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

Form 3160-3	••		0	1106	
(August 1999)	ec Dr	OE"	OMB No. 1004-0136 Expires November 30, 2000		
UNITED STATE	DITERIOR INC	CEIVED		0, 2000	
DEPARTMENT OF THE	MAI	R - 3 2004	5. Lease Serial No.		
BUREAU OF LAND MANA	_	•	NM-14785	N7.	
APPLICATION FOR PERMIT TO D	DRILL OR REENTER OCD	-ARTESIA	6. If Indian, Allottee or Tribe		
			NOT Applica		
la. Type of Work: X DRILL RI	EENTER		7. If Unit or CA Agreement,		
			Not Applica	<u>ble</u>	
		North to 7 am	8. Lease Name and Well No.		
b. Type of Well: Oil Well Gas Other Well	Single Zone	Multiple Zone	Bennett Federal #2		
2. Name of Operator			9. API Well No.		
Yates Drilling Company Undes. Correl Ca.		101 h	30-015 -3212		
3A. Address 105 South Fourth Street	3b. Phone No. (include area code	e)	10. Field and Pool, or Explora	itory	
Artesia, New Mexico 88210	(505) 748-147	1	Wildcat Bone Spring		
4. Location of Well (Report location clearly and in accordance with a	ny State requirements.*)		11 Sec., T., R., M., or Blk, ar	nd Survey or Area	
At surface 2310' FSL a	nd 2310' FWL				
At proposed prod. Zone Same	as above		Section 30, T25S-R30		
14. Distance in miles and direction from nearest town or post office*			12. County or Parish	13. State	
Approximately 35 miles southest of Carlsbad, Ne			Eddy	NM	
15. Distance from proposed* location to nearest	16. No. of Acres in lease	17. Spacing Ur	nit dedicated to this well		
property or lease line, ft. (Also to nearest drig, unit line, if any)	401.80	<u></u>	40 acres NE/4SW/4		
18. Distance from proposed location* to nearest well, drilling, completed,	19. Proposed Depth	20. BLM/BIA	Bond No. on file		
applied for, on this lease, ft.	7500'	1	NM-2811		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will	start*	23. Estimated duration		
3113' GL	ASAP		30 Days		
	24. Attachments	CARL	SBAD CONTROLLED W	ATER BASIN	
The following, completed in accordance with the requirements of Onshe	ore Oil and Gas Order No. 1, shall be				
Well plat certified by a registered surveyor.	4. Bond to cove	r the energtions	s unless covered by an existing b	and an file (see	
Well plat certified by a registered surveyor. A Drilling Plan.	Item 20 abov	•	unless covered by an existing of	ond on the (see	
A Surface Use Plan (if the location is on National Forest System Lar					
SUPO shall be filed with the appropriate Forest Service Office.					
SOFO shan be fried with the appropriate Polest Service Office.	6. Such other sit authorized off	•	ation and/or plans as may be req	uirea by the	
25. Signature	Name (Printed/Typed)		Date		
(Man	1	biec@ypcn	L L	12/30/03	
Title:	loy cowaii - der	niec@ypcii	iin.com	12/30/03	
Regulatory Agent/Land Department					
Approved by (Signature)	Name (Printed/Typed)		Date,	1	
	/s	/ Joe G. La	ara 📗 🐃	1 MAR 2004	
FIELD MANAGER	Office CA	RLSBAL	FIELD OFFICE		
Application approval does not warrant or certify that the applicant hold	s legal or equitable title to those righ	te in the cubiest 1	lease which would entitle the an-	licant to conduct	
operations thereon.	s regar or equitable true to those right	a in the subject i	icase which would endue the app	meant to conduct	
Conditions of approval, if any, are attached.	·	APPR	OVAL FOR 1 YEA	AR	
Title 18 U.S.C. Section 1001and Title 43 U.S.C. Section 1212, make it	a crime for any person knowingly ar				
States any false, fictitious or fraudulent statements or representations as					

*(Instructions on reverse)

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED District I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

Submit to Appropriate District Office

District.II

811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

State Lease - 4 Copies

District III

1000 Rio Brazos Rd., Aztec, NM 87410

Santa Fe, NM 87505

Fee Lease - 3 Copies

District IV

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

AMENDED REPORT

	•	w	FII.I.	CATIO	N AND ACI	REAGE DEDIC	'ATION PLA	т	,,,,,,,	
1	PI Number		T	² Pool Code		COLOD DEDIC	³ Pool Na		*******	
		Wildcat Bone Spring								
⁴ Property C	ode	⁵ Property Name ⁶ Well Nu						Well Number		
	}		Bennett Federal 2							2
⁷ OGRID I	vo.		³ Operator Name ⁹ Elevation							, Elevation
02551	3			Y	ates Drilling	Company				3113'
					10 Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County
K	30	25\$	30E		2310	South	2310	We	st	Eddy
			¹¹ B	ottom Ho	ole Location	If Different Fron	n Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County
¹² Dedicated Acres	13 Joint o	r Infill 14 Co	onsolidation	Code 15 Or	rder No.					
40										

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 ¹⁷ OPERATOR CERTIFICATION hereby certify that the information contained herein is and complete to the best of my knowledge and Cy Cowán Regulatory Agent 12/30/03 SURVEYOR CERTIFICATION 2310' 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. REFER TO ORIGINAL PLAT NM-14785 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

DISTRICT I 1625 M. French Dr., Hobbs, MM 86240 DISTRICT II 811 South First, Artesia, RM 66210

1000 Rio Brazon Rd., Axtee, NM 87410

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

DISTRICT III

Dedicated Acres

40

Joint or Infill

State of New Mexico Energy, Minerals and Hatural Resources Department

Form C-102 d March 17, 1899 instruction on back Submit to Appropriate District Office

Foe Lease - 3 Copies

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

PA	Number		Pool Code Pool Name Wildcat Bone Spring				g		
Property (Code			BEN	Property Nea	2.0		Vell N	umber
OGRED N	D.	<u> </u>			Operator Nam	D 0	•	Elova	tion
025575		l	YATES DRILLING COMPANY 3113						
					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
κ	30	255	30E		2310	SOUTH	2310	WEST	EDDY
		-	Bottom	Hole Lo	cation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Rast/West line	Count

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

Consolidation Code

	UR A NUN-STANDARD UNIT HAS BEEN APPROVED BI T	
		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 Rêgulatory Agent
·	N.32°05'59.8" W.103°55'18.6"	October 3, 2001 Data SURVEYOR CERTIFICATION
2310' -	3109 311V NM-	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 supervison, and that the same is true and correct to the best of my bolist.
	14785 .0.000	Date Surveyed Signature & Scal of Protectional Surveyor
	ă	Certificate (c. Herschill L. Jones RLS 3640 BENNETT 25 BENNETT 25 BENETH SURFERING COMPANY

YATES DRILLING COMPANY Bennett Federal #2

2310' FSL and 2310' FWL Section 30-T25S-R30E Eddy County, New Mexico

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

Rustler	595'
Top of Salt	760'
Base of Salt	3265'
Delaware Lime	3460'
Delaware Bell Canyon	3495'
Cherry Canyon	4370'
Brushy Canyon	5650'
Bone Spring	7180'
TD	7500'

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

Water:

150'

Oil or Gas: All potential zones.

85%

3. Pressure Control Equipment: BOPE will be installed on the 95/8" casing and rated for 3000 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)

Hole Size	Casing Size	Wt./Ft	<u>Grade</u>	Coupling	<u>Interval</u>
14 3/4"	11 3/4"	42.0#	H-40	ST&C	0-820'
11"	8 5/8"	32.0#	J-55	ST&C	0-3200'
7 7/8"	5 ½"	17.0#	J-55	LT&C	0-100'
7 7/8"	5 ½"	15.5#	J-55	LT&C	100'-6800'
7 7/8"	5 ½"	17.0#	J-55	LT&C	6800'-7500'

Minimum Casing Design Factors: Collapse 1.125, Burst 1.8, Joint Strength 2.0

Bennett Federal #2

Page 2

B. CEMENTING PROGRAM:

WITNESS

Surface casing: 300 sx Class "C" + 2% CaCL2 (YLD 1.32 WT 14.8).

WITNESS

Intermediate Casing: 700 sx Lite "C" (YLD 2.05 WT 12.0). Tail in with 200 sx Class C +2% CaCl2 (YLD 1.32 WT 14.8).

Production Casing: TOC 2700' 700 sx Class Super "C" Modified (YLD 1.67 WT 13.0). (TOC 2705)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	Viscosity	Fluid Loss
Spud -820'	FW/Native Mud	8.4-8.8	28-32	N/C
820'-3200'	Brine	10-10.2	28	N/C
3200'-7500'	Cut Brine/Starch	8.9-9.2	28-32	<15 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' from start of mudlogger.

Logging: CNL TD to surface casing; DLL TD to surface casing

Coring: None anticipated. DST's: As warranted.

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

Anticipated BHP:

From: 0 TO: 350' Anticipated Max. BHP: 150 **PSI** From: 350' TO: 1750' Anticipated Max. BHP: 760 **PSI** From: 1750' TO: 9000' Anticipated Max. BHP: 4500 PSI From: 9000' TO: 12000' Anticipated Max. BHP: 6000 PSI

Abnormal Pressures Anticipated: None.

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 126°

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN YATES DRILLING COMPANY Bennett Federal #2

2310' FSL and 2310' FWL Section 30-T25S-R30E

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.

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 35 miles Southeast of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Carlsbad on Highway 285 for approximately 28 miles (approx. mile marker 4) to the intersection on Highway 285 and Whitethorn Road (CR-775) turn east and go across the Pecos River. From the east side of the Pecos River bridge go approx. 0.3 of a mile to the El Paso pipeline road. Turn left here and go northeast on El Paso pipeline rd for approx. 4.1 miles. There will be an old pit on the right side of the road. Approx. 0.1 of a mile pas the pit a road will go to the right. Turn right here and go south for approx. 0.9 of a mile to corals. The road will continue to the left. From corrals go approx. 0.3 of a mile. The new road will start here going north for approx. 0.2 of a mile to the southeast corner of the well pad.

PLANNED ACCESS ROAD:

- A. The proposed new access will go west for approximately 0.2 of a mile from the point of origin to the southeast corner of drilling pad. The road will lie in a south to 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. Some traffic turnouts will 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 no 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 no 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 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 400' x 400' 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 after they have evaporated and dried.
- 11. SURFACE OWNERSHIP: Federal Surface, Administered by Bureau of Land Management, Carlsbad, New Mexico.

Bennett Federal #2

Page 3

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:

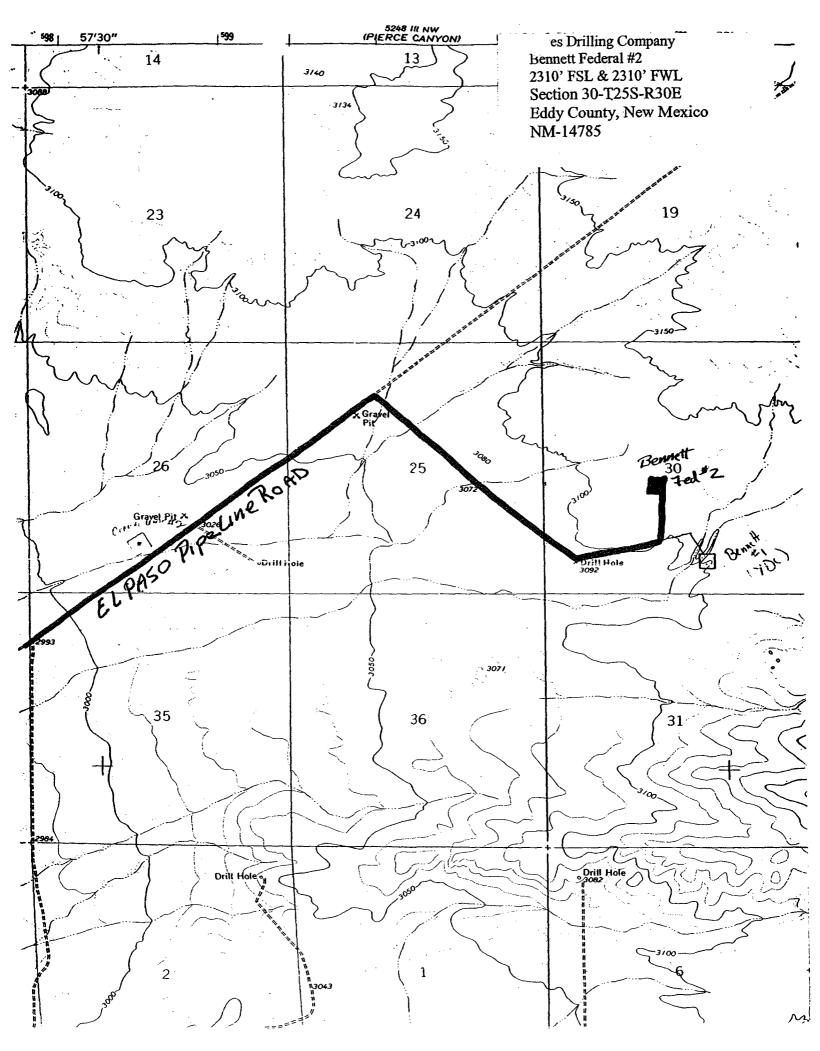
Cy Cowan, Regulatory Agent Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471 B. Through Drilling Operations, Completions and Production: Pinson McWhorter, Operations Manager Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210 Phone (505) 748-1471

14. CERTIFICATION:

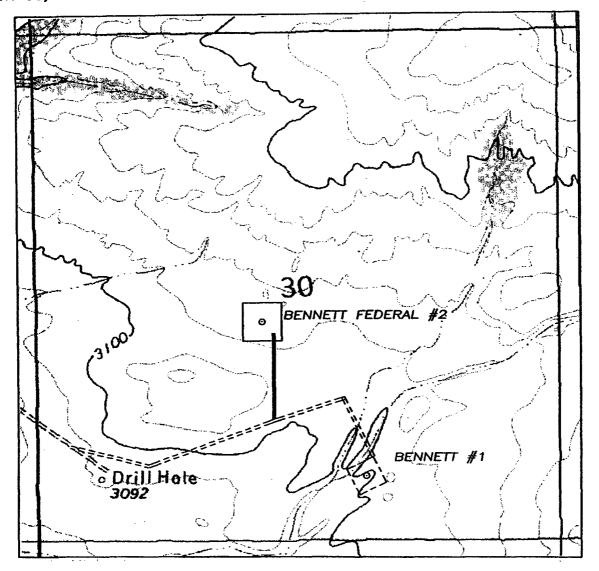
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and , that the work associated 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.

12/30/03

Regulatory Agent



SECTION 30, TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM, EDUY COUNTY, NEW MEXICO.



Yates Drilling Company Bennett Federal #2 2310' FSL & 2310' FWL Section 30-T25S-R30E Eddy County, New Mexico NM-14785

NY P.O. BOX 1928

NEW MEXICO 88260

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCUPATELY DEPICTS THE RESULTS OF SAID SURVEY DIRECTION WEST THE REQUIREMENTS OF THE STANDARDS FOR KIND BUTTEN OF NEW MEXICO AS ADOPTED BY THE NEW MEXICO STANDARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND DAND SURVEYORS.

GENERAL

LOVINGTON

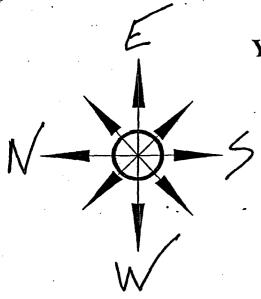
 $1000^{\circ} 0 1000^{\circ} 2000^{\circ}$ $Scale 1^{\circ} = 1000^{\circ}$ YATES DRILLING COMPANY

LEASE ROAD TO ACCESS THE YATES DRILLING COMPANY BENNETT FEDERAL #2, LOCATED IN SECTION 30, TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

 Survey Date:
 9/18/2001
 Sheet 1 of 1 sheets

 Drawn Br. Ed Blevins
 W.O. Number

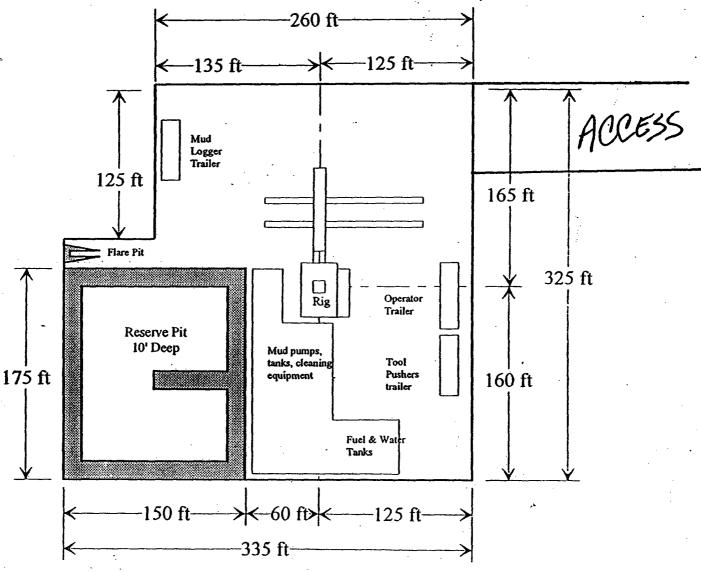
 Date:
 9/20/01
 Scale 1" = 1000" BENNETT 2



Yates Petroleum Corporation Location Layout for Permian Basin Up to 12,000'

> Yates Drilling Company Bennett Federal #2 2310' FSL & 2310' FWL Section 30-T25S-R30E Eddy County, New Mexico NM-14785

HITS, North



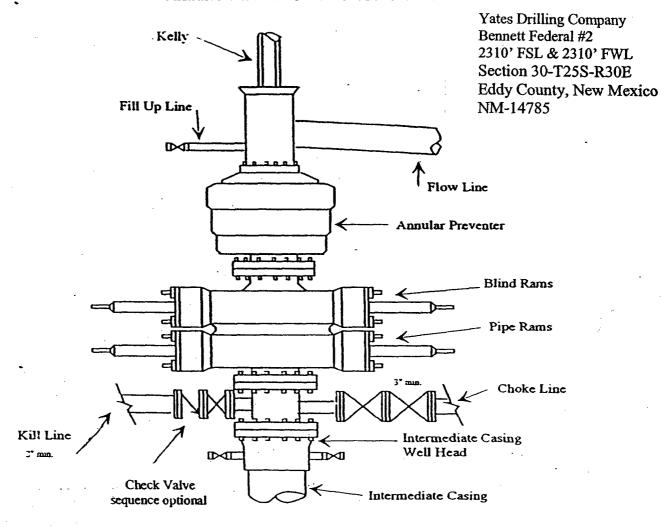
Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

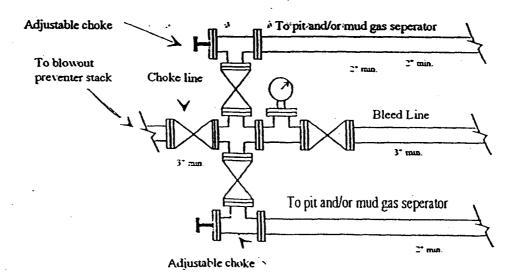
Yates Petroleum Corporation

Typical 3,000 psi Pressure System
Schematic

Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



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YATES DRILLING COMPANY

105 SOUTH FOURTH STREET - (505) 748-1471 FAX (505) 746-2268 ARTESIA, NEW MEXICO 88210 PEYTON YATES PRESIDENT

S. P. YATES VICE PRESIDENT

RANDY G. PATTERSON SECRETARY

> DENNIS G. KINSEY TREASURER

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Legal Description of Land:

Section 30, T25S-R30E

NE/SW
Formations(s) (if applicable): N/A

Bond Coverage: Individually Bonded

BLM Bond File Number: NM 0344

Date: January 16, 2004

Cy Cowar, Regulatory Agent

YATES DRILLING COMPANY