

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

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Luminary BAU Federal Com #1

9. API Well No.

10. Field and Pool, or Exploratory

11. Sec., T., R., M., or Blk. And Survey or Area

Section 35, T11S-R26E

12. County or Parish

Chaves County

13. State

NM

1a. Type of Work:

☐ DRILL

☒ REENTER

1b. Type of Well:

☐ Oil Well

☒ Gas Well

☐ Other

☐ Single Zone

☒ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

25575

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

NWNW 660' FNL and 660' FWL, Unit D

At proposed prod. zone

same as above

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

17. Spacing Unit dedicated to this well

15. Distance from proposed*

location to nearest

property or lease line, ft.

(Also to nearest drlg. unit line, if any)

16. No. of acres in lease

1240.00

320 - W/2

18. Distance from proposed location*

to nearest well, drilling, completed,

applied for, on this lease, ft.

19. Proposed Depth

6110' MD

20. BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

21. Elevations (Show whether DF, RT, GR, etc.)

3606' GL

22. Approximate date work will start*

23. Estimated duration

24. Attachments

ROSWELL 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 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 a authorized officer.

25. Signature

Name (Printed/ Typed)

Date

Title

Regulatory Agent

Approved By

/S/ JOHN S. SIMITZ

Name (Printed/ Typed)

/S/ JOHN S. SIMITZ

Date

JUN 06 2007

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

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 cc 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 page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 October 12, 2005
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 97408	³ Pool Name Lea Lake, Pre-Permian
⁴ Property Code	⁵ Property Name LUMINARY BAU FEDERAL COM	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3605.6'

¹⁰ Surface Location

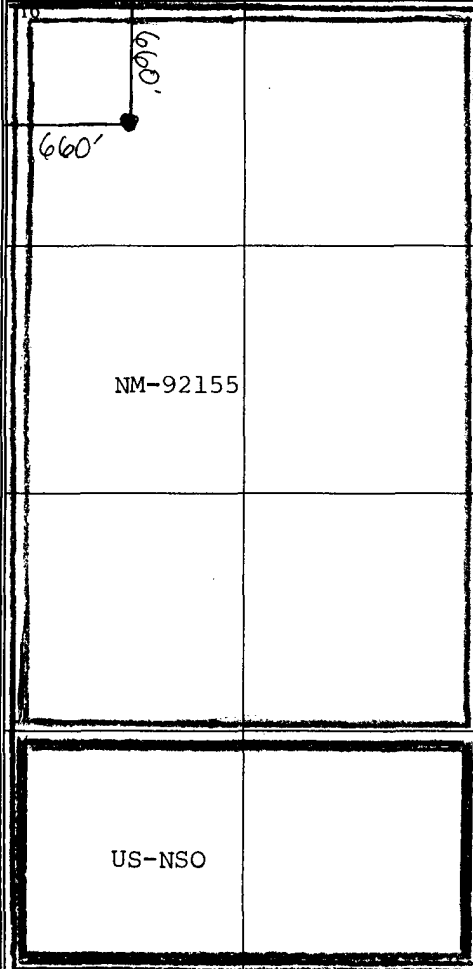
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	35	11S	26E		660	NORTH	660	WEST	CHAVES

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 W/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Debbie L. Caffall</i> 5/7/07 Signature Date</p> <p>Debbie L. Caffall Printed Name</p> <p>Regulatory Agent Title</p>
	<p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL PLAT</p>
	Certificate Number

MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Supplement 6-15
Effective 1-1-95

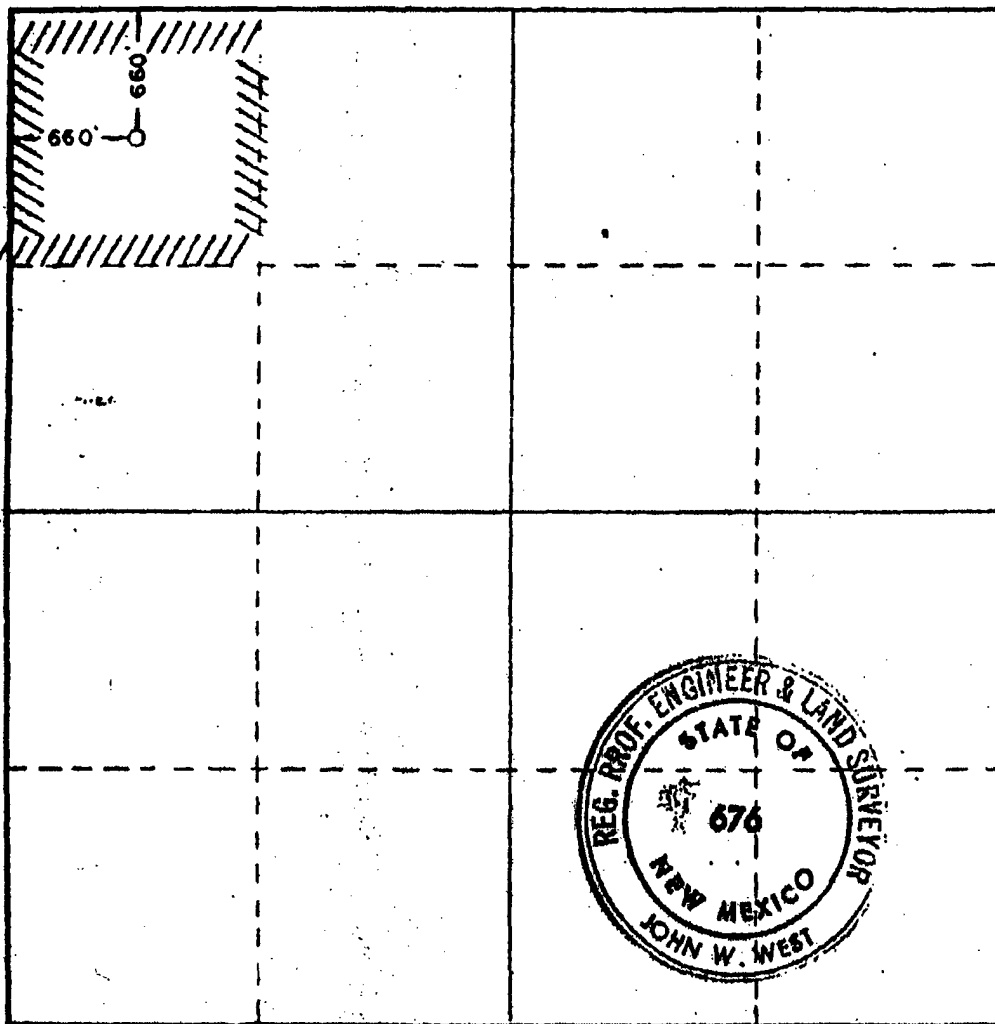
All distances must be from the outer boundaries of the Section

Operator Sundance Oil Company		Lease Federal 35		Well No. 1
Unit Letter D	Section 35	Township 11 South	Range 26 East	County Chaves
Actual Footage Location of Well:				
660 feet from the North line and		660 feet from the West line		
Ground Level Elev. 3605.6	Producing Formation Montoya	Pool LUFOCAT Un-estimated	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 3. If more than one lease of different ownership is dedicated to the well, have the interests of all leases been consolidated by communitization, unitization, force-pooling, etc.
- ☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (if more than one side of this form is necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (unitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

James F. O'Briant
James F. O'Briant

Position
Consultant

Company
Sundance Oil Company

Date
December 4th, 1979

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 knowledge and belief.

Date Surveyed
November 24, 1979

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **John W. West 676**
Ronald J. Eidson 3239



YATES PETROLEUM CORPORATION

Luminary BAU Federal Com. #1 Re-entry

660' FNL & 660' FWL

Section 35-T11S-R26E

Chaves County, New Mexico

Lease #NM-92155

Originally Sundance Oil Company – Johnston Federal #1
D&A 1/27/1980

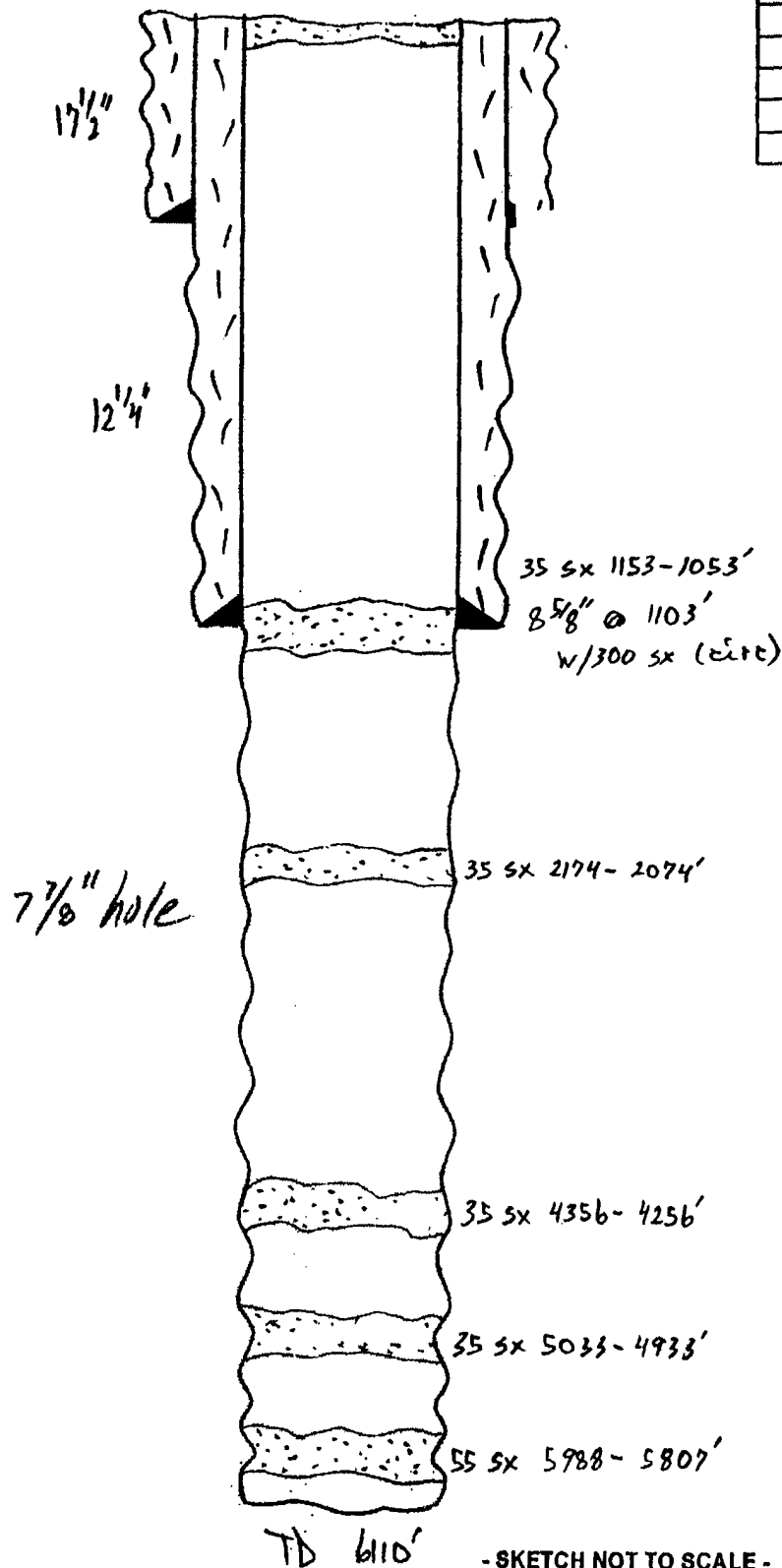
Yates' plan is to re-enter the well with a pulling unit and a reverse unit to drill out cement plugs in the 8 5/8" casing and the 7 7/8" open hole & clean out down to the old TD @ 6,110'. Mud to be used is 9.2 – 9.5 ppg brine water, 55 – 70 vis. After circulating the hole clean a string of 5 1/2" casing will be run to 6,110' and cemented with enough cement to bring the top of cement to 3,500'+/-.

The well will be completed with a pulling unit. Possible formations to be completed will be the Ordovician @ 5,950'+/- or the Wolfcamp @ 5,300'+/-.

LUMINARY BA. EDEEN COM #:

WELLNAME: Johnston Federal 1 (Sundance) FIELD: Wildcat
 LOCATION: 660' FW + 660' FW D 35-115-26E Chaves County
 GL: 3606' ZERO: _____ AGL: _____ KB: 3616'
 SPUD DATE: 12-31-79 COMPLETION DATE: 1-27-80
 COMMENTS: DTA

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
13 1/8" 48# H-40 STIC	225'
8 5/8" 24# J-53 STIC	1103'



before

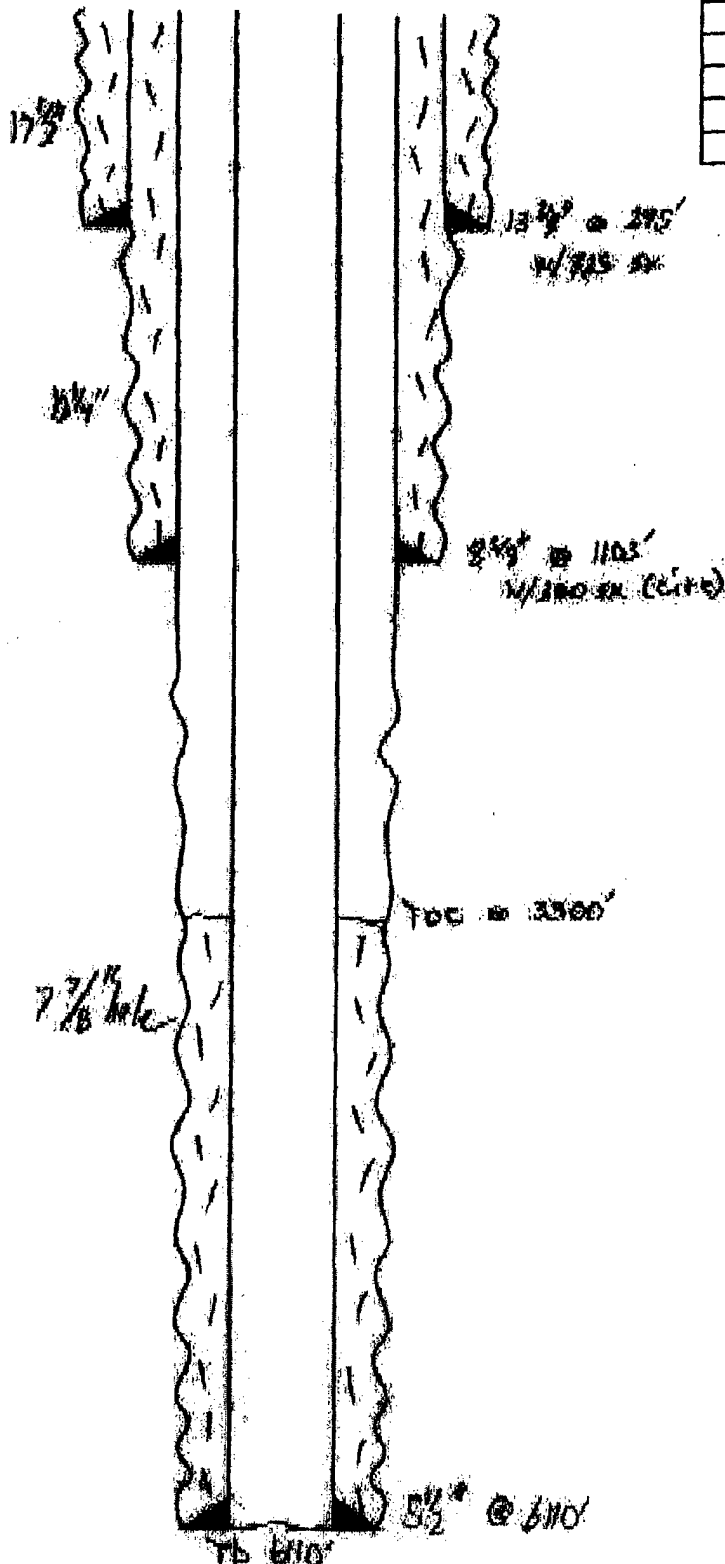
Tops: Queen 325'
 Penrose 413'
 San Andres 845'
 Glorieta 2031'
 Yeso 2124'
 Tubb 3544'
 Abo 4306'
 Wolfcamp 5131'
 Cisco 5630'
 Montoya 5882'
 HPZ 5938'
 Hemburger 5989'

DATE: 1-26-01 8D

LUMINARY BAU FE 2nd Com #:

WELLNAME: Johnson Federal 1 FIELD: Wildcat
 LOCATION: 660' FN + 660' FN D 35-115-26E Chaves County
 GL: 3606' ZERO: _____ AGL: _____ KB: 3616'
 SPUD DATE: _____ COMPLETION DATE: _____
 COMMENTS: _____

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
13 7/8" 48# H-40 STJL	295'
9 5/8" 24# J-55 STJL	1103'
5 1/2" 15.50 #H-40 J-55 STJL	6110'



After

- SKETCH NOT TO SCALE -

DATE: 1-26-01 ss

YATES PETROLEUM CORPORATION
Luminary BAU Federal Com. #1 Re-entry
 660' FNL and 660' FWL
 Section 35-T11S-R26E
 Chaves County, New Mexico

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

Queen	405'	Spear Zone	5350'
San Andres	930'	Cisco	5550'
Glorieta	2065'	Strawn	5780'
Yeso	2225'	Siluro-Ordovician	5830'
Tubb	3650'	Pre-Cambrian	6105'
Abo	4415'	TD	6255'
Wolfcamp	5180'		

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 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>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1000'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6255'

- Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8
- 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 maximum shut-in bottom hole formation pressure is 2200 PSI. Pressure at the surface is less than 1000 PSI. We feel that a 1000psi test will demonstrate that the BOPE is functioning properly and in the unlikely event of a gas in flux that the BOPE would be sufficient to control the well.

Luminary BAU Federal Com. #1 Re-entry

Page 2

B. CEMENTING PROGRAM:

Surface Casing: 450 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 Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3700'.

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 GEL, Paper, LCM	8.4 - 8.6	32-36	N/C
1000'-4350'	Brine	9.8 - 10.0	28	N/C
4350'-6255'	Starch/Salt Gel	10.0 -10.2	45-50	<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: CNL/LDT, W/NGT TD-Surf csg; with CNL/GR up to Surf; DLL/MSFL
TD-Surf csg: BHC Sonic TD-SURF CSG, FMI TD – Top of the Wolfcamp

Coring: Sidewall

DST's: None.

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

Anticipated BHP:

From: 0	TO: 1000'	Anticipated Max. BHP: 500 PSI
From: 1000'	TO: 6255'	Anticipated Max. BHP: 3300 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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Luminary BAU Federal Com. #1 Re-entry
660' FNL and 660' FWL
Section 35-T11S-R26E
Chaves 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 well site is located approximately 14 miles north of Dexter, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go to Dexter, NM, at the intersection of State Road 2 and First Street (across from Allsup's). Turn north on First Street (becomes Shawnee) for approx. 2 miles to a "T". Turn east on Wichita Road. Stay on Wichita Road for 2.3 miles to a "Y". Take Wichita Road right and continue for 5.8 miles to stop sign at Bottomless Lakes. Turn right and follow State Road 409 for approx. 2 miles. Turn east 360' to cattle guard with gate (Combination 4202). Continue for approx. 650' and new road will start here and go south for 0.8 of a mile then turn east. Go east for approx. 400' and turn north for 150' to the SE corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.9 of a mile in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a south, then east direction, and then north to location.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. Existing roads will be maintained in the same or better condition

3. LOCATION OF EXISTING WELL:

- A. There is no drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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 re-enter this well with a brine water system. The brine 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:

Dirt contractor will locate nearest 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 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 well site 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: The first 360' of existing road is on Bottomless Lakes State Park. The location and the rest of the access road is on Federal Lands administered by BLM

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.

13. OPERATOR'S REPRESENTATIVE:

- | | |
|--|--|
| A. Through A.P.D. Approval:
Debbie Caffall, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | B. Through Re-entry, Completions & Prod.
Ray Stall, 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.

5/7/2007

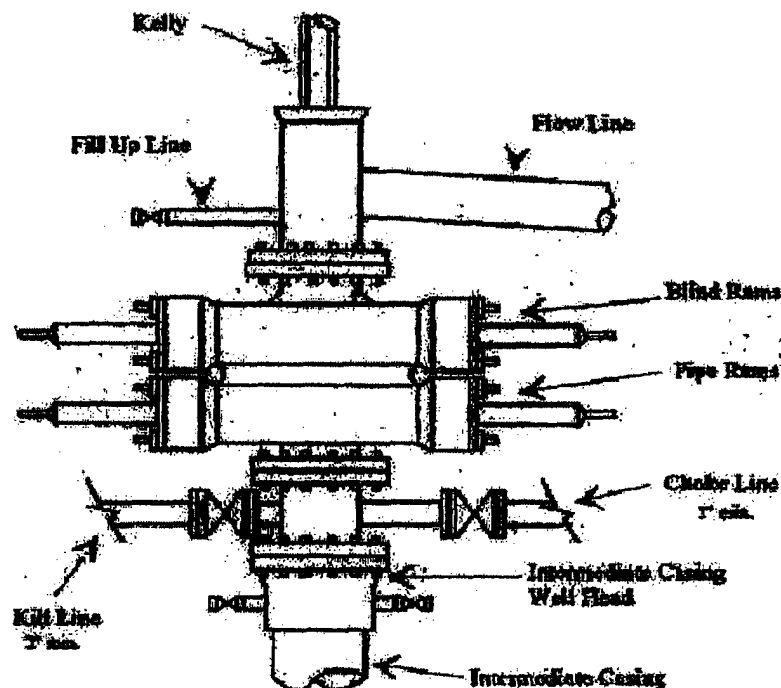

Regulatory Agent

Yates Petroleum Corporation

Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Yates Petroleum Corporation
Bartlesville, Oklahoma, U.S.A.
6000 W. 1st Avenue, Bartlesville, Oklahoma
Section 25, T1S, R10E
Charles County, New Mexico
401-811-1111



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

