### N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue Artesia, NM 88210



Form 3160-3 (August 1999) C-04-57

**UNITED STATES** 

OMB No. 1004-0136 Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER  1a. Type of Work:   X  DRILL   REENTER   7. If Unit or CA Agreement, Name and No.    b. Type of Well:   X  Oil Well   Qas   Other   Single   Multiple Zone   Name of Operator   Name and Well No.    Addeline ALL Federal #4   Addeline ALL Federal #4   Addeline ALL Federal #4   Addeline ALL Federal #4    2. Name of Operator   Name of Operator   Name and No.   Name of Operator   Name and No.    3A. Address 105 South Fourth Street   Name and No.   Addeline ALL Federal #4   Addeline ALL Federal #4    4. Location of Well (Report location clearly and in accordance with any State requirements: ')   10. Field and Pool, or Exploratory    4. Location of Well (Report location clearly and in accordance with any State requirements: ')   11. Sec., T., R., M., or Bik, and Survey or Area    4. Location of Well (Report location clearly and in accordance with any State requirements: ')   11. Sec., T., R., M., or Bik, and Survey or Area    4. Location of Well (Report location from nearest town or post office*   12. County or Parish   13. State    Approximately 24 miles northeast of Loving, New Mexico.   12. County or Parish   13. State    Approximately 24 miles northeast of Loving, New Mexico.   17. Spacing Unit dedicated to this well    4. Distance from proposed   16. No. of Acres in lease   17. Spacing Unit dedicated to this well    4. Ado NEINW   18. Distance from proposed   19. Proposed Depth   19. Proposed D	299 DEPARTMENT OF THE IN	TERIOR	FEB 0 2 2005	5. Lease Serial No.			
1a. Type of Work:   DRILL   REENTER   7. If Unit or CA Agreement, Name and No.	BUREAU OF LAND MANAG	EMENT O	JUMANTE	NM-82904			
8. Lease Name and Well No.  Adeline ALN Federal #4  2. Name of Operator  Yates Petroleum Corporation  3.A. Address 105 South Fourth Street  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Specific in miles and direction from nearest town or post office*  4. Distance in miles and direction from nearest town or post office*  4. Distance in miles and direction from nearest town or post office*  4. Distance in miles and direction from nearest town or post office*  4. On Accres in lease property or Lease fig. unit line, if any)  5. Distance from proposed location*  5. Distance from proposed location*  6. On Accres in lease  17. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this well property or Lease fig. unit line, if any)  5. Spacing Unit dedicated to this form:  6. Sub-MBIA Bond No. on file  8.	APPLICATION FOR PERMIT TO DE	RILL OR REENTER	1	6. If Indian, Allottee or Tri	be Name		
b. Type of Well:	1a. Type of Work: X DRILL REE	NTER		7. If Unit or CA Agreemer	it, Name and No.		
b. Type of Well:				8 Lease Name and Well N	Jo		
2. Name of Operator  Yates Petroleum Corporation  3A. Address 105 South Fourth Street  Artesia, New Mexico 88210  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Well (Report location clearly and in accordance with any State requirements.*)  4. Location of Parish  4. Distance from proposed  5. Section 6, T24S-R31E  12. County or Parish  13. State  Eddy County  NM  13. State  Approximately 24 miles northeast of Loving, New Mexico.  15. Distance from proposed  16. No. of Acres in lease  17. Spacing Unit dedicated to this well  18. Distance from proposed location*  19. Proposed Depth  20. BLM/BIA Bond No. on file  21. Elevations (Show whether DF, KDB, RT, GL, etc.)  22. Approximate date work will start*  23. Estimated duration  3401* GR  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.  24. 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  1. Name (Printed/Typed)  1. Name (Printed/Typed)  2. Date  1. Name (Printed/Typed)  2. Date  1. Name (Printed/Typed)  2. Date  1. Name (Printed/Typed)  3. AND ARC Printed/Typed)  3. AND ARC Printed/Typed  4. Date  3. AND ARC Printed/Typed  4. Date  3. AND ARC Printed/Typed  4. Date  3. AND ARC Printed/Type	b. Type of Well:	Single	Multiple Zone				
3a. Address   105 South Fourth Street   3b. Phone No. (include. Prea code)   10. Field and Pool, or Exploratory	Well	Zone Zone					
3b. Phone No. (included Free code) Artesia, New Mexico 88210 4. Location of Well (Report location clearly and in accordance with any State requirements.*) 4. Location of Well (Report location clearly and in accordance with any State requirements.*) 4. Location of Well (Report location clearly and in accordance with any State requirements.*) 5. State Physical State of Same 11. Sec., T., R., M., or Blk, and Survey or Area Section 6, T24S-R31E  At proposed prod. Zone 5. Same 12. County or Parish 13. State  Approximately 24 miles northeast of Loving, New Mexico. 15. Distance from proposed* location to nearest unit line, if any) 640 40 NE/NW 15. Distance from proposed location* to nearest unit line, if any) 640 40 NE/NW 16. No. of Acres in lease property or lease line, ft. (Also to nearest drig, until line, if any) 640 40 NE/NW 17. Spacing Unit dedicated to this well  18. Distance from proposed location* to nearest unit line, if any) 640 640 8200 640 8200 6585997  21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3401 'GR  22. Approximate date work will start* ASAP 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:  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.  Name (Printed/Typed) Cy Cowan  Name (Printed/Typed) Cy Cowan  Name (Printed/Typed) Date  JAN 2 8 2005		<b>7</b> 1	-1-		53940		
Artesia, New Mexico 88210 4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface 660' FNL and 1980' FWL, Unit C Section 6, T24S-R31E  At proposed prod. Zone 14. Distance in miles and direction from nearest town or post office*  Approximately 24 miles northeast of Loving, New Mexico. 15. Distance from proposed from proposed location in nearest property or lease line, if, (Also to nearest well, drilling, completed, applied for, on this lease, ft.  (Also to nearest well, drilling, completed, applied for, on this lease, ft.  21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3401' GR  ASAP 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:  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.  Name (Printed/Typed) Cy Cowan debbiec@ypcnm.com    Name (Printed/Typed)   Date Cy Cowan debbiec@ypcnm.com   12/24/03			e)				
4. Location of Well (Report location clearly and in accordance with any State requirements.*)  11. Sec., T., R., M., or Blk, and Survey or Area At surface  660' FNL and 1980' FWL, Unit C Same  At proposed prod. Zone  41. Distance in miles and direction from nearest town or post office*  Approximately 24 miles northeast of Loving, New Mexico.  15. Distance from proposed* location to nearest property or lease line, fl. (Also to nearest drig. unit line, if any)  640  40 NE/NW  18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.  19. Proposed Depth 8200'  19. Proposed Depth 8200'  10. BLM/BIA Bond No. on file 8200'  585997  21. Elevations (Show whether DF, KDB, RT, GL, etc.)  3401' GR  ASAP 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:  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.  Name (Printed/Typed)  Cy Cowan debbiec@ypcnm.com  12/24/03  Title:  Regulatory Agent/Land Department  Approved by (Signature)  Name (Printed/Typed)  Cy Cowan debbiec@ypcnm.com  Date  JAN 2 8 2005		(505) 748-147	71				
At proposed prod. Zone  14. Distance in miles and direction from nearest town or post office*  Approximately 24 miles northeast of Loving, New Mexico.  15. Distance from proposed* location to nearest property or lease line, fl. (Also to nearest well, drilling, completed, applied for, on this lease, ft.  19. Proposed Depth applied for, on this lease, ft.  21. Elevations (Show whether DF, KDB, RT, GL, etc.)  3401' GR  22. Approximate date work will start*  23. Estimated duration  3401' GR  ASAP  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:  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.  Name (Printed/Typed)    Name (Printed/Typed)   Date     Cy Cowan   Date   Date     Cy Cowan   Date   Date     Cy Cowan   Date   Date     Date   DATE     DATE   DATE     D				11. Sec., T., R., M., or Blk	, and Survey or Area		
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Approximately 24 miles northeast of Loving, New Mexico.    S. Distance from proposed from proposed location to nearest property or lease line, ft. (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to to nearest drig, unit line, if any)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance from proposed location* (Als to this form)    S. Distance	At proposed prod. Zone	ıme					
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19. Proposed Depth so nearest well, drilling, completed, applied for, on this lease, ft   19. Proposed Depth sapplied for this form:    19. Proposed Depth sapplied for, on this lease, ft   19. Proposed Depth sapplied for this form:   20. BLM/BIA Bond No. on file   19. Proposed Depth sapplied for this form:   21. Blevation (Proposed Depth sapplied for this form:   22. Attachments,	location to nearest property or lease line, ft.		17. Spacing Un				
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authorized office.    Name (Printed/Typed)   Date	3. A Surface Use Plan (if the location is on National Forest System Lands	ds, the 5. Operator certification.					
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Title:  Regulatory Agent/Land Department  Approved by (Signature)  Name (Printed/Typed)  Por Jan 2 8 2005	25. Signature	Name (Printed/Typed)		Date			
Regulatory Agent/Land Department  Approved by (Signature)  Name (Printed/Typed)  Por Jan 2 8 2005	Mun	Cy Cowan c	lebbiec@yp	cnm.com	12/24/03		
Approved by (Signature)  Name (Printed/Typed)  Part JAN 2 8 2005							
Title Ron Dunton JAN 28 2005			·				
Title		Name (Printed/Typed)	Ronn		N 2 8 2005		
	Title ACTING STATE DIRECTOR	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 APPROVAL FOR 1 YEAR 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.

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

Witness Surface & Intermediate Casing District I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

AMENDED REPORT

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1,	API Number	r	7	<sup>2</sup> Pool C	ode			<sup>3</sup> Pool Na	me		
30-	015-321	92						Wildcat De	laware		
<sup>4</sup> Property (	<sup>4</sup> Property Code <sup>5</sup> Property Name <sup>6</sup> Well Number								veil Number		
					ADELINE	ALN	FEDERAL				4
<sup>7</sup> OGRID N	No.				³ Op	perator N	iame			,	Elevation
02557	5			Y	ates Petrol	leum	Corporation				3401'
					10 Sur	face I	ocation				
UL or lot no.	Section	Township	Range	Lot Idn			North/South line	Feet from the	East/West	t line	County
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			<sup>11</sup> B	ottom !	Hole Locat	tion If	Different Fron	n Surface			
UL or lot no.	Section	Township	Range	Lot Idn			North/South line	Feet from the	East/West	t line	County
<u> </u>	'		ļ								
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or	r Infili 14 Cr	onsolidation	Code 15	<sup>5</sup> Order No.						
40				Ì							

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A

	NON-STANDA	<u>RD UNIT HAS BEEN A</u>	TALKOAED BA THE DI	VISION
16 1980'	NEC- 082904			17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature
	AGESUA			Cy Cowdn Printed Name  Regulatory Agent Title  12/24/2003  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

## State of New Mexico Energy, Minerals and Natural Resources Dement

Form C-102 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbe, NM 88240 OIL CONSERVATION DIVISION
P.O. Box 2088

DISTRICT II P.O. Drawer DD, Artosia, NM 88210 Santa Fe, New Mexico 87504-2088

DISTRICT III 1000 Rio Brazos Rd., Aziec, NM 87410

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section Wall No. ADELINE "ALN" FEDERAL 4 YATES PETROLEUM CORPORATION Init Letter Range County Township Section  $\mathbf{C}$ **EDDY** 24 SOUTH 6 31 EAST Actual Pootage Location of Well: feet from the WEST 1980 660 NORTH line and feet from the Ground level Flay Dedicated Acreage: Producing Pormation 40 Wildcat Delaware 3401 Delaware Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? Yes No If answer is "yes" type of consolidation If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division. **OPERATOR CERTIFICATION** I hereby certify that the informatic contained herein in true and complete to t. best of my browledge and belief. 1980' --Signation Printed Name Ø82904 Cy Cowan Position Permit Agent Company Yates Petroleum Corporat October 31, 2001 SURVEYOR CERTIFICATION I hereby certify that the well location show on this plat was plotted from field notes actual surveys made by me or under i supervison, and that the same is true a correct to the best of my knowledge a belief. Date Surveyed 7/23/92 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500

#### YATES PETROLEUM CORPORATION Adeline "ALN" Federal #4

660' FNL & 1980' FWL Sec. 6-T24S-R31-E Eddy County, New Mexico

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

Rustler	477'
Top of Salt	863'
Base of Salt	3932'
Bell Canyon	4150'
Cherry Canyon	5129'
Brushy Canyon	6810'
Bone Spring Lime	8010'
TD ' Ŭ	8200'

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

Water:

Approx 150'

Oil or Gas: Brushy Canyon 5129' and Bone Spring 8010'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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:**

- Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and Α. 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)

THE TOTAL STREET	<u>Hole Size</u>	Casing Size	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
WITNESS	17 1/2"	13 3/8"	48# H	I-40	ST&C	0-750'890	750 890
WITNESS	11"	8 5/8"	32#	J-55	ST&C	0-4100'	4100'
	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'-8200'	1400'

Minimum Casing Design Factors: Collapse 1.125. Burst 1.0. Joint Strength 1.8

### Adeline "ALN" Federal #4 Page 2

#### B. CEMENTING PROGRAM:

Surface casing: 450 sx Lite (YLD 1.96 WT.12.6) Tail in w/ 200 sx Class "C" + 2% CaCl2

WITNESS (YLD 1.34 WT 14.8).

Intermediate Casing: 1000 sx Lite (YLD 2.5 WT 11.9); Tail in w/ 250 sx "C" w/ 2% CaCl2

(YLD 1.34 WT. 14.8)

WITNESS

Production Casing: (TOC=3700') Stage I; 450 sx Super "H" (YLD 1.67 WT. 13.0). Tail in

with 50 sx Thixotropic (Yld. 1.4 Wt 14.4) Stage II: Lead w/350 sx Lite (YLD 2.0 WT 12.0) Tail in w/ 50 sx Super "H" (Yld 1.67 Wt 13.0). DV

tool at 6500'.

#### 5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	_Type	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
0-750 890'	FW/Native Mud	8.6-9.2	28-36	N/C
S90' <b>750'-4100'</b>	Brine	10.0-10.2	28	N/C
4100'-6800'	Cut Brine	8.6-9.1	28	N/C
6800'-8200 '	<b>Cut Brine/Starch</b>	8.6-9.1	28-32	<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: 10 samples out from under surface casing.

Logging: CNL/LDT TD to casing; GR w/CNL to Surface; DLL x/RXO TD to casing.

Coring: None Anticipated. DST's: As warranted.

#### 7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: TO: 750' 0 Anticipated Max. BHP: 500 PSI From: 750' TO: 4100' Anticipated Max. BHP: 1790 PSI From: 4100' TO: BHP: 8200' Anticipated Max. 4100 PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 198 F

#### 8. ANTICIPATED STARTING DATE:

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

#### MULTI-POINT SURFACE USE AND OPERATIONS PLAN Yates Petroleum Corporation Adeline "ALN" Federal #4

660' FNL & 1980' FWL Sec. 6-T24S-R31-E Eddy 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.

#### 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 wellsite is located approximately 24 miles northwest of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go east of Carlsbad on Highway 285 to Highway 31. Go east on Highway 31 to Highway 128 (Jal Highway). Go approximately 12 miles to County Road 787 (Twin Wells Road). Turn South and go approximately 4 miles. The new road will start here going west to the well location.

#### PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 0.2 of a mile in length from the point of origin to the northeast corner of the drilling pad. The road will lie in an east to west 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 one side. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

#### 3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

#### 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.

### Adeline "ALN" Federal #4 Page 2

#### 5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The fresh 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:

Dirt contractor will locate closest pit and obtain any permits and materials needed for construction.

#### 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 land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES: Amend the surface use plan to include the following, one 3" SDR Poly surface flow line from this well. Flow line will follow access road to pipeline ROW. NM-94388 then north. One (1) three phase 640 volt raptor proof power line from this well to the Adeline ALN Federal Com. #15 to follow access road due east.

#### 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 and will face to the south.
- 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 wellsite 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 the Bureau of Land Management, Carlsbad, New Mexico.

#### Adeline ALN Federal #4

#### 8. Continued:

ANCILLARY FACILITIES: Amend the surface use plan to include the following, one 3" SDR Poly surface flowline and one (1) three phase 640 volt raptor proof powerline

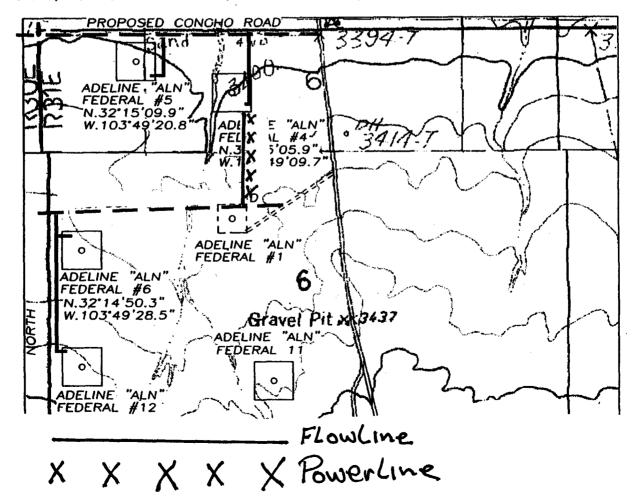
The surface flowline being one (1) 3" SDR poly waterline with a working pressure of 100# and a volume of 300 BPD will be laid from the southeast corner of the Adeline ALN Federal #4 going to the south for approximately 1000' to the northeast corner of the Adeline ALN Federal #1 Battery.

The powerline will be a 640 volt three phase raptor proof powerline constructed going south from the southeast corner of the Adeline ALN Federal #4 for approximately. 1000' to the northeast corner of the Adeline ALN Federal #1 The powerline will be connected to the existing powerline at the Adeline ALN Federal #1 Battery.

The powerline and flowline will be constructed side by side.

#### **NOTE PLAT BELOW:**

SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



### Adeline "ALN" Federal #4 Page 3

#### 12. OTHER INFORMATION:

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

#### 13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

B. Through Drilling Operations, Completions and Production:

Cy Cowan, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 Pinson McWhorter, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

#### 14. CERTIFICATION:

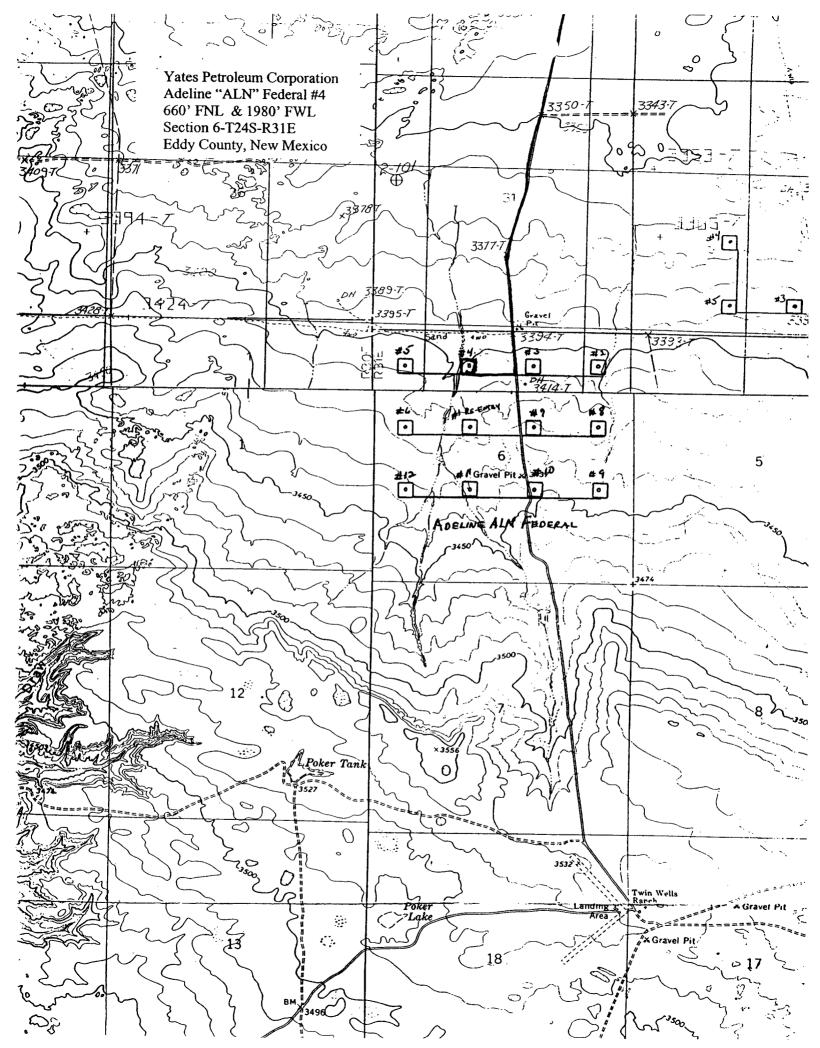
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated 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.

12/24/03

Regulatory Agent

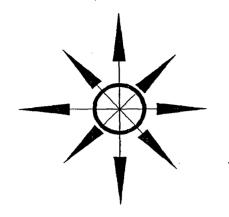
PROPOSED CONCHO ROAD 3394-7 Sand ADELINE . "ALN FEDERAL #5 N.32 15 09.9" ADELINE "ALN" FEDERAL #4" W. 103'49'20.8 N.32 15'05.9" W.103'49'09.7 RÒAD PROPOSED CONCHO ADELINE "ALN FEDERAL #1 ADELINE "ALN" FEDERAL #6 N.32'14'50.3" RTI W. 103 49'28.5" Gravel Pit AB437 ADÉLINE "ALN" FEDERAL 11 ADELINE "ALN FEDERAL #12 N.32:14'38.7" W.103'49'28.5 ADELINE "ALIN ADELINE FEDERAL FEDERAL **Yates Petroleum Corporation** 105 SOUTH 4th STREET **ARTESIA, NEW MEXICO 88210** Adeline ALN Federal #4 660' FNL and 1980' FWL Section 6, T21S-R31E Eddy County, New Mexico NM-82904 1000 1000 2000' Scale 1" = 1000' THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH HIS SUSED WERE DONE UNDER MY DIRECTION AND THE PLAT MEGURATERY 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 AS ADDRESS AND THE NEW BY THE YATES PETROLEUM CORP. LEASE ROAD TO ACCESS THE YATES ADELINE "ALN" FEDERAL #4, 5, 6, & 12 WELLS LOCATED IN SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO. No.3640 THE COMPANY P.O. BOX 1928 Survey Date: 11/02/2001 Sheet 1 Sheets GENERAL SUR Drawn By: Ed Blevins W.O. Number LOVINGTON, NEW MEXICO 88260 Date: 11/02/01 Scale 1" = 1000' ADELINE

SECTION 6, TOWNSHIP 24 St. H, RANGE 31 EAST, NMPM, EDD. COUNTY, NEW MEXICO.

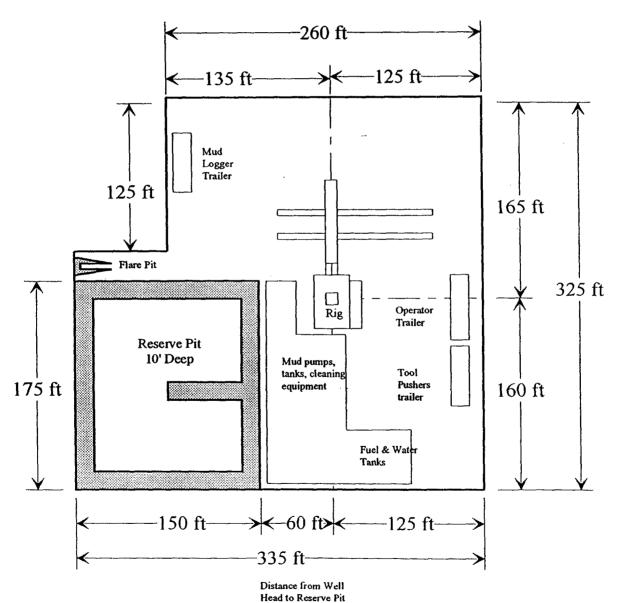


# Yates Petroleum Corporation Location Layout for Permian Basin

Up to 12,000'



Yates Petroleum Corporation Adeline "ALN" Federal #4 660' FNL & 1980' FWL Section 6-T24S-R31E Eddy County, New Mexico

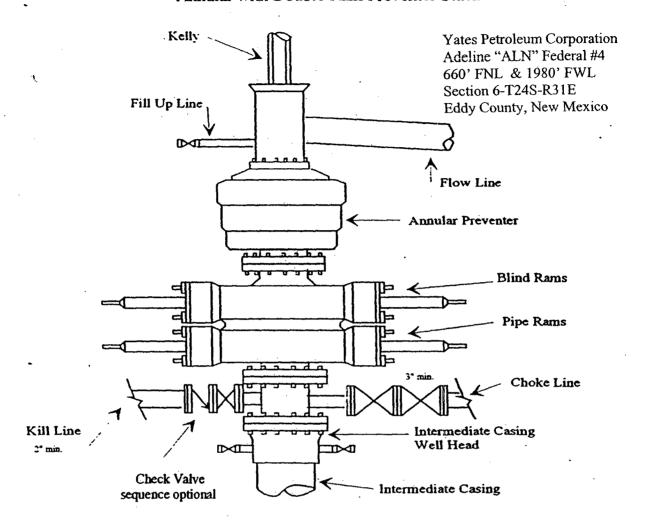


will vary between rigs

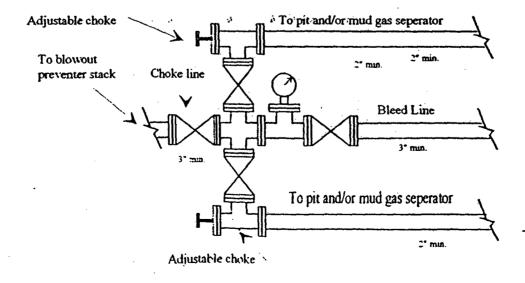
The above dimension should be a maximum

### lates Petroleum Corporation

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



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



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CONDITIONS OF APPROVAL - DRILLING

Kurnt 9720

Sperator's Name: Well Name & No. Location:

Lease:

**Yates Petroleum Corporation** Adeline ALN Federal #4

NM-82904

660' FNL, 1980' FWL, Section 6, T. 24 S., R. 31 E., Eddy County, New Me

#### **DRILLING OPERATIONS REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

- A. Well spud
- B. Cementing casing: 13-3/8 inch 8-5/8 Inch 5-1/2 inch
- C. BOP tests
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing ( size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.
- 4. The API No, assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
- 5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

#### II. CASING:

- 1. The 13-3/8 inch surface casing shall be set at approximately 890 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
- 2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is to be circulated to the surface.
- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is to be circulated to the surface.
- 4. Whenever a casing string is comented in the R-111-P Potash Area, coment shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

#### **III. PRESSURE CONTROL:**

- 1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
- 2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.