

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

Form 3160-3  
(August 2008)

FORM APPROVED  
OMB NO. 1004-0137  
Expires: July 31, 2010

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

SEP 22 2011

NMOCD ARTESIA

1a Type of Work. ☒ DRILL ☐ REENTER  
1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation 025575

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b Phone No. (include area code)

575-748-1471

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

660' FSL & 1980' FWL, SESW, Unit N

At proposed prod. zone

same as above

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

Approximately Twenty-Four(24) miles northeast from Roswell, NM

15. Distance from proposed\*

location to nearest  
property or lease line, ft  
(Also to nearest drlg unit line, if any)

16. No. of acres in lease

960.00

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

19. Proposed Depth

5745'

17. Spacing Unit dedicated to this well

320 acres

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

3745'

22. Approximate date work will start\*

ASAP

23. Estimated duration

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 must be filed with the appropriate Forest Service Office)

4. Bond to cover the operations unless covered by 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 BLM

25. Signature

Clifton May

Clifton May

Date

6/10/2011

Title

Land Regulatory Agent

Approved By (Signature)

Angel Mayes

Name (Printed/ Typed)

ANGEL MAYES

Date

9/15/11

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 cc operations thereon.

Conditions of approval, if any, are attached

APPROVED FOR 2 YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and wilfully 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.

APD Previously Approved

DECLARED WATER BASIN

COMMENT BEHIND THE 117'  
CASING MUST BE CIRCULATED

WITNESS

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

YATES PETROLEUM CORPORATION  
Cooker BCB Federal #1  
660' FSL and 1980' FWL  
Section 15-T6S-R26E  
Chaves County, New Mexico

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

San Andres	765'	Spear Zone	4910'
Glorieta	1715'	Cisco	5175' Gas
Yeso	1830'	Strawn	5400' Gas
Tubb	3250'	Siluro-Devonian	5520' Gas
Abo	3895' Gas	Precambrian	5595' Gas
Wolfcamp	4590' Gas	TD	5745'

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

Water: 100'  
Oil or Gas: See above.

3. Pressure Control Equipment: BOPE with a 13.625" opening will be installed on the 9 5/8" casing and rated for 3000# BOP System. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers 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.
4. 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.

5. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: All new casing to be used

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 1/2"	11 3/4"	42#	H-40	ST&C	0-950'	950'
11"	8 5/8"	24#	J-55	ST&C	0-1600'	1600'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0'-5745'	5745'

\*8 5/8" will only be set if lost circulation is encountered

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

B. CEMENTING PROGRAM:

Surface Casing: 250 sacks Class C w/CaCl<sub>2</sub> (Yld 2.00 Wt. 12.50). Tail in with 200 sacks C (YLD 1.33 WT 15.6) w/CaCl<sub>2</sub> Designed with 100% excess. TOC Surface.

Intermediate Casing: Lead with 250 sacks Class C, w/2% CaCl<sub>2</sub> (Yld 1.32 Wt 13.0) .

Production Casing: Lead with 500 sacks Pecos Valley Lite (Yld 1.34 Wt. 13.00) with calcium carbonate 22.5

lb/sack, Extender 1.5 lb/sack, Retarder 0.01 lb/sack, Retarder 0.6 lb/sack, Antifoam Agent 0.15 lb/sack. TOC 2100'.

YATES PETROLEUM CORPORATION

Cooker BCB Federal #1

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6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-950'	FW Gel/Paper/LCM	8.60-9.60	34-36	N/C
950'-3750'	Cut Brine/Brine	10.00-10.20	28-28	N/C
3750'-5745'	Starch/Salt Gel	9.80-10.00	45-50	<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. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM:

Samples: Every 10' out from under surface casing to TD

Logging: CNL/LDT/NGT TD to surface casing, CNL/GR TD to surface casing, DLL-MSFL TD to surface casing, BHC-Sonic TD to Surface casing; FMI TD to top of Wolfcamp

Coring: Sidewall

DST's: None Anticipated

Mudlogging: Yes

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

Maximum Anticipated BHP:

0'-950' 450 PSI

950'-5745' 2200 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

9. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 20 days.