

FILED	1/3/03	1/23/03	ENGINEER <i>MS</i>	LOGGED IN <i>KV</i>	TYPE <i>NSL</i>	PKRY0300353057
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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 BOR PPR

- [D] Other: Specify _____

JAN - 3 2003

[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.

Cy Cowan
 Print or Type Name

Cy Cowan
 Signature

Regulatory Agent
 Title

1/2/03
 Date

 e-mail Address

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



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

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

January 2, 2003

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
Rojo Stripe BAR Federal #1
460' FSL and 635' FWL
Section 18, T20S-R23E
Eddy County, New Mexico

Dear Mr. Stogner

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

The Rojo Stripe BAR Federal #1 was originally located at 660' FSL and 660' FWL. This location was moved to the captioned unorthodox location on recommendations of Mr. Barry Hunt of the Carlsbad Bureau of Land Management Office to avoid topographic features.

BP American Production Company is the offset operator to the south and they have been notified as of this date of Yates' request for an administrative approval for this unorthodox location.

We also wish this approval to cover the following formations being the Little Box Canyon Morrow located one mile to the southwest of Section 25, T20S-R23E all except the northwest quarter.

Enclosed please find our Administrative Application CheckList and supporting information.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent
/cyc

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. *ATTACHED*
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation. *ATTACHED*
 - 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 topographic 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 room for detail):
 - A. ✓ The proposed well location and proration unit;
 - B. ✓ An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. ✓ The location of any 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; *See V-A ATTACHED*
 - 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; N/A
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location. N/A
- 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. N/A
- 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. See attached + V-A
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible. N/A
- IX. An 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.

See Attached Green Card that was
Sent.

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM93459
1b. 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
2. Name of Operator YATES PETROLEUM CORPORATION Contact: ROBERT ASHER E-Mail: basher@ypcnm.com		7. If Unit or CA Agreement, Name and No.
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	8. Lease Name and Well No. ROJO STRIPE BAR FEDERAL 1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSW 460FSL 635FWL At proposed prod. zone SWSW 460FSL 635FWL		9. API Well No.
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 42 MILES SW OF ARTESIA, NM		10. Field and Pool, or Exploratory UNKNOWN
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 635	16. No. of Acres in Lease 1198.88	11. Sec., T., R., M., or Blk. and Survey or Area Sec 18 T20S R23E Mer NMP
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2 MILES	19. Proposed Depth 8450 MD	12. County or Parish EDDY
21. Elevations (Show whether DF, KB, RT, GL, etc.) 4253 GL	22. Approximate date work will start	13. State NM
23. Estimated duration 45		17. Spacing Unit dedicated to this well
20. BLM/BIA Bond No. on file		24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 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). | <ol style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification 6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|--|

25. Signature (Electronic Submission)	Name (Printed/Typed) CY COWAN Ph: 505.748.4372	Date 10/28/2002
Title REGULATORY AGENT		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) MARY J RUGWELL	Date 12/10/2002
Title ASSISTANT FIELD MANAGER		
Office Carlsbad		

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

**Electronic Submission #15572 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by Armando Lopez on 10/30/2002 (03AL0024AE)**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FILE COPY

well file

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-93459
1b. 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
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No.
Contact: ROBERT ASHER E-Mail: landdept@yprnm.com		8. Lease Name and Well No. ROJO STRIPE BAR FEDERAL 1
3a. Address 105 SOUTH 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.748.4364 Fx: 505.748.4572	9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSW 460FSL 635FWL At proposed prod. zone SWSW 460FSL 635FWL		10. Field and Pool, or Exploratory WILDCAT CHESTER
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 42 MILES SW OF ARTESIA, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 18 T20S R23E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 635	16. No. of Acres in Lease 318.88	12. County or Parish EDDY
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2 MILES	19. Proposed Depth 8450 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 4253 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well
		20. BLM/BIA Bond No. on file 585997
		23. Estimated duration 45

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|--|--|
| <ul style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 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). | <ul style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). 5. Operator certification 6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|--|

25. Signature (Electronic Submission)	Name (Printed/Typed) CY COWAN Ph: 505.748.4372	Date 10/28/2002
Title REGULATORY AGENT		
Approved by (Signature)	Name (Printed/Typed)	Date
Title Office		

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #15572 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Custodian

FILE COPY

**** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ****

District I
 1825 H. French Dr. Hobbs, NM 88240

District II
 811 South First, Artesia, NM 88210

District III
 1000 Rio Brazos Rd., Aztec NM 87410

District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
 Santa Fe, N M 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Chester
Property Code	Property Name ROJO STRIPE BAR FED	Well Number 1
OGRID No. 025575	Operation Name YATES PETROLEUM CORPORATION	Elevation 4253

Surface Location

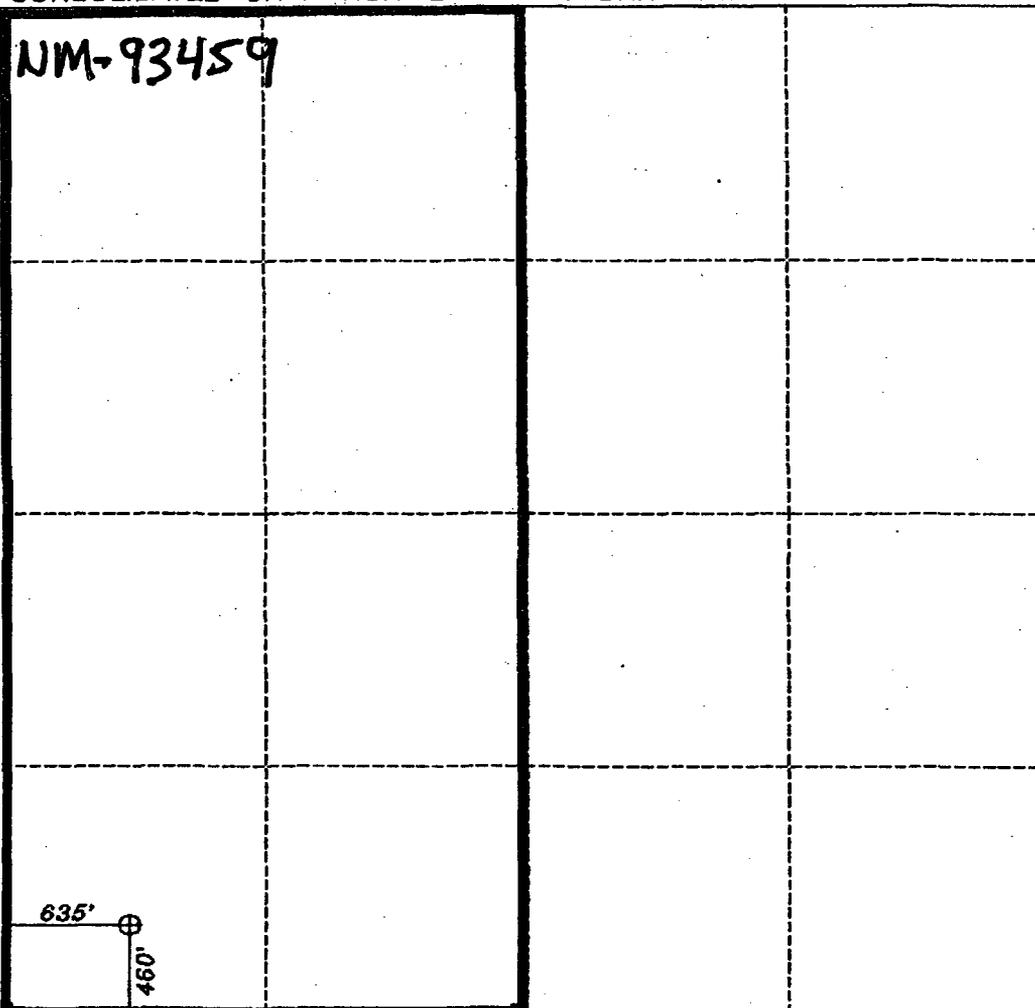
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	18	20-S	23-E		460	SOUTH	635	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 318.88	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature *Cy Cowan*

Printed Name Cy Cowan

Title Regulatory Agent

Date October 23, 2002

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 KNOWLEDGE AND BELIEF.

OCTOBER 9, 2002

Date of Survey

Signature and Seal of Professional Surveyor


YATES PETROLEUM CORPORATION
 Rojo Stripe "BAR" Federal #1
 460' FSL and 635' FWL
 Section 18-T20S-R23E
 Eddy County, New Mexico

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

San Andres	Surface	Strawn	6793'
Glorieta	1509'	Atoka	7730'
Upper Yeso	1709'	Morrow Clastics	8040'
Tubb	2903'	Middle Morrow	8065'
Lower Yeso	3047'	Lower Morrow	8205'
Abo	3559'	Base Morrow Clastics	8300'
Wolfcamp	4653'	Chester LM	8370'
Cisco	5843'	TD	8450'

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>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1400'	1400'
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#	N-80	LT&C	6800'-8450'	1550'

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

B. CEMENTING PROGRAM:

Surface casing: 900 sx Lite + 25#/sx Celloflake+ 2% CaCL2 + 5sx LCM-1 + 6% Bentonite.
Tail in with 200sx C + 2% CaCL2.

Production Casing: TOC=4200', 800 sx Super "C" (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>
0-1400'	FW Spud Mud/Air Mist	8.4-8.6	28-36	N/C
1400'-7200'	FW/Cut Brine	8.4-9.2	28	N/C
7200'-TD	Salt Gel/Starch/4% KCL	9.2-9.6	34-36	<10-12cc

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/sonic; possible FMI.
Coring: Possible Rotary Sidewall Cores
DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1400'	Anticipated Max. BHP: 600	PSI
From: 1400'	TO: 8450'	Anticipated Max. BHP: 4200	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**

Rojo Stripe "BAR" Federal #1
460' FSL and 635' FWL
Section 18-T20S-R23E
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 42 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 west on Rock Daisy Road and go approx. 17.5 miles to Armstrong Road (CR-12). Turn south on Armstrong Road and go 0.5 of a mile to Deer Canyon Road (CR-24). Turn west on Deer Canyon Road and go approx. 1.6 miles. Turn left on faint two-track road going south. Follow two-track road for approx. 0.5 of a mile to dry hole marker for the Max Wilson # Lynn Wildernhel well. The new road will start here going southeast for approx. 0.4 of a mile to the northeast corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will go southeast for approximately 0.4 of a mile to the northeast corner of the drilling pad. The road will lie in a north to south direction. See attached map.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnouts will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

- A. There is no 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 400' x 400' 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

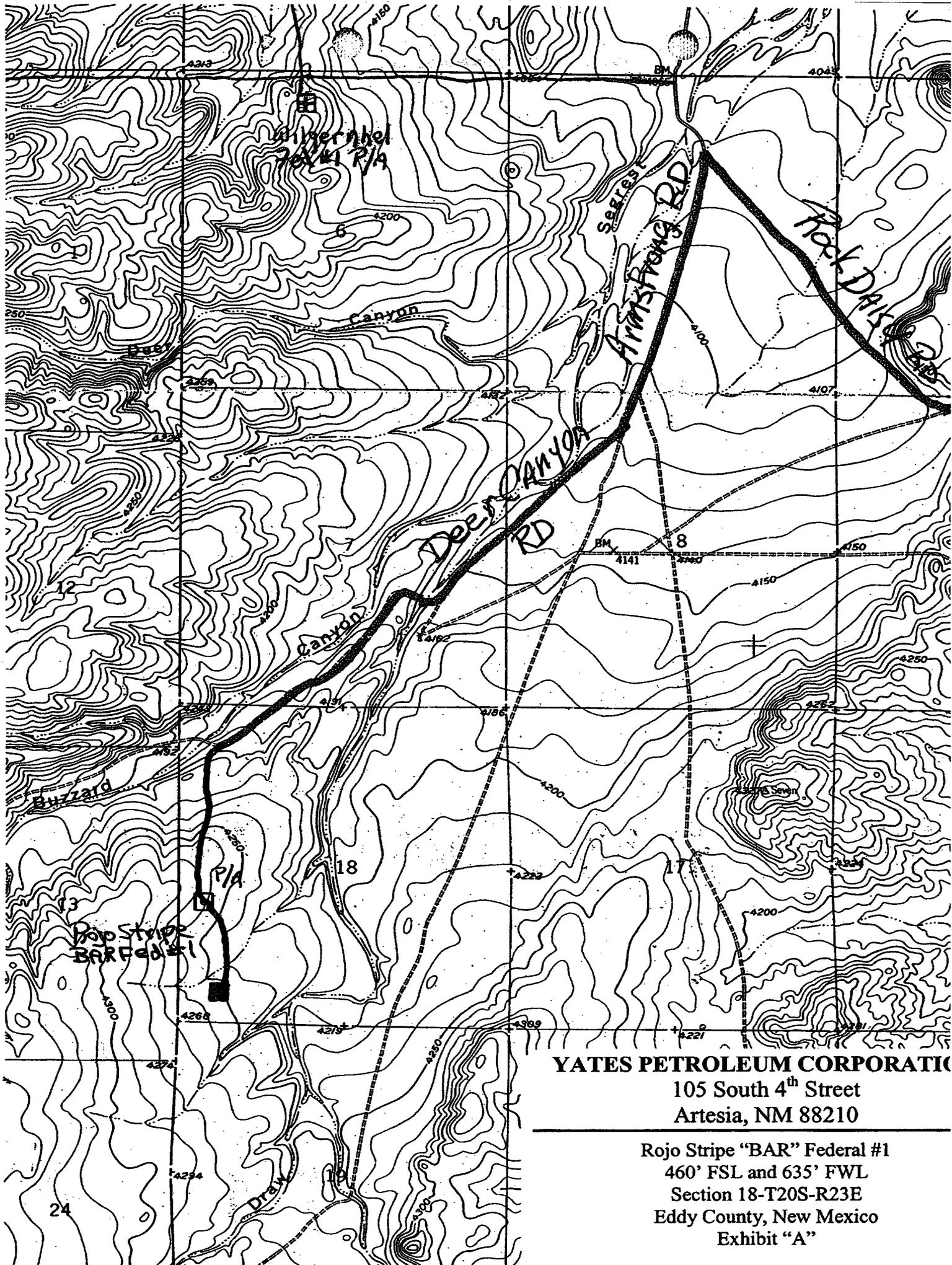
14. CERTIFICATION:

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.

10/28/01



Regulatory Agent



YATES PETROLEUM CORPORATION
105 South 4th Street
Artesia, NM 88210

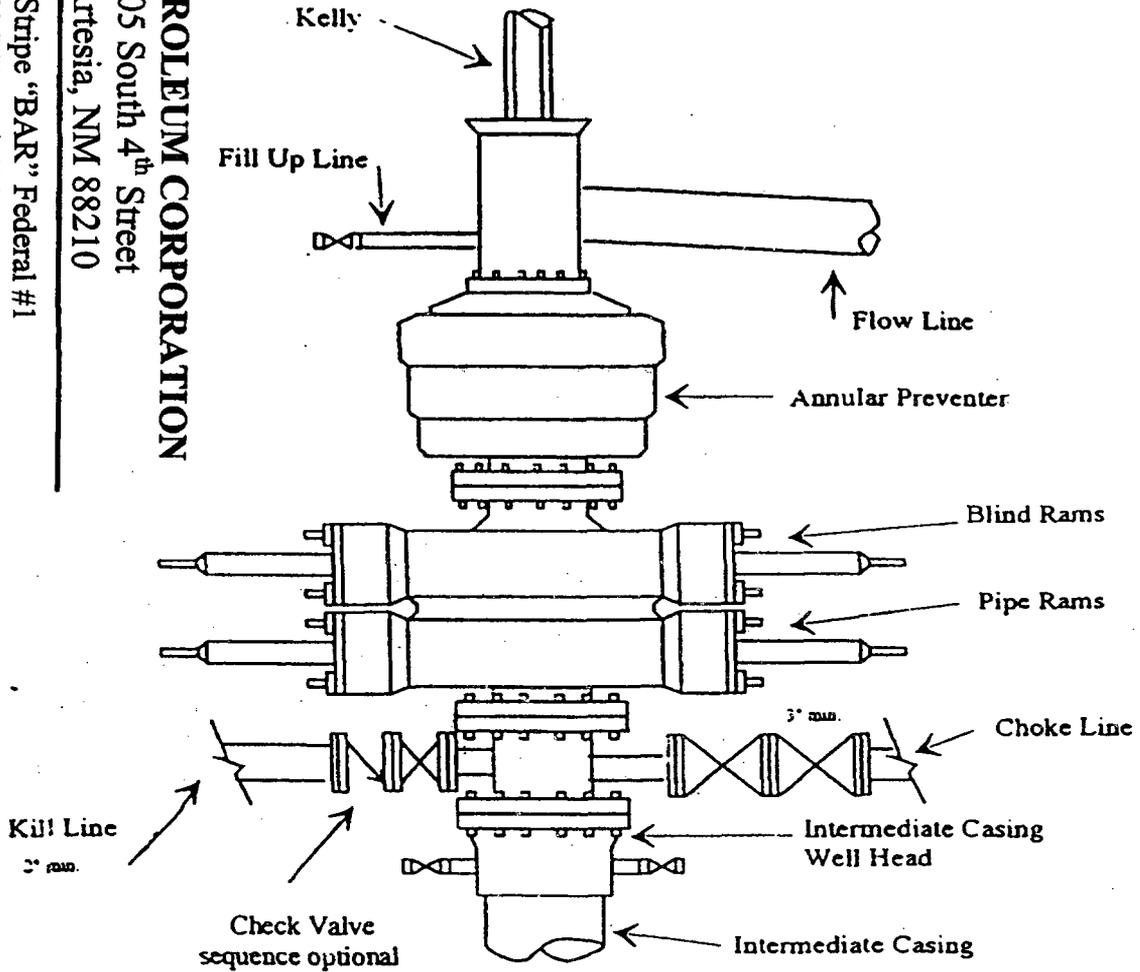
Rojo Stripe "BAR" Federal #1
460' FSL and 635' FWL
Section 18-T20S-R23E
Eddy County, New Mexico
Exhibit "A"

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

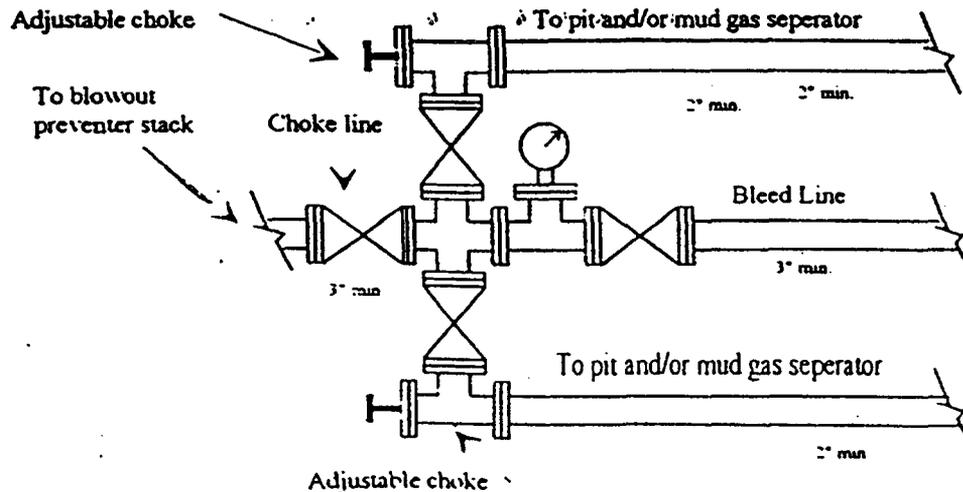
YATES PETROLEUM CORPORATION

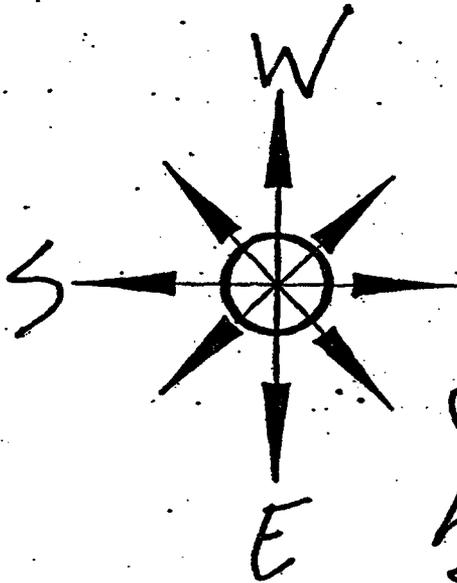
105 South 4th Street
Artesia, NM 88210

Rajo Stripe "BAR" Federal #1
460' FSL and 635' FWL
Section 18-T20S-R23E
Eddy County, New Mexico
Exhibit "B"



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



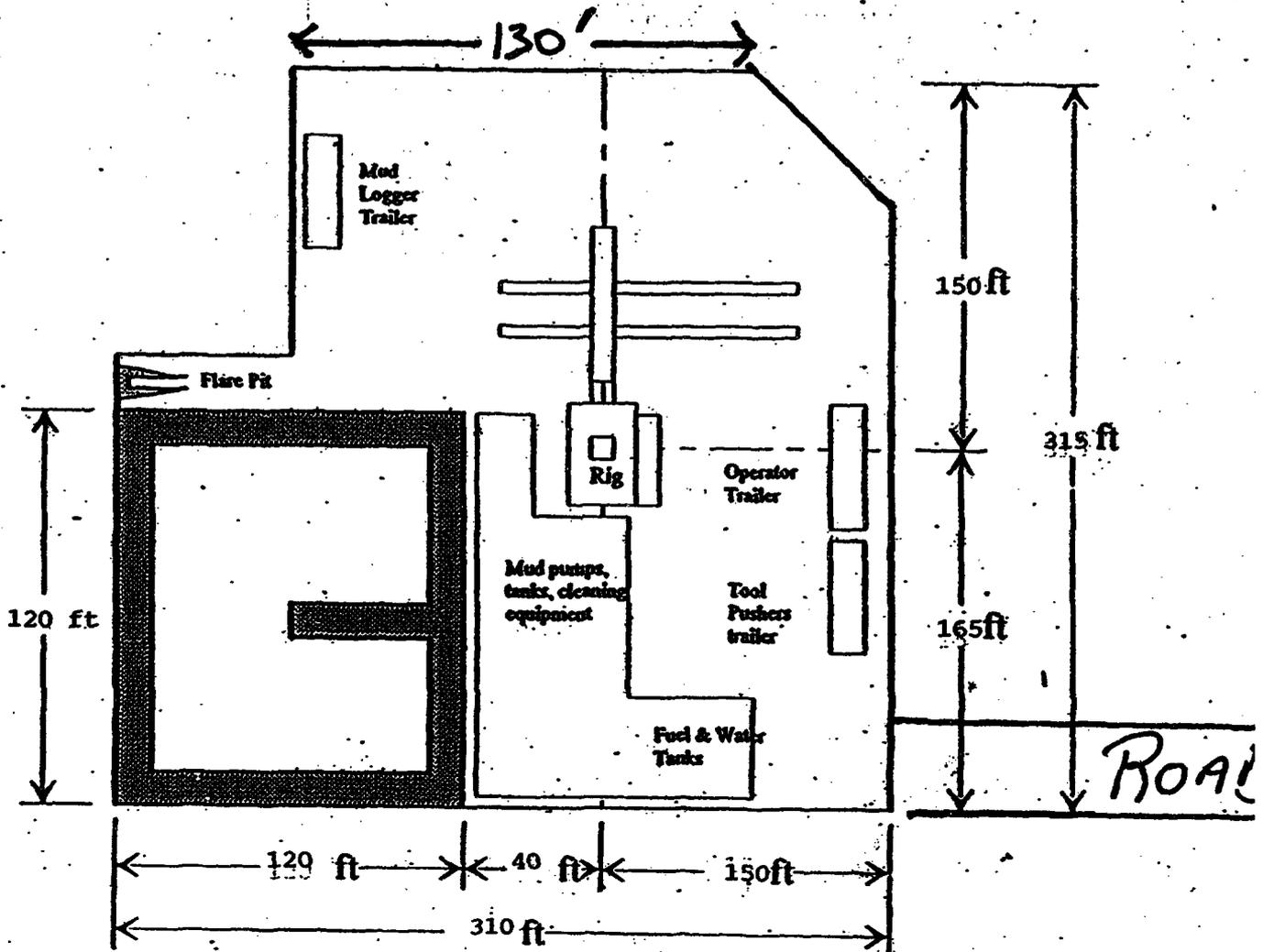


Yates Petroleum Corporation
 Location Layout for Permian Basin
 Up to 12,000'

N Pits South
Cut NW Corner of
Location Down to
Stay out of drainage

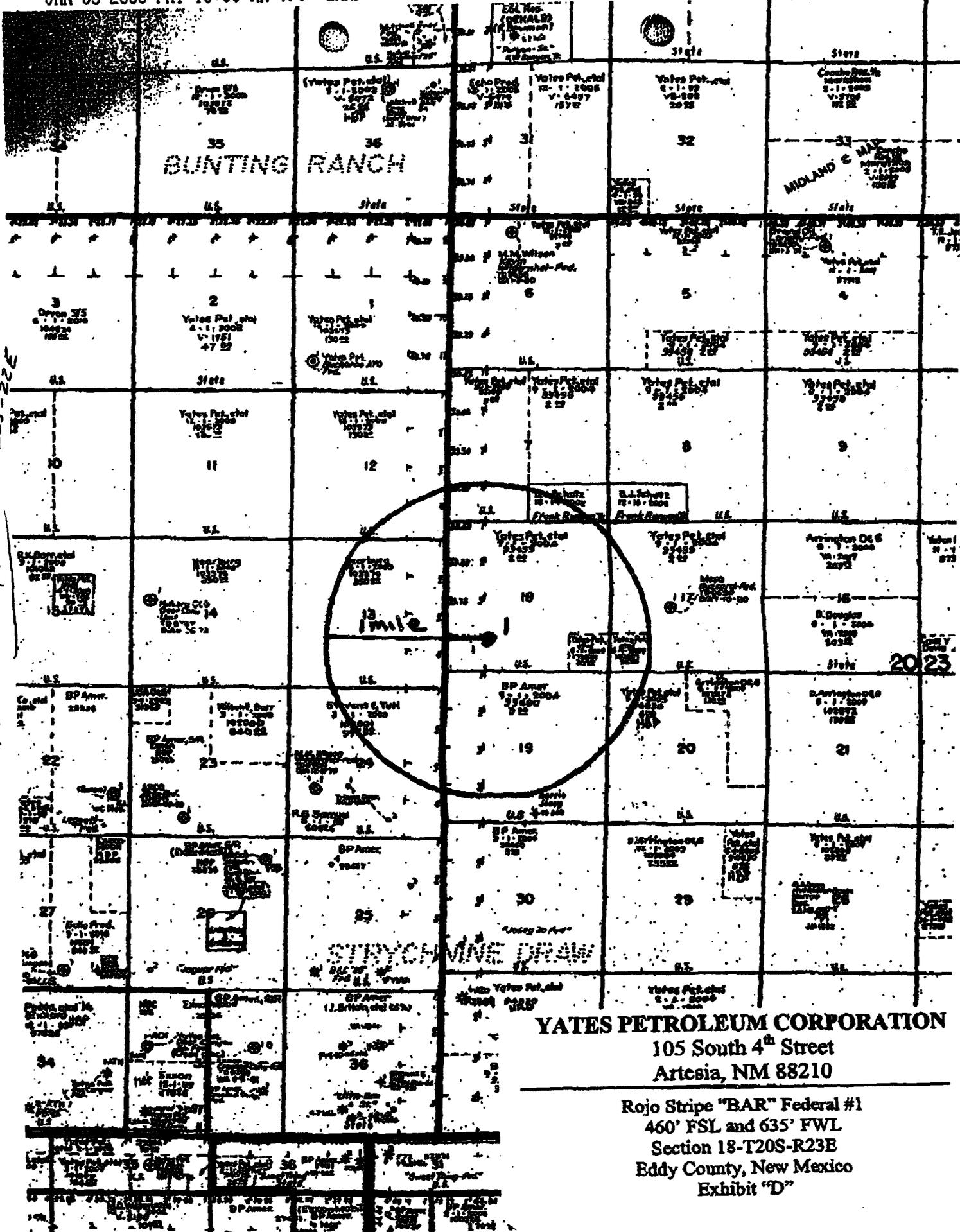
YATES PETROLEUM CORPORATION
 105 South 4th Street
 Artesia, NM 88210

Rojo Stripe "BAR" Federal #1
 460' FSL and 635' FWL
 Cation 18-T70S-R77F



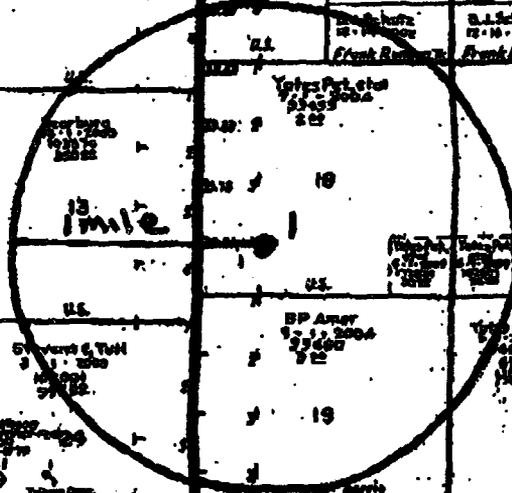
Distance from Well
 Head to Reserve Pit
 will vary between rigs

The above dimension
 should be a maximum



There is no 205-22E

20 South - 21 East



District I
1825 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, N M 87505

Form C-102
Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Chester
Property Code	Property Name ROJO STRIPE BAR FED	Well Number 1
OGRID No. 025575	Operation Name YATES PETROLEUM CORPORATION	Elevation 4253

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	18	20-S	23-E		460	SOUTH	635	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 318.88	Joint or Infill	Consolidation Code	Order No.
----------------------------------	-----------------	--------------------	-----------

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

<p>NM-93459</p>	<p>OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.</p>
	<p>Signature: <i>Cy Cowan</i></p>
	<p>Printed Name: Cy Cowan</p>
	<p>Title: Regulatory Agent</p>
	<p>Date: October 23, 2002</p>
	<p>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 KNOWLEDGE AND BELIEF.</p>
	<p>Date of Survey: OCTOBER 9, 2002</p>
	<p>Signature and Seal of Professional Surveyor: <i>D. R. REDDY</i></p>
	<p>NM PROFESSIONAL SURVEYOR Certificate Number</p>

DISTRICT I
1635 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elc Brazos Rd., Artesia, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-11
Revised March 17, 19
Instruction on be
Submit to Appropriate District Off
State Lease - 4 Cop
Fee Lease - 3 Cop

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 Little Box Canyon Morrow
Property Code	Property Name Rojo Stripe BAR Federal	Well Number 1
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4253'

Surface Location

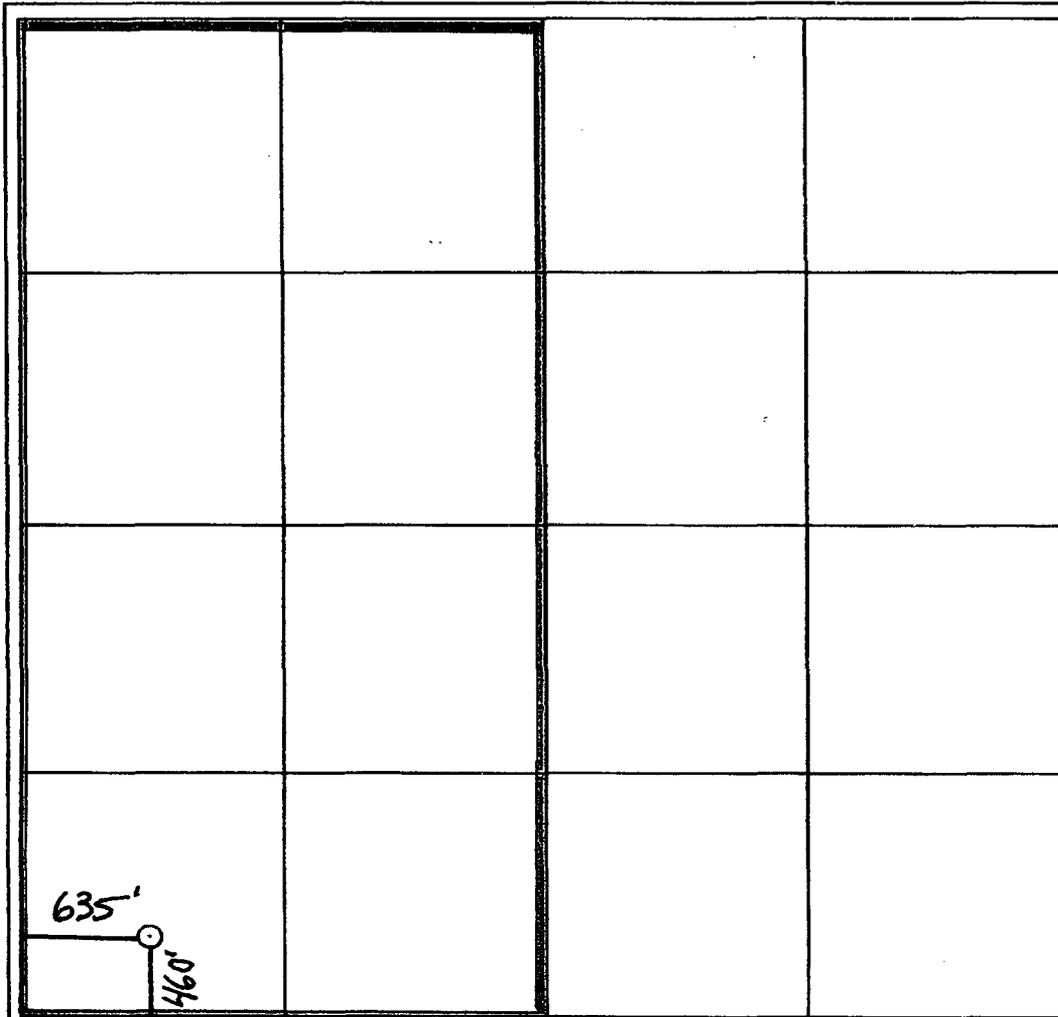
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count
M	18	20S	23E		460'	South	635'	West	Eddy

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count

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



OPERATOR CERTIFICATION

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

Cy Cowan
Signature

Cy Cowan

Printed Name
Regulatory Agent

Title
Date
January 2, 2003

SURVEYOR CERTIFICATION

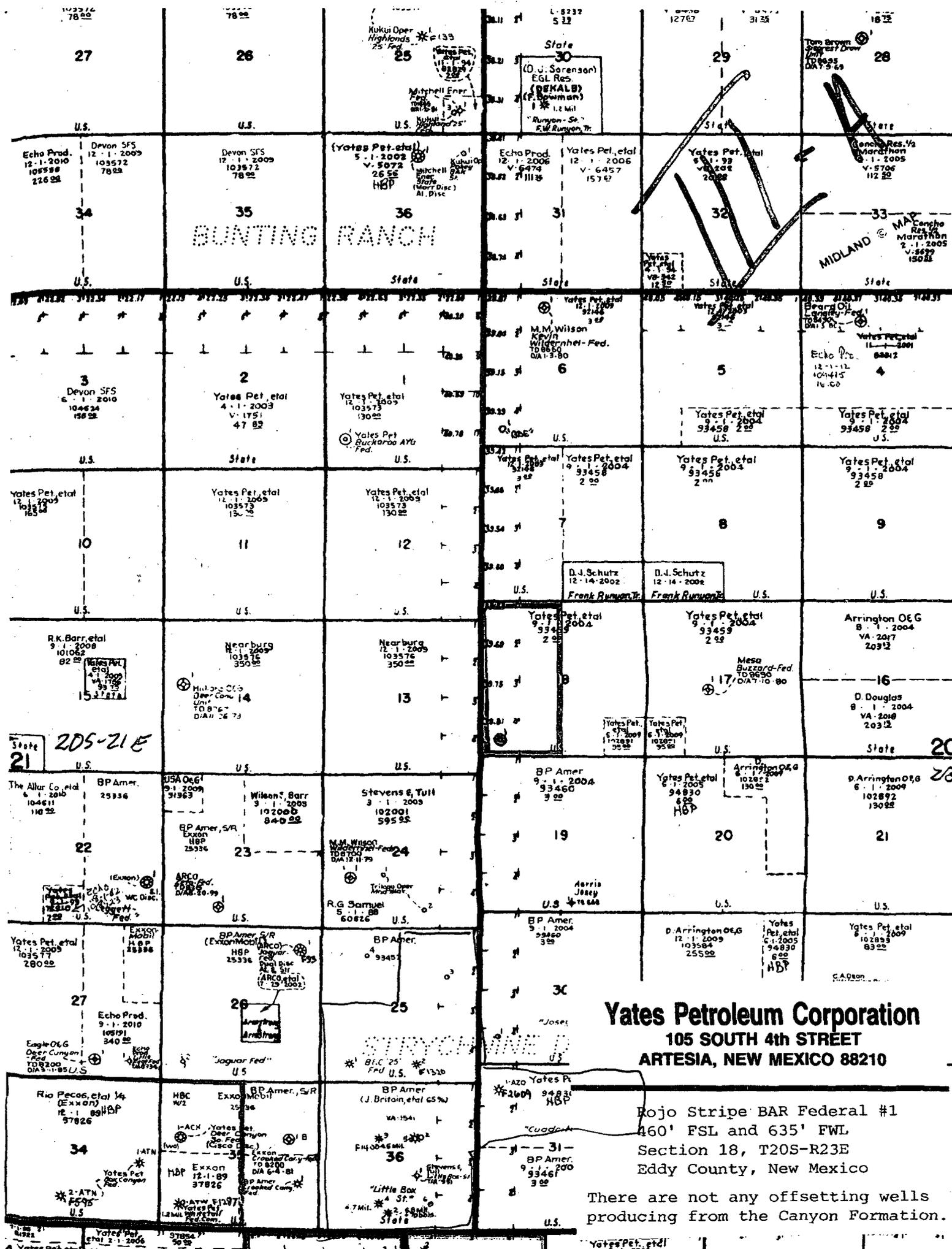
I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

REFER TO ORIGINAL PLAT

Date Surveyed
Signature & Seal of
Professional Surveyor

Certificate No. Herschel L. Jones RLS 3

GENERAL SURVEYING COMPANY

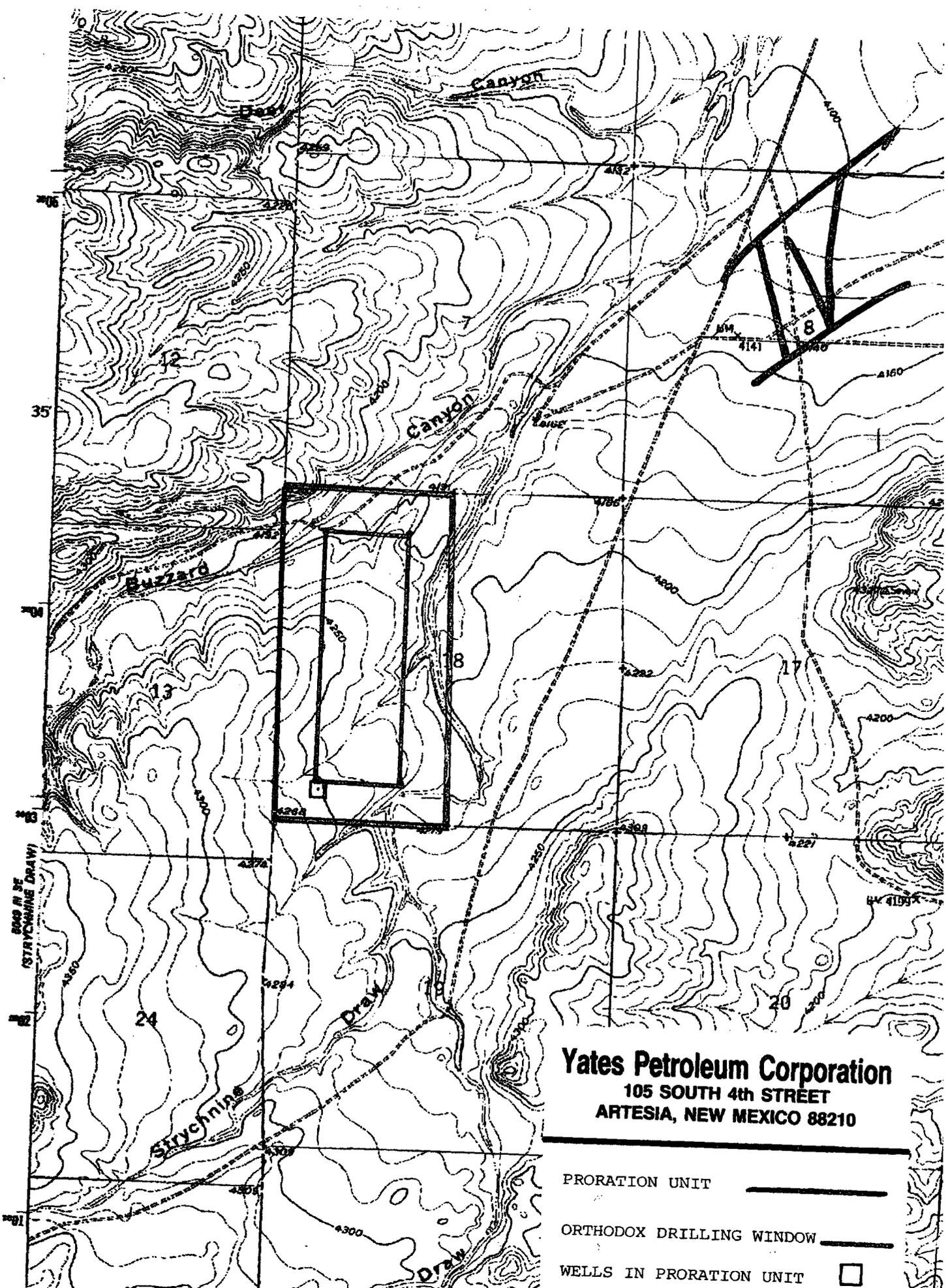


Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

Rojo Stripe BAR Federal #1
 460' FSL and 635' FWL
 Section 18, T20S-R23E
 Eddy County, New Mexico

There are not any offsetting wells producing from the Canyon Formation.

205-21E



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

- PRORATION UNIT
- ORTHODOX DRILLING WINDOW
- WELLS IN PRORATION UNIT

'Box Canyon Ranch; NM'; Scale: 1" = 0.379Mi 610Mtr, 2,000Ft, 1 Mi = 2,640', 1 cm = 240Mtr

CANYON

4162

4191

4186

18

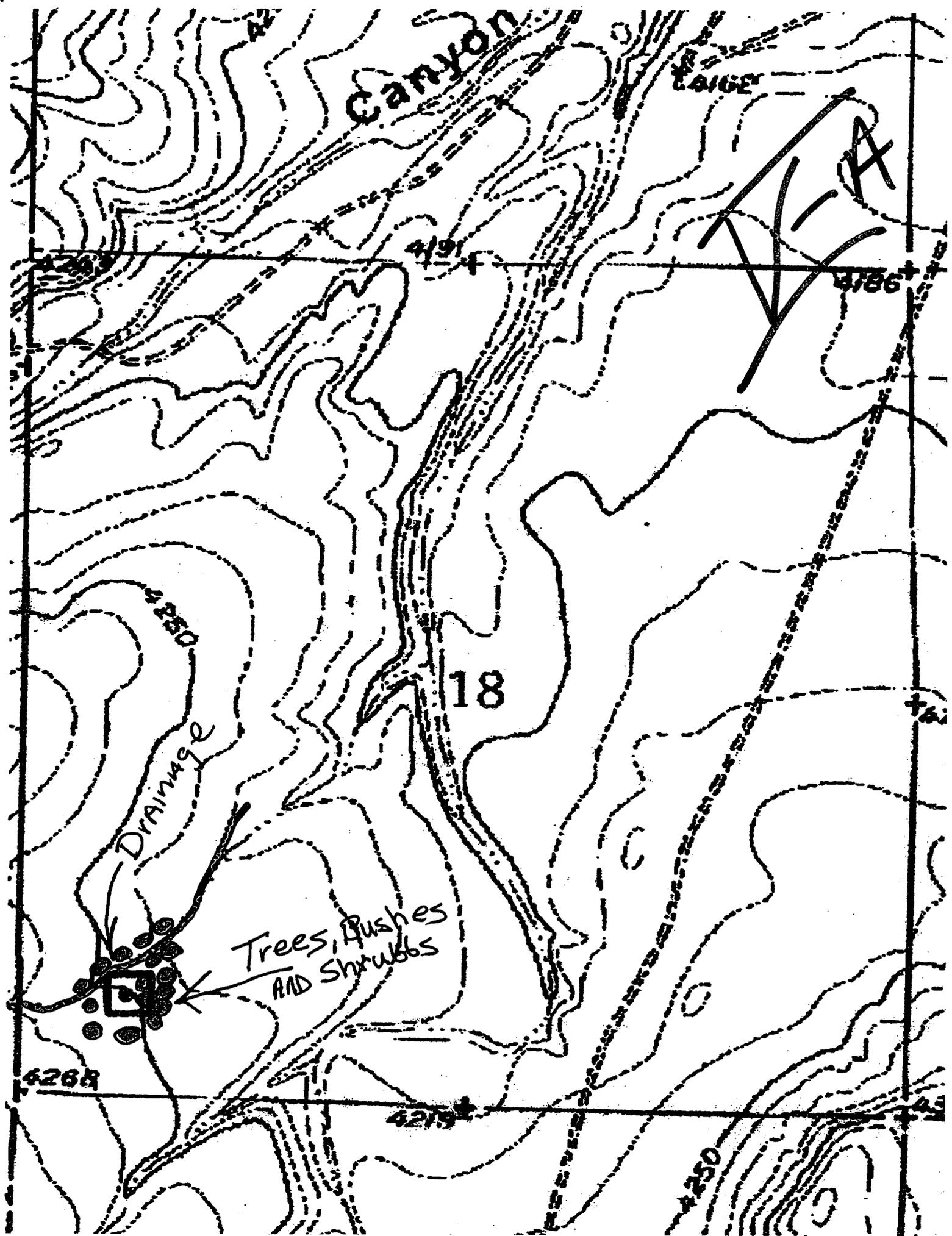
4250
DRAINAGE

Trees, Bushes
AND Shrubs

4264

4219

4250



VII.

On or about October 2, 2002, I met with Mr. Barry Hunt of the Carlsbad Bureau of Land Management for an on-site inspection for the proposed Rojo Stripe BAR Federal #1 location. Two topographical features would have been impacted by the well location if the location was built at the orthodox 660' FSL and 660' FWL as proposed by Yates. The first being the northwest corner of the well pad would have fallen into a drainage going to Segrest Draw a major draw in the area. Mr. Hunt believed the pad would fall into a BLM designated Flood Plain Hazard Zone if were built at the original proposed location. The second problem is the east side of the well pad was too close to some native trees and ground cover. Mr. Hunt believed building the location close to the trees would damage Riparian Habitat. Mr. Hunt proposed moving the location to the south and west because he felt the resource people at the BLM would agree to the Application For Permit To Drill if we were protecting the trees, bushes, shrubs, and waterways.

PLEASE NOTE V-A.

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



S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

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

January 2, 2003

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

RE: Offset Operator/Leasehold Notification
Unorthodox Location
Rojo Stripe BAR Federal #1
Township 20 South, Range 23 East
Section 18: 460' FSL & 635' FWL
Eddy County, New Mexico

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Rojo Stripe BAR Federal #1 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Wildcat Chester Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

If you have no objections to this unorthodox location please signify your approval by signing one copy of this letter in the space provided below and returning same to the undersigned. Any objection must be filed in writing with the New Mexico Oil Conservation Division within twenty (20) days from the date of this notice.

The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Rojo Stripe BAR Federal #1.

Very truly yours,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent

Company: _____

Name: _____

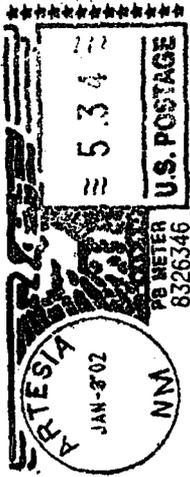
Title: _____

Date: _____

***Notification List of Offset
Operator/leasehold Owners***

Unorthodox Location
Rojo Stripe BAR Federal #1
Township 20 South, Range 23 East
Section 18: 460' FSL and 635' FWL
Eddy County, New Mexico

BP American Producton Company
501 Westlake Park Blvd
WLI-Room 6.199
Houston TX, 77079
Attention: Lee M. Scarborough



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U.S. Postal Service
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(Domestic Mail Only; No Insurance Coverage Provided)

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

Lee M. Scarborough
 BP American Production Company
 501 Westlake Park Blvd.
 WLI-Room 6.199
 Houston, TX 77079

See for instructions

CLASS 1

CLASS FIRST



ARTESIA BUILDING - 105 SOUTH FOURTH ST.
 ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

*Policy completed
new surchase date 1-29-2003*



FAX

Date: Thursday, January 09, 2003

Number of pages including cover sheet: 8

To:

Michael Stogner

NM Oil Conservation Division-

Phone: _____

Fax phone: 505-476-3462

From:

Bob Asher

105 South Fourth Street

Artesia, New Mexico 88210

Phone: 505-748-4364

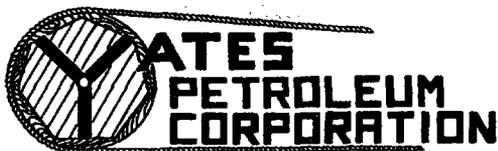
Fax phone: 505-748-4572

REMARKS: Urgent For your review Reply ASAP Please comment

The following offset operators have been notified per your letter dated 1/6/2003 to Cy Cowan,
hard copy to be mailed.

Thank you, Bob Asher.

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
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

January 3, 2003

TO: Addressee List Attached

Certified Mail
Return Receipt Requested

**RE: Offset Operator/Leasehold Notification
Unorthodox Location
Rojo Stripe BAR Federal #1
Township 20 South, Range 23 East
Section 18: 460' FSL & 635' FWL
Eddy County, New Mexico**

Gentlemen:

Yates Petroleum Corporation has been advised by the Artesia office of the Oil Conservation Division that the Rojo Stripe BAR Federal #1 well is located at an unorthodox location which is described above. This location does not comply with existing special rules for the Wildcat Chester Gas Pool which states that no well shall be located closer than 660' feet from an outer boundary of a 320 acre spacing unit. Yates was required by the Bureau of Land Management to move this location to the unorthodox location because of topographic reasons.

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The undersigned hereby waives any objection to the unorthodox location of Yates Petroleum Corporation's Rojo Stripe BAR Federal #1.

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

Company: _____

Name: _____

Title: _____

Date: _____

***Notification List of Offset
Operator/leasehold Owners***

**Unorthodox Location
Rojo Stripe BAR Federal #1
Township 20 South, Range 23 East
Section 18: 460' FSL and 635' FWL
Eddy County, New Mexico**

**BP American Producton Company
501 Westlake Park Blvd
WLI-Room 6.199
Houston TX, 77079
Attention: Lee M. Scarborough**

**Nearburg Producing Company
3300 North "A" Bldg. 2 Ste 120
Midland, TX 79705-5421
Attention: Duke Roush**

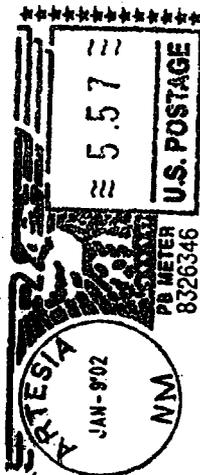
**Trilogy Operating Inc.
P.O. Box 7606
Midland, TX 79708
Attention: Jerry Weant**

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FIRST CLASS

FIRST CLASS

FIRST CLASS



FIRST CLASS MAIL

U.S. Postal Service
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 (Domestic Mail Only; No Insurance Coverage Provided)

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		

Neaburg Producing Company
 590 North 3rd Blvd & Ste 210
 Midland, TX 79705-5821
 Attention: Duke Rodish

Midland, TX 79705-5821
 Attention: Duke Rodish



BUILDING - 105 SOUTH FOURTH ST.
 ARTESIA, NEW MEXICO 88210-2118

DRESS SERVICE REQUESTED

See reverse for instructions

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

01/06/03 09:1
OGOMES -
PAGE NO:

Sec : 18 Twp : 20S Rng : 23E Section Type : NORMAL

1 39.63 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Federal owned
2 39.69 Federal owned	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

01/06/03 09:2
OGOMES -'
PAGE NO:

Sec : 18 Twp : 20S Rng : 23E Section Type : NORMAL

3 39.75 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
4 39.81 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

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