

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

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

NOV 17 2005

ODD:ARTESIA

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM-106906
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable
2. Name of Operator Yates Petroleum Corporation 25575		7. If Unit or CA Agreement, Name and No. Not Applicable 28987
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471 7542	8. Lease Name and Well No. Applesauce AZR Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 500' FNL and 990' FWL, Unit D At proposed prod. Zone same as above		9. API Well No. 30-005-62532
14. Distance in miles and direction from nearest town or post office* Approximately twenty-five (25) miles northeast of Roswell, New Mexico		10. Field and Pool, or Exploratory Pennsylvanian WC GRANITE
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease 1040	11. Sec., T., R., M., or Blk. and Survey or Area Section 25, T11S-R27E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 6865'	12. County or Parish Chaves County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3754'	22. Approximate date work will start* ASAP	13. State NM
20. BLM/BIA Bond No. on file NM-2811		17. Spacing Unit dedicated to this well 320 - N/2
23. Estimated duration 30 Days		

24. Attachments

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	Name (Printed/Typed) Robert Asher	Date 10/7/2005
---------------	--------------------------------------	-------------------

Title: Regulatory Agent / Land Department		
Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date NOV 16 2005
Title	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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.

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) C-144 Attached Previously Approved

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

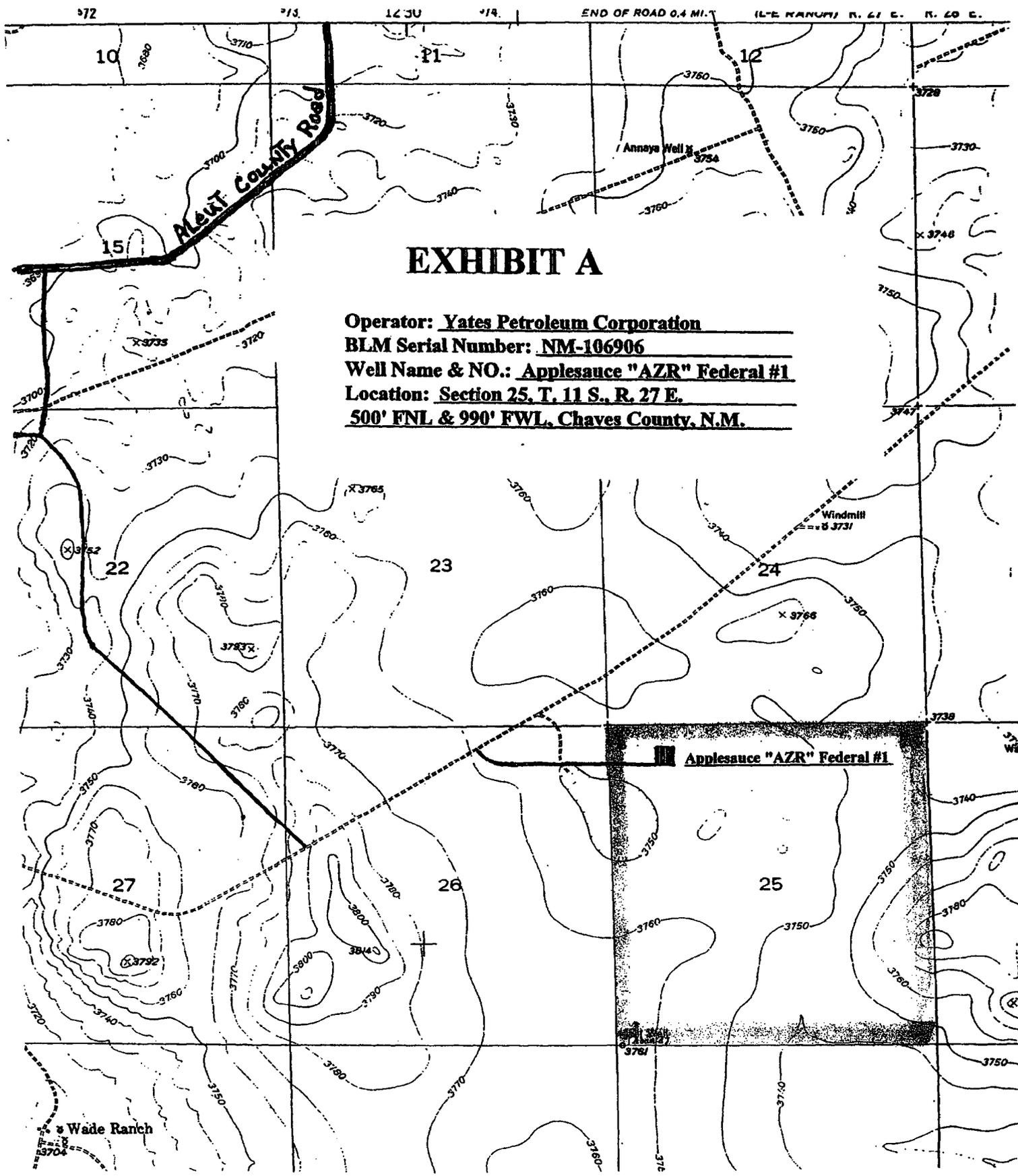


EXHIBIT A

Operator: Yates Petroleum Corporation
BLM Serial Number: NM-106906
Well Name & NO.: Applesauce "AZR" Federal #1
Location: Section 25, T. 11 S., R. 27 E.
500' FNL & 990' FWL, Chaves County, N.M.

Applesauce "AZR" Federal #1

Wade Ranch

YATES PETROLEUM CORPORATION
Applesauce AZR Federal #1
 500' FNL and 990' FWL
 Section 25-T11S-R27E
 Chaves County, New Mexico

Yates Petroleum Corporation plans to re-enter this well originally drilled by Maxus Exploration Company as the Newkumet Federal #1 and abandoned August 25, 1987. Yates' plan is to re-enter the well with a pulling unit to drill out the cement plugs in the 8 5/8" casing and in the 7 7/8" open hole down to the original TD of 6,865'. The hole will be circulated clean then a string of 4 1/2" casing will be run to TD and cemented to 4000' +/- . The well will be completed with a pulling unit and the formations to be completed will probably be the Penn Sand at 6,600', the Cisco at 6,310' or the Wolfcamp at 6,090'.

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

San Andres	1483'
Glorieta	2680'
Tubb	4147'
Abo	4921'
Wolfcamp	5243'
Penn	6353'
Mississippian	6600'
Devonian	6800'
TD	6865'

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

Water: 150'-500'
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-389'
12 1/2"	8 5/8"	24#	K-55	ST&C	0-1840'
7 7/8"	4 1/2"	11.60#	N-80	LT&C	0-6865'

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

- A. CEMENTING PROGRAM:**
 - Surface Casing: 420 sx in place
 - Intermediate Casing: 580 sx in place
 - Production Casing: 1,000 sx. TOC 4000'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

This well will be drilled with a brine system.

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.
Logging: CNL/LDT, W/NGT TD-Surf csg; with CNL/GR up to Surf; DLL/MS
FL TD-Surf csg: BHC Sonic TD-SURF CSG
Coring: None
DST's: As warranted.

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

Anticipated BHP:
From: 0 TO: 900' Anticipated Max. BHP: 375 PSI
From: 900' TO: 6865' Anticipated Max. BHP: 2500 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Applesauce AZR Federal #1
500' FNL and 990' FWL
Section 25-T11S-R27E
Chaves 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 25 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Roswell on Highway 380 approx. 16 miles to Aleut Road. Turn right (South) and drive approx. 5.9 miles on main rd. (Continue south past Rock House Ranch sign.) Turn left (East) on lease road in front of Cooper Cattle Company sign and gate. Drive east approximately 0.8 of a mile (past dirt pit). Continue East at intersection. Drive approx. 0.6 of a mile to gate. Pass gate and drive on road approx. 0.7 of a mile to the Southwest corner of the location.

2. PLANNED ACCESS ROAD:

No new access road needed since there is an existing road to the location.

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.

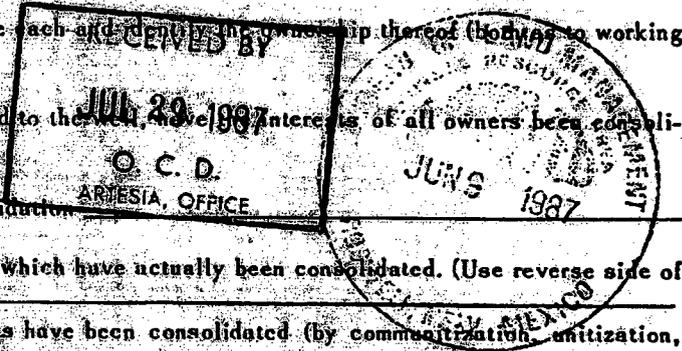
MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

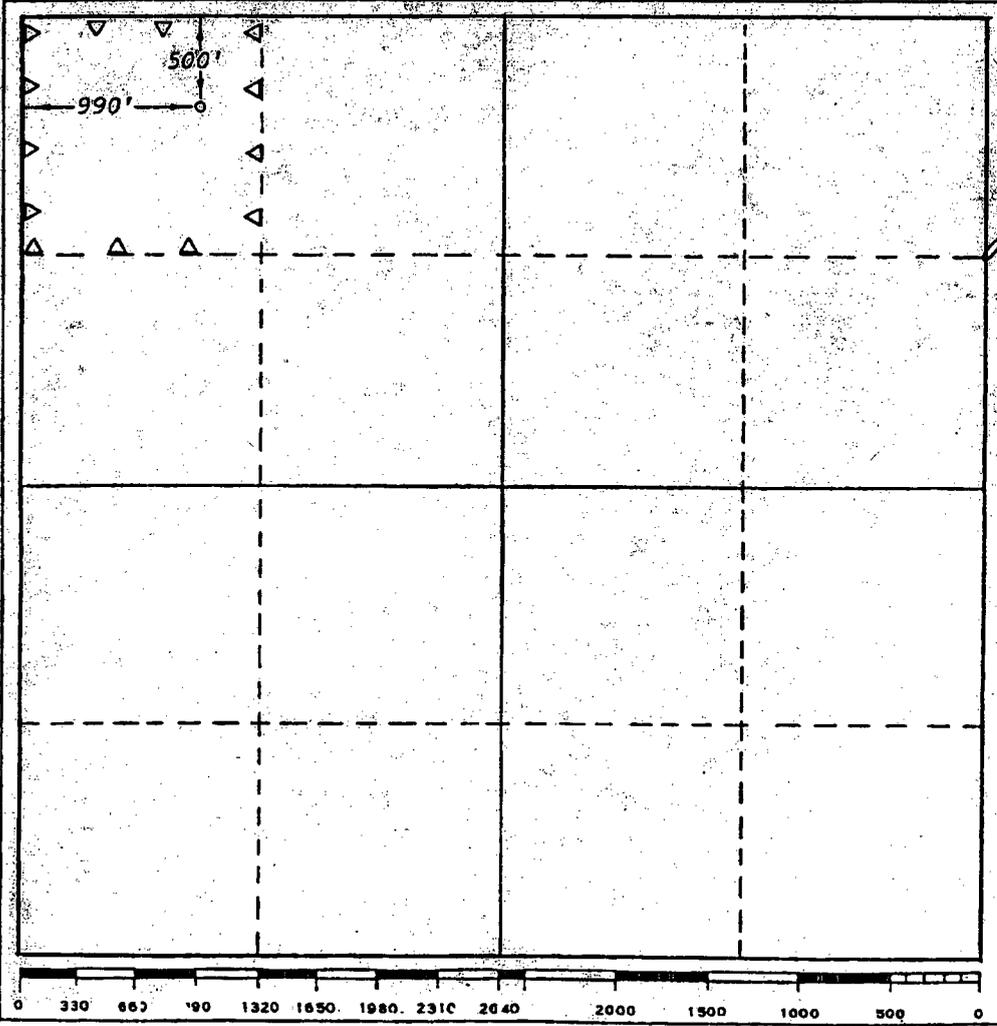
All distances must be from the outer boundaries of the Section.

Operator MAXUS EXPLORATION CO.		Lease Federal-New Kumet		Well No. 1 68860
Unit Letter D	Section 25	Township 11-S	Range 27-E	County Chaves
Actual Footage Location of Well: 500 feet from the North line and 990 feet from the West line				
Ground Level Elev. 3754'	Producing Formation	Pool	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and denote the ownership thereof (holding to working interest and royalty).
3. 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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
<i>James M. Pachulski</i> Name
James M. Pachulski Position Sr. Environmental & Regulation Engineer
Company Maxus Exploration Company
Date June 5, 1987
<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 knowledge and belief.</i>
Date Surveyed June 1, 1987
Registered Professional Engineer and/or Land Surveyor <i>Gary D. Baswell</i> Certificate No. 6689

District I
1625 N. Finch Dr., Hobbs, NM 88240

District II
811 South First, 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

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name WC GRANITE — Pennsylvania —	
⁴ Property Code		⁵ Property Name Applesauce AZR Federal			⁶ Well Number 1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3754'

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
D	25	11S	27E		500'	North	990'	West	Chaves

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.
---	-------------------------------	----------------------------------	-------------------------

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 	NM-106906	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
		Signature Robert Asher Printed Name Regulatory Agent Title 09/08/2003 Date
		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. REFER TO ORIGINAL PLAT
		Date of Survey Signature and Seal of Professional Surveyor Certificate Number

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NM-106906

6. If Indian, Allottee or Tribe Name
Not Applicable

7. If Unit or CA/Agreement, Name and/o
Not Applicable

8. Well Name and No.
Applesauce AZR Federal #1

9. API Well No.
30-005-62532

10. Field and Pool, or Exploratory Area
Pennsylvanian

11. County or Parish, State
Chaves County, New Mexico

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3a. Address
105 South Fourth Street, Artesia, NM 88210

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
500' FNL and 990' FWL, Unit D
Section 25, T11S-R27E

RECEIVED
NOV 04 2004

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>Extend</u>
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <u>APD</u>
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to extend the captioned well's APD expiration date for one (1) year to November 07, 2005.

A drilling pit will be constructed at this well site under Yates Petroleum Corporation general plan approved by the OCD.

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S anticipated from the surface to the Strawn formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

The State Engineers Web Site has been accessed for the captioned well. There were no records found of ground water depth, water well, or any indication of any surface water in the area surrounding this well location.

Thank you.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Debbie L. Caffall email: debbiec@ypcnm.com	Title Regulatory Technician / Land Department
Signature <i>Debbie L. Caffall</i>	Date October 7, 2004

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>[Signature]</i>	Title <i>[Signature] PE</i>	Date 11/3/04
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office <i>RFO</i>	

Title 18 U.S.C. Section 1001, 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.

DISTRICT II

611 South First, Artesia, NM 88210

DISTRICT III

1000 Elv Branch Rd., Arco, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87605

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
		Pennsylvanian
Property Code	Property Name	Well Number
	Applesauce "AZR" Federal	#1
OCEDD No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3754'

Surface Location

UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South Line	Feet from the	East/West Line	County
D	25	11S	27E		500'	North	990'	West	Chaves

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South Line	Feet from the	East/West Line	County

Dedicated Acres	Joint or InCH	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

	<p>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><i>Pat Perez</i> Signature</p> <p>Pat Perez Printed Name</p> <p>Regulatory Agent Title</p> <p>9-11-01 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>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p>Refer to original plat-attached.</p> <p>Certificate No. Harshel L. Jones RLS 3640</p> <p>GENERAL SURVEYING COMPANY</p>

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name Pennsylvania	
⁴ Property Code		⁵ Property Name Applesauce AZR Federal			⁶ Well Number 1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3754'

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
D	25	11S	27E		500'	North	990'	West	Chaves

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.
---	-------------------------------	----------------------------------	-------------------------

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-106906</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Robert Asher</i></p> <p>Signature</p> <p>Robert Asher</p> <p>Printed Name</p> <p>Regulatory Agent</p> <p>Title</p> <p>09/08/2003</p> <p>Date</p>
		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>REFER TO ORIGINAL PLAT</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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

Form 3160-3
(August 1999)

RECEIVED
NOV 12 2003
OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM-106906
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. Not Applicable
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Applesauce AZR Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 500' FNL and 990' FWL, Unit D At proposed prod. Zone same as above		9. API Well No. 30-005-62532
14. Distance in miles and direction from nearest town or post office* Approximately twenty-five (25) miles northeast of Roswell, New Mexico		10. Field and Pool, or Exploratory Pennsylvanian
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease 1040	11. Sec., T., R., M., or Blk. and Survey or Area Section 25, T11S-R27E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	17. Spacing Unit dedicated to this well 320 - N/2	12. County or Parish Chaves County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3754'	19. Proposed Depth 6865'	13. State NM
22. Approximate date work will start* ASAP		20. BLM/BIA Bond No. on file NM-2811
23. Estimated duration 30 Days		

24. Attachments

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 	Name (Printed/Typed) Robert Asher	Date 9/8/03
---	---	-----------------------

Title: Regulatory Agent		
Approved by (Signature) 	Name (Printed/Typed) LARRY D. BRAY	Date NOV 8 7 2003
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL 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.

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)

NSL

APPROVED FOR 1 YEAR

CLSI

Form 3160-5
(August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1301 W. Grand Avenue
Artesia, NM 88210

RECEIVED
OCT 2002
OCD - ARTESIA

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No. **NM-106906**

6. If Indian, Allottee or Tribe Name
Not Applicable

7. If Unit or CA/Agreement, Name and/o
Not Applicable

8. Well Name and No.
Applesauce "AZR" Federal #1

9. API Well No.
30-005-62532

10. Field and Pool, or Exploratory Area
Pennsylvanian

11. County or Parish, State
Chaves County, New Mexico

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3a. Address
105 South Fourth Street, Artesia, NM 88210

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**500' FNL and 990' FWL, Unit D
Section 25, T11S-R27E**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Extend</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>APD</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to extend the captioned well's APD expiration date for one (1) year to October 23, 2003.

Thank you.

APPROVED FOR 12 MONTH PERIOD
ENDING Oct. 23, 2003

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **Robert Asher** Title **Regulatory Technician**

Signature *[Signature]* Date **September 16, 2002**

THIS SPACE FOR FEDERAL OR STATE USE

Approved by *[Signature]* Title **PE** Date **10/03/02**

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office **RFC**

Title 18 U.S.C. Section 1001, 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)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 6, 2001

Lori Wrotenberg
Director
Oil Conservation Division

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: **Chuck Moran**
cmoran@ypcnm.com

Telefax No. (505) 748-4572



Administrative Order NSL-4663

Dear Mr. Moran:

Reference is made to the following: (i) your application dated September 5, 2001 (*application reference No. pKRV0-125449296*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Yates Petroleum Corporation's ("Yates") request for a non-standard gas well location to be applicable to any and all formations and/or pools from the surface to the base of the Strawn formation that are developed on 320-acre spacing and governed under the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999. The N/2 of Section 25, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit.

This unit is to be dedicated to the plugged and abandoned Maxus Exploration Company Newkumet Federal Well No. 1 (API No. 30-005-62532), to be redesignated the Applesauce "AZR" Federal Well No. 1, located 500 feet from the North line and 990 feet from the West line (Unit D) of Section 25.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

From the Division's records, this well originally drilled to a total depth of 6,865 feet to test the Devonian formation at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 25 in August, 1987. Also, in August, 1987 this well was plugged and abandoned.

It is our understanding that Yates now intends to reenter this well to a new plug-back depth sufficient to test down to the Strawn formation for gas.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within this standard 320-acre gas spacing unit comprising the N/2 of Section 25 for gas production spaced on 320 acres from the surface to the base of the Strawn formation is hereby approved.

Administrative Order NSL-4663
Yates Petroleum Corporation
November 6, 2001
Page 2

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / LW/MES".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia /
U. S. Bureau of Land Management - Roswell

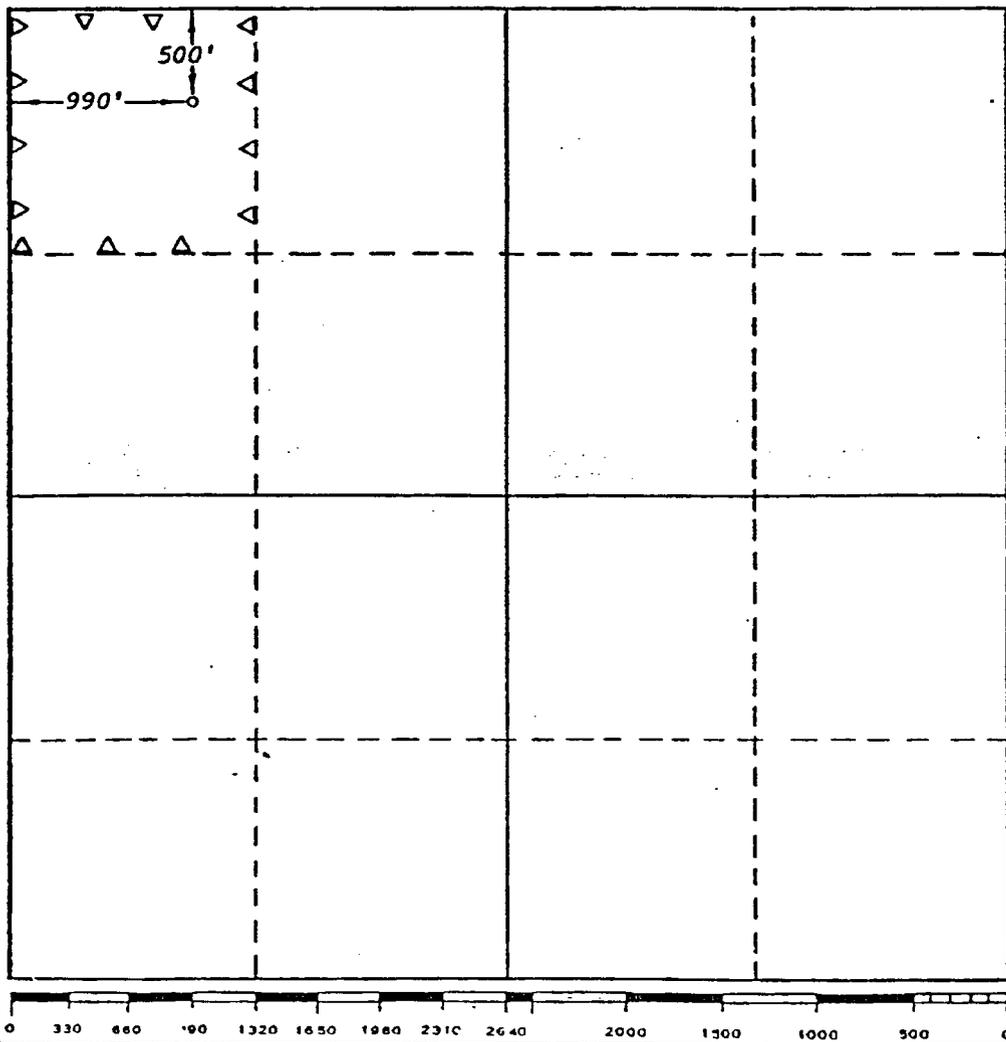
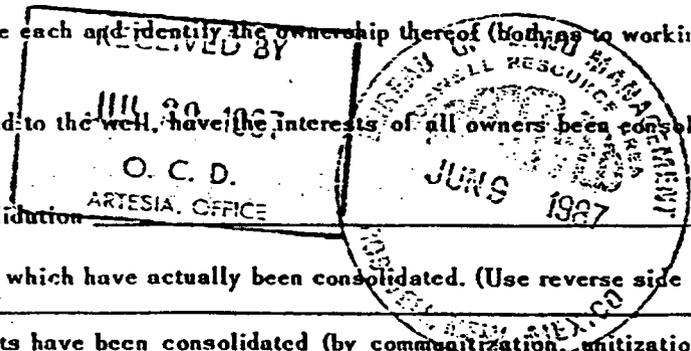
NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-
Effective 1-1-

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

Operator MAXUS EXPLORATION CO.			Lease Federal-New Kumet Fed.		Well No. 1 68860
Unit Letter D	Section 25	Township 11-S	Range 27-E	County Chaves	
Actual Footage Location of Well: 500 feet from the North line and 990 feet from the West line					
Ground Level Elev. 3754'	Producing Formation Devonian		Pool Wildcat Devonian		Dedicated Acreage: 40 <small>Acres</small>

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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 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.

James M. Pachulski
Name
James M. Pachulski
Position **Sr. Environmental & Regulation Engineer**
Company **Maxus Exploration Company**
Date **June 5, 1987**

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

Date Surveyed **June 1, 1987**
Registered Professional Engineer and/or Land Surveyor
Gary D. Basore
Certificate No. **6689**

DISTRICT I
1626 N. French Dr., Hobbs, NM 88340

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elv. Brunoa Rd., Artec, NM 87410

DISTRICT IV
2046 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department.

Form C-102
Revised March 17, 1988
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 Pennsylvanian
Property Code	Property Name Applesauce "AZR" Federal	Well Number #1
OCED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3754'

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
D	25	11S	27E		500'	North	990'	West	Chaves

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.
------------------------	-----------------	--------------------	-----------

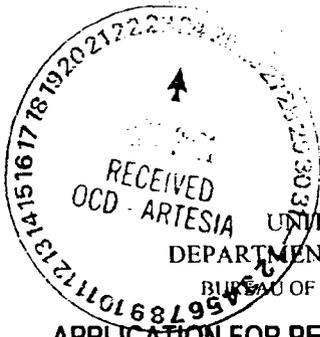
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>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><u>Pat Perez</u> Signature</p> <p>Pat Perez Printed Name</p> <p>Regulatory Agent Title</p> <p>9-11-01 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>Date Surveyed _____ Signature & Seal of Professional Surveyor _____</p> <p>Refer to original plat-attached.</p> <p>Certificate No. Herschel L. Jones RLS 3640</p> <p>GENERAL SURVEYING COMPANY</p>

C1913

N.M. Oil Cons. Div-Dist.
1301 W. 2nd St. Suite 100
Artesia, NM 88210

Form 3160-3
(August 1999)



OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: DRILL REENTER
7. If Unit or CA Agreement. Name and No. **Not Applicable**

b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone
8. Lease Name and Well No. **Applesauce "AZR" Federal #1**

2. Name of Operator **Yates Petroleum Corporation 25575**
9. API Well No. **62532**

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 **Pennsylvanian**

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface **500' FNL and 990' FWL, Unit D**
At proposed prod. Zone **same as above**
11. Sec., T., R., M., or Blk, and Survey or Area **Section 25, T11S-R27E**

14. Distance in miles and direction from nearest town or post office* **Approximately twenty-five (25) miles northeast of Roswell, New Mexico**
12. County or Parish **Chaves County** 13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
16. No. of Acres in lease **1040**
17. Spacing Unit dedicated to this well **320 - N/2**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
19. Proposed Depth **6865'**
20. BLM/BIA Bond No. on file **NM-2811**

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **3754'**
22. Approximate date work will start* **ASAP**
23. Estimated duration **30 Days**

24. Attachments **Formen, Maxus Expl Co**
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:
- 1. Well plat certified by a registered surveyor **Newmet Fed #1**
 - 2. A Drilling Plan. **PPA 447-88**
 - 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. **OTD 6785**
 - 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). **Oil APE 30-005-**
 - 5. Operator certification. **Cancel -> 62532**
 - 6. Such other site specific information and/or plans as may be required by the authorized office. **Use NEW ONE**

25. Signature **Pat Perez** Name (Printed/Typed) **Pat Perez** Date **9/11/01**

Title: **Regulatory Agent**

Approved by (Signature) **[Signature]** Name (Printed/Typed) **[Name]** Date **OCT 23 2001**

Title **Acting** Office **ROSWELL FIELD OFFICE** **APPROVED FOR 1 YEAR**

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.

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

Non Standard Location

(November 1984)
(Formerly 9-331)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Instructions on reverse side
Cons. Commission
Drawer DD

LEASE DESIGNATION AND SERIAL
NM 68860

clsf

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER Dry Hole
MAY 13 8 25 AM '88

2. NAME OF OPERATOR

3. ADDRESS OF OPERATOR
MAXUS EXPLORATION COMPANY
P.O. Box 10397
Midland, TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface
500' FNL & 990' FWL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
3754' GL

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Newkumet Federal

9. WELL NO.
1

10. FIELD AND POOL OR WILDCAT
Wildcat

11. SEC., T., S., R., OR BLK. AND SURVEY OR AREA
Sec. 25, T11S, R27E

12. COUNTY OR PARISH

13. STATE
Chaves New Mexico

RECEIVED
MAY 1 1992
O. C. D.
ARTESIA OFFICE

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)
PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other) Final Abandonment Notice
REPAIRING WELL
ALTERING CASING
ABANDONMENT*

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Thoroughly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

04-14-88 Surface reclamation complete and ready for inspection. Reclamation performed in accordance with operator-landowner agreement.

18. I hereby certify that the foregoing is true and correct

SIGNED Craig Mickelberry TITLE Sr. Drilling Engineer DATE 05-12-88

(This space for Federal or State office use)

APPROVED BY Charles... TITLE Mineral Chief DATE 9/25/92

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

Form 1160-5
(November 1983)
NM Oil Cons. Comm. 88210
Drawer DD
Artesia, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate
(Other instructions on reverse side)

Expires August 31, 1985
LEASE DESIGNATION AND SERIAL *45F*

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different depth. Use "APPLICATION FOR PERMIT" for such proposals.)

RECEIVED

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR MAXUS EXPLORATION COMPANY ✓

3. ADDRESS OF OPERATOR P.O. Box 10397, Midland, TX 79702 *ARTESIA OFFICE*

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME Federal-Newkumet Fel.

9. WELL NO. 1

4. LOCATION OF WELL (Report location clearly and to accordance with any State requirements. See also space 17 below.)
At surface 500' FNL & 990' FWL

10. FIELD AND POOL OR WILDCAT Wildcat - New.

11. SEC., T., R., M., OR BLE. AND SUBSTY OR AREA Sec. 25, T-11S, R-27E

14. PERMIT NO. 15. ELEVATIONS (Show whether DF, RT, GR, etc.)
3754 GL

12. COUNTY OR PARISH 13. STATE
Chaves New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

- 08-09-87 - 08-21-87 Drill to 6865' with 10.1 ppg brine gel
- 08-21-87 - 08-22-87 Logged well by Schlumberger. Ran CNL-DLL w/MSFL & FDC/Dipmeter.
- 08-22-87 - 08-24-87 WOO
- 08-24-87 Ran Schlumberger RFT. Samples @ 6805'-6808'-6811'-6817'-6825'
- 08-24-87 - 08-25-87 P&A well. Spot plugs by Dowell as follows:

2800'-2700' 45 sx	6535'-6385' 59 sx
1890'-1790' 43 sx	5000'-4900' 38 sx
440'-340' 28 sx	
surface 14 sx	

*Post ID-2
9-8-89
P+H*

Class "A" pozmix cmt. wt. 14.8 ppg yield 1.26 ft³/sk.
ND BOP. Cut off csg. head. Weld on plate. Install dry hole marker.

Rig released @ 6:00 p.m. 08-25-87

18. I hereby certify that the foregoing is true and correct

SIGNED Craig Mickleberry TITLE Senior Drilling Engineer DATE 09-02-87

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:
Approved as to plugging of the well bore.
Liability under bond is retained until surface restoration is completed.

APPROVED
PETER W. CHESTER
DATE SEP 18 1987

BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA
NEW MEXICO

Title 18 U.S.C. Section 1001, makes 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.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Artesia, NM 88210

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

NM 68860

6. IF INDIAN ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Newkumet Federal

9. WELL NO.

1

10. FIELD AND POOL OR WILDCAT

Wildcat *Durham*

11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 25, T-11-S, R-27-E

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. ENVR. Other SEP - 1 '89

2. NAME OF OPERATOR
MAXUS EXPLORATION COMPANY ✓ O. C. D.

3. ADDRESS OF OPERATOR
P. O. Box 10397, Midland, Texas 79702 ARTESIA, OFFICE

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 500' FNL and 990' FWL

At top prod. interval reported below

At total depth

14. PERMIT NO. DATE ISSUED
None Assigned 7-24-87

12. COUNTY OR PARISH Chaves 13. STATE New Mexico

15. DATE SPUDDED 8-5-87 16. DATE T.D. REACHED 8-21-87 17. DATE COMPL. (Ready to prod.) P&A 8-25-87 18. ELEVATIONS (OF. RKB, RT. GR, ETC.)* 3754 GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 6865' TD 21. PLUG, BACK T.D., MD & TVD - - - 22. IF MULTIPLE COMPL., HOW MANY* - - - 23. INTERVALS DRILLED BY - - - ROTARY TOOLS X CABLE TOOLS - - -

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)* None 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN CNL-DIL w/MSFL, FDC/Bipmeter, RFT 27. WAS WELL CORED No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	48#	389'	17-1/2"	Circ. to Surface	
8-5/8"	24#	1840'	12-1/4"	Circ. to Surface	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					NONE		

31. PERFORATION RECORD (Interval, size and number) 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
NONE	

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping size and type of pump)	WELL STATUS (Producing or shut-in)

DATE OF TEST HOURS TESTED CHOKE SIZE PROD'N. FOR TEST PERIOD OIL--BBL. GAS--BBL. WATER--BBL. GAS-OIL RATIO

FLOW. TUBING PRESS. CASING PRESSURE CALCULATED 24-HOUR RATE OIL--BBL. GAS--MCF WATER--BBL. OIL GRAVITY (CORR.)

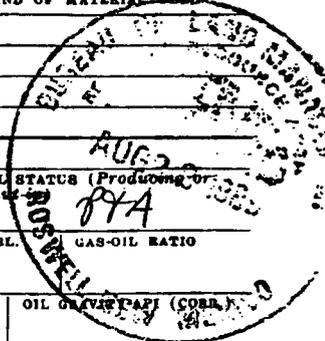
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Craig Mickleberry TITLE Area Drilling Superintendent DATE August 21, 1989

*(See Instructions and Spaces for Additional Data on Reverse Side)



37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
San Andres	1878	2030	Mechanical Sidewall Cores - 9 total Recovered Dolomite w/Anhydrite inclusions. Limestone, Anhydrite; very slight show of oil.	KB San Andres Glorieta Tubb Abo Wolfcamp Pennsylvanian Mississippian Devonian	3753 1483 2680 4147 4921 5243 6353 6600 6800	ASL
Devonian	6800	TD	Dolomite - Wet			

38. GEOLOGIC MARKERS

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Artesia, NM 86400

Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO. *151*

NM-68860

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

<p>1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/></p> <p>2. NAME OF OPERATOR MAXUS EXPLORATION COMPANY</p> <p>3. ADDRESS OF OPERATOR P.O. Box 10397, Midland, TX 79702</p> <p>4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 500' FNL & 990' FWL Sec. 25, T-11-S, R-27-# Chaves County, New Mexico</p> <p>14. PERMIT NO.</p>	<p>RECEIVED</p> <p>AUG 28 '87</p> <p>O. C. D.</p> <p>ARTESIA, OFFICE</p> <p>15. ELEVATIONS (Show whether DF, RT, OR, etc.) 3754' GL</p>	<p>7. UNIT AGREEMENT NAME</p> <p>8. FARM OR LEASE NAME NEWKUMET-FEDERAL</p> <p>9. WELL NO. 1</p> <p>10. FIELD AND POOL, OR WILDCAT Wildcat - Deer</p> <p>11. SEC., T., R., N., OR BLK. AND SURVEY OR AREA Sec. 25, T-11-S, R-27-E</p> <p>12. COUNTY OR PARISH Chaves</p> <p>13. STATE NM</p>
--	--	--

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input checked="" type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) Set & Test 8 5/8" csg.	<input checked="" type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

08-08-87 Drill to 1900' with 10.1 ppg brine water

08-09-87 Run 44 jts 8 5/8", 24#, K-55, ST&C casing. Land @ 1840' KB. Cement by Dowell with 330 sacks 35/65 pozmix "C" containing 9# salt/sack and 1/4#/sack celloflake. Tail in with 250 sacks Class "C" cement containing 2% cc and 1/4#/sack celloflake. Circ. approximately 30 sacks to pit. NU BOP and WOC 7 hours. Test 8 5/8" casing to 1000 psi for 1 hour. Held Okay.

Requested change in intermediate casing seat from 2250' to 1840' through Mr. Peter Chester due to the fact that the ABO formation was encountered higher than anticipated.

18. I hereby certify that the foregoing is true and correct

SIGNED Craig Nickleberry TITLE Senior Drilling Engineer DATE 08-18-87
Craig Nickleberry by Linda Collins, Secretary

APPROVED BY _____ TITLE _____ DATE _____
 CONDITIONS OF APPROVAL, IF ANY:

ACCEPTED FOR RECORD
PETER W. CHESTER

AUG 24 1987

*See Instructions on Reverse Side
BUREAU OF LAND MANAGEMENT
ROSSELL RESOURCE AREA

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN THIS OFFICE
(Other instructions on reverse side)
DRAWN BY
J. J. ...
Roswell, NM 88210

Expires August 31, 1985

15F

5. LEASE DESIGNATION AND SERIAL NO

NM-68860

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

NEWKUMET-FEDERAL

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT

Wildcat - Deer

11. SEC., T., S., N., OR BLK. AND SURVEY OR AREA

Sec. 25, T-11-S, R-27-E

12. COUNTY OR PARISH

Chaves

13. STATE

NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
MAXUS EXPLORATION COMPANY

3. ADDRESS OF OPERATOR
P.O. Box 10397, Midland, TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface **500' FNL & 990' FWL
Sec. 25, T-11-S, R-27-E,
Chaves County, New Mexico**

14. PERMIT NO. 15. ELEVATIONS (Show whether DP, ST, OR, etc.)
3754' GL

RECEIVED
AUG 28 '87
O. C. D.
ARTESIA OFFICE

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)

PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANE

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other) **Spud & set casing**

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

- 08-05-87 MIRU TMBR Rig #6. Spud @ 6:30 p.m. 08/05/87
Drilled to 395' K.B.
- 08-06-87 Ran 10 jts 13 3/8", 48#, H-40, ST&C casing. Landed @ 389.15' K.B. Cement by Dowell with 420 sacks Class "C" cement containg 2% cc, 1/2#/sack celloflake, and 2% gel. Circ. approximately 80 sacks to pit. Waiting on cement for 6 hours. Nipple-up BOP. Test 13 3/8" casing to 1100 psi for 1/2 hour. Held okay.
- 08-08-87 Drilled to 870'.

18. I hereby certify that the foregoing is true and correct

SIGNED

Craig Mickleberry
Craig Mickleberry

TITLE **Senrio Drilling Engineer**

DATE **August 18, 1987**

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

ACCEPTED FOR RECORD
PETER W. CHESTER
AUG 24 1987
*See Instructions on Reverse Side
BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
 Maxus Exploration Company

3. ADDRESS OF OPERATOR
 P.O. Box 2530, Mills, Wyoming 82644

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 500' FNL 990' FWL NW/NW
 At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
 NM-68860

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Federal-Newkumet Fed.

9. WELL NO.
 #68860-1

10. FIELD AND POOL, OR WILDCAT
 Wildcat - 1000000

11. SEC., T. R., M., OR BLK. AND SURVEY OR AREA
 Sec. 25, T11S, R27E

12. COUNTY OR PARISH
 Chaves

13. STATE
 New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
 16 miles southeast of Roswell, New Mexico.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 500'

16. NO. OF ACRES IN LEASE
 40

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

18. DISTANCE FROM PROPOSED* LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 6,850'

19. PROPOSED DEPTH
 6,850'

20. ROTARY OR CABLE TOOLS
 Rotary

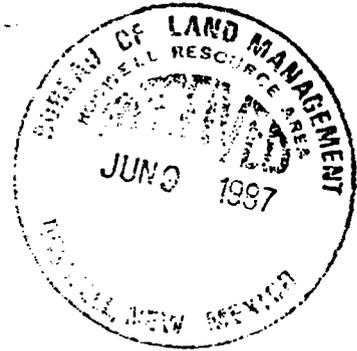
21. ELEVATIONS (Show whether DF, ET, GR, etc.)
 3,754' GR

22. APPROX. DATE WORK WILL START*
 July 1, 1987

RECEIVED BY
 JUL 29 1987
 O. C. D.
 ARTESIA OFFICE

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48#	350'	Circulate to surface
12 1/2"	8 5/8"	24#	2,250'	Est. 550 sxs. CIRCULATE
7 7/8"	5 1/2"	15.5#	6,850'	Est. 350 sxs.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Jam M. Pacheco TITLE Sr. Environmental & Regulation Engineer DATE June 5, 1987

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY S/Levi Deike, Acting TITLE Area Manager DATE JUL 24 1987

APPROVAL OF THIS APPLICATION 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.

Title 18 U.S.C. Section 1001, makes 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.

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.

Operator MAXUS EXPLORATION CO.		Lease Federal-New Kumet		Well No. 1 68860
Unit Letter D	Section 25	Township 11-S	Range 27-E	County Chaves
Actual Footage Location of Well: 500 feet from the North line and 990 feet from the West line				
Ground Level Elev. 3754'	Producing Formation <i>Washita</i>	Pool <i>Washita</i>	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have all interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation:

RECEIVED BY

JUL 29 1987

O. C. D.
ARTESIA, OFFICE

MEXICO OIL CONSERVATION COMMISSION

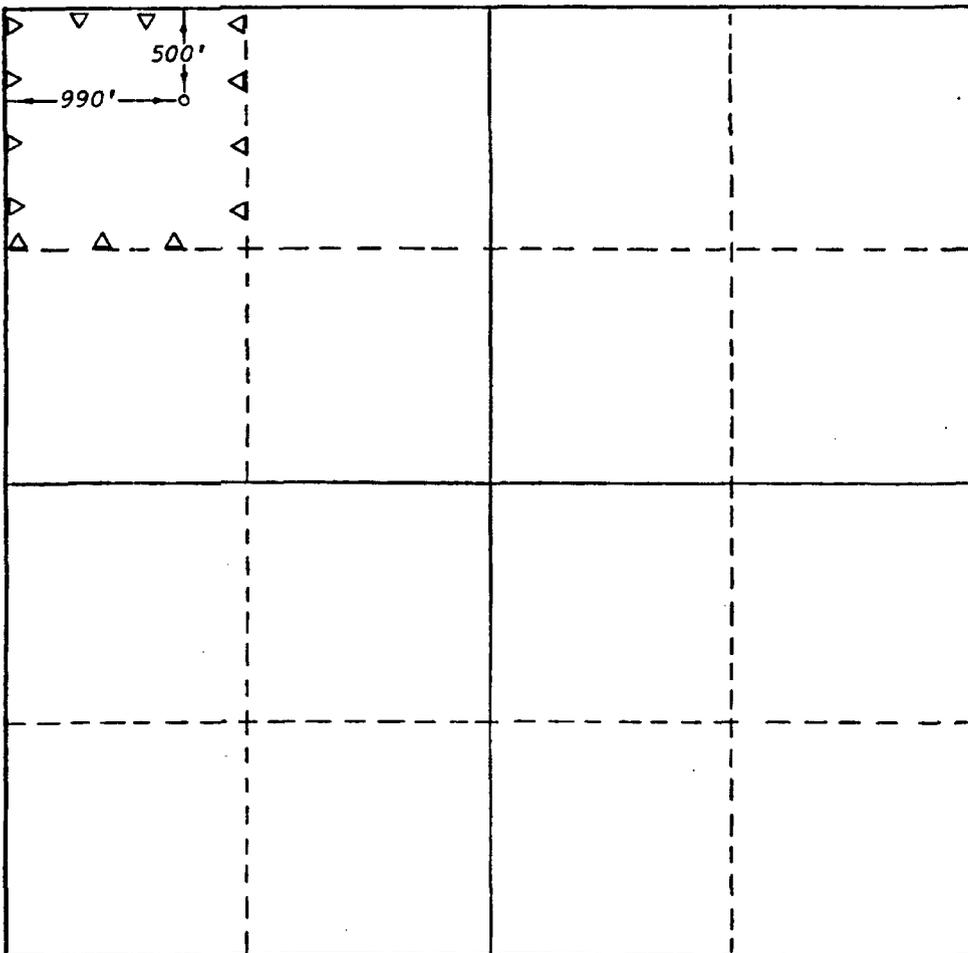
RECEIVED

JUN 5 1987

NEW MEXICO

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.

James M. Pachulski

Name
James M. Pachulski

Position **Sr. Environmental & Regulation Engineer**

Company
Maxus Exploration Company

Date
June 5, 1987

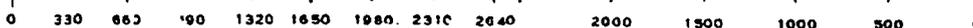
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

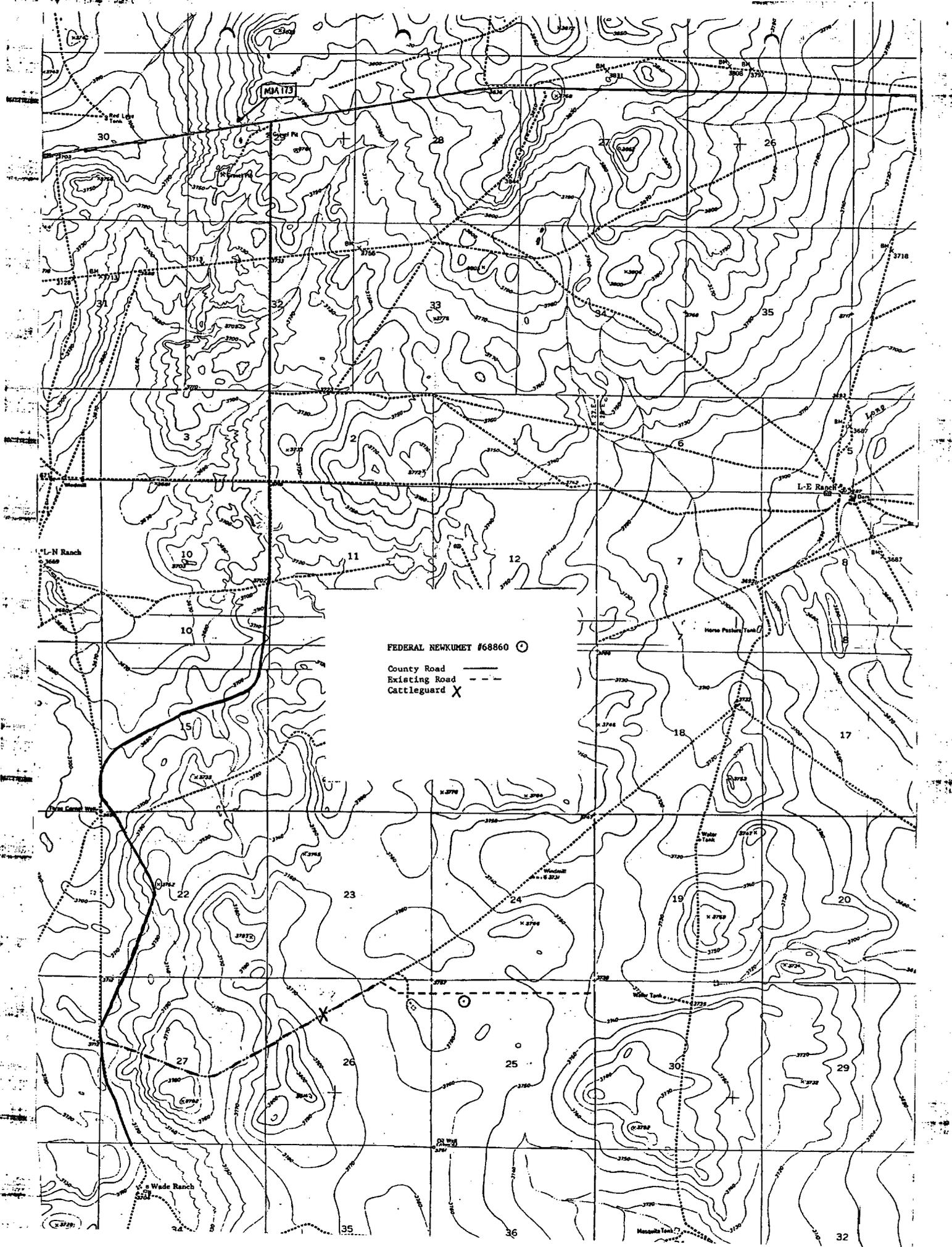
Date Surveyed
June 1, 1987

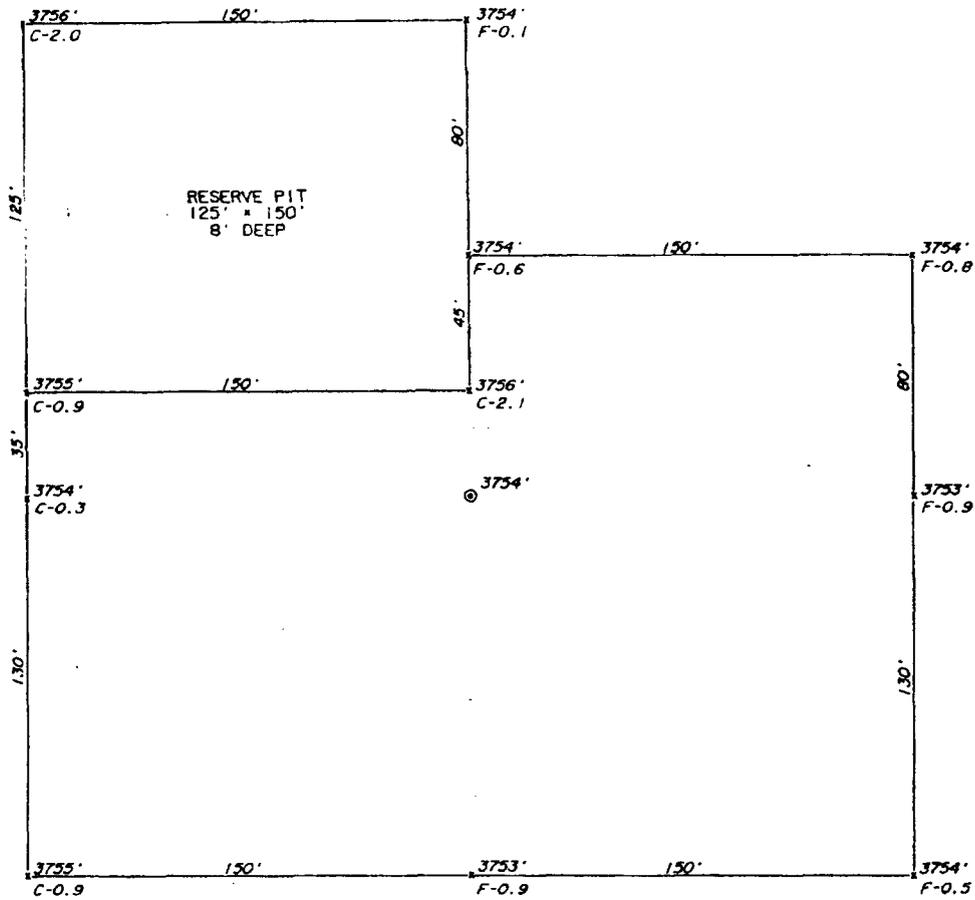
Registered Professional Engineer and/or Land Surveyor

Gary D. Baswell

Certificate No. **6689**







PROPOSED WELL PAD FOR
 MAXUS EXPL. CO. / FEDERAL-NEW KUMET #68860
 500' FWL & 990' FWL
 SECTION 25, T-11-S, R-27-E,
 CHAVES COUNTY, NEW MEXICO.

Dirt Quantities

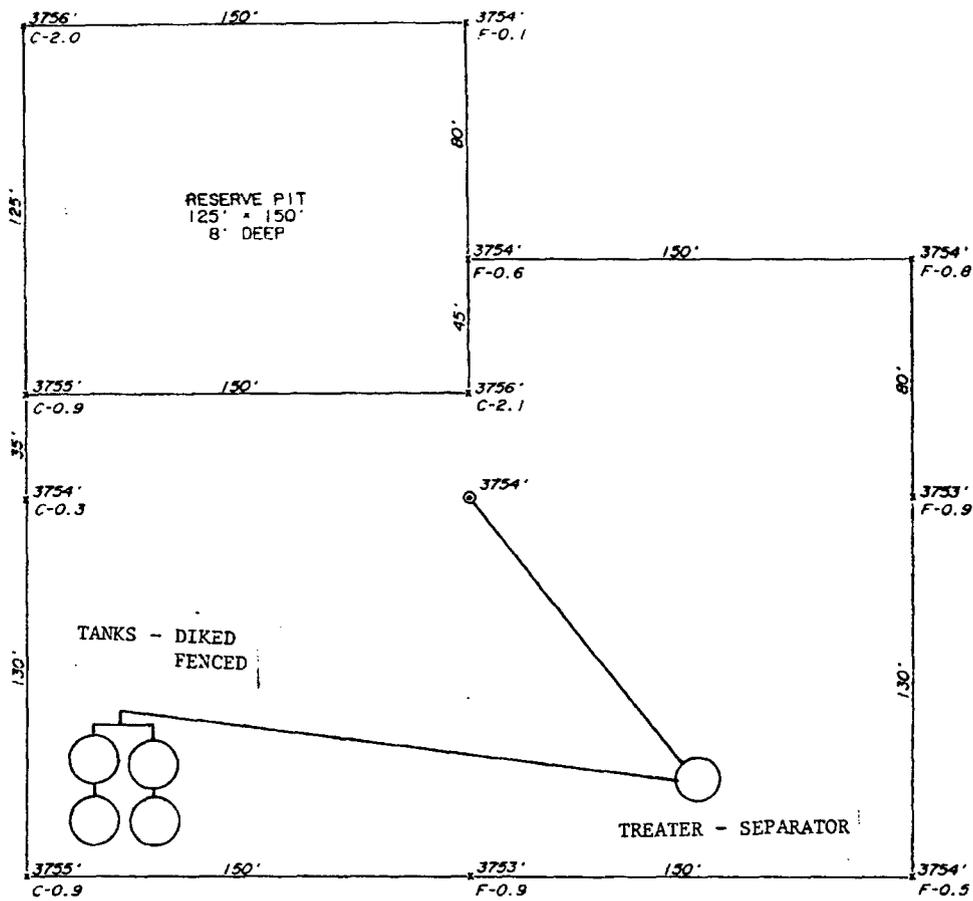
Pad File = 894 cu. yds.
 Pad Cut = 864 cu. yds.
 Pit Cut = 5,764 cu. yds.



NO	REVISION	DATE	BY
SUR. BY:	B.R.B.		
DRAWN BY:	P.A.D.		
APPR. BY:	D.R.K.		

MAXUS EXPLORATION CO.
 MILLS, WYOMING
 SURVEY & MAPPING BY
TOPOGRAPHIC LAND SURVEYORS
 MIDLAND, TEXAS

SCALE:	1" = 50'
DATE:	JUNE 3, 1997
JOB NO.:	58942
DRAWING NUMBER:	
SHEET	OF



PROPOSED WELL PAD FOR
 MAXUS EXPL. CO. / FEDERAL-NEW KUMET #68860
 500' FNL & 990' FWL
 SECTION 25, T-11-S, R-27-E,
 CHAVES COUNTY, NEW MEXICO.



DIAGRAM B

				MAXUS EXPLORATION CO.		SCALE: 1" = 50'
				MILLS, WYOMING		DATE: JUNE 3, 1987
NO.	REVISION	DATE	BY	SURVEY & MAPPING BY		JOB NO.: 58942
				TOPOGRAPHIC LAND SURVEYORS		DRAWING NUMBER:
SUR. BY: B.R.B.				MIDLAND, TEXAS		SHEET OF
DRAWN BY: P.A.D.						
APPR. BY: D.R.K.						

DRILLING PROGRAM



Federal-Newkumet #68860
NW/NW, Sec. 25, T11S, R27E
Chaves County, New Mexico

1. ESTIMATED FORMATION TOPS

<u>FORMATION</u>	<u>DEPTH</u>
Queen	900'
San Andres	1,450'
San Andres Porosity	2,030'
Glorietta	2,750'
Tubb	4,120'
Abo	4,950'
Wolfcamp	5,700'
Mississippian	6,580'
Devonian	6,740'
T.D.	6,850'

2. ESTIMATED DEPTH OF WATER, OIL, GAS OR MINERALS

Gas & Oil: Gas and oil are expected in the Devonian Formations.

Water: Ground water is anticipated to approximately 500'. Some brackish water sands could possibly exist below this level, however the hydrostatic head of the drilling fluid will safely contain these waters within their formations.

3. PRESSURE CONTROL EQUIPMENT

- A. Refer to Diagram A.
- B. Minimum pressure ratings on any and all B.O.P. or related control equipment will be 3,000 psi.
- C. B.O.P. stack will be pressure tested to working pressure of B.O.P. or 70% yield on surface pipe prior to drilling out of surface casing. The stack will then be checked on each trip to insure workability.
- D. Hydraulic B.O.P. controls will be located on the accumulator and rig floor. Manual controls will be located on the B.O.P.