

OPER. CONSID. NO. 25512 to Oil Conservation Order
PERMIT NO. 308 13681 1625 N. French Drive
POOL CODE 39366 Hobbs, NM 88340
EXP. DATE 11-14-02
API NO. 30-025-36053

Form 3160-2
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bureau of Land Management
Received

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

Carlsbad Field Office

Carlsbad, NM

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street
Artesia, New Mexico 88210

3b. Phone No. (include area code)
(505) 748-1471

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

At surface 600' FNL and 1980' FWL, Unit letter C
At proposed prod. Zone same as above

14. Distance in miles and direction from nearest town or post office*
Approximately thirty-five (35) miles northeast Loving, New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 600'

16. No. of Acres in lease
1760

17. Spacing Unit dedicated to this well
40

19. Proposed Depth
8900'

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3702' 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
Title: Regulatory Agent

Name (Printed/Typed)

Clifton R. May

Date

10/3/02

Approved by (Signature)

/S/ JOE G. LARA

Name (Printed/Typed)

/S/ JOE G. LARA

Date

NOV 12 2002

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)

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

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

1947-12-10-108

1947-12-10-108

RECEIVED
1947-12-10-108

1947-12-10-108

RECEIVED

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 U-112
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 30-025-36053	Pool Code 39346	Pool Name East Livingston Ridge Delaware
Property Code 30801	Property Name AMAZING "BAZ" FEDERAL	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3702

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	21	22S	32E		600	NORTH	1980	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 the the information contained herein is true and complete to the best of my knowledge and belief. Signature Clifton R. May Printed Name Regulatory Agent Title 10/3/2002 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. 9/26/2002 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Herschel R. Jones RLS 3640 PAGE 3 HERSCHEL R. JONES SURVEYING COMPANY		

YATES PETROLEUM CORPORATION
Amazing "BAZ" Federal #2
600' FNL and 1980' FWL
Section 21-T22S-R32E
Lea County, New Mexico

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

Rustler	890'	Cherry Canyon	5690'
Top of Salt	990'	Brushy Canyon	6970'
Base of Salt	4400'	Bone Spring	8630'
Bell Canyon	4760'	TD	8900'

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

Water:	250'
Oil or Gas:	8630'

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	0-4550'	4550'
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	6800-8900'	2100'

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 @ 4500'. 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'-4550'	Brine	10.0-10.2	28	N/C
4550'-6900'	Cut Brine	8.6-9.1	28	N/C
6900'-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: 4550'	Anticipated Max. BHP: 2000 PSI
From: 4550'	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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Amazing "BAZ" Federal #2
600' FNL and 1980' FWL
Section 21-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 35 miles northeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Take Hwy 62/180 east out of Carlsbad, NM to the Half Way Watering Hole. Continue east approx. 0.7 of a mile to Campbell Rd. (C-29). Turn south and go approx. 13.7 miles to sign for Conoco Southeast New Mexico Operating Unit, Bootleg Compressor Station. Turn east and follow road approx. 4.0 miles (main road curves south). The new access starts here and goes east approx. 0.3' of a mile to the southwest corner of pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1500' in length from the point of origin to the southwest corner of the drilling pad. The road will go easterly direction.
- 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 will be built.
- D. The route of the road is visible.

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. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

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

It will be the responsibility of the dirt contractor to locate a pit of his choice.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. 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 required.

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, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' 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 non-productive, 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.

11. SURFACE OWNERSHIP: Federal Surface administered by BLM.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
- B. The primary surface use is for grazing.

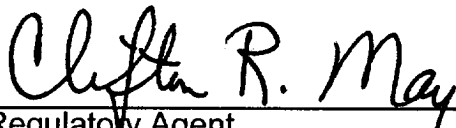
13. OPERATOR'S REPRESENTATIVE:

- | | |
|--|---|
| <p>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</p> | <p>B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471</p> |
|--|---|

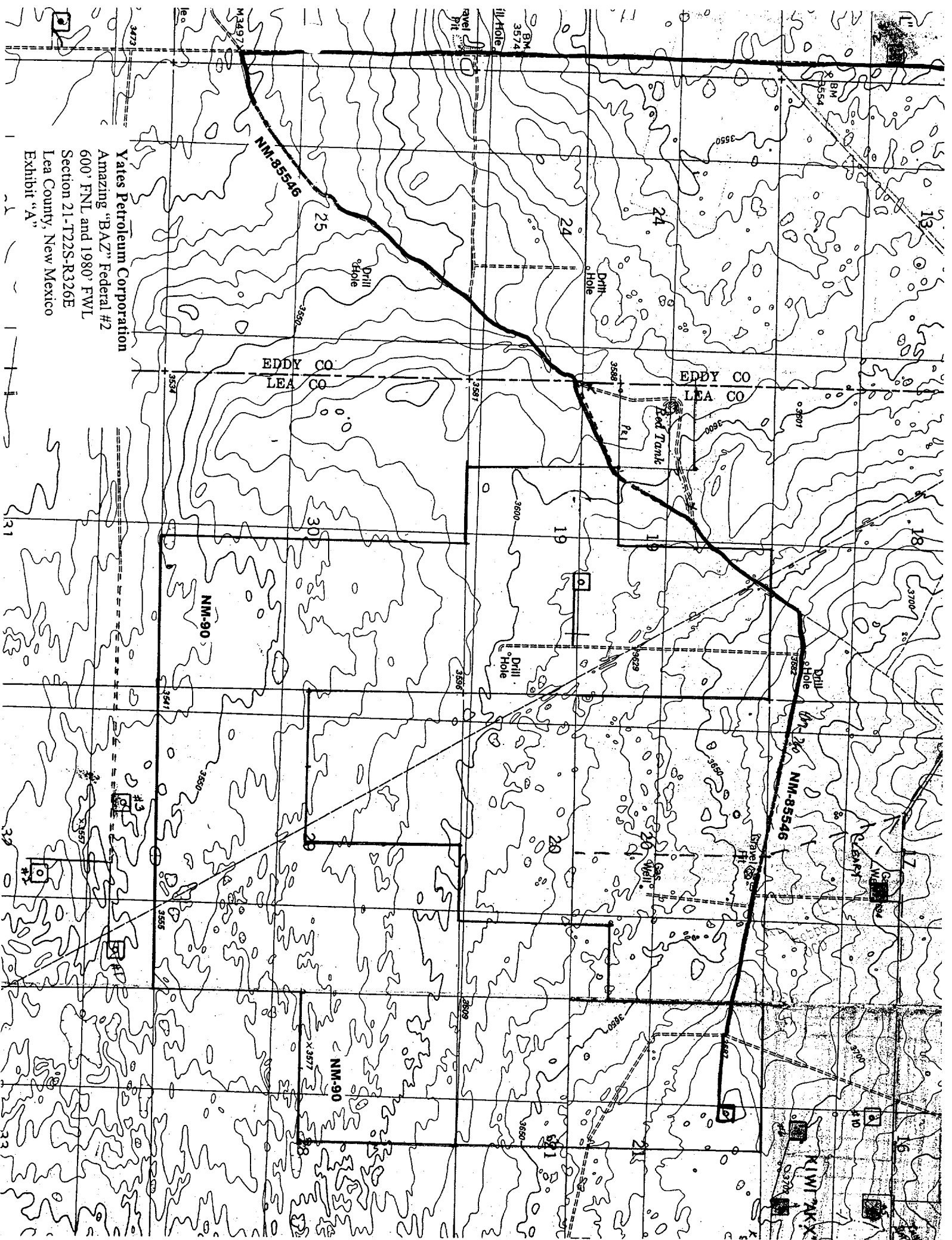
14. CERTIFICATION:

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.

10/3/2002

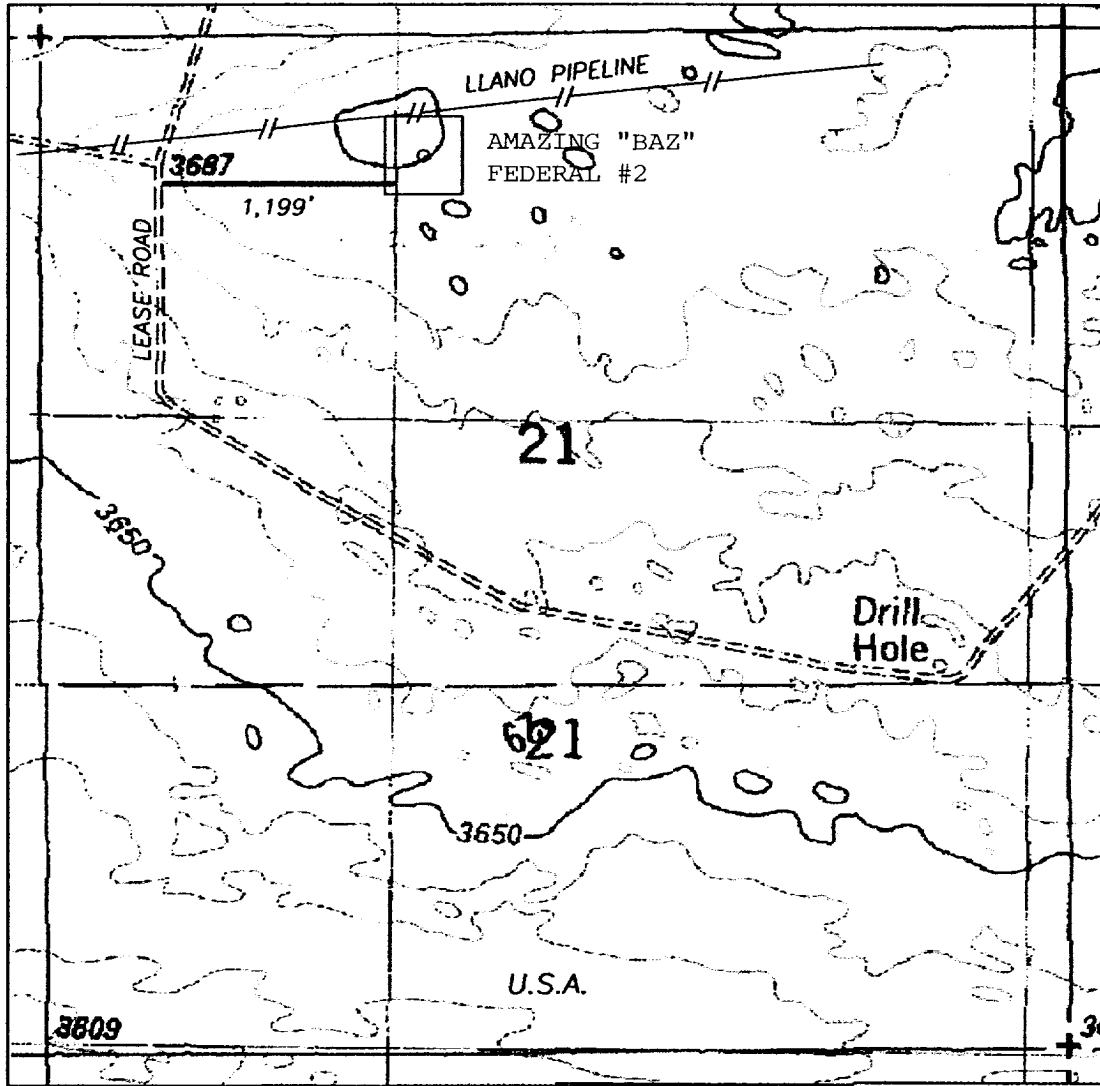

Regulatory Agent

10/3/2002
10:05
100



Yates Petroleum Corporation
Amazing "BAZ" Federal #2
600' FNL and 1980' FWL
Section 21-T22S-R326E
Lea County, New Mexico
Exhibit "A"

SECTION 21, TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM, LEA COUNTY, NEW MEXICO.



Yates Petroleum Corporation
 Amazing "BAZ" Federal #2
 600' FNL and 1980' FWL
 Section 21-T22S-R326E
 Lea County, New Mexico
 Exhibit "A-1"

1000' 0 1000' 2000'
 Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

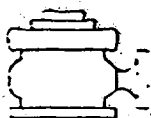
Herschel L. Jones
 HERSCHEL L. JONES R.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
 LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES
 WELL, LOCATED IN SECTION 21, TOWNSHIP 22 SOUTH,
 RANGE 32 EAST, NMPM, LEA COUNTY, NEW MEXICO.

Survey Date: 9/26/2002	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 9/26/02	Scale 1" = 1000' GRACE 3



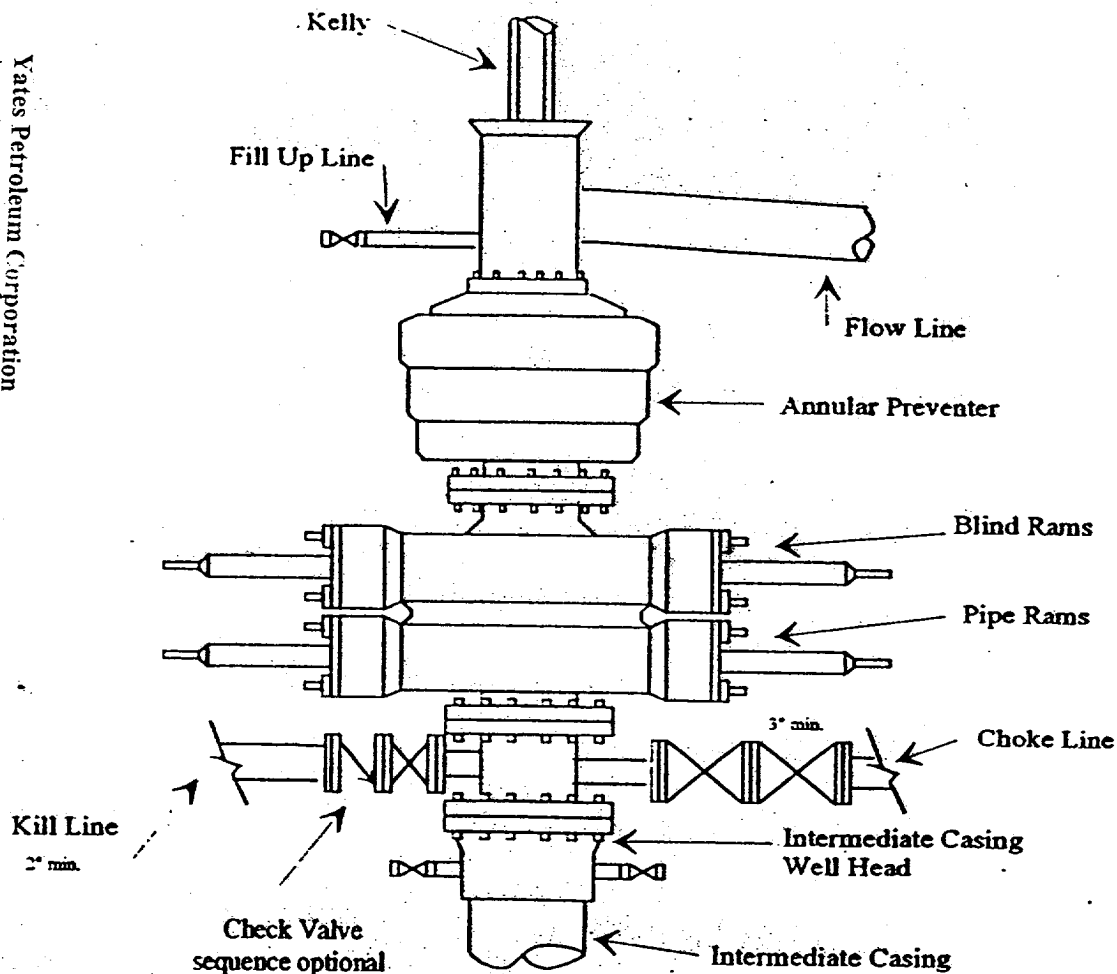
Yates Petroleum Corporation

Typical 3,000 psi Pressure System Schematic

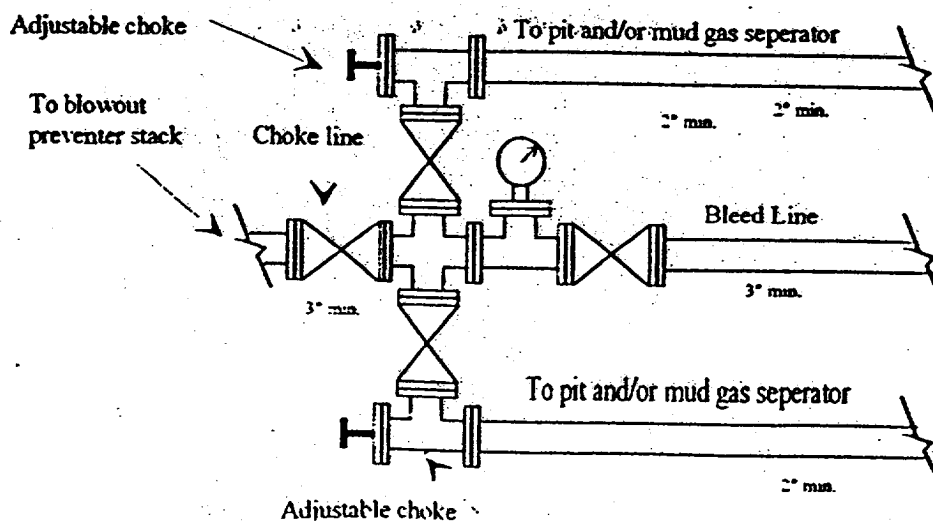
Annular with Double Ram Preventer Stack

BOP-3

Yates Petroleum Corporation
 Amazing "BAZ" Federal #2
 600' FNL and 1980' FWL
 Section 21-T22S-R326E
 Lea County, New Mexico
 Exhibit "B"

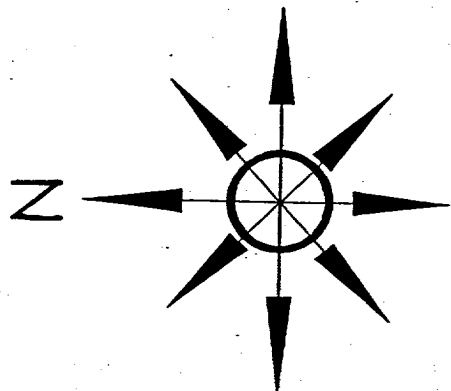


Typical 3,000 psi choke manifold assembly with at least these minimum features

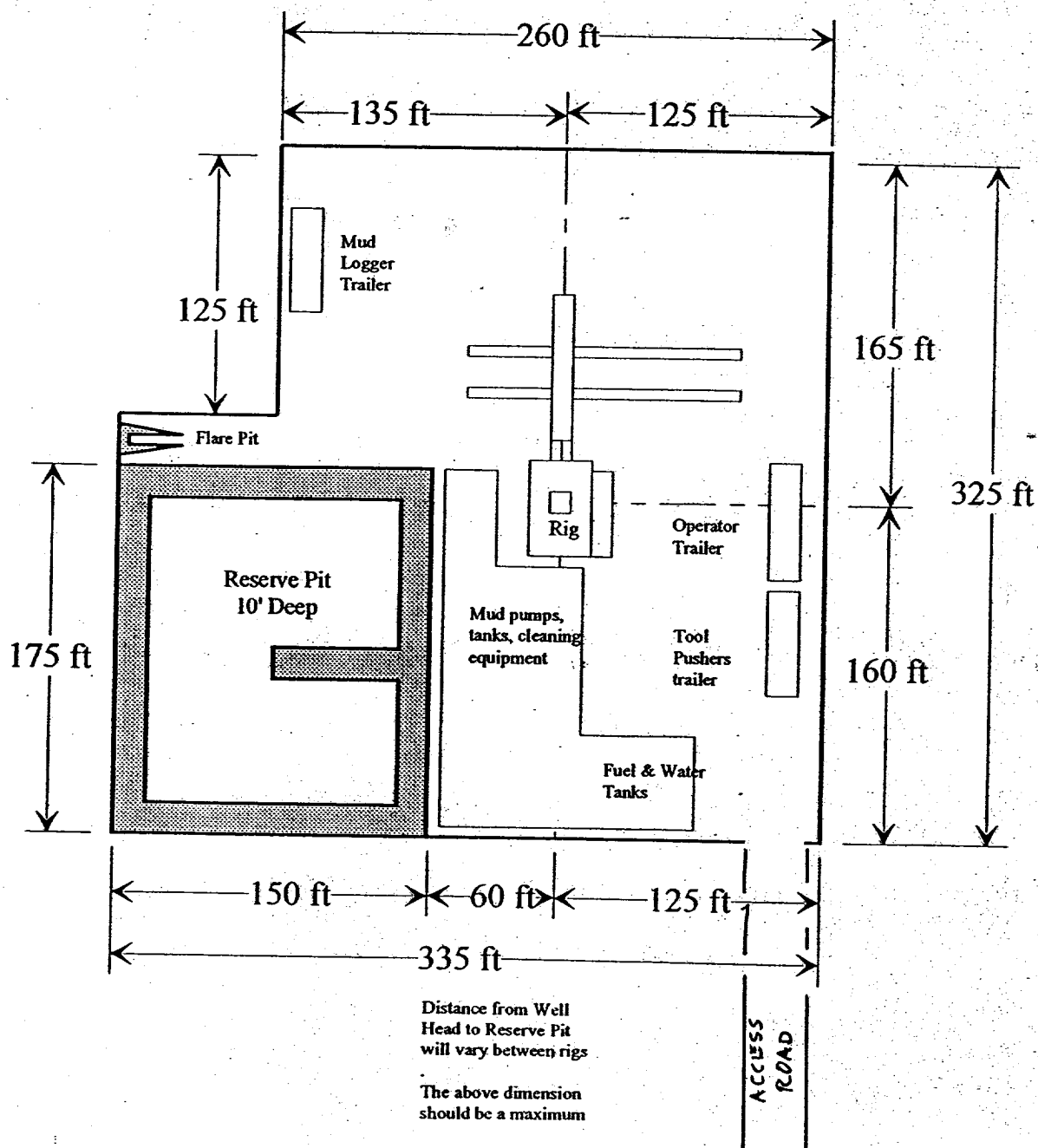


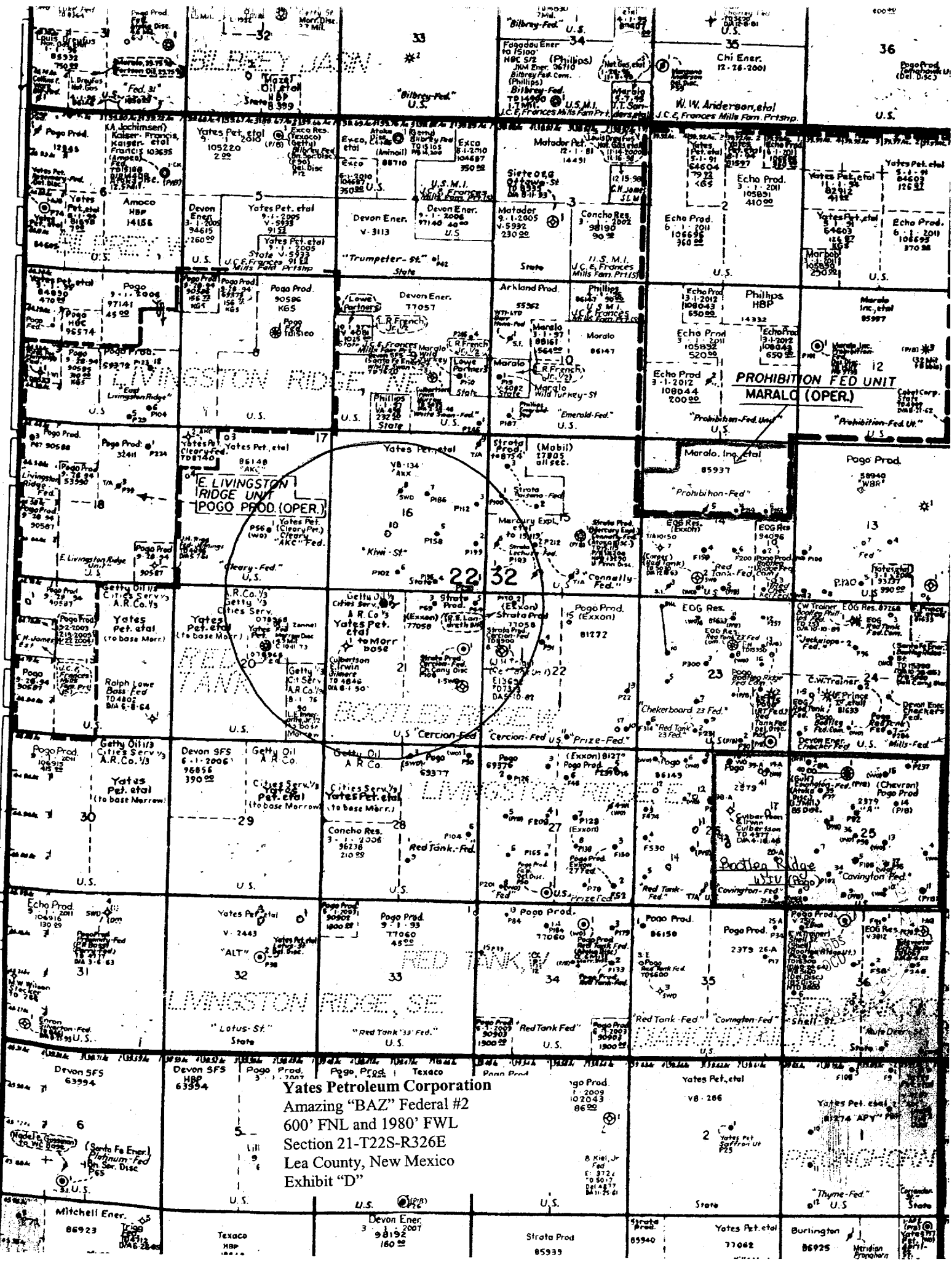
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



Yates Petroleum Corporation
Amazing "BAZ" Federal #2
600' FNL and 1980' FWL
Section 21-T22S-R326E
Lea County, New Mexico
Exhibit "C"





Yates Petroleum Corporation
Amazing "BAZ" Federal #2
600' FNL and 1980' FWL
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Lea County, New Mexico
Exhibit "D"