8.75" hole



ADJUSTABLE CHOKE	
X	
X	MIN 2" 3000 PSI VALVE
	MIN 3" 3000 PSI VALVE
GAUGE	X
X	MIN 2" 3000 PSI VALVE
X	
ADJUSTABLE CHOKE	

**AIRSTRIP 31 STATE COM #2H  
3000 psi BOP Manifold System**



**HARVEY E. YATES**  
**P.O. BOX 1936**  
**ROSWELL N.M. 88202**  
**(575) 623-6601 (Office)**  
**(575) 624-5321 (Fax)**

1/31/2014

Mr. Paul Kautz  
District 1 Geologist  
New Mexico Oil and Gas Division  
1625 N. French Drive  
Hobbs N.M 88240

**Re: AIRSTRIP 31 STATE COM 2H**  
**150' FSL & 330' FWL**  
**Unit Letter M, Sec. 31, T18S, R35E**  
**LEA, NM**  
**Rule 118 H2S Exposure**

Dear MR Kautz

Harvey E. Yates, have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,



Keith Cannon  
Drilling Superintendent

**Hydrogen Sulfide Drilling Operations Plan**  
**Harvey E. Yates**  
**Airstrip 31 State Com 2H**  
**UNIT M, Sec 31, T18S, R35E**  
**150' FSL & 330' FWL**  
**Lea Co. N.M.**

1. Company and contract personnel admitted on location should be trained by a qualified H<sub>2</sub>S safety instructor to the recognize and handle following:
  - A. Characteristics of H<sub>2</sub>S gas
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems
  - D. Principle and operation of H<sub>2</sub>S detectors, warning system and briefing knowledge
  - E. Evacuation procedure, routes and first aid support
  - F. Proper use of 30 minutes Pressure-on-Demand Air Pack
2. H<sub>2</sub>S Detection and Alarm Systems
  - A. H<sub>2</sub>S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse
3. Windsack and/or Wind Streamers
  - A. Windsack at mud pit area (high enough to be visible)
  - B. Windsack at briefing area (high enough to be visible)
  - C. Windsack at location entrance
4. Condition Flags and Signs
  - A. H<sub>2</sub>S warning signs on lease access road into location
  - B. Flags displayed on sign at location entrance
    1. Green flag indicates "Normal Safe Conditions"
    2. Yellow Flag indicates "Potential Pressure and Danger"
    3. Red Flag indicates "Danger - H<sub>2</sub>S Present in High Concentrations" *admit only emergency personnel*
5. Well Control Equipment
  - A. See Exhibit #5.
6. Communication
  - A. While working under masks chalkboards will be used for communication
  - B. Hand signals will be used where chalk board is inappropriate
  - C. Two -way radios or cell phones used to communicate off location or minimally in Drilling Foreman's trailer or living quarters
7. Drillstem Testing
  - A. Exhausts watered
  - B. Flare line equipped with electric Igniter/propane pilot light in case gas reaches surface
  - C. If location near dwelling closed DST will be performed
8. Drilling Supervisor required to be familiar with effects of H<sub>2</sub>S on tubular goods/mechanical equipment
9. If H<sub>2</sub>S encountered, mud system shall be addressed to maintain control of formation. A mud gas separator will be brought into service along with H<sub>2</sub>S scavengers, if necessary.

PUBLIC PROTECTION PLAN FOR EMERGENCY CONTACTS

**HARVEY E. YATES**

(575) 623-6601

**Company Personnel**

Lanny Overby	Prod. Enrineer	575-623-6601 575-317-5059
Keith Cannon	Drilling Supt.	575-623-6601 575-626-1936

**ARTESIA N.M.**

Ambulance	911
State Police	575-746-5000
City Police	575-746-5000
Sheriff's Office	575-746-9888
Fire Department	575-746-5050 or 575-746-5051
N.M.O.C.D	575-748-1283

**CARLSBAD N.M.**

Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-885-3125 or 575-885-2111
Carlsbad BLM	575-887-6544

**HOBBS N.M.**

Ambulance	911
State Police	575-392-5588
City Police	575-397-9265
Sheriff's Office	575-396-3611
Fire Department	575-397-9308
N.M.O.C.D	575-393-6161
Hobbs BLM	575-393-3612

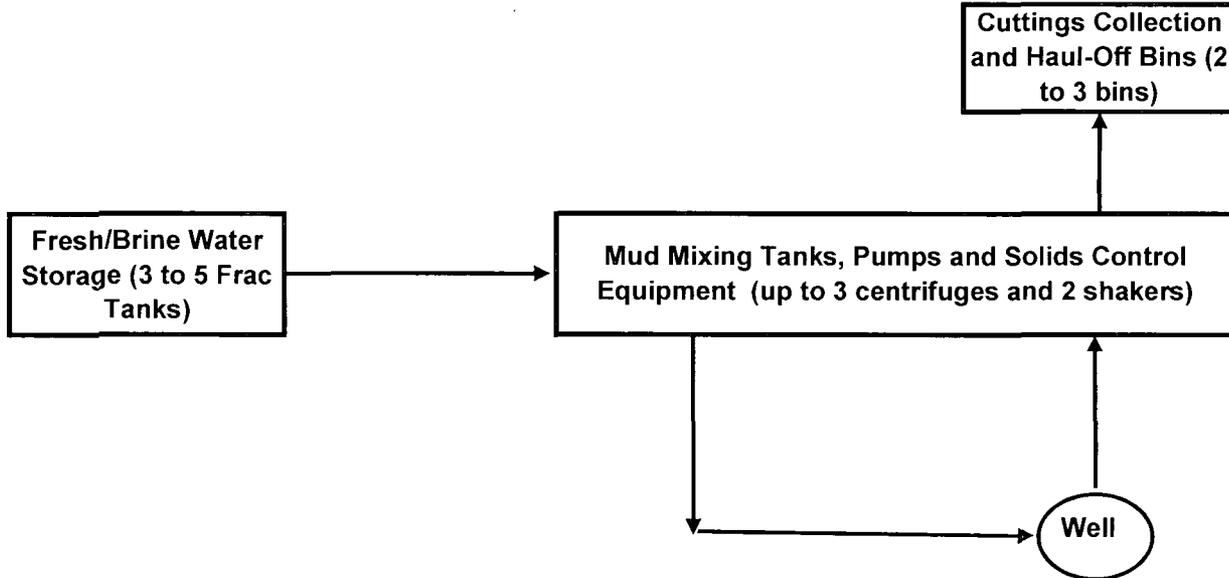
Flight for Life (Lubbock Tx)	806-743-9911
Aerocare (Lubbock Tx)	806-747-8923
Med flight air Ambulance (Albuq NM)	505-842-4433
SB air Med Services (Albuq NM)	505-842-4949

Boots & Coots IWC	800-256-9688 or 281-931-8884
Cudd Pressure Control	915-699-0139 or 915-563-3356
BJ Services (Artesia NM)	575-746-3569
(Hobbs NM)	575-392-5556

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
24 Hour	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

# CLOSED-LOOP SYSTEM

## Design Plan:



## Operating and Maintenance Plan:

During drilling operations, third party service companies will utilize solids control equipment to remove cuttings from the drilling fluid and collect it in haul-off bins. Equipment will be closely monitored at all times while drilling by the derrick man and the service company employees.

## Closure Plan:

During drilling operations, third party service companies will haul-off drill solids and fluids to an approved disposal facility. At the end of the well, all closed loop equipment will be removed from the location.