

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

APR 03 2006

0  
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. NM-20932	
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 25575		7. If Unit or CA Agreement, Name and No. Not Applicable	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Stewart Federal #4 Q	
3b. Phone No. (include area code) (505) 748-1471		9. Field and Pool, or Exploratory Wildcat Basement	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL and 880' FEL, Unit A At proposed prod. Zone same as above		10. Sec., T., R., M., or Blk. and Survey or Area Section 1, T8S-R24E	
14. Distance in miles and direction from nearest town or post office* Approximately seventeen (17) miles northeast of Roswell, New Mexico		11. County or Parish Chaves County	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. State NM	
16. No. of Acres in lease 639		13. Spacing Unit dedicated to this well 320 N/2	
17. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		14. BLM/BIA Bond No. on file NM-2811	
18. Elevations (Show whether DF, KDB, RT, GL, etc.) 3772' GL		15. Approximate date work will start* ASAP	
19. Estimated duration 30 Days		20. 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 S. Caffall</i> email: debbiec@ypcnm.com Title: Regulatory Agent/Land Department	Name (Printed/Typed) Debbie Caffall	Date 3/1/2006
Approved by (Signature) /s/LARRY D. BRAY	Name (Printed/Typed) /s/LARRY D. BRAY	Date MAR 31 2006
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)

Previously Approved

C-144 Attached

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

**DISTRICT I**  
1635 E. French Dr., Hobbs, NM 88240

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

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, 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 96542	Pool Name Wildcat Basement
Property Code	Property Name STEWART FEDERAL	Well Number 4
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3770

**Surface Location**

UL or lot No. A	Section 1	Township 8S	Range 24E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1000 856	East/West line EAST	County CHAVES
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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
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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**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 hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Debbie S. Caffall*  
Signature  
Debbie Caffall  
Printed Name  
Regulatory Agent  
Title  
2/21/2006  
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.

5/01/2001  
Date Surveyed  
Signature & Seal of  
Professional Surveyor  
*Herschel L. Jones*  
Herschel L. Jones  
Certificate No. 3640  
STEWART 4  
GENERAL SURVEYING COMPANY

District I  
1625 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

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@yppcnm.com  
Address: 104 South 4<sup>th</sup> Street, Artesia, New Mexico 88210  
Facility or well name: Stewart Federal #4 API #: 30-005-63652 U/L or Qtr/Qtr NENE Sec 1 T 8S R 24E  
County: Chaves Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927 ☐ 1983 ☐ Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> 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)		20

**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: 11/3/2004

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.

Approval:

Date: NOV 8 2004

Printed Name/Title [Signature]

Signature [Signature]

As a condition of approval, if during construction water is encountered or if water seeps in pits after construction the **OCD MUST BE CONTACTED IMMEDIATELY!**

As a condition of approval **a detailed closure plan must be filed before closure may commence.**

**YATES PETROLEUM CORPORATION**

**Stewart Federal #4**

660' FNL and 880' FEL

Section 1-T8S-R24E

Chaves County, New Mexico

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

San Andres	280'
Glorieta	1180'
Yeso	1280'
Tubb	2730'
Abo	3420'
Wolfcamp	4120'
Penn	4600'
Basement Granite	4850'
TD	5000'

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

Water: 150'-200'  
Oil or Gas: All potential zones.

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>
14 3/4"	11 3/4"	42#	H-40	ST&C	0-350'
11	8 5/8"	24#	J-55	ST&C	0-1250'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5000'

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

## A. CEMENTING PROGRAM:

Surface Casing: 300 sx "C" + 2% CaCL<sub>2</sub> (YLD 1.32 WT 14.8).

Intermediate Casing: 200 sx Lite (YLD 1.99 WT 12.5). Tail in with 200 sx Class C+2% CaCL<sub>2</sub> (YLD 1.32 WT 14.8).

Production Casing: 450 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 2900'.

## 5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW GEL, Paper, LCM	8.6 - 9.2	32-36	N/C
350'-1250'	FW	8.4 - 8.6	28	N/C
1250'-3400'	Cut-Brine/Brine	9.0 - 10.2	28	N/C
3400'-TD	Starch/ Salt Gel	9.3-10.2	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. Rig personnel will check mud hourly.

## 6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.

Logging: Platform Express CNL/LDT, W/NGT TD -Surf csg; with GR/CNL up to Surf:

DLL/MS FL TD-Surf csg; BHC Sonic TD-Surf csg

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 350'	Anticipated Max. BHP: 150 PSI
From: 350'	TO: 1250'	Anticipated Max. BHP: 550 PSI
From: 1250	TO 5000'	Anticipated Max. BHP: 2200 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S 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**  
**Stewart Federal #4**  
660' FNL and 880' FEL  
Section 1-T78S-R24E  
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 17 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Roswell on Highway 285 for approx. 7.5 miles to One Horse Road. Turn east and follow road approx. 2.5 miles to Cottonwood Road. Turn north and go approximately 5.4 miles and turn west. Go west on lease road for approximately 2.5 miles and the road turns right. Go approximately 0.1 of a mile and take the right fork. Go approximately 0.5 of a mile and the new road will start here and go west to the southeast corner of the pad. The Federal portion of this access is covered under NM-84347.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 300' 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. 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 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 nearest 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 land fill. 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 wellsite 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.

**Stewart Federal #4**  
**Page Three**

11. SURFACE OWNERSHIP: This project is on split estate with the surface belonging to:  
Hillman Family Trust  
C/O Michael Hillman  
HCR Box 1108-A  
Roswell, New Mexico 88202  
(505) 625-9167

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.

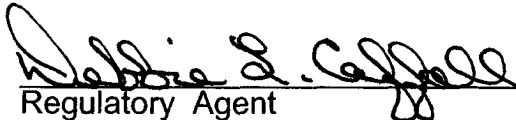
13. OPERATOR'S REPRESENTATIVE:

- |  |   |
|--|---|
| A. Through A.P.D. Approval:<br>Debbie Caffall, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>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.

3/1/2006

  
Regulatory Agent

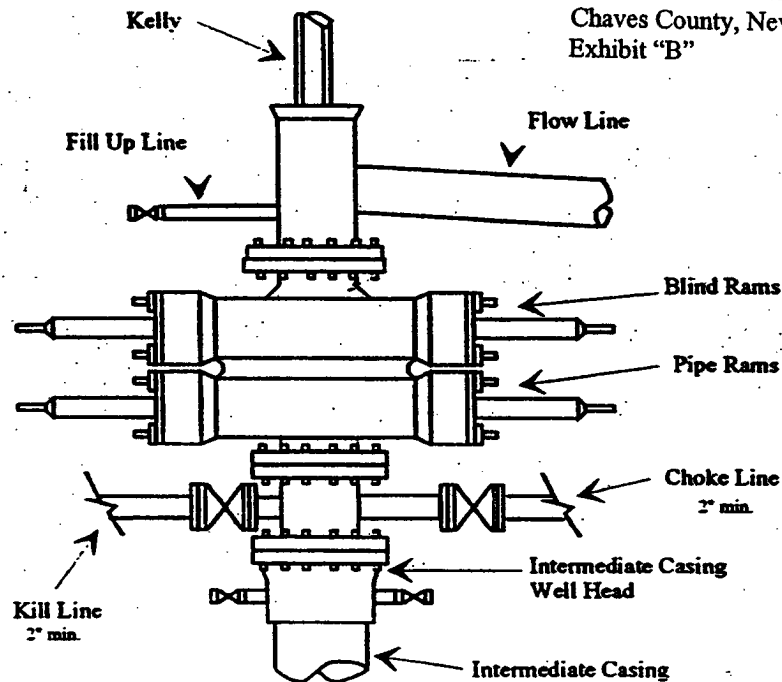


# Yates Petroleum Corporation

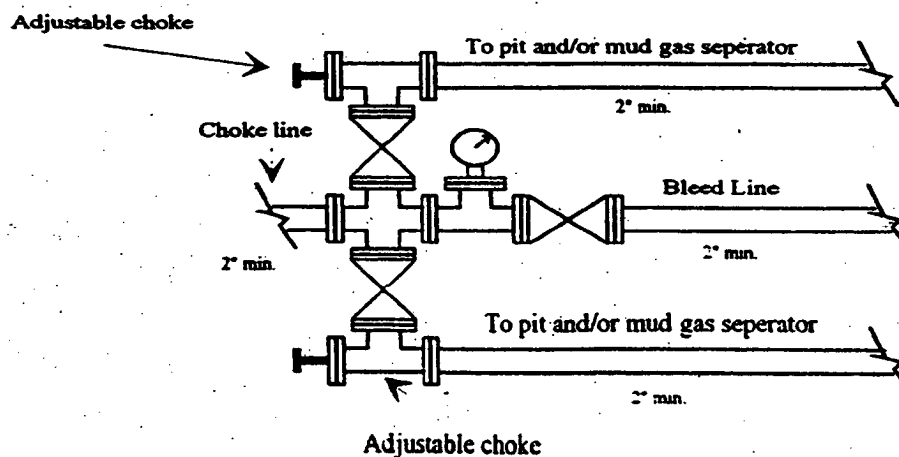
BOP-2

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

Yates Petroleum Corporation  
Stewart Federal #4  
660' FNL & 880' FEL, Unit A  
Section 1-T8S-R24E  
Chaves County, New Mexico  
Exhibit "B"



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





## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201

IN REPLY REFER TO:  
Stewart Federal #4  
NM-20932

page 1 of 2

Yates Petroleum Corporation shall adhere to the following;

A. Mitigation Measure: The Conditions of Approval attached to the previously approved APD are still imperative and shall be essential in the approval of the resubmitted APD.

B. The following mitigating measure supersedes some of the original Condition of Approval requirements:

#### **Exhibit B - WELL DRILLING REQUIREMENTS**

#### **II. WELL PAD CONSTRUCTION REQUIREMENTS:**

##### **D. Reserve Pit Requirements:**

- a. Upon reclamation of the reserve pit, the impervious, reinforced, synthetic or fabricated 12 mil in thickness liner shall be used to encapsulate the reserve pit cuttings.
- b. The dried cuttings in the reserve pit shall be buried a minimum depth of three (3) feet below ground level.
- c. The reserve pit area shall be covered with a three (3) feet minimum cap of clean soil or like material that is capable of supporting native plant growth. Once the reserve pit contents have been capped, the cap shall not be disturbed without NMOCD approval.
- d. Should the cuttings in the reserve pit not meet the three (3) feet below ground level depth, the excess contents shall be removed from the reserve pit until the required minimum depth of three (3) feet below ground level requirement has been met. The excess cuttings shall be removed from the well location and shall be properly disposed of at an authorized disposal site.
- e. Contact Randy Legler at (505) 627-0215, three days before commencing the reserve pit reclamation.

#### **V. SURFACE RECLAMATION/RESTORATION REQUIREMENTS:**

A. On private estate land the restoration procedures on the reclamation of the access road and well pad shall be accomplished in accordance with the Private Surface Land Owner concurrence. If the surface land owner does not retain the access road and/or well pad for his ranch operations, upon abandonment of this well, the surface material (caliche/gravel) shall be removed from the access road and well pad.

**VII. ON LEASE – WELL REQUIREMENTS:****H. Painting Requirement:**

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Supplemental Environmental Colors" intended to provide additional color choices in selecting the most appropriate color(s) for BLM facilities. The color selected for painting all the well facilities is; **Olive Drab**, Supplemental Chart Number **18-0622 TPX**.