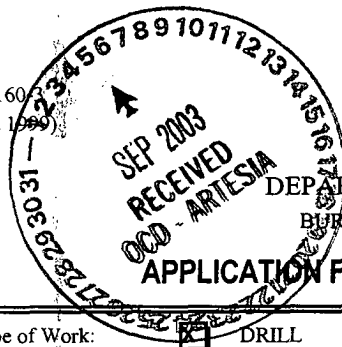


Form 3160-2
(August 1998)



Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

0
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-105201

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Beacon BDB Federal #1

9. API Well No.

30-005-63605

10. Field and Pool, or Exploratory

Wildcat

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

Section 26, T12S-R26E

12. County or Parish

Chaves

13. State

NM

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

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

At surface

1980' FSL and 660' FEL, NESE

At proposed prod. Zone

same as above

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

Approximately twenty (20) miles east of Roswell, New Mexico

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

1120

17. Spacing Unit dedicated to this well

320.00

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

2970'

19. Proposed Depth

6245'

20. BLM/BIA Bond No. on file

NM-2811

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

3643' 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

Clifton R. May

Name (Printed/Typed)

Clifton R. May

Date

7/14/03

Title:

Regulatory Agent

Approved by (Signature)

(ORIG. SGD.) ARMANDO A. LOPEZ

Name (Printed/Typed)

(ORIG. SGD.) ARMANDO A. LOPEZ

Date

SEP 04 2003

Title

**Assistant Field Manager,
Lands And Minerals**

Office

**ROSWELL FIELD OFFICE
Acting**

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)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED**

DISTRICT I
1635 J. 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 Pasobeco, 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 Wildcat Pre-Cambrian	
Property Code		Property Name BEACON "BDB" FEDERAL			Well Number 1
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3643

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	26	11S	26E		1980	SOUTH	660	EAST	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 E/2			

**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-105201		N.33°20'02.9" W.104°18'15.9"		OPERATOR CERTIFICATION	
						<i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>	
						Signature <i>Clifton R. May</i>	
						Printed Name Clifton R. May	
						Regulatory Agent	
						Title	
						Date July 14, 2003	
						Date	
				3639 3638 3645 3646 1980'		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>	
						Date Surveyed 6/24/2003	
						Signature <i>HEIDI L. JONES</i>	
						Professional Surveyor	
						Certificate No. Herscher Jones RLS 3640	
						GENERAL SURVEYING COMPANY	

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

YATES PETROLEUM CORPORATION
Beacon BDB Federal #1
 1980' FSL & 660' FEL
 Section 26-T11S-R26E
 Chaves County, New Mexico

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

Queen	395'	Spear Zone	5240'
San Andres	920'	Cisco	5540'
Glorieta	2055'	Strawn	5770'
Yeso	2215'	Siluro-Ordovician	5820'
Tubb	3640'	Pre-Cambrian	6095'
Abo	4405'	TD	6245'
Wolfcamp	5170'		

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>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1000'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6245'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the maximum shut-in bottom hole formation pressure is 2200 PSI. Pressure at the surface is less than 1000 PSI. We feel that a 1000psi test will demonstrate that the BOPE is functioning properly and in the unlikely event of a gas in flux that the BOPE would be sufficient to control the well.

Beacon BDB Federal #1

Page 2

B. CEMENTING PROGRAM:

Surface Casing: 450 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: 600 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3900'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1000'	FW GEL, Paper, LCM	8.4 - 8.6	32-36	N/C
1000'-4350'	Brine	9.8 - 10.0	28	N/C
4350'-6245'	Starch/Salt Gel	10.0 -10.2	45-50	<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; with CNL/GR up to Surf; DLL/MSFL
TD-Surf csg: BHC Sonic TD-SURF CSG, FMI TD – Top of the Wolfcamp

Coring: Sidewall

DST's: None.

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

Anticipated BHP:

From: 0	TO: 1000'	Anticipated Max. BHP: 500 PSI
From: 1000'	TO: 6245'	Anticipated Max. BHP: 3300 PSI

Abnormal Pressures Anticipated: None

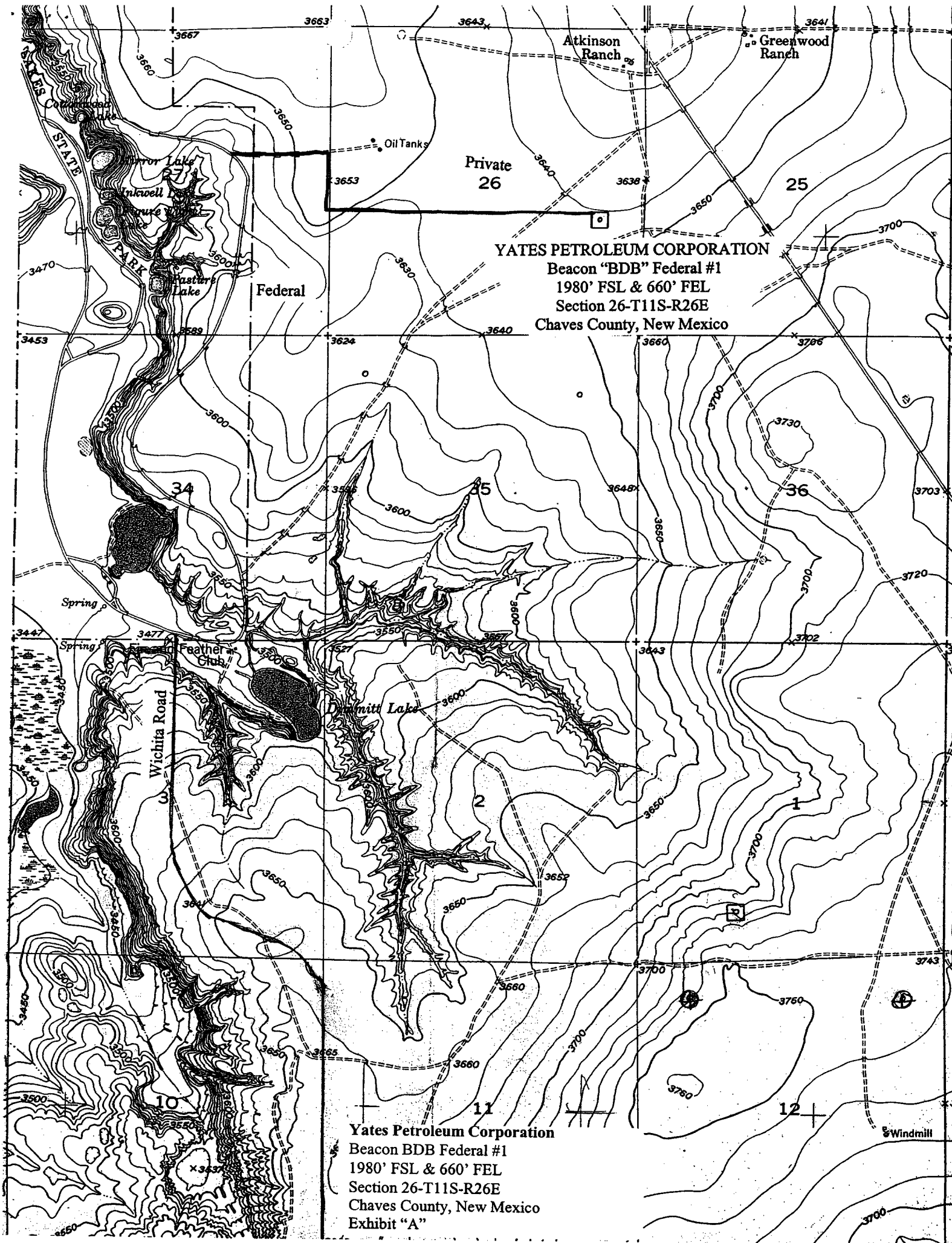
Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

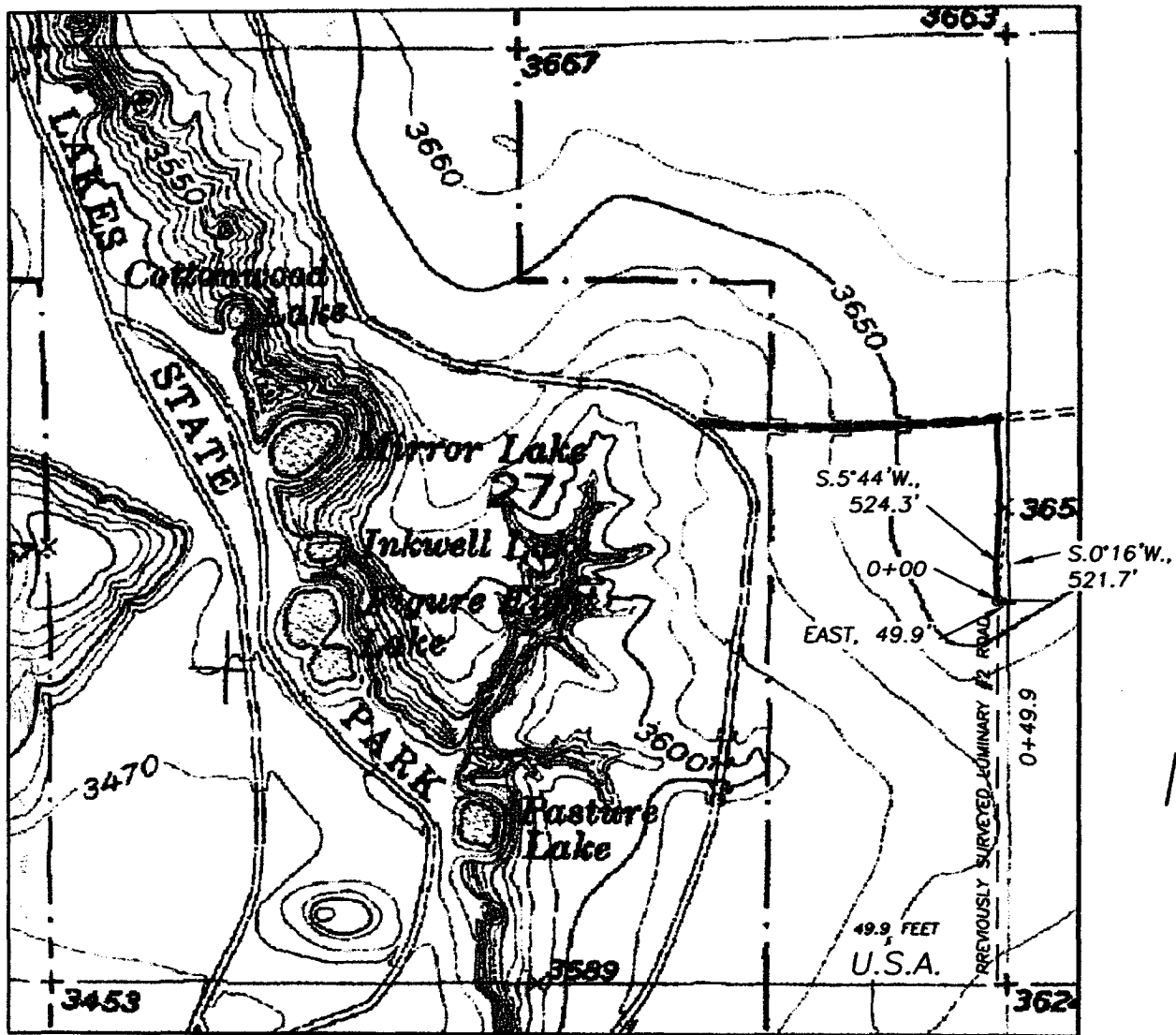
Maximum Bottom Hole Temperature: 110 F

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.



SECTION 27, TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 49.9 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT,

49.9 FEET = 3.0242 RODS, 0.0095 MILES OR 0.0344 ACRES, MORE OR LESS.

Yates Petroleum Corporation
Beacon BDB Federal #1
1980' FSL & 660' FEL
Section 26-T11S-R26E
Chaves County, New Mexico
Exhibit "A-1"

MAP 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 BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.



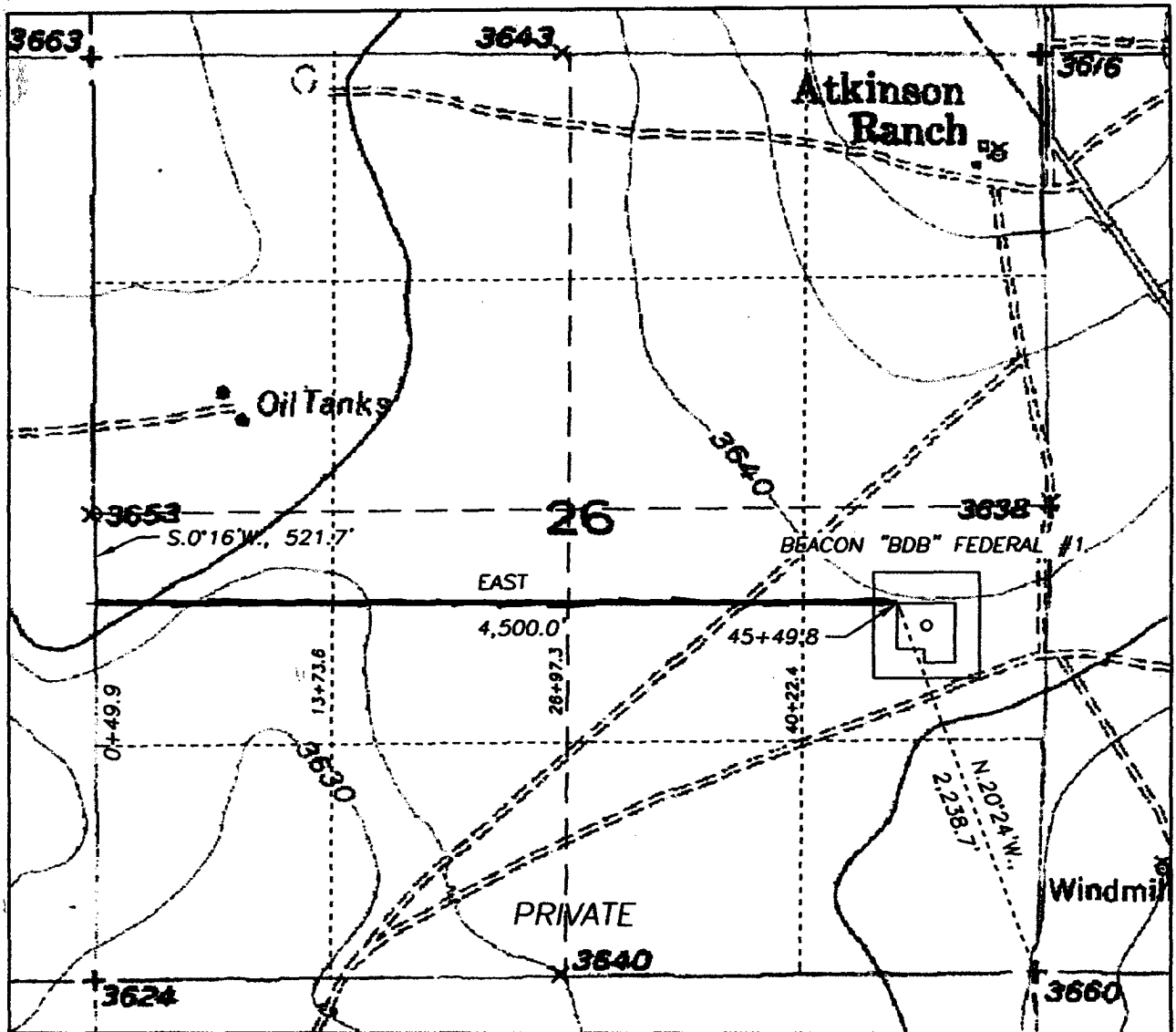
GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES BEACON "BDB"
FEDERAL #1 WELL, LOCATED IN SECTION 26, TOWNSHIP 11
SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW
MEXICO.

Survey Date: 6/24/2003	Sheet 1 of 2 Sheets
Drawn By: Ed Blavins	W.O. Number
Date: 6/24/03	Scale 1" = 1000' BEACON 1

SECTION 26, TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE FOLLOWING DESCRIBED SURVEY CENTERLINE;

BEGINNING AT STA. 0+49.9, A POINT LOCATED S.0°16'W., 521.7 FEET DISTANT FROM THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 26, TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO; THENCE EAST, 4,500.0 FEET TO STA. 45+49.8, A POINT LOCATED N.20°24'W., 2,238.7 FEET DISTANT FROM THE SOUTHEAST CORNER OF SAID SECTION 26.

4,500.0 FEET = 272.7273 RODS, MORE OR LESS.

Yates Petroleum Corporation
Beacon BDB Federal #1
1980' FSL & 660' FEL
Section 26-T11S-R26E
Chaves County, New Mexico
Exhibit "A-2"

MAP 2

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.

Herschel L. Jones
HERSCHEL L. JONES R.L.S. No. 3840
REGISTERED LAND SURVEYOR

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES BEACON "BDB" FEDERAL #1 WELL, LOCATED IN SECTION 26, TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 6/24/2003

Sheet 2 of 2 Sheets

Drawn By: Ed Blevins

W.O. Number

Date: 6/24/03

Scale 1" = 1000' BEACON 1



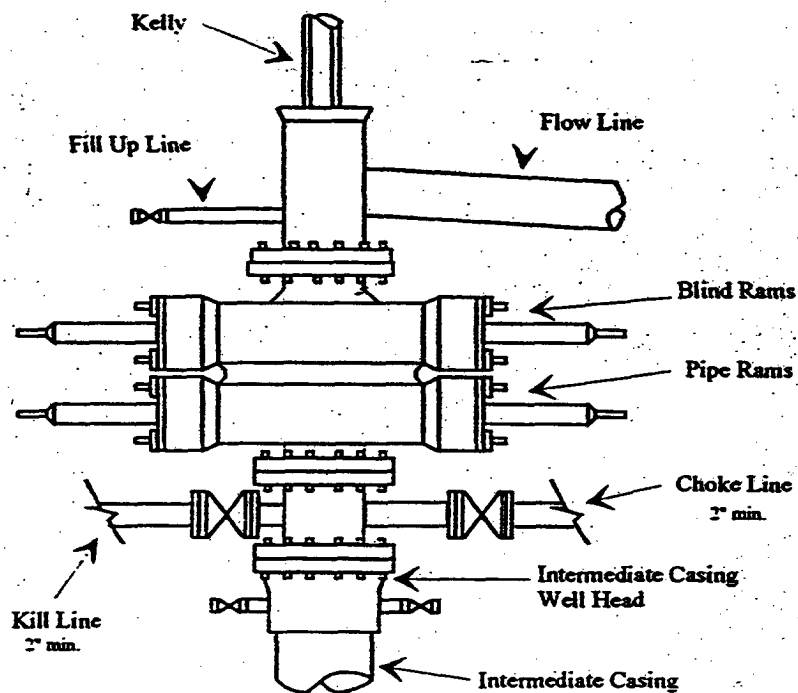
Yates Petroleum Corporation

BOP-2

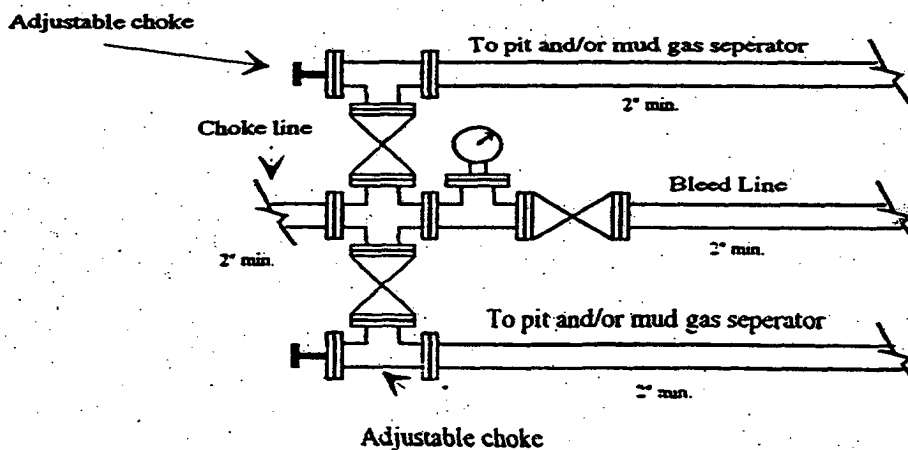
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Yates Petroleum Corporation
Beacon BDB Federal #1
1980' FSL & 660' FEL
Section 26-T11S-R26E
Chaves County, New Mexico
Exhibit "B"



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



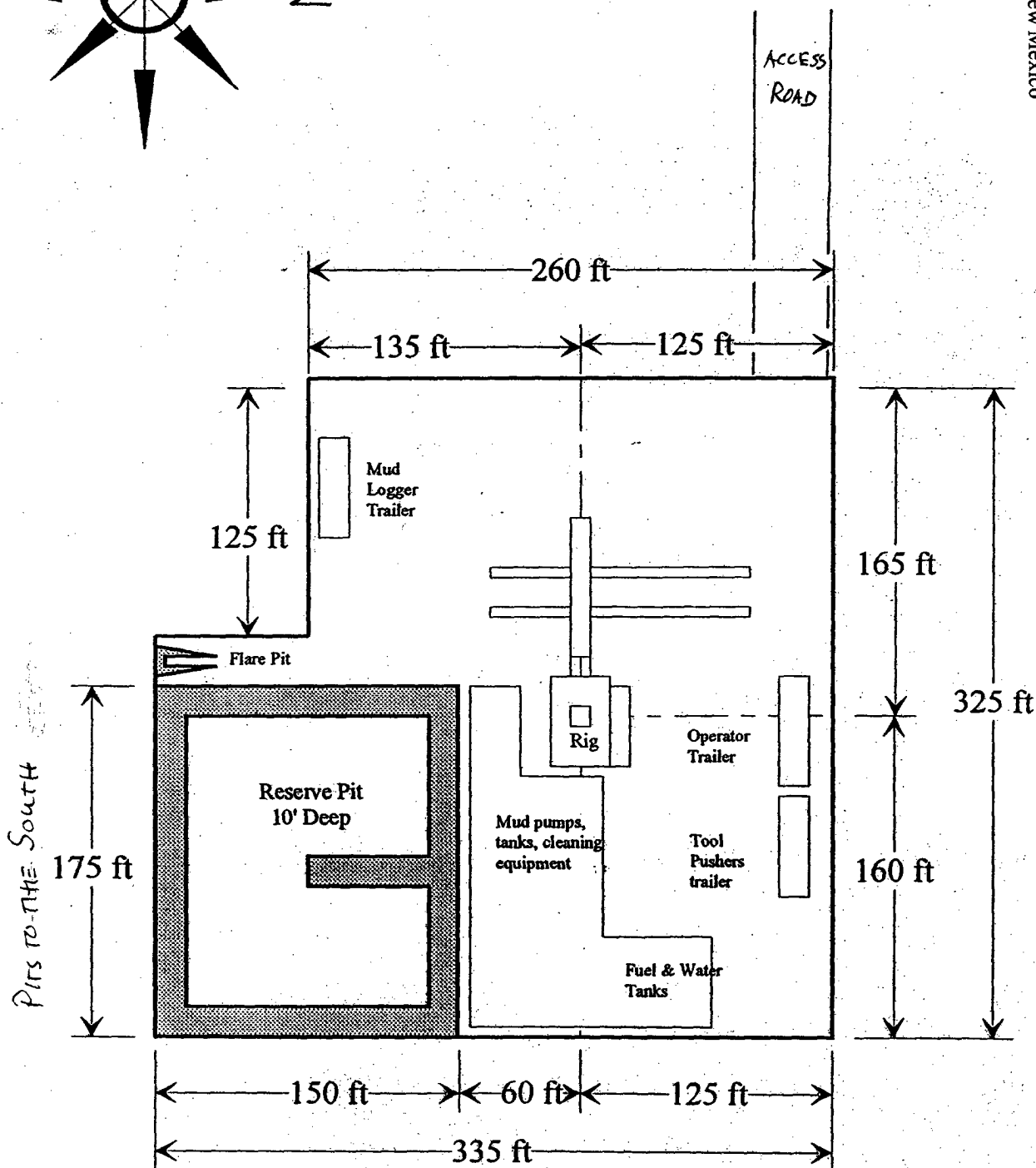
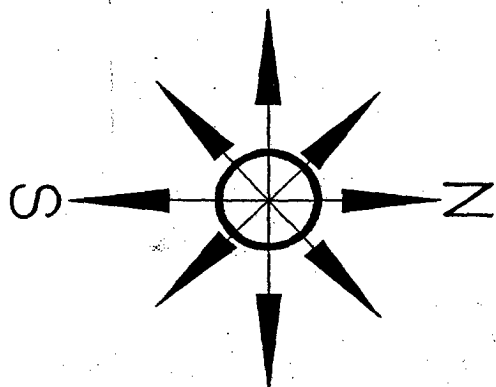
PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation
Beacon BDB Federal #1
1980' FSL & 660' FEL
Section 26-T11S-R26E
Chaves County, New Mexico
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum