

Barry N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APR 01 2004

OCD-ARTESIA

0
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation *Shugart; Bone Spring, North*

3A. Address **105 South Fourth Street
Artesia, New Mexico 88210**

3b. Phone No. (include area code)
(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **990' FSL and 1780' FEL**

At proposed prod. Zone **Same**

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

Approximately 8 miles South of Loco Hills, New Mexico

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **1780'**

16. No. of Acres in lease
560

17. Spacing Unit dedicated to this well
40 acres SW/4SE/4

18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. **1300'**

19. Proposed Depth
8400'

20. BLM/BIA Bond No. on file
585997

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3611' GL

22. Approximate date work will start*
ASAP

23. Estimated duration
30 days

24. Attachments

CAPTAN CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature *Cy Cowan* Name (Printed/Typed) **Cy Cowan** debbiec@ypcnm.com Date **1/7/04**

Title:

Regulatory Agent/Land Department

Approved by (Signature) */s/ Linda S. C. Rundell*

Name (Printed/Typed) **/s/ Linda S. C. Rundell**

Date **MAR 25 2004**

Title **STATE DIRECTOR**

Office **NM STATE OFFICE**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-32207	² Pool Code	³ Pool Name Wildcat Bone Spring
⁴ Property Code	⁵ Property Name Creek AL Federal	⁶ Well Number 16
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3611

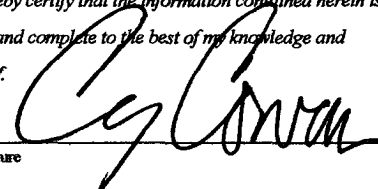
¹⁰ Surface Location

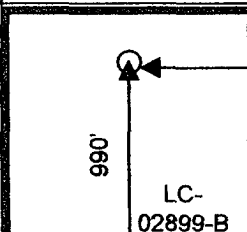
UL or lot no. O	Section 24	Township 18S	Range 30E	Lot Idn	Feet from the 990	North/South line South	Feet from the 1780	East/West line East	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Cy Cowan Printed Name Regulatory Agent Title 01/05/2004 Date					
					¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number					



990'
LC-02899-B
1780'

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

Energy, Minerals and Natural Resources Reporting

Revised March 17, 1939

Instruction on back

Submit to Appropriate District Office

State Loans - 4 Copies

Fog Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
			Wildcat Bone Spring
Property Code	Property Name		Well Number
	CREEK "AL" FEDERAL		16
OSHD No.	Operator Name		Elevation
025575	YATES PETROLEUM CORPORATION		3611

Surface Location


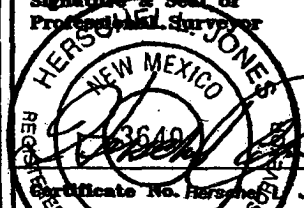
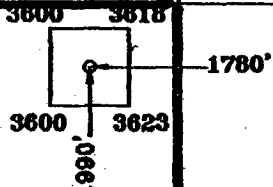
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	24	18S	30E		990	SOUTH	1780	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

				OPERATOR CERTIFICATION I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.  _____ Signature Cy Cowan _____ Printed Name Regulatory Agent _____ Title 10-2-01 _____ Date
				SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 9/17/2001 _____ Date Surveyed _____ Signature & Seal of Professional Surveyor  Certificate No. Herschel Jones RLS 3640 GREEK 16 GENERAL SURVEYING COMPANY
		N.32°43'42.2" W.103°55'21.7"		
		LC-02899-B		

YATES PETROLEUM CORPORATION
Creek "AL" Federal #16
990' FSL and 1780' FEL
Section 24-T18S-R30E
Eddy County, New Mexico

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

Rustler	485'
Tansill	1800'
Yates	1910'
Seven Rivers	2350'
Queen	3075'
Grayburg	3560'
Delaware	4600'
Bone Spring	5820'
Dolomite	8220'
TD	8400'

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

Water: 250'-350'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-700'	700'
11"	8 5/8"	32#	J-55	ST&C	0-2800'	2800'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100'-6800'	6700'
7 7/8"	5 1/2"	17#	J55	LT&C	6800'-8400'	1600'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

B. CEMENTING PROGRAM:

WITNESS Surface casing: 400 sx Lite(Yld 2 Wt. 12.5) Tail in w/250 sx Class "C" + 2% CaCL2 (Yld 1.32 WT 14.8). WITNESS

Intermediate Casing: 600 sx Lite (Yld 2 Wt 12.5). Tail in w/250 sx Class "C" + 2% CACL2 (Yld 1.32 Wt. 14.8).

Production Casing: TOC-2300'; 550 sx Lite (Yld 2 Wt. 12.5). Tail in w/500 sx Super "C" (Yld 1.32 Wt. 14.8).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-700'	FW/Native Mud	8.4-9.0	28-32	N/C
700'-2800'	Brine	10.0-10.2	28	N/C
2800'- TD	FW/Cut Brine	8.4-9.2	28	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 30' samples to 5000'. 10' samples to 5000' to TD.

Logging: Platform HALS.

Coring: Sidewall cores as warranted.

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0	TO: 700'	Anticipated Max. BHP:	300	PSI
From: 700'	TO: 2800'	Anticipated Max. BHP:	1200	PSI
From: 2800'	TO: TD	Anticipated Max. BHP:	3700	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None Anticipated

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Creek "AL" Federal #16
990' FSL and 1780' FEL
Section 24-T18S-R30E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 8 miles Southeast of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go East of Artesia on Highway 82 to Highway 360. Turn Right on 360 and go to Duval Shaft Road (CR 251). Turn left on Duval Shaft Road and to Grubbs Rd (CR 250). Turn right on Grubbs Rd. and go approx. 4.8 miles. Turn north here and go approx. 0.7 of a mile to the Creek "AL" Battery on the right. On the west side of the Creek Battery follow road to the North for approx. 0.3 of a mile to the Creek AL Fee #2 well. Turn West and follow existing two track road West for approx. 0.2 of a mile to the Southeast corner of the well pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will go west for approximately 0.2 of a mile to the Southeast corner of the drilling pad. The road will lie in an east to west direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnouts will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

- A. There is no drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are 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 of 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 sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: INCLUDE ONE (1) 3" SDR-11, POLY, SURFACE FLOWLINE AND ONE (1) 640 VOLT, 3 PHASE, RAPTOR PROOF POWERLINE FOLLOW ACCESS ROADS TO THE CREEK BATTERY, SEE EXHIBIT.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP: Federal Surface, Administered by Bureau of Land Management, Carlsbad, New Mexico.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

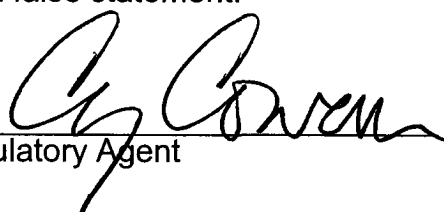
Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling Operations,
Completions and Production:
Pinson McWhorter,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

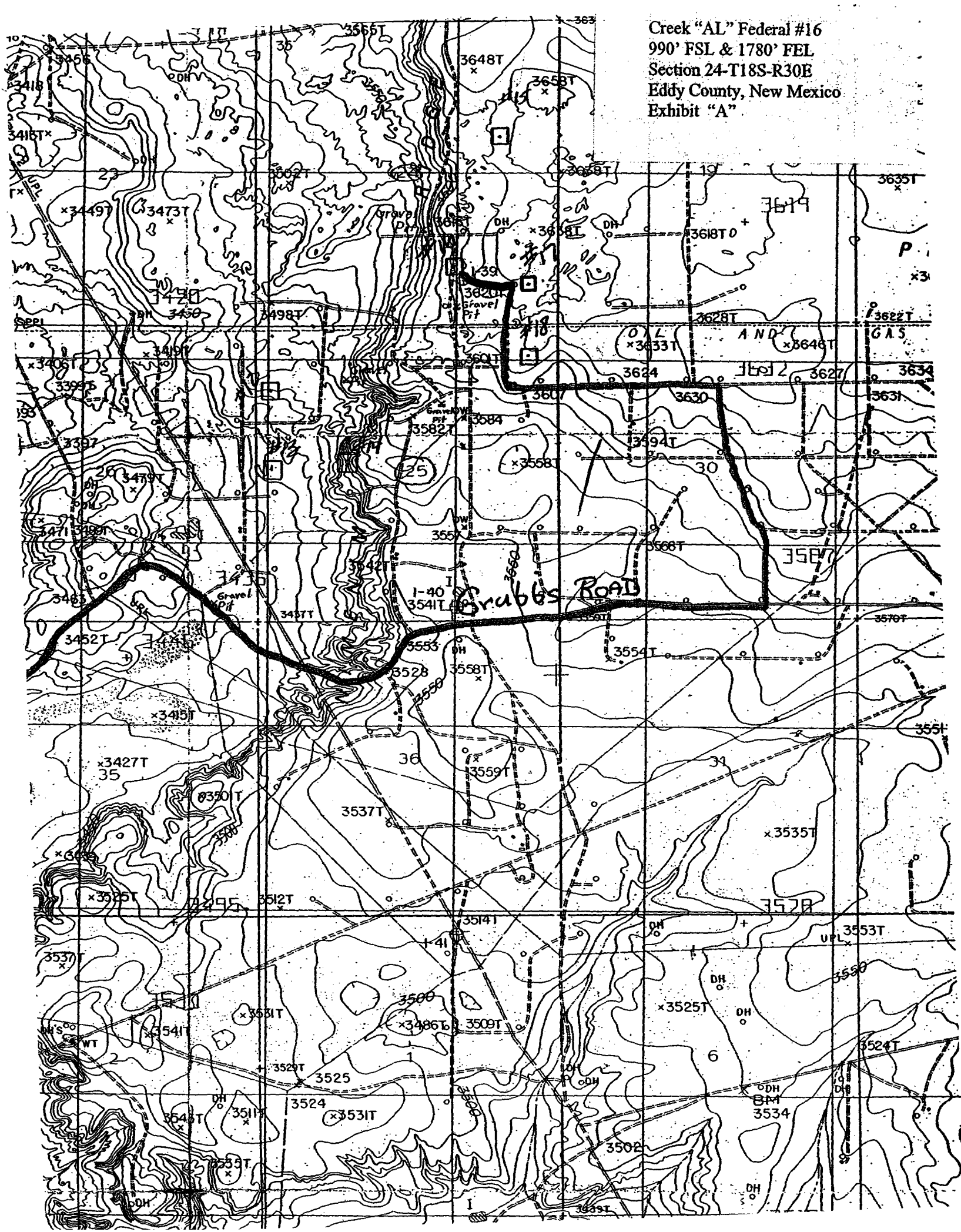
14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

01/05/04


Regulatory Agent

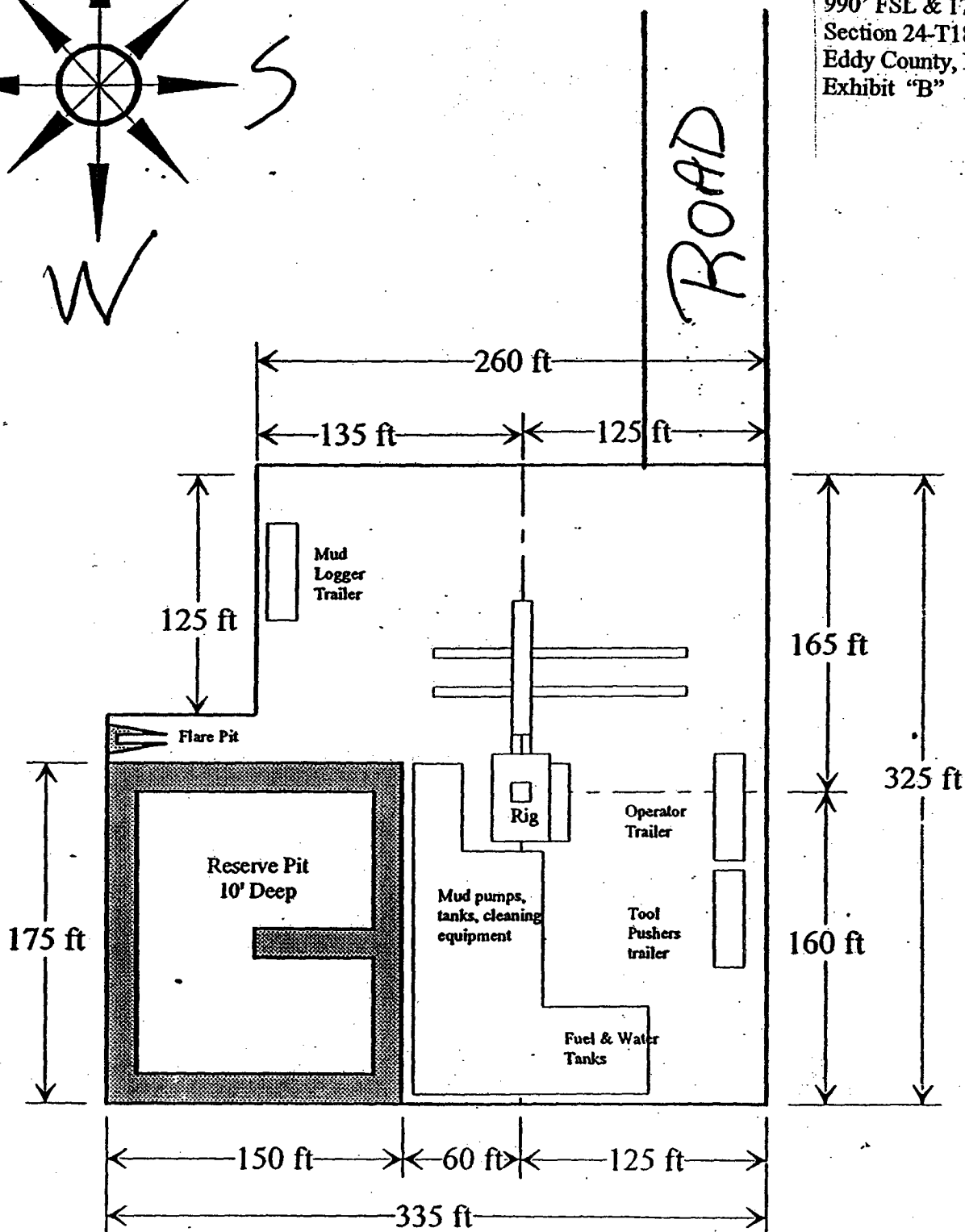
Creek "AL" Federal #16
990' FSL & 1780' FEL
Section 24-T18S-R30E
Eddy County, New Mexico
Exhibit "A"



PB - L1

Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'

Creek "AL" Federal #16
990' FSL & 1780' FEL
Section 24-T18S-R30E
Eddy County, New Mexico
Exhibit "B"



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

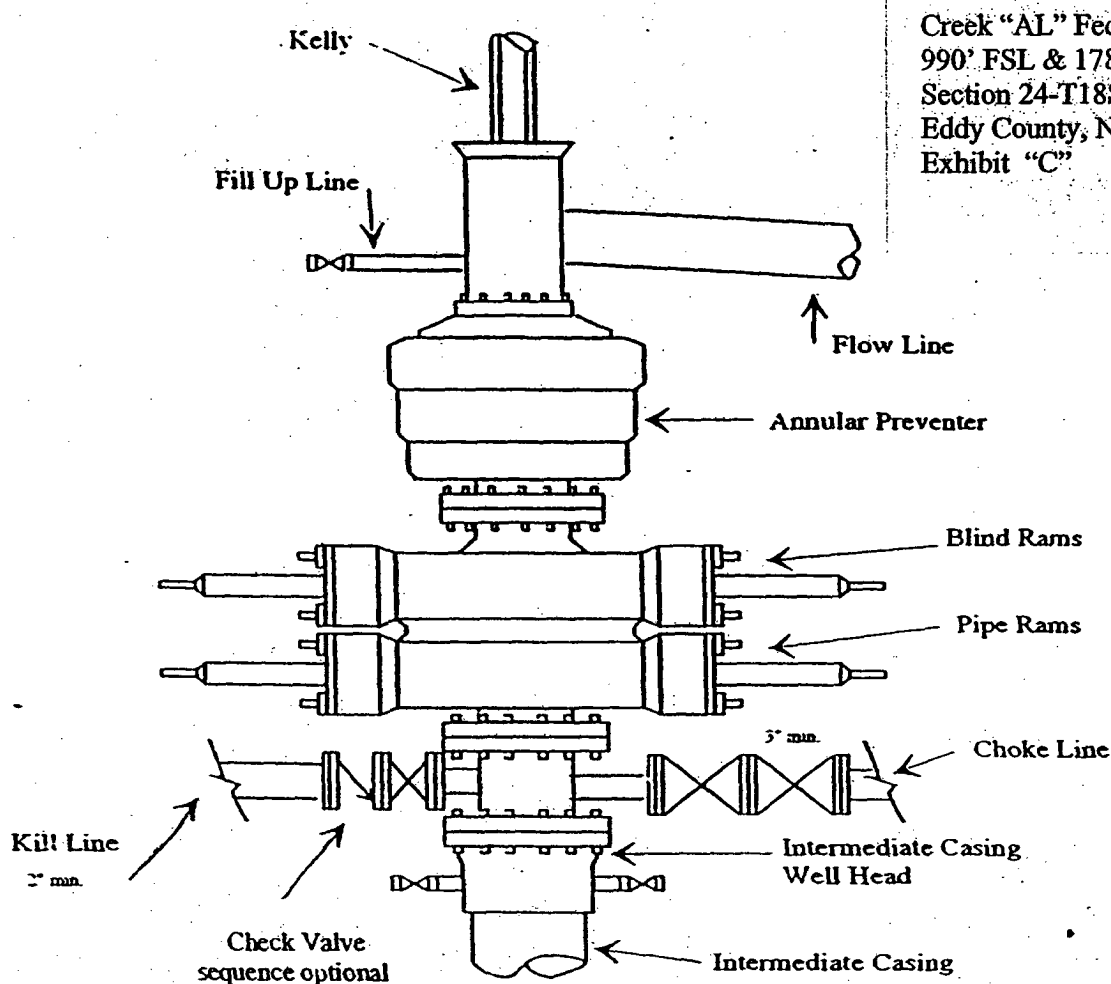


Yates Petroleum Corporation

BOP-3

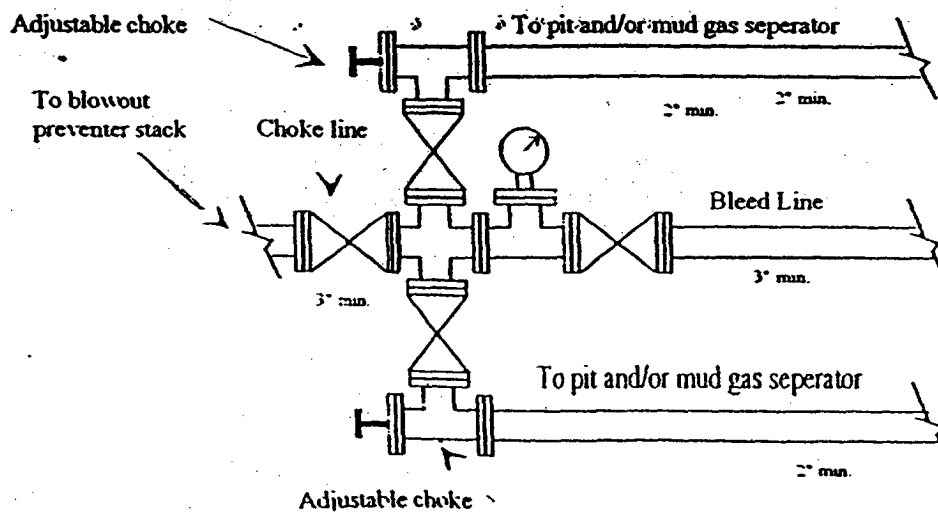
Typical 3,000 psi Pressure System Schematic

Annular with Double Ram Preventer Stack



Creek "AL" Federal #16
990' FSL & 1780' FEL
Section 24-T18S-R30E
Eddy County, New Mexico
Exhibit "C"

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



Creek "AL" Federal #16
990' FSL & 1780' FEL
Section 24-T18S-R30E
Eddy County, New Mexico
Exhibit "D"

WALTERS LAKE

MILANO MAP

LOCOHILLS

SHUGART 18 ON UNIT
MACK ENER. (OPER.)

BENSON SHUGART
CONCHO DBG (OP.)

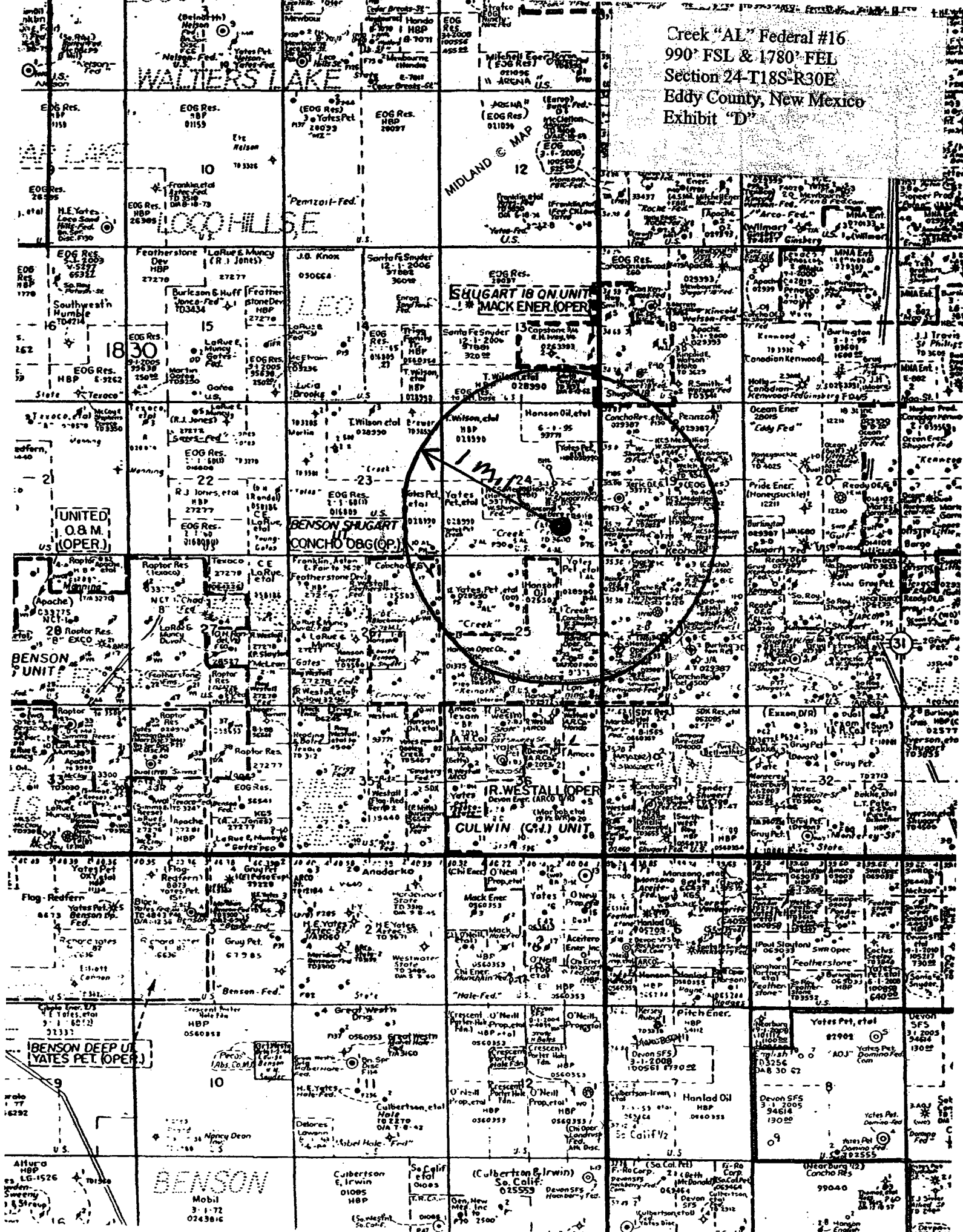
IRWESTAL OPER
CULWIN (GR.) UNIT

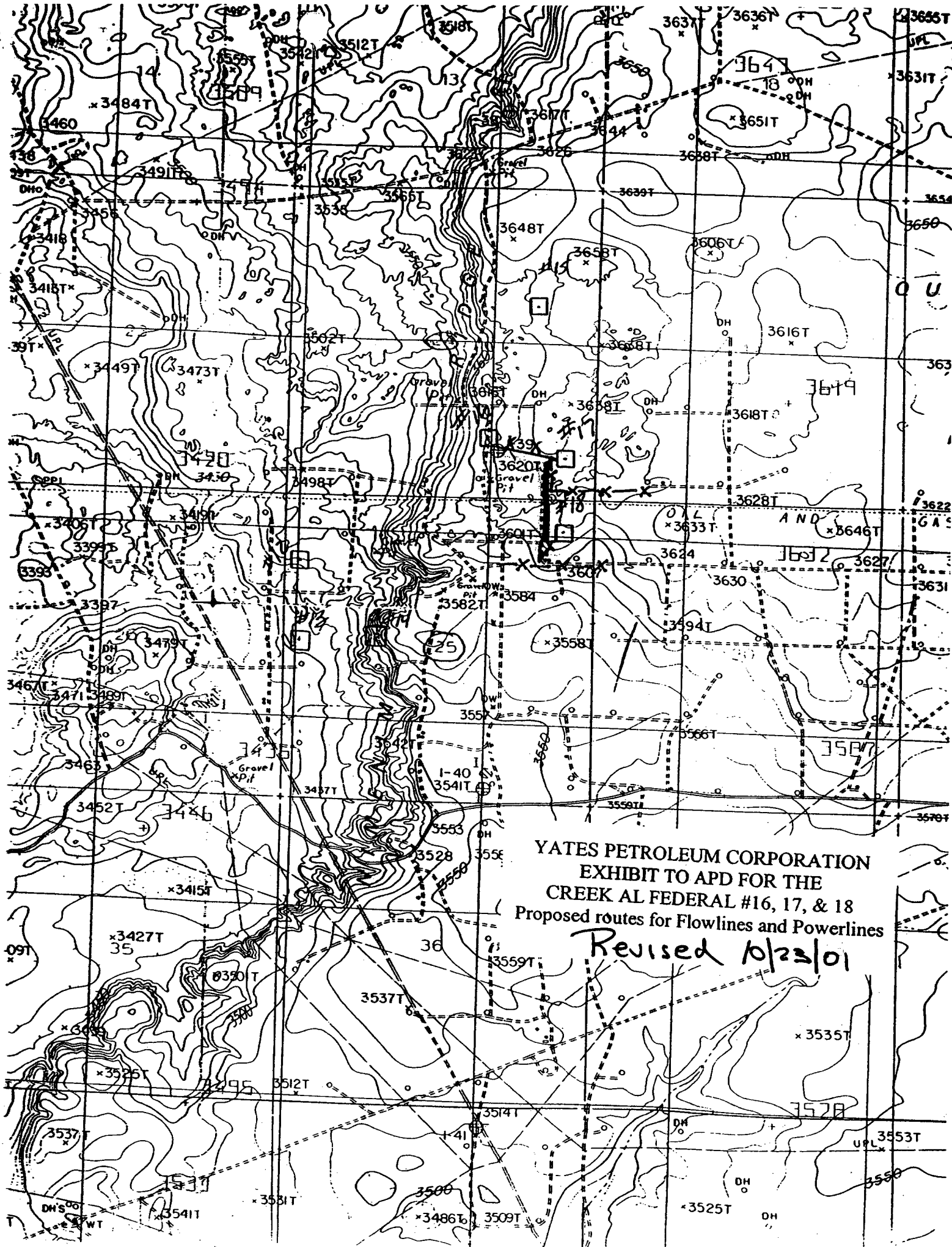
UNITED
O.M.
US (OPER.)

BENSON
UNIT

BENSON DEEP U
YATES PET. (OPER.)

BENSON





YATES PETROLEUM CORPORATION
EXHIBIT TO APD FOR THE
CREEK AL FEDERAL #16, 17, & 18
Proposed routes for Flowlines and Powerlines

Revised 10/23/01

