

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

b. 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 88210

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

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

A. surface 1350' FNL and 330' FWL Surface Hole Location

At proposed prod. Zone 1650' FNL and 330' FWL Bottom Hole Location

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

Approximately 36 miles east of Malaga, New Mexico.

15. Distance from proposed location to nearest property or lease line, ft.  
(Also to nearest drig. unit line, if any)

330 feet.

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

300 feet

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

3010' GL

16. No. of Acres in lease

320.00

17. Spacing Unit dedicated to this well

40 NW/NW

19. Proposed Depth

TVD 9250' MVD 9278'

20. BLM/BIA Bond No. on file

585997

22. Approximate date work will start\*

ASAP

23. Estimated duration

45 days

24. Attachments

Carlsbad Controlled Water Basin

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

7/5/2006

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Tony J. Herrell

Name (Printed/Typed)

/s/ Tony J. Herrell

Date

JUL 28 2006  
JUL 8 2006

Title

FIELD MANAGER

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)

C-144 attached

DECLARED WATER BASIN 3 3/4  
CEMENT BEHIND THE 13 3/8  
CASING MUST BE CIRCULATED

WITNESS

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

DISTRICT I  
1635 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 87505

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 96473	Pool Name Pierce Crossing, Bone Spring, East
Property Code	Property Name CORRAL DRAW "AQH" FEDERAL	Well Number 5
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3010

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	24S	29E		1350	NORTH	330	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
E	13	24S	29E		1650	NORTH	330	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

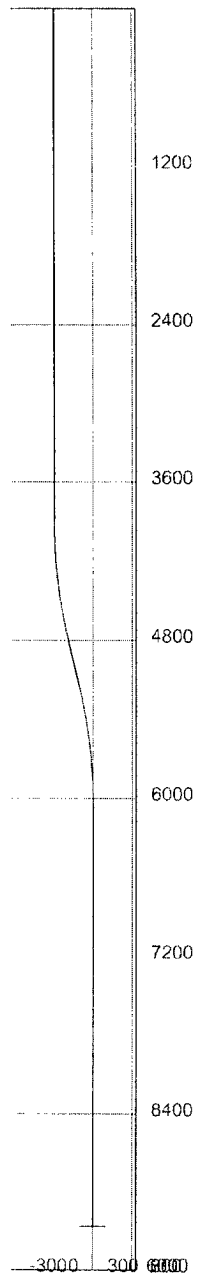
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></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</p> <p>Cy Cowan Printed Name</p> <p>Regulatory Agent Title</p> <p>August 17, 2006 Date</p> <p><b>SURVEYOR CERTIFICATION</b></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>6/21/2006 Date Surveyed</p> <p><i>HEIRSCHER</i> Signature of Professional Surveyor</p> <p>HEIRSCHER NEW MEXICO 3640 REGISTERED PROFESSIONAL SURVEYOR</p> <p>Certification No. Herscher Hughes RLS 3640 CORRAL DRAW, NM GENERAL SURVEYING COMPANY</p>
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0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

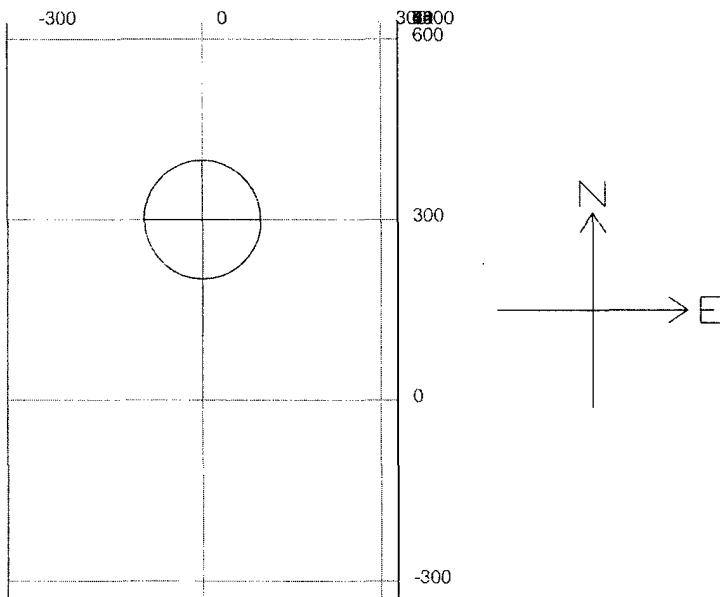
# 3D<sup>3</sup> Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**  
Well: **Corral Draw AQH Federal #5**



### 3D<sup>3</sup> Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**  
Well: **Corral Draw AQH Federal #5**



	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	3900.00	0.00	0.00	3900.00	0.00	0.00	1.50	0	GN
3	3900.00	0.00	0.00	3900.00	0.00	0.00	1.50	0	GN
4	3925.00	0.37	0.00	3925.00	0.08	0.00	1.50	0	HS
5	3950.00	0.75	0.00	3950.00	0.33	0.00	1.50	0	HS
6	3975.00	1.13	0.00	3975.00	0.74	0.00	1.50	0	HS
7	4000.00	1.50	0.00	3999.99	1.31	0.00	1.50	0	HS
8	4025.00	1.88	0.00	4024.98	2.05	0.00	1.50	0	HS
9	4050.00	2.25	0.00	4049.96	2.94	0.00	1.50	0	HS
10	4075.00	2.63	0.00	4074.94	4.01	0.00	1.50	0	HS
11	4100.00	3.00	0.00	4099.91	5.23	0.00	1.50	0	HS
12	4125.00	3.37	0.00	4124.87	6.62	0.00	1.50	0	HS
13	4150.00	3.75	0.00	4149.82	8.18	0.00	1.50	0	HS
14	4175.00	4.13	0.00	4174.76	9.90	0.00	1.50	0	HS
15	4200.00	4.50	0.00	4199.69	11.77	0.00	1.50	0	HS
16	4225.00	4.87	0.00	4224.61	13.82	0.00	1.50	0	HS
17	4250.00	5.25	0.00	4249.51	16.02	0.00	1.50	0	HS
18	4275.00	5.63	0.00	4274.40	18.39	0.00	1.50	0	HS
19	4300.00	6.00	0.00	4299.27	20.92	0.00	1.50	0	HS
20	4325.00	6.38	0.00	4324.12	23.62	0.00	1.50	0	HS
21	4350.00	6.75	0.00	4348.96	26.48	0.00	1.50	0	HS
22	4375.00	7.12	0.00	4373.78	29.50	0.00	1.50	0	HS
23	4400.00	7.50	0.00	4398.57	32.68	0.00	1.50	0	HS
24	4425.00	7.87	0.00	4423.35	36.02	0.00	1.50	0	HS
25	4450.00	8.25	0.00	4448.10	39.53	0.00	1.50	0	HS
26	4475.00	8.63	0.00	4472.83	43.20	0.00	1.50	0	HS
27	4500.00	9.00	0.00	4497.54	47.03	0.00	1.50	0	HS
28	4525.00	9.38	0.00	4522.22	51.02	0.00	1.50	0	HS
29	4550.00	9.75	0.00	4546.87	55.17	0.00	1.50	0	HS
30	4575.00	10.13	0.00	4571.49	59.49	0.00	1.50	0	HS
31	4600.00	10.50	0.00	4596.09	63.96	0.00	1.50	0	HS
32	4625.00	10.88	0.00	4620.65	68.60	0.00	1.50	0	HS
33	4650.00	11.25	0.00	4645.19	73.39	0.00	1.50	0	HS
34	4675.00	11.63	0.00	4669.69	78.35	0.00	1.50	0	HS
35	4700.00	12.00	0.00	4694.16	83.47	0.00	1.50	0	HS
36	4725.00	12.38	0.00	4718.60	88.75	0.00	1.50	0	HS

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
37	4750.00	12.75	0.00	4743.00	94.19	0.00	1.50	0	HS
38	4775.00	13.12	0.00	4767.37	99.78	0.00	1.50	0	HS
39	4800.00	13.50	0.00	4791.70	105.54	0.00	1.50	0	HS
40	4804.61	13.57	0.00	4796.18	106.62	0.00	0.00		
41	5168.08	13.57	0.00	5149.51	191.90	0.00	0.00		
42	5175.00	13.46	0.00	5156.13	193.93	0.00	1.50	180	HS
43	5200.00	13.09	0.00	5180.46	199.67	0.00	1.50	180	HS
44	5225.00	12.71	0.00	5204.83	205.25	0.00	1.50	180	HS
45	5250.00	12.33	0.00	5229.24	210.68	0.00	1.50	180	HS
46	5275.00	11.96	0.00	5253.68	215.94	0.00	1.50	180	HS
47	5300.00	11.58	0.00	5278.15	221.04	0.00	1.50	180	HS
48	5325.00	11.20	0.00	5302.66	225.99	0.00	1.50	180	HS
49	5350.00	10.82	0.00	5327.20	230.77	0.00	1.50	180	HS
50	5375.00	10.45	0.00	5351.77	235.39	0.00	1.50	180	HS
51	5400.00	10.07	0.00	5376.37	239.85	0.00	1.50	180	HS
52	5425.00	9.69	0.00	5401.00	244.15	0.00	1.50	180	HS
53	5450.00	9.31	0.00	5425.66	248.29	0.00	1.50	180	HS
54	5475.00	8.93	0.00	5450.34	252.27	0.00	1.50	180	HS
55	5500.00	8.55	0.00	5475.05	256.08	0.00	1.50	180	HS
56	5525.00	8.17	0.00	5499.78	259.74	0.00	1.50	180	HS
57	5550.00	7.79	0.00	5524.54	263.23	0.00	1.50	180	HS
58	5575.00	7.41	0.00	5549.32	266.56	0.00	1.50	180	HS
59	5600.00	7.03	0.00	5574.12	269.73	0.00	1.50	180	HS
60	5625.00	6.65	0.00	5598.94	272.73	0.00	1.50	180	HS
61	5650.00	6.26	0.00	5623.79	275.58	0.00	1.50	180	HS
62	5675.00	5.88	0.00	5648.65	278.26	0.00	1.50	180	HS
63	5700.00	5.50	0.00	5673.52	280.77	0.00	1.50	180	HS
64	5725.00	5.11	0.00	5698.42	283.13	0.00	1.50	180	HS
65	5750.00	4.72	0.00	5723.32	285.32	0.00	1.50	180	HS
66	5775.00	4.33	0.00	5748.25	287.35	0.00	1.50	180	HS
67	5800.00	3.93	0.00	5773.18	289.22	0.00	1.50	180	HS
68	5825.00	3.54	0.00	5798.13	290.92	0.00	1.50	180	HS
69	5850.00	3.13	0.00	5823.08	292.46	0.00	1.50	180	HS
70	5875.00	2.72	0.00	5848.05	293.83	0.00	1.50	180	HS
71	5900.00	2.29	0.00	5873.03	295.05	0.00	1.50	180	HS
72	5925.00	1.85	0.00	5898.01	296.10	0.00	1.50	180	HS

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
73	5950.00	1.36	0.00	5923.00	296.98	0.00	1.50	180	HS
74	5975.00	0.75	0.00	5948.00	297.71	0.00	1.50	180	HS
75	6000.00	0.00	0.00	5973.00	298.26	0.00	1.50	180	GN
76	6025.00	0.00	0.00	5998.00	298.66	0.00	1.50	180	GN
77	6050.00	0.00	0.00	6023.01	298.89	0.00	1.50	180	GN
78	6075.00	0.00	180.00	6048.01	298.96	0.00	1.50	179	GN
79	6077.24	0.00	180.00	6050.25	298.96	0.00	0.00		
80	9277.24	0.00	0.00	9250.00	300.00	0.00	0.00		

**YATES PETROLEUM CORPORATION**  
**Corral Draw AQH Federal #5**  
1350' FNL & 330' FWL Surface Hole Location  
1650' FNL and 330' FWL Bottom Hole Location  
Section 13-T24S-R29E  
Eddy County, New Mexico

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

Rustler	330'	Brushy Canyon Marker	5360'
Top of Salt	450'	Brushy Canyon	6700'
Base of Salt	3015'	Bone Spring	6970'
Bell Canyon	3220'	TD	9250'
Cherry Canyon	4090'		

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

Water: Approx 18'

Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-500'	500'
11"	8 5/8"	32#	J-55	ST&C	0-100'	100'
11"	8 5/8"	24#	J-55	LT&C	100'-2200'	2100'
11"	8 5/8"	32#	J-55	ST&C	2200'-3200'	1000'
7 7/8"	5 1/2"	17#	J-55	ST&C	0-500'	500'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	500'-7200'	6700'
7 7/8"	5 1/2"	17#	J-55	LT&C	7200'-9250'	2050'

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, Joint Strength 1.8



**B. CEMENTING PROGRAM:**

Surface casing: 350 sx Lite "C" (YLD 2.01 WT 12.4); Tail in w/ 200 sx Class "C" + 2% CaCl<sub>2</sub> (YLD 1.34 WT 14.8).

Intermediate Casing: 825 sx Lite (YLD 2.01 WT 11.9); Tail in w/ 200 sx "C" + 2% CaCl<sub>2</sub> (YLD 1.32 WT. 14.8)

Production Casing: Stage I: TOC 6500', 550 sx Super "H" (YLD 16.7 WT 13.0) DV tool + packer at 6500'. Tail in w/ 50 sx Thixset (YLD 1.4 WT 14.4).  
Stage II: 550 sx Lite (YLD 2.5 WT 11.9); Tail in w/ 50 sx Premium (YLD 1.3 WT 14.8)

**5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-500'	FW/Spud Mud	8.4-8.6	30-34	N/C
500'-3200'	Brine	10.0-10.2	28	N/C
3200'-5150'	Cut Brine	8.8-9.1	28-29	N/C
5150'-9250'	Cut Brine/Starch	8.8-9.2	28-32	<10-15cc

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: 30' samples surface to 3000'; 10' samples 3000'-TD.

Logging: Platform HALS; CMR.

Coring: None Anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 500'	Anticipated Max.	BHP: 220	PSI
From: 500'	TO: 3200'	Anticipated Max.	BHP: 1700	PSI
From: 3200'	TO: 9250'	Anticipated Max.	BHP: 4400	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: None

Maximum Bottom Hole Temperature: 168 F

**8. ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**

**Corral Draw AQH Federal #5**

1350' FNL & 330' FWL Surface Hole Location

1650' FNL and 330' FWL Bottom Hole Location

Section 13-T24S-R29E

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 36 miles east of Malaga, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Go east of Malaga, New Mexico on Duarte Road (CR-720) for .7 of a mile to Harroun Road (CR-745). Turn left on Harroun Road and go approx. 2.9 miles to Dog Town Road (CR-788). Turn right on Dog Town Road and go approx. 1.1 miles. Turn left here on caliche road and go 1.9 miles. Turn left here at a cattleguard and go past dry hole location with tanks on it to one more cattleguard. Turn right at first lease road past cattleguard (Devon Ore Ida Lease sign here) go approx. 1 mile. Turn left here on Devon's Orida lease road. Go northwest for .4 of a mile to the Orida Federal #1. Go east for .2 the the #4 well. Southeast to the #3 passing the #6 on the way. Turn left on lease road for .1 of a mile. The new road will start here going east for approx..3 of a mile then approx. 300 feet to the northwest corner of the proposed well location.

### **2. PLANNED ACCESS ROAD.**

- A. The proposed new access will be approximately 03 of a mile going east to the northwest corner of the drilling pad. The road will lie in a southeasterly 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 fresh 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 closest 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 and will face to the east. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- 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 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:

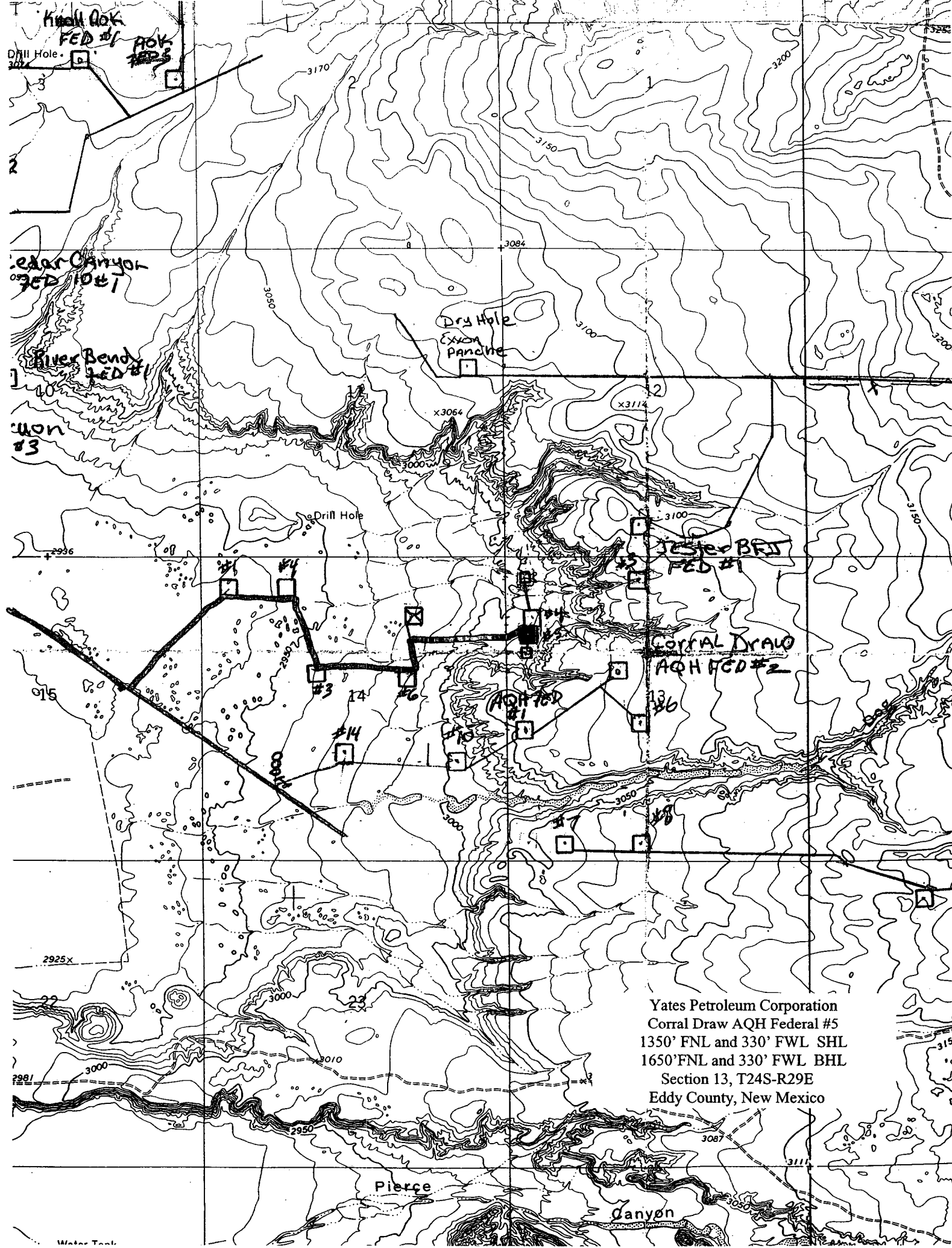
Pinson McWhorter, Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

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.

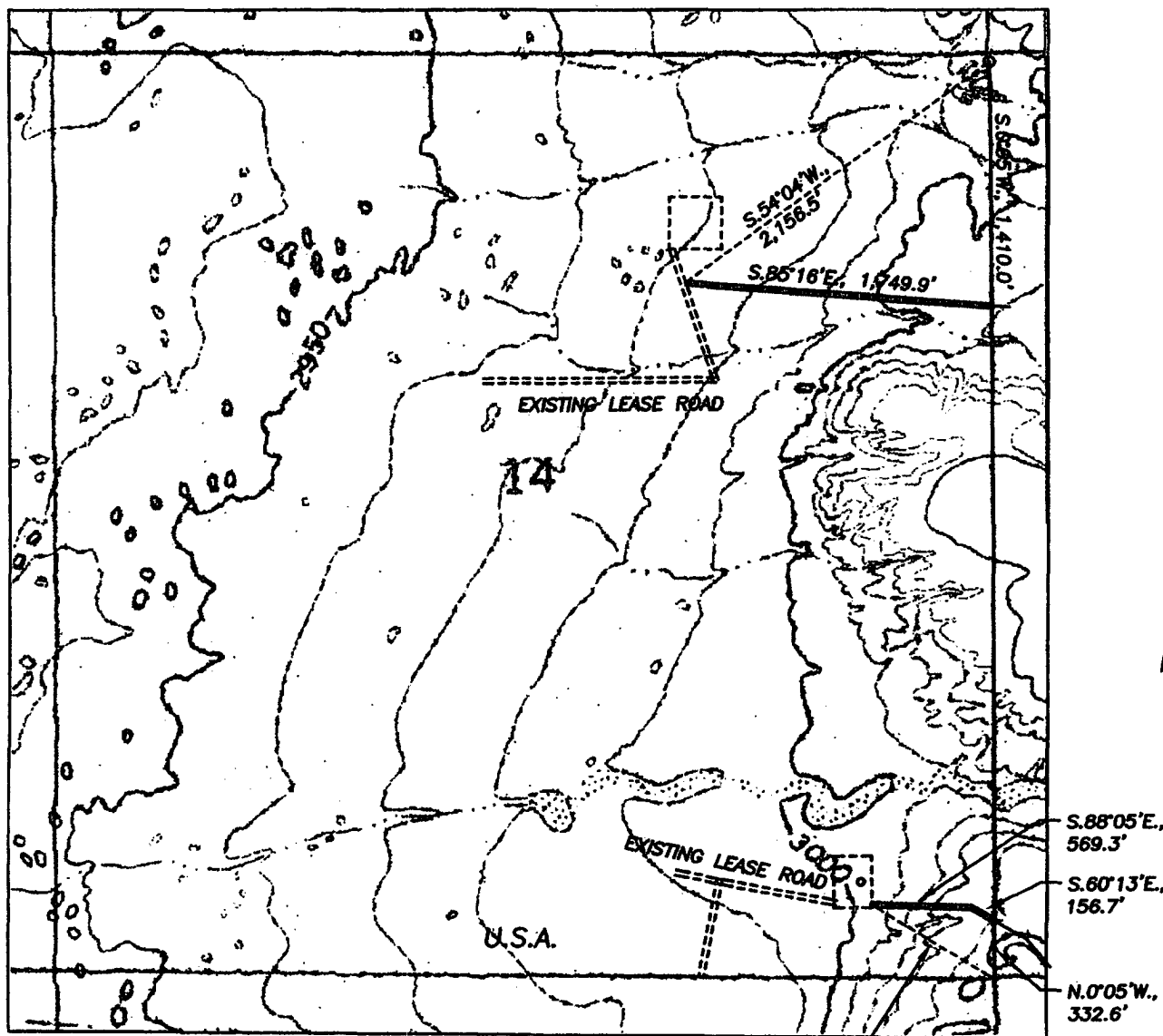
6/9/2006

  
Regulatory Agent



Yates Petroleum Corporation  
Corral Draw AQH Federal #5  
1350' FNL and 330' FWL SHL  
1650' FNL and 330' FWL BHL  
Section 13, T24S-R29E  
Eddy County, New Mexico

SECTION 14, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



DESCRIPTION:

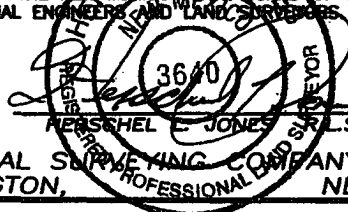
A LEASE ROAD RIGHT OF WAY 30 FEET WIDE AND 2,475.9 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN IN RED ON THIS PLAT.

2,475.9 FEET = 150.0545 RODS, 0.4689 MILES OR 1.7052 ACRES, MORE OR LESS.

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 CORRAL DRAW "AQH" FEDERAL #4, #5, #7, & #8 WELLS, LOCATED IN SECTION 13, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 3/16/2006

Sheet 2 of 3 Sheets

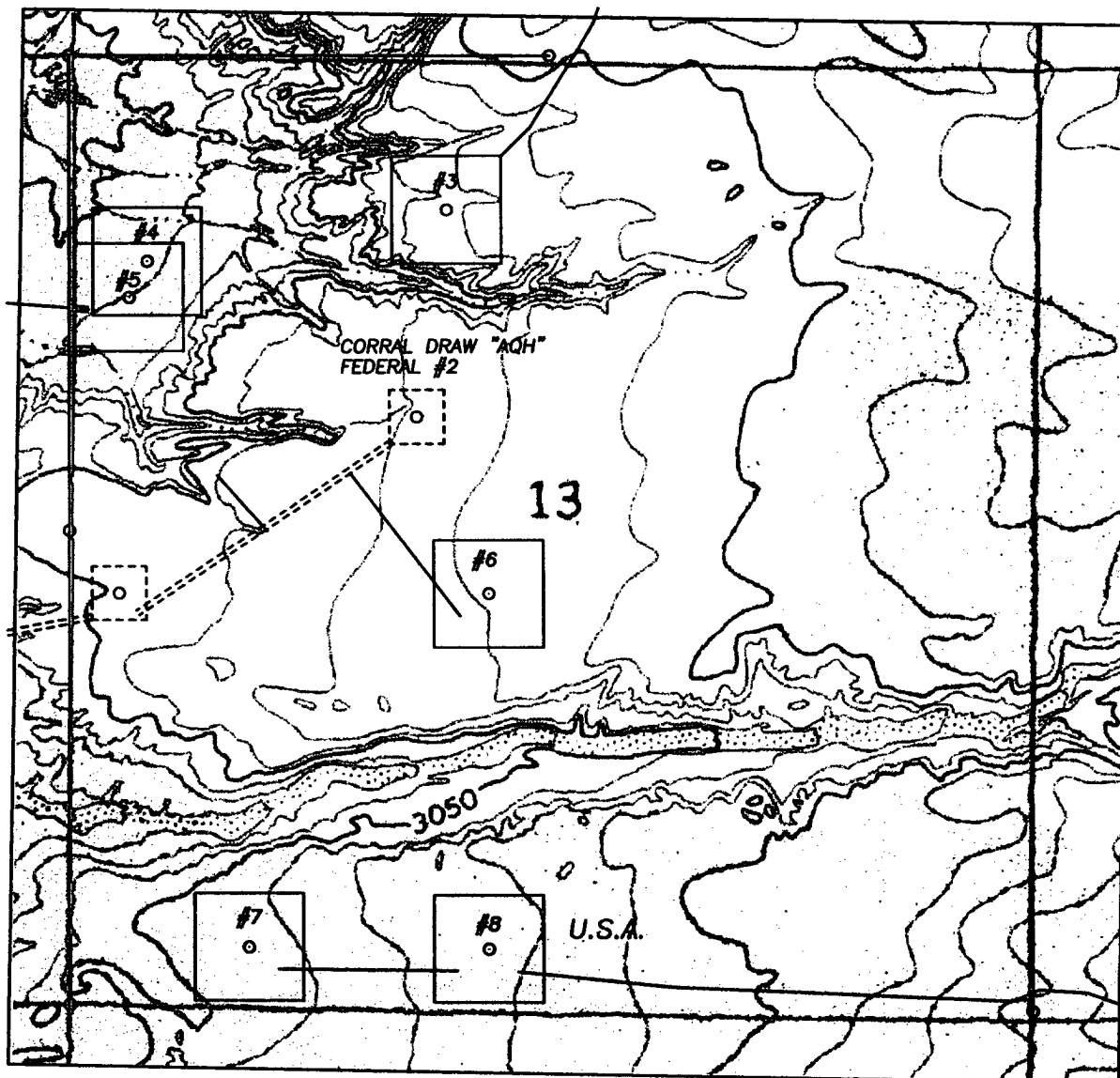
Drawn By: Ed Blevins

W.O. Number

Date: 3/16/06

Scale 1" = 1000' CORRAL DW

SECTION 13, TOWNSHIP 24 SOUTH, RANGE 29 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.

HERSCHEL L. JONES R.L.S. No. 3640

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

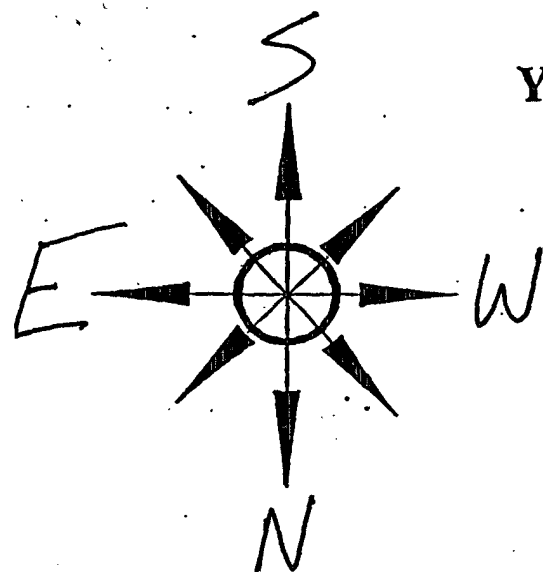
## YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES CORRAL DRAW "AQH"  
FEDERAL #5 WELL, LOCATED IN SECTION 13, TOWNSHIP 24  
SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW  
MEXICO.

Survey Date: 6/20/2006	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 6/21/06	Scale 1" = 1000' CORRAL DW

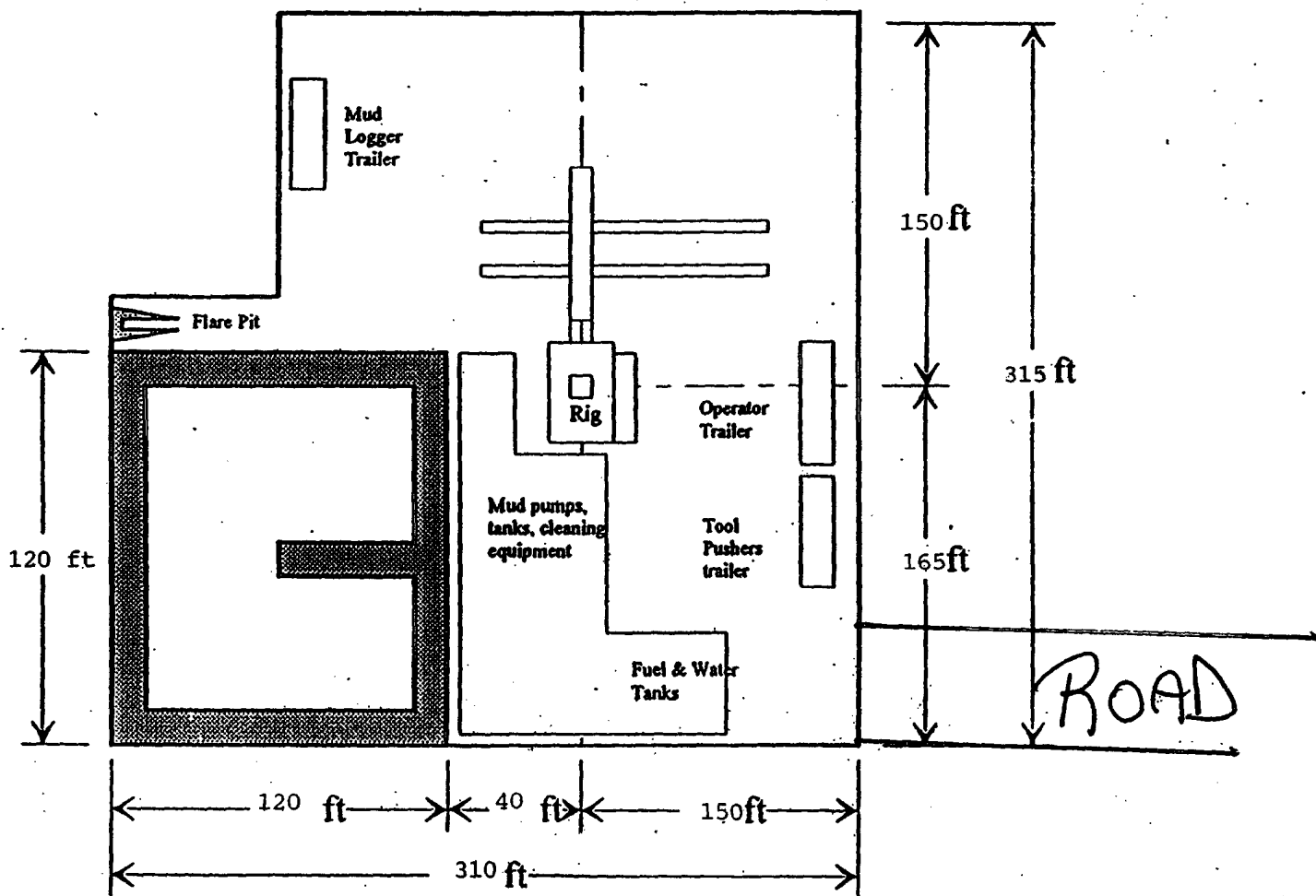
PB - L1

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



*PITS EAST*

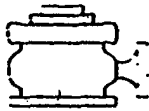
Yates Petroleum Corporation  
Corral Draw AQH Federal #5  
1350' FNL and 330' FWL SHL  
1650' FNL and 330' FWL BHL  
Section 13, T24S-R29E  
Eddy County, New Mexico



Distance from Well  
Head to Reserve Pit  
will vary between rigs

The above dimension  
should be a maximum

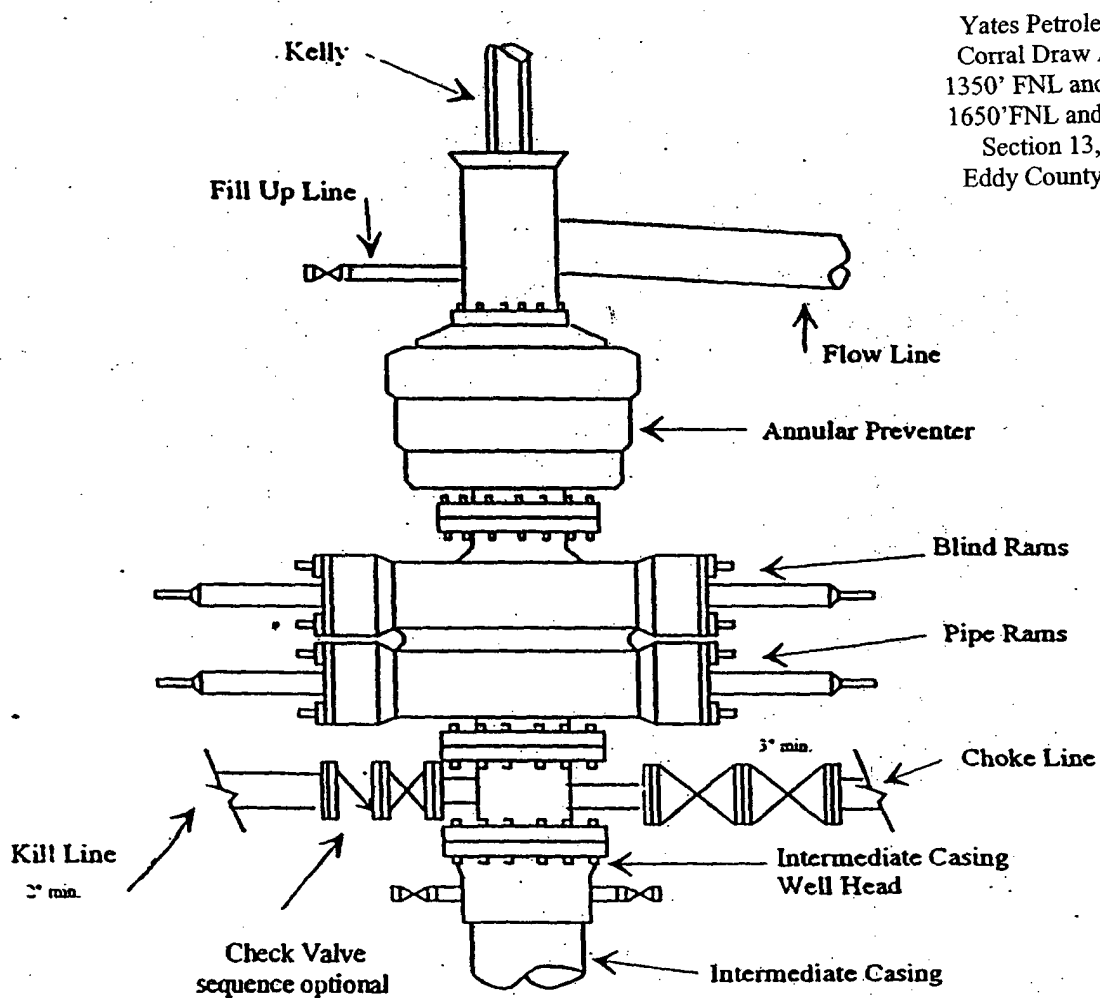




# Yates Petroleum Corporation

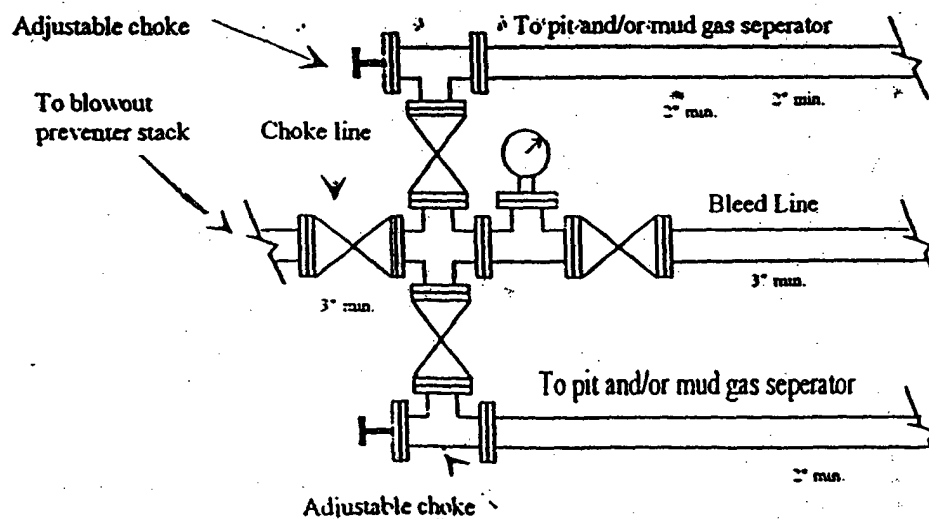
BOP-3

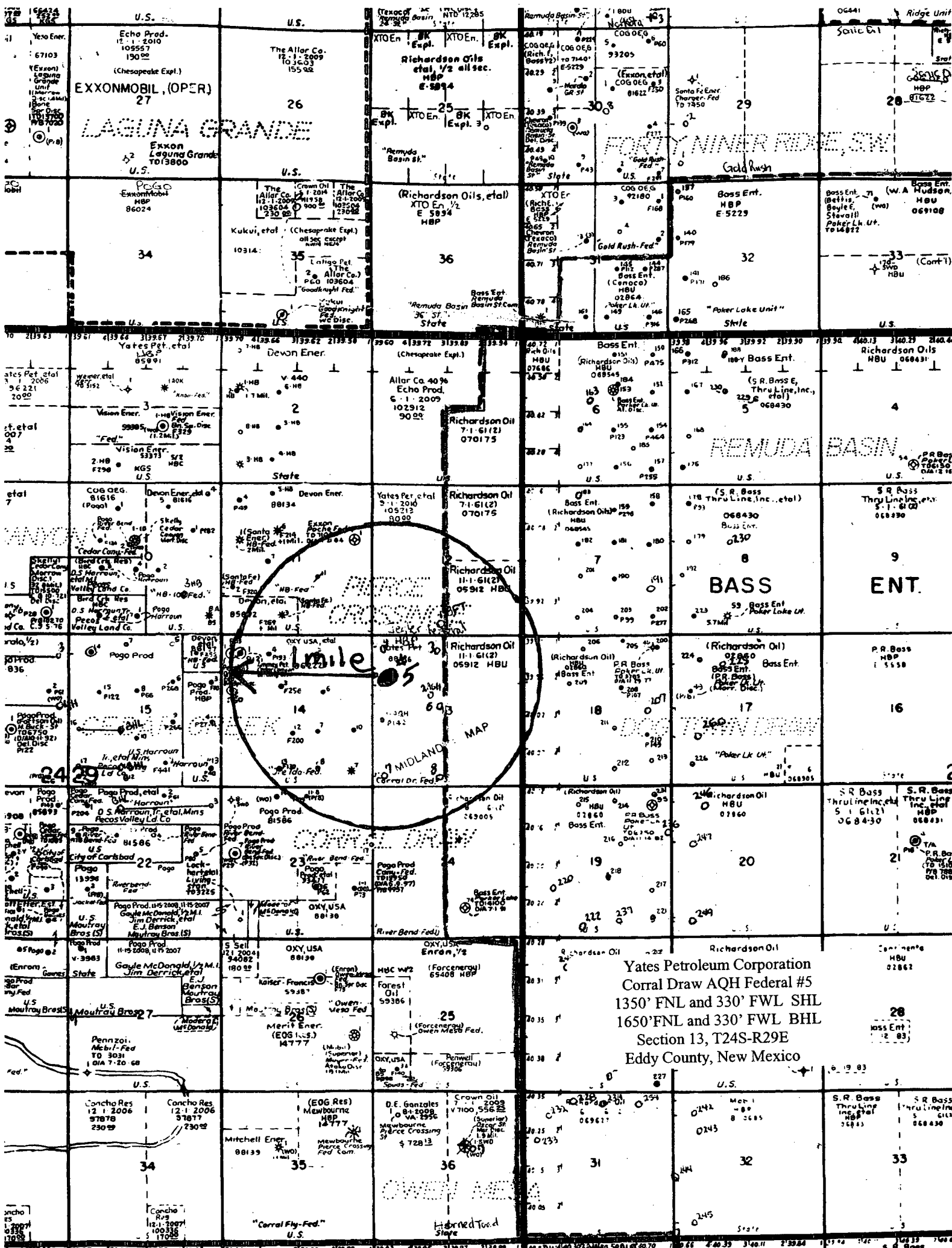
## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Yates Petroleum Corporation  
Corral Draw AQH Federal #5  
1350' FNL and 330' FWL SHL  
1650' FNL and 330' FWL BHL  
Section 13, T24S-R29E  
Eddy County, New Mexico

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





Yates Petroleum Corporation  
Corral Draw AQH Federal #5  
1350' FNL and 330' FWL SHL  
1650' FNL and 330' FWL BHL  
Section 13, T24S-R29E  
Eddy County, New Mexico

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corporation Well No. 5 – Corral Draw AQH Federal  
Location: SH: 1350' FNL & 330' FWL BH: 1650' FNL & 330' FWL sec. 13, T. 24 S., R. 29 E.  
Lease: NM-88136

.....

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 361-2822 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

### II. CASING:

1. 13-3/8 inch surface casing should be set at approximately 500 feet, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the BLM Carlsbad Field Office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the 8-5/8 inch intermediate casing is sufficient to circulate to the surface.

3. Minimum required fill of cement behind the 5-1/2 inch production casing is sufficient to tie back to 500 feet above the uppermost perforation in the pay zone.

### III. PRESSURE CONTROL:

1. Before drilling below the 13-3/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the 8-5/8 inch intermediate casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the 13-3/8 inch surface casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi. Before drilling below the 8-5/8 inch intermediate casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

3. Before drilling below the 8-5/8 inch intermediate casing, the BOPE shall be installed and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The results of the test will be reported to the BLM Carlsbad Field Office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

C. Testing must be done in a safe workman like manner. Hard line connections shall be required.