

DATE IN <u>1/29/04</u>	SUSPENSE <u>2/18/04</u>	ENGINEER <u>MS</u>	LOGGED IN <u>MS</u>	TYPE <u>NSL</u>	APPROVED <u>PME50</u> APP NO. <u>404559472</u>
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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 this well from a non-standard location.

[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

1/26/04

Date

e-mail Address

RECEIVED

JAN 29 2004

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

RECEIVED

FEB 23 2004

OCD-ARTESIA

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

January 26, 2004

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

Via Facsimile
Certified Mail
Return Receipt Request

RE: Application for Unorthodox Location
Desiree BDS State #1
660' FSL and 2236' FEL
Section 34, T17S-R26E
Eddy County, New Mexico

RECEIVED
FEB 23 2004
OCD-ARTESIA

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for the captioned well located in the Chester Formation.

The original well location was proposed at 660' FSL and 1980' FEL however at the request of the surface owner we moved the location to the west at the captioned location. This was to allow the surfaceowner to conduct his business with the least inconvenience to him as possible. Please see V-E. narrative.

Yates Petroleum Corporation is the offset operator to the west 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 Undesignated Atoka San Andres, Wildcat Yeso, Wildcat Wolfcamp, Undesignated Kennedy Farms Upper Penn, Wildcat Strawn, Wildcat Atoka, and Undesignated Kennedy Farms Morrow.


Enclosed please find our Administrative Application Checklist and supporting information.

Should you need anything further please advise.

Thank you,

Very truly yours,

YATES PETROLEUM CORPORATION


Cy Cowan
Regulatory Agent

RECEIVED

JAN 29 2004

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

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

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 87506

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

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 Atoka San Andres
Property Code	Property Name DESIREE "BDS"	Well Number 1
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	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	Joint or Infill	Consolidation Code	Order No.
160			

**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**

<div style="text-align: center;"> <p>RECEIVED</p> <p>FEB 28 2004</p> <p>OCD-ARTESIA</p> <p>P. U</p> </div>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>	
	<p>SURVEYOR CERTIFICATION</p> <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> <p>Date Surveyed 11/03/2003</p> <p>Signature and Seal of Professional Land Surveyor _____</p> <p>Certification No. _____ Jones RLS 3640</p> <p>GENERAL SURVEYING COMPANY</p>	
	<div style="text-align: center;"> <p>D. W.</p> </div>	
	<div style="text-align: center;"> <p>N.32°47'10.0"</p> <p>W.104°22'05.7"</p> <p>2236'</p> <p>660'</p> </div>	

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

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
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Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Yeso
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No. 0	Section 34	Township 17S	Range 26E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 2236	East/West line EAST	County EDDY
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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
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Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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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

<p>RECEIVED FEB 23 2004 OCD-ARTESIA</p> <p>P. U.</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature Cy Cowan</p> <p>Printed Name Regulatory Agent</p> <p>Title January 27, 2004</p> <p>Date</p>	
				<p>SURVEYOR CERTIFICATION</p> <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> <p>11/03/2003</p> <p>Date Surveyed Signature & Seal of Professional Surveyor H. SCHRELL JONES NEW MEXICO 3640 Certification No. 3640 Jones RLS 3640 DESIREE "BDS" GENERAL SURVEYING COMPANY</p>	
<p>N. 32° 47' 10.0" W. 104° 22' 05.7"</p> <p>2236'</p> <p>660'</p>					

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

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Wildcat Wolfcamp
Property Code	Property Name DESIREE "BDS"	Well Number 1
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	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	Joint or Infill	Consolidation Code	Order No.
320			

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

<p>RECEIVED FEB 28 2004 OCD-ARTESIA</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 _____ January 27, 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. 11/03/2003 Date Surveyed _____ Signature & Seal of Professional Surveyor _____ Professional Surveyor Jones RLS 3640 Certification No. _____ GENERAL SURVEYING COMPANY	
<p>P. U.</p> <p>D. W.</p> <p>N.32°47'10.0" W.104°22'05.7"</p> <p>660'</p> <p>660'</p>					

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



DISTRICT I
1435 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 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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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 Strawn
Property Code	Property Name DESIREE "BDS"	Well Number 1
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	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	Joint or Infill	Consolidation Code	Order No.
320			

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

		RECEIVED FEB 23 2004 OCD-ARTESIA	
	P.	U.	
	D.	W.	
		N.32°47'10.0" W.104°22'05.7"	
		660'	
		660'	

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

OPERATOR CERTIFICATION

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

Signature _____

Printed Name Cy Cowan

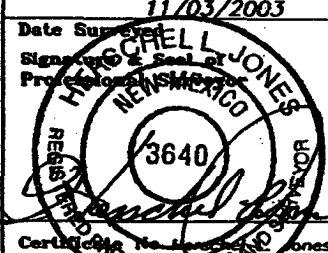
Title Regulatory Agent

Date January 27, 2004

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 Surveyed 11/03/2003

Signature & Seal of Professional Surveyor


Certification No. 1000000000 Jones RLS 3640
DESIREE REGIONAL LAND
GENERAL SURVEYING COMPANY

DISTRICT I
1425 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
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STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

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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 Atoka
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	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
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<p>RECEIVED FEB 23 2004 OCD-ARTESIA</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature Cy Cowan</p> <p>Printed Name Regulatory Agent</p> <p>Title January 27, 2004</p> <p>Date</p>	
				<p>SURVEYOR CERTIFICATION</p> <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> <p>11/03/2003</p> <p>Date Surveyed Signature & Seal of Professional Surveyor Professional Surveyor NEW MEXICO 3640 Certification No. 11/03/2003 Jones RLS 3640 GENERAL SURVEYING COMPANY</p>	
<p>P. U.</p> <p>D. W.</p> <p>N.32°47'10.0" W.104°22'05.7"</p> <p>660'</p> <p>660'</p>					

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

DISTRICT I
1605 N. French Dr., Hobbs, NM 88240
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 87506

STATE OF NEW MEXICO
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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
		Undes. Kennedy Farms Morrow
Property Code	Property Name	Well Number
	DESIREE "BDS"	1
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3329

Surface Location

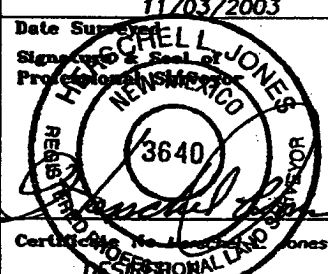
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
320			

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

<div>RECEIVED FEB 28 2004 OCD-ARTESIA</div>				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 _____ January 27, 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. Date Surveyed 11/03/2003 Signature & Seal of Professional Surveyor  Certificate No. H-3640 Jones RLS 3640 GENERAL SURVEYING COMPANY	
<div>P. U.</div> <div>D. W.</div> <div>N.32°47'10.0" W.104°22'05.7"</div> <div>0000'</div> <div>0.066'</div>					

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

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 topographic 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 room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any 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; *There are not any well locations in this proration unit.*
- 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; *N/A*
 - 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; *N/A*
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location. *See V-E ATTACHED*
- 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. *N/A*
- 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. *Refer to V-E ATTACHED.*
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible. *See ATTACHED*
- IX. An 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. *See ATTACHED II + III*

Submit 3 Copies to Appropriate District
Office
District I
25 N. French Dr., Hobbs, NM 88240
District II
1 South First, Artesia, NM 88210
District III
100 Rio Brazos Rd., Aztec, NM 87410
District IV
140 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco St.
Santa Fe, NM 87505

WELL API NO.

30-015-33036

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:

Desiree BDS State

8. Well No.

1

9. Pool name or Wildcat

Wildcat Chester

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 South Fourth Street, Artesia, New Mexico 88210

4. Well Location

Unit Letter: O : 660' feet from the South line and 2236 feet from the East line
Section 34 Township 17S Range 26E NMPM County Eddy

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3804'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

REMEDIAL WORK ☐ ALTERING CASING ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☒

COMMENCE DRILLING OPNS ☐ PLUG AND ABANDONMENT ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

OTHER: Change Location ☒

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation wishes to move the captioned well location.

From: 660' FSL and 1980' FEL

To: 660' FSL and 2236' FEL

Note Attached Plat.

Thank you.

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

SIGNATURE Cy Cowan TITLE Regulatory Agent DATE 11/06/03

Type or print name Cy Cowan Telephone No. (505) 748-1471

This space for State use

APPROVED BY NSL TITLE NSL DATE NOV 09 2003

Conditions of approval, if any: NSL

DISTRICT II
674 South First, Artesia, NM 88210Instruction on back
Submit to Appropriate District OfficeDISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410State Lease - 4 Copies
Fee Lease - 3 CopiesDISTRICT 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 Canyon
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

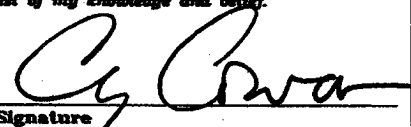
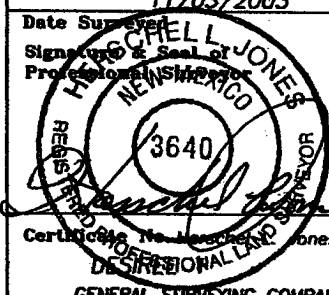
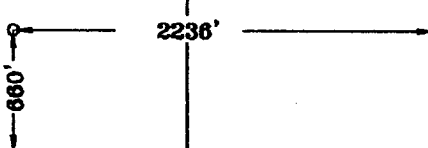
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

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

<div style="text-align: center;"> RECEIVED NOV - 7 2003 OCD-ARTESIA </div>		OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <div style="text-align: center;">  Signature Cy Cowan Printed Name Regulatory Agent Title November 6, 2003 Date </div>	
		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. <div style="text-align: center;"> 11/03/2003 Date Surveyed  Signature & Seal of Professional Surveyor H. Schell Jones RLS 3640 Certification No. _____ Jones RLS 3640 DESIREE "BDS" GENERAL SURVEYING COMPANY </div>	
<div style="text-align: center;"> FEE </div>		<div style="text-align: center;"> N. 32° 47' 10.0" W. 104° 22' 05.7"  </div>	

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

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

Cont.

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		RECEIVED FEB 28 2004	OGRID Number 25575
			API Number 30-015-33036
Property Code 33017	Property Name Desiree BDS	OCD-ARTESIA	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	34	17S	26E	O	660	S	1980	E	Eddy

Proposed Pools

Wildcat Chester

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 3328
Multiple N	Proposed Depth 9000	Formation Chester	Contractor	Spud Date 10/10/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	440	0
Int1	12.75	9.625	36	1400	650	0
Prod	8.75	5.5	17	9000	1475	900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Morrow and intermediate formations. Approximately 400' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production. MUD PROGRAM: 0-400' FW/Spud Mud; 400'-1400' Fresh Water; 1400'-4450' Cut Brine; 4450'-6850' Cut Brine/7.5% KCL; 6850'-9000' Drispac/ Salt Gel/7.5% KCL. BOPE PROGRAM: A 3000# BOPE will be installed on the 9 5/8" casing and tested daily.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Electronically Signed By: Debbie Caffall		Electronically Approved By: Bryan Arrant	
Title: Regulatory Technician		Title: Geologist	
Date: 10/09/2003		Approval Date: 10/13/2003	
Phone: 505-748-4364		Expiration Date: 10/13/2004	
Conditions of Approval: There are conditions. See Attached.			

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33036	Pool Name Wildcat Chester	Pool Code
Property Code 33017	Property Name Desiree BDS	Well No. 001
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3328

Surface And Bottom Hole Location

UL or Lot O	Section 34	Township 17S	Range 26E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County Eddy
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

OPERATOR CERTIFICATION

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

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 10/09/2003

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.

Surveyed By: Herschel Jones

Date of Survey: 10/02/2003

Certificate Number: 3640

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Desiree BDS #001

OCD Reviewer	Condition
BARRANT	Notify OCD time of spud and to witness cementing of intermediate casing string.

DISTRICT I
25 N. French Dr., Hobbs, NM 88240
DISTRICT II
999 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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 Wildcat Canyon
Property Code	Property Name DESIREE "BDS"	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3329

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	17S	26E		660	SOUTH	2236	EAST	EDDY

Bottom Hole Location If Different From Surface

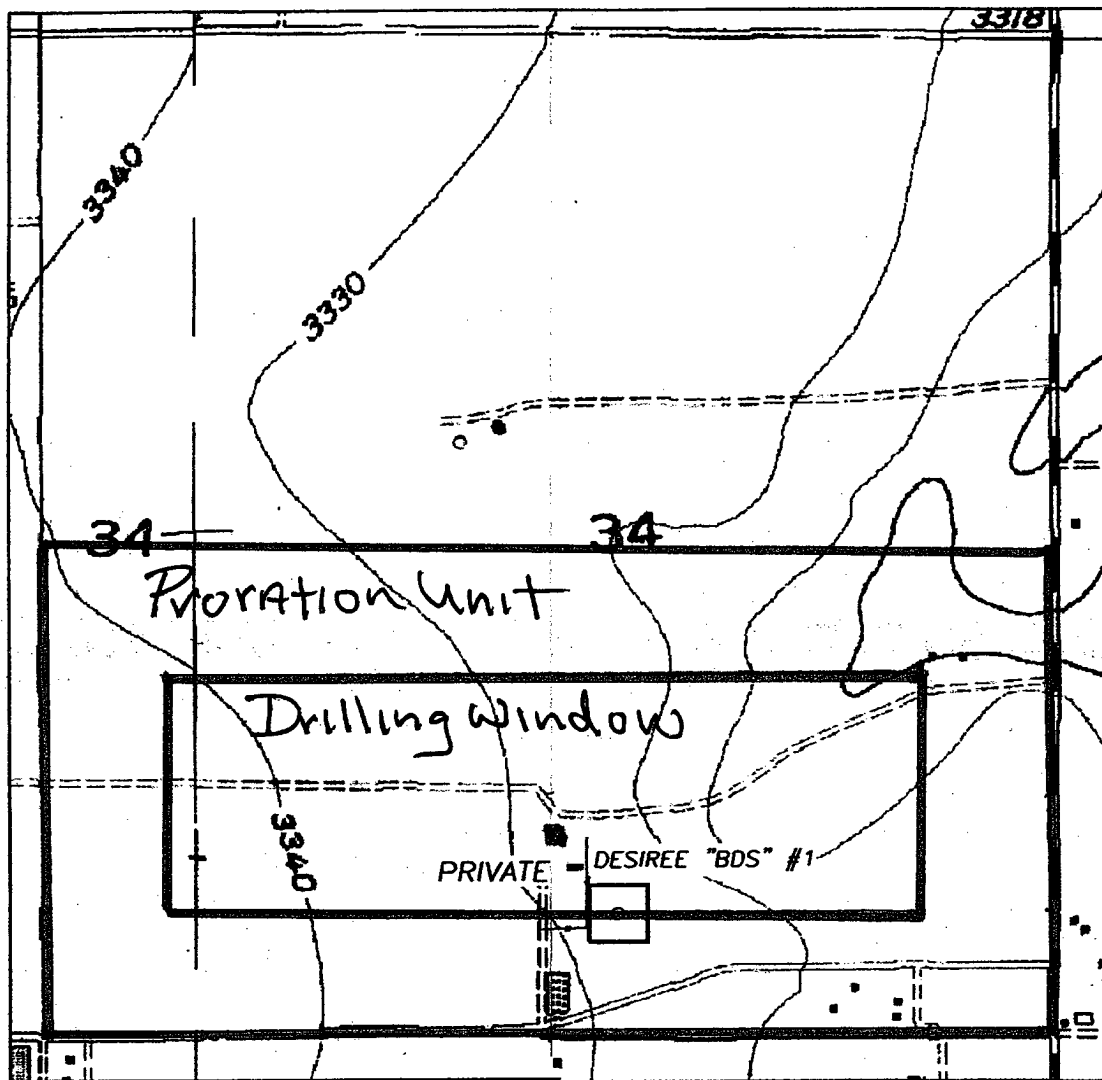
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

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

<p>RECEIVED NOV - 7 2003 OCD-ARTESIA</p> <p>Protraction unit</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Cy Cowan</i> Signature Cy Cowan Printed Name Regulatory Agent Title November 6, 2003 Date</p>	
				<p>SURVEYOR CERTIFICATION</p> <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> <p>11/03/2003 Date Surveyed Signature & Seal of Professional Surveyor H. SCHELL JONES NEW MEXICO 3640 Certificate No. 3640 Jones RLS 3640 GENERAL SURVEYING COMPANY</p>	
<p>FEE Yates</p> <p>R. Nightengale</p> <p>BLACK + Guy</p> <p>Leases</p> <p>N. 32° 47' 10.0" W. 104° 22' 05.7"</p> <p>2236'</p> <p>0.088'</p>					

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

SECTION 34, TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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.

REGISTERED
3640
MICHAEL L. JONES, L.S. No. 3640

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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES DESIREE "BDS" #1
WELL, LOCATED IN SECTION 34, TOWNSHIP 17 SOUTH,
RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 11/03/2003	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 11/03/03	Scale 1" = 1000' DESIREE 1

V-E:

All of Section 34, T17S-R26 private surface owned by Clyde Guy and Sons, Inc. as farm land and some pecan orchards. Mr. Eddie Guy was my contact to obtain a surface agreement for the southeast quarter of Section 34. Mr. Guy has grown children and therefore he wanted our location to develop fee mineral leases as far to the west as possible to allow room for his children to develop and construct homes should they ever wish to build. This possibility was evident as Mr. Guy's daughter was having a home built at the time of our negotiations in December 2003. Note attached plat of the area that Mr. Guy was concerned about. For this reason we decided to drill this well at the nonstandard location.

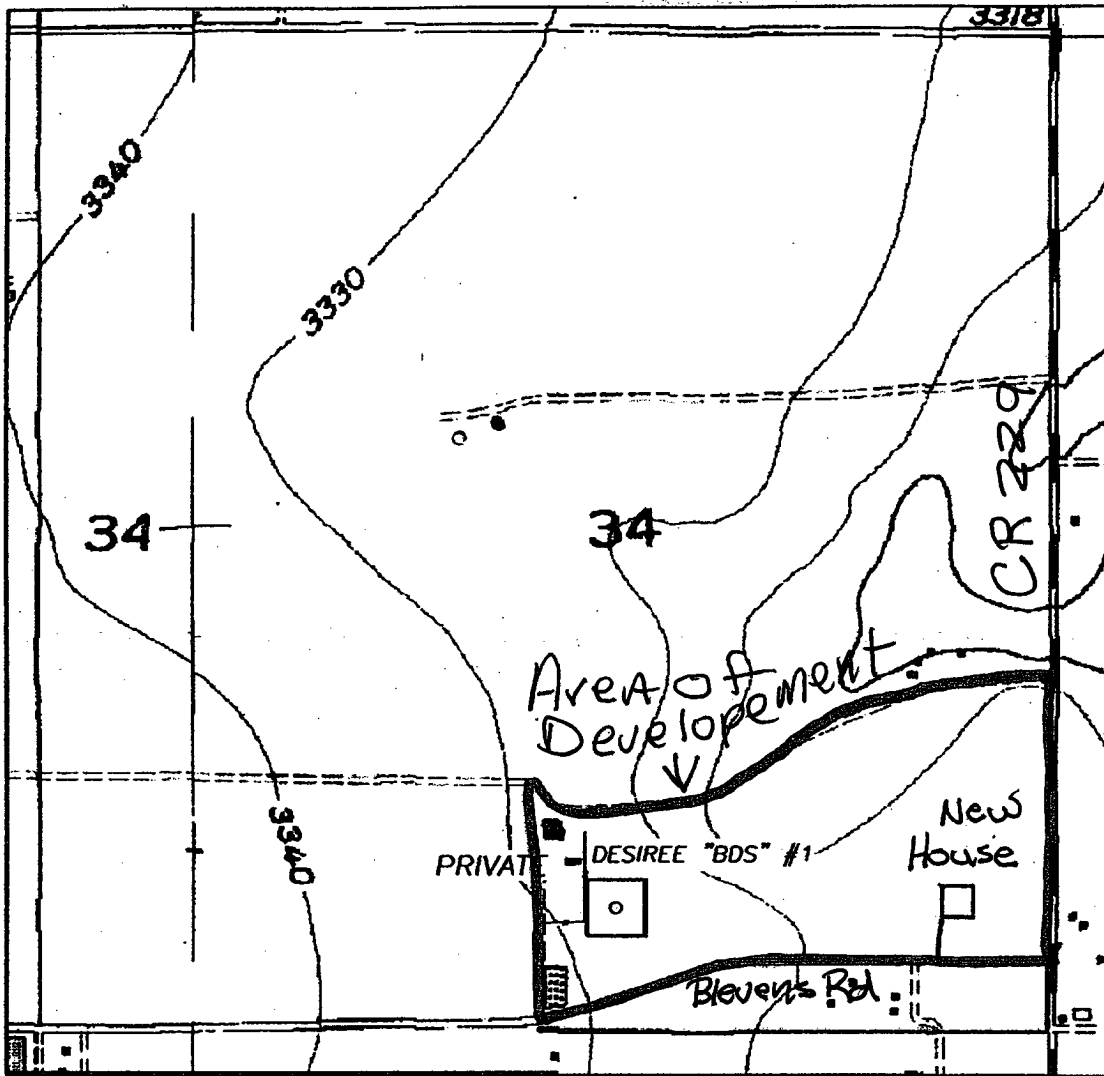
VI: N/A.

VII: Refer to V-E above.

VIII: We did not want to drill this well directionally as it was uneconomical to do so.

IX: N/A as we are moving the location toward Yates Petroleum Corporation leases.

SECTION 34, TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



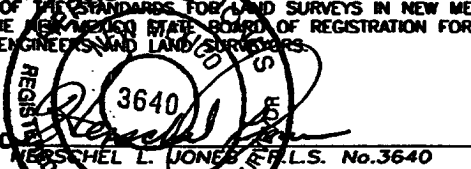
VE
Cont.



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.



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

YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES DESIREE "BDS" #1
WELL, LOCATED IN SECTION 34, TOWNSHIP 17 SOUTH,
RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 11/03/2003

Drawn By: Ed Blevins

Date: 11/03/03

Sheet 1 of 1 Sheets

W.O. Number

Scale 1" = 1000' DESIREE 1

V-E

NOTICE OF SURFACE AGREEMENT

The undersigned acknowledge and agree that Yates Petroleum Corporation ("Yates") is the lessee under, or the holder of leasehold operating rights under, one or more oil and gas leases covering all or some portion of the mineral estate in the land in Eddy County, New Mexico which is described in Exhibit A attached hereto. The undersigned also acknowledge and agree that Clyde Guy & Sons, Inc. ("Guy") owns the surface estate of said land.

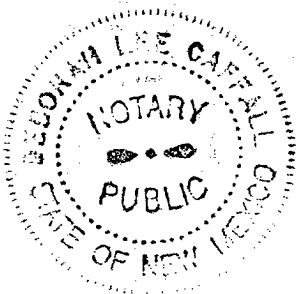
Yates and Guy hereby give notice that Yates' use of the surface of said land under its oil and gas leases is subject to a Surface Agreement between Yates and Guy dated December 8, 2003, and that said Surface Agreement is binding upon, and inures to the benefit of, Yates and Guy and their respective successors and assigns.

YATES PETROLEUM CORPORATION

By: Cy Cowan

CLYDE GUY & SONS, INC.

By: R. Edward Guy



STATE OF NEW MEXICO }
COUNTY OF EDDY }

This instrument was acknowledged before me on December 31st, 2003 by Cy Cowan, as Regulatory Agent of Yates Petroleum Corporation.

Deborah Lee Caffell
Notary Public

My Commission Expires:
August 20th, 2005

STATE OF NEW MEXICO }
COUNTY OF EDDY }

This instrument was acknowledged before me on December 18th, 2003 by R. Edward Guy, as Vice President of Clyde Guy & Sons, Inc.

Lisa K. Campbell
Notary Public



OFFICIAL SEAL
Lisa K. Campbell
NOTARY PUBLIC-STATE OF NEW MEXICO

My Commission Expires:
1-10-07

Yates Petroleum Corp
105 S.W. 5th St
Arlington, NM 88210-2118

My commission expires: 1-10-07

V-E

EXHIBIT A TO NOTICE OF SURFACE AGREEMENTTownship 17 South, Range 26 East, N.M.P.M.Section 34: SW $\frac{1}{4}$

Section 34: N $\frac{1}{2}$ SE $\frac{1}{4}$, and that part of the S $\frac{1}{2}$ SE $\frac{1}{4}$ described as follows: beginning at the southwest corner of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34; then east along the south line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34 941.2 feet; then north 350 feet; then east 1,698.8 feet, more or less, to the east line of said Section 34; then north along the east line of said Section 34 870 feet, more or less, to the northeast corner of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34; then west along the north line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34 2,640 feet, more or less, to the northwest corner of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34; then south along the west line of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 34 to the point of beginning

RECEPTION NO: 0400046 STATE OF
NEW MEXICO, COUNTY OF EDDY
RECORDED 01/05/2004 9:02 AM
BOOK 0535 PAGE 0398 *J. Blenden*
JEAN BLENDE, COUNTY CLERK

