

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.
NMSF- 0 078977

6. If Indian, Allottee or Tribe Name
N/A

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

8. Lease Name and Well No.
Viersen Federal 3

9. API Well No.
30-045- 32462

10. Field and Pool, or Exploratory
Fulcher Kutz Pictured Cliffs

11. Sec., T., R., M., or Blk. and Survey or Area
K 19-30n-13w NMPM

12. County or Parish **San Juan** 13. State **NM**

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
Yates Petroleum Corporation

3a. Address **105 South 4th Street
Artesia, NM 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 **1825' FSL & 1520' FWL**
At proposed prod. zone **Same**

14. Distance in miles and direction from nearest town or post office*
4 air miles NW of Farmington, New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) **1,520'**

16. No. of Acres in lease
2,553.94

17. Spacing Unit dedicated to this well
90.8 acres (≈SW4 Sec. 19)

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. **1,753'**

19. Proposed Depth
1,645'

20. BLM/BIA Bond No. on file
BLM nation wide (NM-2811)

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5,648' ungraded

22. Approximate date work will start*
Upon Approval

23. Estimated duration
2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

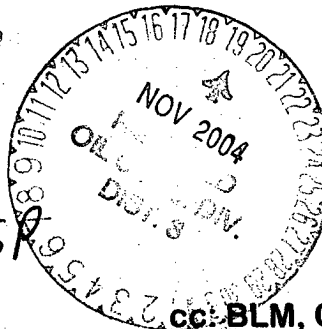
1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

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 officer.

Comments

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4



cc: BLM, OCD (via BLM), May

25. Signature Name (Printed/Typed) **Brian Wood** Date **7-8-04**
Title **Consultant** Phone: **505 466-8120** FAX: **505 466-9682**
Approved by (Signature) Name (Printed/Typed) Date **11/16/04**
Title **AFM** Office **FFO**

Application approval does not warrant or certify the 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.

NMOCD

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

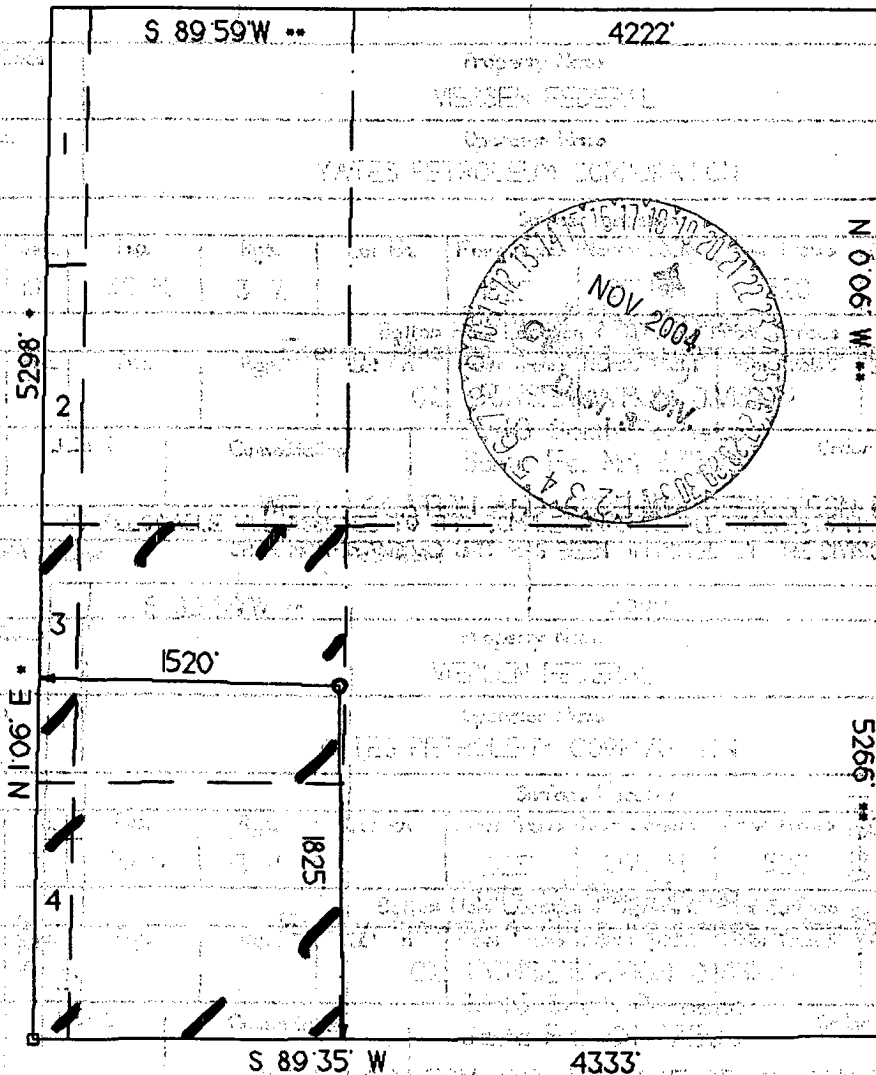
APA Number 30-045-32462	Pool Code 77200	Pool Name FULCHER KUTZ PICTURED CLIFFS
Property Code 28267	Property Name VIERSEN FEDERAL	Well Number 3
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 5648'

Surface Location									
UL or Lot K	Sec. 19	Top. 30 N.	Rge. 13 W.	Lot Ltn.	Feet from 1825'	North/South SOUTH	Feet from 1520'	East/West WEST	County SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Top.	Rge.	Lot Ltn.	Feet from	North/South	Feet from	East/West	County

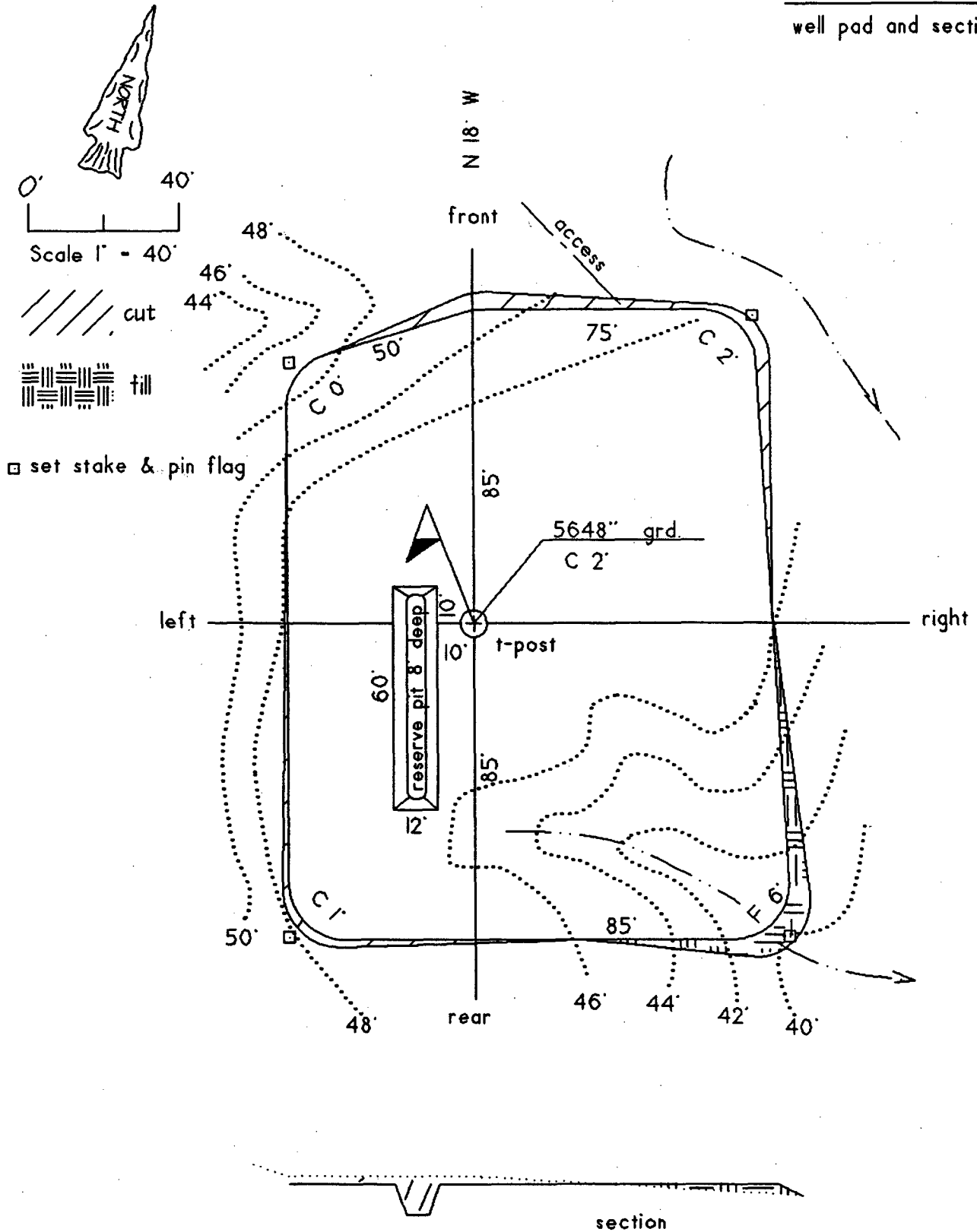
Dedication	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>Brian Wood</i>
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	JULY 8, 2004
SURVEYOR CERTIFICATION	
I hereby certify that the well location 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.	
Date of Survey	
Signature and Seal of Registered Professional Surveyor	<i>[Signature]</i>

Viersen Federal # 3
well pad and section



Yates Petroleum Corporation
Viersen Federal 3
1825' FSL & 1520' FWL
Sec. 19, T. 30 N., R. 13 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. FORMATION TOPS

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elev</u>
Kirtland Shale	000'	10'	+5,648'
Fruitland Coal	1,308'	1,318'	+4,340'
Pictured Cliffs Sandstone	1,433'	1,443'	+4,215'
Lewis Shale	1,538'	1,548'	+4,110'
Total Depth (TD)*	1,645'	1,520'	+4,003'

* all elevations reflect the ungraded ground level of 5,648'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland Coal	Kirtland	Fruitland
Pictured Cliffs	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. PRESSURE CONTROL

BOP systems will follow Onshore Order #2 and API RP 53. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is on PAGE 3.

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PAGE 2

Maximum expected bottom hole pressure will be ≈ 700 psi. Will test annular preventer to 600 psi with rig pump. BOP controls will be installed before drilling the surface casing plugs and remain in use until the well is completed or abandoned. Once out from under the 7" surface casing, a minimum 2,000 psi BOP and choke manifold system will be used.

All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out.

4. CASING & CEMENT

The casing program will be:

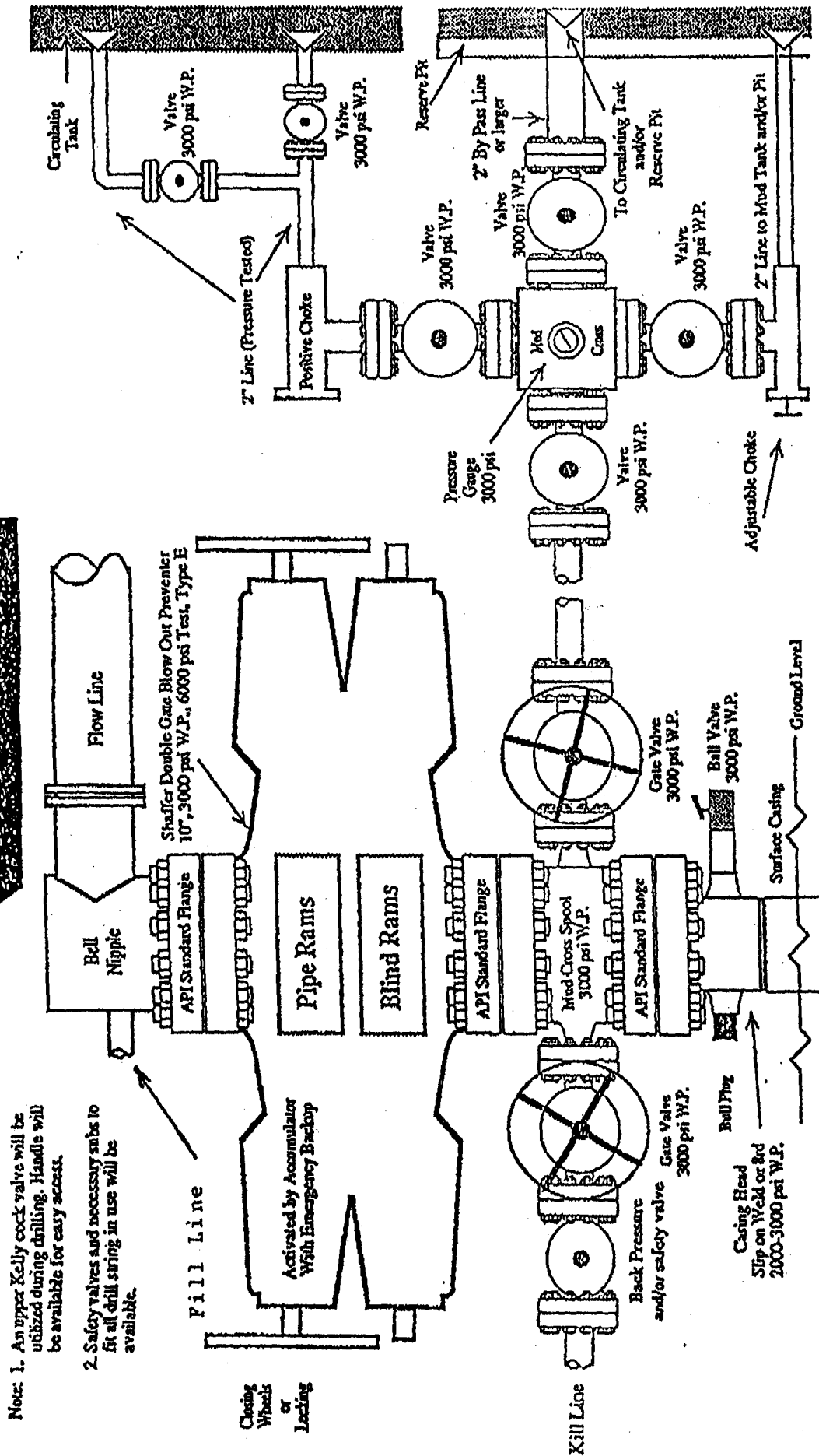
<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
8-3/4"	7"	17	H-40	L T & C	New	500'
6-1/4"	4-1/2"	10.5	J-55	L T & C	New	1,645'

Surface casing will be cemented to the surface with ≈ 125 sacks Class B + 1/4 pound per sack cello flake + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per sack. Excess = 95%.

Production casing will be cemented to the surface with ≈ 200 sacks Class B + 1/4 pound per sack cello flake + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per sack. Excess = 40%. Casing will be equipped with a guide shoe, float collar, and ≈ 6 evenly spaced centralizers.

Pressure Control Equipment

Minimum 2" Choke Line.
Minimum 2" Kill Line.
At Least One 2" Minimum Kill Line Valve.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

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PAGE 4

5. MUD PROGRAM

<u>Range</u>	<u>Mud Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>WL</u>
0' - 500'	Fresh Water	8.4-8.6	28	NC
500' - TD	Fresh Water	8.4-8.6	28	NC

Lost circulation and absorption material will be on location.

6. CORING, TESTING, & LOGGING

No cores are planned. Will perforate and test Pictured Cliffs zone. Acoustic, CBL, MSG, Microlog, and Spectral Density Dual Spaced Neutron logs will be run.

7. DOWN HOLE CONDITIONS

No abnormal temperature, abnormal pressure, or hydrogen sulfide is expected.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take six days to drill and five days to complete the well.