

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

0789

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

I-05-3

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

JUL 08 2005

OOD-ARTESIA

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. Not Applicable	
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. 22903 Domino AOJ Fed. Com. #8	
2. Name of Operator Yates Petroleum Corporation 25575		9. API Well No. 30-015-32855	
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 SENW 1650' FNL and 1650' FWL, Unit F At proposed prod. Zone same as above		10. Field and Pool, or Exploratory Wildcat Mississippian	
14. Distance in miles and direction from nearest town or post office* 15 miles SE of Loco Hills, NM		11. Sec., T., R., M., or Blk. and Survey or Area Section 9, T19S-R31E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650'		12. County or Parish Eddy	
16. No. of Acres in lease 920.		13. State NM	
17. Spacing Unit dedicated to this well W/2 - 320		18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 2640'	
19. Proposed Depth 12,400		20. BLM/BIA Bond No. on file NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3530' GL		22. Approximate date work will start* ASAP	
23. Estimated duration 60 Days		24. Attachments Captain 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature <i>Debbie S. Cowan</i>	Name (Printed/Typed) Cy Cowan	Date 5/30/2005
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Regulatory Agent/Land Department cy@ypcnm.com		
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Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date JUL 06 2005
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Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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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)

Previously Approved

C-144 Attached

WITNESS: 13 3/8" Cement Job

9.5
5 ft
Back Reef / No Reef

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-14
March 12, 2005

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Yates Petroleum Corporation Telephone: (505) 748-4372 e-mail address: debbiec@yepnm.com

Address: 105 South 4th Street, Artesia, NM 88210

Facility or well name: Domino AOJ Federal Com. #8 API #: _____ U/L or Qtr/Qtr F Sec 9 T 19S R 31E

County: Eddy Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner - Federal ☒ State ☐ Private ☐ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil

Clay ☐ Volume _____ bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	<u>100 feet or more</u>	<u>(0 points)</u>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	<u>No</u>	<u>(0 points)</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	<u>1000 feet or more</u>	<u>(0 points)</u>
Ranking Score (Total Points)		<u>0 Points</u>

RECEIVED

JUL 08 2005

OOD-ARTESIA

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: May 30, 2005

Printed Name/Title Debbie L. Caffall/Regulatory Technician Signature Debbie L. Caffall

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval

Date: JUL 12 2005 Field Supervisor

Printed Name/Title _____ Signature [Signature]

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

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

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number	² Pool Code	³ Pool Name Wildcat Mississippian
⁴ Property Code	⁵ Property Name DOMINO AQJ FEDERAL COM.	⁶ Well Number 8
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3530'

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
F	9	19S	31E		1650	North	1650	West	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 320	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

	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>Debbie L. Caffall</i> for Cy Cowan Printed Name Regulatory Agent Title 5/30/2005 Date	
	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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

State of New Mexico

Energy, Minerals and Natural Resources

Form C-102

Revised March 17, 1999

Instruction on back

Submit to Appropriate District Office

State Loans - 4 Copies

Fee Loans - 3 Copies

DISTRICT II

1000 So. First, Artesia, NM 88210

DISTRICT III

1000 So. Brazos St., Artesia, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

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 Wildcat Mississippian
Property Code	Property Name DOMINO "AOJ" FEDERAL COM.	Well Number 8
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3530

Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
F	9	19S	31E		1650	NORTH	1650	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	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

			OPERATOR CERTIFICATION I hereby certify the information contained herein is true and complete to the best of my knowledge and belief. Signature Cy Cowan Printed Name Regulatory Agent Title March 20, 2001 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. 3/02/2001 Date Surveyed Signature H. L. Jones Printed Name 3640 Certificate No. H. L. Jones, RLS 3640 GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #8
1650' FNL & 1650' FWL
Section. 9 -T19S-R31-E
Eddy County, New Mexico

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

Yates	2340'
Queen	3450'
Bone Springs	6750'
Wolfcamp	9900'
Strawn	10900'
Atoka	11100'
Morrow Clastic	11650'
Chester	12150'
TD	12400'

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

Water: Approx 250' - 350'
Oil or Gas: All Potential Zones

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 5000 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>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-600'	600'
12 1/4"	8 5/8"	32#	J-55	ST&C	0-3500'	3500'
7 7/8"	5 1/2"	17#	L-80	LT&C	0-3300'	3300'
7 7/8"	5 1/2"	17#	J-55	LT&C	3300-7400'	4100'
7 7/8"	5 1/2"	17#	N-80	LT&C	7400-10400'	3000'
7 7/8"	5 1/2"	20#	P-110	LT&C	10400-12400'	1000'

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

B. CEMENTING PROGRAM:

Surface casing: 250 sx Lite (Yld 2.01 Wt.12.4) Tail in w/200 sx "C" (Yld 1.34 Wt 14.8)

Intermediate Casing: 1300 sx Lite (Yld 2.06 Wt 12.4); Tail in w/200 sx "C"
(Yld 1.32 Wt. 14.8)

Production Casing: TOC-6200'; 975 sx Super "C" (Yld 1.67 wt. 13.0).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-600'	FW/Spud Mud	8.4-9.0	32-36	N/C
600'-3500'	Brine	10.0-10.2	28	N/C
3500'-10900'	Cut Brine	8.8-9.2	28	N/C
10900'-TD	Salt Gel/Starch/Drispac	9.5-10.0	32-40	<12

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: GR, NEUTRON, DENSITY, LATERLOG.

Coring: As warranted.

DST's: As warranted.

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

Anticipated BHP:

From: O	TO: 600'	Anticipated Max. BHP:	250	PSI
From: 600'	TO: 3500'	Anticipated Max. BHP:	1800	PSI
From: 3500'	TO: TD	Anticipated Max. BHP:	6400	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Domino AOJ Federal Com. #8
1650' FNL & 1650' FWL
Section. 9, T-19S-R31-E
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 wellsite is located approximately 15 miles southeast of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Loco Hills on Highway 82 approx. 4.8 miles to County Road (222) Sugart Road. Turn south and go approx. 10 miles cattle guard on right. Turn west, crossing cattle guard and go on caliche road for approx. 0.4 of a mile. The lease road will cross another cattle guard and the road will fork. The new road will start here going north on an existing two-track road. Go north on the two-track road for approx. 0.3 of a mile to the southwest corner of the drilling pad.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go north for approximately 0.3 of a mile on the existing two-track road to the southwest corner of the drilling pad. The road will lie in a south to north 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. Traffic turnout may 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 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 closest 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 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 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, 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

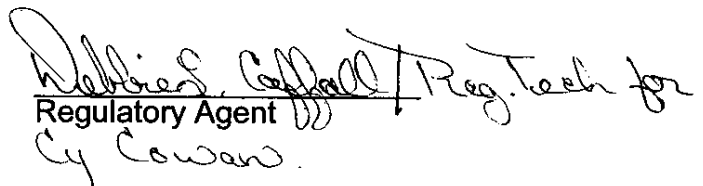
- B. Through Drilling Operations,
Completions and Production:

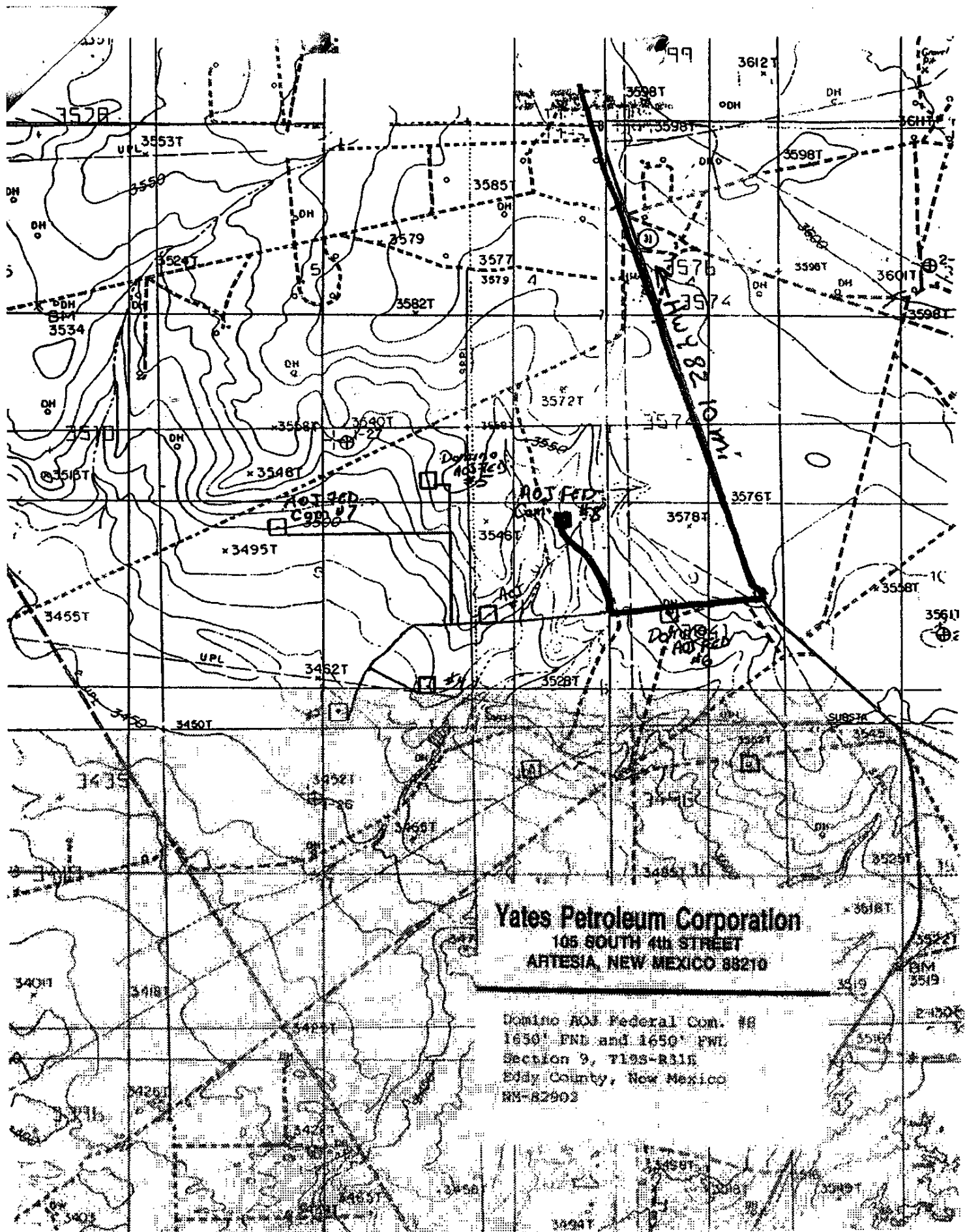
Pinson McWhorter,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

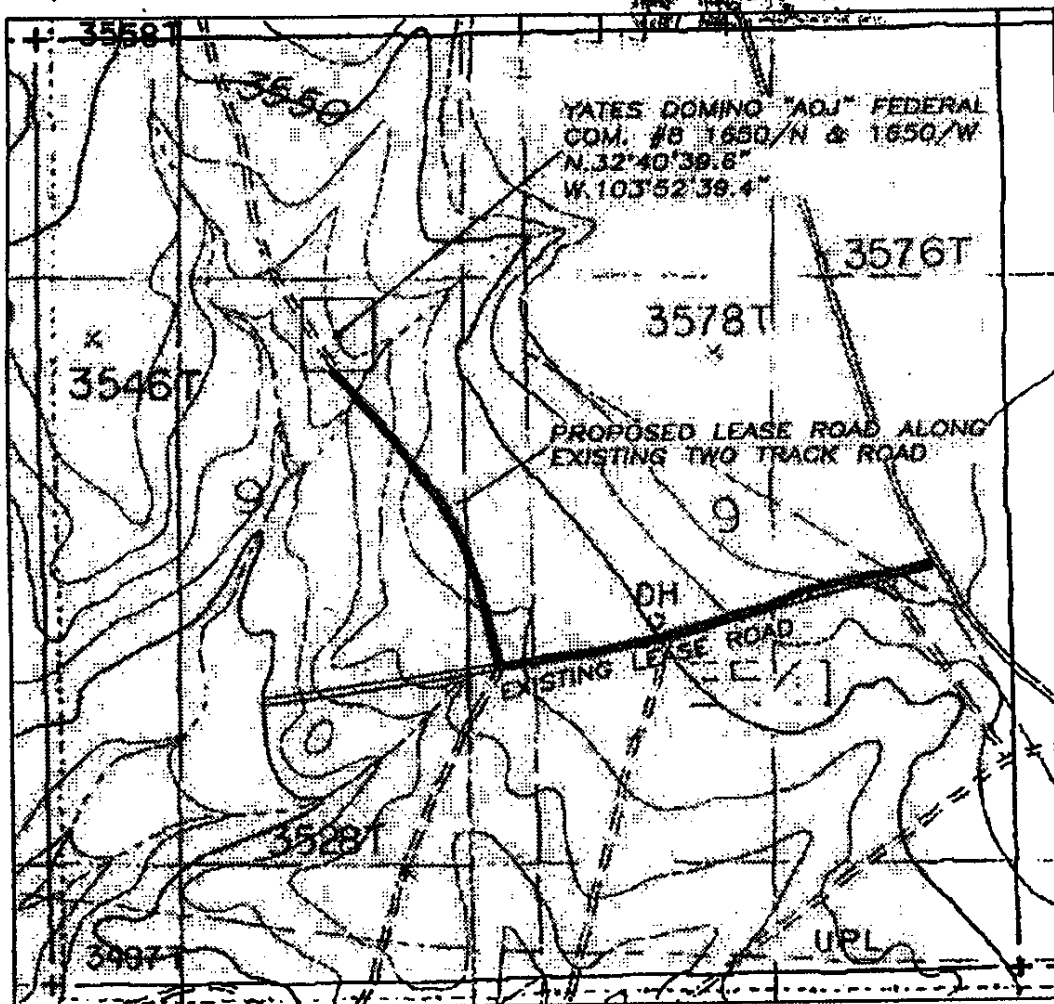
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

05/30/2005


Regulatory Agent
Cy Cowan.

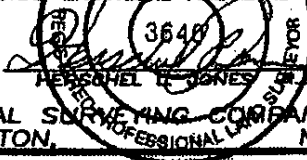


SECTION 9, TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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.



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

YATES PETROLEUM CORP.

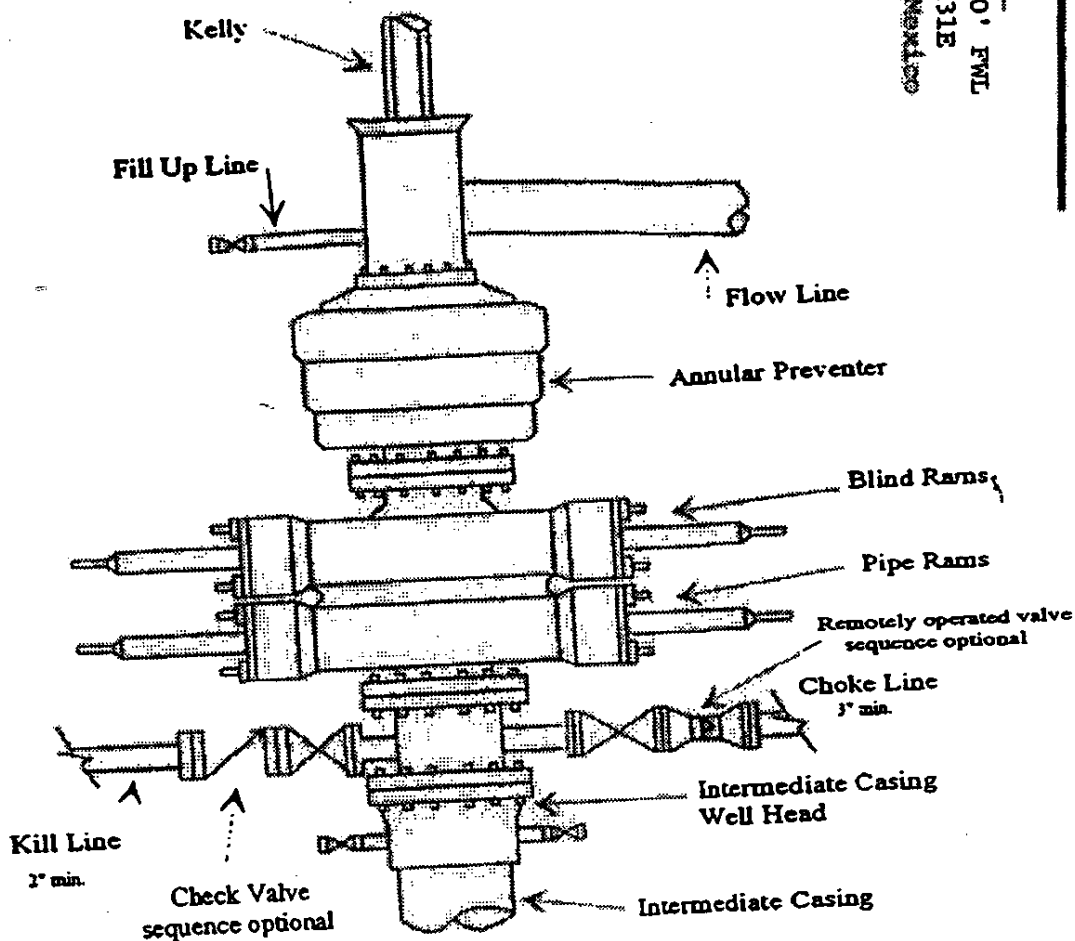
LEASE ROAD TO ACCESS THE YATES DOMINO
"AOJ" FEDERAL COM. #8 LOCATED IN SECTION
9, TOWNSHIP 19 SOUTH, RANGE 31 EAST,
NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 3/02/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 3/05/01	Scale 1" = 1000' DOMINO 8

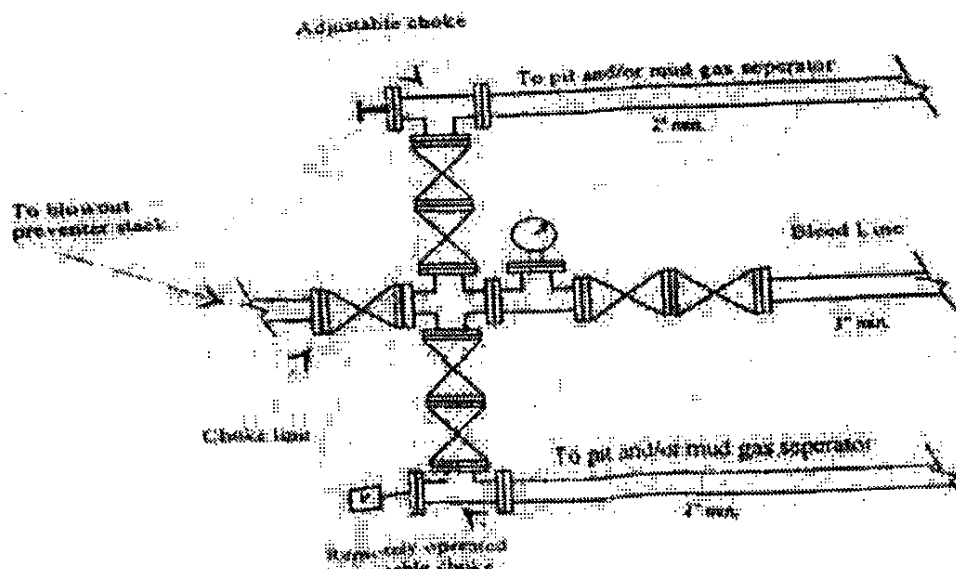
Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

Domino
 1650' FWL and 1650' FWL
 Section 9, T19S-R31E
 Eddy County, New Mexico
 NM82902

Yates Petroleum Corporation Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



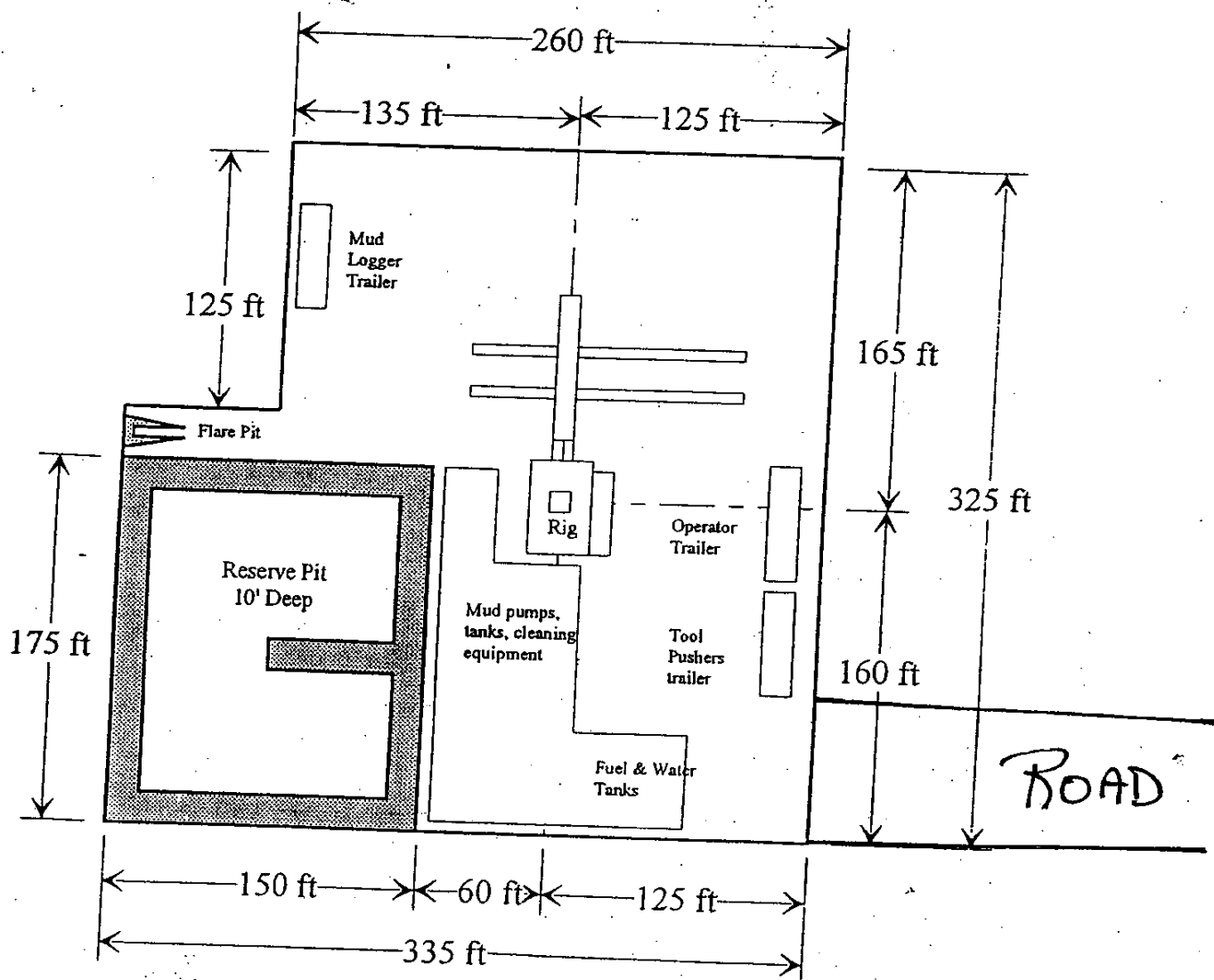
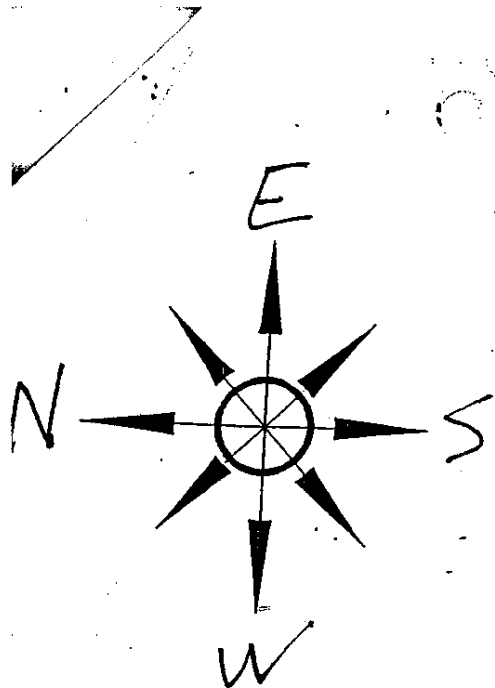
Typical 5,000 psi choke manifold assembly with at least these minimum features



Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

PB - L1



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

