

N.M. Oil Cons. Div-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
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		5. Lease Serial No. NMNM25866
1b. 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
2. Name of Operator YATES PETROLEUM CORPORATION Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		7. If Unit or CA Agreement, Name and No.
3a. Address 105 S. 4TH ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	8. Lease Name and Well No. BUDER ACN FEDERAL 3
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 1750FNL 1980FWL At proposed prod. zone SENW 1750FNL 1980FWL		9. API Well No. 30-005-63576
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 30 MILES NEOF ROSWELL, NM		10. Field and Pool, or Exploratory PRECAMBRIAN
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease RECEIVED OCD - ARTESIA JUN 2003	11. Sec., T., R., M., or Blk. and Survey or Area Sec 22 T6S R26E Mer NMP SME: BLM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 5750 MD	12. County or Parish CHAVES
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3721 GL	22. Approximate date work will start	13. State NM
20. BLM/BIA Bond No. on file 320.00		17. Spacing Unit dedicated to this well
23. Estimated duration		

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 officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) PAT PEREZ Ph: 505.748.4376	Date 05/07/2003
Title REGULATORY AGENT		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) ARMANDO A LOPEZ	Date 06/17/2003
Title PETROLEUM ENGINEER		
Office Roswell		

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #21552 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Roswell
Committed to AFMSS for processing by Armando Lopez on 05/08/2003 (03AL0228AE)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

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

2040 South Pacheco, Santa Fe, NM 87505

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

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 Precambrian	
Property Code		Property Name BUDER "ACN" FEDERAL			Well Number 3
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3721

Surface Location

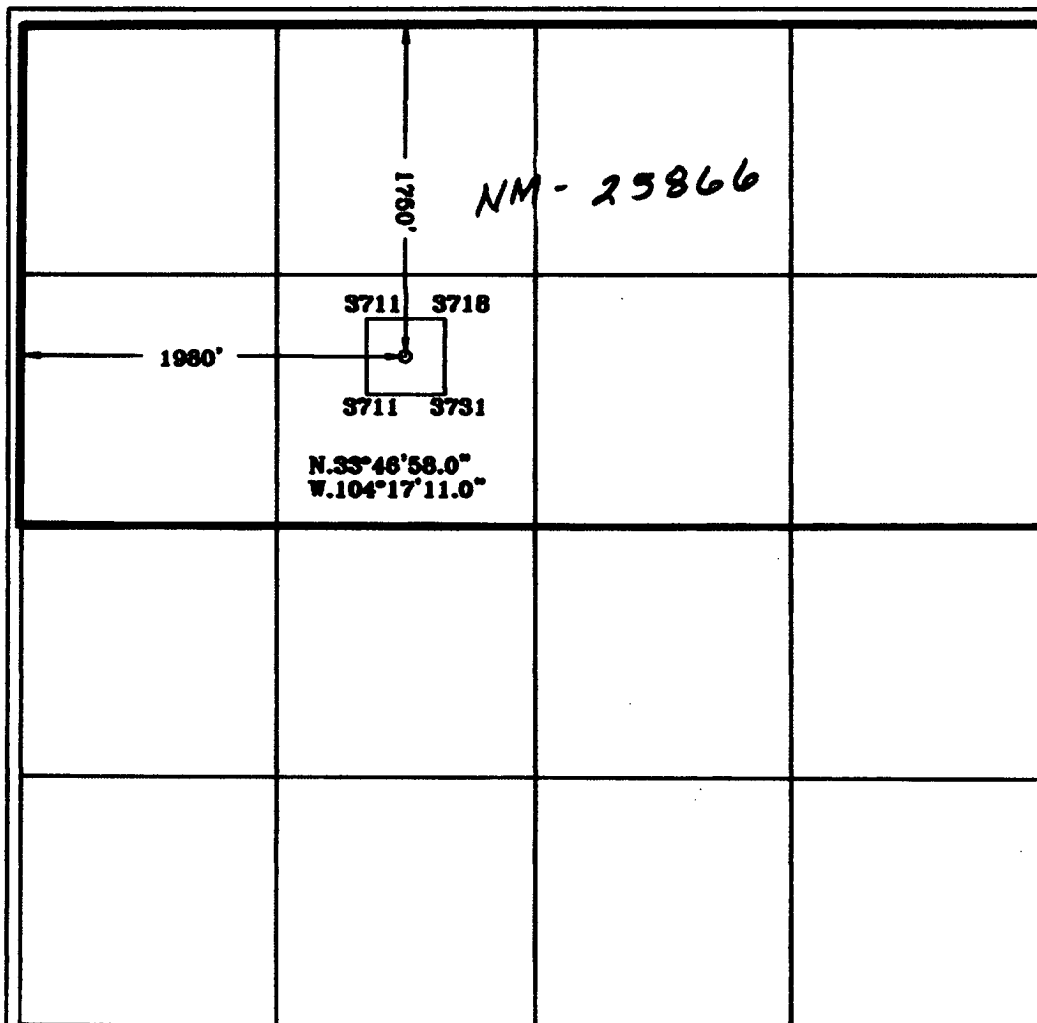
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	6S	26E		1750	NORTH	1980	WEST	CHAVES

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			

**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**

**OPERATOR CERTIFICATION**

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

Patricia Perez
Signature

Patricia Perez
Printed Name

Regulatory Agent
Title

5/1/2003
Date

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.

4/03/2003

Date Surveyed
Signature of Surveyor
Professional Surveyor
HELEN JONES
NEW MEXICO
3648
Certification No. H-1000 Jones RLS 3840
PROFESSIONAL LAND SURVEYOR
GENERAL SURVEYING COMPANY

0 330° 660° 990° 1650° 1980° 2310° 2310° 1980° 1650° 990° 660° 330° 0°

YATES PETROLEUM CORPORATION
Buder ACN Federal #3
 1750' FNL and 1980' FWL
 Section 22, T6S-R26E
 Chaves County, New Mexico

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

San Andres	765'	Spear Zone	4912'
Glorietta	1715'	Cisco	5175'
Yeso	1830'	Strawn	5390'
Tubb	3250'	Siluro-Devonian	5520'
Abo	3890'	Precambrian	5600'
Wolfcamp	4590'	TD	5750'

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

Water: 150'-300'
 Oil or Gas: Queen Formation.

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" 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>
14 3/4"	11 3/4"	42#	J-55	ST&C	0-950'
11	*8 5/8"	24#	J-55	ST&C	0-1600'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5750'

* - 8 5/8" will only be set if lost circulation is encountered.

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

B. CEMENTING PROGRAM:

Surface Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail w/200 sx
C w/2% CaCL₂ (YLD 1.33 WT 15.6)

Intermediate Casing: 250 sx Class C + 2% CaCLW (YLD 1.32 WT 14.8)

Production Casing: 500 sx Pecos Valley Lite (YLD 1.34 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>
0-950'	FW Gel/Paper/LCM	8.6 - 9.6	32-36	N/C
950'-3750'	Cut Brine/Brine	9.0 - 10.2	28	N/C
3750'-5750'	Starch/Salt Gel	9.3 - 10.2	32 - 40	<6/cc

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; CNL/GR-TD Surf csg;
DLL/MSFL TD to Surf csg. BHC Sonic TD-Surf csg;
FMI-TD-Top of Wolfcamp.
Coring: Sidewall
DST's: None.

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

Anticipated BHP:

From: 0	TO: 950'	Anticipated Max. BHP: 450 PSI
From: 950'	TO: 5750'	Anticipated Max. BHP: 2200 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

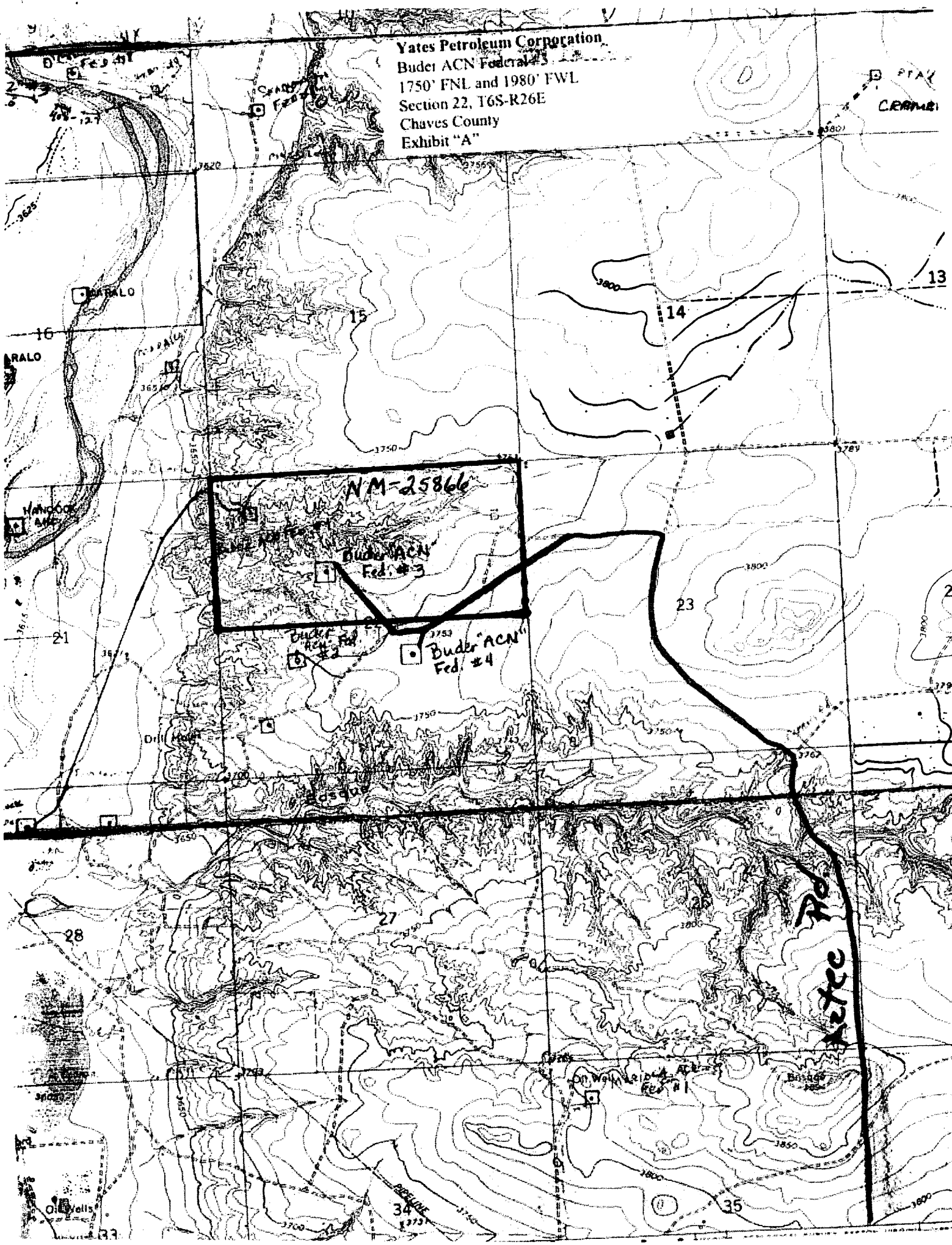
H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

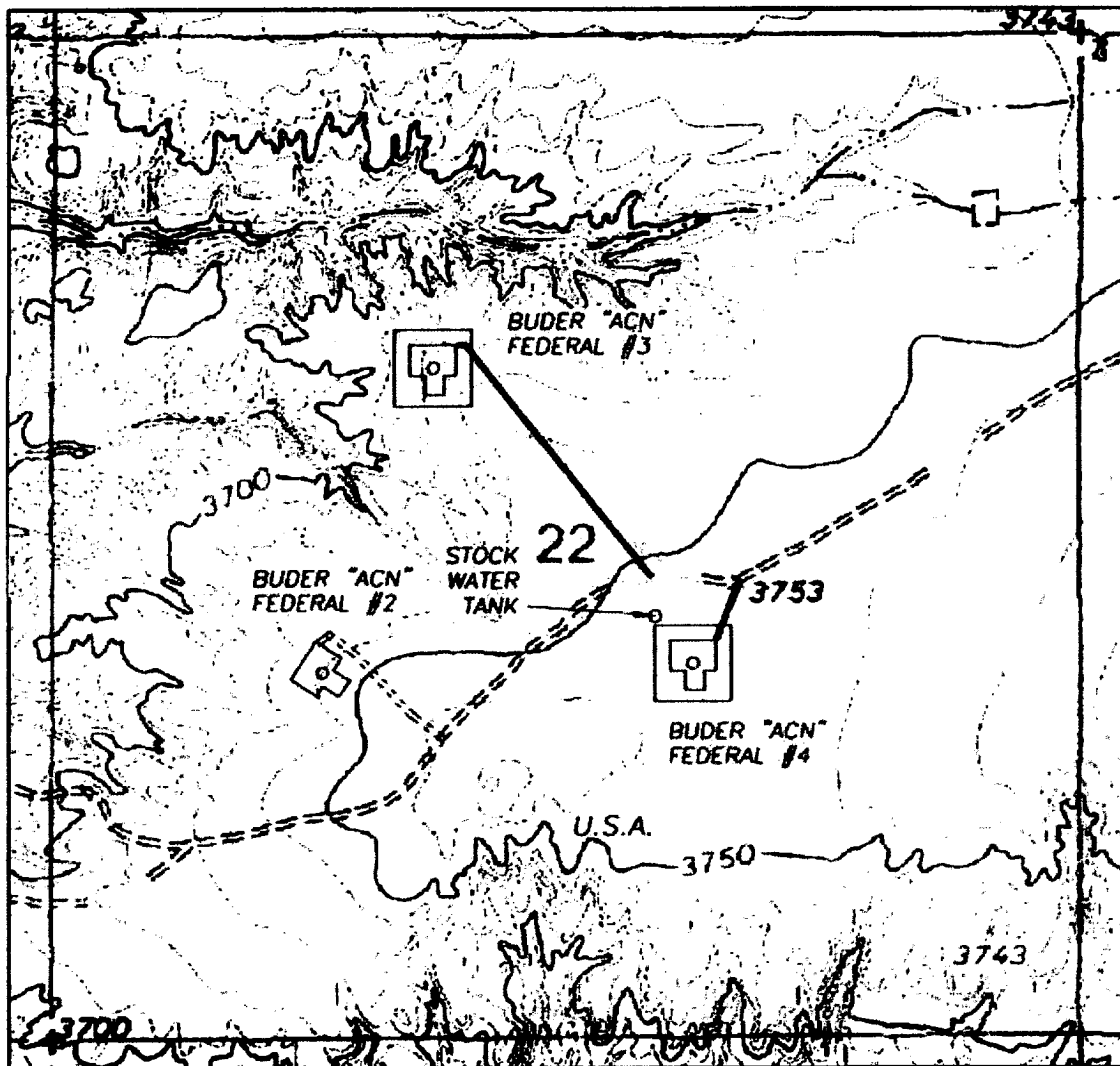
8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 10 days to drill the well with completion taking another 20 days.

Yates Petroleum Corporation
Buder ACN Federal #3
1750' FNL and 1980' FWL
Section 22, T6S-R26E
Chaves County
Exhibit "A"



SECTION 22, TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
Buder ACN Federal #3
1750' FNL and 1980' FWL
Section 22, T6S-R26E
Chaves County
Exhibit "A-1"

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.

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 BUDER "ACN" FEDERAL #3 & 4 WELLS, LOCATED IN SECTION 22, TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 4/02/2003

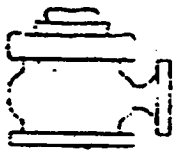
Drawn By: Ed Bivins

Date: 4/05/03

Sheet 1 of 1 Sheets

W.D. Number

Scale 1" = 1000' BUDER 3&4



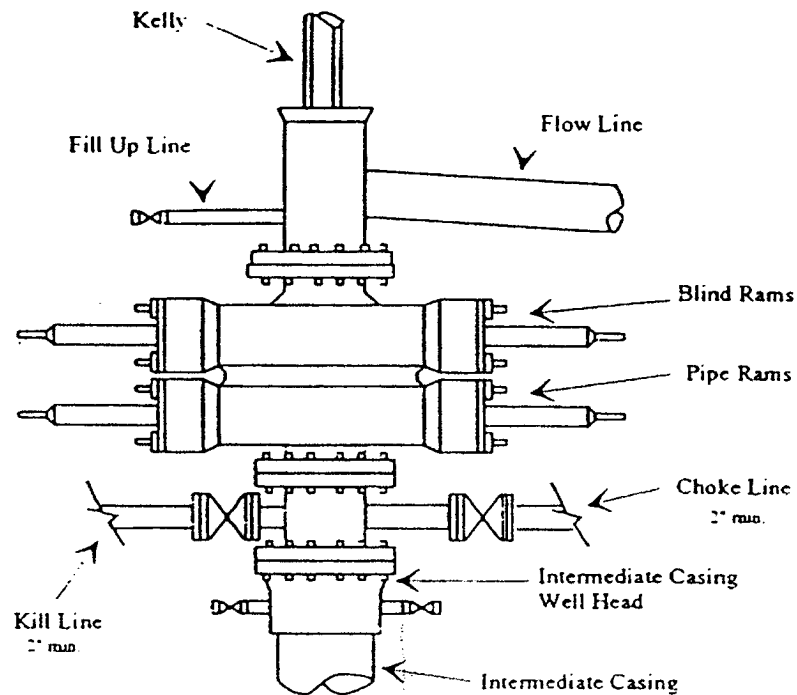
Yates Petroleum Corporation

BOP-2

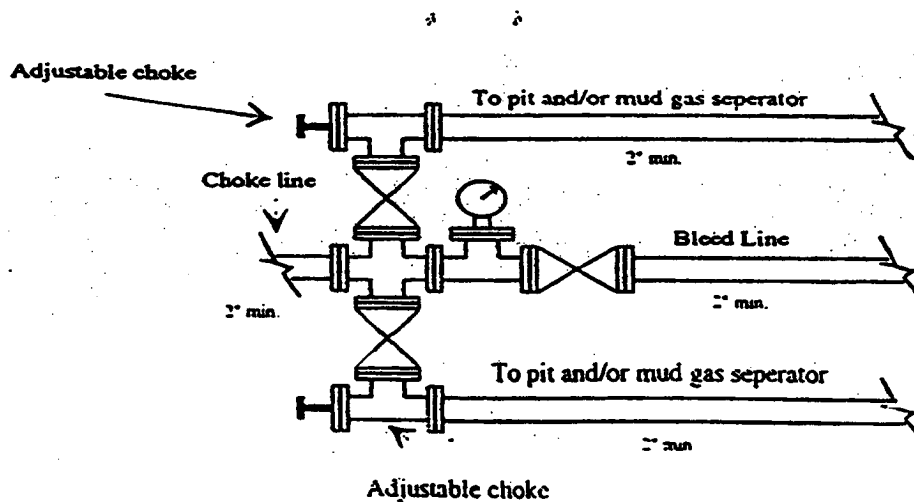
Typical 2,000 psi Pressure System Schematic

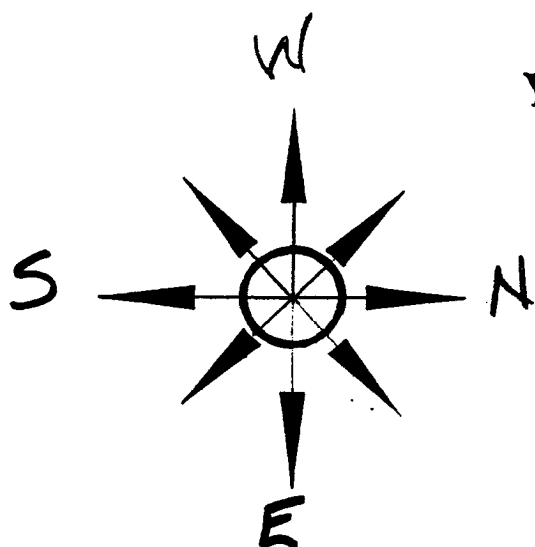
Double Ram Preventer Stack

Yates Petroleum Corporation
Buder ACN Federal #3
1750' FNL and 1980' FWL
Section 22, T6S-R26E
Chaves County
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'

Yates Petroleum Corporation
Buder ACN Federal #3
1750' FNL and 1980' FWL
Section 22, T6S-R26E
Chaves County
Exhibit "C"

