

UNITED STATES

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**CONFIDENTIAL**

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.  
1-2

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

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 1980' FNL & 500' FWL  
At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
Approximately 11 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) 500'

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.  
Approx. 4/mile 5715'

19. PROPOSED DEPTH  
Rotary

20. ROTARY OR CABLE TOOLS  
22. APPROX. DATE WORK WILL START\*  
ASAP

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
5116' GR

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	" 1700'*	800 sacks
7-7/8"	5-1/2"	15.5# J-55	TD	400 sacks

\*approximately 100-150' into Chinle formation

We propose to drill and test the Akah and intermediate formations. Approximately 1700' 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 July 23, 1987

(This space for Federal or State office use) APPROVED BY THE STATE

PERMIT NO. 43-037-31332 OF UTAH DIVISION OF OIL, GAS, AND MINING

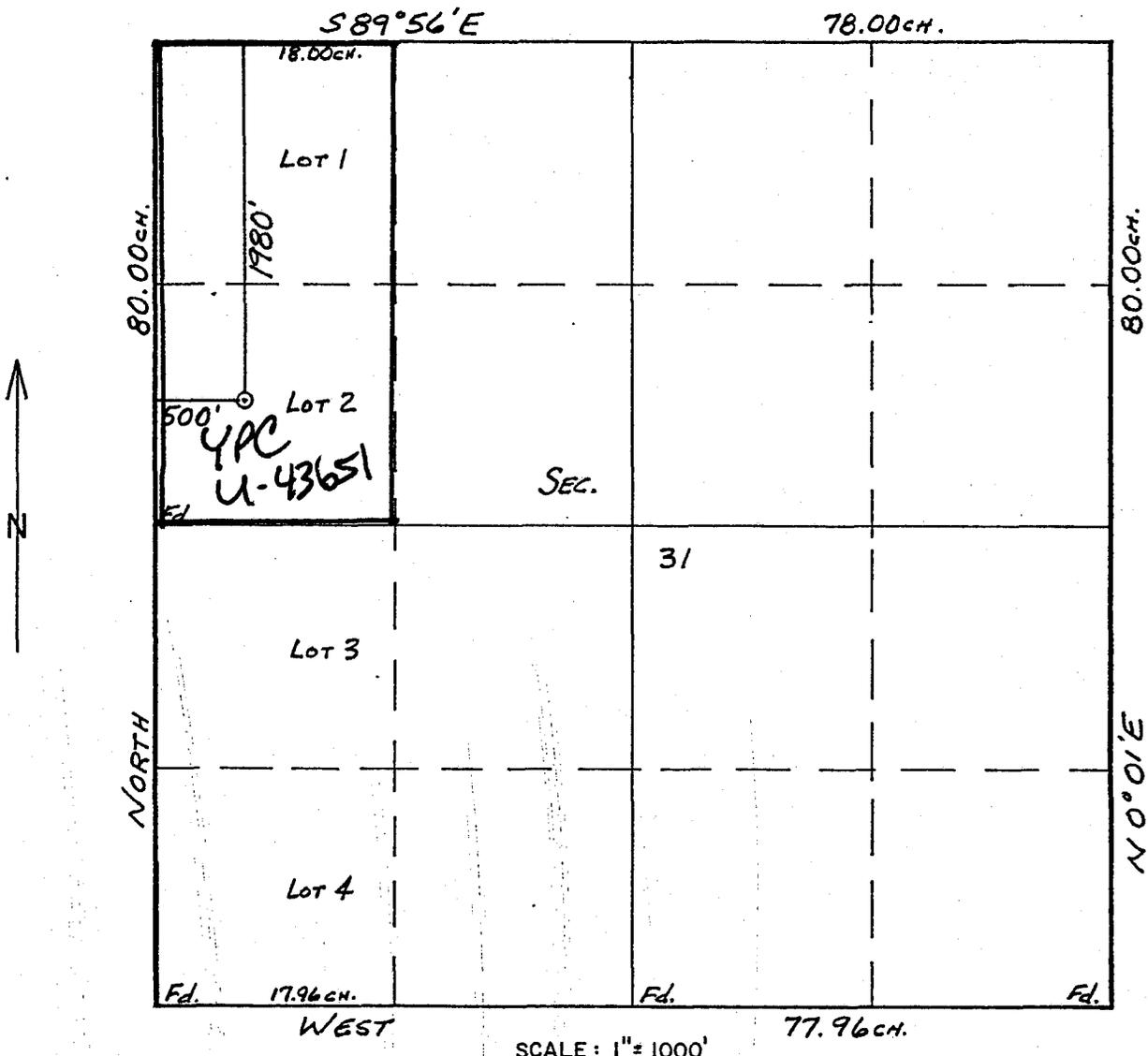
APPROVED BY John R. Bya DATE: 8-5-87  
CONDITIONS OF APPROVAL, IF ANY:

WELL SPACING: R615-2-3

\*See Instructions On Reverse Side

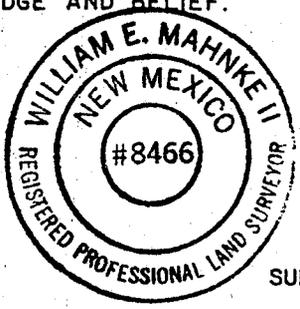
**RECEIVED**  
DATE  
AUG 3 1987  
DIVISION OF OIL  
GAS & MINING

COMPANY YATES PETROLEUM CORPORATION  
 LEASE CAZADOR UNIT WELL NO. 1-2  
 SEC. 31, T. 37 S, R. 25 E  
 COUNTY San Juan STATE Utah  
 LOCATION 1980'FNL & 500'FWL  
 ELEVATION 5116



SCALE: 1" = 1000'

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.



SEAL:

*W. E. Mahnke II*  
 WILLIAM E. MAHNKE II  
 NEW MEXICO P.L.S. N° 8466

SURVEYED July 16, 1987

YATES PETROLEUM CORPORATION  
Cazador Unit #1-2  
1980' FNL and 500' 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	Paradox	5175'
Entrada	465'	Upper Ismay	5315'
Navajo	665'	Lower Ismay	5500'
Chinle	1585'	Upper Desert Creek	5580'
Shinarump	2185'	Lower Desert Creek	5635'
Cutler	2335'	Akah	5960'
Honaker Trail	4180'	TD	5715'

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

Water: Approximately 665'

Oil or Gas: Honaker Trail 4180'; Upper Ismay 5315'; Desert Creek 5635'

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 1700' with float equipment set at approximately 1660'.

Intermediate Casing:

There will be one stage or as warranted of cement. Cemented with enough Class "C" to equal 220 cubic feet or approximately 400 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: Three possible

Coring: None

Logging: CNL/LDT, DLL, BHC Sonic from TD to casing; possible dipmeter  
TD to casing; Gamma Ray to surface

9. Potential overpressured Lower Desert Creek. Will mud up if necessary.

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 #1-2

Location: Section 31 Township 37 South Range 25 East

County San Juan State Utah Lease No. U-43651

1980 FNL, 500 FWL

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 Minerals Bearing Zones are Expected to be Encountered:

	<u>Formation</u>	<u>Zone</u>
Expected Oil Zones:	_____	_____
Expected Gas Zones:	_____	_____
Expected Water Zones:	_____	_____
Expected Minerals 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. CONTINUED:

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. Preventors will be pressure tested before drilling casing cement plugs. The San Juan Resource Area ~~will/will not~~ 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 not~~ 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 801-587-2001, 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 within 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 and testing BOP's.
2. (Dry Hole) Setting and testing of surface casing shoe plug.
3. (Depleted Producer) ~~The setting and testing of plugs across the 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 801-587-2201 (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 11 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 Department, 801-587-2231, ext. 43.

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

MAX DALTON, WAGON ROD RANCH,  
MONTESSELLO UT.

2. PLANNED ACCESS ROADS WILL CROSS PRIVATE SURFACE

- A. The maximum total disturbed width will be 30 feet. X Aprox 1000'.
- B. Maximum grade: N/A
- C. Turnouts: N/A
- D. Location (centerline): Flagged
- E. Drainage: AS NEEDED
- F. Surface Materials: MAYBE needed during bad weather
- G. Other: \_\_\_\_\_

~~Each fence which is crossed by the road will be braced as shown in Enclosure No. 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: Note Exhibit F Enclosed

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 Inter-agency 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 NATURAL (SANDSTONE)

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.

Largest tank on 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: a private source.

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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 MATERIALS

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.

7. CONTINUED:

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 contact the San Juan County Sheriff in Monticello, Utah.

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: West

The top Any top ~~inches~~ of soil material will be removed from the location and stockpiled separate from the trees on the pit/PAD side. Topsoil along the access will be reserved in place.

Access to the well pad will be from: North west

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, 801-587-2201, 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.

10. CONTINUED

GRADE

2%  
2-4%  
4-5%  
5+%

SPACING

every 200 feet  
every 100 feet  
every 75 feet  
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)
- 3 lbs/acre crested wheatgrass (Agropyron desertorum)
- \_\_\_\_\_ lbs/acre Western wheatgrass (Agropyron smithii)
- \_\_\_\_\_ lbs/acre Alkali sacaton (Sporobolus airoides)
- \_\_\_\_\_ lbs/acre Sand dropseed (Sporobolus cryptandrus)
- 2 lbs/acre Fourwing saltbush (Atriplex canescens)
- \_\_\_\_\_ lbs/acre Shadscale (Atriplex confertifolia)
- \_\_\_\_\_ lbs/acre Green ephedra (Ephedra viridis)
- \_\_\_\_\_ lbs/acre Cliffrose (Cowania mexicana)
- 1 lbs/acre Desert bitterbrush (Purshia glandulosa)
- \_\_\_\_\_ lbs/acre Winterfat (Eurotia lanata)
- \_\_\_\_\_ lbs/acre Globemallow (Sphaeralcea ambigua)
- \_\_\_\_\_ lbs/acre Wild sunflower (Helianthus annuus)
- \_\_\_\_\_ lbs/acre

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

Minerals Ownership: Federal

12. Other Information: Road will cross private surface of Max Dalton, Monticello, Utah. Telephone No.: 801-587-2716

Deer Winter Range Dec 1 - MAR 31 annually

12. CONTINUED:

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.

Your contact with the District Office is: STEVE JONES

Office Phone: (801) 259-6111 Address: PO Box 970 Moab, Ut

Resource Area Manager's address and contacts:  
Address: PO Box 7 Montecello Ut 84532 84532

Your contact is: Rch McClure

Office Phone: (801) 587-2141

13. LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION  
Representative:

Name: Cy Cowan  
Address: 105 South Fourth Street, Artesia, NM 88210  
Phone No. 505-748-1471

Certification:

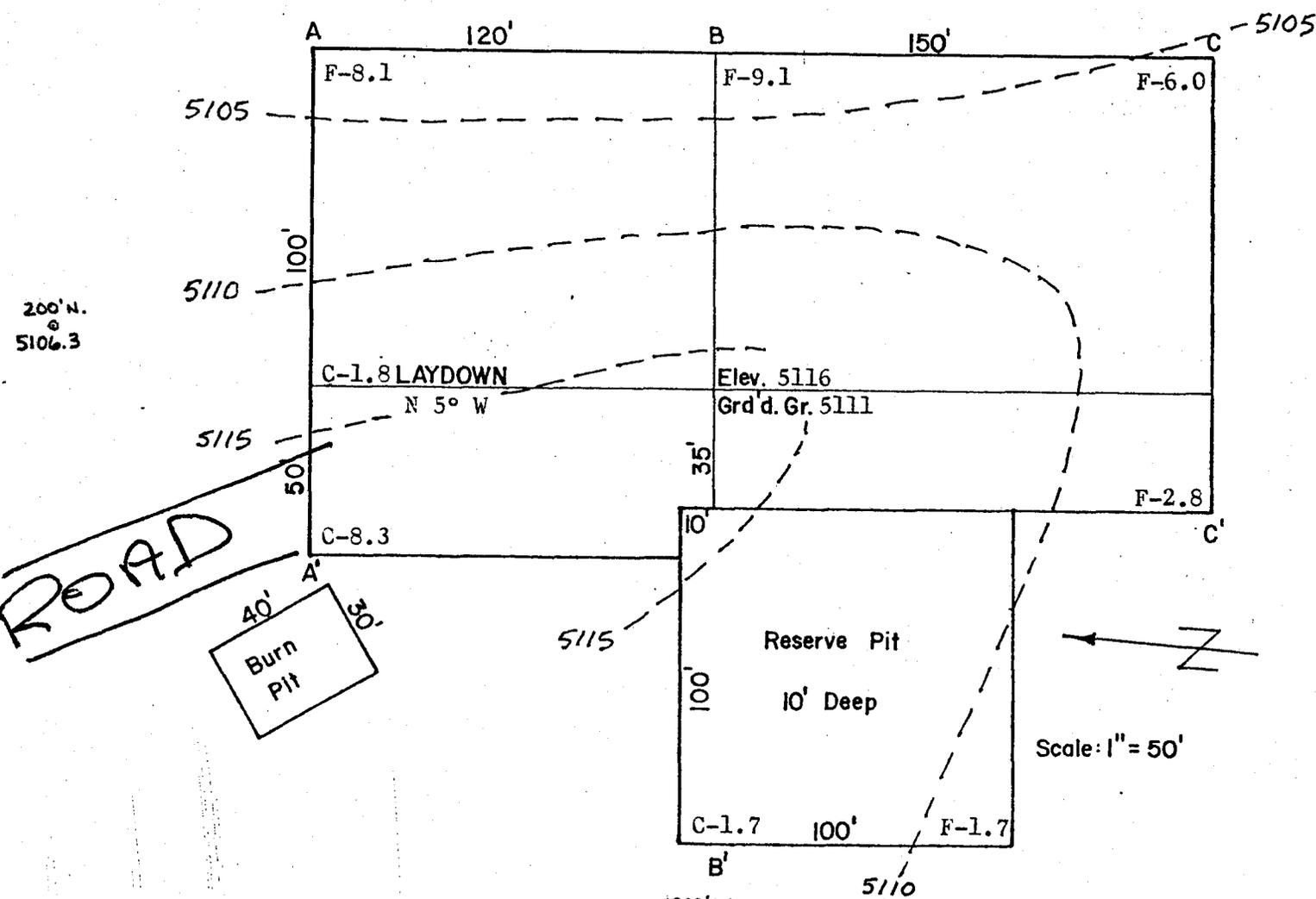
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated 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.

7/23/87  
Date

Cy Cowan  
Cy Cowan  
Regulatory Agent



YATES PETROLEUM CORPORATION  
 #1-2 CAZADOR UNIT  
 1980'FNL & 500'FWL  
 Sec.31, T37S, R25E  
 San Juan Co., Utah  
**Exhibit B**



A-A'    Vert.: 1" = 30'    Horiz.: 1" = 100'    ↓ 200' W. 5120.1    C/L

5110							
5100							

B-B'

5110							
5100							

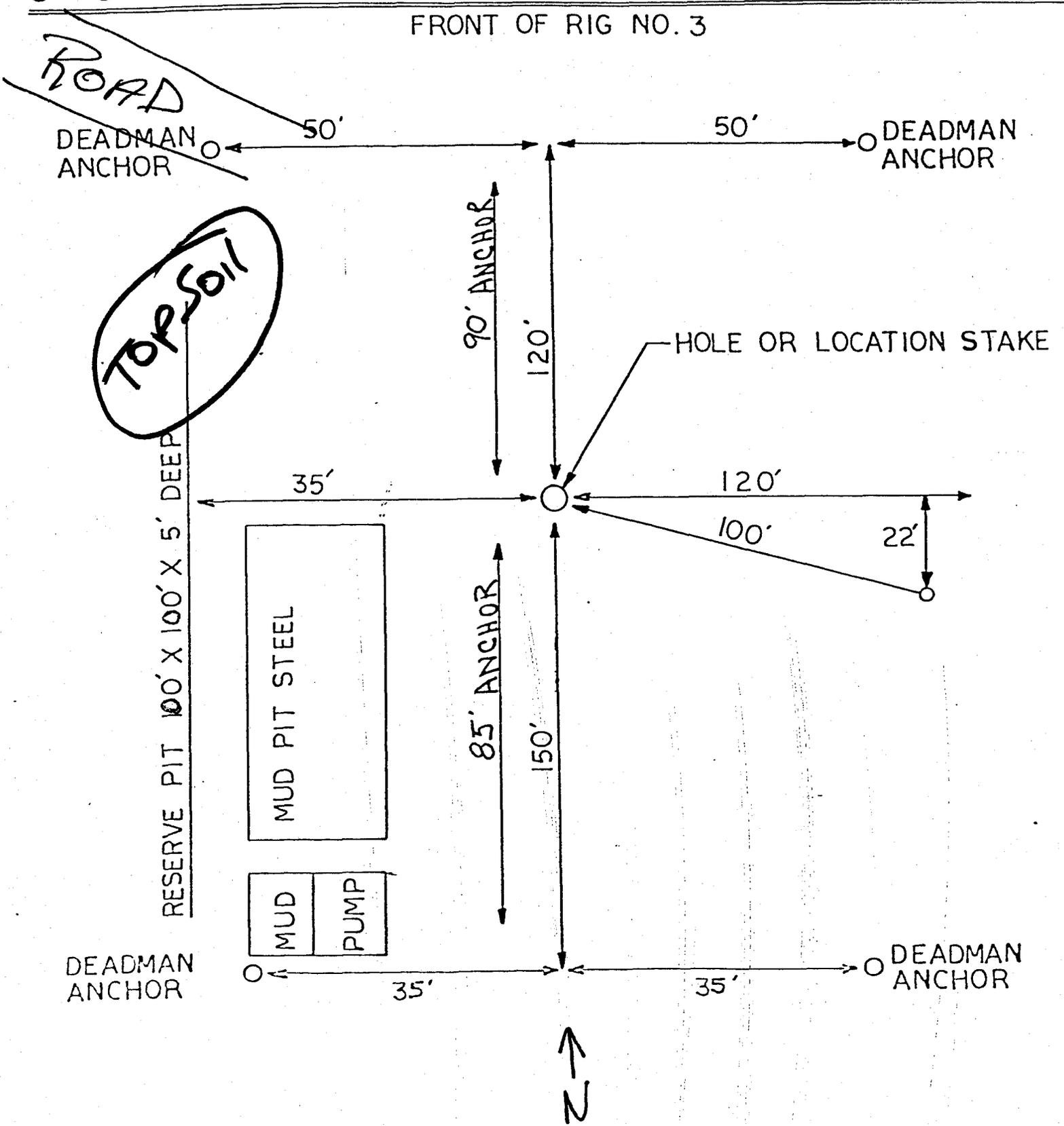
C-C'

5110							
5100							

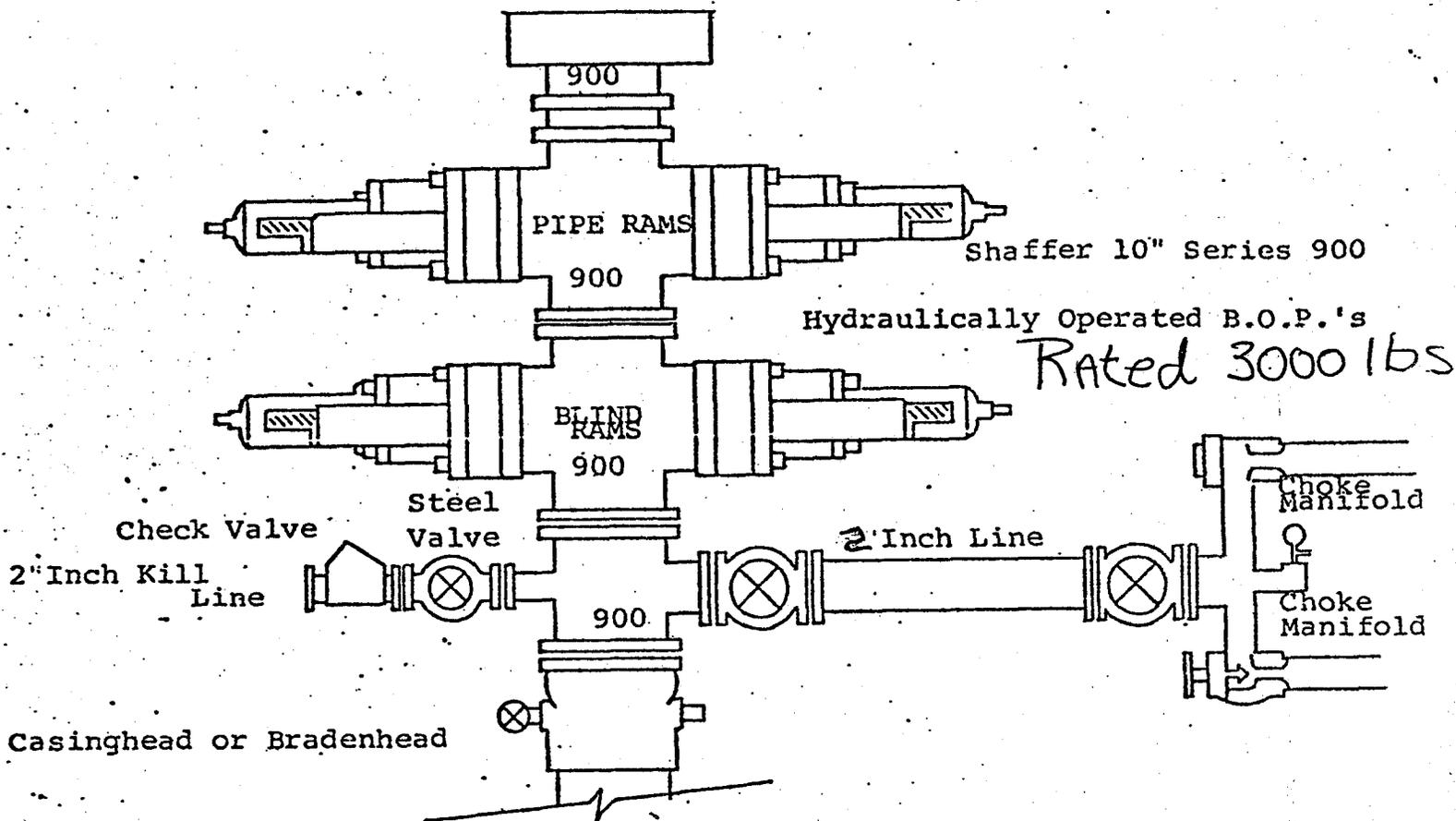
# Exhibit C

COLEMAN DRILLING CO.

FRONT OF RIG NO. 3



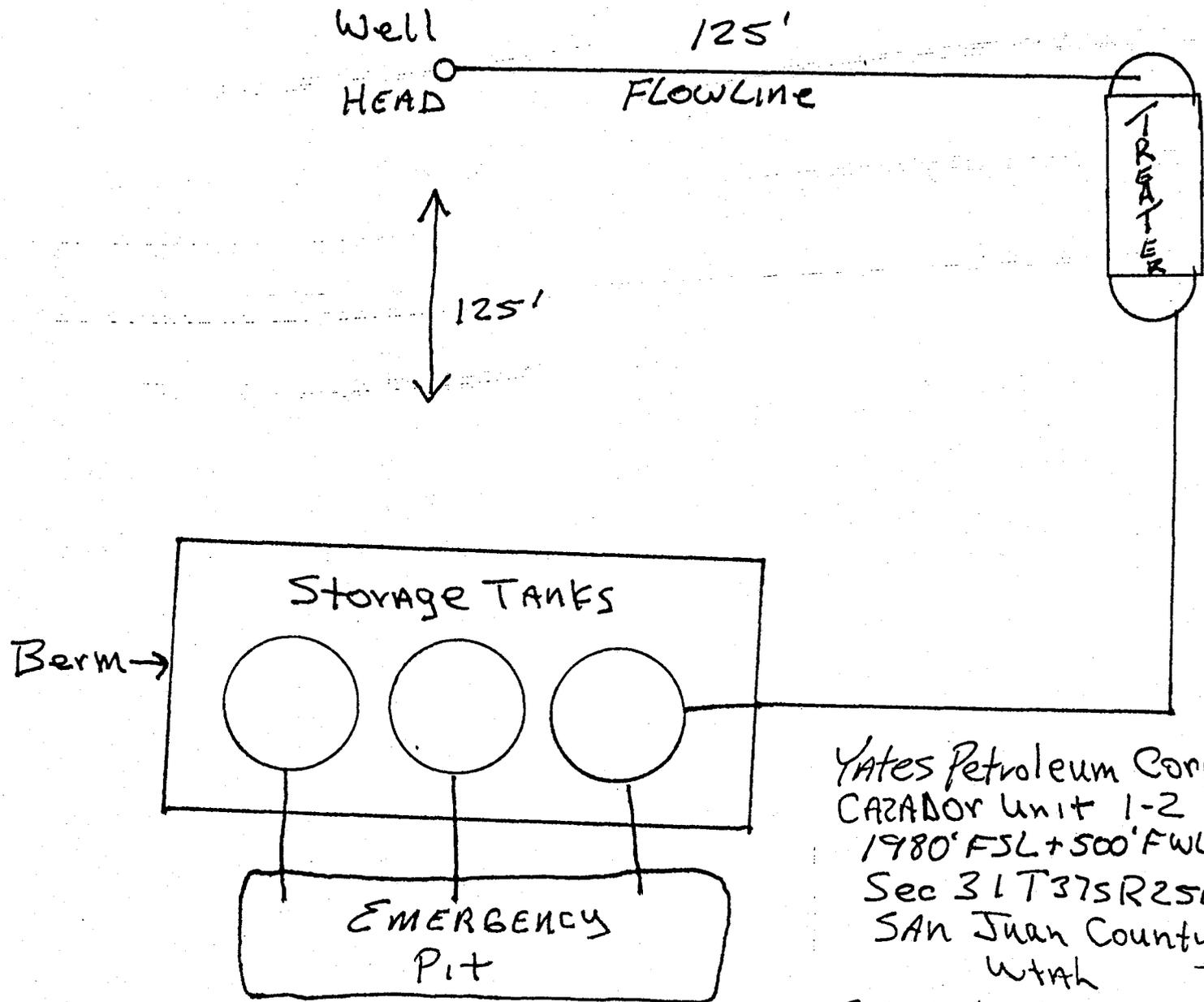
# Exhibit D



## 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.





Yates Petroleum Corp  
CAZADOR Unit 1-2  
1980' FSL + 500' FWL  
Sec 31 T37S R25E  
SAN Juan County  
Utah  
Exhibit F

CONFIDENTIAL

080707

OPERATOR Yates Petroleum Corp. DATE 8-4-87

WELL NAME Cadyor Unit 1-2

SEC SW NW 31 T 37S R 25E COUNTY San Juan

43-037-31332  
API NUMBER

Ind.  
TYPE OF LEASE

CHECK OFF:

PLAT

CONFIDENTIAL  
PERIOD  
EXPIRED  
ON 3-13-89

BOND

NEAREST  
WELL

LEASE

FIELD

POTASH OR  
OIL SHALE

PROCESSING COMMENTS:

Unit Well - POD is not needed. New Unit

Need water permit

APPROVAL LETTER:

SPACING:  R615-2-3

Cadyor  
UNIT

R615-3-2

CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

1. Need 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

August 5, 1987

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

Gentlemen:

Re: Cazador Unit 1-2 - SW NW Sec. 31, T. 37S, R. 25  
1980' FNL, 500' FWL - San Juan County

Approval to drill the referenced well is hereby granted in accordance with Section 40-6-18, Utah Code Annotated, as amended 1983; and predicated on Rule R615-2-3, 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. All well operators are responsible for sending an Entity Action Form to the Division of Oil, Gas and Mining within five working days of the time that a new well is spudded or a change in operations or interests necessitates a change in Entity status.
3. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
4. 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.

Page 2  
Yates Petroleum  
Cazador Unit 1-2  
August 5, 1987

5. Compliance with the requirements of Rule R615-3-22, Gas Flaring or venting, Oil and Gas Conservation General Rules.
6. 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.
7. 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 43-037-31332.

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  
 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 1980' FNL & 500' FWL  
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 Approximately 11 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) 500'	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. Approx. .4/mile	19. PROPOSED DEPTH 5715'	20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
5116' GR

5. LEASE DESIGNATION AND SERIAL NO.  
U-43651

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
082605

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
Cazador Unit

9. WELL NO.  
1-2

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 San Juan	13. STATE Utah
----------------------------------	-------------------

22. APPROX. DATE WORK WILL START\*  
ASAP

RECEIVED  
AUG 24 1987  
DIVISION OF OIL  
GAS & MINING

24. SIGNED *Cy Cowan* TITLE Regulatory Agent DATE July 23, 1987

(This space for Federal or State office use)

PERMIT NO. 43-037-31330 APPROVAL DATE \_\_\_\_\_

APPROVED BY /s/ Kenneth V. Rhea TITLE Acting DISTRICT MANAGER DATE AUG 18 1987

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED

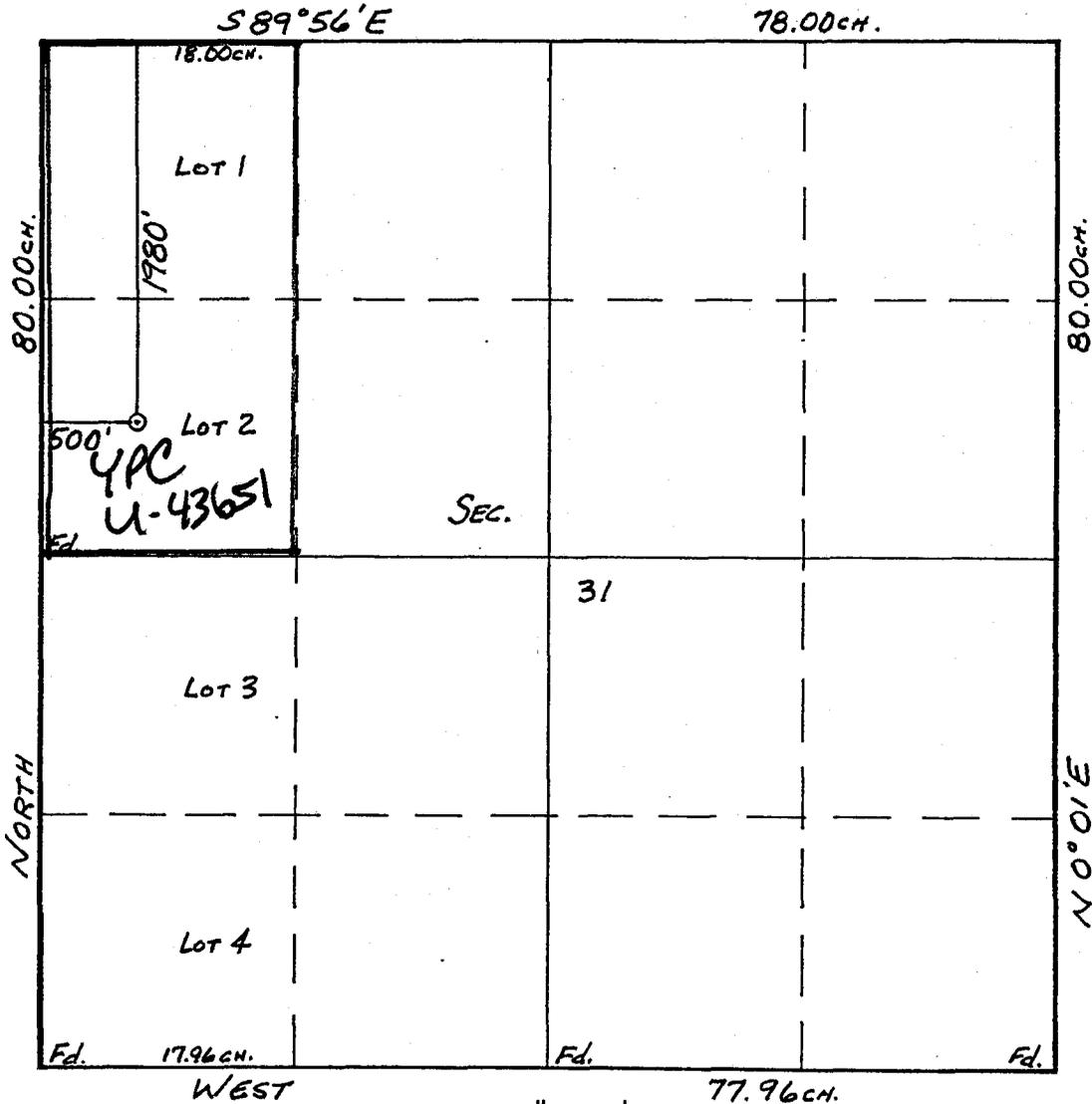
FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A DATED 1/1/80

\*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.

Doem

COMPANY YATES PETROLEUM CORPORATION  
 LEASE CAZADOR UNIT WELL NO. 1-2  
 SEC. 31, T. 37 S, R. 25 E  
 COUNTY San Juan STATE Utah  
 LOCATION 1980'FNL & 500'FWL  
 ELEVATION 5116

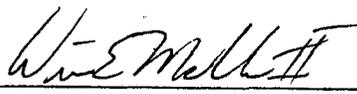


SCALE: 1" = 1000'

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.

SEAL:



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

SURVEYED July 16, 1987

Yates Petroleum Corporation  
Well No. Cazador Unit 1-2  
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.

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

BOP's will be pressure tested to at least 1500 psi.

Surface casing will be pressure tested to at least 1000 psi before drilling out from surface casing shoe.

B. THIRTEEN POINT SURFACE USE PLAN

1. For the protection of critical deer winter range, drilling will only be allowed from April 1 through November 30. Oil field production activities are not affected by this stipulation.
2. Yates Petroleum Corporation will provide Bureau of Land Management (BLM) access across the private property in Section 36, T. 37 S., R. 24 E.

# FILING FOR WATER IN THE STATE OF UTAH

Rec. by \_\_\_\_\_  
 Fee Rec. \_\_\_\_\_  
 Receipt # \_\_\_\_\_  
 Microfilmed \_\_\_\_\_  
 Roll # Art.

## APPLICATION TO APPROPRIATE WATER

43-037-31332

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, submitted in accordance with the requirements of the Laws of Utah.

**WATER USER CLAIM NO. 09 - 1529**

**APPLICATION NO. T62742**

1. PRIORITY OF RIGHT: August 7, 1987

FILING DATE: August 7, 1987

2. OWNER INFORMATION

Name: Yates Petroleum Corporation  
 Attn: Cy Cowan  
 Address: 105 South Fourth Street, Artesia, NM 88210

Interest: 100 %

The land is not owned by the applicant(s), see explanatory.

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

4. SOURCE: Underground water well DRAINAGE: San Juan River

POINT(S) OF DIVERSION:

**COUNTY:** San Juan

(1) S. 674 feet, E. 896 feet, from the NW Corner of Section 25,  
 Township 37 S, Range 24 E, SLB&M  
 Description of Diverting Works: 4 inch diameter well 248 ft.

**COMMON DESCRIPTION:** 12 mi. No. Hatch Trading Post

5. NATURE AND PERIOD OF USE

Oil Exploration From August 1 to August 1.

6. PURPOSE AND EXTENT OF USE

Oil Exploratio: Oil Well Drilling

7. 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

Water source is located on private land owned by Wagon Rod Ranch, Monticello. The well to be drilled is the Cazador Unit 1-2 located: S. 1980 ft. & E. 500 ft. from NW Cor. Sec. 31, T37S, R25E, SLB&M (SW4NW4).

RECEIVED  
 SEP 8 1987  
 DIVISION OF OIL  
 STATE ENGINEER

**Appropriate**

STATE ENGINEER'S ENDORSEMENT

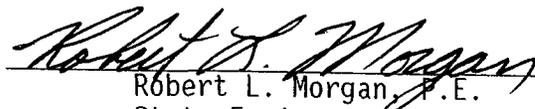
WATER RIGHT NUMBER: 09 - 1529

APPLICATION NO. T62742

1. August 7, 1987      Application received by MP.
  2. August 10, 1987    Application designated for APPROVAL by MP and SG.
  3. Comments:
- 
- 

Conditions:

This application is hereby APPROVED, dated September 4, 1987, subject to prior rights and this application will expire on September 4, 1988.

  
Robert L. Morgan, P.E.  
State Engineer

112408

**CONFIDENTIAL**

DIVISION OF OIL, GAS AND MINING

*D-1.*

SPUDDING INFORMATION

API #43-037-31332

NAME OF COMPANY: YATES PETROLEUM

WELL NAME: CAZADOR UNIT 1-2

SECTION SW NW 31 TOWNSHIP 37S RANGE 25E COUNTY San Juan

DRILLING CONTRACTOR Coleman

RIG # 3

SPUDDED: DATE 11-17-87

TIME \_\_\_\_\_

How Rotary

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

REPORTED BY Jim Krogman

TELEPHONE # (303)565-3761 (Sands Motel)

DATE 11-18-87 SIGNED JRB

121103

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
3 TRIAD CENTER, SUITE 350  
SALT LAKE CITY, UT 84180-1203

RECEIVED  
DEC 7 1987

DIVISION OF  
OIL, GAS & MINING

REPORT OF WATER ENCOUNTERED DURING DRILLING

Dr.

Well Name & Number CAZADOR UNIT #1-2 43-037-31332

Operator GATES PETRO CORP Address 105 SOUTH 4<sup>TH</sup> STREET ARTESIA, NM 88210  
P.O. DRAWER 3337

Contractor COLEMAN DRILLING CO. Address FARMINGTON, N. M 87499

Location 1980 FNL/4 500 FWL/4 Sec. 31 T. 37S R. 25E County SAN JUAN

Water Sands

	<u>Depth</u>		<u>Volume</u>	<u>Quality</u>
	From	To	Flow Rate or Head	Fresh or Salty
1.	2495'	5000'	1" FLOW - 10 bbls/hr	FRESH WITH 9000 CHL
2.				
3.				
4.				
5.				

(Continue on reverse side if necessary)

Formation Tops CUTLER 2335

Remarks KILLED WATER FLOW WHEN WE MUDDIED UP AT 5000'

- NOTE: (a) Report on this form as provided for in Rule 806, Oil and Gas Conservation General Rules.
- (b) If a water analysis has been made of the above reported zone, please forward a copy along with this form.

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

5

WELL COMPLETION OR RECOMPLETION REPORT AND LOG \*

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  OTHER   
 b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RESVR.  OTHER

RECEIVED  
 DEC 21 1987

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 1980' FNL & 500' FWL

At top prod. interval reported below  
 At total depth

14. PERMIT NO. DATE ISSUED  
 API #43-037-31332

15. DATE SPUNDED 16. DATE T.D. REACHED 17. DATE COMPL. (Ready to prod.) 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\* 19. ELEV. CASINGHEAD  
 11-17-87 11-29-87 12-13-87 5116' GR

20. TOTAL DEPTH, MD & TVD 21. PLUG, BACK T.D., MD & TVD 22. IF MULTIPLE COMPL., HOW MANY\* 23. INTERVALS DRILLED BY 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)\* 25. WAS DIRECTIONAL SURVEY MADE  
 5660' 5531' X No

26. TYPE ELECTRIC AND OTHER LOGS RUN 27. WAS WELL CORED  
 LDT/CNT; DLL/MSFL; DPT/ML; BHC 12-21-87 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#	81'	17-1/2"	150 sx (177 cu ft)	
8-5/8"	24#	1776'	12-1/4"	950 sx (1464 cu ft)	
5-1/2"	15.5#	5357'	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"	5205'	5213' (Bottom)

31. PERFORATION RECORD (Interval, size and number)  
 5325-30', 5338-48' w/32 .42" Holes (2 SPF)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5325-48'	Spotted 160 g. 20% NE acid.

33.\* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)
12-10-87	Flowing	Producing

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
12-13-87	24	1/4"	→	256	200	1.3	781

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)  
 Vented - Will be sold.

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 12-14-87

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

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, time tool open, flowing and shut-in pressures, and recoveries).

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
			<p>DST #1 5280-5365' Ismay: Times: TO 15", SI 60"; TO 60", SI 180". RECOVERY: flowed oil to surface 24.17 bbls (100% oil). Gravity 26° at 60°. Reversed out. Recovered 16.11 BO (100% oil). Gravity 26° at 60°. Oil to surface 12 mins after final SI. CTS 20 min preflow - 12' flare. SAMPLER: 7.4 cfg, 440 cc oil at 100 psi. Gravity 26° at 60°. PRESSURES: Bottom (128°). IHP 2996, IFP 240-324, ISIP 2379, FFP 315-754, FSIP 2379, FHP 3005.</p> <p>DST #2 5354-5404' Ismay: Times: TO 19", SI 60"; TO 60", SI 180". RECOVERY: 530' gas cut rathole mud, resistivity 2.0 @50°, CI 28000. Ran filtrate on rathole mud, cI 4300; 480' gas cut formation water, resistivity .1 at 50°, CI 104000. Had 3' flare after final SI for 10 mins. SAMPLER: .58 cfg, 1840 cc water, 0 oil and 0 mud at 200 psi. PRESSURES: Bottom (128°). IHP 3033, IFP 100-240, ISIP 2379, FFP 268-539, FSIP 2388, FHP 3033.</p>	<p>Morrison Entrada Navajo Chinle Shinarump Cutler Honaker Trail Paradox U. Ismay L. Ismay U. Desert Creek L. Desert Creek Akah TD</p>	<p>Surface 443 638 1433 2165 2305 4171 5162 5314 5483 5550 5604 5641 5662</p>	

38. GEOLOGIC MARKERS

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE  
(Other instructions on reverse side)

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

5. LEASE DESIGNATION AND SERIAL NO.

U-43651 POW/ismy

6. INDIAN, ALLOTTEE OR TRIBE NAME

N/A 030308

SUNDRY NOTICES AND REPORTS ON WELLS

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

FEB 22 1988

1.  OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR  
Yates Petroleum Corporation (505) 748-1471

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: 1980' FNL @ 500' FWL (SWNW) Bottom: Same

14. PERMIT NO.  
43-037-31332

15. ELEVATIONS (Show whether DF, RT, GR, etc.)  
5,116' ungraded ground

7. UNIT AGREEMENT NAME  
Cazador

8. FARM OR LEASE NAME  
Cazador Unit

9. WELL NO.  
1-2

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

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   
Bury flowline

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.)\*

Propose to bury most of ≈2,300' of existing surface flowline from the Cazador Unit 1-2 well to the Cazador Unit 1-1 well. Only surface portion will be from the toe of the 1-2 pad to the toe of the cliff. It will be routed (orange flags) among trees to minimize visual impacts. Each surface joint will be supported at least once.

Remainder of pipe will be buried at least 30" deep (48" deep across Bug Canyon Wash). No blading of pipeline corridor, except for excavation of the trench itself. Surface disturbance to occur within existing tracks and not exceed 20' in width.

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

SIGNED

*[Signature]*

Consultant

TITLE

2-18-88

DATE

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

Federal approval of this action is required before commencing operations.

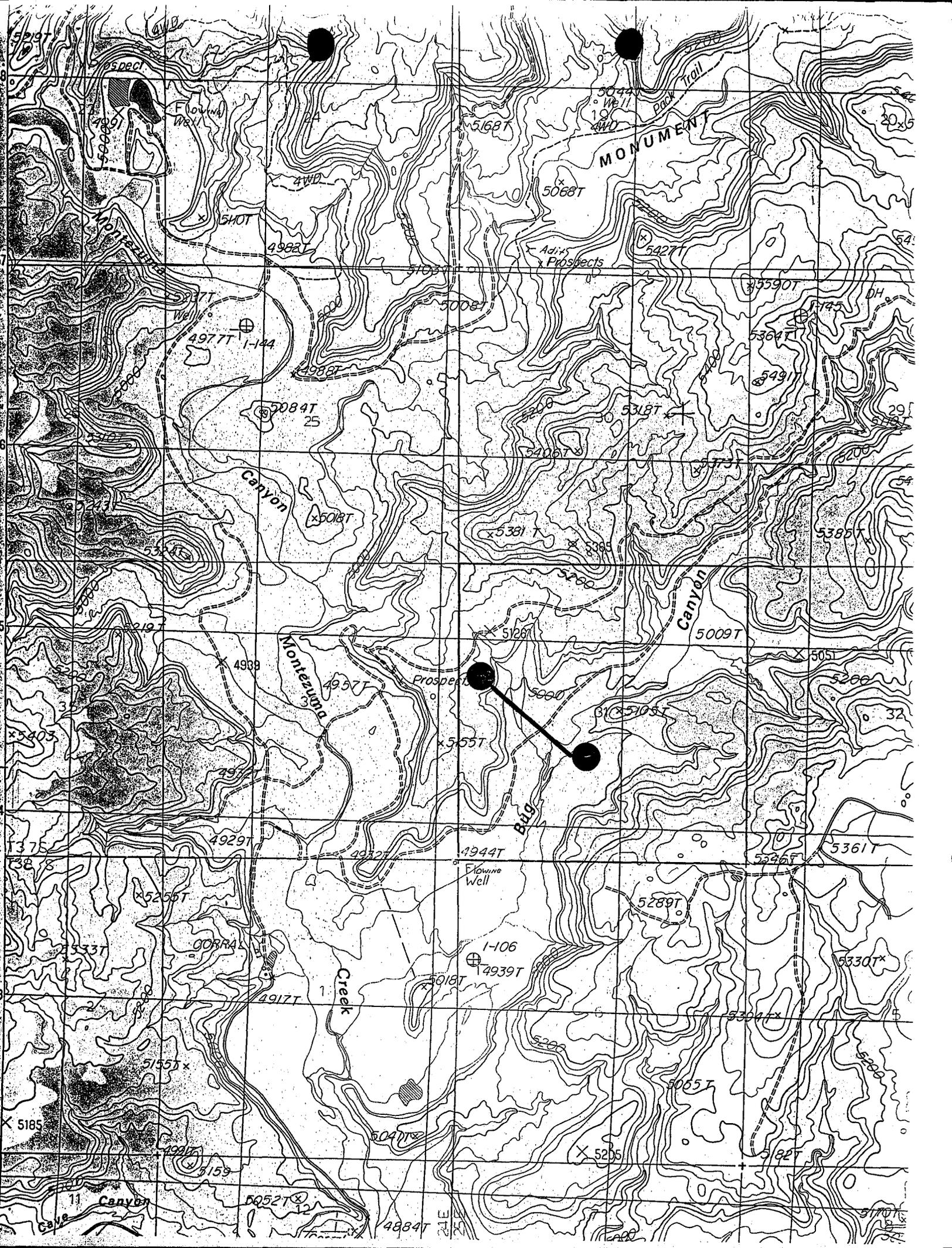
cc: Cowan (3), MDO (3), SJRA (1), UDOGM (2)

\*See Instructions on Reverse Side

ACCEPTED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

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.

DATE: 2-24-88  
BY: *[Signature]*



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

Dear Ms Russell:

DIV. OF OIL, GAS & MINING

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

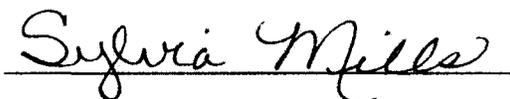
San Juan County, Utah

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

RECEIVED

APR 04 2016

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER:  
U-43651

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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.

7. UNIT or CA AGREEMENT NAME:  
Cazador Unit

1. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
Cazador Unit #1-2

2. NAME OF OPERATOR:  
Yates Petroleum Corporation

9. API NUMBER:  
4303731332

3. ADDRESS OF OPERATOR:  
105 S. 4th Street CITY Artesia STATE NM ZIP 88210

PHONE NUMBER:  
(575) 748-1471

10. FIELD AND POOL, OR WILDCAT:  
Wildcat; Upper Ismay

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 1980'FNL & 500'FWL

COUNTY: San Juan

QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 31 37S 25E

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 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 U.S. Hwy 181, PMB#169, Portland, Texas 78374

Phone: 361-816-7654

Bond #: RLB 00 10347

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]  
BY: DAVID K. REAVIS - President

DATE: 3/11/2016

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