

**NM OIL CONS. COMMISSION
DRAWER DD
ARTESIA, NM 88210**

clsf

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*

(Other instructions on reverse side)

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

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-76936	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME 	
2. NAME OF OPERATOR YATES PETROLEUM CORPORATION		7. UNIT AGREEMENT NAME 	
3. ADDRESS AND TELEPHONE NO. 105 South Fourth Street, Artesia, New Mexico 88210		8. FARM OR LEASE NAME, WELL NO. Sunflower AHW Federal #4	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface: 1980' FSL and 660' FEL At proposed prod. zone: Same		9. API WELL NO. 30-015-28161	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 30 miles SW of Artesia, New Mexico		10. FIELD AND POOL, OR WILDCAT Siegreist Draw Abo	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)		11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA 96215	
16. NO. OF ACRES IN LEASE 677.60		12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE New Mexico	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 4300'		19. PROPOSED DEPTH 4300'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* ASAP	
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 3857' GR		23. PROPOSED CASING AND CEMENTING PROGRAM	

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/4"	54.5#	400'	325 sx <u>circulated</u>
12 1/4"	8 5/8"	24#	1400'	650 sx <u>circulated</u>
7 5/8"	5 1/2"	15.5#	TD	800 sx <u>(TIE BACK)</u>

YATES PETROLEUM CORPORATION PROPOSES TO DRILL AND TEST THE ABO AND INTERMEDIATE FORMATIONS. APPROXIMATELY 400' OF SURFACE CASING WILL BE SET AND CEMENT CIRCULATED TO SHUT OFF GRAVEL AND CAVINGS. WE WILL RUN INTERMEDIATE CASING AND IF COMMERCIAL, PRODUCTION CASING WILL BE RUN AND CEMENTED, WILL PERFORATE AND STIMULATE AS NEEDED FOR PRODUCTION.

MUD PROGRAM: FW SPUD TO 400'; FW W/LCM SWEEPS TO 1400'; CUT BRINE, STARCH TO TD.

BOP PROGRAM: BOP'S WILL BE INSTALLED AND TESTED DAILY.

*Post ID-1
10-21-94
New Loc & API*

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 Van Buren TITLE LANDMAN DATE 8/23/94

(This space for Federal or State office use)

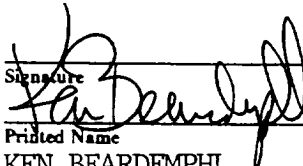
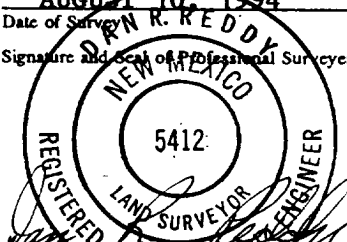
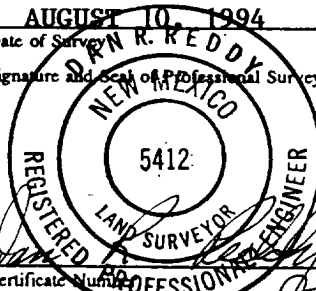
PERMIT NO. _____ APPROVAL DATE _____

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 Scott Powers TITLE AREA MANAGER DATE 10-5-94

*See Instructions On Reverse Side

16					<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div>Signature: </div> <div>Printed Name: KEN BEARDEMPHL</div> <div>Title: LANDMAN</div> <div>Date: 8/23/94</div>
					<div>18 SURVEYOR CERTIFICATION</div> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <div>Date of Survey: AUGUST 10, 1994</div> <div>Signature and Seal of Professional Surveyor: </div> <div></div> <div>Certificate Number: NM PRS-NO. 5412</div>

YATES PETROLEUM CORPORATION

YATES PETROLEUM CORPORATION
105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

SUNFLOWER "AHW" FEDERAL #4
1980' FSL AND 660' FEL
SECTION 31-T19S-R24E
EDDY COUNTY, NEW MEXICO

EXHIBIT B

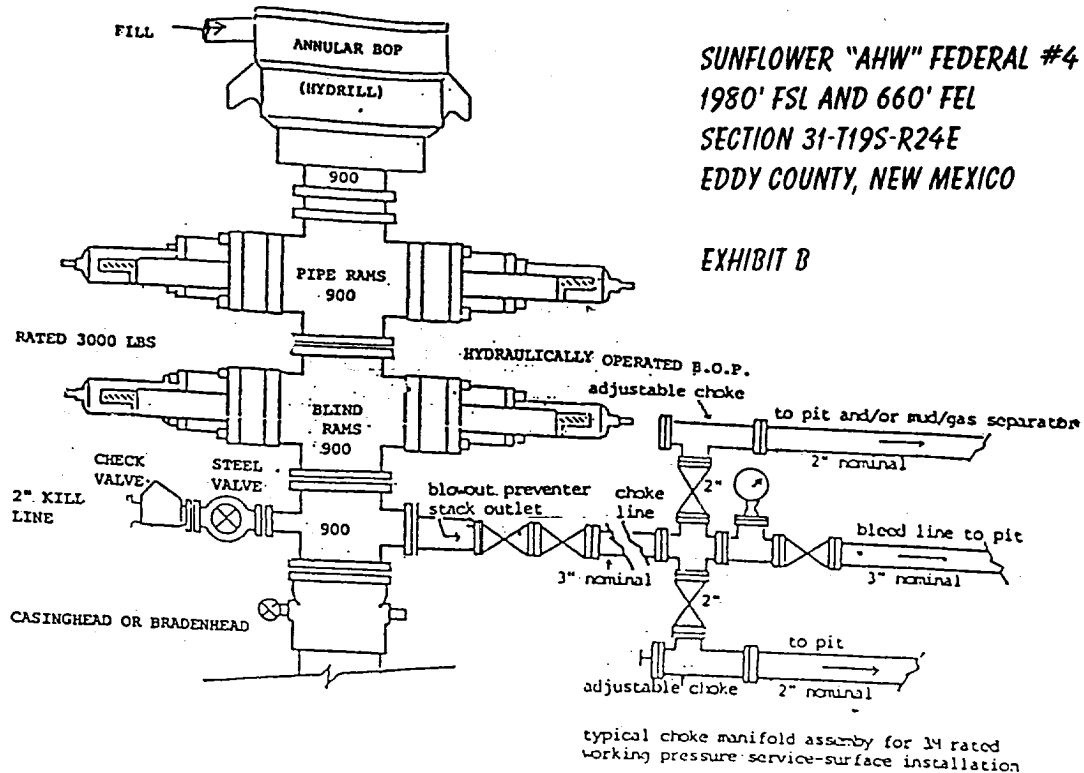


EXHIBIT B

THE FOLLOWING CONSTITUTES THE MINIMUM BLOWOUT PREVENTER
REQUIREMENTS FOR 3000 PSI WP SYSTEMS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 3" diameter.
3. Kill line to be of all steel construction of 3" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. Hole or tube to be a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls to be located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing.