

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

JAN 07 2005

OOD-ARTESIA

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OMB No. 1004-0136
Expires November 30, 2000

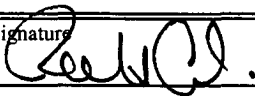
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM-16324
b. 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 Not Applicable
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. Not Applicable
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Charlotte Federal #7
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1500' FNL and 660' FEL At proposed prod. Zone same as above		9. API Well No. 30-005-63726
14. Distance in miles and direction from nearest town or post office* Approximately twenty-five (25) miles NE of Roswell, NM		10. Field and Pool, or Exploratory Wildcat Precambrian
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 787.58	11. Sec., T., R., M., or Blk, and Survey or Area Section 30, T7S-R26E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1320'	19. Proposed Depth 4990	12. County or Parish Chaves County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3572'	22. Approximate date work will start* ASAP	13. State NM
17. Spacing Unit dedicated to this well 320 acres		
20. BLM/BIA Bond No. on file NM-2811		
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 office. |

25. Signature 	Name (Printed/Typed) Robert Asher	Date 11/22/04
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Title:

Regulatory Agent

Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date JAN 04 2005
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 I.e., Glorieta

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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 30-	² Pool Code	³ Pool Name Wildcat Precambrian
⁴ Property Code	⁵ Property Name CHARLOTTE FEDERAL	⁶ Well Number 7
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3572'

¹⁰ Surface Location

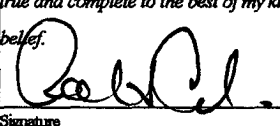
UL or lot no. H	Section 30	Township 7S	Range 26E	Lot Idn	Feet from the 1500	North/South line North	Feet from the 660	East/West line East	County Chaves
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¹¹ Bottom Hole Location If Different From Surface

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	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				1500'	660'	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 11/22/2002 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

YATES PETROLEUM CORPORATION
Charlotte Federal #7
1500' FNL AND 660' FEL
Section 30, T7S-R26E
Chaves County, New Mexico

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

San Andres	445'
Glorieta	1445'
Yeso	1545'
Tubb	2970'
Abo	3670'
Wolfcamp	4320'
Cisco	4670'
Basement	4890'
TD	4990'

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>	<u>Length</u>
12 1/4"	8 5/8"	24#	J55	ST&C	0-950'	950'
7 7/8"	5 1/2"	15.5#	J55	ST&C	0-4990'	4990'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80

B. CEMENTING PROGRAM:

Surface casing: Cement with 325 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: Cement with 300 sx ultralite "C" (Yld 1.34 Wt 13). TOC 3200'

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-950'	FW Gel/Paper/LCM	8.6-9.6	32-36	N/C
950'-3650'	Brine	10-10.2	28	N/C
3650'-4990'	Starch/Salt Gel	9.3-10.2	32-40	<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: 20' samples out from surface casing.
 Logging: Platform Express, CNL/LDT W/NGT to surf. with GR/CNL up to surface, DLL/MS
 Coring: Possible Sidewall Cores
 DST's: Possible

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	To: 950'	Anticipated Max. BHP:	400 PSI
From: 950'	To: 4995'	Anticipated Max. BHP:	2200 PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H₂S Zones Anticipated: None

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 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Charlotte Federal #7
1500' FNL and 660' FEL
Section 30, T7S-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 wellsite is located approximately 25 miles northeast of Roswell New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Proceed north of Roswell on Highway 285 to One Horse Road. Turn right (East) and go approximately 2.5 miles to Cottonwood Road. Turn left (North) on Cottonwood and go approximately 8 miles to Chaves Road: turn right (east) on Chaves and go 3.1 miles to San Juan Road. Turn Right (South) and drive .2 of a mile to a white gate on the left (east) side. Go through the gate and drive .2 of a mile where the road is staked on the left (north) going towards the southwest corner of the well pad.

2. PLANNED ACCESS ROAD

The proposed new access road will be approximately 14' in width and 350' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a south to north direction.

3. LOCATION OF EXISTING WELL

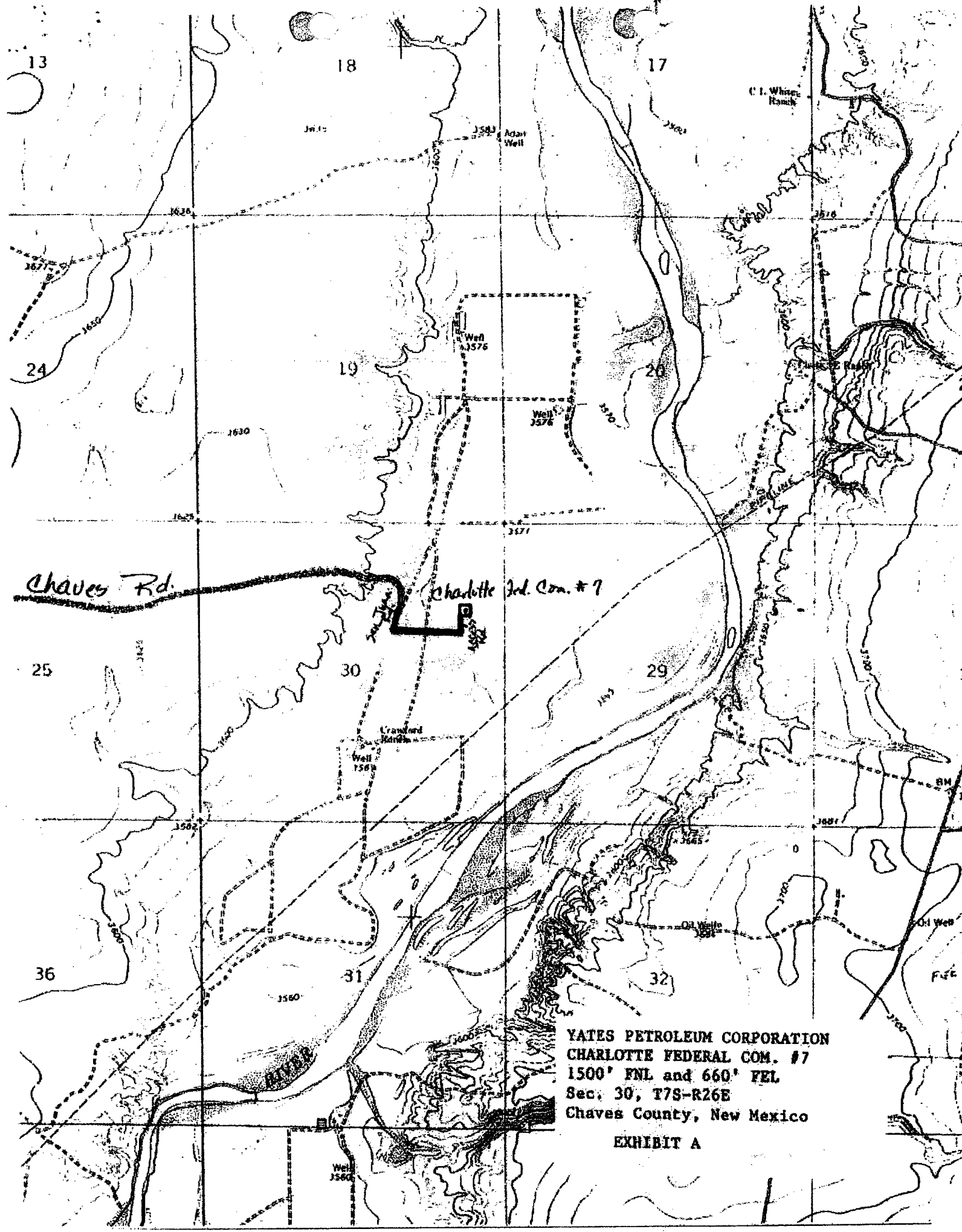
- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

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, possibly in Roswell, and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.



YATES PETROLEUM CORPORATION
CHARLOTTE FEDERAL COM. #7
1500' FNL and 660' FEL
Sec. 30, T7S-R26E
Chaves County, New Mexico

EXHIBIT A

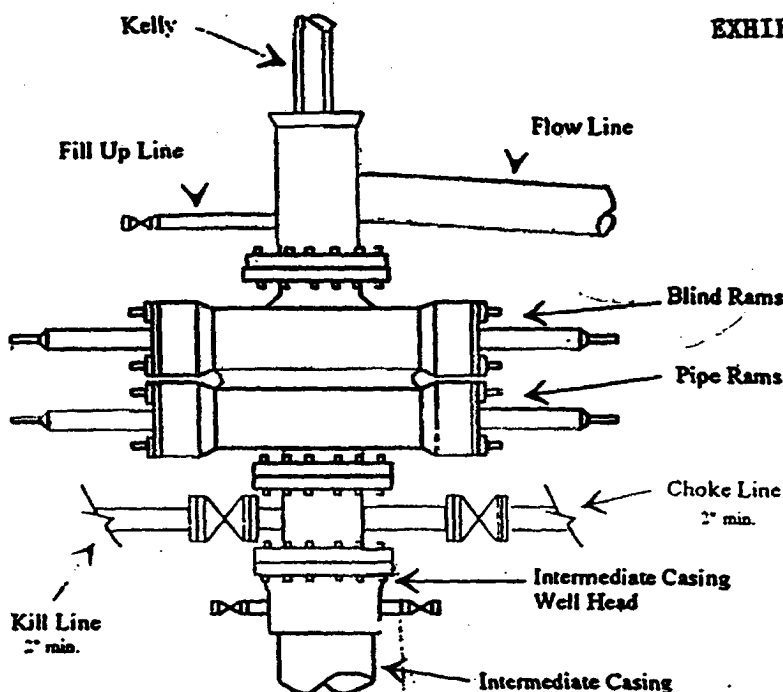
Yates Petroleum Corporation

Typical 2,000 psi Pressure System Schematic

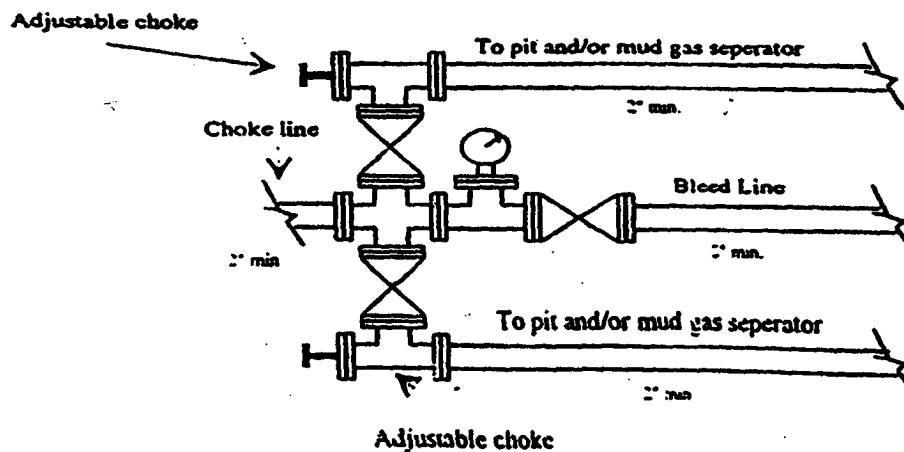
Double Ram Preventer Stack

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1500' FNL and 660' FEL
Sec. 30, T7S-R26E
Chaves County, New Mexico

EXHIBIT B



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



PB - L1

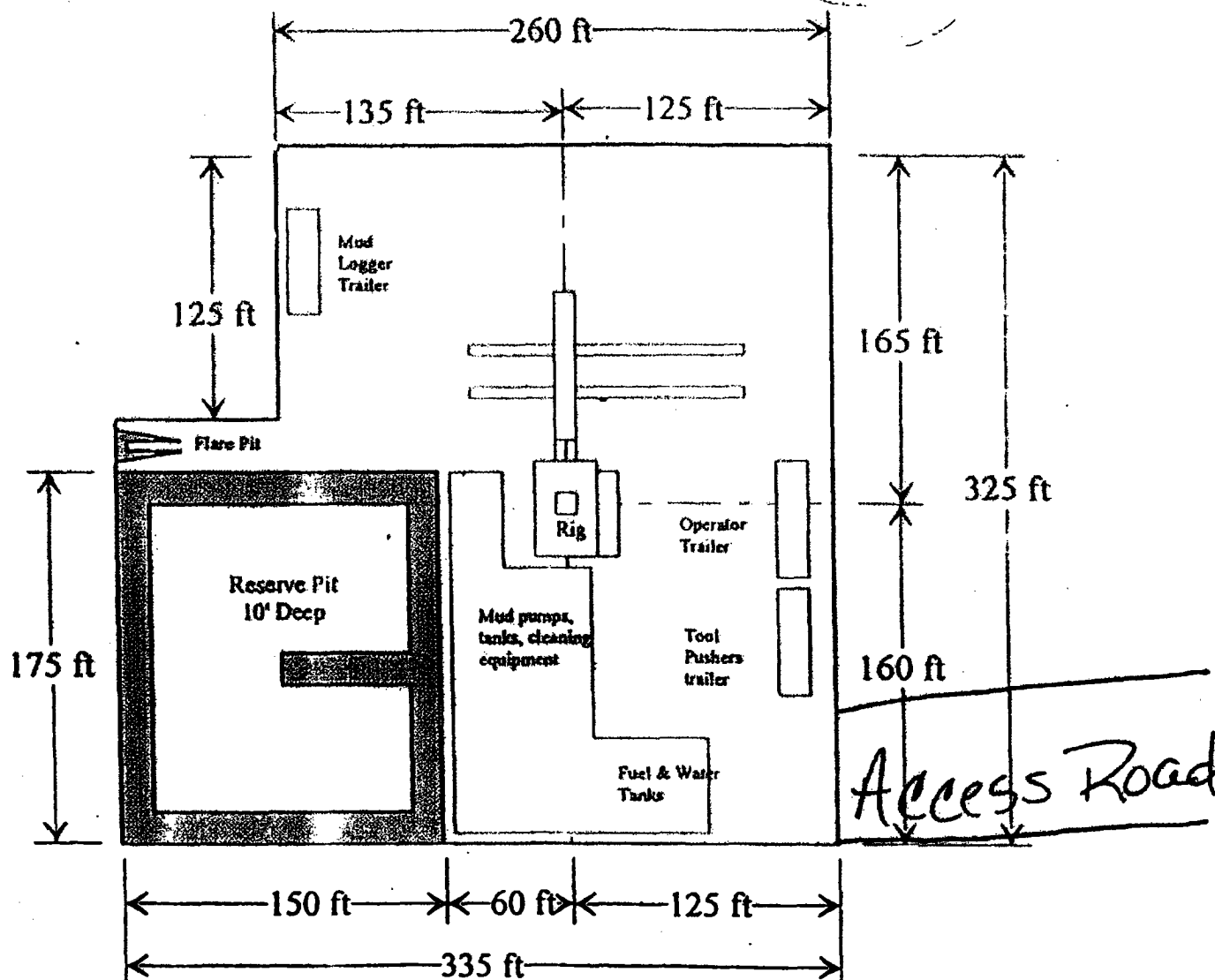
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

YATES PETROLEUM CORPORATION
CHARLOTTE FEDERAL COM. #7
1500' FNL and 660' FEL
Sec. 30, T7S-R26E
Chaves County, New Mexico

EXHIBIT C



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension