

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

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED  
JUN - 1 2006  
OCCUPANCY


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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM-0310633</b>
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name <b>Not Applicable</b>
2. Name of Operator <b>Yates Petroleum Corporation</b>		7. If Unit or CA Agreement, Name and No. <b>Not Applicable</b>
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		8. Lease Name and Well No. <b>Haystack Federal #2</b>
3b. Phone No. (include area code) <b>(505) 748-1471</b>		9. API Well No. <b>30-005-63828</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>910' FNL and 660' FWL, Unit D</b> At proposed prod. Zone <b>same as above</b>		10. Field and Pool, or Exploratory <b>Wildcat Granite</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately thirty (30) miles northeast of Roswell, New Mexico</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>Section 31, T6S-R27E</b>
5. 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 <b>957.80</b>	17. Spacing Unit dedicated to this well <b>320acres -W/2</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <b>6355'</b>	20. BLM/BIA Bond No. on file <b>NM-2811</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3852' GL</b>	22. Approximate date work will start* <b>ASAP</b>	23. Estimated duration <b>30 Days</b>

24. Attachments

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 	Name (Printed/Typed) <b>Debbie Caffall/Land Department</b>	Date <b>5/2/2006</b>
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Title:  
**Regulatory Agent/debbiec@ypcnm.com**

Approved by (Signature) <b>/S/LARRY D. BRAY</b>	Name (Printed/Typed) <b>/S/LARRY D. BRAY</b>	Date <b>MAY 3 1 2006</b>
Title <b>Assistant Field Manager, Lands And Minerals</b>	Office <b>ROSWELL FIELD OFFICE</b>	<b>APPROVED FOR 1 YEAR</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.

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)

Previously Approved

C-144 Attached

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

District I  
1625 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  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-</b>	<sup>2</sup> Pool Code <b>96542</b>	<sup>3</sup> Pool Name <b>Wildcat Unit Granite</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Haystack Federal</b>	<sup>6</sup> Well Number <b>2</b>
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>	<sup>9</sup> Elevation <b>3852</b>

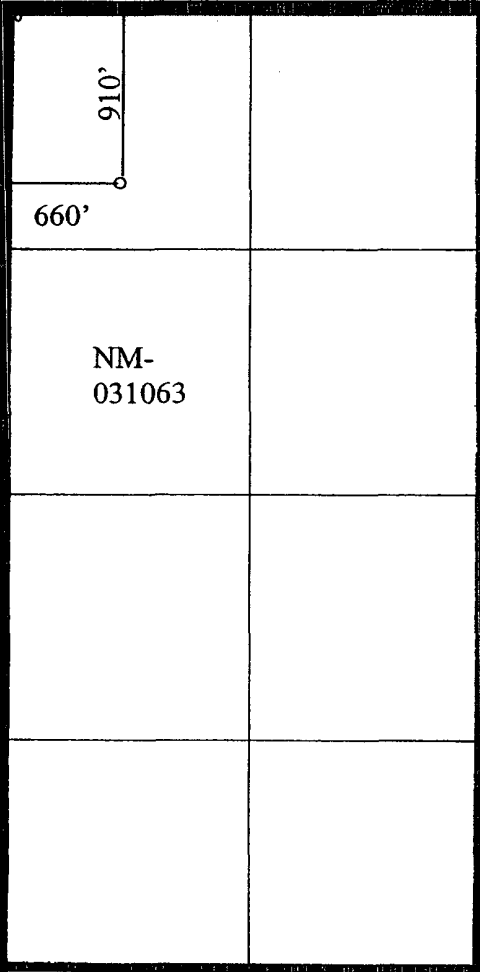
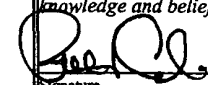
<sup>10</sup> Surface Location

UL or lot no. <b>D</b>	Section <b>31</b>	Township <b>6S</b>	Range <b>27E</b>	Lot Idn	Feet from the <b>910</b>	North/South line <b>North</b>	Feet from the <b>660</b>	East/West line <b>West</b>	County <b>Chaves</b>
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<sup>11</sup> 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
<sup>12</sup> Dedicated Acres <b>320+/-</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature <b>Robert Asher</b> Printed Name <b>Regulatory Agent</b> Title <b>04/12/04</b> Date	
	<sup>18</sup> 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:	

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1600 Rio Brazos Rd., Aztec, NM 87410

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		Pool Code	Pool Name Wildcat Basement
Property Code	Property Name HAYSTACK FEDERAL		Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3852

### 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	31	6S	27E		910	NORTH	660	WEST	CHAVES

### 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 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.33°46'21.4" W.104°14'18.7"</p> <p>NM-031063</p>				<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title 11-20-01 Date</p>
				<p><b>SURVEYOR CERTIFICATION</b></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>11/08/2001 Date Surveyed</p>
				<p>Signature &amp; Seal of Professional Surveyor</p> <p><i>HERSCHEL JONES</i> 3640 Certificate No. Herschel L. Jones RLS 3640 HAYSTACK GENERAL SURVEYING COMPANY</p>

**YATES PETROLEUM CORPORATION**  
**Haystack Federal #2**  
910' FNL and 660' FWL  
Section 31-T6S-R27E  
Chaves County, New Mexico

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

San Andres	960'	Cisco	5585'
Glorieta	2135'	Strawn	5760'
Yeso	2280'	Mississippian	5975'
Tubb	3560'	Siluro-Devonian	6035'
Abo	4285'	Basenent	6205'
Wolfcamp	5110'	TD	6355'

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

Water: 150'-200'  
Oil or Gas: All potential formations.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 2000# 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>
12 1/4"	8 5/8"	24#	J-55	ST&C	0-1000'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6355'

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

A. CEMENTING PROGRAM:

Surface Casing: Cement with 300 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL<sub>2</sub> (YLD 1.33 WT 15.6).

Production Casing: 450 sx PVL "C" (YLD 1.34 WT 13). TOC 3800'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1000'	FW GEL/Paper/LCM	8.6-9.6	32-36	N/C
1000'-4300'	Brine	10.0-10.2	28	N/C
4300'-6355'	Starch/Salt Gel	9.3-10.2	32-40	<6/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: 10' samples out from under surface casing.

Logging: CNL/LDT W/NGT to TD to surface casing, w/ CNL/GR up to surface, DLL/MSFL TD to surface casing, BHC Sonic TD to surface casing; FMI - TD to top of Wolfcamp.

Coring: Sidewall

DST's: As warranted.

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

Anticipated BHP:

From: 0 TO: 1000'  
From: 1000' TO: 6355'

Anticipated Max. BHP: 400 PSI  
Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

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

Maximum Bottom Hole Temperature: 145 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**YATES PETROLEUM CORPORATION**  
**Haystack Federal #2**  
**910' FNL and 660' FWL**  
**Section 31-T6S-R27E**  
**Chaves 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 30 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go east of Roswell on Highway 70 approximately 14 miles to Aztec Road.. Turn north on Aztec for approximately 12.9 miles to Rodeo Road and Cooper Ranch Sign. Turn right (east) thru cattle guard. A chain is locked across the guard. On the south side there is a combination lock with 4202. Go 1.1 miles to the ranch house. Turn south and go approximately 0.4 of a mile. The new road will start here and go east northwest corner of the pad.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 500' in length from the point of origin to the northwest corner of the drilling pad. The road will lie in a 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. 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 well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

**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:

Dirt contractor will locate nearest pit and will 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 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.
- C. A 400' x 400' area has been staked and flagged.
- D. Pits to the south.

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 well site 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: The location and access road are on private lands belonging to:  
Cooper Revocable Trust  
c/o Carl Cooper  
P.O. Box 2148  
Roswell, NM  
88202-2148.

12. OTHER INFORMATION:

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

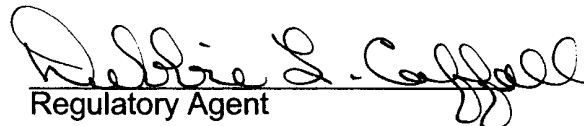
13. OPERATOR'S REPRESENTATIVE:

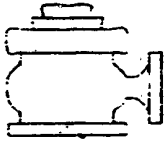
- |  |   |
|--|---|
| A. Through A.P.D. Approval:<br>Debbie Caffall, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>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.

5/2/2006

  
Regulatory Agent



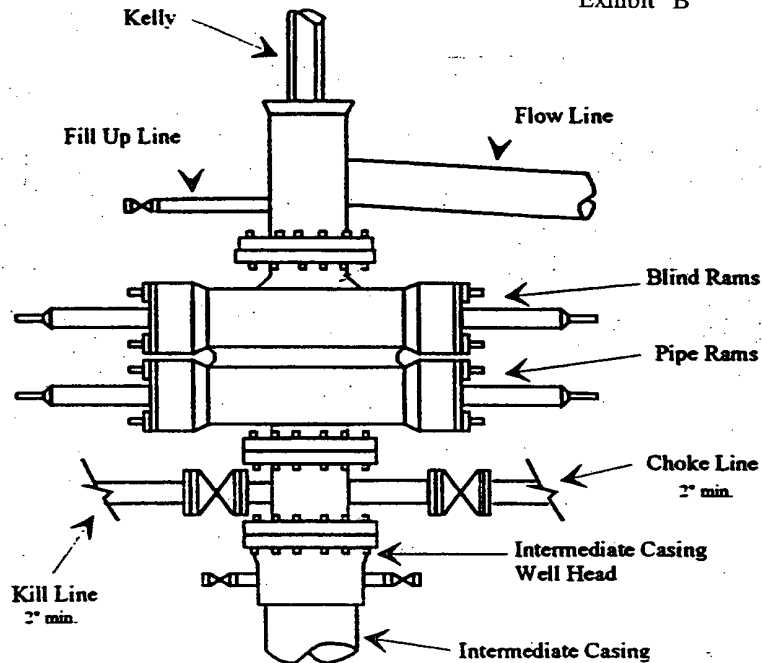
# Yates Petroleum Corporation

BOP-2

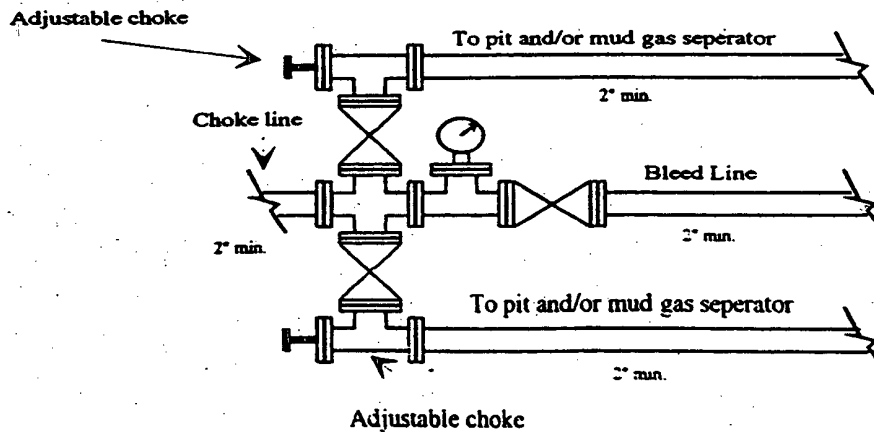
## Typical 2,000 psi Pressure System Schematic

### Double Ram Preventer Stack

Yates Petroleum Corporation  
Haystack Federal #2  
910' FNL and 660' FWL  
Section 31-T6S-R27E  
Chaves County, New Mexico  
Exhibit "B"



Typical 2,000 psi choke manifold assembly with at least these minimum features

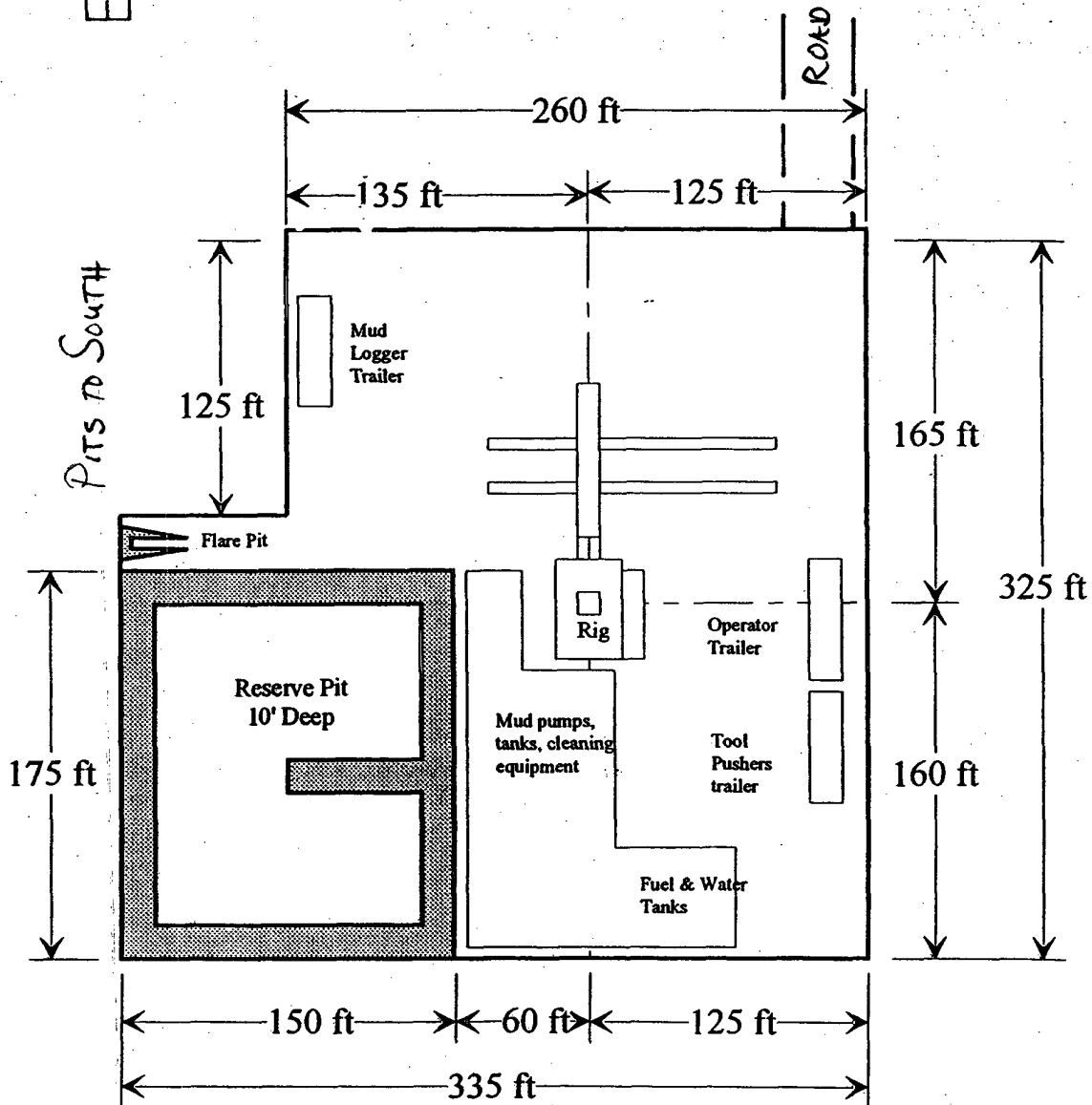
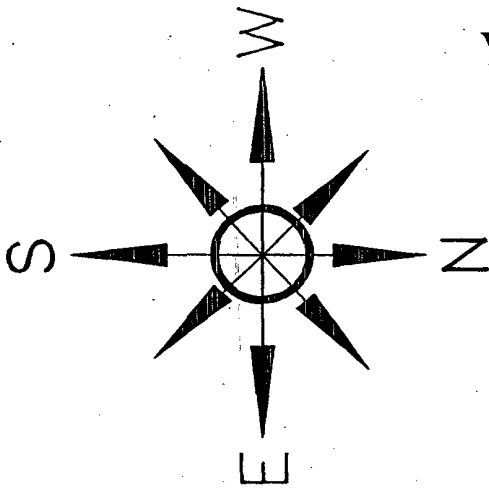


# Yates Petroleum Corporation

## Location Layout for Permian Basin

### Up to 12,000'

Yates Petroleum Corporation  
Haystack Federal #2  
910' FNL and 660' FWL  
Section 31-T6S-R27E  
Chaves County, New Mexico  
Exhibit "C"

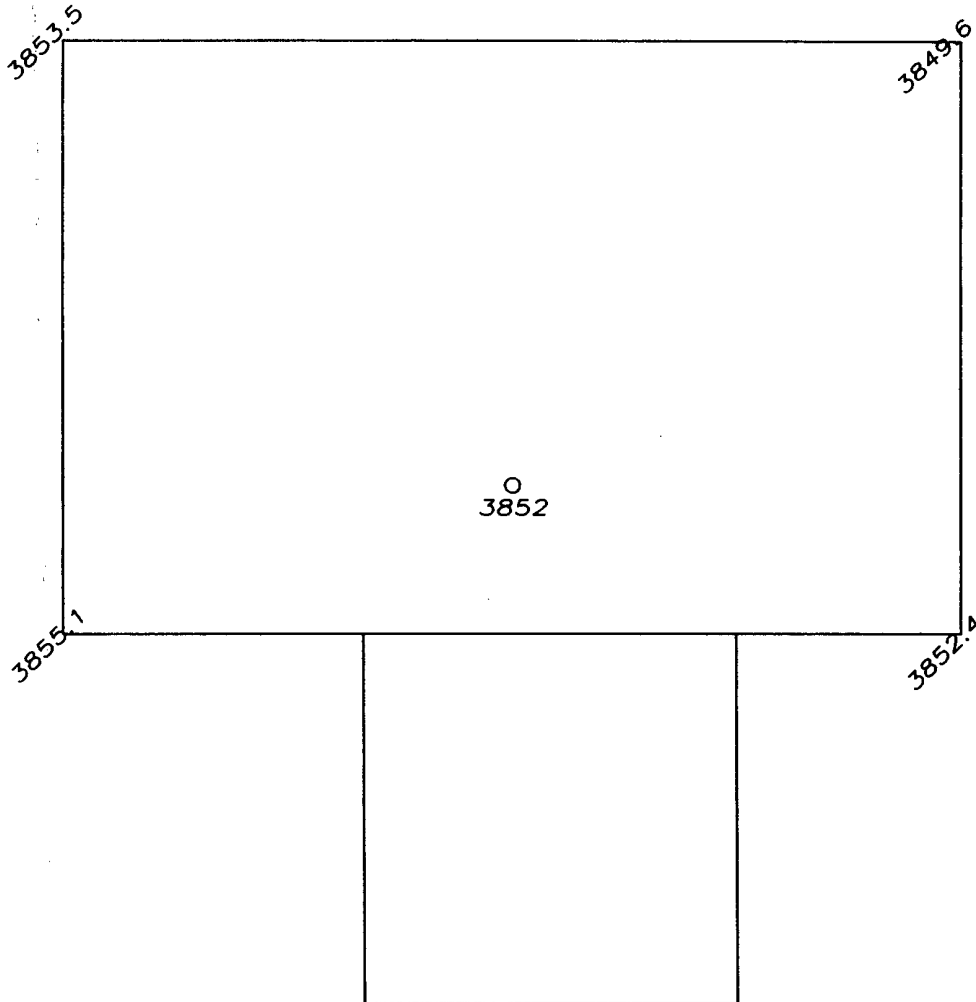


Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

YATES PETROLEUM CORPORATION HAYSTACK FEDERAL #2, 910/N & 660/W,  
SECTION 31, TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Yates Petroleum Corporation  
Haystack Federal #2  
910' FNL and 660' FWL  
Section 31-T6S-R27E  
Chaves County, New Mexico  
Exhibit "C-1"



50' 0 50' 100'  
Scale 1" = 50'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF  
THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY  
DIRECTION AND THE PLAT ACCURATELY 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 STATE BOARD OF REGISTRATION FOR  
PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES S.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES HAYSTACK  
FEDERAL #2 LOCATED 910/N AND 660/W OF  
SECTION 31, TOWNSHIP 6 SOUTH, RANGE 27  
EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 11/08/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/12/01	Scale 1" = 50' HAYSTACK 2

**District I**  
1625 N. Pecos Dr., Hobbs, NM 88240  
**District II**  
1301 W. Grand Avenue, Artesia, NM 88210  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

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

Form C-144  
March 12, 2004

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

105 South Fourth Street, Artesia, NM 88210

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ CheckBox1

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

Operator: Yates Petroleum Corporation Telephone: 505-748-4376 e-mail address: debbiec@ypcnm.com

Address: 104 South 4<sup>th</sup> Street, Artesia, New Mexico 88210

Facility or well name: Haystack Federal #2 API #: 30-005-63671 U/L or Qtr/Qtr NWNW Sec. 31 T 6S R 27E

County: Chaves Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927 ☐ 1983 ☐ Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____
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)
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) 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) 1000 feet or more (0 points)
Ranking Score (Total Points) 0	

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 ☒, or an (attached) alternative OCD-approved plan ☐.

Date: 10/29/2004

Printed Name/Title Robert Asher/Regulatory Agent

Signature [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:

Date: NOV 5 2004

Printed Name/Title [Signature]

Signature [Signature]

Permit was originally approved on 7-1-04



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201

IN REPLY REFER TO:

Haystack Federal #2

NM-0310633

DNA # NM-510-06-128

Yates Petroleum Corporation shall adhere to the following;

- A. The original Conditions of Approval exclusive to this well are still in affect.
- B. The following mitigating measures supersede some of the original Condition of Approval requirements:

#### 1. EXHIBIT B – WELL DRILLING REQUIREMENTS:

WELL DRILLING REQUIREMENTS

5 of 5 pages

##### G. Painting Requirement:

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Supplemental Environmental Colors" intended to provide additional color choices in selecting the most appropriate color(s) for BLM facilities. The color selected for painting all the well facilities is; Olive Drab, Supplemental Chart Number 18-0622 TPX.

#### 2. EXHIBIT E - SURFACE RECLAMATION/RESTORATION REQUIREMENTS:

SURFACE RECLAMATION/RESTORATION REQUIREMENTS

5 of 5 pages

- H. Contact Randy Legler at (505) 627-0215, three days before commencing the reserve pit reclamation.

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

November 30, 2001

Ms. Linda Askwig  
Roswell District Office  
2909 West Second Street  
Roswell, NM 88202

RE: Haystack Federal #2  
910' FNL and 660' FWL  
Section 31-T6S-R27E  
Chaves County, New Mexico  
Lease No. NM-0310633

Dear Ms. Askwig:

This letter is to certify that Yates Petroleum Corporation and Carl Cooper, owner of the surface for this well, has reached an agreement concerning surface use during our operations.

Should you have additional questions, please contact me at the above address or call me at (505) 748-4347.

Sincerely

YATES PETROLEUM CORPORATION

Clifton R. May  
Regulatory Agent

CRM/rca

Enclosure(s)

FILE COPY