

OPER. OGRID NO. 25575

PROPERTY NO. 18793

TRIPlicate*

uctions on
side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNIT
DEPARTMENT
BUREAU OF

POOL CODE 51683

EFF. DATE 10/12/96 33631

API NO. 30-025-33631

APPLICATION FOR

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 St., Artesia, NM 88210 (505) 748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

2310' FSL and 2310' FWL, Unit letter k

At proposed prod. zone

Same

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

41 miles Northwest of Jal, 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

479.25

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

9200'

20. ROTARY OR CABLE TOOLS

Rotary

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

3748' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|-----------------------|
| 14 3/4" | 11 3/4" | 42# | 1270' | 750 sacks circulated |
| 11" | 8 5/8" | 32# | 4810' | 1750 sacks (tie back) |
| 7 7/8" | 5 1/2" | 15.5# & 17# | TD | 1050 sacks (tie back) |

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 1270' of surface casing will be set and cement circulated. Approximately 4810' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW/Gel to 1270'; Brine to 4810', Cut Brine, Starch to TD.

BOPE PROGRAM: BOPE will be nipped up on the 11 3/4" casing and tested daily for operational.

Submitted to
State of New Mexico
Special Operations
Attached

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

Clifton R. May

TITLE Regulatory Agent

DATE 9-9-96

(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

/s/ JOAN R. FLOREZ

TITLE

Acting

Area Manager

DATE

OCT 8 1996

*See Instructions On Reverse Side

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|----------------------------|--|--------------------|-----------------------------------|
| API Number 30 025-33631 | | Pool Code 57683 | Pool Name RED TANK BONE SPRING |
| Property Code 18793 | Property Name THYME "APY" FEDERAL | | Well Number 8 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | | Elevation 3748 |

¹⁰ Surface Location

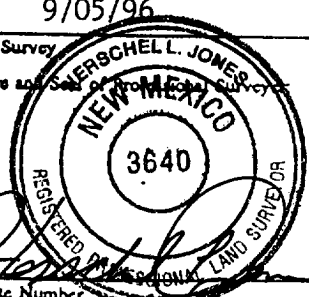
| | | | | | | | | | |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no. K | Section 1 | Township 23S | Range 32E | Lot Idn | Feet from the 2310 | North/South line SOUTH | Feet from the 2310 | East/West line WEST | County LEA |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|---------------|

¹¹ 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 40 | 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

| | | | | |
|----|-------|--|--|--|
| 16 | | | | ¹⁷ 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 Title Regulatory Agent Date 9-9-96 |
| | | | | |
| | | | | |
| | 2310' | | | ¹⁸ 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 belief. Date of Survey 9/05/96 Signature and Seal of Professional Surveyor  Certificate Number 3640 |
| | | | | |
| | | | | |
| | | | | |

**YATES PETROLEUM CORPORATION
THYME "APY" FEDERAL #8
2310' FSL AND 2310' FWL
SECTION 1-T23S-R32E
LEA COUNTY, NEW MEXICO**

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

| | | | |
|----------------|-------|-------------|-------|
| Rustler | 1260' | Bone Spring | 8800' |
| Top of Salt | 1295 | TD | 9200' |
| Bottom of Salt | 4680' | | |
| Delaware | 4968' | | |
| Cherry Canyon | 5990' | | |

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

Water: 250-750
Oil or Gas: 8800'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/4" casing and rated for 3M 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, 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>Thread</u> | <u>Coupling</u> | <u>Interval</u> | <u>Length</u> |
|------------------|--------------------|---------------|--------------|---------------|-----------------|-----------------|---------------|
| 14 3/4" | 11 3/4 | 42# | J55 | 8R | ST&C | 0-1270' | 1270' |
| 11" | 8 5/8 | 32# | J55 | 8R | ST&C | 0-4200' | 4200' |
| 12 1/4" | 8 5/8 | 32# | HC80 | 8R | ST&C | 4200-4810' | 610' |
| 7 7/8" | 5 1/2 | 17# | N80 | 8R | LT&C | 0-2000' | 2000' |
| 7 7/8" | 5 1/2 | 17# | J55 | 8R | LT&C | 2000-3000' | 1000' |
| 7 7/8" | 5 1/2 | 15.5# | J55 | 8R | LT&C | 3000-7000' | 4000' |
| 7 7/8" | 5 1/2 | 17# | J55 | 8R | LT&C | 7000-8500' | 1500' |
| 7 7/8" | 5 1/2 | 17# | N80 | 8R | LT&C | 8500-9200' | 700' |

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80

B. CEMENTING PROGRAM:

Surface casing: 550 sx. Pacesetter Lite "C" w/ 1/4# Cellocel & 3% CaCl₂ (wt. 12.4 ppg. Yield 1.84 ft³) + 250 sx. Class "C" w/ 2% CaCl₂. (wt. 14.8 ppg., Yield 1.32 ft³) Cement calculated to circulate to surface.

Intermediate Casing: 1500 sx. Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂. (wt. 14.8 ppg. Yield 1.32 ft³) + 250 sx. Class "C" w/2% CaCl₂. (wt. 14.8 ppg. Yield 1.32 ft³) Cement calculated to circulate to surface.

Production Casing: 1st Stage: 250 sx. "H" w/8# sack CSE, + 0.6% CF-14 + 5# sack Gilsonite (wt. 13.6 ppg Yield 1.75 ft³) Cement calculated to 8000' DV tool set at approx. 8000 ft.

2nd Stage: 650 sacks pacesetter lite "C" w/5# sack Gilsonite, 1/4# sack Cellocel, + 0.5% CF-14.(wt. 12.7 ppg Yield 1.84 ft³) + 150 sacks "H" w/0.5% Cf-14 (wt. 13.6 ppg Yield 1.78 ft³). Cement calculated to tie back to intermediate csng. 100'.

5. Mud Program and Auxiliary Equipment:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|-------------------|---------------|------------------|-------------------|
| 0-1270' | FWGEL | 8.6 - 9.6 | 32-36 | N/C |
| 1270'-4810' | Brine | 10.0-10.2 | 28 | N/C |
| 4810'-9200' | Cut brine, Starch | 8.9 - 9.1 | 30 | < 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 20' from surface to 4000', 10' from 4000' to TD.

Logging: CNL/LDT from TD to casing with GR-CNL up to surface; DLL w/RXO from TD to casing; CMR over slected intervals

Coring: None anticipated

DST's: Any tests will be based on the recommendations of the well site geologist as warranted by drilling breaks and shows

THYME "APY" FEDERAL #8

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7. Abnormal Conditions, Bottom hole pressure and potential hazards:
Anticipated BHP:
- | | | | |
|------------|----------|----------------------------|-----|
| From: 0 | TO: 1270 | Anticipated Max. BHP: 250 | PSI |
| From: 1270 | TO: 4810 | Anticipated Max. BHP: 2062 | PSI |
| From: 4810 | TO: TD | Anticipated Max. BHP: 3800 | PSI |

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 140F

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 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

**Yates Petroleum Corporation
THYME "APY" FEDERAL #8
2310' FSL AND 2310' FWL
SECTION 1-T23S-R32E
LEA 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 41 miles Northwest of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Carlsbad on Hwy 285 to Hwy 31. Go east on Hwy 31 to Hwy 128 (Jal Hwy). Go approximately 17 miles to a major pipeline road. Turn left and go approx. 5.7 miles. Turn left (NW) and go approx. 1.4 miles and turn right. Go approx. 3.1 miles. Go approximately 1 mile east to Thyme #1 location. Turn right to the Thyme #2 location. New access will start here and go south and east.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately 2400' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a(n) southerly direction going south 1400' then west 1000'.
- 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 one side. Two traffic turnout 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 on the surface following the access road to the tank battery on the #1 location.

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.

6. SOURCE OF CONSTRUCTION MATERIALS:

Federal pit located in the NE of Section 15-T23S-R32E

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: 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 BLM.

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

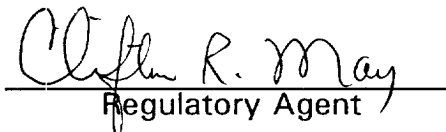
B. Through Drilling Operations,
Completions and Production:

Brian Collins, 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.

9/9/96 Date


Regulatory Agent

Thyme APY Federal #8
2310' FSL and 2310' FWL
Sec. 1-T23S-R32E
Lea County, New Mexico

Thyme APY Federal #8

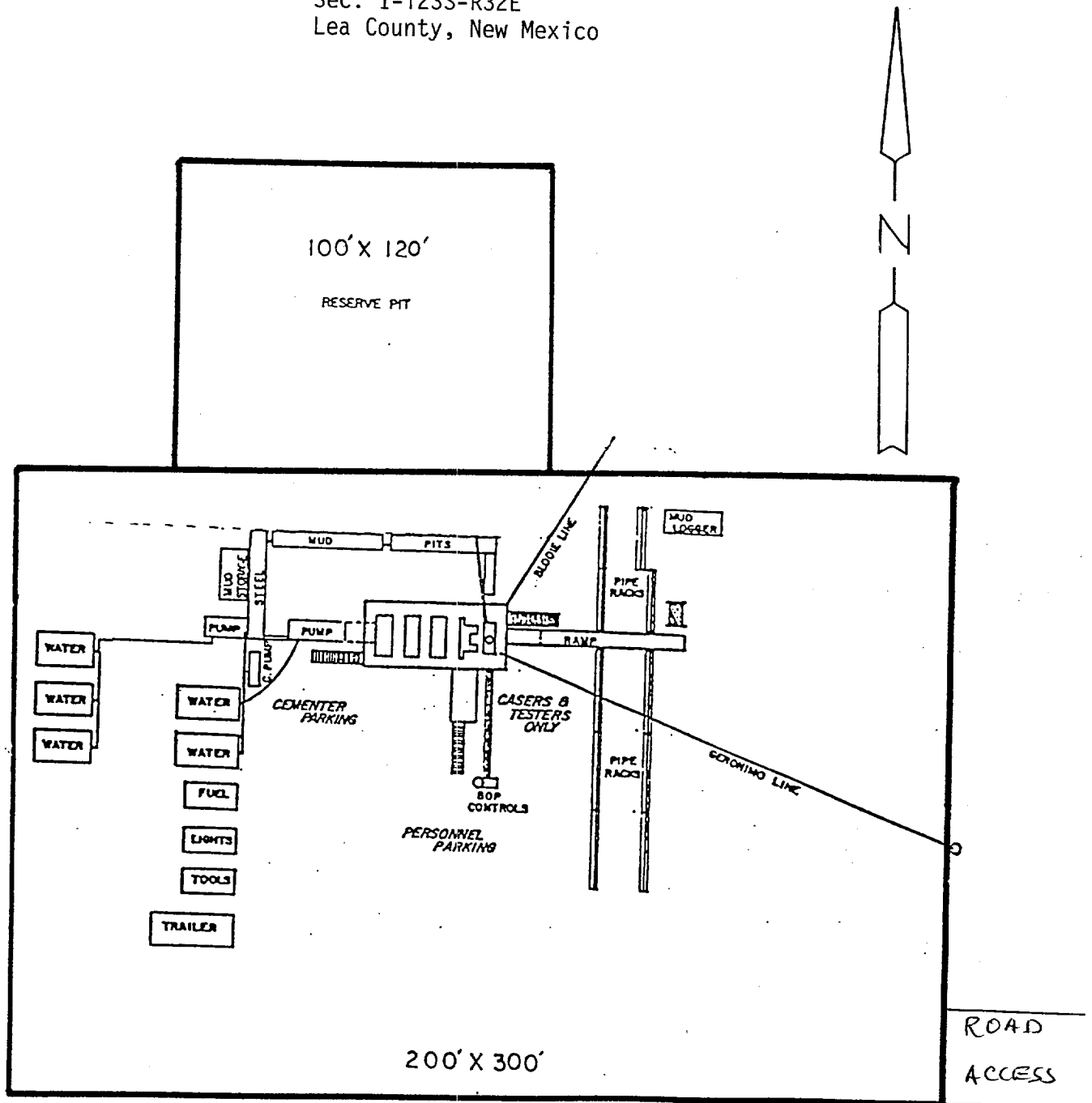
2310' FSL and 2310' FWL

Sec. 1-T23S-R32E

Lea County, New Mexico

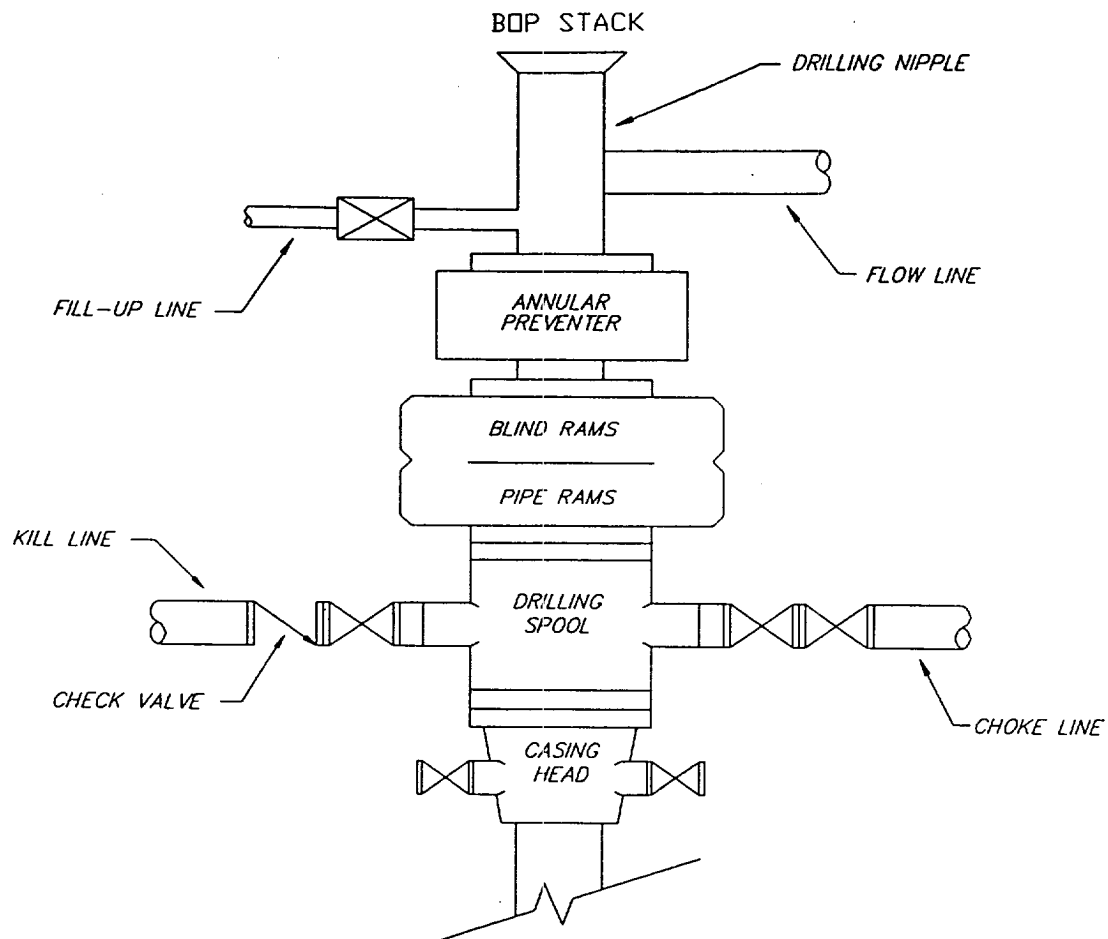
Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Thyme APY Federal #8
2310' FSL and 2310' FWL
Sec. 1-T23S-R32E
Lea County, New Mexico

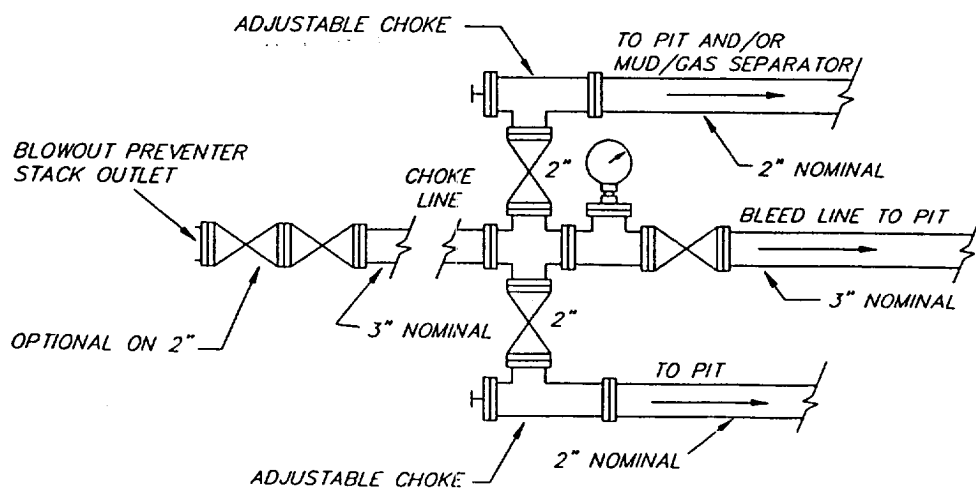


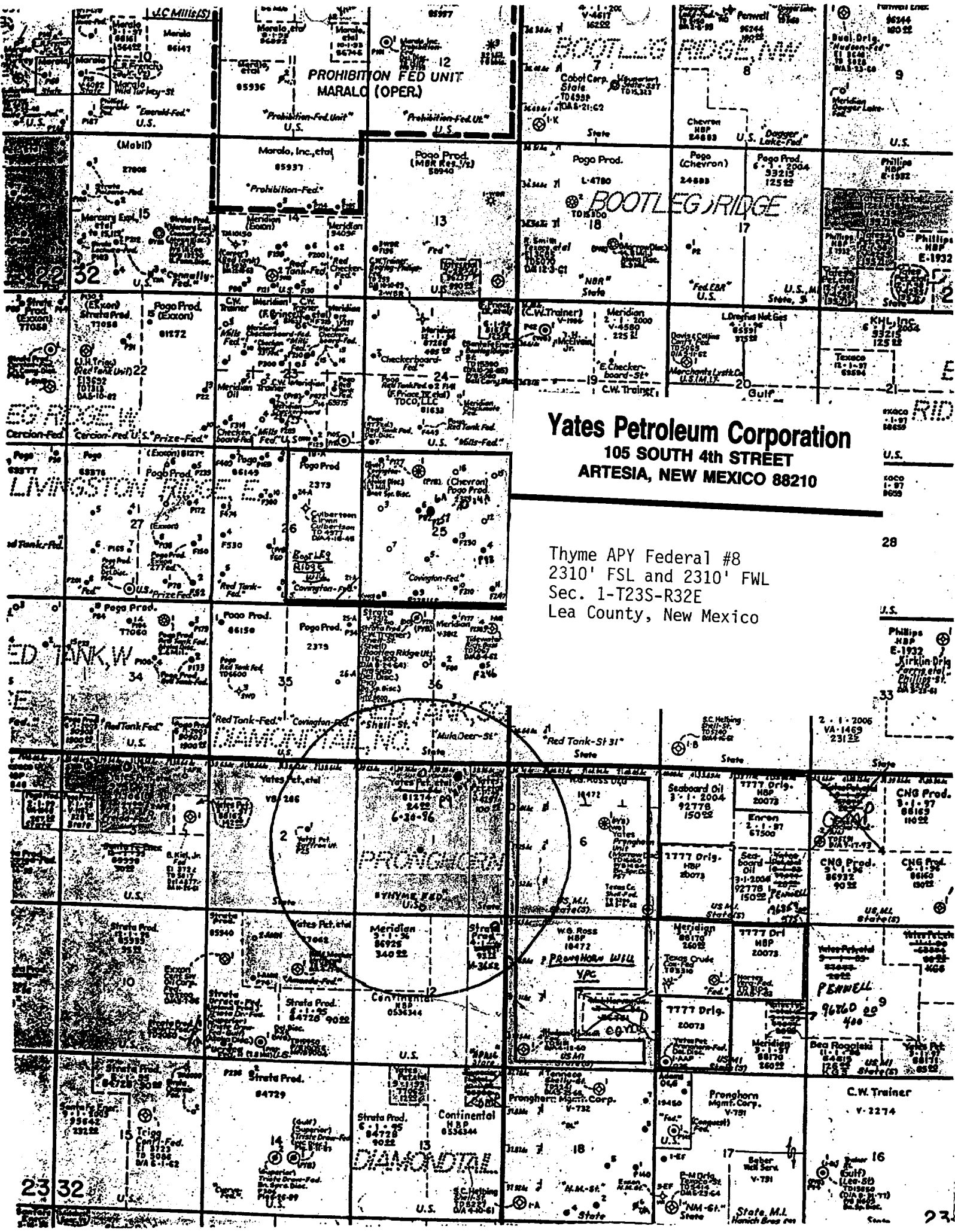
YATES PETROLEUM CORPORATION

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKE MANIFOLD SCHEMATIC





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

Thyme APY Federal #8
2310' FSL and 2310' FWL
Sec. 1-T23S-R32E
Lea County, New Mexico

28

U.S.

Phillips
HBP
E-1932
Kirklin-Drig
Corra et al
Phillips-St.
2A-12-41

33

U.S.

CNG Prod.
3-1-97
88169
11022

CNG Prod.
3-1-96
88160
10022

CNG Prod.
3-1-96
88160
10022

U.S.

Yates Pet. et al
3-1-96
88169
11022

PENWELL
96760 29
400

Yates Pet.
3-1-96
88170
08171

Yates Pet.
3-1-96
88171
08171

U.S.

C.W. Trainer
V-2274

16
Guilf
L-20-50
201850
DIA 2-1-77
M. & C.