

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM92742
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No. 14840
3a. Address 105 S 4TH STREET ARTESIA, NM 88210		8. Lease Name and Well No. ZINGARO ANG FEDERAL 2
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		9. API Well No. 30-015-32824
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NWSE 1650FSL 1770FEL At proposed prod. zone NWSE 1650FSL 1770FEL		10. Field and Pool, or Exploratory INDIAN BASIN UPPER PENN ASS
14. Distance in miles and direction from nearest town or post office APPROXIMATELY 37 MILES SW OF ARTESIA, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 1 T22S R23E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650		12. County or Parish EDDY
16. No. of Acres in Lease 1318.35		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well 640.00
19. Proposed Depth 8200 MD		20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3891 GL		23. Estimated duration
22. Approximate date work will start		

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) CY COWAN Ph: 505.748.4372	Date 12/19/2002
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Title
REGULATORY AGENT

Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date JUN 3 2003
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Title
ACTING FIELD MANAGEROffice
CARLSBAD FIELD OFFICE

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #17045 verified by the BLM Well Information System

For YATES PETROLEUM CORPORATION, sent to the Carlsbad

Committed to AFMSS for processing by Armando Lopez on 12/20/2002 (03AL0077AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
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 Canyon
Property Code	Property Name ZINGARO "ANG" FEDERAL	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3891

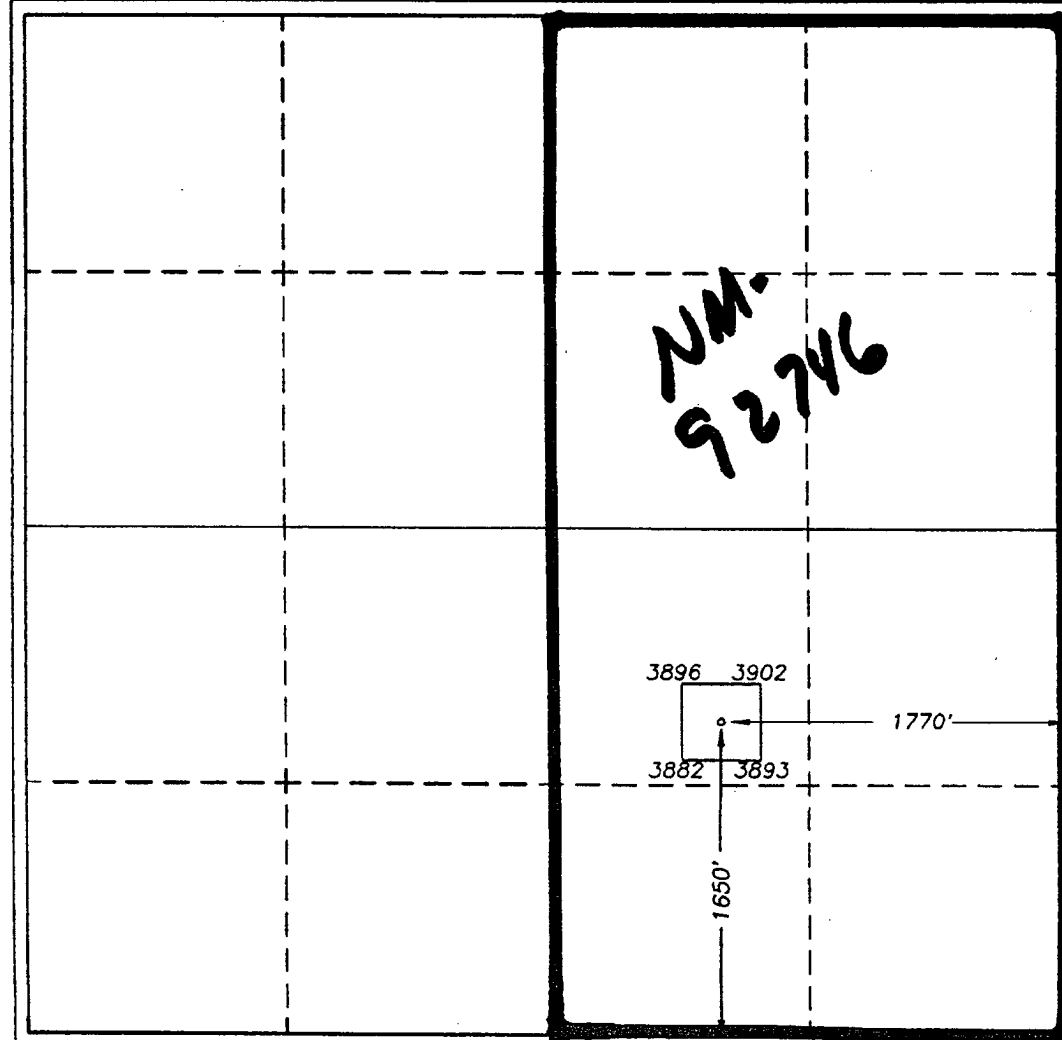
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	1	22S	23E		1650	SOUTH	1770	EAST	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: *Ken Beardemphl*

Printed Name: Ken Beardemphl

Title: Landman

Date: May 19, 1998

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.

Date Surveyed: 2/24/98

Signature: *Herschel L. Jones*

Professional Seal:

Certification No. Herschel Jones RLS 3640

ZINGARO PROFESSIONAL SURVEYING COMPANY

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name Indian Basin Upper Penn
⁴ Property Code	⁵ Property Name ZINGARO ANG FEDERAL		⁶ Well Number 2
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3891'

¹⁰ Surface Location

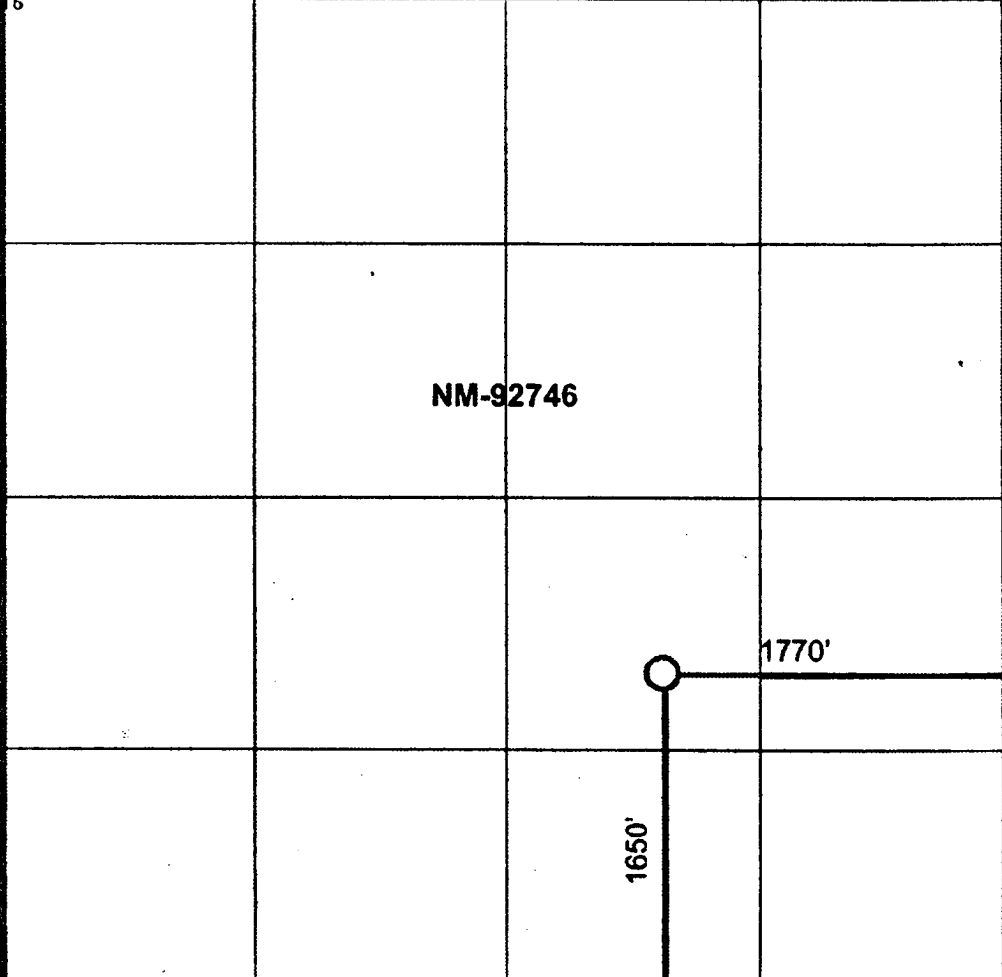
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	1	22S	23E		1650	South	1770	East	Eddy

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

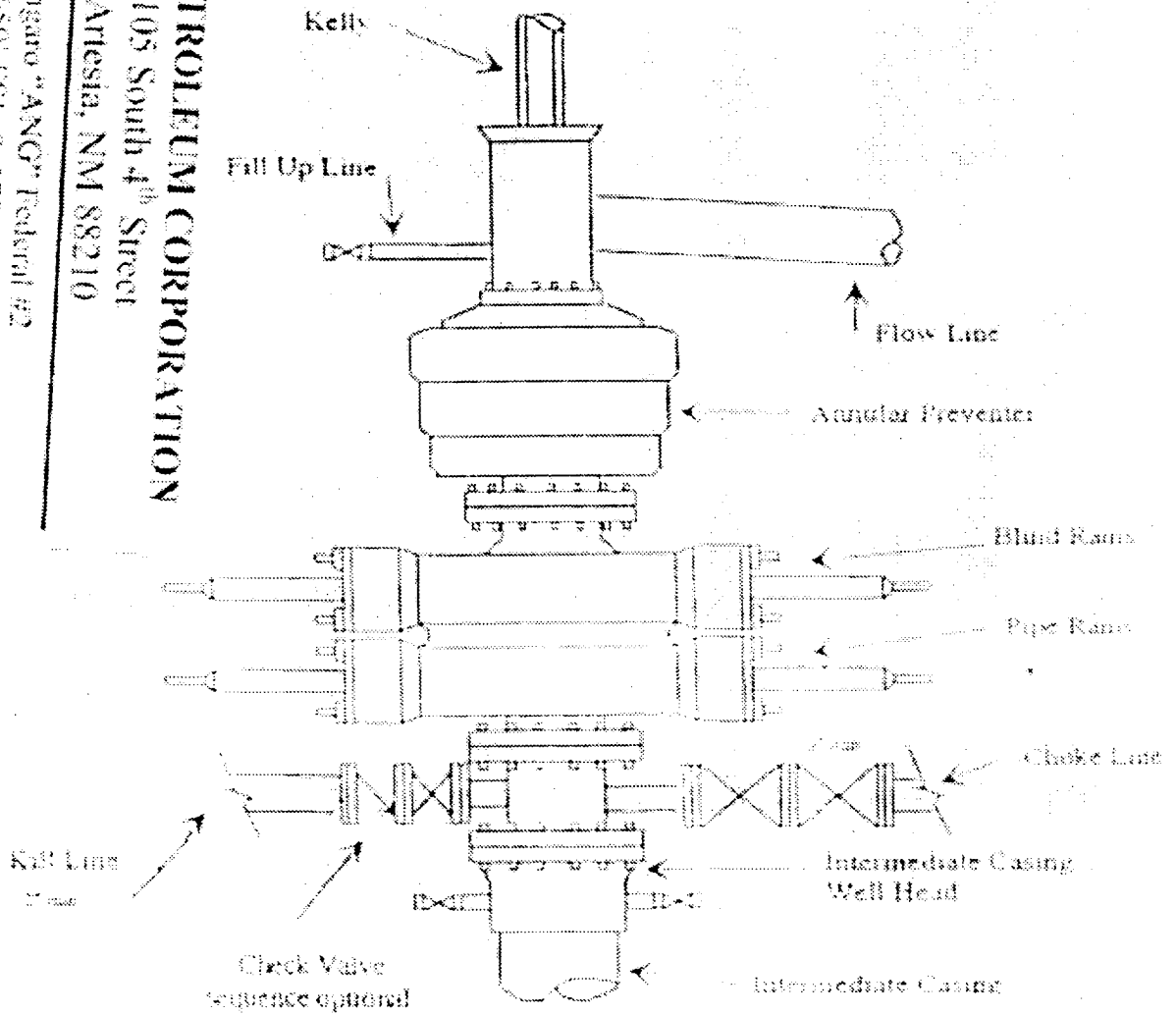
¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

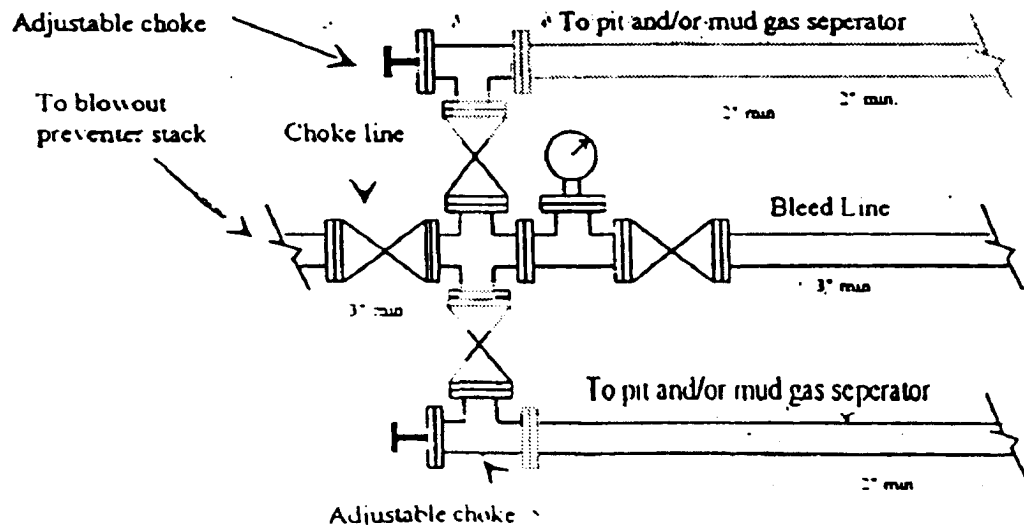
<div></div>	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i> Signature</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>12/19/2002 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION 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.</p> <p>REFER TO ORIGINAL PLAT</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	Certificate Number

Yates Petroleum Corporation

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



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



YATES PETROLEUM CORPORATION

105 South 4th Street
 Artesia, NM 88210

Zingano "ANG" Federal #2

1650 FSL & 1730 FHL

Sec. 1 T22S R23E

Eddy County, New Mexico

Exhibit "B"

YATES PETROLEUM CORPORATION
Zingaro "ANG" Federal #2
1650' FSL & 1770' FEL
Sec. 1-T22S-R23E
Eddy County, New Mexico

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

San Andres	690'
Glorietta	2180'
Bone Springs	2760'
Wolf Camp	6720'
Canyon	7430'
TD	8200'

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 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>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-350'	350'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-2200'	2200'
8 3/4"	7.0"	26#	J-55	LT&C	0-400'	400'
8 3/4"	7.0"	23#	J-55	LT&C	400'-5400'	5000'
8 3/4"	7.0"	26#	J-55	LT&C	5400'-7400'	2000'
8 3/4"	7.0"	26#	N-80	LT&C	7400'-8200'	1800'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 2.0

WITNESS
WITNESS

B. Cementing Program:

Surface casing: 400 sx class 'C' with 2% CaCL₂, (YLD 1.32 WT 14.8) cement circulated to surface.

Intermediate Casing: 200 sx 'H' + 12% Thixad + additives (YLD 1.56 WT 14.6) 550 sx 35:65 Poz C (YLD 2.0 WT 12.5) tail in with 200 sx 'C' + 2% CaCL₂ (YLD 1.32 WT 14.6). Cement circulated to surface.

Production Casing: 300 sx Super 'C' Modified (YLD 1.63 WT 13.0). TOC at 6200' (500' above top of Wolfcamp

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW Spud Mud	8.3-8.6	32-36	N/C
350'-2200'	FW	8.4	28	N/C
2200'-6700'	FW	8.4	28	N/C
6700'-7400'	Cut Brine	8.9-9.6	29	N/C
7400'-8200'	SW Gel/Starch	8.9-9.6	32-38	<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: CNL/LDT, DLL w/RXO

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 350'	Anticipated Max. BHP: <150	PSI
From: 350'	TO: 2200'	Anticipated Max. BHP: <1100	PSI
From: 2200'	TO: 8200'	Anticipated Max. BHP: <4050	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface and intermediate holes.

H₂S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 150 F

8. ANTICIPATED STARTING DATE:

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