

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD-ARTESIA

1a. Type of Work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

5. Lease Serial No.
NMNM92151

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
BAFFLED BCA FEDERAL COM. 1

2. Name of Operator
YATES PETROLEUM CORPORATION

Contact: ROBERT ASHER
E-Mail: basher@ypcnm.com

9. API Well No.
30-015-32850

3a. Address
105 S 4TH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)
Ph: 505.748.4364
Fx: 505.748.4572

10. Field and Pool, or Exploratory
WILDCAT MORROW
Undes. Cemetery; Meadow,

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface SWNW 1350FNL 835FWL

At proposed prod. zone SWNW 1350FNL 835FWL (E)

11. Sec., T., R., M., or BLM. and Survey or Area
Sec 11 T21S R24E Mer NMP
SME: BLM

14. Distance in miles and direction from nearest town or post office*
APPROXIMATELY 13 MILES NW OF CARLSBAD, NM.

12. County or Parish
EDDY

13. State
NM

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
320.00

17. Spacing Unit dedicated to this well
320.00

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

19. Proposed Depth
10400 MD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc.)
3841 GL

22. Approximate date work will start

23. Estimated duration

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 (Electronic Submission) Name (Printed/Typed) CY COWAN Ph: 505.748.4372 Date 05/02/2003

Title REGULATORY AGENT

Approved by (Signature) /S/ JOE G. LARA Name (Printed/Typed) /S/ JOE G. LARA. Date JUN 27 2003

Office FIELD MANAGER CARLSBAD FIELD OFFICE

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Electronic Submission #21360 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Field Office AFMSS for processing by Armando Lopez on 05/05/2003 (03AL0259AE)

** BLM REVISED **



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OGD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM92151
1b. 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
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No.
Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		8. Lease Name and Well No. BAFFLED BCA FEDERAL COM. 1
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	9. API Well No. 30-015-32850
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWNW 1350FNL 835FWL At proposed prod. zone SWNW 1350FNL 835FWL		10. Field and Pool, or Exploratory WILDCAT MORROW Undes. Cemetery; Morrow, S
14. Distance in miles and direction from nearest town or post office APPROXIMATELY 13 MILES NW OF CARLSBAD, NM.	11. Sec., T., R., M., or Blk. and Survey or Area Sec 11 T21S R24E Mer NMP SME: BLM	12. County or Parish EDDY
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	13. State NM	17. Spacing Unit dedicated to this well 320.00
16. No. of Acres in Lease 320.00	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	20. BLM/BIA Bond No. on file
19. Proposed Depth 10400 MD	21. Elevations (Show whether DF, KB, RT, GL, etc.) 3841 GL	23. Estimated duration
22. Approximate date work will start	24. Attachments	



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- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) CY COWAN Ph: 505.748.4372	Date 05/02/2003
Title REGULATORY AGENT		
Approved by (Signature) /s/ JOE G. LARA	Name (Printed/Typed) /s/ JOE G. LARA.	Date JUN 27 2003
Office FIELD MANAGER		CARLSBAD FIELD OFFICE

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Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO Electronic Submission #21360 verified by the BLM Well Information System
GENERAL REQUIREMENTS AND For YATES PETROLEUM CORPORATION, sent to the Carlsbad
SPECIAL STIPULATIONS AFMSS for processing by Armando Lopez on 05/05/2003 (03AL0259AE)
ATTACHED

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional Operator Remarks:

Location moved after NOS was submitted, was 1380' FNL and 660' FWL, new footages are 1350' FNL and 835' FWL.

Thank you.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
611 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 Wildcat Morrow
Property Code	Property Name BAFFLED "BCA" FEDERAL COM.	Well Number 1
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3841

Surface Location

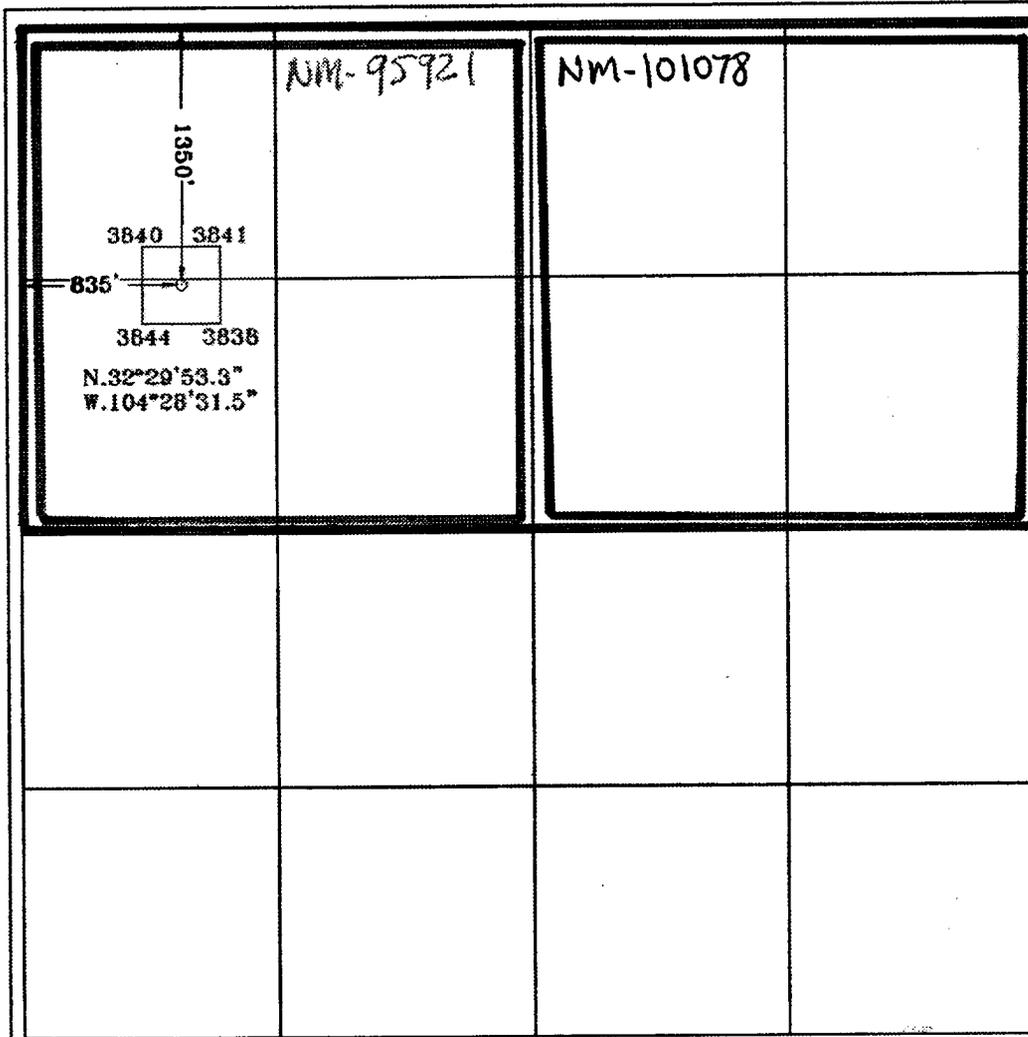
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	21S	24E		1350	NORTH	835	WEST	EDDY

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.
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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.

Cy Cowan
Signature
Cy Cowan
Printed Name
Regulatory Agent
Title
May 1, 2003
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.

3/26/2003
Date Surveyed

Herbert L. Jones
Signature
Professional Surveyor

HERBERT L. JONES
NEW MEXICO
3640
PROFESSIONAL LAND SURVEYOR

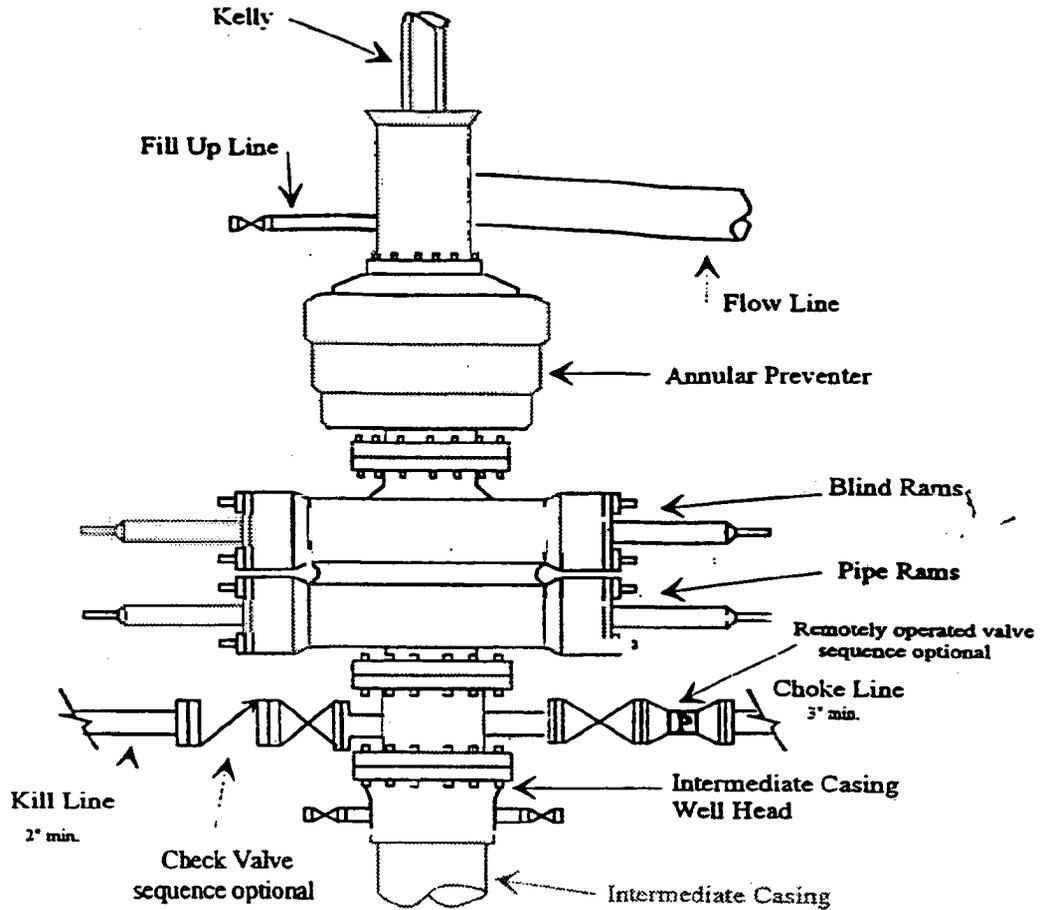
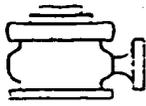
Certificate No. Herbert L. Jones RLS 3640
BAFFLED GENERAL SURVEYING COMPANY

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

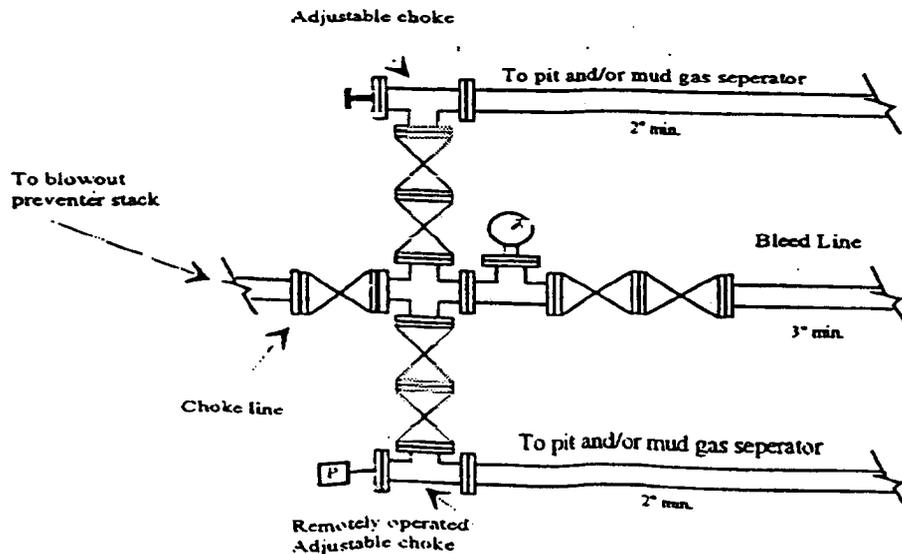
Yates Petroleum Corporation

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

Yates Petroleum Corporation
Baffled BCA Federal Com. #1
1350' FNL and 835' FWL
Section 1, T21S-R24E
Eddy County, New Mexico
Exhibit "B"



Typical 5,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION
Baffled BCA Federal Com. #1
 1350' FNL and 835' FWL
 Section 11, T21S-R24E
 Eddy County, New Mexico

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

San Andres	1380'	Strawn	8985'
Bone Spring Lime	3590'	Atoka	9600'
1 st Bone Spring Lime	4040'	Upper Morrow	9970'
2 nd Bone Spring Lime	5005'	Middle Morrow	9990'
3 rd Bone Springs Lime	6590'	Lower Morrow	10160'
Wolfcamp	7005'	Base of Morrow	10270'
Cisco Canyon	8455'	TD	10400'

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

Water: 200' - 300'
 Oil or Gas: All potential zones

3. **Pressure Control Equipment:** BOPE will be installed on the 9 5/8" casing and rated for 5000 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"	48#	J-55	ST&C	0-400'	400'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-3550'	3550'
8 3/4"	5 1/2"	17#	L-80	LT&C	0-900'	900'
8 3/4"	5 1/2"	17#	J-55	LT&C	900'-1600'	700'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	1600'-6400'	4800'
8 3/4"	5 1/2"	17#	J-55	LT&C	6400'-8200'	1800'
8 3/4"	5 1/2"	17#	L-80	LT&C	8200'-10400'	2200'

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

B. CEMENTING PROGRAM:

Surface casing: 450 sx 'C' + 2% CaCl₂(YLD 1.64 WT 13.0).

Intermediate casing: 1300 sx Lite C (Yld 1.98 WT 12.5) Tail in w/200 sx Class C (YLD 1.34 WT 14.8).

Production Casing: TOC 3050', Lead w/1400 sx Lite 'C' (YLD 1.95 WT 12.5) Tail in w/650 sx Super 'C' Modified (YLD 1.58 WT 13.2).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 400'	FW/Spud Mud	8.4-8.6	34-36	N/C
400'-3550'	Fresh Water	8.4-8.6	28	N/C
3550'-6935'	Cut Brine	8.8-9.0	28	N/C
6935'-8395'	Cut Brine	9.2-9.4	28	N/C
8395'-9230'	Cut Brine	9.4-9.6	28	N/C
9230'-10400'	SW/Gel/Starch/4% KCL	9.6-9.8	30-32	<10cc

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' out from under intermediate casing to TD.

Logging: Platform Express/HALS/NGT.

Coring: None anticipated.

DST's: As Warranted, possible from Cisco to TD.

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

Anticipated BHP:

From: 0 TO 400'	Anticipated Max. BHP: 175	PSI
From: 400' TO 3550'	Anticipated Max. BHP: 1600	PSI
From: 3550' TO 10400'	Anticipated Max. BHP: 5300	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 189° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Baffled BCA Federal Com. #1
1350' FNL and 835' FWL
Section 11, T21S-R24E
Eddy 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 13 miles Northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia on Highway 285 to the Scenic Byway (State Rd. 137). Turn west on Scenic Byway and go approx. 3 miles, Rockhouse Water Station on left, cattle guard on right. Turn right and go through cattle guard and follow lease road for approx. 0.3 of a mile. Take right fork in road and go approx. 0.8 of a mile to the access road for Marbob's Zebra FF Federal #1 well on the right. Continue for approx. 0.3 of a mile to fence line. Go left here on two-track trail along fence line for approx. 0.6 of a mile. Follow two-track up the hills to top and follow along top of ridges for approx. 1.4 miles to the Southeast corner of the proposed Baffled BCA Federal Com. #1 well location.

2. PLANNED ACCESS ROAD:

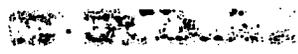
- A. The proposed new access will be approximately 3.4 miles in length from the point of origin to the southeast corner of drilling pad. The road will lie in an southeast to north direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. 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 no 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:

The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: 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.

07-02-03

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

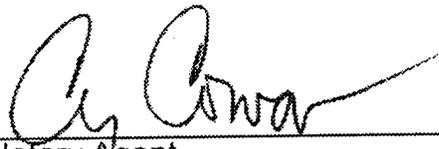
B. Through Drilling Operations,
Completions and Production:

Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

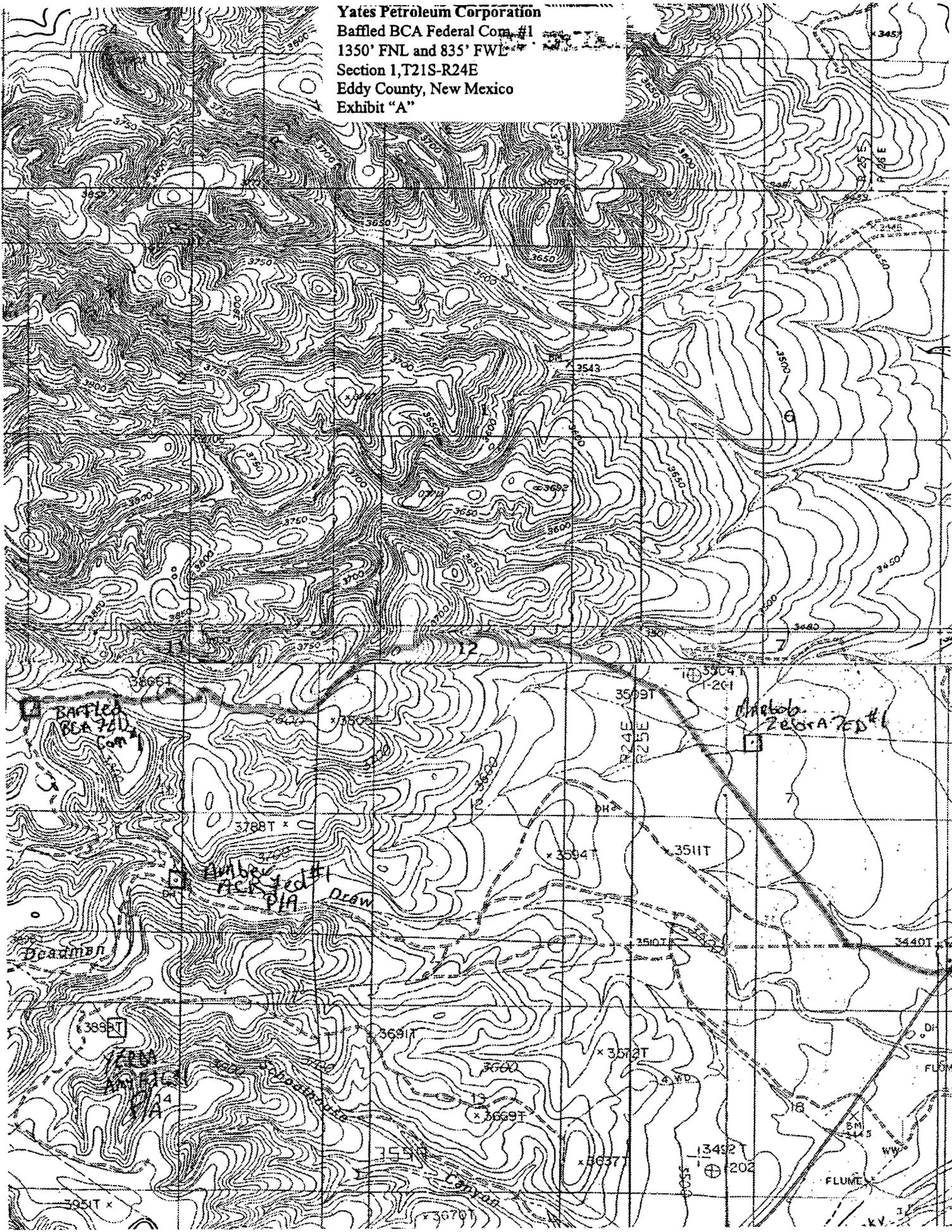
14. CERTIFICATION:

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.

4/7/2003

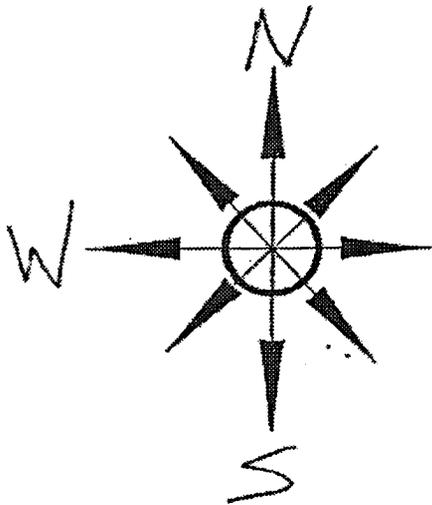

Regulatory Agent

Yates Petroleum Corporation
Baffled BCA Federal Com. #1
1350' FNL and 835' FWE
Section 1, T21S-R24E
Eddy County, New Mexico
Exhibit "A"



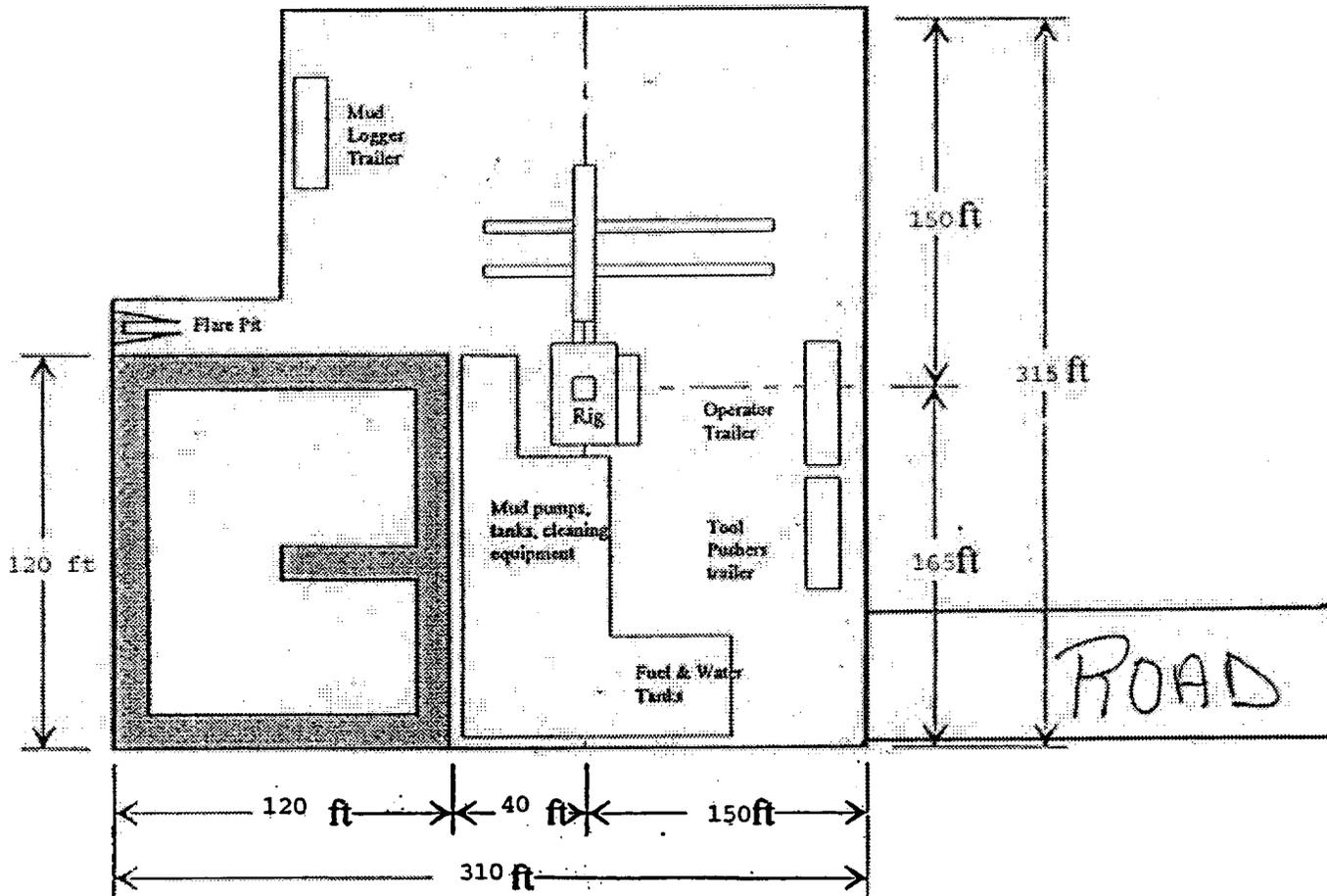
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



E Pits West

Yates Petroleum Corporation
Baffled BCA Federal Com. #1
1350' FNL and 835' FWL
Section 1, T21S-R24E
Eddy County, New Mexico
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum