



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

December 21, 2001

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**Yates Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210-2118

76240

**Attention: Cy Cowan**

*Re: Administrative application for an exception to Division Rule 104.C (2) (a) for the Undesignated East Eagle Creek Atoka-Morrow Gas Pool, within the N/2 of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Cowan:

This letter acknowledges the receipt of your administrative application dated December 4, 2001 of an unorthodox Atoka/Morrow gas well location for Yates Petroleum Corporation's existing Federal "LDY" Deep Com. Well No. 10 (API No. 30-015-30974), located 2100 feet from the North line and 1980 feet from the West line (Unit F) of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico. The Division received your application on December 6, 2001, and assigned it NMOCD application reference No. pKRV0-134436145. Please refer to this number in future correspondence with the Division.

Our preliminary review indicates that the information provided in the application is not sufficient to process an administrative order at this time. It appears that your application may be incomplete with respect to notice. As you are aware Division Rule 1207.A (2) (a) provides that the affected "operator" be notified of an unorthodox location and that in the absence of an operator then any lessee within the corresponding unit be notified. My records indicate that within the offsetting 320-acre unit comprising the S/2 of Section 27, Yates Petroleum Corporation operates the Morley "EW" Com. Well No. 1 (API No. 30-015-21716), located 660 feet from the South and East lines (Unit P) of Section 27. This well is completed in and producing from the Eagle Creek-Permo Pennsylvanian Gas Pool; therefore, there is no offsetting "Atoka/Morrow" operator in the S/2 of Section 27. With the absence of an "Atoka/Morrow" operator then you are required to identify and notify all such lessees. Your application does not adequately address this issue.

In order for me to continue with processing your request, please identify all of the working interests within the S/2 of Section 27 and provide adequate notice, or offer an explanation with support data why notice is not required in this instance.

Since the submitted information is insufficient to review, the application was ruled as incomplete on December 21, 2001. Please submit the above stated information by Monday, December 31, 2001.

***Yates Petroleum Corporation***

***December 21, 2001***

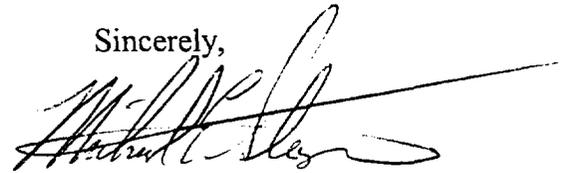
**Page 2**

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

It should be noted that the orthodox window marked in blue on exhibit No. 4 of your application is incorrect, please refer to Division Rule 104.C (2). Wells are to be no closer than 660 feet to a quarter section.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia  
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe  
Randy Patterson, Yates Petroleum Corporation - Artesia

(e) At the request of any interested person or upon the Division's own initiative, any pooling application submitted shall be set for full hearing with oral testimony by the applicant. [Rn, 19 NMAC 15.N.1207.A.(4), 7-15-99; A, 7-15-99]

**(2) Unorthodox Well Locations:** [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A.(5), 7-15-99; A, 7-15-99]

(a) Definition: "Affected persons" are the following persons owning interests in the adjoining spacing units:

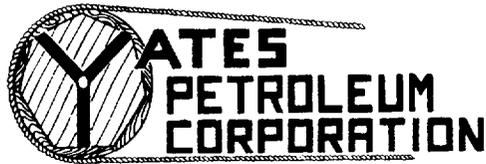
1. the Division-designated operator;
2. in the absence of an operator, any lessee whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application is filed; and
3. in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application was filed.

In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit. [1-1-87...2-1-96; N, 7-15-99]

(b) If the proposed location is unorthodox by being located closer to the outer boundary of the spacing unit than permitted by rule, notice shall be given to the affected persons in the adjoining spacing units towards which the unorthodox location encroaches. [Rn, 19 NMAC 15.N.1207.A.(5).(a), 7-15-99, A, 7-15-99]

(c) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than provided in special pool orders, notice shall be given to all affected persons. [Rn, 19 NMAC 15.N.1207.A.(5).(a), A, 7-15-99]

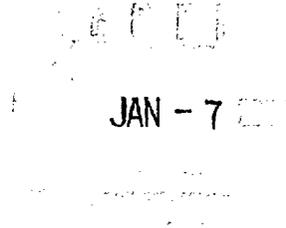
MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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 4, 2002



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

Re: Application for Unorthodox Location  
Federal LDY Deep Com. #10  
2100' FNL and 1980' FWL  
Section: 27, T17S- R25E  
Eddy County, New Mexico

Dear Mr. Stogner:

Per your letter dated December 21, 2001, regarding notice of the working interests within the S/2 of Section 27. Upon checking our records, it was discovered all the working interests are Yates affiliated parties. A copy of our Joint Billing Division Order Inquiry is enclosed for your review. We feel this explanation with the support data is why notice is not required in this instance.

Also, enclosed please find a corrected #4 Exhibit for your files.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read 'Cy Cowan', is written over the typed name.

Cy Cowan  
Regulatory Agent

CC/rca  
Enclosure(s)

Property . . . . . : 041000 001 MORLEY EW COM #1  
 Deck . . . . . : B1      GWI DOI COMP. GENERATED  
 Effective month/year . . . . . : 01 / 1980

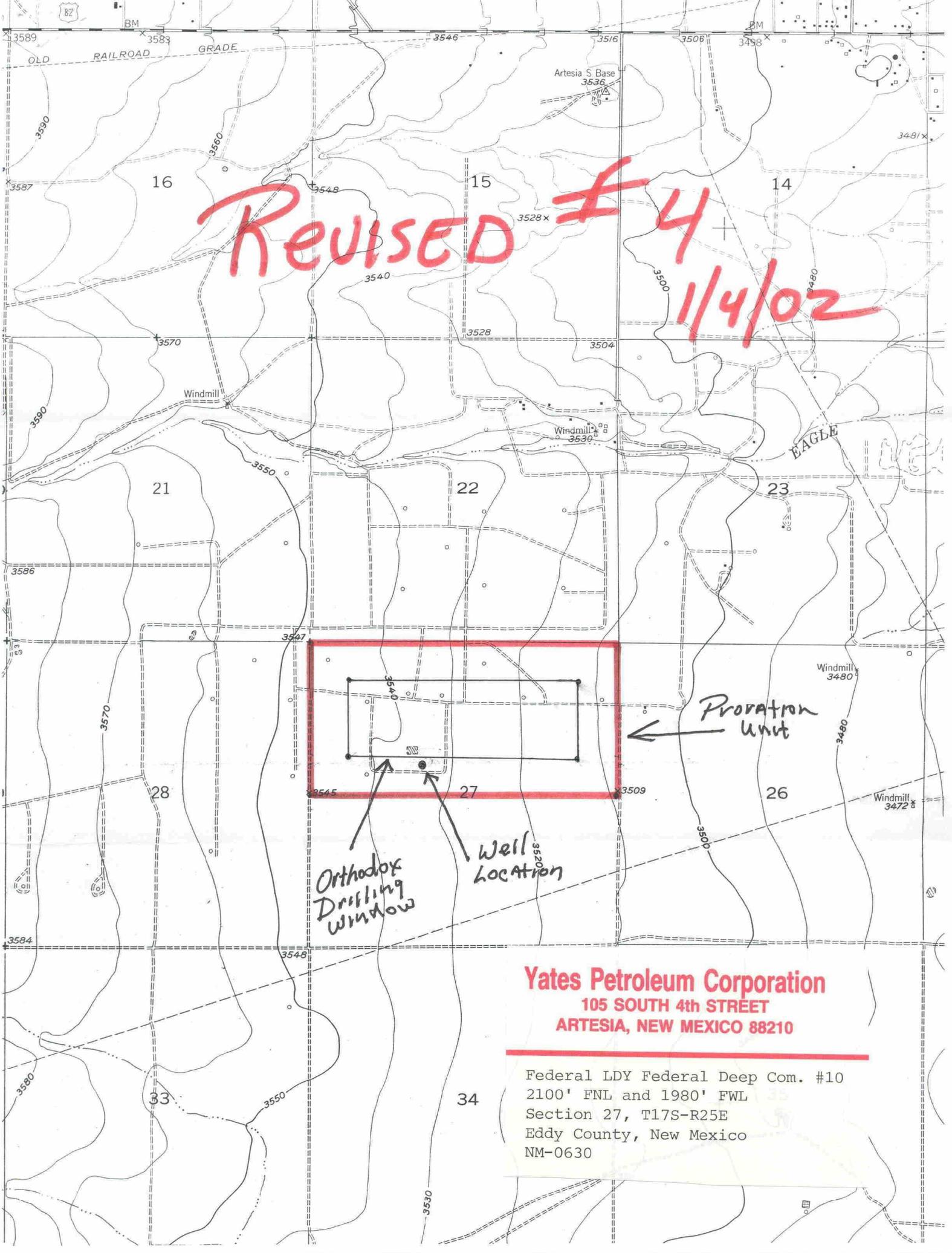
Owner	Seq	Owner Name	Inter Co#	Decimal Interest	Interest Type	Date Changed
797400	00	SHARBRO OIL LTD. CO.		.14583334	01 WOR	5/04/1987
989605	00	TRUST Q U/W/O PEGGY A. YATES		.05208333	01 WOR	1/03/1993
992701	00	YATES, LILLIE M. ESTATE SP		.14583333	01 WOR	5/04/1987
994100	00	YATES DRILLING COMPANY		.29166666	01 WOR	5/04/1987
994400	00	YATES, JOHN A.		.05208334	01 WOR	1/03/1993
999900	00	YATES PETROLEUM CORPORATION		.31250000	01 WOR	5/04/1987

Total Interest . . . . . : 1.00000000

Bottom

F3=Exit    F12=Previous

REVISED #4  
1/4/02



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

Federal LDY Federal Deep Com. #10  
2100' FNL and 1980' FWL  
Section 27, T17S-R25E  
Eddy County, New Mexico  
NM-0630

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



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

# Fax Cover Sheet

To: MR MICHAEL STOGNER  
Company: NM OIL CONSERVATION DIVISION  
Phone: \_\_\_\_\_  
Fax: 505-476-3171

From:  
Company: Yates Petroleum Corporation  
Phone: 505-748-1471  
Fax: 505-748-4572

Date: 1/4/2002  
Pages including this cover page: 4

Comments:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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



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January 4, 2002

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

Re: Application for Unorthodox Location  
Federal LDY Deep Com. #10  
2100' FNL and 1980' FWL  
Section: 27, T17S- R25E  
Eddy County, New Mexico

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Also, enclosed please find a corrected #4 Exhibit for your files.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION



Cy Cowan  
Regulatory Agent

CC/rea  
Enclosure(s)

JOINT BILLING Division Order Inquiry by Property Number

1/04/02  
09:34:25  
YPC

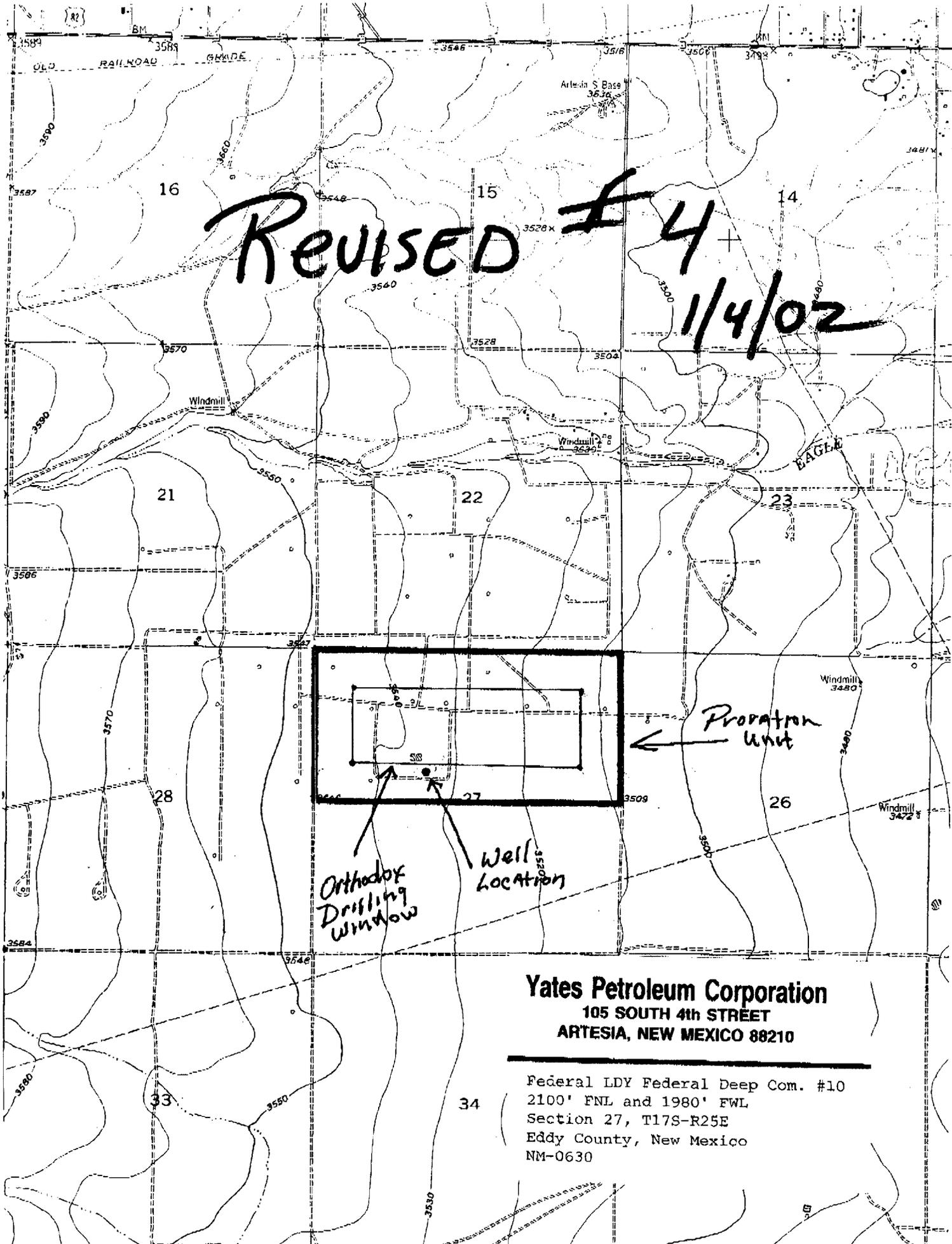
Property . . . . . : 041000 001 MORLEY EW COM #1  
Deck . . . . . : B1 GWI DOI COMP. GENERATED  
Effective month/year . . . . . : 01 / 1980

Owner	Seq	Owner Name	Inter Co#	Decimal Interest	Interest Type	Date Changed
797400	00	SHARBRO OIL LTD. CO.		.14583334	01 WOR	5/04/1987
989605	00	TRUST Q U/W/O PEGGY A. YATES		.05208333	01 WOR	1/03/1993
992701	00	YATES, LILLIE M. ESTATE SP		.14583333	01 WOR	5/04/1987
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994400	00	YATES, JOHN A.		.05208334	01 WOR	1/03/1993
999900	00	YATES PETROLEUM CORPORATION		.31250000	01 WOR	5/04/1987

Total Interest . . . . . : 1.00000000

Bottom

F3=Exit F12=Previous



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

Federal LDY Federal Deep Com. #10  
 2100' FNL and 1980' FWL  
 Section 27, T17S-R25E  
 Eddy County, New Mexico  
 NM-0630

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 \_\_\_\_\_

DEC - 6 2001

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

N/A

- [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

UPC ARE all offset operators.

[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 \_\_\_\_\_ 12/4/01  
 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

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DENNIS G. KINSEY  
TREASURER

December 4, 2001

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  
Federal LDY Deep Com. #10 (30-015-30974)  
2100' FNL and 1980' FWL  
Section 27, T17S-R25E  
Eddy County, New Mexico

Dear Mr. Stogner

Yates Petroleum Corporation respectfully requests administrative approval for the captioned Eagle Creek Atoka Morrow East gas well.

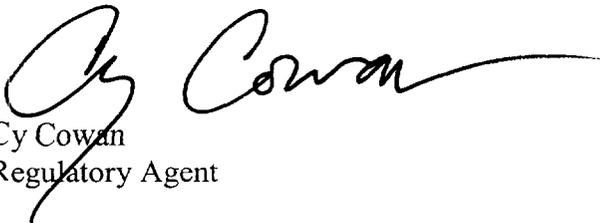
The Federal LDY Deep Com. #10 was moved and drilled at the captioned location because the original 1980' FNL and 1980' FWL location was in very close to the surface owners earthen tank and supporting equipment. Moving the location 120 feet to the south looked to be the ideal solution to the problem to all involved.

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. **1** 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. **2** Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. **3** 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. **4** 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; *N/A*
- V. **5** 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; *Livestock watering tank + windmill*
  - 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; *SEE "A"*

*\* Yates Petroleum Corporation is only off-setting operator.*

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.

VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible. *This information is not available*

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.

*N/A As YPC is the only  
offsetting operator.*

OPERATOR'S COPY

Form 3160-3  
(August 1999)

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

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. NM-0630
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input 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.
3a. Address 105 South Fourth Street Artesia, NM 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. Federal "LDY" Deep Com. #1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2100' FNL and 1980' FWL At proposed prod. zone same		9. API Well No.
14. Distance in miles and direction from nearest town or post office* Approximately 8 miles west of Artesia, New Mexico.		10. Field and Pool, or Exploratory Eagle Creek Atoka Morrow
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		11. Sec., T., R., M., or Blk. and Survey or Area Section 27, T17S-R25E
16. No. of Acres in lease 959.74	17. Spacing Unit dedicated to this well 320	12. County or Parish Eddy
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8500'	13. State NM
20. BLM/BIA Bond No. on file 58-59-97	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3534'	22. Approximate date work will start* ASAP
23. Estimated duration 20 days	24. Attachments <b>ROSWELL CONTROLLED WATER BASIN</b>	

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.
- 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).
- 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 <i>Ken Beardemphl</i>	Name (Printed/Typed) Ken Beardemphl	Date 1/18/00
Title Landman		
Approved by (Signature) <i>Larry D. Bray</i>	Name (Printed/Typed) LARRY D. BRAY	Date FEB 15 2000
Title Assistant Field Manager, Lands And Minerals	Office APPROVED FOR 1 YEAR	

Application approval does not warrant or certify the 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

ccw  
1/26/00

**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 & Natural Resources

Form C-102  
Revised March 17, 1999

OIL CONSERVATION DIVISION  
2040 South Pacheco  
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

API Number		Pool Code		Pool Name	
				Eagle Creek Atoka Morrow East	
Property Code		Property Name		Well Number	
		FEDERAL "LDY" DEEP COM		10	
OGRID No.		Operator Name		Elevation	
025575		YATES PETROLEUM CORPORATION		3534.	

Surface Location

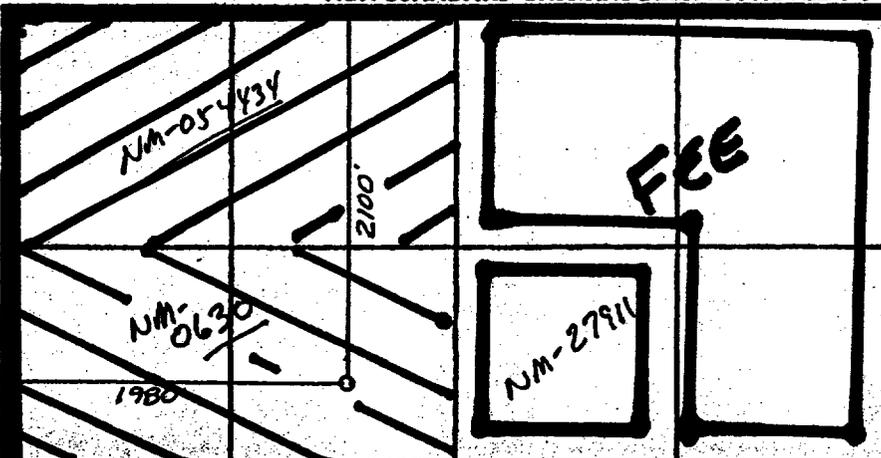
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	27	17-S	25-E		2100	NORTH	1980	WEST	EDDY

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	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 that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Ken Beardemphl*

Printed Name: Ken Beardemphl

Title: Landman

Date: January 18, -2000

**SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was placed 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.

JANUARY 5, 2000

Date of Survey: \_\_\_\_\_

Signature: *D. R. REDDY*

Professional Engineer  
NEW MEXICO  
5412  
REGISTERED SURVEY ENGINEER  
PROFESSIONAL ENGINEER

**YATES PETROLEUM CORPORATION**  
**Federal "LDY" Deep Com. #10**  
**2100' FNL & 1980' FWL**  
**Sec. 27-T17S-R25-E**  
**Eddy County, New Mexico**

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

San Andres	773'
Glorieta	2159'
Abo	4128'
Wolfcamp Line	5311'
Cisco	6376'
Lower Canyon	7303'
Strawn	7536'
Atoka	7931'
Morrow Clastics	8178'
Lower Morrow	8278'
Chester Lime	8378'
TD	8500'

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

Water:        Approx 200' - 300'  
Oil or Gas:    All Potential Zones

3. Pressure Control Equipment: BOPE will be installed on the 8 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>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C		0-400'	350', 400'
12 1/4"	8 5/8"	24#	J-55	ST&C		0-1300'	1200', 1300'
7 7/8"	4 1/2"	11.6#	N-80	LT&C		0-8600'	8600'

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

**WITNESS**  
**WITNESS**

**B. CEMENTING PROGRAM:**

Surface casing: 450 sx "C" + 2% CACL2 (Yld 1.32 Wt.15.6)

Intermediate: 500 sx Lite (Yld 2.0 Wt. 12.2); Tail in w/200 sx "C" + 2% CACL2 (Yld 1.32 Wt 15.6)

Production: TOC = 4700' 650 sx Super "C" modified (Yld 1.63 Wt. 13.0).

**Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW/Air Mist	8.4	28	N/C
350'-1200'	FW/Air Mist	8.4	28	N/C
1200'-7500'	Cut Brine	8.6-9.0	28	N/C
7500'- TD	Salt Gel/Starch	9.0-9.5	30-34	< 10

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 ot from under surface casing.  
 Logging: CNL/LDT, DLL - w/RXD - TD to casing.  
 Coring: None anticipated.  
 DST's: As warranted.

**7. Abnormal Conditions, Bottom hole pressure and potential hazards:**

**Anticipated BHP:**

From: 0	TO: 350	Anticipated Max. BHP:	175	PSI
From: 350	TO: 1200	Anticipated Max. BHP:	600	PSI
From: 1200	TO: 8500	Anticipated Max. BHP:	4200	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None.

**8. ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 15 days.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**  
Federal "LDY" Deep Com. #10  
2100' FNL & 1980' FWL  
Sec. 27-T17S-R25-E  
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 18 miles east of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

### **DIRECTIONS:**

Go west of Artesia on Highway 82 to Gissler Road (89). Turn south approximately 1.7 miles and go through cattleguard then south through the draw. Go west through another cattleguard and then go south on Main Lease Road. It will then turn west and go approximately 9/10ths of a mile (from cattleguard) and turn south, then turn west then turn south then turn west to location.

### **2. PLANNED ACCESS ROAD - NONE.**

### **3. LOCATION OF EXISTING WELL**

- A. There is drilling activity within a one-mile radius of the wellsite.**
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.**

### **4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES**

- A. There are no production facilities on this lease at the present time.**
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.**

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to re-enter the proposed well with a salt brine system. The salt brine 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 closet 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 land fill. 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: Bill Gissler, Artesia, New Mexico and Yates Petroleum Corporation have made an agreement on surface damages.

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:

Ken Beardemphl, Landman  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

B. Through Drilling Operations,  
Completions and Production:

Brian Collins, 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.

01/18/2000

  
Landman

MUNICIPAL AIRPORT

(82)

Artesia

**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 88210

Y

Federal "LDY" Deep Com. #10  
2100' FNL and 1980' FWL  
Section 27, T17S-R25E  
Eddy County, New Mexico  
NM-0630

Artesia S Base  
3532

3528x

(89)

Windmill  
3630

EAGLE

Windmill  
3480

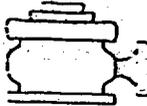
Windmill  
3472

FEDERAL LDY DEEP COM. #10  
17S 25E 27 F 001 EDD NM  
1/10/2000

Directions to Location

GO WEST OF ARTESIA ON HIGHWAY 82 TO GISSLER ROAD (89).  
TURN SOUTH APPROX. 1.7 MILES AND GO THRU CATTLEGUARD THEN  
SOUTH THRU THE DRAW. GO WEST THRU ANOTHER CATTLEGUARD AND  
THEN GO SOUTH ON MAIN LEASE ROAD, IT WILL THEN TURN WEST  
AND GO APPROX. 9/10THS OF A MILE (FROM CATTLEGUARD) AND  
TURN SOUTH, THEN TURN WEST THEN TURN SOUTH THEN TURN WEST  
TO LOCATION.

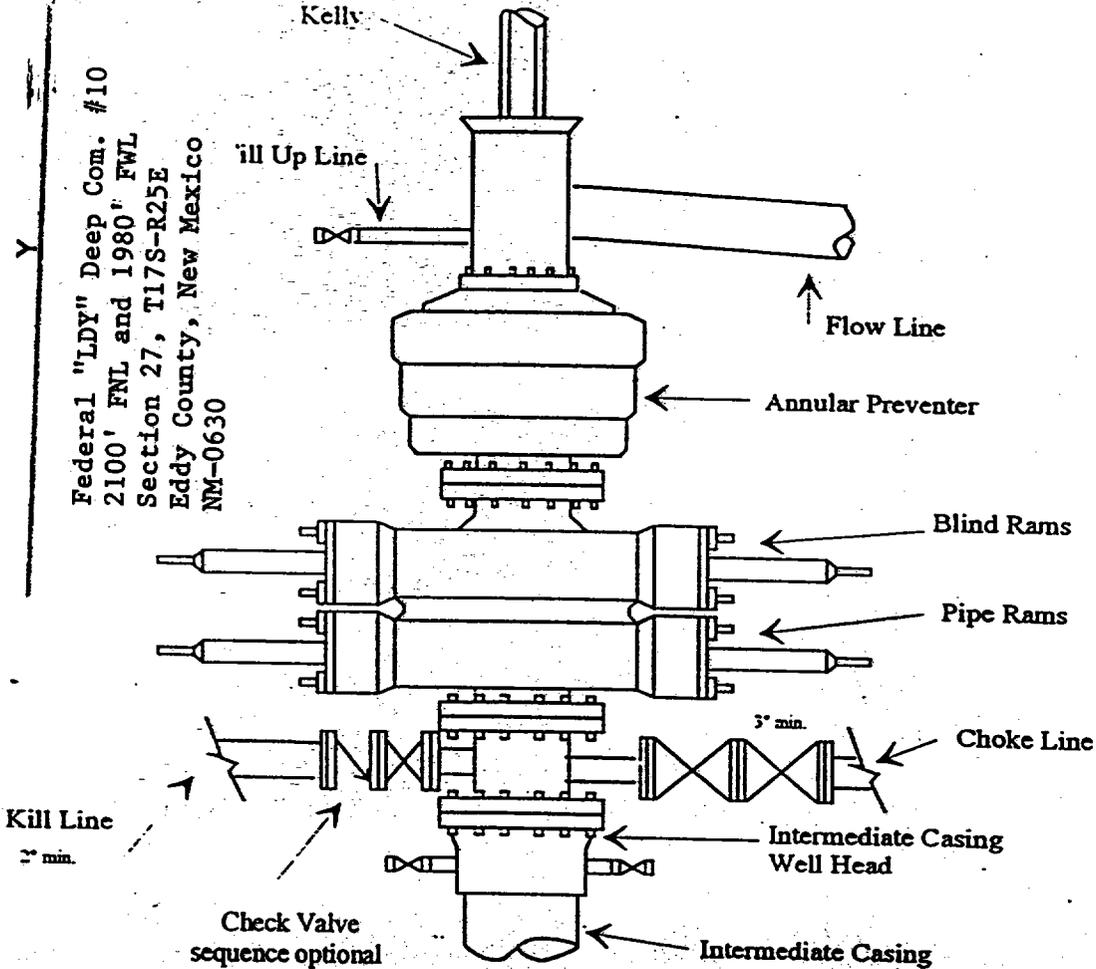
**YATES PETROLEUM CORPORATION**  
 105 SOUTH 4TH STREET  
 ARTESIA, NEW MEXICO 88210



**Yates Petroleum Corporation**

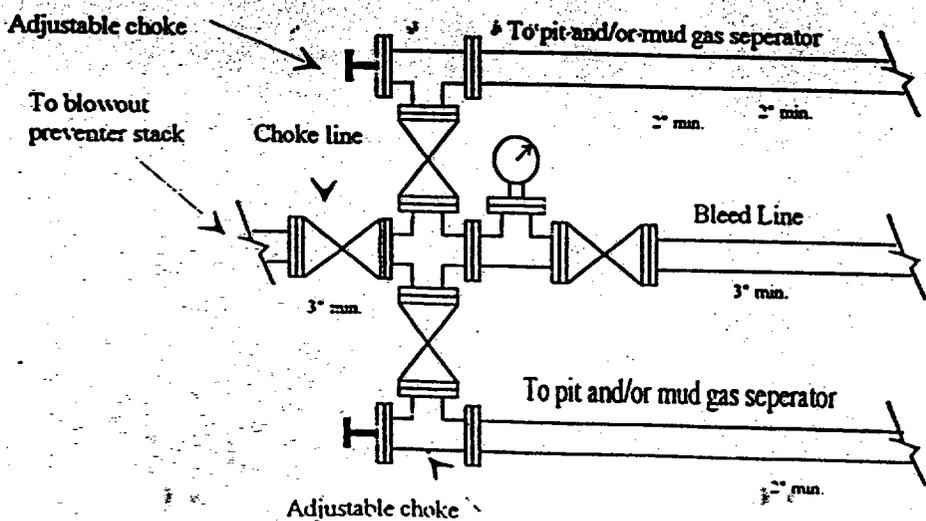
BOP-3

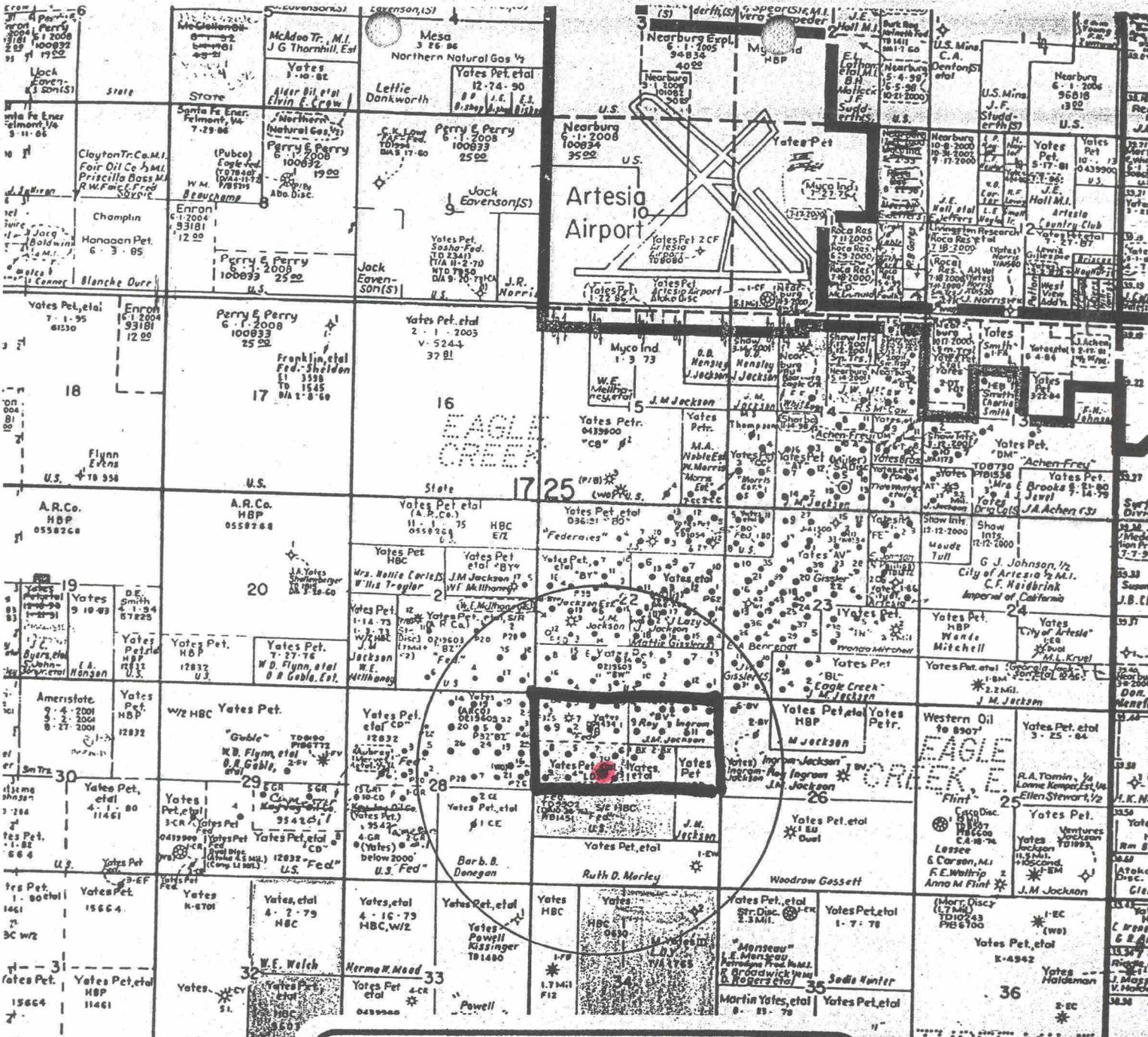
Typical 3,000 psi Pressure System  
 Schematic  
 Annular with Double Ram Preventer Stack



Federal "LDY" Deep Com. #10  
 2100' FNL and 1980' FWL  
 Section 27, T17S-R25E  
 Eddy County, New Mexico  
 NM-0630

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

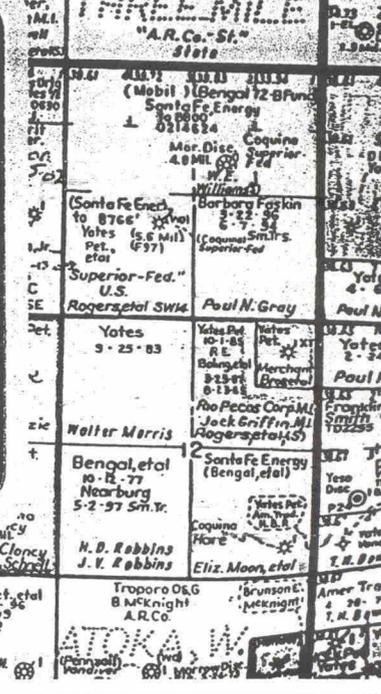
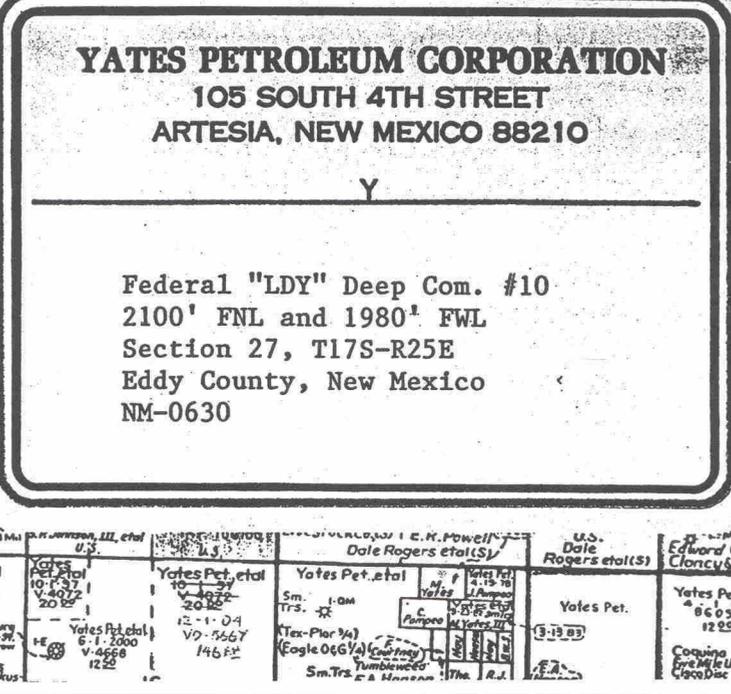
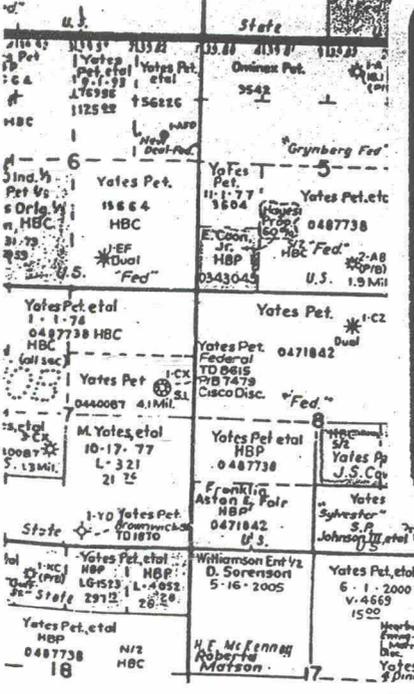
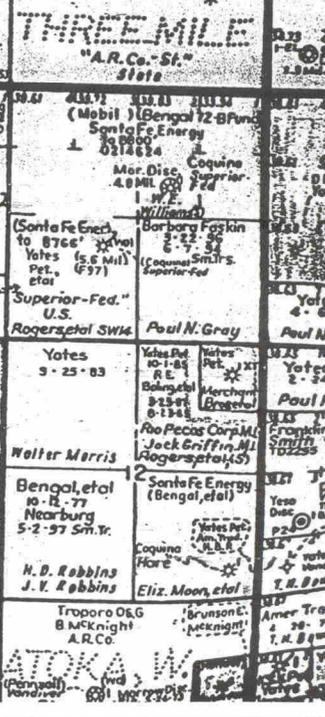




**YATES PETROLEUM CORPORATION**  
**105 SOUTH 4TH STREET**  
**ARTESIA, NEW MEXICO 88210**

Y

Federal "LDY" Deep Com. #10  
 2100' FNL and 1980' FWL  
 Section 27, T17S-R25E  
 Eddy County, New Mexico  
 NM-0630



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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
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

**STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS**

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM-0630

Bond Coverage: Individually Bonded

Legal Description of Land:

BLM Bond File No.: 58-59-97

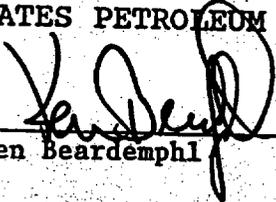
T17S-R25E

Section 27: S/2NW/4

Formation(s) (if applicable): ALL

YATES PETROLEUM CORPORATION

Date: January 24, 2000

  
Ken Beardemphl

Landman

# SPECIAL DRILLING STIPULATIONS

## THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATOR'S NAME YATES PETROLEUM CORPORATION WELL NO. & NAME #10 FEDERAL "LDY" DEEP COM  
LOCATION 2100' F N L & 1980' F W L SEC. 27, T. 17S., R. 25E.  
LEASE NO. NM-0630 COUNTY EDDY STATE NEW MEXICO

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

### I. SPECIAL ENVIRONMENT REQUIREMENTS

- Lesser Prairie Chicken (Stips attached)  Floodplain (Stips attached)  
 San Simon Swale (Stips attached)  Other

### II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

The BLM will monitor construction of this drill site. Notify the  Carlsbad Resource Area Office at (505) 887-6544  Hobbs Office at (505) 393-3612, at least 3 working days prior to commencing construction.

Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately \_\_\_\_\_ inches in depth. Approximately \_\_\_\_\_ cubic yards of topsoil material will be stockpiled for reclamation.

Other

### III. WELL COMPLETION REQUIREMENTS

A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

A. Seed Mixture 1 (Loamy Site)  
~~Side Oats Grass (Eragrostis lehmanniana) 1.0~~  
Side Oats Grass (*Bouteloua curtipendula*) 5.0  
Sand Dropseed (*Sporobolus cryptandrus*) 1.0

B. Seed Mixture 2 (Sandy Sites)  
Sand Dropseed (*Sporobolus cryptandrus*) 1.0  
Sand Lovegrass (*Eragrostis trichodes*) 1.0  
Plains Bristlegrass (*Setaria magrostachya*) 2.0

C. Seed Mixture 3 (Shallow Sites)  
Sideoats Grama (*Bouteloua curtipendula*) 1.0  
~~Side Oats Grass (Eragrostis lehmanniana) 1.0~~  
or Boar Lovegrass (*E. chloromalas*)

D. Seed Mixture 4 ("Gyp" Sites)  
Alkali Sacaton (*Sporobolus airoides*) 1.0  
Four-Wing Saltbush (*Atriplex canescens*) 5.0

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

Other

### RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

### OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- 1) Lined as specified above and,
- 2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and is capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

### CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to proceed by BLM.

### TRASH PIT STIPS

All trash, junk and other waste material shall 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 permitted.

## CONDITIONS OF APPROVAL - DRILLING

**Operator's Name:** Yates Petroleum Corporation  
**Well Name & No.** Federal LDY Deep Com #10  
**Location:** 2100' FNL, 1980' FWL, Section 27, T. 17 S., R. 25 E., Eddy County, New Mexico  
**Lease:** NM-0630

### I. DRILLING OPERATIONS REQUIREMENTS:

The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, 505-234-5972 for wells in Eddy County in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 13-3/8 inch 8-5/8 inch 4-1/2 inch
3. BOP tests
4. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

### II. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 350 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The 8-5/8 inch intermediate casing shall be set between 1000 feet and 1200 feet. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is to be sufficient to circulate to the surface.
3. The minimum required fill of cement behind the 4-1/2 inch production casing is to be sufficient to reach at least 200 feet above the uppermost hydrocarbon bearing interval.

### III. PRESSURE CONTROL:

1. The BOP and related equipment as described in Onshore Order No. 2 shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced. The blowout preventer assembly shall consist of a minimum of: one annular preventer, or double ram, and two ram preventers with one being blind and one being a pipe ram. Additional equipment should include an upper kelly cock valve with handle available. Safety valves and subs to fit all drill strings in use must be available on the rig floor.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
4. Any wells that penetrate the Wolfcamp, the BOPE shall be tested:
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

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

District II  
811 South First, Artesia, NM 88210

District III  
1800 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, NM 87505

2

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 Eagle Creek Atoka Morrow East	
Property Code		Property Name FEDERAL "LDY" DEEP COM		Well Number 10	
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION		Elevation 3534.	

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	27	17-S	25-E		2100	NORTH	1980	WEST	EDDY

Bottom Hole Location If Different From Surface

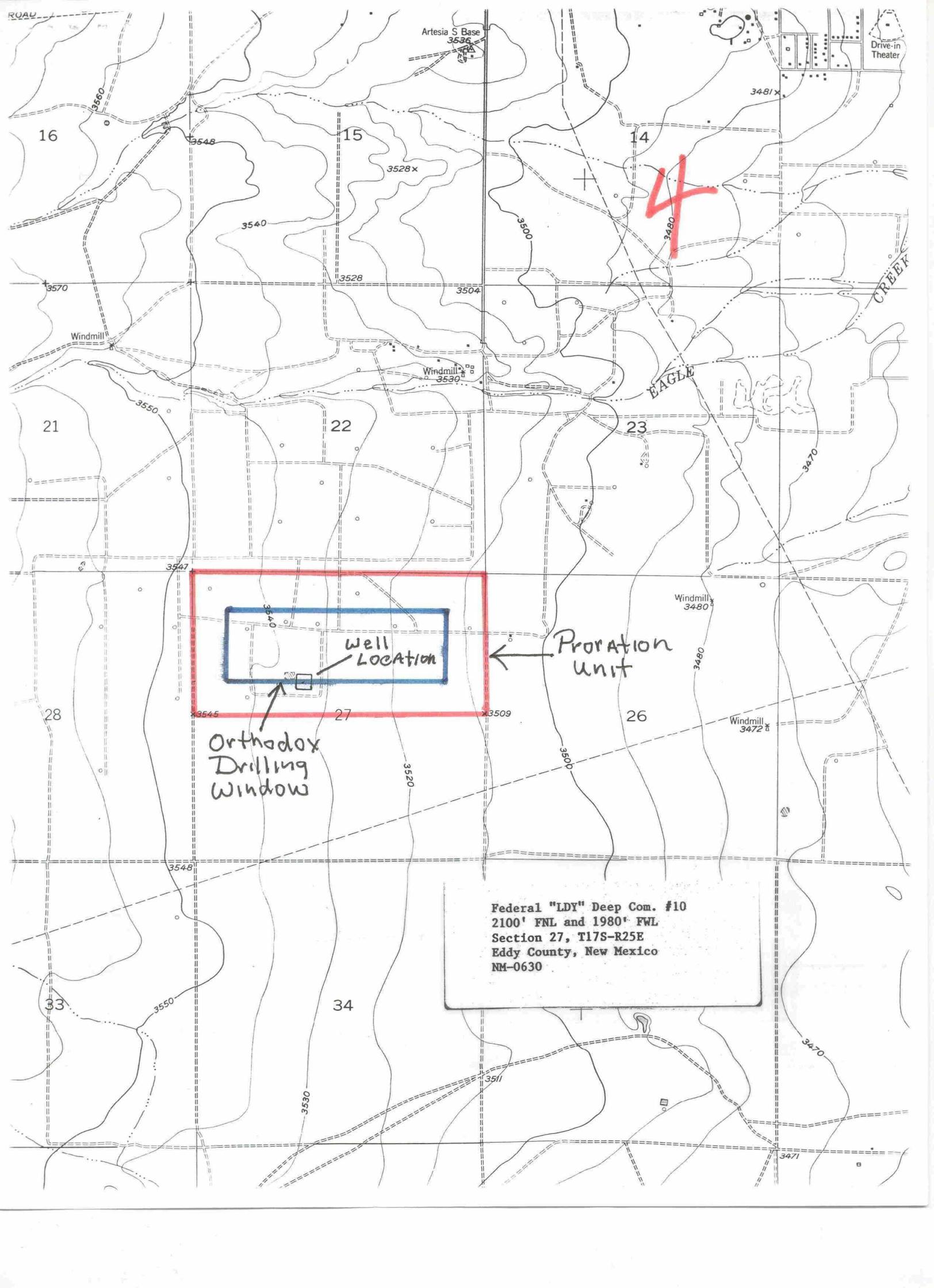
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 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><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Ken Beardemphl</i> Printed Name: Ken Beardemphl Title: Landman Date: January 18, -2000</p>
	<p><b>SURVEYOR CERTIFICATION</b> 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>JANUARY 5, 2000 Date of Survey Signature: <i>D. N. Reddy</i></p> <p><b>D. N. REDDY</b> NEW MEXICO REGISTERED SURVEYOR 5412 PROFESSIONAL ENGINEER</p>





Artesia S Base  
3536

Drive-in Theater

16

15

14

3528x

3540

3500

4

3480

3481x

3570

3528

3504

Windmill

Windmill  
3530

EAGLE

CREEK

21

22

23

3550

3470

3547

Well Location

Proration Unit

Windmill  
3480

3480

Windmill  
3472

28

Orthodox Drilling Window

27

26

3545

3509

3520

3500

3548

Federal "LDY" Deep Com. #10  
2100' FNL and 1980' FWL  
Section 27, T17S-R25E  
Eddy County, New Mexico  
NM-0630

33

34

3550

3530

3511

3470

3471

22

5

3547

3540

3545

APPROX. 50'

Original Well Location

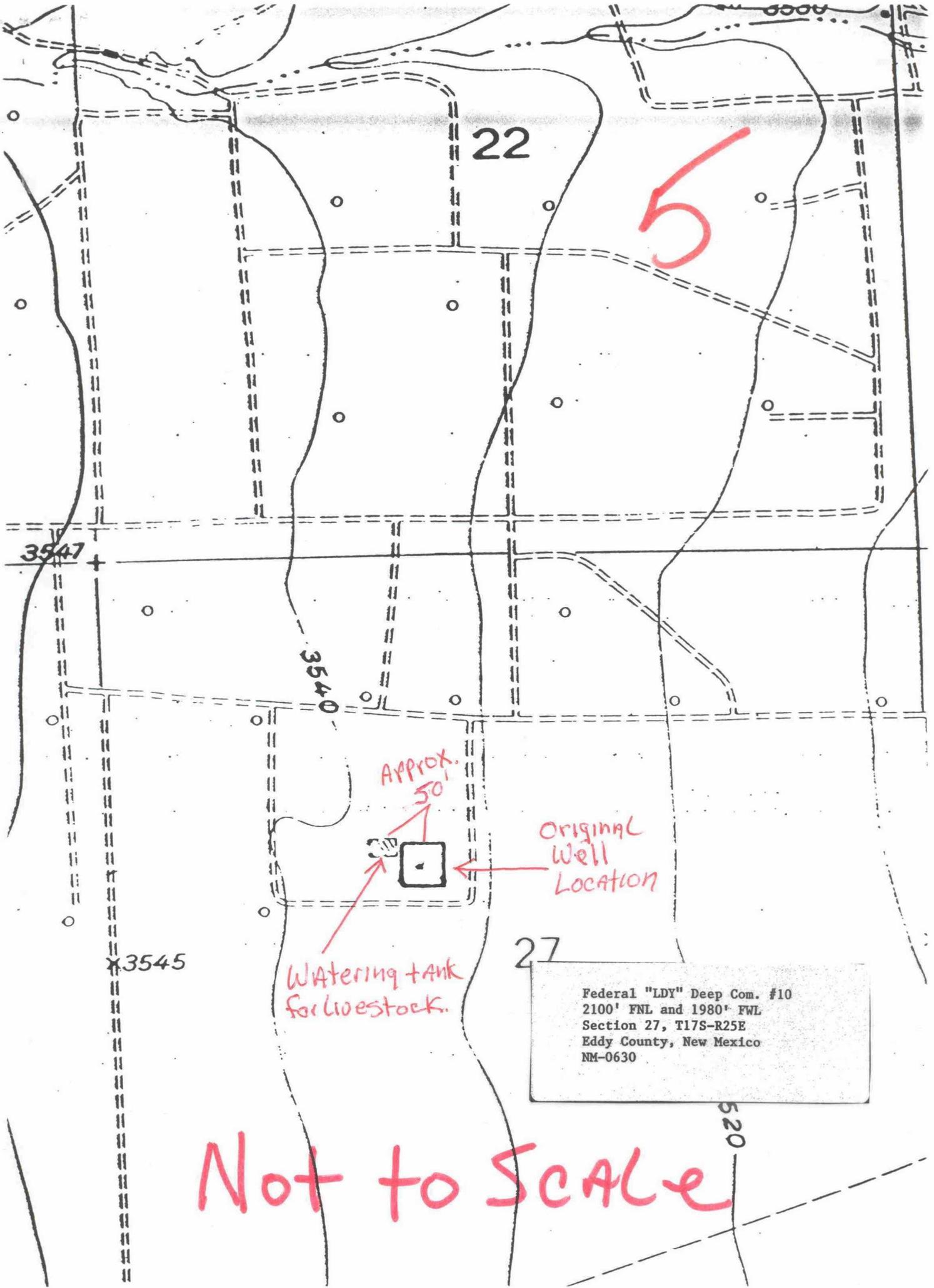
Watering tank for livestock.

27

Federal "LDY" Deep Com. #10  
 2100' FNL and 1980' FWL  
 Section 27, T17S-R25E  
 Eddy County, New Mexico  
 NM-0630

Not to Scale

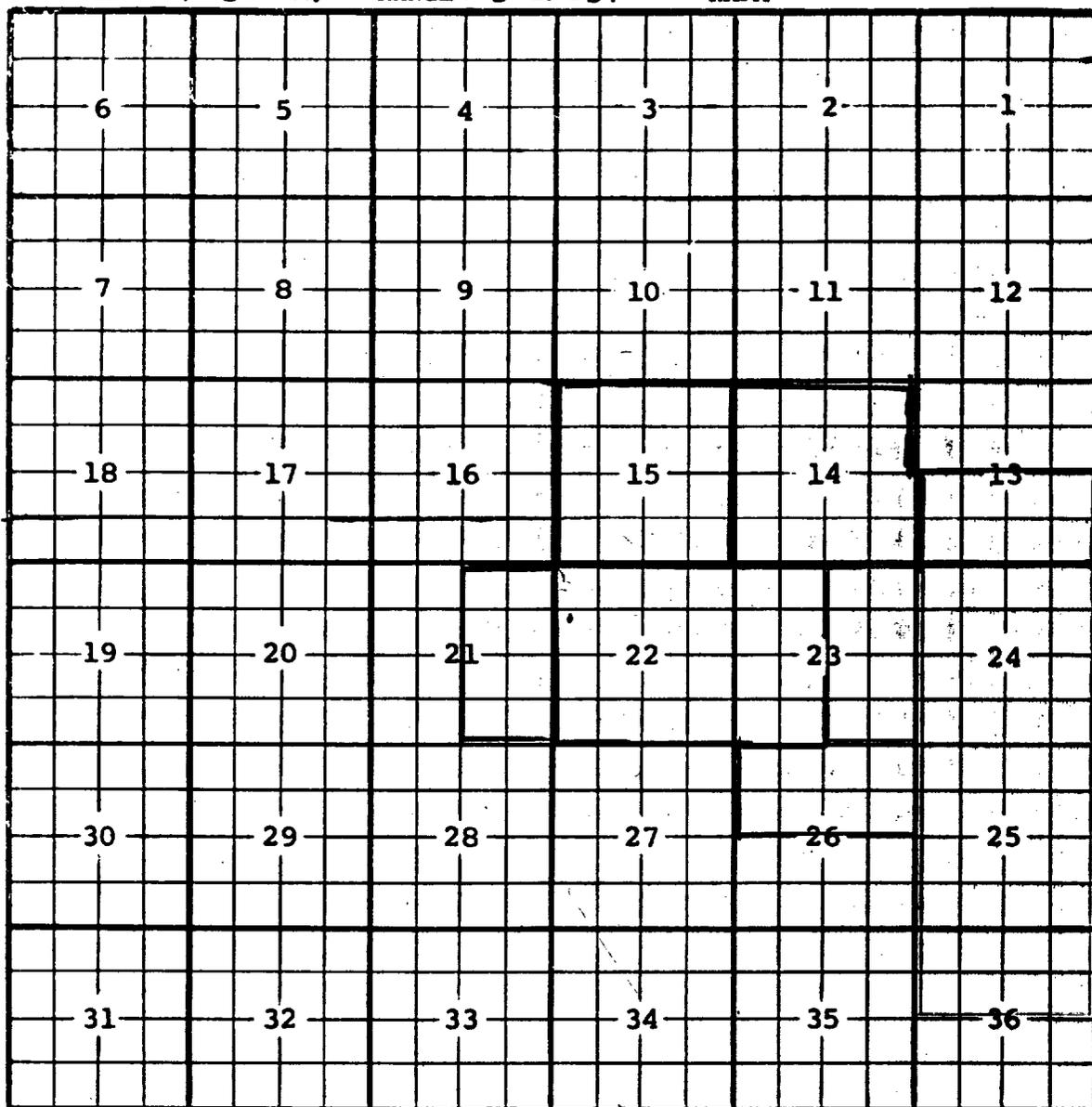
520



7. Mr. Stogner, I am unable to find any detailed report of the field trip with Ken Beardemphl, YPC, and Mr. Barry Hunt of the BLM, I have talked with Mr. Beardemphl and he said the well was originally staked at 1980' FNL and 1980' FWL at this location the centerhole stake was within 50 feet of an earthen tank. A discussion was held with Mr. Bill Gissler, the private surface owner and it was decided to move the location 120 feet to the south to 2100' FNL and 1980' FWL to make room for the drilling pits, have well control, and to keep out of Mr. Gisslers ranching operations. This move was approved by Yates' Geologist Mr. Ray Beck also. Unknowingly by all parties involved was this new location was unorthodox for the Eagle Creek Atoka Morrow East formation. My experience in dealing with the BLM and surface owners I can understand why the location was moved to the south. As for Yates' response Management did approve the move. We do not have any written material from the BLM or Mr. Gissler relating to this matter.

COUNTY Eddy POOL East Eagle Creek Atoka-Morrow Gas

TOWNSHIP 17 South RANGE 25 East NMPM



Description: All Secs 24 & 25,  $\frac{N}{2}$  Sec 36 (R-5460, 7-1-77)  
Ext:  $\frac{E}{2}$  Sec 23 (R-5667, 4-1-78)  
Ext:  $\frac{S}{2}$  Sec 13 (R-6033, 7-1-79) Ext:  $\frac{N}{2}$  Sec. 26 (R-6169, 11-1-79)  
Ext: All Sec. 22,  $\frac{W}{2}$  Sec. 23 (R-6420, 8-1-80)  
Ext:  $\frac{E}{2}$  Sec. 21 (R-7322, 8-1-83) Ext: All Sec. 15 (R-7351, 9-19-83)  
Ext: All Sec. 14 (R-11120, 1-21-89)

CMD : ONGARD 12/21/01 10:07:  
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TQ

API Well No : 30 15 30974 Eff Date : 06-17-2001 WC Status : S  
Pool Idn : 76240 EAGLE CREEK;ATOKA-MORROW, E (GAS)  
OGRID Idn : 25575 YATES PETROLEUM CORPORATION  
Prop Idn : 25370 FEDERAL LDY DEEP COM

Well No : 010  
GL Elevation: 3534

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: F	27	17S	25E	FTG 2100 F N	FTG 1980 F W	P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 12/21/01 10:07:  
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQ  
Page No :

API Well No : 30 15 30974 Eff Date : 06-17-2001  
Pool Idn : 76240 EAGLE CREEK;ATOKA-MORROW, E (GAS)  
Prop Idn : 25370 FEDERAL LDY DEEP COM Well No : 01  
Spacing Unit : 55245 OCD Order : Simultaneous Dedication:  
Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :  
Dedicated Land:

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S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	A		27	17S	25E	40.00	N	FE		
	B		27	17S	25E	40.00	N	FE		
	C		27	17S	25E	40.00	N	FD		
	D		27	17S	25E	40.00	N	FD		
	E		27	17S	25E	40.00	N	FD		
	F		27	17S	25E	40.00	N	FD		
	G		27	17S	25E	40.00	N	FD		
	H		27	17S	25E	40.00	N	FE		

---

E0005: Enter data to modify or PF keys to scroll  
PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

12/21/01 10:08:  
OGOMES -TQ  
PAGE NO:

Sec : 27 Twp : 17S Rng : 25E Section Type : NORMAL

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

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

CMD : ONGARD 12/21/01 10:09:  
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQ

Page No :

API Well No : 30 15 21716 Eff Date : 04-30-1991  
 Pool Idn : 76280 EAGLE CREEK;PERMO PENN (GAS)  
 Prop Idn : 12578 MORLEY EW COM Well No : 00  
 Spacing Unit : 14221 OCD Order : Simultaneous Dedication:  
 Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :  
 Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
			I	27	17S 25E	40.00	N	FE		
			J	27	17S 25E	40.00	N	FD		
			K	27	17S 25E	40.00	N	FD		
			L	27	17S 25E	40.00	N	FD		
			M	27	17S 25E	40.00	N	FE		
			N	27	17S 25E	40.00	N	FE		
			O	27	17S 25E	40.00	N	FE		
			P	27	17S 25E	40.00	N	FE		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 12/21/01 10:09:  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQ  
Page No:

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION  
Pool Identifier : 76280 EAGLE CREEK;PERMO PENN (GAS)  
API Well No : 30 15 21716 Report Period - From : 01 2000 To : 10 2001

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API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water St
30 15 21716	MORLEY EW COM	01 00 27	1249
30 15 21716	MORLEY EW COM	02 00 29	649
30 15 21716	MORLEY EW COM	03 00 31	1240
30 15 21716	MORLEY EW COM	04 00 30	1220
30 15 21716	MORLEY EW COM	05 00 30	1183
30 15 21716	MORLEY EW COM	06 00 30	1148
30 15 21716	MORLEY EW COM	07 00 31	1188

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Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

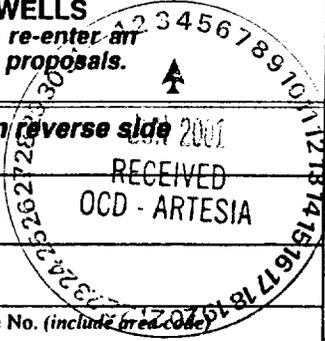
N.M. Oil Cons. Division  
811 S. 1st Street  
Artesia, NM 88210-2834

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

51

**SUNDRY NOTICES AND REPORTS ON WELLS**  
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**



1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
 Yates Petroleum Corporation

3a. Address  
 105 S. 4th St. - Artesia, NM 88210

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 2100' FNL & 1980' FWL of Section 27-T17S-R25E (Unit F, SENW)

5. Lease Serial No.  
 NM-0630

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
 Federal LDY Deep Com #10

9. API Well No.  
 30-015-30974

10. Field and Pool, or Exploratory Area  
 Eagle Creek Atoka Morrow, East

11. County or Parish, State  
 Eddy Co., NM

**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 Intermediate casing & cement
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (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.)

TD 1209'. Reached TD at 8:15 AM 4-10-2000. Ran 27 joints of 9-5/8" 36# J-55 (1214.45') of casing set at 1209'. Regular guide shoe set at 1208'. Insert float set at 1163'. Cemented with 500 sacks Poz C (65-35), 2% CaCl2, 5#/sack gilsonite (yield 1.97, weight 12.5). Tailed in with 200 sacks Class C and 2% CaCl2 (yield 1.34, weight 14.8). PD 2:15 PM 4-10-2000. Bumped plug to 770 psi, OK. Circulated 154 sacks. WOC. Nipped up and tested to 3000 psi for 15 minutes, OK. Drilled out at 4:00 PM 4-11-2000. WOC 25 hours and 45 minutes. Reduced hole to 8-3/4". Resumed drilling.

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

Name (Printed/Typed)

Rusty Klein

Signature

Title Operations Technician

Date May 1, 2001

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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.

Title

Office

ACCEPTED FOR RECORD  
(ORIG. SGD.) DAVID R. GLASS

JUN 1 2001

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.

DAVID R. GLASS

PETROLEUM ENGINEER

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division  
811 S. 1st Street  
Artesia, NM 88210-2334

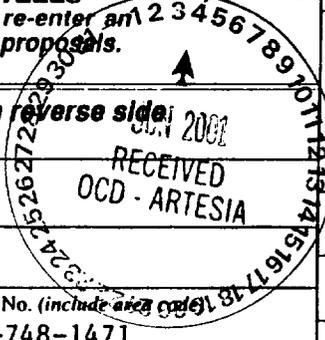
FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

SP

**SUNDRY NOTICES AND REPORTS ON WELLS**  
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Lease Serial No.  
NM-0630

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**



1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 105 S. 4th St. - Artesia, NM 88210	3b. Phone No. (include area code) 505-748-1471	8. Well Name and No. Federal LDY Deep Com #10
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2100' FNL & 1980' FWL of Section 27-T17S-R25E (Unit F, SENW)		9. API Well No. 30-015-30974
		10. Field and Pool, or Exploratory Area Eagle Creek Atoka Morrow, East
		11. County or Parish, State Eddy Co., NM

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 Production
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>casing &amp; cement</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (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.)

TD 8470'. Reached TD at 5:00 AM 5-4-2000. Ran 199 joints of 4-1/2" 11.6# casing as follows: 32 joints of 4-1/2" 11.6# S-95 sandblasted (1384.95'); 8 joints of 4-1/2" 11.6# S-95 varnished (353.65'); 8 joints of 4-1/2" 11.6# S-95 sandblasted (330.91'); 34 joints of 4-1/2" 11.6# S-95 varnished (1479.40') and 117 joints of 4-1/2" 11.6# S-95/P-110 varnished (4938.22') (Total 8487.13') of casing set at 8476'. Float shoe set at 8476'. Float collar set at 8429'. Bottom marker set at 7111-7091'. Top marker set 6427-6406'. Cemented with 1000 sacks "H" (65-35-6), 4/10% FL52 and 5#/sack gilsonite (yield 2.0, weight 12.4). Tailed in with 1360 sacks Super C Modified, 1% KCL, 6/10% FL52, 6/10% FL25 and 5#/sack gilsonite (yield 1.59, weight 13.2). PD 2:45 PM 5-6-2000. Bumped plug to 1750 psi for 5 minutes, OK. WOC. Released rig at 6:45 PM 5-6-2000. NOTE: Displaced with 2% KCL.

Waiting on completion unit.

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

Name (Printed/Typed) Rusty Klein	Title Operations Technician
Signature <i>Rusty Klein</i>	Date May 1, 2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title (ORIG. SGD.) DAVID R. GLASS
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 JUN 1 2001
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.	DAVID R. GLASS PETROLEUM ENGINEER

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division  
811 S. 1st Street  
Artesia, NM 88210-2894

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

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

Lease Serial No. 0630

6. If Indian, Allottee or Tribe Name \_\_\_\_\_

7. If Unit or CA/Agreement, Name and/or No. \_\_\_\_\_

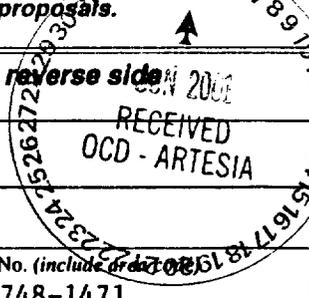
8. Well Name and No. Federal LDY Deep Com #10

9. API Well No. 30-015-30974

10. Field and Pool, or Exploratory Area Eagle Creek Atoka Morrow, East

11. County or Parish, State Eddy Co., NM

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**



1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
Yates Petroleum Corporation

3a. Address 105 S. 4th St. - Artesia, NM 88210

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
2100' FNL & 1980' FWL of Section 27-T17S-R25E (Unit F, SENW)

**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 Spud, conductor
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>surface casing</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>&amp; cement</u>

13. Describe Proposed or Completed Operation (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.)

Spudded a 26" hole with rat hole machine at 9:30 AM 3-28-2000. Drilled to 40'. Set 40' of 20" conductor pipe. Cemented to surface. NOTE: Notified Cathy w/BLM-Carlsbad of spud. Resumed drilling a 17-1/2" hole with rotary tools at 12:30 AM 4-8-2000.

TD 355'. Ran 8 joints of 13-3/8" 48# H-40 (360') of casing set at 355'. 1-Texas Pattern notched guide shoe set at 354'. Insert float set at 310'. Cemented with 400 sacks Class C and 2% CaCl2 (yield 1.34, weight 14.8). PD 2:15 PM 4-8-2000. Bumped plug to 385 psi, OK. Circulated 184 sacks. WOC. Cut off and welded on flow nipple. Drilled out at 12:30 PM 4-9-2000. WOC 22 hours and 15 minutes. Reduced hole to 12-1/4". Resumed drilling.

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

Name (Printed/Typed) Rusty Klein Title Operations Technician

Signature *Rusty Klein* Date 5-1-2001

THIS SPACE FOR FEDERAL OR STATE RECEIPT USE FOR RECORD

Approved by \_\_\_\_\_ Title (ORIG. SGD.) DAVID R. GLASS Date JUN 1 2001

Office \_\_\_\_\_

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 in 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

N.M. Oil Cons. Division  
811 S. 1st Street  
Artesia, NM 88210-2834

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

SP

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No. **NM-0630**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**Federal LDY Deep Com #10**

9. API Well No. ✓  
**30-015-30974**

10. Field and Pool, or Exploratory Area  
**Eagle Creek Atoka Morrow, East**

11. County or Parish, State  
**Eddy Co., NM**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

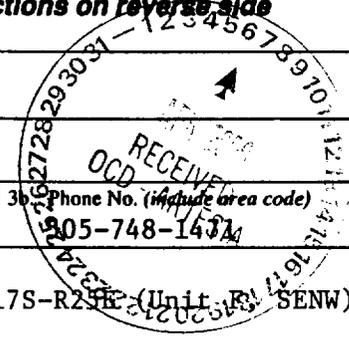
1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**Yates Petroleum Corporation**

3a. Address  
**105 S. 4th St. - Artesia, NM 88210**

3b. Phone No. (Include area code)  
**505-748-1404**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**2100' FNL & 1980' FWL of Section 27-T17S-R25E (Unit R) SENW**



**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 type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (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 respectfully requests permission to change the casing program and hole sizes as follows:

**FROM:**

17-1/2" hole with 13-3/8" 48# H-40 ST&C casing set at 350' with 450 sx of cement, circulated  
 12-1/4" hole with 8-5/8" 24# J-55 ST&C casing set at 1200' with 700 sx of cement, circulated  
 7-7/8" hole with 4-1/2" 11.6# N-80 LT&C casing set at 8600' with 650 sacks of cement, with top of cement brought back to 4700'

**TO:**

17-1/2" hole with 13-3/8" 48# H-40 ST&C casing set at 350' with 450 sx of cement, circulated  
 12-1/4" hole with 9-5/8" 36# J-55 ST&C casing set at 1200' with 500 sx of cement, circulated  
 8-3/4" hole with 7" 26# & 23# casing set at 8600' with 950 sx of cement, with top of cement brought back to 700'

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)  
**Rusty Klein**

Signature

CONTINUED ON NEXT PAGE:

Title **Operations Technician**

Date **March 30, 2000**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by **ORIG. SGD., DAVID R. GLASS** **PETROLEUM ENGINEER** Date **APR 04 2000**

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

YATES PETROLEUM CORPORATION  
Federal LDY Deep Com #10  
Section 27-T17S-R25E  
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

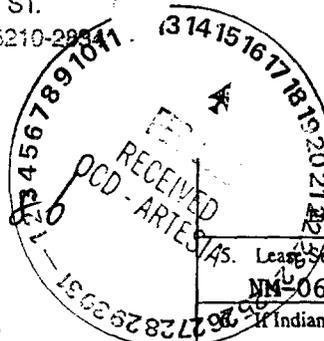
Breakdown of 7" casing is as follows:

7" 26# J-55 LT&C casing from 0-100'  
7" 23# J-55 LT&C casing from 100-5300'  
7" 26# J-55 LT&C casing from 5300-7400'  
7" 26# J-55 LT&C casing from 7400-8600'

Cement for the 9-5/8" casing will be 250 sacks Lite C (yield 2.0, weight 12.5).  
Tailed in with 250 sacks Class C and 2% CaCl<sub>2</sub> (yield 1.32, weight 14.8).

Cement for the 7" casing will be 950 sacks Super C Modified (yield 1.67, weight 13.0).  
Top of cement will be brought back to 700'

  
\_\_\_\_\_  
Rusty Klein  
Operations Technician  
March 30, 2000



FORM APPROVED OMB No. 1004-0136 Expires November 30, 2000

Form 3160-3 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Form fields: 1a. Type of Work: [X] DRILL [ ] REENTER; 1b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other; 2. Name of Operator: Yates Petroleum Corporation; 3a. Address: 105 South Fourth Street, Artesia, NM 88210; 3b. Phone No.: (505) 748-1471; 7. If Unit or CA Agreement, Name and No.: 25370; 8. Lease Name and Well No.: Federal "LDY" Deep Com. #10; 9. API Well No.: 30-015-30974; 10. Field and Pool, or Exploratory: Eagle Creek Atoka Morrow E; 11. Sec., T., R., M., or Blk. and Survey or Area: Section 27, T17S-R25E; 12. County or Parish: Eddy; 13. State: NM; 14. Distance in miles and direction from nearest town or post office\*: Approximately 8 miles west of Artesia, New Mexico.; 15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): 660'; 16. No. of Acres in lease: 959.74; 17. Spacing Unit dedicated to this well: 320; 18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.: 8500'; 19. Proposed Depth: 58-59-97; 20. BLM/BIA Bond No. on file: 58-59-97; 21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3534'; 22. Approximate date work will start\*: ASAP; 23. Estimated duration: 20 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.
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).
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.

Signature fields: 25. Signature: Ken Beardemphl; Name (Printed/Typed): Ken Beardemphl; Date: 1/18/00; Approved by (Signature): LARRY D. BRAY; Name (Printed/Typed): LARRY D. BRAY; Date: FEB 15 2000; Title: Assistant Field Manager, Lands And Minerals; Office: APPROVED FOR 1 YEAR

Application approval does not warrant or certify the 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)

Notify OCD at SPUD & TIME to witness cementing the 8 1/8" casing.

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

**District II**  
611 South First, Artesia, NM 88210

**District III**  
1800 Rio Branos Rd., Aztec, NM 87410

**District IV**  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-102  
Revised March 17, 1999

OIL CONSERVATION DIVISION  
2040 South Pacheco  
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

API Number		Pool Code		Pool Name	
				Eagle Creek Atoka Morrow East	
Property Code		Property Name			Well Number
		FEDERAL "LDY" DEEP COM			10
OGRID No.		Operator Name			Elevation
025575		YATES PETROLEUM CORPORATION			3534.

Surface Location

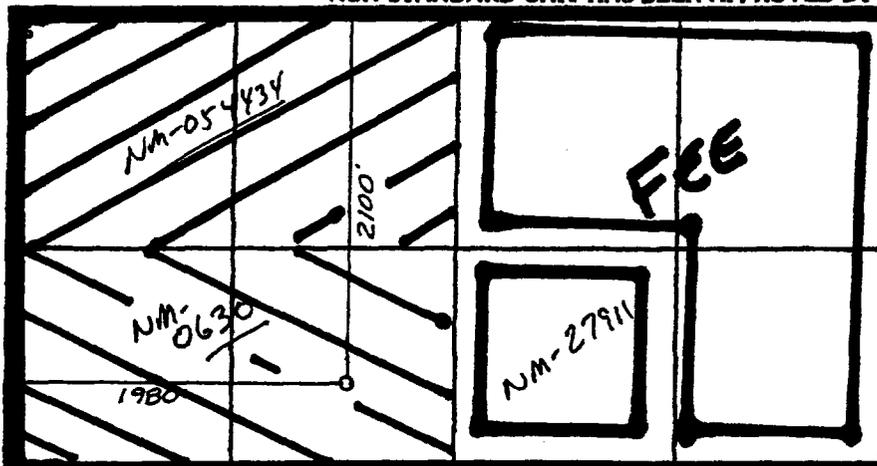
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	27	17-S	25-E		2100	NORTH	1980	WEST	EDDY

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	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 that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Ken Beardemph1*

Printed Name: Ken Beardemph1

Title: Landman

Date: January 18, -2000

**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.

JANUARY 5, 2000

Date of Survey: JANUARY 5, 2000

Signature: *Ken Beardemph1*

Professional Engineer Seal: **NEW MEXICO**, 5412, REGISTERED PROFESSIONAL ENGINEER

**YATES PETROLEUM CORPORATION**

Federal "LDY" Deep Com. #10

2100' FNL & 1980' FWL

Sec. 27-T17S-R25-E

Eddy County, New Mexico

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

San Andres	773'
Glorieta	2159'
Abo	4128'
Wolfcamp Line	5311'
Cisco	6376'
Lower Canyon	7303'
Strawn	7536'
Atoka	7931'
Morrow Clastics	8178'
Lower Morrow	8278'
Chester Lime	8378'
TD	8500'

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

Water: Approx 200' - 300'  
Oil or Gas: All Potential Zones

3. Pressure Control Equipment: BOPE will be installed on the 8 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>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C		0-400'	400'
12 1/4"	8 7/8"	24#	J-55	ST&C		0-1300'	1300'
7 7/8"	4 1/2"	11.6#	N-80	LT&C		0-8600'	8600'

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

**B. CEMENTING PROGRAM:**

Surface casing: 450 sx "C" + 2% CACL2 (Yld 1.32 Wt.15.6)

Intermediate: 500 sx Lite (Yld 2.0 Wt. 12.2); Tail in w/200 sx "C" + 2% CACL2 (Yld 1.32 Wt 15.6)

Production: TOC = 4700' 650 sx Super "C" modified (Yld 1.63 Wt. 13.0).

**Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	FW/Air Mist	8.4	28	N/C
350'-1200'	FW/Air Mist	8.4	28	N/C
1200'-7500'	Cut Brine	8.6-9.0	28	N/C
7500'- TD	Salt Gel/Starch	9.0-9.5	30-34	< 10

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 ot from under surface casing.

Logging: CNL/LDT, DLL - w/RXD - TD to casing.

Coring: None anticipated.

DST's: As warranted.

**7. Abnormal Conditions, Bottom hole pressure and potential hazards:**

Anticipated BHP:

From: 0	TO: 350	Anticipated Max. BHP:	175	PSI
From: 350	TO: 1200	Anticipated Max. BHP:	600	PSI
From: 1200	TO: 8500	Anticipated Max. BHP:	4200	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

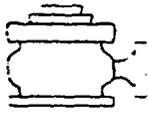
H2S Zones Anticipated: None.

**8. ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 15 days.

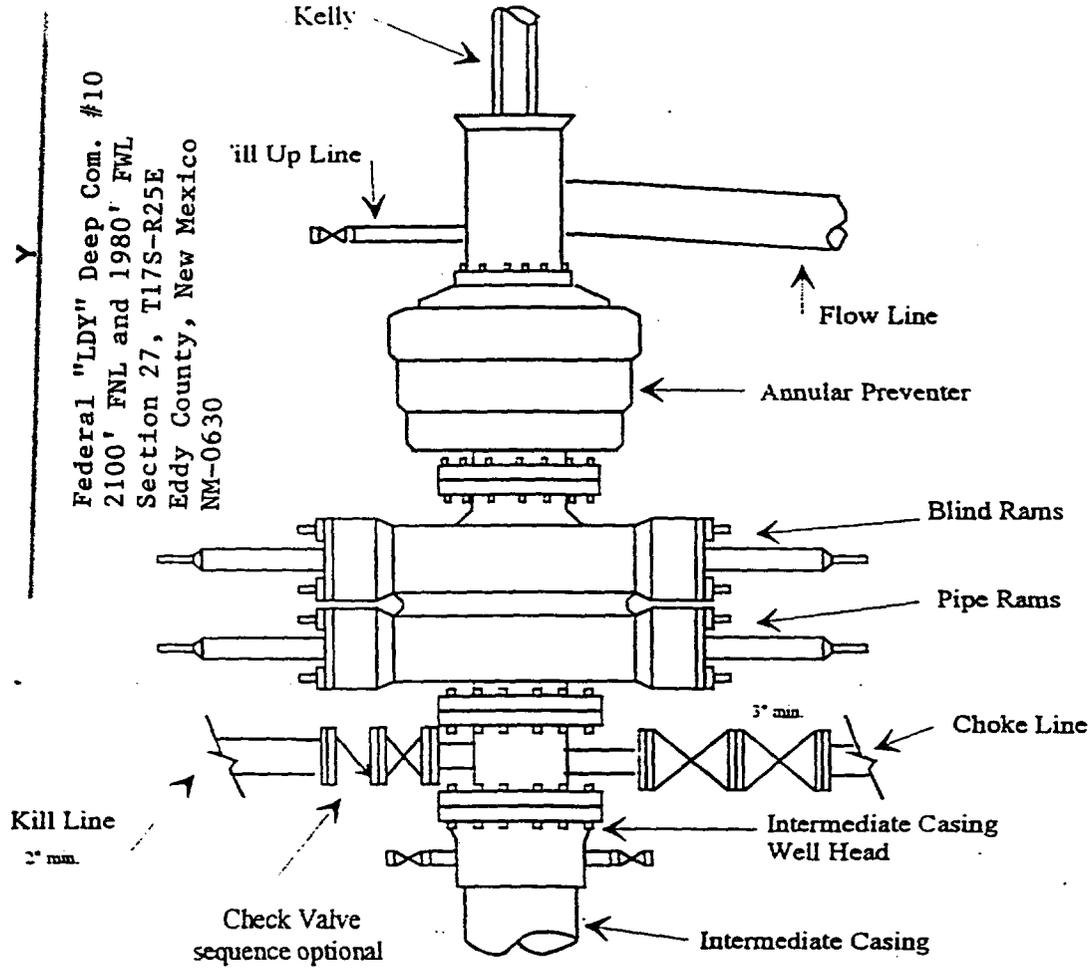
# Yates Petroleum Corporation

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

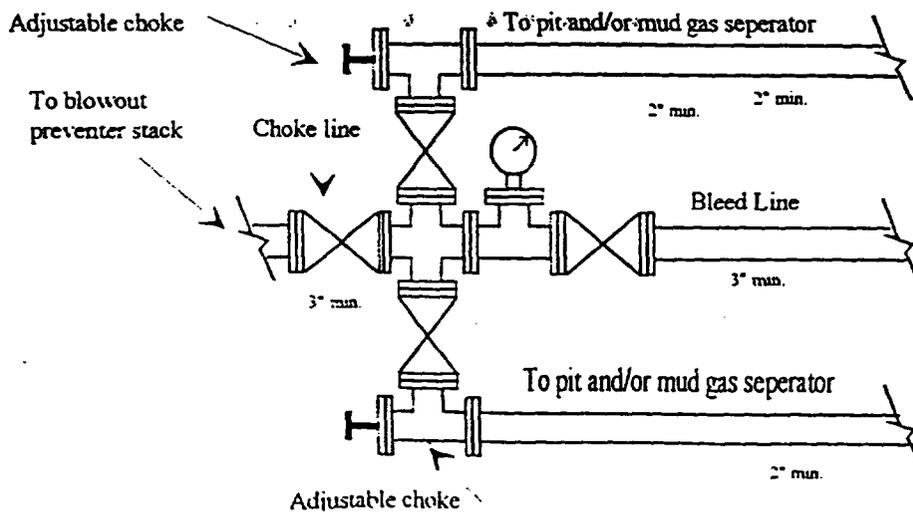


**YATES PETROLEUM CORPORATION**  
105 SOUTH 4TH STREET  
ARTESIA, NEW MEXICO 86210

Federal "LDY" Deep Com. #10  
2100' FNL and 1980' FWL  
Section 27, T17S-R25E  
Eddy County, New Mexico  
NM--0630



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



CMD :  
OG6IPRD

ONGARD  
INQUIRE PRODUCTION BY POOL/WELL

12/21/01 10:09:  
OGOMES -TQ  
Page No:

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION  
Pool Identifier : 76280 EAGLE CREEK;PERMO PENN (GAS)  
API Well No : 30 15 21716 Report Period - From : 01 2000 To : 10 2001

API Well No	Property Name	Prod. MM/YY	Days Prod	Production Gas	Oil	Water	St
30 15 21716	MORLEY EW COM	08 00	30	1265			F
30 15 21716	MORLEY EW COM	09 00	30	1197			F
30 15 21716	MORLEY EW COM	10 00	31	1218			F
30 15 21716	MORLEY EW COM	11 00	30	1379			F
30 15 21716	MORLEY EW COM	12 00	31	1277			F
30 15 21716	MORLEY EW COM	01 01	31	1265			F
30 15 21716	MORLEY EW COM	02 01	28	1144			F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06 CONFIRM  
PF07 BKWD      PF08 FWD          PF09              PF10 NXTPOOL PF11 NXTOGD      PF12

CMD :  
OG6IPRD

ONGARD  
INQUIRE PRODUCTION BY POOL/WELL

12/21/01 10:09:  
OGOMES -TQ  
Page No:

OGRID Identifier : 25575 YATES PETROLEUM CORPORATION  
Pool Identifier : 76280 EAGLE CREEK;PERMO PENN (GAS)  
API Well No : 30 15 21716 Report Period - From : 01 2000 To : 10 2001

API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	We St
30 15 21716	MORLEY EW COM	03 01 31	1352	F
30 15 21716	MORLEY EW COM	04 01 30	1325	F
30 15 21716	MORLEY EW COM	05 01 31	1275	F
30 15 21716	MORLEY EW COM	06 01 30	1185	F
30 15 21716	MORLEY EW COM	07 01 31	1159	F
30 15 21716	MORLEY EW COM	08 01 29	1288	F
30 15 21716	MORLEY EW COM	09 01 30	1442 20	F
Reporting Period Total (Gas, Oil) :			25648 20	

E0049: User may continue scrolling.

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06 CONFIRM  
PF07 BKWD      PF08 FWD          PF09              PF10 NXTPOOL PF11 NXTOGD      PF12



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**BETTY RIVERA**  
Cabinet Secretary

June 6, 2002

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**Yates Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210-2118

Attention: Cy Cowan

Re: *Division Administrative Order NSL-4684-A*

Dear Mr. Cowan:

I am writing this in conjunction with Division Administrative Order NSL-4684-A, dated June 4, 2002 (see copy attached). From the information provided with your application dated May 13, 2002 and the information previously submitted in association with Division Administrative Order NSL-4684, dated January 7, 2002, your request was processed; however, it was limited to the Eagle Creek-Strawn Gas Pool.

The information contained in your May 13, 2002 application letter appears to be in direct conflict with the Division's well file and production records on Yates Petroleum Corporation's Federal "LDY" Deep Com. Well No. 10. There are now certain questions that need to be addressed: i.e., Is the Strawn interval a resent recompletion? Was this well ever completed in the Atoka/Morrow interval? Was the Atoka/Morrow interval ever productive? To which interval should this well's production from July, 2001 to date be attributed? Which well records and forms are correct/incorrect?

These are just a few issues that need to be resolved. I have forwarded all pertinent records to Mr. Tim Gum, supervisor of the Division's district office in Artesia for review and handling, and, if necessary, corrective action. I urge you to contact Mr. Gum as soon as possible and make arrangements to review this matter with him.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Tim Gum, Supervisor – NMOCD, Artesia  
William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe  
Randy Patterson, Yates Petroleum Corporation – Artesia  
David Brooks, Legal Counsel – NMOCD, Santa Fe  
File: NSL-4684  
NSL-4684-A



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**BETTY RIVERA**  
Cabinet Secretary

June 4, 2002

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**Yates Petroleum Corporation**  
105 South Fourth Street  
Artesia, New Mexico 88210-2118  
Attention: Cy Cowan

Telefax No. (505) 748-4572

*Administrative Order NSL-4684-A*

Dear Mr. Cowan:

Reference is made to the following: (i) your application submitted by telefax to the New Mexico Oil Conservation Division ("Division") on May 13, 2002; and (ii) the Division's records in Artesia and Santa Fe, including the file on Division Administrative Order NSL-4684, dated January 7, 2002: all concerning Yates's request to amend the current order of the Division by expanding the vertical limits.

This application (*assigned NMOCD Reference No. pKRV0-213540949*) has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Administrative Order NSL-4684, the Division approved Yates Petroleum Corporation's ("Yates") Federal "LDY" Deep Com. Well No. 10 (API No. 30-015-30974), at an unorthodox gas well location 2100 feet from the North line and 1980 feet from the West line (Unit F) of Section 27, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico, within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 27 in the Undesignated East Eagle Creek Atoka-Morrow Gas Pool.

It is our understanding that Yates has completed this well in the Eagle Creek-Strawn Gas Pool (76320).

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Strawn gas well location within the 320-acre unit comprising the N/2 of Section 27 for Yates's Federal "LDY" Deep Com. Well No. 10 is hereby approved.

Further, Division Administrative Order NSL-4684 dated January 7, 2002 shall remain in full force and effect until further notice.

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

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
File: NSL-4684 /