RECEIVED
AUG 19 2005
OCD-ARTESIA

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

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: **NM-25866**

6. If Indian, Allottee or Tribe Name: **Not Applicable**

1a. Type of Work: [X] DRILL [ ] REENTER

7. If Unit or CA Agreement, Name and No.: **Not Applicable**

b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No.: 12076 **Buder ACN Federal #4**

2. Name of Operator: **Yates Petroleum Corporation** 25575

9. API Well No.: 30-005-63577

3A. Address: **105 South Fourth Street, Artesia, New Mexico 88210**

3b. Phone No. *(include area code)*: **(505) 748-1471**

10. Field and Pool, or Exploratory: **Wildcat Precambrian**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface: **NESE 1980' FSL and 1080' FEL**

At proposed prod. Zone: **same as above**

11. Sec., T., R., M., or Blk, and Survey or Area: **Section 22, T6S-R26E**

14. Distance in miles and direction from nearest town or post office*: **Approximately thirty (30) miles Northeast from Roswell, NM**

12. County or Parish: **Chaves County**

13. State: **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	17. Spacing Unit dedicated to this well
		320 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth: 5790	20. BLM/BIA Bond No. on file: NM-2811
21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3760 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	Name *(Printed/Typed)*	Date
Debbie L. Caffall	Debbie L. Caffall	May 17, 2005

Title: **Regulatory Technician** debbiec@ypcnm.com

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
(ORIG. SGD.) ARMANDO A. LOPEZ	(ORIG. SGD.) ARMANDO A. LOPEZ	AUG 17 2005

Title: Acting 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.

Title 18 U.S.C. Section 1001and 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)

Previously Approved **C-144 attached**

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

APPROVED FOR 1 YEAR

YATES PETROLEUM CORPORATION
Buder ACN Federal #4
1980' FSL and 1080' FEL
Section 22, T6S-R26E
Chaves County, New Mexico

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

San Andres	810'	Spear Zone	4955'
Glorietta	1760'	Cisco	5220'
Yeso	1875'	Strawn	5435'
Tubb	3300'	Siluro-Devonian	5565'
Abo	3940'	Precambrian	5640'
Wolfcamp	4635'	TD	5790'

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 11 ¾" 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
14 ¾"	11 ¾"	42#	H-40	ST&C	0-950'
11	*8 5/8"	24#	J-55	ST&C	0-1700'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5790'

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

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

B. CEMENTING PROGRAM:

Surface Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail w/200 sx C w/2% CaCL2 (YLD 1.33 WT 15.6)

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

Production Casing: 600 sx Pecos Valley Lite (YLD 1.34 WT 13.0).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-950'	FW Gel/Paper/LCM	8.6 - 9.0	30-34	N/C
950'-1700'	Cut Brine	8.4 – 9.0	28	N/C
1700'-3850'	Brine	9.4 - 10.2	28	N/C
3850'-5790'	Starch/Salt Gel	9.3 - 10.0	40 - 50	<6/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; CNL/GR-TD Surf csg; DLL/MSFL TD to Surf csg. BHC Sonic TD-Surf csg; FMI-TD-Top of Wolfcamp.
Coring: Sidewall
DST's: None.

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

Anticipated BHP:

From: 0	TO: 950'	Anticipated Max. BHP: 450 PSI
From: 950'	TO: 5790'	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 10 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Buder ACN Federal #4
1980' FSL and 1080' FEL
Section 22, 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 wellsite is located approximately 30 miles east of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Drive NE of Roswell on Hwy 70 approx. 14 miles to Aztec road. Turn left on Aztec and drive approx. 9.5 miles where road curves east, follow road approx. 0.9 of a mile where it turns north at Galleta "YT" St. #1 location. Stay on this road for approx. 4.1 miles. Turn left right before cattle guard with sign "Private Access Road". Follow road along fence line for approx. 0.2 of a mile where road forks. Take left 2-track and follow this road approx. 1.0 mile where the access is staked on the left (south) side going south to the SE corner of the location.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 900' in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a 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. 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.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	96542	Precambrian

4 Property Code	5 Property Name	6 Well Number
	Buder ACN Federal	4

7 OGRID No.	8 Operator Name	9 Elevation
025575	Yates Petroleum Corporation	3760'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	22	6S	26E		1980	South	1080	East	Chaves

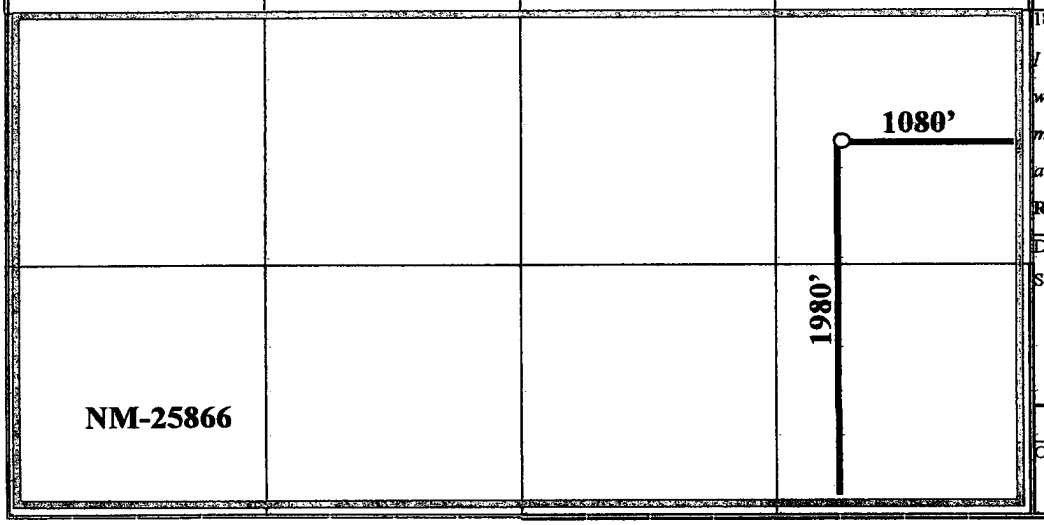
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320 S/2			

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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Robert Asher
Printed Name

Regulatory Agent
Title

05/17/2005
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.

REFER TO ORIGINAL PLAT

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

III. DRILLING OPERATION REQUIREMENTS:

A. GENERAL DRILLING 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, in sufficient time for a representative to witness:

A. Spudding B. Cementing casing: 11¾ inch 8e inch 5½ inch C. BOP tests

2. 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.

3. 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.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

B. CASING:

1. The 11¾ inch surface casing shall be set at 950' and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 8e inch intermediate casing if run is with sufficient amount of cement bring it up at least 200 above shoe.

3. The minimum required fill of cement behind the 5½ inch production casing is **cement shall extend upward a minimumof 500 feet above the uppermost perforation**.

C. 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 11¾ 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 2000 psi.

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

A. The results of the test shall be reported to the appropriate BLM office.
B. 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.
C. Testing must be done in a safe workman-like manner. Hard line connections shall be required.
D. BOPE shall be tested before drilling into the Wolfcamp formation.

D. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

A. Recording pit level indicator to indicate volume gains and losses.
B. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
C. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.