

*Beary*

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

0532

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

JAN 14 2005

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OMB No. 1004-0136  
Expires November 30, 2000

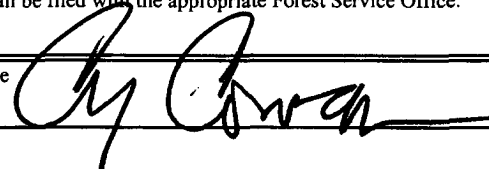
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM-0557142</b>
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 <b>Yates Petroleum Corporation</b>		7. If Unit or CA Agreement, Name and No.
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>	3b. Phone No. (include area code) <b>(505) 748-1471</b>	8. Lease Name and Well No. <b>Ross "EG" Federal Com. #11</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>1980' FSL &amp; 1980' FEL</b> At proposed prod. Zone <b>same</b>		9. API Well No. <b>30-015-33903</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 20 miles SW of Artesia, NM</b>		10. Field and Pool, or Exploratory <b>N. Dagger Draw Upper Penn</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1980'</b>	16. No. of Acres in lease	11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 20, T19S-R25E</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <b>8300'</b>	12. County or Parish <b>Eddy</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3542' GL</b>	20. BLM/BIA Bond No. on file <b>NM-2811</b>	13. State <b>NM</b>
22. Approximate date work will start* <b>ASAP</b>		23. Estimated duration

24. Attachments **Acres 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.  | 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 	Name (Printed/Typed) <b>Cy Cowan/Land Department</b>	Date <b>4/12/04</b>
Title: <b>Regulatory Agent/debbiec@ypcnm.com</b>		
Approved by (Signature) <b>/s/ Joe G. Lara</b>	Name (Printed/Typed) <b>/s/ Joe G. Lara</b>	Date <b>JAN 13 2005</b>
Title <b>ASTING FIELD MANAGER</b>		
Office <b>CARLSBAD FIELD OFFICE</b>		

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)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

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

**1625 N. French Dr., Hobbs, NM 88240**

Form C-102  
Revised August 15, 2000

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

**Submit to Appropriate District Office**  
**State Lease - 4 Copies**  
**Fee Lease - 3 Copies**

**District III**  
**1000 Rio Brazos Rd., Aztec, NM 87410**

**District IV**  
**1220 S. St. Francis Dr., Santa Fe, NM 87505**

☐ AMENDED REPORT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name <b>N. Dagger Draw Upper Penn</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Ross EG Federal Com.</b>	
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>	<sup>6</sup> Well Number <b>11</b>
		<sup>9</sup> Elevation <b>34542'</b>

## 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
J	20	19S	25E		1980	South	1980	East	Eddy

<sup>11</sup> 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
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<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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					<div style="border: 1px solid black; padding: 5px;"> <p><b>17 OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="text-align: right; margin-right: 50px;"> </div> <p>Signature</p> <p><b>Cy Cowan</b></p> <p>Printed Name</p> <p><b>Regulatory Agent</b></p> <p>Title</p> <p><b>04/12/2004</b></p> <p>Date</p> </div>
					<div style="border: 1px solid black; padding: 5px;"> <p><b>18 SURVEYOR CERTIFICATION</b></p> <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> <p><b>REFER TO ORIGINAL PLAT</b></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>    <p>Certificate Number</p> </div>

<p><b>NM-0557142</b></p> <div style="text-align: center; margin-top: 20px;"> </div>	<p>1980'</p>
<p>1980'</p>	<p><b>FEE</b></p>

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

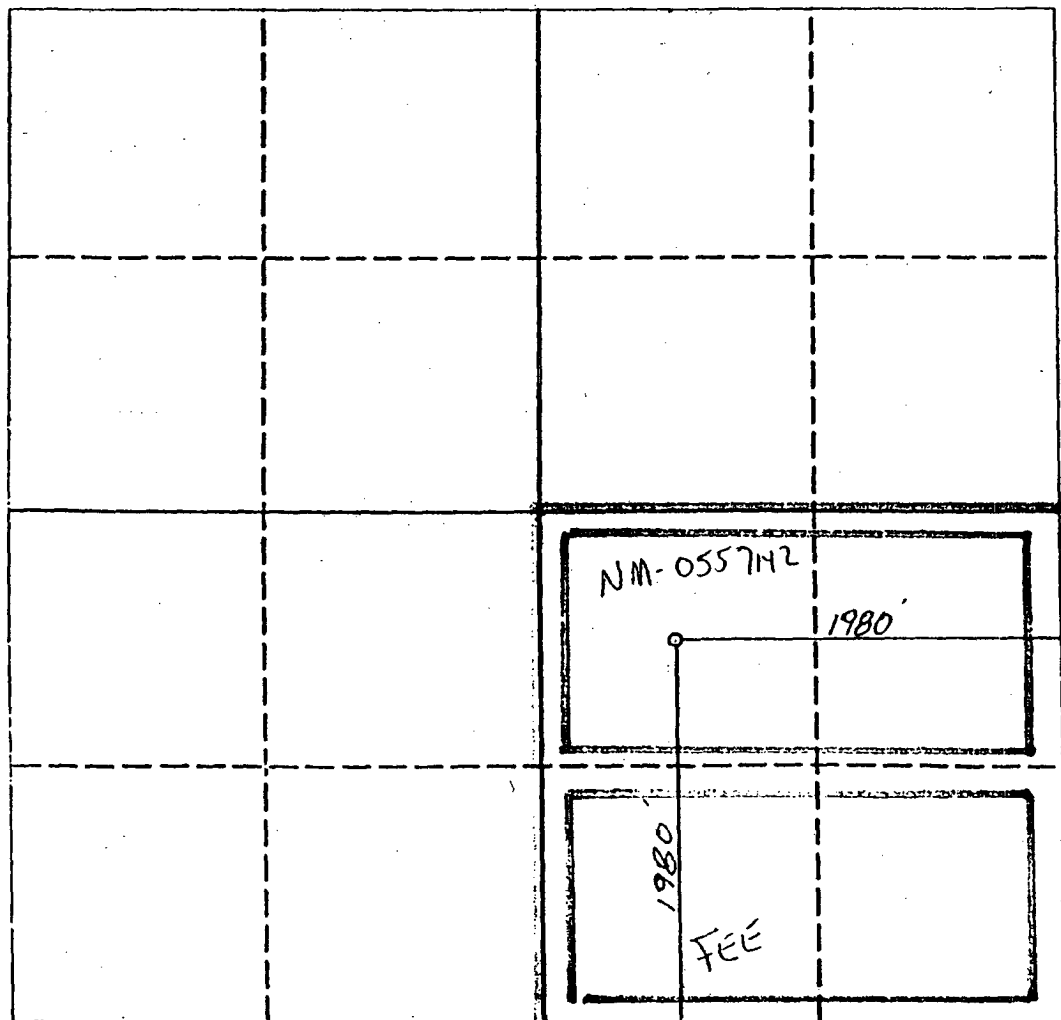
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator <b>YATES PETROLEUM CORPORATION</b>			Lease <b>ROSS EG FEDERAL COM</b>		Well No. <b>11</b>
Unit Letter <b>J</b>	Section <b>20</b>	Township <b>19 SOUTH</b>	Range <b>25 EAST</b>	County <b>EDDY COUNTY, NM</b>	
Actual Footage Location of Well: <b>1980</b> feet from the <b>SOUTH</b> line and <b>1980</b> feet from the <b>EAST</b> line					
Ground level Elev. <b>3542.</b>	Producing Formation <b>Cisco Canyon</b>		Pool <b>N. Dagger Draw Upper Penn</b>	Dedicated Acreage: <b>160 Acres</b>	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?  
☒ Yes ☐ No If answer is "yes" type of consolidation Communitization  
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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: Ken Beardemphl  
Printed Name: Ken Beardemphl

Position: Landman

Company: YATES PETROLEUM CORPORAT

Date: April 15, 1992

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes 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 Surveyed: APRIL 10, 1992

Signature & Seal of Professional Surveyor: Ken Beardemphl



**YATES PETROLEUM CORPORATION**  
**Ross "EG" Federal #11**  
1980' FSL and 1980' FEL  
Sec.20-T19S-R25E  
Eddy County, New Mexico

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

San Andres	704'
Glorietta	2209'
Bone Spring Lime	3419'
3 <sup>rd</sup> Bone Spring Lime	4742'
Wolfcamp Lime	5509'
Canyon Lime	7602'
Canyon Dolomite Top	7683'
Base Canyon Dolomite	7943'
TD	8300'

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

Water:	Approximately 275'
Oil or Gas:	Canyon

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>
14 3/4"	9 5/8"	36#	J-55	ST&C	1100'
8 3/4"	7"	23-26#	J-55 & N-80	ST&C	0-8150'

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, ½# Cellosal 2% CaCl2 Tail with 200sacks, 2% CaCl2.

Production Casing: 500 sx Class H w/5# CSE, 5 # Gilsonite, ¼# celloseal. DV tool @ 5900.

2<sup>nd</sup> Stage: 750 sx Lite, 5# salt, 5# Gilsonite, ¼# 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>
0-1100'	FW Gel/LCM	8.3 - 8.6	30	N/C
1100'-7600'	Cut Brine	8.8 - 9.2	29	N/C
7600'-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 400' to TD.

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

DLL with RXO from TD to casing.

Coring: None anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1500'	Anticipated Max. BHP: 450 PSI
From: 1500'	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 30 days to drill the well with completion taking another 30 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**Yates Petroleum Corporation**  
**Ross "EG" Federal #11**  
1980' FSL and 1980' FEL  
Sec.20-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 for approximately 13 miles to Rockin R Red Road. Turn west and go approximately 6.5 miles. Turn south on caliche road for approximately 0.7 miles. New road starts here going east.

**2. PLANNED ACCESS ROAD**

- A. The proposed new access will be approximately 1300' in length from point of origin to the southwest edge 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.

**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:**

Federal pit located in Section 18, T19S-R25E.

**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:**

- A. A 3" steel buried flow line to the Ross #3 battery, approximately 3300' in length (on topo) being 30' wide right-of-way.
- B. A 3" phase, 480 volt, rupture proof power line, 25' wide and approximately 1300' in length next to the new road right-of-way.

**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. Carl Ross - Yates Petroleum Corporation and Mr. Ross have made an agreement on surface damages.

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.

04/12/2004

  
Regulatory Agent

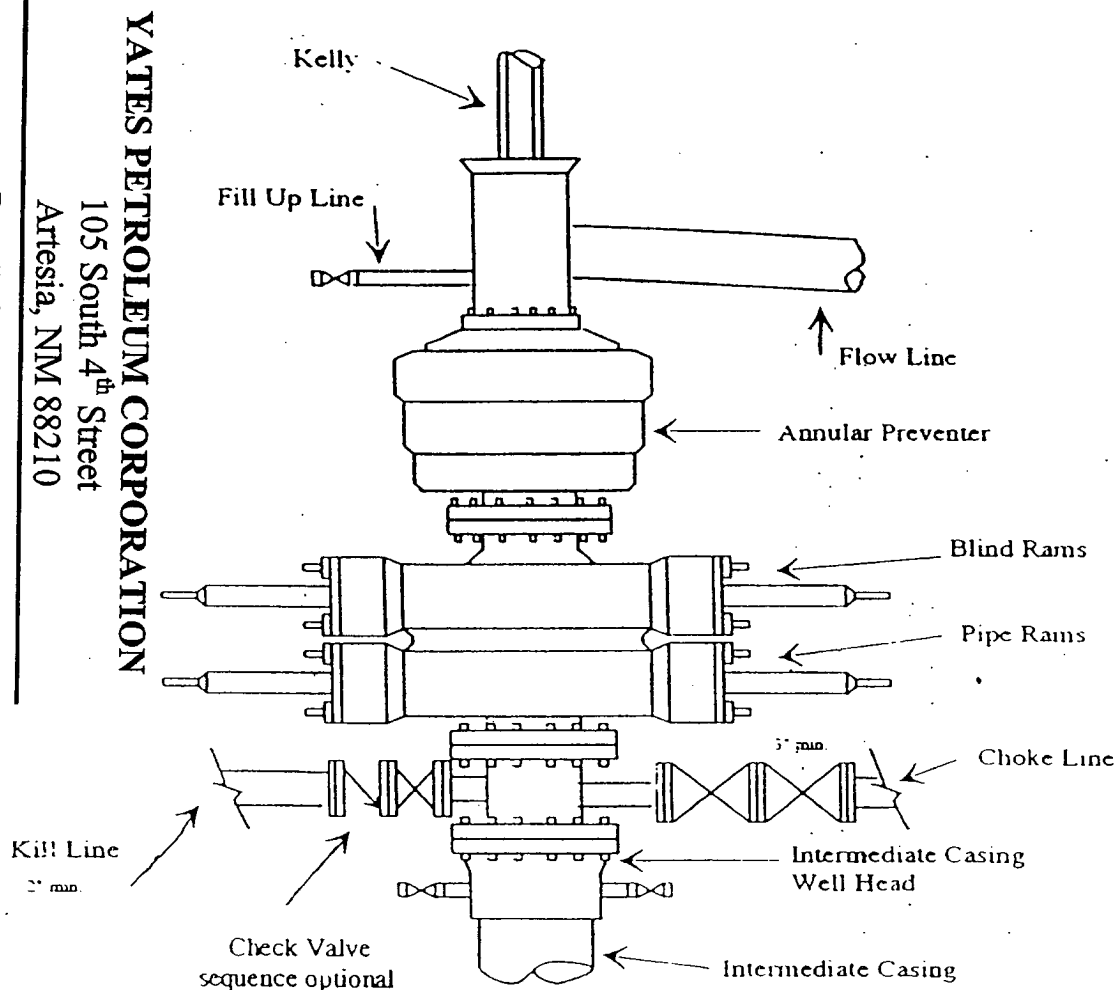




# Yates Petroleum Corporation

BOP-3

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

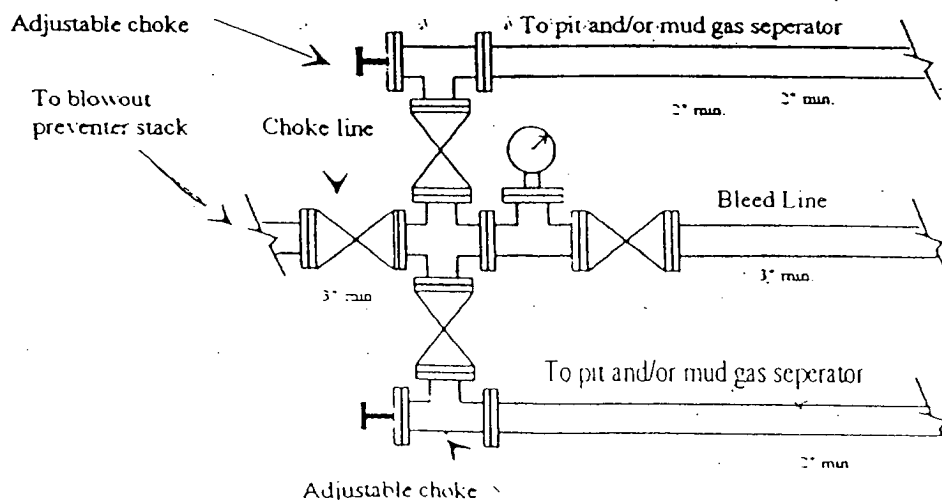


**YATES PETROLEUM CORPORATION**

105 South 4<sup>th</sup> Street  
Artesia, NM 88210

Ross "EG" Federal #11  
1980' FSL & 1980' FEL  
Section 20-T19S-R25E  
Eddy County, New Mexico  
Exhibit "B"

Typical 3,000 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 4<sup>th</sup> Street

Artesia, NM 88210

Ross "EG" Federal #11

1980' FSL & 1980' FEL

Section 20-T19S-R25E

Eddy County, New Mexico

Exhibit "C"

