

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

MAR - 8 2004

OCD-ARTESIA

0  
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. <b>NM-101583</b>	
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	
2. Name of Operator <b>Yates Petroleum Corporation</b>		7. If Unit or CA Agreement, Name and No.	
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		8. Lease Name and Well No. <b>Pers Bleu BBP Federal Com. #1</b>	
3b. Phone No. (include area code) <b>(505) 748-1471</b>		9. API Well No. <b>30-015-33276</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>660' FNL and 660' FWL</b> At proposed prod. Zone <b>Same</b>		10. Field and Pool, or Exploratory <b>Wildcat Chester</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately 6 miles northeast of Artesia, New Mexico</b>		11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 34, T17S-R27E</b> <i>16</i>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>660'</b>		12. County or Parish <b>Eddy County</b>	
16. No. of Acres in lease <b>280</b>		13. State <b>NM</b>	
17. Spacing Unit dedicated to this well <b>W/2</b>		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1/2 mile</b>	
19. Proposed Depth <b>9100'</b>		20. BLM/BIA Bond No. on file <b>585997</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3409' GL</b>		22. Approximate date work will start* <b>ASAP</b>	
23. Estimated duration <b>45 days</b>			

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.   | 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 <i>Cy Cowan</i>	Name (Printed/Typed) <b>Cy Cowan</b>	Date <b>1/21/04</b>
Regulatory Agent		
Regulatory Agent		
Approved by (Signature) <i>/s/ Joe G. Lara</i>	Name (Printed/Typed) <b>/s/ Joe G. Lara</b>	Date <b>1 MAR 2004</b>
Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	

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)

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED**

*Roswell Water Basin*

DISTRICT I  
1635 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

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 Chester
Property Code	Property Name	Well Number
	PERS BLEU "BBP" FEDERAL COM.	1
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3409

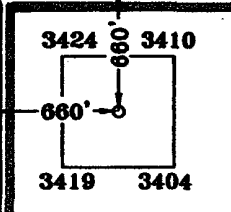
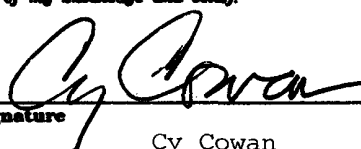
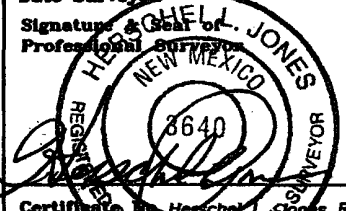
#### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	16S	27E		660	NORTH	660	WEST	EDDY

#### 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	Joint or Infill	Consolidation Code	Order No.						
320									

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

 NM-101583			<b>OPERATOR CERTIFICATION</b> <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 January 21, 2004 Date
N.32°53'04.6" W.104°16'22.7" NM-93191			<b>SURVEYOR CERTIFICATION</b> <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> 12/16/2003 Date Surveyed  Signature of Professional Surveyor Herschel L. Jones Certificate No. 3640 PERS BLEU GENERAL SURVEYING COMPANY
VA-1588			

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

**YATES PETROLEUM CORPORATION**  
**Pers Bleu "BBP" Federal Com. #1**  
660' FNL and 660' FWL  
Section 34-T16S-R27E  
Eddy County, New Mexico

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

San Andres	1300'	Strawn	8180'
Glorietta	2700'	Atoka	8480'
Yeso	2890'	Morrow Clastics	8740'
Abo	4810'	Chester	9030'
Wolfcamp Lime	5970'	TD	9100'
Upper Penn	7690'		

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

Water: 200'-400'  
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>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1350'
8 3/4"	7"	26#	HP-110	LT&C	0-7100'
8 3/4"	7"	26#	J-55	LT&C	7100'-9100'

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

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

B. CEMENTING PROGRAM:

WITNESS

Surface casing: 750 sx Lite 'C' (YLD 1.96 WT 12.5), tail with 300 sx 'C'  
+ 2% CaCL<sub>2</sub> (YLD 1.34 WT 14.8).

WITNESS

Production Casing: TOC 850' 950 sx Lite (YLD 2.0 WT 12.0), tail in with 1400 sx 'C'  
(YLD 1.6 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>
0-1350'	FW/Gel	8.4-8.8	31-32	N/C
1350'-8180'	Cut Brine	8.7-9.3	28	N/C
8180'-TD'	Salt Gel/Starch + 6% KCL	9.5-10	34-36	<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' samples out from under surface casing.

Logging: Platform Express , FMI TD-Surface casing

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1350'	Anticipated Max. BHP: 600 PSI
From: 1300'	TO: 9100'	Anticipated Max. BHP: 4800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

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

Maximum Bottom Hole Temperature: 155 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.

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 well site is located approximately 6 miles northeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Artesia on Highway 82 for 5 miles to Carr Ranch Road (CR. 200). Turn north and go approx. 2 miles. Turn east on lease road and go approx. 1.6 miles to Oxy's Lucky Dog #1 well. Turn north for 0.4 of a mile and then turn east and go approx. .5 of a mile, passing the Lady Luck AUV Federal. Com. #1 on the left. Turn north on the lease road and go approx. .3 of a mile. The new road will start here going east.

2. PLANNED ACCESS ROAD

- A. The new access road will be approximately 1200' in length going east the southwest corner of the drilling pad. The road will lie in a west to east 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 road is visible.
- E. Existing roads will be maintained in same or better condition.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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 closest 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 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 600' x 600' 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 well site 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: Bureau of Land Management, Carlsbad, New Mexico.

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

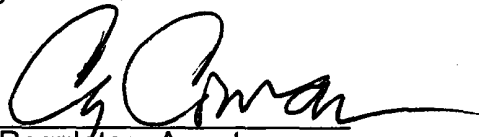
B. Through Drilling Operations,  
Completions and Production:

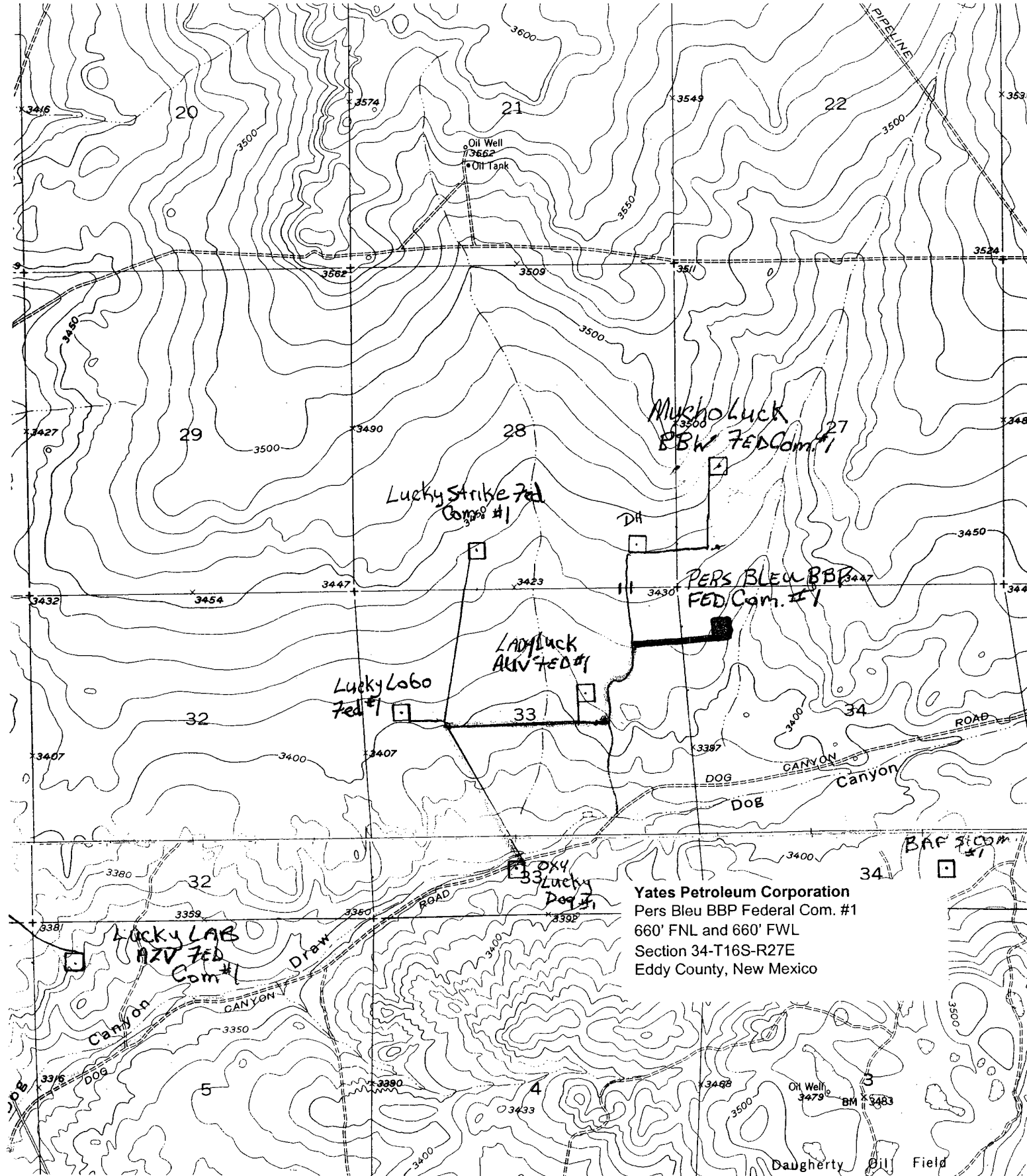
Pinson McWhorter, Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

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.

1/21/04

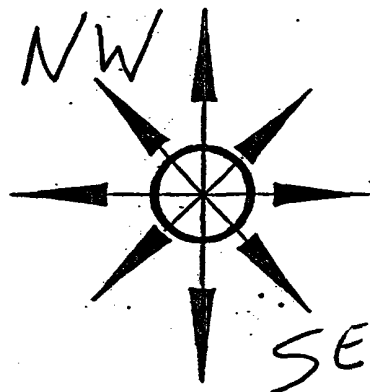
  
Regulatory Agent





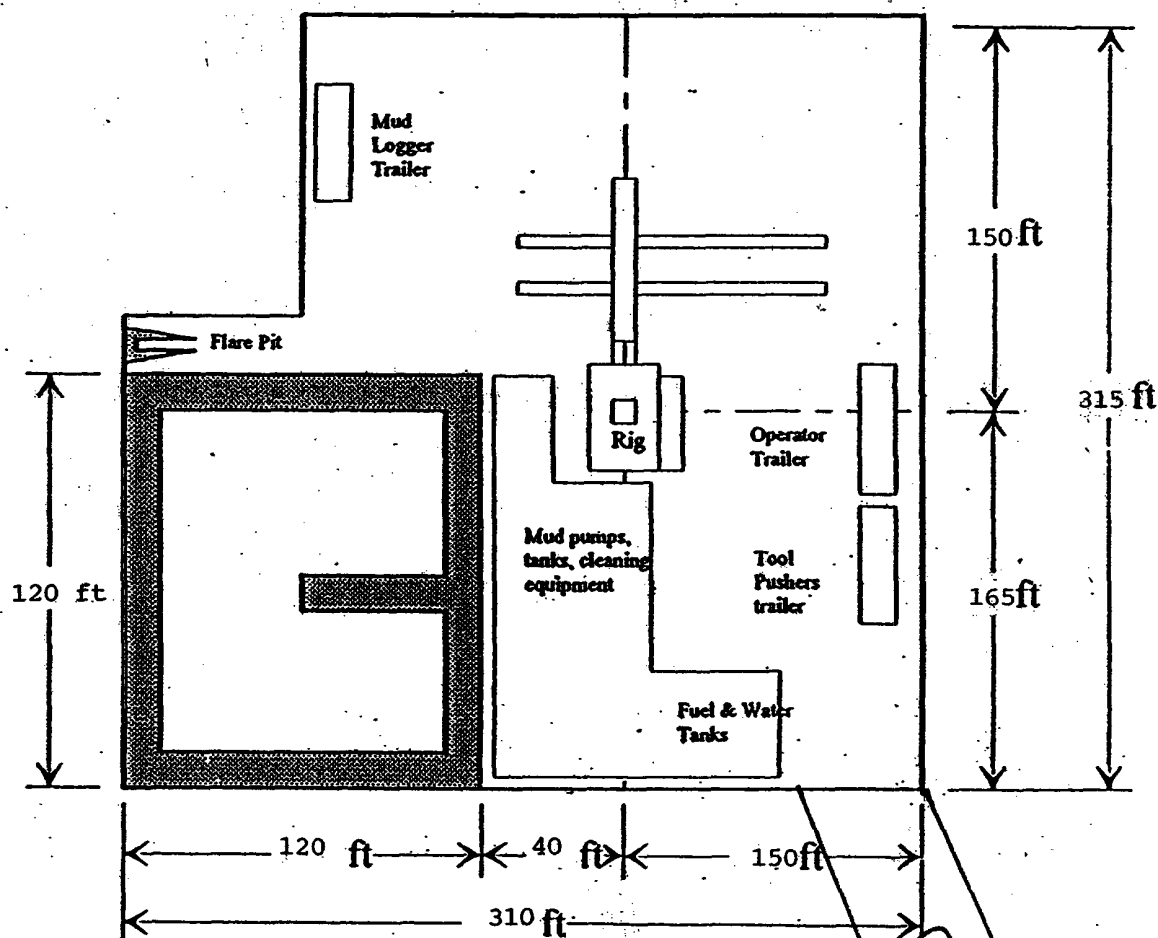
PB - L1

**Yates Petroleum Corporation**  
Location Layout for Permian Basin  
Up to 12,000'



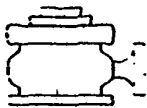
*Pits Northwest*

Yates Petroleum Corporation  
Pers Bleu BBP Federal Com. #1  
660' FNL and 660' FWL  
Section 34-T16S-R27E  
Eddy County, New Mexico



Distance from Well  
Head to Reserve Pit  
will vary between rigs

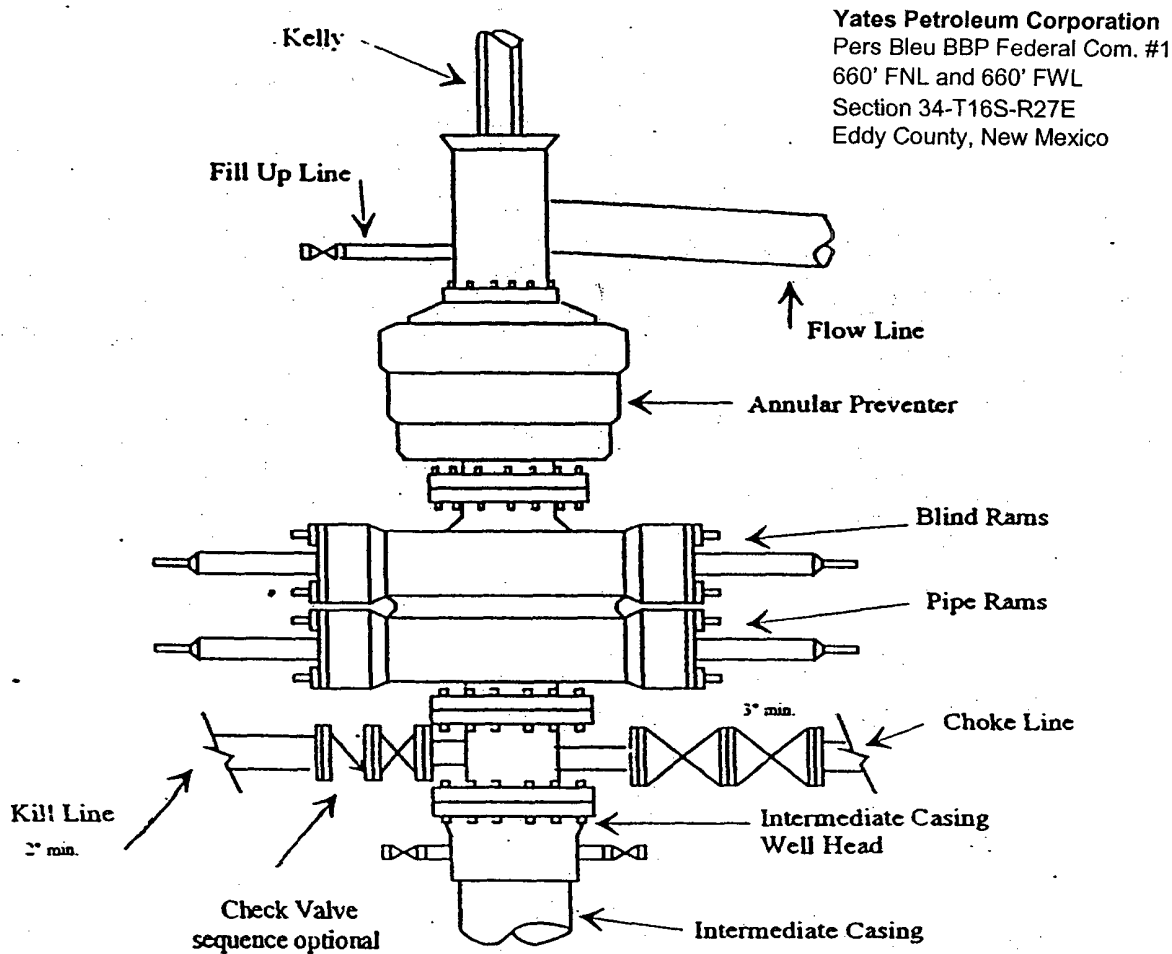
The above dimension  
should be a maximum



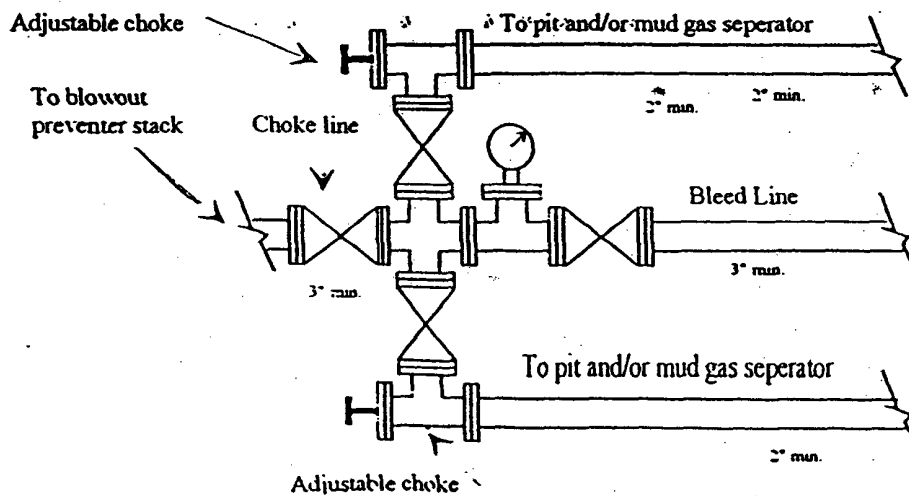
# Yates Petroleum Corporation

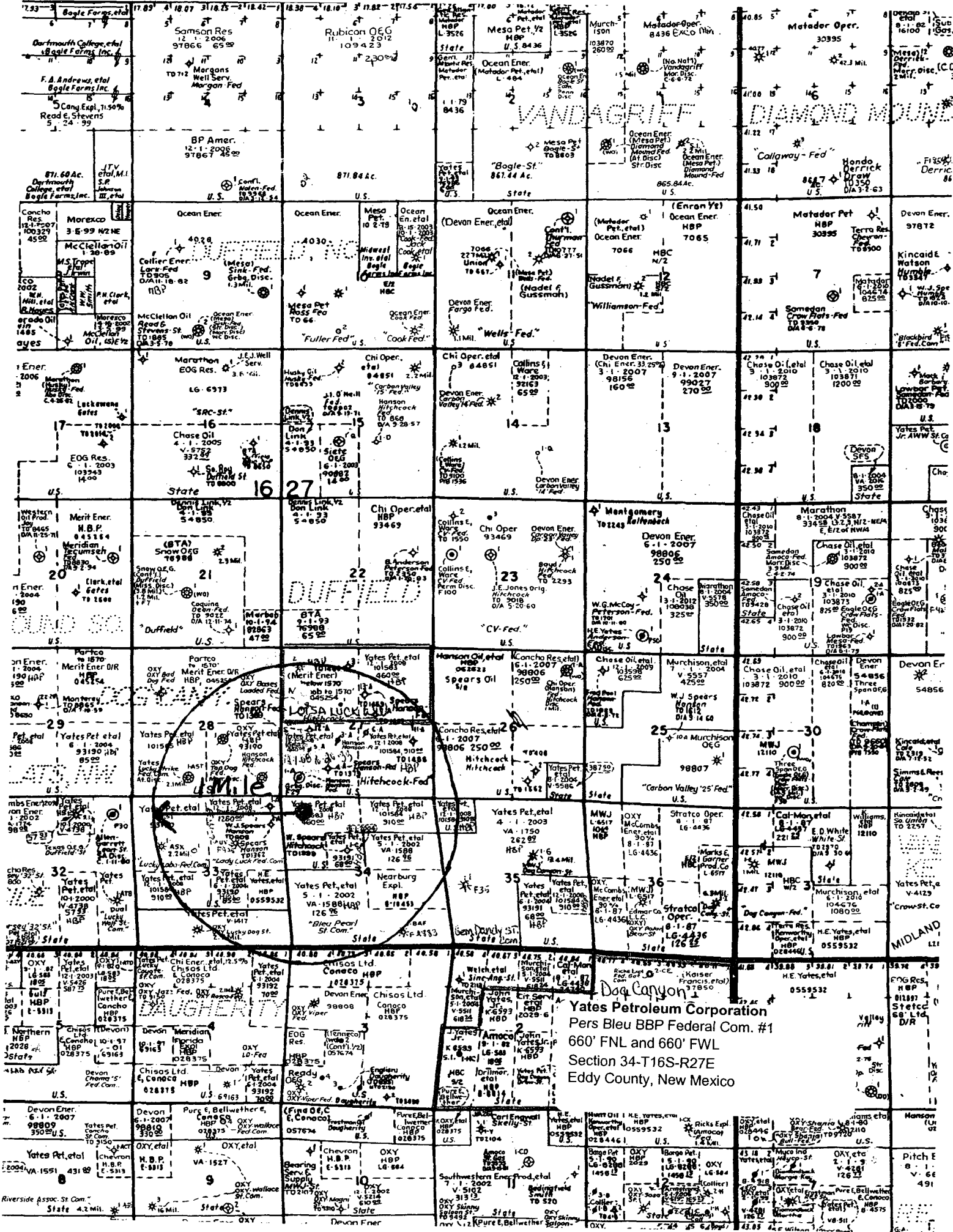
BOP-3

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



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





**Yates Petroleum Corporation**  
Pers Bleu BBP Federal Com. #1  
660' FNL and 660' FWL  
Section 34-T16S-R27E  
Eddy County, New Mexico