

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG \_\_\_\_\_ ELECTRIC LOGS \_\_\_\_\_ FILE  WATER SANDS \_\_\_\_\_ LOCATION INSPECTED \_\_\_\_\_ SUB. REPORT/abd. \_\_\_\_\_

**Confidential Status Expired 5-3-91**

DATE FILED **8-04-89**

LAND: FEE & PATENTED \_\_\_\_\_ STATE LEASE NO. \_\_\_\_\_ PUBLIC LEASE NO. **U-62953** INDIAN \_\_\_\_\_

DRILLING APPROVED: **9-27-89**

SPUDED IN: \_\_\_\_\_

COMPLETED: **5-3-91 LA** PUT TO PRODUCING: \_\_\_\_\_

INITIAL PRODUCTION: \_\_\_\_\_

GRAVITY A.P.I. \_\_\_\_\_

GOR: \_\_\_\_\_

PRODUCING ZONES: \_\_\_\_\_

TOTAL DEPTH: \_\_\_\_\_

WELL ELEVATION: \_\_\_\_\_

DATE ABANDONED: **LA'D PER BLM EFF 5-3-91**

FIELD: **UNDESIGNATED**

UNIT: **CABALLO**

COUNTY: **SAN JUAN**

WELL NO. **CABALLO UNIT #4** API NO. **43-037-31473**

LOCATION **2200' FNL** FT. FROM (N) (S) LINE, **500' FWL** FT. FROM (E) (W) LINE. **SWNW** 1/4 - 1/4 SEC. **15**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
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36S	23E	15	YATES PETROLEUM CORP.				
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TEMPORARY RECEIVED

FILING FOR WATER IN THE STATE OF UTAH APPLICATION TO APPROPRIATE WATER PRICE

Rec. by VR Fee Rec. 30.00 Receipt # 20657 Microfilmed Roll #

DIVISION OF OIL, GAS & MINES

RECEIVED JUL 21 1989 JUL 27 1989

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3 of the Utah Code Annotated (1953, as amended).

\* WATER RIGHT NO. 09 - 1651 \* APPLICATION NO. A T64109

1. \*PRIORITY OF RIGHT: July 21, 1989 \* FILING DATE: July 21, 1989

2. OWNER INFORMATION Name(s): Yates Petroleum Corporation c/o Permits West, Inc. \* Interest: % Address: 37 Verano Loop (505) 984-8120 City: Santa Fe State: NM Zip Code: 87505 Is the land owned by the applicant? Yes No (If "No", please explain in EXPLANATORY section.)

3. QUANTITY OF WATER: Two cfs and/or ac-ft

4. SOURCE: Recapture Creek \* DRAINAGE: San Juan River which is tributary to Colorado River POINT(S) OF DIVERSION: North 1100 feet and East 200 feet from the SW corner of Sec. 7, T. 36 S., R. 23 E., SLBM COUNTY: San Juan

Description of Diverting Works: Water will be pumped directly into 85 bbl tank trucks. \* COMMON DESCRIPTION: 3 1/2 miles NE of Blanding Blanding Quad

5. POINT(S) OF REDIVERSION The water will be rediverted from N/A at a point: Description of Rediverting Works:

6. POINT(S) OF RETURN The amount of water consumed will be 2.0 cfs or ac-ft The amount of water returned will be cfs or ac-ft The water will be returned to the natural stream/source at a point(s):

7. STORAGE Reservoir Name: N/A Storage Period: from to Capacity: ac-ft. Inundated Area: acres Height of dam: feet Legal description of inundated area by 40 acre tract(s):

\* These items are to be completed by the Division of Water Rights

TEMPORARY

Appropriate

8. List any other water rights which will supplement this application \_\_\_\_\_  
Application supplements other entities' water rights for stockwatering, irrigation, etc.

9. NATURE AND PERIOD OF USE

Irrigation: From \_\_\_\_\_ to \_\_\_\_\_  
Stockwatering: From \_\_\_\_\_ to \_\_\_\_\_  
Domestic: From \_\_\_\_\_ to \_\_\_\_\_  
Municipal: From \_\_\_\_\_ to \_\_\_\_\_  
Mining: From \_\_\_\_\_ to \_\_\_\_\_  
Power: From \_\_\_\_\_ to \_\_\_\_\_  
Other: From August 20, 1989 to August 19, 1990

10. PURPOSE AND EXTENT OF USE

Irrigation: \_\_\_\_\_ acres. Sole supply of \_\_\_\_\_ acres.  
Stockwatering (number and kind): \_\_\_\_\_  
Domestic: \_\_\_\_\_ Families and/or \_\_\_\_\_ Persons  
Municipal (name): \_\_\_\_\_  
Mining: \_\_\_\_\_ Mining District in the \_\_\_\_\_ Mine  
Ores mined: \_\_\_\_\_  
Power: Plant name: \_\_\_\_\_ Type: \_\_\_\_\_ Capacity: \_\_\_\_\_  
Other (describe): Water will be used for oil well drilling mud, dust control, compaction, etc.

11. PLACE OF USE

Legal description of place of use by 40 acre tract(s): \_\_\_\_\_  
South 2100' and East 800' from the NW corner of Sec. 15, T. 36 S., R. 23 E., SLBM at the Caballo Unit #4  
oil well (SWNW 15-36s-23e) on BLM land.

12. EXPLANATORY

The following is set forth to define more clearly the full purpose of this application. (Use additional pages of same size if necessary): From #2: Land is public (federal) and administered by the Bureau of Land Management, Monticello, Ut. Lake is administered by the San Juan Conservancy District. Norman Nielson has approved this use.

\*\*\*\*\*

The applicant(s) hereby acknowledges that he/she/they are a citizen(s) of the United States of America or intends to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained herein, at the time of filing, rests with the applicant(s).

Brian [Signature]  
Signature of Applicant(s)

**TEMPORARY**

RECEIVED  
FEB 22 1990

STATE ENGINEER'S ENDORSEMENT

WATER RIGHT NUMBER: 09 - 1651

APPLICATION NO. T64109

1. July 21, 1989            Application received by MP.
  2. July 25, 1989            Application designated for APPROVAL by MP and KLJ.
  3. Comments:
- 
- 

Conditions:

This application is hereby APPROVED, dated August 4, 1989, subject to prior rights and this application will expire on August 4, 1990.

  
Robert L. Morgan, P.E.  
State Engineer

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Form 3160-3  
(November 1983)  
(formerly 9-331C)

SUBMIT IN TRIPLICATE\*  
(Other instructions on  
reverse side)

Form approved,  
Budget Bureau No. 1004-0136  
Expires August 31, 1985

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK  
DRILL  DEEPEN  PLUG BACK

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

2. NAME OF OPERATOR  
Yates Petroleum Corporation (505) 748-1471

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.)  
At surface  
2200' FNL & 500' FWL (SWNW)

At proposed prod. zone  
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
7 air miles ENE of Blanding, Utah

15. DISTANCE FROM PROPOSED\*  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)  
500'

16. NO. OF ACRES IN LEASE  
1,000

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.  
1,098'

19. PROPOSED DEPTH  
6,850' Akah

20. ROTARY OR CABLE TOOLS  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
6,275' ungraded ground

22. APPROX. DATE WORK WILL START\*  
Aug. 21, 1989

5. LEASE DESIGNATION AND SERIAL NO.  
U-62953  
6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
N/A  
7. UNIT AGREEMENT NAME  
Caballo  
8. FARM OR LEASE NAME  
Caballo Unit  
9. WELL NO.  
#4  
10. FIELD AND POOL, OR WILDCAT  
Undesignated  
11. SEC., T., R., M., OR BLK.  
AND SURVEY OR AREA  
15-36s-23e SLBM  
12. COUNTY OR PARISH | 13. STATE  
San Juan | Ut.

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. ST&C)	80'	*75 cu ft or to surface
12-1/4"	8-5/8"	24*(J-55. ST&C)	2,200'	*1,400 cu ft or to surface
7-7/8"	5-1/2"	15.5(J-55. ST&C)	6,850'	*475 cu ft or to 5,000'

- BLM lease is N2 & W2SW4 Sec. 22 and all but NENE of Sec. 15, T. 36 S., R. 23 E., San Juan County, Utah. Yates is partner with Quintana, unit operator.
- Request exception to Rule 302 because of archaeology. Exception is to quarter-quarter line within lease, not to another well nor to a lease line.
  - Orthodox well could be drilled at 2180 FN & 500 FW, but archaeology precludes location. Hence the need for an exception.
  - Request permission to drill at 2200' FNL & 500' FWL 15-36s-23e, San Juan County, Utah.
  - One existing well offsets the proposed exception, it is Quintana's Caballo Unit 1-15 which is 1,098' north in NWNW 15-36s-23e. Seven potential wells could offset the proposed location and all would be in the Caballo Unit.
  - & e) Quintana and Yates are the lessees or operators of all lands and drilling units within a minimum 2,200' radius.

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 Brian Wood TITLE Consultant DATE 7-31-89  
(This space for Federal or State office use)

PERMIT NO. 43-037-31473 APPROVAL DATE \_\_\_\_\_  
cc: Beardemph(5), MDO(3), SUR(2), LUDOGM(2)

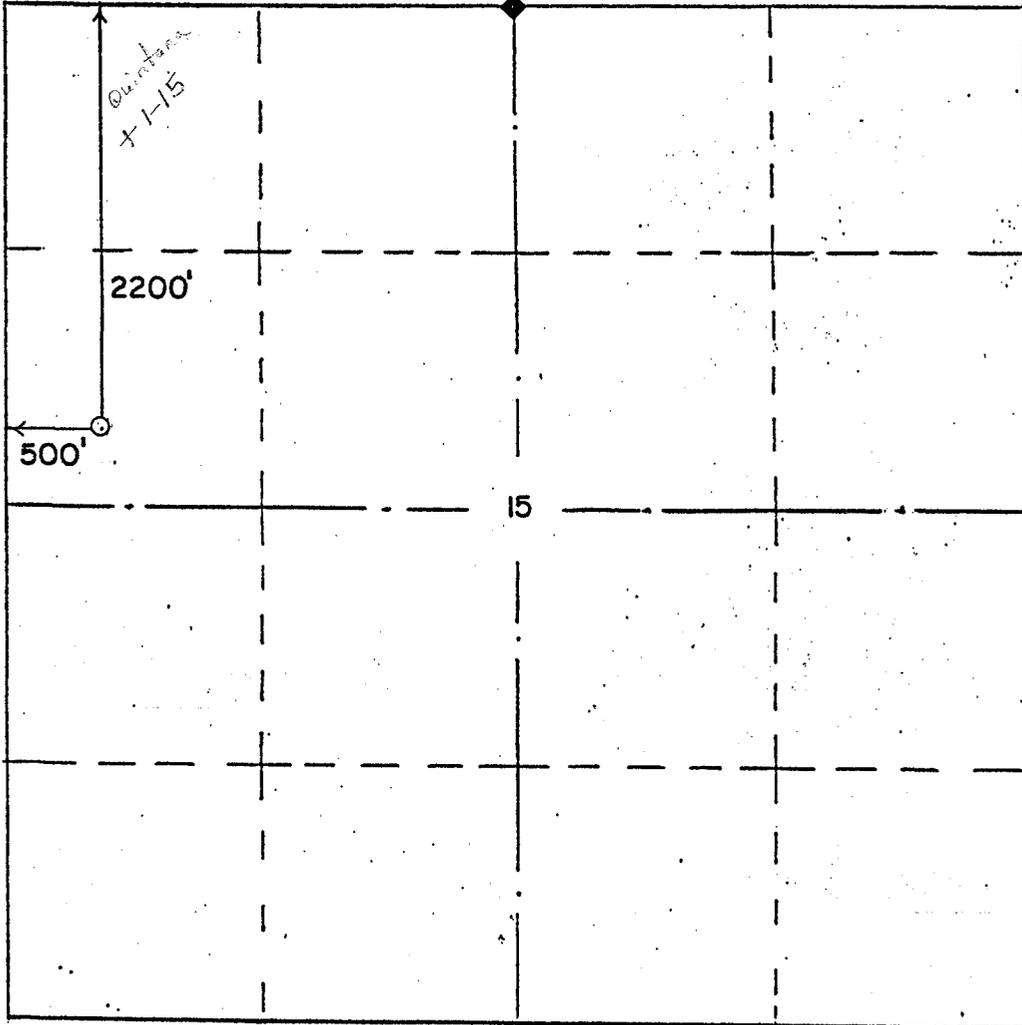
APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY: \_\_\_\_\_  
APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING  
DATE: 9-27-89  
BY: John R. Dyer  
WELL SPACING: 2665-2-3

\*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.

WELL LOCATION AND ACREAGE DEDICATION PLAT

9  
16



1"=1000  
◆ brass cap

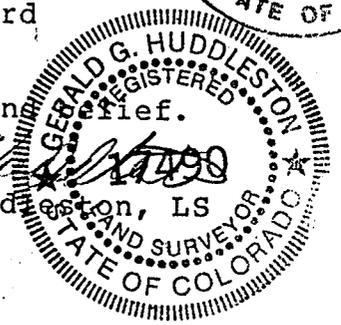
WELL LOCATION DESCRIPTION:  
 Yates Petroleum Corporation Caballo Unit #4  
 2200' FNL & 500' FWL  
 Section 15, T.36 S., R.23 E. SLM  
 San Juan County, Utah  
 6275' ground elevation  
 Reference: #1-15, 1120 FN & 700 FW, 6325' grd



The above plat is true and correct my knowledge and belief.

24 July 1989

*Gerald G. Huddleston*  
 Gerald G. Huddleston, LS



Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R 23 E.  
San Juan County, Utah

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All lease operations will be conducted in full compliance with applicable laws, regulations (43 CFR 3100), Onshore Oil & Gas Order #1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Yates Petroleum Corporation will furnish a copy of these conditions to its field representative to assure compliance.

### Drilling Program

#### 1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>Depth from GL*</u>	<u>Depth from KB</u>	<u>Subsea Depth</u>
Dakota Ss	000'	12'	+6,275'
Morrison	331'	343'	+5,944'
Entrada	1,046'	1,058'	+5,229'
Navajo	1,256'	1,268'	+5,019'
Chinle	2,006'	2,018'	+4,269'
Shinarump	2,801'	2,813'	+3,474'
Cutler	2,931'	2,943'	+3,344'
Honaker Trail	4,411'	4,423'	+1,864'
Paradox	6,256'	6,268'	+ 19'
Upper Ismay	6,426'	6,438'	- 151'
Lower Ismay	6,601'	6,613'	- 326'
Upper Desert Creek	6,681'	6,693'	- 406'
Lower Desert Creek	6,736'	6,748'	- 461'
Akah Shale	6,781'	6,793'	- 506'
Total Depth (TD)	6,850'	6,862'	- 575'

\* 6,275' ungraded GL

#### 2. NOTABLE ZONES

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R 23 E.  
San Juan County, Utah

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The estimated depths from ungraded GL at which water, oil, gas, or other mineral bearing zone formation tops are expected to be encountered are:

Possible Fresh Water Zones

Dakota: 000'  
Morrison: 331'  
Entrada: 1,046'  
Navajo: 1,256'

Possible Uranium Zones

Morrison: 331'  
Chinle: 2,006'

Possible Oil & Gas Zones

Honaker Trail: 4,411'  
Upper Ismay: 6,426'  
Lo. Desert Creek: 6,736'

Possible Salt Water Zones

Shinarump: 2,801'  
Cutler: 2,931'

Water bearing zones will be protected with weighted mud. All of the above fresh water zones encountered during drilling will be recorded by depth, cased, and cemented. Promising oil and gas shows will be tested to determine commercial potential.

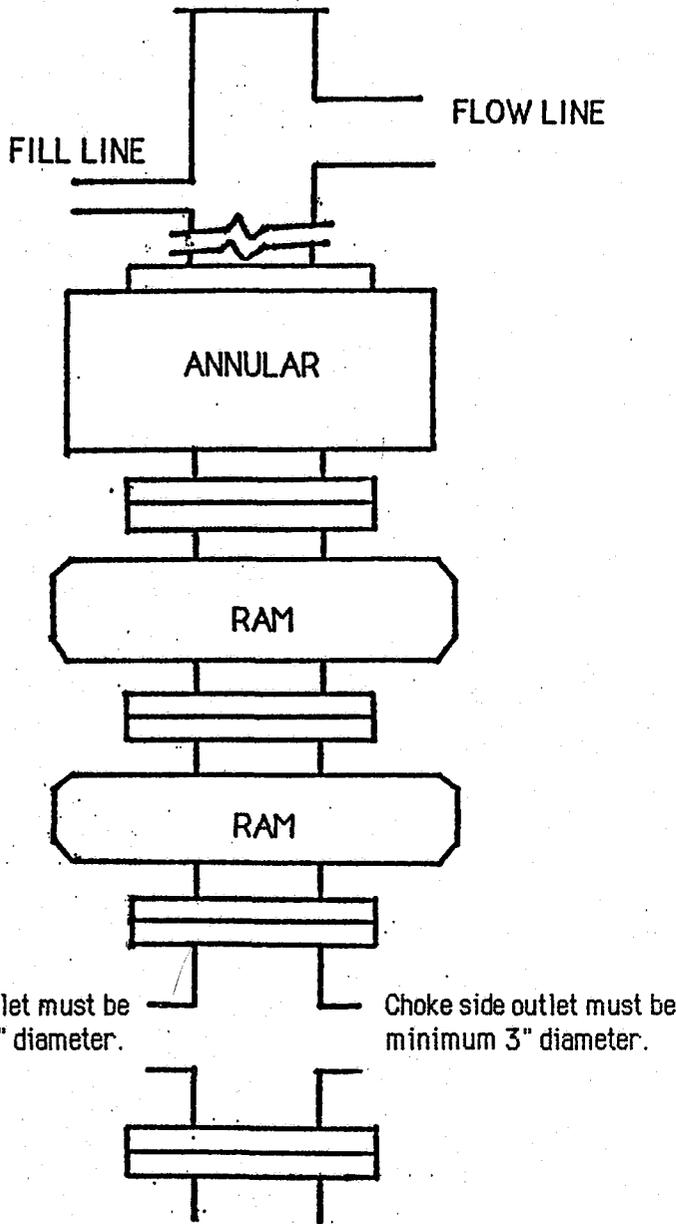
3. PRESSURE CONTROL (Also see "5." on PAGE 4)

BOP systems will be consistent with Onshore Order #2. A 3,000 psi double ram and annular preventer with a 3,000 psi choke manifold will be used. A diagram of a typical BOP is on Page 3. Actual model will not be known until bid is let. A kelly cock and sub with full opening valve will be on the floor.

Ram type preventers will be tested to the rated working pressure of the stack or to 70% of the internal yield of the casing, whichever is less. The annular type preventer will be tested to 50% of its rated working pressure.

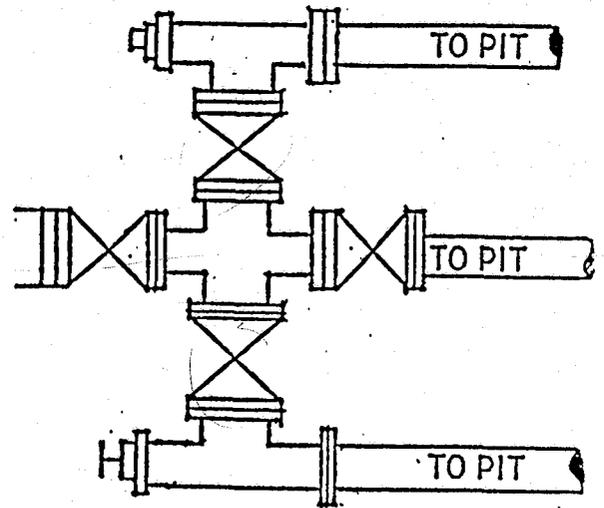
The Resource Area will be notified one day before pressure testing BOP. Pressure tests will be conducted with rig pumps before drilling out from under all casing strings which are set and cemented in place. BOP controls

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TYPICAL BOP STACK  
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.  
 Safety valve and subs will fit all drill string connections in use.  
 All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R 23 E.  
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will be installed before drilling out the surface casing plug, and will stay in use until the well is completed or abandoned. Preventers will be pressure tested before drilling casing cement plugs.

BOPs will be inspected and operated at least daily to assure good mechanical working order. All BOP mechanical tests, pressure tests, and inspections will be recorded on the drillers log or daily drilling report.

#### 4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth (GL)</u>
17-1/2"	13-3/8"	48*	H-40	ST&C	New	0' - 80'
12-1/4"	8-5/8"	24*	J-55	ST&C	New	0' - 2,200'
7-7/8"	5-1/2"	15.5*	J-55	ST&C	New	0' - 6,850'

Conductor Pipe (0' - 80'): Cement to surface with  $\approx$ 75 cu. ft. standard cement.

Surface Casing (0' - 2,200'): The Resource Area will be notified 1 day before running and cementing surface string. Casing will be set at least 150' into Chinle. Shoe @  $\approx$ 2,240' and float @  $\approx$ 2,200'. Cement to surface in one stage with  $\approx$ 1,400 cu. ft. (50% excess) Class C cement with 2% CaCl<sub>2</sub>.

Production Casing (0' - 6,850'): Cement across zones of interest in one stage, if warranted, with  $\approx$ 475 cu. ft. (50% excess) Class C to estimated top at 5,000'. Float collar will be set  $\approx$ 40' above TD with casing shoe at TD (6,850').

#### 5. MUD PROGRAM

There will be a flow sensor and pit level indicator.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R 23 E.  
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<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec/qt)</u>	<u>FL(cc)</u>
0' - 5,500'	Fresh Water			
5,500' - 6,850'	Fr. Water gel & starch	8.5-9.8	35-45	10-15

#### 6. CORING, TESTING, & LOGGING

No cores are planned. Cuttings will be collected every 10' from the base of the surface casing (2,200') to TD (6,850'). Drill stem tests may be run in the Upper Ismay (primary objective), Lower Desert Creek (secondary objective), and elsewhere (e.g., Honaker Trail) if good shows are found. The following logs may be run from the base of the surface casing to TD:

CIL and CNL/LDT  
Dipmeter  
DLL and BHC-Sonic

Whether the well is completed as a dry hole or producer, "Well Completion or Recompletion Report and Log" (Form 3160-4) will be submitted no more than 30 days after well completion or recompletion *per* 43 CFR 3162.4-1(b). Two copies of all logs, core descriptions & analyses, well test data, geologic summaries, sample descriptions, and all data obtained during drilling, workover, and/or completion operations, will be filed with Form 3160-4. (If requested, sample cuttings, fluids, and/or gases will be submitted to the District Office.)

#### 7. DOWNHOLE CONDITIONS

The maximum anticipated bottom hole pressure is 2,750 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R 23 E.  
San Juan County, Utah

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8. MISCELLANEOUS

The anticipated spud date is August 21, 1989. It is expected it will take  $\approx$ 3 weeks to drill the well and  $\approx$ 10 days to complete the well.

The spud date will be phoned to the Resource Area, a minimum of 24 hours before spudding. A Sundry Notice (Form 3160-5), reporting the spud date and time, will be sent to the District Office within 24 hours after spudding. If spudded on a weekend or holiday, the Sundry will be sent on the following regular week day.

Starting with the month in which operations begin, and continuing each month until the well is physically plugged and abandoned, a "Monthly Report of Operations" (Form 3160-6) will be filed with MMS.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or other unusual events will be promptly reported to the Resource Area *per* NTL-3A.

If the well is successfully completed for production, then the District Office will be notified. Written notice will be sent no more than 5 business days following the date on which the well is placed on production. The Resource Area will schedule a first production conference within 15 days of receipt of the first production notice.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days or 50 MMcf of gas. Approval to vent/flare beyond this initial period will require the District Office's approval *per* NTL-4A.

A Sundry Notice will be sent to the District Office within 30 days after completion of the well for abandonment. The Sundry will note where plugs were set and the current status of surface restoration. Final abandonment will not be approved until reclamation required by the approved APD or

**Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R 23 E.  
San Juan County, Utah**

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abandonment notice has been completed to the Area Manager's satisfaction.

Once plugged, a regulation dry hole marker will be installed. The following information will be beaded on with a welding torch: Yates Petroleum Corporation, Caballo Unit #4, SWNW 15-36s-23e, U-62953.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
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### 13 Point Surface Use Plan

#### 1. DIRECTIONS & EXISTING ROADS (See PAGES 16 & 17)

From US 666 in Monticello, go south 11.6 mi. on US 191.  
Then turn left and go southeast 2.9 mi. on gravel County Road #204 (Alkali Road).  
Then turn left and go southeast 2.4 mi., still on gravel county road #204.  
Then turn right onto a dirt road and go southwest 1.1 mi. to Quintana's Caballo 1-15 well.  
Then cross the 1-15 pad to the southwest corner (old reserve pit) and follow orange flagging south 0.2 mi. to the proposed location.

Existing roads are successively state, county, private, and BLM. Roads will be maintained to a standard at least equal to their present condition. An Encroachment Permit has been approved by the San Juan County Road Department.

#### 2. NEW ROAD (See PAGE 17)

New construction will begin at the southwest corner of the 1-15 wellpad. There will be 0.2 mi. of road to be built. It will be flat bladed with a 16' wide running surface and 30' maximum disturbed width. No cattleguards or culverts are needed. Turnouts will be built as needed. Maximum cut or fill will be 3'. Maximum grade will be 6%.

Surface disturbance and vehicle travel will be limited to the approved location and road. Any additional area needed will be approved in advance by the Area Manager.

The new road will be water barred or upgraded to Class 3 Road Standards

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
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within 60 days of dismantling the drill rig. If the deadline cannot be met, the Resource Area will be notified so that temporary drainage control can be installed. Class 3 Road Standards control drainage through the use of topography, ditch turnouts, dips, outsloping, crowning, low water crossings, and/or culverts.

3. EXISTING WELLS (See PAGE 17)

There are no gas, water, injection, or disposal wells within one mile. One proposed oil well is within a mile. Quintana's Caballo 3-9 will be 2,956' away at 515 FS & 670 FE 9-36s-23e. There are the following existing Quintana oil wells within a mile:

Caballo Unit 1-15 is 1,098' away @ 1120 FN & 700 FW 15-36s-23e

Caballo Unit 1-9 is 4,145' away @ 820 FS & 2340 FE 15-36s-23e

4. PROPOSED PRODUCTION FACILITIES

The type and layout of the production facilities are not known now. A Sundry Notice will be submitted before they are installed.

All permanent (on site for 6 or more months) surface facilities will be painted Juniper green. Painting will be completed within 6 months of installation. Parts required to comply with OSHA colors are excluded.

The tank battery will be surrounded by a dike of sufficient capacity to contain 150% of the storage capacity of the largest tank in the battery. All loading lines and valves will be placed inside the dike.

All site security guidelines in 43 CFR 3162.7-5 and Onshore Order #3 will be obeyed.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
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All off-lease storage, off-lease measurement, or commingling on-lease or off-lease must have prior written approval from the District Office.

Oil and gas will be measured *per* Onshore Orders #4 & #5, respectively. Gas meter run will be within 500' of its wellhead. The gas line will be buried from the wellhead to the meter and downstream on the remainder of the pad. Meters will be housed and/or fenced.

5. WATER SUPPLY (See PAGE 17)

Water will be trucked  $\approx$ 7 mi. from Recapture Lake. An Application to Appropriate Water has been filed with the State of Utah Div. of Water Rights.

6. CONSTRUCTION METHODS & MATERIALS

The Resource Area will be notified 48 hours before starting construction. If the statewide fire closure is in effect, there will be at least 1 fire extinguisher/vehicle and 1 tool (shovel, swatter, or pulaski) per man.

Before wellpad construction starts, the south, east, and northeast sides of the pad will be fenced with a single strand of barbed wire to protect archaeological sites. Blue tape will then be hung on the wire for safety.

Pad construction materials are native *in situ* soils on lease. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.1-3. Commercial bentonite will be used to line the reserve pit.

7. WASTE DISPOSAL

**Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
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The reserve pit will be lined with 24 tons of commercial bentonite. Over half the capacity will be in cut. The pit will be fenced on 3 sides with 4 strands of barbed wire or woven wire topped with barbed wire. The 4th side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries.

All trash will be placed in a trash cage near the mud tanks. When full, it will be hauled to the Blanding dump or an approved landfill in Dolores County or Montezuma County, Colorado. A burning permit is required for burning trash between May 1 and October 31. Obtain a burning permit by calling the San Juan County Sheriff at (801) 587-2237. The road and pad will be kept litter free.

Human waste will be disposed of in 10' deep ratholes or chemical toilets. The ratholes will be immediately filled when the trailers are removed.

Produced water will be confined to the lined reserve pit for a period not to exceed 90 days after initial production. During the 90 day period an NTL-2B application will be submitted for the District Manager's approval of a permanent disposal method and site.

#### **8. ANCILLARY FACILITIES**

There will be no airstrip or formal camp. Three camper trailers may be on site for the company man, mud logger, and tool pusher.

#### **9. WELL SITE LAYOUT**

See PAGES 18-20 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, trash cage, access onto the pad, parking, living facilities, and rig orientation.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah

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CONFIDENTIAL

Trees will be stockpiled north of the reserve pit. The slight amount of topsoil present will be stockpiled on the southeast corner of the pad. Topsoil along the access will be reserved by windrowing along the road.

#### 10. RECLAMATION

Immediately upon completion of drilling, all trash and debris will be collected from the pad and surrounding area and placed in the trash cage.

Yates' dirt contractor will call the Resource Area 48 hours before starting reclamation with earth moving equipment, and after completing reclamation. The reserve pit will be totally dry before it is backfilled.

All disturbed areas will be recontoured to blend as nearly as possible with the natural topography.

Soil, trees, and brush will be spread evenly over the disturbed area. All disturbed areas will be ripped 6" deep with the contour.

Seed will be broadcast between October 1 and February 28 with the following mix. A harrow or similar implement will be dragged over the area to assure seed cover. If not covered, then rates will increase 50%.

<u>Species</u>	<u>Rate (pounds/acre)</u>
Indian ricegrass	2
Galleta grass	1
Western wheatgrass	1
Fourwing saltbush	2
Desert bitterbrush	2
Yellow sweetclover	1
Wild sunflower	1
Black sagebrush	0.5

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah

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The new access will be blocked and water barred to prevent vehicle access. The reserve pit and that part of the pad not needed for production will be reclaimed as previously described.

#### 11. SURFACE OWNERS

The last quarter mile of existing road, the new road, and the well site are on federal land administered by BLM. *Yates Petroleum Corporation is hereby applying for a right-of-way on an existing road ~50 feet long and 30 feet wide in SESESESW 10-36s-23e.* All other access is either on lease, on public roads, or on private land. Yates Petroleum Corporation has a verbal agreement to use Quintana's road and is pursuing a written agreement. Quintana is a partner in the Caballo Unit #4 well.

Marva J. Laws owns the N2NWSE 10-36s-23e. Her address is P.O. Box 244, Blanding, Ut. 84511. Phone is (801) 678-2738. Yates Petroleum Corporation has a written agreement to cross her land.

Dottie B. Laws owns the S2NWSE, SWSE, & SESW 10-36s-23e. Her address is 195 East Center, Blanding, Ut. 84511. Phone is (801) 678-2543. Yates Petroleum Corporation has a written agreement to cross her land.

#### 12. OTHER INFORMATION

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

There will be no change from the proposed drilling and/or workover plan without prior approval from the District Manager. A Sundry Notice will be filed for approval for all plan changes and other operations *per* 43 CFR 3162.6.

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah

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All drilling, producing, suspended, or abandoned wells will be identified *per* 43 CFR 3162.6.

All people in the area who are associated with the project will be informed that they can be prosecuted for disturbing archaeological or paleontological sites or collecting artifacts, arrowheads, or fossils.

If at any time facilities located on public lands authorized by the lease terms are no longer included in the lease (due to unit contraction or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rent, or other financial obligation determined by BLM.

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

The District Office's mailing address is P.O. Box 970, Moab, Utah 84532. The phone number is (801) 259-6111.

The Resource Area's mailing address is P.O. Box 7, Monticello, Utah 84535. The phone number is (801) 587-2141.

The nearest hospital is a 1/2 hour drive to Monticello. Monticello's hospital is 3 blocks northwest of the intersection of US 666 and US 191. Phone number is (801) 587-2116. The nearest medical helicopter is in Grand Junction, Colorado, at St. Mary's Hospital. Call (303) 244-2550.

### 13. REPRESENTATION AND CERTIFICATION

Anyone having questions concerning the APD or right-of-way should call:

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah

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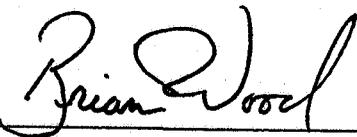
Brian Wood  
Permits West, Inc.  
37 Verano Loop  
Santa Fe, NM 87505  
(505) 984-8120

The field representative for Yates Petroleum Corporation is Al Springer.

CERTIFICATIONS

I hereby certify that Yates Petroleum Corporation has the necessary consents from the proper lease and unit interest owners to conduct lease and unit operations in conjunction with this APD. Bond coverage *per* 43 CFR 3104 for lease activities is being provided by Yates Petroleum Corporation.

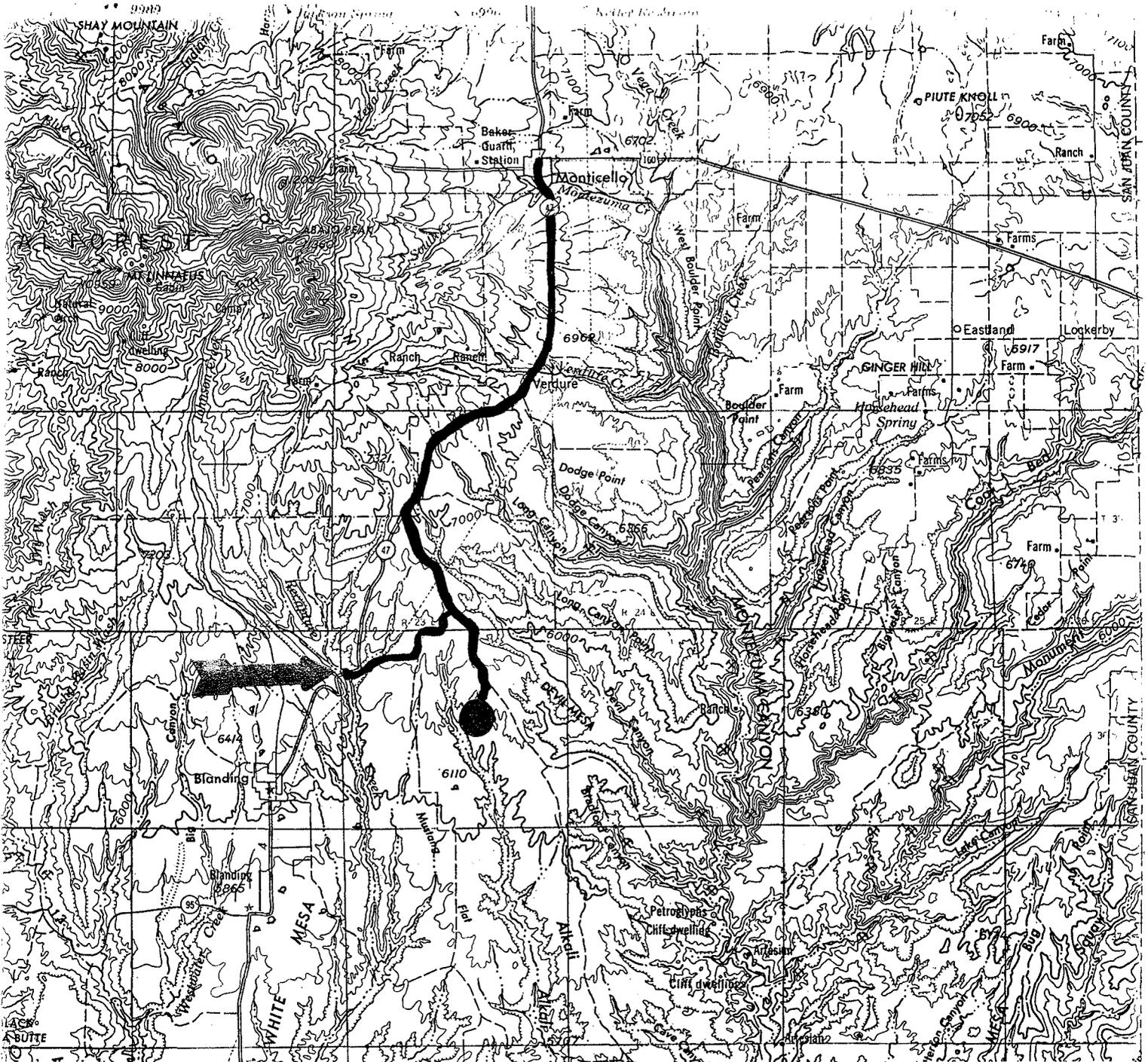
I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be 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.

  
\_\_\_\_\_  
Brian Wood

July 31, 1989  
Date

Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah

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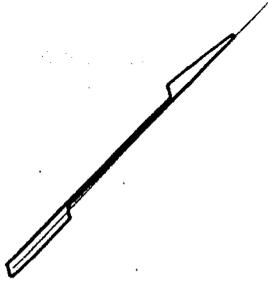


Proposed Well: ●

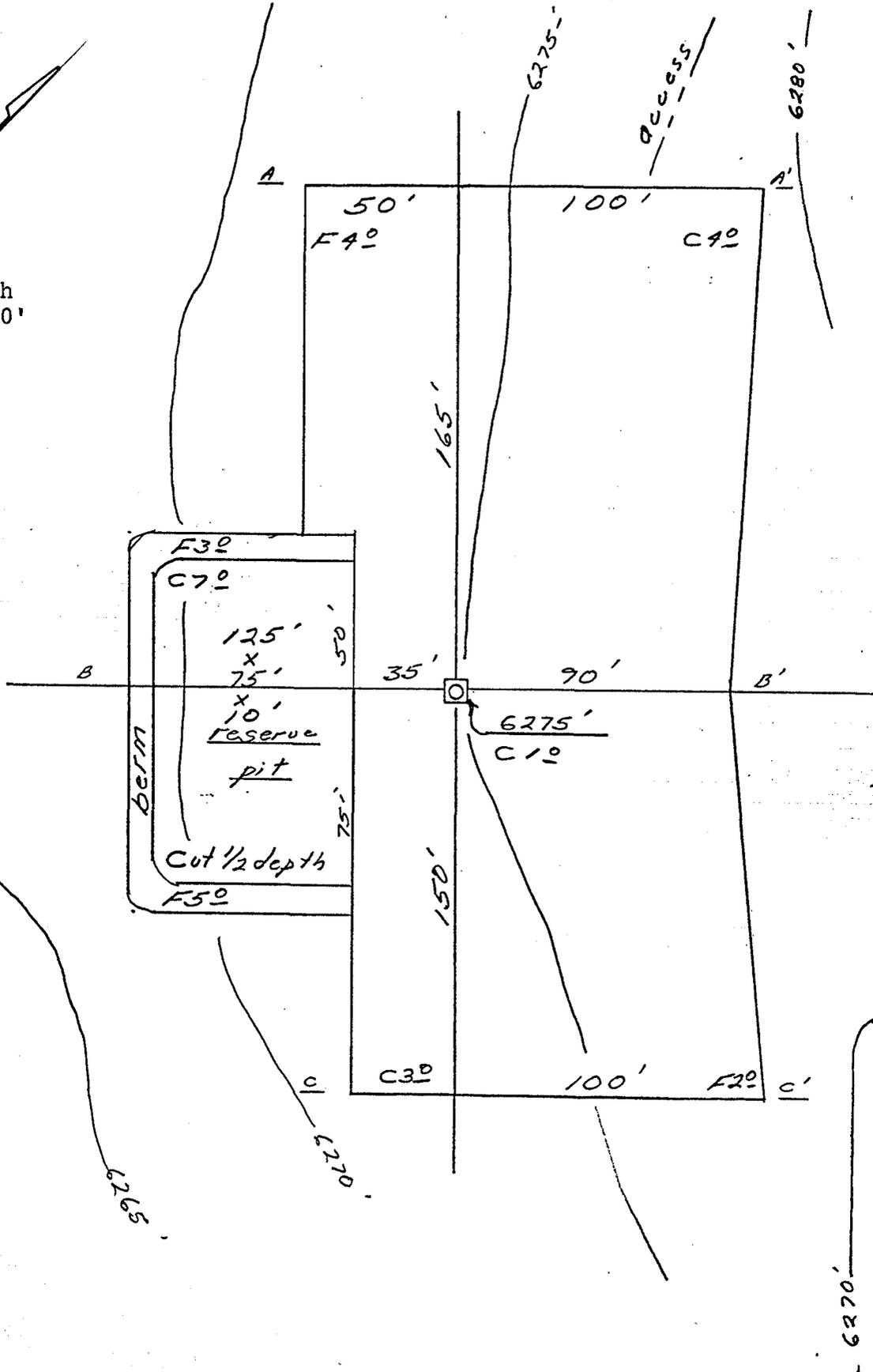
Access Route: ~

Water Source: →



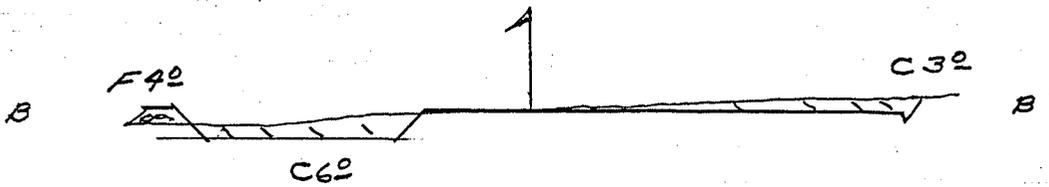
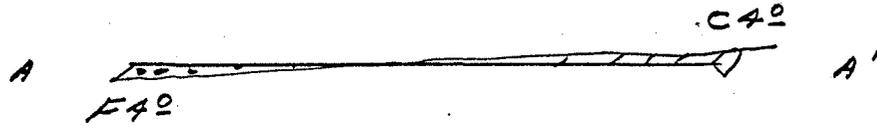


North  
1"=50'



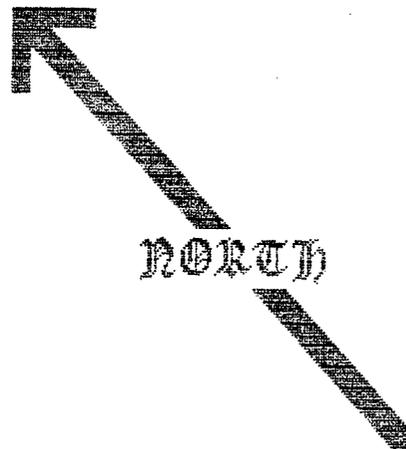
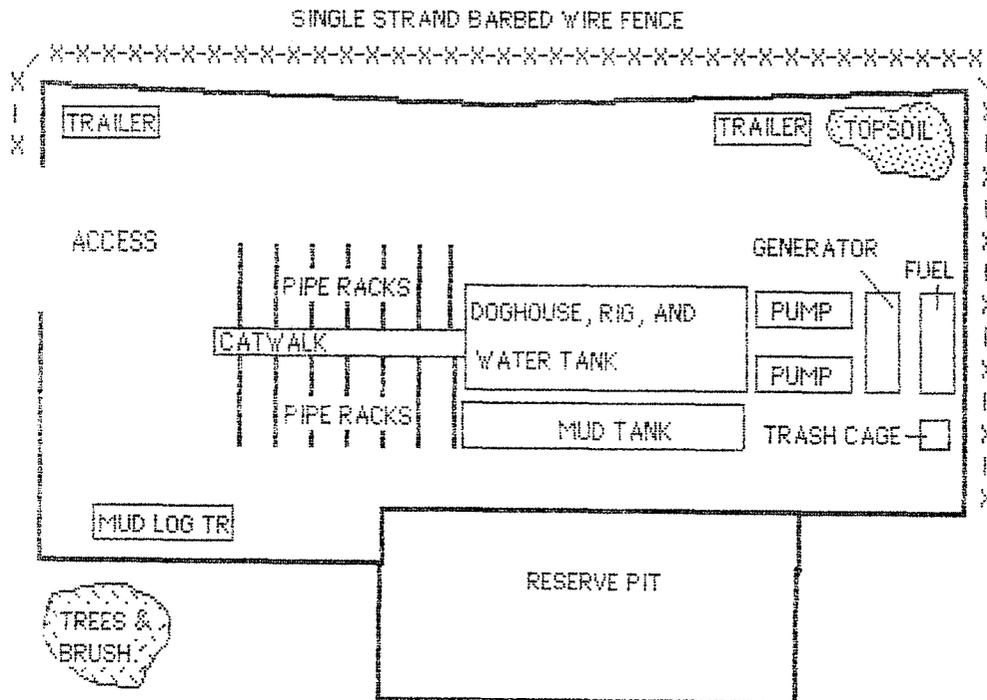
Cut   
Fill 

1"=50' Horz. & Vert.



Yates Petroleum Corporation  
Caballo Unit #4  
2200' FNL & 500' FWL  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah

CONFIDENTIAL



# CONFIDENTIAL

OPERATOR Yates Petroleum Corp. (N7400) DATE 8-8-89

WELL NAME Caballo Unit #4

SEC SWNW 15 T 36S R 23E COUNTY San Juan

43-037-31473  
API NUMBER

Federal  
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Nearest well ok under Unit spacing.  
Water Permit 09-1651 / T64109 (8-89 to 8-90)  
Need 1989 P.O.D. for Caballo Unit / ~~Received~~ 8-16-89 Approved  
per Theresa (B&M), copy being sent ASAP. Notified 9-26-89.

APPROVAL LETTER:

SPACING:  R615-2-3 Caballo  R615-3-2  
UNIT

R615-3-3  
CAUSE NO. & DATE

STIPULATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate  
(Other instructions  
verse side)

Budget Bureau No. 1004-011  
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

U-62953

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

Caballo

8. FARM OR LEASE NAME

Caballo Unit

9. WELL NO.

#4

10. FIELD AND POOL, OR WILDCAT

Undesignated

11. SEC., T., R., M., OR BLK. AND  
SUBVY OR AREA

15-36s-23e SLBM

12. COUNTY OR PARISH

San Juan

13. STATE

Ut.

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

2. NAME OF OPERATOR  
Yates Petroleum Corporation (505) 748-1471

3. ADDRESS OF OPERATOR  
105 S. 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

Surface: 2200' FNL @ 500' FWL (SOUND) Bottom: Same

14. PERMIT NO.  
42-037-21472

15. ELEVATIONS (Show whether DP, WT, OR, etc.)  
6,275' ungraded ground

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)

Extend APD approval

(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.)\*

Please extend APD approval for 6 months past original expiration date.

OIL AND GAS	
DPN	RJF
2 JPB	GLH
DIS	SLS
1-TAS	
MICROFILM	
2	FILE

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

SIGNED

*[Signature]*

TITLE

Consultant

DATE

8-22-90

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

Extended until 4-27-91

TITLE

DATE

APPROVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING  
DATE: 9-8-90

\*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.



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

September 27, 1989

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, New Mexico 88210

Gentlemen:

Re: Caballo Unit #4 - SW NW Sec. 15, T. 36S, R. 23E - San Juan County, Utah  
2200' FNL, 500' FWL

Approval to drill the referenced well is hereby granted in accordance with Section 40-6-18, Utah Code Annotated, as amended 1983; and predicated on Rule R615-2-3, Oil and Gas Conservation General Rules.

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

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
4. Prompt notification if it is necessary to plug and abandon the well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or Jim Thompson, Lead Inspector, (Home) 298-9318.
5. Compliance with the requirements of Rule R615-3-20, Gas Flaring or Venting, Oil and Gas Conservation General Rules.
6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.

Page 2  
Yates Petroleum Corporation  
Caballo Unit #4  
September 27, 1989

7. 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 43-037-31473.

Sincerely,



R. J. Firth  
Associate Director, Oil & Gas

lcr  
Enclosures  
cc: Bureau of Land Management  
D. R. Nielson  
J. L. Thompson  
WE14/1-2

Confidential

43-037-31473

Form 3160-3  
(November 1983)  
(formerly 9-331C)

CONFIDENTIAL

SUBMIT IN TRIPLICATE\*  
(Other instructions on  
reverse side)

Form approved.  
Budget Bureau No. 1004-0136  
Expires August 31, 1985

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.

U-62953

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

Caballo

8. FARM OR LEASE NAME

Caballo Unit

9. WELL NO.

#4

10. FIELD AND POOL, OR WILDCAT

Undesignated

11. SEC., T., E., M., OR BLK.  
AND SURVEY OR AREA

15-36s-23e SLBM

12. COUNTY OR PARISH

San Juan

13. STATE

Ut.

1a. TYPE OF WORK

DRILL

DEEPEN

PLUG BACK

b. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

Yates Petroleum Corporation (505) 748-1471

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.)\*

At surface

2200' FNL & 500' FWL (SWNW)

At proposed prod. zone

Same

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

7 air miles ENE of Blanding, Utah

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)

500'

16. NO. OF ACRES IN LEASE

1,000

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.

1,098'

19. PROPOSED DEPTH

6,850'

20. ROTARY OR CABLE TOOLS

Rotary

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

6,275' ungraded ground

22. APPROX. DATE WORK WILL START\*

Aug. 21, 1989

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
--------------	----------------	-----------------	---------------	--------------------

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

*Ryan Wood*

TITLE

Consultant

DATE

7-31-89

(This space for Federal or State office use)

cc: Beardemphi(3), MDO(3), SJRA(2), UDOGM(2)

PERMIT NO.

APPROVAL DATE

APPROVED BY

/s/ Kenneth V. Rhea

TITLE

ACTING

DISTRICT MANAGER

SEP 26 1989

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A

Dated 1/1/80

RECEIVED  
SEP 29 1989

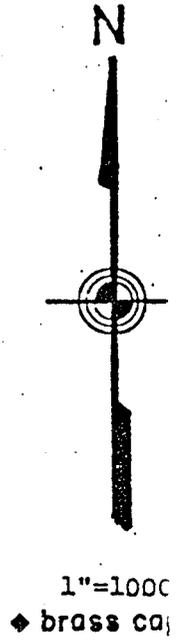
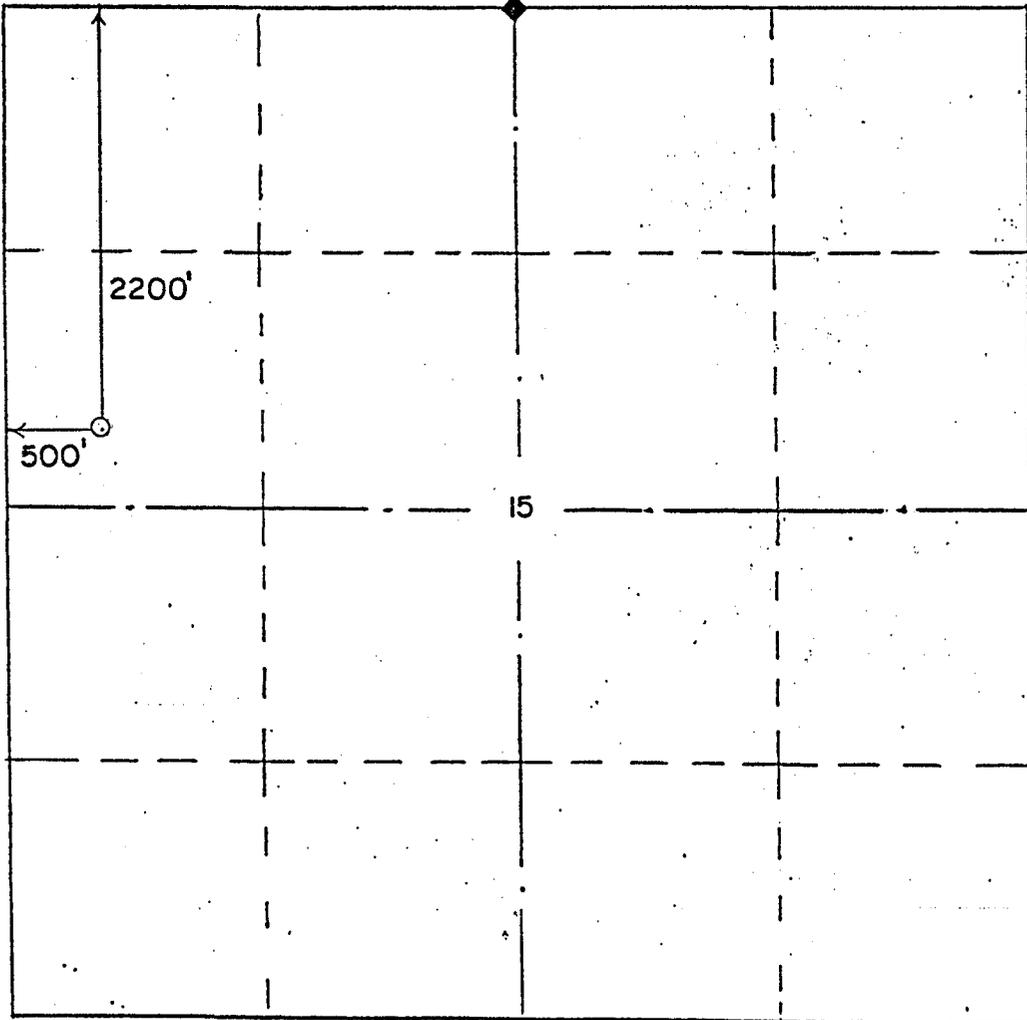
\*See Instructions On Reverse Side

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 the jurisdiction.

DIVISION OF

WELL LOCATION AND ACREAGE DEDICATION PLAT

9  
16



WELL LOCATION DESCRIPTION:  
 Yates Petroleum Corporation Caballo Unit #4  
 2200' FNL & 500' FWL  
 Section 15, T.36 S., R.23 E. SLM  
 San Juan County, Utah  
 6275' ground elevation  
 Reference: #1-15, 1120 FN & 700 FW, 6325' grd



The above plat is true and correct my knowledge and belief.

24 July 1989

*Gerald G. Huddleston*  
 Gerald G. Huddleston, LS



Yates Petroleum Corporation  
Well No. Caballo Unit #4  
Sec. 15, T. 36 S., R. 23 E.  
San Juan County, Utah  
Lease U-62953

CONDITIONS OF APPROVAL

Approval of this application 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.

Be advised that Yates Petroleum Corporation is considered to be the operator of the above wells, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT0129. (Principal - Yates Petroleum Corporation) as provided for in 43 CFR 3104.3.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

A. DRILLING PROGRAM

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, Onshore Oil and Gas Order No. 2 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.

1. If unconsolidated rock is encountered, conductor shall be set ten (10) feet unto underlying bedrock with cement circulated to surface.
2. Surface casing will be set 50 feet into the Chinle Formation regardless of the depth the Chinle is encountered.

B. THIRTEEN-POINT SURFACE USE PLAN

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

C. Additional Requirements According To Onshore Oil and Gas Order No. 2

- 3000 psi BOP & BOPE:

Pipe ram, blind ram, and if conditions warrant, another pipe ram shall also be required,

A second pipe ram preventer or variable bore pipe ram preventer shall be used with a tapered drill string,

- If repair or replacement of the BOPE is required after testing, this work shall be performed prior to drilling out the casing shoe, and
- When the BOPE cannot function to secure the hole, the hole shall be secured using cement, retrievable packer or bridge plug packer, bridge plug or other acceptable approved methods to assure safe well conditions.

- Choke Manifold Equipment:

All choke lines shall be straight lines unless turns use tee blocks or are targeted with running tees, and shall be anchored to prevent whip and reduce vibration.

All valves (except chokes) in the kill line, choke manifold and choke line shall be a type that does not restrict the flow (full opening) and that allows a straight through flow.

Pressure gauges in the well control system shall be a type designed for drilling fluid service.

- 3000 psi system - Accumulator Equipment:

Accumulator shall have sufficient capacity to open the hydraulically controlled choke line valve (if so equipped), close all rams plus the annual preventer, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. This is a minimum requirement. The fluid reservoir capacity shall be double the accumulator capacity and fluid level maintained at manufacturer's recommendations. The 3M system shall have 2 independent power sources to close the preventers. Nitrogen bottles (3 minimum) may be 1 of the independent power sources and, if so, shall maintain a charge equal to the manufacturer's specifications.

Accumulator precharge pressure test: This test shall be conducted prior to connecting the closing unit to the BOP stack and at least once every 6 months. The accumulator pressure shall be corrected if the measure precharge pressure is found to be above or below the maximum limit specified within Onshore Order Number 2.

Power for the closing unit pumps shall be available to the unit at all times so that the pumps shall automatically start when the closing unit manifold pressure has decreased to a pre-set level.

Each BOP closing unit shall be equipped with sufficient number and sizes of pumps so that, with the accumulator system isolated from service, the pumps shall be capable of opening the hydraulically-operated gate valve (if so equipped), plus closing the annular preventer on the smallest size drill pipe to be used within 2 minutes, and obtain a minimum of 200 psi. above specified accumulator precharge pressure.

A manual locking device (i.e., hand wheels) or automatic locking devices shall be installed on all systems of 2M or greater. A valve shall be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve shall be maintained in the open position and shall be closed only when the power source for the accumulator system is inoperative.

Remote controls shall be readily accessible to the driller. Remote controls for all 3M or greater systems shall be capable of closing all preventers.

- BOP Testing:

Pressure tests on ram type preventers shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed off of pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test of BOP stack.

Annular BOP pressure tests shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above tests shall be performed:

\*\*When initially installed;

\*\*Whenever any seal subject to test pressure is broken;

\*\*Following related repairs; and

\*\*At 30 day intervals.

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s), the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly. Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

- Casing and Cementing:

All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

All casing, except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.

All of the above described tests shall be recorded in the drilling log.

All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

Surface casing shall have centralizers on at least the bottom three joints depending on severity of hole inclination.

Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.

All casing strings below the conductor shall be pressure tested to 0.22 psi/ft. of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.

- Mud Program Requirements:

The characteristics, use and testing of drilling mud and the implementation of related drilling procedures shall be designed to prevent the loss of well control. Sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring well control.

-Record slow pump speed on daily drilling report after mudding up.

-Visual mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume.

-A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.

-All flare systems shall be designed to gather and burn all gas. The flare line(s) discharge shall be located not less than 100 feet from the well head, having straight lines unless turns are targeted with running tees, and shall be positioned downwind of the prevailing wind direction and shall be anchored. The flare system shall have an effective method for ignition. Where non-combustible gas is likely or expected to be vented, the system shall be provided supplemental fuel for ignition and to maintain a continuous flare.

- Drill Stem Testing Requirements:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

-A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions, or displaced into the formation prior to pulling the test tool. This would involve providing some means for reverse circulation.

-Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

-All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- Special Drilling Operations:

In addition to the equipment already specified elsewhere in Onshore Order No. 2 , the following equipment shall be in place and operational during air/gas drilling:

- Properly lubricated and maintained rotating head;
- Spark arresters on engines or water cooled exhaust;
- Blooie line discharge 100 feet from well bore and securely anchored;
- Straight run on blooie line unless otherwise approved;
- Deduster equipment;
- All cuttings and circulating medium shall be directed into a reserve or blooie pit;
- Float valve above bit;
- Automatic igniter or continuous pilot light on the blooie line;
- Compressors located in the opposite direction from the blooie line a minimum of 100 feet from the well bore;
- Mud circulating equipment, water, and mud materials (does not have to be premixed) sufficient to maintain the capacity of the hole and circulating tanks or pits.

BUREAU OF LAND MANAGEMENT

BOND ABSTRACT

BLM BOND NO: UT0129

PART NO:

SURETY BOND ID: A-R-71373-49

CASE TYPE: 310431 O&G BOND PUB DOMAIN LAND

POOR COPY

NAME AND ADDRESS OF BONDED PARTIES

88662542001 BONDED PRINCIPAL

YATES PETROLEUM CORP

105 S 4TH ST

ARTERIA

WA 29210

281000125001 SURETY

AMERICAN EMPLOYERS INSURANCE

COMPANY

ONE BEACON ST

BOXTON

MA 02102

BOND-AREA: STATEWIDE STATED COVERED: UT

TYPE OF LAND: FEDERAL-PUBLIC

BOND TYPE: SURETY

AMOUNT OF BOND:

\$25,000

BONDED ACTIVITY/PURPOSE

COMMUNITY(IES)

GENERAL LBE/DRILLING

U/L & GAG

1

OPERATOR

ACTION CODE	ACTION DATE	ACTION TAKEN	ACTION REMARKS
468	11/14/1983	BOND FILED	
469	11/14/1983	BOND ACCEPTED	
478	8/18/1984	RIDER FILED	
479	8/18/1984	RIDER ACCEPTED	/A/

\*\* GENERAL REMARKS \*\*

- 01 /A/EXTEND COVERAGE TO INCLUDE LEASES WHERE PRINCIPAL
- 02 IS DESIGNATED OPERATOR

POOR COPY

TABLE 1

NOTIFICATIONS

Notify Mike Wade of the San Juan Resource Area, at  
(801) 587-2141 for the following:

2 days prior to commencement of dirt work, construction or reclamation;

1 day prior to spudding;

1 day prior to running and cementing surface casing.

Notify the Moab District Office, Branch of Fluid Minerals at (801) 259-6111  
for the following:

No well abandonment operations will be commenced without the prior approval of the District Manager. In the case of newly drilled dry holes, and in emergency situations, verbal approval can be obtained by calling the following individuals, in the order listed:

Dale Manchester, Petroleum Engineer      Office Phone: (801) 259-6111

Home Phone: (801) 259-6239

Eric Jones, Petroleum Engineer      Office Phone: (801) 259-6111

Home Phone: (801) 259-2214

If unable to reach the above individuals including weekends, holidays, or after hours, please call the following:

Lynn Jackson, Chief, Branch of Fluid Minerals

Office Phone: (801) 259-6111

Home Phone: (801) 259-7990

24 HOURS ADVANCE NOTICE IS REQUIRED FOR ALL ABANDONMENTS.

3162 (U-065)  
(U-62953)

APR 29 1991

Moab District  
P.O. Box 970  
Moab, Utah 84532

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, New Mexico 88210

Re: Rescinding Application for Permit to Drill  
Well No. Caballo Unit #4  
SWNW Sec. 15, T. 36 S. R. 23 E. 43-027-31473  
San Juan County, Utah  
Lease U-62953

Gentlemen:

The Application for Permit to Drill the referenced well was approved on September 26, 1989. Since that date, no known activity has transpired.

This approval was valid for a period of one year from the date of approval. In view of the foregoing, this office is rescinding the approval of the referenced application.

Should you intend to drill at this location at a future date, a new application for permit to drill must be submitted.

If you have any questions, please contact the Branch of Fluid Minerals at (801) 259-6111.

Sincerely yours,

*/s/ Eric C. Jones*

Acting  
Assistant District Manager  
Mineral Resources

Enclosure:  
Application for Permit to Drill

cc: SJRA (w/o encl.)  
State of Utah, Division of Oil, Gas & Mining (w/o encl.) ✓

MRamstetter:Mr:4/26/91

RECEIVED

MAY 01 1991

DIVISION OF  
OIL GAS & MINING



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

May 3, 1991

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, New Mexico 88210

Gentlemen:

Re: Well No. Caballo Unit #4, Sec. 15, T. 36S, R. 23E, San Juan County, Utah  
API No. 43-037-31473

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division of Oil, Gas and Mining immediately.

Sincerely,

Don Staley  
Administrative Supervisor  
Oil and Gas

DME/lde  
cc: R.J. Firth  
Bureau of Land Management - Moab  
Well file  
WOI196