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

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: [X] DRILL [ ] REENTER	5. Lease Serial No. **NM-90874**
b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone	6. If Indian, Allottee or Tribe Name **Not Applicable**
2. Name of Operator **Yates Petroleum Corporation**	7. If Unit or CA Agreement, Name and No. **Not Applicable**
3A. Address **105 South Fourth Street, Artesia, New Mexico 88210**	8. Lease Name and Well No. **Biplane Unit #2**
3b. Phone No. *(include area code)* **(505) 748-1471**	9. API Well No. **30-005-63613**
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface **660' FSL and 1190' FEL; SESE** At proposed prod. Zone **same as above**	10. Field and Pool, or Exploratory **Wildcat Precambrian**
14. Distance in miles and direction from nearest town or post office* **Approximately forty (40) miles Northeast of Roswell, NM**	11. Sec., T., R., M., or Blk, and Survey or Area **Section 9, T6S-R27E**
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **660'**	12. County or Parish **Chaves County** / 13. State **New Mexico**
16. No. of Acres in lease **560**	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 **6700'** / 20. BLM/BIA Bond No. on file **NM-2811**
21. Elevations (Show whether DF, KDB, RT, GL, etc.) **4050' 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 **8/8/03**
Title: **Regulatory Agent**		
Approved by *(Signature)* /S/LARRY D. BRAY	Name *(Printed/Typed)* /S/LARRY D. BRAY	Date SEP 19 2003
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 1001and 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)*

DISTRICT I
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

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
		Wildcat Pre-Cambrian

Property Code	Property Name	Well Number
	BIPLANE UNIT	2

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	4050

Surface Location

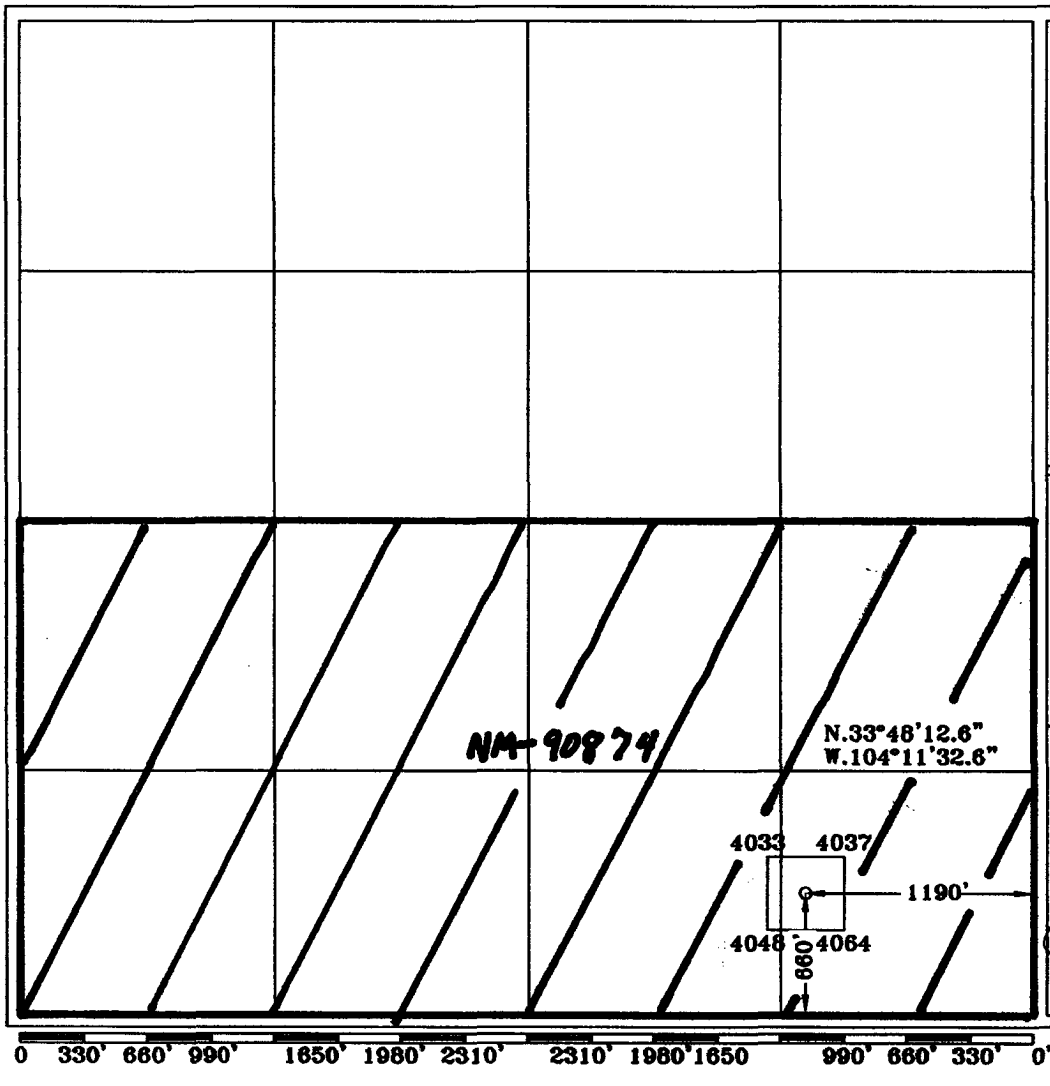
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	9	6S	27E		660	SOUTH	1190	EAST	CHAVES

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 S/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



OPERATOR CERTIFICATION

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

Clifton R. May

Signature

Clifton R. May

Printed Name

Regulatory Agent

Title

August 8, 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 supervison, and that the same is true and correct to the best of my belief.

7/28/2003

Date Surveyed

Signature & Seal of Professional Surveyor

HERSCHEL L. JONES NEW MEXICO 3640 REGISTERED BIPLANE PROFESSIONAL LAND SURVEYOR

Certificate No. Herschel L. Jones RLS 3640

BIPLANE GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Biplane Unit #2
660' FSL and 1190' FEL
Section 9-T6S-R27E
Chaves County, New Mexico

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

Yates	210'	Abo	4470'
Seven Rivers	265'	Wolfcamp	5175'
Queen	775'	Cisco	5755'
Grayburg	990'	Strawn	5930'
San Andres	1200'	Mississippian	6225'
Glorieta	2270'	Siluro-Devonian	6400'
Yeso	2395'	Pre-Cambrian	6550'
Tubb	3790'	TD	6700'

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 formations.

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)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
12 ¼"	8 5/8"	24#	J-55	ST&C	0-1250'	1250'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6615'	6700'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 2,000 psi BOP will be nippled up on the 8 5/8" casing and tested to 1000 psi. YPC requests 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 company to do the testing. Also, the bottom hole pressure in this field is proven to be near 1000 psi. A shut in surface pressure would be less than 1000 psi. We feel that an 1100-psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

B. CEMENTING PROGRAM:

Surface Casing: Cement with 500 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 250 sx "C" + 2% CaCl2 (YLD 1.33 WT 15.6).

Production Casing: 675 sx Pecos Valley Lite (YLD 1.42 WT 13). TOC 4000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1200'	FW GEL/Paper/LCM	8.6-9.6	32-36	N/C
1200'-4440'	Brine	10.0-10.2	28	N/C
4440'-6700'	Starch/Salt Gel	10.0-10.2	45-50	<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 to TD to surface casing, w/ GR/CNL TD to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI TD - top of Wolfcamp.
Coring: Sidewall
DST's: None

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

Anticipated BHP:

From:	0	TO:	1250'	Anticipated Max. BHP:	600 PSI
From:	1250'	TO:	6700'	Anticipated Max. BHP:	3570 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 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Biplane Unit #2
660' FSL &1190' FEL
Section 9-T6S-R27E
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 well site is located approximately 40 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go northeast out of Roswell, NM on Hwy 70 for approximately 28 miles to Olive Road (just past mile marker 362). Turn north on Olive Road and go approximately 11.1 miles to Caprock Road. Turn east on Caprock road and go approximately 0.9 of a mile. Turn left thru cattle guard and follow road past the house and around the corrals going north. Just past the corrals turn left, west, on lease road before crossing cattle guard. Go west approximately 1.1 mile. Just thru cattle guard turn north and go down fence to location.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 800' in length from the point of origin to the northeast corner of the drilling pad.
B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
C. The new road will be bladed with drainage on both sides. No traffic turnout will be built.
D. The route of the road is visible.
E. Existing roads will be maintained in the same or better condition.
F. One cattle guard will be needed.
G. Will cross a waterline that will need to be located and protected.

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.

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, possibly in Roswell, 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 be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

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. Note: Pits to South.
B. The reserve pits will be plastic lined.
C. A 400' x 400' area has been staked and flagged.
D. A portion of the fence will have to be re-routed east.

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 plugged and abandoned, 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 under the administration of the Roswell Bureau of Land Management.

12. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:
Clifton R. May, 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.

Clifton R. May
Regulatory Agent

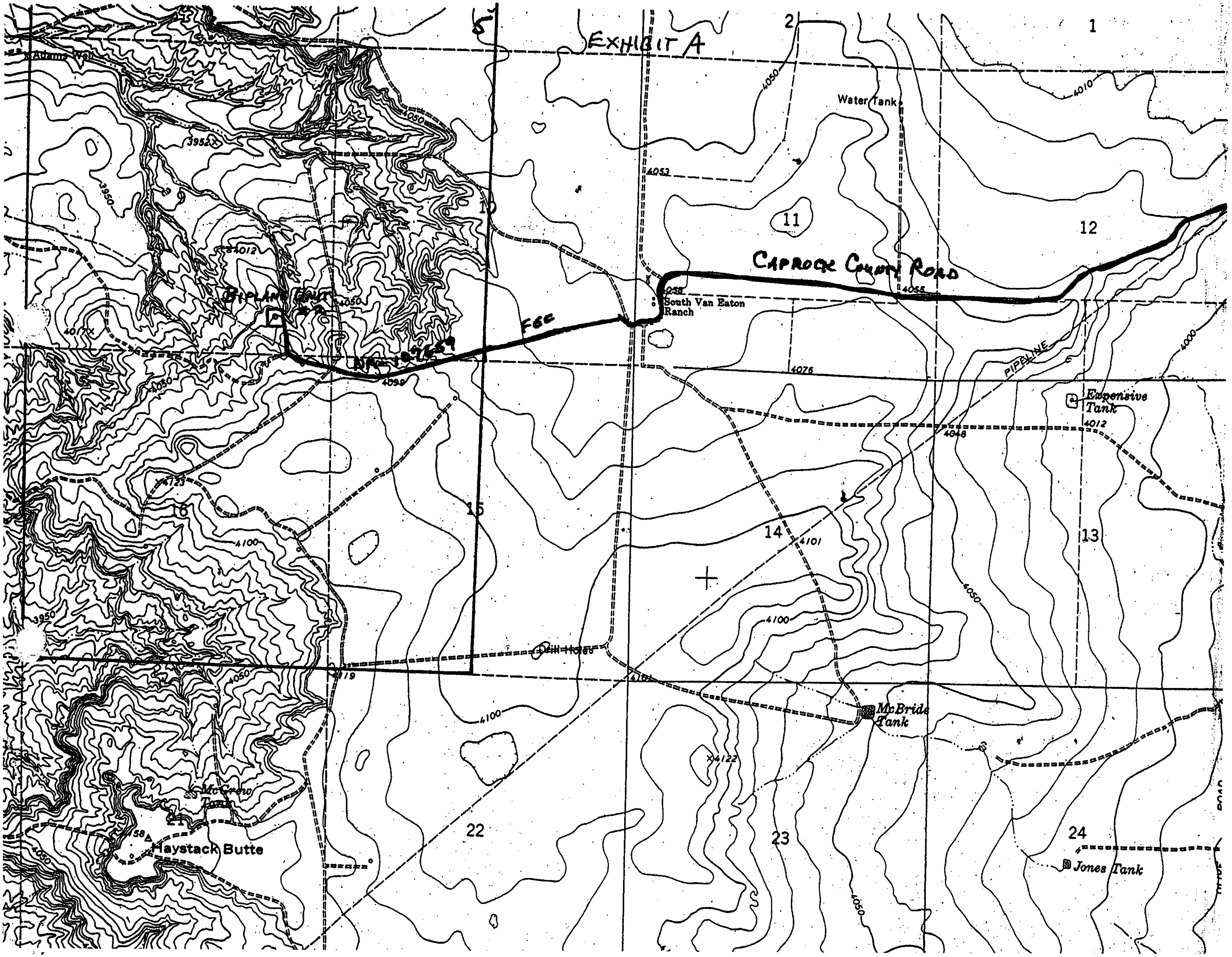


EXHIBIT A
Caprock County Road
Fee
South Van Eaton Ranch
Water Tank
Expensive Tank
McBride Tank
Jones Tank
McGrew Tank
Haystack Butte
Drill Holes
Pipeline
Adams Well

SECTION 9, TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

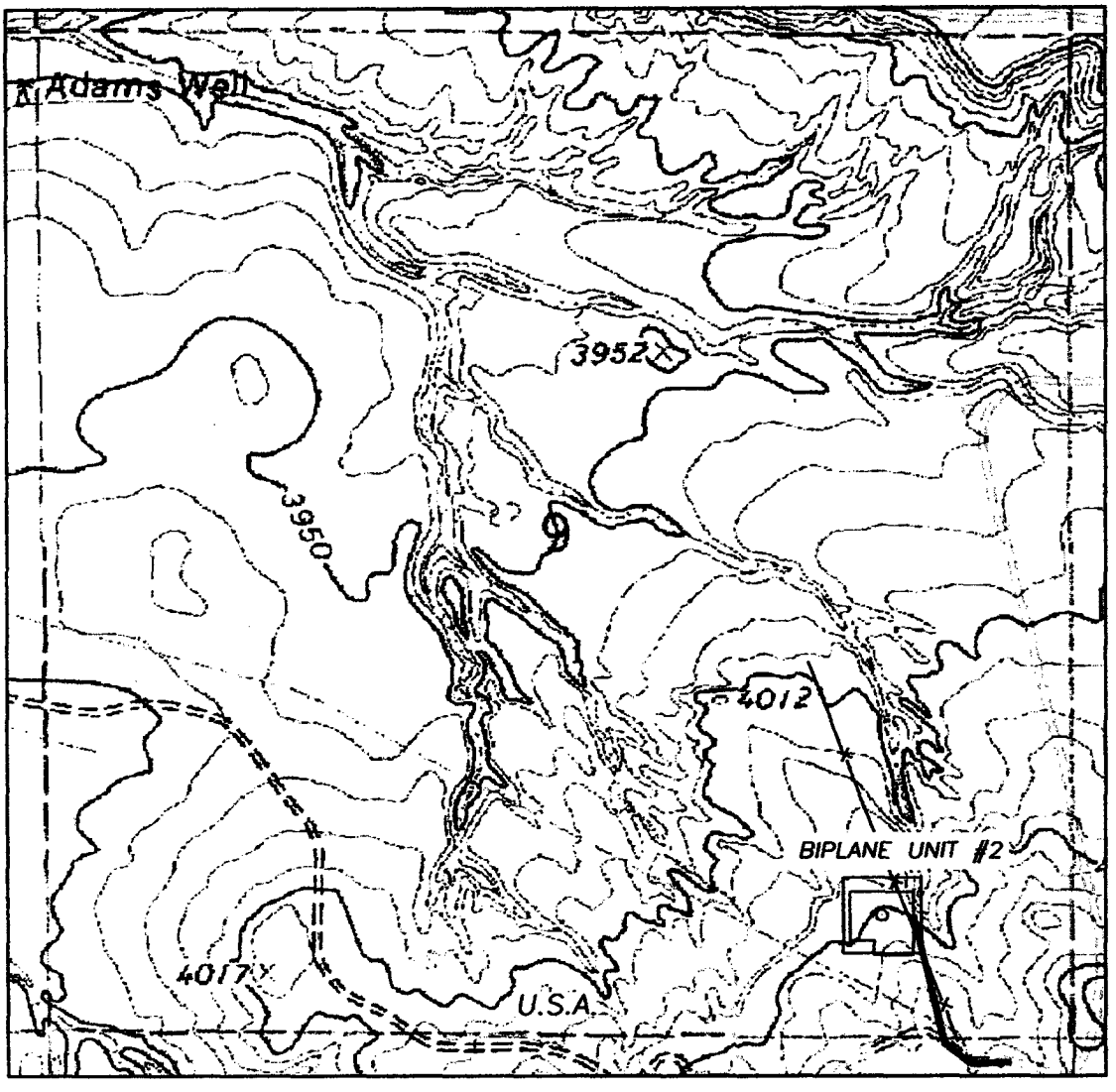


Exhibit A,

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 SURVEYOR 3640

HERSCHEL E. JONES R.L.S. #3640

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

YATES PETROLEUM CORP.

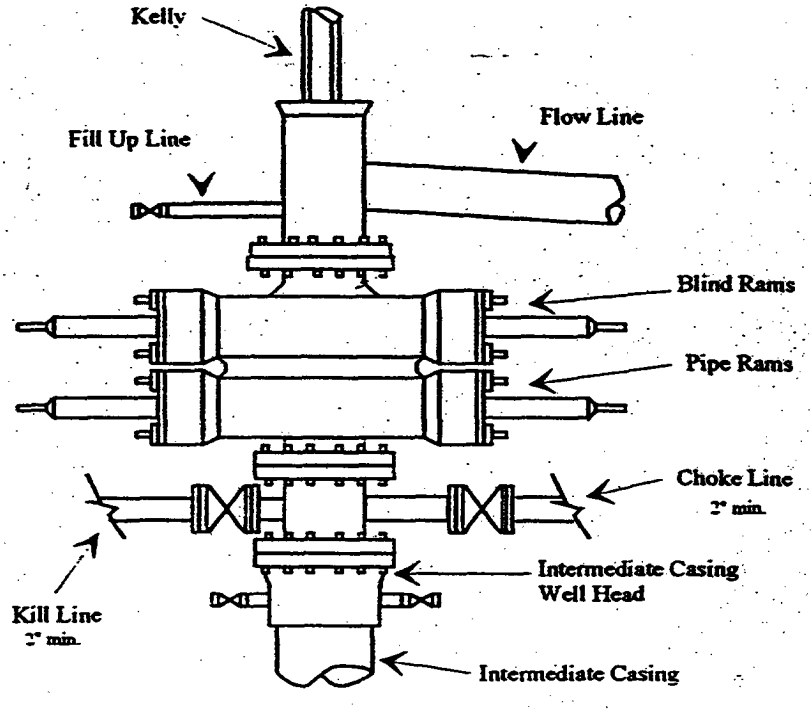
LEASE ROAD TO ACCESS THE YATES BIPLANE UNIT #2 WELL, LOCATED IN SECTION 9, TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 7/28/2003	Sheet 1 of 1 Sheets	
Drawn By: Ed Blevins	W.O. Number	
Date: 7/28/03	Scale 1" = 1000'	BIPLANE 2

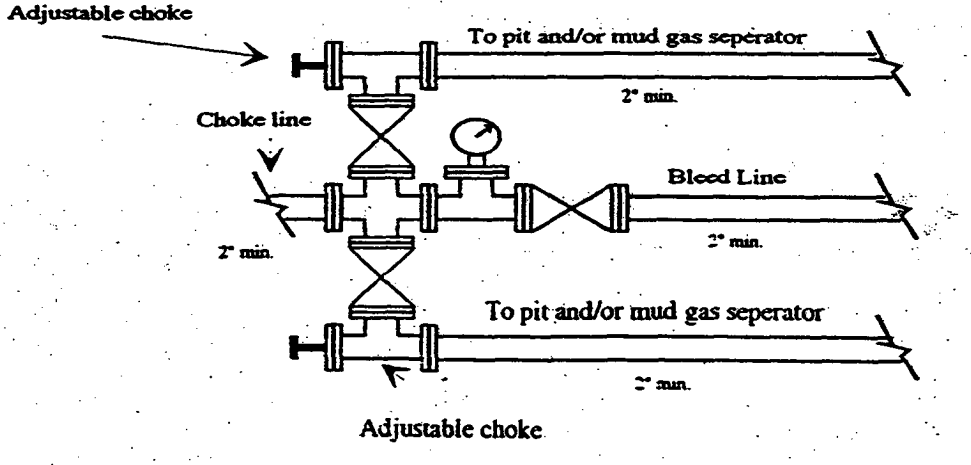
Yates Petroleum Corporation

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

EXHIBIT B

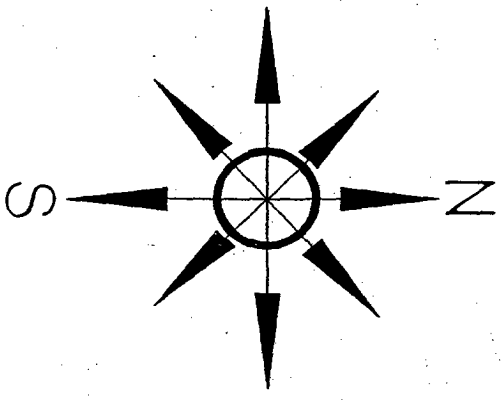


Typical 2,000 psi choke manifold assembly with at least these minimun features



Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'
EXHIBIT C



260 ft
135 ft
125 ft
125 ft
Mud Logger Trailer
Flare Pit
165 ft
325 ft
Rig
Operator Trailer
Reserve Pit 10' Deep
Mud pumps, tanks, cleaning equipment
Tool Pushers trailer
175 ft
160 ft
Pits to South
Fuel & Water Tanks
ACCESS ROAD
150 ft
60 ft
125 ft
335 ft

Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

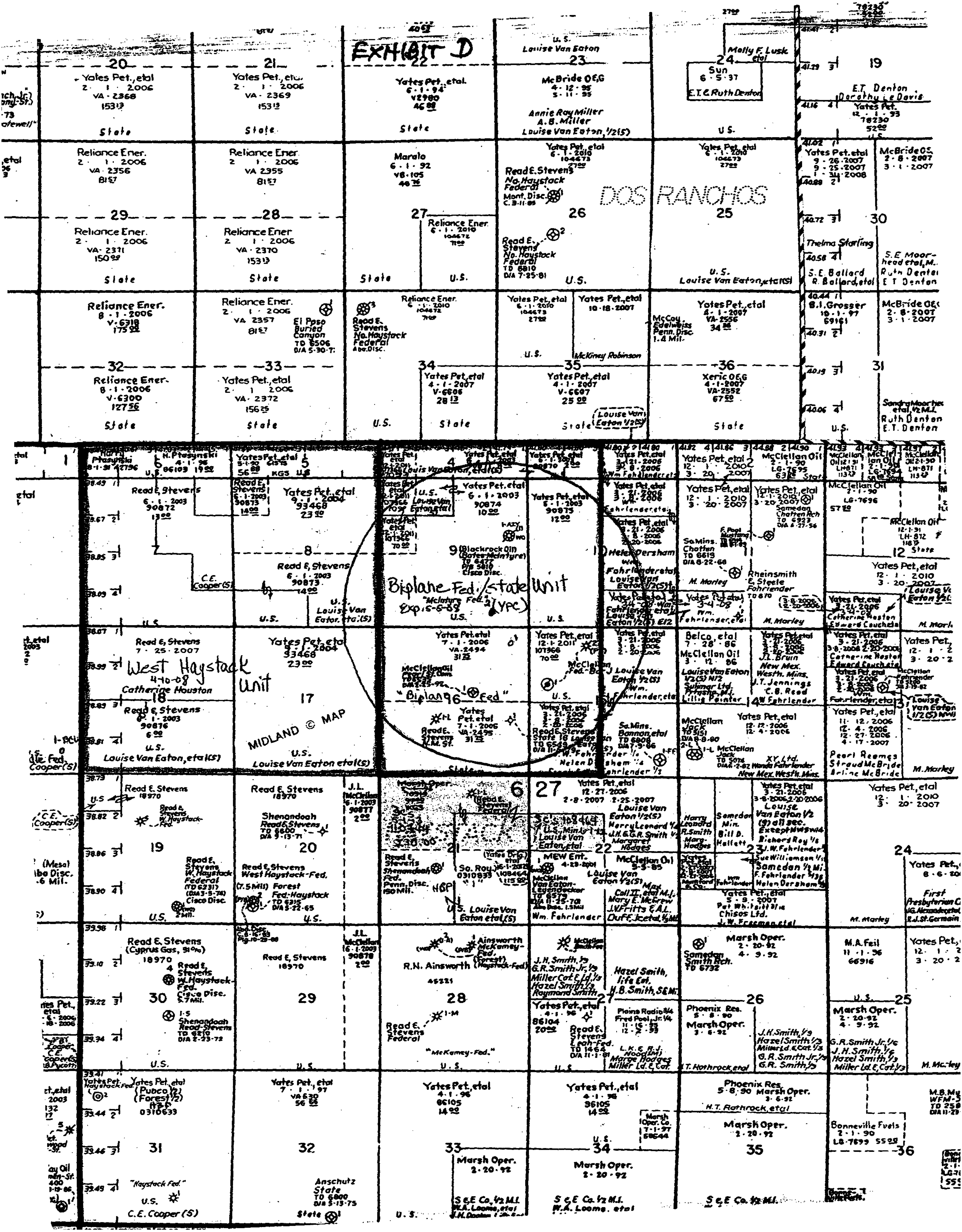


EXHIBIT D
DOS RANCHOS
Biplane Fed./State Unit
"McIntyre Fed." 2 (YPC)
Exp. 5-6-08
West Haystack Unit
4-10-08
MIDLAND © MAP
Yates Pet., etal
Reliance Ener.
Read E. Stevens
Louise Van Eaton, etal (S)
Catherine Houston
McClellan Oil
Marsh Oper.
Phoenix Res.
R.N. Ainsworth
Shenandoah
C.E. Cooper (S)
"Haystack Fed."
"McKamey-Fed."
State
U.S.