

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 YATES PETROLEUM CORPORATION ✓

3. ADDRESS AND TELEPHONE NO.
 105 South Fourth Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 1980' FNL & 660' FWL
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 48 miles NNE of Roswell, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 660'

16. NO. OF ACRES IN LEASE
 640.80

17. NO. OF ACRES ASSIGNED TO THIS WELL
 160.6

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 1320'

19. PROPOSED DEPTH
 4400'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3843' GR

22. APPROX. DATE WORK WILL START*
 ASAP

5. LEASE DESIGNATION AND SERIAL NO.
 NM-36409

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARMOR LEASE NAME, WELL NO.
 McClellan "MB" Federal

9. AP WELL NO.
 5

10. FIELD AND POOL, OR WILDCAT
 Pecos Slope ABO

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 E
 Sec. 31-T5S-R25E

12. COUNTY OR PARISH
 Chaves

13. STATE
 NM

RECEIVED
OCT 18 1993
S.L.D.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2" 14 3/4"	13 3/8" 9 5/8"	36.5# J-55	748' 900' 950'	585 sacks - circulate
12 1/4" 8 1/2"	* 8 5/8" 7"	20.2# J-55	1446'	65C sacks - Tie back
7 7/8"	4 1/2"	9.5# J-55	TD	575 sacks

* 8 5/8" casing to be set if lost circulation is encountered. If lost circulation is not encountered, the hole will be reduced to 7 7/8" at 1500'.

IO-1
10-22-93
NL 4 API

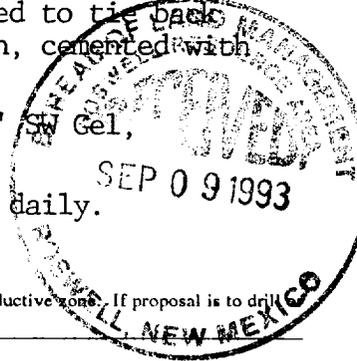
Yates Petroleum Corporation proposes to drill and test the Abc and intermediate formations. Approximately 748' of surface casing will be set and cement circulated to shut off gravel and caving. If needed due to lost circulation, 7 7/8" intermediate casing will be run to 1446' and cemented with adequate cover calculated to tie back into the surface casing. If commercial, production casing will be run, cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud mud to 748'; FW Gel/LCM to 1500'; Cut Brine to 3400' SW Gel, Starch and Diesel to TD.

BOP PROGRAM: BOP's will be installed on the 13 3/8" casing and tested daily.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE WELL.

PROPOSED PROGRAM: In order to obtain data on present productive zone and proposed new productive zone, if proposal is to drill deeper directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.



SIGNED Clifton R. May TITLE PERMIT AGENT DATE 9/3/93
(This space for Federal or State office use.)

PERMIT NO. _____ APPROVAL DATE _____

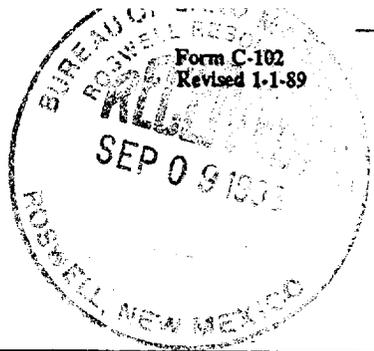
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Sandra L. Allen TITLE Area Manager DATE 10/13/93

*See Instructions On Reverse Side

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

State of New Mexico
 Energy, Minerals and Natural Resources Department



OIL CONSERVATION DIVISION

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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 McCLELLAN "MB" FEDERAL		Well No. 5
Unit Letter E	Section 31	Township 5 SOUTH	Range 25 EAST	County CHAVES

Actual Footage Location of Well:
 1980 feet from the NORTH line and 660 feet from the WEST line

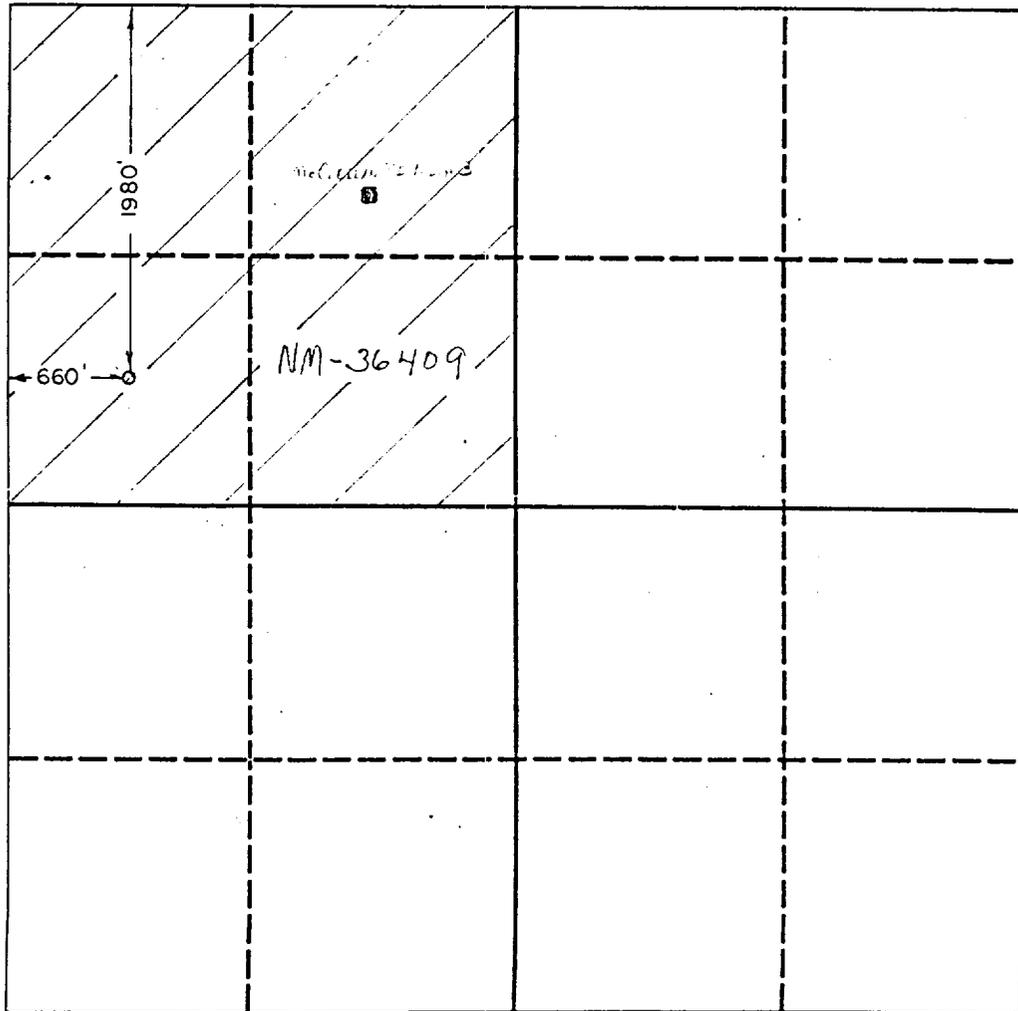
Ground level Elev. 3843	Producing Formation Abo	Pool PECOS SLOPE Abo	Dedicated Acreage: 160 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the 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.

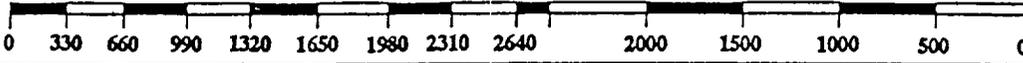


OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Clifton R. May*
 Printed Name: **CLIFTON R. MAY**
 Position: **PERMIT AGENT**
 Company: **YATES PETROLEUM CORPORATION**
 Date: **9/3/93**

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: **8/23/93**
 Signature & Seal of Professional Surveyor: *[Signature]*
 Certificate No. **3640**
 LAND SURVEYOR



YATES PETROLEUM CORPORATION
 McClellan "MB" Federal #5
 1980' FNL & 660' FWL
 Sec. 31-T5S-R25E
 Chaves County, New Mexico



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

San Andres	587'
Glorietta	1446'
Abo	3584'
Wolf Camp	4262'
TD	4400'

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

Water:	250' - 300'
Oil or Gas:	3584' - 4262'

3. Pressure Control Equipment: BOPE will be installed on the ~~13 3/8"~~^{9 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: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	54.50#	J55	8R	ST&C	0-748'	748'
* 12 1/4 8 1/2"	7 8 5/8"	20.2#	J55	8R	ST&C	0-1476'	1476'
7 7/8"	4 1/2"	9.5#	J55	8R	LT&C	0-4400'	4400'

* Optional

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

Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 1500 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring and 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.

B. CEMENTING PROGRAM:

Surface casing: Cemented with 335 sacks HLC + 1/4#/sk flocele + 2% CaCl₂. Tail with 250 sacks 'C' + 2% CaCl₂.

Intermediate Casing: (Optional) Cement with 400 sacks Haiburton Lite 'C' with 2% CaCl₂. Tail with 250 sacks Neat C with 2% CaCl₂.

Production Casing: 575 sacks 65/35 Poz C with 2% gel, .6% Halad 322, 2# salt.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1500'	Gel/LCM	8.6 - 9.9	32-40	N/C
1500'-3400'	Cut Brine	8.6 - 10.0	28	N/C
3400'-TD	S. Gel/Starch	<9.3 ppg	31-39	<15cc

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' out from under surface casing to TD.

Logging: CNL/LDT TD to casing W/GR/CNL to surface; DLL W/RXO - TD to casing.

Coring: None anticipated

DST's: Any tests will be based on the recommendation of the well site geologist as warranted by breaks and shows.

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

Anticipated BHP:

From: 0	TO: 1500'	Anticipated Max. BHP: 200'	PSI
From: 1500'	TO: 3400'	Anticipated Max. BHP: 768'	PSI
From: 3400'	TO: 4400'	Anticipated Max. BHP: 1100'	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: 0-3400.

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 105 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 10 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
McClellan "MB" Federal #5
1980' FNL & 660' FWL
Sec. 31-T5S-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 wellsite is located approximately 48 miles North of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north out of Roswell on highway 285 for approximately 34.5 miles to Santa Anna Rd. Turn east and go approximately 7.5 miles. Take the left fork and go approximately 2.5 miles to the Mapco pipeline road. Turn right approximately 2.2 miles. Turn left and go to the Grayburg #1 well. Then right to the McClellan MB #1 well. Turn left off the SE corner of the pad and go approximately 1200'. The new access will start here and go NW to the SE corner of the pad.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately 700' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a(n) northwesterly 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. No traffic turnouts will 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.
- C. A 3" steel flowline will be run 1500' NE to the abandoned McClellan #3 location (See Exhibit A).

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. A possible water source may be the Cooper water station in Sec. 5-T7S-R26E.

6. SOURCE OF CONSTRUCTION MATERIALS:

A Local dirt contractor will be hired to build this location. He will be responsible for obtaining proper permits and furnishing surfacing materials from a source of his choosing.

7. METHODS OF HANDLING WASTE DISPOSAL:

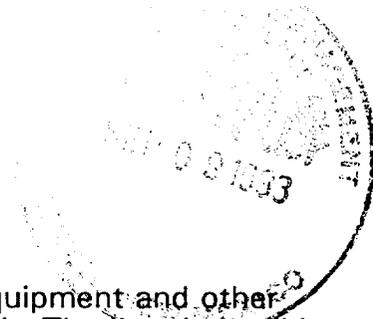
- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will 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:

- A. 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 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 the BLM, 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:

Clifton R. May, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

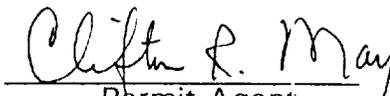
B. Through Drilling Operations,
Completions and Production:

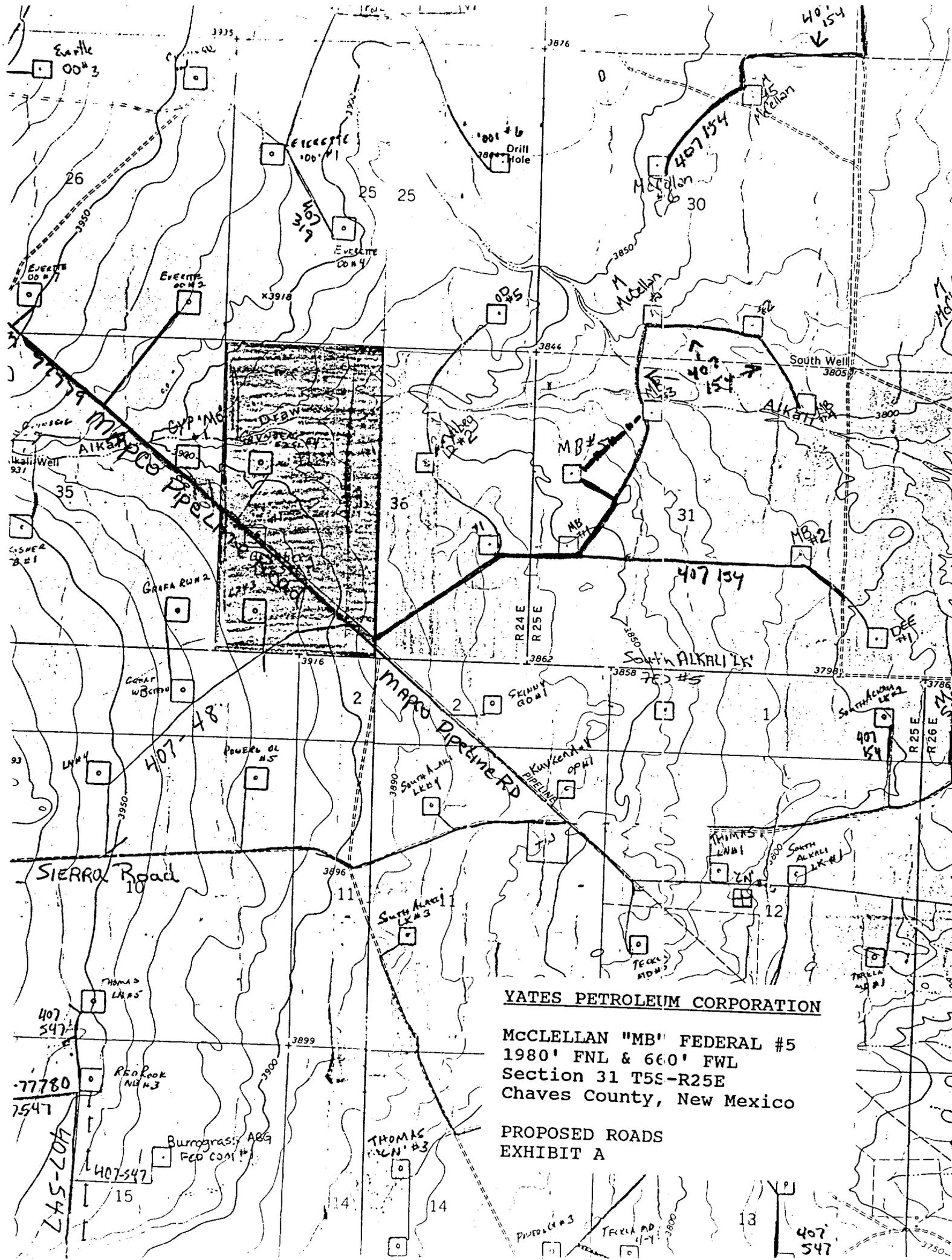
Mike Slater, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

9/3/93


Permit Agent



YATES PETROLEUM CORPORATION

**MCCLELLAN "MB" FEDERAL #5
 1980' FNL & 660' FWL
 Section 31 T5S-R25E
 Chaves County, New Mexico**

**PROPOSED ROADS
 EXHIBIT A**

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7547

407 547

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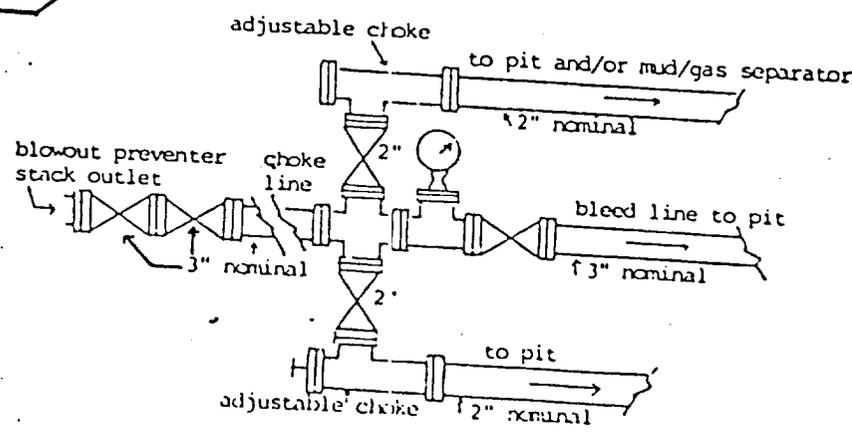
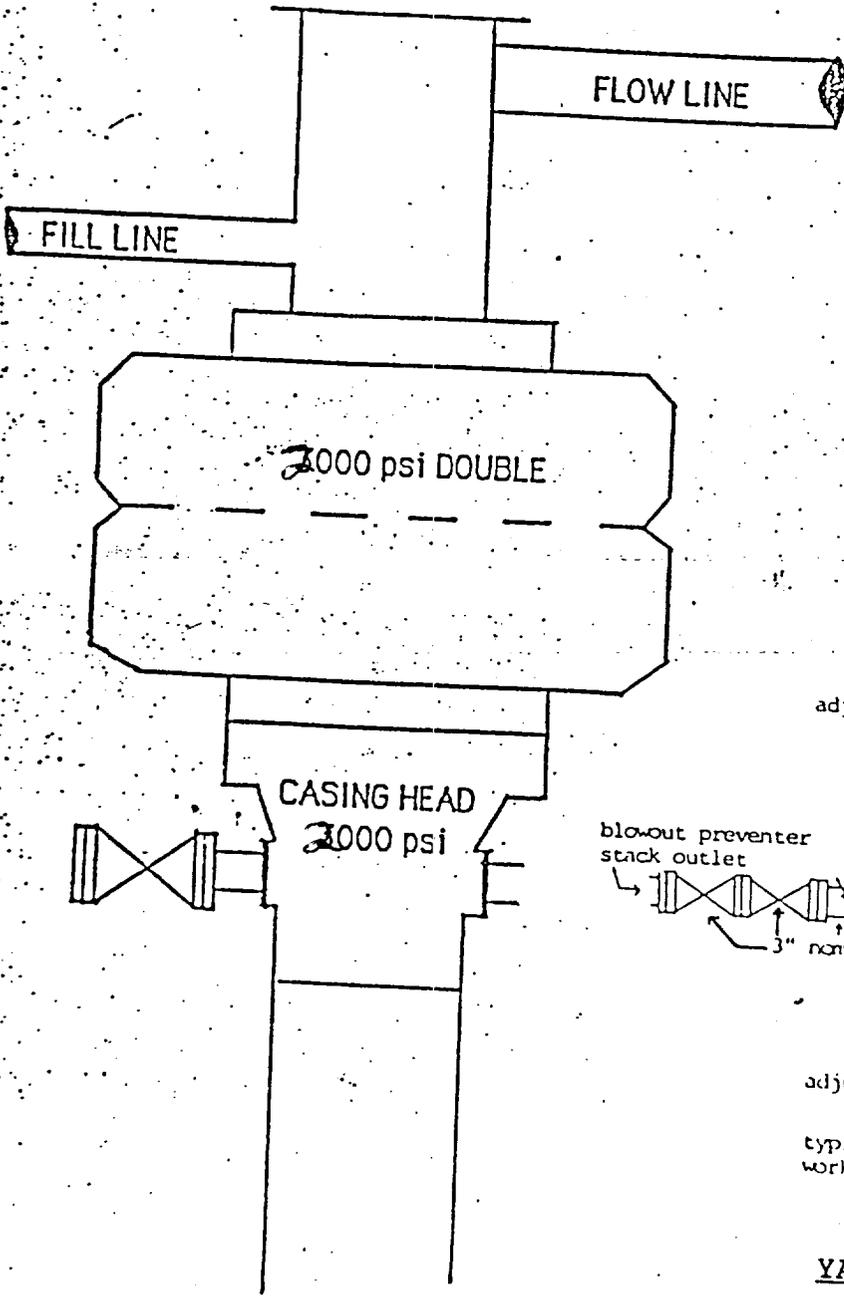
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YATES PETROLEUM CORPORATION

EXHIBIT B



typical choke manifold assembly for 2M rated working pressure service-surface installation

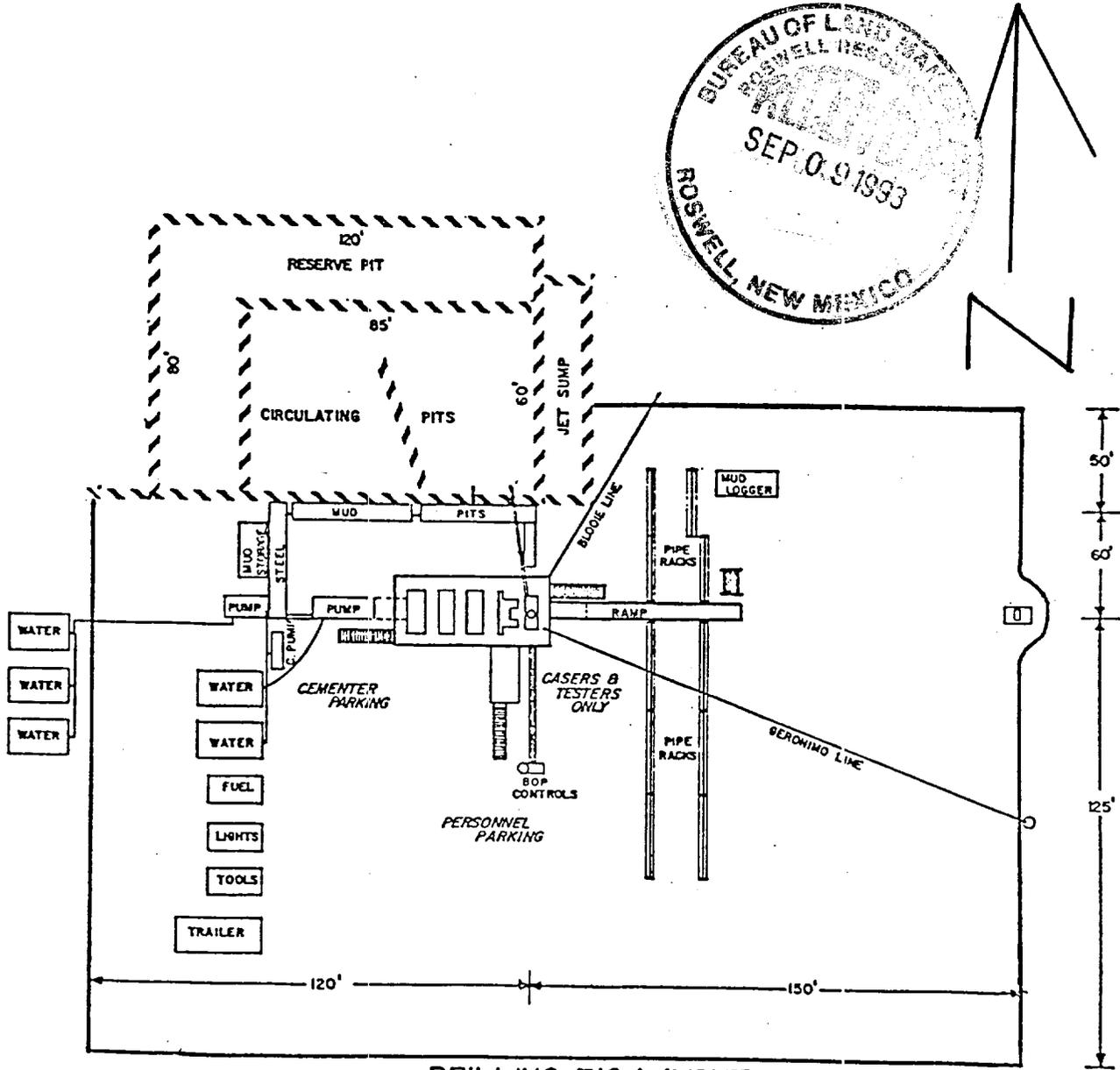
BLOWOUT PREVENTER
2M SYSTEM

YATES PETROLEUM CORPORATION

McCLELLAN "MB" FEDERAL #5
1980' FNL & 660' FWL
Section 31 T5S-R25E
Chaves County, New Mexico

BOP DIAGRAM
EXHIBIT B

YATES PETROLEUM CORPORATION

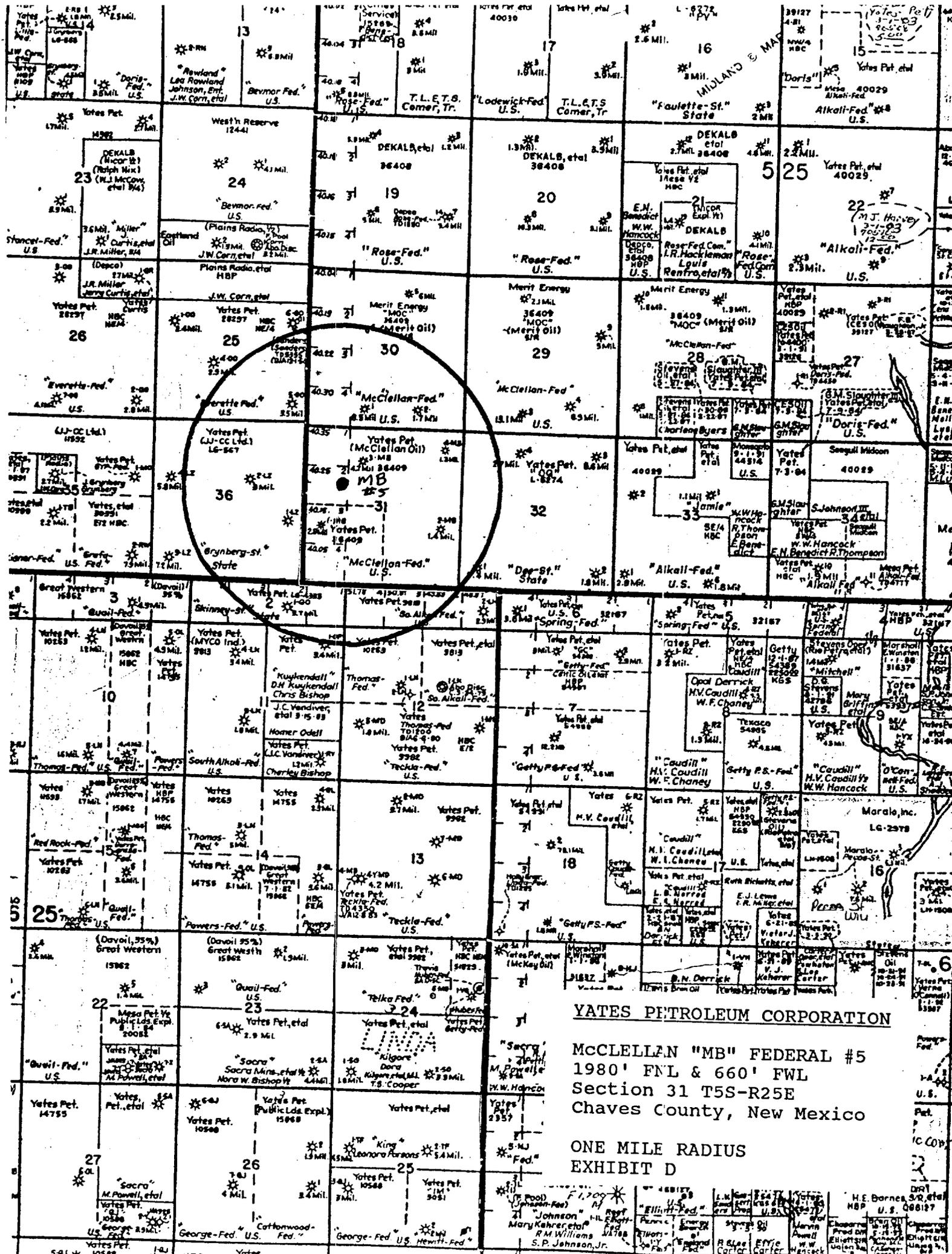


DRILLING RIG LAYOUT
Scale: 1 inch = 50 feet

YATES PETROLEUM CORPORATION

McCLELLIAN "MB" FEDERAL #5
1980' FNL & 660' FWL
Section 31 T5S-R25E
Chaves County, New Mexico

RIG LAYOUT
EXHIBIT C



YATES PETROLEUM CORPORATION

McCLELLAN "MB" FEDERAL #5
1980' FNL & 660' FWL
Section 31 T5S-R25E
Chaves County, New Mexico

ONE MILE RADIUS
EXHIBIT D

1000
 900
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