

OCD-HOBBS

R-111-POTASH

G-06-47

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work:  DRILL  REENTER

5. Lease Serial No.  
NM-94095

6. If Indian, Allottee or Tribe Name  
Not Applicable

7. If Unit or CA Agreement, Name and N  
Not Applicable

b. Type of Well:  Oil  Gas  Other  Single  Multiple Zone

8. Lease Name and Well No. (34414)  
Caper BFE Federal #16

2. Name of Operator  
Yates Petroleum Corporation (2575)

9. API Well No.  
30-025-38101

3a. Address 105 South Fourth Street  
Artesia, New Mexico 88210

3b. Phone No. (include area code)  
(505) 748-1471

10. Field and Pool, or Exploratory  
Wildcat Bone Spring

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*  
At surface 330' FSL & 990' FWL, Unit Letter M  
At proposed prod. Zo same as above

11. Sec., T., R., M., or Blk, and Survey or A  
Section 17, T21S-R32E

14. Distance in miles and direction from nearest town or post office\*  
37 miles northeast of Carlsbad, New Mexico

12. County or Parish  
Lea County

13. State  
New Mexico

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
1320'

16. No. of Acres in lease  
640

17. Spacing Unit dedicated to this well  
40 acres

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
330'

19. Proposed Depth  
8750'

20. BLM/BIA Bond No. on file  
NM-2811

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3628' GL

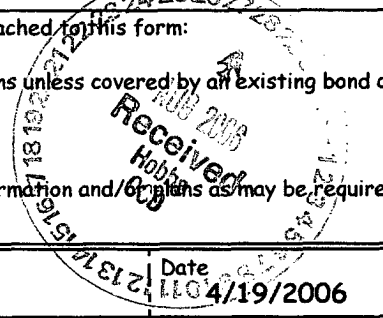
22. Approximate date work will start\*  
ASAP

23. Estimated duration  
40 Days

24. Attachments Carlsbad Controlled Water Bank

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.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Land SUPO shall be filed with the appropriate Forest Service Office.
- 4. Bond to cover the operations unless covered by an existing bond on Item 20 above).
- 5. Operator certification.
- 6. Such other site specific information and/or plans as may be required authorized office.



25. Signature Clifton R. May

Name (Printed/Typed)  
Clifton R. May

Date  
8/19/2006

Title:  
Regulatory Agent

Approved by (Signature) /s/ Linda S.C. Rundell

Name (Printed/Typed)  
/s/ Linda S.C. Rundell

Date  
AUG 17 2006

Title  
STATE DIRECTOR

Office  
NM STATE 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 operations thereon.

APPROVAL FOR 1 YEAR

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 States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse) \*\*C-144 attached to APD for drilling pits

Witness Surface &  
Intermediate Casing

KZ

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Artec, 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 30-025-38101	Pool Code ✓	Pool Name WILDCAT BONE SPRING
Property Code 34414	Property Name CAPER "BFE" FEDERAL	Well Number 16
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3628

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	21S	32E		330	SOUTH	990	WEST	LEA

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 40	Joint or Infill	Consolidation Code	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

	<p>N.32°28'20.3" W.103°42'08.0" N.536135.9 E.735984.9 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein to true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i> Signature CLIFTON R. MAY Printed Name REGULATORY AGENT Title APRIL 19, 2006 Date</p>	
		<p><b>SURVEYOR CERTIFICATION</b></p> <p>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>3/09/2006 Date Surveyed</p>	
		<p>Signature and Seal of Professional Surveyor <i>Herschel Jones</i> HERSCHEL JONES NEW MEXICO 3640 Professional Surveyor</p>	
		<p>Certificate No. Herschel Jones RLS 3640 CAPER FEDERAL OIL COMPANY GENERAL SURVEYING COMPANY</p>	

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-144  
March 12, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes  No

Type of action: Registration of a pit or below-grade tank

Closure of a pit or below-grade tank

Operator: Yates Petroleum Corporation Telephone: (505) 748-1471 e-mail address: cliff@ypcnm.com

Address: 105 South 4<sup>th</sup> Street, Artesia, New Mexico 88210

Facility or well name: Caper BFE Federal #16 API #: 30-025-38101 U/L or Qtr/QtrM Sec 17 T 21S R 32E

County: Lea Latitude 32.4723 Longitude 103.7022 NAD: 1927  1983  Surface Owner - Federal  State  Private  Indian

Pit Type: **Drilling**  Production  Disposal   
Workover  Emergency   
Lined  Unlined   
Liner type: Synthetic  Thickness 12 mil  
Clay  Volume 28,000 bbl

**Below-grade tank**  
Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_  
Construction material: \_\_\_\_\_  
Double-walled, with leak detection? Yes  If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	<b>100 feet or more</b>	<b>( 0 points)</b>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	<b>No</b>	<b>( 0 points)</b>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	<b>1000 feet or more</b>	<b>( 0 points)</b>
<b>Ranking Score (Total Points)</b>		<b>0 points</b>

**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite  offsite  If offsite, name of facility \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No  Yes  If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: April 20, 2006  
Printed Name/Title: Clifton R. May/Regulatory Agent/Land Department  
Email: cliff@ypcnm.com

Signature: Clifton R. May

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

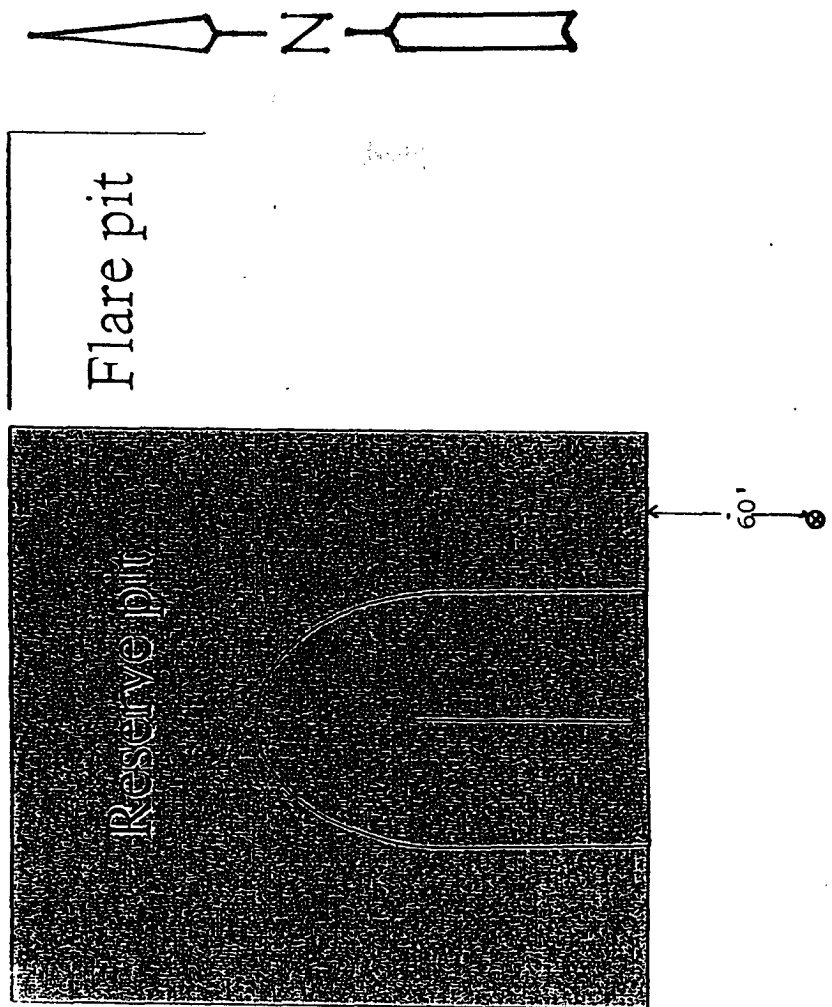
Approval:  
Date: 9007 8 2 90V  
Printed Name/Title: AUG 2 9 2006

**PETROLEUM ENGINEER**

Signature: \_\_\_\_\_

YATES PETROLEUM CORPORATION  
General Plan was approved 4/15/04

The reserve pit will be to the north.  
The southeast corner of the pit will  
be approximately 60' north of the well  
bore. The pit will be a 175' X 150'  
and 6' deep with a capacity of 28,000  
bbls.



Standard reserve pit. All Reserve pits are double  
Horse shoe size varies with depth of well

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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 <b>WILDCAT BONE SPRING</b>
Property Code	Property Name <b>CAPER "BFE" FEDERAL</b>	Well Number <b>16</b>
OGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORPORATION</b>	Elevation <b>3628</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	21S	32E		330	SOUTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

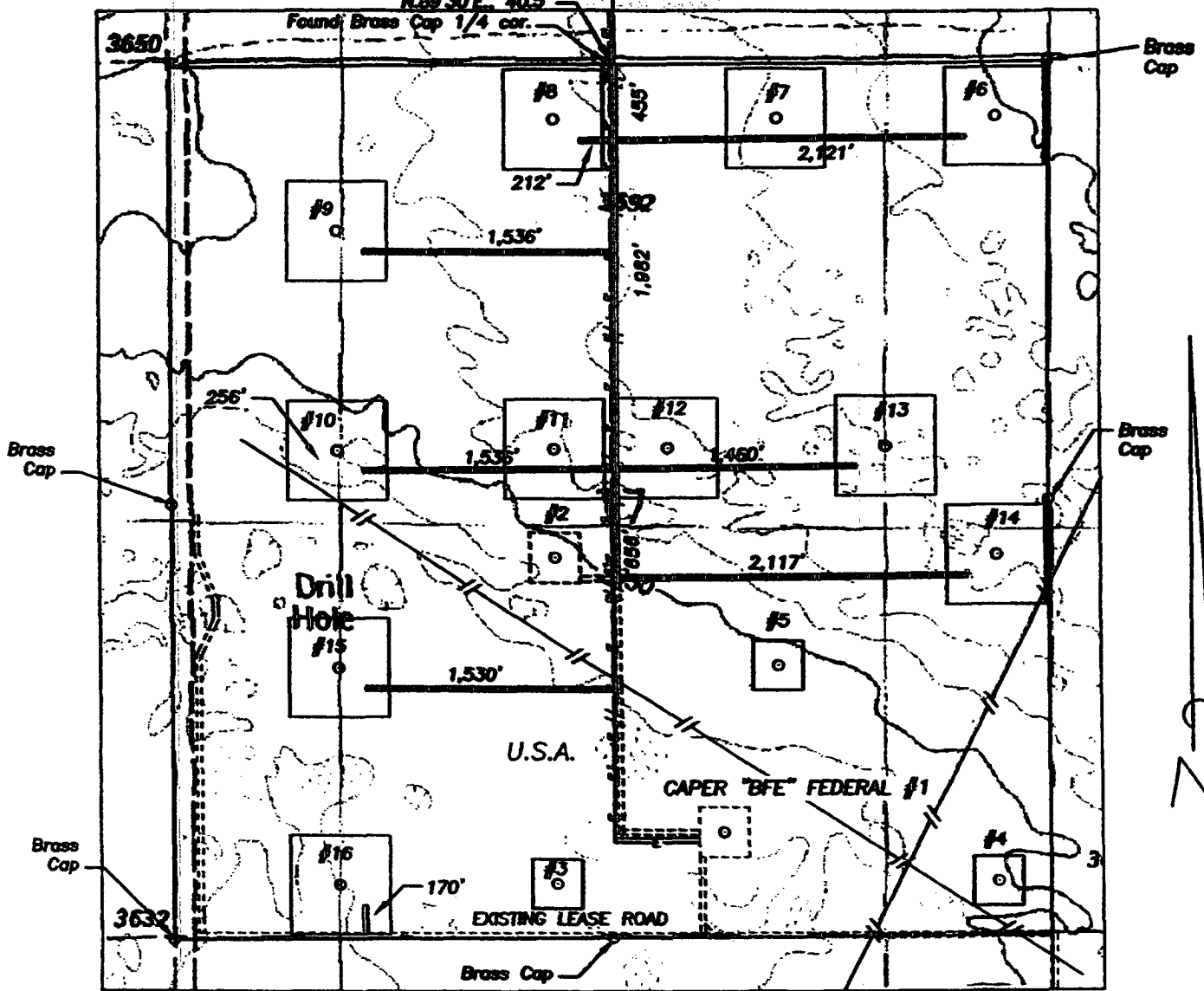
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.						

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	<p>N.32°28'20.3" W.103°42'08.0" N.536135.9 E.735964.9 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i></p> <p>Signature Clifton R. May</p> <p>Printed Name Regulatory Agent</p> <p>Title 3/3/2006</p> <p>Date</p>	
		<p><b>SURVEYOR CERTIFICATION</b></p> <p>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>3/09/2006</p> <p>Date Surveyed</p>	
		<p>Signature &amp; Seal of Professional Surveyor</p> <p><i>Herschel Jones</i></p> <p>Herschel Jones Professional Surveyor NEW MEXICO 3640</p>	
		<p>Certificate No. Herschel Jones RLS 3640 CAPER FEDERAL OIL PROSERVING COMPANY GENERAL OIL PROSERVING COMPANY</p>	

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

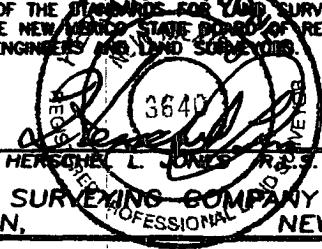
SECTION 17, TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM, LEA COUNTY, NEW MEXICO.



NOTE: FLOW LINES AND POWER LINES WILL BE CONSTRUCTED ALONG THE SIDES OF THE LEASE ROADS AS SHOWN IN RED ON THIS PLAT.

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, POWER LINE AND FLOW LINES TO ACCESS THE YATES CAPER "BFE" FEDERAL #6, 7, 8, 9, 10, 11, 12, 13, 14, 15, & 16 WELLS, LOCATED IN SECTION 17, TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM, LEA COUNTY, NEW MEXICO.

Survey Date: 3/07-09/2006	Sheet 1 of 1 Sheets
Drawn By: Ed Blavins	W.O. Number
Date: 3/09/06	Scale 1" = 1000' CAPER WELL



**YATES PETROLEUM CORPORATION**

**Caper BFE Federal #16**

330' FSL and 990' FWL

Section 17-T21S-R32E

Lea County, New Mexico

1. The estimated tops of geologic markers are as follows:
- |                 |       |               |       |
|-----------------|-------|---------------|-------|
| Rustler         | 1028' | Brushy Canyon | 6703' |
| Top of the Salt | 1114' | Bone Spring   | 8463' |
| Base of Salt    | 4180' | TD            | 8750' |
| Bell Canyon     | 4482' |               |       |
| Cherry Canyon   | 5396' |               |       |
2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 200'to 500'  
Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8' casing and the 8 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>
17.5"	13.375"	48#	H-40	ST&C	0-1050'	1050'
11.0"	8.625"	32#	J-55	ST&C	0-100'	100'
11.0"	8.625"	24#	J-55	ST&C	100-2100'	2000'
11.0"	8.625"	32#	J-55	ST&C	2100-4250'	2150'
7.875"	5.5"	17#	L-80	LT&C	0-100'	100'
7.875"	5.5"	15.5#	J-55	LT&C	100-7500'	7400'
7.875"	5.5"	17#	J-55	LT&C	7500-8750'	1250'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 3,000 psi BOP will be nipped up on the 13 3/8" and the 8 5/8" casing and tested to 3000 psi .

B. CEMENTING PROGRAM:



Caper BFE Federal #16

Surface Casing: Cement with 750 sx C Lite (YLD 1.98 WT 12.5). Tail in with 200 sx class "C" (YLD 1.34 WT 14.8).

Intermediate Casing: 1100 sx HallitePPSBM (YLD 1.98 WT 12.5) and tail in with 200 sx (YLD 1.34 WT 14.8)

Production Casing: Stage I: 925 sx super H (YLD 1.72 WT 13). TOC 4200'.  
Stage II: 600 sx interfill C (YLD 2.41 WT 11.9). Tail in with 100 sx Premium Plus (YLD 1.34 WT 14.8). Cement Circulated.

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	8.4-9.2	32-34	N/C
1050'-4250'	Brine	10-10.2	28	N/C
4250'-TD	FW	8.4-8.5	28	N/C

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. Rig personnel will check mud hourly.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.  
Logging: Platform Express; CMR  
Coring: None  
DST's: As warranted

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

Anticipated BHP:		
From: 0	TO: 1050'	Anticipated Max. BHP: 500 PSI
From: 500'	TO: 4200'	Anticipated Max. BHP: 2255 PSI
From: 4200'	TO: 8650'	Anticipated Max. BHP: 3870 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 158 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 40 days to drill the well with completion taking another 40 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**YATES PETROLEUM CORPORATION**  
**Caper BFE Federal #16**  
330' FSL & 990' FWL  
Section 17-T21S-R32E  
Lea 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 well site is located approximately 37 miles northeast of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

From downtown Carlsbad, NM at the light at the intersection of 285 & 62/180 turn east. Stay on 62/180 for approximately 28.8 miles to Halfway Watering Hole. Continue east for approx. 0.7 of a mile to Campbell Road. Turn south and go approx. 8.4 miles and turn left (east) on lease road. Go east 0.6 of a mile and the road turns north. Go north 0.5 of a mile and turn east. Go east approx. 1.3 miles to a crossroads. Turn north and go approx. 2.3 miles and the road turns west. Go west approx. 0.8 of a mile. The new road will start here and go north for approx. 170' to the southeast corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 170' in length from the point of origin to the southeast corner of the drilling pad.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on both sides. No traffic turnout will be needed.
- D. The route of the road is visible.
- E. 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 well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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 flow line will go to the tank battery on the Caper #1 pad following the road. Electric power will come off the existing overhead power line.

**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:**

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required. They may use a pit located in the W/2 of Section 33-T21S-R32E. Some of the caliche may be gotten from building the reserve pit.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the reserve pits.
- B. The reserve pits will be constructed and reclamation done according to NMOCD guidelines.
- C. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. 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, and the location of the drilling equipment, rig orientation and access road approach. Note: Pits to North.
- B. The reserve pits will be lined with 12 mil plastic.
- C. A 600' x 600' 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. The pits will be constructed and reclaimed under the guidelines of NMOCD Rule 50.

If the proposed well is plugged and abandoned, 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.

11. SURFACE OWNERSHIP:

The well is on Federal Lands administered by the BLM. The BLM grazee is Dan Berry.

12. OTHER INFORMATION:

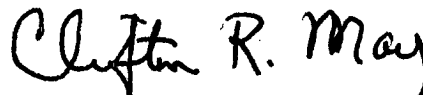
- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

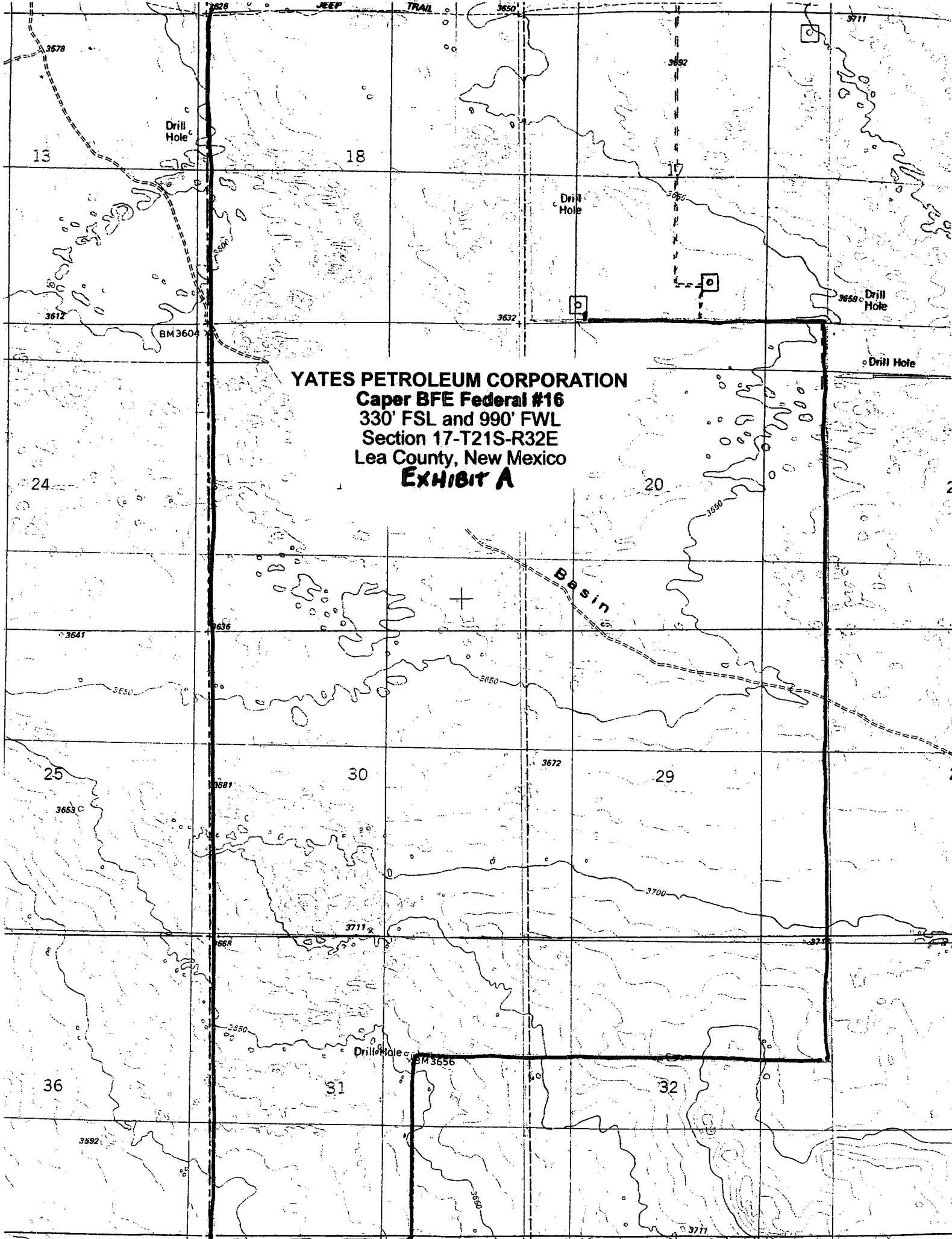
- |  |   |
|--|---|
| A. Through A.P.D. Approval:<br>Clifton R. May, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 |
|--|---|

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 Petroleum Corporation 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.



Clifton R. May, Regulatory Agent



**YATES PETROLEUM CORPORATION**  
**Caper BFE Federal #16**  
**330' FSL and 990' FWL**  
**Section 17-T21S-R32E**  
**Lea County, New Mexico**  
**EXHIBIT A**

Basin

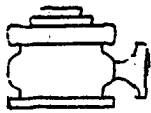
Drill Hole

Drill Hole

Drill Hole

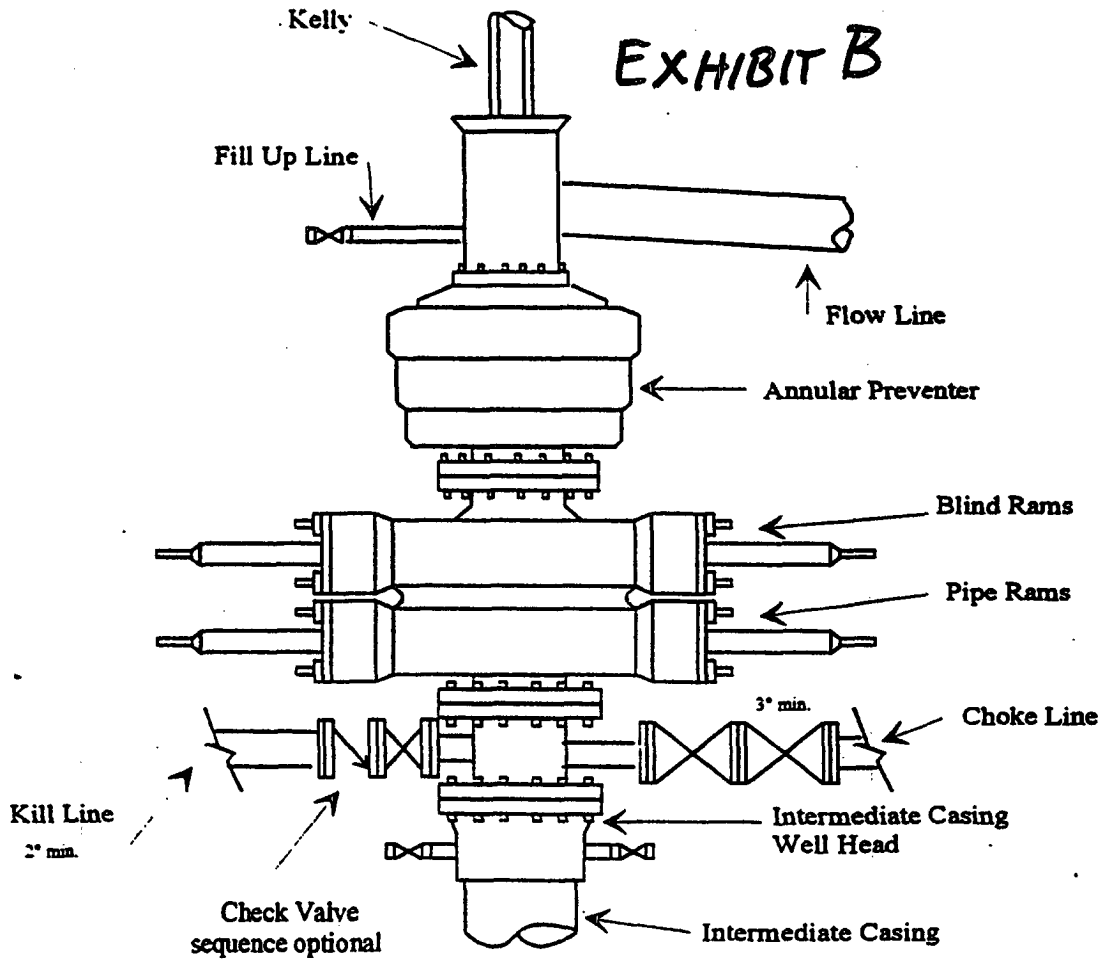
Drill Hole

Drill Hole

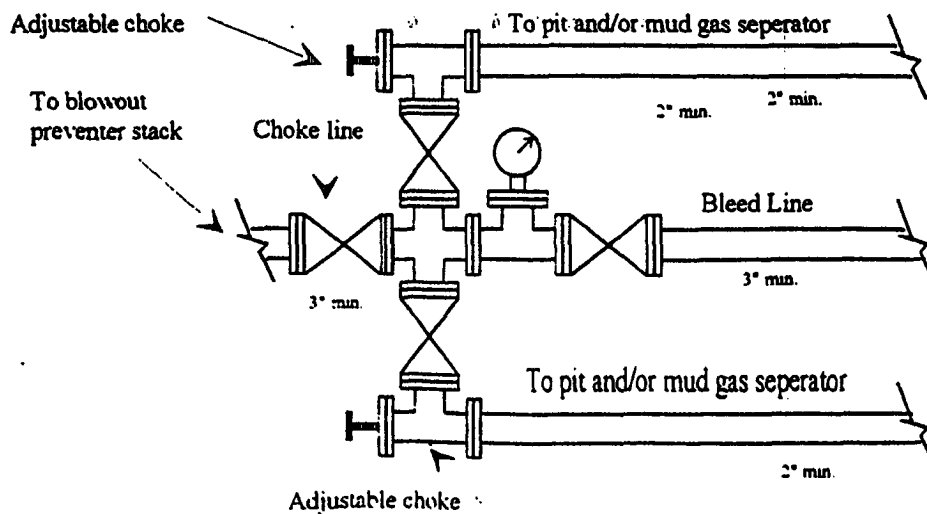


**Yates Petroleum Corporation**  
Typical 3,000 psi Pressure System  
Schematic  
Annular with Double Ram Preventer Stack

BOP-3

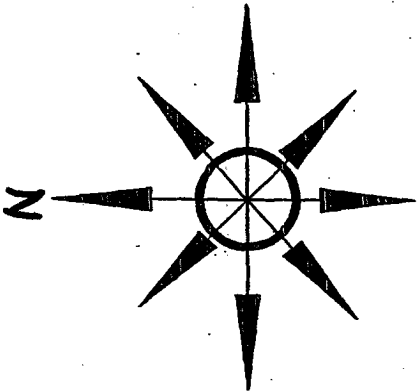


Typical 3,000 psi choke manifold assembly with at least these minimum features

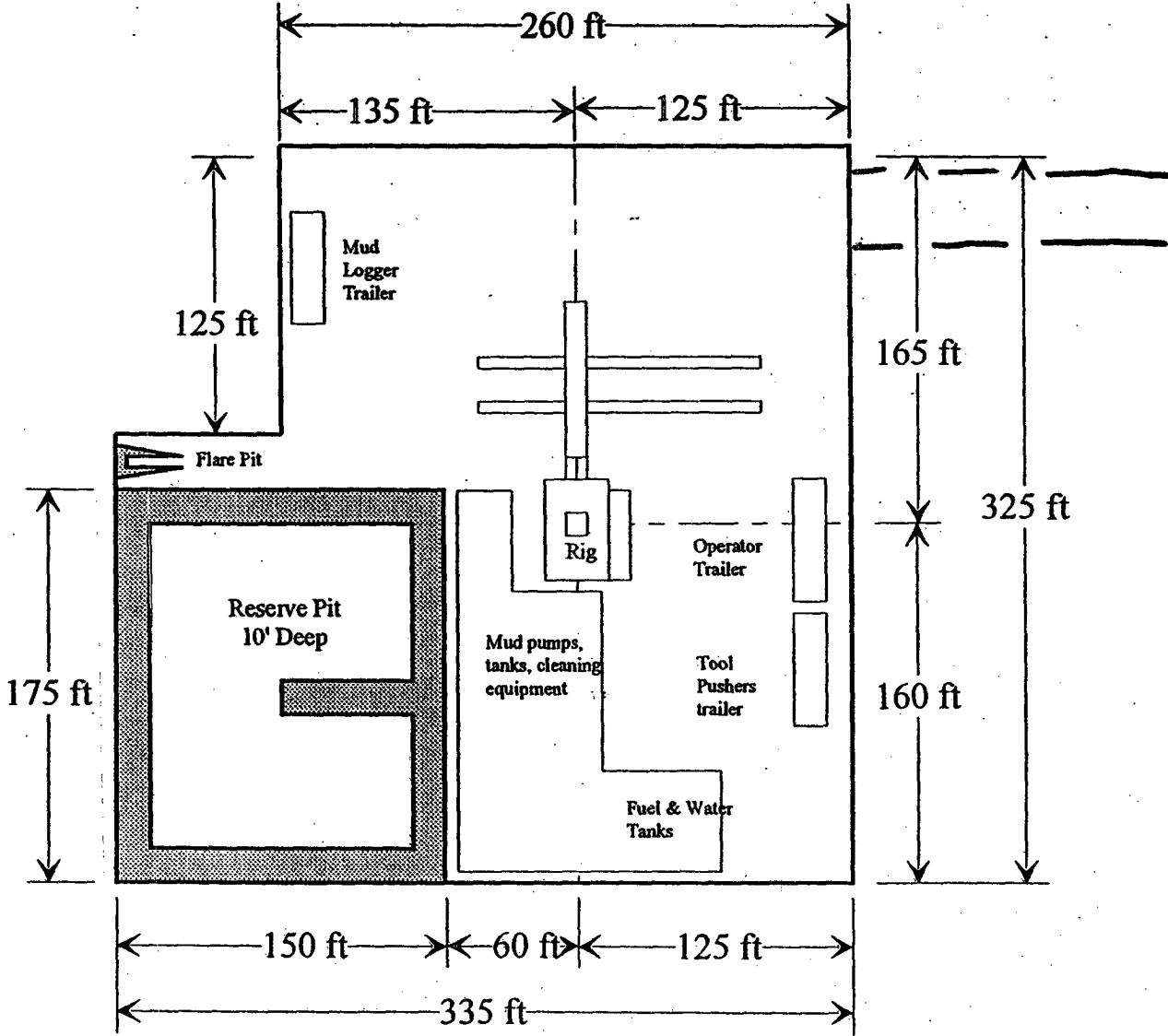


# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'



## EXHIBIT C



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum





## CONDITIONS OF APPROVAL - DRILLING

Well Name & No.      **16 – CAPER BFE FEDERAL**  
Operator's Name:     **YATES PETROLEUM CORP**  
Location:             **330' FSL & 990' FWL – SEC 17 – T21S – R32E – LEA COUNTY**  
Lease:                 **NM-94095**

.....  
**I. DRILLING OPERATIONS REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch

C. BOP tests

2 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing ( size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

5. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

### **II. CASING:**

1. The 13-3/8 inch surface casing shall be set at 1050 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 8-5/8 inch salt protection casing is **circulate cement to the surface.**

3. The minimum required fill of cement behind the 5-1/2 inch production casing is **circulate cement to the surface.**

4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

### **III. PRESSURE CONTROL:**

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.