

N.M. Oil Cons. DIV-Dist. 2
1301 V. Avenue
Artesia, N.M. 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 16 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

NM-16071

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.

Karen Federal Com #2

9. API Well No.

30-005-63681

10. Field and Pool, or Exploratory

Wildcat Basement

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

Section 25-T9S-R24E

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 1980' FSL and 1530' FEL, Unit J

At proposed prod. Zone same as above

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

Approximately 6 miles east of Roswell, New Mexico

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

1530'

16. No. of Acres in lease

1360

17. Spacing Unit dedicated to this well

320 S/2

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

Approx.
4100'

19. Proposed Depth

4835'

20. BLM/BIA Bond No. on file

NM-2811

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

3562' 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

Clifton R. May

Name (Printed/Typed)

Clifton R. May

Date

6/4/02

Title:

Regulatory Agent

Approved by (Signature)

(ORIG. SGD.) ARMANDO A. LOPEZ

Name (Printed/Typed)

(ORIG. SGD.) ARMANDO A. LOPEZ

Date

JUL 15 2004

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSSELL 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.
(i.e., Glorieta)

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 Wildcat Basement
Property Code	Property Name KAREN FEDERAL COM.		Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3562

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	25	9S	24E		1980	SOUTH	1530	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 S/2									

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

<div style="border: 2px solid black; padding: 10px; margin: 10px auto; width: 80%;">NM-16071</div> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 150px; text-align: center;">SUMMERS Com #2 660' — 1980' FEE</div>		<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">N.33°30'11.4" W.104°27'17.2"</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">3567 3561</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">3559 3563</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">1980'</div>	
		<div style="border: 1px solid black; padding: 5px; text-align: center;">1530'</div>	
		<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">OPERATOR CERTIFICATION</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"><i>Clifton R. May</i> Signature</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">Clifton R. May Printed Name</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">Regulatory Agent Title</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">6/4/02 Date</div>	
		<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">SURVEYOR CERTIFICATION</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"><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></div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">5/06/2002 Date Surveyed</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Signature & Seal of Professional Surveyor</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;"><div style="border: 2px solid black; border-radius: 50%; padding: 10px; display: inline-block; text-align: center;">HERSCHEL E. JONES NEW MEXICO 3640 REGISTERED PROFESSIONAL SURVEYOR</div></div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Certificate No. Herschel E. Jones RLS 3640 KAREN 2 GENERAL SURVEYING COMPANY</div>	

YATES PETROLEUM CORPORATION
Karen Federal Com #2
 1980' FSL and 1530' FEL
 Section 25-T9S-R24E
 Chaves County, New Mexico

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

San Andres	530'	Wolfcamp	4190'
Glorieta	1150'	Penn	4530'
Yeso	1280'	Basement	4790'
Tubb	2715'	TD	4890'
Abo	3430'		

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

Water: 200'-300'
 Oil or Gas: 34300' to 4790'

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>	<u>Length</u>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-900'	900' 9'75'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-4890'	4890'

- Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
- 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 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 1000 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.

Karen Federal Com #4

Page 2

A. CEMENTING PROGRAM:

Surface Casing: Cement with 550 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL₂ (YLD 1.33 WT 14.8).

Production Casing: TOC 2800' Cement with 400 sx Pecos Valley Lite (YLD 1.42 WT 13.0).

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	32-36	N/C
900'-3350'	Brine	10.0-10.2	28	N/C
3350'-TD'	Salt Gel/Starch	9.0-9.8	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: Platform Express: CNL/LDT with NGT TD-to surface; GR/CNL to surface; DLL/MSFL TD - surface casing, BHC Sonic TD - surface casing.

Coring: None anticipated.

DST's: None anticipated.

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

Anticipated BHP:

From: 0 TO: 900'

From: 900' TO: TD

Anticipated Max. BHP: 400 PSI

Anticipated Max. BHP: 2100 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 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Karen Federal Com #2
1980' FSL and 1530' FEL
Section 25-T9S-R24E
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 4 miles east of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go to the intersection of North Main and Pine Lodge Road in Roswell, NM. Take Pine Lodge road for approximately 0.5 of a mile to Old Clovis Hwy. Turn left on Old Clovis Hwy and go approximately 4.8 miles. Turn left thru cattle guard going to the Harvest #1 well. Go approximately 0.3 of a mile. The new road will start here and go Northeast around the Harvest location for approximately 0.5 of a mile to the Southeast corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 4100' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a northerly 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 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 will 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: Nome

9. WELLSITE LAYOUT: Yates does not agree that this well should be drilled using steel pits as BLM has indicated.

- 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. Pits to the north.

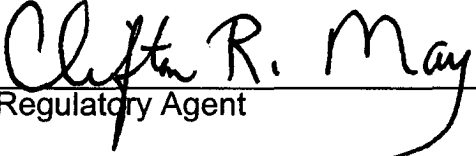
10. PLANS FOR RESTORATION:

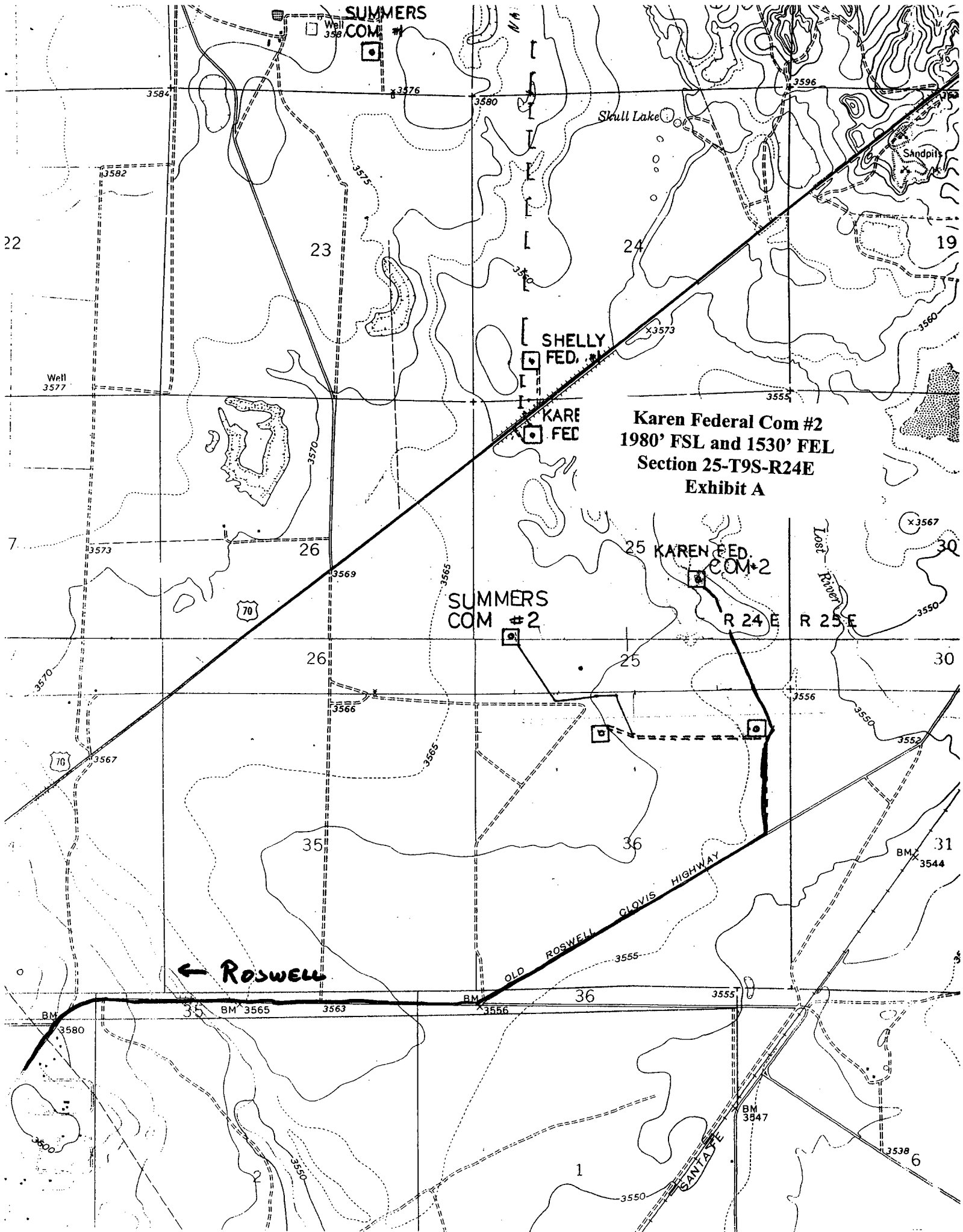
- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, 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: It is on land that the Chaves County Tax Assessor's Office claims belongs to the Federal Government. BLM claims that it is on private surface. No surface use agreement can be reached until the real owners come forward.
12. OTHER INFORMATION:
- A. Topography: Refer to the existing archaeological report, Number 427, for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for the Roswell Gun Club.
13. OPERATOR'S REPRESENTATIVE:
- | | | | |
|----|----------------------------------|----|---------------------------------------|
| A. | Through A.P.D. Approval: | B. | Through Drilling, Completions & Prod. |
| | Clifton R. May, Regulatory Agent | | Pinson McWhorter, Operations Manager |
| | Yates Petroleum Corporation | | Yates Petroleum Corporation |
| | 105 South Fourth Street | | 105 South Fourth Street |
| | Artesia, New Mexico 88210 | | Artesia, New Mexico 88210 |
| | Phone (505) 748-1471 | | 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.

5/8/2002


Regulatory Agent



SUMMERS
COM #2

Skull Lake

Sandpits

SHELLY
FED.

KARE
FED

Karen Federal Com #2
1980' FSL and 1530' FEL
Section 25-T9S-R24E
Exhibit A

KAREN FED.
COM #2

SUMMERS
COM #2

R 24 E

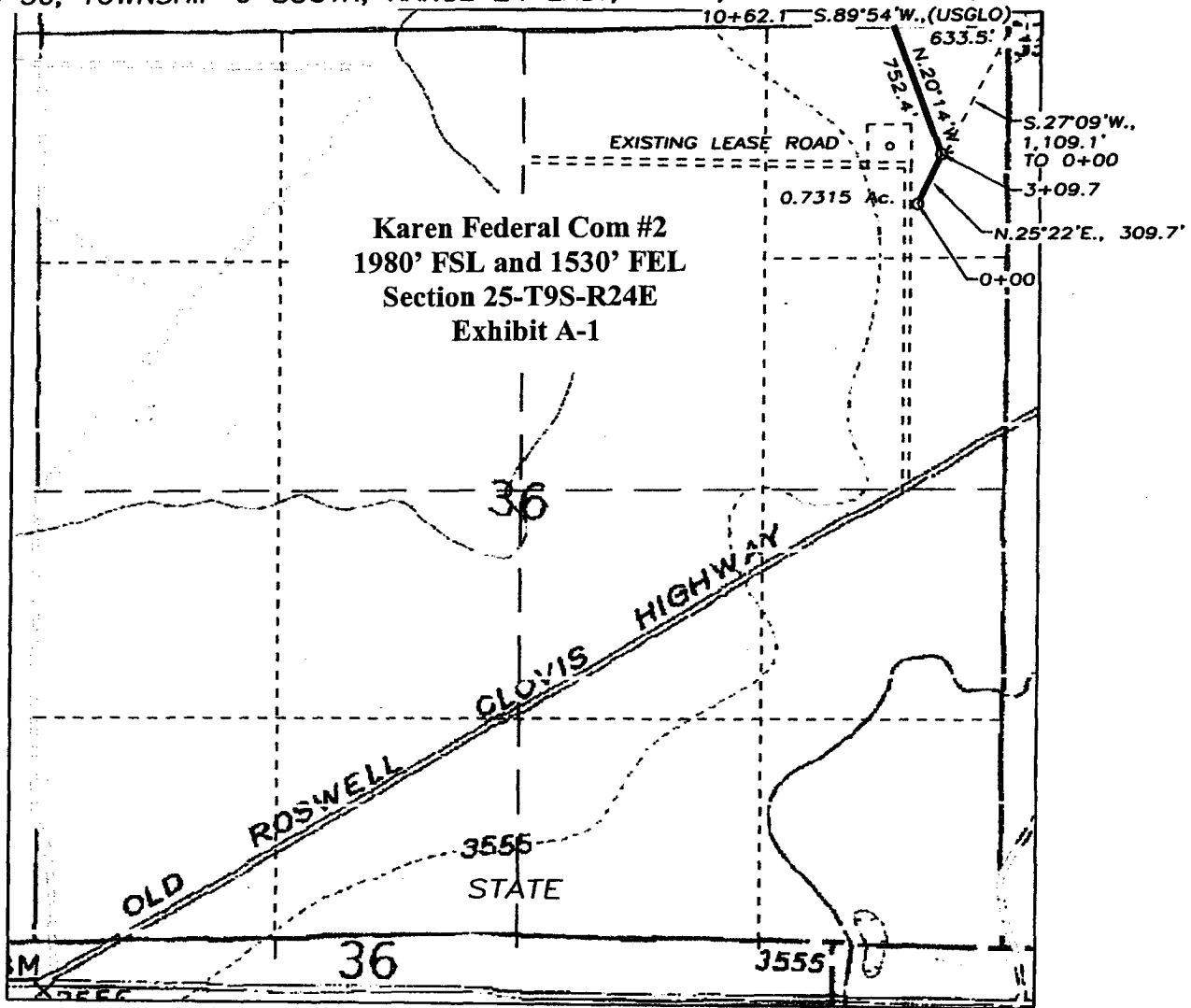
R 25 E

OLD ROSWELL CLOVIS HIGHWAY

← Roswell

SANTA FE

SECTION 36, TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE FOLLOWING DESCRIBED SURVEY CENTERLINE;

BEGINNING AT STA.0+00 A POINT LOCATED S.27°09'W., 1,109.1 FEET DISTANT FROM THE NORTHEAST CORNER OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO; THENCE N.25°22'E., 309.7 FEET TO STA.3+09.7; THENCE N.20°14'W., 752.4 FEET TO STA.10+62.1, A POINT LOCATED S.89°54'W., 633.5 FEET DISTANT FROM THE NORTHEAST CORNER OF SAID SECTION 36.

SAID TRACT CONTAINS 0.7315 ACRES, MORE OR LESS, ALL OF WHICH LIE IN THE NE/4NE/4.

1,062.1 FEET = 64.3697 RODS, MORE OR LESS.

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 CONTROL. THIS PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEETS 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.

REGISTERED PROFESSIONAL LAND SURVEYOR
3640
HERSCHEL L. JONES R.L.S. No.3640
GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES KAREN FEDERAL COM.#2, LOCATED IN SECTION 25, TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 5/06/2002	Sheet 1 of 2 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/06/02	Scale 1" = 1000' KAREN 2

Alum. Cop

U.S. HIGHWAY 70

KAREN 1

AGAVE PIPELINE

25

KAREN FEDERAL COM. #2

2,030.8 FEET

PRIVATE

U.S.A.

PRIVATE

S.89°54'W., (USGLO)

633.5'

3555

3556

Brass Cop

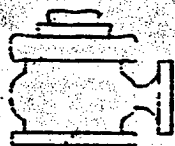
LEASE ROAD RIGHT OF WAY, 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT.

2,030.8 FEET = 123.0788 RODS, MORE OR LESS.
RIGHT OF WAY IS ON LEASE.

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.

LEASE ROAD TO ACCESS THE YATES KAREN
FEDERAL COM.#2, LOCATED IN SECTION 25,
TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM,
CHAVES COUNTY, NEW MEXICO.

Survey Date: 5/06/2002		Sheet 2 of 2 Sheets	
Drawn By: Ed Blevins		W.O. Number	
Date: 5/06/02		Scale 1" = 1000'	KAREN 2



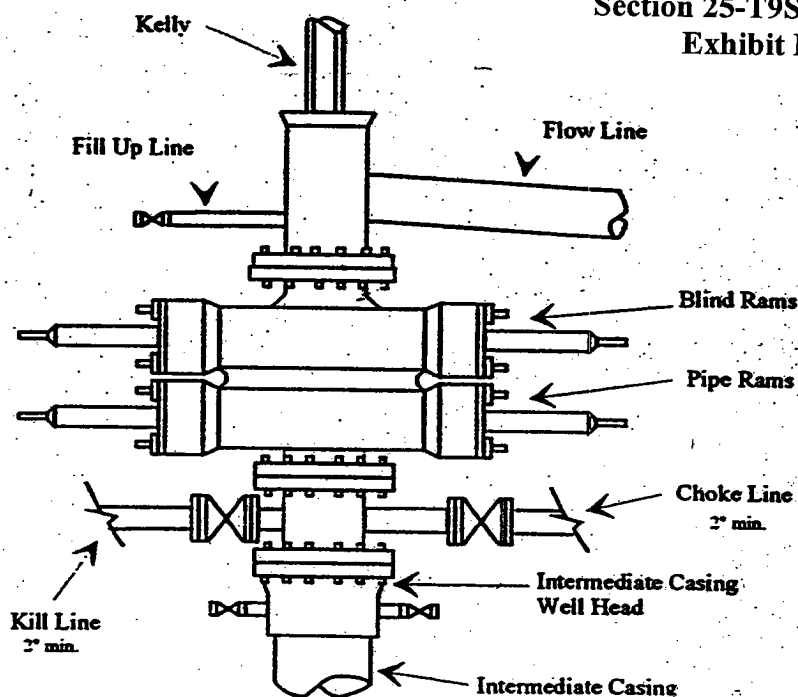
Yates Petroleum Corporation

BOP-2

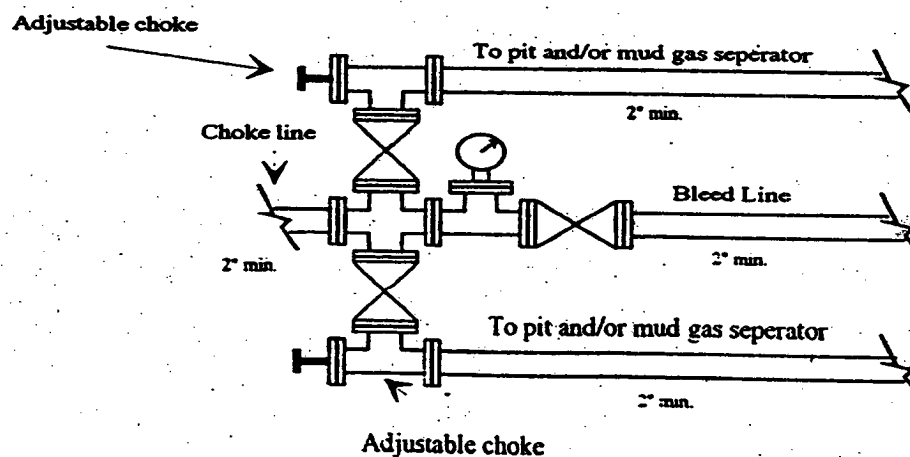
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Karen Federal Com #2
1980' FSL and 1530' FEL
Section 25-T9S-R24E
Exhibit B



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

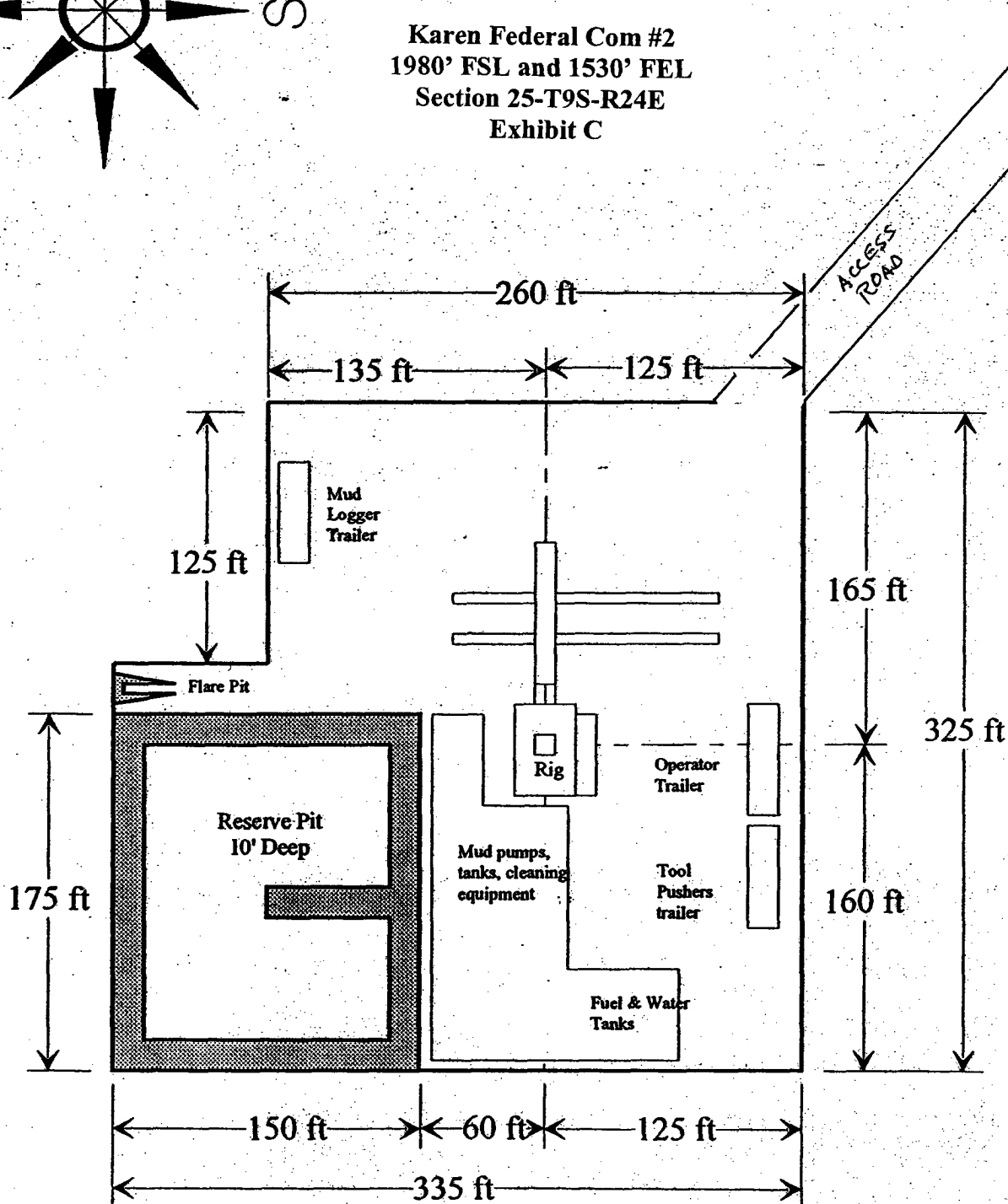
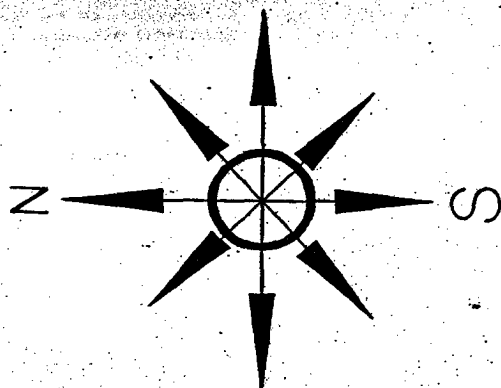


Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

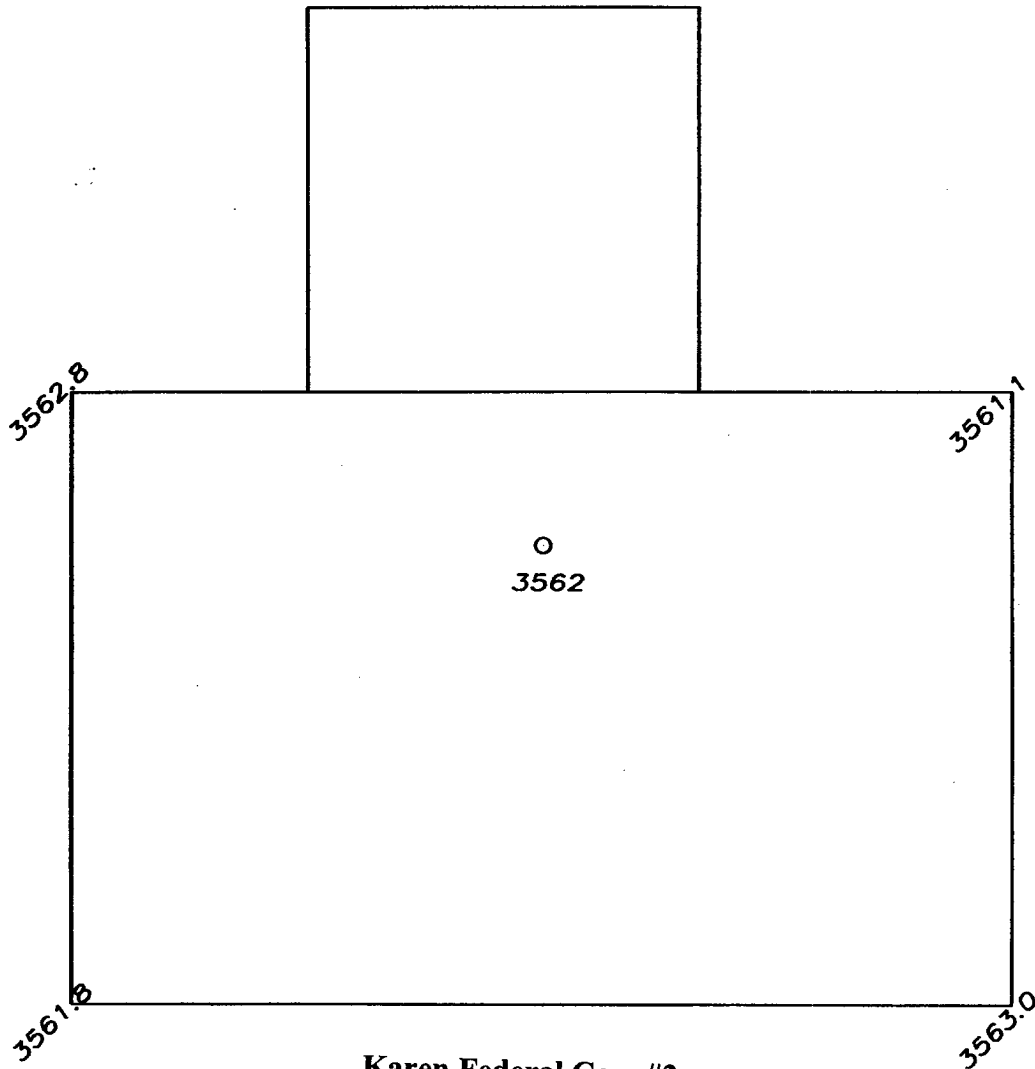
Karen Federal Com #2
1980' FSL and 1530' FEL
Section 25-T9S-R24E
Exhibit C



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

YATES PETROLEUM CORPORATION KAREN FEDERAL COM. #2, 1980/S & 1530/E
SECTION 25, TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Karen Federal Com #2
1980' FSL and 1530' FEL
Section 25-T9S-R24E
Exhibit C-1

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

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 MEETS 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.

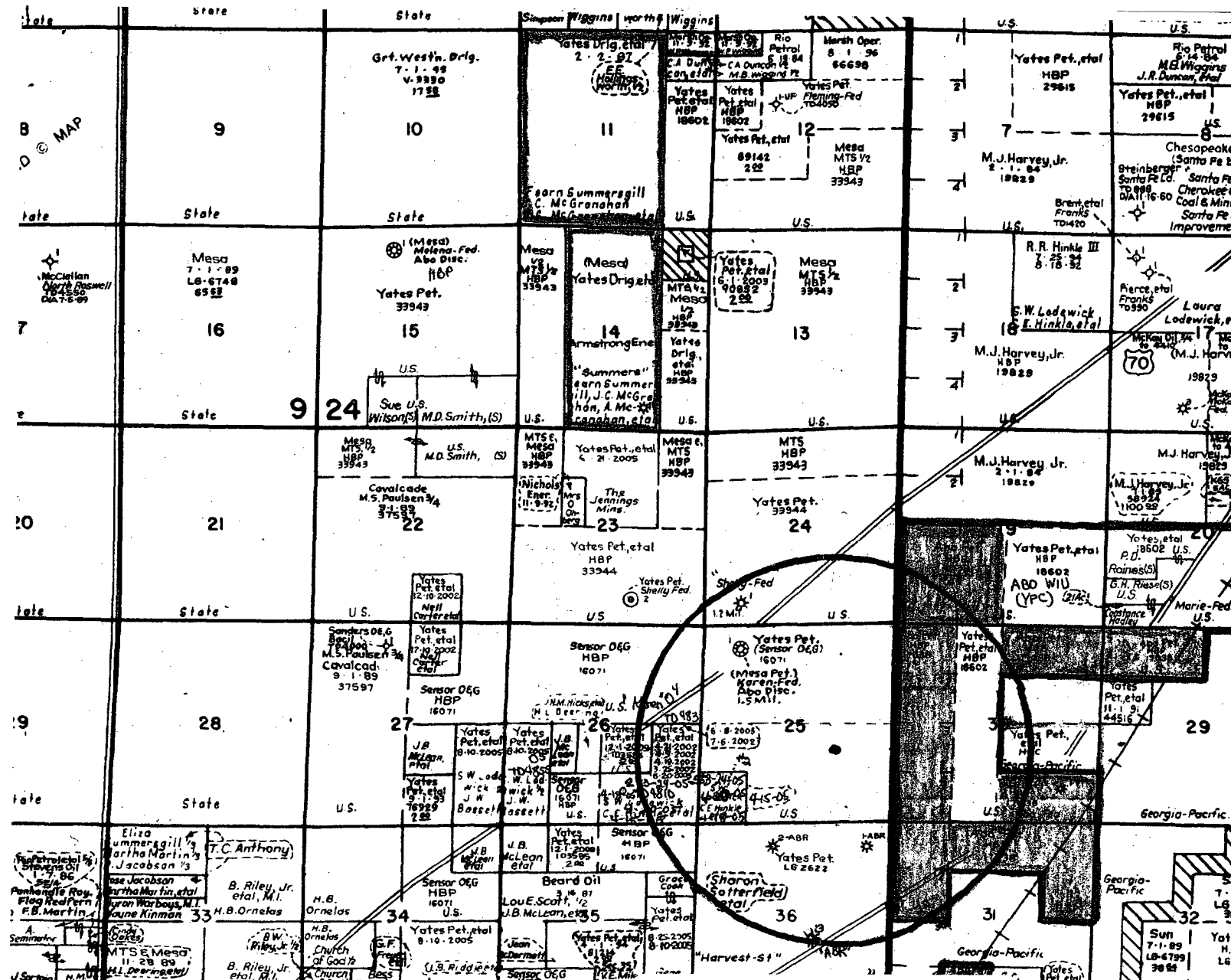
HERSCHEL L. JONES S.F.L.S. No. 3640

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

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES KAREN
FEDERAL COM. #2 LOCATED 1980/S AND
1530/E OF SECTION 25, TOWNSHIP 9 SOUTH,
RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW
MEXICO.

Survey Date: 5/06/2002	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/06/02	Scale 1" = 50' KAREN 2



Karen Federal Com #2
1980' FSL and 1530' FEL
Section 25-T9S-R24E
Exhibit D

