

DATE IN 8-24-05	SUSPENSE	ENGINEER Stogner	LOGGED IN 8-25-05	TYPE NSL	APP NO. Rsem0523744844
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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 Produce well from non-standard location.

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

[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

[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.

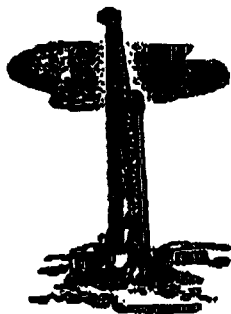
 Cy Cowan
 Print or Type Name

Signature

 Regulatory Agent
 Title

 8/23/05
 Date

e-mail Address

**YATES DRILLING COMPANY**

105 SOUTH FOURTH STREET • ARTESIA, NEW MEXICO 88210

(505) 748-8440 • FAX (505) 748-8470

EMAIL: ydc1@qwest.net

PEYTON YATES
PRESIDENTS. P. YATES
VICE PRESIDENTRANDY G. PATTERSON
SECRETARYJENNIS G. KINSEY
TREASURER**FAX**

Date:

8/24/05

Number of pages including cover sheet:

29

To:

Michael Stogner

Nmcd

Phone:

(505) 476-3440

Fax phone:

(505) 476-3462

CC:

From:

Cy Cowan

Phone:

(505) 748-4372

Fax phone:

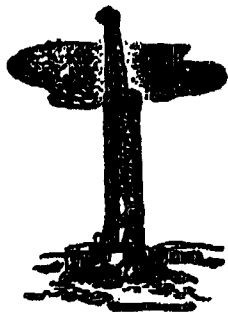
(505) 748-4572

REMARKS:

☐ Urgent☒ For your review☐ Reply ASAP☐ Please comment

Mr. Stogner:

Request for Administrative Approval for
Yates Drilling CompanyThank you!
Cy Cowan

**YATES DRILLING COMPANY**

105 SOUTH FOURTH STREET • ARTESIA, NEW MEXICO 88210

(505) 748-8440 • FAX (505) 748-8470

EMAIL: ydc1@qwest.net

PEYTON YATES
PRESIDENTS. P. YATES
VICE PRESIDENTRANDY G. PATTERSON
SECRETARYI. ENNIS G. KINSEY
TREASURER

August 24, 2004

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

Via Fax
Hard copy to follow.

Re: Application for Unorthodox Location
Parakeet 29 Federal #1
1475' FSL and 710' FEL
Section 29, T19S-R27E
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Drilling Company plans to drill the captioned well using a portion of the existing well pad of our Parrot Federal Corn. #2. The Parrot #2 was drilled to the Chester formation at a location being 1600' FSL and 660' FEL. The Parakeet 29 Federal #1 will be drilled to the San Andres at a depth of 1800'. Because of our effort to use the existing well pad and having to avoid production on the pad our location will be unorthodox. Therefore Yates Drilling Company respectfully requests administrative approval for the captioned well.

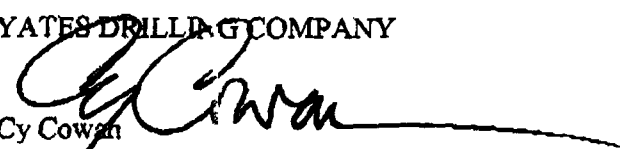
Our well location was moved a short distance to the south and west toward our own lease. See Item IX on attached guide lines. We would like your approval to cover the following formations being the Wildcat Strawn, Undesignated McMillan Seven Rivers Queen, Wildcat Grayburg, and Wildcat San Andres.

Enclosed please find our Administrative Application Checklist and supporting information. Should you need anything further please advise.

Thank you.

Very truly yours,

YATES DRILLING COMPANY


Cy Cowan
Regulatory Agent
/cyc

NEW MEXICO OIL CONSERVATION DIVISION**SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL
OF NON-STANDARD LOCATION APPLICATIONS**

- I. 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.**
See I
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.**
See II
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.**
See III
 - A. This information may be shown on the topo map if it does not impair the readability of the map.**
See IV-A
 - B. The operator should certify that the information is current and correct. This information is correct.**
See IV-B
- IV. 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; This well the Parakeet 29 Federal #1 will be drilled off of the same well pad as the Parrot Federal Com. #2.**
See IV-C
- V. 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; N/A.**
 - 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; Existing production equipment and old drilling pits on the Parrot Federal Com. #2 limit the location of the Parakeet 29 Federal #1 to the south and west portion of the well location.**

- 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. See V-C.
- 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. N/A.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible. This well will only be drilled to the Queen/San Andres to a depth of 1800'. Therefore the well is too shallow to drill directionally.
- 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.

We have moved our center hole location unorthodox being 120' south and 48' west in order to be able to use a portion of the existing well pad for our operations. This move is toward our lease.

OPERATOR'S COPY

Form 3160-3
(August 1999)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OMB No 1004-0136
Expires November 30, 20005. Lease Serial No.
LC-049945-B
6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
Parakeet Federal "28" #1

9. API Well No.

1a. Type of Work: ☒ DRILL☐ REENTERb. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone2. Name of Operator
Yates Drilling Company3A. Address **105 South Fourth Street
Artesia, New Mexico 88210**3b. Phone No. (include area code)
(505) 748-147110. Field and Pool, or Exploratory
Wildcat San Andres

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **1475' FSL and 710' FEL**
At proposed prod. Zone **Same**11. Sec., T., R., M., or Bk. and Survey or Area
Section 28, T19S-R27E

14. Distance in miles and direction from nearest town or post office*

Approximately 14 miles southeast of Artesia, 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.)

660'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

NE/SE

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

150 feet19. Proposed Depth
1800'20. BLM/BIA Bond No. on file
586000

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

3408' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 days24. Attachments **Revised Controlled Water Basin**

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 cost of reclamation (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

25. Signature

Name (Printed/Typed)

Date

Cy Cowan**3/16/05**

Regulatory Agent

Regulatory Agent

Approved by (Signature)

Name (Printed/Typed)

Date

Joe G. Lara**4/27/05**

Title

Office

Acting FIELD MANAGER**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 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)

PLEASE NOTE: H2S Contingency Plan and C-144 are attached.

WITNESS **8 5/8" and 5 1/2" cement jobs**

District I
1805 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 N. 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, N M 87505

Form C-102

Revised March 17, 1989
Submit to Appropriate District Office
State License - 4 Copies
Fee License - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name San Andres
Property Code	Property Name PARAKEET FEDERAL "29"	Well Number 1
CORD No. 025573	Operation Name YATES DRILLING COMPANY	Elevation 3408

Surface Location

UL or Lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
I	29	19-S	27-E		1475	SOUTH	710	EAST	EDDY

Bottom Hole Location if Different From Surface

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

						OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION SHOWN ON THIS PLAT WAS OBTAINED FROM FIELD SURVEY OR ADEQUATE SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
						Signature <i>Cy Cowan</i>
						Printed Name Cy Cowan
						Title Regulatory Agent
						Date March 16, 2005
						SURVEYOR CERTIFICATION I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS OBTAINED FROM FIELD SURVEY OR ADEQUATE SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
						MARCH 1, 2005
						Date of Survey
						Signature of Registered Surveyor <i>[Signature]</i>
						NEW MEXICO 8412 N.M. REG. SURVEYOR Certificate No. 8412

LAT N 32°37'42.1"
LON W 104°17'40.9"

710'

Standard 640-acre Section

YATES DRILLING COMPANY
Parakeet Federal "29" #1
1475' FSL and 710' FEL
Section 29, T19S-R27E
Eddy County, New Mexico

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

Queen	830'
Grayburg	1124'
San Andres	1662'
TD	1800'

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

Water: 150'
Oil or Gas: All potential zones

- 3. Pressure Control Equipment:** BOPE will be installed on the 8 ^{5/8}/₈" 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)

	<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Interval</u>	<u>Length</u>
WITNESS	12 1/4"	8 7/8 5/8"	24#	J-55	ST&C	0-400'	400'
WITNESS	7 7/8"	5 1/2"	15.5#	J-55	LT&C	0-1800'	1800'

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

B. CEMENTING PROGRAM:

Surface casing: 300 sx Class 'C' + 2% CaCl₂(YLD 1.32 WT 14.6).

Production Casing: Lead w/ 225 sx Super 'C' Modified (YLD 1.64 WT 13.2)

Parakeet Federal "29" #1**Page 2****5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud to 400'	FW Gel/LCM	8.4-9.0	28-32	N/C
400'-1800'	Cut Brine <div style="display: inline-block; vertical-align: middle; text-align: center;"> <i>55</i> <i>Fresh</i> <i>Water</i> <i>Mud</i> </div>	9.0-10.0	28-34	N/C

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' out from under surface casing to TD. Two sets of cuttings washed and dried.

Logging: Halliburton-CSNG/DSN/SDL, DLL-MGL, SSS-RSCT. CSNG/GR in surface casing, EMI to approximately 1600'.

Coring: Sidewall cores 30-50. Possible full diameter cores.

DST's: None.

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

From: 0 TO 400' Anticipated Max. BHP: 175 PSI
 From: 400' TO 1800' Anticipated Max. BHP: 1575 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: Queen Formation

Maximum Bottom Hole Temperature: 163° 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 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

**Yates Drilling Company
Parakeet Federal "29" #1
1475' FSL and 710' FEL
Section 29, T19S-R27E
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 14 miles southeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

From the intersection to the WIPP Bypass and Illinois Camp Road go north on Illinois Camp Road for approx. 2.2 miles to Lake Road. Turn west on Lake Road and go approx. 8.2 miles to the intersection of Lake Road and Netherland Road. Turn right on Netherland Road (CR-236) and go approx. 3.8 miles. Turn left here and go approx. .4 of a mile to the Parrot Federal #2 well location.

2. PLANNED ACCESS ROAD:

- A. No new access road will be needed, as this well will be drilled on the Parrot Federal #2 location.
- B. N/A.
- C. N/A.
- 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 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.
The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

Parakeet Federal "29" #1**Page 2****6. SOURCE OF CONSTRUCTION MATERIALS:**

The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the steel 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. Yates Drilling Company is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- 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 within 90 days after abandonment.

11. SURFACE OWNERSHIP: Bureau of Reclamation Albuquerque, 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.

**Parakeet Federal "20" #1
Page 3**

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:

Toby Rhodes, Operations Manager
Yates Drilling Company
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.

3/16/05


Regulatory Agent

YATES DRILLING COMPANY

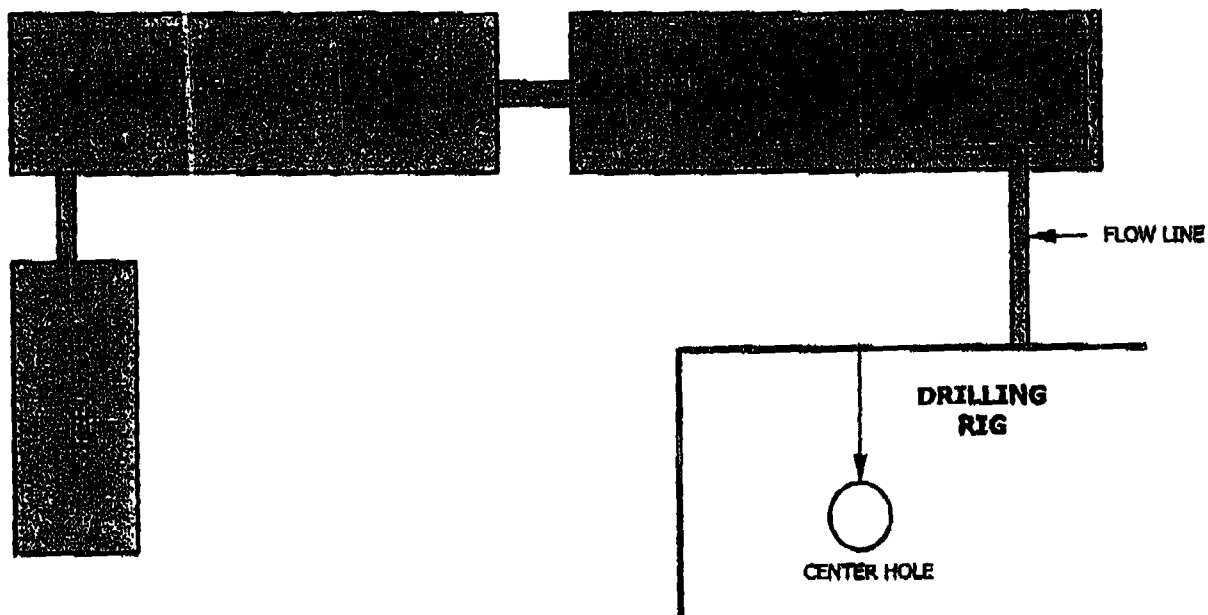
Parakeet Federal "29" #1

1475' FSL and 710' FEL

Section 29, T19-S-R27E

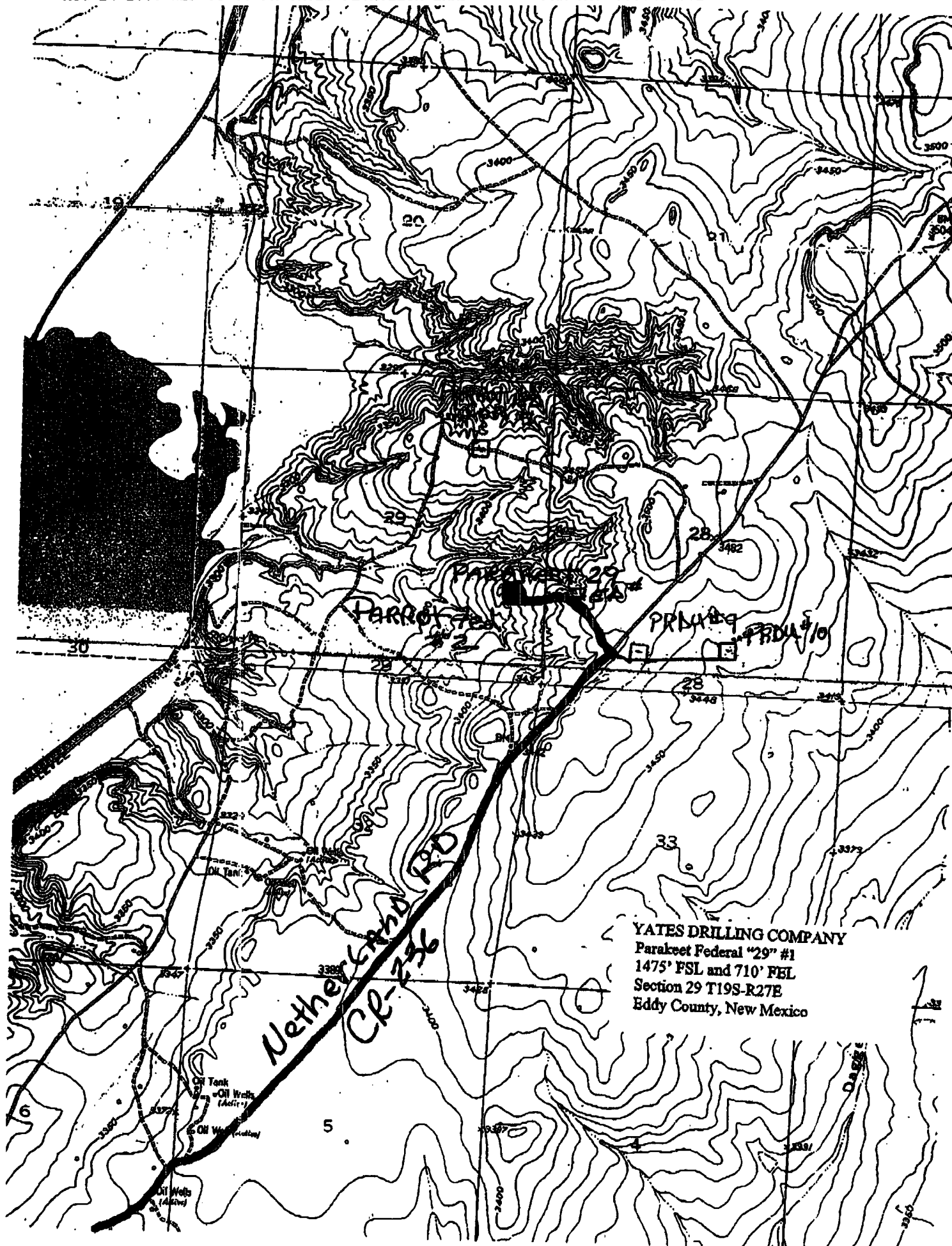
Eddy County, New Mexico

↖
↑
Pits South



Please note: Cuttings from steel pits will be placed in the existing pit on the Parrot Federal #2 location.





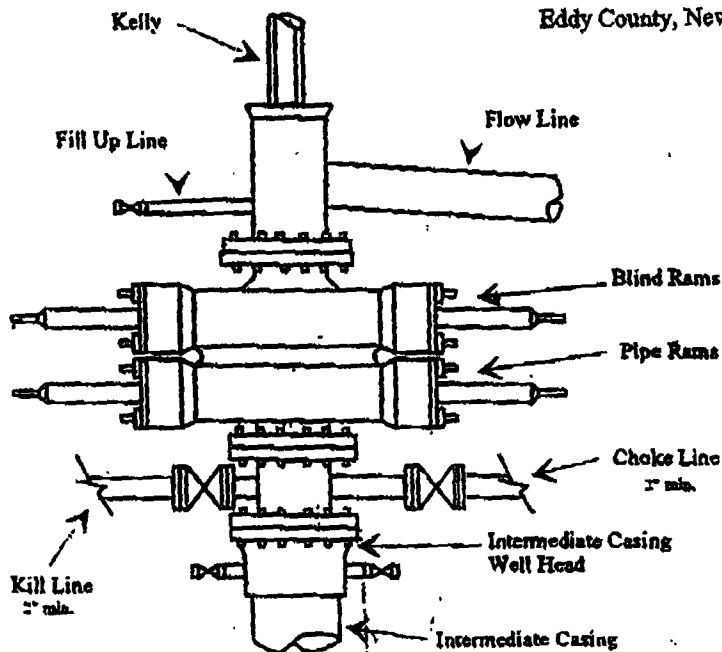


YATES DRILLING COMPANY

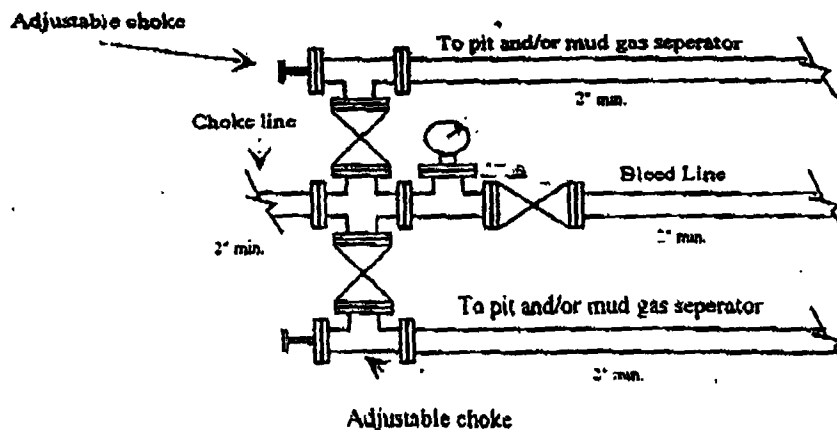
BOP-2

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

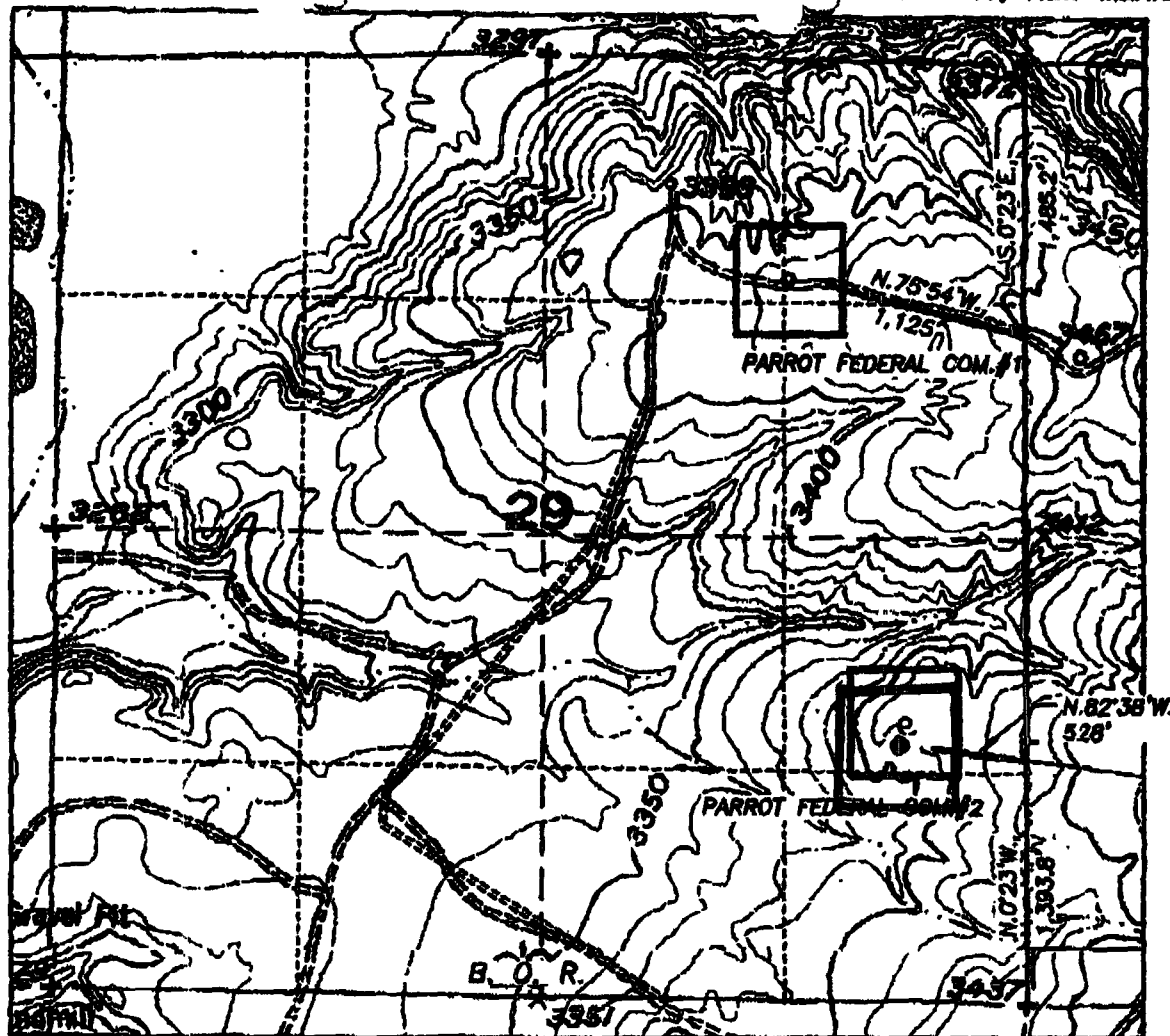
YATES DRILLING COMPANY
Parakeet Federal "29" #1
1475' FSL and 710' FEL
Section 29 T19S-R27E
Eddy County, New Mexico



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



SECTION 29, TOWNSHIP 1 SOUTH, RANGE 27 EAST, NMPM EDDY COUNTY, NEW MEXICO.



DESCRIPTION:

LEASE ROAD RIGHT OF WAYS 30 FEET WIDE AND 1,653.0 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY LINES AS SHOWN ON THIS PLAT.

1,653.0 FEET = 100.1818 RODS, 0.3131 MILES OR 1.1384 ACRES, MORE OR LESS.

YATES DRILLING COMPANY

Parakeet Federal "29" #1

1475' FSL and 710' FBL

Section 29 T19S-R27E

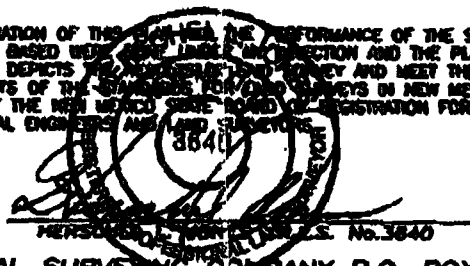
Eddy County, New Mexico



= 's PARAKEET FED
"29" #1

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

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



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

YATES DRILLING COMPANY

LEASE ROAD TO ACCESS THE YATES DRILLING COMPANY
PARROT FEDERAL COM. #1 AND #2 WELLS, LOCATED IN
SECTION 29, TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM,
EDDY COUNTY, NEW MEXICO.

Survey Date: 1/21/2004

Drawn By: Ed Blinder

Date: 1/24/04

Sheet 1 of 1 Sheets

N.O. Number

Scale 1" = 1000' PARROT 1&2

Yates Drilling Company

**105 S. Fourth Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

For

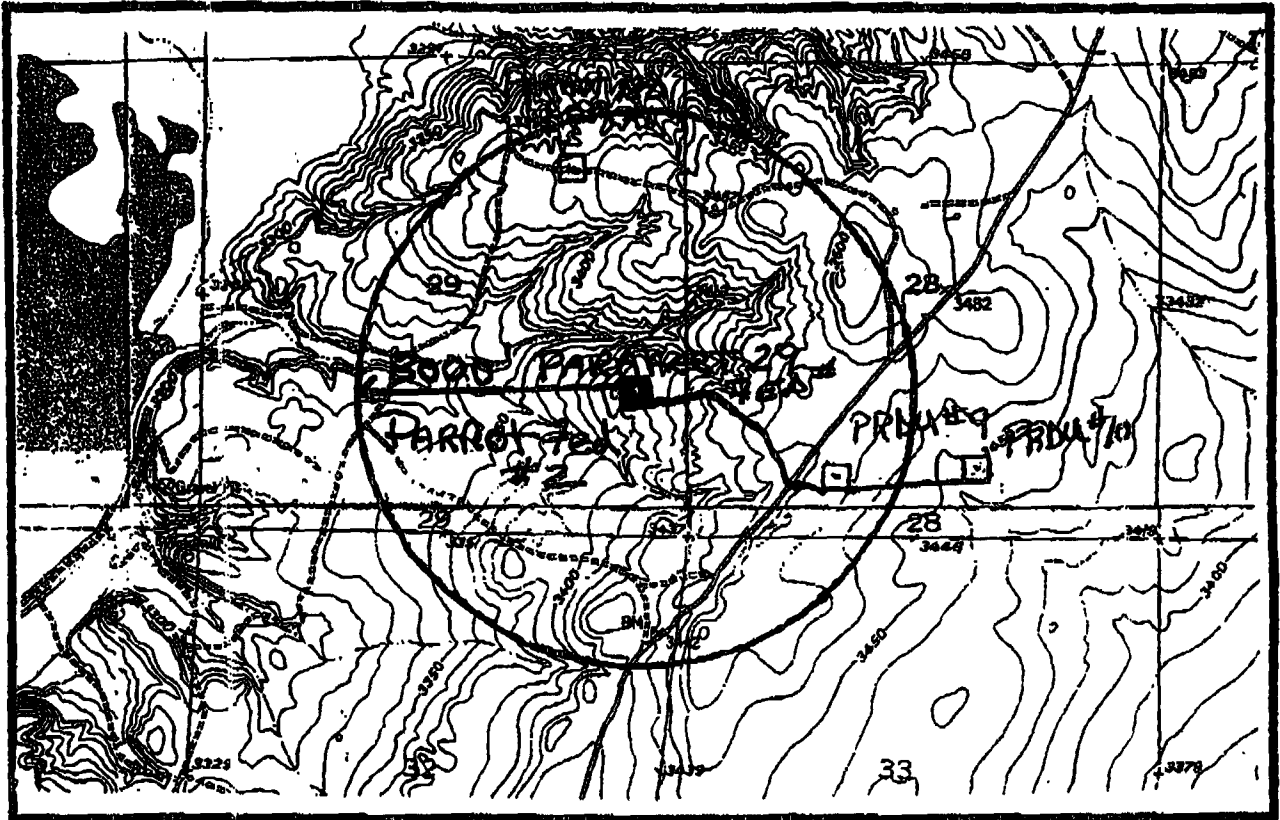
Parakeet Federal "29" #1

1475' FSL and 710' FEL

Sec-29, T-19S, R-27E

Eddy County NM

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.



RECEIVED (ORIGINAL) ROBERT ROBERTSON
RECEIVED (ORIGINAL) ROBERT ROBERTSON

Emergency Procedures

In the case of a release of gas containing H_2S , 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 (SO_2). Intentional ignition must be coordinated with the NMOC 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 H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	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)

Yates Drilling Company Phone Numbers

YDC Office (505) 748-8460
 Toby Rhodes/Operations Manager (505) 748-8461
 Greg Boan/Production Manager (505) 365-5233
 Artesia Answering Service (505) 748-4302
 (During non-office hours)

Agency Call List**Eddy County (505)****Artesia**

State Police 746-2703
 City Police 746-2703
 Sheriff's Office 746-9888
 Ambulance 911
 Fire Department 746-2701
 LEPC (Local Emergency Planning Committee) 746-2122
 NMOCD 748-1283

Carlsbad

State Police 885-3137
 City Police 885-2111
 Sheriff's Office 887-7551
 Ambulance 911
 Fire Department 885-2111
 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) ... (800) 424-8802

Other

Boots & Coots IWC 1-800-256-9688 or (281) 931-8884
 Cudd Pressure Control (915) 699-0139 or (915) 563-3356
 Halliburton (505) 746-2757
 B. J. Services (505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX (806) 743-9911
 Aerocare -Rr 3 Box 49f, Lubbock, TX (806) 747-8923
 Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM (505) 842-4433
 S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM (505) 842-4949

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
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

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: YATES DRILLING COMPANY Telephone: (505) 748-1471

e-mail address: _____

Address: 105 South Fourth Street, Artesia, NM 88210

Facility or well name: Parakeet Federal "29" #1 API #: _____ U/L or Qtr/Qtr 1 Sec. 29 T19S R. 27E

County: Eddy Latitude N 32° 37' 42.1" Longitude E 104° 17' 40.9" NAD: 1927 X 1983 ☐ Surface Owner Federal X State Private ☐ Indian ☐

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> Volume 20,000 bbl		Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)	
	50 feet or more, but less than 100 feet	(10 points)	
	100 feet or more	(0 points)	0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from a lot other water sources.)	Yes	(20 points)	
	No	(0 points)	0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)	
	200 feet or more, but less than 1000 feet	(10 points)	
	1000 feet or more	(0 points)	0
Ranking Score (Total Points)			0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit XX or an (attached) alternative GCD-approved plan ☐.

Date: March 16, 2005

Printed Name/Title: Cy Cowan, Regulatory Agent

Signature: 

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: _____

Date: _____

Printed Name/Title: _____

Signature: _____

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Yates Drilling Company Well Name & No. 1-Parakeet 29 Federal
 Location 1475 F S 1. & 710 F E L Sec. 29, T. 19 S, R. 27 E.
 Lease No. LC-049945-B County Rady 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) () Flood plain (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 Field Office at (505) 234-5972 () Hobbs Office (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 upon completion of well and it is determined to be a producer.

() 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 depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS) per acre.

- () A. Seed Mixture 1 (Loamy Sites)
 Side Oats Grama (*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 macrostachya*) 2.0

- () C. Seed Mixture 3 (Shallow Sites)
 Side oats Grama (*Bouteloua curtipendula*) 1.0

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

() OTHER SEE ATTACHED SEED MIXTURE

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.

Painting Stipulations-

All above ground structures will be painted
 flat non-reflective Shale Green (5Y 4/2)

(☒) Other. BOR Stipulations

MINERAL LEASING STIPULATIONS CARLSBAD AND TUCUMCARI PROJECT LANDS

The United States Bureau of Reclamation (Reclamation) is the surface managing agency for approximately 59,800 acres of acquired and withdrawn lands in the Roswell Area Office's Bureau of Land Management mineral jurisdiction. The subject lands are located within and adjacent to three reservoirs of the Carlsbad Project and two reservoirs of the Tucumcari Project, being listed as follows:

Carlsbad Project	- Brantley Reservoir	= 43,500 acres
Carlsbad Project	- Avalon Reservoir	= 4,000 acres
Carlsbad Project	- Sumner Reservoir	= 11,500 acres
Tucumcari Project	- Hudson Lake	= 160 acres
Tucumcari Project	- Dry Lake	= 640 acres

With regard to the leasing of the mineral estate(s) within the 59,800 acres, Reclamation will provide specific leasing stipulations for each prospective lease. The general leasing stipulations and requirements for the subject Reclamation managed lands are as follows:

Brantley Reservoir

No surface occupancy will be allowed within one half mile of the Brantley Dam site, drilling between one half mile and one mile of the Brantley dam site will be reviewed on a case by case basis.
No surface occupancy within the Brantley Lake State Park.
No storage facilities will be allowed below contour elevation 3286.
No surface occupancy below natural contour elevation 3271.

Avalon Reservoir

No surface occupancy will be allowed within one half mile of the Avalon Dam site.
No surface occupancy below contour elevation 3190.
No storage facilities below contour elevation 3200.

Sumner Reservoir

No surface occupancy will be allowed within one half mile of the Sumner Dam site.
No surface occupancy within Sumner Lake State Park.
No surface occupancy below contour elevation 4279.
No storage facilities below contour elevation 4300.

Hudson Lake

No surface occupancy within the boundaries of Hudson Lake

Dry Lake

No surface occupancy below contour elevation 4085.

In addition to those restrictions above, Reclamation proposes that the first paragraph of page 3 of MANAGEMENT COMMON TO ALL ALTERNATIVES be omitted. The subject paragraph states that if lands presently managed by Reclamation revert to BLM, they would be leased and managed under appropriate Roswell District Office stipulations or conditions of approval (e.g. stipulations for flood plains). Once production of all wells permitted are terminated, the permittee shall immediately plug the well hole and reclaim the surface disturbed by the operation

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: YATES DRILLING COMPANY
Well Name: 1 - PARAKEET FEDERAL 29
Location: 1475' FSL & 710' FEL - SEC 29 - T19S - R27E - EDDY COUNTY
Lease: LC-049945B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch

C. BOP tests

2. 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.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at 400 feet and cement circulated to the surface.

2. The hole for the 5-1/2 inch production casing must be drilled with fresh water/fresh water mud and cement circulated to the surface. If the fresh water mud system goes to brine during drilling no additional measures will be required due to the uncertainty of well log interpretation in identifying halite stringers. 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.

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 8-5/8 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.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- 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.

(ORIG. SGD.) LES BABYAK

Patriot IV
2546 South Pastore, Santa Fe, NM 87505

2040 South Pacheco
Santa Fe, N M 87505

Revised March 7, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

API Number		Pool Code	Pool Name San Andres	
Property Code	Property Name PARAKEET FEDERAL "29"			Well Number 7
Oilfield No. 025573	Operation Name YATES DRILLING COMPANY			Elevation 3408

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
I	29	19-S	27-E		1475	SOUTH	710	EAST	EDDY

Bottom Hole Location Different from Surface									
UL or List No.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
Deeded Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

CONSOLIDATED ON A NON-STANDARD GRID HAS BEEN APPROVED BY THE ENGINEER.

OPERATOR CERTIFICATION
I HEREBY CERTIFY THAT THE INFORMATION
FURNISHED IS TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

Signature: *Cy Cowan*
Printed Name: Cy Cowan
Title: Regulatory Agent
Date: March 16, 2005

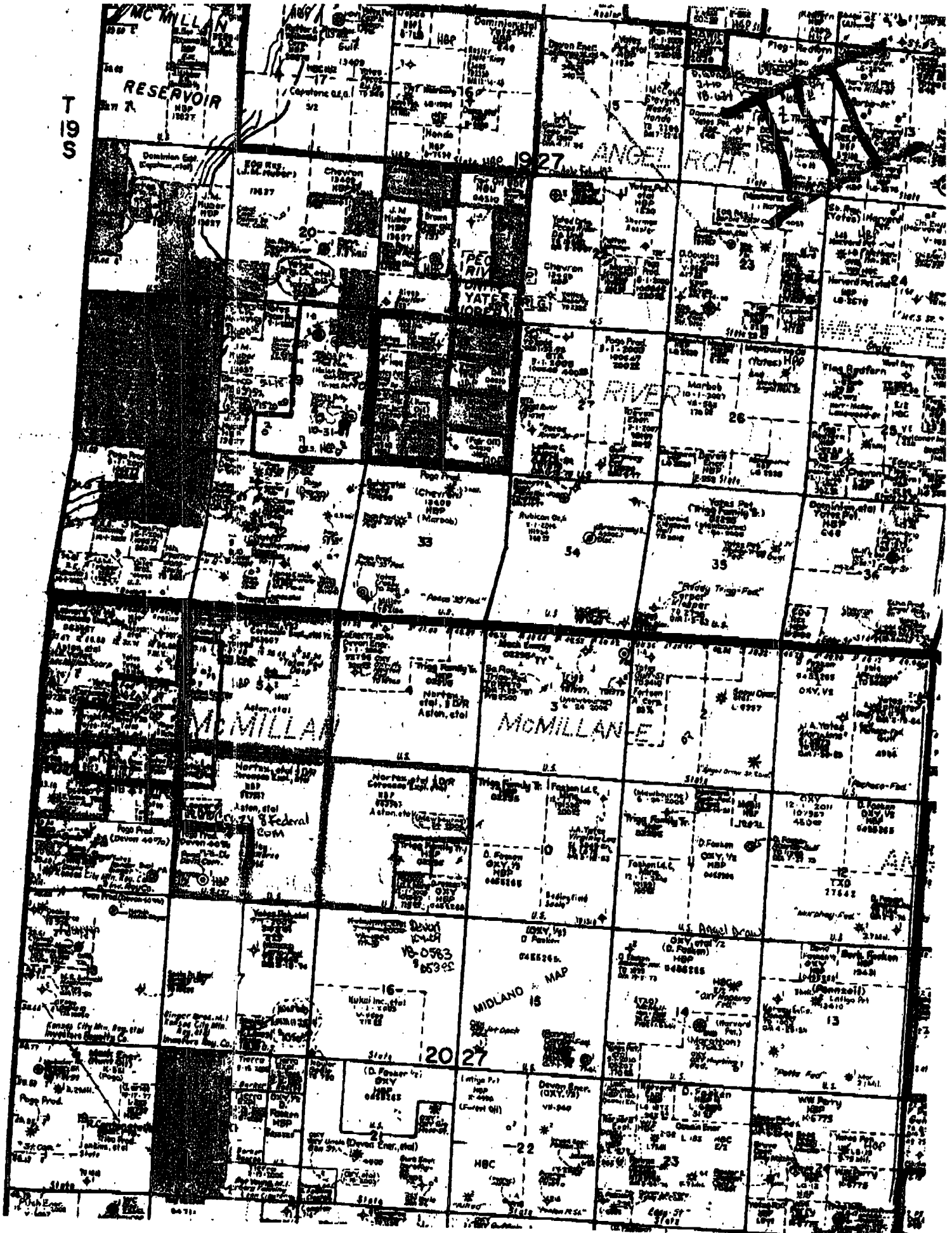
SURVEYOR CERTIFICATION
I HEREBY CERTIFY THAT THE WELL LOCATED
POINTS ON THIS PLAN HAVE BEING PROPERLY
LOCATED FROM AN ADJACENT CORNER MARK BY
ME OR UNDER MY SUPERVISION, AND THAT
THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

MARCH 1, 2006
Date of Survey

Signature of: *DAN R. BERRY*
DAN R. BERRY
NEW MEXICO
8412
REGISTERED PROFESSIONAL SURVEYOR
N.M. REG. NO. 7223

LAT N 32°37'42.1"
LON W 104°17'40.9"

710'
149'



Form C-102

Revised March 17, 1989

Submit to Appropriate District Office

State of New Mexico

Copies

Copies

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name PARAKEET FEDERAL "29"	Well Number 1
OWNED No.	Operation Name YATES DRILLING COMPANY	Elevation 3408

Surface Location

UL or Lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
1	29	19-S	27-E		1475	SOUTH	710	EAST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

<p>Drilling Unit</p> <p>Protraction Unit</p> <p>PARENTED Com. #2 Location</p> <p>LAT N 32°37'42.1"</p> <p>LON W 105°17'40.1"</p> <p>1475'</p>	<p>OPERATOR CERTIFICATION</p> <p>I HEREBY CERTIFY THAT THE INFORMATION CONTAINED ON THIS PLAT WAS OBTAINED 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 KNOWLEDGE AND BELIEF.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>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 KNOWLEDGE AND BELIEF.</p> <p>MARCH 11, 2005</p> <p>Date of Survey</p> <p>NEW MEXICO</p> <p>5412</p> <p>REGISTERED LAND SURVEYOR</p> <p>NM PERMITS 5412</p> <p>Certificate Number</p>

TRANSACTION REPORT

P. 01

AUG-24-2005 WED 02:11 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
AUG-24	02:05 PM	5057484572	5' 07"	28	RECEIVE	OK		