

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 19 2005

0  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

5. Lease Serial No.  
**NM-14293**

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

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

8. Lease Name and Well No. **28819**  
**Jervis AYB Federal #6**

2. Name of Operator **25575 Yates Petroleum Corporation**  
**For Ranch; Pre-Permian North**

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

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

9. API Well No.  
**30-005-63765**

10. Field and Pool, or Exploratory

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*  
At surface **1500' FSL and 660' FWL, NWSW**  
At proposed prod. Zone **same as above**

11. Sec., T., R., M., or Blk. and Survey or Area  
**Section 1, T8S-R26E**

14. Distance in miles and direction from nearest town or post office\*  
**Approximately twenty (20) miles NE of 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)  
**660'**

16. No. of Acres in lease  
**2520**

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.  
**8910'**

19. Proposed Depth  
**5880'**

20. BLM/BIA Bond No. on file  
**NM-2811**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**3832' GL**

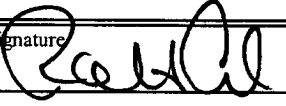
22. Approximate date work will start\*  
**ASAP**

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:

- 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  Name (Printed/Typed) **Robert Asher** Date **7/8/05**

Title: **Regulatory Agent**

Approved by (Signature) \_\_\_\_\_ Name (Printed/Typed) \_\_\_\_\_ Date **AUG 17 2005**

Title **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 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  
APPROVED FOR 1 YEAR

**DISTRICT I**  
 1825 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**  
 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 97094	Pool Name Four Ranch, Permian, North
Property Code	Property Name JERVIS "AYB" FEDERAL	Well Number 6
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3832

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	1	8S	26E		1500	SOUTH	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 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**

				<b>OPERATOR CERTIFICATION</b>  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 July 8, 2005 Date	
				<b>SURVEYOR CERTIFICATION</b>  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.  6/30/2004 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 JERVIS GENERAL SURVEYING COMPANY PROFESSIONAL	

0 330' 660' 990' 1650' 1980' 2310' 2640' 2970' 3300' 3630' 3960' 4290' 4620' 4950' 5280' 5610' 5940' 6270' 6600'

**YATES PETROLEUM CORPORATION**

**Jervis AYB Federal #6**

1500' FSL and 660' FWL

Section 1-T8S-R26E

Chaves County, New Mexico

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

Queen	555'	Wolfcamp	5035'
Penrose	660'	Wolfcamp B Zone	5125'
Grayburg	800'	Spear Zone	5335'
San Andres	1020'	Cisco	5545'
Glorieta	2085'	Strawn	5650'
Yeso	2210'	Siluro-Ordovician	5745'
Tubb	3655'	Precambrian	5780'
Abo	4350'	TD	5880'

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 9 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>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1100'	1100'
8 3/4"	5 1/2"	15.5#	J-55	ST&C	0-5880'	5880'

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

B. CEMENTING PROGRAM:

Surface Casing: 750 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx C with 2% CaCl<sub>2</sub> (YLD 1.33 WT 15.6).

Production Casing: 725 sx Pecos Valley Lite (YLD 1.42 WT 13). TOC = 3850'. *See COA*

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW Gel/Paper/LCM	8.6-8.8	32-34	N/C
1100'-4300'	Cut Brine	9.8-10	28	N/C
4300'-5880'	Starch/Salt Gel/4-6% KCL	9.7-10	45-55	<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 from surface casing to TD.

Logging: Platform Express; CNL/LDT/NGT TD to Surface csg; CNL/GR TD to Surface csg, DLL/MSFL TD to Surface csg, BHC Sonic TD to Surface csg.

Coring: None

DST's: None

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

Anticipated BHP:

From: 0	TO: 1100'	Anticipated Max. BHP: 500 PSI
From: 1100'	TO: 5880'	Anticipated Max. BHP: 3050 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 145 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**

**Jervis AYB Federal #6**  
1500' FSL and 660' FWL  
Section 1-T8S-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 20 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red (new) and green (existing) on Exhibit A.

**DIRECTIONS:**

Go east of Roswell, NM on Hwy 70, approximately 20 miles to the radio towers. Turn left at the cattle guard, road curves to the left, go thru another cattle guard and continue going east for approximately 2.8 miles to the Pay AYY Federal Com. #1 well, the new access is staked from the NE corner of the location heading north/northeast, approximately 2628', (because of an archaeological site the road will stay east of the Railroad State #2 well pad and existing road), the road continues north on an existing lease road to a "T" in the road at the Railroad State #1 well, turn right, (east), and continue for approximately 2100', turn right at existing lease road and continue 200', new access is staked on the left (east) turn left and continue for approximately 2747' to the southwest corner of the location.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 5348.3' 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. 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.

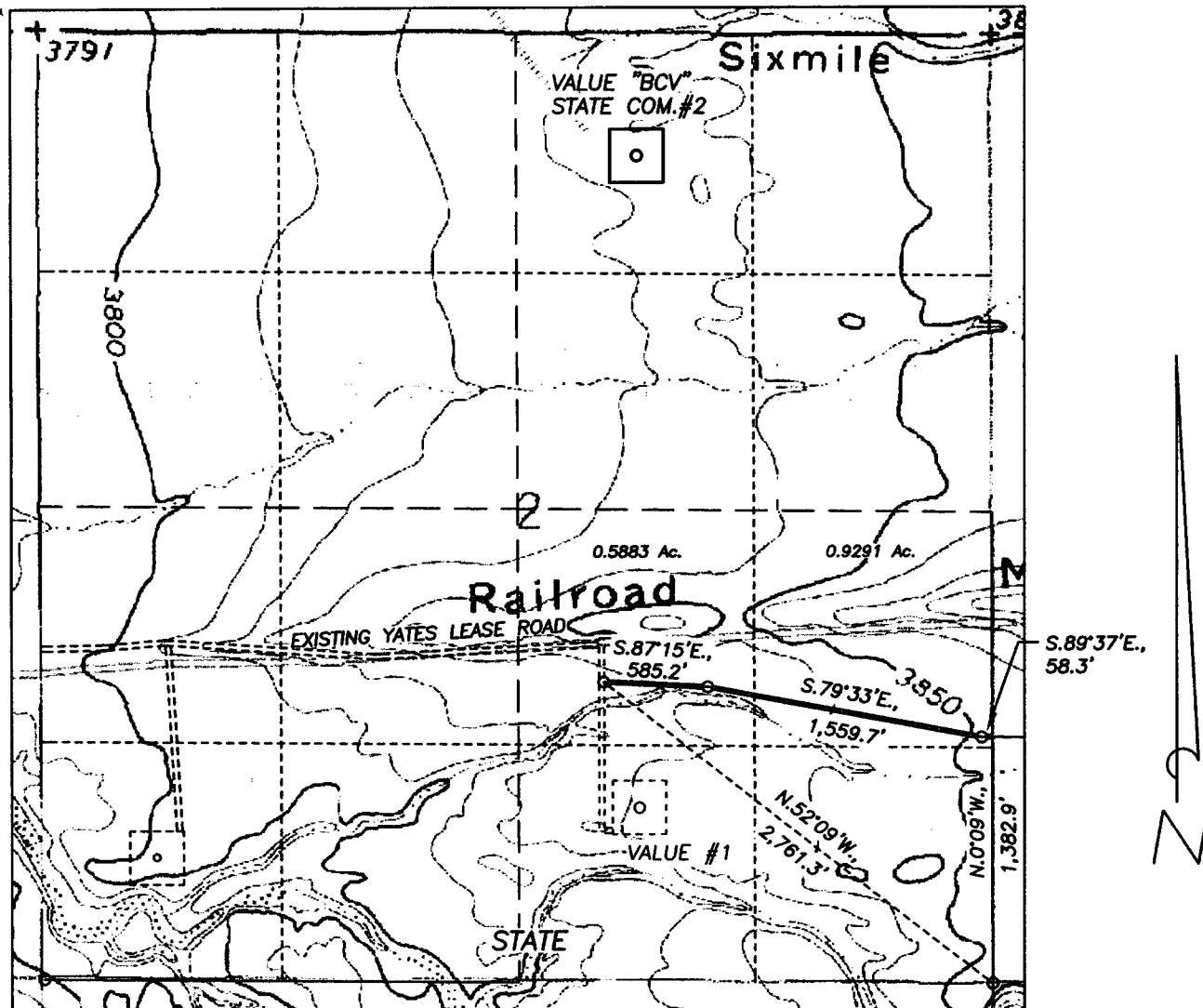
**3. LOCATION OF EXISTING WELL:**

- 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.

SECTION 2, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.



**DESCRIPTION:**

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE FOLLOWING DESCRIBED SURVEY CENTERLINE AS SHOWN IN RED ON THIS PLAT.

BEGINNING AT A POINT LOCATED ON AN EXISTING LEASE ROAD TO THE VALUE #1 WELL AND BEARING N.52°09'W., 2,761.3 FEET DISTANT FROM THE SOUTHEAST CORNER OF SECTION 2, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO; THENCE S.87°15'E., 585.2 FEET; THENCE S.79°33'E., 1,559.7 FEET; THENCE S.89°37'E., 58.3 FEET TO A POINT LOCATED N.0°09'W., 1,382.9 FEET DISTANT FROM THE SOUTHEAST CORNER OF SAID SECTION 2.

SAID TRACT CONTAINS 1.5174 ACRES, MORE OR LESS, ALLOCATED BY FORTY ACRE TRACTS AS FOLLOWS:

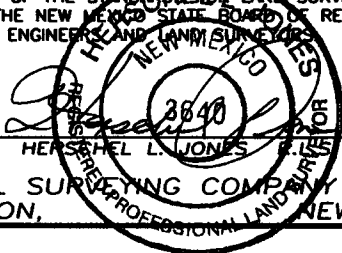
NW/4SE/4 51.7697 RODS, 0.5883 Ac.; NE/4SE/4 81.7576 RODS, 0.9291 Ac.

2,203.2 FEET = 133.5273 RODS, MORE OR LESS.

Yates Petroleum Corporation  
Jervis AYB Federal #6  
1500' FSL and 660' FWL  
Section 1, T8S-R26E  
Chaves County, New Mexico  
Exhibit "A-2"

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 STANDARD FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

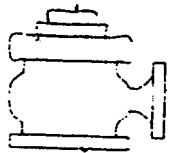


GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

**YATES PETROLEUM CORP.**

LEASE ROAD TO ACCESS THE YATES JERVIS "AYB" FEDERAL #6 WELL, LOCATED IN SECTION 1, TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 12/03/2004	Sheet 1 of 2 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 12/06/04	Scale 1" = 1000' JERVIS 6



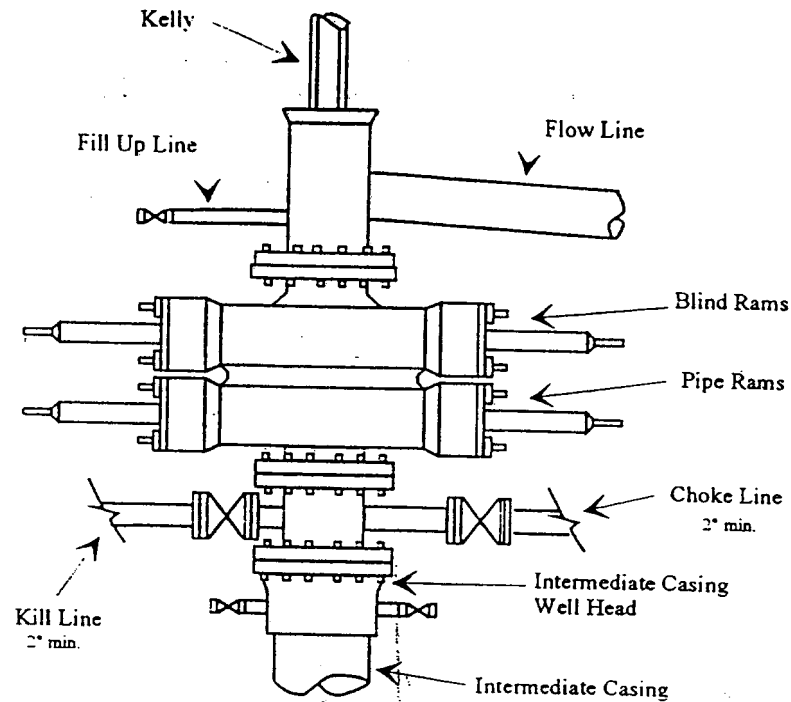
# Yates Petroleum Corporation

BOP-2

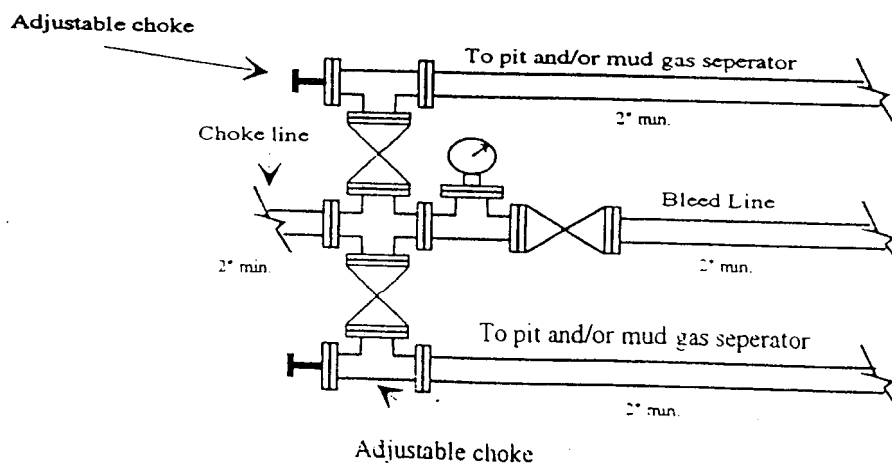
## Typical 2,000 psi Pressure System Schematic

### Double Ram Preventer Stack

Yates Petroleum Corporation  
Jervis AYB Federal #6  
1500' FSL and 660' FWL  
Section 1-T8S-R26E  
Chaves County, New Mexico  
Exhibit "B"



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



## WELL DRILLING REQUIREMENTS

3 of 6 pages

### 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: 8 $\frac{5}{8}$  inch 5 $\frac{1}{2}$  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 8 $\frac{5}{8}$  inch surface casing shall be set at 1100' 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 5 $\frac{1}{2}$  inch intermediate casing is cement shall extend upward a minimum of 200 feet above the top of the Glorieta Formation.

#### 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 8 $\frac{5}{8}$  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.
- C. Use of drilling mud for testing is not permitted since it can mask small leaks.
- D. Testing must be done in a safe workman-like manner. Hard line connections shall be required.
- E. 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.