

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

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

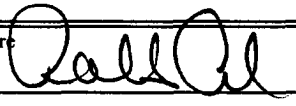
APPLICATION FOR PERMIT TO DRILL OR REENTER JAN 10 2005

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM9982	
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 checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable	
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. 29678	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Teckla MD Federal Com. #11	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-005-6373/	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNE 660' FNL and 1980 FEL Unit B At proposed prod. Zone same as above		10. Field and Pool, or Exploratory Wildcat Precambrian	
14. Distance in miles and direction from nearest town or post office* Approx. 28 miles NE from Roswell, NM		11. Sec., T., R., M., or Blk. and Survey or Area Section 24, T6S-R25E Mer NMP	
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 240	17. Spacing Unit dedicated to this well 320 - N/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		19. Proposed Depth 5400	20. BLM/BIA Bond No. on file NM-2811
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3764 GL		22. Approximate date work will start* ASAP	23. Estimated duration 30 Days

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 	Name (Printed/Typed) Robert Asher	Date 11/16/04
---	--------------------------------------	------------------

Title:

Regulatory Agent / Land Department debbiec@ypcnm.com

Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date JAN 06 2005
---	---------------------------------------	---------------------

Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR
---	--------------------------------	---------------------

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.

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)

C144-Approved 10/21/04

Previously Approved



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 Precambrian	
⁴ Property Code		⁵ Property Name Teckla MD Federal Com.			⁶ Well Number 11
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3764'

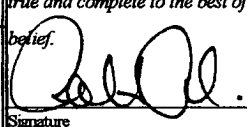
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	6S	25E		660	North	1980	East	Chaves

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
¹² Dedicated Acres 320 N/2		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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

660'		NM-9982		660'		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert Asher Printed Name Regulatory Agent Title 11/16/2004 Date	
660' Teckla MD Federal #3				1980' NM-51829			
				1980' 660' Getty VQ Federal Com. #1			
						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	

TO DRILL OR REENTER

6. If Indian, Allottee or Tribe Name

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1998

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

Ac. NM 88240

Artesia, NM 88210

Azos Rd., Aztec, NM 87410

CT IV
South Pacheco, Santa Fe, NM 87505

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 Precambrian
Property Code	Property Name TECKLA "MD" FEDERAL COM.	Well Number 11
OGRID No.	Operator Name YATES PETROLEUM CORPORATION	Elevation 3764

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	6S	25E		660	NORTH	1980	EAST	CHAVEZ

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

<p>660'</p> <p>Teckla "MD" Fed. #3</p>	<p>NM-9982</p> <p>3765 3761</p> <p>3767 3765</p> <p>N.33°47'09.1" W.104°21'05.5"</p>	<p>1980'</p> <p>NM-51829</p> <p>660'</p> <p>Getty "VQ" Fed. Com #1</p>

OPERATOR CERTIFICATION

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

Pat Perez
Signature

Pat Perez
Printed Name

Regulatory Agent
Title

12/4/2002
Date

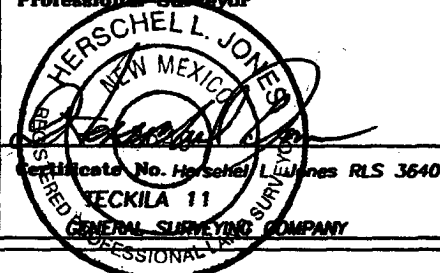
SURVEYOR CERTIFICATION

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.

10/10/2002

Date Surveyed

Signature & Seal of
Professional Surveyor



YATES PETROLEUM CORPORATION
Teckla "MD" Federal Com. #11
660' FNL and 1980' FEL
Section 24-T6S-R25E
Chaves County, New Mexico

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

San Andres	550'	Spear Zone	4700'
Glorieta	1540'	Cisco	4955'
Yeso	1615'	George Zone	5090'
Tubb	3050'	Strawn	5140'
Abo	3690'	Basement	5250'
Wolfcamp	4450'	TD	5400'

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

Water: 250'-350'
Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" casing and rated for 2000# 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>
14 3/4"	11 3/4"	42#	H-40	ST&C	0-900'	900'
11"	8 5/8"	24#	J-55	ST&C	0-1600'	1600'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5400'	5400'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 2,000 psi BOP will be nipped up on the 11 3/4" casing and tested to 1000 psi. YPC requests a variance to be granted in requiring the casing and BOPE to be tested to 2000 psi to testing the casing and BOPE to 1000 psi. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 psi. We would have to go to the greater expense of hiring an independent service company to do the testing. Also, the bottom hole pressure in this field is proven to be near 2200 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1100 psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

No Ca ✓

Teckla "MD" Federal Com. #11

Page 2

B. CEMENTING PROGRAM:

Surface Casing: Cement with 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.33 WT 15.6).

Intermediate: 250 sx Class "C" + 2% CaCl₂ (YLD 1.32 WT 14.8)

Production Casing: 500 sx PVL (YLD 1.34 WT 13). TOC 3100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900'	FW GEL/Paper/LCM	8.6-9.6	32-36	N/C
900'-3660'	Cut Brine/Brine	9.6-10.2	28	N/C
3660'-5400'	Starch/Salt Gel	9.6-10.2	32-40	<6CC

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, CNL/LDT W/NGT to TD to surface casing, w/ GR/CNL TD to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI TD - top of Wolfcamp.

Coring: Sidewall

DST's: None

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

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP: 375 PSI
From: 900'	TO: 5400'	Anticipated Max. BHP: 2000 PSI

Abnormal Pressures Anticipated: None

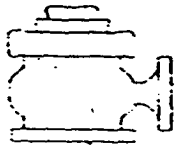
Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 145 F

8. ANTICIPATED STARTING DATE:

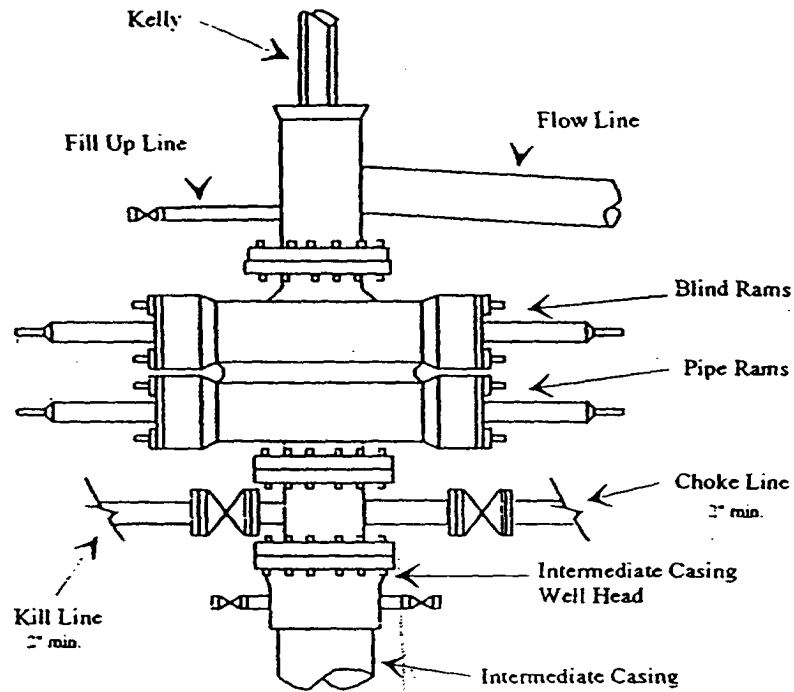
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 15 days.



Yates Petroleum Corporation

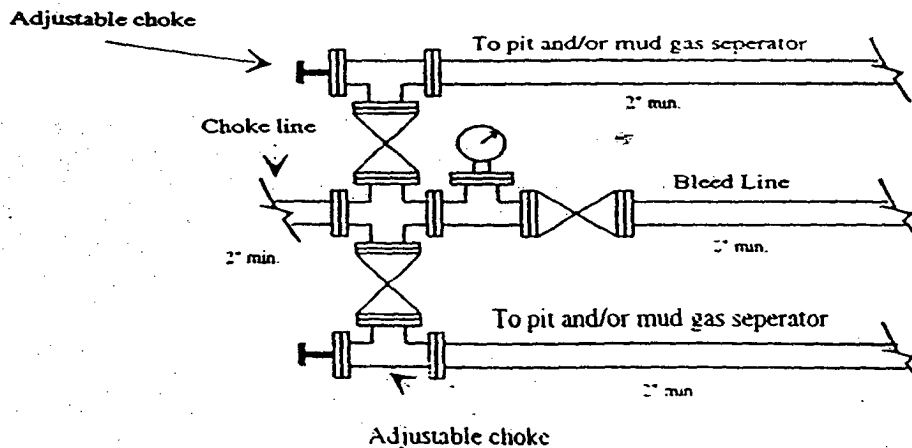
BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Yates Petroleum Corporation
Teckla "MD" Federal Com. #11
660' FNL and 1980' FEL
Section 24-T6S-R25E
Chaves County, New Mexico
Exhibit "B"

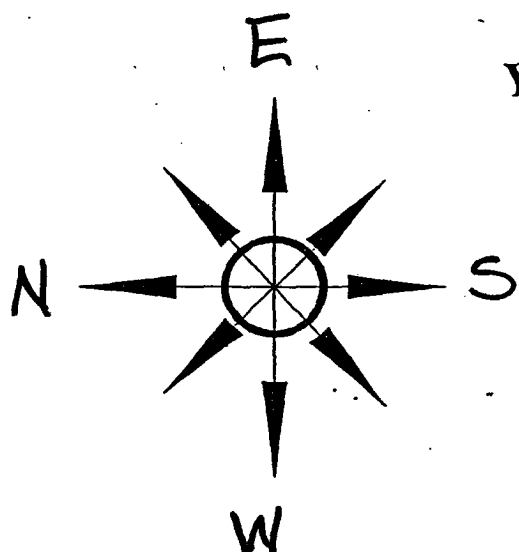
Typical 2,000 psi choke manifold assembly with at least these minimum features



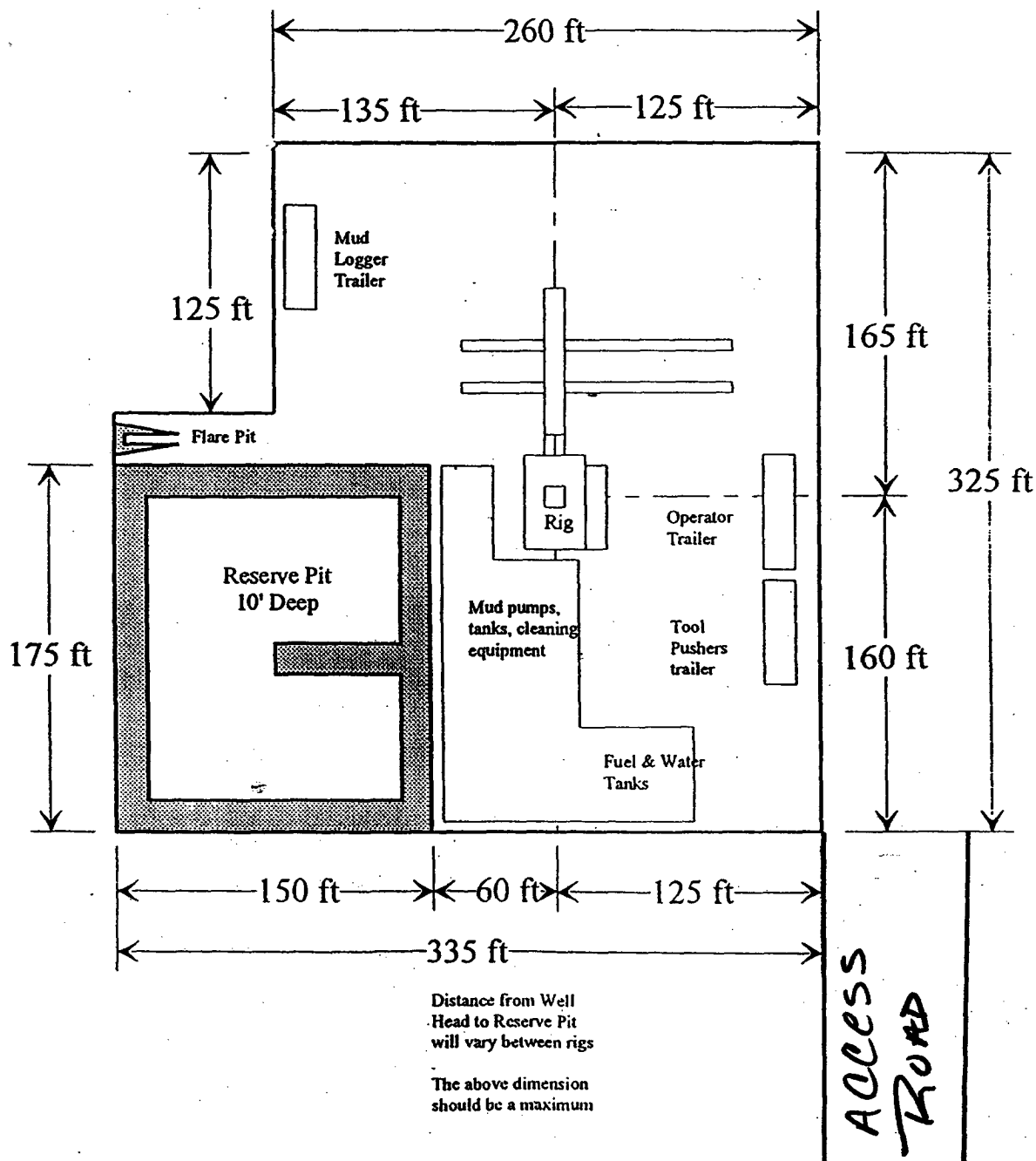
Yates Petroleum Corporation

Location Layout for Permian Basin

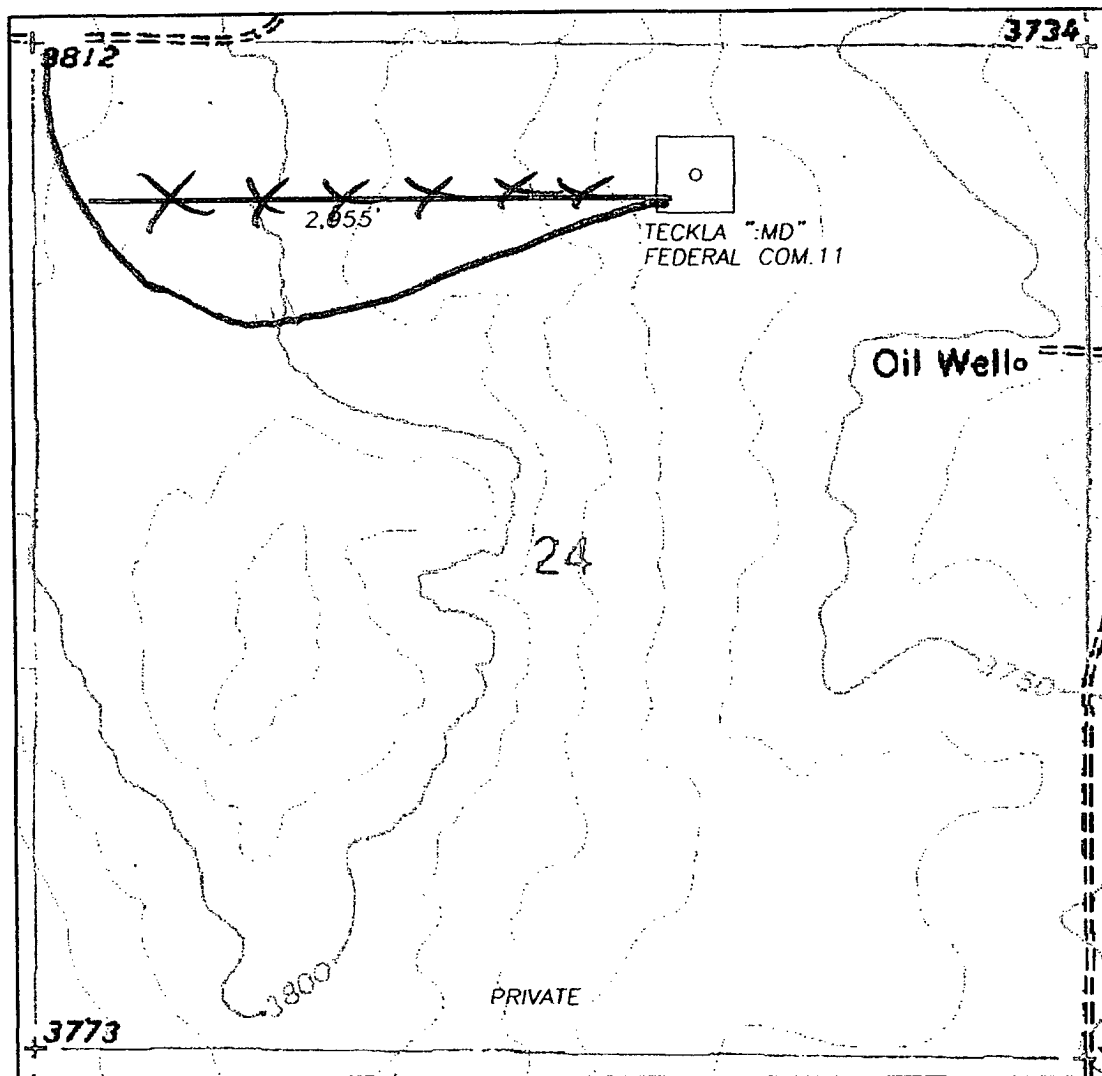
Up to 12,000'



Yates Petroleum Corporation
 Teckla "MD" Federal Com. #11
 660' FNL and 1980' FEL
 Section 24-T6S-R25E
 Chaves County, New Mexico
 Exhibit "C"

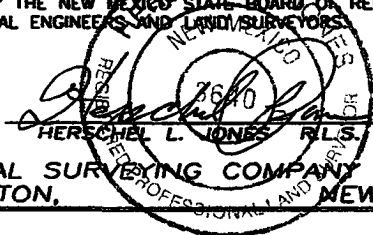


SECTION 24, TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



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.



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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES TECKLA "MD" FEDERAL COM. #11 WELL, LOCATED IN SECTION 24, TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 10/10/2002	Sheet 1 of 1 Sheets
Drawn By: Ed Blavins	W.O. Number
Date: 10/11/02	Scale 1" = 1000' TECKLA 11