New Mexico Oll Conservation Division, District I 1625 N. French Drive

Hobbs, NM 88240

Form 3160-3 (August 1999)

UNITED STATES

OMB No. 1004-0136 Expires November 30, 2000

DEPARTMENT OF THE II BUREAU OF LAND MANAG	5. Lease Serial No.			
	NM-77063 6. If Indian, Allottee or Tribe Name			
APPLICATION FOR PERMIT TO DI	Not Applicable			
1a. Type of Work: X DRILL REENTER			7. If Unit or CA Agreemer	
			Not Applie	cable
			8. Lease Name and Well N	lo. 17411
b. Type of Well: Y Oil Well Gas Other Well	Single X Zone	Multiple Zone	Continental APJ	
2. Name of Operator			9. API Well No.	
Yates Petroleum Corporation 25575			30.025.3	•
3A. Address 105 South Fourth Street	3b. Phone No. (include area cod	e)	10. Field and Pool, or Expl	oratory 5994:
Artesia, New Mexico 88210	(505) 748-147	<u>'1</u>	Triste Draw; De	
4. Location of Well (Report location clearly and in accordance with any	- '		11. Sec., T., R., M., or Blk	, and Survey or Area
At surface SWNW 1650' FNL ar	nd 660' FWL Unit E			
	as above		Section 28, T23S-R	32E Mer NMP
14. Distance in miles and direction from nearest town or post office*			12. County or Parish	13. State
Approximately thirty-five (35) miles north			Lea	NM
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	17. Spacing Ur	it dedicated to this well	
	19. Proposed Depth	20. BLM/BIA	Bond No. on file	
1925'	8750'		NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will	start*	23. Estimated duration	
3698' GL	ASAP 30 Days		/S	
	24. Attachments	CARLSBAD	CONTROLLED WATE	R BASIN
The following, completed in accordance with the requirements of Onshor	e Oil and Gas Order No. 1, shall b	e attached to this	form:	
1. Well plat certified by a registered surveyor.	4. Bond to cove	er the operations	unless covered by an existing	bond on file (see
2. A Drilling Plan.	Item 20 abov			, come on (500
3. A Surface Use Plan (if the location is on National Forest System Land				
CLINO 1 111 CT 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			ation and/or plans as may be i	equired by the
	authorized of			
25. Signature (1) 40 T	Name (Printed/Typed)		Date	
Clifty K. May	Clifton R. May/La	nd Departm	ent	12/6/04
Title:				
Regulatory Agent / email: debbiec@ypcnm.cc				
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed)	/s/ Joe G.	Lara Date	N 2 0 2005
	1000	OT OD A	, 4/1	·· ~ ~ Z00J
ACTING FIELD MANAGER	[Office CA]	KLSBAD	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. APPROVAL FOR 1 YEAR

Conditions of approval, if any, are attached.

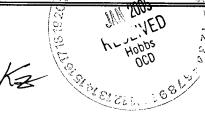
Title 18 U.Ş.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department of agency of the United S States any fàlse, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

FIELD MANAGER

PREVIOUSLY APPROVED



' ARICT 1 & M. French Dr., Nobbe, NM 60240

Energy, Minerals and Natural Resources Departm

State of New Mexico

Form C-102 Revised March 17, 1999 instruction on back Submit to Appropriate District Office

GENERAL SURVEYING COMPANY

State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT II 811 South First, Artesia, NM 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 67410

DISTRICT IV 2048 South Pacheco, Santa Pe, NM 67505

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

			WELL LO	CATION	AND ACREA	GE DEDICATION	ON PLAT		
-	Number 5 · 370	66		Pool Code 9945	- 1/2/	ste Draw, D	Pool Name	elaware, SW	Hest
Property	<u>フ・ク/<i>0</i></u> Code	<i>66</i>	1 2	(()	Property Nam			Well Nu	
1741			•	CO	VITINENTAL "APJ"	FEDERAL		4	
OGRID N					Operator Nan			3698	aoi
025575				YATE	S PETROLEUM CO	ORPORATION		3698	·
· ·					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
Ε	28	235	32E		1650	NORTH	660	WEST	LEA
	<u></u>	<u> </u>	Bottom	Hole Lo	cation if Diffe	erent From Sur	face		
DL or lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre	es Joint	or Infill C	i Consolidation	Code C	rder No.				
40									
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NO ALL	O " ADILL	OR A	NON-STAI	NDARD U	NIT HAS BEEN	APPROVED BY	THE DIVISION		
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3685	3684			Ì			12-16	5-02	•
ND4-770)63		•				Date	25262	
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District I 1625 N. French Dr., Hobbs, NM 88240

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

District II 811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

District III

Santa Fe, NM 87505 District IV

AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT

A - O SPool Name						
6 59945 Triste Draw Diamondiai Delaware, SW West						
mber						
⁹ Elevation						
3'						
¹⁰ Surface Location						
County						
Lea						
11 Bottom Hole Location If Different From Surface						
County						
<u> </u>						

	MOIN-91VIND	<u>RD UNIT HAS BEEN APPI</u>	COVED BY THE DIVISION
6			17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is
			true and complete to the best of my knowledge and
1650,			belief. Clifter May
			Signature Cliffton R. May
			Clifton R. May Printed Name
660'			Regulatory Agent
			12/06/2004
NM-77063			Date
			In 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. REFER TO ORIGINAL PLAT: Date of Survey. Signature and Seal of Professional Survey.
			Signature and Seal of Professional Springsyer: OCD Certificate Number

YATES PETROLEUM CORPORATION Continental "APJ" Federal #4 1650' FNL and 660' FWL Section 28-T23S-R32E Lea County, New Mexico

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

Rustler	1180'	Cherry Canyon	5770'
Top of Salt	1350'	Brushy Canyon	7060'
Base of Salt	4530'	Bone Spring	8670'
Bell Canyon	4770'	TD .	8750'

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

Water: 2 Oil or Gas: 8

250' 8670'

1. 3. Pressure Control Equipment: A diverter will be installed on the 13 3/8" casing. BOPE will be installed on the 8 5/8" casing and rated for 3000# 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	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-850'	850'
11"	8 5/8"	32#	J-55	ST&C	0-4650'	4650'
7 7/8"	5 ½"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 ½"	15.5#	J-55	LT&C	100-6800'	6700'
7 7/8"	5 ½"	17#	J-55	LT&C	6800-8750'	1950'

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

Continental "APJ" Federal #4 Page 2

A., CEMENTING PROGRAM:

Surface Casing:

Lead w/250 sx Lite (YLD 1.96 WT 12.5) Tail in w/ 200 sx

Class C + 2% CaCl2 (YLD 1.34 WT 14.8).

Intermediate Casing: Lead w/1150 sx Lite (YLD 2.5 WT 11.9) Tail in w/250 sx C +

2% CaCl2 (YLD 1.34 WT 14.8).

Production Casing:

1st Stage: Lead w/550 sx Super H (YLD 1.67 WT 13). DV tool

@ 4550'. Tail in w/50sx Thixset (YLD 1.4 WT 14.4). TOC

Stage 1 approx. 6200'.

2nd Stage: Lead w/350 sx Lite (YLD 2.5 WT 11.9). Tail in w/50 sx Premium (YLD 1.3 WT 14.8). Cement for Stage 2 will

be circulated.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
0-850'	FW/Native Mud	8.6-9.2	28-36	N/C
850'-4650'	Brine	10.0-10.2	28	N/C
4650'-7000'	Cut Brine	8.6-9.1	28	N/C
7000'-TD	Cut Brine/Starch	8.6-9.1	28-32	<15

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: Every 10' from 5000' to TD.

Logging: Platform HALS, CMR
Coring: None anticipated
DST's: As warranted.

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

Anticipated BHP:

From: 0 TO: 850' Anticipated Max. BHP: 400 PSI From: 850' TO: 4650' Anticipated Max. BHP: 2000 PSI Anticipated Max. BHP: 4400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 140 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 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN YATES PETROLEUM CORPORATION

Continental "APJ" Federal #4 1650' FNL and 660' FWL Section 28-T23S-R32E Lea 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 35 miles northeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Take Hwy 62/180 from intersection of 285-62/180 for approx. 2.2 miles to U.S. Refinery Rd. Take U.S. Refinery Rd. for approx. 12.3 miles to Potash Mines Rd. Turn left and go approx. 2.3 miles to Jal Hwy. (128). Turn right and go approx. 18.3 miles to Paduca Breaks (EL Paso Pipeline). Turn left and go approx. 3.6 miles. Turn left on lease road and go approx. 0.8 of a mile. Turn left and go 0.3 of a mile. Just before Continental #3 well, turn south. New road starts here and go approx. 0.2 of a mile to the SE corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1000' in length from the point of origin to the southeast corner of the drilling pad. The road will go southerly 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. The new road will be bladed with drainage on both sides. One traffic turnout will be built.
- D. The route of the road is visible.

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.

Continental "APJ" Federal #4 Page 2

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:

It will be the responsibility of the dirt contractor to locate a pit of his choice. A probable source could be a state pit in the SE/4SW/4 of Sec. 32-T23S-R32E.

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 required.

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: Federal Surface administered by BLM.

Continental "APJ" Federal #4 Page 3

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

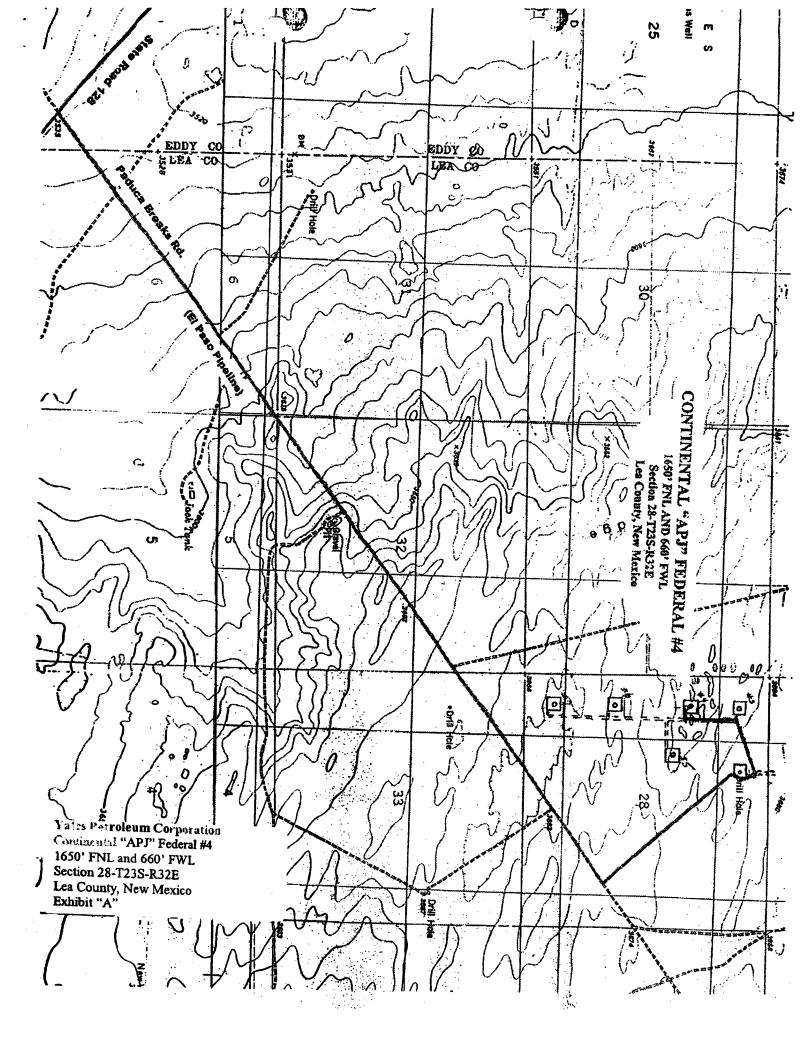
Through Drilling, Completions & Prod. Pinson McWhorter, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

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.

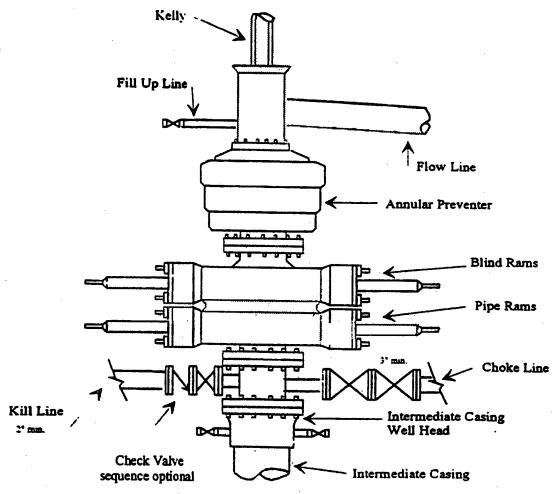
12/06/2004

Regulatory Agent

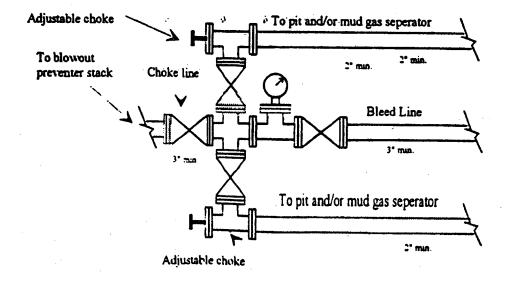


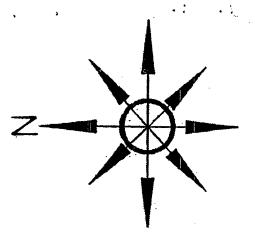
rates retroieum Corporation

Typical 3.000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimun features

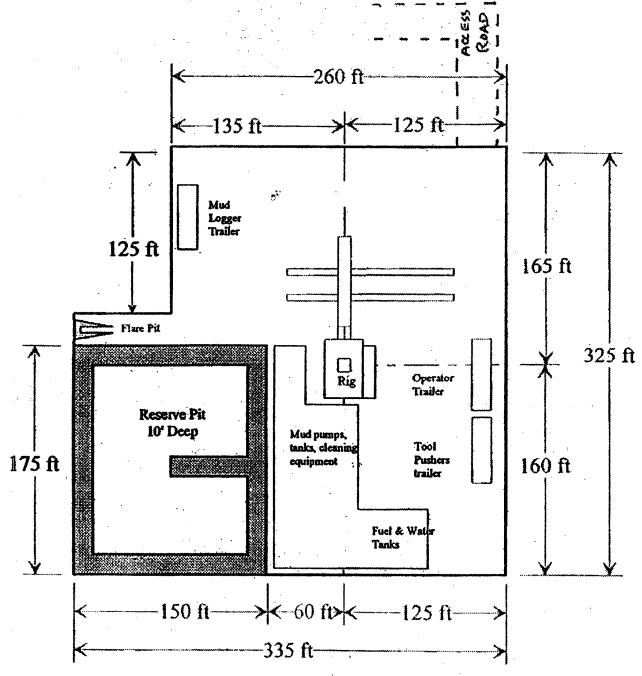




Yates Petroleum Col oration Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation Continental "APJ" Federal #4 1650' FNL and 660' FWL Section 28-T23S-R32E Lea County, New Mexico Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

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Lea County, New Mexico Exhibit "D" County For U.S. Cou	L CONTROL OF THE PROPERTY OF T
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District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazes Road, Aztec, NM 87410
District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 For drilling and production facilities, subn appropriate NMOCD District Office.
For downstream facilities, submit to Santa I office

Form C

March 12,

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes x Type of action: Registration of a pit or below-grade tank xx Closure of a pi	x No				
Operator: Yates Petroleum Corporation Telep Address: 105 South 4th Street, Artesia, NM 88210 Facility or well name: Continental APJ Federal #4 County: Lea Latitude N32*16'41.8" Longitude W103.41'09.7" NAD	hone: (505) 748-4347e-mail address: _debt 3706	oiec@ypcnm.com 2 <u>E</u> e □ Private □ Indian □			
Pit Type: Drilling X Production Disposal Workover Emergency Lined xx Unlined Liner type: Synthetic xx Thickness Clay Volumebbl	Below-grade tank Volume:bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes If not				
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)			
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)			
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)			
	Ranking Score (Total Points)	0 Points			
If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite foffsite foffsite, name of facility					
Approval: Date JAN 2 Co. 2005 PETROLEUM ENGINEER	Signature Just 3 Just				