

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

UNITED STATES
DEPARTMENT OF THE INTERIOR R-111-POTASH
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER RECEIVED

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

1a. Type of Work: ☐ DRILL ☒ REENTER

AUG 20 2004
OOD-ARTESIA

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 660' FSL and 2310' FEL
At proposed prod. Zone Same

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

Approximately 25 miles northeast of Loving, 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

1521.84

17. Spacing Unit dedicated to this well

SW/SE

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

1500'

19. Proposed Depth
7810'

20. BLM/BIA Bond No. on file

585997

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

3335' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

CARLSBAD CONTROLLED WATER BASIN

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

Name (Printed/Typed)

Date

Regulatory Agent

Regulatory Agent

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

Acting STATE DIRECTOR

NM STATE OFFICE

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.

APPROVAL FOR 1 YEAR

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

6. SOURCE OF CONSTRUCTION MATERIALS:

Should and construction materials be needed the dirt contractor will locate closest 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 land fill. 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 and will face to the north.
- C. N/A

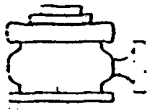
10. PLANS FOR RESTORATION

- 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: Federal surface, Administered by the Bureau of Land Management, Carlsbad, New Mexico.

12. OTHER INFORMATION:

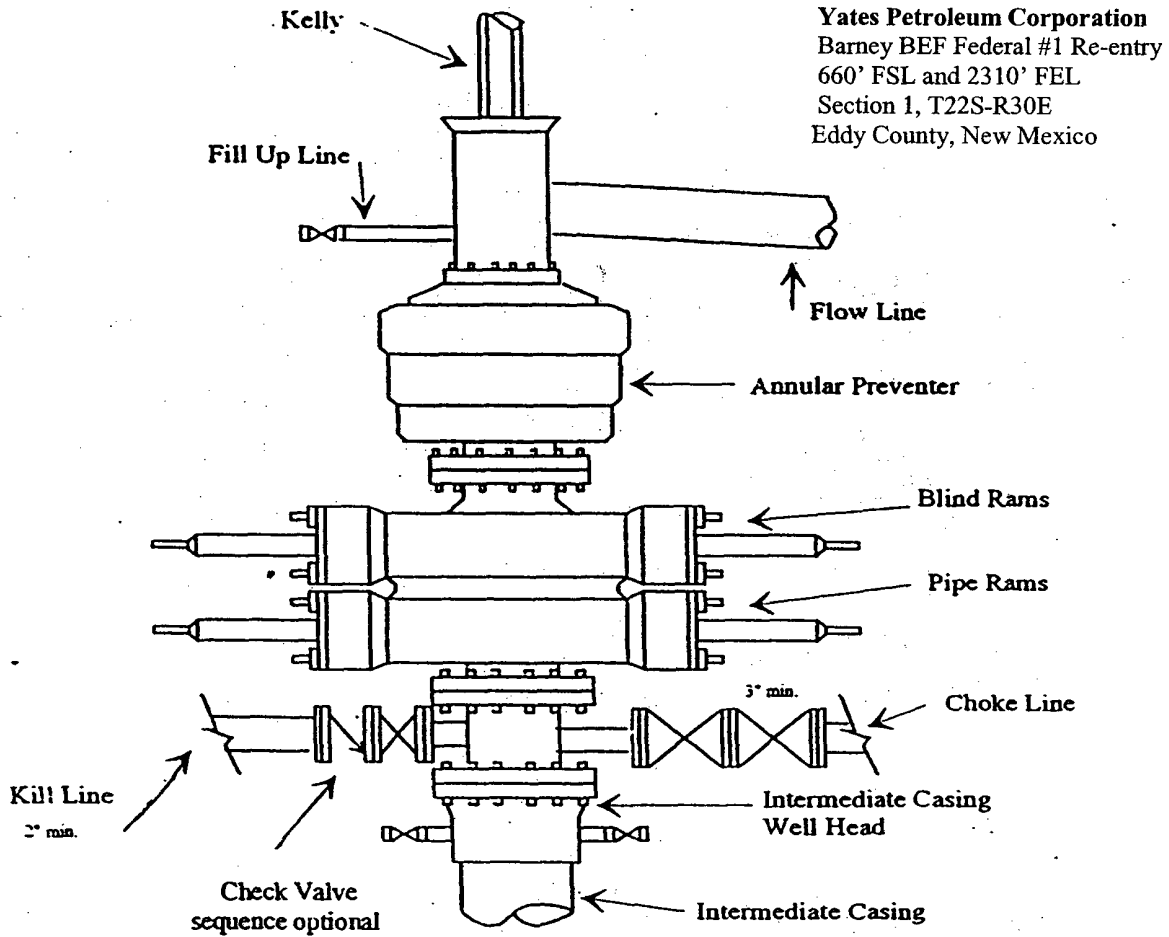
- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.



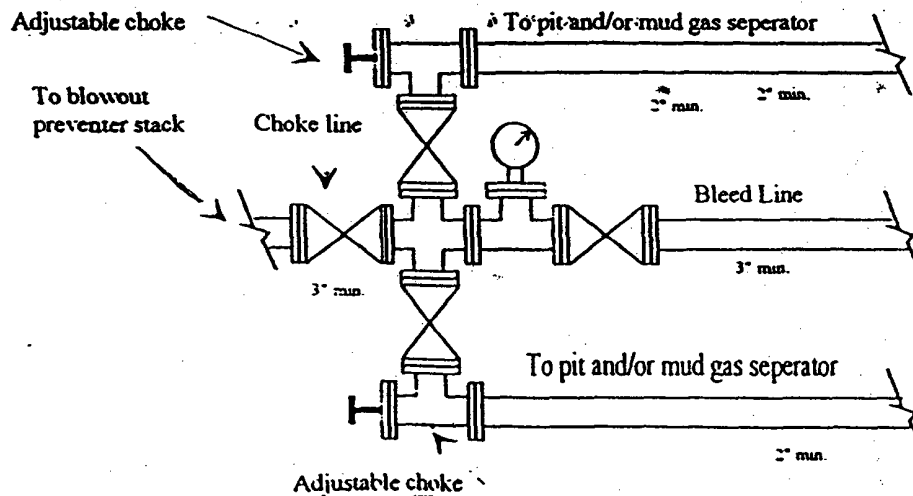
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



DISTRICT I
1636 E. French Dr., Hobbs, NM 88240

DISTRICT II
611 South First, Artesia, NM 88210

DISTRICT III
1900 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

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 Undesignated Cabin Lake Delaware |
| Property Code | Property Name Barney BEF Federal | Well Number 1 |
| OGED No. 025575 | Operator Name YATES PETROLEUM CORPORATION | Elevation 3335' |

Surface Location

| | | | | | | | | | |
|----------------------|----------------|-----------------|--------------|----------------|----------------------|-------------------------|----------------------|-----------------------|---------------|
| UL or Lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------------|----------------|-----------------|--------------|----------------|----------------------|-------------------------|----------------------|-----------------------|---------------|

Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|----------------------|----------------|-----------------|--------------|----------------|----------------------|-------------------------|----------------------|-----------------------|---------------|
| UL or Lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------------|----------------|-----------------|--------------|----------------|----------------------|-------------------------|----------------------|-----------------------|---------------|

| | | | |
|------------------------------|------------------------|---------------------------|------------------|
| Dedicated Acres 40 | 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 align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="right"><i>Cy Cowan</i></p> <p>Signature Cy Cowan</p> <p>Printed Name Regulatory Agent</p> <p>Title June 16, 2004</p> <p>Date</p> <hr/> <p align="center">SURVEYOR CERTIFICATION</p> <p><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></p> <p align="center">REFER TO ORIGINAL PLAT.</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <hr/> <p>Certificate No. Herschel L. Jones RLS 3640</p> <p align="right">GENERAL SURVEYING COMPANY</p> |
| | | | | |
| | | | | |
| | | <p>NM 105216</p> <p>660'</p> <p>2310'</p> | | |

YATES PETROLEUM CORPORATION
Barney BEF Federal #1 (Re-entry)
660' FSL & 2310' FEL
Section 1-T22S-R30E
Eddy County, New Mexico

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

| | | | |
|----------------|-------|---------------|-------|
| Rustler | 357' | Cherry Canyon | 4775' |
| Top of Salt | 656' | Brushy Canyon | 6772' |
| Bottom of Salt | 3544' | Bone Spring | 7702' |
| Delaware | 3810' | TD | 7810' |

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 250'
Oil or Gas: 4760'-7810'

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3000# 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>Thread</u> | <u>Interval</u> | <u>Length</u> |
|------------------|--------------------|---------------|--------------|---------------|-----------------|-----------------|
| 17 1/2" | 13 3/8" | 54.5# | J55 | ST&C | 0-351 | 351' In Place. |
| 11" | 8 5/8" | 32# | J55 | ST&C | 0-3642' | 3642' In Place. |
| 7 7/8" | 5 1/2" | 15.5# +17# | J55 | ST&C | 0-7810' | 7810. |

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

- B. CEMENTING PROGRAM:

Surface casing: 351 sx to surface (in place).
Intermediate casing: 1250 sx to surface (in place).
Production casing: 200 bbl mud w/ 150 scf/bbl of N2.
250 sx Interfil "C" to surface.
650 sx Super "H" TOC-3000'

YATES PETROLEUM CORPORATION

Barney BEF Federal #1

Drilling Prognosis

Page 2

Yates Petroleum Corporation originally drilled this well as the Jasmine AJI Federal #1. This well was spudded on January 26, 1993 and was P/A'd February 13, 1993.

Yates Petroleum Corporation proposes to re-enter this well using a pulling unit to drill out the 8 5/8" shoe plug and all cement plugs in the 7 7/8" casing down to the original TD of 7,810'. The hole will be conditioned and a string of 5 1/2" casing will be run to TD. The well will be completed in the Delaware Formation with a pulling unit.

MUD PROGRAM: 0-7810' Cut Brine (Weight: 9.0-9.1, Vis: 35), <10-15 water loss.

CASING PROGRAM: 5 1/2" Production Casing Design (Estimated)

| | | | | |
|-----------------|--------|-------|------|-----|
| Surface to 170' | 5 1/2" | 17# | J-55 | LTC |
| 170'-6500' | 5 1/2" | 15.5# | J-55 | LTC |
| 6500' to 7810' | 5 1/2" | 17# | J-55 | LTC |

CEMENTING PROGRAM:

200 bbl of Mud with 150 scf/bbl of N2.

250 sx Interfil "C" to surface.

650sx Super "H" TOC-3300'

BOPE PROGRAM: 3000 # BOPE will be nipples up on 8 5/8 in casing.

Barney BEF Federal #1
Page 2

5. Mud Program and Auxiliary Equipment:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|--------------------------|---------------|------------------|-------------------|
| 0-7810' | Cut Brine/Existing Fluid | 9.0-9.1 | 35 | <10-15 |

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 intermediate casing to TD.
Logging: Platform Express/HALS/NGT,FMI.
Coring: None anticipated
DST's: None.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0 To: 7810' Anticipated Max. BHP: 2400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 117 F

8. ANTICIPATED STARTING DATE:

Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 10 days to re-enter this well with completion taking another 20 days.

WELL NAME: Barney BEF Federal #1

LOCATION: 660' FSL & 2310' FEL Sec 1-22S-30E Unit O

GL: 3335'

SPUD DATE: 1/26/93

COMMENTS: P&A 2/12/93

API# 30-015-26799

FIELD: Und. Cabin Lake Del

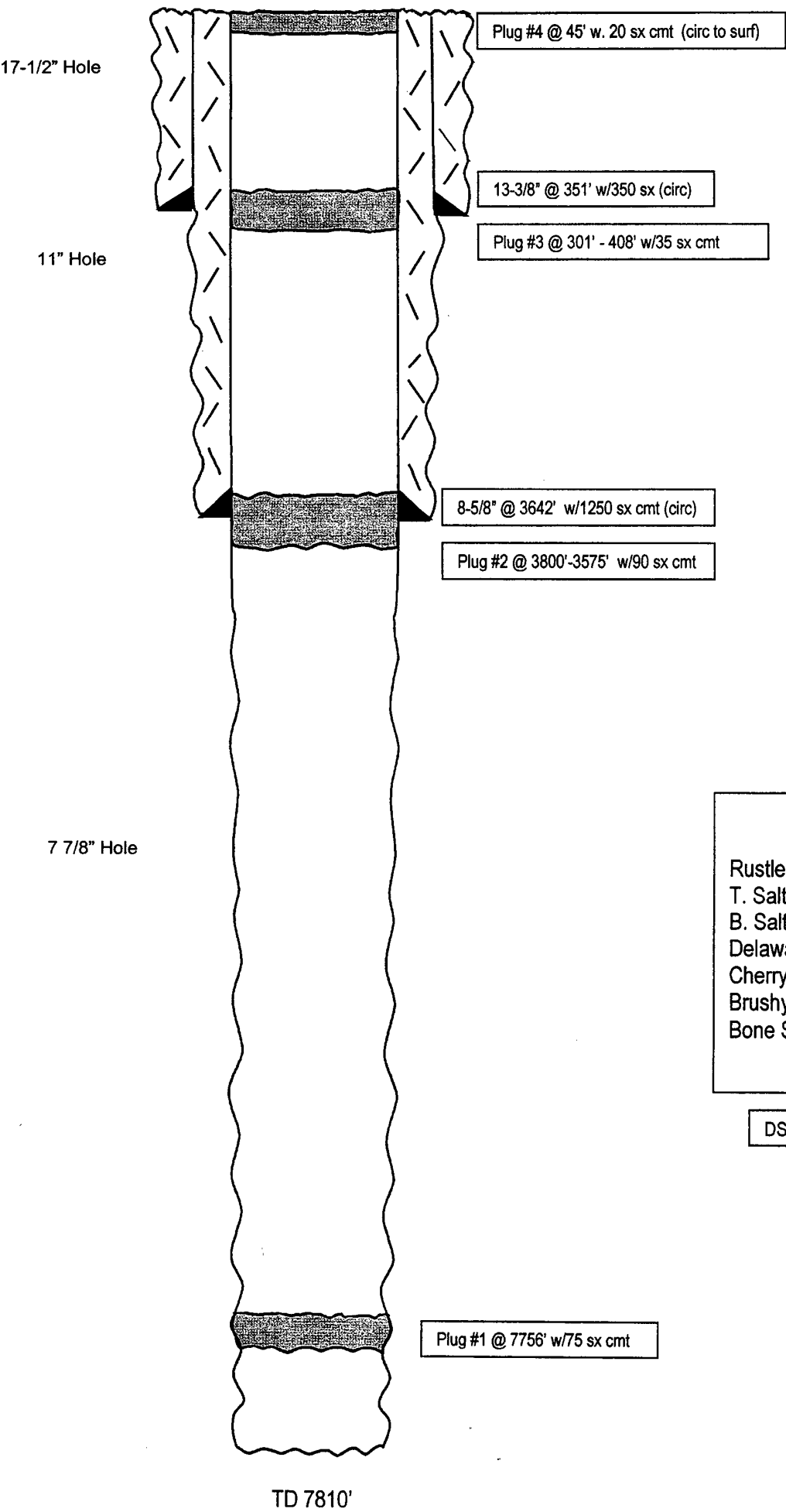
Eddy County

ZERO:

COMPLETION DATE: Dry Hole

CASING PROGRAM

| | |
|-------------------------|-------|
| 13-3/8" 54.5# J-55 ST&C | 351' |
| 8-5/8" 32# J55 ST&C | 3642' |
| | |
| | |



| TOPS | |
|---------------|-------|
| Rustler | 357' |
| T. Salt | 656' |
| B. Salt | 3544' |
| Delaware | 3810' |
| Cherry Canyon | 4775' |
| Brushy Canyon | 6772' |
| Bone Spring | 7702' |

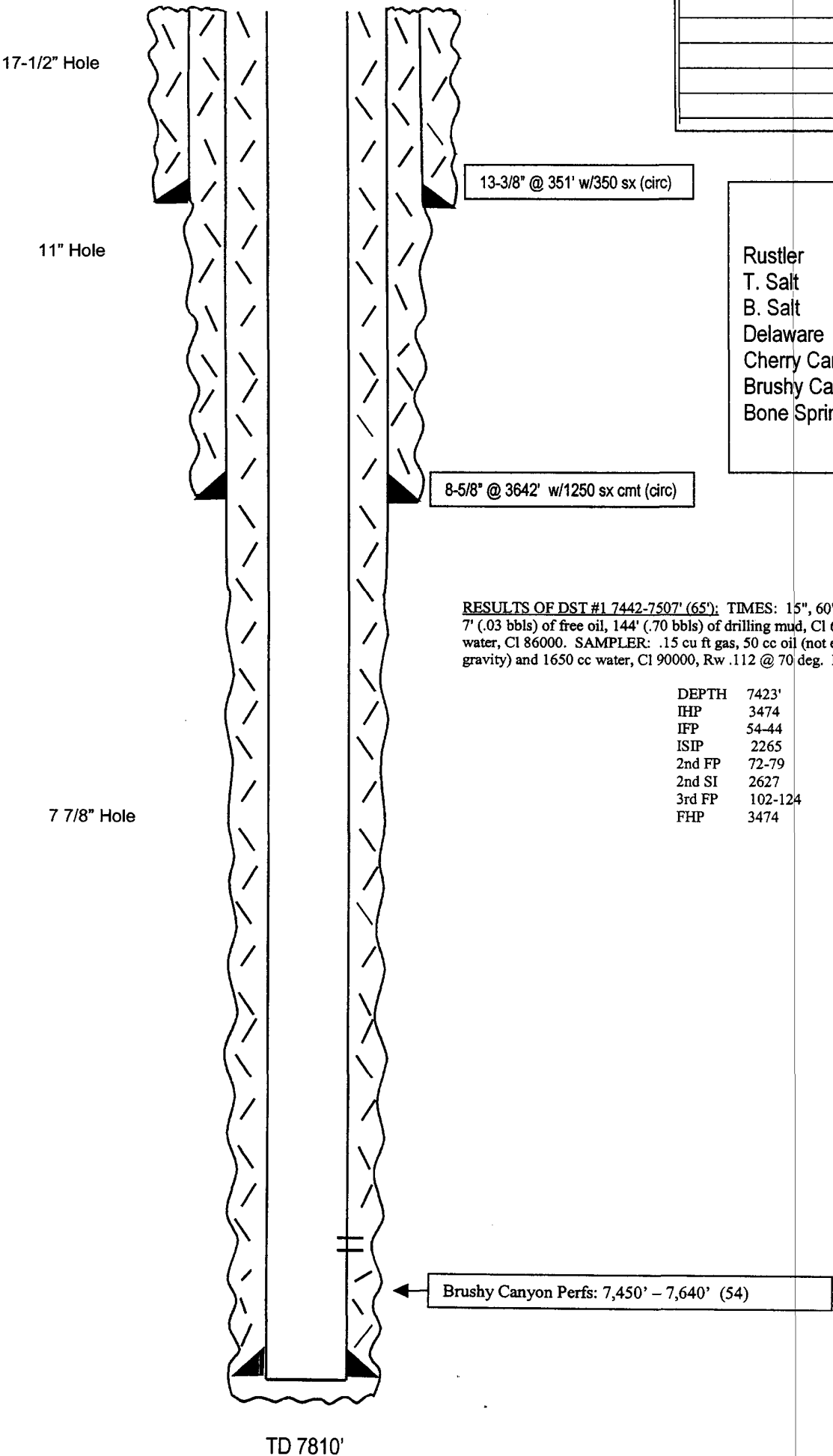
DST 1-James Ranch-7442-7507'

Not to Scale
03/22/04
Cam

WELL NAME: Barney BEF Federal #1 FIELD: Und. Cabin Lake Del
LOCATION: 660' FSL & 2310' FEL Sec 1-22S-30E Unit O Eddy County
GL: 3335' ZERO: KB:
SPUD DATE: 1/26/93 COMPLETION DATE: Dry Hole
COMMENTS: P&A 2/12/93
API# 30-015-26799

CASING PROGRAM

| | |
|--------------------------|--------|
| 13-3/8" 54.5# J-55 ST&C | 351' |
| 8-5/8" 32# J55 ST&C | 3642' |
| 5.5" 15.5 & 17# J-55 STC | 7,810' |
| | |
| | |
| | |
| | |
| | |
| | |



TOPS

| | |
|---------------|-------|
| Rustler | 357' |
| T. Salt | 656' |
| B. Salt | 3544' |
| Delaware | 3810' |
| Cherry Canyon | 4775' |
| Brushy Canyon | 6772' |
| Bone Spring | 7702' |

After

RESULTS OF DST #1 7442-7507' (65'): TIMES: 15", 60", 60", 120", 120". RECOVERY: 7' (.03 bbls) of free oil, 144' (.70 bbls) of drilling mud, CI 65000, 35' (.17 bbls) of formation water, CI 86000. SAMPLER: .15 cu ft gas, 50 cc oil (not enough oil in sample to determine gravity) and 1650 cc water, CI 90000, Rw .112 @ 70 deg. BHT: 117 deg F. PRESSURES:

| | |
|--------|---------|
| DEPTH | 7423' |
| IHP | 3474 |
| IFP | 54-44 |
| ISIP | 2265 |
| 2nd FP | 72-79 |
| 2nd SI | 2627 |
| 3rd FP | 102-124 |
| FHP | 3474 |

Not to Scale
Cam/MH