OCD-ARTESIA

OR REENTER

ERIOR MENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

(August 1999)	
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\	DEPARTMENT OF THE INTE
	BUREAU OF LAND MANAGE
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\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	PPLICATION FOR PERMIT TO DRILL

3.	Lease Senal No.	
	NMLC067348	

	NMLC067348			
6.	If Indian, Allottee	ÓΓ	Tribe	Name

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Ia. Type of Work: DRILL REENTER		7. If Unit or CA Agreement, Name	e and No.
1b. Type of Well: Oil Well Gas Well Oth		8. Lease Name the Well No. DIXON & YATES LM FEDER	RAL COM. 2
YATES PETROLEUM CORPORATION	ROBERT ASHER E-Mail: basher@ypcnm.com	9. API Well No. 30 - 015 - 32	
39. Address 105 S 4TH STREET ARTESIA, NM 88210	35. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	WILDCAT Turken Track; Me	
4. Location of Well (Report location clearly and in according		11. Sec., LAR, M., or Blid and Su	urvey or Area
At surface NENW 660FNL 1650FWL At proposed prod. zone NENW 660FNL 1650FWL	(c) 123456789101	Sec 28 T18S R29E Mer N SME: BLM	IMP
14. Distance in miles and direction from nearest fown or post APPROXIMATELY 18 MILES SE OF ARTESIA,	office*	172. County or Pansh EDDY	13. State NM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any) 660	16. No. of Acres in Dease RECENTESIA	320.00	well
 Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 700 	19. Proposed Depth 11350 MD	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KB, RT, GL, etc. 3470 GL	22. Approximate date work will start	23. Estimated duration	
	24. Attachments	<u></u>	
The Collegeing accomplated in accomplance with the manifestants	of Onchorn Oil and Gas Order No. 1, shall be attached to	this famu	

The following, completed in accordance with the requirements of Onshore Oil and

- 1. Well plat certified by a registered surveyor. A Drilling Plan.
- 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).
- 4. 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) CY COWAN Ph: 505.748.4372	Date 05/02/2003
REGULATORY AGENT		
Approved by (Signature)	Name (Printed/Typed)	Date

/s/ Joe G. Lara

/s/ Joe G. Lara Office

FIELD MANAGER

ACTING

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 APPROVAL FOR 1 YEAR 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 #21363 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Form C-102

<u>District I</u> 1825 N. Franch Dr. Hobbe, NM 88240

District II 811 South First, Artesia, NM 88210

District III 1900 Rio Brozoe Rd., Aztec NM 87410

District N 2040 South Pacheco, Sante Fe, NM 67505

State of New Mexico.

Energy, Minerals & Noture Resources

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, N M 87505 Revised March 17, 1999 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

MAMENDED REPORT

Property Code DIXON & YATES LM PFD COM 2		VV	LLL	LUCA	KHOI	N F	AND AC	KLAGE	DEDICA	ALION F	1	41	
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YATES PETROLEUM CORPORATION Dixon & Yates LM Federal Com. #2

660' FNL & 1650' FWL Section, 28 -T18S-R29E **Eddy County, New Mexico**

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

Yates	960'	Strawn	10,350'
Queen	1810'	Atoka	10,600'
Bone Spring	3870'	Morrow Clastics	10,840
Wolf Camp	9000'	Austin Cycle	11,750'
Penn	9740'	TD	11,350'
Canvon	10.090'		

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

Water:

Approx 250' - 350'

Oil or Gas: All Potential Zones

Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3. 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.

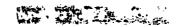
Auxiliary Equipment:

- 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.
- THE PROPOSED CASING AND CEMENTING PROGRAM: 4.
 - Casing Program: (All New) Α.

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
14 3/4"	11 3/4"	42#	H-40	ST&C	0-400'	400'
11"	8 5/8"	34#	J-55	ST&C	0-3200'	3200'
7 7/8"	5 1/2"	17#	L-80	LT&C	0-2500'	2500'
7 7/8"	5 1/2"	17#	J-55	LT&C	2500'-7500'	5000'
7 7/8"	5 1/2"	17#	N-80	LT&C	7500'-10300'	2800'
7 7/8"	5 1/2"	17#	HCP-110	LT&C	10300'-11350	' 1050'

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

Dixon & Yates LM Federal Com. #2 Page 2



B. CEMENTING PROGRAM:

Surface casing:

200 sx "C" (Yld 1.32 Wt.14.6) Tail in w/ 200 sx "C"+ 2%

CaCL2 (Yld 1.32 Wt 14.6)

Intermediate Casing: 1500 sx Lite (Yld 2.05 Wt 12.6); Tail in w/200 sx "C"

(Yld 1.32 Wt. 14.6)

Production Casing:

TOC-2700'; 700 sx Lite (Yld 2.05 Wt. 12.6). Tail in

w/ 500 sx Super "C" (Yld 1.67 Wt 13.0) Nitrified mud will be used ahead of cement.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
0-400'	FW Gel/Paper	8.6-9.0	32-36	N/C
400'-3200'	Brine	10.0-10.2	28	N/C
3200'-10500'	Cut Brine	8.8-9.5	28	N/C
10500'-11350'	Salt Gel/Starch/Drispac/KCL	9.5-10.0	32-40	<10cc

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.

EVALUATION PROGRAM:

Samples: 10' samples 5000' to TD.

Logging: Platform HALS

Coring: Sidewall cores as warranted.

DST's: As warranted.

7 Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From:	0	TO:	400'	Anticipated Max. BHP:	150	PSI
From:	400'	TO:	3200'	Anticipated Max. BHP:	1300	PSI
From:	3200'	TO:	TD	Anticipated Max. BHP:	5750	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

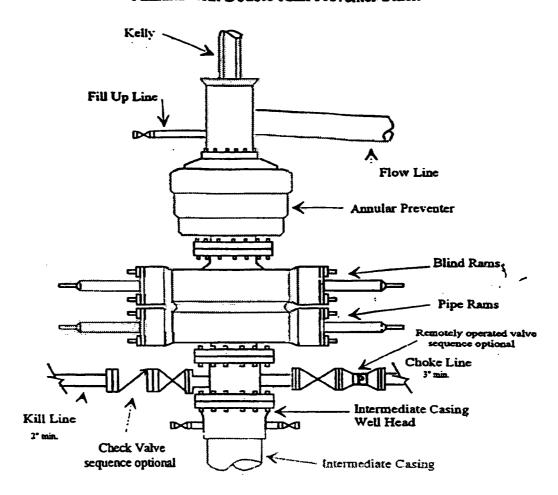
3. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

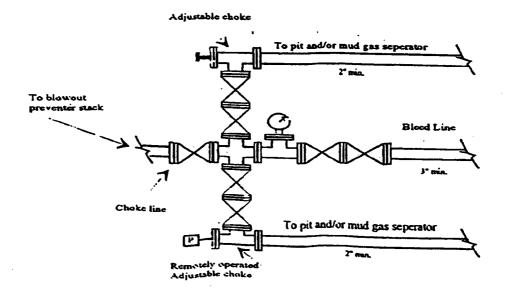


Yates Petroleum Corporation

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



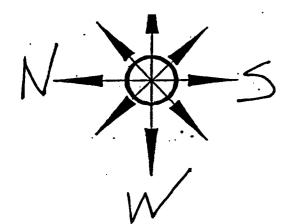
Typical 5,000 psi choke manifold assembly with at least these minimun features



Yates Petroleum Carporation
Dison & Yates LM Federal Com#?
660: ENL & 1650 PWU
Section, 28 - F18S-P29E
Eddy County New Mexico

Yates Petroleum Corporation Location Layout for Permian Basin

Up to 12,000'



77+5 North.

Yates Petroleum Corporation Dixon & Yates LM Federal Com #2 660' FNL & 1650' FWL Section. 28 -T18S-R29E Eddy County, New Mexico Exhibit "C"

