

N.M. O...
1301...
Artesia, NM 88212

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-17202
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator YATES PETROLEUM CORPORATION Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		7. If Unit or CA Agreement, Name and No.
3a. Address 105 SOUTH 4TH STREET ARTESIA, NM 88210		8. Lease Name and Well No. SHORT RM DEEP FEDERAL 5
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		9. API Well No. 30-005-62438
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface NESE 1980FSL 990FEL At proposed prod. zone NESE 1980FSL 990FEL		10. Field and Pool, or Exploratory WILDCAT BASEMENT
14. Distance in miles and direction from nearest town or post office* APPROX. 21 MILES NE OF ROSWELL, NM.		11. Sec., T., R., M., or Blk. and Survey or Area Sec 25 T7S R25E Mer NMP
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
16. No. of Acres in Lease 1080.00		13. State NM
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well
19. Proposed Depth 5130 MD		20. BLM/BIA Bond No. on file NM-2811
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3623 GL		23. Estimated duration 30
22. Approximate date work will start 11/14/2002		

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.
- 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 officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) PATRICIA PEREZ Ph: 505.748.4376	Date 11/13/2002
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Title
REGULATORY AGENT

Approved by (Signature)	Name (Printed/Typed)	Date
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Title
Assistant Field Manager

Office
ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #16076 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Roswell
Committed to AFMSS for processing by Linda Askwig on 11/14/2002 ()

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

Additional Operator Remarks:

NO REMARK PROVIDED

District I
 1625 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
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised August 15, 2000

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-	² Pool Code	³ Pool Name Wildcat Basement
⁴ Property Code	⁵ Property Name Short "RM" Deep Federal	
⁷ OGRID No. 025575	⁶ Operator Name Yates Petroleum Corporation	⁸ Well Number 5
		⁹ Elevation 3623'

¹⁰ Surface Location

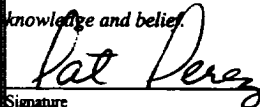
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

16					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Pat Perez Printed Name Pat Perez Title Permit Agent Date November 1, 2002
					¹⁸ SURVEYOR CERTIFICATION <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> REFER TO ORIGINAL PLAT ATTACHED Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL PLAT ATTACHED

NM-17202

Short "RM" Fed. #1

1980' ← 0 → 990'

1980' ↓ 1980' ↓

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

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

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT
 All Distances must be from the outer boundaries of the section

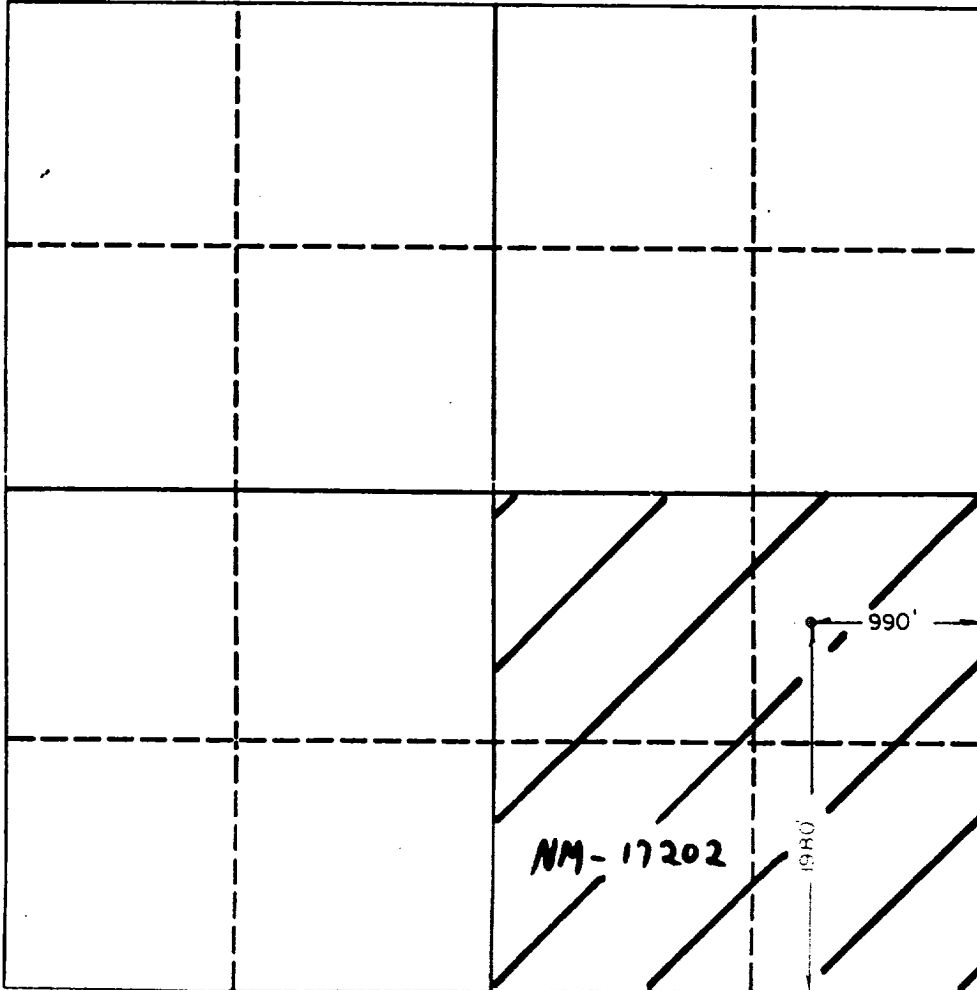
Operator YATES PETROLEUM CORPORATION		Lease SHORT "RM" FEDERAL		Well No. 5
Unit Letter I	Section 25	Township 7 SOUTH	Range 25 EAST	County CHAVES
Actual Footage Location of Well: 990 feet from the EAST line and 1980 feet from the SOUTH line				
Ground level Elev. 3623	Producing Formation Abo	Pool PECOS SLOPE ABO	Dedicated Acreage: 160 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: **Clifton R. May**

Printed Name: **Clifton R. May**

Position: **Permit Agent**

Company: **Yates Petroleum Corporation**

Date: **November 19, 1992**

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 Surveyed: **11/11/92**

Signature & Seal of Professional Surveyor: **[Signature]**

Certificate No.: **3640**

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

YATES PETROLEUM CORPORATION
Short "RM" Deep Federal #5 (Re-entry)
 1980' FSL and 990' FEL
 Section 25-T7S-R25E
 Chaves County, New Mexico

Yates plan is to re-enter the well with a drilling rig to drill out the cement plugs in the 13 3/8" casing and in the 12 1/2" open hole down to 1,500' then clean out the cement plug in the 7 7/8" open hole down to the old TD of 4,300', then deepen the well to a new TD of 5,300' +/- in the basement. A new suite of open-hole logs will be run and if the logs show any of the deeper zones to have a potential to be completed, a string of 5 1/2" casing will be run to TD and cemented to 3,000' +/- . The mud that will be used is 9.2 – 9.5 ppg brine water with a 55 – 70 cp viscosity.

The well will be completed with a pulling unit. The formations that a completion will probably be attempted in will be the Wolfcamp @ 4,600' +/-, the Cisco @ 4,900' +/- or the Strawn @ 5,100' +/-.

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

San Andres	397'	Cisco	4860'
Glorieta	1447'	George Zone	4945'
Fullerton	2838'	Strawn	4960'
Abo	3667'	Basement-Granite	4980'
Wolfcamp	4400'	TD	5130'
Spear Zone	4615		

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 8 5/8" 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:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	54.5#	J-55	ST&C	N/A	In Place
112 1/4"	5 1/2"	15.5#	J-55	ST&C	0-5300'	5300'

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

2. YPC requests a variance to 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 company to do the testing. Also, the maximum 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:

All casing strings are set and cemented in place.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-TD	Brine Water	9.2 – 9.5	55-70	N/C

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, W/NGT to TD-surf csg; CNL/GR up to surf;
DLL/MSFL TD-Surf csg: Long Spaced Sonic TD-SURF CSG.
Coring: None
DST's: As warranted.

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

No abnormal temperatures or pressures are anticipated

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
Y. ES PETROLEUM CORPORATION
Short "RM" Deep Federal #5 Re-entry
1980' FSL and 990' FEL
Section 25-T7S-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 well site is located approximately 24 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 Highway 285, approximately 13 miles to One Horse Road. Turn right on road and drive approximately 2.6 miles to Cottonwood Road. Turn left on Cottonwood and drive approximately 8.6 miles to Chaves Road. Turn right on Chaves and drive approximately 2.3 miles to an existing lease road on the right. Turn here and drive approximately 0.3 of a mile to the SW corner of the location.

2. PLANNED ACCESS ROAD:

- A. This is an existing road that is approximately 1800' in length lying in a northerly direction.
- B. The road is 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. No traffic turnout will be built.

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. 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.
-

**Short "RM" Deep Federal. #5 Re-entry
Page 2**

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 nearest 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.

SURFACE OWNERSHIP: Bureau of Land Management – Roswell, NM.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for grazing.

OPERATOR'S REPRESENTATIVE:

- | | |
|--|--|
| <ul style="list-style-type: none">A. Through A.P.D. Approval:
Pat Perez, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | <ul style="list-style-type: none">B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 |
|--|--|

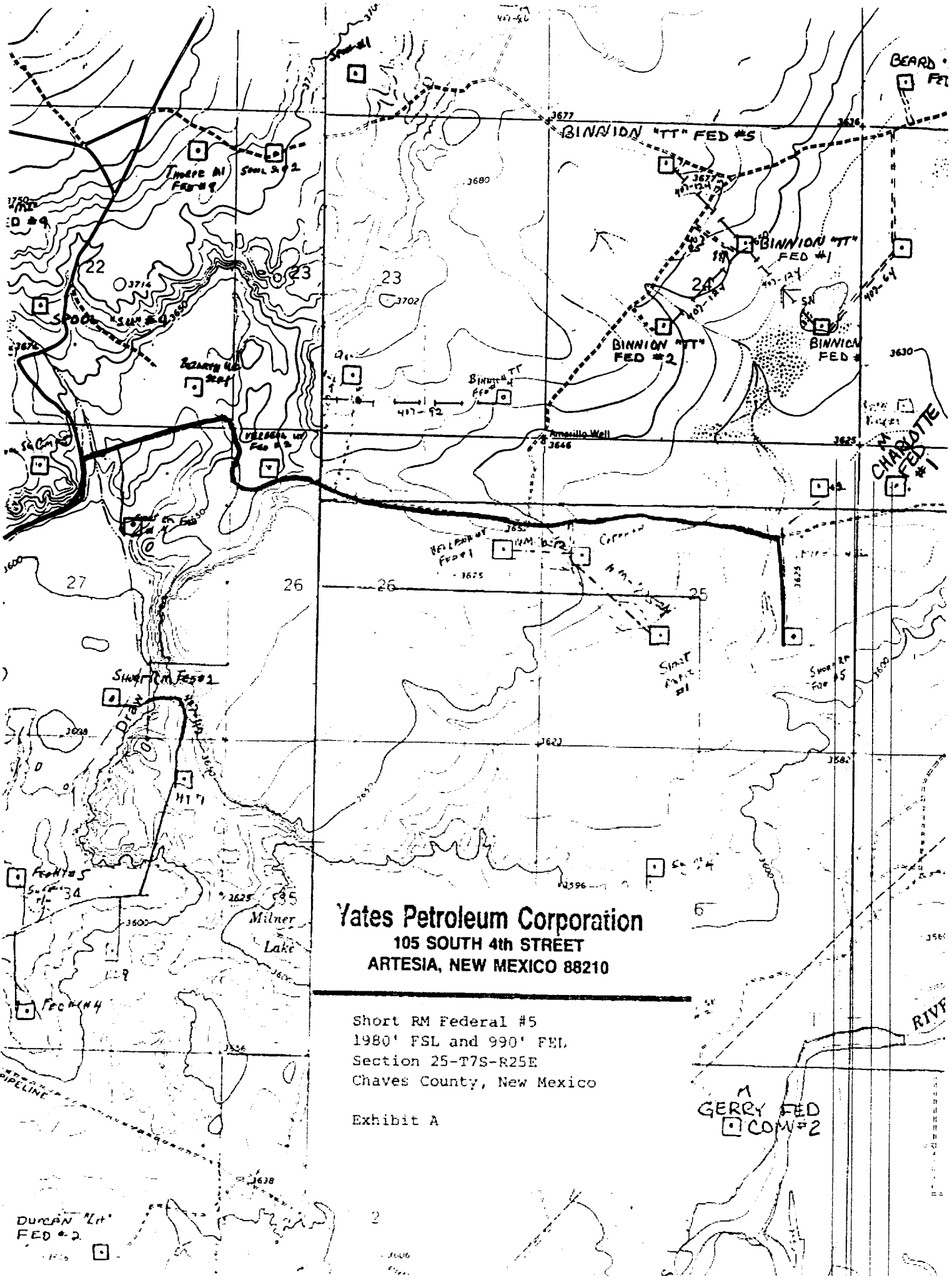
14. CERTIFICATION:

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.

11/13/2002



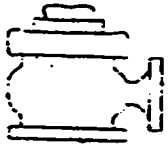
Regulatory Agent



Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

Short RM Federal #5
 1980' FSL and 990' FEL
 Section 25-T7S-R25E
 Chaves County, New Mexico

Exhibit A



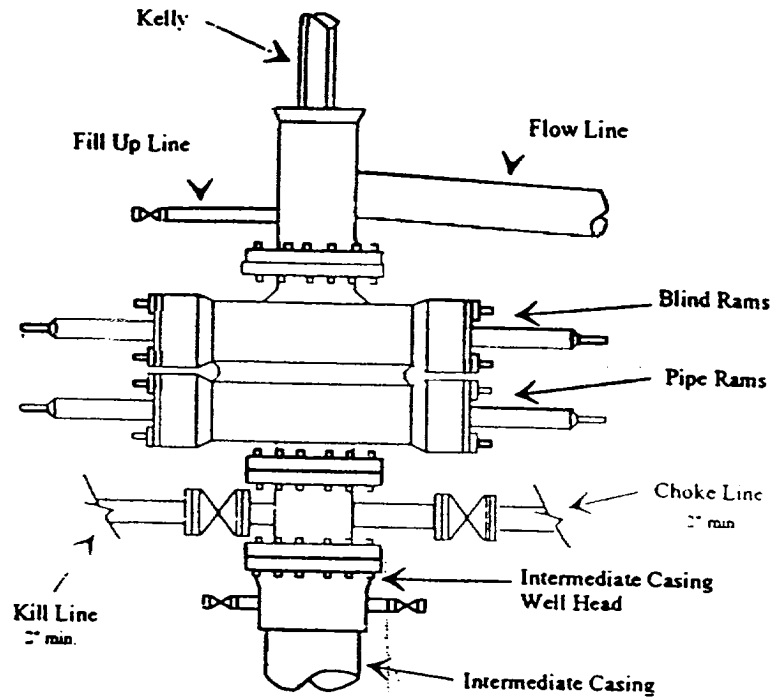
Yates Petroleum Corporation

BOP-2

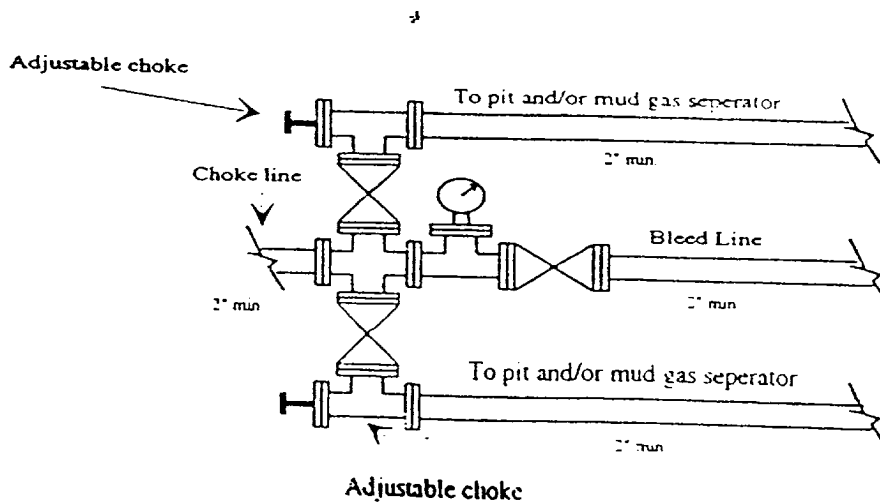
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Yates Petroleum Corporation
Short "RM" Deep Federal #5
1980' FSL and 990' FEL
Section 25-T7S-R25E
Chaves County, New Mexico
Exhibit "B"



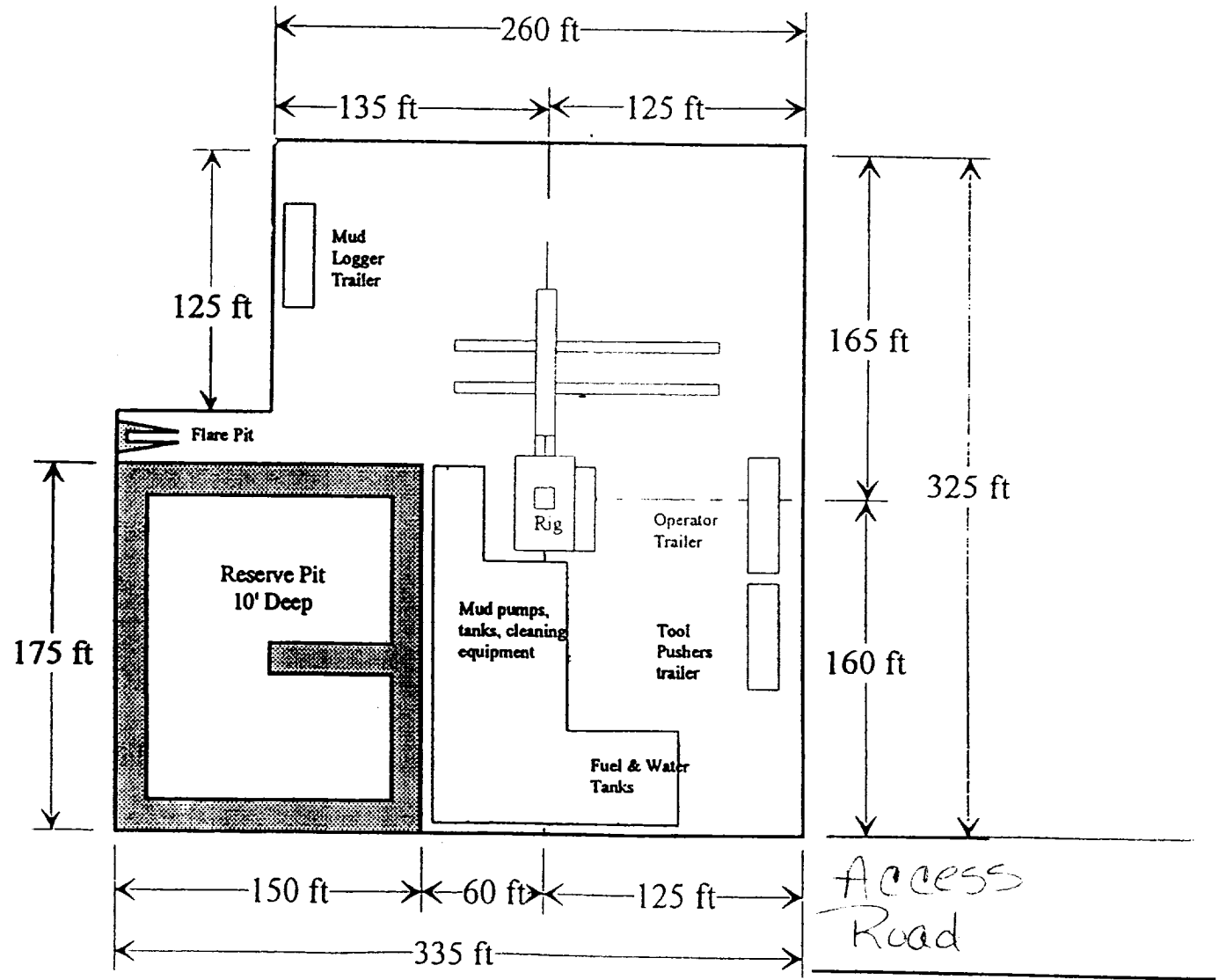
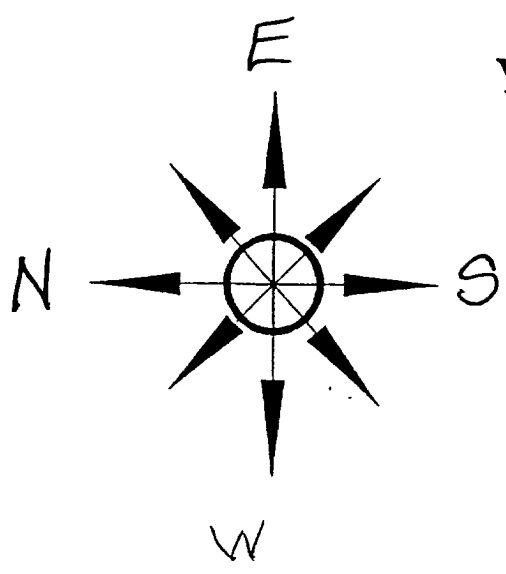
Typical 2,000 psi choke manifold assembly with at least these minimum features



Yates Petroleum Corporation

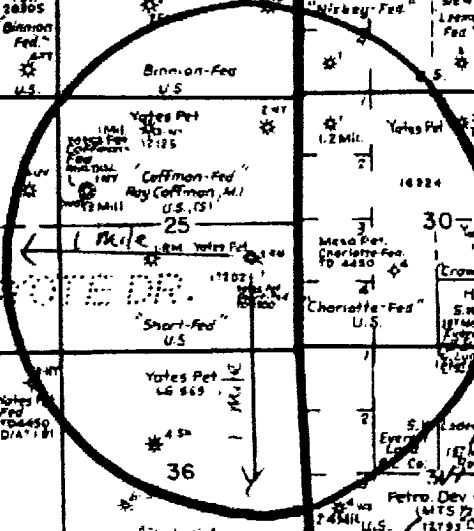
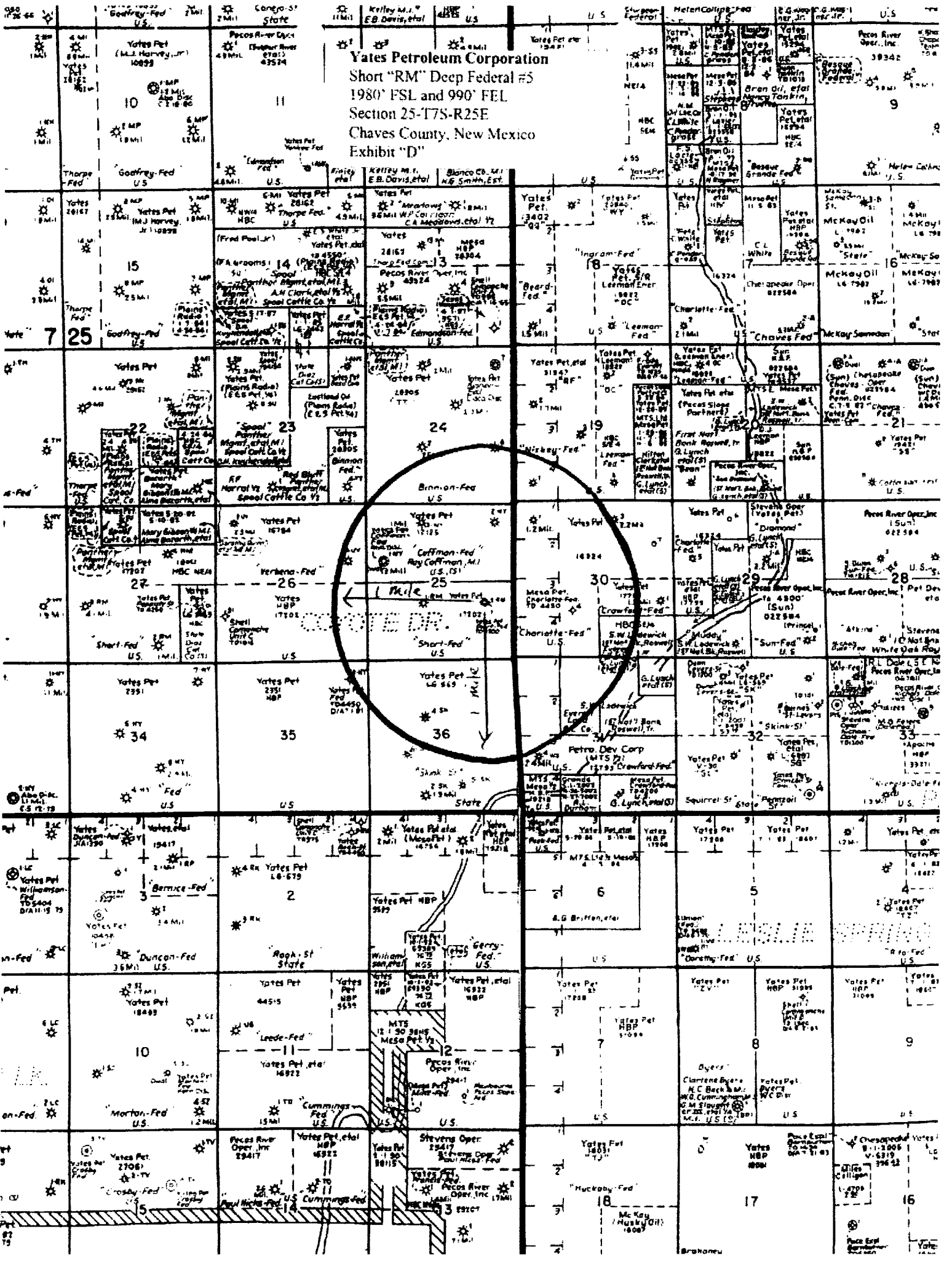
Location Layout for Permian Basin
Up to 12,000'

Yates Petroleum Corporation
Short "RM" Deep Federal #5
1980' FSL and 990' FEL
Section 25-T7S-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
 Short "RM" Deep Federal #5
 1980' FSL and 990' FEL
 Section 25-T7S-R25E
 Chaves County, New Mexico
 Exhibit "D"



1 Mile