

*Benny*  
*F-04-18*

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

0451

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
APR 14 2004

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OMB No. 1004-0136  
Expires November 30, 2000

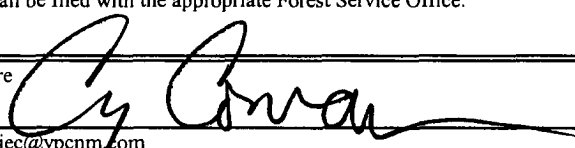
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

5. Lease Serial No. <b>NM-57274</b>	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. <b>Haracz AMO Federal #1</b>	
9. API Well No. <b>30-015-33291</b>	
10. Field and Pool, or Exploratory <b>Cotton Draw Brushy Canyon</b>	
11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 24, T24S-R31E</b>	
12. County or Parish <b>Eddy County</b>	13. State <b>NM</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 29 miles SE of Loving, New Mexico</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease <b>1743.52</b>
17. Spacing Unit dedicated to this well <b>40</b>	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
19. Proposed Depth <b>8600'</b>	20. BLM/BIA Bond No. on file <b>NM-2811</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3554' 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:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>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.</li> </ul> | <ul style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification.</li> <li>6. Such other site specific information and/or plans as may be required by the authorized office.</li> </ul> |
|---|--|

25. Signature 	Name (Printed/Typed) <b>Cy Cowan</b>	Date <b>3/24/04</b>
--	---	------------------------

email: debbiec@ypcnm.com  
**Title: Regulatory Agent/Land Department**

Approved by (Signature) <b>/s/ Joe G. Lara</b>	Name (Printed/Typed) <b>/s/ Joe G. Lara</b>	Date <b>12 APR 2004</b>
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<b>ACTING</b> <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>
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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)

**Carlsbad Controlled Water Basin**

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



**DISTRICT I**  
1426 N. French Dr., Hobbs, NM 88240

**DISTRICT II**  
611 South First, Artesia, NM 88210

**DISTRICT III**  
1000 Elc Brasas Ed., Artesia, NM 87410

**DISTRICT IV**  
2049 South Pacheco, Santa Fe, NM 87506

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 Cotton Draw Brushy Canyon	
Property Code		Property Name Haracz "AMO" Federal			Well Number 1
OGRD No. 025575		Operator Name Yates Petroleum Corporation			Elevation 3554'

**Surface Location**


UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	24	24S	31E		660'	South	660'	West	Eddy

**Bottom Hole Location If Different From Surface**

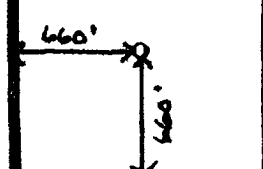
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

**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**

	<b>OPERATOR CERTIFICATION</b>		
	<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		
	3/20/02		
	Date		
	<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>		
	REFER TO ORIGINAL PLAT		
	Date Surveyed		
	Signature & Seal of Professional Surveyor		
	Certificate No. Herschel L. Jones RLS 3640		
	GENERAL SURVEYING COMPANY		

NM-51274



Submit to Appropriate District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

**DISTRICT I**  
 P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

**DISTRICT III**  
 1000 Rio Brazos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>YATES PETROLEUM CORPORATION</b>		Lease <b>HARACZ "AMO" FEDERAL</b>		Well No. <b>1</b>
Unit Letter <b>M</b>	Section <b>24</b>	Township <b>24 SOUTH</b>	Range <b>31 EAST</b>	County <b>EDDY</b>
Actual Footage Location of Well: <b>660</b> feet from the <b>SOUTH</b> line and <b>660</b> feet from the <b>WEST</b> line				
Ground level Elev. <b>3554</b>	Producing Formation <b>DELAWARE</b>		Pool <b>COTTON DRAW BRUSHY CANYON</b>	Dedicated Acreage: <b>40</b> Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?  
 Yes     No    If answer is "yes" type of consolidation \_\_\_\_\_  
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

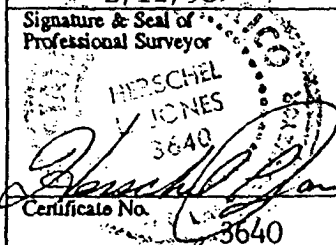
**OPERATOR CERTIFICATION**

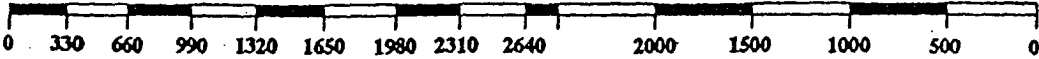
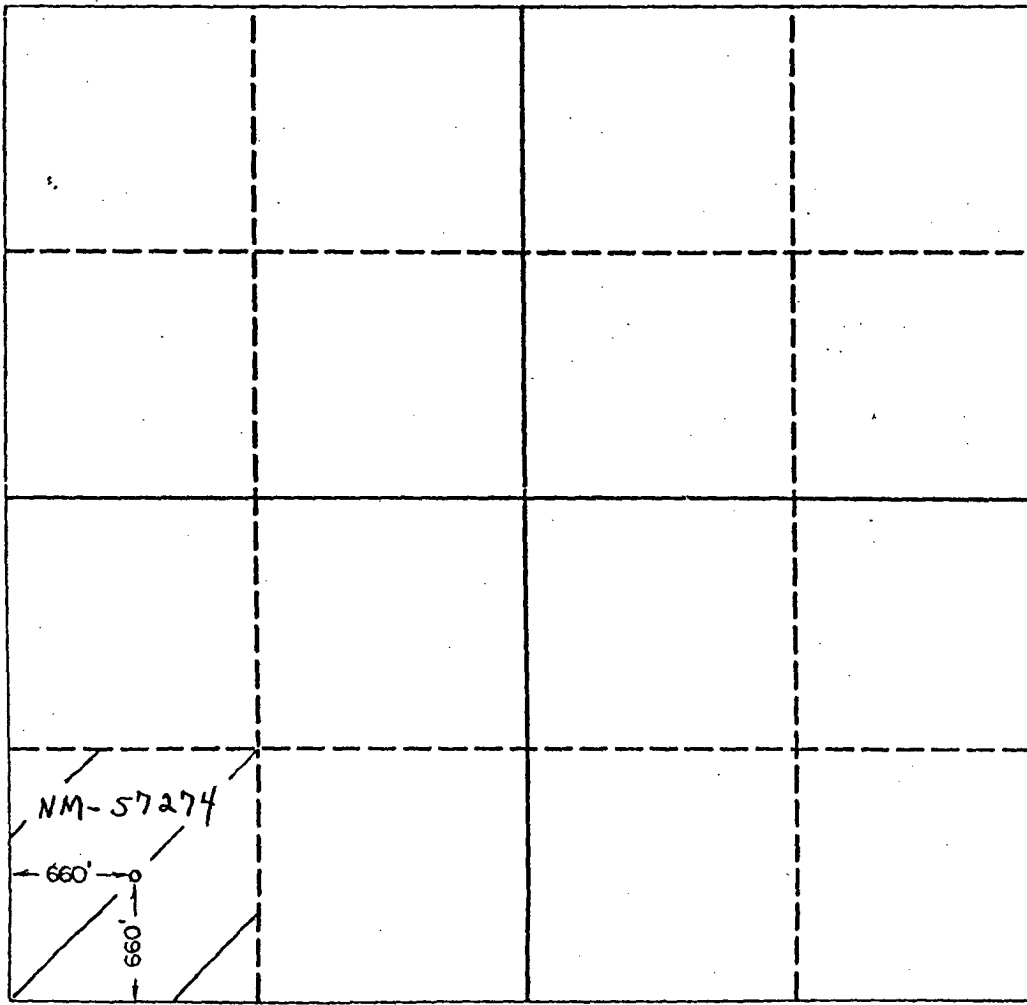
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Clifton R. May*  
 Printed Name: **Clifton R. May**  
 Position: **Permit Agent**  
 Company: **Yates Petroleum Corporation**  
 Date: **2/24/93**

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes and 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.

Date Surveyed: **2/11/93**  
 Signature & Seal of Professional Surveyor:  
  
 Certificate No. **3640**



**YATES PETROLEUM CORPORATION**  
**Haracz "AMO" Federal #1**  
660' FSL and 660' FWL  
Section 24-T24S-R31E  
Eddy County, New Mexico

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

Rustler	680'
Top Salt	1017'
Base Salt	4315'
Bell Canyon	4537'
Cherry Canyon	5510'
Brushy Canyon	7310'
Bone Spring	8410'
TD	8600'

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

Water: 150'  
Oil or Gas: 4537', 7310' and 8410'.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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>	<u>Length</u>
17 1/2"	13 3/8"	54.50	J-55	ST&C	0-830'	700'
11"	8 5/8"	32#	J-55	ST&C	0-4200'	4200'
11"	8 5/8"	32#	HC-80	LT&C	4200-4400'	200'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-1000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	1000'-7600'	6600'
7 7/8"	5 1/2"	17#	J-55	LT&C	7600'-8600'	1000'

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

B. CEMENTING PROGRAM:

Surface casing: 350 sx Pacesetter Lite "C" w/ 1/4 # Cellocel & 3% CaClz (Yld 1.84 Wt. 12.7) & 250 sx Class "C" w/2% CaCLz (YLD 1.84 WT 14.8) Cement calculated to circulate to surface.

Intermediate Casing: 1100 sx Pacesetter Lite "C" w/ 1/4 # Cellocel + 3% CaClz. (Yld 1.84 Wt 12.7). + 250 sx. Class "C" w/2% CaCLz. (Yld 1.32 Wt. 14.8) Cement calculated to circulate to surface.

Production Casing: Stage I: 150 sx "H" w/8# sx CSE,+0.6% CF-14 + 5# Sack Gilsonite (Yld 1.76 Wt. 13.6), Cement calculated to 7400' DV Tool; set at approx. 7400'.

Stage II: 600 sx Lite "C" w/5# Gilsonite, 1/4# sx Cellocel, + 0.5% CF-14 (Yld 1.84 Wt 12.7) + 200 "H" w/o 0.6% CF-14 8# sx CSE, 5 sx Gilsonite (Yld 1.76 Wt. 13.6) Cement calculated to tie back intermediate casing 100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-700'	FW/Gel	8.4-8.9	32-36	N/C
700'-4415'	Brine	10.0	28	N/C
4415'-8300'	Cut Brine	8.6-9.3	28	<15cc

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: Every 10' from surface casing to TD.

Logging: CNL-LTD from TD to casing with GR-CNL up to surface; DLL from TD to casing w/Rxo.

Coring: None.

DST's: None.

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

Anticipated BHP:

From: 0	TO: 700'	Anticipated Max. BHP:	255	PSI
From: 700'	TO: 4415'	Anticipated Max. BHP:	1610	PSI
From: 4415'	TO: 8600'	Anticipated Max. BHP:	3130	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 140F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 20 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**YATES PETROLEUM CORPORATION**  
**Haracz "AMO" Federal #1**  
**660' FSL and 660' FWL**  
**Section 24-T24S-R31E**  
**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 29 miles southeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go east out of Carlsbad on Pecos Hwy. Turn left on Hwy 31 and go to 128. Turn right on 128 and go approx. 20 miles to Buck Jackson Rd. Turn right and go approx. 0.5 of a mile and turn left. Follow caliche road approximately 2.3 miles and turn right. Go approximately 0.5 of a mile and new access will start here and go north around water tank.

**NOTE:** Need to Amend NM-87831 to include additional road in Sec. 24-24S-31E. Additional road marked in green on Exhibit A and is approximately 2,500' in length.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will go south for approx. 2000' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a westerly 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. One traffic turnout 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:

Pit in Sec. 7-T24S-R32E

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 after they have evaporated and dried.



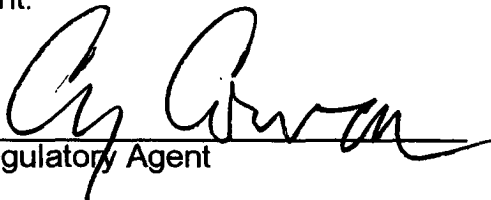
11. SURFACE OWNERSHIP: Federal Surface, Administered by BLM, Carlsbad, New Mexico.
12. OTHER INFORMATION:
  - A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
  - B. The primary 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.

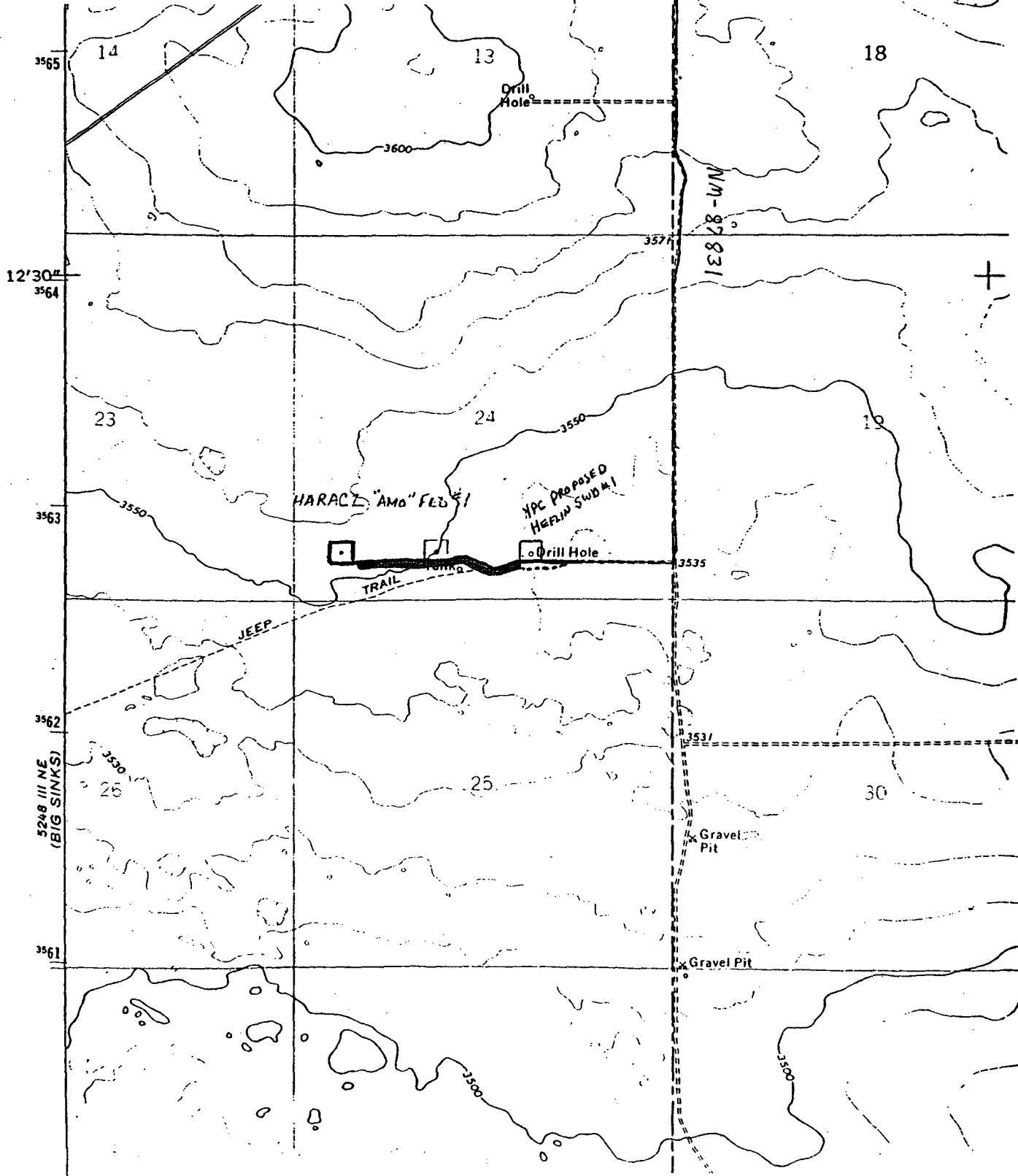
3/24/2004

  
Regulatory Agent

YATES PETROLEUM CORPORATION

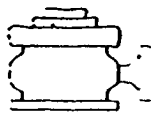
105 South 4<sup>th</sup> Street  
Artesia, NM 88210

Haracz "AMO" Federal #1  
660' FSL & 660' FWL  
Section 24-T24S-R31E  
Eddy County, New Mexico  
Exhibit "A"



# Yates Petroleum Corporation

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



**YATES PETROLEUM CORPORATION**

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

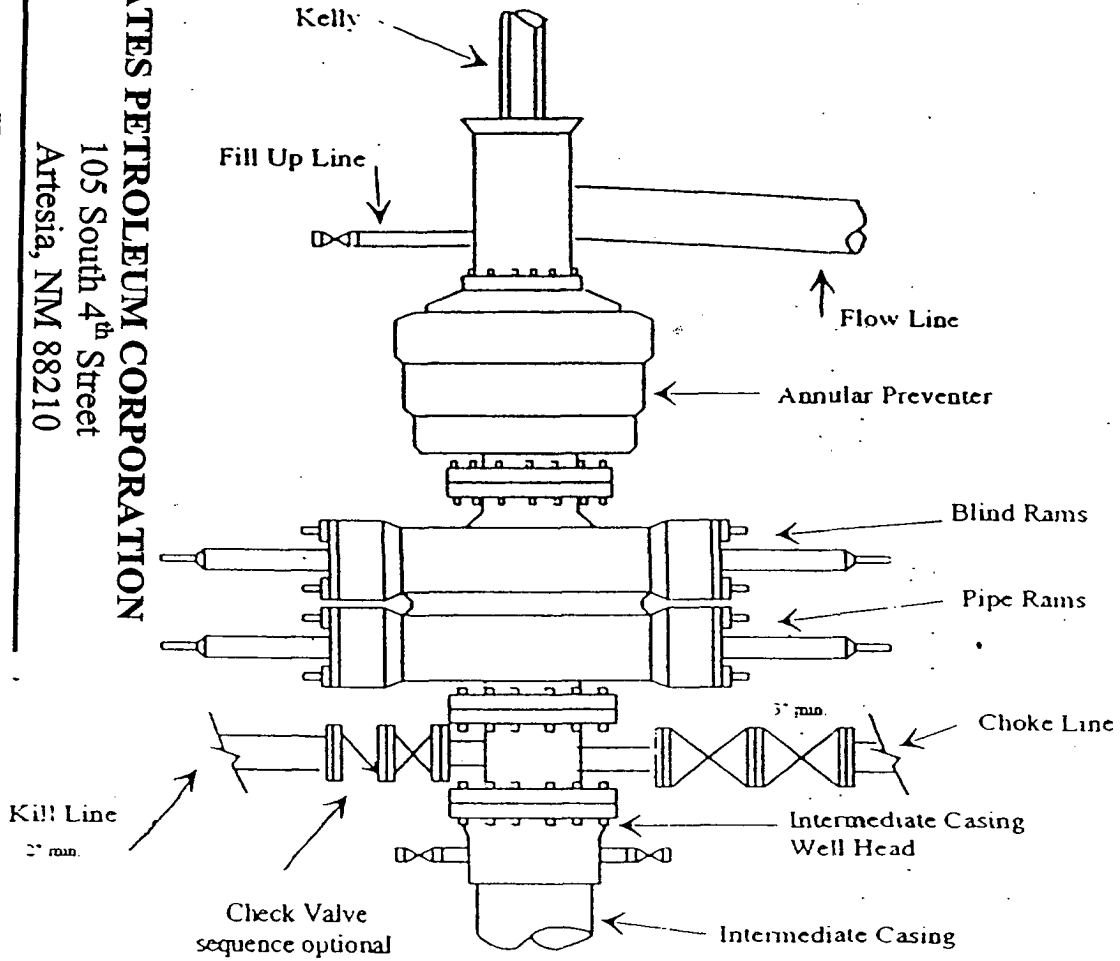
Haracz "AMO" Federal #1

660' FSL & 660' FWL

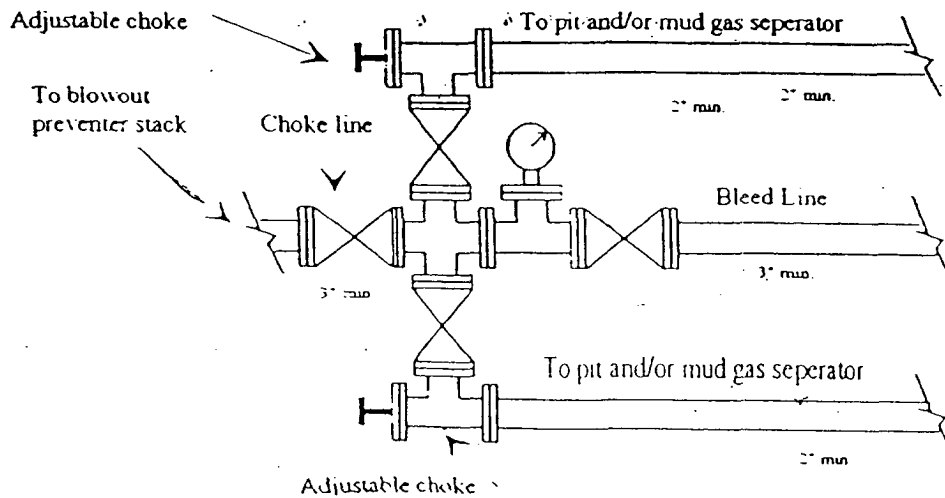
Section 24-T24S-R31E

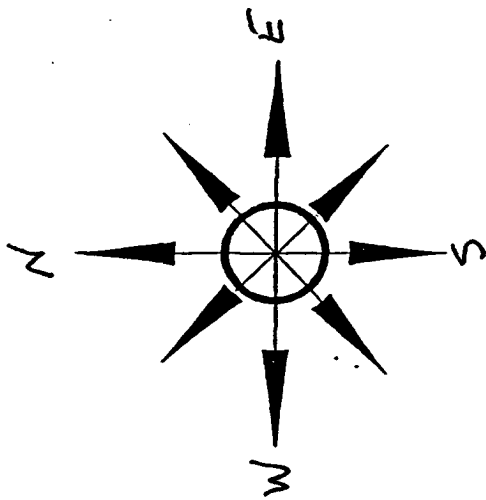
Eddy County, New Mexico

Exhibit "B"



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





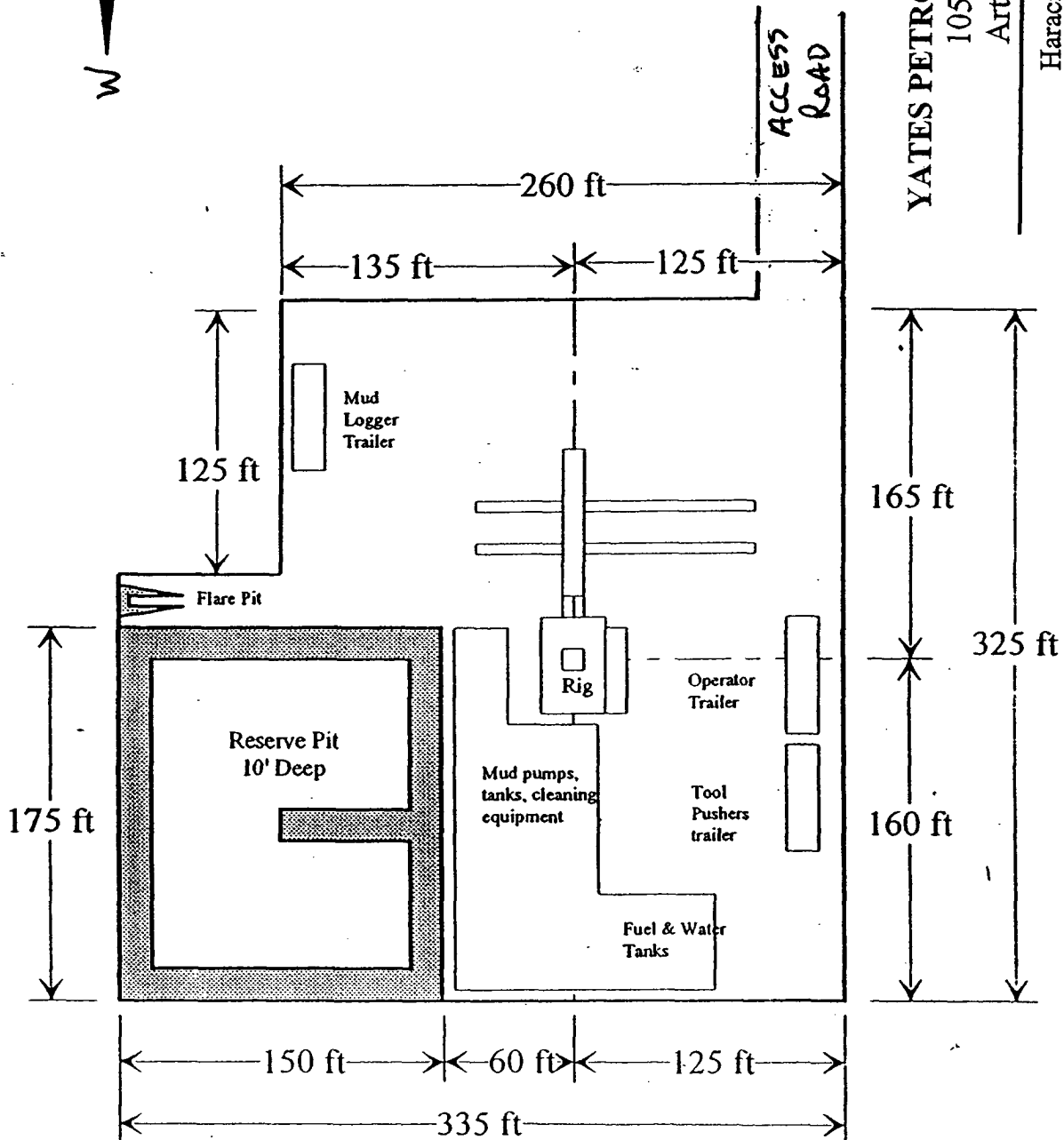
# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'

**YATES PETROLEUM CORPORATION**

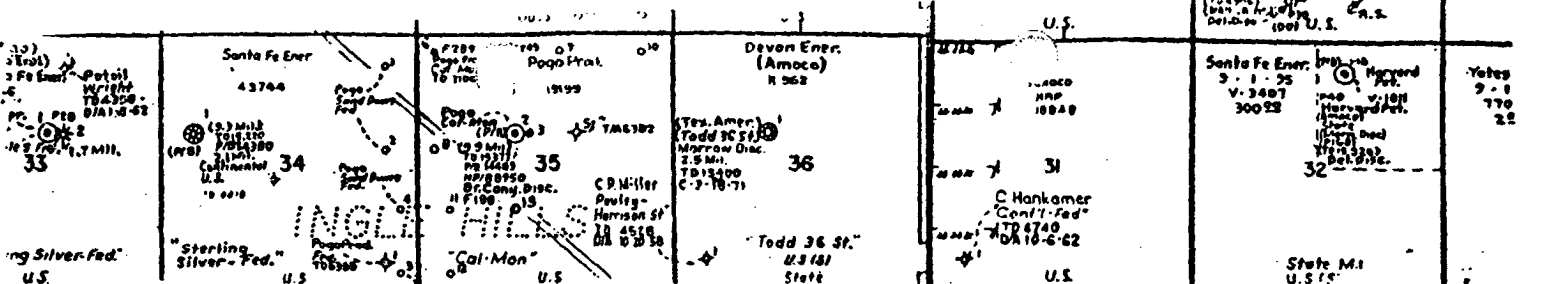
105 South 4<sup>th</sup> Street  
Artesia, NM 88210

Haracz "AMO" Federal #1  
660' FSL & 660' FWL  
Section 24-T24S-R31E  
Eddy County, New Mexico  
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

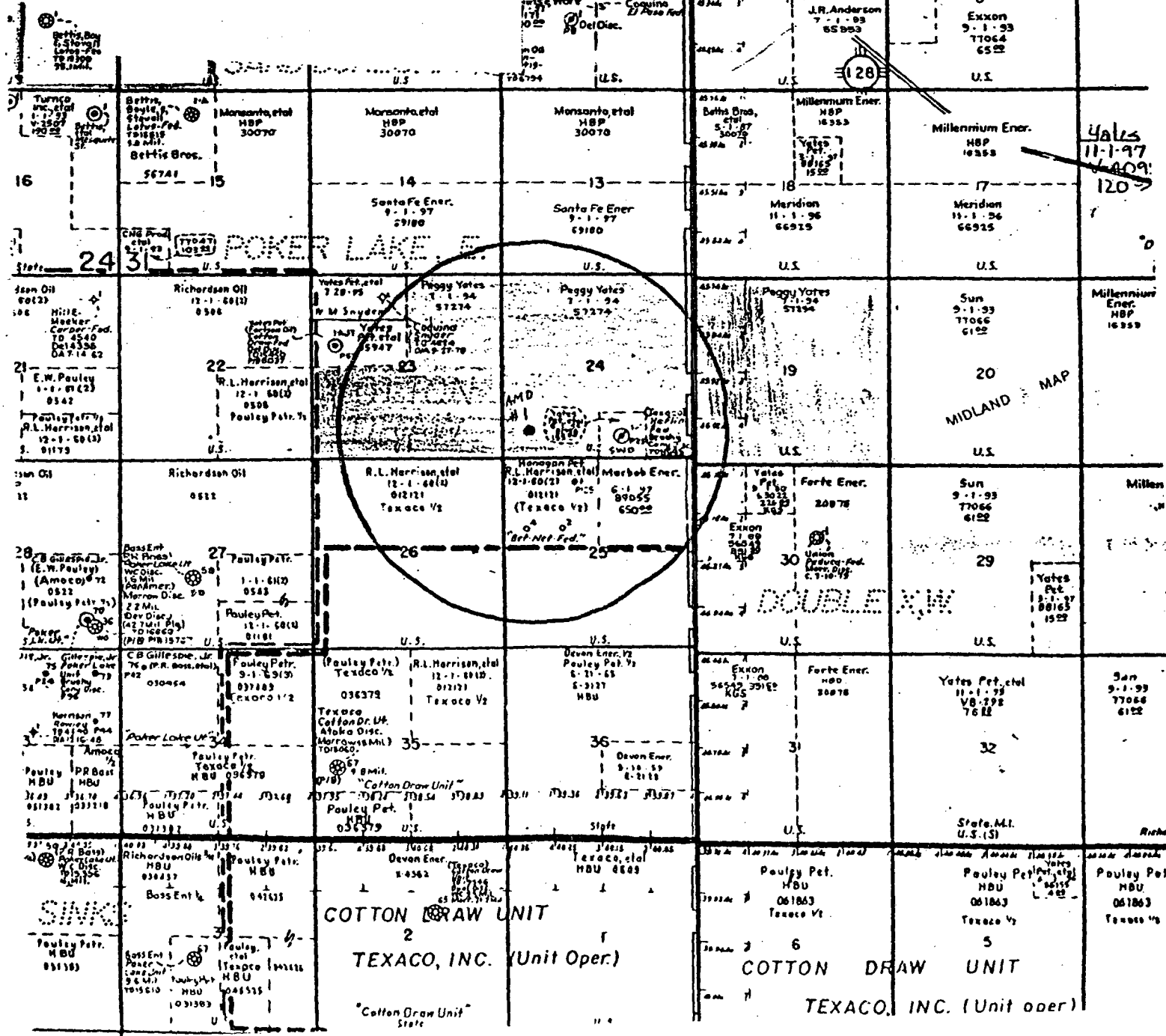
The above dimension should be a maximum



**YATES PETROLEUM CORPORATION**

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

Haracz "AMO" Federal #1  
660' FSL & 660' FWL  
Section 24-T24S-R31E  
Eddy County, New Mexico  
Exhibit "D"



**COTTON DRAW UNIT**  
2  
**TEXACO, INC. (Unit Oper.)**  
"Cotton Draw Unit" State

**COTTON DRAW UNIT**  
5  
**TEXACO, INC. (Unit Oper.)**

Yates  
11-1-97  
11-1-97  
120