

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-02428

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

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

25528

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Cabeza AUD Federal Com. #1

2. Name of Operator

Yates Petroleum Corporation

25575

9. API Well No.

30-015-31039

3a. Address

105 South Fourth Street
Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

10. Field and Pool, or Exploratory

Empire; Morrow, South

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

At surface 1060' FNL and 660' FWL

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

At proposed prod. zone same as above Unit D

Section 10, T18S-R29E

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

Approximately 18 miles east of Artesia, New Mexico

12. County or Parish

Eddy

13. State

NM

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

660'

16. No. of Acres in lease

40

17. Spacing Unit dedicated to this well

320

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

19. Proposed Depth

11,500'

20. BLM/BIA Bond No. on file

58-59-97

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

3515'

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 officer.

25. Signature

Name (Printed/Typed)

Ken Beardemphl

Date

1/14/2000

Title

Landman

Name (Printed/Typed)

JOHN A. LOPEZ

Date

1/14/2000

Approved by (Signature)

Office

Title

Assistant Field Manager,
Acting Lands And Minerals

APPROVED

Application approval does not warrant or certify the 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)

CAPITAN CONTROLLED WATER BASIN

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

RECEIVED

2008 JAN 14 P 12:36

BUREAU OF L. & N. MONT.
ROSWELL OFF. 08

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

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

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	Pool Name <i>Empire Morrow South</i>
Property Code	Property Name CABEZA "AUD" FEDERAL COM	Well Number 1
OCRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3507.

10 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	10	18-S	29-E		1060	NORTH	660	WEST	EDDY

11 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.
------------------------	-----------------	--------------------	-----------

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>12 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Ken Deuffel</i></p> <p>Printed Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	
					<p>13 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>FEBRUARY 3, 2000</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor:</p>

RECEIVED

FEB 11 00

WELL, N.

YATES PETROLEUM CORPORATION

Cabeza AUD Federal Com. #1

660' FNL & 660' FWL

Sec. 10-T18S-R29-E

Eddy County, New Mexico

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

Salt	846'
Base Salt	2247'
Yates	3037'
San Andres	7002'
Bone Spring Lime	7910
Wolfcamp	8312
Upper Penn	9426
Strawn	10002
Atoka	10358
Morrow Clastics	10852
Lower Morrow	10992
Chester Lime	11339
TD	11500'

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

Water: Approx 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 5000 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 3/4"	11 3/4"	42#	H-40	ST&C		0-350'	
11"	8 5/8"	26#	J-55	ST&C		0-2200'	
11"	8 5/8"	32#	J-55	ST&C		2200'-3000'	
7 7/8"	5 1/2"	17#	L-80	LT&C		0-2100'	
7 7/8"	5 1/2"	17#	J-55	LT&C		2100'-7600'	
7 7/8"	5 1/2"	17#	N-80	LT&C		7600'-10400'	
7 7/8"	5 1/2"	17#	S-95	LT&C		10400'-11500'	

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

B. CEMENTING PROGRAM:

Surface casing: 200 sx "C" (Yld 1.32 Wt.14.6); Tail in w/200 sx "C" + 2% CaCl₂ (Yld 1.32 Wt. 14.6).

Intermediate: 1500 sx Lite (Yld 2.05 Wt. 12.6); Tail in w/200 sx "C" (Yld 1.32 Wt 14.6)

Production: (TOC = 2500') 600 sx Lite (Yld 2.05 Wt. 12.6); Tail in w/500 sx Super "C" (Yld 1.67 Wt 13.0) Note: Nitrified mud will be used ahead of cement.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW Gel/Paper	8.6-9.0	32-36	N/C
350' - 3000'	Brine	10.0-10.2	28	N/C
3000'-10000'	Cut Brine	8.8-9.3	28	N/C
10000'-11500'	Salt Gel/Starch/Driscap	9.5-10.0	32-40	<10

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 ot from under surface casing.

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

Coring: None anticipated.

DST's: As warranted.

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

From: 0	TO: 350	Anticipated Max. BHP:	150	PSI
From: 350	TO: 3000	Anticipated Max. BHP:	1300	PSI
From: 3000	TO: TD	Anticipated Max. BHP:	5750	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None.

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 15 days.

MULTI-INT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Cabeza AUD Federal Com. #1
660' FNL & 660' FWL
Sec. 10-T18S-R29-E
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 wellsite is located approximately 18 miles east 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 on Highway 82 to Old Loco Road (210). Turn south and go approximately 3.3 miles and location will be on the east side of road.

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.

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 the proposed well with a salt brine system. The salt brine 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 closet 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 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.

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 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: 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

- A. Through A.P.D. Approval:

Ken Beardemphl, Landman
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

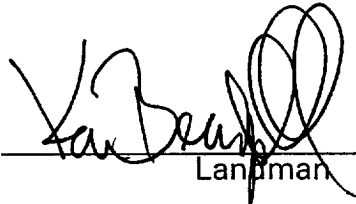
- B. Through Drilling Operations,
Completions and Production:

Brian Collins, 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.

01/14/2000


Landman

YATES PETROLEUM CORPORATION

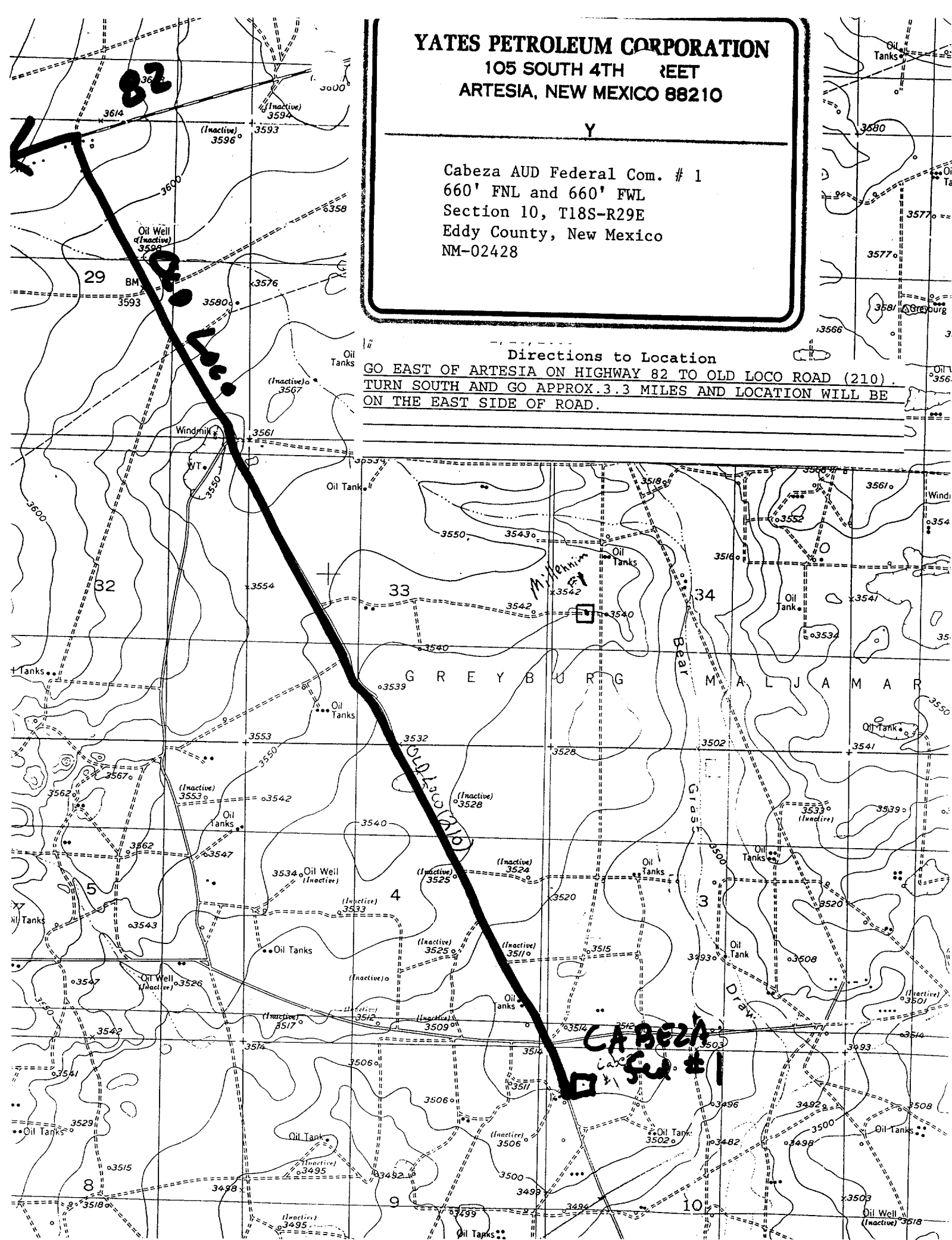
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

Y

Cabeza AUD Federal Com. # 1
660' FNL and 660' FWL
Section 10, T18S-R29E
Eddy County, New Mexico
NM-02428

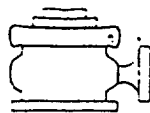
Directions to Location

GO EAST OF ARTESIA ON HIGHWAY 82 TO OLD LOCO ROAD (210).
TURN SOUTH AND GO APPROX. 3.3 MILES AND LOCATION WILL BE
ON THE EAST SIDE OF ROAD.



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

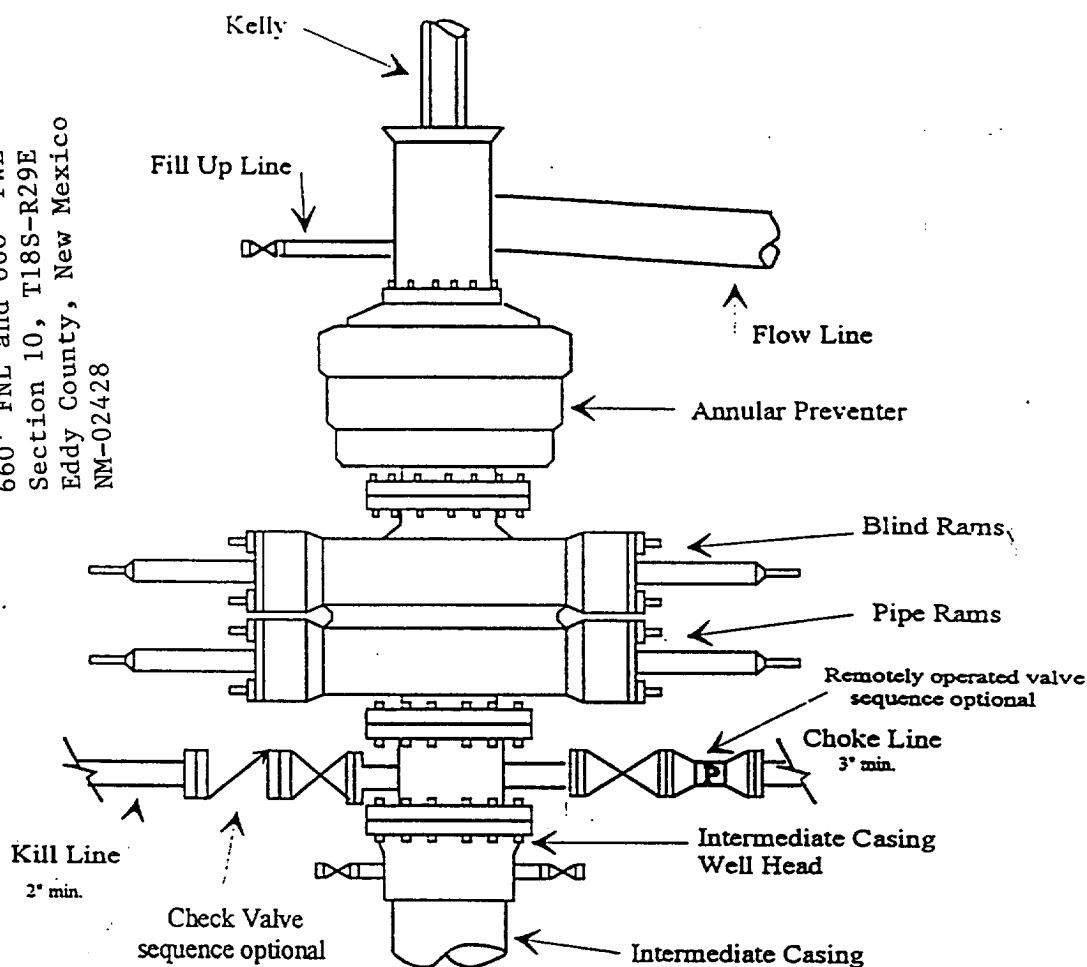
Cabeza AUD Federal Com. # 1
 660' FNL and 660' FWL
 Section 10, T18S-R29E
 Eddy County, New Mexico
 NM-02428



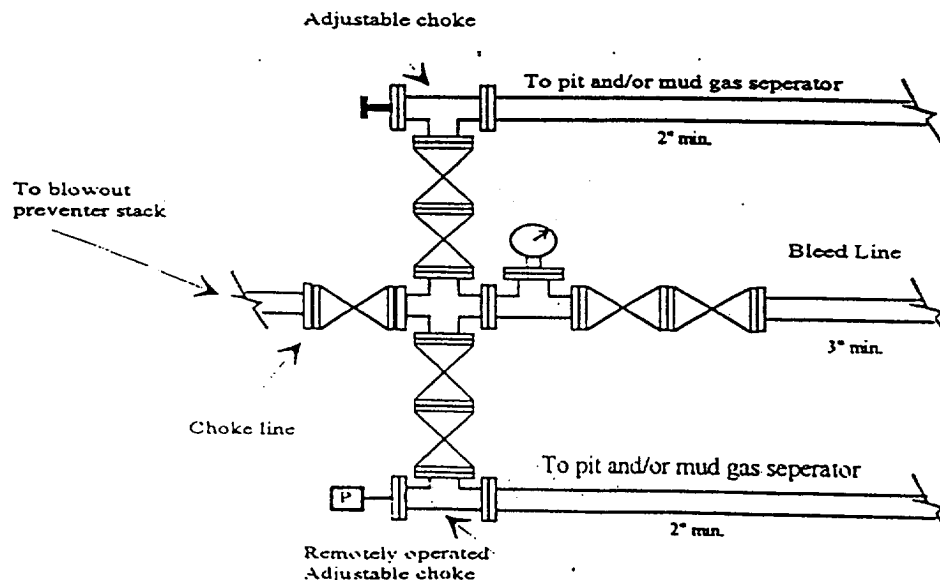
Yates Petroleum Corporation

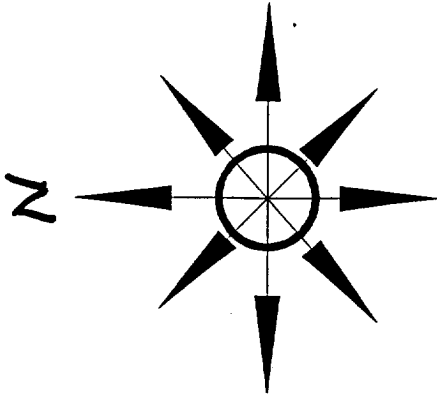
BOP-4

Typical 5,000 psi Pressure System
 Schematic
 Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



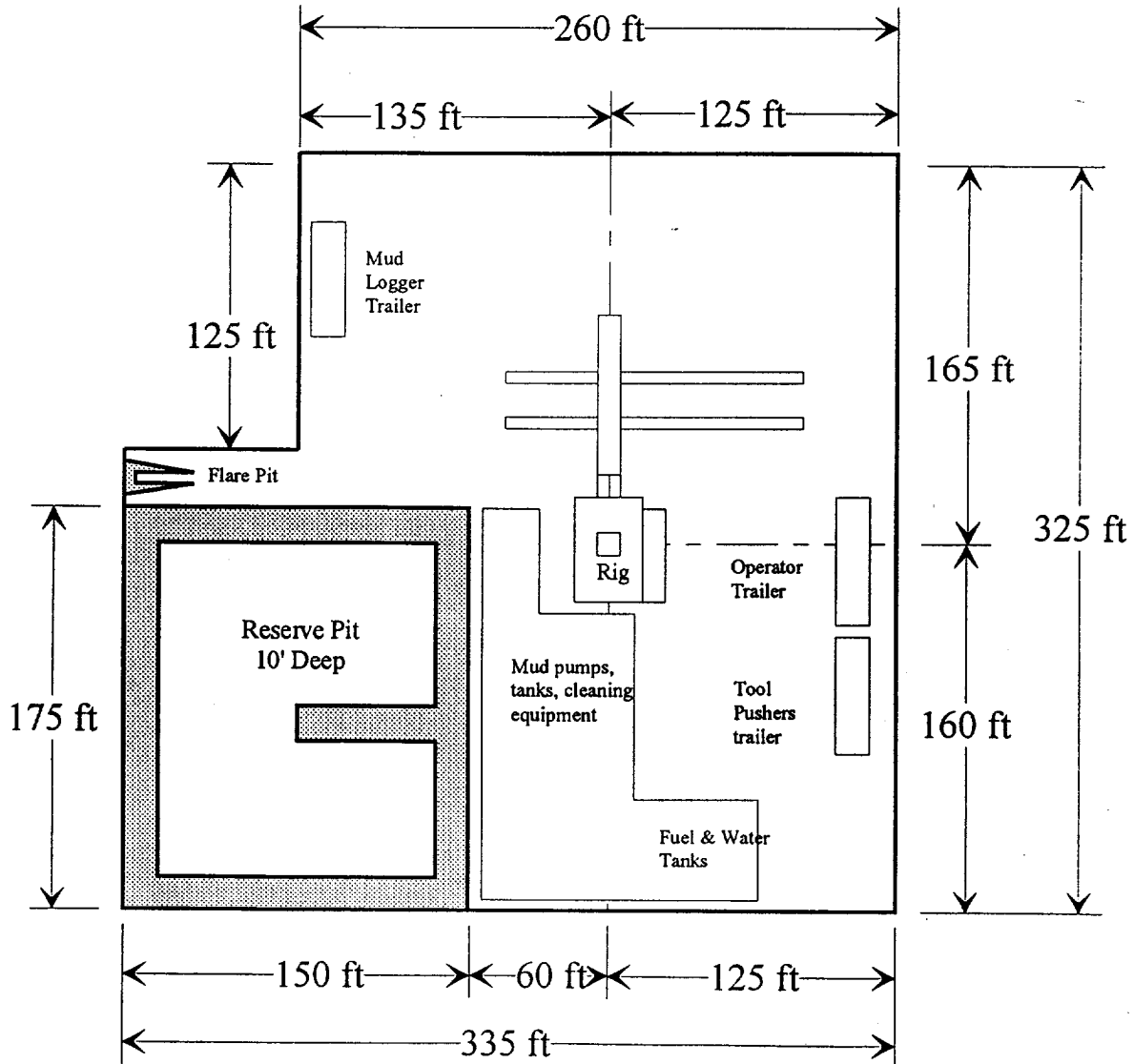


YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

PB - L1

Y

Cabeza AUD Federal Com. # 1
660' FNL and 660' FWL
Section 10, T18S-R29E
Eddy County, New Mexico
NM-02428



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

