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OCD-ARTESIA

N.M. Oil Cons. 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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-10588
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> 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	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. George QJ Federal #11
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2080' FNL and 1350' FWL, Unit Letter F At proposed prod. Zone same as above		9. API Well No. 30-005-63444 00-X1
14. Distance in miles and direction from nearest town or post office* Approximately 35 miles northeast of Roswell, New Mexico		10. Field and Pool, or Exploratory Pecos Slope Pennsylvanian
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 1000	11. Sec., T., R., M., or Blk, and Survey or Area Section 26, T6S-R25E
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft.	17. Spacing Unit dedicated to this well 320 W/2	12. County or Parish Chaves County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3765' GL	19. Proposed Depth 5285'	13. State NM
22. Approximate date work will start* ASAP	20. BLM/BIA Bond No. on file NM-2811	
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. | 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 office. |

25. Signature 	Name (Printed/Typed) Robert Asher	Date 12/4/03
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Title:

Regulatory Agent

Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date 1-5-04
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.

*(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 Pecos Slope Pennsylvanian
Property Code	Property Name GEORGE "OJ" FEDERAL	Well Number 11
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3765

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	26	6S	25E		2080	NORTH	1350	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 320	Joint or Infill	Consolidation Code	Order No.						

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i></p> <p>Signature</p> <p>Robert Asher</p> <p>Printed Name</p> <p>Regulatory Agent</p> <p>Title</p> <p>12/4/2003</p> <p>Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>2/20/2003</p> <p>Date Surveyed</p> <p><i>[Signature]</i></p> <p>Signature & Seal of Professional Surveyor</p> <p>HERSCHELL JONES</p> <p>NEW MEXICO</p> <p>3640</p> <p>Certificate No. Herschell Jones RLS 3640</p> <p>GENERAL SURVEYING COMPANY</p>	

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

YATES PETROLEUM CORPORATION
George QJ Federal #11
2080' FNL and 1350' FWL
Section 26, T6S-R25E
Chaves County, New Mexico

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

San Andres	500'	Wolfcamp	4385'
Glorieta	1465'	Cisco	4880'
Yeso	1545'	Strawn	5030'
Tubb	2980'	Basement	5135'
Abo	3615'	TD	5285'

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>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
14 3/4"	11 3/4"	42#	H-40	ST&C	0-900'
11	8 5/8"*	24#	J-55	ST&C	0-1500'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5285'

*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
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 pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.

A. CEMENTING PROGRAM:

Surface Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"
+ 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). TOC 3100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900'	FW GEL,Paper,LCM	8.6 - 9.6	32-36	N/C
900'-3580'	Cut Brine/Brine	9.0 – 10.2	28	N/C
3580'-5285'	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: Sch: Platform Express; CNL/LDT, W/NGT TD-Surf csg; with
CNL/GR up to Surf; DLL/MSFL TD-Surf csg

Coring: Possible

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP: 375 PSI
From: 900'	TO: 5285'	Anticipated Max. BHP: 2700 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

George QJ Federal #11
2080' FNL and 1350' FWL
Section 26, T6S-R25E
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 34 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. 26.5 miles to Cottonwood Road. Turn east and follow road approx. 12.8 miles (just before ranch house) turn left and follow road left (NW) at fork. Continue on road approx. $\frac{3}{4}$ of a mile. The access road is staked on the right (north) side of the road, going to the southeast corner of the location. The existing lease road will be re-routed to the south and west side of the location (shown on Exhibit A-2).

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 150' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a north to south 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 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 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. 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 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: Bureau of Land Management
Roswell, New Mexico.

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, Permit 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:

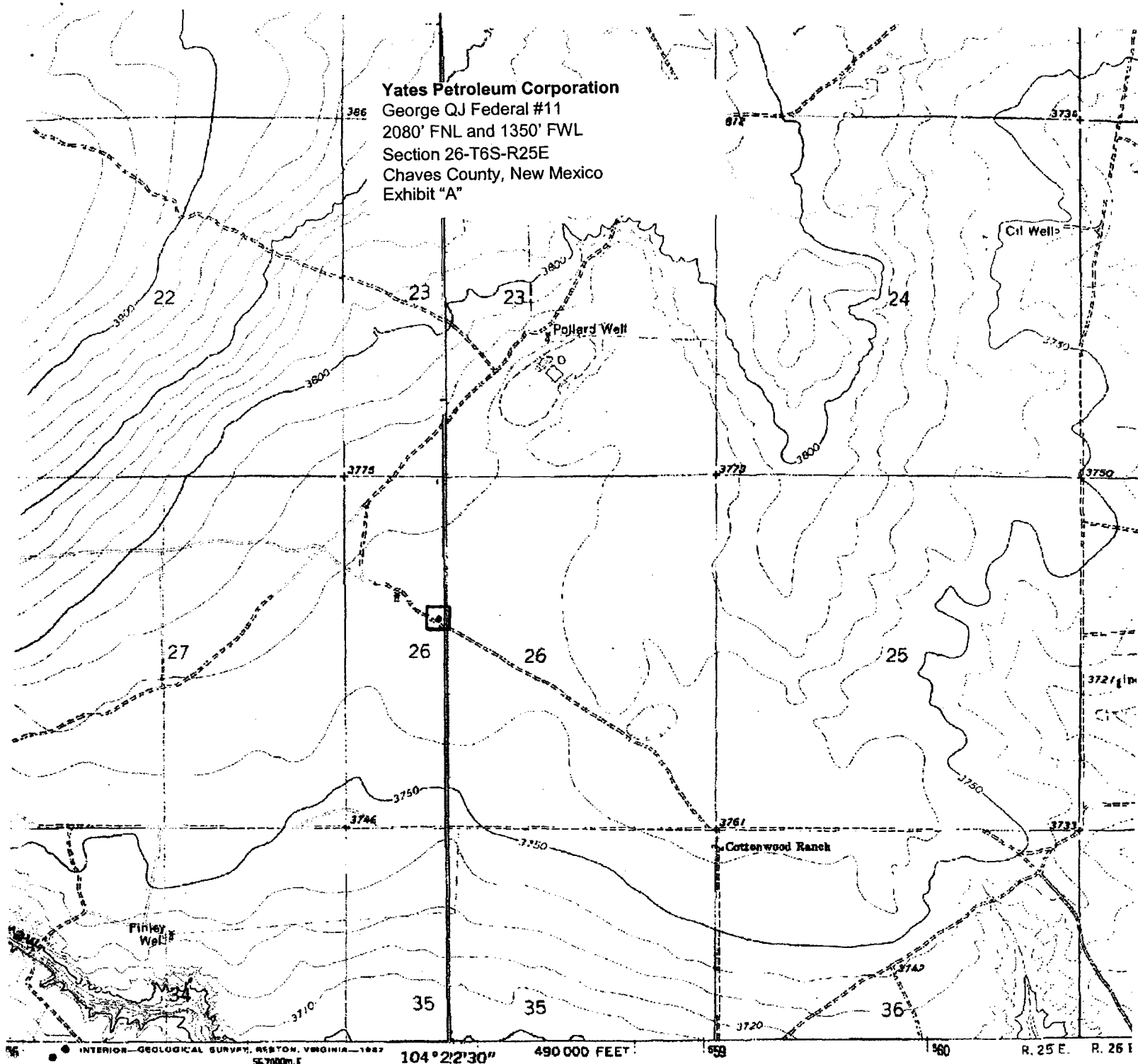
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

12/4/2003



Regulatory Agent

Yates Petroleum Corporation
George QJ Federal #11
2080' FNL and 1350' FWL
Section 26-T6S-R25E
Chaves County, New Mexico
Exhibit "A"



Mapped, edited, and published by the Geological Survey

Control by USGS and NOS/NOAA

Topography by photogrammetric methods from aerial photographs taken 1966. Field checked 1967

Polyconic projection. 10,000-foot grid ticks based on New Mexico coordinate system, east zone. 1000-meter Universal Transverse Mercator grid ticks, zone 13, shown in blue. 1927 North American Datum. To place on the predicted North American Datum 1983 move the projection lines 6 meters south and 48 meters east as shown by dashed corner ticks

Fine red dashed lines indicate selected fence lines

Pevisions shown in purple and woodland compiled from aerial photographs taken 1979 and other sources
This information not field checked. Map edited 1982
a: 1" = 0.379Mi 610M 2,000Ft, 1 Mi = 2.640", 1 cm = 240M

ROAD CLASSIFICATION

Light-duty ————— Unimproved dirt - - - - -

SHANNON DRAW, N. MEX.

N3345—W10422.5/7.5

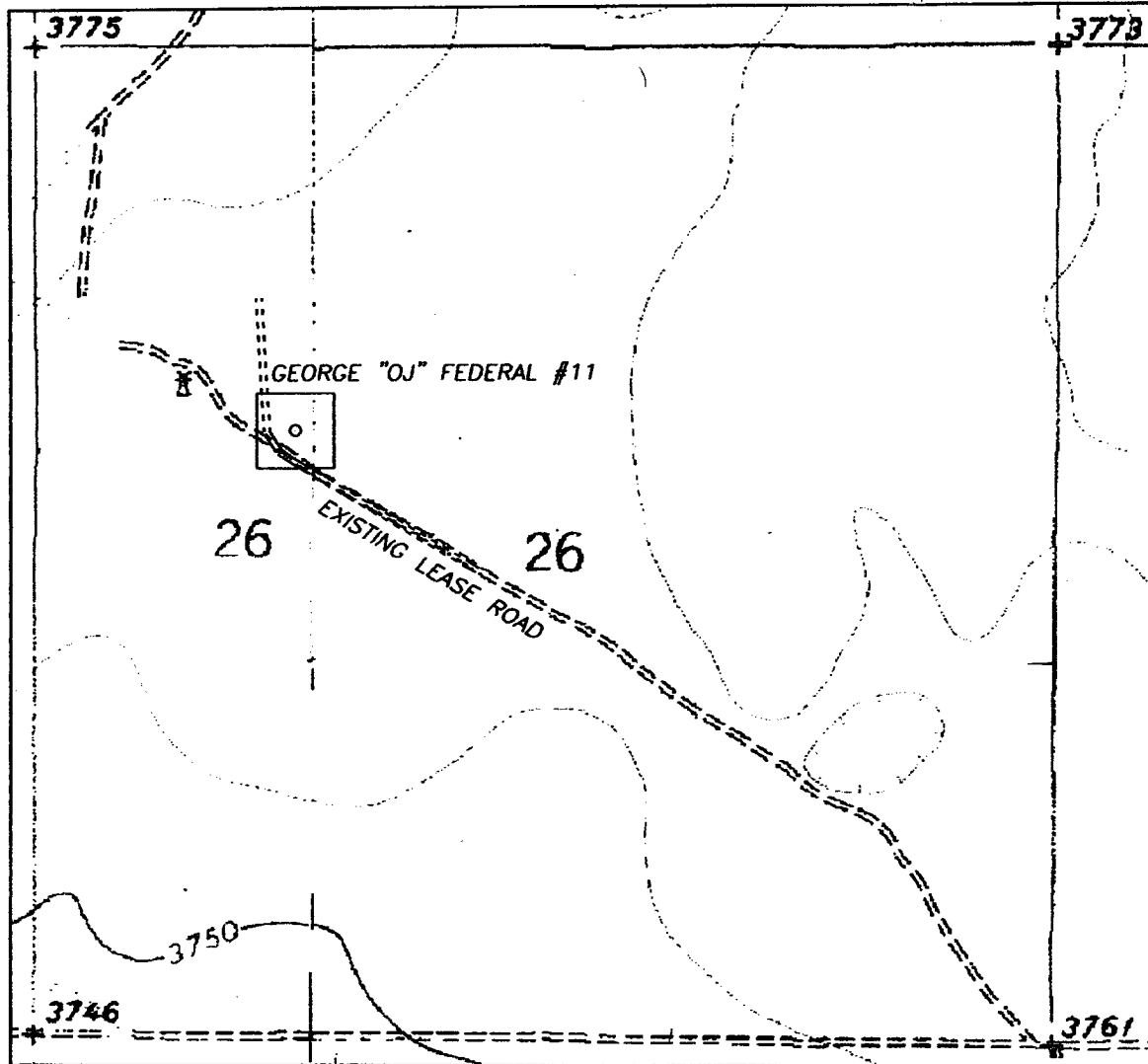
1967
PHOTOREVISED 1982
DMA 5191 IV SW—SERIES V681

0°23'
7 MILS

UTM GRID AND 1981
DECLINATION AT C

1 cm = 240M

SECTION 26, TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
 George QJ Federal #11
 2080' FNL and 1350' FWL
 Section 26-T6S-R25E
 Chaves County, New Mexico
 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.

Herschel Jones
 REGISTERED LAND SURVEYOR
 3640
 HERSCHEL JONES R.L.S. No. 3640

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

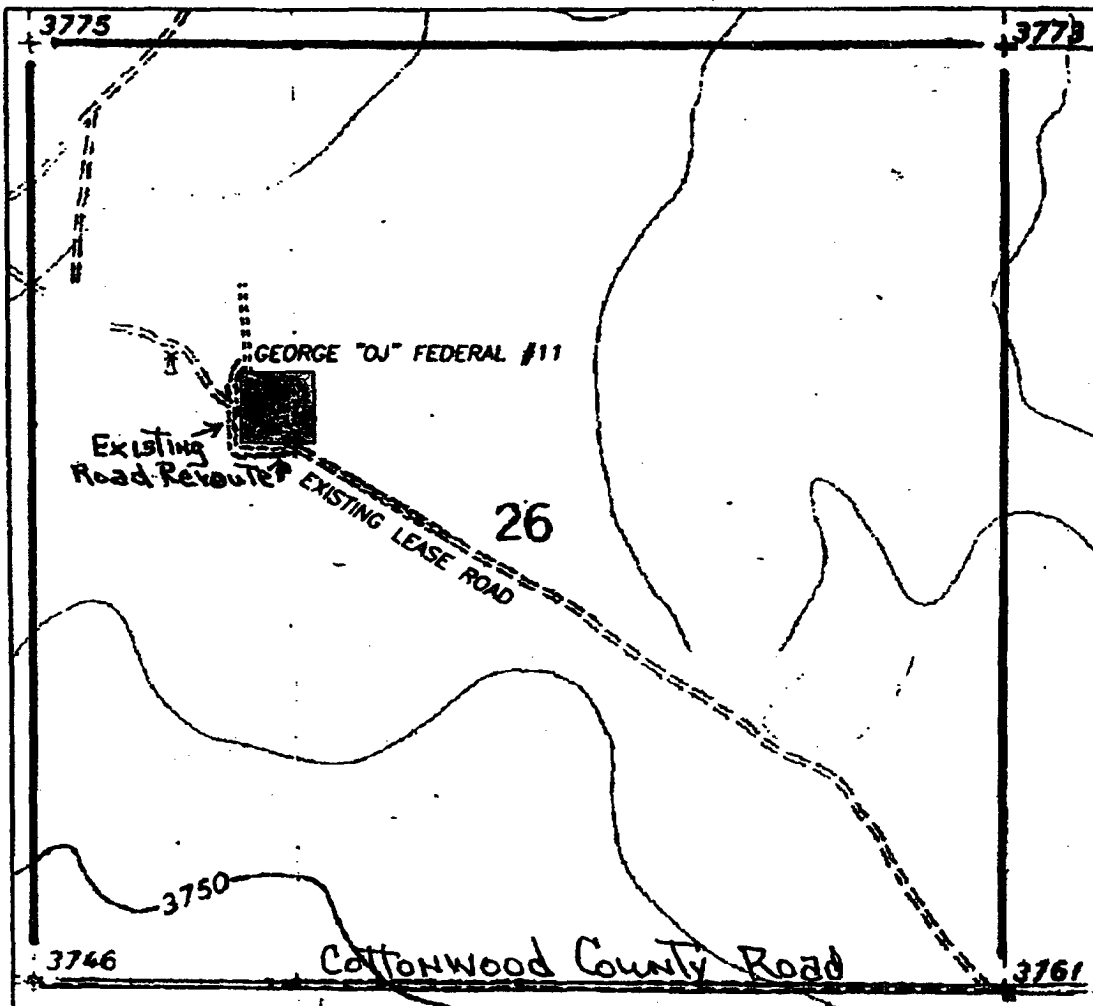
YATES PETROLEUM CORP.

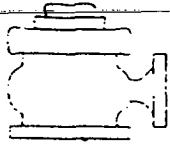
LEASE ROAD TO ACCESS THE YATES GEORGE "QJ" FEDERAL #11 WELL, LOCATED IN SECTION 26, TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 2/20/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 2/20/03	Scale 1" = 1000' GEORGE 11

Yates Petroleum Corporation
George QJ Federal #11
2080' FNL and 1350' FWL
Section 26-T6S-R25E
Chaves County, New Mexico
Exhibit "A-2"

OPERATOR: Yates Petroleum Corporation
LEASE NO: NM-10588
WELL NAME & NO.: George "QJ" Federal #11
LOCATION: Section 26 T. 6 S., R. 25 E., N.M.P.M.
QUARTER/QUARTER & FOOTAGE: SE $\frac{1}{4}$ NW $\frac{1}{4}$ - 2080' FNL & 1350' FWL
COUNTY: Chaves County, New Mexico



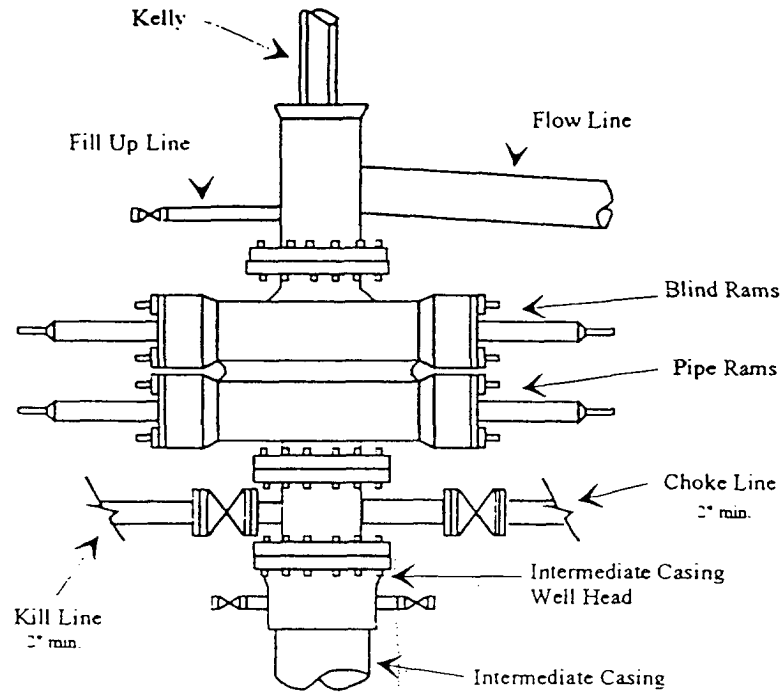


Yates Petroleum Corporation

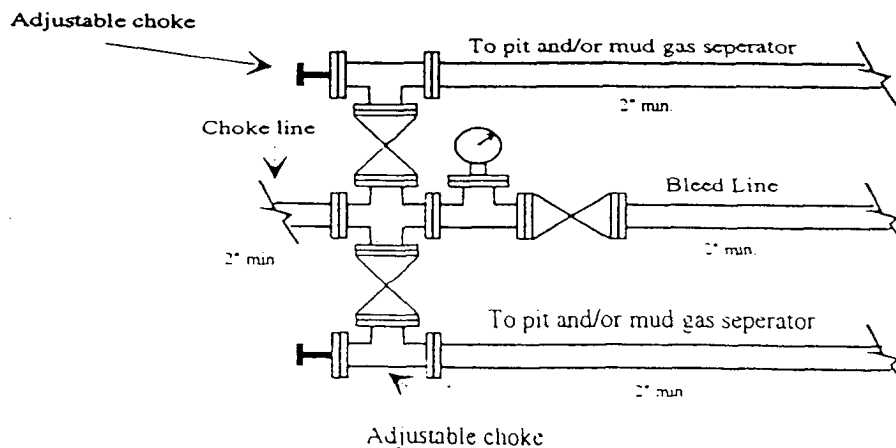
BOP-2

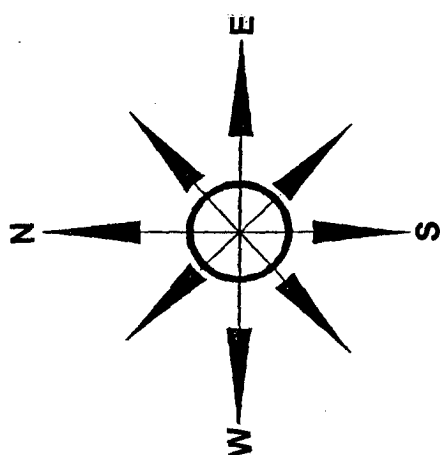
Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation
George QJ Federal #11
2080' FNL and 1350' FWL
Section 26-T6S-R25E
Chaves County, New Mexico
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

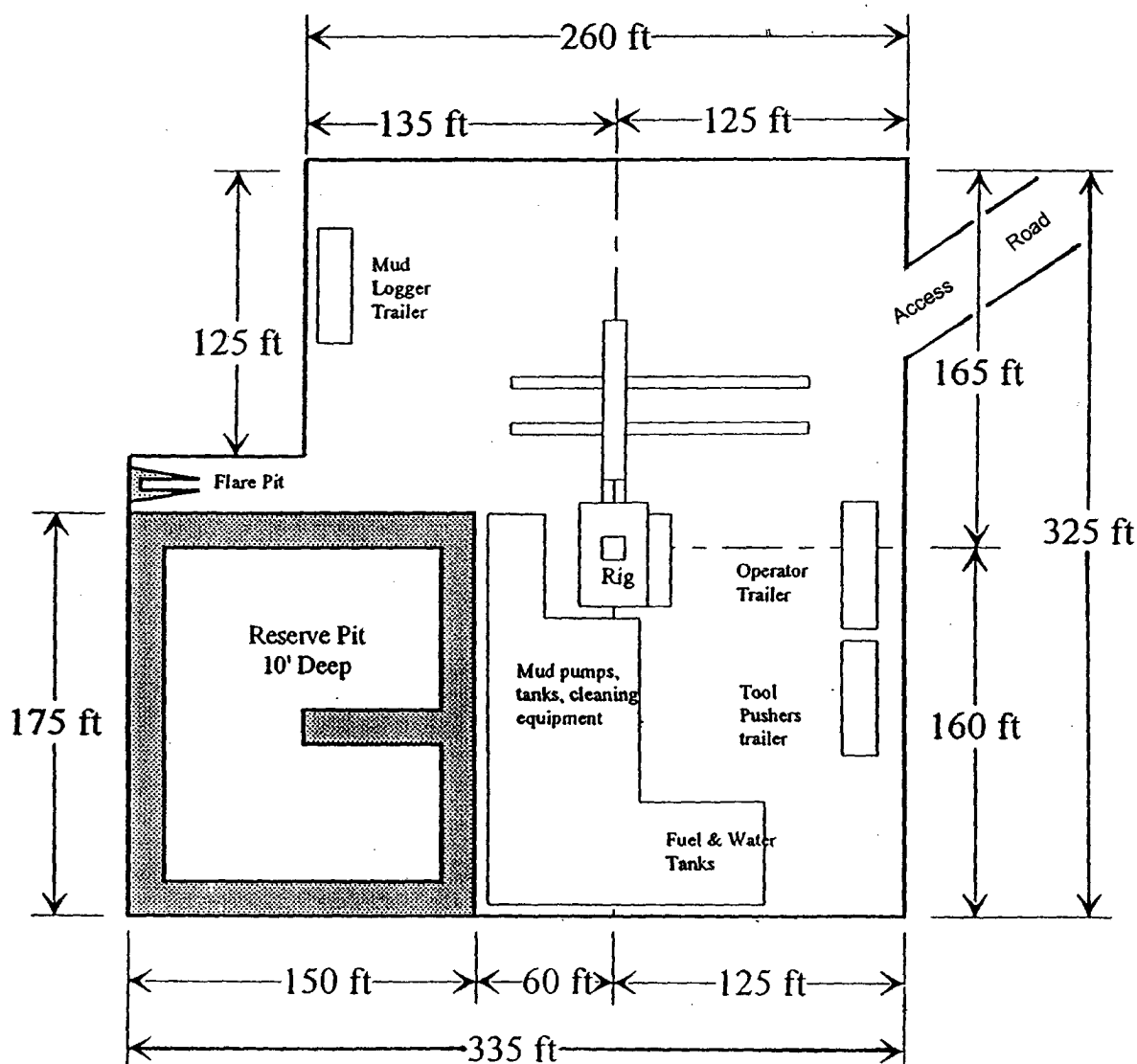
George QJ Federal #11

2080' FNL and 1350' FWL

Section 26-T6S-R25E

Chaves County, New Mexico

Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

[illegible]