

OCD-ARTESIA
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM93459
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" 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. 31899
3a. Address 105 S 4TH STREET ARTESIA, NM 88210		8. Lease Name and Well No. ROJO STRIPE BAR FEDERAL 1
3b. Phone No. (include area code) Ph: 505.768.4364 Fx: 505.748.4572		9. API Well No. 30-015-32602
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface SWSW 460FSL 635FWL At proposed prod. zone SWSW 460FSL 635FWL		10. Field and Pool, or Exploratory UNKNOWN Wildcat: Chester
14. Distance in miles and direction from nearest town or post office APPROXIMATELY 42 MILES SW OF ARTESIA, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 18 T20S R23E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 635		12. County or Parish EDDY
16. No. of Acres in Lease 1198.88		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2 MILES		17. Spacing Unit dedicated to this well
19. Proposed Depth 8450 MD		20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KB, RT, GL, etc.) 4253 GL		23. Estimated duration 45

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.
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 officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) CY COWAN Ph: 505.748.4372	Date 10/28/2002
Title REGULATORY AGENT		
Approved by (Signature) /s/ Mary J. Rugwell	Name (Printed/Typed) /s/ Mary J. Rugwell	Date DEC 10 2002
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO: Electronic Submission #15572 verified by the BLM Well Information System
GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED
YATES PETROLEUM CORPORATION, sent to the Carlsbad
for processing by Armando Lopez on 10/30/2002 (03AL0024AE)
NSL - 4834

Additional Operator Remarks:

NO REMARK PROVIDED

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 & 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 ROJO STRIPE BAR FED	Well Number 1
OGRID No. 025575	Operation Name YATES PETROLEUM CORPORATION	Elevation 4253

Surface Location

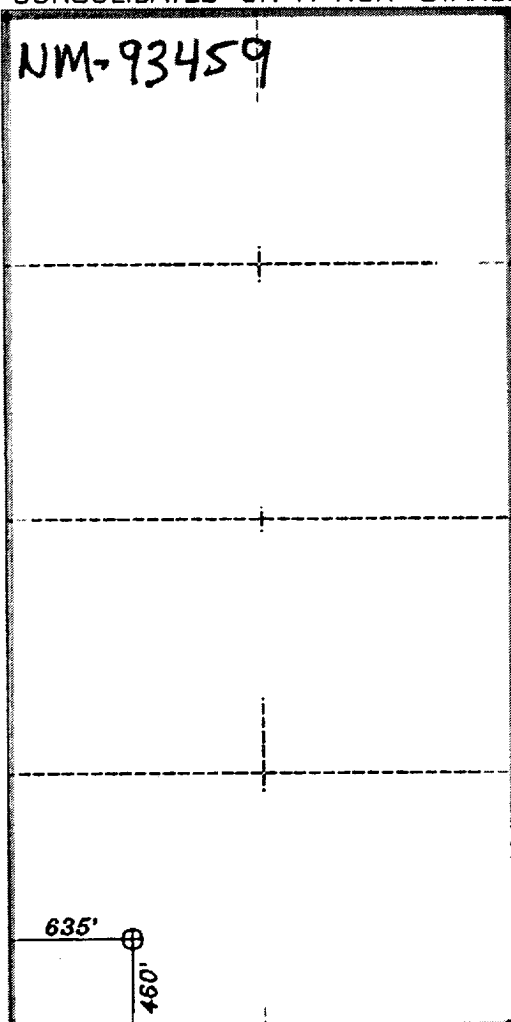

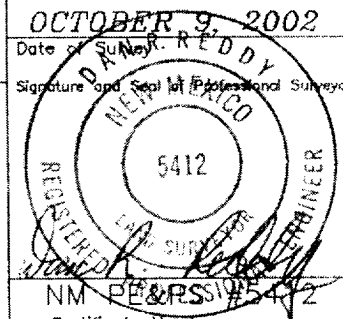
UL or Lot No. LOT 4	Section 18	Township 20-S	Range 23-E	Lot Idn.	Feet from the 460	North/South line SOUTH	Feet from the 635	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

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 318.88	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

	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		October 23, 2002
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.		
Date of Survey		OCTOBER 9, 2002
Signature and Seal of Professional Surveyor		
Certificate Number		NM PE&RS 5412

YATES PETROLEUM CORPORATION

Rojo Stripe "BAR" Federal #
460' FSL and 635' FWL
Section 18-T20S-R23E
Eddy County, New Mexico

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

San Andres	Surface	Strawn	6793'
Glorieta	1509'	Atoka	7730'
Upper Yeso	1709'	Morrow Clastics	8040'
Tubb	2903'	Middle Morrow	8065'
Lower Yeso	3047'	Lower Morrow	8205'
Abo	3559'	Base Morrow Clastics	8300'
Wolfcamp	4653'	Chester LM	8370'
Cisco	5843'	TD	8450'

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 9 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>Coupling</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	0-100'	100'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	100-6800'	6700'
8 3/4"	5 1/2"	17#	N-80	LT&C	6800'-8450'	1550'

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

Rojo Stripe "BAR" Federal #1

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B. CEMENTING PROGRAM:

Surface casing: 900 sx Lite + 25#/sx Celloflake+ 2% CaCL₂ + 5sx LCM-1 + 6% Bentonite.
Tail in with 200sx C + 2% CaCL₂.

Production Casing: TOC=4200', 800 sx Super "C" (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>
0-1400'	FW Spud Mud/Air Mist	8.4-8.6	28-36	N/C
1400'-7200'	FW/Cut Brine	8.4-9.2	28	N/C
7200'-TD	Salt Gel/Starch/4% KCL	9.2-9.6	34-36	<10-12cc

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 intermediate casing.
Logging: Platform Express/HALS/sonic; possible FMI.
Coring: Possible Rotary Sidewall Cores
DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0	TO: 1400'	Anticipated Max. BHP: 600	PSI
From: 1400'	TO: 8450'	Anticipated Max. BHP: 4200	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
Rojo Stripe "BAR" Federal #1
460' FSL and 635' FWL
Section 18-T20S-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 wellsite is located approximately 42 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 (CR-23). Turn west on Rock Daisy Road and go approx. 17.5 miles to Armstrong Road (CR-12). Turn south on Armstrong Road and go 0.5 of a mile to Deer Canyon Road (CR-24). Turn west on Deer Canyon Road and go approx. 1.6 miles. Turn left on faint two-track road going south. Follow two-track road for approx. 0.5 of a mile to dry hole marker for the Max Wilson #1 Lynn Wildernhel well. The new road will start here going southeast for approx. 0.4 of a mile to the northeast corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will go southeast for approximately 0.4 of a mile to the northeast corner of the drilling pad. The road will lie in a north to south direction. See attached map.
- 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.

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 nearest 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 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 Bureau of Land Management, Carlsbad, New Mexico.

Rojo Stripe "BAR" Federal #1
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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:

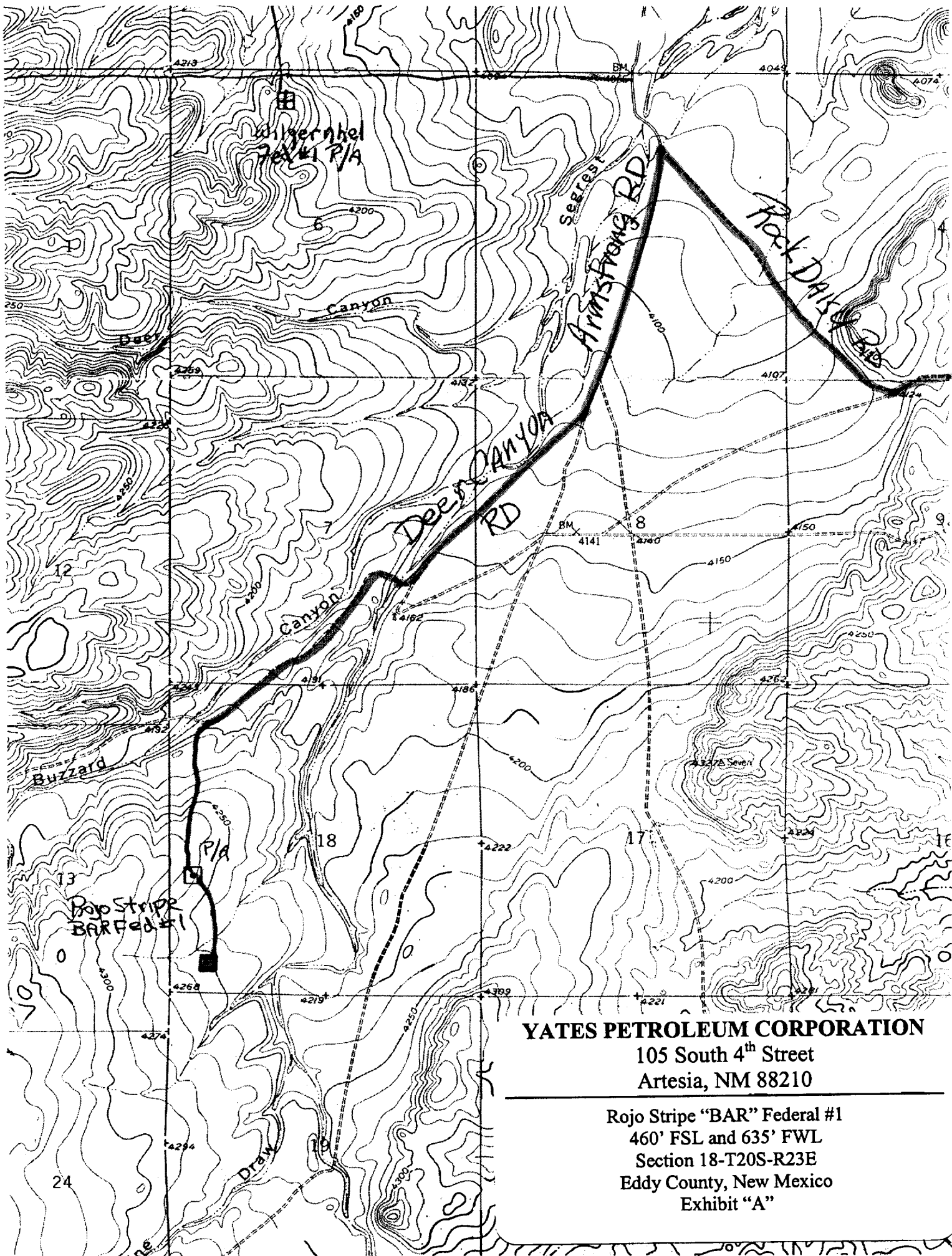
- | | |
|---|--|
| A. Through A.P.D. Approval: | B. Through Drilling Operations, Completions and Production: |
| Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | Pinson McWhorter,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 |

14. CERTIFICATION:

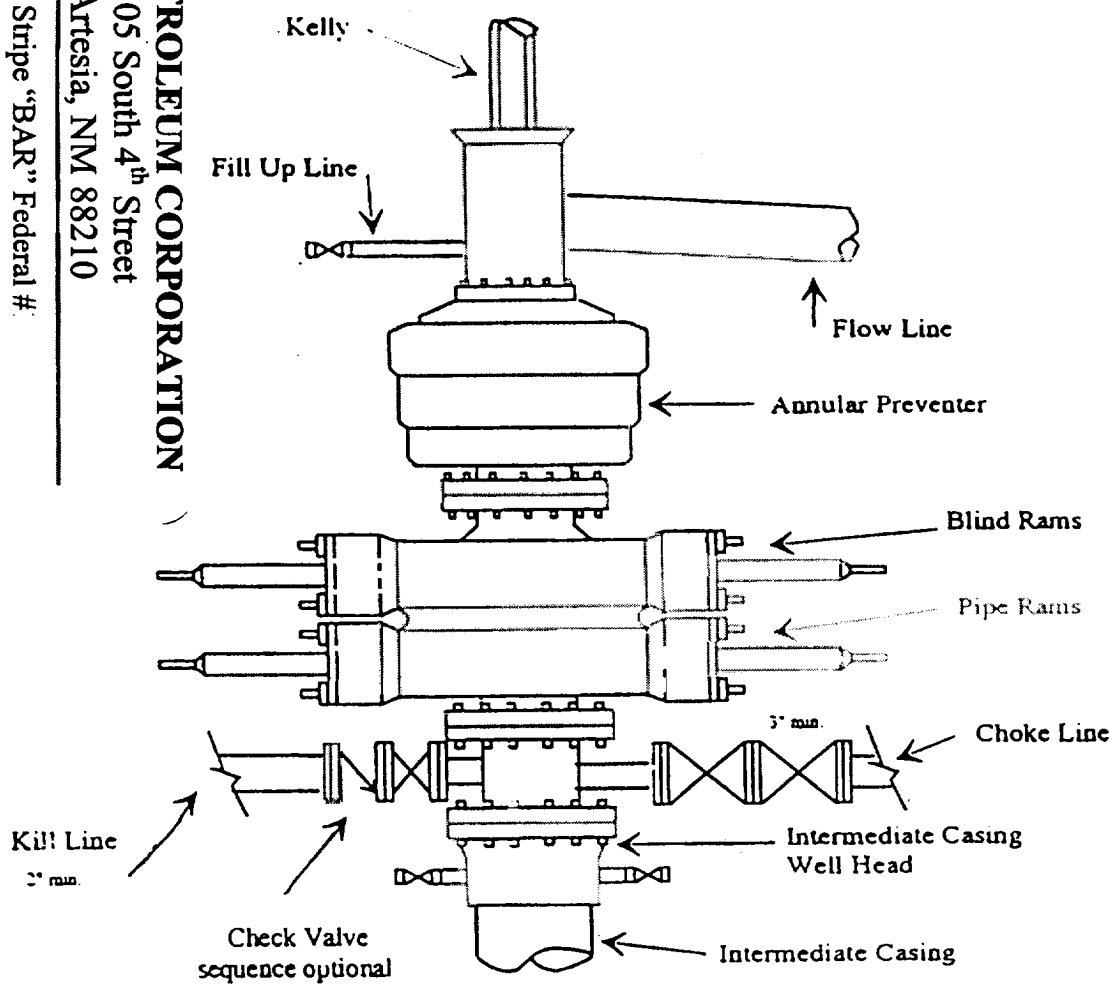
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

10/28/01

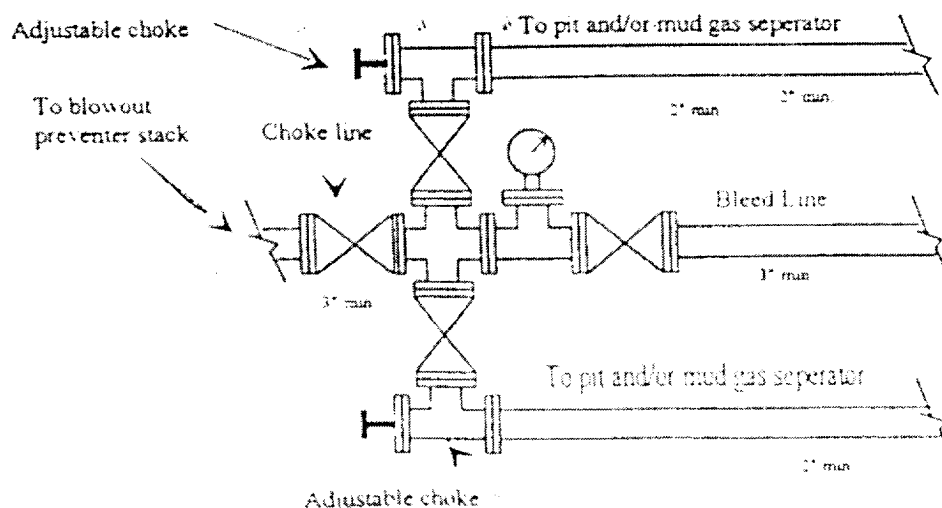

Regulatory Agent



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 minimum features



YATES PETROLEUM CORPORATION

105 South 4th Street

Artesia, NM 88210

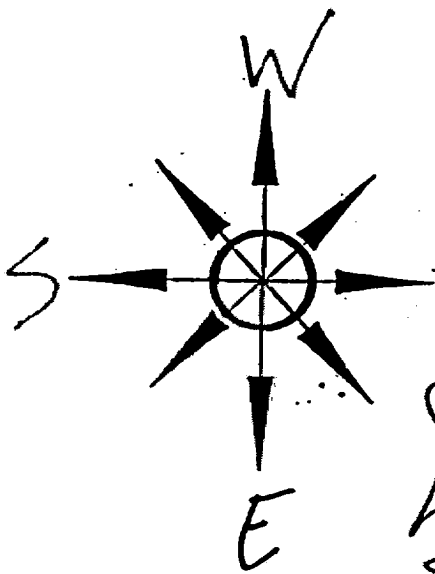
Rojo Stripe "BAR" Federal #

460' FSL and 635' FWL

Section 18-T20S-R23E

Eddy County, New Mexico

Exhibit "B"



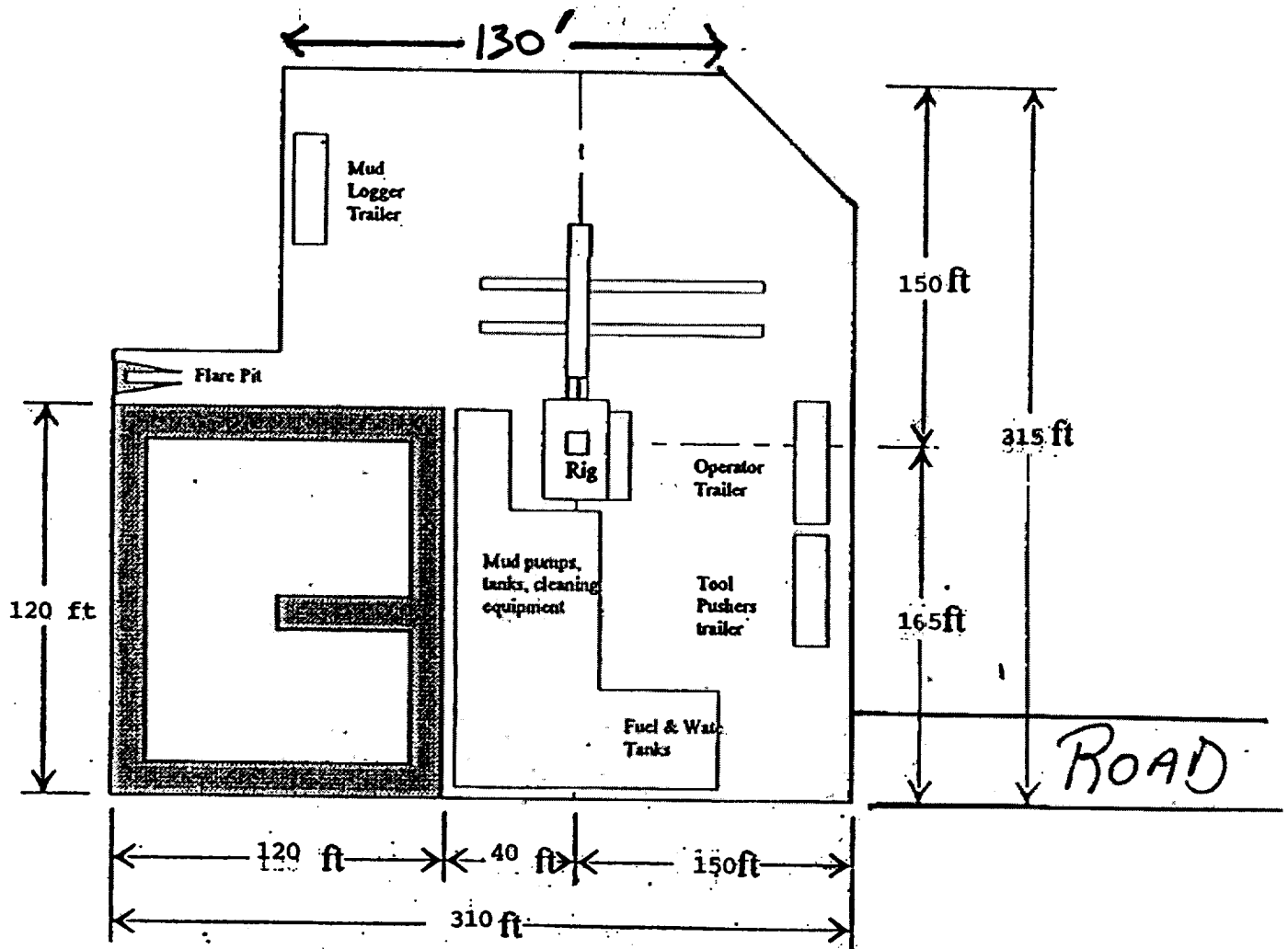
Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'

N Pits South
Cut NW Corner of
Location Down to
Stay out of drainage

YATES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

Rojo Stripe "BAR" Federal #1
460' FSL and 635' FWL
Section 18-T20S-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

