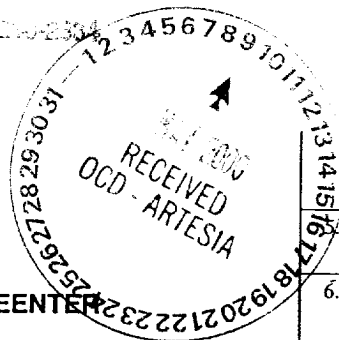


UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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



1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No. 25876	
2. Name of Operator Yates Petroleum Corporation 25875		8. Lease Name and Well No. Blacktail ATT Fed. #1	
3a. Address 105 South Fourth Street Artesia, NM 88210		9. API Well No. 30-015-31146	
3b. Phone No. (include area code) (505) 748-1471		10. Field and Pool, or Exploratory Wildcat Morrow	
4. Location of Well (Report location clearly and in accordance with <b>SUBJECT TO LIKE APPROVAL BY STATE</b> ) At surface 1980' FSL & 2450' FWL At proposed prod. zone same Unit 1K		11. Sec., T., R., M., or Blk. and Survey or Area Section 21-T20S-R21E	
14. Distance in miles and direction from nearest town or post office* Approximately 29 miles southwest of Artesia, New Mexico		12. County or Parish Eddy	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980'		13. State NM	
16. No. of Acres in lease 640		17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file 585997	
19. Proposed Depth 8500'		23. Estimated duration 30 days	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4581'		22. Approximate date work will start* ASAP	

24. Attachments **ROSWELL 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 officer. |

25. Signature	Name (Printed/Typed) Ken Beardemphl	Date 12/29/99
---------------	--	------------------

Title Landman	Office
------------------	--------

Approved by (Signature) LARRY D. BRAY	Name (Printed/Typed)	Date MAY 04 2000
--	----------------------	---------------------

Title Assistant Field Manager, Lands And Minerals	Office
---	--------

Application approval does not certify the the applicant holds legal or equitable interest 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)

Notify OCD at SPUD & TIME  
to witness cementing the  
8518 casing.

APPROVAL SUBJECT TO APPROVED FOR THE  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

Oper. To cover All oil, gas, water bearing zones - ocd  
w/cement

100-100000

RECEIVED  
MAY 24 2 54  
FBI - NEW YORK

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Morrow
Property Code	Property Name BLACKTAIL "ATT" FEDERAL	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4581

Surface Location

UL or lot No. K	Section 21	Township 20S	Range 21E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 2450	East/West line WEST	County 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

				<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature <u>Ken Beardemph1</u> Printed Name <u>Ken Beardemph1</u> Title <u>Landman</u> Date <u>12/29/99</u>
				<b>SURVEYOR CERTIFICATION</b>  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 <u>12/29/1999</u> Signature & Seal of Professional Surveyor <u>[Seal]</u> Certificate No. <u>Harwood L. Jones RLS 3640</u> BLACKTAIL 1 DISK 16 GENERAL SURVEYING COMPANY

2450'

1980'

NM-100517

## YATES PETROLEUM CORPORATION

Blacktail ATT Fed. #1  
1980' FSL & 2450' FWL  
Sec. 21-T20S-R21-E  
Eddy County, New Mexico

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

Glorietta	1900'
ABO	3500'
Wolfcamp	4500'
Cisco	5940'
Strawn	7200'
Atoka	7700'
Morrow	8100'
TD	8500'

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

Water: Approx 200' - 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>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40		ST&C	0-350'	350'
12 1/4"	8 5/8"	24#	J-55		ST&C	0-2000'	2000'
7 7/8"	4 1/2"	11.6#	S-95		LT&C	0-8500'	8500'

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

**B. CEMENTING PROGRAM:**

Surface casing: 400 sx "C" + 2% CACL2 (Yld 1.32 Wt.15.6)

**WITNESS**

Intermediate Casing: 750 sx Lite (Yld 2.0 wt 12.2); Tail in w/200 sx "C" + 2% CACL2 (Yld 1.32 Wt. 15.6)

**WITNESS**

Production Casing: TOC=4000, 775 sx Super "C" modified (Yld 1.63 wt. 13.0).

**5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	Freshwater Air Mist	8.4	28	N/C
350'-2000'	Freshwater Air Mist	8.4	28	N/C
2000'-7100'	Cut Brine	8.6-9.0	28	N/C
7100'-TD'	Salt Gel/Starch	9.0-9.5	30-34	<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 out from under surface casing.

Logging: CNL/LDT, DLL - w/RXD - 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:	175	PSI
From: 350	TO: 2000	Anticipated Max. BHP:	800	PSI
From: 2000	TO: 8500	Anticipated Max. BHP:	4200	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 20 days to drill the well with completion taking another 15 days.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**

Blacktail ATT Fed. #1

1980' FSL & 2450' FWL

Sec. 21-T20S-R21-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 29 miles Southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go South of Artesia on Highway 285 to Rock Daisy Road. Turn west and go to Armstrong Road and south to Deer Canyon Road and turn west and then go approximately 4.3 miles, then turn south on lease road for approximately 3/10ths of a mile. New road starts here going west.

### **2. PLANNED ACCESS ROAD.**

- A. The proposed new access will be approximately 10,000' in length from the point of origin to the northwest 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 turnout 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 not 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 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:

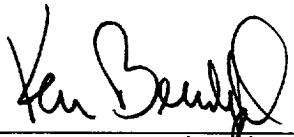
Ken Beardemphl, Landman  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

- 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.

  
\_\_\_\_\_  
Landman

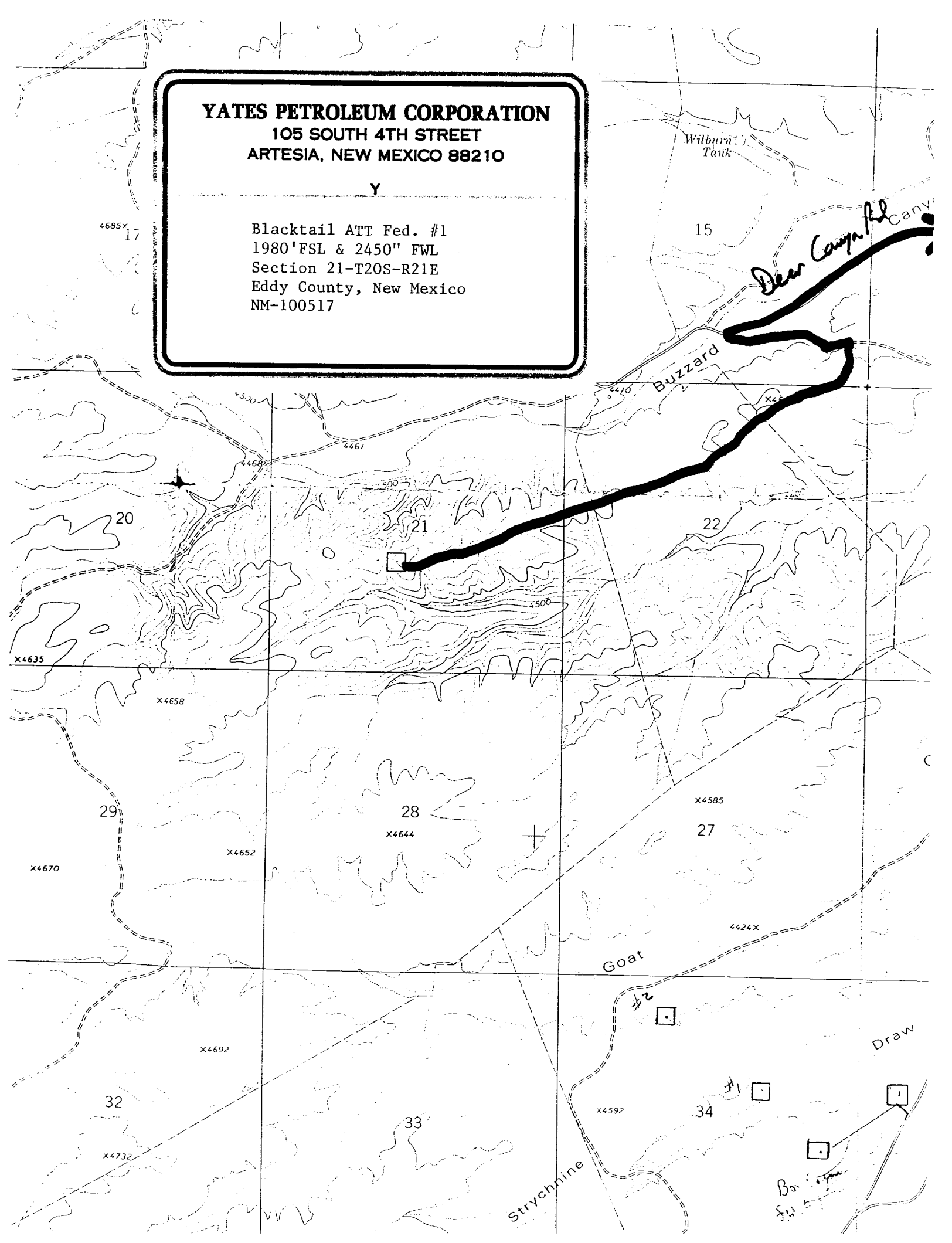
12/29/99

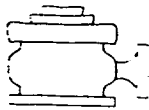


**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 88210

Y

Blacktail ATT Fed. #1  
1980' FSL & 2450" FWL  
Section 21-T20S-R21E  
Eddy County, New Mexico  
NM-100517





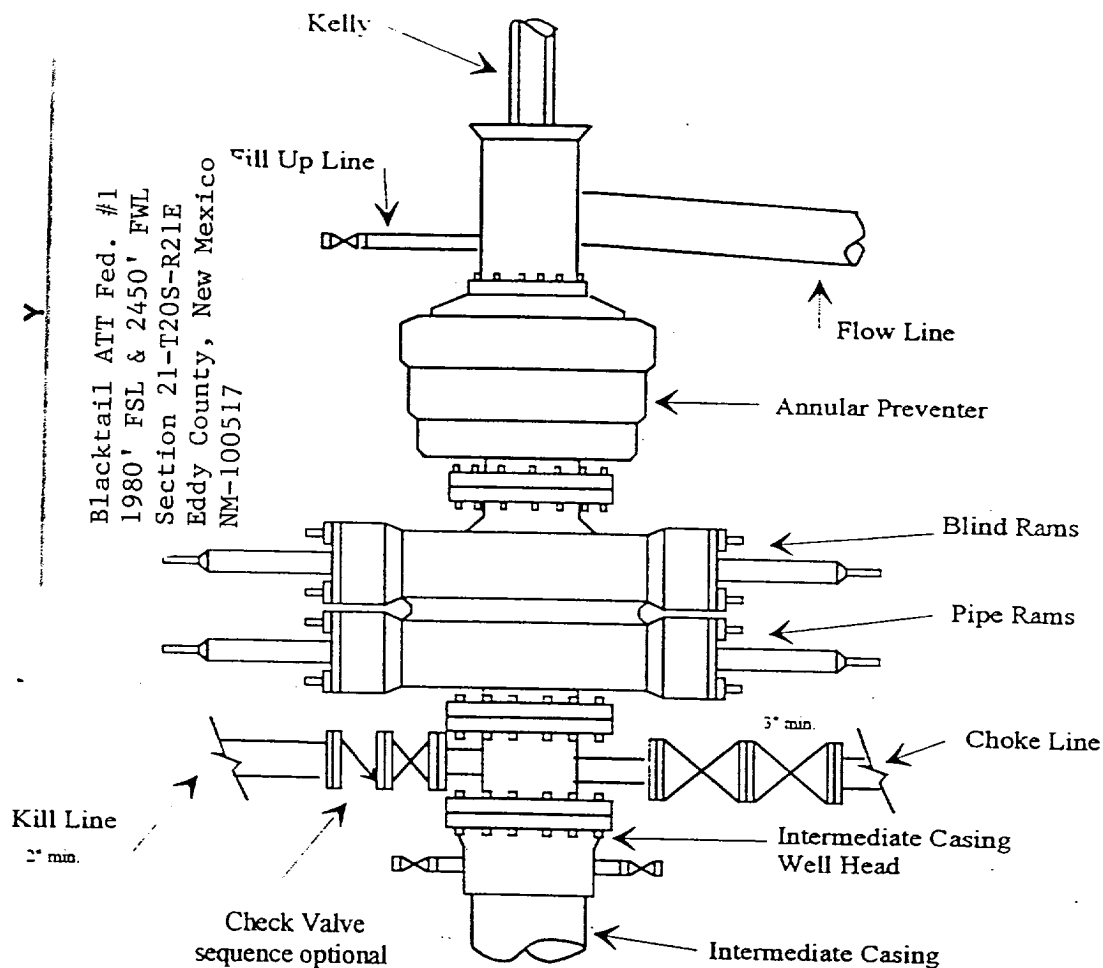
# Yates Petroleum Corporation

BOP-3

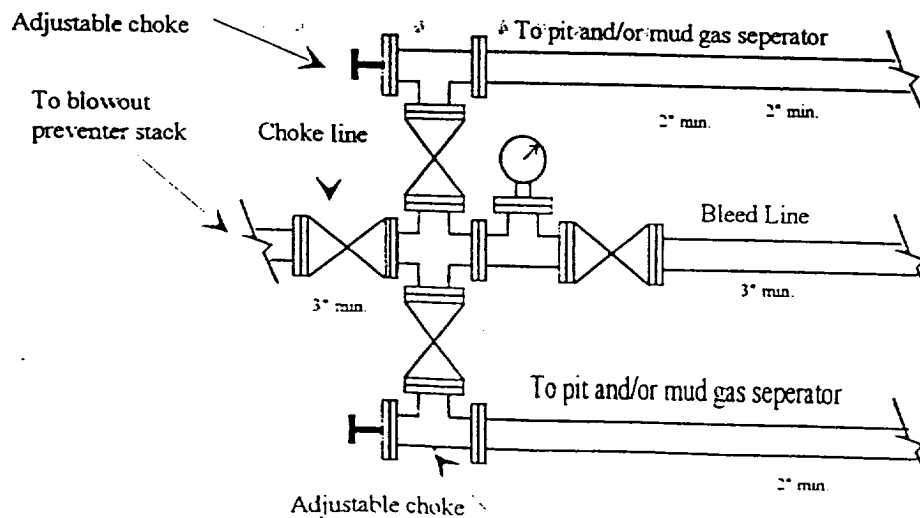
Typical 3,000 psi Pressure System  
Schematic  
Annular with Double Ram Preventer Stack

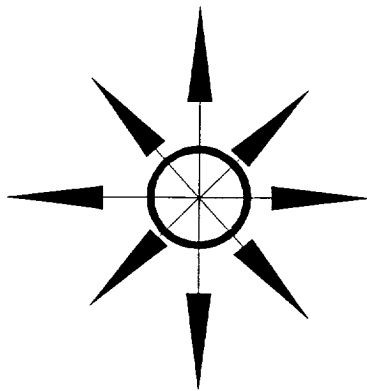
**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 88210

Blacktail ATT Fed. #1  
1980' FSL & 2450' FWL  
Section 21-T20S-R21E  
Eddy County, New Mexico  
NM-100517



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



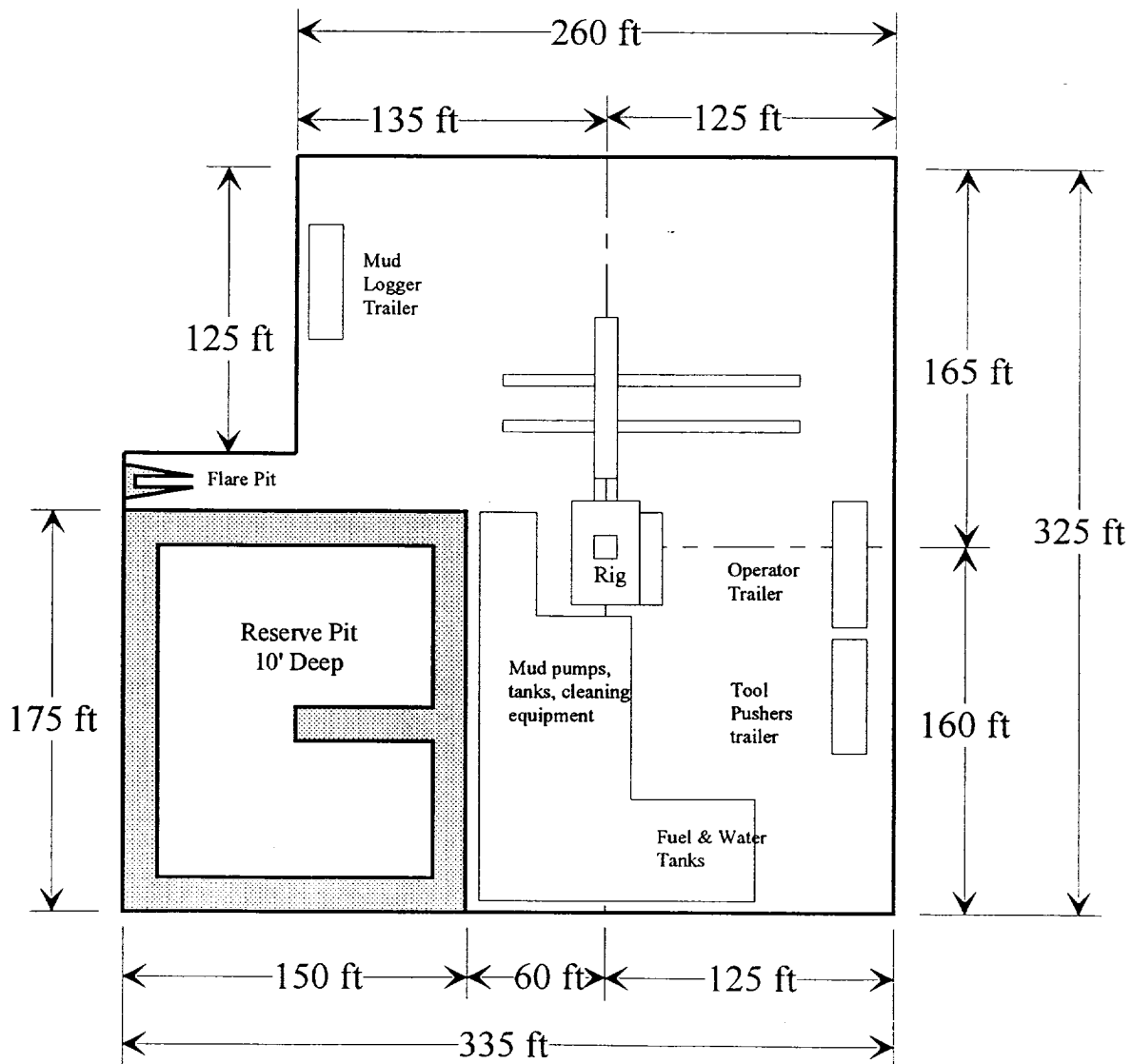


**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 88210

PB - L1

Y

Blacktail ATT Fed. #1  
1980' FSL & 2450' FWL  
Section 21-T20S-R21E  
Eddy County, New Mexico  
NM-100517

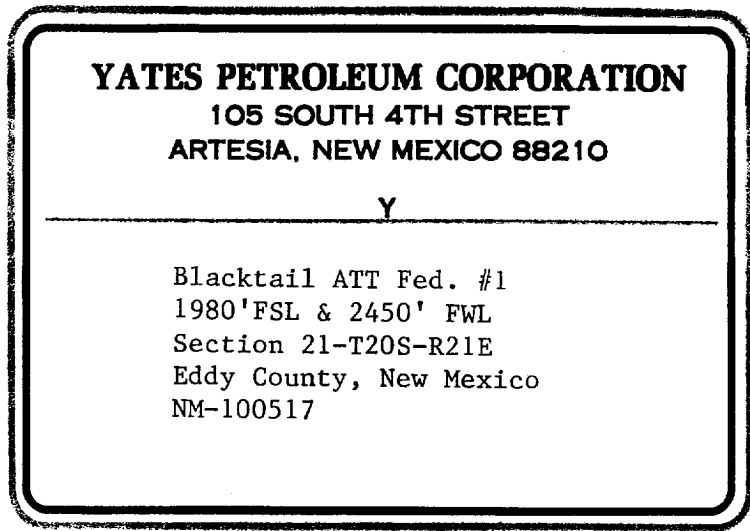


Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum

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

Blacktail ATT Fed. #1  
1980' FSL & 2450' FWL  
Section 21-T20S-R21E  
Eddy County, New Mexico  
NM-100517



HUNTING RANCH

T  
20  
S

