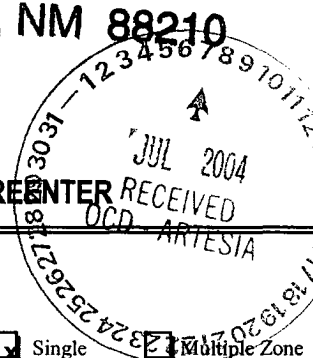


N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

0  
OMB No. 1004-0136  
Expires November 30, 2000



1a. Type of Work:  DRILL  REENTER

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

5. Lease Serial No. **NM-12687**

6. If Indian, Allottee or Tribe Name **Not Applicable**

7. If Unit or CA Agreement, Name and No. **Not Applicable**

2. Name of Operator **Undes. Four Ranch, Pre-Permian GAS**  
**Yates Petroleum Corporation**

8. Lease Name and Well No. **Gebo BEG Federal #2**

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

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

9. API Well No. **30-005-63674**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **1980' FSL and 1980' FWL, NESW**  
At proposed prod. Zone **same as above**

10. Field and Pool, or Exploratory **Precambrian**

11. Sec., T., R., M., or Blk, and Survey or Area **Section 12, T10S-R25E**

14. Distance in miles and direction from nearest town or post office\*  
**Approximately fifteen (15) miles NE of Roswell, NM**

12. County or Parish **Chaves County**

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 lease **1120.01**

17. Spacing Unit dedicated to this well **320 acres**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. **1300'**

19. Proposed Depth **5615'**

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **3764' 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- 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 office.

25. Signature Name (Printed/Typed) **Robert Asher** Date **6/17/04**

Title: **Regulatory Agent**

Approved by (Signature) Name (Printed/Typed) **LARRY D. BRAY** Date **JUL 02 2004**

Title **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)

CEMENT TO COVER ALL OIL,  
GAS AND WATER BEARING  
ZONES  
- Gloriana

**DISTRICT II**  
811 South First, Artesia, NM 88210

Instruction on back  
Submit to Appropriate District Office

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410

State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number		Pool Code	Pool Name Precambrian
Property Code	Property Name GEBO "BEG" FEDERAL		Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3764

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	12	10S	25E		1980	SOUTH	1980	WEST	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**

	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Robert Asher</i> Signature Robert Asher Printed Name Regulatory Agent Title 6/17/2004 Date</p>	
	<p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>4/21/2004 Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor <i>Herschel L. Jones</i> HERSCHEL L. JONES NEW MEXICO 8540 Certificate No. H-14342 Expires RLS 3640 GEBO GENERAL SURVEYING COMPANY GENERAL SURVEYORS COMPANY</p>	

**YATES PETROLEUM CORPORATION**  
**Gebo BEG Federal #2**  
 1980' FSL and 1980' FWL  
 Section 12, T10S-R25E  
 Chaves County, New Mexico

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

Queen	140'	Abo	4040'
Penrose	215'	Wolfcamp	4725'
Grayburg	405'	WC B Zone	4810'
San Andres	650'	Spear Zone	5075'
Glorieta	1725'	Cisco	5300'
Yeso	1860'	Strawn	5435'
Tubb	3285'	Precambrian	5465'
		TD	5615'

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

Water: 150'-300'  
 Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 9 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>
14 3/4"	9 5/8"	36#	J-55	ST&C	0- <del>000</del> 600'
8 3/4"	*7"	23#	J-55	LT&C	0-4800'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	0-5615'

\*7" casing will only be set if hole conditions dictate. If 7" casing is run, hole will be reduced to 6 1/8" and 4 1/2" production casing will be run.

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

**B. CEMENTING PROGRAM:**

Surface Casing: 750 sx Lite "C" (YLD 2.0 WT 12.5). Tail w/200 sx  
C with 2% CaCL<sub>2</sub> (YLD 1.33 WT 15.6).

Intermediate Casing: 200 sx PVL (YLD 2.0 WT 12.5). Tail in w/200 sx  
C with 2% CaCL<sub>2</sub> (YLD 1.33 WT 13.0). TOC=3550'

Production Casing: 750 sx Pecos Valley Lite (YLD 1.42 WT 13.0). TOC=3550'

**5. MUD PROGRAM AND AUXILIARY EQUIPMENT:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900'	FW Gel/Paper/LCM	8.6 - 9.6	32-34	N/C
900'-3950'	Cut Brine	9.3 - 10.2	28	N/C
3950'-5615'	Starch/Salt Gel/4-6% KCL	9.7 - 10.0	45-55	<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, surface casing to TD.

Logging: Platform Express: CNL/LDT/NGT TD-Surf csg; CNL/GR TD-Surf;  
DLL/MSFL TD - Surf csg; BHC Sonic TD-Surf csg;

Coring: None

DST's: None.

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

Anticipated BHP:

From: 0 TO: 900' Anticipated Max. BHP: 450 PSI  
From: 900' TO: 5630' Anticipated Max. BHP: 2950 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S 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 10 days to drill the well with completion taking another 20 days.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Gebo BEG Federal #2**  
1980' FSL and 1980' FWL  
Section 12, T10S-R25E  
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 wellsite is located approximately 15 miles east of Roswell, New Mexico and the access route to the location is indicated in red (new) and green (existing) on Exhibit A.

#### **DIRECTIONS:**

Drive east of Roswell on Hwy 380, approximately 8 miles to Alamo Rd. Turn left on Alamo Rd. and continue for approximately 1.9 miles to a "Y" in the road, take left fork and continue on Alamo Road for approximately 1.5 miles to a "Y" in the road, take left fork and continue for approximately 0.2 of a mile to another "Y" in the road, take right fork and continue for approximately 0.6 of a mile to the lease road staked on the left side, turn left and continue for approximately 400' to the NE corner of the location.

### **2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 400' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a east to west 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.

### **3. LOCATION OF EXISTING WELL:**

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

### **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.
- D. 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. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- 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. 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: 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, historical and cultural sites.
- B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

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

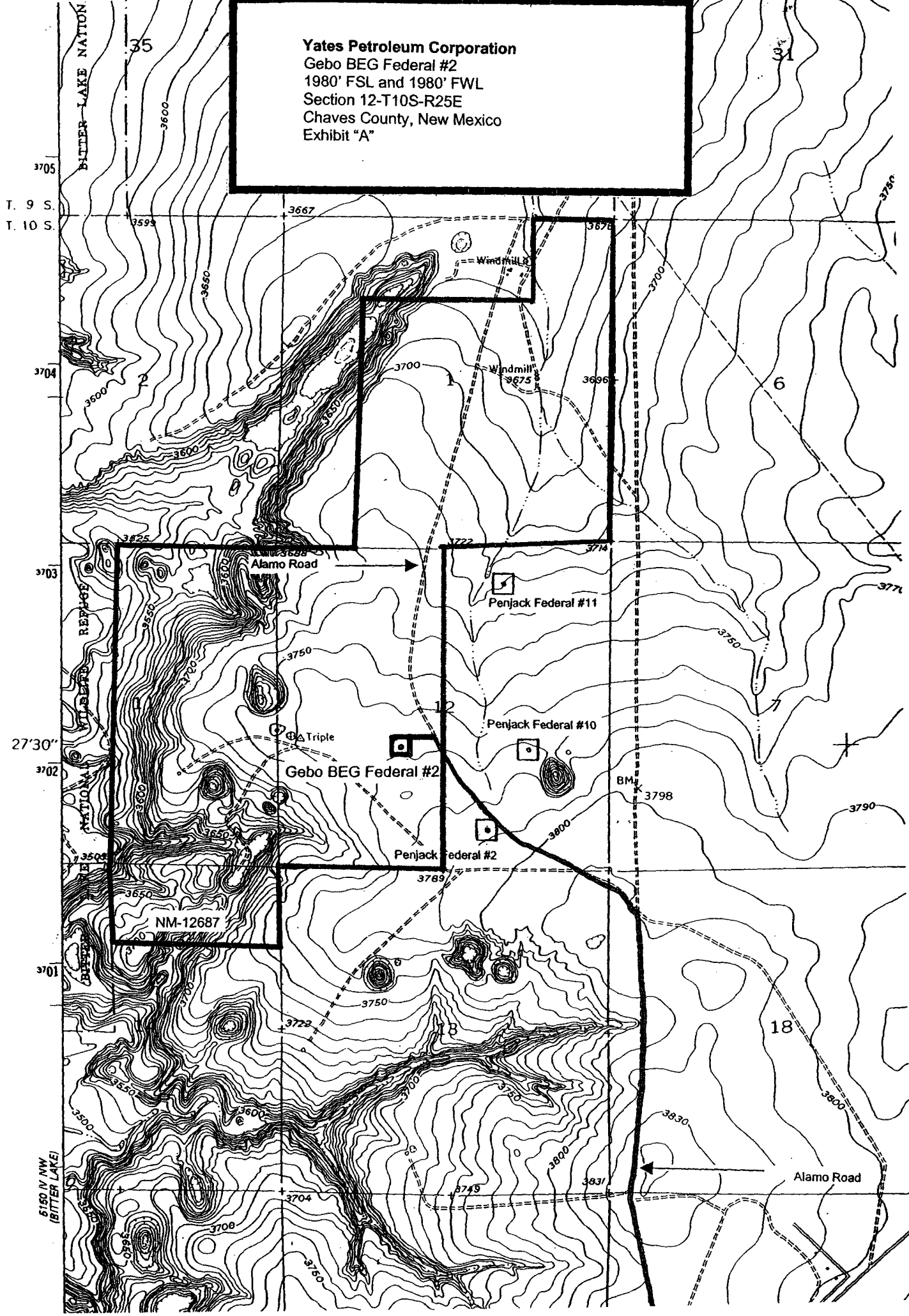
14. CERTIFICATION:

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.

6/17/2004

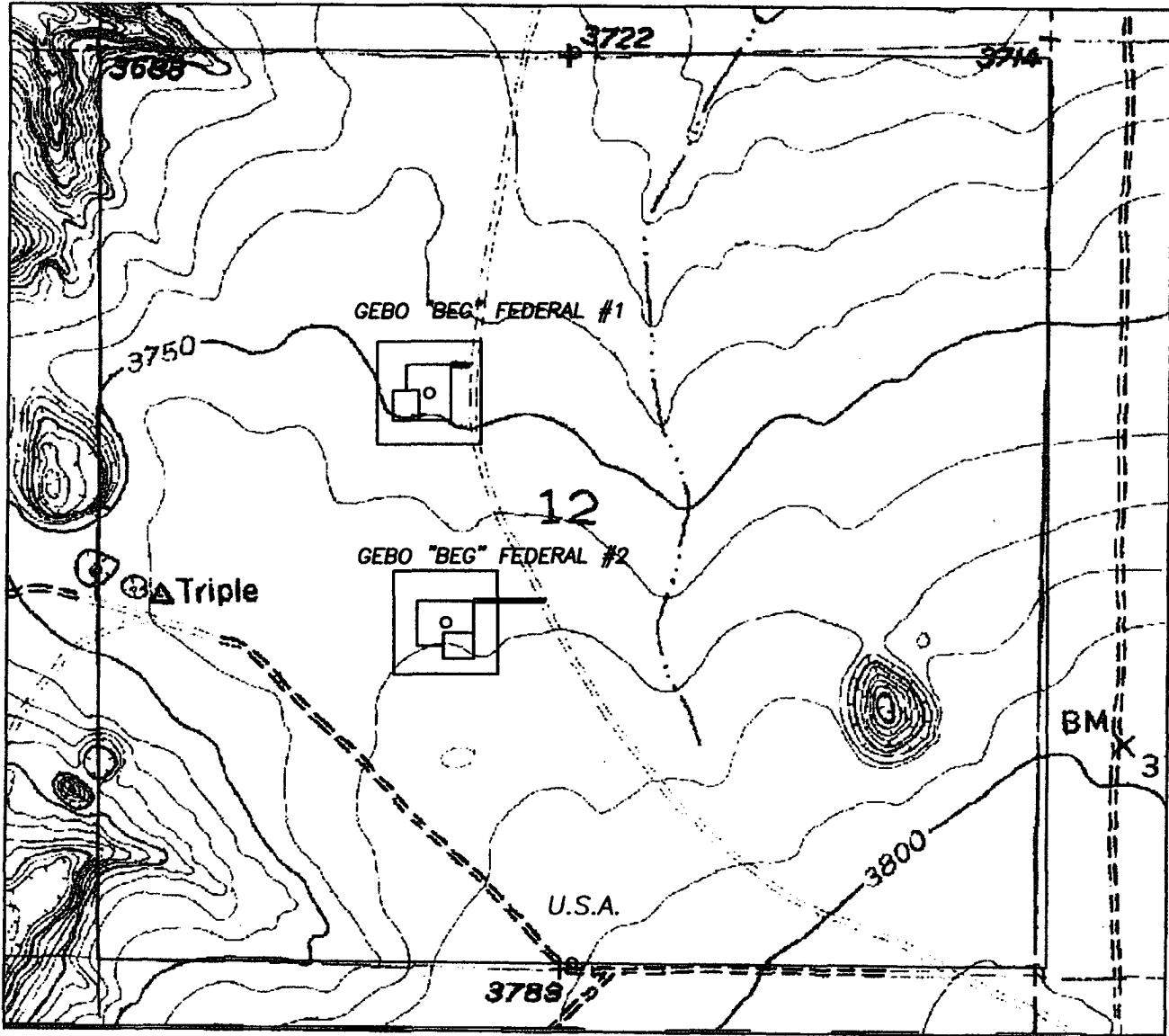
  
\_\_\_\_\_  
Regulatory Agent

**Yates Petroleum Corporation**  
Gebo BEG Federal #2  
1980' FSL and 1980' FWL  
Section 12-T10S-R25E  
Chaves County, New Mexico  
Exhibit "A"





SECTION 12, TOWNSHIP 10 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation  
 Gebo BEG Federal #2  
 1980' FSL and 1980' FWL  
 Section 12-T10S-R25E  
 Chaves County, New Mexico  
 Exhibit "A-1"

1000' 0 1000' 2000'  
 Scale 1" = 1000'

THE PREPARATION OF THIS PLAN AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAN 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.

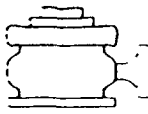
3648  
 HERSHEL L. JONES, P.E.  
 SURVEYOR  
 No. 3640

**YATES PETROLEUM CORP.**

LEASE ROAD TO ACCESS THE YATES GEB0 "BEG" FEDERAL #1 & 2 WELLS, LOCATED IN SECTION 12, TOWNSHIP 10 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 5/04/2004	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/04/04	Scale 1" = 1000' GEB0 1-2

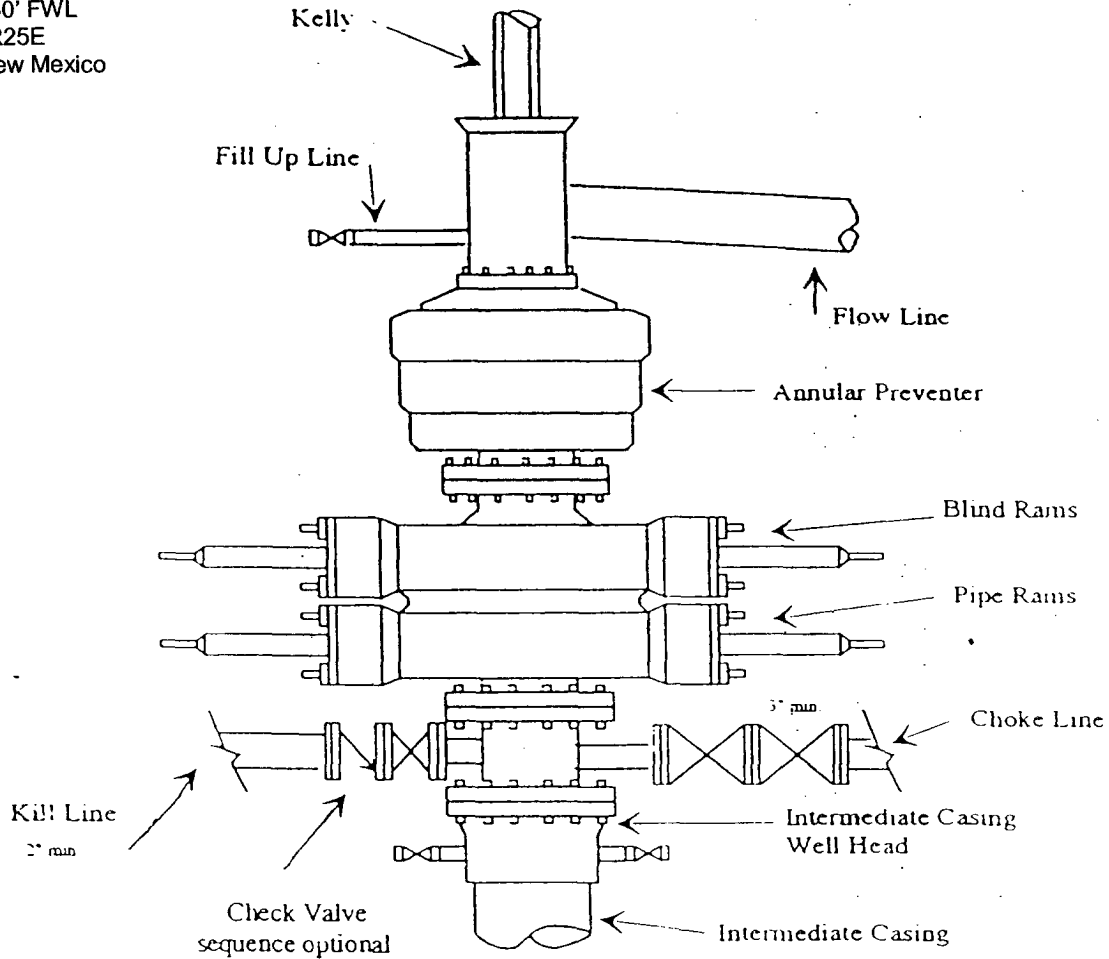
GENERAL SURVEYING COMPANY P.O. BOX 1928  
 LOVINGTON, NEW MEXICO 88260



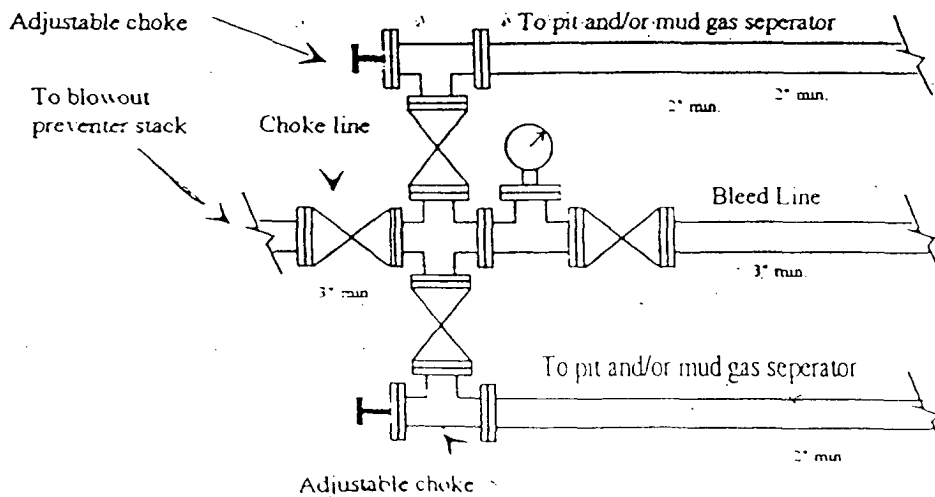
# Yates Petroleum Corporation

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

Yates Petroleum Corporation  
Gebo BEG Federal #2  
1980' FSL and 1980' FWL  
Section 12-T10S-R25E  
Chaves County, New Mexico  
Exhibit "B"



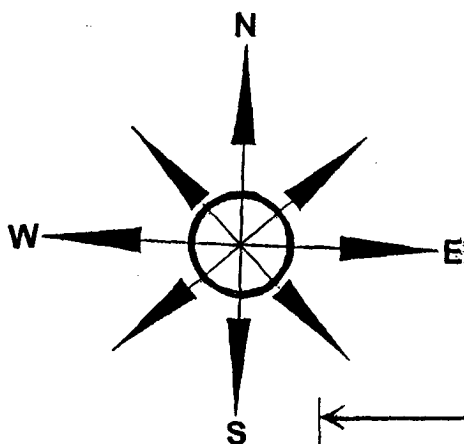
Typical 3,000 psi choke manifold assembly with at least these minimum features



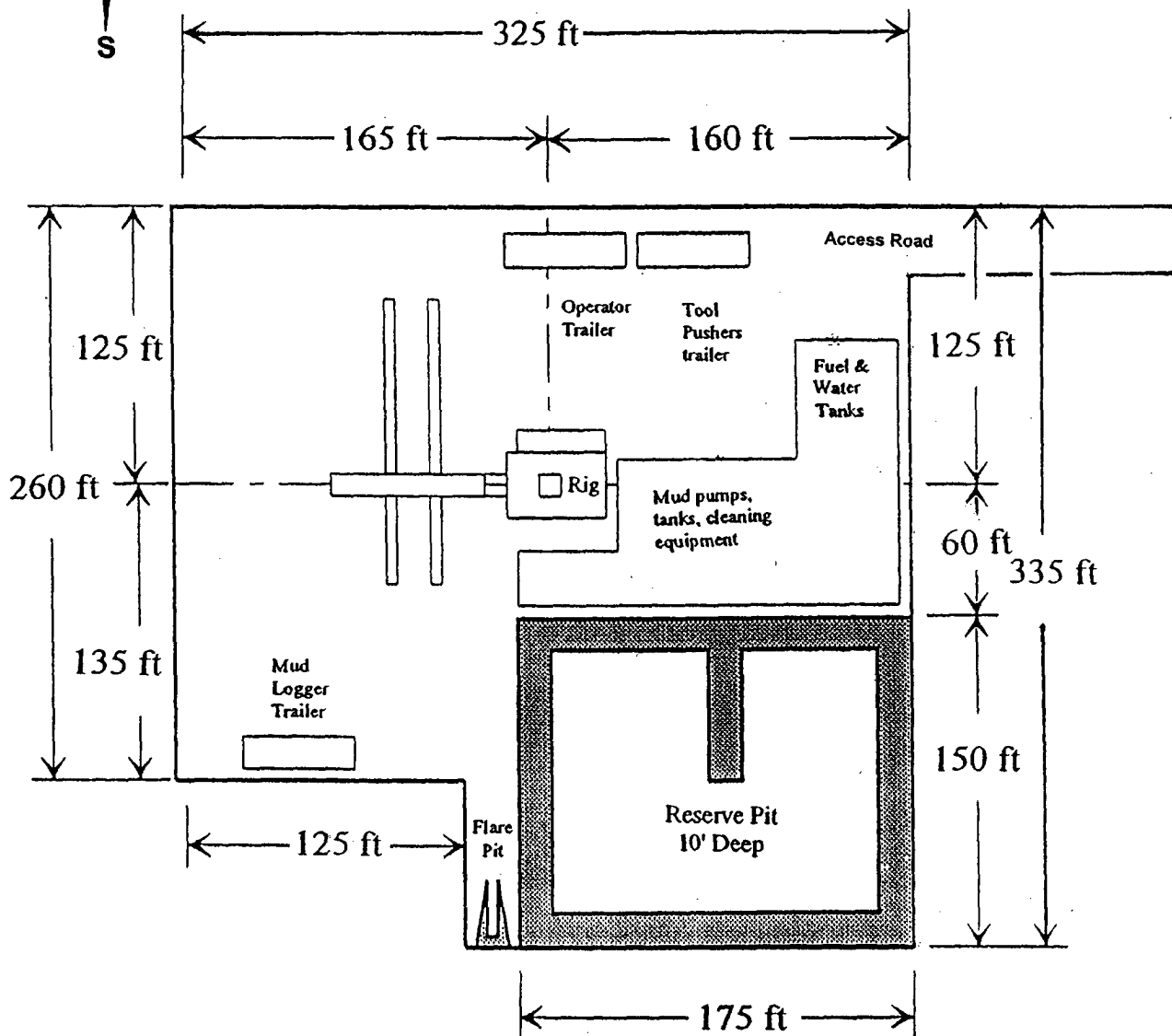
# Yates Petroleum Corporation

## Location Layout for Permian Basin

### Up to 12,000'



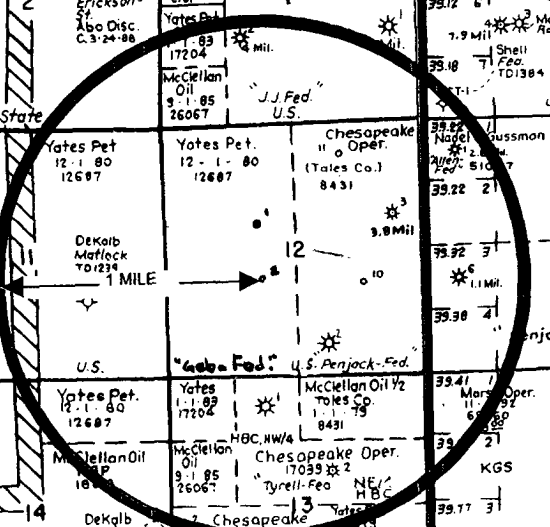
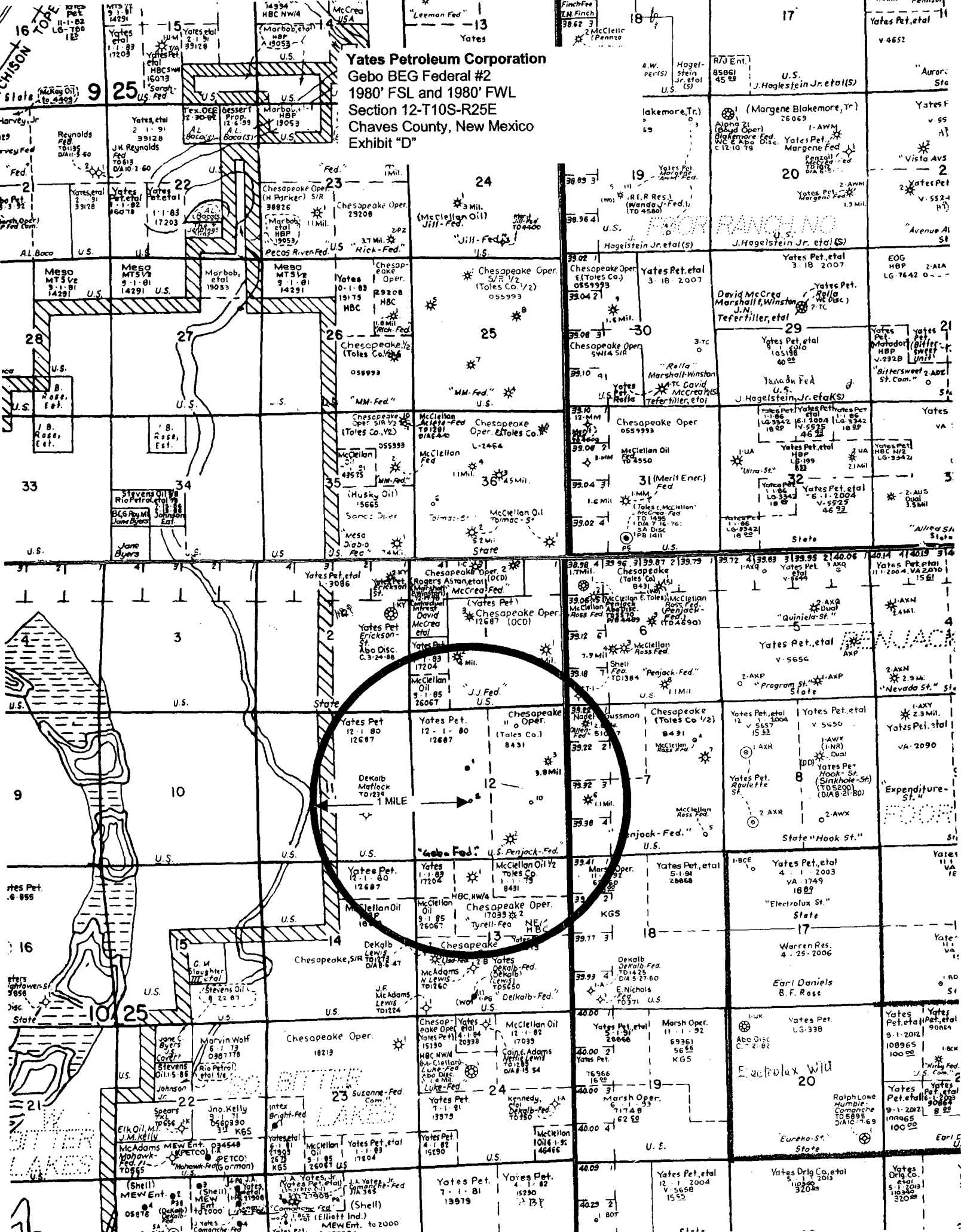
Yates Petroleum Corporation  
 Gebo BEG Federal #2  
 1980' FSL and 1980' FWL  
 Section 12-T10S-R25E  
 Chaves County, New Mexico  
 Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

**Yates Petroleum Corporation**  
**Gebo BEG Federal #2**  
**1980' FSL and 1980' FWL**  
**Section 12-T10S-R25E**  
**Chaves County, New Mexico**  
**Exhibit "D"**



1 MILE  
 Dekalb Matlack  
 TO1234

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 Yates Pet. et al.  
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 LG-780  
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 Yates et al.  
 2-1-91  
 39128

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 B. Ross, Est.

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 J. B. Ross, Est.

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 Stevens Oil  
 Rio Pecos  
 Johnson Est.

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 Yates Pet. et al.  
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