

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

OCT 28 1999



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

October 26, 1999

Energy, Minerals and Natural Resources
Department Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Malone "ASA" Federal #2
Township 22 South, Range 23 East
Section 12: E/2
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation, as operator did file an application for permit to drill the referenced well at a location of 810' FNL and 660' FEL of Section 12, T22S-R23E, Eddy County, New Mexico. This well was to be drilled to a proposed depth of 8100' to test the Indian Basin Upper Penn Formation. The Bureau of Land Management would not approve this location due to visual (Scenic By-way) and therefore the location was changed to 660' FNL and 1310' FEL of Section 12, T22S-R23E.

The new location is non-standard by virtue of it being closer than 330 feet to the quarter - quarter section boundary between NE/4NE/4 and NW/4NE/4 of said section 12.

It would be appreciated if you would please approve this non-standard well location so that this test well can be drilled and produced from the Indian Basin Upper Penn Formation, at a location of 660' FNL and 1310' FEL of Section 12, T22S-R23E, Eddy County, New Mexico.

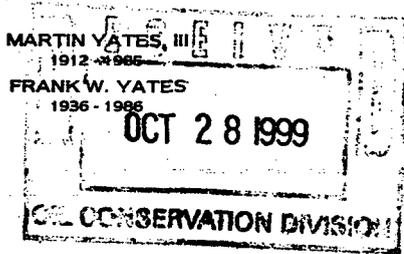
Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink that reads 'Douglas W. Hurlbut'.

Douglas W. Hurlbut
Landman

DWH/dc



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

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Very truly yours,

YATES PETROLEUM CORPORATION

Douglas W. Hurlbut
Landman

DWH/dc

N. M. Oil Cons. Division

Form 3160-3 (July 1992)

811 S. 1ST ST. ARTESIA, NM 88210-2824 SUBMIT IN TRIPLICATE (Place instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN []
b. TYPE OF WELL OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE []
2. NAME OF OPERATOR YATES PETROLEUM CORPORATION 25575
3. ADDRESS AND TELEPHONE NO. 105 South Fourth Street, Artesia, New Mexico 88210 (505) 748-1471
4. LOCATION OF WELL (Report location clearly and in accordance with State requirements) At surface 660' FNL and 660' FEL At proposed prod. zone 1310 Same
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 660'
16. NO. OF ACRES IN LEASE 320
17. NO. OF ACRES ASSIGNED TO THIS WELL 320
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
19. PROPOSED DEPTH 8100'
20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3963' GR
22. APPROX. DATE WORK WILL START* ASAP

5. LEASE DESIGNATION AND SERIAL NO. NM-0399448
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME 24910
8. FARM OR LEASE NAME, WELL NO. #2 Malone ASA Federal
9. AN WELL NO. 30-015-30769
10. FIELD AND POOL, OR WILDCAT Indian Basin Upper Penn
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 12, T22S-R23E
12. COUNTY OR PARISH Eddy County
13. STATE New Mexico

SUBJECT TO LIKE APPROVAL BY STATE

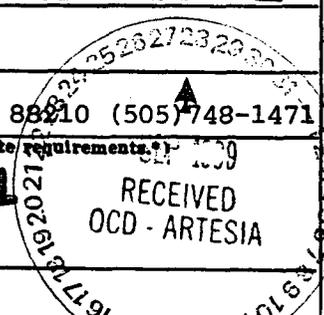


Table with 5 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows: 14 3/4" 9 5/8" 36# 1500' 1150 sx; 8 3/4" 7" 23# & 26# TD 1600 sx Circulate

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formations. Approximately 1500' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: 0-1500' FW Spud Mud; 1500'-7500' Cut Brine; 7500'-8100' SW Gel/Starch/Drispac.

BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operational.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Ken B... TITLE Landman DATE April 13, 1999

(This space for Federal or State office use) PERMIT NO. APPROVAL DATE

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: Acting

SHARRY D. BRAY

Assistant Field Office Manager. Lands and Minerals

APPROVED BY TITLE DATE 9.27.99

*See Instructions On Reverse Side

District I
 PO Box 1988, Hobbs, NM 88240-1988
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Grande Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 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 Indian Basin Upper Penn	
* Property Code	* Property Name MALONE "ASA" FEDERAL COM			* Well Number 2	
* OGRID No. 025575	* Operator Name YATES PETROLEUM CORPORATION			* Elevation 3950.	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	22-S	23-E		660	NORTH	1310	EAST	EDDY

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

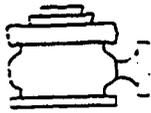
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>¹⁷ 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: <i>Ken Beardemphl</i></p> <p>Printed Name: Ken Beardemphl</p> <p>Title: Landman</p> <p>Date: August 25, 1999</p>
	<p>¹⁸ 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>AUGUST 24, 1999</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: <i>D. R. REDDY</i></p> <p>REGISTERED PROFESSIONAL ENGINEER LAND SURVEYOR 5412 NM PE&PS NO. 54127</p>

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

Malone ASA Federal Com. #2
 810' FNL and 660' FEL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0399448

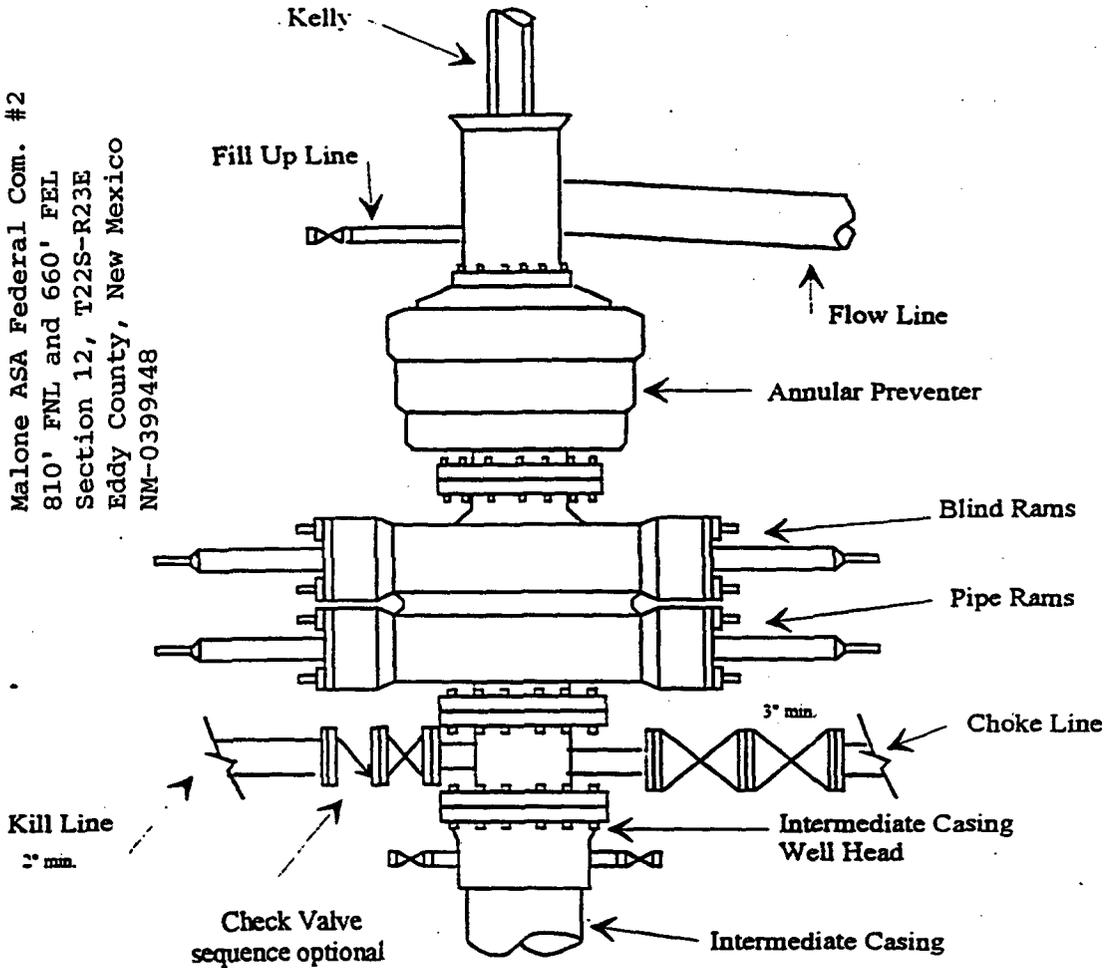


Yates Petroleum Corporation

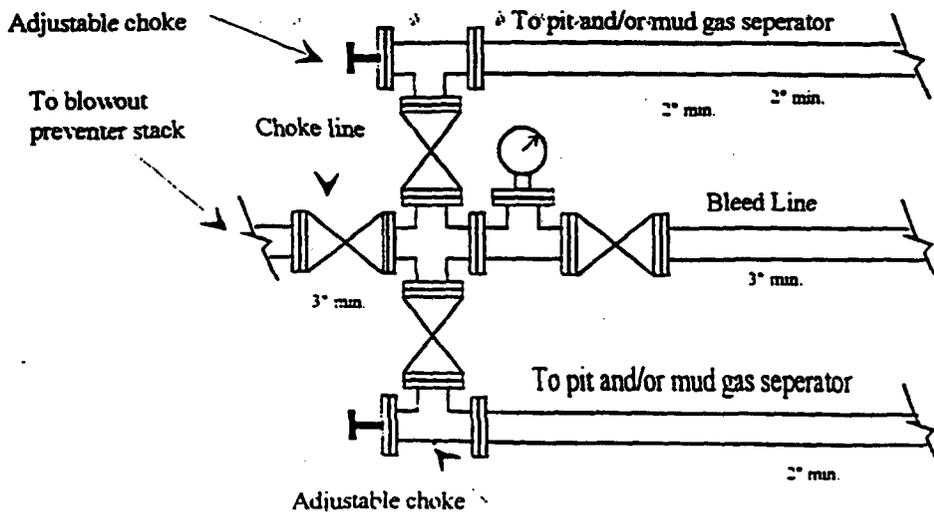
Typical 3,000 psi Pressure System
 Schematic

Annular with Double Ram Preventer Stack

BOP-3



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



CMD : ONGARD 10/28/99 13:30:51
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPSC

OGRID Idn : 25575 API Well No: 30 15 30769 APD Status(A/C/P): A
Opr Name, Addr: YATES PETROLEUM CORPORATION Aprvl/Cncl Date : 09-27-1999
105 S 4TH ST
ARTESIA,NM 88210

Prop Idn: 24910 MALONE ASA FEDERAL Well No: 2

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: A	12	22S	23E			FTG 660 F N	FTG 1310 F E
OCD U/L	: A		API County	: 15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3963

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 8100 Prpsd Frmtn : UPPER PENN

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/28/99 13:30:17
OGOMES -TPSC
PAGE NO: 1

Sec : 12 Twp : 22S Rng : 23E Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned A
E 40.00 Federal owned A	F 40.00 Federal owned A	G 40.00 Federal owned A	H 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/28/99 13:30:23
OGOMES -TPSC
PAGE NO: 2

Sec : 12 Twp : 22S Rng : 23E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 YATES PETROLEUM CORPORATION 25575

3. ADDRESS AND TELEPHONE NO.
 105 South Fourth Street, Artesia, New Mexico 88210-2222 (2505) 7482-1471

4. LOCATION OF WELL (Report location clearly and in accordance with all State requirements.)
 At surface: 1797' FNL and 2159 FWL
 At proposed prod. zone: Unit F
 Same

16. NO. OF ACRES IN LEASE: 280
 17. NO. OF ACRES ASSIGNED TO THIS WELL: 280

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 1797'

19. PROPOSED DEPTH: 8100'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3940' GR

22. APPROX. DATE WORK WILL START*
 ASAP

5. LEASE DESIGNATION AND SERIAL NO.
 NM-0251099-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 16869

8. FARM OR LEASE NAME, WELL NO.
 Smith Federal Gas Com. #3

9. API WELL NO.
 30-015-30687

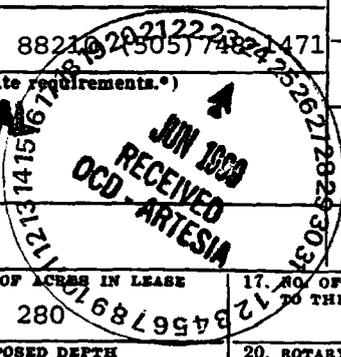
10. FIELD AND POOL, OR WILDCAT
 Indian Basin Upper Penn 7904

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 12, T22S-R23E

12. COUNTY OR PARISH
 Eddy County

13. STATE
 New Mexico

SUBJECT TO
LIKE APPROVAL
BY STATE



23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 3/4"	9 5/8"	36#	1500'	1150 sx Circulate
8 3/4"	7"	23# & 36#	TD	1600 sx Circulate

Yates Petroleum Corporation proposes to drill and test the Canyon and intermediate formations. Approximately 1500' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

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BOPE PROGRAM: BOPE will be installed on the 9 5/8" casing and tested daily for operational.

NSL-

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GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Landman DATE April 13, 1999

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY [Signature] TITLE Acting Assistant Field Office Manager, Lands and Minerals DATE 6-23-99

*See Instructions On Reverse Side

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
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 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
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 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

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OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Indian Basin Upper Penn
Property Code	Property Name SMITH FEDERAL GAS COM		Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3940.

Surface Location

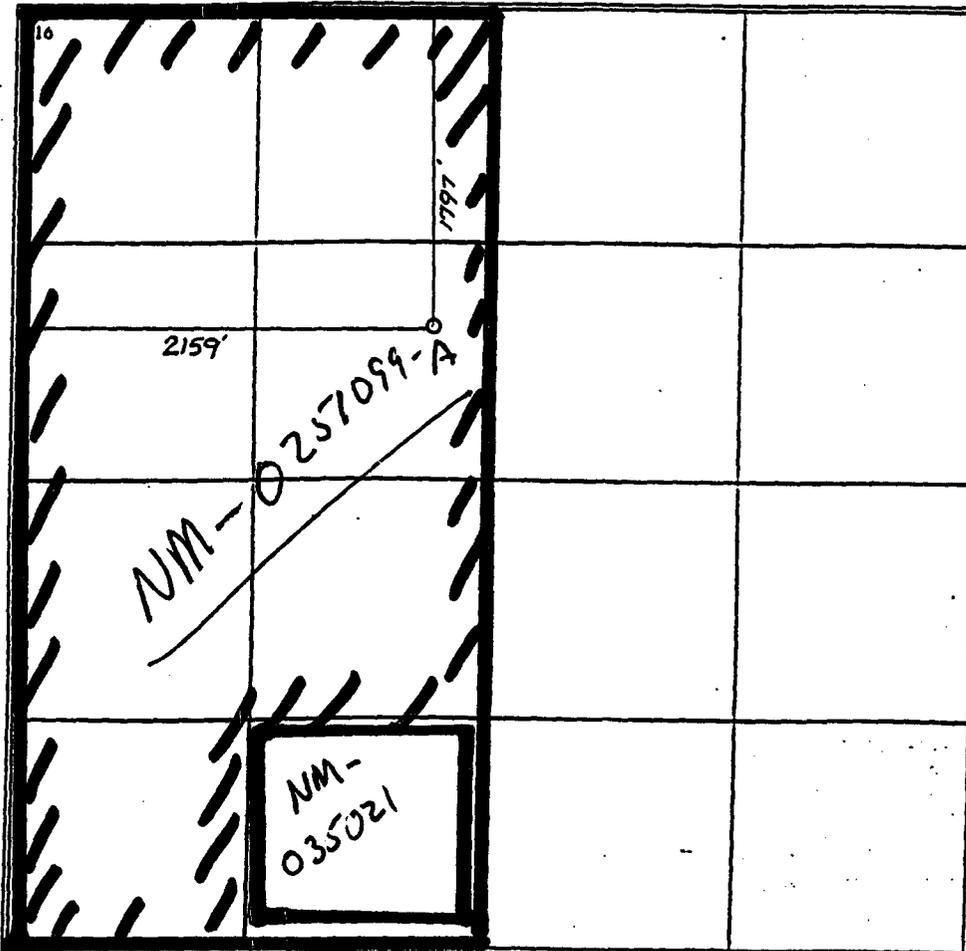
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	22-S	23-E		1797	NORTH	2159	WEST	EDDY

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 280	Joint or Infill	Consolidation Code	Order No.
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17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Ken Beardemphl*
 Printed Name: Ken Beardemphl
 Title: Landman
 Date: April 13, 1999

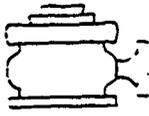
18 SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 9, 1999
 Date of Survey: APRIL 9, 1999
 Signature and Seal of Professional Surveyor:

 Certificate Number: 5412
 NM PROFESSIONAL SURVEYOR

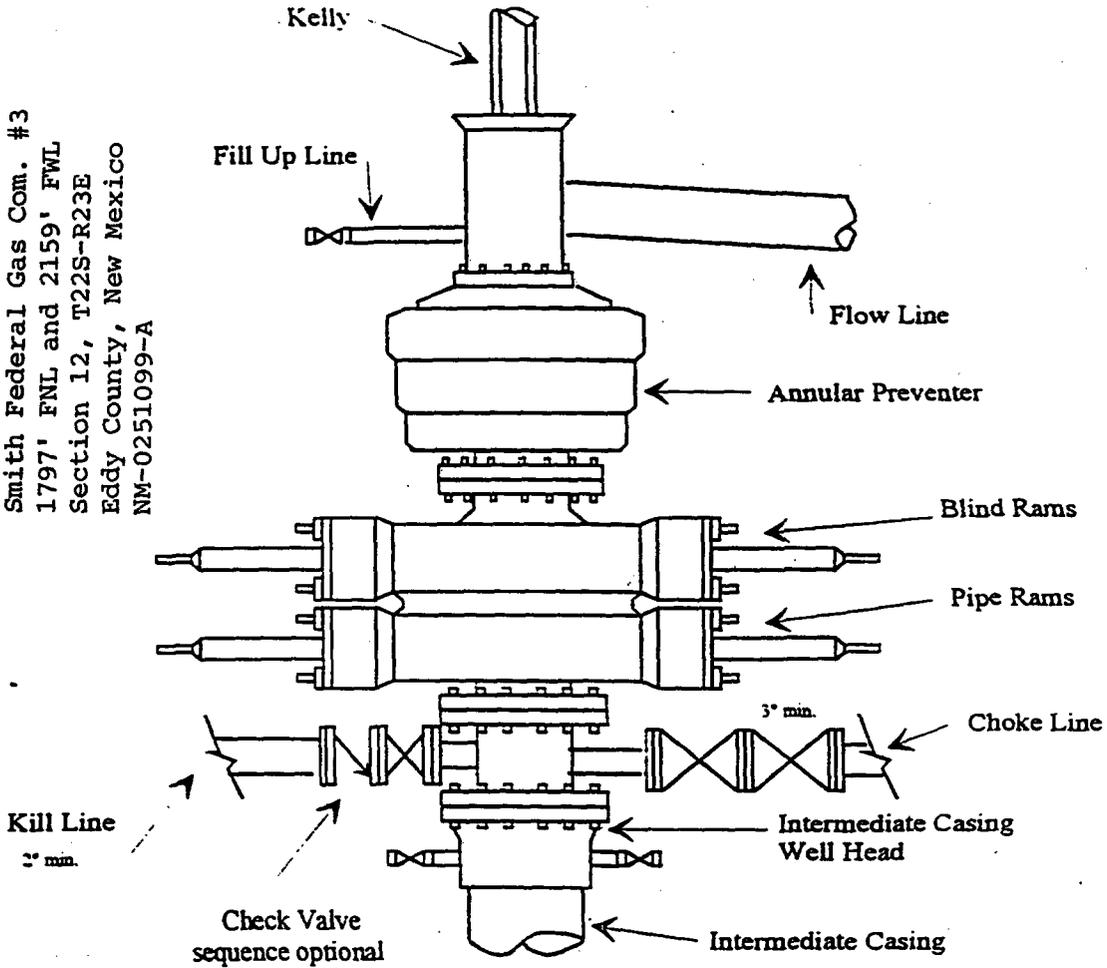
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Smith Federal Gas Com. #3
 1797' FNL and 2159' FWL
 Section 12, T22S-R23E
 Eddy County, New Mexico
 NM-0251099-A



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

BOP-3



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

