

N.M. Oil Cons. DIV-Dist. 2
 UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 1901 W. Grand Avenue
 Artesia, NM 88210

FORM APPROVED
 OMB No. 1004-0135
 Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other **Salt Water Disposal Well**

2. Name of Operator
Yates Petroleum Corporation

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)
(505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**330' FNL and 660' FWL
 Section 20, T23S-R30E
 Eddy County, New Mexico**

5. Lease Serial No.
NM-0543827

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No.
Remuda Basin SWD #1

9. API Well No.
30-015-~~28057~~ 29549

10. Field and Pool, or Exploratory Area
Undes. Bell Canyon and Cherry Canyon

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12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input checked="" type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other _____

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please see attached procedure for converting this well for injection purposes.

Thank you.

**SUBJECT TO
 LIKE APPROVAL
 BY NMOCD**

APPROVED

JAN 24 2005

LES BABYAK
 PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Cy Cowan	Title Regulatory Agent
Signature 	Date January 12, 2005

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

Title 18 U.S.C. Section 1001, 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.

DISTRICT I
1826 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

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Undesignated Bell Canyon and Cherry Canyon
Property Code	Property Name Remuda Basin SWD	Well Number 1
OGHD No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3153'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	23S	30E		330'	North	990' 660'	West	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 40	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 JAN 27 2005 CULBERTSIA</p>			<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Cy Cowan</i></p> <p>Signature _____ Cy Cowan</p> <p>Printed Name _____ Regulatory Agent</p> <p>Title _____ January 12, 2005</p> <p>Date _____</p>
				<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>REFER TO ORIGINAL PLAT.</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p>
				<p>Certificate No. Herschel L. Jones RLS 3640</p>
				<p>GENERAL SURVEYING COMPANY</p>

DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Instructions on back

Submit to Appropriate District Office

State Lease-4 copies
Fee Lease-3 copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

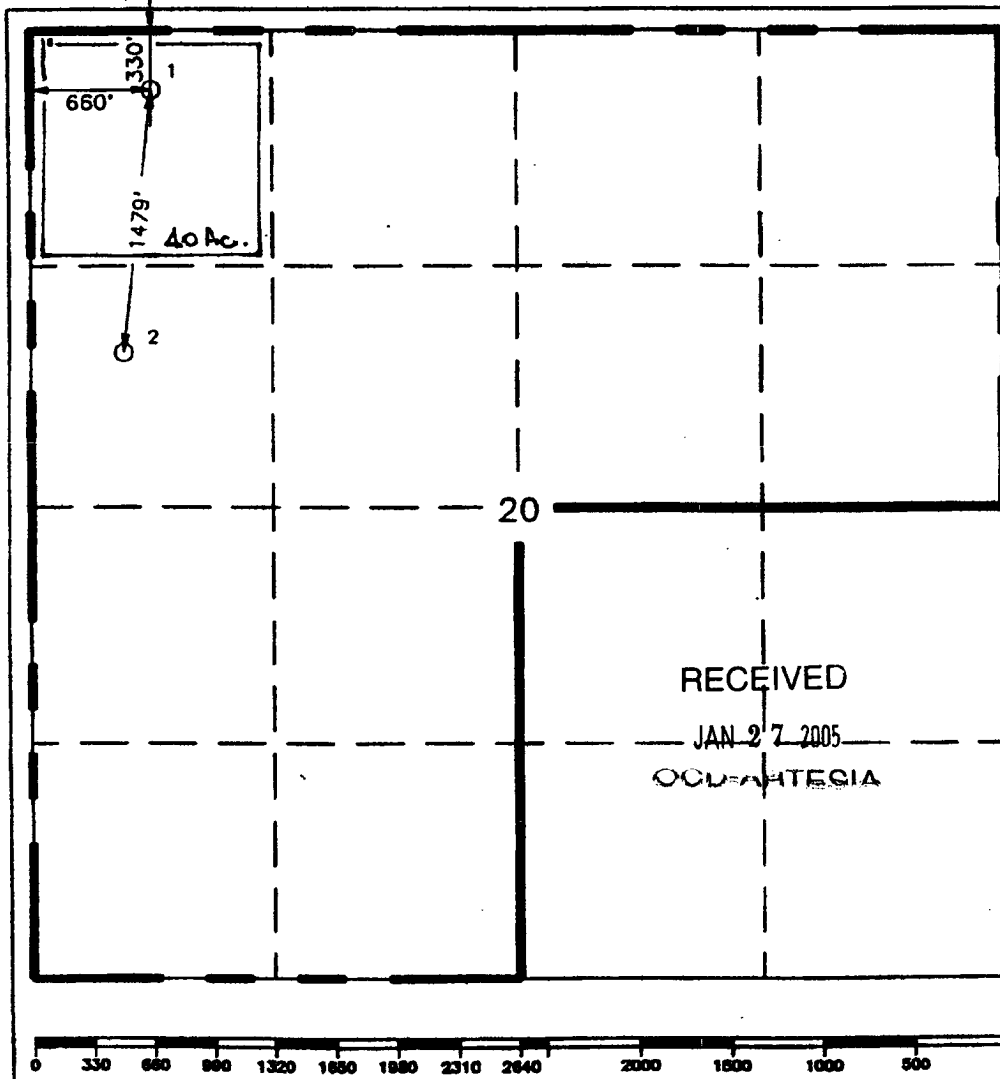
¹ API Number		² Pool Code		³ Pool Name	
				Mosh Draw, Lower Brushy Canyon; Undesignated, Upper Brushy Canyon, Cherry Canyon	
⁴ Property Code		⁵ Property Name			⁶ Well Number
		Remuda Basin "20" Federal			1
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation
22351		TEXACO EXPLORATION & PRODUCTION, INC.			3153'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	⁷ County
D	20	23-S	30-E		330'	North	660'	West	Eddy

¹¹ 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	⁷ County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order 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 DMSION.



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¹⁶ OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>C. Wade Howard</i>
Printed Name	C. Wade Howard
Position	Engineer's Assistant
Company	Texaco Expl. & Prod. Inc.
Date	February 10, 1997
¹⁷ 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 knowledge and belief.	
Date Surveyed	February 4, 1997
Signature & Seal of Professional Surveyor	<i>John S. Piper</i>
Certificate No.	7264 John S. Piper
Sheet 8 of 8	

○ = Staked Location ● = Producing Well = Injection Well ◇ = Water Supply Well ⊕ = Plugged & Abandon Well

YATES PETROLEUM CORPORATION

Remuda Basin SWD #1

Drilling Prognosis

Page 2

This well was originally drilled by Texaco Exploration and Production, Inc. as the Remuda Basin 20 Federal #1. It was spudded on April 29, 1997 and TD was reached May 14, 1997.

Yates Petroleum Corporation proposes to set a CIBP at 6,575' and cap it with 35' of cement. Pressure test casing to 1,000 psig for 30 minutes. Pull a cement bond log to ensure that we have competent cement across the injection interval being 3,800'-4000'.

Correlate to open hole logs and perforate the Bell Canyon from 4124'-36', 4140'-48', 4180'-90', 4196,-4212', and the Cherry Canyon from 4296'-4308'-4380'-90', 4414'-20', 4540'-48', 4572'-82', 4594'-4603', 4614'-20', 4634'-46', 4682'-90', 4696'-4712', 4738'-74'. 1JSPF.

TIH with packer and RBP with ball catcher to isolate the Cherry Canyon perforations (4296,-4774') and acidize with 3000 gallons of 7.5% HCL with 170 ball sealers. Move tools to isolate that Bell Canyon perforations (4124'-4212') and acidize with 7.5% HCL and rock salt. POOH with all tools. TIH with injector packer and PC 2.875" tubing. Set the packer at +/- 4000' and perform a MIT test and put the well on injection.

MUD PROGRAM: Cut Brine (Weight: 8.8, Vis: 28).

BOPE PROGRAM: 3000 # BOPE will be nipped up on 8 5/8" in casing.

YATES PETROLEUM CORPORATION
Remuda Basin SWD #1
 330' FNL & 660' FWL
 Section 20-T23S-R30E
 Eddy County, New Mexico

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

Top of Salt	410'	Brushy Canyon	5600'
Base of Salt	1985'	Lower Brushy Canyon	6990'
Delaware Sand	3490'	Bone Spring Lime	7250'
Cherry Canyon	4266'	TD	7500'
Manzanita	4460'		

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

Water: Approx 150'

Oil or Gas: N/A

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" 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: (In Place).

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	11 3/4"	42#	WC50	ST&C	0-400'	In Place
11"	8 5/8"	24#+32#	CF50+WC50	LT&C	0-3397'	In Place
7 7/8"	5 1/2"	17#	WC50	LT&C	0-7500'	In Place

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

B. CEMENTING PROGRAM:

Surface casing: 400 sx Circulate (In Place)

Intermediate Casing: 900 sx Circulate (In Place)

Production Casing: 700 sx (In Place) TOC 3000'

Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-7500'	Cut Brine	8.8	28	N/C

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

6. EVALUATION PROGRAM:

Samples: 10 samples out from under surface casing.

Logging: CBC/GR/CCL TD to Surface.

Coring: None Anticipated.

DST's: None Anticipated.

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

Anticipated BHP:

From: 4774' TO: 7500' Anticipated Max. BHP: 2100 PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 186 F

8. ANTICIPATED STARTING DATE:

Plans are to convert this well to disposal as soon as possible after receiving approval. It should take approximately 35 days to complete operations.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Remuda Basin SWD #1
330' FNL & 660' FWL
Section. 20-T23S-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.

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

DIRECTIONS:

Go east of Carlsbad on Highway 62-180 to State Road 31. Turn south on 31 and to Highway 128 (Jal Highway). Turn east on 128 and go approx. 4 miles to Rawhide Road (CR-793), Mississippi Potash Mine Shaft #5 here. Turn right on Rawhide Road and go approx. 3 miles. Turn left here on lease road and go east for approx. .3 of a mile to corrals continue past corrals for .4 of a mile to a fork in the road. Take the left fork and go .2 of a mile. The road will fork again. Take the right fork and go .1 of a mile. Turn right here on existing access road and to .1 of a mile to the southwest corner of the existing well location.

2. **PLANNED ACCESS ROAD.**

- A. No new access will be needed
- 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 existing road will be upgraded 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. The necessary injection facilities will be installed on the existing well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a cut brine system. The brine 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 closest pit and obtain any permits and materials needed for construction.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. N/A.

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. N/A.

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 and will face to the north. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.

C. All activity will take place on the existing well pad.

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 the 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.

1/13/2005


Regulatory Agent

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

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:

Remuda Basin SWD #1

Lease No.: NM-0543827

Bond Coverage: Individually Bonded

Legal Description of Land:

BLM Bond File No.: NM 2811

330' FNL and 660' FWL

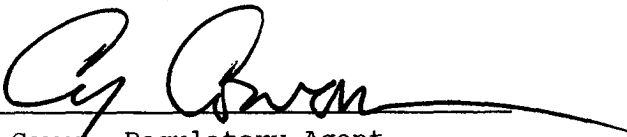
Section 20, T23S-R30E

Eddy County, New Mexico

Formation (s) – (if applicable):

YATES PETROLEUM CORPORATION

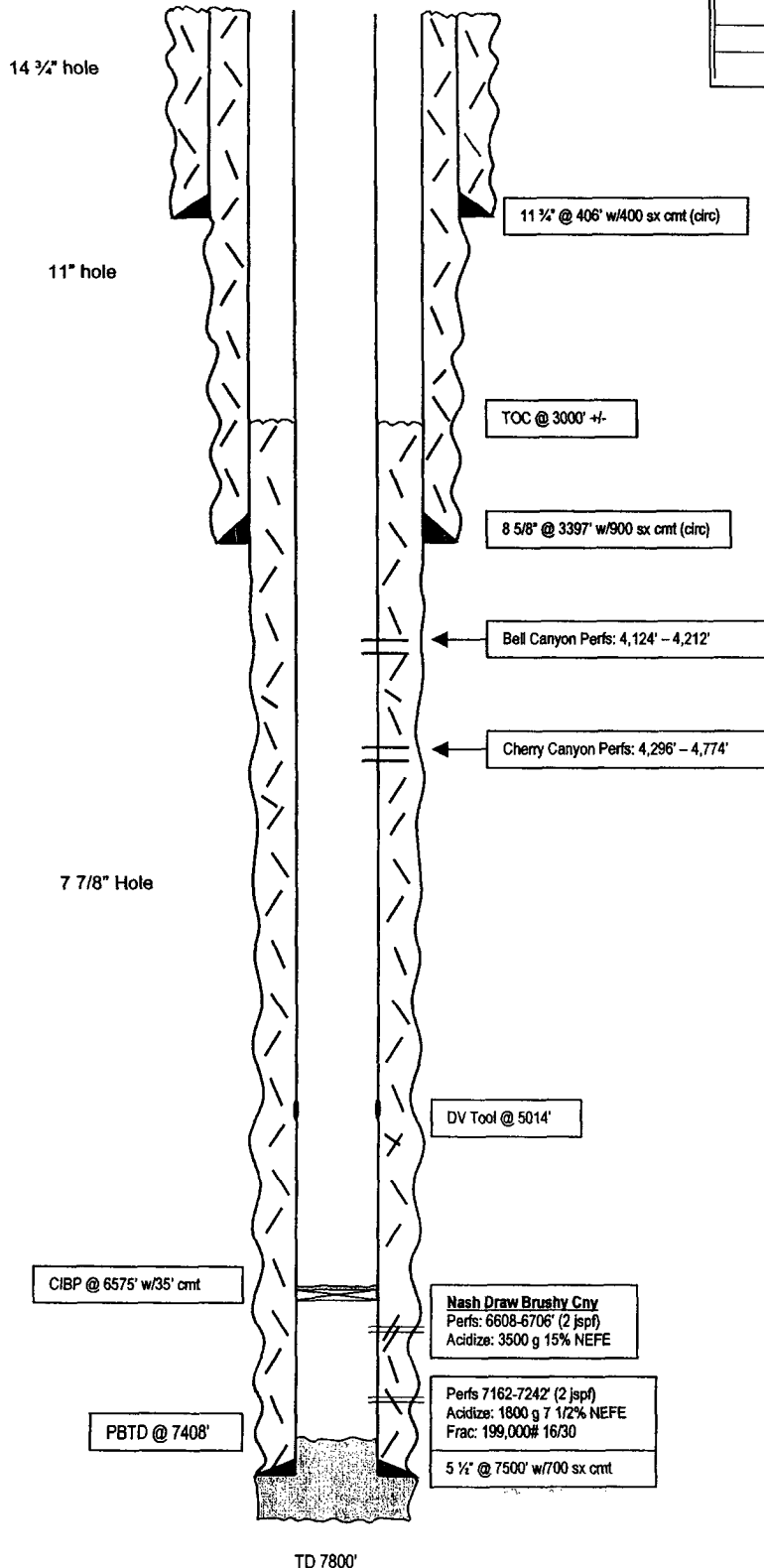
Date: January 13, 2005


Cy Cowan, Regulatory Agent

WELL NAME: Remuda Basin 20 Federal #1 (Texaco) **FIELD:** Nash Draw Brushy Canyon
LOCATION: Unit D, 330' FNL & 660' FWL Sec 20-23S-38E **Eddy County**
GL: 3153' **ZERO:** **KB:** 3165'
SPUD DATE: 4/29/97 **COMPLETION DATE:** 5/30/96
COMMENTS: 30-015-29540

CASING PROGRAM

11 1/2" 42# WC50 STC	406'
8-5/8" 24&32# CF50&WC50 LTC	3397'
5 1/2" 17# WC50 LTC	7500'



After

TOPS

T Salado	410'
B Salado	1985'
Delaware Sd	3490'
Cherry Cny	4266'
Manzanita	4460'
Brushy Cny	5600'
L Brushy Cny	6990'
Bone Spring	7250'

WELL NAME: Remuda Basin 20 Federal #1 (Texaco) **FIELD:** Nash Draw Brushy Canyon
LOCATION: Unit D, 330' FNL & 660' FWL Sec 20-23S-30E **Eddy County**
GL: 3153' **ZERO:** **KB:** 3165'
SPUD DATE: 4/29/97 **COMPLETION DATE:** 5/30/96
COMMENTS: 30-015-29540

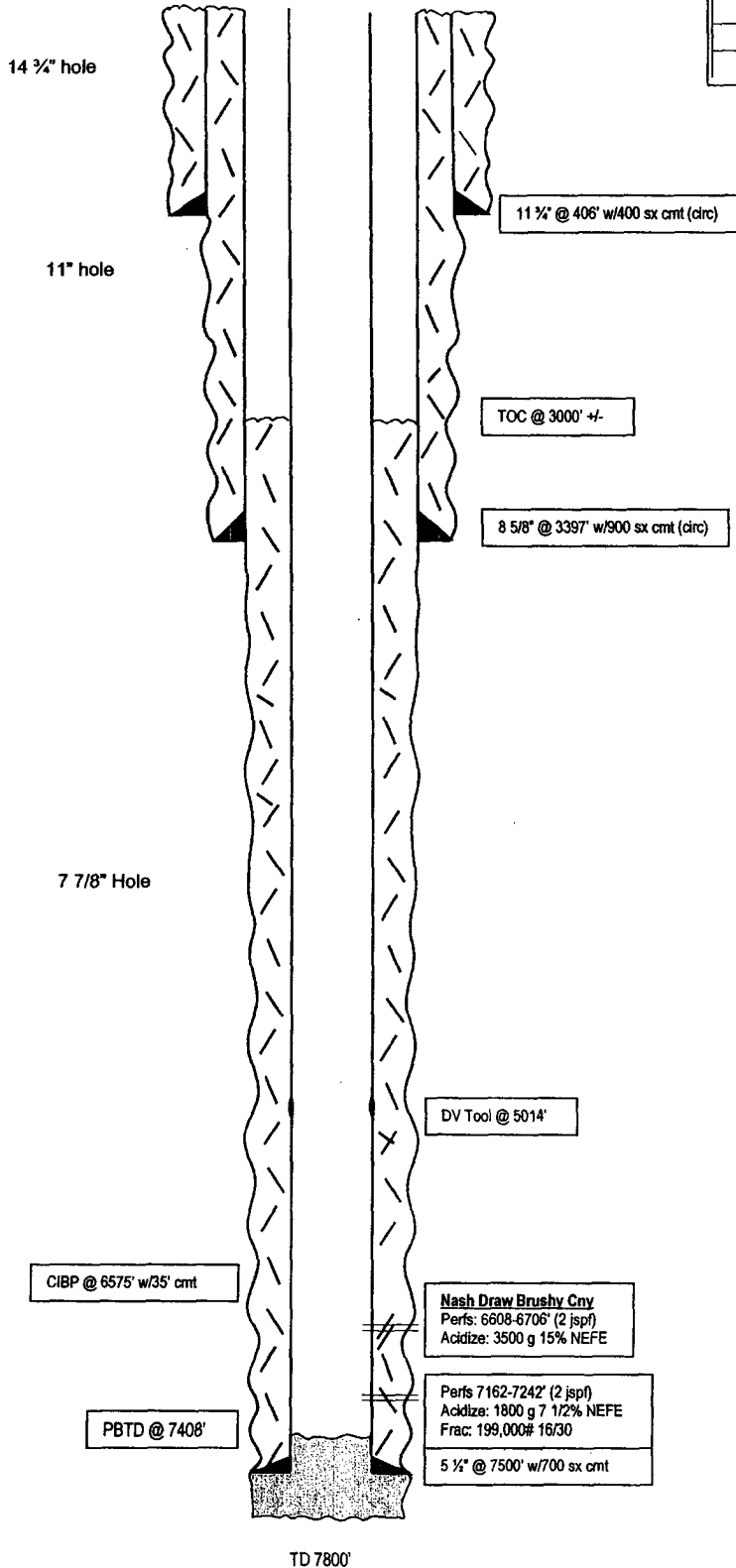
CASING PROGRAM

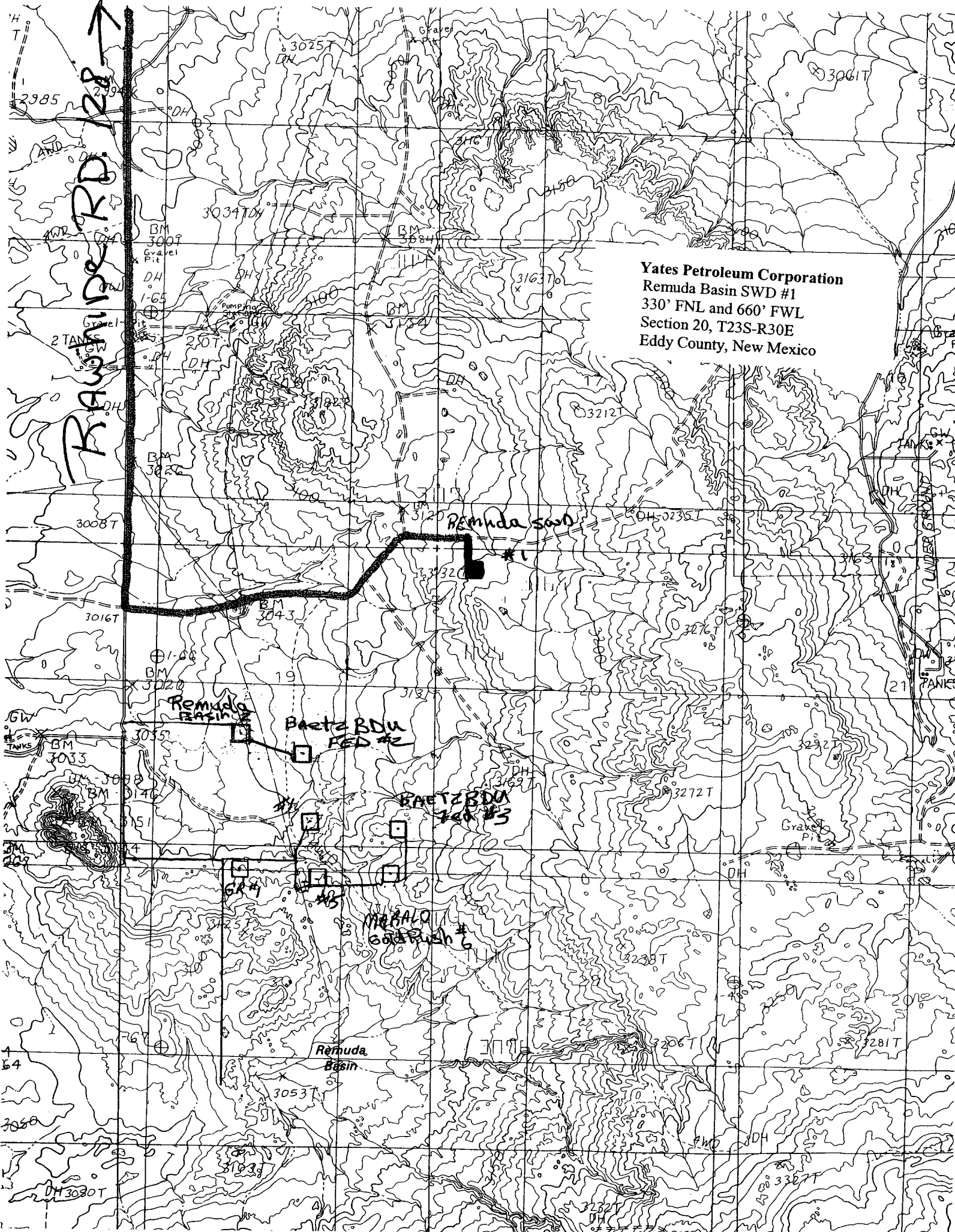
11 3/4" 42# WC50 STC	406'
8-5/8" 24&32# CF50&WC50 LTC	3397'
5 1/2" 17# WC50 LTC	7500'

Before

TOPS

T Salado	410'
B Salado	1985'
Delaware Sd	3490'
Cherry Cny	4266'
Manzanita	4460'
Brushy Cny	5600'
L Brushy Cny	6990'
Bone Spring	7250'





Yates Petroleum Corporation
Remuda Basin SWD #1
330' FNL and 660' FWL
Section 20, T23S-R30E
Eddy County, New Mexico

RAETZ RD →

Remuda Basin SWD #1

Remuda Basin

RAETZ BDU
FED #2

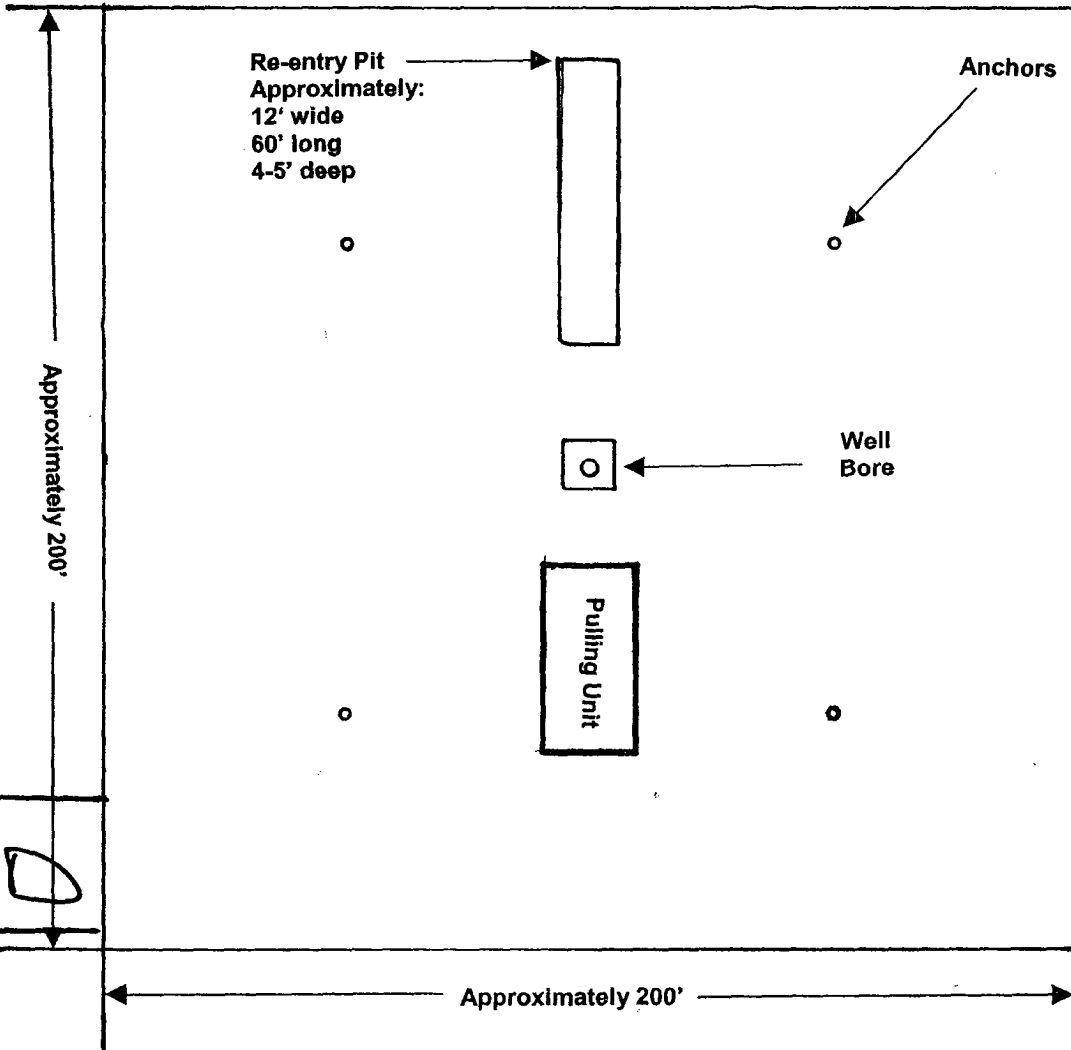
RAETZ BDU
FED #3

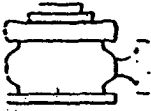
MARAL
GOLD RUSH #6

Remuda
Basin

Yates Petroleum Corporation

Yates Petroleum Corporation
Remuda Basin SWD #1
330' FNL and 660' FWL
Section 20, T23S-R30E
Eddy County, New Mexico



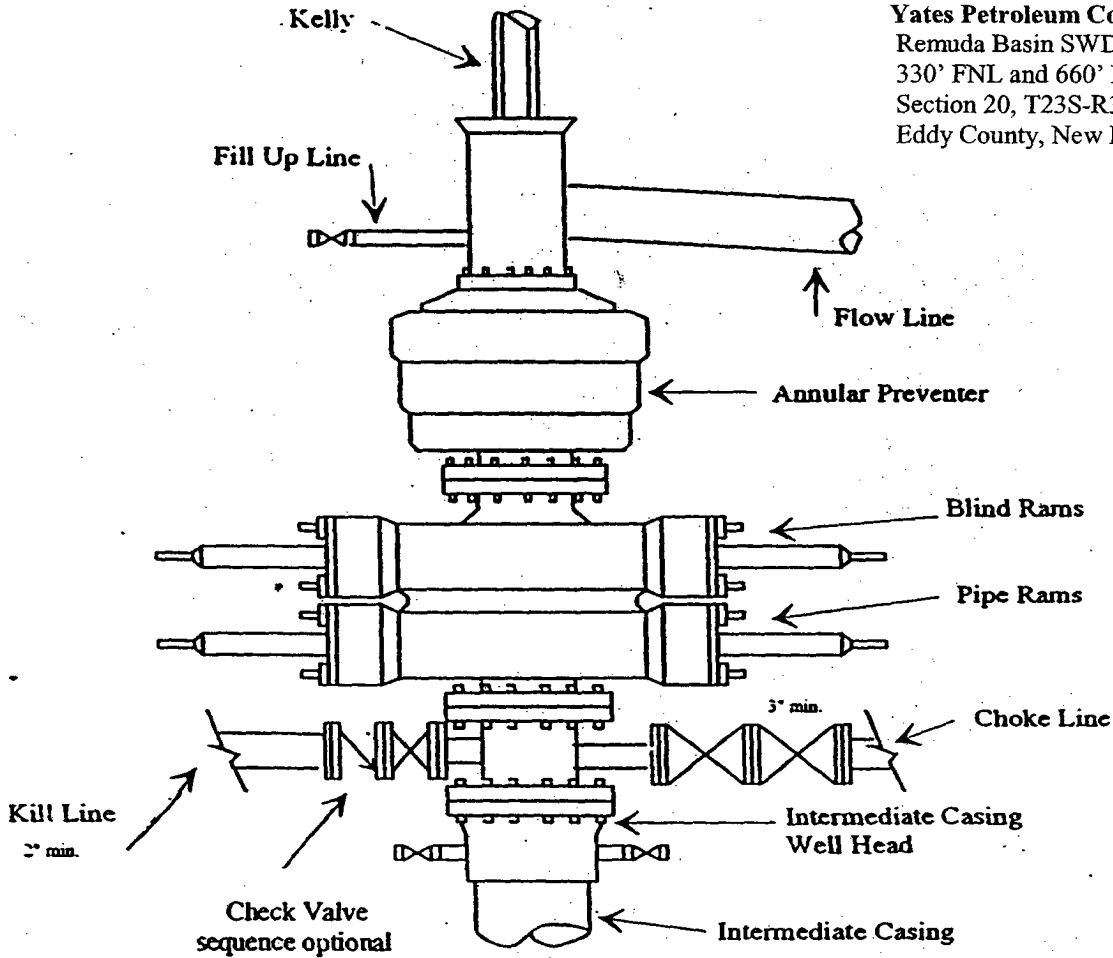


Yates Petroleum Corporation

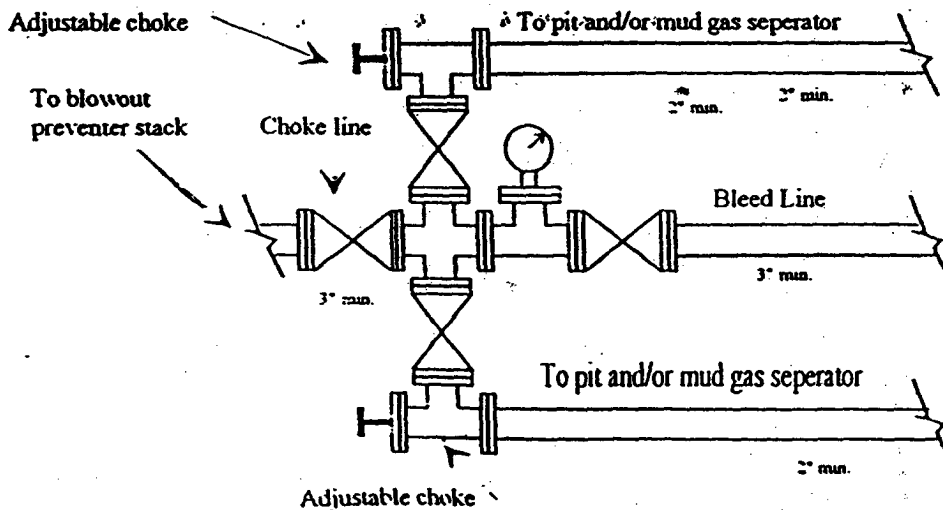
BOP-3

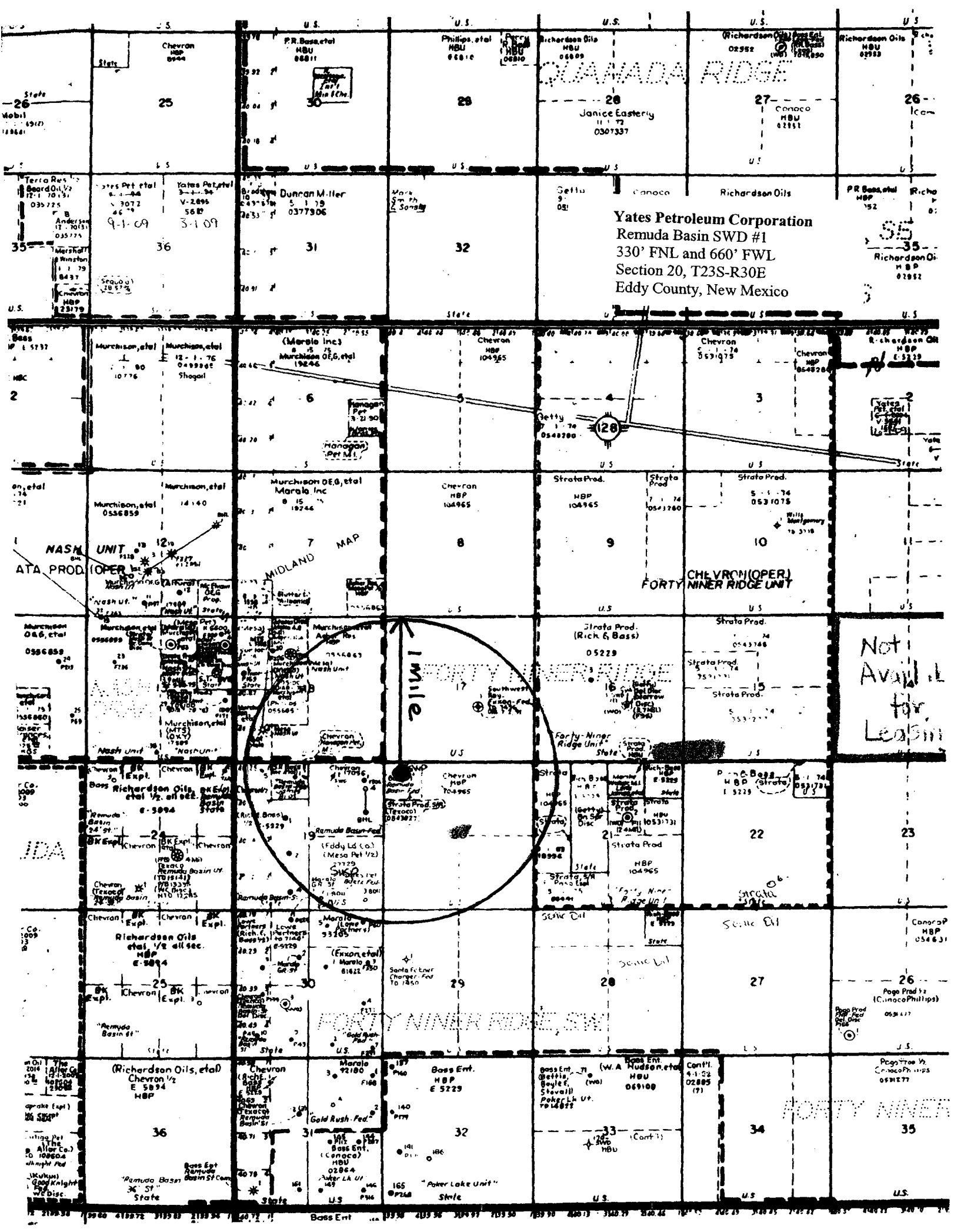
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

Yates Petroleum Corporation
Remuda Basin SWD #1
330' FNL and 660' FWL
Section 20, T23S-R30E
Eddy County, New Mexico



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





CANADA RIDGE

Yates Petroleum Corporation
Remuda Basin SWD #1
330' FNL and 660' FWL
Section 20, T23S-R30E
Eddy County, New Mexico

Not Available for Leasing

1 MILE

FORTY NINE RIDGE SW

FORTY NINE

