

N.M. Oil Cons. Div. Dist. 2
1001 W. Central
Artesia, NM 88210

CLSF

Form 3160-3
(August 1999)



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

NM 28297

6. If Indian, Allottee or Tribe Name

Not Applicable

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

Not Applicable

8. Lease Name and Well No.

12233
Everette "OO" Federal#11

9. API Well No.

6344/
30-005-

10. Field and Pool, or Exploratory

Wildcat Precambrian

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

Section 26-T5S-R24E

12. County or Parish

Chaves 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 25575

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 1500' FWL, Unit K

At proposed prod. Zone same as above

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

Approximately forty-two (42) miles northeast of Roswell, New Mexico

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

16. No. of Acres in lease

1040

17. Spacing Unit dedicated to this well

320

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

19. Proposed Depth

5230'

20. BLM/BIA Bond No. on file

NM-2811

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

3969' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

30 Days

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 office.

25. Signature Clifton R. May

Name (Printed/Typed)

Clifton R. May

Date

11/2/01

Title:

Regulatory Agent

Approved by (Signature) /S/LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

JAN 18 2002

Title

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

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.

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)

DECLARED WATER BASIN

CEMENT BEHIND THE 11 3/4"
CASING MUST BE CIRCULATED

WITNESS

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

11/11/11

11/11/11
11/11/11
11/11/11

RECEIVED

				<p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="right"><i>Clifton R. May</i></p> <p>Signature Clifton R. May</p> <p>Printed Name Regulatory Agent</p> <p>Title 11-2-01</p> <p>Date</p>
	<p>N.33°50'28.5\"/> W.104°23'49.4\"</p> <p>3972 3966</p> <p>1500'</p> <p>3970 3963</p> <p>1980'</p> <p>Well #7</p>	<p>NM-28297</p>	<p>Proposed Well #8</p> <p>Well #2</p>	<p align="center">SURVEYOR CERTIFICATION</p> <p><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></p> <p align="center">8/23/2001</p> <p>Date Surveyed</p> <p>Signature of <i>Herschel L. Jones</i> Professional Surveyor</p> <p align="center"> </p> <p>Certification No. <i>11-2-01</i> Jones RLS 3640</p> <p align="center"> </p>

YATES PETROLEUM CORPORATION
Everette "OO" Federal #11
1980' FSL and 1500' FWL
Section 26-T5S-R24E
Chaves County, New Mexico

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

San Andres	610'
Glorieta	1485'
Yeso	1595'
Tubb	2995'
Abo	3620'
Wolfcamp	4340'
Basement - Granite	5130'
TD	5230'

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

Water: 150'-200'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" 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"	11 3/4"	42#	H-40	ST&C	0-900'
11	8 5/8"*	24#	J-55	ST&C	0-1500'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5230'

*8 5/8" will only be set if lost circulation is encountered

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the bottom hole pressure in this field is proven to be near 1000 PSI. Pressure at the surface is much less. We feel that a 1000 PSI test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

Everette "OO" Federal #11

Page 2

A. CEMENTING PROGRAM:

Surface Casing: 200 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"
+ 2% CaCL₂ (YLD 1.32 WT 15.6).

Intermediate Casing: 250 sx Lite "C" (YLD 2.0 WT 12.0. Tail in with 200 sx Class C+2%
CaCl₂ (YLD 1.32 WT 14.8)

Production Casing: 550 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900'	FW GEL,Paper,LCM	8.6 - 9.0	32-36	N/C
900'-1500'	Cut Brine	8.6 - 9.0	29	N/C
1500'-3590'	Brine	10.0 - 10.2	28	N/C
3590'-TD	Salt Gel/Starch/Oil/LCM	9.0-9.8	34-45	<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 surface casing.

Logging: Platform Express CNL/LDT, W/NGT TD -Surf csg; with GR/CNL up to Surf:

DLL/MS FL TD-Surf csg; BHC Sonic TD-Surf csg

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0 TO: 900' Anticipated Max. BHP: 375 PSI

From: 900' TO: 5230' Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Everette "OO" Federal #11
1980' FSL and 1500' FWL
Section 26-T5S-R24E
Chaves 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 northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Roswell on Highway 285 for approx. 26 miles to Dona Anna Road. Turn east and follow road approx. 10 miles to Mapco Pipeline Road. Turn southeast and go approx. 0.5 of a mile. The new road will start here and go in a northeasterly direction for approximately 1200' to the southwest corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1200' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a northeasterly 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. Existing roads will be maintained in the same or better condition as it is found.

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 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: Plans are to run a 2" X-42 Steel buried flowline from this well to a connection on the Everette "OO" Federal #7 location located in the SESW pf Section 26-T5S-R24E as shown on the pipeline plat attached.

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 administrated by BLM
Roswell, 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:
Clifton R. May, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.
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.

11/2/01


Regulatory Agent

Rock House
Springs

Huggins

Yates Petroleum Corporation
Everette "OO" Federal #11
1980' FSL and 1500' FEL
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "A"

FEE

Blue
Well

East Stancel Corral

Draw

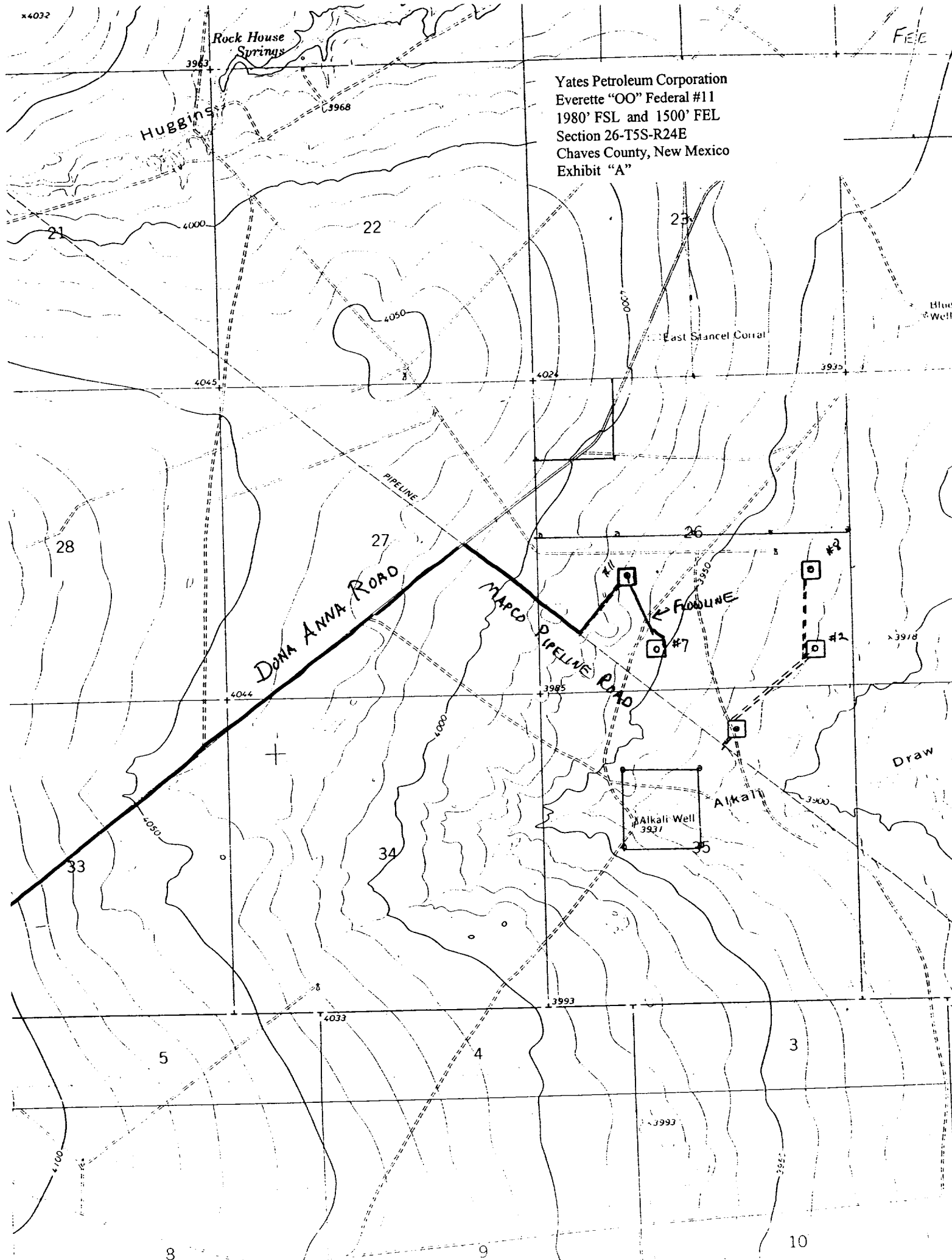
DONA ANNA ROAD

MARCO PIPELINE ROAD

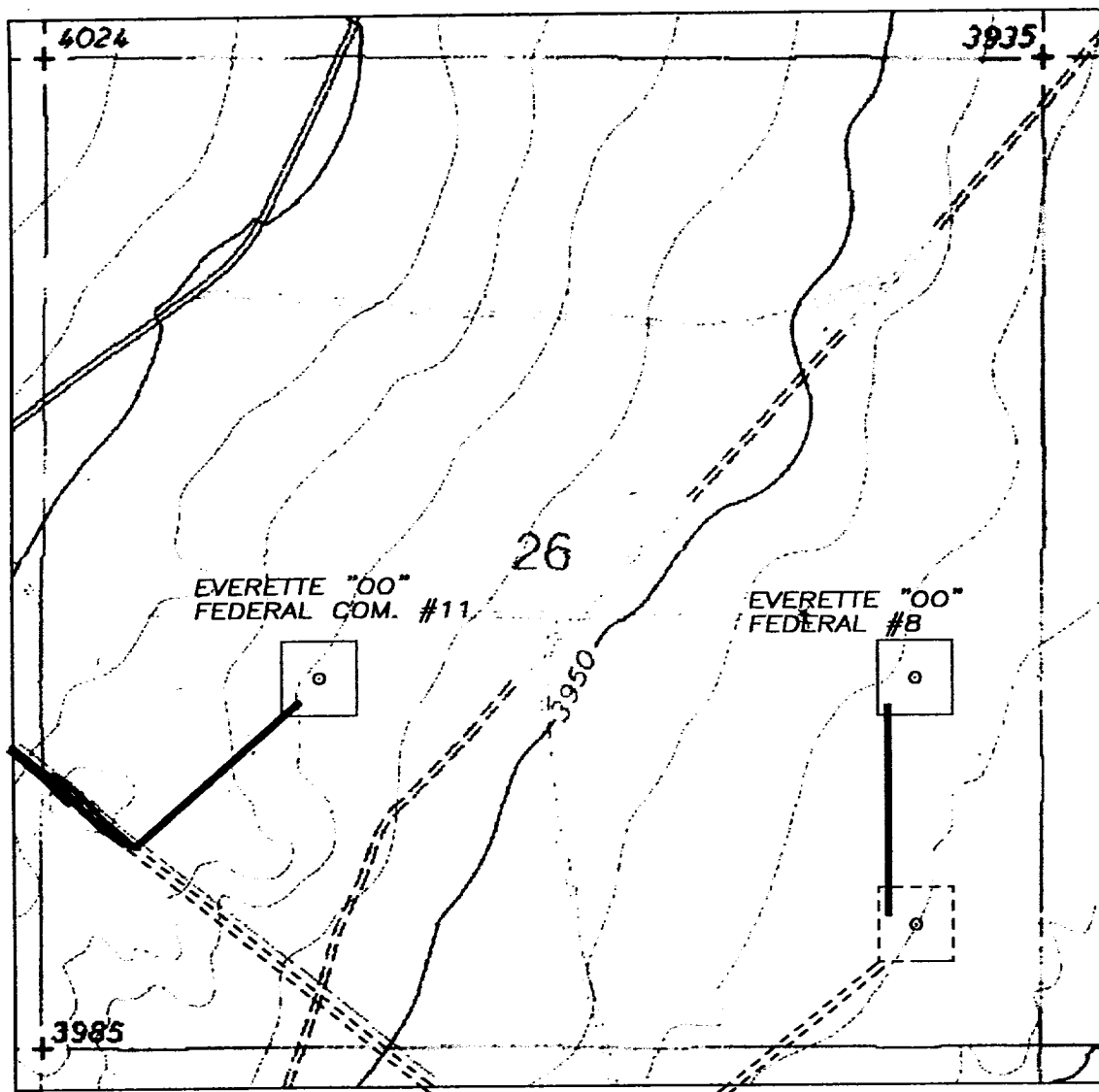
FOOTLINE

Alkali Well
3937

Alkali



SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
 Everett "OO" Federal #11
 1980' FSL and 1500' FEL
 Section 26-T5S-R24E
 Chaves County, New Mexico
 Exhibit "A-1"

1000' 0 1000' 2000'
 Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

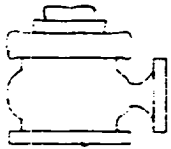
3640
 HENSCHEL L. JONES, R.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
 LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES EVERETTE "OO" FEDERAL #8 & 11, LOCATED IN SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 8/23/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blivins	W.O. Number
Date: 8/23/01	Scale 1" = 1000' EVERETTE



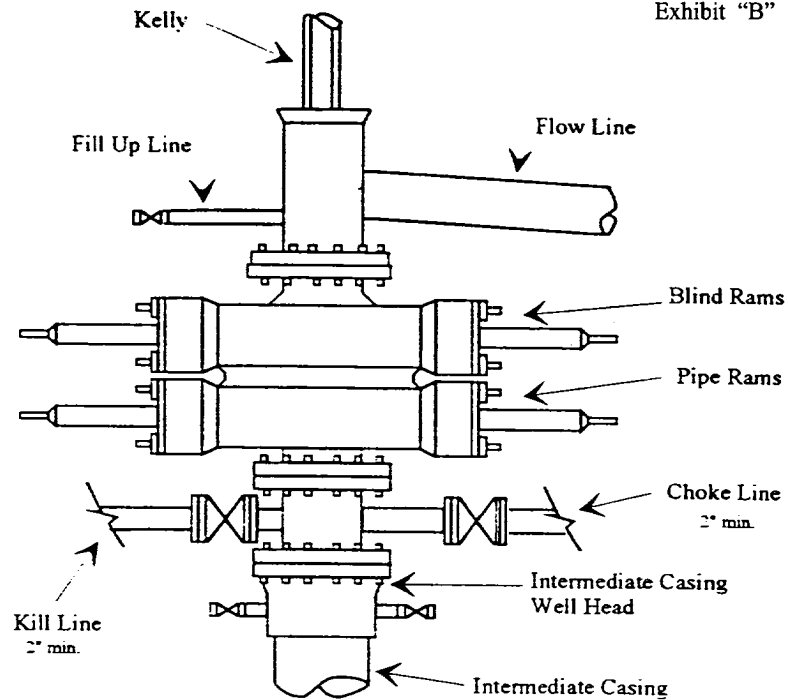
Yates Petroleum Corporation

BOP-2

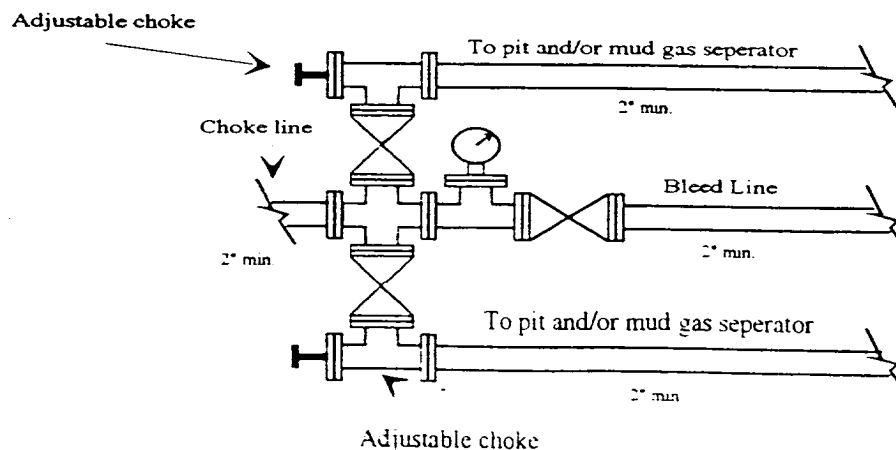
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Yates Petroleum Corporation
Everette "OO" Federal #11
1980' FSL and 1500' FEL
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "B"

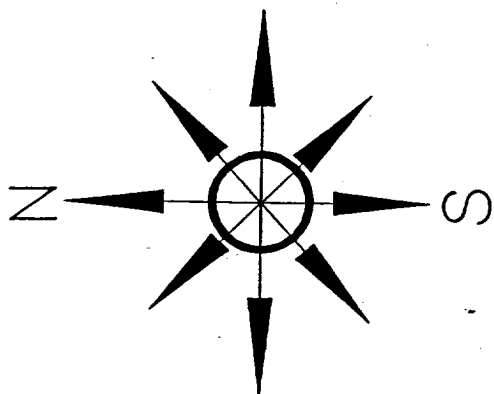


Typical 2,000 psi choke manifold assembly with at least these minimum features

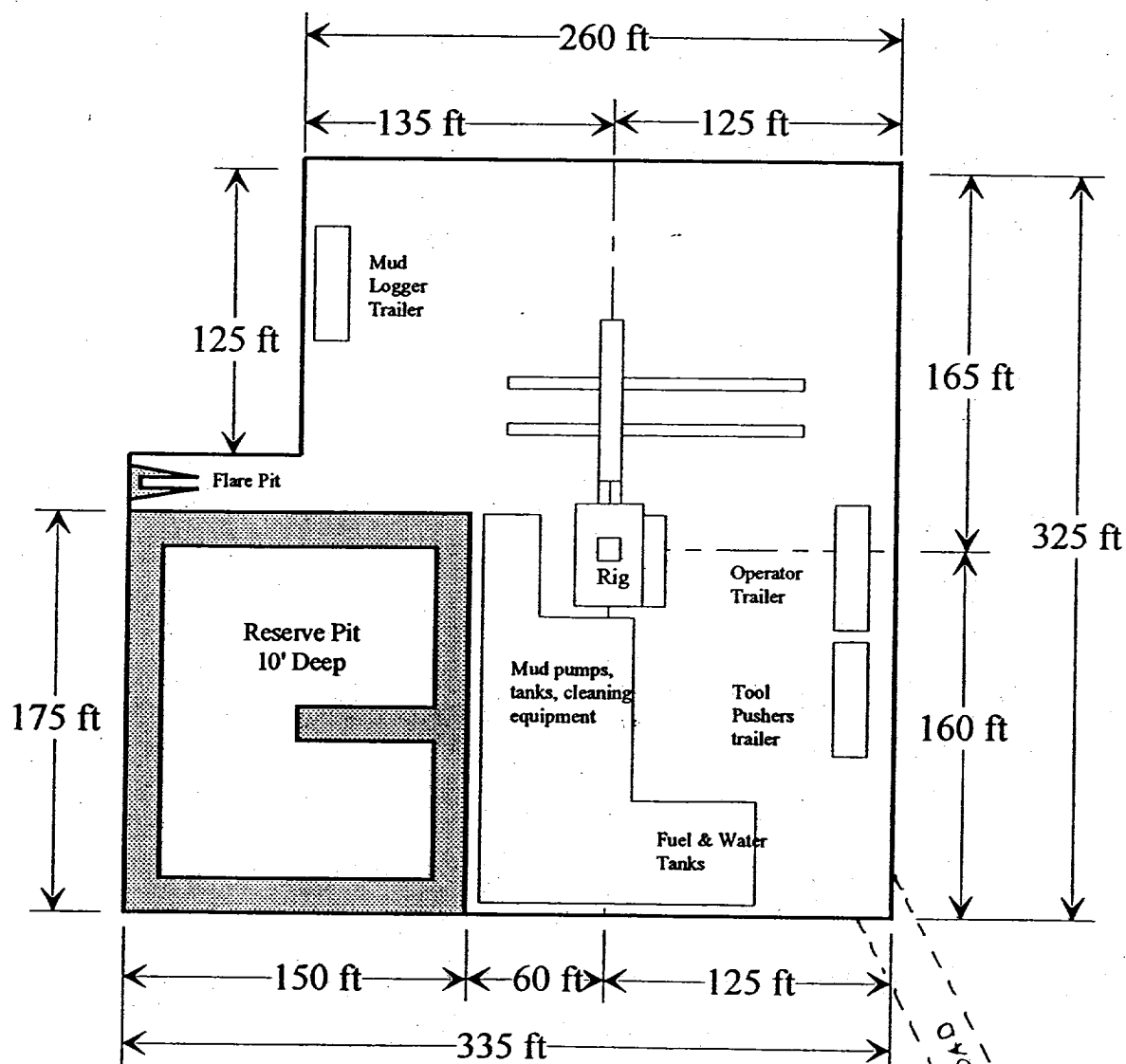


Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



Yates Petroleum Corporation
Everette "OO" Federal #11
1980' FSL and 1500' FEL
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "C"

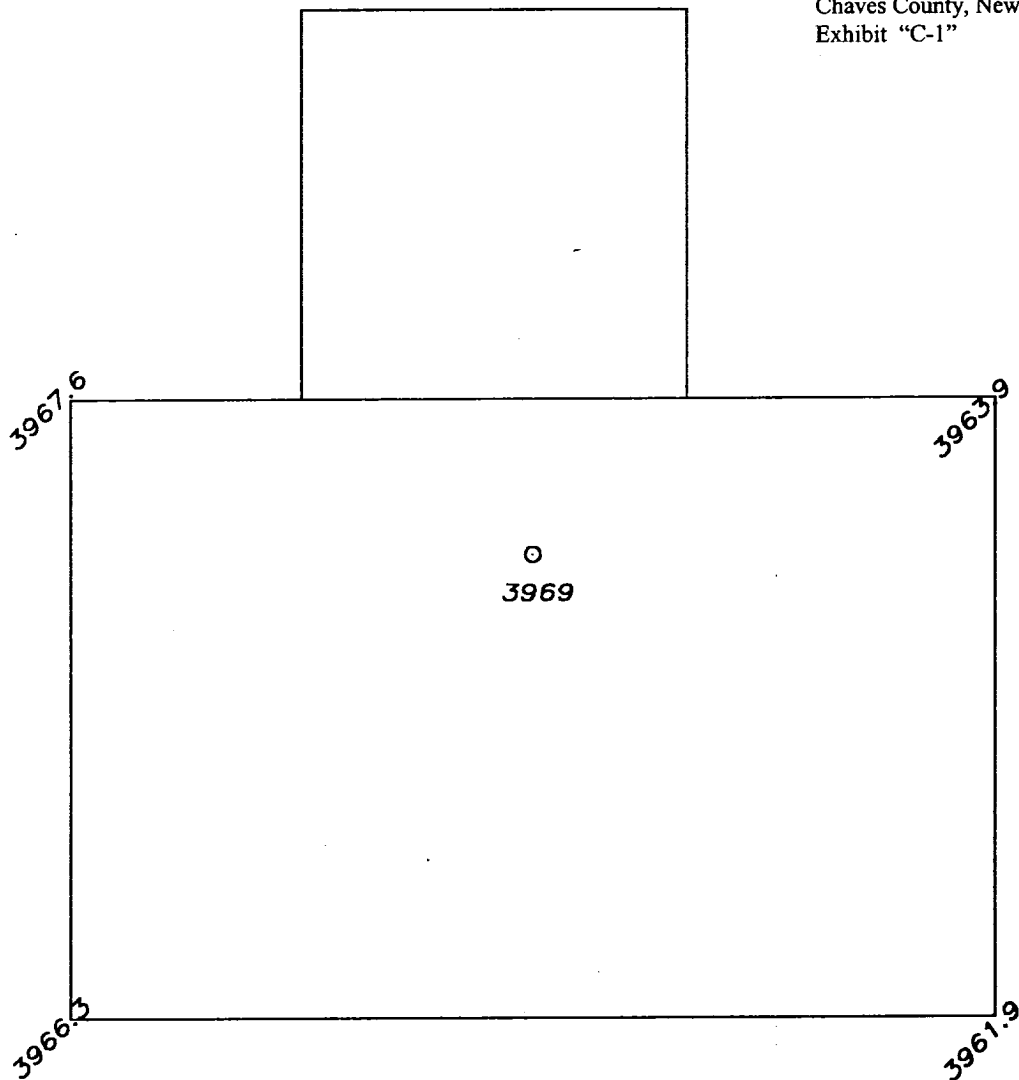


Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

YATES PETROLEUM CORP. EVERETTE "OO" FED. COM.#11 1980/S & 1500/W
SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Yates Petroleum Corporation
Everette "OO" Federal #11
1980' FSL and 1500' FEL
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "C-1"



50' 0 50' 100'
Scale 1" = 50'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF
THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY
DIRECTION AND THE GREAT ACCURATELY DEPICTS THE RESULTS
OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE
STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED
BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR
PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES SURV. L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES EVERETTE
"OO" FEDERAL COM.#11 LOCATED 1980/S AND
1500/W OF SECTION 26, TOWNSHIP 5 SOUTH,
RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW
MEXICO.

Survey Date: 1/12/2000

Sheet 1 of 1 Sheets

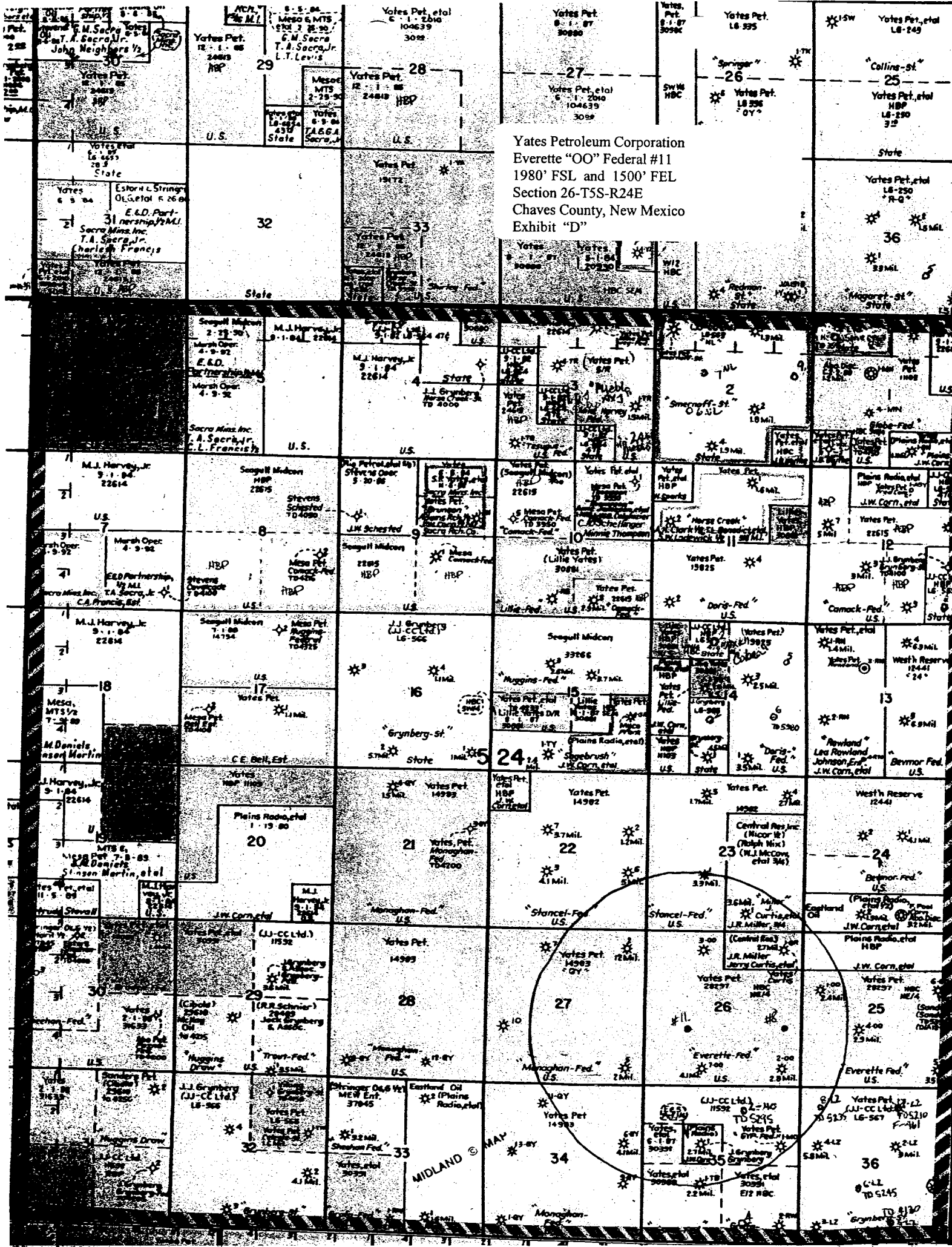
Drawn By: Ed Blevins

W.O. Number

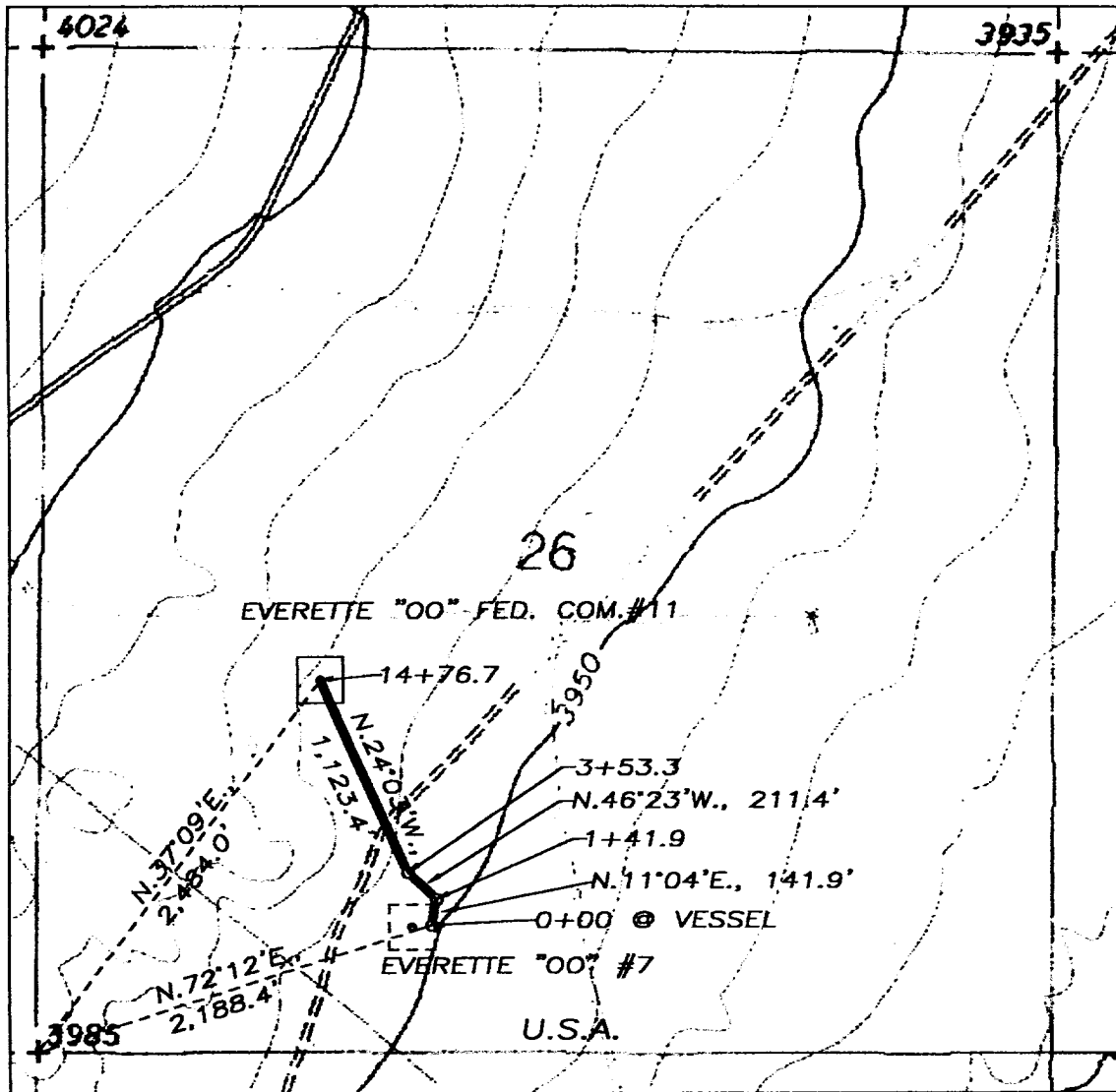
Date: 1/17/00

Scale 1" = 50' EVERETTE 11

Yates Petroleum Corporation
Everette "OO" Federal #11
1980' FSL and 1500' FEL
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "D"



SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



DESCRIPTION:

A PIPELINE RIGHT OF WAY 30 FEET WIDE AND 1,476.7 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT.

1,476.7 FEET = 89.4970 RODS, 0.2797 MILES OR 1.0170 ACRES, MORE OR LESS, ALL OF WHICH ARE ON LEASE.

Yates Petroleum Corporation
Everette "OO" Federal #11
1980' FSL and 1500' FEL
Section 26-T5S-R24E
Chaves County, New Mexico
Exhibit "E"

1000' 0 1000' 2000'
Scale 1" = 1000'

YATES PETROLEUM CORP.

PIPELINE TO CONNECT THE YATES EVERETTE
"OO" FEDERAL COM. #11 LOCATED IN SECTION
26, TOWNSHIP 5 SOUTH, RANGE 24 EAST,
NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 4/09/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blavina	W.O. Number
Date: 5/13/01	Scale 1" = 1000' EVERETTE 11

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL J. JONES, P.L.S. No. 3840

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LOVINGTON, NEW MEXICO 88260