

OPER. GRID NO. 25575  
PROPERTY NO. 17411  
POOL CODE 96916  
EFF. DATE 11-12-02  
API NO. 30-025-36049

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		Expires November 30, 2000	
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		5. Lease Serial No. <b>NM-77063</b>	
2. Name of Operator <b>Yates Petroleum Corporation</b>		6. If Indian, Allottee or Tribe Name <b>Not Applicable</b>	
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		7. If Unit or CA Agreement, Name and No. <b>Not Applicable</b>	
3b. Phone No. (include area code) <b>(505) 748-1471</b>		8. Lease Name and Well No. <b>Continental "APJ" Federal #3</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>660' FNL and 660' FWL, Unit letter D</b> At proposed prod. Zone <b>same as above</b>		9. API Well No. <b>30-025-36049</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately thirty-five (35) miles northeast Lovung, New Mexico</b>		10. Field and Pool, or Exploratory <b>Diamond Tail</b> <b>Triste Draw Delaware</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1925'</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>Section 28, T23S-R32E</b>	
16. No. of Acres in lease <b>840</b>		12. County or Parish <b>Lea</b>	
17. Spacing Unit dedicated to this well <b>40</b>		13. State <b>NM</b>	
19. Proposed Depth <b>8750'</b>		20. BLM/BIA Bond No. on file <b>NM-2811</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3694' GL</b>		22. Approximate date work will start* <b>ASAP</b>	
23. Estimated duration <b>30 Days</b>			

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.  | 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 <i>Clifton R. May</i>	Name (Printed/Typed) <b>Clifton R. May</b>	Date <b>9/25/02</b>
Title: <b>Regulatory Agent</b>		
Approved by (Signature) <i>/s/ Mary J. Rugwell</i>	Name (Printed/Typed) <b>/s/ Mary J. Rugwell</b>	Date <b>NOV 08 2002</b>
Title <b>FOR FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	

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 CIRCULATE D**

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

*KZ* *MP*

## DISTRICT II

611 South First, Artesia, NM 88210

Submit to Appropriate District Office

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State Lease - 4 Copies

Fee Lease - 3 Copies

## DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <i>30-025-36049</i>	Pool Code 59940 <i>96916</i>	Pool Name <i>Diamond</i> Triste-Draw-Delaware <i>Sec 1</i>
Property Code 17411	Property Name CONTINENTAL "APJ" FEDERAL	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3694

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	23S	32E		660	NORTH	660	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.
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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

				<b>OPERATOR CERTIFICATION</b>  I hereby certify the 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 9/26/2002 Date	
					<b>SURVEYOR CERTIFICATION</b>  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.  9/12/2002 Date Surveyed Signature of Clerk of Professional Surveyor  Certificate No. Herschel Jones RLS 3640 CONFIDENTIAL GENERAL SURVEYING COMPANY

**YATES PETROLEUM CORPORATION**  
**Continental "APJ" Federal #3**  
**660' FNL and 660' 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

## 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.

N E S  
3as Well

25

3667

3657

EDDY CO  
LEA CO

BW  
3531

EDDY CO  
LEA CO

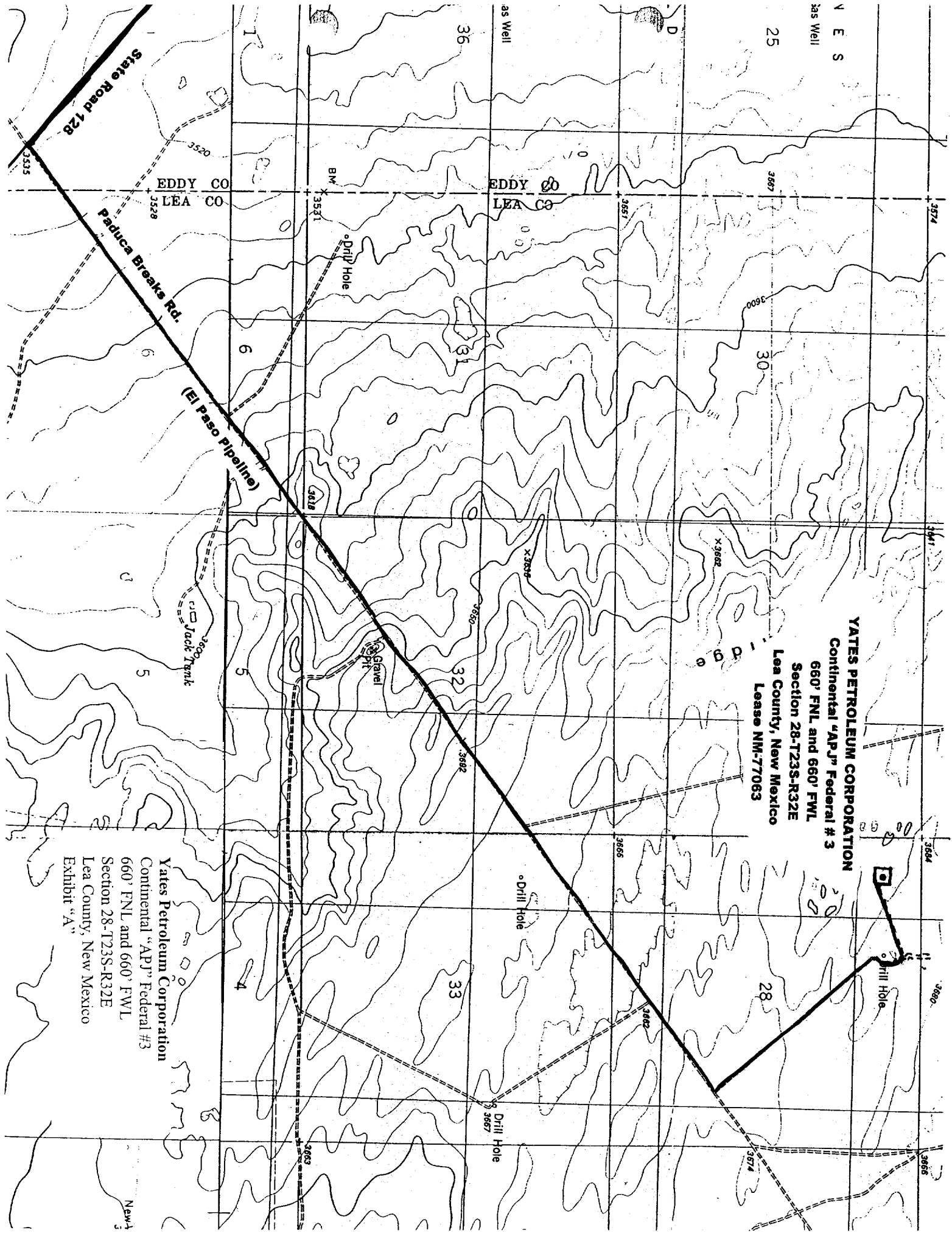
Paduca Breaks Rd.

(El Paso Pipeline)

Jack Tank

**YATES PETROLEUM CORPORATION**  
Continental "APJ" Federal # 3  
660' FNL and 660' FWL  
Section 28-T23S-R32E  
Lea County, New Mexico  
Lease NM-77063

Yates Petroleum Corporation  
Continental "APJ" Federal #3  
660' FNL and 660' FWL  
Section 28-T23S-R32E  
Lea County, New Mexico  
Exhibit "A"

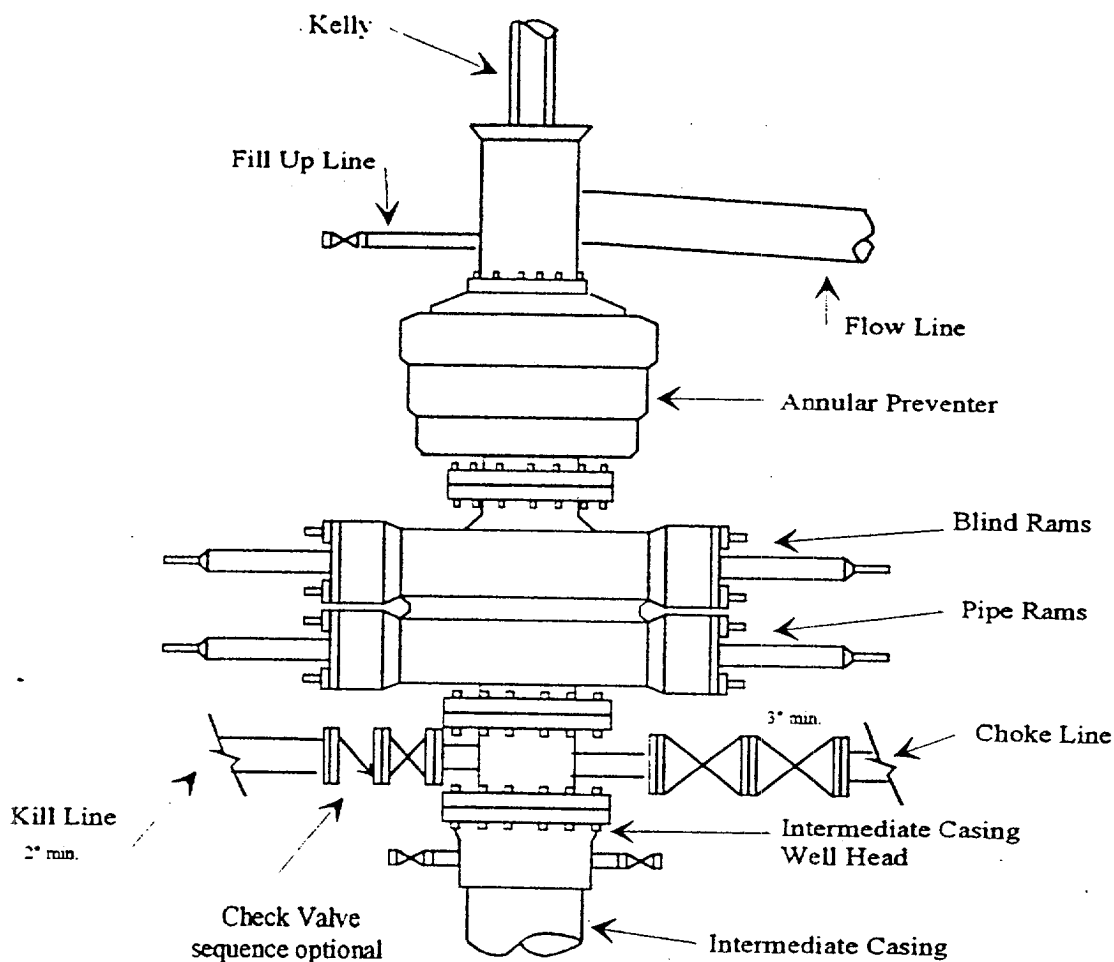


# Yates Petroleum Corporation

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Yates Petroleum Corporation  
Continental "APJ" Federal #3  
660' FNL and 660' FWL  
Section 28-T23S-R32E  
Lea County, New Mexico  
Exhibit "B"



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

