

Please Note: This lease ^{farm} N.M. Oil Cons. DIV-Dist. 2
expires August 31, 2005 1301 W. Grand Avenue
and this well must be Artesia, NM 88210
producing at that time.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

AUG 11 2005

0875
OCD-ARTESIA

OMB No. 1004-0136

Expires November 30, 2000

5. Lease Serial No.

NM-104631

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Brash BHS Federal Com. #1 (Re-entry)

9. API Well No.

30-015-21116

10. Field and Pool, or Exploratory

Wildcat Wolfcamp

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

Section 34, T21S-R22E

12. County or Parish

Eddy County

13. State

NM

1a. Type of Work: ☐ DRILL

☒ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well

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' FSL and 660' FWL

At proposed prod. Zone

Same

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

Approximately 42 miles northwest of Carlsbad, New Mexico.

15. Distance from proposed*

location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

660'

16. No. of Acres in lease

400.00

17. Spacing Unit dedicated to this well

W/2

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

.8 of mile

19. Proposed Depth

6075'

20. BLM/BIA Bond No. on file

NM-2811

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

4258' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days

24. Attachments

Roswell 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:

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

Name (Printed/Typed)

Date

Cy Cowan

7/6/05

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed/Typed)

/s/ Joe G. Lara

Date

AUG 10 2005

Title

Office

ALTMG
FIELD MANAGER

CARLSBAD 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.

APPROVAL 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)

C-144 attached

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1828 N. French Dr., Hobbs, NM 88240
DISTRICT II
811, South Blvd., Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

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 Wolfcamp
Property Code	Property Name Brash BHS Federal Com.	Well Number 1
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4258'

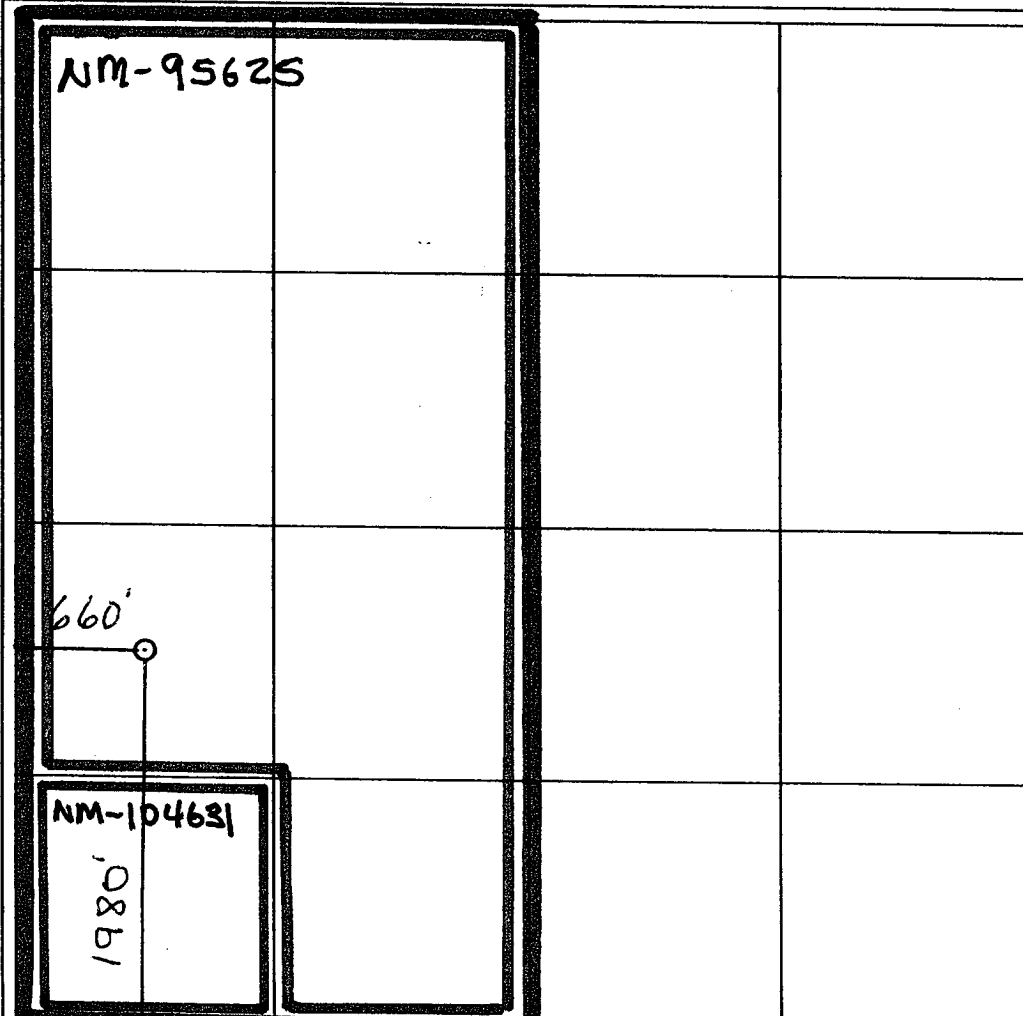
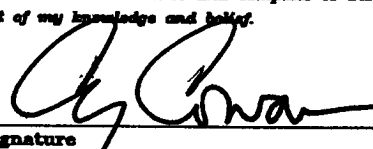
Surface Location

UL or lot No. L	Section 34	Township 21S	Range 22E	Lot Idn	Feet from the 1980'	North/South line South	Feet from the 660'	East/West line West	County Eddy
--------------------	---------------	-----------------	--------------	---------	------------------------	---------------------------	-----------------------	------------------------	----------------

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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Cy Cowan Printed Name Regulatory Agent Title July 6, 2005 Date	
	SURVEYOR CERTIFICATION <i>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.</i> REFER TO ORIGINAL PLAT. Date Surveyed Signature & Seal of Professional Surveyor	
	Certificate No. Herschel L. Jones RLS 3640 GENERAL SURVEYING COMPANY	

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

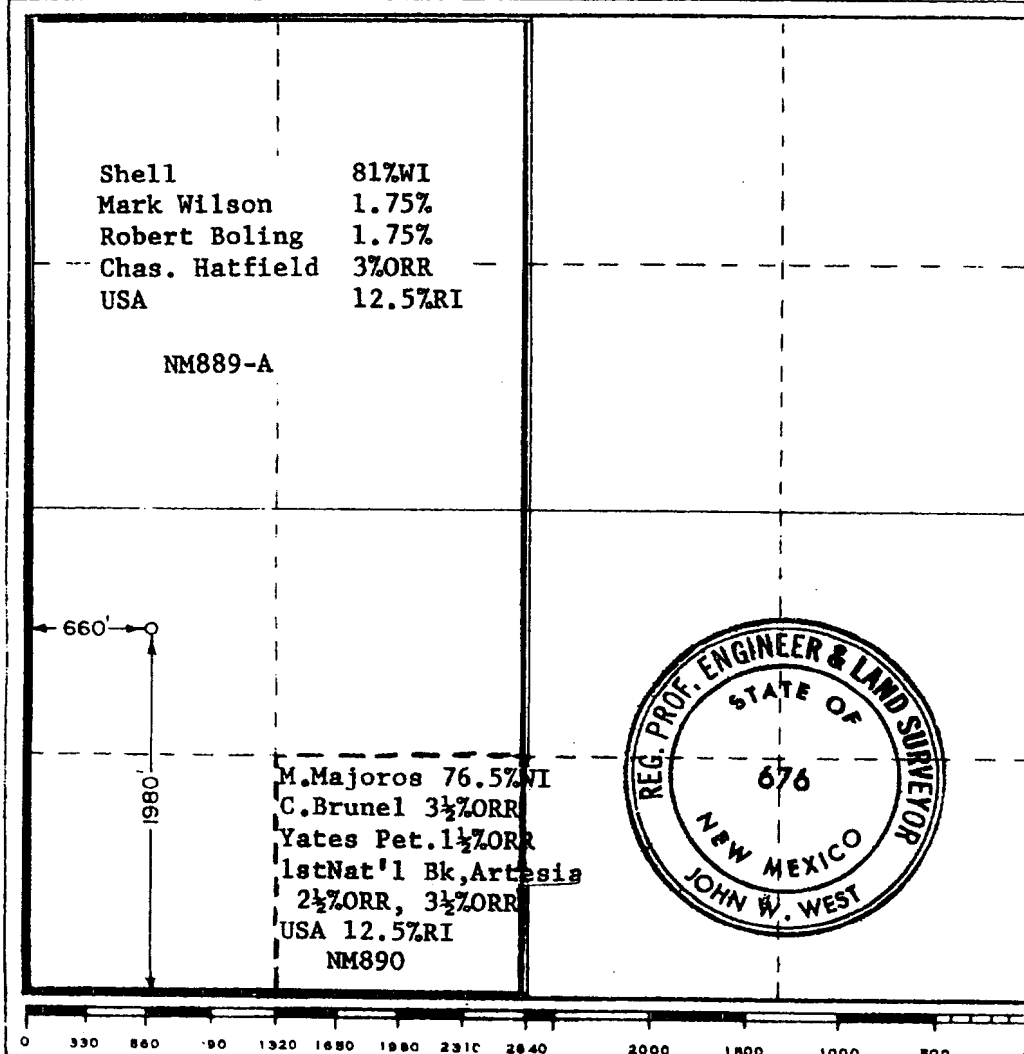
Operator GREAT WESTERN DRILLING CO.			Lease REESE-CLEVELAND "B" FED		Well No. 1
Unit Letter L	Section 34	Township 21 SOUTH	Range 22 EAST	County EDDY	
Actual Footage Location of Well:					
1980 feet from the SOUTH line and		660 feet from the WEST line			
Ground Level Elev. 4258.0	Producing Formation MORROW	Pool <i>Rocky Arroyo</i> UNDESIGNATED (MORROW)		Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.) **NONE**

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>R. I. Comstock</i>	
Name	R. I. Comstock
Position	Chief Engineer
Company	Great Western Drilling Company
Date	February 18, 1974
<div style="border: 2px solid black; padding: 5px; transform: rotate(-5deg); display: inline-block;"> RECEIVED FEB 20 1974 U.S. GEOLOGICAL SURVEY ARTESIA, NEW MEXICO </div>	
I have verified that the well location shown on this plat was plotted from field notes of accurate surveys made by me or under my supervision, and the same is true and correct to the best of my knowledge.	
Date Surveyed	FEBRUARY 17, 1974
Registered Professional Engineer and/or Land Surveyor	
<i>John W. West</i>	
Certificate No.	676

YATES PETROLEUM CORPORATION

Brash BHS Federal Com. #1 (Re-entry)

1980' FSL and 660' FWL

Section 34-T21S-R22E

Eddy County, New Mexico

Prognosis

This well was originally drilled by Great Western Drilling Company as the Reese Cleveland "B" Federal #1. It was spudded on March 12, 1974 and was P/A'd June 24, 1974

Yates Petroleum Corporation proposes to re-enter the captioned well with a pulling unit and reverse unit to drill out cement plugs in the 9 5/8" casing and the 7 7/8" open hole to +/- 2050'. Where the casing was shot apart at +/- 2050' we plan to splice the 5 1/2" casing together and drill out plugs in the 5 1/2" casing down to +/- 6075'. The 5 1/2" casing will then be cemented up to +/- 700'. The well will be completed with a pulling unit. Possible formations to be completed include the Wolfcamp, Abo, Yeso and Glorieta.

YATES PETROLEUM CORPORATION
Brash BHS Federal Com. #1 (Re-entry)
 1980' FSL and 660' FWL
 Section 34-T21S-R22E
 Eddy County, New Mexico

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

Glorieta	1692'
Yeso	2300'
Bone Spring	2963'
Abo	3563'
Wolfcamp	5656'
TD	6075'

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

Water: 215'
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: 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>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#+68#	H-40	ST&C	0-325'	325' In Place.
12 1/4"	9 5/8"	36#	J-55	ST&C	0-1842'	1842' In Place.
7 7/8"	5 1/2 "	17#	J-55	LT&C	0-1000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	1000'-2050'	1050'
7 7/8"	5 1/2"	17#	J-55	LT&C	2050'-6050'	4000' In Place.

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

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

B. CEMENTING PROGRAM:

Surface Casing: 0-325' 300 sx cement in place.

Production Casing 0-1842' 1050 sx cement in place.
0-2050' TOC 700' w/ 250 sx Class "C".

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-6075'	Cut Brine	9.0-9.4	35	<10-15cc

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 intermediate casing.

Logging: Platform Express/HALS, possible FMI.

Coring: Possible rotary sidewall cores.

DST's: Possible Wolfcamp to TD.

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

Anticipated BHP:

From: 0	TO: 325'	Anticipated Max. BHP: 180	PSI
From: 325'	TO: 1842'	Anticipated Max. BHP: 940	PSI
From: 1842'	TO: 6075'	Anticipated Max. BHP: 2280	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None Anticipated

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

WELL NAME: Reese Cleveland "B" Federal No. 1 **FIELD:** Wildcat Morrow
LOCATION: Unit Letter L, 1,980' FSL & 660' FWL Sec 34 - T21S - R22E Eddy County New Mexico
GL: 3,165' **ZERO:** **KB:** 3,187'
SPUD DATE: 03/12/74 **COMPLETION DATE:** P&A 06/74
COMMENTS: 30-015-21116
 WH cut off and Dry hole marker installed 6/25/74

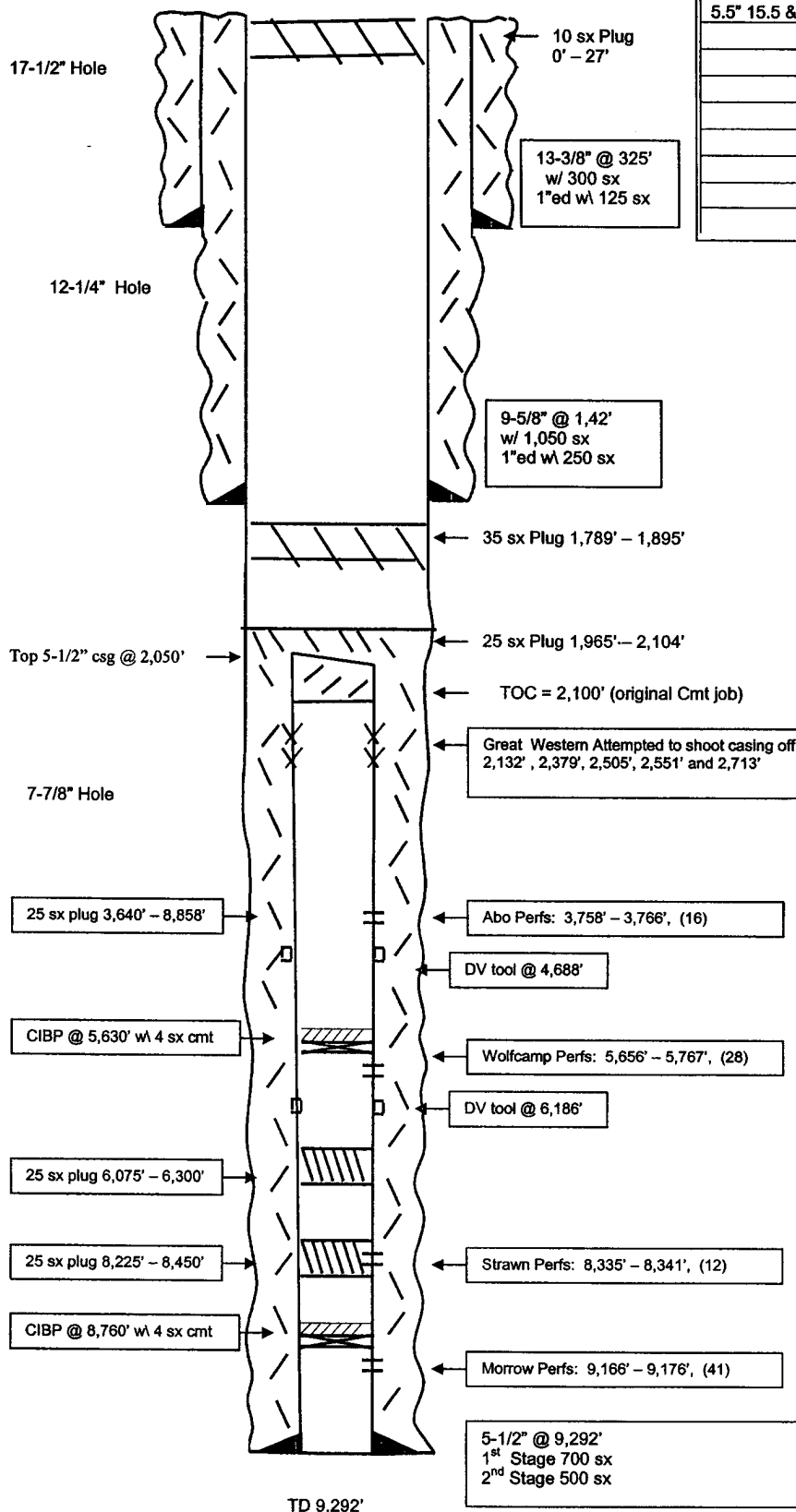
CASING PROGRAM

13-3/8" 48 & 68#	325'
9-5/8" 36# K55# ST&C	1,842'
5.5" 15.5 & 17#	9,292'

Before

TOPS:

Glorieta	1,692'
Yeso	2,300'
Bone Springs	2,963'
Abo	3,563'
WC	5,656'
Strawn	7,968'
Atoka	8,536'
Morrow	8,760'
Barnett	9,314'



Not To Scale
 6-29-05
 JMH

WELL NAME: Reese Cleveland "B" Federal No. 1 FIELD: Wildcat Morrow
 LOCATION: Unit Letter L, 1,980' FSL & 660' FWL Sec 34 - T21S - R22E Eddy County New Mexico
 GL: 3,165' ZERO: KB: 3,187'
 SPUD DATE: 03/12/74 COMPLETION DATE: P&A 06/74
 COMMENTS: 30-015-21116
WH cut off and Dry hole marker installed 6/25/74

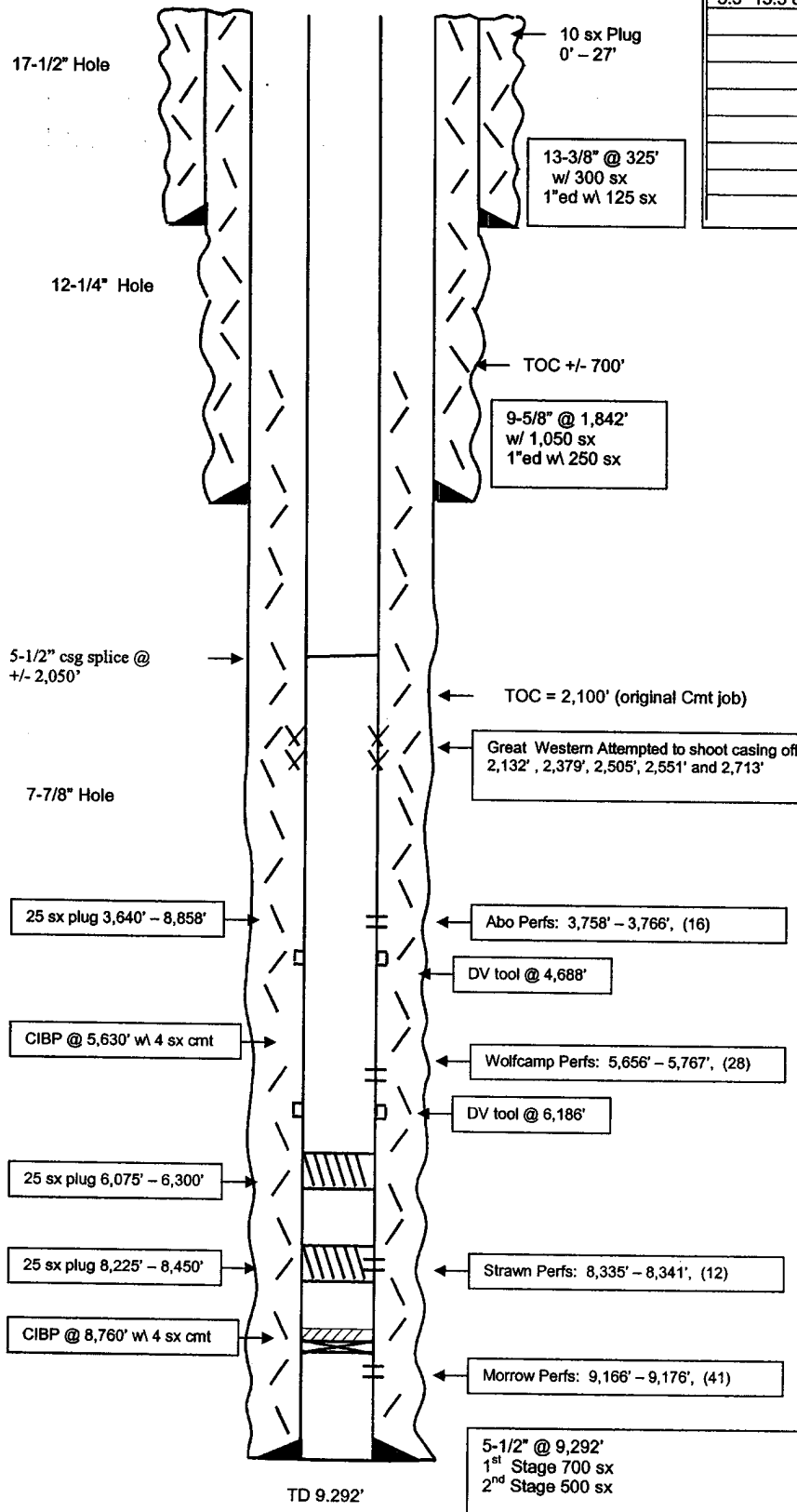
CASING PROGRAM

13-3/8" 48 & 68#	325'
9-5/8" 36# K55# ST&C	1,842'
5.5" 15.5 & 17#	9,292'

After

TOPS:

Glorieta	1,692'
Yeso	2,300'
Bone Springs	2,963'
Abo	3,563'
WC	5,656'
Strawn	7,968'
Atoka	8,536'
Morrow	8,760'
Barnett	9,314'



Not To Scale
 6-29-05
 JMH

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Brash BHS Federal Com. #1 (Re-entry)
1980' FSL and 660' FWL
Section 34, T21S-R22E
Eddy 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 42 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia of Highway 285 for approximately 19 miles to Seven Rivers. Turn West on White Pine Road and go to the Marathon Plant Road. CR 401. Turn west on 401 and go 8 miles to CR 400 (old Car Body here). Turn right on CR 400 and go approx. 2.1 miles there will be a pit on the right side of the road. Cawley Road CR-404 will be on the left. No county road sign for Cawley Road. Turn left here and to approximately 1.1 miles The old access road will on the right and will be upgraded.

2. PLANNED ACCESS ROAD:

- A. The old access will be approximately .1 of a mile in length from point of origin to the southeast corner of the drilling pad. The road will lie in an east to west direction. See attached map.
- 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 one side. Some traffic turnouts will may be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

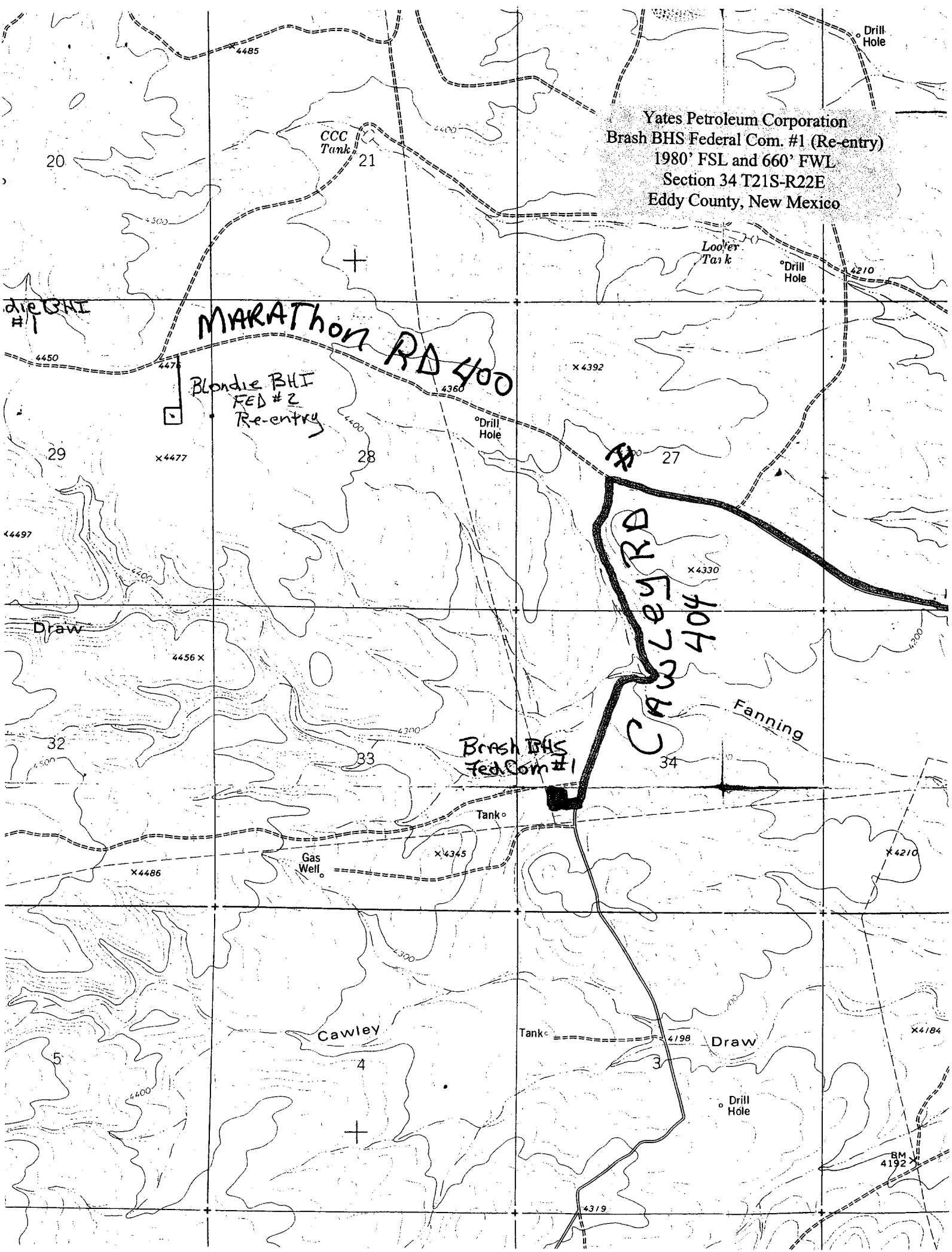
3. LOCATION OF EXISTING WELL:

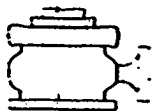
- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no 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.

Yates Petroleum Corporation
Brash BHS Federal Com. #1 (Re-entry)
1980' FSL and 660' FWL
Section 34 T21S-R22E
Eddy County, New Mexico

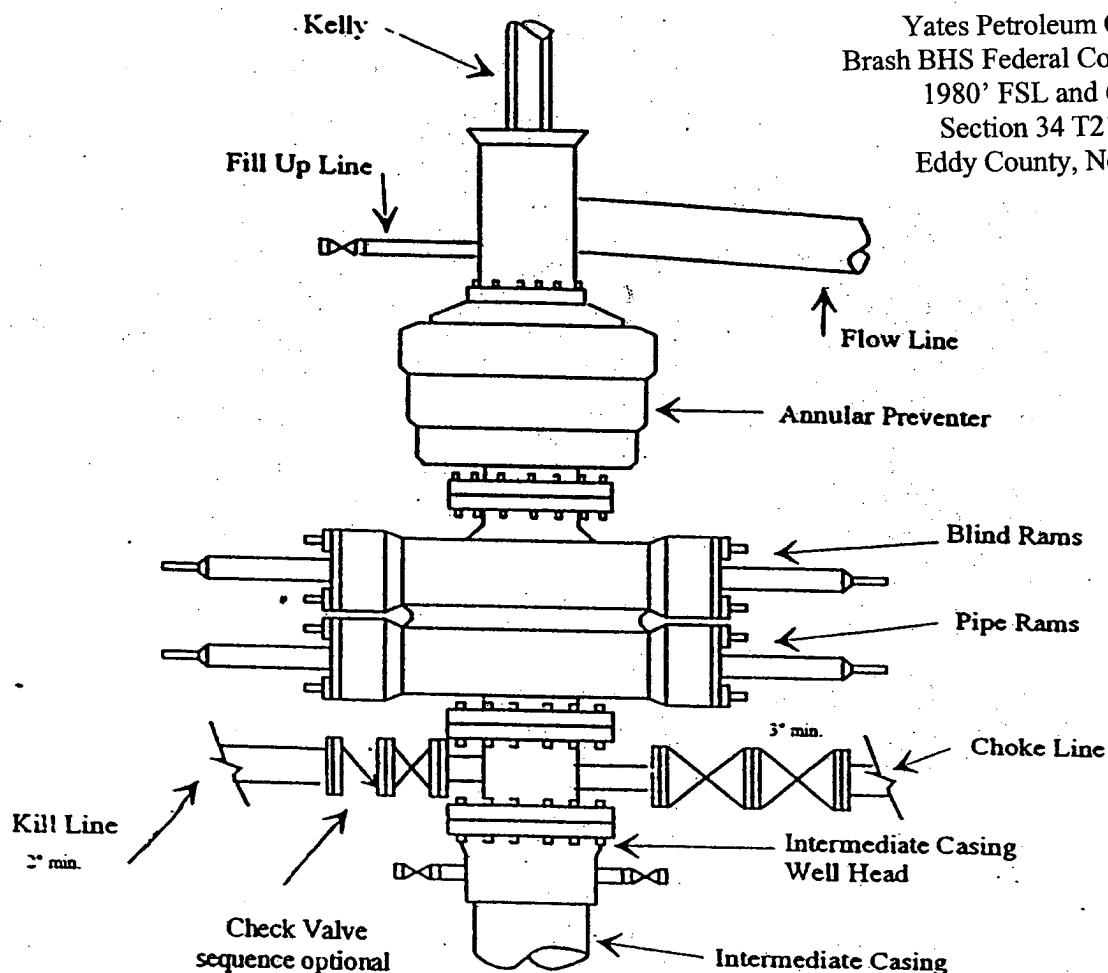




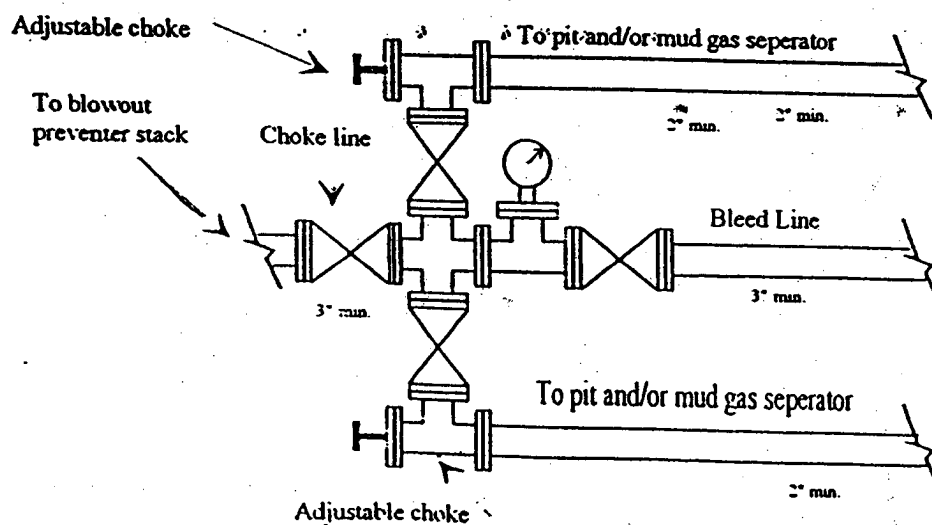
Yates Petroleum Corporation

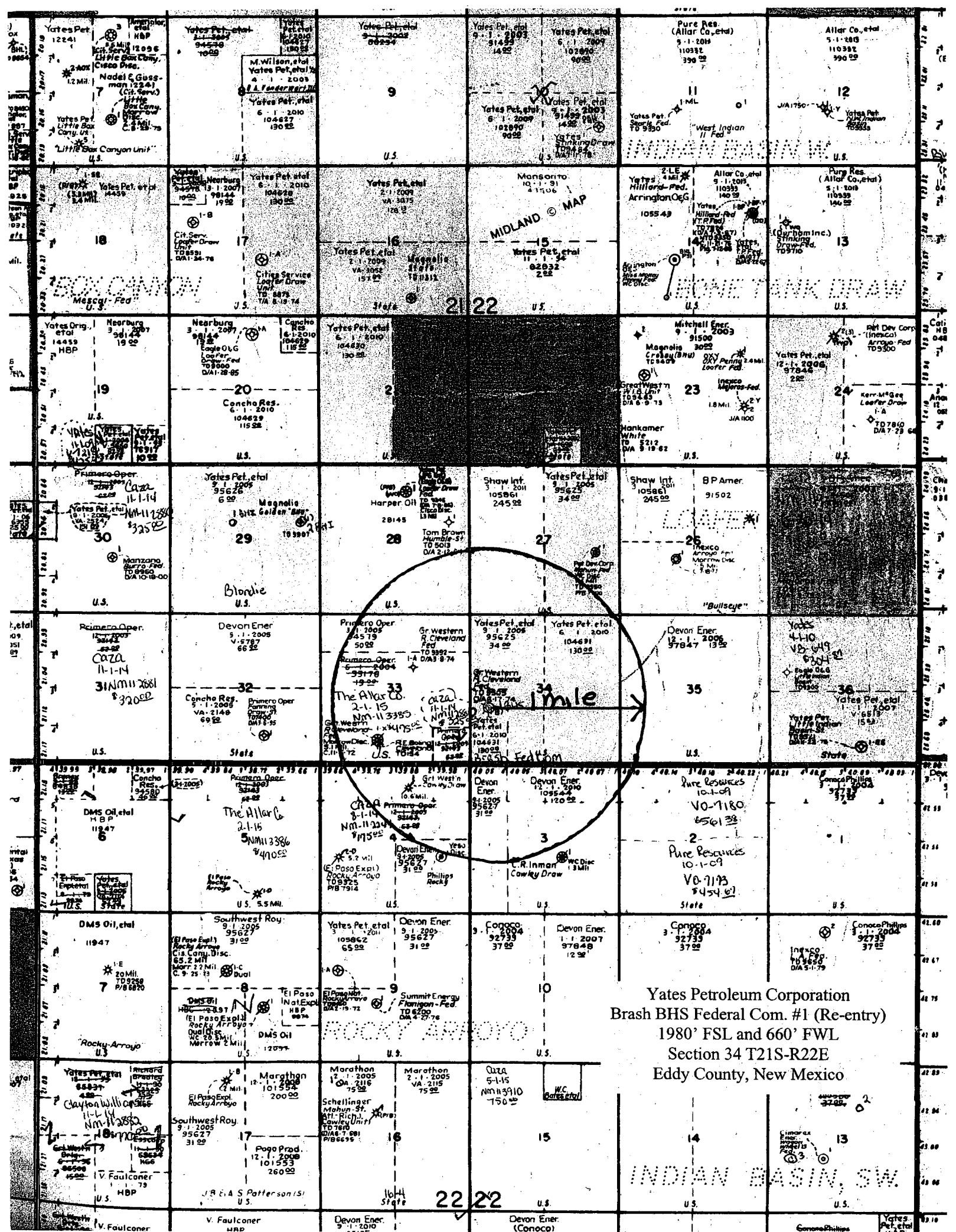
BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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





CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corporation
Well Name & No: Brash BHS Federal Com No. 01
Location: Surface: 1980' FSL & 660' FWL, Sec.34, T. 21 S., R. 22 E.
Lease: NMNM 104631
Eddy County, New Mexico
.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: **Existing:** 13 3/4 inch; 9 5/8 inch; 5 1/2 inch. The 5 1/2 inch was previously cut and plugged at approximately 2050 feet. An attempt to drill below this depth to a TD depth of 6075 feet is planned.

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this well bore. Operator shall confirm all rig personnel are trained in H2S Safety Awareness.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A communitization agreement is shall be approved in this office prior to any sales from the well.

II. CASING:

1. The 13 3/4 inch is set at 325 Feet.
2. The 9 5/8 inch Intermediate casing is set at 1842 feet.
3. The 5 1/2 inch Production casing is set at 4000 feet but was cut and retrieved from 2050 feet of depth. The workover intends to drill thru the 5 1/2 segments and continue to 6075 feet, run a 5 1/2 inch extension to the cut off point, then squeeze cement to approximately 700 feet. The existing 5 1/2 inch long string was previously cemented to 2100 feet, but leaving an open annulus between 4700 to 5000 feet.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/4 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2 M psi and shall be tested to 1500 psi for 15 minutes using the rig pumps as outlined in Onshore Orders No.02 prior to drilling below 2000 feet and through the plug set at this point which isolates the 5 ½ inch production casing and previously perforated formations from the surface hole.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

- The test shall be done by an independent service company
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.