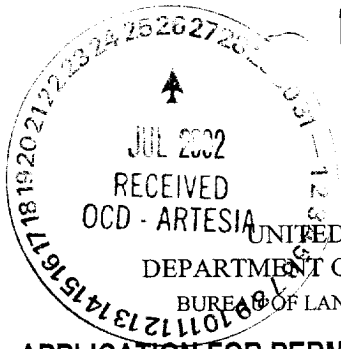


Form 3160-3
(August 1999)



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

CIS F

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM-90874
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. 30480
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. McIntyre "AZY" Federal #1
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 005 30-045-60199
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FNL AND 660' FEL, SENE, 9-6S-27E At proposed prod. Zone same as above		10. Field and Pool, or Exploratory Haystack Wildcat - Cisco
14. Distance in miles and direction from nearest town or post office* Approximately 37 miles East-Northeast of Roswell, New Mexico		11. Sec., T., R., M., or Blk, and Survey or Area Section 9-T6S-R27E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 560	17. Spacing Unit dedicated to this well 320 ac.-E/2
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 6310'	20. BLM/BIA Bond No. on file Nationwide Bond #NM-2811
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3973.2' GL	22. Approximate date work will start* ASAP	23. Estimated duration 60 days
24. Attachments ROSWELL CONTROLLED WATER BATH		

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature Clifton R. May	Name (Printed/Typed) Clifton R. May	Date 3/18/02
Title: Regulatory Agent		
Approved by (Signature) (ORIG. SGD.) ARMANDO A. LOPEZ	Name (Printed/Typed) (ORIG. SGD.) ARMANDO A. LOPEZ	Date JUL 24 2002
Title Assistant Field Manager, Acting Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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.

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)

~~ASP-1858~~
Former: Blackrock Oil Co.
Bates McIntyre Fed #1
PFA 1974

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

RECEIVED

2002 MAR 19 PM 1:44

BUREAU OF LAND MGMT
ROSWELL OFFICE

DISTRICT I

1635 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Elc Brazos Rd., Artec, 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 30-015-60199	Pool Code	Pool Name Wildcat
Property Code	Property Name McIntyre "AZY" Federal	Well Number 1
OGRIID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3973.2'

Surface Location

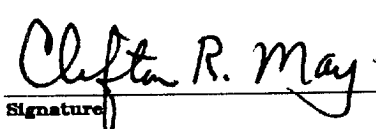
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	9	6 South	27 East		1980	North	660	East	Chaves

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="position: relative; height: 400px;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 2em;">NM-90874</div> <div style="position: absolute; top: 10%; right: 10%; transform: rotate(90deg); font-size: 1.5em;">1980'</div> <div style="position: absolute; bottom: 10%; right: 10%;">O-660'</div> </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: right;">  Signature Clifton R. May Printed Name Regulatory Agent Title 3/18/02 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. Refer to original plat Date Surveyed Signature & Seal of Professional Surveyor	
	Certificate No. Herschel L. Jones RLS 3640 GENERAL SURVEYING COMPANY	

NEW MEXICO OIL CONSERVATION COMMISSION
 WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-11
 Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator BLACKROCK OIL COMPANY			Lease BATES MCINTYRE FEDERAL		Well No. 1
Unit Letter H	Section 9	Township 6 SOUTH	Range 27 EAST	County CHAVES	
Actual Footage Location of Well:					
1980		feet from the NORTH line and		660 feet from the EAST line	
Ground Level Elev. 3973.20	Producing Formation Pennsylvanian	Pool Haystack Cisco	Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 ☐ No If answer is "yes," type of consolidation _____

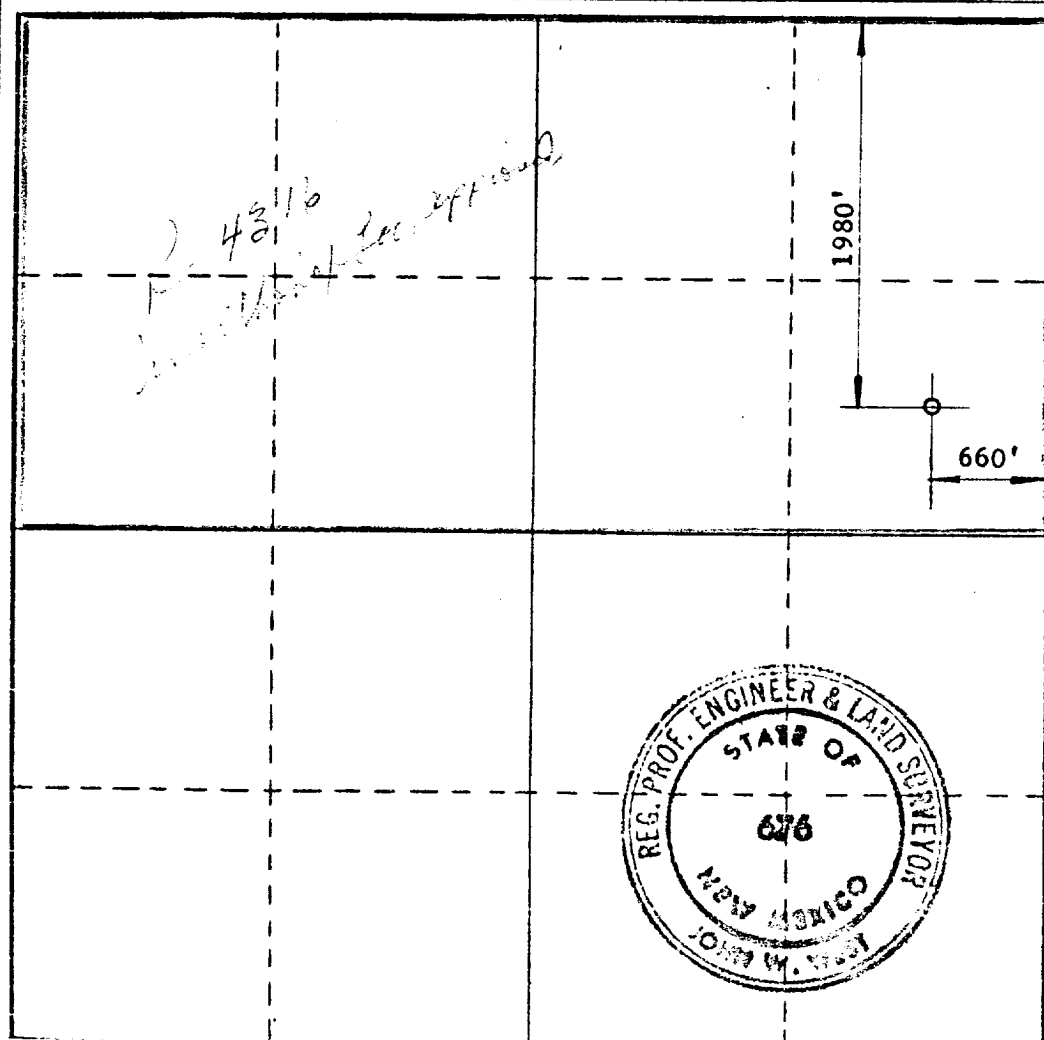
If answer is "no," list the owners and tract descriptions which have actually been consolidated (use reverse side of this form if necessary.) _____

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.

RECEIVED

APR 7 1972

OFFICE



CERTIFICATION

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

Name
O. D. Butler
 Position
President

Comp. by
BLACKROCK OIL COMPANY

Date
November 3, 1971

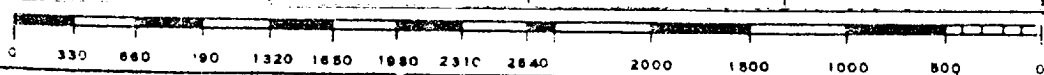
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
10-30-71

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **676**



YATES PETROLEUM CORPORATION
McIntyre "AZY" Federal #1 Re-Entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Lease #NM-90874

30-005-60199
UT H

This well was originally drilled by Blackrock Oil Company as their Bates McIntyre Federal #1. It was plugged in May of 1974. Yates Petroleum Corporation plans to re-enter the well using a pulling unit and a reverse unit to drill out the cement plugs in the 8 5/8" casing and the 7 7/8" open hole to the tip of the 5 1/2" casing which was cutoff at 1508'. The 5 1/2" casing will be repaired and tied back to surface with cement circulated to surface. After the casing has been repaired, the plugs in the 5 1/2" casing will be cleaned out to the top of the cement on the CIBP that was set at 6110'. The well will then be completed using a pulling unit. The well will be completed in the Cisco from 5780' to 5790'.

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

San Andres	1170'	Cisco	5680'
Glorietta	2351'	Mississippian	6196'
Abo	4448'	Devonian	6379'
Wolfcamp	5148'	TD-casing @	6310'

2. The 8 5/8" casing is in place and set at 1186' with cement circulated to surface. This should protect the fresh water zones.
3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and be 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 out the plugs in the 8 5/8" casing 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 report. See Exhibit B.
4. Casing: Surface casing of 8 5/8", 24#, J-55 is in place being set at 1186' with cement circulated to surface. The hole size is 11". Yates will run approximately 1508' of 5 1/2", 15.5#, J-55 casing to tie-in to the top of the 5 1/2" casing that is in place which had been cut-off at 1508'. The casing will be cemented and circulated to surface.
5. Mud Program: The mud that will be used is 9.2-9.5 ppg brine water with a 55-70 cp viscosity.

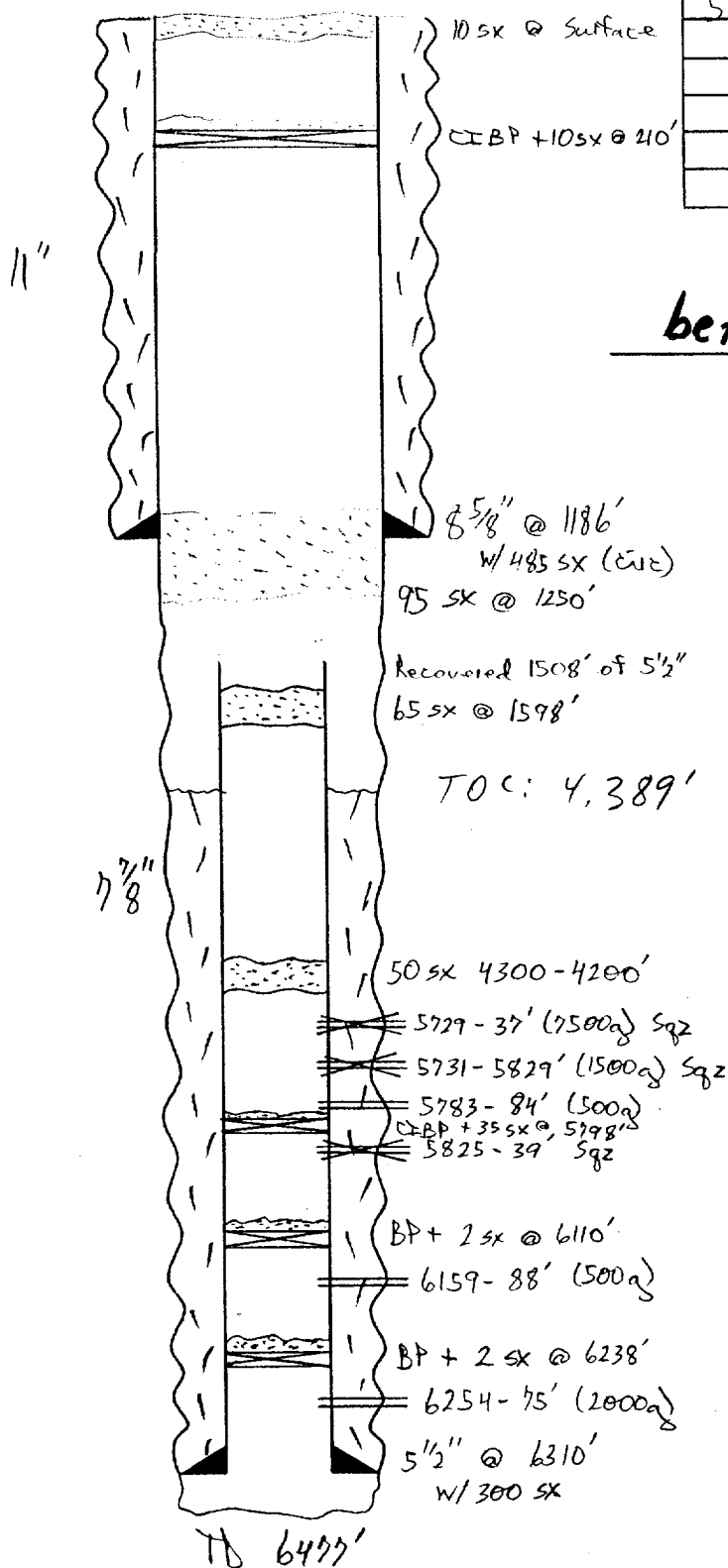
McIntyre "AZY" Federal #1 Re-Entry

Page 2

6. Evaluation Program: The existing logs will be used.
7. Anticipated Maximum BHP: 2000PSI
Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None
H2S Zones Anticipated: None
Maximum Bottom Hole Temperature: 120 F
8. Anticipated Starting Date: Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 60 days to re-enter this well with completion taking another 20 days.

WELLNAME: Bates McIntyre Pad 1 (Blackrock) FIELD: Haystack Cisco
 LOCATION: 1780' N 660' E H 9-65-27E Chaves County
 GL: 3923.2' ZERO: _____ AGL: _____ KB: _____
 SPUD DATE: _____ COMPLETION DATE: _____
 COMMENTS: PdA 5/9/74

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
8 5/8" 21#, J-55	1186'
5 1/2" 15.5#, J-55	6310'



before

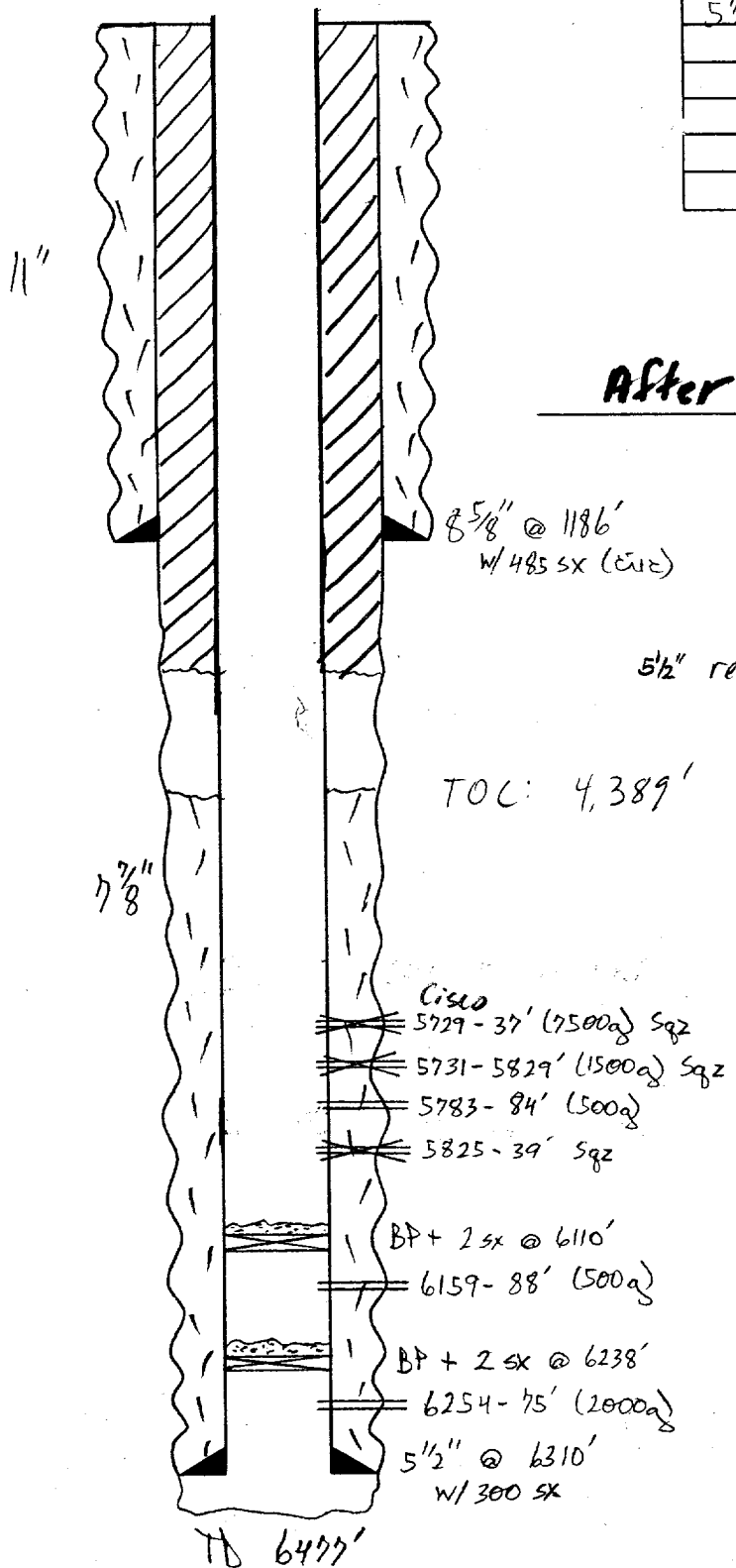
Tops: San Andres 1170'
 Glorieta 2351'
 Abo 4448'
 Wolfcamp 5148'
 Cisco 5680'
 Miss 6196'
 Devonian 6379'

- SKETCH NOT TO SCALE -

DATE: 5-2-01 SD

WELLNAME: Bates McIntyre Fed 1 (Blackrock) FIELD: Haystack Cisco
 LOCATION: 1980' FN + 660' FE H 9-65-27E Chaves County
 GL: 3923.2' ZERO: _____ AGL: _____ KB: _____
 SPUD DATE: _____ COMPLETION DATE: _____
 COMMENTS: PTA 5/9/74

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
8 5/8" 24#	1186'
5 1/2" 15.5# J-55	6310'



Tops: San Andres 1170'
 Golieta 2351'
 Abo 4448'
 Wolfcamp 5148'
 Cisco 5680'
 Miss 6196'
 Devonian 6379'

- SKETCH NOT TO SCALE -

DATE: 5-2-01 SD

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
McIntyre "AZY" Federal #1 Re-Entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Lease #NM-90874

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 well site is located approximately 37 miles east-northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Roswell on Hwy 70 for approx. 24.5 miles to Olive Road (just past NM 362). Turn north on Olive Road for approx. 11.1 miles to Caprock Road. Turn west on Caprock Road for 0.9 of a mile. Turn left thru cattle guard and follow the road past the house and around the corrals and go north (will have to put cattle guard in fence) for approx. 1 mile. The upgraded road will start here and go west down the hill and then across a draw to the NE corner of the pad.

2. PLANNED ACCESS ROAD:

- A. The proposed upgrade of existing access will be approximately 0.4 mile in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a westerly direction.
- B. The upgraded 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. One traffic turn out will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.
- F. One cattle guard will be needed.

3. LOCATION OF EXISTING WELL:

- A. There is not drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site. There are no producing wells, only plugged and abandoned wells.

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 re-enter 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 landfill. 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 fenced to keep cattle out.
- C. A 400' x 400' area has been staked and flagged.
- D. The reserve pit will be to the south.

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 well site 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: Well site and a portion of access road is on public lands administrated by the BLM. A portion of the access road is on private lands belonging to Louise Van Eaton, Elida, NM. An agreement has been reached with Ms. Van Eaton on the use of the road.

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.

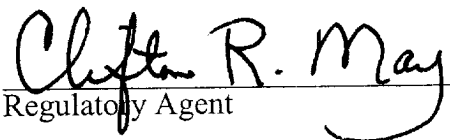
13. OPERATOR'S REPRESENTATIVE:

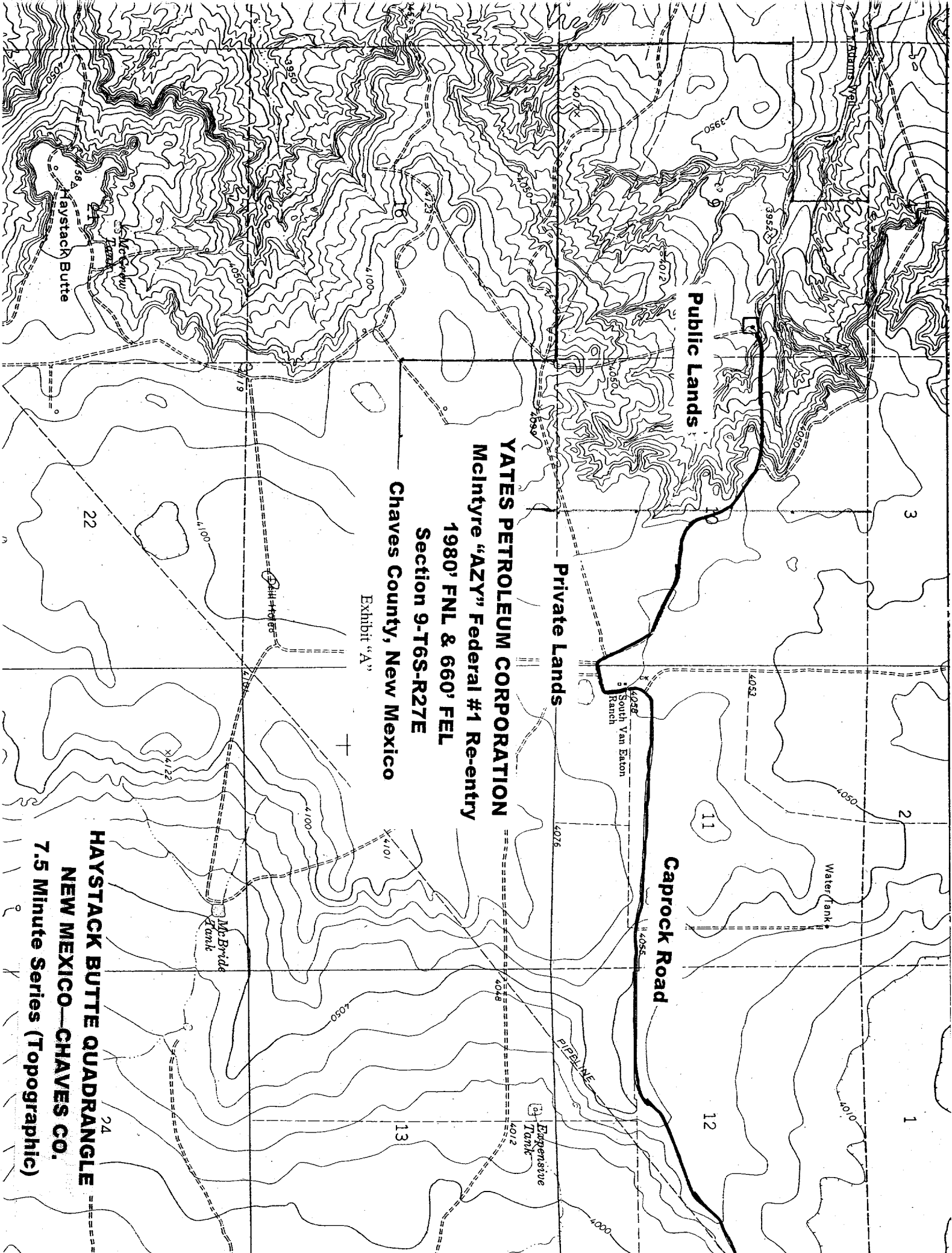
- | | |
|---|---|
| A. Through A.P.D. Approval:
Clifton R. May Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth 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.

3/19/2002


Regulatory Agent



Public Lands

Private Lands

YATES PETROLEUM CORPORATION
McIntyre "AZY" Federal #1 Re-entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico

Exhibit "A"

Caprock Road

South Van Eaton Ranch

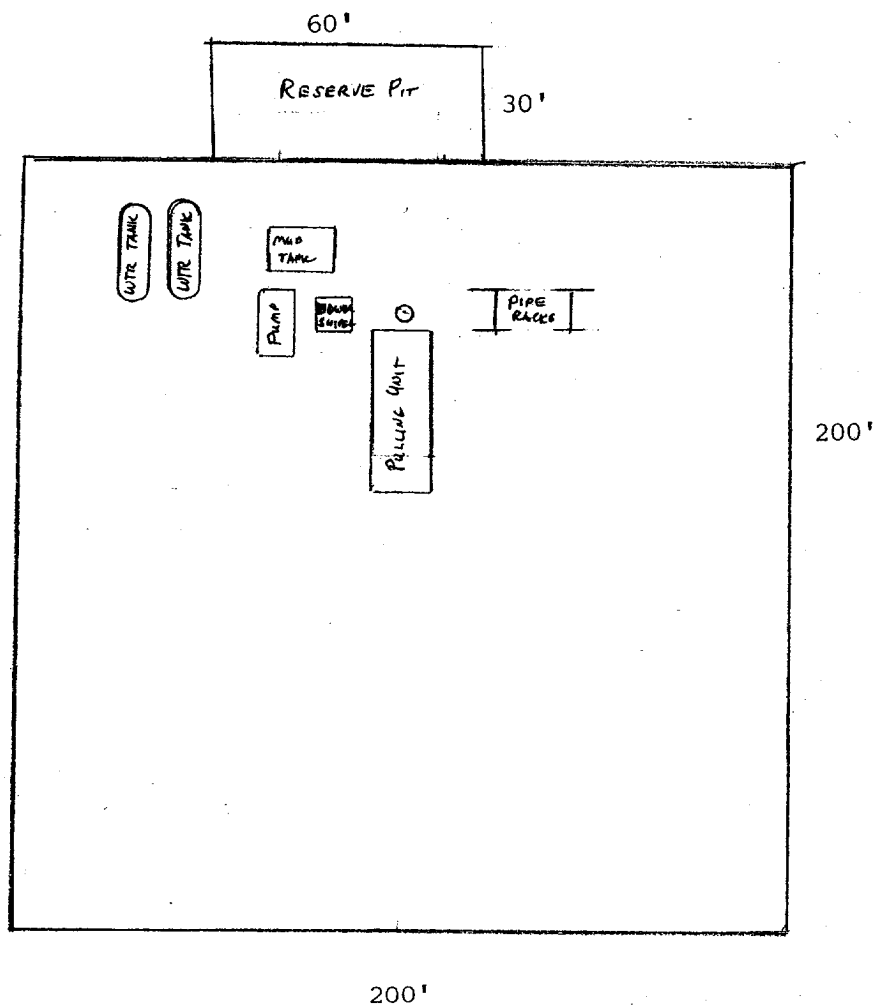
Water Tank

Expensive Tank

Mr. Bride Tank

HAYSTACK BUTTE QUADRANGLE
NEW MEXICO—CHAVES CO.
7.5 Minute Series (Topographic)

Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210



Yates Petroleum Corporation
McIntyre "AZY" Federal #1 Re-entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Exhibit "C"

Yates Petroleum Corporation
McIntyre "AZY" Federal #1 Re-entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Exhibit "D"

YATES PETROLEUM CORPORATION
McIntyre "AZY" Federal #1 Re-Entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Lease #NM-90874

This well was originally drilled by Blackrock Oil Company as their Bates McIntyre Federal #1. It was plugged in May of 1974. Yates Petroleum Corporation plans to re-enter the well using a pulling unit and a reverse unit to drill out the cement plugs in the 8 5/8" casing and the 7 7/8" open hole to the tip of the 5 1/2" casing which was cutoff at 1508'. The 5 1/2" casing will be repaired and tied back to surface with cement circulated to surface. After the casing has been repaired, the plugs in the 5 1/2" casing will be cleaned out to the top of the cement on the CIBP that was set at 6110'. The well will then be completed using a pulling unit. The well will be completed in the Cisco from 5780' to 5790'.

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

San Andres	1170'	Cisco	5680'
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Abo	4448'	Devonian	6379'
Wolfcamp	5148'	TD-casing @	6310'

2. The 8 5/8" casing is in place and set at 1186' with cement circulated to surface. This should protect the fresh water zones.
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4. Casing: Surface casing of 8 5/8", 24#, J-55 is in place being set at 1186' with cement circulated to surface. The hole size is 11". Yates will run approximately 1508' of 5 1/2", 15.5#, J-55 casing to tie-in to the top of the 5 1/2" casing that is in place which had been cut-off at 1508'. The casing will be cemented and circulated to surface.
5. Mud Program: The mud that will be used is 9.2-9.5 ppg brine water with a 55-70 cp viscosity.

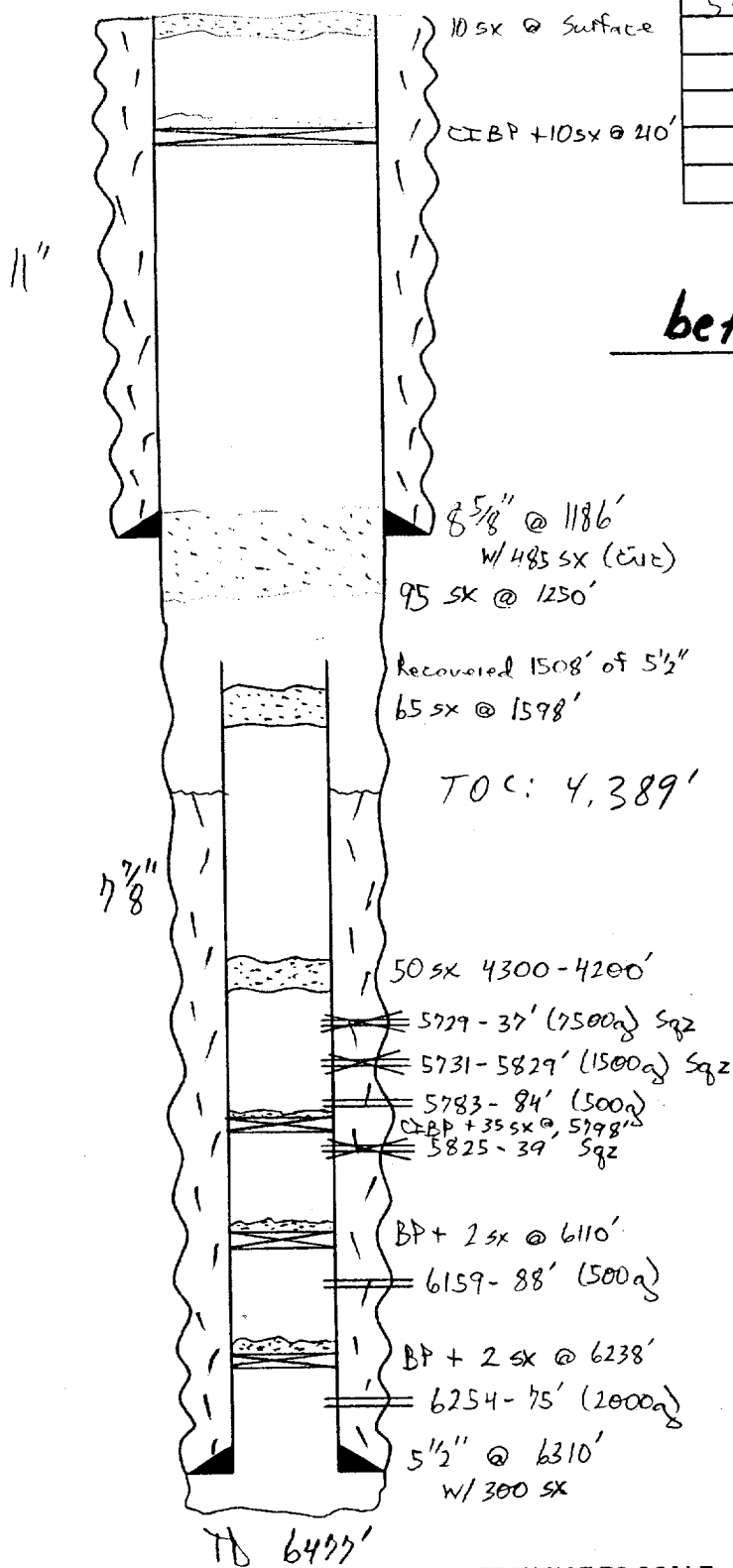
McIntyre "AZY" Federal #1 Re-Entry

Page 2

6. Evaluation Program: The existing logs will be used.
7. Anticipated Maximum BHP: 2000PSI
Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None
H2S Zones Anticipated: None
Maximum Bottom Hole Temperature: 120 F
8. Anticipated Starting Date: Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 60 days to re-enter this well with completion taking another 20 days.

WELLNAME: Bates McIntyre Pad 1 (Blackrock) FIELD: Haystack Cisco
 LOCATION: 1780' N 1 660' E H 9-65-22E Chaves County
 GL: 3923.2' ZERO: _____ AGL: _____ KB: _____
 SPUD DATE: _____ COMPLETION DATE: _____
 COMMENTS: PdA 5/9/74

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
8 5/8" 21#, J-55	1186'
5 1/2" 15.5#, J-55	6310'



before

Tops: San Andres 1170'
 Glorieta 2351'
 Abo 4448'
 Wolfcamp 5148'
 Cisco 5680'
 Miss 6196'
 Devonian 6379'

- SKETCH NOT TO SCALE -

DATE: 5-2-01 SD

WELLNAME: Bates McIntyre Fld 1 (Blackrock) FIELD: Haystack Cisco

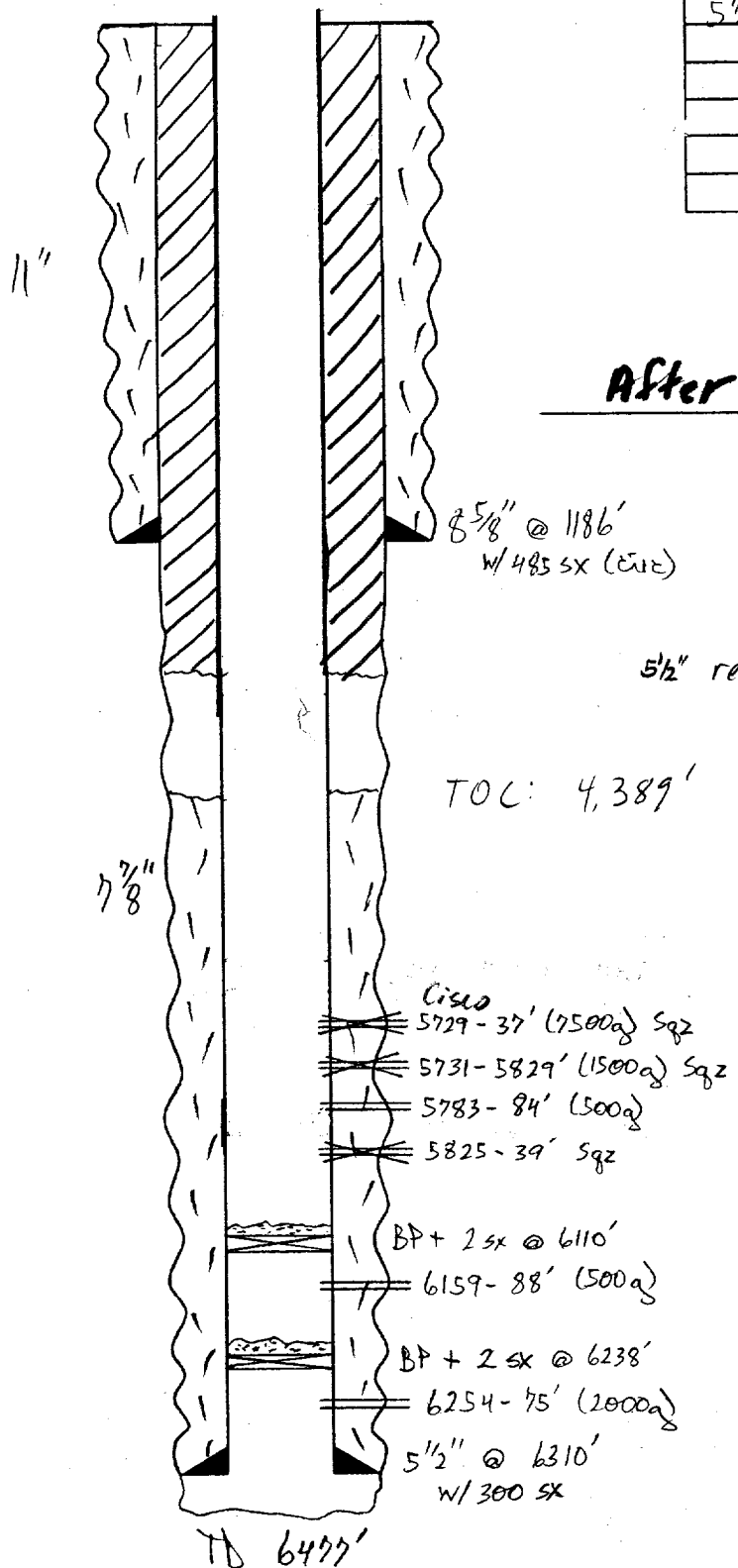
LOCATION: 1980' EN + 660' FE H 9-65-27E Chaves County

GL: 3923.2' ZERO: _____ AGL: _____ KB: _____

SPUD DATE: _____ COMPLETION DATE: _____

COMMENTS: PTA 5/9/74

CASING PROGRAM	
SIZE/WT/GR/CONN	DEPTH SET
8 5/8" 24#	1186'
5 1/2" 15.5# J-55	6310'



Tops: San Andres	1170'
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Abo	4448'
Wolfcamp	5148'
Cisco	5680'
Miss	6196'
Devonian	6379'

- SKETCH NOT TO SCALE -

DATE: 5-2-01 SD

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
McIntyre "AZY" Federal #1 Re-Entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Lease #NM-90874

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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 well site is located approximately 37 miles east-northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Roswell on Hwy 70 for approx. 24.5 miles to Olive Road (just past NM 362). Turn north on Olive Road for approx. 11.1 miles to Caprock Road. Turn west on Caprock Road for 0.9 of a mile. Turn left thru cattle guard and follow the road past the house and around the corrals and go north (will have to put cattle guard in fence) for approx. 1 mile. The upgraded road will start here and go west down the hill and then across a draw to the NE corner of the pad.

2. **PLANNED ACCESS ROAD:**

- A. The proposed upgrade of existing access will be approximately 0.4 mile in length from the point of origin to the northeast corner of the drilling pad. The road will lie in a westerly direction.
- B. The upgraded 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. One traffic turn out will be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.
- F. One cattle guard will be needed.

3. **LOCATION OF EXISTING WELL:**

- A. There is not drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site. There are no producing wells, only plugged and abandoned wells.

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 re-enter 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 landfill. 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 fenced to keep cattle out.
- C. A 400' x 400' area has been staked and flagged.
- D. The reserve pit will be to the south.

McIntyre "AZY" Federal #1 Re-Entry
Page 2

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 well site 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: Well site and a portion of access road is on public lands administrated by the BLM. A portion of the access road is on private lands belonging to Louise Van Eaton, Elida, NM. An agreement has been reached with Ms. Van Eaton on the use of the road.

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:

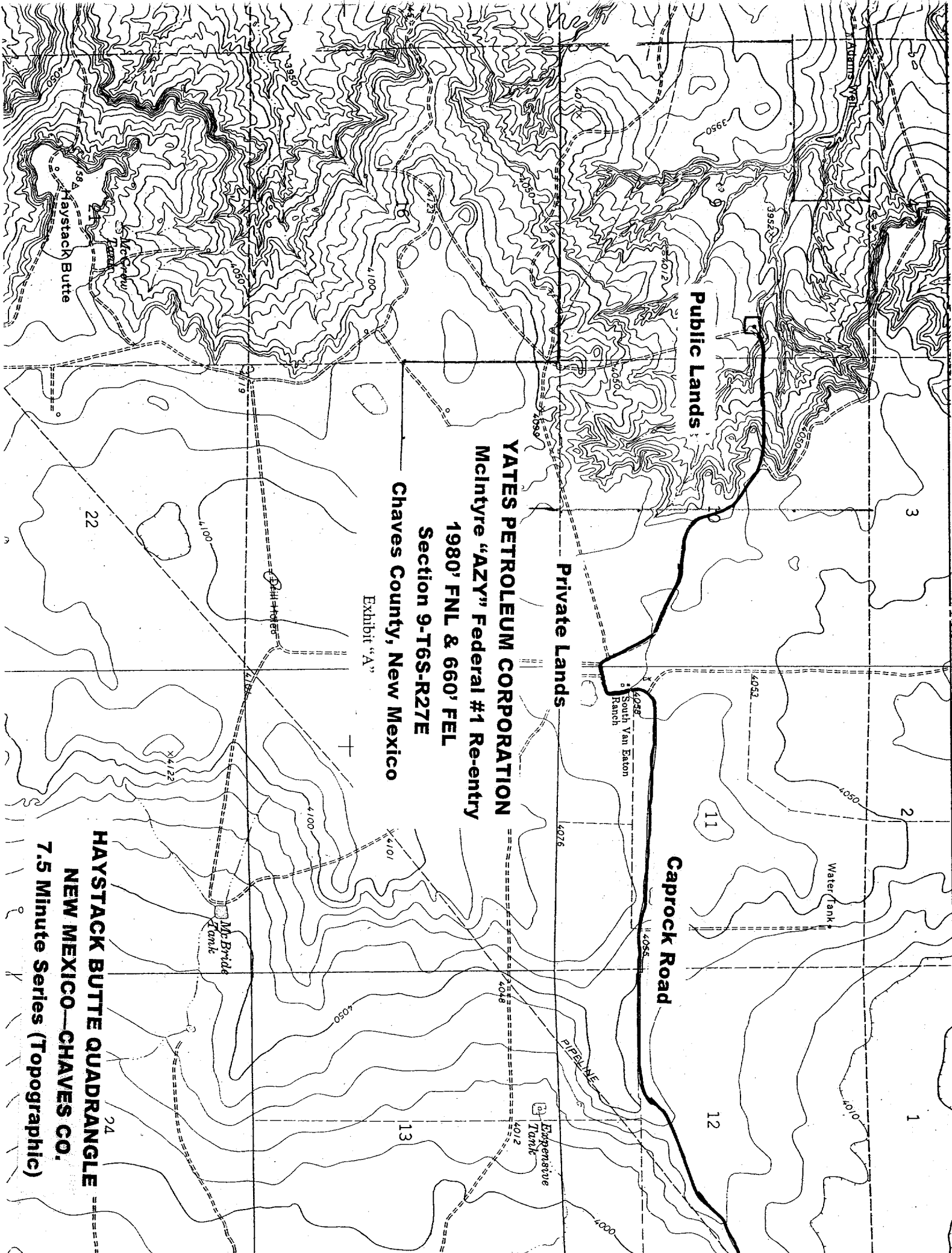
- | | |
|---|---|
| A. Through A.P.D. Approval:
Clifton R. May Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth 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.

3/19/2002


Regulatory Agent



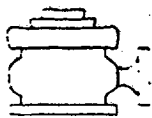
Public Lands

Private Lands

YATES PETROLEUM CORPORATION
McIntyre "AZY" Federal #1 Re-entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Exhibit "A"

Caprock Road

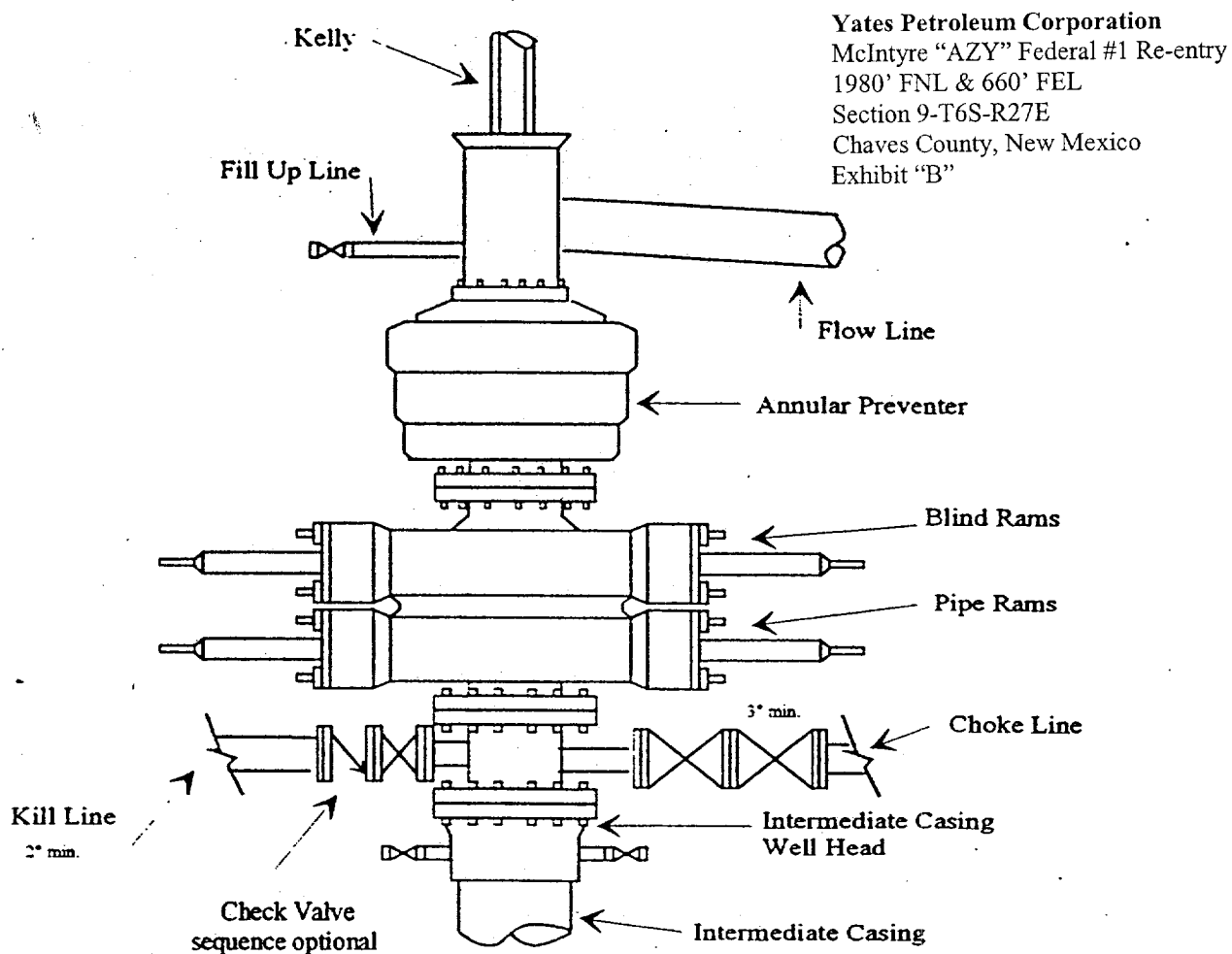
HAYSTACK BUTTE QUADRANGLE
NEW MEXICO—CHAVES CO.
7.5 Minute Series (Topographic)



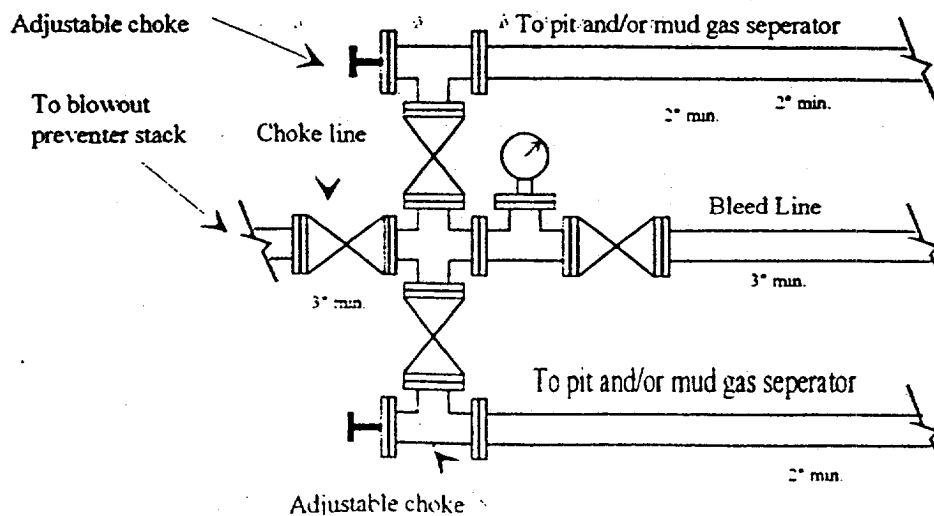
Yates Petroleum Corporation

BOP-3

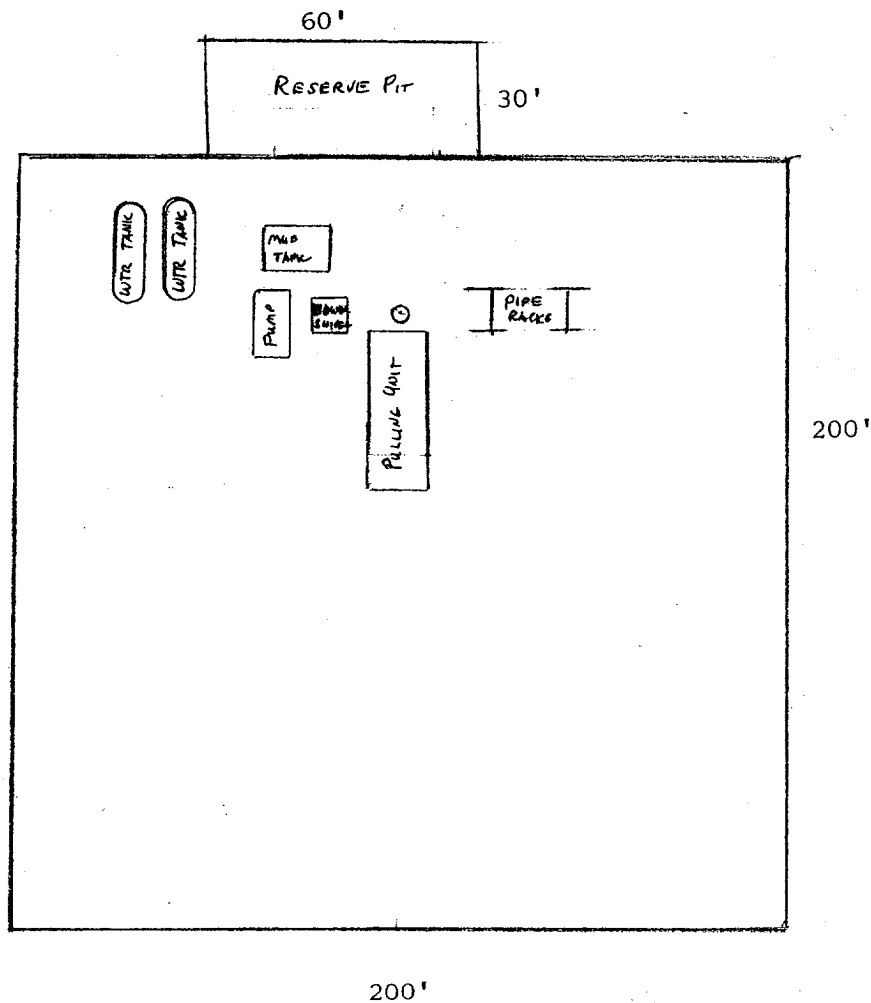
Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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



Yates Petroleum Corporation
105 SOUTH 4th STREET
ARTESIA, NEW MEXICO 88210



Yates Petroleum Corporation
McIntyre "AZY" Federal #1 Re-entry
1980' FNL & 660' FEL
Section 9-T6S-R27E
Chaves County, New Mexico
Exhibit "C"

