

N.M. DIV-0.1  
130172  
Artesia



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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. <b>NM-14293</b>
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 <b>Not Applicable</b>
2. Name of Operator <b>Yates Petroleum Corporation 25575</b>		7. If Unit or CA Agreement, Name and No. <b>Not Applicable</b>
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>	3b. Phone No. (include area code) <b>(505) 748-1471</b>	8. Lease Name and Well No. <b>28819</b> <b>Jervis "AYB" Federal #2</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>1980' FSL and 660' FEL, NESE, Unit 1</b> At proposed prod. Zone <b>660' same as above</b>		9. API Well No. <b>30-005-63904</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately twenty (20) miles Northeast of Roswell, New Mexico</b>		10. Field and Pool, or Exploratory <b>Wildcat Basement</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1980'</b>	16. No. of Acres in lease <b>2520.00</b>	11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 11, T8S-R26E</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1320'</b>	19. Proposed Depth <b>6500'</b>	12. County or Parish <b>Chaves County</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3960' GL</b>	22. Approximate date work will start* <b>ASAP</b>	13. State <b>New Mexico</b>
20. BLM/BIA Bond No. on file <b>NM-2811</b>		17. Spacing Unit dedicated to this well <b>320 acres</b>
24. Attachments <b>ROSWELL CONTROLLED WATER BASIN</b>		

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) <b>Debbie L. Caffall</b>	Date <b>6/9/2006</b>
Title: <b>Regulatory Agent/Land Department</b>		
Approved by (Signature) <b>/S/LARRY D. BRAY</b>	Name (Printed/Typed) <b>/S/LARRY D. BRAY</b>	Date <b>FEB 21 2007</b>
Title <b>Assistant Field Manager, Lands And Minerals</b>	Office <b>ROSWELL FIELD OFFICE</b>	

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**

**DECLARED WATER BASIN**

**COMMENT BEHIND THE 95"  
CASING MUST BE CIRCULATED  
WITNESS**

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

DISTRICT I  
625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
11 South First, Artesia, NM 88210  
DISTRICT III

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

Yates Petroleum Corporation  
Jervis AFB Federal #2  
50' FSL and 1140' FEL, Unit P  
Section 11, T8S-R26E  
Chaves County, New Mexico

IL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96542	Pool Name WC; Granite
Property Code	Property Name JERVIS "AYB" FEDERAL	Well Number 2
OGRID No.	Operator Name YATES PETROLEUM CORPORATION	Elevation 3960

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	8S	26E		660	SOUTH	1140	EAST	CHAVES

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.
320 E/2			

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

		NM-14293	
			N.33°37'44.2" W.104°15'44.8"

3962 3948

3959 3951

1140'

660'

**OPERATOR CERTIFICATION**

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

*Debbie L. Caffall*

Signature

Debbie L. Caffall

Printed Name

Regulatory Agent

Title

October 18, 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.

2/13/2002

Date Surveyed

*[Signature]*

Signature & Seal of Professional Surveyor

HERNANDEZ JONES  
NEW MEXICO  
3640

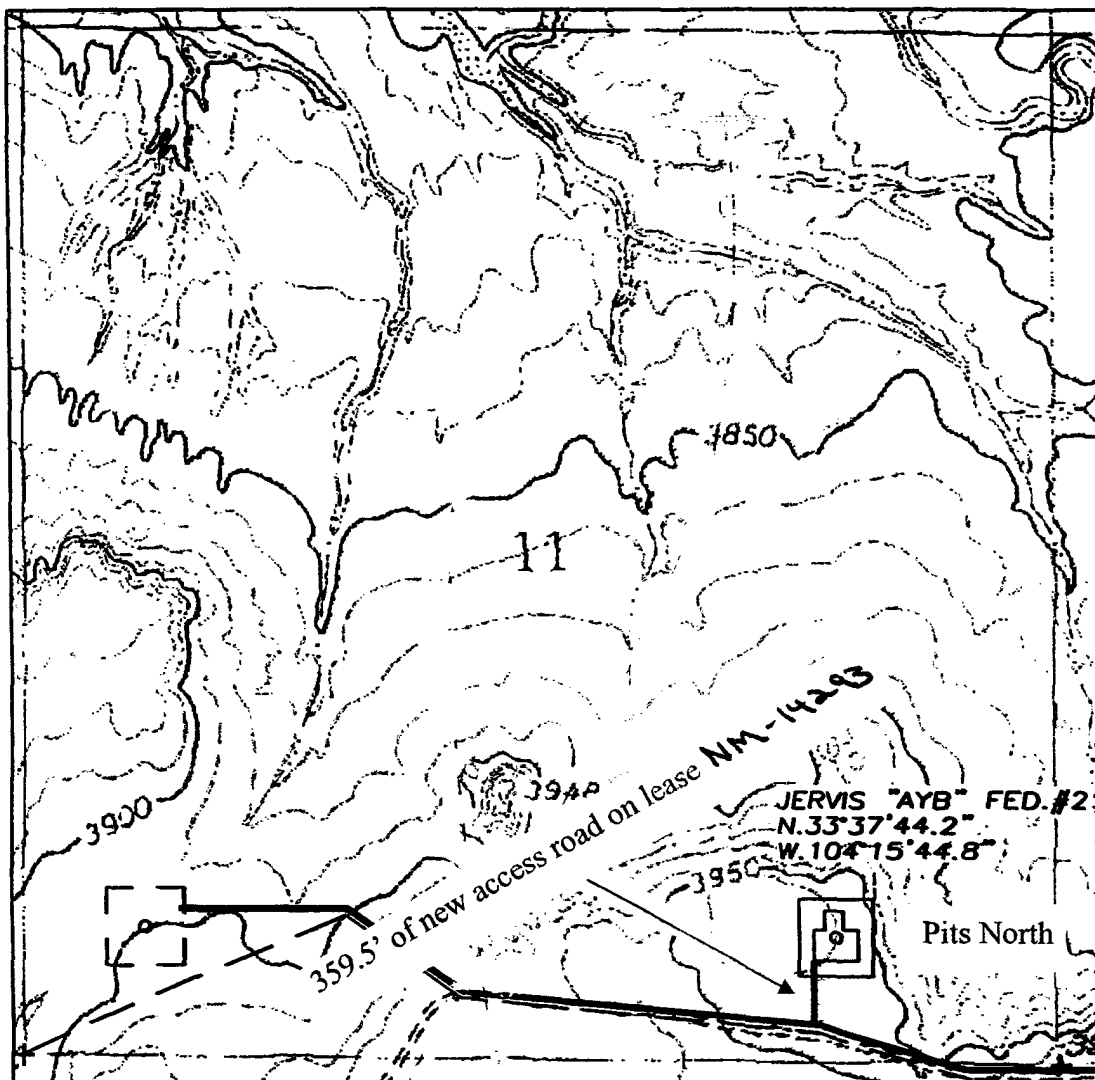
Certificate No. Hernandez Jones RLS 3640

JERVIS 2

PROFESSIONAL LAND SURVEYOR

GENERAL SURVEYING COMPANY

SECTION 11, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



ROW  
NM - 110268  
RW - 28884

660' FSL and 1140' FEL

Yates Petroleum Corporation  
Jervis AYB Federal #2  
660' FSL and 1140' FEL, Unit P  
Section 11, T8S-R26E  
Chaves County, New Mexico

1000' 0 1000' 2000'  
Scale 1" = 1000'

THE PREPARATION OF THIS PLAN AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAN ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEETS 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.

HERSCHEL L. JONES, P.L.S. No. 3840

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES JERVIS "AYB" FEDERAL #2 LOCATED IN SECTION 11, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 2/13/2002	Sheet 1 of 1 Sheets
Drawn By: Ed Blasing	W.D. Number
Date: 2/14/02	Scale 1" = 1000' JERVIS 2

# YATES PETROLEUM CORPORATION

## Jervis AYB Federal #2

1980' FSL and 660' FEL, Unit I

Section 11,-T8S-R26E

Chaves County, New Mexico

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

San Andres	1145'
Glorieta	2240'
Yeso	2365'
Tubb	3815'
Abo	4535'
Wolfcamp	5235'
Cisco	5810'
Strawn	5930'
Miss	6165'
Siluro-Devonian	6210'
Basement	6350'
TD	6500'

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 zones.

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>
14.75	9.625	36#	J-55	ST&C	0-1100'
8.75	5.5	15.5#	J-55	ST&C	0-6500'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.00, Tensile Strength 1.8

A. CEMENTING PROGRAM:

Surface Casing: 700 sx Lite "C" (YLD 2.0 WT 12.6). Tail in with 200 sx "C"  
+ 2% CaCL<sub>2</sub> (YLD 1.32 WT 14.80).

Production Casing: 700 sx Lite Crete (YLD 2.92 WT 9.80). Tail in with 900 sx Pecos  
Valley Lite (YLD 1.41 WT 13.0)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW GEL	8.6 – 8.8	32-34	N/C
1100'-4450'	Brine Water	9.8-10.0	28	N/C
4450'- TD	Salt Gel/Starch/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 out from under surface casing.

Logging: CNL/LDT/NGT--TD-Surf csg; CNL/GR --TD --Surface; DLL/MS  
FL--TD-Surf csg; BHC Sonic--TD-SURF CSG: FMI--TD-Top of Wolfcamp:  
CMR-Strawn Sands

Coring: Sidewall  
DST's: None

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

Anticipated BHP:

From: 0	TO: 1100'	Anticipated Max. BHP: 505 PSI
From: 1100'	TO: 6500'	Anticipated Max. BHP: 3380 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S 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 30 days to drill the well with completion taking another 20 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**YATES PETROLEUM CORPORATION**  
**Jervis AYB Federal #2**  
1980' FNL and 660' FEL, Unit I  
Section 11,-T8S-R26E  
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 20 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Drive northeast of Roswell on Highway 70 approximately 20 miles to the Radio Towers. Turn Left at Second Gate go thru a cattle guard, drive to next cattle guard where the lease road begins, continue east for approx. 2.8 miles to the NE corner of the Pay AYY Federal Com. #1 well, the new road is staked going north/northeast, follow staking for approximately 0.5 of mile to an existing lease road, turn right (East) on existing road and continue for approx. 0.4 of a mile to a lease road on right (south), turn right and continue for approx. 200', the road is on the left (East), Turn Left, Continue for approx. 0.5 of a mile to the SW corner of the Jervis AYB Federal #6 turn right (South), new road is staked, follow approx. 0.9 of a mile to the SW corner of the Jervis AYB Federal #3 Location, turn right (west) and follow new road stakes for Approx 0.2 of a mile to the SE corner of the Location.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 0.2 of a mile in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a north to south direction turning into the SW corner of the location.
- 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.
- 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 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 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.

11. SURFACE OWNERSHIP:

Bureau of Land Management  
Roswell Field Office  
Roswell, 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.

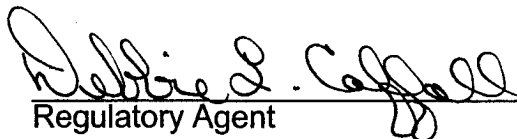
13. OPERATOR'S REPRESENTATIVE:

- |   |   |
|---|---|
| A. Through A.P.D. Approval:<br>Debbie L. Caffall, Permit 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 |
|---|---|

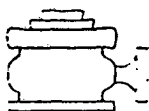
14. CERTIFICATION:

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.

06/09/2006

  
Regulatory Agent

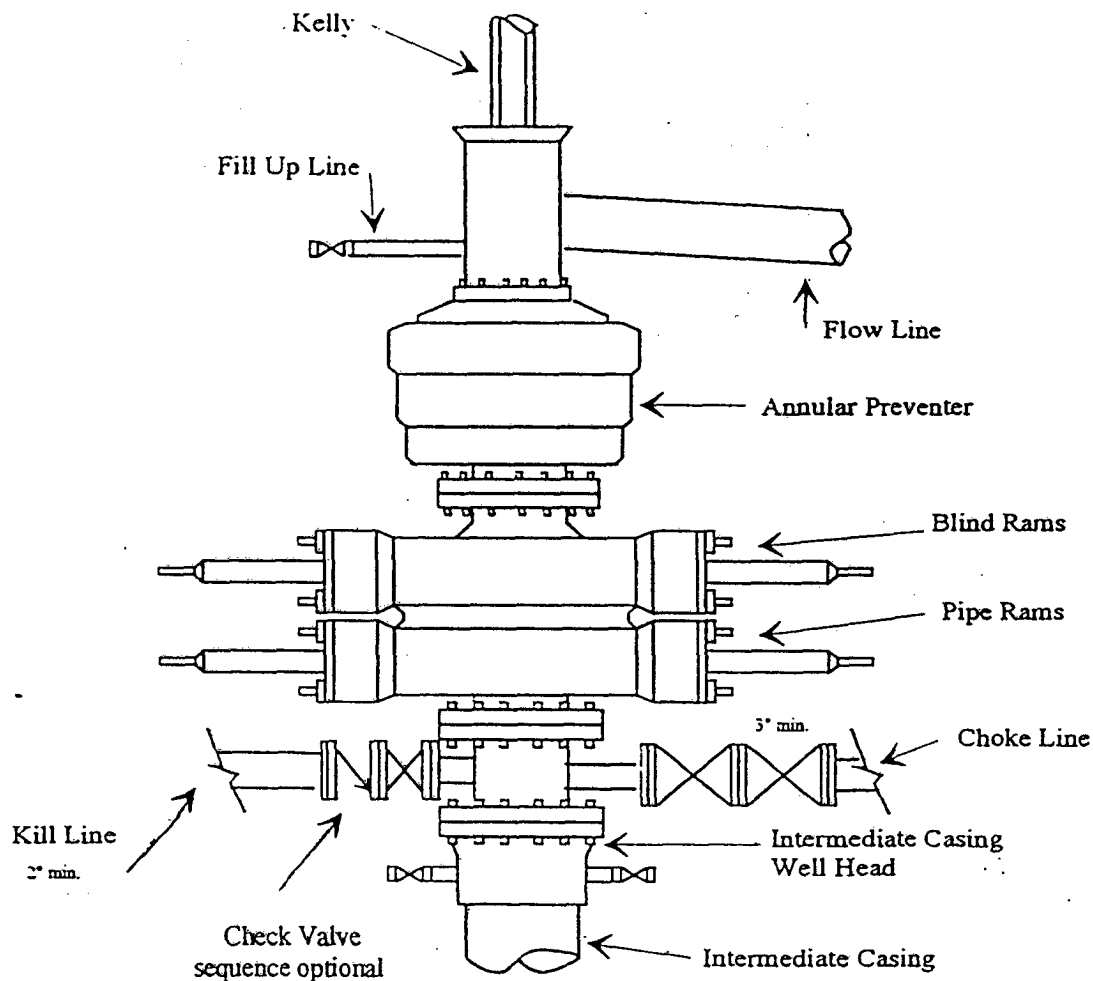




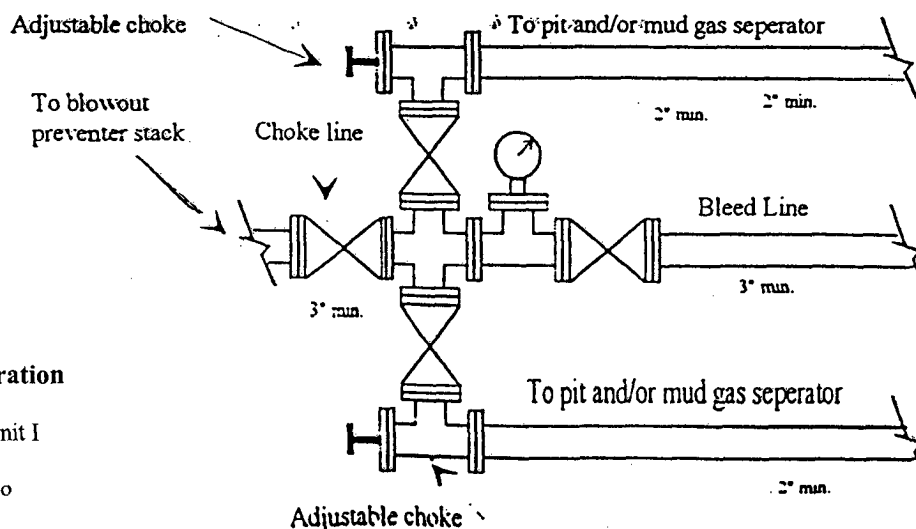
# Yates Petroleum Corporation

BOP-3

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



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



Yates Petroleum Corporation  
Jervis AYB Federal #2  
1980' FSL and 660' FEL, Unit I  
Section 11, T8S-R26E  
Chaves County, New Mexico  
Exhibit "B"

**III. WELL SUBSURFACE REQUIREMENTS:**

**A. GENERAL DRILLING REQUIREMENTS:**

1. The Bureau of Land Management (BLM) Roswell Field Office is to be notified at (505) 627-0272 in sufficient time for a representative to witness:

a. Spudding

b. Cementing casing: 9-5/8 inch 5-1/2 inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

**B. CASING:**

1. 9-5/8 inch surface casing should be set **at approximately 1100 feet**, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the BLM Roswell Field Office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the 5-1/2 inch production casing is **sufficient to tie back 500 feet above the uppermost perforation in the pay zone.**

**C. PRESSURE CONTROL:**

1. Before drilling below the 9-5/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.

3. The BOPE shall be installed before drilling below the 9-5/8 inch surface casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

a. The results of the test shall be reported to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.

b. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

c. Testing must be done in a safe workman like manner. Hard line connections shall be required.