NM III 3050 ATS-07-101

OCD-ARTESIA

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

NO C/F

Month - Year MAR 12 2007 OCD - ARTESIA, NM

OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: ☒ DRILL ☐ REENTER	5. Lease Serial No. **NM-9187**
	6. If Indian, Allottee or Tribe Name **Not Applicable**
	7. If Unit or CA Agreement, Name and No. **Not Applicable**
b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other Single Zone ☒	8. Lease Name and Well No. 12057 **Box Canyon Unit #6**
2. Name of Operator **Yates Petroleum Corporation** 25575 ROSWELL CONTROLLED WATER BASIN	9. API Well No. 30-015-35480
3A. Address **105 South Fourth Street, Artesia, New Mexico 88210** / 3b. Phone No. *(include area code)* **(505) 748-1471**	10. Field and Pool, or Exploratory **Undesignated Little Box Canyon, Morrow**
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface **1340' FNL and 1100' FWL Unit E (SWNW) - Surface hole location** At proposed prod. Zone **660' FNL and 1980' FWL Unit C (NENW) - Bottom hole location**	11. Sec., T., R., M., or Blk, and Survey or Area **Section 24, T21S-R21E**
14. Distance in miles and direction from nearest town or post office* **Approximately forty five (45) miles south/west from Artesia, New Mexico**	12. County or Parish **Eddy** / 13. State **NM**
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 **680.00** / 17. Spacing Unit dedicated to this well **N/2**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **3400'**	19. Proposed Depth **8,550 TVD 8,827 MD** / 20. BLM/BIA Bond No. on file **NMB000434**
21. Elevations (Show whether DF, KDB, RT, GL, etc.) **4552 GL**	22. Approximate date work will start* **ASAP** / 23. Estimated duration **30 Days**

24. Attachments

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

1. Well plat certified by a registered surveyor.
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 office.

25. Signature	Name *(Printed/Typed)*	Date
Debbie L. Caffall	**Debbie L. Caffall**	**1/22/2007**

Title: **Regulatory Agent/Land Department**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Tony J. Herrell	/s/ Tony J. Herrell	MAR 09 2007

Title **FIELD MANAGER** / Office **CARLSBAD FIELD OFFICE**

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

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)* **C-144 attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

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

Month - Year
MAR 12 2007
OCD - ARTESIA, NM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Little Box Canyon; Morrow

Property Code	Property Name	Well Number
	BOX CANYON UNIT	6

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	4552

Surface Location

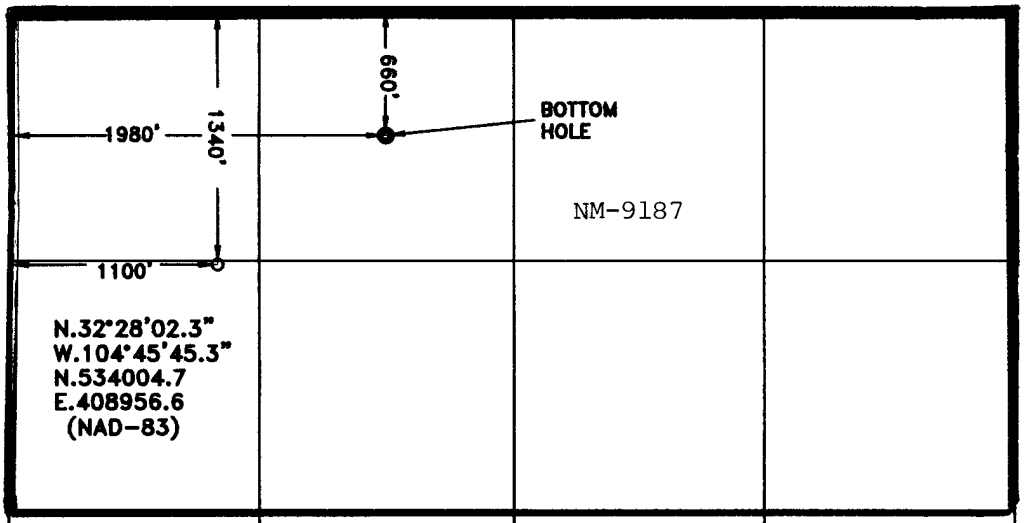
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	24	21S	21E		1340	NORTH	1100	WEST	EDDY

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
C	24	21S	21E		660	NORTH	1980	WEST	EDDY

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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

1/22/2007

Signature Date

Debbie L. Caffall

Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

12/12/2006

Date Surveyed

Signature & Seal of Professional Surveyor

HERSCHEL L. JONES
NEW MEXICO
3640
REGISTERED PROFESSIONAL SURVEYOR
GENERAL SURVEYING

Certificate No. Herschel L. Jones 3640

YATES PETROLEUM CORPORATION
Box Canyon Unit #6
Surface Location: 1340' FNL and 1100' FWL, Unit E (SWNW)
Bottom Hole: 660' FNL and 1980' FWL, Unit C (NENW)
Section 24,-T21S-R21E
Eddy County, New Mexico

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

San Andres	625'
Glorietta	2,045'
Upper Yeso	2,155'
Tubb	2,879'
Lower Yeso	2,992'
Abo	3,611'
Wolfcamp	5,092'
Cisco	6,162'
Strawn	7,512'
Atoka	8,022'
Upper Morrow	8,260'
Middle Morrow	8,422'
Lower Morrow	8,502'
Chester/LM	8,732'
TD	8,827'

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

   Water: 150'-200'
   Oil or Gas: All potential zones.

3. Pressure Control Equipment: Rotating Head installed on 13 3/8" casing. 5000 psi system nippled up and tested on 9 5/8" casing, 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	Grade	Coupling	Interval
17 ½"	13 3/8"	48	H-40	ST&C	0-400'
12 ¼"	9 5/8"	36	J-55	ST&C	0-2100'
8 ¾"	5 ½"	17	HCP-110	LT&C	0-3200'
			L-80	LT&C	3200'-7000'
			HCP-110	LT&C	7000'-8827'

WITNESS

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

A. CEMENTING PROGRAM:
Surface Casing: 150 sx C Lite (YLD 1.98 WT 12.50). Tail in with 200 sx C CaCl2 2% (YLD 1.34 WT 14.80).
Intermediate Casing: 180 sx Thixotropi (YLD 1.52 WT 14.60) 400 C Lite (YLD 1.98 WT 12.5) Tail in with 200 C CaCl2 2% (YLD 1.34 WT 14.80)
Production Casing: 600 sx C Lite (YLD 2.51 WT 11.50) Tail in with 1325 sx H (15:61:11H – make up) (YLD 1.64 WT 13.20)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-400'	Fresh Water/Air Mist	8.4 – 8.4	28-28	N/C
400'-2100'	Fresh Water/Air Mist	8.4 – 8.4	28-28	N/C
2100'-7977'	Cut Brine/6% KCL @ 3520'	9.1 – 9.5	28-28	N/C
7977'-8827'	Salt Water Gel/Starch	9.4 – 9.6	33-40	>12

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 Intermediate Casing to TD.
Logging: Plat form Express: CNL/LDT/NGT from TD to surface casing
HALS/NGT; CNL/GR from TD to surface.
Possible FMI & Rotary DLL-MSFL from TD to surface casing.
Sidewall Cores BHC-Sonic from TD to surface casing.

Coring: None Anticipated
DST's: Possible From ABO to TD

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

Anticipated BHP: Depths are TVD

From: 0	TO: 400'	Anticipated Max. BHP: 175 PSI
From: 400'	TO: 2100'	Anticipated Max. BHP: 920 PSI
From: 2100'	TO: 8550'	Anticipated Max. BHP: 4270 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Box Canyon Unit #6
Surface Location: 1340' FNL and 1100' FWL, Unit D (NWNW)
Bottom Hole: 660' FNL and 1980' FWL, Unit C (NENW)
Section 24, T21S-R21E
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 45 miles, south / west of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:
Go South of Artesia on Highway 285 for approximately 20.4 miles to Queens Hwy (SR 137), turn west (right) on to Queens Hwy. Travel approximately 8 miles to the Marathon Plant Road (CR 401). Take west (right) fork and travel approximately 8.8 miles to CR 400 (Box Canyon Road) Turn right and go approximately 7.0 miles turn east/northeast and travel approximately .2 of a mile. The new access lease road will start here to the left (north / west).

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 276.2 'in length from the point of origin to the southeast corner of the drilling pad. The new road will lie in a north to west direction.
B. The new road will be 30 feet in width (15 feet driving surface) and will be adequately drained to control runoff and soil erosion.
C. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

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

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

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

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIALS:

   Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

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 600' x 600' 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: U.S.A. – Bureau of Land Management
Carlsbad, New Mexico Field Office

#8050 – Texas Hill Allotment
Corrales Livestock Corporation
P.O. Box 1591
Carlsbad, NM 88220

Minerals: USA - Bureau of Land Management
Carlsbad, New Mexico Field Office

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:
Debbie L. Caffall, Permit Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

B. Through Drilling, Completions & Prod.
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.

1/22/07

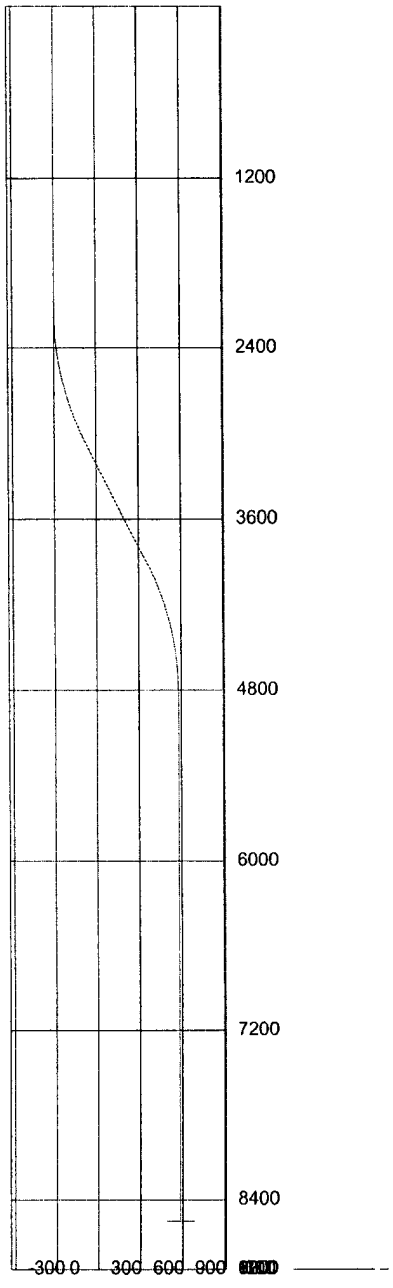
Debbie L. Caffall
Regulatory Agent

0	0	0	0	0	0	0			
625	0	0	625	0	0	0			SAN ANDRES
2045	0	0	2045	0	0	0			GLORIETA
2150	0	0	2150	0	0	3.5	52	GN	KOP
2155	0.17	52.31	2155	0	0.01	3.5	0	HS	UPPER YESO
2175	0.87	52.31	2175	0.12	0.15	3.5	360	HS	
2200	1.75	52.31	2199.99	0.47	0.6	3.5	360	HS	
2225	2.63	52.31	2224.97	1.05	1.36	3.5	360	HS	
2250	3.5	52.31	2249.94	1.87	2.42	3.5	360	HS	
2275	4.38	52.31	2274.88	2.92	3.77	3.5	0	HS	
2300	5.25	52.31	2299.79	4.2	5.43	3.5	0	HS	
2325	6.12	52.31	2324.67	5.71	7.39	3.5	0	HS	
2350	7	52.31	2349.5	7.46	9.66	3.5	0	HS	
2375	7.87	52.31	2374.29	9.44	12.22	3.5	0	HS	
2400	8.75	52.31	2399.03	11.65	15.08	3.5	360	HS	
2425	9.63	52.31	2423.71	14.09	18.23	3.5	0	HS	
2450	10.5	52.31	2448.32	16.76	21.69	3.5	0	HS	
2475	11.37	52.31	2472.87	19.66	25.44	3.5	0	HS	
2500	12.25	52.31	2497.34	22.79	29.49	3.5	0	HS	
2525	13.12	52.31	2521.73	26.15	33.84	3.5	0	HS	
2550	14	52.31	2546.03	29.73	38.48	3.5	360	HS	
2575	14.88	52.31	2570.24	33.54	43.41	3.5	360	HS	
2600	15.75	52.31	2594.35	37.58	48.63	3.5	0	HS	
2625	16.63	52.31	2618.36	41.84	54.15	3.5	0	HS	
2650	17.5	52.31	2642.26	46.33	59.95	3.5	0	HS	
2675	18.38	52.31	2666.05	51.03	66.05	3.5	0	HS	
2700	19.25	52.31	2689.71	55.96	72.42	3.5	360	HS	
2725	20.13	52.31	2713.25	61.11	79.09	3.5	0	HS	
2750	21	52.31	2736.66	66.48	86.04	3.5	0	HS	
2775	21.88	52.31	2759.93	72.07	93.27	3.5	360	HS	
2800	22.75	52.31	2783.05	77.87	100.78	3.5	0	HS	
2825	23.63	52.31	2806.04	83.89	108.57	3.5	0	HS	
2850	24.5	52.31	2828.86	90.12	116.63	3.5	0	HS	
2875	25.38	52.31	2851.53	96.57	124.97	3.5	0	HS	
2879	25.52	52.31	2855.14	97.62	126.33	3.5	0	HS	TUBB
2900	26.25	52.31	2874.04	103.23	133.59	3.5	0	HS	
2925	27.12	52.31	2896.37	110.09	142.47	3.5	0	HS	
2950	28	52.31	2918.54	117.16	151.62	3.5	0	HS	
2975	28.87	52.31	2940.52	124.44	161.04	3.5	360	HS	
2992	29.47	52.31	2955.36	129.51	167.6	3.5	0	HS	LOWER YESO
3000	29.75	52.31	2962.32	131.93	170.73	3.5	360	HS	
3025	30.62	52.31	2983.93	139.61	180.68	3.5	360	HS	
3050	31.5	52.31	3005.34	147.5	190.88	3.5	0	HS	
3075	32.38	52.31	3026.56	155.59	201.35	3.5	0	HS	
3098.88	33.21	52.31	3046.63	163.49	211.58	0			
3610.87	33.21	52.31	3475	334.76	433.48	0			ABO
4152.68	33.21	52.31	3928.3	516.41	668.3	0			
4175	32.43	52.31	3947.01	523.86	677.93	3.5	180	HS	
4200	31.55	52.31	3968.22	531.96	688.41	3.5	180	HS	
4225	30.68	52.31	3989.62	539.86	698.64	3.5	180	HS	
4250	29.8	52.31	4011.22	547.55	708.6	3.5	180	HS	
4275	28.93	52.31	4033	555.05	718.3	3.5	180	HS	
4300	28.05	52.31	4054.98	562.34	727.74	3.5	180	HS	
4325	27.18	52.31	4077.13	569.43	736.91	3.5	180	HS	
4350	26.3	52.31	4099.45	576.31	745.81	3.5	180	HS	
4375	25.43	52.31	4121.95	582.98	754.44	3.5	180	HS	
4400	24.55	52.31	4144.61	589.43	762.8	3.5	180	HS	
4425	23.68	52.31	4167.43	595.68	770.88	3.5	180	HS	
4450	22.8	52.31	4190.4	601.71	778.69	3.5	180	HS	
4475	21.93	52.31	4213.52	607.53	786.21	3.5	180	HS	
4500	21.05	52.31	4236.78	613.13	793.46	3.5	180	HS	
4525	20.18	52.31	4260.18	618.51	800.43	3.5	180	HS	
4550	19.3	52.31	4283.71	623.68	807.11	3.5	180	HS	
4575	18.43	52.31	4307.37	628.62	813.51	3.5	180	HS	
4600	17.55	52.31	4331.14	633.34	819.62	3.5	180	HS	
4625	16.68	52.31	4355.04	637.84	825.44	3.5	180	HS	
4650	15.8	52.31	4379.04	642.12	830.97	3.5	180	HS	
4675	14.92	52.31	4403.15	646.17	836.22	3.5	180	HS	
4700	14.05	52.31	4427.35	649.99	841.17	3.5	180	HS	
4725	13.17	52.31	4451.65	653.59	845.82	3.5	180	HS	
4750	12.3	52.31	4476.03	656.96	850.19	3.5	180	HS	
4775	11.42	52.31	4500.5	660.11	854.26	3.5	180	HS	
4800	10.55	52.31	4525.04	663.02	858.03	3.5	180	HS	

4825	9.67	52.31	4549.65	665.71	861.5	3.5	180	HS	
4850	8.79	52.31	4574.33	668.16	864.68	3.5	180	HS	
4875	7.92	52.31	4599.06	670.39	867.56	3.5	180	HS	
4900	7.04	52.31	4623.85	672.38	870.14	3.5	180	HS	
4925	6.16	52.31	4648.68	674.14	872.42	3.5	180	HS	
4950	5.28	52.31	4673.56	675.67	874.4	3.5	180	HS	
4975	4.4	52.31	4698.47	676.97	876.08	3.5	180	HS	
5000	3.52	52.31	4723.41	678.03	877.46	3.5	180	HS	
5025	2.63	52.31	4748.37	678.86	878.53	3.5	180	HS	
5050	1.73	52.31	4773.35	679.46	879.31	3.5	180	HS	
5075	0.78	52.31	4798.35	679.83	879.78	3.5	180	HS	
5092	0	52.31	4815.35	679.94	879.93	3.5	180	GN	WOLFCAMP
5100	0	52.3	4823.35	679.96	879.95	3.5	232	GN	
5101.7	0	232.32	4825.04	679.96	879.95	0			
6161.66	0		5885	680	880	0			CISCO
7511.66	0		7235	680	880	0			STRAWN
8021.66	0		7745	680	880	0			ATOKA
8259.66	0		7983	680	880	0			UPPER MORROW
8421.66	0		8145	680	880	0			MIDDLE MORROW
8501.66	0		8225	680	880	0			LOWER MORROW
8731.66	0		8455	680	880	0			CHESTER LIME
8826.69	0	0	8550	680	880	0			TD

3D³ Directional Drilling Planner - 3D View

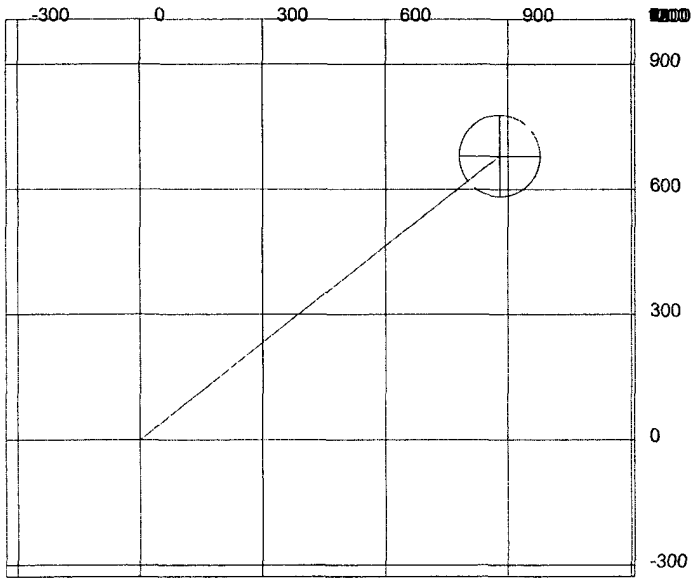
Company: **Yates Petroleum Corporation**
Well: **Box Canyon Unit #6**



File: C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\boxcanyon6.wpp

3D³ Directional Drilling Planner - 3D View

Company: **Yates Petroleum Corporation**
Well: **Box Canyon Unit #6**



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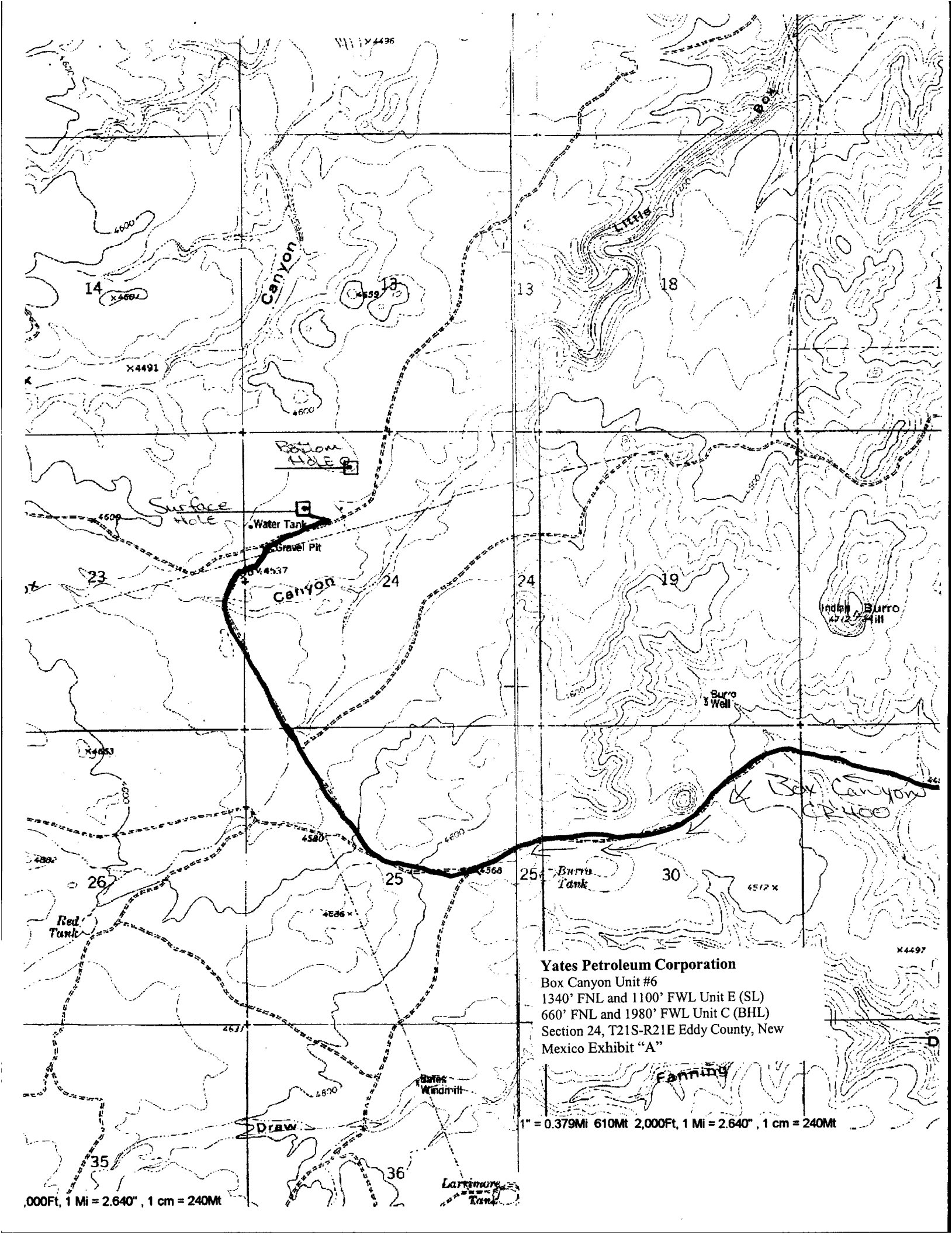
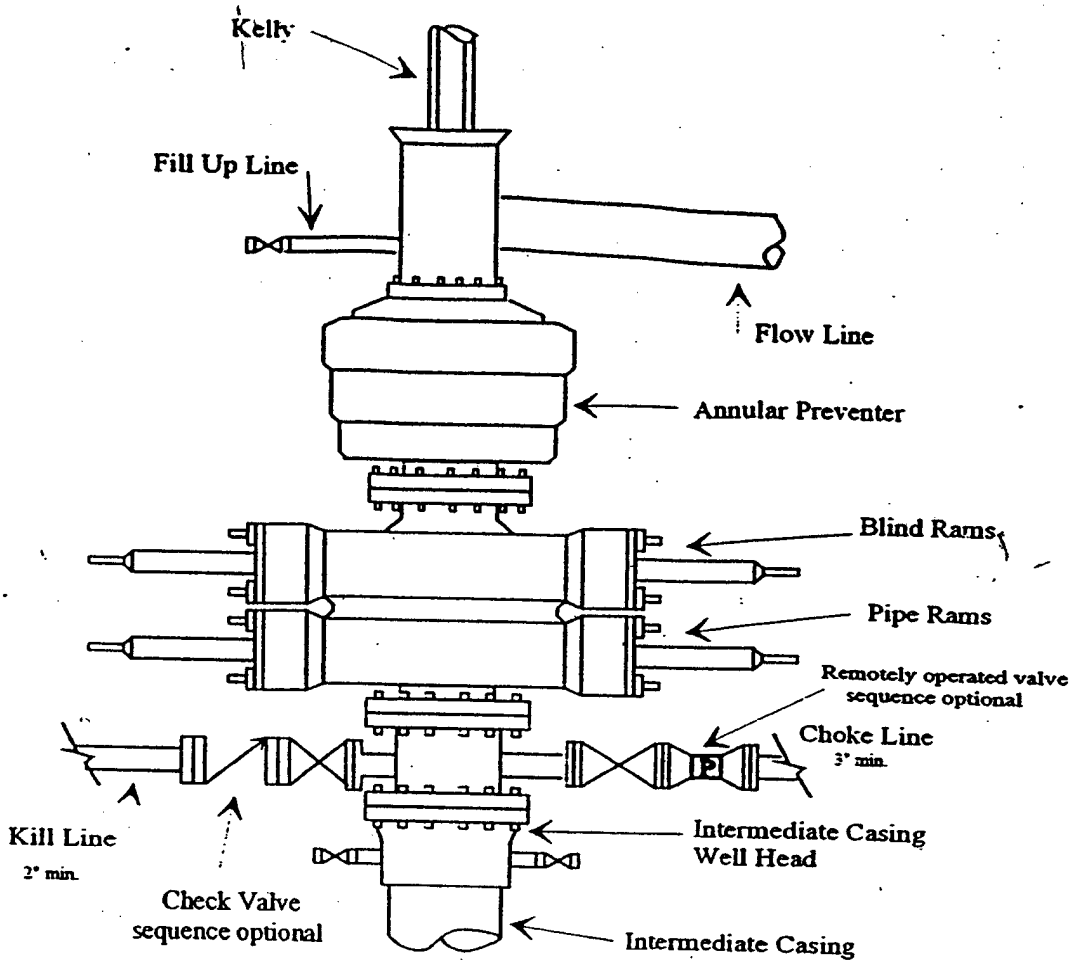


Yates Petroleum Corporation
Box Canyon Unit #6
1340' FNL and 1100' FWL Unit E (SL)
660' FNL and 1980' FWL Unit C (BHL)
Section 24, T21S-R21E Eddy County, New Mexico Exhibit "A"

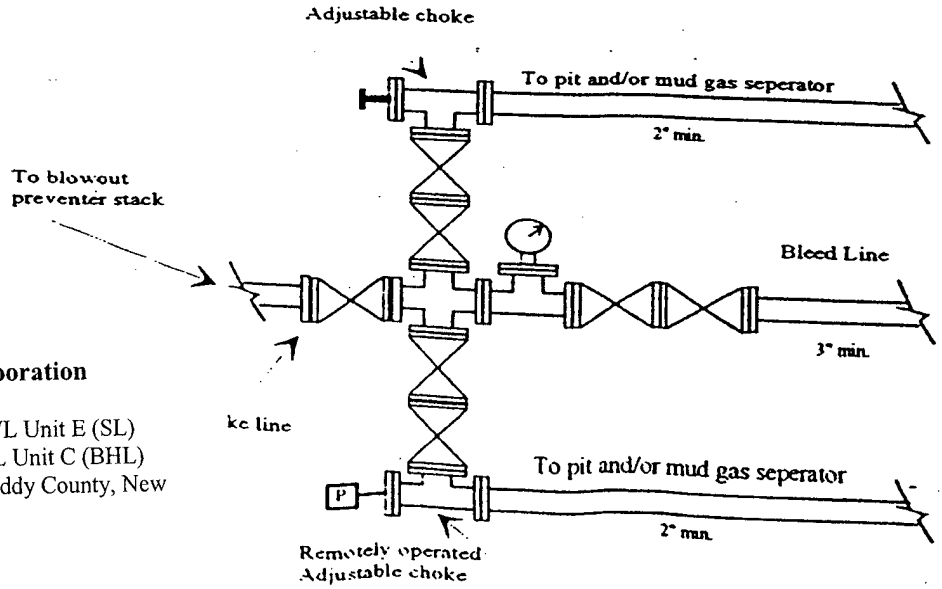
Yates Petroleum Corporation

BOP-4

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimun features



Yates Petroleum Corporation
Box Canyon Unit #6
1340' FNL and 1100' FWL Unit E (SL)
660' FNL and 1980' FWL Unit C (BHL)
Section 24, T21S-R21E Eddy County, New Mexico Exhibit "B"

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13.375** 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.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the **9.625** inch casing shall be **3000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- A variance to test the_____ to the reduced pressure of ___psi with the rig pumps is approved.
- 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.
- BOPE must be tested prior to drilling into the **Wolfcamp** Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

Engineering may be contacted at 505-706-2779 for variances if necessary.

Fwright 2/8/07