•		<u> </u>		7557			
		OPER. OGF		25513			
•		PROPERTY	· · ·				
Form 3160-3		¹⁹ СКЯ, СОБ	. 1	40		C)
(August 1999)		OFF. DATE	_1(/1	104		OMB No. 1 Expires Nover	
		APINO. 3	<u>0-005</u>	21188		5. Lease Serial No.	nder 30, 2000
		BUREAU OF	LAND MANAC	JEMENT SE	P Z 1 7004	NM-1	5896
	APPLICA	ATION FOR PI	ERMIT TO D		SARTESIA	6. If Indian, Allottee or	Tribe Name
1a. Type of Work:	X DR	RILL	RE	ENTER		7. If Unit or CA Agreer	nent, Name and No.
b. Type of Well:	Oil Well	Gas	Other	Single 🔀	Multiple Zone	8. Lease Name and We Cactus Que	
2. Name of Operator		Well		Zone		9. API Well No.	en Ont #19
Yates Drilling (30-005.	21108
3A. Address 105		th Street	· · · · · · · · · · · · · · · · · · ·	3b. Phone No. (include area of	code)	10. Field and Pool, or E	
Arte	esia, New I	Mexico 8821()	(505) 748-1	471	Chaves Queen	
4. Location of Well (Report location	n clearly and in acc	ordance with any	v State requirements.*)		11. Sec., T., R., M., or E	
At surface		1270)' FNL and 1	650' FEL Unit B		Section 34,	T12S-R31E
At proposed prod. Zo				ame	w		
14. Distance in miles						12. County or Parish	13. State
Approximately 15. Distance from pro	posed*	iorth of Malja	mar, New M	16. No. of Acres in lease	17 Spacing I	nit dedicated to this well	NM
location to nearest property or lease 1 (Also to nearest dr	ine, ft. ig. unit line, if	• /		40	Tr. Spacing C	40	
 Distance from pro to nearest well, di applied for, on this 	filling, complet	ed,		19. Proposed Depth 3100'	20. BLM/BIA	Bond No. on file 586000	
21. Elevations (Show	whether DF, K	DB, RT, GL, etc.)		22. Approximate date work w	vill start*	23. Estimated duration	
	4431	' GL		ASAP		30 D	ays
				24. Attachments			
The following, compl	eted in accorda	nce with the require	ements of Onshor	e Oil and Gas Order No. 1, shal	I be attached to this	; form:	
1. Well plat certified	by a registered	survevor.		4. Bond to c	over the operation	s unless covered by an exist	ing hand on file (see
2. A Drilling Plan.	- , 8.0.0.00			Item 20 al		s unless covered by an exist	ing bond on the (see
3. A Surface Use Plan	n (if the locatio	n is on National Fo	rest System Land		ertification.		
SUPO shall be file	d with the appr	opriate Forest Servi	ice Office.		site specific inform	nation and/or plans as may l	be required by the
25. Signature	20,04			Name (Printed/Typed Robert Asher	<i>Ŋ</i>	Da	te 8/16/04
Email: debbiec@ypc	nm.com		· · · · · ·			t	0/10/04
Title: Regulate	ory Agent /	Land Depart	ment				
Approved by (Signati	ure) /SILA	NRAY D. BR	iay	Name Printed Type	D. BRAY	S	EP 2 0 2004
Title		nt Field Mar	. .	Office ROSWELL	FIELD OFFICE		ED FOR 1 YEAR
				legal or equitable title to those r			e applicant to conduct
operations thereon.	1.7						
Conditions of appops			1010	· · · · · · · · · · · · · · · · · · ·		-	<u>enter de la competita</u>
States any false, fictiti	ious or fraudule	t statements or rep	oresentations as to	crime for any person knowingly o any matter within its jurisdicti	and willfully to ma	ake to any department or ag	ency of the United
*(Instructions on reve	10.00						
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<u> Nistrict II</u>										
11 South First, A	tesia, NM 88	3210		OIL	CONSERVAT	ION DIVISION	S	ubmit to A	ppropri	ate District Office
District III			1220 South St. Francis Dr. State Lease					Lease - 4 Copies		
000 Rio Brazos R	I., Aztec, NN	A 87410	Santa Fe, NM 87505 Fee Leas					Lease - 3 Copies		
District IV					,				_	-
220 S. St. Francis	Dr., Santa F	e, NM 87505] AM	ENDED REPORT
		W	ELL LO	OCATIO	N AND ACR	EAGE DEDIC	ATION PLA	λT		
1	PI Number			² Pool Code			³ Pool N			
30-00	5-21	188	121	12210	-	Cha	ves Queen	SE Assoc	iated	
⁴ Property (lode				⁵ Property	Name				Well Number
11900			Cactus Queen Unit				19			
⁷ OGRID	No.				⁸ Operator	Name				⁹ Elevation
02551	3			Y	ates Drilling	Company				4431
					¹⁰ Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County
В	34	12S	31E		1270	North	1650	Ea	st	Chaves
			¹¹ B	ottom He	ole Location	If Different From	n Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	County
¹² Dedicated Acres	¹³ Joint o	r Infill ¹⁴ C	onsolidation	Code ¹⁵ Or	rder No.		I	_		I

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

16	NM-15896		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is
			true and complete to the best of my knowledge and
	1270	1650'	belief Dadd U.
			Robert Asher
			Printed Name
			Regulatory Agent
			08/16/2004
			Date
			¹⁸ 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.
	 		Date of Survey
			Signature and Seal of Professional Surveyor:
			Refer to Original Plat
			Certificate Number
9	 1		

Form C-102 Revised August 15, 2000

) District I

1625 N. French Dr., Hobbs, NM 88240

F

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State of New Mexico Energy, Minerals & Natural Resources Department

DISTRICT I 1685 N. Fresh's Dr. Hobbs, NM , 55210 DISTRICT II 811 South Pirst, Artesia, NM 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV 2040 South Pacheco, Santa Fe, NM 67505

. . ..

State of New Mexico

Energy, Minerals and Natural Resources Departmen.

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

3.2

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	· · · · · · · · · · · · · · · · · · ·
	12110	Chaves Queen SE Associated	
Property Code	Prop CACTUS QUE	erty Name EN UNIT	Well Number 19
OGRID No. 025513	Oper YATES DRILLIN	ator Name IG COMPANY	Elevation 4431
	Surfa	ce Location	

1	UL or lot No.	Section	Township	Range			· · · · · · · · · · · · · · · · · · ·			
			10witamp	vente.	Lot Idn	reet from the	North/South line	Feet from the	East/West line	County
	B	34	125	31E		1270	NORTH	1650	EAST	CHAVES
					t				0.01	UNVES

Bottom Hole Location If Different From Surface

Dedicated Acres Joint or Infill Consolidation Code Order No.	A ser une	East/West line	County
40			

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-15896	1650*	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and betief. A Pluez Signature
	N.33°14'15.1" W.103°48'22.5"		Pat Perez Printed Name Regulatory Agent Tile May 22, 2002 Date SURVEYOR CERTIFICATION
			I hereby certify that the well location shown on this plat was plotted from field noise of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief. <u>1/31/2002</u> Date Surveyed
			Signature & Oral of Protectioned Surveyor State of the second of the s

YATES DRILLING COMPANY Cactus Queen Unit #19 1270' FSL & 1650' FEL Section 34-T12S-R31E Chaves County, New Mexico

. . .

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

Rustler	1430'
Salt Top	1516'
Salt Base	2103'
Yates	2220'
Seven Rivers	2355'
Queen	2976'
TD	3100'

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

Water: 150' – 300' Oil or Gas: Queen Formation.

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>	Casing Size	Wt./Ft	<u>Grade</u>	Coupling	Interval
12"	8 5/8"*	24#	J-55	ST&C	0-450'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0-3100'

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

Cactus Queen Unit #19 Page 2

B. CEMENTING PROGRAM:

Surface casing: 250 sx Class "C" (YLD 1.32 WT 14.8) Production Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 250 sx Class C + 2% CaCl₂ (YLD 1.32 WT 14.8)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	<u>Type</u>	Weight	Viscosity	Fluid Loss
0-400'	FW/Native Mud	8.4 - 9.4	28-34	N/C
400-2900'	Cut Brine/Brine	9.0 - 10.0	28	N/C
2900-3100'	Brine/Starch	10 – 10.2	28	< 15/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; DLL/ MSFL/GR TD to Surf csg. Coring: None. DST's: None.

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

Anticipated BHP:

From:	-			Anticipated Max.	BHP:	175	PSI
From:	400'	TO:	3100'	Anticipated Max.	BHP:	1300	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 10 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN Yates Drilling Company Cactus Queen Unit #19 1270' FSL & 1650' FEL Section 27-T12S-R31E

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 26 miles north of Maljamar, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go East of Maljamar, NM on HWY 82 for approx. 1 mile to the intersection of 82 and 249. Take 249 North for approx. 5.7 mils and 249 turns West and 172 continues North. Take 172 North for approx. 20.5 miles. There will be a cattle guard with a locked gate on the West side of the road. Turn left thru the cattle guard nd then take the left fork. Follow the road for approx. 0.4 of a mile and you come to a crossroads. Turn South and go approx. 0.2 of a mile. The new road will start here and go East approx. 400' to the SW corner of the pad.

- 2. PLANNED ACCESS ROAD.
 - A. The proposed new access will be approximately 400' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a easterly 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.

Cactus Queen Unit #19 Page 2

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The fresh 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 closest 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. Yates Drilling Company is in full compliance with the OCD General Plan for drilling pits approved on April 15, 2004.
 - 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: Split Estate with the surface belonging to Mr. W.T. Tivis, Eunice, New Mexico. Mr. Tivis and Yates Drilling Company have reached an agreement as to the operations to be conducted on his private surface.

Cactus Queen Unit #19 Page 3

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.
- D. The philling surface use is for grazin

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval: B.

Robert Asher, Regulatory Agent Yates Drilling Company 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 . Through Drilling, Completions & Prod:

Toby Rhodes, Vice-President Yates Drilling Company 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 Drilling Company 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.

8/16/2004

equilatory Agent







Yates Drilling Company Cactus Queen Unit #19 1270' FNL & 1650' FEL Section 34-T12S-R31E Chaves County, New Mexico Exhibit "C"

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



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



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EXHIBIT A

OPERATOR: Yates Drilling Company LEASE NO: NM-15896 WELL NAME & NO.: Cactus Queen Unit #19 LOCATION: Section 34 T. 12 S., R. **31** E., N.M.P.M. QUARTER/QUARTER & FOOTAGE: NW¹/₄NE¹/₄ - 1270' FNL & 1650' FEL

7

COUNTY: Chaves County, New Mexico



NOV-01-2004 MON 01:13 PM YATES PETROLEUM LAND FAX NO. 5057484572 P. 02

District II 1301 W. Grand Avenue, Artesia, NM \$8210 Energy M	tate of New Mexico linerals and Natural Resources		Form C-144 March 12, 2004
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	Conservation Division 0 South St. Francis Dr. Santa Fe, NM 87505	For drilling and production facilities, submit to appropriate NMOCD District Office. For downstream facilities, submit to Santa Fe office	
105 South Fourth Street, Artesla, NM 88210			
Pit or Below-Gr	ade Tank Registration or (Closure	•
	ed by a "general plan"? Yes 🗹 Che		
Type of action: Registration of a pit or	· · ·		
	Closure of a pit o	r below-grade tank	
perator: <u>Yates Drilling Company</u> Telephor ddress: <u>104 South 4th Street, Artesia, New Mexico 88210</u>	ne: <u>505-748-4376</u> e-mail address: <u>debbi</u>	ec@vpcnm.com	_
Libity or well name: <u>Cactus Queen Unit #19</u> API #: 30 - 00	5-21 07 Qtr/Qtr_NWNE_Sec_ 34		-
sunty: <u>Chaves</u> Latitude Longitude	NAD: 1927 [] 1983 [] Surface C	_T <u>128_R 31E</u>	X -
		wher. Federal [] State	Private 🔼 Indian 门
1 (ps: Drilling 1) Production Disposal	Below-grade tank		
Workover D Entergency	Volume:bbl Type of fluid:		
	Construction material:		
ner type: Synthetic Thickness 12 mil Clay 🗌 Volume	Louise-wallen, with leak detection? Yes	[] If not, explain why not.	
bbl			OCT 2.0 2004
spith to ground water (vertical distance from bottom of pit to seasonal high	Less than 50 feet	(20 points)	000
ter elevation of ground water.)	50 feet or more, but less than 100 feet	(IU points)	
	100 fect or more	(0 points)	
ellhead protection area: (Less than 200 feet from a private domestic	Yes	(20 points)	······
tter source, or less than 1000 feet from all other water sources.)	No	(0 points)	
stance to surface water: (horizontal distance to all wetlands, playas, igation canals, ditches, and personnial and ephemeral watercourses.)	Less than 200 feet		
	200 feet or more, but less than 1000 feet 1000 feet or more	(20 points)	
		(0 points)	
	Ranking Score (Total Points)	20	
this is a pit closure: (1) attach a diagram of the facility showing the pit's a	relationship to other conjument and tanks (7) Indicate diance) Institute	
and I onsite I onsite, name of facility	. (3) Attach a scarral description of remov		nutiation start data and an 3
ite. (4) Groundwater encountered: No 🗋 Yes 🛄 If yes, show depth below		h sample results. (5) Attach s	
agram of sample locations and excavations.		(
reby certify that the information above is true and complete to the best of m m/will be constructed or closed according to NMOCD guidelines [], a te: 10/20/2004	ny knowledge and belief. I further certify the second permit al, or an (attached) alterna	aat the above-described pit (tive OCD-approved plan []	er below-grade tank bas
nted Name/Title_Robert Asher/Regulatory AgentSi	ignature Culd		
ar certification and NMOCD approval of this application/closure does not re erwise endanger public health or the environment. Nor does it relieve the op alations.	clieve the operator of liability should the cont perator of its responsibility for compliance wi	ents of the pit or tank contam ith any other federal, state, or	inate ground water or local laws and/or
	<u> </u>		
e: UL CIZUU, "Ile Ap	Signature		
s a condition of approval	As a condition of approval if	during	
	construction water is encountered or		
detailed closure plan	if water seeps in pits after		
ust be filed before	construction, the OCD MUST BE		
osure may commence.	CONTACTED IMMEDIA	<u>FELY!</u>	

NOV-01-04 MON 01:20 PM FROM:

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