

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

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APR 26 2004

ROSWELL ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

0

OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-28171

6. If Indian, Allottee or Tribe Name

Not Applicable

7. If Unit or CA Agreement, Name and No.

Not Applicable

8. Lease Name and Well No.

Spear OA Federal Com. #8

9. API Well No.

30-005-63668

10. Field and Pool, or Exploratory

Undesignated Foor Ranch

11. Sec. T., R., M., or Blk. and Survey or Area

Pre-Permian

Section 15, T9S-R26E

12. County or Parish

Chaves County

13. State

NM

1a. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street

Artesia, New Mexico 88210

3b. Phone No. (include area code)

(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 660' FNL and 1980' FEL, Unit B

At proposed prod. Zone same as above

14. Distance in miles and direction from nearest town or post office*

Approximately twenty (20) miles northeast of Roswell, New Mexico

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

16. No. of Acres in lease

1399.95

17. Spacing Unit dedicated to this well

320 acres - E/2

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

19. Proposed Depth

6450'

20. BLM/BIA Bond No. on file

NM-2811

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

3802' GL

22. Approximate date work will start*

ASAP

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.

2. 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).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

Name (Printed/Typed)

Date

Robert Asher

3/23/04

email: debbiec@ypcnm.com

Title: Regulatory Agent/Land Department

Approved by (Signature)

(Orig. Sgd.)

Jerry Dutchover

Name (Printed/Typed)

(Orig. Sgd.)

Jerry Dutchover

Date

APR 23 2004

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

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)

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES

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 Undesignated Foor Ranch
⁴ Property Code	⁵ Property Name Spear OA Federal Com.	⁶ Well Number 8
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3802'

¹⁰ Surface Location

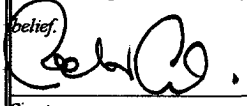
UL or lot no. B	Section 15	Township 9S	Range 26E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line East	County Chaves
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320 E/2	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		NM-28171 660'	NM-27791 1980'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert Asher Printed Name Regulatory Agent Title 03/23/2004 Date	
			FEE		
		NM-27791			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 II

511 South First, Artesia, NM 88210

DISTRICT III

1000 Rib Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

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
		Undesignated Four Ranch
Property Code	Property Name	Well Number
	SPEAR "OA" FEDERAL COM.	8
GRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3802

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	15	9S	26E		660	NORTH	1980	EAST	CHAVES

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	Joint or Infill	Consolidation Code	Order No.
320			

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

			NM-27791 1980'	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Clifton R. May Printed Name Regulatory Agent Title 12/20/01 Date
			FER	
			NM-27791	

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. 12/12/2001 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Herschel E. Jones RLS 3640 SPEAR B GENERAL SURVEYING COMPANY
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YATES PETROLEUM CORPORATION
Spear "OA" Federal Com. #8
660' FNL and 1980' FEL
Section 15-T9S-R26E
Chaves County, New Mexico

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

San Andres	1000'
Glorieta	2070'
Yeso	2170'
Tubb	3605'
Abo	4370'
Wolfcamp	5120'
Cisco	5660'
Penn Clastics	5820'
Mississippian	6000'
Ordovician	6060'
Basement-Granite	6300'
TD	6450'

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	0-1100'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6450'

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 pressure is 1100 PSI. Pressure at the surface is much less. 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.

Spear "OA" Federal Com. #8
Page 2

A. CEMENTING PROGRAM:

Surface Casing: 350 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: 550 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 4000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW GEL,Paper,LCM	8.6 - 9.6	32-36	N/C
1100'-4340'	Brine	10.0 -10.2	28	N/C
4340'-6450'	Starch/Salt Gel	9.3 -10.2	32-40	<6cc

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; Long Spaced Sonic TD-SURF CSG; BHC Sonic TD-Surf Csg
FMI TD to top of Wolfcamp.

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1100'	Anticipated Max. BHP: 400 PSI
From: 1100'	TO: 6450'	Anticipated Max. BHP: 2700 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 145 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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Spear "OA" Federal Com. #8
660' FNL and 1980' FEL
Section 15-T9S-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 20 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go northeast of Roswell on Hwy 70 for approximately 14 miles to Magdalena Road. Turn right (south) and follow main road approximately 5.2 miles. Turn left on lease road. Go approx. 0.2 of a mile and turn right. Go approximately 0.9 miles and new access will go NE for approximately 0.4 mile to the SW corner of pad.

2. **PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 2100' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a north to south direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. Existing roads will be maintained in the same or better condition.
- D. Ramp over existing surface pipeline at start of new road.

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.

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:

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

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.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.
- D. The topsoil will be stockpiled at the SE corner of pad.

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.

11. SURFACE OWNERSHIP: Split Estate with surface belonging to Meredith Revocable Trust, Melrose, New Mexico. Yates has reached an agreement as to our operations to be conducted on this well.

12. OTHER INFORMATION:

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

13. OPERATOR'S REPRESENTATIVE:

- | | |
|--|---|
| A. Through A.P.D. Approval:
Robert Asher, 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:

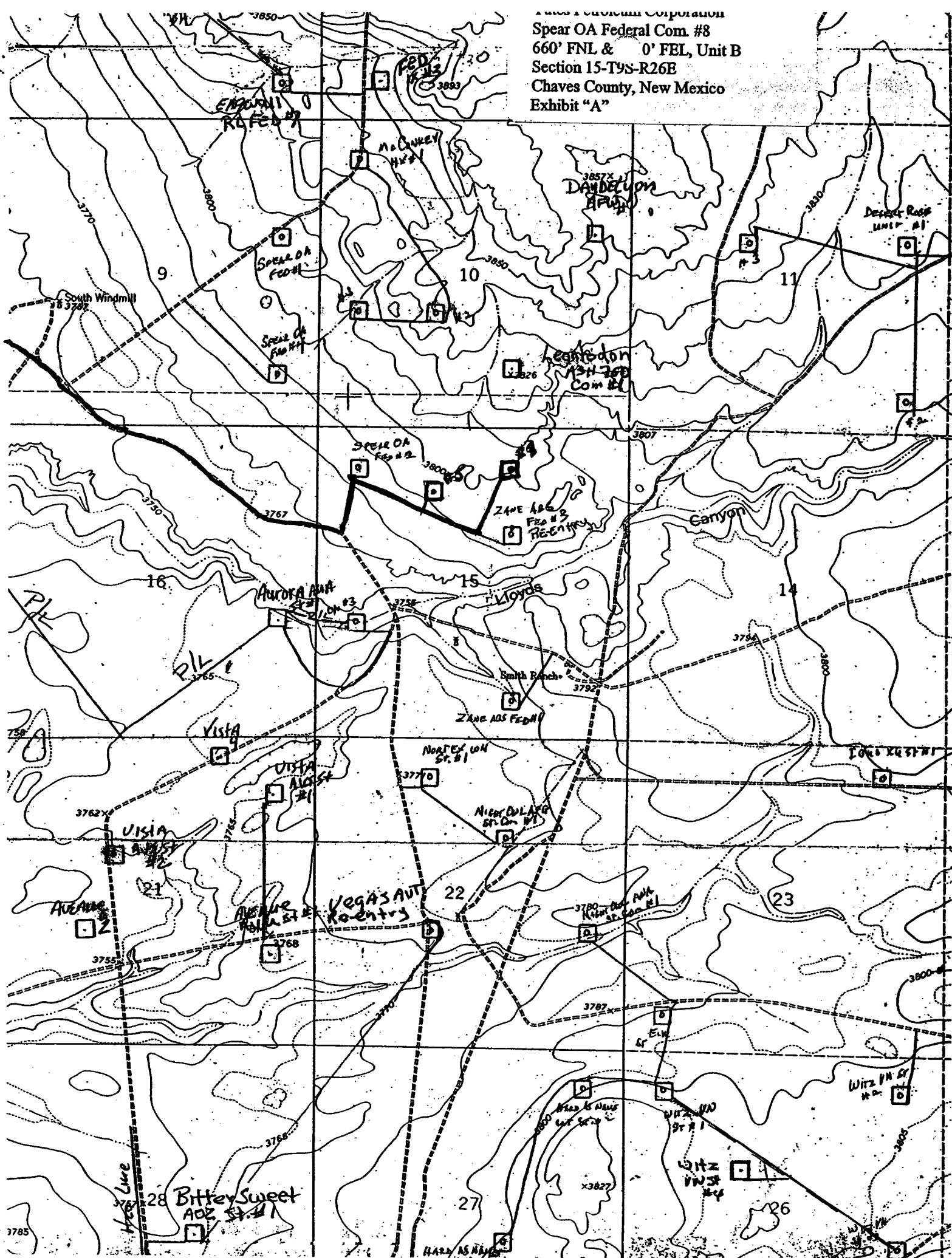
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated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

03/23/04

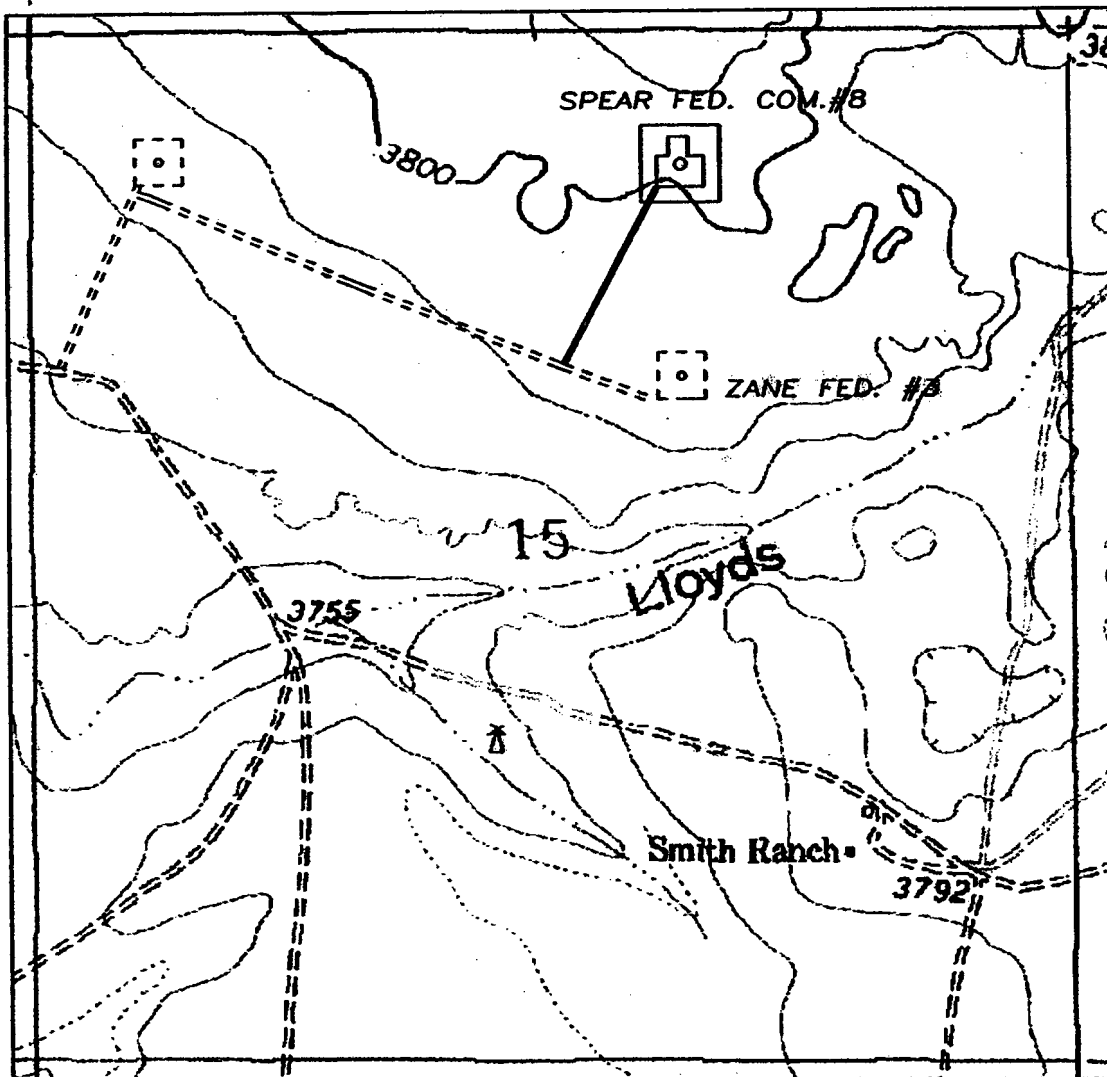


Regulatory Agent

Atlas & Calcium Corporation
Spear OA Federal Com. #8
660' FNL & 0' FEL, Unit B
Section 15-T9S-R26E
Chaves County, New Mexico
Exhibit "A"



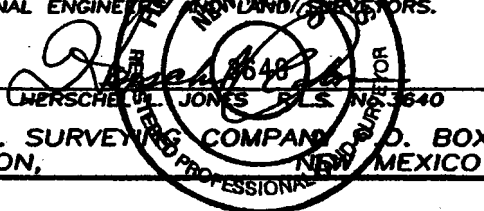
SECTION 15, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
Spear OA Federal Com. #8
660' FNL & 1980' FEL, Unit B
Section 15-T9S-R26E
Chaves County, New Mexico
Exhibit "A-1"

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.

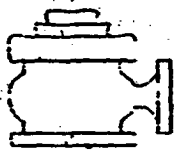


GENERAL SURVEYING COMPANY, P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES SPEAR "OA" FEDERAL COM. #8, LOCATED IN SECTION 15, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 12/12/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 12/16/01	Scale 1" = 1000' SPEAR 8

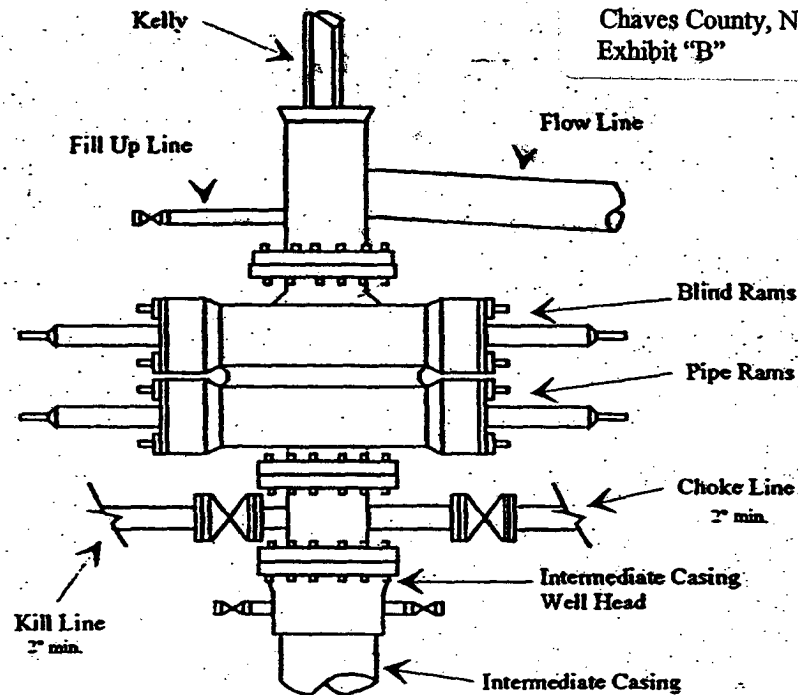


Yates Petroleum Corporation

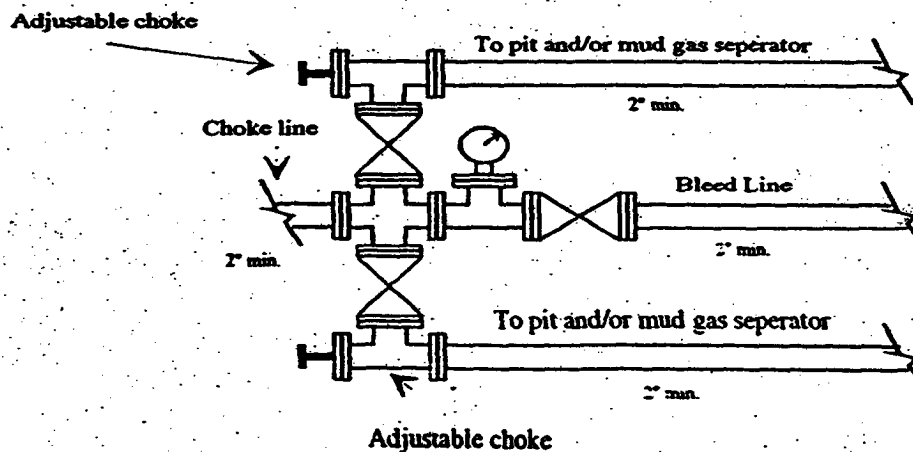
BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

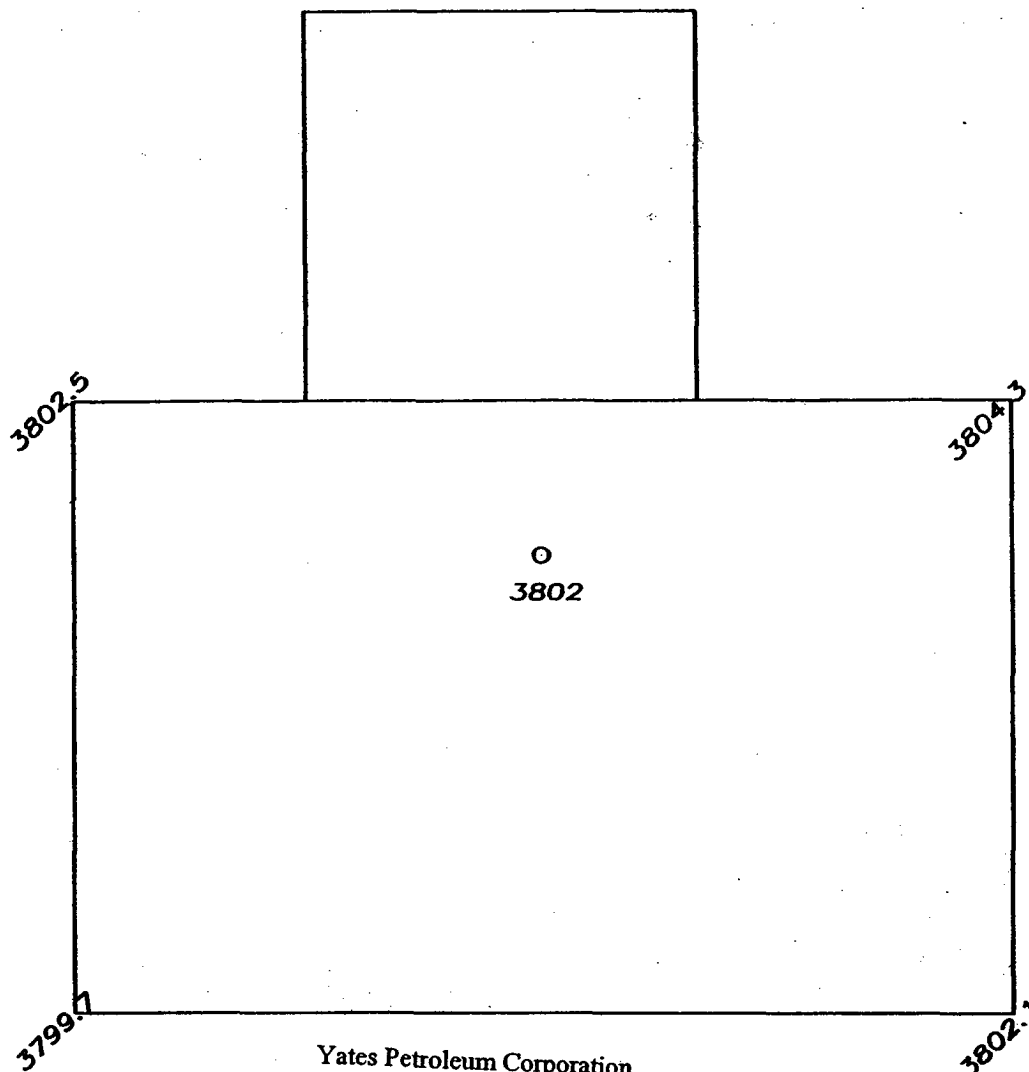
Yates Petroleum Corporation
Spear OA Federal Com. #8
660' FNL & 1980' FEL, Unit B
Section 15-T9S-R26E
Chaves County, New Mexico
Exhibit "B"



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



YATES PETROLEUM CORPORATION SPEAR "OA" FED.COM.#8, 660/N & 1980/E,
SECTION 15, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
Spear OA Federal Com. #8
660' FNL & 1980' FEL, Unit B
Section 15-T9S-R26E
Chaves County, New Mexico
Exhibit "C-1"

50' 0 50' 100'
Scale 1" = 50'

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.

HERSCHELL L. JONES, R.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES SPEAR
"OA" FEDERAL COM. #8 LOCATED 660/N AND
1980/E OF SECTION 15, TOWNSHIP 9 SOUTH,
RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW
MEXICO.

Survey Date: 12/12/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blavins	W.O. Number
Date: 12/16/01	Scale 1" = 50' SPEAR 8

Yates Petroleum Corporation
Spear OA Federal Com. #8
660' FNL & 1980' FEL, Unit B
Section 15-T9S-R26E
Chaves County, New Mexico
Exhibit "D"

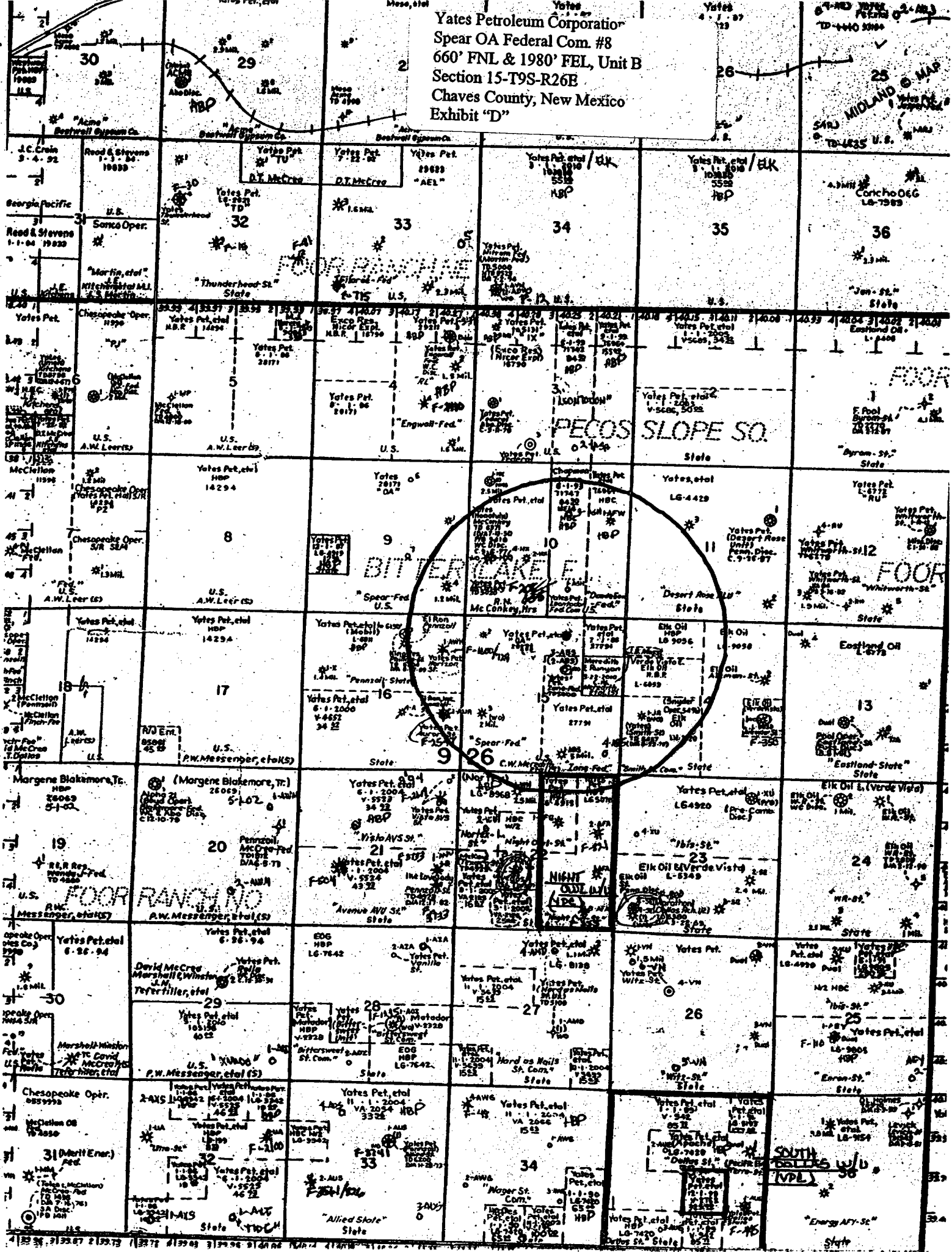


EXHIBIT A

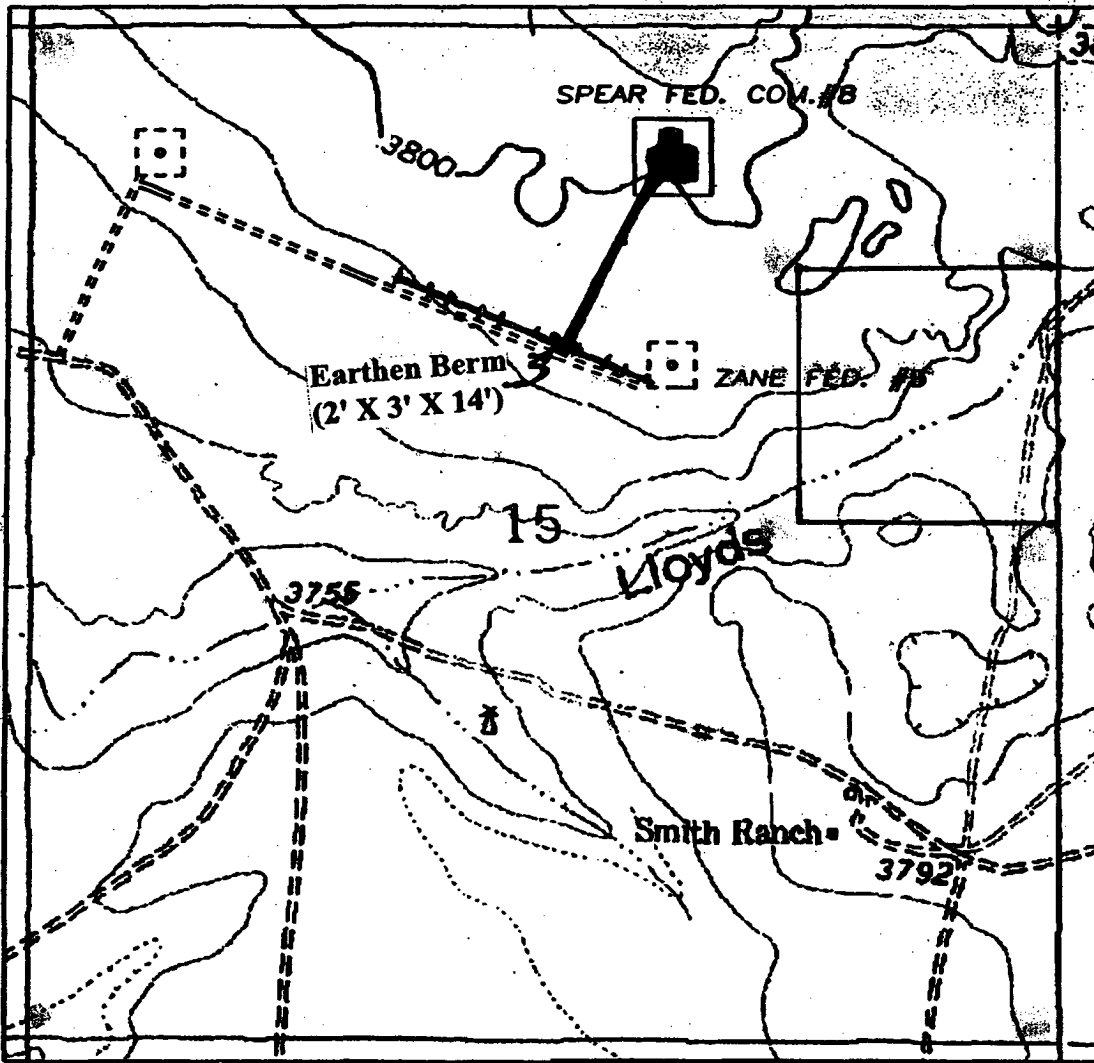
Operator: Yates Petroleum Corporation

BLM Serial Number: NM-28171

Well Name & No.: Spear "OA" Federal Com. #8

Location: Section 15, T. 9 S., R. 26 E.

660' FNL & 1980' FEL, Chaves County, N.M.



N