

L-04-35  
0003

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

RECEIVED

OCT 26 2004

OMB No. 1004-0136  
Expires November 30, 2000

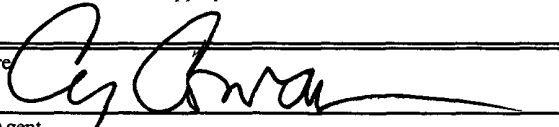
APPLICATION FOR PERMIT TO DRILL OR REENTER ~~000-ARTESIA~~

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM-94830</b>
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator <b>Yates Petroleum Corporation</b>		7. If Unit or CA Agreement, Name and No.
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		8. Lease Name and Well No. <b>Boddington Federal Unit #1</b>
3b. Phone No. (include area code) <b>(505) 748-1471</b>		9. API Well No. <b>30-015-33693</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>1750' FSL and 1110' FWL</b> At proposed prod. Zone <b>Same</b>		10. Field and Pool, or Exploratory <b>Wildcat Chester</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 40 miles northwest of Carlsbad, New Mexico.</b>		11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 20, T20S-R23E</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1110'</b>	16. No. of Acres in lease <b>320</b>	17. Spacing Unit dedicated to this well <b>W/2</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1 mile</b>	19. Proposed Depth <b>8900'</b>	20. BLM/BIA Bond No. on file <b>NM 2811</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>4253' GL</b>	22. Approximate date work will start* <b>ASAP</b>	23. Estimated duration <b>45 days</b>

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 office. |

25. Signature 	Name (Printed/Typed) <b>Cy Cowan</b>	Date <b>9/28/04</b>
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Regulatory Agent

Regulatory Agent

Approved by (Signature) <b>ISL RUSS SORENSEN</b>	Name (Printed/Typed) <b>ISL RUSS SORENSEN</b>	Date <b>OCT 22 2004</b>
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Title <b>Acting FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>
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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.

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

\*(Instructions on reverse)

**Known Controlled Water Basin**

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

## DISTRICT II

811 South First, Artesia, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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	Pool Name Wildcat Chester
Property Code	Property Name BODDINGTON FEDERAL UNIT		Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 4253

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	20S	23E		1750	SOUTH	1110	WEST	EDDY

## 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 320	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>NM 94830</p> <p>N.32°33'22.2" W.104°43'05.0" N.566221.9 E.381621.1 (NAD-27)</p> <p>4274 4249</p> <p>1110'</p> <p>4258 4234</p> <p>1750'</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>Cy Cowan</i></p> <p>Signature</p> <p>Cy Cowan</p> <p>Printed Name</p> <p>Regulatory Agent</p> <p>Title</p> <p>September 28, 2004</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>8/16/2004</p> <p>Date Surveyed</p> <p>Signature of Surveyor</p> <p>Professional Surveyor</p> <p>HIPPS, L. JONES</p> <p>3640</p> <p>Certification No. Hipschell L. Jones RLS 3640</p> <p>BODDINGTON</p> <p>GENERAL SURVEYING COMPANY</p>

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

**YATES PETROLEUM CORPORATION**  
**Boddington Federal Unit #1**  
 1750' FSL and 1110 FWL  
 Section 20-T20S-R23E  
 Eddy County, New Mexico

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

San Andres	333'	Strawn	7405'
Glorieta	2035'	Atoka	7955'
Upper Yeso	2231'	Upper Morrow	8373'
Tubb	3020'	Middle Morrow	8535'
Lower Yeso	3125'	Lower Morrow	8615'
Abo	3637'	Base Morrow Clastics	8675'
Wolfcamp	5095'	Chester	8775'
Cisco	6055'	TD	8900'

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 zones.

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>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1400'	1400'
8 3/4"	5 1/2"	17#	J-55	LT&C	0-100'	100'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	100'-6600'	6500'
8 3/4"	5 1/2"	17#	J-55	LT&C	6600'-8300'	1700'
8 3/4"	5 1/2"	17#	L-80	LT&C	8300'-8900'	600'

3M Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when production casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

B. CEMENTING PROGRAM:

Surface casing: 1000 sx Lite (YLD 1.98 WT 12.5). Tail in with 200 sx C + 2% CACL2 (YLD 1.34 WT 14.8)

Production Casing: 900 sx Lite "C" (YLD 1.98 WT 12.5). Tail in with 1450 sx Super C (YLD 1.61 WT 13.2).

Note: May use nitrified mud cement job if wellbore conditions permit.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1400'	Freshwater Air Mist	8.4	28	N/C
1400'-7350'	Cut Brine	8.4-9.0	28	N/C
7350'-TD	Salt Gel/Starch/4% KCL	9.5-10.0	33-38	<10cc

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 intermediate casing.

Logging: Platform Express/HALS, possible FMI.

Coring: Rotary Sidewall Cores

DST's: Possible Abo to TD.

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

Anticipated BHP:

From: 0	TO: 1400'	Anticipated Max. BHP: 625	PSI
From: 1400'	TO: 8900'	Anticipated Max. BHP: 4600	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None Anticipated

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 15 days.

**USE AND OPERATIONS PLAN**  
**YATES PETROLEUM CORPORATION**  
**Boddington Federal Unit #1**  
1750' FSL and 1110' FWL  
Section 20 T20S-R23E  
Eddy 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 40 miles southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go south of Artesia on Highway 285 to Rock Daisy Road. Turn West on Rock Daisy Road and go Approximately 20 miles to Armstrong Road (CR-400). Turn left on Armstrong Road and go approx. .4 of a mile to Half Hitch Road (CR-25). Turn left on Half Hitch Road and go approximately 2.1 miles. The new access road will start here going southwest.

2. **PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately .8 of a mile going southwest to the southeast corner of the drilling pad. The road will lie in a northeast/southwest 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. The new road will be bladed with drainage on one side. Traffic turnouts 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 no 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 no 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 land fill. 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 wellsite 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.

**Boddington Federal Unit #1**

Page 3

11. SURFACE OWNERSHIP: Federal Surface, Administered by Bureau of Land Management, Carlsbad, New Mexico.

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:

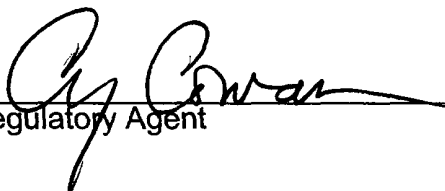
A. Through A.P.D. Approval:  
  
Cy Cowan, Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

B. Through Drilling Operations,  
Completions and Production:  
Pinson McWhorter,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

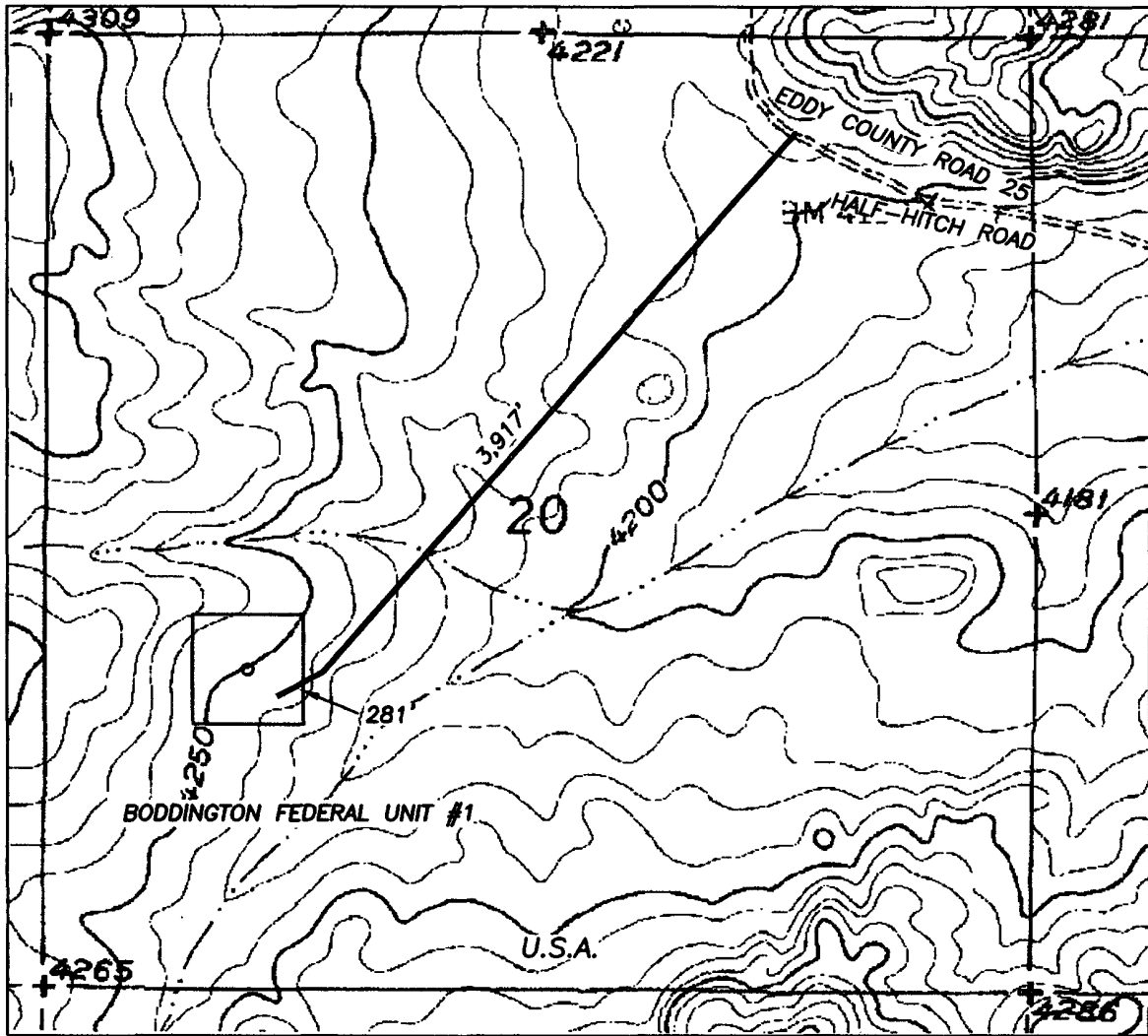
14. CERTIFICATION:

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.

9/28/04

  
Regulatory Agent

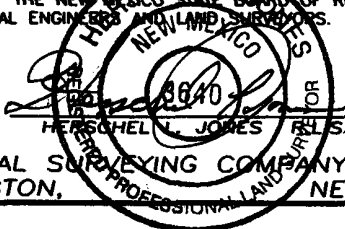
SECTION 20, TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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 BODDINGTON FEDERAL UNIT #1 WELL, LOCATED IN SECTION 20, TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 8/16/2004	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 8/17/04	Scale 1" = 1000' BODDINGTON

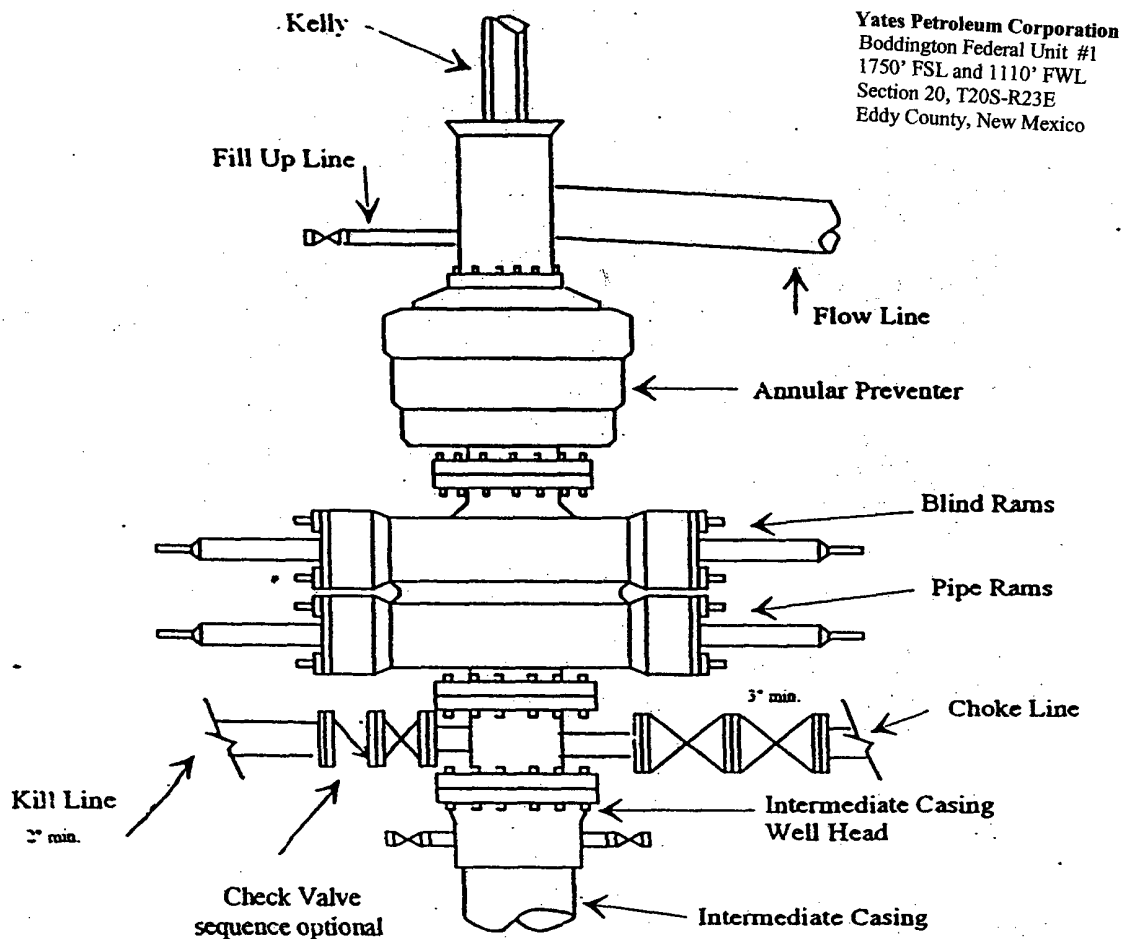




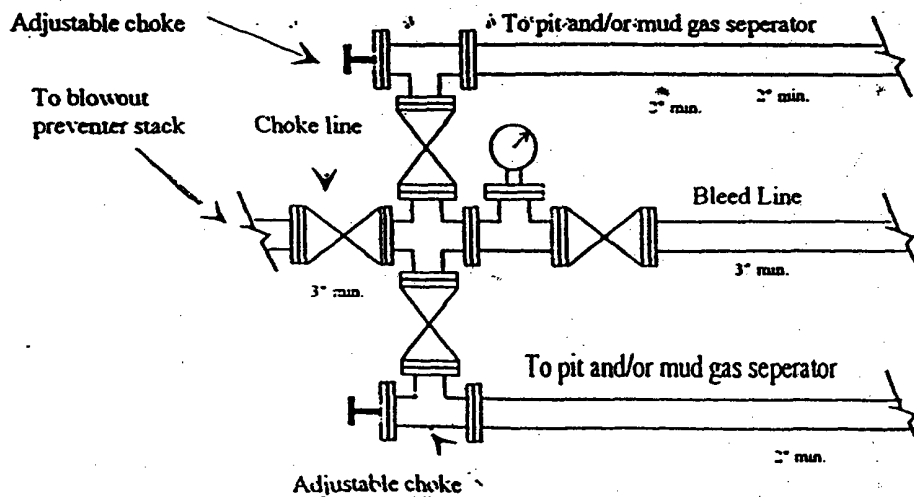
# Yates Petroleum Corporation

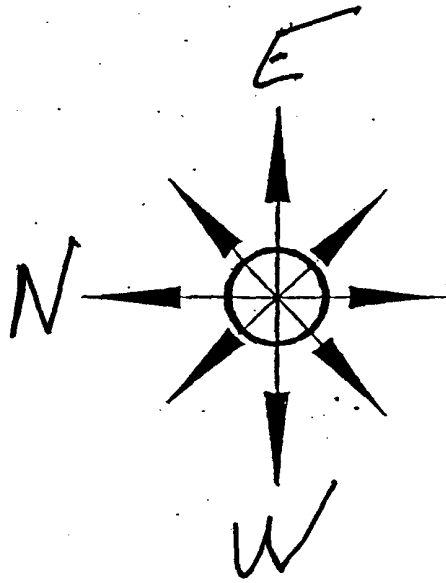
BOP-3

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



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

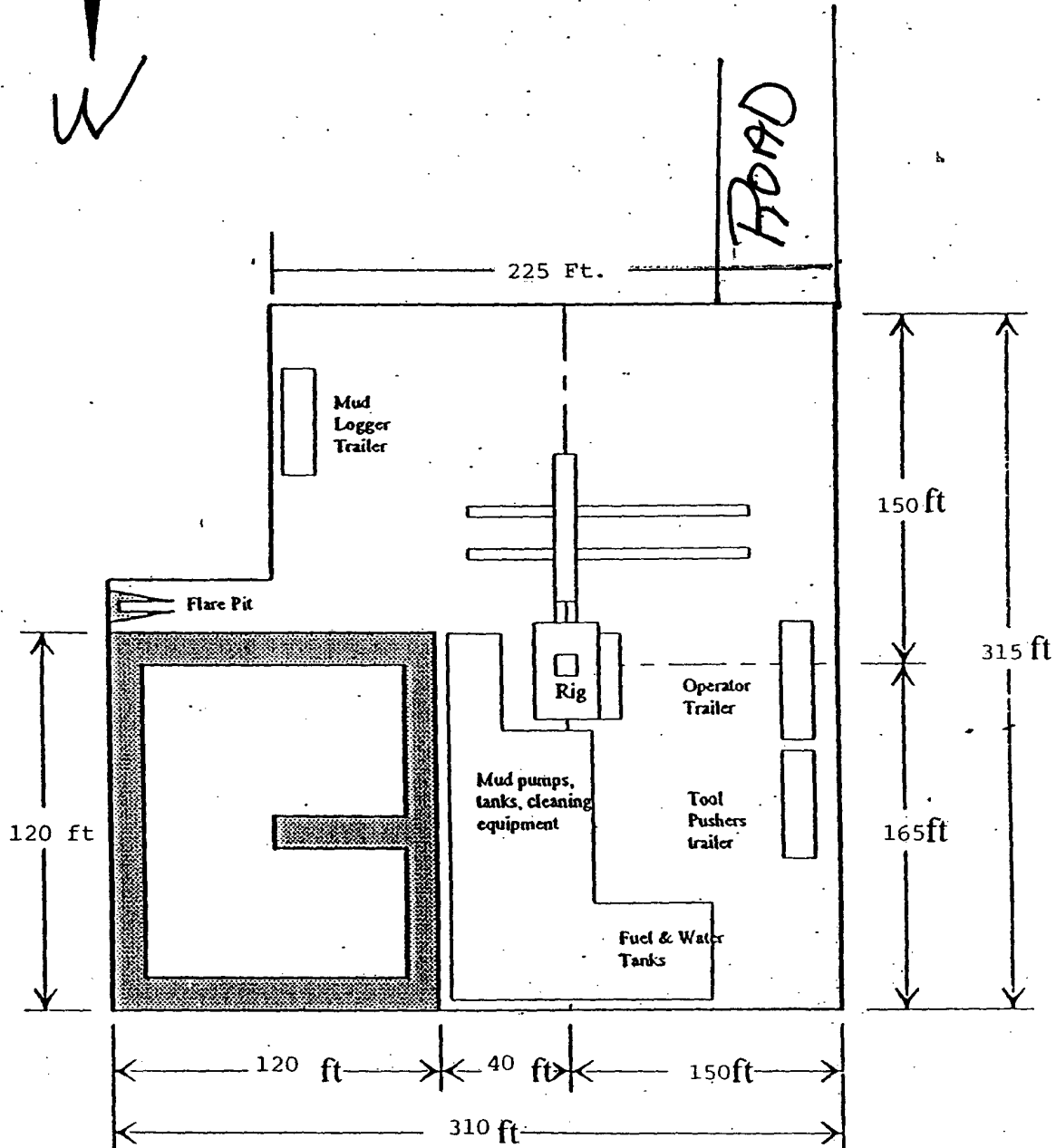




# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'

S Pits North



Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum