

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

Form 3160-3
(August 1999)

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-81274

6. If Indian, Allottee or Tribe Name

Not Applicable

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

Not Applicable

8. Lease Name and Well No.

Thyme "APY" Federal #12

9. API Well No.

30-025-35995

10. Field and Pool, or Exploratory

Diamond Lake
Red Tank Bone Spring

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

Section 1, T23S-R32E

12. County or Parish

Lea 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 330' FSL and 990' FWL, Unit Letter M

At proposed prod. Zone same as above

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

Approximately forty-one (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. Spacing Unit dedicated to this well

40

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

19. Proposed Depth

9200'

20. BLM/BIA Bond No. on file

NM-2811

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

3745' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

35 Days

24. Attachments

Carlsbad Controlled Water Basin

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

7/24/02

Title:

Regulatory Agent

Approved by (Signature)

/s/ Mary J. Rugwell

Name (Printed/Typed)

/s/ Mary J. Rugwell

Date

AUG 30 2002

Title

FOR: FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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.

APPROVAL FOR 1 YEAR

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)

OPER. GRID NO. 25575
PROPERTY NO. 18793
POOL CODE 17644
EFF. DATE 9-2-02
API NO. 30-025-35995

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Ke
MP

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

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, 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

API Number 30-025-35995	Pool Code 17644	Pool Name Diamond tail Red Tank Bone Spring
Property Code 18793	Property Name THYME "APY" FEDERAL	Well Number 12
OCSD No. 025575	Operator Name Yates Petroleum Corporation	Elevation 3745'

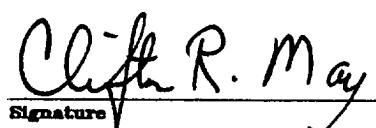
Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	1	23S	32E		330	South	990	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 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

				OPERATOR CERTIFICATION 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 7/24/2002 Date
				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. REFER TO ORIGINAL PLAT Date Surveyed Signature & Seal of Professional Surveyor
NM-81274				Certificate No. Herschel L. Jones RLS 3640 GENERAL SURVEYING COMPANY
990'				

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		Pool Code		Pool Name RED TANK BONE SPRING	
Property Code		Property Name THYME "APY" FEDERAL			Well Number 12
GRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3745

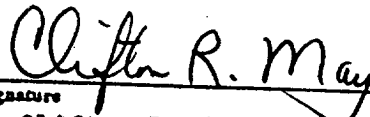
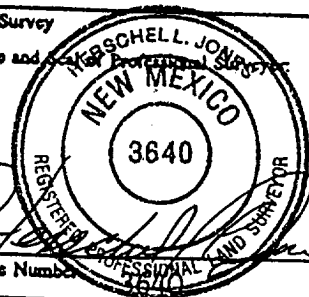
10 Surface Location

UL or lot no. M	Section 1	Township 23S	Range 32E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 990	East/West line WEST	County LEA
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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

<div>16</div> <div>NM-81274</div> <div>990'</div> <div>330'</div>				<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div></div> <div>Signature Clifton R. May</div> <div>Printed Name Regulatory Agent</div> <div>Title 10-9-96</div> <div>Date</div>			
				<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>10/04/96</div> <div>Date of Survey</div>			
				<div>Signature and Seal of Professional Surveyor</div> <div></div> <div>Certificate Number 3640</div>			

YATES PETROLEUM CORPORATION
Thyme "APY" Federal #12
330' FSL and 990' FWL
Section 1-T23S-R32E
Lea County, New Mexico

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

Rustler	1258'	Cherry Canyon	6055'
Top of Salt	1295'	Brushy Canyon	8550'
Bottom of Salt	4710'	Avalon Sand	8950'
Delaware	4980'	TD	9200'

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

Water: 250' – 750'
Oil or Gas: 8855'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/4" casing and rated for 3000# 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>
14 3/4"	11 3/4"	42#	J-55	ST&C	0-1270'	1270'
11"	8 5/8"	32#	J-55	ST&C	0-4200'	4200'
12 1/4"	8 5/8"	32#	HC-80	ST&C	4200-4810'	610'
7 7/8	5 1/2"	17#	N-80	LT&T	0-2000'	2000'
7 7/8	5 1/2"	17#	J-55	LT&T	2000-3000'	1000'
7 7/8	5 1/2"	15.5#	J-55	LT&T	3000-7000'	4000'
7 7/8	5 1/2"	17#	J-55	LT&T	7000-8500'	1500'
7 7/8	5 1/2"	17#	N-80	LT&T	8500-9200'	700'

- Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
- 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 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 1000 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.

A. CEMENTING PROGRAM:

Surface Casing: 550 sx Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂ (YLD 1.84 WT 12.4) + 250 sx Class "C" w/2% CaCl₂ (YLD 1.32 WT 14.8). Cement calculated to circulate to surface.

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

Production Casing: 1st Stage: 250 sx "H" w/8# sx CSE + 0.6% CF-14 + 5# sx Gilsonite (YLD 1.75 WT 13.6). Cement calculated to 8000' DV tool set @ approximately 8000'.

2nd Stage: 650 sx Pacesetter Lite "C" w/5# sx Gilsonite, 1/4# sx Cellocel + 0.5% CF-14 (YLD 1.84 WT 12.7) + 150 sx "H" w/0.5% CF-14 (YLD 1.78 WT 13.6). Cement calculated to tie back to intermediate casing 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'	FW GEL	8.6-9.6	32-36	N/C
1270'-4810'	Brine	10.0-10.2	28	N/C
4810'-6355'	Cut Brine/Starch	8.9-9.1	30	<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: Every 20' from surface to 4000', 10' from 4000' to TD.

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

Coring: None anticipated

DST's: As warranted.

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: 140 F

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 #12
330' FSL and 990' 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 well site 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 approx. 1 mile east to Thyme #1 location. Turn south to the thyme #2 location. New access will start here and go south.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1 mile in length from the point of origin to the southeast corner of the drilling pad. The road will go south 3100', then west 2400'.
- 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. 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 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.
- C. A 3" steel flow line 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 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.

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

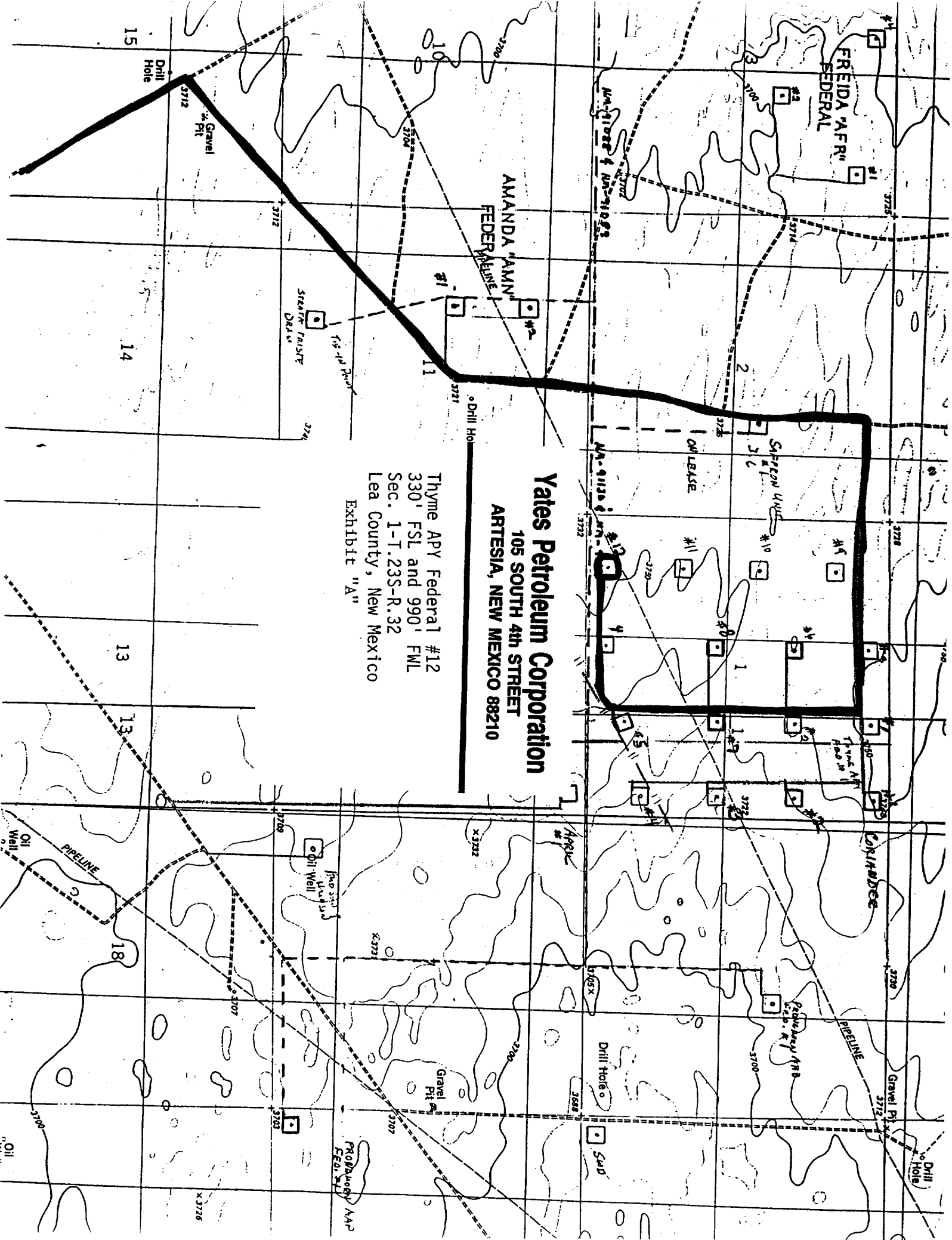
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated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

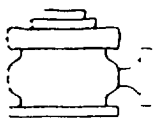
7/24/2002


Regulatory Agent

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

Thyme APY Federal #12
330' FSL and 990' FWL
Sec. 1-T.23S-R.32
lea County, New Mexico
Exhibit "A"

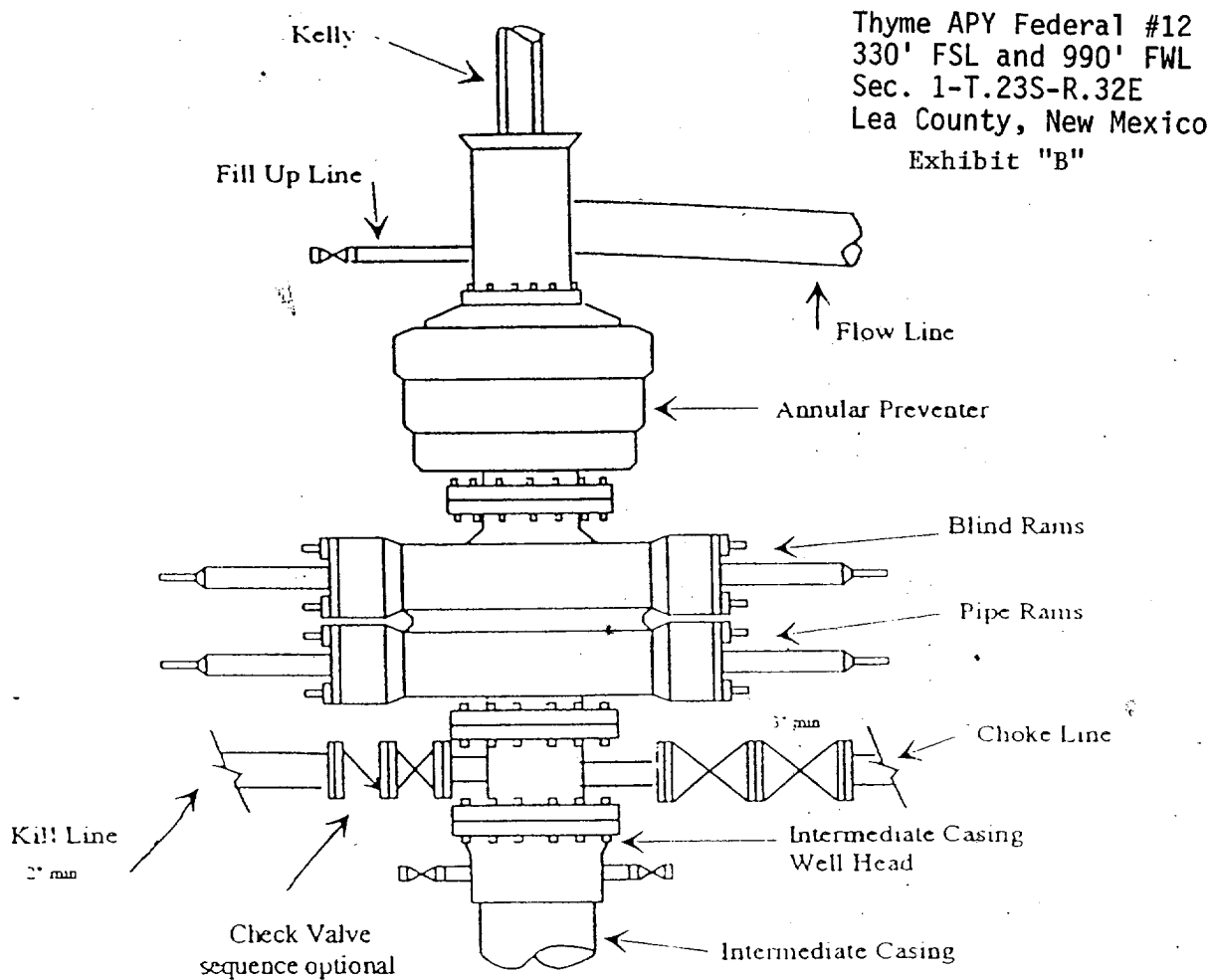




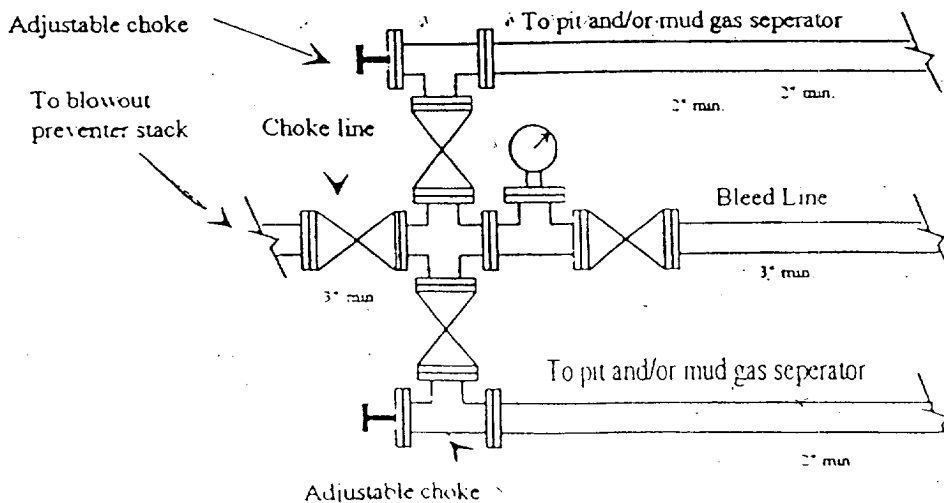
ates Petroleum Corpora n

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



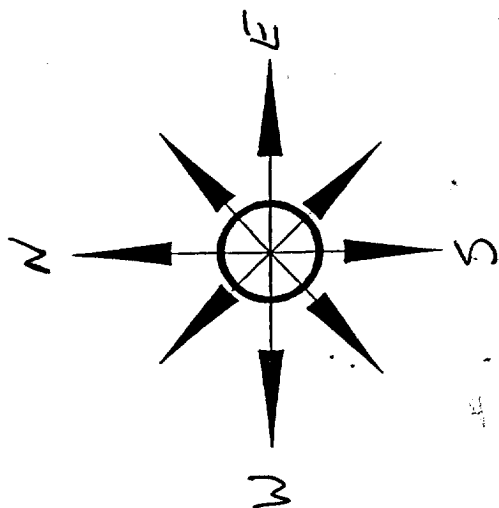
Typical 3,000 psi choke manifold assembly with at least these minimum features



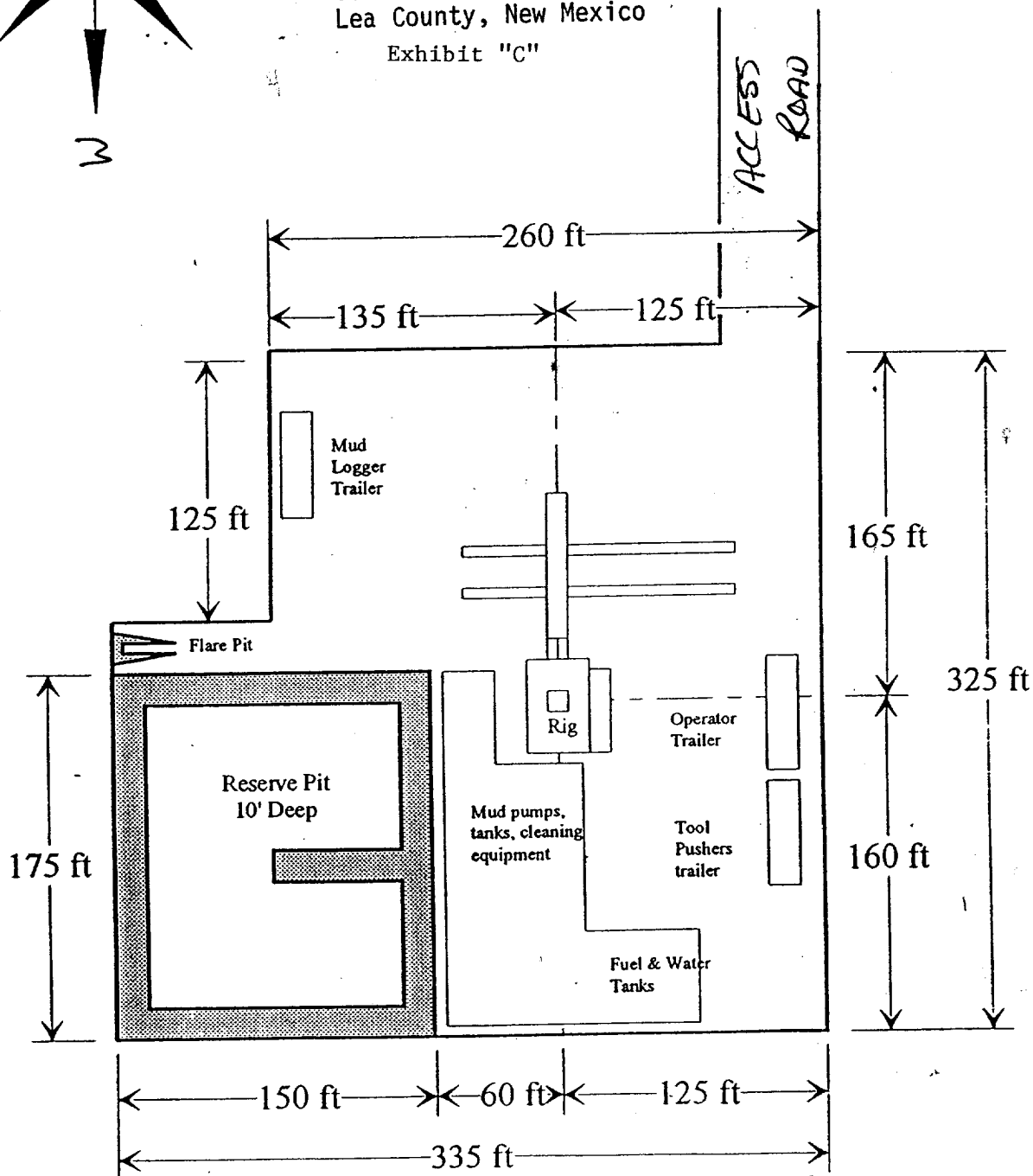
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

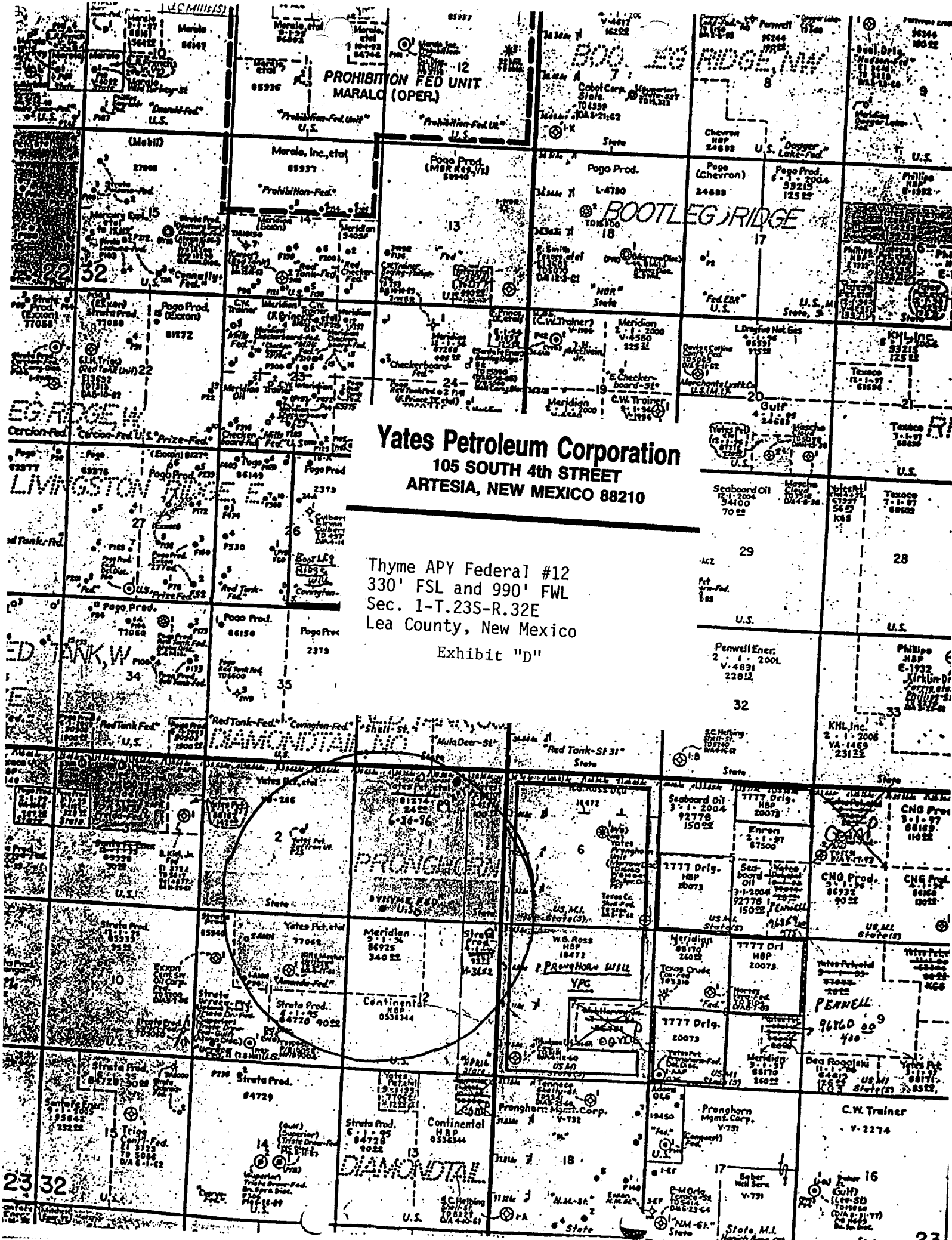


Thyme APY Federal #12
 330' FSL and 990' FWL
 Sec. 1-T.23S-R.32E
 Lea County, New Mexico
 Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



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

Thyme APY Federal #12
330' FSL and 990' FWL
Sec. 1-T.23S-R.32E
Lea County, New Mexico
Exhibit "D"