

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

0164  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

DEC 29 2003

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

APPLICATION FOR PERMIT TO DRILL OR REENTER ~~OLD~~-ARTESIA

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM-100817 9187</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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator <b>Yates Petroleum Corporation</b>		7. If Unit or CA Agreement, Name and No.	
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		8. Lease Name and Well No. <b>Box Canyon Unit #5</b>	
3b. Phone No. (include area code) <b>(505) 748-1471</b>		9. API Well No. <b>30-015-33155</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>1800' FSL and 800' FEL</b> At proposed prod. Zone <b>Same</b>		10. Field and Pool, or Exploratory <b>Wildcat Chester</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately 45 miles southwest of Artesia, New Mexico.</b>		11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 24, T21S-R21E</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>800'</b>		12. County or Parish <b>Eddy County</b>	
16. No. of Acres in lease <b>320</b>		13. State <b>NM</b>	
17. Spacing Unit dedicated to this well <b>S1/2 N1/2 (JL)</b>		18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. <b>1 mile</b>	
19. Proposed Depth <b>8550'</b>		20. BLM/BIA Bond No. on file <b>585997</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>4506'</b>		22. Approximate date work will start* <b>ASAP</b>	
23. Estimated duration <b>45 days</b>		24. Attachments <b>ROSWELL CONTROLLED WATER BASIN</b>	

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 <i>[Signature]</i>	Name (Printed/Typed) <b>Cy Cowan</b>	Date <b>11/14/03</b>
Regulatory Agent		
Approved by (Signature) <b>/s/ Joe G. Lara</b>		
Name (Printed/Typed) <b>/s/ Joe G. Lara</b>		
Date <b>23 DEC 2003</b>		
Title <b>ACTING FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</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.

**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)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

DISTRICT I  
1635 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 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	Pool Name Chester
Property Code	Property Name BOX CANYON UNIT	Well Number 5
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4506

Surface Location

UL or lot No. H	Section 24	Township 21S	Range 21E	Lot Idn	Feet from the 1800	North/South line NORTH	Feet from the 800	East/West line EAST	County 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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

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

WM-100817			
			1800' 4517 4510 800' 4514 4515 N.32°27'57.7" W.104°45'05.9"

**OPERATOR CERTIFICATION**

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

*Cy Cowan*  
Signature  
Cy Cowan  
Printed Name  
Regulatory Agent  
Title  
November 18, 2003  
Date

**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.

11/05/2003  
Date Surveyed

*[Signature]*  
Signature and Seal of Professional Surveyor  
HERSCHEL M. JONES  
3640  
Certified M. Herschel Jones RLS 3640  
BOX CANYON UNIT  
PROFESSIONAL SURVEYING COMPANY

0 330' 660' 990' 1650' 1980' 2310' 2640' 2970' 3300' 3630' 3960' 4290' 4620' 4950' 5280' 5610' 5940' 6270' 6600' 6930' 7260' 7590' 7920' 8250' 8580' 8910' 9240' 9570' 9900' 10230' 10560' 10890' 11220' 11550' 11880' 12210' 12540' 12870' 13200' 13530' 13860' 14190' 14520' 14850' 15180' 15510' 15840' 16170' 16500' 16830' 17160' 17490' 17820' 18150' 18480' 18810' 19140' 19470' 19800' 20130' 20460' 20790' 21120' 21450' 21780' 22110' 22440' 22770' 23100' 23430' 23760' 24090' 24420' 24750' 25080' 25410' 25740' 26070' 26400' 26730' 27060' 27390' 27720' 28050' 28380' 28710' 29040' 29370' 29700' 30030' 30360' 30690' 31020' 31350' 31680' 32010' 32340' 32670' 33000' 33330' 33660' 33990' 34320' 34650' 34980' 35310' 35640' 35970' 36300' 36630' 36960' 37290' 37620' 37950' 38280' 38610' 38940' 39270' 39600' 39930' 40260' 40590' 40920' 41250' 41580' 41910' 42240' 42570' 42900' 43230' 43560' 43890' 44220' 44550' 44880' 45210' 45540' 45870' 46200' 46530' 46860' 47190' 47520' 47850' 48180' 48510' 48840' 49170' 49500' 49830' 50160' 50490' 50820' 51150' 51480' 51810' 52140' 52470' 52800' 53130' 53460' 53790' 54120' 54450' 54780' 55110' 55440' 55770' 56100' 56430' 56760' 57090' 57420' 57750' 58080' 58410' 58740' 59070' 59400' 59730' 60060' 60390' 60720' 61050' 61380' 61710' 62040' 62370' 62700' 63030' 63360' 63690' 64020' 64350' 64680' 65010' 65340' 65670' 66000' 66330' 66660' 66990' 67320' 67650' 67980' 68310' 68640' 68970' 69300' 69630' 69960' 70290' 70620' 70950' 71280' 71610' 71940' 72270' 72600' 72930' 73260' 73590' 73920' 74250' 74580' 74910' 75240' 75570' 75900' 76230' 76560' 76890' 77220' 77550' 77880' 78210' 78540' 78870' 79200' 79530' 79860' 80190' 80520' 80850' 81180' 81510' 81840' 82170' 82500' 82830' 83160' 83490' 83820' 84150' 84480' 84810' 85140' 85470' 85800' 86130' 86460' 86790' 87120' 87450' 87780' 88110' 88440' 88770' 89100' 89430' 89760' 90090' 90420' 90750' 91080' 91410' 91740' 92070' 92400' 92730' 93060' 93390' 93720' 94050' 94380' 94710' 95040' 95370' 95700' 96030' 96360' 96690' 97020' 97350' 97680' 98010' 98340' 98670' 99000' 99330' 99660' 99990' 100320' 100650' 100980' 101310' 101640' 101970' 102300' 102630' 102960' 103290' 103620' 103950' 104280' 104610' 104940' 105270' 105600' 105930' 106260' 106590' 106920' 107250' 107580' 107910' 108240' 108570' 108900' 109230' 109560' 109890' 110220' 110550' 110880' 111210' 111540' 111870' 112200' 112530' 112860' 113190' 113520' 113850' 114180' 114510' 114840' 115170' 115500' 115830' 116160' 116490' 116820' 117150' 117480' 117810' 118140' 118470' 118800' 119130' 119460' 119790' 120120' 120450' 120780' 121110' 121440' 121770' 122100' 122430' 122760' 123090' 123420' 123750' 124080' 124410' 124740' 125070' 125400' 125730' 126060' 126390' 126720' 127050' 127380' 127710' 128040' 128370' 128700' 129030' 129360' 129690' 130020' 130350' 130680' 131010' 131340' 131670' 132000' 132330' 132660' 132990' 133320' 133650' 133980' 134310' 134640' 134970' 135300' 135630' 135960' 136290' 136620' 136950' 137280' 137610' 137940' 138270' 138600' 138930' 139260' 139590' 139920' 140250' 140580' 140910' 141240' 141570' 141900' 142230' 142560' 142890' 143220' 143550' 143880' 144210' 144540' 144870' 145200' 145530' 145860' 146190' 146520' 146850' 147180' 147510' 147840' 148170' 148500' 148830' 149160' 149490' 149820' 150150' 150480' 150810' 151140' 151470' 151800' 152130' 152460' 152790' 153120' 153450' 153780' 154110' 154440' 154770' 155100' 155430' 155760' 156090' 156420' 156750' 157080' 157410' 157740' 158070' 158400' 158730' 159060' 159390' 159720' 160050' 160380' 160710' 161040' 161370' 161700' 162030' 162360' 162690' 163020' 163350' 163680' 164010' 164340' 164670' 165000' 165330' 165660' 165990' 166320' 166650' 166980' 167310' 167640' 167970' 168300' 168630' 168960' 169290' 169620' 169950' 170280' 170610' 170940' 171270' 171600' 171930' 172260' 172590' 172920' 173250' 173580' 173910' 174240' 174570' 174900' 175230' 175560' 175890' 176220' 176550' 176880' 177210' 177540' 177870' 178200' 178530' 178860' 179190' 179520' 179850' 180180' 180510' 180840' 181170' 181500' 181830' 182160' 182490' 182820' 183150' 183480' 183810' 184140' 184470' 184800' 185130' 185460' 185790' 186120' 186450' 186780' 187110' 187440' 187770' 188100' 188430' 188760' 189090' 189420' 189750' 190080' 190410' 190740' 191070' 191400' 191730' 192060' 192390' 192720' 193050' 193380' 193710' 194040' 194370' 194700' 195030' 195360' 195690' 196020' 196350' 196680' 197010' 197340' 197670' 198000' 198330' 198660' 198990' 199320' 199650' 199980' 200310' 200640' 200970' 201300' 201630' 201960' 202290' 202620' 202950' 203280' 203610' 203940' 204270' 204600' 204930' 205260' 205590' 205920' 206250' 206580' 206910' 207240' 207570' 207900' 208230' 208560' 208890' 209220' 209550' 209880' 210210' 210540' 210870' 211200' 211530' 211860' 212190' 212520' 212850' 213180' 213510' 213840' 214170' 214500' 214830' 215160' 215490' 215820' 216150' 216480' 216810' 217140' 217470' 217800' 218130' 218460' 218790' 219120' 219450' 219780' 220110' 220440' 220770' 221100' 221430' 221760' 222090' 222420' 222750' 223080' 223410' 223740' 224070' 224400' 224730' 225060' 225390' 225720' 226050' 226380' 226710' 227040' 227370' 227700' 228030' 228360' 228690' 229020' 229350' 229680' 230010' 230340' 230670' 231000' 231330' 231660' 231990' 232320' 232650' 232980' 233310' 233640' 233970' 234300' 234630' 234960' 235290' 235620' 235950' 236280' 236610' 236940' 237270' 237600' 237930' 238260' 238590' 238920' 239250' 239580' 239910' 240240' 240570' 240900' 241230' 241560' 241890' 242220' 242550' 242880' 243210' 243540' 243870' 244200' 244530' 244860' 245190' 245520' 245850' 246180' 246510' 246840' 247170' 247500' 247830' 248160' 248490' 248820' 249150' 249480' 249810' 250140' 250470' 250800' 251130' 251460' 251790' 252120' 252450' 252780' 253110' 253440' 253770' 254100' 254430' 254760' 255090' 255420' 255750' 256080' 256410' 256740' 257070' 257400' 257730' 258060' 258390' 258720' 259050' 259380' 259710' 260040' 260370' 260700' 261030' 261360' 261690' 262020' 262350' 262680' 263010' 263340' 263670' 264000' 264330' 264660' 264990' 265320' 265650' 265980' 266310' 266640' 266970' 267300' 267630' 267960' 268290' 268620' 268950' 269280' 269610' 269940' 270270' 270600' 270930' 271260' 271590' 271920' 272250' 272580' 272910' 273240' 273570' 273900' 274230' 274560' 274890' 275220' 275550' 275880' 276210' 276540' 276870' 277200' 277530' 277860' 278190' 278520' 278850' 279180' 279510' 279840' 280170' 280500' 280830' 281160' 281490' 281820' 282150' 282480' 282810' 283140' 283470' 283800' 284130' 284460' 284790' 285120' 285450' 285780' 286110' 286440' 286770' 287100' 287430' 287760' 288090' 288420' 288750' 289080' 289410' 289740' 290070' 290400' 290730' 291060' 291390' 291720' 292050' 292380' 292710' 293040' 293370' 293700' 294030' 294360' 294690' 295020' 295350' 295680' 296010' 296340' 296670' 297000' 297330' 297660' 297990' 298320' 298650' 298980' 299310' 299640' 299970' 300300' 300630' 300960' 301290' 301620' 301950' 302280' 302610' 302940' 303270' 303600' 303930' 304260' 304590' 304920' 305250' 305580' 305910' 306240' 306570' 306900' 307230' 307560' 307890' 308220' 308550' 308880' 309210' 309540' 309870' 310200' 310530' 310860' 311190' 311520' 311850' 312180' 312510' 312840' 313170' 313500' 313830' 314160' 314490' 314820' 315150' 315480' 315810' 316140' 316470' 316800' 317130' 317460' 317790' 318120' 318450' 318780' 319110' 319440' 319770' 320100' 320430' 320760' 321090' 321420' 321750' 322080' 322410' 322740' 323070' 323400' 323730' 324060' 324390' 324720' 325050' 325380' 325710' 326040' 326370' 326700' 327030' 327360' 327690' 328020' 328350' 328680' 329010' 329340' 329670' 330000' 330330' 330660' 330990' 331320' 331650' 331980' 332310' 332640' 332970' 333300' 333630' 333960' 334290' 334620' 334950' 335280' 335610' 335940' 336270' 336600' 336930' 337260' 337590' 337920' 338250' 338580' 338910' 339240' 339570' 339900' 340230' 340560' 340890' 341220' 341550' 341880' 342210' 342540' 342870' 343200' 343530' 343860' 344190' 344520' 344850' 345180' 345510' 345840' 346170' 346500' 346830' 347160' 347490' 347820' 348150' 348480' 348810' 349140' 349470' 349800' 350130' 350460' 350790' 351120' 351450' 351780' 352110' 352440' 352770' 353100' 353430' 353760' 354090' 354420' 354750' 355080' 355410' 355740' 356070' 356400' 356730' 357060' 357390' 357720' 358050' 358380' 358710' 359040' 359370' 359700' 360030' 360360' 360690' 361020' 361350' 361680' 362010' 362340' 362670' 363000' 363330' 363660' 363990' 364320' 364650' 364980' 365310' 365640' 365970' 366300' 366630' 366960' 367290' 367620' 367950' 368280' 368610' 368940' 369270' 369600' 369930' 370260' 370590' 370920' 371250' 371580' 371910' 372240' 372570' 372900' 373230' 373560' 373890' 374220' 374550' 374880' 375210' 375540' 375870' 376200' 376530' 376860' 377190' 377520' 377850' 378180' 378510' 378840' 379170' 379500' 379830' 380160' 380490' 380820' 381150' 381480' 381810' 382140' 382470' 382800' 383130' 383460' 383790' 384120' 384450' 384780' 385110' 385440' 385770' 386100' 386430' 386760' 387090' 387420' 387750' 388080' 388410' 388740' 389070' 389400' 389730' 390060' 390390' 390720' 391050' 391380' 391710' 392040' 392370' 392700' 393030' 393360' 393690' 394020' 394350' 394680' 395010' 395340' 395670' 396000' 396330' 396660' 396990' 397320' 397650' 397980' 398310' 398640' 398970' 399300' 399630' 399960' 400290' 400620' 400950' 401280' 401610' 401940' 402270' 402600' 402930' 403260' 403590' 403920' 404250' 404580' 404910' 405240' 405570' 405900' 406230' 406560' 406890' 407220' 407550' 407880' 408210' 408540' 408870' 409200' 409530' 409860' 410190' 410520' 410850' 411180' 411510' 411840' 412170' 412500' 412830' 413160' 413490' 413820' 414150' 414480' 414810' 415140' 415470' 415800' 416130' 416460' 416790' 417120' 417450' 417780' 418110' 418440' 418770' 419100' 419430' 419760' 420090' 420420' 420750' 421080' 421410' 421740' 422070' 422400' 422730' 423060' 423390' 423720' 424050' 424380' 424710' 425040' 425370' 425700' 426030' 426360' 426690' 427020' 427350' 427680' 428010' 428340' 428670' 429000' 429330' 429660' 429990' 430320' 430650' 430980' 431310' 431640' 431970' 432300' 432630' 432960' 433290' 433620' 433950' 434280' 434610' 434940' 435270' 435600' 435930' 436260' 436590' 436920' 437250' 437580' 437910' 438240' 438570' 438900' 439230' 439560' 439890' 440220' 440550' 440880' 441210' 441540' 441870' 442200' 442530' 442860' 443190' 443520' 443850' 444180' 444510' 444840' 445170' 445500' 445830' 446160' 446490' 446820' 447150' 447480' 447810' 448140' 448470' 448800' 449130' 449460' 449790' 450120' 450450' 450780' 451110' 451440' 451770' 452100' 452430' 452760' 453090' 453420' 453750' 454080' 454410' 454740' 455070' 455400' 455730' 456060' 456390' 456720' 457050' 457380' 457710' 458040' 458370' 458700'

# YATES PETROLEUM CORPORATION

Box Canyon Unit #5  
1800' FNL and 800' FEL  
Section 24-T21S-R21E  
Eddy County, New Mexico

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

San Andres	631'	Morrow Clastics	8051'
Glorieta	2085'	Middle Morrow	8119'
Upper Yeso	2165'	Lower Morrow	8192'
Tubb	2914'	Base of Morrow	8283'
Lower Yeso	3080'	Chester Sand	8339'
Abo	3506'	Chester Lime	8459'
Wolfcamp	4751'	TD	8550'
Cisco	5940'		
Strawn	7299'		
Atoka	7808'		

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

Water: 250'-350'  
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: (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>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-400'	400'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-2100'	2100'
8 3/4"	5 1/2"	17#	J-55	LT&C	0-100'	100'
8 3/4"	5 1/2"	15.5#	J-55	LT&C	100'-6700'	6600'
8 3/4"	5 1/2"	17#	J-55	LT&C	6700'-8400'	1700'
8 3/4"	5 1/2"	17#	L-80	LT&C	8400'-8550'	1150'

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 1000# 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, Joint Strength 1.8

B. CEMENTING PROGRAM:

Surface casing: 200 sx Class C + 2% CaCL<sub>2</sub> (YLD 1.64 WT 13.0).

Intermediate Casing: 550 sx Filter Lite (YLD 2.5 WT 12.5). Tail in w/ 200 sx Class C (YLD 1.32 Wt. 14.8).

Production Casing: TOC=1600', 700 sx Lite (YLD 2.0 Wt. 12.4) tail in with 1300 sx Super C (YLD 13 Wt 1.67).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-400'	Freshwater Air Mist	8.4	28	N/C
400'-2100'	Freshwater Air Mist	8.4	28	N/C
2100'-7750'	Cut Brine/6% KCL @ 3500'	9.2-9.6	28	N/C
7750'-TD	Salt Gel/Starch	9.5-9.9	32-38	<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 intermediate casing.

Logging: Platform Express/HALS, possible FMI.

Coring: Possible rotary sidewall cores.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 400'	Anticipated Max. BHP: 175	PSI
From: 400'	TO: 2100'	Anticipated Max. BHP: 925	PSI
From: 2100'	TO: 8550'	Anticipated Max. BHP: 4400	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

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

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.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
YATES PETROLEUM CORPORATION**

Box Canyon Unit #5  
1800' FNL and 800' FEL  
Section 24, T21S-R21E  
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 45 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 of Highway 285 for approximately 19 miles to Seven Rivers. Turn West on White Pine Road and go to the Marathon Plant Road. CR 401. Turn west on 401 and go 8 miles to CR 400 (old Car Body here) turn right on CR 400 and go approx. 6.5 miles. Just past a two track going to a cattle water the new road will start here going northeast and will connect with the existing two track road that will need to be upgraded. Total length for the access road from CR 400 to the southwest corner of the proposed well location will be approximately 1.1 miles.

**2. PLANNED ACCESS ROAD:**

- A. The new access will be approximately 1.1 miles in length from point of origin to the southwest corner of the drilling pad. The road will lie in a southeast to northwest direction. See attached map.
- 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. Some traffic turnouts will 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:

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

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill. Burial on site is not approved.

8. ANCILLARY FACILITIES:

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 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 after they have evaporated and dried.

11. SURFACE OWNERSHIP: Federal Surface, Administered by 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

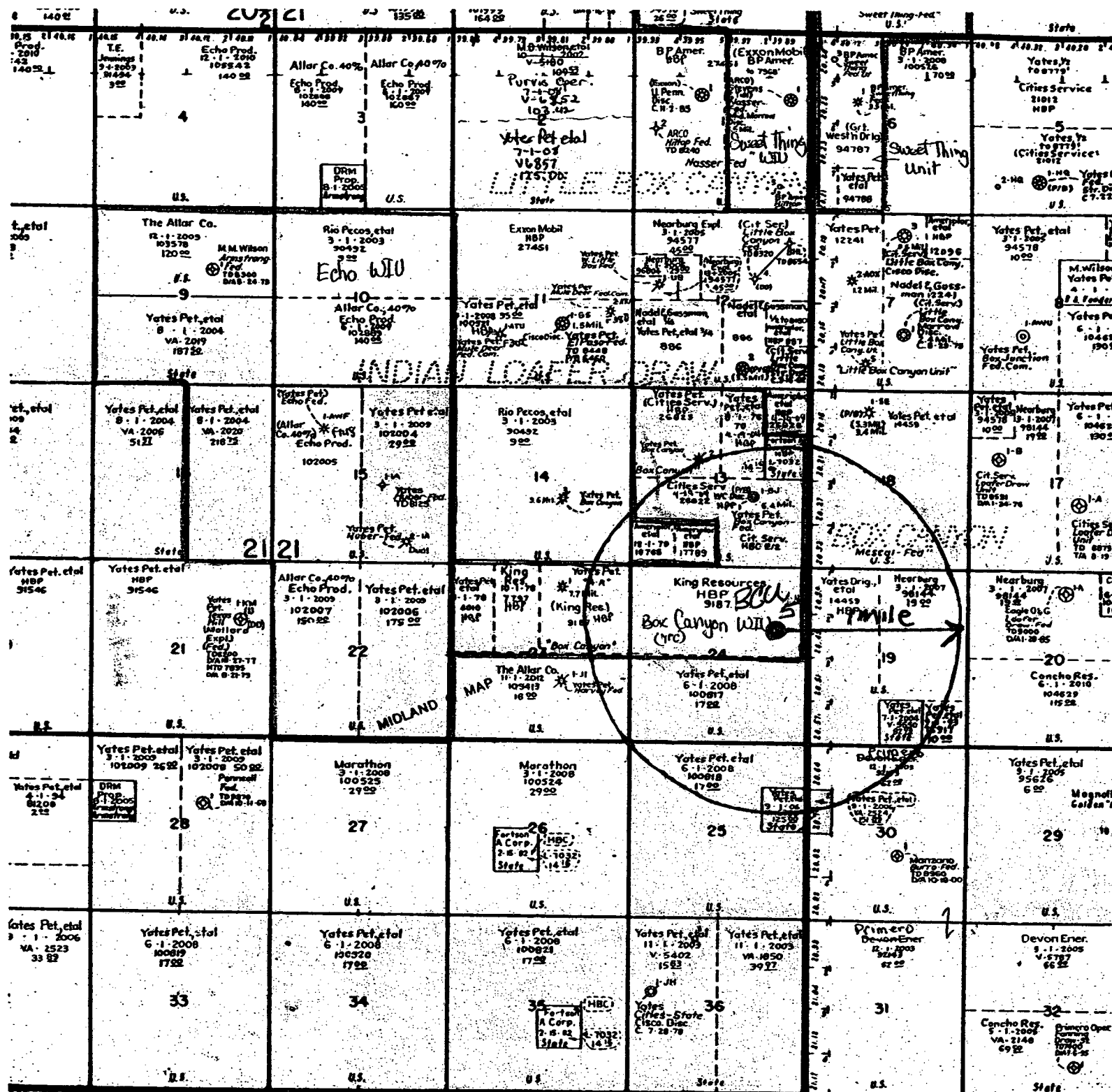
B. Through Drilling Operations,  
Completions and Production:  
Pinson McWhorter,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

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.

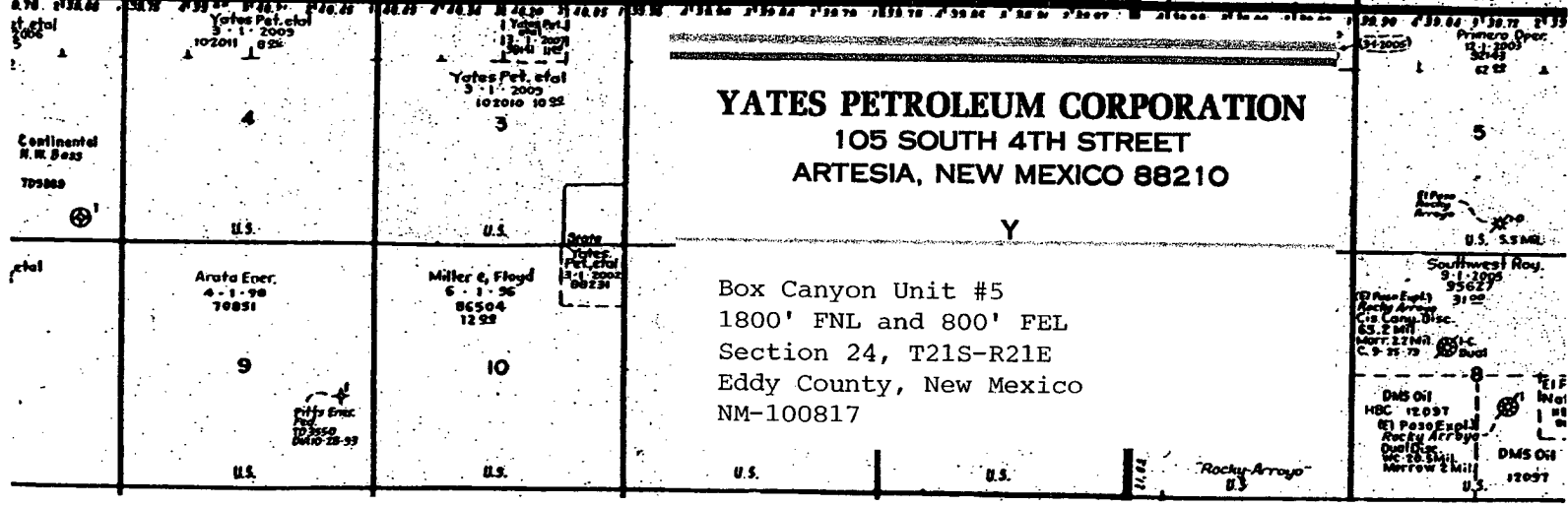
11/14/03

  
Regulatory Agent



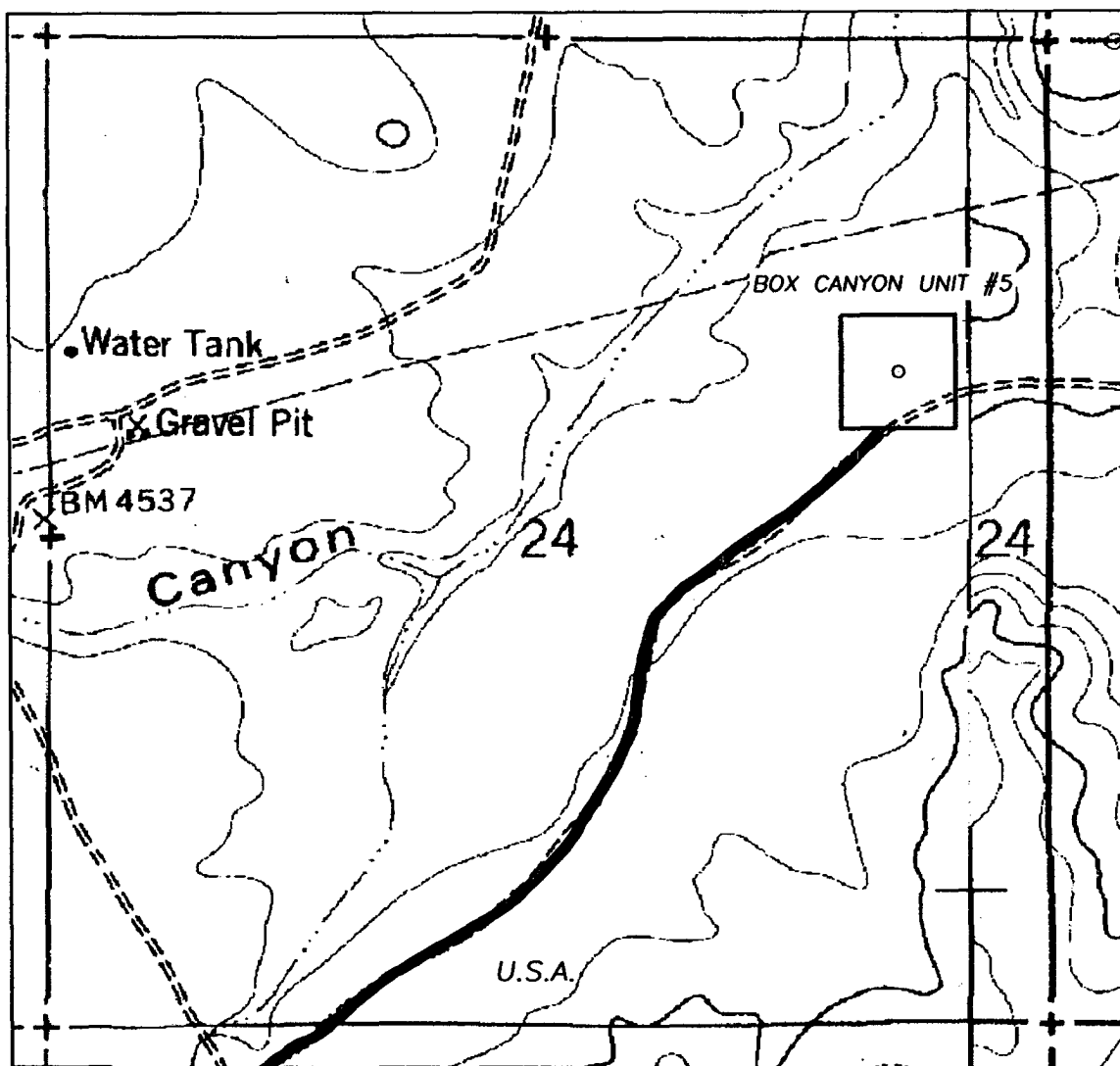
**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 88210

Box Canyon Unit #5  
1800' FNL and 800' FEL  
Section 24, T21S-R21E  
Eddy County, New Mexico  
NM-100817



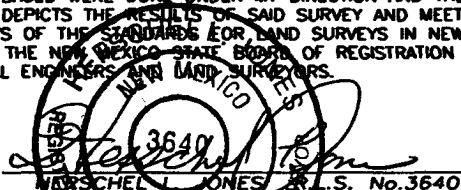


SECTION 24, TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



1000' 0 1000' 2000'  
Scale 1" = 1000'

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.



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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES BOX CANYON UNIT #5  
WELL, LOCATED IN SECTION 24, TOWNSHIP 21 SOUTH,  
RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 11/05/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.D. Number
Date: 11/09/03	Scale 1" = 1000' BOX CANYON

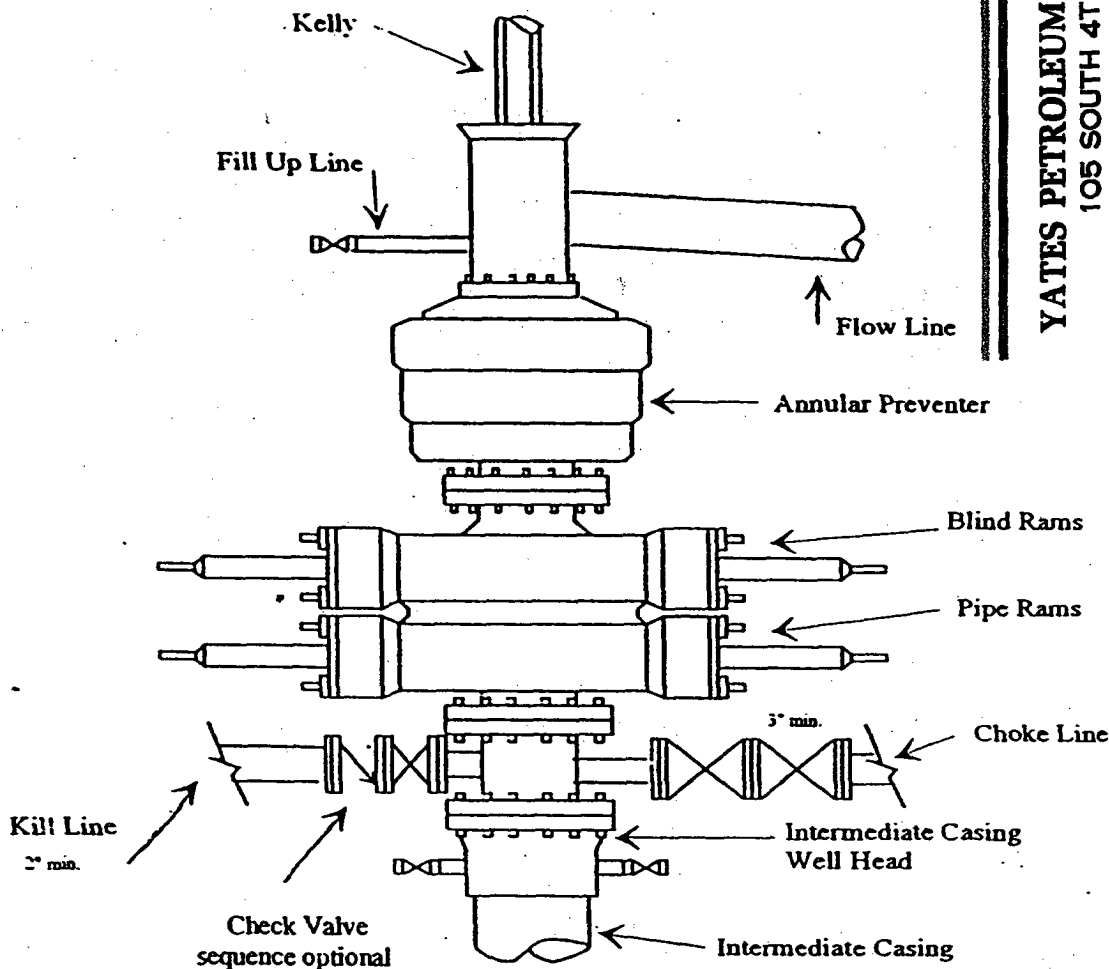


# Yates Petroleum Corporation

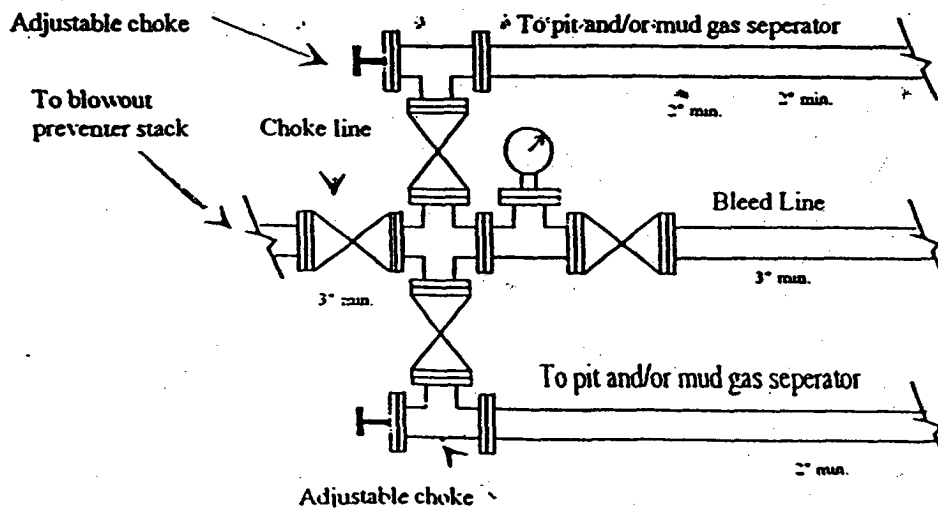
Typical 3,000 psi Pressure System  
Schematic  
Annular with Double Ram Preventer Stack

**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 88210

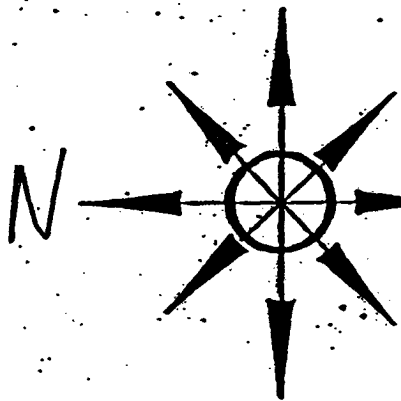
Box Canyon Unit #5  
1800' FNL and 800' FEL  
Section 24, T21S-R21E  
Eddy County, New Mexico  
NM-100017



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

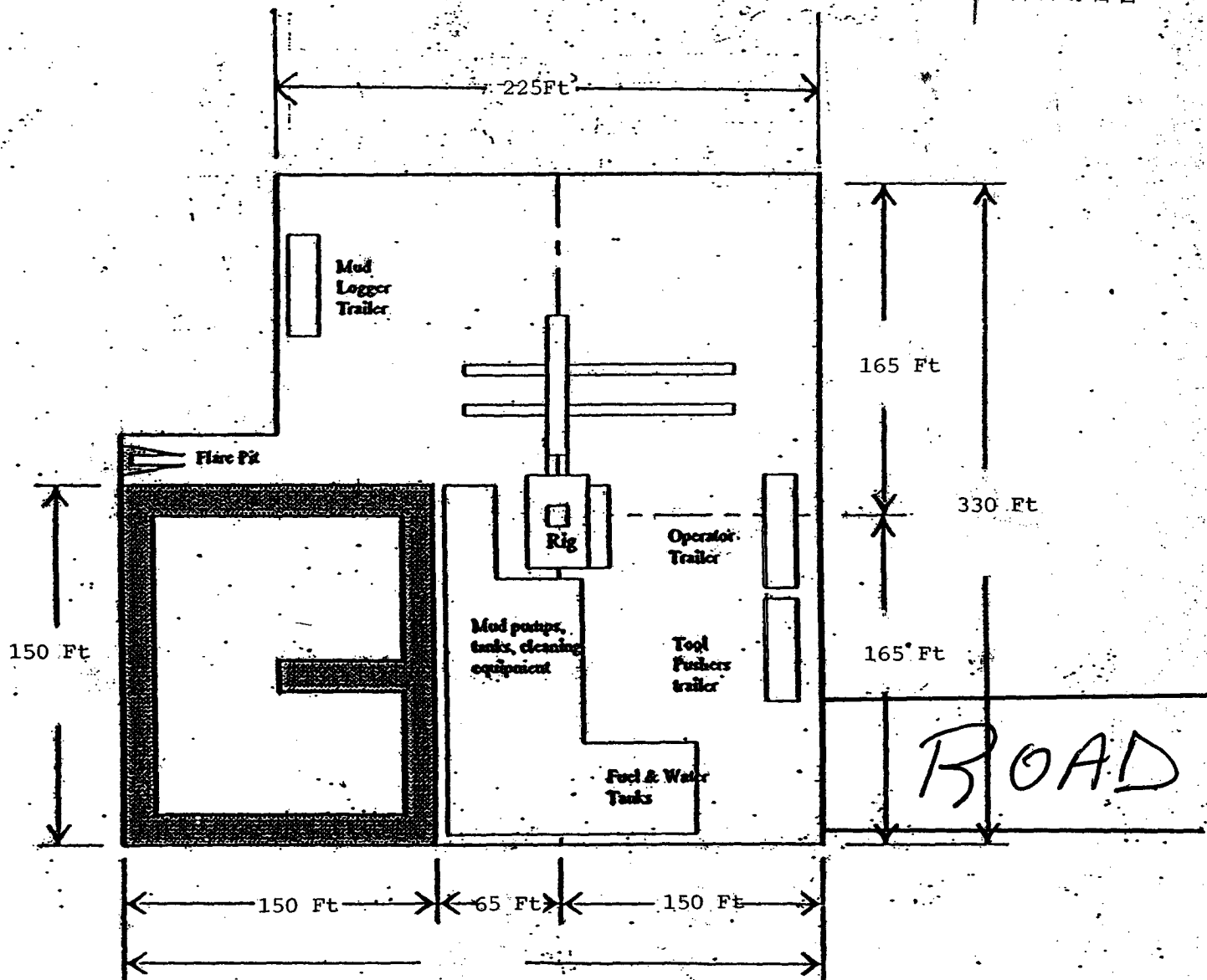


**Yates Petroleum Corporation**  
**Location Layout for Permian Basin**  
**Up to 12,000'**



*Pits North*

Box Canyon Unit #5  
 1800' FNL and 800' FEL  
 Section 24, T21S-R21E  
 Eddy County, New Mexico  
 NM-100817



Distance from Well  
 Head to Reserve Pit  
 will vary between rigs

The above dimension  
 should be a maximum

