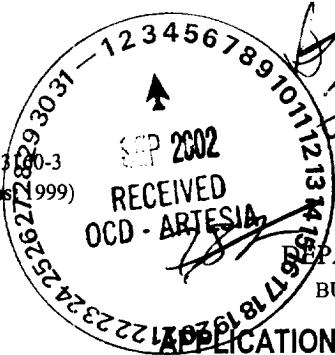


N.M. Oil Cons. DIV-Dist 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 100-3
(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-1372

6. If Indian, Allottee or Tribe Name

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

13108

8. Lease Name and Well No.

Warren "ANW" Federal #5

9. API Well No.

30-015-32423

10. Field and Pool, or Exploratory

N. Dagger Draw Upper Penn

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

Section 9, T19S-R25E

12. County or Parish

Eddy

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 & 660' FEL

At proposed prod. Zone

same

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

Approximately 20 miles SW of Artesia, NM

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

600

17. Spacing Unit dedicated to this well

160

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

19. Proposed Depth

8300'

20. BLM/BIA Bond No. on file

585997

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

3505' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

40

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.
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

Cy Cowan

Name (Printed/Typed)

Cy Cowan

Date

7/24/02

Title:

Regulatory Agent

Approved by (Signature)

/S/ JOE G. LARA

Name (Printed/Typed)

/S/ JOE G. LARA

Date

AUG 30 2002

Title

Acting 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.

APPROVAL FOR 1 YEAR

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)

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

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

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

API Number		Pool Code	Pool Name
			N. Dagger Draw, Upper Penn
Property Code	Property Name		Well Number
	WARREN "ANW" FEDERAL		5
OCRD No.	Operator Name		Elevation
025575	Yates Petroleum Corporation		3505

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	9	19S	25E		1980	South	660	East	Eddy

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
160									
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

The diagram is a 4x4 grid. A thick black line outlines a 2x2 area in the bottom-right quadrant. The top-left cell of this thick-lined area is labeled 'NM-1372'. To the right of this cell, a horizontal line segment is labeled '660'' and a vertical line segment is labeled '1980''. A star symbol is located at the intersection of the second vertical line and the third horizontal line from the top.

I hereby certify the the information
contained herein is true and complete to the
best of my knowledge and belief.

best of my knowledge and belief.

Signature

Cy Cowan
Printed Name

Regulatory Agent
Title

7/24/2002
Date

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

1 API Number		2 Pool Code		3 Pool Name Dagger Draw, Upper Penn, North	
4 Property Code		5 Property Name WARREN "ANW" FEDERAL			6 Well Number 5
7 OGRID No. 025575		8 Operator Name YATES PETROLEUM CORPORATION			9 Elevation 3505.

10 Surface Location

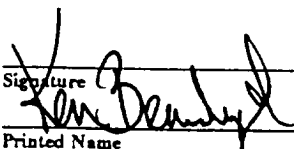
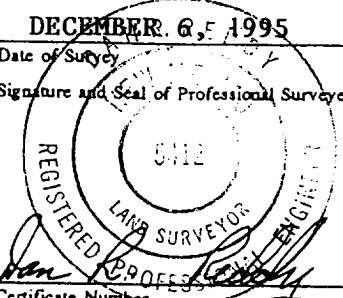
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	9	19-S	25-E		1980	SOUTH	660	EAST	EDDY

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 160	13 Joint or Infill	14 Consolidation Code	15 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

<div>16</div> <div>201-1372</div> <div>660'</div> <div>1980'</div>				<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <div>Signature </div> <div>Printed Name Ken Beardemph1</div> <div>Title Landman</div> <div>Date 12-11-95</div>	
				<div>18 SURVEYOR CERTIFICATION</div> <p>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> <div>DECEMBER 6, 1995</div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor: </div> <div>Certificate Number NM PE&PS NO. 5412</div>	

YATES PETROLEUM CORPORATION
Warren "ANW" Federal #5
1980' FSL and 660' FEL
Sec. 9-T19S-R25E
Eddy County, New Mexico

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

San Andres	677'
Glorietta	2077'
Yeso	2243'
Bone Spring LST	4094'
Wolfcamp LST	5517'
Canyon LST	7641'
Canyon Dolomite	7756'
Base Dolomite	7941'
TD	8300'

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

Water: Approximately 225' – 300'
Oil or Gas: All 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	1150'	0-1150'
8 3/4"	7"	26#	J-55	LT&C	0-7450'	0-7450'
8 3/4"	7"	26#	N-80	LT&C	7450-8300'	7450-8300'

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

B. CEMENTING PROGRAM:

Surface casing: 700 sx 'H', w/12% thicksad, 10# Gilsonite, 1/2# Celloseal 2% CaCl₂ Tail with 200sacks, 2% CaCl₂.

Production Casing: 500 sx Class H w/5# CSE, 5 # Gilsonite, 1/4# Celloseal. DV tool @ 5900.

2nd Stage: 750 sx Lite, 5# salt, 5# Gilsonite, 1/4# Celloseal. Tailed with 100 sacks 'H'.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1150'	FW Gel/LCM	8.3 - 8.6	30	N/C
1150'-5200'	Fresh Water	8.3 - 8.6	28	N/C
5200'-7200'	Cut Brine/KCL	9.0 - 9.2	29	N/C
7200'-TD	Cut Brine/Starch	9.0 - 9.2	30 - 34	<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 from surface casing to TD.

Logging: CNL/LTD from TD to casing, with W/GR/LDT to surface;

DLL with RXO from casing to TD.

Coring: None anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1150'	Anticipated Max. BHP: 450 PSI
From: 1150'	TO: 8300'	Anticipated Max. BHP: 2300 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: 0-1100'

H₂S Zones Anticipated: Canyon

Maximum Bottom Hole Temperature: 127 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 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Warren "ANW" Federal #5
1980' FSL and 660' FEL
Sec.9-T19S-R25E
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 20 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, NM on Highway 285 to West Kincaid Ranch Road. Turn west and go approximately 6.2 miles to double cattle guards. Take south cattle guard, then turn south on lease road for 1- $\frac{1}{4}$ miles. New road starts here going east.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately $\frac{1}{4}$ of a mile in length from point of origin to the southwest corner of drilling pad. The road will lie in a west to east direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and erosion.
- C. The new road will be bladed with drainage on one side. No traffic turnout will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.
- F. Two cattle guards will be installed.

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. 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:

A local dirt contractor will handle all the construction material requirements.

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: Will run a power line and flow line to Battery if needed (see plat).

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: Mr. Phil Hefner, Artesia, NM. Yates Petroleum Corporation and Mr. Hefner have made an agreement on surface damages on his ranch.

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.

7/24/02


Regulatory Agent

YATES PETROLEUM CORPORATION
Warren "ANW" Federal #5
1980' FSL and 660' FEL
Section 9-T19S-R25E
Eddy County, New Mexico

H2S Drilling Operations Plan

Personnel employed at the rig site shall receive training in H2S detection, safe drilling procedures and contingency plans. H2S safety equipment shall be installed and functional 3 days or 500 feet prior to encountering known or probable H2S zone at 3200' feet.

Submitted with the APD is a well site diagram showing:

- 1) Drilling rig orientation, location of flare pit.
- 2) Prevailing wind direction.
- 3) Location of access road.

Primary briefing area will be established 150' from wellbore and up wind of prevailing wind direction. Secondary briefing area will be established 180 degrees from primary briefing area.

A H2S warning sign will be posted at the entrance of the location. Depending on conditions, a green, yellow, or red flag will be displayed.

Green - Normal conditions

Yellow - Potential danger

Red - Danger H2S present

Wind indicators will be placed on location at strategic, highly visible areas. H2S monitors (a minimum of three) will be positioned on location for best coverage and response. H2S concentrations of 10 ppm will trigger a flashing light and 20 ppm will trigger an audible siren.

H2S breathing equipment will consist of:

- 1) 30 minute "pressure demand" type working unit for each member of rig crew on location.
- 2) 5 minute escape packs for each crew member.
- 3) Trailer with a "cascade air system: to facilitate working in a H2S environment for time period greater than 30 minutes.

Warren "ANW" Federal #5
Page 2

Breathing equipment will be stored in weather proof cases or facilities. They will be inspected and maintained weekly.

The mud system will be designed to minimize or eliminate the escape of H₂S at the rig floor. This will be accomplished through the use of proper mud weight, proper pH control of the drilling fluid and the use of H₂S scavengers in the drilling fluid. A mud gas separator will be utilized when H₂S is present in the mud.

Drilling experience has shown that wells in developmental areas, (i.e. Dagger Draw, Livingston Ridge Delaware, and Lusk Delaware) are normally pressured and don't experience either H₂S kicks or loss of returns. Due to these circumstances, we request exceptions to the rule requiring flare line with remote lighter and choke manifold with minimum of one remote choke. This equipment would be provided on exploratory wells or wells with the known potential for H₂S kicks. Additionally, a SO₂ monitor would be positioned near the flare line, and a rotating head utilized.

The drill string, casing, tubing, wellhead, blowout preventers and associated lines and valves will be suitable for anticipated H₂S encounters.

Radio and or mobile telephone communication will be available on site. Mobile telephone communication will be available in company vehicles.

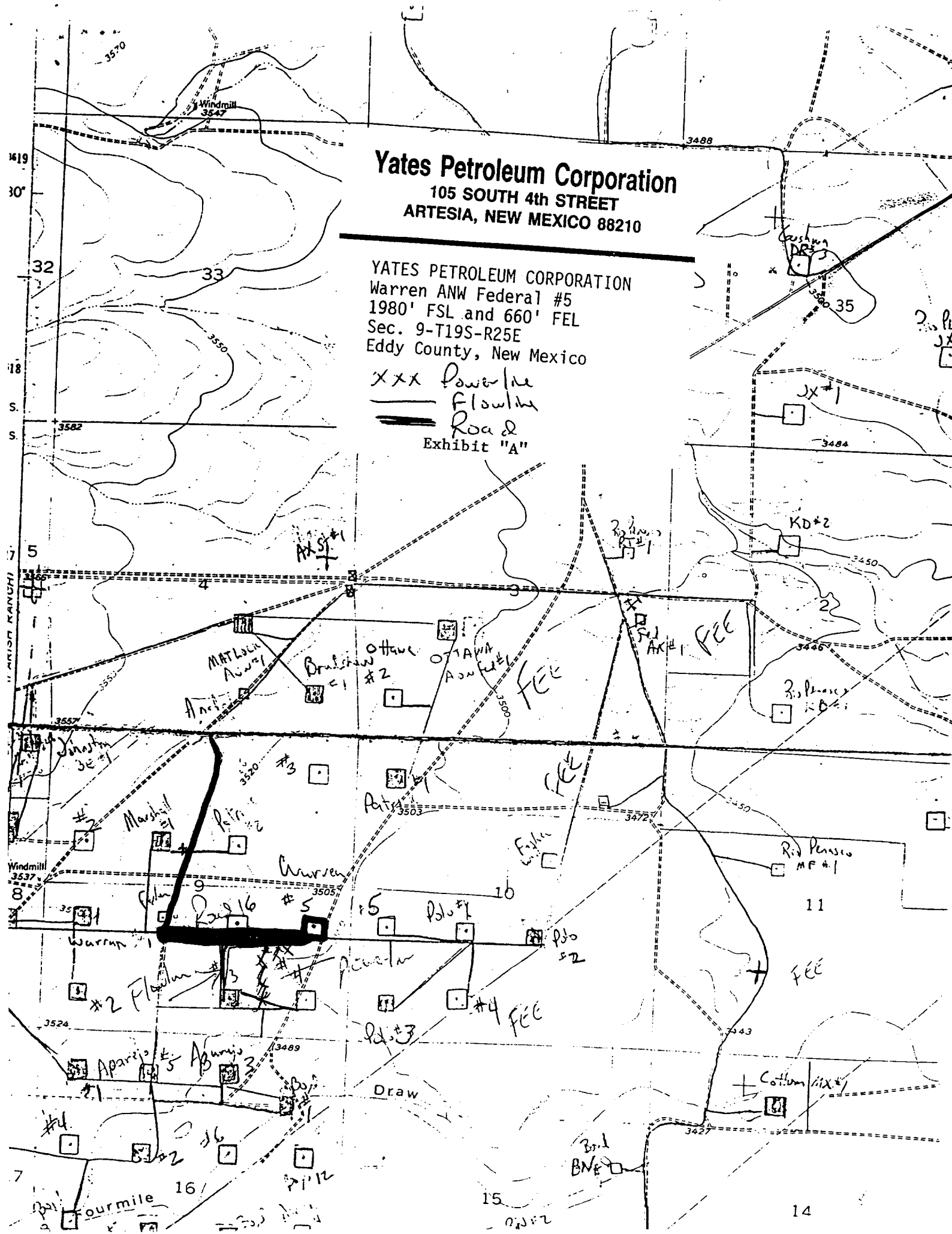
Drill stem testing to be performed with a minimum number of essential people on location. They will be those necessary to safely conduct the test. If H₂S is encountered during a drill stem test, essential personnel will mask up and determine H₂S concentration. The recovery will then be reversed to flare pit. Pulling of test tools will be conducted in a safe manner.

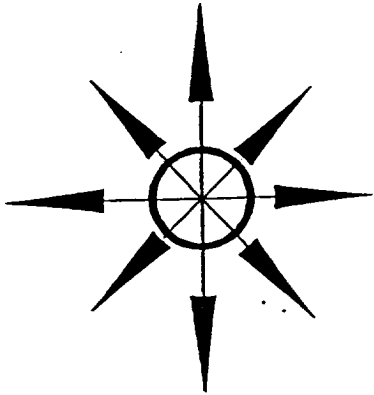
Yates Petroleum Corporation

105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

YATES PETROLEUM CORPORATION
Warren ANW Federal #5
1980' FSL and 660' FEL
Sec. 9-T19S-R25E
Eddy County, New Mexico

xxx Powerline
Flowline
Road
Exhibit "A"



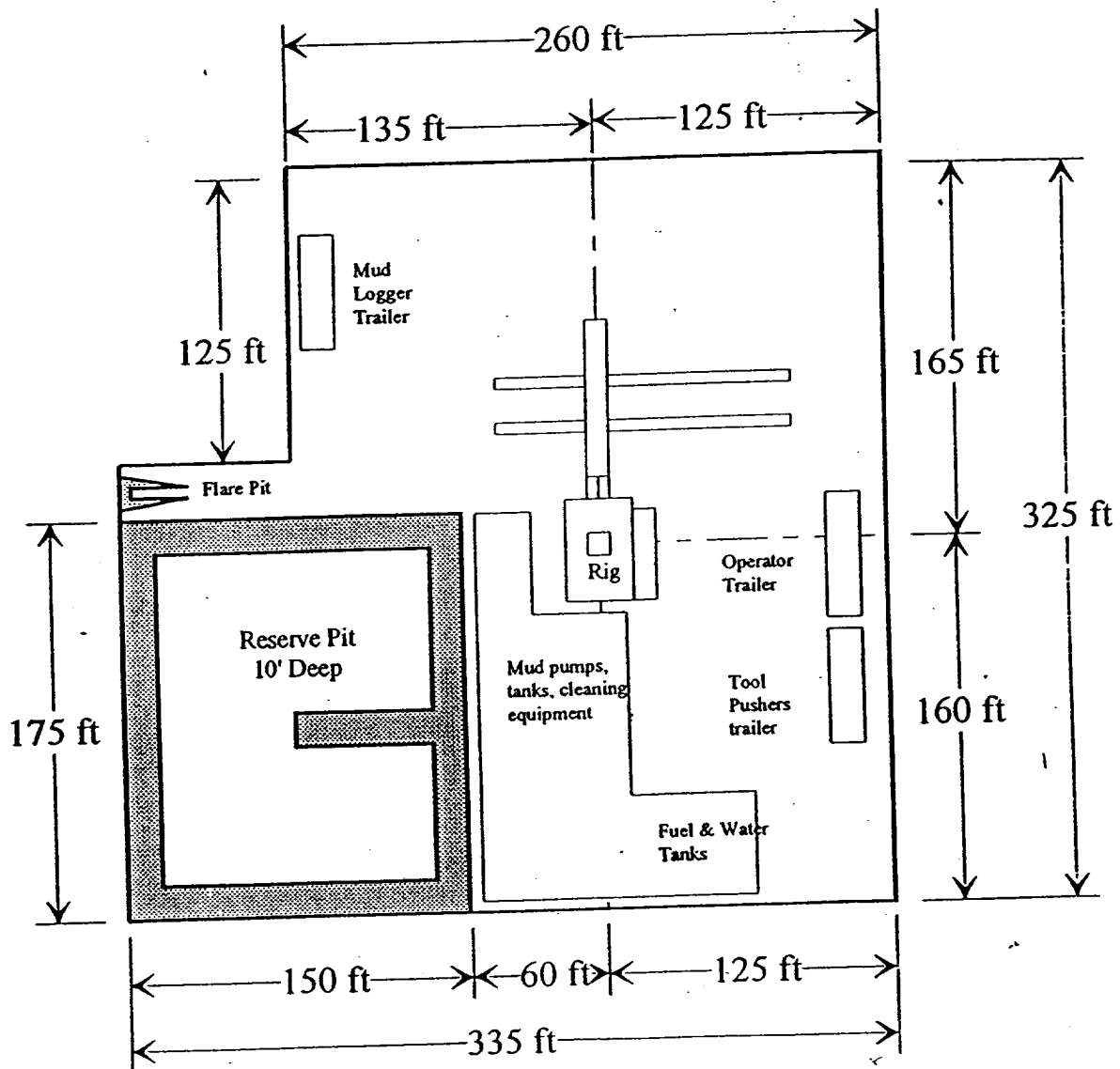


Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

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

YATES PETROLEUM CORPORATION
Warren ANW Federal #5
1980' FSL and 660' FEL
Sec. 9-T19S-R25E
Eddy County, New Mexico
Exhibit "B"

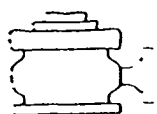


Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

Yates Petroleum Corporation

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



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

YATES PETROLEUM CORPORATION

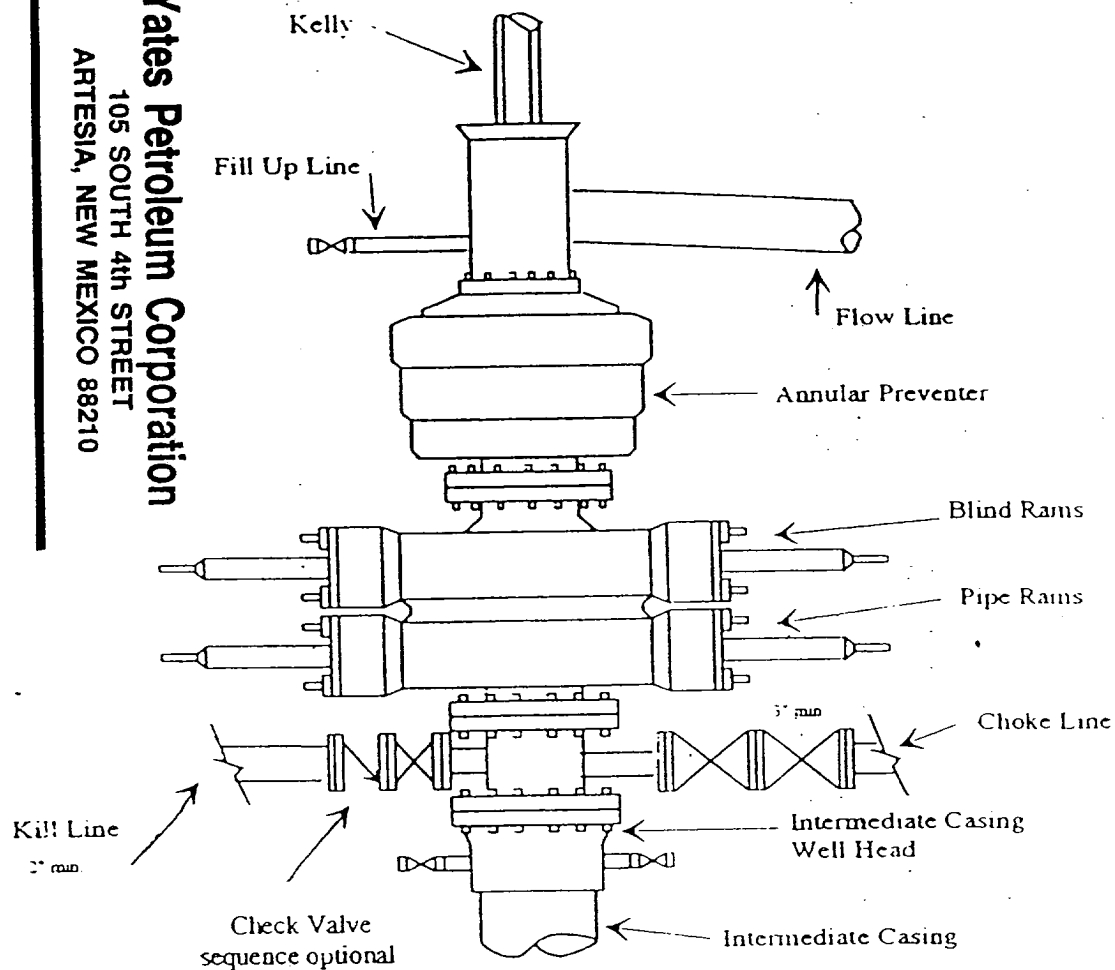
Warrent: ANM Federal #5

1980' FSL and 660' FEL

Sec. 9-T19S-R25E

Eddy County, New Mexico

Exhibit "C"



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

