

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

CISF

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

Yates Petroleum Corporation Under Cemetery Mesero

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 1980' FSL & 660' FWL - Surface Location
At proposed prod. Zone same as above

14. Distance in miles and direction from nearest town or post office*

Approximately 16 miles NW of Carlsbad, New Mexico

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

660'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

S/2

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

0.8 of a mile

19. Proposed Depth

9850'

20. BLM/BIA Bond No. on file

585997

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

3634' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

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

Name (Printed/Typed)

Date

Title:

Cy Cowan

(505) 748-4372

10/7/02

Regulatory Agent

Approved by (Signature)

/s/ JOE G. LARA

Name (Printed/Typed)

/s/ JOE G. LARA

Date

NOV 22 2002

Title

NTING 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

DISTRICT I
1625 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 and Natural Resources Department

Form C-102
Revised March 17, 1990
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 Morrow
Property Code	Property Name MYSTERY "AYM" FEDERAL	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3634


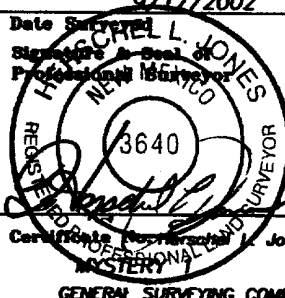
Surface Location

UL or lot No. L	Section 33	Township 20S	Range 25E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 660	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

				OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Cy Cowan Printed Name Regulatory Agent Title October 7, 2002 Date	
				SURVEYOR CERTIFICATION <i>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.</i> 9/17/2002 Date Surveyed  Signature & Seal of Professional Surveyor H. Schell L. Jones 3640 Certification: Professional L. Jones RLS 3640 GENERAL SURVEYING COMPANY	
		NM-108454			

YATES PETROLEUM CORPORATION
Mystery "AYG" Federal #1
 1980' FSL and 660' FWL
 Section 33, T20S-R25E
 Eddy County, New Mexico

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

San Andres	791'	Strawn	8533'
Glorietta	2441'	Atoka	9043'
Bone Spring Lime	3258'	Upper Morrow	9387'
2 nd Bone Spring Lime	3388'	Middle Morrow	9447'
3 rd Bone Springs Lime	6443'	Lower Morrow	9647'
Wolfcamp	6603'	Base of Morrow	9697'
Cisco	7645'	TD	9850'
Canyon	8063'		

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

Water: 200' - 300'
 Oil or Gas: All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 9 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>Thread</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1400'	1400'
8 3/4"	5 1/2"	17#	J-55	LT&C	0-1100'	1100'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	1100'-6400'	5300'
8 3/4"	5 1/2"	17#	J-55	LT&C	6400'-8000'	1600'
8 3/4"	5 1/2"	17#	HCP-110	LT&C	8000'-9850'	1850'

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

B. CEMENTING PROGRAM:

Surface casing: 750 sx Lite (YLD 2.0 WT 12.0). Tail in with 250 sx class C + 2% CaCl₂ (YLD 1.64 WT 13.0).

Production Casing: TOC 5100'. 700 sx class Super "H" (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>
Spud to 1400'	FW/Air Mist	8.4-8.6	28	N/C
1400'-8200'	Cut Brine	8.6-9.0	28	N/C
8200'-9850"	Salt Gel/Starch	9.4-9.8	34-38	<12

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' out from under intermediate casing to TD.

Logging: Platform Express/HALS/NGT.

Coring: None anticipated.

DST's: As Warranted, possible from Cisco to TD.

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

Anticipated BHP:

From: 0 TO 1400' Anticipated Max. BHP: 600 PSI

From: 1400' TO 9850' Anticipated Max. BHP: 5000 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 189° 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

Mystery "AYM" Federal #1

1900' FSL AND 660' FWL

Section 33, T20S-R25E

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 16 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 of Highway 285 to White Pine Road. (CR 28) Turn right on White Pine Road and go approx. 6.5 miles. On left side of road will be Faskin Well. Keep going south on White Pine Road for approx. 0.8 of a mile. The new road will start here going east for approx. 0.1 of a mile then south for approx. 0.1 of a mile to the SW corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 2.0 miles in length from the point of origin to the northwest corner of drilling pad. The road will lie in an east then south 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 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 acquire any materials from the closest source at the time of construction of the well pad.

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 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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: 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.

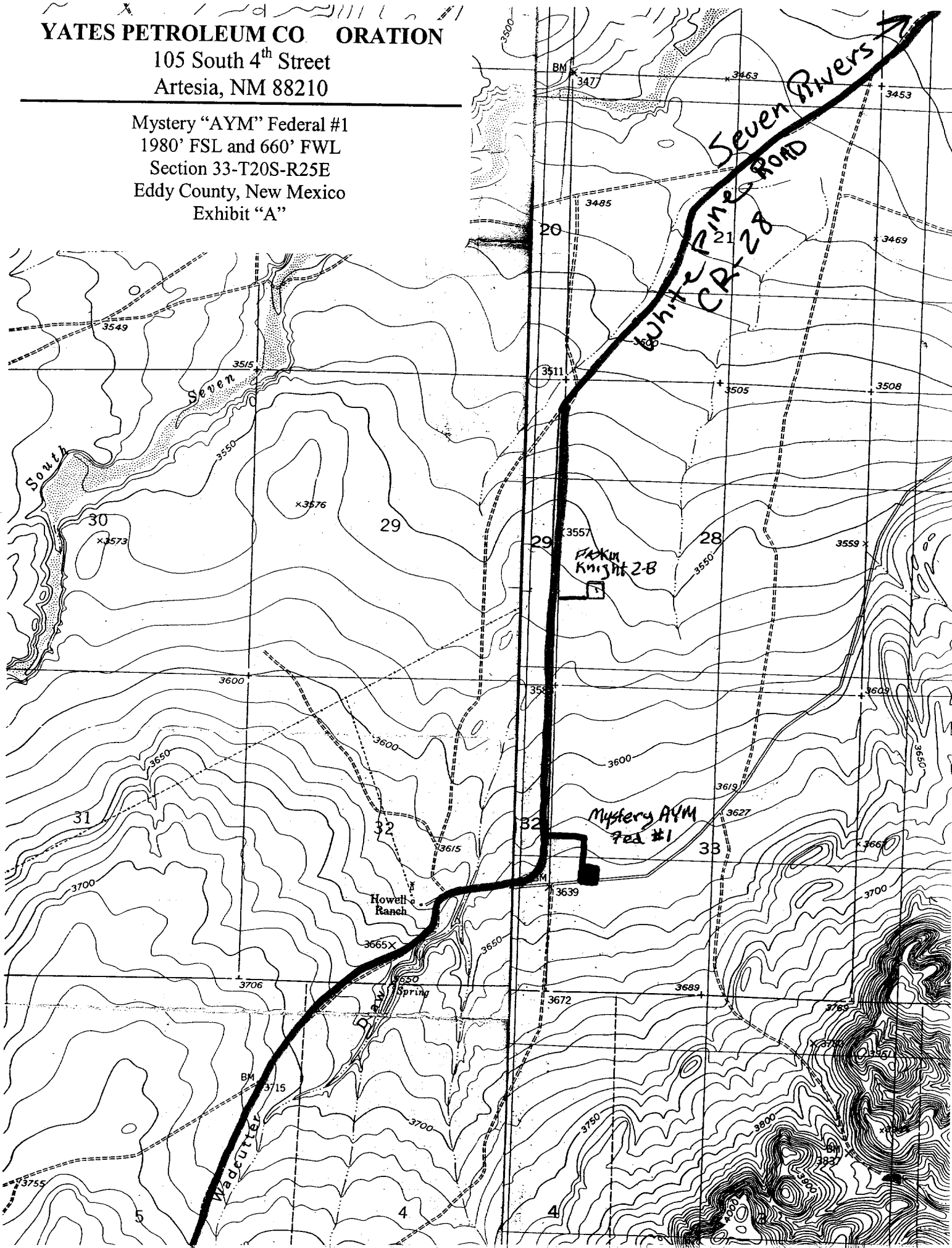
10/7/2002


Regulatory Agent

YATES PETROLEUM CO ORATION

105 South 4th Street
Artesia, NM 88210

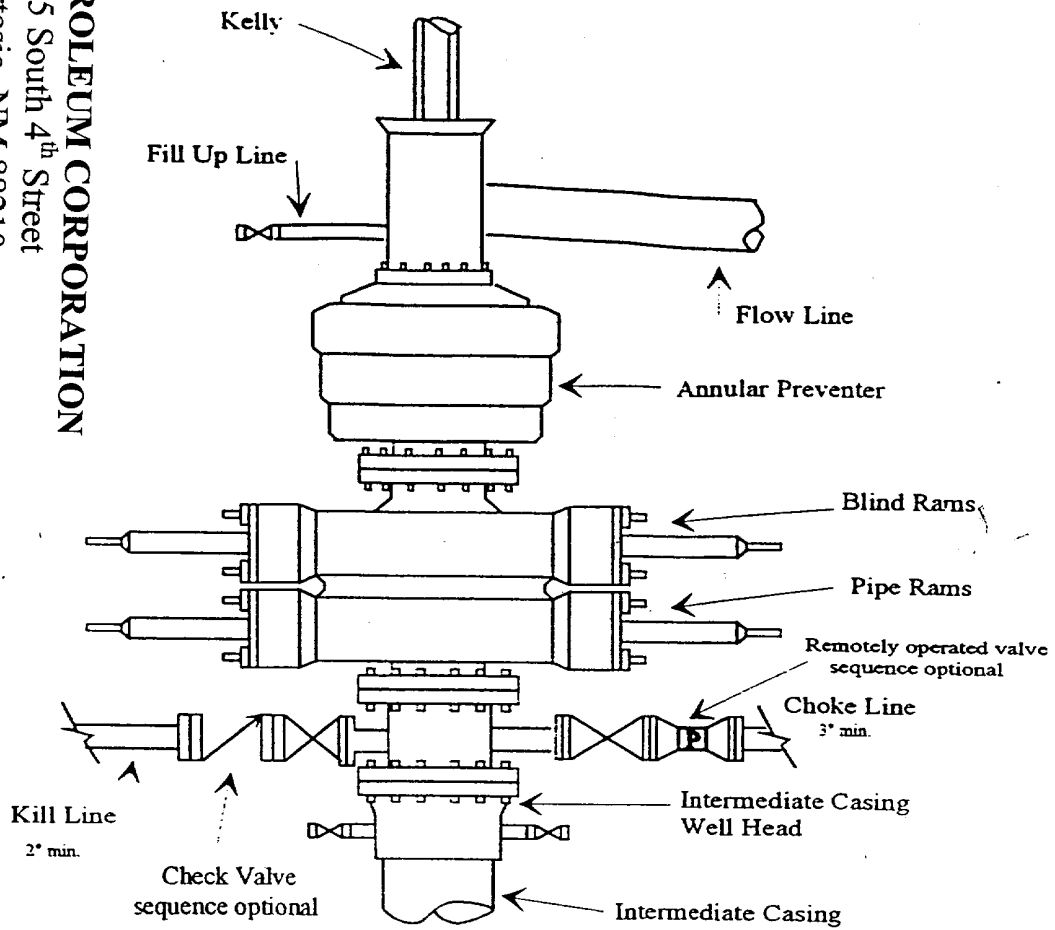
Mystery "AYM" Federal #1
1980' FSL and 660' FWL
Section 33-T20S-R25E
Eddy County, New Mexico
Exhibit "A"



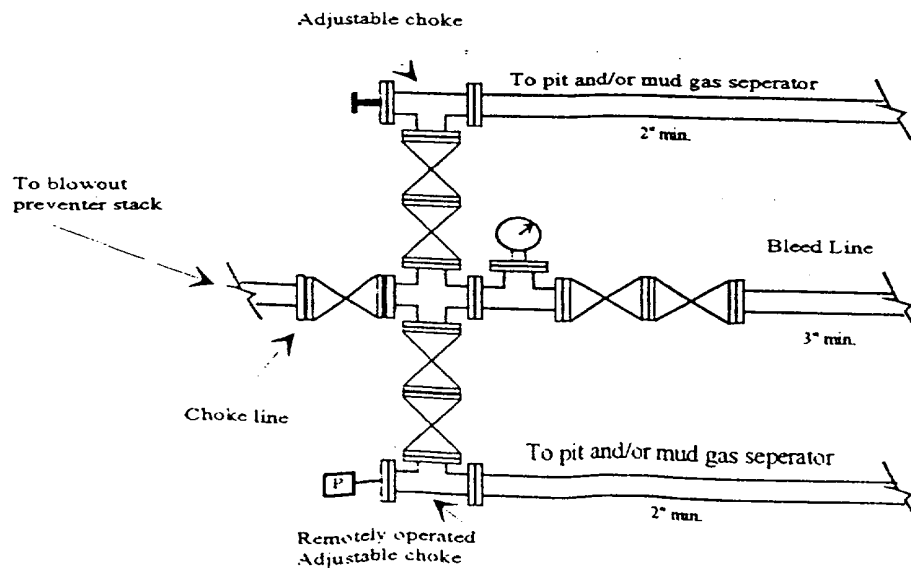
Yates Petroleum Corporation

BOP-4

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



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



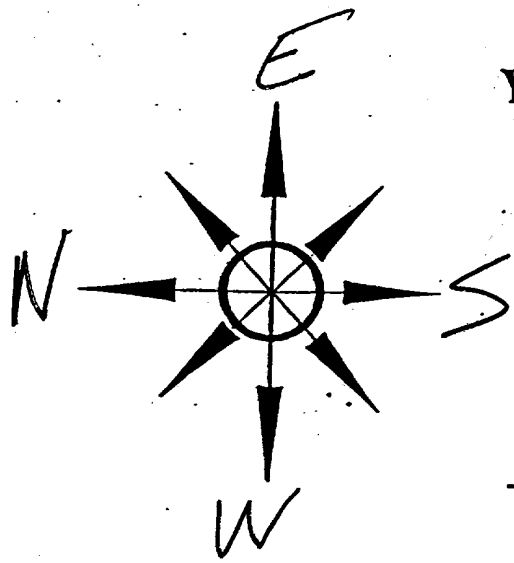
YATES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

Mystery "AYM" Federal #1
1980' FSL and 660' FWL
Section 33-T20S-R25E
Eddy County, New Mexico
Exhibit "B"

PB - L1

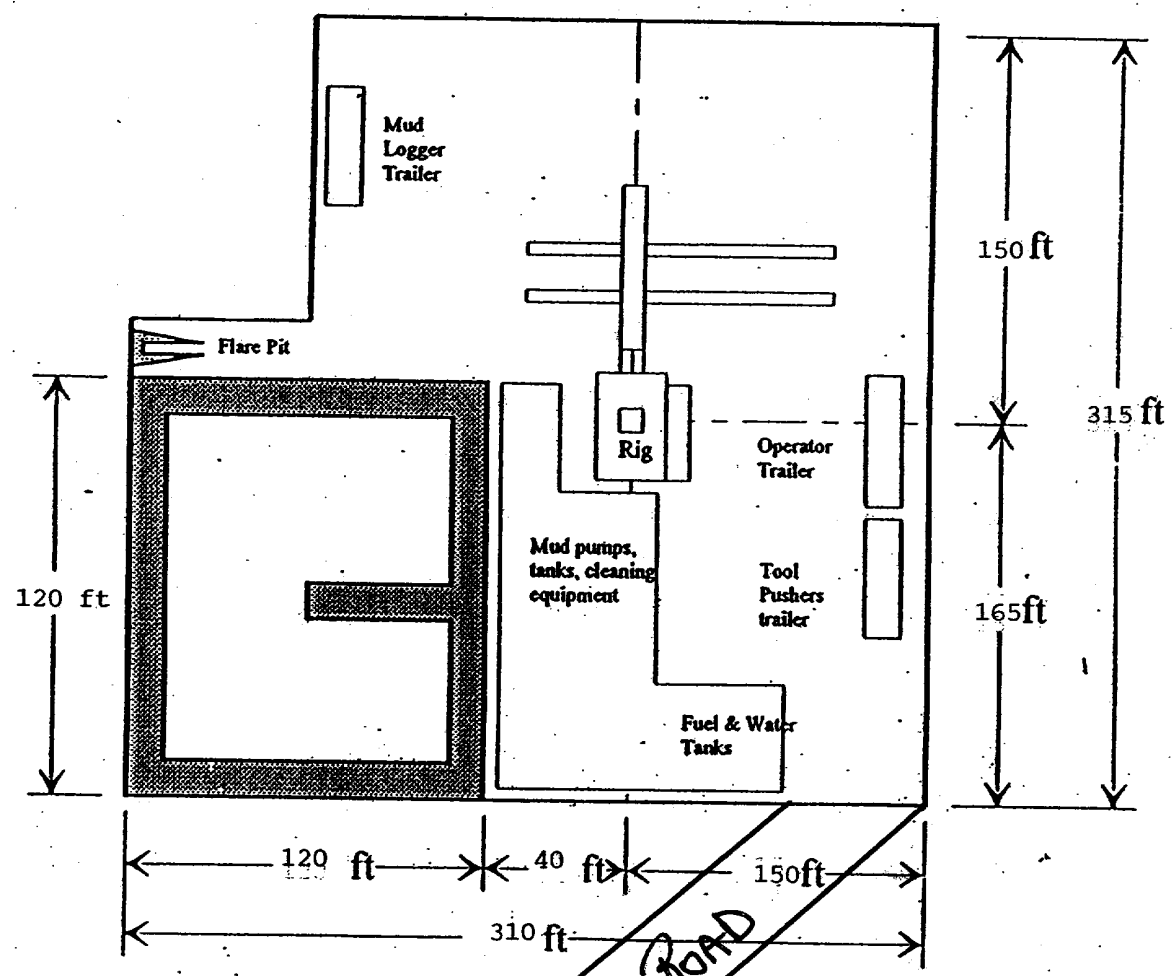
Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'



Pits North

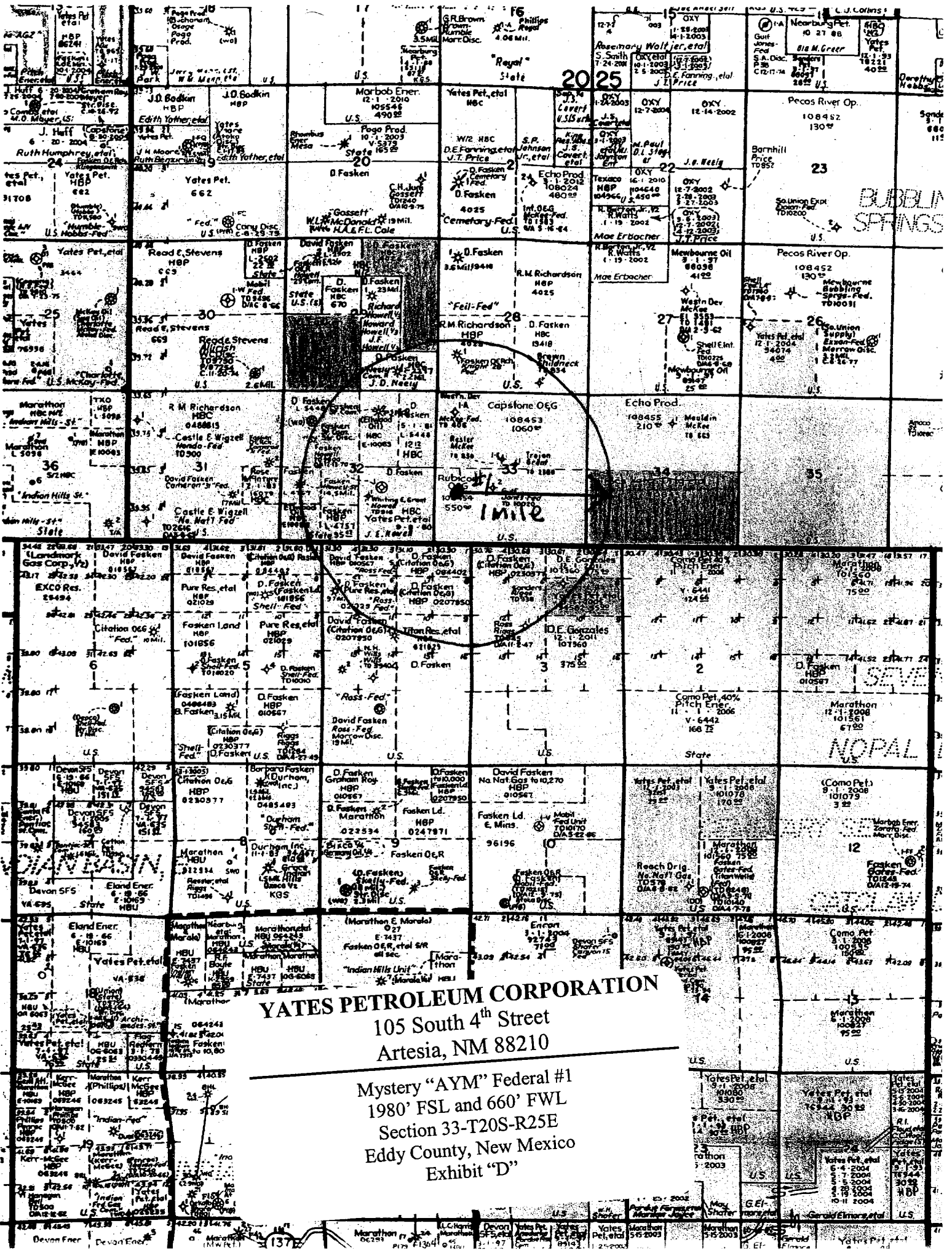
YATES PETROLEUM CORPORATION
105 South 4th Street
Artesia, NM 88210

Mystery "AYM" Federal #1
1980' FSL and 660' FWL
Section 33-T20S-R25E
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
Mystery "AYM" Federal #1
1980' FSL and 660' FWL
Section 33-T20S-R25E
Eddy County, New Mexico
Exhibit "D"

MARTIN YATES, D
1912 - 1985
FRANK W. YATES
1936 - 1996



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM-108454

Bond Coverage: Individually Bonded

Legal Description of Land:

BLM Bond File No.: NM 0344

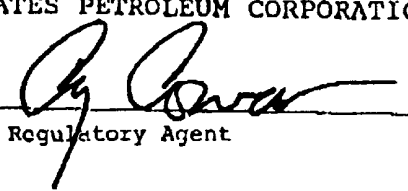
NW/SW ~~SW~~

Formation(s) (if applicable):

N/A

YATES PETROLEUM CORPORATION

Date: November 15, 2002


Regulatory Agent

Oseid- 9812


Properly USA

Pool- 74320

8-23-73

Compensated Neutron Log

0-10,827


Oxford
STOCK No. 773 1/3
MADE IN U.S.A.

1048010-0

1048030-G

1048050-W

7-31-91
Gam. Band/ GR Log
8950-10,640

NC TOPS PER

✓ WC - 9039
✓ PENN - 8375
✓ STOWN - 9095
✓ ATDWA - 9824
✓ MOR. IS - 1044
✓ MOR. CI - 1042

