

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

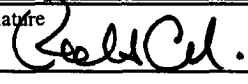
0
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-14983	
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. Not Applicable	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Monaghan "QY" Federal #16	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-005-63433	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 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* Approximately twenty-five (25) miles northeast of Roswell, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Section 21, T5S-R24E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. County or Parish Chaves County	13. State NM
16. No. of Acres in lease 2560		17. Spacing Unit dedicated to this well 320 acres - N/2	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		19. Proposed Depth 5230'	
20. BLM/BIA Bond No. on file NM-2811		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3988' 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 9/8/03
Title: Regulatory Agent		
Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date OCT 20 2003
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)

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II

811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ 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		⁶ Well Number
	Monaghan QY Federal		16
⁷ OGRID No.	⁸ Operator Name		⁹ Elevation
025575	Yates Petroleum Corporation		3988

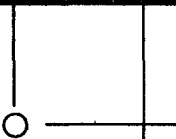

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	5S	24E		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 320.00	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

6	NM-14983	660' 	1980'
			<div style="border: 1px solid black; padding: 5px;"> <p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p style="text-align: right;"></p> <p><small>Signature</small></p> <p>Robert Asher</p> <p><small>Printed Name</small></p> <p>Regulatory Agent</p> <p><small>Title</small></p> <p>09/08/2003</p> <p><small>Date</small></p> </div>
			<div style="border: 1px solid black; padding: 5px;"> <p>18 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>REFER TO ORIGINAL PLAT</p> <p><small>Date of Survey</small></p> <p><small>Signature and Seal of Professional Surveyor:</small></p> <p><small>Certificate Number</small></p> </div>

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-103

Revised February 10, 1994

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DB, Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Grande Rd., Aztec, NM 87410

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat PreCambrian
Property Code	Property Name MONAGHAN "QY" FEDERAL	Well Number 16
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3988

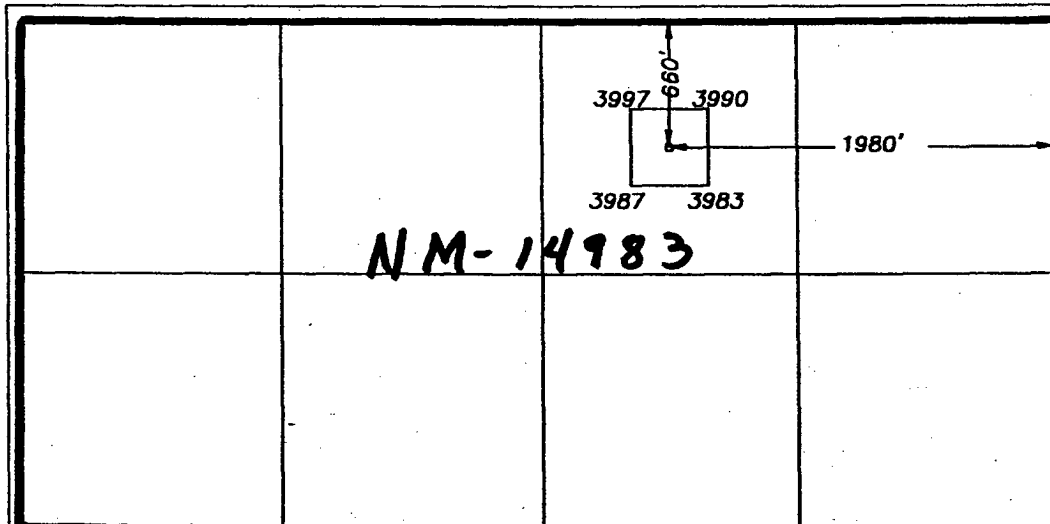
Surface Location

UL or lot No. B	Section 21	Township 5S	Range 24E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1980	East/West line EAST	County 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 320.00					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 information contained herein to be true and complete to the best of my knowledge and belief.

Pat Perez
Signature

Pat Perez
Printed Name

Regulatory Agent
Title

7/12/01
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.

1/12/2000

Date Surveyed

Signature & Seal of
Professional Surveyor

Herschell Jones
3640
SURVEYOR

Certificate No. Herschell Jones RLS 3640
MONAGHAN-16 DISK 22
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Monaghan "QY" Fed. #16
660' FNL and 1980' FEL
Section 21, T5S-R24E
Chaves County, New Mexico

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

San Andres	590'
Glorieta	1425'
Yeso	1550'
Tubb	2920'
Abo	3495'
Wolfcamp	4345'
Basement	5130'
TD	5230'

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	0-900'
11	8 5/8"*	24#	J-55	ST&C	0-1500'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5230'

*8 5/8" will only be set if lost circulation is encountered

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance 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 to do the testing. Also, the maximum shut-in bottom hole pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.

A. CEMENTING PROGRAM:

Surface Casing: 200 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL2 (YLD 1.32 WT 15.6).

Intermediate Casing: 250 sx Lite (YLD 2.0 WT 12.0) Tail with 200 sx Class C+2% CACL2 (YLD 1.32 WT 14.8)

Production Casing: 350 sx Super "C" (YLD 1.67 WT 13.0). 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 - 9.0	32-36	N/C
900'-1500'	Cut Brine	8.4 - 9.0	29	N/C
1500'-3470'	Brine	10 -10.2	28	N/C
3470'-5230'	Salt Gel/Starch/Oil/LCM	9.0-9.8	34-45	<10/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: 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: 900'	Anticipated Max. BHP: 375 PSI
From: 900'	TO: 5230'	Anticipated Max. BHP: 2500 PSI

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
Monaghan "QY" Fed. #16
660' FNL and 1980' FEL
Section 21, T5S-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 wellsite is located approximately 25 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Drive North of Roswell on HWY 285 approx. 25 miles to Dona Ana Road & turn right. Drive approx. 10.5 miles (approx. 1000' past cattle guard & Stancel Corrals) to lease road on the left (North) side (Myco Sign on Road) Turn left & follow road past Stancel #1 location continue on road past Stancel #2. Follow road to the right – past Frank "SR" Com. #1 & past Huggins Fed. #1 – continue on rd. approx. 0.2 of a mile & turn left (West) at intersection & drive approx. 0.1 of a mile & turn left (SW) on lease road at intersection. Follow road south approx. 1 mile & turn right at intersection. Drive approx. 0.2 of a mile & turn left (South). Just before Grynberg 16 #2 well. Drive south approx. 0.2 of a mile to the Monaghan "QY" Fed. #4 where the access road is staked on the left (East) side of the road going east approx. 1000' to the southwest corner of the location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1000' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a west to east 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.
- 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 landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES:

Yates Petroleum Corporation wishes to run a 1100' on lease 2" X-42 buried steel natural gas pipeline to connect the Monaghan "QY" Fed. #16 well and tie into existing pipeline connection the Monaghan "QY" Fed. #4

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.

11. SURFACE OWNERSHIP:

Shannon Kaiser
Buna Jean Glenn
P.O. Box 56
Pep, NM 88126
An Agreement has been reached with the landowner
Concerning surface use in drilling this well.

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:
Robert Asher, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

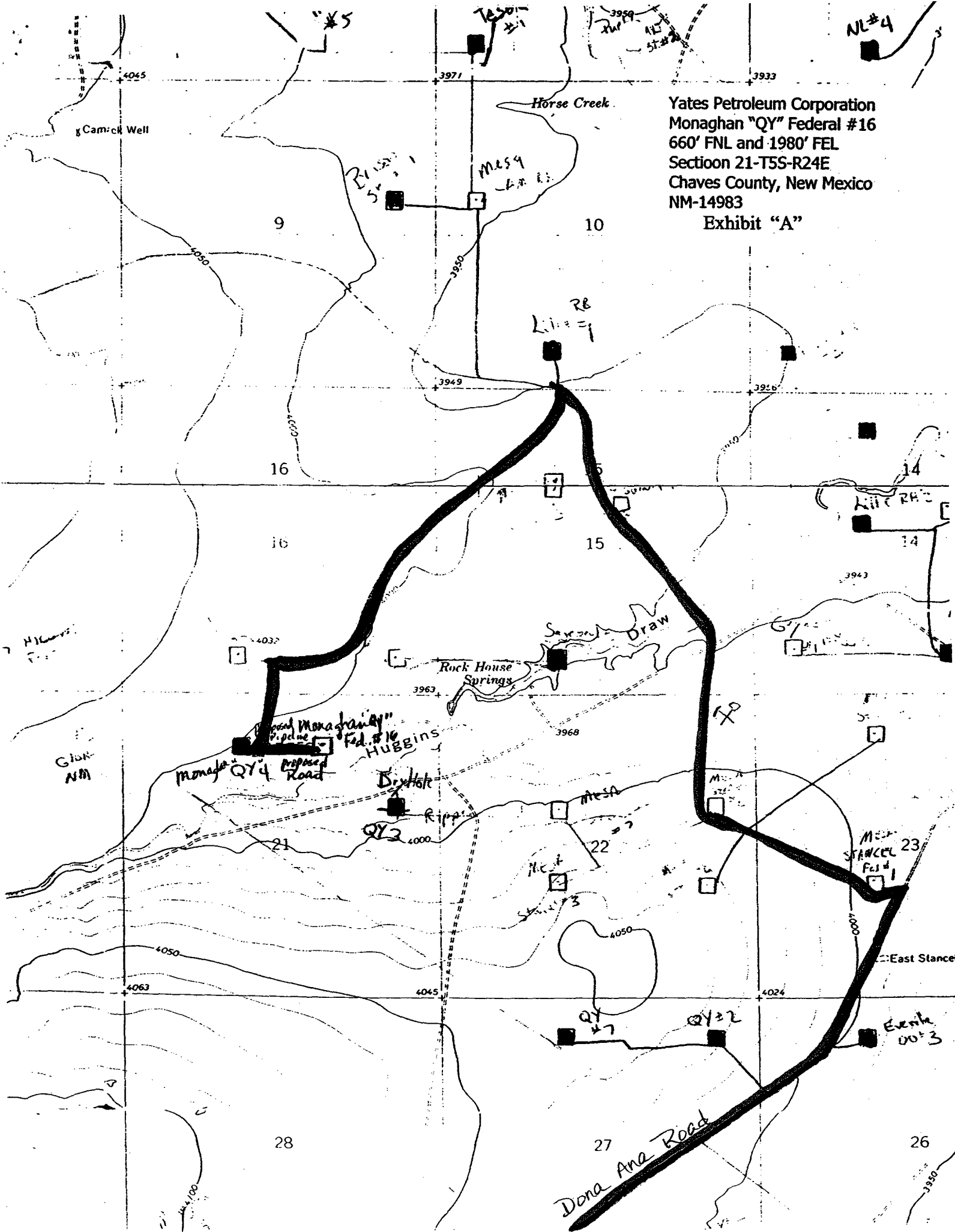
14. CERTIFICATION:

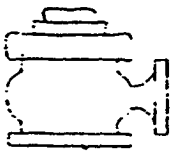
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated 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.

09/08/2003


Regulatory Agent

Yates Petroleum Corporation
Monaghan "QY" Federal #16
660' FNL and 1980' FEL
Section 21-T5S-R24E
Chaves County, New Mexico
NM-14983
Exhibit "A"



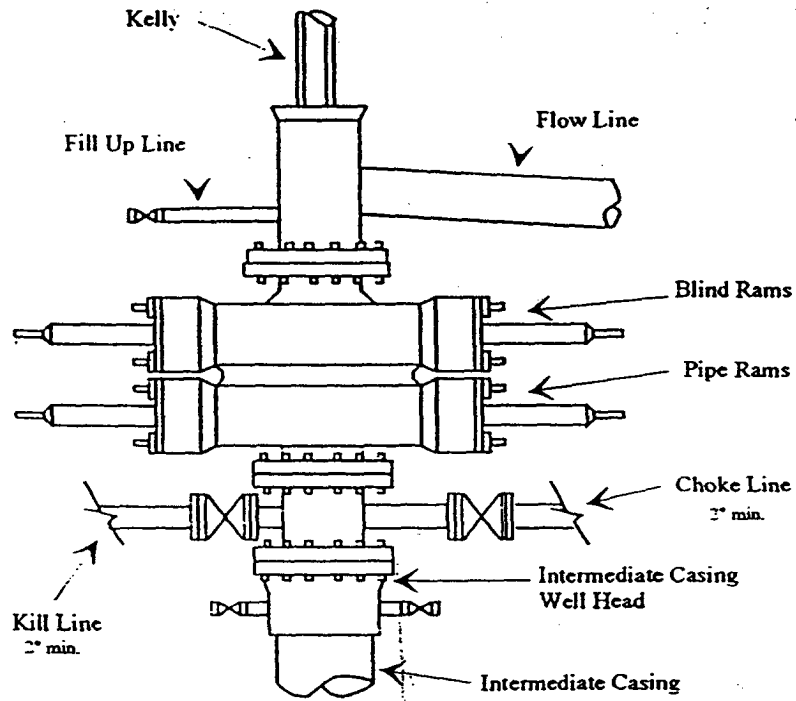


Yates Petroleum Corporation

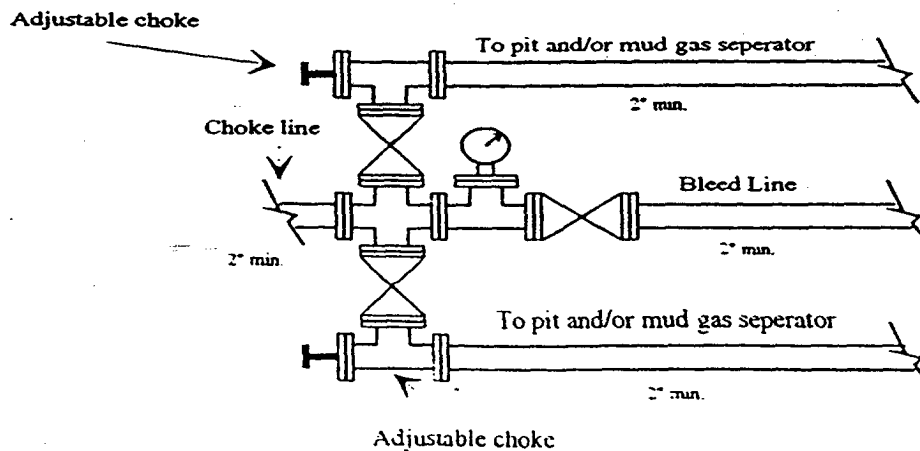
BOP-2

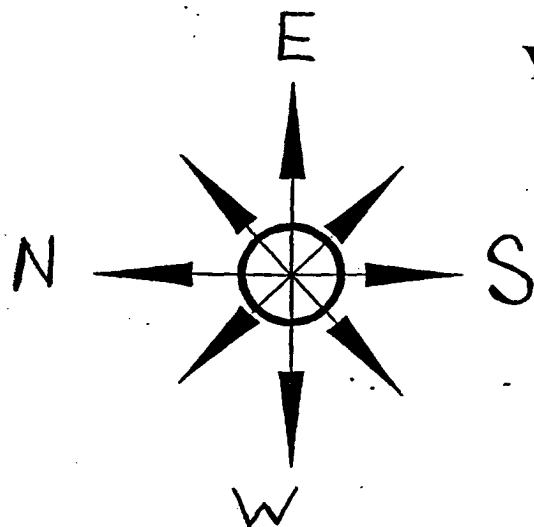
Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation
Monaghan "QY" Federal #16
660' FNL and 1980' FEL
Section 21-T5S-R24E
Chaves County, New Mexico
NM-14983
Exhibit "B"



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





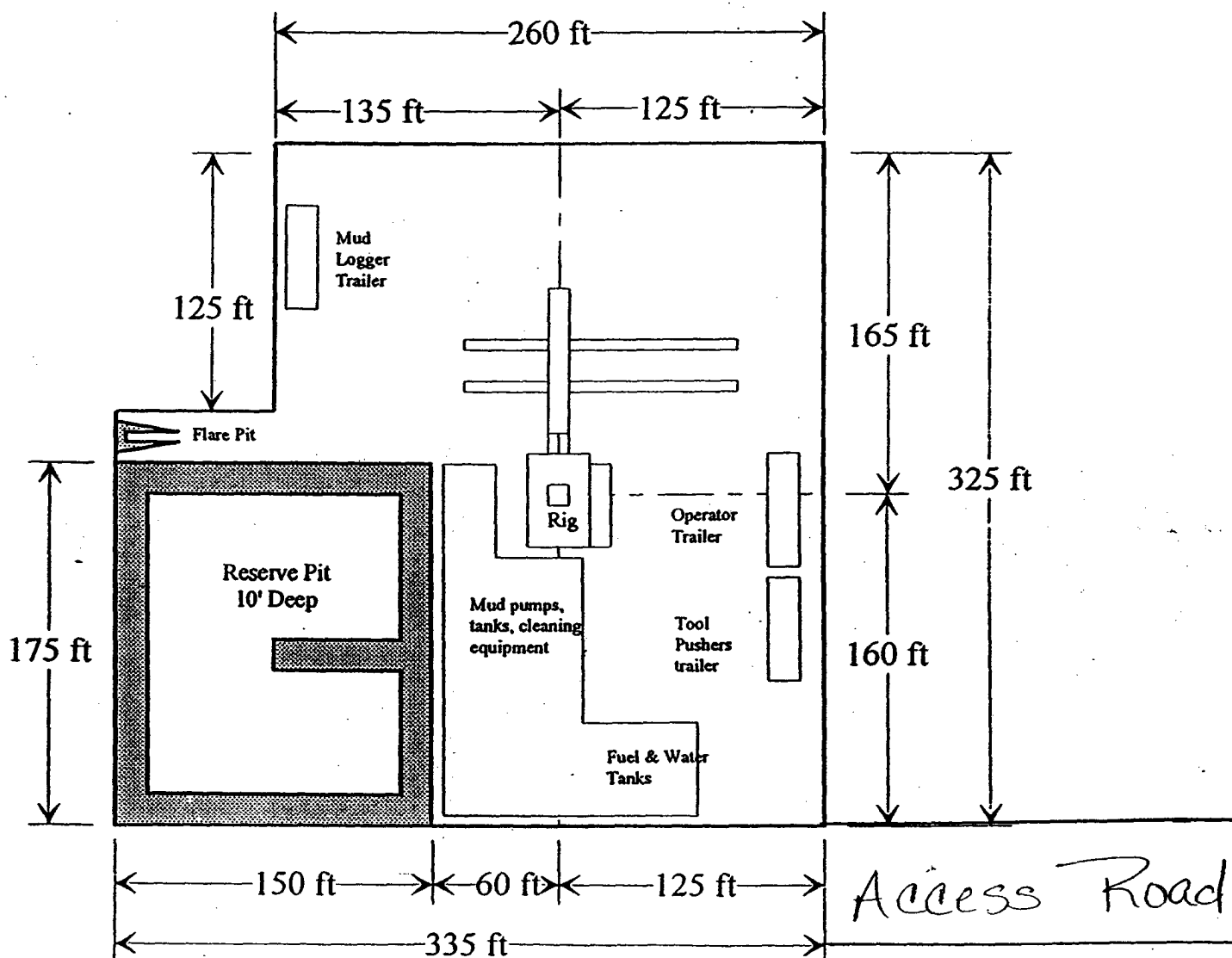
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation
Monaghan "QY" Federal #16
660' FNL and 1980' FEL
Section 21-T5S-R24E
Chaves County, New Mexico
NM-14983

Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

State

Exhibit "D"

