

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

Form 3160-3  
(August 1999)

RECEIVED

NOV 12 2003

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

0  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

NM-106906

6. If Indian, Allottee or Tribe Name

Not Applicable

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

Not Applicable

8. Lease Name and Well No.

Applesauce AZR Federal #1

1a. Type of Work: ☐ DRILL ☒ REENTER

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

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street

Artesia, New Mexico 88210

3b. Phone No. (include area code)

(505) 748-1471

9. API Well No.

30-005-62572

10. Field and Pool, or Exploratory

Pennsylvanian

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

At surface

500' FNL and 990' FWL, Unit D

At proposed prod. Zone

same as above

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

Section 25, T11S-R27E

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

Approximately twenty-five (25) miles northeast of Roswell, New Mexico

12. County or Parish

Chaves County

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

1040

17. Spacing Unit dedicated to this well

320 - N/2

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

19. Proposed Depth

6865'

20. BLM/BIA Bond No. on file

NM-2811

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

3754'

22. Approximate date work will start\*

ASAP

23. Estimated duration

30 Days

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 an 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 office.

25. Signature



Name (Printed/Typed)

Robert Asher

Date

9/8/03

Title:

Regulatory Agent

Approved by (Signature) /S/LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

NOV 07 2003

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

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 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.

\*(Instructions on reverse)

NSL

APPROVED FOR 1 YEAR

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

District II  
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name <b>Pennsylvania</b>	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>Applesauce AZR Federal</b>			<sup>6</sup> Well Number <b>1</b>
<sup>7</sup> OGRID No. <b>025575</b>		<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>			<sup>9</sup> Elevation <b>3754'</b>

<sup>10</sup> Surface Location

UL or lot no. <b>D</b>	Section <b>25</b>	Township <b>11S</b>	Range <b>27E</b>	Lot Idn	Feet from the <b>500'</b>	North/South line <b>North</b>	Feet from the <b>990'</b>	East/West line <b>West</b>	County <b>Chaves</b>
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<sup>11</sup> 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
<sup>12</sup> Dedicated Acres <b>320</b>		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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

<sup>16</sup>				<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature <b>Robert Asher</b> Printed Name <b>Regulatory Agent</b> Title <b>09/08/2003</b> Date			
NM-106906				<sup>18</sup> 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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number			

**DISTRICT II**

811 South First, Artesia, NM 86210

**DISTRICT III**

1000 Elie Briscoe Rd., Aztec, NM 87410

**DISTRICT IV**

2040 South Pacheco, Santa Fe, NM 87505

**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 Pennsylvanian	
Property Code		Property Name Applesauce "AZR" Federal			Well Number #1
OCEID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Elevation 3754'

**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
D	25	11S	27E		500'	North	990'	West	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.
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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**

	<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Pat Perez</u> Signature <u>Pat Perez</u> Printed Name <u>Regulatory Agent</u> Title <u>9-11-01</u> Date		
	<b>SURVEYOR CERTIFICATION</b> 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. Date Surveyed Signature & Seal of Professional Surveyor Refer to original plat-attached. Certificate No. Herschel L. Jones RLS 3640 GENERAL SURVEYING COMPANY		

**YATES PETROLEUM CORPORATION**  
**Applesauce AZR Federal #1**  
500' FNL and 990' FWL  
Section 25-T11S-R27E  
Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well originally drilled by Maxus Exploration Company as the Newkumet Federal #1 and abandoned August 25, 1987. Yates' plan is to re-enter the well with a pulling unit to drill out the cement plugs in the 8 5/8" casing and in the 7 7/8" open hole down to the original TD of 6,865'. The hole will be circulated clean then a string of 4 1/2" casing will be run to TD and cemented to 4000' +/- . The well will be completed with a pulling unit and the formations to be completed will probably be the Penn Sand at 6,600', the Cisco at 6,310' or the Wolfcamp at 6,090'.

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

San Andres	1483'
Glorieta	2680'
Tubb	4147'
Abo	4921'
Wolfcamp	5243'
Penn	6353'
Mississippian	6600'
Devonian	6800'
TD	6865'

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

Water: 150'-500'  
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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 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>
17 1/2	13 3/8"	48#	H-40	ST&C	0-389'
12 1/4"	8 5/8"	24#	K-55	ST&C	0-1840'
7 7/8"	4 1/2"	11.60#	N-80	LT&C	0-6865'

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

A. CEMENTING PROGRAM:

Surface Casing: 420 sx in place

Intermediate Casing: 580 sx in place

Production Casing: 1,000 sx. TOC 4000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

This well will be drilled with a brine system.

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/MS  
FL TD-Surf csg; BHC Sonic TD-SURF CSG

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP: 375 PSI
From: 900'	TO: 6865'	Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

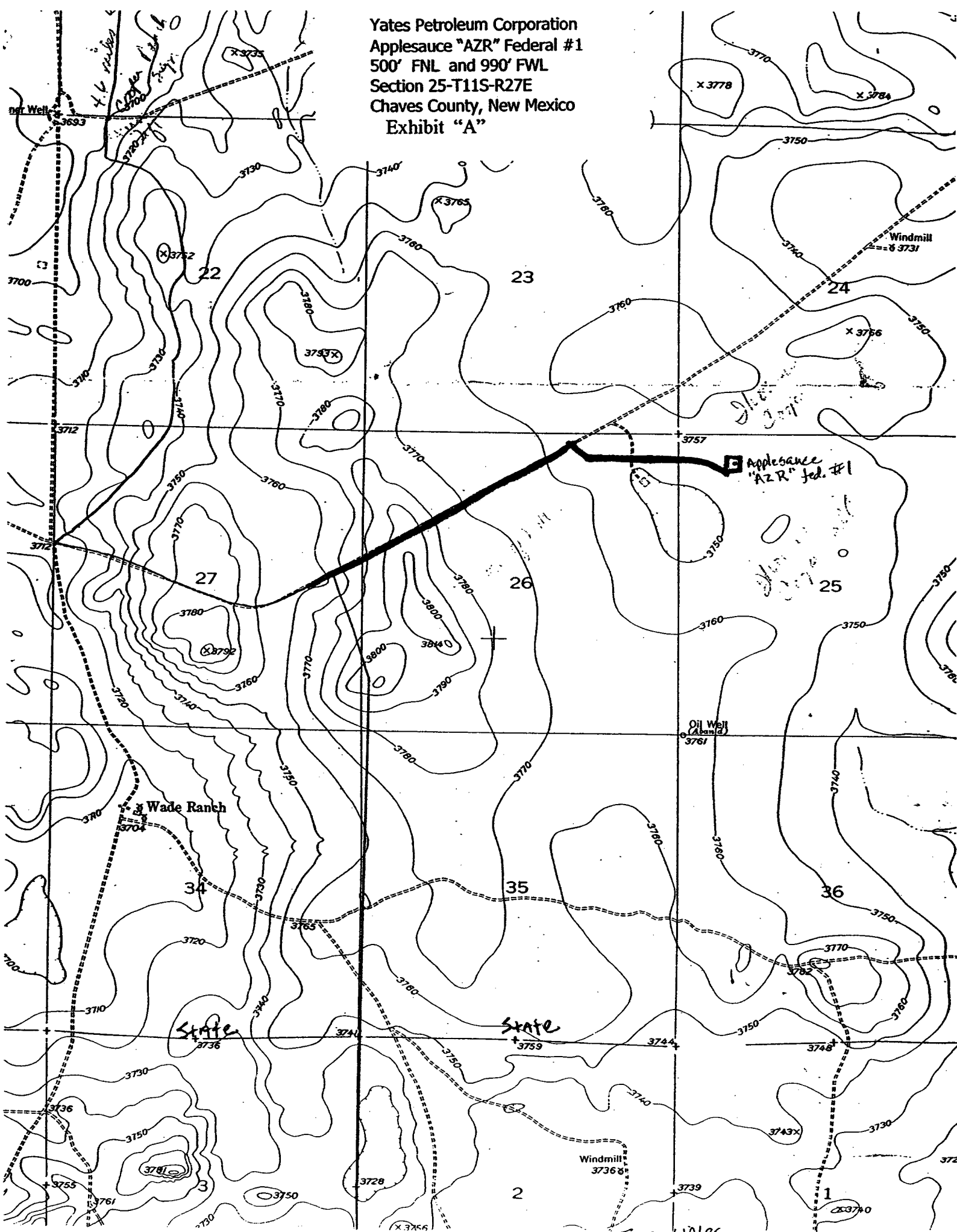
H2S Zones Anticipated: None Anticipated

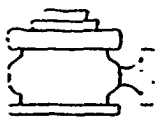
Maximum Bottom Hole Temperature: 110 F

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.

Yates Petroleum Corporation  
Applesauce "AZR" Federal #1  
500' FNL and 990' FWL  
Section 25-T11S-R27E  
Chaves County, New Mexico  
Exhibit "A"

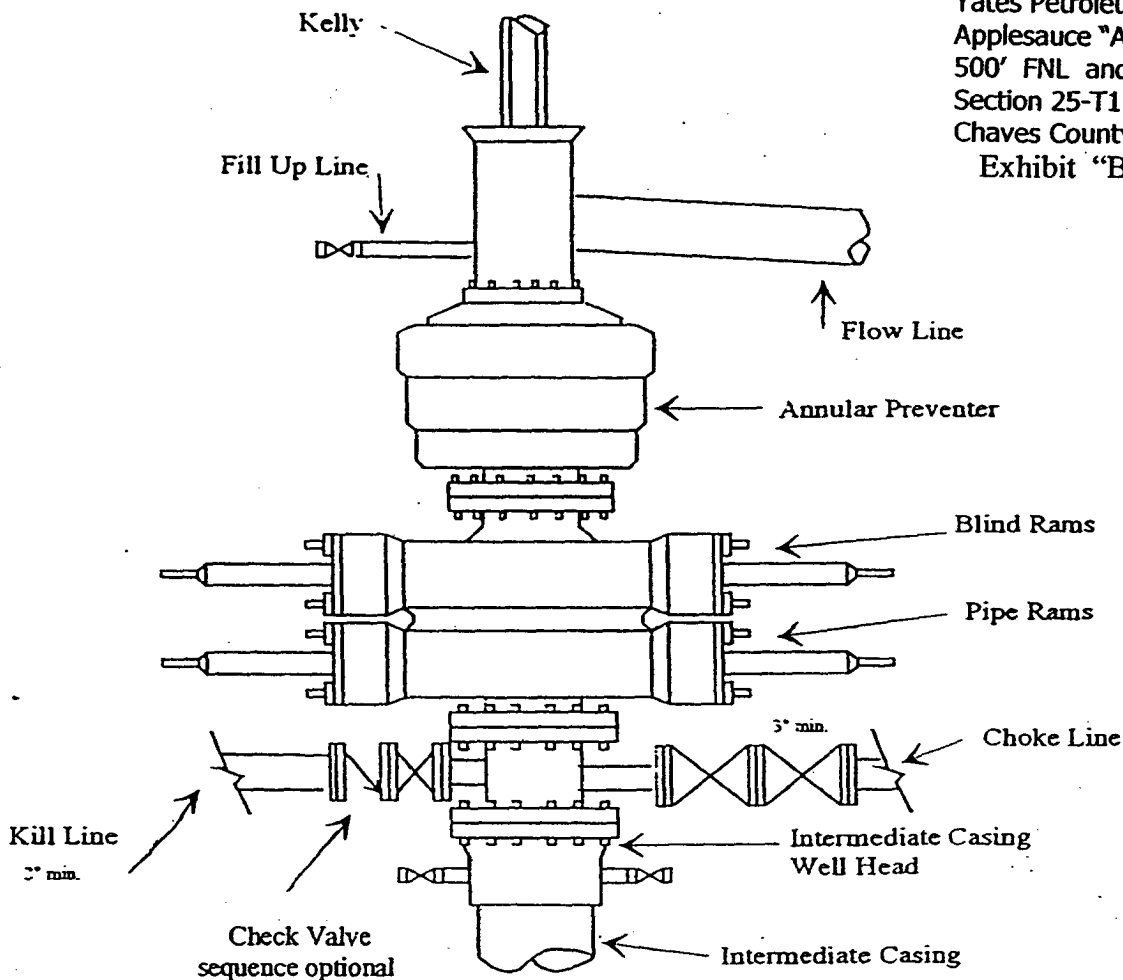




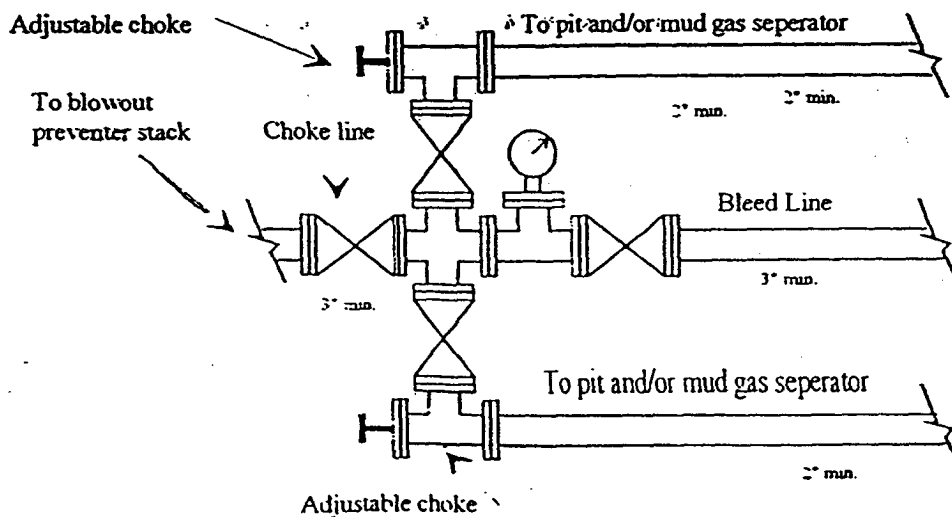
**Yates Petroleum Corporation**  
**Typical 3,000 psi Pressure System**  
**Schematic**  
**Annular with Double Ram Preventer Stack**

BOP-3

Yates Petroleum Corporation  
Applesauce "AZR" Federal #1  
500' FNL and 990' FWL  
Section 25-T11S-R27E  
Chaves County, New Mexico  
Exhibit "B"

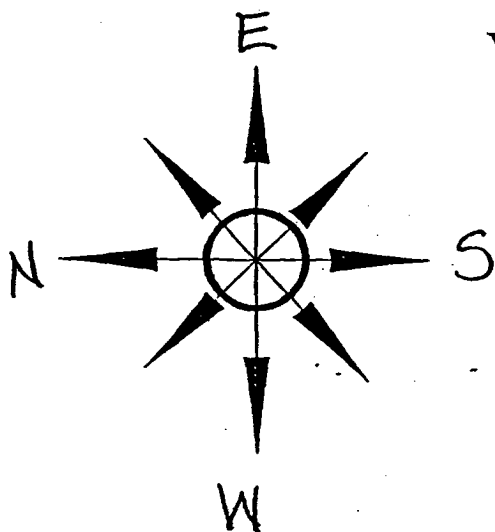


**Typical 3,000 psi choke manifold assembly with at least these minimum features**

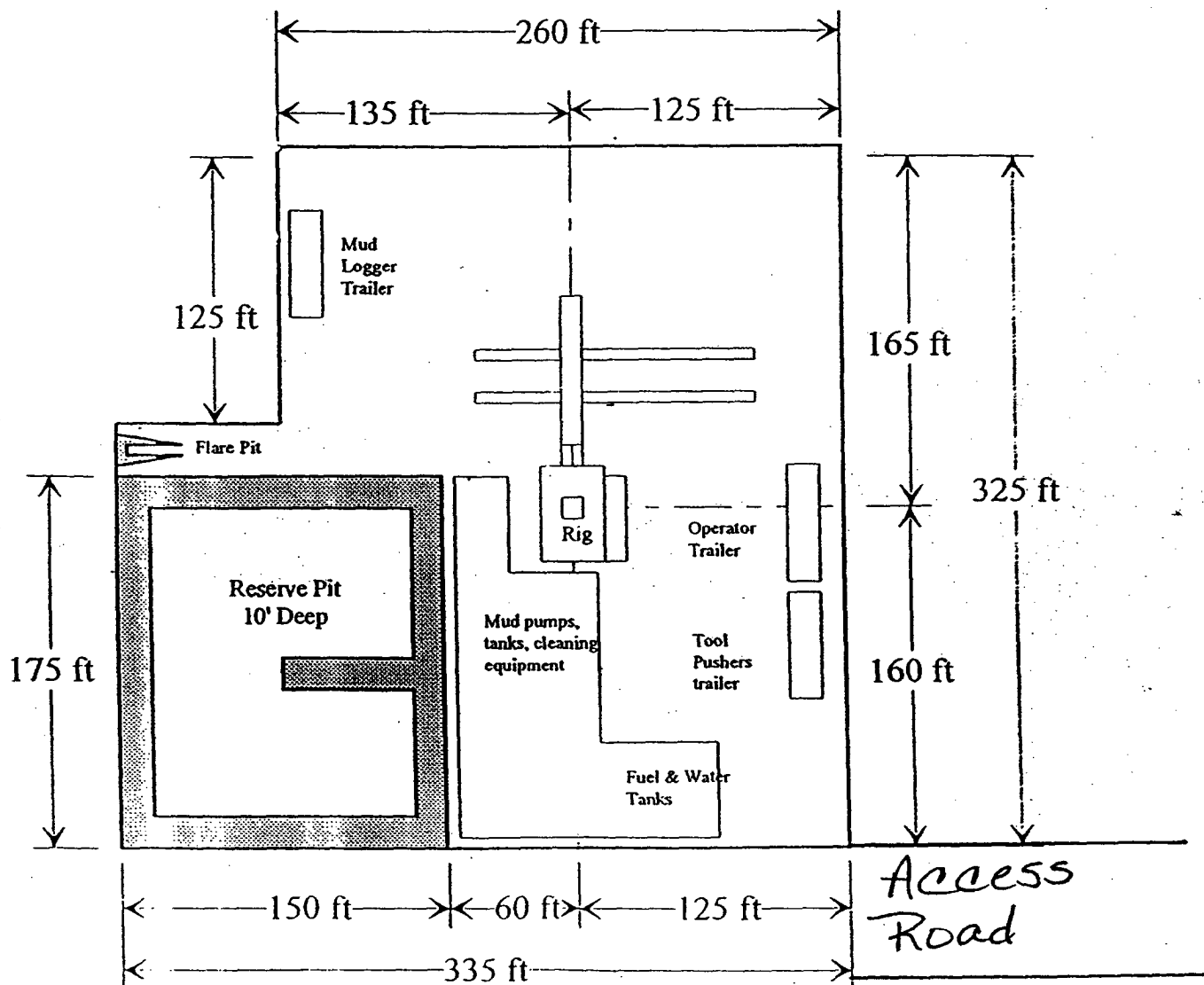


# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'



Yates Petroleum Corporation  
Applesauce "AZR" Federal #1  
500' FNL and 990' FWL  
Section 25-T11S-R27E  
Chaves County, New Mexico  
Exhibit "C"



Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum

Yates Petroleum Corporation  
Applesauce "AZR" Federal #1  
500' FNL and 990' FWL  
Section 25-T11S-R27E  
Chaves County, New Mexico  
Exhibit "D"

