

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

JAN 12 2005

ODD-ARTESIA

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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

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' FNL and 990' FEL, Unit A
At proposed prod. Zone same as above

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

Approx. 20 miles NE of Roswell, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 990'

16. No. of Acres in lease

2120

17. Spacing Unit dedicated to this well

320 acres - N/2

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 3000'

19. Proposed Depth

5875'

20. BLM/BIA Bond No. on file

NM-2811

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

3809

22. Approximate date work will start*

ASAP

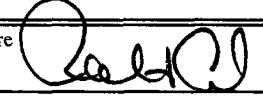
23. Estimated duration

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

11/23/04

Title:

Regulatory Agent / Land Department

debbiec@ypcnm.com

Approved by (Signature)

/S/LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

JAN 10 2005

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)

C-144 approved 10/21/2004

Previously Approved SUBJECT TO

GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES

i.e.; Gloriera

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-	² Pool Code	³ Pool Name Wildcat Precambrian
⁴ Property Code	⁵ Property Name Horn YG Federal Com.	⁶ Well Number 8
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3809'

¹⁰ Surface Location

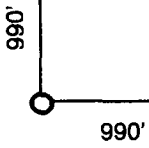
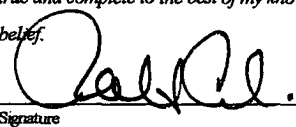
UL or lot no. A	Section 9	Township 8S	Range 26E	Lot Idn	Feet from the 990	North/South line North	Feet from the 990	East/West line East	County Chaves
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶ NM-31099		NM-18607		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert Asher Printed Name Regulatory Agent Title 11/23/2004 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

DISTRICT I
1000 N. French St., Hobbs, NM 88240

DISTRICT II
311 South First, Artesia, NM 88210

DISTRICT III
1000 N. French St., Hobbs, NM 88240

DISTRICT IV
3040 South Pecos, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Dept.

Form C-108
Revised March 17, 1989
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 8 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 Precambrian
Property Code	Property Name	Well Number
	HORN "YG" FEDERAL COM.	8
OGRI No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3809

Surface Location

UL or Lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County
A	9	8S	26E		990	NORTH	990	EAST	CHAVES

Bottom Hole Location if Different From Surface

UL or Lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

NM-31099	NM-18607		OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Patricia Perez Printed Name Regulatory Agent Title 3/6/2003 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. 2/28/2003 Date Surveyed Surveyor Seal JUL 2003 RECEIVED OCD - ARTESIA 3840 New Mexico Professional Surveyor James M. S. 3840 James M. S. 3840 James M. S. 3840

0 330' 660' 990' 1320' 1650' 1980' 2310' 2640' 2970' 3300' 0'

YATES PETROLEUM CORPORATION
Horn "YG" Federal Com. #8
990' FNL and 990' FEL
Section 9-T8S-R26E
Chaves County, New Mexico

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

San Andres	845'	Cisco	5415'
Glorieta	1915'	Dorothy Zone	5505'
Yeso	2035'	Strawn	5545'
Tubb	3475'	Siluro-Devonian	5635'
Abo	4185'	Pre-Cambrian Basement	5725'
Wolfcamp	4850'	TD	5875'
Spear Zone	5185'		

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 formations.

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>	<u>Length</u>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5875'	5875'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 2,000 psi BOP will be nipped up on the 8 5/8" casing and tested to 1000 psi. YPC requests 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 company to do the testing. Also, the bottom hole pressure in this field is proven to be near 2200 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1000-psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

No

A. CEMENTING PROGRAM:

Surface Casing: Cement with 300 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.32 WT 15.6).

Production Casing: 400 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3600'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1000'	FW GEL/Paper/LCM	8.6-9.6	32-36	N/C
1000'-4085'	Brine	10.0-10.2	28	N/C
4085'-5875'	Starch/Salt Gel	9.3-10.2	34-45	<6CC

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: Platform Express, CNL/LDT W/NGT to TD to surf csg, with GR/CNL up to surf: DLL/MSFL TD to surf csg, BHC Sonic TD to surf csg: FMI-TD to top of Wolfcamp.

Coring: Sidewall

DST's: None

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

Anticipated BHP:

From: 0 TO: 1000'

Anticipated Max. BHP: 500 PSI

From: 1000' TO: 5875'

Anticipated Max. BHP: 2700 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 145 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
Horn "YG" Federal Com. #8
990' FNL and 990' FEL
Section 9-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 well site is located approximately 18 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 of Roswell, on Hwy 70 approximately 14 miles to Aztec Road. Turn left, (north) on Aztec and drive approximately 3.4 miles to lease road on right (east) side. Turn right on road and drive to the Rita "TZ" Federal #2 location; Follow road approx. .5 of a mile turn right (South) and continue approx. 0.2 of a mile passing the Rita TZ #4 location, continue south for approx. 0.4 of a mile, the road turns left, the new access is staked to the right (West), turn right and follow staking for approx. 900' to the SE 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.
- 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 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, possibly in Roswell, and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits, which may be required.

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. Note: Pits to East Southeast.
- 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.

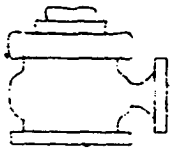
11. SURFACE OWNERSHIP: Federal Surface Managed By BLM. Allotment 65024, Allen Thoebold, HRC 31 Box 1049, Roswell, NM
12. OTHER INFORMATION:
- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for grazing.
13. OPERATOR'S REPRESENTATIVE:
- | | |
|--|---|
| A. Through A.P.D. Approval:
Robert Asher, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.
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.

11/23/2004



Regulatory Agent

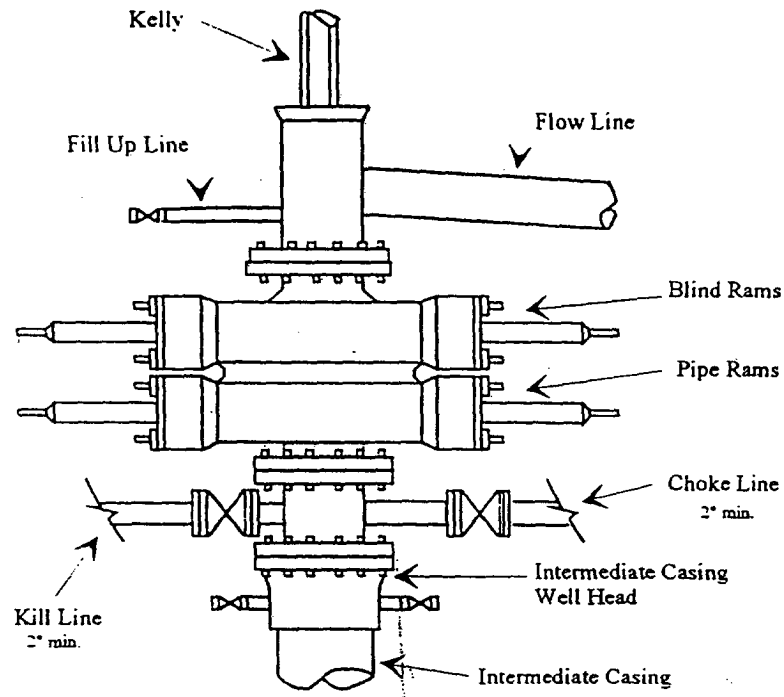


Yates Petroleum Corporation

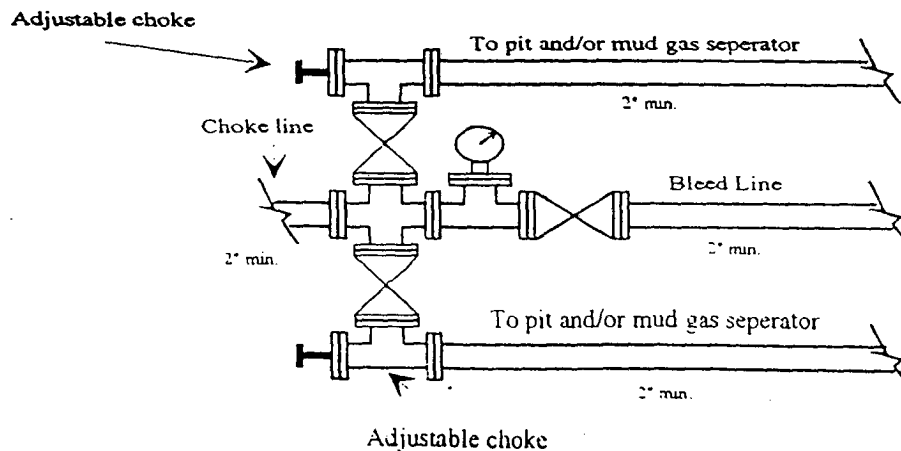
BOP-2

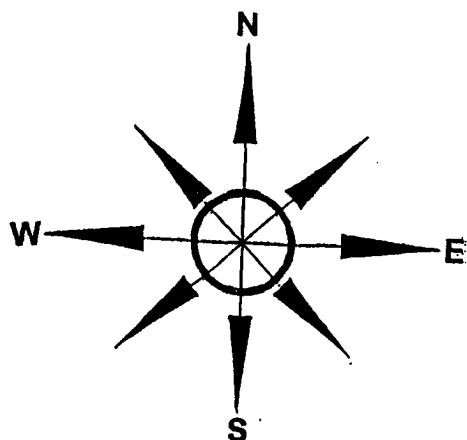
Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation
Horn YG Federal Com. #8
990' FNL and 990' FEL
Section 9-T8S-R26E
Chaves County, New Mexico
Exhibit "B"



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



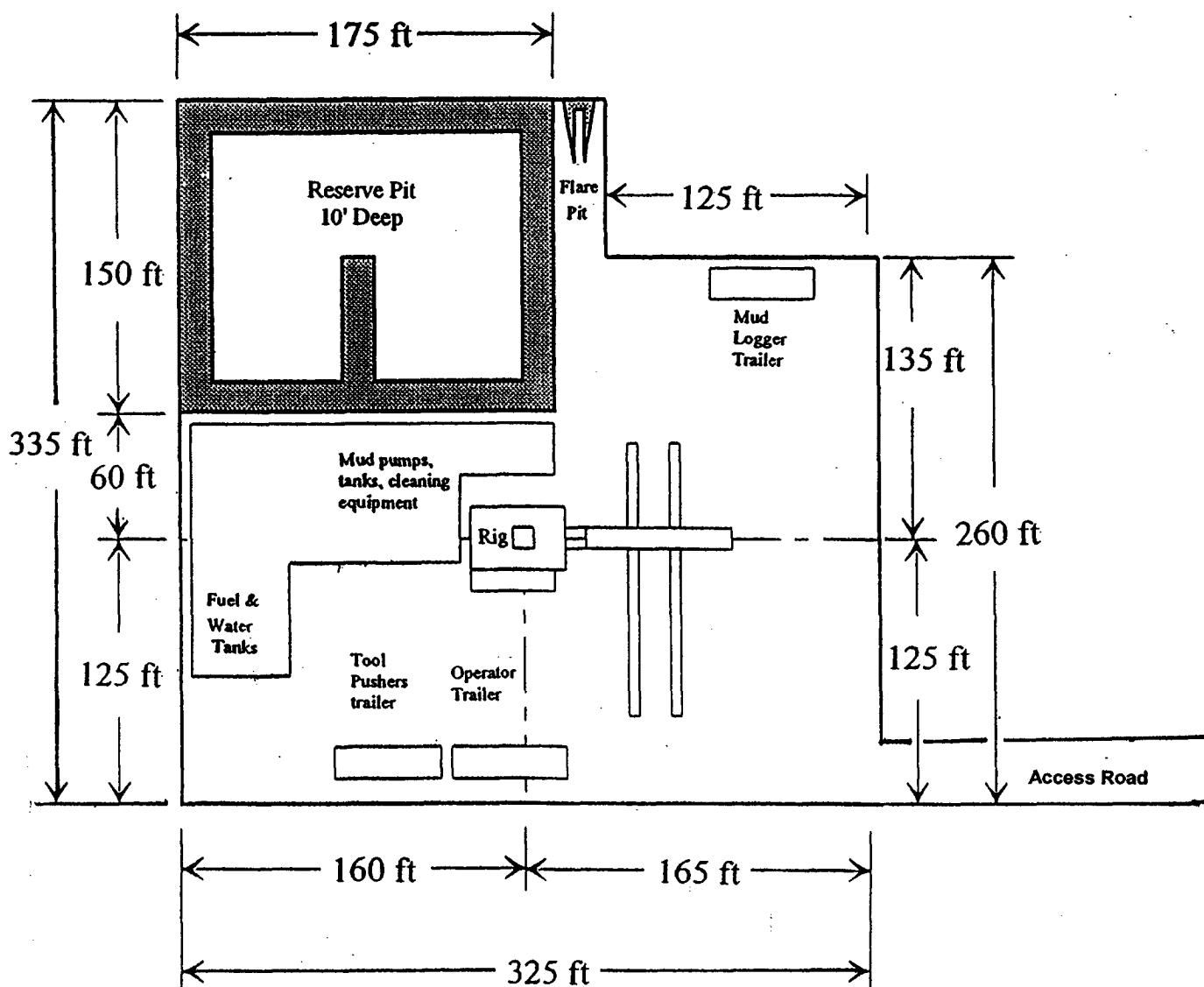


Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation
 Horn YG Federal Com. #8
 990' FNL and 990' FEL
 Section 9-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