

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SEP 29 '94

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL

DEEPEN

b. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

YATES PETROLEUM CORPORATION

3. ADDRESS AND TELEPHONE NO.

105 South Fourth Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At surface Unit Letter F; 1980' FNL and 1980' FWL

At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

30 miles Northeast of Roswell, New Mexico

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

1521.08

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

4250'

20. ROTARY OR CABLE TOOLS

Rotary

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

3694' GR

22. APPROX. DATE WORK WILL START*

ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|--------------------|
| 14.75" | 9.625" J-55 | 36# | 900' | 700 SX |
| * 8.75" | 7.0" J-55 | 23# | 1500' | 250 SX |
| 7.875" | 4.5" J-55 | 10.5# | TD | 350 SX |

Yates Petroleum Corporation proposes to drill and test the Abo and intermediate formations. Approximately 900' of surface casing will be set and cement circulated to the surface. (* If lost circulation is encountered, 7" casing will be set to approximately 1500' Hole size will be reduced to 6.125".) If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud to 900' with FW Gel/LCM; 900' to 3500' with cut brine; 3500' to TD.

BOPE PROGRAM: BOPE will be installed on the 9.625' casing and tested daily for operational.

GAS NOT DEDICATED.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Clyde R. May TITLE PERMIT AGENT DATE 8/11/94

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY J.R. Kuiper TITLE Acting AM DATE 9/27/94

*See Instructions On Reverse Side

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|--|--|--------------------------------|---------------------|
| 1 API Number 30-005-63024 | | 2 Pool Code 82730 | | 3 Pool Name PECOS SLOPE A00 | |
| 4 Property Code | | 5 Property Name THORPE "MI" FEDERAL COM | | | 6 Well Number 13 |
| 7 OGRID No. | | 8 Operator Name YATES PETROLEUM CORPORATION | | | 9 Elevation 3694 |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 13 | 7S | 25E | | 1980 | North | 1980 | West | Chaves |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 160 | 13 Joint or Infill | 14 Consolidation Code | 15 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

| | |
|--|---|
| | 17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature CLIFTON R. MAY Printed Name PERMIT AGENT Title August 11, 1994 Date |
| | 18 SURVEYOR CERTIFICATION <i>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.</i> Date of Survey 4/01/94 Signature and Seal |
| | Certificate Number 3649 |

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 BUREAU OF LAND MGT
 ROSA
 LAND ACQUISITION
 DIVISION

**YATES PETROLEUM CORPORATION
 THORPE "MI" FEDERAL COM #13
 1980' FNL and 1980' FWL
 Sec. 13-T7S-R25E
 Chaves County, New Mexico**

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

| | |
|------------|-------|
| San Andres | 485' |
| Glorieta | 1528' |
| Fullerton | 2956' |
| Abo | 3616' |
| TD | 4250' |

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

| | |
|-------------|-------|
| Water: | 225' |
| Oil or Gas: | 3616' |

3. Pressure Control Equipment: BOPE will be installed on the 9 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>Thread</u> | <u>Coupling</u> | <u>Interval</u> | <u>Length</u> |
|------------------|--------------------|---------------|--------------|---------------|-----------------|-----------------|---------------|
| 14.75" | 9.625" | 36# | J55 | 8RD | ST&C | 0-900' | 900' |
| *8.750" | 7.0" | 23# | J55 | 8RD | ST&C | 0-1500' | 1500' |
| 7.875" | 4.5" | 10.5# | J55 | 8RD | ST&C | 0-TD | 4250' |

1. Minimum Casing Design Factors: Callapse 1.125, Burst 1.0, Tensile Strength 1.80
2. 8 5/8" casing to be set if lost circulation is encountered. If lost circulation is not encountered, the hole will be reduced to 7 7/8" at 1450'.
3. Yates Petroleum Corporation requests that a variance be granted in requiring the casing to be tested to 1500 PSI to testing the casing to 1000 PSI. The rig pumps will be used to test the casing. 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 pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.

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ROSWELL RESOURCE AREA

B. CEMENTING PROGRAM:

Surface casing: Cement with 450 sx. pacesetter Lite "C" + 10#/sx Gilsonite x 1/4#/sx Celloseal + 3% CaCL2 (yield 1.98, wt. 12.46). Tail in with 250 sx Class "C" + 2% CACL2 (yield 1.33, wt. 13.0).

Intermediate Casing: I ran will cement with 250 sx class "C" + 2% CACL2 (yield 1.33, wt. 13). Tie back to 9 5/8" casing.

Production Casing: Cement with 350 sx. "C" with 8# Silica Lite (yield 1.6 wt 14).

5. Mud Program and Auxiliary Equipment:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|---------------|---------------|------------------|-------------------|
| Spud to 900' | FwGel/LCM | 8.4-9.6 | 32-38 | N/C |
| 900' to 3500' | Cut Brine | 9.9 | 28 | N/C |
| 3500' to TD | SW Gel/Starch | 9.3 | 32-40 | <10cc |

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 surface casing.

Logging: CNL/LDT TD to csg.; w/CNL/GR to surface.; DLL w/rxo - TD to casing.

Coring: None

DST's: Any tests will be based on the recommendation of the well site geologist as warranted by breaks and shows.

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ROSWELL OFFICE

7. Abnormal Conditions, Bottom hole pressure and potential hazards:
Anticipated BHP:
From: 0 To: 900 Anticipated Max. BHP: 400 PSI
From: 900 To: TD Anticipated Max. BHP: 1100 PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H2S Zones Anticipated: None

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.

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ROSWELL, NEW MEXICO

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Thorpe "MI" Federal Com #13
1980' FNL and 1980' FWL
Sec. 13-T7S-R25E
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 wellsite 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 north of Roswell on Highway 285 for approximately 8 miles (Prices Truck Stop) to One Horse Road. Turn right on One Horse Road and go approximately 2.6 miles to Cottonwood Road. Left on Cottonwood road and go approximately 10.6 miles. Turn right on lease road (road is .2 of a mile past entrance of Red Bluff Ranch) and go approximately 1.5 miles and turn left. Go .4 of a mile to Pecos River Operating well. New access will start here and go NE to the SW corner of pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1800' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a(n) northeasterly direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on both sides. One traffic turnout will be built.
- D. The route of the road is visible.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

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ROSEMOUNT AREA

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are 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. Probable source is Abo #3 water station in the SE/4NE/4 of Section 19, Township 7 South, Range 26 East.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor is responsible for finding a pit to use for construction of road and pad. A possible pit is located in the SE/4NE/4 of Section 19, Township 7 South, Range 26 East.

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 land fill. 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.

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ROSWELL, N.M.

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 wellsite 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 and the operator - land owner agreement 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: Private surface belonging to Mike Hillman, Roswell; New Mexico. A verbal operator - landowner agreement has been made.

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

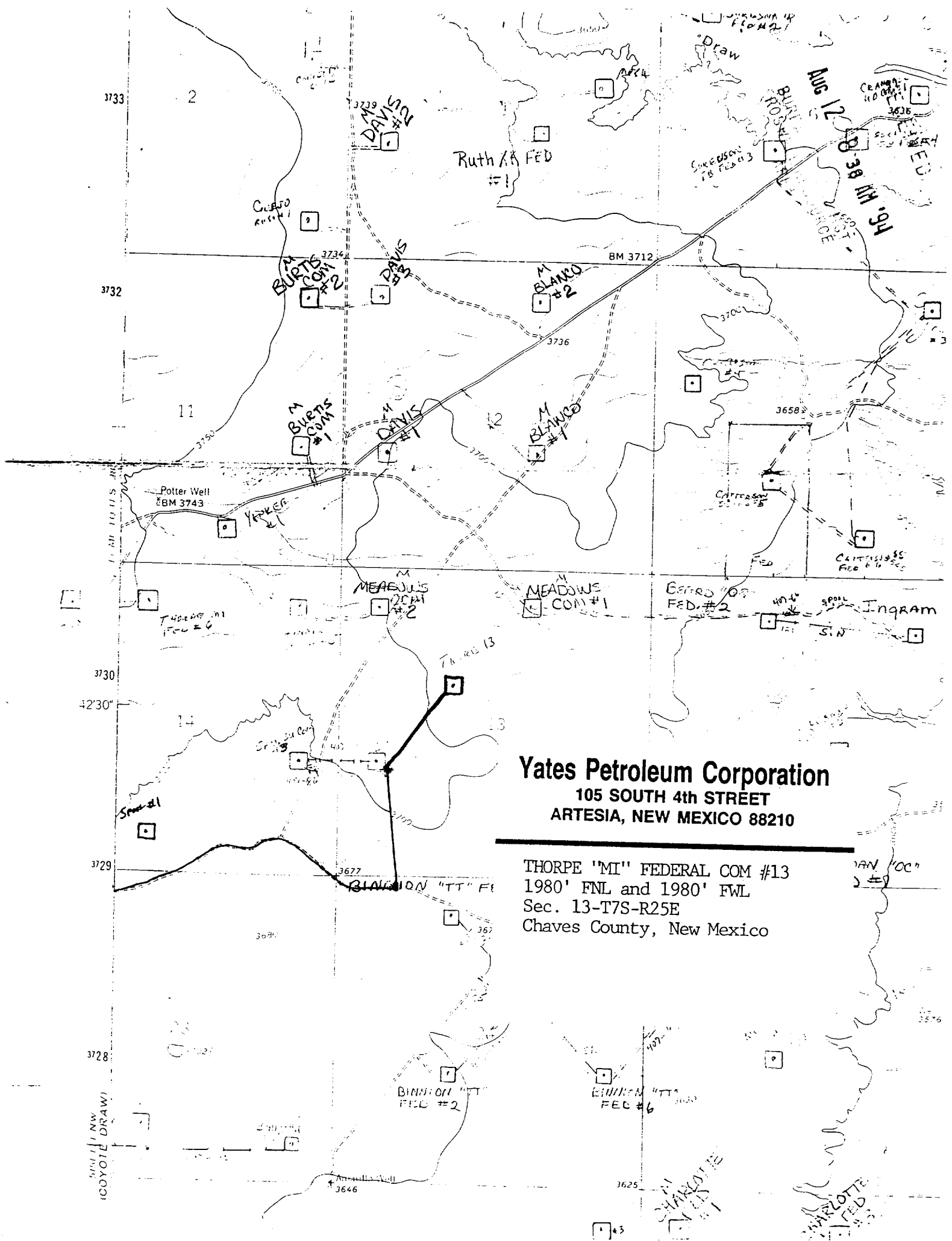
- | | |
|--|--|
| A. Through A.P.D. Approval: Clifton R. May, Permit Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 | B. Through Drilling Operations, Completions and Production: Mike Slater, Operations Manager Yates Petroleum Corporation 105 South 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.

8/11/94


Permit Agent



Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

THORPE "MI" FEDERAL COM #13
 1980' FNL and 1980' FWL
 Sec. 13-T7S-R25E
 Chaves County, New Mexico

MAN "OC"
) #9

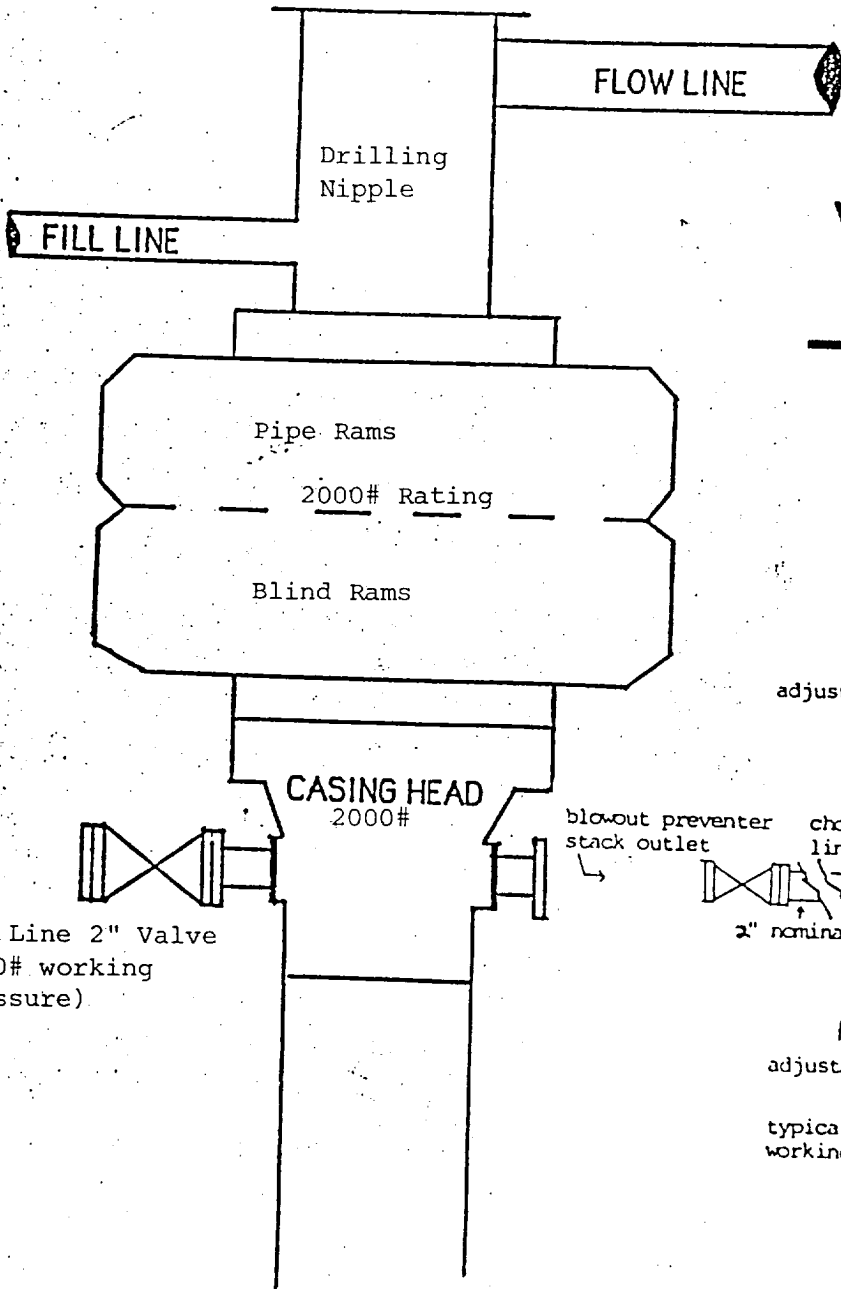
SHARLOTTE
 FEDERAL COM #1

SHARLOTTE
 FEDERAL COM #2

#43

YATES PETROLEUM CORPORATION

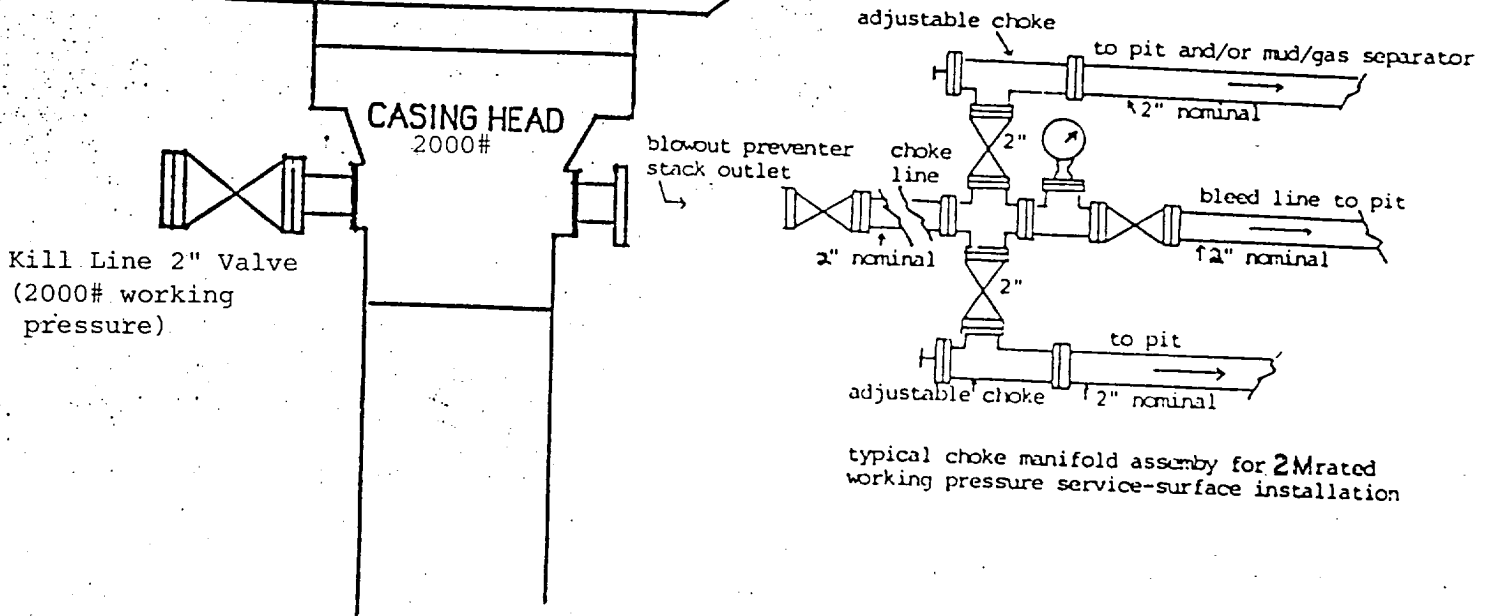
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BUREAU OF OIL FIELD
ROSKOPF DATA



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

THORPE "MI" FEDERAL COM #13
1980' FNL and 1980' FWL
Sec. 13-T7S-R25E
Chaves County, New Mexico

EXHIBIT B



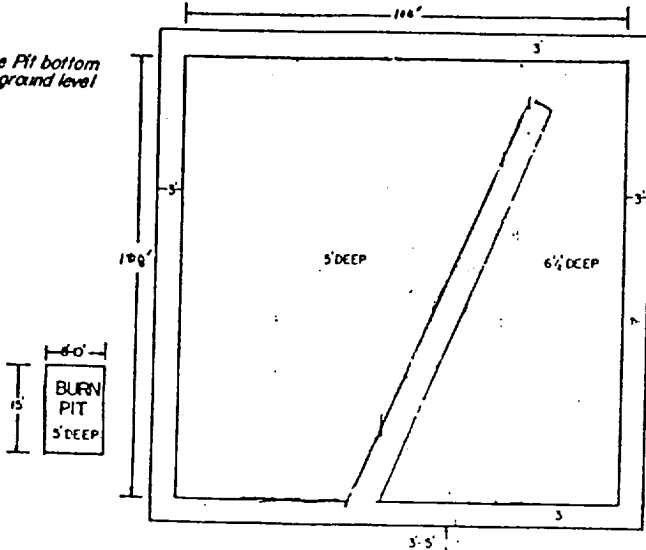
typical choke manifold assembly for 2M rated working pressure service-surface installation

BLOWOUT PREVENTER 2M SYSTEM

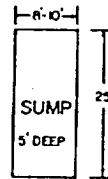
YATES PETROLEUM CORPORATION

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 BUREAU OF REVENUE
 ROSWELL AREA
 HOT

Reserve Pit bottom to be at ground level to -1ft.

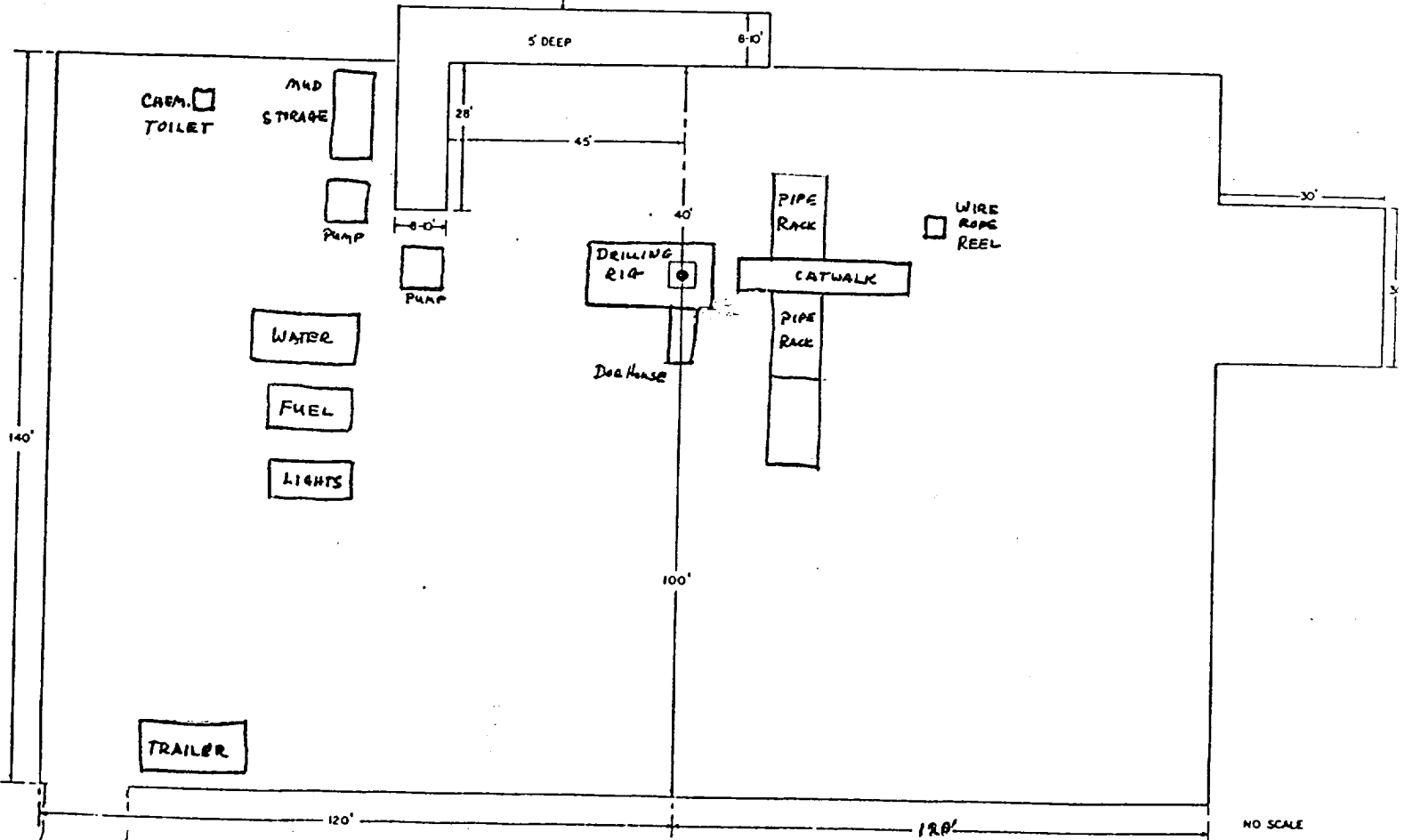


NOTE:
 Inside walls must be as high and wide as outer walls of pit.



THORPE 'MI' FEDERAL COM #13
 1980' FNL and 1980' FWL
 Sec. 13-T7S-R25E
 Chaves County, New Mexico

EXHIBIT C



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

THORPE 'MI' FEDERAL COM #13
1980' FNL and 1980' FWL
Sec. 13-T7S-R25E
Chaves County, New Mexico

EXHIBIT D

