

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM 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. NMNM25866	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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. 12076	
Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		8. Lease Name and Well No. BUDER ACN FED 4	
3a. Address 105 S. 4TH ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	9. API Well No. 30-005-63577	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface NESE 1980FSL 1080FEL At proposed prod. zone NESE 1980FSL 1080FEL		10. Field and Pool, or Exploratory WILDCAT PRECAMBRIAN	
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 30 MILES NE OF ROSWELL, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 22 T6S R26E Mer NMP SME: BLM	
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease RECEIVED OCD - ARTESIA	12. County or Parish CHAVES	13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 5790 MD	17. Spacing Unit dedicated to this well 320.00	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3760 GL	22. Approximate date work will start	20. BLM/BIA Bond No. on file	
23. Estimated duration		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) PAT PEREZ Ph: 505.748.4376	Date 05/21/2003
Title REGULATORY AGENT		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) LARRY D BRAY	Date 06/17/2003
Title ASST FIELD MANAGER		

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.

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 #22146 verified by the BLM Well Information System  
For YATES PETROLEUM CORPORATION, sent to the Roswell  
Committed to AFMSS for processing by Armando Lopez on 05/27/2003 (03AL0241AE)

\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\*

**DISTRICT IV**  
**2040 South Pacheco, Santa Fe, NM 87506**

**State of New Mexico**  
**Energy, Minerals and Natural Resources Department**

Form C-102  
Revised March 17, 1966  
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		Well Number
	BUDER "ACN" FEDERAL		4
OGRID No.	Operator Name		Elevation
025575	YATES PETROLEUM CORPORATION		3760

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	22	6S	26E		1980	SOUTH	1080	EAST	CHAVES

**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	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**

<div style="border: 2px solid black; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; top: 10px; right: 10px; text-align: right;"> N. 35° 48' 42.7"  W. 104° 16' 44.5" </div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; justify-content: space-around; width: 100%;"> <span>3757</span> <span>3762</span> </div> <div style="border: 1px solid black; width: 40px; height: 40px; margin: 5px;"></div> <div style="display: flex; justify-content: space-around; width: 100%;"> <span>3758</span> <span>3763</span> </div> <div style="margin-top: 10px;"> <div style="display: flex; align-items: center;"> <div style="width: 10px; height: 100px; border-left: 1px solid black; margin-right: 5px;"></div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">1980'</div> </div> <div style="margin-top: 10px;"> <div style="display: flex; align-items: center;"> <div style="width: 10px; height: 100px; border-left: 1px solid black; margin-right: 5px;"></div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">1980'</div> </div> </div> </div> </div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <div style="display: flex; justify-content: space-between; width: 100%;"> <span>1080'</span> <span>1080'</span> </div> </div> </div> </div>	<h3 style="text-align: center; margin-top: 0;">OPERATOR CERTIFICATION</h3> <p style="font-size: small; text-align: center;">I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="margin-top: 20px;"> </div> <div style="margin-top: 10px;"> <p style="text-align: center; font-size: small;">Signature</p> <p style="text-align: center;">Patricia Perez</p> <p style="text-align: center; font-size: small;">Printed Name</p> <p style="text-align: center;">Regulatory Agent</p> <p style="text-align: center; font-size: small;">Title</p> <p style="text-align: center;">5/19/2003</p> <p style="text-align: center; font-size: small;">Date</p> </div>
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NM-25866

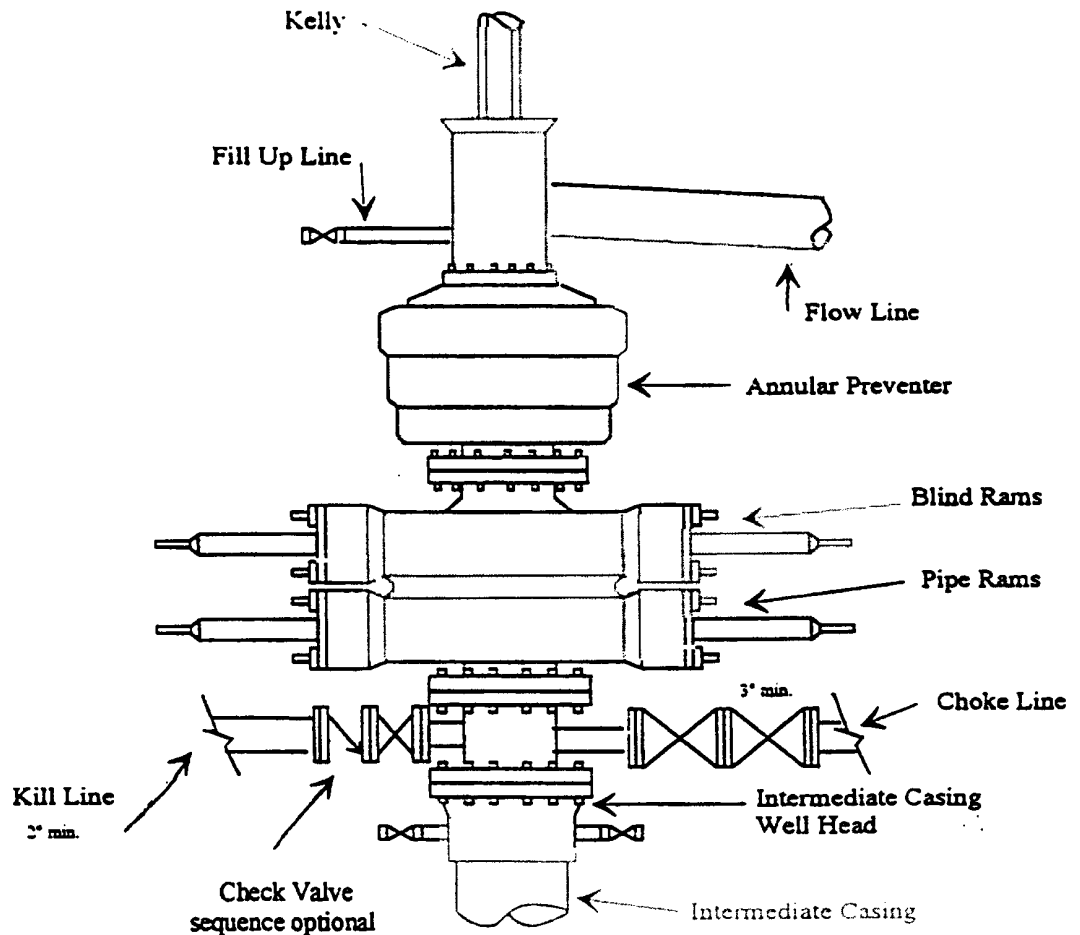
0 330' 660' 990' 1650' 1980' 2310' 2640' 2970' 3300' 3630' 3960' 4290' 4620' 4950' 5280' 5610' 5940' 6270' 6600' 6930' 7260' 7590' 7920' 8250' 8580' 8910' 9240' 9570' 9900'

Yates Petroleum Corporation  
 Buder ACN Federal #4  
 1980' FSL and 1080' FEL  
 Section 22, T6S-R26E  
 Chaves County, New Mexico  
 Exhibit "B"

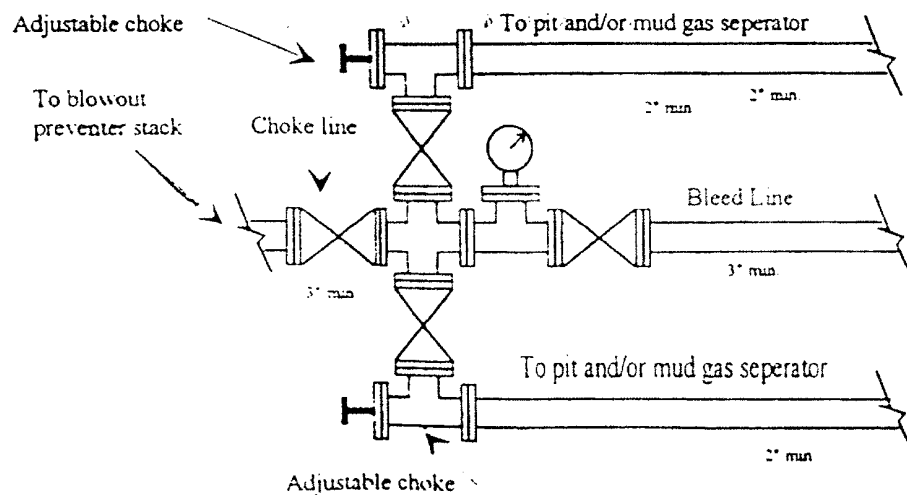
# Yates Petroleum Corporation

BOP-3

## 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**  
**Buder ACN Federal #4**  
 1980' FSL and 1080' FEL  
 Section 22, T6S-R26E  
 Chaves County, New Mexico

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

San Andres	810'	Spear Zone	4955'
Glorietta	1760'	Cisco	5220'
Yeso	1875'	Strawn	5435'
Tubb	3300'	Siluro-Devonian	5565'
Abo	3940'	Precambrian	5640'
Wolfcamp	4635'	TD	5790'

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

Water: 150'-300'  
 Oil or Gas: Queen Formation.

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" 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>
14 3/4"	11 3/4"	42#	H-40	ST&C	0-950'
11	*8 5/8"	24#	J-55	ST&C	0-1700'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5790'

**WITNESS**

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

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

**B. CEMENTING PROGRAM:**

Surface Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail w/200 sx  
C w/2% CaCL<sub>2</sub> (YLD 1.33 WT 15.6)

Intermediate Casing: 250 sx Class C + 2% CaCLW (YLD 1.32 WT 14.8)

Production Casing: 600 sx Pecos Valley Lite (YLD 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>
0-950'	FW Gel/Paper/LCM	8.6 - 9.0	30-34	N/C
950'-1700'	Cut Brine	8.4 - 9.0	28	N/C
1700'-3850'	Brine	9.4 - 10.2	28	N/C
3850'-5790'	Starch/Salt Gel	9.3 - 10.0	40 - 50	<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 out from under surface casing.  
Logging: CNL/LDT, W/NGT TD-Surf csg; CNL/GR-TD Surf csg;  
DLL/MSFL TD to Surf csg. BHC Sonic TD-Surf csg;  
FMI-TD-Top of Wolfcamp.

Coring: Sidewall  
DST's: None.

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

Anticipated BHP:

From: 0	TO: 950'	Anticipated Max. BHP: 450 PSI
From: 950'	TO: 5790'	Anticipated Max. BHP: 2200 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 10 days to drill the well with completion taking another 20 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**Buder ACN Federal #4**  
**1980' FSL and 1080' FEL**  
**Section 22, T6S-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 30 miles east of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Drive NE of Roswell on Hwy 70 approx. 14 miles to Aztec road. Turn left on Aztec and drive approx. 9.5 miles where road curves east, follow road approx. 0.9 of a mile where it turns north at Galleta "YT" St. #1 location. Stay on this road for approx. 4.1 miles. Turn left right before cattle guard with sign "Private Access Road". Follow road along fence line for approx. 0.2 of a mile where road forks. Take left 2-track and follow this road approx. 1.0 mile where the access is staked on the left (south) side going south 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. The road will lie in a southerly 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 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.

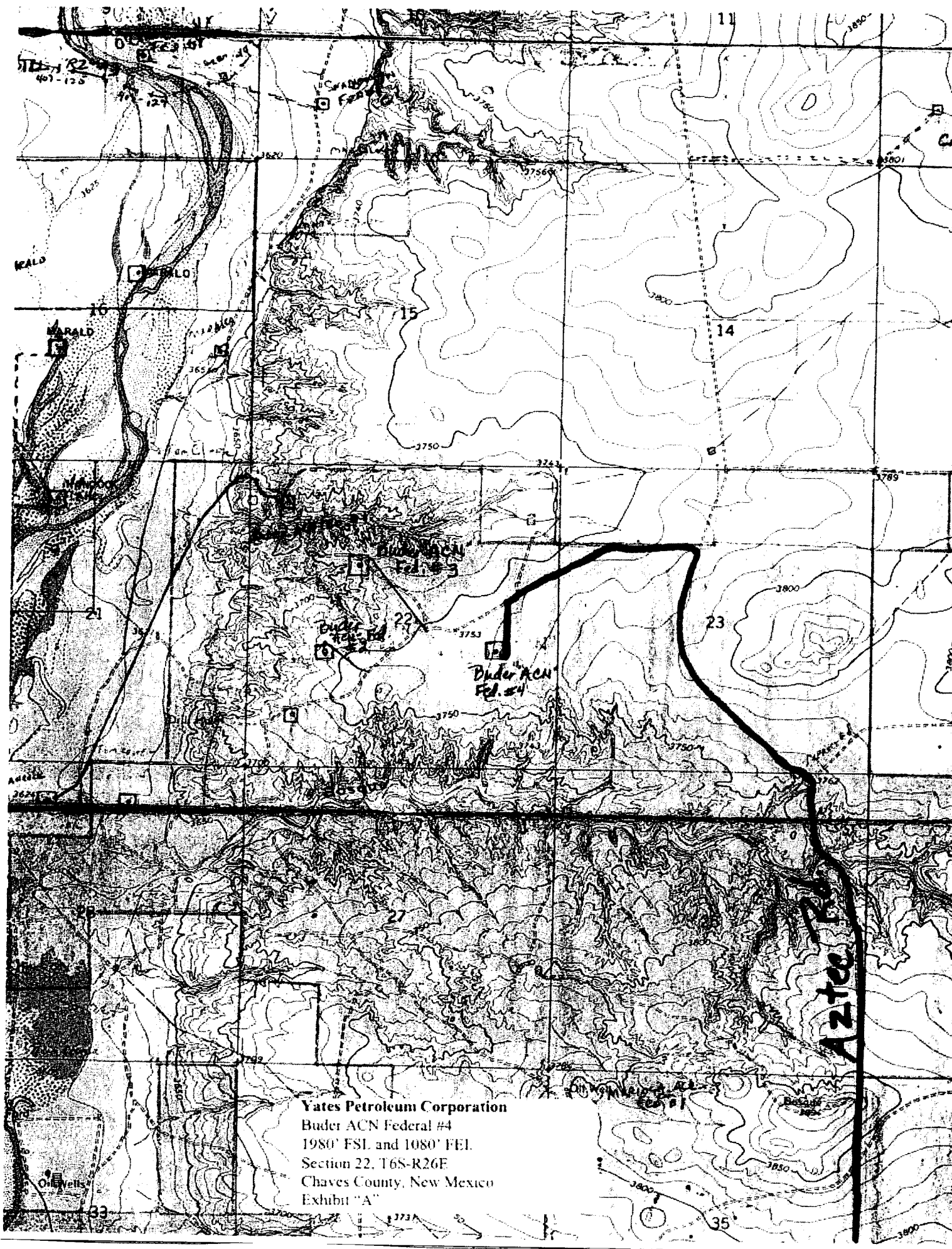
SECRET

11. SURFACE OWNERSHIP: Bureau of Land Management, Roswell, NM.
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:
- |   |   |
|---|---|
| <p>A. Through A.P.D. Approval:<br/>Pat Perez, Regulatory Agent<br/>Yates Petroleum Corporation<br/>105 South Fourth Street<br/>Artesia, New Mexico 88210<br/>Phone (505) 748-1471</p> | <p>B. Through Drilling, Completions &amp; 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</p> |
|---|---|
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 Drilling Company 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.

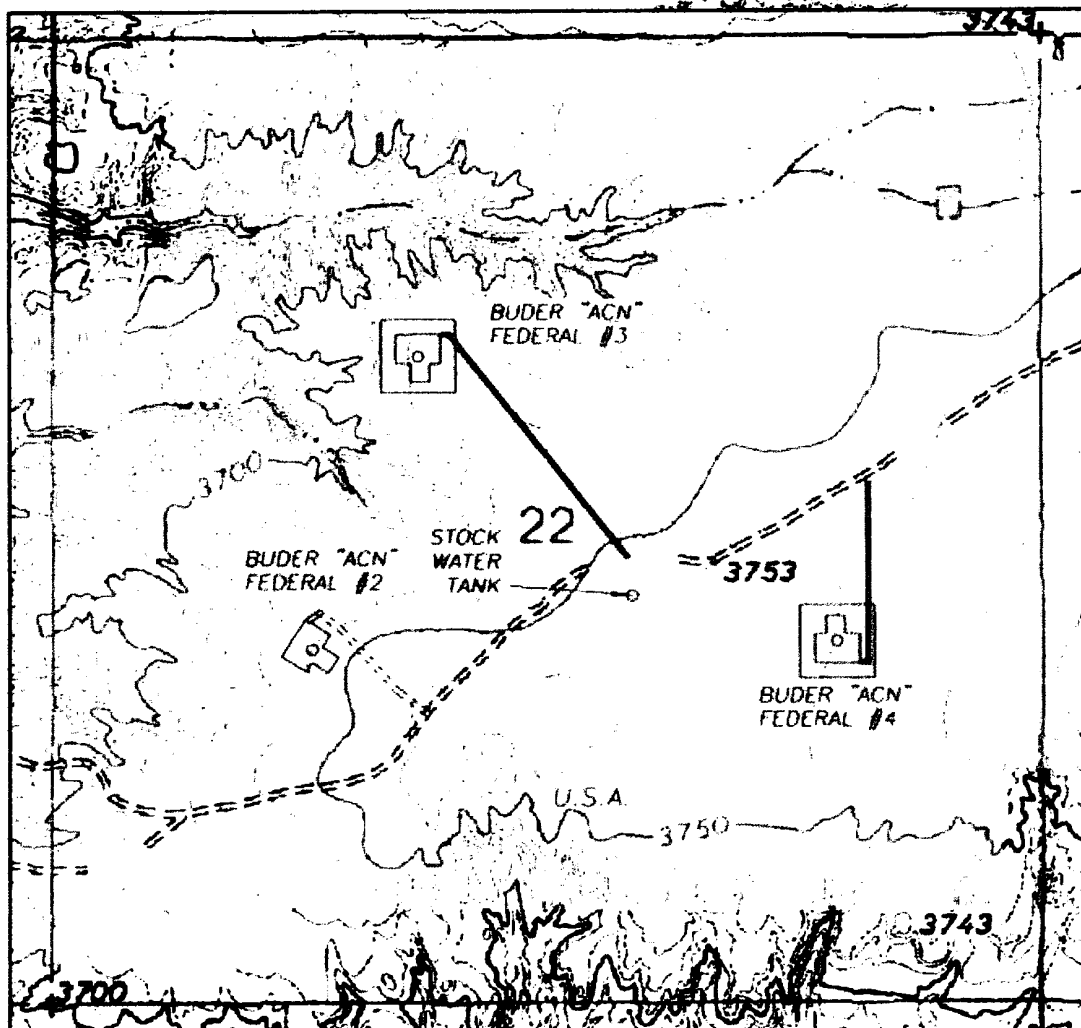
5/19/2003

  
\_\_\_\_\_  
Regulatory Agent





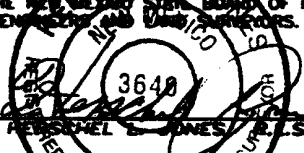
SECTION 22, TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation  
Buder ACN Federal #4  
1980' FSL and 1080' FEL  
Section 22, T6S-R26E  
Chaves County, New Mexico  
Exhibit "A-1"

1000' 0 1000' 2000'  
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

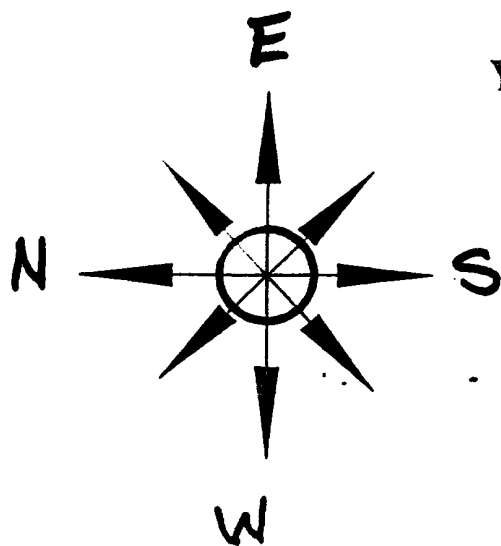


GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES BUDER "ACN" FEDERAL #4 WELL, LOCATED IN SECTION 22, TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 4/29/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blaving	W.D. Number
Date: 4/30/03	Scale 1" = 1000' BUDER 4

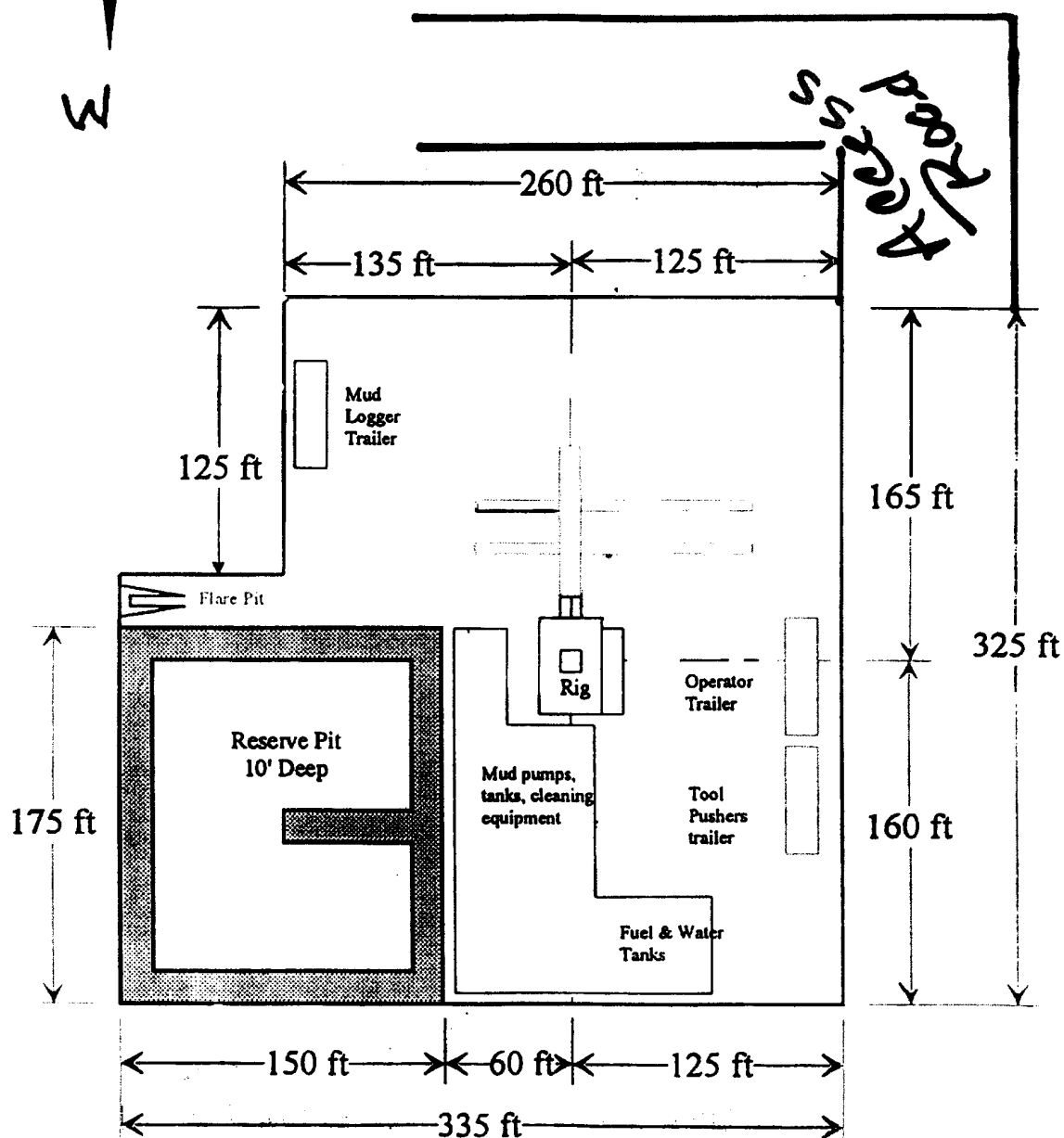


# Yates Petroleum Corporation

## Location Layout for Permian Basin

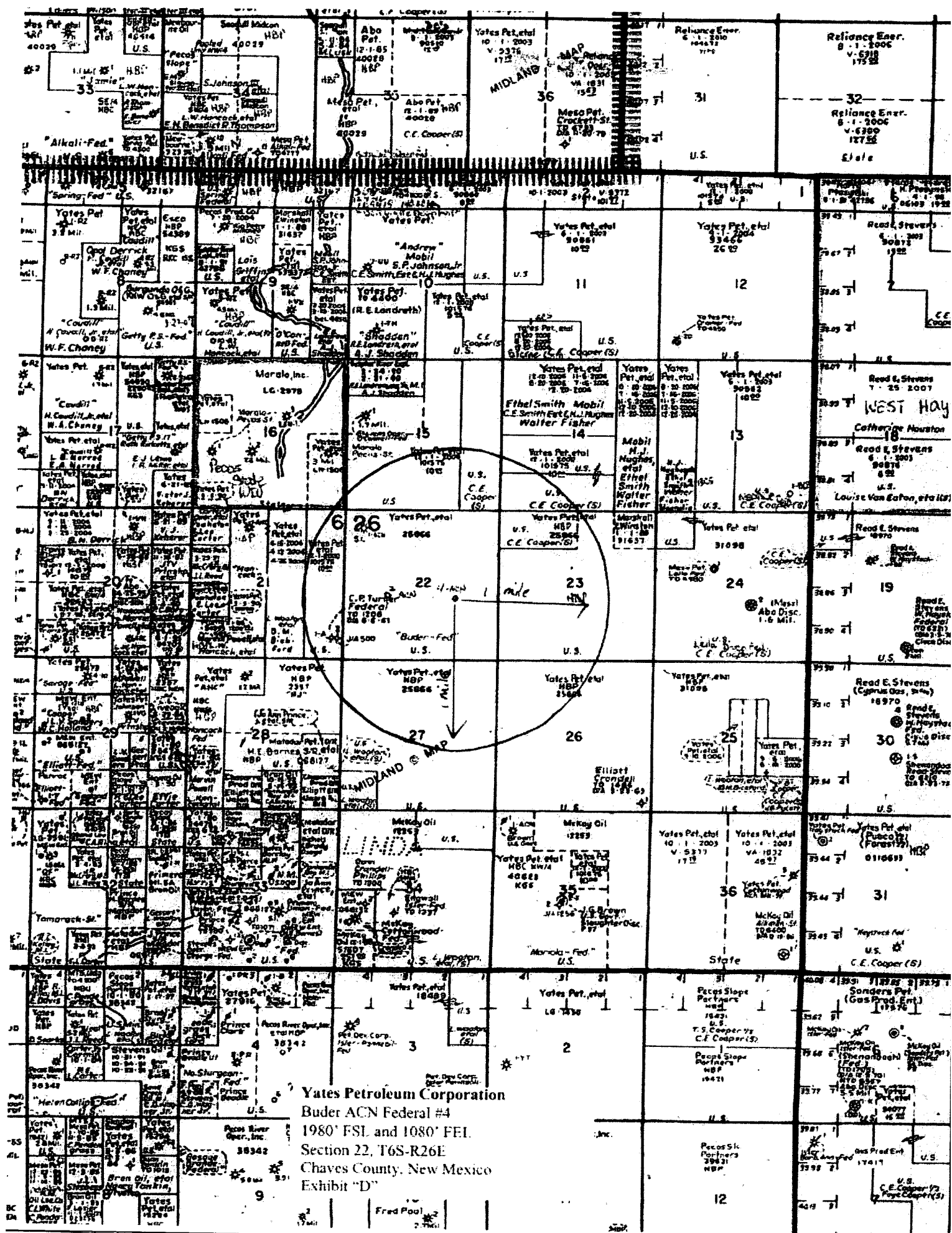
### Up to 12,000'

Yates Petroleum Corporation  
 Buder ACN Federal #4  
 1980' FSL and 1080' FEL  
 Section 22, T6S-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  
Buder ACN Federal #4  
1980 FSL and 1080 FEL  
Section 22, T6S-R26E  
Chaves County, New Mexico  
Exhibit "D"