YATES PETROLEUM CORPORATION
Teckla "MD" Federal Com. #10
1980' FNL and 660' FWL
Section 24-T6S-R25E
Chaves County, New Mexico

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

San Andres	535'
Glorieta	1490'
Yeso	1610'
Tubb	3060'
Abo	3690'
Wolfcamp	4360'
Basement - Granite	5220'
TD	5320'

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: BOPE will be installed on the 11 3/4" casing and rated for 2000 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	Grade	Coupling	Interval
14 ¾	11 ¾"	42#	H-40	ST&C	0-900'
11	8 5/8"*	24#	J-55	ST&C	0-1500'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-5320'

   *8 5/8" will only be set if lost circulation is encountered

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the bottom hole pressure in this field is proven to be near 1000 PSI. Pressure at the surface is much less. We feel that a 1000 PSI test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

B. CEMENTING PROGRAM:
Surface Casing: 200 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCL2 (YLD 1.32 WT 15.6).

Intermediate Casing: 250 sx Lite (Yld 2.0 WT 15.6). 200 sx Class C+2% CACL2 (YLD 1.32 WT 14.8)

Production Casing: 350 sx Super C (YLD 1.67 WT 13.0). TOC 3200'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-900'	FW GEL,Paper,LCM	8.6 - 9.0	32-36	N/C
900'-1500'	Cut Brine	8.6 – 9	29	N/C
1500'-3660'	Brine	10-10.2	28	N/C
3660'-TD	Salt Gel/Starch/Oil/LCM	9.0 – 9.8	34-45	<10/cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.
Logging: Platform Express CNL/LDT, W/NGT TD –Surf csg; with GR/CNL up to Surf: DLL/MS FL TD-Surf csg; BHC Sonic TD-Surf csg
Coring: Sidewalls
DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP: 375 PSI
From: 900'	TO: 5320'	Anticipated Max. BHP: 2500 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
YATES PETROLEUM CORPORATION
Teckla "MD" Federal Com. #10
1980' FNL and 660' FWL
Section 24-T6S-R25E
Chaves 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 well site is located approximately 34 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Roswell on Highway 285. From the intersection of Hwy 70 & 285 go approx. 24 miles to Dona Anna Rd. Turn east and follow Dona Anna approx. 10.5 miles to Mapco Pipeline Rd. Turn right and go approx. 4 miles. Turn right on lease road and go approx. 0.8 of a mile and take right fork. Stay on lease road for approx. 0.5 of a mile and just thru cattle guard turn left. Go east approx. 300' and you go thru another cattle guard and the road turns south. Go approx. 0.25 of a mile and the new road starts here going SE for approx. 0.1 of a mile and turn south approx. 0.1 of a mile to the SW Corner of the pad.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 0.2 of a mile in length from the point of origin to the southwest corner of the drilling pad.
B. The new road will be 14 feet in width (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 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 production facilities on this lease at the present time.
B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIALS:

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

7. METHODS OF HANDLING WASTE DISPOSAL:

   A. Drill cuttings will be disposed of in the reserve pits.
   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
   C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
   D. Oil produced during operations will be stored in tanks until sold.
   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
   F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

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

10. PLANS FOR RESTORATION:

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

11. SURFACE OWNERSHIP: Cottonwood Ranch
C/o Marie Haumont
HC 31, Box 1139-A
Roswell, New Mexico
An Agreement has been reached with the landowner Concerning surface use in drilling this well.

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:
Clifton R. May, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

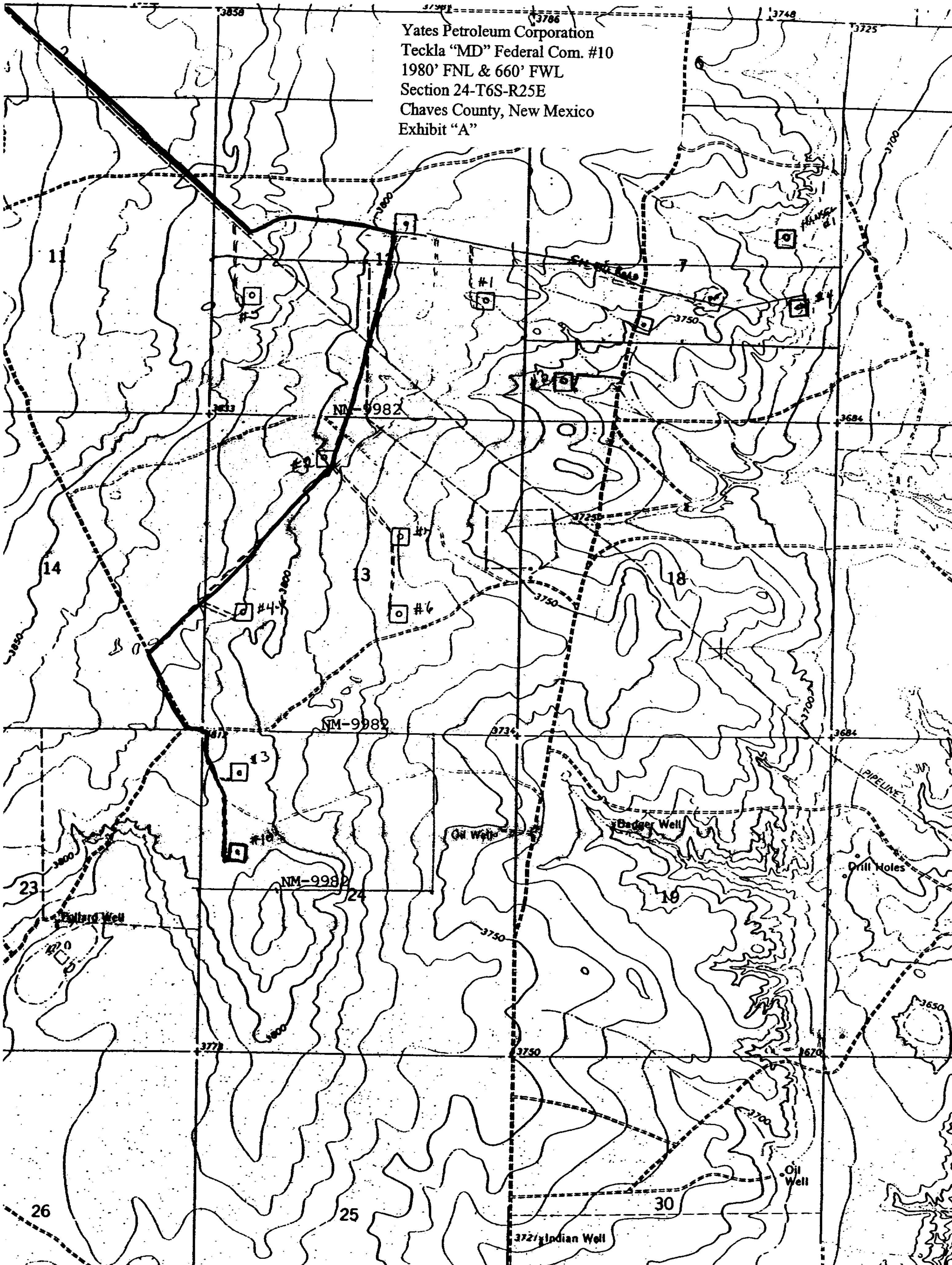
B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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.

12/06/01

Clifton R. May
Regulatory Agent

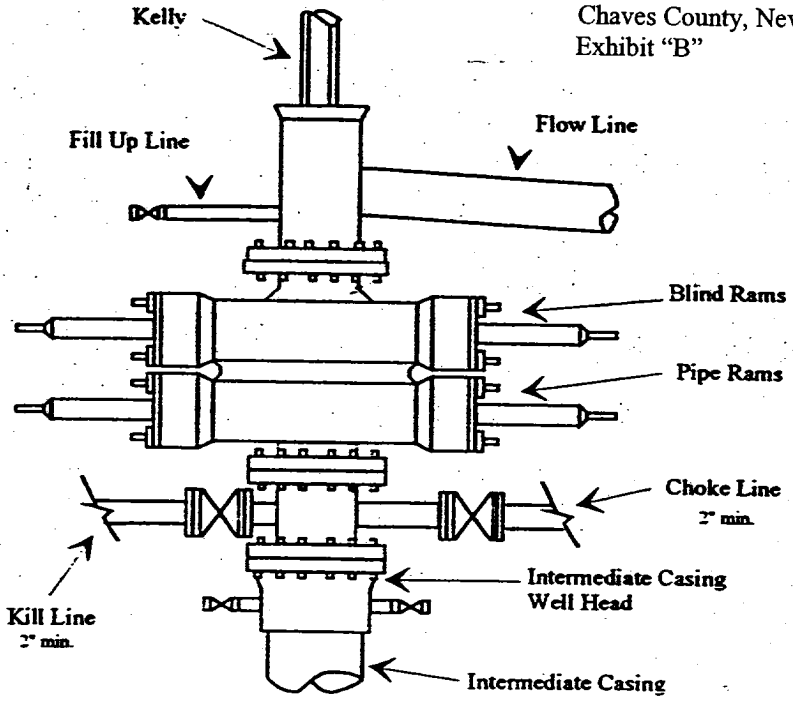

Yates Petroleum Corporation
Teckla "MD" Federal Com. #10
1980' FNL & 660' FWL
Section 24-T6S-R25E
Chaves County, New Mexico
Exhibit "A"
NM-9982
NM-9982
NM-9982
PIPELINE
Badger Well
Oil Well
Drill Holes
Oil Well
Indian Well
Pollard Well
11
12
7
13
14
18
19
23
24
25
26
30

Yates Petroleum Corporation

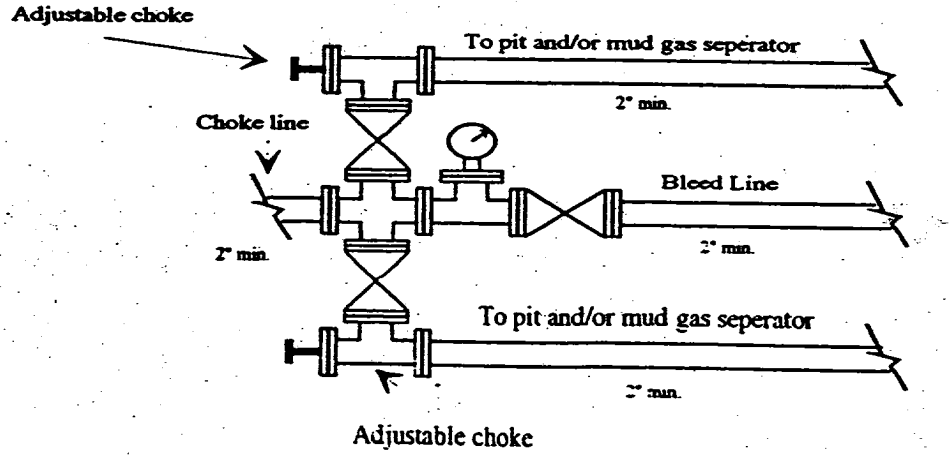
BOP-2

Typical 2,000 psi Pressure System Schematic
Double Ram Preventer Stack

Yates Petroleum Corporation
Teckla "MD" Federal Com. #10
1980' FNL & 660' FWL
Section 24-T6S-R25E
Chaves County, New Mexico
Exhibit "B"



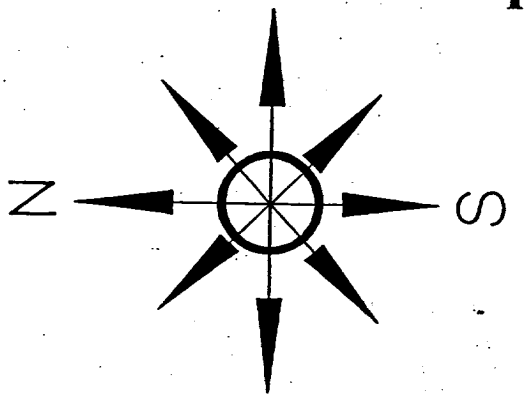
Typical 2,000 psi choke manifold assembly with at least these minimun features



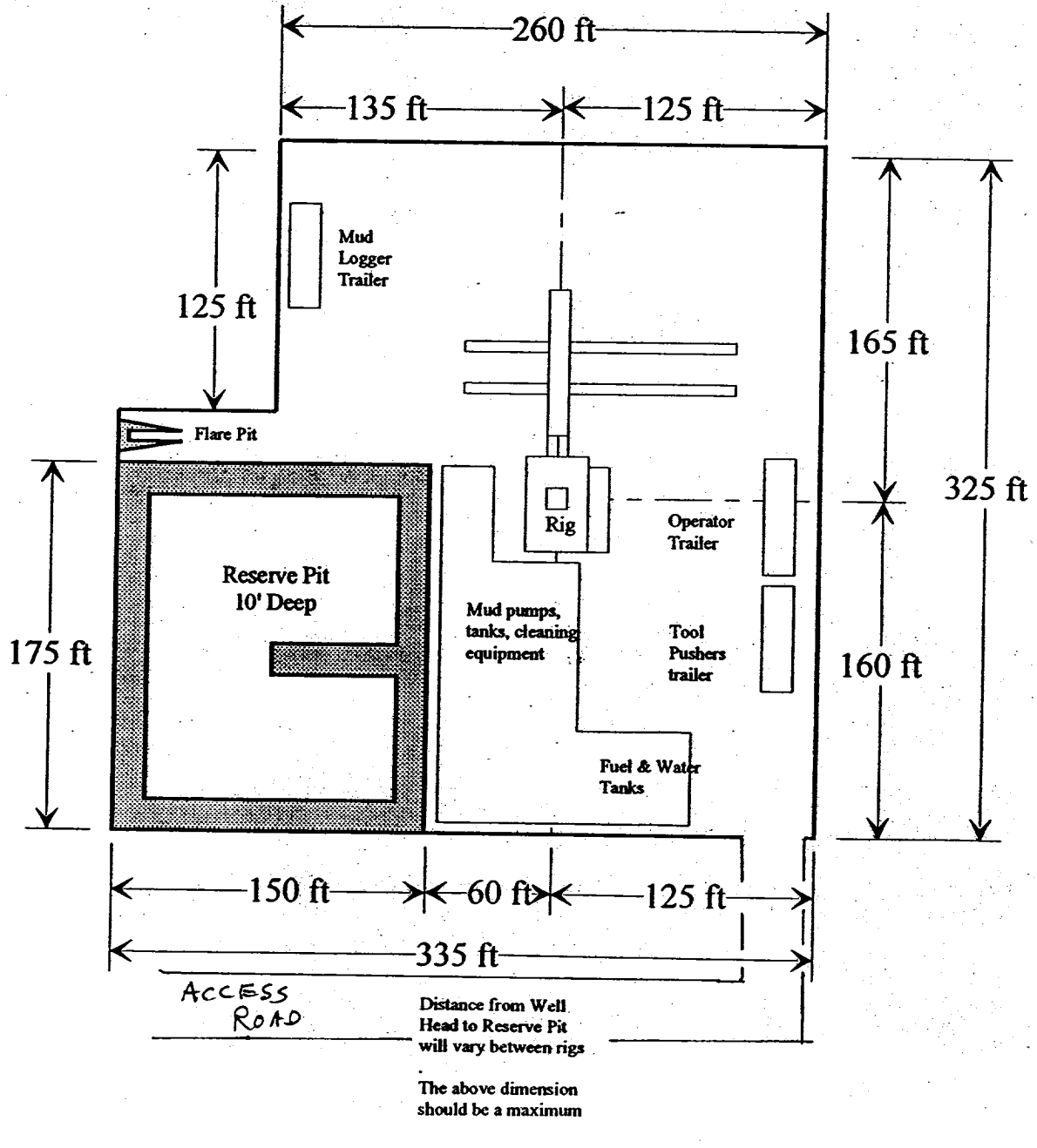
PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

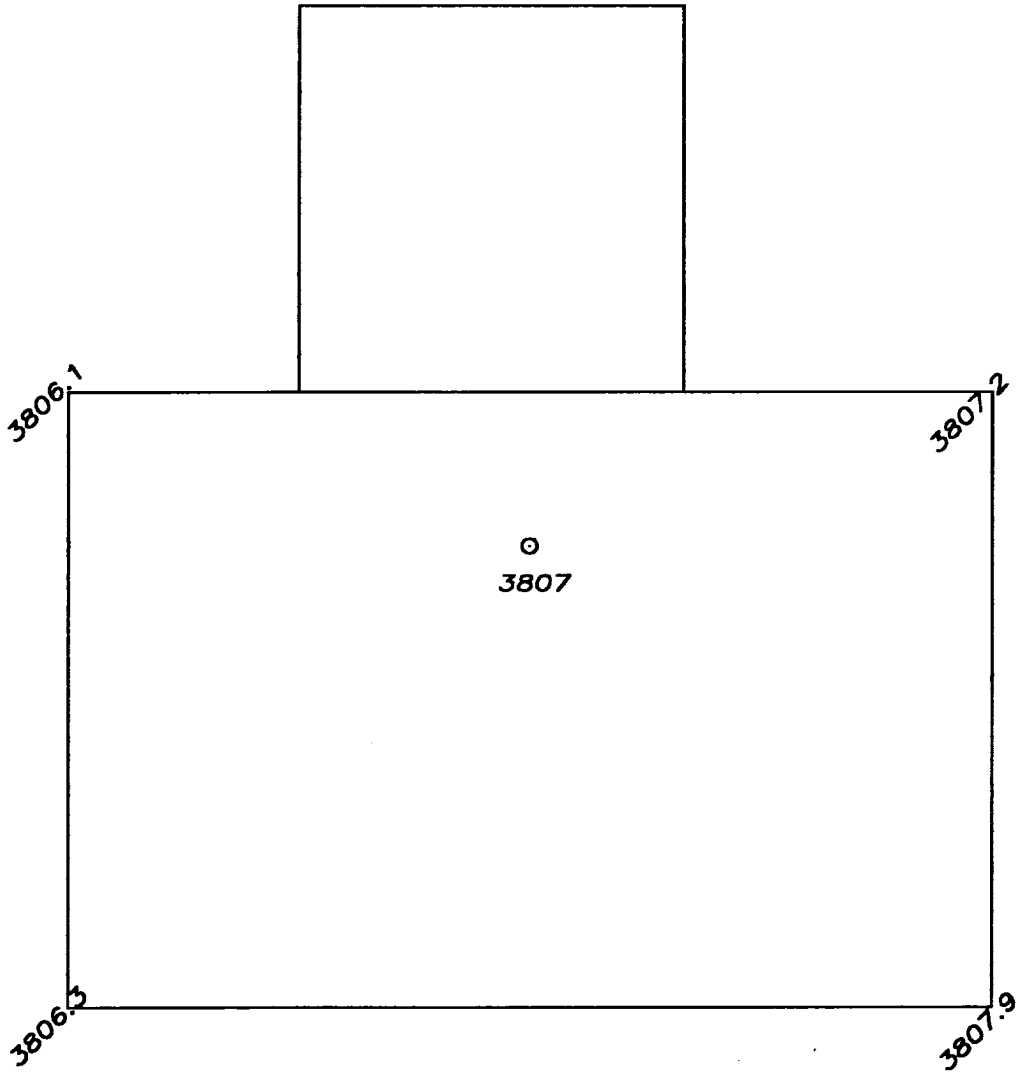


Yates Petroleum Corporation
Teckla "MD" Federal Com. #10
1980' FNL & 660' FWL
Section 24-T6S-R25E
Chaves County, New Mexico
Exhibit "C"



YATES PETROLEUM CORPORATION TECKLA "MD" FED. #10, 1980/N & 660/W SECTION 24, TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Yates Petroleum Corporation
Teckla "MD" Federal Com. #10
1980' FNL & 660' FWL
Section 24-T6S-R25E
Chaves County, New Mexico
Exhibit "C-1"



50' 0 50' 100'
Scale 1" = 50'

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

HERSCHEL L. JONES R.L.S. No.3640

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

YATES PETROLEUM CORP.

WELL PAD PLAN VIEW ON THE YATES TECKLA "MD" FEDERAL #10 LOCATED 1980/N AND 660/W OF SECTION 24, TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 4/17/2000		Sheet 1 of 1 Sheets	
Drawn By: Ed Blevins		W.O. Number	
Date: 4/17/00		Scale 1" = 50'	TECKLA 10

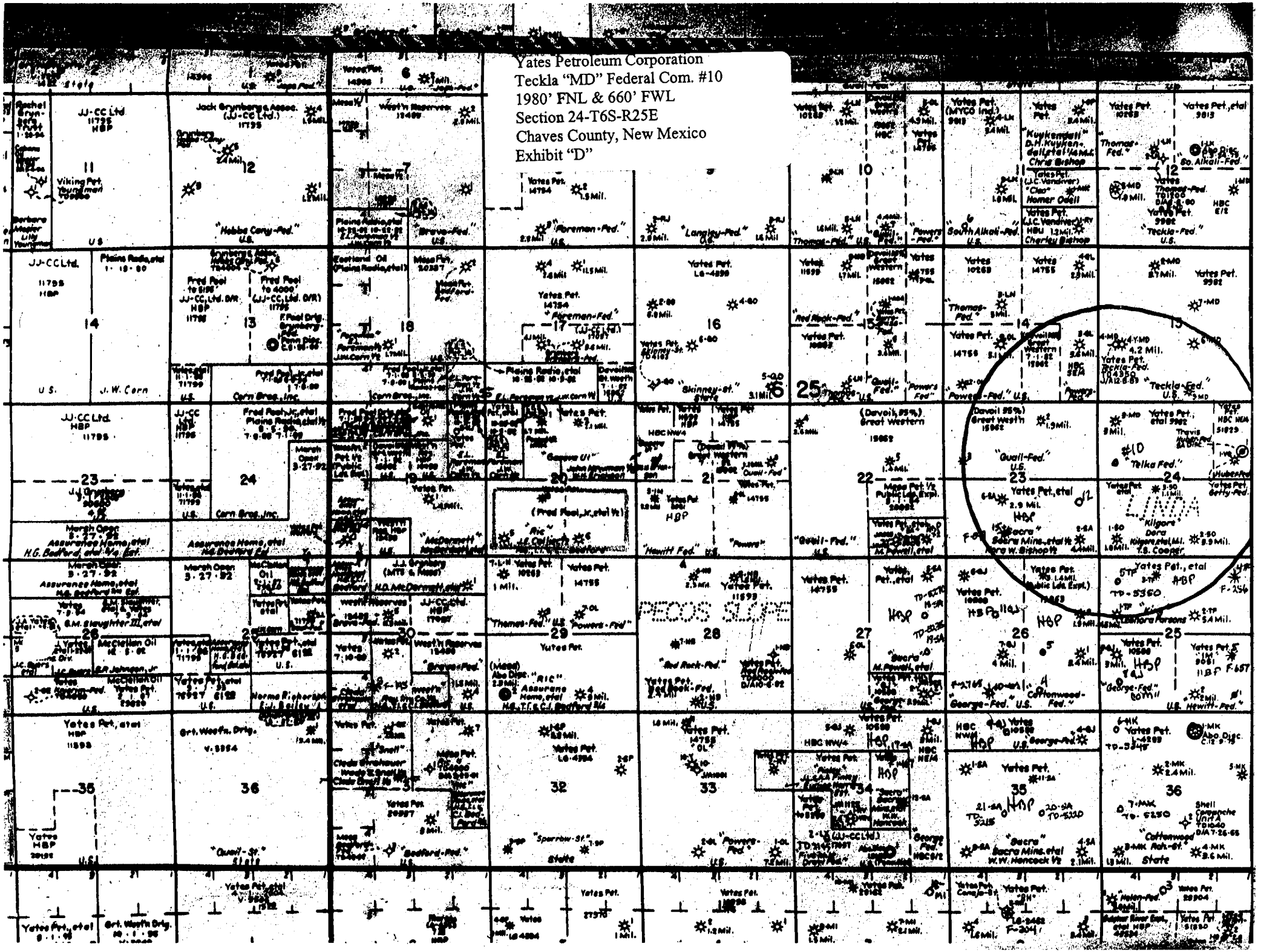

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Exhibit "D"