

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
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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

September 25, 2003

9/28/2005

BUREAU OF LAND MANAGEMENT
2909 West Second Street
Roswell, NM 88201

Attention: Ms. Linda Askwig

Re: Blown Gasket AVX Federal Com. #1
660' FSL and 660' FWL
Section 21, T18S-R24E
Eddy County, NM

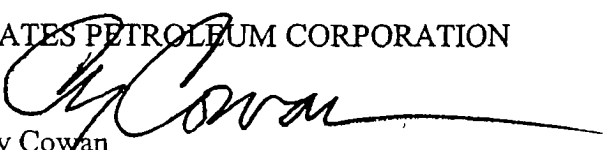
Dear Ms. Askwig:

Per your letter dated September 17, 2003, please be advised that Yates Petroleum Corporation has made a Private Surface Owner's Agreement with Mr. Darrell Brown, Manager, of the Four Dinkus Ranch to cover our operations on the ranch.

Thank you for your concern in this matter.

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent
/cyc

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, 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
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 96070		³ Pool Name Wildcat Morrow	
⁴ Property Code 33049		⁵ Property Name BLOWN GASKET AVX FEDERAL COM			⁶ Well Number 1
⁷ OGRID No. 025575		⁸ Operator Name YATES PETROLEUM CORPORATION			⁹ Elevation 3801.4'

¹⁰ Surface Location

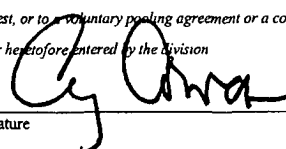
UL or lot no. M	Section 21	Township 18S	Range 24E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 660	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320 S/2	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.

¹⁶				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</i>  Signature _____ Date 9/24/07 Cy Cowan Printed Name Regulatory Agent Title	
<div style="border: 2px solid black; padding: 5px; display: inline-block;">NM-87314</div>				<div style="border: 2px solid black; padding: 5px; display: inline-block;">V-4816</div>	
<div style="border: 2px solid black; padding: 5px; display: inline-block;">660'</div>				<div style="border: 2px solid black; padding: 5px; display: inline-block;">660'</div>	
<div style="border: 2px solid black; padding: 5px; display: inline-block;">660'</div>				<div style="border: 2px solid black; padding: 5px; display: inline-block;">660'</div>	
				¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL PLAT Certificate Number	

**MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Owner MIDWEST OIL CORP.			Lease Federal "J"		Well No. 1
Letter M	Section 21	Township 18 South	Range 24 East	County Eddy	
Footage Location of Well: 660 feet from the south line and 660 feet from the west line					
Level Elev. 3801.4	Producing Formation Mississippian		Pool Wildcat	Dedicated Acreage: 20 3/4-40 Acres	

Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Carolyn Turner
Name **Carolyn Turner**

Position **Production Clerk**

Company **Midwest Oil Corporation**

Date **8-31-70**

I hereby certify that the well location shown on this plat is the same as the field notes of actual surveys made by me or under my supervision, and the same is true and correct to the best of my knowledge and belief.
RECEIVED SEP 14 1970 U.S. GEOLOGICAL SURVEY ARTESIA, NEW MEXICO

Date Surveyed
Aug. 27, 1970

Registered Professional Engineer
and/or Land Surveyor

John W. West

YATES PETROLEUM CORPORATION
BLOWN GASKET AVX FEDERAL COM. #1 (re-entry)
 660' FSL & 660' FWL
 Section 21, T18S-R24E
 Eddy County, New Mexico

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

Tubb	3176' Oil Pay	Canyon	7204' Gas Pay
Abo	3823' Oil Pay	Strawn	7805' Gas Pay
Wolfcamp	5193' Oil Pay	Morrow	8199' Gas Pay
Cisco	6377' Oil Pay	TD	9000' Gas Pay

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

Water: 200'-300'
 Oil or Gas: All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3000# BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Interval</u>	<u>Length</u>
15"	11 3/4"	48#	H-40		465'	In Place
11"	8 5/8"	24 & 32#	K-55	ST&C	2099'	In Place
7 7/8"	5 1/2"	15.5# & 17#	N-80-J55		9750'	In Place*
					8750'	

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

* Cut off at 5,291'.

per spec
12/8/07
mm

B. CEMENTING PROGRAM:

Surface casing: Cement with 450 sacks Class "C" in place. Surface.

Intermediate Casing: 800 sacks Class "C" in place. Surface.

Production Casing: 1000 sacks Class "C" or enough to bring cement up into the 8 5/8" casing. TOC 6000'.

500' see COA 1.32 yld per operator 10/21/07

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-8750'	Gelled Cut Brine	N/A	35-40	<10-15cc
KCL water in cased hole.				

9.8 ppg

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 to TD.

Logging: CNL/LDT, W/NGT TD-surface casing: W/GR-CNL TD surface casing: DLL-

MSFL TD-surface casing: BHC Sonic TD-surface casing.

Coring: None anticipated.

DST'S: As warranted.

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

Anticipated BHP:

From: 0	TO: 450'	Anticipated Max. BHP: 200 PSI
From: 450'	TO: 4000'	Anticipated Max. BHP: 2300 PSI
From: 4000'	TO: 8700'	Anticipated Max. BHP: 4000 PSI

8750' per operator 12/4/07

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 170 F

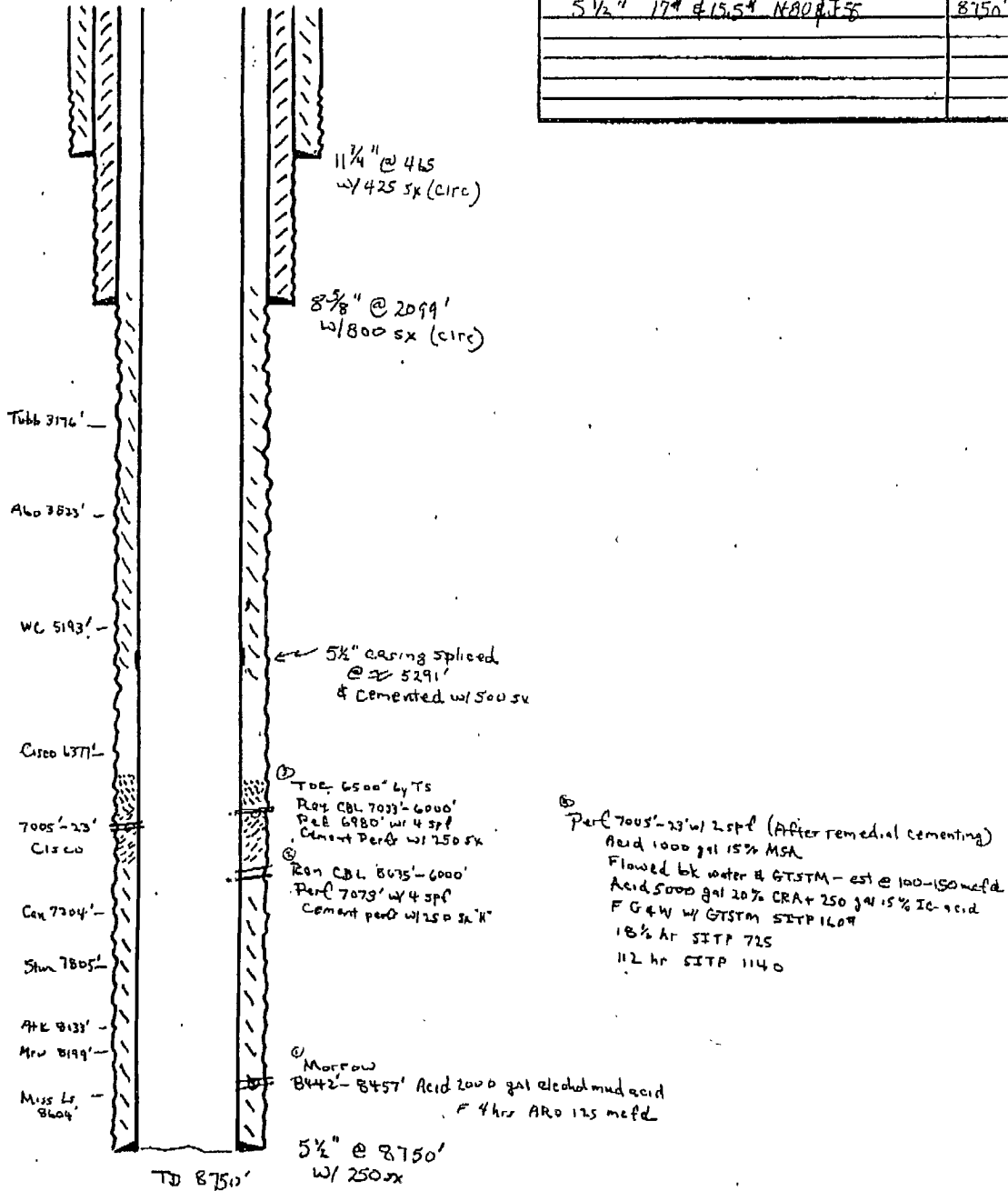
8. ANTICIPATED STARTING DATE:

Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 20 days to re-enter the well with completion taking another 7-10 days.

WELL NAME: Midwest Oil Co - Federal J #1 FIELD AREA:
 LOCATION: 660' F5 & WL Sec 21, T18S, R24E
 GL: 3801' ZERO: AGL:
 KD: ORIG. DRLG./COMPL. DATE:
 COMMENTS: Spud: 9-11-70

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
11 3/4" 42# H-40	465'
8 5/8" 32# K-55 ST&C	2099'
5 1/2" 17# 15.5# N80 J55	8750'



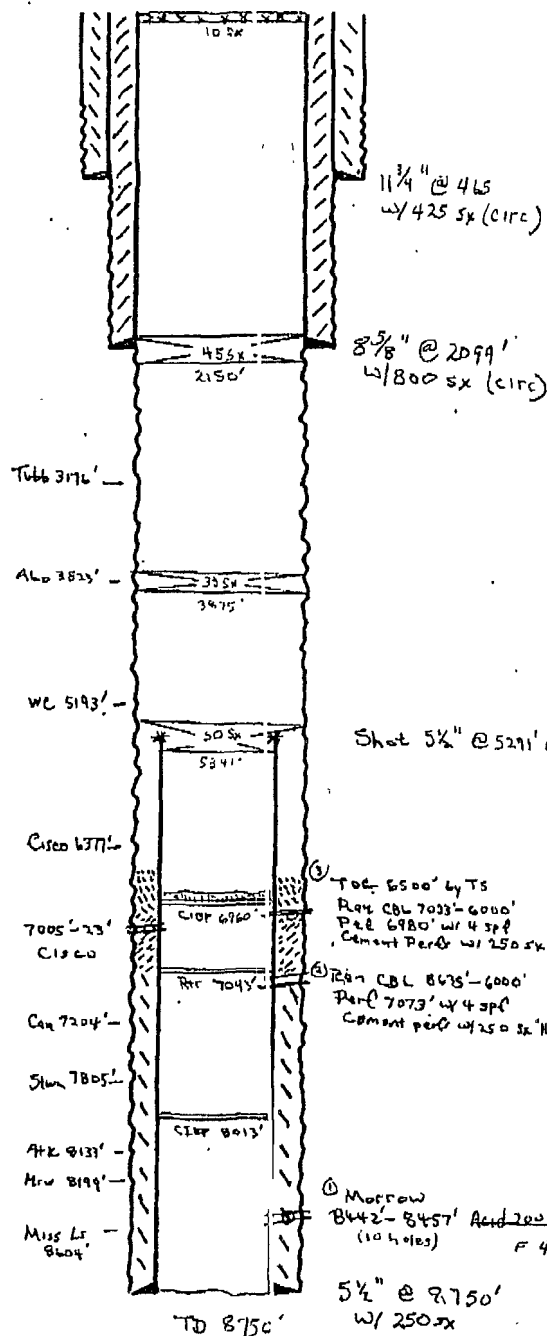
- SKETCH NOT TO SCALE -

REVISED: Reys 4/26/00

WIDW-25T Oil Cr-p
 WELL NAME: Federal J #1 FIELD AREA: _____
 LOCATION: 660' 15th & WL Sec 21, T18S, R24E
 GL: 3801' ZERO: _____' AGL: _____'
 KB: _____' ORIG. DRL: /COMPL. DATE: _____
 COMMENTS: Spud: 1-11-70
P & A: 2-9-74

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
11 3/4" 42# H-40	465'
8 5/8" 32# 9.24# K-55 ST&C	2099'
5 1/2" 17# 4.15# N-80 ST&C	8750'



P & A work done by Lea County Casing Fullers
 2/3-9/74 Starting w/ CIBP @ 6110'

④ Perf 7005'-23' w/ 2 spf (After remedial cementing)
 Acid 1000 gal 15% MSA
 Flowed bk water & GTSTM - est @ 100-150 mfd
 Acid 5000 gal 20% CRA + 250 gal 15% IC acid
 F & W w/ GTSTM SITP 1604
 18 1/2 hr SITP 725
 112 hr SITP 1140

⑤ Morrow
 B442'-8457' Acid 2000 gal alcohol mud cement. Acid 500 gal F 1083 psi x 1 3/4\" = 900 mfd + 1/2
 (110 holes) F 4 hrs ARO 1375 mfd Repair 1500 gal F 825 psi x 1 3/4\"
 1375
 CROF 1100 mfd / 72 hr 510 HP 2743 psi
 (0.32 psi/ft)

- SKETCH NOT TO SCALE -

REVISED: Ray S 4/26/00

Mr. Wesley Ingram,

On the Blow Gasket AVX Federal Com. #1, the existing 5 1/2" casing will be spliced with 5 1/2" 17# J-55 from approx. 5291' to surface. I have attached the before and after well bore sketches with this letter. Please call me if you have any questions.

Thank-you,
Jeremiah Mullen
Yates Petroleum Corporation
575-748-4378

LTC
per open
12/4/07
JML

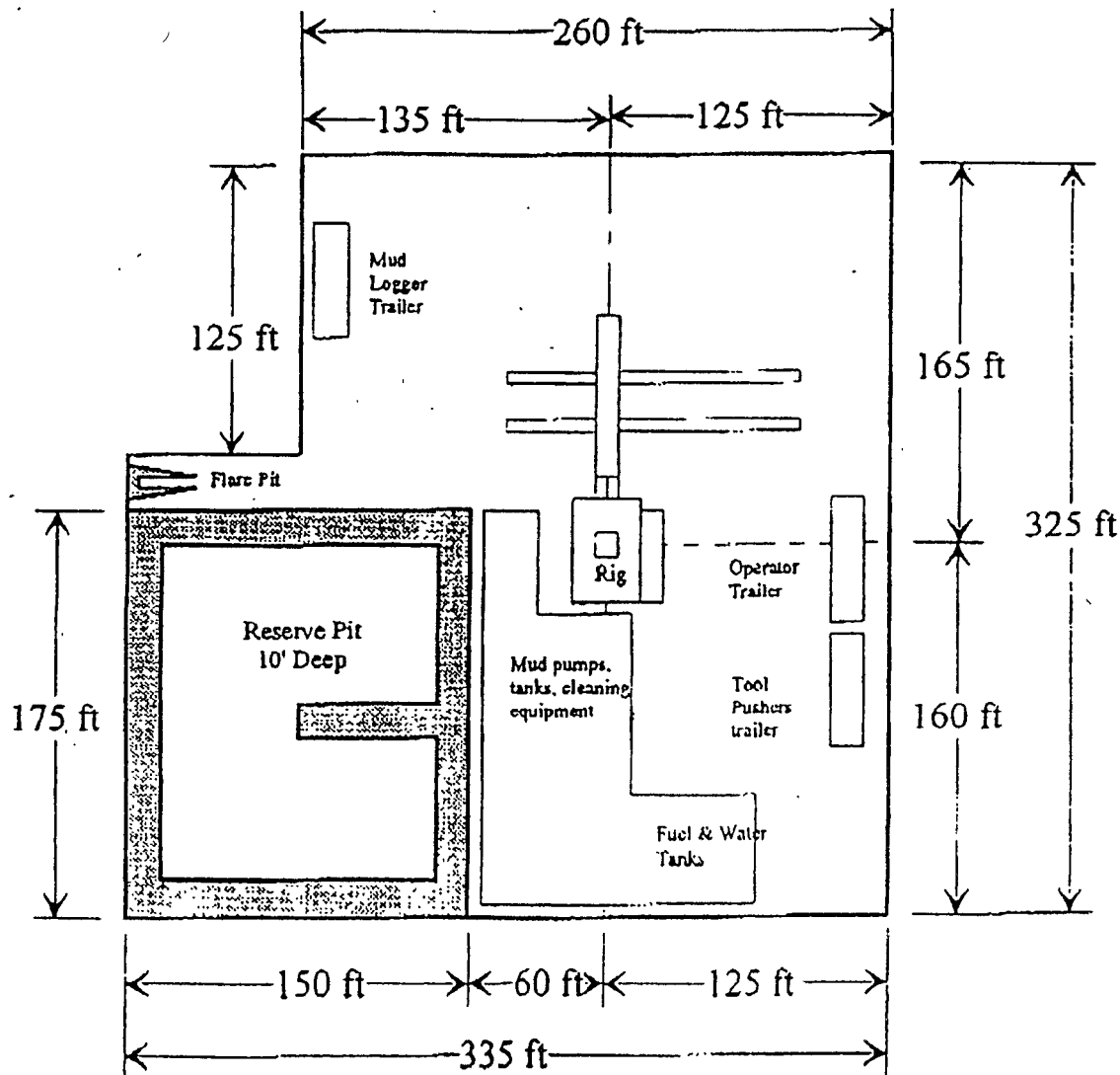
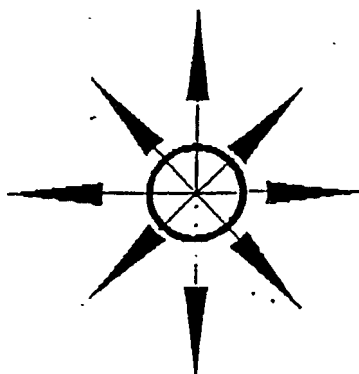
PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

See COA's



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

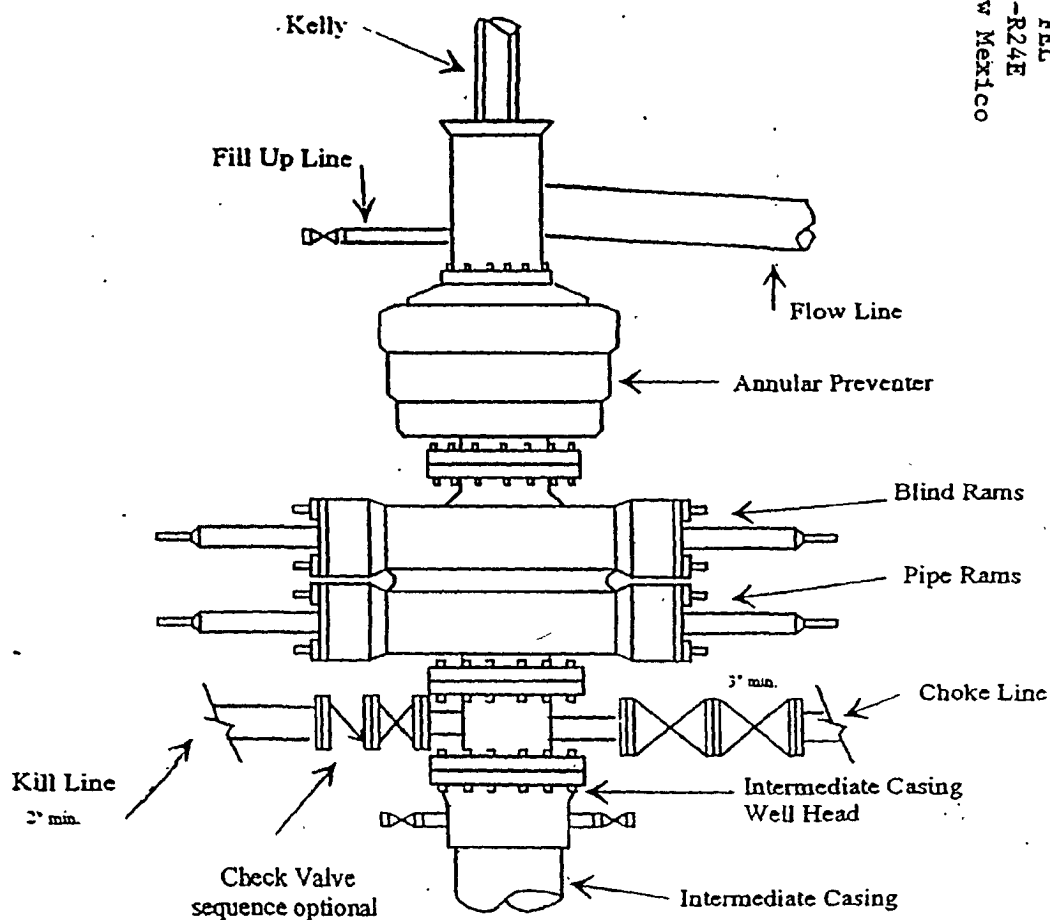
YATES PETROLEUM CORPORATION

105 South 4th Street
ARTESIA, NEW MEXICO 88210

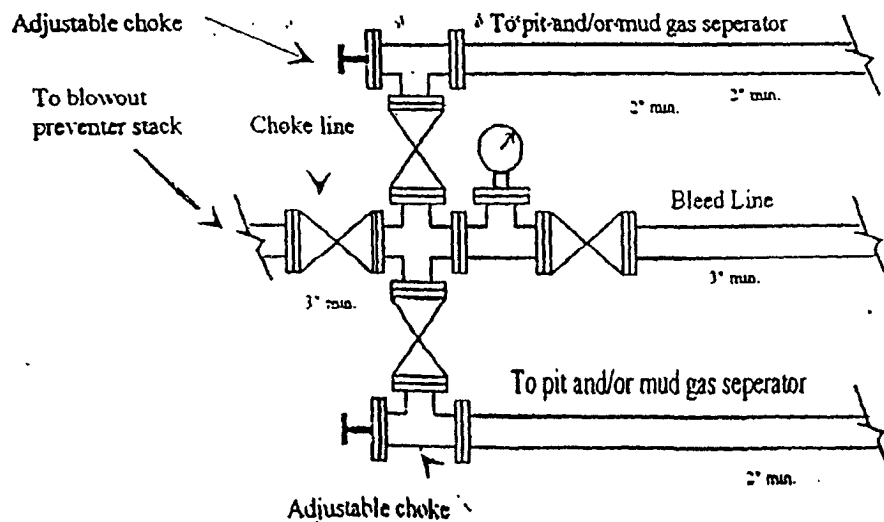
Blown Gasket AVX Fed. Com. #1
660' FSL & 660' FEL
Section 21-T14S-R24E
Eddy County, New Mexico

Yates Petroleum Corporation

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



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



MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
BLOWN GASKET AVX FEDERAL COM. #1 (re-entry)
660' FSL & 660' FWL
Section 21, T18S-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 11 miles southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia on HWY 285 for approximately 7 miles to Four Dinkus Road. (CR 39) Turn west and go approximately 5.6 miles to the Four Dinkus Ranch. From the ranch house continue west for approximately 4 miles. The road will fork, take left fork and go approximately 1 mile crossing draw and going across cattle passing windmill on left. From the windmill continue south for .9 of a mile to a cattle guard. Cross cattle guard and go approximately .6 of a mile. The existing access road starts here going north.

2. PLANNED ACCESS ROAD.

- A. The existing access is approximately 0.2 of a mile in length from the point of origin to the southwest of the drilling pad. The road will lie in a south to north direction.
- 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 fresh water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will acquire any materials from the closest source when necessary for the 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, and the access road approach.
- B. The reserve pits will be plastic lined.
- C. Existing well pad is in place and will be upgraded.

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: Four Dinkus Ranch
Artesia, New Mexico

A good faith effort to notify the private surface owner before entry was made and a good faith effort to obtain a Surface Access Agreement from the surface owner was made. A surface agreement has been made with surface owner.

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.
- C. In regard to the water pipeline going across the north side of the location I discussed The water line with Mr. Darrell Brown, Operations Manager, of the Four Dinkus Ranch and received his permission to build the location on top of the water line.

CERTIFICATION
YATES PETROLEUM CORPORATION
Blown Gasket AVX Federal Com #1 (re-entry)

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 24th day of September, 2007.

Printed Name Cy Cowan

Signature 

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

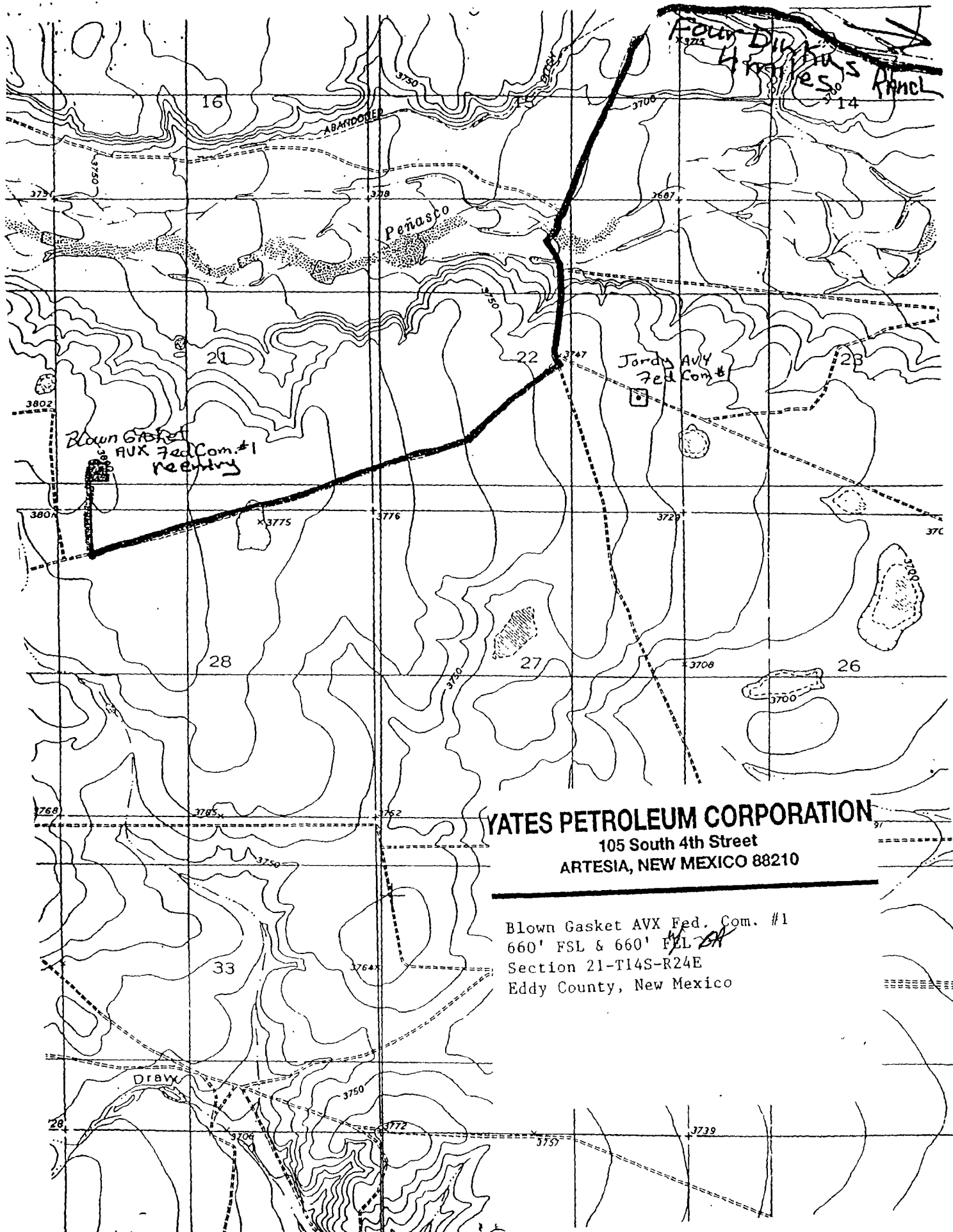
Telephone 505-748-4372

Field Representative (if not above signatory) Jim Krogman

Address (if different from above) Same

Telephone (if different from above) 505-748-4215

E-mail (optional) cy@ypcnm.com



YATES PETROLEUM CORPORATION

105 South 4th Street
ARTESIA, NEW MEXICO 88210

Blown Gasket AVX Fed. Com. #1
660' FSL & 660' FEL
Section 21-T14S-R24E
Eddy County, New Mexico

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts to the BLM.**
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. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

1. The 11-3/4 inch surface casing **exists and is set at 465' and cemented to surface.**
2. The 8-5/8 inch intermediate casing **exists and is set at 2099' and cemented to surface.**

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i due to open hole.

3. The 5-1/2-inch production casing **exists from approximately 5291' to 8750' and cemented to 6500' based on temperature survey.**

4. The minimum required fill of cement behind the tie back 5-1/2 inch production casing is:

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **CIT to be performed on 5-1/2" casing prior to drilling out CIBP at 6960'.**

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

Engineer on call phone (after hours): Carlsbad: (575) 706-2779

WWI 120407