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

APR 0 3 2006

OMB No. 1004-0136 Expires November 30, 2000

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

N	M	-20	93	2
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APPLICATION FOR PERMIT TO DRILL OR REENTER CU-AM	FERIA	6. If Indian, Allottee or Tribe Name
711 7 18:07 77 1011 1011 1011 1011 1011 1011 101	. 4001	Not Applicable
	- 41	7 ICI Init on CA A measurement Nomes and N

				Not Appi	icapie
1a. Type of Work: X DRILL	REENTER	1	1798	7. If Unit or CA Agreem	ent, Name and No.
		10	- 1 10	Not App	icable
				8. Lease Name and Well	
b. Type of Well: Oil Well Gas Othe Well	er [_]	Single Zone	Multiple Zone	Stewart Fe	deral #5
2. Name of Operator Vates Petroleum Corporation 25515				24	a .
rates remoted in corporation o >) ()				30-005-6	<u> </u>
3A. Address 105 South Fourth Street	3b. Phone N	one No. (include area code) 10. Field and Pool, or Exploratory			
Artesia, New Mexico 88210		(505) 748-14	71	Wildcat Basement	
4. Location of Well (Report location clearly and in accordance wit	•	ements.*)	E117-	11. Sec., T., R., M., or B	lk, and Survey or Area
At surface 660' FNL and	11500' FWL,	Unit C / (6542		
	ne as above			Section 12, T8S	-R24E
14. Distance in miles and direction from nearest town or post office	.*			12. County or Parish	13. State
Approximately seventeen (17) miles northeast	of Roswell, N	New Mexico		Chaves County	NM
15. Distance from proposed* location to nearest property or lease line, ft.	16. No. of A	Acres in lease	17. Spacing Ur	nit dedicated to this well	
(Also to nearest drig. unit line, if any)		639		320 W/2	
18. Distance from proposed location* to nearest well, drilling, completed,	19. Propose	d Depth	Depth 20. BLM/BIA Bond No. on file		
applied for, on this lease, ft.		4829'		NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approx	Approximate date work will start* 23. Estimated duration			
3637' GL		ASAP		30 Days	
	24. Att	achments			
The following, completed in accordance with the requirements of O	nshore Oil and Gas	Order No. 1, shall b	e attached to this	form:	
1. Well plat certified by a registered surveyor.		4. Bond to cov	er the operations	unless covered by an existi	ng bond on file (see
2. A Drilling Plan.		Item 20 abo	ve).		
3. A Surface Use Plan (if the location is on National Forest System	Lands, the	5. Operator cert	tification.		
SUPO shall be filed with the appropriate Forest Service Office.		6. Such other si	•	nation and/or plans as may b	e required by the
25. Signature Q Q Q Q Q	Nai	me (Printed/Typed)		Dat	e
Jolle Eselle	\frown	bbie Caffall		į	3/1/2006
email: debbiec@ypcnm.com					
Title: Regulatory Agent/Land Department					
Approved by (Signature) /S/LARRY D. BRAY	Na	me (Printed/Typed)	S/LARRY	D. BRAY	AR 3 1 200
Title Assistant Field Manager,	Offi			1 20	WILL OF THE
Lands And Minerals	į	KOSWELL	FIELD OFFI	YE APPR	ROVED FOR 1 YEA
Application approval does not warrant or certify that the applicant h	olds legal or equit	able title to those riv	hts in the subject	lease which would entitle th	e applicant to conduct
operations thereon		10 11000 116		would challe th	apprount to conquet

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

*(Instructions on reverse)

Conditions of approval, if any, are attached.

Previously Approved

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

C-144 Attached

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

DISTRICT I 1625 M. French Dr., Hobbs, MM 86340 DISTRICT II 811 South First, Artesia, NM 88210

Dedicated Acres

320

Joint or Infill

State of New Mexico

Form C-102 Ravised March 17, 1999 Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies Foe Lease - 3 Copies

DISTRICT III 1000 His Brazos Ed., Aztec, NM 67410 DISTRICT IV 2049 South Pachoco, Santa Fe, NM 87605

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API	AFI Number Pool Code			Pool Name					
				9650	12	Wildcat Bas	ement		
Property	Property Code Property Name				Well Number				
			STEWART FEDERAL 5						
OGRAD N	O.		Operator Name Rievation				ion		
025575			YATES PETROLEUM CORPORATION 3637						
					Surface Loca	ation			
UL or lot No.	Section	Township	Range	Let kin	Feet from the	North/South line	Feet from the	East/West line	County
C	12	<i>8</i> S	24E		660	NORTH	1500	WEST	CHAVES
			Bottom	Hole Loc	cation If Diffe	rent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Vest line	County

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

Order No.

olidation Code

Come

3623 © 3631 1500' ———————————————————————————————————	OPERATOR CERTIFICATION I haraby cortify the the information contained herein is true and complete to the best of my knowledge and heliof.
3640 3642	Signature Dobbie Coffeel
N.33*38*26.9* W.104*27*45.2* NM-20932	Debbie Caffall Printed Name Regulatory Agent Title 2/21/2006 Date
	SURVEYOR CERTIFICATION I hereby certify that the wall location shown on this plat was plotted from field notes of actual surveys made by me or under my
	oupervison, and that the same is true and correct to the best of my balled. 5/01/2001 Date Surveyed
	Signature & Seet of Professional Sakreyby John MEXICO
	Cartiflosto No. Horschel L. Joges RLS 3640 STEWARI 5 GENERAL SURVEYING COMPANY

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Form C-144 March 12, 2004

105 South Fourth Street, Artesia, NM 88210

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covere	ed by a "general plan"? Yes 💆 CheckBox	1
Type of action: Registration of a pit or t	below-grade tank 🗶 Closure of a pit or below	-grade tank 🔲
Operator: Yates Petroleum Corporation Telephon Address: 104 South 4th Street, Artesia, New Mexico 88210 Facility or well name: Stewart Federal #5 API #: 30-005-636 County: Chaves Latitude Longitude	ne: _505-748-4376 e-mail address:debbiec@y 353	R <u>24E</u>
County. Otherwise Paris		
Pit Type: Drilling Production Disposal D Workover Emergency Lined Unlined L Liner type: Synthetic Thickness 12 mil Clay Volume bbl	Below-grade tank Volume:bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes if n	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(10 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) NOV 0 3 7014 (0 points) OSB-ARTEGIA
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	30
If this is a pit closure: (1) attach a diagram of the facility showing the pit's onsite offsite for If offsite, name of facility date. (4) Groundwater encountered: No Yes If yes, show depth belo diagram of sample locations and excavations.	(3) Attach a general description of remedial a	ction taken including remediation start date and end
I hereby certify that the information above is true and complete to the best of been/will be constructed or closed according to NMOCD guidelines [], a Date: 11/3/2004	my knowledge and belief. I further certify that the general permit M, or an (attached alternative	ne above-described pit or below-grade tank has OCD-approved plan .
Printed Name/Title Robert Asher/Regulatory Agent Your certification and NMOCD approval of this application/closure does not otherwise endanger public health or the environment. Nor does it relieve the regulations.	relieve the operator of liability should the contents operator of its responsibility for compliance with an	of the pit or tank contaminate ground water or by other federal, state, or local laws and/or
Approva NOV - 8 2904 Juild Lep D	/20	
As a condition of approval, if durin construction water is encountered of if water seeps in pits after construction the OCD MUST BE	a detailed closure must be filed bef	ore
CONTACTED IMMEDIATELY	! closure may com	mence

YATES PETROLEUM CORPORATION Stewart Federal #5

660' FNL and 1500' FWL Section 12-T8S-R24E Chaves County, New Mexico

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

San Andres	170'
Glorieta	1070'
Yeso	1170'
Tubb	2620'
Abo	3295'
Wolfcamp	3944'
Penn	4472'
Basement Granite	4729'
TD	4829'

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 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>	Casing Size	Wt./Ft	<u>Grade</u>	Coupling	<u>Interval</u>
14 ¾	11 3/4"	42#	H-40	ST&C	0-350'
11	8 5/8"	24#	J-55	ST&C	0-1150'
7/7/8"	5 1/2"	15.5#	J-55	ST&C	0-4829'

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

Stewart Federal #5 Page 2

A. CEMENTING PROGRAM:

Surface Casing: 300 sx "C" + 2% CaCL2 (YLD 1.32 WT 14.8).

Intermediate Casing: 200 sx Lite (YLD 1.99 WT 12.5). Tail in with 200 sx Class C+2% CACL2 (YLD 1.32 WT 14.8).

Production Casing: 450 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 2800'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	Viscosity	Fluid Loss
0-350'	FW GEL,Paper,LCM	8.6 - 9.2	32-36	N/C
350'-1150'	FW	8.4 - 8.6	28	N/C
1150'-3260'	Cut-Brine/Brine	9.0 - 10.2	28	N/C
3260'-TD	Starch/ Salt Gel	9.3-10.2	32-40	<6cc

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. Rig personnel will check mud hourly.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.

Logging: Platform Express CNL/LDT, W/NGT TD -Surf csg; with GR/CNL up to Surf:

DLĽ/MŠ FL TD-Surf csg; BHC Sonic TD-Surf csg

Coring: None

DST's: As warranted.

ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0 TO: 350' Anticipated Max. BHP: 150 PSI From: 350' TO: 1150' Anticipated Max. BHP: 500 PSI From: 1250 TO 4829' 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 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN YATES PETROLEUM CORPORATION

Stewart Federal #5

660' FNL and 1500' FWL Section 12-T78S-R24E 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.

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 well site is located approximately 17 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Roswell on Highway 285 for approx. 7.5 miles to One Horse Road. Turn east and follow road approx. 2.5 miles to Cottonwood Road. Turn north and go approximately 5.4 miles and turn west. Go west on lease road for approximately 2.5 miles and the road turns right. Go approximately 0.1 of a mile and take the left fork. Go approximately 0.9 of a mile and the new road will start here and go northwest to the northeast corner of the pad. The Federal portion of this access is covered under NM-84347.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1050' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a northwesterly 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. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

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

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.

Stewart Federal #5 Page 2

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 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.
- C. The pits are to south into the hill.
- D. A 400' x 400' 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 well site 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.

Stewart Federal #5 Page Three

11. SURFACE OWNERSHIP:

Federal Surface Federal Minerals

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: B. Debbie Caffall, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

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

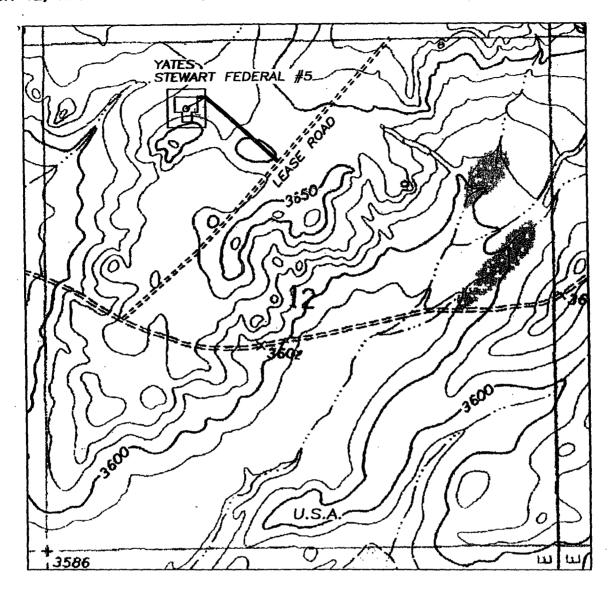
14. CERTIFICATION:

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.

3/1/2006

Regulatory Agent

SECTION 12, TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation Stewart Federal #5 660' FNL & 1500' FWL, Unit C Section 12-T8S-R24E Chaves County, New Mexico Exhibit "A-1"

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHISH IT, IS BASED WERE DONE UNDER MY DIRECTION AND THE PEAT LACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET YOU REQUIREMENTS OF THE STANDARDS FOR DAMP SURVEYORS.

THE NEW MERICONSTATE OPERATOR OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

GENERAL SURVEYING COMPANY P.O. BOX 1928 LOVINGTON, OFESSIONAL NEW MEXICO 88260 1<u>000' 0 1000' 2</u>000' Scale 1" = 1000'

YATES PETROLEUM CORP.

LEASE ROAD TO THE YATES STEWART FEDERAL \$5 LOCATED IN SECTION 12, TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 5/01/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Bleyins	W.O. Number
Date: 5/02/01	Scale 1" = 1000" STEWART 5



Yates Petroleum Corporation

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation
Stewart Federal #5
660' FNL & 1500' FWL, Unit C
Section 12-T8S-R24E
Chaves County, New Mexico
Exhibit "B"

Flow Line

Pipe Rams

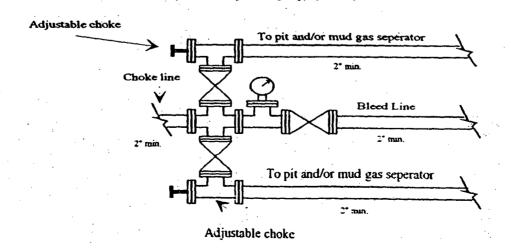
Choke Line
2' min.

Intermediate Casing
Well Head

Kill Line

Intermediate Casing

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





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201

page 1 of 2

Yates Petroleum Corporation shall adhere to the following;

- A. Mitigation Measure: The Conditions of Approval attached to the previously approved APD are still imperative and shall be essential in the approval of the resubmitted APD.
- B. The following mitigating measure supersedes some of the original Condition of Approval requirements:

Exhibit B - WELL DRILLING REQUIREMENTS

II. WELL PAD CONSTRUCTION REQUIREMENTS:

D. Reserve Pit Requirements:

- a. Upon reclamation of the reserve pit, the impervious, reinforced, synthetic or fabricated <u>12</u> mil in thickness liner shall be used to encapsulate the reserve pit cuttings.
- b. The dried cuttings in the reserve pit shall be buried a minimum depth of three (3) feet below ground level.
- c. The reserve pit area shall be covered with a three (3) feet minimum cap of clean soil or like material that is capable of supporting native plant growth. Once the reserve pit contents have been capped, the cap shall not be disturbed without NMOCD approval.
- d. Should the cuttings in the reserve pit not meet the three (3) feet below ground level depth, the excess contents shall be removed from the reserve pit until the required minimum depth of three (3) feet below ground level requirement has been met. The excess cuttings shall be removed from the well location and shall be properly disposed of at an authorized disposal site.
- e. Contact Randy Legler at (505) 627-0215, three days before commencing the reserve pit reclamation.

V. <u>SURFACE RECLAMATION/RESTORATION REQUIREMENTS</u>:

E. Upon abandonment of the well, the surface material (caliche/gravel) shall be removed from the well pad and/or access road. The removal of surface material shall be done with the minimal amount of mixing of the caliche or gravel material with the in place subsurface soils. The Authorized Officer shall be notified by the Holder for the proper disposal of the surfacing material from the well pad and access road.

VII. ON LEASE – WELL REQUIREMENTS:

H. Painting Requirement:

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Supplemental Environmental Colors" intended to provide additional color choices in selecting the most appropriate color(s) for BLM facilities. The color selected for painting all the well facilities is; Olive Drab, Supplemental Chart Number 18-0622 TPX.