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BUREAD OF LAND MANA			5. Lease Serial No.			
450 0100			LC-028990-B 6. If Indian, Allottee	or Tribe Na		
APPE CATION FOR PERMIT TO I	DRILL OR REENTER					
1a. Type of Work: Image: Constraint of Work:<	EENTER		7. If Unit or CA Agreement, Name and No. /323			
b. Type of Well: 🔽 Oil Well 🔲 Gas 🚺 Other Well	Single Zone	Multiple Zone	8. Lease Name and Creek AL Feder			
2. Name of Operator 25575	~		9. API Well No.			
Yates Petroleum Corporation Shua	ani Bone Sprin	g, North	<u> </u>	<u>15-3</u>	2207	
3A. Address 105 South Fourth Street	3b. Phone No. (include drea cod		10. Field and Pool, o	r Exploratory	/	
Artesia, New Mexico 88210	(505) 748-147	/1	Wildcat Bone S	2		
4. Location of Well (Report location clearly and in accordance with a			11. Sec., T., R., M.,	or Blk, and S	urvey or Area	
	nd 1780' FEL		Section 24 T19	C D20E		
At proposed prod. Zone Uhit o 14. Distance in miles and direction from nearest town or post office*	Same		Section 24, T18 12. County or Parish		3. State	
Approximately 8 miles South of Loco Hills, New I	Mexico		Eddy County		NM	
15. Distance from proposed*	16. No. of Acres in lease	17. Spacing Ur	it dedicated to this well	I		
property or lease line, ft. 1780' (Also to nearest drig. unit line, if any)	ion to nearest erty or lease line, ft. 1780'				40 acres SW/4SE/4	
 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1300' 	19. Proposed Depth 8400'	20. BLM/BIA	Bond No. on file 585997			
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will	start*	23. Estimated duration	on		
3611' GL	ASAP		30) days		
Secretary's Potash	24. Attachments	Capilion Co	ntrollad Water I	hale		
The following, completed in accordance with the requirements of Onshe	ore Oil and Gas Order No. 1, shall b					
1. Well plat certified by a registered surveyor.	4. Bond to cove	er the operations	unless covered by an e	xisting bond	on file (see	
2. A Drilling Plan.	Item 20 abov	/e).				
3. A Surface Use Plan (if the location is on National Forest System Lar	ids, the 5. Operator cert	ification.				
SUPO shall be filed with the appropriate Forest Service Office.		-	ation and/or plans as m	ay be require	d by the	
	authorized of	fice.				
25. Signature (h Awan	Name (Printed/Typed)			Date 10 /	2/01	
Title:						
Regulatory Agent -						
Approved by (Signature)	Name (Printed/Typed)			Date		
ISI FRANK SPLENDORIA	IOffice	NF SPL	ENDORIA	FEB ()	<u> 5 2002 </u>	
ACTIN' STATE DIRECTOR			ATE OFFICE			
Application approval does not warrant or certify that the applicant hold	s legal or equitable title to those right				int to conduct	
operations thereon.		APPR	OVAL FOR	1 YE	AR	
Conditions of approval, if any, are attached.		nd willfully to an	ke to any denortment	r agency of +	he United	
Title 18 U.S.C. Section 1001and Title 43 U.S.C. Section 1212, make it States any false, fictitious or fraudulent statements or representations as						
*(Instructions on reverse)			VAL SUBJEC	TTO		
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SPECIAL	STIPULATIONS
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DISTRICT I 1625 H. Preach Br., Hobbs, IM 88240 DISTRICT II 811 South First, Artonia, 101 88210 DISTRICT III 1000 Rio Braxos Rd., Astec, NM 87410 DISTRICT IV 2048 South Pacheco, Santa Pe, NM 87505 State of New Mexico

Energy, Macrals and Natural Resources Department

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

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

I AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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YATES PETROLEUM CORPORATION Creek "AL" Federal #16 990' FSL and 1780' FEL Section 24-T18S-R30E Eddy County, New Mexico

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

Rustler Tansill	485' 1800'
Yates	1910'
Severn Rivers	2350'
Queen	3075'
Grayburg	3560'
Delaware	4600'
Bone Spring	5820'
Dolomite	8220'
TD	8400'

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

Water: 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)

Hole Size	Casing Size	Wt./Ft	<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 ½"	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 #16 Page 2

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 1.32).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Туре	<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 to 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 Anticipated

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 #16 990' FSL and 1780' FEL Section 24-T18S-R30E 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 8 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 to the Grubbs Road (CR 250). Turn right on Grubbs Rd. and go approx. 4.8 miles. Turn North here and go approx. 0.7 of a mile to the Creek "AL" Battery on the right. On the West side of the Creek Battery follow road to the North for approx. 0.3 of a mile to the Creek "AL" Fee #2 well. Turn West and follow existing two track road West for approx. 0.2 of a mile to the Southeast corner of the well pad.

- 2. PLANNED ACCESS ROAD:
 - A. The proposed new access will go west for approximately 0.2° of a mile 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. Some 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 no 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.

Creek "AL" Federal #16

Page 2

LOCATION AND TYPE OF WATER SUPPLY: 5.

It is planned to drill the proposed well with a fresh water system. The water will be Α. obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

SOURCE OF CONSTRUCTION MATERIALS: 6.

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

METHODS OF HANDLING WASTE DISPOSAL: 7.

- Drill cuttings will be disposed of in the reserve pits. Α.
- Drilling fluids will be allowed to evaporate in the reserve pits until the pits are Β. dry.
- Water produced during operations will be collected in tanks until hauled to an C. approved disposal system, or separate disposal application will be submitted.
- Oil produced during operations will be stored in tanks until sold. D.
- Current laws and regulations pertaining to the disposal of human waste will be Ε. complied with.
- All trash, junk, and other waste materials will be contained in trash cages or F. bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.
- ANCILLARY FACILITIES: INCLUDE ONE (1) 3" SDR-11, POLY, SURFACE FLOWLINE AND ONE (1) 640 VOLT, 3 PHASE, RAPTOR PROOF POWERLINE FOLLOW 8. ACCESS ROADS TO THE CREEK BATTERY. SEE EXHIBIT.
- WELLSITE LAYOUT: 9.
 - Exhibit C shows the relative location and dimensions of the well pad, the Α. reserve pits, the location of the drilling equipment, rig orientation and access road approach.
 - The reserve pits will be plastic lined. Β.
 - A 400' x 400' area has been staked and flagged. C.
- PLANS FOR RESTORATION: 10.
 - After finishing drilling and/or completion operations, all equipment and other material Α. 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.
 - Unguarded pits, if any, containing fluids will be fenced until they have dried and Β. been leveled.
 - If the proposed well is non-productive, all rehabilitation and/or vegetation С 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.
- SURFACE OWNERSHIP: Federal Surface, Administered by Bureau of Land Management, 11. Carlsbad, New Mexico.

Creek "AL" Federal #16 Page 3

- 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.
 P. The primary surface use is for grazing.
 - B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Cy Cowan, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 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

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.

10/02/01

Regulatory A







Yates Petroleum Corporation

Typical 3.000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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



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