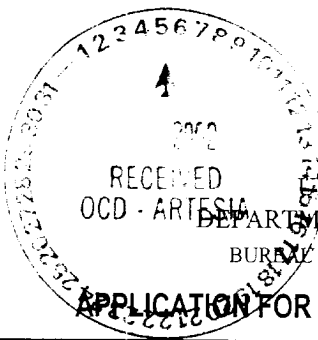


Form 3160-3  
(August 1999)



N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

CISF

0

OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

**NM-28297**

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. **226-8-**  
**Everette "OO" Federal Com. #10**

9. API Well No.

**30-005-63464**

10. Field and Pool, or Exploratory

**Wildcat Precambrian**

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

**Section 26-T5S-R24E**

12. County or Parish

**Chaves County**

13. State

**NM**

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 **1980' FNL and 1780' FWL, Unit F**  
At proposed prod. Zone **same as above**

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

**Approximately forty-two (42) 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) **1980'**

16. No. of Acres in lease  
**1040**

17. Spacing Unit dedicated to this well  
**320 - N 1/2**

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. **1320 +/-**

19. Proposed Depth  
**5260'**

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

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

**3978' 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature

**Clifton R. May**

Name (Printed/Typed)

**Clifton R. May**

Date

**1/31/02**

Title:

**Regulatory Agent**

Approved by (Signature)

**/S/LARRY D. BRAY**

Name (Printed/Typed)

**/S/LARRY D. BRAY**

Date

**APR 04 2002**

Title

**Assistant Field Manager,  
Lands And Minerals**

Office

**ROSWELL 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)



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  
2040 South Pacheco, Santa Fe, NM 87505

STATE OF NEW MEXICO  
Energy, Minerals and Natural Resources Department

Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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
		Wildcat Precambrian
Property Code	Property Name	Well Number
	EVERETTE "OO" FEDERAL COM.	10
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3978

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	26	5S	24E		1980	NORTH	1780	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-N <sub>1</sub>									

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

		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Clifton R. May</u> Signature</p> <p><u>Clifton R. May</u> Printed Name</p> <p><u>Regulatory Agent</u> Title</p> <p><u>1/31/02</u> Date</p>	
<p>1780'</p> <p>1980'</p> <p>3984 3978</p> <p>3979 3975</p> <p>N.33°50'42.1"</p> <p>W.104°23'46.1"</p>		<p>FEE</p> <p>NM-28297</p>	
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p><u>12/27/2001</u> Date Surveyed</p> <p><u>THOMAS L. JONES</u> Signature of Professional Surveyor</p> <p><u>3640</u> Registration Number</p> <p><u>THOMAS L. JONES RLS 3640</u> Certificate No.</p> <p><u>EVERETTE 10</u> WELL LOCATION</p> <p>GENERAL SURVEYING COMPANY</p>	

**YATES PETROLEUM CORPORATION**  
**Everette "OO" Federal Com. #10**  
1980' FNL and 1780' FWL  
Section 26-T5S-R24E  
Chaves County, New Mexico

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

San Andres	640'
Glorieta	1490'
Yeso	1615'
Tubb	3015'
Abo	3660'
Wolfcamp	4320'
Basement - Granite	5160'
TD	5260'

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

Water: 150'-800'  
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	0-5260'

**WITNESS**

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

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and 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 bottom hole pressure in this field is proven to be near 1000 PSI. Pressure at the surface is much less. We feel that a 1000 PSI test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

## Everette "OO" Federal Com #10

### Page 2

#### A. CEMENTING PROGRAM:

Surface Casing: 200 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL<sub>2</sub> (YLD 1.32 WT 15.6).

Intermediate Casing: 250 sx Lite (YLD 2.0 WT 12.0) Tail in with 200 sx Class C+2% CaCL<sub>2</sub> (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'-3630'	Brine	10 – 10.2	28	N/C
3630'-5260'	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: Platform Express CNL/LDT, W/NGT TD –Surf csg; with GR/CNL up to Surf: DLL/MS FL TD-Surf csg; BHC Sonic TD-Surf 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: 5295'	Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S 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**  
**Everette "OO" Federal Com #10**  
**1980' FNL and 1980' FWL**  
Section 26-T5S-R24E  
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 42 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, NM on 285 approx. 25 miles from the intersection of 70 & 285 to Dona Anna Road. Turn east on Dona Anna and go approx. 10.6 miles. The new road will start here and go SE for approx. 0.2 of a mile to the SW corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1300' in length from the point of origin to the southeast corner of the pad. The road will lie in a southeasterly 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 as they are now.

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: This APD is being used to apply for the on lease flow line from this well to the tie-in point on the Everette "OO" Fed. #3 location in the NENE of Section 26-T5S-R24E. A map of the proposed pipeline is included as Exhibit "E".

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.

Everette "OO" Federal Com. #10

11. SURFACE OWNERSHIP: Miller Living Trust  
12600 Paseo Cerro  
Saratoga, CA 95075

Yates and the private surface owners have agreed as to the operations to be conducted on this well.

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:<br>Clifton R. May, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 |
|--|---|

14. CERTIFICATION:

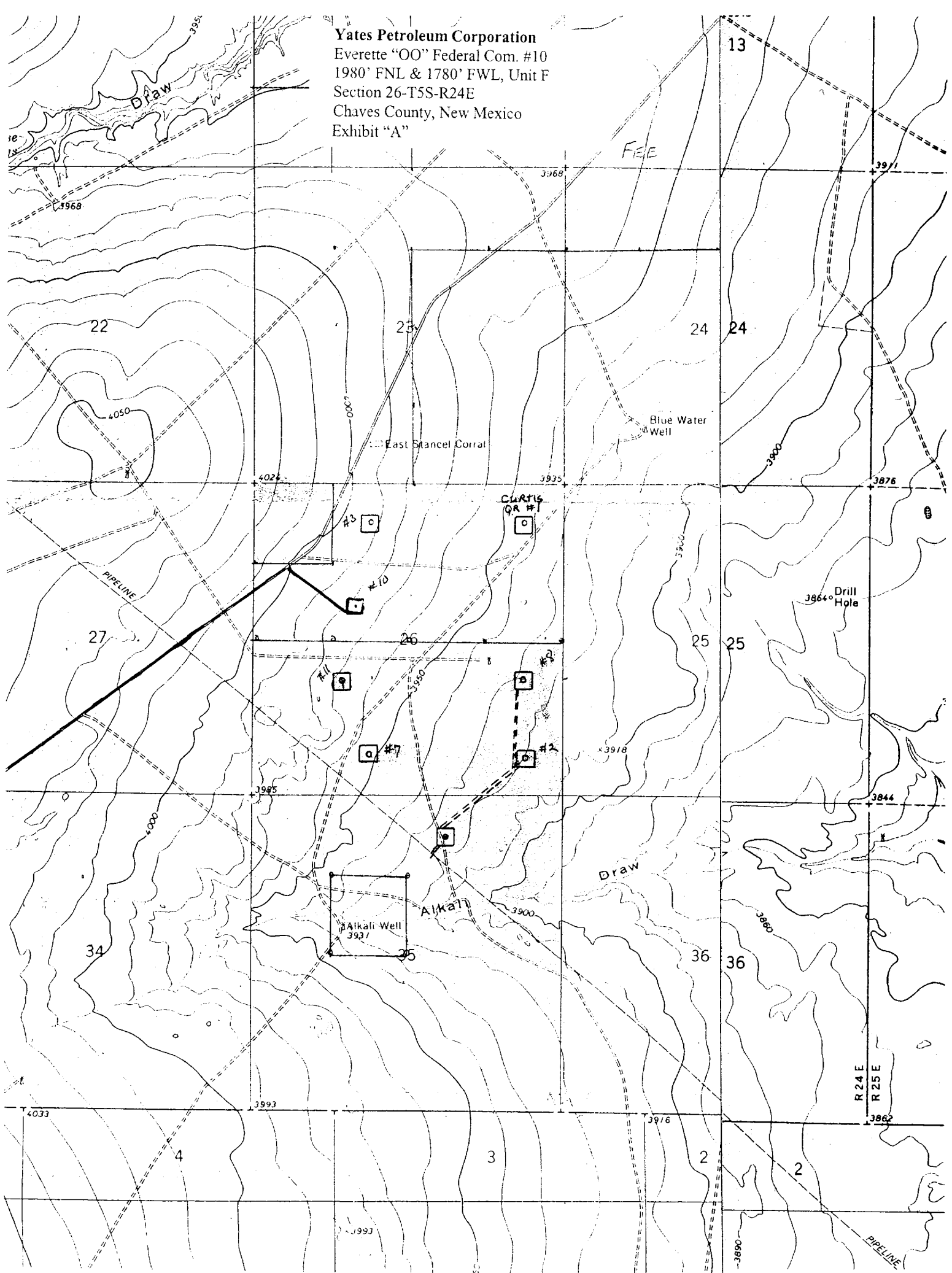
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated 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.

1/31/02

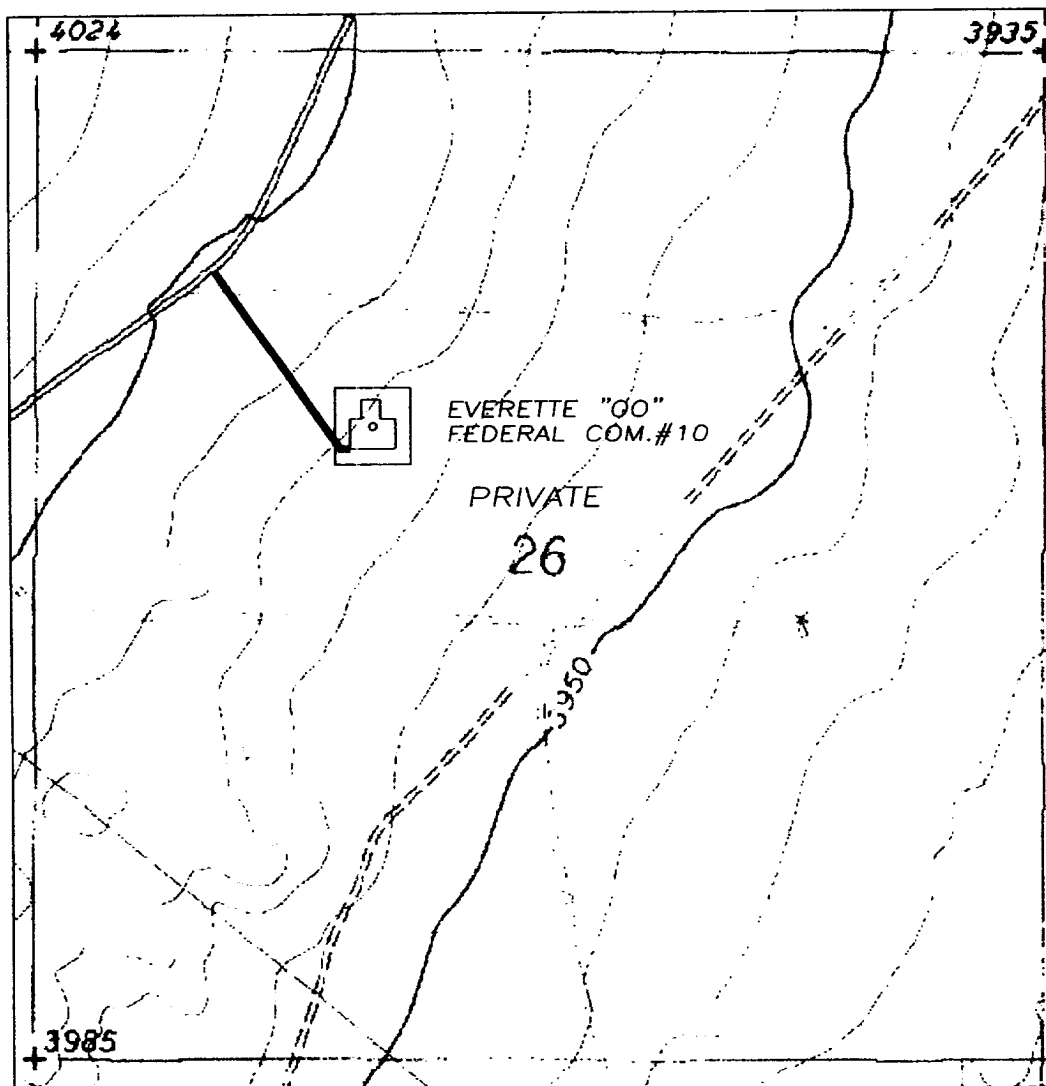
  
Regulatory Agent



**Yates Petroleum Corporation**  
Everette "OO" Federal Com. #10  
1980' FNL & 1780' FWL, Unit F  
Section 26-T5S-R24E  
Chaves County, New Mexico  
Exhibit "A"



SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation  
 Everett "OO" Federal Com. #10  
 1930' FNL & 1780' FWL, Unit F  
 Section 26-T5S-R24E  
 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.

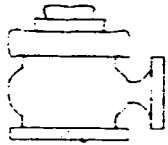
3640  
 HENSOHL L. JONES, R.E.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES EVERETTE  
 "OO" FEDERAL COM. #10 LOCATED IN SECTION  
 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST,  
 NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 12/27/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 1/01/02	Scale 1" = 1000' EVERETTE 10



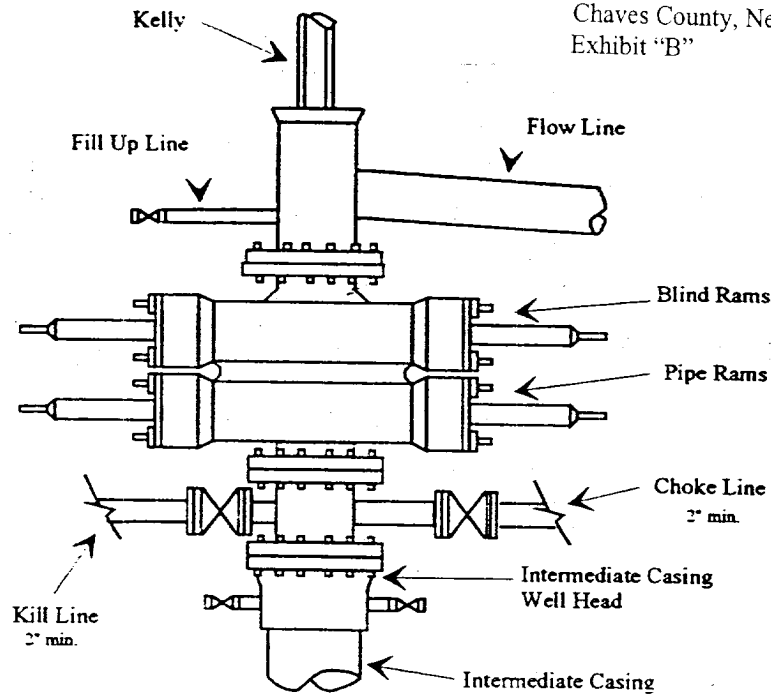
# Yates Petroleum Corporation

BOP-2

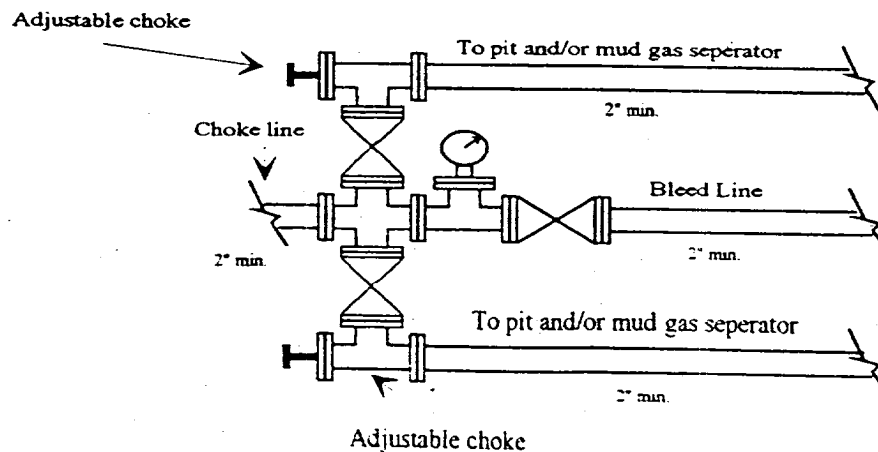
## Typical 2,000 psi Pressure System Schematic

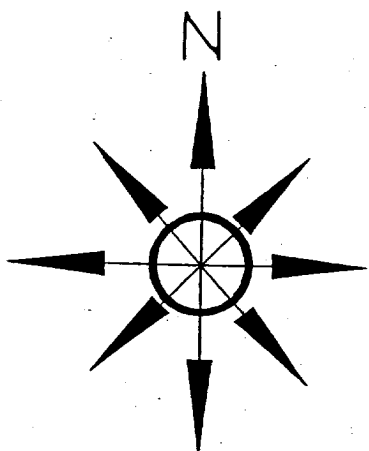
### Double Ram Preventer Stack

Yates Petroleum Corporation  
Everette "OO" Federal Com. #10  
1980' FNL & 1780' FWL, Unit F  
Section 26-T5S-R24E  
Chaves County, New Mexico  
Exhibit "B"



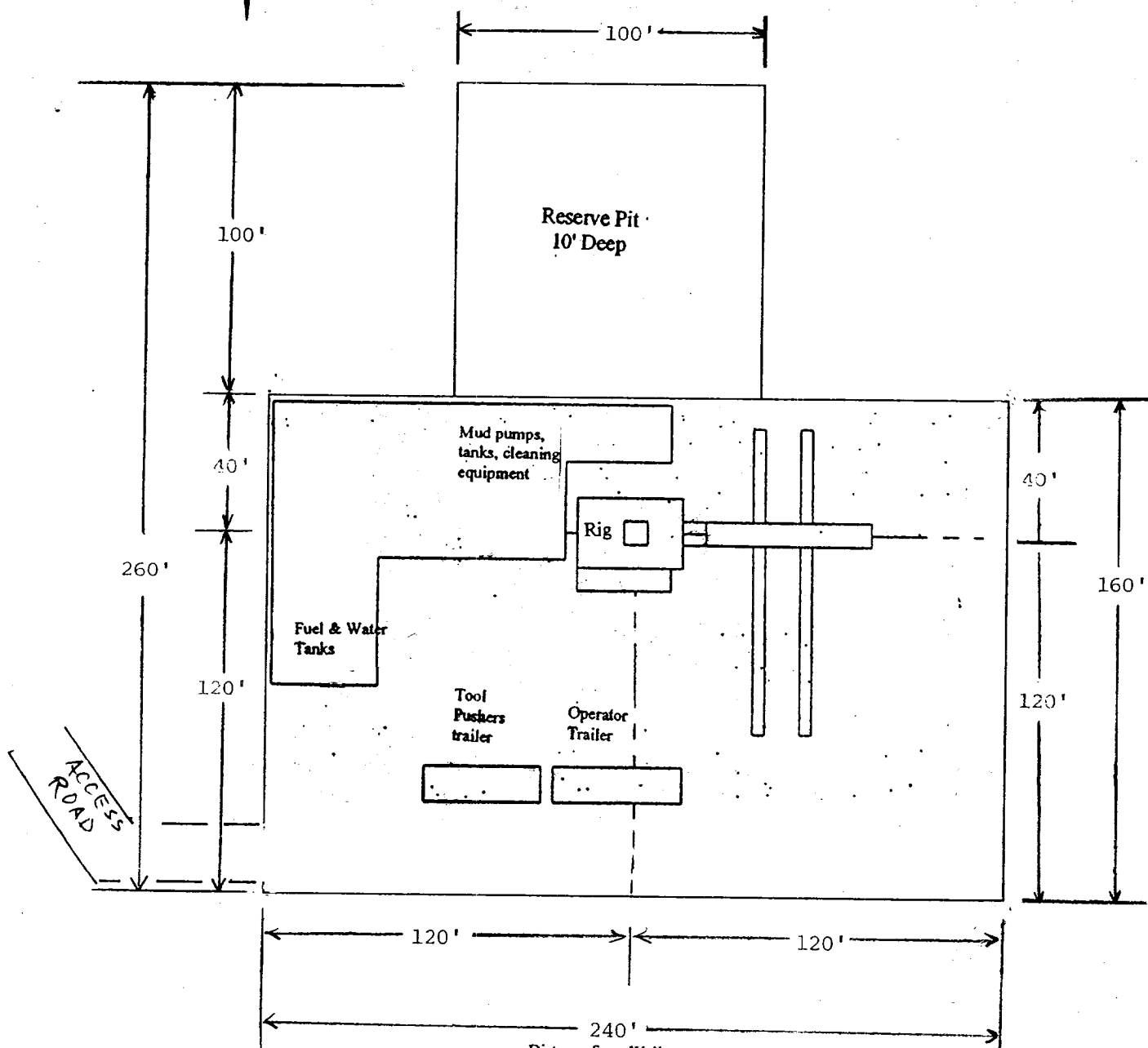
Typical 2,000 psi choke manifold assembly with at least these minimum features





# Yates Petroleum Corporation

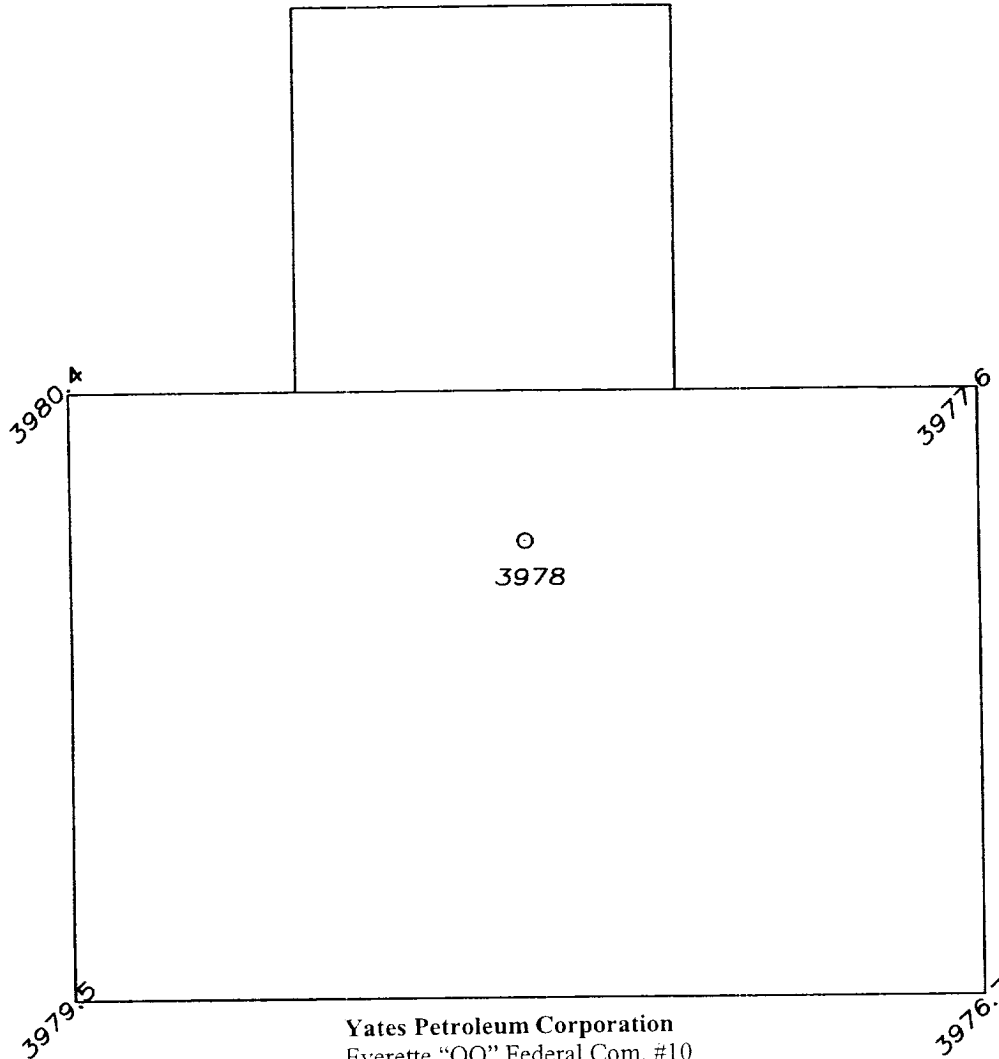
Yates Petroleum Corporation  
Everette "OO" Federal Com. #10  
1980' FNL & 1780' FWL, Unit F  
Section 26-T5S-R24E  
Chaves County, New Mexico  
Exhibit "C"



Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum

YATES PETROLEUM CORPORATION EVERETTE "OO" FEDERAL COM.#10  
1980'/N & 1780'/W, SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES  
COUNTY, NEW MEXICO.



Yates Petroleum Corporation  
Everette "OO" Federal Com. #10  
1980' FNL & 1780' FWL, Unit F  
Section 26-T5S-R24E  
Chaves County, New Mexico  
Exhibit "C-1"

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 P.L.S. No. 3640

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

YATES PETROLEUM CORP.

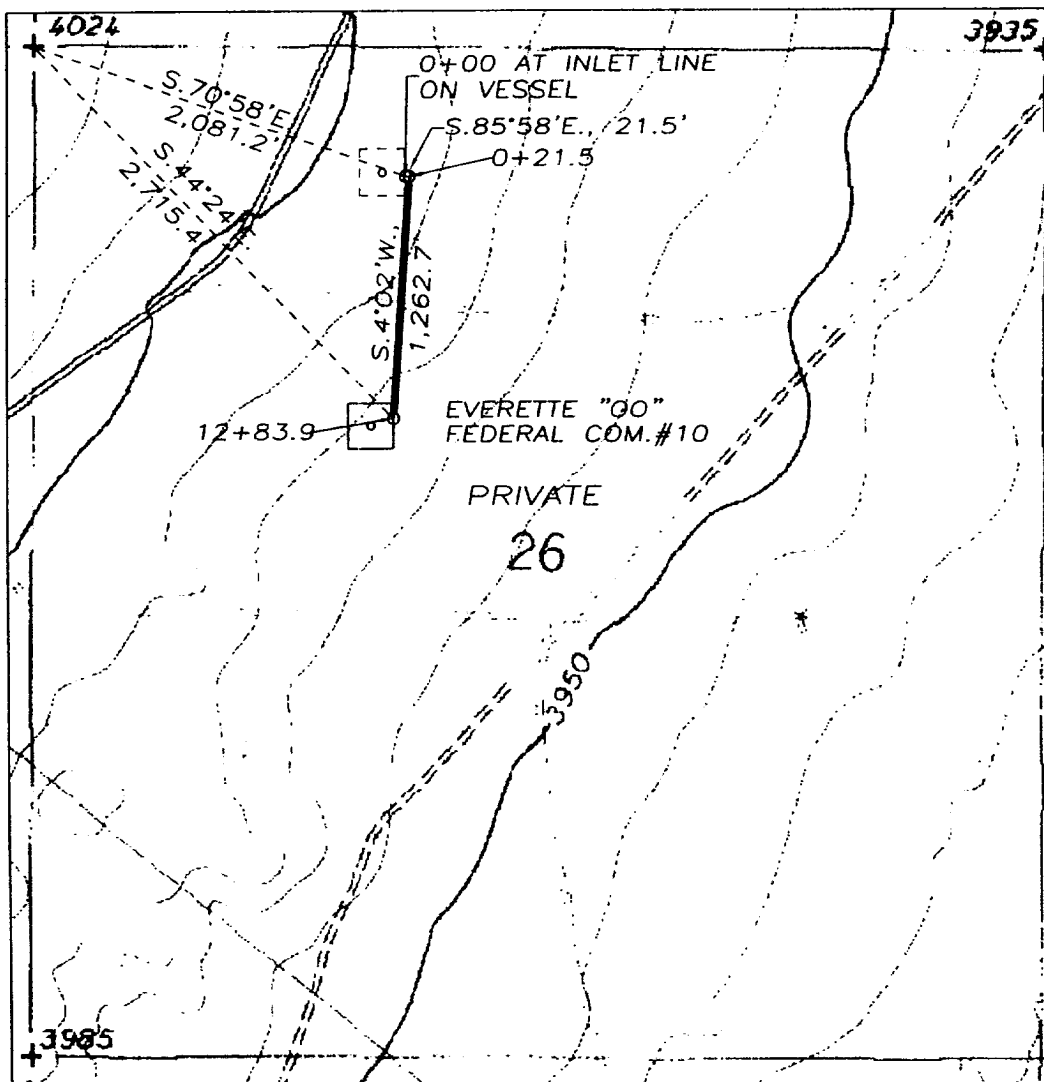
WELL PAD PLAN VIEW ON THE YATES EVERETTE  
"OO" FEDERAL COM.#10 LOCATED 1980'/N AND  
1780'/W OF SECTION 26, TOWNSHIP 5 SOUTH,  
RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW  
MEXICO.

Survey Date: 12/27/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 1/01/02	Scale 1" = 50' EVERETTE10



SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Yates Petroleum Corporation  
Everette "OO" Federal Com. #10  
1980' FNL & 1780' FWL, Unit F  
Section 26-T5S-R24E  
Chaves County, New Mexico  
Exhibit "E"



DESCRIPTION:

A PIPELINE 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.70°58'E., 2,081.2 FEET DISTANT FROM THE NORTHWEST CORNER OF SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO; THENCE S.85°58'E., 21.5 FEET TO STA.0+21.5; THENCE S.4°02'W., 1,262.7 FEET TO STA.12+83.9, A POINT LOCATED S.44°24'E., 2,715.4 FEET DISTANT FROM THE NORTHWEST CORNER OF SAID SECTION 26.

1,283.9 FEET = 77.8121 RODS, MORE OR LESS, ALL OF WHICH ARE ON LEASE.

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.

3640  
HERSCHEL L. JONES, R.E.S. No. 3640

YATES PETROLEUM CORP.

PIPELINE TO CONNECT THE YATES EVERETTE "OO" FEDERAL COM. #10 LOCATED IN SECTION 26, TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

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

Survey Date: 4/09/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/13/01	Scale 1" = 1000' EVERETTE 10