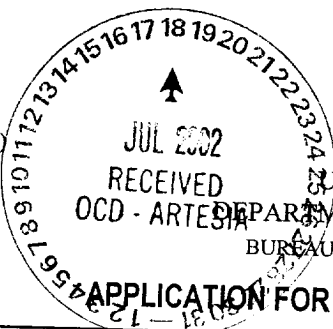


Form 3160-3
(August 1999)



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

CISF

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT		0 OMB No. 1004-0136 Expires November 30, 2000	
APPLICATION FOR PERMIT TO DRILL OR REENTER		5. Lease Serial No. NM-2357	
1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name Not Applicable	
b. 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		7. If Unit or CA Agreement, Name and No. Not Applicable	
2. Name of Operator Yates Petroleum Corporation		8. Lease Name and Well No. 12267 Federal "HJ" #13	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		9. API Well No. 30-005-63495	
3b. Phone No. (include area code) (505) 748-1471		10. Field and Pool, or Exploratory Pecos Slope Abo	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1330' FNL and 660' FWL At proposed prod. Zone same as above <i>Wt E</i>		11. Sec., T., R., M., or Blk. and Survey or Area Section 31, T6S-R26E	
14. Distance in miles and direction from nearest town or post office* Approximately twenty-eight (28) miles NE from Roswell, NM		12. County or Parish Chaves County	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		13. State New Mexico	
16. No. of Acres in lease 1140.22		17. Spacing Unit dedicated to this well 160 acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 5295'		20. BLM/BIA Bond No. on file NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3726' GL		22. Approximate date work will start* ASAP	
		23. Estimated duration 30 Days	
24. Attachment ROS WELL CONTROLLED WATER BASIN			

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 <i>Patricia Perez</i>	Name (Printed/Typed) Patricia Perez	Date 3/6/02
Title: Regulatory Agent		
Approved by (Signature) (ORIG. SGD.) ARMANDO A. LOPEZ		
Name (Printed/Typed) (ORIG. SGD.) ARMANDO A. LOPEZ		
Date JUL 17 2002		
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)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED**

DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1800 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
3040 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	
Property Code	Property Name		Pecos Slope Abo	
OCEED No.		Operator Name		Well Number
025575		YATES PETROLEUM CORPORATION		13
				Elevation
				3726

Surface Location

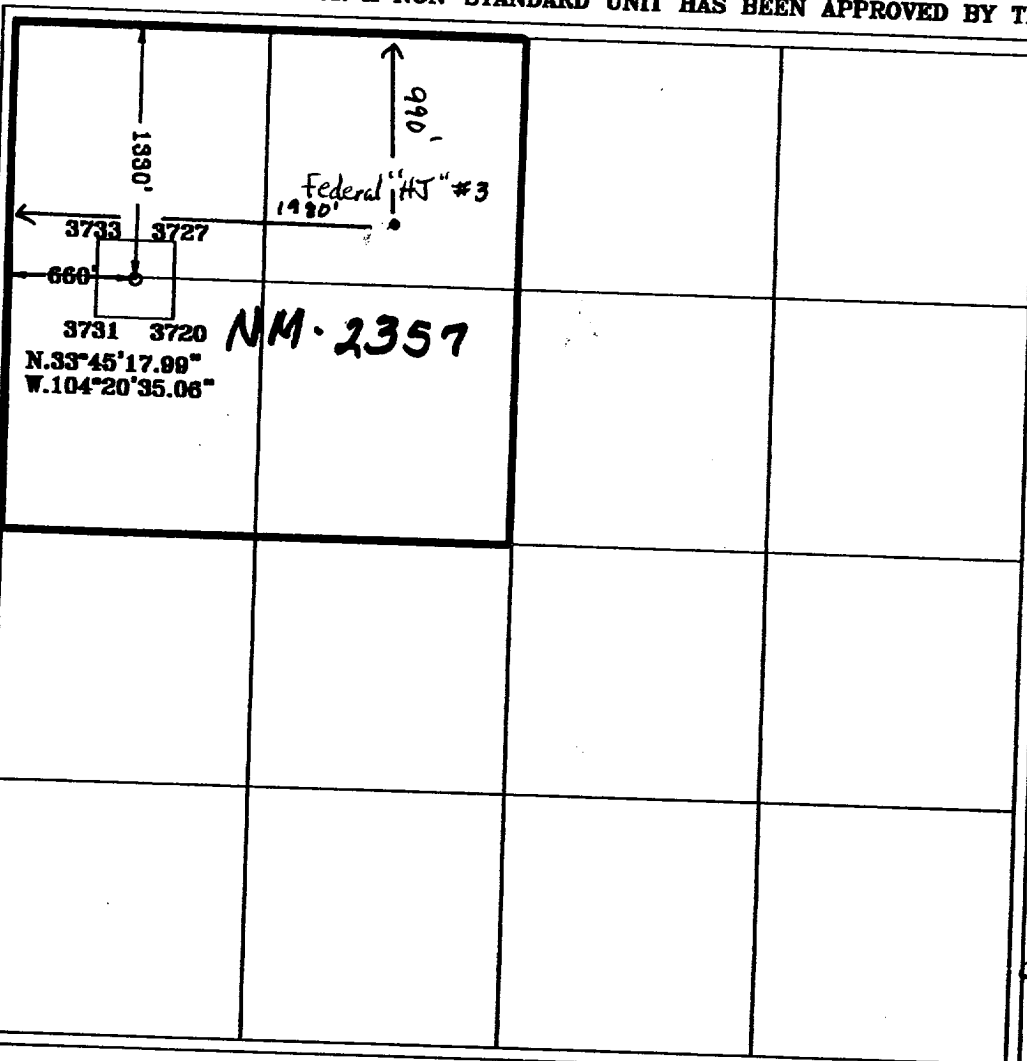
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	31	6S	26E		1330	NORTH	660	WEST	CHAVES

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.
160			

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.

Patricia Perez
Signature

Patricia Perez
Printed Name

Regulatory Agent
Title

03/06/02
Date

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.

4/06/2001

Date Surveyed

Signature of Professional Surveyor



Certificate No. Heriberto Jones RLS 3640

FEDERAL PROFESSIONAL SURVEYOR
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Federal "HJ" #13
 1330' FNL and 660' FWL
 Section 31-T6S-R26E
 Chaves County, New Mexico

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

San Andres	485'	Abo	3635'
Glorieta	1485'	Wolfcamp	4395'
Yeso	1610'	Basement-Granite	5195'
Tubb	3010'	TD	5295'

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

Water: 250'-350'
 Oil or Gas: All potential formations.

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)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
11 3/4"	11 3/4"	42#	H-40	ST&C	0-925'	925'
8 5/8"	8 5/8" *	24#	J-55	ST&C	0-1600'	1600'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5295'	5295'

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

- Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
- YPC requests a variance to 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 company to do the testing. Also, the bottom hole pressure in this field is proven to be near 1000 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1100 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.

B. CEMENTING PROGRAM:

Surface Casing: Cement with 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.33 WT 15.6). **WITNESS**

Intermediate Casing: 250 sx class C + 2% CaCLW (YLD 1.32 WT 14.8)

Production Casing: 500 sx PVL (YLD 1.34 WT 13). TOC 3100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0- 900 925'	FW GEL/Paper/LCM	8.6-9.0	32-36	N/C
925'-3600'	Cut Brine/Brine	9.0-10.2	28	N/C
3600'-5295'	Starch/Salt Gel	9.8-10.2	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. 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 to TD to surface casing, w/ GR/CNL TD to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI TD - top of Wolfcamp.

Coring: Sidewall

DST's: None

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: 2100 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 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Federal "HJ" #13
1330' FNL and 660' FWL
Section 31-T6S-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 28 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Drive north of Roswell on Highway 285 for approx 23 miles to Cottonwood Road. Turn east and go 12.2 miles to the Cottonwood Ranch House. Continue east for approx. ½ mile to intersection of Roosevelt and Cottonwood Rd. Turn right to Cottonwood Rd. and drive approx. 0.2 of a mile where the road is staked on the left (east) side going to the southwest corner of the location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 576' in length from the point of origin to the southwest corner of the drilling pad.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on both sides. No traffic turnout will be built.
- D. The route of the road is visible.
- E. 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, possibly in Roswell, and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits, which may be required.

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: Yates Petroleum Corporation wishes to run a 1,401' onlease 2" X-42 buried steel natural gas pipeline to connect the Federal "HJ" #13 well and tie into existing pipeline connection to the Federal "HJ" #3 well.

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.

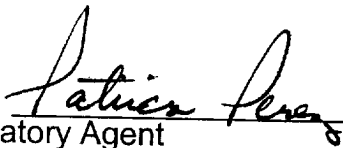
10. PLANS FOR RESTORATION:

- 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.

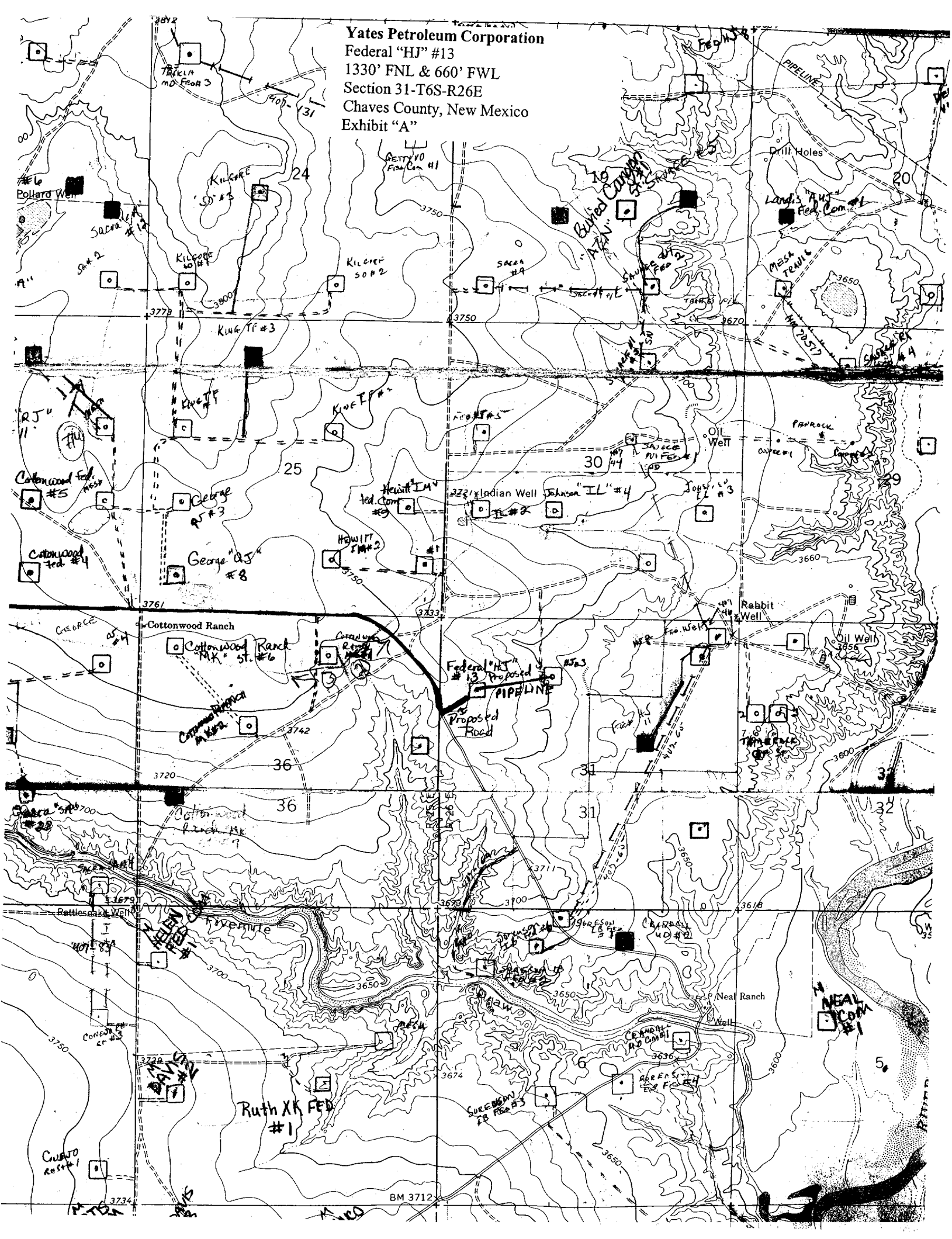
11. SURFACE OWNERSHIP: The location is on Federal surface administered by the BLM, Roswell, New Mexico.
12. OTHER INFORMATION:
- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for grazing.
13. OPERATOR'S REPRESENTATIVE:
- | | |
|--|---|
| A. Through A.P.D. Approval:
Patricia Perez, 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.

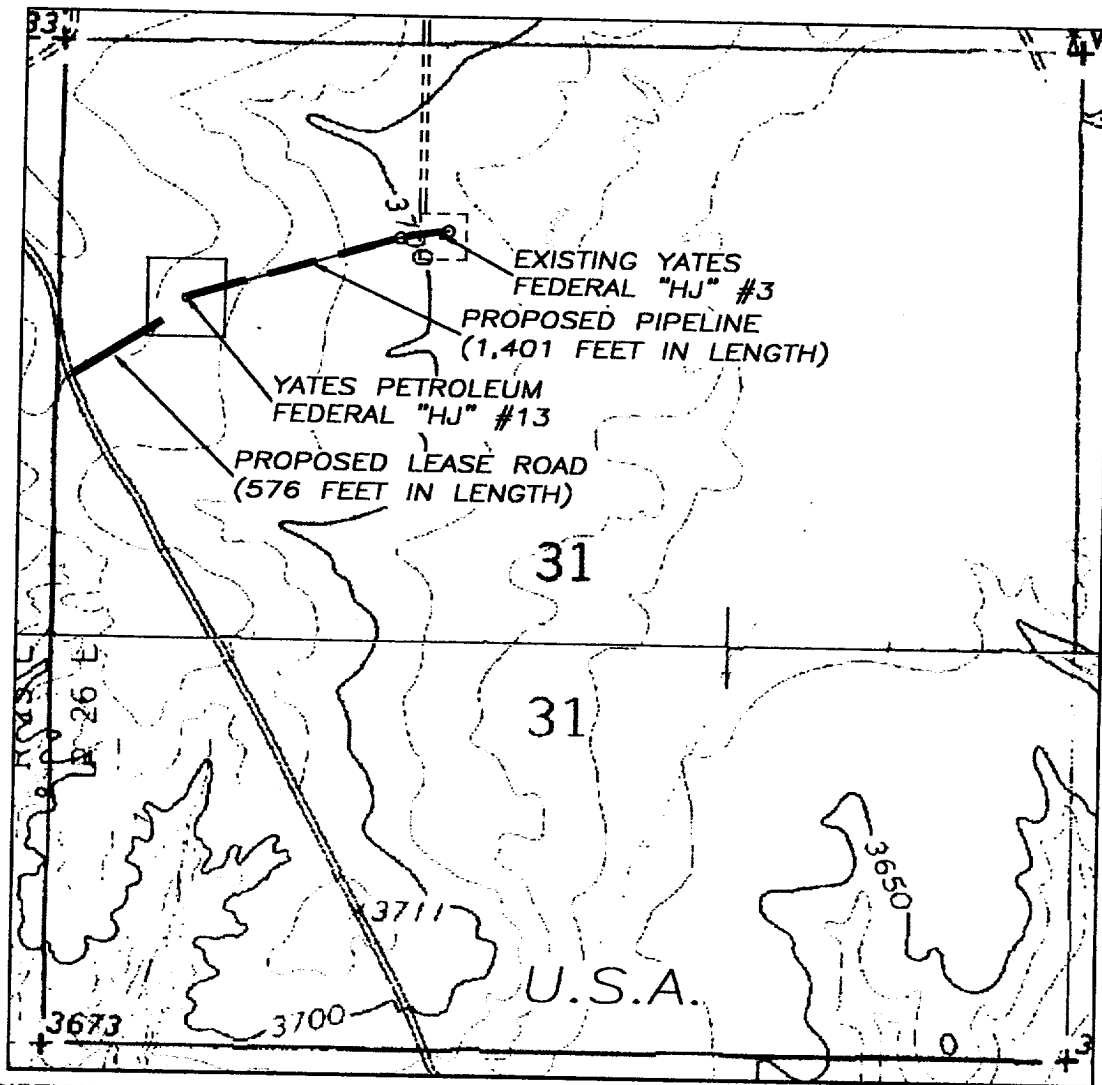
3/6/02


Regulatory Agent

Yates Petroleum Corporation
Federal "HJ" #13
1330' FNL & 660' FWL
Section 31-T6S-R26E
Chaves County, New Mexico
Exhibit "A"



SECTION 31, TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



DESCRIPTION:

LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 576 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT.
576 FEET = 34.91 RODS, 0.11 MILES OR 0.40 ACRES, MOR OR LESS.

PIPELINE RIGHT OF WAY 30 FEET WIDE AND 1,401 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT.
1,401 FEET = 84.91 RODS, 0.27 MILES OR 0.96 ACRES, MORE OR LESS.

NOTE: BOTH LEASE ROAD AND PIPELINE RIGHT OF WAYS ARE ON LEASE.

Yates Petroleum Corporation
Federal "HJ" #13
1330' FNL & 660' FWL
Section 31-T6S-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.

HERSCHEL 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 FEDERAL "HJ" #13 WELL AND PIPELINE TO CONNECT SAME LOCATED IN SECTION 31, TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 4/06/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 4/08/01	Scale 1" = 1000' FED. "HJ" 13

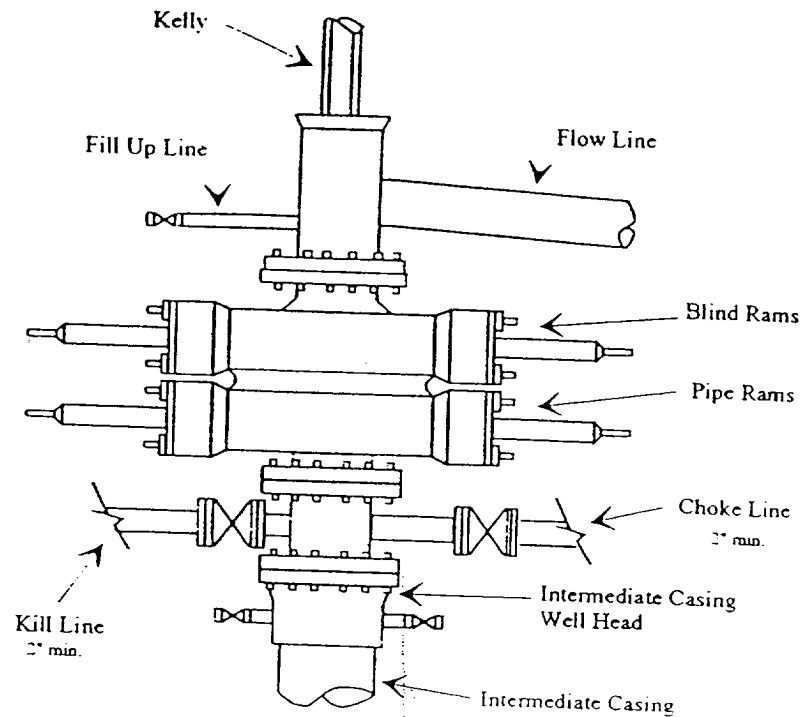


Yates Petroleum Corporation

BOP-2

Typical 2,000 psi Pressure System
Schematic

Double Ram Preventer Stack



Yates Petroleum Corporation

Federal "HJ" #13

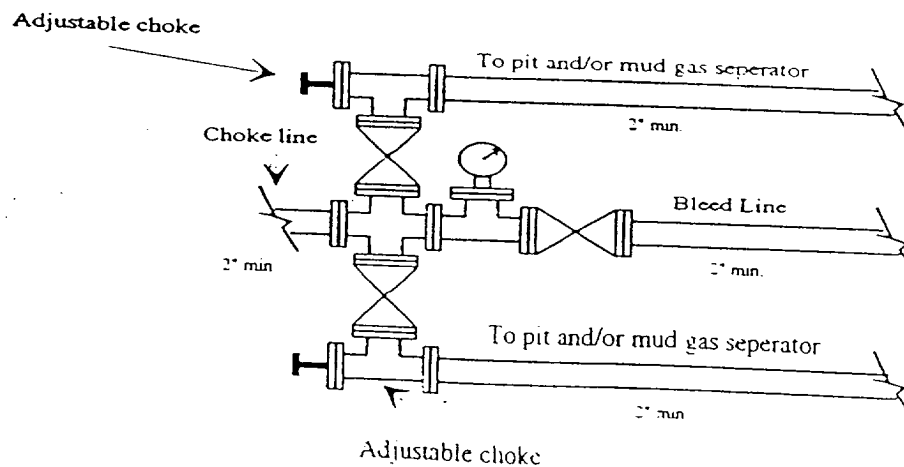
1330' FNL & 660' FWL

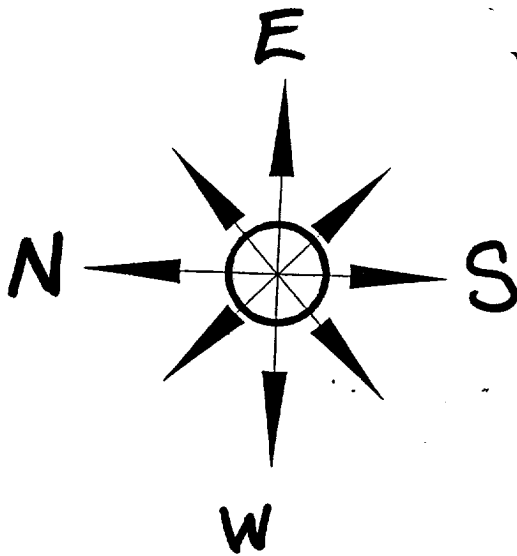
Section 31-T6S-R26E

Chaves County, New Mexico

Exhibit "B"

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

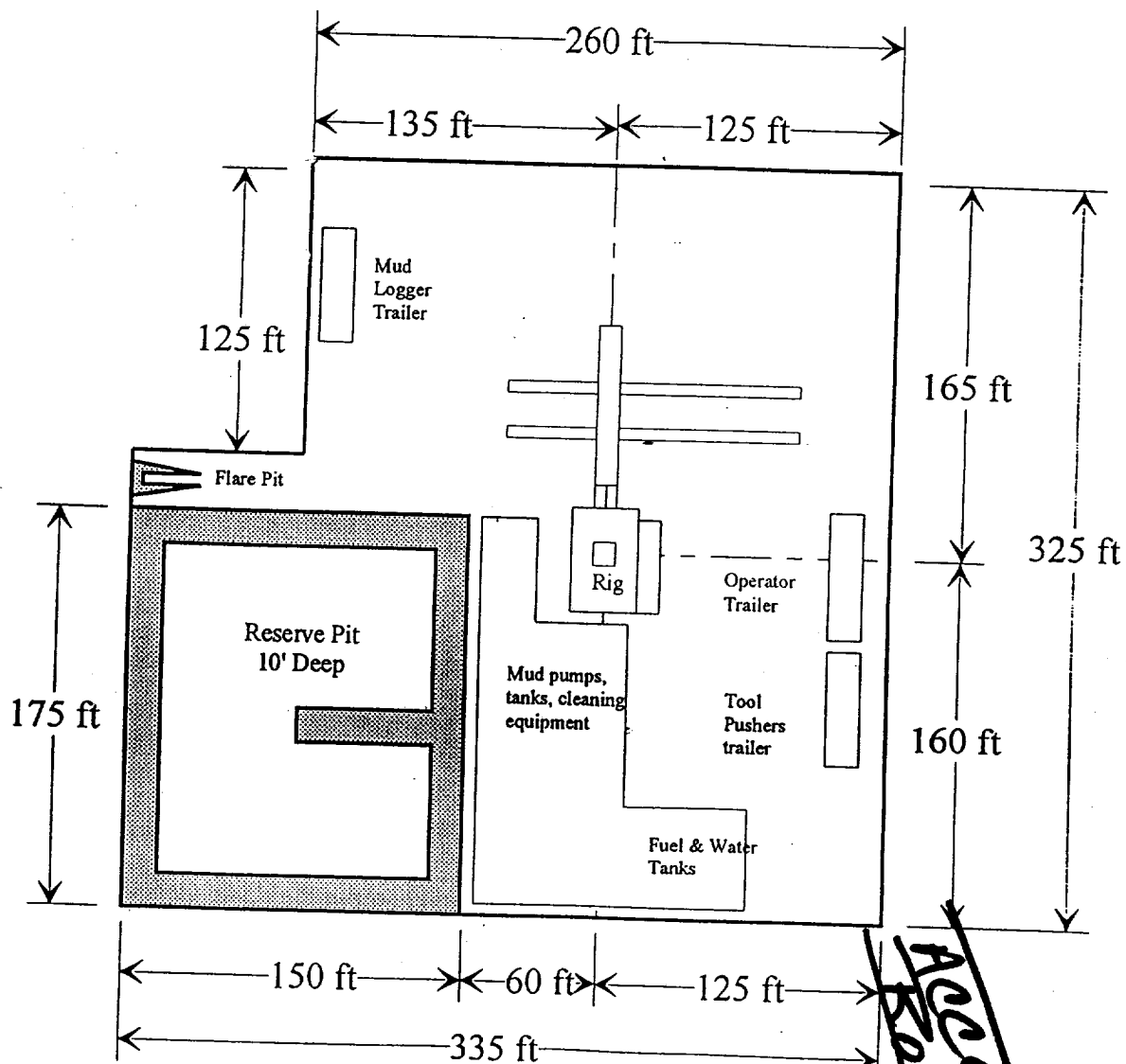




Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

Yates Petroleum Corporation
Federal "HJ" #13
1330' FNL & 660' FWL
Section 31-T6S-R26E
Chaves County, New Mexico
Exhibit "C"



Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

