

Form 3160-3
(August 1999)

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

0
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. NM-90584 NM 90440
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable
2. Name of Operator Yates Drilling Company		7. If Unit or CA Agreement, Name and No. Not Applicable
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Cactus Queen Unit #20
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1650' FSL & 2540' FEL At proposed prod. Zone same as above		9. API Well No. 30-005-21176
14. Distance in miles and direction from nearest town or post office* Approximately 26 miles north of Maljamar, New Mexico		10. Field and Pool, or Exploratory Chaves Queen SE Associated
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		11. Sec., T., R., M., or Blk. and Survey or Area Section 34-T12S-R31E
16. No. of Acres in lease 240		12. County or Parish Chaves County
17. Spacing Unit dedicated to this well 40		13. State NM
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft.		
19. Proposed Depth 3100'		
20. BLM/BIA Bond No. on file 586000		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4431' 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:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature Pat Perez	Name (Printed/Typed) Pat Perez	Date 6/4/02
Title: Regulatory Agent		
Approved by (Signature) LARRY D. BRAY	Name (Printed/Typed) LARRY D. BRAY	Date SEP 24 2002
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

Application approval does not warrant or certify that the applicant holds legal or equitable title to these 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.

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 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 <u>30-005-21176</u>	Pool Code <u>12110</u>	Pool Name Chaves Queen SE Associated
Property Code <u>11900</u>	Property Name CACTUS QUEEN UNIT	Well Number 20
OGRID No. 025513	Operator Name YATES DRILLING COMPANY	Elevation 4431

Surface Location

UL or lot No. J	Section 34	Township 12S	Range 31E	Lot Idn	Feet from the 1650	North/South line SOUTH	Feet from the 2540	East/West line EAST	County CHAVES
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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

		N.33°13'51.7" W.103°48'33.1" NM-90854	
		2540'	
		1850'	

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Pet Perez
Signature

Pet Perez
Printed Name

Regulatory Agent
Title

June 4, 2002
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.

5/30/2002
Date Surveyed

Herschell Jones
Signature & Seal of Professional Surveyor

3640
Certificate No. Herschel Jones RLS 3640

CACTUS QUEEN 20
GENERAL SURVEYING COMPANY

YATES DRILLING COMPANY
Cactus Queen Unit #20
 1650' FSL and 2540' FEL
 Section 34, T12S-R31E
 Chaves County, New Mexico

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

Rustler	1415'
Salt Top	1495'
Salt Base	2083'
Yates	2202'
Seven Rivers	2339'
Queen	2967'
TD	3100'

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

Water: 150'-300'
 Oil or Gas: Queen Formation.

3. Pressure Control Equipment: BOPE will be installed on the 8 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>
12"	8 5/8"*	24#	J-55	ST&C	0- 499 450'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0-3100'

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

Cactus Queen Unit #20

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B. CEMENTING PROGRAM:

Surface Casing: 250 sx Class "C" (YLD 1.32 WT 14.8).

Production Casing: 350 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 250 sx Class C + 2% CaCl₂ (YLD 1.32 WT 14.8)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-400'	FW /Native Mud	8.4 - 9.4	28-34	N/C
400'-2900'	Cut Brine/Brine	9.0 - 10.0	28	N/C
2900'-3100'	Brine/Starch	10 -10.2	28-32	<15/cc

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 out from under surface casing.

Logging: CNL/LDT, W/NGT TD-Surf csg; DLL/MSFL/GR TD to Surf csg.
BHC Sonic TD-SURF CSG

Coring: None

DST's: None.

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

Anticipated BHP:

From: 0 TO: 400' Anticipated Max. BHP: 175 PSI

From: 400' TO: 3100' Anticipated Max. BHP: 1300 PSI

Abnormal Pressures Anticipated: None

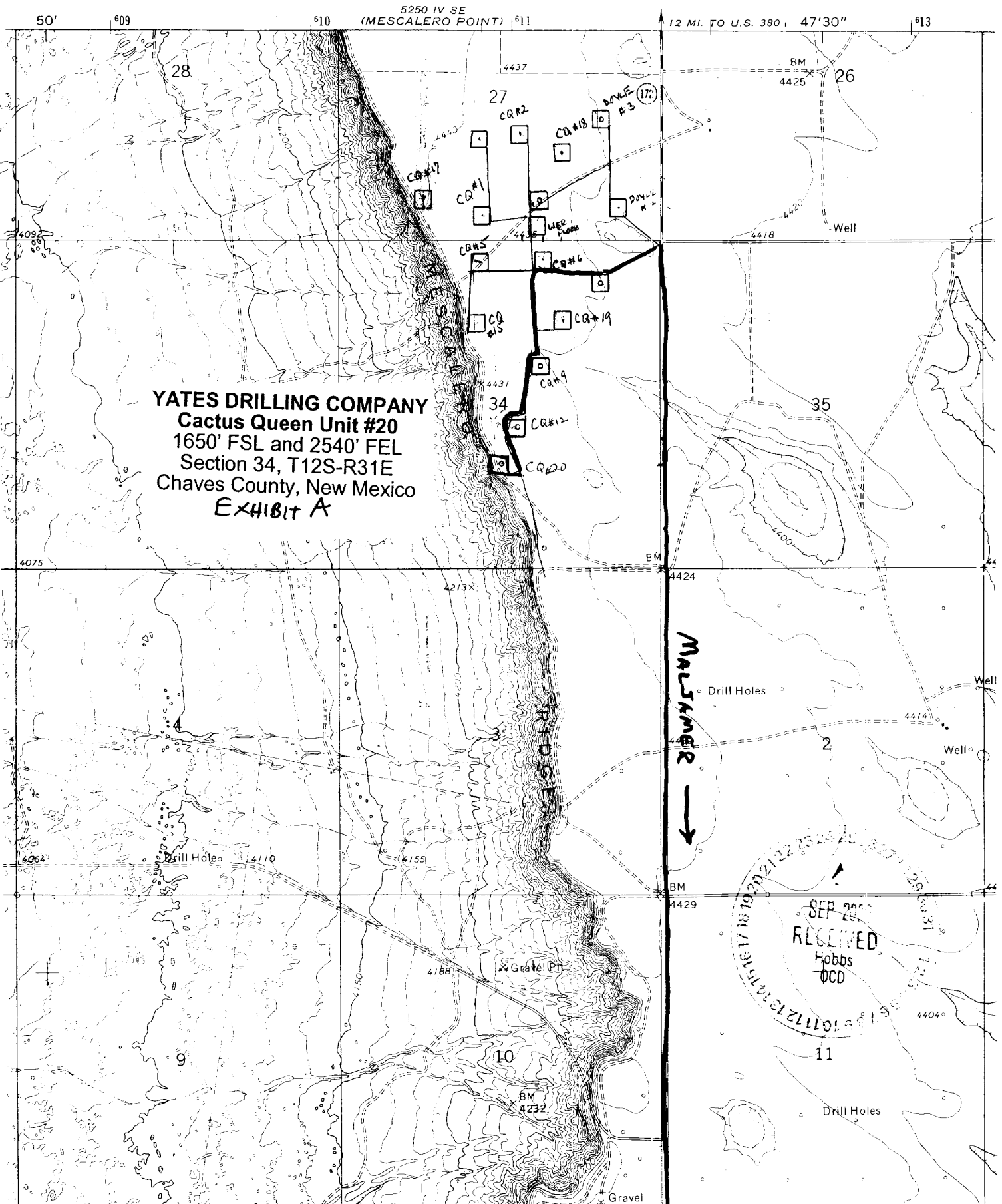
Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

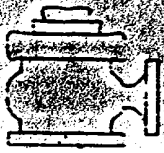
Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 10 days to drill the well with completion taking another 20 days.



SECRET
ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

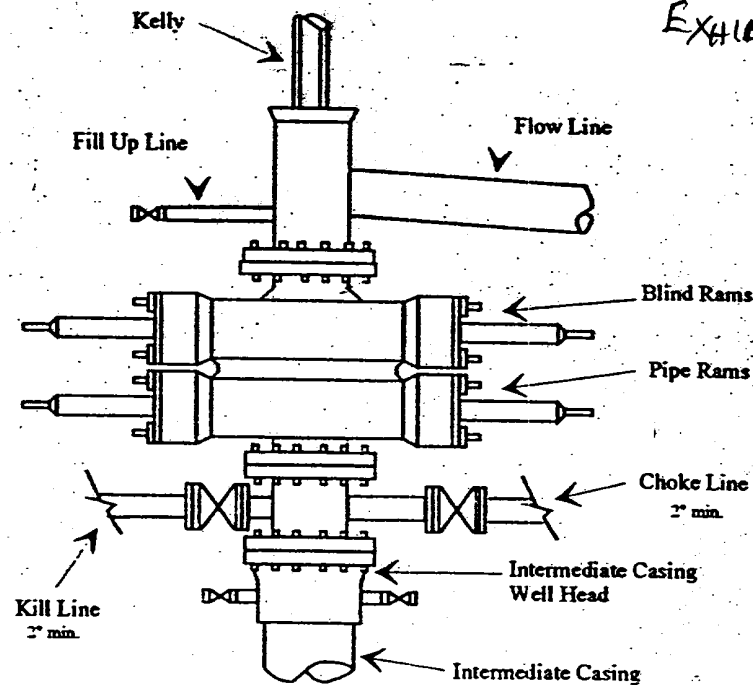


BOP-2

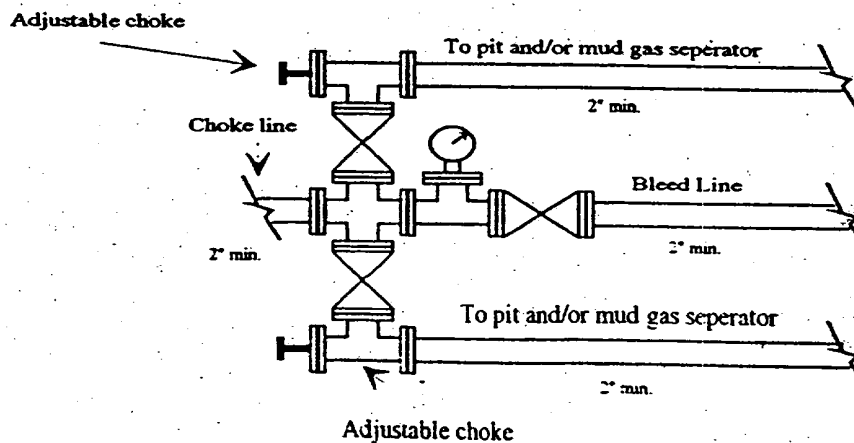
Typical 2,000 psi Pressure System
Schematic
Double Ram Preventer Stack

YATES DRILLING COMPANY
Cactus Queen Unit #20
1650' FSL and 2540' FEL
Section 34, T12S-R31E
Chaves County, New Mexico

EXHIBIT B



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



ELF 176103
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