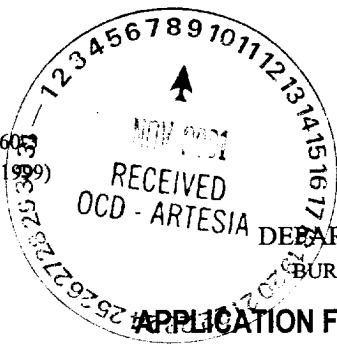


Form 3160-5
(August 1999)



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-10588

6. If Indian, Allottee or Tribe Name

Not Applicable

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

Not Applicable

8. Lease Name and Well No. 19085

George "QJ" Fed. Com. #9

9. API Well No.

30-005-63435

10. Field and Pool, or Exploratory
Wells Cottonwood Ranch
Wildcat Penn

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

Section 35, T6S-R25E

12. County or Parish

Chaves County

13. State

New Mexico

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 660' FNL and 1980' FWL, Unit Letter C

At proposed prod. Zone same as above

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

Approximately thirty-four (34) miles Northeast of Roswell, New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of Acres in lease

17. Spacing Unit dedicated to this well

320.00 W/2

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

19. Proposed Depth
5195'

20. BLM/BIA Bond No. on file
Nationwide Bond #NM-2811

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

3742' GR

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.

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

Christina R. May for Pat Perez

Name (Printed/Typed)

Pat Perez

Date

8/30/01

Title:

Regulatory Agent

Approved by (Signature)

LARRY D. BEAN

Name (Printed/Typed)

LARRY D. BEAN

APPROVAL SUBJECT TO

GENERAL REQUIREMENTS AND

STIPULATIONS

NOV 05 2001

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

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)

ROSWELL CONTROLLED WATER BASIN

BUREAU OF LAND MGMT.
ROSSELL OFFICE

2001 AUG 30 PM 1:59

RECEIVED

YATES PETROLEUM CORPORATION
George "QJ" Federal #9
660' FNL & 1980' FWL
Section 35-T6S-R25E
Chaves County, New Mexico

Originally the George "QJ" Federal Com #9 was permitted as an Abo well. The original APD was approved June 12, 1996. The well was not drilled and the APD expired. BLM notified Yates by letter dated September 22, 1997. This well location was re-staked at the exact footages as the original well had been. A new APD is being filed as a Wildcat Penn well.

This well is on split estate with the surface belonging to the Cottonwood Ranch (Marie Haumont). A surface use agreement has been reached with the Cottonwood Ranch.

It should be noted that the well site and access road has already had the cultural study conducted. Southwest Archaeological Services, Inc., did the study, Technical Report No. 96-SASI-060S dated May 22, 1996.

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
Instructions 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 Brazos 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 Penn
Property Code	Property Name GEORGE "QJ" FEDERAL COM.	Well Number 9
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3742

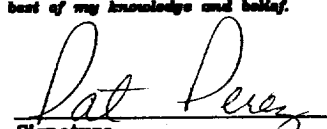

Surface Location

UL or lot No. C	Section 35	Township 6S	Range 25E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1980	East/West line WEST	County CHAVES
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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 320					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

NM-10588 1980' 3741 3745 3738 3740			OPERATOR CERTIFICATION I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.  Signature Pat Perez Printed Name Regulatory Agent Title August 30, 2001 Date
Sacra SA #1			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. 2/29/2000 Date Surveyed  Signature of H. Jones Professional Surveyor NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 3640 Certificate No. H. Jones RLS 3640 GEORGE BLAND DISK 25 GENERAL SURVEYING COMPANY
Sacra SA #3			

YATES PETROLEUM CORPORATION

George "QJ" Federal Com. #9

660' FNL and 1980' FWL

Section 35,-T6S-R25E

Chaves County, New Mexico

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

San Andres	505'
Glorieta	1415'
Yeso	1540'
Tubb	2970'
Abo	3615'
Wolfcamp	4290'
Basement	5095'
TD	5195'

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	0-5195'

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

WITNESS

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

A. 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 3100'.

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'-3585'	Brine	10 -10.2	28	N/C
3585'-TD	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: Sch: Plat form Express; CNL/LDT, W/NGT TD-Surf csg; with CNL/GR up to Surf; DLL/MSFL TD-Surf csg

Coring: Possible

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: 5195' 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-POINT SURFACE USE AND OPERATIONS PLAN

George "QJ" Federal Com. #9

660' FNL and 1980' FWL

Section 35,-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 34 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 Cottonwood Road. Turn right (east) and go approximately 10.3 miles. Turn south (across from TW Station) and go approx. 0.3 of a mile. Turn left and go 0.4 of a mile. The new access will start here and go to the SW corner of pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 500' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a north to south 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.

11. SURFACE OWNERSHIP: Cottonwood Ranch c/o Marie Haumont
HC 31, Box 1139 A, Roswell, NM 88201

An agreement has been made with the surface owner for the use of this surface.

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

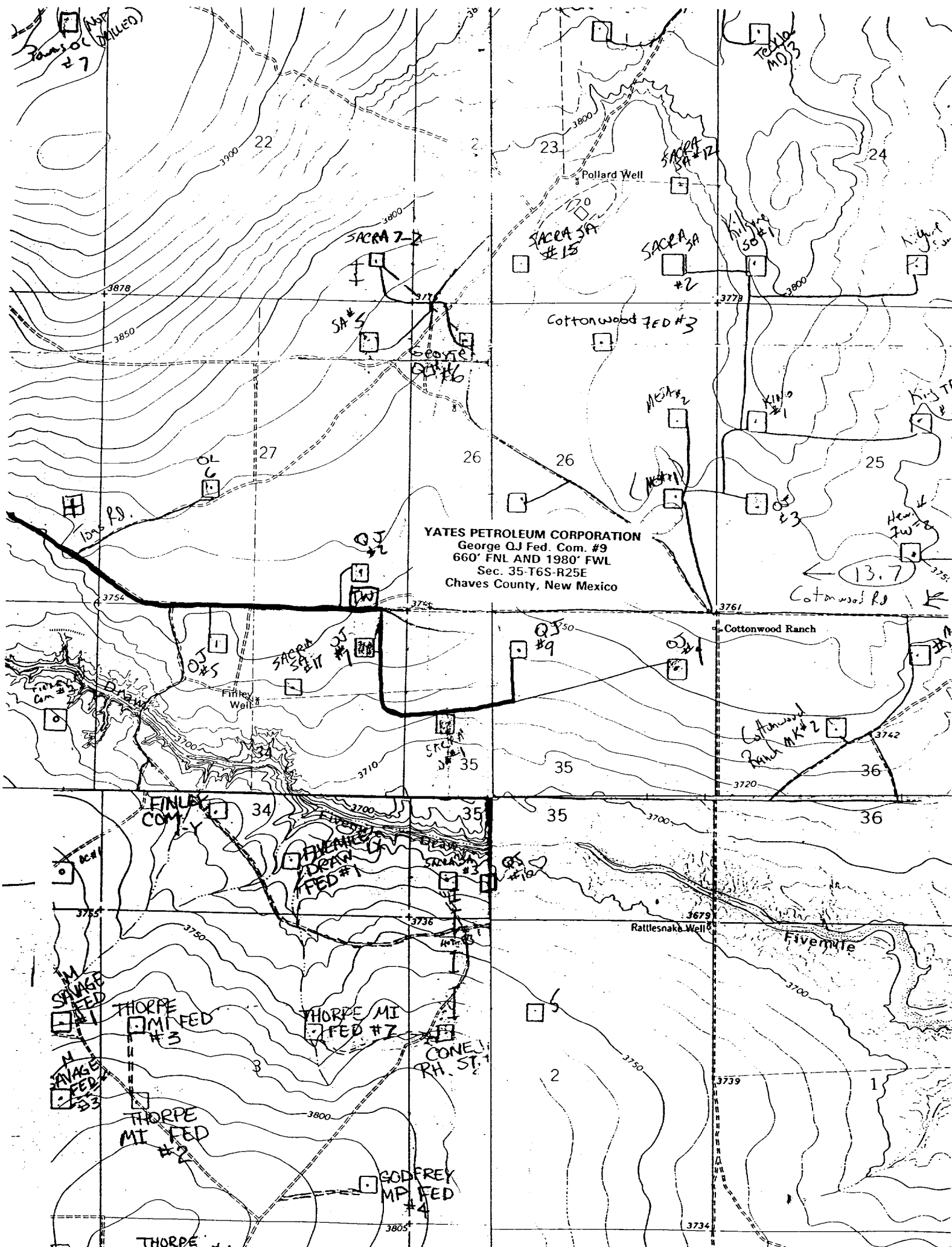
14. CERTIFICATION:

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.

8/30/2001

Clifton R. May for
Pat Perez

Regulatory Agent



Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

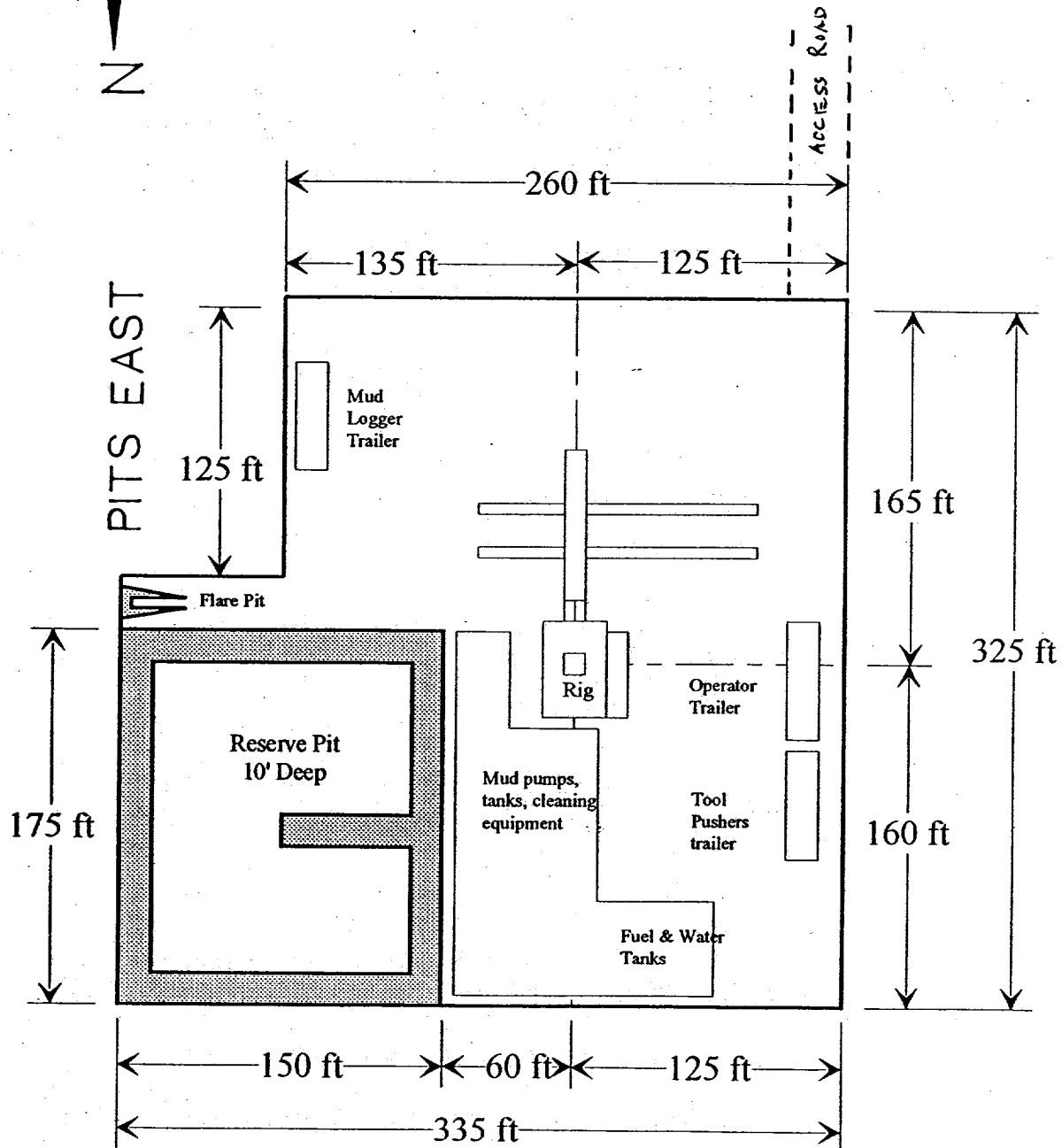
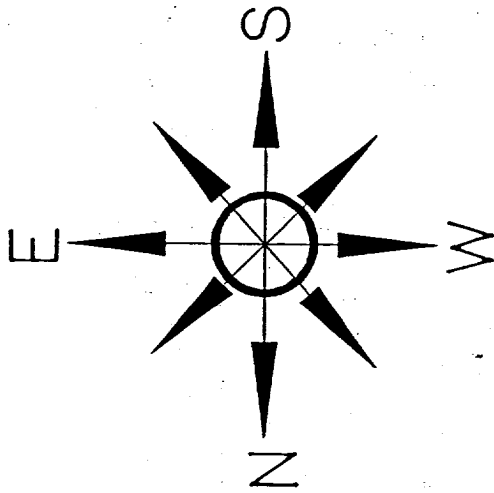
YATES PETROLEUM CORPORATION

George OJ Fed. Com. #9

660' FNL AND 1980' FWL

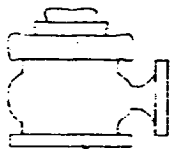
Sec. 35-T6S-R25E

Chaves County, New Mexico



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



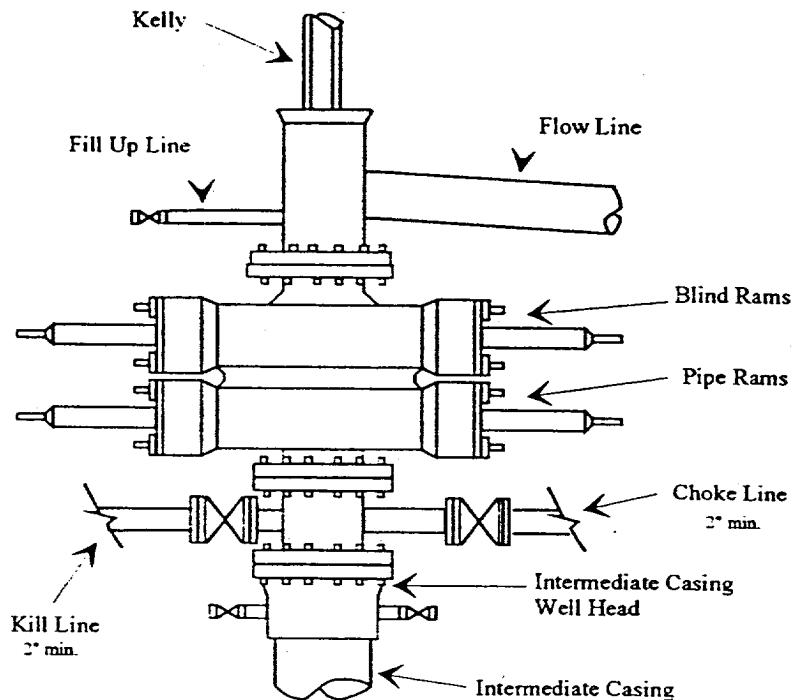
Yates Petroleum Corporation

BOP-2

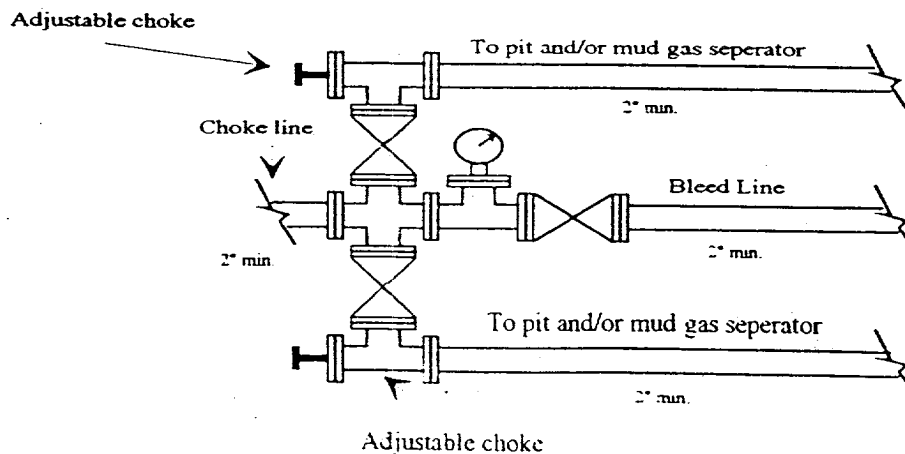
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

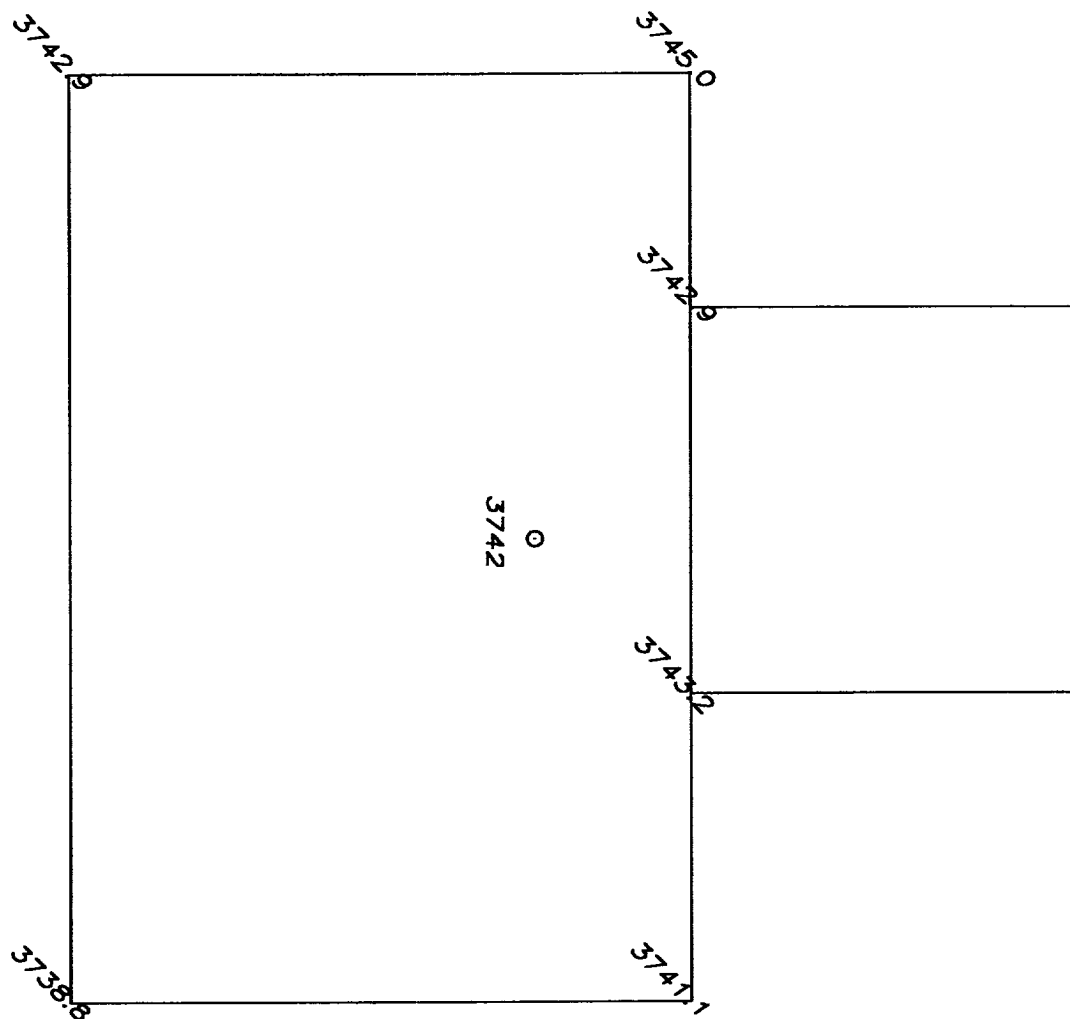
YATES PETROLEUM CORPORATION
George OJ Fed. Com. #9
660' FNL AND 1980' FWL
Sec. 35-TGS-R25E
Chaves County, New Mexico



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



YATES PETROLEUM CORPORATION GEORGE "QJ" FED.COM.#9 660/N & 1980/W
SECTION 35, TOWNSHIP 6 SOUTH, RANGE 25 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 DEPICTS 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, R.L.S. No. 3640

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

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES GEORGE
"QJ" FEDERAL COM. #9 LOCATED 660/S AND
1980/W OF SECTION 35, TOWNSHIP 6 SOUTH,
RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW
MEXICO.

Survey Date: 2/29/2000	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 3/14/00	Scale 1" = 50' GEORGE 9

