

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 **25575**
Yates Petroleum Corporation *Unders. Turkey Track Meadow, North*

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 **660' FSL & 1980' FWL**
At proposed prod. Zone **Same**

14. Distance in miles and direction from nearest town or post office*
Approximately 20 miles SE of Artesia, New Mexico

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **660'**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **1320'**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3445' GL

16. No. of Acres in lease
280.00

19. Proposed Depth
11,900'

22. Approximate date work will start*
ASAP

17. Spacing Unit dedicated to this well
W/2

20. BLM/BIA Bond No. on file
585997

23. Estimated duration
45 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.
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 office.

25. Signature *Cy Cowan* Name (Printed/Typed) **Cy Cowan** Date **4/30/02**

Title: **Regulatory Agent**
Approved by (Signature) **/S/ JOE G. LARA** Name (Printed/Typed) **/S/ JOE G. LARA** Date **MAY 31 2002**

Title **ACTING 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)

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

RECEIVED

2002 MAY - 1 PM 2: 57

BUREAU OF LAND MGMT.
ROSWELL OFFICE

2002 MAY 1 10: 45 AM

2002 MAY 1 10: 45 AM

District I
1825 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, N M 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 Wildcat Morrow	
Property Code	Property Name SHELBY "AVL" FED. COM.		Well Number 1	
OGRID No. 025575	Operation Name YATES PETROLEUM CORPORATION		Elevation 3445	

Surface Location


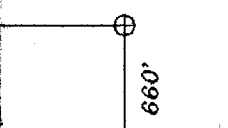
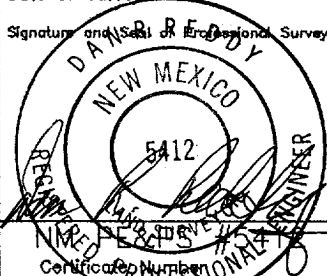
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
N	24	18-S	29-E		660	SOUTH	1980'	WEST	EDDY

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
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

FEE				OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
				Signature 	
				Printed Name Cy Cowan	
				Title Regulatory Agent	
				Date April 30, 2002	
V-5345				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 KNOWLEDGE AND BELIEF.	
				APRIL 11, 2002	
				Date of Survey	
K-3791 1980'		LC-047311-B 		Signature and Seal of Professional Surveyor 	
				Certificate Number	

YATES PETROLEUM CORPORATION
Shelby AVL Federal Com. #1
660' FSL & 1980' FWL
Section. 24 -T18S-R29E
Eddy County, New Mexico

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

Yates	960'	Strawn	10,350'
Queen	1810'	Atoka	10,600'
Bone Spring	3870'	Morrow Clastics	10,840'
Wolf Camp	9000'	Austin Cycle	11,750'
Penn	9740'	TD	11,900'
Canyon	10,090'		

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 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>Coupling</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"	34#	J-55	ST&C	0-3200'	3200'
7 7/8"	5 1/2"	17#	J-80	LT&C	0-2500'	2500'
7 7/8"	5 1/2"	17#	J-55	LT&C	2500-7500'	5000'
7 7/8"	5 1/2"	17#	N-80	LT&C	7500-10300'	2800'
7 7/8"	5 1/2"	17#	HCP-110	LT&C	10300-11900'	1600'

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

Production Casing: TOC-2700'; 700 sx Lite (Yld 2.05 Wt. 12.6). Tail in w/ 500 sx Super "C" (Yld 1.67 Wt 13.0)

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>
0-400'	FW Gel/Paper	8.6-9.0	32-36	N/C
400'-3200'	Brine	10.0-10.2	28	N/C
3200'-10500'	Cut Brine	8.8-9.5	28	N/C
10500'-11900'	Salt Gel/Starch/Drispac/KCL	9.5-10.0	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 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: 400'	Anticipated Max. BHP:	150	PSI
From: 400'	TO: 3200'	Anticipated Max. BHP:	1300	PSI
From: 3200'	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 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Shelby AVL Federal Com. #1

660' FSL & 1980' FWL

Section. 24, T-18S-R29E

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 20 miles southeast 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 State Road 360. Turn right on 360 and go to the intersection of Highway 360 and Old Loco Road. From here continue east on 360 for approx. 1.5 miles. Turn north here at yellow cattle guard and Myco East Turkey Track Fed. Com. #3 well sign. Go north on existing lease road and go approximately 1.1 miles. The new access road will start here going east.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go east for approximately 400' to the northwest corner of the drilling pad. The road will lie in a 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 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, an electric 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 landfill. 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 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 after they have evaporated and dried.

11. SURFACE OWNERSHIP: Private surface owned by Bogle Limited Company of Dexter New Mexico. YPC has made a surface agreement with Mr. Lewis Derrick representing Bogle Limited Company.

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:

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.

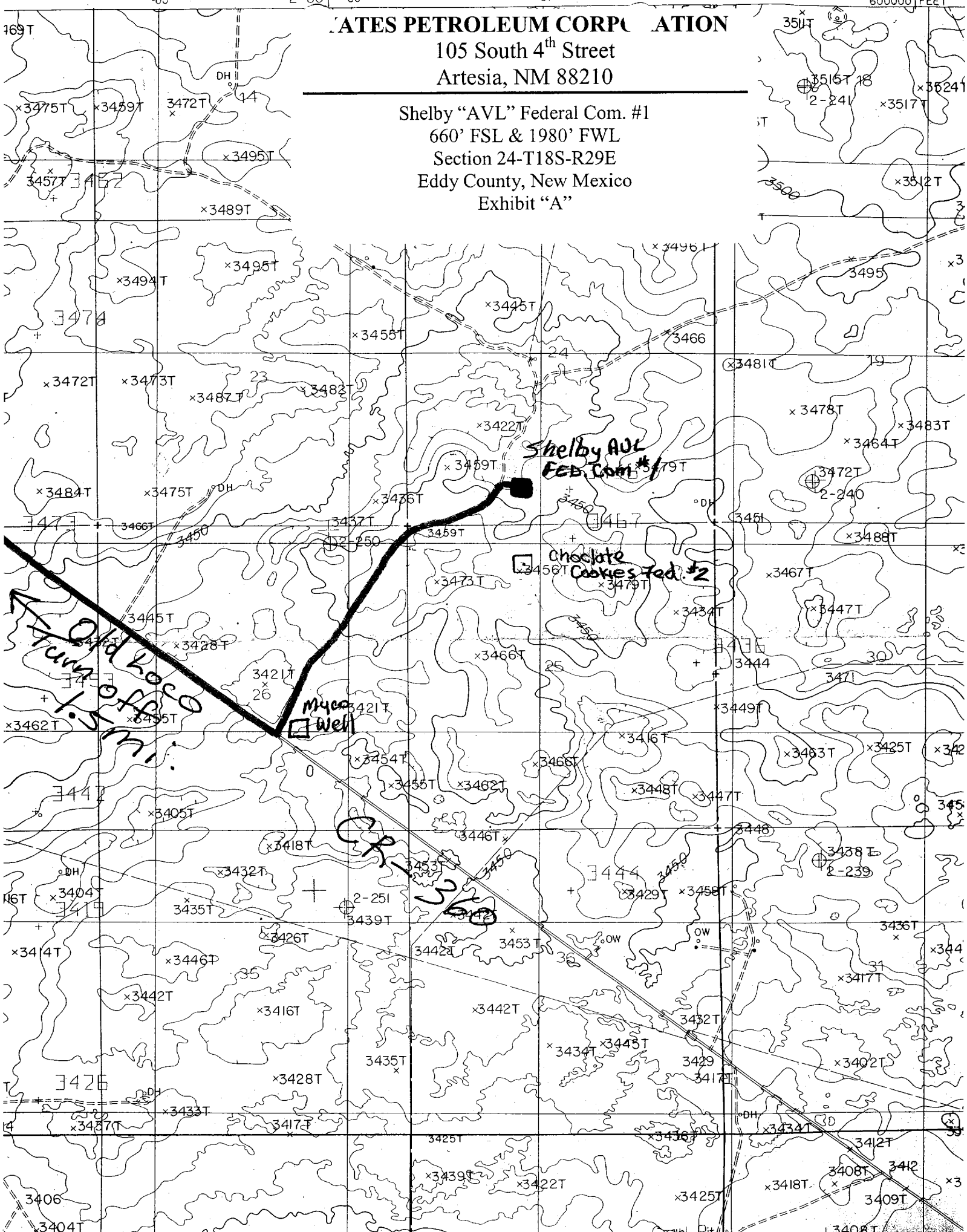
4/30/02

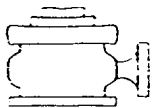

Regulatory Agent

ARTES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

Shelby "AVL" Federal Com. #1
660' FSL & 1980' FWL
Section 24-T18S-R29E
Eddy County, New Mexico
Exhibit "A"





Yates Petroleum Corporation

BOP-4

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

YATES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

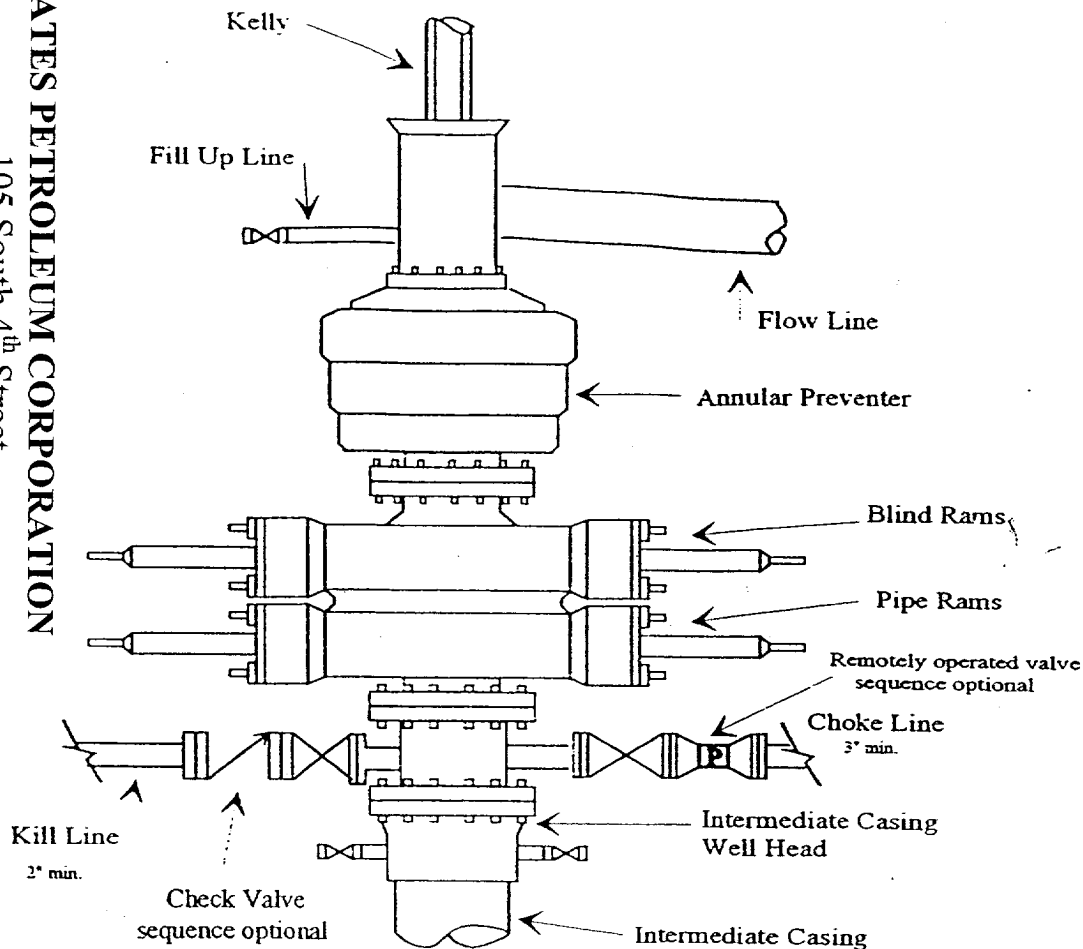
Shelby "AVL" Federal Com. #1

660' FSL & 1980' FWL

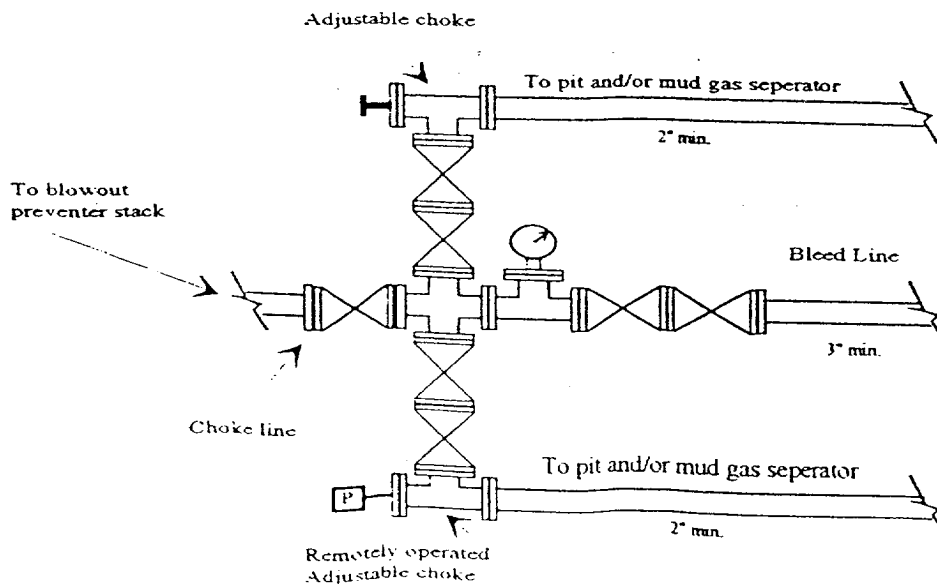
Section 24-T18S-R29E

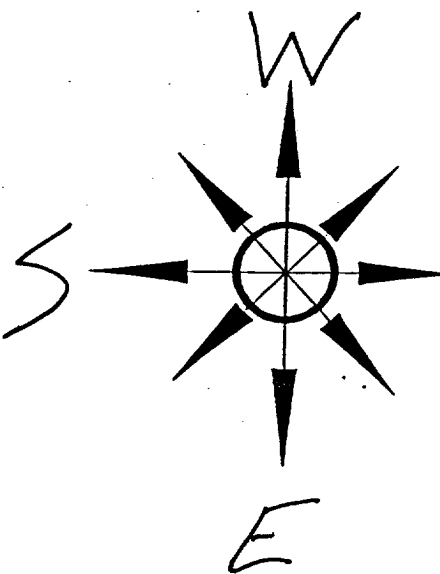
Eddy County, New Mexico

Exhibit "B"



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





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

*Pits South
V-Door West*

YATES PETROLEUM CORPORATION

105 South 4th Street

Artesia, NM 88210

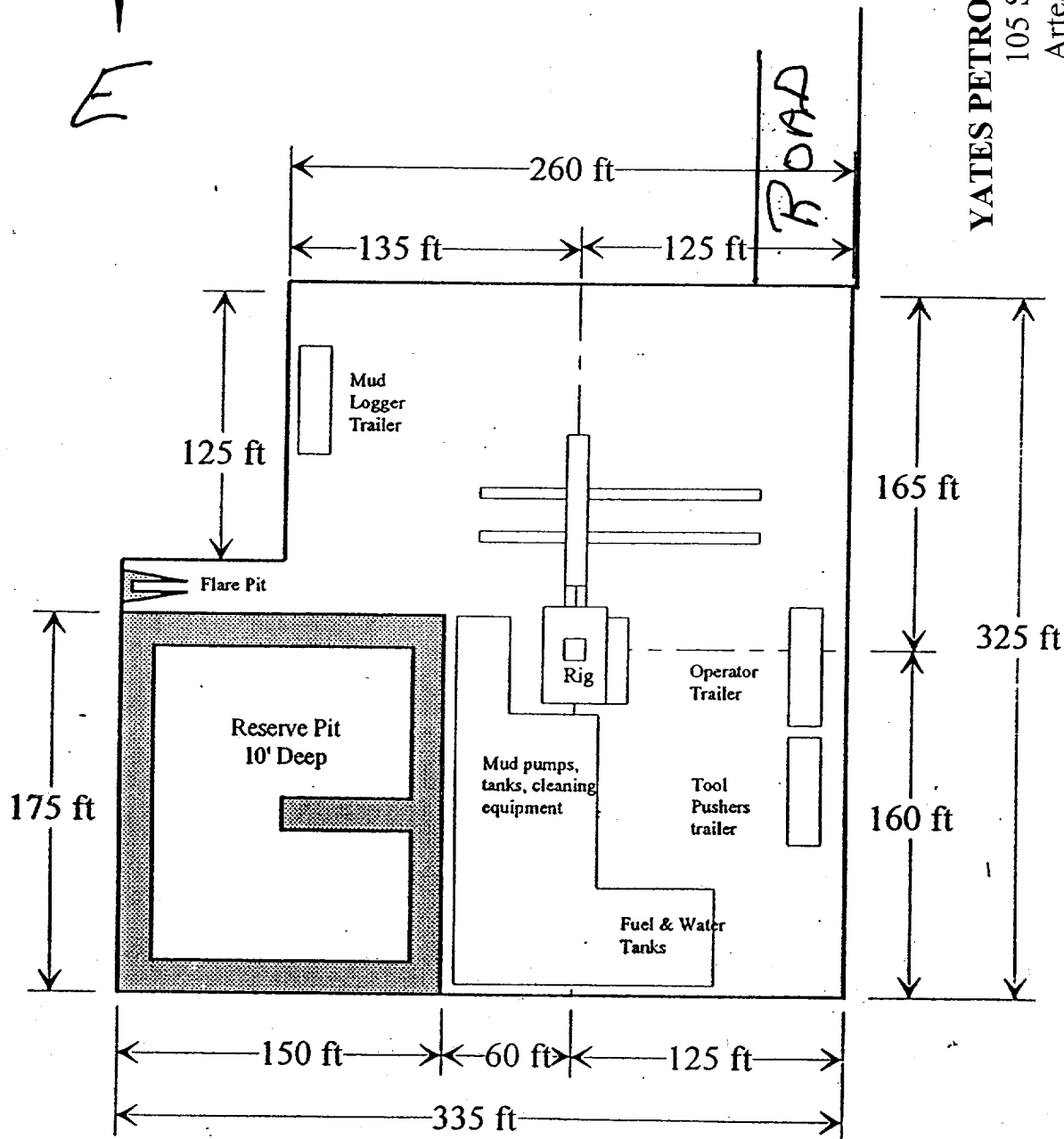
Shelby "AVL" Federal Com. #1

660' FSL & 1980' FWL

Section 24-T18S-R29E

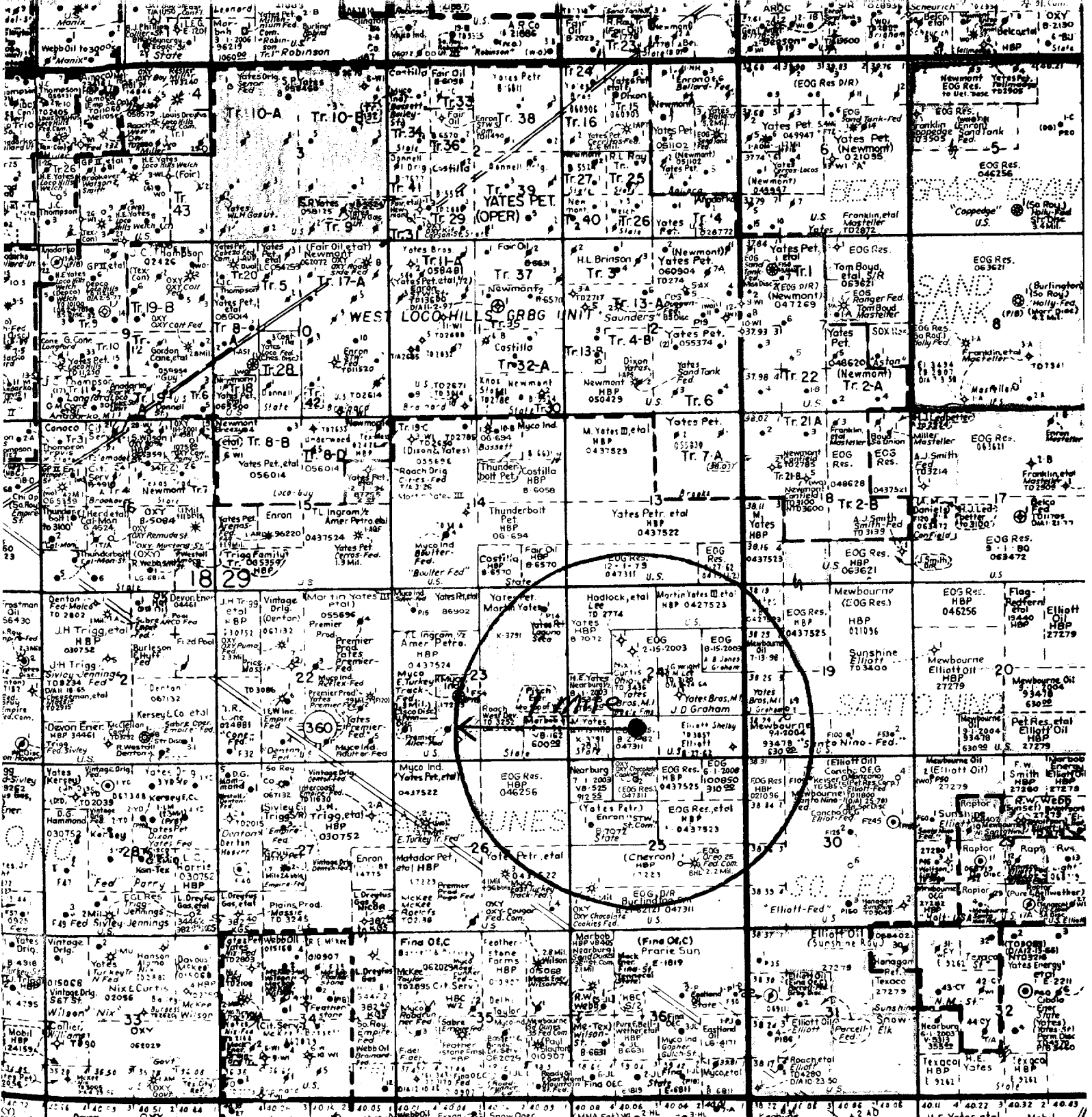
Eddy County, New Mexico

Exhibit "C"



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, NM 88210

Shelby "AVL" Federal Com. #1
660' FSL & 1980' FWL
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Eddy County, New Mexico
Exhibit "D"