

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM063073A	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No.	
3a. Address 105 S 4TH STREET ARTESIA, NM 88210		8. Lease Name and Well No. HOC FEDERAL COM. 3	
3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572		9. APT Well No. 30-015-32994	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface Lot 1 336FNL 149FWL At proposed prod. zone NENE 660FNL 660FEL		10. Field and Pool, or Exploratory INDIAN BASIN UPPER PENN ASSOC	
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 20 MILES NW OF CARLSBAD, NM.		11. Sec., T., R., M., or Blk. and Survey or Area Sec 18 T22S R24E Mer NMP	
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 149		12. County or Parish EDDY	
16. No. of Acres in Lease 40.00		13. State NM	
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 5280		17. Spacing Unit dedicated to this well 320.00	
19. Proposed Depth 8450 MD 8300 TVD		20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3127 GL		22. Approximate date work will start JUL 2003	
23. Estimated duration 50 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:

- 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 officer.

25. Signature (Electronic Submission)		Name (Printed/Typed) CY COWAN Ph: 505.748.4372		Date 04/01/2003
Title REGULATORY AGENT				
Approved by (Signature) /s/ Joe G. Lara		Name (Printed/Typed) /s/ Joe G. Lara		Date 17 JUL 2003
Office FIELD MANAGER		Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #20181 verified by the BLM Well Information System

For YATES PETROLEUM CORPORATION, sent to the Carlsbad

Committed to AFMSS for processing by Armando Lopez on 04/01/2003 (03AL0235AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

SUBJECT TO LIKE
APPROVAL BY STATE

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

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

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name Indian Basin Upper Penn	
⁴ Property Code		⁵ Property Name HOC FEDERAL COM.			⁶ Well Number 3
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3127'

¹⁰ Surface Location

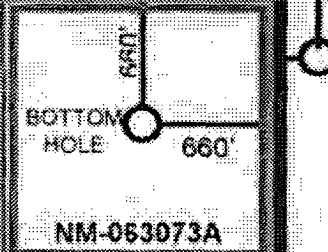
UL or lot no. Lot 1	Section 18	Township 22S	Range 24E	Lot Idn	Feet from the 336	North/South line North	Feet from the 149	East/West line West	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. A	Section 13	Township 22S	Range 23E	Lot Idn	Feet from the 660	North/South line North	Feet from the 66	East/West line East	County Eddy
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¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan Printed Name Regulatory Agent Date: 3/24/2003</p>	
E 1/2 Section 13 T22S-R24E		W 1/2 Sec. 18 T22S-R23E	
<p>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.</p> <p>REFER TO ORIGINAL PLAT Date of Survey: Signature and Seal of Professional Surveyor:</p>		<p>Certificate Number:</p>	
NM-059077			

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
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
Property Code		Property Name		Well Number	
OGRID No.		Operator Name		Elevation	
025575		YATES PETROLEUM CORPORATION		4090.	
ROC FEDERAL COM		Indian Basin Upper Penn		3	

10 Surface Location

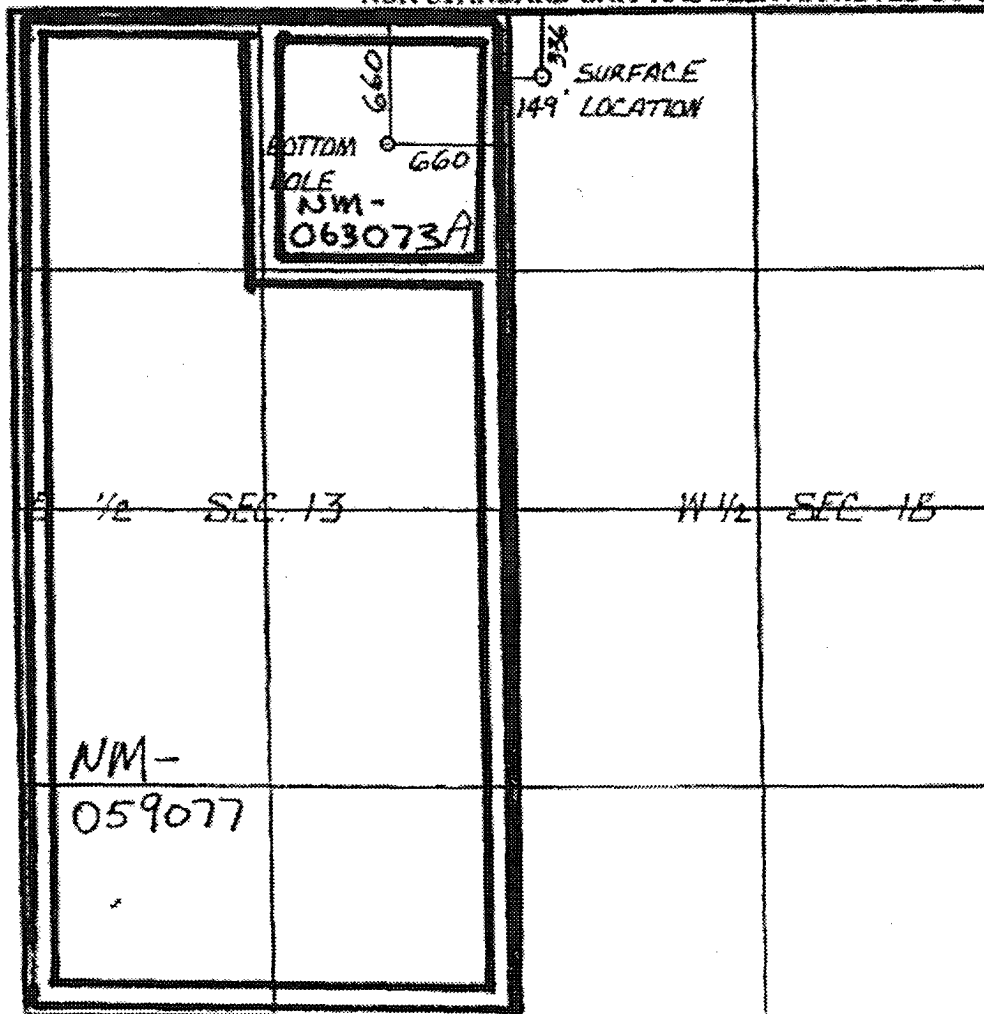
UL or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	18	22-S	24-E		336	NORTH	149	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
B/A	13	22-S	23-E		660	NORTH	660	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
025575			

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>12 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: Cy Cowan</p> <p>Printed Name: Regulatory Agent</p> <p>Title: March 23, 2001</p> <p>Date:</p>
	<p>13 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>MARCH 18, 2001</p> <p>Date of Survey:</p> <p>Signature and Seal of Professional Engineer:</p> <p>5412</p> <p>REGISTERED PROFESSIONAL ENGINEER</p> <p>NM PEAPS NO. 5412</p>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

EC

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM063073A
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	8. Well Name and No. HOC FEDERAL COM. 3
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 18 T22S R24E Lot 1 336FNL 149FWL		9. API Well No.
		10. Field and Pool, or Exploratory INDIAN BASIN UPPER PENN ASSC
		11. County or Parish, and State EDDY COUNTY, NM

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
	<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 Operation (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 amend the surface use plan for the captioned to include: One four inch X-42 buried, steel, natural gas pipeline approx. 5500 feet in length following existing right-of-way NM-94290 to the HOC Federal Com. #2 Battery located 330' FNL and 330' FEL of Section 3, T22S-R23E. YPC also wishes to run approx. 300 feet of 460 volt, three phase, raptor proof powerline to tie into the existing powerline running along the northside of the well location.

Thank you.

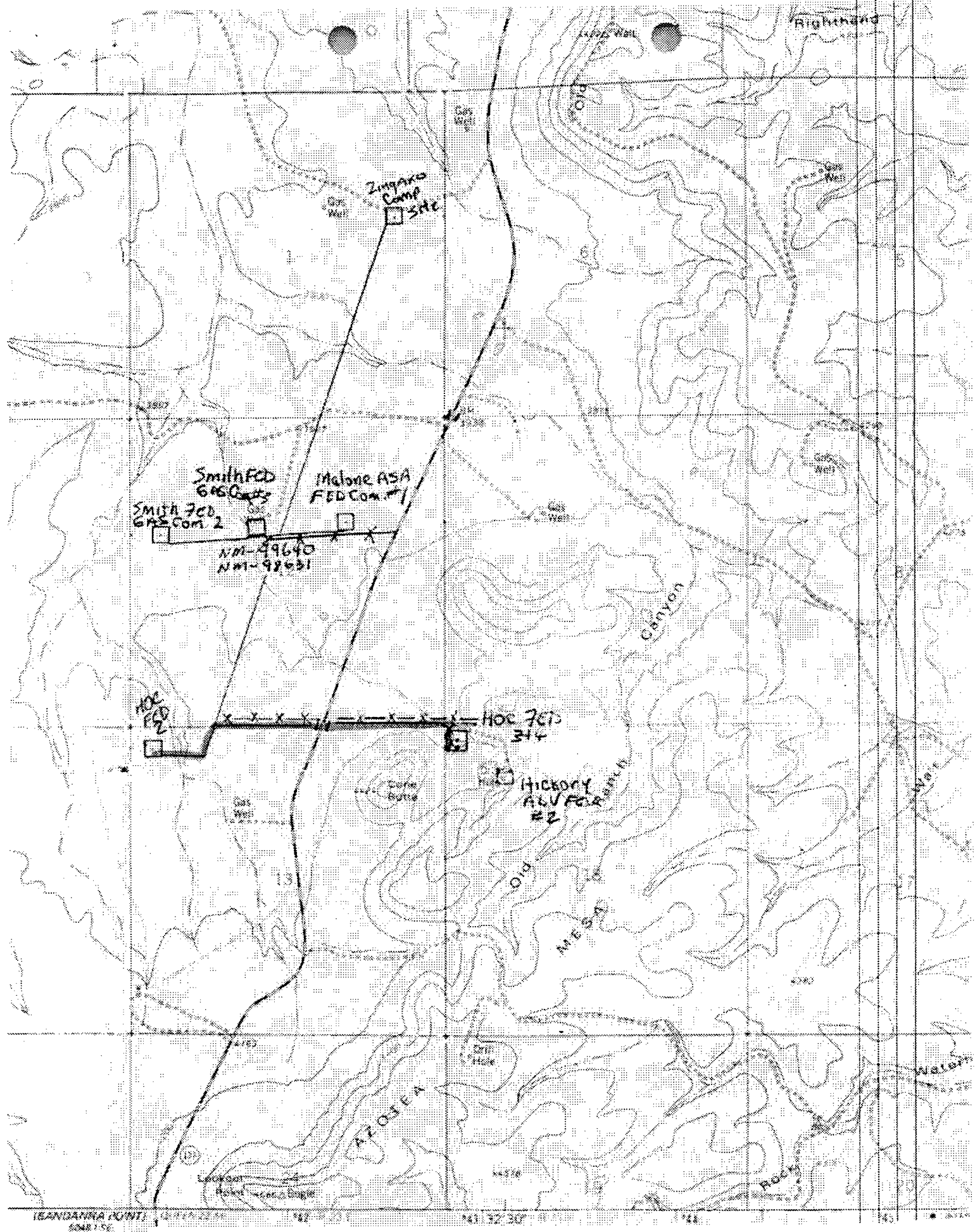
14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #20706 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by Linda Askwig on 04/17/2003 (03LA0452SE)	
Name (Printed/Typed) CY COWAN	Title REGULATORY AGENT
Signature (Electronic Submission)	Date 04/16/2003

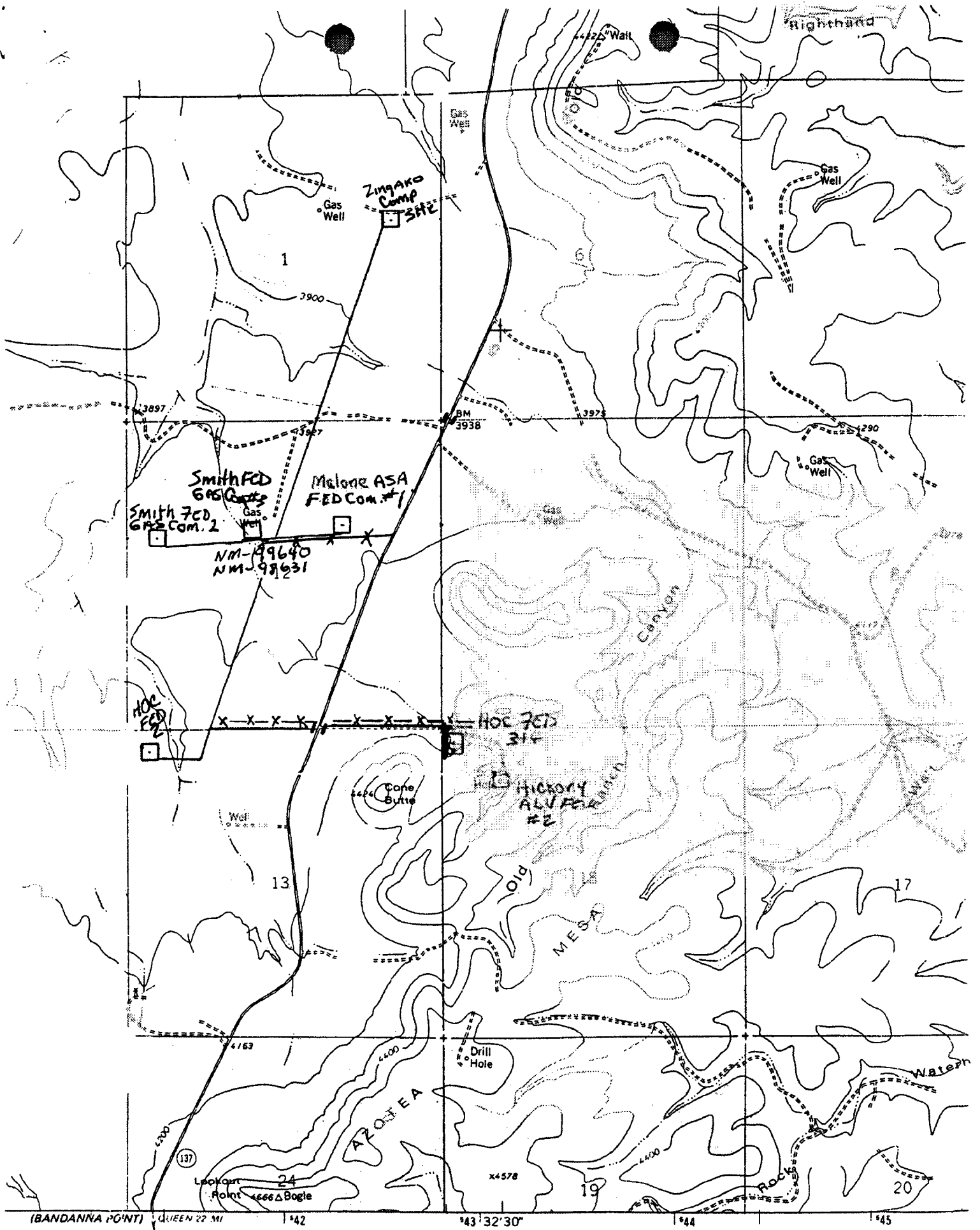
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /s/ Joe G. Lara	Title ACTING FIELD MANAGER
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 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.

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **





(BANDANNA POINT)

QUEEN 22 MI

142

43 32' 30"

44

45

YATES PETROLEUM CORPORATION
HOC Federal Com. #3
 336' FNL & 149' FWL Surface Location
 Section 18-T22S-R24E
 660' FNL and 660' FEL Bottom Hole location
 Section 13, T22S-R23E
 Eddy County, New Mexico

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

San Andres	846'
Glorietta	2247'
Bone Spring	3037'
Wolf Camp	7002'
Canyon	7800'
TD	8300' TVD, 8450' MD

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

Water: 250-300'
 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>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1600'	1600'
8 3/4"	7.0"	26#	J-55	LT&C	0-100'	100'
8 3/4"	7.0"	23#	J-55	LT&C	100'-5200'	5100'
8 3/4"	7.0"	26#	J-55	LT&C	5200'-7200'	2000'
8 3/4"	7.0"	26#	N-80	LT&C	7200'-8450'	1250'

WITNESS

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

B. Cementing Program:

Surface casing: 1000 sx Lite (YLD 2.02 WT 12.4) tailed in with 250 sx Class C + 2% CaCl₂ (YLD 1.32 WT 14.8)

Production Casing: TOC-1000', DV tool at 6000'.

Stage I: 350 sx Super C (YLD 1.67 WT 13.0).

Stage II: 600 sx Lite (YLD 2.02 WT 12.4), tail in with 200 sx Class C (YLD 1.32 WT 14.8).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1600'	FW Gel/LCM	8.3-8.6	30	N/C
1600'-7950'	Cut Brine	9.0-9.2	29	N/C
7950'-TD'	Cut Brinel/Starch	9.0-9.2	30-34	<10cc

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 from TD to casing w/ CR-CNL to surface: DLL from TD to casing w/ RXO from TD.

Coring: As warranted.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1600'	Anticipated Max. BHP: 130	PSI
From: 1600'	TO: 2400'	Anticipated Max. BHP: 950	PSI
From: 2400'	TO: 8450'	Anticipated Max. BHP: 2700	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface hole.

H₂S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 159 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 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

HOC Federal Com. #3

336' FNL & 149' FWL Surface Location

Section 18-T22S-R24E

660' FNL and 660' FEL Bottom Hole location

Section 13, T22S-R23E

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 20 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 to Highway 137. Turn west on Highway 137 and go approximately 14.3 miles to a cattle guard. Continue south for approx. 1 mile to another cattleguard. Turn left here on lease road to the Hickory Federal #2. This lease road also has a powerline and a pipeline along it go approx. .4 of a mile to the northwest corner of the well pad.

2. PLANNED ACCESS ROAD

- A. There will be no new access road.
- B. N/A
- C. N/A
- 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:

Dirt contractor will locate closest pit and obtain any permits and material 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: 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.

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: 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:

Brian Collins, 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.

3/24/03

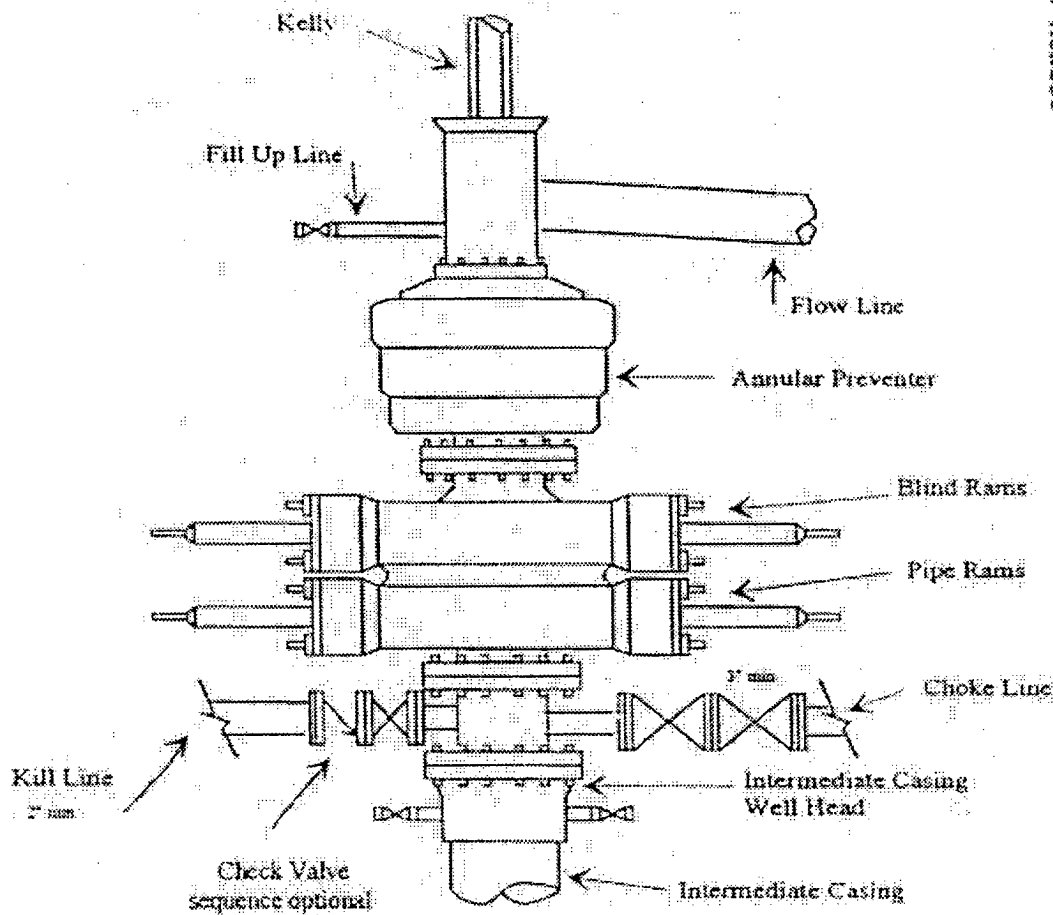

Regulatory Agent



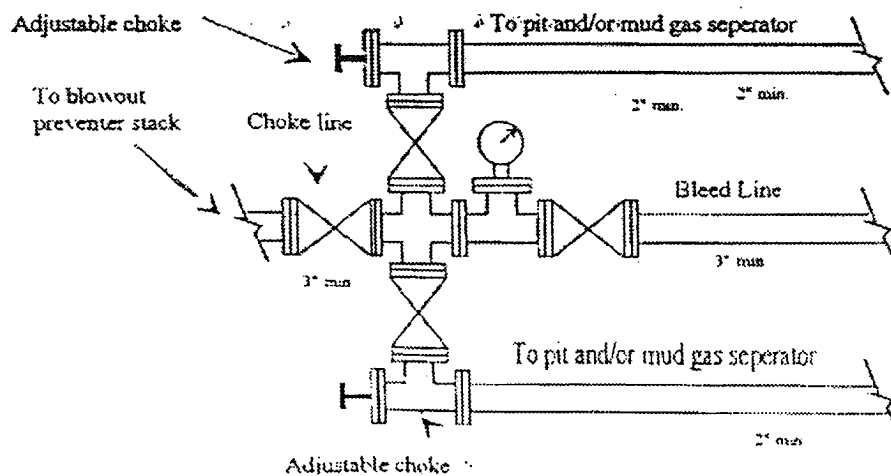
Yates Petroleum Corporation

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

HDC Federal Corp. #3
336' FNL and 149' FNL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FNL Bottom Hole Loc.
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077



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

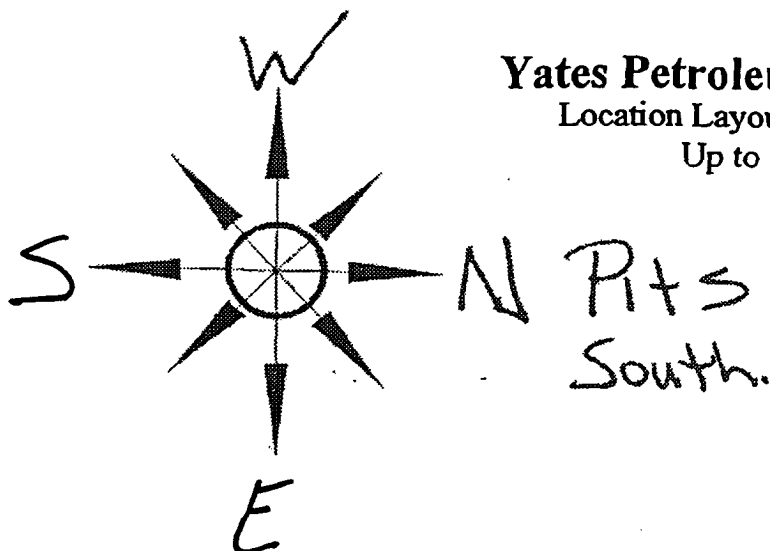


PB - L

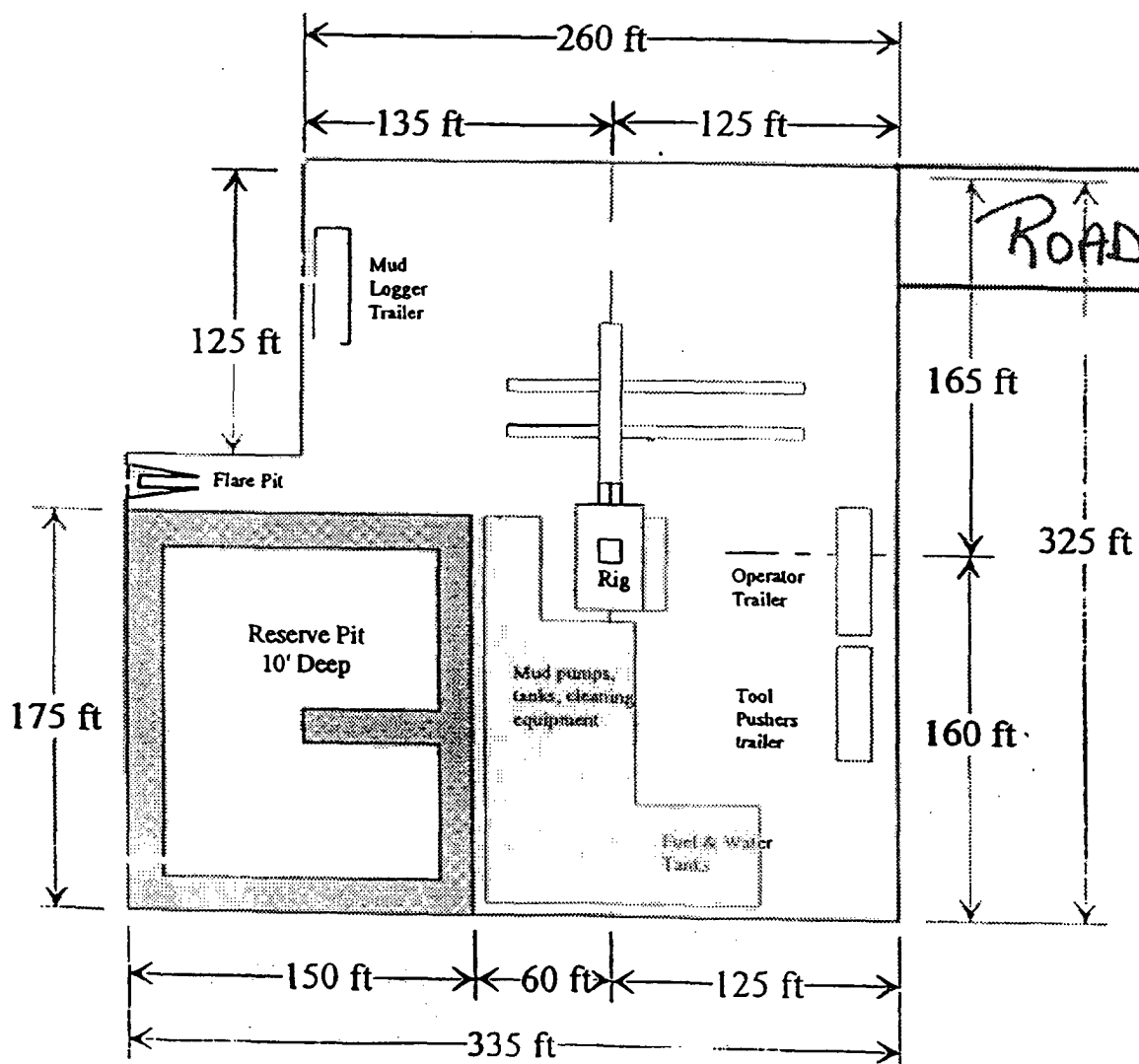
Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

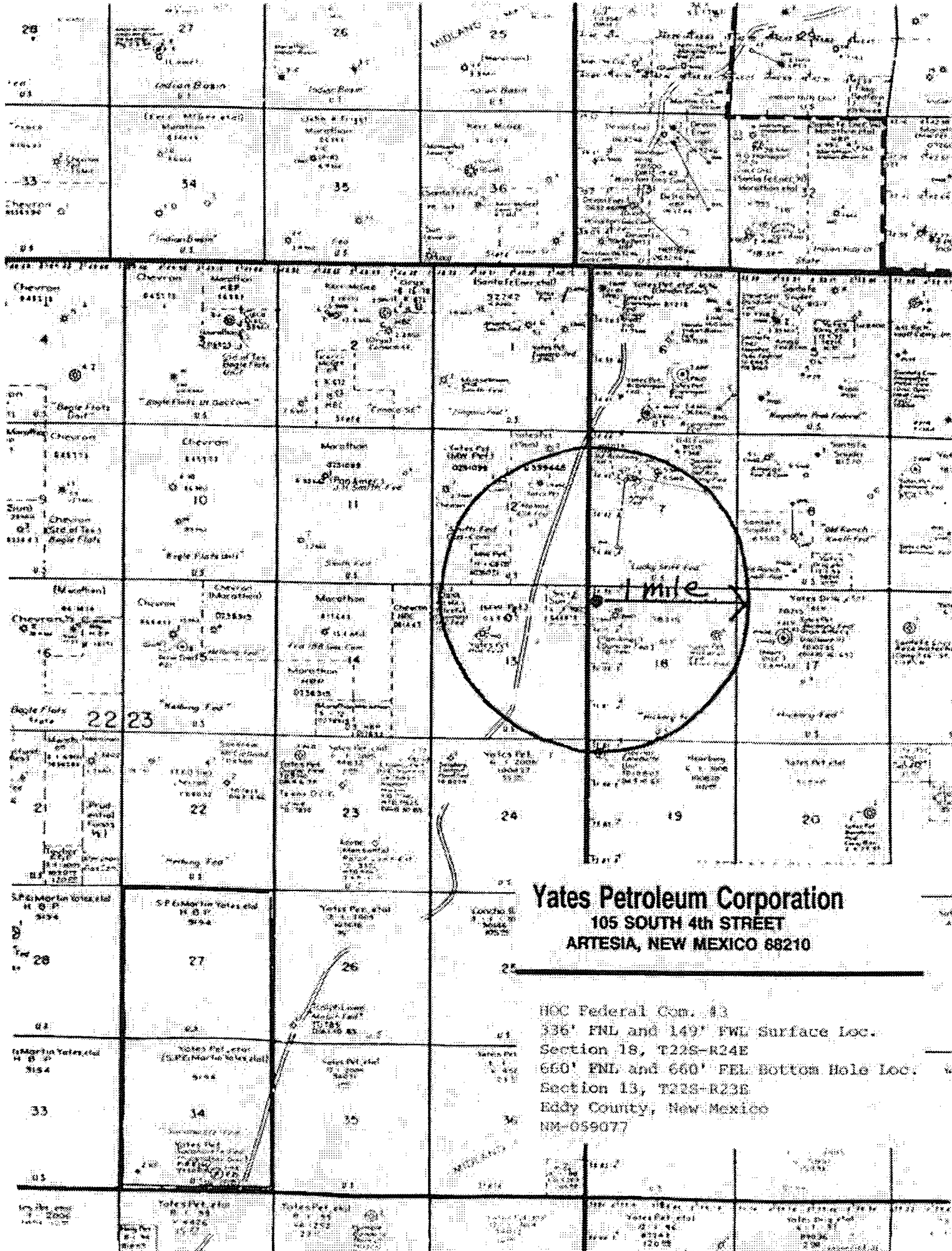


HOC Federal Com. #3
336' FNL and 149' FWL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FEL Bottom Hole Loc
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

HOC Federal Com. 43
336' FNL and 149' FWL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FWL Bottom Hole Loc.
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077

Yates Petroleum Corporation

**105 S. Fourth Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

For

**HOC Federal Com. #3
336' FNL, 149' FWL Surface Location
Sec-18, T-22S, R-24E
Eddy County NM**

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

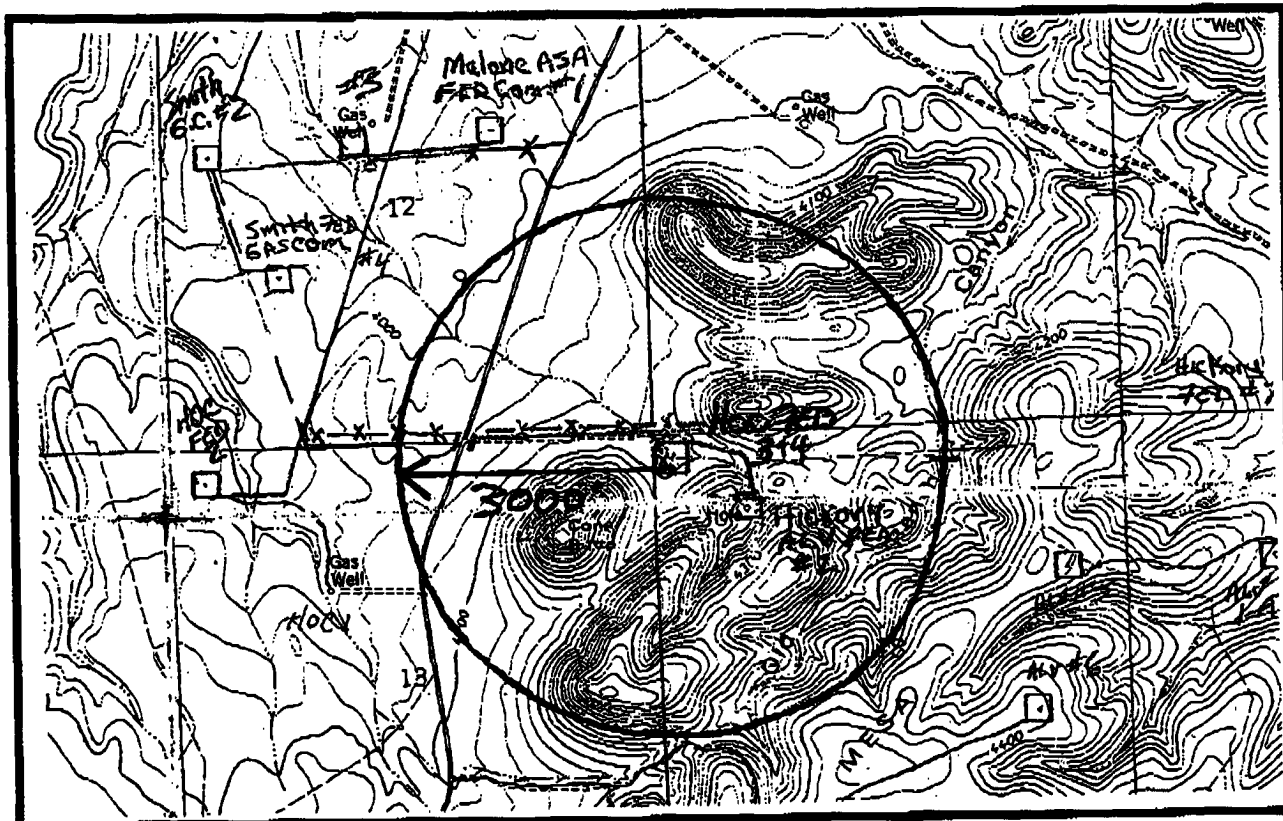
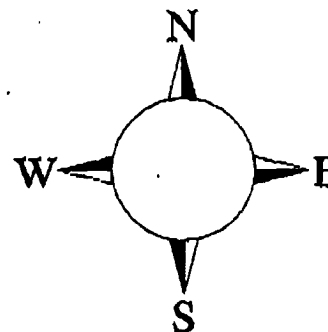
Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

HOC Federal Com. #3 Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed HOC open Area = 1000
100' open H₂S monitoring area established on basis of this plan

Yates Petroleum Corporation Phone Numbers

YPC Office (505) 748-1471
 Pinson McWhorter/Operations Manager (505) 748-4189
 Darrel Atkins/Production Manager (505) 748-4204
 Ron Beasley/Prod Superintendent (505) 748-4210
 Al Springer/Drilling (505) 748-4225
 Paul Hanes/Prod. Foreman/Roswell (505) 624-2805
 Jim Krogman/Drilling Superintendent (505) 748-4215
 Artesia Answering Service (505) 748-4302
 (During non-office hours)

Agency Call List**Eddy County (505)****Artesia**

State Police..... 746-2703
 City Police..... 746-2703
 Sheriff's Office 746-9888
 Ambulance 911
 Fire Department 746-2701
 LEPC (Local Emergency Planning Committee) 746-2122
 NMOCD..... 748-1283

Carlsbad

State Police..... 885-3137
 City Police..... 885-2111
 Sheriff's Office 887-7551
 Ambulance 911
 Fire Department 885-2111
 LEPC (Local Emergency Planning Committee)..... 887-3798
 US Bureau of Land Management..... 887-6544

New Mexico Emergency Response Commission (Santa Fe) (505)476-9600
 24 HR (505) 827-9126
 National Emergency Response Center (Washington, DC) ... (800) 424-8802

Other

Boots & Coots IWC 1-800-256-9688 or (281) 931-8884
 Cudd Pressure Control..... (915) 699-0139 or (915) 563-3356
 Halliburton (505) 746-2757
 B. J. Services..... (505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX (806) 743-9911
 Aerocare -Rr 3 Box 49f, Lubbock, TX (806) 747-8923
 Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM (505) 842-4433
 S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM (505) 842-4949

H2S Emergency Contingency Plan For Field Operation

Alert and account for all personnel on location.

- Move away from the source of the H2S and get out of the affected area. Move upwind from the well bore. Avoid inhalation of H2S.
- Don proper personal breathing equipment – 30 min. SCBA.
- Assist any personnel in distress using the ‘buddy system’
- Alert other affected personnel on location.
- Proceed to pre-designated meeting area.
- Account for all personnel on location.

Take action to control the release of the H2S. Eliminate all possible sources of ignition.

Do not re-enter the affected area without appropriate breathing equipment.

- Take all appropriate measures to shut in the H2S gas source.
- Put out all open flames in the affected area and shut down all motors.
- **Notify Supervisors.**

The YPC Supervisor that will assess the situation and assign duties to various persons to bring the situation under control. Notifications of local law enforcement agencies, residents, and emergency vehicles will be assigned by the YPC Office.

Any press inquiries are to be referred to the YPC main office at 105 S Fourth Street, Artesia NM 88210. No statement to the Public or Media will be made by anyone other than management or a spokesperson authorized by management.

If The Above Actions Cannot Be Safely Accomplished:

Alert The Public That May Be Immediately Affected.

- Down wind residences.
- Highway or street traffic that may be affected.

Contact The Appropriate Government Agency(s) (911, Sheriff, Railroad Commissions, City Police Etc.).

- State police – if on or near a state road
- Sheriff's dept. – if on or near a county road
(Requests help to evacuate the public if necessary and to help maintain roadblocks)

- Make any necessary recommendations, wind direction, affected area, etc.
- Start evacuation procedures where appropriate.
- Proceed with best plan (at the time) to regain control of the leak.
- Maintain tight security and safety procedures.

Rescue & First Aid For Victims Of Hydrogen Sulfide Poisoning

Do not panic!
Remain calm and think!

Don (put on) breathing apparatus.

Remove victim to fresh air as quickly as possible (i.e. Upwind from source or crosswind to achieve upwind). Do not run downwind.

Provide artificial respiration and/or CPR as necessary. (Use proper technique of turning your head after each breath to avoid inhaling exhaled H₂S). If victim's clothing is contaminated with fluid that contains H₂S then strip them to the waist.

Provide for prompt medical attention.

Notify the medical personnel beforehand that the victim has been poisoned by H₂S.

In addition to basic First Aid, everyone on location should have a good working knowledge of CPR.

Physical Effects of Hydrogen Sulfide

Concentrations		Physical Effects
0.001%	10 ppm	obvious, and unpleasant odor- safe for 8 hours exposure
0.005%	50 ppm	cause some flu-like symptoms and can cause pneumonia
0.01%	100 ppm	kills sense of smell in 3-15 minutes – may sting eyes and throat.
0.02%	200 ppm	kills sense of smell rapidly, severely stings eyes and throat, severe flu-like symptoms 4 or more hours may cause lung damage and/or death.
0.06%	600 ppm	unconscious quickly, death will result if not rescued promptly.

* at 15.00 psia and 60 deg F.

CAUTION:

Hydrogen Sulfide is a colorless, transparent gas and is flammable. It is heavier than air and may accumulate in low places.

Public Evacuation Plan

1. When the YPC supervisor determines the H2S or other emergency cannot be limited to the well location and the public will be involved, he will activate the evacuation plan.
2. The supervisor will notify local government agencies that a hazardous condition exists and evacuation needs to be implemented.
3. A safety person who has been trained in the use of H2S detection equipment and self-contained breathing apparatus shall monitor H2S concentrations, heat exposure, wind directions, and area of exposure. He/she will delineate the outer perimeter of the hazardous gas area. Extension to the evacuation area shall be determined from the information gathered.
4. Law enforcement shall be called to aid in setting up and maintaining roadblocks. They will also aid in evacuation of the public if necessary, but they shall not be asked to enter the hazardous zone.
5. Constant communications shall be maintained between company personnel and law enforcement safe for re-entry.
6. After the discharge of gas has been controlled, the safety person will determine when the area is safe for re-entry.

All atmospheric monitoring equipment shall have a minimum capability of reading H2S, oxygen, and flammability values.