

EC

OCD-HOBBS

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM77063
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> 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 5
3a. Address 105 SOUTH 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	9. API Well No. 30-025-36110
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 1980FNL 1650FWL At proposed prod. zone SENW 1980FNL 1650FWL		10. Field and Pool, or Exploratory DIAMONDTAIL-DELAWARE Triste Draw Delaware w.
11. Sec., T., R., M., or Blk. and Survey or Area Sec 28 T23S R32E Mer NMP		12. County or Parish LEA
13. State NM		14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 35 MILES NE OF LOVING, 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.) 3685 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:

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 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 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 #16997 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 (03AL0018AE)

ARMANDO LOPEZ  
HOBBS

KZ

\*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* RE

OPER. OGRID NO. 25575  
PROPERTY NO. 17411  
POOL CODE 59945  
EFF. DATE 1-21-03  
API NO. 30-025-36110

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**YATES PETROLEUM CORPORATION**  
**Continental "APJ" Federal #5**  
**1980' FNL and 1650' 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% CaCl<sub>2</sub> (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% CaCl<sub>2</sub> (YLD 1.34 WT 14.8).

Production Casing: 1<sup>st</sup> 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'.

2<sup>nd</sup> 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.

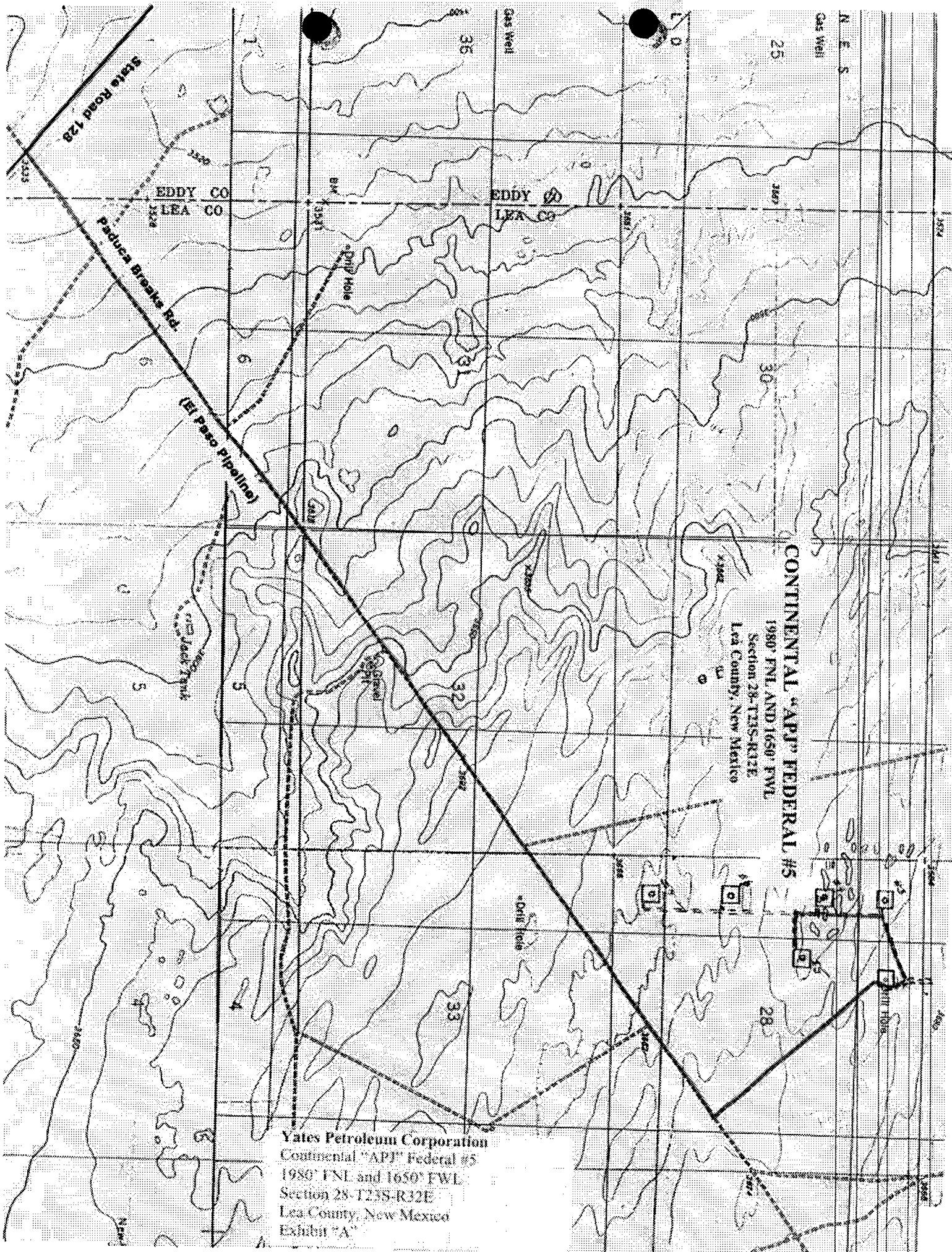
H<sub>2</sub>S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 140 F

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## 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.



Yates Petroleum Corporation  
Continental "APJ" Federal #5  
1980' FNL and 1650' FWL  
Section 28-T238-R32E  
Lea County, New Mexico  
Exhibit "A"



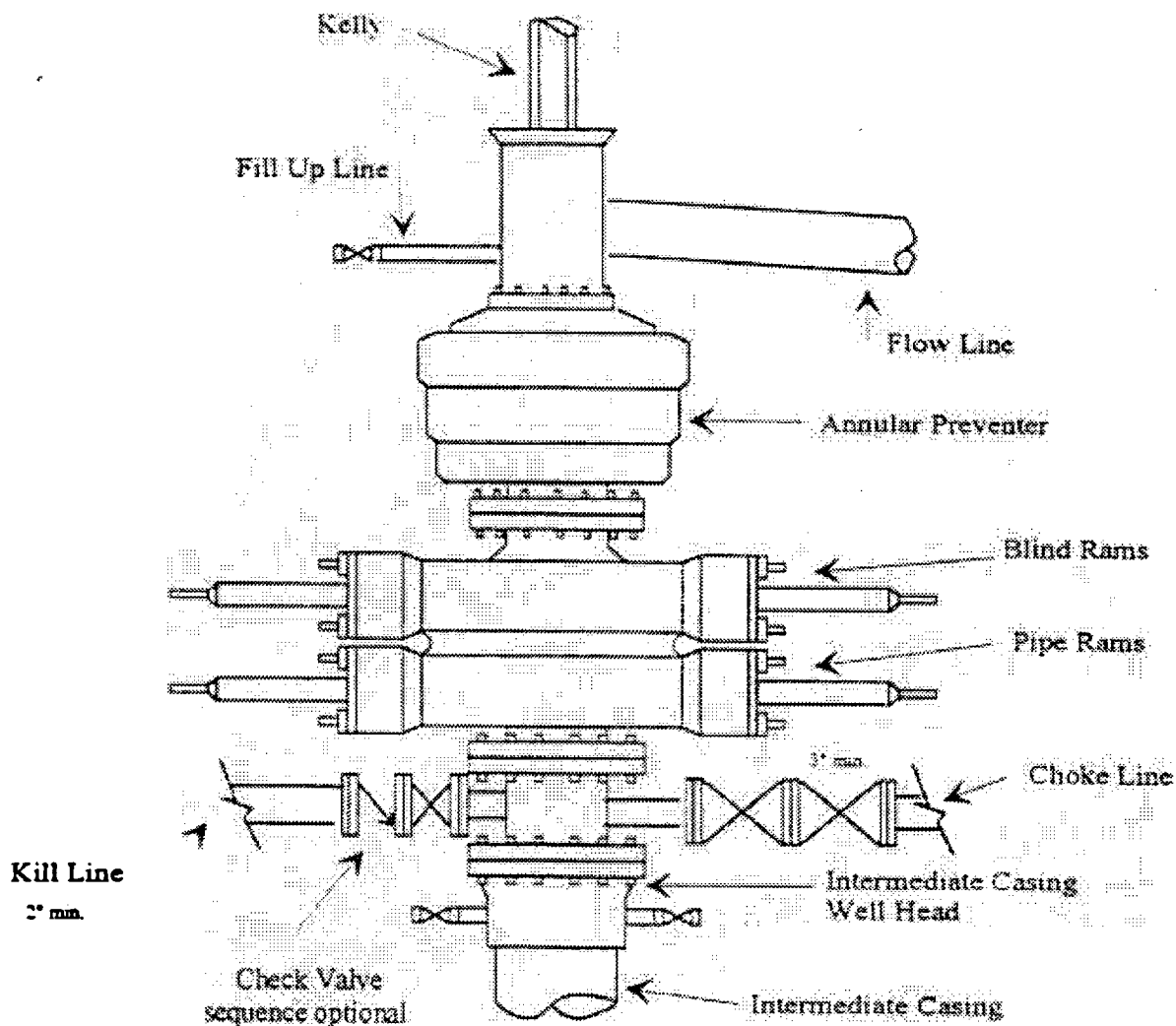
# Yates Petroleum Corporation

BOP-3

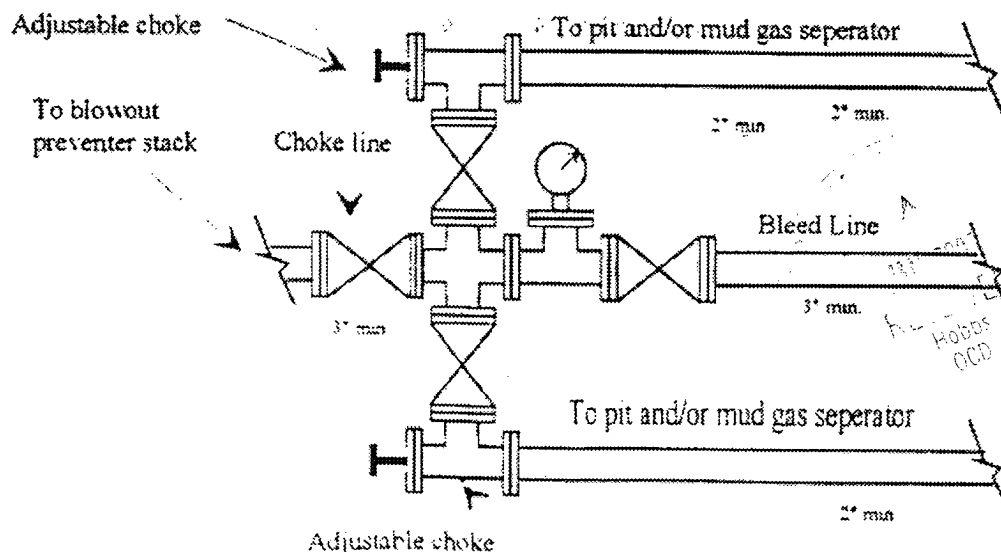
Typical 3,000 psi Pressure System

Schematic

Annular with Double Ram Preventer Stack



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



Yates Petroleum Corporation  
Continental "APJ" Federal #5  
1980' FNL and 1650' FWL  
Section 28-T23S-R32E  
Lea County, New Mexico  
Exhibit "B"

Yates Petroleum Corporation  
Continental "API" Federal #5  
1980' FNL and 1650' FWL  
Section 28-T23S-R32E  
Lea County, New Mexico  
Exhibit "D"

