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OCD-ARTESIA

Bauer
04-08N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210Form 3160-3
(August 1999)

0192

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

5. Lease Serial No.

NM-92742

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Zingaro ANG Federal #6

9. API Well No.

30-015-32367

10. Field and Pool, or Exploratory

Indian Basin Upper Penn Associated

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

Section 1, T22S-R23E

12. County or Parish

Eddy 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 660' FEL

At proposed prod. Zone

Same

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

Approximately 31 miles northwest of Carlsbad, New Mexico.

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

1318.35

17. Spacing Unit dedicated to this well

E/2

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

1500'

19. Proposed Depth

8200'

20. BLM/BIA Bond No. on file

585997

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3976' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 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

Name (Printed/Typed)

Date

Cy Cowan

12/4/03

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed/Typed)

/s/ Joe G. Lara

Date

13 JAN 2004

Title

ACTING

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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.

APPROVAL FOR 1 YEAR

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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Witness Surface Casing

District I
1825 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Indian Basin Upper Penn Associated
Property Code	Property Name	Well Number
	ZINGARO "ANG" FEDERAL	6
OGRID No.	Operation Name	Elevation
025575	YATES PETROLEUM CORPORATION	3976

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
I	1	22-S	23-E		1980	SOUTH	660	EAST	EDDY

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									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
	Signature
	Printed Name Cy Cowan
	Title Regulatory Agent
	Date December 5, 2003
	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 KNOWLEDGE AND BELIEF.
	Date of Survey MAY 30, 2002
	Signature and Seal of Professional Surveyor

YATES PETROLEUM CORPORATION
Zingaro "ANG" Federal #6
1980' FSL & 660' FEL
Sec. 1-T22S-R23E
Eddy County, New Mexico

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

San Andres	520'
Glorietta	2194
Bone Springs	2941
2 nd Bone Springs	3261'
3 rd Bone Springs	6668'
Wolfcamp	6740'
Cisco Canyon Dolomite	7526'
Base of Dolomite	7884'
TD	8400'

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

Water: 250' - 350'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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>	<u>Length</u>	WITNESS
17 1/2"	13 3/8"	48#	H-40	ST&C	0-350'	350'	
12 1/4"	9 5/8"	36#	J-55	LT&C	0-2250'	2250'	
8 3/4"	7"	26#	J-55	LT&C	0-100'	100'	
8 3/4"	7"	23#	J-55	LT&C	100'-5800'	5700'	
8 3/4"	7"	26#	J-55	LT&C	5800'-8200'	2300'	

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

B. Cementing Program:

Surface Casing: 300 sx Lite (YLD 2.0 WT 12.6) tail with 200 sx Class 'C' +2% CaCL₂
(YLD 1.33 WT 15.6)

Intermediate Casing: 750 sx Lite (YLD 2.0 WT 12.6) tail with 300 sx 'C' + 2% CaCL₂
(YLD 1.33 WT 15.6)

Production Casing Stage I: 650 sx 'H' + 5# Gilsontite + 5# CSE (YLD 1.32 WT 15.1)
Stage II: 850 sx Lite (YLD 2.0 WT 15.6), Tail with 100 sx 'C'
(YLD 1.33 WT 15.6)

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/Air Mist	8.4	28	N/C
350'-2250'	FW/Air Mist	8.4	28	N/C
2250'-7550'	Cut Brine	8.6-9.0	28	N/C
7550'-8200'	Cut Brine/Starch Salt Gel	9.0-9.4	28-32	<12cc

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 from intermediate casing.

Logging: Platform Express/HALS/NGT.

Coring: None anticipated

DST's: None anticipated.

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

Anticipated BHP:

From: 0	TO: 350'	Anticipated Max. BHP:	150	PSI
From: 350'	TO: 2250'	Anticipated Max. BHP:	900	PSI
From: 2250'	TO: 8200'	Anticipated Max. BHP:	4000	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface and intermediate holes.

H₂S Zones Anticipated: Possible Canyon Formation.

Maximum Bottom Hole Temperature: 178 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 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Zingaro "ANG" Federal # 6

1980' FSL & 660' FEL

Sec. 1-T22S-R23E

Eddy 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 31 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 to Highway 137. Turn west on Highway 137 and go approximately 12.8 miles. Turn west on lease road and go approximately .3 of a mile to the Zingaro ANG Federal #1 Compressor Site. From the southwest corner of the Zingaro ANG Federal #1 the new access road will start here going south following and existing pipeline right-of-way.

2. PLANNED ACCESS ROAD

The new access will go approximately 0.2 of a mile south turn east and go approximately 500 feet to the northwest corner of the well location.

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.

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:

The dirt contractor will locate closest pit and will 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: 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 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.

11. SURFACE OWNERSHIP: Federal Surface, Administered by the Bureau of Land Management, Carlsbad, 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:

Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

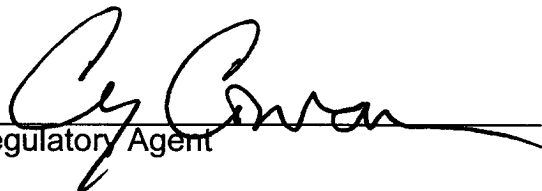
B. Through Drilling Operations,
Completions and Production:

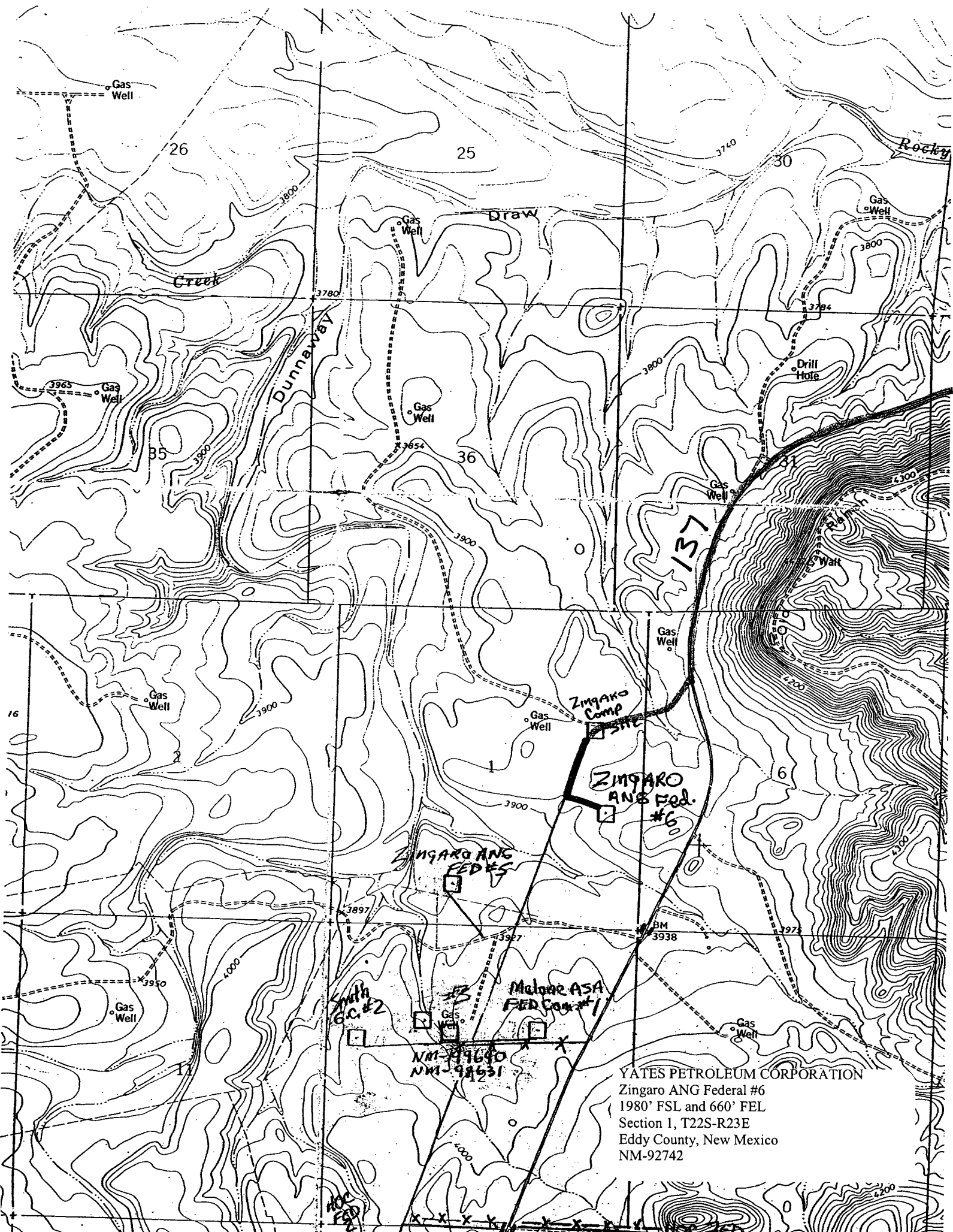
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

12/5/03


Regulatory Agent



YATES PETROLEUM CORPORATION
Zingaro ANG Federal #6
1980' FSL and 660' FEL
Section 1, T22S-R23E
Eddy County, New Mexico
NM-92742

NM-91640
NM-92531

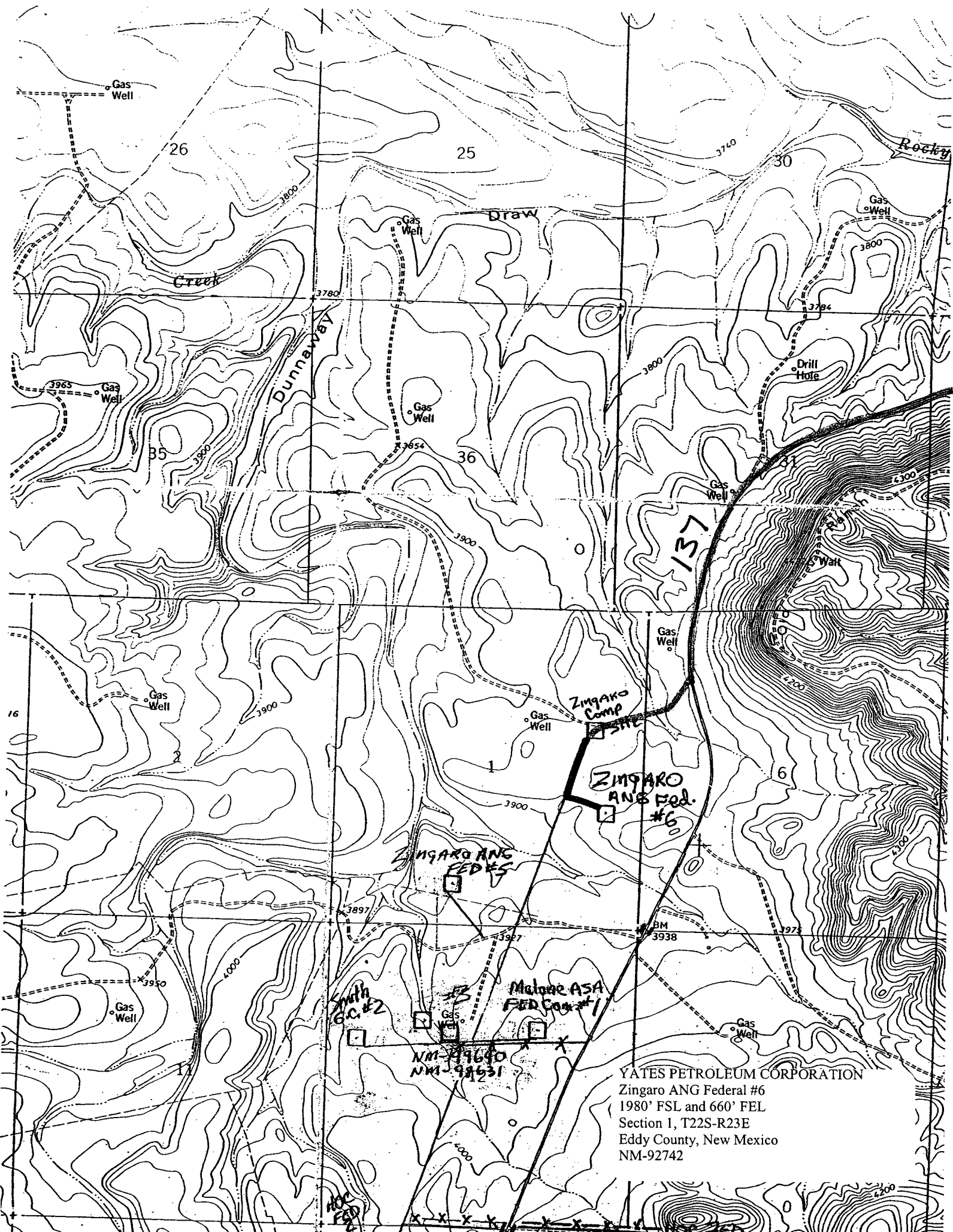
Smith
G.C. #2

Malone ASA
FED. #1

Zingaro
Comp

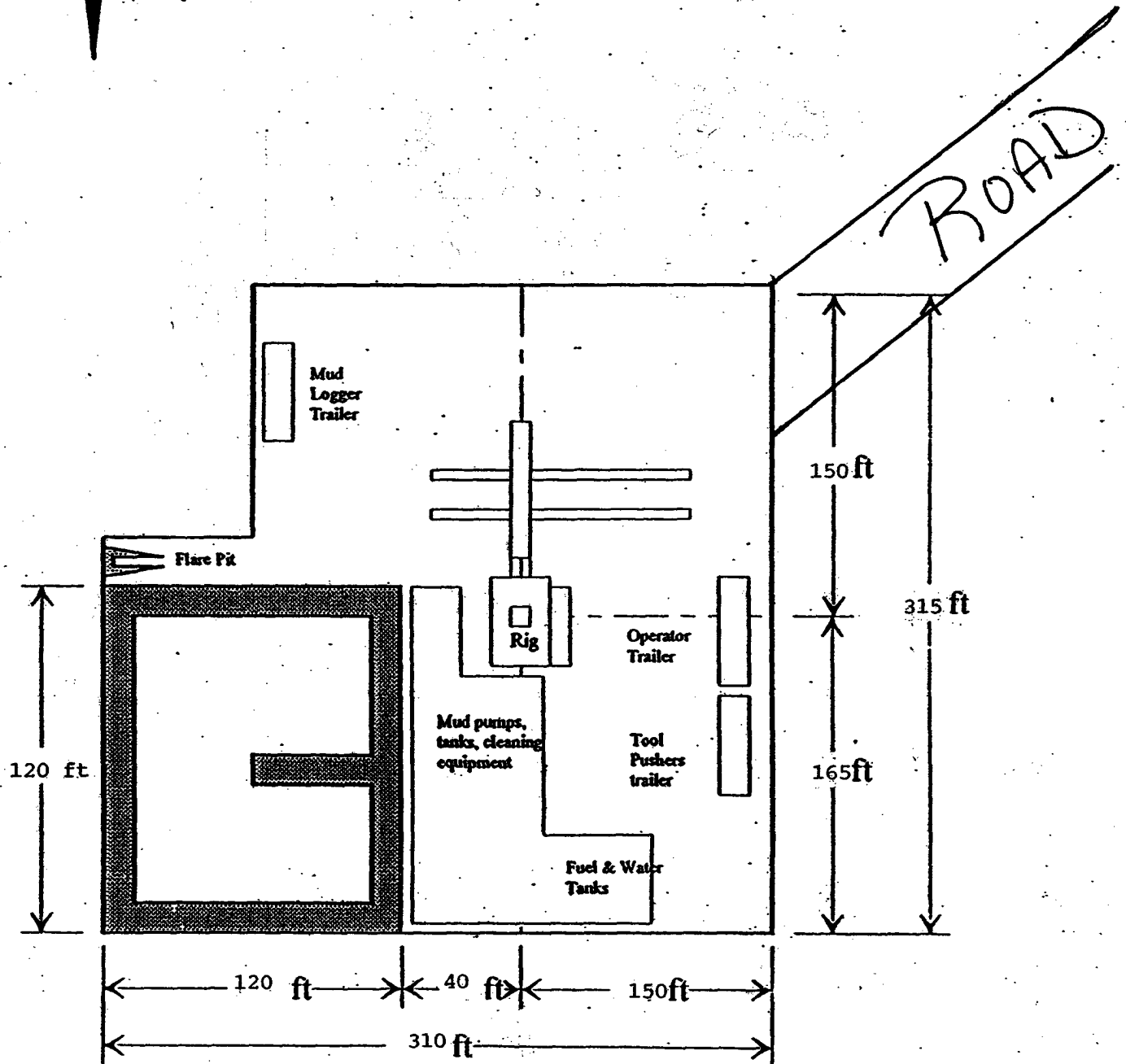
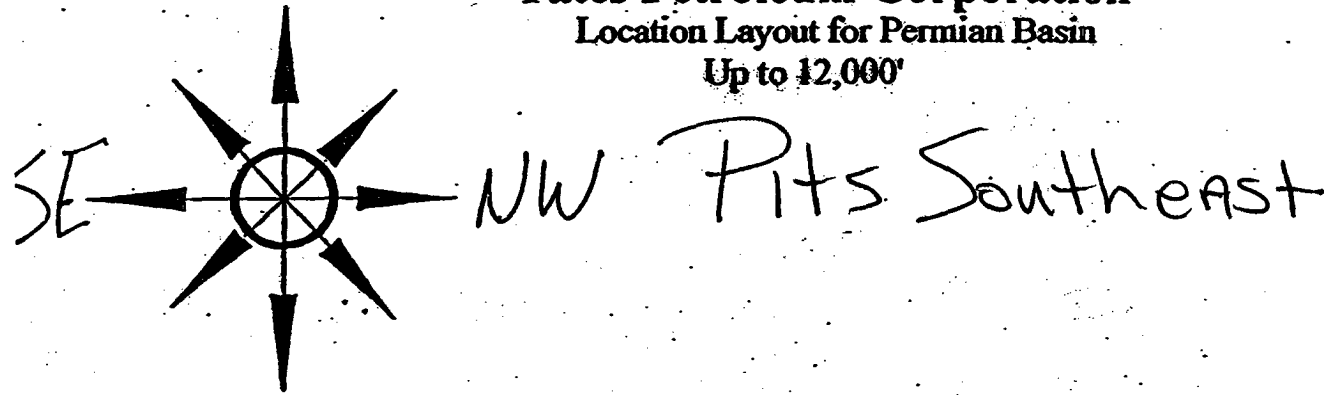
ZINGARO
ANG FED.
#6

ZINGARO ANG
FED. #5



YATES PETROLEUM CORPORATION
Zingaro ANG Federal #6
1980' FSL and 660' FEL
Section 1, T22S-R23E
Eddy County, New Mexico
NM-92742

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

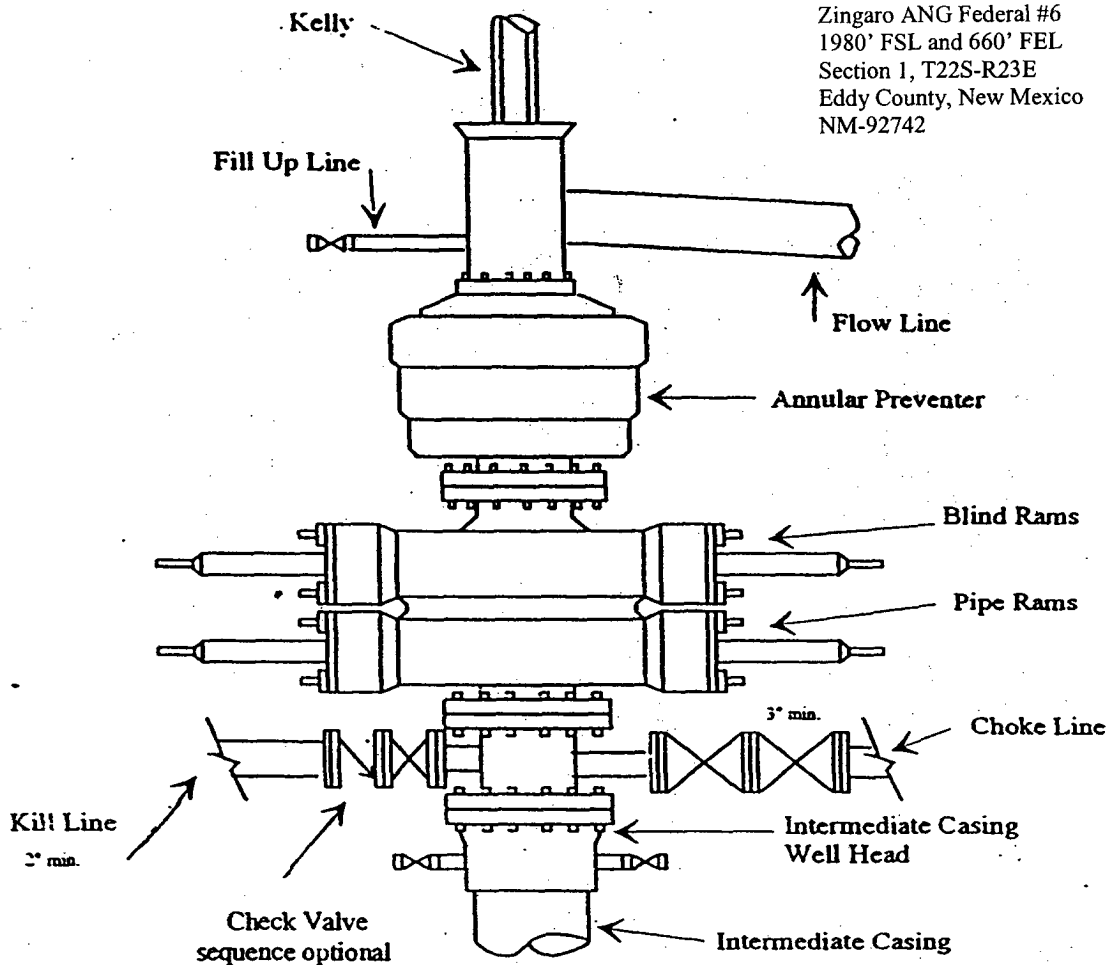


Yates Petroleum Corporation

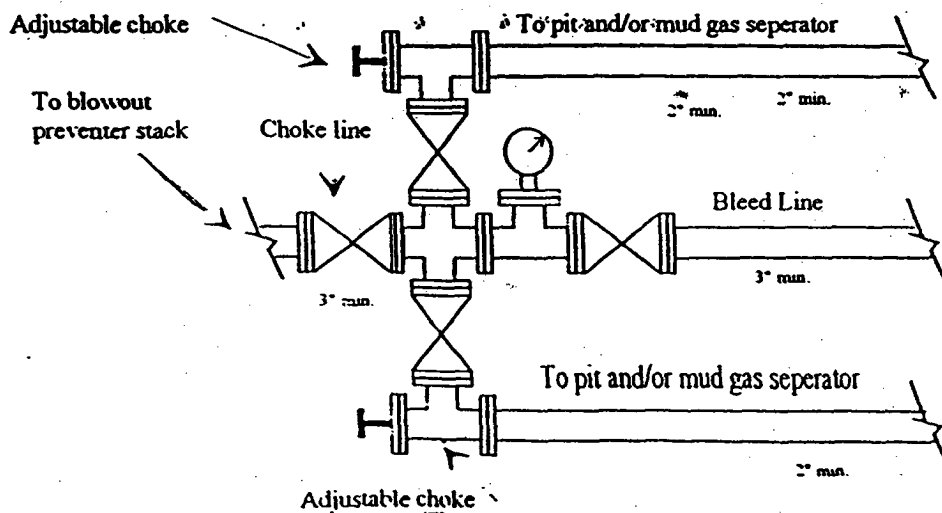
BOP-3

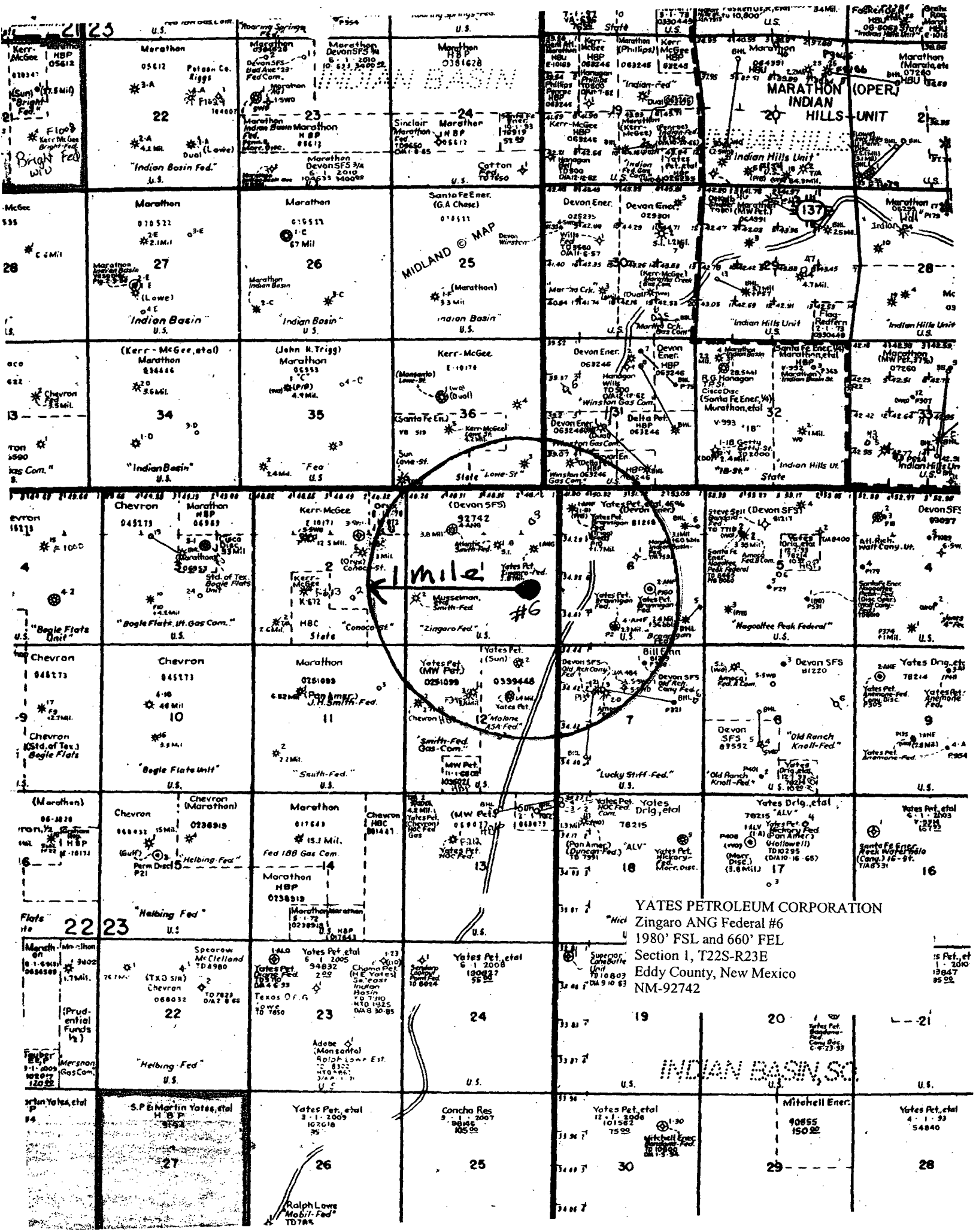
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

YATES PETROLEUM CORPORATION
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Section 1, T22S-R23E
Eddy County, New Mexico
NM-92742



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





Yates Petroleum Corporation

**105 S. Fourth Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

For

Zingaro ANG Federal #6

1980' FSL, 660' FEL

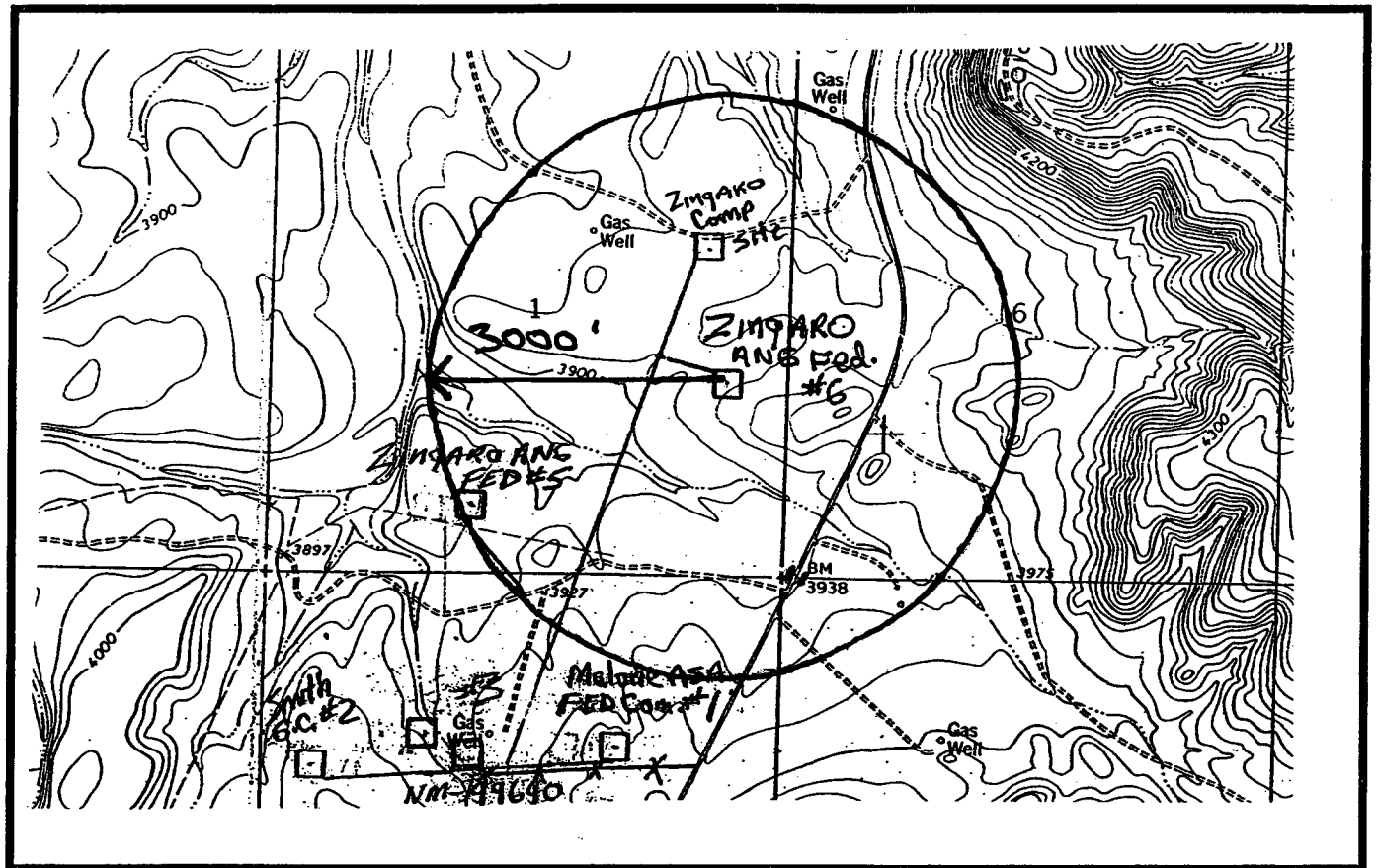
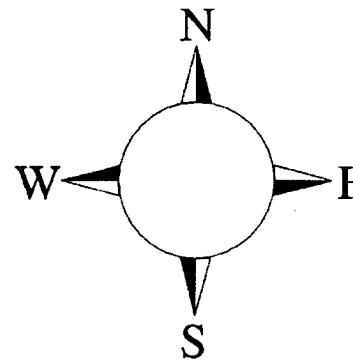
Sec-1, T-22S, R-23E

Eddy County NM

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Zingaro ANG Federal #6

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office	(505) 748-1471
Pinson McWhorter/Operations Manager	(505) 748-4189
Darrel Atkins/Production Manager	(505) 748-4204
Ron Beasley/Prod Superintendent	(505) 748-4210
Al Springer/Drilling	(505) 748-4225
Paul Hanes/Prod. Foreman/Roswell	(505) 624-2805
Jim Krogman/Drilling Superintendent.....	(505) 748-4215
Artesia Answering Service	(505) 748-4302
(During non-office hours)	

Agency Call List

Eddy County (505)

Artesia

State Police.....	746-2703
City Police.....	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee)	746-2122
NMOCD.....	748-1283

Carlsbad

State Police.....	885-3137
City Police.....	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management.....	887-6544

New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	(505) 827-9126
National Emergency Response Center (Washington, DC)	...(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton	(505) 746-2757
B. J. Services.....	(505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	(505) 842-4949