

EC

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC049945A
1b. 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		6. If Indian, Allottee or Tribe Name
2. Name of Operator YATES DRILLING COMPANY Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		7. If Unit or CA Agreement, Name and No.
3a. Address 105 SOUTH FOURTH ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	8. Lease Name and Well No. CABANA FEDERAL COM. 1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNE 707FNL 1596FEL At proposed prod. zone NWNE 707FNL 1596FEL		9. APL Well No. 30-015-33251
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 22 MILE SE OF ARTESIA, NM		10. Field and Pool, or Exploratory MCMILLAN WILDCAT MORROW
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 707		11. Sec., T., R., M., or Blk. and Survey or Area Sec 12 T20S R26E Mer NMP SME: BLM
16. No. of Acres in Lease 400.00		12. County or Parish EDDY
17. Spacing Unit dedicated to this well 320.00		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2640		19. Proposed Depth 10500 MD
20. BLM/BIA Bond No. on file		21. Elevations (Show whether DF, KB, RT, GL, etc.) 3366 GL
22. Approximate date work will start		23. Estimated duration

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:

- 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 officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) CY COWAN Ph: 505.748.4347	Date 06/25/2003
Title REGULATORY AGENT		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 19 FEB 2004
Title ACTING FIELD MANAGER		Office CARLSBAD FIELD OFFICE

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.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

Electronic Submission #23649 verified by the BLM Well Information System
For YATES DRILLING COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by Linda Askwig on 06/26/2003 (03LA0647AE)APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

Additional Operator Remarks:

Please note: Footages have change since Notice of Staking was submitted.

Revisions to Operator-Submitted EC Data for APD #23649

	Operator Submitted	BLM Revised (AFMSS)
Lease:	LC-049945-A	NMLC049945A
Agreement:		
Operator:	YATES DRILLING COMPANY 105 SOUTH 4TH STREET ARTESIA, NM 88210 Ph: 505.748.1471 Fx: 505.748.4572	YATES DRILLING COMPANY 105 SOUTH FOURTH ARTESIA, NM 88210 Ph: 505.748.4500
Admin Contact:	ROBERT ASHER REGULATORY TECHNICIAN 105 SOUTH 4TH STREET ARTESIA, NM 88210 Ph: 505.748.4364 Fx: 505.748.4572 E-Mail: basher@ypcnm.com	ROBERT ASHER REGULATORY TECHNICIAN 105 SOUTH FOURTH ARTESIA, NM 88210 Ph: 505.748.4364 Fx: 505.748.4572 E-Mail: basher@ypcnm.com
Tech Contact:	CY COWAN REGULATORY AGENT 105 S. 4TH STREET ARTESIA, NM 88210	CY COWAN REGULATORY AGENT 105 SOUTH FOURTH ARTESIA, NM 88210
Well Name: Number:	CABANA FEDERAL COM. 1	CABANA FEDERAL COM. 1
Location: State: County: S/T/R: Surf Loc:	NM EDDY Sec 12 T20S R26E Mer NMP NWNE 707FNL 1596FEL	NM EDDY Sec 12 T20S R26E Mer NMP NWNE 707FNL 1596FEL
Field/Pool:	MCMILLIAN MORROW	MCMILLAN WILDCAT MORROW
Bond:	NM-2811	

District I
1825 N. French Dr. Hobbs, NM 88201

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name McMillan Morrow	
Property Code		Property Name CABANA FEDERAL COM			Well Number 1
OGRID No. 025575		Operation Name YATES DRILLING COMPANY			Elevation 3366

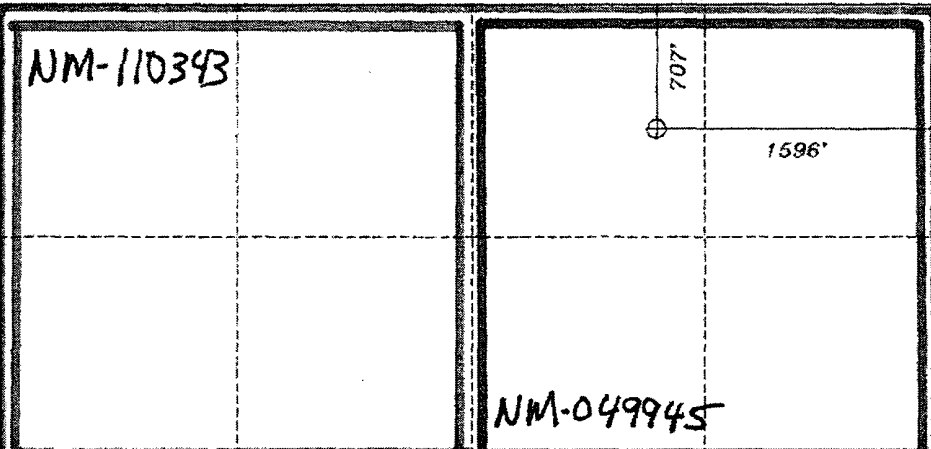

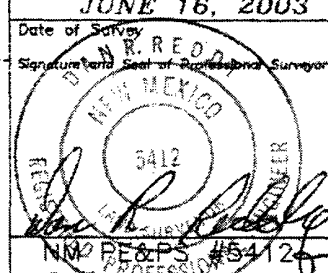
Surface Location

UL or Lot No. B	Section 12	Township 20 S	Range 26 E	Lot Idn.	Feet from the 707	North/South line NORTH	Feet from the 1596	East/West line EAST	County EDDY
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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
Dedicated Acres 320		Joint or Infill	Consolidation Code	Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. Signature  Printed Name Cy Cowan Title Regulatory Agent Date June 23, 2003
	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 KNOWLEDGE AND BELIEF. JUNE 16, 2003 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number NM-PE&PS-5412

YATES DRILLING COMPANY
Cabana Federal Com. #1
 707' FNL and 1596' FEL
 Section 12,T20S-R26E
 Eddy County, New Mexico

1 The estimated tops of geologic markers are as follows:

Queen	650'	Atoka	9630'
San Andres	1620'	Upper Morrow	9970'
Bone Spring Lime	2700'	Morrow Clastics	10030'
3 rd Bone Springs Lime	7320'	Lower Morrow	10300'
Wolfcamp	7800'	TD	10500'
Strawn	9320'		

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#	H-40	ST&C	0-400'	400'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-2700'	2700'
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'-2000'	1100'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	2000'-6200'	4200'
8 3/4"	5 1/2"	17#	J-55	LT&C	6200'-8000'	1800'
8 3/4"	5 1/2"	17#	L-80	LT&C	8000'-9400'	1400'
8 3/4"	5 1/2"	17#	HCP-110	LT&C	9400'-10500'	1100'

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

B. CEMENTING PROGRAM:

WITNESS Surface casing: 500 sx Class 'C' + 2% CaCl₂(YLD 1.32 WT 14.8).

WITNESS Intermediate casing: Lead with 700 sx Lite (YLD 2.0 WT 12.5) Tail in w/200 sx Class C + 2% CaCL₂ (YLD 1.32 WT 14.8).

Production Casing: TOC 7300', Lead w/750 sx Super 'C' (YLD 1.63 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>
Spud to 400'	FW Gel/Paper	8.4-8.8	32-40	N/C
400'-2700'	Fresh Water	8.4	28	N/C
2700'-9600'	Cut Brine	8.6-9.6	28	N/C
9600'-10500'	S Gel/KCL/Starch/Drispac	9.6-10.0	32-38	<12cc

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.

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

Anticipated BHP:

From: 0 TO 400'	Anticipated Max. BHP: 175	PSI
From: 400' TO 2700'	Anticipated Max. BHP: 1200	PSI
From: 2700' TO 10500'	Anticipated Max. BHP: 5500	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H₂S 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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES DRILLING COMPANY
Cabana Federal Com. #1
707' FNL and 1596' FEL
Section 12, T20S-R26E
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 22 miles southeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia on Highway 285 for approx. 24.5 miles to intersection of Capitan Reef Road and Hwy 285. Turn left on Capitan Reef Road and go approx. 5.8 miles to the intersection of Lake Road and Capitan Reef Road. From intersection of Lake Road (CR-34) and Capitan Reef Road (CR-30) turn left on Lake Road and go approx. 0.2 of a mile to Netherland Road. Turn right here and go approx. 0.5 of a mile. The new road will start here going west for approx. 0.3 of a mile to the northwest corner of the Cabana Federal Com. #1 well pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.3 of a mile in length from the point of origin to the southwest corner of drilling pad. The road will lie in a southeast 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 turnouts will not 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.

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:

The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

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.

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 within 90 days after abandonment.

SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico.

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.

11-01-2003

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

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.

6/23/2003


Regulatory Agent

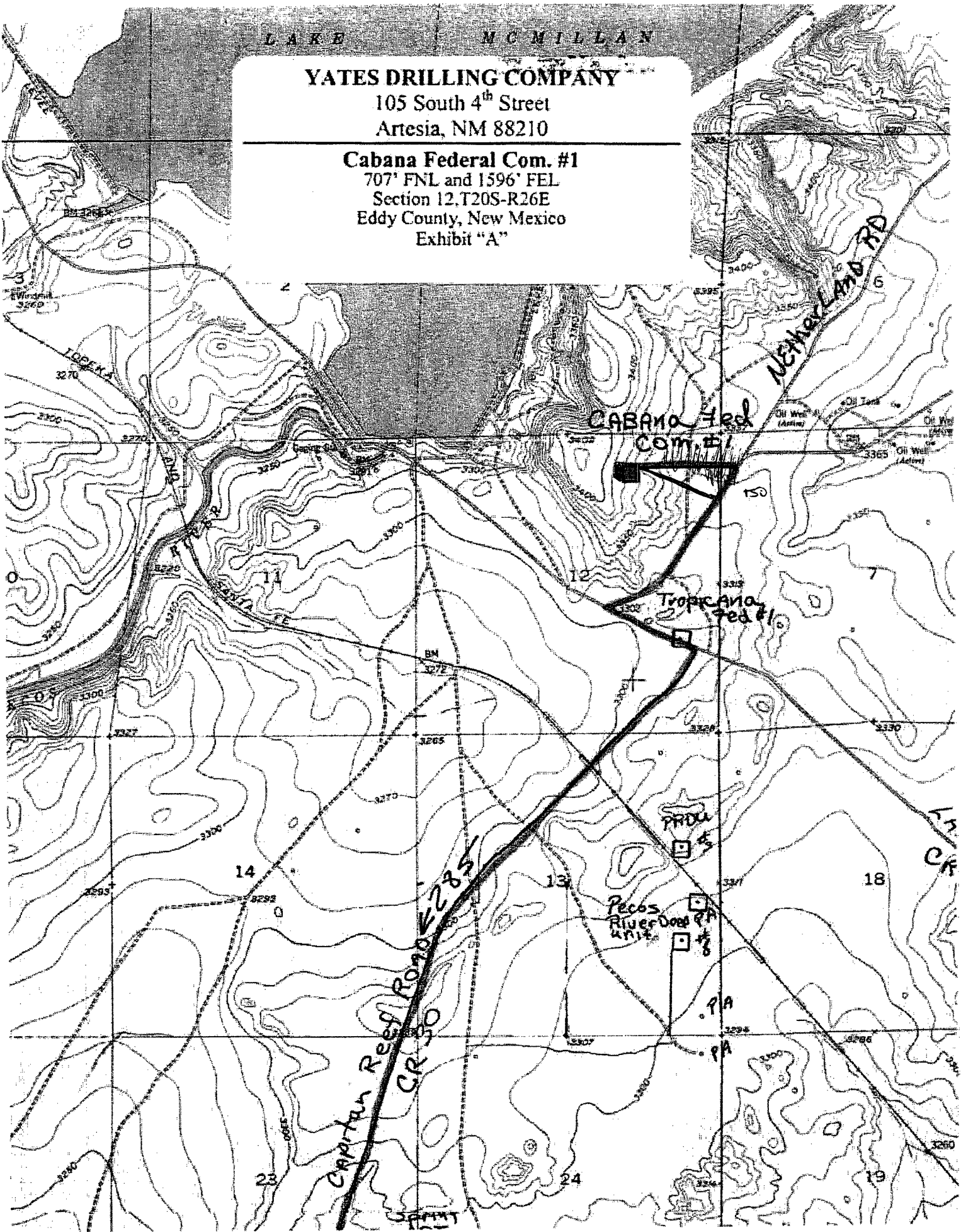
LAKE MCMILLAN

YATES DRILLING COMPANY

105 South 4th Street
Artesia, NM 88210

Cabana Federal Com. #1

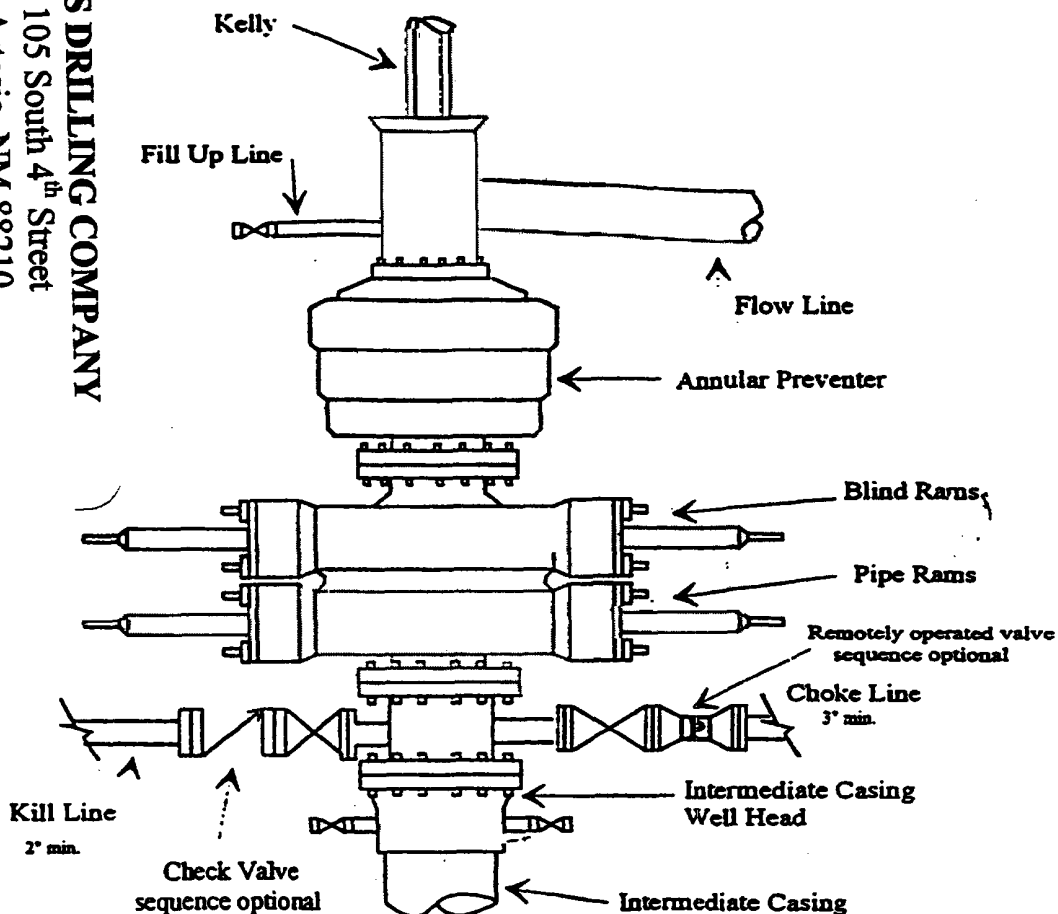
707' FNL and 1596' FEL
Section 12, T20S-R26E
Eddy County, New Mexico
Exhibit "A"



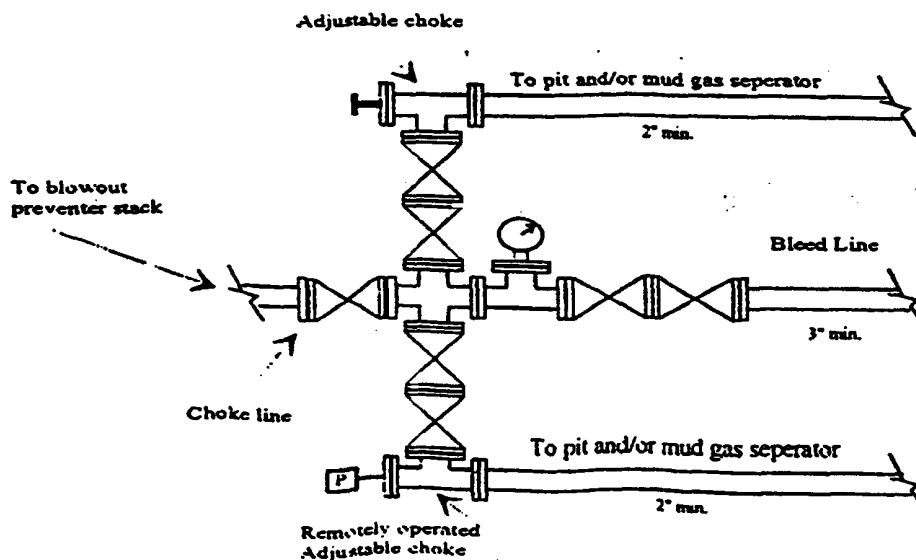
YATES DRILLING COMPANY

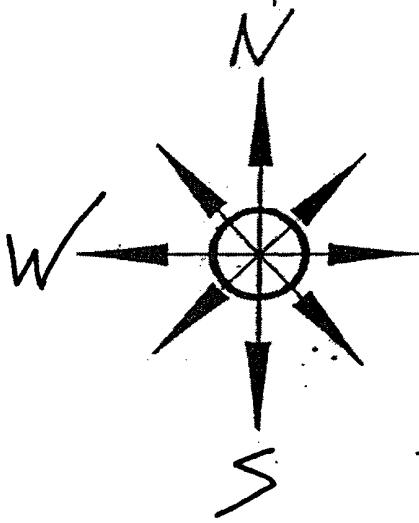
BOP-4

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 DRILLING COMPANY

Location Layout for Permian Basin
Up to 12,000'

PB - L1

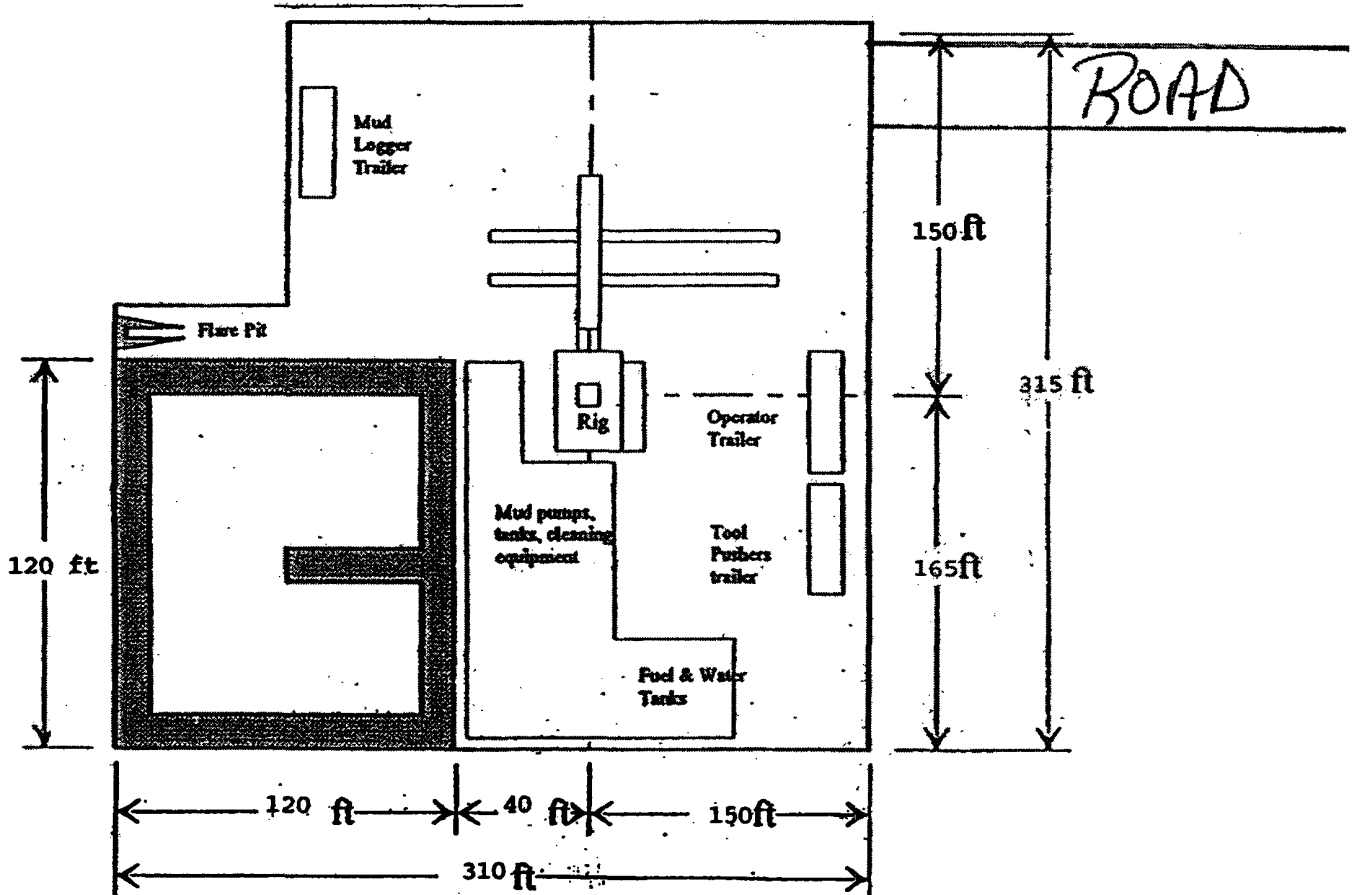
E Pits West

YATES DRILLING COMPANY

105 South 4th Street
Artesia, NM 88210

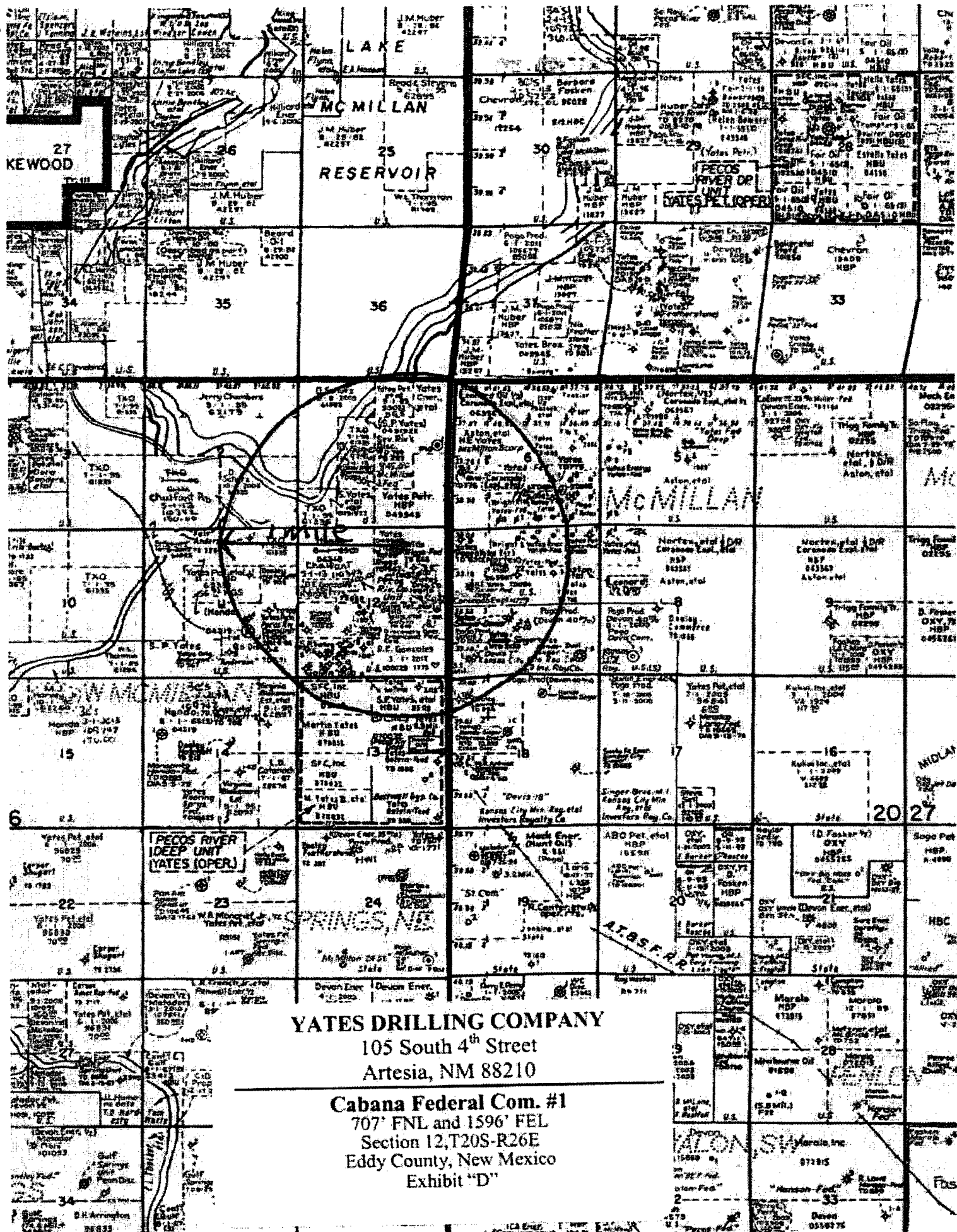
Cabana Federal Com. #1

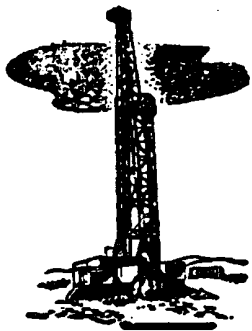
707' FNL and 1596' FEL
Section 12, T20S-R26E
Eddy County, New Mexico
Exhibit "C"



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum





YATES DRILLING COMPANY

105 SOUTH FOURTH STREET - ARTESIA, NEW MEXICO 88210

(505) 748-1471 • FAX (505) 748-4579

PEYTON YATES
PRESIDENT

S. P. YATES
VICE PRESIDENT

RANDY G. PATTERSON
SECRETARY

DENNIS G. KINSEY
TREASURER

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leases land or portion thereof, as described below:

Lease No.: LC-049945-A

Bond Coverage: Individually Bonded

Legal Description of Land:

BLM Bond File No.: NM-0344

N/2NE, SW/NE

Section 12, T20S-R26E

Formation (s) – (if applicable):

Date: 7/1/03

YATES DRILLING COMPANY


Cy Cowan, Regulatory Agent

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2003 JUL -2 AM 8:03
N.M. DEPT. OF REVENUE
REGISTRATION OFFICE