

**UNITED
DEPARTMENT OF
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT

OPER. OGRID NO. 25575
 PROPERTY NO. 18743
 POOL CODE 51683
 EFF. DATE 11/7/96
 API NO. 30-025-33674

ROOM 10-15-96
 ICATE*
 FORM APPROVED
 OMB NO. 1004-0136
 Expires: February 28, 1995

1a. TYPE OF WORK

DRILL DEEPEN

b. TYPE OF WELL

OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR

YATES PETROLEUM CORPORATION

3. ADDRESS AND TELEPHONE NO.

105 South Fourth St., Artesia, NM 88210 505-748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At surface
 2310' FNL and 990' FWL, Unit E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Same
 41 miles Northwest of Jal, New Mexico

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE
 479.25

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
 9200'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3740' GR

22. APPROX. DATE WORK WILL START*

ASAP

23. PROPOSED CASING AND CEMENT **CARLSBAD CONTROLLED WATER BASIN**

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	11 3/4"	42#	1270'	750 sacks cement WITNESS
11"	8 5/8"	32#	4810'	1750 sacks (tie back)
7 7/8"	5 1/2"	15.5# & 17#	TD	1050 sacks (tie back)

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 1270' of surface casing will be set and cement circulated. Approximately 4810' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW/Gel to 1270'; Brine to 4810', Cut Brine, Starch to TD.

BOPE PROGRAM: BOPE will be nipped up on the 11 3/4" casing and tested daily for operational.

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

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Clifton R. May TITLE Regulatory Agent DATE 10-10-96

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY (ORIG. SGD.) TONY L. FERGUSON TITLE ADM. MINERALS DATE 11-4-96

*See Instructions On Reverse Side

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

AP1 Number 30-025-33674		Pool Code E 1683	Pool Name RED TANK BONE SPRING
Property Code 18793	Property Name THYME "APY" FEDERAL		Well Number 10
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3740

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	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 Ida	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.
--------------------------	--------------------	-----------------------	--------------

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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature Clifton R. May Printed Name Regulatory Agent Title 10-10-96 Date		
	18 SURVEYOR CERTIFICATION <i>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.</i> 10/04/96 Date of Survey Signature and Seal of Professional Surveyor: 		
	Certificate Number		
	Date		

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

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 3M 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, 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>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	11 3/4	42#	J55	8R	ST&C	0-1270'	1270'
11"	8 5/8	32#	J55	8R	ST&C	0-4200'	4200'
12 1/4"	8 5/8	32#	HC80	8R	ST&C	4200-4810'	610'
7 7/8"	5 1/2	17#	N80	8R	LT&C	0-2000'	2000'
7 7/8"	5 1/2	17#	J55	8R	LT&C	2000-3000'	1000'
7 7/8"	5 1/2	15.5#	J55	8R	LT&C	3000-7000'	4000'
7 7/8"	5 1/2	17#	J55	8R	LT&C	7000-8500'	1500'
7 7/8"	5 1/2	17#	N80	8R	LT&C	8500-9200'	700'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80

B. CEMENTING PROGRAM:

Surface casing: 550 sx. Pacesetter Lite "C" w/ 1/4# Cellocel & 3% CaCl₂ (wt. 12.4 ppg. Yield 1.84 ft³) + 250 sx. Class "C" w/ 2% CaCl₂. (wt. 14.8 ppg., Yield 1.32 ft³) Cement calculated to circulate to surface.

Intermediate Casing: 1500 sx. Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂. (wt. 14.8 ppg. Yield 1.32 ft³) + 250 sx. Class "C" w/2% CaCl₂. (wt. 14.8 ppg. Yield 1.32 ft³) Cement calculated to circulate to surface.

Production Casing: 1st Stage: 250 sx. "H" w/8# sack CSE, + 0.6% CF-14 +5# sack Gilsonite (wt. 13.6 ppg Yield 1.75 ft³) Cement calculated to 8000' DV tool set at approx. 8000 ft.

2nd Stage: 650 sacks pacesetter lite "C" w/5# sack Gilsonite, 1/4# sack Cellocel, + 0.5% CF-14.(wt. 12.7 ppg Yield 1.84 ft³) + 150 sacks "H" w/0.5% Cf-14 (wt. 13.6 ppg Yield 1.78 ft³). Cement calculated to tie back to intermediate csng. 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'	FWGEL	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	< 15cc

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 with GR-CNL up to surface; DLL w/RXO from TD to casing; CMR over slected intervals

Coring: None anticipated

DST's: Any tests will be based on the recommendations of the well site geologist as warranted by drilling breaks and shows

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

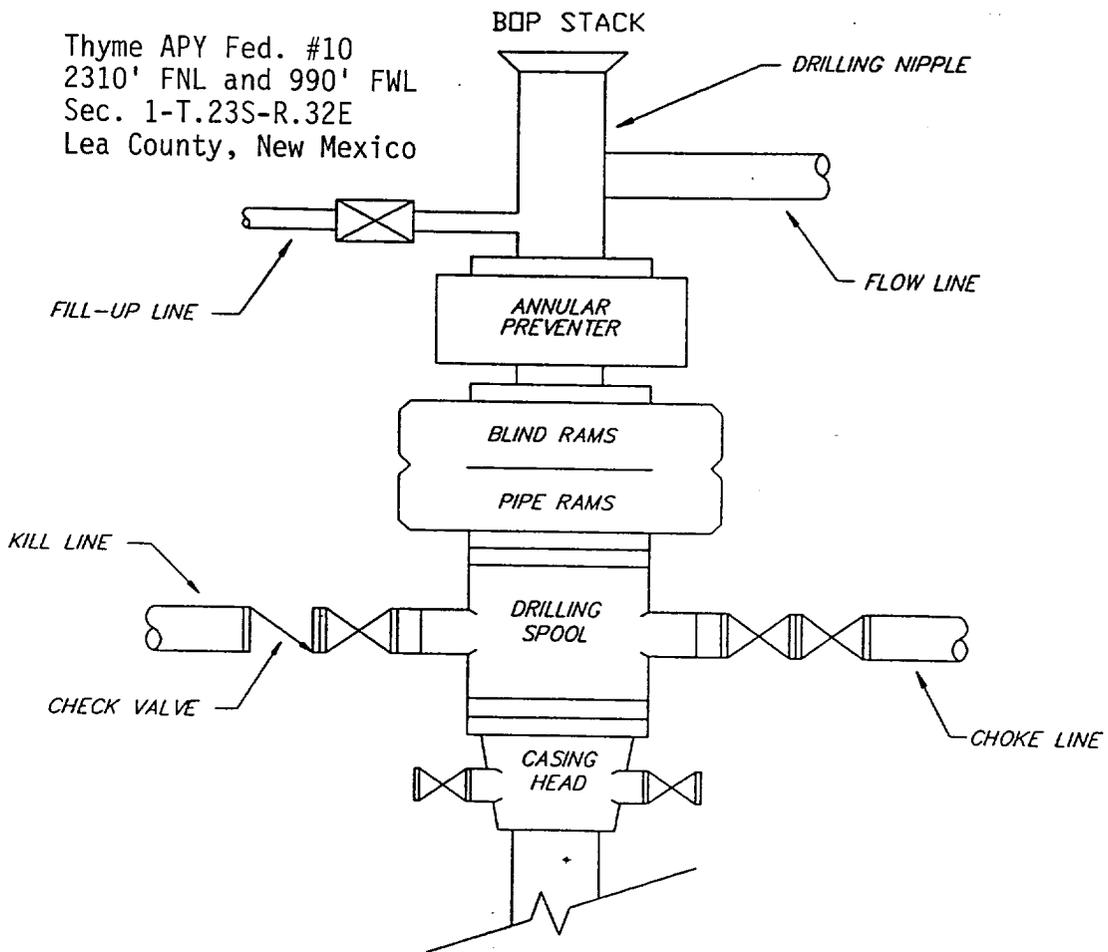
Maximum Bottom Hole Temperature: 140F

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

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKE MANIFOLD SCHEMATIC

