

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

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

JUN 18 2004

ROD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

0

OMB No. 1004-0136

Expires November 30, 2000

5. Lease Serial No.

NM-29623

6. If Indian, Allottee or Tribe Name

Not Applicable

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

Not Applicable

8. Lease Name and Well No.

Filaree AEL Federal #7

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

Undos  
Four Ranch Pre-Permian North

3A. Address 105 South Fourth Street

Artesia, New Mexico 88210

3B. Phone No. (include area code)

(505) 748-1471

9. API Well No.

30-005-63665

10. Field and Pool, or Exploratory

Reservoir

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

At surface

660' FNL and 1500' FWL, NENW

At proposed prod. Zone

same as above

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

Section 26, T8S-R26E

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

Approximately twenty (20) miles NE of Roswell, NM

12. County or Parish

Chaves County

13. State

NM

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

1840.00

17. Spacing Unit dedicated to this well

320 acres

18. Distance from proposed location\*

to nearest well, drilling, completed,  
applied for, on this lease, ft.

3960'

19. Proposed Depth

6780'

20. BLM/BIA Bond No. on file

NM-2811

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

3852' GL

22. Approximate date work will start\*

ASAP

23. Estimated duration

30 Days

24. Attachments

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)

Robert Asher

Date

6/4/04

Title:

Regulatory Agent

Approved by (Signature)

/s/ LARRY D. BRAY

Name (Printed/Typed)

/s/ LARRY D. BRAY

Date

JUN 16 2004

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL 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.

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)

CEMENT TO COVER ALL OIL,  
GAS AND WATER BEARING  
ZONES

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED  
APPROVED FOR 1 YEAR

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

DISTRICT II  
611 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

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 Precambrian
Property Code	Property Name FILAREE "AEL" FEDERAL	Well Number 7
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3852

Surface Location

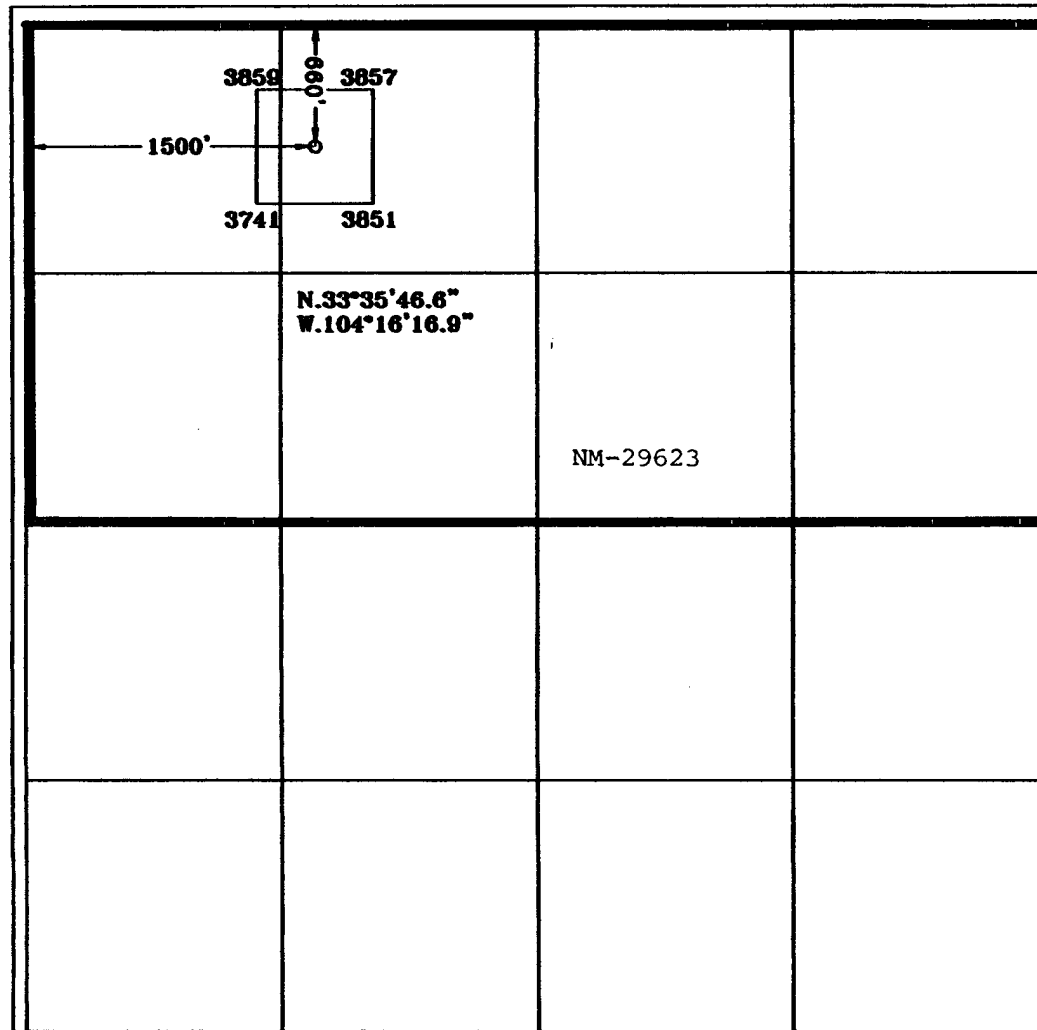
UL or lot No. C	Section 26	Township 8S	Range 26E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1500	East/West line WEST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

*Robert Asher*

Signature

Robert Asher

Printed Name

Regulatory Agent

Title

June 4, 2004

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.

1/07/2004

Date Surveyed

Signature & Seal of  
Professional Surveyor

*Herschel Jones*

Certificate No. Herschel Jones RLS 3640

FILAREE 7

GENERAL SURVEYING COMPANY

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

**YATES PETROLEUM CORPORATION**  
**Filaree AEL Federal #7**  
 660' FNL and 1500' FWL  
 Section 26, T8S-R26E  
 Chaves County, New Mexico

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

Seven Rivers	345'	Wolfcamp	5290'
Queen	695'	Wolfcamp B Zone	5385'
Penrose	790'	Spear Zone	5640'
Grayburg	925'	Cisco	5885'
San Andres	1180'	Strawn	6040'
Glorieta	2275'	Mississippian	6350'
Yeso	2390'	Siluro-Devonian	6540'
Tubb	3840'	Precambrian	6630'
Abo	4580'	TD	6780'

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

Water: 150'-200'  
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 2000 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>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1100'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6780'

- Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80
- Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the maximum shut-in bottom hole pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.

B. CEMENTING PROGRAM:

Surface Casing: 250 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" with 2% CaCL<sub>2</sub> (YLD 1.33 WT 15.6).

Production Casing: 600 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 4100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW GEL, Paper, LCM	8.6 - 9.6	32-36	N/C
1100'-4530'	Brine	10 - 10.2	28	N/C
4385'-6780'	Starch/Salt Gel/KCL	9.3-10.0	45-55	<6 cc

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

6. EVALUATION PROGRAM:

Samples: 10' samples from surface to TD.

Logging: Platform Express; CNL/LDT/NGT TD-Surf Csg; CNL/GR TD-Surf; DLL/MSFL  
TD-Surf Csg: BHC Sonic TD-SURF Csg

Coring: None

DST's: None.

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

Anticipated BHP:

From: 0	TO: 1100'	Anticipated Max. BHP: 550 PSI
From: 1100'	TO: 6780'	Anticipated Max. BHP: 2800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**Yates Petroleum Corporation**  
**Filaree AEL Federal #7**  
660' FNL and 1500' FWL  
Section 26, T8S-R26E  
Chaves 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 wellsite is located approximately 27 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Drive northeast out of Roswell on Highway 70 to Ponderosa Road and turn right, southeast on Ponderosa Road and drive approximately 1.1 miles to lease road. Turn right, southwest and continue for approximately 2.2 miles to the El Paso Pipeline Road. Follow pipeline road northwest approximately 1.3 miles, cross cattle guard, two-track ranch trail road is on the left, turn left (south) and continue on two-track road for approximately 0.7 of a mile, the access road is staked on the left, turn left and continue for approximately 900' to the SW corner of the location.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 900' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a north to south 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. Existing roads will be maintained in the same or better condition.

**3. LOCATION OF EXISTING WELL:**

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

**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 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: 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 wellsite in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been 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.

SURFACE OWNERSHIP:

Bureau of Land Management  
Roswell, New Mexico 88210

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.

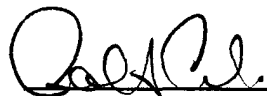
13. OPERATOR'S REPRESENTATIVE:

- |  |   |
|--|---|
| A. Through A.P.D. Approval:<br>Robert Asher, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>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.

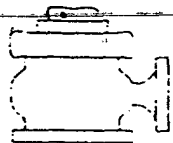
6/4/2004



Regulatory Agent





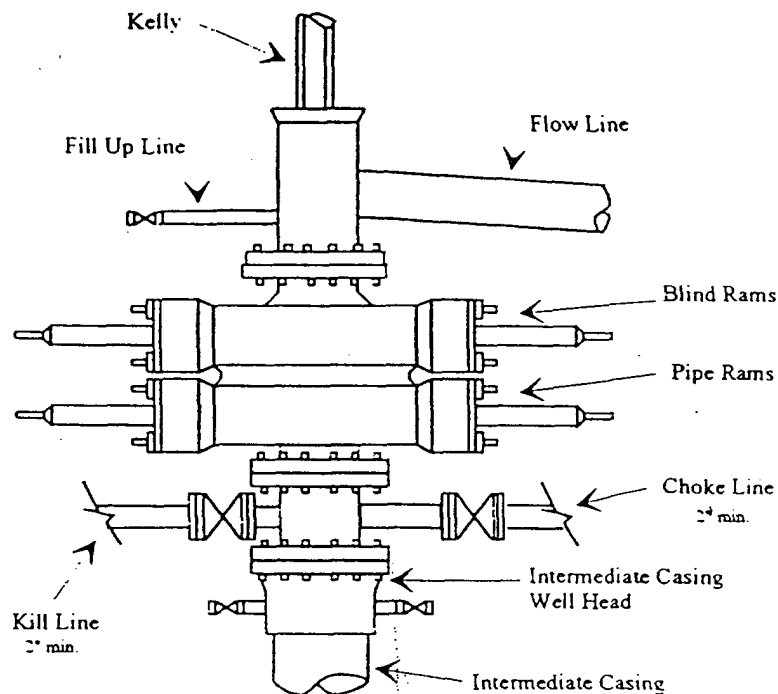


# Yates Petroleum Corporation

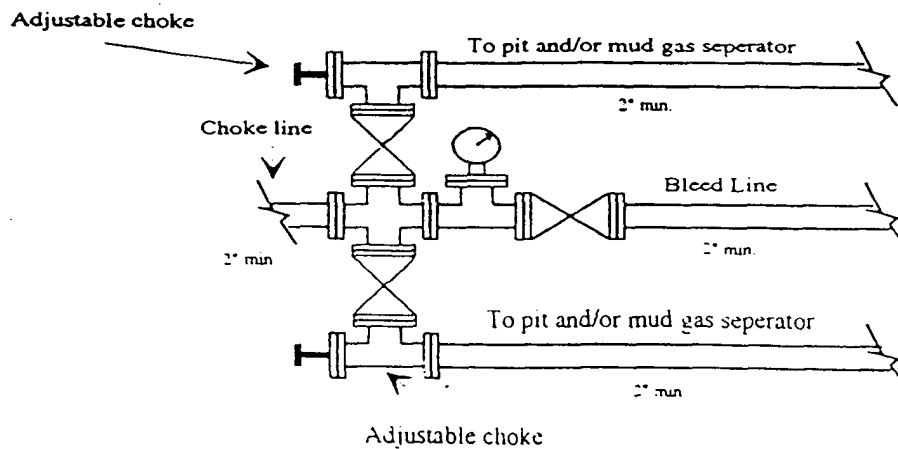
BOP-2

Yates Petroleum Corporation  
 Filaree AEL Federal #7  
 660' FNL and 1500' FWL  
 Section 26-T8S-R26E  
 Chaves County, New Mexico  
 Exhibit "B"

## Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

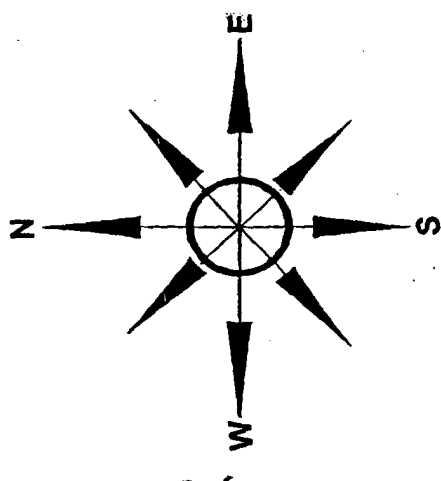


Typical 2,000 psi choke manifold assembly with at least these minimum features

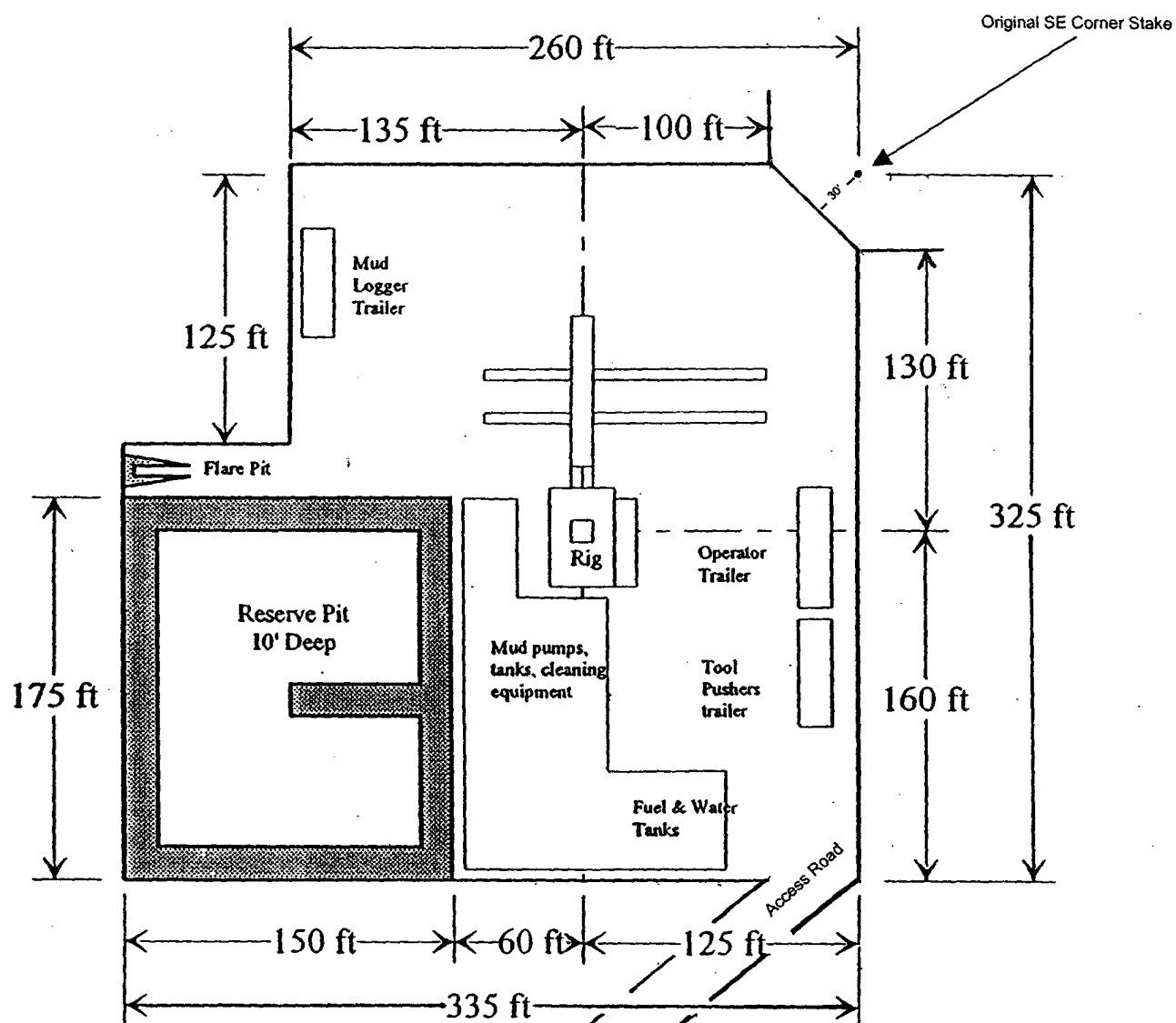


# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'

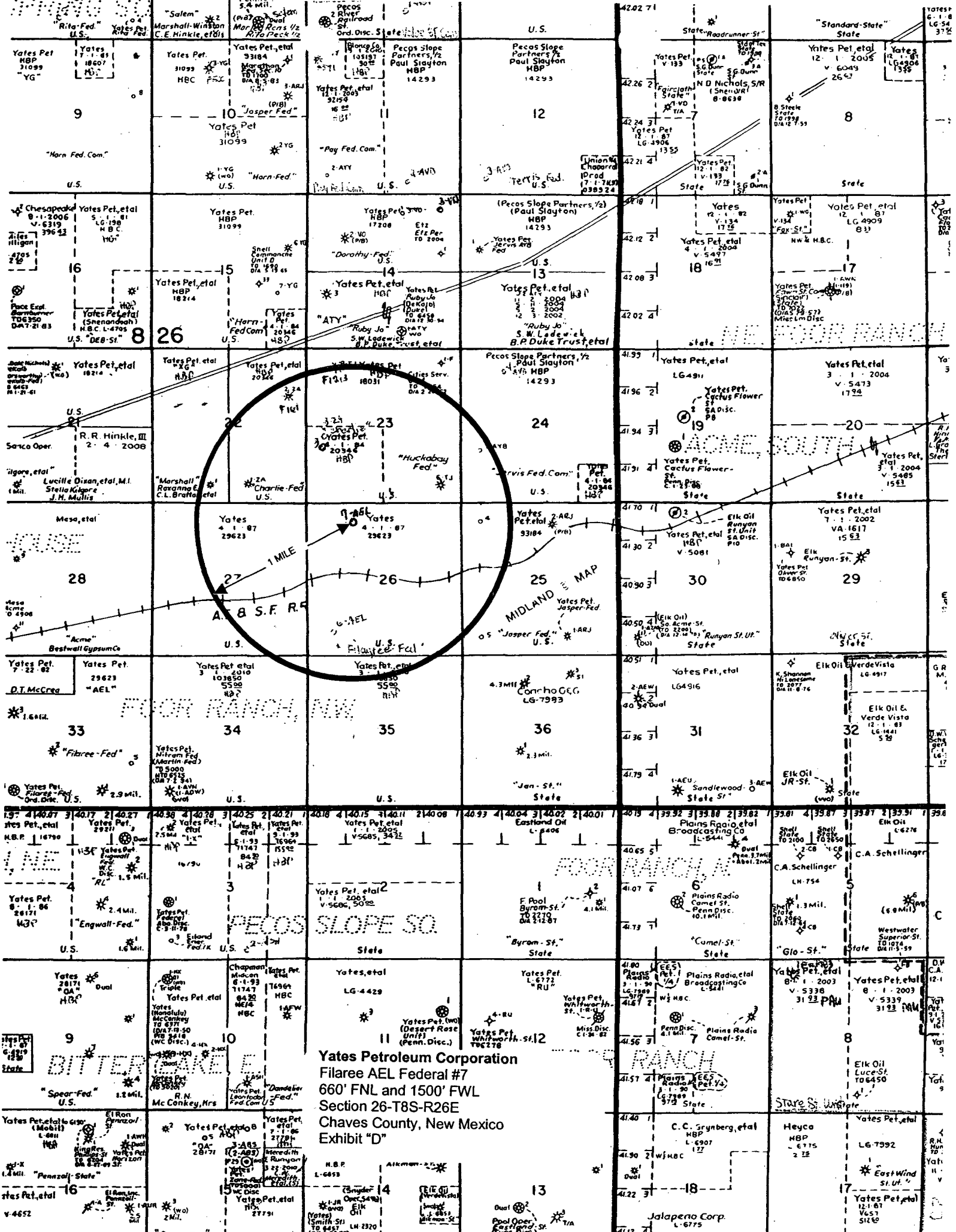


Yates Petroleum Corporation  
Filaree AEL Federal #7  
660' FNL and 1500' FWL  
Section 26-T8S-R26E  
Chaves County, New Mexico  
Exhibit "C"



Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum



Yates Petroleum Corporation  
Fid. Com. AEL Federal #7  
660' FNL and 1500' FWL  
Section 26-T8S-R26E  
Chaves County, New Mexico  
Exhibit "D"