

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

ATS-07-134

210

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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

Month - Year  
MAR 21 2007  
OCD - ARTESIA, NM

5. Lease Serial No.  
**NM-113930**

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.  
**36412**  
**Retriever BJH Federal #1**

9. API Well No.  
**30-015-20869**

a. Type of Work:  DRILL  REENTER  
b. Type of Well:  Oil Well  Gas Well  Other  Single 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**

10. Field and Pool, or Exploratory  
**Wildcat; Mississippian Gas**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **1650' FNL and 1650' FWL, Unit F (SENW)**  
At proposed prod. Zone **same as above**

11. Sec., T., R., M., or Blk, and Survey or Area  
**Section 22, T26S-R25E**

14. Distance in miles and direction from nearest town or post office\*  
**11 miles south of White City**

12. County or Parish  
**Eddy**  
13. State  
**NM**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
**1650'**

16. No. of Acres in lease  
**960.00**

17. Spacing Unit dedicated to this well  
**N/2**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
**2000'**

19. Proposed Depth  
**11,120'**

20. BLM/BIA Bond No. on file  
**NMB000434**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**3625.2 GL**

22. Approximate date work will start\*  
**ASAP**

23. Estimated duration  
**30 Days**

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  
*Debbie L. Caffall*

Name (Printed/Typed)  
**Debbie L. Caffall**

Date  
**11/8/2006**

Title:  
**Regulatory Agent/Land Department**

Approved by (Signature)  
*/s/ James Stovall*

Name (Printed/Typed)

Date  
**MAR 20 2007**

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) C-144 attached

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**CARLSBAD CONTROLLED WATER BASIN  
APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED**

11/30/06

N. MEXICO OIL CONSERVATION COMMISS.  
**WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102  
 Supersedes C-128  
 Effective 1-1-65

97338 GAS WILDCAT; MISS GAS

All distances must be from the outer boundaries of the Section.

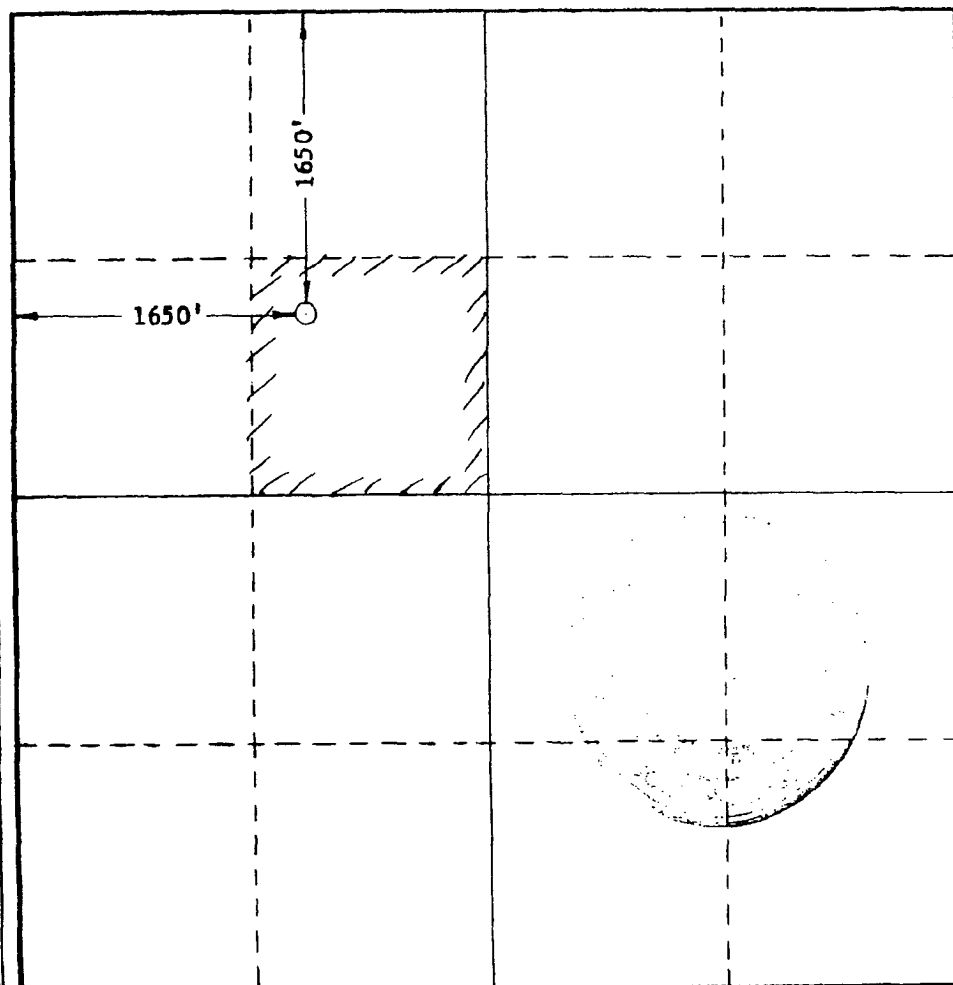
Operator <b>Yates Petroleum Corporation</b> <del>HYDROCARBON EXPLORATION INC</del>		Lease <b>Retriever BJH Federal</b> <del>MARATHON FEDERAL</del>		Well No. <b>1</b>
Unit Letter <b>F</b>	Section <b>22</b>	Township <b>26 SOUTH</b>	Range <b>25 EAST</b>	County <b>EDDY</b>
Actual Footage Location of Well: <b>1650</b> feet from the <b>NORTH</b> line and <b>1650</b> feet from the <b>WEST</b> line				
Ground Level Elev. <b>3625<sup>±</sup></b>	Producing Formation <b>Dev.</b>	Pool <b>Wildcat</b>	Dedicated Acreage: <b>40</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes" type of consolidation \_\_\_\_\_

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 interests, has been approved by the Commission.



CERTIFICATION

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

*Bruce C. Monroe*

Name  
Agent

Position  
HYDROCARBON EXPLORATION INC

Company  
May 29, 1973

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 knowledge and belief.

Date Surveyed  
MAY 15, 1973

Registered Professional Engineer and/or Land Surveyor

*John W. West*

Certificate No. 676

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**Retriever BJH Federal #1 (Re-entry)**  
1650' FNL and 1650' FWL  
Section 22-T26S-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 wellsite is located approximately 15 miles south southeast of Whites City, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south from Whites City on US. 62-180 for 10 miles to a cattleguard with a pipe gate in the east right of way fence. Follow old lease road east for 5.1 miles to location.

2. PLANNED ACCESS ROAD:

- A. A lease road right of way 30 feet wide and 27,537.1 feet in length, being 15 feet to the left and right of an existing lease road located in sections 13, 14 and 24, T26S-R24E and sections 19, 20, 21, and 22, T26S-R25E as shown in red on plat. (Attached Exhibit "A-2")
- B. The 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.

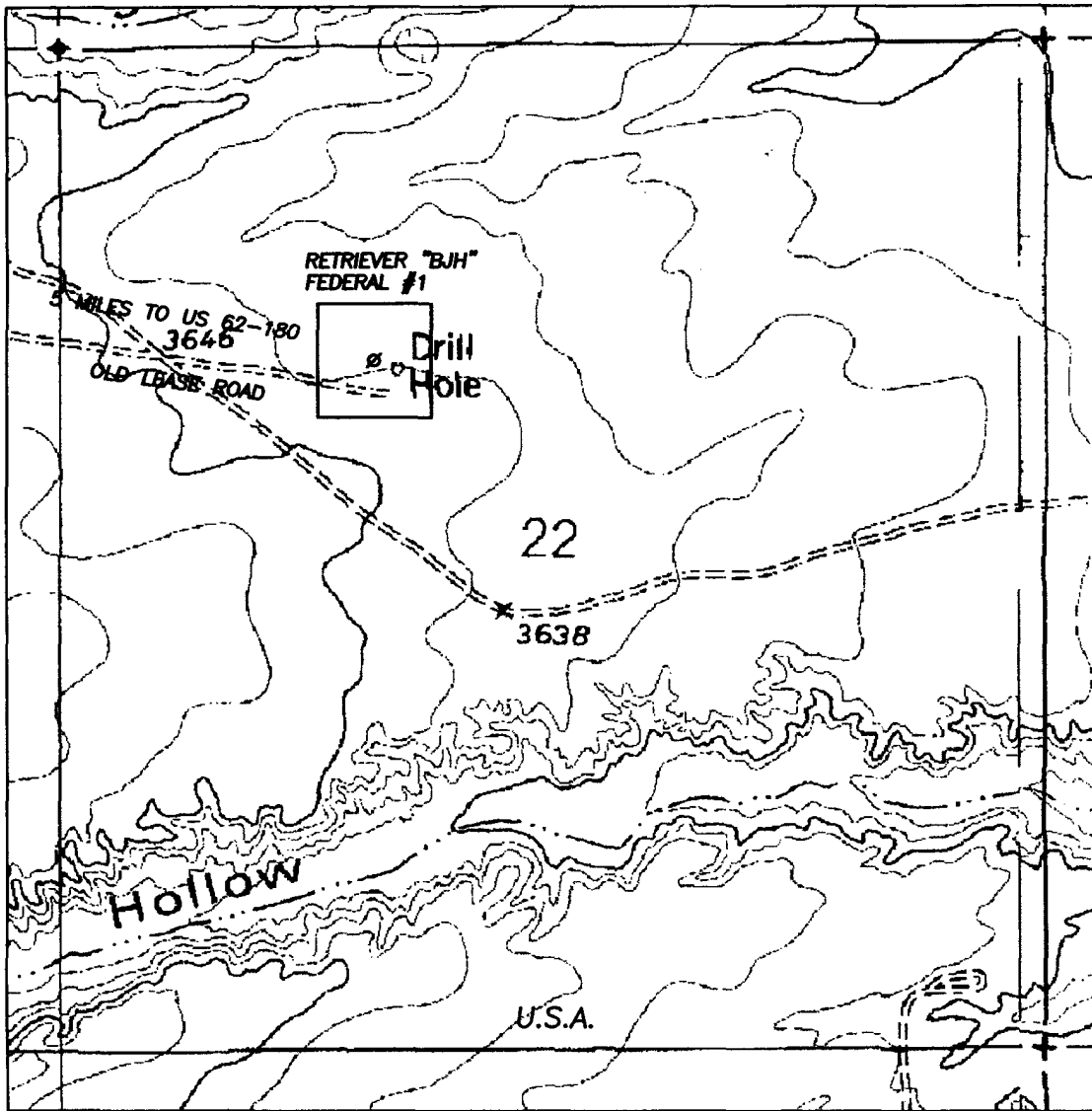
3. LOCATION OF EXISTING WELL:

- A. There is no 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.

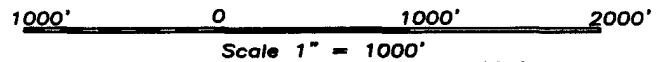
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no 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.

SECTION 22, TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



**Yates Petroleum Corporation**  
 Retriever BJH Federal #1 (Re-entry)  
 1650' FNL and 1650' FWL, Unit F  
 (SENW) of Section 22, T26S-R25E  
 Eddy County, New Mexico  
 Exhibit "A-1"



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 L. Jones*  
 3640  
 HERSCHEL L. JONES P.E. No. 3640

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

<b>YATES PETROLEUM CORP.</b>	
LEASE ROAD TO ACCESS THE YATES RETRIEVER "BJH" FEDERAL #1 WELL, LOCATED IN SECTION 22, TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM, EDDY COUNTY, NEW MEXICO.	
Survey Date: 11/02/2006	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/07/06	Scale 1" = 1000' RETRIEVER 1

**YATES PETROLEUM CORPORATION**

**Retriever BJH Federal #1 (Re-entry)**

Drilling Prognosis

Page 2

This well was originally drilled by Hydrocarbon Exploration Inc's as the Marathon Federal No. 1. It was spudded on June 06, 1973 and TD on July 28, 1973 and P&A on July 30, 1973.

Yates's plan is to re-enter the well with a Drilling rig and drill out the plugs in the 9 5/8" and in the 8-3/4" hole down to the original TD of 11,120', log and set 4-1/2" P-110" casing.

Yates's plan is to re-enter the well to Woodford Shale and all other prospective intervals.

MUD PROGRAM: a cut brine mud system of approximately 10.3-10.4ppg.,

CASING PROGRAM: 4 1/2" production casing desgin.

0' to 11,120' 4 1/2" 11.6#/ft. P-110 LT&C

CEMENTING PROGRAM: The cement volumes will be based on the caliper of the new logs to be run. The initial estimate is 800 sx of 13 ppg Super C and 2,000 sx of 12.1-12.6 ppg filler slurry.

BOPE PROGRAM: 3000 # BOPE will be nipped up on 13 3/8" casing.

5MI required (COA)

No H2s is anticipated.

WELL NAME: Marathon Federal #1 FIELD: Wildcat

LOCATION: 1,650' FNL & 1,650' FWL of Section 22-26S-25E Eddy Co., NM

GL: 3,635 ZERO: \_\_\_\_\_ KB: \_\_\_\_\_

SPUD DATE: 6/8/73 COMPLETION DATE: \_\_\_\_\_

COMMENTS: API No.: 30-015-20869

P&A'd 7/30/73

**CASING PROGRAM**

13-3/8" 48#	400'
9-5/8" 36#/40#	4,835'

17-1/2" Hole

Cement Plug from Surface to 20'

13-3/8" @ 400' w/400 sx cmt

**Before**

12-1/4" Hole

9-5/8" @ 4,835' w/1,250 sx cmt

Cement Plug from 4,775-4,875'

Cement Plug from 6,000-6,100'

8-3/4" Hole

Cement Plug from 7,400'-7,500'

Cement Plug from 8,500-8,600'

Cement Plug from 9,350-9,450'

Cement Plug from 10,500-10,600'

TD: 11,120'

TOPS	
Delaware	1,310'
BS	4,722'
2 <sup>nd</sup> BS	7,120'
WC	7,450'
Penn Lm St	8,540'
Morrow	9,395'
Miss Lm	10,340'
Woodford	10,440'
Dev	10,565'
Fusselman	10,970'

Not to Scale  
5/3/06  
DC/Hill

YPC Retriever BJH Federal #1

WELL NAME: Marathon Federal #1 FIELD: Wildcat

LOCATION: 1,650' FNL & 1,650' FWL of Section 22-26S-25E Eddy Co., NM

GL: 3,635 ZERO: \_\_\_\_\_ KB: \_\_\_\_\_

SPUD DATE: 6/8/73 COMPLETION DATE: \_\_\_\_\_

COMMENTS: API No.: 30-015-20869

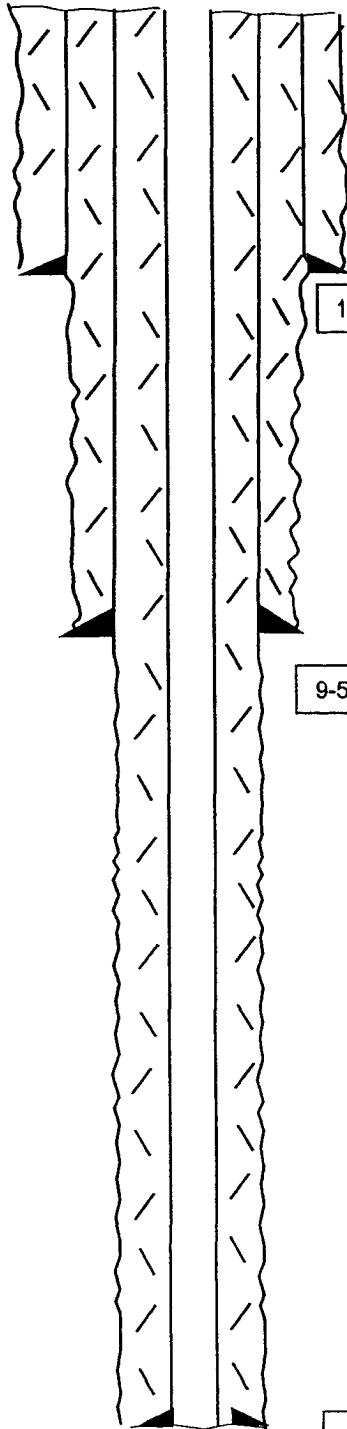
**CASING PROGRAM**

13-3/8" 48#	400'
9-5/8" 36#/40#	4,835'
4-1/2" 11.6# P110 LT&C	11,120'

17-1/2"  
Hole

12-1/4" Hole

8-3/4" Hole



13-3/8" @ 400' w/400 sx cmt

9-5/8" @ 4,835' w/1,250 sx cmt

4-1/2" @ 11,120' w/2800 sx cmt

TD: 11,120'

**After**

**TOPS**

Delaware	1,310'
BS	4,722'
2 <sup>nd</sup> BS	7,120'
WC	7,450'
Penn Lm St	8,540'
Morrow	9,395'
Miss Lm	10,340'
Woodford	10,440'
Dev	10,565'
Fusselman	10,970'

Not to Scale

6/12/06

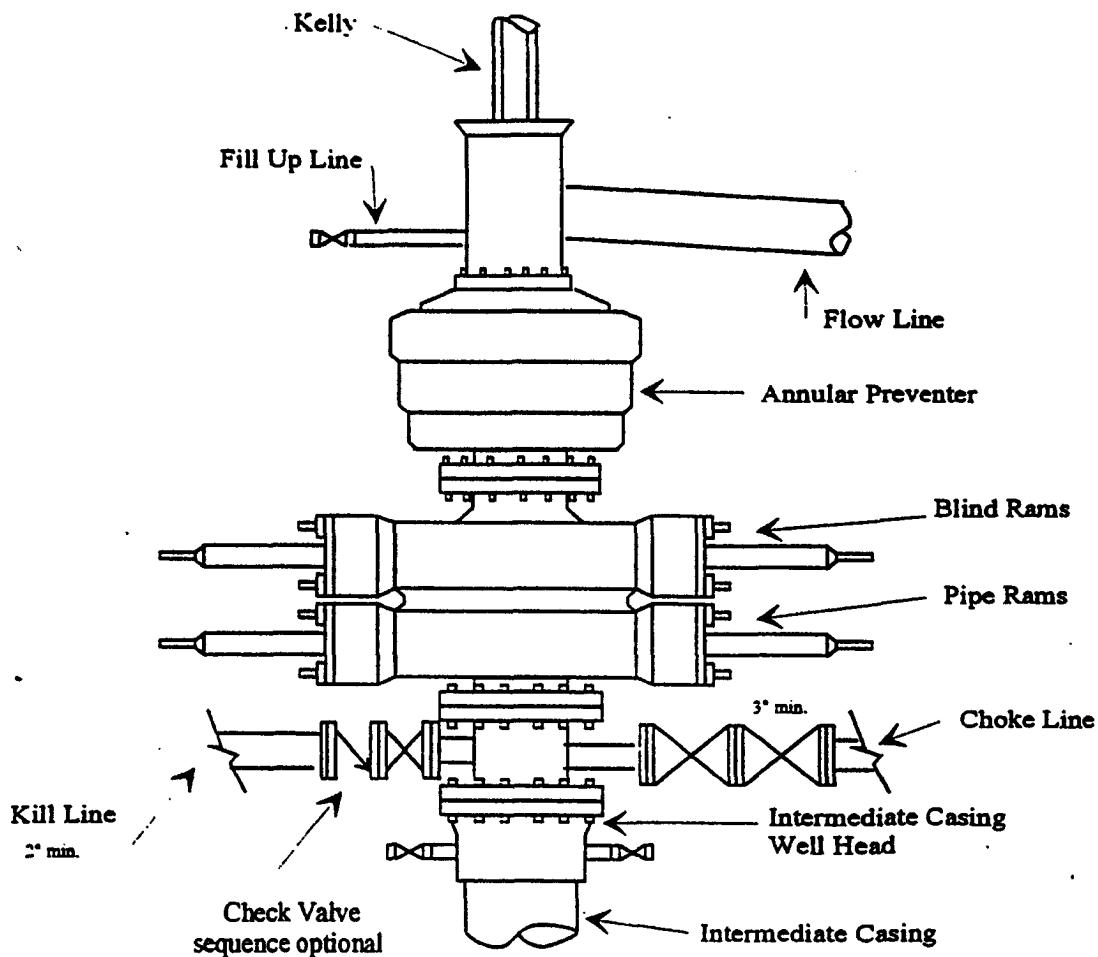
DC/Hill



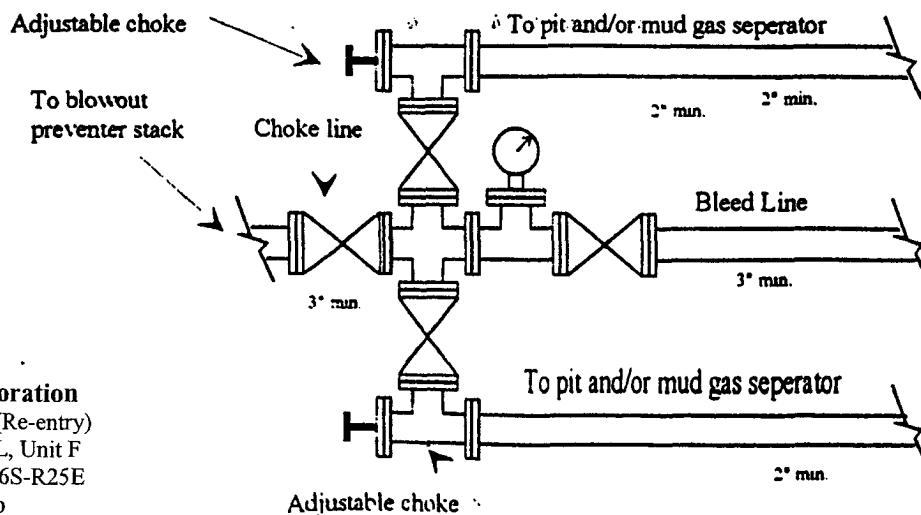
# Yates Petroleum Corporation

BOP-3

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



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



Yates Petroleum Corporation  
 Retriever BJH Federal #1 (Re-entry)  
 1650' FNL and 1650' FWL, Unit F  
 (SENW) of Section 22, T26S-R25E  
 Eddy County, New Mexico  
 Exhibit "B"



## **Conditions of Approval**

### **Cave and Karst**

EA#: NM-080-07-0210

Lease #: NM-113930

**Yates Petroleum Corporation**

**Retriever BJH Fed. #1 (RE-ENTRY)**

#### **Cave/Karst Surface Mitigation**

The following stipulations will be applied to minimize impacts during construction, drilling and production.

#### **Berming:**

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

#### **Closed Mud System with Buried Cuttings Pit:**

All fluids will be in steel tanks and hauled off. A 120 X 120 foot cuttings pit will be utilized for this location. The cuttings pit will be lined with 4 oz. felt and a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of top soil.

#### **Cave/Karst Subsurface Mitigation**

The following stipulations will be applied to protect cave/karst and ground water concerns:

#### **Rotary Drilling with Fresh Water:**

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. See geologist report for depth.

#### **Casing:**

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

#### **Cementing:**

All casing strings will be cemented to the surface.

**Lost Circulation:**

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

**Delayed Blasting:**

Any blasting will be a phased and time delayed.

**Abandonment Cementing:**

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

**Pressure Tests:**

Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

**Record Keeping:**

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

## CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 1-Retriever BJH Federal  
Operator's Name: Yates Petroleum Corporation  
Location: 1650 FNL, 1650 FWL, Section 22, T-26-S, R-25-E  
Lease: NM-113930

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### I. DRILLING OPERATIONS REQUIREMENTS:

#### RE-ENTRY

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County in sufficient time for a representative to witness:

A. Spudding (**completed**)

B. Cementing casing: 13-3/8 (existing) inch 9-5/8 (existing) inch 4-1/2 inch

C. BOP tests

2. **Although H2S has not been reported in this township, it is always a potential hazard.**

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing ( size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

### II. CASING:

1. The existing 13-3/8 inch surface casing is set at 400 feet with cement circulated to surface.

**Possible lost circulation in the Delaware formation.**

**Possible abnormal pressure in the Wolfcamp formation and possible high pressure gas down through the Pennsylvanian Section.**

**High karst area.**

2. The existing 9-5/8 inch intermediate casing is set at 4835 feet is cemented to the surface.

3. The minimum required fill of cement behind the 4-1/2 inch production casing is cement shall circulate to surface.

### **III. PRESSURE CONTROL:**

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be 5M psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.
  - BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

### **IV. DRILLING MUD:**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

**Engineer on call phone: 505-706-2779**

**WWI 010907**

**Arrant, Bryan, EMNRD**

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**From:** Arrant, Bryan, EMNRD  
**Sent:** Tuesday, March 27, 2007 7:37 AM  
**To:** 'Debbie Caffall'  
**Subject:** Retriever BJH Federal # 1/API #30-015-20869

Hi Debbie,

If you have not already done so, I need for you to re-submit a current NMOCD form C-102 for the above noted well that Yates Petroleum

Corporation plans to re-enter.

The C-102 in the application is dated 1/1/1965 which is dates @ 42 years back.

Also, please note the correct dedicated acreage as the old C-102 shows 40 acres, unless it is Yates Petroleum Corporations' intent to

re-enter this well bore as a Wildcat; Mississippian oil well.

Many Thanks,  
Bryan G. Arrant  
NMOCD District II Geologist  
505-748-1283 ext. 103  
CC: Well File