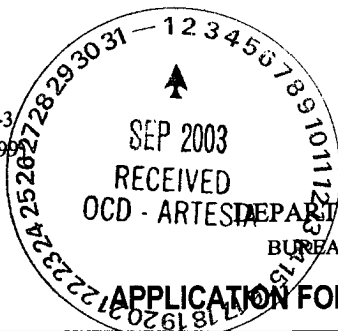


Form 3160-3
(August 1999)



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

OMB No. 1004-0136
Expires November 30, 2000

UNITED 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. NM-106904
b. 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 of CA Agreement, Name and No.
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Football BCF Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 860' FSL and 1650' FWL, SESW At proposed prod. Zone same as above		9. API Well No. 20-005-63603
14. Distance in miles and direction from nearest town or post office* Approximately twenty (20) miles NE of Roswell, New Mexico		10. Field and Pool, or Exploratory Wildcat
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 860'	16. No. of Acres in lease 642.4	11. Sec., T., R., M., or Blk, and Survey or Area Section 1, T12S-R26E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 6835'	12. County or Parish Chaves
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3719' GL	22. Approximate date work will start* ASAP	13. State NM
20. BLM/BIA Bond No. on file NM-2811		
23. Estimated duration 30 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. | 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 office. |

25. Signature Clifton R. May	Name (Printed/Typed) Clifton R. May	Date 7/11/03
Title: Regulatory Agent		
Approved by (Signature) (ORIG. SGD.) ARMANDO A. LOPEZ	Name (Printed/Typed)	Date AUG 29 2003
Title Acting 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 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.

*(Instructions on reverse)

APPROVED FOR 1 YEAR



YATES PETROLEUM CORPORATION
Football BCF Federal #1
860' FSL and 1650' FWL
Section 1-T12S-R26E
Chaves County, New Mexico

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

Seven Rivers	105'	Wolfcamp	4985'
Queen	465'	Cisco/Wolfcamp Carbonate	5165'
San Andres	985'	Strawn	6080'
Glorieta	2165'	Siluro-Ordovician	6200'
Yeso	2270'	Pre-Cambrian	6685'
Tubb	3620'	TD	6835'
Abo	4360'		

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

Water: 150'-200'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" 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>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1050'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6835'

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

2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the maximum shut-in bottom hole formation pressure is 2200 PSI. Pressure at the surface is less than 1000 PSI. We feel that a 1000psi test will demonstrate that the BOPE is functioning properly and in the unlikely event of a gas in flux that the BOPE would be sufficient to control the well.

Football BCF Federal #1

Page 2

B. CEMENTING PROGRAM:

Surface Casing: 450 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"
+ 2% CaCL₂ (YLD 1.33 WT 15.6).

Production Casing: 600 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3700'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1050'	FW GEL, Paper, LCM	8.4 - 8.6	32-36	N/C
1050'-4300'	Brine	10.0 - 10.2	28	N/C
4300'-6835'	Starch/Salt Gel	9.8 -10.0	45-50	<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; with CNL/GR up to Surf; DLL/MSFL
TD-Surf csg; BHC Sonic TD-SURF CSG, FMI TD – Top of the Wolfcamp

Coring: Sidewall

DST's: None.

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

Anticipated BHP:

From: 0	TO: 1050'	Anticipated Max. BHP: 500 PSI
From: 1050'	TO: 6835'	Anticipated Max. BHP: 3300 PSI

Abnormal Pressures Anticipated: None

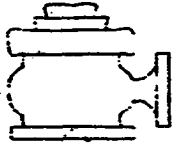
Lost Circulation Zones Anticipated: None.

H₂S 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 25 days to drill the well with completion taking another 20 days.



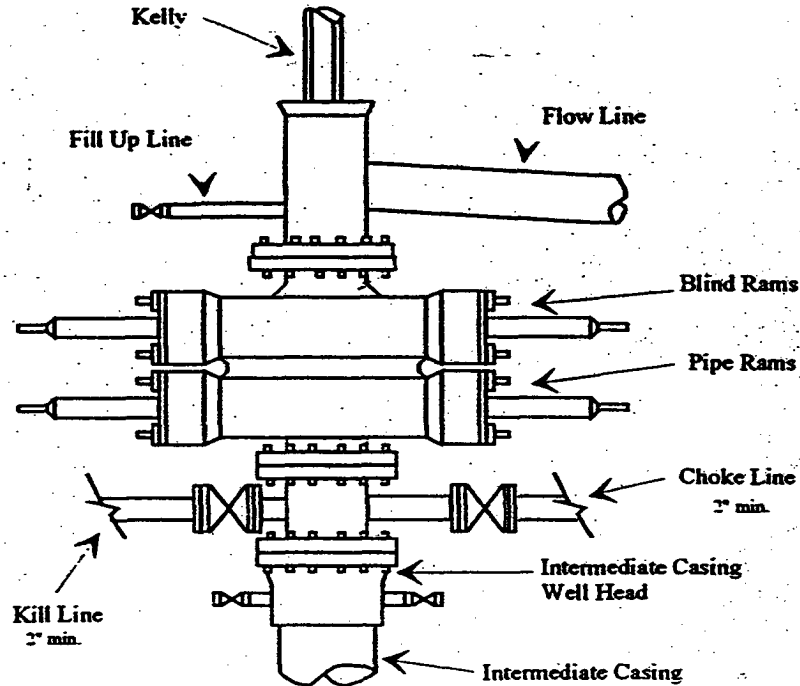
Yates Petroleum Corporation

BOP-2

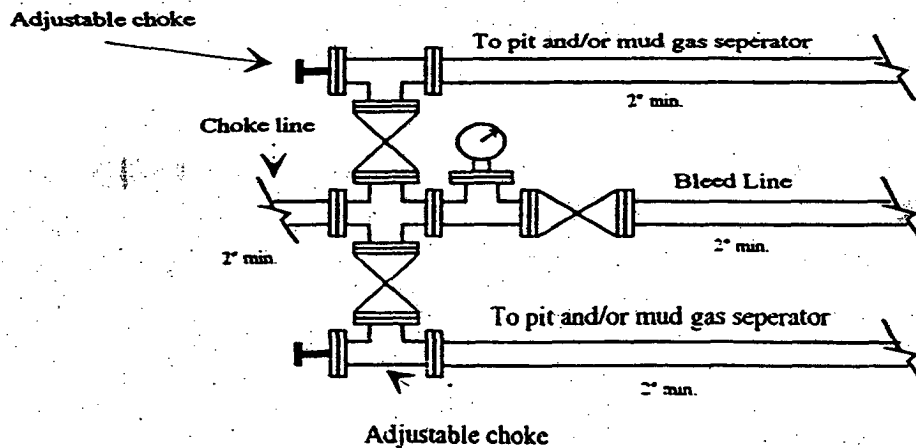
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Yates Petroleum Corporation
Football BCF Federal #1
860' FSL and 1650' FWL
Section 1-T12S-R26E
Chaves County, New Mexico
Exhibit "B"



Typical 2,000 psi choke manifold assembly with at least these minimum features



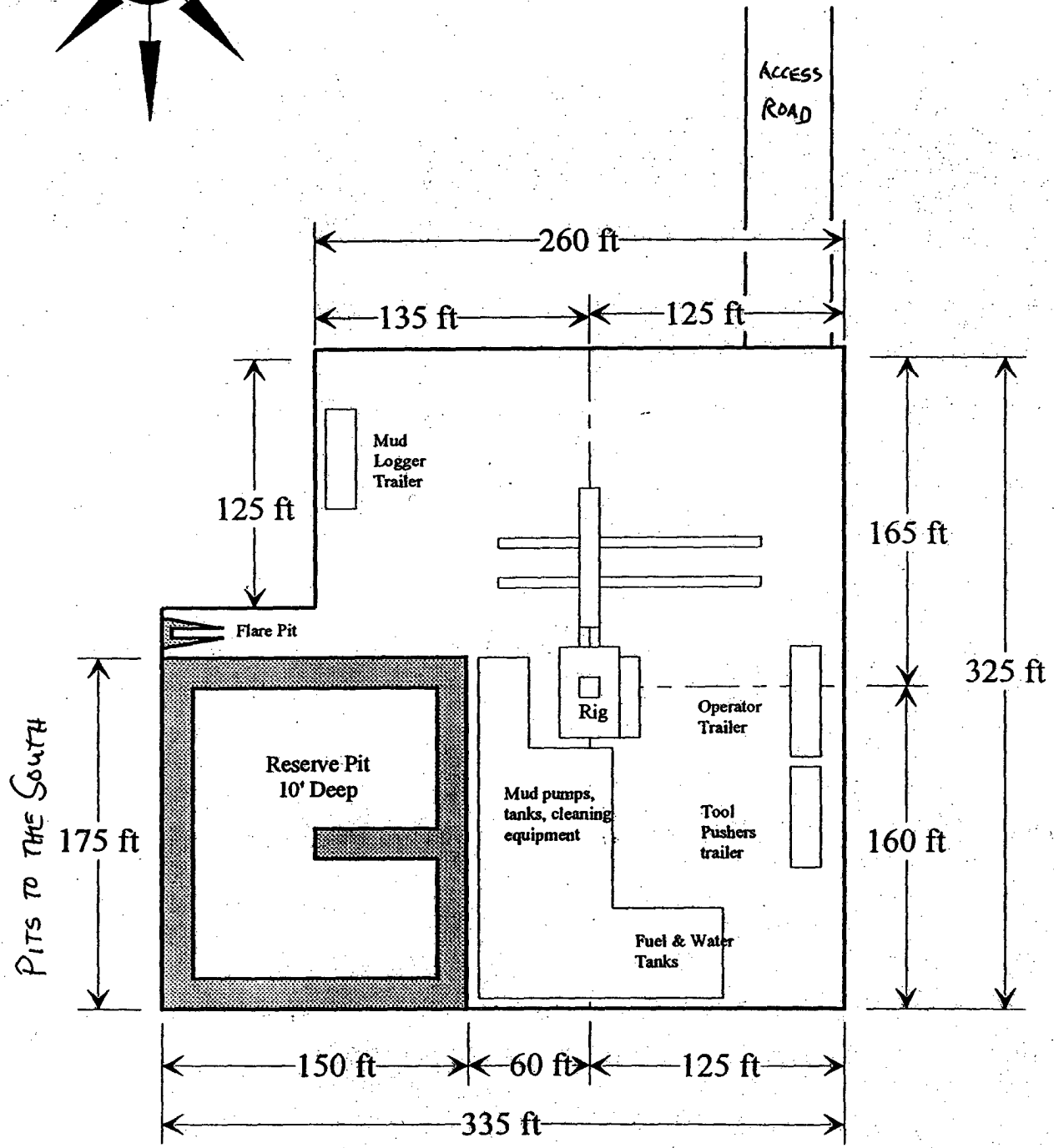
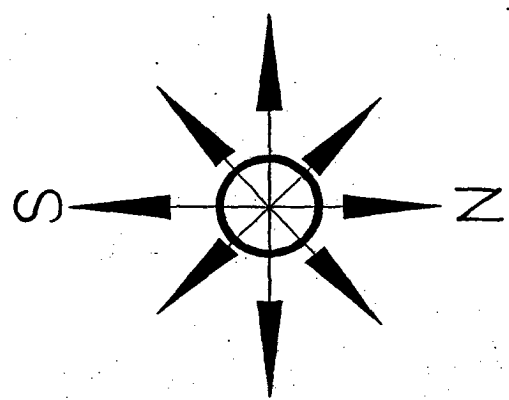
Yates Petroleum Corporation
 Football BCF Federal #1
 860' FSL and 1650' FWL
 Section 1-T12S-R26E
 Chaves County, New Mexico
 Exhibit "C"

PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'



PITS TO THE SOUTH

Distance from Well Head to Reserve Pit will vary between rigs
 The above dimension should be a maximum