

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

2006 MAY 17

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease/Serial No. NMNM-096796
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 N/A
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 105 SOUTH 4TH ST. ARTESIA, NM 88210		8. Lease Name and Well No. CALLADITO BIQ FED'L COM 1
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-031- 21088
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1850' FNL & 990' FWL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN FRUIT. & WC20N6W13; Pictmed cliffs
14. Distance in miles and direction from nearest town or post office* 23 AIR MILES WEST OF CUBA		11. Sec., T. R. M. or Blk. and Survey or Area E 12-20N-6W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 790'	16. No. of acres in lease 320.00	17. Spacing Unit dedicated to this well 320 160 FRUIT. COAL: W2 PICTURE. CLIFF: NW4
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 800'	20. BLM/BIA Bond No. on file BLM NATIONWIDE: NM 2811
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,801' GL	22. Approximate date work will start* 05/25/2006	23. Estimated duration 2 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

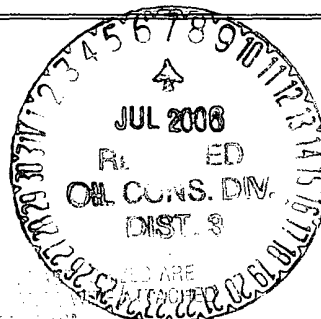
- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 05/16/2006
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed)	Date 7/5/06
Title AFM	Office FFO	

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 page 2)



NMOCDD

DISTRICT II  
811 South First, Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

**DISTRICT IV**  
**2040 South Pacheco, Santa Fe, NM 87505**

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

RECEIVED

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-031-21088		*Pool Code 71629 & 97547	*Pool Name Wc 20 New 12; Pictured lifts FRUITLAND COAL &	
*Property Code 35836	*Property Name CALLADITO BIQ FEDERAL COM			*Well Number 1
*OGRID No. 25575	*Operator Name YATES PETROLEUM CORPORATION			*Elevation 6801'

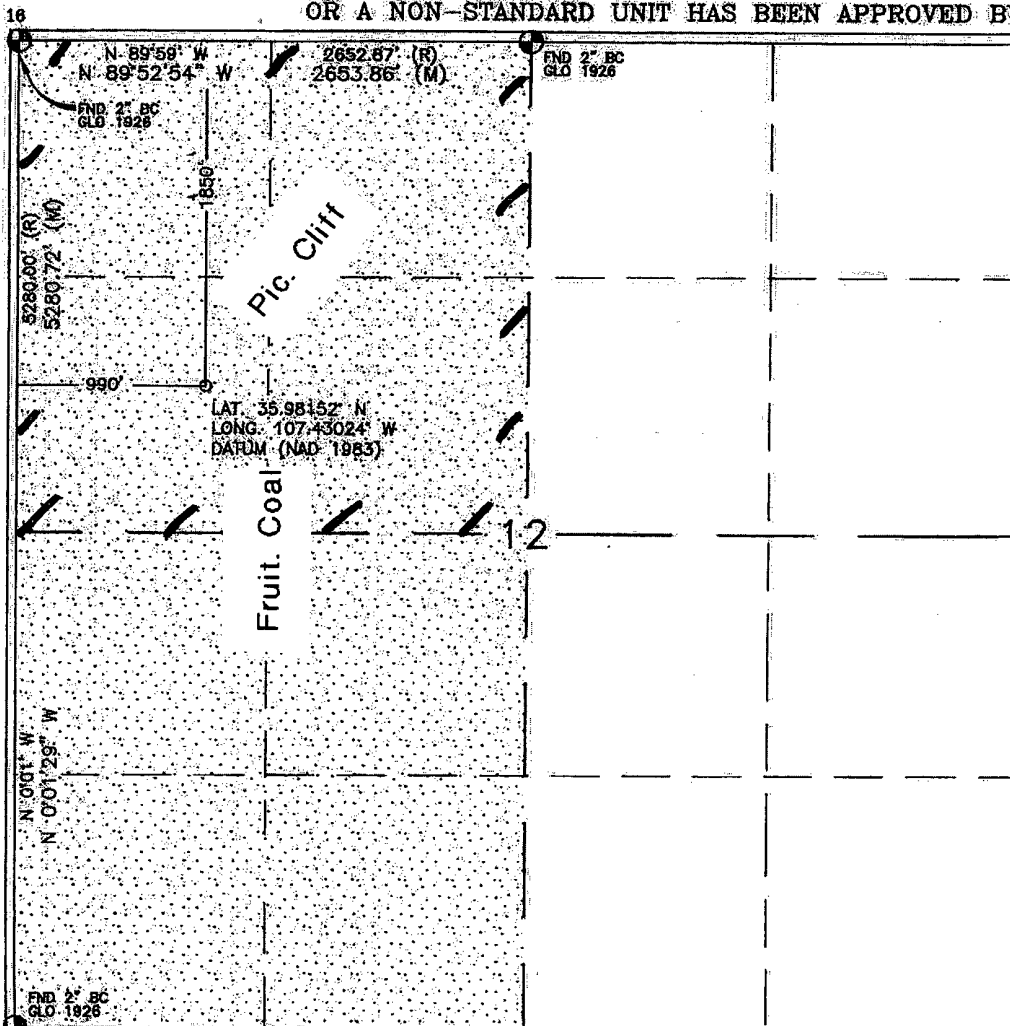
## 10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	20N	6W		1850'	NORTH	990'	WEST	McKINLEY

## 11 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
<sup>13</sup> Dedicated Acres <b>320</b> PC = 160 <del>321.79</del> Acres - (W/2)		<sup>14</sup> Joint or Infill		<sup>15</sup> Consolidation Code		<sup>16</sup> 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



## 17 OPERATOR CERTIFICATION

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

BL Wood

**Signature** **BRIAN WOOD**

Printed Name **CONSULTANT**

**Title** MAY 16, 2006

**Date**

## 18 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.

APRIL 21, 2006

**Date of Survey**

**Signature and Seal of Professional Surveyor:**

DAVID R. RUSSELL  
NEW MEXICO  
10201  
DAVID R. RUSSELL  
Certificate number 10201  
REGISTERED PROFESSIONAL LAND

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
May 27, 2004

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-031- **21088**  
5. Indicate Type of Lease  
STATE ☐ FEE ☐  
6. ~~State~~ Oil & Gas Lease No.  
NMNM-096796

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☐ Other ☒

2. Name of Operator  
YATE PETROLEUM CORPORATION

3. Address of Operator  
105 SOUTH 4<sup>TH</sup> ST., ARTESIA, NM 88210

4. Well Location

Unit Letter: E

1850' FNL & 990' FWL

Section 12

Township 20 N Range 6 W

NMPM McKINLEY County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6,801' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type: DRILLING Depth to Groundwater: >200' Distance from nearest fresh water well: >1000' Distance from nearest surface water: >100'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: DRILLING PIT ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE

TITLE: CONSULTANT

DATE: MAY 16, 2006

Type or print name: BRIAN WOOD

E-mail address: brian@permitswest.com

Telephone No.: (505) 466-8120

For State Use Only

APPROVED BY:

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. ☒

DATE

JUL 07 2006

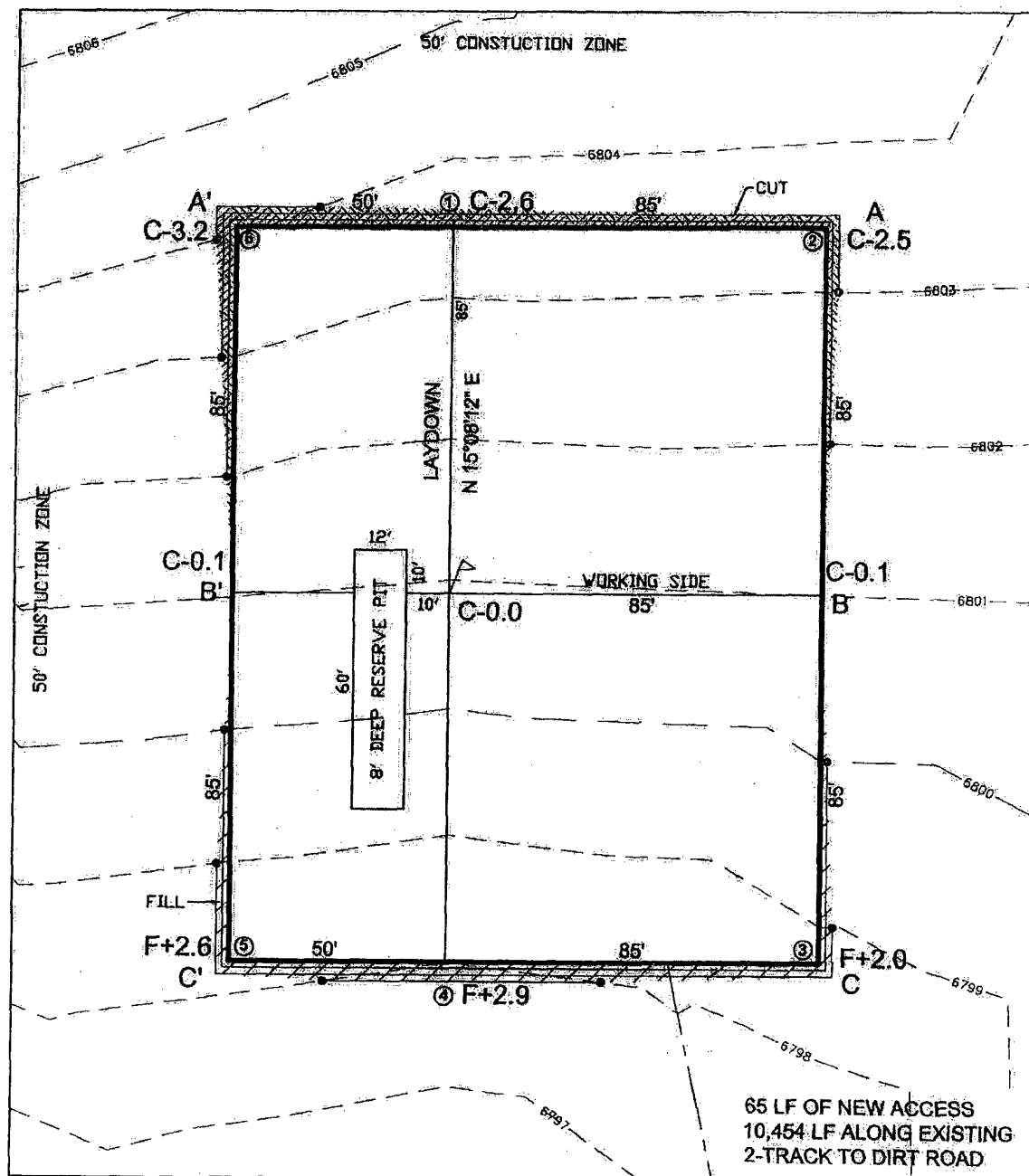
Conditions of Approval (if any):

**YATES PETROLEUM CORP.**  
**CALLADITO BIG FEDERAL #1**  
**1850' FNL & 990' FWL**  
**LOCATED IN THE SW/4 NW/4 OF SECTION**  
**12, T20N, R6W, N.M.P.M.,**  
**McKINLEY COUNTY, NEW MEXICO**  
**ELEVATION: 6800.9', NAVD 88**



20' 0 20' 40'

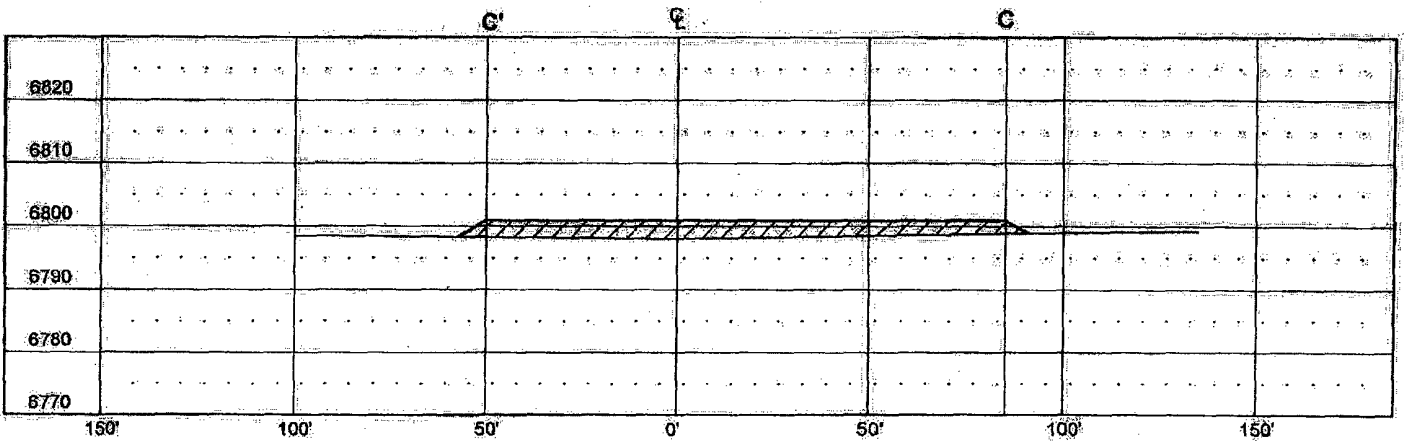
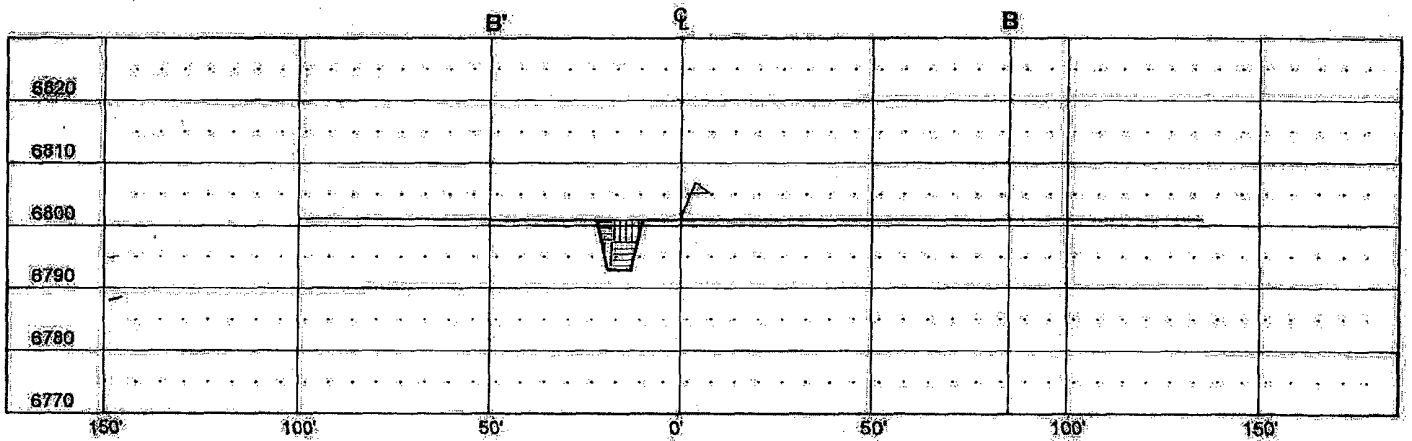
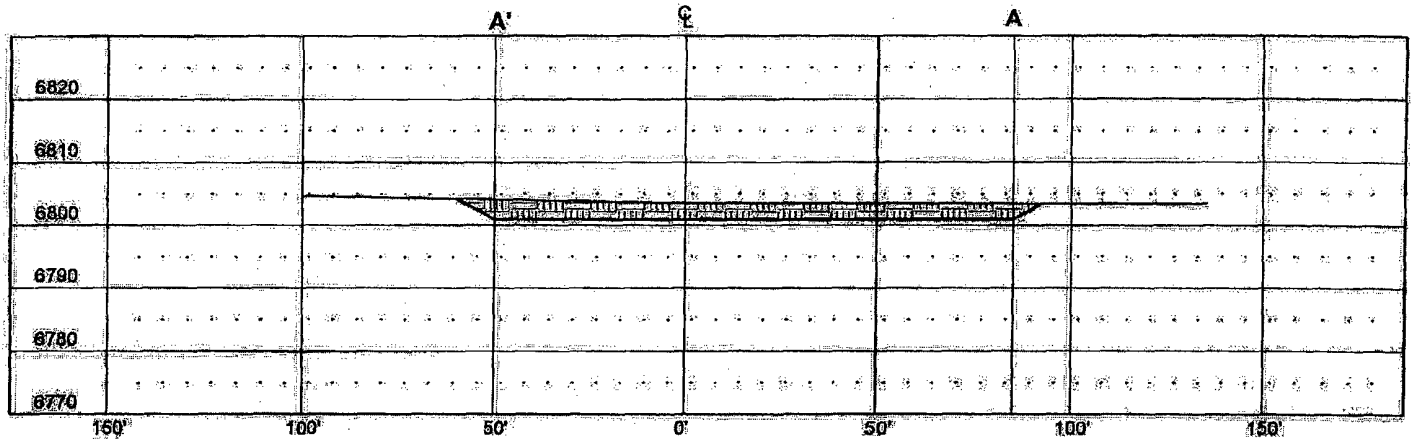
SCALE = 40'

~~RS~~

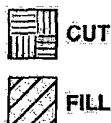
**Russell Surveying**  
1409 W. Aztec Blvd. #5  
Aztec, New Mexico 87410  
(505) 334-8637

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS

**YATES PETROLEUM CORP.**  
**CALLADITO BIQ FEDERAL #1**  
 1850' FNL & 990' FEL  
 LOCATED IN THE SW/4 NW/4 OF SECTION  
 12, T20N, R6W, N.M.P.M.,  
 MCKINLEY COUNTY, NEW MEXICO  
 ELEVATION: 6800.9', NAVD 88



VERT. SCALE: 1" = 30'  
 HORZ. SCALE: 1" = 50'  
 JOB No.: YPC005  
 DATE: 04/26/06



**Russell Surveying**  
 1409 W. Aztec Blvd. #5  
 Aztec, New Mexico 87410  
 (505) 334-8637

Yates Petroleum Corporation  
Calladito BIQ Federal Com #1  
1850' FNL & 990' FWL  
Sec. 12, T. 20 N., R. 6 W.  
McKinley County, New Mexico

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## Drilling Program

### 1. FORMATION TOPS

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	5'	+6,801'
Fruitland Coal	376'	381'	+6,425'
Pictured Cliffs	576'	581'	+6,225'
Total Depth (TD)	800'	805'	+6,001'

### 2. NOTABLE ZONES

<u>Oil &amp; Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland Coal	Ojo Alamo	Fruitland
Pictured Cliffs	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

### 3. PRESSURE CONTROL

BOP systems will follow Onshore Order #2 and API RP 53. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is on PAGE 3.

Maximum expected bottom hole pressure will be  $\leq 345$  psi. Will test <sup>BOP E</sup>~~annular~~ ~~preventer~~ to  $\approx 600$  psi with rig pump. BOP controls will be installed before

Yates Petroleum Corporation  
Calladito BIQ Federal Com #1  
1850' FNL & 990' FWL  
Sec. 12, T. 20 N., R. 6 W.  
McKinley County, New Mexico

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drilling the surface casing plugs and remain in use until the well is completed or abandoned. Once out from under the 7" surface casing, a minimum 2,000 psi BOP and choke manifold system will be used.

All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out.

#### 4. CASING & CEMENT

The casing program will be:

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>PT Type</u>	<u>Age</u>	<u>Setting Depth</u>
8-3/4"	7"	17	H-40	PT & C	New	120'
6-1/4"	4-1/2"	10.5	J-55	PT & C	New	800'

Surface casing will be cemented to the surface with  $\approx 100$  sacks Class B + 1/4 pound per sack cello flake + 2%  $\text{CaCl}_2$ . Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per sack. Excess: >100% = 40 ft<sup>3</sup>

Production casing will be cemented to the surface with  $\approx 80$  sacks TXI light weight + 5 pounds per sack Phenoseal + 0.8% Halad R-9. Tail with  $\approx 70$  sacks same cement and additives. Excess: >100%. Casing will be equipped with a guide shoe, float collar, and centralizers.

Total slurry volume = 165 ft<sup>3</sup>

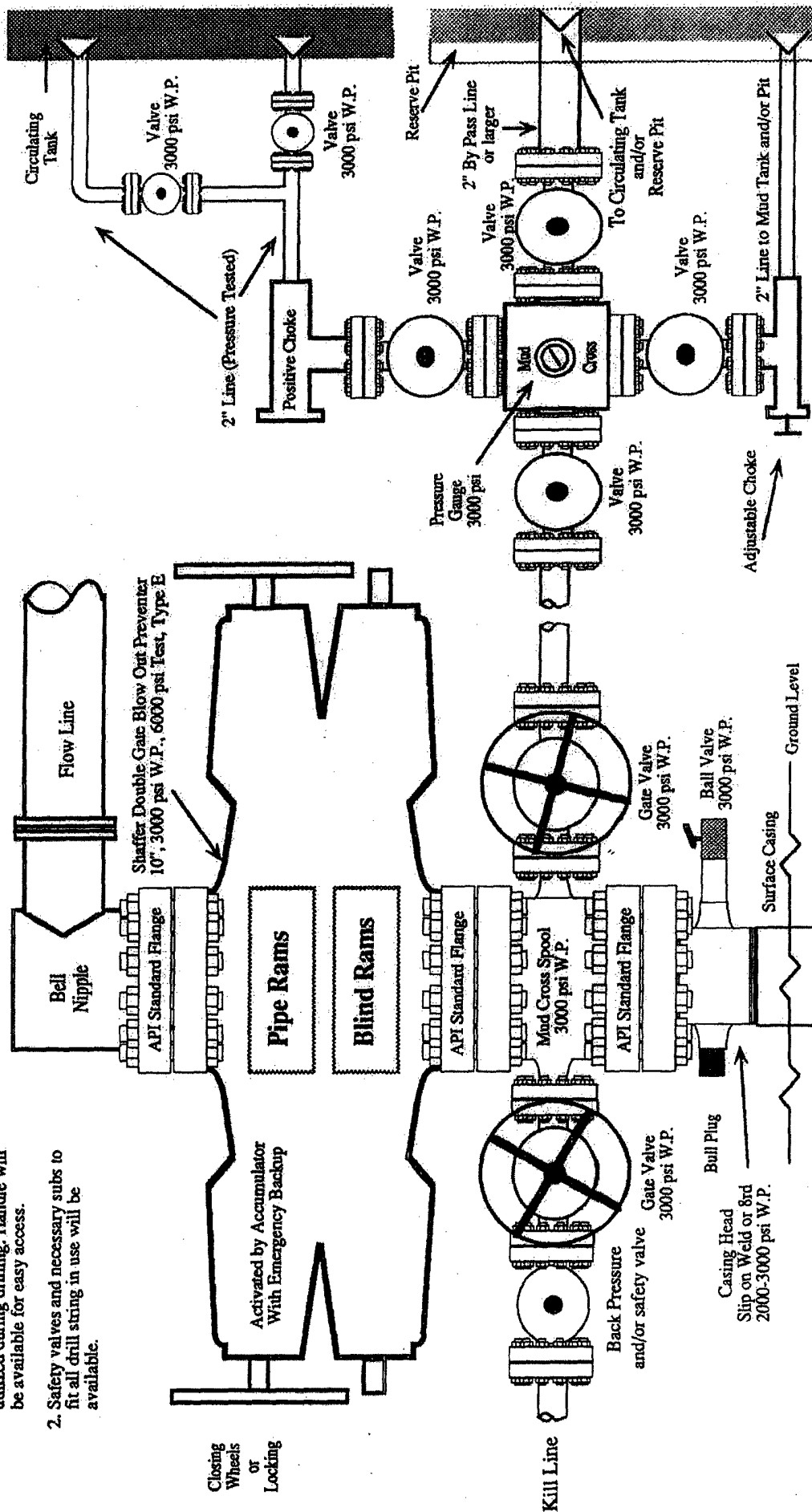
#### 5. MUD PROGRAM

<u>RANGE</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>Viscosity</u>	<u>WL</u>
0' - 120'	Fresh Water	8.4 - 8.6	28	NC
120' - TD	Fresh Water	8.4 - 8.6	28	NC

Lost circulation and absorption material will be on location.

# 2,000 PSI BOP SYSTEM

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.



Yates Petroleum Corporation  
Calladito BIQ Federal Com #1  
1850' FNL & 990' FWL  
Sec. 12, T. 20 N., R. 6 W.  
McKinley County, New Mexico

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6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Acoustic, CBL, MSG, Microlog, and Spectral Density Dual Spaced Neutron logs will be run.

7. DOWN HOLE CONDITIONS

No abnormal temperature, abnormal pressure, or hydrogen sulfide is expected.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take three days to drill and five days to complete the well.