

N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88212

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

JUL 20 2005

000-ARTECON

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OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-100552

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.

Carthel BGT Federal Com. #1

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

9. API Well No.

30-005-00456

10. Field and Pool, or Exploratory

Mississippian

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

1980' FNL and 1980' FEL; NWSE

At proposed prod. Zone

same as above

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

Section 23, T15S-R29E

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

Approximately twelve (12) miles north of Loco Hills, 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)

1980'

16. No. of Acres in lease

160.00

17. Spacing Unit dedicated to this well

320 acres S/2

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

19. Proposed Depth

10935'

20. BLM/BIA Bond No. on file

NM-2811

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

3934' 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

Name (Printed/Typed)

Date

Robert Asher

4/22/05

Title:

Regulatory Agent

Approved by (Signature)

/S/LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

JUL 19 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.

*(If

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

79.5

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
French Dr., Hobbs, NM 88240

District III
811 South First, Artesia, NM 88210

District IV
1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name Wildcat Mississippian	
⁴ Property Code		⁶ Property Name CARTHEL BGT FEDERAL COM.			⁵ Well Number 1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3934'

¹⁰ Surface Location

UL or lot no. J	Section 23	Township 15S	Range 29E	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1980	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 	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 6/22/2005 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	

**MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator JACK L. MCCLELLAN			Lease CARTHEL FEDERAL		Well No. 1
Unit Letter J	Section 23	Township 15-SOUTH	Range 29-EAST	County CHAVES	
Actual Footage Location of Well: 1980 feet from the SOUTH line and 1980 feet from the EAST line					
Ground Level Elev: 3934' (EST)	Producing Formation QUEEN		Pool WILDCAT		Dedicated Acreage: 160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

APR 3 1967

If answer is "no," list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *Thomas J. Klyde*
Position **GEOLOGIST**

Company **JACK L. MCCLELLAN**

Date **MARCH 29, 1967**

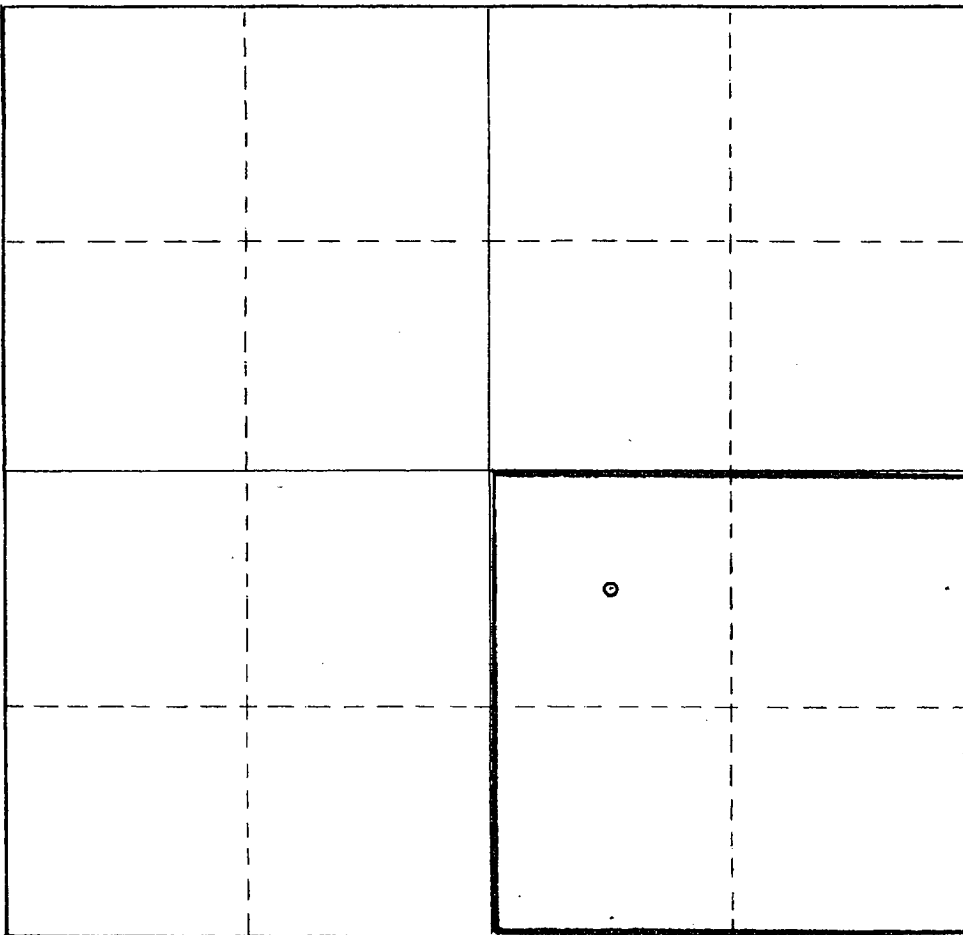
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

RECEIVED
ORIGINALY STAKED AS
TEXACO, INC. No. 1 CONE

Date Surveyed _____

Registered Professional Engineer and/or Land Surveyor

Certificate No. _____



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

FORM C-128
Revised 5/1/57

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

SECTION A

Operator TEXACO Inc.		Lease G. M. Cone-Federal		Well No. 1
Unit Letter J	Section 23	Township 15 South	Range 29 East	County Chaves
Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the Sec. 23				
Ground Level Elev.	Producing Formation Ellenburger	Pool Rank Wildcat	Dedicated Acreage: 40 Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ☐ ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ☐ NO ☐ If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below

RECEIVED

Owner	Land Description
	SEP 5 1961 U. S. GEOLOGICAL SURVEY MOSCOW, NEW MEXICO

SECTION B

MARKERS	
G. M. Cone Lse.	J. M. Kelly Lse.
G. M. Cone-Federal TEXACO Inc. Lse. 320 Ac.	
McCurdy etal Lse.	G. M. Cone Lse.
40 Ac.	
1	
1980'	
1980'	
U. S.	
0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0	

CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name J. J. Velten
Position Division Civil Engineer
Company TEXACO Inc.
Date 8/31/61

I hereby certify that the well location shown on the plat in SECTION B 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 knowledge and belief.

Date 8/31/61
Registered Professional Engineer and/or Land Surveyor J. J. Velten
Certificate No. 8174

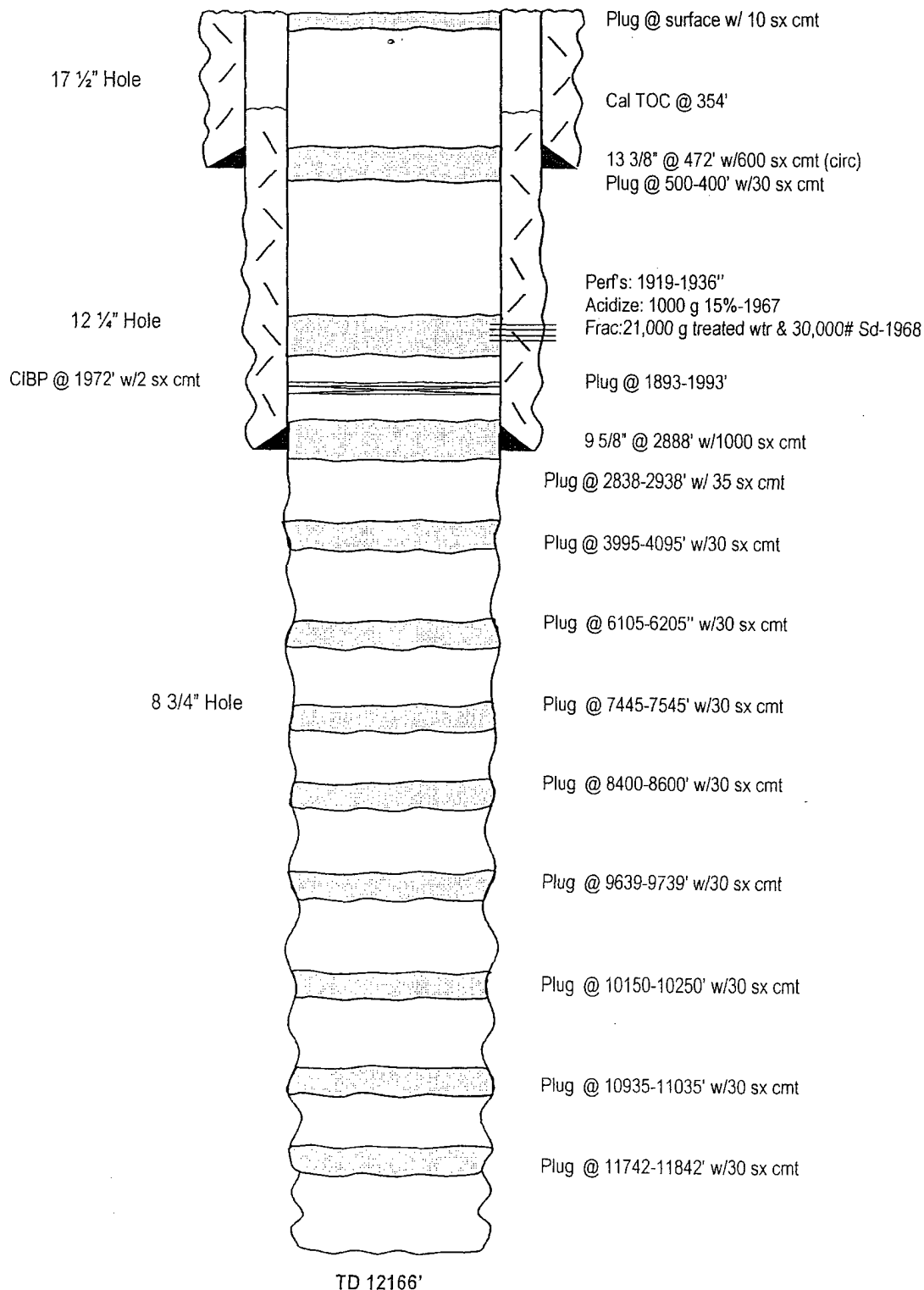
YATES PETROLEUM CORPORATION
Carthel BGT Federal Com. #1 Re-entry
1980' FSL and 1980' FEL
Section 23-T15S-R29E
Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well originally drilled by Texaco, Inc. as the Gordon M. Cone Federal #1 and plugged and abandoned December 1961, re-entered by McClellan Oil Corporation in 11/1968 for a Queen test as the Carthel Federal #1 and plugged and abandoned in 12/1974. Yates Petroleum Corporation plans to re-enter the well with a pulling unit and reverse unit to drill out the cement plugs in the 9 5/8" casing and in the 8 3/4" open hole down to a cement plug at 10,935' when the well was plugged in December 1961. A new suite of open hole logs will be run, then if the new logs show any of the deeper zones to have potential to be productive then a string of 5 1/2" or 7" casing will be run to TD and cemented to 5,000'+/-. The well will be completed with a pulling unit and the well will probably have completions attempted in the Mississippian, Morrow, Atoka, Strawn, Cisco Wolfcamp and or the Basal Abo Dolomite.

WELL NAME: Carthel Federal #1 FIELD: Sulimar Queen
 LOCATION: Sec 23, T15S-R29E, 1980S/1980E COUNTY: Chaves
 DL: 3949' ZERO: KB:
 SPUD DATE: 9/8/61 COMPLETION DATE: 12-8-61
 RE: 4/4/67 RE-Comp: 4/17/67
 RE: 12/30/68 RE-Comp: 1/14/69 PA Date : 12/5/74
 COMMENTS: API # 30-005-00456

CASING PROGRAM

13 3/8" 48# H-40	472'
9 5/8" 32.3#	2888'



TOPS

Anhydrite	300'
Salt	462'
Btm Salt	1023'
Yates	1187'
San Andres	2605'
Glorieta	4060'
Tubb	5382'
Abo	6155'
Wolfcamp	7495'
Atoka	9689'
U Miss	10200'
L Miss	10435'
Fusselman	10985'
Montoya	11525'
Simpson	11925'
Ellenburger	11992'

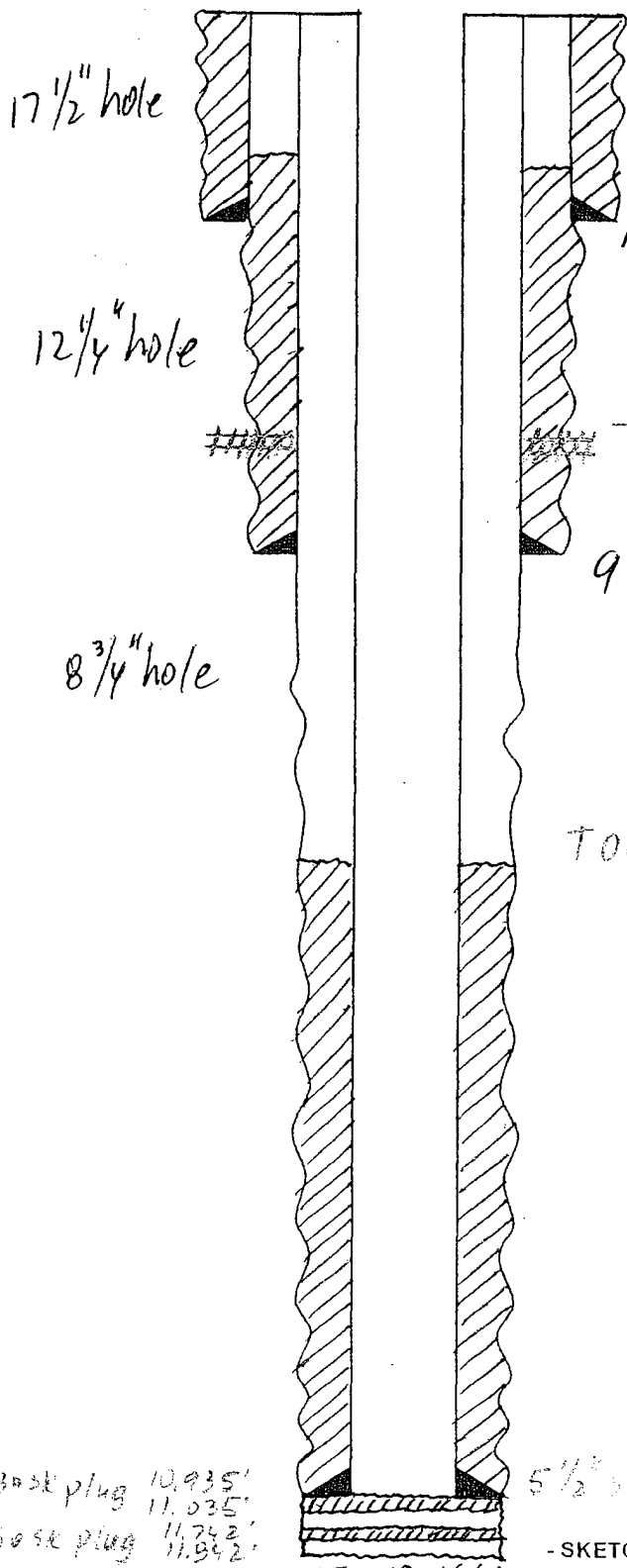
BEFORE

DST 1-8618-8662
 DST 2-10920-10964
 DST 3-10955-10998
 DST 4-11430-11649
 DST 5-11760-11825
 DST 6-11824-11920
 DST 7-11900-11967
 DST 8-11990-12166

NOT TO SCALE
 12/2/04
 CAM

WELLNAME: CARTHAGE BGT Fld. Co. #1 FIELD: Sulimar
 LOCATION: 1900' FSL + 1900' FEL, Sec 23, T15S, R29E, Chaves Co, NM.
 GL: 3,937' ZERO: _____ AGL: _____ KB: 3,950'
 SPUD DATE: 9/8/61 COMPLETION DATE: _____
 COMMENTS: P&A 12/74

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
13 3/8", 48.0 #/ft, H-40 STC	472'
9 5/8", 32.30 #/ft	2,880'
5 1/2", 17.0 #/ft, L-80, LTHL	10,935'



TOC: 354' +/-

19 3/8" set @ 472', cmt w/ 600 SKS, circ.
After

Queen

1919' - 1936', 5920 w/ 300 SKS if necessary

9 5/8" set @ 2,880', cmt w/ 1,000 SACKS

TOC: 5,500' +/-

5 1/2" set @ 10,935' cmt w/ 1,200 1/2" SACKS

- SKETCH NOT TO SCALE -

DATE: _____

YATES PETROLEUM CORPORATION
Carthel BGT Federal Com. #1 Re-entry
1980' FSL and 1980' FEL
Section 23-T15S-R29E
Chaves County, New Mexico

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

Anhydrite	300'	Tubb	5382'
Salt	462'	Abo	6155'
Btm. Salt	1023'	Wolfcamp	7495'
Yates	1187'	Atoka	9689'
San Andres	2605'	U. Miss	10200'
Glorieta	4060'	L. Miss	10435'
		TD	10935'

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 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>
17 1/2"	13 3/8"	48#	H-40	ST&C	472'	In Place
12 1/4"	9 5/8"	32.3#	H-40	ST&C	2888'	In Place
8 3/4"	5 1/2"	17.#	L-80	LT&C	10935'	10935'

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

- B. CEMENTING PROGRAM:
Surface Casing: In place
Intermediate Casing: In place
Production Casing: 1200 sx.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-TD	Cut Brine Water	9.2 – 9.5	55-70	N/C

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: CNL/LDT, W/NGT TD-Surf Csg; with CNL/GR up to Surf; DLL/MS
FL TD-Surf Csg: BHC Sonic TD-SURF Csg.
Coring: None.
DST's: As warranted.

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

No abnormal temperatures or pressures are anticipated.

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Carthel BGT Federal Com. #1 Re-entry
1980' FSL and 1980' FEL
Section 23-T15S-R29E
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 12 miles north of Loco Hills, New Mexico and the access route to the location is indicated in red (new) and green (existing) on Exhibit A.

DIRECTIONS:

Go east of Artesia, NM on Hwy 82 for approximately 23 miles to Loco Hills, NM. Turn left (north) on County Road 217 (Hagerman Cutoff) and continue for approximately 12 miles to an existing lease road on the left. Turn left (west) and continue on lease road for approximately 0.6 of a mile to the dry-hole marker.

2. PLANNED ACCESS ROAD:

The access road will be approximately 3,271' in length. This is an existing road from CR-217 (Hagerman Cutoff) to the well location.

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 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 re-enter the proposed well with a cut brine system. The brine 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 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. A Pit or Below-Grade Tank Registration Form (C-144) will be submitted with the Oil Conservation Division Office.

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, Bureau of Land Management
Pecos District, Roswell Field Office

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:
Robert Asher, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling, Completions & Prod.
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.

4/22/2005



Regulatory Agent