

N.M. Oil Cons IV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0166
Expires November 30, 2000



1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		Lease Serial No. NMNM26069
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator YATES PETROLEUM CORPORATION Contact: ROBERT ASHER E-Mail: landdept@ypcnm.com		7. If Unit or CA Agreement, Name and No.
3a. Address 105 S. 4TH ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505.768.4364 Fx: 505.748.4572	8. Lease Name and Well No. MARGENE AWM FEDERAL 2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSE 800FSL 1980FEL At proposed prod. zone SWSE 800FSL 1980FEL Unit 0		9. API Well No. 30-005-63457
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 20 MILES NE OF ROSWELL, NEW MEXICO		10. Field and Pool, or Exploratory WILDCAT Undes. Foor Ranch Pre-Permian
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 800'	16. No. of Acres in Lease	11. Sec., T., R., M., or Blk. and Survey or Area Sec 20 T9S R26E Mer NMP
17. Spacing Unit dedicated to this well 320.00	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1550'	12. County or Parish CHAVES
19. Proposed Depth 6010 MD	20. BLM/BIA Bond No. on file	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3751 GL	22. Approximate date work will start	23. Estimated duration 30 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:

- 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 officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) CLIFTON R. MAY Ph: 505.748.1471	Date 12/03/2001
Title REGULATORY AGENT		
Approved by (Signature) /s/LARRY D. BRAY	Name (Printed/Typed)	MAR 01 2002
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	

Application approval does not warrant or certify 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 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.

Additional Operator Remarks (see next page)

Electronic Submission #9535 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Roswell
Committed to AFMSS for processing by Armando Lopez on 12/03/2001 (02AL0014AE)

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

Additional Operator Remarks:

NO REMARK PROVIDED

Revisions to Operator-Submitted Data for APD #9535

Operator Submitted

Lease: NM-26069

Agreement: N/A

Operator: YATES PETROLEUM CORPORATION
105 SOUTH 4TH STREET
ARTESIA, NM 88210
Ph: 505.748.1471
Fx: 505.748.4572

Admin Contact: ROBERT ASHER
REGULATORY TECHNICIAN
105 SOUTH 4TH STREET
ARTESIA, NM 88210
Ph: 505.748.4364
Fx: 505.748.4572
E-Mail: landdept@ypcnm.com

Tech Contact: CLIFTON R. MAY
REGULATORY AGENT
105 S. 4TH STREET
ARTESIA, NM 88210

Well Name: MARGENE AWM FEDERAL
Number: 2

Location:
State: NM
County: CHAVES
S/T/R: Sec 20 T9S R26E Mer NMP
Surf Loc: SWSE 800FSL 1980FEL

Field/Pool: UNDESIGNATED FOOR RANCH, ~~WILDCAT~~

Bond: NM-2811

BLM Revised (AFMSS)

NMNM26069

YATES PETROLEUM CORPORATION
105 S. 4TH
ARTESIA, NM 88210

ROBERT ASHER
REGULATORY TECHNICIAN
105 S. 4TH
ARTESIA, NM 88210
Ph: 505.768.4364
Fx: 505.748.4572
E-Mail: landdept@ypcnm.com

CLIFTON R. MAY
REGULATORY AGENT
105 S. 4TH
ARTESIA, NM 88210

MARGENE AWM FEDERAL
2

NM
CHAVES
Sec 20 T9S R26E Mer NMP
SWSE 800FSL 1980FEL

WILDCAT

DISTRICT I
1826 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elc Brason Rd., Aztec, 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 Undesignated Foor Ranch, MADA
Property Code	Property Name MARGENE "AWM" FEDERAL	Well Number 2
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3751

Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County
0	20	9S	26E		800	SOUTH	1980	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

		NM-26069	Proposed Well #1
		N.33°30'47.1" W.104°19'03.1"	

OPERATOR CERTIFICATION

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

Clifton R. May
Signature
Clifton R. May
Printed Name
Regulatory Agent
Title
November 30, 2001
Date

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.

8/16/2001
Date Surveyed
Signature of Professional Surveyor

 Certificate No. Herschel Jones RLS 3640
 MARGENE
 GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION

Margene "AWM" Federal #2

800' FSL and 1980' FEL

Section 20-T9S-R26E

Chaves County, New Mexico

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

San Andres	900'
Glorieta	1960'
Yeso	2060'
Tubb	3515'
Abo	4270'
Wolfcamp	4885'
Cisco	5510'
Penn Clastics	5560'
Mississipian	5705'
Ordovician	5760'
Basement-Granite	5860'
TD	6010'

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

Water: 150'-200'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" 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>Coupling</u>	<u>Interval</u>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1100'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6010'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 PSI to testing the casing and BOPE to 1000 PSI. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 PSI. We would have to go to the greater expense of hiring an independent service to do the testing. Also, the maximum shut-in bottom hole pressure is 1100 PSI. Pressure at the surface is much less. We feel that a 1000psi test will demonstrate that the BOPE is functioning properly and in the unlikely event of a gas in flux that the BOPE would be sufficient to control the well.

- A. CEMENTING PROGRAM:
Surface Casing: 250 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"
+ 2% CaCL₂ (YLD 1.33 WT 15.6).

Production Casing: 500 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3700'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW GEL, Paper, LCM	8.6 - 9.6	32-36	N/C
1100'-4240'	Brine	10.0 -10.2	28	N/C
4240'-6010'	Starch/Salt Gel	9.3 -10.2	32-40	<6/cc

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

6. EVALUATION PROGRAM:

Samples: 10' samples out from under surface casing.

Logging: CNL/LDT, W/NGT TD-Surf csg; with CNL/GR up to Surf; DLL/MSFL
TD-Surf csg: BHC Sonic TD-SURF CSG, FMI TD – Top of the Wolfcamp

Coring: Sidewall

DST's: None.

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

Anticipated BHP:

From: 0 TO: 1100'

From: 1100' TO: 6010'

Anticipated Max. BHP: 400 PSI

Anticipated Max. BHP: 2800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
CHAVES PETROLEUM CORPORATION
Margene "AWM" Federal #2
800' FSL and 1980' FEL
Section 20-T9S-R26E
Chaves County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 20 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east out of Roswell, NM on HWY 380 to Alamo Road. Turn north and go approx. 1.9 miles to Y. Take left fork for approx. 1.6 miles to another Y. Take right fork and go approx. 2.3 miles to a crossroad. Turn right (North) and go approx. 1.9 miles (just before corrals). Turn right (East) and go around pit for approx. 0.8 of a mile to the Rolla TC Fed. #2 location. The new access will start here and go NE approx. 0.5 miles to the SE corner of the well pad.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.5 mile in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a northerly 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. Existing roads will be maintained in the same or better condition.
- D. One cattle guard will be needed.

3. LOCATION OF EXISTING WELL:

- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIALS:

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

7. METHODS OF HANDLING WASTE DISPOSAL:

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

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:

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

10. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP: The access road and location is on private lands belonging to Mr. Jack Hagelstein, P.O. Box 2074, Hobbs, NM 88241, Home (505) 392-4275, Ranch (505) 623-7046. I certify that Yates Petroleum Corporation has reached an agreement with Mr. Hagelstein as to YPC's operations that are to be conducted on his lands.

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.

3. OPERATOR'S REPRESENTATIVE:


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

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

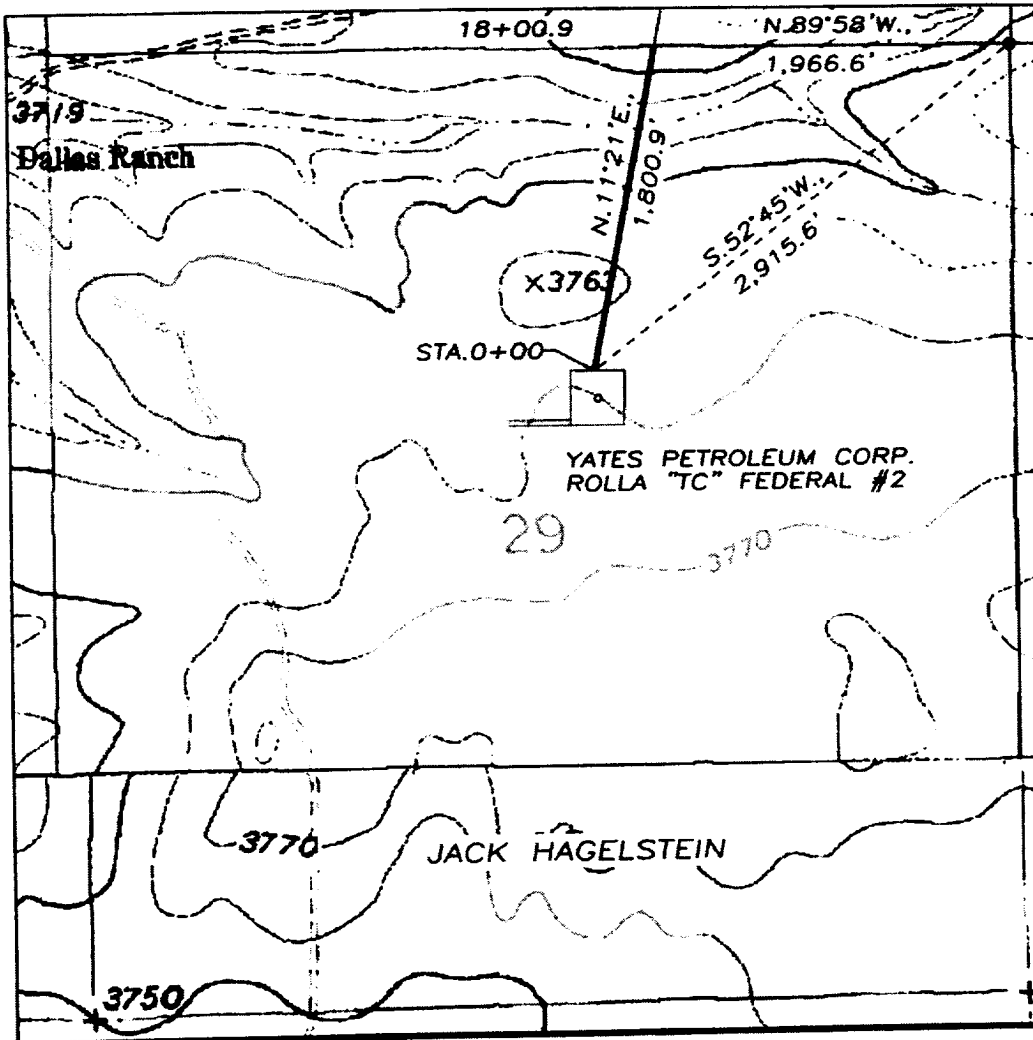
14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

11/30/2001


Regulatory Agent

SECTION 29, TOWNSHIP 9 S TH, RANGE 26 EAST, NMPM, CHAVE COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE FOLLOWING DESCRIBED SURVEY CENTERLINE;

BEGINNING AT STA. 0+00, A POINT LOCATED S. 52° 45' W., 2,915.6 FEET DISTANT FROM THE NORTHEAST CORNER OF SECTION 29, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO; THENCE N. 11° 21' E., 1,800.9 FEET TO STA. 18+00.9, A POINT LOCATED N. 89° 58' W., 1,966.6 FEET DISTANT FROM THE NORTHEAST CORNER OF SAID SECTION 29.

1,800.9 FEET = 109.1455 RODS, MORE OR LESS.

Yates Petroleum Corporation
Margene "AWM" Federal #2
800' FSL & 1980' FEL
Section 20-T9S-R26E
Chaves County, New Mexico
Exhibit "A-1"

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.

3640
HERSCHEL L. JONES, P.E., L.S. No. 3640

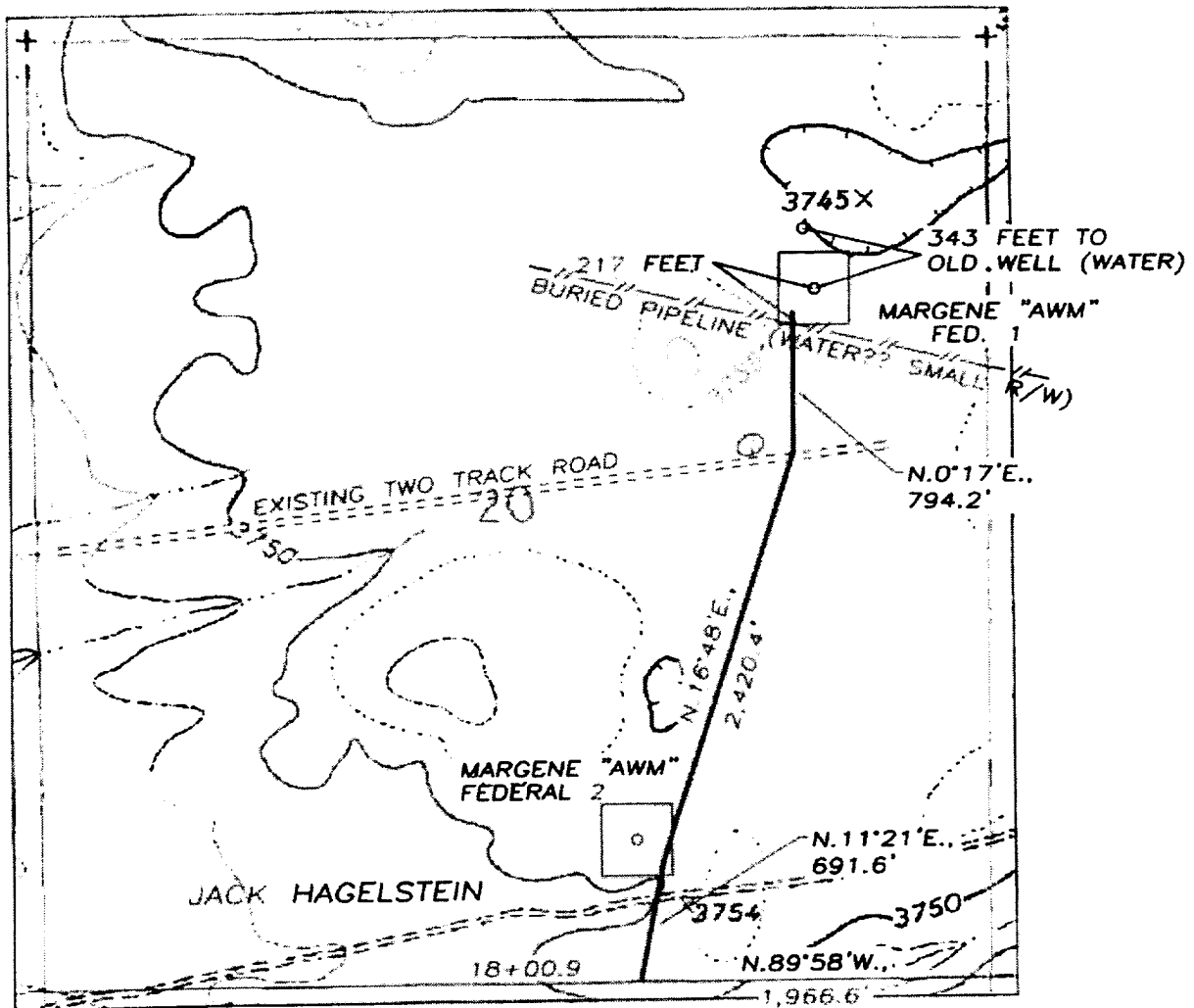
GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES MARGENE "AWM" FEDERAL #1 AND 2, LOCATED IN SECTION 20, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 11/27/2001	Sheet 1 of 2 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/28/01	Scale 1" = 1000' MARGENE 1

SECTION 20, TOWNSHIP 9 S TH, RANGE 26 EAST, NMPM, CHAVE COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 3,906.2 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT. LEASE ROAD AS SHOWN IS ON LEASE.

3,906.2 FEET = 236.7394 RODS, MORE OR LESS.

Yates Petroleum Corporation
Margene "AWM" Federal #2
800' FSL & 1980' FEL
Section 20-T9S-R26E
Chaves County, New Mexico
Exhibit "A-2"

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 SURVEYING IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

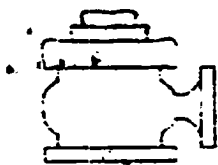
HERSCHEL L. JONES, P.E. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES MARGENE "AWM" FEDERAL #1 AND 2, LOCATED IN SECTION 20, TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM, CHAVES COUNTY, NEW MEXICO.

Survey Date: 11/27/2001	Sheet 2 of 2 Sheets
Drawn By: Ed Blavins	W.O. Number
Date: 11/28/01	Scale 1" = 1000' MARGENE 1



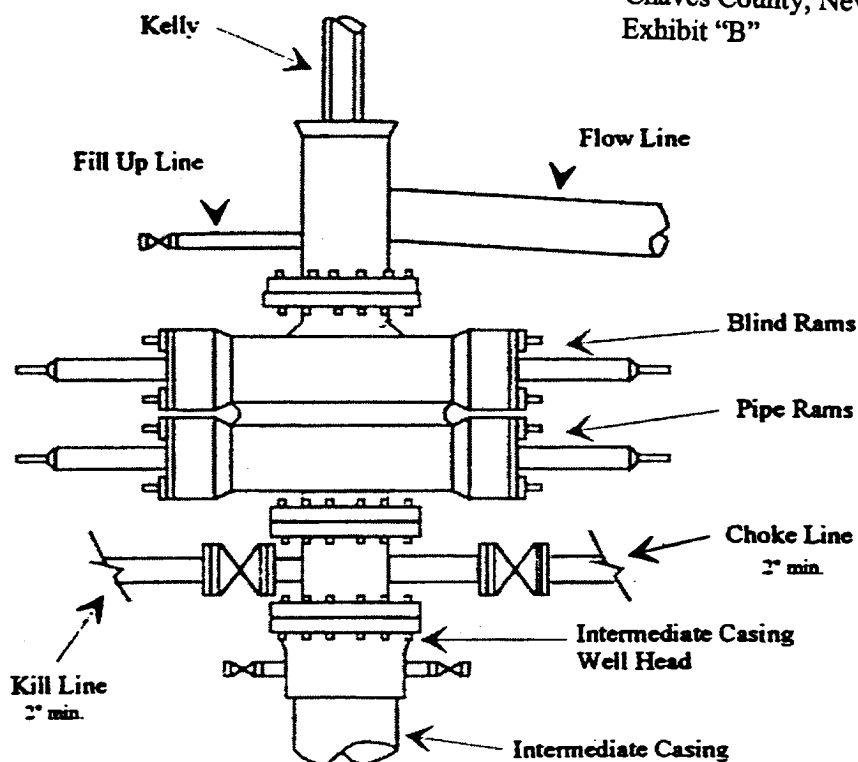
Yates Petroleum Corporation

BOP-2

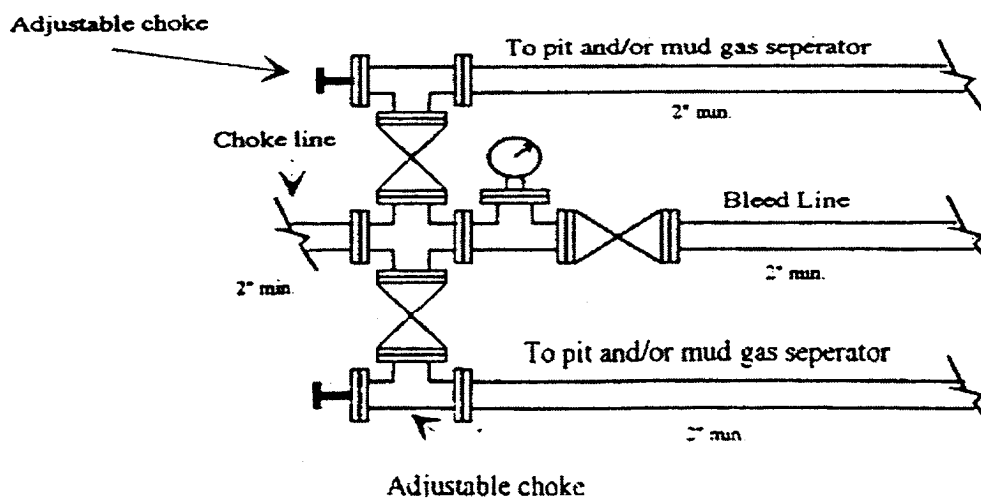
Typical 2,000 psi Pressure System Schematic

Double Ram Preventer Stack

Yates Petroleum Corporation
Margene "AWM" Federal #2
800' FSL & 1980' FEL
Section 20-T9S-R26E
Chaves County, New Mexico
Exhibit "B"



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

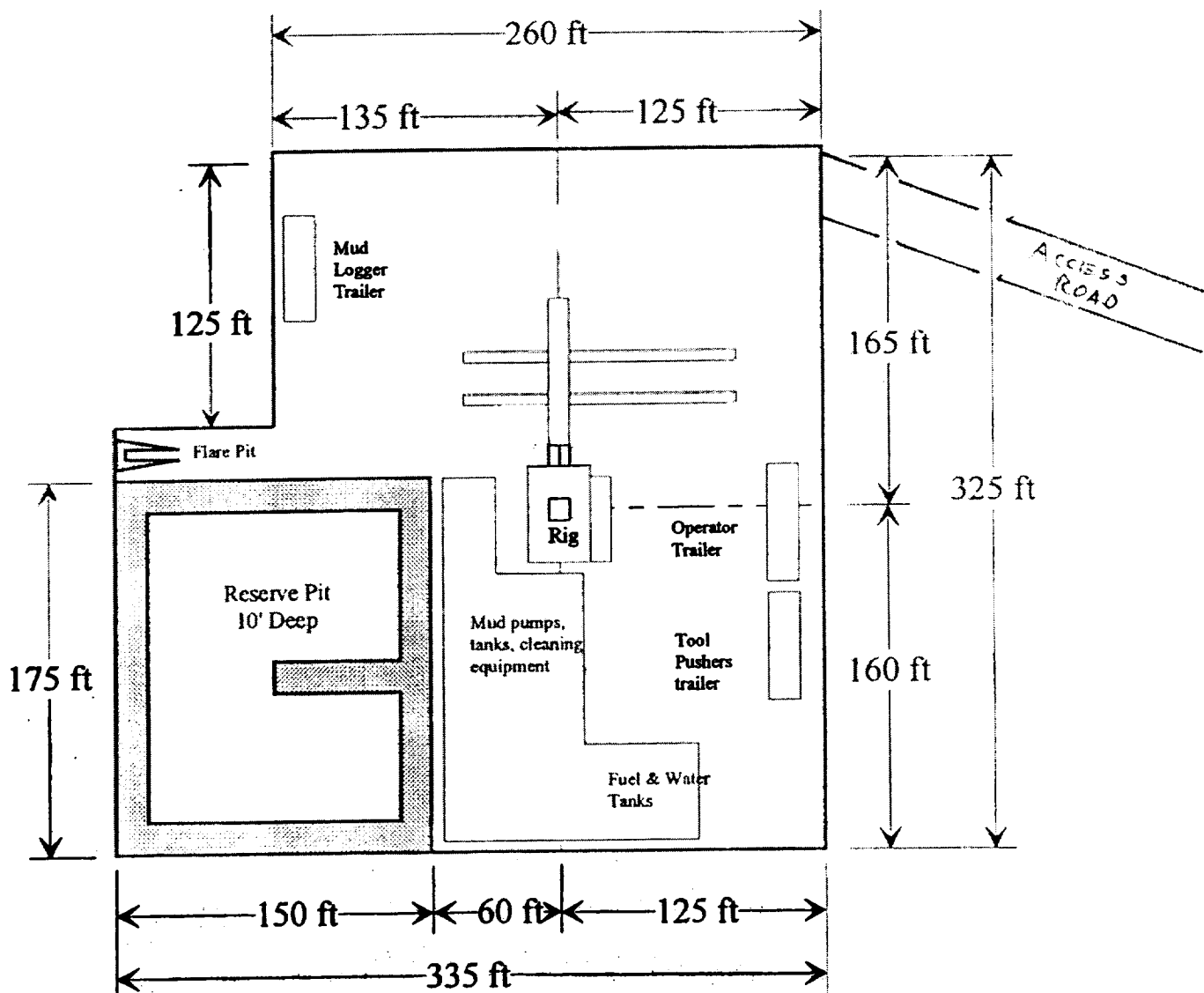
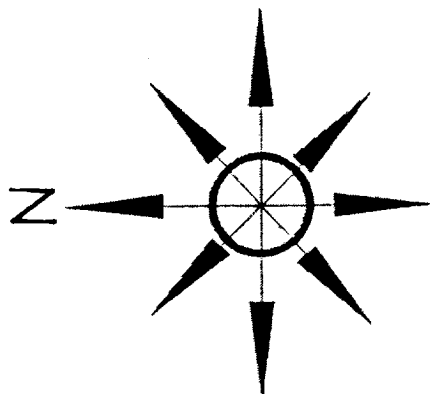


Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'

Yates Petroleum Corporation
 Margene "AWM" Federal #2
 800' FSL & 1980' FEL
 Section 20-T9S-R26E
 Chaves County, New Mexico
 Exhibit "C"



Distance from Well
 Head to Reserve Pit
 will vary between rigs

The above dimension
 should be a maximum

