

N.M. Oil Cons. Div-Unit 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 11 2005

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

NM-94589

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Chosa ATR Federal #2

9. API Well No.

30-015-34210

10. Field and Pool, or Exploratory

Chosa Draw Morrow

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

Section 5, T25S-R26E

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

710' FSL and 710' FWL

At proposed prod. Zone

Same

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

Approximately 14 miles south of Carlsbad, New Mexico.

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

710'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

S/2

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

.6 of mile

19. Proposed Depth

12000'

20. BLM/BIA Bond No. on file

NM-2811

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

3391' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 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)

Date

Cy Cowan

3/30/05

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Tony J. Herrell

Name (Printed/Typed)

/s/ Tony J. Herrell

Date

JUL 07 2005

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)

C-144 attached

Carlsbad Controlled Water Basin

WITNESS 13³/₈" Cement Job

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT II

911 South First, Artesia, NM 88210

Instruction on back
Submit to Appropriate District Office**DISTRICT III**

1000 Rio Brazos Rd., Aztec, NM 87410

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

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 Chosa Draw Morrow
Property Code	Property Name CHOSA "ATR" FEDERAL		Well Number 2
OGRED No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3391

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	25S	26E		710	SOUTH	710	WEST	EDDY

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 hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Cy Cowan Printed Name Regulatory Agent Title March 29, 2005 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. 2/02/2005 Date Surveyed Signature & Seal of Professional Surveyor Merschell L. Jones Certificate No. Merschell L. Jones RLS 3640 CHOSA 2 GENERAL SURVEYING COMPANY PROFESSIONAL SURVEYOR	

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

YATES PETROLEUM CORPORATION
Chosa "ATR" Federal #1
 710' FSL and 710' FWL
 Section 5-T25S-R26E
 Eddy County, New Mexico

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

Delaware	1760'	Strawn	10,400'
Cherry Canyon	2580'	Atoka	10,620'
Brushy Canyon	3580'	Morrow Clastics	11,200'
Bone Spring	5180'	Lower Morrow	11,720'
3 rd Bone Spring	7980'	TD	12,000'
Wolfcamp	8350'		

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

Water: 45'
 Oil or Gas: All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 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>Thread</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-400'	400'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-1800'	1800'
8 3/4"	7 "	26#	J-55	LT&C	0-200'	200'
8 3/4"	7"	23#	J-55	LT&C	200'-5500'	5300'
8 3/4"	7"	26#	J-55	LT&C	5500'-7600'	2200'
8 3/4"	7"	26#	N-80	LT&C	7600'-8550'	950'
6 1/8"	4 1/2"	11.6#	HCP-110	LT&C	8550'-12000'	3450'

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 1.8, Joint Strength 2.0

B. CEMENTING PROGRAM:

$1\frac{3}{8}"$ Surface casing: 400 sx Class "C" + 2% CaCl₂ (YLD 1.32 WT.14.8).

$4\frac{5}{8}"$ Intermediate Casing:

~~Stage I:~~ 400 sx Lite "C" (YLD 2.05 WT 12.0). Tail in with 250 sx Class "C" + 2% CaCl₂ (YLD 1.32 WT 14.8)

$7"$ ~~Stage II:~~ 1000 sx Lite "C" (YLD 2.0 WT 12.5) Tail in with 200 sx Class "C" +2% CaCl₂ (YLD 1.32 WT 14.8)

$4\frac{1}{2}"$ Production Casing: 500 sx PV Lite (YLDd 1.34 WT 13.0).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 400'	FW/Spud Mud	8.4-9.0	32-34	N/C
400'-1800'	Brine	10	28	N/C
1800'-8550'	Fresh Water	8.4-9.9	28	N/C
8550'-10620'	Brine	10	28	N/C
10620'-12000'	Salt Gel/Starch/6% KCL	10.7-11	36-40	<10cc

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' from out from under surface casing.

Logging: CNL TD to surface casing; DLL TD to surface casing.

Coring: None anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: Spud	TO 400'	Anticipated Max.	BHP: 190	PSI
From: 400'	TO 1800'	Anticipated Max.	BHP: 940	PSI
From: 1800'	TO 8850'	Anticipated Max.	BHP: 4400	PSI
From: 8850'	TO 12000'	Anticipated Max.	BHP: 6865	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 156° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 35 days to drill the well with completion taking another 20 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION**

Chosa "ATR" Federal #2
710' FSL and 710' FWL
Section 5-T25S-R26E
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 wellsite is located approximately 14 miles southwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

From the Carlsbad Airport go approximately 9.8 miles south on National Parks Highway to County Road 772 (Means and National Parks Highway). Turn left on CR 772 and go approximately 1.7 miles to intersection of County Roads 772 and 476. Turn left here then immediately turn right (south) on to CR-772 going through ranchhouse yard. Continue south on CR 772 for approx. 2.3 miles. Turn west on existing lease road and go approx. 0.6 of a mile passing the Chosa BFL Federal #1 on the right and going on to a cattleguard and fence. The new access road will start here going north along the fence.

2. PLANNED ACCESS ROAD:

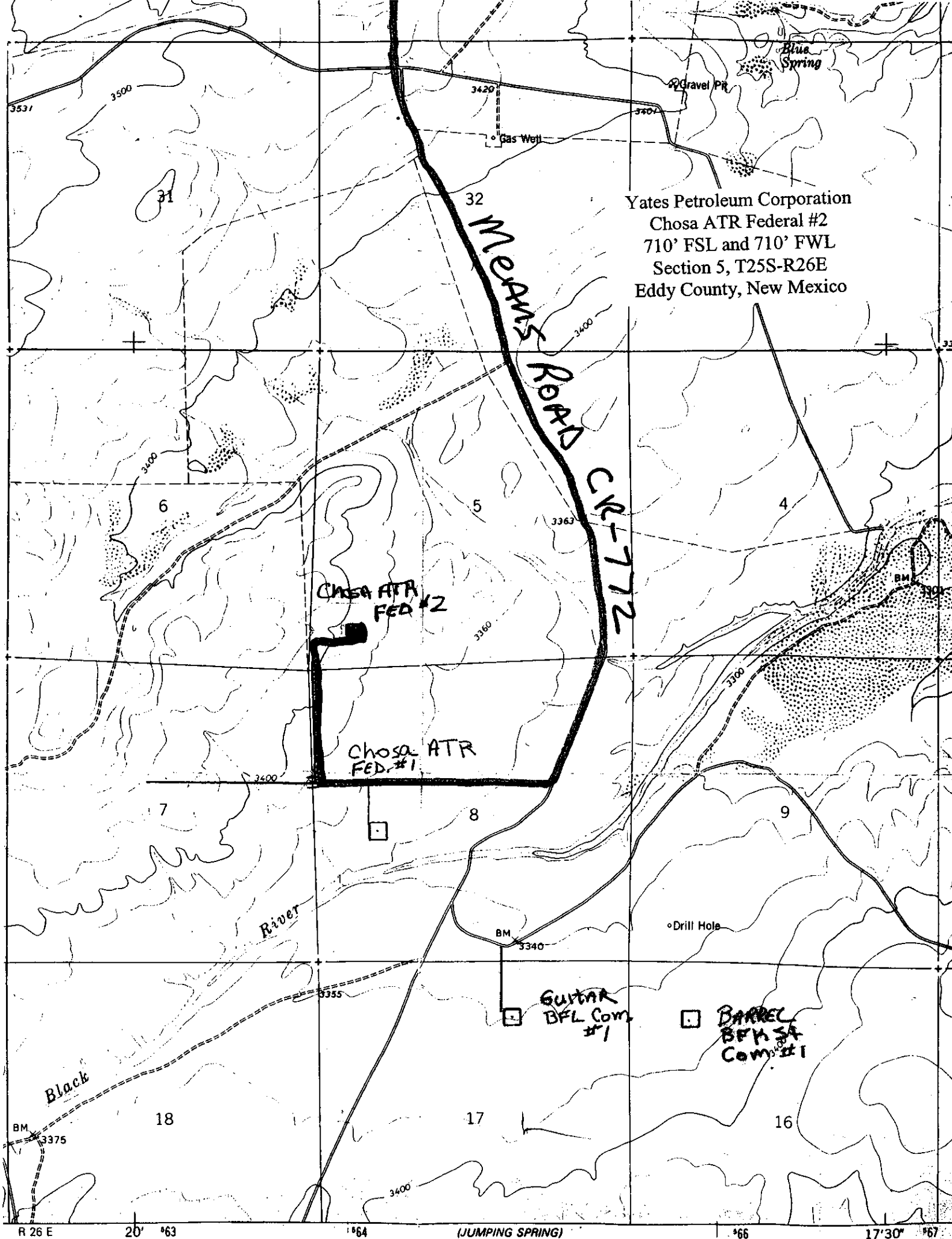
- A. The proposed new access will be approximately 0.6 mile in length from the point of origin to the southwest corner of drilling pad. The road will lie in a north then easterly direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and 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 not any 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.



Yates Petroleum Corporation
Chosa ATR Federal #2
710' FSL and 710' FWL
Section 5, T25S-R26E
Eddy County, New Mexico

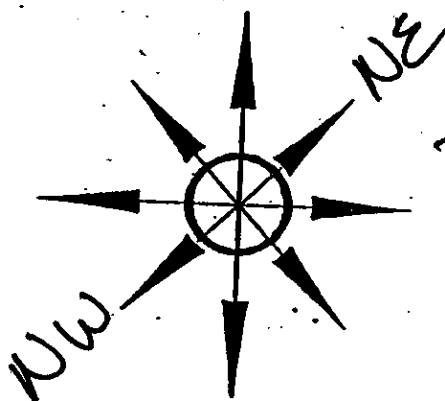
Means Road
CR-772

Chosa ATR
FED #2

Chosa ATR
FED #1

GUTTA
BFL Com
#1

BARREL
BFL Com
#1



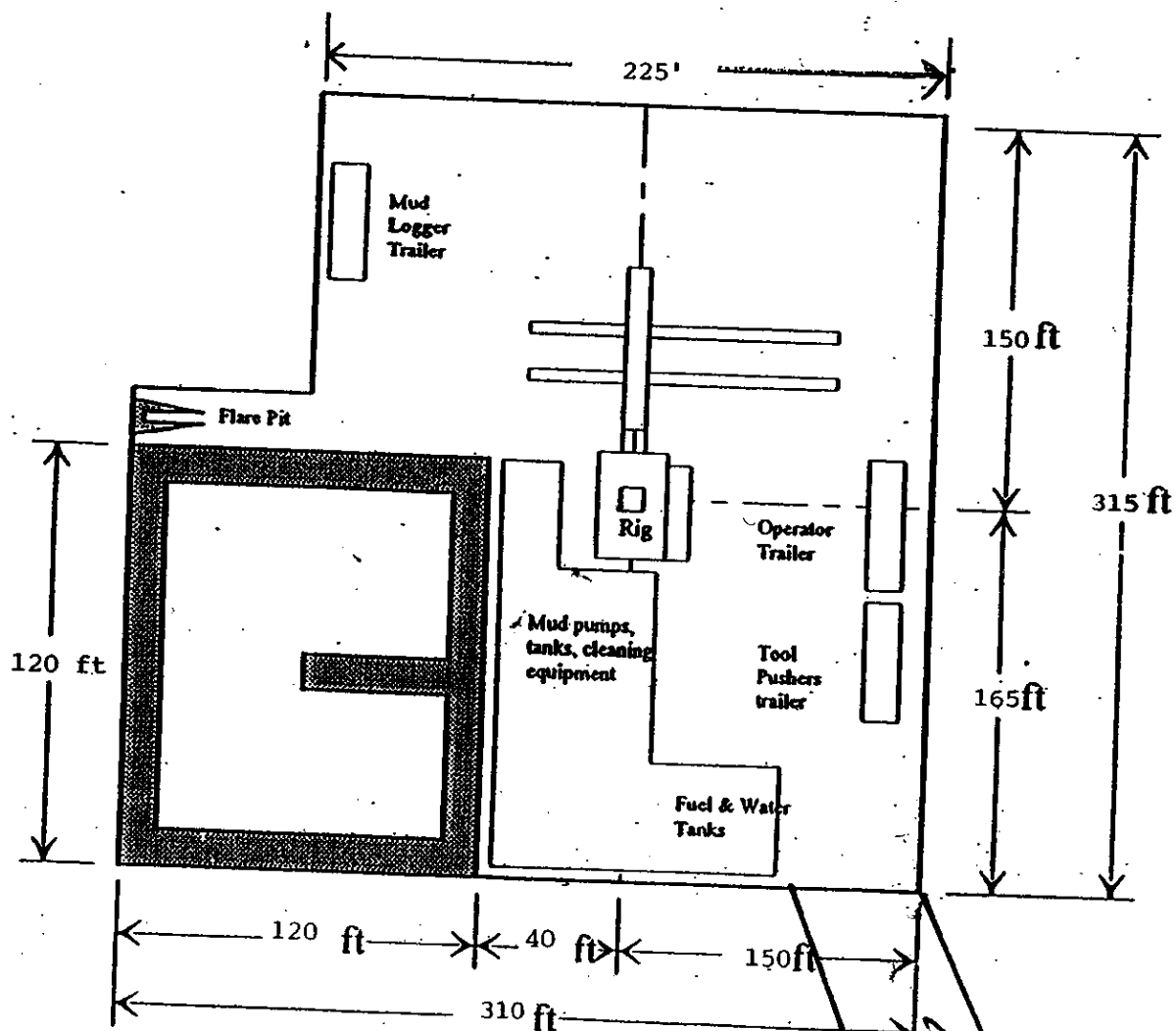
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

PB - LI

Pits Northwest

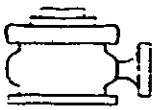
Yates Petroleum Corporation
Chosa ATR Federal #2
710' FSL and 710' FWL
Section 5, T25S-R26E
Eddy County, New Mexico



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

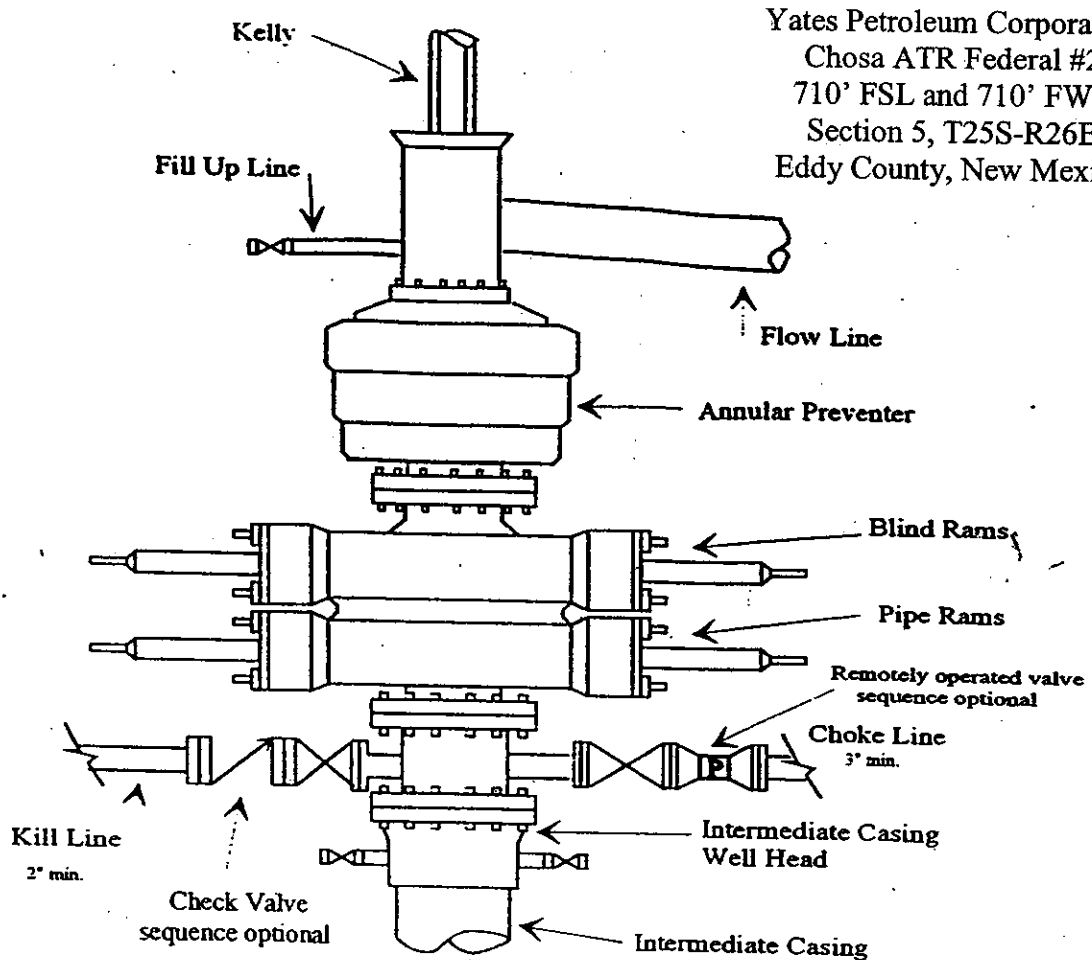
ROAD



Yates Petroleum Corporation

BOP-4

Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features

