

ECUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM82902
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.
3a. Address 105 S 4TH STREET ARTESIA, NM 88210		8. Lease Name and Well No. DOMINO AOJ FEDERAL COM. 8
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		9. API Well No. 30-015-32855
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 1650FNL 1650FWL At proposed prod. zone SENW 1650FNL 1650FWL		10. Field and Pool, or Exploratory WILDCAT MISSISSIPPIAN
14. Distance in miles and direction from nearest town or post office* 15 MILES SE OF LOCO HILLS, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 9 T19S R31E Mer NMP SME: BLM
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 920.00		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2640'		17. Spacing Unit dedicated to this well 320.00
19. Proposed Depth 12400 MD		20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3530 GL		23. Estimated duration 60 DAYS

24. Attachments

CAPITAN 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 05/16/2003
Title REGULATORY AGENT		
Approved by (Signature) /s/ JOE G. LARA	Name (Printed/Typed) /s/ JOE G. LARA	Date JUN 30 2003
Title FIELD MANAGER	Office 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 #21936 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by Linda Askwig on 05/16/2003 (03LA0519AE)APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

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


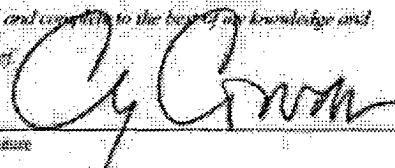
¹ API Number	² Pool Code	³ Pool Name Wildcat Mississippian
⁴ Property Code	⁵ Property Name DOMINO AQJ FEDERAL COM.	⁶ Well Number 8
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3530'

¹⁰ Surface Location									
UL or lot no. F	Section 9	Township 19S	Range 31E	Lot Idn	Feet from the 1650	North/South line North	Feet from the 1650	East/West line West	County 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 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.  Signature Cy Cowan Printed Name Regulatory Agent Title 5/13/2003 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.

1828 E. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

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 Mississippian
Property Code	Property Name DOMINO "AQJ" FEDERAL COM.	Well Number 8
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3530

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	9	19S	31E		1650	NORTH	1650	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 20, 2001 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. 3/02/2001 Date Surveyed Signature of H. L. Jones Professional Surveyor Certificate No. H. L. Jones RLS 3640 DOMINO R GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION**Domino AOJ Federal Com. #8**

1650' FNL & 1650' FWL

Section. 9 -T19S-R31-E

Eddy County, New Mexico

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

Yates	2340'
Queen	3450'
Bone Springs	6750'
Wolfcamp	9900'
Strawn	10900'
Atoka	11100'
Morrow Clastic	11650'
Chester	12150'
TD	12400'

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

Water: Approx 250' - 350'
Oil or Gas: All Potential Zones

3. Pressure Control Equipment: BOPE will be installed on the 8 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>Coupling</u>	<u>Interval</u>	<u>Length</u>
	17 1/2"	13 3/8"	48#	H-40	ST&C	0-600'	600'
WITNESS	12 1/4"	8 5/8"	32#	J-55	ST&C	0-3500'	3500'
	7 7/8"	5 1/2"	17#	L-80	LT&C	0-3300'	3300'
	7 7/8"	5 1/2"	17#	J-55	LT&C	3300-7400'	4100'
	7 7/8"	5 1/2"	17#	N-80	LT&C	7400-10400'	3000'
	7 7/8"	5 1/2"	20#	P-110	LT&C	10400-12400'	1000'

WITNESS

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

B. CEMENTING PROGRAM:

Surface casing: 250 sx Lite (Yld 2.01 Wt.12.4) Tail in w/200 sx "C" (Yld 1.34 Wt 14.8)

Intermediate Casing: 1300 sx Lite (Yld 2.06 Wt 12.4); Tail in w/200 sx "C"
(Yld 1.32 Wt. 14.8)

Production Casing: TOC-6200'; 975 sx Super "C" (Yld 1.67 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>
0-600'	FW/Spud Mud	8.4-9.0	32-36	N/C
600'-3500'	Brine	10.0-10.2	28	N/C
3500'-10900'	Cut Brine	8.8-9.2	28	N/C
10900'-TD	Salt Gel/Starch/Drispac	9.5-10.0	32-40	<12

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: GR, NEUTRON, DENSITY, LATERLOG.

Coring: As warranted.

DST's: As warranted.

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

Anticipated BHP:

From: O	TO: 600'	Anticipated Max. BHP:	250	PSI
From: 600'	TO: 3500'	Anticipated Max. BHP:	1800	PSI
From: 3500'	TO: TD	Anticipated Max. BHP:	6400	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

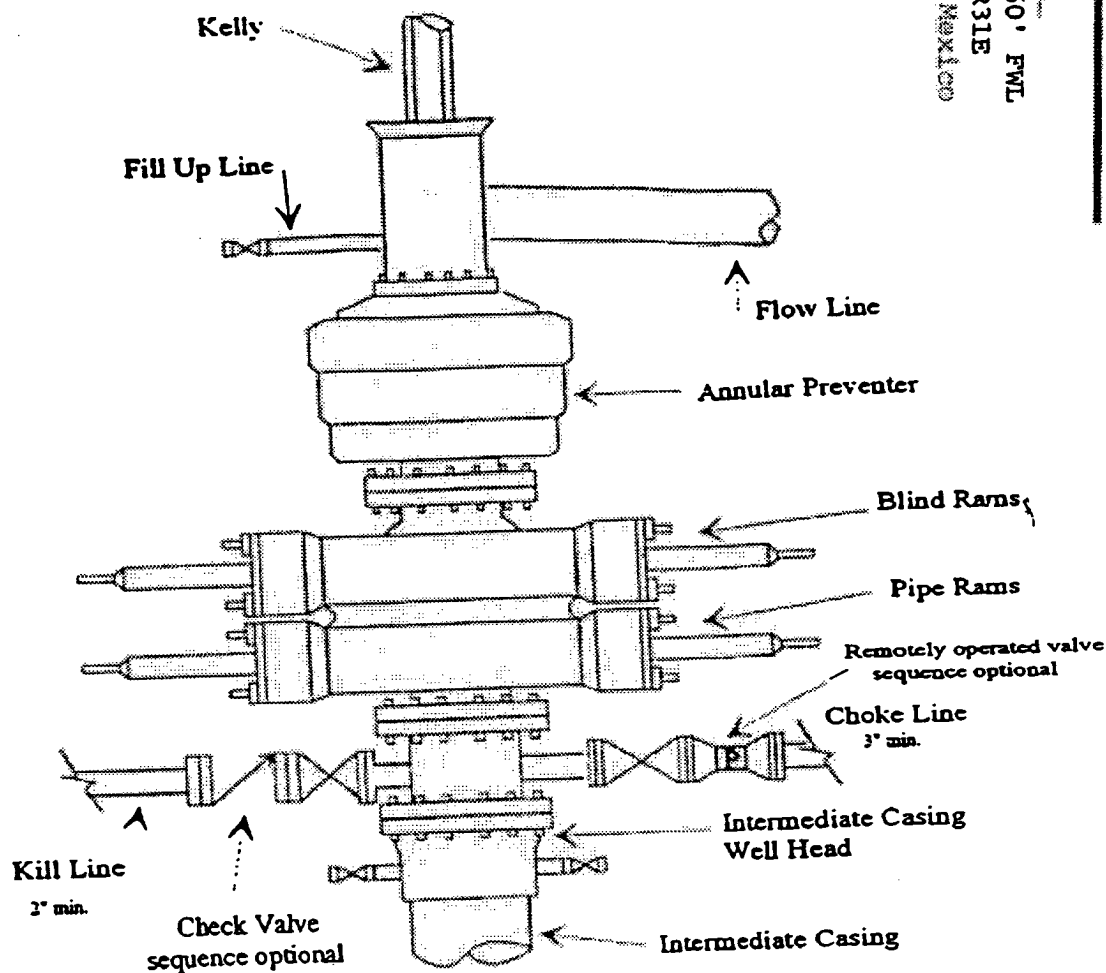
8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 15 days.

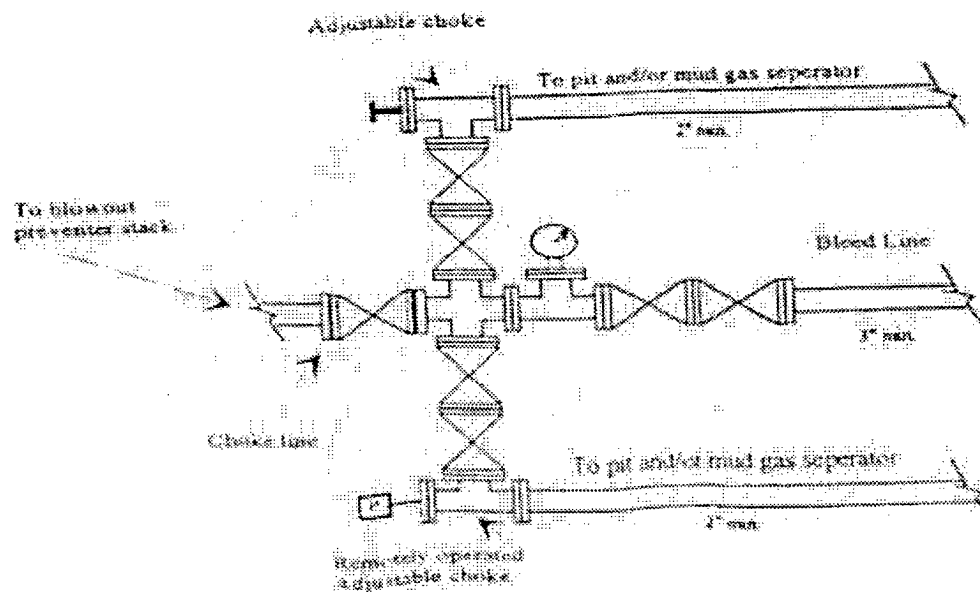
Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

Domino Federal
 1650' FNL and 1650' FWL
 Section 9, T19S-R31E
 Eddy County, New Mexico
 NMB2902

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



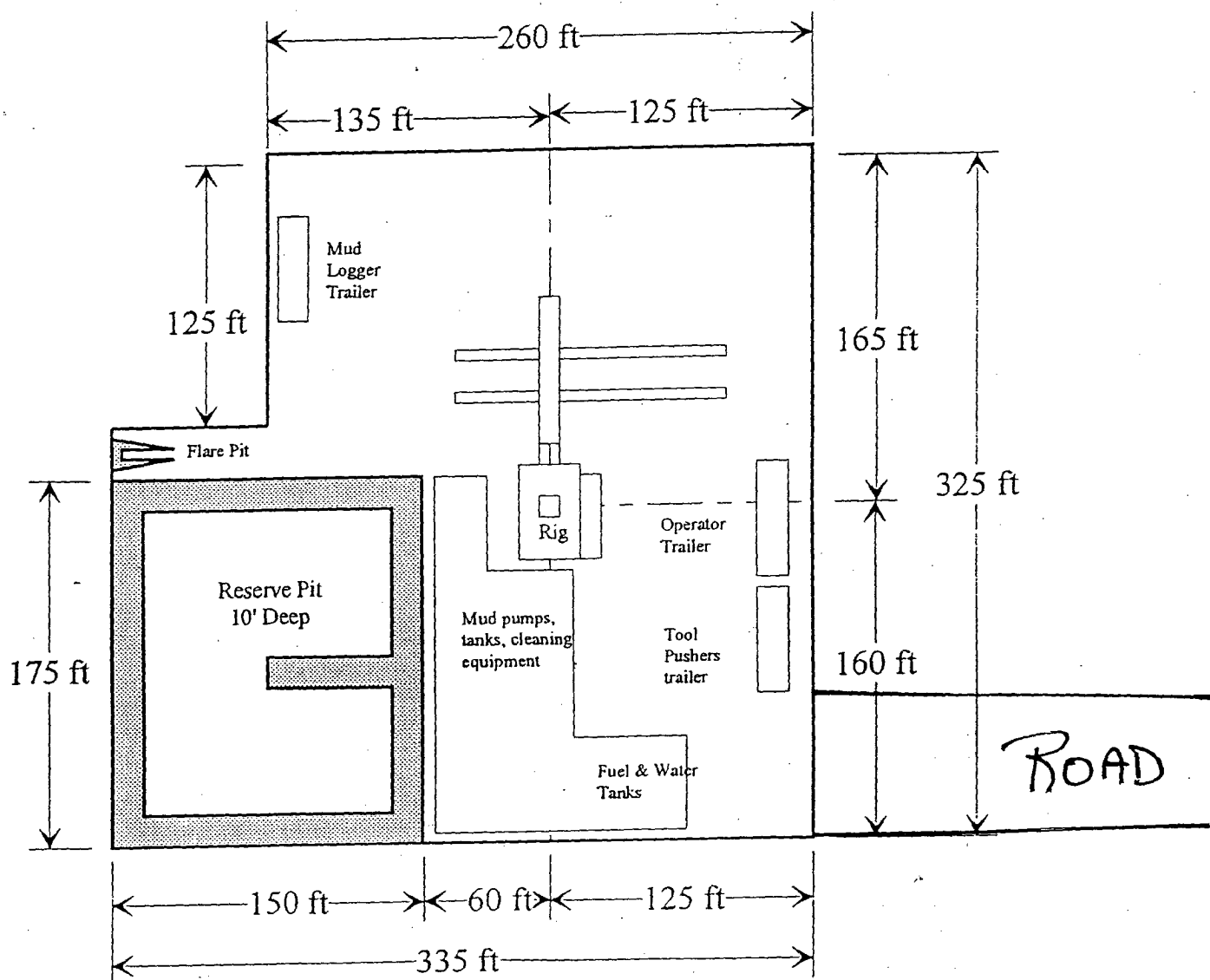
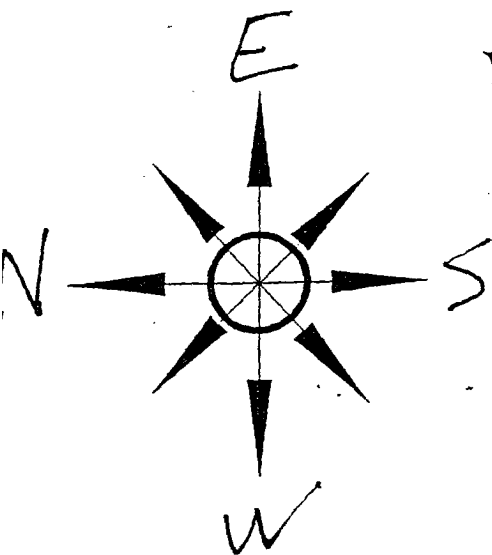
Typical 5,000 psi choke manifold assembly with at least these minimum features



PB - L1

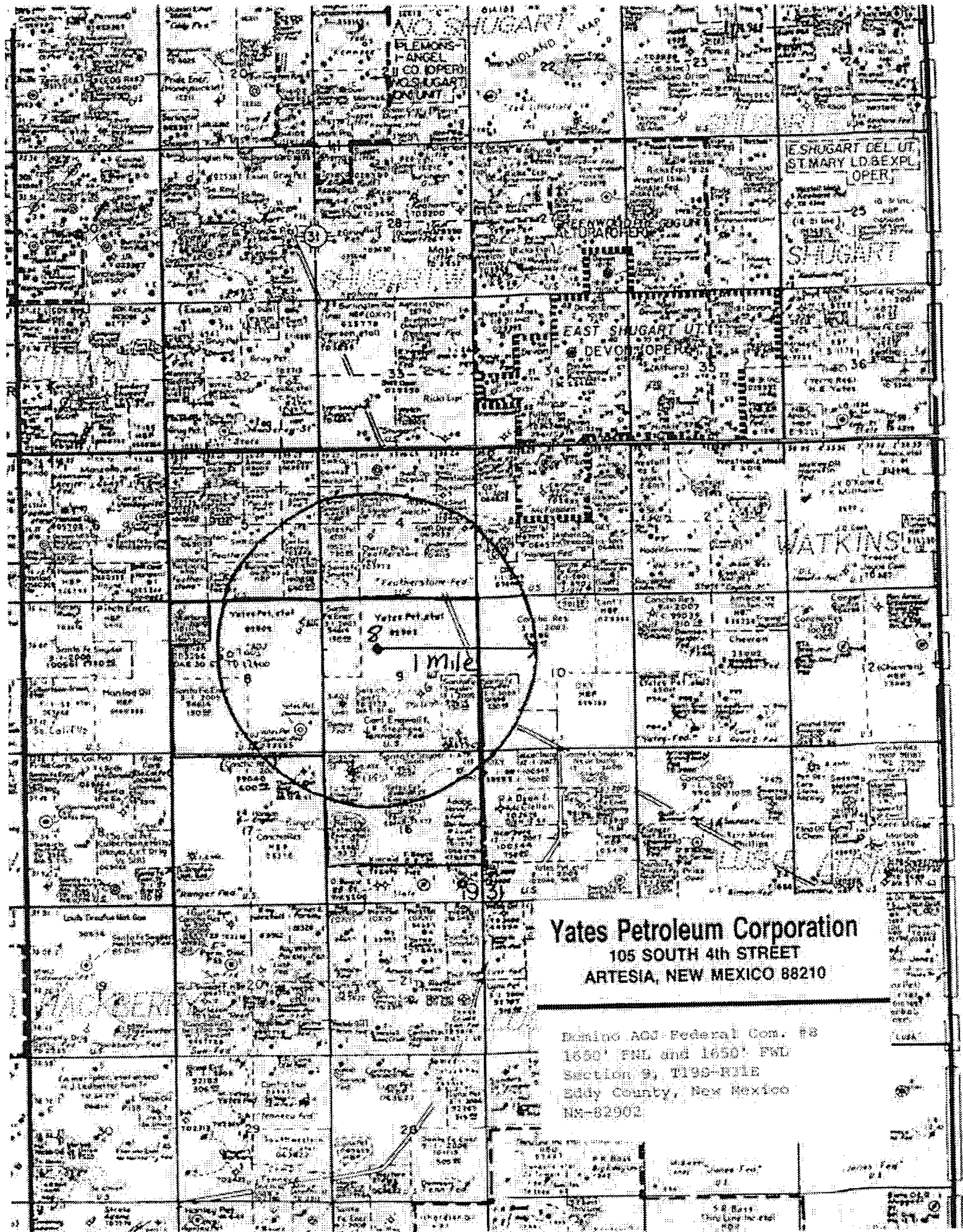
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Domino AGJ Federal Com. #8
1650' FNL and 1650' FWL
Section 9, T19S-R11E
Eddy County, New Mexico
NM-82902