

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

N.M. Oil Cons. DIV-D
1301 W. Grand Ave
Artesia, NM 8821

CEMENT TO COVER ALL
OIL, GAS AND WATER
BEARING ZONES, EXAMPLE:
GLORIETA FORMATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL - 5 2006

APPLICATION FOR PERMIT TO DRILL OR REENTER

OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

NM-12687

6. If Indian, Allottee or Tribe Name

Not Applicable

7. If Unit or CA Agreement, Name and No.

Not Applicable

8. Lease Name and Well No.

34126
Gebo BEG Federal #2

9. API Well No.

30-005-63838

10. Field and Pool, or Exploratory

Undes. Foor Ranch; Pre-Permian

11. Sec., T., R., M., or Blk. and Survey or Area

Section 12, T10S-R25E

12. County or Parish

Chaves County

13. State

NM

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street

Artesia, New Mexico 88210

3b. Phone No. (include area code)

(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

1980' FSL and 1980' FWL, NESW, Unit K

At proposed prod. Zone

same as above

14. Distance in miles and direction from nearest town or post office*

Approximately fifteen (15) miles NE of Roswell, NM

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

1120.01

17. Spacing Unit dedicated to this well

320 acres

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

1300'

19. Proposed Depth

5615'

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 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.

2. A Drilling Plan.

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.

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the
authorized office.

25. Signature

Debbie S. Caffall

Name (Printed/Typed)

Debbie Caffall

Date

6/1/2006

Title:

Regulatory Agent/Land Department

Approved by (Signature)

/S/LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

Date

JUL 03 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

DECLARED WATER BASIN

CEMENT BEHIND THE 95"
CASING MUST BE CIRCULATED
WITNESS

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

79.5

DISTRICT II

621 South First, Artesia, NM 88210

DISTRICT III

1630 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

3000 South Penasco, 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 76730	Pool Name Unders. Foor Ranch; Pre-Permian
Property Code	Property Name GEO "BEG" FEDERAL	Well Number 2
OSHD No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3764

Surface Location

UL or lot No.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
K	12	10S	25E		1980	SOUTH	1980	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 14n	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 hereby certify the the information contained herein to true and complete to the best of my knowledge and belief. Signature Robert Asher Printed Name Regulatory Agent Title 6/17/2004 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. 4/21/2004 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. 8840 State RLS 3640 GEO SURVEYING COMPANY	

0 330° 660° 990° 1320° 1650° 1980° 2310° 2640° 2970° 3300° 3630° 3960° 4290° 4620° 4950° 5280° 5610° 5940° 6270° 6600°

YATES PETROLEUM CORPORATION

Gebo BEG Federal #2
1980' FSL and 1980' FWL
Section 12, T10S-R25E
Chaves County, New Mexico

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

Queen	140'	Abo	4040'
Penrose	215'	Wolfcamp	4725'
Grayburg	405'	WC B Zone	4810'
San Andres	650'	Spear Zone	5075'
Glorieta	1725'	Cisco	5300'
Yeso	1860'	Strawn	5435'
Tubb	3285'	Precambrian	5465'
		TD	5615'

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 formations.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" 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>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-600'
8 3/4"	*7"	23#	J-55	LT&C	0-4800'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	0-5615'

*7" casing will only be set if hole conditions dictate. If 7" casing is run, hole will be reduced to 6 1/8" and 4 1/2" production casing will be run.

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

B. CEMENTING PROGRAM:

Surface Casing: 750 sx Lite "C" (YLD 2.0 WT 12.5). Tail w/200 sx
C with 2% CaCL₂ (YLD 1.33 WT 15.6).

Intermediate Casing: 200 sx PVL (YLD 2.0 WT 12.5). Tail in w/200 sx
C with 2% CaCL₂ (YLD 1.33 WT 13.0). TOC=3550'

Production Casing: 750 sx Pecos Valley Lite (YLD 1.42 WT 13.0). TOC=3550'

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	32-34	N/C
900'-3950'	Cut Brine	9.3 - 10.2	28	N/C
3950'-5615'	Starch/Salt Gel/4-6% KCL	9.7 - 10.0	45-55	<6/cc

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, surface casing to TD.

Logging: Platform Express: CNL/LDT/NGT TD-Surf csg; CNL/GR TD-Surf;
DLL/MSFL TD - Surf csg; BHC Sonic TD-Surf csg;

Coring: None
DST's: None.

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

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP: 450 PSI
From: 900'	TO: 5630'	Anticipated Max. BHP: 2950 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 10 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Gebo BEG Federal #2
1980' FSL and 1980' FWL
Section 12, T10S-R25E
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 wellsite is located approximately 15 miles east of Roswell, New Mexico and the access route to the location is indicated in red (new) and green (existing) on Exhibit A.

DIRECTIONS:

Drive east of Roswell on Hwy 380, approximately 8 miles to Alamo Rd. Turn left on Alamo Rd. and continue for approximately 1.9 miles to a "Y" in the road, take left fork and continue on Alamo Road for approximately 1.5 miles to a "Y" in the road, take left fork and continue for approximately 0.2 of a mile to another "Y" in the road, take right fork and continue for approximately 0.6 of a mile to the lease road staked on the left side, turn left and continue for approximately 400' to the NE corner of the location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 400' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a east to west 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 wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

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.
 - D. 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. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- C. A 600' x 600' area has been staked and flagged.

10. PLANS FOR RESTORATION:

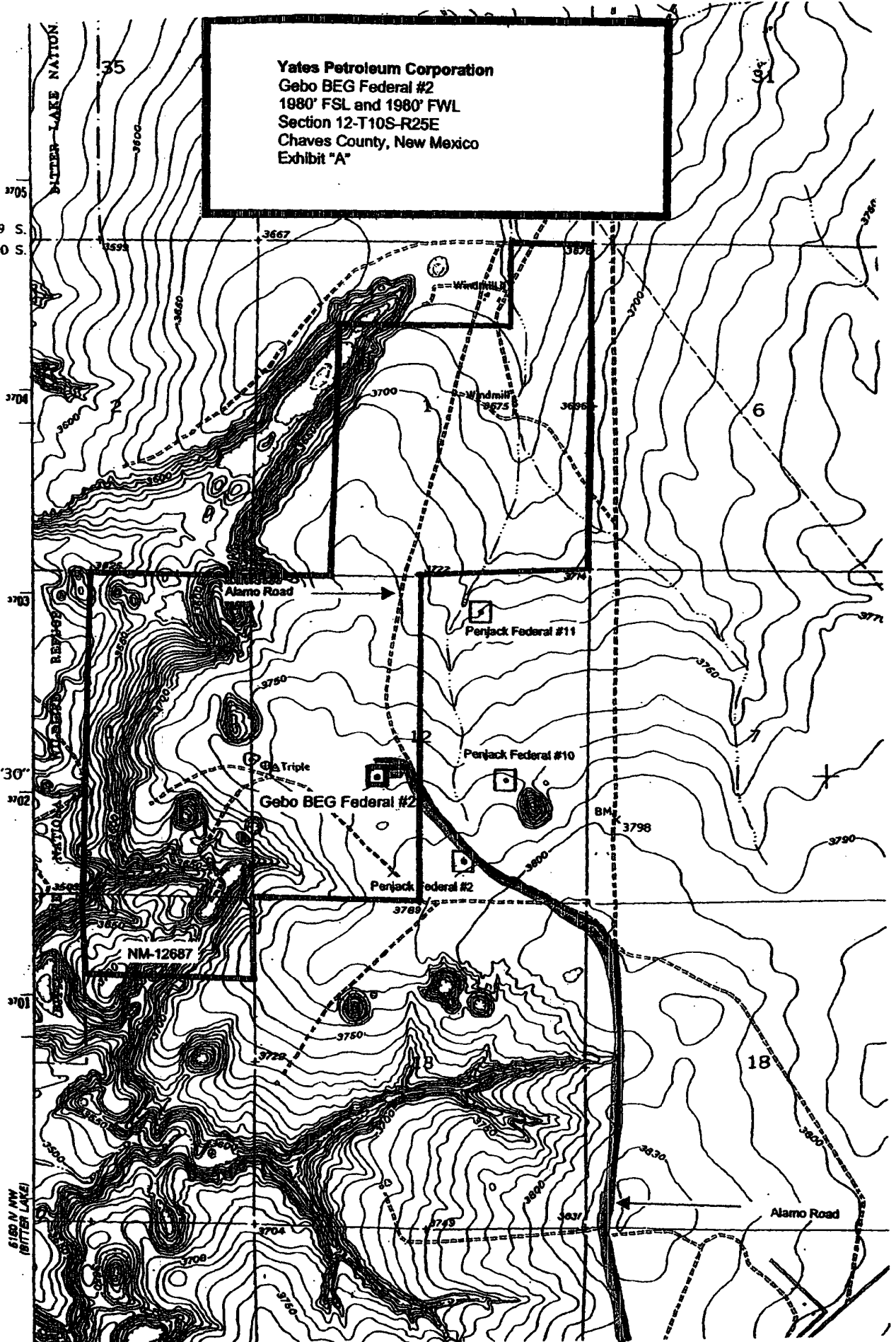
- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, 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.

Yates Petroleum Corporation
Gebo BEG Federal #2
1880' FSL and 1980' FWL
Section 12-T10S-R25E
Chaves County, New Mexico
Exhibit "A"

T. 9 S.
T. 10 S.

27'30"

6160' N NW
(BITTER LAKE)





Yates Petroleum Corporation

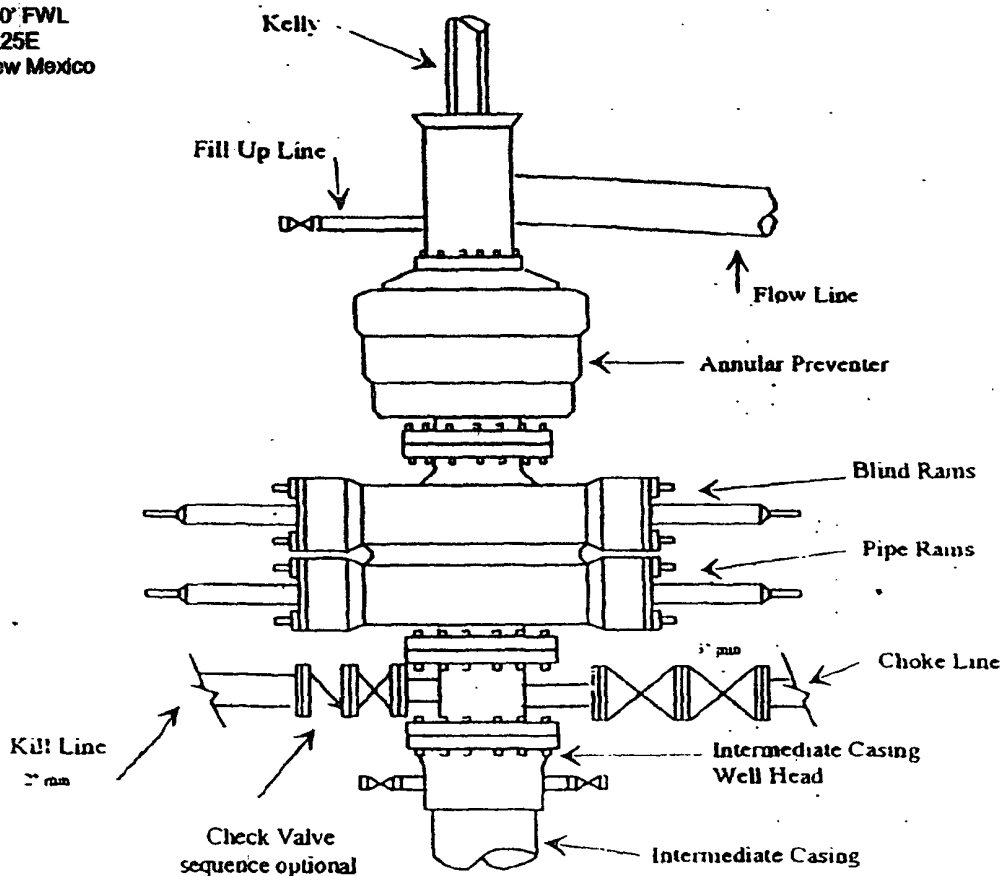
BOP-3

Typical 3,000 psi Pressure System

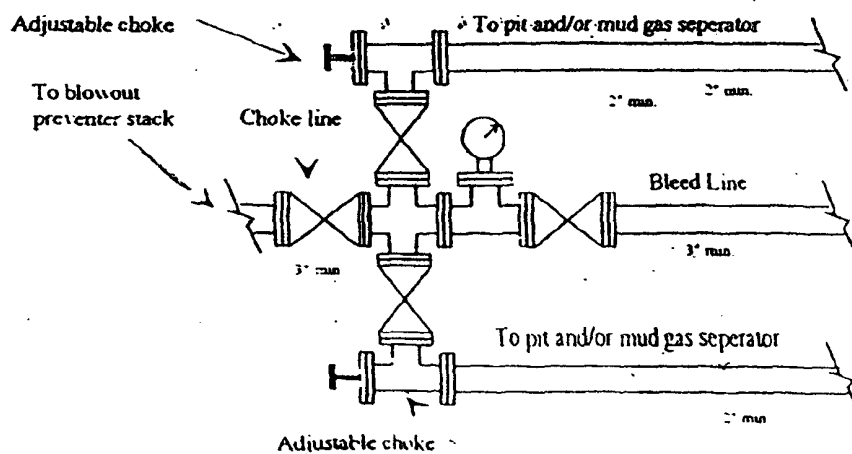
Schematic

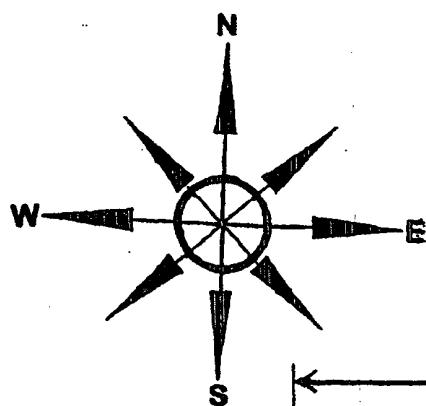
Annular with Double Ram Preventer Stack

Yates Petroleum Corporation
Gebo BEG Federal #2
1980' FSL and 1980' FWL
Section 12-T10S-R25E
Chaves County, New Mexico
Exhibit "B"



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



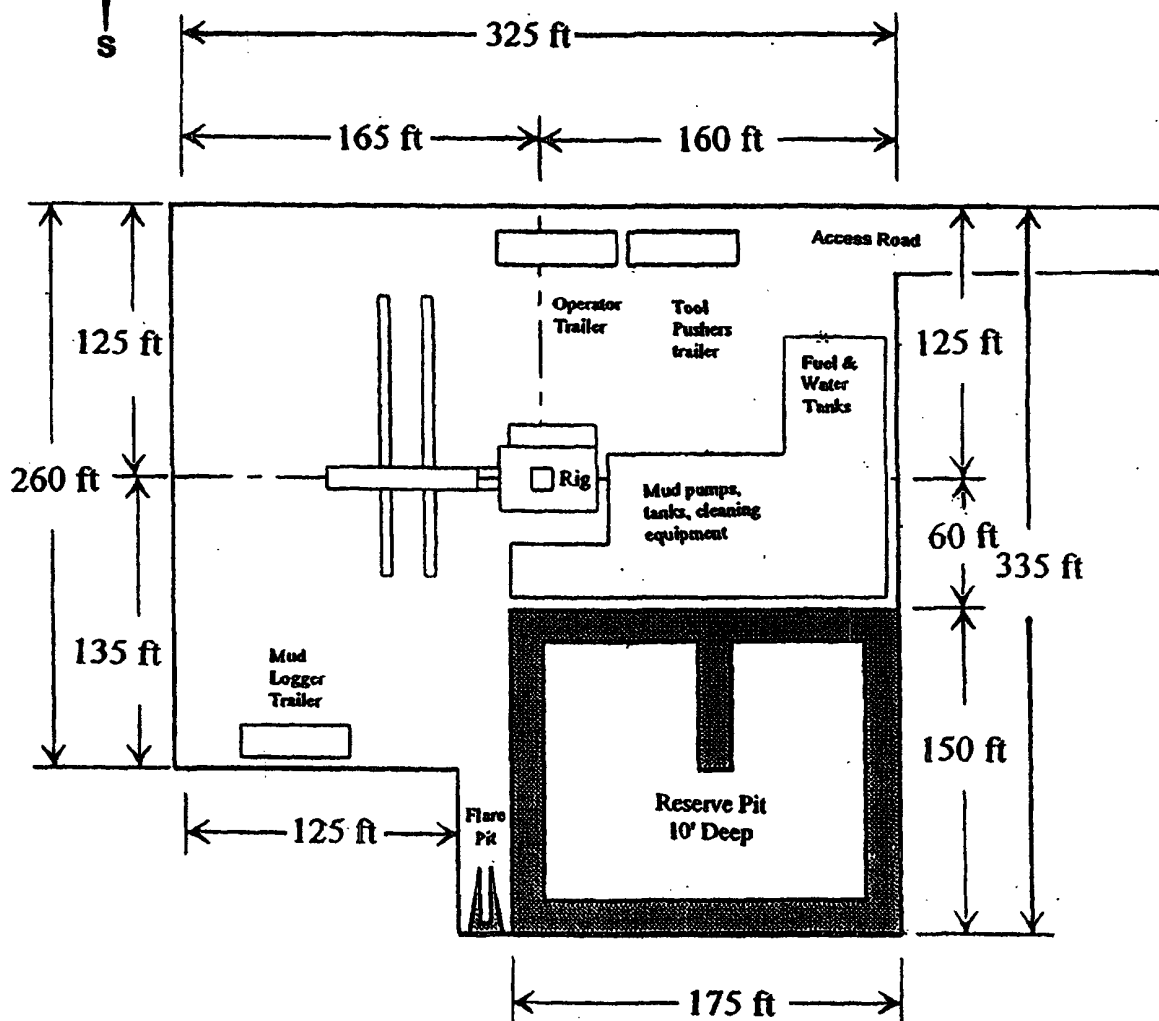


Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

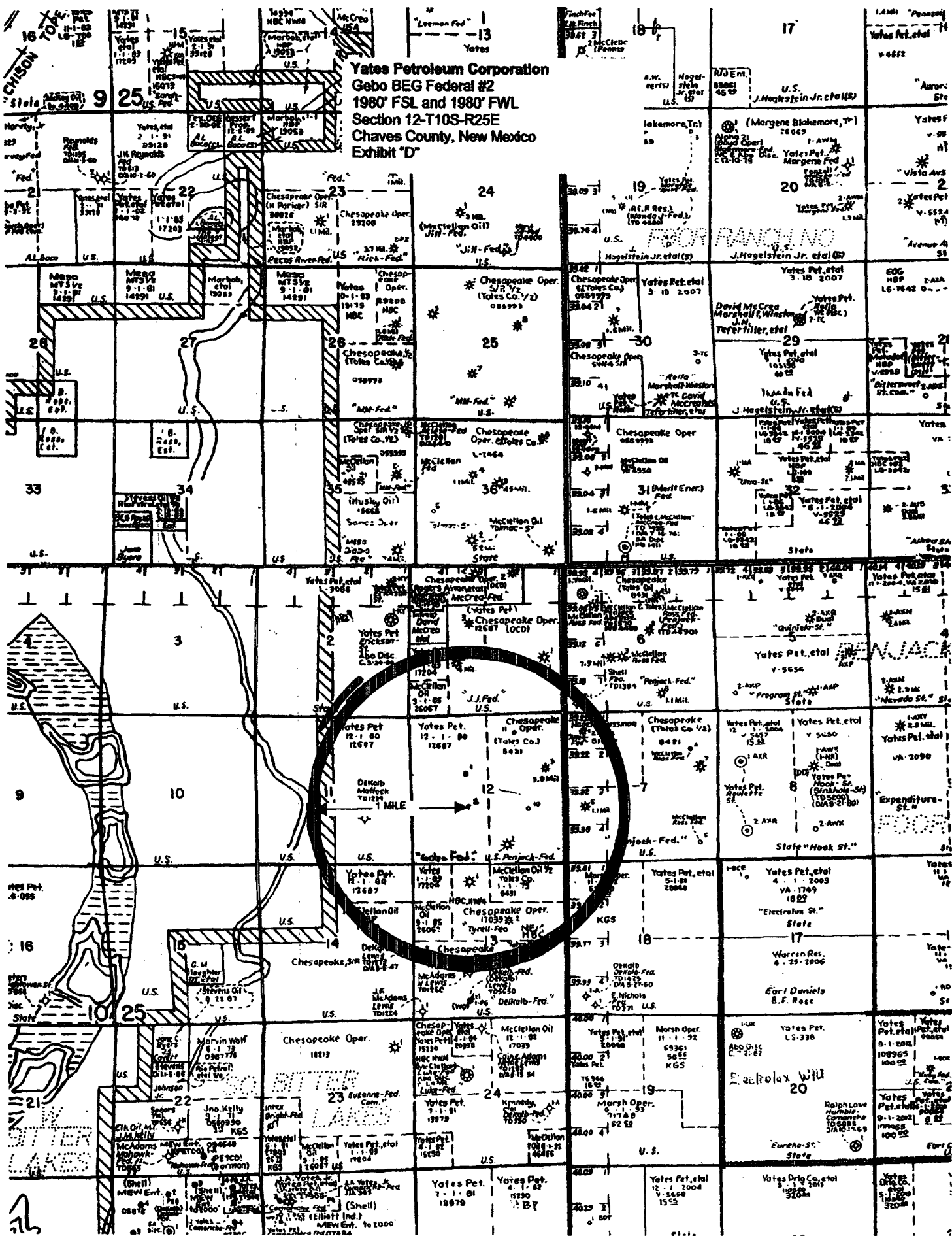
Yates Petroleum Corporation
 Gebo BEG Federal #2
 1980' FSL and 1980' FWL
 Section 12-T10S-R25E
 Chaves County, New Mexico
 Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

Yates Petroleum Corporation
Gebo BEG Federal #2
1980 FSL and 1980 FWL
Section 12-T10S-R25E
Chaves County, New Mexico
Exhibit "D"



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@vpcnm.com

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

Facility or well name: Gobo BEG Federal #2 API #: 30-005-63674 U/L or Qtr/Qtr NESW Sec 12 T 10S R 25E

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

Pit 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 12 mil Clay <input type="checkbox"/> Volume bbl	Below-grade tank 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 (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (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 (20 points) No (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (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: 10/26/2004

Printed Name/Title Robert Asher/Regulatory Agent

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: JUL 22 2005 Field Supervisor

Date:

Printed Name/Title

Signature