

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on reverse side)
DEC 8 1987

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

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 SINGLE ZONE MULTIPLE ZONE

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.)*
 At surface: 2575' FSL & 1618' FWL (NESW)
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 2 air miles ESE of Blanding, Utah

16. NO. OF ACRES IN LEASE
 1,134.98

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.
 N/A

19. PROPOSED DEPTH
 6,800'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5,888' ungraded ground

22. APPROX. DATE WORK WILL START*
 Dec. 15, 1987

5. LEASE DESIGNATION AND SERIAL NO.
 U-49986-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 N/A

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Lems Draw Federal

9. WELL NO.
 #1

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 31-36s-23e SLBM

12. COUNTY OR PARISH **13. STATE**
 San Juan Utah

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 ST&C)	85'	40 SX
12-1/4"	8-5/8"	24* (J-55 ST&C)	2,600'	900 SX
7-7/8"	5-1/2"	15.5* (J-55 ST&C)	6,800'	310 SX

- Lease is all of Sec. 30 and Lot 1, E2W2, and E2 Sec. 31, T. 36 S., R. 23 E. Wintershall has designated Yates operator for 100% of lease.
- Request exception to Rule 302 because of geology and topography. Exception is to the drilling window line, not to a lease line nor to another well.
 - Orthodox well could be drilled at 1980' FSL & 1980' FWL, but geologic analysis indicates it would be a dry hole, hence the need for an exception.
 - Request permission to drill at 2575' FSL & 1618' FWL 31-36s-23e SLBM, San Juan County, Utah. Section 31 is irregular (see plat on following page).
 - There are no existing wells which offset the proposed exception. Eight potential wells on the adjoining quarter-quarters could offset the proposed location, five would be on lease U-49886-B.
 - Yates is the lessee of all lands within a 460' radius.
 - Yates is the lessee of all drilling units within a 460' radius.

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 *Brian Wood* **TITLE** Consultant **DATE** 12-6-87

(This space for Federal or State office use)

PERMIT NO. _____ **APPROVAL DATE** _____

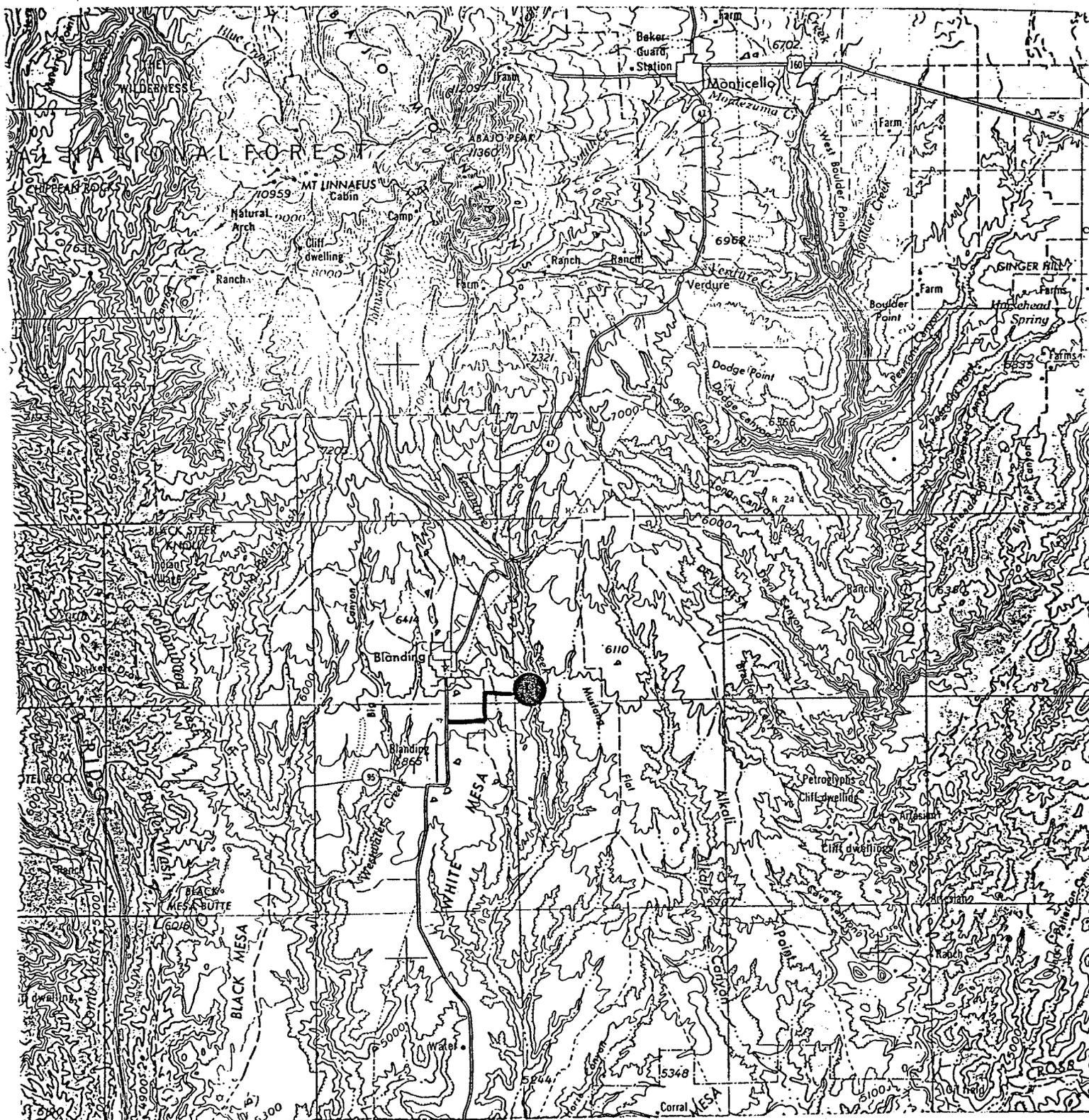
APPROVED BY _____ **TITLE** _____ **DATE** _____

CONDITIONS OF APPROVAL, IF ANY:

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

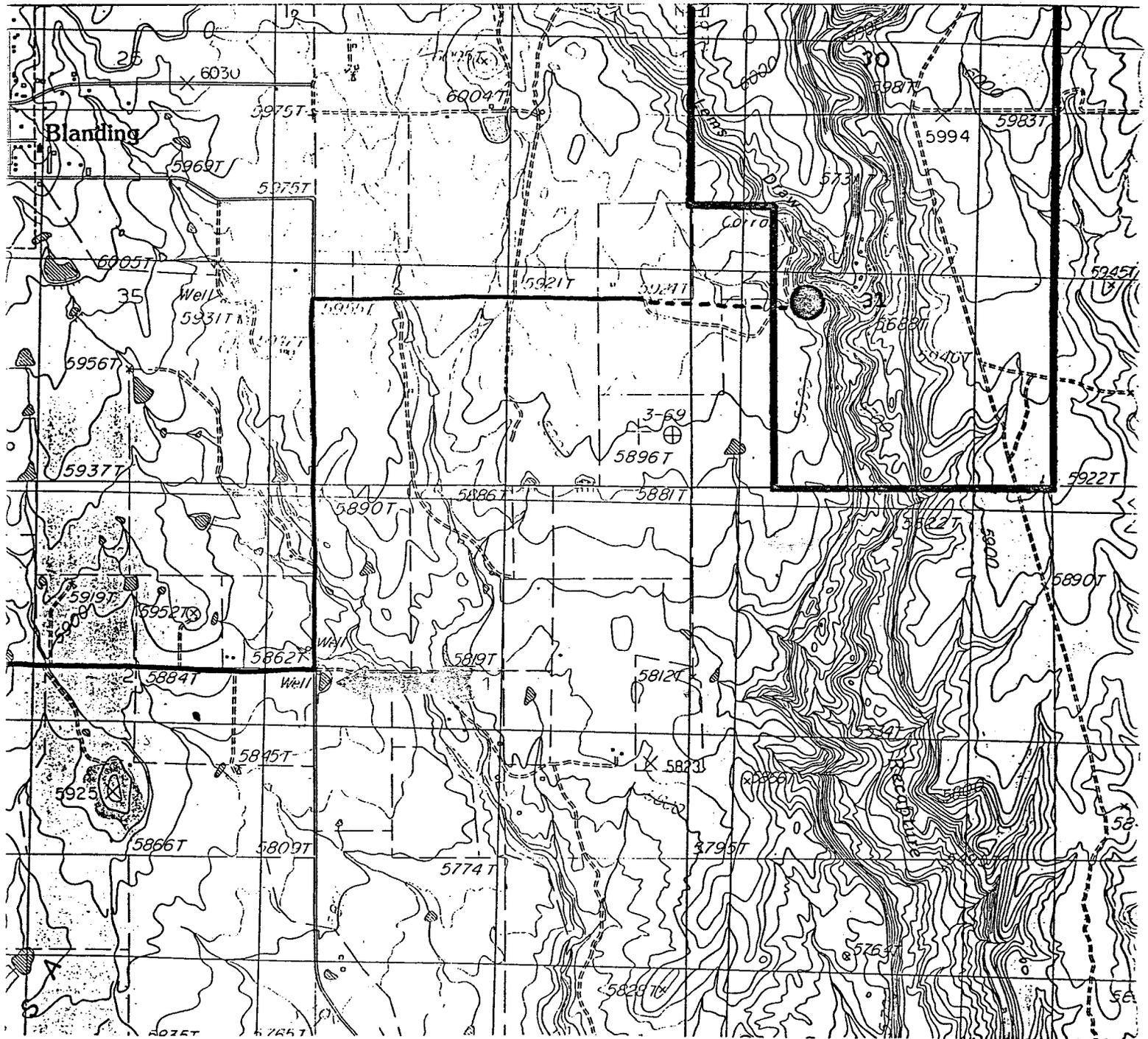
*See Instructions On Reverse Side

Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah



Well: ●

Access: —

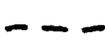


Lems Draw Federal #1: 

Lease U-49986-B: 

Existing road: 

Water Source: 

New Road: 

TEMPORARY FILING FOR WATER IN THE STATE OF UTAH

RECEIVED

Rec. by [signature] Fee Rec. 30.00 Receipt # 23369 Microfilmed Roll #

DEC 2 1987

DEC 04 1987

WATER RIGHTS PRICE

APPLICATION TO APPROPRIATE WATER SALT LAKE

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 RIGHT NO. 09 - 1548

* APPLICATION NO. A T 62984

1. *PRIORITY OF RIGHT: December 2, 1987 * FILING DATE: December 2, 1987

2. OWNER INFORMATION

Name(s): Yates Petroleum Corporation c/o Permits West, Inc. * Interest: 100% Address: 37 Verano Loop (505) 984-8120 City: Santa Fe State: NM Zip Code: 87505 Is the land owned by the applicant? Yes No XXX (If "No", please explain in EXPLANATORY section.)

3. QUANTITY OF WATER: cfs and/or Eight ac-ft

4. SOURCE: Stock Reservoir (Well) * DRAINAGE: which is tributary to Brown Canyon which is tributary to Recapture Creek POINT(S) OF DIVERSION: COUNTY: San Juan North 2550 feet and East 50 feet from the SW corner of Sec. 1, T. 37 S., R. 22 E., SLBM (N. 2558 ft. & E. 10 ft. from SW Cor. Sec. 1, T37S, R22E, SLB&M)

Description of Diverting Works: Water will be pumped directly into 85 bbl tank trucks. 6" well, 185 ft. deep * COMMON DESCRIPTION: 1 mile SE of Blanding Blanding Quad

5. POINT(S) OF REDIVERSION

The water will be rediverted from N/A at a point:

Description of Rediverting Works:

6. POINT(S) OF RETURN

The amount of water consumed will be N/A cfs or 8.0 ac-ft The amount of water returned will be cfs or ac-ft The water will be returned to the natural stream/source at a point(s):

7. STORAGE

Reservoir Name: N/A Storage Period: from to Capacity: ac-ft. Inundated Area: acres Height of dam: feet Legal description of inundated area by 40 acre tract(s):

* These items are to be completed by the Division of Water Rights

TEMPORARY

Appropriate

8. List any other water rights which will supplement this application _____
Application supplements Clyde Watkins' water rights for stockwatering, irrigation, etc.

9. NATURE AND PERIOD OF USE

Irrigation:	From _____ to _____
Stockwatering:	From _____ to _____
Domestic:	From _____ to _____
Municipal:	From _____ to _____
Mining:	From _____ to _____
Power:	From _____ to _____
Other:	From <u>Dec. 15, 1987</u> to <u>Dec. 14, 1988</u>

10. PURPOSE AND EXTENT OF USE

Irrigation: _____ acres. Sole supply of _____ acres.
Stockwatering (number and kind): _____
Domestic: _____ Families and/or _____ Persons
Municipal (name): _____
Mining: _____ Mining District in the _____ Mine
Ores mined: _____
Power: Plant name: _____ Type: _____ Capacity: _____
Other (describe): Water will be used for oil well drilling mud, dust control, compaction, etc.

11. PLACE OF USE

Legal description of place of use by 40 acre tract(s): _____
2480' FSL & 1840' FWL in NESW of Sec. 31, T. 36 S., R. 23 E. at Lems Draw Federal #1 oil well.
860' FSL & 1780' FWL in SESW of Sec. 17, T. 38 S., R. 24 E. at Brushhart Federal #1 oil well.
1) Lems Draw Federal #1:
N. 2480 ft. & E. 1840 ft. from SW Cor. Sec. 31, T36S, R22E, SLB&M (NE $\frac{1}{4}$ SW $\frac{1}{4}$).
2) Brushhart Federal #1:
N. 860 ft. & E. 1780 ft. from SW Cor. Sec. 17, T38S, R24E, SLB&M (SE $\frac{1}{4}$ SW $\frac{1}{4}$).

12. EXPLANATORY

The following is set forth to define more clearly the full purpose of this application. (Use additional pages of same size if necessary): From #4: Land is private and owned by Clyde Watkins of Blanding, Utah (801-678-2414). Mr. Watkins has approved this use. Mr. Watkins has a water well which drains into the stock reservoir.

From #12: Oil wells are both located on federal land administered by the Bureau of Land Management.

The applicant(s) hereby acknowledges that he/she/they are a citizen(s) of the United States of America or intends to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/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 herein, at the time of filing, rests with the applicant(s).

Brian Wood
Signature of Applicant(s)



STATE ENGINEER'S ENDORSEMENT

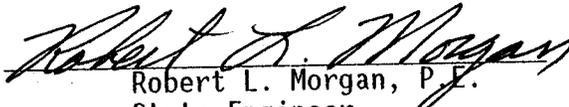
WATER RIGHT NUMBER: 09 - 1548

APPLICATION NO. T62984

1. December 2, 1987 Application received by MP.
 2. December 2, 1987 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated December 9, 1987, subject to prior rights and this application will expire on December 9, 1988.


Robert L. Morgan, P.E.
State Engineer

STATE ACTIONS

Mail to:
RDCC Coordinator
116 State Capitol
Salt Lake City, Utah 84114

1. ADMINISTERING STATE AGENCY
OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

2. STATE APPLICATION IDENTIFIER NUMBER:
(assigned by State Clearinghouse)

3. APPROXIMATE DATE PROJECT WILL START:
Upon approval

4. AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:
(to be sent out by agency in block 1)
Southeastern Utah Association of Local Governments

5. TYPE OF ACTION: // Lease /X/ Permit // License // Land Aquisition
 Land Sale Land Exchange // Other _____

6. TITLE OF PROPOSED ACTION:
Application for Permit to Drill

7. DESCRIPTION:
Yates Petroleum Corp. proposes to drill a wildcat well, the Lems Draw Federal #1, on federal lease number U-49986-B in San Juan County, Utah. This action is being presented to RDCC for consideration of resource issues affecting state interests. The U.S. Bureau of Land Management is the primary administrative agency in this case and must issue approval to drill jointly with DOGM before operations can commence.

8. LAND AFFECTED (site location map required) (indicate county)
NE/4, SW/4, Section 31, Township 36 South, Range 23 East, San Juan County, Utah

9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?
Unknown

10. POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR:
No significant impacts are likely to occur

11. NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE:
Chip Hutchinson, Moab, 259-8151

12. FOR FURTHER INFORMATION, CONTACT: 13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL
John Baza
PHONE: 538-5340

John R. Baza
DATE: 12-8-87
Petroleum Engineer

RECEIVED
DEC 8 1987

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

CONFIDENTIAL
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT DIVISION OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NO.
U-49986-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Lems Draw Federal

9. WELL NO.
#1

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Wildcat

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31-36s-23e SLBM

12. COUNTY OR PARISH | 13. STATE
San Juan | Utah

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 At proposed prod. zone **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
2 air miles ESE of Blanding, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) **460'**

16. NO. OF ACRES IN LEASE **1,134.98**

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. **N/A**

19. PROPOSED DEPTH **6,800'**

20. ROTARY OR CABLE TOOLS **Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.) **5,888' ungraded ground**

22. APPROX. DATE WORK WILL START* **Dec. 15, 1987**

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
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24. **Consultant** **12-6-87**

SIGNED *Brian Wood* TITLE CONSULTANT DATE 12-6-87

(This space for Federal or State office use)

PERMIT NO. 43-037-31378 APPROVAL DATE 12/24/87

APPROVED BY *[Signature]* TITLE DATE

CONDITIONS OF APPROVAL, IF ANY:

WELL SPACING: 130 (3), 50 (1), 100 (1), 100 (2)

*See Instructions On Reverse Side

COMPANY YATES PETROLEUM CORPORATION

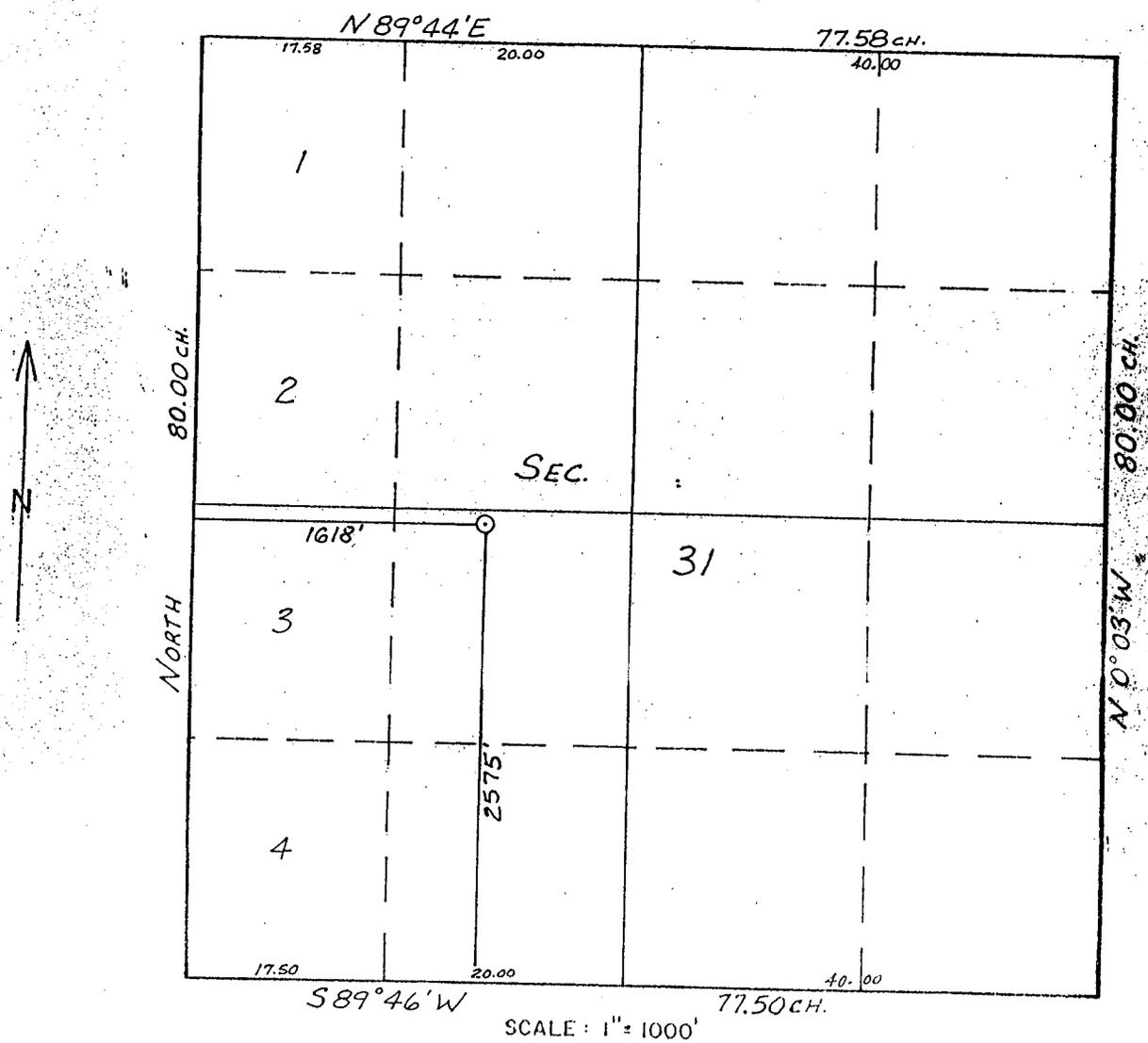
LEASE: LEMS DRAW FEDERAL WELL NO. 1

SEC. 31, T. 36 S, R. 23 E

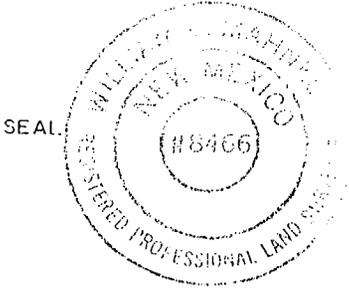
COUNTY San Juan STATE Utah

LOCATION 2575'FSL & 1618'FWL

ELEVATION 5888



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.



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

SURVEYED DEC 3, 1981



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

December 1, 1987

To Whom It May Concern:

This letter authorizes Mr. Bryan Wood of Permits West to sign the Application for Permit to Drill, Sundry Notices and Right-of-Way Applications for Yates Petroleum Corporation.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read 'Randy G. Patterson', written over a horizontal line.

Randy G. Patterson
Land Manager

CC.

RGP:rj

Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah

PAGE 1

All lease operations will be conducted in full compliance with applicable laws, regulations (43 CFR 3100), Onshore Oil & Gas Order #1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Yates Petroleum Corporation will furnish a copy of these conditions to its field representative to assure compliance.

8 Point Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>Depth from GL*</u>	<u>Depth from KB</u>	<u>Subsea Depth</u>
Dakota Ss	000'	12'	+5,888'
Morrison	210'	212'	+5,678'
Entrada Ss	1,140'	1,152'	+4,748'
Navajo Ss	1,370'	1,372'	+4,518'
Shinarump	2,450'	2,462'	+3,438'
Shinarump	2,970'	2,982'	+2,918'
Cutler	3,120'	3,132'	+2,768'
Honaker Trail	5,025'	5,037'	+ 863'
Paradox	6,250'	6,262'	- 362'
Upper Ismay	6,390'	6,402'	- 502'
Lower Ismay	6,575'	6,582'	- 687'
Desert Creek	6,655'	6,667'	- 767'
Lower Desert Creek	6,725'	6,737'	- 837'
Akah Shale	6,770'	6,782'	- 882'
Total Depth (TD)	6,800'	6,812'	- 912'

* ungraded Ground Level

(NOTE: There will be a 6 foot cut at the center stake.)

**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah**

PAGE 2

2. NOTABLE ZONES

The estimated formation top depths from ungraded GL at which water, oil, gas, or other mineral bearing zones are expected to be encountered are:

Possible Fresh Water Zones

Morrison: 210'
Entrada: 1,140'
Navajo: 1,370'

Possible Uranium Zones

Morrison: 210'
Chinle: 2,450'

Possible Oil & Gas Zones

Honaker Trail: 5,025'
Upper Ismay: 6,390'
Lo. Desert Creek: 6,725'

Water bearing zones will be protected with weighted mud. All fresh water 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 (Also see "5." on PAGE 4)

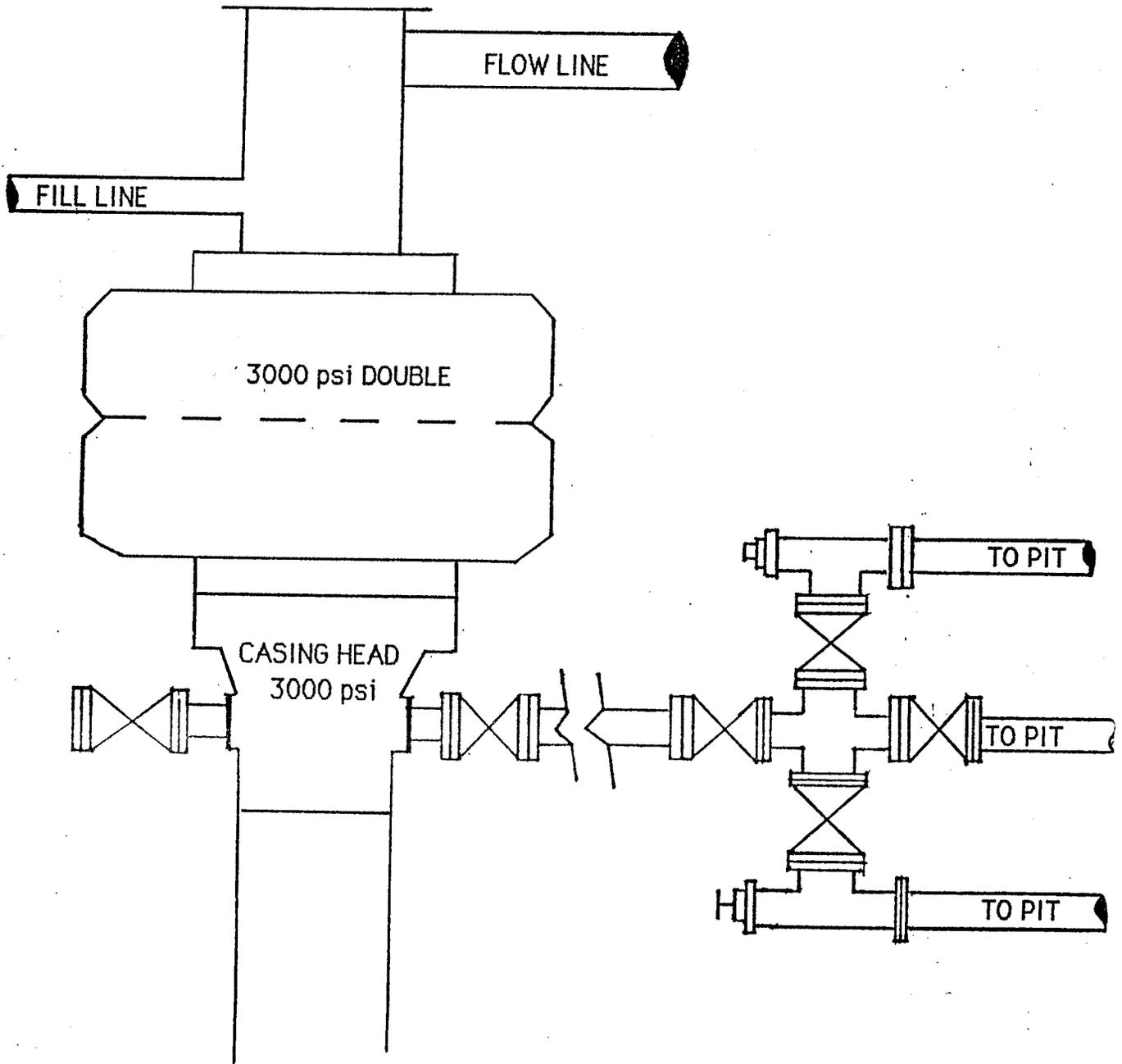
BOP systems will be consistent with API RP 53. A diagram of a typical 3,000 psi BOP is on Page 3. Actual model will not be known until bid is let. Auxiliary equipment will include a kelly cock, pit level indicator, flow sensor, and sub with full opening valve on the floor.

BOPs will be nipped up when intermediate casing is set. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. BOP controls will be installed before drilling the surface casing plug, and will stay in use until the well is completed or abandoned. Preventers will be pressure tested before drilling casing cement plugs. All BOP mechanical and pressure tests will be recorded on the drillers log.

BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah

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BLOWOUT PREVENTER

Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah

PAGE 4

4. CASING & CEMENTING

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth (GL)</u>
17-1/2"	13-3/8"	48#	H-40	ST&C	New	0'-85'
12-1/4"	8-5/8"	24#	J-55	ST&C	New	0'-2,600'
7-7/8"	5-1/2"	15.5#	J-55	ST&C	New	0'-6,800'

Conductor Pipe (0-85'): Cement to surface with 40 sx standard cement.

Surface Casing (0'-2,600'): Cement to surface in one stage with 900 sx Class C and 2% CaCl₂. Casing shoe @ 2,600' with float equipment @ ≈2,560'

Production Casing (0' - 6,800'): Cement across zones of interest in one stage, or as warranted, to 5,000' with 310 sx (≈225 cu. ft.) Class C. Casing shoe @ 6,800' with float collar @ ≈6,760'

The San Juan Resource Area will be notified one day before running casing strings and cement.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-5,500'	Fresh Water			
5,500'-6,800'	Fr. Water Gel & Starch	8.5-9.8	35-45	10-15 cc

6. CORING, TESTING, & LOGGING

No cores are planned. Cuttings will be collected every 10' from the base of the surface casing (2,600') to TD (6,800'). Drill stem tests may be run in the Upper Ismay (primary objective), Honaker Trail (secondary objective),

**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah**

PAGE 5

and Lower Desert Creek (secondary objective) if good shows are found. The following logs may be run:

TD (6,800') to Surface (000'): Gamma Ray
TD (6,800') to Base of Surface Casing (2,600'): CNL/LDT
DLL w/ RXO
BHC-Sonic

Whether the well is completed as a dry hole or producer, "Well Completion or 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, *per* 43 CFR 3162.4-1. Two copies of all logs, core descriptions & analyses, well test data, geologic summaries, sample descriptions, and all other data obtained during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. (If requested, sample cuttings, fluids, and/or gases will be submitted to the District Manager.)

7. DOWNHOLE CONDITIONS

The maximum anticipated bottom hole pressure is 2,500 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

8. MISCELLANEOUS

The anticipated spud date is December 15, 1987. It is expected it will take 20 days to drill the well and 10 days to complete the well.

If time permits, Yates Petroleum Corporation or its dirt contractor, will contact the Resource Area 48 hours before starting dirt work. However, construction is anticipated to begin immediately upon approval of the APD.

**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah**

PAGE 6

BLM may inspect or witness the following:

- 1) BOP tests or cementing and testing surface casing
- 2) Setting and testing surface casing shoe plug on a dry hole
- 3) Setting and testing of plugs across a producing horizon, and if applicable, the surface casing shoe plug and/or annulus squeeze jobs on a depleted producer.

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 phoned to the Resource Area, a minimum of 24 hours before spudding. A Sundry Notice (Form 3160-5), reporting the spud date and time, will be sent to the District Manager within 24 hours after spudding. If the spud is on a weekend or holiday, the Sundry will be sent on the following regular work day.

Starting with the month in which operations begin, and continuing each month until the well is physically plugged and abandoned, a "Monthly Report of Operations" (Form 3160-6) will be sent to the District Manager.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual events will be promptly reported to the Resource Area *per* NTL-3A.

A Sundry Notice will be filed for prior approval of the District Manager if a replacement rig is planned for completion. All conditions of this approved plan apply to all operations of the replacement rig. In emergencies, verbal approval can be given by the District Manager.

If the well is successfully completed for production, then the District Manager will be notified. Written notification will be sent not later than 5

**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
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San Juan County, Utah**

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business days following the date on which the well is placed on production. The Resource Area will schedule a first production conference within 15 days after receipt of the first production notice.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Manager. This preliminary approval will not exceed 30 days or 50 MMcf of gas. Approval to vent/flare beyond this initial period will require the District Manager's approval *per* NTL-4A.

No well abandonment operations will begin without the prior approval of the District Manager. With a newly drilled dry hole, failure, or emergency, oral approval will be obtained from the District Manager. A Sundry Notice will be sent to the District Manager within 30 days following completion of the well for abandonment. The Sundry will note where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until reclamation required by the approved APD or abandonment notice has been completed to the satisfaction of the Area Manager.

Once plugged, a regulation dry hole marker will be erected. The following information will be beaded on with a welding torch: Yates Petroleum Corporation, Lems Draw Federal #1, NESW 31-36s-23e, U-49986-B.

**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah**

PAGE 8

13 Point Surface Use Plan

1. EXISTING ROADS (See PAGES 16-17)

From the center of Blanding, Utah, go south 1.8 mi. on US-191.
Then turn left at the Petrolane office and go east 1.2 mi. on gravel County Road #219 (*aka*, Guymon Lane).
Then turn left and go north 1.1 mi. on a paved county road.
Then turn right and go east 0.8 mi. on County Road #282 to a gate.
Then continue east through the gate for 0.1 mi. to the edge of a field.

Existing roads are successively state, county, and private. Roads will be maintained to a standard at least equal to their present condition. Only improvement will be a cattleguard, wire gate, and 0.1 mi. of flat blading on the private land. Care will be taken while blading to avoid buried, but shallow, irrigation lines. Maximum disturbed width will not exceed 30'.

An Encroachment Permit has been filed with the San Juan County Road Department. Drivers should be alert to children playing in the roads.

2. NEW ROADS (See PAGE 17)

There will be 2,000' of new road, of which half will be on private land and half on BLM administered land. It will be flat bladed with a maximum disturbed width of 30'. There will be no turnouts or culverts. A cattleguard and wire gate will be installed in a fence between private and BLM land. Maximum cut or fill will be 3'. Maximum grade will be 5%.

Surface disturbance and vehicle travel will be limited to the approved location and road. Any additional area needed will be approved in advance by the land owner or Area Manager.

Yates Petroleum Corporation
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Sec. 31, T. 36 S., R. 23 E.
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The BLM access will be water barred or brought to Class 3 Road Standards within 60 days of dismantling the drill rig. If the deadline cannot be met, the Resource Area will be notified so temporary drainage control can be installed. Class 3 Road Standards control drainage by using topography, ditch turnouts, dips, outsloping, crowning, low water crossings, and culverts. Specific measures will be determined at a joint Yates-BLM field inspection.

3. EXISTING WELLS

There are no producing, injection, or disposal wells within 1 mile. There are water wells to the west for domestic, farm, and stock use.

4. PROPOSED PRODUCTION FACILITIES

The type and layout of the production facilities are not known now. A Sundry Notice will be submitted for approval before they are installed.

All permanent (on site for 6 or more months) surface facilities will be painted a flat, neutral, earthtone color. Painting will be completed within 6 months of installation. Parts required to comply with OSHA colors will be excluded.

The tank battery will be surrounded by a dike of sufficient capacity to contain 150% of the storage capacity of the largest tank in the battery. All loading lines will be placed inside the dike.

Site security regulations in 43 CFR 3162.7-4 will be obeyed. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

**Yates Petroleum Corporation
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San Juan County, Utah**

PAGE 10

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

Any gas meter run will be within 500' of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500' downstream of the meter and any production facilities. Meters will be housed and/or fenced.

Oil and gas measurement facilities will be installed on the well pad. Meters will be calibrated in place before delivery begins. Meter accuracy tests will be conducted monthly for the first 3 months on new meters, and at least quarterly thereafter. The Resource Area 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 sent to the Resource Area. All meters will conform with the API standards for liquid hydrocarbons and AGA standards for natural gas measurement.

If at any time these facilities located on public lands authorized by the terms of the lease are no longer included in the lease, the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation determined by the authorized officer.

5. WATER SUPPLY (See PAGE 17)

Water will be trucked 2.4 mi. from a pond on Clyde Watkins land in NW Sec. 1, T. 37 S., R. 22 E. Mr. Watkins has concurred and an Application to Appropriate Water has been filed with the State of Utah Div. of Water Rights.

6. CONSTRUCTION MATERIALS

**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah**

PAGE 11

Pad construction materials will be on lease native rock in place on the well pad. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.1-3.

7. WASTE DISPOSAL

The reserve pit will be sufficiently lined with commercial bentonite to prevent leaks. At least half of the capacity will be in cut.

The pit will be fenced on 3 sides with 4 strands of barbed wire or woven wire topped with barbed wire. The 4th side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries.

All well trash will be placed in a burn pit. It will be built near the mud tanks and dug at least 6' into cut. It will be totally enclosed with a fine wire mesh before the rig moves in. A burning permit is required for burning trash between May 1 and October 31. A burning permit can be obtained by calling the San Juan County Sheriff at (801) 587-2237. The road and pad will be kept litter free.

Human waste will be disposed of in 20' deep ratholes or chemical toilets. The ratholes will be immediately filled when the trailers are removed.

Produced water will be confined to the reserve pit for a period not to exceed 90 days after initial production. During the 90 day period an NTL-2B application will be submitted for the District Manager's approval of a permanent disposal method and site.

8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Three camper trailers may be on

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site for the company man, mud logger, and tool pusher.

9. WELL SITE LAYOUT

See PAGES 18 & 19 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation. No soil is present, thus, no topsoil will be saved.

10. RECLAMATION

Immediately upon completion of drilling, all of the operator's trash and debris will be collected from the pad and surrounding area and placed in the burn pit.

Yates' dirt contractor will call the Resource Area 48 hours before starting reclamation that involves earth moving equipment, and upon completion of reclamation. The reserve pit must be completely dry before it is backfilled.

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. All disturbed areas will be ripped 6" deep and 18" apart with the contour.

Seed will be broadcast between October 1 and February 28 with the following mixture.

<u>Species</u>	<u>Rate (pounds/acre)</u>
Crested wheatgrass (<i>Agropyron desertorum</i>)	10

**Yates Petroleum Corporation
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After seeding is complete, stockpiled trees will be scattered evenly over the disturbed area.

The reserve pit and that part of the pad not needed for production will be reclaimed as previously described.

11. SURFACE OWNER

Owner of the pad and last 1,000' of access road is the U.S. Government. Owner of the remaining portion of non-county road is the L. Ashton Harris Investment Company as represented by Guy Harris. His phone number is (801) 678-2161 and address is 155 East 200 South, Blanding, Utah 84511.

12. OTHER INFORMATION

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

There will be no change from the proposed drilling and/or workover plan without prior approval from the District Manager. A Sundry Notice will be filed for approval for all changes of plans and other operations *per* 43 CFR 3162.3-2.

Safe drilling and operating practices must be used. All wells, whether drilling, producing, suspended, or abandoned will be identified *per* 43 CFR 3162.3-2.

If subsurface cultural materials are exposed during construction, work in that spot will stop immediately and the Resource Area will be called. Those who disturb archaeological sites or pick up artifacts, including arrowheads, are subject to prosecution.

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It should be noted that there are large amounts of scrap lumber, vehicle bodies, and other discarded objects present. These appear to have been dumped by local residents.

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

The District Office's mailing address is P.O. Box 970, Moab, Utah 84532. The phone number is (801) 259-6111. Ask for Dale Manchester.

The Resource Area's mailing address is P.O. Box 7, Monticello, Utah 84535. The phone number is (801) 587-2141. Ask for Rich McClure for surface problems. Ask for Mike Wade for subsurface problems.

The nearest hospital is a 25 minute drive to Monticello, Utah. It is 3 blocks northwest of the intersection of US 666 and US 191. Phone number is (801) 587-2116. The nearest medically equipped helicopter is in Grand Junction, Colorado, at St. Mary's Hospital. Call (303) 244-2550.

13. REPRESENTATION AND CERTIFICATION

Anyone having questions concerning the APD should contact:

Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 984-8120

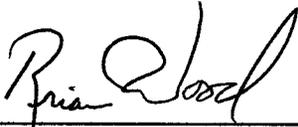
The field representatives for Yates Petroleum Corporation will be either Tim Bussell, Paul Carrey, or Jim Krogman. One of the three will either be on location or at the Sands Motel in Cortez, Colorado ((303) 565-3761).

Yates Petroleum Corporation
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CERTIFICATION

I hereby certify that I have inspected the proposed drill site 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 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.

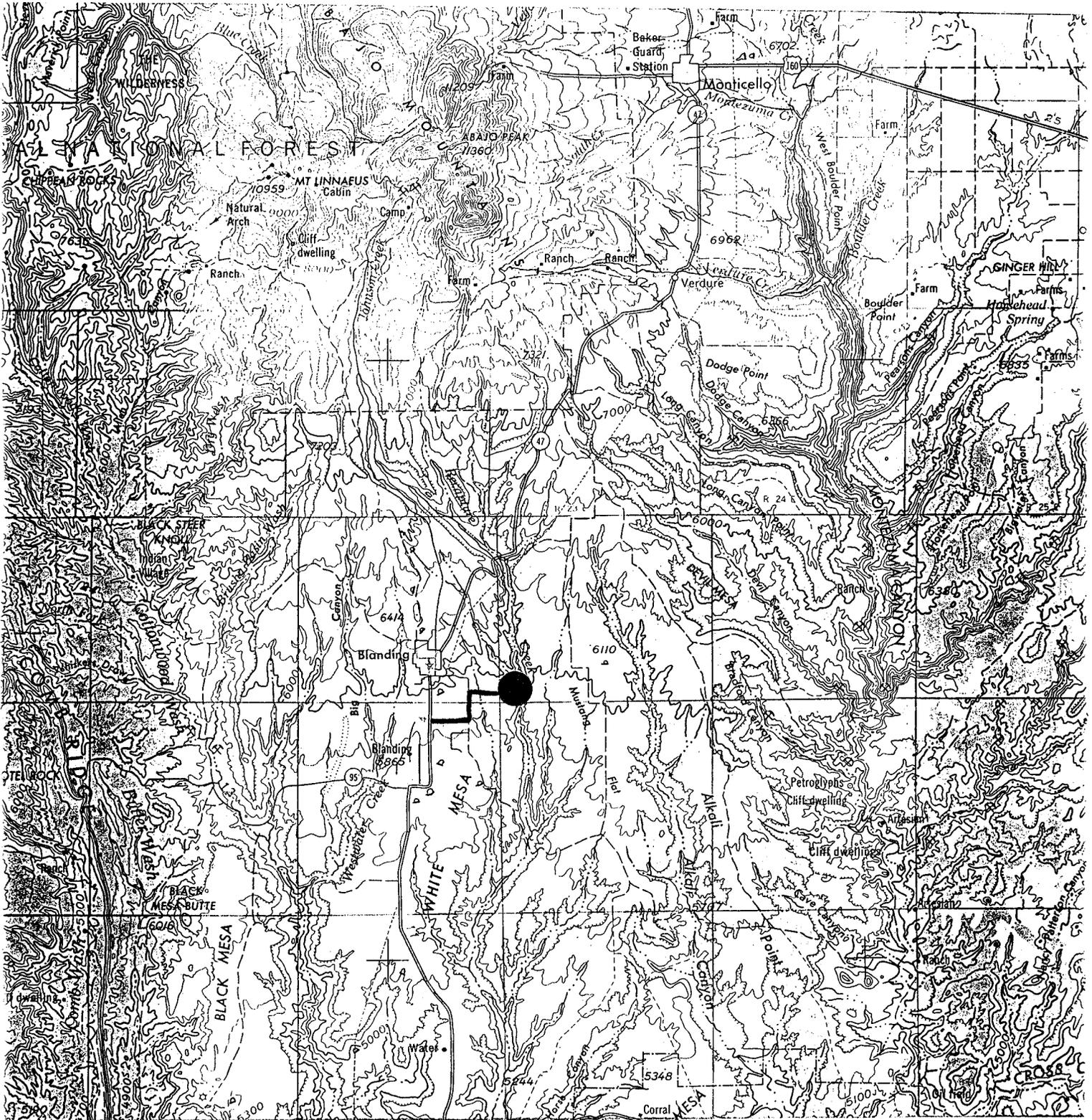


Brian Wood

12-6-87

Date

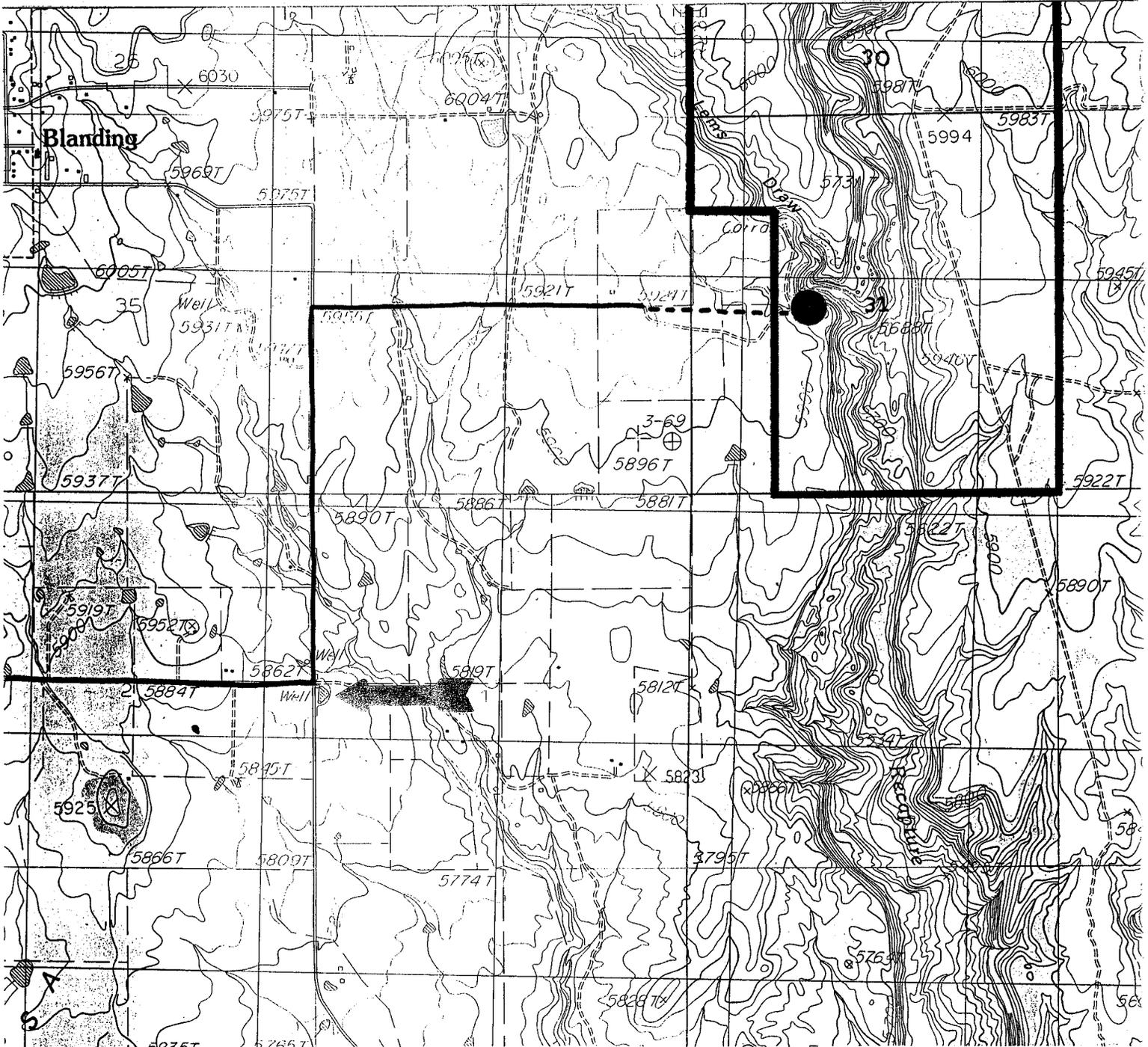
**Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah**



Well: ●

Access: —

Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah



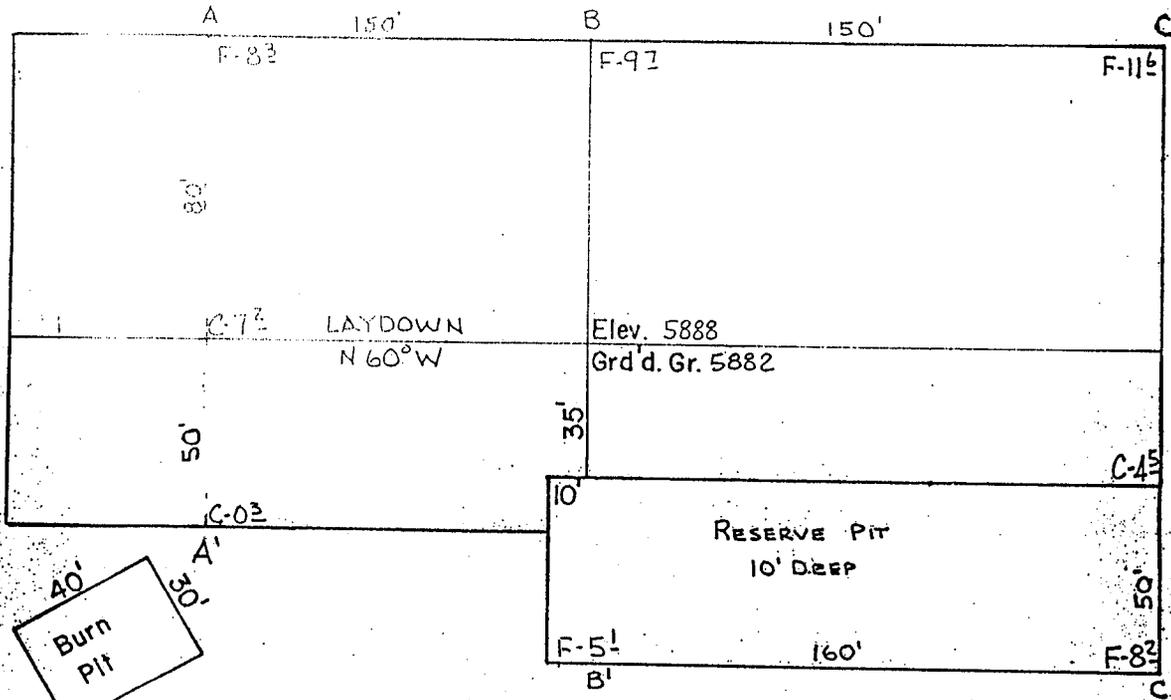
Lems Draw Federal #1: ●

Lease U-49986-B: L

Existing road: —

Water Source: ←

New Road: - - -

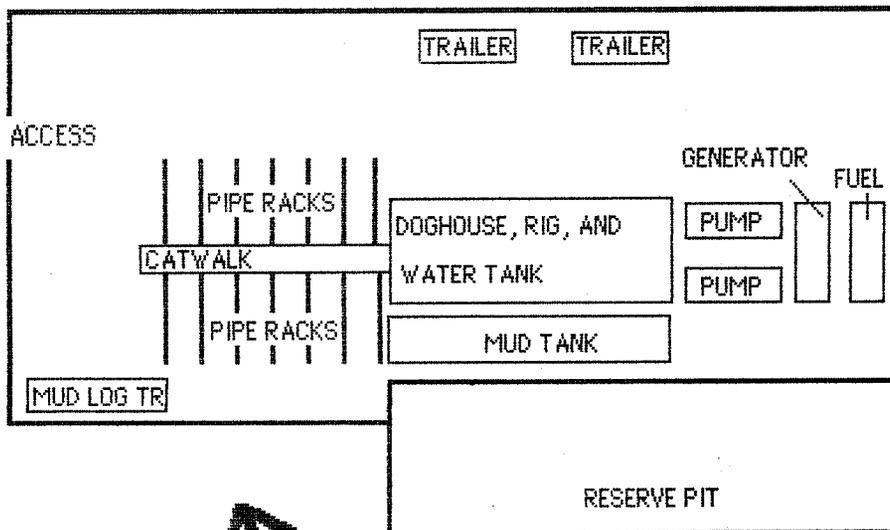


Scale: 1" = 50'

A-A		Vert.: 1" = 30'		Horiz.: 1" = 100'		C/L	
5890							
5880							
B-B							
5890							
5880							
C-C							
5890							
5880							

Yates Petroleum Corporation
Lems Draw Federal #1
2575' FSL & 1618' FWL
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah

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La Plata Archeological Consultants, Inc.

P.O. Box 783
Dolores, Colorado 81323
303-882-4933

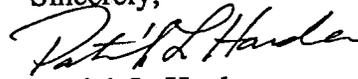
December 8, 1987

Mr. Dale Davidson
Area Archeologist
Bureau of Land Management
P.O. Box 7
Monticello, Utah 84535

Mr. Davidson:

Please find enclosed the archeological survey report for Yates Petroleum Corp.'s Brusheart Fed. #1 and Lems Draw Fed. #1 wells located in San Juan County, Utah. Archeological clearance for both of the projects has been recommended.

Sincerely,


Patrick L. Harden

Distribution:

BLM - Salt Lake City
Division of State History
Yates Petroleum Corp.
Division of Oil, Gas, & Mining
Permits West

PLH/rs

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DIVISION OF
OIL, GAS & MINING

ARCHEOLOGICAL SURVEY OF
YATES PETROLEUM CORP.'S
LEMS DRAW FEDERAL #1 WELL,
SAN JUAN COUNTY, UTAH

LAC REPORT 87158

by
Patrick L. Harden

LA PLATA ARCHEOLOGICAL CONSULTANTS, INC.
P.O. BOX 783
DOLORES, COLORADO 81323
(303) 882-4933

DECEMBER 8, 1987

FEDERAL ANTIQUITIES PERMIT
85UT57626
UTAH STATE PERMIT
U87-LA-769b,p

Prepared For:

Yates Petroleum Corp.
207 South 4th Street
Artesia, New Mexico 88210

ABSTRACT

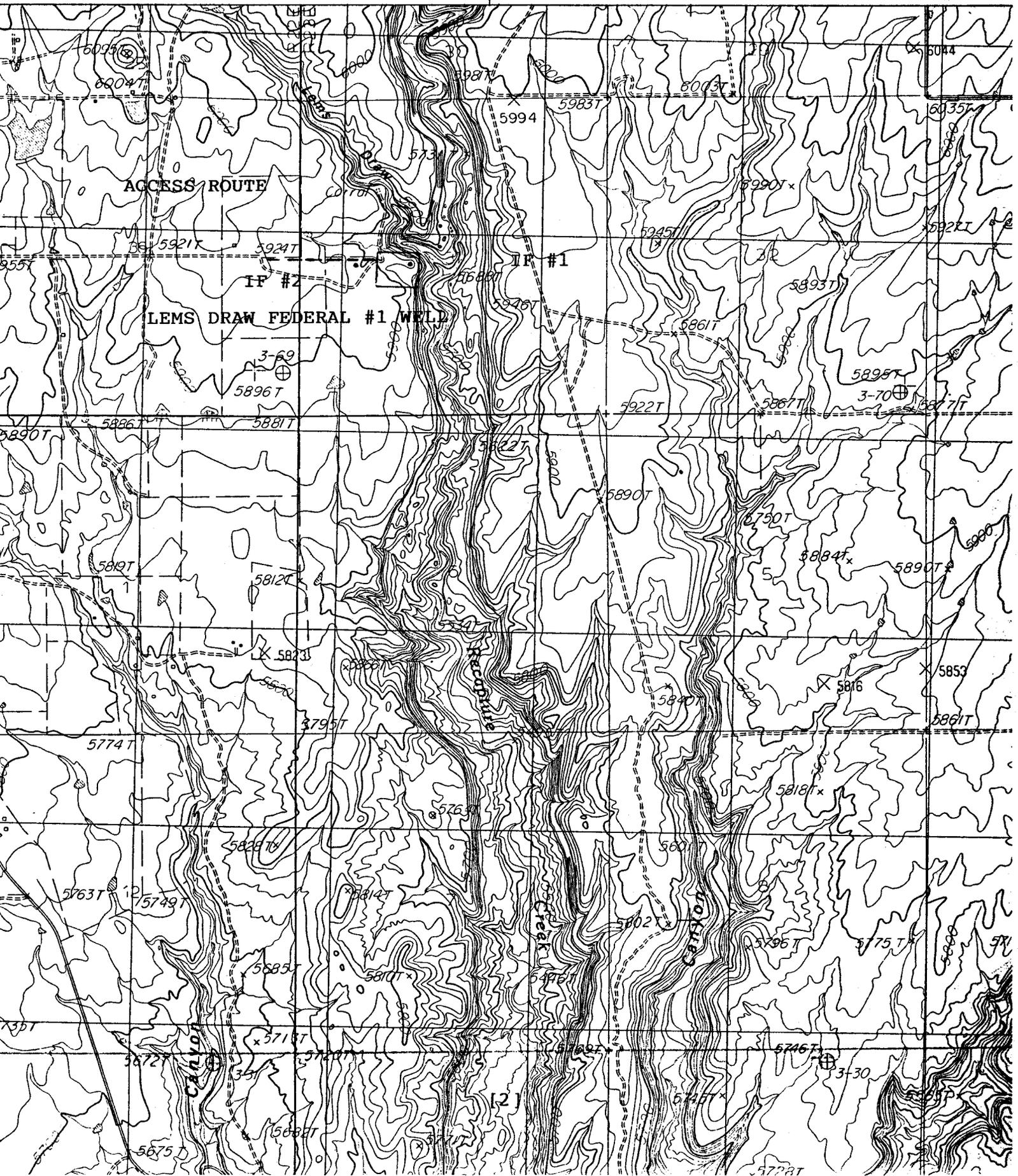
The archeological survey of Yates Petroleum Corp.'s Lems Draw Federal #1 well pad and access road was conducted by personnel of La Plata Archeological Consultants, Inc. on December 3 and 4, 1987. The project is located on lands administered by the Bureau of Land Management and privately owned land in San Juan County, Utah. An area 660 X 600 feet surrounding the well center stake and a 100' wide corridor along the access road were inventoried for cultural resources. Two isolated artifact occurrences were found, neither considered to be significant. Archeological clearance for the project is recommended.

INTRODUCTION

On December 3 and 4, 1987 the archeological survey of Yates Petroleum Corp.'s Lems Draw Federal #1 well pad was conducted by Patrick Harden of La Plata Archeological Consultants, Inc. The survey was requested by Mr. Brian Wood (Permits West), acting permit agent for Yates. The proposed project consists of the construction of a single well pad ca. 275 X 325' in size. The access to the well is across private land following a fence line, and totals ca. 2000' in length. The project is located in the SW 1/4 of section 31, T36S, R23E; and a portion of the access is in the SE 1/4 of section 36, T36S, R22E in San Juan County, Utah. The well and a very short segment of the access is on BLM lands, while most of the access is on private land.

BLANDING SOUTH, UTAH QUADRANGLE

637 638 639 25' 640 641



PHYSIOGRAPHY AND ENVIRONMENT

The well is located on a quite narrow rocky point and adjacent small swale overlooking Recapture Canyon to the east. The terrain is moderately dissected and undulating. Vertical cliffs border the well pad locale on the north and east. The access road is in gently undulating terrain.

Sediments consist of aeolian sandy loam over most of the area. Sandstone bedrock is exposed over nearly all of the narrow point on which the well pad is situated.

Vegetation was formerly a pinyon-juniper forest over the entire project area, but this association is now found only in a small portion of the actual well pad vicinity. Vegetation in the remaining areas has been cleared and is now in grasses and agricultural fields.

SURVEY PROCEDURES

Prior to the field investigations a file search was requested through the Division of State History. Another search was conducted at the BLM office in Monticello on December 2nd. The latter search indicated that no archeological sites had been recorded in the project area per se.

On-the-ground survey consisted of walking a series of transects spaced 15 meters apart across an area 660 X 600 feet surrounding the well center stake, and two parallel transects along the ca. 2000' of access road. A 100' wide corridor along the access was effectively inventoried. A normal ten acres surrounding the well center stake was not surveyed because of the precipitous cliffs

bordering the well pad. The cliffs were checked for the presence of overhangs or shelters: none were noted.

SURVEY RESULTS

Two isolated artifact occurrences were found. One was noted along the access route. This isolated find consists of ca. 10 flakes and 10 sherds in a 15 X 15m area. Three or four small rocks were also noted. The find was located on a large ridge slope in a field which has been cultivated for several years, and the exact origin of the materials is not known. The materials are ca. 50' to the south of the fence line along which the access road will follow. This isolated find is not considered to be significant.

The other isolated find was in the well pad area and consists of ca. 30 quartzite flakes. All of the flakes are lying on bedrock and sparsely scattered in a 25 X 30m area. There is absolutely no potential for any buried cultural deposits being present, and this find is also not considered to be significant.

CONCLUSION

On December 3 and 4, 1987 the archeological survey of Yates Petroleum Corp.'s Lems Draw Federal #1 well and a ca. 2000' long access route was conducted by personnel of La Plata Archeological Consultants, Inc. The project is located on lands administered by the Bureau of Land Management and privately owned land in San Juan County, Utah. An area 660 X 600' surrounding the well center stake and a 100' wide corridor along the access route were inventoried. Two isolated artifact occurrences were found: one along the access

corridor and the other on the well pad. The isolated find along the access is outside of where the actual road will be constructed. Neither isolated find is considered to be significant. Archeological clearance for the project is recommended.

CONFIDENTIAL

123003

OPERATOR Yata Petroleum Corp DATE 12-8-87

WELL NAME Loma Draw Sec. #1

SEC NEW 31 T 365 R 23E COUNTY San Juan

43-037-31378
API NUMBER

Sec.
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other well in Sec. 31

First water permit 09-1548 (T 62984)

CONFIDENTIAL
PERIOD
EXPIRED
ON 4-16-89

APPROVAL LETTER:

SPACING: R615-2-3 _____ UNIT

R615-3-2

CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

Water

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DEC 18 1987

DESIGNATION OF OPERATOR

DIVISION OF
OIL, GAS & MINING

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Moab, Utah
SERIAL No.: U-49986-B

and hereby designates

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

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Township 36 South, Range 23 East
Section 31: Lot 1, E $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$

San Juan County, Utah

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

WINTERSHALL CORPORATION

BY: Carroll A. Wilson
(Signature of lessee)

Carroll A. Wilson, Land Manager
5251 DTC Parkway, Suite 500
Englewood, Colorado 80111

(Address)

December 11, 1987

(Date)

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Moab, Utah
SERIAL No.: U-49986-B

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NAME: Yates Petroleum Corporation
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Township 36 South, Range 23 East
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San Juan County, Utah

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The lessee agrees promptly to notify the supervisor of any change in the designated operator.

WINTERSHALL CORPORATION

BY: 

(Signature of lessee)

Carroll A. Wilson, Land Manager
5251 DTC Parkway, Suite 500
Englewood, Colorado 80111

(Address)

December 11, 1987

(Date)

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 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR

N7400 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.)*

At surface 2575' FSL & 1618' FWL (NESW)

At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

2 air miles ESE of Blanding, Utah

10. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 460'

16. NO. OF ACRES IN LEASE 1,134.98

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. N/A

19. PROPOSED DEPTH 6,800'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5,888' ungraded ground

22. APPROX. DATE WORK WILL START* Dec. 15, 1987

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 ST&C)	85'	40 SX
12-1/4"	8-5/8"	24* (J-55 ST&C)	2,600'	900 SX
7-7/8"	5-1/2"	15.5* (J-55 ST&C)	6,800'	310 SX

- Lease is all of Sec. 30 and Lot 1, E2W2, and E2 Sec. 31, T. 36 S., R. 23 E. Wintershall has designated Yates operator for 100% of lease.
- Request exception to Rule 302 because of geology and topography. Exception is to the drilling window line, not to a lease line nor to another well.
 - Orthodox well could be drilled at 1980' FSL & 1980' FWL, but geologic analysis indicates it would be a dry hole, hence the need for an exception.
 - Request permission to drill at 2575' FSL & 1618' FWL 31-36s-23e SLBM, San Juan County, Utah. Section 31 is irregular (see plat on following page).
 - There are no existing wells which offset the proposed exception. Eight potential wells on the adjoining quarter-quarters could offset the proposed location, five would be on lease U-49886-B.
 - Yates is the lessee of all lands within a 460' radius.
 - Yates is the lessee of all drilling units within a 460' radius.

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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 [Signature] TITLE Consultant DATE 12/16/87

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY [Signature] TITLE District Manager DATE 12/16/87

CONDITIONS OF APPROVAL, IF ANY: CF

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

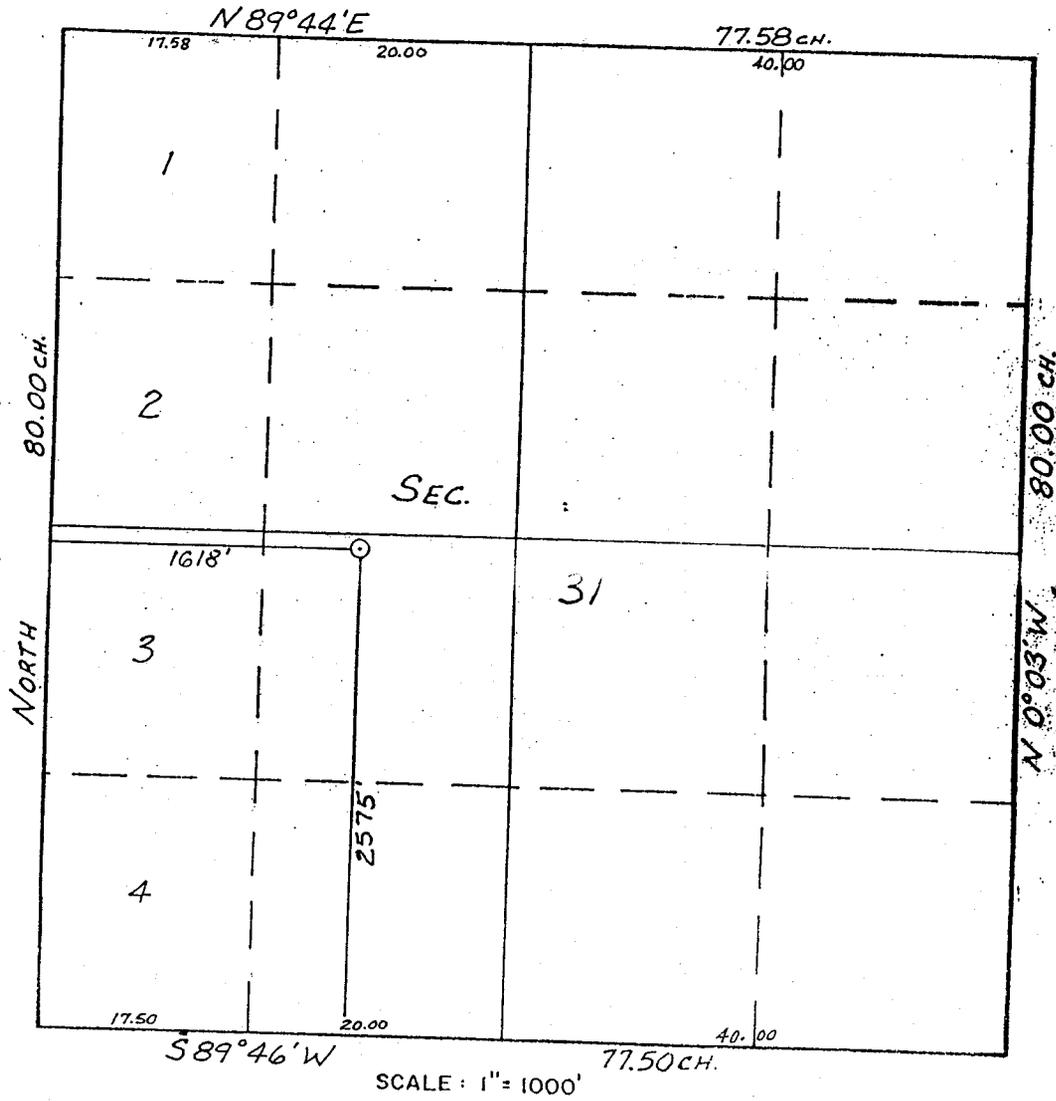
cc: Cowan (3), MDO (3), SJRA (1), UDOGM (2)

CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

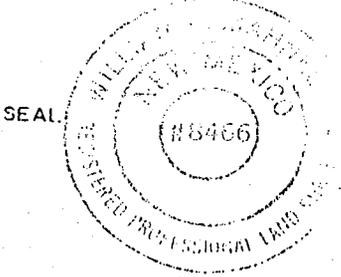
STATE OF UTAH DOGM

COMPANY YATES PETROLEUM CORPORATION
 LEASE LEMS DRAW FEDERAL WELL NO. 1
 SEC. 31, T. 36 S, R. 23 E
 COUNTY San Juan STATE Utah
 LOCATION 2575'FSL & 1618'FWL
 ELEVATION 5888



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.

RECEIVED
 DEC 21 1987



William E. Mahnke II
 WILLIAM E. MAHNKE II
 NEW MEXICO P.L.S. NO 8466

DIVISION OF
 OIL, GAS & MINING

SURVEYED Dec 3, 1987

Yates Petroleum Corporation
Well No. Lems Draw Federal 1
Sec. 31, T. 36 S., R. 23 E.
San Juan County, Utah
Lease U-49986-B

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.

RECEIVED
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DIVISION OF
OIL, GAS & MINING

B. SURFACE USE PLAN

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

RECEIVED
DEC 21 1987

DIVISION OF
OIL, GAS & MINING



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

December 24, 1987

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

Gentlemen:

Re: Lems Draw Federal #1 - NE SW Sec. 31, T. 36S, R. 23E
2575' FSL, 1618' FWL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule R615-3-3, Oil and Gas Conservation General Rules.

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

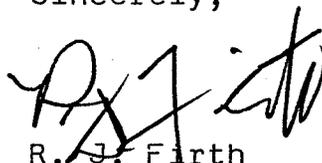
1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form to the Division within five working days of the time that the well is spudded or a change in operations or interests necessitates a change in entity status.
3. Submittal 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.
5. Compliance with the requirements of Rule R615-3-22, Gas Flaring or Venting, Oil and Gas Conservation General Rules.

Page 2
Yates Petroleum Corporation
Lems Draw Federal #1
December 24, 1987

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) 538-6121.
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 43-037-31378.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

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

CONFIDENTIAL
010605

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API #43-037-31378

NAME OF COMPANY: YATES PETROLEUM COMPANY

WELL NAME: LEMS DRAW FEDERAL #1

SECTION NE SW 31 TOWNSHIP 36S RANGE 23E COUNTY San Juan

DRILLING CONTRACTOR Coleman

RIG # 3

SPUDED: DATE 12-31-87

TIME 12:30 AM

How Rotary

DRILLING WILL COMMENCE _____

REPORTED BY Tim Bussell

TELEPHONE # (303) 565-3491

DATE 12-31-87 SIGNED AS _____

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 P&A
b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR.

RECEIVED
WHITE HOLE
JAN 26 1988

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 2575' FSL & 1618' FWL (NESW)
At top prod. interval reported below
At total depth

14. PERMIT NO. *Dr.* DATE ISSUED
API #43-037-31378

15. DATE SPUDDED 12-31-87
16. DATE T.D. REACHED 1-16-88
17. DATE COMPL. (Ready to prod.) Dry
18. ELEVATIONS (DF, RKB, RT, CR, ETC.)* 5888' GR

20. TOTAL DEPTH, MD & TVD 6805'
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)*
None

26. TYPE ELECTRIC AND OTHER LOGS RUN
CNL/LDT; DLL/MSFL; BHC 1-26-88

27. WAS WELL CORED No

25. WAS DIRECTIONAL SURVEY MADE 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#	302'	17-1/2"	350 SX	
8-5/8"	24#	2550'	12-1/4"	1250 SX	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

33.* PRODUCTION

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

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO

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

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 *Arleta Doodlet* TITLE Production Supervisor DATE 1-20-88

5. LEASE DESIGNATION AND SERIAL NO.
U-49986-B 020112

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Lems Draw Federal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 31-T36S-R23E

12. COUNTY OR PARISH
San Juan

13. STATE
Utah

*(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 6514-6561' (147') Upper Ismay: TIMES: TO 15'; SI 60"; TO 60"; TO 60"; SI 180". Opened with weak blow on 1/8" bubble hose, slowly died off by end of flow period. Re-opened with no blow, slowly increased to weak blow on 1/8" bubble hose by end of flow period. No gas of fluid to surface. RECOVERY: 35' drilling mud. SAMPLER: .25 cfg, 20 psi, no fluid. PRESSURES: Bottom (6532'), BHT 140°, IHP 3254, IFP 85-85, ISIP 132, FFP 95-95, FSIP 150, FHP 3291.</p>	Entrada Navajo Chinle Shinarump Cutler Honaker Trail Paradox Upper Ismay Lower Ismay Up Desert Creek Lwr Desert Creek Akah	1045 1256 2326 2882 3028 4568 6257 6435 6584 6669 6726 6768	

38. GEOLOGIC MARKERS

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

HAROLD JACOBS
Chairman

WILLIAM D. HOWELL
Executive Director

P. O. Drawer A1 • Price, Utah 84501 • Telephone 637-5444

030723

AREAWIDE CLEARINGHOUSE A-95 REVIEW

NOI ___ Preapp ___ App ___ State Plan ___ State Action X Subdivision ___ (ASP # 1-129-2)

Other (indicate) _____ SAI Number UT871209-020

Applicant (Address, Phone Number):

Federal Funds:

Requested: _____

Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Title:

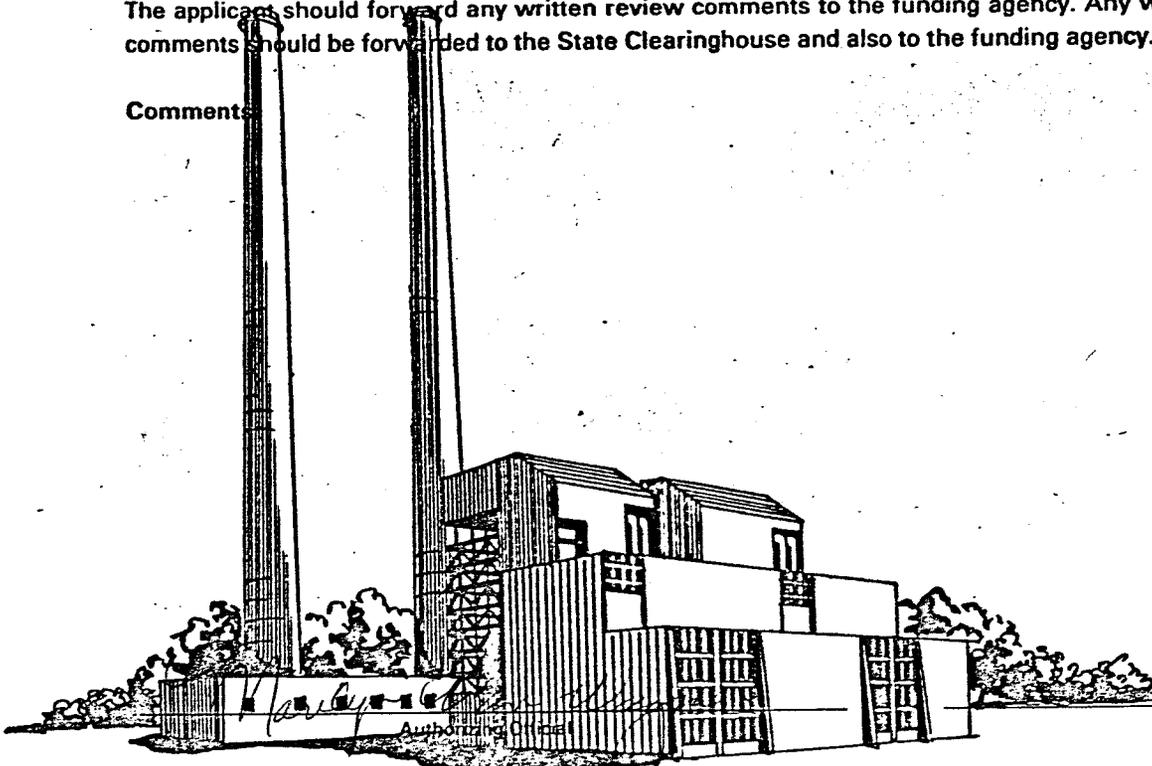
APPLICATION FOR PERMIT TO DRILL
(Yates Petro. Corp.)

*YATES PETROLEUM
LEMS DRAW FEED
S 31, 36 S 23E SOW
43-037-31378*

- No comment
- See comments below
- No action taken because of insufficient information
- Please send your formal application to us for review. Your attendance is requested

The applicant should forward any written review comments to the funding agency. Any written response to those comments should be forwarded to the State Clearinghouse and also to the funding agency.

Comments



2-25-88

Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE
(Other instructions
reverse side)

Form approved
Budget Bureau No. 1-994-4
Expires August 31, 1985

11

SUNDRY NOTICES AND REPORTS ON WELLS

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

RECEIVED
SEP 05 1988
TITLE HOLD

U-49986-B
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME
9. WELL NO.
10. FIELD AND POOL OR WILDCAT
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
12. COUNTY OR PARISH
13. STATE

1. OIL WELL GAS WELL OTHER P&A
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
2575' FSL & 1618' FWL (NESW)
14. PERMIT NO.
API #43-037-31378
15. ELEVATIONS (Show whether DF, RT, GR, etc.)
5888' GR

Sec. 31-T36S-R23E
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 <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	

(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.)*

TD 6805'. Verbal permission obtained from Mr. Dale Manchester, BLM, Moab, Utah, to plug and abandon well.

Plugged well as follows:

- Plug #1 6845-6235' w/85 sx Class "B".
- Plug #2 2700-2400' w/135 sx Class "B" with 1% CaCl2. Waited 2 hrs. Tag at 2500'. (50' inside 8-5/8" casing).
- Plug #3 50' - Surface with 20 sx Class "B".

Plugging completed 1-17-88.

OIL AND GAS	
DRN	RJF
JRB	GLH
DTS	SLS
1-TAS	
2- MICROFILM	
3- FILE	

18. I hereby certify that the foregoing is true and correct
SIGNED [Signature] TITLE Production Supervisor DATE 1-19-88

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side