

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

941

RECEIVED
OCD - ARTESIA

OMB No. 1004-0136
Expires November 30, 2000

Lease Serial No.

NM-102890

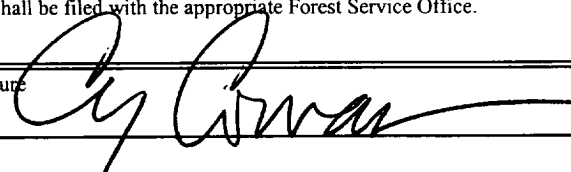
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 28598	
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		8. Lease Name and Well No. Boraxo AZG Fed. Com. #1	
2. Name of Operator Yates Petroleum Corporation		9. API Well No. 30-015-31947	
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 and 1905' FEL At proposed prod. Zone Same		10. Field and Pool, or Exploratory Wildcat Mississippian	
14. Distance in miles and direction from nearest town or post office* Approximately 43 miles southwest of Artesia, New Mexico		11. Sec., T., R., M., or Blk, and Survey or Area Section 3, T21S-R22E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1905'		16. No. of Acres in lease 160	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1 1/2 miles		17. Spacing Unit dedicated to this well E/2	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4206' GL		19. Proposed Depth 9200'	
22. Approximate date work will start* ASAP		20. BLM/BIA Bond No. on file 585997	
23. Estimated duration 30 days		13. State NM	

24. Attachments **Carlsbad 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 6/15/01
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Title:
Regulatory Agent

Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) /s/ LESLIE A. THEISS	Date AUG 09 2001
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Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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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)

WITNESS

**DECLARED WATER BASIN
CEMENT BEHIND THE 13' 8" + 8' 8"
CASING MUST BE CIRCULATED**

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

BUREAU OF LAND MGMT
ROSSELL OFFICE

2001 JUN 15 PM 3:49

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1600 Elm Branch 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, NM 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		Well Code	Well Name Wildcat Mississippian
Property Code	Property Name BORAXO AZG FEDERAL COM		Well Number 1
OGRIID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 4206

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	East/West line	County
J	3	21-S	22-E		1980	SOUTH	1905	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot 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

16			NM-914 99	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan Printed Name Regulatory Agent Title June 15, 2001 Date</p> <p>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 belief.</p> <p>JUNE 15, 2001 Date of Survey Signature NEW MEXICO REGISTERED LAND SURVEYOR 5412 NM PRAPS NO. 5212</p>
			NM-102 890	
			1905'	
			1980'	

YATES PETROLEUM CORPORATION

Boraxo AZG Federal Com. #1

1980' FSL and 1905' FEL

Section 3-T21S-R22E

Eddy County, New Mexico

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

San Andres	95'
Glorieta	1475'
Tubb	3065'
Abo	3535'
Wolfcamp	4850'
Cisco	6275'
Strawn	8005'
Atoka	8425'
Morrow	8595'
Middle Morrow	8685'
Base of Morrow	8915'
Mississippian	8975'
TD	9200'

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 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>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	LT&C	0-1600'	1600'
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'-6500'	6400'
7 7/8"	5 1/2"	17#	J-55	LT&C	6500'-7500'	1000'
7 7/8"	5 1/2"	17#	HPC-110	LT&C	7500'-9200'	1700'

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: 750 sx Lite (YLD 2.0 WT 12.2). Tail in w/200 sx "C" + 2% CaCL₂ (Yld 1.32 Wt. 15.6).

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'-1600'	Freshwater Air Mist	8.4	28	N/C
1600'-7300'	Cut Brine	8.6-9.2	28	N/C
7300'-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 out from under intermediate casing.

Logging: Platform Express/HALS/sonic; possible FMI and rotary sidewall cores.

Coring: None

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: 1600'	Anticipated Max. BHP: 700	PSI
From: 1600'	TO: 9200'	Anticipated Max. BHP: 4600	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 20 days to drill the well with completion taking another 15 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION**

Boraxo AZG Federal Com.#1
1980' FSL and 1905' FEL
Section 3, T21S-R22E
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 43 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 to the Marathon Plant. Go west on CR 401 and go 8 miles to CR 400 (old Car Body here) turn right on CR 400 and go approx. 8 miles. After crossing draw an old metal sign will be on the right. Turn right here on lease road and go approximately 4.4 miles at this point the road will cross Little Box Canyon and double back to the southwest. Follow existing two track road along the south side of of the canyon to the first two track road going south. Turn left here and follow two track for approximately .5 of a mile to a fence. Go through fence and go approx. 300 feet to old windmill and turn east on two track and follow it up to top of ridge. Follow existing two track along top of ridge for approximately 2.6 miles. Two track will be upgraded.

2. PLANNED ACCESS ROAD:

- A. The new access will be approximately .1 of a mile in length from point of origin to the northwest corner of the drilling pad. The road will lie in a south to north 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 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 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

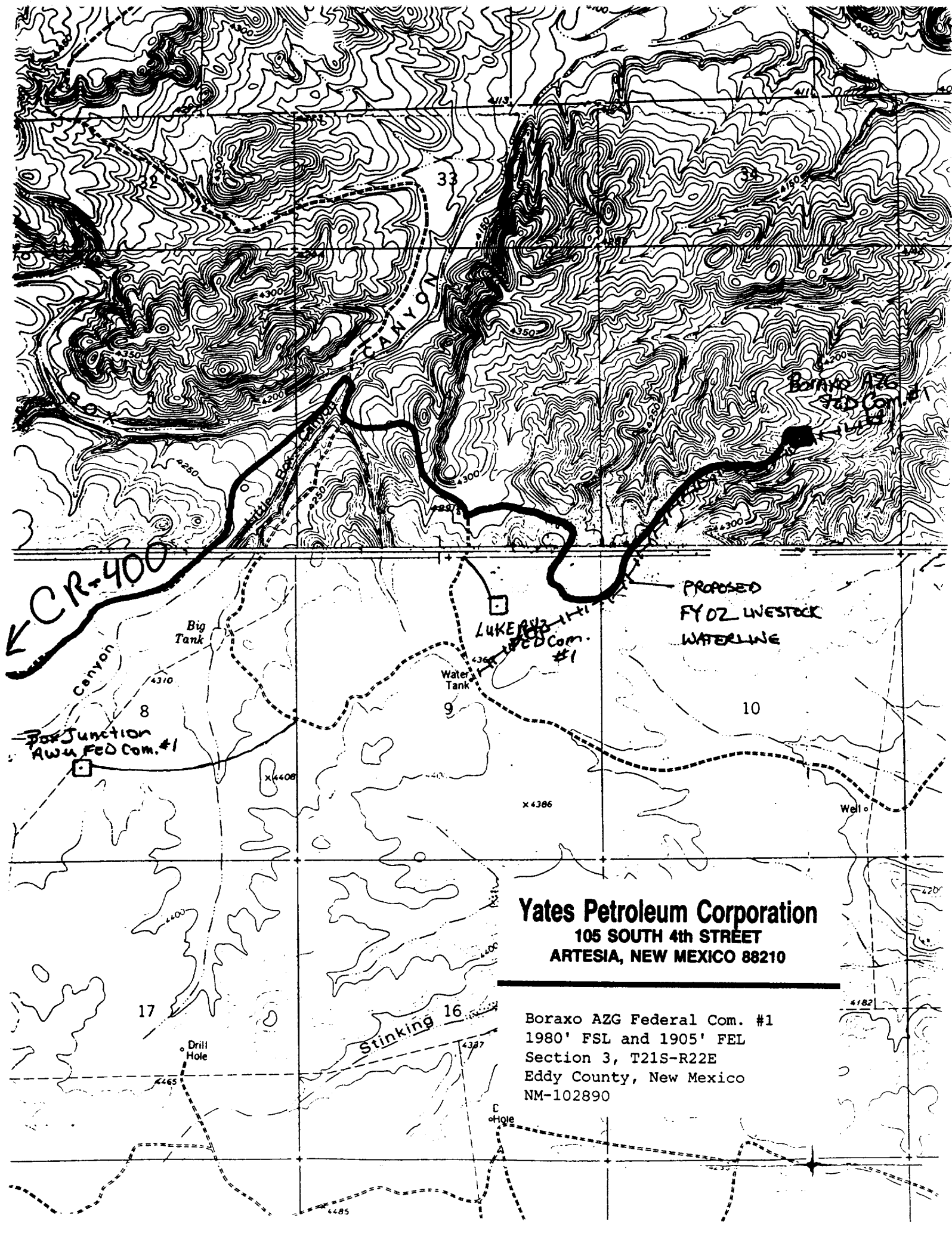
14. CERTIFICATION:

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.

6/15/01



Regulatory Agent



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Boraxo AZG Federal Com. #1
1980' FSL and 1905' FEL
Section 3, T21S-R22E
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Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

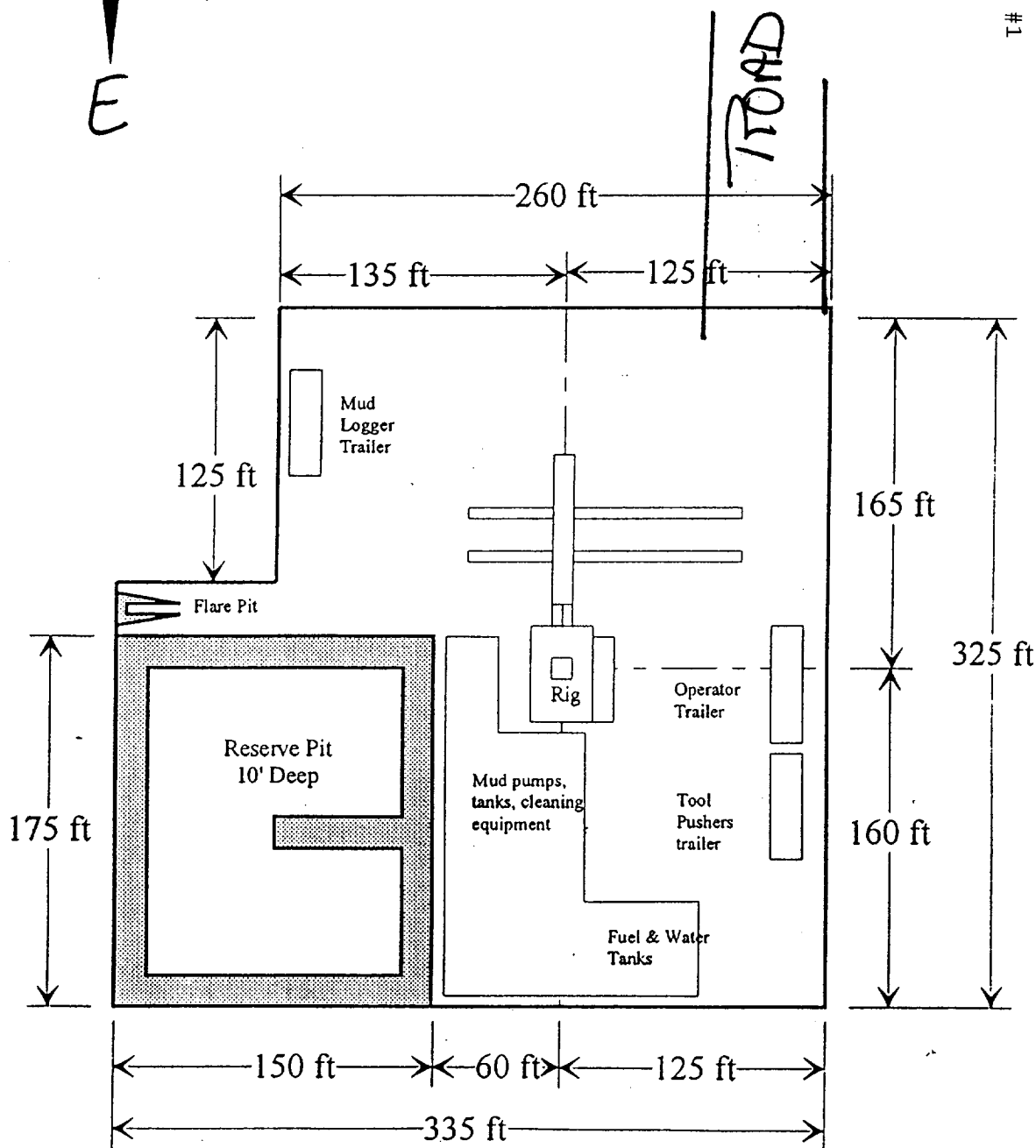
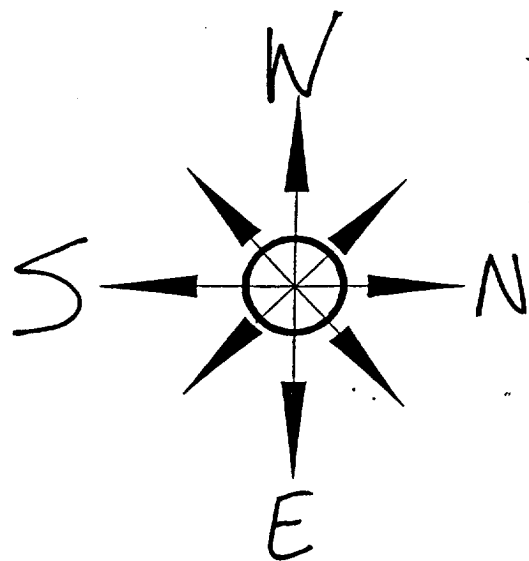
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 1980' FSL and 1905' FEL
 Section 3, T21S-R22E
 Eddy County, New Mexico
 NM-102890

Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Pits South



Distance from Well Head to Reserve Pit will vary between rigs

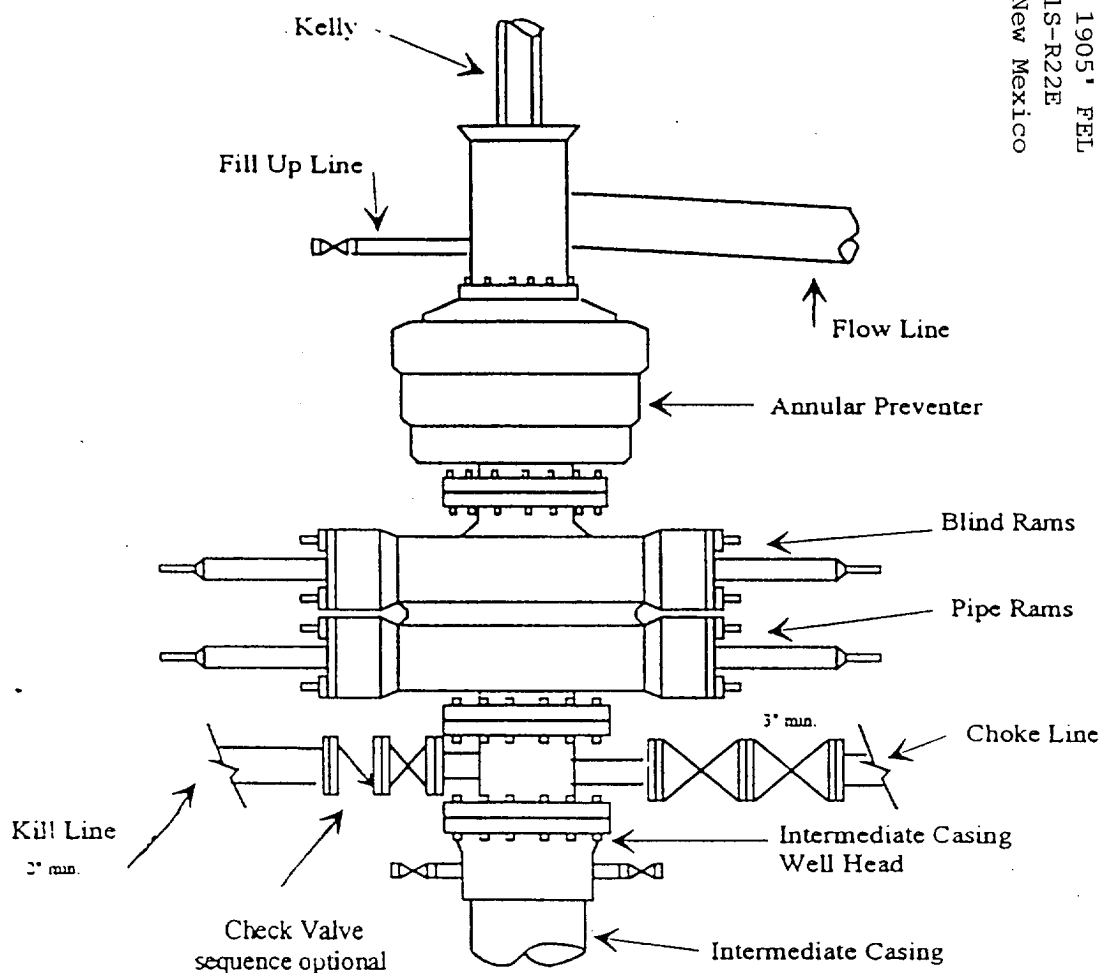
The above dimension should be a maximum

Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

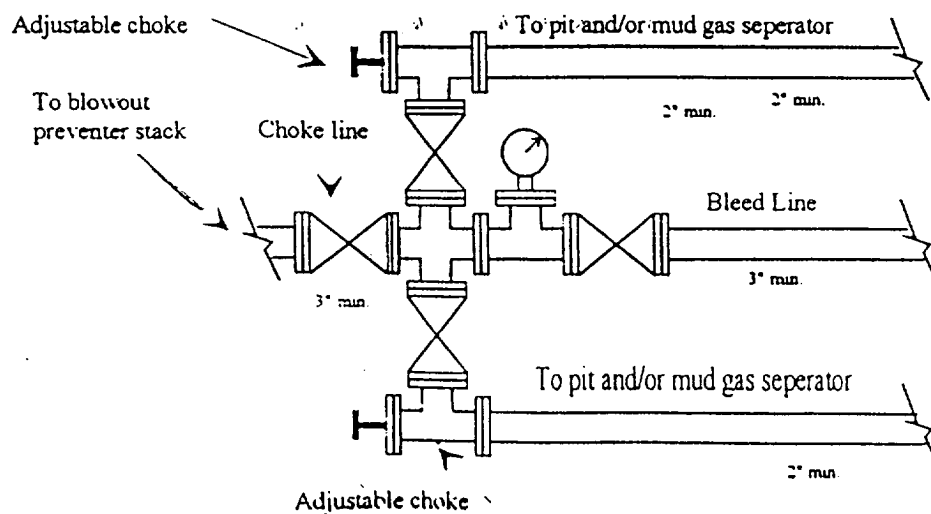
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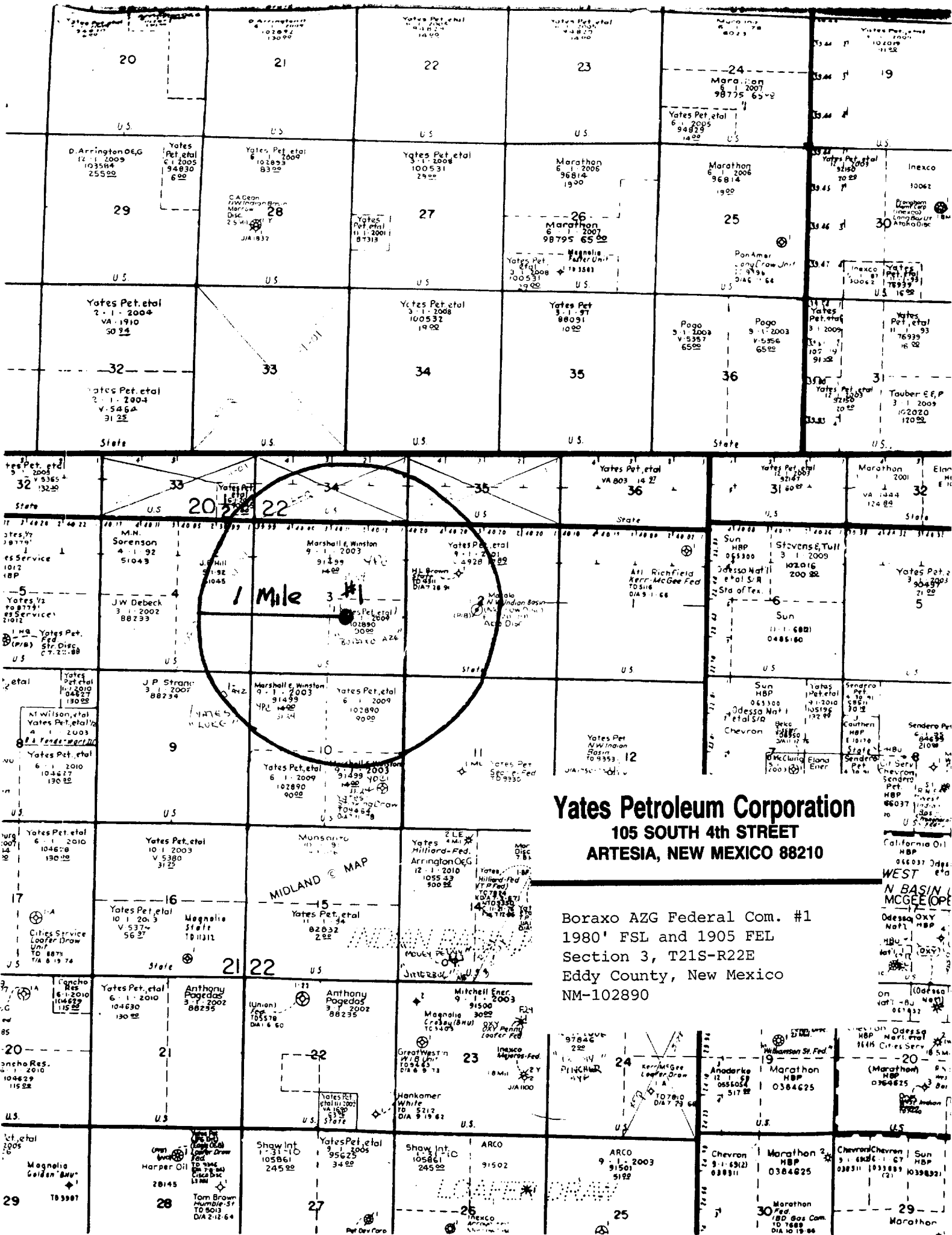
Yates Petroleum Corporation

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
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