

1. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

45F

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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-97851
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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. 20573
3a. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Patterson AQL Federal #1
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-32228
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 460' FNL & 660' FEL At proposed prod. Zone Same <i>ut. A</i>		10. Field and Pool, or Exploratory Eddy Undesignated Group 1
14. Distance in miles and direction from nearest town or post office* Approximately 40 miles south of Artesia, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Section 4, T23S-R23E
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 40
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3600'	20. BLM/BIA Bond No. on file 585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4245' GR	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. | 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 <i>Cy Cowan</i>	Name (Printed/Typed) Cy Cowan	Date 1/29/02
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Title:

Regulatory Agent

Approved by (Signature) <i>/s/ Mary J. Rugwen</i>	Name (Printed/Typed) /s/ Mary J. Rugwen	Date MAR 04 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)

Rooswell Controlled Water Basin

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

RECEIVED

2002 JAN 30 PM 2:10

BUREAU OF LAND MGMT.
ROSWELL OFFICE

DISTRICT I
1888 E. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
611 South First, Artesia, NM 88210

DISTRICT III
1000 Elia Brasos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

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
		Eddy Undesignated Group I
Property Code	Property Name	Well Number
	Patterson AOL Federal	1
OGED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	4260

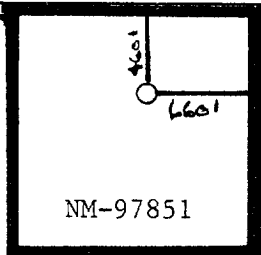
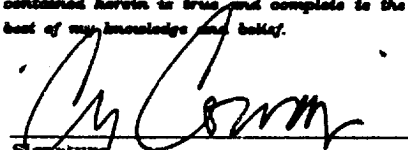
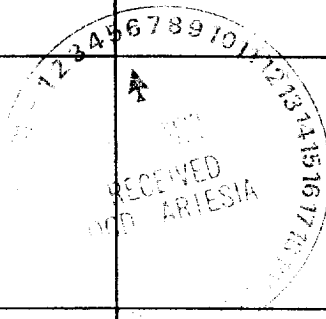
Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	4	23S	23E		460	North	660	East	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.						
40									

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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Cy Cowan Printed Name Regulatory Agent Title 1/29/02 Date	
				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. REFER TO ORIGINAL PLAT Date Surveyed Signature & Seal of Professional Surveyor 	Certificate No. Herschel L. Jones RLS 3640 GENERAL SURVEYING COMPANY

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
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 Eddy Undesignated Group I	
* Property Code		* Property Name PATTERSON AQL FEDERAL			* Well Number 1
* OGRID No. 025575		* Operator Name YATES PETROLEUM CORPORATION			* Elevation 4260.

¹⁰ Surface Location

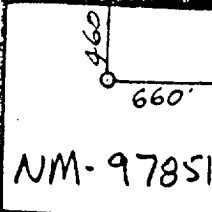
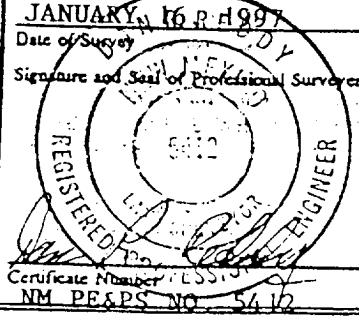
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	4	23-S	23-E		460	NORTH	660	EAST	EDDY

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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-97851	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>Ken Beardemphl</i> Printed Name: Ken Beardemphl Title: Landman Date: January 21, 1997
					¹⁸ 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. JANUARY 16 1997 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number: 5412 NM PE&PS No. 5412

YATES PETROLEUM CORPORATION

Patterson "AQL" Federal #1
660' FNL and 660' FEL
Sec. 4-T23S-R23E
Eddy County, State New Mexico

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

San Andres	1075'
Glorieta	2180'
Yeso	2310'
Bone Spring	3510'
TD	3600'

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

Water: 940'
Oil or Gas: All potential zones

3. **Pressure Control Equipment:** BOPE will be installed on the 9 5/8" casing and rated for 2000 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>
14 3/4'	9 5/8"	36#	J-55	ST&C	0-1100'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	0-3600'

~~Normal~~ Controlled Water Basin

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

B. CEMENTING PROGRAM:

Surface Casing: Lead with 200 sx "H" 12% Thixad, 10#/sx Gilsonite, ½#/sx Celloseal and 400sx Light, ¼# sx Celloceal. Yield 2.05 (cu. ft)/sx, tail with 200sx "C". Yield 1.57 (cu. ft)/sx.

Production Casing: Lead with 625 sx Super "C" (11 Fumed Cilica, 8 Hyseal, ¼ Celloseal)#/sx. Yield 1.76 (cu. ft)sx.

5. MUD PROGRAM AND AUXILLIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0 - 1100'	FW Spud Mud	8.3-8.5	28-34	N/C
1100'-3600'	Cut Brine	8.5-8.7	28-30	<20

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: From 10' under surface casing.
 Logging: CNL/LDT, DLL w RXO
 Coring: None.
 DST's: None.

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

From: 0	TO: 1100'	Anticipated Max. BHP: 450	PSI
From: 1100'	TO: 3600'	Anticipated Max. BHP: 1400	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 135° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 10 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION

Patterson AQL Federal #1
660' FNL and 660' FEL
Sec. 4-T23S-R23E
Eddy County, State 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 42 miles south of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad, New Mexico on Highway 285 for 12.5 miles to Highway 137. Turn west and go approx. 18.5 miles to the Sacahuiste KE Federal #1 location. Access road will start here using existing Right-of-Way NM-93086.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 4,600' length from the point of origin to the southeast corner of the drilling pad. The road will lie in a west to 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. 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 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 obtain any 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 within 90 days after abandonment.

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.

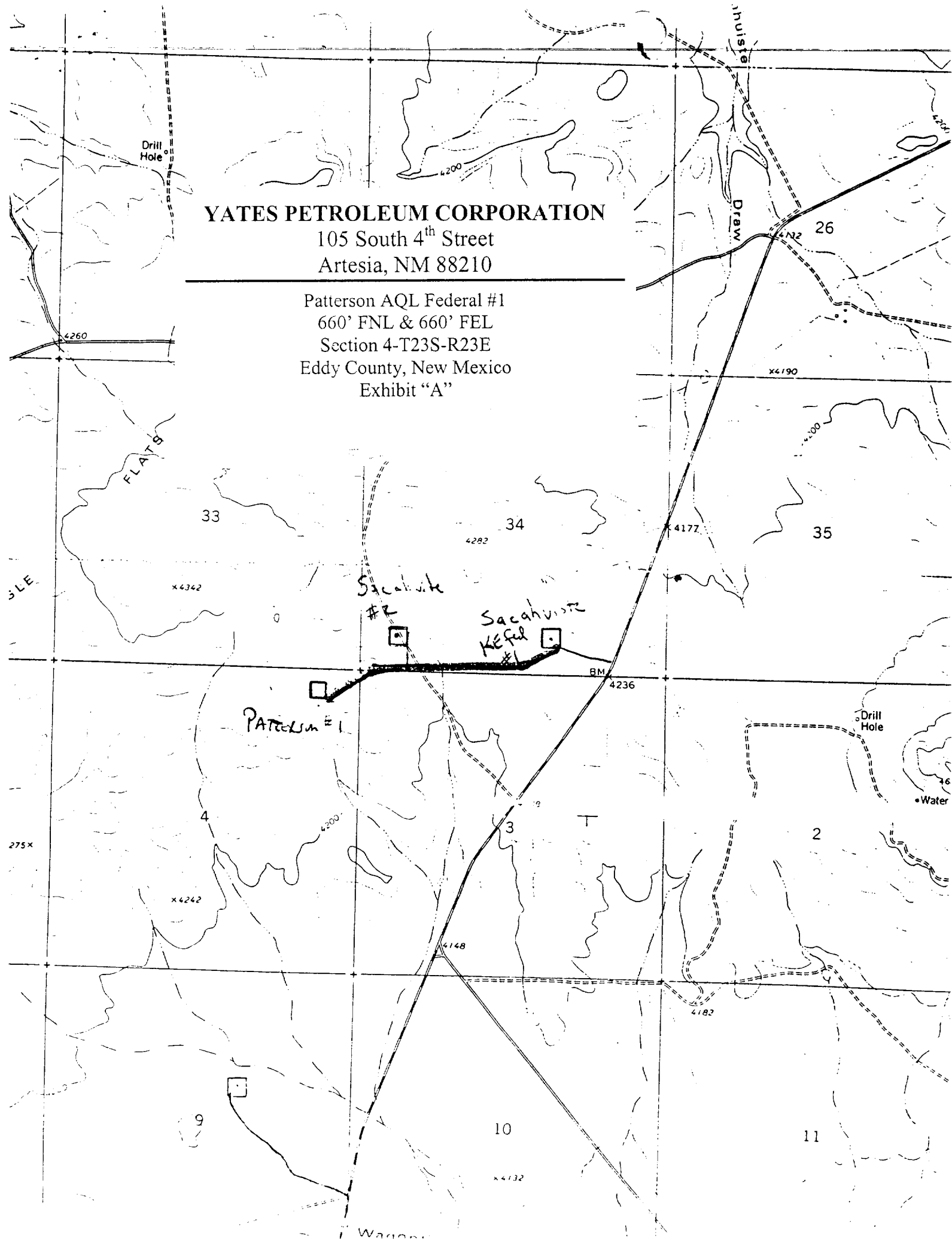
1/29/02


Regulatory Agent

YATES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

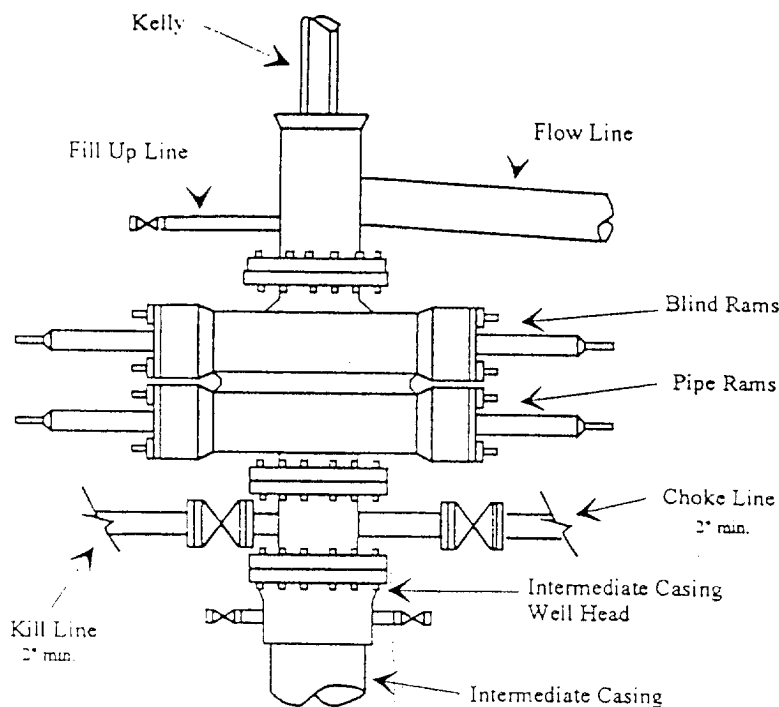
Patterson AQL Federal #1
660' FNL & 660' FEL
Section 4-T23S-R23E
Eddy County, New Mexico
Exhibit "A"



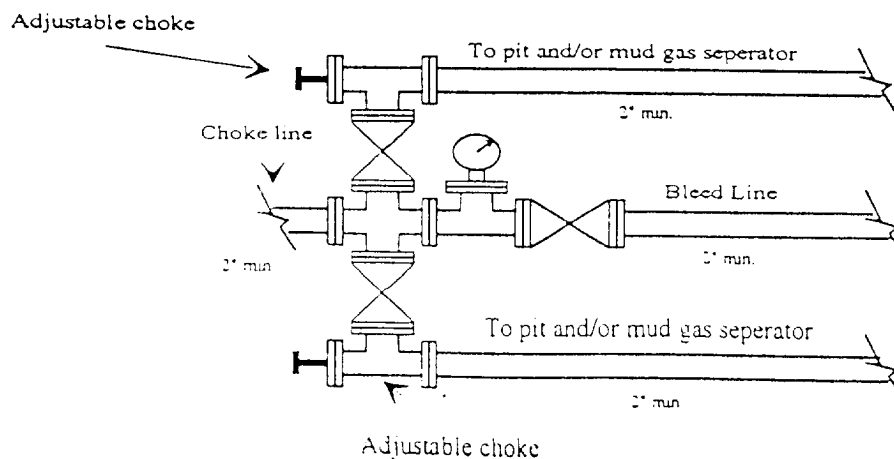
Yates Petroleum Corporation

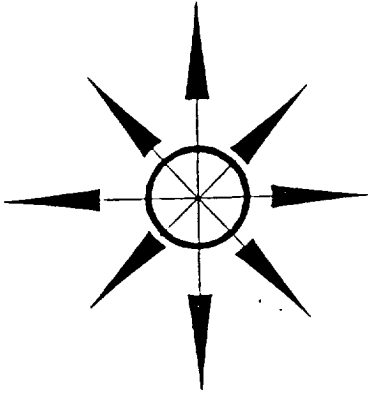
BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Typical 2,000 psi choke manifold assembly with at least these minimum features





Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

YATES PETROLEUM CORPORATION

105 South 4th Street

Artesia, NM 88210

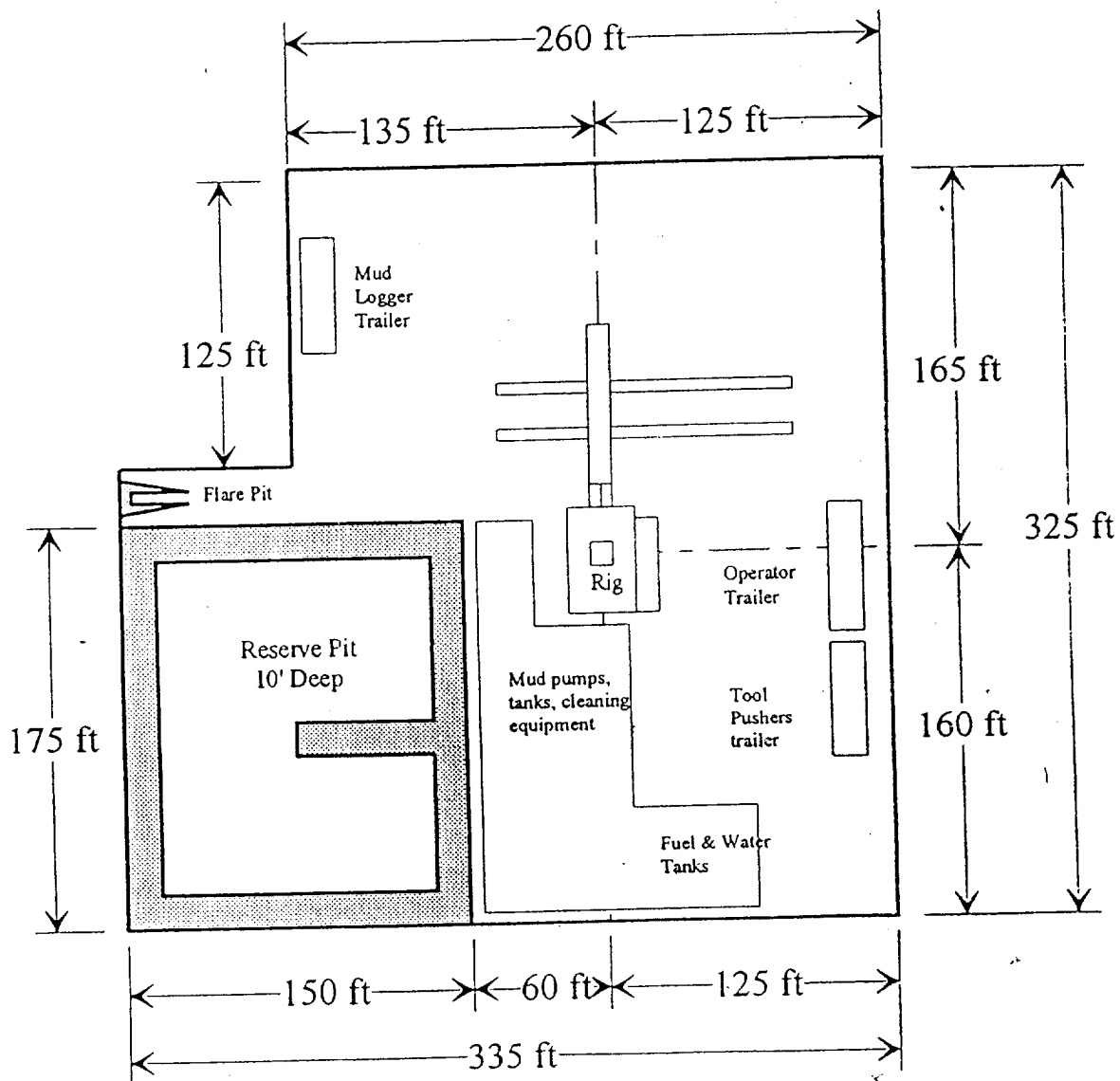
Patterson AQL Federal #1

660' FNL & 660' FEL

Section 4-T23S-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

Patterson AQL Federal #1
660' FNL & 660' FEL
Section 4-T23S-R23E
Eddy County, New Mexico
Exhibit "D"

