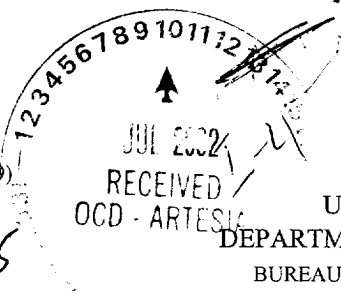


Form 3160-3
(August 1999)



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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

CISF

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

5. Lease Serial No.

NM-92742

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

30040

8. Lease Name and Well No.

SDD

Zingaro ANG Federal #6 Salt Water Disposal

9. API Well No.

30-015-32367

10. Field and Pool, or Exploratory

Wildcat Devonian

11. Sec., T., R., M., or Blk. and Survey or Area

Section 1, T22S-R23E

12. County or Parish

Eddy County

13. State

NM

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

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

SUBJECT TO LIKE APPROVAL BY STATE
1980' FSL and 660' FEL

At proposed prod. Zone

N/A

W, I

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

Approximately 31 miles northwest 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

1318.25

17. Spacing Unit dedicated to this well

N/A

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

1300'

19. Proposed Depth

10800'

20. BLM/BIA Bond No. on file

585997

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

3976'

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

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 office.

25. Signature

Name (Printed/Typed)

Cy Cowan

Date

6/7/02

Title:

Regulatory Agent

Approved by (Signature)

/s/ Mary J. Rugwell

Name (Printed/Typed)

/s/ Mary J. Rugwell

Date

JUL 09 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**

District I
1825 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	
			Undesignated Devonian	
Property Code	Property Name		Well Number	
	ZINGARO "ANG" FEDERAL (SWD)		6	
OGRID No.	Operation Name		Elevation	
025575	YATES PETROLEUM CORPORATION		3976	

Surface Location

UL or Lot No.	Section	Township	Range	Lat Idn.	Feet from the	North/South line	Feet from the	East/West line	County
I	1	22-S	23-E		1980	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lat Idn.	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
N/A									

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 June 7, 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 MAY 30, 2002	
	Signature and Seal of Professional Surveyor	

YATES PETROLEUM CORPORATION
Zingaro "ANG" Federal #6 Salt Water Disposal Well
1980' FSL & 660' FEL
Sec. 1-T22S-R23E
Eddy County, New Mexico

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

San Andres	520'	Strawn	8541'
Glorietta	2128'	Atoka	8932'
Bone Springs	2875'	Morrow	9303'
2 nd Bone Springs	3195'	Base of Morrow	9621'
3 rd Bone Springs	6602'	Mississippian Lime	9913'
Wolfcamp	6674'	Woodford Shale	10253'
Cisco Canyon Dolomite	7460'	Devonian	10307'
Base of Dolomite	7818'	TD	10800'

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>
17 1/2"	13 3/8"	54.5#	J-55	ST&C	0-1600'	1600'
12 1/4"	9 5/8"	40#	L-80	LT&C	0-4800'	4800'
12 1/4"	9 5/8"	43.5#	L-80	LT&C	4800'-6200'	1400'
12 1/4"	9 5/8"	47#	L-80	LT&C	6200'-8000'	1800'
12 1/4"	9 5/8"	53.5#	L-80	LT&C	8000'-10300'	2300'
8 3/4"	Open Hole				10300'-10800'	500'

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

Zingaro "ANG" Federal #6 Salt Water Disposal Well
Page 2

B. Cementing Program:

Surface casing: 950 sx Lite (YLD 2.0 WT 12.5), tail with 300 sx Class 'C' +2% CaCL₂
(YLD 1.32 WT 14.8)

Production Casing: 2100 sx Lite (YLD 2.0 WT 12.5), Tail with 400 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>
0-1600'	FW/Air Mist	8.4	28	N/C
1600'-9300'	Cut Brine	8.8-9.4	28	N/C
9300'-10300'	Salt Gel/Starch	9.4-9.8	34-38	<10cc
9300'-10800'	Fresh Water	8.4-8.6	28	N/C

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/NGT.
Coring: None anticipated
DST's: None anticipated.

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

Anticipated BHP:

From: 0	TO: 1600'	Anticipated Max. BHP:	700	PSI
From: 1600'	TO: 10300'	Anticipated Max. BHP:	5100	PSI
From: 10300'	TO: 10800'	Anticipated Max. BHP:	4700	PSI

Abnormal Pressures Anticipated: None

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

H₂S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 178 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
Zingaro "ANG" Federal # 6 Salt Water Disposal Well
1980' FSL & 660' FEL
Sec. 1-T22S-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 31 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 to Highway 137. Turn west on Highway 137 and go approximately 12.8 miles. Turn west on lease road and go approximately .3 of a mile to the Zingaro ANG Federal #1 Compressor Site. From the southwest corner of the Zingaro ANG Federal #1 the new access road will start here going south.

2. PLANNED ACCESS ROAD

The new access will go approximately 0.2 of a mile south then turn east and go approximately 400 feet to the northwest corner of the well location.

3. LOCATION OF EXISTING WELL

- A. There is 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 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.

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.

Zingaro "ANG" Federal #6 Salt Water Disposal Well
Page 2

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:

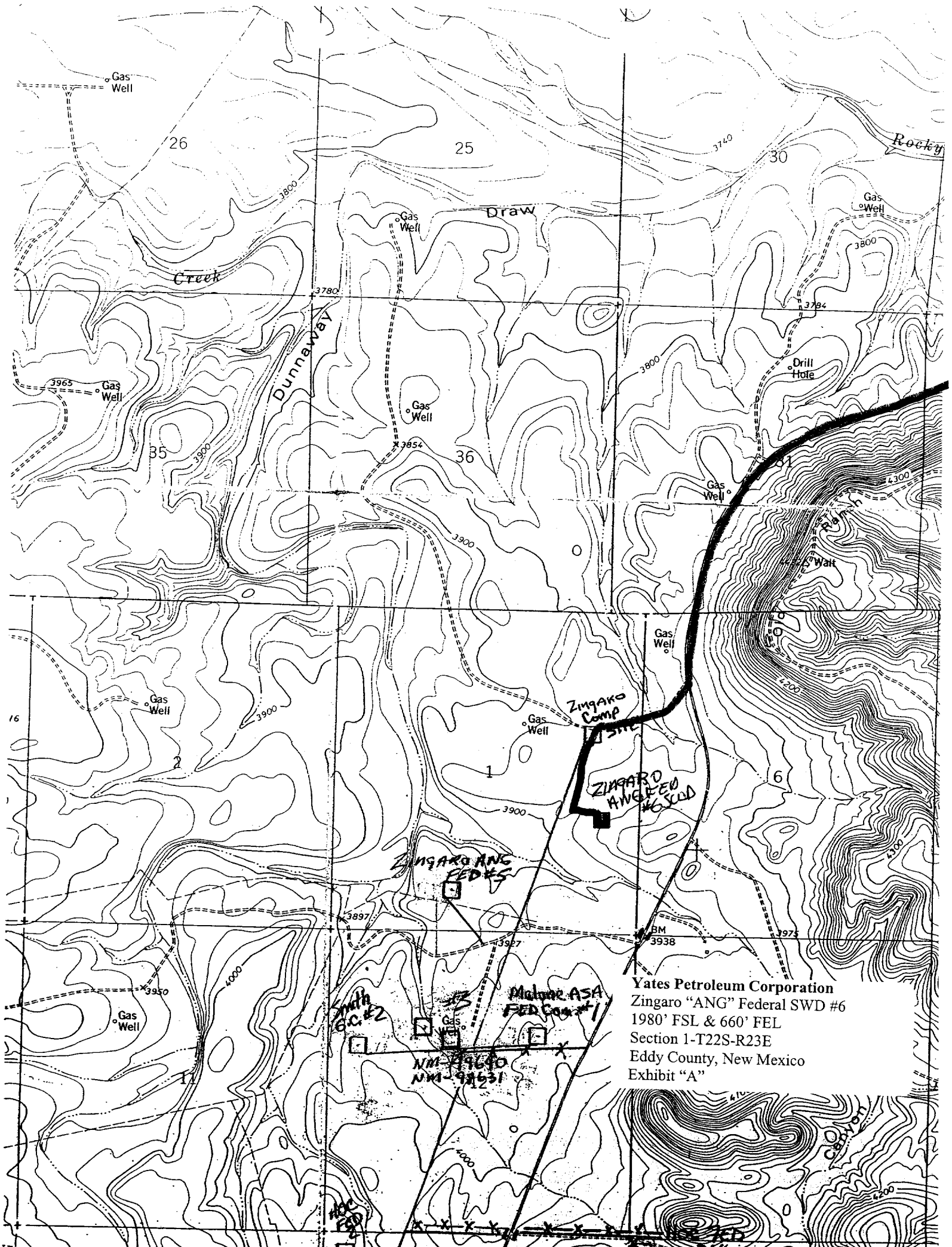
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

6/7/2002


Regulatory Agent

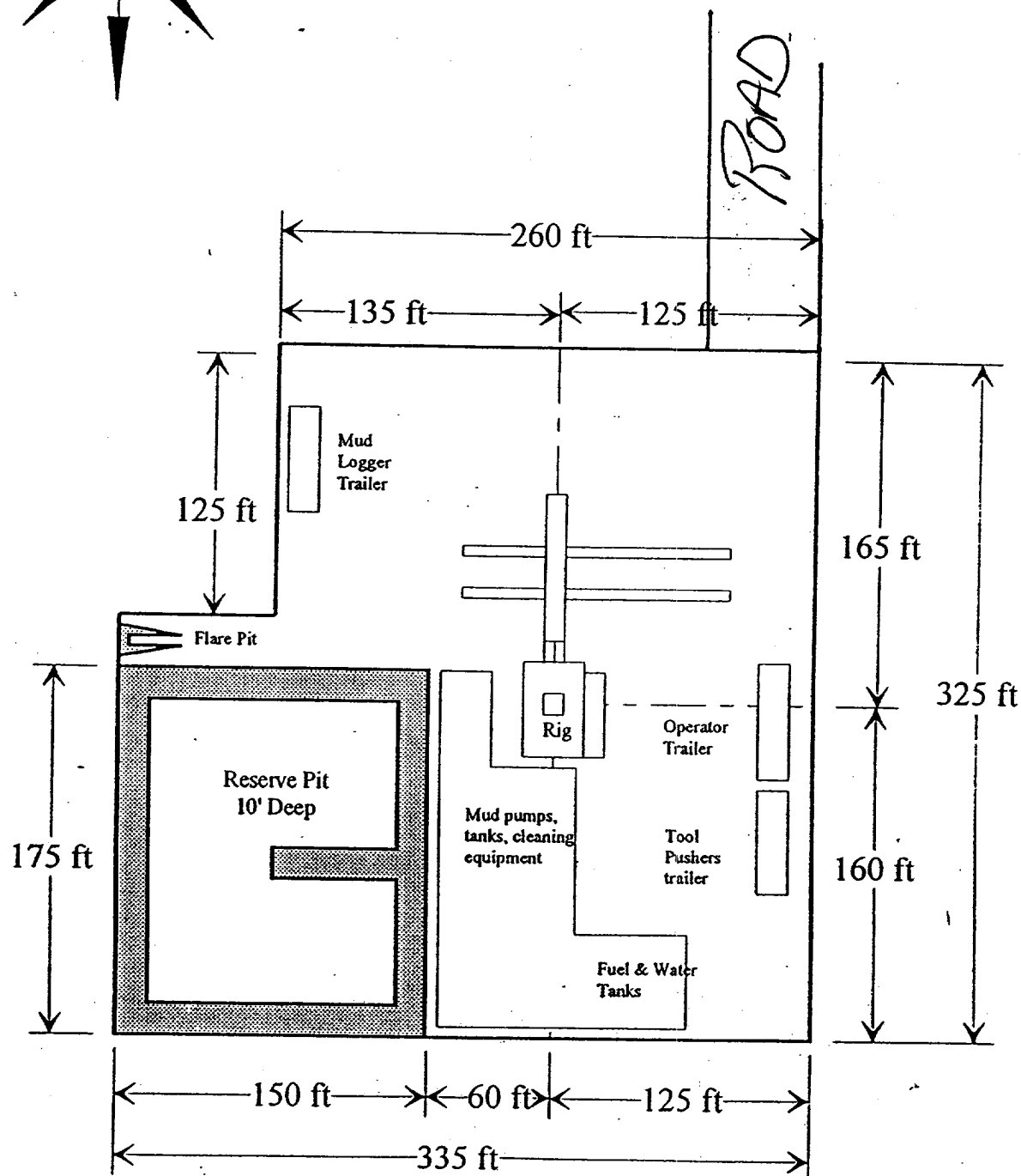
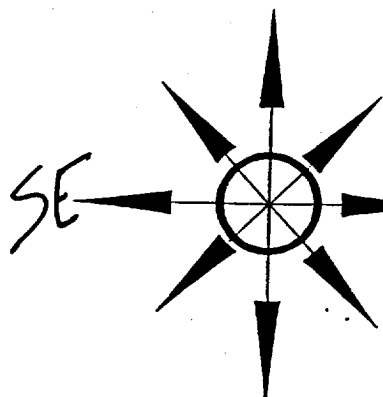


Yates Petroleum Corporation
Zingaro "ANG" Federal SWD #6
1980' FSL & 660' FEL
Section 1-T22S-R23E
Eddy County, New Mexico
Exhibit "A"

Yates Petroleum Corporation

Location Layout for Permian Basin

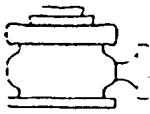
Up to 12,000'



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

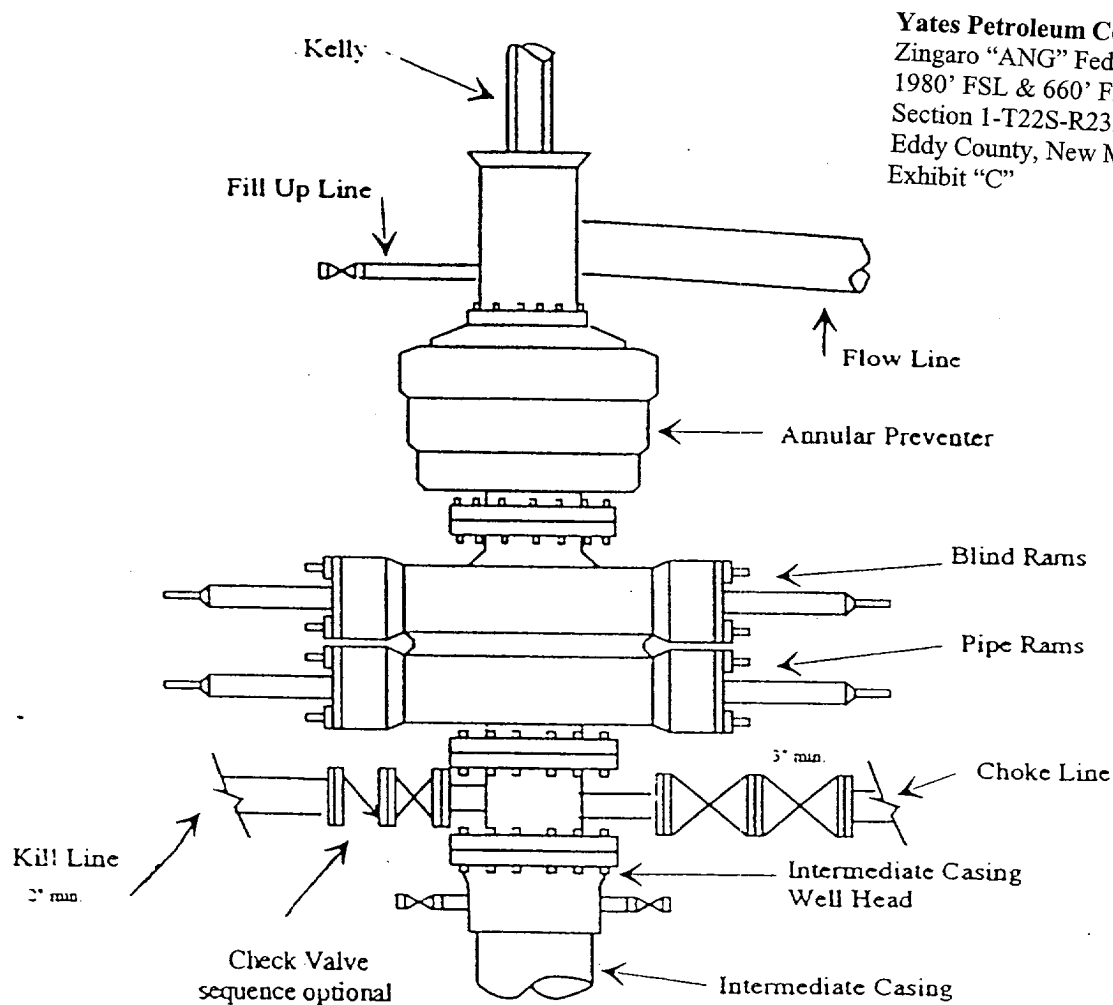
Yates Petroleum Corporation
Zingaro "ANG" Federal SWD #6
1980' FSL & 660' FEL
Section 1-T22S-R23E
Eddy County, New Mexico
Exhibit "B"



Yates Petroleum Corporation

BOP-3

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



Yates Petroleum Corporation
Zingaro "ANG" Federal SWD #6
1980' FSL & 660' FEL
Section 1-T22S-R23E
Eddy County, New Mexico
Exhibit "C"

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

