

N. M. Oil Cons. Division

811 S. 1ST ST.

ARTESIA SHIMMER IN THE

RECEIVED

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

JUL - 5 1996

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK: DRILL [X] DEEPEN [] OIL CON. DIV

b. TYPE OF WELL: OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE [] DIST. 2

2. NAME OF OPERATOR: YATES PETROLEUM CORPORATION 25575

3. ADDRESS AND TELEPHONE NO.: 105 South Fourth Street, Artesia, NM 88210 (505) 748-1471

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.): 1300' FSL and 2250' FWL, Unit Letter N At surface At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 36 miles Northeast of Roswell, NM

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 4400'

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3798' GR

5. LEASE DESIGNATION AND SERIAL NO. NM-9982 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 7. UNIT AGREEMENT NAME 8. FARM OR LEASE NAME, WELL NO. Teckla MD Fed. #8 12824 9. API WELL NO. 30-005-63100 10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo 82730 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 12-T6S-R25E 12. COUNTY OR PARISH Chaves 13. STATE NM 17. NO. OF ACRES ASSIGNED TO THIS WELL 160 20. ROTARY OR CABLE TOOLS Rotary 22. APPROX. DATE WORK WILL START*

PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes handwritten notes: Post ID-1 7-12-96 New Loc & API

Yates Petroleum Corporation proposes to drill and test the Abo and intermediate formations. Approximately 700' of surface casing will be set and cemented circulated to the surface. (*If lost circulation is encountered, 8 5/8" casing will be set to approximately 1600'. Hole size will be reduced to 6.125".) If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Spud to 700' with FW Gel/LCM; 700' to 3600' with cut brine; 3600' to TD with SW Gel/Starch/Oil.

BOPE PROGRAM: BOPE will be installed on the 13 3/8" casing and tested daily for operational.

GAS NOT DEDICATED.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

NSL-

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: Clifton R. May TITLE: Regulatory Agent DATE: 5-31-96 (This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

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:

APPROVED BY: T.R. Keegan TITLE: Area Manager DATE: 6/21/96

*See Instructions On Reverse Side

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|--|--|--------------------------------|---------------------|
| 1 API Number 30-005-63100 | | 2 Pool Code 82730 | | 3 Pool Name PECOS SLOPE Abo | |
| 4 Property Code | | 5 Property Name TECKLA "MD" FEDERAL | | | 6 Well Number 8 |
| 7 OGRID No. 025575 | | 8 Operator Name YATES PETROLEUM CORPORATION | | | 9 Elevation 3798 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 12 | 6S | 25E | | 1300 | SOUTH | 2250 | WEST | CHAVES |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

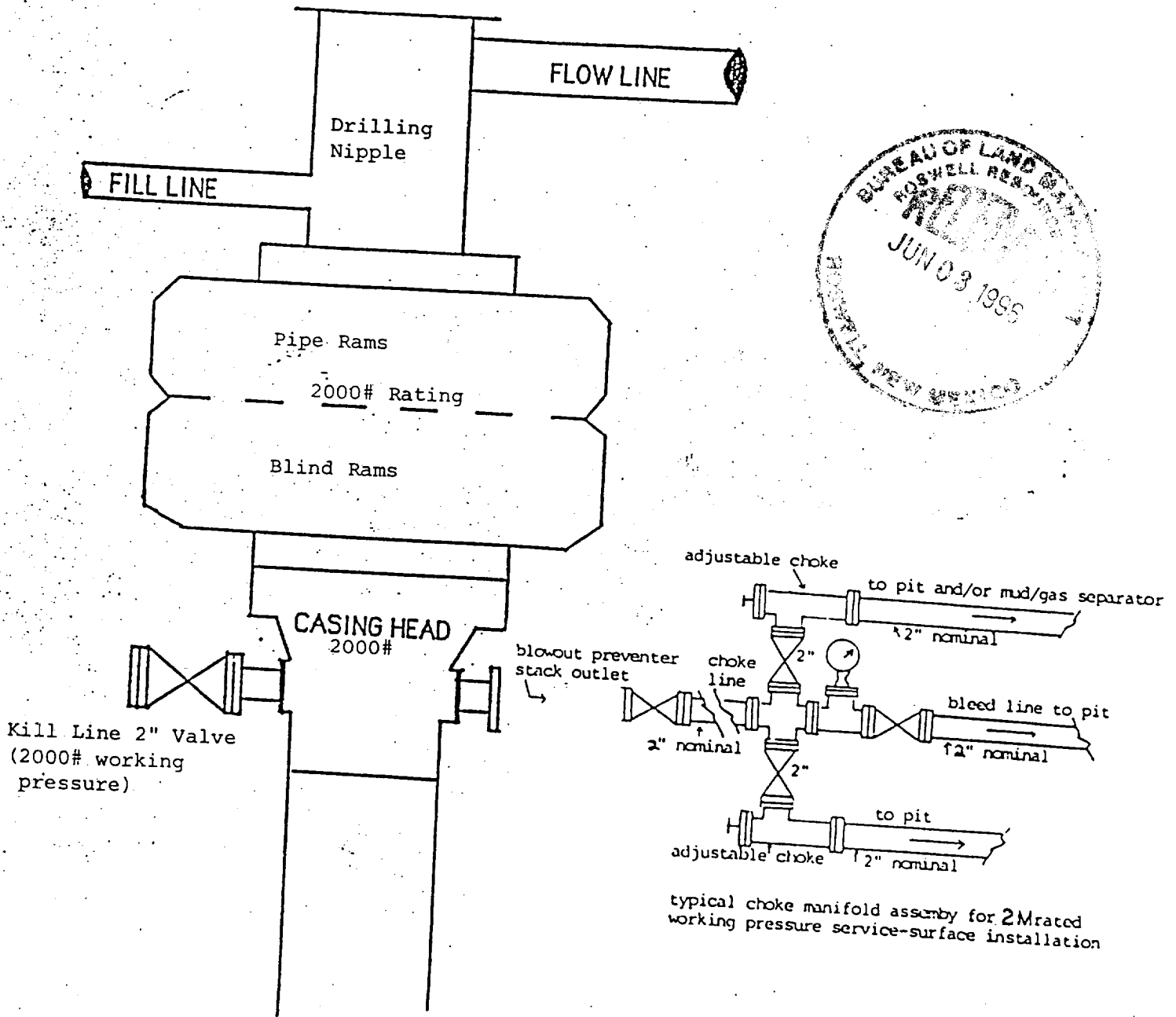
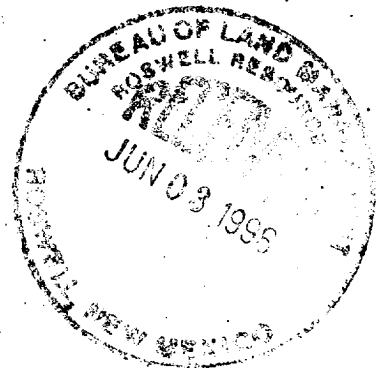
| | | | |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 160 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---------------------------|--------------------|-----------------------|--------------|

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

| | | |
|--------|---|--|
| 16 | 17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature Clifton R. May Printed Name Regulatory Agent Title 5-31-96 Date | |
| | 18 SURVEYOR CERTIFICATION <i>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.</i> 5/21/96 Date of Survey Signature and Seal of Professional Surveyor | |

YATES PETROLEUM CORPORATION

Teckla MD Fed. #8
1300' FSL and 2250' FWL
Sec. 12-T6S-R25E
Chaves County, New Mexico
Exhibit B



typical choke manifold assembly for 2M rated working pressure service-surface installation

**BLOWOUT PREVENTER
2M SYSTEM**