

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

JUN 14 2005

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

0

OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM100542
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable
2. Name of Operator Yates Petroleum Corporation 25575		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 97457	8. Lease Name and Well No. 32335 Lobo AXU Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NESE 1650 FSL and 1200 FEL At proposed prod. Zone same as above		9. API Well No. 30-005-61883
14. Distance in miles and direction from nearest town or post office* Approximately twenty (24) miles ENE of Roswell, NM		10. Field and Pool, or Exploratory Unknown Precambrian
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 1760.00	11. Sec., T., R., M., or Blk, and Survey or Area Section 12, T9S-R27E Mer NMP
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 7150	12. County or Parish Chaves County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3891 GL	22. Approximate date work will start* ASAP	13. State New Mexico
20. BLM/BIA Bond No. on file NM-2811		
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 <i>Debbie L. Caffall</i>	Name (Printed/Typed) Debbie L. Caffall	Date 3/30/05
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Email: debbiec@ypcnm.com

Title: Regulatory Technician / Land Department

Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed)	Date JUN 14 2005
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Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE
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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.

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)

C-144 attached

NOTIFY OCD OF SPUD & TIME
TO WITNESS CEMENTING OF
SURFACE CASING

l.e. Cienfuegos

APPROVED FOR 1 YEAR

N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

WF

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

105 South Fourth Street, Artesia, NM 88210

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ CheckBox1

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Yates Petroleum Corporation Telephone: 505-748-4376 e-mail address: debbiec@ypcnm.com

Address: 104 South 4th Street, Artesia, New Mexico 88210

Facility or well name: Lobo AXU Federal #1 API #: 30-005-61883 U/L or Qtr/Qtr NESE Sec 12 T 9S R 27E

County: Chaves Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume _____ bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet
50 feet or more, but less than 100 feet
100 feet or more

(20 points)
(10 points)
(0 points)

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes
No

(20 points)
(0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet
200 feet or more, but less than 1000 feet
1000 feet or more

(20 points)
(10 points)
(0 points)

Ranking Score (Total Points)

0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: 10/29/2004

Printed Name/Title Robert Asher/Regulatory Agent

Signature [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approved

Date: NOV 8 2004

Printed Name/Title [Signature]

Signature [Signature]

YATES PETROLEUM CORPORATION
Lobo AXU Federal #1 Re-entry
 1650' FSL and 1200' FEL
 Section 12-T9S-R27E
 Chaves County, New Mexico

Yates plan is to re-enter the well with a drilling rig to drill out the cement plugs in the 8 5/8" casing and in the 7 7/8" open hole down to 7,150'. A string of 5 1/2" casing will be run to TD and cemented to 3,000' +/- . The well will be completed with a pulling unit. The formations to be completed will probably be the Ordovician @ 6,400' +/- and the Wolfcamp @ 5,900' +/-.

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

Yates	519'	Wolfcamp	5625'
Queen	1082'	Penn	5900'
Penrose	1189'	Penn Clastics	6402'
San Andres	1592'	Mississippian	6571'
Slaughter	2200'	Silurian/Devonian	6619'
Glorieta	2796'	Ordovician	6802'
Tubb	4263'	TD	7150'
Abo	5010'		

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

Water: 300
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 300# 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:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
10"	8 5/8"	24#	J-55	ST&C	N/A	In Place
7 5/8 "	5 1/2"	9.5#	J-55	LT&C	0-7150'	7150'

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

A. CEMENTING PROGRAM:

All casing strings are set and cemented in place.

5 1/2 is not in place

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-TD	Brine Water	9.2 – 9.5	55-70	N/C

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: CNL/LDT, W/NGT to TD-surf csg; CNL/GR up to surf;
DLL/MSFL TD-Surf csg; Long Spaced Sonic TD-SURF CSG.

Coring: None

DST's: As warranted.

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

No abnormal temperatures or pressures are anticipated.

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Lobo AXU Federal #1 Re-entry
1650' FSL and 1200' FEL
Section 12-T9S-R27E
Chaves 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 24 miles east-northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Drive east of Roswell on Second Street (Tatum Hwy), approximately 16 miles to Ponderosa Road. Turn left (north) on Ponderosa and drive approximately 10.5 miles to a pipeline road. Turn right (east) on road and drive approximately 4.2 miles to a water tank. Turn right (south) at water tank and drive approximately 0.7 of a mile to a lease road on the right (west) side of the road. Turn on road and follow to location.

2. PLANNED ACCESS ROAD:

- A. This is an existing road that is approximately 200' in length lying in a westerly direction.
- B. The road is 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.

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.

2040 South Pacheco, Santa Fe, NM 87506

Energy, Minerals and Natural Resources Department

For Lease - 3 Copies

Santa Fe, New Mexico 87504-2088


□ AMENDED REPORT

API Number		Pool Code 97957	Pool Name Wildcat Precambrian
Property Code	Property Name LOBO "AXU" FEDERAL		Well Number 1
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3891

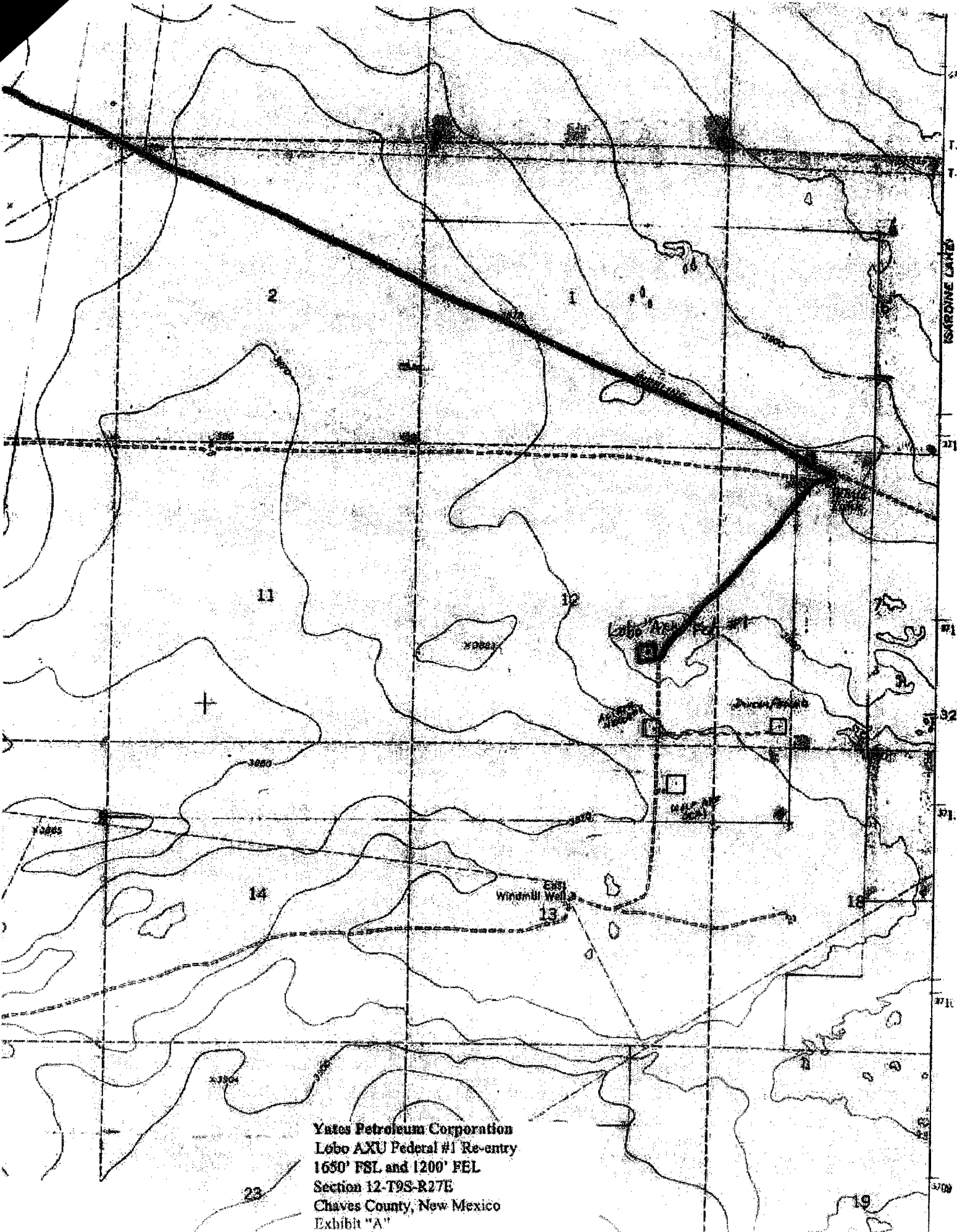
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	12	9S	27E		1650	SOUTH	1200	EAST	CHAVES

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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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

		NM-100542		<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Pat Perez</u> Signature</p> <p><u>Pat Perez</u> Printed Name</p> <p><u>Regulatory Agent</u> Title</p> <p><u>3/17/2003</u> Date</p>
			<p>N.33°32'41.3" W.104°08'30.8"</p> <p>1200'</p> <p>1650'</p>	<p>SURVEYOR CERTIFICATION</p> <p><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></p> <p style="text-align: right;"><u>3/07/2003</u></p> <p>Date Surveyed</p> <p>Signature of Seal of Professional Surveyor</p> <div style="text-align: center;">  </div> <p style="text-align: right;">Dues RLS 3640</p> <p style="text-align: center;">GENERAL SURVEYING COMPANY</p>

0 330' 660' 990' 1450' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0



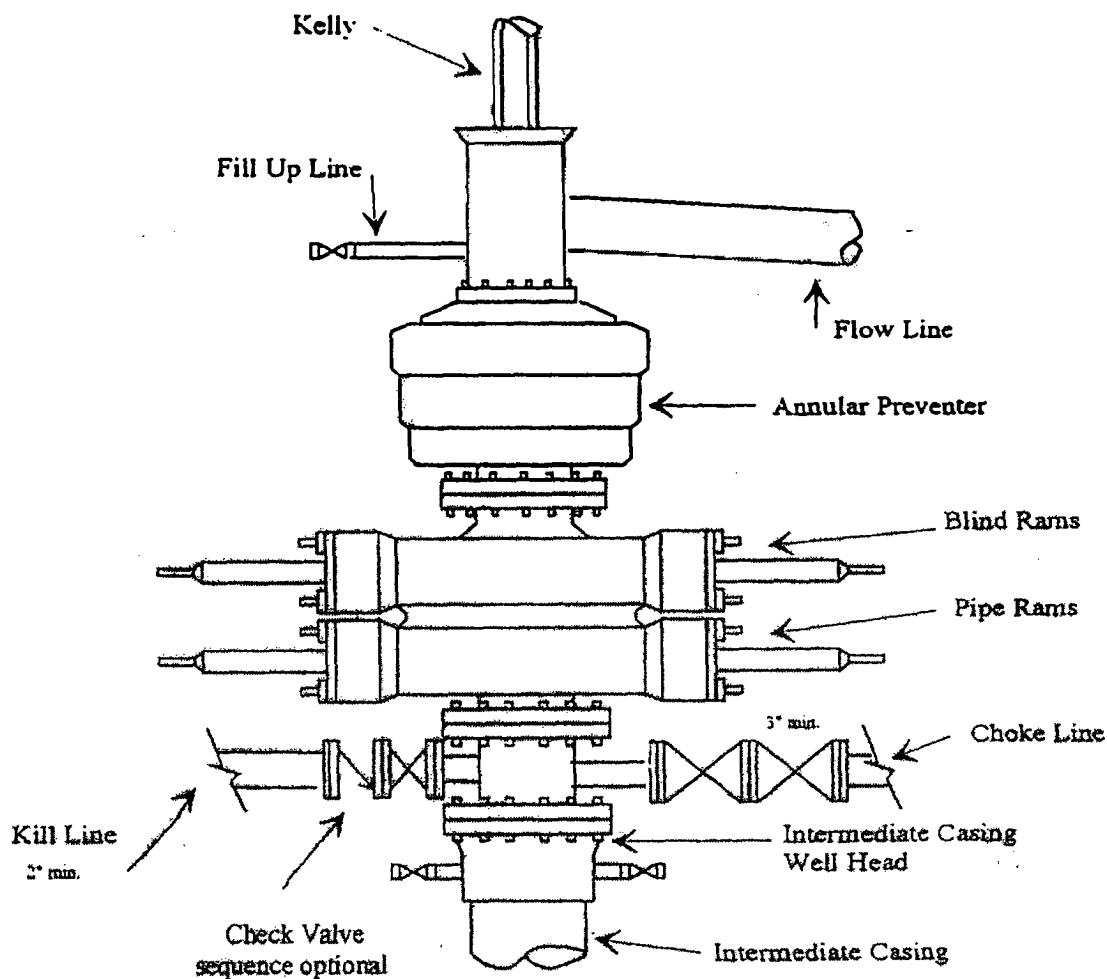
Yates Petroleum Corporation
Lobo AXU Federal #1 Re-entry
1650' FSL and 1200' FEL
Section 12-T9S-R27E
Chaves County, New Mexico
Exhibit "A"

Yates Petroleum Corporation

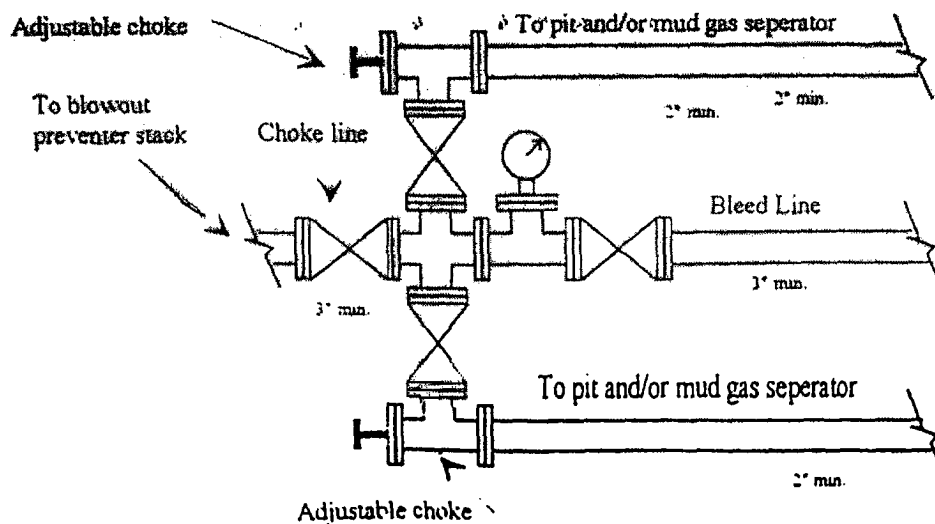
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



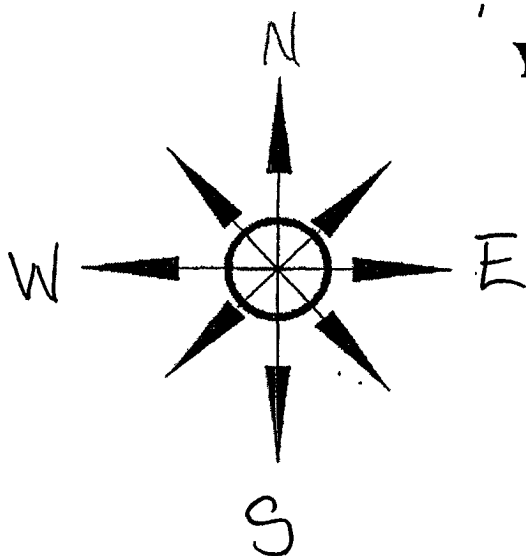
Yates Petroleum Corporation
Lobo AXU Federal #1 Re-entry
1650' FSL and 1200' FEL
Section 12-T9S-R27E
Chaves County, New Mexico
Exhibit "B"



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

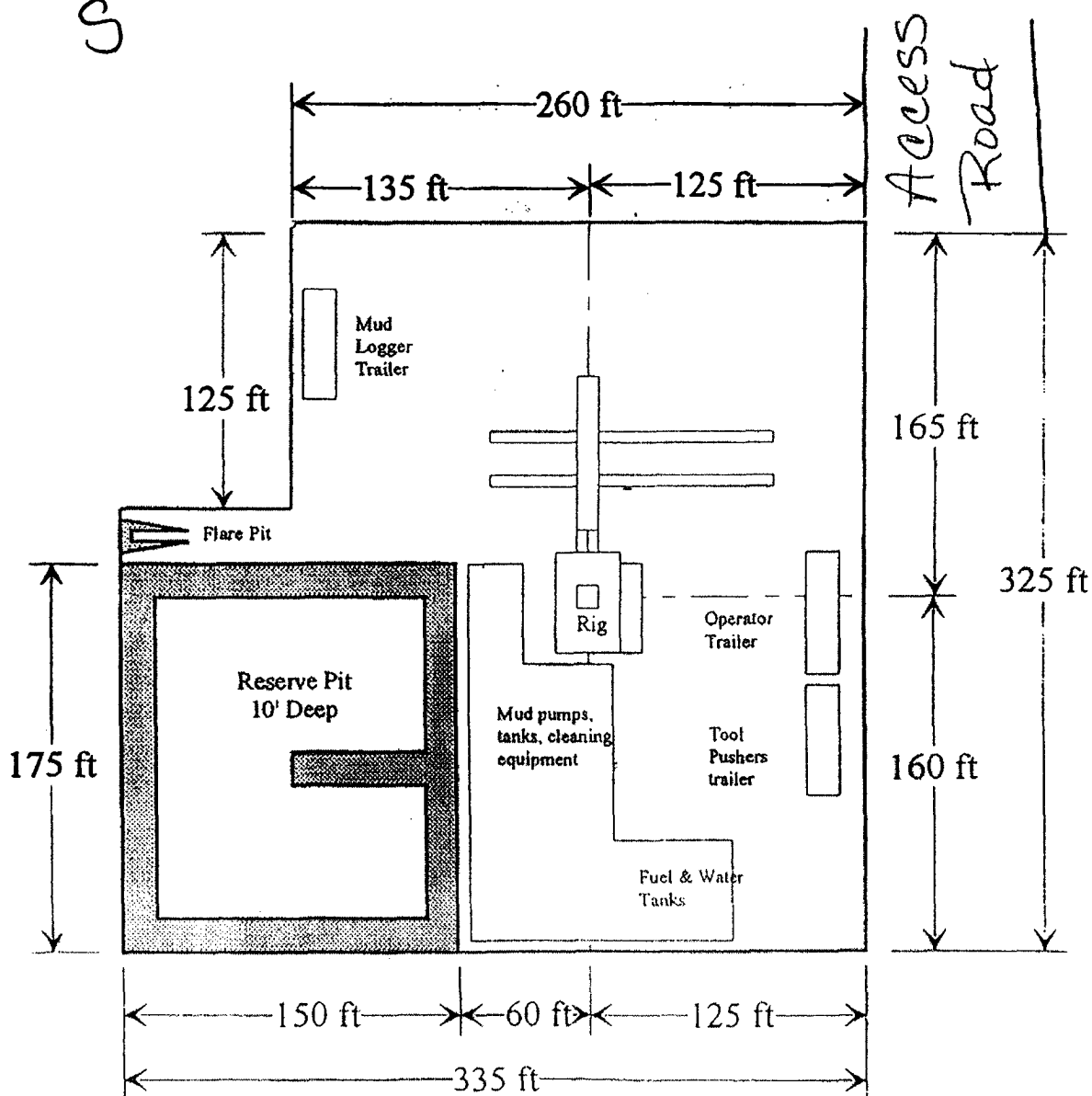


Yates Petroleum Corporation
 Lobo AXU Federal #1 Re-entry
 1650' FSL and 1200' FEL
 Section 12-T9S-R27E
 Chaves County, New Mexico
 Exhibit 'C'



Yates Petroleum Corporation

Location Layout for Permian Basin
 Up to 12,000'



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

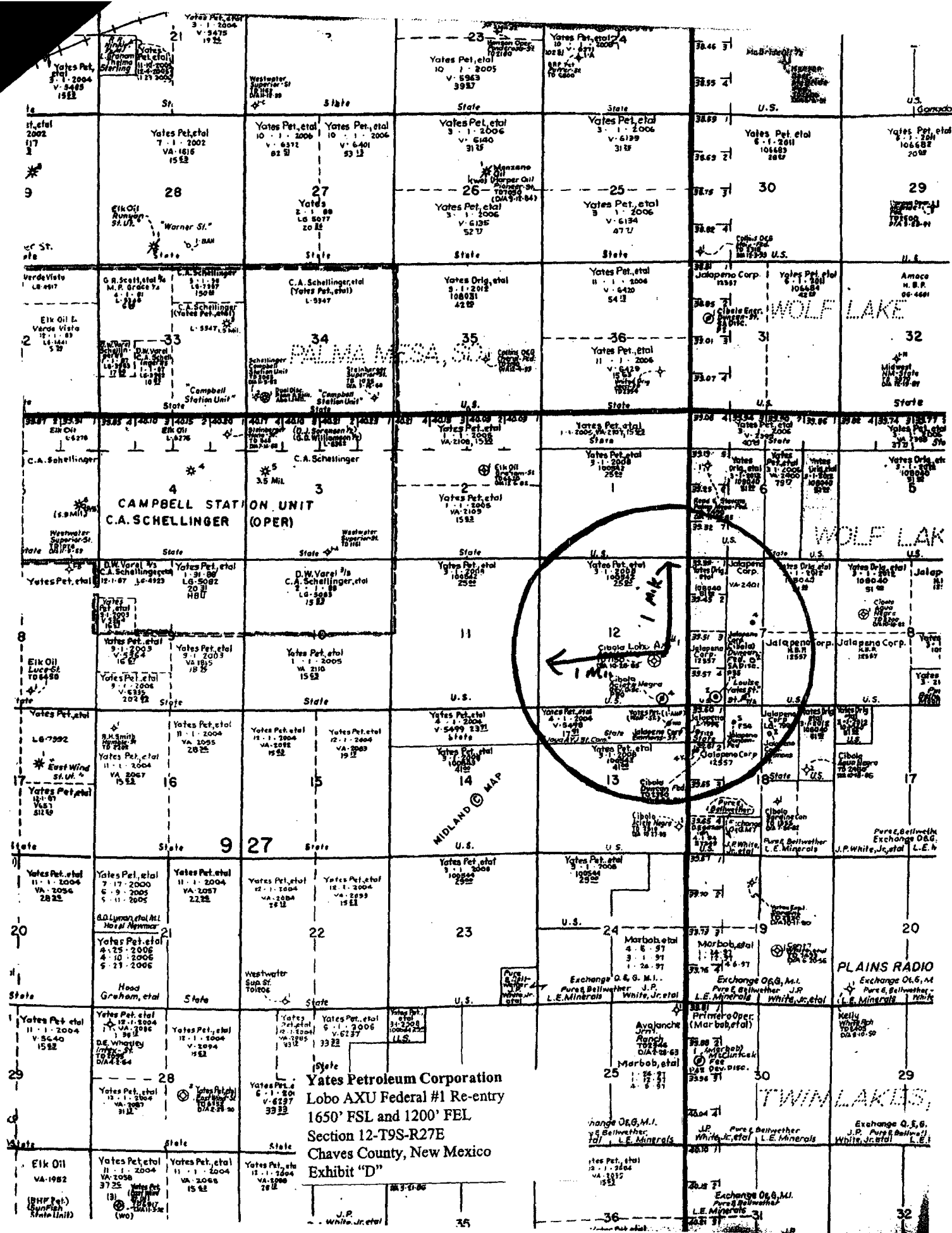


EXHIBIT A

Operator: Yates Petroleum Corporation
BLM Serial Number: NM-100542
Well Name & NO.: Lobo "AXU" Federal #1
Location: Section 12, T. 9 S., R. 27 E.
1650' FSL & 1200' FL, Chaves County, N.M.

