

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

RESUE MITT

OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator

Yates Petroleum Corporation

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 4772' FSL and 806' FEL  
At proposed prod. Zone 4620' FSL and 806' FEL

14. Distance in miles and direction from nearest town or post office\*

Approximately 15 miles Northeast of Carlsbad, New Mexico.

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

806

16. No. of Acres in lease

421.15

17. Spacing Unit dedicated to this well

320 404.60

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

1.3 miles

19. Proposed Depth  
10400

20. BLM/BIA Bond No. on file  
NMB-000434

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

3825' GL

22. Approximate date work will start\*

23. Estimated duration

24. Attachments

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

*Cy Cowan*

Name (Printed/Typed)

Cy Cowan

Date

3/28/2007

Title

Regulatory Agent

Approved by (Signature)

/s/ James Stovall

Name (Printed/Typed)

/s/ James Stovall

Date

MAY 02 2007

Title

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.

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 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

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

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 FOR 1 YEAR

**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**  
 1200 South St. Francis Dr.  
 Santa Fe, NM 87505

Month - Year  
 MAY 32 2007  
 OCD - ARTESIA, NM

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

<sup>1</sup> API Number 30-015-35596		<sup>2</sup> Pool Code 741640	<sup>3</sup> Pool Name CEMETARY <del>Wildcat-Morrow</del>
<sup>4</sup> Property Code	<sup>5</sup> Property Name Bamboozled BBX Federal Com.		<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name YATES PETROLEUM CORPORATION		<sup>9</sup> Elevation 3825'

**<sup>10</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 9	3	21S	24E		4772'	South	806'	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
Lot 9	3	21S	24E		4620'	South	806'	East	Eddy

<sup>12</sup> Dedicated Acres 404.60	<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.

<sup>16</sup>				<b><sup>17</sup> OPERATOR CERTIFICATION</b>	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
				Signature: <i>Cy Cowan</i> Date: 5/22/07	
				Printed Name: Cy Cowan Regulatory Agent	
				<b><sup>18</sup> SURVEYOR CERTIFICATION</b>	
				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	

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## State of New Mexico

Energy, Minerals &amp; Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Month - year  
**MAY 3 2 2007**  
 OCD - ARTESIA, NM

Form C-102

Revised October 12, 2005

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☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-35596	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name Wildcat Morrow
<sup>4</sup> Property Code	<sup>5</sup> Property Name Bamboozled BBX Federal Com.	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name YATES PETROLEUM CORPORATION	<sup>9</sup> Elevation 3825'

<sup>10</sup> Surface Location

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Lot 9	3	21S	24E		4772'	South	806'	East	Eddy

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Lot 9	3	21S	24E		4620'	South	806'	East	Eddy

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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.

<sup>16</sup>				<sup>17</sup> OPERATOR CERTIFICATION	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
				Date 5/22/07	
				Signature Cy Cowan	
				Printed Name Cy Cowan Regulatory Agent	
				<sup>18</sup> 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	

**YATES PETROLEUM CORPORATION**  
**Bamboozled BBX Federal Com. #1**  
 4772' FSL and 806' FEL (Surface Location)  
 4620' FSL and 806' FEL (Bottom Hole Location)  
 Section 3, T21S-R24E  
 Eddy County, New Mexico

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

San Andres	1320'	Strawn	9165'
Bone Spring Lime	3530'	Atoka	9585'
1 <sup>st</sup> Bone Spring Lime	3980'	Upper Morrow	9970'
2 <sup>nd</sup> Bone Spring Lime	4945'	Middle Morrow	10020'
3 <sup>rd</sup> Bone Springs Lime	6530'	Lower Morrow	10180'
Wolfcamp	6945'	Base of Morrow	10245'
Cisco	8395'	TD	10400'

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

Water: 200' - 300'  
 Oil or Gas: All potential zones

**3. Pressure Control Equipment:** BOPE will be installed on the 9 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>Thread</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	J-55	H-40	0-400'	400'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-3550'	3550'
8 3/4"	5 1/2"	17#	L-80	LT&C	0-900'	900'
8 3/4"	5 1/2"	17#	J-55	LT&C	900'-1600'	700'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	1600'-6400'	4800'
8 3/4"	5 1/2"	17#	J-55	LT&C	6400'-8200'	1800'
8 3/4"	5 1/2"	17#	L-80	LT&C	8200'-10400'	2200'

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

**B. CEMENTING PROGRAM:**

Surface casing: 450 sx 'C' + 2% CaCl<sub>2</sub>(YLD 1.64 WT 13.0).

Intermediate casing: 1300 sx Lite C (Yld 1.98 WT 12.5) Tail in w/200 sx  
Class C (YLD 1.34 WT 14.8).

Production Casing: TOC 3050', Lead w/1400 sx Lite 'C' (YLD 1.95 WT 12.5)  
Tail in w/650 sx Super 'C' Modified (YLD 1.58 WT 13.2).

**5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 400'	FW/Spud Mud	8.4-8.6	34-36	N/C
400'-3550'	Fresh Water	8.4-8.6	28	N/C
3550'-6935'	Cut Brine	8.8-8.9	28	N/C
6935'-8395'	Cut Brine	9.2-9.4	28	N/C
8395'-9230'	Cut Brine	9.4-9.6	28	N/C
9230'-10400'	SW/Gel/Starch/4% KCL	9.6-9.8	30-32	<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' out from under intermediate casing to TD.

Logging: Platform Express/HALS/NGT.

Coring: None anticipated.

DST's: As Warranted, possible from Cisco to TD.

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

From: 0	TO 400'	Anticipated Max. BHP:	175	PSI
From: 400'	TO 3550'	Anticipated Max. BHP:	1600	PSI
From: 3550'	TO 10400'	Anticipated Max. BHP:	5300	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H<sub>2</sub>S Zones Anticipated: None

Maximum Bottom Hole Temperature: 189° F

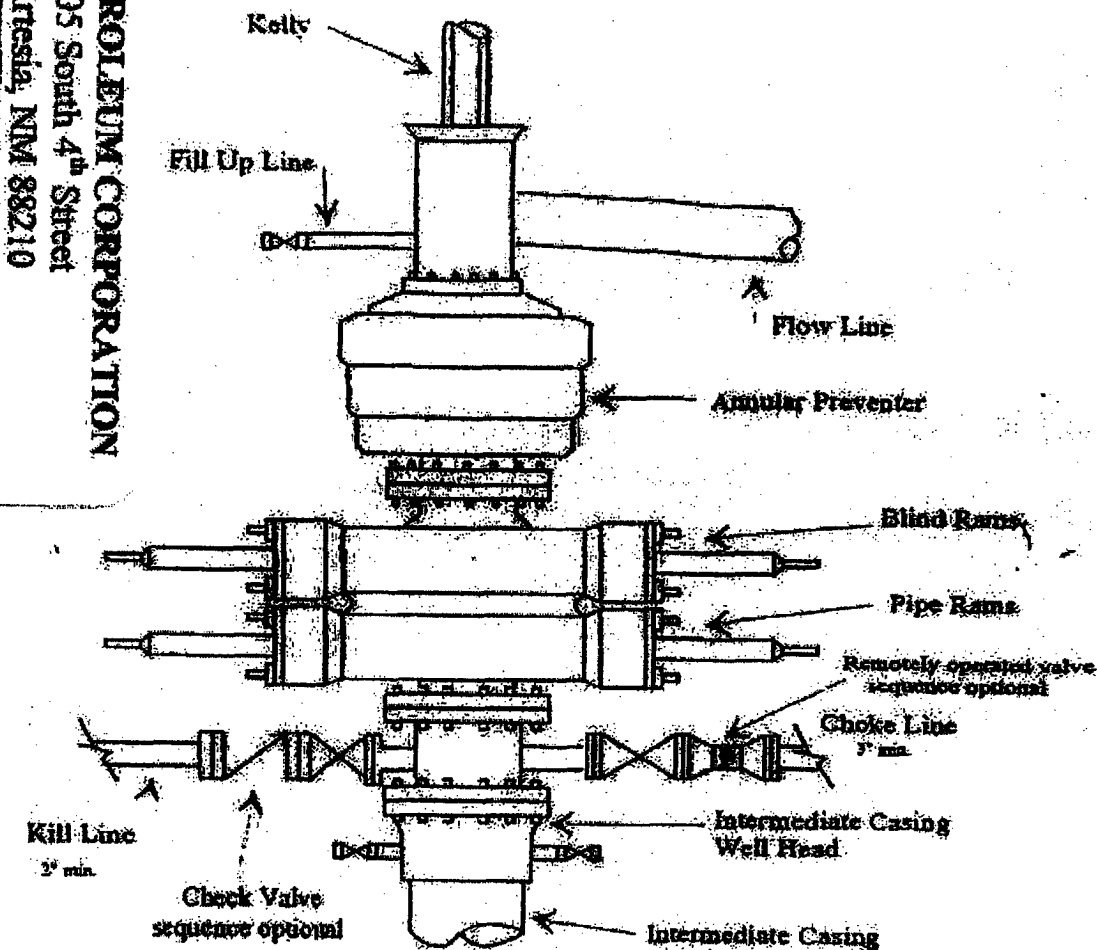
**8. ANTICIPATED STARTING DATE:**

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.

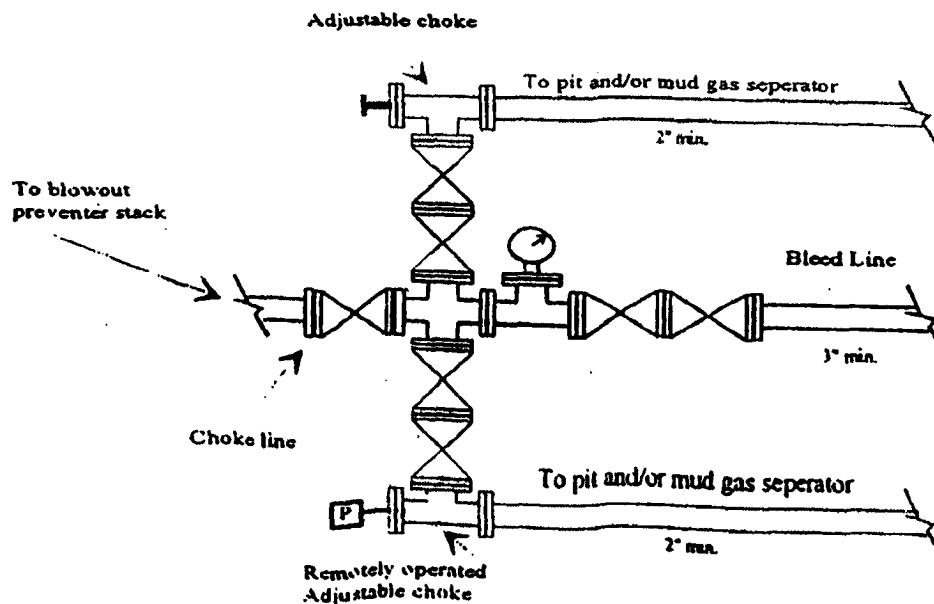
# Yates Petroleum Corporation

BOP-4

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

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

Banded  
4772' FSL and 806' FEL (surface)  
Section 3, T21S-R24E  
Eddy County, New Mexico

4620' FSL and 806' FEL (bottom)

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**

**Bamboozled BBX Federal Com. #1**

4772' FSL and 806' FEL (Surface Location)

4620' FSL and 806' (Bottom Hole Location)

Section 3, T21S-R24E

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 Northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

### **DIRECTIONS:**

Go south of Artesia of Highway 285 to White Pine Road. (CR 28) Turn right on White Pine Road and go approx. 6.2 miles. Turn left here and go to the Mystery AYM Federal #1 well location. The new road will start going from the southeast corner of the Mystery AYM Federal #1, east on existing two track for approx. 0.3 of a mile. Turn right here on a two-track road and go approx. 1.2 miles to the northeast corner of the proposed well location.

### **2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 1.5 miles in length from the point of origin to the northeast corner of drilling pad. The road will lie in an east then south 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 turnouts 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 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.

## **Conditions of Approval Cave and Karst**

EA#: NM-080-07-0640

Lease #: NM-107360

**Yates Petroleum Corporation  
Bamboozled BBX Fed. Com. #1**

### **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.

### **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. Use depth to the deepest expected fresh water as listed in the geologist report.

#### **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.

#### **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.

**Differential Shut-off Systems:**

A leak detection system and differential shut off systems will be installed for pipelines and tanks used in production or drilling.

**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

**Operator's Name:** YATES PETROLEUM CORPORATION  
**Well Name & No.** 1 – BAMBOOZLED BBX FEDERAL COM  
**Location:** 4772' FSL & 806' FEL – SEC 3 – T21S – R24E – EDDY – SHL  
4620' FSL & 806' FEL – SEC 3 – T21S – R24E – EDDY - BHL  
**Lease:** NM-107360

### I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
  2. Setting and/or Cementing of all casing strings
  3. BOPE tests
- Chaves and Roosevelt Counties call the Roswell Field Office, 2909 West Second St., Roswell NM 88201. During office hours call (505) 627-0258. After office hours call (505) 200-7902
  - Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
  - Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
  - Engineers can be reached at (505) 706-2779 for any variances that might be necessary
- B. 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.
- C. If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

### II. CASING:

- A. The 13-3/8 inch surface casing shall be set at 400 feet and cemented to the surface.
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
  3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
  4. If cement falls back, remedial action will be done prior to drilling out that string.
- B. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is circulate cement to the surface. If cement does not circulate see A.1 thru 4. Note: The 9-5/8" casing shall be set at 3550 feet or above the top of the Bone Spring Formation whichever comes first.

- C. The minimum required fill of cement behind the 5-1/2 production casing is **tie back 200 feet into the 9-5/8 inch intermediate casing.**
- D. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joint of the drill pipe will be installed prior to continuing drilling operations.

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

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) PSI.**
- C. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be **3000 (3M) PSI.**
- D. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
1. The tests shall be done by an independent service company.
  2. The results of the test shall be reported to the appropriate BLM office.
  3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
  5. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp.** This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

### **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.

LBabyak 4/3/07