

5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-9813	
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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. 10761	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. South Alkali "LK" Federal #6	
3B. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-005-63329	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FSL and 660' FWL, Unit Letter M At proposed prod. Zone		10. Field and Pool, or Exploratory Wildcat Precambrian	
14. Distance in miles and direction from nearest town or post office* Approximately 25 miles northeast of Roswell, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Section 11, T6S-R25E	
13. 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 650.96		17. Spacing Unit dedicated to this well 320 acres - W/2	
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3892' 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 <i>Pat Perez</i>	Name (Printed/Typed) Pat Perez	Date 11/14/00
Title: Regulatory Agent		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) QUINCY D. STAY	Date 11/14/00
Title: ROSSELL 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.

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**

113/4"
NOTIFY OCD SPUD & TIME TO WITNESS
CEMENTING OF CASING

RECEIVED
NOV 15 2000
BLM
ROSSELL, NM

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
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 DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Wildcat Precambrian
Property Code	Property Name	Well Number
	SOUTH ALKALI "LK" FEDERAL	6
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3892

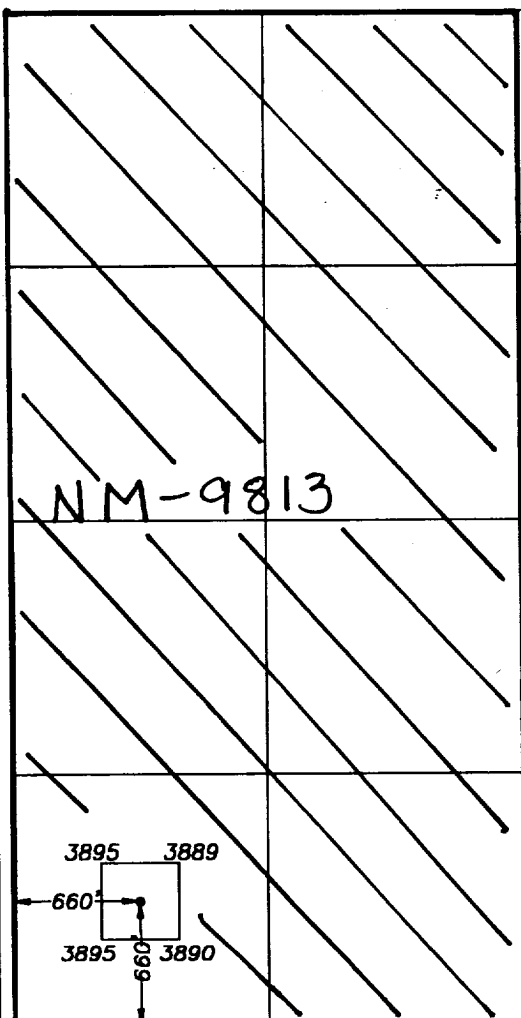
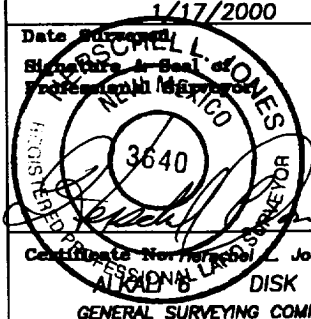
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	6S	25E		660	SOUTH	660	WEST	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	Joint or Infill	Consolidation Code	Order No.						
320									

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 the information contained herein is true and complete to the best of my knowledge and belief.								
	Signature: <u>Dat Perez</u> Printed Name: <u>Dat Perez</u> Title: <u>Regulatory Agent</u> Date: <u>11-14-2000</u>								
	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.								
	Date Surveyed: <u>1/17/2000</u>								
	Signature & Seal of Professional Surveyor: 								
	Certificate No. <u>11-17-2000</u> L. Jones RLS 3640 DISK 23 GENERAL SURVEYING COMPANY								

YATES PETROLEUM CORPORATION
South Alkali "LK" Federal #6
 660' FSL and 660' FWL
 Section 11,-T6S-R25E
 Chaves County, New Mexico

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

San Andres	595'
Glorieta	1520'
Yeso	1620'
Tubb	3055'
Abo	3695'
Wolfcamp	4365'
Basement	5235'
TD	5335'

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	0-5335'

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

- B. CEMENTING PROGRAM:

Surface Casing: 200 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL2 (YLD 1.33 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 3200'.

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

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	8.6 - 9.0	29	N/C
1500'-3660'	Brine	10 -10.2	28	N/C
3660'-5335'	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: CNL/LDT, W/NGT TD-Surf csg; with GR/CNL up to Surf; DLL/MS
 FL TD-Surf csg: BHC Sonic TD-S URF 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: 5335' 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-PC... SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
South Alkali "LK" Federal #6
660' FSL AND 660' FWL
Section 11, T6S-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 25 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 approx. 23 miles to Dona Ana Road. Turn right (east) and go approximately 9.7 miles to Pipeline Road (stay left where road forks at approx. 7.3 miles). Turn right (east) on Pipeline and go approx. 3.5 miles to lease road across from the S. Alkali "LK" #1 location and turn right (south), drive approx. .4 of a mile to Teckla "MD" #2 and turn right on lease road; drive approx. .4 of a mile to the Powers "OL" #4 and continue driving west on this road approx. .3 of a mile where the road forks; turn right and go approx. .4 of a mile where the access road is staked on the left (west) side going towards the SW corner of the well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1200' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a east to west 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 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.

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.

South Alkali "LK" Federal #6
Page 3

11. SURFACE OWNERSHIP: Corn Brothers, Inc.
Box 1141
Dunlap Route
Roswell, New Mexico 88201

An agreement has been reached concerning surface damages.

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:
Pat Perez, Permit 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.

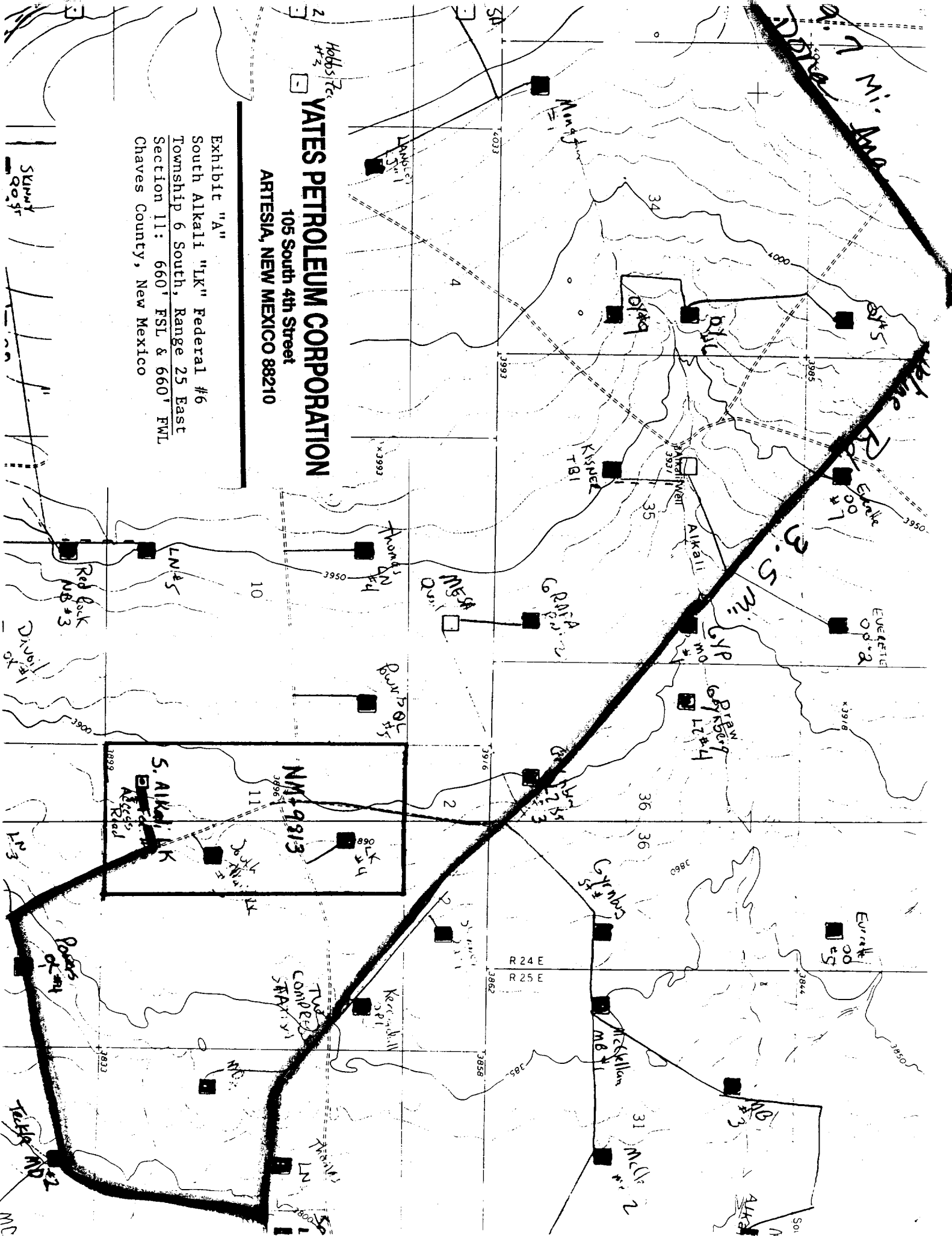
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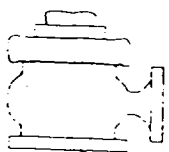


Permit Agent

YATES PETROLEUM CORPORATION
105 South 4th Street
ARTESIA, NEW MEXICO 88210

Exhibit "A"
South Alkali "LK" Federal #6
Township 6 South, Range 25 East
Section 11: 660' FSL & 660' FWL
Chaves County, New Mexico





Yates Petroleum Corporation

BOP-2

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

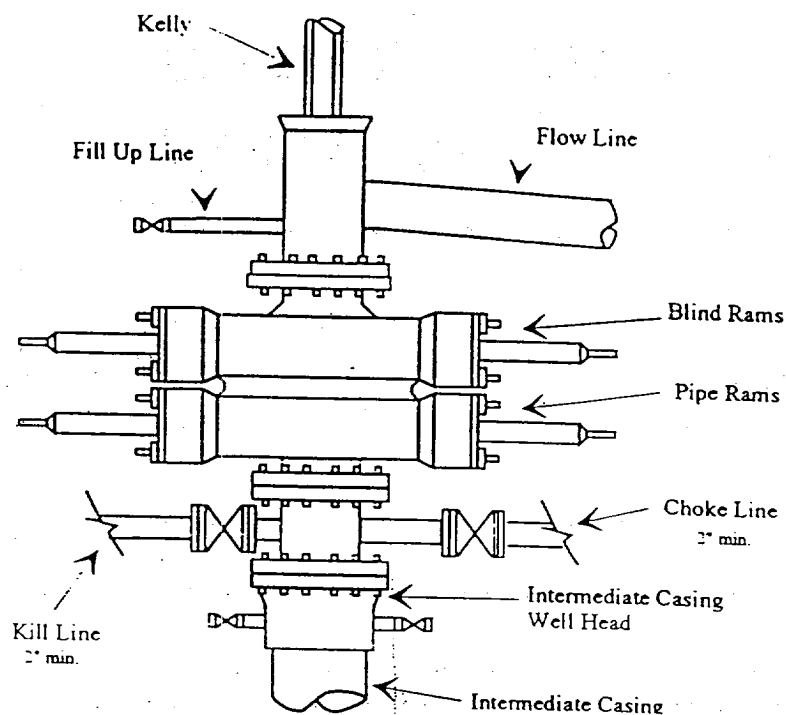
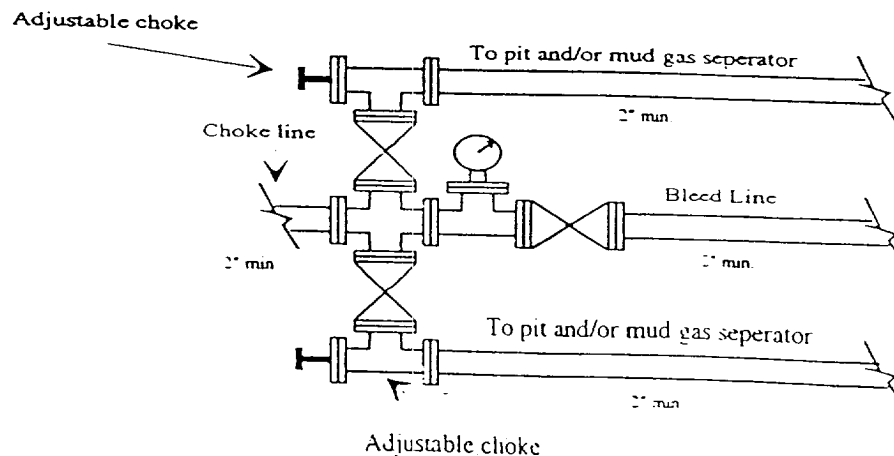
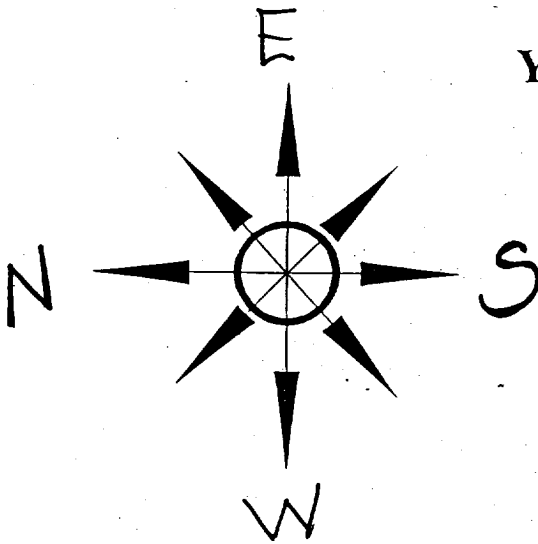


Exhibit "B"
South Alkali "LK" Federal #6
Township 6 South, Range 25 East
Section 11: 660' FSL & 660' FWL
Chaves County, New Mexico

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



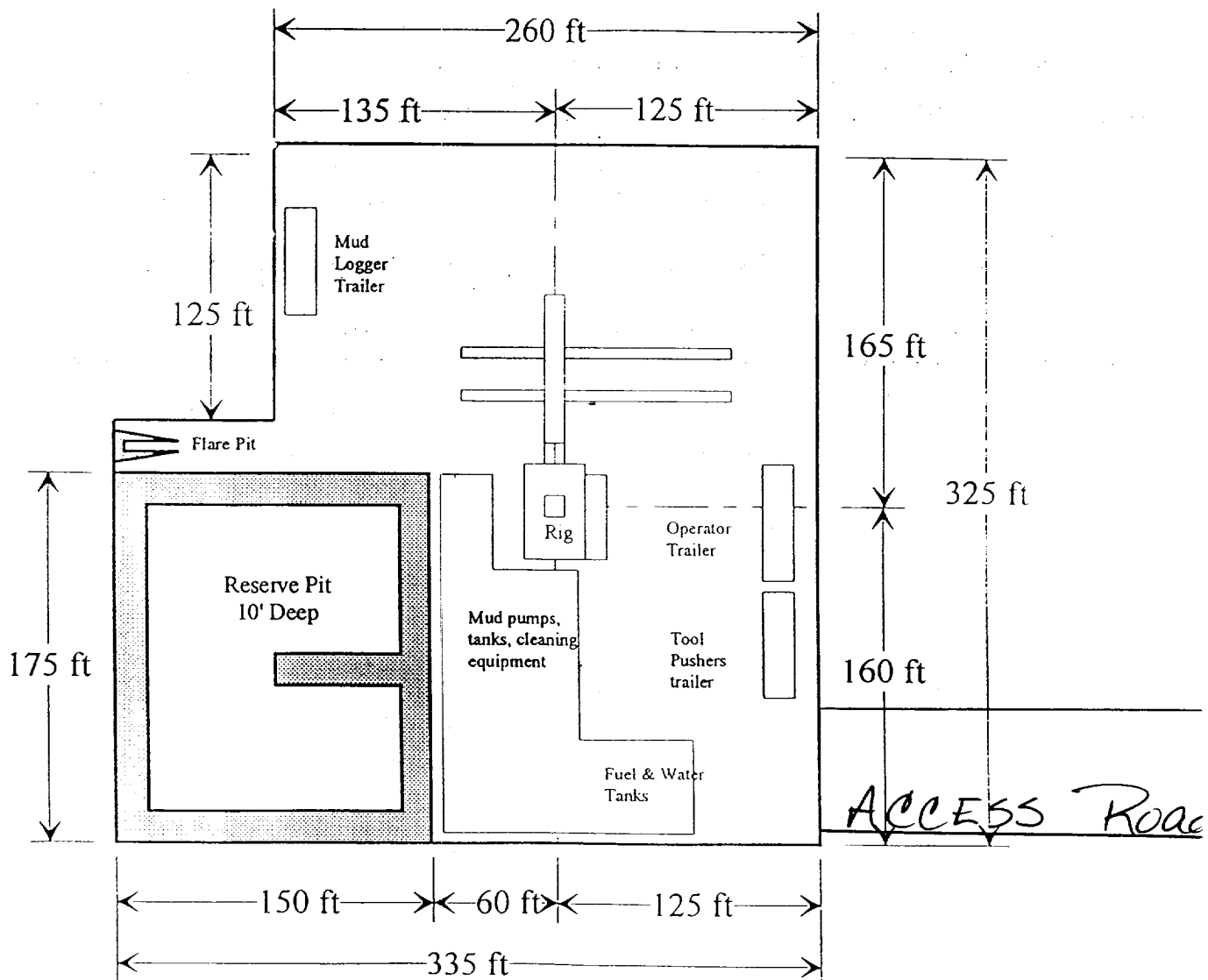


PB - L1

Yates Petroleum Corporation
Location Layout for Permian Basin
Up to 12,000'

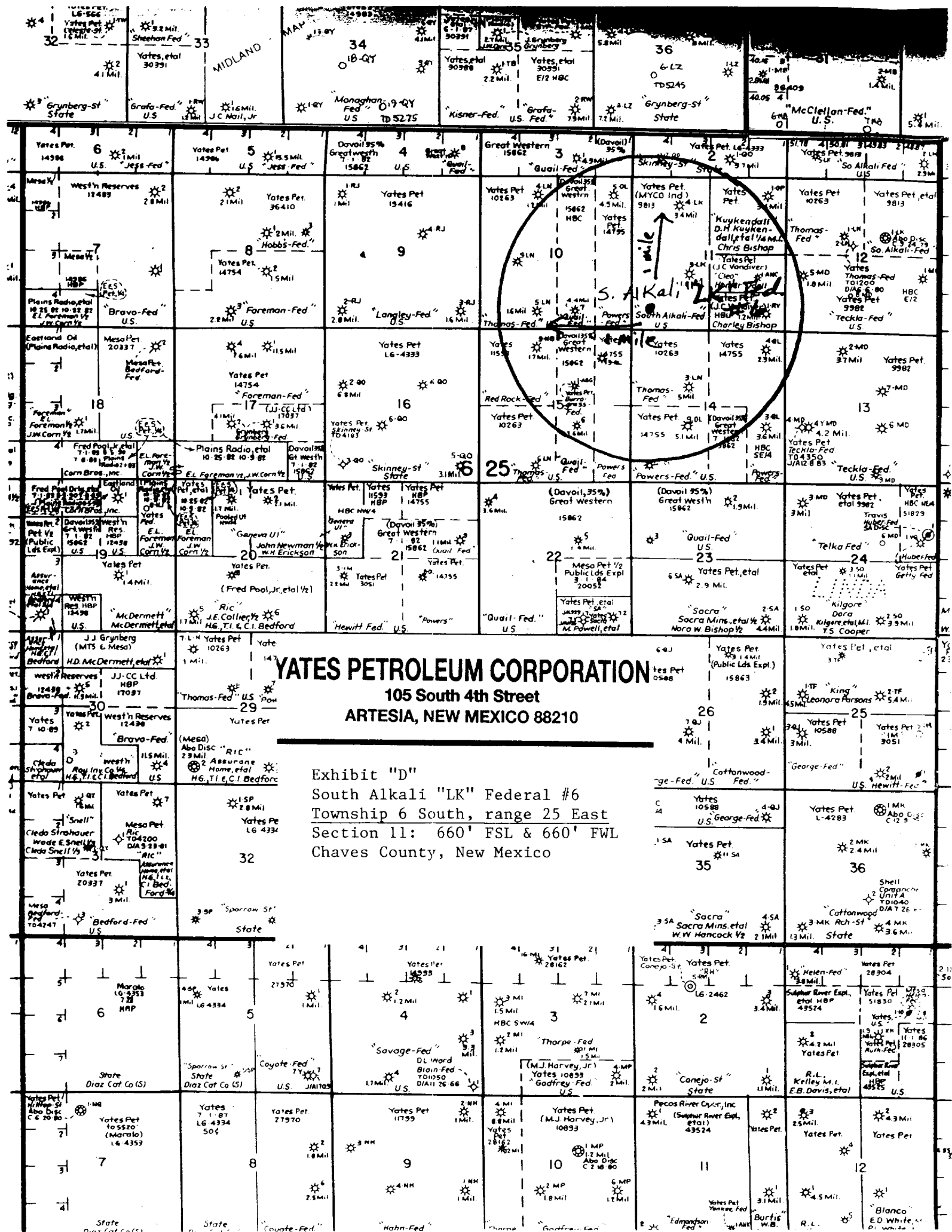
YATES PETROLEUM CORPORATION
105 South 4th Street
ARTESIA, NEW MEXICO 88210

Exhibit "C"
South Alkali "LK" Federal #6
Township 6 South, Range 25 East
Section 11: 660' FSL & 660' FWL
Chaves County, New Mexico



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum



YATES PETROLEUM CORPORATION
105 South 4th Street
ARTESIA, NEW MEXICO 88210

Exhibit "D"
South Alkali "LK" Federal #6
Township 6 South, range 25 East
Section 11: 660' FSL & 660' FWL
Chaves County, New Mexico