

Form 160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

OMB No. 1004-0136
Expires November 30, 2000

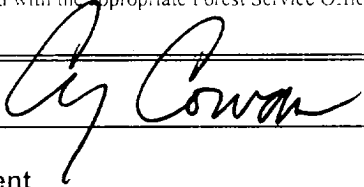
APPLICATION FOR PERMIT TO DRILL OR REENTER

1. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-33266	
2. Name of Operator Yates Petroleum Corporation		6. If Indian, Allottee or Tribe Name	
3a. Address: 105 South Fourth Street Artesia, New Mexico 88210		7. If Unit or CA Agreement, Name and No. 12286	
3b. Phone No. (include area code) (505) 748-1471		8. Lease Name and Well No. Huggins Federal #4	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) A. Surface: 1400' FNL & 660' FEL B. proposed prod. Zone: same as above Unit F		9. API Well No. 30-005-63327	
11. Distance in miles and direction from nearest town or post office* Approximately 33 Northeast of Roswell, New Mexico		10. Field and Pool, or Exploratory Pecos Slope Abo	
12. County or Parish Chaves		13. State NM	
14. Distance from proposed* location to nearest property or lease line, ft. 660'	16. No. of Acres in lease 160 -320	17. Spacing Unit dedicated to this well NE/4	
15. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1500'	19. Proposed Depth 3970'	20. BLM BIA Bond No. on file 585997	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3951' GL	22. Approximate date work will start* ASAP	23. Estimated duration 30 Days	


24. Attachments

1. 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 SUIPO 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. |

2. Signature 	Name (Printed/Typed) Cy Cowan	Date 9/21/00
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Title Regulatory Agent	Name (Printed/Typed) Cy Cowan	Date 9/21/00
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Approved by (Signature) 	Name (Printed/Typed) Assistant Field Manager	Date JAN 11 2001
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Title Assistant Field Manager, Lands and Minerals	Office Artesia, NM	APPROVED FOR 1 YEAR
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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)

9 5/8"

Notify OCD spud & time to witness
cementing of 9 5/8" CASING

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

DISTRICT III
1100 E. Frontier Rd., Artes, NM 87410

Form C-102
Revised February 10, 1984
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fed Lease - 3 Copies

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

☐ AMENDED REPORT

API Number		Pool Code		Pool Name Pecos Slope Abo					
Property Code		Property Name HUGGINS FEDERAL						Well Number 4	
OGRE No. 025575		Operator Name YATES PETROLEUM CORPORATION						Elevation 3951	
Surface Location									
Tract or Lot No. H	Section 15	Township 5S	Range 24E	Lot Idn	Feet from the 1400	North/South line NORTH	Feet from the 660	East/West line EAST	County CHAVES
Bottom Hole Location If Different From Surface									
Tract or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 160 +20		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

Hand-drawn map showing a survey area with grid lines. The map includes the following labels and dimensions:

- Top Left:** NM-33266
- Top Center:** 1980'
- Top Right:** 1400'
- Right Side (Vertical Line):** 1980'
- Bottom Left:** * Huggins Fed. #1
- Right Side (Horizontal Line):** 660'
- Right Side (Vertical Line):** 3962, 3952, 3960, 3953

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

best of my knowledge and belief.

Signature

Cy Cowan

Regulatory Agent

Title

September 21, 2000

Date

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.

1/06/2000

Date Surveyed _____

Signature & Seal of
Professional Surveyor

Certificate No. Herschel L. Jones RLS 3640

HUGGINS & DISK 2
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Huggins Federal #4
1400' FNL AND 660' FEL
Sec. 15-T5S-R24E
Chaves County, New Mexico

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

San Andres	585'
Glorieta	1425'
Yeso	1540'
Tubb	2910'
Abo	3545'
TD	3970'

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

Water:	225'-325'
Oil or Gas:	3545'

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</u>	<u>Size Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	11 3/4"	42#	H40	ST&C	0-900'	900'
11"	8 5/8"*	24#	J55	ST&C	0-1500'	1500'
7 7/8"	4 1/2"	10.5#	J55	ST&C	0-3970'	3970'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80
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.

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

B. CEMENTING PROGRAM:

Surface casing: Cement with 200 sx Lite "C" (Yield 2.0, Wt. 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (Yield 1.33, wt. 15.6).

Intermediate Casing: 300 sx Lite (Yield 2.0, Wt. 12.0) Tail in with 200 sx Class "C" + 2% CaCl₂ (Yield 1.33 Wt. 14.8)

Production Casing: TOC 3000' Cement with 300 sx Super "C" Modified (Yield 1.67 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>
Spud - 900'	FWGel/Paper/LCM	8.6-9.0	32-36	N/C
900' - 1500'	FW or Cut Brine	8.4-9.0	29	N/C
1500' - 3520'	Brine	10.0-10.2	28	N/C
3520' - 3970'	Salt Gel/Starch/Oil/LCM	9.1-9.4	34-35	<10cc

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: 20' samples out from surface casing to TD.

Logging: DLL/MSFL, Neutron Density TD to surface casing; with GR/CNL to surface.

Coring: None

DST's: None

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	To: 900'	Anticipated Max. BHP:	375 PSI
From: 900'	To: TD	Anticipated Max. BHP:	1100 PSI

Abnormal Pressures Anticipated: None

Lost Circulation zones anticipated: None

H₂S Zones Anticipated: None

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 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Huggins Federal #4
1400' FNL and 660' FEL
Sec. 15-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 33 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 approximately 23 miles to Dona Ana Road. Turn east on Dona Ana and go approximately 7.1 miles. Continue northeast on Dona Ana Road and go approximately 4 miles to the Stancell Corral. Continue north for approximately .2 of a mile. Turn left and go approximately .6 of a mile to the second well location on the right side of the road. Follow the lease road to the north and cross Huggins Draw. Continue north on road (passing MYCO well sign). Continue north to the Huggins Federal #1 well site on the right. The access road will start here going east.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1300' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a(n) 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. The new road will be bladed with drainage on both sides. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. 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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
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1400' FNL and 660' FEL
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2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1300' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a(n) 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. The new road will be bladed with drainage on both sides. Traffic turnouts may be built.
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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 be responsible for finding any surfacing materials needed and obtain any permits that may be 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.
- D. Pad will be rotated with the pits to the south.

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: Federal surface administered by Bureau of Land Management, Roswell, New Mexico.

Huggins Federal #4
Page 3

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:

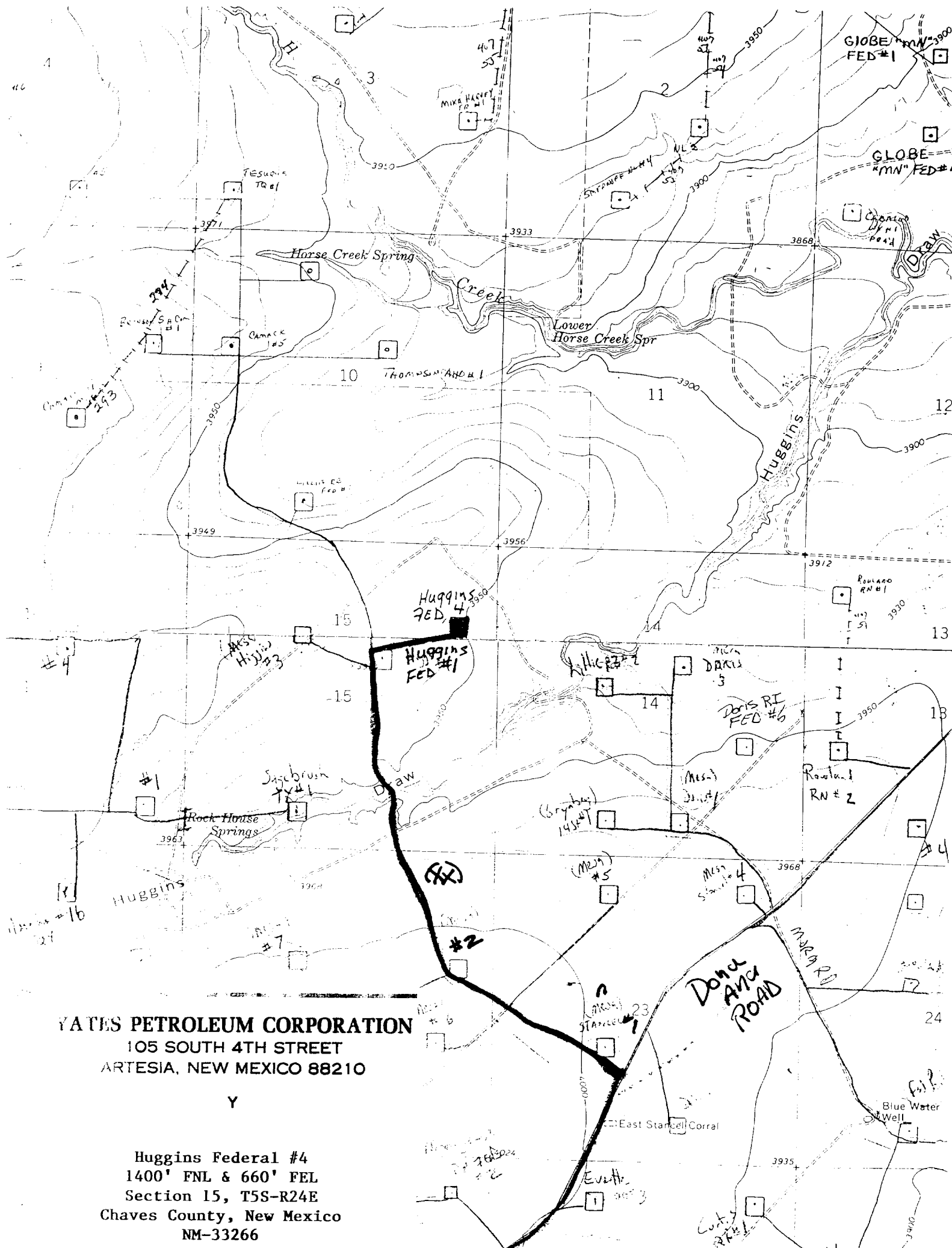
Brian Collins, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

09/21/00

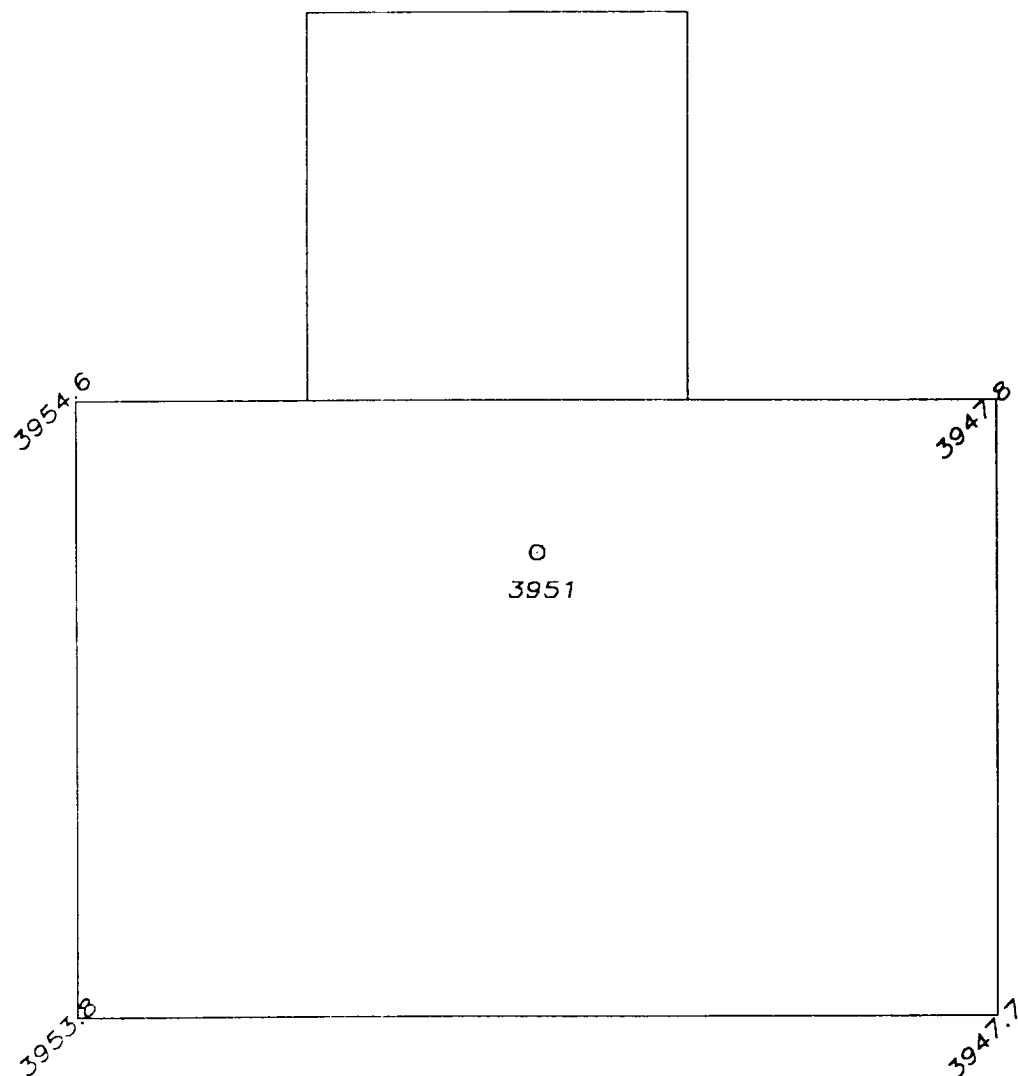

Regulatory Agent



YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NEW MEXICO 88210

Huggins Federal #4
1400' FNL & 660' FEL
Section 15, T5S-R24E
Chaves County, New Mexico
NM-33266

YATES PETROLEUM CORP. ORATION HUGGINS FEDERAL 4 1400/N & 660/E
SECTION 15, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



50' 0 50' 100'
Scale 1" = 50'

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 REFLECTS THE RESULTS OF SAID SURVEY AND MEET 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.E. No. 3640

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

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES HUGGINS
FEDERAL #4 LOCATED 1400/N AND 660/E OF
SECTION 15, TOWNSHIP 5 SOUTH, RANGE 24
EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

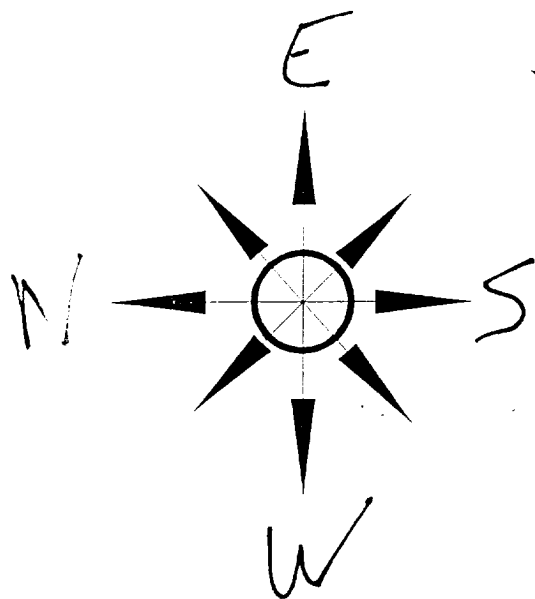
Survey Date: 1/05/2000	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 1/05/00	Scale 1" = 50' HUGGINS 4

PB - L1

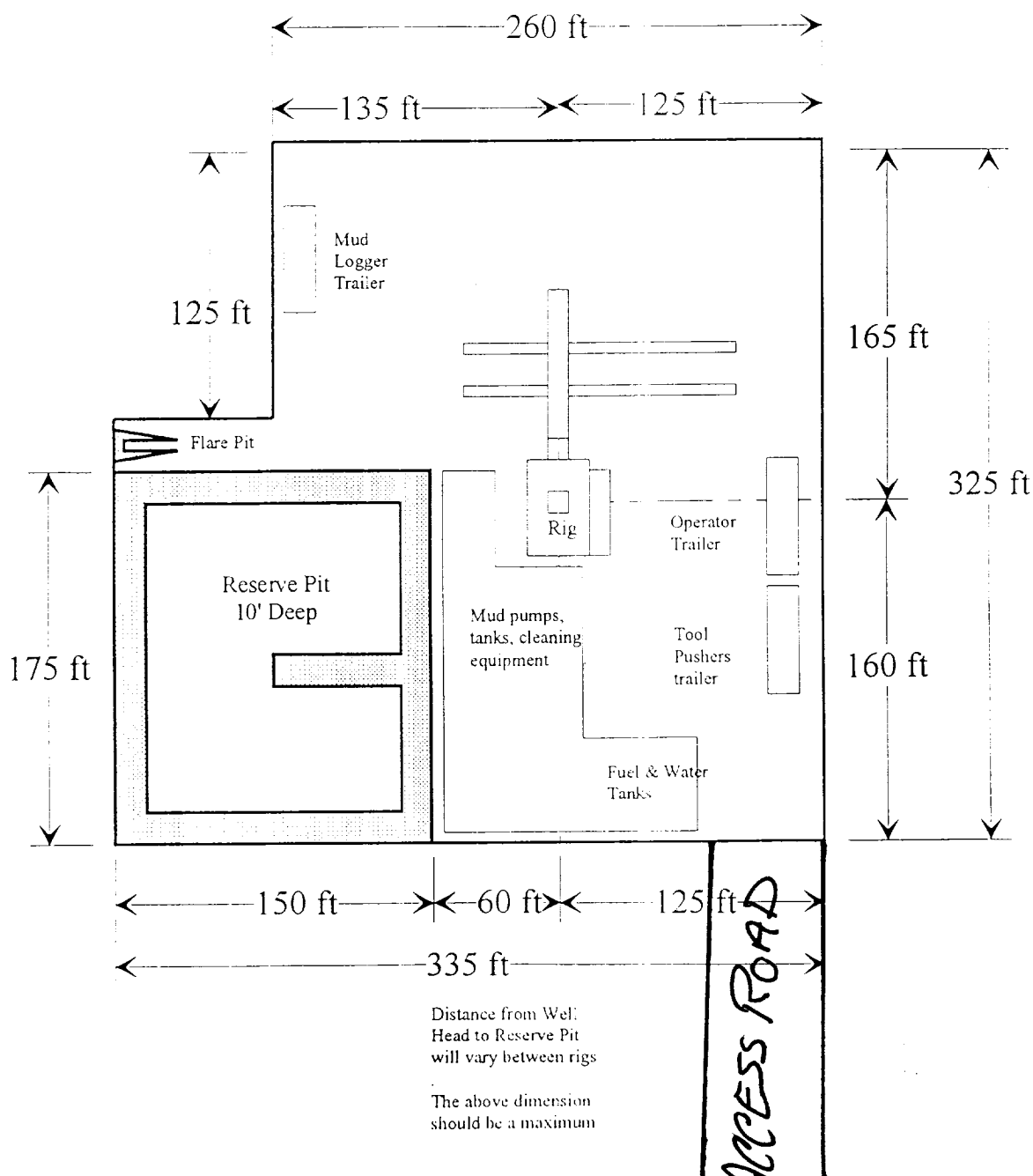
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'



Huggins Federal #4
1400' FNL & 660' FEL
Section 15, T5S-R24E
Chaves County, New Mexico
NM-33266





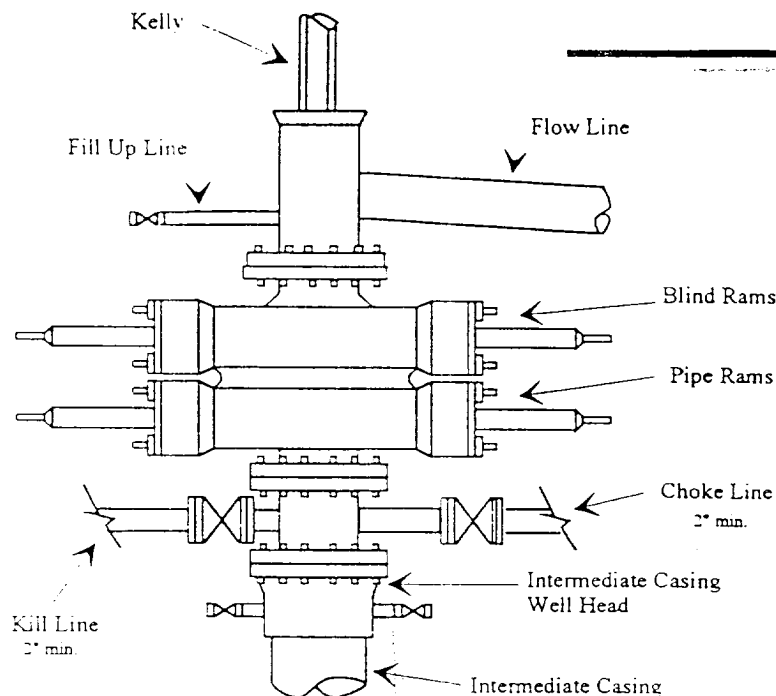
Yates Petroleum Corporation

BOP-2

Typical 2,000 psi Pressure System
Schematic

Double Ram Preventer Stack

Huggins Federal #4
1400' FNL & 660' FEL
Section 15, T5S-R24E
Chaves County, New Mexico
NM-33266



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

