

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OMB No. 1004-0136
Expires November 30, 2000

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

25575

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 1500' FWL, Unit C

At proposed prod. Zone

same as above

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

Approximately seventeen (17) 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

639

17. Spacing Unit dedicated to this well

320 W/2

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

19. Proposed Depth

4829'

20. BLM/BIA Bond No. on file

NM-2811

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

3637' 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.
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

Clifton R. May

Name (Printed/Typed)

Clifton R. May

Date

1/10/02

Title:

Regulatory Agent

Approved by (Signature)

LARRY D. BRAY

Name (Printed/Typed)

Date

APR 15 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.

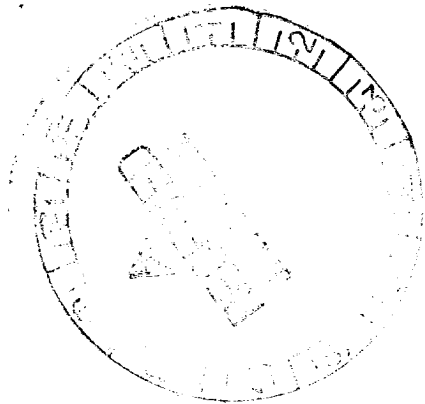
APPROVED FOR 1 YEAR

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 ATTACHED

100-100000



DISTRICT I
1828 E. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
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 Basement
Property Code	Property Name STEWART FEDERAL	Well Number 5
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3637

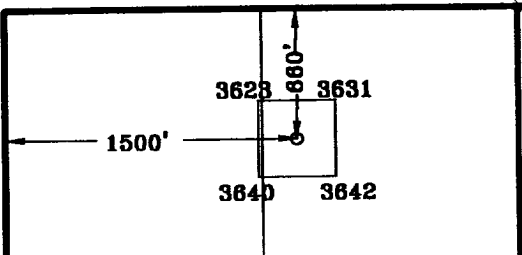
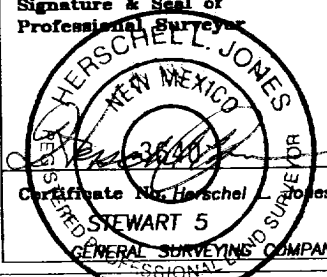
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	8S	24E		660	NORTH	1500	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 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

			OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Clifton R. May</u> Signature <u>Clifton R. May</u> Printed Name <u>Regulatory Agent</u> Title <u>1/11/02</u> Date
NM-20932	N.33°38'26.9" W.104°27'45.2"		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. <u>5/01/2001</u> Date Surveyed <u>[Signature]</u> Signature & Seal of Professional Surveyor  Certifyate No. Herschel Jones RLS 3640 STEWART 5 GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Stewart Federal #5
660' FNL and 1500' FWL
Section 12-T8S-R24E
Chaves County, New Mexico

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

San Andres	170'
Glorieta	1070'
Yeso	1170'
Tubb	2620'
Abo	3295'
Wolfcamp	3944'
Penn	4472'
Basement Granite	4729'
TD	4829'

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	0-350'
11	8 5/8"	24#	J-55	ST&C	0-1150'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-4829'

~~*8 5/8" will only be set if lost circulation is encountered~~ will be run G&L

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

A. CEMENTING PROGRAM:

Surface Casing: 300 sx "C" + 2% CaCL₂ (YLD 1.32 WT 14.8).

Intermediate Casing: 200 sx Lite (YLD 1.99 WT 12.5). Tail in with 200 sx Class C+2% CACL₂ (YLD 1.32 WT 14.8).

Production Casing: 450 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 2800'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW GEL, Paper, LCM	8.6 - 9.2	32-36	N/C
350'-1150'	FW	8.4 - 8.6	28	N/C
1150'-3260'	Cut-Brine/Brine	9.0 - 10.2	28	N/C
3260'-TD	Starch/ Salt Gel	9.3-10.2	32-40	<6cc

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. Rig personnel will check mud hourly.

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: 350'	Anticipated Max. BHP: 150 PSI
From: 350'	TO: 1150'	Anticipated Max. BHP: 500 PSI
From: 1250	TO 4829'	Anticipated Max. BHP: 2200 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
Stewart Federal #5
660' FNL and 1500' FWL
Section 12-T78S-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 17 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 for approx. 7.5 miles to One Horse Road. Turn east and follow road approx. 2.5 miles to Cottonwood Road. Turn north and go approximately 5.4 miles and turn west. Go west on lease road for approximately 2.5 miles and the road turns right. Go approximately 0.1 of a mile and take the left fork. Go approximately 0.9 of a mile and the new road will start here and go northwest to the northeast corner of the pad. The Federal portion of this access is covered under NM-84347.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1050' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a 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. 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 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 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. The pits are to south into the hill.
- D. 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.

Stewart Federal #5
Page Three

11. SURFACE OWNERSHIP: Federal Surface
 Federal Minerals

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.

1/10/2002


Regulatory Agent

Yates Petroleum Corporation
Stewart Federal #5
660' FNL & 1500' FWL, Unit C
Section 12-T8S-R24E
Chaves County, New Mexico
Exhibit "A"

Stewart Tank

Smith Windmill

BITTER LAKE NATIONAL WILDLIFE REFUGE

Cottonwood Road

3600, 3650, 3700, 3750, 3800

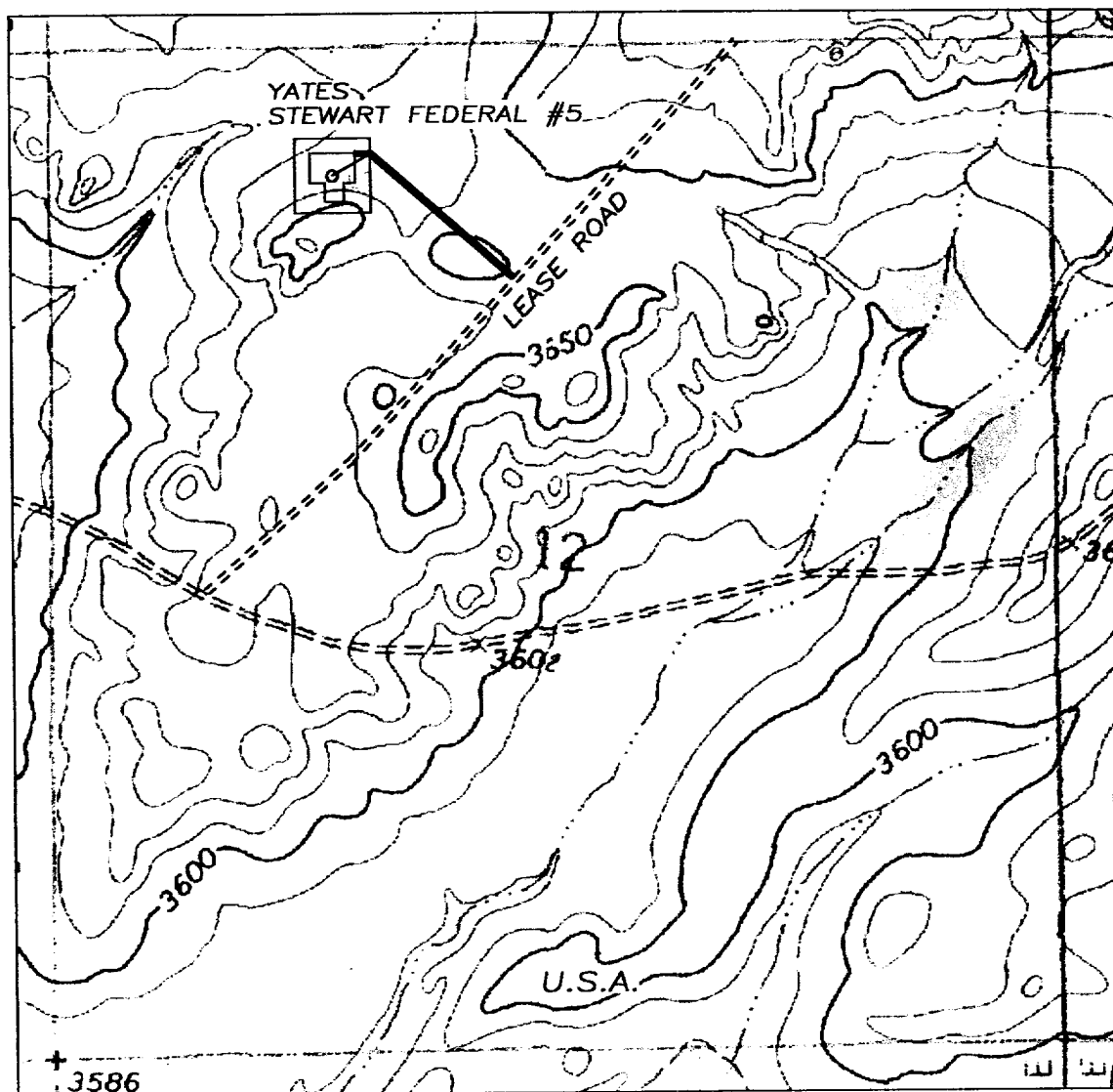
3573, 3586, 3590, 3600, 3626, 3627, 3632, 3650, 3657, 3732x, 3748, 3750, 3773, 3788, 3807

36, 37, 38, 12, 13, 17, 18

3573, 3586, 3590, 3600, 3626, 3627, 3650, 3657, 3732x, 3748, 3750, 3773, 3788, 3807

36, 37, 38, 12, 13, 17, 18

SECTION 12, TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



Yates Petroleum Corporation
 Stewart Federal #5
 660' FNL & 1500' FWL, Unit C
 Section 12-T8S-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
 HERSCHEL L. JONES S.F.L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO THE YATES STEWART FEDERAL #5 LOCATED IN SECTION 12, TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

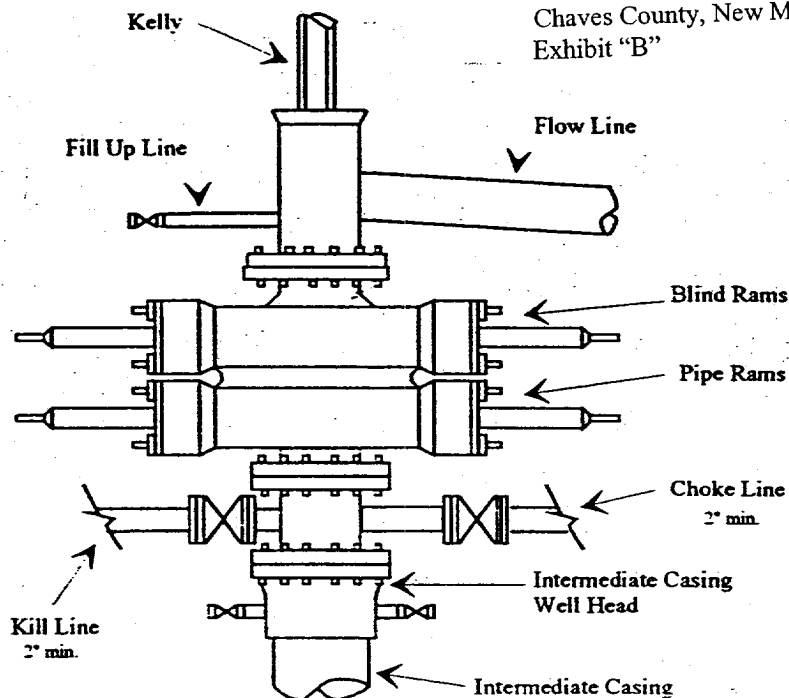
Survey Date: 5/01/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/02/01	Scale 1" = 1000' STEWART 5

Yates Petroleum Corporation

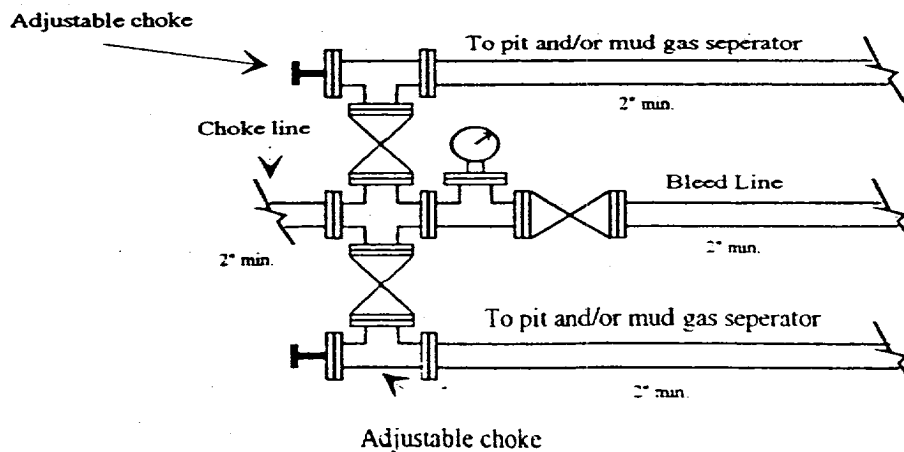
Typical 2,000 psi Pressure System Schematic

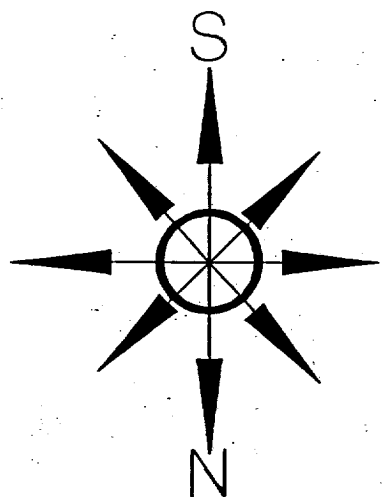
Double Ram Preventer Stack

Yates Petroleum Corporation
Stewart Federal #5
660' FNL & 1500' FWL, Unit C
Section 12-T8S-R24E
Chaves County, New Mexico
Exhibit "B"



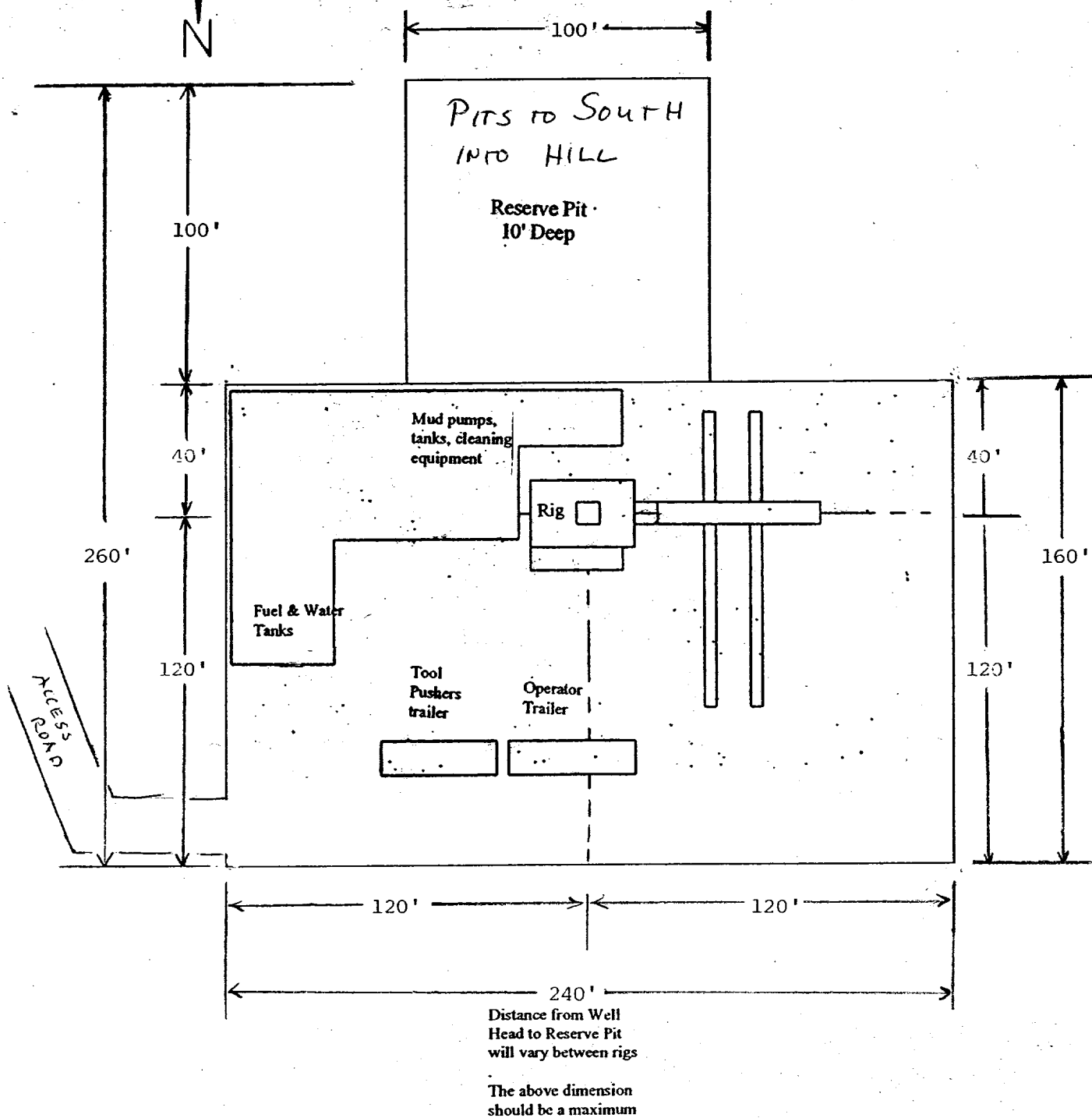
Typical 2,000 psi choke manifold assembly with at least these minimum features





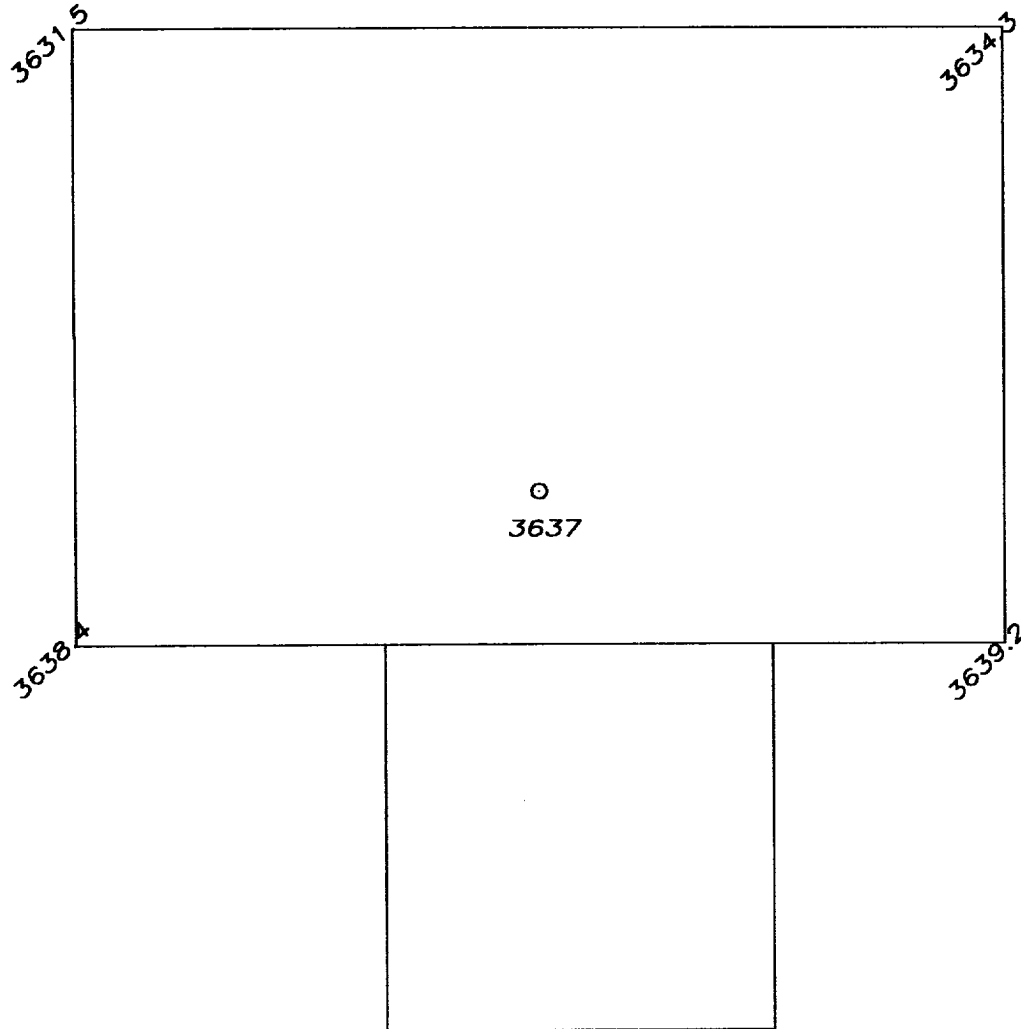
Yates Petroleum Corporation

Yates Petroleum Corporation
Stewart Federal #5
660' FNL & 1500' FWL, Unit C
Section 12-T8S-R24E
Chaves County, New Mexico
Exhibit "C"



YATES PETROLEUM CORPORATION STEWART FEDERAL #5, 660'/N & 1500'/W,
SECTION 12, TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Yates Petroleum Corporation
Stewart Federal #5
660' FNL & 1500' FWL, Unit C
Section 12-T8S-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.

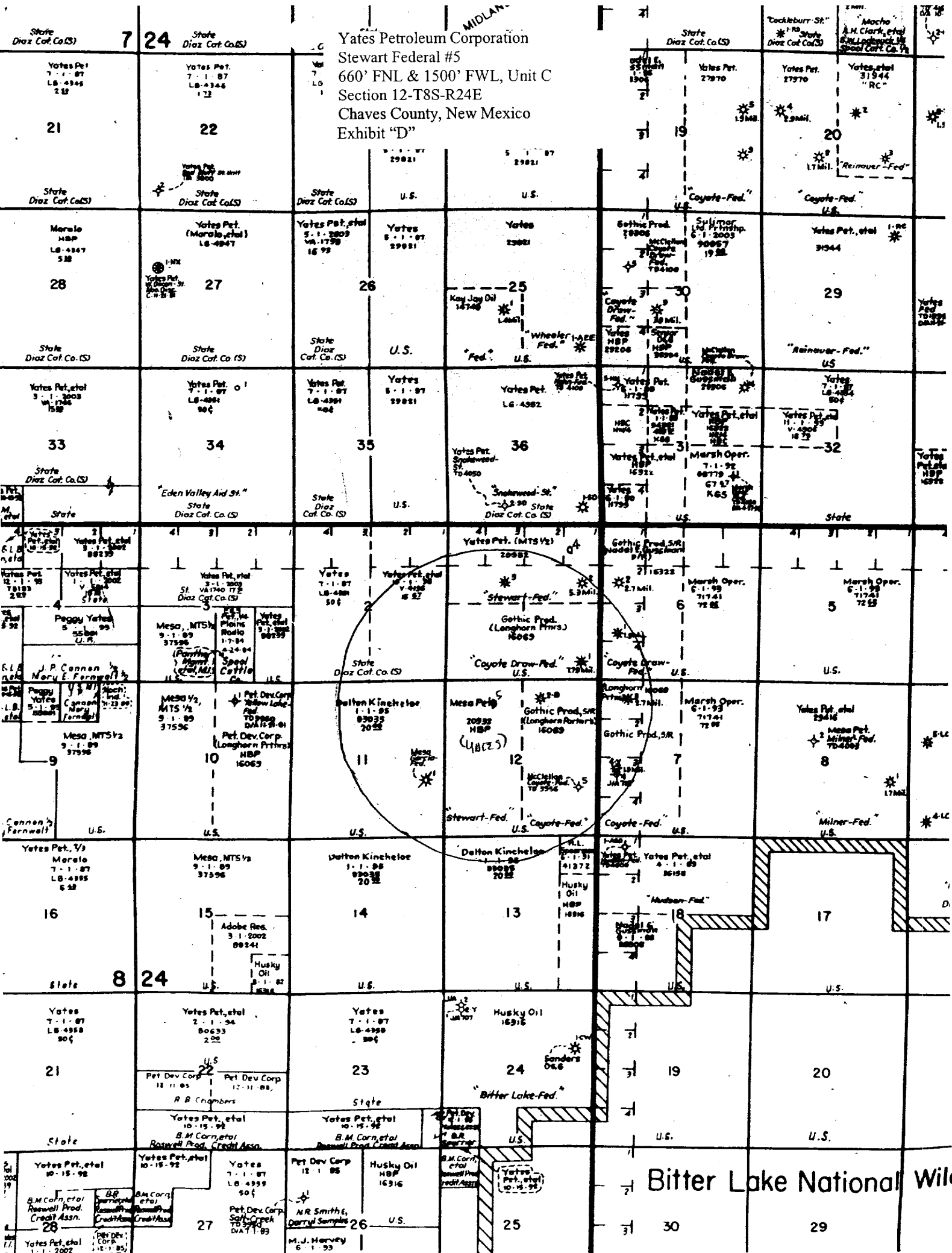
Herschel Jones
HERSCHEL JONES
REGISTERED PROFESSIONAL LAND SURVEYOR
N.M.S. No. 3640

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

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES STEWART
FEDERAL #5 LOCATED 660'/N AND 1500'/W OF
SECTION 12, TOWNSHIP 8 SOUTH, RANGE 24
EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 5/01/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/02/01	Scale 1" = 50' STEWART 5



Yates Petroleum Corporation
Stewart Federal #5
660' FNL & 1500' FWL, Unit C
Section 12-T8S-R24E
Chaves County, New Mexico
Exhibit "D"

Bitter Lake National Wildlife Refuge