

**CONFIDENTIAL**  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**

1a. TYPE OF WORK  
 DRILL  DEEPEN  PLUG BACK

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER TIGHT HOLE  SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 Yates Petroleum Corporation

3. ADDRESS OF OPERATOR  
 105 South Fourth Street - Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)  
 At surface 1780' FSL & 2150' FWL  
 At proposed prod. zone Same

5. LEASE DESIGNATION AND SERIAL NO.  
 U-43651

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
 Cazador Unit

9. WELL NO.  
 1-1

10. FIELD AND POOL, OR WILDCAT  
 UNDESIGNATED Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Section 31-T37S-R25E

12. COUNTY OR PARISH  
 San Juan

13. STATE  
 Utah

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 Approximately 10 miles north of Hatch Trading Post

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE  
 1872.48

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 80

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH  
 5600' *what*

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 4979

22. APPROX. DATE WORK WILL START\*  
 ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48# H-40	Approx. 100'	50 sacks
12-1/4"	8-5/8"	24# J-55	" * 1800'	800 sacks
7-7/8"	5-1/2"	15.5# J-55	TD	400 sacks

\*approximately 100' into Chinle

We propose to drill and test the Akah and intermediate formations. Approximately 1800' of intermediate casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Fresh water to 5500'; fresh water gel to TD

BOP PROGRAM: BOP's will be nipped up when intermediate casing is set.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Cy Cowan TITLE Regulatory Agent DATE March 17, 1987

(This space for Federal or State office use)

PERMIT NO. 43-037-31311 APPROVAL DATE APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

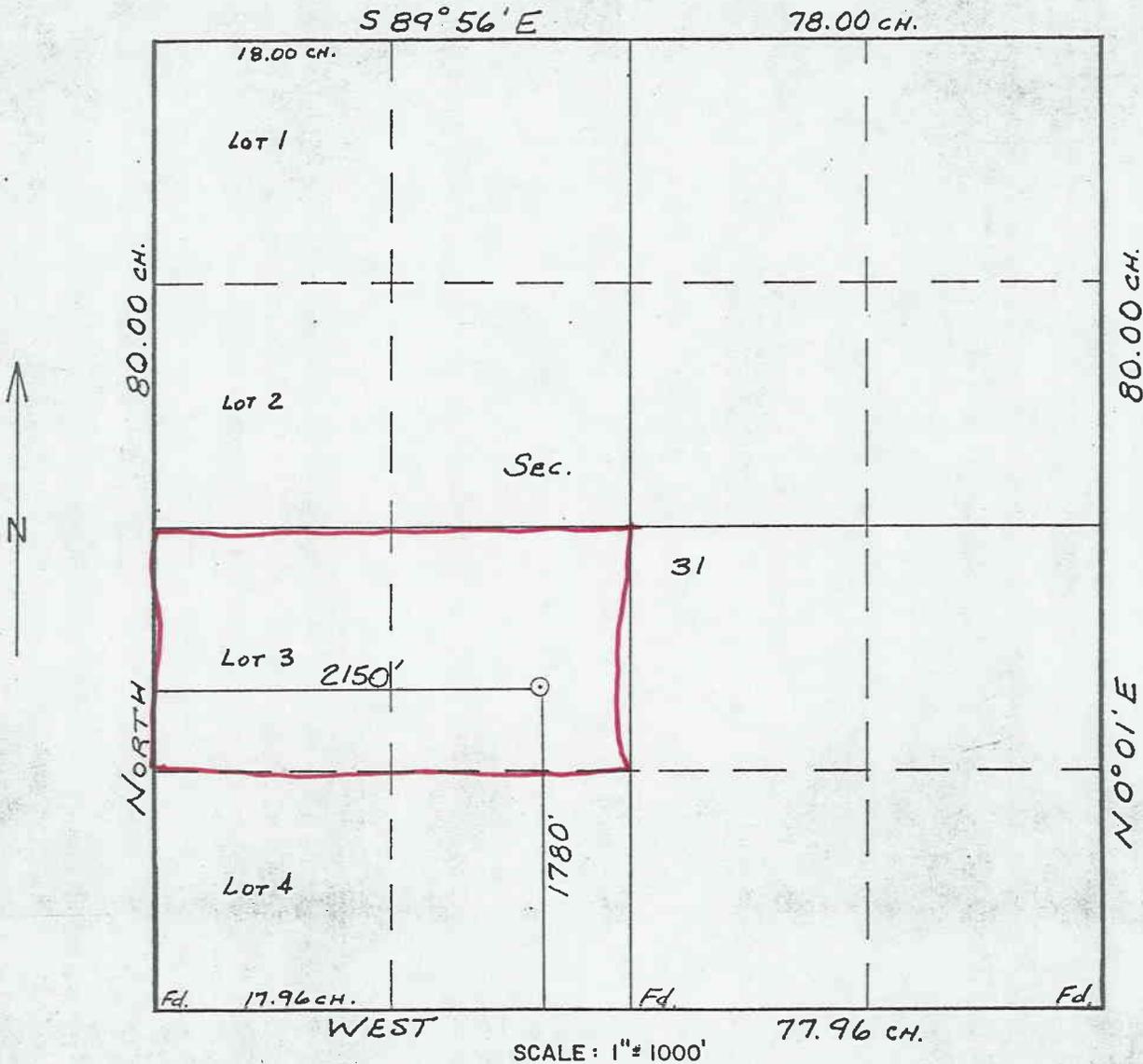
APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

DATE 4-1-87  
 BY: John R. Dura  
 WELL SPACING: 302

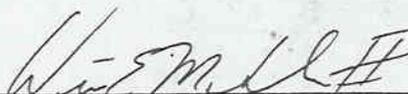
\*See Instructions On Reverse Side

COMPANY YATES PETROLEUM CORPORATION  
 LEASE CAZADOR UNIT WELL NO. 1-1  
 SEC. 31, T. 37 S, R. 25 E  
 COUNTY San Juan STATE Utah  
 LOCATION 1780'FSL & 2150'FWL  
 ELEVATION 4979



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



  
 WILLIAM E. MAHNKE II  
 NEW MEXICO P.L.S. Nº 8466

SURVEYED March 16, 1987

YATES PETROLEUM CORPORATION  
Cazador Unit #1-1  
1780' FSL and 2150' FWL of  
Section 31-T37S-R25E  
San Juan County, Utah

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

1. The geologic surface formation is the Morrison formation.
2. The estimated tops of geologic markers are as follows:

Morrison	Surface	Upper Ismay	5200'
Entrada	350'	Lower Ismay	5385'
Navajo	550'	Upper Desert Creek	5465'
Chinle	1470'	Lower Desert Creek	5522'
Cutler	2220'	Akah	5575'
Honaker Trail	4065'	TD	5600'
Paradox	5060'		

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

Water: Approximately 900'

Oil or Gas: Upper Ismay 5200'; Lower Ismay 5385'; Desert Creek 5522'

4. Proposed Cementing Program:

Surface Casing:

There will be one stage of cement. Cemented with 800 sacks of Class "C" 2% CaCl<sub>2</sub> (600 cubic feet of cement) circulated. Casing shoe will be set at 1800' with float equipment set at approximately 1760'.

Intermediate Casing:

There will be one stage or as warranted of cement. Cemented with enough Class "C" to equal 220 cubic feet or approximately 300 sacks to reach estimated top at 5000'. Float collar will be set at approximately 40' above TD with casing shoe set at TD.

NOTE: SAN JUAN RESOURCE AREA WILL BE NOTIFIED ONE (1) DAY PRIOR TO RUNNING CASING STRINGS AND CEMENT.

5. Pressure Control Equipment: BOP's will be installed. NOTE: San Juan Resource Area will be notified one (1) day prior to pressure testing.
6. Mud Program: Fresh water to 5500'; fresh water gel & starch from 5500-TD with a MW 8.5-9.8, Vis 35-45 & FL 10-15 cc's.

7. Auxiliary Equipment: Kelly cock, pit level indicators and flow sensor equipment; sub with full-opening valve on floor, drill pipe connectors.

8. Testing, Logging & Coring Program:

Samples: 10' samples out from under surface casing to TD

DST's: Two (2) possible

Coring: None

Logging: CIL & CNL/LDT from TD to casing. Possible dipmeter and sonic.

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

MOAB DISTRICT

CONDITIONS OF APPROVAL FOR PERMIT TO DRILL

Company YATES PETROLEUM CORPORATION Well Name CAZADOR UNIT #1-1

Location Sec. 31, T. 37 S., R. 25 E. Lease No. U-43651

1780 F S L, 2150 F W L

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops: \_\_\_\_\_

2. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones Are Expected to be Encountered:

	<u>Formation</u>	<u>Zone</u>
Expected oil zones:	_____	_____
Expected gas zones:	_____	_____
Expected water zones:	_____	_____
Expected mineral zones:	_____	_____

All fresh water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth, cased, and cemented. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment: \_\_\_\_\_

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 casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs. The San Juan Resource Area (will/~~will~~) be notified 1 days before pressure testing.

4. Casing Program and Auxiliary Equipment: \_\_\_\_\_

Anticipated cements tops will be reported as to depth, not the expected number of sacks. The San Juan Resource Area (will/~~will~~) be notified 1 days before running casing strings and cement.

5. Mud Program and Circulating Medium: \_\_\_\_\_

6. Coring, Logging and Testing Program: \_\_\_\_\_

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analysis, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. If requested, samples (cuttings, fluids, and/or gases) will be submitted to the District Manager.

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards: \_\_\_\_\_

## 8. Anticipated Starting Dates and Notifications of Operations

The operator will contact the San Juan Resource Area at 801-587-2141, 48 hours before beginning any dirt work.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the District Manager. If operations are to be suspended, prior approval of the District Manager will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the San Juan Area Manager, a minimum of 24 hours before spudding. A Sundry Notice (Form 3160-5) will be sent w/in 24 hours after spudding, reporting the spud date and time. The Sundry will be sent to the District Manager. If the spudding is on a weekend or holiday, the Sundry will be submitted on the following regular work day.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 9-329 "Monthly Report of Operations," starting with the month in which operations begin and continue each month until the well is physically plugged and abandoned. This report will be sent to the BLM District Office, P.O. Box 970, Moab, Utah 84532.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Resource Area in accordance with requirements of NTL-3A.

If a replacement rig is planned for completion operations, a Sundry Notice (Form 3160-5) to that effect will be filed, for prior approval of the District Manager. All conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergencies, verbal approval can be given by the District Petroleum Engineer.

If the well is successfully completed for production, then the District Manager will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than 5 business days following the date on which the well is placed on production.

No well abandonment operations will begin without the prior approval of the District Manager. In the case of newly drilled dry holes or failures, and in emergencies, oral approval will be obtained from the District Petroleum Engineer. A "Subsequent Report of Abandonment" (Form 3160-5), will be filed with the District Manager, within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration.

Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the San Juan Area Manager, or the appropriate surface manager.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days or 50 MMCF gas. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The following information will be permanently beaded-on with a welding torch: Fed, Well number, location by 1/4 1/4 section, township and range, Lease number.

A first production conference will be scheduled within 15 days after receipt of the first production notice. The San Juan Area Manager will schedule the conference.

Other: \_\_\_\_\_

The following may be inspected and/or witnessed:

1. The cementing and testing of surface casing, testing BOP's.
2. (Dry Hole) Setting and testing of surface casing shoe plug.
3. (Depleted Producer) The setting and testing of plugs across producing horizon and if applicable the surface casing shoe plug and/or annulus (casing to formation) squeeze jobs.

Notify the San Juan Resource area (Mike Wade) one day or on dry hole as soon as possible prior to the above at (801) 587-2141 (Home) (801) 587-2026 or if unable to reach Mike, call Moab District office Greg Noble at (801) 259-6111 (Home) (801) 259-8811.

B. THIRTEEN POINT SURFACE USE PLAN

1. Existing Roads:

- a. Location of proposed well in relation to town or other reference point: approximately 10 miles north of

Hatch Trading Post

- b. Proposed route to location: Refer to Exhibit A

- c. Plans for improvement and/or maintenance of existing roads: County maintained road. Existing and new access

will be maintained in good or better condition.

The maximum total disturbed width will be 25 feet.

d. An encroachment permit will be obtained from the San Juan County Road Dept., (801) 587-2231, ext. 43.

e. Other: Road right-of-way across private surface will be obtained.

2. Planned Access Roads: WILL CROSS PRIVATE SURFACE

a. The maximum total disturbed width will be 30 feet for 1/2 ~~mi~~/miles.

b. Maximum grade: \_\_\_\_\_

c. Turnouts: \_\_\_\_\_

d. Location (centerline): \_\_\_\_\_

e. Drainage: \_\_\_\_\_

f. Surface Materials: If access is utilized during wet winter weather, road surfacing may be required to prevent road maintenance problems.

g. Other: \_\_\_\_\_

Each fence which is crossed by the road will be braced as shown in Enclosure number 1, and tied off before cutting to prevent slackening of the wire. A gate or cattleguard which must be approved by BLM, will be installed.

If road construction cuts through natural topography which serves as a livestock barrier, a fence shall be constructed as shown in Enclosure 1.

Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance by the San Juan Area Manager.

The access road will be water barred or brought to Class III Road Standards within 60 days of dismantling of the drill rig. If this time frame cannot be met, the San Juan Area Manager will be notified so that temporary drainage control can be installed along the access road.

The Class III Road Standards which ensure drainage control over the entire road through the use of natural, rolling topography; ditch turnouts; drainage dips; outsloping; crowning; low water crossings; and culverts will be determined at the appropriate field inspection.

3. Location of Existing Wells: See One-Mile Radius Map. Exhibit E is enclosed.

4. Location of Tank Batteries and Production Facilities:

All permanent (on site for 6 months or longer) above ground facilities (including pump jacks) will be painted a flat,

nonreflective, earthtone color to match the standard environmental colors, as determined by the Rocky Mountain 5-State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The color will be NEUTRAL.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 1/2 times the storage capacity of the battery.

All loading lines will be placed inside the berm surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place before any deliveries. Tests for meter accuracy will be conducted monthly for the first 3 months on new meter installations and at least quarterly thereafter. The San Juan Area Manager will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the San Juan Area Manager. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from:

Private source.

Use of water for this operation will be approved by obtaining a temporary use permit from the Utah State Engineer, (801) 637-1303 and by receiving permission from the land owner or surface management agency to use the land containing the water source.

6. Source of Construction Material:

(NATIVE)

Pad Construction material will be obtained from: Federal surface.

NE/4 of Section 13-T38S-R24E, IF NEEDED

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3. Construction material (~~will~~/will not) be located on lease.

7. Methods of Handling Waste Disposal:

The reserve pit (~~will~~/will not) be lined with commercial bentonite sufficient to prevent seepage. At least half of the capacity will be in cut.

Three sides of the reserve pit will be fenced with four strands of barbed wire before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying.

A trash pit will be constructed near the mud tanks and dug at least six feet into solid undisturbed material. It will be totally enclosed with a fine wire mesh before the rig moves in. The road and pad will be kept litter free.

A burning permit is required for burning trash between May 1 and October 31. This can be acquired by notifying the San Juan County Sheriff at (801) 587-2237.

Produced waste water will be confined to a (lined/unlined) pit for a period not to exceed 90 days after initial production. During the 90 day period an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).

8. Ancillary Facilities:

Camp facilities (~~will~~/will not) be required. They will be located: N/A

9. Well Site Layout:

The reserve pit will be located: South

The top 6 inches of soil material will be removed from the location and stockpiled separate from the trees on the N/A side. Topsoil along the access will be reserved in place.

Access to the well pad will be from: Southwest

10. Reclamation:

- a. Immediately on completion of drilling, all trash and debris will be collected from the location and surrounding area. All trash and debris will be disposed of in the trash pit and will then be compacted and buried under a minimum of two feet of compacted soil.
- b. The operator/holder or his contractor will contact the San Juan Resource Area office in Monticello, Utah, (801) 587-2141, 48 hours before starting reclamation work that involves earthmoving equipment and upon completion of restoration measures.
- c. Before any dirt work to restore the location takes place, the reserve pit must be completely dry.
- d. All disturbed areas will be recontoured to blend as nearly as possible with the natural topography. This includes removing all berms and refilling all cuts.
- e. The stockpiled topsoil will be spread evenly over the disturbed area. All disturbed areas will be ripped 12 inches deep with the contour.
- f. Water bars will be built as follows to control erosion.

<u>Grade</u>	<u>Spacing</u>
2%	Every 200 feet
2-4%	Every 100 feet
4-5%	Every 75 feet
5+%	Every 50 feet

- g. Seed will be broadcast between October 1 and February 28 with the following prescription. A harrow or similar implement will be dragged over the area to assure seed cover.

3 lbs/acre Indian ricegrass (Oryzopsis hymenoides)  
     lbs/acre Galleta (Hilaria jamesii)  
     lbs/acre crested wheatgrass (Agropyron desertorum)  
     lbs/acre Western wheatgrass (Agropyron smithii)  
     lbs/acre Alkali sacaton (Sporobolus airoides)  
     lbs/acre Sand dropseed (Sporobolus cryptandrus)  
     lbs/acre Fourwing saltbush (Atriplex canescens)  
     lbs/acre Shadscale (Atriplex confertifolia)  
     lbs/acre Green ephedra (Ephedra viridis)  
     lbs/acre Cliffrose (Cowania mexicana)  
     lbs/acre Desert bitterbrush (Purshia glandulosa)  
     lbs/acre Winterfat (Eurotia lanata)  
     lbs/acre Globemallow (Sphaeralcea ambigua)  
     lbs/acre Wild sunflower (Helianthus annuus)  
1 lbs/acre dry Land alfalfa  
5 lbs/ac Jose wheat grass

- h. After seeding is complete, the stockpiled trees will be scattered evenly over the disturbed areas. The access will be blocked to prevent vehicular access.
- i. The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed as described in the reclamation section. Enough topsoil will be kept to reclaim the remainder of the location at a future date. This remaining stockpile of topsoil will be seeded in place using the prescribed seed mixture.

11. Surface Ownership: Federal surface.

Mineral Ownership: Federal

12. Other Information: Road access will cross private surface of  
Richard Gore, Olathe, Colorado

There will be no change from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be used. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.2.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3164.

The dirt contractor will be provided with an approved copy of the surface use plan.

If subsurface cultural materials are exposed during construction, work in that spot will stop immediately and the San Juan Resource Area Office will be contacted. All people who are in the area will be informed by the operator/holder that they are subject to prosecution for disturbing archaeological sites or picking up artifacts. Salvage or excavation of identified archaeological sites will be done by a BLM approved archaeologist only if damage occurs.

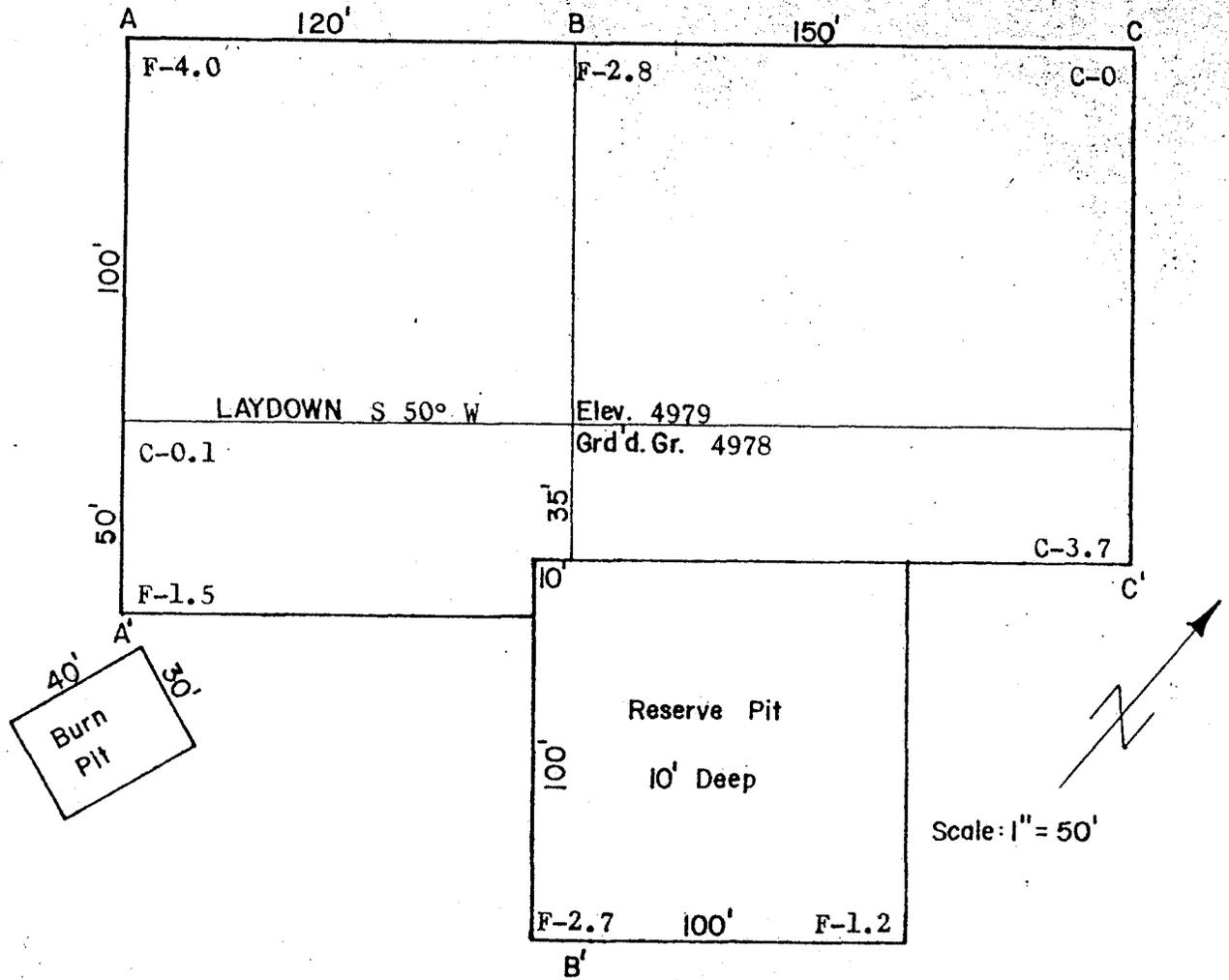
This permit will be valid for a period of one year from the date of approval. After permit termination a new application will be filed for approval for any future operations.



Vicinity Map for  
YATES PETROLEUM CORPORATION  
#1-1 CAZADOR UNIT  
1780' FSL & 2150' FWL  
Sec. 31, T37S, R24E  
San Juan County, Utah  
Exhibit A



#1-1 CAZADOR UNIT  
 1780' FSL & 2150' FWL  
 Sec. 31, T37S, R24E  
 San Juan County, Utah  
 Exhibit B



A-A'      Vert.: 1" = 30'    Horiz.: 1" = 100'      C/L

4980						
4970						

B-B'

4980						
4970						

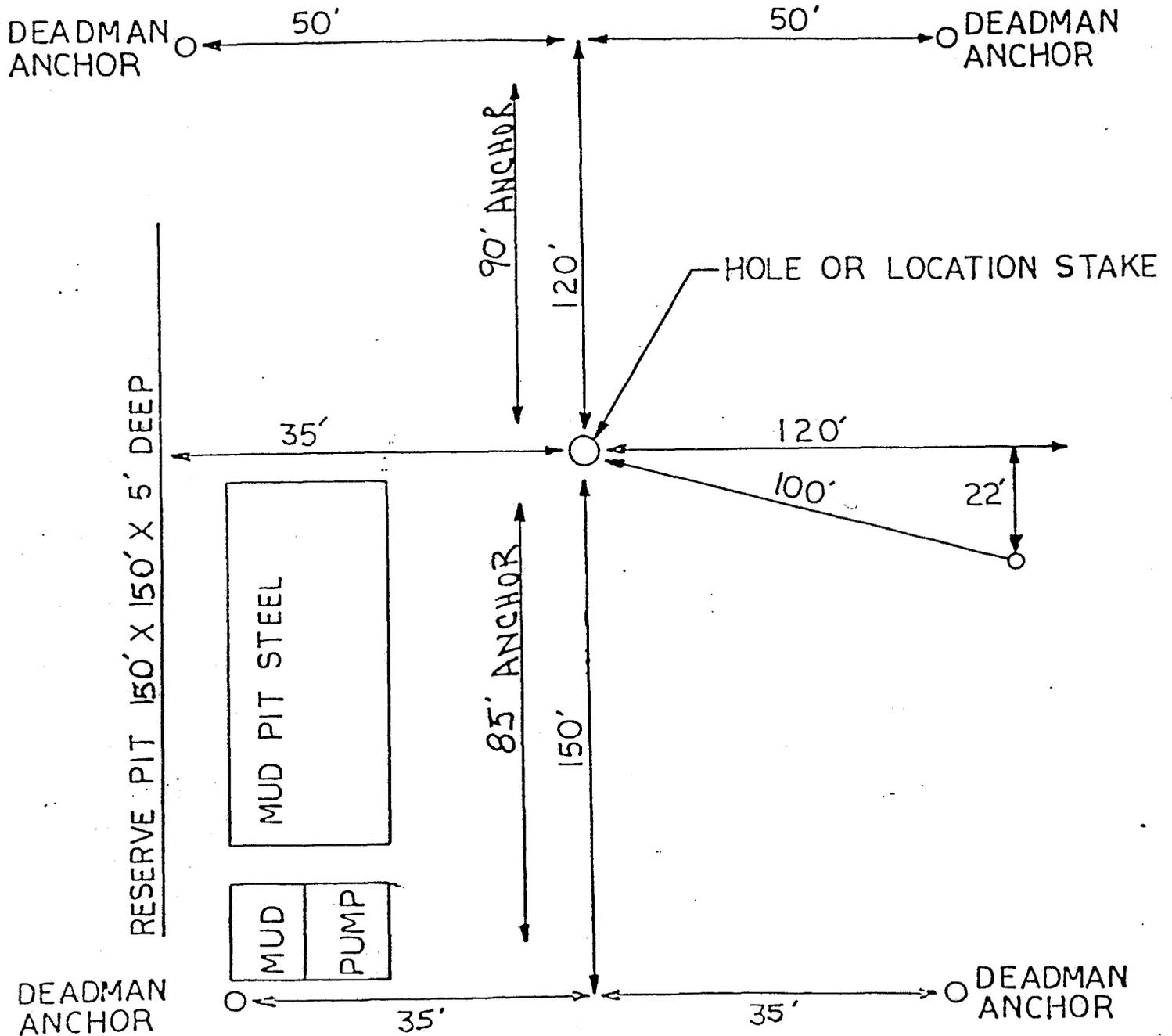
C-C'

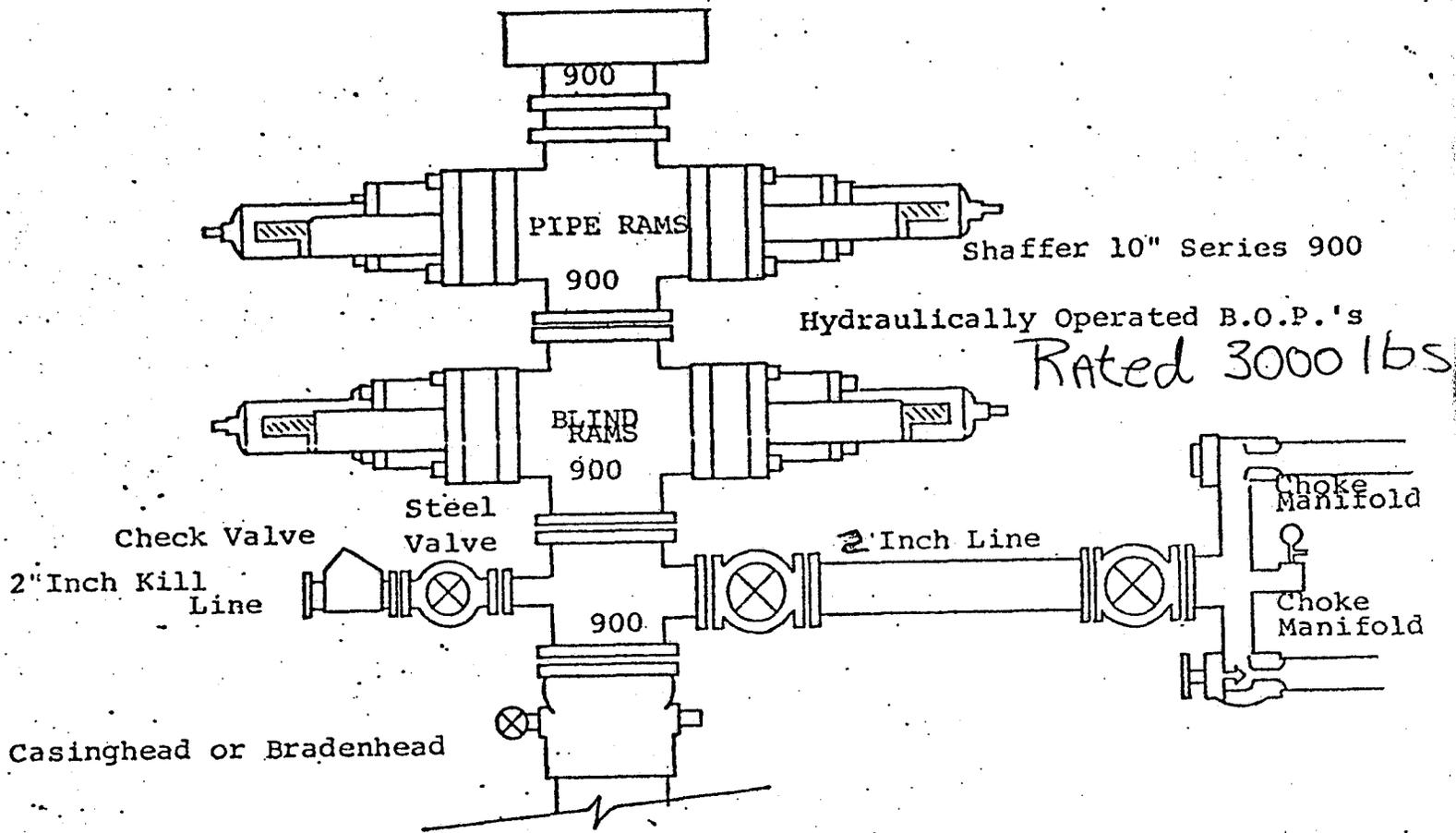
4980						
4970						

Exhibit C

COLEMAN DRILLING CO.

FRONT OF RIG NO. 3





THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 2" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel. hole or tube a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

1 mile RADIUS

31

CAZADOR unit  
1-1

375

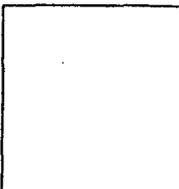
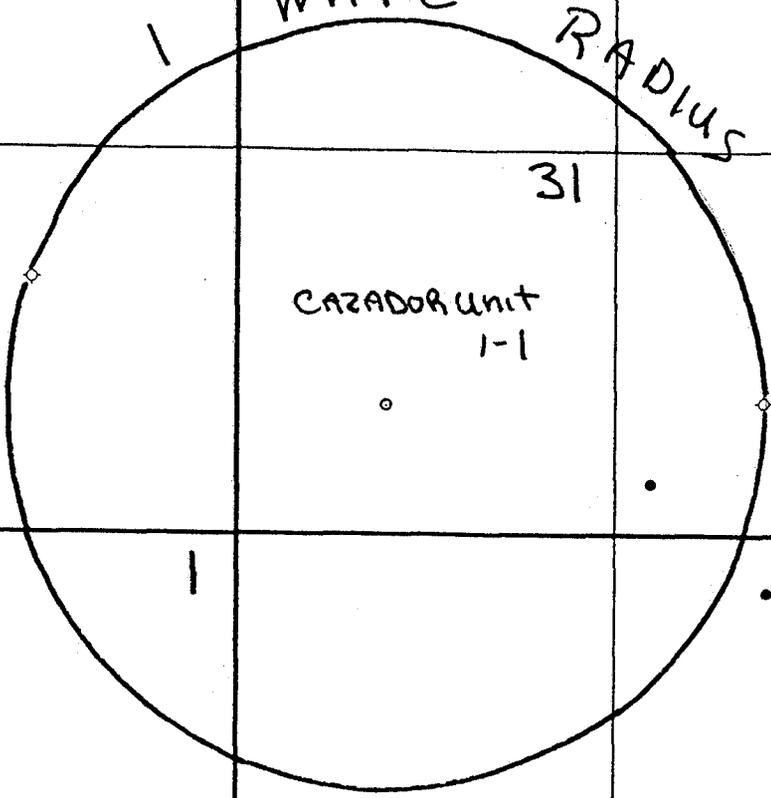
385

1

EXHIBIT  
E

13

24E 25E



CONFIDENTIAL  
PERIOD EXPIRES  
ON 12-10-88

040305

OPERATOR Yates Petroleum Corp DATE 3-31-87  
WELL NAME Cozador 1-1  
SEC NE SW 31 T 37S R 25E COUNTY San Juan

43-037-31311  
API NUMBER

Lease  
TYPE OF LEASE

CHECK OFF:

- |   |   |   |
|---|---|---|
| <input checked="" type="checkbox"/> PLAT  | <input checked="" type="checkbox"/> BOND  | <input checked="" type="checkbox"/> NEAREST WELL        |
| <input checked="" type="checkbox"/> LEASE | <input checked="" type="checkbox"/> FIELD | <input checked="" type="checkbox"/> POTASH OR OIL SHALE |

PROCESSING COMMENTS:  
Unit not approved. BLM approving on lease basis  
No other well within 920'  
Need water permit

APPROVAL LETTER:

SPACING:  203 \_\_\_\_\_ UNIT  302  
 \_\_\_\_\_ CAUSE NO. & DATE  302.1

STIPULATIONS:  
Water



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

Norman H. Bangerter, Governor  
Dee C. Hansen, Executive Director  
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

April 1, 1987

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Gentlemen:

Re: Cazador 1-1 - NE SW Sec. 31, T. 37S, R. 25E  
1780' FSL, 2150' FWL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule 302, Oil and Gas Conservation General Rules, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. Compliance with the requirements and regulations of Rule 311.3, Associated Gas Flaring, Oil and Gas Conservation General Rules.

Page 2  
Yates Petroleum Corporation  
Cazador 1-1  
April 1, 1987

5. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.
6. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31311.

Sincerely,



R. J. Firth  
Associate Director, Oil & Gas

as  
Enclosures  
cc: Branch of Fluid Minerals  
D. R. Nielson  
8159T

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/> <b>PLUG BACK</b> <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. U-43651
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> TIGHT HOLE <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME <b>070705</b>
2. NAME OF OPERATOR Yates Petroleum Corporation		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR 105 South Fourth Street - Artesia, NM 88210		8. FARM OR LEASE NAME Cazador Unit
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1780' FSL & 2150' FWL At proposed prod. zone Same		9. WELL NO. 1-1
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 10 miles north of Hatch Trading Post		10. FIELD AND POOL, OR WILDCAT Wildcat
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE 1872.48	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 31-T37S-R25E
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH 5600'	12. COUNTY OR PARISH   13. STATE San Juan   Utah
21. ELEVATIONS (Show whether DF, RT, GR, etc.)		17. NO. OF ACRES ASSIGNED TO THIS WELL 80
		20. ROTARY OR CABLE TOOLS Rotary
		22. APPROX. DATE WORK WILL START* ASAP

**RECEIVED**  
JUN 29 1987

DIVISION OF  
OIL, GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Cy Cwan TITLE Regulatory Agent DATE March 17, 1987

(This space for Federal or State office use)

PERMIT NO. 43-037-31311 APPROVAL DATE \_\_\_\_\_

APPROVED BY /s/ Kenneth V. Rhea TITLE Acting DISTRICT MANAGER DATE JUN 25 1987  
CONDITIONS OF APPROVAL, IF ANY:

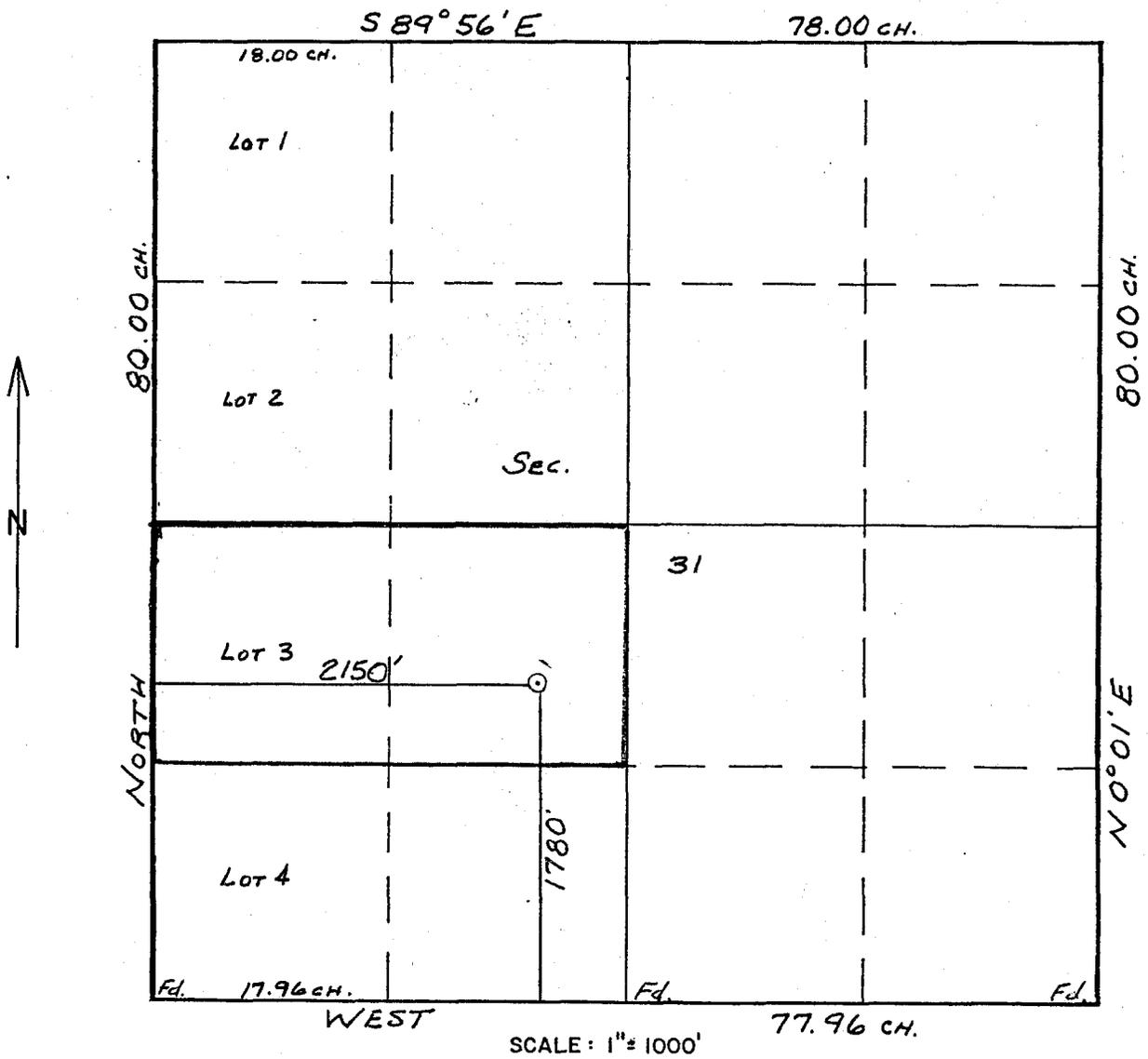
FLARING OR VENTING OF  
GAS IS SUBJECT TO NTL 4-A  
DATED 1/1/80

CONDITIONS OF APPROVAL ATTACHED

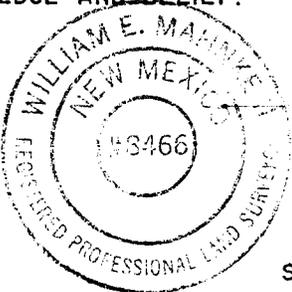
\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

COMPANY YATES PETROLEUM CORPORATION  
 LEASE CAZADOR UNIT WELL NO. 1-1  
 SEC. 31, T. 37 S, R. 25 E  
 COUNTY San Juan STATE Utah  
 LOCATION 1780'FSL & 2150'FWL  
 ELEVATION 4979



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD  
 NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION  
 AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY  
 KNOWLEDGE AND BELIEF.



  
 WILLIAM E. MAHNKE II  
 NEW MEXICO P.L.S. No 8466

SEAL:

SURVEYED March 16, 1987

Yates Petroleum Corporation  
Well No. Cazador Unit 1-1  
Sec. 31, T. 37 S., R. 25 E.  
San Juan County, Utah  
Lease U-43651

CONDITIONS OF APPROVAL

Approval of this application 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.

A. DRILLING PROGRAM

B.O.P.E. will be tested to 2000 psi prior to drilling out from the 8-5/8" csg.

B. THIRTEEN POINT SURFACE USE PLAN

The operator will need permits from Army Corp of Engineers and State of Utah, Division of Water Resources for the Montezuma Canyon crossing.

The access route will follow one of the two routes indicated on the attached map as determined by Yates landowner agreement with Mr. Gore. Whichever route is selected will receive archaeological monitoring during construction.



Yates Petroleum Corporation  
Well No. Wash Federal 1-1  
Sec. 11, T. 38 S., R. 23 E.  
San Juan County, Utah  
Lease U-55626

CONDITIONS OF APPROVAL

Approval of this application 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.

Yates Petroleum Corporation is the bonded entity on this application. Liability will remain with the bonded party named above until we are formally notified by letter of the new bonded entity in reference to this Application for Permit to Drill.

A. DRILLING PROGRAM

1. Operator will pressure test surface casing to at least 1000 psi.
2. Operator will pressure test BOP's to at least 1500 psi before drilling out from surface casing shoe.
3. B.O.P.E. will be consistent with API RP 53.

072809

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API # 43-037-31311

NAME OF COMPANY: YATES PETROLEUM

WELL NAME: CAZADOR UNIT 1-1

SECTION NE SW 31 TOWNSHIP 37S RANGE 25E COUNTY SAN JUAN

DRILLING CONTRACTOR Coleman

RIG # 3

SPUDDED: DATE 7-20-87

TIME 3:30 PM

How Rotary

DRILLING WILL COMMENCE \_\_\_\_\_

REPORTED BY Terry

TELEPHONE # 505-748-1471

*Thick at base -  
This is now  
a well in the  
Cazador Unit  
(Please mark on  
cards - well  
cards - #1, 2 & 3.)*

*u.*

DATE 7-21-87 SIGNED SBH

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE  
(Other instructions reverse side)

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

OIL WELL  GAS WELL  OTHER

TITLE HOLE

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

105 South 4th St., Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*  
See also space 17 below.)  
At surface

1780' FSL & 2150' FWL (NE/SW)

14. PERMIT NO.

API # 43-037-31311

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

4979' GR

5. LEASE DESIGNATION AND SERIAL NO.

U-43651

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

073117

7. UNIT AGREEMENT NAME

Cazador Unit

8. FARM OR LEASE NAME

Cazador Unit

9. WELL NO.

1-1

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Section 31-T37S-R25E

12. COUNTY OR PARISH 13. STATE

San Juan

Utah

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON\*

SHOOTING OR ACIDIZING

ABANDONMENT\*

REPAIR WELL

CHANGE PLANS

(Other) Surface casing set

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Spudded 17-1/2" hole at 3:30 PM 7-20-87. Notified Mike Wade with BLM, Monticello, UT, of spud.

Ran 2 joints 13-3/8" J-55 54.5# ST&C casing set at 87'. 1-Regular guide shoe set 87'. Baffle plate set 44'. Cemented w/150 sacks Class "B" with 3% CaCl (yield 1.18, wt 15.6). PD 10:30 PM 7-20-87. Bumped plug to 500 psi, released pressure and float held okay. Cement circulated 15 sacks. WOC. Drilled out 7:15 AM 7-21-87. WOC 8 hrs and 45 minutes. Cut off and weld on flow nipple. Reduced hole to 12-1/4". Drilled plug and resumed drilling.

TITLE HOLE

18. I hereby certify that the foregoing is true and correct

SIGNED

*Granita D. Doolittle*

TITLE Production Supervisor

DATE 7/22/87

(This space for Federal or State office use)

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

DATE

RECEIVED  
JUL 27 1987

\*See Instructions on Reverse Side

**TEMPORARY**  
**FILING FOR WATER IN THE**  
**STATE OF UTAH**

Rec. by DLT  
 Fee Rec. 15.00  
 Receipt # 22563

AUG 3 1987  
 DIVISION OF OIL  
 GAS & MINING

**APPLICATION TO APPROPRIATE WATER**

Microfilmed 43-037-  
 Roll # 31311

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, in accordance with the requirements of the Laws of Utah.

WATER USER CLAIM NO. 09 - 1520

APPLICATION NO. T62625

1. PRIORITY OF RIGHT: June 16, 1987

FILING DATE: June 16, 1987

2. OWNER INFORMATION

Name: Yates Petroleum Corporation  
 Address: 105 South Fourth, Artesia, NM 88210  
 The land is not owned by the applicant(s), see explanatory.

Interest: 100 %

3. QUANTITY OF WATER: 5.0 acre feet (Ac. Ft.)

4. SOURCE: Pond on Gore Ranch DRAINAGE: San Juan River  
POINT(S) OF DIVERSION:

COUNTY: San Juan

**CONFIDENTIAL**  
**O.G.M.**

(1) Stockwatering directly on pond located in NE1/4SE1/4 Sec 01, T38S, R24E, SLBM.  
COMMON DESCRIPTION: 9 ml. No. Hatch Trading Post

5. STORAGE

Water is to be stored in Unnamed Pond on Gore Ranch reservoir from January 1 to December 31. Capacity 10.0 ac.ft. Inundating 0.25 acres. Height of dam 6 feet. The area inundated by the reservoir includes all or part of each of the following legal subdivisions.

TOWN RANGE SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
38 S 24 E 01					X											

All locations in Salt Lake Base and Meridian

6. NATURE AND PERIOD OF USE

Oil Exploration From June 15 to June 15.

7. PURPOSE AND EXTENT OF USE

Oil Exploratio: Oil well drilling

8. PLACE OF USE

The water is used in all or parts of each of the following legal subdivisions.

TOWN RANGE SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
37 S 25 E 31									X							

All locations in Salt Lake Base and Meridian

EXPLANATORY

The property is owned by Richard Gore.  
 The well to be drilled is the Cazador Unit 1-1.  
 The well is located N. 1780 ft. & E. 2150 ft. from SW Cor. Sec. 31, T37S, R25E, SLB&M (NE4SW4).

**RECEIVED**  
 AUG 3 1987  
 DIVISION OF OIL  
 GAS & MINING

**Appropriate**

\*\*\*\*\*

The applicant hereby acknowledges he/they are a citizen(s) of the United States or intends to become such a citizen.

\*\*\*\*\*

The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purpose herein described.

\*\*\*\*\*

The undersigned hereby acknowledges that even though he/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained therein, at the time of filing, rests with the applicant(s).

---

Signature of Applicant

STATE ENGINEER'S ENDORSEMENT

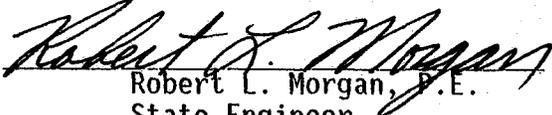
WATER RIGHT NUMBER: 09 - 1520

APPLICATION NO. T62625

1. June 16, 1987          Application received by MP.
  2. June 26, 1987          Application designated for APPROVAL by MP and SG.
  3. Comments:
- 
- 

Conditions:

This application is hereby APPROVED, dated July 31, 1987, subject to prior rights and this application will expire on July 31, 1988.

  
Robert L. Morgan, P.E.  
State Engineer

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.  
Budget Bureau No. 1004-0137  
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG \*

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  Other TITE HOLE

b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RESRV.  Other \_\_\_\_\_

2. NAME OF OPERATOR  
Yates Petroleum Corporation

3. ADDRESS OF OPERATOR  
105 South 4th St., Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At surface 1780' FSL & 2150' FWL (NE/SW)

At top prod. interval reported below  
At total depth

14. PERMIT NO. API #43-037-31311 DATE ISSUED \_\_\_\_\_

5. LEASE DESIGNATION AND SERIAL NO.

U-43651

6. IF INDIAN, LEASE OR TRACT NAME

101312

7. UNIT AGREEMENT NAME

Cazador Unit

8. FARM OR LEASE NAME

Cazador Unit

9. WELL NO.

1-1

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 31-T37S-R25E

12. COUNTY OR PARISH San Juan 13. STATE Utah

15. DATE SPUNDED 7-20-87 16. DATE T.D. REACHED 7-30-87 17. DATE COMPL. (Ready to prod.) 9-9-87 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\* 4979' GR 19. ELEV. CASINGHEAD \_\_\_\_\_

20. TOTAL DEPTH, MD & TVD 5540' 21. PLUG, BACK T.D., MD & TVD 5482' 22. IF MULTIPLE COMPL., HOW MANY\* \_\_\_\_\_ 23. INTERVALS DRILLED BY \_\_\_\_\_ ROTARY TOOLS X CABLE TOOLS \_\_\_\_\_

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)\*  
5203-5226' Upper Ismay 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN  
CNT/LDT, DLL, BHC 27. WAS WELL CORED No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	54.5#	87'	17-1/2"	150 sx (177 cu ft)	
8-5/8"	32#	1602'	12-1/4"	920 sx (1288 cu ft & 260	cu ft)
5-1/2"	17#	5540'	7-7/8"	300 sx (342 cu ft)	

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-7/8"	5412'	-

31. PERFORATION RECORD (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL (MD)	SIZE	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5203-5226'	w/8 .42" Holes	5203-5226'	w/1000 g. 20% NEFE acid.

33.\* PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)		
8-5-87		Pumping				Producing		
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO	
9-9-87	24	2"	→	101	97	87	960/1	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)		
35#	35#	→	101	97	87	41°		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Vented TEST WITNESSED BY Jeff Anderson

35. LIST OF ATTACHMENTS  
Logs

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED [Signature] TITLE Production Supervisor DATE 10-7-87

\*(See Instructions and Spaces for Additional Data on Reverse Side)

DIVISION OF OIL GAS & MINING

OCT 13 1987

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP TRUE VERT. DEPTH
			<p>DST #1 5165-5241' (76') Upper Ismay: TO 15"; SI 60"; TO 60"; SI 120". Opened tool with strong blow, in 8 mins 24-1/2# on 1/4" choke and 15 mins 44# on 1/4" choke. SI. GTS 7 minutes into initial shut-in. Reopen with 2-1/2# on 1/4" choke, increased to 38# in 40 mins then decreased to 31# in 60 mins. RECOVERY: oil 1358.58' (19.32 bbls), water 1235.91' (11.01 bbls) chlorides 100,000, gas cut drilling mud 19' (1.05 bbls). Total recovery 2783.49' (31.28 bbls). SAMPLER: 740 cc oil, 400 cc water (chlorides 110,000) with pressure 580#. Gravity 44 at 60°. Pit water 5500 chlorides. PRESSURES: IHP 3020; IFP 101-297; ISIP 2295; FFP 383-694; FSIP 2267; FHP 3001.</p>	<p>Entrada Navajo Chinle Shinarump Cutler Honaker Trail Paradox Upper Ismay Hovenweep Lower Ismay Gothic Up. Desert Creek Chimney Rock Akah</p>	<p>318 510 1305 2053 2182 4037 5037 5186 5310 5358 5404 5426 5494 5516</p>	

NOV 1987

NOV 1987

PROCESSED

OCT 13 1987

U.S. GEOLOGICAL SURVEY

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate\*  
(Other instructions on re-  
verse side)

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

U-43651

IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

UNIT AGREEMENT NAME

Cazador

8. FARM OR LEASE NAME

Cazador Unit

9. WELL NO.

1-1

10. FIELD AND POOL, OR WILDCAT

Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

31-37s-25e SLBM

12. COUNTY OR PARISH  
San Juan

13. STATE  
Utah

SUNDRY NOTICES AND REPORTS OF

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

RECEIVED  
JUL 14 1988

1. OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR

Yates Petroleum Corporation

DIVISION OF  
OIL, GAS & MINING

(505) 748-1479

3. ADDRESS OF OPERATOR

105 South 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*  
See also space 17 below.)  
At surface

Surface: 1780' FSL @ 2150' FWL (NESW)

Bottom: Same

14. PERMIT NO.

43-037-31311

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

4,979' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON\*

CHANGE PLANS

Pipeline

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT\*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Plan to lay ≈1.5 mi. long ≈4" O.D. poly salt water injection line from Cazador Unit 1-1 well past Cazador Unit 1-2 well to BWAB tank battery. BWAB will then filter, store, and pump water to its proposed injection well. Only new Yates facilities will be pipeline and a pump at its Cazador Unit 1-1 well.

Pipeline will follow existing Yates flowline from Cazador Unit 1-1 to 1-2. From Cazador Unit 1-2 to BWAB battery, pipeline will follow existing road and BWAB surface flowline and fuel gas line. Route has been previously archaeologically cleared (LPAC reports 8775 & 8824).

Pipeline will be buried at least 30" deep (48" deep in Bug Canyon Wash) on BLM land, except it will be on surface from toe of the Cazador Unit 1-2 pad to the toe of the cliff southeast of it. Pipeline will be on surface on private ground, except it will be buried west of Montezuma Creek to BWAB's battery. BWAB will allow Yates to use its pipeline bridge.

18. I hereby certify that the foregoing is true and correct

SIGNED

*Ryan Wood*

TITLE

Consultant

DATE

7-7-88

(This space for Federal or State office use)

APPROVED BY

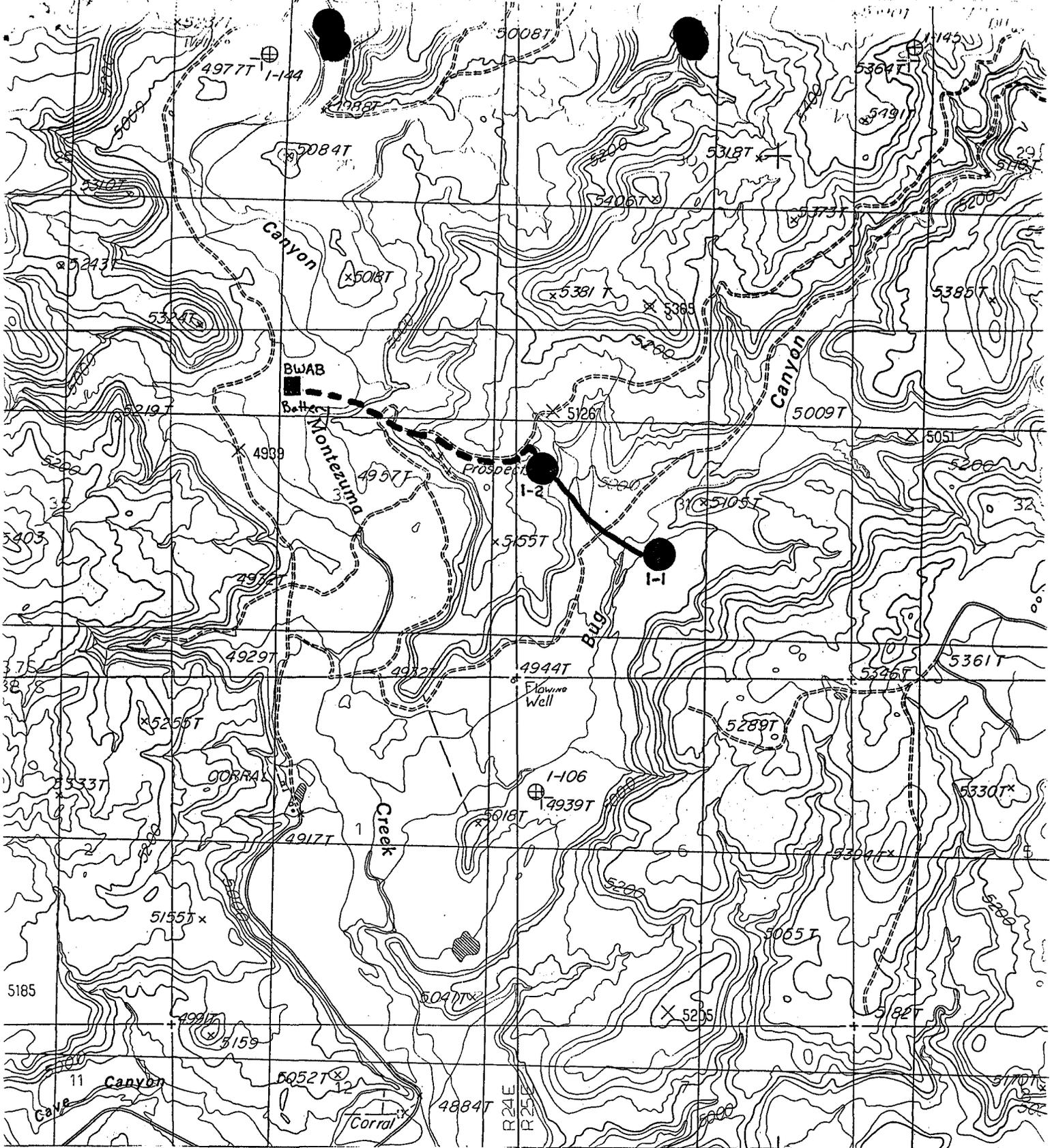
TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

cc: Beardemph1, MDO (3), SJRA, UDOGM (2)

\*See Instructions on Reverse Side



CAZADOR UNIT OIL WELL: ●

PIPELINE ON PRIVATE LAND: - - -

PIPELINE ON FEDERAL LAND: ~~~~~

Division of Oil, Gas and Mining  
 Operator Change/Name Change Worksheet-for State use only

Effective Date: 2/1/2016

<b>FORMER OPERATOR:</b>	<b>NEW OPERATOR:</b>
Yates Petroleum Corporation N7400 105 South 4th Street Artesia NM 88210	Lodestone Operating, Inc. N2292 1605 US HWY 181, PMB #169 Portland TX 78374
CA Number(s):	Unit(s): Cazador

**WELL INFORMATION:**

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
Cazador Unit 1-1	31	37S	25E	4303731311	10807	Federal	Federal	OW	P
Cazador Unit 1-2	31	37S	25E	4303731332	10807	Federal	Federal	OW	P
Cazador Unit 1-4	31	37S	25E	4303731452	10807	Federal	Federal	OW	P
Manatee Fed 1	9	10S	18E	4304735798	15039	Federal	Federal	OW	P
McCracken Springs #2-31	31	37S	24E	4303731275	10680	Federal	Federal	OW	P

**OPERATOR CHANGES DOCUMENTATION:**

1. Sundry or legal documentation was received from the **FORMER** operator on: 4/4/2016
2. Sundry or legal documentation was received from the **NEW** operator on: 4/4/2016
3. New operator Division of Corporations Business Number: 6279346-0143

**REVIEW:**

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 4/6/2016
4. OPS/SI/TA well(s) reviewed for full cost bonding: N/A
5. UIC5 on all disposal/injection/storage well(s) approved on: N/A
6. Surface Facility(s) included in operator change: N/A
7. Inspections of PA state/fee well sites complete on (only upon operators request): N/A

**NEW OPERATOR BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: UTB000018
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): N/A

**DATA ENTRY:**

1. Well(s) update in the **OGIS** on: 4/6/2016
2. Entity Number(s) updated in **OGIS** on: 4/6/2016
3. Unit(s) operator number update in **OGIS** on: 4/6/2016
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: N/A
6. Surface Facilities update in **RBDMS** on: N/A

**LEASE INTEREST OWNER NOTIFICATION:**

1. The **NEW** operator of the Fee (Mineral) wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

**COMMENTS:**



Lodestone Operating, Inc.

1605 US Highway 181, PMB #169  
Portland, Texas 78374  
Phone: 361-816-7654  
[smills@lodestoneoperating.com](mailto:smills@lodestoneoperating.com)

RECEIVED

APR 04 2016

DIV. OF OIL, GAS & MINING

Sent USPO Certified 7008 1490 0003 5984 0959

March 29, 2016

Utah Dept of Natural Resources  
Earlene Russell  
Oil & Gas Division  
P.O. Box 145703  
Salt Lake City, UT 84114-5703

Re: Form 9 – Sundry Notice – Change of Operator

RECEIVED

APR 04 2016

DIV. OF OIL, GAS & MINING

Dear Ms Russell:

Enclosed please find five (5) executed originals of Form 9 – Sundry Notices and Reports on Wells for the Change of Operator for the following Oil & Gas Wells located in San Juan and Uintah County, Utah effective February 1, 2016.

- |                       |                                       |                       |
|-----------------------|---------------------------------------|-----------------------|
| 1. Cazador Unit #1-1  | Lease# U-43651<br>API#43-037-31311    | San Juan County, Utah |
| 2. Cazador Unit #1-2  | Lease # U-43651<br>API# 43-037-31332  | San Juan County, Utah |
| 3. Cazador Unit #1-4  | Lease# U-43651<br>API# 43-037-31452   | San Juan County, Utah |
| 4. Manatee Federal #1 | Lease # UTU68620<br>API# 43-037-35798 | Uintah County, Utah   |

5. McCracken Springs #2-31

Lease# U-51846

San Juan County, Utah

API# 43-037-31275

If you have any questions or if I can be of further service, please do not hesitate to contact me.

Very truly yours,

Very truly yours,  
LODESTONE OPERATING, INC.

A handwritten signature in cursive script that reads "Sylvia Mills". The signature is written in black ink and is positioned above a solid horizontal line.

Sylvia Mills  
Production Analyst

Enclosures

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

RECEIVED  
APR 04 2016  
DIV. OF OIL, GAS & MINING

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: U-43651
2. NAME OF OPERATOR: Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 105 S. 4th Street CITY Artesia STATE NM ZIP 88210		7. UNIT or CA AGREEMENT NAME: Cazador Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1780'FSL & 2150'FWL		8. WELL NAME and NUMBER: Cazador Unit #1-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 31 37S 25E		9. API NUMBER: 4303731311
COUNTY: San Juan		10. FIELD AND POOL, OR WILDCAT: Wildcat; Upper Ismay
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Notice of Change of Operator

Yates Petroleum Corporation, as current operator of record, respectfully requests a change to designate a new operator  
New Operator: Lodestone Operating, INC.  
Address: 1605 US HWY 181, PMB #169, Portland, TX 78374  
Phone: 361-816-7654  
Bond #: RLB0010347

Approval of this notice 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.

New Operator

operations conducted on the leased lands or portion thereof and hereby certifies that it is in agreement that the foregoing is true and correct.

Signature by: [Signature] DATE: 3/11/2016  
BY: DAVID M. REAVIS - President

EFFECTIVE DATE: Feb 1, 2016

NAME (PLEASE PRINT) Tina Huerta TITLE Regulatory Reporting Supervisor  
SIGNATURE [Signature] DATE MARCH 4, 2016

(This space for State use only)

APPROVED

APR 06 2016

DIV. OIL GAS & MINING  
BY: Rachel Medina