

EC

OCD-ARTESIA

H-410

Form 3160-3 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

Form fields including: 1a. Type of Work: DRILL; 1b. Type of Well: Gas Well, Single Zone; 2. Name of Operator: YATES PETROLEUM CORPORATION; 3a. Address: 105 S 4TH STREET ARTESIA, NM 88210; 3b. Phone No. 505.748.4364; 4. Location of Well: NENW 99FNL 2038FWL; 12. County or Parish: EDDY; 13. State: NM; 17. Spacing Unit: 320.00; 23. Estimated duration: 45 DAYS.

24. Attachments Carlsbad 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.
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.

Signature fields for CY COWAN (Regulatory Agent) and LESLIE A. THEISS (Field Manager) with dates and titles.

Application approval does not warrant or certify 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

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.

Additional Operator Remarks (see next page)

Electronic Submission #22326 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by Linda Askwig on 05/27/2003 (03LA0532AE)

SUBJECT TO LIKE APPROVAL BY STATE

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM78215
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address 105 S 4TH STREET ARTESIA, NM 88210		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		8. Well Name and No. HICKORY ALV FEDERAL 7
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 17 T22S R24E NENW 99FNL 2038FWL		9. API Well No.
		10. Field and Pool, or Exploratory INDIAN BASIN UPPER PENN ASSOC WILDCAT MORROW
		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A PD
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please change the bottom hole location for the captioned APD turned in 5/23/03.
From: 660' FNL & 1000' FWL
To: 660' FNL & 1980' FWL

See attached new plat, casing and cementing program will not change.

Please note that the Hickory ALV Federal #1, located in the same 80 acre spacing has been P/A'd.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #23206 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by Armando Lopez on 06/16/2003 (03AL0317SE)**

Name (Printed/Typed) CY COWAN	Title REGULATORY AGENT
Signature (Electronic Submission)	Date 06/13/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /s/ LESLIE A. THEISS	Title FIELD MANAGER	Date JUL 10 2003
Conditions of approval, if any, are attached. Approval of this notice 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.		Office CARLSBAD FIELD OFFICE

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.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
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 Morrow	
⁴ Property Code		⁵ Property Name Hickory ALV Federal			⁶ Well Number 7
⁷ OGRID No. 025575		⁸ Operator Name YATES PETROLEUM CORPORATION			⁹ Elevation

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
C	17	22S	24E		99'	North	2038'	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
C	17	22S	24E		660'	North	1980'	West	Eddy

¹² Dedicated Acres 320	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

¹⁶ 				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Cy Cowan Printed Name Regulatory Agent Title June 13, 2003 Date
				¹⁸ SURVEYOR CERTIFICATION <i>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.</i> REFER TO ORIGINAL PLAT. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

YATES PETROLEUM CORPORATION
Hickory ALV Federal #7
99' FNL and 2038' FWL - Surface Location
660' FNL and 1000' FWL – Bottom Hole Location
Sec. 17-T22S-R24E
Eddy County, New Mexico

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

San Andres	1025'	Lower Canyon	8347'
Glorietta	2498'	Strawn	8710'
Bone Springs	3443'	Atoka	9470'
2 nd Bone Springs	4020'	Upper Marrow Sand	9835'
3 rd Bone Springs	7135'	Middle Marrow Lime	9875'
Wolfcamp	7285'	Morrow Clastics	10225'
Cisco Canyon Dolomite	8045'	TD	10400'
Base of Dolomite	8255'		

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

Water: 250' - 300'
Oil or Gas: All potential 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:

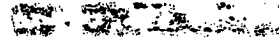
A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

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	0-1800'	1800'
8 3/4"	7"	26#	L-80	LT+C	0-1500'	1500'
8 3/4"	7"	26#	J-55	LT+C	1500'-7000'	5500'
8 3/4"	7"	26#	N-80	LT+C	7000'-9300'	2300'
8 3/4"	7"	26#	HCP-110	LT+C	9300'-10400'	1100'

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



B. CEMENTING PROGRAM:

Surface casing: 200 sx H (WT 14.6 YLD 1.53) 900 sx 'C' Lite (WT 12.7 YLD 1.9)
Tail in w/200 sx C Neat + 2% CaCl₂ (WT 12.7 YLD 1.9).

Production Casing: Stage I 550 sx Super C Modified (WT 13.0 YLD 1.63);
DV Tool @ 6000'.

Production Casing: Stage II 400 sx Lite 'C'; (WT 12.7 YLD 2.05). May use a nitrified
mud cement job if well bore conditions permit.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1800'	FW Gel	8.4- 8.6	32-34	N/C
1800'-7900'	Cut Brine	8.7-9.0	28	N/C
7900'-8700'	SW Gel/Starch	8.7-9.1	34-38	12-15cc
8700'-TD	SW Gel/Starch	9.4-9.8	34-40	10-22cc

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 intermediate casing to TD.
Logging: Platform Express/HALS NGT/Possible FMI.
Coring: None anticipated.
DST's: As warranted.

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

Anticipated BHP:

From: 0	To: 1800'	Anticipated Max. BHP	700 PSI.
From: 1800'	To: 10400'	Anticipated Max. BHP	5300 PSI.

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: Possible in Canyon.

Maximum Bottom Hole Temperature: 178 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 15 days.

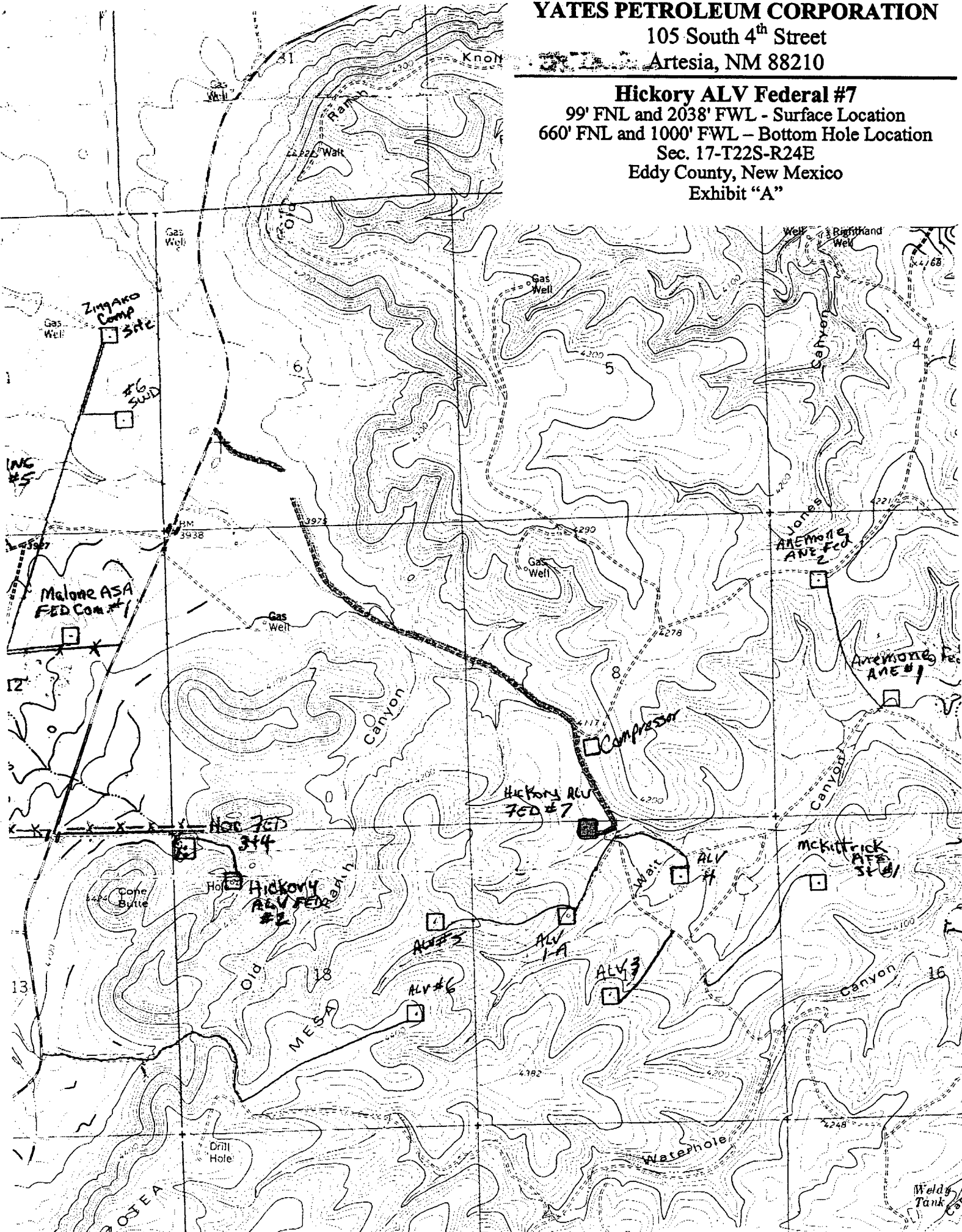
YATES PETROLEUM CORPORATION

105 South 4th Street

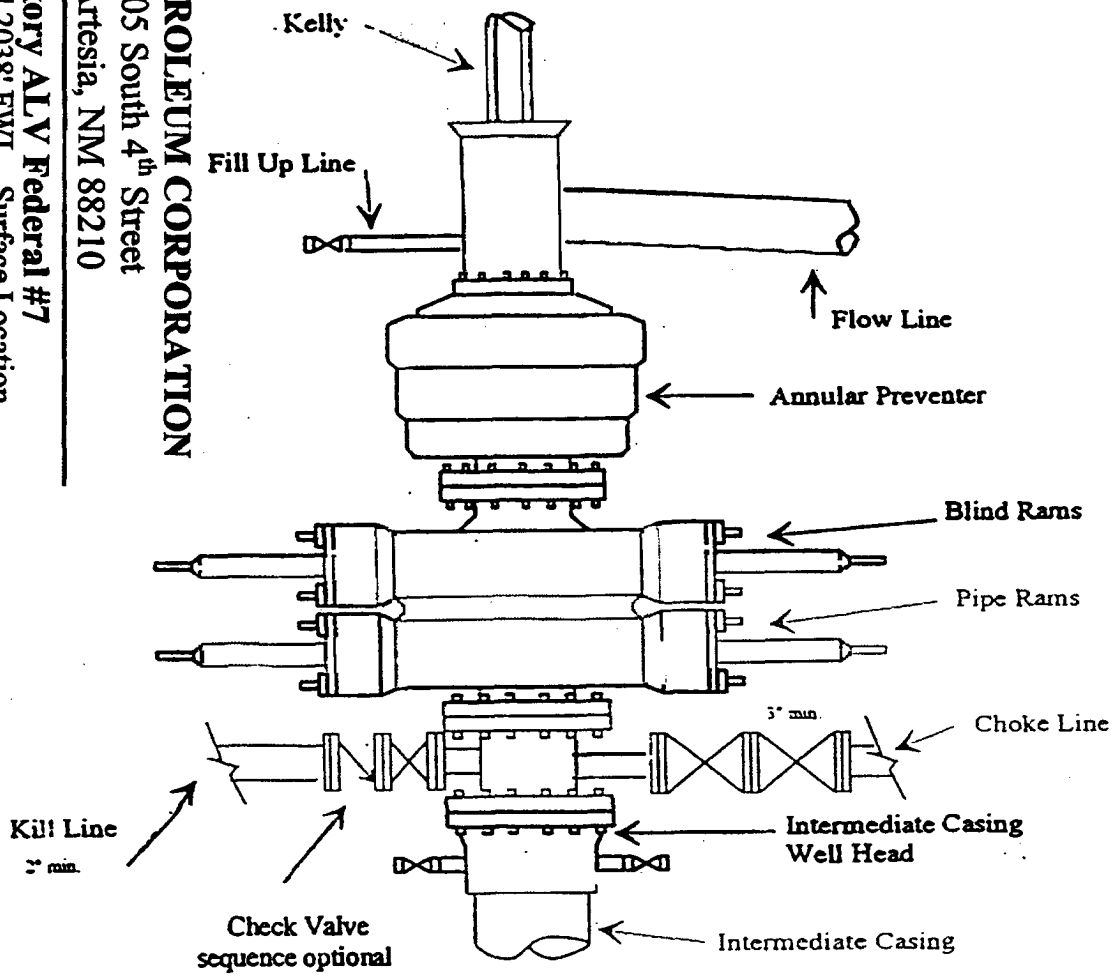
Artesia, NM 88210

Hickory ALV Federal #7

99' FNL and 2038' FWL - Surface Location
660' FNL and 1000' FWL - Bottom Hole Location
Sec. 17-T22S-R24E
Eddy County, New Mexico
Exhibit "A"



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



YATES PETROLEUM CORPORATION

105 South 4th Street
 Artesia, NM 88210

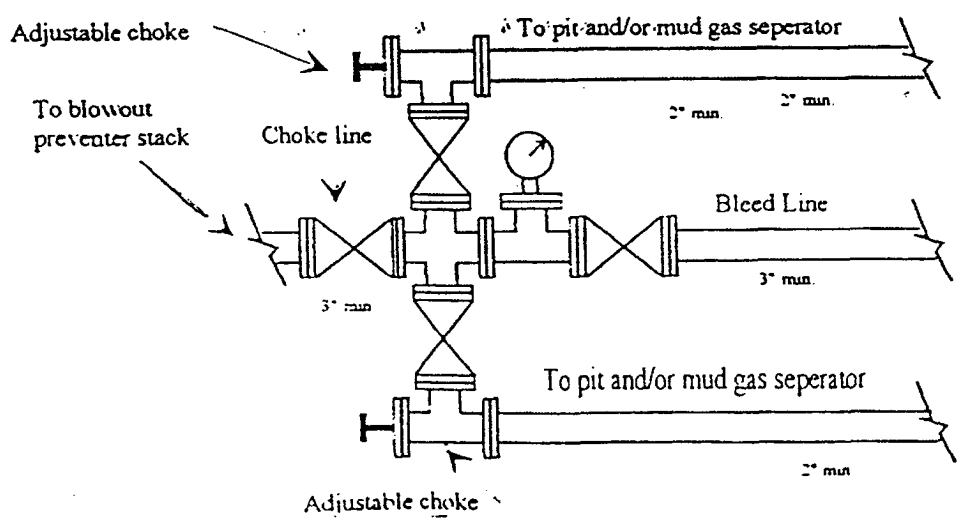
Hickory ALV Federal #7

99' FNL and 2038' FWL - Surface Location
 660' FNL and 1000' FWL - Bottom Hole Location

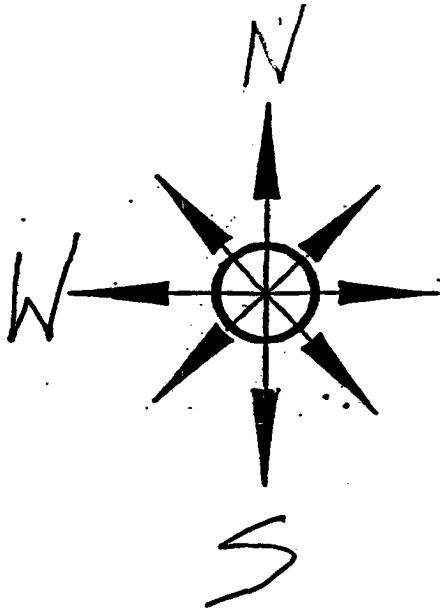
Sec. 17-T22S-R24E
 Eddy County, New Mexico

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'



E Pts West

YATES PETROLEUM CORPORATION

105 South 4th Street

Artesia, NM 88210

Hickory ALV Federal #7

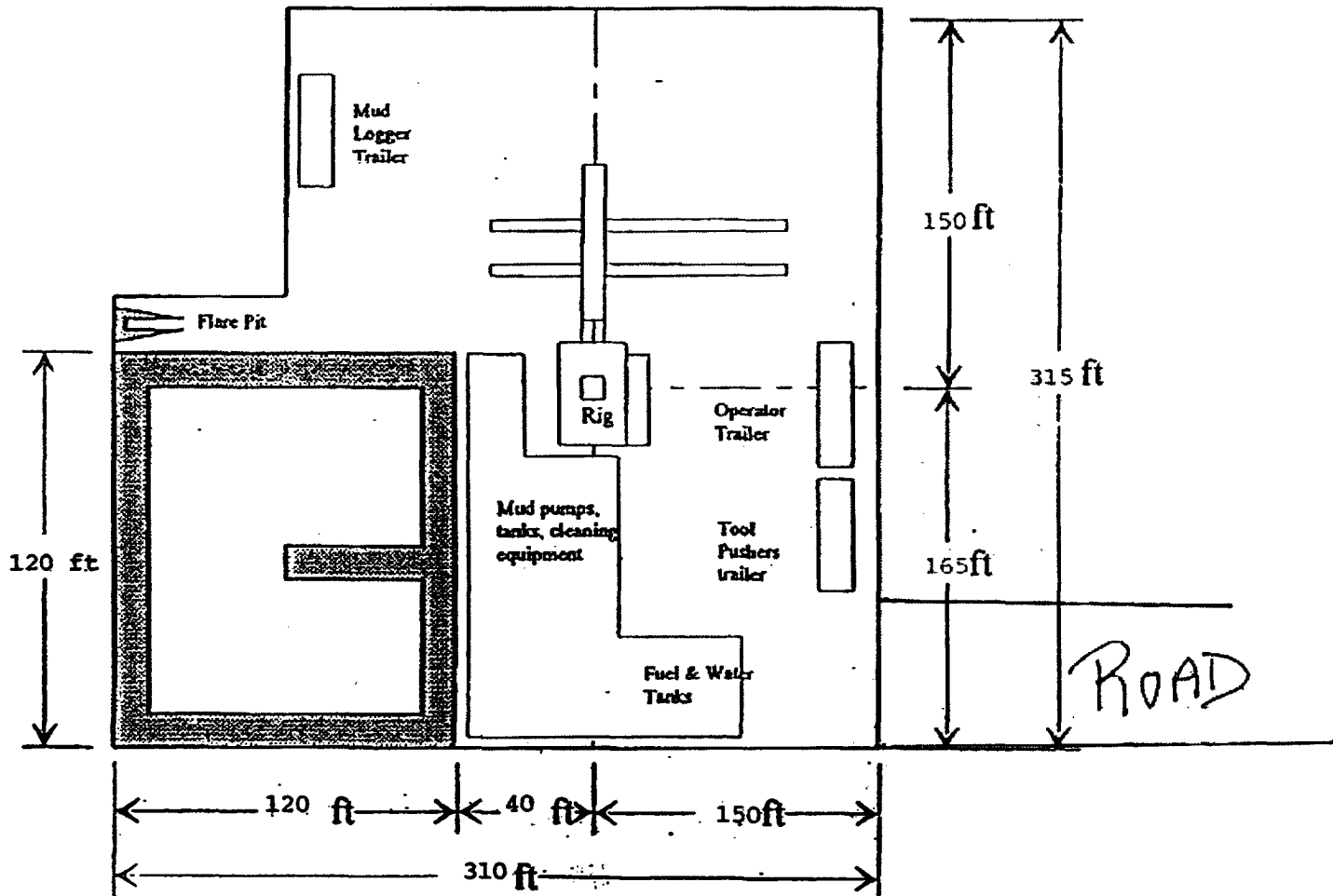
99' FNL and 2038' FWL - Surface Location

660' FNL and 1000' FWL - Bottom Hole Location

Sec. 17-T22S-R24E

Eddy County, New Mexico

Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

Yates Petroleum Corporation

**105 S. Fourth Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

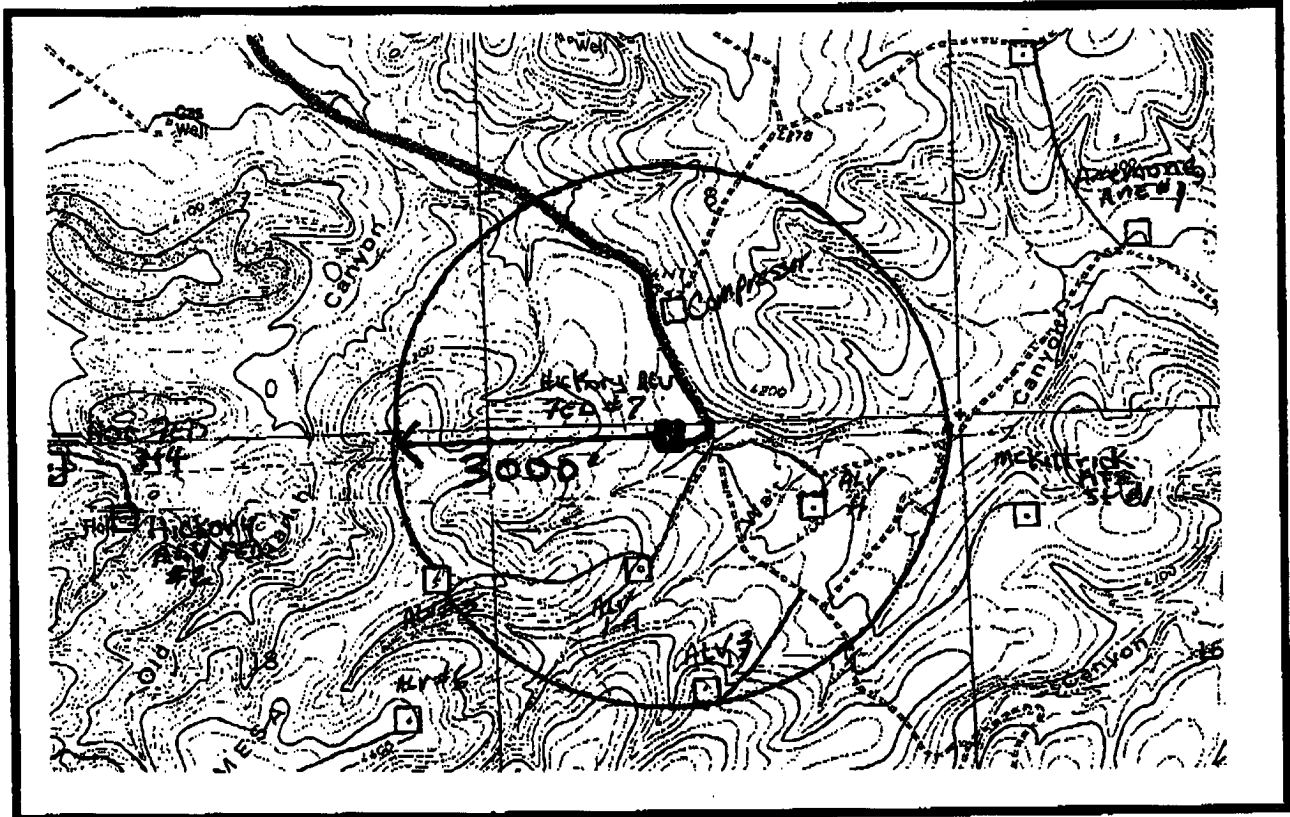
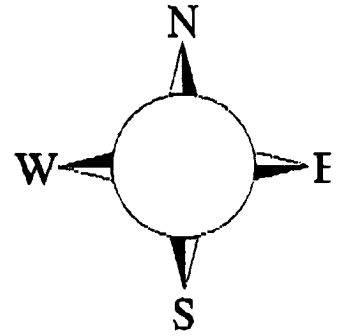
For

Hickory ALV Federal #7

**99' FNL, 2038' FWL Surface Location
660' FNL and 1980 FWL Bottom Hole Location
Sec-17, T-22S, R-24E
Eddy County NM**

Hickory ALV Federal #7 Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office	(505) 748-1471
Pinson McWhorter/Operations Manager	(505) 748-4189
Darrel Atkins/Production Manager	(505) 748-4204
Ron Beasley/Prod Superintendent	(505) 748-4210
Al Springer/Drilling	(505) 748-4225
Paul Hanes/Prod. Foreman/Roswell	(505) 624-2805
Jim Krogman/Drilling Superintendent.....	(505) 748-4215
Artesia Answering Service	(505) 748-4302
(During non-office hours)	

Agency Call List

Eddy County (505)

Artesia

State Police.....	746-2703
City Police.....	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee)	746-2122
NMOCD.....	748-1283

Carlsbad

State Police.....	885-3137
City Police.....	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management.....	887-6544

New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	(505) 827-9126
National Emergency Response Center (Washington, DC)	...(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton	(505) 746-2757
B. J. Services.....	(505) 746-3569
Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	(505) 842-4949

H2S Emergency Contingency Plan For Field Operation

Alert and account for all personnel on location.

- Move away from the source of the H2S and get out of the affected area. Move upwind from the well bore. Avoid inhalation of H2S.
- Don proper personal breathing equipment – 30 min. SCBA.
- Assist any personnel in distress using the ‘buddy system’
- Alert other affected personnel on location.
- Proceed to pre-designated meeting area.
- Account for all personnel on location.

Take action to control the release of the H2S. Eliminate all possible sources of ignition.

Do not re-enter the affected area without appropriate breathing equipment.

- Take all appropriate measures to shut in the H2S gas source.
- Put out all open flames in the affected area and shut down all motors.
- **Notify Supervisors.**

The YPC Supervisor that will assess the situation and assign duties to various persons to bring the situation under control. Notifications of local law enforcement agencies, residents, and emergency vehicles will be assigned by the YPC Office.

Any press inquiries are to be referred to the YPC main office at 105 S Fourth Street, Artesia NM 88210. No statement to the Public or Media will be made by anyone other than management or a spokesperson authorized by management.

If The Above Actions Cannot Be Safely Accomplished:

Alert The Public That May Be Immediately Affected.

- Down wind residences.
- Highway or street traffic that may be affected.

Contact The Appropriate Government Agency(s) (911, Sheriff, Railroad Commissions, City Police Etc.).

- State police – if on or near a state road
- Sheriff’s dept. – if on or near a county road
(Requests help to evacuate the public if necessary and to help maintain roadblocks)
- Make any necessary recommendations, wind direction, affected area, etc.
- Start evacuation procedures where appropriate.
- Proceed with best plan (at the time) to regain control of the leak.
- Maintain tight security and safety procedures.

Rescue & First Aid For Victims Of Hydrogen Sulfide Poisoning

Do not panic!
Remain calm and think!

Don (put on) breathing apparatus.

Remove victim to fresh air as quickly as possible (i.e. Upwind from source or crosswind to achieve upwind). Do not run downwind.

Provide artificial respiration and/or CPR as necessary. (Use proper technique of turning your head after each breath to avoid inhaling exhaled H₂S). If victim's clothing is contaminated with fluid that contains H₂S then strip them to the waist.

Provide for prompt medical attention.

Notify the medical personnel beforehand that the victim has been poisoned by H₂S.

In addition to basic First Aid, everyone on location should have a good working knowledge of CPR.

Physical Effects of Hydrogen Sulfide

Concentrations		Physical Effects
0.001%	10 ppm	obvious, and unpleasant odor- safe for 8 hours exposure
0.005%	50 ppm	cause some flu-like symptoms and can cause pneumonia
0.01%	100 ppm	kills sense of smell in 3-15 minutes – may sting eyes and throat.
0.02%	200 ppm	kills sense of smell rapidly, severely stings eyes and throat, severe flu-like symptoms 4 or more hours may cause lung damage and/or death.
0.06%	600 ppm	unconscious quickly, death will result if not rescued promptly.

* at 15.00 psia and 60 deg F.

CAUTION:

Hydrogen Sulfide is a colorless, transparent gas and is flammable. It is heavier than air and may accumulate in low places.

Public Evacuation Plan

1. When the YPC supervisor determines the H2S or other emergency cannot be limited to the well location and the public will be involved, he will activate the evacuation plan.
2. The supervisor will notify local government agencies that a hazardous condition exists and evacuation needs to be implemented.
3. A safety person who has been trained in the use of H2S detection equipment and self-contained breathing apparatus shall monitor H2S concentrations, heat exposure, wind directions, and area of exposure. He/she will delineate the outer perimeter of the hazardous gas area. Extension to the evacuation area shall be determined from the information gathered.
4. Law enforcement shall be called to aid in setting up and maintaining roadblocks. They will also aid in evacuation of the public if necessary, but they shall not be asked to enter the hazardous zone.
5. Constant communications shall be maintained between company personnel and law enforcement safe for re-entry.
6. After the discharge of gas has been controlled, the safety person will determine when the area is safe for re-entry.

All atmospheric monitoring equipment shall have a minimum capability of reading H2S, oxygen, and flammability values.