

N.M. Oil Cons. DIV-Dist. 2
1001 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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM20346
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.
3a. Address 105 S. 4TH ARTESIA, NM 88210		8. Lease Name and Well No. CHARLIE ZA FEDERAL COM. 3
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		9. API Well No. 30-005-6358
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWSW 1980FSL 660FWL At proposed prod. zone NWSW 1980FSL 660FWL		10. Field and Pool, or Exploratory WILDCAT PRECAMBRIAN
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY TWENTY (20) MILES NE OF ROSWELL, NM.		11. Sec., T., R., M., or Blk. and Survey or Area Sec 23 T8S R26E Mer NMP SME: FEE
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		12. County or Parish CHAVES
16. No. of Acres in Lease 6680 MD		13. State NM
17. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well 320.00
18. Elevations (Show whether DF, KB, RT, GL, etc.) 3863 GL		20. BLM/BIA Bond No. on file
21. 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:

- | | |
|---|--|
| 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) CLIFTON R. MAY Ph: 505.748.4347	Date 06/13/2003
Title REGULATORY AGENT			
Approved by (Signature) SLARRY D. BRAY		Name (Printed/Typed) SLARRY D. BRAY	Date JUL 10 2003
Title Assistant Field Manager, Lands And Minerals		Office ROSWELL 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.

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 #23189 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Roswell
Committed to AFMSS for processing by Armando Lopez on 06/17/2003 (03AL0283AE)

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

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

YATES PETROLEUM CORPORATION
Charlie ZA Federal Com. #3
1980' FSL and 660' FWL
Section 23-T8S-R26E
Chaves County, New Mexico

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

Seven Rivers	300'	Wolfcamp	5225'
Queen	640'	Spear Zone	5560'
Grayburg	740'	Cisco	5800'
San Andres	1130'	Strawn	5930'
Glorieta	2215'	Mississippian	6135'
Yeso	2335'	Siluro-Devonian	6330'
Tubb	3785'	Precambrian	6530'
Abo	4515'	TD	6680'

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

Water: 250'-350'
Oil or Gas: All potential formations.

3. 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>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6680'	6680'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 2,000 psi BOP will be nipped up on the 8 5/8" casing and tested to 1000 psi. YPC requests 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 company to do the testing. Also, the bottom hole pressure in this field is proven to be near 2200 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1100 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: Cement with 250 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.33 WT 15.6).

Production Casing: 600 sx PVL (YLD 1.34 WT 13). TOC 4000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1000'	FW/Native Mud	8.6-9.6	30-34	N/C
1000'-4450'	Cut Brine/Brine	9.8-10.2	28-29	N/C
4600'-6680'	Starch/Salt Gel	9.8-10.0	45-50	<6CC

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 to TD to surface casing, w/ GR/CNL TD to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI TD - top of Wolfcamp.

Coring: Sidewall

DST's: None

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

Anticipated BHP:

From: 0	TO: 1000'	Anticipated Max. BHP: 350 PSI
From: 1000'	TO: 6680'	Anticipated Max. BHP: 2400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

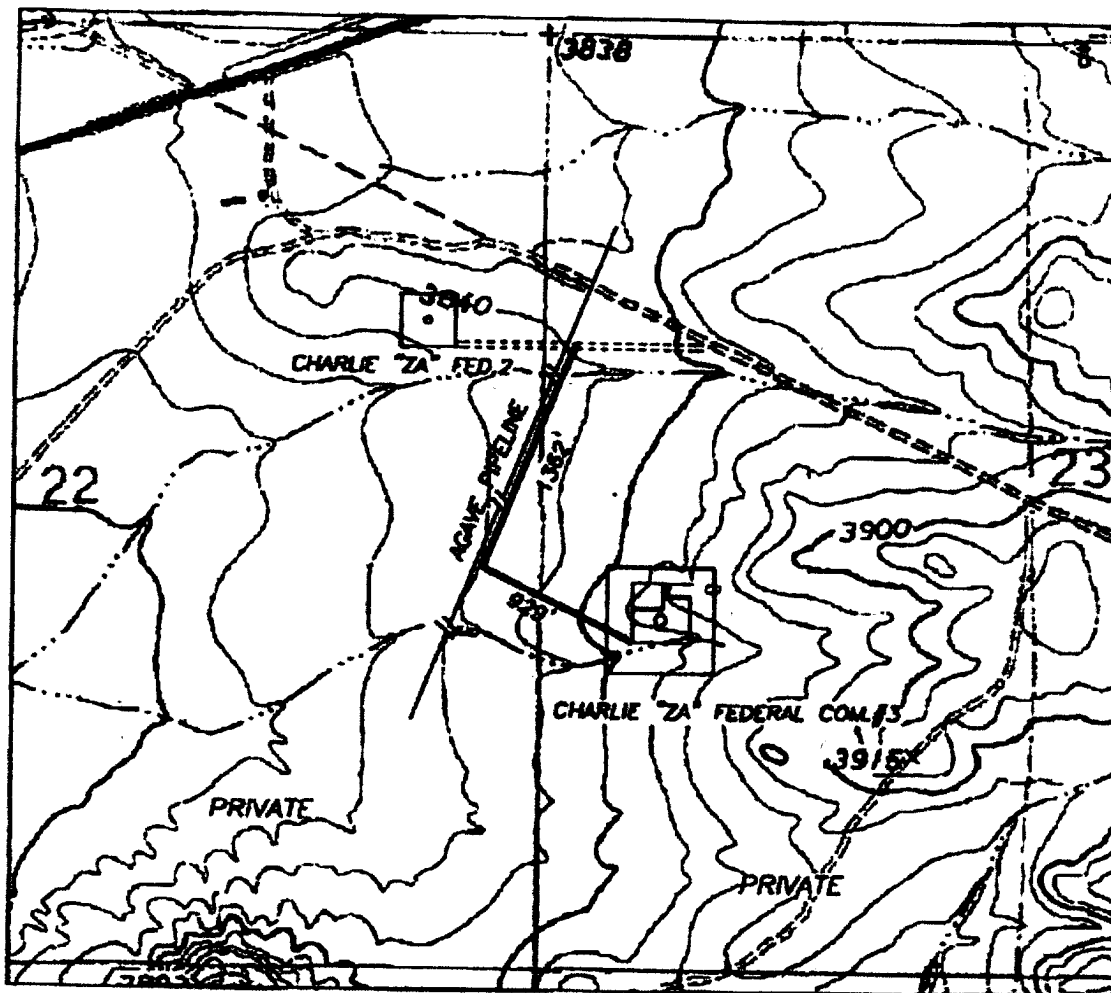
H₂S Zones Anticipated: None Anticipated

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 15 days to drill the well with completion taking another 15 days.

SECTION 22 & 23, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
 Charlie ZA Federal Com. #3
 1980' FSL and 660' FWL
 Section 23, T8S-R26E
 Chaves County, New Mexico
 Exhibit "A-1"

1000' 0 1000' 2000'
 Scale 1" = 1000'

THE PREPARATION OF THIS PLAN AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAN ACCURATELY REFLECTS THE RESULTS OF THE SURVEY AND MEET THE REQUIREMENTS OF THE PROFESSIONAL SURVEYING IN NEW MEXICO AS ADOPTED BY THE BOARD OF REGISTRATION FOR PROFESSIONAL SURVEYORS AND LAND SURVEYORS.

3840
 MICHAEL L. JONES, R.L.S. No. 3840

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES CHARLIE "ZA" FEDERAL COM. #3 WELL LOCATED IN SECTION 23, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 6/11/2003

Drawn By: M. J. Jones

Date: 6/12/03

Sheet 1 of 1

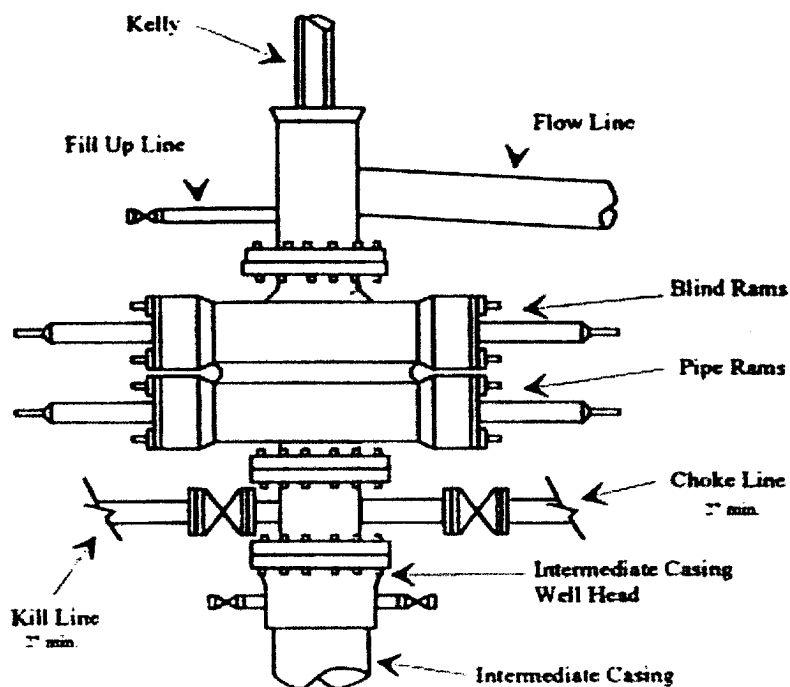
W.A. Number

Scale 1" = 1000' CHARLIE 3

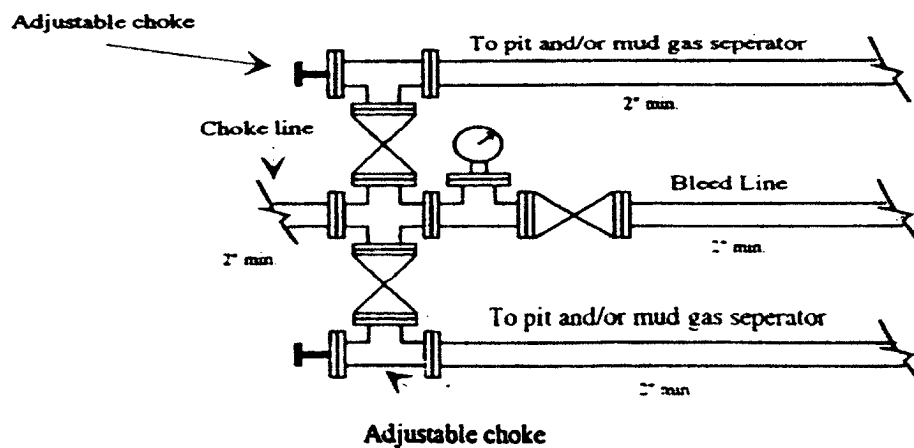
Yates Petroleum Corporation

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

Yates Petroleum Corporation
 Charlie ZA Federal Com. #3
 1980' FSL and 660' FWL
 Section 23, T8S-R26F
 Chaves County, New Mexico
 Exhibit "B"



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

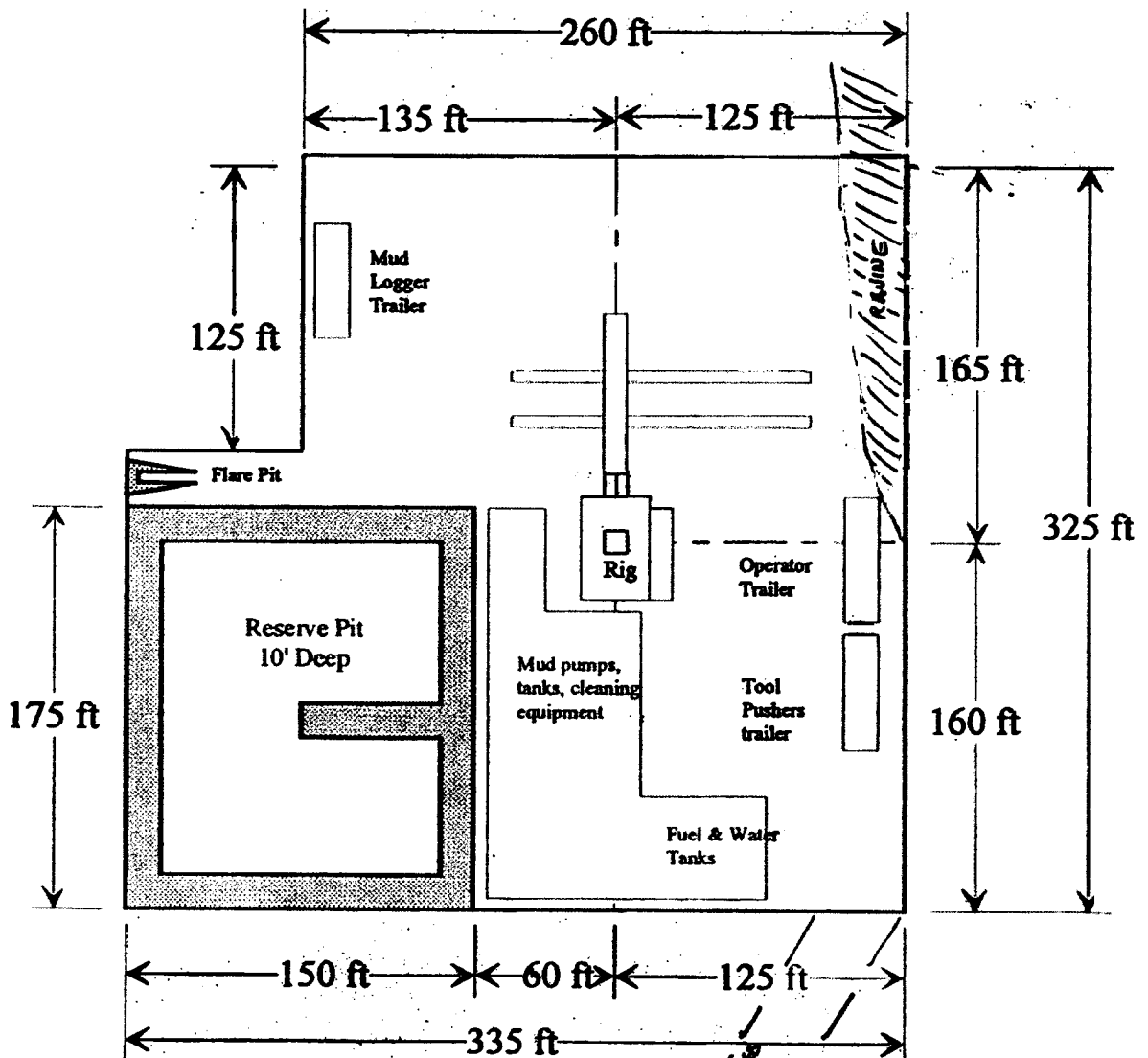
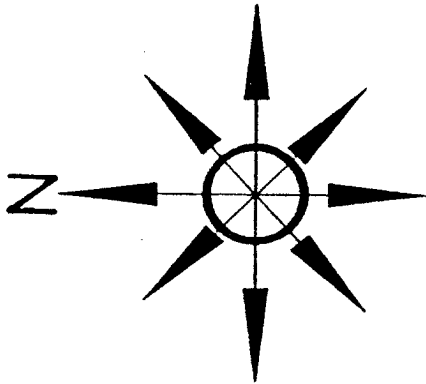


Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation
 Charlie ZA Federal Com. #3
 1980' FSL and 660' FWL
 Section 23, T8S-R26E
 Chaves County, New Mexico
 Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

CHARLIE "ZA" FEDERAL COM. #3 PAD.

Yates Petroleum Corporation
 Charlie ZA Federal Com. #3
 1980' FSL and 660' FWL
 Section 23, T8S-R26E
 Chaves County, New Mexico
 Exhibit "C-1"

PIT

18" TO 24" BERM

PROPOSED
LEASE
ROAD

18" TO 24" BERM

KEEP BERM 5' AWAY
FROM EDGE OF RAVINE

RAVINE

RAVINE

50' 0 50' 100'

Scale 1" = 50'

THE PREPARATION OF THIS PLAN AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE SUPERVISED BY ME IN PERSON AND THE PLAT ACCURATELY REFLECTS THE RESULTS OF THE SURVEY AND MEET THE REQUIREMENTS OF THE PROFESSIONAL SURVEYING ACT IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS.

3640

HERNANDEZ L. JONES, P.E. No. 3640

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

YATES PETROLEUM CORP.

YATES CHARLIE "ZA" FEDERAL COM. #3 WELL PAD
 LOCATED IN SECTION 23, TOWNSHIP 8 SOUTH, RANGE 26
 EAST, MAPA, CHAVES COUNTY, NEW MEXICO.

Survey Date: 6/11/2003

Sheet 1 of 1 Sheets

Drawn By: Ed. Alvarez

W.O. Number

Date: 6/12/03

Scale 1" = 30' CHARLIE 3