

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NMNM77063	
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No.	
Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		8. Lease Name and Well No. CONTINENTAL APJ FEDERAL 7	
3a. Address 105 SOUTH 4TH STREET ARTESIA, NM 88210		9. API Well No. 30-025-36112	
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		10. Field and Pool, or Exploratory DIAMOND TAIL DELAWARE, west Triste Draw	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSW 660FSL 660FWL At proposed prod. zone SWSW 660FSL 660FWL		11. Sec., T., R., M., or Blk. and Survey or Area Sec 28 T23S R32E Mer NMP	
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 35 MILES NE OF LOVING, NM		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)	16. No. of Acres in Lease	17. Spacing Unit dedicated to this well 40.00	
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8750 MD	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3657 GL	22. Approximate date work will start	23. Estimated duration 30 DAYS	

Carlsbad Controlled Water Basin

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 officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) CLIFTON R. MAY Ph: 505.748.4347	Date 12/18/2002
Title REGULATORY AGENT		
Approved by (Signature) /S/ JOE G. LARA	Name (Printed/Typed) /S/ JOE G. LARA	Date JAN 16 2003
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Electronic Submission #16999 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by Armando Lopez on 12/18/2002 (03AL0020AE)

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** R

OPER. OGRID NO. 25575
PROPERTY NO. 17411
POOL CODE 59945
EFF. DATE 1-21-03
API NO. 30-025-36112

S
L
A

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
611 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 30-025-36112	Pool Code 59945	Triste DMW Diamondtail Delaware, SW	Pool Name West
Property Code 17411	Property Name CONTINENTAL "APJ" FEDERAL		Well Number 7
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3657

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	28	23S	32E		660	SOUTH	660	WEST	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 40		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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Clifton R. May</u> Signature Clifton R. May Printed Name Regulatory Agent Title 12-16-02 Date
				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. 12/09/2002 Date Surveyed <u>Professional Surveyor</u> Signature & Seal of Professional Surveyor Certificate No. Hershfield Jones RLS 3640 CONTINENTAL OIL & GAS SURVEYING COMPANY
N.32°16'12.4" W.103°41'09.7" 3651 3652 660 3654 3653 NM 77063				

YATES PETROLEUM CORPORATION

Continental "APJ" Federal #7

660' FSL and 660' FWL

Section 28-T23S-R32E

Lea County, New Mexico

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

Rustler	1180'	Cherry Canyon	5770'
Top of Salt	1350'	Brushy Canyon	7060'
Base of Salt	4530'	Bone Spring	8670'
Bell Canyon	4770'	TD	8750'

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

Water: 250'
Oil or Gas: 8670'

- 1 3. Pressure Control Equipment: A diverter will be installed on the 13 3/8" casing. 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#	H-40	ST&C	0-850'	850'
11"	8 5/8"	32#	J-55	ST&C	0-4650'	4650'
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	100-6800'	6700'
7 7/8"	5 1/2"	17#	J-55	LT&C	6800-8750'	1950'

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

A. CEMENTING PROGRAM:

Surface Casing: Lead w/250 sx Lite (YLD 1.96 WT 12.5) Tail in w/ 200 sx Class C + 2% CaCl₂ (YLD 1.34 WT 14.8).

Intermediate Casing: Lead w/1150 sx Lite (YLD 2.5 WT 11.9) Tail in w/250 sx C + 2% CaCl₂ (YLD 1.34 WT 14.8).

Production Casing: 1st Stage: Lead w/550 sx Super H (YLD 1.67 WT 13). DV tool @ 4550'. Tail in w/50sx Thixset (YLD 1.4 WT 14.4). TOC Stage 1 approx. 6200'.

2nd Stage: Lead w/350 sx Lite (YLD 2.5 WT 11.9). Tail in w/50 sx Premium (YLD 1.3 WT 14.8). Cement for Stage 2 will be circulated.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-850'	FW/Native Mud	8.6-9.2	28-36	N/C
850'-4650'	Brine	10.0-10.2	28	N/C
4650'-7000'	Cut Brine	8.6-9.1	28	N/C
7000'-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. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: Every 10' from 5000' to TD.

Logging: Platform HALS, CMR

Coring: None anticipated

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 850'	Anticipated Max. BHP: 400 PSI
From: 850'	TO: 4650'	Anticipated Max. BHP: 2000 PSI
From: 4650'	TO: TD	Anticipated Max. BHP: 4400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 140 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 20 days.

N E S
Gas Wells

25

Yates Petroleum Corporation
Continental "APJ" Federal #7
660' FSL and 660' FWL
Section 28-T23S-R32E
Lea County, New Mexico
Exhibit "A"

EDDY CO
LEA CO

EDDY CO
LEA CO

State Road 128

Paduca Breaks Rd.

(El Paso Pipeline)

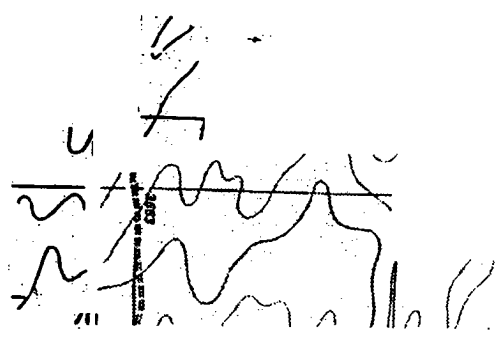
Dip Hole

CONTINENTAL "APJ" FEDERAL #7

660' FSL AND 660' FWL
Section 28-T23S-R32E
Lea County, New Mexico

P. 29

Drill



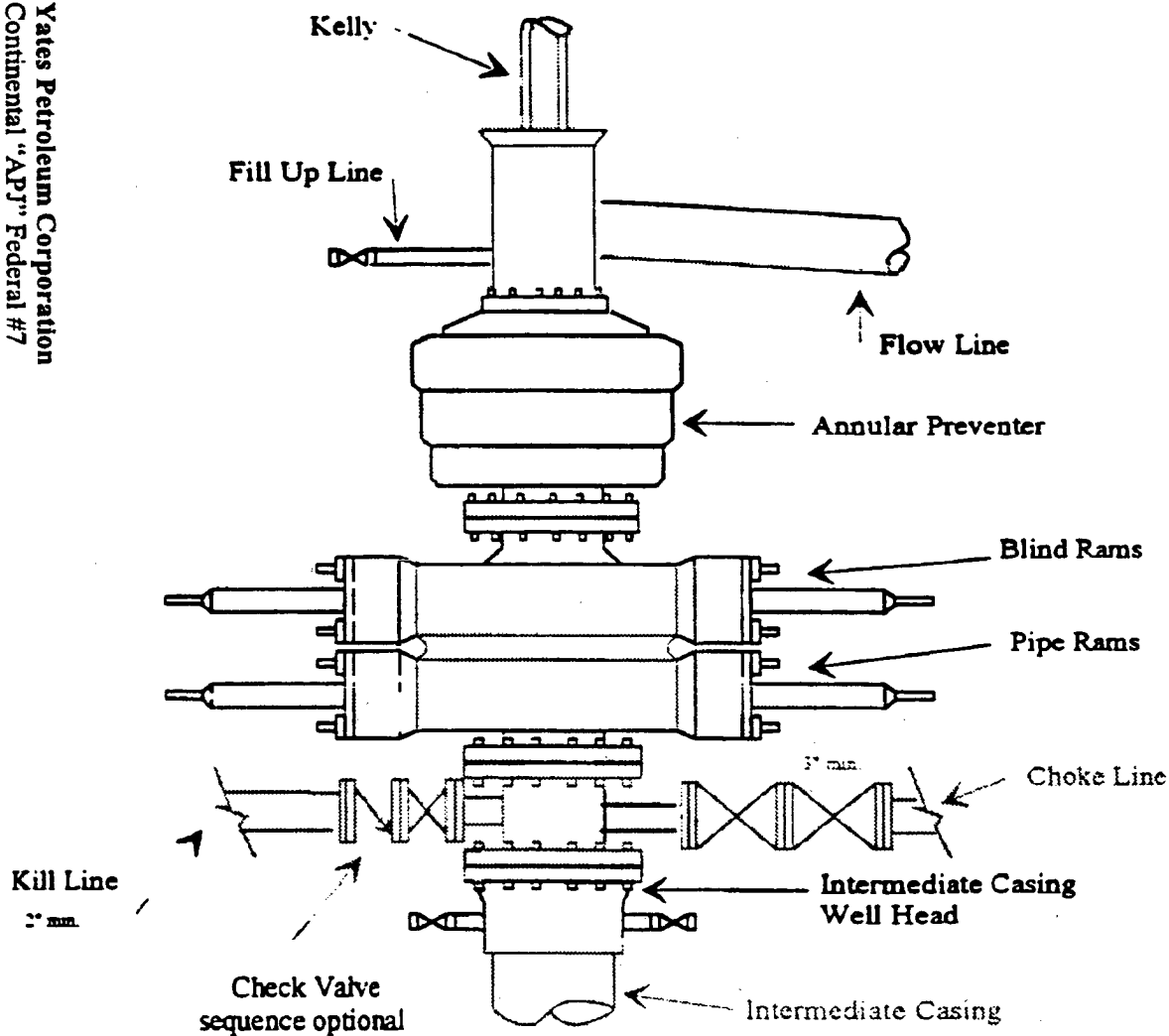


Yates Petroleum Corporation

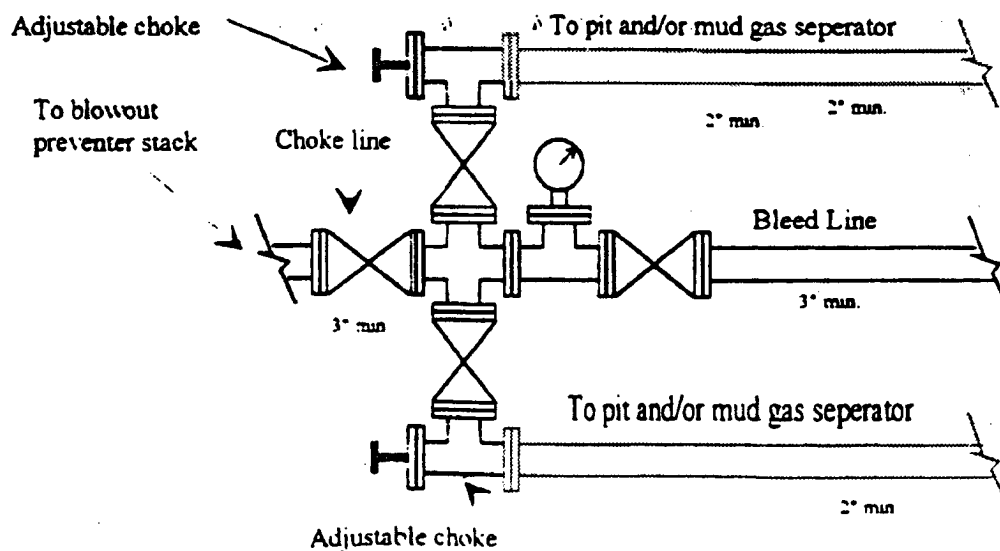
BOP-3

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

Yates Petroleum Corporation
Continental "APJ" Federal #7
660' FSL and 660' FWL
Section 28-T23S-R32E
Lea County, New Mexico
Exhibit "B"



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



Yates Petroleum Corporation
Continental "APJ" Federal #7
660' FSL and 660' FWL
Section 28-T23S-R32E
Lea County, New Mexico
Exhibit "D"

