

| | | | | | |
|---------------------|----------------|--------------------|-----------------|-----------------|----------------------------|
| DATE IN 6-3-2005 | SUSPENSE NA | ENGINEER Stozer | LOGGED IN MS | TYPE NSP/NSL | APP NO. PMESD-516037437 |
|---------------------|----------------|--------------------|-----------------|-----------------|----------------------------|

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 NSL

RECEIVED

JUN 3 2005

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

[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

5/31/2005
 Date

cyc@ypcnm.com
 e-mail Address

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

May 31, 2005

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

Certified Mail
Return Receipt Request

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JUN 2 2005

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Application for Unorthodox Location
Arley Federal Unit #4
2153' FSL and 926' FEL
Section 1, T20S-R21E
Eddy County, New Mexico

Dear Mr. Stogner

Yates Petroleum Corporation respectfully requests administrative approval for the captioned Wildcat Chester well.

The Arley Federal Unit #4 was originally located at 2500' FSL and 660' FEL was moved to the captioned unorthodox location on the recommendation by Mr. Barry Hunt, Surface Protection Specialist, BLM, Carlsbad Field Office because the original location placed it on the side of an embankment, putting the location unorthodox will place the well pad on more suitable terrain for location construction.

Yates Petroleum Corporation is the offset operator to the east therefore Yates requests administrative approval for this unorthodox location at your earliest convenience. We also wish this approval to cover the following formations being the Wildcat Wolfcamp, Wildcat Upper Penn (Cisco-Canyon), Wildcat Strawn, Bunting Ranch Atoka, and Bunting Ranch Morrow.

Enclosed please find our Administrative Application Check List and supporting information.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION


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.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct. **This information is correct.**
- IV. Original or clear copy of topo 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 for detail)
 - A. The proposed well location and proration unit.
 - B. An outline of the orthodox drilling windows as provided in the application rules for the subject application.
 - C. The location of the 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.
- 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. **Enclosed.**
 - 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.
N/A.

- D. The location of any archeological sites identified in the archeological survey.
See V-D Topo map.
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location. **Topography.**
- 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.
Archaeological Report Attached.
- 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, please see Archaeological Report.**
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
Information not available.
- IX. 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. **Moving the location to the east is moving it towards a Yates Petroleum Corporation lease. Please see III.**

Thank you.

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

0
OMB No. 1004-0136
Expires November 30, 20005. Lease Serial No.
NM-103573

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Arley Federal Unit #4

9. API Well No.

1a. Type of Work: ☒ DRILL ☐ REENTERb. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street
Artesia, New Mexico 882103b. Phone No. (include area code)
(505) 748-147110. Field and Pool, or Exploratory
Wildcat Chester

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

At surface 2153' FSL and 926' FEL

At proposed prod. Zone

11. Sec., T., R., M., or Blk. and Survey or Area
Section 1, T20S-R21E

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

Approximately 29 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)

926'

16. No. of Acres in lease

2017.45

17. Spacing Unit dedicated to this well

320 E/2

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

1/2 mile

19. Proposed Depth
8250'

20. BLM/BIA Bond No. on file

585997

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

4255' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 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

5/4/04

Regulatory Agent

Regulatory Agent

Approved by (Signature)

Name (Printed/Typed)

Date

Joe G. Lara

6/8/04

Title

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.

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)

Controlled Water Basin

Witness Surface Casing

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT II

611 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

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 Wildcat Chester |
| Property Code | Property Name ARLEY FEDERAL UNIT | | Well Number 4 |
| GRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | | Elevation 4254 |

Surface Location


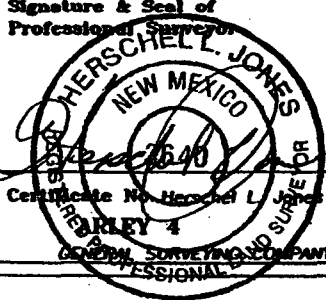
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 1 | 20S | 21E | | 2153 | SOUTH | 926 | EAST | EDDY |

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

| | | | |
|------------------------|-----------------|--------------------|-----------|
| 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-103573 | | OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature Cy Cowan Printed Name Regulatory Agent Title May 4, 2004 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. 4/16/2004 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 ARLEY 4 GENERAL SURVEYING COMPANY PROFESSIONAL | |

N.32°35'55.9"
W.104°44'31.3"

4261 4241
4230 4232
926'
2153'

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

JOYATES PETROLEUM CORPORATION
Arley Federal Unit #4
2153' FSL and 926' FEL
Section 28, T20S-R21E
Eddy County, New Mexico

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

| | | | |
|------------|-------|---------------|-------|
| San Andres | 400' | Strawn | 7010' |
| Glorietta | 1840' | Atoka | 7630' |
| Upper Yeso | 2100' | Morrow | 7630' |
| Tubb | 2810' | Middle Morrow | 7870' |
| Lower Yeso | 2940' | Lower Morrow | 7955' |
| Abo | 3460' | Base Morrow | 8070' |
| Wolfcamp | 4790' | Chester Lime | 8130' |
| Cisco | 5910' | TD | 8250' |

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

Water: 200' - 300'
Oil or Gas: All potential zones

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 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> |
|------------------|--------------------|---------------|--------------|---------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 48# | H-40 | ST&C | 0-350' | 350' |
| 12 1/4" | 9 5/8" | 36# | J-55 | ST&C | 0-1600' | 1600' |
| 8 3/4" | 5 1/2" | 17# | J-55 | LT&C | 0-100' | 100' |
| 8 3/4" | 5 1/2" | 15.5# | J-55 | LT&C | 100'-6800' | 6700' |
| 8 3/4" | 5 1/2" | 17# | J-55 | LT&C | 6200'-8250' | 1450' |

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a variance to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

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

B. CEMENTING PROGRAM:

Surface casing: 300 sacks "C" + 2% CaCl₂ (YLD 1.32 WT 15.6)

Intermediate Casing: 500 sx Lite (YLD 2.0 WT 12.5). Tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.32 WT 15.6)

Production Casing: TOC 1100'. 2250 sacks Super "H" Modified (YLD 1.67 WT 13.0)

5. Mud Program and Auxiliary Equipment:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|------------------|---------------|------------------|-------------------|
| Spud to 350' | FW/Air Mist | 8.4 | 28 | N/C |
| 350'-1600' | FW/Air Mist | 8.4 | 28 | N/C |
| 1600'-7300' | Cut Brine/4% KCL | 8.6-9.2 | 28 | N/C |
| 7300'-8250' | Salt Gel/Starch | 9.2-9.8 | 32-38 | <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' out from under intermediate casing to TD.

Logging: Platform Express-HALS, Possible FMI, Rotary Sidewall cores.

Coring: None Anticipated.

DST's: As Warranted, possible Abo, Wolf Camp, Lower Morrow.

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

Anticipated BHP:

| | | | |
|----------------------|-----------------------|------|-----|
| From: 0 TO 350' | Anticipated Max. BHP: | 175 | PSI |
| From: 350' TO 1600' | Anticipated Max. BHP: | 700 | PSI |
| From: 1600' TO 8250' | Anticipated Max. BHP: | 4050 | PSI |

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None

Maximum Bottom Hole Temperature: 189° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 10 days.

MULTI-JOINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Arley Federal Unit #4
2153' FSL AND 926' FEL
Section 1, T20S-R21E
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 29 miles Northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia of Highway 285 to Rock Daisy Road. Turn west on Rock Daisy and go to Armstrong Road. Turn south on Armstrong Road (CR 12) and go to the intersection of Armstrong Road and Deer Canyon Road (CR 24). Go down Deer Canyon Road for approx. 2 miles to a cattleguard. Continue for approx. .7 of a mile to an old two track going right. Follow two track along top of the ridge for approx. 1 mile. Road will "T". Turn right and follow two track to a cattle guard. Continue through cattleguard for approx. 1 mile. Road will come off top of ridge and cross Deer Canyon. Follow lease road to the Buckaroo AYG Federal #1 well location. The new road will start here from the north side of the location following a two track road going east.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately .8 of a mile in length from the point of origin to the southeast corner of drilling pad. The road will lie in an easterly then north 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. The new road will be bladed with drainage on one side. Traffic turnouts may be built.
- 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:

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 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 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 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:

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.

5/4/04

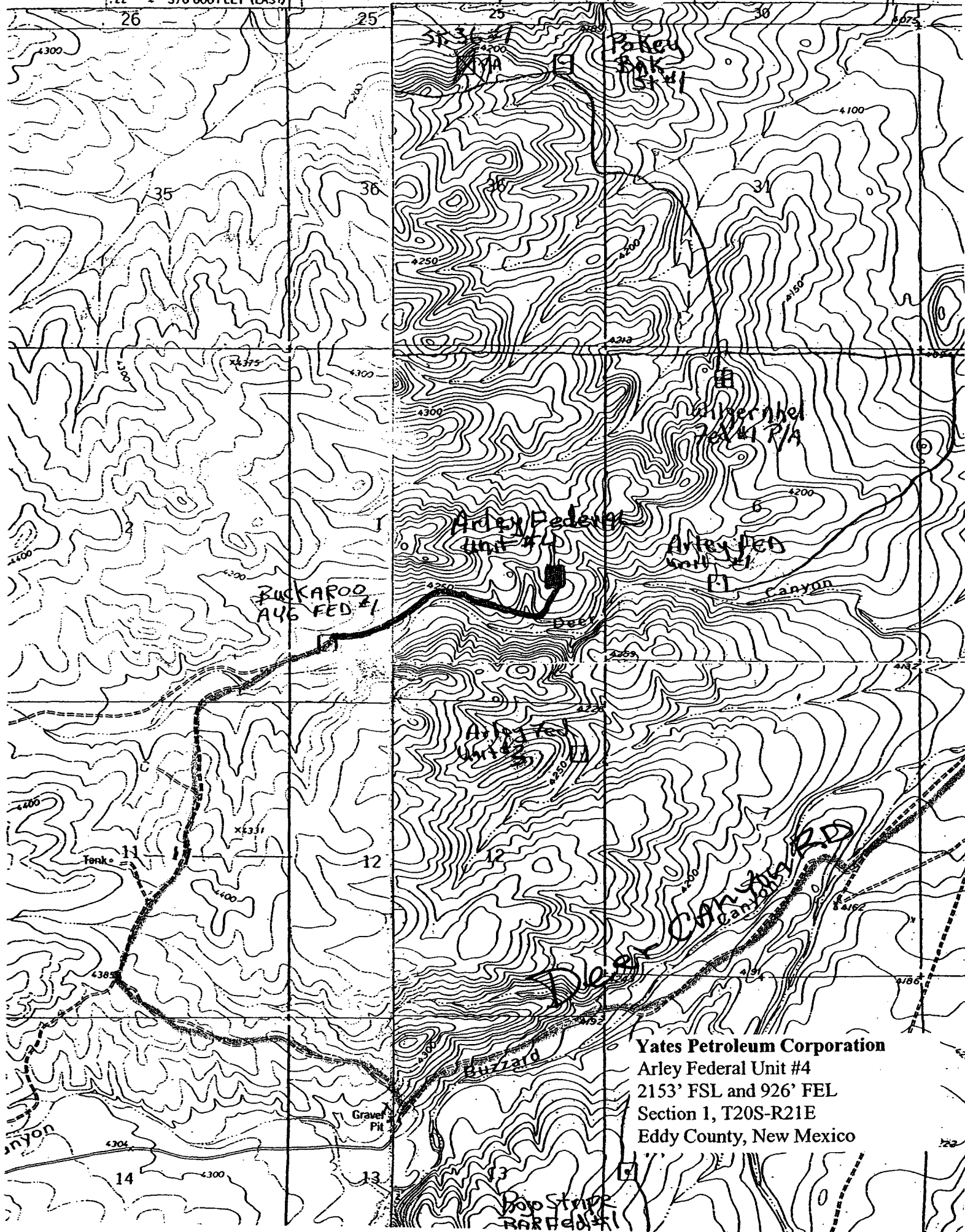

Regulatory Agent

122 370 000 FEET (EAST)

104°45'

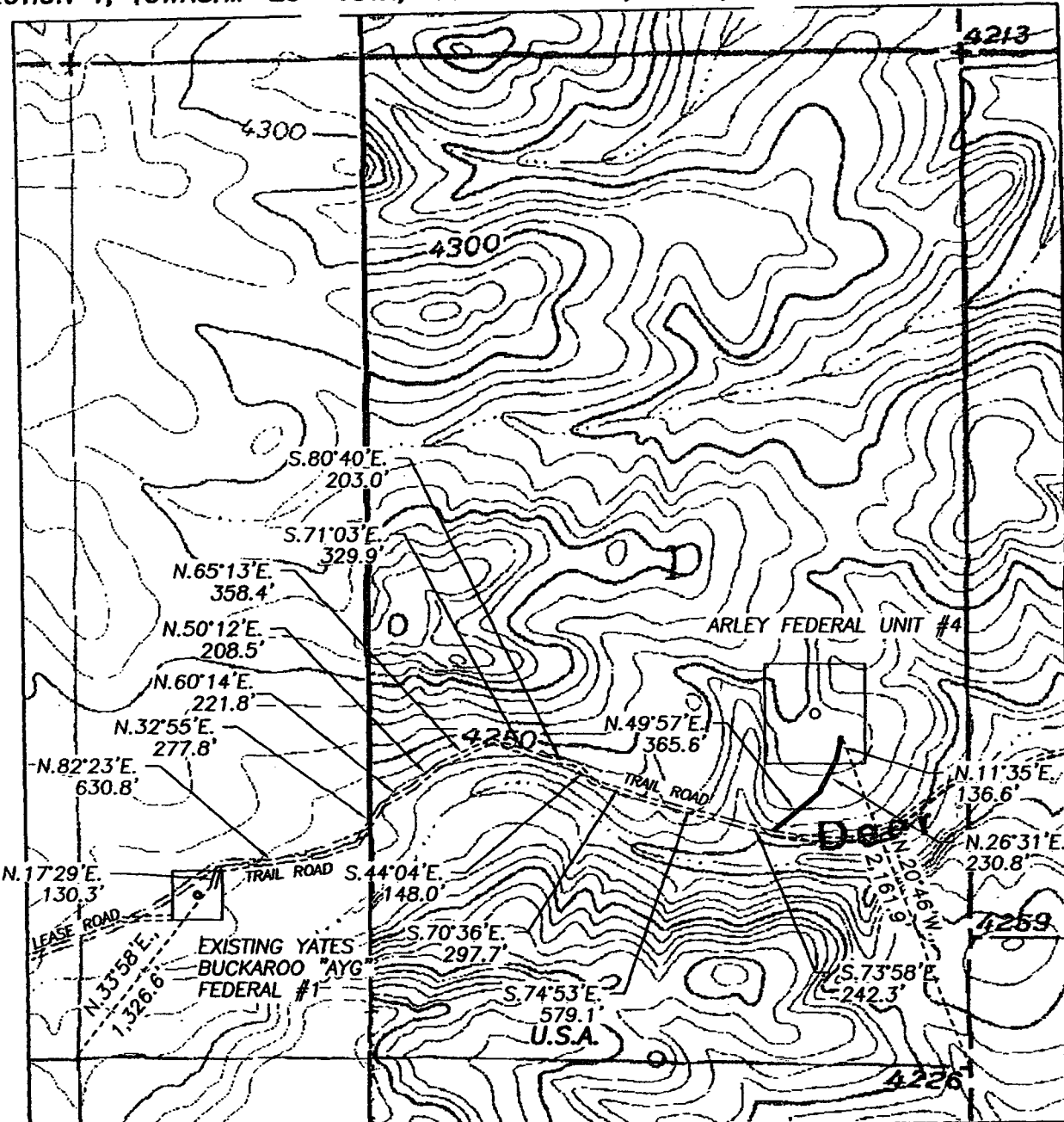
R. 21 E. R.

525000m. E.



Yates Petroleum Corporation
Arley Federal Unit #4
2153' FSL and 926' FEL
Section 1, T20S-R21E
Eddy County, New Mexico

SECTION 1, TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 4,360.6 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE EXISTING TRAIL ROAD AS SHOWN ON THIS PLAT.

TRAIL ROAD TO BE IMPROVED:

3,627.6 FEET = 219.8545 RODS, 0.6870 MILES OR 2.4983 ACRES, MORE OR LESS.

NEW LEASE ROAD:

733.0 FEET = 44.4242 RODS, 0.1388 MILES OR 0.5048 ACRES, MORE OR LESS.

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.

HERSCHEL R.L.S. No.3640

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

Scale 1" = 1000'

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES ARLEY FEDERAL UNIT #4 WELL, LOCATED IN SECTION 1, TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 4/16/2004

Sheet 1 of 1 Sheets

Drawn By: Ed Blevins

W.O. Number

Date: 4/17/04

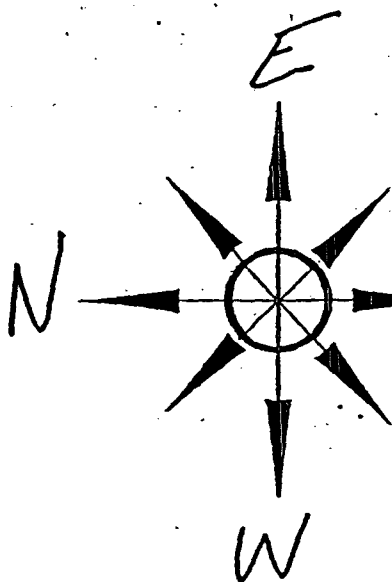
Scale 1" = 1000' ARLEY 4

PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin

Up to 12,000'



Pits North

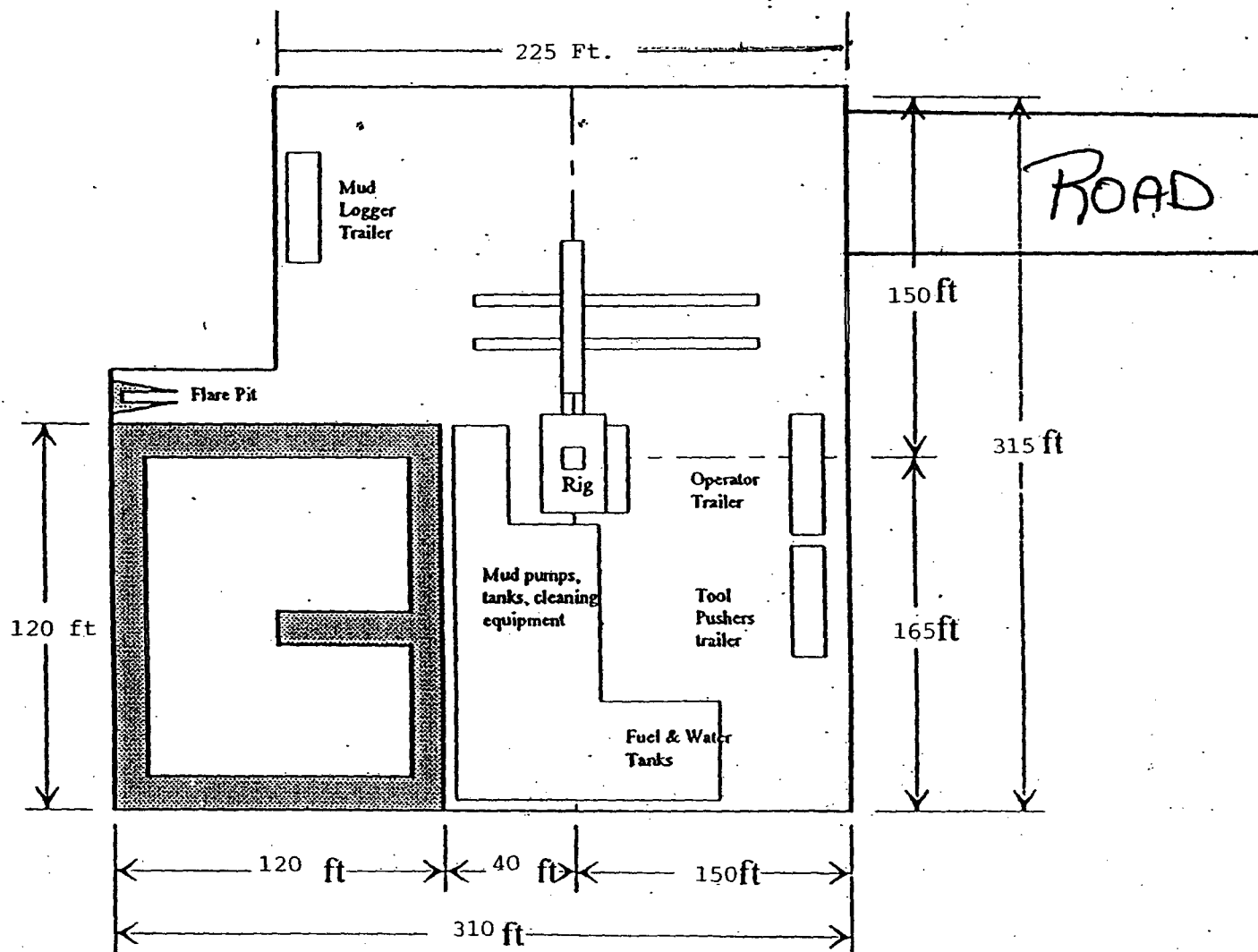
Yates Petroleum Corporation

Arley Federal Unit #4

2153' FSL and 926' FEL

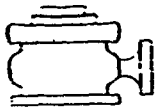
Section 1, T20S-R21E

Eddy County, New Mexico



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

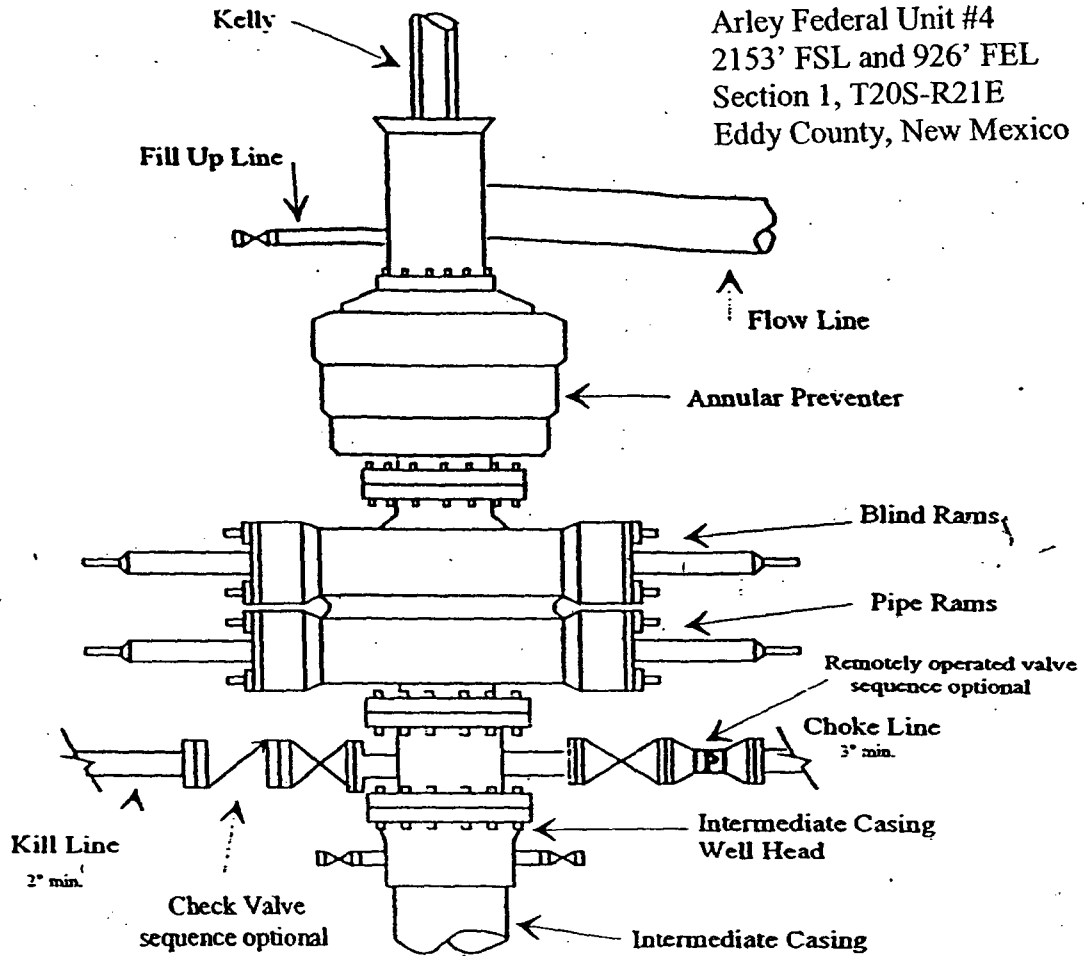


Yates Petroleum Corporation

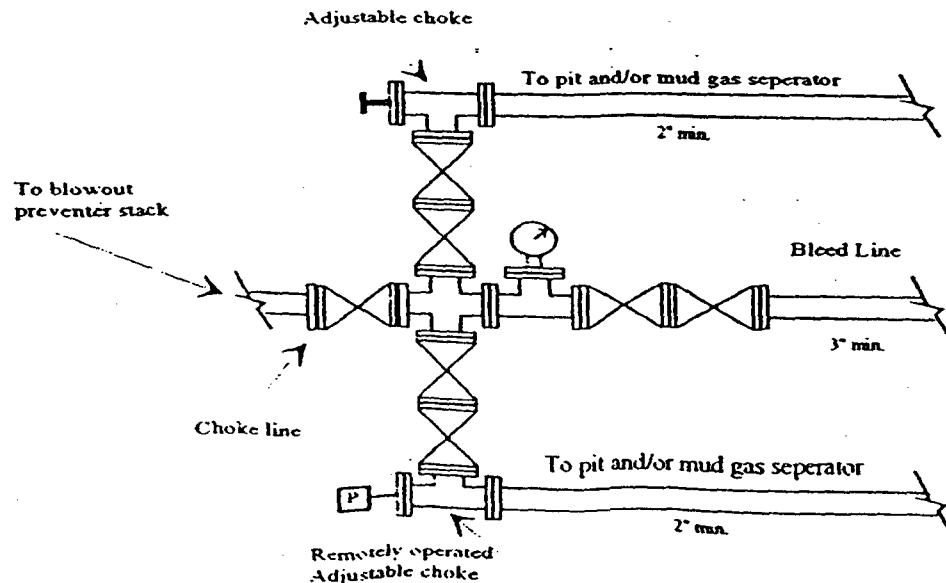
BOP-4

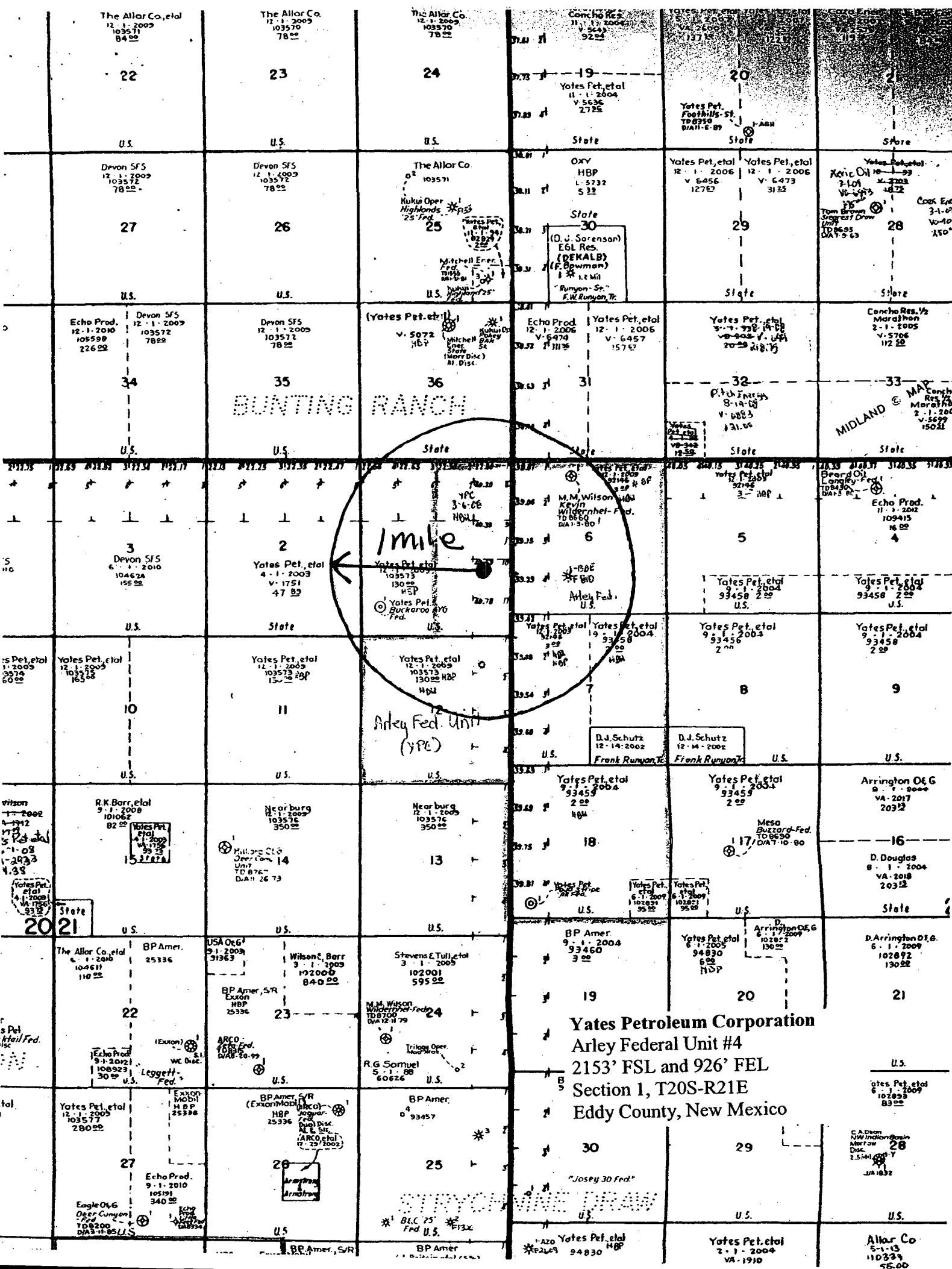
Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

Yates Petroleum Corporation
Arley Federal Unit #4
2153' FSL and 926' FEL
Section 1, T20S-R21E
Eddy County, New Mexico



Typical 5,000 psi choke manifold assembly with at least these minimum features





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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

II

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

| | | |
|---------------------|--|------------------------------|
| API Number | Pool Code | Pool Name Wildcat Chester |
| Property Code | Property Name ARLEY FEDERAL UNIT | Well Number 4 |
| OGRID No. 025575 | Operator Name YATES PETROLEUM CORPORATION | Elevation 4254 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 1 | 20S | 21E | | 2153 | SOUTH | 926 | EAST | EDDY |

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

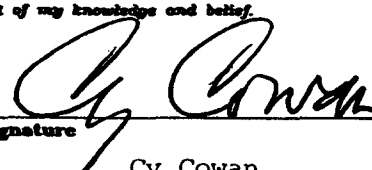
| | | | |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 320 | Joint or Infill | Consolidation Code | Order No. |
|------------------------|-----------------|--------------------|-----------|

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-103573 | |
| | | | |
| | | <p>N.32°35'55.9" W.104°44'31.3"</p> <p>4261 4241 4230 4232 926' 2153'</p> | |
| | | | |

OPERATOR CERTIFICATION

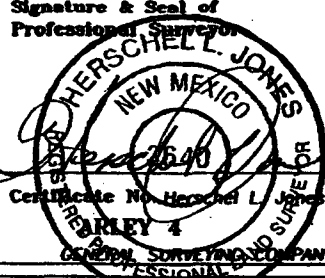
I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.


 Signature
 Cy Cowan
 Printed Name
 Regulatory Agent
 Title
 May 4, 2004
 Date

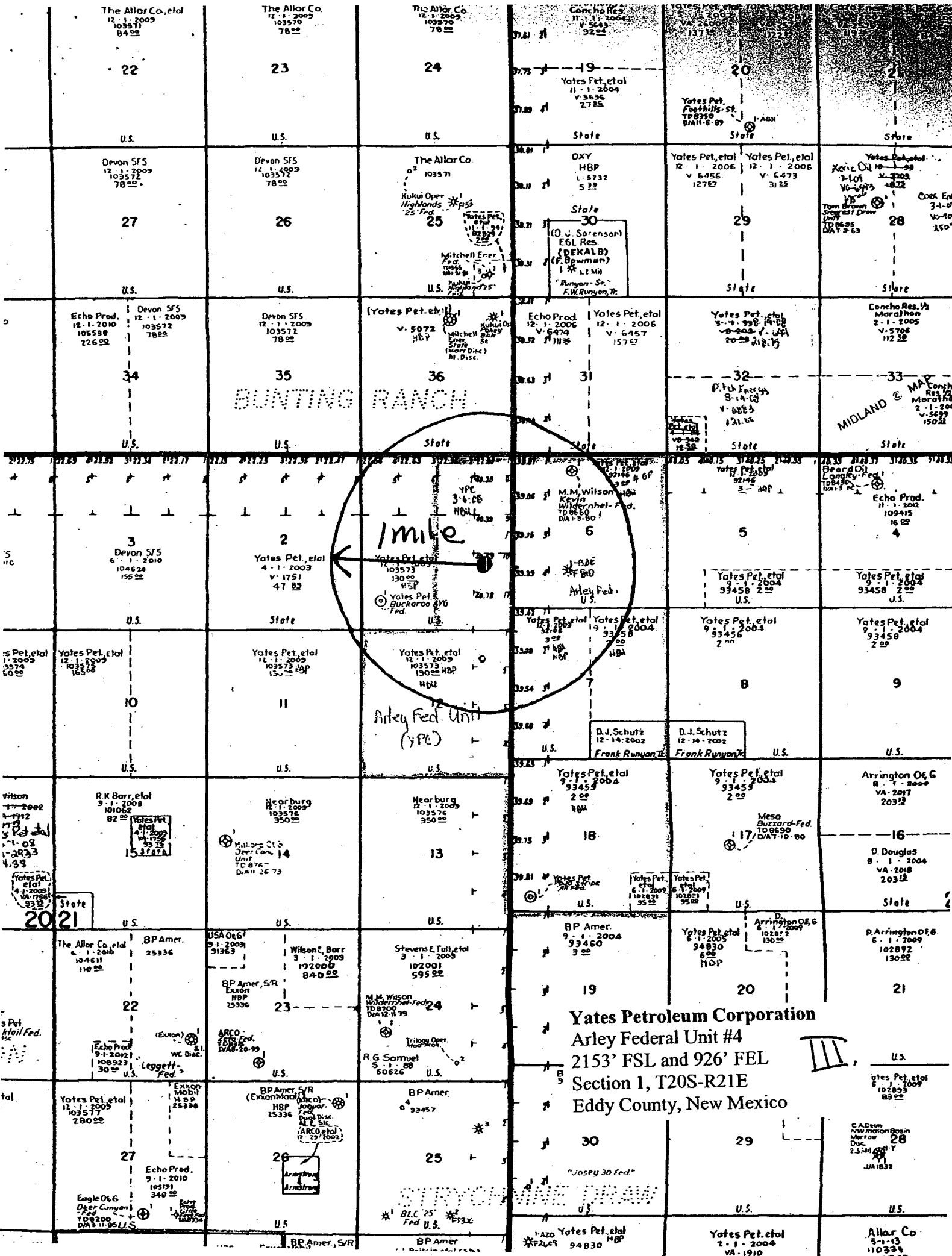
SURVEYOR CERTIFICATION

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.

4/16/2004
 Date Surveyed

Signature & Seal of Professional Surveyor

 Certificate No. Herschel L. Jones RLS 3640
 ARLEY 4
 GENERAL SURVEYING COMPANY
 PROFESSIONAL SURVEYOR

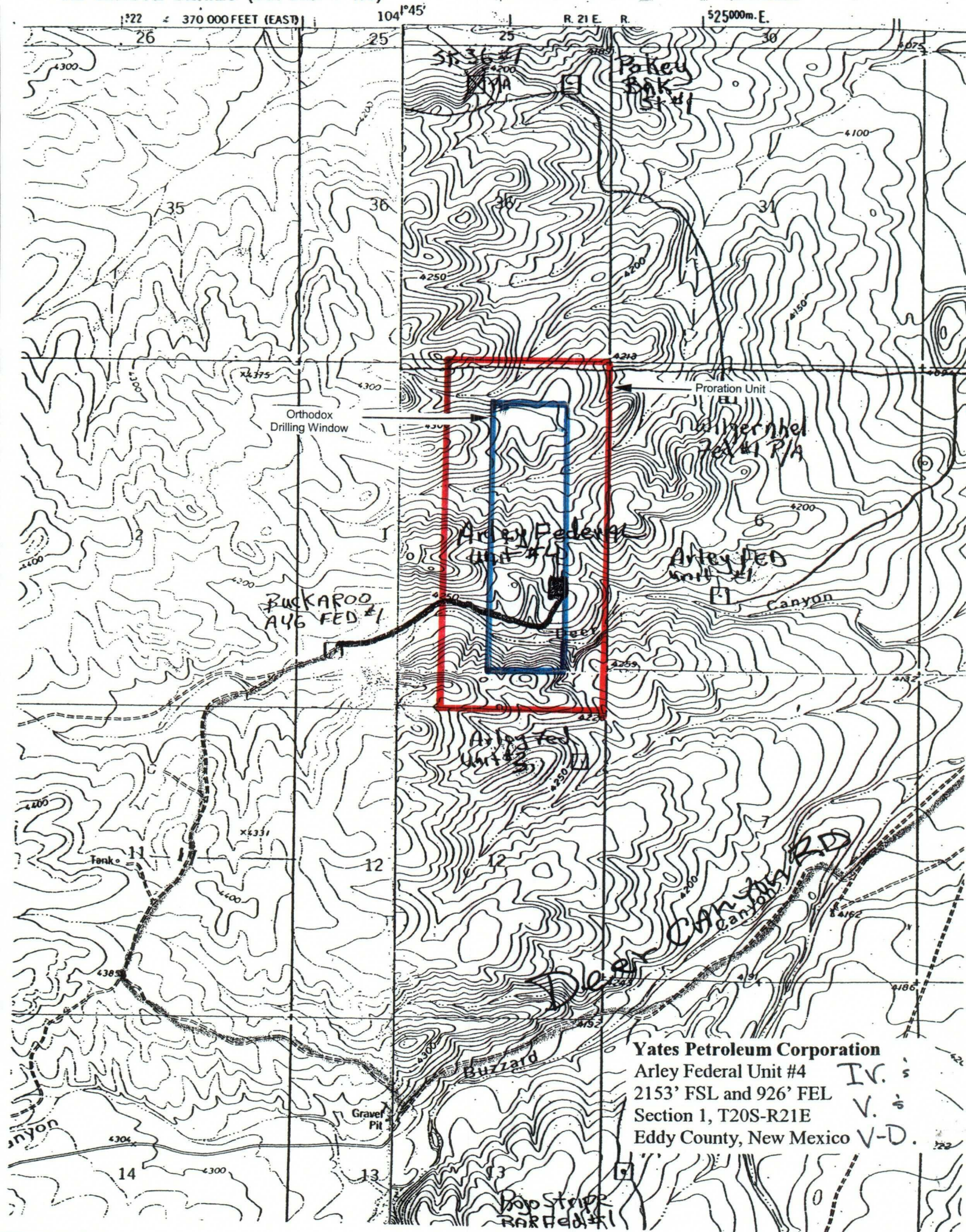
0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'



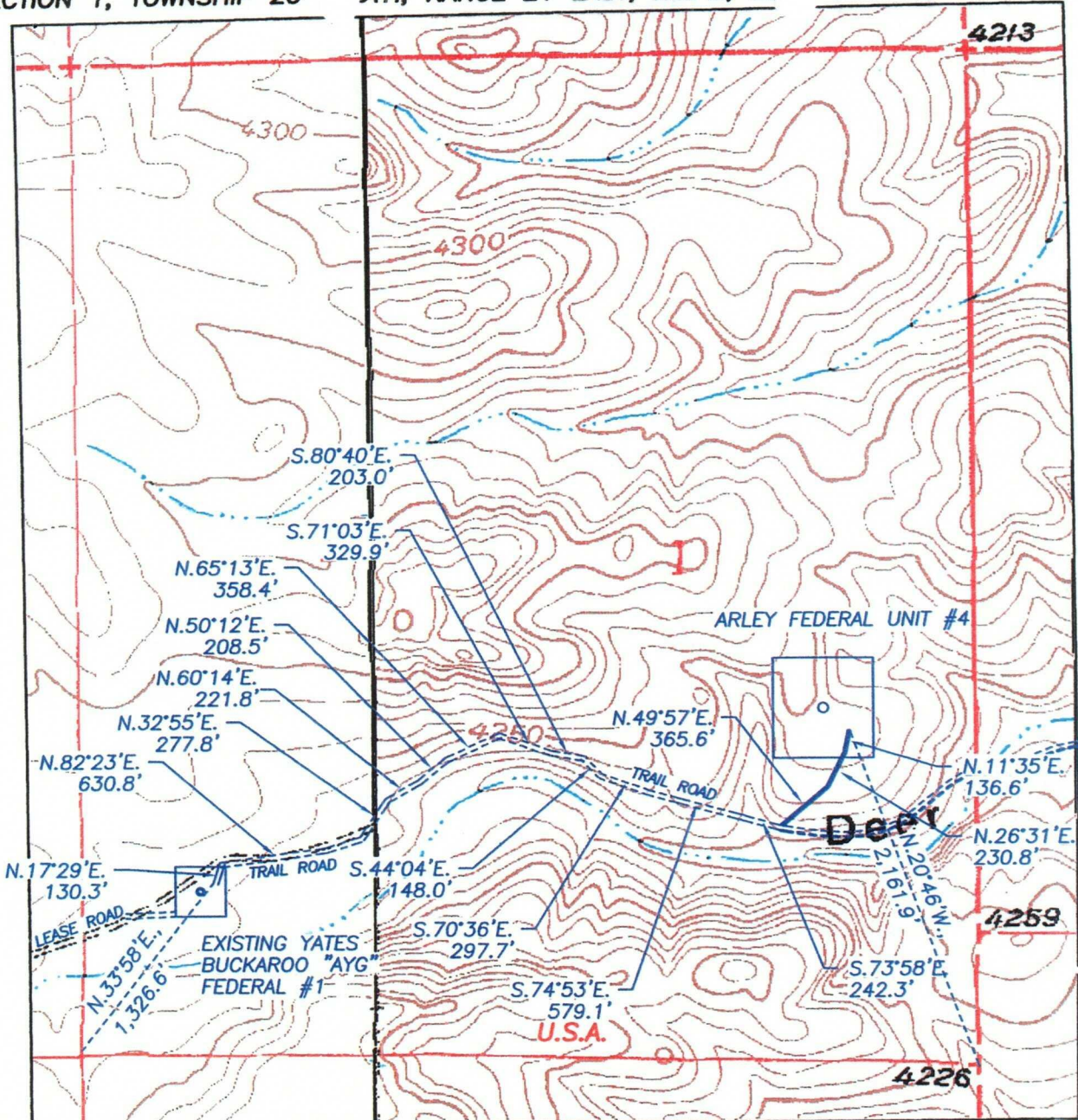
Yates Petroleum Corporation
Arley Federal Unit #4
2153' FSL and 926' FEL
Section 1, T20S-R21E
Eddy County, New Mexico

III

STRYCHINE DRAW



SECTION 1, TOWNSHIP 20 ' 'JTH, RANGE 21 EAST, NMPM, ED ' ' COUNTY, NEW MEXICO.



DESCRIPTION:

A LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 4,360.6 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE EXISTING TRAIL ROAD AS SHOWN ON THIS PLAT.

TRAIL ROAD TO BE IMPROVED:

3,627.6 FEET = 219.8545 RODS, 0.6870 MILES OR 2.4983 ACRES, MORE OR LESS.

NEW LEASE ROAD:

733.0 FEET = 44.4242 RODS, 0.1388 MILES OR 0.5048 ACRES, MORE OR LESS.

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 SURVEYORS.

HERSCHEL J. JONES R.L.S. No. 3640
GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES ARLEY FEDERAL UNIT #4 WELL, LOCATED IN SECTION 1, TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

| | |
|------------------------|--------------------------|
| Survey Date: 4/16/2004 | Sheet 1 of 1 Sheets |
| Drawn By: Ed Blevins | W.O. Number |
| Date: 4/17/04 | Scale 1" = 1000' ARLEY 4 |

**TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
CFO/RFO**

VI. WF

1/03

| | | | | | |
|---|-------------|--|---------|--|-------------|
| 1. BLM Report No. | | 2. Reviewer's Initials/Date _____ ACCEPTED () REJECTED () | | 3. NMCRIS No.: 88053 | |
| 4. Type of Report: Negative (X) Positive () | | | | | |
| 5. Title of Report: Class III archaeological survey of a pad and access road for the Arley Federal Unit well No. 4. Author(s): Ann Boone | | | | 6. Fieldwork Date(s) from 25 April, 2004 to | |
| | | | | 7. Report Date 26 April, 2004 | |
| 8. Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Names: Danny Boone Phone: (505) 885-1352 | | | | 9. Cultural Resource Permit No. 190-292-03E | |
| | | | | 10. Consultant Report No. BAS 04-04-25 | |
| 11. Customer Name: Yates Petroleum Corporation Responsible Individual: Cy Cowan Address: 105 S. Fourth Street Artesia, New Mexico 88210 Phone: (505) 748-1471 | | | | 12. Customer Project No.: None | |
| 13. Land Status | BLM | STATE | PRIVATE | OTHER | TOTAL |
| a. Area Surveyed (acres) | 17.47 (+/-) | (-/+) | 0 | 0 | 17.47 (+/-) |
| b. Area of Effect (acres) | 6.68 (-/+) | (+/-) | 0 | 0 | 6.68 (-/+) |
| 14. a. Linear: Length; 4010.6' Width; 100' b. Block: 600' x 600' | | | | | |
| 15. Location: (Maps Attached if Negative Survey) a. State: New Mexico b. County: Eddy c. BLM Office: Carlsbad d. Nearest City or Town: , N.M. e. Legal Location: T 20S, R 21E, Sec. 1, Pad, NE SE, SE SE; Access Road, SW SW, SE SW, SW SE, SE SE f. Well Pad Footages: 2153 FSL, 926 FEL f. USGS 7.5 Map Name(s) and Code Number(s): BOX CANYON RANCH, NM (1957) 32104-E6 and STRYCHNINE DRAW, NM (1978) 32104-E7 | | | | | |

16. Project Data:

a. Records Search: Date(s) of BLM File Review: 22 April, 2004

Name of Reviewer (s): Danny Boone

Date(s) of ARMS Data Review: 22 April, 2004

Name of Reviewer (s): Ann Boone

Findings (see Field Office requirements to determine area to be reviewed during records search):

LA 140046 is within 1.0 mile.

b. Description of Undertaking:

The proposed access road begins approximately 200' inside of the northwest portion pad survey area of the Buckaroo "AYG" Fed. well No. 1 and trends east as an existing two-track road for 3,627.6' where it then turns northeast (new construction) for 733.0' to a point approximately 150' into the southeast portion of the Arley Fed. Unit well No. 4 pad survey area. Survey acres were estimated on this basis. Total length of the proposed access road is 4,360.6', impact acres are unknown and are estimated. A plat is attached to this report.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.):

Topography: Pad is on a north to south trending limestone ridge, access road is on an alluvial surface on the west side of Deer Canyon.

Vegetation: Approximately 10% ground cover, agave cactus, prickly pear cactus, creosote bush, hackberry, ocotillo cactus, broom snakeweed, stick cholla cactus, rainbow cactus, eagle talon cactus, feather daisy

, littleleaf horsebrush, barberry, mesquite, various grasses and other flora

NRCS: Limestone rock land-Ector association: Rock land and very shallow, stony and rocky, loamy soils over limestone; on hills and mountains

d. Field Methods: (transect intervals; crew size; time in field, etc.):

Transects: For the pad a grid of parallel transects spaced up to 15 meters apart and for the road one zig-zag, parallel spaced up to 15 meters on each side of flagged centerline.

Crew Size: One

Time in Field: 4.5 hours.

e. Artifacts Collected (?): None

17. Cultural Resource Findings:

a. Identification and description: None

b. Evaluation of significance of Each Resource: None

18. Management Summary (Recommendations):

Archaeological clearance of a pad and access road for the Arley Federal Unit well No. 4 for Yates Petroleum Corporation as presently staked is recommended. If cultural resources are encountered at any time, all activity should cease and the BLM Archaeologist notified immediately.

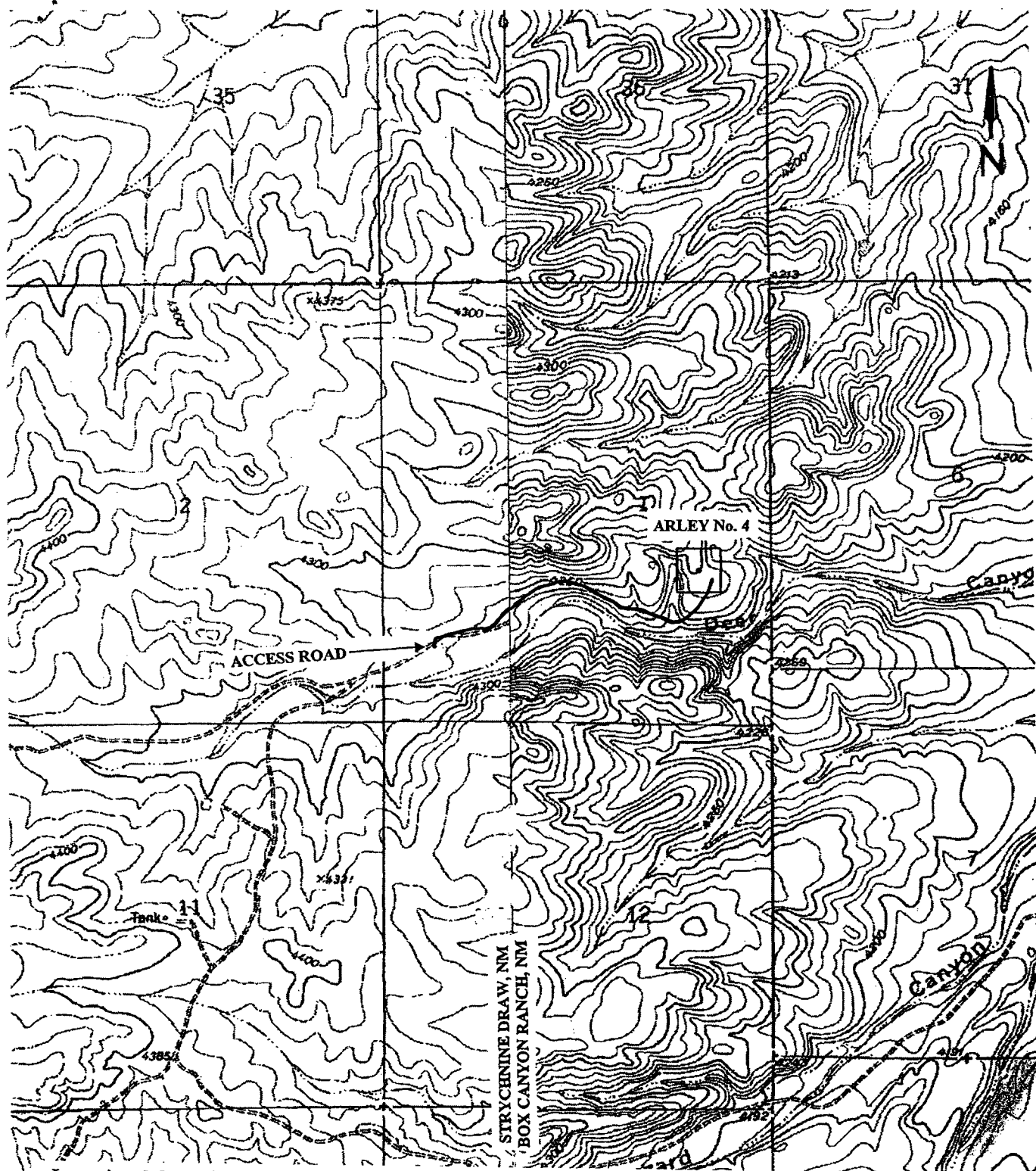
19.

I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist

Danny Boone
Signature

24 gailo
Date



Location Map of a pad and access road for the Arley Federal Unit well No. 4 for Yates Petroleum Corporation in Section 1, T 20S R 21E, NMPM, Eddy County, New Mexico.

Map reference: USGS 7.5' Series; BOX CANYON RANCH, NM (1957) [PhotoInspected 1975] 32104-E6 and STRYCHNINE DRAW, NM (1978) 32104-E7

