



207 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1331

S. P. YATES  
PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
VICE PRESIDENT  
B. W. HARPER  
SEC. TREAS.

August 22, 1986

**RECEIVED**  
AUG 27 1986

**DIVISION OF  
OIL, GAS & MINING**

State of Utah  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

ATTENTION: Mr. John Baza

Re: Exception to the location for  
the proposed Alkali Point 1-7  
located SE SW 320' FSL and  
2120' FWL of Section 7-37S-R24E,  
San Juan County, Utah

Dear Mr. Baza:

Yates Petroleum Corporation hereby requests an exception to Rule 302 of the Oil and Gas Conservation's general rules and regulations orders. Yates Petroleum Corporation hereby is requesting that the unorthodox location for the Alkali Point #1-7 be favorably approved by the State of Utah, Division of Oil, Gas and Mining.

With Yates Petroleum Corporations interpretation of all materials and information it was determined that this spot was best for wildcat drilling activities. If you have any questions concerning this matter, please call Yates' geologist Steve Speer at 505-748-1471.

Topographic features helped with this decision. Pure Oil Company has a pipeline on the east side of our location, approximately 150' from center hole.

All leases to the south are being obtained by Yates Petroleum Corporation by farmout from Marathon Oil Company. Note the enclosed map.

Thank you for your concern.

Sincerely yours,

Cy Cowan  
Regulatory Agent

CC:rj

Enclosure

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK  
 DRILL  DEEPEN  PLUG BACK

**CONFIDENTIAL**

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER  Tite hole  
 SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 Yates Petroleum Corporation

3. ADDRESS OF OPERATOR  
 105 South Fourth Street - Artesia, NM 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
 At surface 320' FSL & 2120' FWL  
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 Approximately 13 miles north of Hatch Trading Post

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 320'

16. NO. OF ACRES IN LEASE  
 2478'

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 80

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA

19. PROPOSED DEPTH  
 6550' Akah

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 5985' GR

5. LEASE DESIGNATION AND SERIAL NO.  
 U-39243  
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
 7. UNIT AGREEMENT NAME  
 8. FARM OR LEASE NAME  
 Alkali Point  
 WELL NO.  
 1-7  
 9. FIELD AND POOL, OR WILDCAT  
 Wildcat  
 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Sec. 7-T37S-R24E  
 12. COUNTY OR PARISH  
 San Juan  
 13. STATE  
 Utah

RECEIVED  
 AUG 27 1986

DIVISION OF  
 OIL, GAS & MINING

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48# H-40	Approx. 100'	50 sacks
12-1/4"	9-5/8"	36# K-55	" 2400'	1000 sacks
7-7/8"	5-1/2"	15.5# J-55	" 6550'	500 sacks

We propose to drill and test the Akah and intermediate formations. Approximately 2400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW to 5500'; fresh water gel to TD with MW 9.0-10.4, Vis 35-45, WL 10-15.

BOP PROGRAM: BOP's will be nipped up when intermediate casing is set.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Cy Cowan TITLE Regulatory Agent DATE Aug. 22, 1986

(This space for Federal or State office use)  
 PERMIT NO. 43-037-31274

APPROVED BY THE STATE  
 OF UTAH DIVISION OF  
 OIL, GAS, AND MINING

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_  
 CONDITIONS OF APPROVAL, IF ANY:

DATE: 9-8-86  
 BY: John R. Baya

\*See Instructions On Reverse Side  
 WELL SPACING: 302.1

COMPANY YATES PETROLEUM CORPORATION

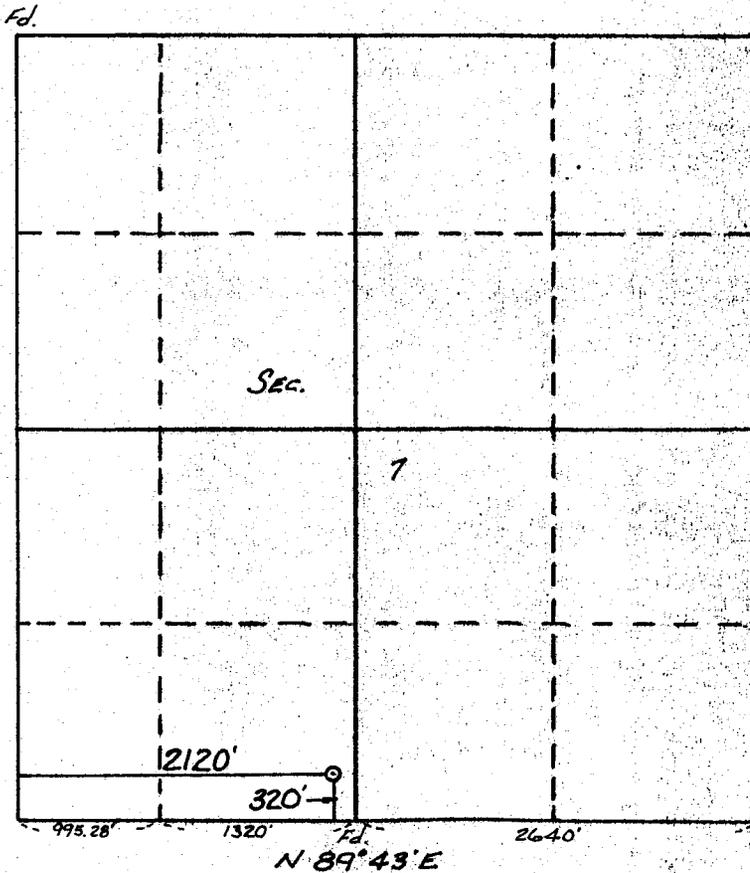
LEASE ALKALI POINT WELL NO. 1-7

SEC. 7, T. 37S, R. 24E

County: San Juan State: Utah

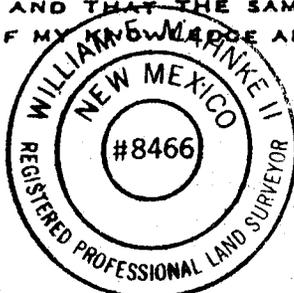
LOCATION 320'FSL & 2120'FWL

ELEVATION 5985



SCALE—4 INCHES EQUALS 1 MILE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTE OF ACTUAL SURVEYS MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



SEAL:

William W. Mark II  
Registered Land Surveyor  
New Mexico P.L.S. No. 8466

SURVEYED August 20, 1986

Vicinity Map for  
YATES PETROLEUM CORPORATION  
#1-7 ALKALI POINT  
320'FSL & 2120'FWL  
Sec.7 T37S R24E  
San Juan Co., Utah

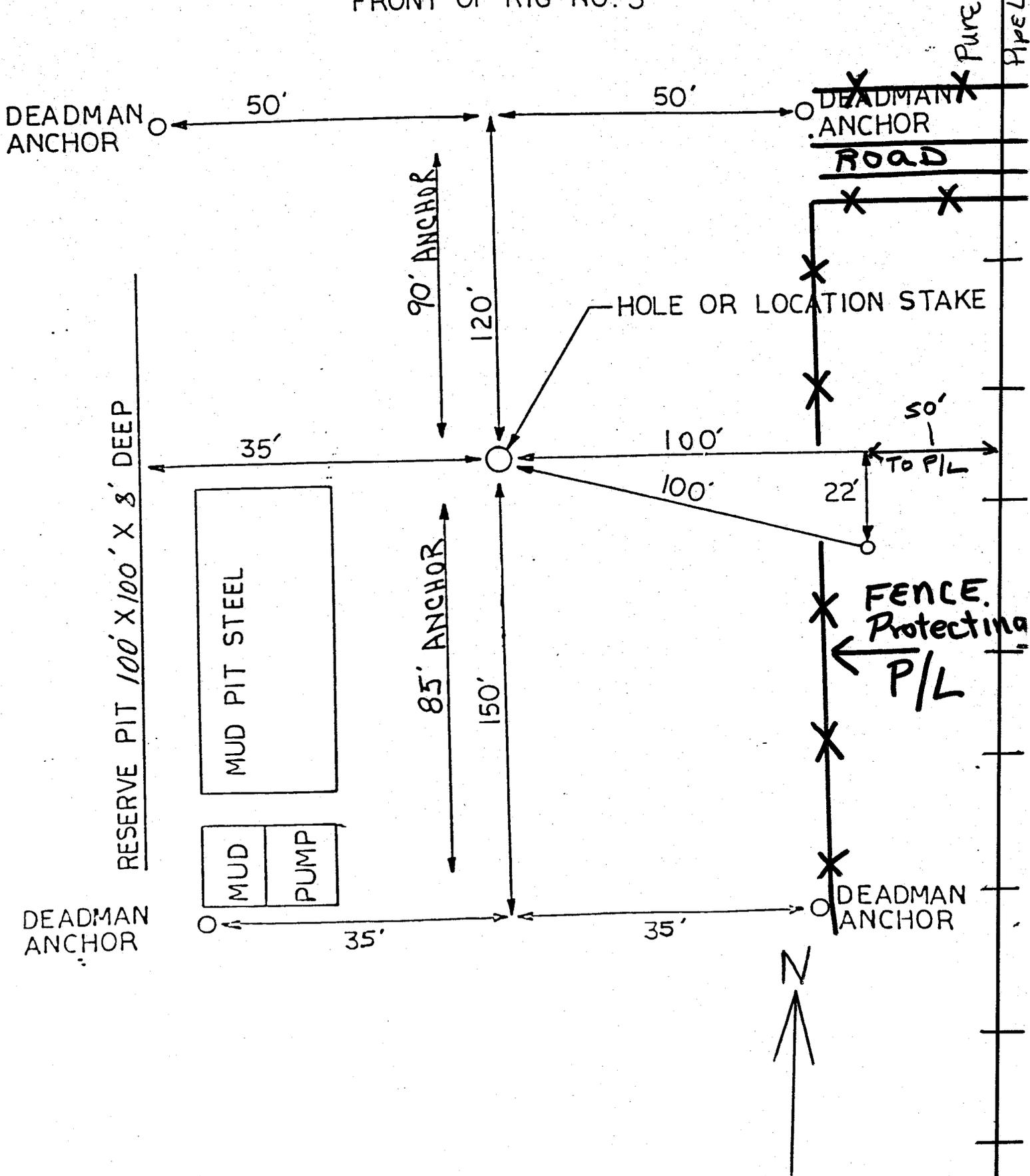
Exhibit A



# Exhibit C

COLEMAN DRILLING CO

FRONT OF RIG NO. 3





COMPANY YATES PETROLEUM CORPORATION

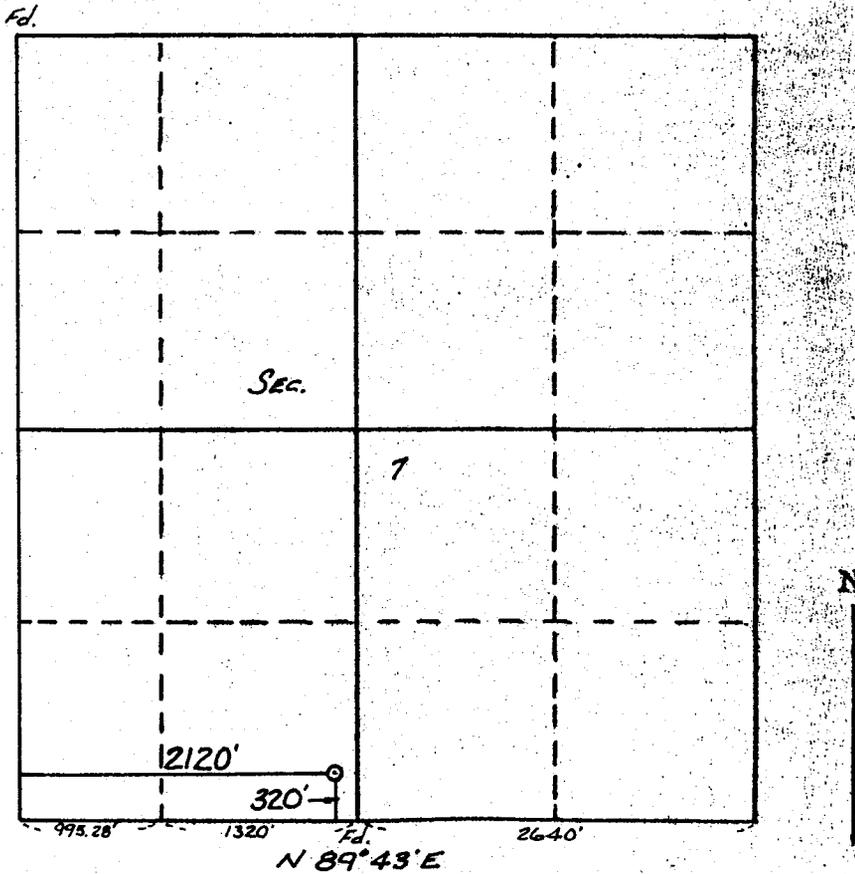
LEASE ALKALI POINT WELL NO. 1-7

SEC. 7, T. 37S, R. 24E

County: San Juan State: Utah

LOCATION 320'FSL & 2120'FWL

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SEAL:



*William B. Rinke II*  
Registered Land Surveyor  
New Mexico P.L.S. No. 8466

SURVEYED August 20, 1986

YATES PETROLEUM CORPORATION  
 Alkali Point #1-7  
 320' FSL and 2120' FWL of  
 Section 7-T37S-R24E  
 San Juan County, Utah

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is the Morrison formation.

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

Chinle	2489'
Shinrump	3199'
Cutler	3405'
Honaker Trail	5255'
Upper Ismay	6145'
Desert Creek	6406'
Akah	6500'
TD	6550'

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

Water: Surface to 1669'

Oil or Gas: Honaker Trail 5255', Ismay 6145', Desert Creek 6406'

4. Proposed Casing Program:

Surface Casing:

There will be one stage of cement. Cemented with 1000 sacks of Class "C" 2% CaCl<sub>2</sub> (800 cubic feet of cement) circulated. Casing shoe will be set at 2400' and float equipment set at approximately 2360'.

Production Casing:

There will be one stage or as warranted of cement. Cemented with enough Class "C" to equal 250 cubic feet or approximately 325 sacks to reach estimated top at 5000'. Float collar will be set at approximately 40' above TD with casing shoe set at TD.

NOTE: The San Juan Resource Are will be notified 1 day prior to running casing strings and cement.

5. Pressure Control Equipment: See Form 9-331C. NOTE: The San Juan Resource Area will be notified 1 day prior to pressure testing.

6. Mud Program:

<u>DEPTH</u>	<u>TYPE</u>	<u>WEIGHT #/GALLON</u>	<u>VIS-sec/qt.</u>	<u>FLUID LOSS (cc)</u>
0-5500'	FW	----	----	----
5500-TD	FW gel/starch	9.0-10.4	35-45	10-15

7. Auxiliary Equipment: Kelly cock; pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.

Alkali Point #1-7

Page 2:

8. Testing, Logging and Coring Program:

Samples: 10' samples caught out from under surface casing to TD

DST's: Two (2) possible

Coring: None

Logging: DIL & CNL/LDT from TD to casing. Possible dipmeter and sonic.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
YATES PETROLEUM CORPORATION  
Alkali Point #1-7  
320' FSL and 2120' FWL of  
Section 7-T37S-R24E  
San Juan County, Utah

This plan is submitted with Form 9-331C, 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 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:

1. From Hatch Trading Post follow Perkins Ranch road to a point approximately 7 miles west of Perkins Ranch on County Road 204.
2. Access road will enter the northeast corner of the location.
3. Refer to map.

2. PLANNED ACCESS ROAD

- A. The new road will be 20 feet in width and approximately 800' in length.
- B. The new road will be bladed. Native materials will be used. If needed in wet weather, surfacing material may be needed.
- C. The route of the road is flagged and visible.
- D. Encroachment permit will be obtained from San Juan County Road Department.

3. LOCATION OF EXISTING WELL:

- A. There is drilling activity within a one mile radius of the wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no 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 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 purposes and will be hauled to the location by truck over the existing and proposed roads. Water and permits will be obtained by the drilling contractor. The State will be notified of the permit number.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Native materials will be used for pad construction. Location and road will be watered and bladed.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits. Pits will not be lined.
- 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. Trash, waste paper, garbage and junk will be buried in a separate burn pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Burn permit will be obtained by drilling contractor.
- G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLIARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, etc. The reserve pits will be to the southwest. Access will be from the northeast.
- B. The location surface is sloping to the north.
- C. The reserve pits will not be lined.
- D. A 400' X 400' area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

- 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 levelled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Operator-Landowner Agreement will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level with after abandonment.

11. OTHER INFORMATION:

- A. Topography: The land surface in the vicinity of the wellsite is sloping to the north. The immediate area of the wellsite is discussed above in Paragraph 9B.
- B. Flora and Fauna: The vegetation cover on wellsite consists of native grasses, miscellaneous growth cedar and pine trees. The area is used for grazing.
- C. Waterways: None
- D. Perkins Ranch is approximately 7 miles east.
- E. Surface Ownership: Federal surface and minerals. Per Pure Oil Company's request: 3' of road bed will put over pipeline. Location will be fenced along east side and on either side of access road across pipeline to keep equipment off line. NOTE EXHIBIT C.

12. OPERATOR'S REPRESENTATIVE:

- A. The field representatives responsible for assuring compliance with the approved surface use plan are:

Cy Cowan or Clifton May  
Regulatory Agents  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210  
505-748-1471

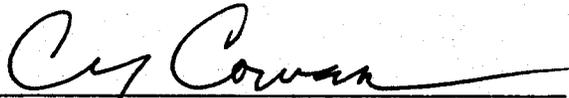
Al Springer  
Drilling Operations Manager  
505-748-1471

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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.

8-25-86

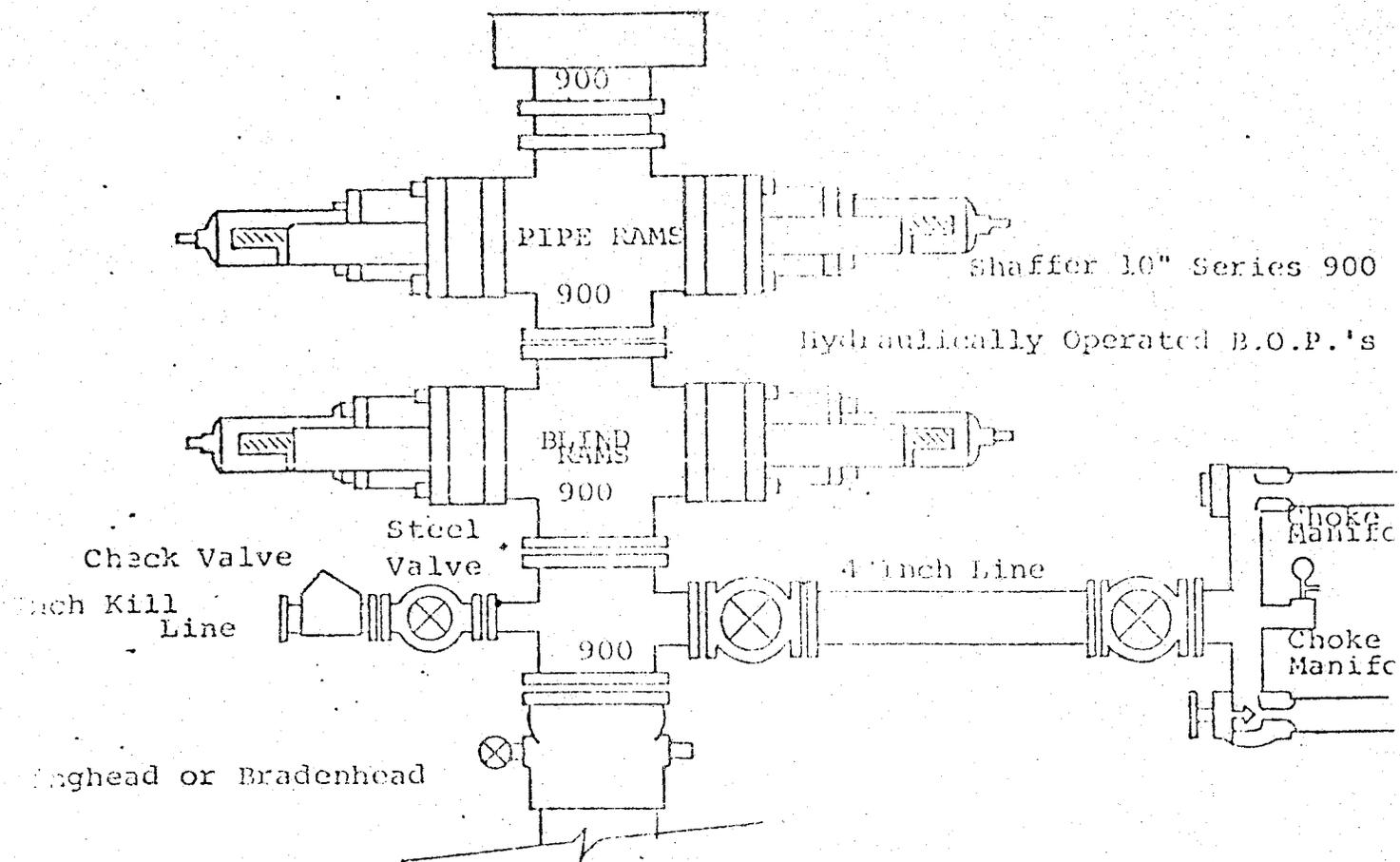
Date



Cy Cowan  
Regulatory Agent



# Exhibit B



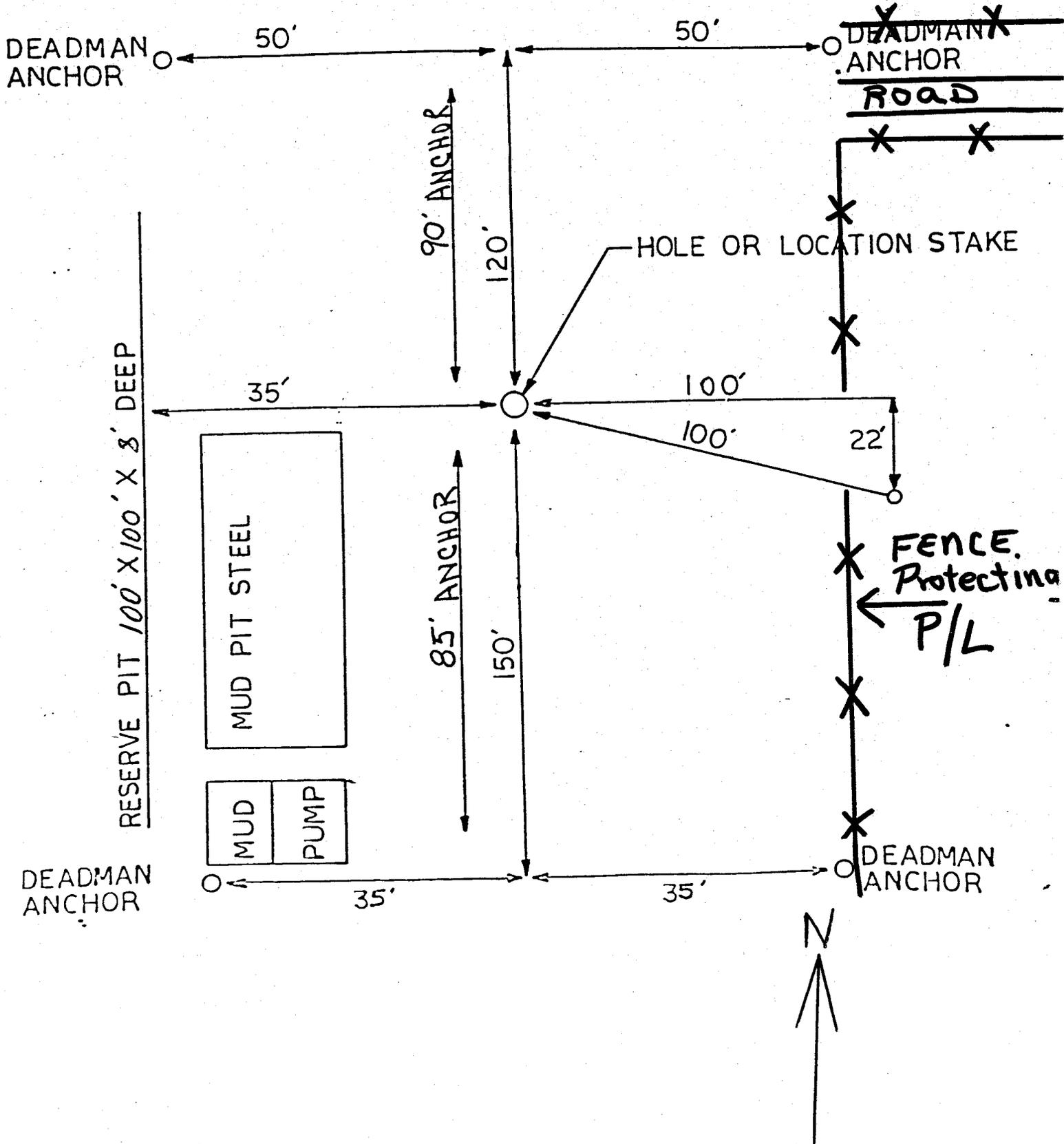
## FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
- Choke outlet to be a minimum of 4" diameter.
- Kill line to be of all steel construction of 2" minimum diameter.
- All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
- The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
- All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
- Inside blowout preventer to be available on rig floor.
- Operating controls located a safe distance from the rig floor.
- Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
- B. P. float must be installed and used below zone of first gas intrusion.

# Exhibit C

COLEMAN DRILLING CO.

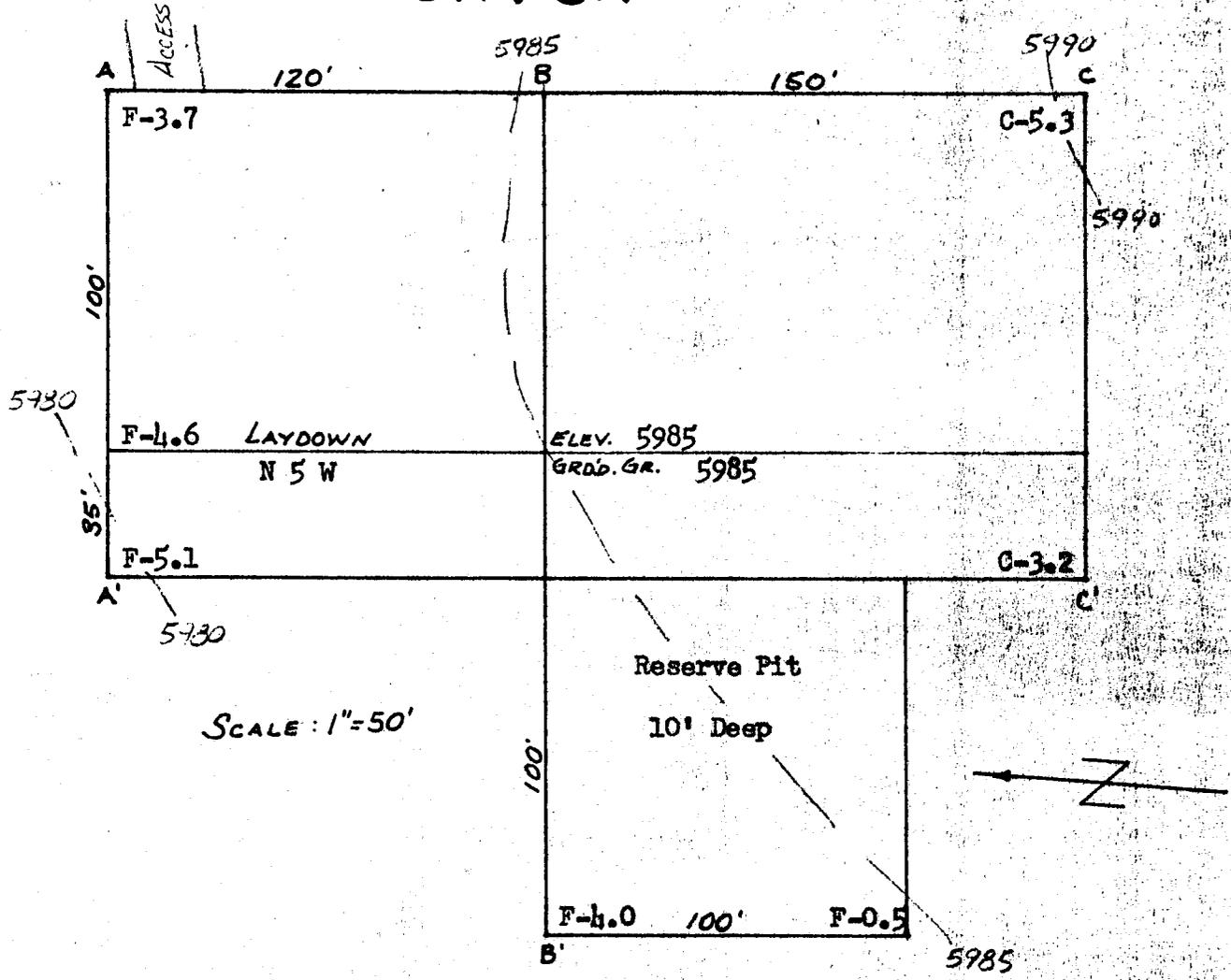
FRONT OF RIG NO. 3



Profile for

YATES PETROLEUM CORPORATION  
 #1-7 ALKALI POINT  
 320' FSL & 2120' FWL  
 Sec. 7 T37S R24E  
 San Juan County, Utah

Exhibit D



A-A' Vert.: 1"=30' Horis.: 1"=100' C/L

6000					
5970					

B-B' C/L

6000					
5970					

C-C' C/L

6000					
5970					

37S-23E

37S-24E

5



8

12

7



1 mile



17

13

18

24

Yates Petroleum Corp  
ALKALI Point 1-7  
Sec 7 T37S R24E  
SAN Juan County  
UTAH

20



Exhibit E

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: Utah  
SERIAL NO.: U-39243

and hereby designates

NAME: Yates Petroleum Corporation  
ADDRESS: 105 South 4th Street, Artesia, NM 88210

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

T. 37 S., R. 24 E., San Juan County, Utah  
Section 7: SE $\frac{1}{4}$ SW $\frac{1}{4}$

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

MARATHON OIL COMPANY

By: T. R. Lindsey

(Signature of Lessee)

T. R. Lindsey - Attorney-in-Fact RCM

P. O. Box 120, Casper, WY 82602

(Address)

August 8, 1986  
(Date)

~~CONFIDENTIAL~~

080301

OPERATOR Yates Petroleum Corp. DATE 9-3-86  
WELL NAME Alkali Point 1-7  
SEC SE SW 7 T 37S R 24E COUNTY San Juan

43-037-31274  
API NUMBER

Fed  
TYPE OF LEASE

CHECK OFF:

- PLAT
- BOND
- NEAREST WELL
- LEASE
- FIELD
- POTASH OR OIL SHALE

PROCESSING COMMENTS:

(Marathon - Alkali Point 1-7 to be rescinded) No other wells  
Exception location requested  
Need water permit

APPROVAL LETTER:

SPACING:  203 \_\_\_\_\_ UNIT \_\_\_\_\_  302  
 \_\_\_\_\_ CAUSE NO. & DATE \_\_\_\_\_  302.1

STIPULATIONS:

1- Water



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

Norman H. Bangerter, Governor  
Dee C. Hansen, Executive Director  
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

September 8, 1986

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Gentlemen:

Re: Well Name: Alkali Point 1-7 - SE SW Sec. 7, T. 37S, R. 24E  
320' FSL, 2120' FWL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule 302.1, Oil and Gas Conservation General Rules, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. Compliance with the requirements and regulations of Rule 311.3, Associated Gas Flaring, Oil and Gas Conservation General Rules.

Page 2

Yates Petroleum Corporation

Well Name: Alkali Point 1-7

September 8, 1986

5. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable State and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.
6. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31274.

Sincerely,



R. J. Firth  
Associate Director, Oil & Gas

as

Enclosures

cc: Branch of Fluid Minerals

D. R. Nielson

8159T

43-037-31274

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

091914

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL OIL WELL [X] GAS WELL [ ] OTHER Tite hole SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR Yates Petroleum Corporation

3. ADDRESS OF OPERATOR 105 South Fourth Street - Artesia, NE1 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*) At surface 320' FSL & 2120' EWL At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\* Approximately 13 miles north of Hatch Trading Post

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 320'

16. NO. OF ACRES IN LEASE 2478'

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA

19. PROPOSED DEPTH 6550'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5985' GR

22. APPROX. DATE WORK WILL START\* ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 17-1/2", 12-1/4", and 7-7/8" hole sizes.

RECEIVED SEP 17 1986

DIVISION OF OIL, GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 [Signature] TITLE Regulatory Agent DATE Aug. 22, 1986

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY /S/ GENE NODINE TITLE DISTRICT MANAGER DATE SEP 12 1986

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED

\*See Instructions On Reverse Side

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A DATED 1/1/80

State of Utah - DOGM

COMPANY YATES PETROLEUM CORPORATION

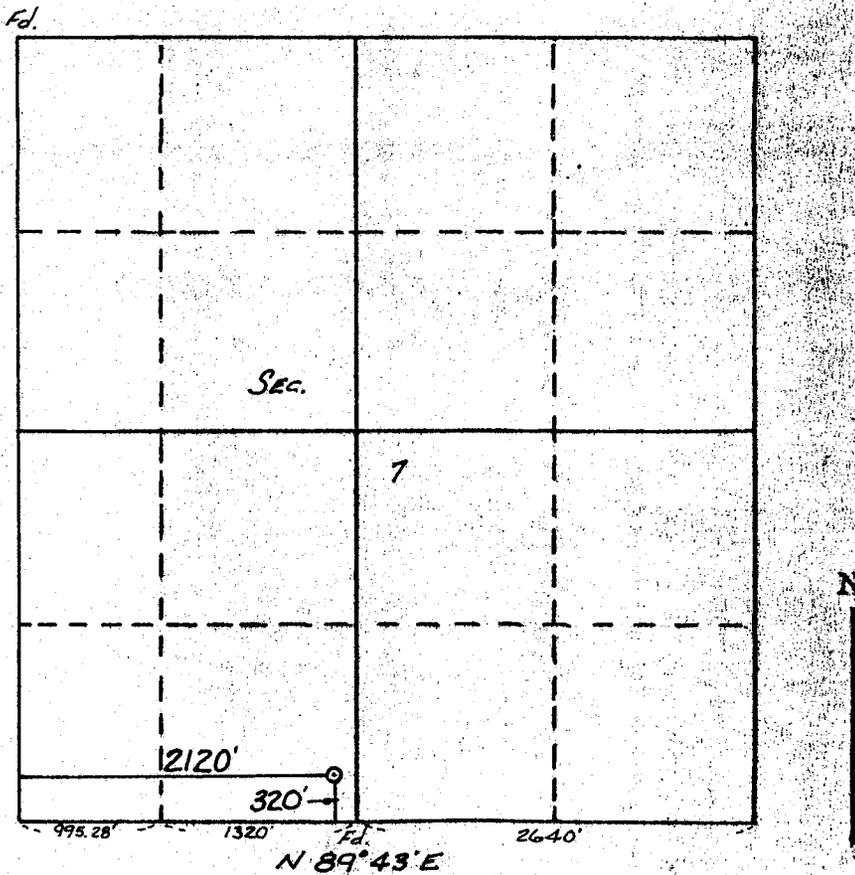
LEASE ALKALI POINT WELL NO. 1-7

SEC. 7 T. 37S R. 24E

County: San Juan State: Utah

LOCATION 320'FSL & 2120'FWL

ELEVATION 5985



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SEAL:



William G. W. Rinke II  
Registered Land Surveyor  
New Mexico P.L.S. No. 8466

SURVEYED ..... August 20 .. 86

Yates Petroleum Corporation  
Well No. Alkali Point 1-7  
Sec. 7, T. 37 S., R. 24 E.  
San Juan County, Utah  
Lease U-39243

CONDITIONS OF APPROVAL

A. DRILLING PROGRAM

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Order 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to the field representative to insure compliance.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the District Office. If operations are to be suspended, prior approval of the District Office will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the District Office within a minimum of 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.

In accordance with Onshore Order No. 1 this well will be reported on Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continued each month until the well is plugged and abandoned. This report will be sent to the District Office, P.O. Box 970, Moab, Utah 84532.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Area Office in accordance with requirements of NTL-3A.

If a replacement rig is needed for completion operations, a Sundry Notice (Form 3160-5) to that effect will be filed for prior approval from the District Office, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations verbal approval to bring on a replacement rig will be approved through the District Office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Moab District Manager.

If the well is to be completed for production the Area Office is to be contacted in order to set up a pre-production conference. When the well is placed in a producing status the District Office is to be notified by telegram or other written communication within five working days.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

No well abandonment operations will be commenced without the prior approval of the District Office. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the District Office. A Subsequent Report of Abandonment (Form 3160-5) will be sent to the District Office within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Office, or the appropriate surface managing agency. Upon completion of approved plugging a dry hole marker will be erected in accordance with 43 CFR 3162.6. The top of the marker will be closed or capped. The following minimum information will be permanently placed on the marker; "Fed" or "Ind", as applicable, "Lease number", "Well number", location of well by 1/4<sup>1</sup>/<sub>4</sub> section, township, and range.

The following may be inspected and/or witnessed:

1. The cementing and testing of surface casing, testing BOP's.
2. (Dry Hole) Setting and testing of surface casing shoe plug.
3. (Depleted Producer) The setting and testing of plugs across the producing horizon and if applicable the surface casing shoe plug and/or annulus (casing to formation) squeeze jobs.

Notify the San Juan Resource Area (Mike Wade) one day or on dry hole as soon as possible prior to the above at (801) 587-2141 (Home) (801) 587-2026 or if unable to reach Mike, call Moab District Office Greg Noble at (801) 259-6111 (Home) (801) 259-8811.

## THIRTEEN POINT SURFACE USE PLAN

### 1. Planned Access Roads:

Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance by the San Juan Area Manager.

The access road will be water barred or brought to Class III Road Standards within 60 days of dismantling of the drill rig. If this time frame cannot be met, the San Juan Area Manager will be notified so that temporary drainage control can be installed along the access road.

The Class III Road Standards which ensure drainage control over the entire road through the use of natural, rolling topography; ditch turnouts; drainage dips; outsloping; crowning; low water crossings; and culverts will be determined at the appropriate field inspection.

### 2. Location of Tank Batteries and Production Facilities:

All permanent (on site for 6 months or longer) above ground facilities (including pump jacks) will be painted a flat, nonreflective, earthtone color to match the standard environmental colors, as determined by the Rocky Mountain 5-State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The color will match trees or soil color.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 1/2 times the storage capacity of the battery.

All loading lines will be placed inside the berm surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place before any deliveries. Tests for meter accuracy will be conducted monthly for the first 3 months on new meter installations and at least quarterly thereafter. The San Juan Area Manager will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the San Juan Area Manager. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

3. Methods of Handling Waste Disposal:

Three sides of the reserve pit will be fenced with four strands of barbed wire before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying.

4. Well Site Layout:

The top 12 inches of soil material will be removed from the location and stockpiled separate from the trees on the south side and between pit and pad corner. Topsoil along the access will be reserved in place.

5. Reclamation:

- a. The operator/holder or his contractor will contact the San Juan Resource Area office in Monticello, Utah (801) 587-2141, 48 hours before starting reclamation work that involves earthmoving equipment and upon completion of restoration measures.

- b. All disturbed areas will be recontoured to blend as nearly as possible with the natural topography. This includes removing all berms and refilling all cuts.
- c. The stockpiled topsoil will be spread evenly over the disturbed area. All disturbed areas will be ripped 12 inches deep with the contour.
- d. Water bars will be built as follows to control erosion.

<u>Grade</u>	<u>Spacing</u>
2%	Every 200 feet
2-4%	Every 100 feet
4-5%	Every 75 feet
5+%	Every 50 feet

- e. Seed will be broadcast between October 1 and February 28 with the following prescription. A harrow or similar implement will be dragged over the area to assure seed cover.

12 lbs/acre crested wheatgrass (Agropyron desertorum)

- f. After seeding is complete, the stockpiled trees will be scattered evenly over the disturbed areas. The accessw will be blocked to prevent vehicular access.
- g. The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed as described in the reclamation section. Enough topsoil will be kept to reclaim the remainder of the location at a future date. This remaining stockpile of topsoil will be seeded in place using the prescribed seed mixture.

6. Other Information:

There will be no change from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be used. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.2.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3164.

The dirt contractor will be provided with an approved copy of the surface use plan.

If subsurface cultural materials are exposed during construction, construction, work in that spot will stop immediately and the San Juan Resource Area Office will be contacted. All people who are in the area will be informed by the operator/holder that they are subject to prosecution for disturbing archaeological sites or picking up artifacts. Salvage or excavation of identified archaeological sites will be done by a BLM approved archaeologist only if damage occurs.

This permit will be valid for a period of one year from the date of approval. After permit termination a new application will be filed for approval for any future operations.

Your contact with the District Office is:

Greg Noble, Petroleum Engineer

Office Phone: (801) 259-6111

Home Phone: (801) 259-8811

\_\_\_\_\_, Petroleum Engineer

Office Phone: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Address:

82 East Dogwood, P. O. Box 970  
Moab, Utah 84532

Your contact with the San Juan Resource Area Office is:

Richard McClure, Natural Resource Specialist

Office Phone: (801) 587-2141

Home Phone: (801) 587-2874

Address:

435 North Main, P. O. Box 7  
Monticello, Utah 84535

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

112417

Form approved.  
Budget Bureau No. 1004-0137  
Expires August 31, 1985

14

WELL COMPLETION OR RECOMPLETION REPORT AND LOG \*

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  Other P&A

b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RENVR.  Other TITE HOLE

2. NAME OF OPERATOR  
Yates Petroleum Corporation

3. ADDRESS OF OPERATOR  
105 South 4th St., Artesia, NM 87101

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)  
At surface 320' FSL & 2120' FWL

At top prod. interval reported below

At total depth

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DIVISION OF  
OIL, GAS & MINING

14. PERMIT NO. DATE ISSUED  
API #43-037-31274

5. LEASE DESIGNATION AND SERIAL NO.

U-39243

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Alkali Point

9. WELL NO.

1-7

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC. T. R., M., OR BLOCK AND SURVEY OR AREA

Sec. 7-T37S-R24E

12. COUNTY OR PARISH  
San Juan

13. STATE  
Utah

15. DATE SPUDDED 10-17-86 16. DATE T.D. REACHED 10-30-86 17. DATE COMPL. (Ready to prod.) Dry 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\* 5985' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 6507' 21. PLUG. BACK T.D., MD & TVD - 22. IF MULTIPLE COMPL., HOW MANY\* - 23. INTERVALS DRILLED BY - 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)\* - 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN None 27. WAS WELL CORED No  
CNL/FDC; DLL Borehole compensated sonic log

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	54.5#	75"	17 1/2"	100 sx (118 cu ft)	
8-5/8"	24#	2320'	12 1/4"	1400 sx (1652 cu ft)	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number) 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
None	

33.\* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY

35. LIST OF ATTACHMENTS  
Logs

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records  
SIGNED Juanita Stoddert TITLE Production Supervisor DATE 11-17-86

\*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.																					
			<p>DST #1 6221-6241' (40') Upper Ismay: TO 10"; SI 30"; TO 60"; SI 120". RECOVERY: 70' drilling mud. SAMPLER: 46# with trace of mud, no oil or water. BHT 146°.</p> <p>PRESSURES:</p> <table border="0"> <tr> <td></td> <td>TOP</td> <td>BOTTOM</td> </tr> <tr> <td>IHP</td> <td>3153</td> <td>3159</td> </tr> <tr> <td>IFP</td> <td>43-45</td> <td>33-37</td> </tr> <tr> <td>ISIP</td> <td>138</td> <td>127</td> </tr> <tr> <td>FFP</td> <td>37-43</td> <td>23-29</td> </tr> <tr> <td>FSIP</td> <td>1607</td> <td>1600</td> </tr> <tr> <td>FHP</td> <td>3131</td> <td>3128</td> </tr> </table>		TOP	BOTTOM	IHP	3153	3159	IFP	43-45	33-37	ISIP	138	127	FFP	37-43	23-29	FSIP	1607	1600	FHP	3131	3128
	TOP	BOTTOM																						
IHP	3153	3159																						
IFP	43-45	33-37																						
ISIP	138	127																						
FFP	37-43	23-29																						
FSIP	1607	1600																						
FHP	3131	3128																						

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38. GEOLOGIC MARKERS

NAME	MEAS. DEPTH	TOP	TRUE VERT. DEPTH
Entrada	1102		
Navajo	1309		
Wingate	1793		
Chinle	2275		
Cutler	3000		
Honaker Trail	4949		
Paradox	5963		
Upper Ismay	6130		
Lower Ismay	6309		
Upper Desert Creek	6386		
Lower Desert Creek	6439		
Akah	6479		

COMPANY: Gates Petro UT ACCOUNT # \_\_\_\_\_ SUSPENSE DATE: \_\_\_\_\_

TELEPHONE CONTACT DOCUMENTATION

CONTACT NAME: Juanita Rodlett Cy Conan

CONTACT TELEPHONE NO.: 1-505-~~748-1337~~ 748-1471

SUBJECT: Missing plugging report Alkali Point 1-7  
4303731274  
375 24E 7

(Use attachments if necessary)

RESULTS: Will send plugging report today

(Use attachments if necessary)

CONTACTED BY: VC

DATE: 1-22-87

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DIVISION OF  
OIL, GAS & MINING

020402

Form 3160-5  
(November 1983)  
(Formerly 9-331)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE\*  
(Other instructions re-  
verse side)

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

**SUNDRY NOTICES AND REPORTS ON WELLS**  
(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL  GAS WELL  OTHER  P&A

2. NAME OF OPERATOR  
Yates Petroleum Corporation

3. ADDRESS OF OPERATOR  
105 South 4th St., Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*  
See also space 17 below.)  
At surface  
320' FSL & 2120' FWL

14. PERMIT NO.  
API #43-037-31274

15. ELEVATIONS (Show whether DF, RT, GR, etc.)  
5985' GR

5. LEASE DESIGNATION AND SERIAL NO.  
U-39243

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
Alkali Point

9. WELL NO.  
1-7

10. FIELD AND POOL, OR WILDCAT  
Wildcat

11. SEC., T., B., M., OR BLK. AND SURVEY OR AREA  
Sec. 7-T37S-R24E

12. COUNTY OR PARISH  
San Juan

13. STATE  
Utah

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF   
FRACTURE TREAT   
SHOOT OR ACIDIZE   
REPAIR WELL   
(Other)   
PULL OR ALTER CASING   
MULTIPLE COMPLETE   
ABANDON\*   
CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF   
FRACTURE TREATMENT   
SHOOTING OR ACIDIZING   
(Other)   
REPAIRING WELL   
ALTERING CASING   
ABANDONMENT\*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Well plugged as follows: TD 6507'.

- Plug #1 Set at 6451'. Cemented with 50 sacks Class "B". PD 10:15 AM 11-1-86. Displaced with 91 bbls mud.
- Plug #2 Set at 6210'. Cemented with 50 sacks Class "B" Neat. PD 11:00 AM 11-1-86. Displaced with 88 bbls mud.
- Plug #3 Set at 2387'. Cemented with 40 sacks Class "B" with 3% CaCl2. PD 1:45 PM 11-1-86. Displaced with 33.9 bbls mud. WOC 2 hours. Tagged cement at 2261'.
- Plug #4 Set at 30'. Cemented with 10 sacks Class "B" Neat. PD 6:15 PM 11-1-86. Circulated 2 sacks.

Cleaned location, set dry hole marker.

Verbal permission given by Mr. Greg Noble, BLM, Moab, Utah, for plugging.

**CONFIDENTIAL**

18. I hereby certify that the foregoing is true and correct

SIGNED Janita D. Doolittle TITLE Production Supervisor DATE 11-5-86

(This space for Federal or State office use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions on Reverse Side

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DIVISION OF  
OIL, GAS & MINING

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE\*  
(Other instructions  
verse side)

Form 3160-1  
November 1981  
Formerly 9-111

5. LEASE DESIGNATION AND SERIAL NO.  
U-39243

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
Alkali Point

9. WELL NO.  
1-7

10. FIELD AND POOL, OR WILDCAT  
Wildcat

11. SEC., T., R., M., OR BLK. AND  
SURVEY OR AREA  
Sec. 7-T37S-R24E

12. COUNTY OR PARISH  
San Juan

13. STATE  
Utah

1. OIL WELL  GAS WELL  OTHER  P&A

2. NAME OF OPERATOR  
Yates Petroleum Corporation

3. ADDRESS OF OPERATOR  
105 South 4th St., Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*  
See also space 17 below.)  
At surface  
320' FSL & 2120' FWL

14. PERMIT NO.  
API #43-037-31274

15. ELEVATIONS (Show whether DF, RT, GR, etc.)  
5985' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON\*

SHOOTING OR ACIDIZING

ABANDONMENT\*

REPAIR WELL

CHANGE PLANS

(Other)

(Other)

(NOTE: Report results of multiple completion on Well  
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Verbal permission obtained from Mr. Greg Noble, BLM, Moab, Utah, 10-31-86 to P&A well as follows:

- Set plug at 6451' and cement w/50 sx cement.
- Set plug at 6210' and cement w/50 sx cement.
- Set plug at 2387' and cement w/40 sx cement. Tag plug.
- Set plug at surface-30' and cement w/10 sx cement.

Clean location and install regulation abandonment marker.

CONFIDENTIAL

18. I hereby certify that the foregoing is true and correct

SIGNED Francis J. Doolittle

TITLE Production Supervisor

DATE 11-5-86

(This space for Federal or State office use)

APPROVED BY Boat Northrup

TITLE Acting District Manager

DATE 11/13/86

CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes 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.