

C-06-05

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

MAR 27 2006

ODD-ARTESIA

0  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone **35542**

2. Name of Operator  
**Yates Petroleum Corporation**

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

3b. Phone No. (include area code) **75260**  
**(505) 748-1471**

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*  
At surface **Subject to Like Approval 660' FNL and 990' FEL Pilot Hole**

At proposed prod. Zone **By State 660' FSL and 1980' FEL Bottom Hole**

14. Distance in miles and direction from nearest town or post office\*  
**Approximately 9 miles northwest of Artesia, New Mexico.**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
**660'**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
**1320'**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**3589' GL**

22. Approximate date work will start\*  
**ASAP**

23. Estimated duration  
**45 days**

16. No. of Acres in lease  
**480**

19. Proposed Depth  
**5000'**

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

17. Spacing Unit dedicated to this well  
**E/2**

10. Field and Pool, or Exploratory  
**Section 24, T16S-R24E**

11. Sec., T., R., M., or Blk. and Survey or Area  
**Section 24, T16S-R24E**

12. County or Parish  
**Eddy County**

13. State  
**NM**

24. Attachments

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 office.

25. Signature **Cy Cowan** Name (Printed/Typed) **Cy Cowan** Date **12/1/2005**

Regulatory Agent

Regulatory Agent

Approved by (Signature) **/S/ Russell E. Sorensen** Name (Printed/Typed) **/S/ Russell E. Sorensen** Date **MAR 22 2006**

Title **ACTING 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)

C-144 attached

Roswell Controlled Water Basin

Witness Surface &  
Intermediate Casing

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
OCD-ARTESIAFORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

## SUNDRY NOTICES AND REPORTS ON WELLS

**Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

## 1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

## 2. Name of Operator

Yates Petroleum Corporation

## 3a. Address

105 South Fourth Street, Artesia, NM 88210

## 3b. Phone No. (include area code)

(505) 748-1471

## 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL and 700' FEL Pilot Hole

660' FSL and 700' FEL Bottom Hole Location

Section 24, T16S-R24E

## 5. Lease Serial No.

NM-2346 SHL NM-111400 BHL

## 6. If Indian, Allottee or Tribe Name

## 7. If Unit or CA/Agreement, Name and/o

## 8. Well Name and No.

Robinson HW Federal Com. #3H

## 9. API Well No.

## 10. Field and Pool, or Exploratory Area

Wildcat Wolfcamp

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Change of well location.</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to change the pilot hole location for the captioned from 660' FNL and 990' FEL to 660' FNL and 700' FEL.

We also wish to change the bottom hole location from 660' FSL and 1980' FEL to 660' FSL and 700' FEL. Both locations will remain in Section 24, T16S-R24E.

Please note attached C-102 and additional information to be inserted in previously submitted APD.

Thank you.

## 14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Cy Cowan

Title

Regulatory Agent

Signature

Date

December 5, 2005

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/S/ Russell E. Sorensen

ACTING

Title

FIELD MANAGER

Date

MAR 22 2006

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, 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)

DISTRICT I  
1626 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
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	Pool Code 75260	Pool Name Cottonwood Creek; Wolfcamp West
Property Code	Property Name ROBINSON "HW" FEDERAL COM.	Well Number 3H
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3598

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	24	16S	24E		660	NORTH	700	EAST	EDDY

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
P	24	16S	25E		660	SOUTH	700	EAST	EDDY
Dedicated Acres 320	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

		<p>N.32°54'50.2" W.104°32'08.8" N.696228.7 E.438036.4 (NAD-27)</p> <p>3585 3587 3602 3605 700'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan Printed Name Regulatory Agent Title December 15, 2005 Date</p>
		<p>NM-2346</p>	
		<p>NM-14400</p> <p>BOTTOM HOLE 700' 660'</p>	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>12/07/2005 Date Surveyed <i>Herschel L. Jones</i> Signature of Professional Surveyor HERSHEL L. JONES NEW MEXICO 3640 Certification No. Herschel L. Jones RLS 3640 ROBINSON 3H GENERAL SURVEYING COMPANY</p>

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

..., Hobbs, NM 88240

State of New Mexico  
Energy Minerals and Natural Resources

Form C-144  
March 12, 2004

Grand Avenue, Artesia, NM 88210  
ct III  
000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: YATES PETROLEUM CORPORATION Telephone: (505) 748-1471

e-mail address: \_\_\_\_\_

Address: 105 South Fourth Street, Artesia, NM 88210

Facility or well name: Robinson HW Federal Com. 3H API #: \_\_\_\_\_ U/L or Qtr/Qtr NE/NE Sec 24 T 16S R 24E

County: Eddy Latitude N.32° 54' 11.2" Longitude W.104° 32' 12.2" NAD: 1927 X 1983 ☐ Surface Owner Federal X State Private ☐ Indian ☐

**Pit**  
Type: Drilling ☒ Production ☐ Disposal ☐  
Workover ☐ Emergency ☐  
Lined X Unlined ☐  
Liner type: Synthetic X Thickness 12 mil Clay ☐ Volume 20,000 bbl

**Below-grade tank**  
Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_  
Construction material: \_\_\_\_\_  
Double-walled, with leak detection? Yes ☐ If not, explain why not. \_\_\_\_\_

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MAR 27 2006  
OCD-ARTESIA

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)	
	50 feet or more, but less than 100 feet	(10 points)	
	100 feet or more	(0 points)	0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)	20
	No	(0 points)	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)	
	200 feet or more, but less than 1000 feet	(10 points)	10
	1000 feet or more	(0 points)	
	<b>Ranking Score (Total Points)</b>		30

**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit X or an (attached) alternative OCD-approved plan ☐.

Date: 12/1/05

Printed Name/Title Cy Cowan, Regulatory Agent

Signature \_\_\_\_\_

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: MAR 28 2006

Date: \_\_\_\_\_

Printed Name/Title \_\_\_\_\_

Signature \_\_\_\_\_

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

### STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM-111400

Bond Coverage: Nation Wide

Legal Description of Land:

BLM Bond File No.: NM 2811

660' FSL and 700' FEL Bottom Hole

Section 24, T16S-R24E

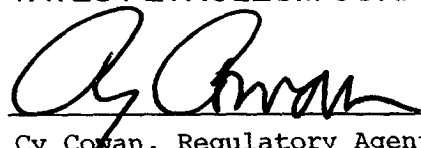
Eddy County, New Mexico

Formation (s) – (if applicable):

\_\_\_\_\_  
\_\_\_\_\_

YATES PETROLEUM CORPORATION

Date: December 7, 2005

  
\_\_\_\_\_  
Cy Cowan, Regulatory Agent

**YATES PETROLEUM CORPORATION**  
**Robinson HW Federal Com. #3H**  
660' FNL and 700' FEL (Pilot Hole)  
660' FSL and 700' FEL (Bottom Hole)  
Section 24, T16S-R24E  
Eddy County, New Mexico

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

San Andres	445'	Abo	3725'
Glorietta	2220'	Wolfcamp	4690'
Upper Yeso	2365'	Wolfcamp Shale	4775'
Tubb	3055'	TD (Pilot Hole)	5000'
Lower Yeso	3165'	TD (Lateral)	8621'

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

Water: 128'  
Oil or Gas: All potential zones

**3. Pressure Control Equipment:** BOPE will be installed on the 9 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>Thread</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-350'	350'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-1100'	1100'
8 3/4"	Open Hole	----	----	----	0-5000' TVD	5000'
* 8 3/4"	7"	23# +26#	J-55	ST&C	0-4820' MD	4820'
7 7/8"	5 1/2"	17#	HP-110	LT&C	0-8621' MD	8621'

\* 7" will only be set if hole conditions dictate.

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 500# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

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

**B. CEMENTING PROGRAM:**

Surface Casing: 250 sx Lite "C" (YLD 2.1 WT 12.6) tail in w/ 200 sx "C" w/ 2% CaCl<sub>2</sub> (YLD 1.32 WT 14.8).

Intermediate Casing: 325 sx Lite "C" (YLD 2.10 WT 12.6) Tail in w/200 sx Class "C" +2% CaCl<sub>2</sub> (YLD 1.32 WT 14.8).

Production Casing: TOC 600', Lead w/ 775 sx Lite "C" (YLD 2.05 WT 12.5)  
Tail in w/ 1220 sx Magne Plus (YLD 1.05 WT 13.0).

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

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 350'	FW/Spud Mud	8.4-8.9	32-36	N/C
350'-1100'	F/WGel/Air Mist	8.4-8.9	28-34	N/C
1100'-8621'	Cut Brine	8.8-9.2	28	N/C

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' out from under intermediate casing to TD.

Logging: Platform Express/HALS/FMI.

Coring: Rotary Sidewall Cores.

DST's: Non anticipated.

**7. Abnormal Conditions, Bottom hole pressure and potential hazards:****Anticipated BHP:**

From: 0	TO 350' TVD	Anticipated Max. BHP: 162	PSI
From: 350'	TO 1100'	Anticipated Max. BHP: 510	PSI
From: 1100'	TO 5000' TVD	Anticipated Max. BHP: 2930	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H<sub>2</sub>S Zones Anticipated: None

Maximum Bottom Hole Temperature: 168° F

**8. ANTICIPATED STARTING DATE:**

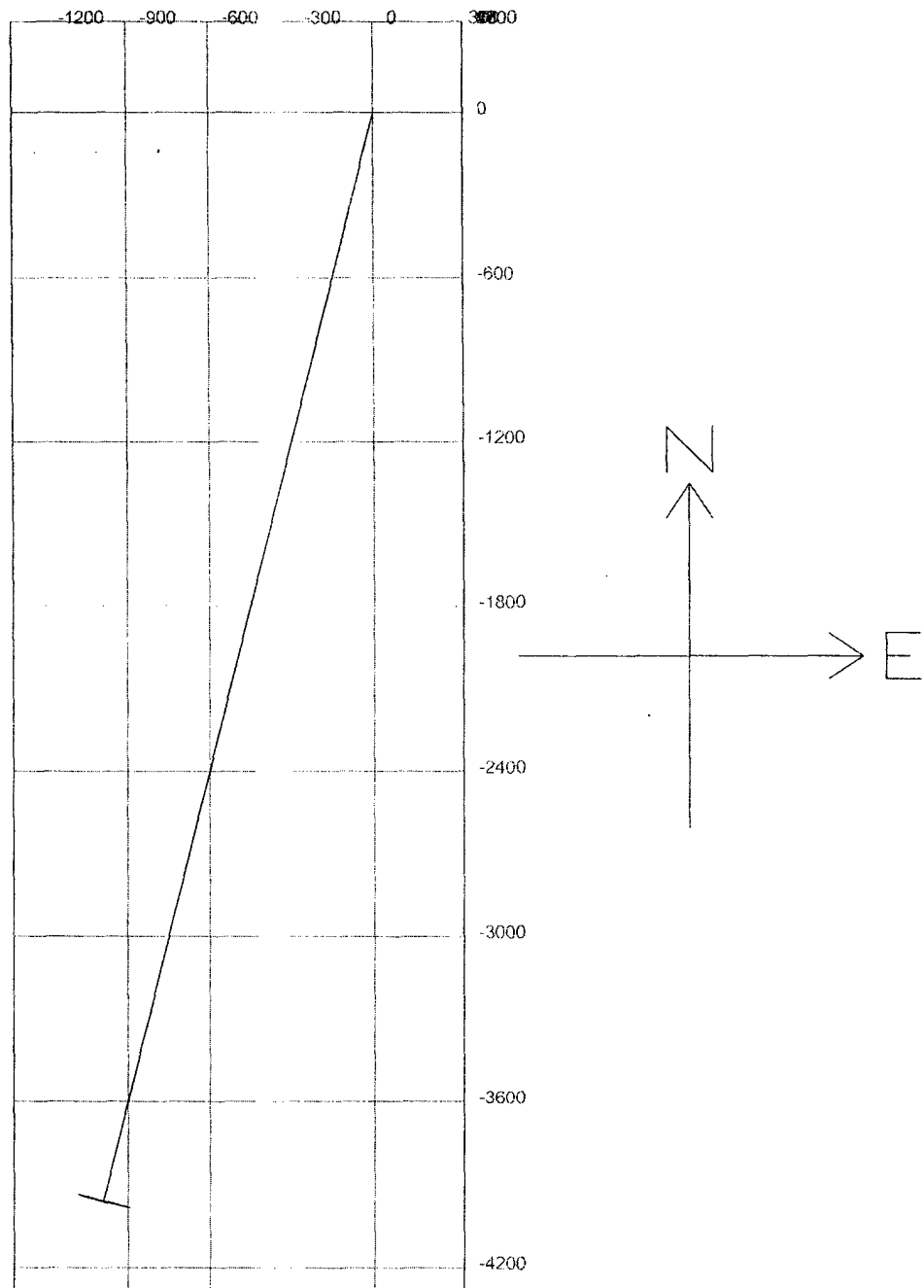
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	4320.00	0.00	0.00	4320.00	0.00	0.00	15.00	194	GN
3	4325.00	0.75	194.04	4325.00	-0.03	-0.01	15.00	0	HS
4	4350.00	4.50	194.04	4349.97	-1.14	-0.29	15.00	0	HS
5	4375.00	8.25	194.04	4374.81	-3.83	-0.96	15.00	0	HS
6	4400.00	12.00	194.04	4399.42	-8.10	-2.02	15.00	0	HS
7	4425.00	15.75	194.04	4423.68	-13.91	-3.48	15.00	0	HS
8	4450.00	19.50	194.04	4447.51	-21.26	-5.31	15.00	0	HS
9	4475.00	23.25	194.04	4470.78	-30.09	-7.52	15.00	0	HS
10	4500.00	27.00	194.04	4493.41	-40.39	-10.10	15.00	0	HS
11	4525.00	30.75	194.04	4515.30	-52.10	-13.02	15.00	0	HS
12	4550.00	34.50	194.04	4536.35	-65.17	-16.29	15.00	0	HS
13	4575.00	38.25	194.04	4556.48	-79.55	-19.89	15.00	0	HS
14	4600.00	42.00	194.04	4575.59	-95.18	-23.80	15.00	0	HS
15	4625.00	45.75	194.04	4593.61	-111.99	-28.00	15.00	0	HS
16	4650.00	49.50	194.04	4610.45	-129.90	-32.48	15.00	0	HS
17	4675.00	53.25	194.04	4626.06	-148.85	-37.21	15.00	0	HS
18	4700.00	57.00	194.04	4640.35	-168.74	-42.19	15.00	0	HS
19	4725.00	60.75	194.04	4653.27	-189.50	-47.38	15.00	0	HS
20	4750.00	64.50	194.04	4664.76	-211.03	-52.76	15.00	0	HS
21	4775.00	68.25	194.04	4674.78	-233.25	-58.31	15.00	0	HS
22	4800.00	72.00	194.04	4683.28	-256.06	-64.01	15.00	0	HS
23	4825.00	75.75	194.04	4690.22	-279.35	-69.84	15.00	0	HS
24	4850.00	79.50	194.04	4695.58	-303.04	-75.76	15.00	0	HS
25	4875.00	83.25	194.04	4699.32	-327.01	-81.75	15.00	0	HS
26	4900.00	87.00	194.04	4701.45	-351.17	-87.79	15.00	0	HS
27	4909.59	88.44	194.04	4701.83	-360.47	-90.12	15.00	0	HS
28	8621.28	88.44	194.04	4803.00	-3960.00	-990.00	0.00		



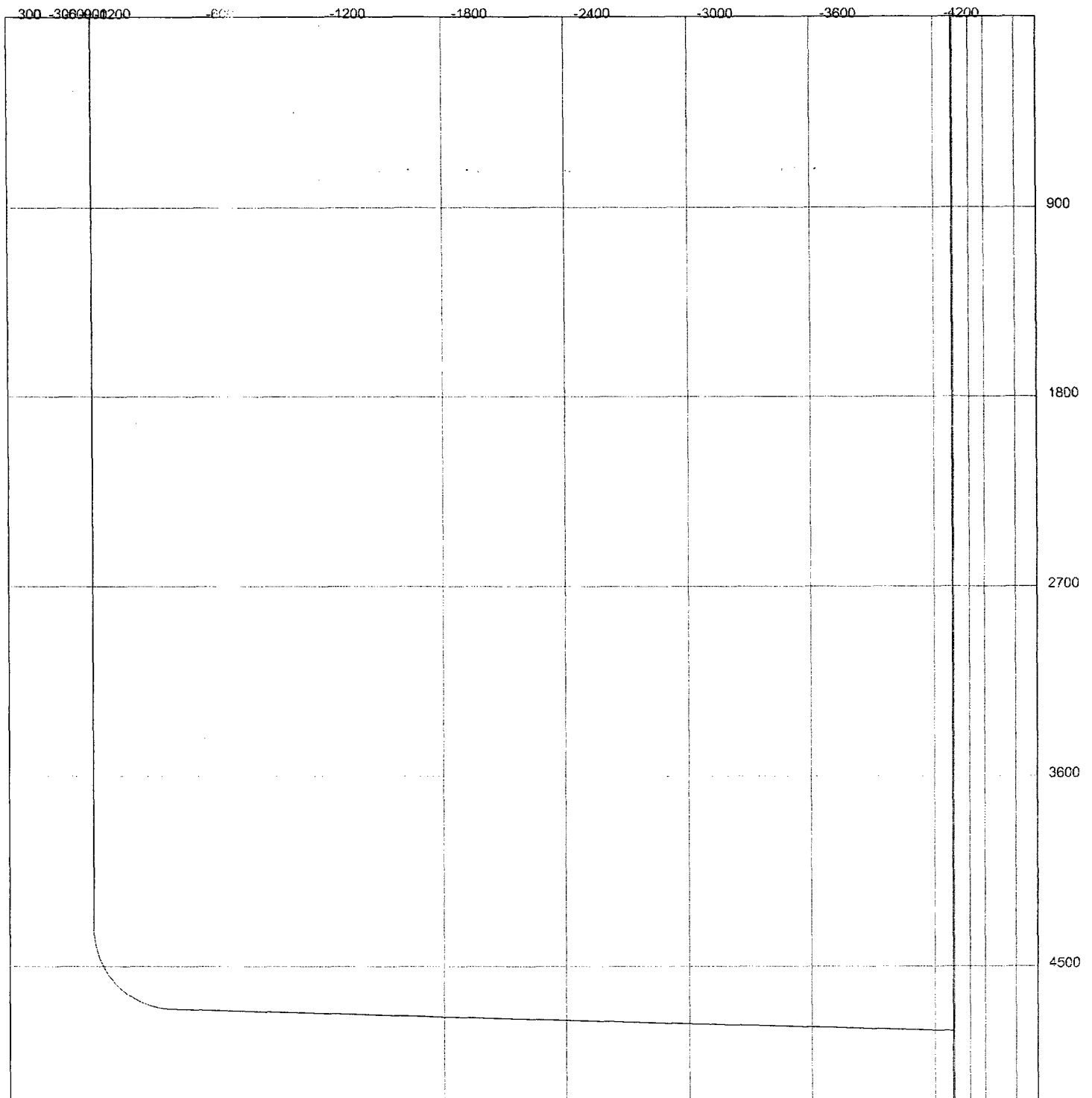
### 3D<sup>3</sup> Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**  
Well: **Robinson HW Fed. Com. #3H**



# 3D<sup>s</sup> Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**  
Well: **Robinson HW Fed. Com. #3H**



## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**  
**Robinson HW Federal Com. #3H**  
660' FNL and 700' FEL (Pilot Hole)  
660' FSL and 700' FEL (BHL)  
Section 24,T16S-R24E  
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.

### **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 wellsite is located approximately 9 miles northwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go west of Artesia on Highway 82 for approximately 10 miles to Joy Road. Turn right on Joy Road and go approximately 6.7 miles. Turn right here and on an existing lease road and lease road will actually end up going back south. Go approximately 1.1 miles on the existing lease road next to a cultivated field. Turn left here on lease road and go approximately .5 of a mile to road goes past two other EOG wells before getting to the Mackenzie 13 Federal 3H well location. The new road will start here going east for approx. .2 of a mile the road will then turn south and go approx. .2 of a mile to the northwest corner of the proposed well location.

### **2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately .4 of a mile in length from the point of origin the northwest corner of the well location. The road will lie in an easterly direction then it will go south
- 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.

**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:**

The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

**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**

**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. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- C. A 600' x 600' 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 within 90 days after abandonment.

**11. SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico.**

**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:

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

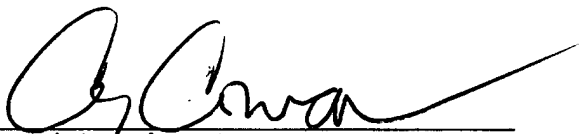
B. Through Drilling Operations,  
Completions and Production:

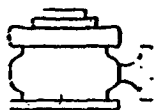
Pinson McWhorter, Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

**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.

12/1/05

  
Regulatory Agent

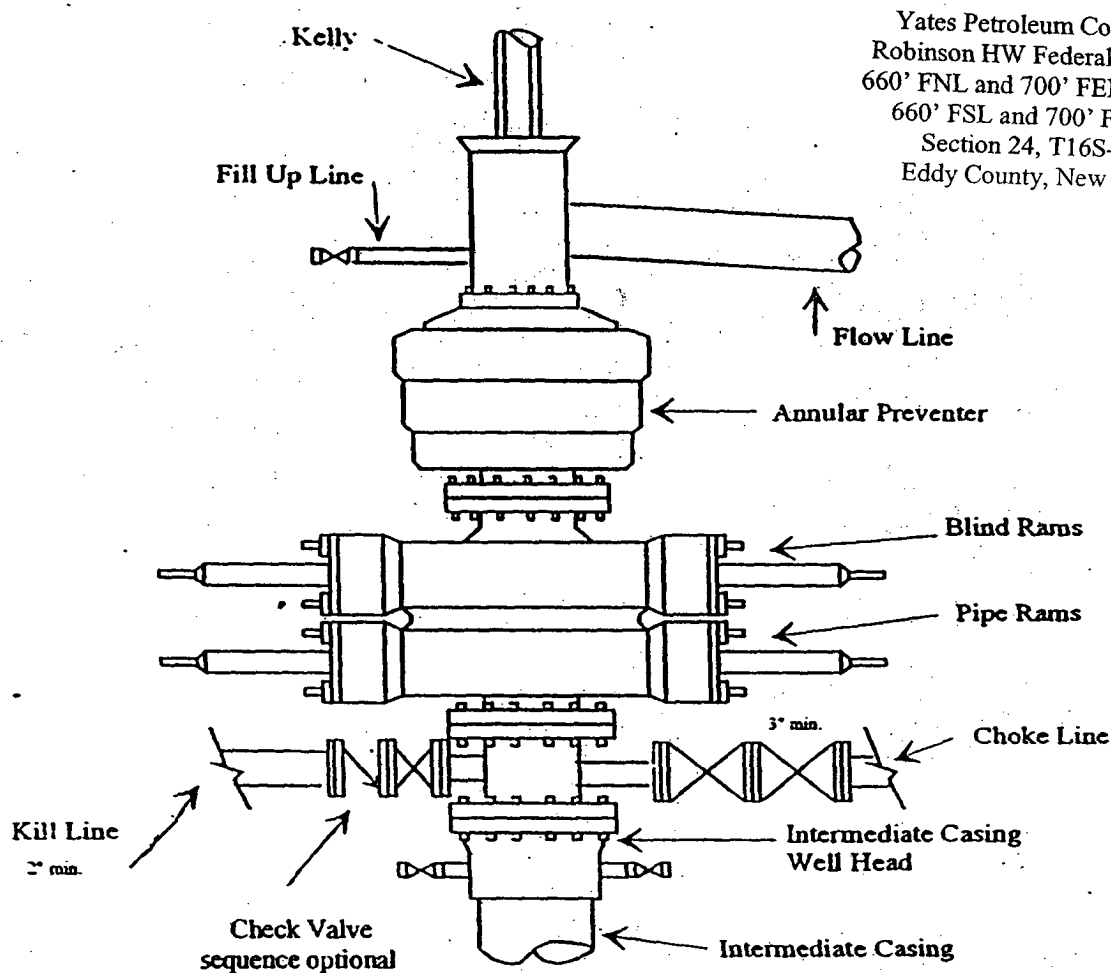


# Yates Petroleum Corporation

BOP-3

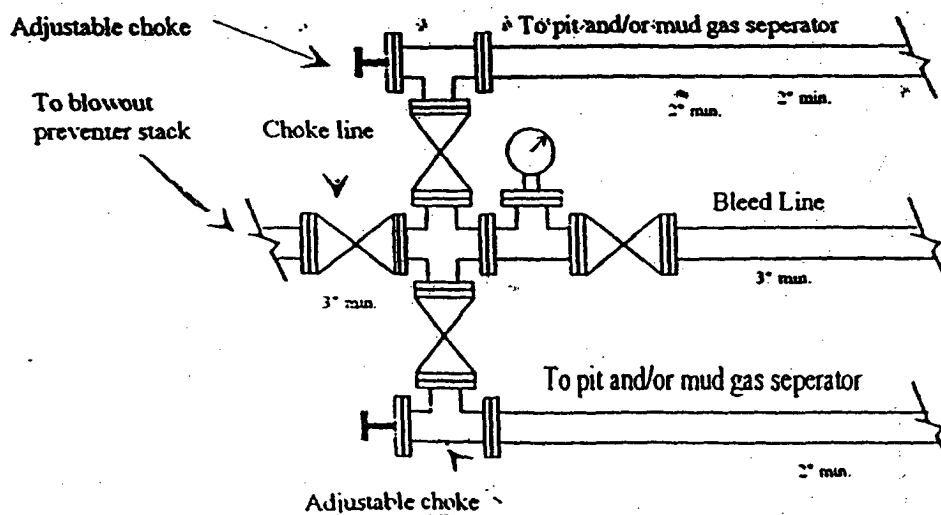
## Typical 3,000 psi Pressure System Schematic

### Annular with Double Ram Preventer Stack



Yates Petroleum Corporation  
Robinson HW Federal Com. #3H  
660' FNL and 700' FEL Pilot Hole  
660' FSL and 700' FEL BHL  
Section 24, T16S-R24E  
Eddy County, New Mexico

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



## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Company  
Well Name & No. Robinson HW Federal Com #3H  
SH Location: 660' FNL, 700' FEL, Section 24, T. 16 S., R. 24 E., Eddy County, New Mexico  
BH Location: 660' FSL, 700' FEL, Section 24, T. 16 S., R. 24 E., Eddy County, New Mexico  
Lease: NM-111400

### I. 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 9-5/8 inch 7 inch (if needed) 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. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

### II. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 350 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 9-5/8 inch intermediate casing is to be circulated to the surface.

2. The minimum required fill of cement behind the 7 inch intermediate casing (if needed) is to be circulated to the surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

### 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 9-5/8 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 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

1/4/2006

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1/4/2006

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