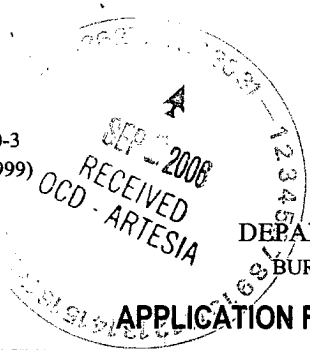


L-06-02

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

Form 3160-3
(August 1999)



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1318

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-44532		
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.		
3A. Address 105 South Fourth Street Artesia, New Mexico 88210			8. Lease Name and Well No. Sosa Federal #4H		
3b. Phone No. (include area code) (505) 748-1471			9. API Well No. 30-015-35167		
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FNL and 330' FWL Surface Hole Location At proposed prod. Zone 1980' FNL and 950' FEL Bottom Hole Location			10. Field and Pool, or Exploratory Subject to Brushy Draw Delaware Like Approval By State		
14. Distance in miles and direction from nearest town or post office* Approximately 35 miles southeast of Carlsbad, New Mexico.			12. County or Parish Eddy County		13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of Acres in lease 880.00	17. Spacing Unit dedicated to this well SW/NW SL SE/NE BHL			
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 1100'	19. Proposed Depth 5400'	20. BLM/BIA Bond No. on file 585997			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2930' GL	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. | 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 8/30/2006
Regulatory Agent		
Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date SEP 27 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

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 8080	³ Pool Name Brushy Draw Delaware
⁴ Property Code	⁵ Property Name SOSA FEDERAL	⁶ Well Number 4H
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 2930

¹⁰ Surface Location

UL or lot no. E	Section 15	Township 26-S	Range 29-E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 330	East/West line WEST	County EDDY
--------------------	---------------	------------------	---------------	---------	-----------------------	---------------------------	----------------------	------------------------	----------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. H	Section 15	Township 26-S	Range 29-E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 950	East/West line EAST	County EDDY
--------------------	---------------	------------------	---------------	---------	-----------------------	---------------------------	----------------------	------------------------	----------------

¹² Dedicated Acre 86/60	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶ 1980' 330' NM-44352 LAT N32.94424 LON W103.97946				1980' 950' BHL	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: Cy Cowan Date: 6/25/06 Printed Name: Cy Cowan Regulatory Agent
					¹⁸ 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. JUNE 12, 2006 Date of Survey Signature and Seal of Professional Surveyor: DAN R. REDDY NEW MEXICO 5412 DAN R. REDDY NM T&PS #5412

YATES PETROLEUM CORPORATION

Sosa Federal #4H

1980' FNL and 330' FWL Surface Hole Location

1980' FNL and 950' FEL Bottom Hole Location

Section 15-T26S-R29E

Eddy County, New Mexico

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

Rustler	330'	Cherry Canyon	3850'
Top of Salt	710'	Brushy Canyon	5120'
Base of Salt	2945'	TD	5400'
Bell Canyon	2970'		

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

Water: 85'
Oil or Gas: Delaware.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" casing and rated for 3000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (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>
WITNESS	4 3/4"	9 5/8"	36#	J-55	ST&C	0-400'	400'
	8 3/4"	Open Hole	-----	-----	-----	0-5400'	5400' TVD
WITNESS	7 7/8"	5 1/2"	17#	HCP-110	LT&C	0-8938'	8938' MD

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: 0-750' 350 sx 'C' (WT 14.8 YLD 1.32) + 2% CaCL₂.

Production Casing: 0-8938' TOC-2950' 500 sx 'C' Lite 'H' (WT 12.5 YLD 2.05). Tail in with 1350 sx Magne+ (WT 13.0 YLD 1.05)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-750'	Fresh Water/Gel	8.4-9.2	28-29	N/C
750'-5400'	Brine	9.9-10.0	28-32	<15cc
4720'-8938'	Brine	9.9-10.0	28-29	N/C

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

6. EVALUATION PROGRAM:

Samples: 30' samples to 3000'. 10' samples from 2900' to TD.

Logging: Platform Hals/CMR.

Coring: None.

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:
Anticipated BHP:

From: O	TO: 750'	Anticipated Max.	BHP: 360	PSI
From: 750'	TO: 5400'	Anticipated Max.	BHP: 2810	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 128F.

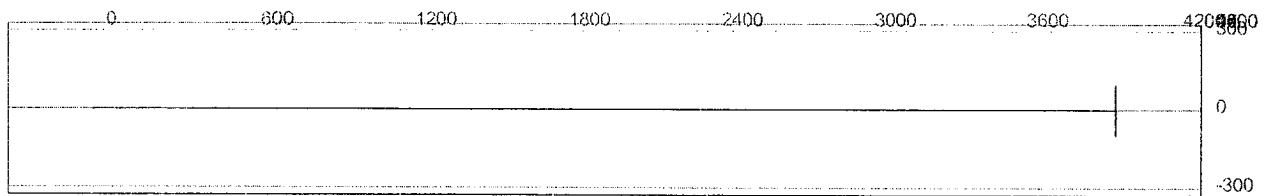
8. ANTICIPATED STARTING DATE:

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

	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	4720.00	0.00	0.00	4720.00	0.00	0.00	15.00	90	GN
3	4725.00	0.75	90.00	4725.00	0.00	0.03	15.00	0	HS
4	4750.00	4.50	90.00	4749.97	0.00	1.18	15.00	0	HS
5	4775.00	8.25	90.00	4774.81	0.00	3.95	15.00	0	HS
6	4800.00	12.00	90.00	4799.42	0.00	8.35	15.00	0	HS
7	4825.00	15.75	90.00	4823.68	0.00	14.34	15.00	0	HS
8	4850.00	19.50	90.00	4847.51	0.00	21.91	15.00	0	HS
9	4875.00	23.25	90.00	4870.78	0.00	31.02	15.00	0	HS
10	4900.00	27.00	90.00	4893.41	0.00	41.63	15.00	0	HS
11	4925.00	30.75	90.00	4915.30	0.00	53.70	15.00	0	HS
12	4950.00	34.50	90.00	4936.35	0.00	67.18	15.00	0	HS
13	4975.00	38.25	90.00	4956.48	0.00	82.00	15.00	0	HS
14	5000.00	42.00	90.00	4975.59	0.00	98.11	15.00	0	HS
15	5025.00	45.75	90.00	4993.61	0.00	115.44	15.00	0	HS
16	5050.00	49.50	90.00	5010.45	0.00	133.90	15.00	0	HS
17	5075.00	53.25	90.00	5026.06	0.00	153.43	15.00	0	HS
18	5100.00	57.00	90.00	5040.35	0.00	173.94	15.00	0	HS
19	5125.00	60.75	90.00	5053.27	0.00	195.33	15.00	0	HS
20	5150.00	64.50	90.00	5064.76	0.00	217.53	15.00	0	HS
21	5175.00	68.25	90.00	5074.78	0.00	240.43	15.00	0	HS
22	5200.00	72.00	90.00	5083.28	0.00	263.94	15.00	0	HS
23	5225.00	75.75	90.00	5090.22	0.00	287.95	15.00	0	HS
24	5250.00	79.50	90.00	5095.58	0.00	312.36	15.00	0	HS
25	5275.00	83.25	90.00	5099.32	0.00	337.08	15.00	0	HS
26	5300.00	87.00	90.00	5101.45	0.00	361.98	15.00	0	HS
27	5314.93	89.24	90.00	5101.94	0.00	376.91	0.00		
28	8938.35	89.24	90.00	5150.00	0.00	4000.00	0.00		

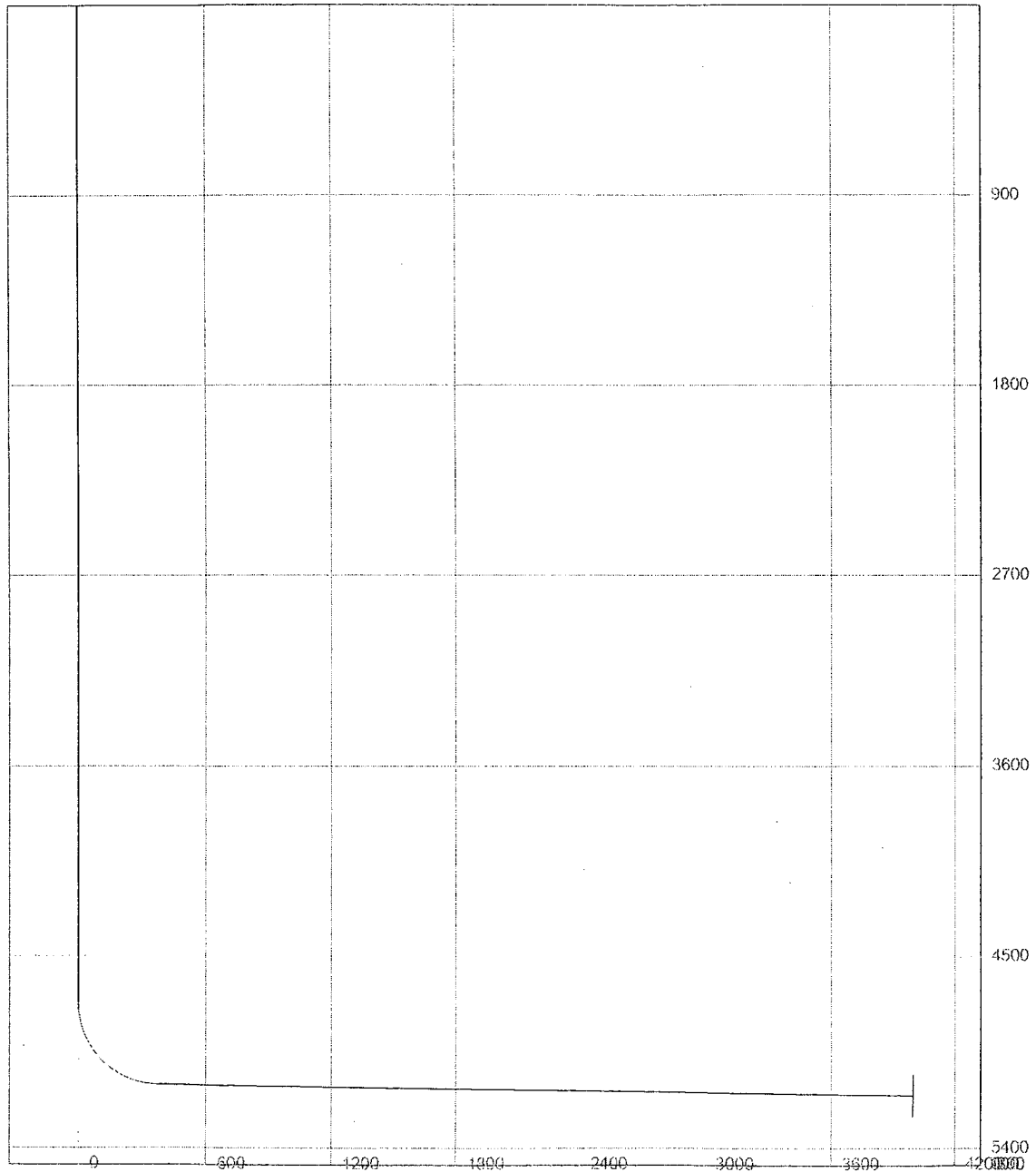
3D³ Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**
Well: **Sosa Federal #4H**



3D^s Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**
Well: **Sosa Federal #4H**



**MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION**

Sosa Federal #4H
1980' FNL and 330' FWL Surface Hole Location
1980' FNL and 950' FEL Bottom Hole Location
Section 15, T26S-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 35 miles southeast of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Carlsbad on Highway 285 for approximately 28.5 miles to Whitehorn Road (CR-725). Turn east on Whitehorn Road and go approximately 5.6 miles. The proposed well location is on the left side of the county road. No new road will be needed to access the location.

2. PLANNED ACCESS ROAD:

- A. No new access road will be needed.
- B. N/A
- C. N/A
- D. N/A
- 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 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 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 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. 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 for archaeological purposes

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 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.

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:

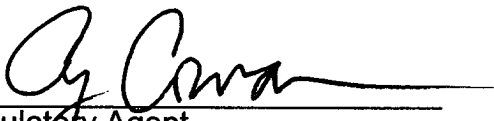
Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

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

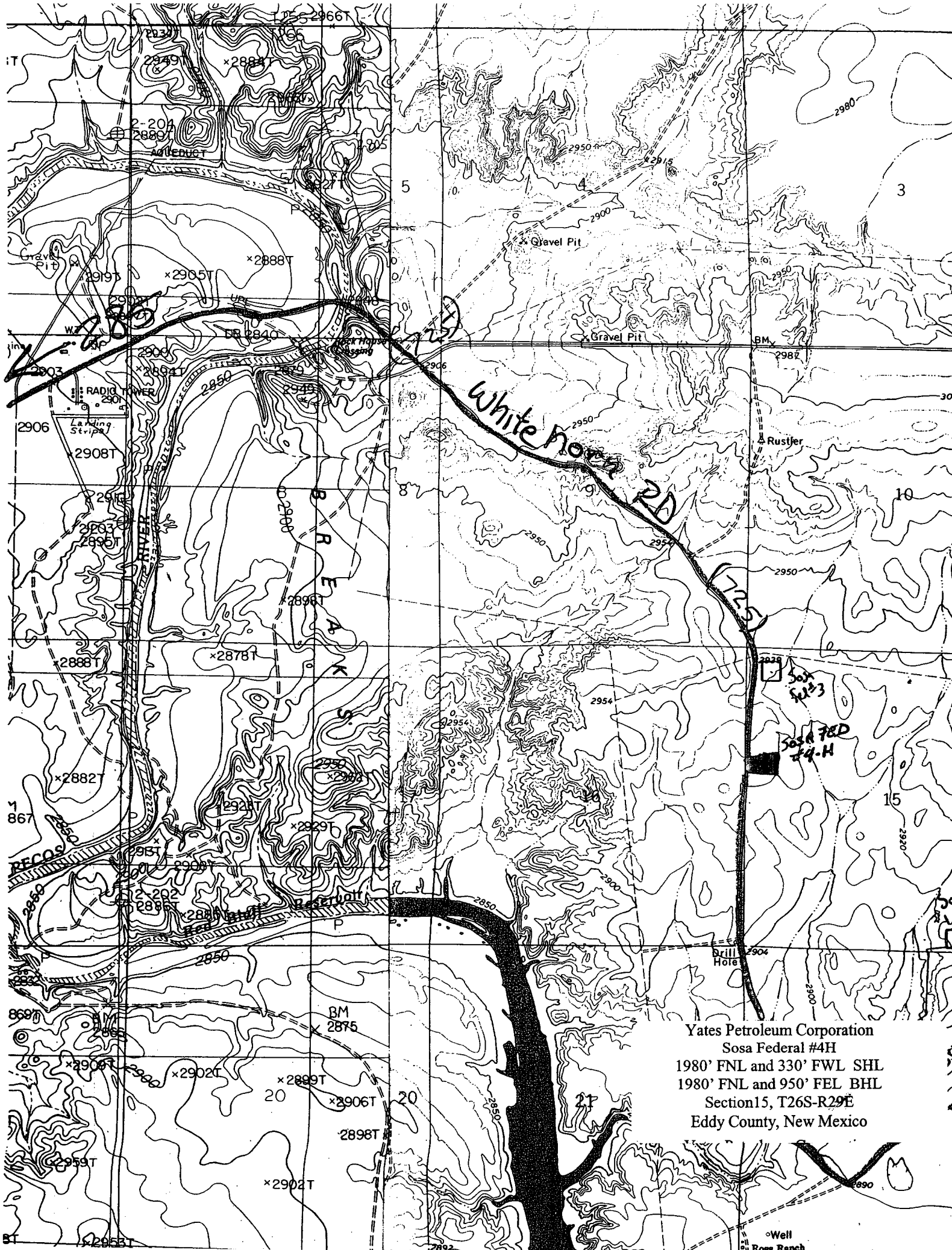
14. CERTIFICATION:

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.

8/30/06



Regulatory Agent



Yates Petroleum Corporation
Sosa Federal #4H
1980' FNL and 330' FWL SHL
1980' FNL and 950' FEL BHL
Section 15, T26S-R29E
Eddy County, New Mexico

Well
Ross Ranch

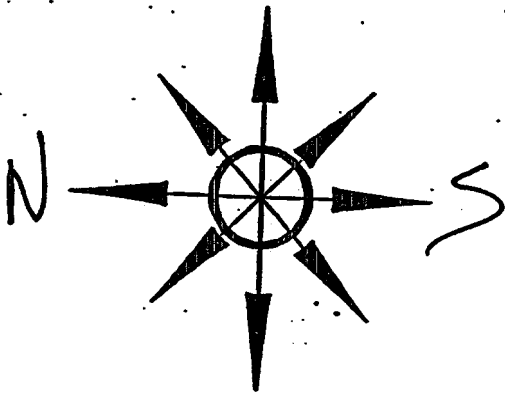
Yates Petroleum Corporation

Location Layout for Permian Basin

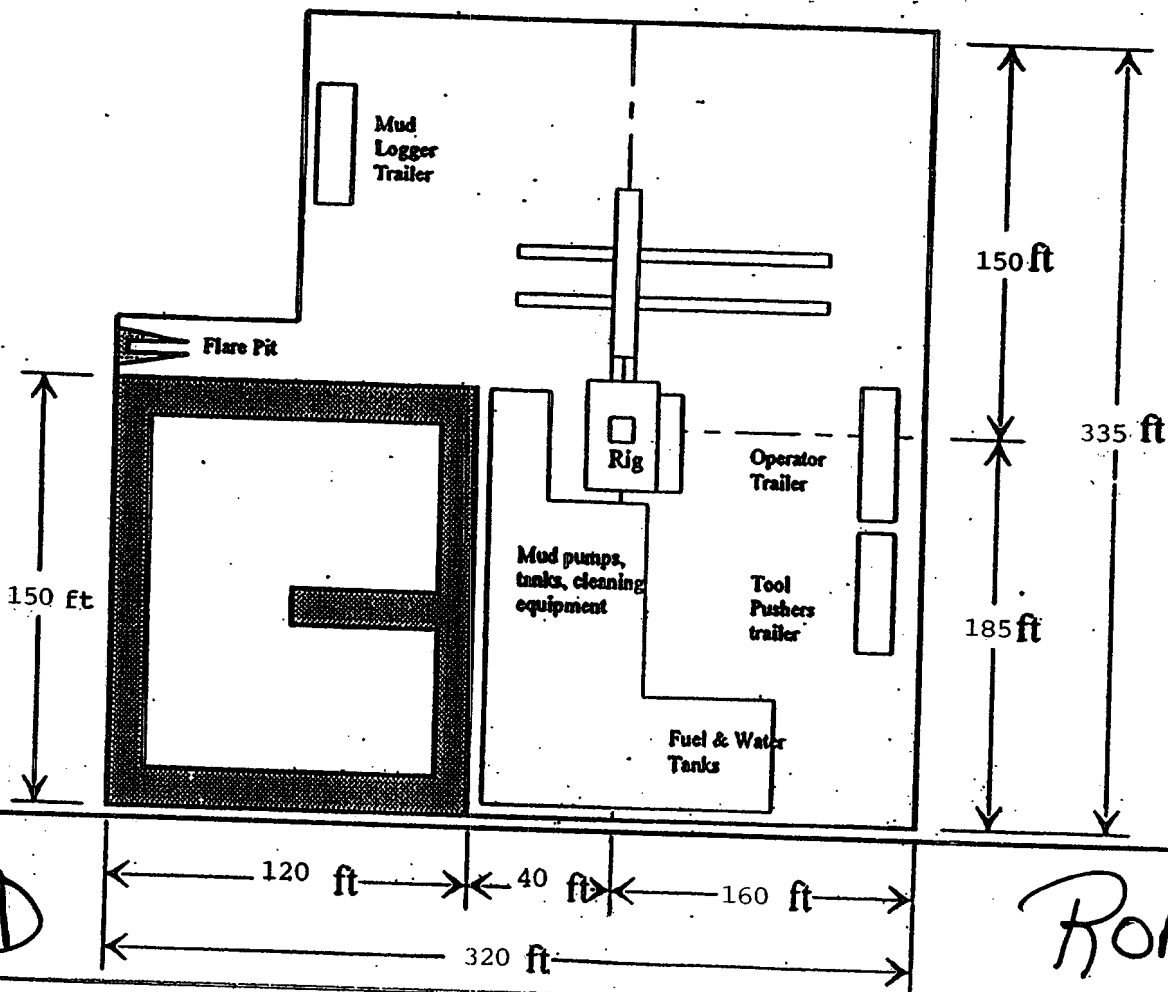
PB - L1

Up to 12,500'

Pits North

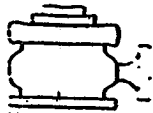


Yates Petroleum Corporation
Sosa Federal #4H
1980' FNL and 330' FWL SHL
1980' FNL and 950' FEL BHL
Section 15, T26S-R29E
Eddy County, New Mexico



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

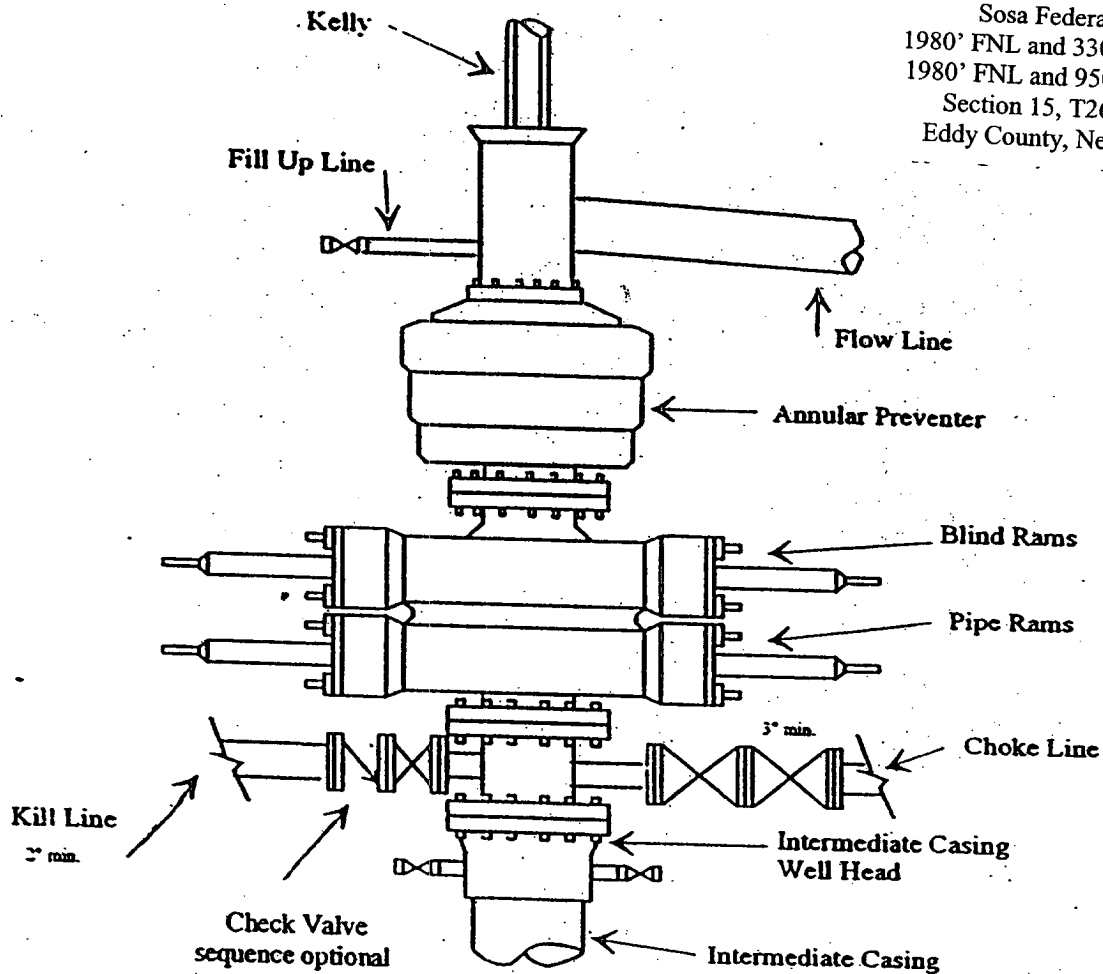


Yates Petroleum Corporation

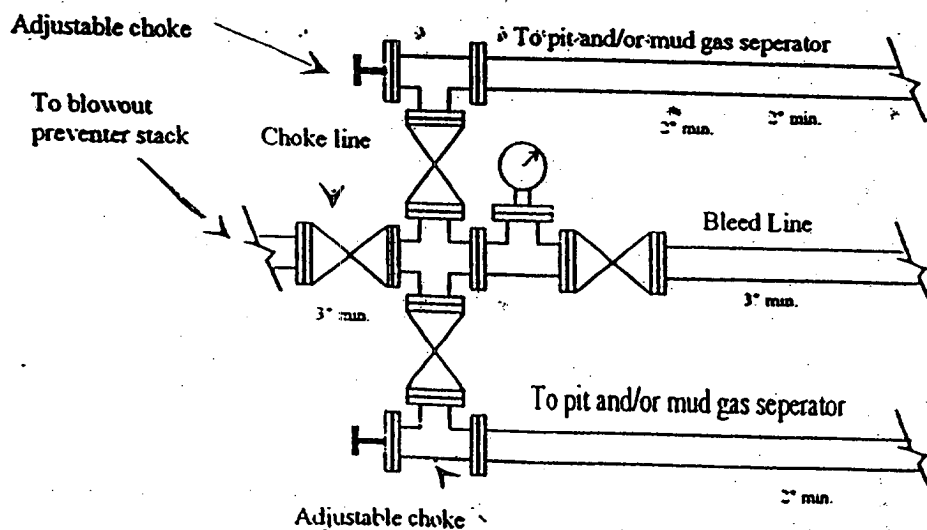
BOP-3

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

Yates Petroleum Corporation
Sosa Federal #4H
1980' FNL and 330' FWL SHL
1980' FNL and 950' FEL BHL
Section 15, T26S-R29E
Eddy County, New Mexico



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



SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Yates Petroleum Corporation Well Name & #: Sosa Federal #4H
Surface Hole Location 1980 F N L & 330 F W L; Sec. 15, T. 26 S., R. 29 E.
Bottom Hole Location 1980 F N L & 950 F E L; Sec. 15, T. 26 S., R. 29 E.
Lease #: NM-44532 County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- () Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) () Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other. **Reserve Pits will be to the North (staying out of draw) v-door will be to the East**

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled.

() A. Seed Mixture 1 (Loamy Sites)

Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0
Plains lovegrass (*Eragrostis intermedia*) 0.5

() B. Seed Mixture 2 (Sandy Sites)

Sand Dropseed (*Sporobolus crptandrus*) 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

() C. Seed Mixture 3 (Shallow Sites)

Side oats Grama (*Bouteloua curtipendula*) 5.0
Green Spangletop (*Leptochloa dubia*) 2.0
Plains Bristlegrass (*Setaria magrostachya*) 1.0

(X) D. Seed Mixture 4 (Gypsum Sites)

Alkali Sacaton (*Sporobolus airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic.

Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- (1) Lined as specified above and
- (2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall 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 permitted.

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Sosa Federal # 4H
Operator's Name: Yates Petroleum Corp.
Location: SHL : 1980' FNL & 330' FWL, sec. 15, T. 26S., R. 29E.
Location: BHL : 1980' FNL & 950' FEL, sec. 15, T. 26S., R. 29E.
Lease: NM-44532

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 9 5/8 inch 5 1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.
3. 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.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The ___ inch surface casing shall be set **ABOVE THE SALT, AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE @ APPROXIMATELY 400 FEET**, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM 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. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall be raised at least 500 feet above the base of the salt.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 9 5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A variance to test the 9 5/8 inch casing, BOP and BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- 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.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

4. Engineers can be reached at 505-706-2779 for any variances that might be necessary.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88340

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elie Branch Rd., Artesia, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Wildcat Delaware
Property Code	Property Name	Well Number
	Sosa Federal	4H
OGED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	2930'

Surface Location

UL or Lot No.	Section	Township	Range	Lot Min	Feet from the	North/South Line	Feet from the	East/West Line	County
E	15	26S	29E		1980'	North	330'	West	Eddy

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Min	Feet from the	North/South Line	Feet from the	East/West Line	County
H	15	26S	29E		1980'	North	950'	East	Eddy
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
160									

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

1980'				1980'	
SHL 330'				BHL 950'	
NM-44352					

OPERATOR CERTIFICATION

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

Cy Cowan
Signature
Cy Cowan
Printed Name
Regulatory Agent
Title
October 3, 2006
Date

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

12345678910111213141516171819202122232425262728293031
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RECEIVED
OCD - ARTESIA

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elia Brazos Rd., Astec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name	
			Wildcat Delaware	
Property Code	Property Name			Well Number
	Sosa Federal			4H
OGED No.	Operator Name			Elevation
025575	YATES PETROLEUM CORPORATION			2930'

Surface Location

UL or Lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
E	15	26S	29E		1980'	North	330'	West	Eddy

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
H	15	26S	29E		1980'	North	950	East	Eddy
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
160									

NO ALLOWABLE WILL BE ASSIGNED

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

UNIT HAS BEEN APPROVED BY THE DIVISION					
1980'				1980'	
SHL 330' NM-44352				BHL 950'	

OCT 2 2008
 RECEIVED
 OGD - ARTESIA

OPERATOR CERTIFICATION

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

Signature _____
Printed Name _____
 Regulatory Agent

Title _____
 October 3, 2006

Date _____

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