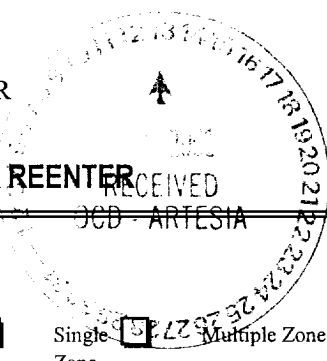


a/SF

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



1a. Type of Work: DRILL REENTER
b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

5. Lease Serial No.
NM-82904

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.
11974

8. Lease Name and Well No.
Adeline ALN Federal #11

2. Name of Operator
Yates Petroleum Corporation

9. API Well No.
30-015-31885

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
**Sand Dunes
Without Delaware South**

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface **1650 FSL and 2310' FWL**
At proposed prod. Zone **Same Unit K**

11. Sec., T., R., M., or Blk, and Survey or Area
Section 6, T24S-R31E

14. Distance in miles and direction from nearest town or post office*
Approximately 24 miles northeast of Loving, New Mexico.

12. County or Parish
Eddy County

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1650'

16. No. of Acres in lease
640

17. Spacing Unit dedicated to this well
40 NE/SW

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
1000'

19. Proposed Depth
8200'

20. BLM/BIA Bond No. on file
585997

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3438'

22. Approximate date work will start*
ASAP

23. Estimated duration
35 days

24. Attachments **Controlled Water Basin Secretary's Potash R-111-P Potash**

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

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature Name (Printed/Typed) **Cy Cowan** Date **5/15/01**

Title: **Regulatory Agent**

Approved by (Signature) **(ORIG. SGN.) M. J. CHAVEZ** Name (Printed/Typed) **(ORIG. SGN.) M. J. CHAVEZ** Date **JUL 03 2001**

Title **STATE DIRECTOR** Office **NM STATE 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 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**

0407-0744

RECEIVED
MAY 17 2001
BLM
ROSWELL, NM
NM STATE OFFICE

DISTRICT I
1628 E. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Ed., Artec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Delaware
Property Code	Property Name ADELINE "ALN" FEDERAL	Well Number 11
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3438

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
K	6	24S	31E		1650	SOUTH	2310	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.
40			

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

				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i></p> <p>Signature _____ Cy Cowan Printed Name Regulatory Agent Title May 7, 2001 Date</p>	
				<p>SURVEYOR CERTIFICATION</p> <p>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>3/28/2001 Date Surveyed</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p> <p>3640 REGISTERED PROFESSIONAL SURVEYOR</p> <p>Certificate No. Herasch L. Jones RLS 3640 ADELINE 11 GENERAL SURVEYING COMPANY</p>	

YATES PETROLEUM CORPORATION
Adeline "ALN" Federal #11
 1650' FSL & 2310' FWL
 Sec. 6-T24S-R31-E
 Eddy County, New Mexico

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

Rustler	580'
Top of Salt	950'
Base of Salt	3950'
Bell Canyon	4178'
Cherry Canyon	5200'
Brushy Canyon	6840'
Bone Spring Lime	8050'
TD	8200'

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

Water: Approx 150'
 Oil or Gas: Canyon 5182' and Bone Spring 8032'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-750'	750'
11"	8 5/8"	32#	J-55	ST&C	0-4100'	4100'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	17 5.5#	L-80	LT&C	100'-6900'	6800'
7 7/8"	5 1/2"	17#	J-55	LT&C	6900'-8200'	1300'

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

B. CEMENTING PROGRAM:

Surface casing: 250 sx Lite (YLD 1.96 WT.12.5) Tail in w/ 200 sx Class "C" + 2% CaCl2 (YLD 1.34 WT 14.8).

Intermediate Casing: 1150 sx Lite (YLD 2.5 WT 11.9); Tail in w/ 250 sx "C" w/ 2% CaCl2 (YLD 1.34 WT. 14.8)

Production Casing: (TOC=3700') Stage I; 250 sx Super "H" (YLD 1.67 WT. 13.0).
 Stage II: Lead w/200 sx Lite (YLD 2.0 WT 12.0) Tail in w/ 200 sx Super "H" (Yld 1.67 Wt 13.0). DV tool at 6500'.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-750'	FW/Native Mud	8.6-9.2	28-36	N/C
750'-4100'	Brine	10.0-10.2	28	N/C
4100'-6500'	Cut Brine	8.6-9.1	28	N/C
6500'-8200'	Cut Brine/Starch	8.6-9.1	28-32	<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 out from under surface casing.
 Logging: CNL/LDT TD to casing; GR w/CNL to Surface; DLL x/RXO TD to casing.
 Coring: None Anticipated.
 DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 750'	Anticipated Max.	BHP: 300	PSI
From: 750'	TO: 4100'	Anticipated Max.	BHP: 1790	PSI
From: 4100'	TO: 8200'	Anticipated Max.	BHP: 4740	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 198 F

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
Adeline "ALN" Federal #11
1650' FSL & 2310' FWL
Sec. 6-T24S-R31-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 24 miles northwest of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Carlsbad on Highway 285 to Highway 31. Go east on Highway 31 to Highway 128 (Jal Highway). Go approximately 12 miles to County Road 787 (Twin Wells Road). Turn South and go approximately 3.8 miles. The new road will start here going west to the well location.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will be approximately 800' in length from the point of origin to the northeast corner of the drilling pad. The road will lie in an east to west 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. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. 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 fresh 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 closest 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:** Amend the surface use plan to include the following, one 3" SDR Poly surface flowline from this well. Flowline will follow access road to pipeline ROW. NM-94388 then north. One (1) three phase 640 volt raptor proof powerline from this well to the Adeline ALN Federal Com. #10 to follow access road due east.

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 and will face to the north.
- 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:** Federal surface, Administered by the Bureau of Land Management, 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:

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

B. Through Drilling Operations,
Completions and Production:

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

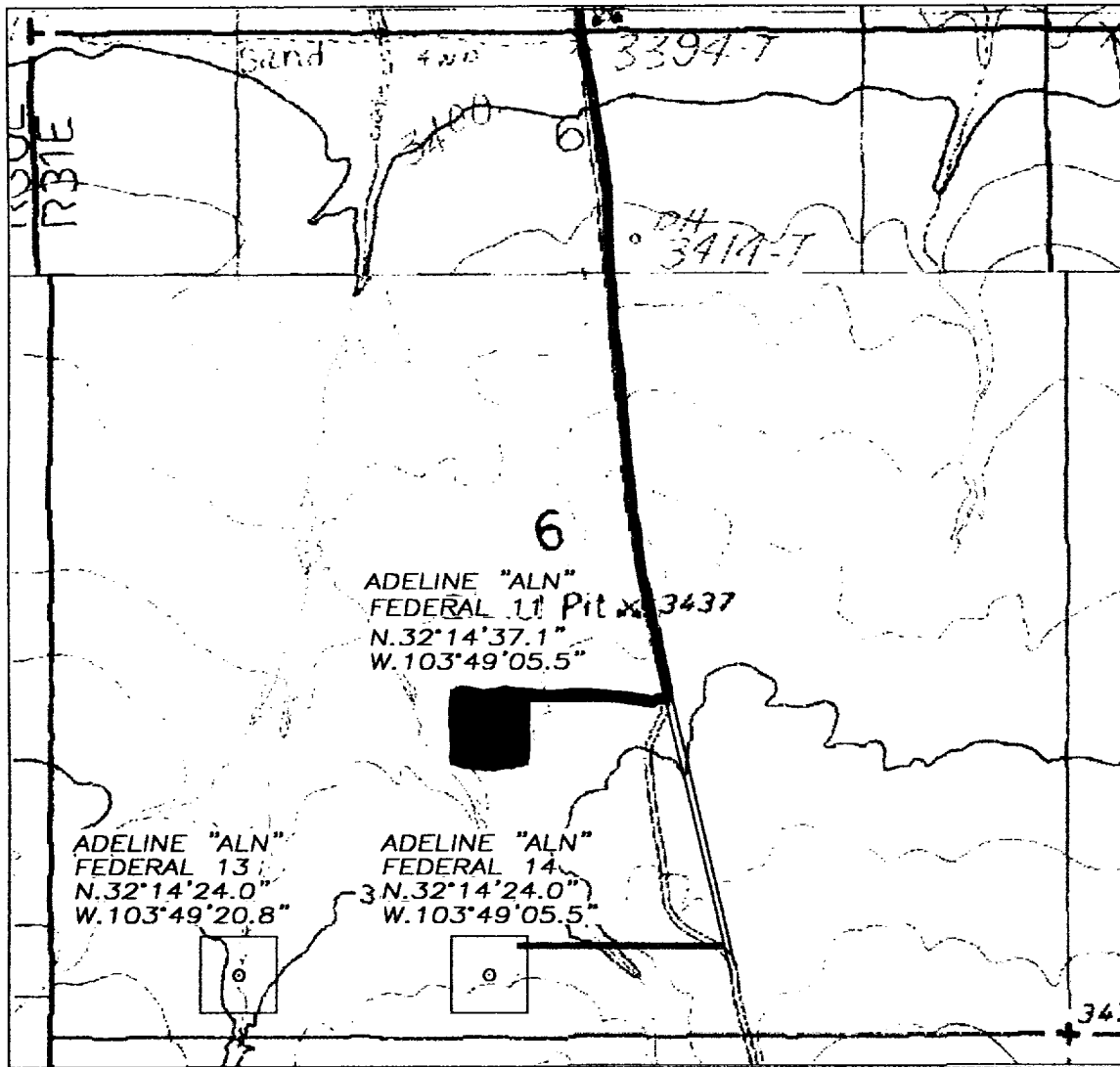
14. CERTIFICATION:

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.

5/14/01


Regulatory Agent

SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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

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

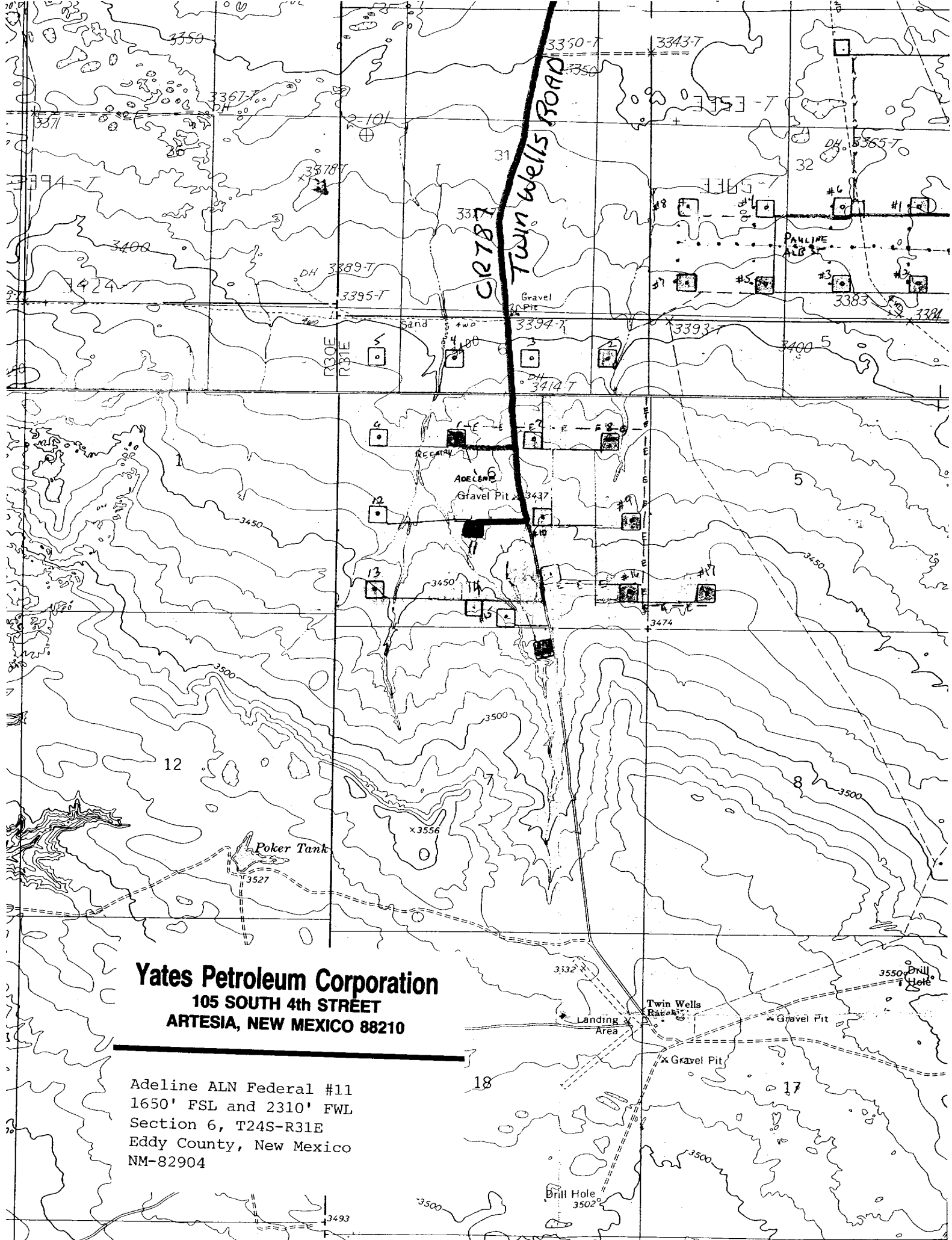
HERSCHELL
Professional Engineer and Land Surveyor
No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES ADELINE "ALN" FEDERAL #11, 13, & 14 WELLS LOCATED IN SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 3/28/2001	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 3/31/01	Scale 1" = 1000' ADELINE



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

Adeline ALN Federal #11
 1650' FSL and 2310' FWL
 Section 6, T24S-R31E
 Eddy County, New Mexico
 NM-82904



Landing Area

Twin Wells Ranch

Gravel Pit

Gravel Pit

Drill Hole

Drill Hole

3493

3500

3500

3500

3500

3500

3450

3450

3450

3474

3437

3394-7

3393-7

3395-T

DH 3389-T

3378-T

3350-T

3343-T

12

8

18

17

31

32

33

32

3400 5

3383

3384

3385

3386

3387

3388

3389

3390

3391

3392

3393

3394

3395

3396

3397

3398

3399

3400

3401

3402

3403

3404

3405

3406

3407

3408

3409

3410

3411

3412

3413

3414

3415

3416

3417

3418

3419

3420

3421

3422

3423

3424

3425

3426

3427

3428

3429

3430

3431

3432

3433

3434

3435

3436

3437

3438

3439

3440

3441

3442

3443

3444

3445

3446

3447

3448

3449

3450

3451

3452

3453

3454

3455

3456

3457

3458

3459

3460

3461

3462

3463

3464

3465

3466

3467

3468

3469

3470

3471

3472

3473

3474

3475

3476

3477

3478

3479

3480

3481

3482

3483

3484

3485

3486

3487

3488

3489

3490

3491

3492

3493

3494

3495

3496

3497

3498

3499

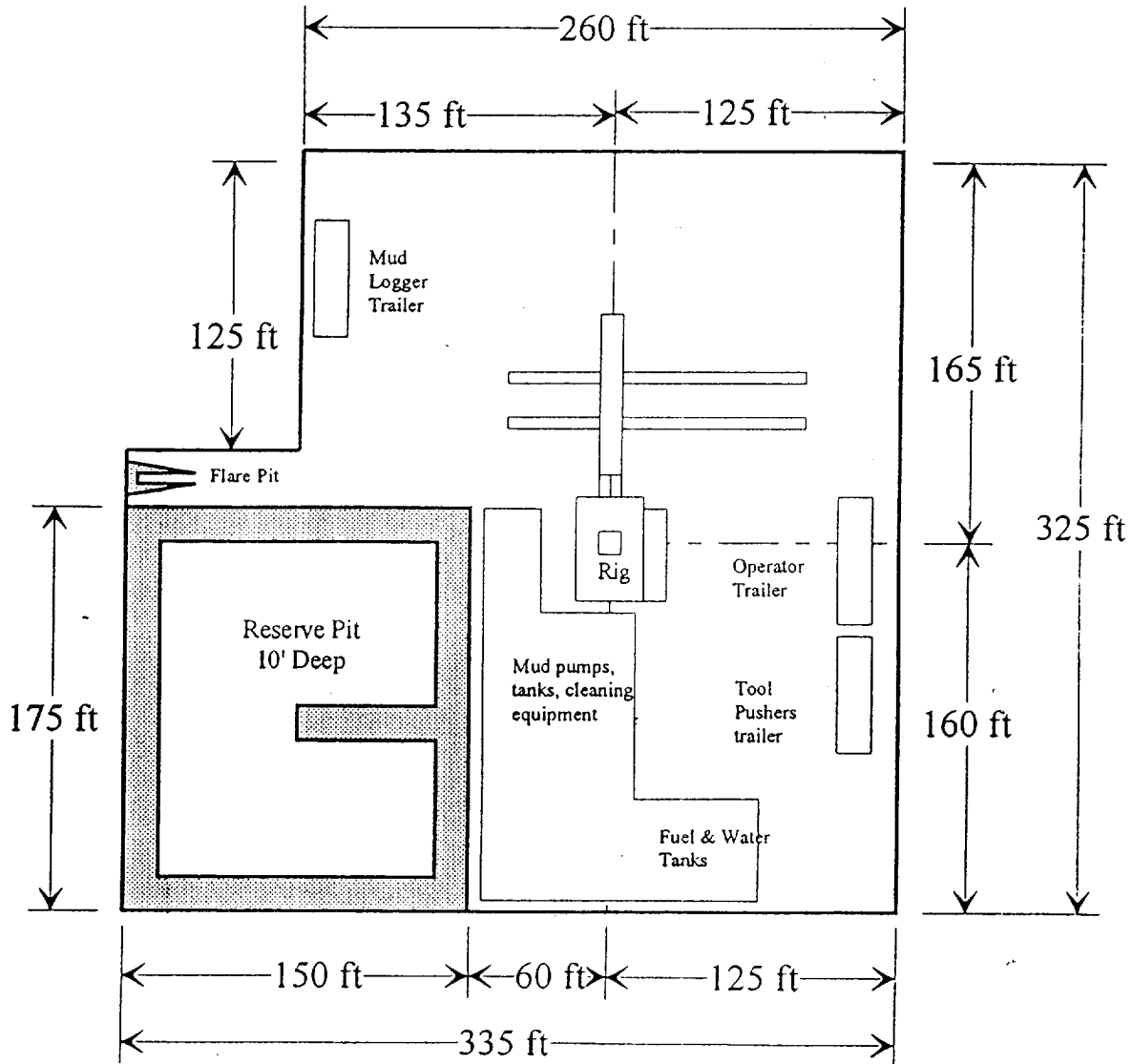
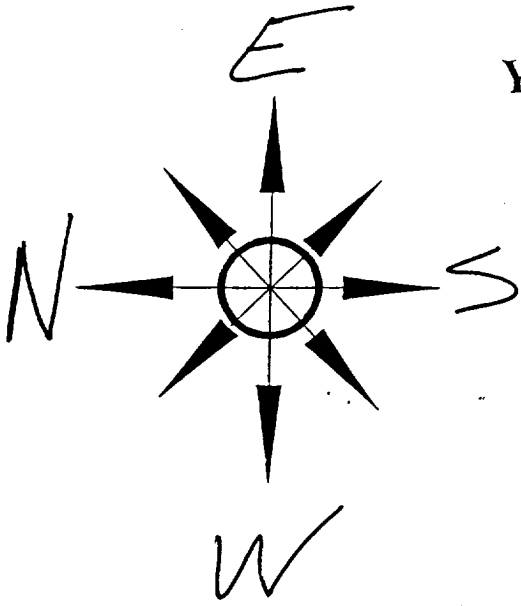
3500

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

Adeline ALN Federal #11
 1650' FSL and 2310' FWL
 Section 6, T24S-R31E
 Eddy County, New Mexico
 NM-82904

Yates Petroleum Corporation
 Location Layout for Permian Basin
 Up to 12,000'

Pits North.

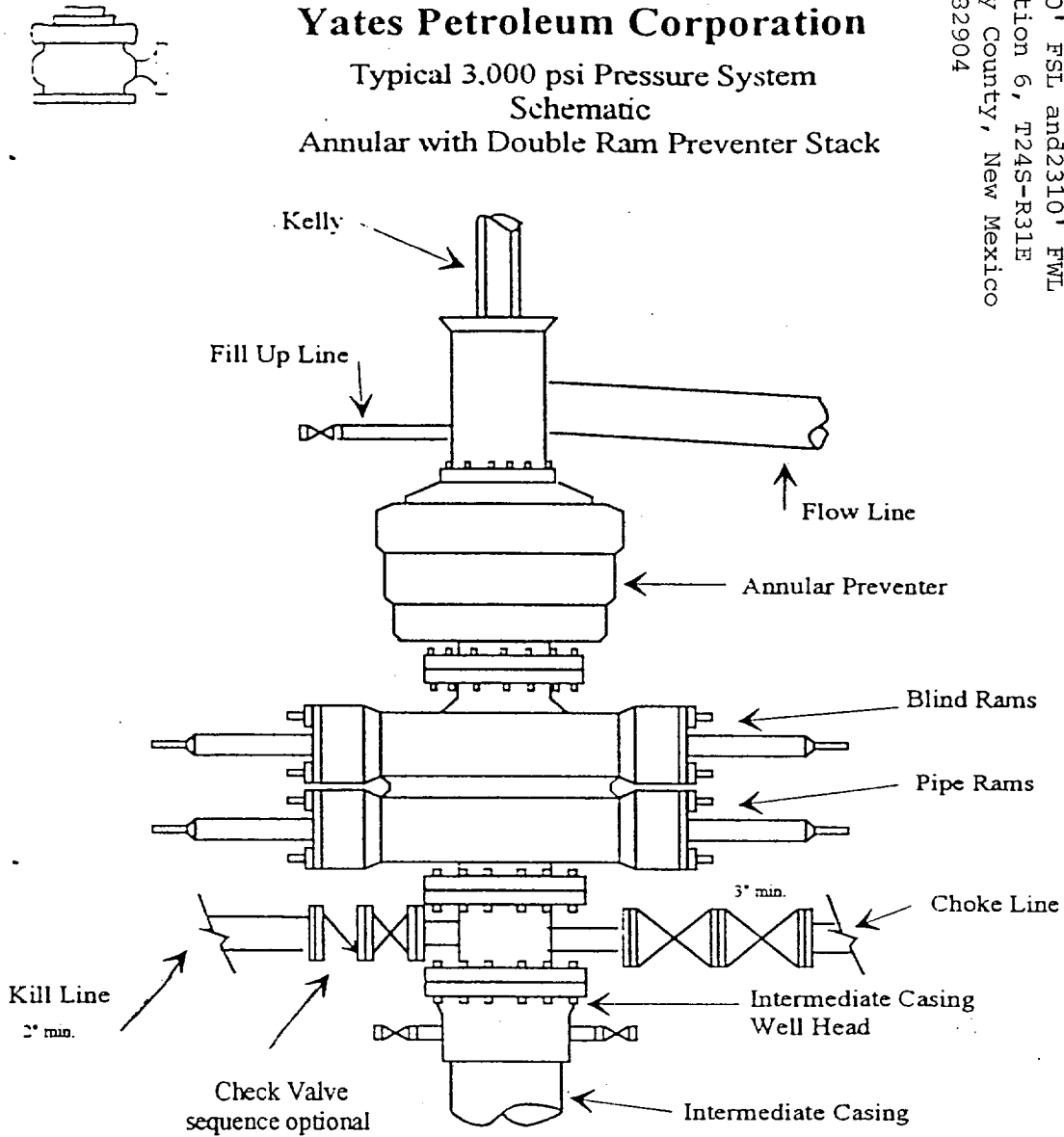


Distance from Well Head to Reserve Pit will vary between rigs

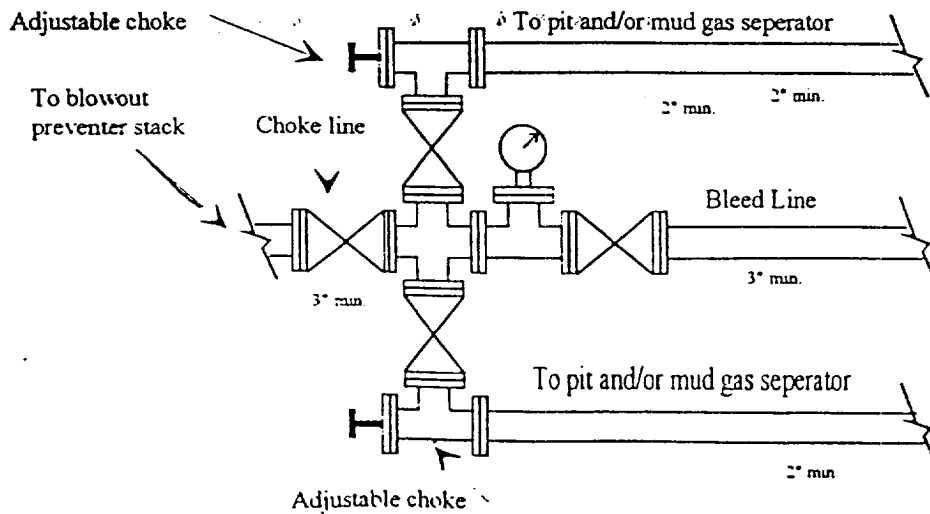
The above dimension should be a maximum

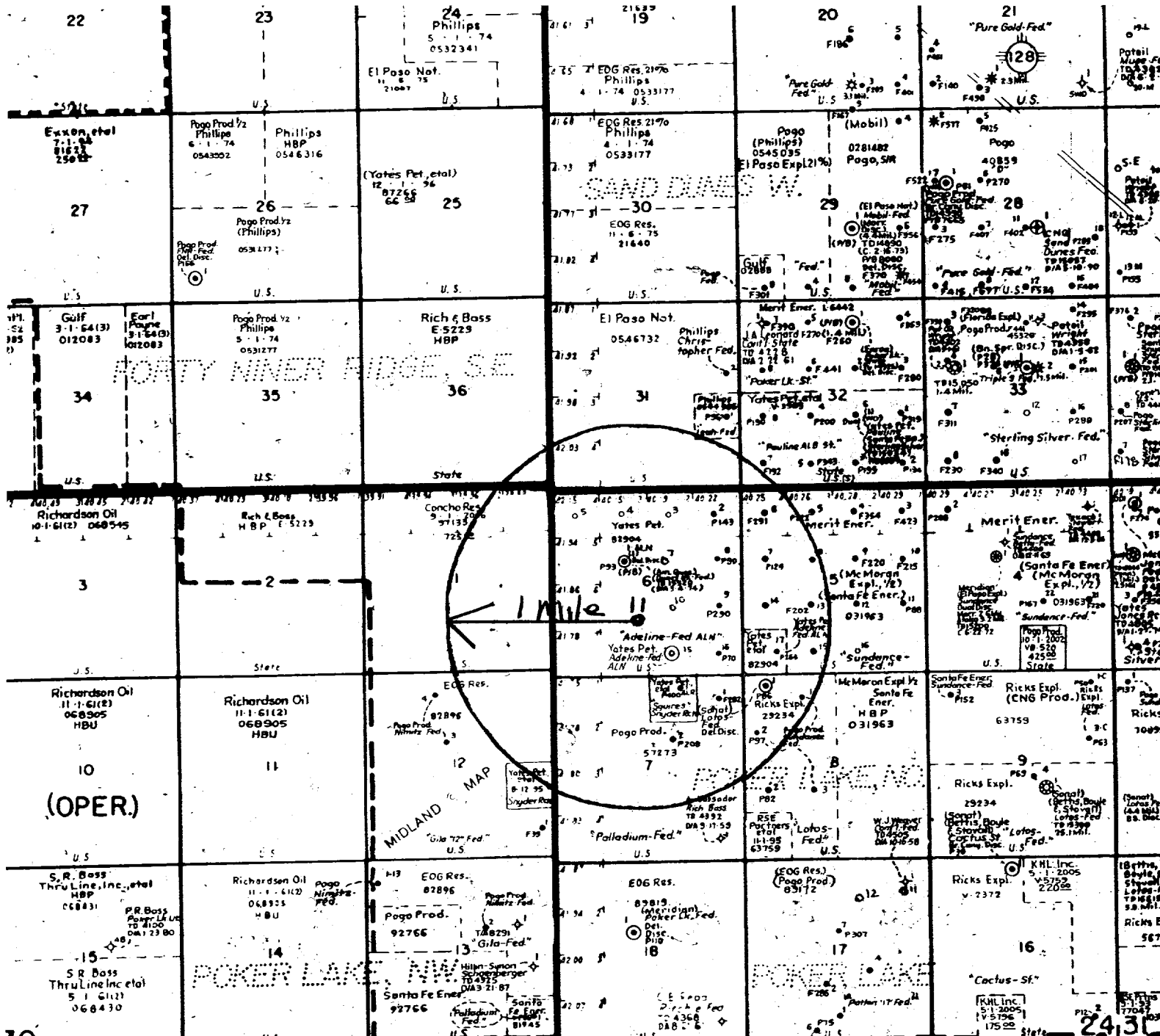
Adeline ALN Federal #11
 1650' FSL and 2310' FWL
 Section 6, T24S-R31E
 Eddy County, New Mexico
 NM-82904

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



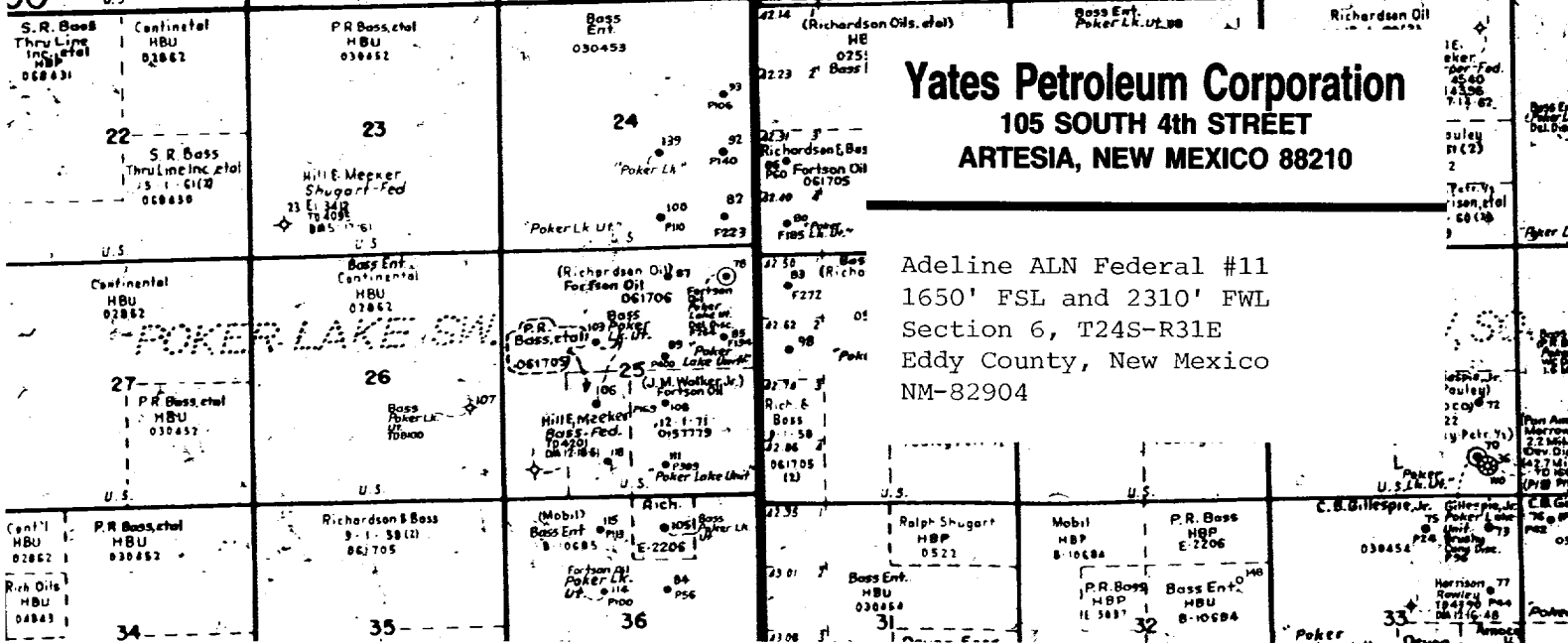
Typical 3,000 psi choke manifold assembly with at least these minimum features



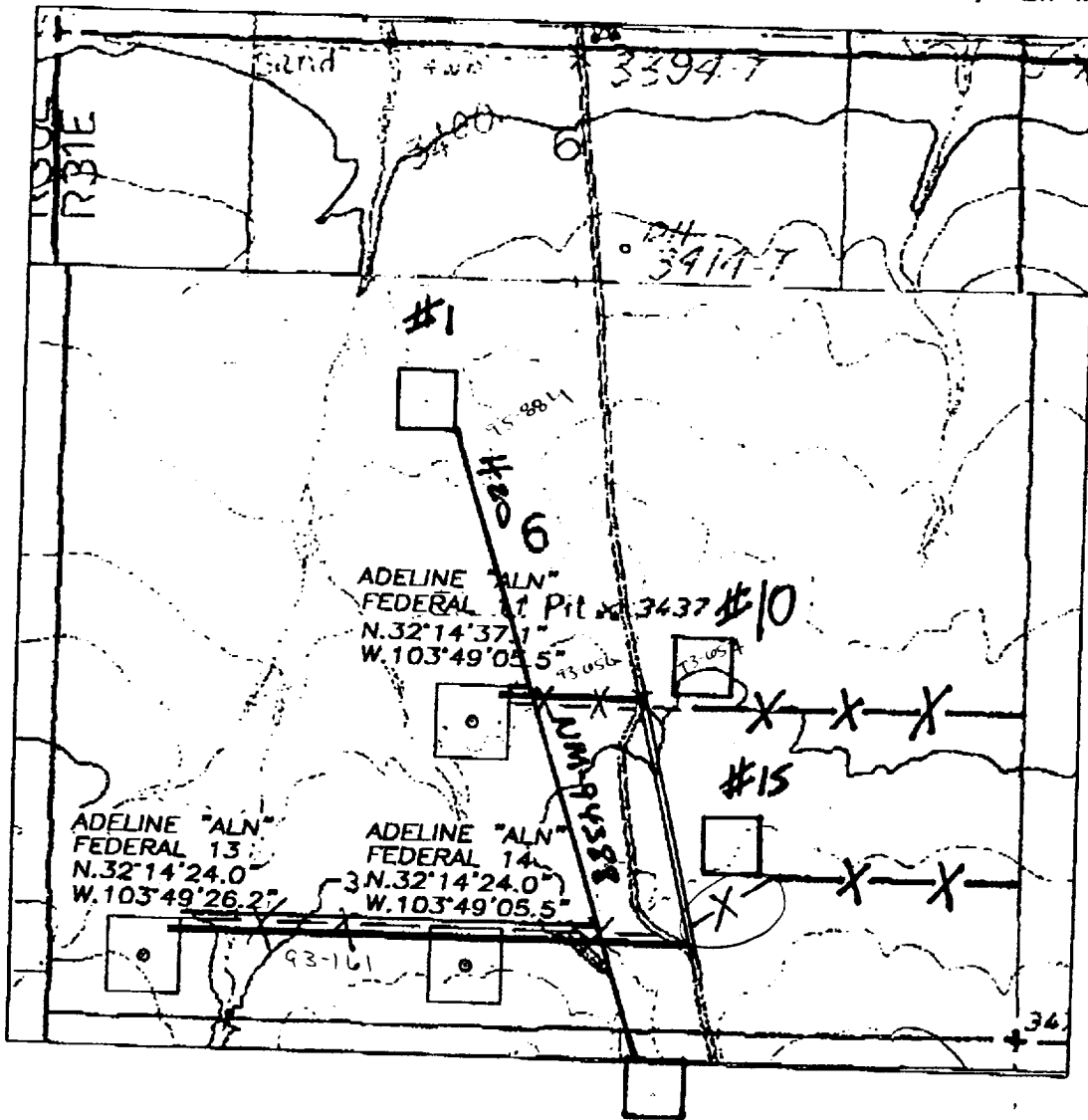


Yates Petroleum Corporation
 105 SOUTH 4th STREET
 ARTESIA, NEW MEXICO 88210

Adeline ALN Federal #11
 1650' FSL and 2310' FWL
 Section 6, T24S-R31E
 Eddy County, New Mexico
 NM-82904



SECTION 6, TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



- X— Power Line (NEW) Squires #1
- X— " (EXISTING) " #1
- ==== Water Line (NEW)
- ==== " " (EXISTING)

NOT TO SCALE

RIGHT-OF-WAY PROGNOSIS
Adeline ALN Federal #'s 11, 13, 14

Power for the Adeline #11 is to come from the existing powerline on the Adeline #10.
Power for the #13 and #14 will come from the existing powerline on the Adeline #15.

The flowlines for these three (3) wells will parallel the access roads going east to and existing waterline (NM-94388) that runs between the Squires #1 and the Adeline ALN Federal #1

THE PREP
THE SURV
DIRECTION
OF SAID
STANDARD
BY THE A
PROFESS

GENE
LOVING

2000'

ORP.

RE
ATED
E 31

1 Sheet

ADELINE

MARTIN YATES, III
1912 - 1983
FRANK W. YATES
1936 - 1996



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

Fax Cover Sheet

To: Tiffany
Sullivan-Owens
Company: BLM
Phone: (505) 234-5980
Fax: (505) 885-9264

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

*Adeline
11/13/14*

Date: 6/22/01
Pages Including this cover page: 2

Comments:

Tiffany,
ANY Question Let me know.
HARD Copy to follow this PM
THANKS!

Cy