

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL

WELL ☐

GAS

WELL ☒

OTHER

SINGLE

ZONE ☒

MULTIPLE

ZONE ☐

2. NAME OF OPERATOR

HARVEY E. YATES COMPANY

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 1933, ROSWELL, NEW MEXICO 88202 505-623-6601

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE V

AT SURFACE

1830' FNL & 1980' FWL

AT PROPOSED PROD. ZONE

SAME (F)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

9 MILES SOUTHWEST OF LOCO HILLS, NM

15. DISTANCE FROM PROPOSED

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

1830'

18. DISTANCE FROM PROPOSED LOCATION

TO NEAREST WELL DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

N/A

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

3833

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED

TO THIS WELL

320

19. PROPOSED DEPTH

12,800'

20. ROTARY OR CABLE TOOLS

ROTARY

APPROX. DATE WORK WILL START

1-Nov-98

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H-40	48# ST&C 8RD	400	425 SX "C" w/ 2% CACL & 1/4# FLOSEAL
12 1/4"	8 5/8" J-55	32# ST&C 8RD	3100	200 SX "C" w/ 2% CACL & 1/4# FLOSEAL 1200 SX FILLER *
7 7/8"	5 1/2" J-55, N-80, S95	17/20# LT&C 8RD	12800	1100 SX LEAD & 400 SX TAIL **

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS.

CEMENT WILL BE CIRCULATED ON 13 3/8" AND 8 5/8" CASING.

CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS.

* FILLER CEMENT 35/65 "C" POZ w/ 6% GEL, 5# SALT, & 1/4# FLOSEAL

** LEAD: 1100 SX "H" POZ w/ 2% GEL & 5# SALT PER SACK

TAIL: 500 SX "H" w/ 3% KCL, .5% FLUID LOSS, .3% DISPERSANT, 1% BONDING AGENT, .3% RETARDER, & .2% SODIUM METASILICATE PER SACK

PROPOSED MUD PROGRAM

0-400	FRESH WATER w/ PAPER & SHALE GUARD. MW-9.0 VIS-31
400-3100	BRINE WATER w/ PAPER & SHALE GUARD. MW-10.0 VIS-31
3100-9200	FRESH WATER w/ PAPER, SHALE GUARD, & AMMONIA NITRATE. 18-20,000 CHLORIDES. MW-8.6 VIS-29
9200-12,800	MUD UP WITH FLOZAN, 80,000 CHLORIDES MW-9.2-9.8 VIS-33

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

Bob Williams

Bob Williams

TITLE

Drilling Superintendent

DATE

10-10-98

(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:

Acting

APPROVED BY

ASST. FIELD OFFICE MANAGER

TITLE

Assistant Field Office Manager,
Lands and Minerals

DATE

NOV 10 1998

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS 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

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

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

API Number 30-025-34552	Pool Code	Pool Name 3004
Property Code 23942	Property Name PEARSALL 6 FEDERAL COM	Well Number 1
OGRID No. 010179	Operator Name HARVEY E. YATES COMPANY	Elevation 3833'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	6	18 S	32 E		1830	NORTH	1980	WEST	LEA

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 320⁰⁰	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

<p>LOT 4 40.94 AC.</p> <p>LOT 3 40.02 AC.</p> <p>LOT 2 40.04 AC.</p> <p>LOT 1 40.05 AC.</p> <p>Oxy USA et al LC-029410-B</p> <p>Santa Fe et al NM-95640</p> <p>LOT 5 40.95 AC.</p> <p>LOT 6 40.97 AC.</p> <p>LOT 7 40.99 AC.</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Bob Williams</i> Signature</p> <p>Bob Williams Printed Name</p> <p>Drilling Superintendent Title</p> <p>9/10/98 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>SEPTEMBER 3, 1998 Date Surveyed</p> <p><i>Ronald E. Edson</i> Signature & Seal of Professional Surveyor</p> <p>3239 CDG</p> <p>9-09-98 Date</p> <p>RONALD E. EDSON Certification No.</p> <p>3239 EDSON</p> <p>12641</p>
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Application
Harvey E. Yates Company
Pearsall 6 Fed Com Fed #1
Section 6, T18S, R32E
Lea County, New Mexico

In conjunction with Form 3160-3, Application For Permit To Drill Or Deepen subject well, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 10.

1. Geologic Name of Surface Formation:
Quaternary alluvium and bolson deposits
2. Estimated Tops of Significant Geologic Markers:
Rustler 1050', Yates 2520', Seven Rivers 2980', Bowers 3460', Queen 3720', Penrose 3970',
BFSA 4690, Delaware Sand, 4970', Bone Spring 6386', TD 11,000.
3. Estimated Depths at which Water, Oil, or Gas Formations are expected:
Water: Triassic Red Bed (Santa Rosa) @ approx. 220'.
Oil: Bone Spring @ 6386'.
Gas: Bone Spring @ 6386'.
4. Proposed Casing Program:
See Form 3160-3.
5. Pressure Control Equipment:
BOP & Annular. See EXHIBIT C. Although the rig equipment is rated 5M rated, this well will be rated 2M.
6. Drilling Fluid Program:
See Form 3160-3
7. Auxiliary Equipment:
H2S Compliance Package
8. Testing, Logging, & Coring Program:
Rotary sidewall cores will be taken, and two DSTs are planned. One in the Wolfcamp, and one in the Atoka. The planned logs are DLL-Micro w/GR & Caliper, and CN-Den w/GR & Caliper.
9. Abnormal Conditions, Pressures, Temperatures, or Potential Hazards:
No abnormal conditions are anticipated in this well bore.
BHST-140 deg F
BHP-2500 psi.
There is possible Hydrogen Sulfide in this area. Therefore, a contingency plan is submitted.
See EXHIBIT E.
10. Anticipated Starting Date & Duration of Operation:
Spud Date: On or about November 1, 1998. Duration of this project will be approximately 60 days from start of construction of drilling pad until finish of completion operations.

Surface Use Plan
Harvey E. Yates Company
Pearsall 6 Fed Com #1
Section 6, T18S, R32E
Lea County, New Mexico

1. **Existing Roads:**
Exhibit A is a portion of a New Mexico map showing the location of the proposed location. The location is approximately 38 miles east of Artesia, NM or about 6 miles south of Maljamar, NM. Leave Artesia on U.S. 82 & travel east to the junction of NM 529. Go southeast 7 miles to the junction of NM 126. Go south for 1.7 miles on NM 126. Turn West on caliche road. Go .6 miles to four way intersection. Turn left & go .7 miles to another four way intersection. Turn left & go 500'. Turn right & go .75 miles to location.
2. **Planned Access Roads:**
Approximately 4,000' of new road will be built to access location. This road will run from East to West from an existing road.
3. **Location of Existing Wells:**
See EXHIBIT B
4. **Location of Tank Batteries, Electric Lines, Etc:**
In the event a producing well is drilled, a tank battery will be built on the location. See EXHIBIT B
5. **Location and Type of Water Supply:**
Water will be obtained from commercial sources.
6. **Source of Construction Material:**
We will use materials from the primary and auxillary reserve pits to build the location.
7. **Methods of Handling Waste Disposal:**
Waste will be handled in an approved manner. The wellsite will be cleaned of all waste within 30 days of final completion of the well.
8. **Ancillary Facilities:**
N/A
9. **Wellsite Layout:**
 - a. EXHIBIT D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.
 - b. The land is relatively flat with sandy soil and sand dunes.
 - c. The pad and pit area have been staked.
10. **Plan for Restoration of the Surface:**
 - a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. Pits will be back filled and the location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.
 - b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible. All pits will be filled and leveled within 90 days after abandonment.

11. Other Information:

- a. The surface and mineral owner is the Federal Government. The grazing Lessee is Williams & Sons Cattle Company. They have been contacted regarding this operation.
- b. The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.
- c. There are no ponds, lakes, or rivers in this area.
- d. An Archaeological Survey has been made and a copy has been sent to the Roswell BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.
- e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

12. Operator's Representative:

The field representative for assuring compliance with the approved surface use and operation plan is:

Bob Williams
Harvey E. Yates Company
P.O. Box 1933
Roswell, NM
505-623-6601

September 10, 1998



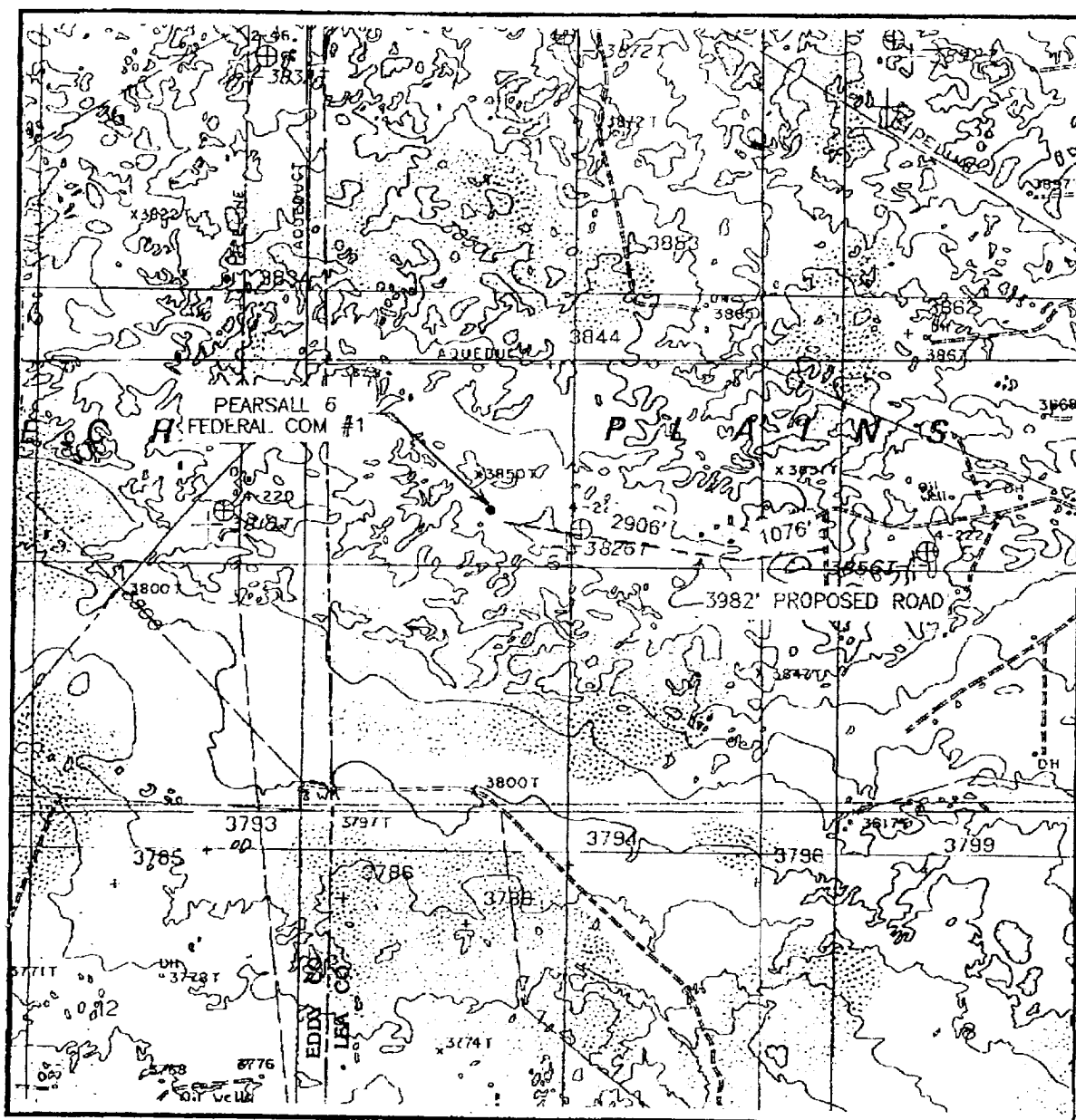
Bob Williams
Drilling Superintendent

EXHIBIT "A"



(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 6 TWP. 18-S. RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1830' ENL & 1980' FWL

ELEVATION 3833'

OPERATOR HARVEY E. YATES COMPANY

LEASE PEARSALL 6 FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP

MALJAMAR, NM

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO

(505) 393-3117

PEARSALL 6 FED COM #1
1830' FNL & 1980' FWL
SEC 6, T18S, R32E
EDDY COUNTY, NM

EXHIBIT C BOP STACK
1500 SERIES
RATED @ 5,000 PSI

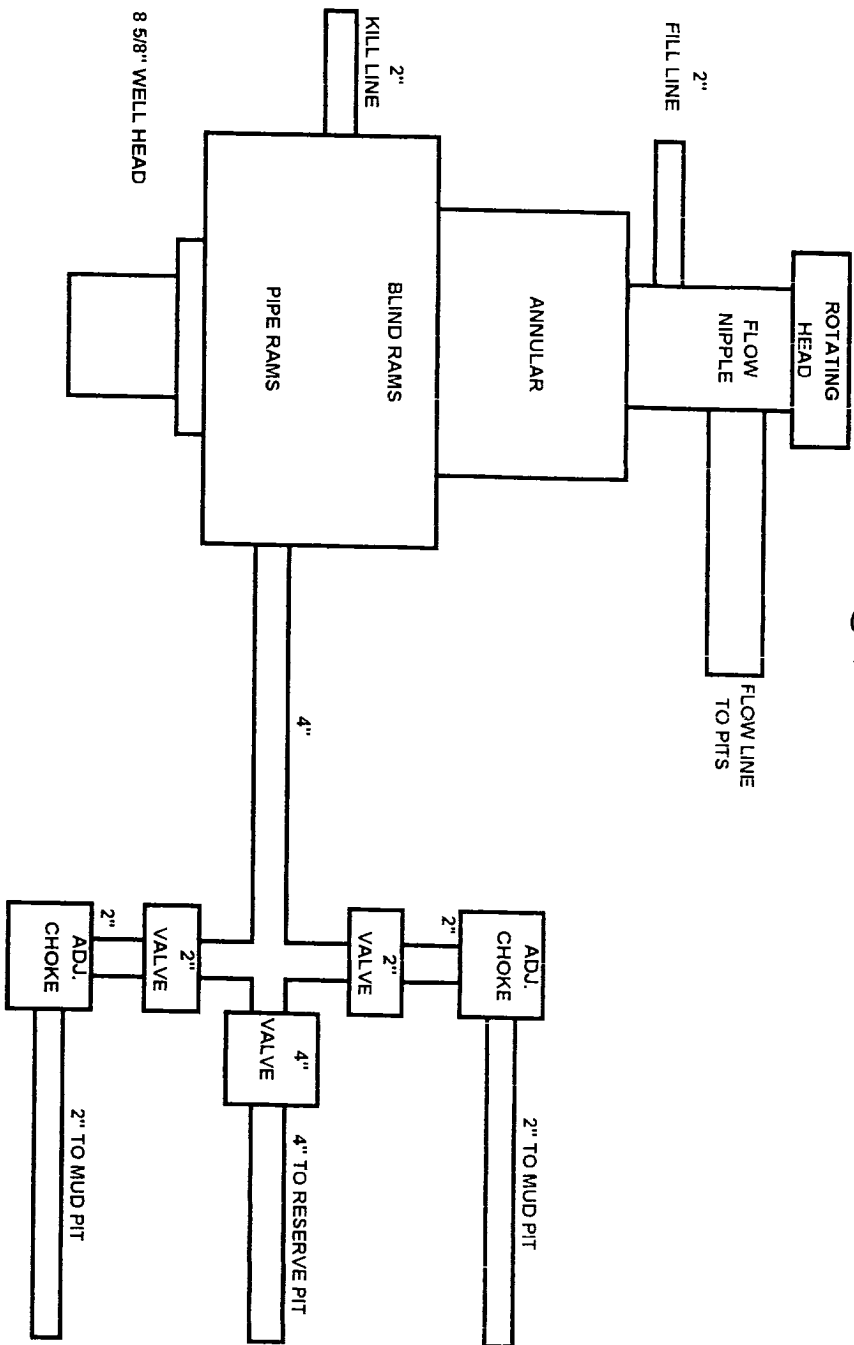


EXHIBIT D

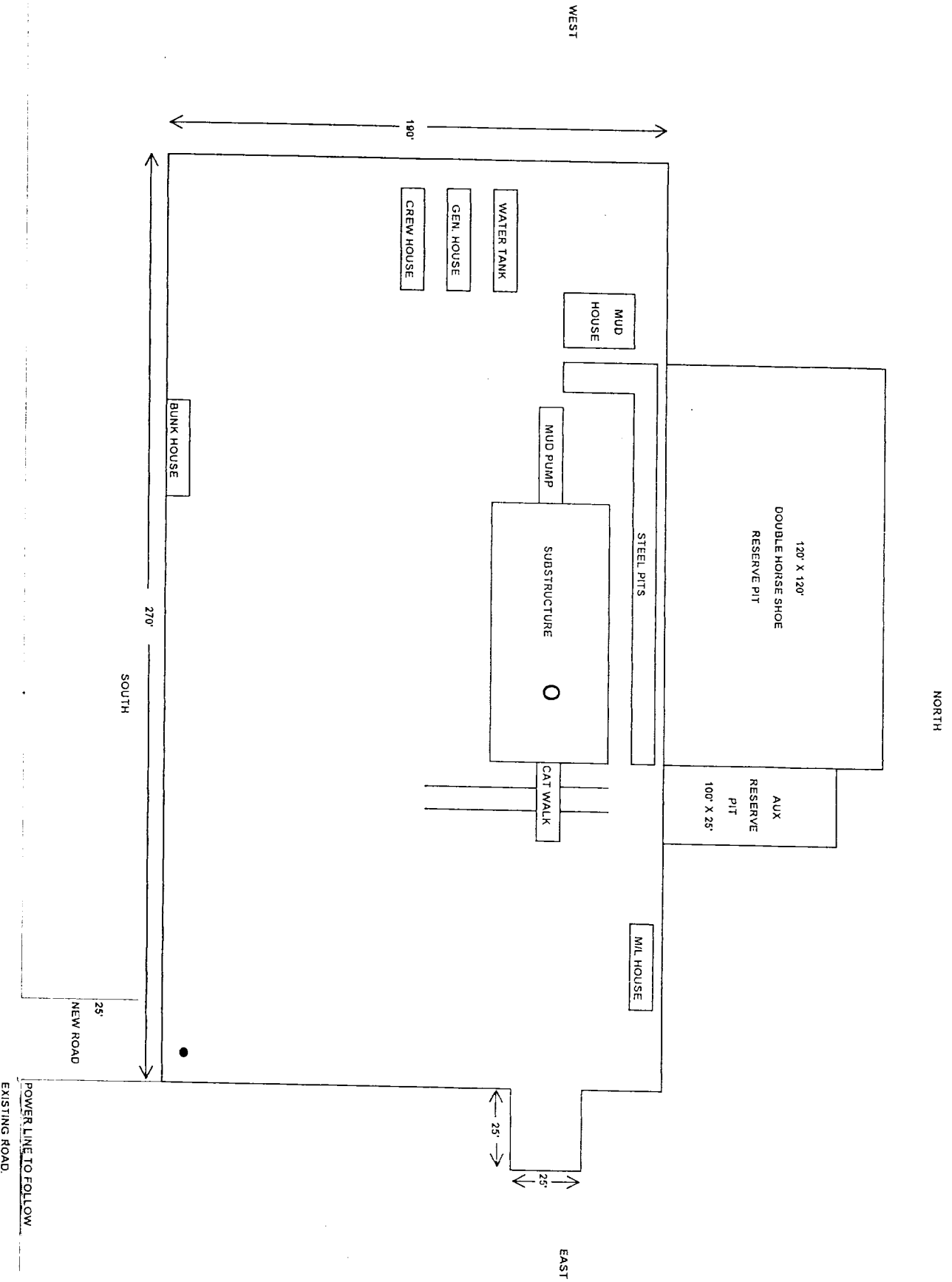


EXHIBIT "E"

Harvey E. Yates Company
Pearsall 6 Fed Com #1
Section 6, T18S, R32E
Lea County, New Mexico

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis will show proof of training from a qualified instructor in the following areas before commencing any work on the above named well.

1. The hazards and characteristics of hydrogen sulfide (H²S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H²S detectors, alarms, warning signs, briefing areas, and evacuation procedures.
5. The proper technique for rescues.

II H²S Safety Equipment and Systems

All H²S safety equipment and systems will be installed 1,000 feet prior to penetrating the first zone containing or reasonably expected to contain H²S.

1. Well Control Equipment
 - A. Choke manifold with a minimum of two adjustable chokes.
 - B. Blind and pipe rams to accommodate all pipe in use.
 - C. Auxiliary equipment to include annular preventer and rotating head.
2. Protective equipment for essential personnel
 - A. Four 5 minute escape units in top dog house.
 - B. One 30 minute SCBA at each briefing area.
3. H²S detection and monitoring equipment
 - A. Three channel monitor located on floor, with detectors located on floor, on flow nipple, and on flow line on mud pit.
4. Visual Warning Systems
 - A. Windsock located on floor and mud pits.
 - B. Briefing area signs located on NE & SW corners of pad.
 - C. H²S Condition sign located at entrance to location.
5. Mud Program

The mud program has been designed to minimize the volume of possible H²S circulated to surface. Proper weight, safe drilling practices, and the use of H²S scavengers will minimize hazards when penetrating possible H²S bearing zones.

6. Metallurgy

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifolds, and associated lines and valves shall be suitable for an H₂S environment.

7. Communications

Drilling rig and company vehicles will be equipped with two way radios or cellular telephones.

8. Well testing

Two Drill Stem Tests are planned for this well.