

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify Produce well from NSL
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Cy Cowan</u>		<u>Regulatory Agent</u>	<u>5/31/2005</u>
Print or Type Name	Signature	Title	Date
		<u>cyc@ypcnm.com</u>	
		e-mail Address	

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



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

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
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RANDY G. PATTERSON
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DENNIS G. KINSEY
TREASURER

May 31, 2005

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Certified Mail
Return Receipt Request

RE: Application for Unorthodox Location
Arley Federal Unit #3
740' FNL and 410' FEL
Section 12, T20S-R21E
Eddy County, New Mexico

Dear Mr. Stogner

Yates Petroleum Corporation respectfully requests administrative approval for the captioned Wildcat Chester well.

The Arley Federal Unit #3 was originally located at 990' FNL and 990' FEL was moved to the captioned unorthodox location on the recommendation by Mr. Barry Hunt, Surface Protection Specialist, BLM, Carlsbad Field Office because of topography, putting the location unorthodox will place the well pad on more suitable terrain for location construction.

Yates Petroleum Corporation is the offset operator to the east therefore Yates requests administrative approval for this unorthodox location at your earliest convenience. We also wish this approval to cover the following formations being the Wildcat Wolfcamp, Wildcat Upper Penn (Cisco-Canyon, Wildcat Strawn, Wildcat Atoka, and Wildcat Morrow.

Enclosed please find our Administrative Application Check List and supporting information.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

CYC/rca
Enclosure(s)

2005 JUN 3 PM 1:21

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to Drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct. **This information is correct.**
- IV. Original or clear copy of topo map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide for detail)
 - A. The proposed well location and proration unit.
 - B. An outline of the orthodox drilling windows as provided in the application rules for the subject application.
 - C. The location of the wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well.
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable. **Enclosed.**
 - B. Proposed access roads and pipelines if they affect the location selection.
N/A.
 - C. The location of any surface uses which prevent use of a legal location.
N/A.

- D. The location of any archeological sites identified in the archeological survey. **See V-D Topo map.**
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location. **Topography.**
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified. **Archaeological Report Attached.**
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo. **N/A, please see Archaeological Report.**
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible. **Information not available.**
- IX. Affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice. **Moving the location to the east is moving it towards a Yates Petroleum Corporation lease. Please see III.**

Thank you.

I.

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: DRILL REENTER

b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

5. Lease Serial No.
NM-103573

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Arley Federal Unit #3

9. API Well No.

2. Name of Operator
Yates Petroleum Corporation

3A. Address **105 South Fourth Street
Artesia, New Mexico 88210**

3b. Phone No. (include area code)
(505) 748-1471

10. Field and Pool, or Exploratory
Wildcat Chester

11. Sec., T., R., M., or Blk, and Survey or Area
Section 12, T20S-R21E

12. County or Parish
Eddy County

13. State
NM

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **740' FNL and 410' FEL**

At proposed prod. Zone **Same**

14. Distance in miles and direction from nearest town or post office*
Approximately 41 miles southwest of Artesia, New Mexico.

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **410'**

16. No. of Acres in lease **2017.45**

17. Spacing Unit dedicated to this well **E/2**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **.8 of a mile**

19. Proposed Depth **8300'**

20. BLM/BIA Bond No. on file **585997**

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **4247' GL**

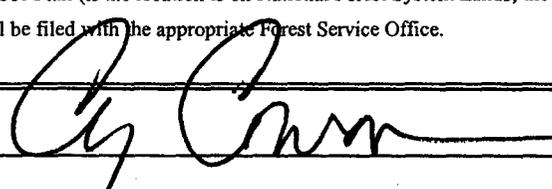
22. Approximate date work will start* **ASAP**

23. Estimated duration **45 days**

24. Attachments **ROSWELL 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 office.

25. Signature  Name (Printed/Typed) **Cy Cowan** Date **9/26/03**

Title: **Regulatory Agent**

Approved by (Signature)  Name (Printed/Typed) **Joe G. Lara** Date **12/23/03**

Title **Acting FIELD MANAGER** Office **CARLSBAD FIELD OFFICE**

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 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

Energy, Minerals and Natural Resources Department

revision 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 Wildcat Chester
Property Code	Property Name ARLEY FEDERAL UNIT	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4247

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	20S	21E		740	NORTH	410	EAST	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	Joint or Infill	Consolidation Code	Order No.
320			

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

		NM-103573		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>September 25, 2003 Date</p>
			N.32°35'27.3" W.104°44'25.3"	<p>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>8/11/2003 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor HERSCHEL L. JONES NEW MEXICO 3640 Certificate No. Herschel L. Jones RLS 3640 ARLEY 2 GENERAL SURVEYING COMPANY</p>

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

YATES PETROLEUM CORPORATION

Arley Federal Unit #3

740' FNL and 410' FEL

Section 12-T20S-R21E

Eddy County, New Mexico

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

San Andres	395'	Strawn	7035'
Glorieta	1835'	Atoka	7240'
Upper Yeso	2085'	Morrow Clastics	7820'
Tubb	2805'	Middle Morrow	7905'
Lower Yeso	2930'	Lower Morrow	7980'
Abo	3451'	Base Morrow Clastics	8035'
Wolfcamp	4591'	Chester LM	8155'
Cisco	5938'	TD	8300'

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 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>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-350'	350'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-1600'	1600'
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'-6800'	6700'
8 3/4"	5 1/2"	17#	J-55	LT&C	6800'-8300'	1500'

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

B. CEMENTING PROGRAM:

Surface casing: 300 sx C + 2% CaCL2 (YLD 1.32 WT 15.6)

Intermediate casing: 500 sx Lite (YLD 2.0 WT 12.5) tail in with 200 sx 'C'
+ 2% CaCL2 (YLD 1.32 WT 15.6)

Production Casing: TOC=1100', 2200 sx Super 'H' Modified (YLD 1.67 WT 13.0).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW /Air Mist	8.4	28	N/C
350'-1600'	FW /Air Mist	8.4	28	N/C
1600'-7300'	Cut Brine/4% KCL @ 5800'	8.6-9.2	28	N/C
7300'-TD	Salt Gel/Starch	9.2-9.8	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: Rotary Sidewall Cores
DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 350'	Anticipated Max. BHP: 175	PSI
From: 350'	TO: 1600'	Anticipated Max. BHP: 700	PSI
From: 1600'	TO: 8300'	Anticipated Max. BHP: 4250	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H2S 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
Arley Federal Unit #3
740' FNL and 410' FEL
Section 12-T20S-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 41 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 Highway 285 to Rock Daisy Road (CR-23). Turn right on Rock Daisy Road and go to Armstrong Road (CR-12), approx. 17 miles. Turn right on Armstrong Road and go .5 of a mile to Deer Canyon Road. Turn right on Deer Canyon Road and go approximately 2 miles to a cattleguard. Just before the cattleguard turn right on existing two track road going north. Follow the two track for approx. .8 of a mile. The new road will start here going northeast for approximately .4 of a mile to the southwest corner of the proposed well location.

2. **PLANNED ACCESS ROAD:**

- A. The proposed new access road will be approximately .4 of a mile in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a southwest/northeast direction.
- B. The road is 14 feet in width (driving surface) and is adequately drained to control runoff and soil erosion.
- C. The 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 no 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 landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES:

None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 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 |
|--|--|

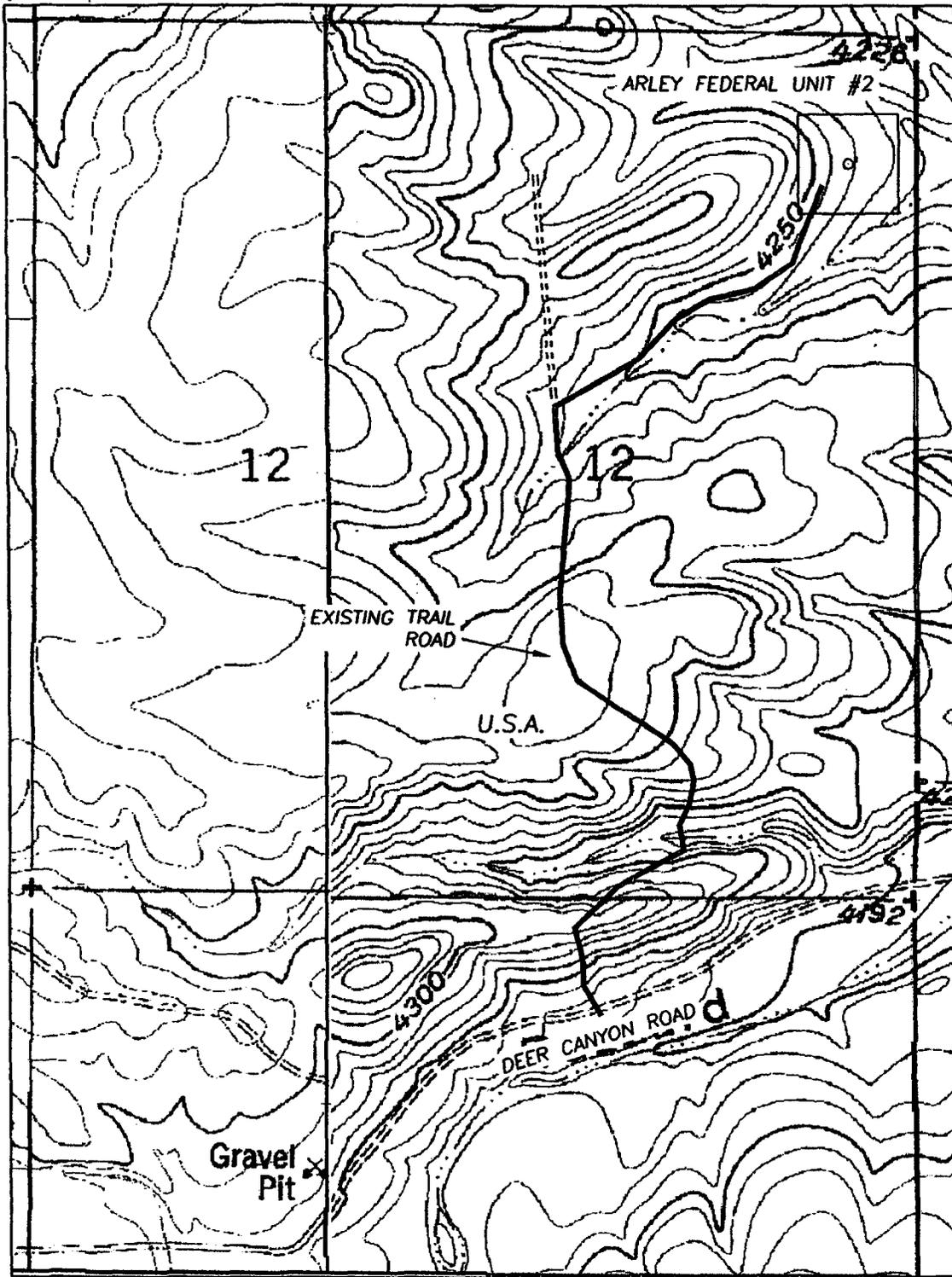
14. CERTIFICATION:

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.

9/26/03


Regulatory Agent

SECTION 12, TOWNSHIP 20 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.

3640
MICHAEL L. JONES R.L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES ARLEY FEDERAL UNIT #2 WELL, LOCATED IN SECTION 12, TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 8/11/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 8/13/03	Scale 1" = 1000' ARLEY 2

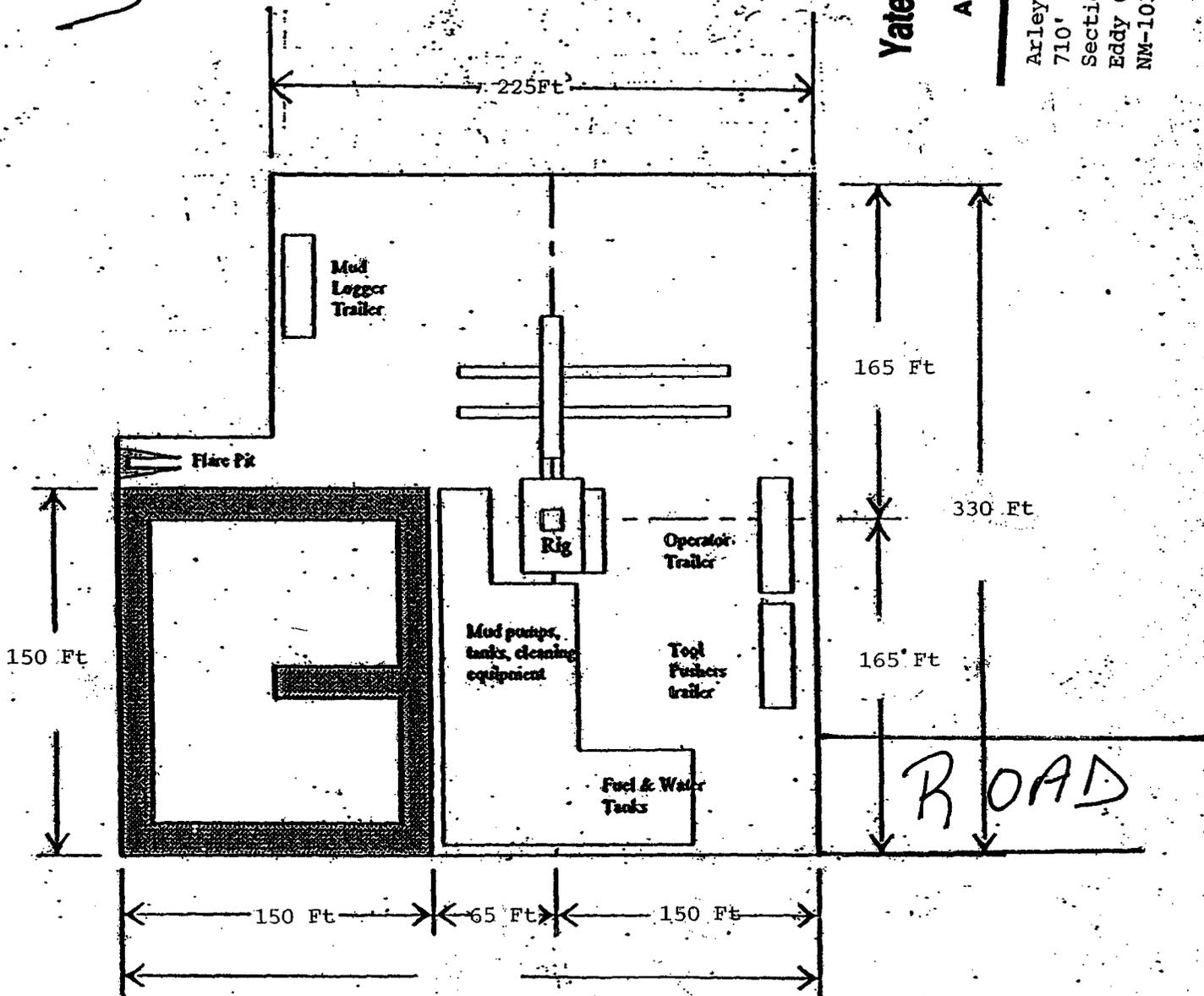
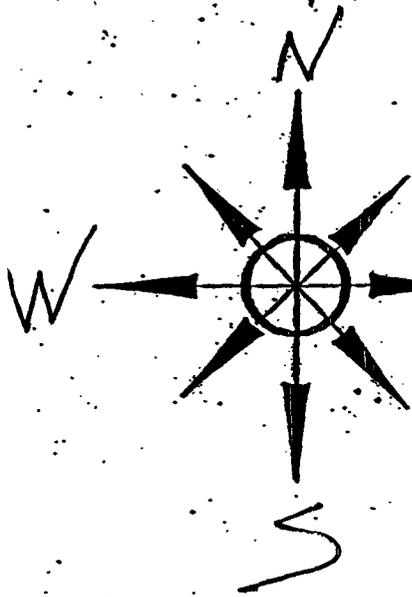
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

E Pits West

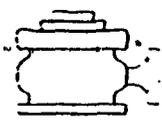
Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

Arley Federal Unit #3
710' FNL and 410' FEL
Section 12, T20S-R21E
Eddy County, New Mexico
NM-103573



Distance from Well Head to Reserve Pit will vary between rigs

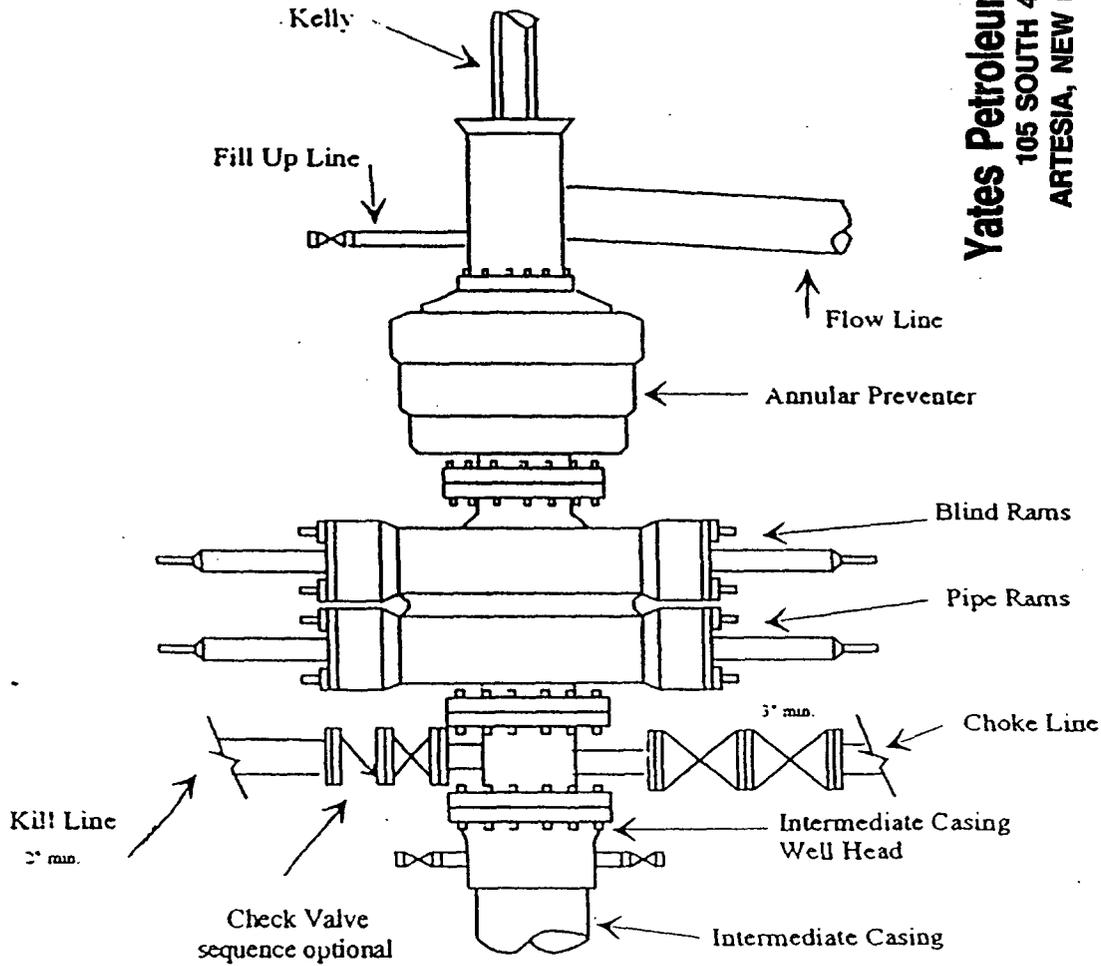
The above dimension should be a maximum



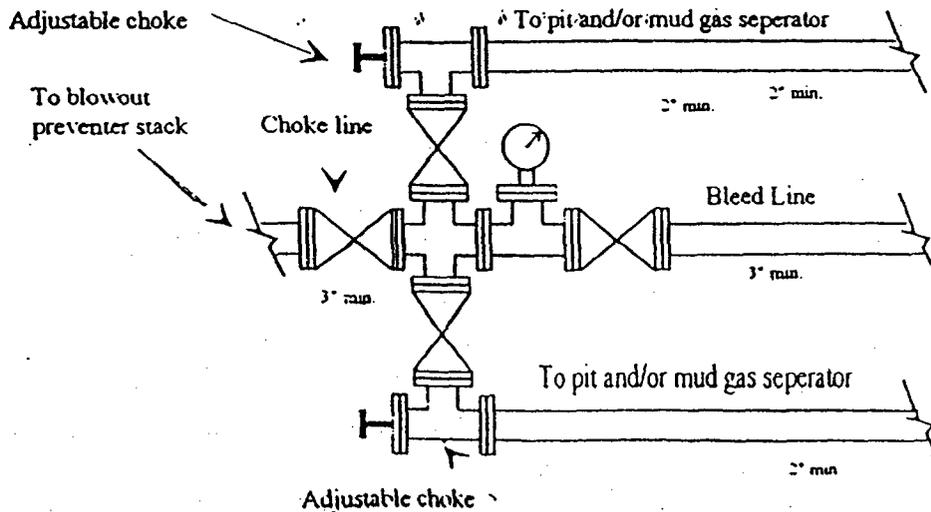
Yates Petroleum Corporation
 Typical 3,000 psi Pressure System
 Schematic
 Annular with Double Ram Preventer Stack

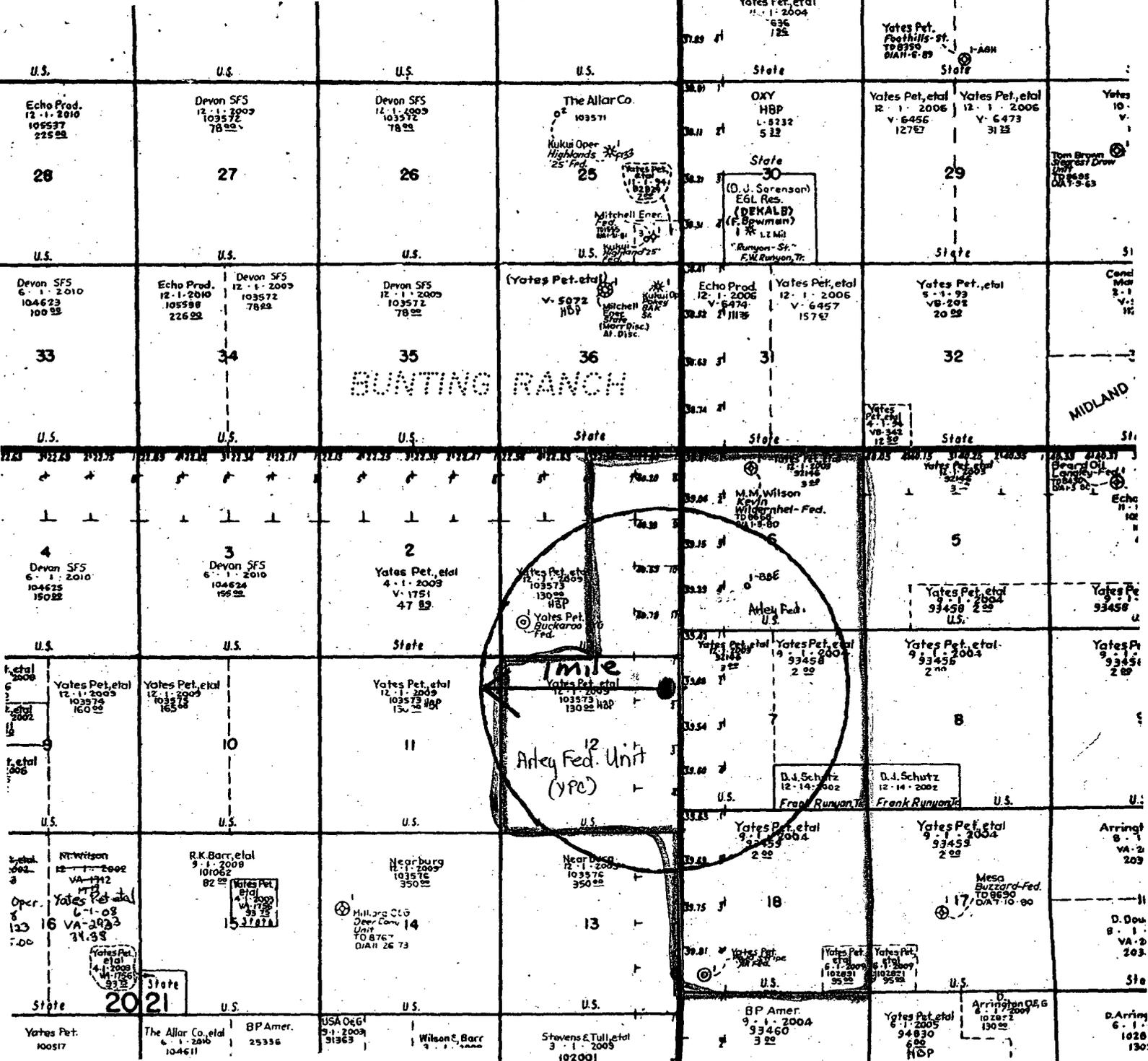
Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 86210

Arley Federal Unit #3
 710' FNL and 410' FEL
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 Eddy County, New Mexico
 NM-103573



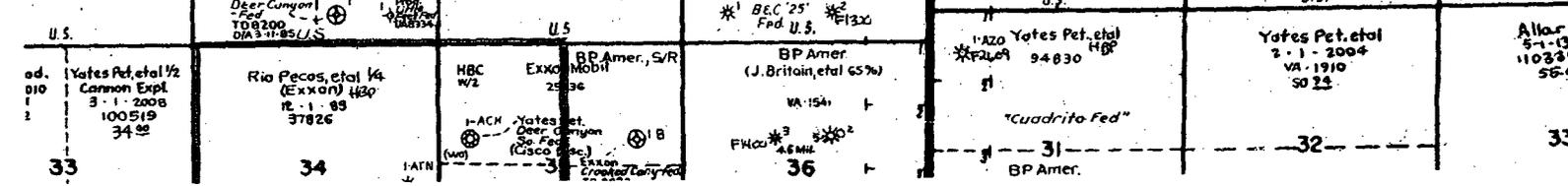
Typical 3,000 psi choke manifold assembly with at least these minimum features





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

Arley Federal Unit #3
 710' FNL and 410' FEL
 Section 12, T20S-R21E
 Eddy County, New Mexico
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DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1008 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

Energy, Minerals and Natural Resources Department

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 Wildcat Chester
Property Code	Property Name ARLEY FEDERAL UNIT	Well Number 3
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4247

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	20S	21E		740	NORTH	410	EAST	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.
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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>NM-103573</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>September 25, 2003 Date</p>
			<p>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>8/11/2003 Date Surveyed</p> <p>Signature of Professional Surveyor <i>Herschel L. Jones</i></p>
			<p>Certificate No. Herschel L. Jones RLS 3640 ARLEY 2</p> <p>HERSCHEL L. JONES NEW MEXICO GENERAL SURVEYING COMPANY</p>

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

122° 37' 00" FEET (EAST)

104° 45'

R. 21 E. R. 2

525000m. E.

26

25

29

30

35

36

28

31

2

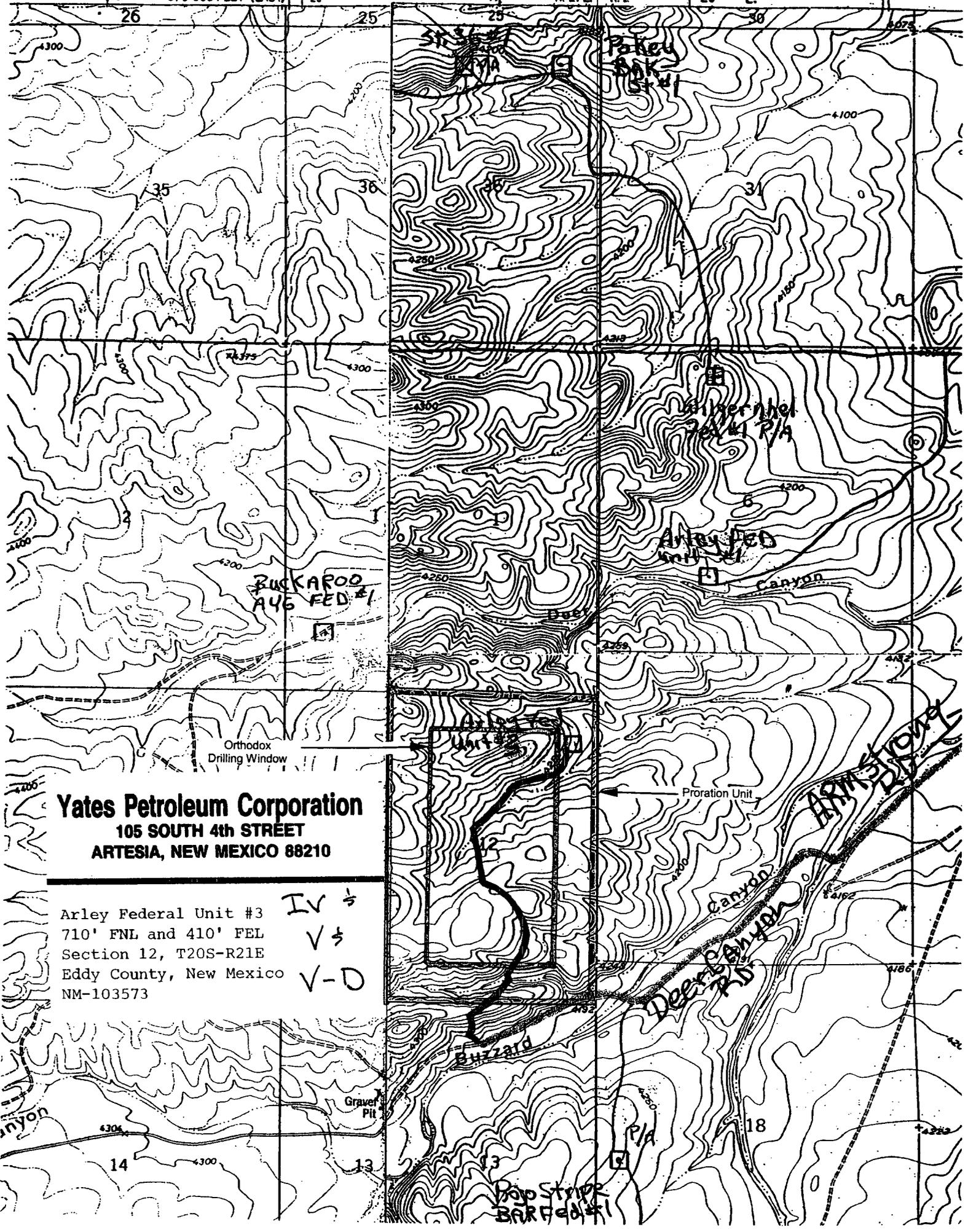
3

14

13

13

18



BUCKAROO
AVE FED #1

Parker
St #1

Vahnerhol
26th #1 R/A

Arley Fed
Mill #1

Orthodox
Drilling Window

Proration Unit

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

Arley Federal Unit #3
710' FNL and 410' FEL
Section 12, T20S-R21E
Eddy County, New Mexico
NM-103573

IV 1/2
V 1/2
V-D

Gravel
Pit

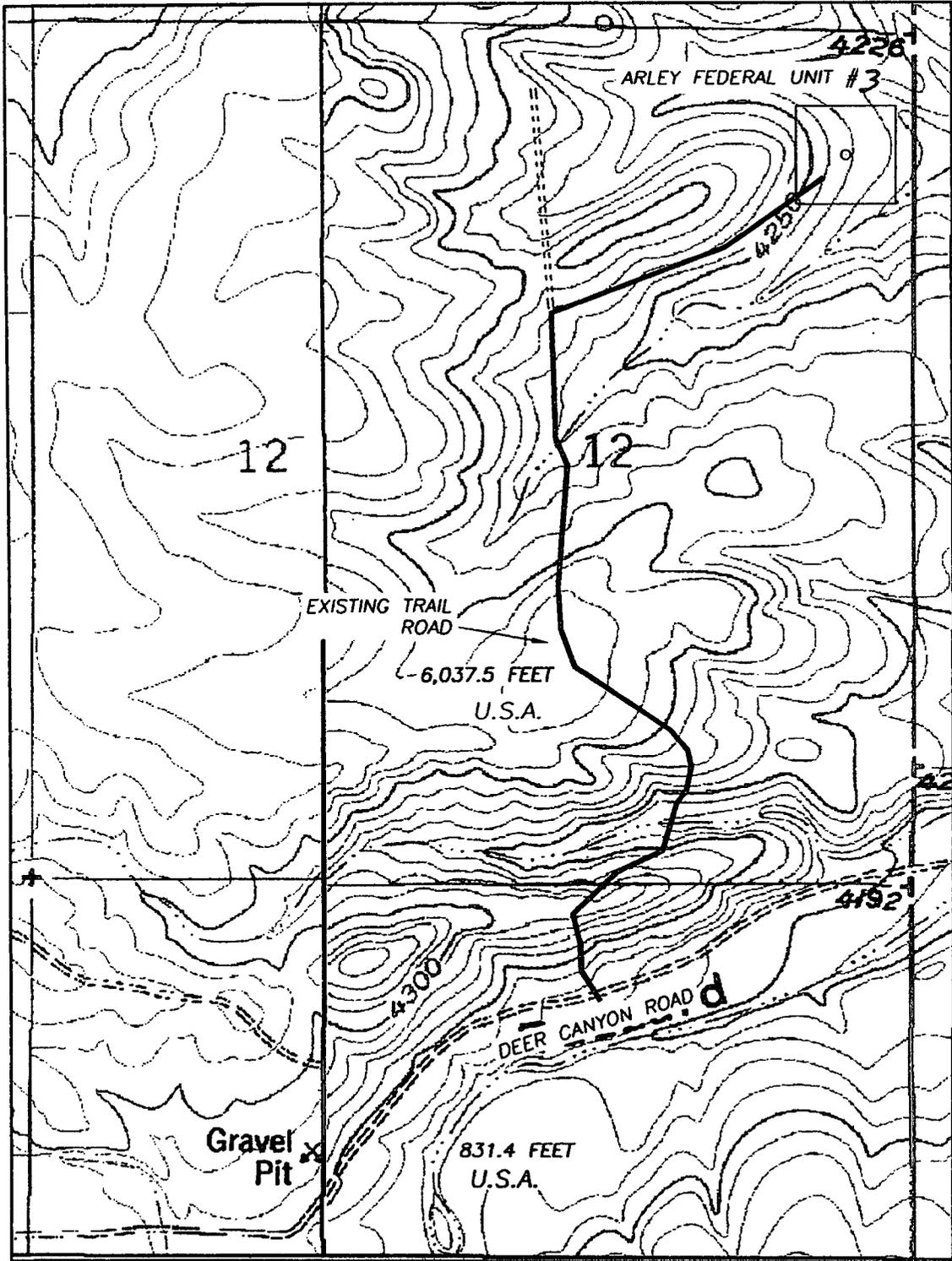
Buzzard

Deer Canyon
P.D.

Pop Stripe
BAR Fed #1

SECTION 12, TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

V-A



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.

REGISTERED PROFESSIONAL SURVEYOR
 3640
 HERSCHEL U. JONES R.L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES ARLEY FEDERAL UNIT #2 WELL, LOCATED IN SECTION 12, TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 11/05/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blavins	W.O. Number
Date: 11/09/03	Scale 1" = 1000' ARLEY 2

16. Project Data:

a. Records Search: Date(s) of BLM File Review: 25 Nov. 2003 Name of Reviewer (s): Ann Boone

Date(s) of ARMS Data Review: 22 Nov. 2003 Name of Reviewer (s): Ann Boone

Findings (see Field Office requirements to determine area to be reviewed during records search):

LA 140046 is within 1.0 mile.

b. Description of Undertaking:

The pad and original access road were surveyed on 09-03-18 (BLM No. 03-862) and the current project is the relocation to the north of the access road (2,300' +/-) and a portion estimated to be 275' long where a drainage is crossed. Approximately 200' is within the original pad survey area and approximately 450' (South / North portion) is an existing two track road that is parallel to a barb wire fence. Location, footage and acres are an estimation based on a hand held GPS Unit.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.):

Topography: Roughly parallels a west / east trending ridge, approximately half way between the crest and the drainage.

Vegetation: Approximately 25% groundcover, agave cactus, bear grass cactus, cat claw, littleleaf horsebrush, hackberry, prickly pear cactus, stick cholla cactus, broom snakeweed, soto cactus, rainbow cactus, feather dalai, octillo cactus, christmas cholla cactus, various grasses and other flora.

NRCS: Limestone rock land-Ector association: Rock land and very shallow, stony and rocky, loamy soils over limestone; on hills and mountains

d. Field Methods: (transect intervals; crew size; time in field, etc.):

Transects: One parallel zig-zag spaced up to 20 meters on each side of staked centerline.

Crew Size: One.

Time in Field: 2.0 hrs.

e. Artifacts Collected (?): None

17. Cultural Resource Findings:

a. Identification and description: None

b. Evaluation of significance of Each Resource:

18. Management Summary (Recommendations):

Archaeological clearance of a relocated access road for the Arley Federal Unit well No. 3 as presently staked is recommended. If cultural resources are encountered at any time, all activity should cease and the BLM Archaeologist notified immediately.

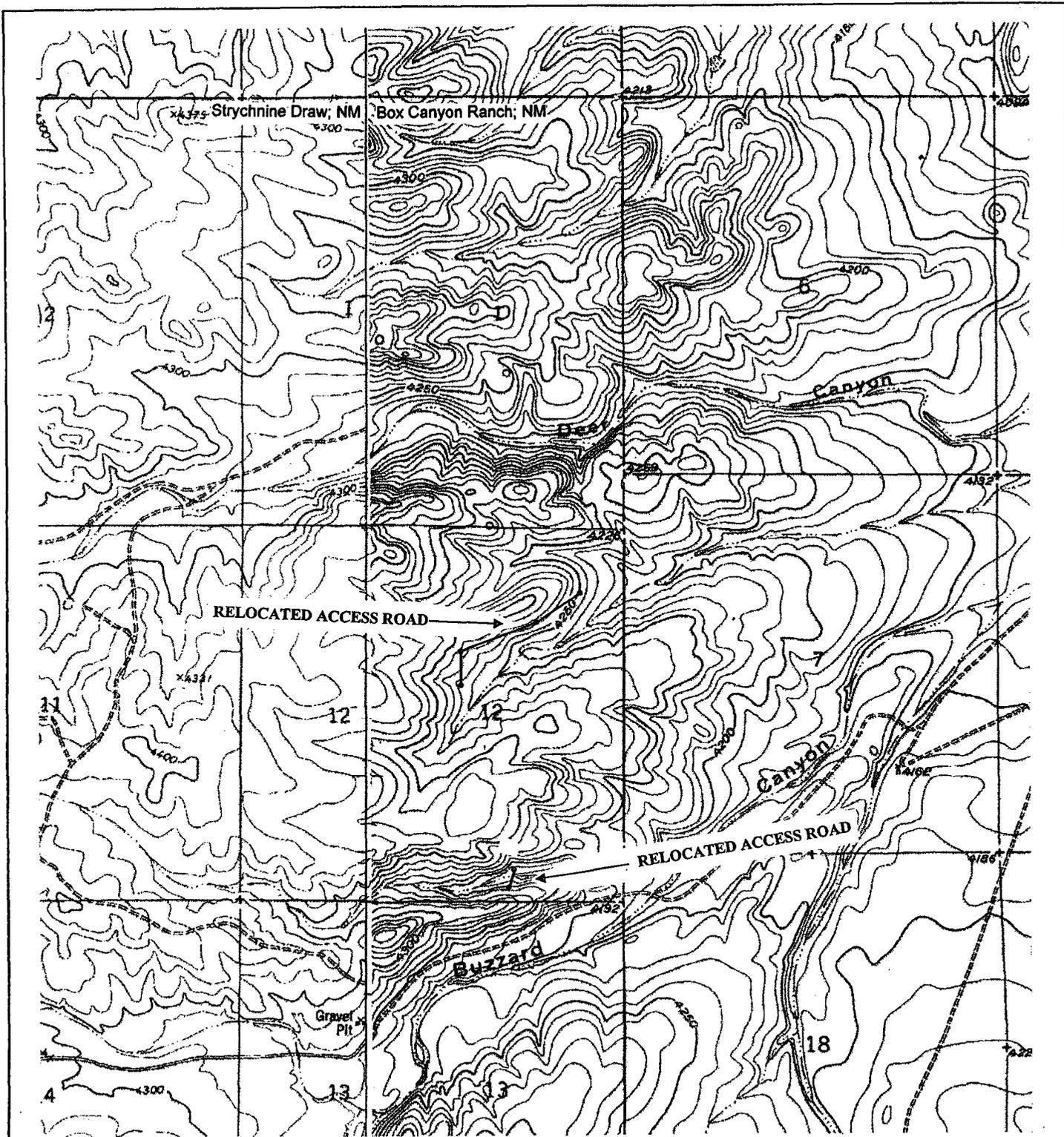
19.

I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist

Way Boone
Signature

30 Nov. 2003
Date



ADDENDUM

Location Map of a relocated access road for the Arley Federal Unit well No. 2 for Yates Petroleum Corporation in Section 12, T 20S, R 21E, NMPM, Eddy County, New Mexico.

Map reference: USGS 7.5' Series; BOX CANYON RANCH, NM (1957) [PhotoInspected 1975] 32104-E6

