

N.M. Oil Cons. Div.-Dist. 1
1301 W. Grand Avenue
Artesia, NM 88210

CIST

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

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 *Crow Flats, Morrow, SC*

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 760' FSL & 1880' FEL
At proposed prod. Zone same as above

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

Approximately 14 miles NE of Artesia, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 760'

16. No. of Acres in lease
639.36

17. Spacing Unit dedicated to this well
320.00

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

19. Proposed Depth
10,500'

20. BLM/BIA Bond No. on file
585997

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3587' GR

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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature *Cy Cowan*

Name (Printed/Typed)
Cy Cowan

Date
5/14/02

Title:

Regulatory Agent

Approved by (Signature)

/S/ JOE G. LARA

Name (Printed/Typed)

/S/ JOE G. LARA

Date
JUN 14 2002

Title

FIELD MANAGER

Office

CARLSBAD 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.

APPROVAL FOR 1 YEAR

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)

Roswell Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

RECEIVED

2002 MAY 15 AM 8:55

BUREAU OF THE ARMY
POSTAL OFFICE

121 JOE G. LARA

121 JOE G. LARA

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
For Lease - 3 Copies

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

API Number		Pool Code	Pool Name Wildcat Morrow
Property Code	Property Name Orient Express "ARS" Federal Com.		Well Number 1
OCRID No. 025575	Operator Name Yates Petroleum Corporation		Elevation 3587

UL or lot No.	Section	Township	Range	Lot kin	Feet from the	North/South line	Feet from the	East/West line	County
0	5	17S	28E		760	South	1880	East	Eddy

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320									

LC-012897	LC-028446-A		

OPERATOR CERTIFICATION

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

Signature
Cy Cowan

Printed Name
Regulatory Agent

Title

Refer to Original Plat _____
Date _____

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.

Date Surveyed _____
Signature & Seal of Professional Surveyor _____

Certificate No. Herschel L. Jones RLS 3640

GENERAL SURVEYING COMPANY

DISTRICT I
P.O. Box 1988, Hobbs, NM 88340

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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 Wildcat Morrow
Property Code	Property Name ORIENT EXPRESS "ARS" FEDERAL COM.	Well Number 1
OGHD No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3587

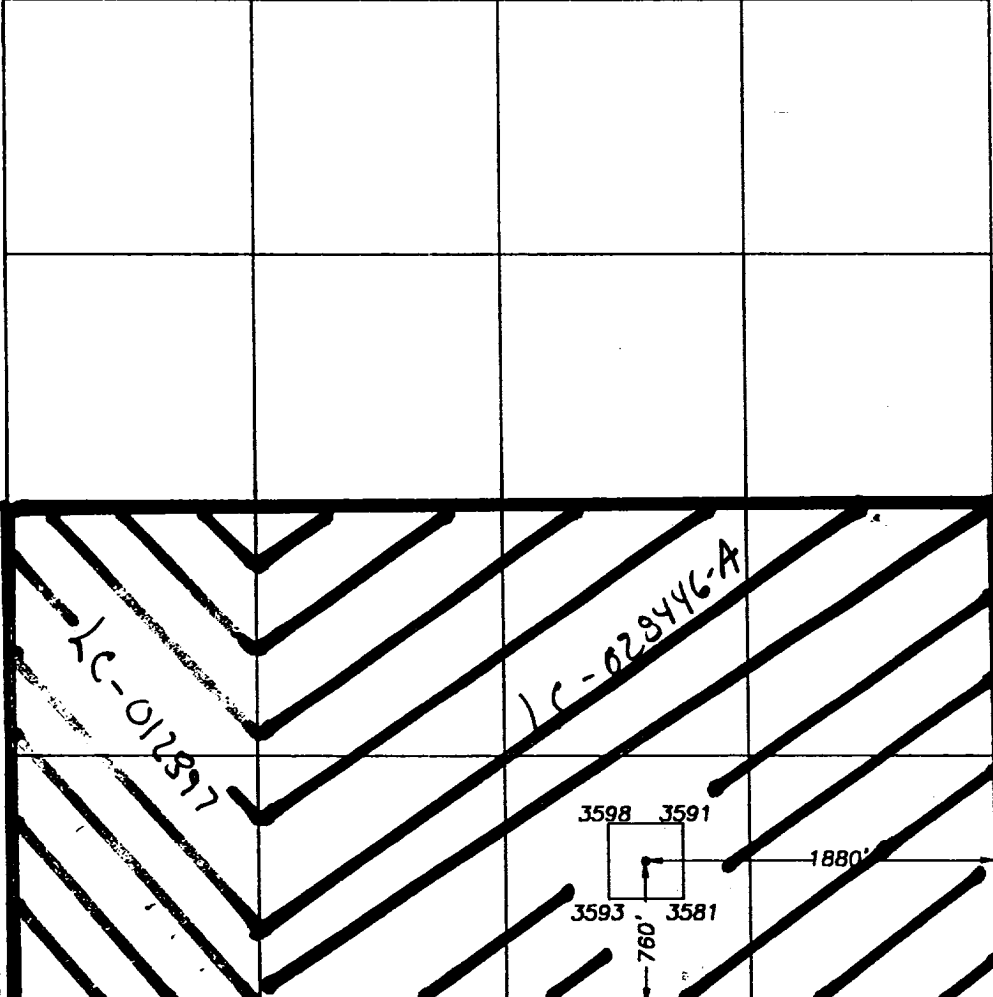
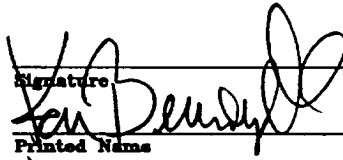
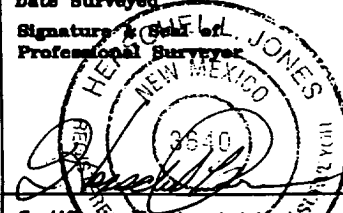
Surface Location

UL or lot No. 0	Section 5	Township 17S	Range 28E	Lot Idn	Feet from the 760	North/South line SOUTH	Feet from the 1880	East/West line EAST	County EDDY
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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	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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature:  Printed Name: Ken Beardemphl Title: Landman Date: May 25, 2000
	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. Date Surveyed: 5/17/2000 Signature:  Professional Surveyor Certificate No. Herschel L. Jones RLS 3640 ORIENT DISK 28 GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
 Orient Express "ARS" Federal Com. #1
 760' FSL and 1880' FWL
 Sec. 5-T17S-R28E
 Eddy County, New Mexico

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

San Andres	1913'	Atoka	9285'
Glorieta	3266'	Morrow Clastics	9608'
Abo	5381'	Lower Morrow	9648'
Wolfcamp Lime	6517'	Chester Lime	9920'
Lower Canyon	8323'	TD	10050'
Strawn	8798'		

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

Water: 150' - 300'
 Oil or Gas: All potential zones

3. **Pressure Control Equipment:** BOPE will be installed on the 8 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 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>Interval</u>	<u>Length</u>
14 3/4"	11 3/4"	42#	H-40	ST&C	0-400'	400'
11"	8 5/8"	24#	J-55	ST&C	0-2000'	2000'
7 7/8"	5 1/2"	17#	L-80	LT&C	0-400'	400'
7 7/8"	5 1/2"	17#	J-55	LT&C	400'-1500'	1100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	1500'-6000'	4500'
7 7/8"	5 1/2"	17#	J-55	LT&C	6000'-7900'	1900'
7 7/8"	5 1/2"	17#	N-80	LT&C	7900'-9200'	1300'
7 7/8"	5 1/2"	17#	HCP-110	LT&C	9200'-10050'	850'

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

B. CEMENTING PROGRAM:

Surface Casing: 250 sx "C" + 2% CACL2 (Yld 1.32 wt 14.8)

Intermediate Casing: 900 sx Lite (YLD 1.8 WT 12.9) Tail in w/200 sx "C"
(YLD 1.34 WT 14.8)

Production Casing: TOC = 6100', 650 sx Super C (YLD 1.61 WT 13.1).

5. MUD PROGRAM AND AUXILLIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-400'	FW Spud Mud	8.4-8.8	32-34	N/C
400'-2000'	FW	8.4-8.8	32-34	N/C
2000'-5300'	FW/Cut Brine	8.6-8.9	28	N/C
5300'-9200'	Cut Brine	8.9-9.5	28	N/C
9200'-10050'	Salt Gel/Starch/2% KCL	9.5-9.9	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 under surface TD.

Logging: PEX/HALS, TD-Casing; GR-CNL on up to surface.

Coring: None anticipated.

DST's: As warranted.

**7. Abnormal Conditions, Bottom hole pressure and potential hazards:
Anticipated BHP:**

From: 0	TO: 400'	Anticipated Max. BHP:	200	PSI
From: 400'	TO: 2000'	Anticipated Max. BHP:	1000	PSI
From: 2000'	TO: 10050'	Anticipated Max. BHP:	5100	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 170° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Orient Express "ARS" Federal Com.#1
760' FSL and 1880' FWL
Sec. 5-T17S-R28E
Eddy 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 northeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Artesia, New Mexico on Highway 82 to County Road (202) Southern Union. Turn north and go to end of County Road (202). Go east on caliche road for approximately 0.8 of a mile and turn northeast on caliche road for approximately 0.9 of a mile. Turn south on caliche road for approximately 0.3 of a mile. New road starts here.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 500' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a east to west 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 one side. No traffic turnouts will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is 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 acquire any permits and materials from the closest source at the time of construction of the well pad.

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: The well pad was moved to this location per the onsite with Mr. Barry Hunt on May 10, 2000.

- 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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: Federal surface, Administered by the Bureau of Land Management, Carlsbad, New Mexico.

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

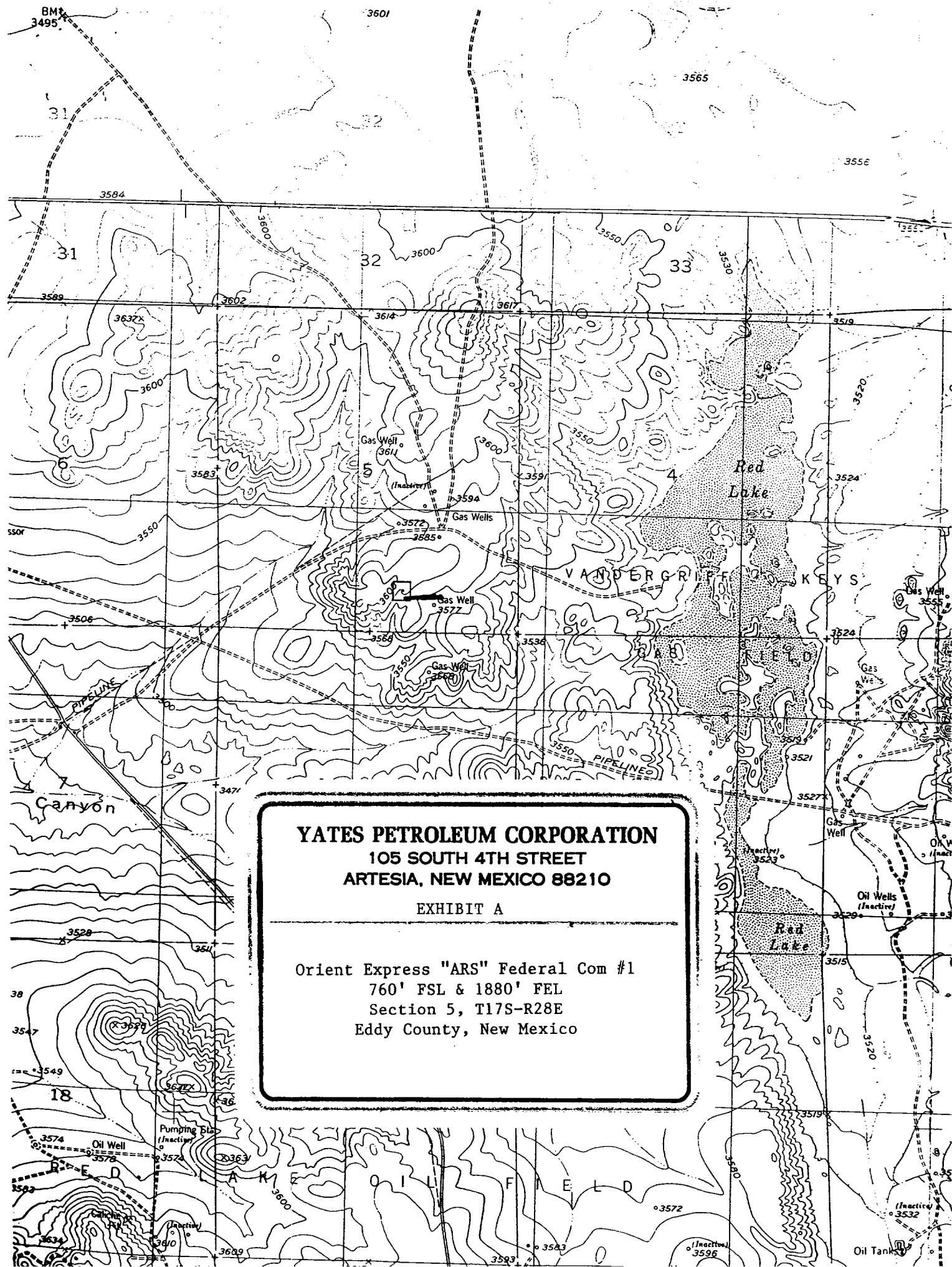
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|---|--|
| <p>A. Through A.P.D. Approval:</p> <p>Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471</p> | <p>B. Through Drilling Operations,
Completions and Production:
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471</p> |
|---|--|

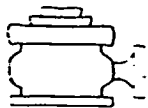
14. CERTIFICATION:

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.

5/14/02


Regulatory Agent





Yates Petroleum Corporation

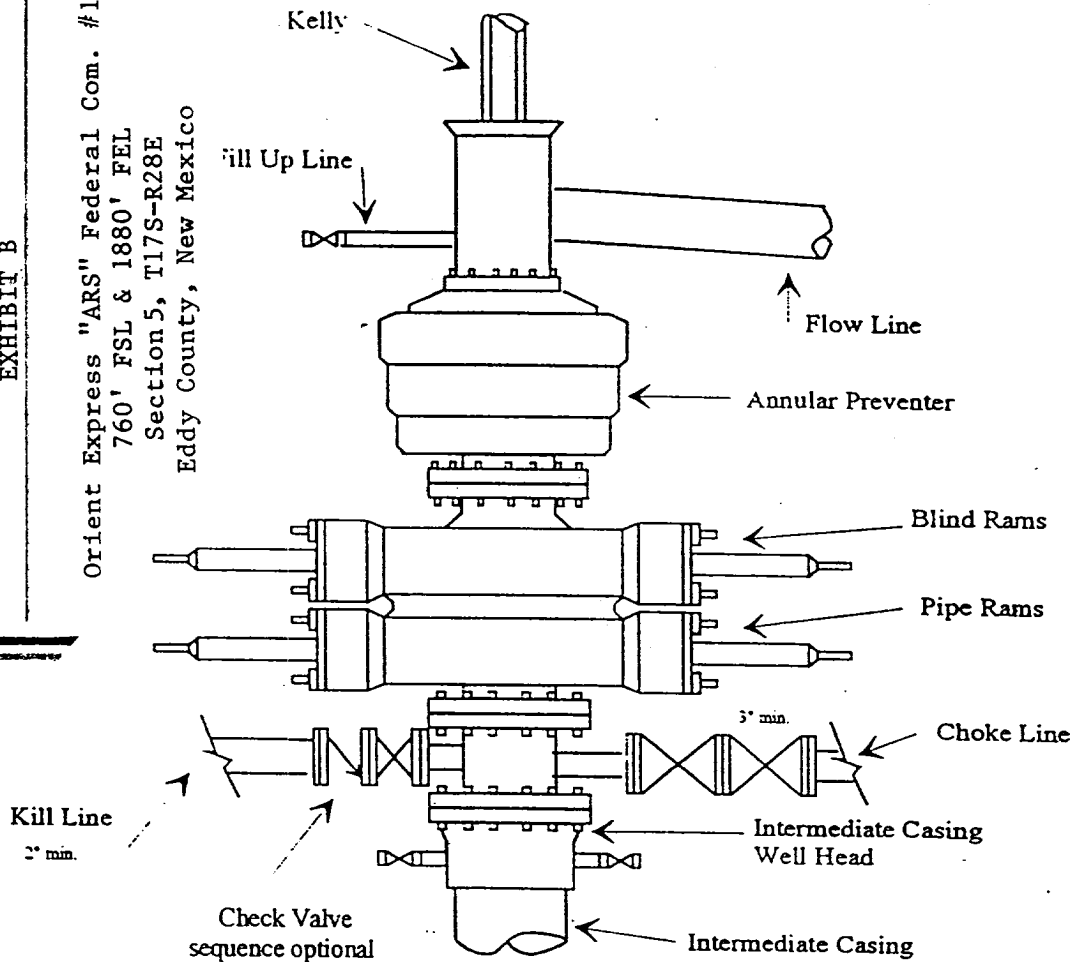
BOP-3

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

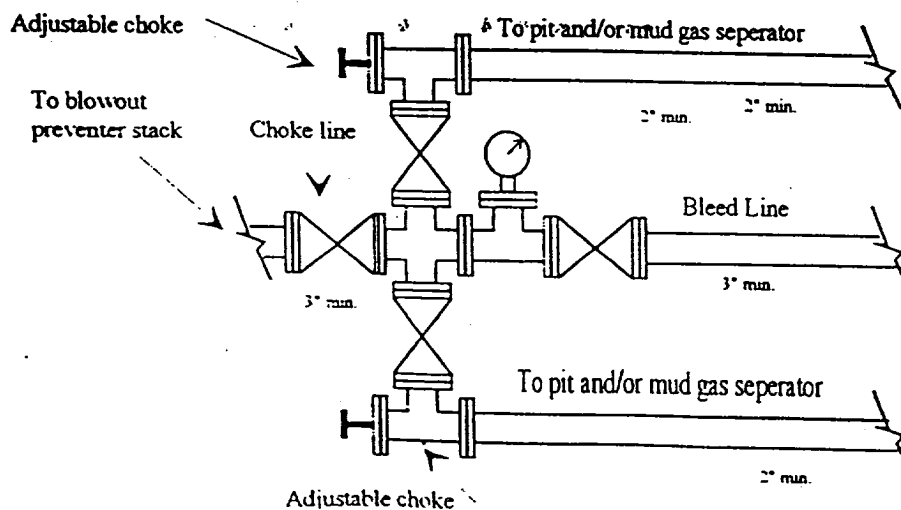
YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

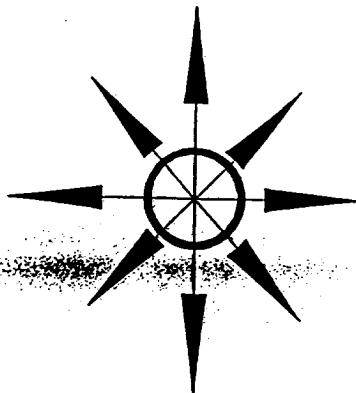
EXHIBIT B

Orient Express "ARS" Federal Com. #1
760' FSL & 1880' FEL
Section 5, T17S-R28E
Eddy County, New Mexico



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



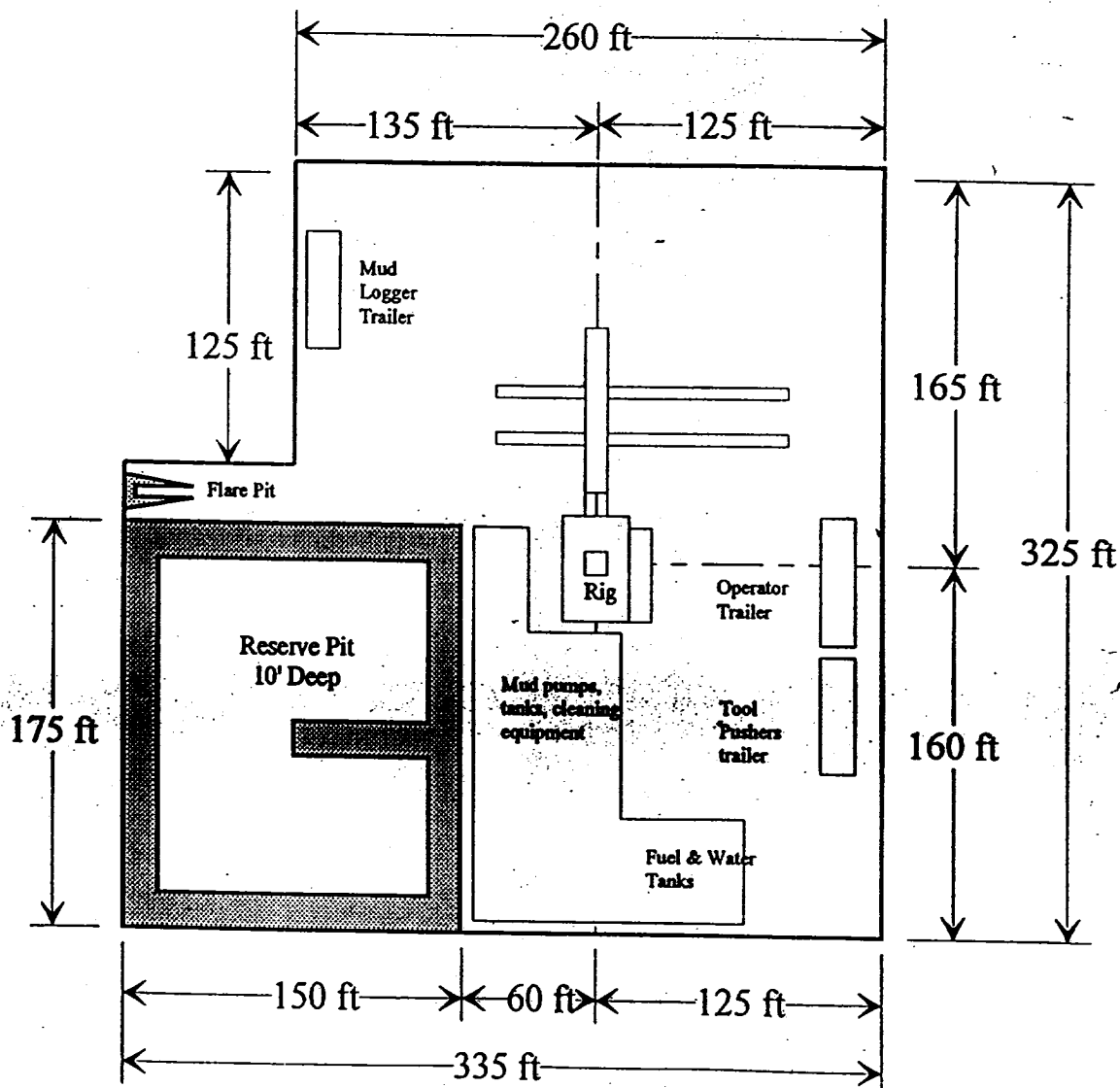


YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

PB - L1

EXHIBIT C

Orient Express "ARS" Federal Com. #1
760' FSL & 1880' FEL
Section 5, T17S-R28E
Eddy County, New Mexico



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210
EXHIBIT D

Orient Express "ARS" Federal Com. #1
760' FSL & 1880' FEL
Section 5, T17S-R28E
- Eddy County, New Mexico

YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210
EXHIBIT D

Orient Express "ARS" Federal Com. #1
760' FSL & 1880' FEL
Section 5, T17S-R28E
- Eddy County, New Mexico