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

Form 3160-3
(August 1999)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: **NM-90**

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

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

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

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

8. Lease Name and Well No.: 30801 **Amazing BAZ Federal #7**

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

9. API Well No.: 30-025-37348

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: 39366 **Livingston Ridge,Delaware East**

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

At surface: **330' FSL and 1650' FEL, Unit letter O**

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

11. Sec., T., R., M., or Blk, and Survey or Area: **Section 19, T22S-R32E**

14. Distance in miles and direction from nearest town or post office*: **Approximately thirty-five (38) miles west & north of Jal, New Mexico**

12. County or Parish: **Lea**

13. State: **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): **330'**

16. No. of Acres in lease: **1760**

17. Spacing Unit dedicated to this well: **40**

19. Proposed Depth: **8600'**

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.): **3594' 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:

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: Clifton R. May — Name *(Printed/Typed)*: **Clifton R. May** — Date: **4/18/05**

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 2 8 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 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)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DECLARED WATER BASIN
CEMENT BEHIND THE 13 3/8"
CASING MUST BE CIRCULATED
WITNESS

Previously Approved

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
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, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-37348	39366	LIVINGSTON RIDGE, DELAWARE EAST

Property Code	Property Name	Well Number
30801	AMAZING BAZ FEDERAL	7

OGRID No.	Operation Name	Elevation
025575	YATES PETROLEUM CORPORATION	3594

Surface Location

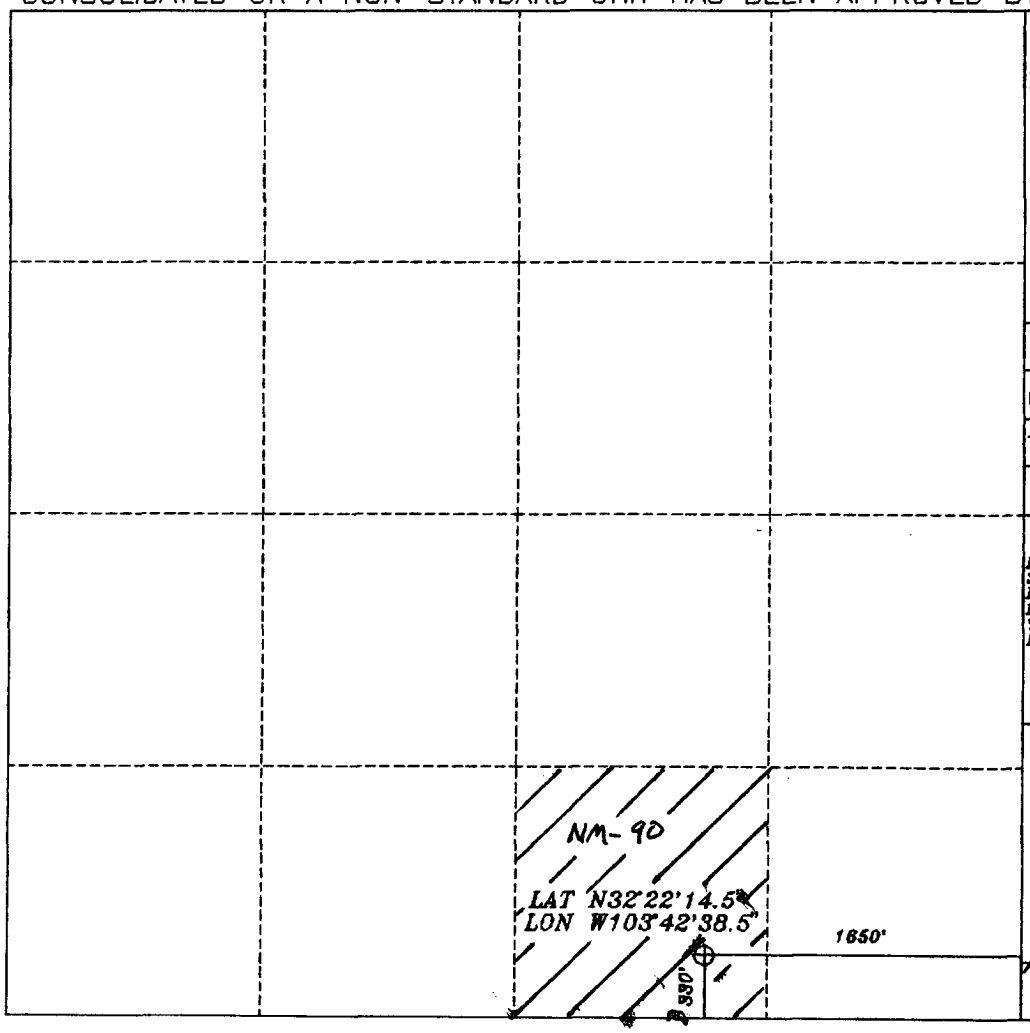
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
O	19	22-S	32-E		330	SOUTH	1650	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Clifton R. May

Signature

Printed Name CLIFTON R. MAY

Title REGULATORY AGENT

Date 4/18/05

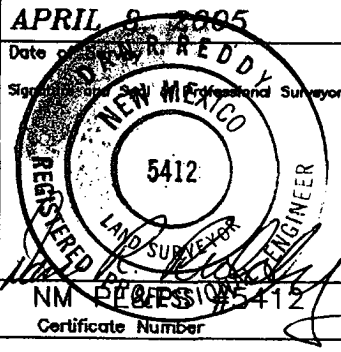
SURVEYOR CERTIFICATION

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 KNOWLEDGE AND BELIEF.

APRIL 8, 2005

Date of Survey

Signature and Seal of Professional Surveyor



NM PE&LS #5412

Certificate Number

YATES PETROLEUM CORPORATION
Amazing BAZ Federal #7
330' FSL and 1650' FEL
Section 19-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:

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
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 ½"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 ½"	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 nippled 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 (YLD1.3 WT 14.8).

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
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 #7
330' FSL & 1650' FEL
Section 19-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: From downtown Carlsbad, NM at the light at the intersection of 285 & 62/180 you take 62/180 for approximately 2 miles to U.S. Refinery Road. Turn right and go approximately 12 miles to Potash Mine Road (131). Turn left and go approximately 2.3 miles to 128 (Jal HWY). Turn right and go approximately 17 miles to Red Road. Turn left and go approximately 7 miles to Mills Ranch Road. Turn right and go approximately 2.7 miles. Turn right on old lease road and go about 1 mile and the new road will start here and go southwest to the southeast corner of the pad.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 750' in length from the point of origin to the southwest corner of the drilling pad. The first 1 mile of existing road will have to be upgraded to a good lease road.
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.

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

Clifton R. May, Regulatory Agent

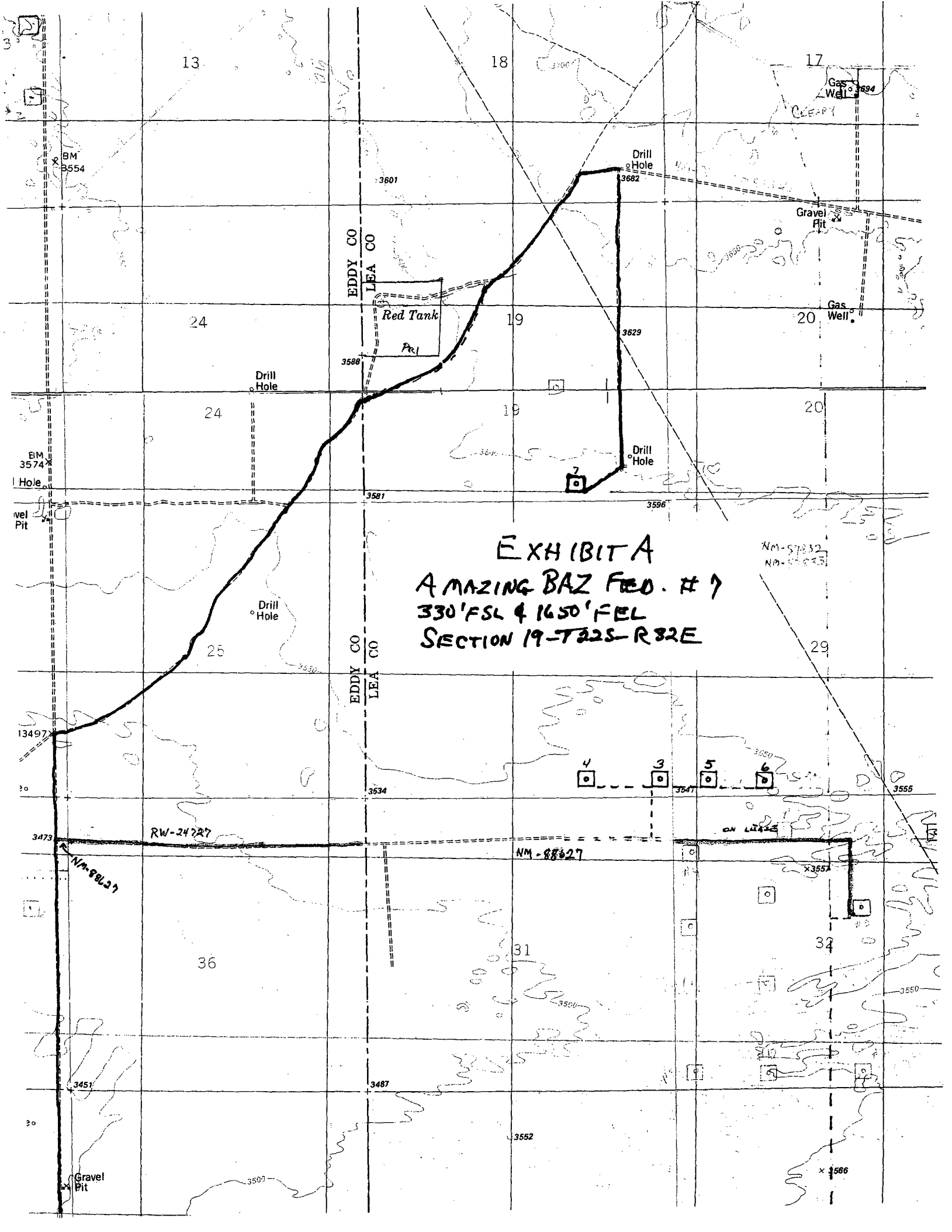
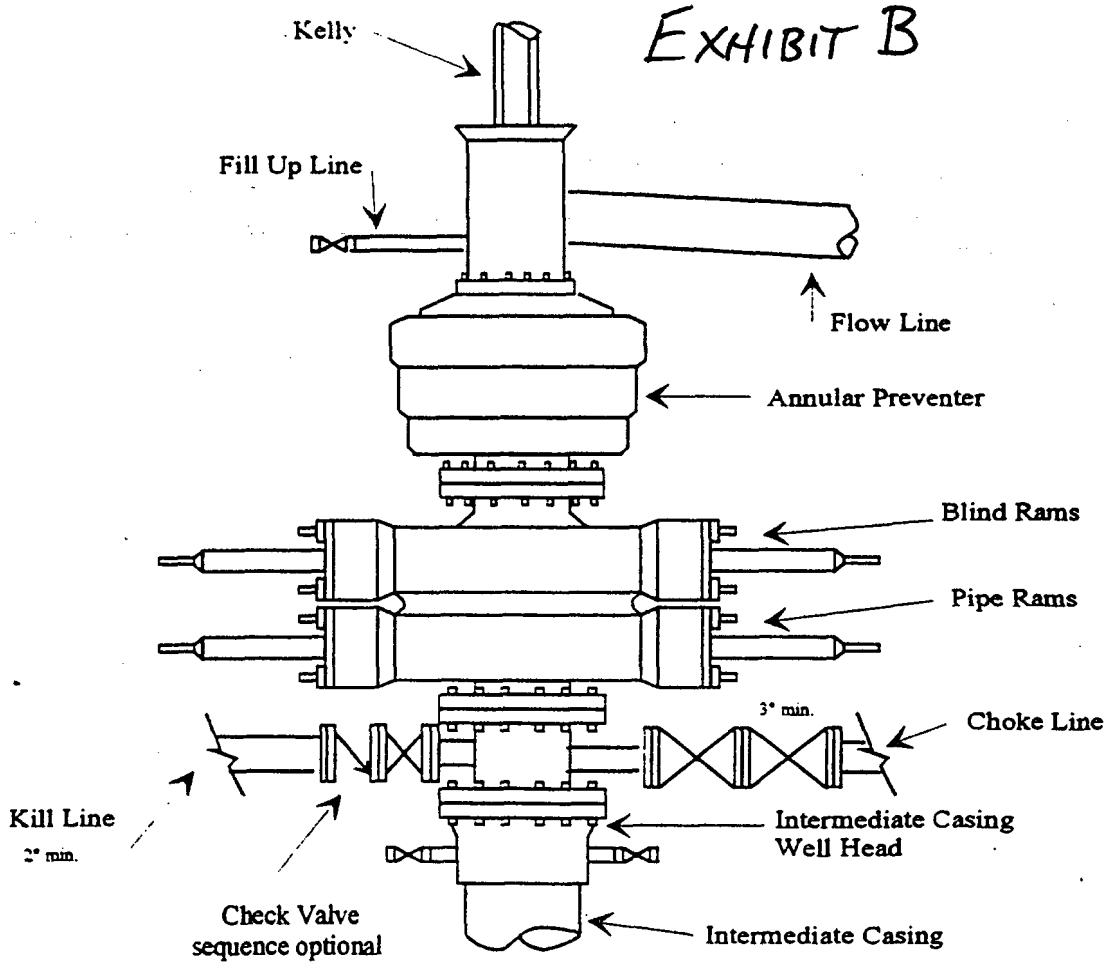


EXHIBIT A
AMAZING BAZ FED. #1
330'FSL & 1650'FEL
SECTION 19-T22S-R32E
EDDY CO
LEA CO
Red Tank
Drill Hole
Gas Well
Gravel Pit
BM 3554
BM 3574
RW-24227
NM-88627
NM-98137
13
18
17
24
19
20
25
29
36
31
32
3601
3682
3629
3588
3581
3596
3534
3555
3473
3451
3487
3552
3566

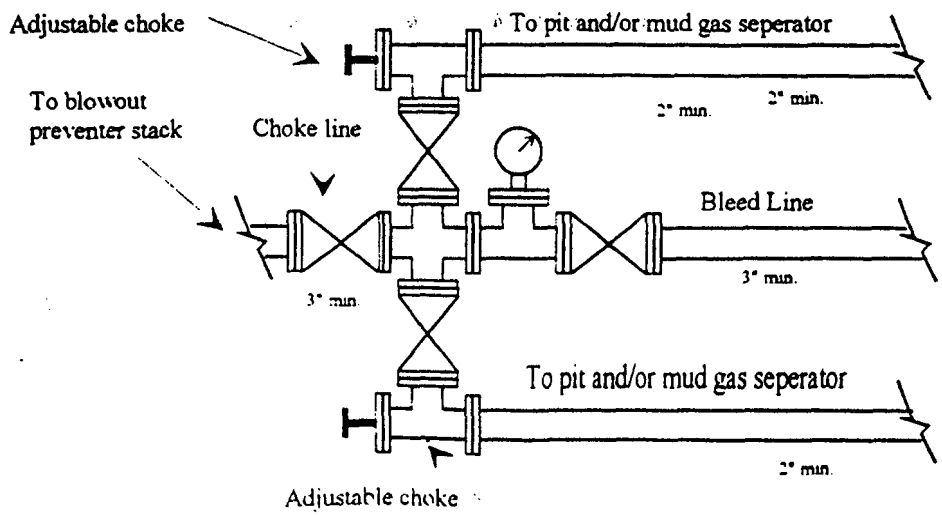
Yates Petroleum Corporation

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

EXHIBIT B



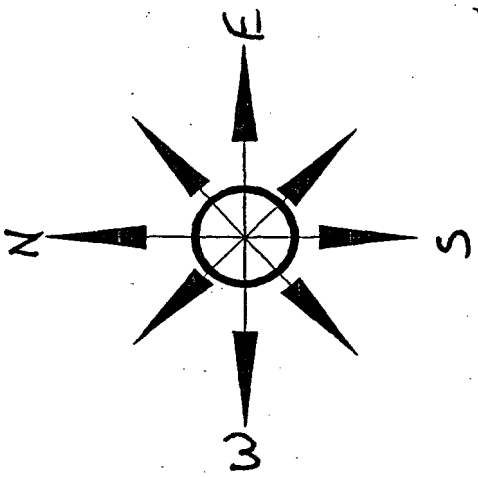
Typical 3,000 psi choke manifold assembly with at least these minimun features

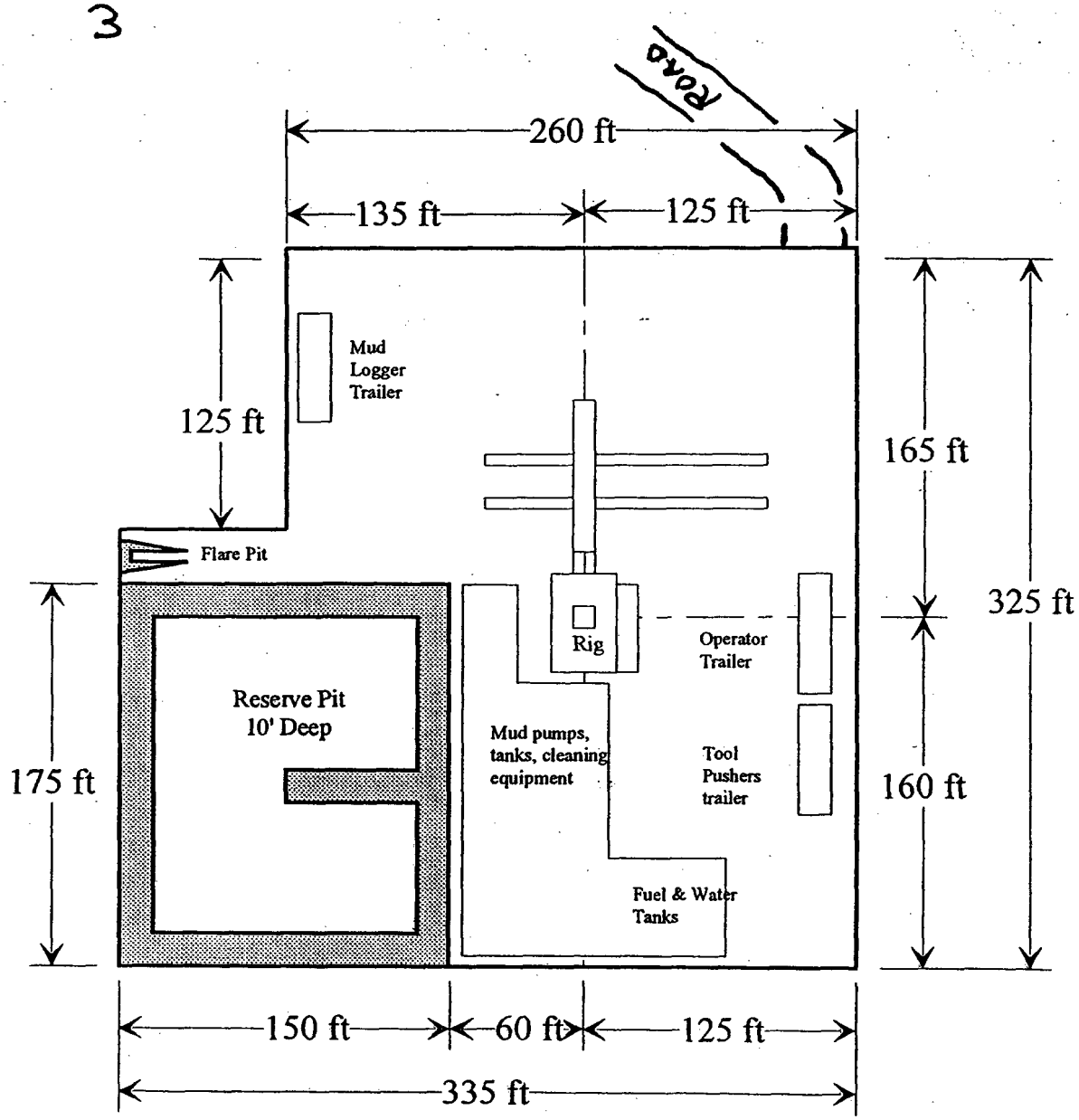


Yates Petroleum Corporation

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

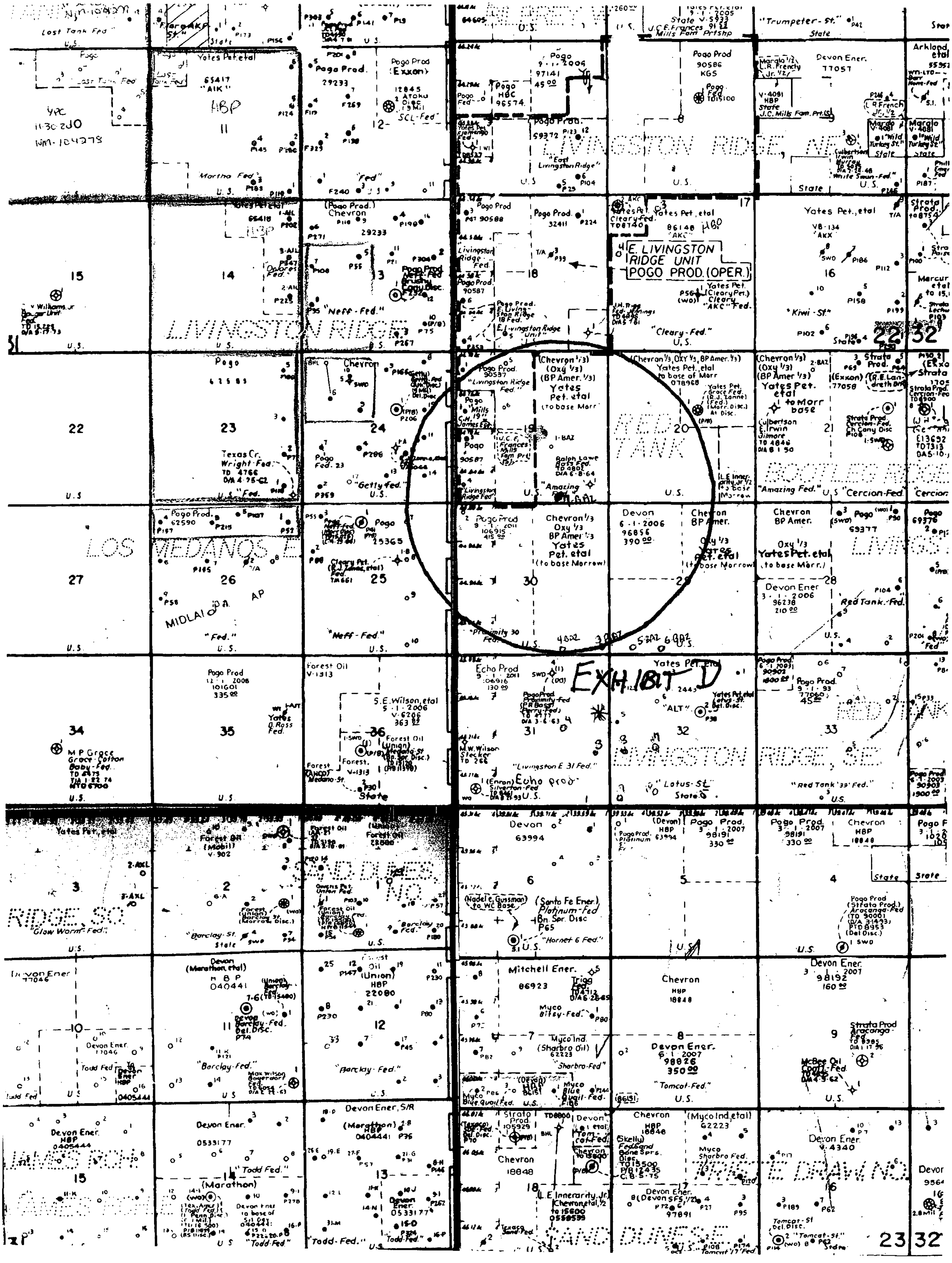


EXHIBIT D
E. LIVINGSTON RIDGE UNIT
POGO PROD. (OPER.)
LIVINGSTON RIDGE
LIVINGSTON RIDGE NE
LIVINGSTON RIDGE SE
LOS MEDANOS E
RED TANK
BOOTLEG RIDGE
SAND DUNES NO.
SAND DUNES SE
RIDGE SO.
22 32
23 32
Lost Tank Fed
Martha Fed
"Neff - Fed."
"Getty Fed."
"Livingston Ridge Fed."
"Amazing Fed."
"Cleary - Fed."
"Kiwi - St."
"Cercion-Fed."
"Red Tank - Fed."
"Livingston E 31 Fed."
"Lotus - St."
"Red Tank '33' Fed."
"Glow Worm - Fed."
"Barclay - St."
"Hornet 6 Fed."
"Barclay - Fed."
"Sharbro - Fed"
"Tomcat - Fed."
"Todd Fed."
"Trumpeter - St."
"White Swan - Fed."
"Proximity 30 Fed."
Pogo Prod.
Yates Pet. etal
Chevron
Devon Ener.
Mitchell Ener.
Echo Prod.
Forest Oil
Strata Prod.
Chevron 1/3 Oxy 1/3 BP Amer. 1/3 Yates Pet. etal (to base Morrow)
U.S.
State
MIDLAND