

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NM Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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

APPLICATION FOR PERMIT TO DRILL

1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM32167
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. 32049
Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		8. Lease Name and Well No. SPRING DEEP FEDERAL 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 63022
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNE 660FNL 1980FEL At proposed prod. zone NWNE 660FNL 1980FEL LOT 2		10. Field and Pool, or Exploratory WILDCAT PRECAMBRIAN
14. Distance in miles and direction from nearest town or post office* APPROX. 46 MILES NE OF ROSWELL, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 5 T6S R26E Mer NMP
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 Lease 2003	12. County or Parish CHAVES
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 5504 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3692 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well 170.60
		20. BLM/BIA Bond No. on file
		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 officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) PATRICIA PEREZ Ph: 505.748.4376	Date 01/10/2003
Title REGULATORY AGENT		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) ARMANDO A LOPEZ	Date 02/25/2003
Title ACTING ASST FIELD MANAGER		
Office Roswell		

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 #17542 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Roswell
Committed to AFMSS for processing by Armando Lopez on 01/10/2003 (03AL0110AE)**

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Pecos Slope Abo
⁴ Property Code	⁵ Property Name Spring Deep Federal	⁶ Well Number 4
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3692'

¹⁰ Surface Location

UL or lot no. B	Section 5	Township 6S	Range 26E	Lot Ida	Feet from the 660	North/South line North	Feet from the 1980	East/West line East	County Chaves
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

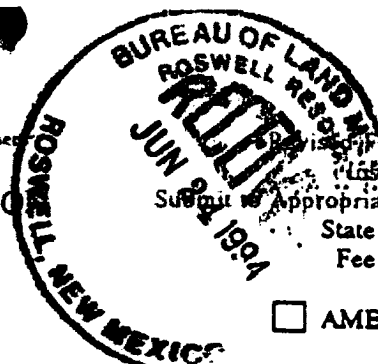
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	NM-32167	660'	1980'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Pat Perez</i> Signature Regulatory Agent Title 1/10/2003 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:
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088



February
Instructions
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code A60	Pool Name PECOS SLOPE A60
Property Code	Property Name SPRING FEDERAL	Well Number 4
GRID No.	Operator Name YATES PETROLEUM CORPORATION	Elevation 3692

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	5	6 S	26E		660	North	1980	East	Chaves

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 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

16	

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
Printed Name CLIFTON R. MAY
Title PERMIT AGENT
Date 6-24-94

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.

Date of Survey 4/01/94
Signature and Seal of the Surveyor
Certificate Number 36607

YATES PETROLEUM CORPORATION
Spring Deep Federal #4 (Re-Entry)
 660' FNL and 1980' FEL
 Section 5-T6S-R26E
 Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well that was originally drilled in 1994 to a TD of 4,300'. It was plugged and abandoned 10/24/94. Yates will clean out the 9 5/8" casing to the plug at 885'. The 9 5/8" casing will be pressure tested and repaired if needed. A drilling rig will then drill out the 9 5/8" casing plug and the open hole plugs. The well will then be deepened to a new TD of 5,504'. A new suite of open hole logs will be run and evaluated. If warranted, a 5 1/2" (15.5#J-55) casing string will be run and cemented w/600 sx PVL (YLD 1.34 WT 13.0). TOC will be 3,200'. The mud system will be 9.3-10.2 ppg salt gel/starch with 38-50 vis adjusted as needed for hole conditions. A 2000# BOPE will be installed on 9 5/8" casing.

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

Abo	3708'	George Zone	5135'
Wolfcamp	4395'	Strawn	5195'
Spear Zone	4725'	Basement	5355'
Cisco	4980'	TD	5504'

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

Water: 250'-350'
 Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 9 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>	<u>Length</u>
12 1/4"	9 5/8"	36#	J-55	ST&C	N/A	In Place
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5504'	5504'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 2,000 psi BOP will be nipped up on the 8 5/8" casing and tested to 1000 psi. YPC requests 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 company to do the testing. Also, the bottom hole pressure in this field is proven to be near 2200 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1100 psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

Spring Deep Federal #4 (Re-Entry)

Page 2

B. CEMENTING PROGRAM:

All Casing strings are set and in place.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-TD	Salt Gel/Starch	9.3-10.2	38-50	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. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.

Logging: Platform Express, CNL/LDT W/NGT to TD to surface casing, w/ GR/CNL TD to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI TD - top of Wolfcamp.

Coring: Sidewall

DST's: None

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

Anticipated BHP:

From: 0	TO: 1000'	Anticipated Max. BHP: 400 PSI
From: 1000'	TO: 5504'	Anticipated Max. BHP: 2800 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 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Spring Deep Federal #4 (Re-Entry)
660' FNL and 1980' FEL
Section 5-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 well site is located approximately 46 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Roswell, NM on Hwy 285 to Cottonwood Road. Turn right on Cottonwood and drive to Roosevelt Road (approx. 14 miles). Turn left (north) and drive for approximately 4.5 miles (just before cattle guard). Turn right (east) on lease road and drive approx. 1 mile where the road starts here and follow fence to the NW corner of the location.

2. PLANNED ACCESS ROAD:

- A. This is an existing road approximately 1700' in length lying in an easterly direction.
- B. The road is 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The road will be bladed with drainage on both sides. No traffic turnout will be built.
- 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 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.

Spring Deep Federal #4 (Re-Entry)
Page 2

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, possibly in Roswell, 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 which may be required.

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. Note: Pits to East Southeast.
- 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.

Spring Deep Federal #4 (Re-Entry)
Page 3

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, and historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

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

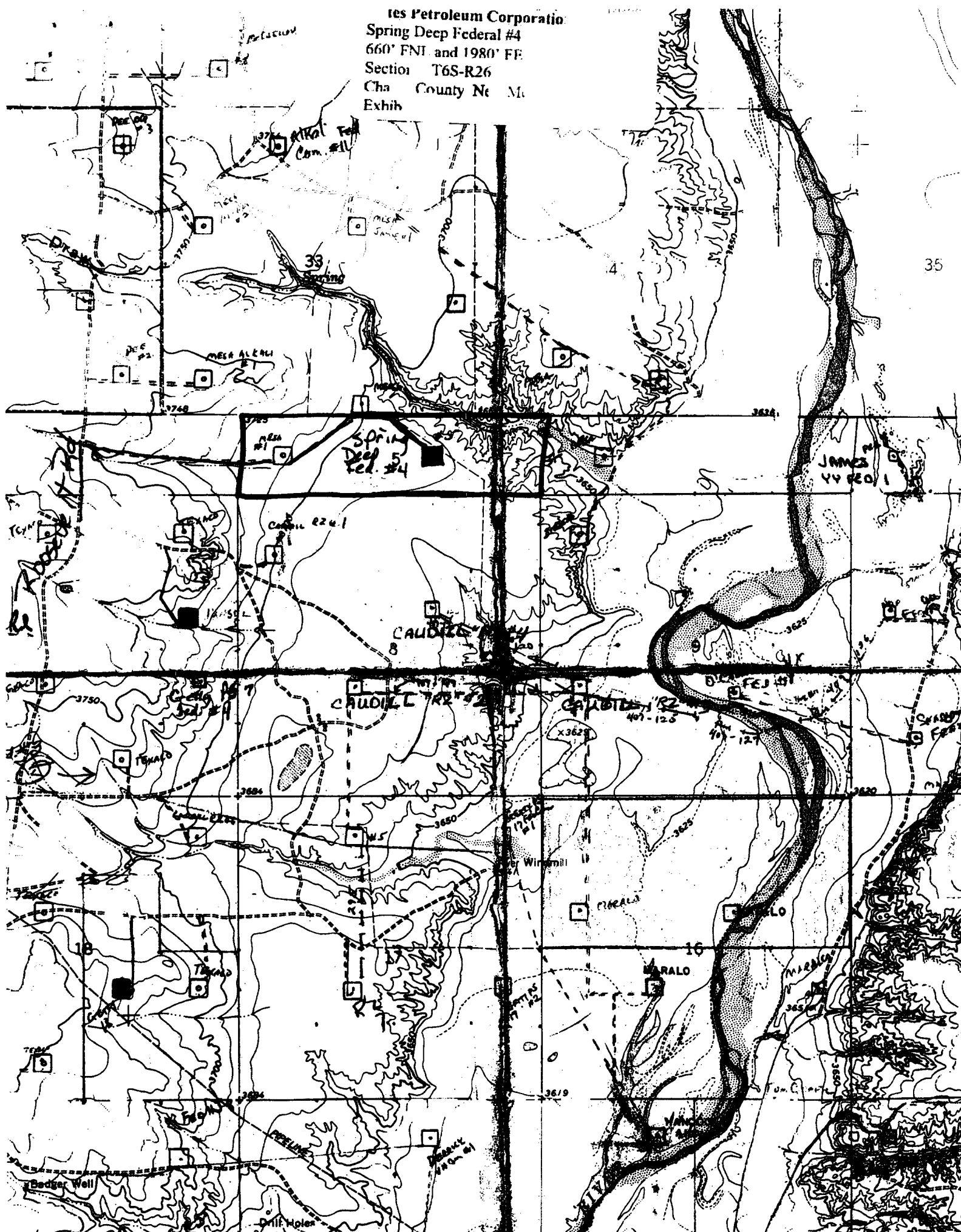
14. CERTIFICATION:

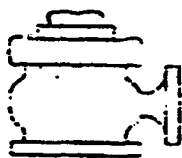
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

1/10/2003


Regulatory Agent

tes Petroleum Corporation
Spring Deep Federal #4
660' FNI and 1980' FE
Section T6S-R26
Cha County Ne Mo
Exhib



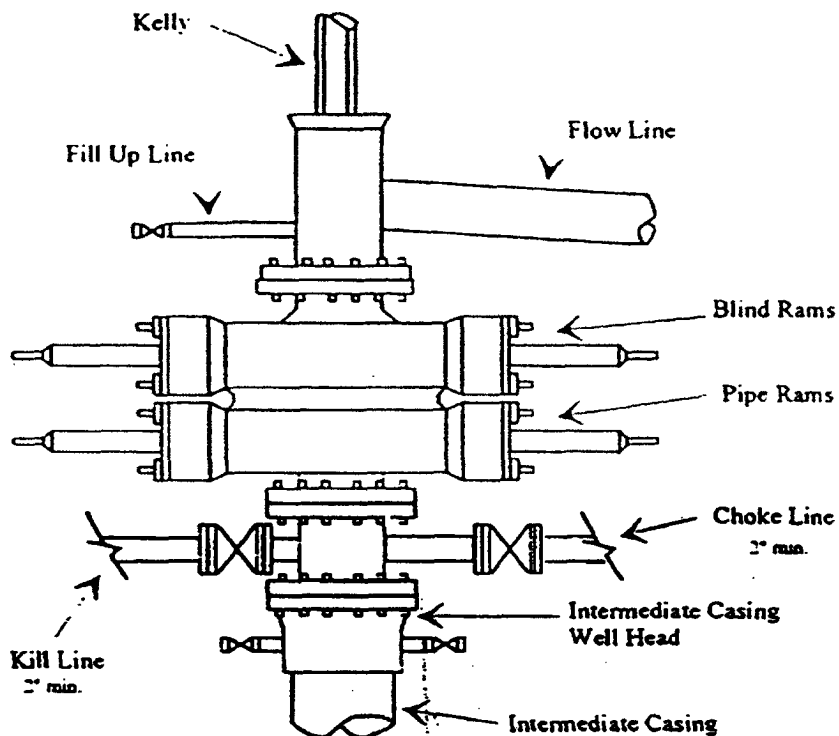


Yates Petroleum Corporation

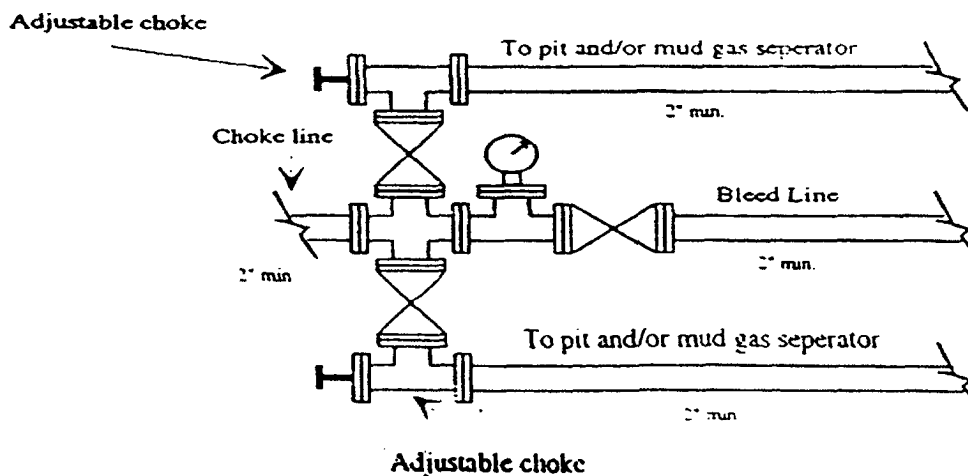
BOP-2

Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack



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



Yates Petroleum Corporation
Spring Deep Federal #4
660' FNL and 1980' FBL
Section 5-T6S-R26E
Chaves County, New Mexico
Exhibit "B"

Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation

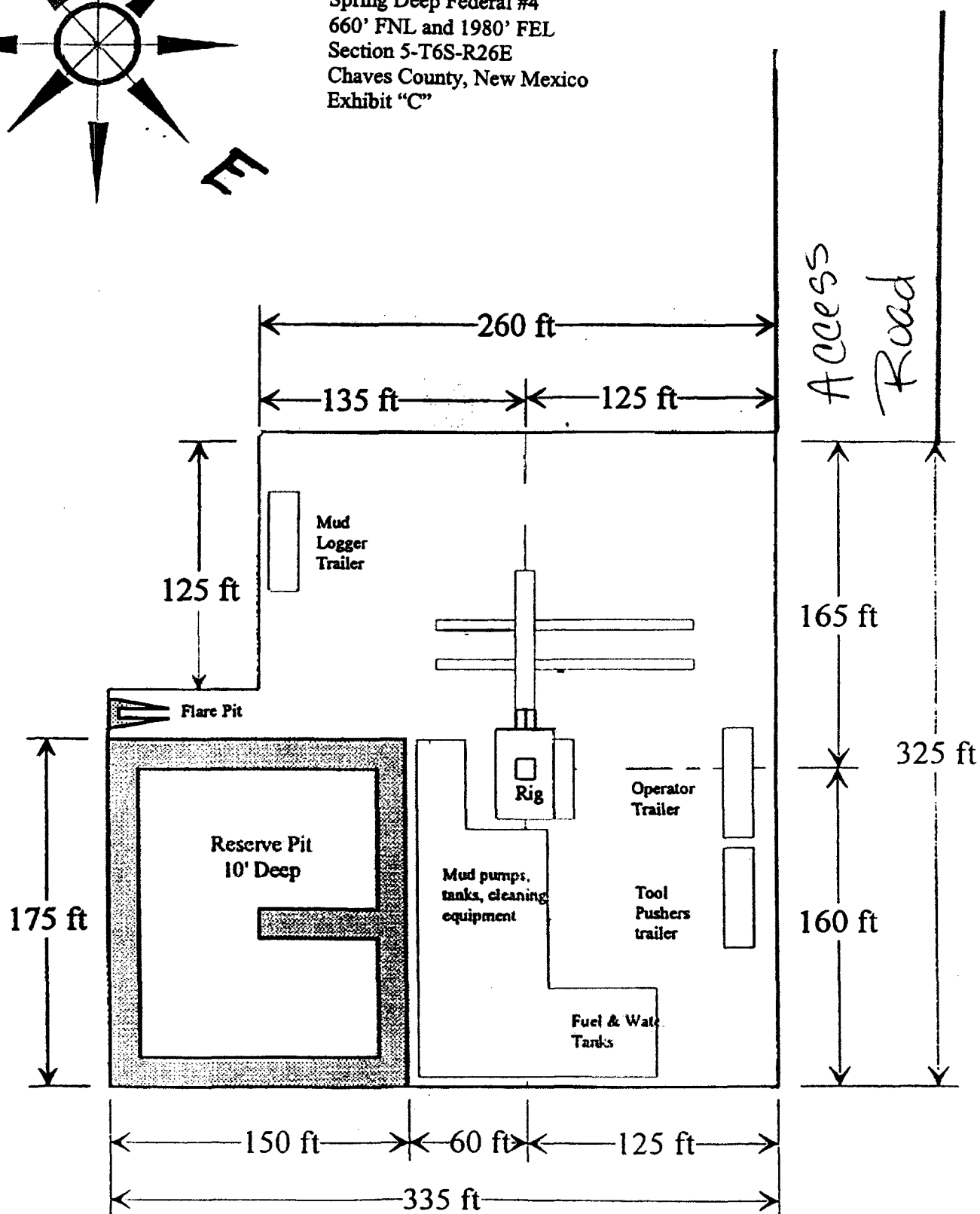
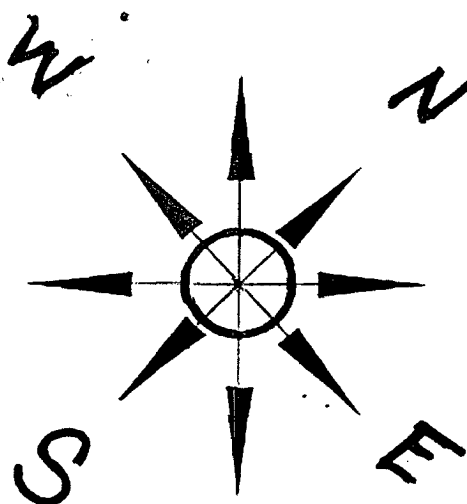
Spring Deep Federal #4

660' FNL and 1980' FEL

Section 5-T6S-R26E

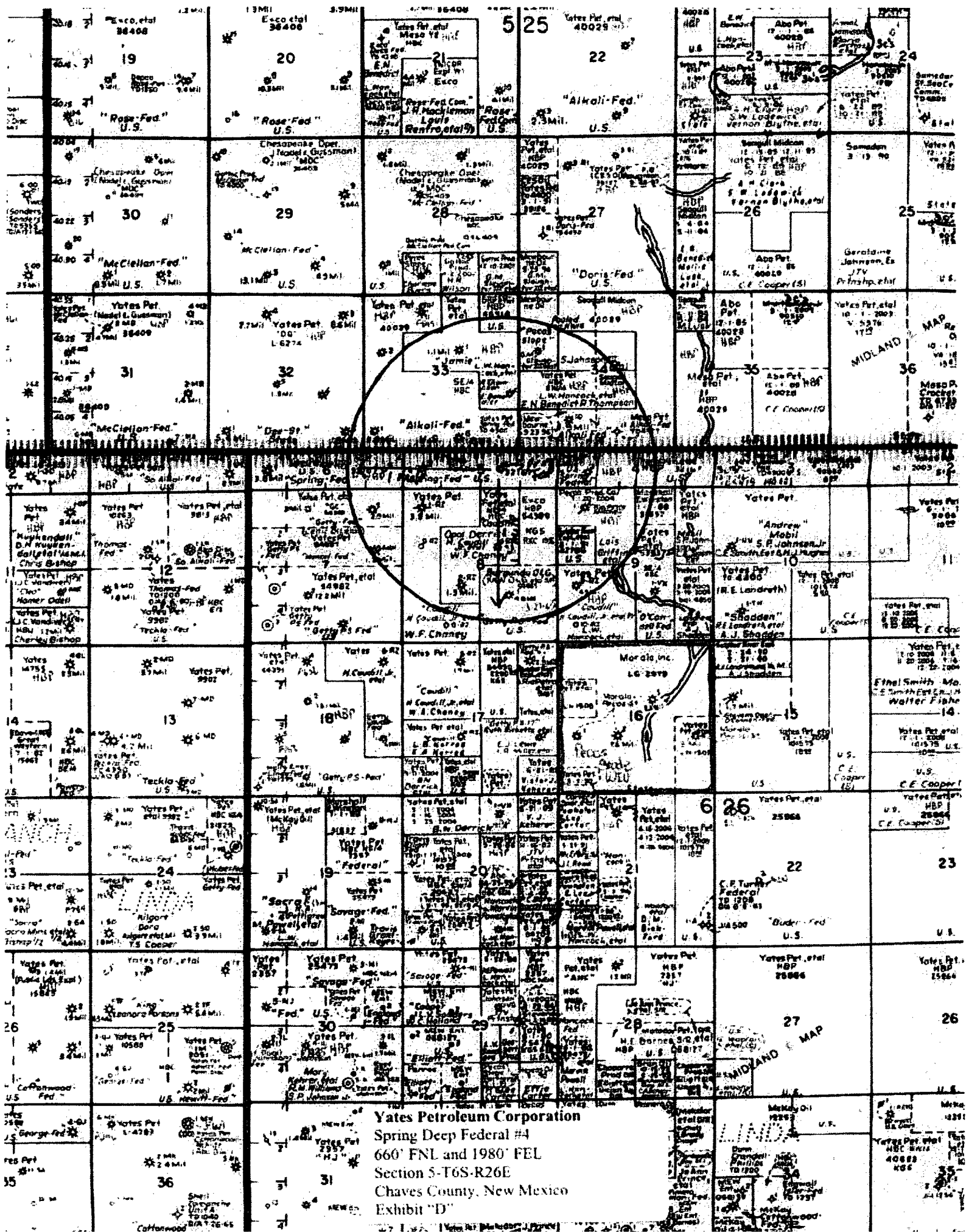
Chaves County, New Mexico

Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



Yates Petroleum Corporation
Spring Deep Federal #4
660' FNL and 1980' FEL
Section 5-T6S-R26E
Chaves County, New Mexico
Exhibit "D"