

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		OMB No. 1004-0136 Expires November 30, 2000	
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		5. Lease Serial No. NM-90	
2. Name of Operator Yates Petroleum Corporation 25575		6. If Indian, Allottee or Tribe Name Not Applicable	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		7. If Unit or CA Agreement, Name and No. Not Applicable	
3b. Phone No. (include area code) (505) 748-1471		8. Lease Name and Well No. 30801 Amazing BAZ Federal #3	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 330' FSL and 330' FEL, Unit letter P At proposed prod. Zone same as above		9. API Well No. 30.025.37344	
14. Distance in miles and direction from nearest town or post office* Approximately thirty-five (35) miles northeast Loving, New Mexico		10. Field and Pool, or Exploratory 39380 Livingston Ridge, Delaware SE	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		11. Sec., T., R., M., or Blk. and Survey or Area Section 30, T22S-R32E	
16. No. of Acres in lease 1760		12. County or Parish Lea	
17. Spacing Unit dedicated to this well		13. State NM	
19. Proposed Depth 8600'		20. BLM/BIA Bond No. on file NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3540' GL		22. Approximate date work will start* ASAP	
23. Estimated duration 30 Days		24. Attachments Carlsbad 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:

- 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 Clifton R. May	Name (Printed/Typed) Clifton R. May	Date 4/15/05
Title: Regulatory Agent /Land Department email: cliff@ypcnm.com		
Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date JUN 26 2005
Title FIELD MANAGER	Office 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)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

**DECLARED WATER BASIN,
CEMENT BEHIND THE 13 3/8"
CASING MUST BE CIRCULATED** Previously Approved

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1989

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-3734	Pool Code 39380	Pool Name LIVINGSTON RIDGE, DELAWARE SE	
Property Code 30801	Property Name AMAZING BAZ FEDERAL		Well Number 3
OGRID No. 025575	Operation Name YATES PETROLEUM CORPORATION		Elevation 3540

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>P</i>	<i>30</i>	<i>22-S</i>	<i>32-E</i>		<i>330</i>	<i>SOUTH</i>	<i>330</i>	<i>EAST</i>	<i>LEA</i>

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 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		<p>CONSOLIDATED OR A NEW SURVEYING PLAN HAS BEEN APPROVED BY THE SURVEYOR</p>	
		<p>OPERATOR CERTIFICATION</p> <p>I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.</p>	
		<p><i>Clifton R. May</i></p>	
		<p>Signature</p>	
		<p>Printed Name CLIFTON R. MAY</p>	
		<p>Title REGULATORY AGENT</p>	
		<p>Date 4/15/05</p>	
		<p>SURVEYOR CERTIFICATION</p> <p>I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAN 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 KNOWLEDGE AND BELIEF.</p>	
		<p>APRIL 8 2005</p>	
		<p>Date of Survey</p>	
		<p>Signature and Seal of Professional Surveyor</p>	
		<p>5412</p>	
<p>NM-90</p> <p>LAT N32°21'22.2"</p> <p>LON W103°42'23.0"</p>		<p>REGISTERED LAND SURVEYOR ENGINEER</p> <p>NM PE&PS #5412</p> <p>Certificate Number</p>	

YATES PETROLEUM CORPORATION
Amazing BAZ Federal #3
 330' FSL and 330' FEL
 Section 30-T22S-R32E
 Lea County, New Mexico

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

Rustler	800'
Top of Salt	950'
Bottom of Salt	4345'
Bell Canyon	4650'
Cherry Canyon	5540'
Brushy Draw	6830'
Bone Spring	8480'
TD	8600'

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

Water: 250' to 500'
 Oil or Gas: 6830' & 8480'.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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.
4. 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.
5. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program:

<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#	H-40	ST&C	0-900'	900'
11"	8 5/8"	32#	J-55	ST&C	0-4500'	4500'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100-7400'	7300'
7 7/8"	5 1/2"	17#	J-55	LT&C	7400-8600'	1200'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
 2. A 3,000 psi BOP will be nipped up on the 13 3/8" casing and tested to 3000 psi .

B. CEMENTING PROGRAM:

Surface Casing: 650 sx Lite (YLD 1.96 WT 12.7). Tail in with 200 sx class "C" + 2% CaCl₂ (YLD 1.34 WT 14.8).

Intermediate Casing: 925 sx Lite (YLD 2.5 WT 11.9) and tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.34 WT 14.8). Cement circulated to surface.

Production Casing: 1 st Stage: 550 sx super "H" (YLD 1.67 WT 13), Tail in w/50 sx Thixset (YLD 1.4 WT 14.4). Top of Cement approx. 6000'.

DV Tool Packer @ 4450'

Second Stage: 650 sx Lite (YLD 2.5 WT 11.9) , Tail in w/50 sx Premium (YLD 1.3 WT 14.8). Cement calculated to tie back to intermediate casing 100'.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900	FW/Native Mud	8.6-9.2	28-36	N/C
900-4500	Brine	10.0-10.2	28	N/C
4500-6800	Cut Brine	8.6-9.1	28	N/C
6800-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. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM:

Samples: Every 10' from surface casing to TD

Logging: CNL-FCO from TD to casing with GR-CNL up to surface; DLL from TD to casing

Coring: None anticipated

DST's: Any tests will be based on the recommendations of the well site geologist as Warranted by drilling breaks and shows

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

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 140 F

9. 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
Amazing BAZ Federal #3
330' FSL & 330' FEL
Section 30-T22S-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 38 miles west and north of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: Go east out of Carlsbad, New Mexico on 62/180 to the Halfway Watering Hole. Continue east for approximately 0.7 of a mile to Campbell Road (C-29). Turn south and go approximately 14 miles to a lease road on the east side of the road. Turn east and go approximately 2 miles and the new road will start here just west of an existing location. Go north approximately 0.15 of a mile to the south west corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 825' 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. One traffic turnout may be needed.
- 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 until an electric line can be built. No power will be required if the well is a producing gas well.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a brine 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:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. The reserve pits will be constructed and reclamation done according to NMOCD guidelines and Yates' approved pit general plan
- C. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. 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

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, pulling unit orientation and access road approach. Note: Pits to north.
- B. The reserve pits will be plastic lined with 12 mil and meet the NMOCD Pit Standards.
- C. A 600' x 600' 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 plugged and abandoned, 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. Pit reclamation will meet Rule 50 requirements.

Amazing BAZ Federal #3
Page Three

11. SURFACE OWNERSHIP:

Federal Lands under the supervision of the BLM. Surface leased to Mills Family Partnership.

12. OTHER INFORMATION:


- A. This well is on Federal surface leased to the Mills Family Partnership.
- B. The primary use of the surface is for grazing.
- C. Refer to the archaeological report for a description of the topography, flora, fauna, soil Characteristics, dwellings, and historical and cultural sites.

13. OPERATOR'S REPRESENTATIVE:

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



Clifton R. May, Regulatory Agent

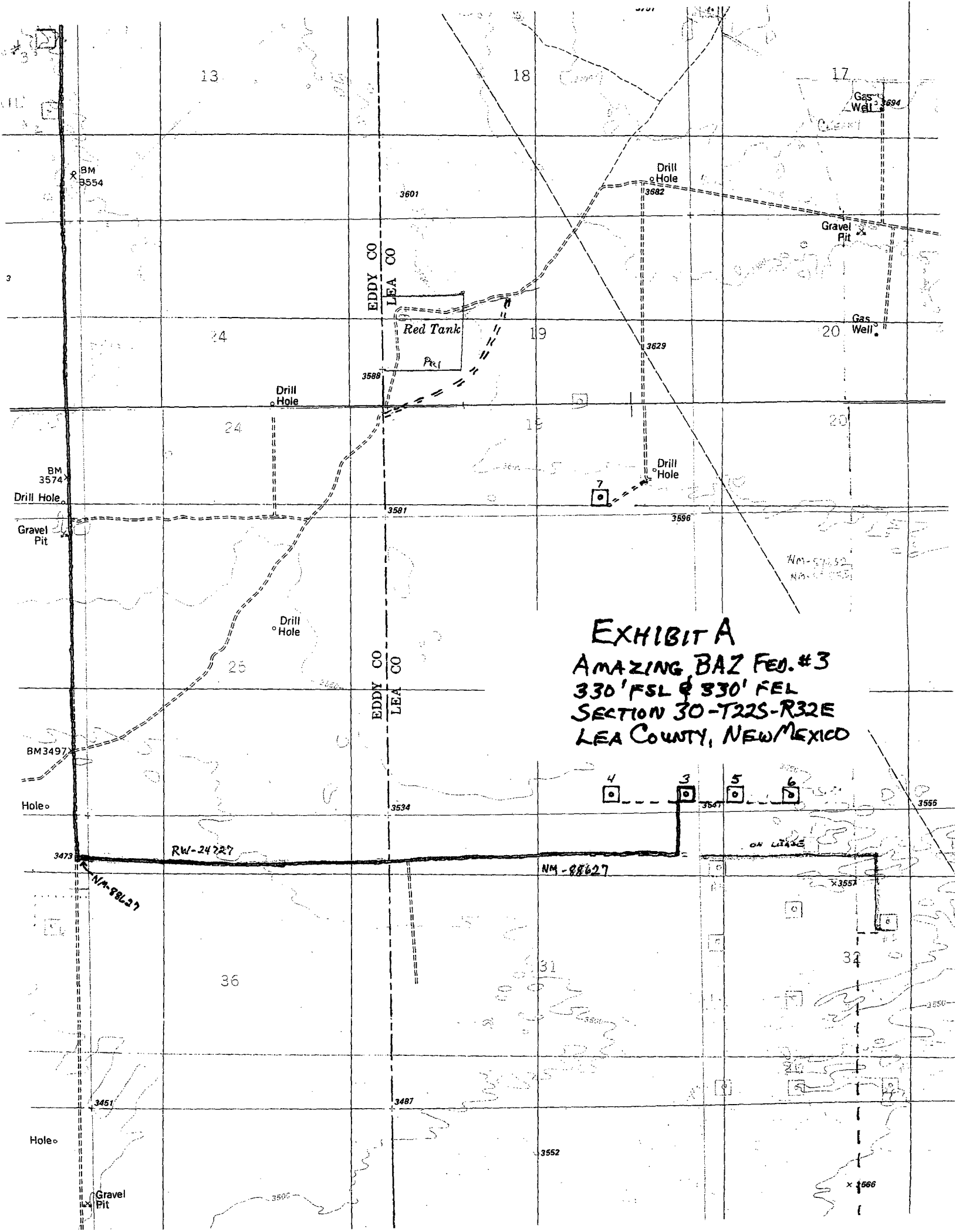
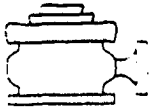


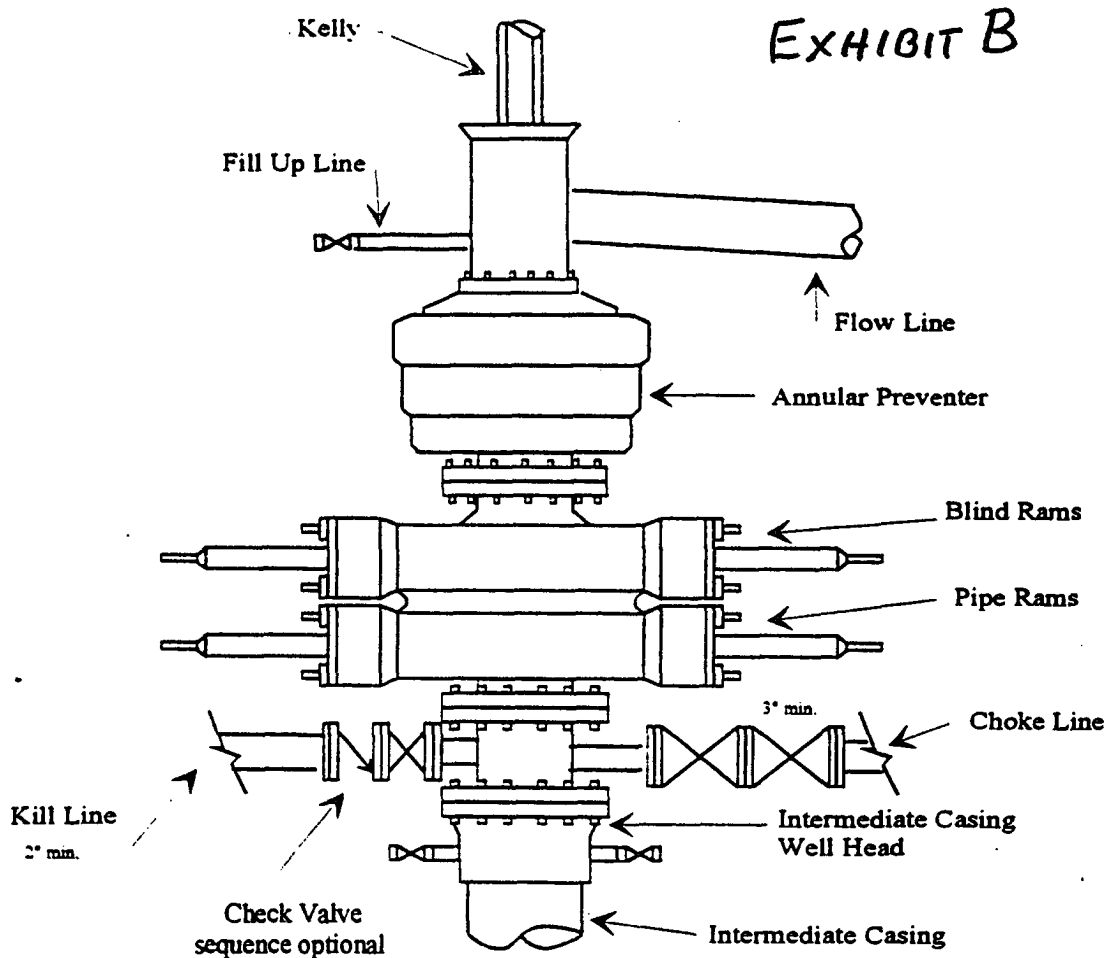
EXHIBIT A
AMAZING BAZ FEB. #3
330' FSL & 330' FEL
SECTION 30-T22S-R32E
LEA COUNTY, NEW MEXICO



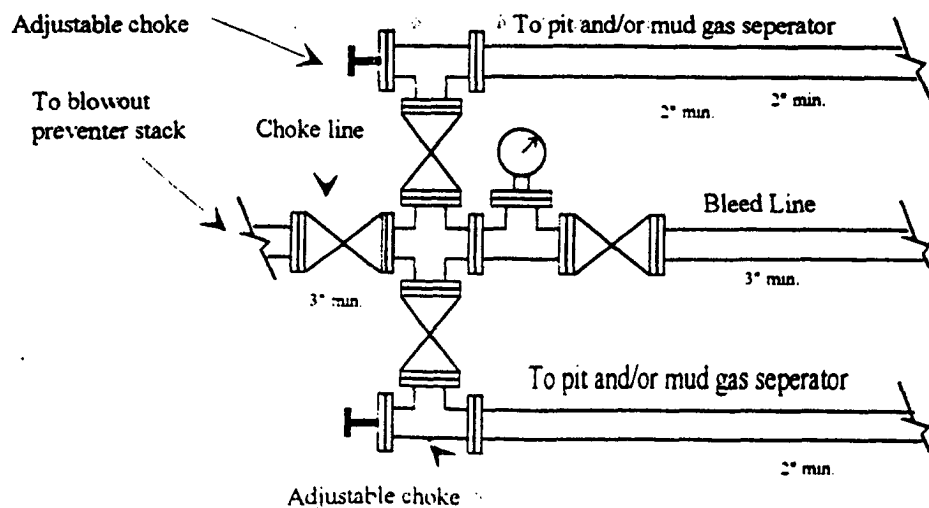
Yates Petroleum Corporation

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

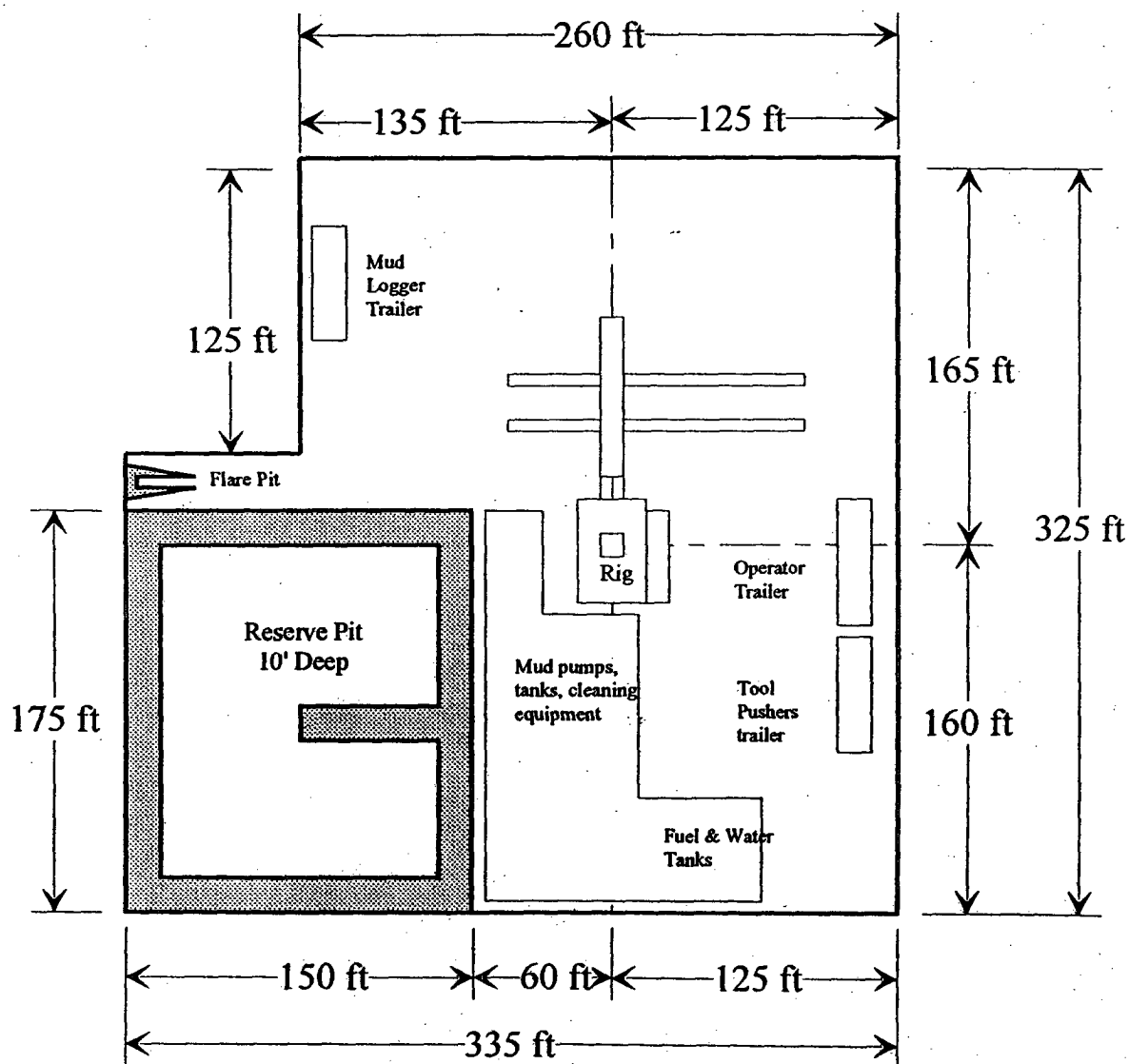
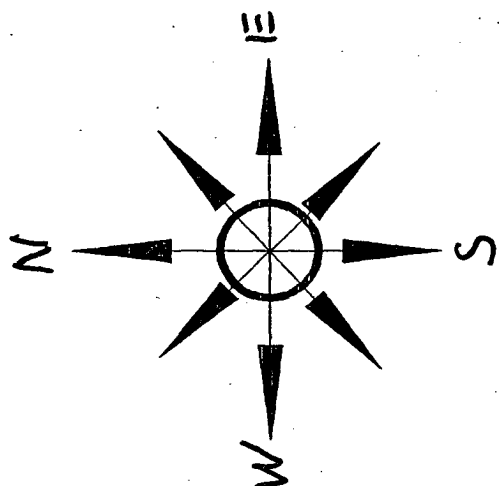


Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

EXHIBIT C



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

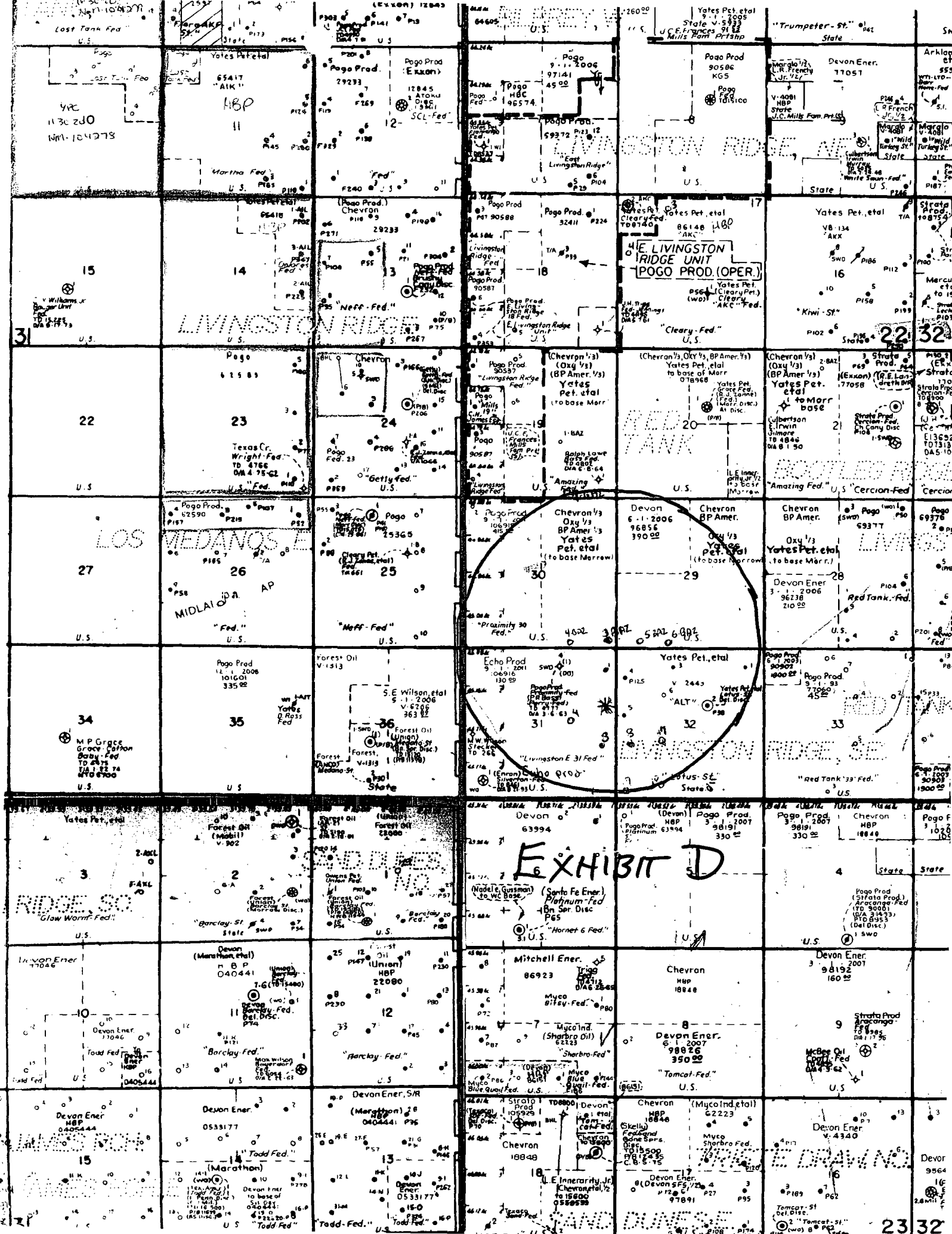


EXHIBIT D

THE DRAWING