

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

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAR - 3 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER **OCD-ARTESIA**

0

OMB No. 1004-0136
Expires November 30, 2000

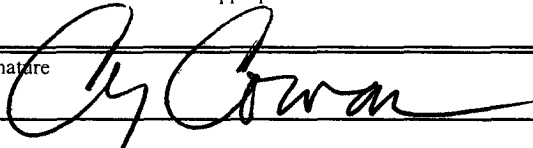
1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-14785
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable
2. Name of Operator Yates Drilling Company Undes. Corral Canyon Bone Spring South		7. If Unit or CA Agreement, Name and No. Not Applicable
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3B. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Bennett Federal #2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2310' FSL and 2310' FWL At proposed prod. Zone same as above		9. API Well No. 30-015-32189
14. Distance in miles and direction from nearest town or post office* Approximately 35 miles southeast of Carlsbad, New Mexico		10. Field and Pool, or Exploratory Wildcat Bone Spring
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2310'	16. No. of Acres in lease 401.80	11. Sec., T., R., M., or Blk. and Survey or Area Section 30, T25S-R30E
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 2000'	19. Proposed Depth 7500'	12. County or Parish Eddy
20. BLM/BIA Bond No. on file NM-2811	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3113' GL	13. State NM
22. Approximate date work will start* ASAP	23. Estimated duration 30 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) Cy Cowan - debbiec@ypcnm.com	Date 12/30/03
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Title: Regulatory Agent/Land Department		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 1 MAR 2004
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.

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.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

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 Bone Spring
⁴ Property Code	⁵ Property Name Bennett Federal		⁶ Well Number 2
⁷ OGRID No. 025513	⁸ Operator Name Yates Drilling Company		⁹ Elevation 3113'

¹⁰ Surface Location

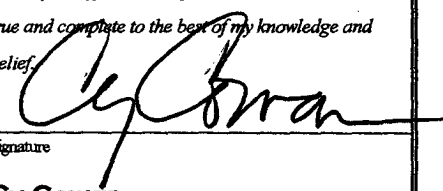
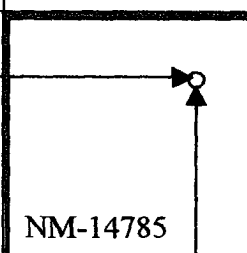
UL or lot no. K	Section 30	Township 25S	Range 30E	Lot Idn	Feet from the 2310	North/South line South	Feet from the 2310	East/West line West	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	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

¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Cy Cowan Printed Name Regulatory Agent Title 12/30/03 Date	
	2310'	 NM-14785			
				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	

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
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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 Bone Spring
Property Code	Property Name BENNETT FEDERAL	Well Number 2
OGRID No. 025575	Operator Name YATES DRILLING COMPANY	Elevation 3113


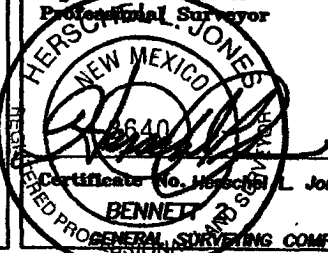
Surface Location

UL or lot No. K	Section 30	Township 25S	Range 30E	Lot 1/4	Feet from the 2310	North/South line SOUTH	Feet from the 2310	East/West line WEST	County EDDY
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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 40	Joint or Infill	Consolidation Code	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

				OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature Cy Cowan Printed Name Regulatory Agent Title October 3, 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. 9/18/2001 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 BENNETT GENERAL SURVEYING COMPANY	

N.32°05'59.8"
W.103°55'18.6"

2310'

3117 3124

3109 3117

NM-14785

2310'

YATES DRILLING COMPANY
Bennett Federal #2
2310' FSL and 2310' FWL
Section 30-T25S-R30E
Eddy County, New Mexico

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

Rustler	595'
Top of Salt	760'
Base of Salt	3265'
Delaware Lime	3460'
Delaware Bell Canyon	3495'
Cherry Canyon	4370'
Brushy Canyon	5650'
Bone Spring	7180'
TD	7500'

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

Water: 150'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the ~~9 5/8"~~^{8 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>
14 3/4"	11 3/4"	42.0#	H-40	ST&C	0-820'
11"	8 5/8"	32.0#	J-55	ST&C	0-3200'
7 7/8"	5 1/2"	17.0#	J-55	LT&C	0-100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100'-6800'
7 7/8"	5 1/2"	17.0#	J-55	LT&C	6800'-7500'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.8, Joint Strength 2.0

B. CEMENTING PROGRAM:**WITNESS**Surface casing: 300 sx Class "C" + 2% CaCl₂ (YLD 1.32 WT 14.8).**WITNESS**Intermediate Casing: 700 sx Lite "C" (YLD 2.05 WT 12.0). Tail in with 200 sx Class C +2% CaCl₂ (YLD 1.32 WT 14.8).Production Casing: TOC 2700' 700 sx Class Super "C" Modified (YLD 1.67 WT 13.0).
(TOC 2705)**5. MUD PROGRAM AND AUXILIARY EQUIPMENT:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud -820'	FW/Native Mud	8.4-8.8	28-32	N/C
820'-3200'	Brine	10-10.2	28	N/C
3200'-7500'	Cut Brine/Starch	8.9-9.2	28-32	<15 cc

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' from start of mudlogger.

Logging: CNL TD to surface casing; DLL TD to surface casing

Coring: None anticipated.

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0	TO: 350'	Anticipated Max. BHP:	150	PSI
From: 350'	TO: 1750'	Anticipated Max. BHP:	760	PSI
From: 1750'	TO: 9000'	Anticipated Max. BHP:	4500	PSI
From: 9000'	TO: 12000'	Anticipated Max. BHP:	6000	PSI

Abnormal Pressures Anticipated: None.

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 126°

8. ANTICIPATED STARTING DATE:

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES DRILLING COMPANY
Bennett Federal #2
2310' FSL and 2310' FWL
Section 30-T25S-R30E
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 35 miles Southeast of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Carlsbad on Highway 285 for approximately 28 miles (approx. mile marker 4) to the intersection on Highway 285 and Whitethorn Road (CR-775) turn east and go across the Pecos River. From the east side of the Pecos River bridge go approx. 0.3 of a mile to the El Paso pipeline road. Turn left here and go northeast on El Paso pipeline rd for approx. 4.1 miles. There will be an old pit on the right side of the road. Approx. 0.1 of a mile pas the pit a road will go to the right. Turn right here and go south for approx. 0.9 of a mile to corals. The road will continue to the left. From corrals go approx. 0.3 of a mile. The new road will start here going north for approx. 0.2 of a mile to the southeast corner of the well pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will go west for approximately 0.2 of a mile from the point of origin to the southeast corner of 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. Some traffic turnouts will 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 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.

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 nearest 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 land fill. 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 Bureau of Land Management, Carlsbad, New Mexico.

Bennett Federal #2

Page 3

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:

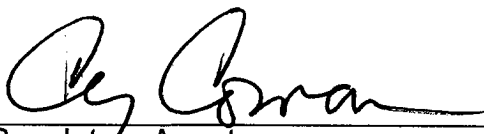
Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

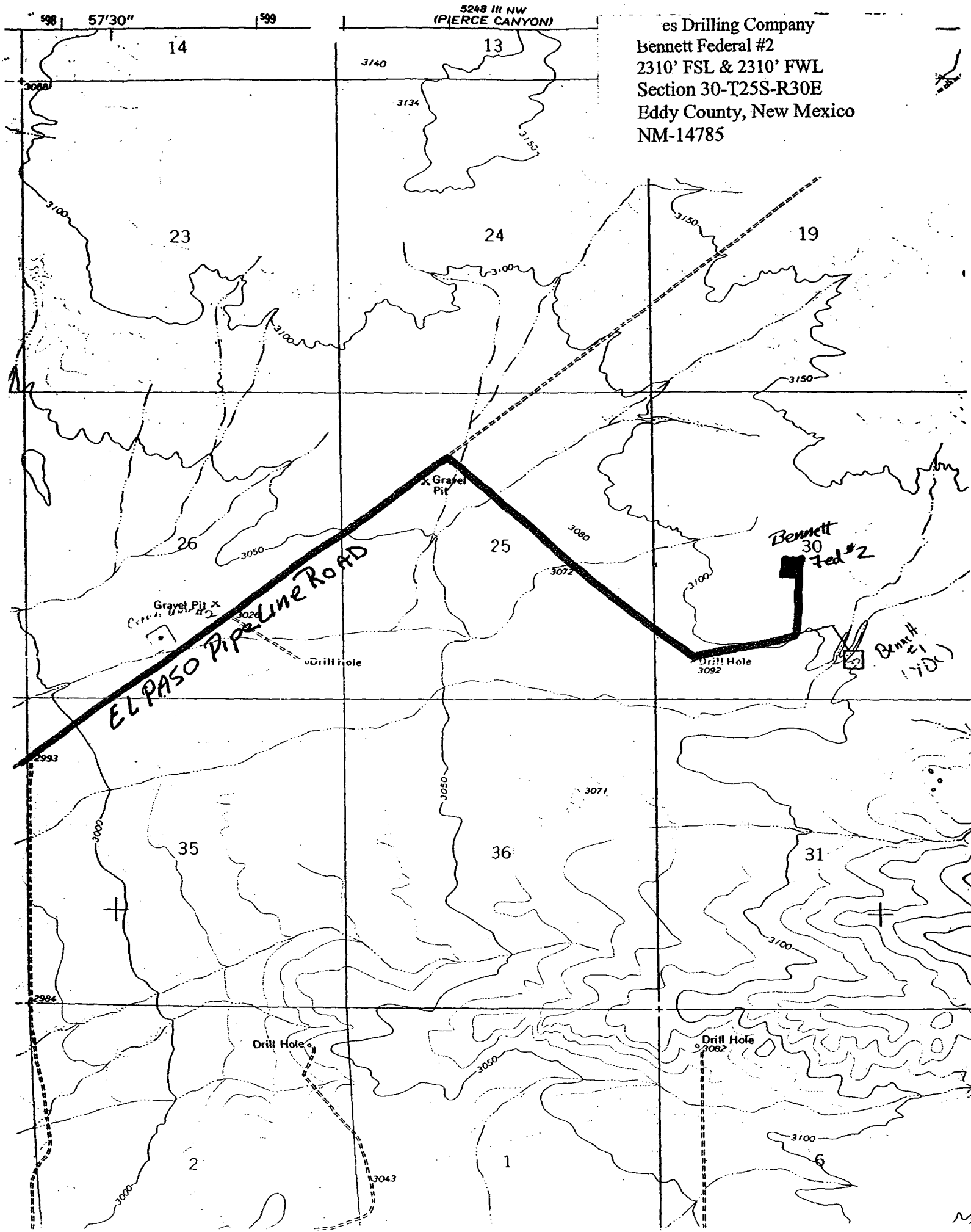
B. Through Drilling Operations,
Completions and Production:
Pinson McWhorter,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

12/30/03


Regulatory Agent



5248 III NW
(PIERCE CANYON)

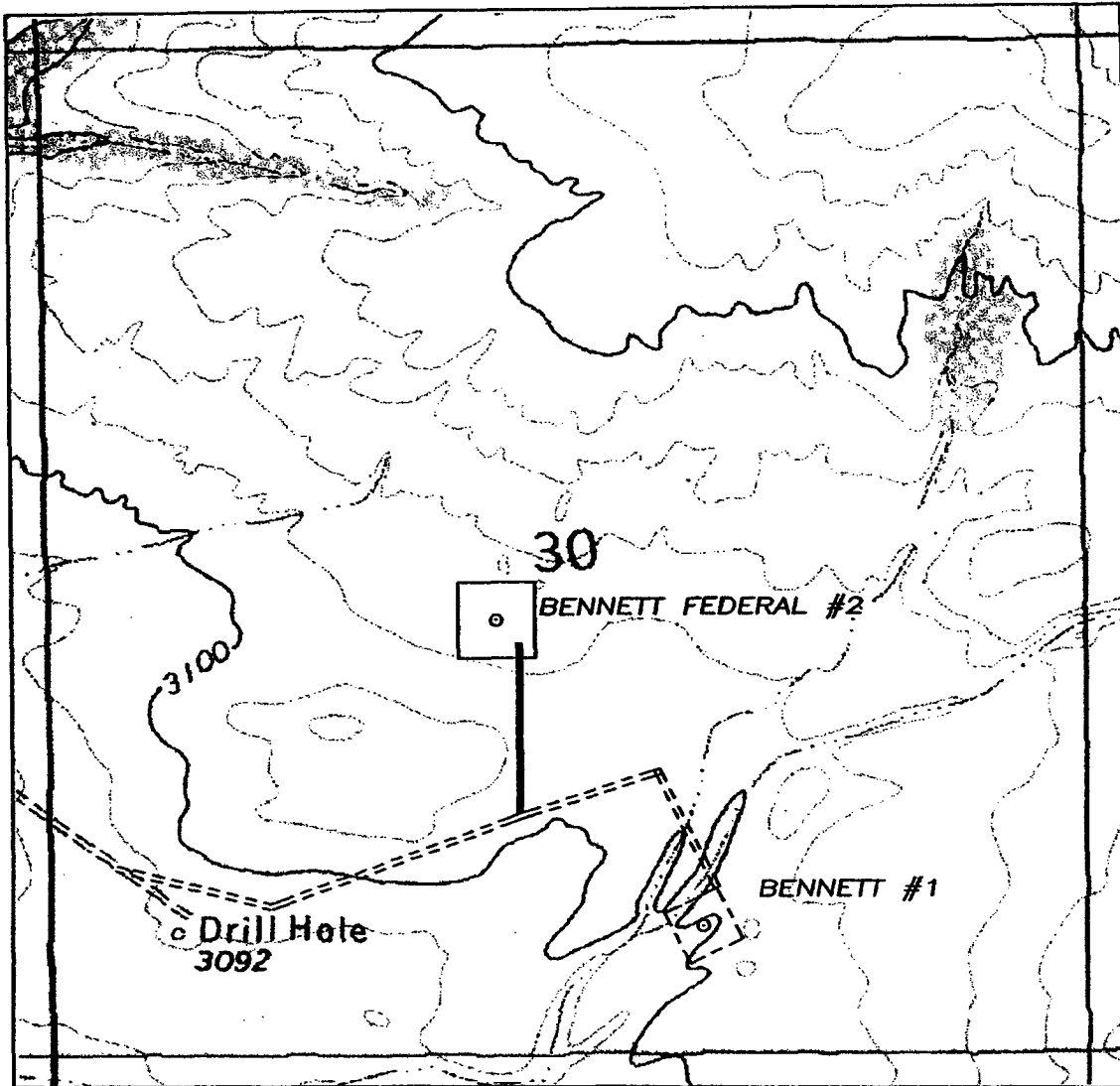
es Drilling Company
Bennett Federal #2
2310' FSL & 2310' FWL
Section 30-T25S-R30E
Eddy County, New Mexico
NM-14785

EL PASO PIPELINE ROAD

Bennett 30 Fed #2

Bennett #1 (700)

SECTION 30, TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



Yates Drilling Company
Bennett Federal #2
2310' FSL & 2310' FWL
Section 30-T25S-R30E
Eddy County, New Mexico
NM-14785

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.

3640
HERSCHEL L. JONES, S.L.S. No. 3640

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

YATES DRILLING COMPANY

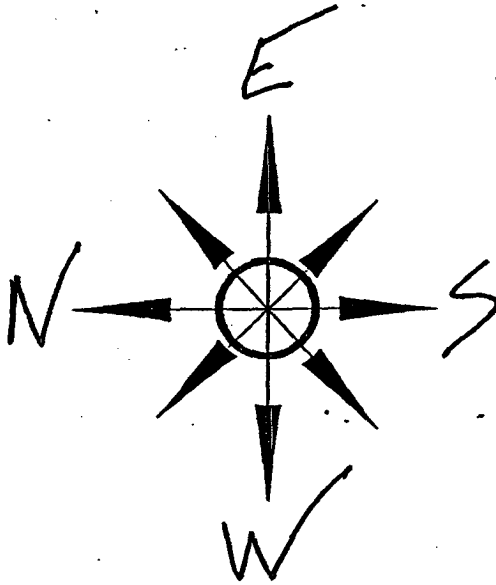
LEASE ROAD TO ACCESS THE YATES DRILLING COMPANY BENNETT FEDERAL #2, LOCATED IN SECTION 30, TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 9/18/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 9/20/01	Scale 1" = 1000' BENNETT 2

PB - L1

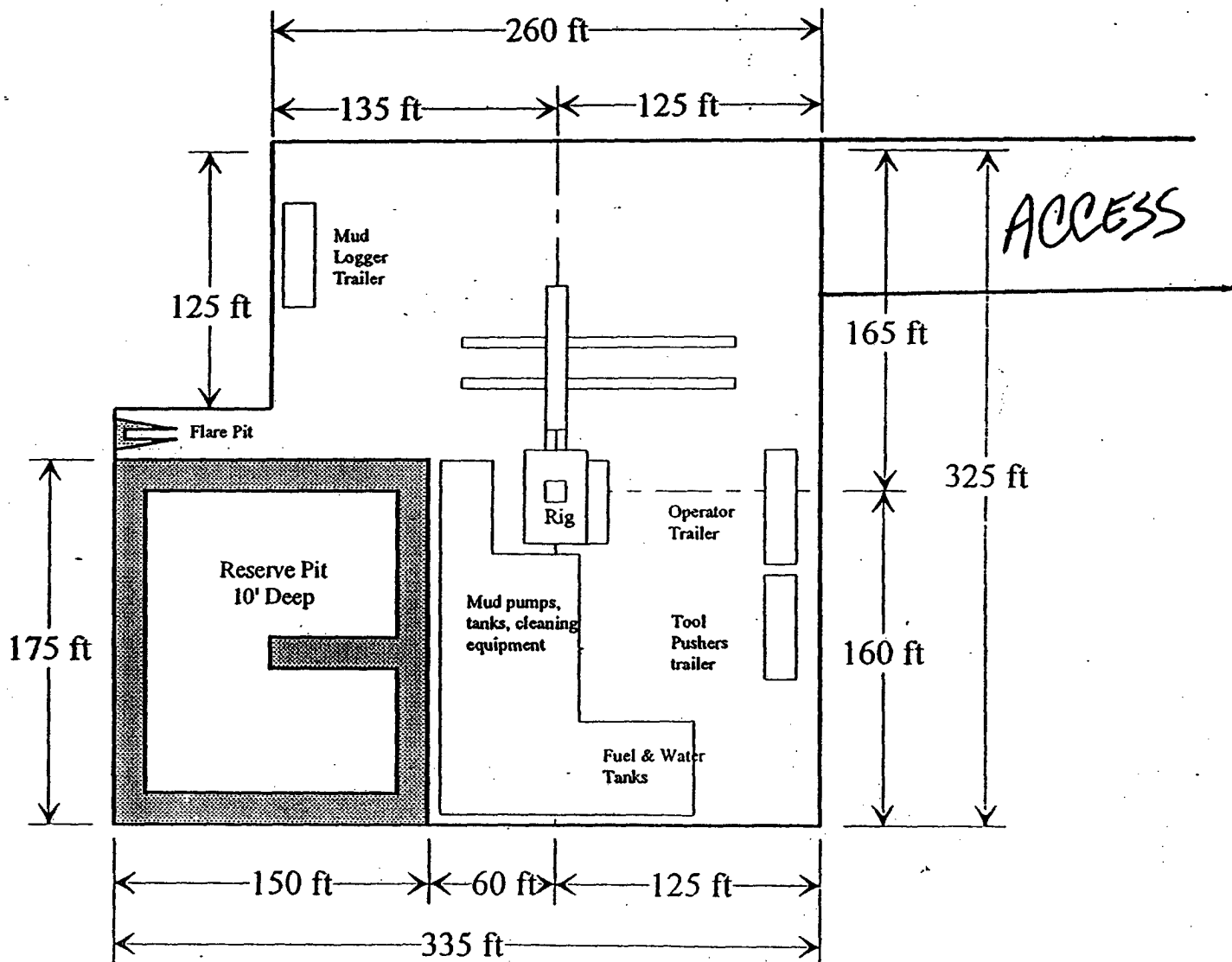
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



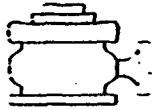
Yates Drilling Company
Bennett Federal #2
2310' FSL & 2310' FWL
Section 30-T25S-R30E
Eddy County, New Mexico
NM-14785

Pits
North



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum



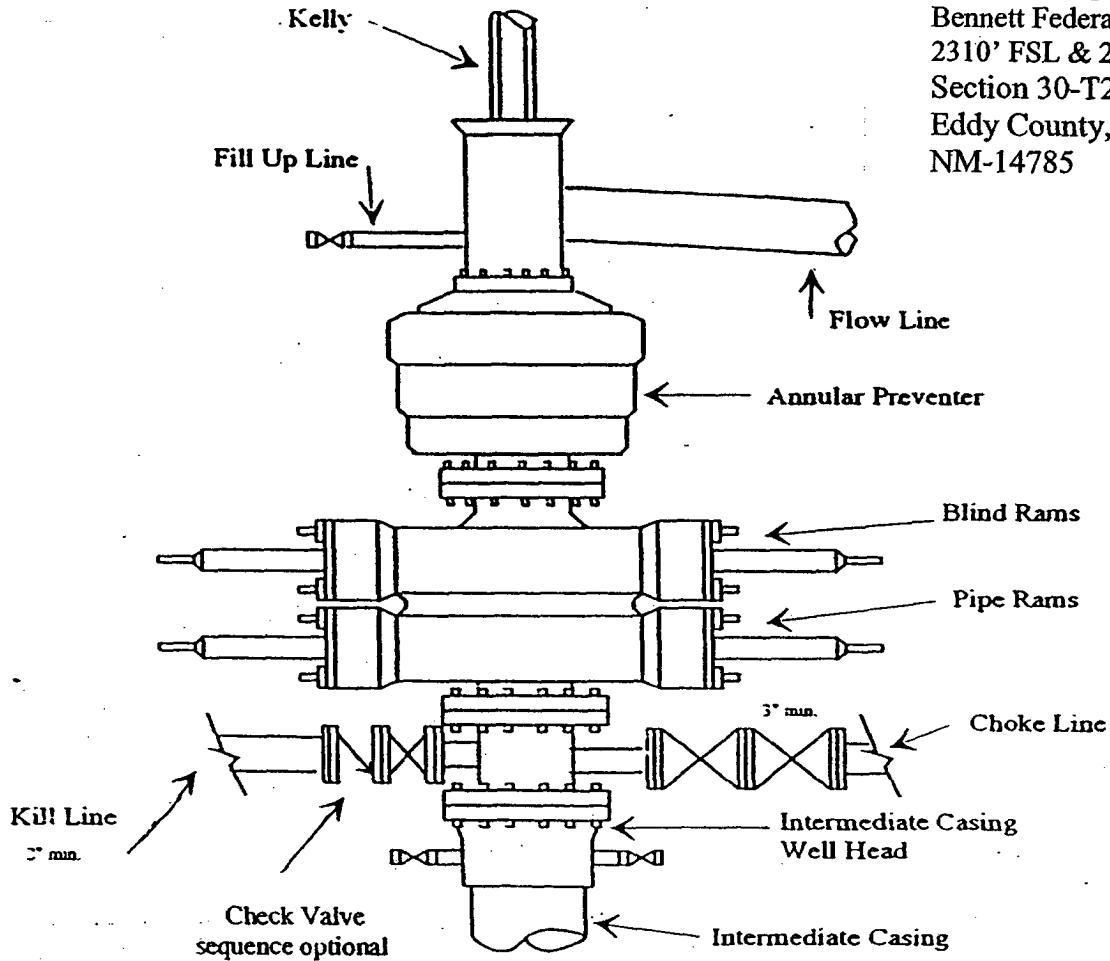
Yates Petroleum Corporation

BOP-3

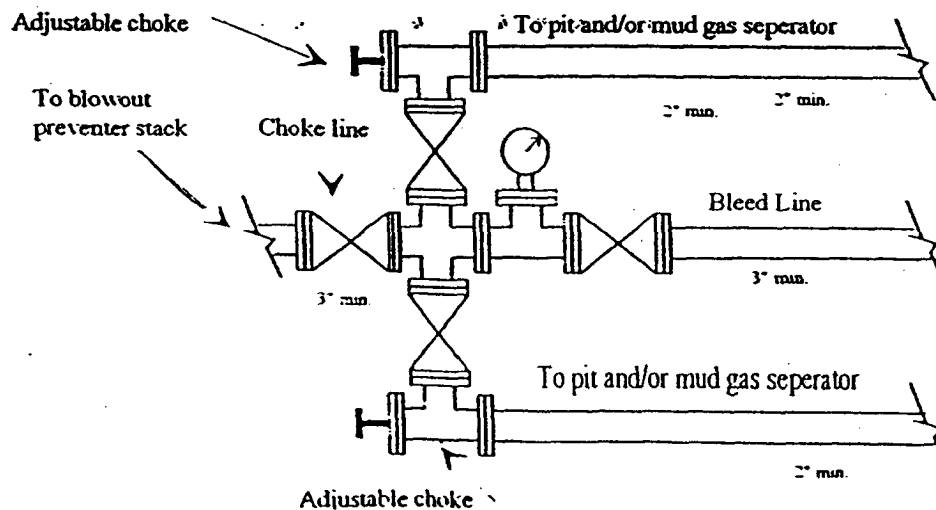
Typical 3,000 psi Pressure System Schematic

Annular with Double Ram Preventer Stack

Yates Drilling Company
Bennett Federal #2
2310' FSL & 2310' FWL
Section 30-T25S-R30E
Eddy County, New Mexico
NM-14785



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



es Drilling Company
Bennett Federal #2
2310' FSL & 2310' FWL
Section 30-T25S-R30E
Eddy County, New Mexico
NM-14785

OKI
Pace

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06

Alamo
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061875

Richardson G
061875

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R. H. P.

U.S. P. H. P.

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Alamo
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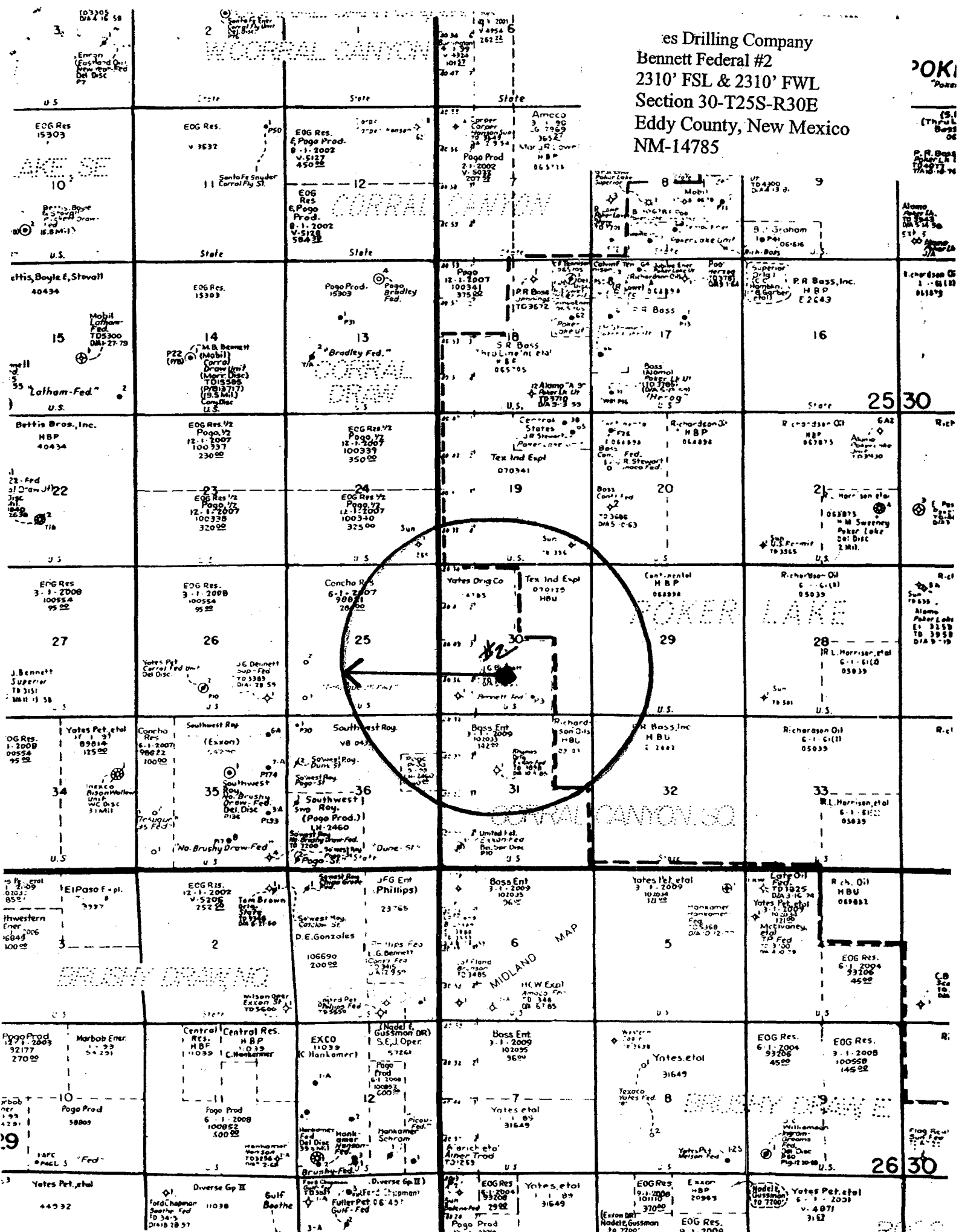
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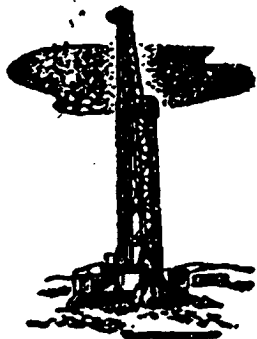
R. H. P.

R. H. P.

R. H. P.

R. H. P.





YATES DRILLING COMPANY

105 SOUTH FOURTH STREET - (505) 748-1471

FAX (505) 746-2268

ARTESIA, NEW MEXICO 88210

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 leased land or portion thereof, as described below:

Lease Number: NM-14785

Bond Coverage: Individually Bonded

Legal Description of Land:

BLM Bond File Number: NM 0344


Section 30, T25S-R30E

NE/SW

Formations(s) (if applicable): N/A

Date: January 16, 2004

YATES DRILLING COMPANY


Cy Cowan, Regulatory Agent