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SUBMIT IN TRIP TE*

Form approved, Budget Bureau No. 42-R1425.

UNITED STATES DEPARTMENT OF THE INTERIOR

(Other instructions on reverse side)

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Lease Well No. ATES PETROLEUM CORP. PG DEKALB FEDERAL etter Section Township hange County 13 10 SOUTH R15E CHAVES J. For to se Location of West: 660 teet from the SOUTH 1980 line d Level Slev. Froducing Formation Dedicated Acreage: 721 GL SAN ANDRES . Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). . If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc? Yes If answer is "yes," type of consolidation _ ∏ No If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. CERTIFICATION I hereby certify that the information contained herein Is true and complete to the of my knowledge and belief. Position Date I hereby certify that the well location shown on this plot 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. Refer to Original Plat Date Surveyed 1980 Registered Professional Engineer and/or Land Surveyor Ceruiticate No. 1320 1650

Yates Petroleum Corporation
DeKalb "PG" Federal #1
660' FSL & 1980' FWL
Section 13, T10S R25E
Chaves County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with USGS requirements:

- 1. The geologic surface formation is sandy alluvium.
- 2. The estimate tops of geologic markers are as follows:

San Andres 730' TD 1275'

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

Water: Approximately 150' - 280'

Oil: 1200' - 1270'

- 4. Proposed Casing Program: See Form 9-331C.
- 5. Pressure Control Equipment: See Form 9-331C and Exhibit B.
- 6. Mud Program: See Form 9-331C.
- 7. Auxiliary Equipment: Kelly Cock, pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connection.
- 8. Testing, Logging and Coring Program:

Samples:

DST's: As Warranted

Logging: Surface casing to T.D.

- 9. No abnormal pressures or temperatures are anticipated.
- 10. Anticipated starting date: As soon as possible after approval.

Yates Petroleum Corporation DeKalb "PG" Federal #1 Section 13, TlOS R25E 660' FSL & 1980' FWL (Reentry Well)

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location, the construction activities and operations plan, the surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation, so that a complete appraisal can be made of the environmental effect associated with the drilling of this well.

1. EXISTING ROADS.

Exhibit A is a portion of a county map showing the roads in the vicinity of the proposed location. The proposed wellsite is located approximately 18 miles NE of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

- 1. Go east from Roswell on Highway 380 for approximately 14 miles then turn north and continue for 2 miles.
- 2. Turn northeast for 1/4 mile then;
- 3. Turn north for .8 mile go across the cattleguard and turn west.
- 4. Follow this road right to the reentry location.
- 2. PLANNED ACCESS ROAD.
 - A. There will be no new access road. The original road will be watered and bladed.
- 3. LOCATION OF EXISTING WELL.
 - A. There are no wells within a mile of 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 existing roads.

- 6. SOURCE OF CONSTRUCTION MATERIALS.
 - A. No material will be required for reconstruction of the drilling pad.
- 7. METHODS OF HANDLING WASTE DISPOSAL.
 - A. Drill cuttings will be disposed of in the reserve pits.
 - B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
 - C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted to the USGS for appropriate approval.
 - D. Oil produced during operation will be stored in tanks until sold.
 - E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
 - F. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches dirt. All waste material will be contained of prevent scattering by the wind.
 - G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.
- 8. ANCILLARY FACILITIES.
 - A. None required.
- 9. WELLSITE LAYOUT.
 - A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, etc. The pits will be to the northeast.
 - B. The location surface is on a minor slope, cut and fill will be needed.
 - C. The reserve pits will be plastic lined.
 - D. The road has been flagged.
- 10. PLANS FOR RESTORATION OF THE SURFACE.
 - 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 pleasing a condition as possible.
 - B. Unguarded pits, if any, containing fluids will be fenced until they have dried and leveled.

C. If the proposed well is non-productive, all rehabilitation requirements of the BLM and the USGS will be complied with and will be as expeditiously as possible. All pits will be filled leveled within 90 days after abandonment.

OTHER INFORMATION. 11.

- A. Topography: The land surface in the vicinity of the wellsite slopes westward immediate area of the wellsite is discussed above in paragraph 9B.
- B. Flora and Fauna: The vegetation cover is very sparse weeds. No wildlife was observed, but the wildlife in the area probably includes those typical of semiarid desert land. The area is used for cattle grazing.
- C. The Pecos River is approximately 1 1/2 miles west.
- D. There are no inhibited dwellings within a mile of the proposed well. Refer to Exhibit A.
- E. Surface Ownership: The wellsite is on federal surfaces with federal minerals.
- F. There is no evidence of any archaeological, historical or cultural sites in the area.

12. OPERATOR'S REPRESENTATIVE.

A. The field representative responsible for assuring compliance with the approved surface use plan is:

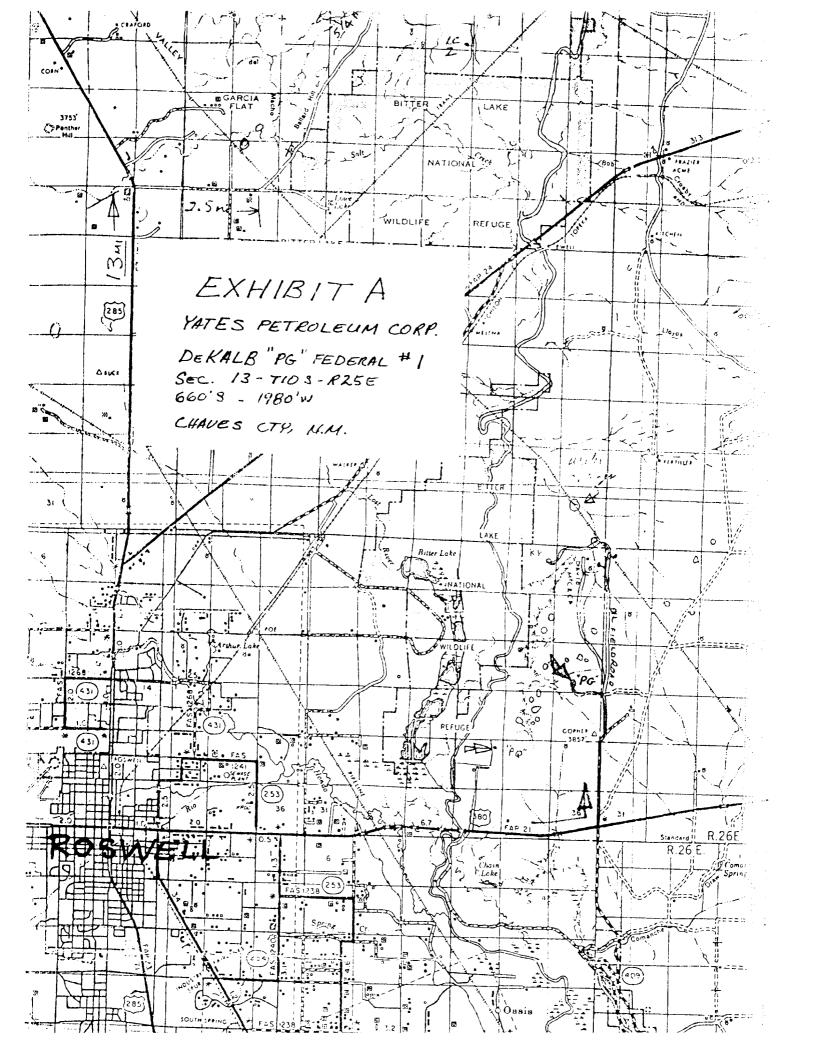
> Gliserio "Rod" Rodriguez or Cy Cowan Yates Petroleum Corporation 207 South 4th Street Artesia, New Mexico 88210 (505) 746-3558

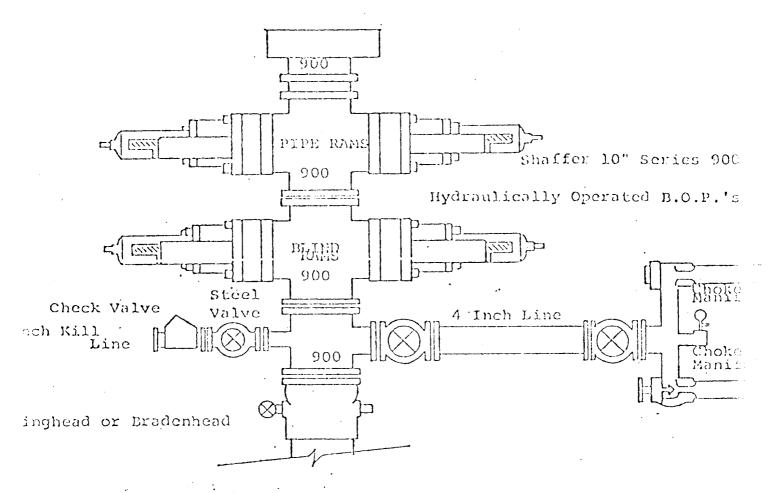
13. CERTIFICATION.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

3-9-81

Gliserio Rodriguez, Geographer





FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

All preventers to be hydraulically operated with secondary manual contrinstalled prior to drilling out from under casing.

Choke outlet to be a minimum of 4" diameter.

Kill line to be of all steel construction of 2" minimum diameter.

All connections from operating manifolds to preventers to be all steel hole or tube a minimum of one inch in diameter.

The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.

All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.

Inside blowout preventer to be available on rig floor.

Operating controls located a safe distance from the rig floor.

Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.

D. P. float must be installed and used below zone of first gas intrusion

EXHIBIT C

YATES PETROLEUM CORPORATION

