

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

MAY 11 2004

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

0

OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-93190

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Lucky Lobo ASX Federal Com. #2

9. API Well No.

30-015-33411

10. Field and Pool, or Exploratory

Wildcat Chester

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

Section 28, T16S-R27E

12. County or Parish

Eddy County

13. State

NM

1a. Type of Work: ☒ DRILL

☐ REENTER

b. Type of Well: ☐ Oil Well ☒

Gas
Well

☐

Other

☐

Single
Zone

☐

Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

3A. Address **105 South Fourth Street**

Artesia, New Mexico 88210

3b. Phone No. (include area code)

(505) 748-1471

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

At surface

660' FSL and 1200' FEL

At proposed prod. Zone

Same

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

Approximately 7 miles northeast of Artesia, New Mexico.

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

660'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

320 S/2

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

1/2 mile

19. Proposed Depth

9100'

20. BLM/BIA Bond No. on file

585997

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

3439' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

ROSWELL CONTROLLED WATER BASIN

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

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office.

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the
authorized office.

25. Signature

Name (Printed/Typed)

Date

Cy Cowan

4/14/04

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Leslie A. Theiss

Name (Printed/Typed)

/s/ Leslie A. Theiss

Date

10 MAY 2004

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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

*(Instructions on reverse)

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

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

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 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Chester
Property Code	Property Name LUCKY LOBO "ASX" FEDERAL COM.	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3439



Surface Location

UL or lot No. P	Section 28	Township 16S	Range 27E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 1200	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

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

				OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Cy Cowan Printed Name Regulatory Agent Title April 6, 2004 Date	
				SURVEYOR CERTIFICATION <i>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.</i> 3/31/2004 Date Surveyed  Signature of Professional Surveyor Herschel L. Jones NEW MEXICO 3640 Certificate No. Herschel L. Jones RLS 3640 LUCKY LOBO GENERAL SURVEYING COMPANY	

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

YATES PETROLEUM CORPORATION
Lucky Lobo ASX Federal Com. #2
660' FSL and 1200' FEL
Sec. 28-T16S-R27E
Eddy County, New Mexico

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

Lovington Sand	1374'	Strawn	7620'
Glorietta	2716'	Atoka	8275'
Yeso	2820'	Morrow Clastics	8645'
Tubb	4170'	Lower Morrow	8790'
Lower Yeso	4210'	Austin Cycle	8886'
Abo	4810'	Chester	9010'
Wolfcamp	6060'	TD	9100'
Upper Penn	7310'		

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

Water: 200'-400'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 9 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>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1400'
8 3/4"	7"	26#	J-55	LT&C	0-7100'
8 3/4"	7"	26#	HBP-110	LT&C	7100'-9100'

~~Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.~~

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

Lucky Lobo ASX Federal Com. #2

Page 2

B. CEMENTING PROGRAM:

WITNESS Surface casing: 750 sx Lite 'C' (YLD 1.96 WT 12.5), tail /w 250 sx 'C' + 2% CaCL2
(YLD 1.34 WT 14.8).
Production Casing: TOC 900', 700 sx Lite 'C' Modified (YLD 2.0 WT 12.0), tail w/700 sx 'C'
(YLD 1.6 WT13.2).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1400'	FW/Gel	8.4-8.8	31-32	N/C
1400'-8000'	Cut Brine	8.7-9.3	28	N/C
8000'-TD	Salt Gel/Starch	9.5-10	34-36	<10-12cc

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: 10' samples out from under surface casing.
Logging: Pex-Hals TD-casing; CNL/GR up to surface; DLL w/RXO TD-casing.
Coring: None
DST's: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 1400'	Anticipated Max. BHP: 650 PSI
From: 1400'	TO: 9100'	Anticipated Max. BHP: 1400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None anticipated.

Maximum Bottom Hole Temperature: 155 F

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 18 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Lucky Lobo ASX Federal Com. #2
660' FSL and 1200' FEL
Sec. 28-T16S-R27E
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 7 miles northeast of Artesia, 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 for five miles to Karr Ranch Road (CT. 200). Turn north for approximately two miles and turn east on lease road and go approximately 1.6 miles turn north here and go approximately .4 of a mile. Turn right and go approximately 0.3 of a mile toward the Lady Luck Federal #1. Continue going east on lease road for approximately 300 feet then follow the the lease road to the north for approximately 1 mile to cattleguard, continue through cattleguard and go north for .1 of a mile to dry hole on the right. The new access road will start here going west.

2. PLANNED ACCESS ROAD

- A. The new access road will be approximately 400 feet in length going west to the southeast corner of the drilling pad.
- 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 road is visible.
- E. Existing roads will be maintained in same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

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 closest 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:

None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 600' x 600' 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: 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

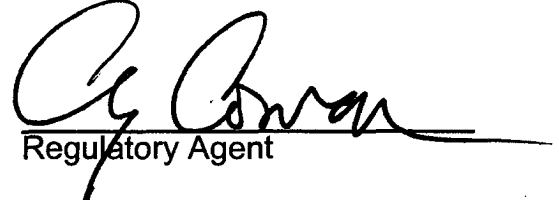
B. Through Drilling Operations,
Completions and Production:

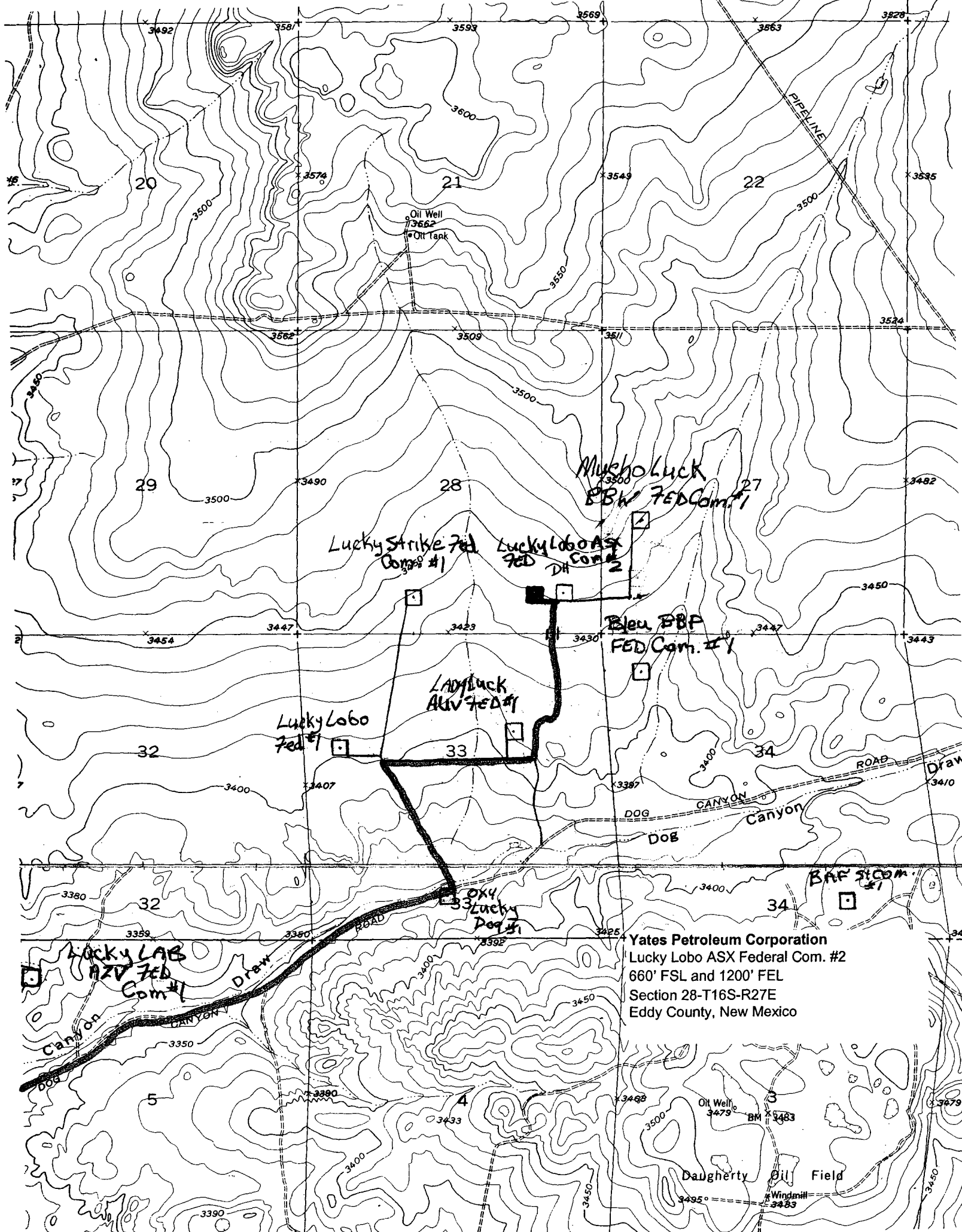
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

4/14/2004


Regulatory Agent



Mucholuck
BBP Fed Com. #1

Lucky Strike Fed
Com. #1

Lucky Lobo ASX
Fed Com. #2

Blue BBP
Fed Com. #1

Lady Luck
Aktiv Fed #1

Lucky Lobo
Fed #1

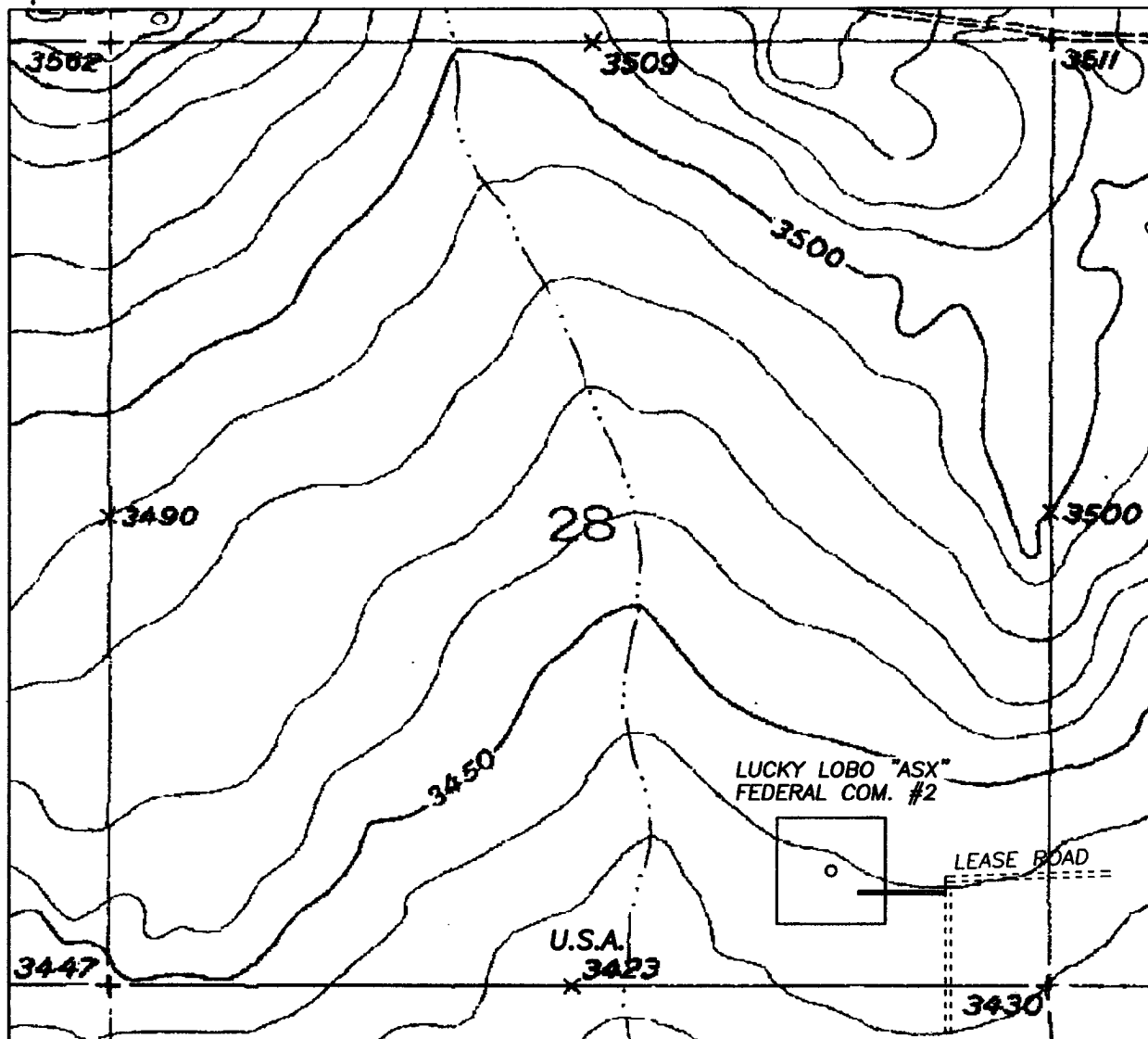
OKY
Lucky
Dog #1

BAF Sicom
#1

Yates Petroleum Corporation
Lucky Lobo ASX Federal Com. #2
660' FSL and 1200' FEL
Section 28-T16S-R27E
Eddy County, New Mexico

Daugherty Oil Field
Windmill
3483

SECTION 28, TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



1000' 0 1000' 2000'
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES, S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES LUCKY LOBO "ASX" FEDERAL COM. #1 WELL, LOCATED IN SECTION 28, TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 3/31/2004

Sheet 1 of 1 Sheets

Drawn By: Ed Blevins

W.O. Number

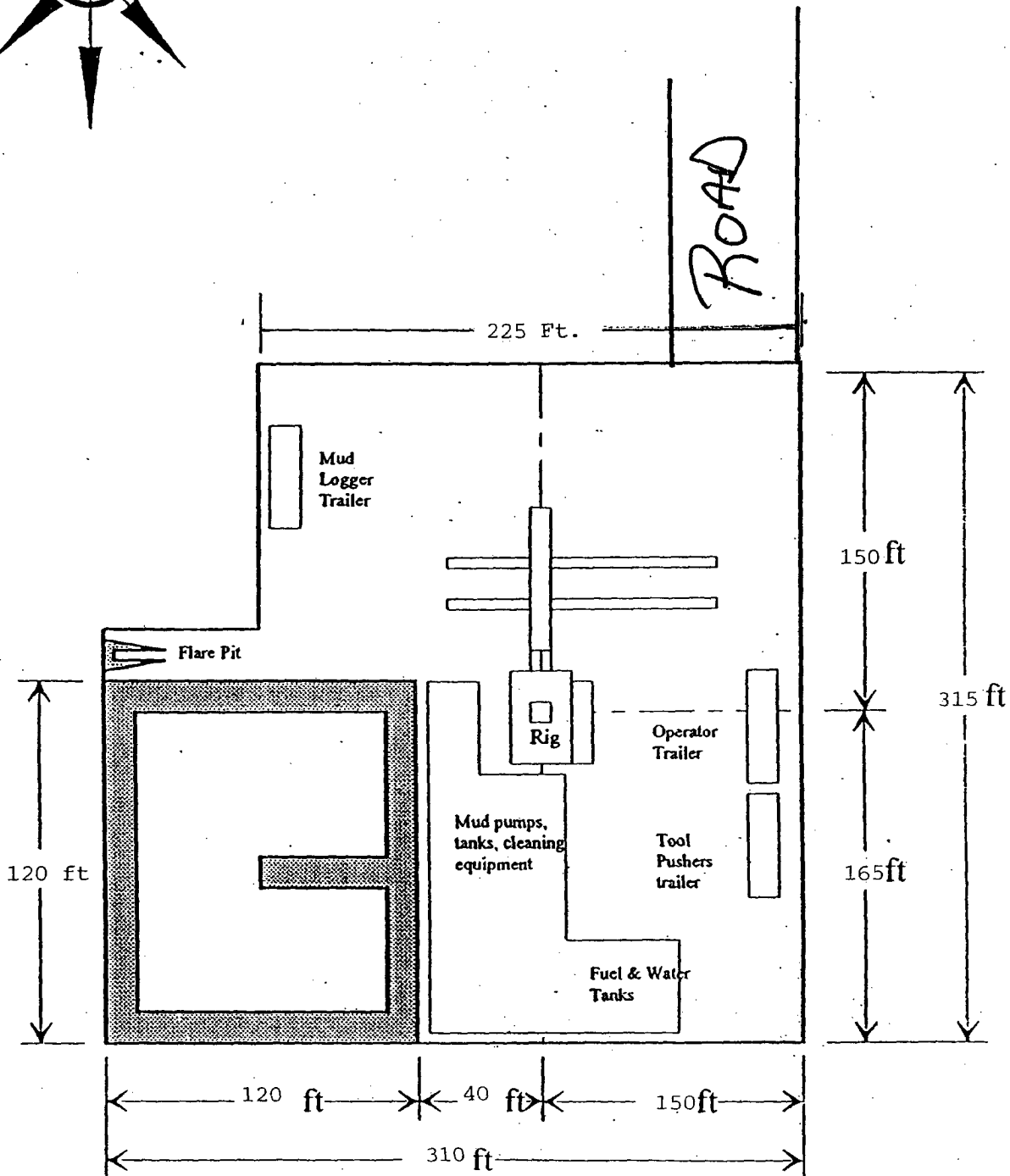
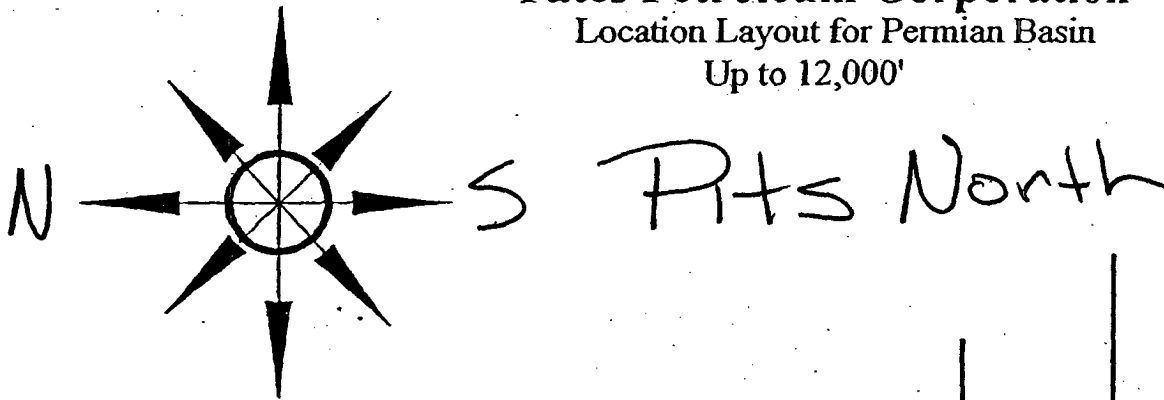
Date: 3/31/04

Scale 1" = 1000'

LUCKY LOBO 2

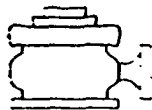
Yates Petroleum Corporation

Location Layout for Permian Basin
 Up to 12,000'



Distance from Well
 Head to Reserve Pit
 will vary between rigs

The above dimension
 should be a maximum

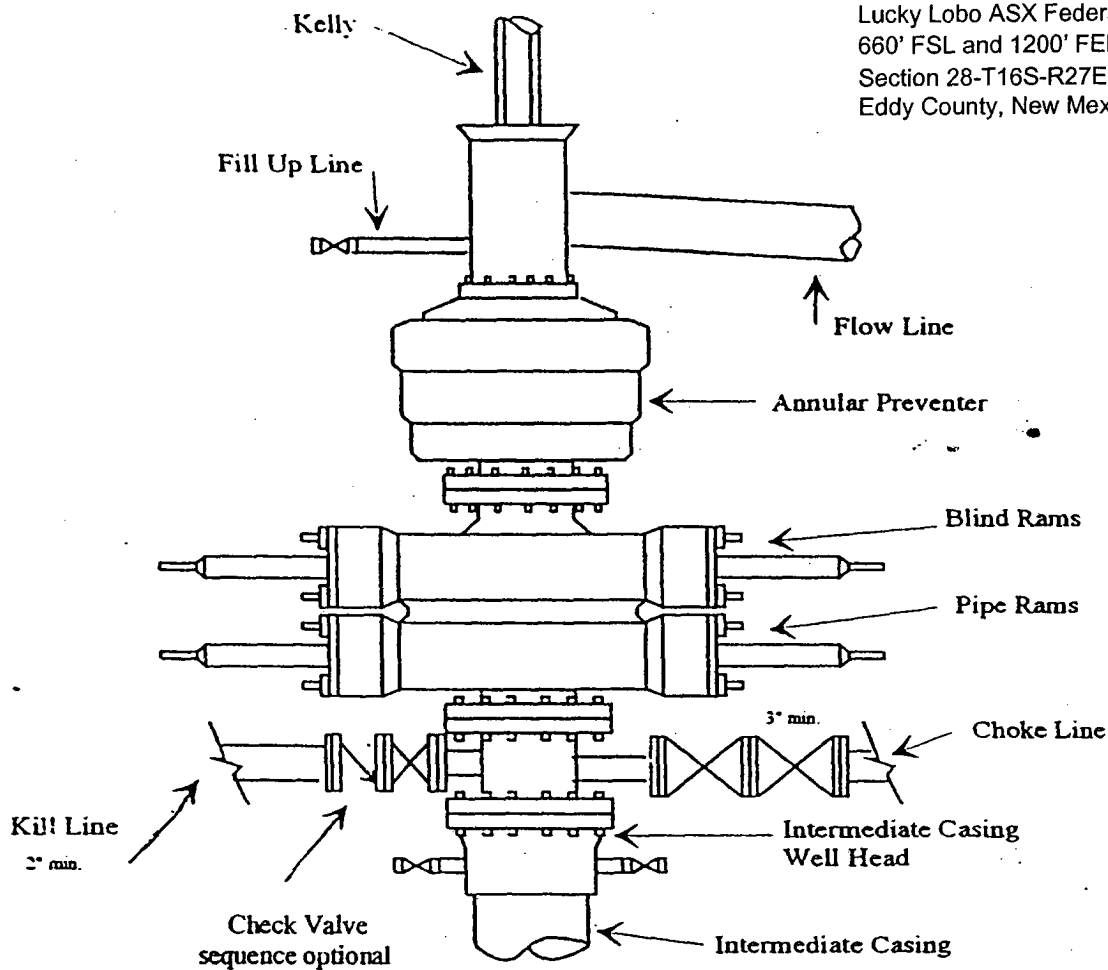


Yates Petroleum Corporation

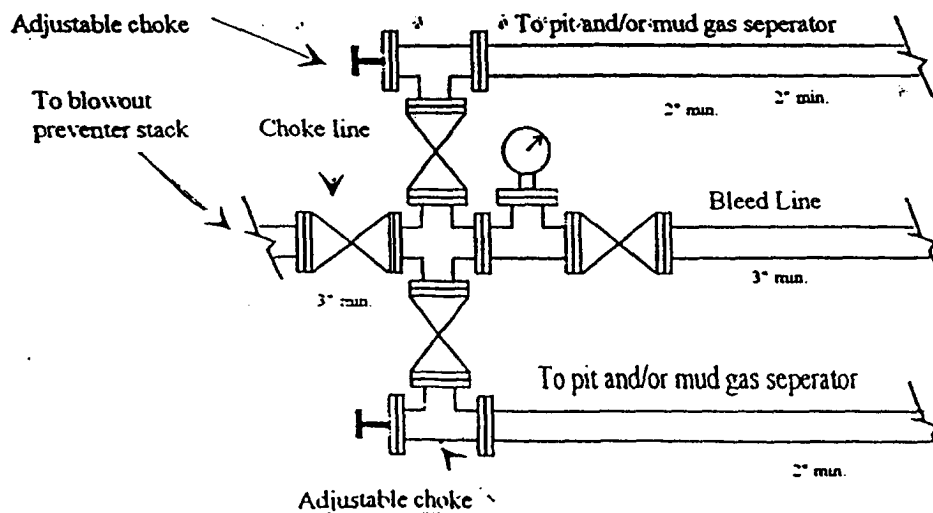
BOP-3

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

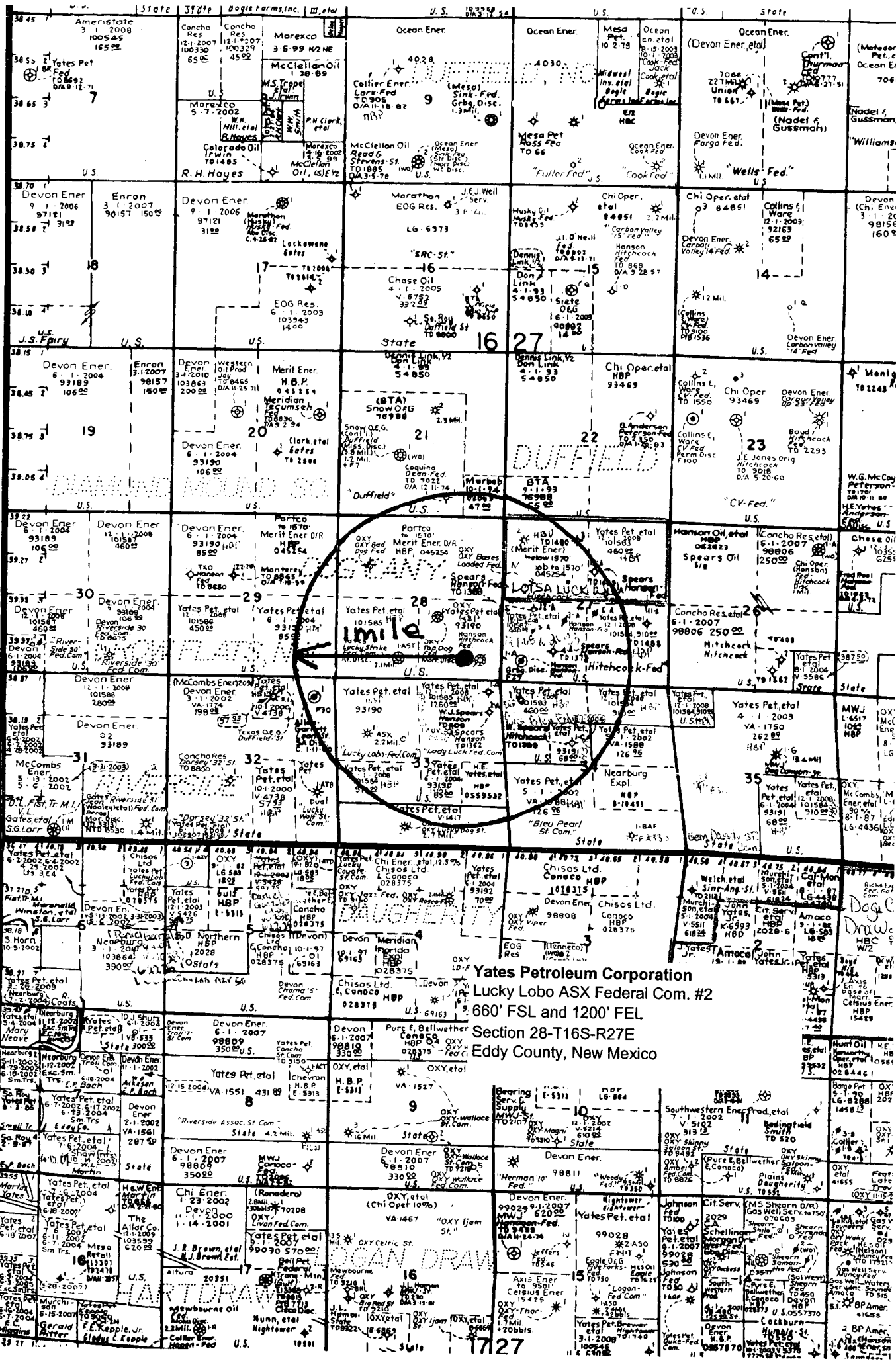
Yates Petroleum Corporation
Lucky Lobo ASX Federal Com. #2
660' FSL and 1200' FEL
Section 28-T16S-R27E
Eddy County, New Mexico



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



T 16 S



Yates Petroleum Corporation
Lucky Lobo ASX Federal Com. #2
660' FSL and 1200' FEL
Section 28-T16S-R27E
Eddy County, New Mexico

to Artesia

T 17 S



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

17 May 2004

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

RE: Approval of pit permit –
Lucky Lobo ASX Federal Com # 2 660 FSL & 1200 FEL SEC-28 T-16S R-27E

The Oil Conservation Division of Artesia is in receipt of your application to drill. Construction of a pit(s) for the purpose of drilling is approved under your current "General Plan" with the following provisions:

1. Construction and closing of pit(s) must meet the criteria of Rule 19.15.2.50 and the Pit Guidelines.
2. Notice is to be given to the OCD prior to construction of the pit(s).
3. The pit is not located in any watercourse, lakebed, sinkhole, playa lake, or wetland.
4. Liner must be a minimum of 12 mil. woven.
5. Liner choice may cause the pit's contents and the liner to be removed and disposed of in a manner approved by the Division.
6. The integrity of the bottom liner may not be breached at any time for any reason.
7. Pit encapsulations must meet all specific criteria including, but not limited to:
 - A. Site evaluation
 - B. Liner thickness and type must meet requirements as per guidelines.
 - C. Amount of and type of cover
 - D. Drill cuttings will be sampled as per guidelines. Notify OCD 48 hours prior to any sampling event
 - E. In the event that the integrity of the pit lining is breached in a manner such that soil contamination would result, the contents of the pit will have to be disposed of in an approved OCD facility.
8. Re-seeding mixture will must be approved or authorized by surface owner.

If I can be of any further assistance, please feel free to call (505) 748-1283 ext. 109.

Sincerely,

Van Barton