

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

SEP 21 2004

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

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 **1961' FNL and 1941' FEL; SWNE**
At proposed prod. Zone **same as above**

14. Distance in miles and direction from nearest town or post office*
Approximately ten (10) miles north of Loco Hills, NM

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
880.00

17. Spacing Unit dedicated to this well
320 acres N/2

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

2310'

19. Proposed Depth
10,822

20. BLM/BIA Bond No. on file
NM-2811

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3814' 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:

- 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 office.

25. Signature

Name (Printed/Typed)

Date

Robert Asher

8/27/04

Title:

Regulatory Agent

Approved by (Signature)

/S/LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

SEP 20 2004

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)

Cement to cover all oil, gas and
water bearing zones.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Wildcat Precambrian
⁴ Property Code	⁶ Property Name FEDERAL CL	⁵ Well Number 5
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3814'

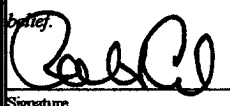
¹⁰ Surface Location

UL or lot no. G	Section 34	Township 6S	Range 26E	Lot Idn	Feet from the 1961	North/South line North	Feet from the 1941	East/West line East	County Chaves
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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
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

NM-0284972	1961'	1941'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert Asher Printed Name Regulatory Agent Title 8/27/2004 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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

YATES PETROLEUM CORPORATION
Federal CL #5 Re-entry
 1961' FNL and 1941' FEL
 Section 34-T15S-R29E
 Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well originally drilled by E. J. McCurdy, Jr. & McElroy Ranch, the well was plugged and abandoned February 18, 1952. Yates' plan is to re-enter the well with a pulling unit and a reverse unit to drill out the cement plugs in the 8 5/8" casing and in the 7 7/8" open hole down to the old TD of 10,822'. A new suite of open hole logs will be run, then if the new logs show any of the deeper zones to have potential then a string of 5 1/2" casing will be run to TD and cemented to 2,000' +/-.

The well will be completed with a pulling unit and the well will probably have completions attempted in the Mississippian, Morrow, Atoka, Strawn, Cisco, Wolfcamp and the Abo.

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

Salt	255'	Drinkard	5395'
B Salt	935'	Abo	6165'
Yates	1098'	Wolfcamp	7300'
Queen	1868'	Penn	7800'
San Andres	2552'	Mississippian	10720'
Glorieta	4050'	TD	10822'

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. 3002000 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>	<u>Length</u>
17 1/2"	12 1/2"	48#	K-55	ST&C	396'	In Place
12 1/4"	8 5/8"	28#	K-55	ST&C	1911'	In Place
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0-10822'	10822'

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

- B. CEMENTING PROGRAM:
Surface Casing: In place
Production Casing: 1000 sx. TOC @ 2000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-TD	Cut Brine Water	9.2 – 9.5	55-70	N/C

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/MS
FL TD-Surf csg: BHC Sonic TD-SURF CSG
Coring: None
DST's: As warranted.

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

No abnormal temperatures or pressures are anticipated.

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

Federal CL #5 Re-entry
1961' FNL and 1941' FEL
Section 34-T15S-R29E
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 25 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Artesia, NM on Hwy 82 for approximately 23 miles to Loco Hills, NM. Turn left (north) on County Road 217 (Hagerman Cutoff) and continue for approximately 10 miles to an existing lease road on the left (just past the Eddy and Chaves County line boundary). Turn left (west) and continue on lease road for approximately 1.6 miles. The access road is staked on the left, turn left (south) and continue for approximately 300' to the NE corner of the location.

2. PLANNED ACCESS ROAD:

New access road is needed since the existing road has been reclaimed. The new access will be approximately 300' in length.

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 re-enter the proposed well with a cut brine system. The brine 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.
- C. 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. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- C. A 600' x 600' 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, NM.

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, 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.

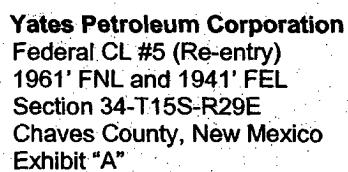
8/27/2004



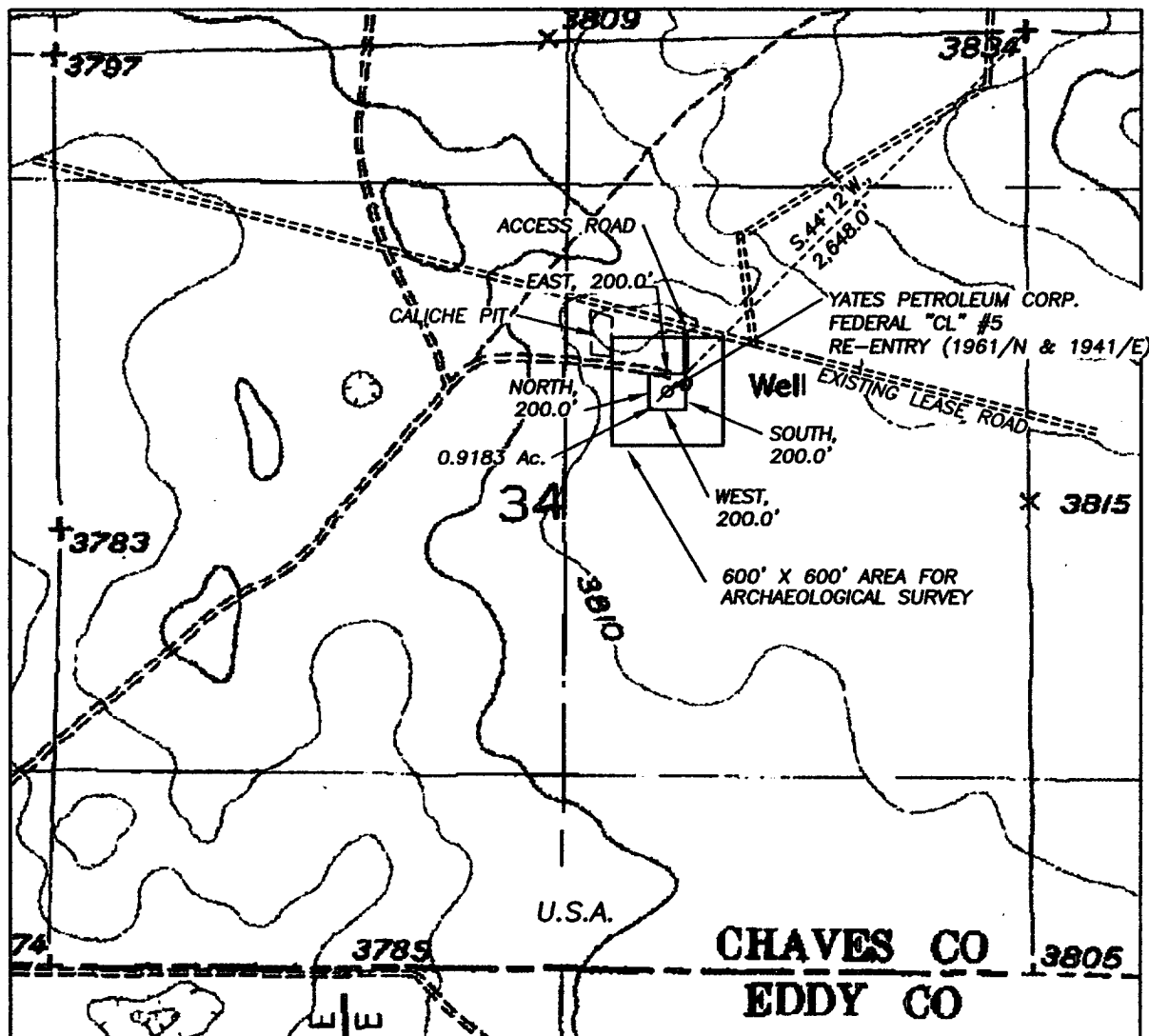
Regulatory Agent

7.5 MINUTE SERIES (TOPOGRAPHIC)

7.5 MINUTE SERIES (TOPOGRAPHIC)



SECTION 34, TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



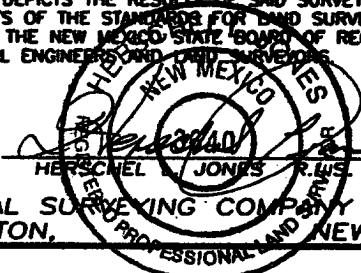
DESCRIPTION:

A 0.9183 ACRE TRACT OF LAND (200' X 200') LOCATED AROUND AN EXISTING DRY HOLE IN SECTION 34, TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM, CHAVES COUNTY, NEW MEXICO AS SHOWN IN RED ON THIS PLAT.

Yates Petroleum Corporation
Federal CL #5 (Re-entry)
1961' FNL and 1941' FEL
Section 34-T15S-R29E
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.

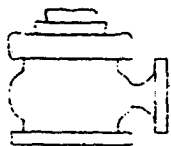


GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

200' X 200' PAD AROUND THE YATES FEDERAL "CL" #5 WELL, LOCATED IN SECTION 34, TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 7/19/2004	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 7/20/04	Scale 1" = 1000' FEDERAL 5

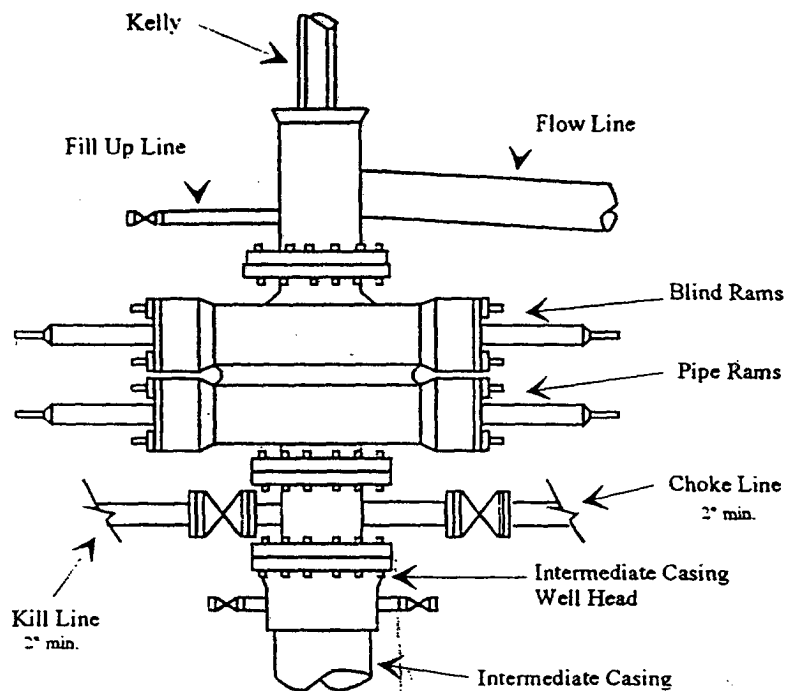


Yates Petroleum Corporation

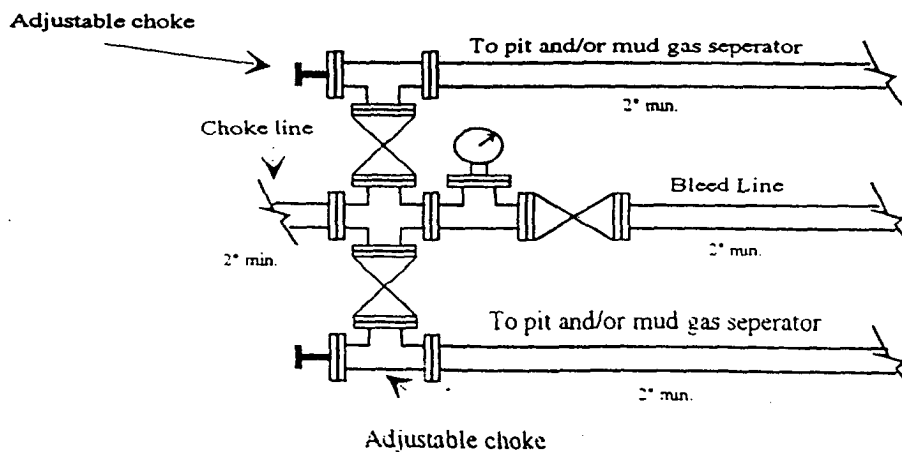
BOP-2

Typical ³⁰⁰⁰~~2000~~ psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation
Federal CL #5 (Re-entry)
1961' FNL and 1941' FEL
Section 34-T15S-R29E
Chaves County, New Mexico
Exhibit "B"

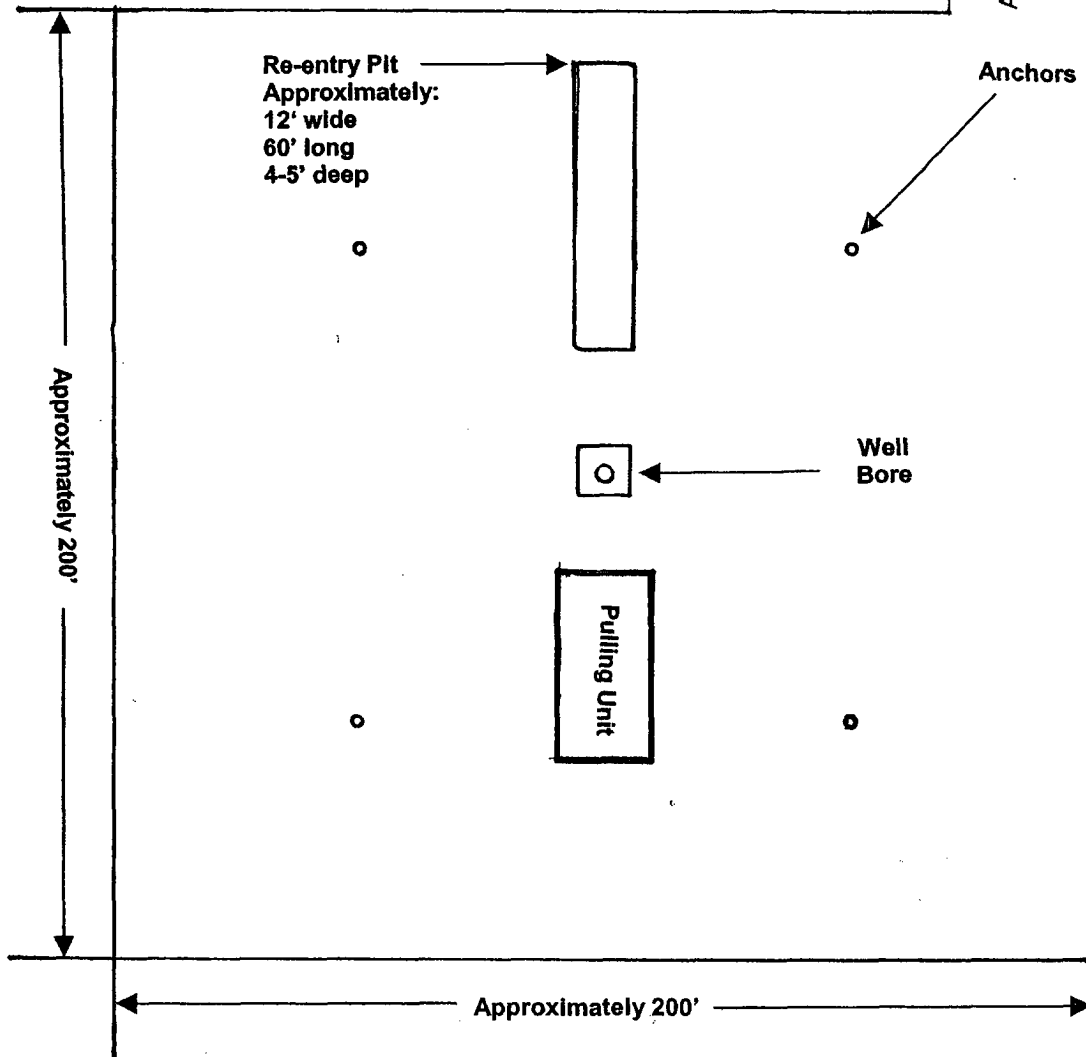
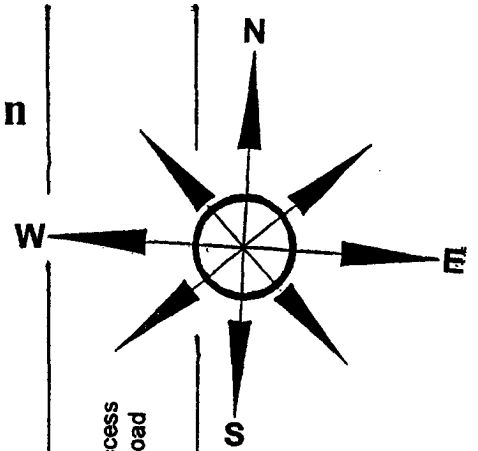


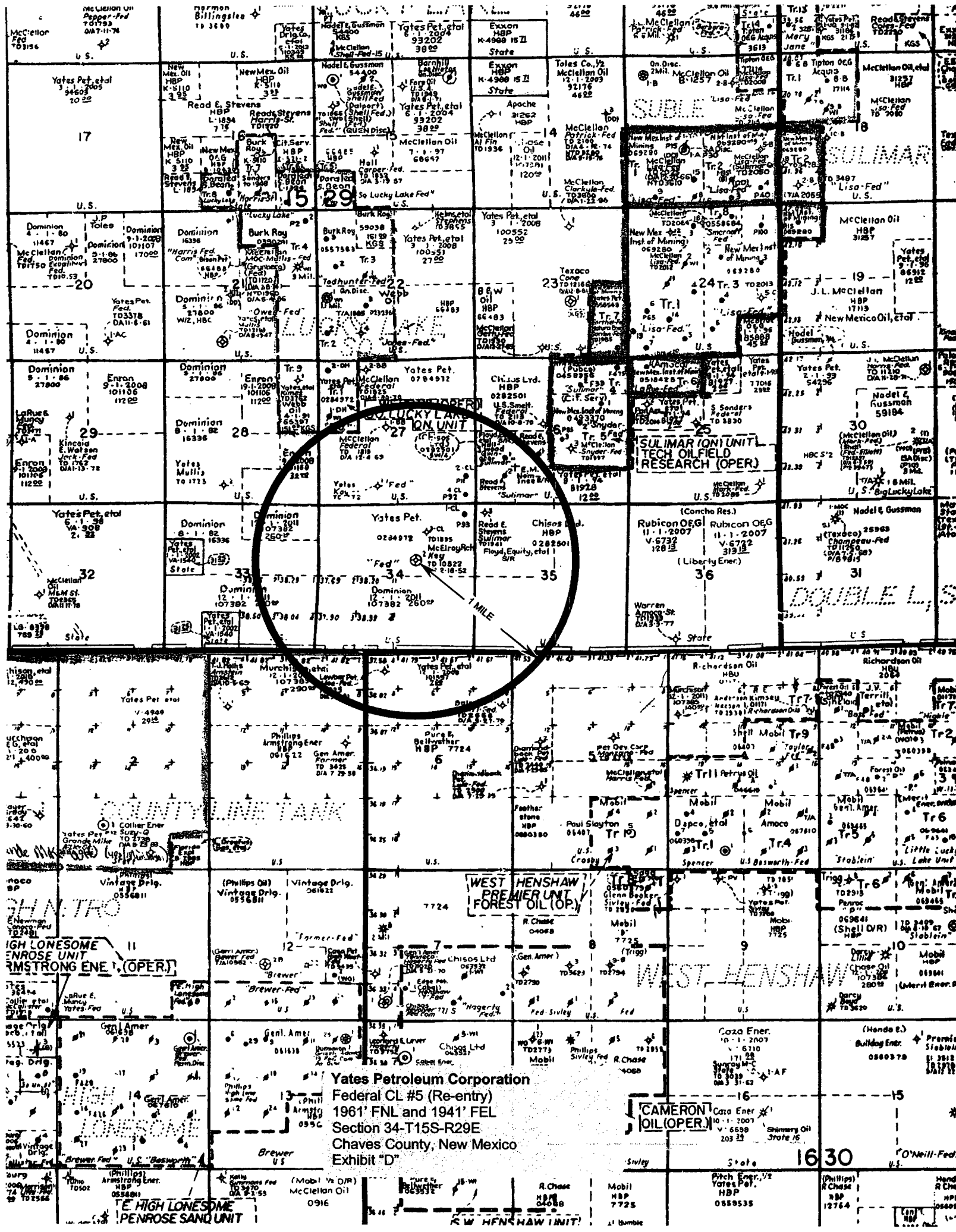
Typical ³⁰⁰⁰~~2000~~ psi choke manifold assembly with at least these minimum features



Yates Petroleum Corporation

Yates Petroleum Corporation
Federal CL #5 (Re-entry)
1961' FNL and 1941' FEL
Section 34-T15S-R29E
Chaves County, New Mexico
Exhibit "C"





Yates Petroleum Corporation
Federal CL #5 (Re-entry)
1961' FNL and 1941' FEL
Section 34-T15S-R29E
Chaves County, New Mexico
Exhibit "D"

CAMERON
OIL (OPER)

HIGH LONESOME
PENROSE SAND UNIT

WEST HENSHAW
PREMIER UNIT
FOREST OIL (OP)

WEST HENSHAW

COUNTRY LINE TANK

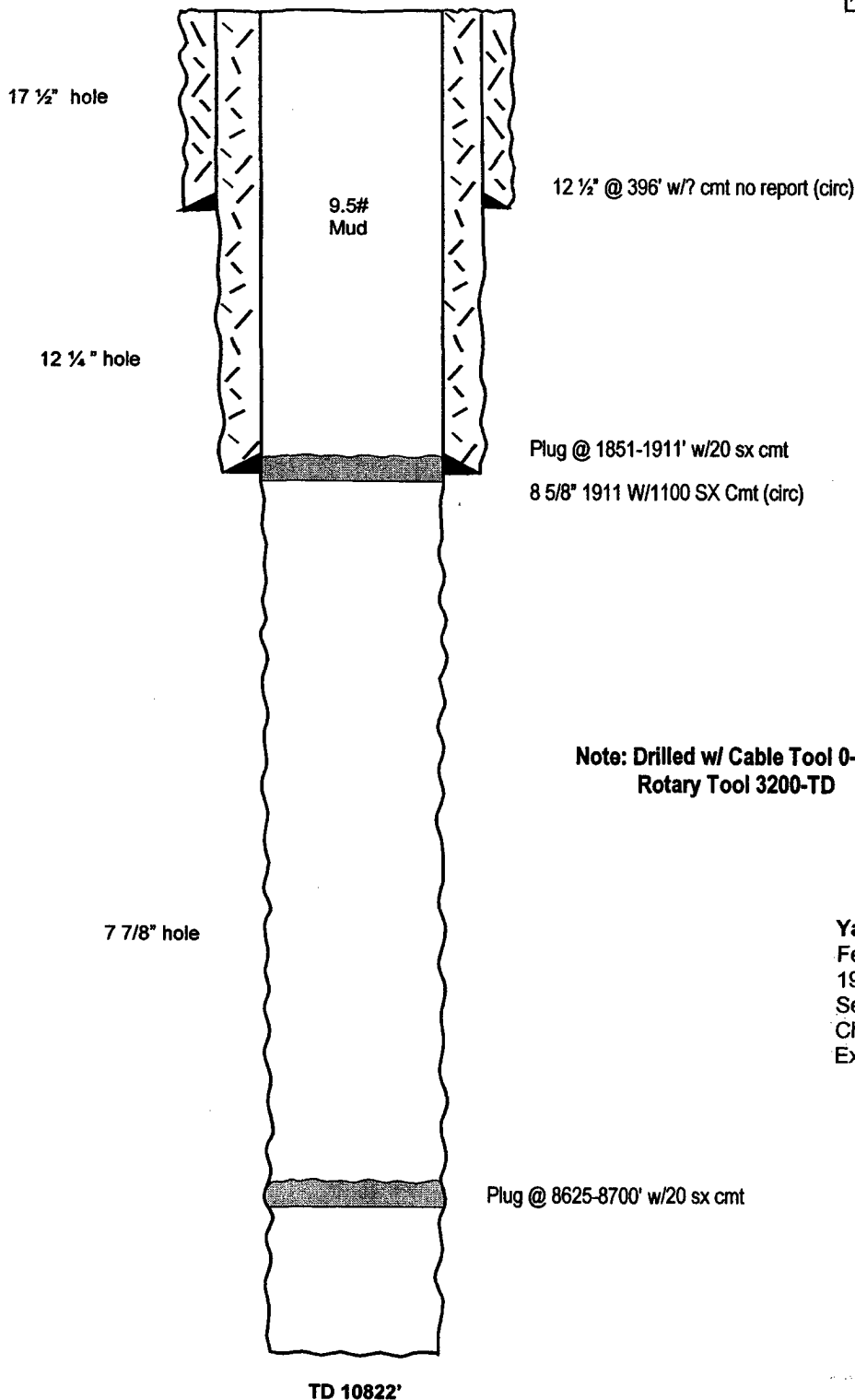
DOUBLE L, S

SULIMAR (ON UNIT)
TECH OILFIELD
RESEARCH (OPER)

WELL NAME: McCurdy & McElroy Key #2 **FIELD:** Wildcat
LOCATION: Sec 34, T15S-R29E, 1980' FNL & 1980' FEL Chaves County
GL: 3814' **Zero** **KB:** 3827'
SPUD DATE: 2-4-51 **COMP DATE:** 2-17-52
COMMENTS: API # 30-005-00469

CASING PROGRAM

12 1/2"	396'
8 5/8"	1911'



Tops

Salt	255'
B Salt	935'
Yates	1098'
Queen	1868'
San Andres	2552'
Glorieta	4050'
Drinkard	5395'
ABO	6165'
Wolfcamp	7300'
Penn	7800'
Miss	10720'

DST 1-7435-7490'
DST 2-8625-8687'

Note: Drilled w/ Cable Tool 0-3200'
Rotary Tool 3200-TD

BEFORE

Yates Petroleum Corporation
 Federal CL #5 (Re-entry)
 1961' FNL and 1941' FEL
 Section 34-T15S-R29E
 Chaves County, New Mexico
 Exhibit "E-1"

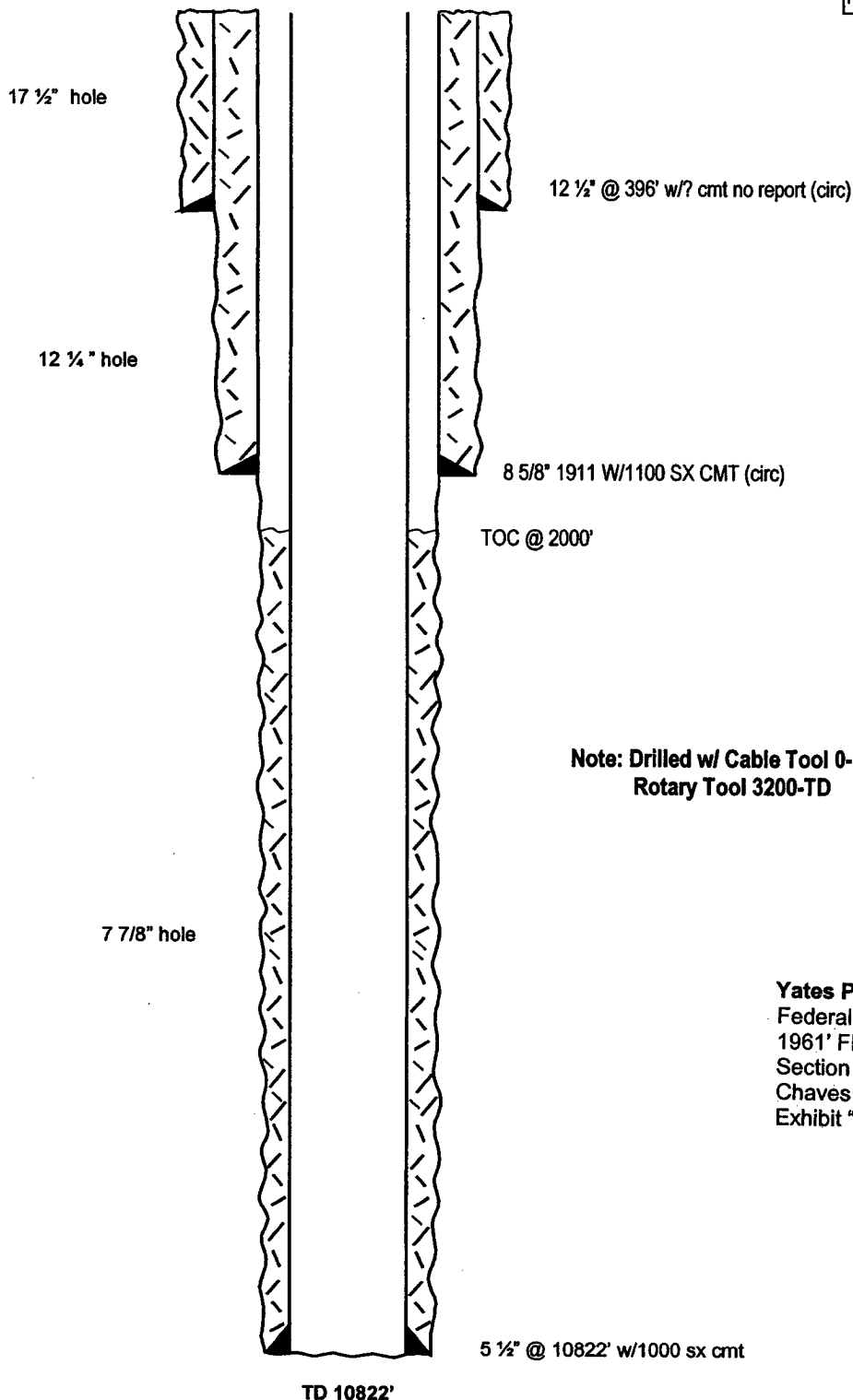
Plug @ 8625-8700' w/20 sx cmt

Not to Scale
 7/7/04
 Cam

WELL NAME: Federal "CL" #5 FIELD: Wildcat
 LOCATION: Sec 34, T15S-R29E, 1980' FNL & 1980' FEL Chaves County
 GL: 3814' Zero KB: 3827'
 SPUD DATE: 2-4-51 COMP DATE: 2-17-52
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 Rotary Tool 3200-TD

AFTER

Yates Petroleum Corporation
 Federal CL #5 (Re-entry)
 1961' FNL and 1941' FEL
 Section 34-T15S-R29E
 Chaves County, New Mexico
 Exhibit "E-2"

Not to Scale
 7/7/04
 Cam