

N.M. Oil Cons. Div.-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER



0
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-92145
b. 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		6. If Indian, Allottee or Tribe Name
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. 296 47
3a. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Gumby BAG Federal #1
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-32245
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1650' FNL & 1980' FWL At proposed prod. Zone Same		10. Field and Pool, or Exploratory Wildcat Chester
14. Distance in miles and direction from nearest town or post office* Approximately 41 miles NW of Carlsbad, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Section 17, T19S-R23E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650'	16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well W/2
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 3 Miles	19. Proposed Depth 7900'	20. BLM/BIA Bond No. on file 585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4077' GL	22. Approximate date work will start* ASAP	23. Estimated duration 45 days

24. Attachments

Known 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 2/13/02
Title: Regulatory Agent		
Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) /s/ LESLIE A. THEISS	Date APR 02 2002
Title 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
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BUREAU OF LAND MGMT.
ROSWELL OFFICE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1400

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1650' FNL and 1980' FWL

Section 17, T19S-R23E

5. Lease Serial No.

NM-92145

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No.

Gumby BAG Federal #1

9. API Well No.

10. Field and Pool, or Exploratory Area

Wildcat Chester

11. County or Parish, State

Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please replace the attached revised access road map with the one that was submitted with the APD for the captioned dated 2/13/02.

Thank you.

RECEIVED
2002 FEB 27 PM 2 03
BUREAU OF LAND MGMT.
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Cy Cowan

Title

Regulatory Agent

Signature

Date

February 21, 2002

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/s/ LESLIE A. THEISS

FIELD MANAGER

Date

APR 02 2002

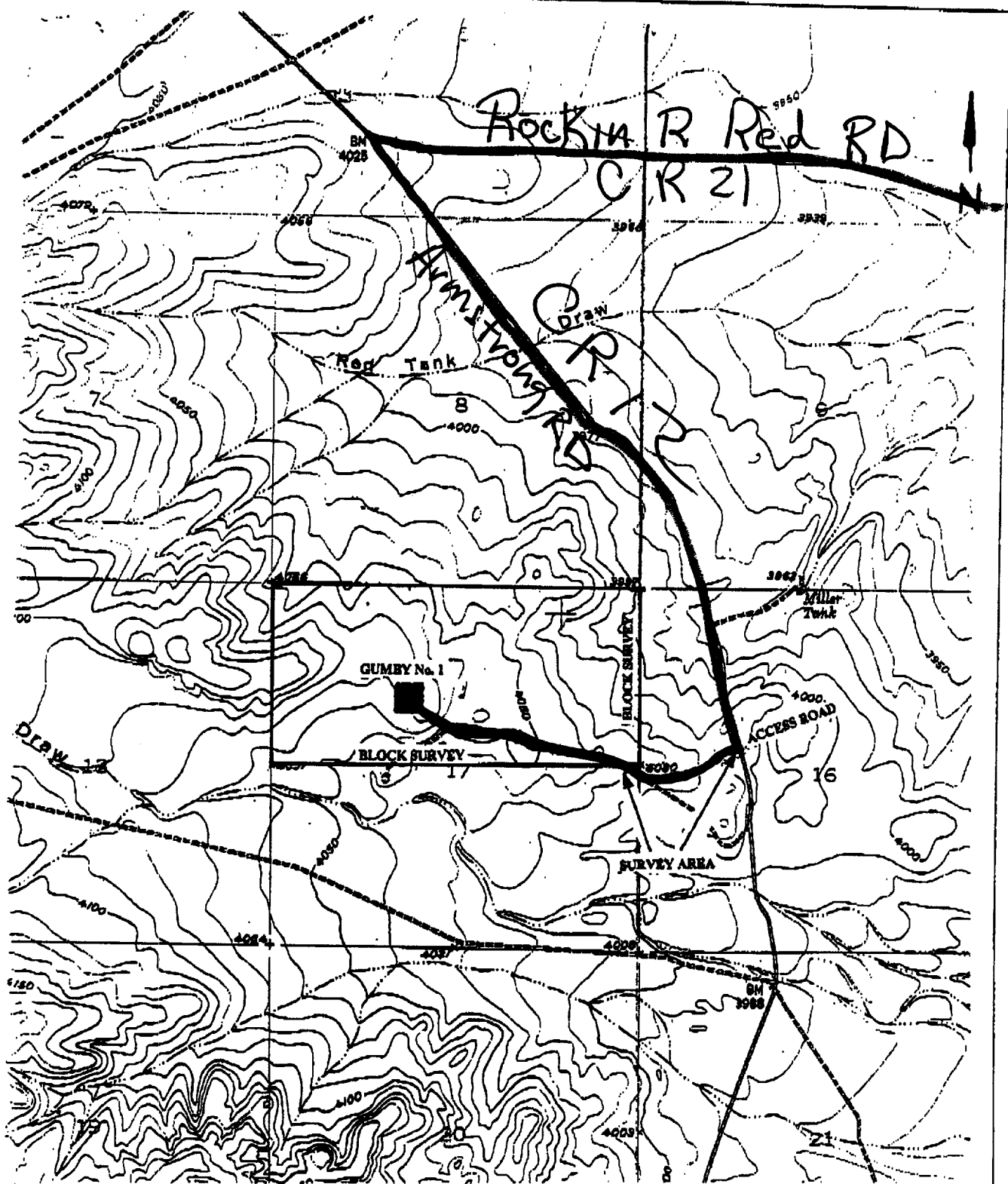
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, 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)



Location Map for Yates Petroleum Corporation's proposed pad for the Gumbly "BAG" Fcd. well No. 1 in Section 17 and access road in Sections 17 and 16, T 19 S, R 23 E, NMPM, Eddy County, NM.
 Map Reference: USGS 7.5' Series; ANTELOPE SINK, NM (1956, Photo inspected 1976) 32104-F6

District I
1625 N. Franch 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 Chester
Property Code	Property Name	Well Number
	GUMBY "BAG" FEDERAL	1
OGRID No.	Operation Name	Elevation
025575	YATES PETROLEUM CORP.	4077

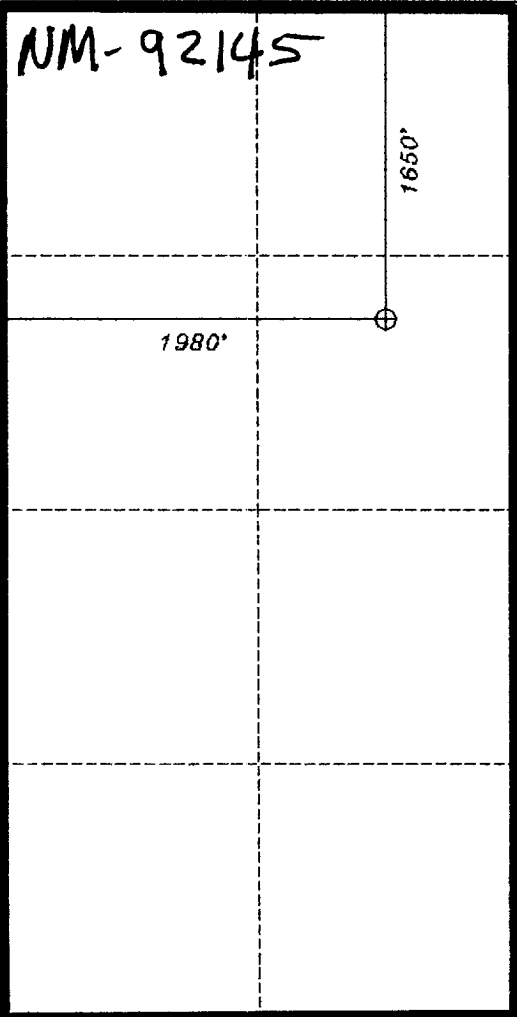
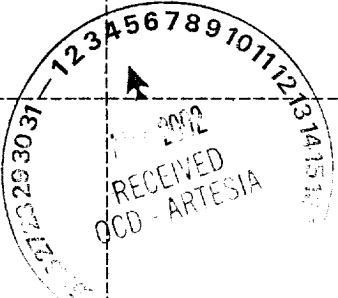
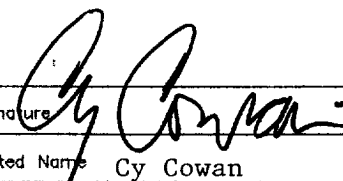
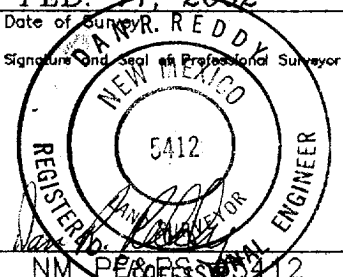
Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
F	17	19-S	23-E		1650	NORTH	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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320									

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

		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 2/13/02
		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.
		FEB. 11, 2002
		Date of Survey
		Signature and Seal of Professional Surveyor
		
		NM PROFESSIONAL ENGINEER
		Certificate Number

YATES PETROLEUM CORPORATION
Gumby "BAG" Federal #1
 1650' FNL & 1980' FWL
 Sec. 17-T19S-R23E
 Eddy County, New Mexico

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

Glorietta	1445	Atoka	7425'
Tubb	2810'	Morrow Clastic	7595'
Abo	3465'	Middle Morrow	7625'
Wolfcamp	4575'	Lower Morrow	7655'
Cisco	6125'	Base of Morrow	7725'
Strawn	7225'	Chester	7785'
		TD	7900'

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 13 3/8" 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	0-350'	350'
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1500'	1500'
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	100-6900'	6800'
7 7/8"	5 1/2"	17#	S-95	LT&C	6900'-7900'	1000'

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).

Intermediate Casing: 600 sx Lite (YLD 2.0 WT 12.5) Tail in with 200sx C + 2% CaCl₂ (YLD 1.32 WT 15.6).

Production Casing: TOC: 4000', 650 sx Super H modified (YLD 1.67 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'	FW/Air Mist	8.4	28	N/C
350'-1600'	Cut Brine FW	8.4	28	N/C
1600'-7200'	Cut Brine/4% KCL @ 6100'	8.6-9.2	28	N/C
7200'-TD	Salt Gel/Starch	9.2-9.8	32-38	<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 from intermediate casing.

Logging: Platform Express/HALS/Sonic, Possible FMI.

Coring: Rotary sidewall cores

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: 1500'	Anticipated Max. BHP: 700	PSI
From: 1500'	TO: 3900'	Anticipated Max. BHP: 3900	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface and intermediate holes.

H₂S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 153 F

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

Gumby "BAG" Federal #1

1650' FNL & 1980' FWL

Sec. 17-T19S-R23E

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 41 miles northwest of Carlsbad, 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 Rocking R Red Road (CR-21). Turn west on Rocking R Red Road and go approximately 18 miles to Armstrong Road (CR-12). Turn south on Armstrong Road and go approx. 1.8 miles to the huge power line going across Armstrong Road. Turn right here at power line on an abandoned well access road. This access road will be graded. Go west on road for approx. 0.8 of a mile to the southeast corner of the proposed well location.

2. PLANNED ACCESS ROAD

The new access will be approximately 0.8 of a mile in length from the point of origin to the southwest corner of the well pad.

3. LOCATION OF EXISTING WELL

- A. There is no 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, 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:

The dirt contractor will locate closest pit and will 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: 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:

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:

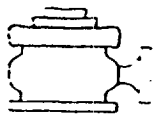
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

2/13/2002


Regulatory Agent

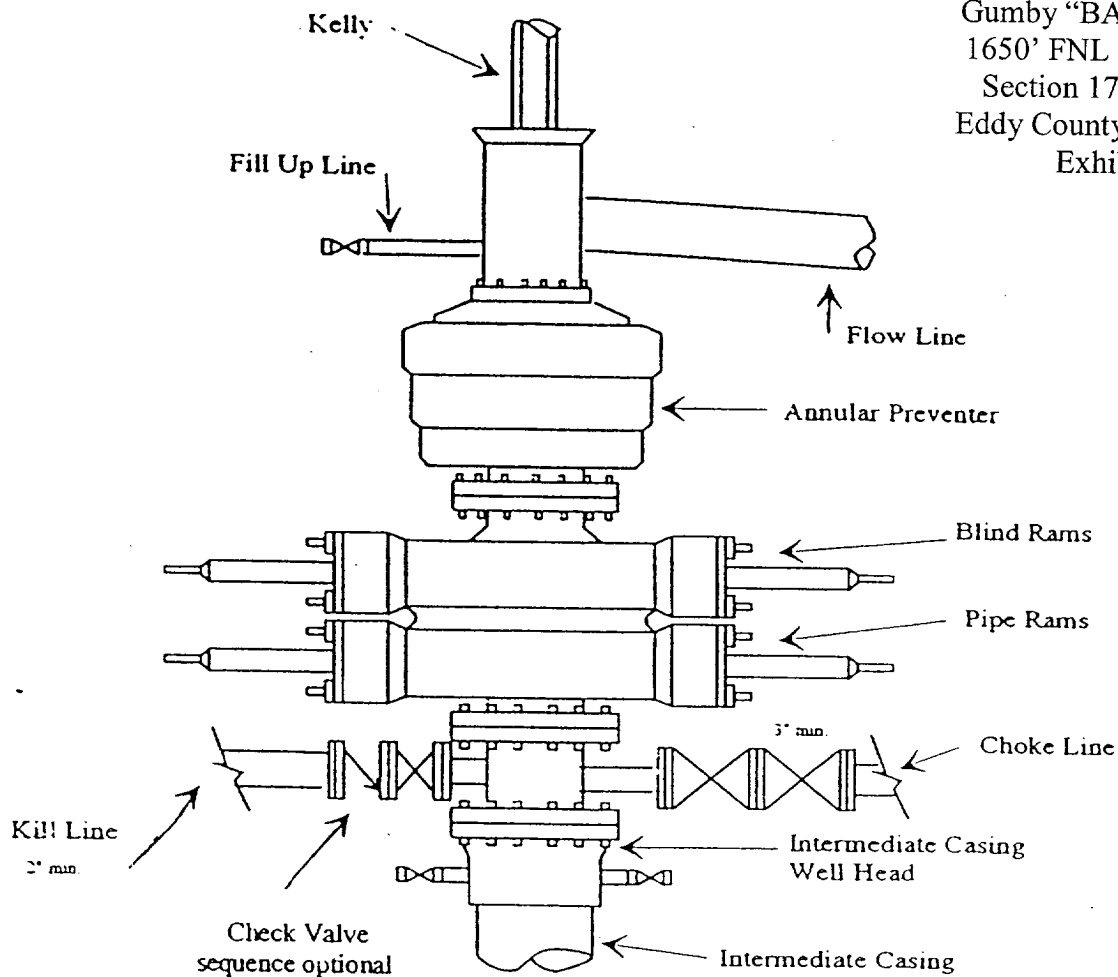


Yates Petroleum Corporation

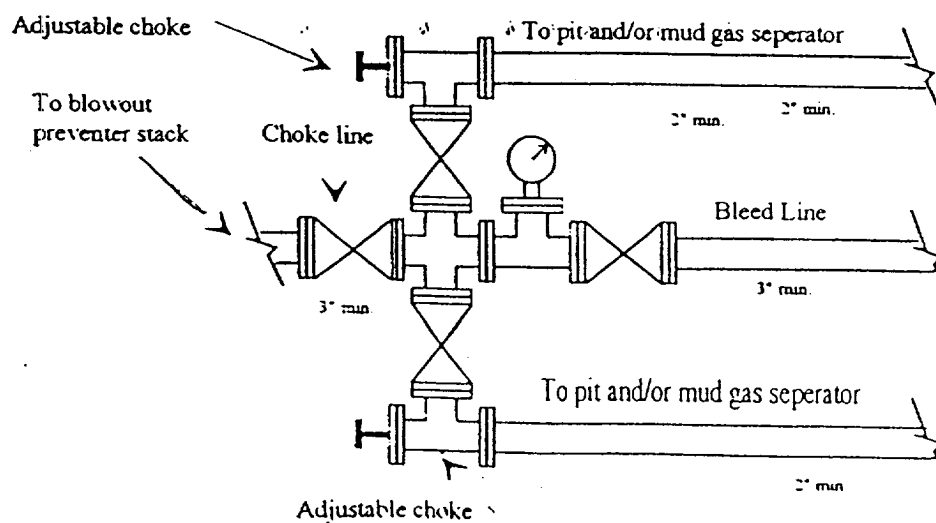
BOP-3

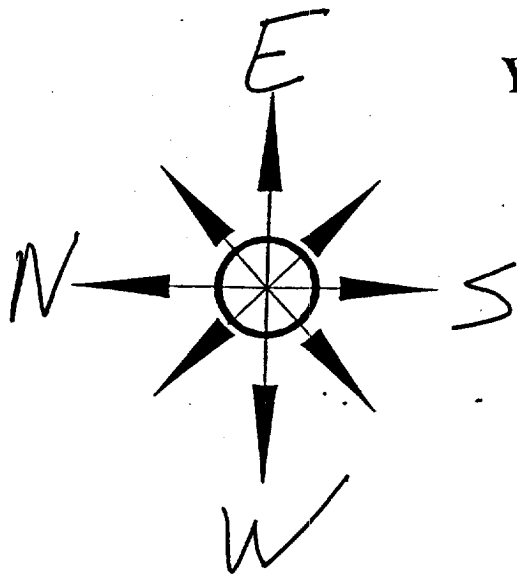
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

Gumby "BAG" Federal #1
1650' FNL & 1980' FWL
Section 17-T19S-R23E
Eddy County, New Mexico
Exhibit "B"



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



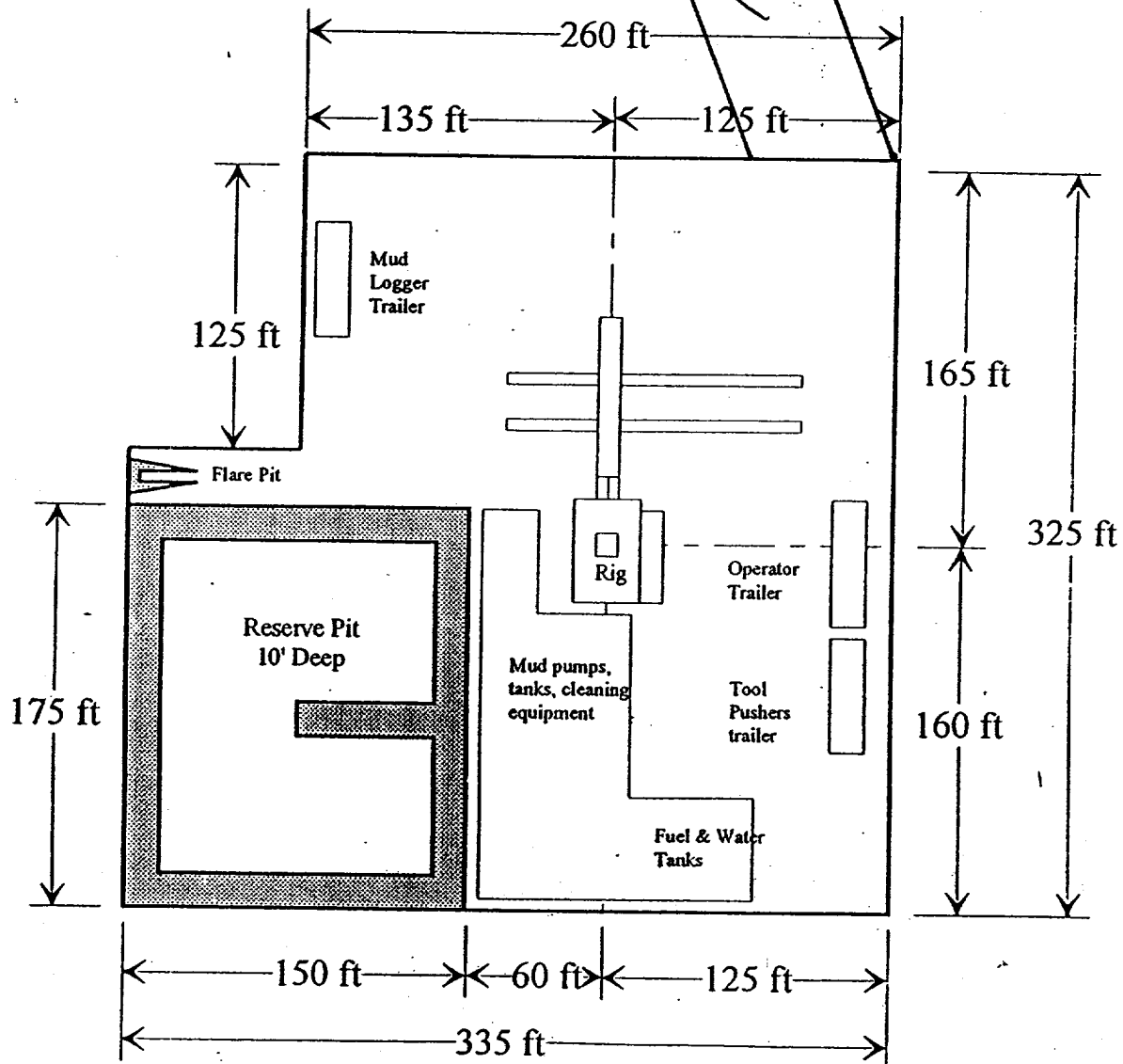


Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'

PB - L1

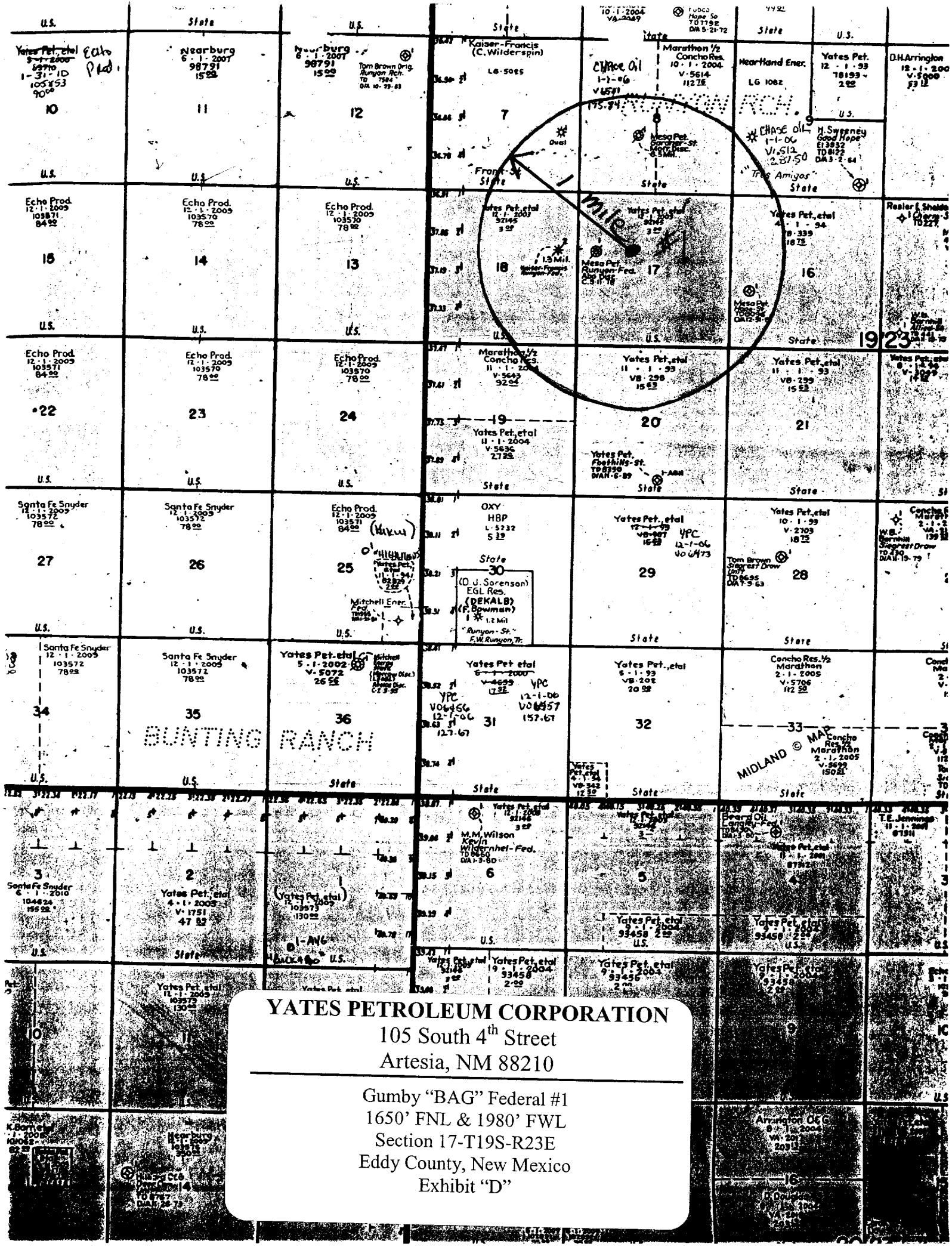
Pits North

Gumby "BAG" Federal #1
1650' FNL & 1980' FWL
Section 17-T19S-R23E
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

Gumby "BAG" Federal #1
1650' FNL & 1980' FWL
Section 17-T19S-R23E
Eddy County, New Mexico
Exhibit "D"

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 1, 2002

Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88220-1778

Attention: Mr. Barry Hunt

Re: Gumby BAG Federal #1
1650' FSL and 1980' FWL
Section 17, T19S-R23E
Eddy County, New Mexico

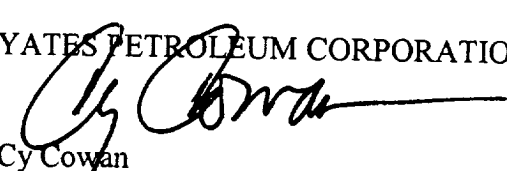
Dear Mr. Hunt:

Please be advised that Yates Petroleum Corporation has made a surface damage agreement with the Frank Runyan Trust, which represents the Private Surface Owners, on whose private land the captioned well is located.

Thank you for your concern in this matter.

Very Truly Yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

/cyc



RECEIVED
2002 MAR 5 PM 3 05
OCD - ARTESIA