RECEIVED

If earthen pits are used is association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

Form 3160-3 (August 1999) MAN 0 6 2005

GGB.ARTERIA **UNITED STATES**

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

N	M	-7		
			-	

6. If Indian, Allottee or Tribe Name

Not	Applica	ble

			NOT A	ppiicable
1a. Type of Work: X DRILL REF	ENTER		7. If Unit or CA Agr	eement, Name and No.
			Not A	pplicable
	_		8. Lease Name and V	Well No.
b. Type of Well: Oil Well Gas Other Well	Single Zone	Multiple Zone	Pan Am Pardue	ALZ Federal Com. #2
2. Name of Operator			9. API Well No.	
Yates Petroleum Corporation			30-013	-33874
3A. Address 105 South Fourth Street	3b. Phone No. (include area code	e)	10. Field and Pool, or	r Exploratory
Artesia, New Mexico 88210	(505) 748-147	' 1	Indian Ba	asin Morrow
4. Location of Well (Report location clearly and in accordance with any	State requirements.*)		11. Sec., T., R., M.,	or Blk, and Survey or Area
At surface 660' FSL an	d 2610' FEL			
At proposed prod. Zone same a	as above	. • •	Section 22, T21	S-R24E
14. Distance in miles and direction from nearest town or post office*			12. County or Parish	13. State
Approximately 14 miles NW of Carlsbad, New Mex	ico		Eddy	NM
15. Distance from proposed* location to nearest	16. No. of Acres in lease	17. Spacing Ur	it dedicated to this well	
property or lease line, ft. (Also to nearest drig. unit line, if any)			640	
18. Distance from proposed location* to nearest well, drilling, completed,	19. Proposed Depth	20. BLM/BIA	Bond No. on file	
applied for, on this lease, ft.	10,000'		NM-2811	İ
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will	start*	23. Estimated duration	on
3650' GL	ASAP,		30) Days
	24. Attachments Car	Isbed Cont	cred Water Ber	WA
The following, completed in accordance with the requirements of Onshor	e Oil and Gas Order No. 1, shall be	e attached to this	form:	
Well plat certified by a registered surveyor.	4. Bond to cove	er the operations	unless covered by an e	xisting bond on file (see
2. A Drilling Plan.	Item 20 abov	•		(***
3. A Surface Use Plan (if the location is on National Forest System Land		•		
SUPO shall be filed with the appropriate Forest Service Office.]		ation and/or plans as m	av he required by the
	authorized of	-	according of plane as in	ay oo roquired by the
25. Signature	Name (Printed/Typed)			Date
25. Signature	1 ' ' '	(5)	1	
Title:	Cy Cowan	101	05) 748-4372	11/22/04
Regulatory Agent/Land Department debbiec@y	nenm com			
Approved by (Signature)	Name (Printed/Typed)			Date
/s/ Joe G. Lara	,	/s/ Joe C	1	_ 8 JAN 2005
	1	13/ 300	ı. wala 🔒	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. APPROVAL FOR 1 YEAR

Office

Conditions of approval, if any, are attached.

ELD MANAGER

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.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED ways and

PREVIOUSLY APPROVED

CARLSBAD FIELD OFFICE

^{*(}Instructions on reverse)

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

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

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

20 S. St. Francis Dr., Santa Fe, NM 875	05		AMENDED REPORT
	WELL LOCATION AND ACREA	GE DEDICATION PLAT	
¹ API Number	² Pool Code	³ Pool Name	
		Indian Basin Morrov	v
⁴ Property Code	⁵ Property Name		⁴ Well Number
	Pan Am Pardue ALZ Fe	ederal Com.	2
⁷ OGRID No.	⁸ Operator Name		⁹ Elevation
025575	Yates Petroleum Co	rporation	3650'
	10 Company I am	-4:	

Surface Location UL or let no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County **24E** 0 22 215 660 South 2610 East **Eddy** Bottom Hole Location If Different From Surface Lot Idn UL or lot no. Section Township Feet from the North/South line Feet from the East/West line County 12 Dedicated Acres ¹³ Joint or Infill ¹⁴ Consolidation Code ¹⁵ Order No. 640

NO ALLOWARI E WILL BE ASSIGNED TO THIS COMPLETION LINTED ALL INTERESTS HAVE BEEN CONSOLIDATED OF A

	NDARD UNIT HAS BEEN APPROVED BY	THE DIVISION
	NM-89143	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature
NM-56350	NM-76944	Cy Cowdn Printed Name Regulatory Agent Title 11/23/2004 Date
		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. REFER TO ORIGINAL PLAT
NM-88092	FEE	Date of Survey Signature and Seal of Professional Surveyor: Cartificate Number

DISTRICT I
1885 E. Franch Da., Babba, RM 88940
DISTRICT II
211 South First Artes ts, NM 88210
DISTRICT II
1800 Bio Brasos ind., Astes, RM 67410
DISTRICT IV
2049 South Pachoco, Santa Pc, NM 87806

State of New Mexico

Form C-102 Revised March 17, 1999 Instruction on back shuit to Appropriate District Office

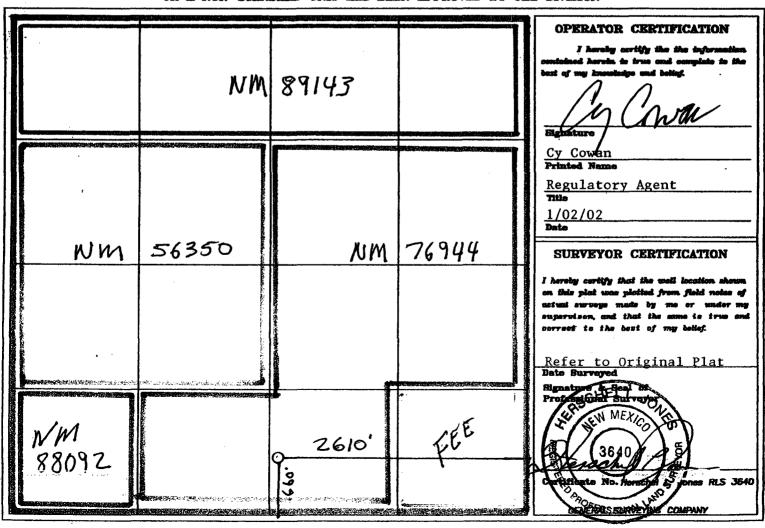
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

de					71		the second second		
de					Indian Basin Morrow				
				Property Nam	perty Name Vell Humber				
			Pan Am Pardue ALZ Federal Com. 2						
				Operator Nam	ė		Eleval	lon	
		•	Yate	s Petroleum	Corporation		365	0	
				Surface Loca	ation		•		
Seution	Township	Bange	lot ldn	Feet from the	North/South line	Feet from the	East/Vest line	County	
22	215	24E		660'	South	2610	East	Eddy	
•	•	Bottom	Hole Loc	cation If Diffe	rent From Sur	face			
Section	Township	Range	Lot kin	Foot from the	North/South line	Feet from the	East/West line	County	
Joint o	r hoffil Cor	ssolidation (Code Or	der No.	<u> </u>		<u> </u>	Ĺ	
ABLE W		** *** · · · · · · · · · · · · · · · ·	T. F T			44.00	EN CONSOLIDA	ATED	
	22 Section	22 21S Sections Township Johnt or heffit Con ABLE WILL BE AS	22 21S 24E Bottom Section Township Range John or haffit Consolidation (Section Township Range Lot Ma. 22 21S 24E Bottom Hole Loc Section Township Range Lot Ma. Johnt or leftil Consolidation Code Or ABLE WILL BE ASSIGNED TO THIS OR A NON-STANDARD UN	Southern Township Bange Lot like Post from the 22 21S 24E 660 Bottom Hole Location If Diffe Section Township Range Lot like Post from the Joint or left! Consolidation Code Order No. ABLE WILL BE ASSIGNED TO THIS COMPLETION U OR A NON-STANDARD UNIT HAS BEEN	Section Township Range Lot Ma Feet from the Morth/South Mass 22 21S 24E 660 South Bottom Hole Location If Different From Surfections Township Range Let Ma Feet from the Morth/South Mass Johnt or laffit Consolidation Code Order No. ABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTER- OR A NON-STANDARD UNIT HAS BEEN APPROVED BY T	Section Township Bangs Let lin Feet from the Rerth/South line Feet from the 22 21S 24E 660' South 2610' Bottom Hole Location If Different From Surface Section Township Range Let lin Feet from the North/South line Feet from the Johnt or left! Consolidation Code Order No. ABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BE OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION	Yates Petroleum Corporation Surface Location Section Township Bange Let Min Pest from the North/South Mas Pest from the East/Vest Mas 22 21S 24E 660' South 2610' East Bottom Hole Location If Different From Surface Section Township Bange Let Min Pest from the North/South Mas Pest from the East/West Mas Johnt or Infill Consolidation Code Order No. ABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATION COMPLETION COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATION COMPLETION CO	



State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

copies State L Fee Lea

DISTRIC. P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator				Lease					Well No.
	PRTROLETIM	CORPORATION		PAN	AM PAI	RDUE ALZ	. FEDER	RAL COM	2
Unit Letter	Section	Township		Range				County	·
O	22	21 S	OUTH		EAST		NMPM	EDD	Y COUNTY, NM
Actual Footage Loc	ation of Well:								
2610	feet from the	BAST	line and	660)		feet from	the SOU	
Ground level Elev.	Produ	cing Formation		Pool				<u> </u>	Dedicated Acreage:
3650.		Morrow		tn	dian	H:1113	CMo	mew)	640 Acres
1. Outlin	e the acreage dedic	ated to the subject wel	by colored per	ocil or hachum	e marks on	the plat below	W.		
2. If mor	re than one lease is	dedicated to the well,	outline each and	idealify the	ownership	thereof (both	as to work	ing interest and	royalty).
3. If mor	re than one lease of	different ownership is	dedicated to the	e well, have t	he interest	of all owners	been conso	lidated by com	munitization,
	ation, force-pooling,			c lid	lasia.	Common	la.Li	٠	
If answer	Yes r is "no" list the ow	I No If and need and tract description	swer is "yes" ty ions which have	pe or consone actually been					
this form	n if neccessary					<u> </u>		·	÷ , .
		ed to the well until all eliminating such inter				mmunitization	, unitizatio	n, forced-poolin	ng, or otherwise)
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	ļ				. !			best of my know	rledge and belief.
		NW-8	9143		ŀ	• •		Signature	- A A }
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				· · ·				SURVEY	YOR CERTIFICATION
	1	t Control	\$					I hereby certis	fy that the well location she
		630	3			•			vas plotted from field notes
4659	1		lä		- (s made by me or under
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<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

March 12, 2004

Form C-144

For drilling and production facilities, submit to appropriate NMOCD District Office.

For downstream facilities, submit to Santa Fe

Pit or Below-Grade Tank Registration or Closure Is pit or below-grade tank covered by a "general plan"? Yes xx No

Type of action: Registration of a pit or below-grade tank xx Closure of a pit or below-grade tank						
Operator: Yates Petroleum CorporationTo	elephone: (505) 748-4372 e-mail address: _d	lebbiec@ypcnm.com				
Address: 105 South 4th Street, Artesia, NM 88210						
Facility or well name: Pan Am Pardue ALZ Federal Com. #2 AP	I#:U/L or Qtr/Qtr <u>O</u> Sec <u>22</u> T	<u>21S</u> R <u>24E</u>				
County: Eddy Latitude Longitude	NAD: 1927 1983 Surface Owner Fede	ral XX State 🗌 Private 🔲 Indian 🔲				
Pit Type: Drilling X Production ☐ Disposal ☐	Below-grade tank					
Workover Emergency	Volume:bbl Type of fluid: Construction material:					
Lined xxx Unlined	Double-walled, with leak detection? Yes If not,	evalain why not				
Liner type: Synthetic xx Thickness 12 mil Clay Volume Double-walled, with leak detection? Yes I If not, explain why not.						
bbl						
Depth to ground water (vertical distance from bottom of pit to seasonal	Less than 50 feet	(20 points)				
high water elevation of ground water.)	50 feet or more, but less than 100 feet	(10 points)				
	100 feet or more	(0 points)				
Wellhead protection area: (Less than 200 feet from a private domestic	Yes	(20 points)				
water source, or less than 1000 feet from all other water sources.)	No	(0 points)				
Distance to surface water: (horizontal distance to all wetlands, playas,	Less than 200 feet	(20 points)				
irrigation canals, ditches, and perennial and ephemeral watercourses.)	200 feet or more, but less than 1000 feet	(10 points)				
	1000 feet or more	(0 points)				
	Ranking Score (Total Points)	Points 10				
If this is a pit closure: (1) attach a diagram of the facility showing the	pit's relationship to other equipment and tanks (2) In	dicate disposal location:				
onsite Offsite If offsite, name of facility						
end date. (4) Groundwater encountered: No Yes I fyes, show dep						
and a diagram of sample locations and excavations.	it and attach	sample results. (3) retains on sample results				
I hereby certify that the information above is true and complete to the bes	t of my knowledge and belief. I further certify that t	he above-described pit or below-grade tank				
has been/will be constructed or closed according to NMOCD guidelin	es \square , a general permit XX , or an (attached) altern	ative OCD-approved plan 🔲.				
Date: December 2, 2004	100: 0 : 00					
Date: December 2, 2004 Printed Name/Title Debbie L. Caffall/Regulatory Technician Signature	Deble . Estelle I					
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.						
Approval 7 2005 00 1						
Printed Name/Title	//0					
Printed Name/Title	Signature					
\						

YATES PETROLEUM CORPORATION Pan Am Pardue "ALZ" Federal Com. #2

660' FSL and 2610' FEL Sec.22-T21S-R24E Eddy County, New Mexico

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

San Andres	872'
Glorietta	2469'
Bone Springs	3142'
Wolfcamp	7307'
Canyon	7593'
Lower Strawn	8632'
Atoka	8942'
Morrow	9480'
TD	10000'

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

Water: Oil or Gas: None Expected Canyon Morrow

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.
- 4. THE PROPOSED CASING AND CEMENTING PROGRAM:
 - A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	<u>Grade</u>	Coupling	Interval
17 ½"	13 3/8"	48#	J-55	ST&C	300'
12 1/4"	9 5/8"	36#	J-55	ST&C	0-2800'
8 3/4"	7"	26#	N-80	LT&C	0-1500'
8 3/4"	7"	26#	J-55	LT&C	1500'-7200'
8 3/4"	7"	26#	N-80	LT&C	7200-9500'
8 3/4"	7"	26#	S-95	LT&C	9500-9950'

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

Pan Am Pardue "ALZ" Federal Com. #2 Page 2

B. CEMENTING PROGRAM:

Surface casing: 300 sx 'C' w/2% CaClz. Cement calculated to circulate.(YLD 1.32 WT 14.8).

Intermediate Casing: 1000 sx. Pacesetter Lite "C" w/1/4# Cellocel, 2% CaClz. (YLD 1.92 WT 12.7) + 250 SX."class C" w/2% CaClz. (YLD 1.32 WT 14.8) Cement circulated to circulate.

Production Casing: 600 sx Class H w/8# CSE, ½ # Cellocel 6/10% CFR (YLD 1.76 WT 13.8) Top of cement calculated to 6500'.

2nd Stage: N/A

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
0-300'	FW/Gel	8.4 - 8.9	30-34	N/C
300'-2800'	FW	8.4	28	N/C
2800'-6000'	FW	8.4	28	N/C
6000'-7400'	Cut Brine	9.0 - 9.3	28	N/C
7400'-TD	SW/Gel, Starch	9.2 - 9.6	31 - 34	<15cc

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 from 450' to TD.

Logging: CNL-LTD for TD to casing with GR-CNL up to surface; DLL from TD

to casing with RXO from TD over select intervals.

Coring: As warranted. DST's: As warranted.

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

Anticipated BHP:

From: 0 TO: 300' Anticipated Max. BHP: 110 PSI From: 300 TO: 2800' Anticipated Max. BHP: 1020 PSI From: 2800' TO: 9950' Anticipated Max. BHP: 3620 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: 0-2800.

H2S Zones Anticipated: Possible in Canyon at 7500'.

Maximum Bottom Hole Temperature: 145 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 30 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN Yates Petroleum Corporation

Pan Am Pardue "ALZ" Federal Com. #2

660' FSL and 2610' FEL Sec.22-T21S-R24E 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.

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 well site is located approximately 14 miles northeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Carlsbad, NM on Highway 285 for approximately 12 miles. Turn north and go approx. 2 miles. Turn on Highway 137; go west for approximately 8.5 miles. New road starts here going north.

PLANNED ACCESS ROAD

- A. The new access road will be approximately 0.7 miles in length from the point of origin to the south of the drilling pad. The road will lie in a northeast to east direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Some traffic turnout will be built.
- D. The route of road is visible.
- E. Existing roads will be maintained in same or better condition.

3. LOCATION OF EXISTING WELL

man salahan katangan salah salah

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

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.

Pan Am Pardue "ALZ" Federal Com. #2 Page 2

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

Should not need any, as surface is caliche. If any are needed a dirt contractor will use from the closest pit and pay for any material.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.

D. Oil produced during operations will be stored in tanks until sold.

E. Current laws and regulations pertaining to the disposal of human waste will be complied with.

F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None.

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
- B. The reserve pits will be plastic lined.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site 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.

Pan Am Pardue "ALZ" Federal Com. #2 Page 3

- 11. SURFACE OWNERSHIP: Federal Lands, Carlsbad, New Mexico.
- 12. OTHER INFORMATION:
 - A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
 - B. The primary surface use is for grazing.
- 13. OPERATOR'S REPRESENTATIVE
 - A. Through A.P.D. Approval:

B. Through Drilling Operations, Completions and Production:

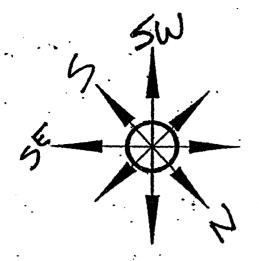
Cy Cowan, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 Pinson McWhorter, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

11/22/2004

Regulatory Agent

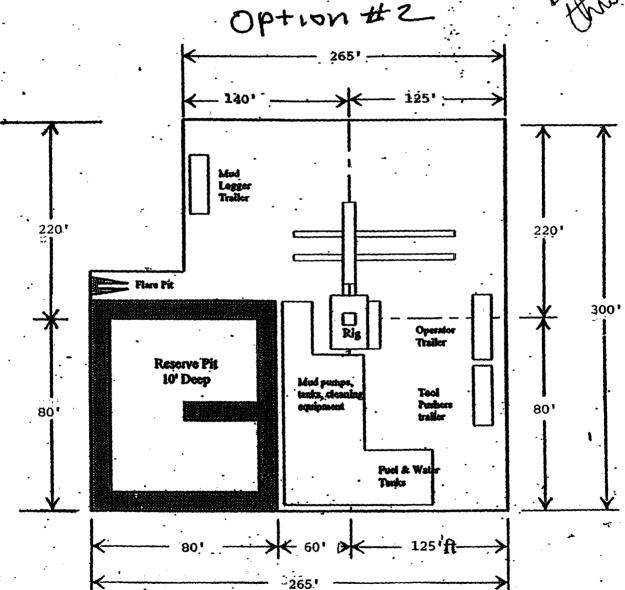


Yates Petroleum Corporation 105 SOUTH 4th STREET ARTESIA, NEW MEXICO 88210

Pan Am Pardue ALZ Federal #2 660' FSL and 2610' FEL Section 22, T21S-R24E Eddy County, New Mexico Amended Pad Layout with smaller pits and V-Door to the southwest per BLM request.

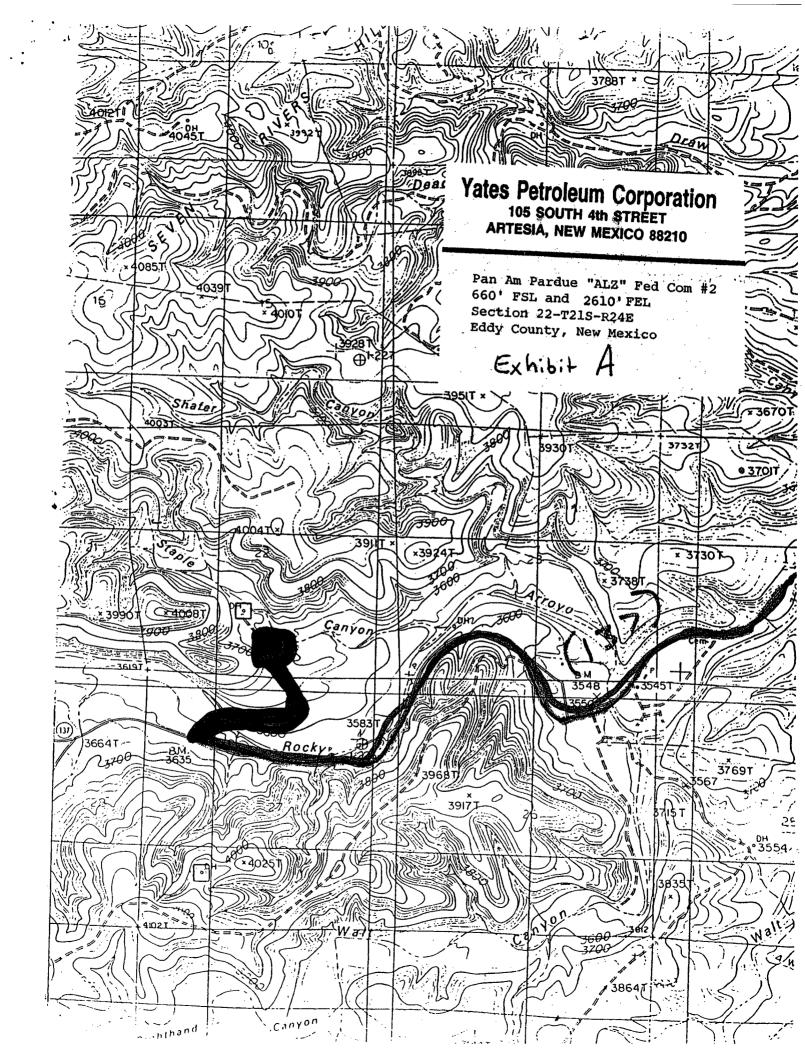
Pits will be to the southeast.

3/8/02 pulsal



Distance from Well-Head to Reserve Pit will vary between rigs

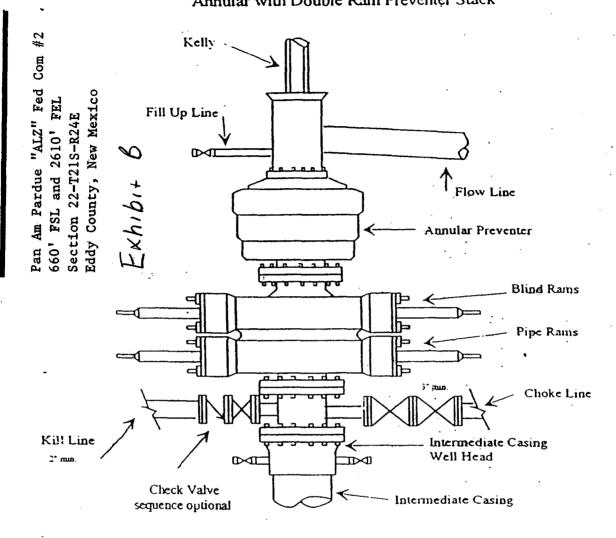
The above dimension should be a maximum



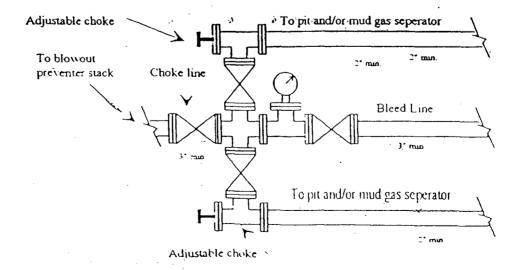
ates Petroleum Corporat

Typical 3.000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

Tates Petroleum Corporation 105 South 4th Street Artesia, New Mexico 88210



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



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Yates Petroleum Corporation

105 S. Fourth Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

For

Pan Am Pardue ALZ Federal Com. #2

660' FSL, 2610' FEL Sec-22, T-21S, R-24E Eddy County NM

Yates Petroleum Corporation Phone Numbers

YPC Office	(505) 748-1471
Pinson McWhorter/Operations Manager	
	(505) 748-4204
Ron Beasley/Prod Superintendent	
Al Springer/Drilling	
Paul Hanes/Prod. Foreman/Roswell	
Jim Krogman/Drilling Superintendent	
Artesia Answering Service	
(During non-office hours)	` ,
Agency Call List	
Agency Can Dist	
Eddy County (505)	
Artesia	
State Police	746-2703
City Police	
Sheriff's Office	
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	
NMOCD	
Carlsbad	
State Police	
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	
Fire Department	
LEPC (Local Emergency Planning Committee)	887-3798
US Bureau of Land Management	.887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	.(505) 827-9126
New Mexico State Emergency Operations Center	.(505) 476-9635
National Emergency Response Center (Washington, DC)	
Other	
Posts & Costs DUC 1 900 256 0699 or (201) 021 9004	
Boots & Coots IWC1-800-256-9688 or (281) 931-8884	
Cudd Pressure Control(915) 699-0139 or (915) 563-3356	
Halliburton	
B. J. Services(505) 746-3569	
Flight For Life -4000 24th St, Lubbock, TX(80	6) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX(80	
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(50	
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM(50	
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Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

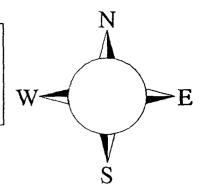
Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

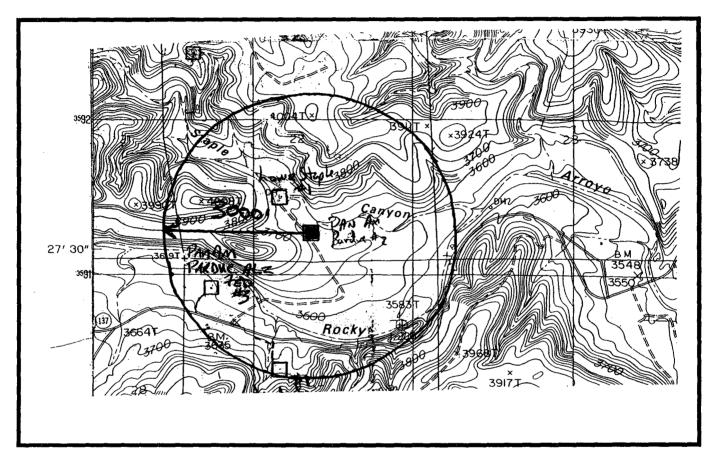
Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Pan Am Pardue ALZ Federal. Com. #2

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.





Assumed 100 ppin $\mathbf{ROE}=3000^\circ$ 100 ppin H2S concentration which integer switten in this plant