

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

NOV 29 2007
OCD-ARTESIA

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-101575
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Cooker BCB Federal Com. #3
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address 105 South Fourth Street, Artesia New Mexico 88210		8. Lease Name and Well No. Cooker BCB Federal Com. #3
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-005-63996
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 1680' FSL and 1980' FEL Unit J (NWSE) At proposed prod. zone same as above		10. Field and Pool, or Exploratory Wildcat Precambrian
14. Distance in miles and direction from the nearest town or post office* Approximately Thirty (30) miles northeast from Roswell, NM		11. Sec., T., R., M., or Blk. And Survey or Area Section 14, T6S-R26E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) Approximately 450' from Lease line on the east		12. County or Parish Chaves County
16. No. of acres in lease 960.00		13. State NM
17. Spacing Unit dedicated to this well 320 acres S/2		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approximately 7500' from proposed Cooker BCB Federal #1		20. BLM/ BIA Bond No. on file NATIONWIDE BOND #NMB000434
19. Proposed Depth 5,965'		21. Elevations (Show whether DF, RT, GR, etc.) 3769'
22. Approximate date work will start* ASAP		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.
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 authorized officer.

25. Signature 	Name (Printed/ Typed) Debbie L. Caffall	Date 10/5/2007
Title Regulatory Agent		

Approved By (Signature) /s/ Angel Mayes	Name (Printed/ Typed) /s/ Angel Mayes	Date NOV 14 2007
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 2 YEARS

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) C-144 ATTACHED

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED**

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

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 and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 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

API Number	Pool Code 96542	Pool Name Wildcat; Granite
Property Code 33634	Property Name COOKER BCB FEDERAL COM	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3769'

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	14	6 S	26 E		1680	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 320 S/2	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

	<p>NM-101575</p> <p>3775.4' 3775.3'</p> <p>1980'</p> <p>3767.0' 3764.7'</p> <p>1680'</p> <p>SURFACE LOCATION Lat - N33°47'31.90" Long - W104°15'51.76" N.: 1015782.6 E.: 562287.0 (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p>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 released mineral interest in the land including the proposed bottom hole 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>Signature: <i>Debbie L. Caffall</i> Date: 9/07/2007</p> <p>Printed Name: Debbie L. Caffall</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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>SEPTEMBER 4 2007</p> <p>Date Surveyed: <i>Sept 4, 2007</i></p> <p>Signature: <i>Gary L. Jones</i></p> <p>Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

YATES PETROLEUM CORPORATION
Cooker BCB Federal Com. #3
 1680' FSL and 1980' FEL, Unit J (NWSE)
 Section 14; T6S-R26E
 Chaves County, New Mexico

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

Queen	385'
Penrose	475'
Grayburg	550'
San Andres	810'
Glorieta	1855'
Yeso	1970'
Tubb	3380'
Abo	4065'
Wolfcamp	4760'
Wolfcamp B	4855'
Spear	5096'
Cisco	5360'
Strawn	5540'
Mississippian	5730'
Silurian – Devonian	5760'
Precambrian	5815'
TD	5965'

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

Water: approximately 50 feet or more, but less than 100 feet
 Oil or Gas: Precambrian formations (target area).

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 3000# 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 C.

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>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0-5965'	5965'

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

Cooker BCB Federal Com. #3

Page 2

A. CEMENTING PROGRAM:

Surface Casing: 525 sx C Lite (YLD 2.10 WT 12.6). Tail with 200 sx C + 2% CaCl₂ (YLD 1.32 WT 14.80).

Production Casing: 375 sx LiteCrete (YLD 2.93 WT 9.80). Tail with 600 sx Pecos ViLt (YLD 1.41 WT 13.00).

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	8.6-9.2	32-34	N/C
1000'-1500'	Cut Brine	9.4-9.8	28-29	N/C
1500'-4000'	Brine Water	10.0-10.0	29-30	N/C
4000'-5965'	Salt Gel/Starch/4-6% KCL	9.8-10.0	45-55	Wtr. >6cc Oil > 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 to TD.
Logging: Platform Express; CNL/LDT/NGT TD to surf csg; CNL/GR TD to surf.;
DLL/MSFL TD to surf csg; BHC Sonic TD to surf csg;
DST's: None
Coring: None
Mudlogger: Yes

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

Anticipated BHP:

From: 0	TO: 1000'	Anticipated Max. BHP: 480 PSI
From: 1000'	TO: 3100'	Anticipated Max. BHP: 3100 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 10 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Cooker BCB Federal Com. #3
1680' FSL and 1980' FEL, Unit J (NWSE)
Section 14; T6S-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 30 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go to the intersection of 70/285 in Roswell, NM. Take 70 east for approx. 14 miles to Aztec road. From the junction of US 70 and County Road C-1 (Aztec Road) go north for approximately 13.4 miles to lease road. Travel on this lease road you will enter into a locked cattle guard gate and continue on this lease road for a total of approximately 3.0 miles to the new proposed lease road on the east (right) a cattle guard with swing arm will need to be installed at the fence cut the new road will be approximately 593.4' in length to the south west corner of the drilling pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 593.4' in length from the point of origin to the south west corner of the drilling pad. The new road will travel to the east.
- B. The new road will be 30 feet wide, left and right of the centerline survey and will be adequately drained to control runoff and soil erosion, located in section 14, T6S-R26E being 15.0 feet (driving surface)
- C. The new road will be constructed on federal lands using surfacing materials such as caliche or like only as necessary to maintain industry standards. Blading and drainage will be as needed. No traffic turnout will be built.

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 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 locate nearest pit and will 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. (approximately 3 acres)
- B. The reserve pits will be plastic lined.
- C. A 600' x 600' 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: U.S.A. Administered by the Bureau of Land Management
Roswell, New Mexico Field Office
MINERALS OWNERSHIP: Federal - Administered by the Bureau of Land Management
Roswell, New Mexico Field Office
12. OTHER INFORMATION:
 - A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
 - B. The primary surface use is for grazing.
13. OPERATOR'S REPRESENTATIVE:

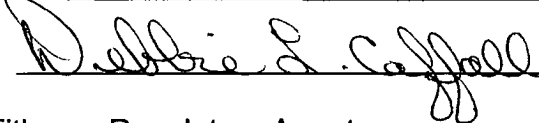
<ol style="list-style-type: none">A. Through A.P.D. Approval: Debbie L. Caffall, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471	<ol style="list-style-type: none">B. Through Drilling, Completions & Prod. Ray Stall, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471
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CERTIFICATION
YATES PETROLEUM CORPORATION
Cooker BCB Federal Com. #3

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 5th day of October, 2007.

Printed Name Debbie L. Caffall

Signature 

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 505-748-4376

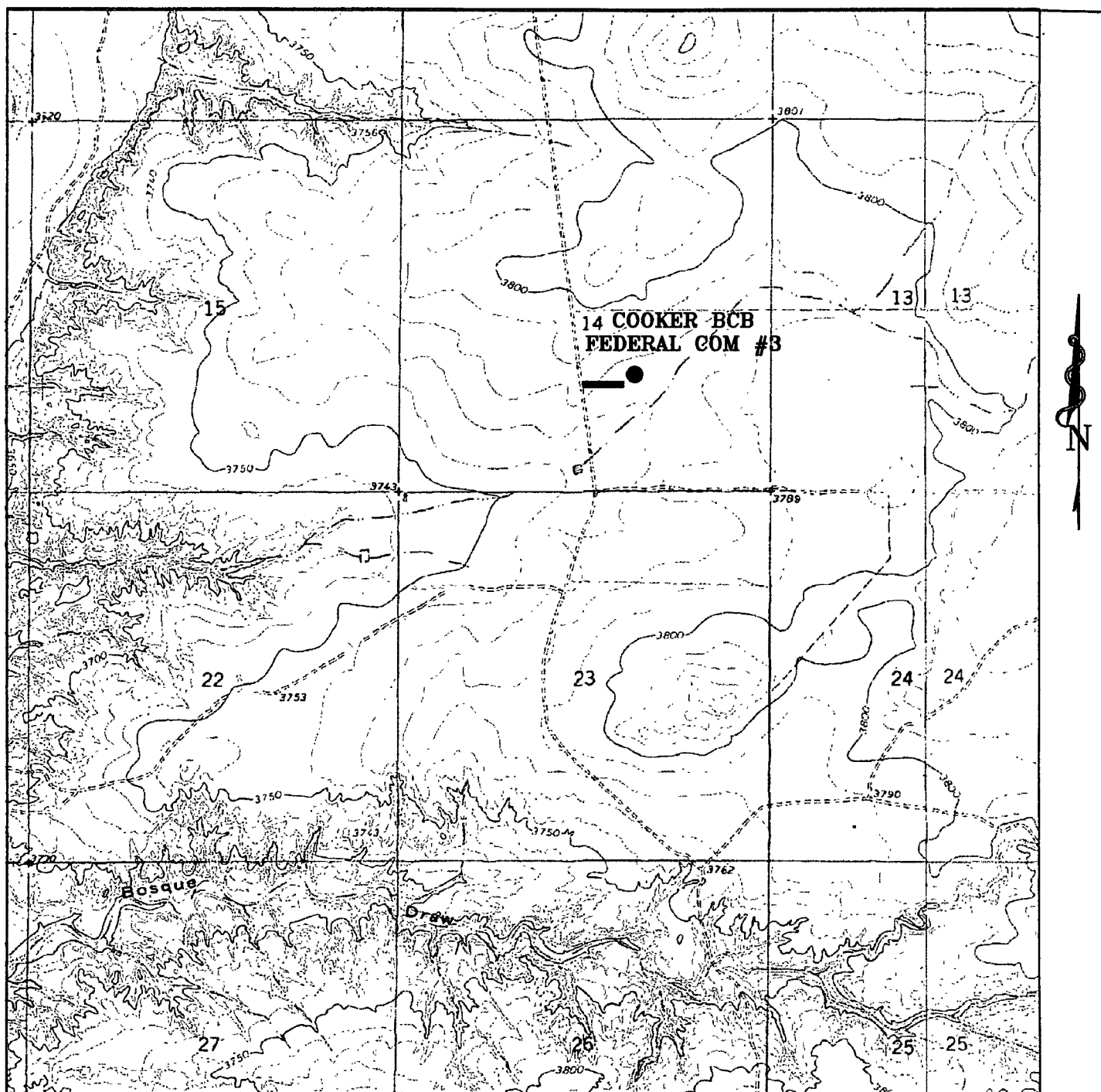
E-mail (optional) debbiec@ypcnm.com

Field Representative (if not above signatory) Jim Krogman

Address (if different from above) Same

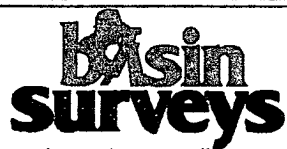
Telephone (if different from above) 505-748-4215

E-mail (optional) _____



COOKER BCB FEDERAL COM #3

Located at 1680' FSL AND 1980' FEL
Section 14, Township 6 South, Range 26 East,
N.M.P.M., Chaves County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 184877

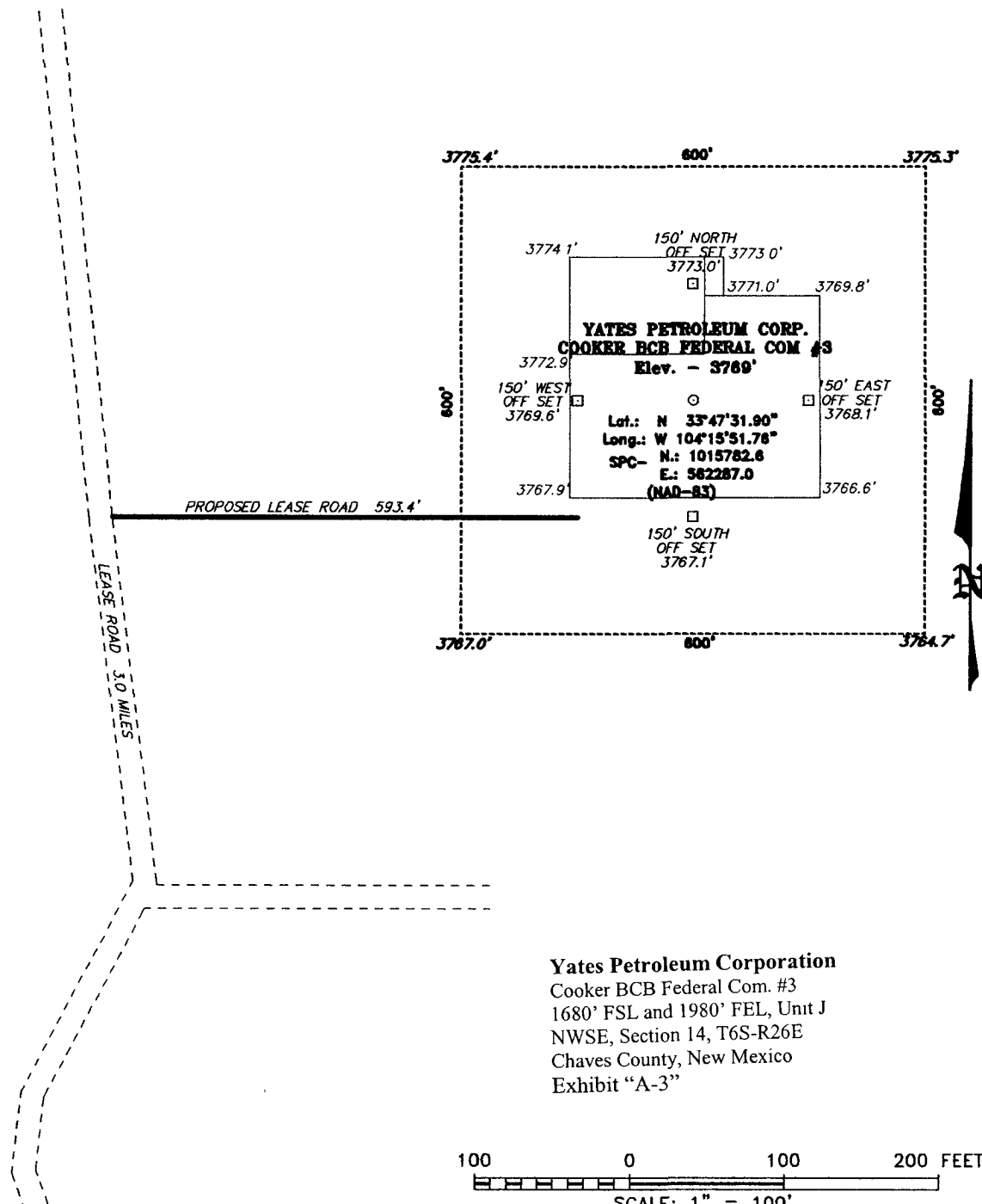
Survey Date: 09-04-2007

Scale: 1" = 2000'

Date: 09-05-2007

Yates Petroleum Corporation
Cooker BCB Federal Com. #3
1680' FSL and 1980' FEL, Unit J
NWSE, Section 14, T6S-R26E
Chaves County, New Mexico
Exhibit "A-1"

**SECTION 14, TOWNSHIP 6 SOUTH, RANGE 26 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.**



Yates Petroleum Corporation
Cooker BCB Federal Com. #3
1680' FSL and 1980' FEL, Unit J
NWSE, Section 14, T6S-R26E
Chaves County, New Mexico
Exhibit "A-3"

Directions to Location:

FROM THE JUNCTION OF U.S. HWY 70 AND CO. RD.
C1 (AZTEC), GO NORTH ON AZTEC FOR 13.4 MILES
TO LEASE ROAD, ON LEASE ROAD GO NORTH 3.0
MILES TO PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

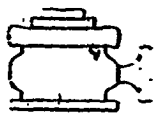
W.O. Number: 18487

Drawn By: **J. M. SMALL**

Date: 09-05-2007

Disk: 18487W JMS

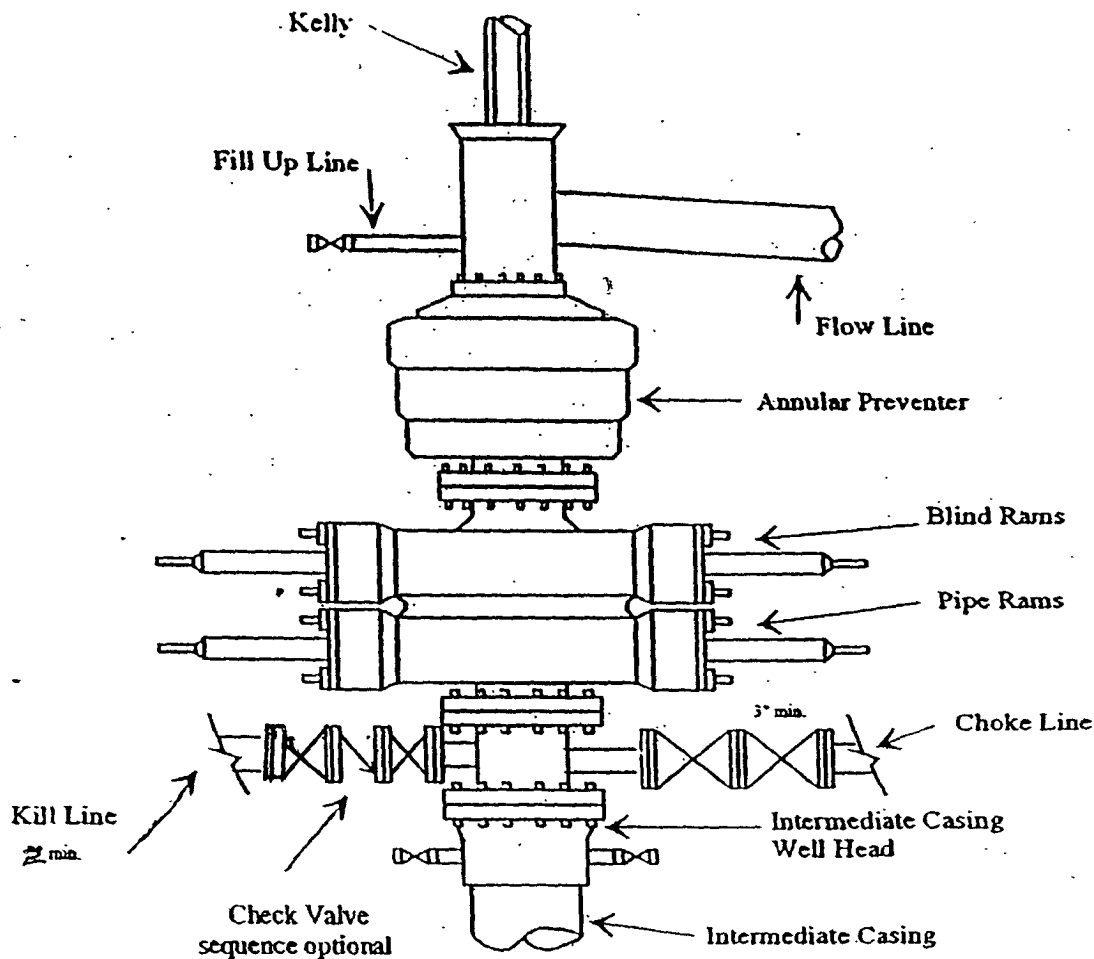
YATES PETROLEUM CORP.	
REF: COOKER BCB FEDERAL COM #3 / WELL PAD TOPO	
THE COOKER BCB FEDERAL COM #3 LOCATED 1680'	
FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF	
SECTION 14, TOWNSHIP 6 SOUTH, RANGE 26 EAST,	
N.M.P.M., CHAVES COUNTY, NEW MEXICO.	
Survey Date: 09-04-2007	Sheet 1 of 1 Sheets



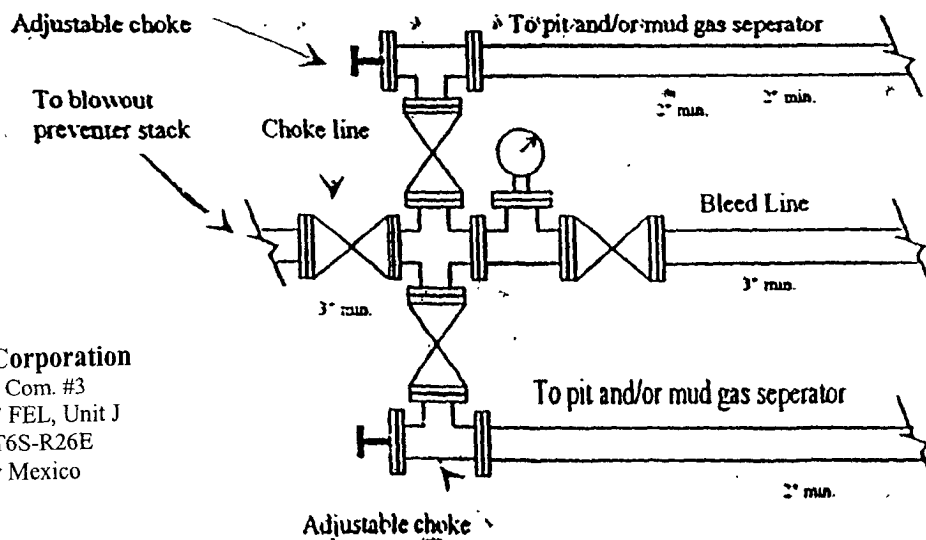
Yates Petroleum Corporation

BOP-3

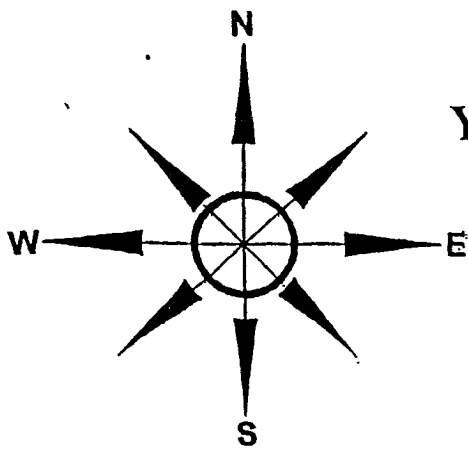
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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



Yates Petroleum Corporation
Cooker BCB Federal Com. #3
1680' FSL and 1980' FEL, Unit J
NWSE, Section 14, T6S-R26E
Chaves County, New Mexico
Exhibit "B"

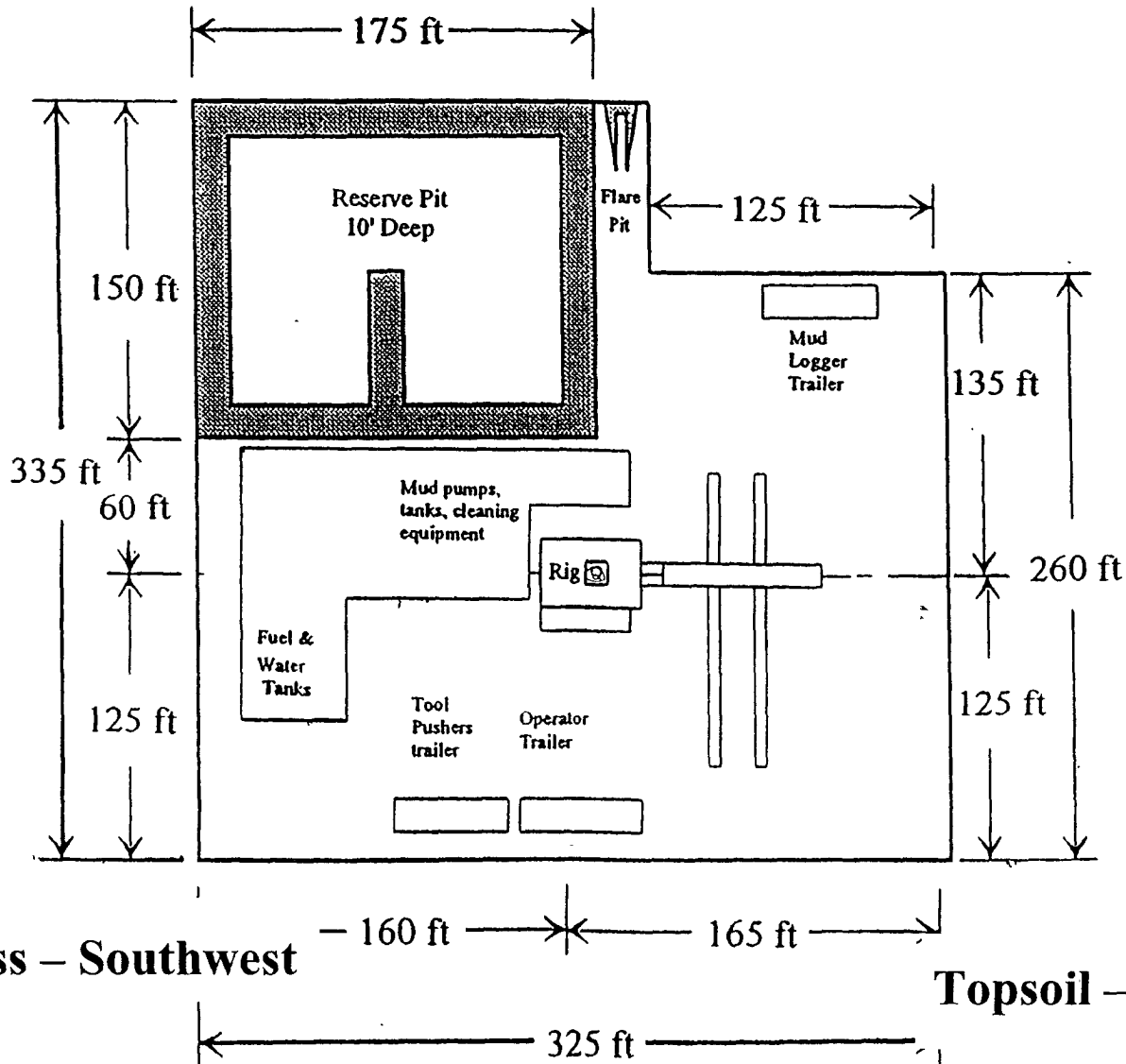


Yates Petroleum Corporation
 Location Layout for Permian Basin
 Up to 12,000'

PB - L1

Not - To - Scale

Pits - North/North East



Distance from Well Head to Reserve Pit will vary between rigs.

The above dimension should be a maximum.

Yates Petroleum Corporation
 Cooker BCB Federal Com. #3
 1680' FSL and 1980' FEL, Unit J
 NWSE, Section 14, T6S-R26E
 Chaves County, New Mexico
 Exhibit "C"

LEASE: NM-101575 YPC – 401-3606 960 ACRES
SECTION 14; T6S-R26E (SW-L,K,M,N) & (W2SE-J,O) 240 ACRES
SECTION 15; T6S-R26E (E2-A,B,G,H,I,J,O,P) & (SW-K,L,M,N) 480 ACRES
SECTION 20; T6S-R26E (S2NW-E,F) 80 ACRES
SECTION 21; T6S-R26E (E2E2-A,H,I,P) 160 ACRES

11	12	4017	3	C F 7
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V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201. 24 hours call (505) 627-0205.

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
 - b. Setting and/or Cementing of all casing strings
 - c. BOPE tests
1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
 2. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

B. CASING

1. The 9-5/8 inch surface casing shall be set at 950 feet and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement).
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 - d. If cement falls back, remedial action will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 200 feet above the top of the Glorieta formation.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi.

3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

- a. The tests shall be done by an independent service company.
- b. The results of the test shall be reported to the appropriate BLM office.
- c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

Engineer on call phone (after business hours only): Roswell: (505) 626-5749 .

VI. PRODUCTION

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures