

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 - 4 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

OGD-ARTESIA

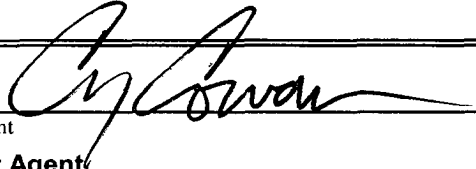
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OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC-028446-A
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 Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No.
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Orient Express ARS Federal Com. #1
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-33280
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 910' FSL and 660' FEL At proposed prod. Zone Same		10. Field and Pool, or Exploratory Wildcat Morrow
14. Distance in miles and direction from nearest town or post office* Approximately 14 miles northeast of Artesia, New Mexico.		11. Sec., T., R., M., or Blk, and Survey or Area Section 5, T17S-R28E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 639.36	17. Spacing Unit dedicated to this well S/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1000'	19. Proposed Depth 9950'	20. BLM/BIA Bond No. on file 585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3573' GL	22. Approximate date work will start* ASAP	23. Estimated duration 45 days
24. Attachments ROSWELL 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	Date 1/21/04
Regulatory Agent		
Regulatory Agent		
Approved by (Signature) /s/ Leslie A. Theiss	Name (Printed/Typed) /s/ Leslie A. Theiss	Date 3 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 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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Instruction on back
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 Wildcat Morrow
Property Code	Property Name ORIENT EXPRESS "ARS" FEDERAL COM.	Well Number 1
OGHD No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3573

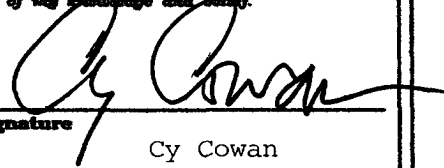
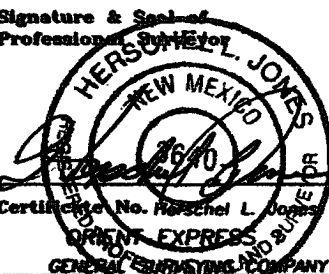
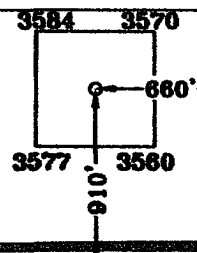
Surface Location

UL or lot No. P	Section 5	Township 17S	Range 28E	Lot Idn	Feet from the 910	North/South line SOUTH	Feet from the 660	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 INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				OPERATOR CERTIFICATION <i>I hereby certify the 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 13, 2004 Date	
				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> 11/20/2003 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 ORIENT EXPRESS GENERAL SURVEYING AND MAPPING COMPANY	
NM-012897	NM-028446	N.32°51'30.8" W.104°11'29.9"			

YATES PETROLEUM CORPORATION
Orient Express "ARS" Federal Com. #1
910' FSL and 660' FEL
Section. 5-T17S-R28E
Eddy County, New Mexico

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

San Andres	1840'	Atoka	9270'
Glorieta	3200'	Morrow Clastics	9600'
Yeso	3350'	Lower Morrow	9750'
Abo	5300'	Austin Cycle	9800'
Wolfcamp Lime	6620'	TD	9950'
Upper Penn	8000'		
Strawn	9040'		

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

Water: 150' - 300'
Oil or Gas: All potential zones

3. **Pressure Control Equipment:** BOPE will be installed on the 13 3/8" and 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>HoleSize</u>	<u>Casing</u>	<u>SizeWt./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	0-1950'	1950'
8 3/4"	5 1/2"	17#	J-55	LT&C	0-1200'	1200'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	1200'-6300'	5100'
8 3/4"	5 1/2"	17#	J-55	LT&C	6300'-8000'	1700'
8 3/4"	5 1/2"	17#	L-80	LT&C	8000'-9950'	1950'

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: 400 sx "C" (Yld 1.32 wt 14.6) tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.32 WT 14.6) **WITNESS**

Intermediate Casing: 600 sx Lite (YLD 2.05 WT 12.6) tail in with 200 sx "C" (YLD 1.32 WT 14.6).

Production Casing: TOC = 1450', 950 sx Lite "C" (YLD 2.0 WT 12.5) tail in with 1450 sx Super "C" Modified (YLD 1.64 WT 13.2).

5. MUD PROGRAM AND AUXILLIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-400'	FW Gel/Paper	8.6-9.0	32-36	N/C
400'-1950'	Brine	10.0-10.2	28	N/C
1950'-9200'	Cut Brine	8.8-9.4	28	N/C
9200'-9950'	Salt Gel/ Starch 2% KCL	9.4-10.0	32-40	<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 TD.

Logging: PEX/HALS, TD-Casing; GR-CNL on up to surface.

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:	200	PSI
From: 400'	TO: 1950'	Anticipated Max. BHP:	1000	PSI
From: 2000'	TO: 9950'	Anticipated Max. BHP:	5175	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 170° 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 PETROLEUM CORPORATION
Orient Express "ARS" Federal Com.#1
910' FSL and 660' FEL
Section. 5-T17S-R28E
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 well site is located approximately 14 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 Hwy 82 for approximately 8.8 miles to Southern Union Road (CR-202). Turn left on Southern Union Road and go approx. 2.7 miles. At this point the road will go to the right for approx. 1.1 miles. The road will fork here (pipeline station here). Go to the right on existing road for approx. .8 of a mile. An old two track will be on the left. Turn left here on old two track and go northeast for approx. 1 mile. The new road will start here going south for approx. 300 feet to the northeast corner of the well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 300' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a northeast to southwest 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. No 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 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:

The dirt contractor will acquire any permits and 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.

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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: Federal surface, Administered by the 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

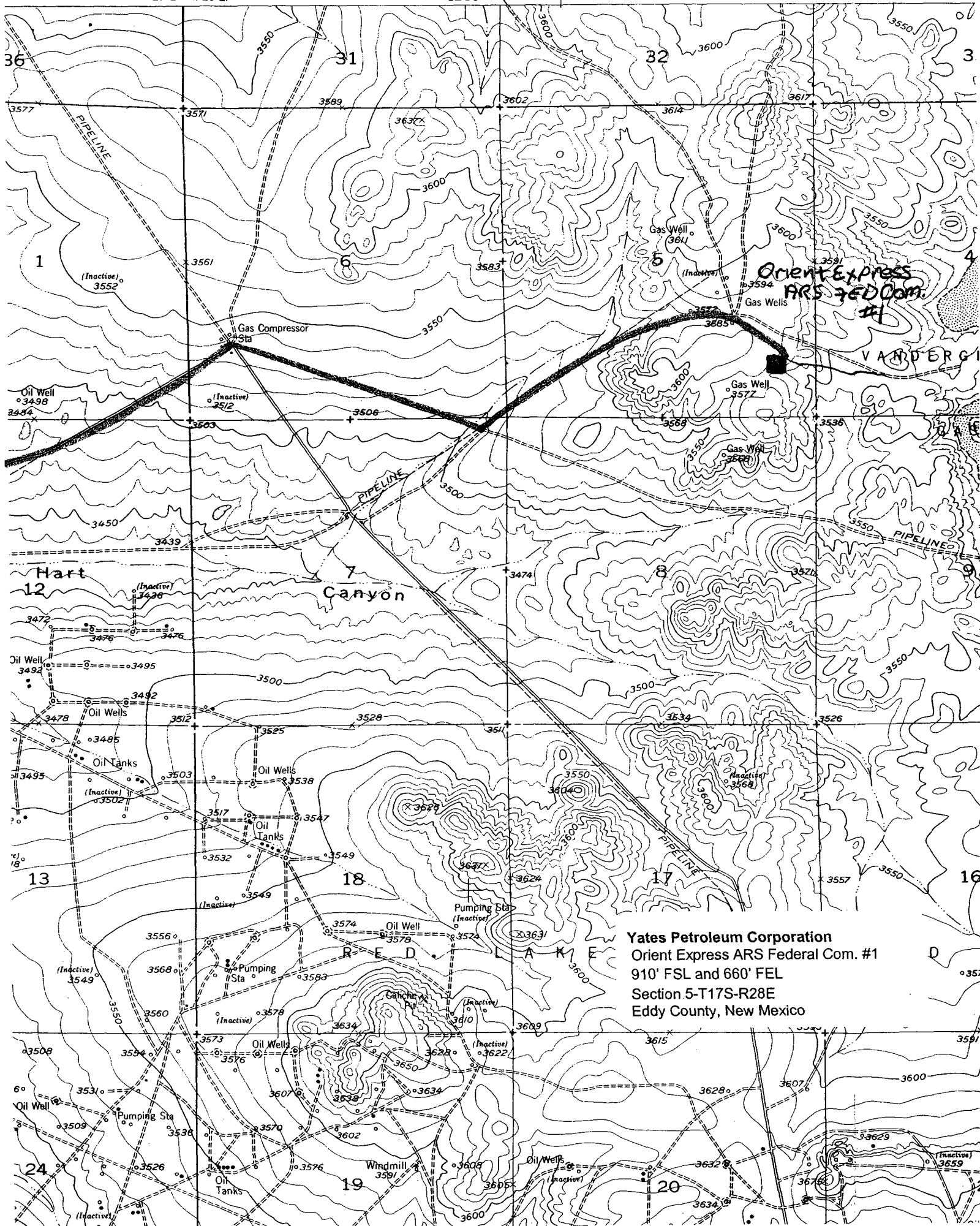
- | | |
|---|---|
| <p>A. Through A.P.D. Approval:</p> <p>Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471</p> | <p>B. Through Drilling Operations,
Completions and Production:</p> <p>Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471</p> |
|---|---|

14. CERTIFICATION:

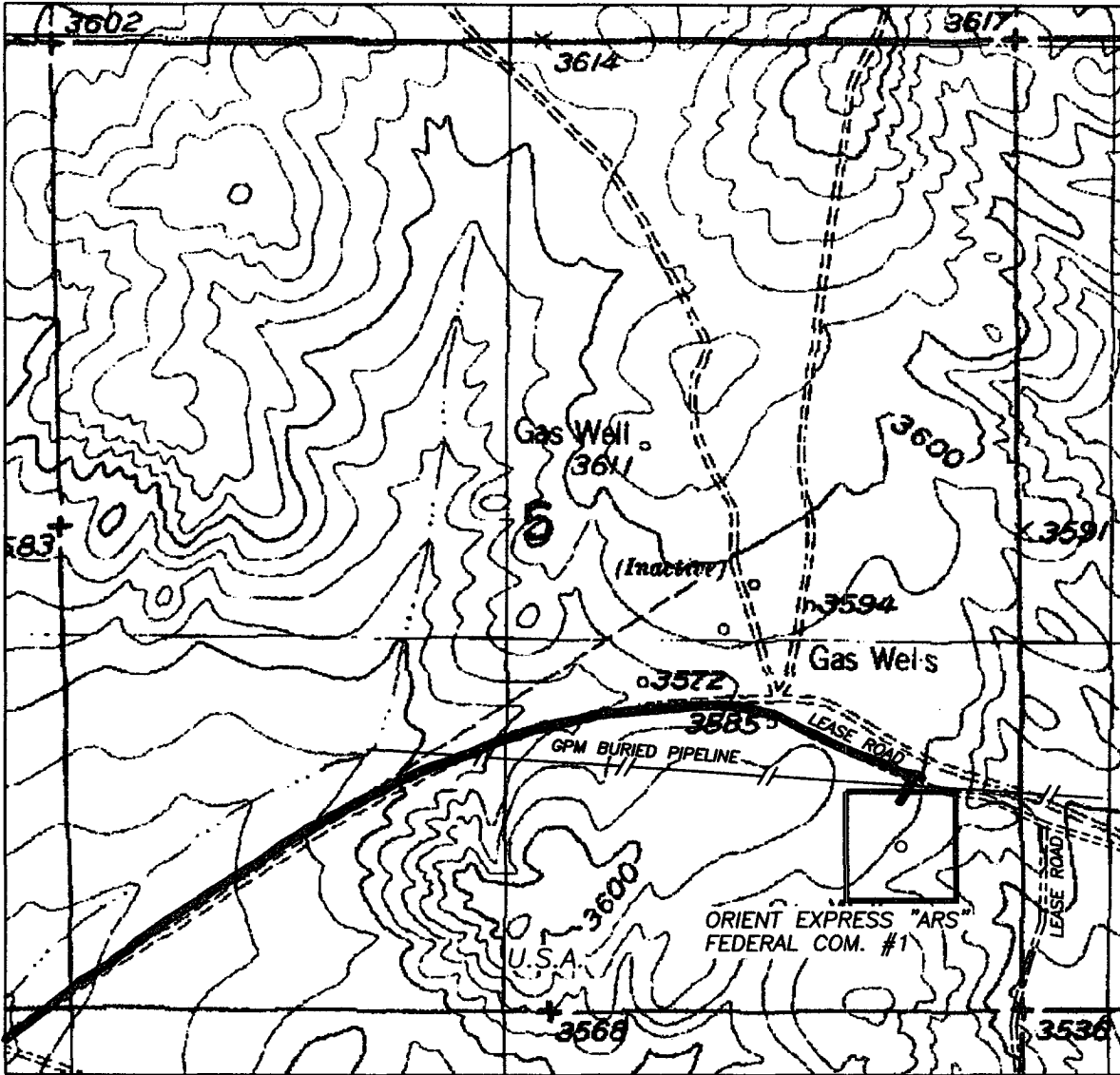
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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



SECTION 5, TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



Yates Petroleum Corporation
Orient Express ARS Federal Com. #1
910' FSL and 660' FEL
Section 5-T17S-R28E
Eddy County, New Mexico

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.

[Signature]
HERSCHEL L. JONES, REGISTERED SURVEYOR No. 3640
GENERAL SURVEYING COMPANY, P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

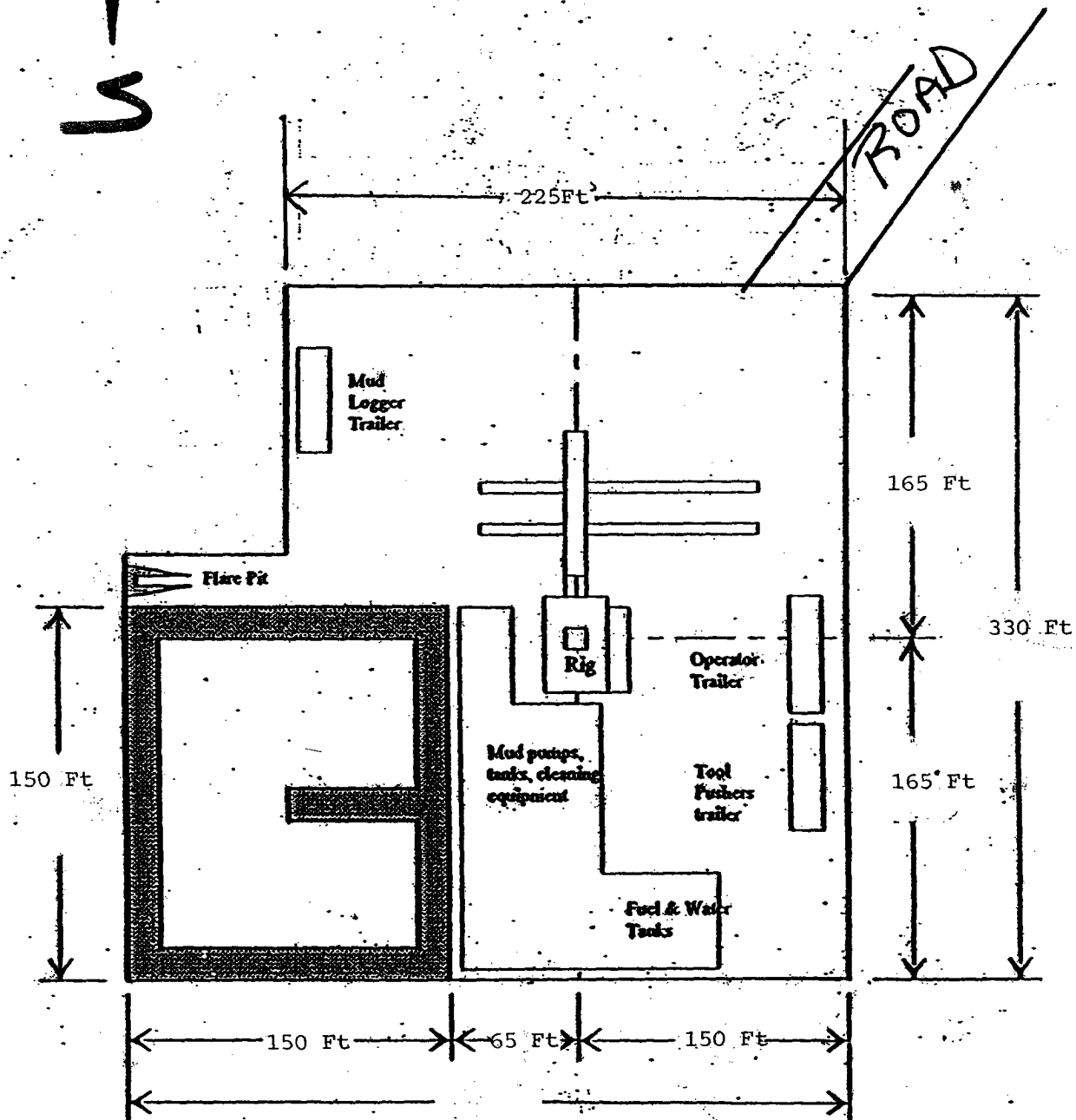
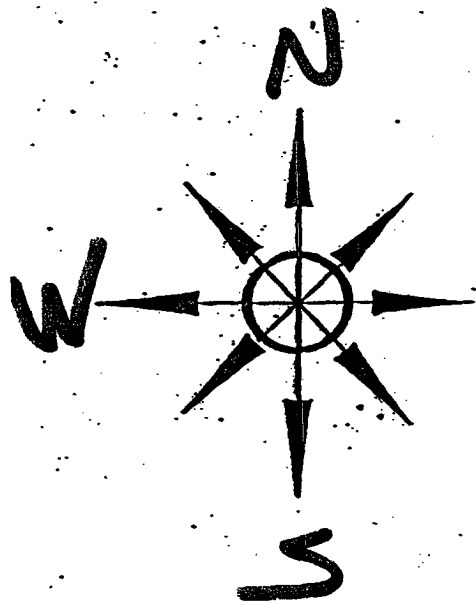
LEASE ROAD TO ACCESS THE YATES ORIENT EXPRESS "ARS" FEDERAL COM. #1 WELL, LOCATED IN SECTION 5, TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 11/20/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/21/03	Scale 1" = 1000' ORIENT EXP

Yates Petroleum Corporation
Orient Express ARS Federal Com. #1
910' FSL and 660' FEL
Section 5-T17S-R28E
Eddy County, New Mexico

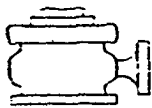
Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'

Pits West



Distance from Well
Head to Reserve Pit
will vary between rigs

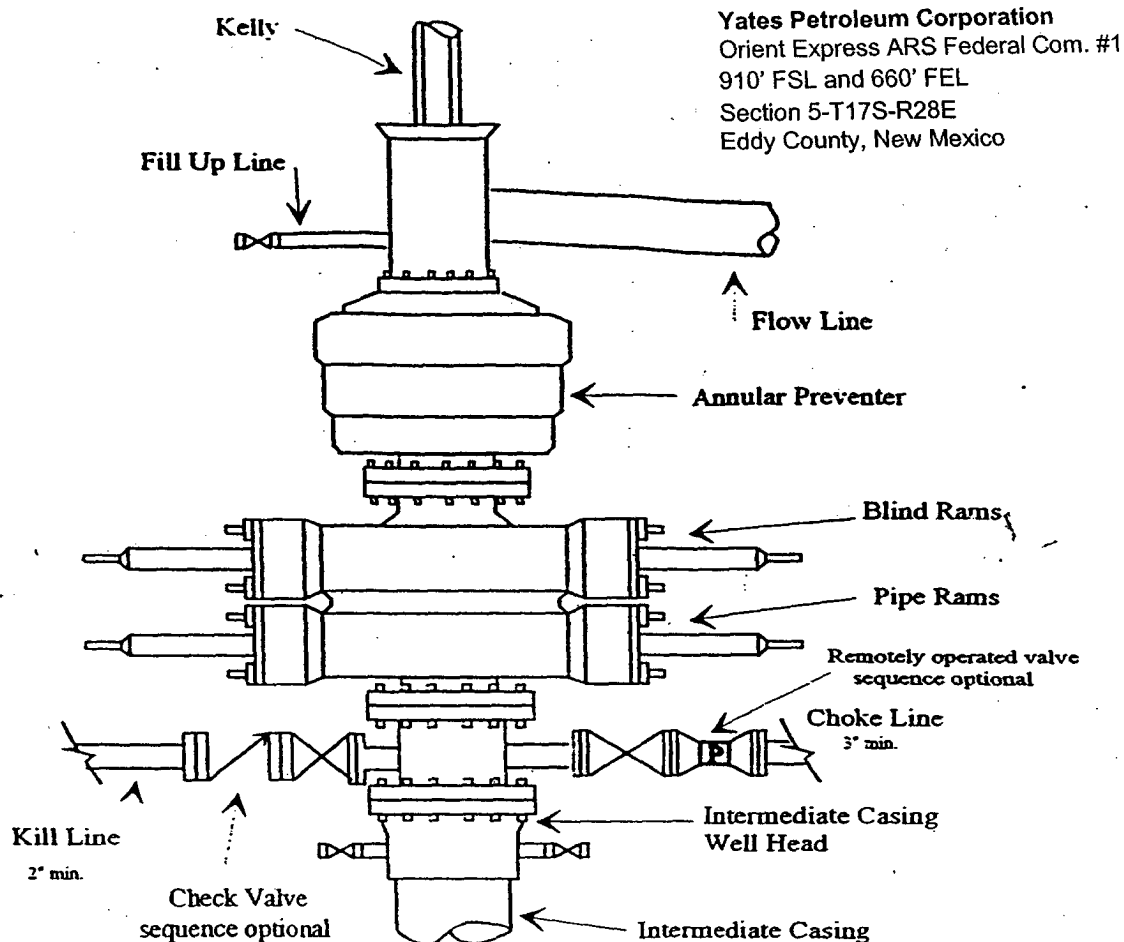
The above dimension
should be a maximum



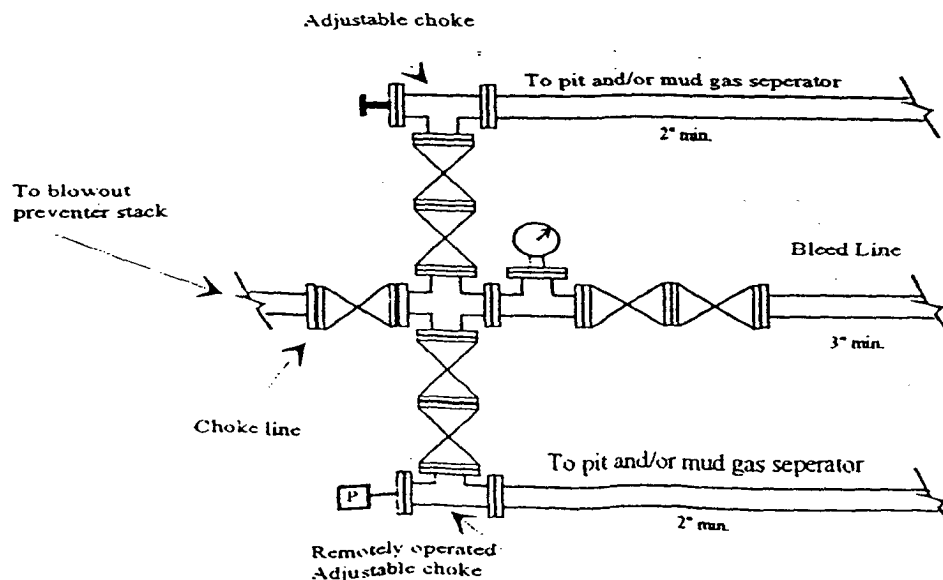
Yates Petroleum Corporation

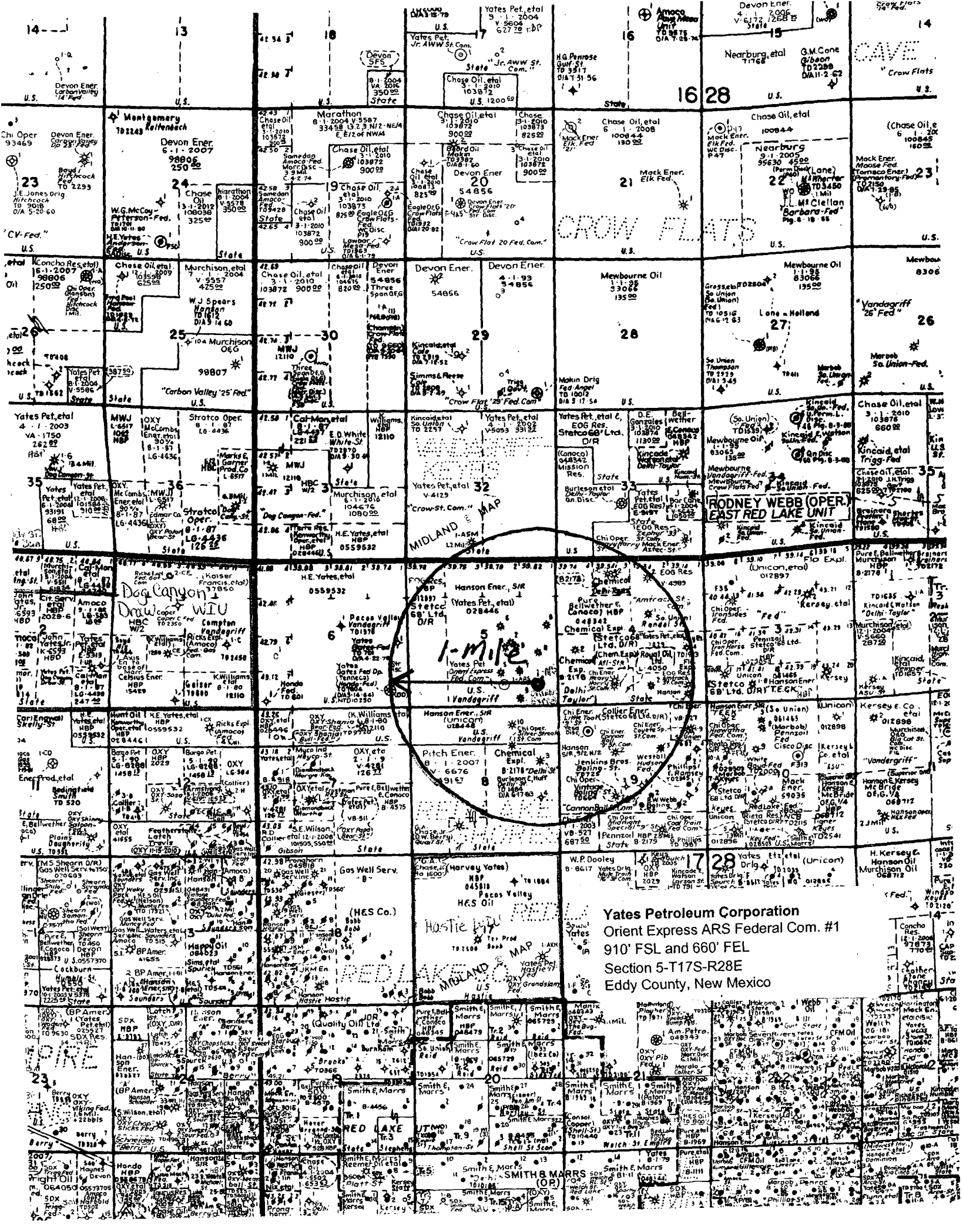
BOP-4

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
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910' FSL and 660' FEL
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