

N.M. Oil and Gas Order No. 1
1301
Artesia, New Mexico

dsfP

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

009

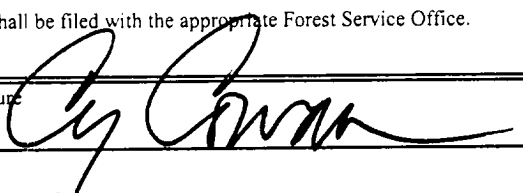
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OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. LC-028990-B	
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name	
2. Name of Operator Yates Petroleum Corporation			7. If Unit or CA Agreement, Name and No. 13231	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210			8. Lease Name and Well No. Creek AL Federal #18	
3b. Phone No. (include area code) (505) 748-1471			9. API Well No. 30-015-32107	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 500' FNL and 500' FEL At proposed prod. Zone Same			10. Field and Pool, or Exploratory Wildcat Bone Spring	
4. Distance in miles and direction from nearest town or post office* Approximately 9 miles southwest of Loco Hills, New Mexico			11. Sec., T., R., M., or Blk, and Survey or Area Section 25, T18S-R30E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 500'		16. No. of Acres in lease 560	17. Spacing Unit dedicated to this well 40 acres NE/NE	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1700'		19. Proposed Depth 8400'	20. BLM/BIA Bond No. on file 585997	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3620' GL		22. Approximate date work will start* ASAP	23. Estimated duration 30 days	
24. Attachments Captain Controlled Water Basin				

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) Cy Cowan	Date 9/21/01
Title: Regulatory Agent		
Approved by (Signature) /s/ RICHARD A. WHITLEY	Name (Printed/Typed) /s/ RICHARD A. WHITLEY	Date NOV 09 2001
Title ASSOC. STATE DIRECTOR	Office NM STATE 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.

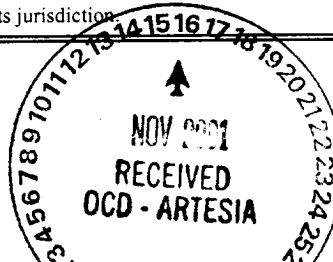
APPROVAL FOR 1 YEAR

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)

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



NM STATE OFFICE

RECEIVED
2001 SEP 21 PM 2:03
BUREAU OF LAND MANAGEMENT
OFFICE

DISTRICT I
1826 W. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Revised March 17, 1999
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 Bone Spring
Property Code	Property Name CREEK "AL" FEDERAL	Well Number 18
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3620

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	25	18S	30E		500	NORTH	500	EAST	EDDY

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

			<div>LC- 028990-8 3617 3624 500' 500' 3612 3610 N. 32° 43' 27.4" W. 103° 55' 06.7"</div>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan Printed Name Regulatory Agent Title September 21, 2001 Date</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>8/17/2001 Date Surveyed Signature & Seal of Professional Surveyor HERSCHEL JONES 3640 Certificate No. Herschel Jones RLS 3640 CREEK 18 GENERAL SURVEYING COMPANY</p>

YATES PETROLEUM CORPORATION
Creek ALFederal #18
500' FNL & 500' FEL
Section. 25 -T18S-R30-E
Eddy County, New Mexico

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

Rustler	490'
Tansill	1810'
Yates	1922'
Seven Rivers	2360'
Queen	3075'
Grayburg	3575'
Delaware	4500'
Bone Spring	5930'
Dolomite	8225'
TD	8400'

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

Water: Approx 250' - 350'
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>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-700'	700'
11 "	8 5/8"	32#	J-55	ST&C	0-2800'	2800'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100-6800'	6700'
7 7/8"	5 1/2"	17#	J-55	LT&C	6800-8400'	1600'

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

Creek AL Federal #18

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B. CEMENTING PROGRAM:

Surface casing: 400 sx Lite (Yld 2 Wt.12.5) Tail in w/ 250 sx Class "C"+ 2% CaCL₂ (Yld 1.32 Wt 14.8)

Intermediate Casing: 600 sx Lite (Yld 2 Wt 12.5); Tail in w/250 sx Class "C" + 2% CaCL₂ (Yld 1.32 Wt. 14.8)

Production Casing: TOC-2300'; 550 sx Lite (Yld 2 Wt. 12.5). Tail in w/ 500 sx Super "C" (Yld 1.62 Wt 13.2)

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-700'	FW/Native Mud	8.4-9.0	28-32	N/C
700'-2800'	Brine	10.0-10.2	28	N/C
2800'-TD'	FW/Cut Brine	8.4-9.2	28	N/C

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: 30' samples to 5000'. 10' samples 5000' to TD.

Logging: Platform HALS

Coring: Sidewall cores as warranted.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 700'	Anticipated Max. BHP:	300	PSI
From: 700'	TO: 2800'	Anticipated Max. BHP:	1200	PSI
From: 2800'	TO: TD	Anticipated Max. BHP:	3700	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 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Creek AL Federal #18
500' FNL & 500' FEL
Section. 25, T-18S-R30-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 9 miles southeast of Loco Hills, 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 Highway 360. Turn right on 360 and go to Duval Shaft Road (CR-251). Turn left on Duval Shaft Road and go to Grubbs Road (CR-250). Turn right on Grubbs road and go approx. 4.8 miles. Turn left here and go approx. .7 of a mile. Turn left and go .7 of a mile to the Creek AL Battery on the right. On the northwest corner of the Creek Battery follow lease road to the north for approx. .2 of a mile. The new road will start here going east.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go east for approximately .2 of a mile to the southwest corner of the drilling pad. The road will lie in an west to east 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. Traffic turnouts may 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 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 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:

Dirt contractor will locate closest 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: | B. Through Drilling Operations,
Completions and Production: |
| Cy Cowan, Regulatory Agent

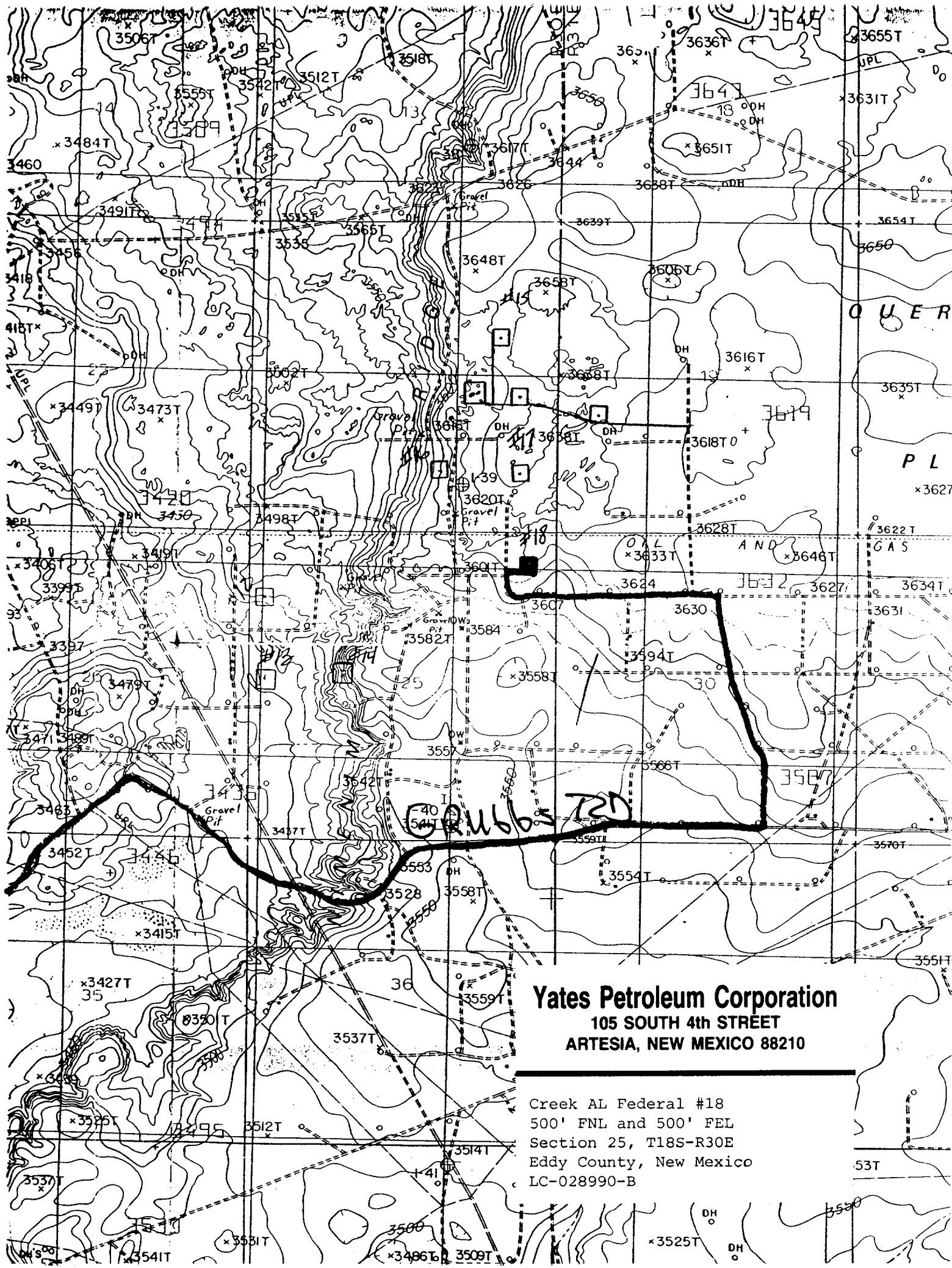
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | Pinson McWhorter,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 |

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.

9/21/01


Regulatory Agent

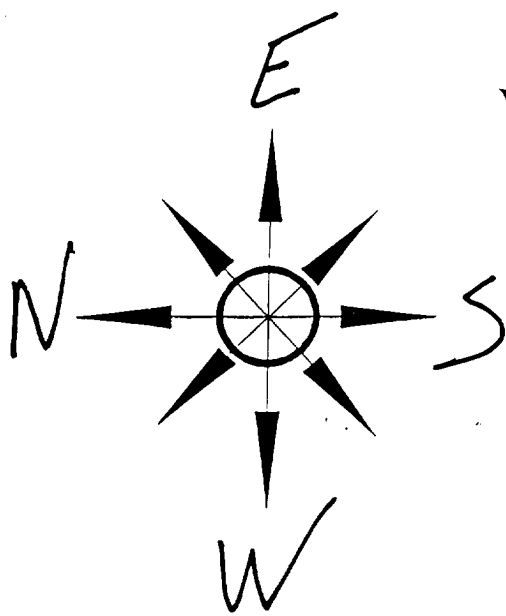


Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Creek AL Federal #18
500' FNL and 500' FEL
Section 25, T18S-R30E
Eddy County, New Mexico
LC-028990-B

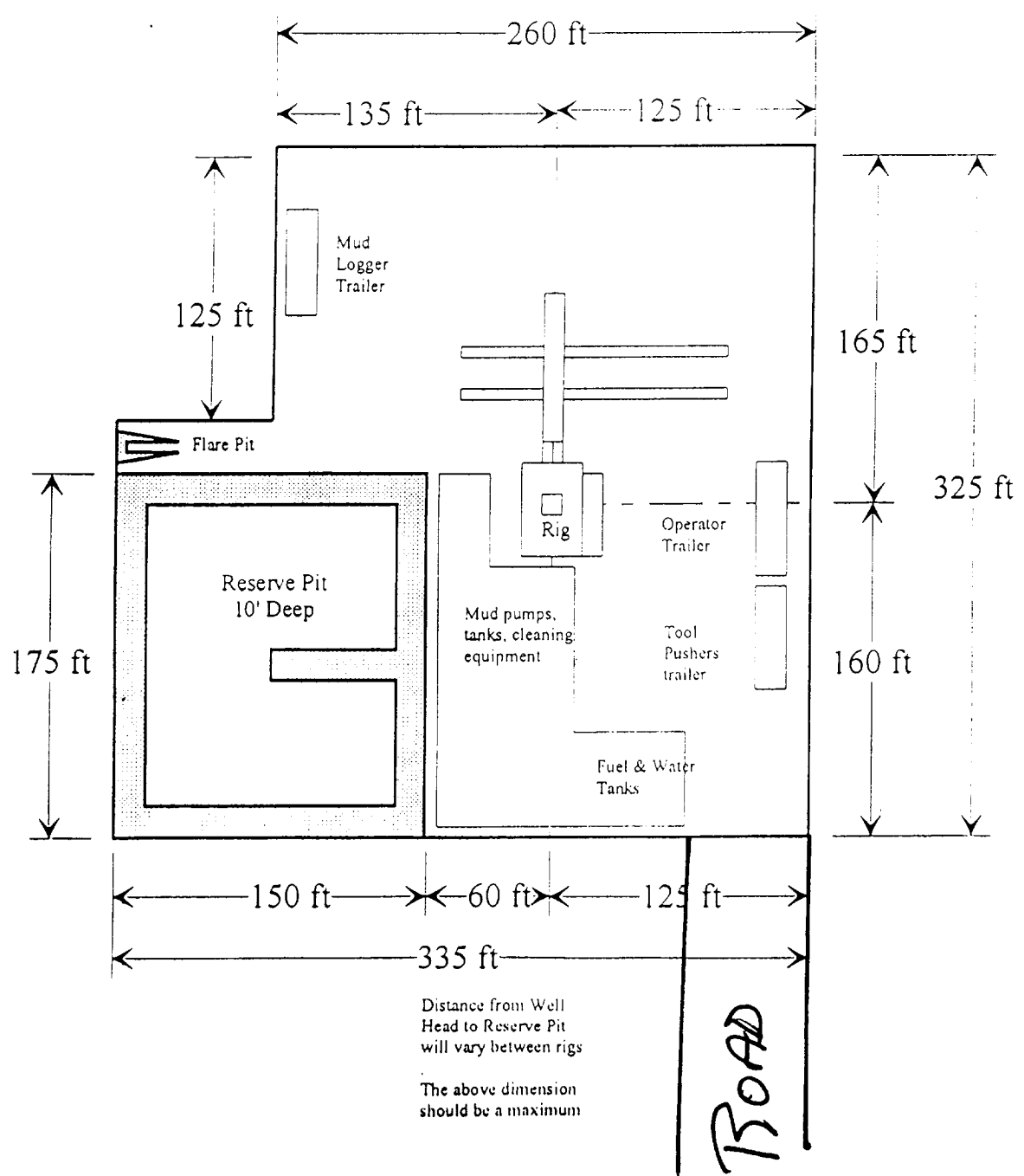
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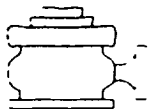
Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'



Pits North

Creek AL Federal #18
500' FNL and 500' FEL
Section 25, T18S-R30E
Eddy County, New Mexico
LC-028990-B

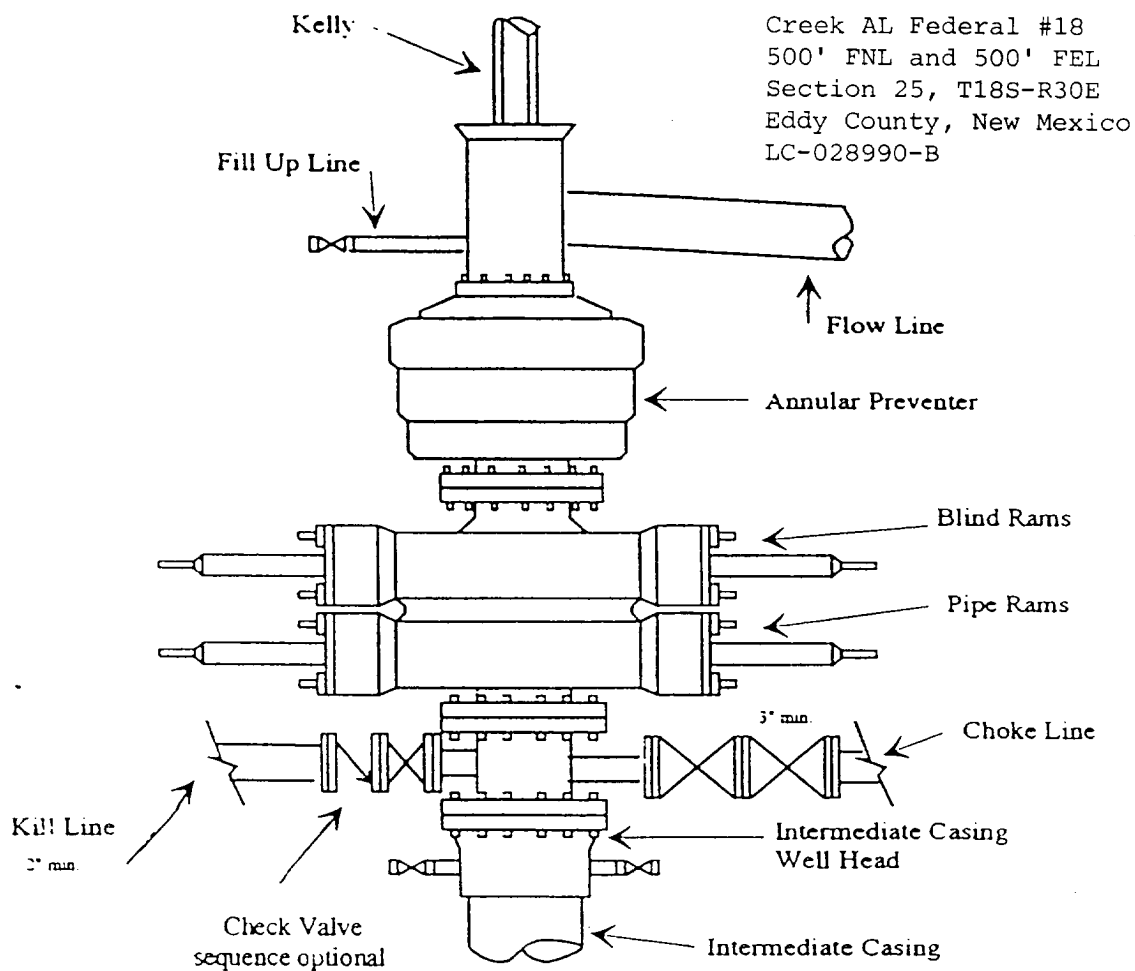




Yates Petroleum Corporation

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

