

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. NMNM81274
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. THYME APY FEDERAL 10
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. 30-025-33674
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SWNW 2310FNL 990FWL At proposed prod. zone SWNW 2310FNL 990FWL		10. Field and Pool, or Exploratory RED TANK BONE SPRINGS
14. Distance in miles and direction from nearest town or post office APPROX. 41 MILES NW OF JAL, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 1 T23S R32E Mer NMP
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 479.25	12. County or Parish LEA
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 9200 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3740 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well 40.00
23. Estimated duration 35 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:

- 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 01/21/2003
Title REGULATORY AGENT		
Approved by (Signature) /s/ Mary J. Rugwell	Name (Printed/Typed) /s/ Mary J. Rugwell	Date FEB 27 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)

Electronic Submission #17830 verified by the BLM Well Information System

For YATES PETROLEUM CORPORATION, sent to the Hobbs

Committed to AFMSS for processing by Linda Askwig on 01/21/2003 (031A0068AE)

DECLARED WATER BASIN
CEMENT BEHIND THE 11 3/4"
CASING MUST BE CIRCULATED

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

Additional Operator Remarks:

NO REMARK PROVIDED

RECEIVED
HHS
OCT

District I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm C-102
Revised August 15, 2000

District II

811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33674	² Pool Code 516 83	³ Pool Name Red Tank Bone Spring
⁴ Property Code 18793	⁵ Property Name THYME APY FEDERAL	⁶ Well Number 10
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3740'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	1	23S	32E		2310	North	990	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title 1/16/2003 Date			
	¹⁸ 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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number			

YATES PETROLEUM CORPORATION
Thyme APY Federal #10
2310' FNL and 990' FWL
Section 1-T23S-R32E
Lea County, New Mexico

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

Rustler	1260'	Cherry Canyon	5990'
Top of Salt	1295'	Bone Spring	8800'
Bottom of Salt	4680'	TD	9200'
Delaware	4968'		

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

Water: 250' – 750'
Oil or Gas: 8800'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/4" 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>
14 3/4"	11 3/4"	42#	J-55	ST&C	0-1270'	1270'
11"	8 5/8"	32#	J-55	ST&C	0-4200'	4200'
12 1/4"	8 5/8"	32#	HC-80	ST&C	4200-4810'	610'
7 7/8"	5 1/2"	17#	N-80	LT&C	0-2000'	2000'
7 7/8"	5 1/2"	17#	J-55	LT&C	2000-3000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	3000-7000'	4000'
7 7/8"	5 1/2"	17#	J-55	LT&C	7000-8500'	1500'
7 7/8"	5 1/2"	17#	N-80	LT&C	8500-9200'	700'

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

2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 psi to testing the casing and BOPE to 1000 psi. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 psi. We would have to go to the greater expense of hiring an independent service company to do the testing. Also, the bottom hole pressure in this field is proven to be near 1000 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1000 psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

B. CEMENTING PROGRAM:

- Surface Casing:** 550 sx Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂ (YLD 1.84 WT 12.4) + 250 sx Class "C" w/2% CaCl₂ (YLD 1.32 WT 14.8). Cement calculated to circulate to surface.
- Intermediate Casing:** 1500 sx Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂ (YLD 1.32 WT 14.8) + 250 sx Class "C" w/2% CaCl₂ (YLD 1.32 WT 14.8). Cement calculated to circulate to surface.
- Production Casing:** 1st Stage: 250 sx "H" w/8# sx CSE + 0.6% CF-14 + 5# sx Gilsonite (YLD 1.75 WT 13.6). Cement calculated to 8000' DV tool set @ approximately 8000'.
- 2nd Stage: 650 sx Pacesetter Lite "C" w/5# sx Gilsonite, 1/4# sx Cellocel + 0.5% CF-14 (YLD 1.84 WT 12.7) + 150 sx "H" w/0.5% CF-14 (YLD 1.78 WT 13.6). Cement calculated to tie back to intermediate casing 100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1270'	FW GEL	8.6-9.6	32-36	N/C
1270'-4810'	Brine	10.0-10.2	28	N/C
4810'-9200'	Cut Brine/Starch	8.9-9.1	30	<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: Every 20' from surface to 4000', 10' from 4000' to TD.
Logging: CNL/LDT from TD to casing, w/ GR-CNL up to surface, DLL w/RXO from TD to casing; CMR over selected intervals.
Coring: None anticipated
DST's: As warranted.

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

From: 0	TO: 1270'	Anticipated Max. BHP: 250 PSI
From: 1270'	TO: 4810'	Anticipated Max. BHP: 2062 PSI
From: 4810'	TO: TD	Anticipated Max. BHP: 3800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 140 F

8. ANTICIPATED STARTING DATE:

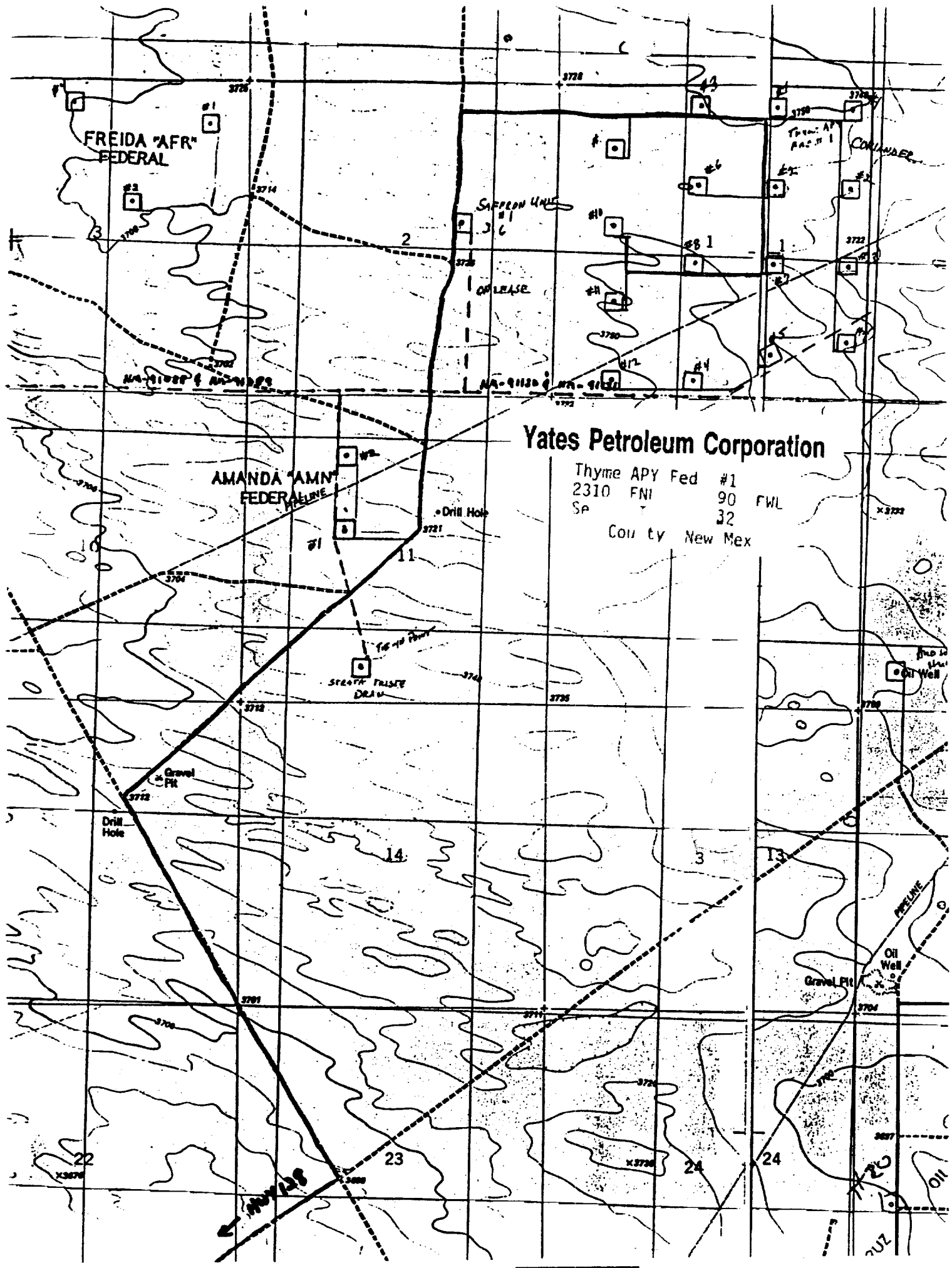
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days.

FREIDA "AFR"
FEDERAL

AMANDA "AMN"
FEDERAL

Yates Petroleum Corporation

Thyme APY Fed #1
2310 FNI 90 FWL
Se 32
County New Mex

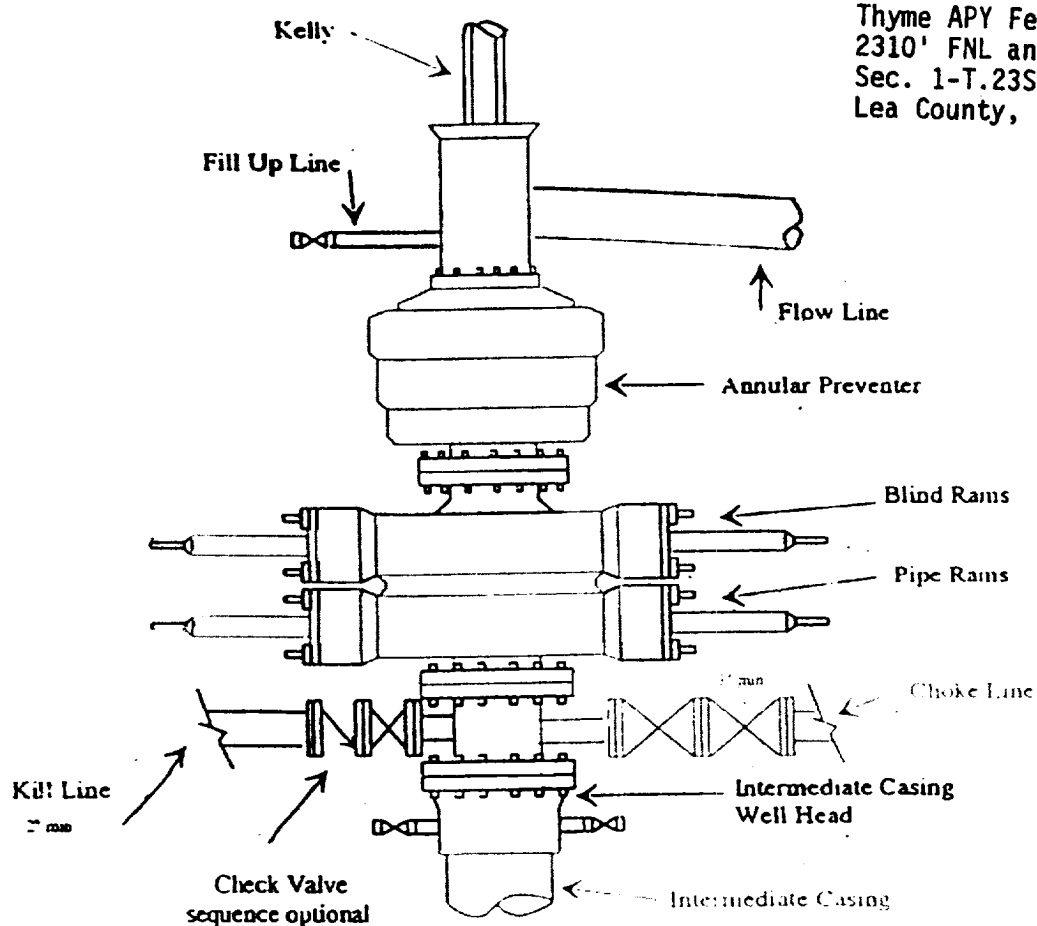




Lates Petroleum Corporation

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

