

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

AUG 09 2004

DOB-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

If earthen pits are used in association with the drilling of the well, an OCD pit permit must be obtained prior to pit construction

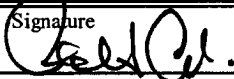
0
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-28297
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input 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. Everette OO Federal #8
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FSL and 1980' FEL, Unit J At proposed prod. Zone same as above		9. API Well No. 30-1 OCS-63723
14. Distance in miles and direction from nearest town or post office* Approximately forty-two (42) miles northeast of Roswell, New Mexico		10. Field and Pool, or Exploratory Wildcat Precambrian
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980'	16. No. of Acres in lease 1040	11. Sec., T., R., M., or Blk. and Survey or Area Section 26-T5S-R24E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1320'	19. Proposed Depth 5210'	12. County or Parish Chaves County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3944' GL	22. Approximate date work will start* ASAP	13. State NM
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 / Land Department	Date 6/22/04
---	---	------------------------

Title:

Regulatory Agent **debbiec@ypcnm.com**

Approved by (Signature) (ORIG. SGD.) ARMANDO A. LOPEZ	Name (Printed/Typed) (ORIG. SGD.) ARMANDO A. LOPEZ	Date AUG 06 2004
---	--	----------------------------

Title **Assistant Field Manager,**
Acting Lands And Minerals

Office
ROSWELL FIELD 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.

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 i.e., Gleaners
o.c.d.

APPROVED FOR 1 YEAR
PREVIOUSLY APPROVED

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	⁵ Property Name Everette OO Federal Com.	⁶ Well Number 8
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3944'

¹⁰ Surface Location

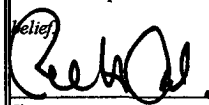

UL or lot no. J	Section 26	Township 5S	Range 24E	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1980	East/West line East	County Chaves
---------------------------	----------------------	-----------------------	---------------------	---------	------------------------------	----------------------------------	------------------------------	-------------------------------	-------------------------

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-S/2	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

⁵					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 06/22/2004 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
				1980'  NM28297	

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

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 Precambrian
Property Code	Property Name	Well Number
	EVERETTE "OO" FEDERAL	8
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3944

Surface Location


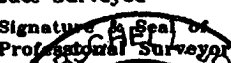
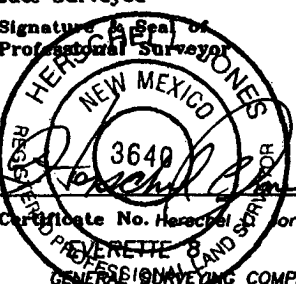
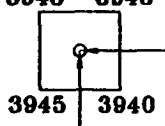
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	26	5S	24E		1980	SOUTH	1980	EAST	CHAVES

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			

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.  Signature Clifton R. May Printed Name Regulatory Agent Title 3/12/02 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 supervision, and that the same is true and correct to the best of my belief. 3/05/2002 Date Surveyed  Signature & Seal of Professional Surveyor  Certificate No. Herschel Jones RLS 3640 EVERETTE 8 AND SURFAC GENERAL SURVEYING COMPANY	
	Proposed Well #11	N.33°50'28.3" W.104°23'27.6" 3948 3943  3945 3940 1980'		1980'	NM-28297
	Well #7			Well #2	

YATES PETROLEUM CORPORATION
Everette "OO" Federal #8
1980' FSL and 1980' FEL
Section 26-T5S-R24E
Chaves County, New Mexico

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

San Andres	600'
Glorieta	1380'
Yeso	1565'
Tubb	2980'
Abo	3620'
Wolfcamp	4320'
Basement - Granite	5110'
TD	5210'

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	0-5210'

*8 5/8" will only be set if lost circulation is encountered

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and 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 bottom hole pressure in this field is proven to be near 2200 PSI. Shut-in pressure at the surface is less than 1000

PSI. We feel that a 1000 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.

Everette "OO" Federal #8

Page 2

B. CEMENTING PROGRAM:

Surface Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL₂ (YLD 1.32 WT 15.6).

Intermediate Casing: 250 sx Class C+2% CaCL₂ (YLD 1.32 WT 14.8)

Production Casing: 550 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 - 9.0	32-36	N/C
900'-3590'	Cut Brine/Brine	9.0 - 10.2	28	N/C
3590'-5210'	Salt Gel/Starch	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: Platform Express CNL/LDT, W/NGT TD -Surf csg; with GR/CNL 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:

Anticipated BHP:

From: 0 TO: 900' Anticipated Max. BHP: 400 PSI

From: 900' TO: 5210' Anticipated Max. BHP: 2200 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

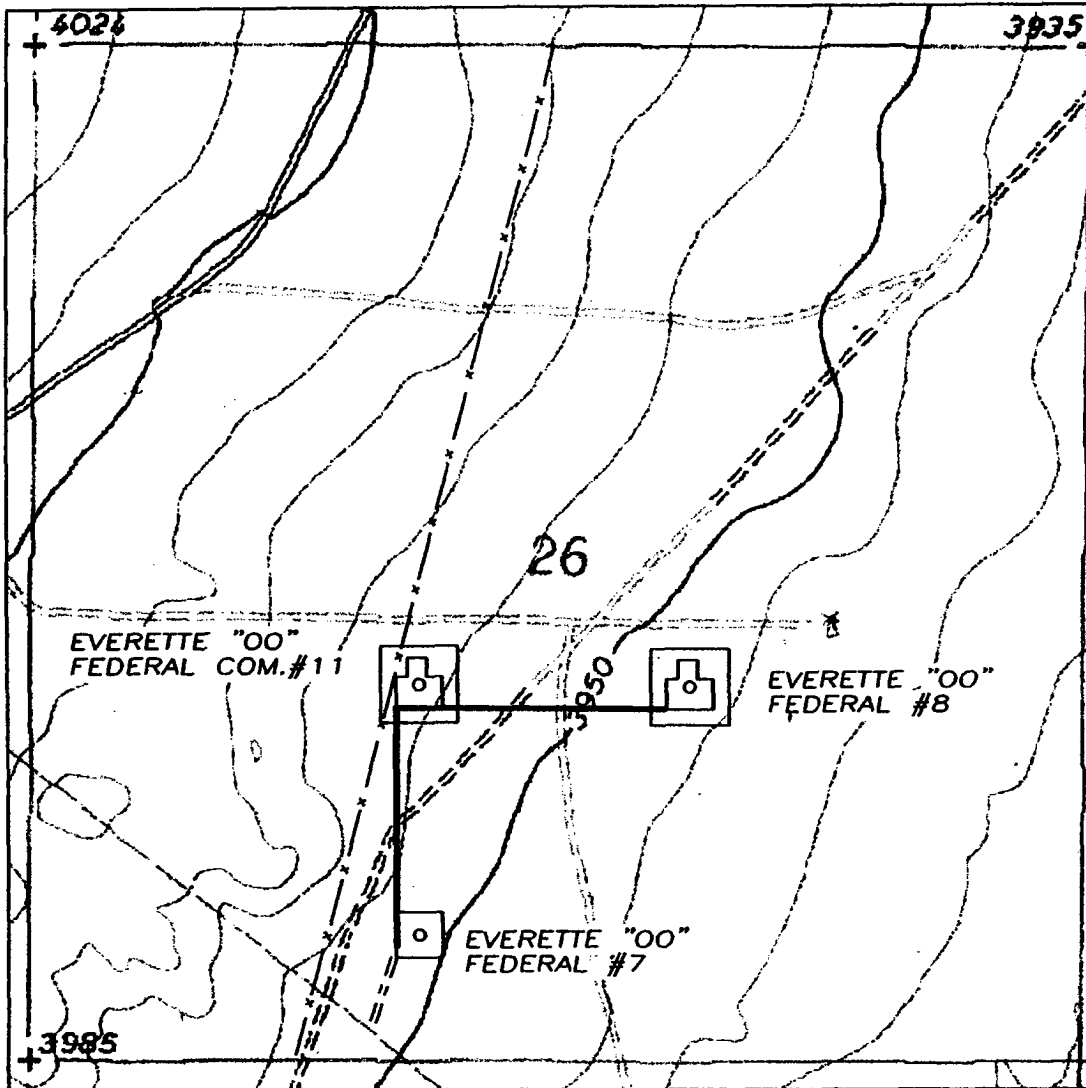
H₂S Zones Anticipated: None Anticipated

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.

SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
 Everette "OO" Federal #8
 1980' FSL & 1980' FEL, Unit J
 Section 26-T5S-R24E
 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.

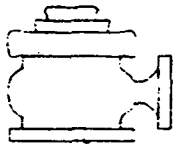
HERSCHEL L. JONES P.L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES EVERETTE "OO" FEDERAL #8 & 11, LOCATED IN SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

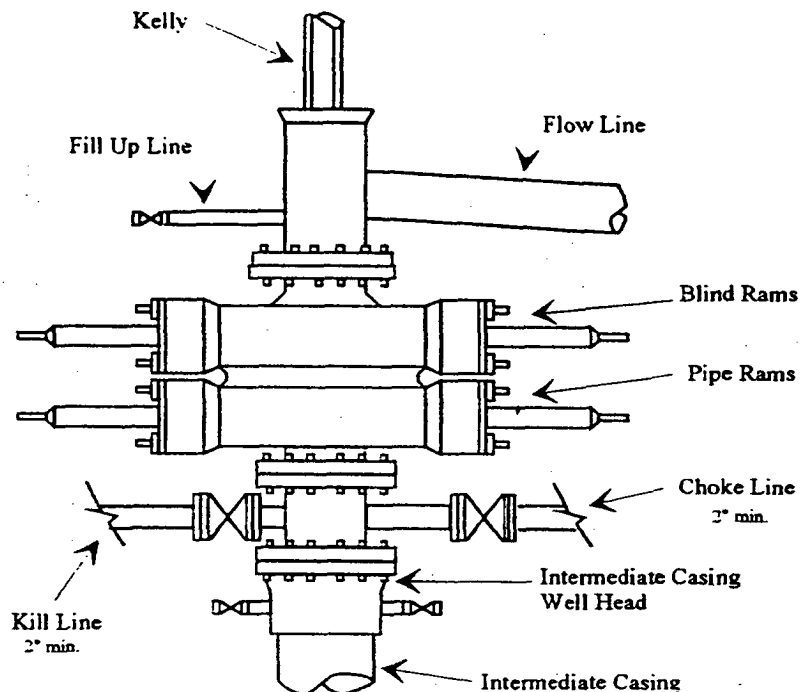
Survey Date: 3/05/2002	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 3/07/02	Scale 1" = 1000' EVERETTE



Yates Petroleum Corporation

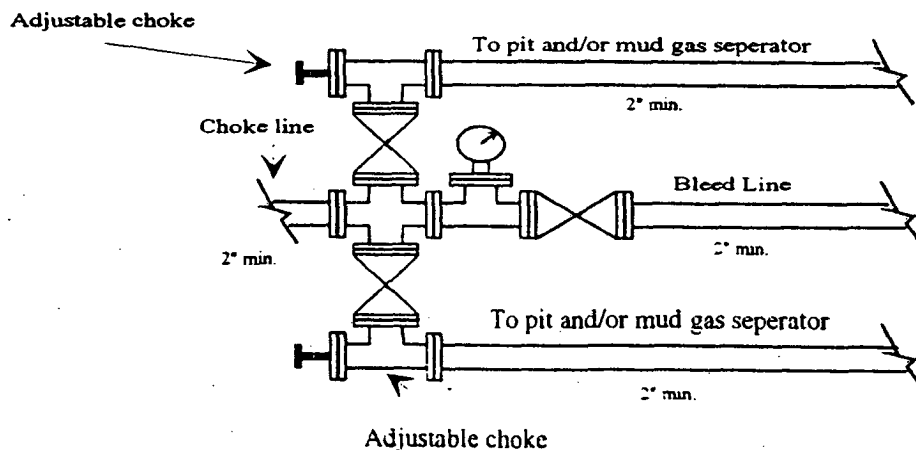
BOP-2

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



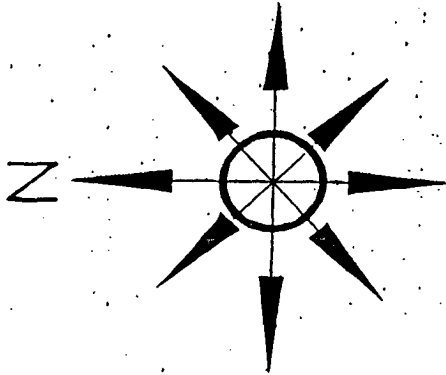
Yates Petroleum Corporation
Everette "OO" Federal #8
1980' FSL & 1980' FEL, Unit J
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "B"

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

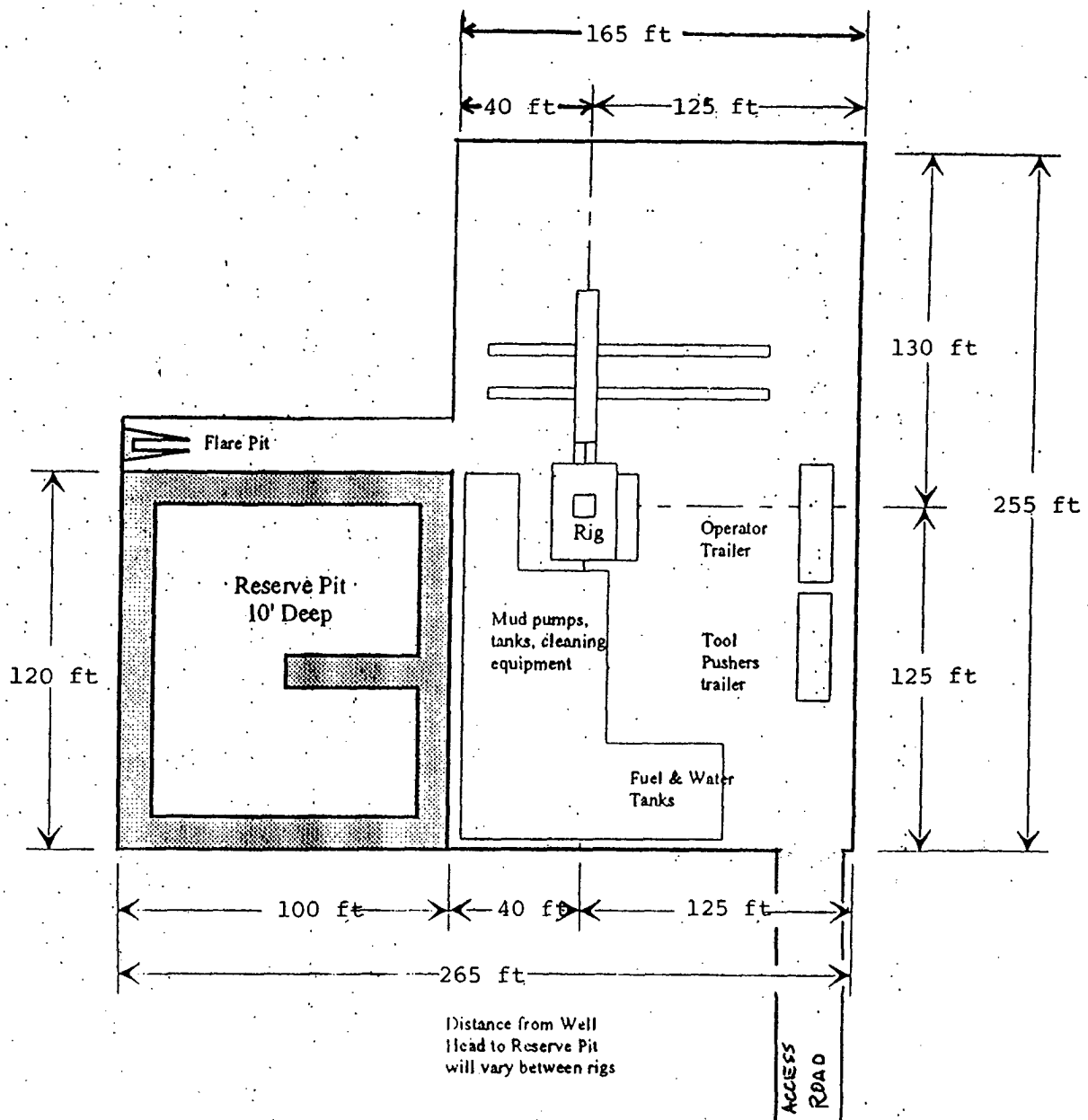


Yates Petroleum Corporation

Location Layout for Permian Basin



Yates Petroleum Corporation
 Everett "OO" Federal #8
 1980' FSL & 1980' FEL, Unit J
 Section 26-T5S-R24E
 Chaves County, New Mexico
 Exhibit "C"



YATES PETROLEUM CORPORATION
Everette "OO" Federal #8
1980' FSL and 1980' FEL
Section 26-T5S-R24E
Chaves County, New Mexico

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

San Andres	600'
Glorieta	1380'
Yeso	1565'
Tubb	2980'
Abo	3620'
Wolfcamp	4320'
Basement - Granite	5110'
TD	5210'

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	0-5210'

*8 5/8" will only be set if lost circulation is encountered

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and 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 bottom hole pressure in this field is proven to be near 2200 PSI. Shut-in pressure at the surface is less than 1000 PSI. We feel that a 1000 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: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"
+ 2% CaCL₂ (YLD 1.32 WT 15.6).

Intermediate Casing: 250 sx Class C+2% CACL₂ (YLD 1.32 WT 14.8)

Production Casing: 550 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 - 9.0	32-36	N/C
900'-3590'	Cut Brine/Brine	9.0 - 10.2	28	N/C
3590'-5210'	Salt Gel/Starch	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: Platform Express CNL/LDT, W/NGT TD -Surf csg; with GR/CNL 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:

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP: 400 PSI
From: 900'	TO: 5210'	Anticipated Max. BHP: 2200 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.