C15F

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED ARTESIA

5. Lease Serial No.
NM-063703

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
16837

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
HOC Federal Com. #3

2. Name of Operator
Yates Petroleum Corporation 25575

9. API Well No.
30-015-31753

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
Indian Basin Upper Penn

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 336' FNL & 149' FWL Surface Location
At proposed prod. Zone 660' FNL & 660' FEL Bottom Hole Location

11. Sec., T., R., M., or Blk, and Survey or Area
Sec. 18, T22S-R24E Surface Loc.
Sec. 13, T22S-R23E Bottom Hole.

14. Distance in miles and direction from nearest town or post office*
Approximately 20 miles northwest of Carlsbad, 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)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
149'	600	320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
1 mile	8300' TVD, 8450' MD	585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
4090' GL	ASAP	60 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
Cy Cowan	Cy Cowan	3/27/01

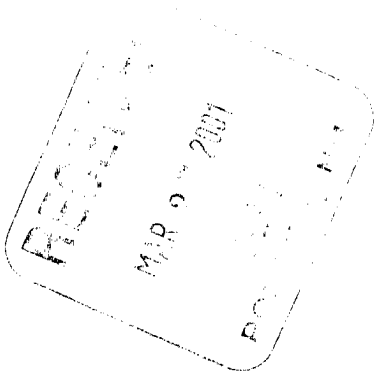
Title:
Regulatory Agent

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Joe G. Lara	Joe G. Lara	APR 27 2001
Title Acting 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.

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)*



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio 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, NM 87505

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
		Indian Basin Upper Penn

4 Property Code	5 Property Name	6 Well Number
	HOC FEDERAL COM	3

7 OGRID No.	8 Operator Name	9 Elevation
025575	YATES PETROLEUM CORPORATION	4090.

10 Surface Location

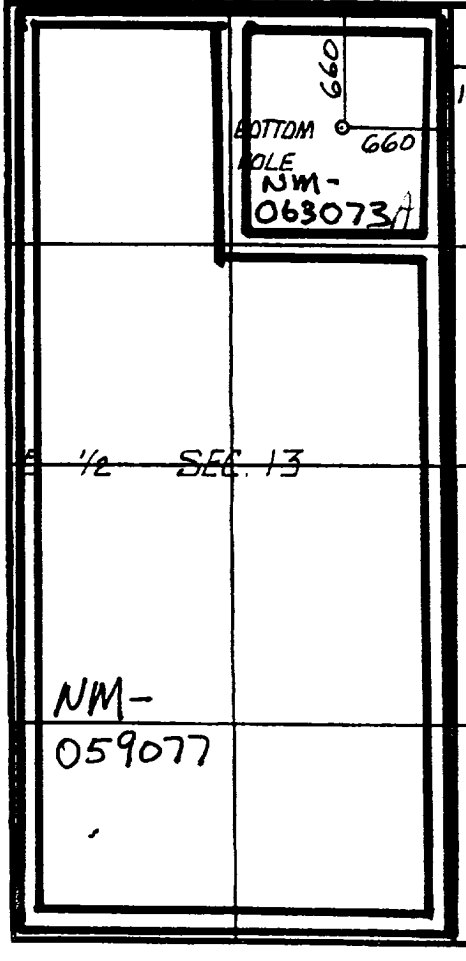
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	18	22-S	24-E		336	NORTH	149	WEST	EDDY

11 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
B	13	22-S	23-E		660	NORTH	660	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
025575			

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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: Cy Cowan

Printed Name: Cy Cowan

Title: Regulatory Agent

Date: March 23, 2001

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: MARCH 13, 2001

Signature and Seal of Professional Surveyor:

NEW MEXICO — REGISTERED PROFESSIONAL ENGINEER — LAND SURVEYOR — 5412

Certificate Number: NM PE&PS NO. 5412

YATES PETROLEUM CORPORATION
HOC FEDERAL FEDERAL COM. #3
336' FNL AND 149' FWL
Section 18, T22S-R24E
Eddy County, New Mexico

H2S Drilling Operations Plan

Personnel employed at the rig site shall receive training in H2S detection, safe drilling procedures and contingency plans. H2S safety equipment shall be installed and functional 500 feet prior to encountering known or probable H2S zone at 7400' feet.

Submitted with the APD is a well site diagram showing:
1) Drilling rig orientation, location of flare pit.
2) Location of access road.

Primary briefing area will be established 150' from wellbore and up wind of prevailing wind direction. Secondary briefing area will be established 180 degrees from primary briefing area.

A H2S warning sign will be posted at the entrance of the location. Depending on conditions, a green, yellow, or red flag will be displayed.
Green - Normal conditions
Yellow - Potential danger
Red - Danger H2S present

Wind indicators will be placed on location at strategic, highly visible areas. H2S monitors (a minimum of three) will be positioned on location for best coverage and response. H2S concentrations of 10 ppm will trigger a flashing light and 20 ppm will trigger an audible siren.

H2S breathing equipment will consist of:
1) 30 minute "pressure demand" type working unit for each member of rig crew on location.
2) 5 minute escape packs for each crew member.

Breathing equipment will be stored in weather proof cases or facilities. They will be inspected and maintained weekly.

Yates Petroleum Corporation proposes to drill this well vertically to a depth of 4,785. At this point directional tools will be picked up and the well will be "kicked off" directionally. A build rate of 2.5 deg/100' will be utilized until an angle of 22.5 degrees is reached (this should occur at 5,660'TVD). The 22.5 degree angle will be held to a TVD of 6,920', when we will pick up directional tools again and begin dropping angle at a rate of 2.5 deg/100'. The wellbore will be returned to vertical at the top of the Canyon Dolomite (7,800'), and the remainder of the well will be drilled vertically to 8,300' TVD, 8,450' MD.

YATES PETROLEUM CORPORATION
HOC Federal Com. #3
336' FNL & 149' FWL Surface Location
Section 18-T22S-R24E
660' FNL and 660' FEL Bottom Hole location
Section 13, T22S-R23E
Eddy County, New Mexico

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

San Andres	846'
Glorietta	2247'
Bone Spring	3037'
Wolf Camp	7002'
Canyon	7800'
TD	8300' TVD, 8450' MD

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

Water:	250-300'
Oil or Gas:	All potential zones.

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

Auxiliary Equipment:

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
14 3/4"	9 5/8"	36#	J-55	ST&C	0-1600'	1600'
8 3/4"	7.0"	26#	J-55	LT&C	0-100'	100'
8 3/4"	7.0"	23#	J-55	LT&C	100'-5200'	5100'
8 3/4"	7.0"	26#	J-55	LT&C	5200'-7200'	2000'
8 3/4"	7.0"	26#	N-80	LT&C	7200'-8450'	1250'

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

B. Cementing Program:
Surface casing: 1000 sx Lite (YLD 2.02 WT 12.4) tailed in with 250 sx Class C + 2% CaCl2 (YLD 1.32 WT 14.8)

Production Casing: TOC-1000', DV tool at 6000'.
Stage I: 350 sx Super C (YLD 1.67 WT 13.0).

Stage II: 600 sx Lite (YLD 2.02 WT 12.4), tail in with 200 sx Class C (YLD 1.32 WT 14.8).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1600'	FW Gel/LCM	8.3-8.6	30	N/C
1600'-7950'	Cut Brine	9.0-9.2	29	N/C
7950'-TD'	Cut Brinel/Starch	9.0-9.2	30-34	<10cc

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 from TD to casing w/ CR-CNL to surface: DLL from TD to casing w/ RXO from TD.
Coring: As warranted.
DST's: As warranted.

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

From: 0	TO:	1600'	Anticipated Max. BHP:	130	PSI
From: 1600'	TO:	2400'	Anticipated Max. BHP:	950	PSI
From: 2400'	TO:	8450'	Anticipated Max. BHP:	2700	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible in surface hole.

H2S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 159 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 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
HOC Federal Com. #3
336' FNL & 149' FWL Surface Location
Section 18-T22S-R24E
660' FNL and 660' FEL Bottom Hole location
Section 13, T22S-R23E
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 20 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 to Highway 137. Turn west on Highway 137 and go approximately 14.3 miles to a cattle guard. Continue south for approx. 1 mile to another cattleguard. Turn left here on lease road to the Hickory Federal #2. This lease road also has a powerline and a pipeline along it go approx. .4 of a mile to the northwest corner of the well pad.

2. PLANNED ACCESS ROAD

A. There will be no new access road.
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.

6. SOURCE OF CONSTRUCTION MATERIALS:

   Dirt contractor will locate closest pit and obtain any permits and material 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 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: 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:

Brian Collins, 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.

3/26/01

Regulatory Agent

Job Number: 1
State/Country: Eddy/NM/USA

Company: Yates Petroleum Corp.
Lease/Well: HOC Federal #3
Location: Surf: Sec. 18 T22S-R24E, 336' N & 149' W, BHL: Sec. 13 T22S-R23E, 660' N & E
Rig Name: N/A
RKB:
G.L. or M.S.L.:

Declination:
Grid:
Date/Time: 23-Mar-01 / 16:27
Curve Name:

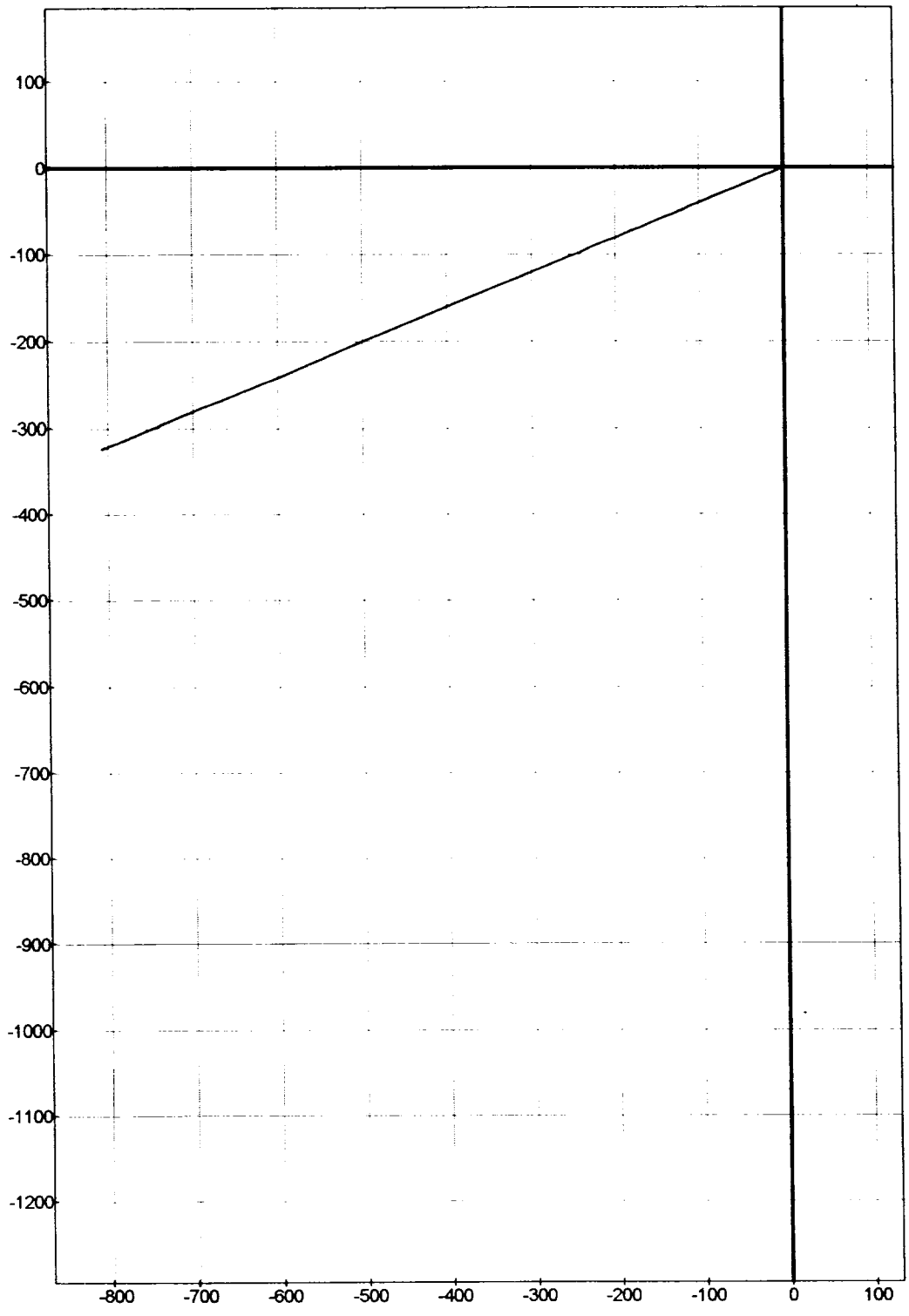
WINSERVE SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 248.17
Vertical Section Referenced to offset from Wellhead: EW =.00 Ft, NS=.00 Ft
Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
PU DIRECTIONAL TOOLS, BEGIN BUILDING ANGLE AT A RATE OF 2.5 DEG/100'.									
4784.34	.00	248.17	4784.34	.00	.00	.00	.00	.00	.00
4814.34	.75	248.17	4814.34	-.07	-.18	.20	.20	248.18	2.50
4844.34	1.50	248.17	4844.34	-.29	-.73	.79	.79	248.17	2.50
4874.34	2.25	248.17	4874.32	-.66	-1.64	1.77	1.77	248.17	2.50
4904.34	3.00	248.17	4904.29	-1.17	-2.92	3.14	3.14	248.17	2.50
4934.34	3.75	248.17	4934.24	-1.82	-4.56	4.91	4.91	248.17	2.50
4964.34	4.50	248.17	4964.16	-2.63	-6.56	7.06	7.06	248.17	2.50
4994.34	5.25	248.17	4994.05	-3.57	-8.93	9.61	9.61	248.17	2.50
5024.34	6.00	248.17	5023.90	-4.67	-11.65	12.55	12.55	248.17	2.50
5054.34	6.75	248.17	5053.72	-5.91	-14.75	15.89	15.89	248.17	2.50
5084.34	7.50	248.17	5083.49	-7.29	-18.20	19.61	19.61	248.17	2.50
5114.34	8.25	248.17	5113.20	-8.82	-22.02	23.72	23.72	248.17	2.50
5144.34	9.00	248.17	5142.86	-10.49	-26.19	28.22	28.22	248.17	2.50
5174.34	9.75	248.17	5172.46	-12.31	-30.73	33.10	33.10	248.17	2.50
5204.34	10.50	248.17	5202.00	-14.27	-35.63	38.38	38.38	248.17	2.50
5234.34	11.25	248.17	5231.46	-16.37	-40.88	44.04	44.04	248.17	2.50
5264.34	12.00	248.17	5260.84	-18.62	-46.49	50.08	50.08	248.17	2.50
5294.34	12.75	248.17	5290.14	-21.01	-52.46	56.51	56.51	248.17	2.50
5324.34	13.50	248.17	5319.36	-23.54	-58.78	63.32	63.32	248.17	2.50
5354.34	14.25	248.17	5348.48	-26.22	-65.46	70.52	70.52	248.17	2.50
5384.34	15.00	248.17	5377.51	-29.03	-72.49	78.09	78.09	248.17	2.50
5414.34	15.75	248.17	5406.44	-31.99	-79.88	86.05	86.05	248.17	2.50
5444.34	16.50	248.17	5435.26	-35.09	-87.61	94.38	94.38	248.17	2.50
5474.34	17.25	248.17	5463.97	-38.33	-95.70	103.09	103.09	248.17	2.50
5501.34	18.00	248.17	5492.56	-41.70	-104.13	112.17	112.17	248.17	2.50
5531.34	18.75	248.17	5521.03	-45.22	-112.91	121.63	121.63	248.17	2.50

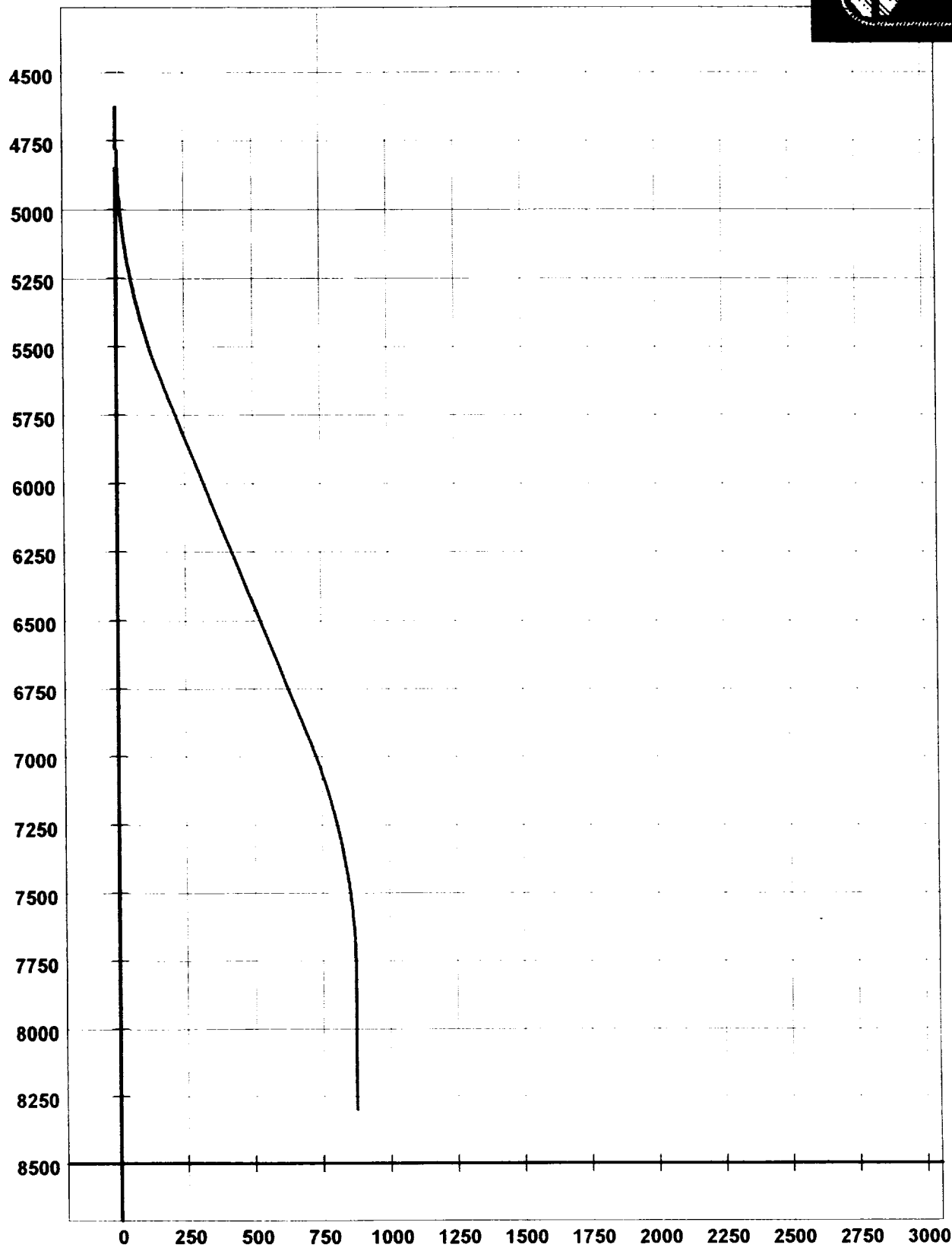
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
5564.34	19.50	248.17	5549.37	-48.87	-122.03	131.46	131.46	248.17	2.50
5594.34	20.25	248.17	5577.58	-52.67	-131.50	141.66	141.66	248.17	2.50
5624.34	21.00	248.17	5605.66	-56.59	-141.31	152.22	152.22	248.17	2.50
5654.34	21.75	248.17	5633.60	-60.66	-151.46	163.16	163.16	248.17	2.50
END OF BUILD, HOLD ANGLE AT 22.5 DEGREES									
5684.34	22.50	248.17	5661.39	-64.86	-161.95	174.46	174.46	248.17	2.50
5684.34	22.50	248.17	5661.39	-64.86	-161.95	174.46	174.46	248.17	2.60
5784.34	22.50	248.17	5753.78	-79.09	-197.48	212.72	212.72	248.17	.00
5884.34	22.50	248.17	5846.16	-93.32	-233.00	250.99	250.99	248.17	.00
5984.34	22.50	248.17	5938.55	-107.54	-268.53	289.26	289.26	248.17	.00
6084.34	22.50	248.17	6030.94	-121.77	-304.05	327.53	327.53	248.17	.00
6184.34	22.50	248.17	6123.33	-136.00	-339.58	365.80	365.80	248.17	.00
6284.34	22.50	248.17	6215.72	-150.23	-375.10	404.07	404.07	248.17	.00
6384.34	22.50	248.17	6308.10	-164.45	-410.63	442.33	442.33	248.17	.00
6484.34	22.50	248.17	6400.49	-178.68	-446.15	480.60	480.60	248.17	.00
6584.34	22.50	248.17	6492.88	-192.91	-481.68	518.87	518.87	248.17	.00
6684.34	22.50	248.17	6585.27	-207.14	-517.20	557.14	557.14	248.17	.00
6784.34	22.50	248.17	6677.66	-221.36	-552.73	595.41	595.41	248.17	.00
6884.34	22.50	248.17	6770.04	-235.59	-588.25	633.68	633.68	248.17	.00
6984.34	22.50	248.17	6862.43	-249.82	-623.78	671.94	671.94	248.17	.00
7049.85	22.50	248.17	6922.95	-259.14	-647.05	697.01	697.01	248.17	.00
BEGIN DROPPING ANGLE AT A RATE OF 2.5 DEGREES/100'									
7079.85	21.75	248.17	6950.74	-263.34	-657.54	708.31	708.31	248.17	2.50
7109.85	21.00	248.17	6978.68	-267.41	-667.69	719.25	719.25	248.17	2.50
7139.85	20.25	248.17	7006.76	-271.33	-677.50	729.81	729.81	248.17	2.50
7169.85	19.50	248.17	7034.97	-275.13	-686.97	740.01	740.01	248.17	2.50
7199.85	18.75	248.17	7063.32	-278.78	-696.09	749.84	749.84	248.17	2.50
7229.85	18.00	248.17	7091.79	-282.30	-704.87	759.30	759.30	248.17	2.50
7259.85	17.25	248.17	7120.38	-285.67	-713.30	768.38	768.38	248.17	2.50
7289.85	16.50	248.17	7149.08	-288.91	-721.39	777.09	777.09	248.17	2.50
7319.85	15.75	248.17	7177.90	-292.01	-729.12	785.42	785.42	248.17	2.50
7349.85	15.00	248.17	7206.83	-294.97	-736.51	793.38	793.38	248.17	2.50
7379.85	14.25	248.17	7235.86	-297.78	-743.54	800.95	800.95	248.17	2.50
7409.85	13.50	248.17	7264.98	-300.46	-750.22	808.14	808.14	248.17	2.50
7439.85	12.75	248.17	7294.20	-302.99	-756.54	814.96	814.96	248.17	2.50
7469.85	12.00	248.17	7323.50	-305.38	-762.51	821.39	821.39	248.17	2.50
7499.85	11.25	248.17	7352.89	-307.63	-768.12	827.43	827.43	248.17	2.50
7529.85	10.50	248.17	7382.35	-309.73	-773.37	833.09	833.09	248.17	2.50
7559.85	9.75	248.17	7411.88	-311.69	-778.27	838.37	838.37	248.17	2.50
7589.85	9.00	248.17	7441.48	-313.51	-782.81	843.25	843.25	248.17	2.50
7619.85	8.25	248.17	7471.14	-315.18	-786.98	847.75	847.75	248.17	2.50
7649.85	7.50	248.17	7500.86	-316.71	-790.80	851.86	851.86	248.17	2.50
7679.85	6.75	248.17	7530.62	-318.09	-794.25	855.58	855.58	248.17	2.50

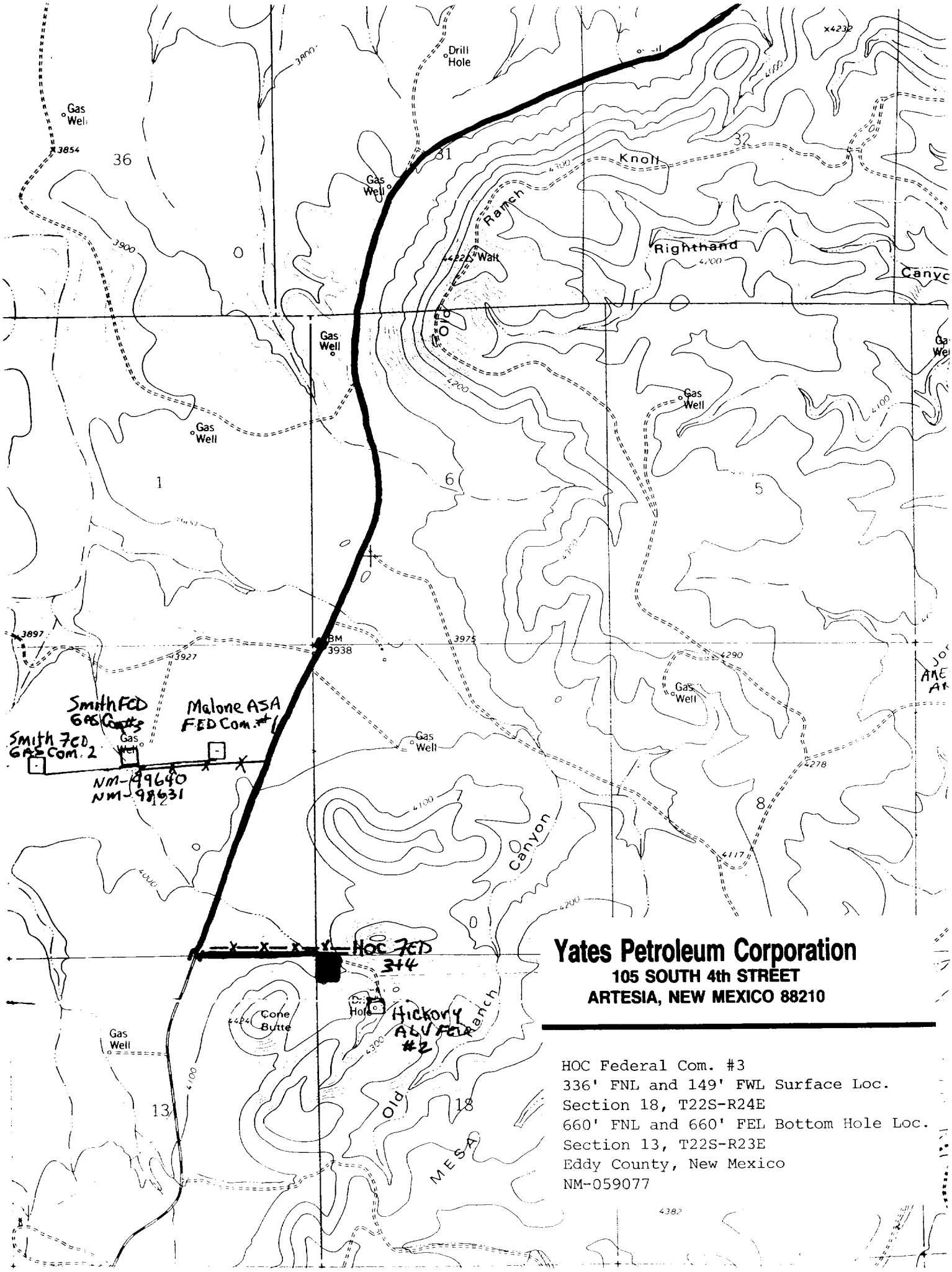
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/10C
7709.85	6.00	248.17	7560.44	-319.33	-797.35	858.91	858.91	248.17	2.50
7739.85	5.25	248.17	7590.29	-320.43	-800.07	861.85	861.85	248.17	2.50
7769.85	4.50	248.17	7620.19	-321.37	-802.44	864.40	864.40	248.17	2.50
7799.85	3.75	248.17	7650.11	-322.18	-804.44	866.56	866.56	248.17	2.50
7829.85	3.00	248.17	7680.05	-322.83	-806.08	868.33	868.33	248.17	2.50
7859.85	2.25	248.17	7710.02	-323.34	-807.36	869.70	869.70	248.17	2.50
7889.85	1.50	248.17	7740.01	-323.71	-808.27	870.68	870.68	248.17	2.50
7919.85	.75	248.17	7770.00	-323.93	-808.82	871.27	871.27	248.17	2.50
RETURN TO VERTICAL AT TOP OF CANYON DOLOMITE (7,800' TVD) AT A BHL 660' FNL & FEL OF SECTION 13 T22S-R23E									
7949.85	.00	248.17	7800.00	-324.00	-809.00	871.47	871.47	248.17	2.50
7949.85	.00	248.17	7800.00	-324.00	-809.00	871.47	871.47	248.17	2.60
8049.85	.00	248.17	7900.00	-324.00	-809.00	871.47	871.47	248.17	.00
8149.85	.00	248.17	8000.00	-324.00	-809.00	871.47	871.47	248.17	.00
8249.85	.00	248.17	8100.00	-324.00	-809.00	871.47	871.47	248.17	.00
8349.85	.00	248.17	8200.00	-324.00	-809.00	871.47	871.47	248.17	.00
8449.85	.00	248.17	8300.00	-324.00	-809.00	871.47	871.47	248.17	.00
TD WELL AT A DEPTH OF 8300' TVD AT BHL SAME AS ABOVE (WHEN WELL RETURNED TO VERTICAL).									

Company: Yates Petroleum Corp.
Lease/Well: HOC Federal #3
Location: Surf: Sec. 18 T22S-R24E, 336' N & 149' W, BHL: Sec. 13 T22S-R23E, 660' N & E



Company: Yates Petroleum Corp.
Lease/Well: HOC Federal #3
Location: Surf: Sec. 18 T22S-R24E, 336' N & 149' W, BHL: Sec. 13 T22S-R23E





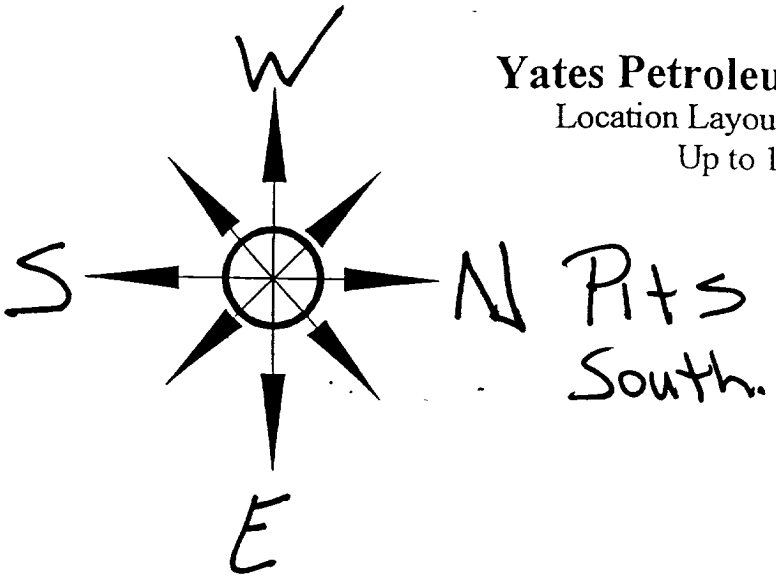
Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210

HOC Federal Com. #3
336' FNL and 149' FWL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FEL Bottom Hole Loc.
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077

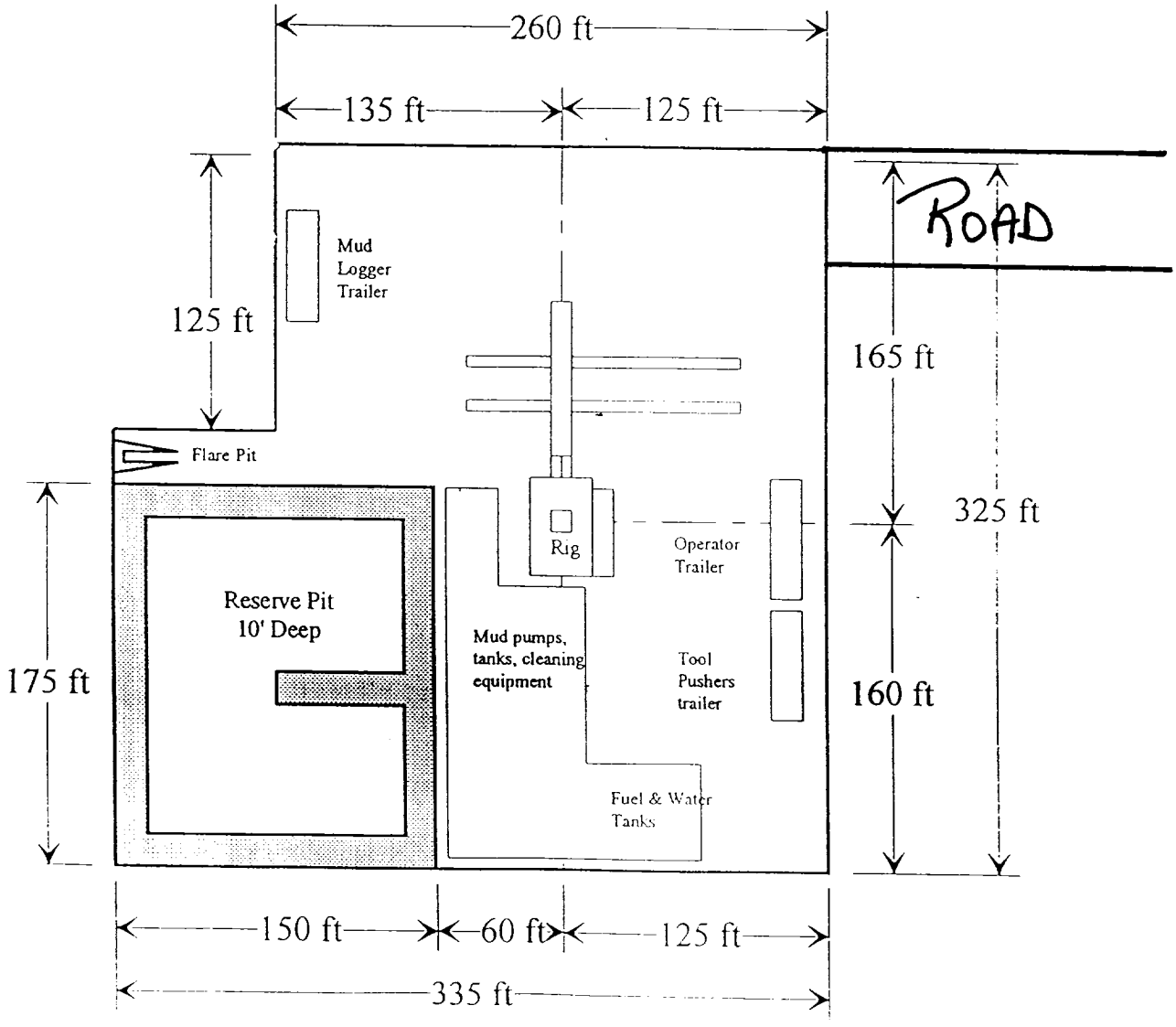
PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



HOC Federal Com. #3
336' FNL and 149' FWL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FEL Bottom Hole Loc
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077



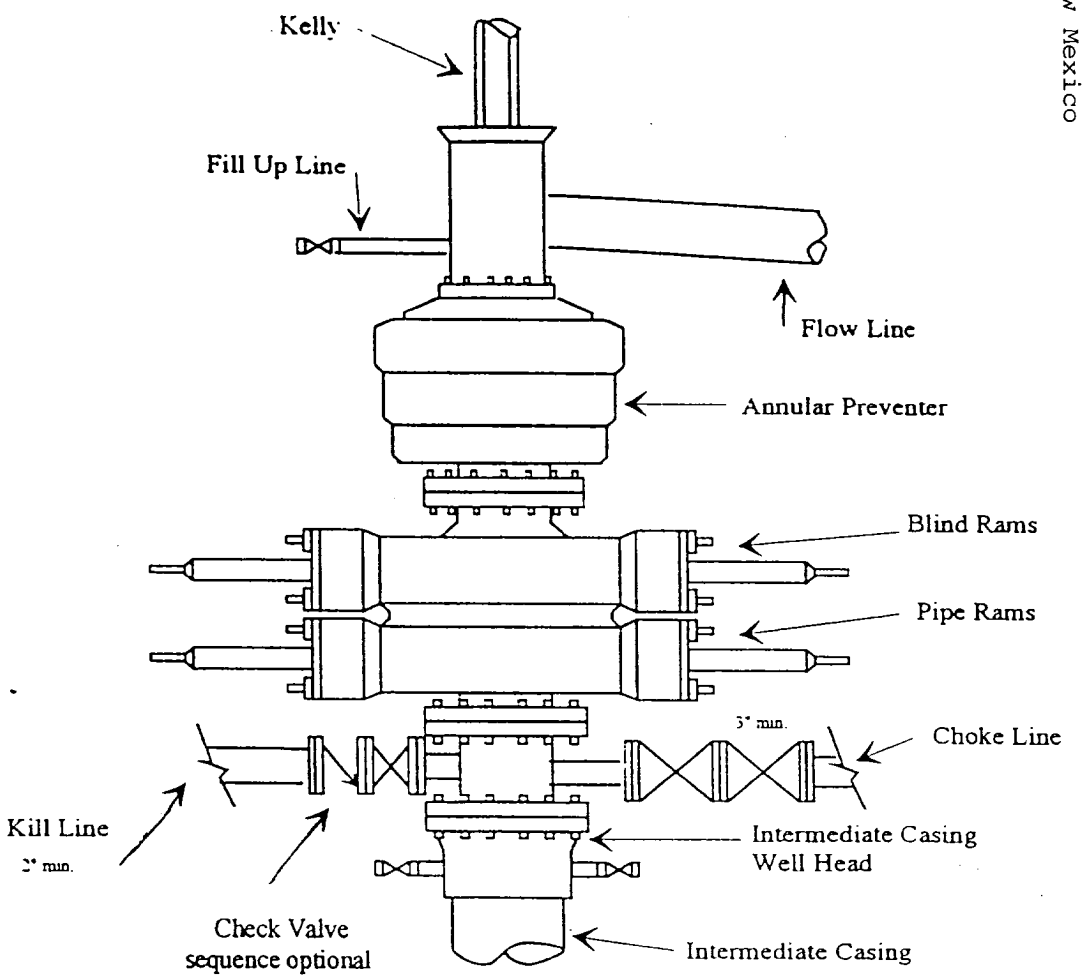
Distance from Well
Head to Reserve Pit
will vary between rigs

The above dimension
should be a maximum

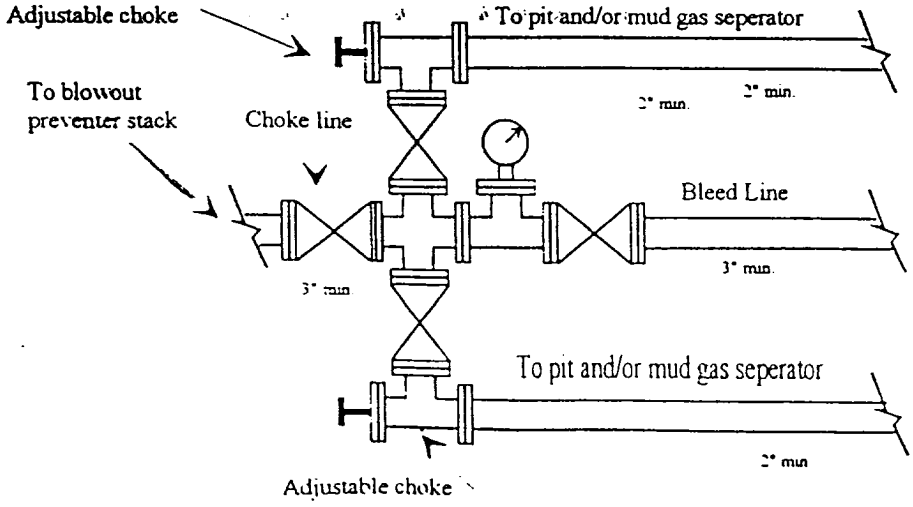
HOC Federal Com. #3
336' FNL and 149' FWL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FEL Bottom Hole Loc.
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077

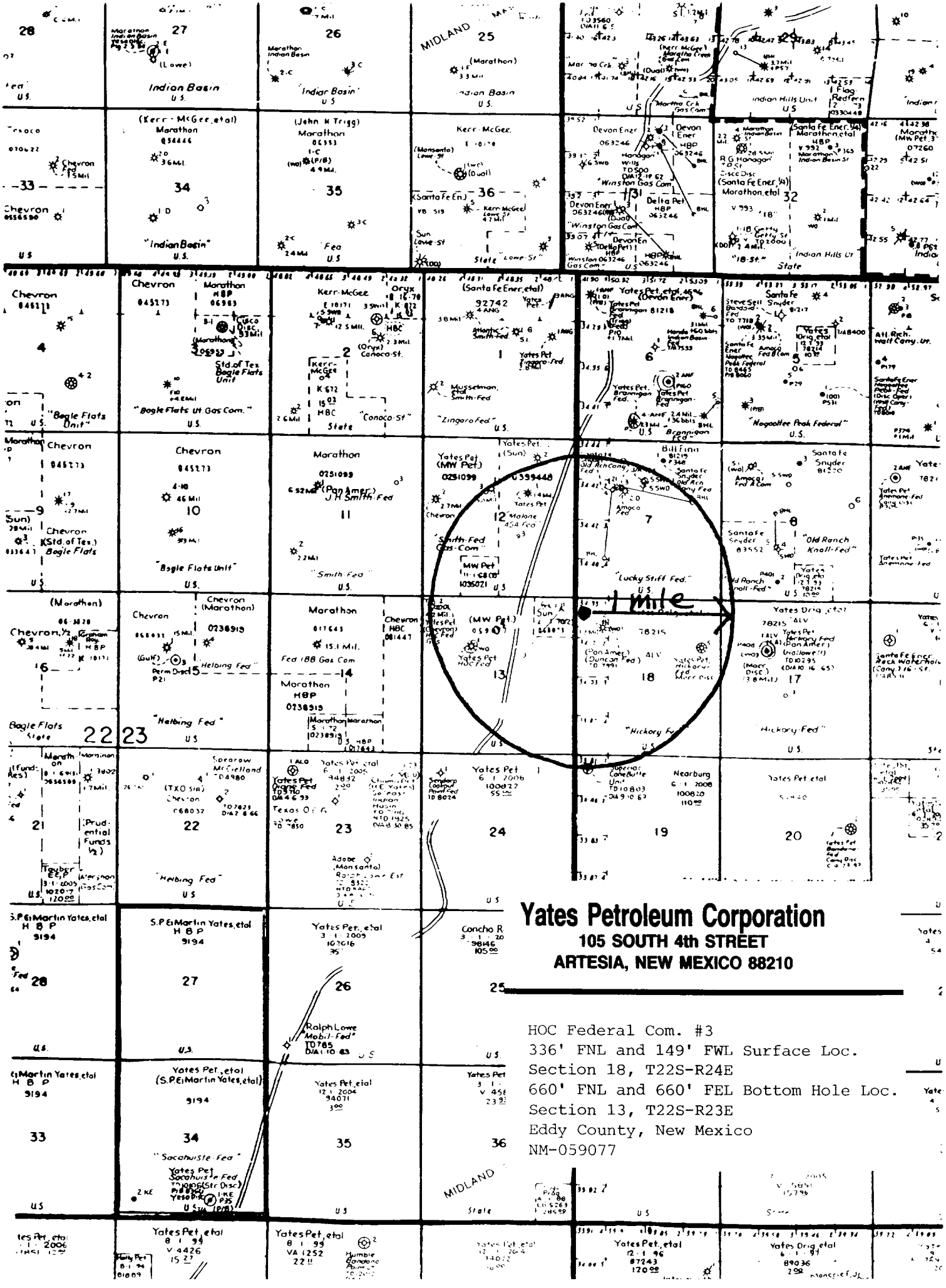
Yates Petroleum Corporation

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



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




1 mile
Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210
HOC Federal Com. #3
336' FNL and 149' FWL Surface Loc.
Section 18, T22S-R24E
660' FNL and 660' FEL Bottom Hole Loc.
Section 13, T22S-R23E
Eddy County, New Mexico
NM-059077

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

5. Lease Serial No.
NM-063073

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
HOC Federal Com. #3

2. Name of Operator
Yates Petroleum Corporation

9. API Well No.

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. *(include area code)*
(505) 748-1471

10. Field and Pool, or Exploratory Area
Indian Basin Upper Penn

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
336' FNL and 149' FWL Section 18, T22S-R24E Surface Location
660' FNL and 660' FEL Section 13, T22N-R23E Bottom Hole Location

11. County or Parish, State
Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Proposed
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	Powerline and
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	facilities.

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days Following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to amend the surface use plan for the captioned to include:
One four inch X-42 buried, steel, natural gas pipeline approx. 5500 feet in length following existing right-of-way NM-94290 to the HOC Federal Com. #2 Battery located 330' FNL and 330' FEL of Section 3, T22S-R23E.
Also wish to run approx. 300 feet of 460 volt, three phase, raptor proof powerline to tie into the existing powerline running along the northside of the well location.

Thank you.

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)* Cy Cowan — Title Regulatory Agent

Signature Cy Cowan — Date April 2, 2001

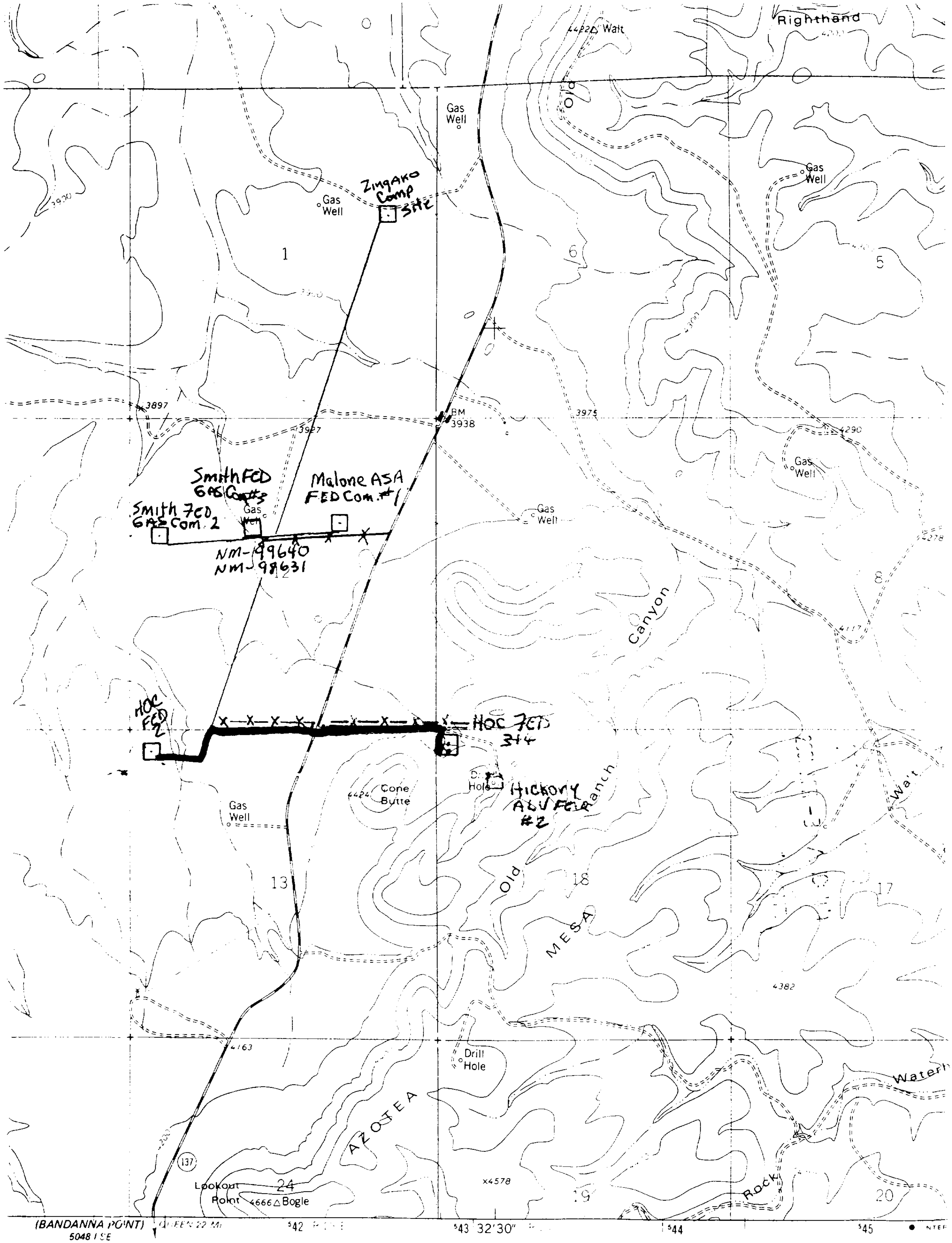
THIS SPACE FOR FEDERAL OR STATE USE

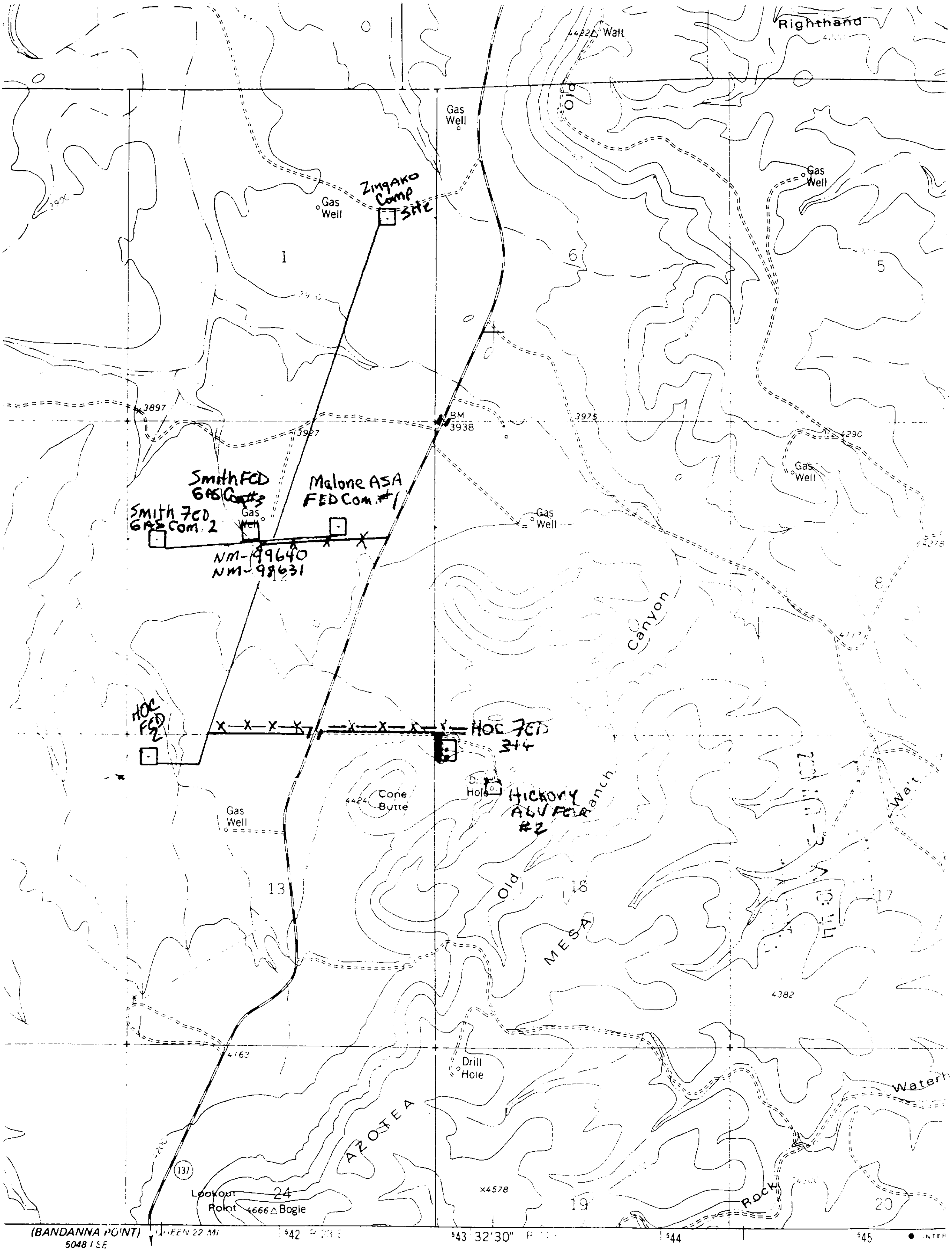
Approved by /S/ Joe G. Lara — Title FIELD MANAGER — Date APR 27 2001

Conditions of approval, if any, are attached. Approval of this notice 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. — Office CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, 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)


Righthand
Walt
Gas Well
Zingako Comp Site
Gas Well
Gas Well
1
6
5
3897
BM 3938
3927
3975
4290
Gas Well
Smith FED GAS Com #3
Malone ASA FED Com #1
Smith FED GAS Com. 2
Gas Well
Gas Well
NM-99640
NM-98631
12
8
Canyon
HOC FED 2
HOC FED 3+4
Hickory ALV FED #2
Drill Hole
Cone Butte
4424
Gas Well
Old
Ranch
13
18
17
MESA
4382
4163
Drill Hole
Water
AZOTEA
137
Lookout Point
4666 Bogle
24
x4578
19
Rock
20
(BANDANNA POINT)
5048 I SE
542
543 32'30"
544
545



Righthand
Walt
Old
Gas Well
Zingako Comp Site
Gas Well
1
6
5
3897
BM 3938
3975
4290
3927
Smith FED GAS Com #3
Malone ASA FED Com #1
Smith FED GAS Com 2
Gas Well
NM-99640
NM-98631
12
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