

C-02  
EC

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM26069
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		7. If Unit or CA Agreement, Name and No. 29591
3a. Address 105 S. 4TH ARTESIA, NM 88210		8. Lease Name and Well No. MARGENE AWM FEDERAL 1
3b. Phone No. (include area code) Ph: 505.768.4364 Fx: 505.748.4572		9. API Well No. 30-005-63456
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENE 1400FNL 990FEL At proposed prod. zone SENE 1400FNL 990FEL Unit H		10. Field and Pool, or Exploratory WILDCAT Undes Foot Ranch, Pre-Permian
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 20 MILES NE OF ROSWELL, NEW MEXICO		11. Sec., T., R., M., or Blk. and Survey or Area Sec 20 T9S R26E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'	16. No. of Acres in Lease	12. County or Parish CHAVES
17. Spacing Unit dedicated to this well	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1550'	13. State NM
19. Proposed Depth 5965 MD	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3752 GL	22. Approximate date work will start	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 officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) CLIFTON R. MAY Ph: 505.748.1471	Date 12/03/2001
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Title  
REGULATORY AGENT

Approved by (Signature) LARRY D. BRAY	Name (Printed/Typed)	Date MAR 01 2002
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Title  
Assistant Field Manager, ROSWELL FIELD OFFICE

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 #9530 verified by the BLM Well Information System  
For YATES PETROLEUM CORPORATION, sent to the Roswell  
Committed to AFMSS for processing by Armando Lopez on 12/03/2001 (02AL0013AE)

## Revisions to Operator-Submitted EC Data for APD #9530

	Operator Submitted	BLM Revised (AFMSS)
Lease:	NM-26069	NMNM26069
Agreement:		
Operator:	YATES PETROLEUM CORPORATION 105 SOUTH 4TH STREET ARTESIA, NM 88210 Ph: 505.748.1471 Fx: 505.748.4572	YATES PETROLEUM CORPORATION 105 S. 4TH ARTESIA, NM 88210
Admin Contact:	ROBERT ASHER REGULATORY TECHNICIAN 105 SOUTH 4TH STREET ARTESIA, NM 88210 Ph: 505.748.4364 Fx: 505.748.4572  E-Mail: landdept@ypcnm.com	ROBERT ASHER REGULATORY TECHNICIAN 105 S. 4TH ARTESIA, NM 88210 Ph: 505.768.4364 Fx: 505.748.4572  E-Mail: landdept@ypcnm.com
Tech Contact:	CLIFTON R. MAY REGULATORY AGENT 105 S. 4TH STREET ARTESIA, NM 88210	CLIFTON R. MAY REGULATORY AGENT 105 S. 4TH ARTESIA, NM 88210
Well Name: Number:	MARGENE AWM FEDERAL 1	MARGENE AWM FEDERAL 1
Location: State: County: S/T/R: Surf Loc:	NM CHAVES Sec 20 T9S R26E Mer NMP SENE 1400FNL 990FEL	NM CHAVES Sec 20 T9S R26E Mer NMP SENE 1400FNL 990FEL
Field/Pool:	UNDESIGNATED FOOR RANCH, <del>NORTH</del>	WILDCAT
Bond:	NM-2811	

**DISTRICT. II**  
**811 South First, Artesia, NM 88210**

**DISTRICT III**  
1800 Elia Frances Rd., Artes, NM 87410

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87505

## OIL CONSERVATION DIVISION

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

☐ **AMENDED REPORT**

# WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Undesignated Foor Ranch, <del>Margene</del>
Property Code	Property Name	Well Number
	MARGENE "AWM" FEDERAL	1
OGED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3752

### Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
H	20	9S	26E		1400	NORTH	990	EAST	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 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**

				<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature  Clifton R. May Printed Name  Regulatory Agent Title  11-30-01 Date
		NM-26069	N.33°31'17.8" W.104°18'51.7"	<b>SURVEYOR CERTIFICATION</b>  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 8/16/2001 Signature & Seal of Professional Surveyor  Certificate No. Herschel Jones RLS 3640 GENERAL SURVEYING COMPANY
		Proposed Well  #2		

**YATES PETROLEUM CORPORATION**

**Margene "AWM" Federal #1**

1400' FNL and 990' FEL

Section 20-T9S-R26E

Chaves County, New Mexico

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

San Andres	840'
Glorieta	1964'
Yeso	2064'
Tubb	3519'
Abo	4275'
Wolfcamp	4915'
Cisco	5490'
Penn Clastics	5565'
Mississippian	5710'
Ordovician	5790'
Basement-Granite	5815'
TD	5965'

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: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1100'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5965'

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. We feel that a 1000psi test will demonstrate that the BOPE is functioning properly and in the unlikely event of a gas in flux that the BOPE would be sufficient to control the well.

- A. CEMENTING PROGRAM:  
Surface Casing: 250 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"  
+ 2% CaCL2 (YLD 1.33 WT 15.6).

Production Casing: 500 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3700'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW GEL, Paper, LCM	8.6 - 9.6	32-36	N/C
1100'-4240'	Brine	10.0 -10.2	28	N/C
4240'-5965'	Starch/Salt Gel	9.3 -10.2	32-40	<6/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 CNL/GR up to Surf; DLL/MSFL  
TD-Surf csg: BHC Sonic TD-SURF CSG, FMI TD - Top of the Wolfcamp  
Coring: Sidewall  
DST's: None.

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

Anticipated BHP:  
From: 0 TO: 1100' Anticipated Max. BHP: 400 PSI  
From: 1100' TO: 5965' Anticipated Max. BHP: 2800 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**  
**YATES PETROLEUM CORPORATION**  
**Margene "AWM" Federal #1**  
1400' FNL and 990' FEL  
Section 20-T9S-R26E  
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 20 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go east out of Roswell, NM on HWY 380 to Alamo Road. Turn north and go approx. 1.9 miles to Y. Take left fork for approx. 1.6 miles to another Y. Take right fork and go approx. 2.3 miles to a crossroad. Turn right (North) and go approx. 1.9 miles (just before corrals). Turn right (East) and go around pit for approx. 0.8 of a mile to the Rolla TC Fed. #2 location. The new access will start here and go approx. 1.1 miles to the NW corner of the well pad.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 1.1 mile in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a northerly 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.
- D. One cattle guard will be needed.

**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.

**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 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 BUILT TO THE SOUTH and plastic lined.
- C. A 400' x 400' area has been staked and flagged.
- D. One cattle guard will be needed.

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.

11. SURFACE OWNERSHIP: The access road and location is on private lands belonging to Mr. Jack Hagelstein, P.O. Box 2074, Hobbs, NM 88241, Home (505) 392-4275, Ranch (505) 623-7046. I certify that Yates Petroleum Corporation has reached an agreement with Mr. Hagelstein as to YPC's operations that are to be conducted on his lands.

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:

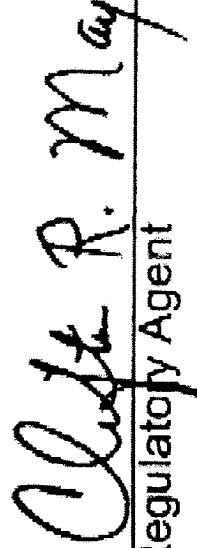
A. Through A.P.D. Approval:  
Clifton R. May Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

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.

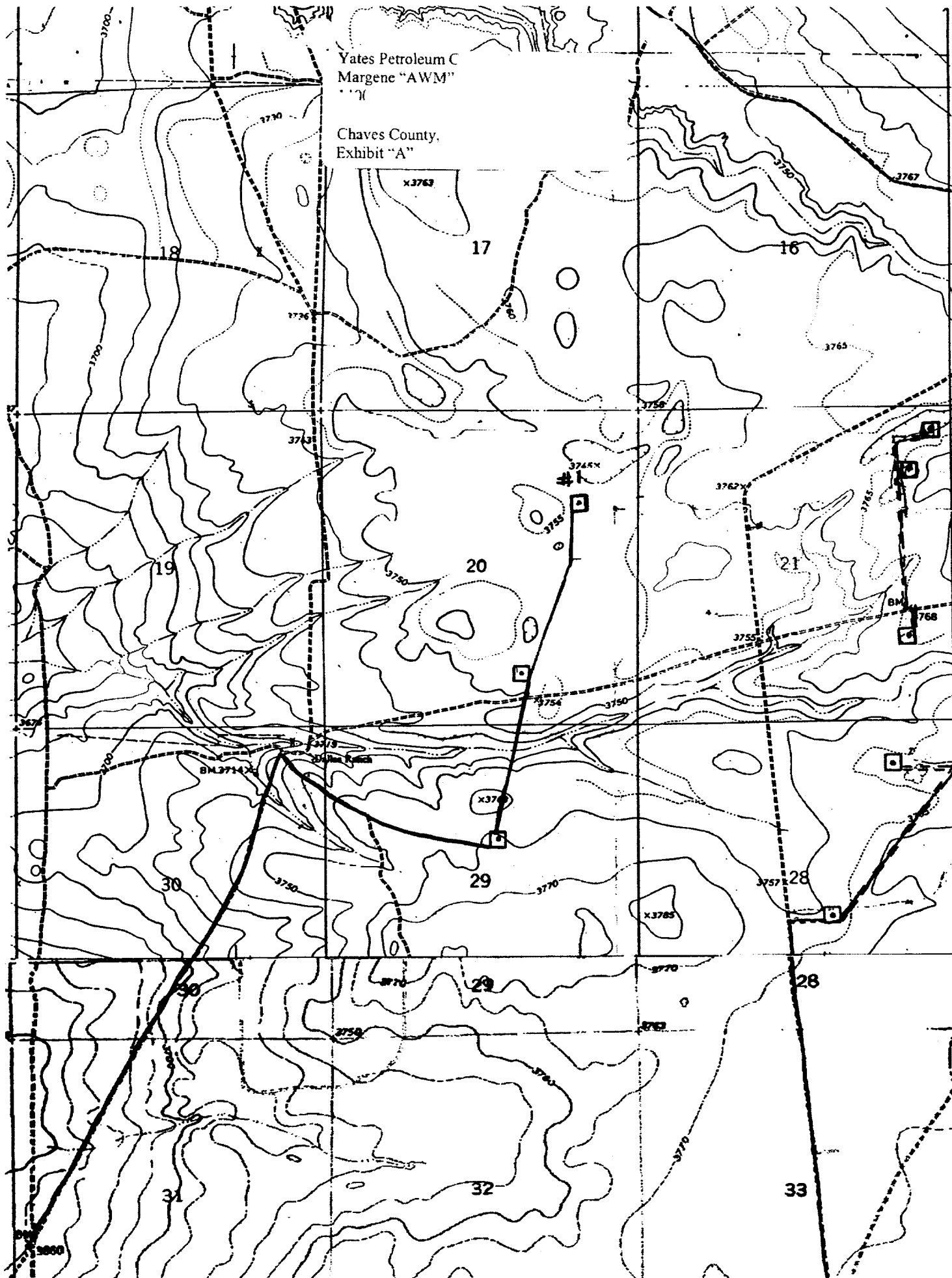
11/30/2001

  
Regulatory Agent

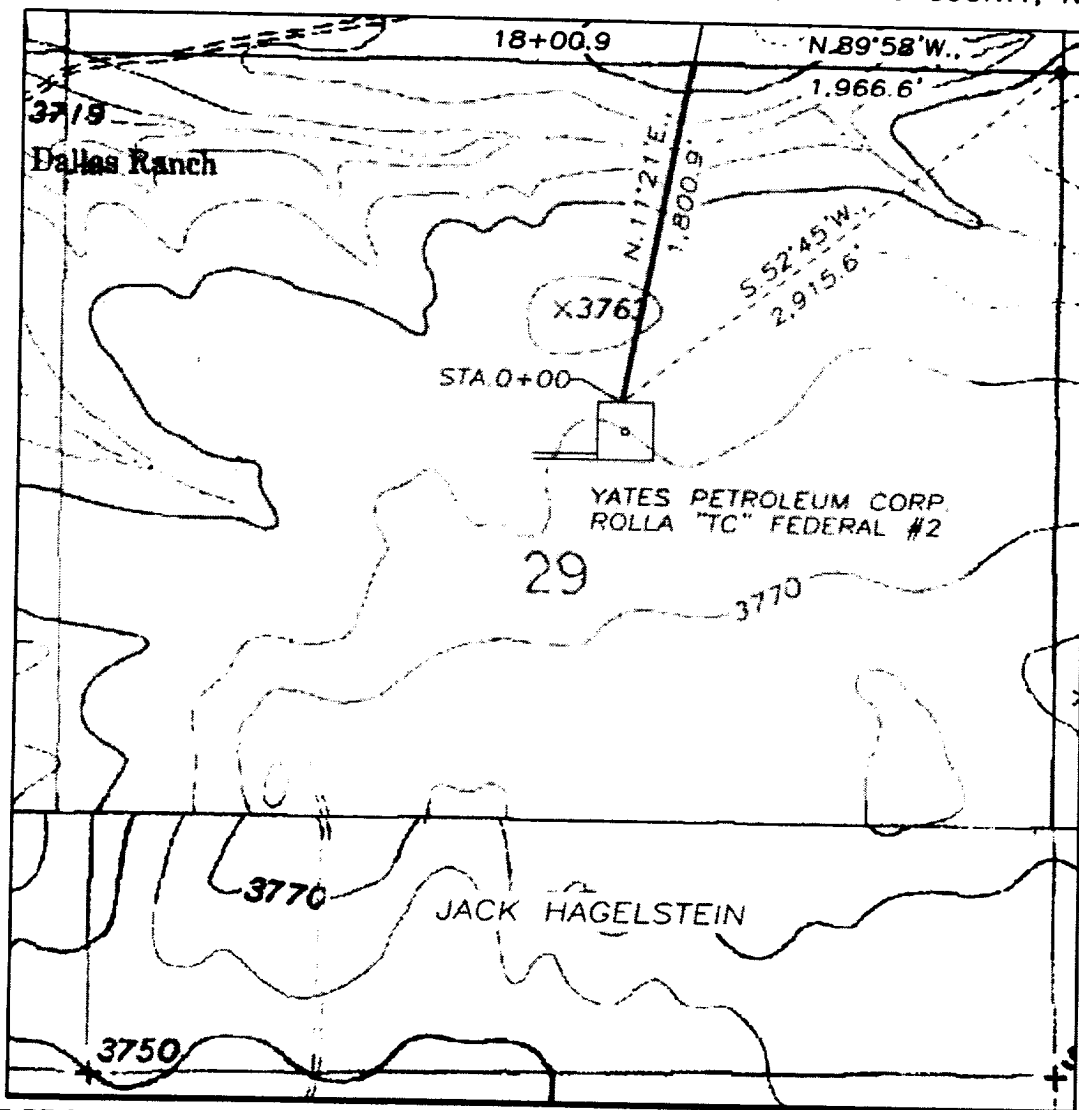


Yates Petroleum C  
Margene "AWM"

Chaves County,  
Exhibit "A"



SECTION 29, TOWNSHIP 9 S. 1H, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



**DESCRIPTION:**

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE FOLLOWING DESCRIBED SURVEY CENTERLINE;

BEGINNING AT STA. 0+00, A POINT LOCATED S. 52°45' W., 2,915.6 FEET DISTANT FROM THE NORTHEAST CORNER OF SECTION 29, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO; THENCE N. 11°21' E., 1,800.9 FEET TO STA. 18+00.9, A POINT LOCATED N. 89°58' W., 1,966.6 FEET DISTANT FROM THE NORTHEAST CORNER OF SAID SECTION 29.

1,800.9 FEET = 109.1455 RODS, MORE OR LESS.

Yates Petroleum Corporation  
Margene "AWM" Federal #1  
1400' FNL & 990' FEL  
Section 20-T9S-R26E  
Chaves County, New Mexico  
Exhibit "A-1"

1000' 0 1000' 2000'  
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT 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.

*Herschil L. Jones*  
HERSCHIL L. JONES, R.L.S. No. 3640

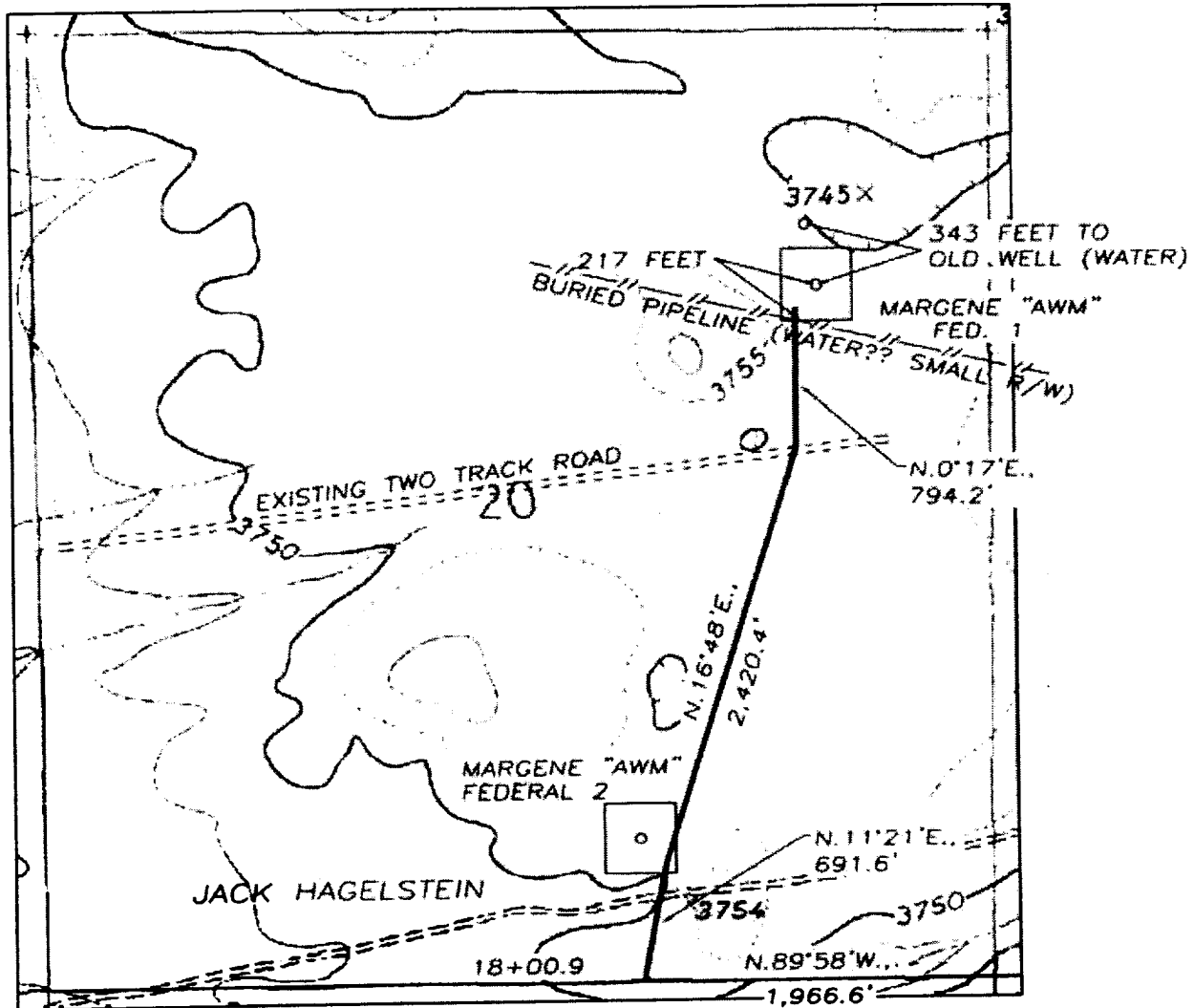
GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

**YATES PETROLEUM CORP.**

LEASE ROAD TO ACCESS THE YATES MARGENE "AWM" FEDERAL #1 AND 2, LOCATED IN SECTION 20, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 11/27/2001	Sheet 1 of 2 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/28/01	Scale 1" = 1000' MARGENE 1

SECTION 20, TOWNSHIP 9 SC 1, RANGE 26 EAST, NMPM, CHAVI COUNTY, NEW MEXICO.



**DESCRIPTION:**

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 3,906.2 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT. LEASE ROAD AS SHOWN IS ON LEASE.

3,906.2 FEET = 236.7394 RODS, MORE OR LESS.

Yates Petroleum Corporation  
Margene "AWM" Federal #1  
1400' FNL & 990' FEL  
Section 20-T9S-R26E  
Chaves County, New Mexico  
Exhibit "A-2"

1000' 0 1000' 2000'  
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT 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.

REGISTERED PERSONNEL L. JONES R.L.S. No. 3640

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

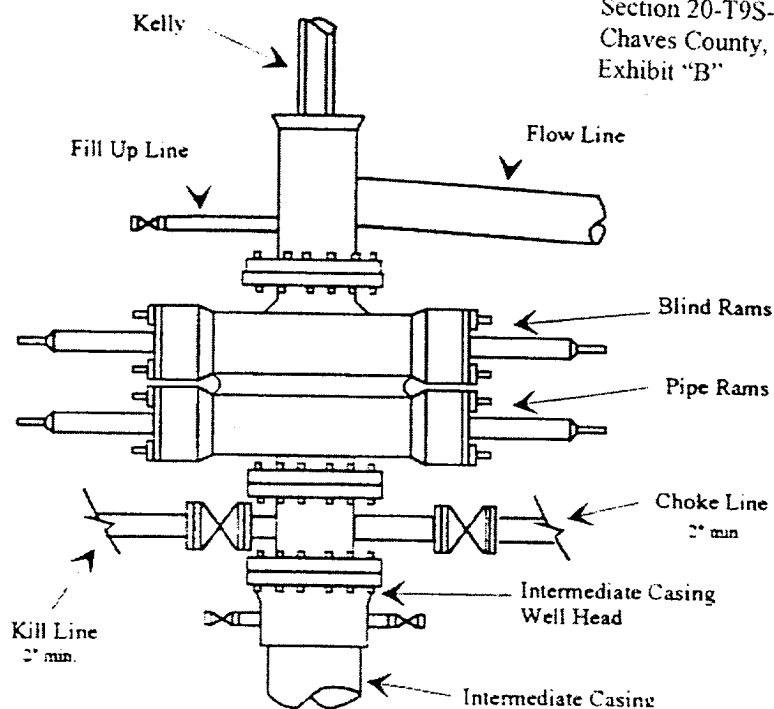
**YATES PETROLEUM CORP.**

LEASE ROAD TO ACCESS THE YATES MARGENE "AWM" FEDERAL #1 AND 2, LOCATED IN SECTION 20, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

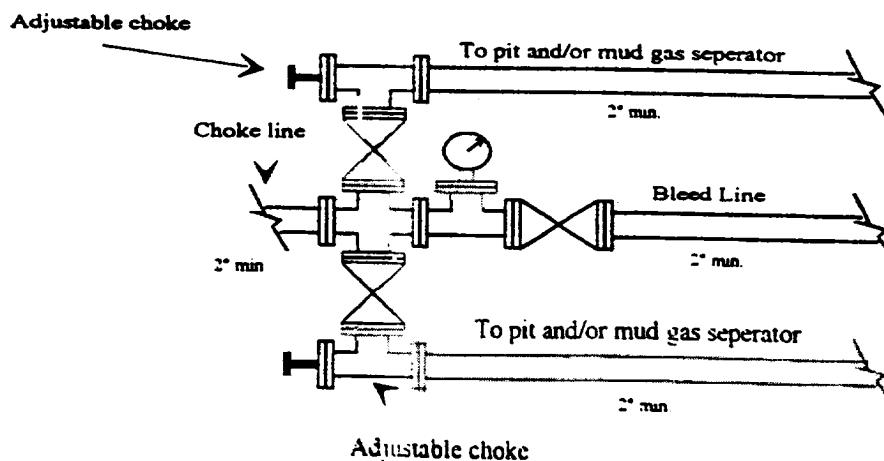
Survey Date: 11/27/2001	Sheet 2 of 2 Sheets
Drawn By: Ed Glevins	W.O. Number
Date: 11/28/01	Scale 1" = 1000' MARGENE 1

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

Yates Petroleum Corporation  
Margene "AWM" Federal #1  
1400' FNL & 990' FEL  
Section 20-T9S-R26E  
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'

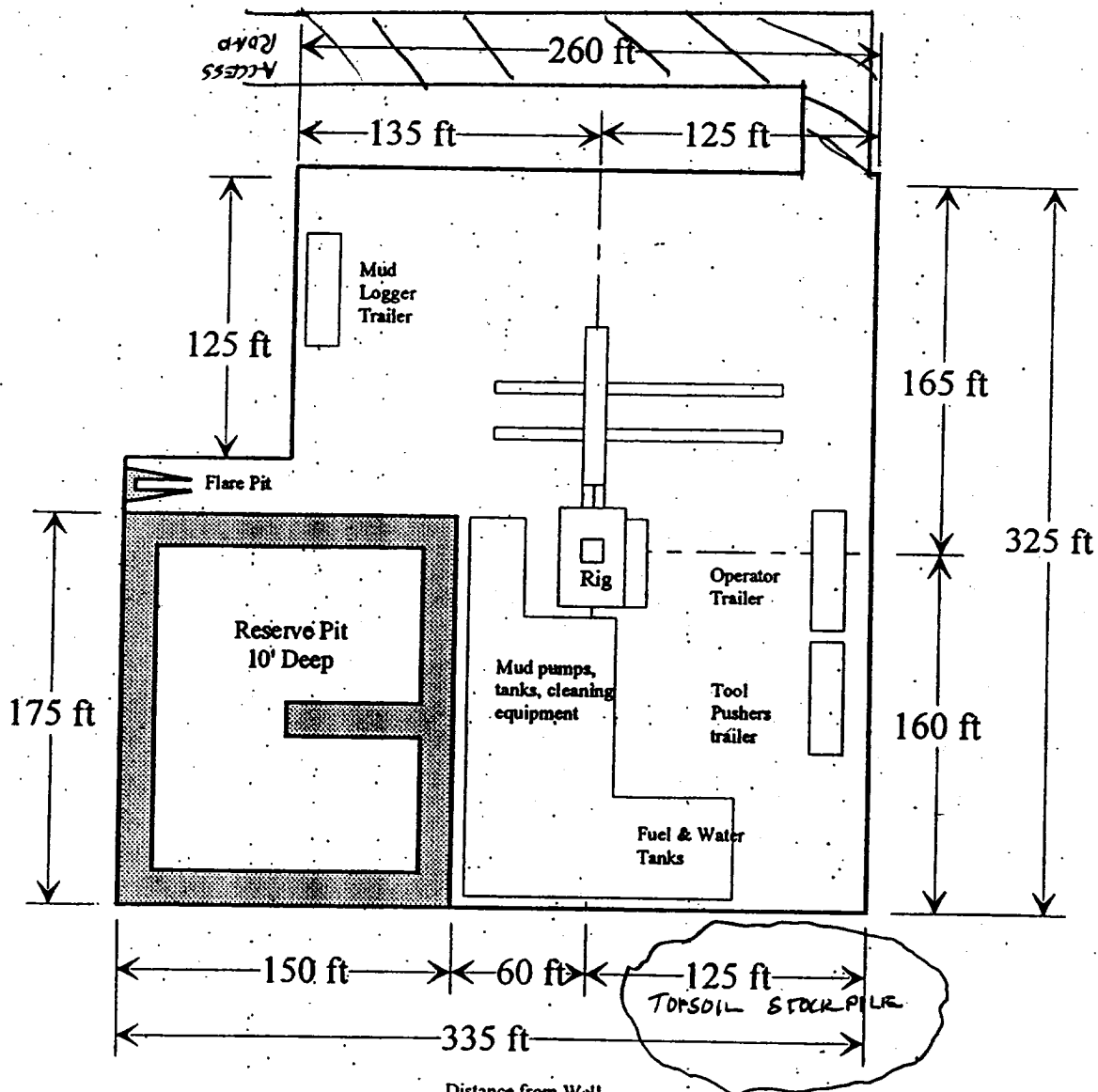
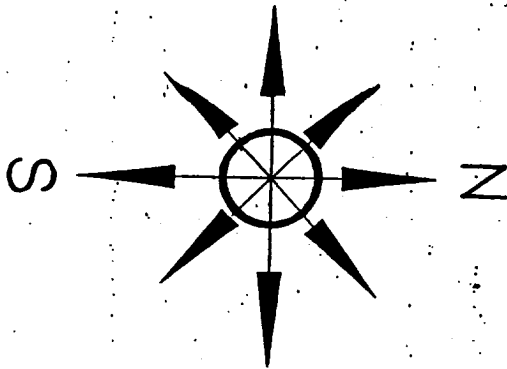
Revised Layout

MARGENE "AWM" FEDERAL #1

1400' FNL & 990' FEL

Section 20-T9S-R26E

DRILLING PITS TO THE SOUTH



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

Yates Petroleum Corporation  
Margene "AWM" Federal #1  
1400' FNL & 990' FEL  
Section 20-T9S-R26E  
Chaves County, New Mexico  
Exhibit "D"

