

DATE IN 1/29/04	SUSPENSE 2/18/04	ENGINEER MS	LOGGED IN MS	TYPE NSL	APP NO. 4404559472
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New Suspense Period = 3/15/04

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
- NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR

- [D] Other: Specify Produce this well from a non-standard location.

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JAN 29 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

[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 _____ Regulatory Agent _____ 1/26/04
Print or Type Name Signature Title Date

e-mail Address

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



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

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

January 26, 2004

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

Via Facsimile
Certified Mail
Return Receipt Request

RE: Application for Unorthodox Location
Desiree BDS State #1
660' FSL and 2236' FEL
Section 34, T17S-R26E
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for the captioned well located in the Chester Formation.

The original well location was proposed at 660' FSL and 1980' FEL however at the request of the surface owner we moved the location to the west at the captioned location. This was to allow the surfaceowner to conduct his business with the least inconvenience to him as possible. Please see V-E. narrative.

~~Yates Petroleum Corporation is the offset operator to the west therefore Yates requests administrative approval for this unorthodox location at your earliest convenience.~~ We also wish this approval to cover the following formations being the Undesignated Atoka San Andres, Wildcat Yeso, Wildcat Wolfcamp, Undesignated Kennedy Farms Upper Penn, Wildcat Strawn, Wildcat Atoka, and Undesignated Kennedy Farms Morrow.

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

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JAN 29 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

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

DISTRICT II
611 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Undesignated Atoka San Andres
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p>	
	<p>Signature _____</p> <p style="text-align: center;">Cy Cowan</p>	
	<p>Printed Name _____</p> <p style="text-align: center;">Regulatory Agent</p>	
	<p>Title _____</p> <p style="text-align: center;">January 27, 2004</p> <p>Date _____</p>	
<p>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>Date Surveyed _____</p> <p style="text-align: center;">11/03/2003</p>
<p>Signature _____</p> <p style="text-align: center;">H. R. SPELL</p>		<p>Professional Seal of _____</p> <p style="text-align: center;">NEW MEXICO</p> <p style="text-align: center;">3640</p>
<p>Certificate No. _____</p> <p style="text-align: center;">DESIREE "BDS"</p>		<p style="text-align: center;">JONES RLS 3640</p> <p style="text-align: center;">GENERAL SURVEYING COMPANY</p>

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

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

DISTRICT II
 811 South First, Artesia, NM 88210

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

DISTRICT IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Yeso
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

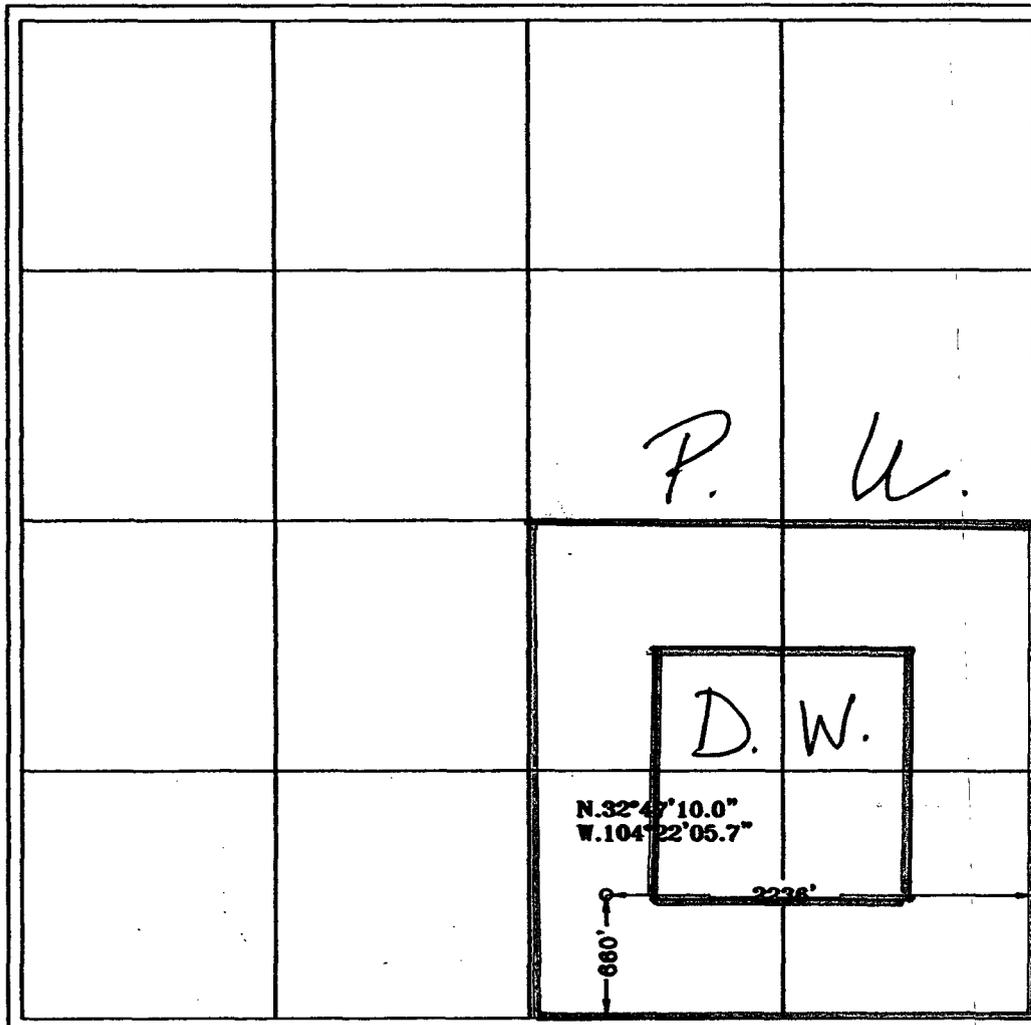
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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.

Signature _____
 Cy Cowan
 Printed Name
 Regulatory Agent
 Title
 January 27, 2004
 Date

SURVEYOR CERTIFICATION

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

11/03/2003
 Date Surveyed
 Signature & Seal of Professional Land Surveyor

 Certification No. Jones RLS 3640
 PROFESSIONAL LAND SURVEYOR
 GENERAL SURVEYING COMPANY

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

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

DISTRICT II
611 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

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Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Wolfcamp
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

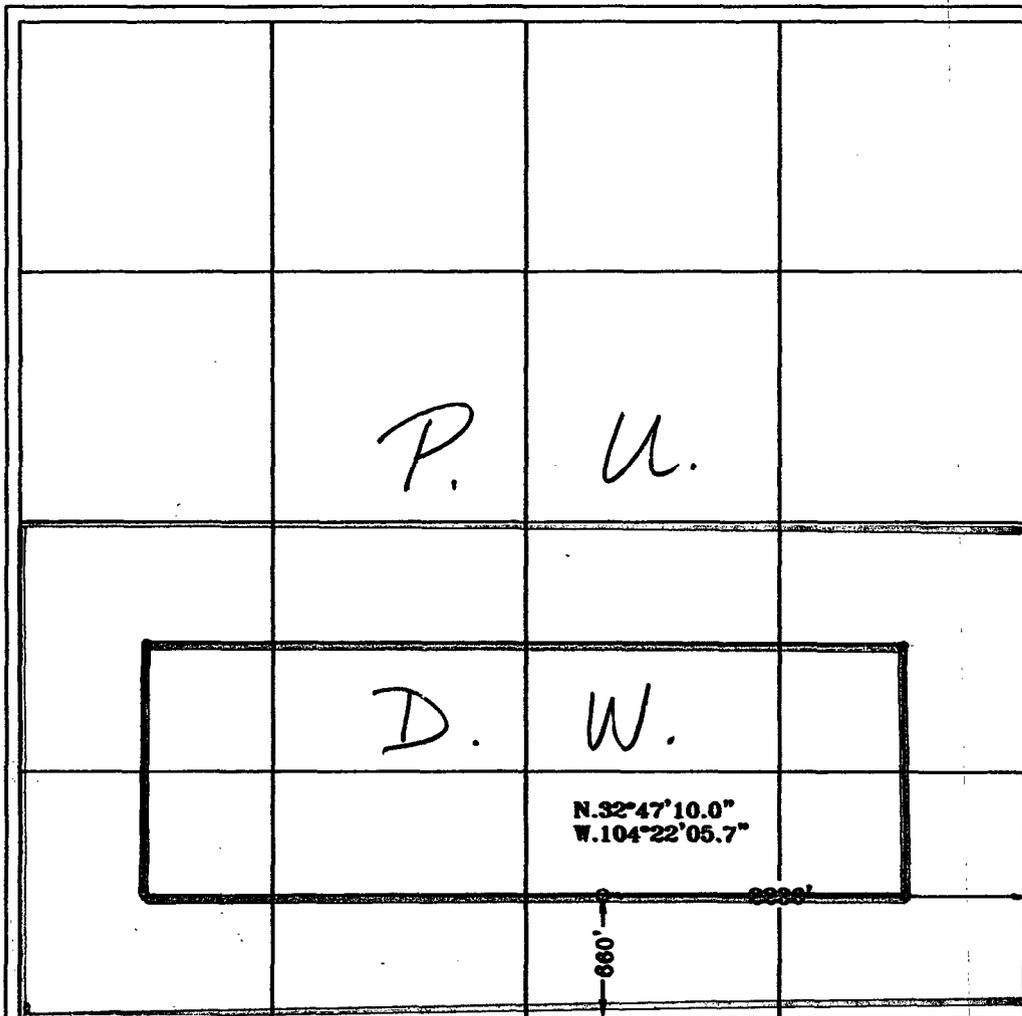
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

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

Signature
Cy Cowan

Printed Name
Regulatory Agent

Title
January 27, 2004

Date

SURVEYOR CERTIFICATION

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

Date Surveyed
11/03/2003

Signature & Seal of Professional Surveyor
H. MICHAEL L. JONES
NEW MEXICO
3640

Certificate No. 3640
GENERAL SURVEYING COMPANY

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

DISTRICT I
1625 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 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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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
		Undes. Kennedy Farms Upper Penn
Property Code	Property Name	Well Number
	DESIREE "BDS"	1
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3329

Surface Location

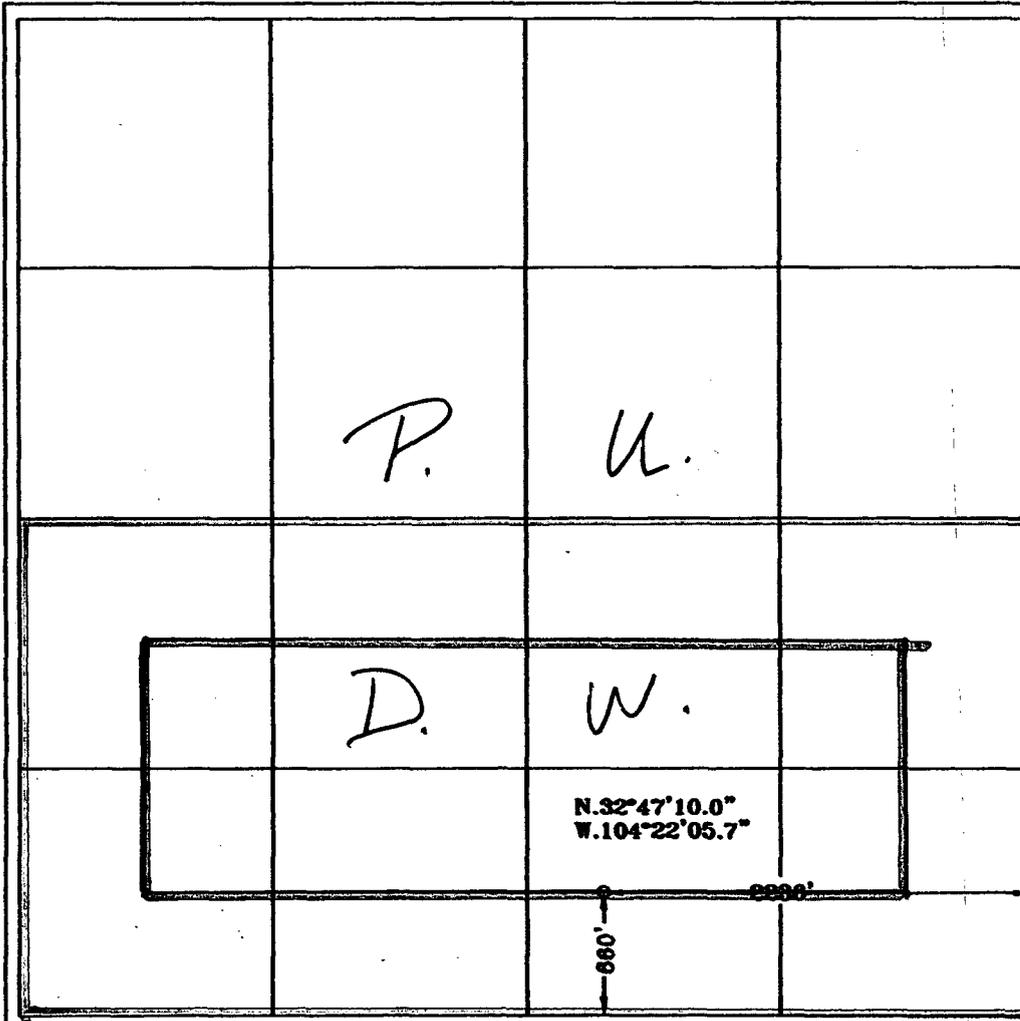
UL or lot No.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

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

Signature
Cy Cowan
Printed Name
Regulatory Agent
Title
January 27, 2004
Date

SURVEYOR CERTIFICATION

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

11/03/2003

Date Surveyed
Signature & Seal of Professional Surveyor
HANGRELL JONES
NEW MEXICO
3640
Certification No. 11111 Jones RLS 3640
DESIREE "BDS"
GENERAL SURVEYING COMPANY

0 330' 660' 990' 1650' 1980' 2310' 2640' 2970' 3300' 0'

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

DISTRICT II
611 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Strawn
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>January 27, 2004 Date</p>
	<p>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>Date Surveyed 11/03/2003</p> <p>Signature and Seal of Professional Land Surveyor _____</p> <p>Professional Seal of NEW MEXICO 3640 Certification No. _____ Jones RLS 3640 DESIREE "BDS" GENERAL SURVEYING COMPANY</p>

0 330' 660' 990' 1650' 1980' 2310' 2640' 2970' 3300' 0'

DISTRICT I
1425 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87606

State of New Mexico
Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Atoka
Property Code	Property Name DESIREE "BDS"	Well Number 1
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location if Different From Surface

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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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	<p>P. U.</p>		<p>D. W.</p>	
	<p>N.32°47'10.0" W.104°22'05.7"</p>		<p>8880'</p>	

OPERATOR CERTIFICATION

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

Signature _____
Cy Cowan

Printed Name _____
Regulatory Agent

Title _____
January 27, 2004

Date _____

SURVEYOR CERTIFICATION

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

Date Surveyed _____
11/03/2003

Signature & Seal of _____
Professional Land Surveyor

Certificate No. _____ Jones RLS 3640

DESIREE "BDS"
GENERAL SURVEYING COMPANY

0 330' 660' 990' 1800' 1860' 2310' 2310' 1960' 1650' 990' 660' 330' 0'

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

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

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Submit to Appropriate District Office
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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
		Undes. Kennedy Farms Morrow
Property Code	Property Name	Well Number
	DESIREE "BDS"	1
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

	<p>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>Signature _____</p> <p style="text-align: right;">Cy Cowan</p> <p>Printed Name _____</p> <p style="text-align: right;">Regulatory Agent</p> <p>Title _____</p> <p style="text-align: right;">January 27, 2004</p> <p>Date _____</p>	
	<p>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 style="text-align: right;">11/03/2003</p> <p>Date Surveyed _____</p> <p>Signature & Seal of _____</p> <p>Professional Land Surveyor</p> <p style="text-align: center;"> </p> <p>Certification No. _____ Jones RLS 3640</p> <p>GENERAL SURVEYING COMPANY</p>	

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

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL
OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct. *This information is correct.*
- IV. Original or clear copy of 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; *There are not any well locations in this proration unit.*
- 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; *N/A*
 - 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. *See V-E ATTACHED*
- 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. *Refer to V-E ATTACHED.*
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible. *See ATTACHED*
- 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 II + III*

Submit 3 Copies to Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco St.
 Santa Fe, NM 87505

WELL API NO. 30-015-33036
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Desiree BDS State
8. Well No. 1
9. Pool name or Wildcat Wildcat Chester
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3804'

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" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Yates Petroleum Corporation

3. Address of Operator
 105 South Fourth Street, Artesia, New Mexico 88210

4. Well Location
 Unit Letter: O : 660' feet from the South line and 2236 feet from the East line
 Section 34 Township 17S Range 26E NMPM County Eddy

RECEIVED
 NOV - 7 2003

OCD-ARTESIA

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPLETION
 OTHER:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS PLUG AND ABANDONMENT
 CASING TEST AND CEMENT JOB
 OTHER: Change Location

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation wishes to move the captioned well location.
 From: 660' FSL and 1980' FEL
 To: 660' FSL and 2236' FEL
 Note Attached Plat.

Thank you.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
 SIGNATURE Cy Cowan TITLE Regulatory Agent DATE 11/06/03
 Type or print name Cy Cowan Telephone No. (505) 748-1471

(This space for State use)
 APPROVED BY NSL TITLE NSL DATE NOV 09 2003
 Conditions of approval, if any: Bd

DISTRICT II

57 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Canyon
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

<p style="font-size: 2em; font-weight: bold;">FEE</p>	<p>RECEIVED NOV - 7 2003 OCD-ARTESIA</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein to true and complete to the best of my knowledge and belief.</i></p> <p style="font-size: 1.5em; font-family: cursive;">Cy Cowan</p> <p>Signature _____</p> <p>Cy Cowan</p> <p>Printed Name _____</p> <p>Regulatory Agent</p> <p>Title _____</p> <p>November 6, 2003</p> <p>Date _____</p> <hr/> <p>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 style="text-align: right;">11/03/2003</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor</p> <div style="text-align: center;"> </div> <p>Certification No. _____ Jones RLS 3640</p> <p>DESIREE OIL FIELD</p> <p>GENERAL SURVEYING COMPANY</p>
	<p>N.32°47'10.0" W.104°22'05.7"</p> <p style="text-align: center;">2236'</p> <p style="text-align: center;">660'</p>	<p>0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'</p>

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

Cont.

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-015-33036
Property Code 33017	Property Name Desiree BDS	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	34	17S	26E	O	660	S	1980	E	Eddy

Proposed Pools

Wildcat Chester

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 3328
Multiple N	Proposed Depth 9000	Formation Chester	Contractor	Spud Date 10/10/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	440	0
Int1	12.75	9.625	36	1400	650	0
Prod	8.75	5.5	17	9000	1475	900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Morrow and intermediate formations. Approximately 400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production. MUD PROGRAM: 0-400' FW/Spud Mud; 400'-1400' Fresh Water; 1400'-4450' Cut Brine; 4450'-6850' Cut Brine/7.5% KCL, 6850'-9000' Drispac/ Salt Gel/7.5% KCL. BOPE PROGRAM: A 3000# BOPE will be installed on the 9 5/8" casing and tested daily.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

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

Electronically Signed By: Debbie Caffall
Title: Regulatory Technician
Date: 10/09/2003 Phone: 505-748-4364

OIL CONSERVATION DIVISION
Electronically Approved By: Bryan Arrant
Title: Geologist
Approval Date: 10/13/2003 Expiration Date: 10/13/2004
Conditions of Approval:
There are conditions. See Attached.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33036	Pool Name Wildcat Chester	Pool Code
Property Code 33017	Property Name Desiree BDS	Well No. 001
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3328

Surface And Bottom Hole Location

UL or Lot O	Section 34	Township 17S	Range 26E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County Eddy
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

		■	

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Electronically Signed By: Debbie Caffall
Title: Regulatory Technician
Date: 10/09/2003

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.
Surveyed By: Herschel Jones
Date of Survey: 10/02/2003
Certificate Number: 3640

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Desiree BDS #001

OCD Reviewer	Condition
BARRANT	Notify OCD time of spud and to witness cementing of intermediate casing string.

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

DISTRICT II
924 South First, Artesia, NM 88210

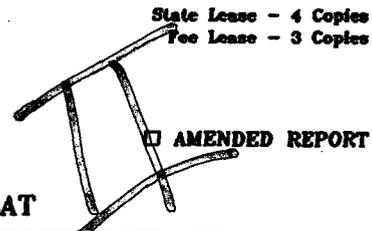
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088



WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Canyon
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

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

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

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
November 6, 2003
Date

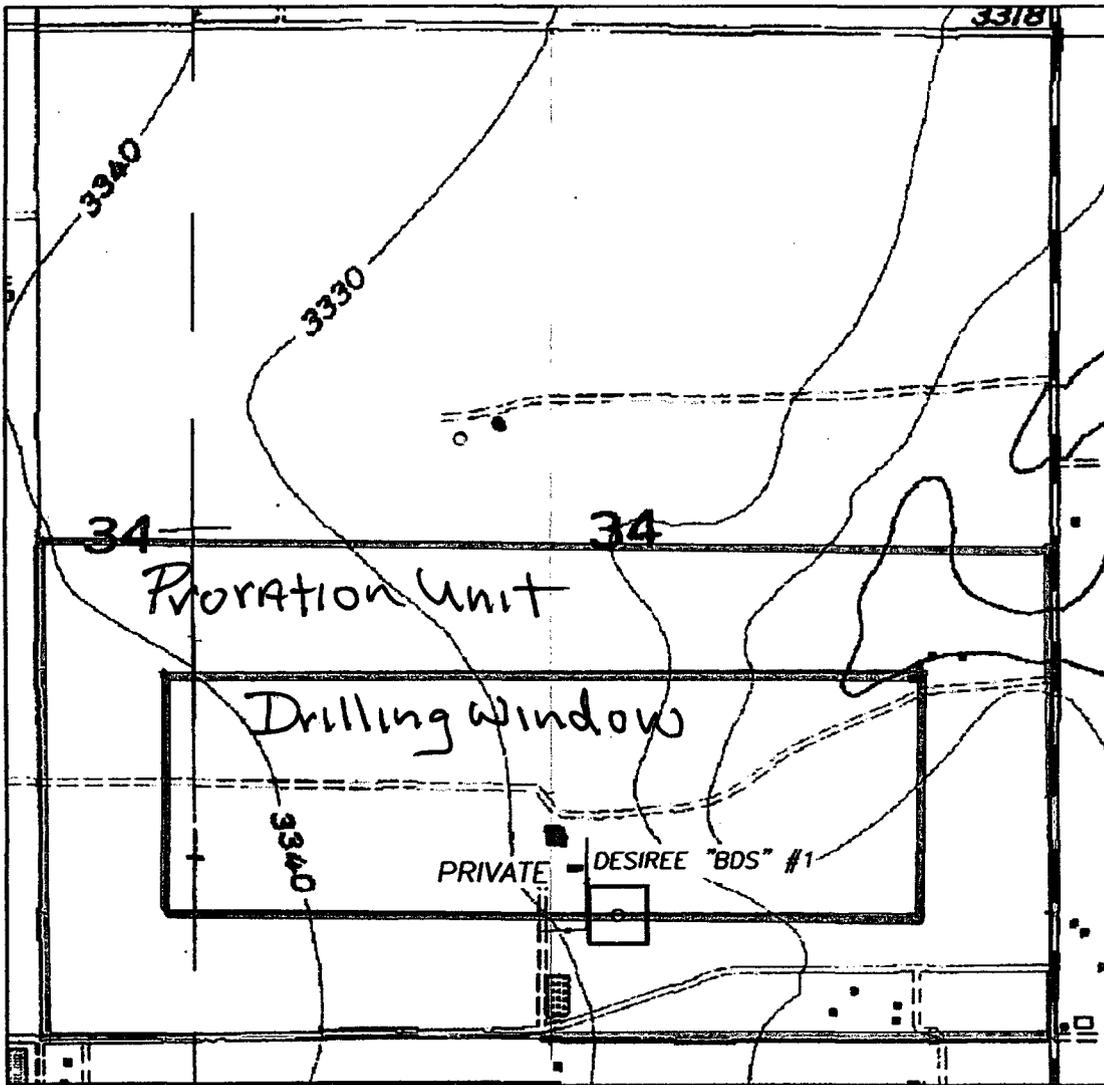
SURVEYOR CERTIFICATION

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

11/03/2003
Date Surveyed
Signature & Seal of
Professional Surveyor
HISCHELL JONES
NEW MEXICO
3640
Certificate No. 3640 Jones RLS 3640
DESIREE "BDS"
GENERAL SURVEYING COMPANY

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

SECTION 34, TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

REGISTERED PROFESSIONAL LAND SURVEYOR
 3640
 MICHAEL L. JONES, L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES DESIREE "BDS" #1 WELL, LOCATED IN SECTION 34, TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

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

V-E:

All of Section 34, T17S-R26 private surface owned by Clyde Guy and Sons, Inc. as farm land and some pecan orchards. Mr. Eddie Guy was my contact to obtain a surface agreement for the southeast quarter of Section 34. Mr. Guy has grown children and therefore he wanted our location to develop fee mineral leases as far to the west as possible to allow room for his children to develop and construct homes should they ever wish to build. This possibility was evident as Mr. Guy's daughter was having a home built at the time of our negotiations in December 2003. Note attached plat of the area that Mr. Guy was concerned about. For this reason we decided to drill this well at the nonstandard location.

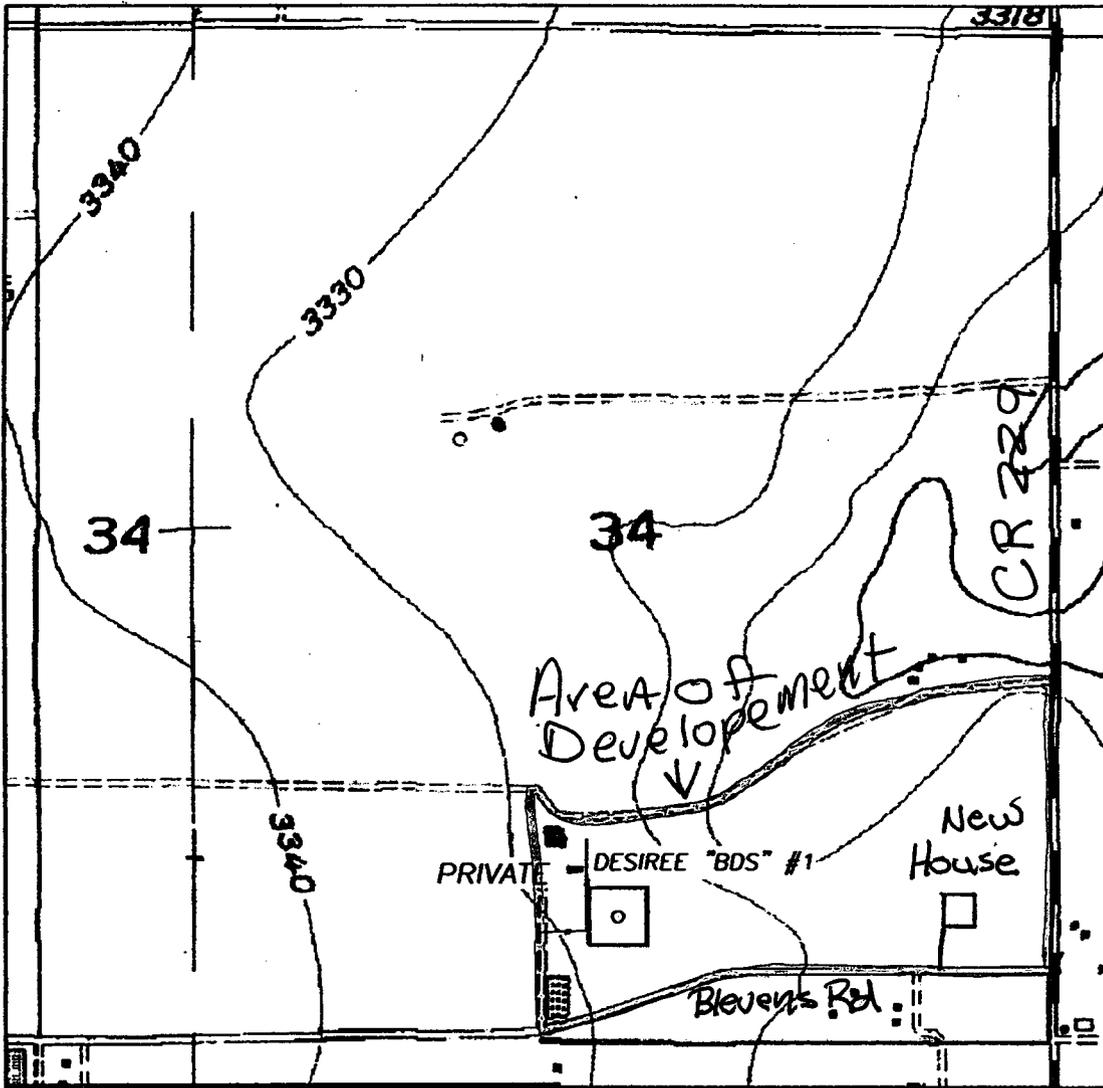
VI: N/A.

VII: Refer to V-E above.

VIII: We did not want to drill this well directionally as it was uneconomical to do so.

IX: N/A as we are moving the location toward Yates Petroleum Corporation leases.

SECTION 34, TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

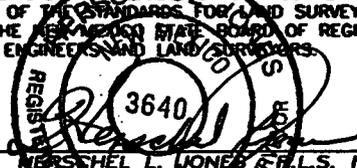


V/E Cont.



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

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.



MERSHEL L. JONES, R.L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES DESIREE "BDS" #1 WELL, LOCATED IN SECTION 34, TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

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

VE

NOTICE OF SURFACE AGREEMENT

The undersigned acknowledge and agree that Yates Petroleum Corporation ("Yates") is the lessee under, or the holder of leasehold operating rights under, one or more oil and gas leases covering all or some portion of the mineral estate in the land in Eddy County, New Mexico which is described in Exhibit A attached hereto. The undersigned also acknowledge and agree that Clyde Guy & Sons, Inc. ("Guy") owns the surface estate of said land.

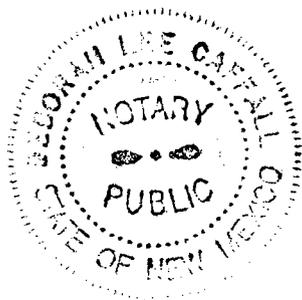
Yates and Guy hereby give notice that Yates' use of the surface of said land under its oil and gas leases is subject to a Surface Agreement between Yates and Guy dated December 8, 2003, and that said Surface Agreement is binding upon, and inures to the benefit of, Yates and Guy and their respective successors and assigns.

YATES PETROLEUM CORPORATION

By: Cy Cowan

CLYDE GUY & SONS, INC.

By: R. Edward Guy



STATE OF NEW MEXICO }
COUNTY OF EDDY }

This instrument was acknowledged before me on December 31ST, 2003 by Cy Cowan, as Regulatory Agent of Yates Petroleum Corporation.

Deborah Lee Caffall
Notary Public

My Commission Expires:
August 20th, 2005

STATE OF NEW MEXICO }
COUNTY OF EDDY }

This instrument was acknowledged before me on December contain 18th, 2003 by R. Edward Guy, as Vice President of Clyde Guy & Sons, Inc.

Lisa K. Campbell
Notary Public



OFFICIAL SEAL
Lisa K. Campbell
NOTARY PUBLIC-STATE OF NEW MEXICO

My Commission Expires:
1-10-07

Yates Petroleum Corp
105 SW 4th St
Alicia N. M. 88210-2118

My commission expires: 1-10-07

V.E

EXHIBIT A TO NOTICE OF SURFACE AGREEMENT

Township 17 South, Range 26 East, N.M.P.M.

Section 34: SW $\frac{1}{4}$

Section 34: N $\frac{1}{2}$ SE $\frac{1}{4}$, and that part of the S $\frac{1}{2}$ SE $\frac{1}{4}$ described as follows: beginning at the southwest corner of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34; then east along the south line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34 941.2 feet; then north 350 feet; then east 1,698.8 feet, more or less, to the east line of said Section 34; then north along the east line of said Section 34 870 feet, more or less, to the northeast corner of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34; then west along the north line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34 2,640 feet, more or less, to the northwest corner of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34; then south along the west line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34 to the point of beginning

RECEPTION NO: 0400046 STATE OF
NEW MEXICO, COUNTY OF EDDY
RECORDED 01/05/2004 9:02 AM
BOOK 0535 PAGE 0398 *J. Blenden*
JEAN BLENDE, COUNTY CLERK

