

N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

EC

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NMNM100542 ✓
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 Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		7. If Unit or CA Agreement, Name and No. 22335
3a. Address 105 S. 4TH ARTESIA, NM 88210 25575	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	8. Lease Name and Well No. LOBO AXU FEDERAL 1
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NESE 1650FSL 1200FEL At proposed prod. zone NESE 1650FSL 1200FEL		9. API Well No. 30-005-61883
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 24 MILES ENE OF ROSWELL, NM.		10. Field and Pool, or Exploratory UNKNOWN PRECAMBRIAN
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 1760.00	11. Sec., T., R., M., or Blk. and Survey or Area Sec 12 T9S R27E Mer NMP
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 7150 MD	12. County or Parish CHAVES
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3891 GL	22. Approximate date work will start	13. State NM
23. Estimated duration 30 DAYS		17. Spacing Unit dedicated to this well 320.00
20. BLM/BIA Bond No. on file		

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 officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) PATRICIA PEREZ Ph: 505.748.4376	Date 03/18/2003
Title REGULATORY AGENT		
Approved by (Signature) <i>Larry D. Bray</i>	Name (Printed/Typed) /S/LARRY D. BRAY	Date MAY 6 2003
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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.

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)

Electronic Submission #19610 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Roswell
Committed to AFMSS for processing by Armando Lopez on 03/18/2003 (03AL0184AE)

**** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ****

DISTRICT I

1025 E. French Dr., Hobbs, NM 88240

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

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 Precambrian	
Property Code		Property Name LOBO "AXU" FEDERAL			Well Number 1
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3891

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
1	12	9S	27E		1650	SOUTH	1200	EAST	CHAVES

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 320		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

		NM-100542			
				N.33°32'41.3" W.104°08'30.8"	
				1200'	
				1650'	

OPERATOR CERTIFICATION

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

Pat Perez
Signature

Pat Perez
Printed Name

Regulatory Agent
Title

3/17/2003
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.

3/07/2003
Date Surveyed

Signature & Seal of Professional Surveyor

Herschel E. Jones
Herschel E. Jones
Professional Surveyor
New Mexico
No. 22849
Exp. 12/31/2004
JONES RLS 3640
GENERAL SURVEYING COMPANY
SANTA FE, NEW MEXICO

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

YATES PETROLEUM CORPORATION
Lobo AXU Federal #1 Re-entry
 1650' FSL and 1200' FEL
 Section 12-T9S-R27E
 Chaves County, New Mexico

Yates plan is to re-enter the well with a drilling rig to drill out the cement plugs in the 8 5/8" casing and in the 7 7/8" open hole down to 7,150'. A string of 5 1/2" casing will be run to TD and cemented to 3,000' +/- . The well will be completed with a pulling unit. The formations to be completed will probably be the Ordovician @ 6,400' +/- and the Wolfcamp @ 5,900' +/-.

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

Yates	519'	Wolfcamp	5625'
Queen	1082'	Penn	5900'
Penrose	1189'	Penn Clastics	6402'
San Andres	1592'	Mississippian	6571'
Slaughter	2200'	Silurian/Devonian	6619'
Glorieta	2796'	Ordovician	6802'
Tubb	4263'	TD	7150'
Abo	5010'		

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

Water: 300
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 300# 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:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
10"	8 5/8"	24#	J-55	ST&C	N/A	In Place 1645'
7 5/8 "	5 1/2"	9.5#	J-55	LT&C	0-7150'	7150'

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

A. CEMENTING PROGRAM:

All casing strings are set and cemented in place.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-TD	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 to TD-surf csg; CNL/GR up to surf;
DLL/MSFL TD-Surf csg; Long Spaced 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

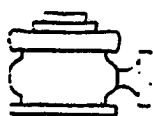
Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

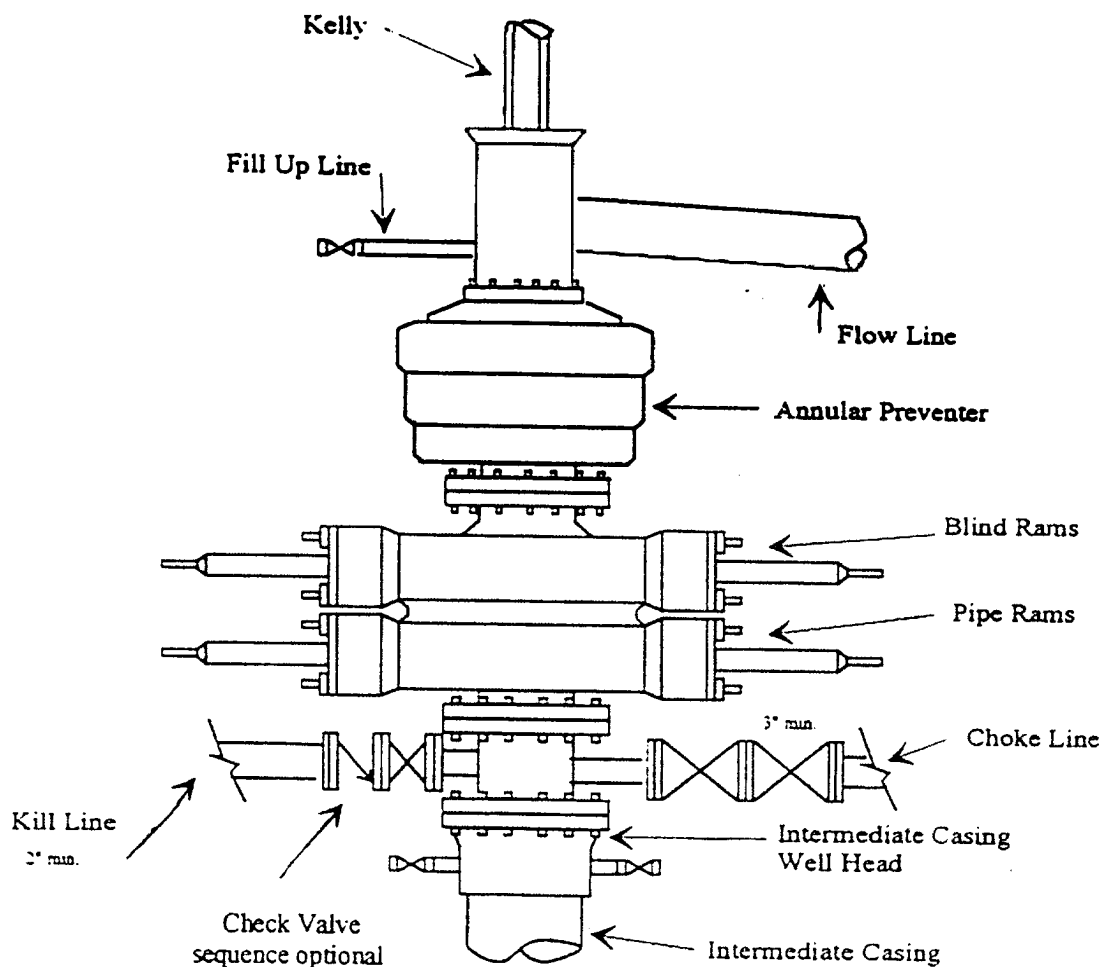
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.



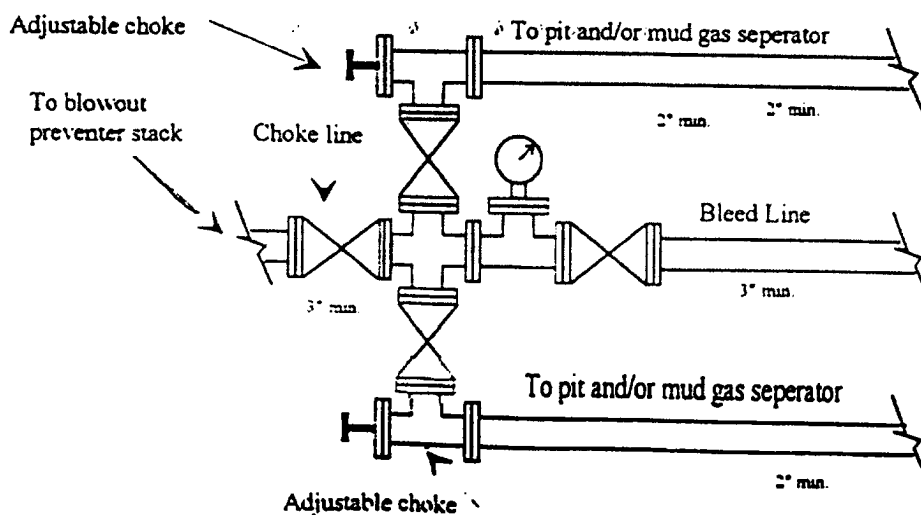
Yates Petroleum Corporation

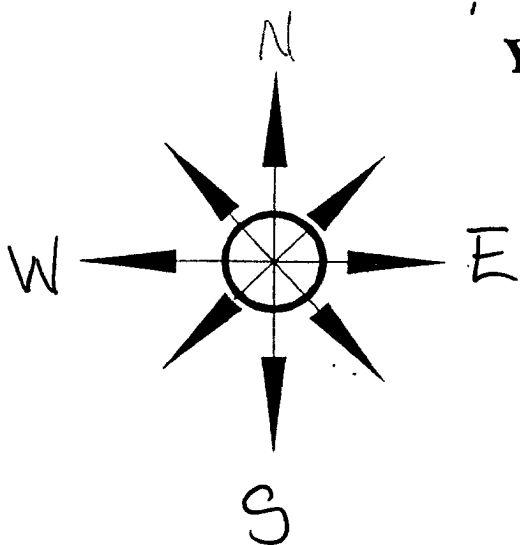
BOP-3

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



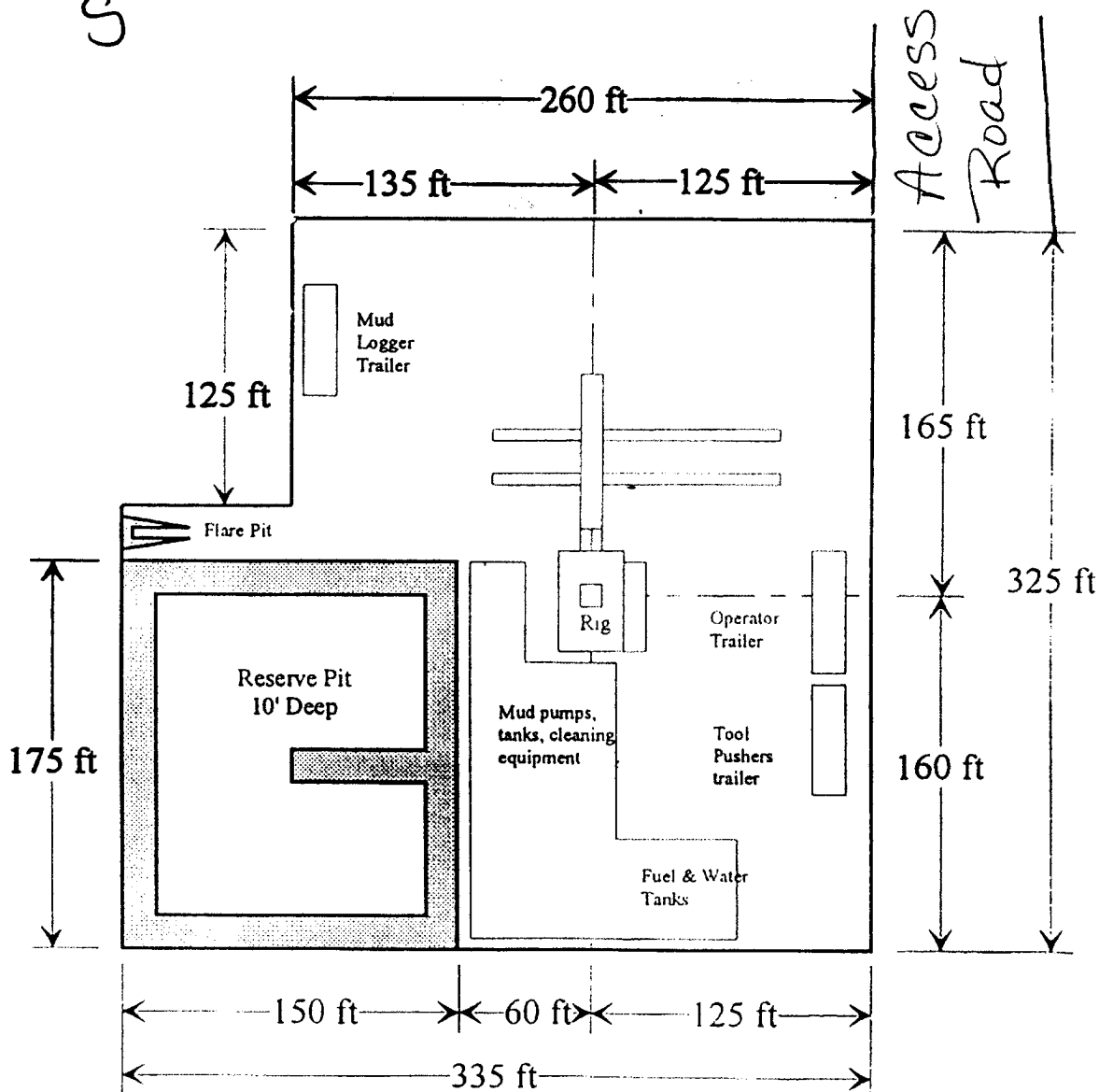
Typical 3,000 psi choke manifold assembly with at least these minimum features





Yates Petroleum Corporation

Location Layout for Permian Basin
 Up to 12,000'



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum