

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

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OCU-ARTESIA

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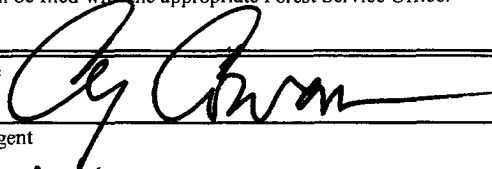
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.	
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		8. Lease Name and Well No. <b>Whitbread BFG Federal Com. #1</b>	
2. Name of Operator <b>Yates Petroleum Corporation</b>		9. API Well No. <b>30-015-33932</b>	
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		3b. Phone No. (include area code) <b>(505) 748-1471</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>1980' FNL and 660' FWL</b> At proposed prod. Zone <b>Same</b>		10. Field and Pool, or Exploratory <b>Indian Basin Upper Penn Assoc.</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately 31 miles northwest of Carlsbad, New Mexico.</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>Section 1, T22S-R24E</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>660'</b>		16. No. of Acres in lease <b>2235.37</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>660'</b>		17. Spacing Unit dedicated to this well <b>N/2</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3832' GL</b>		19. Proposed Depth <b>10600'</b>	
22. Approximate date work will start* <b>ASAP</b>		20. BLM/BIA Bond No. on file <b>NM-2811</b>	
23. Estimated duration <b>45 days</b>		12. County or Parish <b>Eddy County</b>	
24. Attachments <b>CARLSBAD CONTROLLED WATER BASIN</b>		13. State <b>NM</b>	

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>12/15/04</b>
Regulatory Agent		
Regulatory Agent		
Approved by (Signature) <b>/s/ Tony J. Herrell</b>	Name (Printed/Typed) <b>/s/ Tony J. Herrell</b>	Date <b>FEB - 1 2005</b>
Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	


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.

APPROVAL FOR 1 YEAR

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)

 APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

Witness Surface Casing

DISTRICT I  
1626 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  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999  
Instruction on back  
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 Indian Basin Upper Penn Assoc.
Property Code	Property Name WHITBREAD "BFG" FEDERAL COM.	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3832

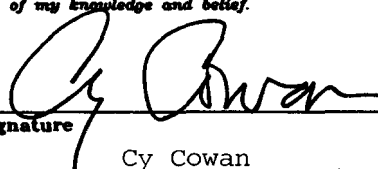
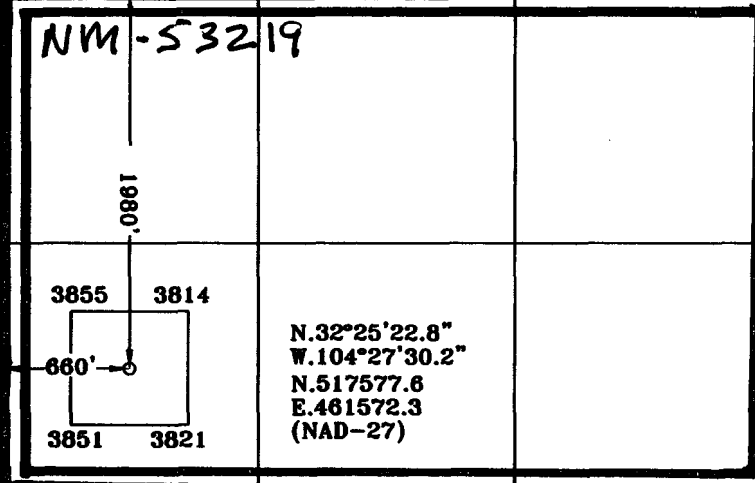

Surface Location

UL or lot No. E	Section 1	Township 22S	Range 24E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 660	East/West line WEST	County EDDY
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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.						

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-53219		NM-94584	OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Cy Cowan Printed Name Regulatory Agent Title December 9, 2004 Date
		NM-12891	SURVEYOR CERTIFICATION <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> 11/17/2004 Date Surveyed  Signature & Seal of Professional Surveyor Certificate No. Herschel Jones RLS 3640 WHITBREAD GENERAL SURVEYING COMPANY

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

**YATES PETROLEUM CORPORATION**  
**Whitbread BFG Federal Com. #1**  
 1980 FNL and 660' FWL  
 Section 1-T22S-R24E  
 Eddy County, New Mexico

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

San Andres	635'	Strawn	8735'
1 <sup>st</sup> Bone Spring	1327'	Atoka	9035'
2 <sup>nd</sup> Bone Spring	3805'	Upper Morrow	10065'
3rd Bone Spring	7350'	Middle Morrow	10105'
Wolfcamp	7435'	Lower Morrow	10285'
Cisco Canyon	7895'	Base of Morrow	10385'
Base of Domomite	8495'	TD	10600'

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

Water: 100' - 493'  
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 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	0-1800'	1800'
8 3/4"	7"	26#	L-80	LT+C	0-1500'	1500'
8 3/4"	7"	26#	J-55	LT+C	1500'-7000'	5500'
8 3/4"	7"	26#	L-80	LT+C	7000'-9300'	2300'
**7"	6 1/8"	23#+26#	HCP-110	LT+C	7895'-10600'	2805'
8 3/4"	7"	26#	HCP-110	LT+C	9300'-10600'	1300'

\*\* 7" casing maybe set early due to lost circulation in the Canyon Formation. Hole size will be reduced to 6 1/8".

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate 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: 200 sx H (YLD 1.53 WT 14.6) + 900 sx 'C' Lite (YLD 1.9 WT 12.7) tail in with 200 sx C Neat + 2% CaCl<sub>2</sub> (YLD 1.9 WT 12.7).

Production Casing: Stage I 550 sx Super C Modified (YLD 1.63 Wt 13.0). DV Tool at 6000'.

Production Casing: Stage II 400 sx Lite 'C' (YLD 2.05 WT 12.7).

**5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1800'	FW/Air Mist	8.4	28	N/C
1800'-7800'	Cut Brine	8.8-9.0	28	N/C
7800'-10000'	SGel/Starch	9.0-9.4	28-32	<15
10000'-TD	SGel/Starch	9.4-9.8	34-36	<12

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 from intermediate casing to TD.

Logging: Platform Express HRLA/NGT/FMI

Coring: None anticipated.

DST's: None anticipated.

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

Anticipated BHP:

From: 0	To: 1800'	Anticipated Max. BHP	700 PSI.
From: 1800'	To: 10600'	Anticipated Max. BHP	5000 PSI.

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: Possible in Canyon.

Maximum Bottom Hole Temperature: 178 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**  
Whitbread BFG Federal Com. #1  
1980' FNL and 660' FWL  
Sec. 1-T22S-R24E  
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 31 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

### **DIRECTIONS:**

Go north of Carlsbad on Highway 285 for approximately 9.5 miles to Waterline Road (CR-406). Turn left on Waterline Road and go approximately 1.8 miles. Turn left here and follow road for approximately 5.4 miles. Turn right here and go approximately .7 of a mile. The new access road will start here going north.

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

The new access road will be approximately 400 feet in length from the point of origin to the southeast corner of the well pad.

### **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:**

The dirt contractor will locate closest pit and will obtain any permits and materials for 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.
- 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.

**11. SURFACE OWNERSHIP: Federal surface, Administered by the 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:

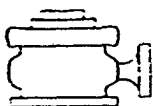
Pinson Mc Whorter, Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

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.

12/15/04

  
Regulatory Agent

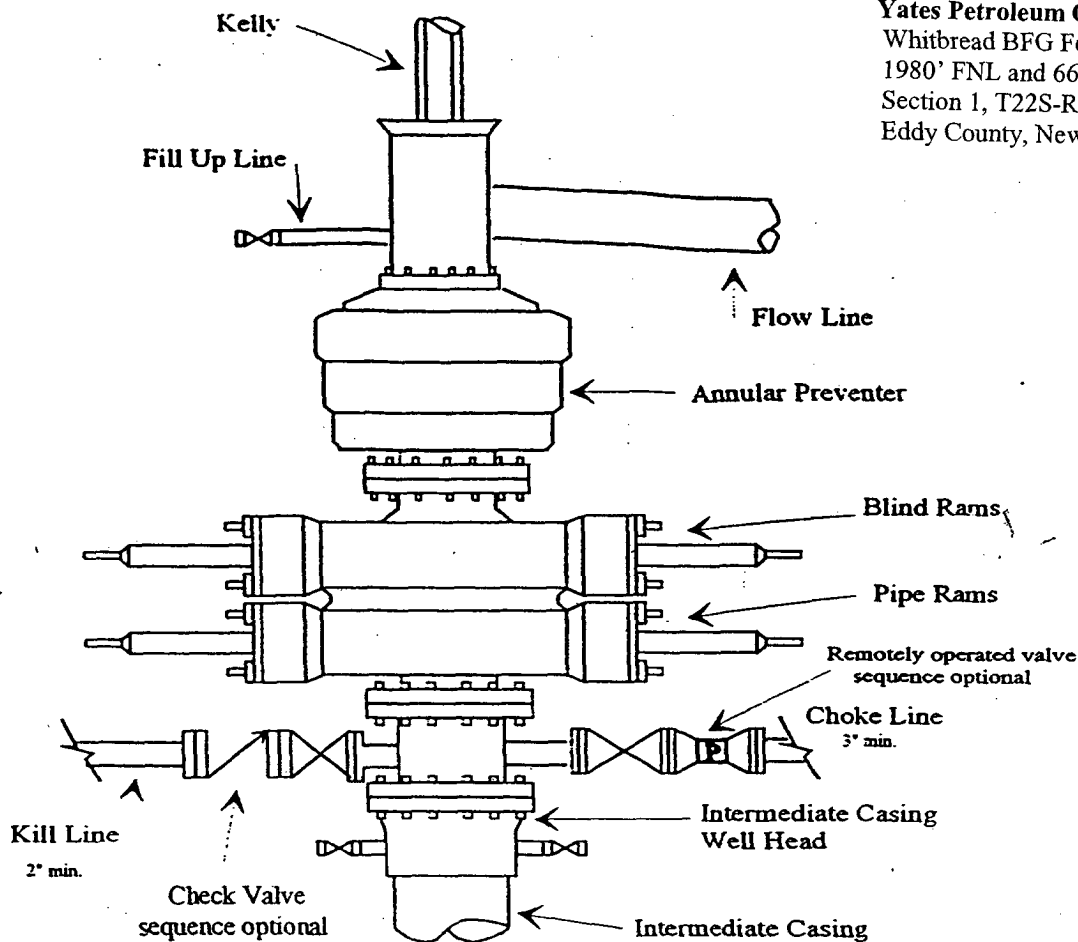


# Yates Petroleum Corporation

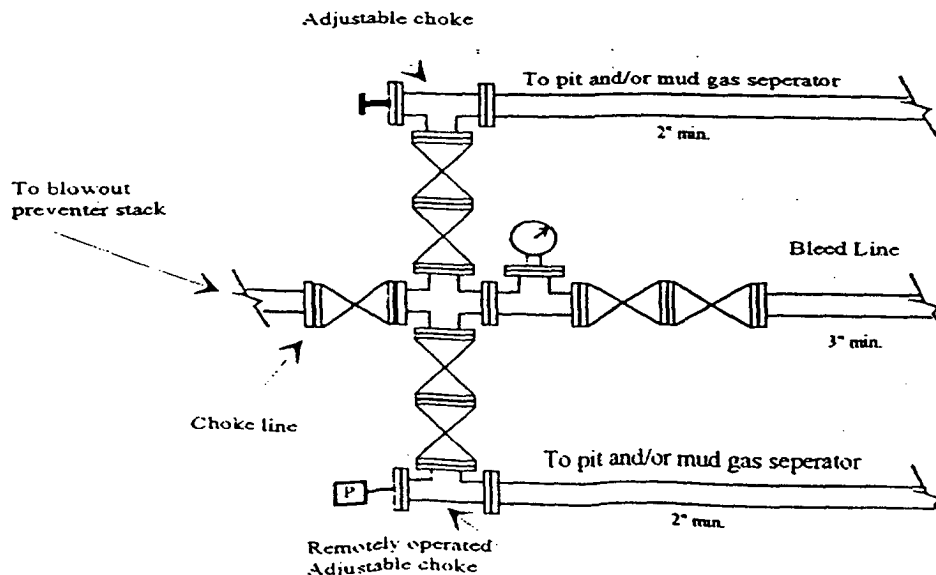
BOP-4

## Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

Yates Petroleum Corporation  
Whitbread BFG Federal Com. #1  
1980' FNL and 666' FWL  
Section 1, T22S-R24E  
Eddy County, New Mexico



Typical 5,000 psi choke manifold assembly with at least these minimum features



# **Yates Petroleum Corporation**

**105 S. Fourth Street  
Artesia, NM 88210**

## **Hydrogen Sulfide (H<sub>2</sub>S) Contingency Plan**

**For**

### **Whitbread BFG Federal Com. 1**

**1980' FNL, 660' FWL  
Section-1, T-22S, R-24E  
Eddy County NM**

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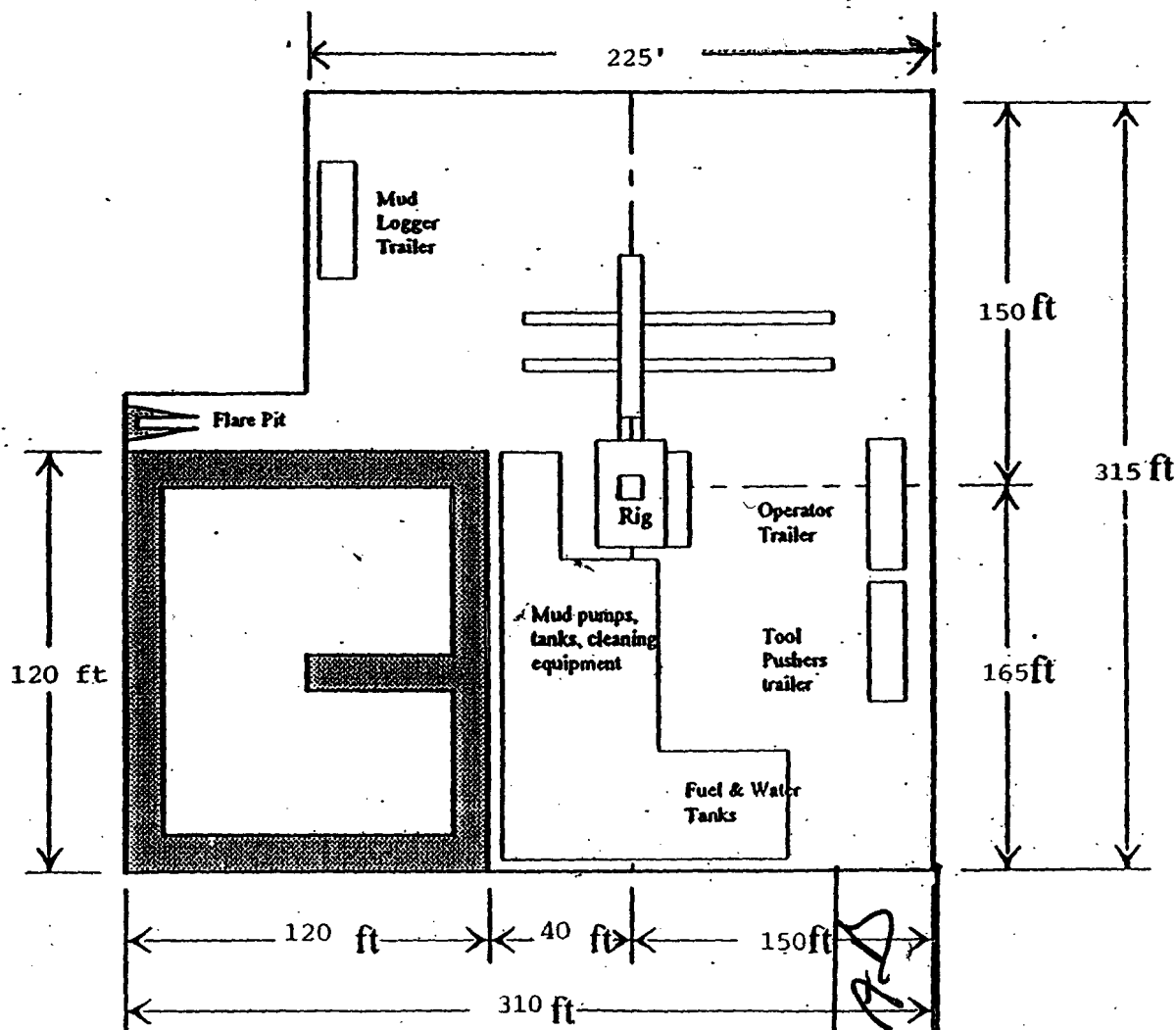
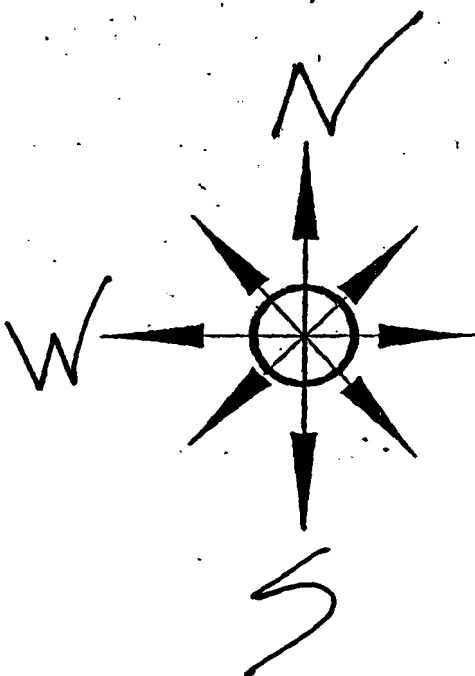
PB - L1

# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'

*E Pits West*

Yates Petroleum Corporation  
Whitbread BFG Federal Com. #1  
1980' FNL and 666' FWL  
Section 1, T22S-R24E  
Eddy County, New Mexico

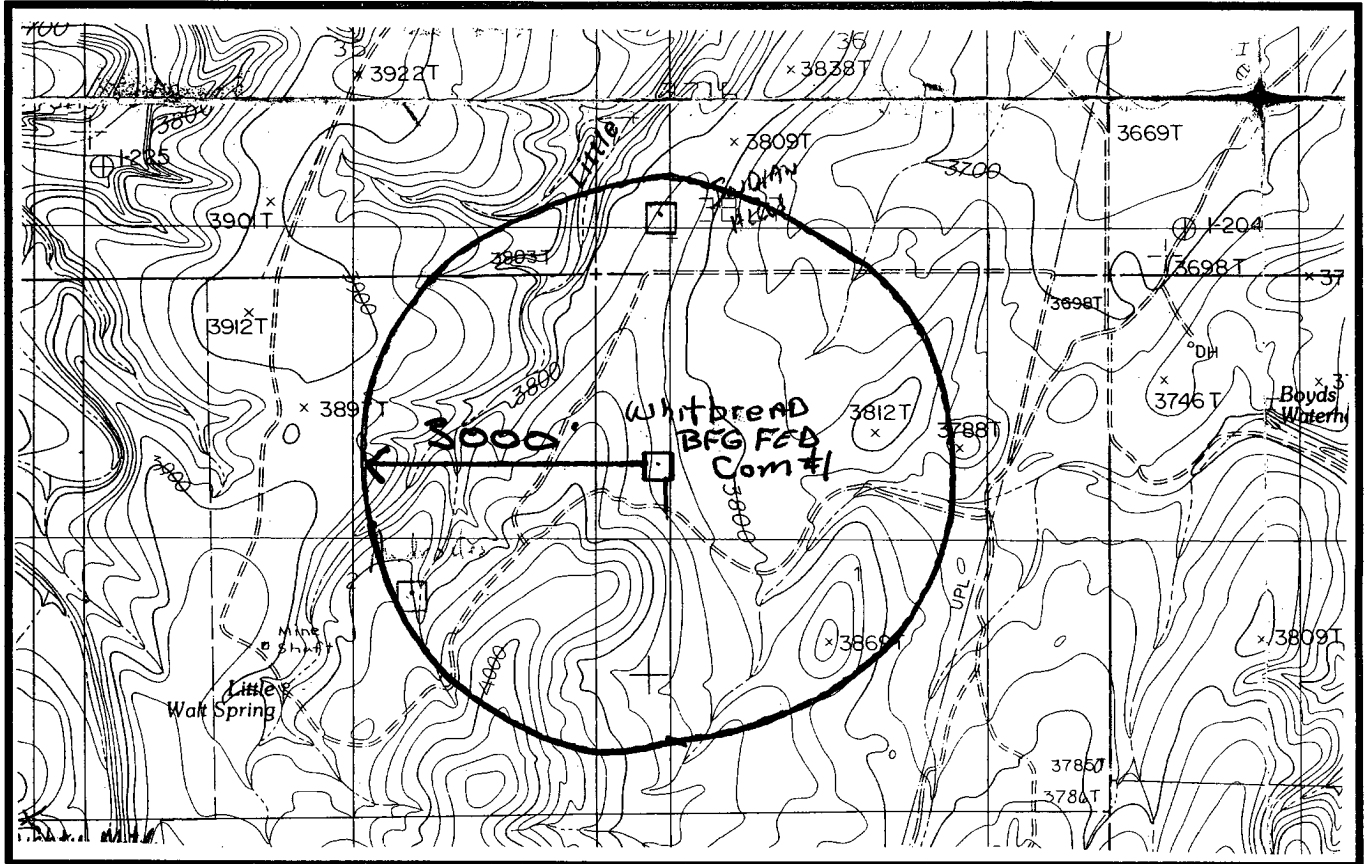
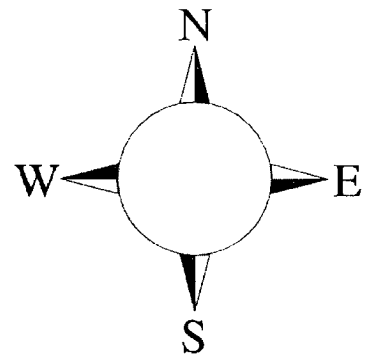


Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum

## Whitbread BFG Federal Com. #1 Location

This is an open drilling site. H<sub>2</sub>S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H<sub>2</sub>S, including warning signs, wind indicators and H<sub>2</sub>S monitor.



**Assumed 100 ppm ROE = 3000'**

**100 ppm H<sub>2</sub>S concentration shall trigger activation of this plan.**

## Emergency Procedures

In the case of a release of gas containing H<sub>2</sub>S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H<sub>2</sub>S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S monitors and air packs in order to control the release. Use the “buddy system” to ensure no injuries during the response.

## Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

## Characteristics of H<sub>2</sub>S and SO<sub>2</sub>

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H <sub>2</sub> S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air = 1	2 ppm	N/A	1000 ppm

## Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico’s ‘Hazardous Materials Emergency Response Plan’ (HMER)

## ***Yates Petroleum Corporation Phone Numbers***

---

YPC Office .....	(505) 748-1471
Pinson McWhorter/Operations Manager .....	(505) 748-4189
Darrel Atkins/Production Manager .....	(505) 748-4204
Ron Beasley/Prod Superintendent .....	(505) 748-4210
Al Springer/Drilling .....	(505) 748-4225
Paul Hanes/Prod. Foreman/Roswell .....	(505) 624-2805
Jim Krogman/Drilling Superintendent.....	(505) 748-4215
Artesia Answering Service .....	(505) 748-4302
(During non-office hours)	

### **Agency Call List**

#### **Eddy County (505)**

##### **Artesia**

State Police .....	746-2703
City Police.....	746-2703
Sheriff's Office .....	746-9888
Ambulance .....	911
Fire Department .....	746-2701
LEPC (Local Emergency Planning Committee) .....	746-2122
NMOCD.....	748-1283

##### **Carlsbad**

State Police .....	885-3137
City Police.....	885-2111
Sheriff's Office .....	887-7551
Ambulance .....	911
Fire Department .....	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management.....	887-6544

New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR .....	(505) 827-9126
New Mexico State Emergency Operations Center.....	(505) 476-9635
National Emergency Response Center (Washington, DC)	...(800) 424-8802

##### **Other**

Boots & Coots IWC .....	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton .....	(505) 746-2757
B. J. Services.....	(505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX .....	(806) 743-9911
Aerocare -Rr 3 Box 49f , Lubbock, TX .....	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM .....	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM .....	(505) 842-4949



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

February 3, 2005  
Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, NM 88210  
Attn Mr. Cy Cowan

**RE: Yates Petroleum Corporation: Whitbread 'BFG' Federal Com. # 1, located in Unit E (1980' FNL & 660' FWL) of Section 1, Township 22 South Range 24 East Eddy County, New Mexico.**

Dear Cy,

In regards to conditions for approval of the above captioned well, the New Mexico Oil Conservation Division (NMOCD) will require the following only if the drilling of the surface hole of said well is not possible with an air/mist system.

This is for Yates Petroleum Company to take samples from the flow line of the drilling mud every 100' in order to determine the chloride levels from the surface to a depth of @ 1600'.

The results of this data are to be submitted to the NMOCD and the Bureau of Land Management. Please call our office if you have any questions regarding this matter.

Respectfully yours,

Bryan G. Arrant  
PES

CC: Tim Gum-District Supervisor-Artesia  
Bureau of Land Management  
Well File