

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

CISF

0
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-78213
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 Walt Canyon AMA Federal Com.#7
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No.
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 995' FNL & 1010' FWL At proposed prod. Zone 660' FNL & 1980' FWL		9. API Well No. 30-015-32268
14. Distance in miles and direction from nearest town or post office* Approximately 32 miles NW of Carlsbad, New Mexico		10. Field and Pool, or Exploratory Indian Basin Upper Penn Associated
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 995'		11. Sec., T., R., M., or Blk, and Survey or Area Section 10, T22S-R24E
16. No. of Acres in lease 931.24	17. Spacing Unit dedicated to this well N/2 - 320 acres	12. County or Parish Eddy County
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 30'	19. Proposed Depth 10,450'	13. State NM
20. BLM/BIA Bond No. on file 585997	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4001'	22. Approximate date work will start* ASAP
23. Estimated duration 45 days		

24. Attachments

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. |

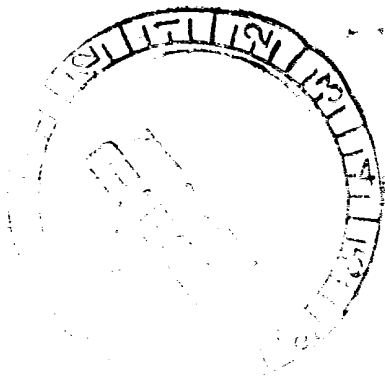
25. Signature 	Name (Printed/Typed) Cy Cowan	Date 2/1/02
Title: Regulatory Agent		
Approved by (Signature) /S/ JOE G. LARA	Name (Printed/Typed) /S/ JOE G. LARA	Date APR 15 2002
Title ACT 156 FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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)

Subject to Special Requirements and Special stipulations Attached



District I
1825 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 & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
OGRID No.	Operation Name	Elevation
025575	WALT CANYON AMA FED. YATES PETROLEUM CORPORATION	7 4001

Surface Location

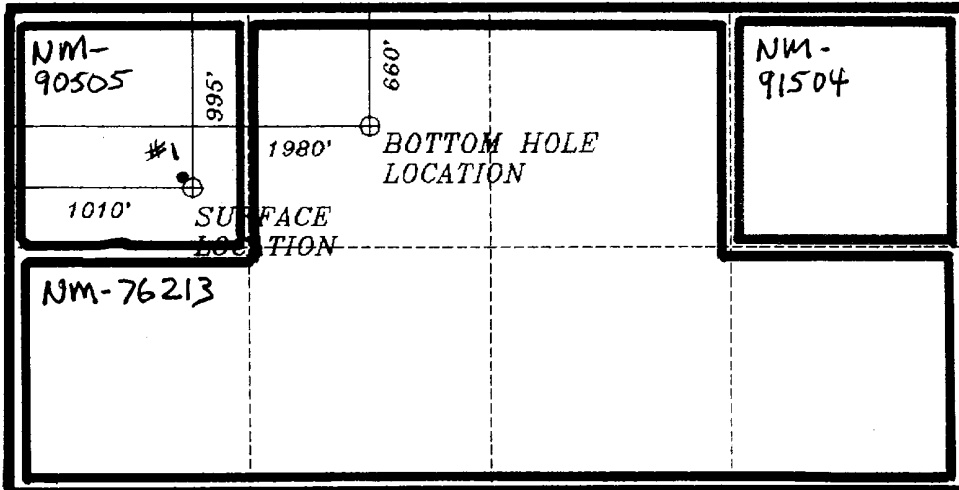
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
D	10	22-S	24-E		995	NORTH	1010	WEST	EDDY

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
C	10	22-S	24-E		660	NORTH	1980	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature *Cy Cowan*

Printed Name Cy Cowan

Title Regulatory Agent

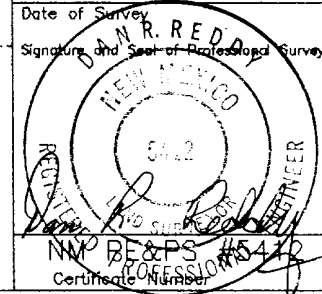
Date 1/21/02

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.

DEC. 25, 2001

Date of Survey
Signature and Seal of Professional Surveyor



NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
Certificate Number 5422

Drilling Prognosis
Yates Petroleum Corporation
Walt Canyon AMA Federal Com. #7
995' FNL and 1010' FWL Surface Location
660' FNL and 1980' FWL Bottom Hole Location
Eddy County, New Mexico

Procedure:

Yates Petroleum Corporation plans to drill this well vertically to a depth of 4546' with the hole sizes and casing program included in the APD. At 4546' a gyro survey will be run to determine the exact bottom hole location. The directional plan will then be adjusted based on that data. The well will then be kicked off with a build rate of 2.5 deg/100' until a final inclination of 22.5 degrees is reached. This angle will be held to a depth of approximately 7085' TVD, at which point a drop rate of 2.5 degrees/100' will be used to return the well to vertical. The well will be returned to vertical by 7935' TVD (top of Canyon), and the remainder of the well will be drilled vertically to the TVD of 10,450' approximately 10,630' MD.

Please Note: This well is located in the Indian Basin, near several existing Yates Petroleum Corporation wells. This well is to be drilled off of the same well pad as an existing vertical well, the Atom ANT Federal Com. #1.

YATES PETROLEUM CORPORATION
Walt Canyon AMA Federal Com #7
995' FNL and 1010' FWL – Surface Location
660' FNL and 1980' FWL – Bottom Hole Location
Sec. 10-T22S-R24E
Eddy County, New Mexico

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

San Andres	1095'	Cisco Canyon Dolomite	7935'
Glorietta	2595'	Base of Dolomite	8425'
Bone Springs	3075'	Strawn	8835'
2 nd Bone Springs	4220'	Atoka	9590'
3 rd Bone Springs	7065'	Morrow Clastics	10055'
Wolfcamp	7315'	Chester	10325'
		TD	10450'

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

Water: 250' - 300'
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 5000 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>
14 3/4"	9 5/8"	36#	J-55	ST+C	0-1600'	1600'
8 3/4"	7"	26#	L-80	LT+C	0-1500'	1500'
8 3/4"	7"	26#	J-55	LT+C	1500'-6800'	5300'
8 3/4"	7"	26#	N-80	LT+C	6800'-9100'	2300'
8 3/4"	7"	26#	HCP-110	LT+C	9100'-10630'	1530'

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

B. CEMENTING PROGRAM:

Surface casing: 950 sx Lite (YLD 2.0 WT 12.0) Tail in with 250sx Class 'C' + 2% CaCl2 (YLD 1.32 WT 14.8).

Production Casing: TOC: 6800' TVD/6940' MD, 150 scf N2/150 bbls mud ahead. Tail in with 550sx Super C (YLD 1.64 WT 13.0).

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1600'	FW/Air Mist	8.4- 8.6	28	N/C
1600'-8080'	Cut Brine	8.6-9.0	28	N/C
8080'-10200'	SWGel/Starch	9.0-9.4	30-34	N/C
10200'-TD	SWGel/Starch	9.4-9.8	34-38	<12

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 from intermediate casing to TD.

Logging: Platform Express HALS NGT.

Coring: None anticipated.

DST's: As warranted.

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

Anticipated BHP:

From: 0	To: 1600'	Anticipated Max. BHP	700 PSI.
From: 1600'	To: 10450'	Anticipated Max. BHP	5300 PSI.

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: Possible Canyon.

H2S Zones Anticipated: Possible in Canyon.

Maximum Bottom Hole Temperature: 178 F.

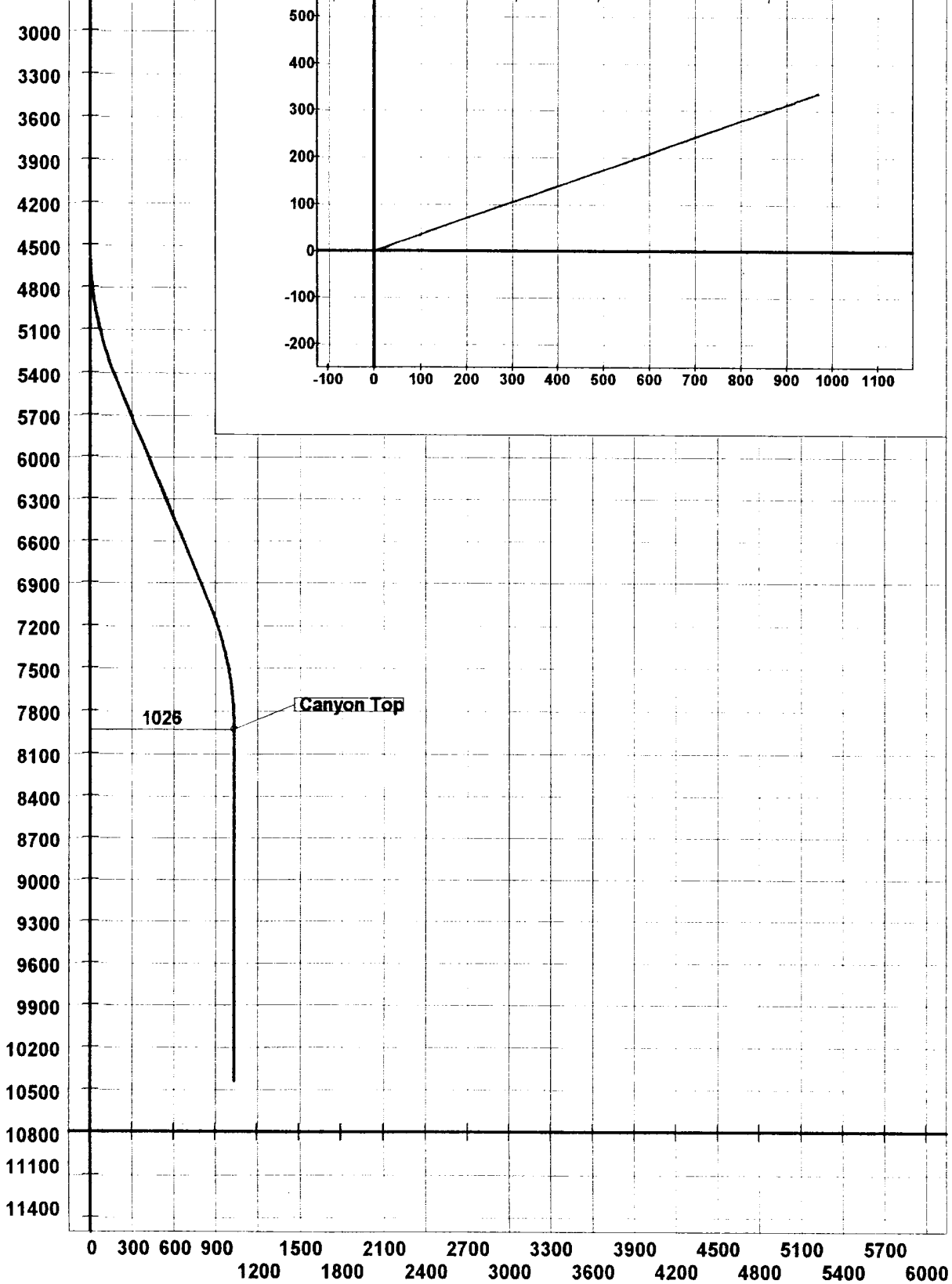
8. ANTICIPATED STARTING DATE:

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.

Company: YPC

Lease/Well: Walt Canyon AMA Federal Com. #7

Location: Section 10, T22S-R24E, Surf: 995' N & 1,010' W, BH: 660' N & 1,980' W



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Job Number: 1

State/Country: Eddy/NM/USA

Company: YPC

Declination:

Lease/Well: Walt Canyon AMA Federal Com. #7

Grid:

Location: Section 10, T22S-R24E, Surf: 995' N & 1,010' W, BH: 660' N & 1,980' W

Rig Name:

Date/Time: 23-Jan-02 / 16:03

RKB:

Curve Name: Proposed/Preliminary

G.L. or M.S.L.: 3,930'

WINSERVE SURVEY CALCULATIONS
 Minimum Curvature Method
 Vertical Section Plane 70.95
 Vertical Section Referenced to offset from Wellhead: EW=.00 Ft, NS=.00 Ft
 Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
RUN GYRO TIE-IN, PU DIRECTIONAL TOOLS, KICK OFF BUILDING AT A RATE OF 2.5 DEG/100'									
4545.74	.00	.00	4545.74	.00	.00	.00	.00	.00	.00
4575.74	.75	70.95	4575.74	.06	.19	.20	.20	70.95	2.50
4605.74	1.50	70.95	4605.73	.26	.74	.79	.79	70.95	2.50
4635.74	2.25	70.95	4635.72	.58	1.67	1.77	1.77	70.95	2.50
4665.74	3.00	70.95	4665.69	1.03	2.97	3.14	3.14	70.95	2.50
4695.74	3.75	70.95	4695.63	1.60	4.64	4.91	4.91	70.95	2.50
4725.74	4.50	70.95	4725.56	2.31	6.68	7.06	7.06	70.95	2.50
4755.74	5.25	70.95	4755.45	3.14	9.09	9.61	9.61	70.95	2.50
4785.74	6.00	70.95	4785.30	4.10	11.87	12.55	12.55	70.95	2.50
4815.74	6.75	70.95	4815.12	5.19	15.02	15.89	15.89	70.95	2.50
4845.74	7.50	70.95	4844.89	6.40	18.53	19.61	19.61	70.95	2.50
4875.74	8.25	70.95	4874.60	7.74	22.42	23.72	23.72	70.95	2.50
4905.74	9.00	70.95	4904.26	9.21	26.67	28.22	28.22	70.95	2.50
4935.74	9.75	70.95	4933.86	10.81	31.29	33.10	33.10	70.95	2.50
4965.74	10.50	70.95	4963.39	12.53	36.27	38.38	38.38	70.95	2.50
4995.74	11.25	70.95	4992.86	14.38	41.62	44.04	44.04	70.95	2.50
5025.74	12.00	70.95	5022.24	16.35	47.34	50.08	50.08	70.95	2.50
5055.74	12.75	70.95	5051.54	18.45	53.42	56.51	56.51	70.95	2.50
5085.74	13.50	70.95	5080.76	20.67	59.85	63.32	63.32	70.95	2.50
5115.74	14.25	70.95	5109.88	23.02	66.65	70.52	70.52	70.95	2.50
5145.74	15.00	70.95	5138.91	25.49	73.81	78.09	78.09	70.95	2.50
5175.74	15.75	70.95	5167.84	28.09	81.33	86.05	86.05	70.95	2.50
5205.74	16.50	70.95	5196.66	30.81	89.21	94.38	94.38	70.95	2.50
5235.74	17.25	70.95	5225.36	33.65	97.44	103.09	103.09	70.95	2.50
5265.74	18.00	70.95	5253.96	36.62	106.03	112.17	112.17	70.95	2.50
5295.74	18.75	70.95	5282.43	39.70	114.96	121.63	121.63	70.95	2.50

PAGE - 1

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
5325.74	19.50	70.95	5310.77	42.91	124.25	131.46	131.46	70.95	2.50
5355.74	20.25	70.95	5338.98	46.24	133.89	141.66	141.66	70.95	2.50
5385.74	21.00	70.95	5367.06	49.69	143.88	152.22	152.22	70.95	2.50
5415.74	21.75	70.95	5395.00	53.26	154.22	163.16	163.16	70.95	2.50
END OF BUILD, HOLD 22.5 DEGREE ANGLE, ADJUST AS NECESSARY									
5445.74	22.50	70.95	5422.79	56.95	164.90	174.46	174.46	70.95	2.50
5445.74	22.50	70.95	5422.79	56.95	164.90	174.46	174.46	70.95	2.60
5545.74	22.50	70.95	5515.18	69.44	201.07	212.72	212.72	70.95	.00
5645.74	22.50	70.95	5607.56	81.93	237.24	250.99	250.99	70.95	.00
5745.74	22.50	70.95	5699.95	94.43	273.41	289.26	289.26	70.95	.00
5845.74	22.50	70.95	5792.34	106.92	309.59	327.53	327.53	70.95	.00
5945.74	22.50	70.95	5884.73	119.41	345.76	365.80	365.80	70.95	.00
6045.74	22.50	70.95	5977.12	131.90	381.93	404.07	404.07	70.95	.00
6145.74	22.50	70.95	6069.50	144.40	418.10	442.33	442.33	70.95	.00
6245.74	22.50	70.95	6161.89	156.89	454.27	480.60	480.60	70.95	.00
6345.74	22.50	70.95	6254.28	169.38	490.45	518.87	518.87	70.95	.00
6445.74	22.50	70.95	6346.67	181.87	526.62	557.14	557.14	70.95	.00
6545.74	22.50	70.95	6439.05	194.37	562.79	595.41	595.41	70.95	.00
6645.74	22.50	70.95	6531.44	206.86	598.96	633.68	633.68	70.95	.00
6745.74	22.50	70.95	6623.83	219.35	635.13	671.94	671.94	70.95	.00
6845.74	22.50	70.95	6716.22	231.84	671.30	710.21	710.21	70.95	.00
6945.74	22.50	70.95	6808.61	244.33	707.48	748.48	748.48	70.95	.00
7045.74	22.50	70.95	6900.99	256.83	743.65	786.75	786.75	70.95	.00
7145.74	22.50	70.95	6993.38	269.32	779.82	825.02	825.02	70.95	.00
7215.63	22.50	70.95	7057.95	278.05	805.10	851.76	851.76	70.95	.00
END OF HOLD SECTION, BEGIN DROPPING ANGLE AT A RATE OF 2.5 DEG/100'									
7245.63	21.75	70.95	7085.74	281.74	815.78	863.06	863.06	70.95	2.50
7275.63	21.00	70.95	7113.68	285.31	826.12	874.00	874.00	70.95	2.50
7305.63	20.25	70.95	7141.76	288.76	836.11	884.56	884.56	70.95	2.50
7335.63	19.50	70.95	7169.97	292.09	845.75	894.76	894.76	70.95	2.50
7365.63	18.75	70.95	7198.32	295.30	855.04	904.59	904.59	70.95	2.50
7395.63	18.00	70.95	7226.79	298.38	863.97	914.05	914.05	70.95	2.50
7425.63	17.25	70.95	7255.38	301.35	872.56	923.13	923.13	70.95	2.50
7455.63	16.50	70.95	7284.08	304.19	880.79	931.84	931.84	70.95	2.50
7485.63	15.75	70.95	7312.90	306.91	888.67	940.17	940.17	70.95	2.50
7515.63	15.00	70.95	7341.83	309.51	896.19	948.13	948.13	70.95	2.50
7545.63	14.25	70.95	7370.86	311.98	903.35	955.70	955.70	70.95	2.50
7575.63	13.50	70.95	7399.98	314.33	910.15	962.90	962.90	70.95	2.50
7605.63	12.75	70.95	7429.20	316.55	916.58	969.71	969.71	70.95	2.50
7635.63	12.00	70.95	7458.50	318.65	922.66	976.14	976.14	70.95	2.50
7665.63	11.25	70.95	7487.89	320.62	928.38	982.18	982.18	70.95	2.50
7695.63	10.50	70.95	7517.35	322.47	933.73	987.84	987.84	70.95	2.50
7725.63	9.75	70.95	7546.88	324.19	938.71	993.12	993.12	70.95	2.50

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Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
7755.63	9.00	70.95	7576.48	325.79	943.33	998.00	998.00	70.95	2.50
7785.63	8.25	70.95	7606.14	327.26	947.58	1002.50	1002.50	70.95	2.50
7815.63	7.50	70.95	7635.86	328.60	951.47	1006.61	1006.61	70.95	2.50
7845.63	6.75	70.95	7665.62	329.81	954.98	1010.33	1010.33	70.95	2.50
7875.63	6.00	70.95	7695.44	330.90	958.13	1013.66	1013.66	70.95	2.50
7905.63	5.25	70.95	7725.29	331.86	960.91	1016.60	1016.60	70.95	2.50
7935.63	4.50	70.95	7755.19	332.69	963.32	1019.15	1019.15	70.95	2.50
7965.63	3.75	70.95	7785.11	333.40	965.36	1021.31	1021.31	70.95	2.50
7995.63	3.00	70.95	7815.05	333.97	967.03	1023.08	1023.08	70.95	2.50
8025.63	2.25	70.95	7845.02	334.42	968.33	1024.45	1024.45	70.95	2.50
8055.63	1.50	70.95	7875.01	334.74	969.26	1025.43	1025.43	70.95	2.50
8085.63	.75	70.95	7905.00	334.94	969.81	1026.02	1026.02	70.95	2.50
8115.63	.00	70.95	7935.00	335.00	970.00	1026.22	1026.22	70.95	2.50

CANYON TOP--WELL SHOULD BE VERTICAL AT THIS POINT. CONTINUE DRILLING VERTICALLY, BHL SHOULD BE 660' N & 1,980' W

8115.63	.00	70.95	7935.00	335.00	970.00	1026.22	1026.22	70.95	2.60
8215.63	.00	70.95	8035.00	335.00	970.00	1026.22	1026.22	70.95	.00
8315.63	.00	70.95	8135.00	335.00	970.00	1026.22	1026.22	70.95	.00
8415.63	.00	70.95	8235.00	335.00	970.00	1026.22	1026.22	70.95	.00
8515.63	.00	70.95	8335.00	335.00	970.00	1026.22	1026.22	70.95	.00
8615.63	.00	70.95	8435.00	335.00	970.00	1026.22	1026.22	70.95	.00
8715.63	.00	70.95	8535.00	335.00	970.00	1026.22	1026.22	70.95	.00
8815.63	.00	70.95	8635.00	335.00	970.00	1026.22	1026.22	70.95	.00
8915.63	.00	70.95	8735.00	335.00	970.00	1026.22	1026.22	70.95	.00
9015.63	.00	70.95	8835.00	335.00	970.00	1026.22	1026.22	70.95	.00
9115.63	.00	70.95	8935.00	335.00	970.00	1026.22	1026.22	70.95	.00
9215.63	.00	70.95	9035.00	335.00	970.00	1026.22	1026.22	70.95	.00
9315.63	.00	70.95	9135.00	335.00	970.00	1026.22	1026.22	70.95	.00
9415.63	.00	70.95	9235.00	335.00	970.00	1026.22	1026.22	70.95	.00
9515.63	.00	70.95	9335.00	335.00	970.00	1026.22	1026.22	70.95	.00
9615.63	.00	70.95	9435.00	335.00	970.00	1026.22	1026.22	70.95	.00
9715.63	.00	70.95	9535.00	335.00	970.00	1026.22	1026.22	70.95	.00
9815.63	.00	70.95	9635.00	335.00	970.00	1026.22	1026.22	70.95	.00
9915.63	.00	70.95	9735.00	335.00	970.00	1026.22	1026.22	70.95	.00
10015.63	.00	70.95	9835.00	335.00	970.00	1026.22	1026.22	70.95	.00
10115.63	.00	70.95	9935.00	335.00	970.00	1026.22	1026.22	70.95	.00
10215.63	.00	70.95	10035.00	335.00	970.00	1026.22	1026.22	70.95	.00
10315.63	.00	70.95	10135.00	335.00	970.00	1026.22	1026.22	70.95	.00
10415.63	.00	70.95	10235.00	335.00	970.00	1026.22	1026.22	70.95	.00
10515.63	.00	70.95	10335.00	335.00	970.00	1026.22	1026.22	70.95	.00
10615.63	.00	70.95	10435.00	335.00	970.00	1026.22	1026.22	70.95	.00
10630.63	.00	70.95	10450.00	335.00	970.00	1026.22	1026.22	70.95	.00

END OF WELL, TD, RUH CASING OR P & A

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Walt Canyon AMA Federal Com. #7

995' FNL and 1010' FWL – Surface Location

660' FNL and 1980' FWL – Bottom Hole Location

Sec. 10-T22S-R24E

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 well site is located approximately 32 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 for 12.5 miles to Highway 137. Turn west for 14 miles, and then turn south on lease road for 1.9 miles. Road will fork. Take right fork and go 0.6 of a mile to the Anemone #2 Battery. Continue east for 0.8 of a mile to the first road going right. Turn right here and go 0.5 of a mile. Turn right and go 0.1 of a mile to a big power line. Continue on lease road going back to the west for approximately 0.3 of a mile to the Atom Ant Fed. #1 location. The Walt Canyon AMA Fed. Com. #7 will be drilled from the Atom Ant Fed. #1 location.

2. PLANNED ACCESS ROAD

No new access road will be needed.

3. LOCATION OF EXISTING WELL

- A. There is 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.

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 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:

The dirt contractor will locate closest pit and will obtain any permits and materials for 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.
- 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 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: 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.

2/1/02

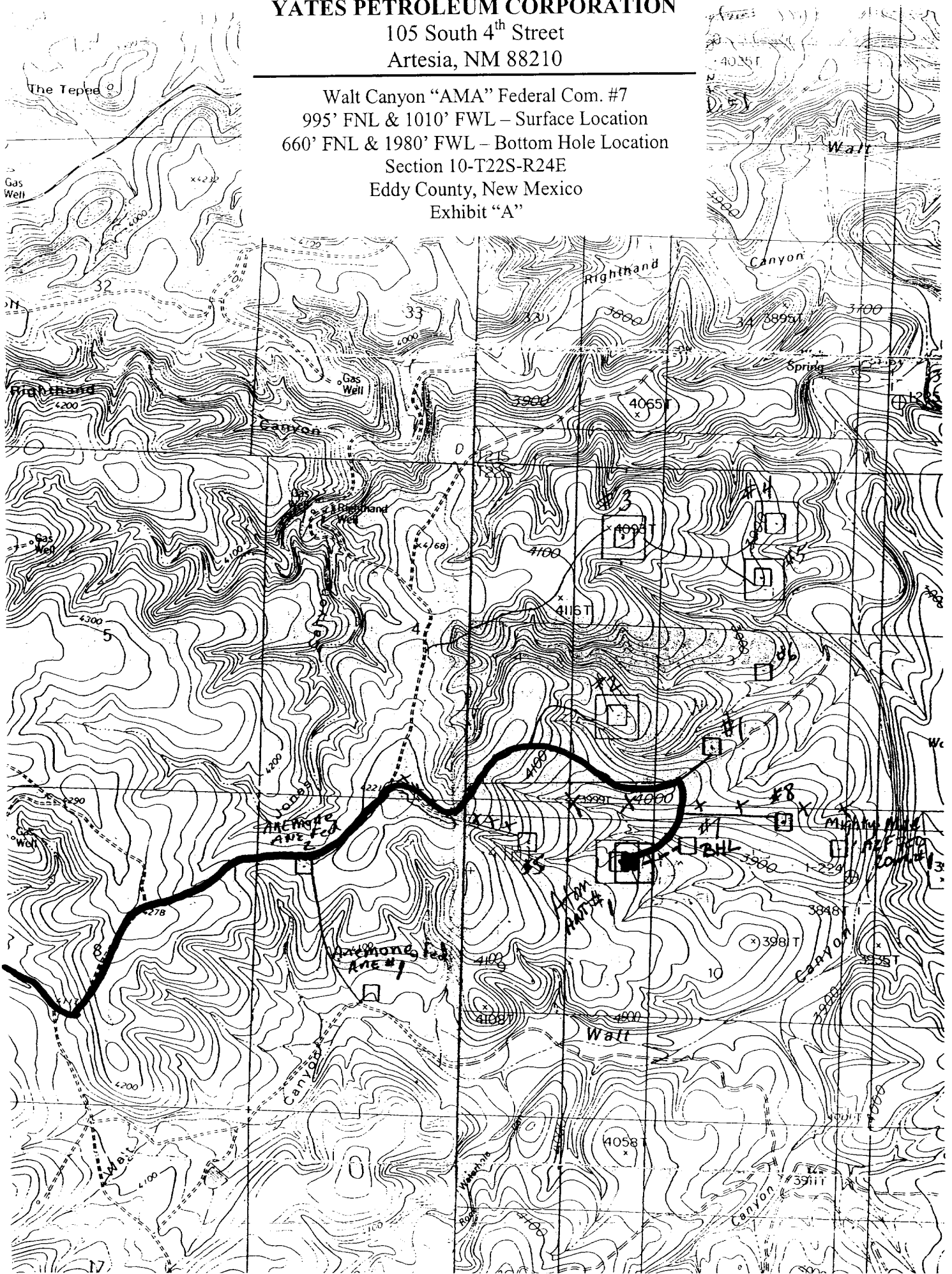

Regulatory Agent

YATES PETROLEUM CORPORATION

105 South 4th Street

Artesia, NM 88210

Walt Canyon "AMA" Federal Com. #7
995' FNL & 1010' FWL – Surface Location
660' FNL & 1980' FWL – Bottom Hole Location
Section 10-T22S-R24E
Eddy County, New Mexico
Exhibit "A"

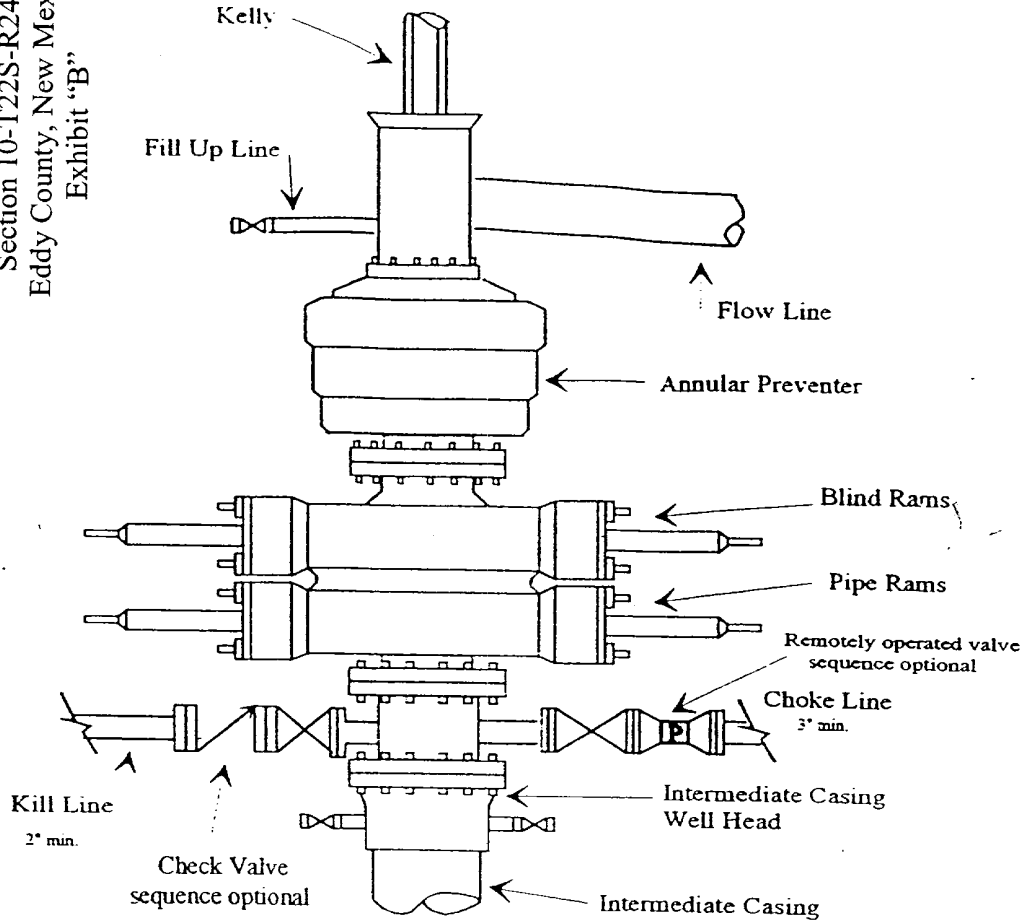


YATES PETROLEUM CORPORATION
 105 South 4th Street
 Artesia, NM 88210

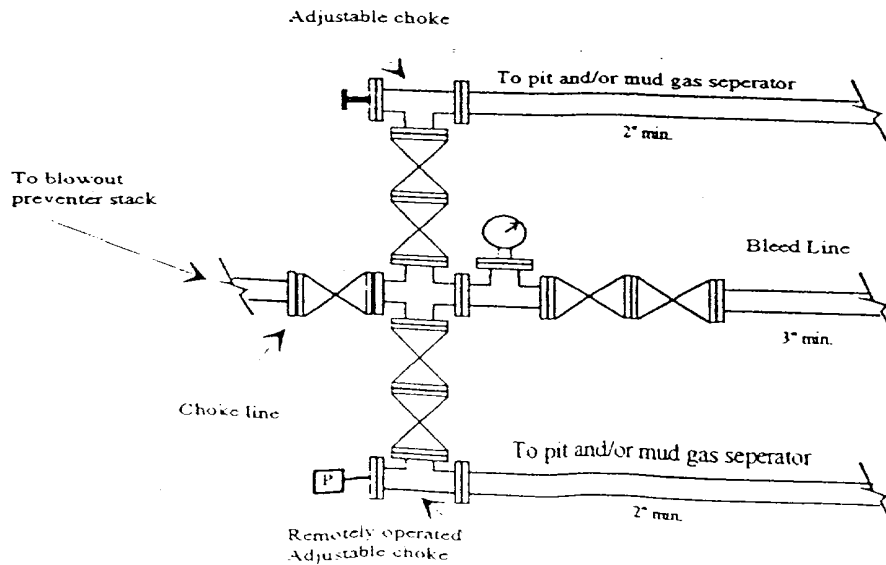
Walt Canyon "AMA" Federal Com. #7
 995' FNL & 1010' FWL - Surface Location
 660' FNL & 1980' FWL - Bottom Hole Location
 Section 10-T22S-R24E
 Eddy County, New Mexico
 Exhibit "B"

Yates Petroleum Corporation
 Typical 5,000 psi Pressure System
 Schematic
 Annular with Double Ram Preventer Stack

BOP-4



Typical 5,000 psi choke manifold assembly with at least these minimum features



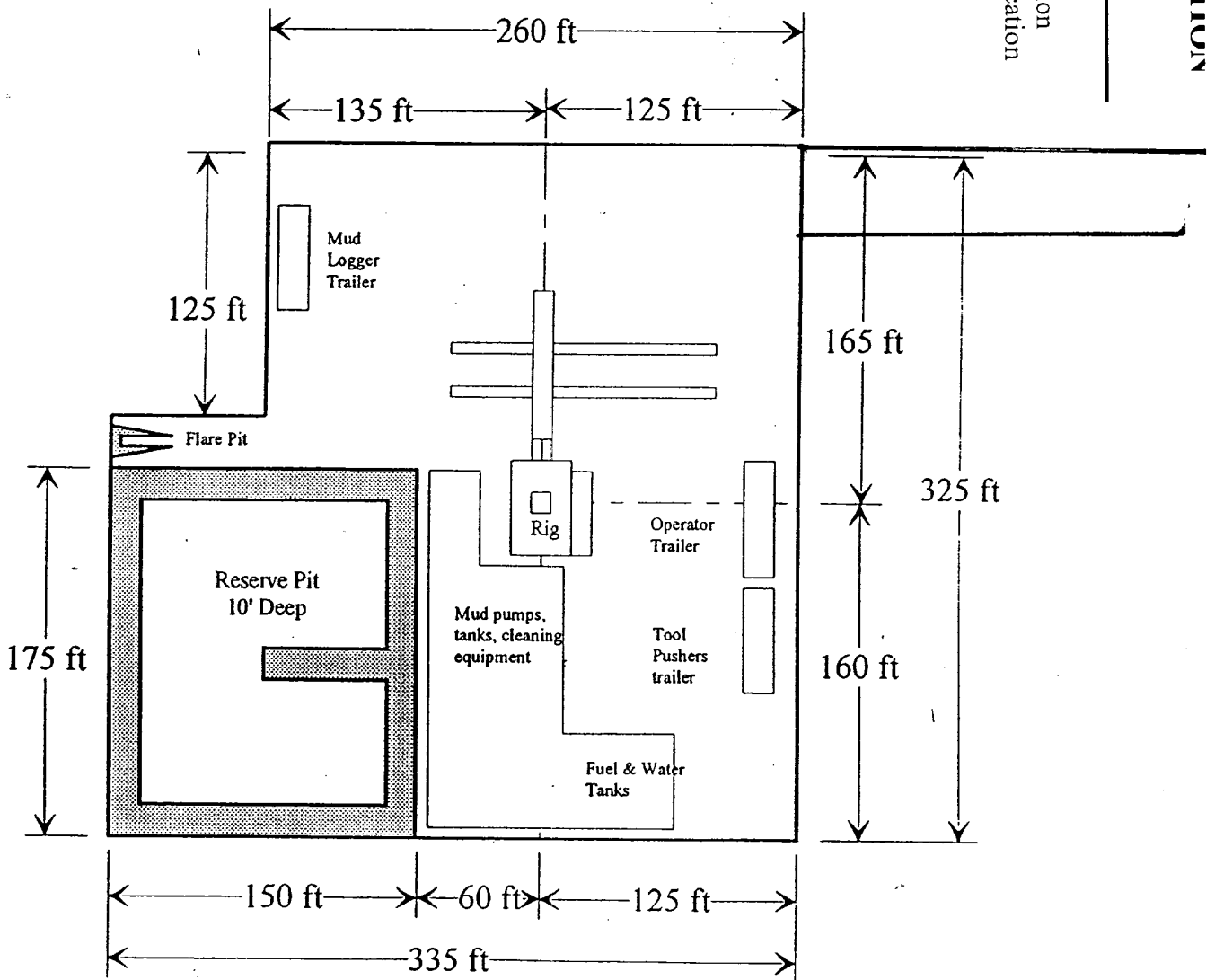
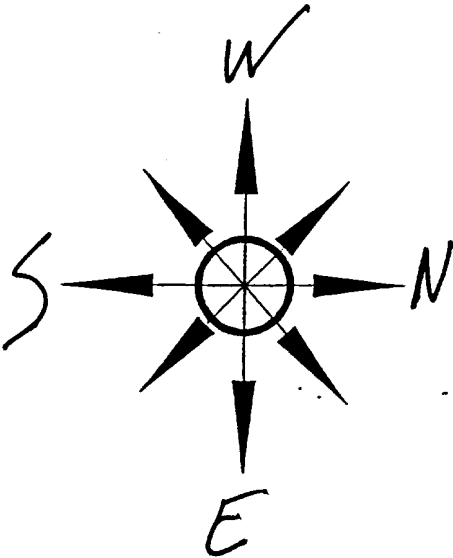
105 South 4th Street
Artesia, NM 88210

Walt Canyon "AMA" Federal Com. #7
995' FNL & 1010' FWL - Surface Location
660' FNL & 1980' FWL - Bottom Hole Location
Section 10-T22S-R24E
Eddy County, New Mexico
Exhibit "C"

Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

Pits South



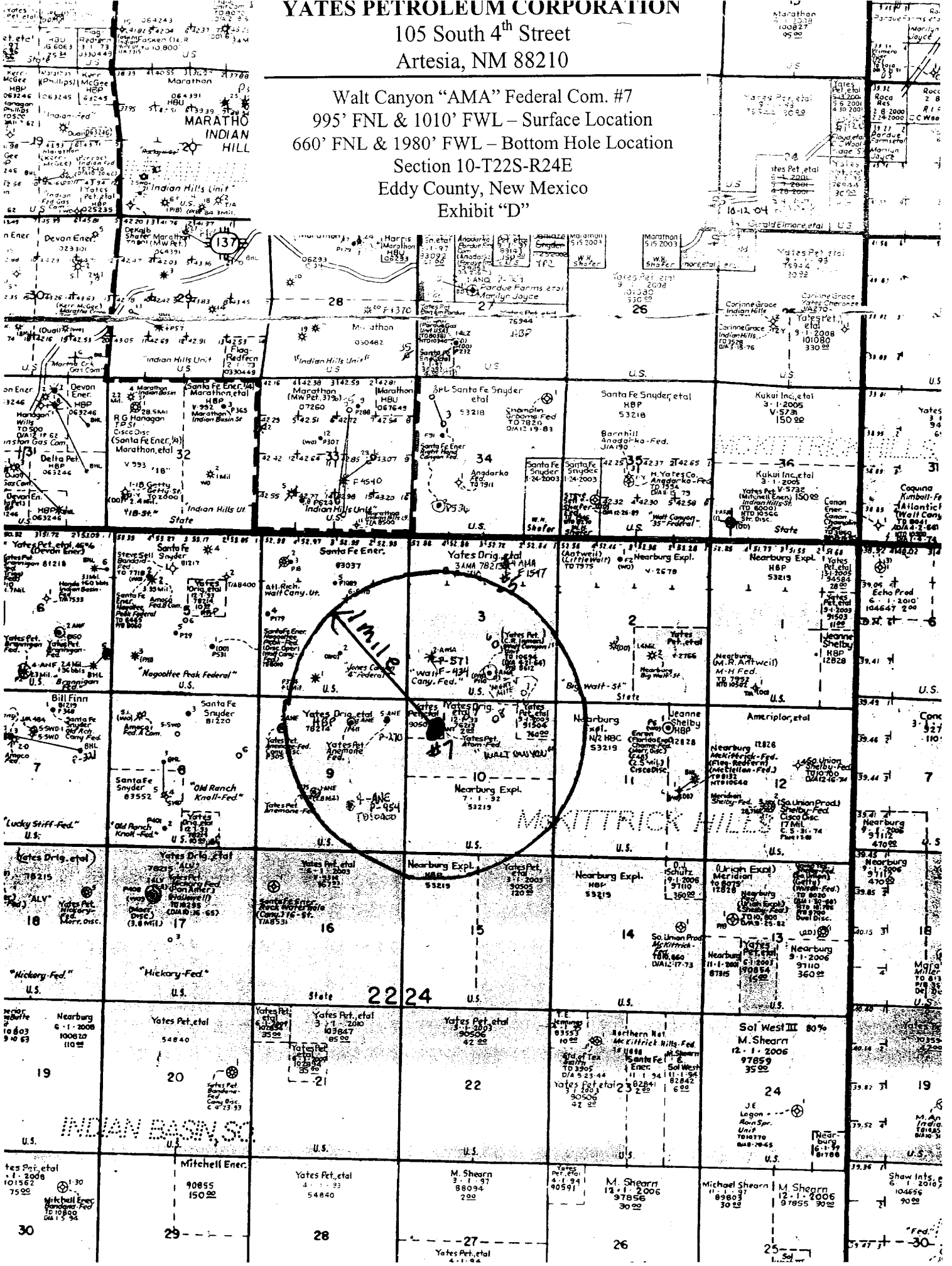
Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

YATES PETROLEUM CORPORATION

105 South 4th Street
Artesia, NM 88210

Walt Canyon "AMA" Federal Com. #7
995' FNL & 1010' FWL - Surface Location
660' FNL & 1980' FWL - Bottom Hole Location
Section 10-T22S-R24E
Eddy County, New Mexico
Exhibit "D"



District I
1825 N. Franch 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 & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

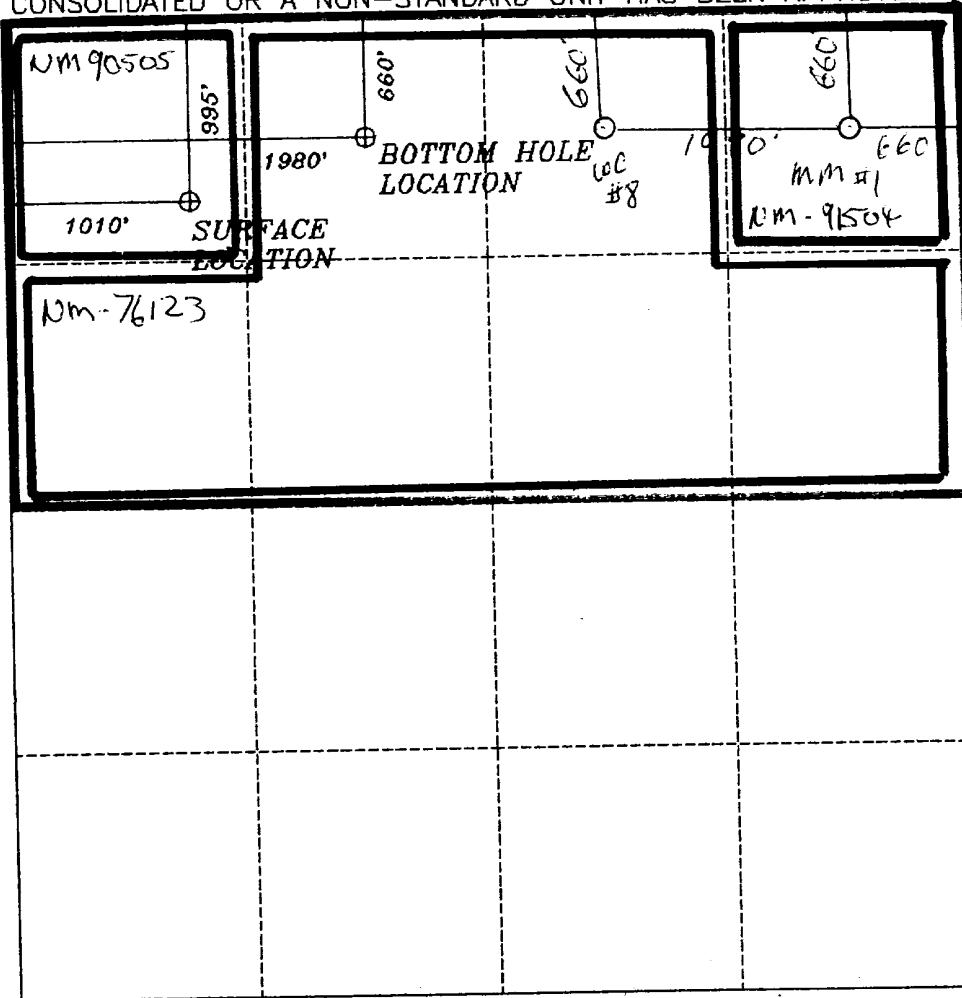
API Number	Pool Code	Pool Name Indian Basin Upper Penn Associated
Property Code	Property Name WALT CANYON AMA FED.	Well Number 7
OGRID No. 025575	Operation Name YATES PETROLEUM CORPORATION	Elevation 4001

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	10	22-S	24-E		995	NORTH	1010	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
C	10	22-S	24-E		660	NORTH	1980	WEST	EDDY

Dedicated Acres 025575	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature: *Cy Cowan*
Printed Name: Cy Cowan
Title: Regulatory Agent
Date: April 18, 2002

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.

DEC 25 2001
Date of Survey: R. REDDY
Signature and Seal of Professional Surveyor

NM PROFESSIONAL SURVEYOR 2
Certificate Number