

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
SEP 6 1988  
SUBMIT AN APPLICATION TO THE STATE  
Other instructions on  
reverse side

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  OIL, GAS & MINING 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 **820' FSL & 500' FWL (SESE) FEL**  
 At proposed prod. zone **Same**

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

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest orig. unit line, if any) **500'**

16. NO. OF ACRES IN LEASE **1,872.48**

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. **2,673'**

19. PROPOSED DEPTH **5,850' *then***

20. ROTARY OR CABLE TOOLS **Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.) **5,297' ungraded ground**

22. APPROX. DATE WORK WILL START\* **Oct. 15, 1988**

5. LEASE DESIGNATION AND SERIAL NO.  
**U-43651**

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

7. UNIT AGREEMENT NAME  
**Cazador**

8. FARM OR LEASE NAME  
**Cazador Unit**

9. WELL NO.  
**1-4**

10. FIELD AND POOL, OR WILDCAT  
 Undesignated

11. SEC., T., E., M., OR BLK. AND SURVEY OR AREA  
**31-37s-25e SLBM**

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

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)	80'	≈ 75 cu ft or to surface
12-1/4"	8-5/8"	24* (J-55, ST&C)	1,700'	≈ 1,050 cu ft or to surface
7-7/8"	5-1/2"	15.5* (J-55, ST&C)	5,850'	≈ 275 cu ft or to 4,800'

**TIGHT HOLE. PLEASE KEEP CONFIDENTIAL.**

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 9-3-88

(This space for Federal or State office use)

PERMIT NO. 43-037-31452 APPROVAL DATE 9-3-88

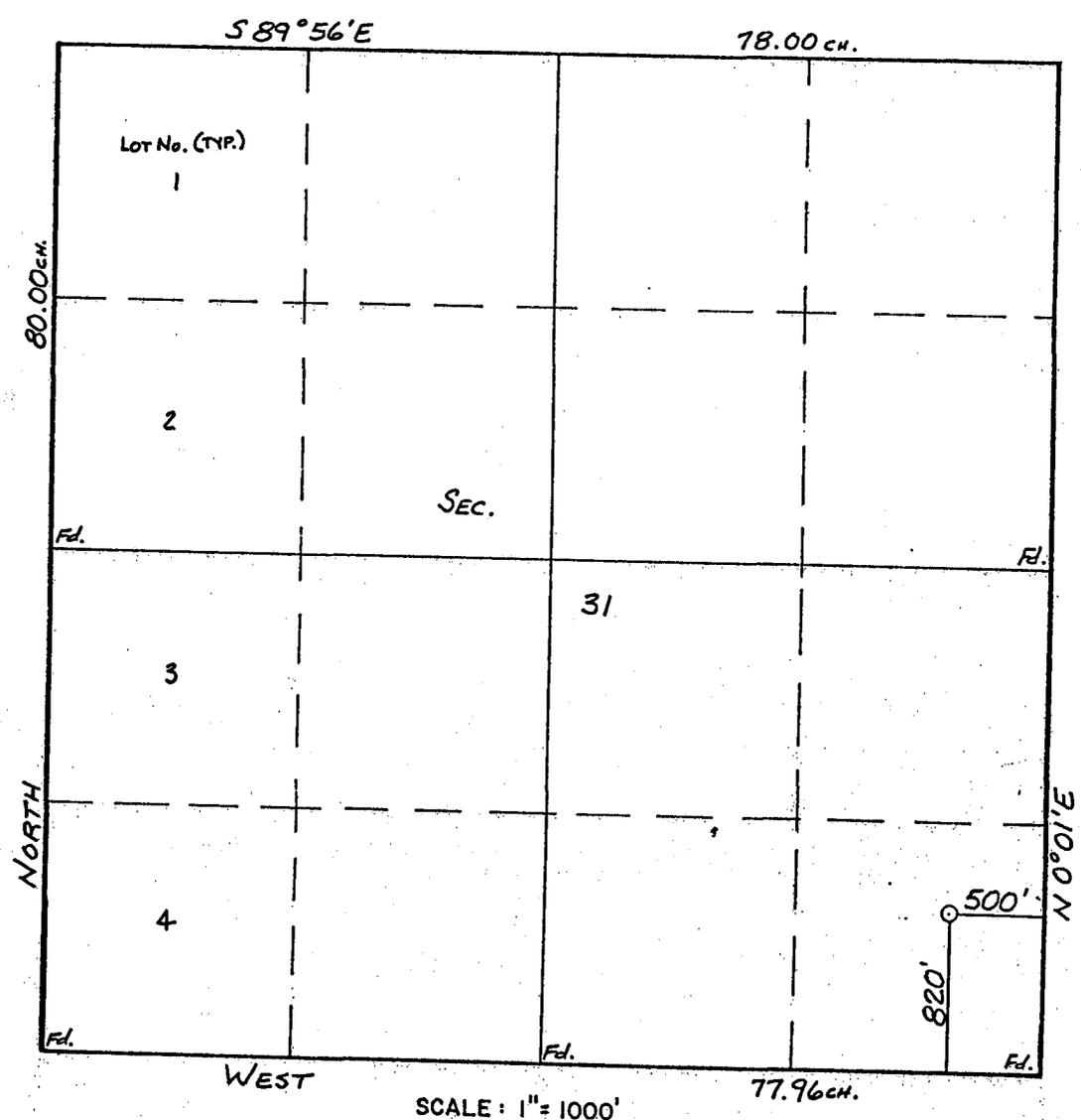
APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY THE STATE  
 OF UTAH DIVISION OF  
 OIL, GAS, AND MINING  
 DATE: 9-3-88  
 BY: *John R. Baya*  
 WELL SPACING: R615-2-3

\*See Instructions On Reverse Side

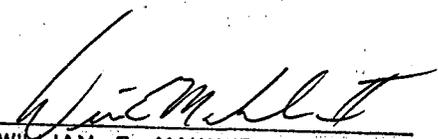
COMPANY YATES PETROLEUM CORPORATION  
 LEASE CAZADOR UNIT WELL NO. 1-4  
 SEC. 31, T. 37 S, R. 25 E  
 COUNTY San Juan STATE Utah  
 LOCATION 820'FSL & 500'FEL  
 ELEVATION 5297



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. N° 8466

SURVEYED Aug. 16, 19 88

Yates Petroleum Corporation  
Cazador Unit 1-4  
820' FSL & 500' FEL  
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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>
Morrison	000'	12'	+5,297'
Entrada	622'	634'	+4,675'
Navajo	812'	824'	+4,485'
Chinle	1,607'	1,619'	+3,690'
Shinarump	2,352'	2,364'	+2,945'
Cutler	2,482'	2,494'	+2,815'
Honaker Trail	4,337'	4,349'	+ 960'
Paradox	5,337'	5,349'	- 40'
Upper Ismay	5,477'	5,489'	- 180'
Lower Ismay	5,662'	5,674'	- 365'
Upper Desert Creek	5,727'	5,739'	- 430'
Lower Desert Creek	5,782'	5,794'	- 485'
Akah Shale	5,817'	5,829'	- 520'
Total Depth (TD)	5,850'	5,862'	- 553'

\* ungraded GL

**2. NOTABLE ZONES**

The estimated depths from ungraded GL at which water, oil, gas, or other

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mineral bearing zone formation tops are expected to be encountered are:

Possible Fresh Water Zones

Morrison: 000'  
Entrada: 622'  
Navajo: 812'

Possible Uranium Zones

Morrison: 000'  
Chinle: 1,607'

Possible Oil & Gas Zones

Honaker Trail: 4,337'  
Upper Ismay: 5,477'  
Lo. Desert Creek: 5,782'

Possible Salt Water Zones

Shinarump: 2,352'  
Cutler: 2,482'

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)

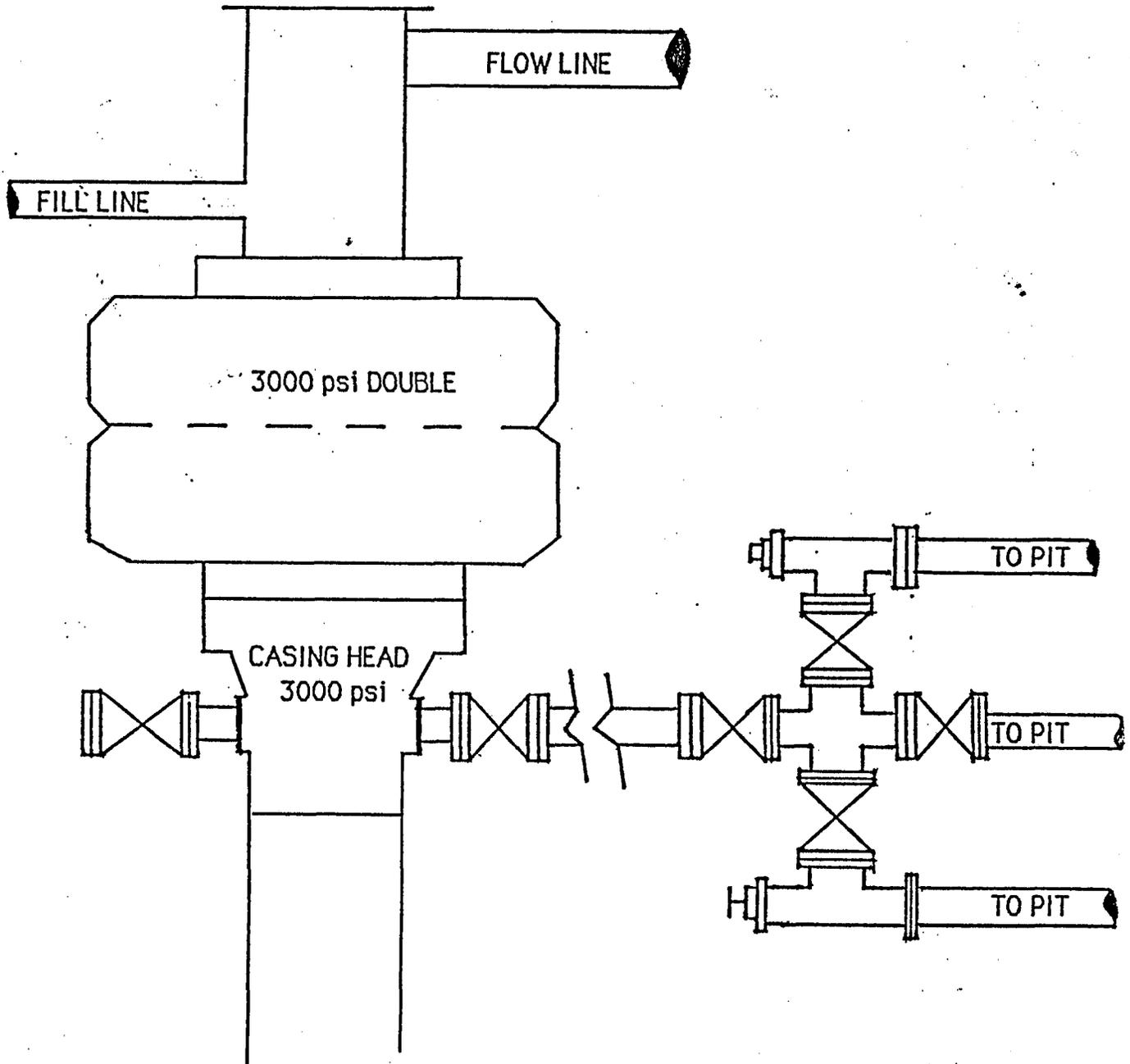
BOP systems will be consistent with API RP 53. A 3,000 psi double ram and annular preventer with a 3,000 psi choke manifold will be used. A diagram of a typical BOP is on Page 3. Actual model will not be known until bid is let. A kelly cock and sub with full opening valve will be on the floor.

Ram type preventers will be tested to the rated working pressure of the stack or to 70% of the internal yield of the casing, whichever is less. The annular type preventer will be tested to 50% of its rated working pressure.

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.

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BOPs will be inspected and operated at least daily to assure good mechanical working order. All BOP mechanical tests, pressure tests, and inspections will be recorded on the drillers log or daily drilling report.



BLOWOUT PREVENTER

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#### 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' - 80'
12-1/4"	8-5/8"	24*	J-55	ST&C	New	0' - 1,700'
7-7/8"	5-1/2"	15.5*	J-55	ST&C	New	0' - 5,850'

Conductor Pipe (0' - 80'): Cement to surface with  $\approx$ 75 cu. ft. standard cement.

Surface Casing (0' - 1,700'): Cement to surface in one stage with  $\approx$ 1,050 cu. ft. Class C cement with 2% CaCl<sub>2</sub>. Casing shoe @ 1,700'. Float @ 1,660'.

Production Casing (0' - 5,850'): Cement across zones of interest in one stage, if warranted, with  $\approx$ 275 cu. ft. Class C to reach estimated top at 4,800'. Float collar will be set  $\approx$ 40' above TD with casing shoe at TD (5,850').

#### 5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec/qt)</u>	<u>FL(cc)</u>
0' - 5,200'	Fresh Water			
5,200' - 5,850'	Fr. Water gel & starch	8.5-9.8	35-45	10-15

There will be a flow sensor and pit level indicator.

#### 6. CORING, TESTING, & LOGGING

No cores are planned. Cuttings will be collected every 10' from the base of the surface casing (1,700') to TD (5,850'). Drill stem tests may be run in the Upper Ismay (primary objective), Lower Desert Creek (secondary

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objective), and elsewhere (e.g., Honaker Trail) if good shows are found. The following logs may be run from the base of the surface casing to TD:

CIL and CNL/LDT  
Dipmeter  
DLL and 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 3164. 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 Office.)

#### 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 October 15, 1988. It is expected it will take  $\approx$ 15 days to drill the well and  $\approx$ 10 days to complete the well.

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 Office within 24 hours after spudding. If the spud is on a weekend or holiday, the Sundry will be sent on the

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following regular week 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 Office.

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

If the well is successfully completed for production, then the District Office will be notified. Written notification will be sent not later than 5 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 Office. 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 Office's approval *per* NTL-4A.

A Sundry Notice will be sent to the District Office 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 installed. The following information will be beaded on with a welding torch: Yates Petroleum Corporation, Cazador Unit 1-4, SESE 31-37s-25e, U-43651.

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### 13 Point Surface Use Plan

#### 1. DIRECTIONS & EXISTING ROADS (See PAGES 16 & 17)

From the Blue Mt. Cafe in Dove Creek, Colorado, go south 2.7 mi. on Road 7.  
Then turn right and go west 1.0 mi. on Road L.  
Then turn left and go south 3.0 mi. on Road 6.  
Then turn right and go west 3.2 mi. on Road P.  
Then bear left and go south 1.0 mi. on Road 3.  
Then turn right and go west 1.0 mi. on Road R.  
Then turn left and go south 1.0 mi. on Road 2.  
Then turn right and go west 2.1 mi. to a brown tank battery.  
Then turn left and go southwest 13.5 mi.  
Then turn right and go west 1.3 mi.  
Then turn right and go north and west 2.7 mi. almost to the Patterson Unit #4 well. New construction will begin here as 0.3 mi. of new road will curve south, west, and north to the location.

Existing roads are successively county, private, BLM, and state. Roads will be maintained to a standard at least equal to their present condition. No upgrading is needed.

An Encroachment Permit has been approved by the San Juan County Road Department. Yates has applied for a state right-of-way for the final 0.4 mi. of existing road and first 0.1 mi. of new road.

#### 2. NEW ROAD (See PAGE 17)

New construction will start just before driving onto the Patterson Unit #4 wellpad. There will be 0.3 mi. of road to be built. It will be flat bladed with a 16' wide running surface and 30' maximum disturbed width. A

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cattleguard and wire drop down gate will be installed. The cattleguard will be set perpendicular to the road. The fence will be extended to compensate for the alignment change caused by the cattleguard. A 24" x 40' culvert and 18" x 30' culvert will be installed. Turnouts will be built as needed. Maximum cut or fill will be 10'. Maximum grade will be 10%.

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 Area Manager.

The new road will be water barred or upgraded 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 that temporary drainage control can be installed. Class 3 Road Standards control drainage through the use of topography, ditch turnouts, dips, outsloping, crowning, low water crossings, and culverts. Specific measures will be determined at a BLM-Yates field inspection.

**3. EXISTING WELLS (See PAGE 17)**

The following wells are within 1 mile:

Wexpro's Patterson Unit #4 is 1,007' away @ 700' FSL & 500' FWL  
32-37s-25e

Wexpro's Patterson Unit #1 is 1,601' away @ 781' FNL & 2116' FWL  
5-38s-25e

Yates' Cazador Unit 1-1 is 2,673' away @ 1780 FSL & 2150 FWL  
31-37s-25e

Wexpro's Patterson Unit #2 is 2,818' away @ 1824' FSL & 2134' FWL  
32-37s-25e

Yates' Cazador Unit 1-3 is 3,714' away @ 2252 FNL & 2588 FEL  
31-37s-25e

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Wexpro's Patterson Unit #3 is 4,813' away @ 1650' FNL & 1650' FEL  
5-38s-25e

Yates' Cazador Unit 1-2 is 4,830' away @ 1980 FNL & 500 FWL  
31-37s-25e

#### 4. PROPOSED PRODUCTION FACILITIES

The type and layout of the production facilities are not known now. A Sundry Notice will be submitted 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 are 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 and valves will be placed inside the dike.

All site security guidelines in 43 CFR 3162.7-4 will be obeyed. 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 must have prior written approval from the District Office.

Any gas meter run will be within 500' of its wellhead. The gas line will be buried from the wellhead to the meter and downstream for the remainder of the pad. 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

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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.

5. WATER SUPPLY (See PAGE 17)

Water will either be trucked ≈0.9 mi. or pumped through a temporary surface pipeline laid along the same road from Wexpro's Patterson Unit #2 water well. It is on state land in SW 32-37s-25e. An Application to Appropriate Water has been filed with the State of Utah Div. of Water Rights. Wexpro has concurred with this use.

6. CONSTRUCTION MATERIALS

Pad construction materials are native *in situ* soils on lease. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.1-3. Commercial bentonite will be used to line the reserve pit.

7. WASTE DISPOSAL

The reserve pit will be lined with commercially bought bentonite. Over half 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 trash will be placed in a trash cage near the mud tanks. When full, it

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will be hauled to the Blanding dump or an approved landfill in Dolores County or Montezuma County, Colorado. A burning permit is required for burning trash between May 1 and October 31. Obtain a burning permit 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 10' 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 site for the company man, mud logger, and tool pusher.

**9. WELL SITE LAYOUT**

See PAGES 18 and 19 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, trash cage, access onto the pad, parking, living facilities, and rig orientation.

100' of 1 strand barbed wire fence will be strung across the southeast corner of the pad before construction starts to protect an archaeological site. Care will be taken when diverting a wash past the southeast corner. The wash will be diverted north (downhill) of the fence.

Trees, brush, and the slight amount of topsoil present will be stockpiled

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southwest of the pad. Topsoil along the access will be reserved by windrowing along the road.

10. RECLAMATION

Immediately upon completion of drilling, all trash and debris will be collected from the pad and surrounding area and placed in the trash cage.

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.

Soil, trees, and brush will be spread evenly over the disturbed area. All disturbed areas will be ripped 6" deep with the contour. Rippers will be 18" apart.

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

<u>Species</u>	<u>Rate (pounds/acre)</u>
Crested wheatgrass ( <i>Agropyron desertorum</i> )	8
Fourwing saltbush ( <i>Atriplex canescens</i> )	3
Yellow sweetclover	0.5

The new access will be blocked and water barred to prevent vehicle access. The reserve pit and that part of the pad not needed for production

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will be reclaimed as previously described.

11. SURFACE OWNER

BLM is the owner of the pad and 0.2 mi. of new road. The State of Utah is the owner of 0.1 mi. of new road.

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 3164.

All wells, whether drilling, producing, suspended, or abandoned will be identified *per* 43 CFR 3162.3-2.

All people in the area who are associated with the project will be informed that they can be prosecuted for disturbing archaeological or paleontological sites or collecting artifacts, arrowheads, or fossils.

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

This permit will be valid for one year from the date of approval. After

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permit expiration, a new permit 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.

The Resource Area's mailing address is P.O. Box 7, Monticello, Utah 84535. The phone number is (801) 587-2141.

The nearest hospital is a 75 to 90 minute drive to Monticello. Monticello's hospital is 3 blocks northwest of the intersection of US 666 and US 191. Phone number is (801) 587-2116. The nearest medical 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 representative for Yates Petroleum Corporation is Al Springer.

**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

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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.



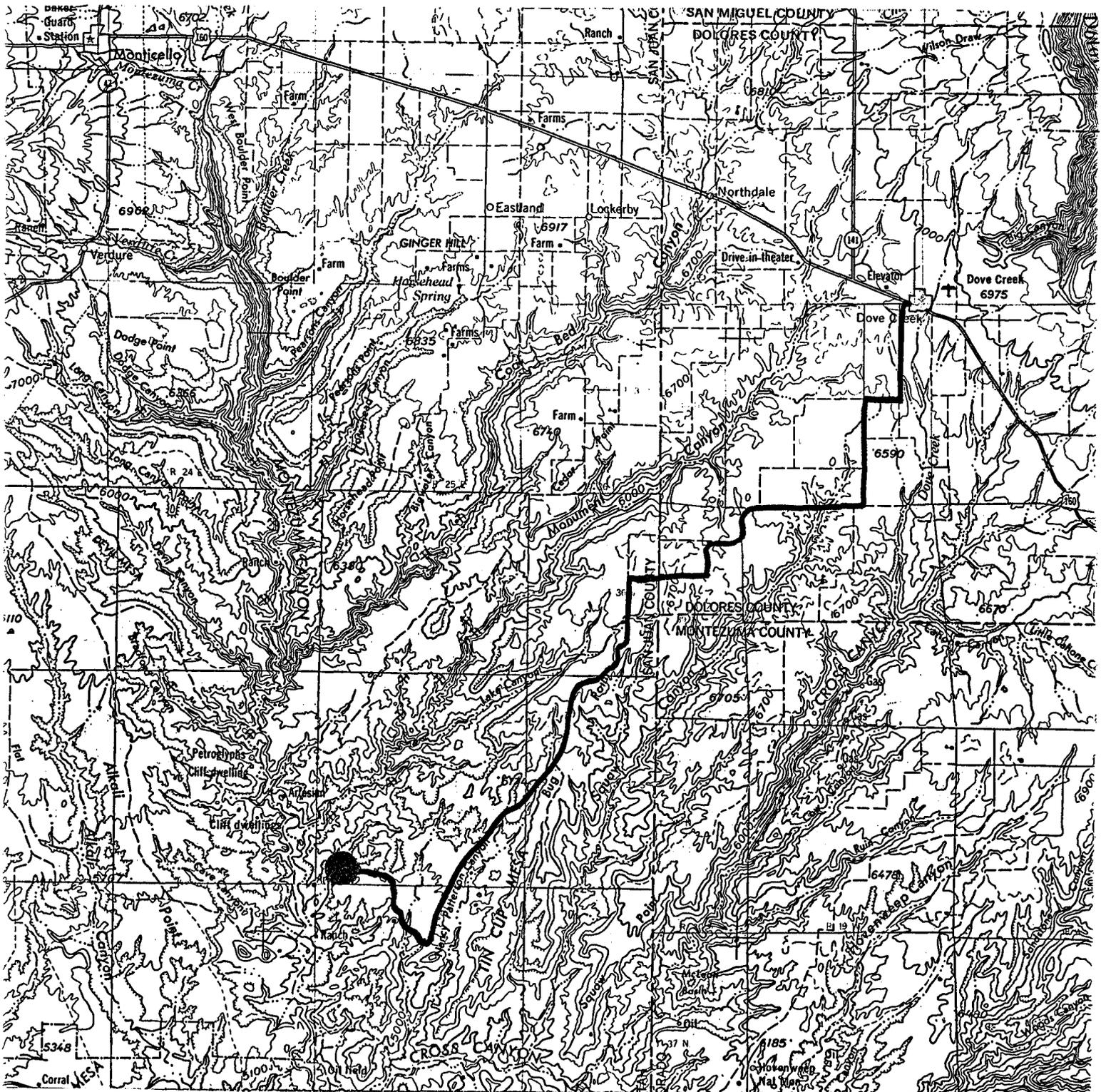
\_\_\_\_\_  
Brian Wood

September 3, 1988

Date

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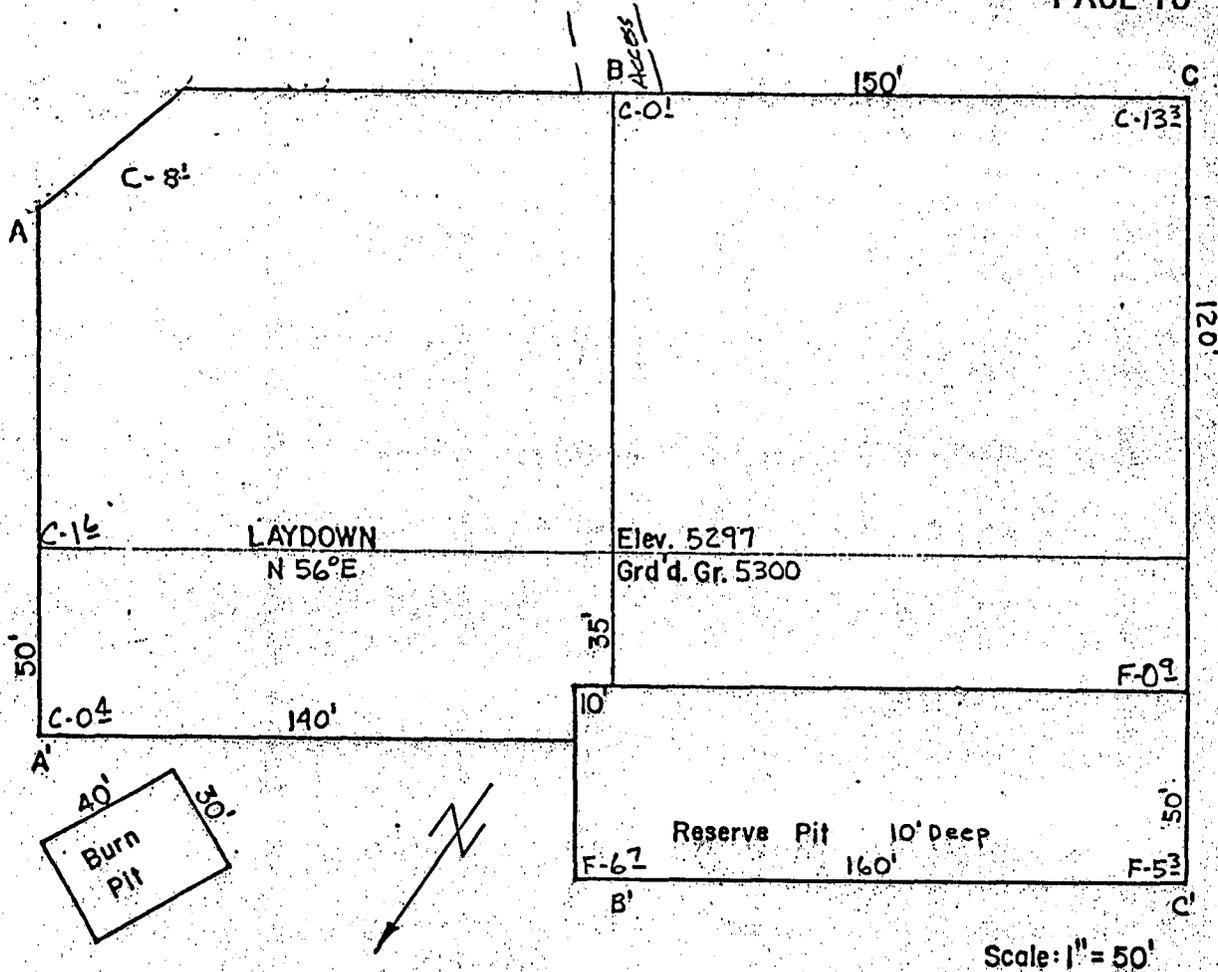
PROPOSED WELL: ●

ACCESS ROUTE: ~



YATES PETROLEUM CORPORATION  
 CAZADOR UNIT 1-4  
 820' FSL & 500' FEL  
 Sec. 31, T37S, R25E  
 San Juan Co., Utah

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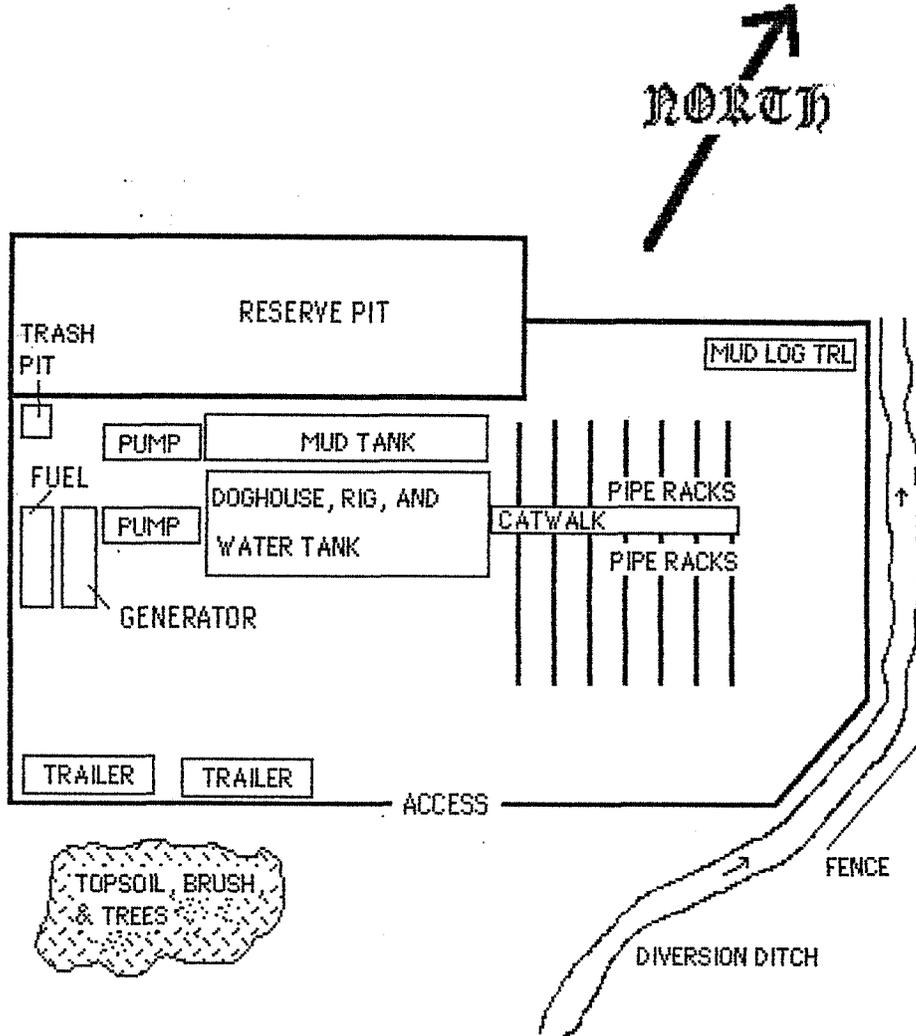
Vert.: 1" = 30' Horiz.: 1" = 100' C/L

Section	Elevation 5305	Elevation 5295	Profile
A-A'			Profile showing a slope from left to right with a dashed ground line and a solid profile line.
B-B'			Profile showing a slope from left to right with a dashed ground line and a solid profile line, including a hatched area representing a pit.
C-C'			Profile showing a slope from left to right with a dashed ground line and a solid profile line, including a hatched area representing a pit.

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

Rec. by JS  
Fee Rec. 30.00  
Receipt # 24794  
Microfilmed \_\_\_\_\_  
Roll # \_\_\_\_\_

AUG 25 1988 24  
AUG 22 1988  
**APPLICATION TO APPROPRIATE WATER RIGHTS**  
WATER RIGHTS PRICE  
SALT LAKE **TEMPORARY**

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 Title 73, Chapter 3 of the Utah Code Annotated (1953, as amended).

\* WATER RIGHT NO. 09 — 1599 \* APPLICATION NO. A T63484

1. \* PRIORITY OF RIGHT: August 22, 1988 \* FILING DATE: August 22, 1988

2. OWNER INFORMATION  
Name(s): Yates Petroleum Corporation c/o Permits West, Inc. \* Interest: \_\_\_\_\_ %  
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 Two ac-ft

4. SOURCE: Patterson Unit #2 water well \* DRAINAGE: \_\_\_\_\_  
which is tributary to Bug Canyon  
which is tributary to Montezuma Canyon  
POINT(S) OF DIVERSION: \_\_\_\_\_ COUNTY: San Juan  
North 1,824 feet and East 2,134 feet from the SW corner of Sec. 32, T. 37 S., R. 25 E., SLBM

Description of Diverting Works: Water will be pumped directly into 85 bbl tank trucks.  
\* COMMON DESCRIPTION: 9 miles North of Hatch Trading Post Monument Canyon 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 \_\_\_\_\_ cfs or 2.0 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

**Appropriate**

8. List any other water rights which will supplement this application \_\_\_\_\_  
Application supplements Wexpro/Calsius' rights in Application 09-1143

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 Oct. 1, 1988 to Sept. 30, 1989

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): \_\_\_\_\_  
North 820' and West 500' from the SE corner of Sec. 31, T. 37 S., R. 25 E., SLBM at the Cazador Unit 1-4  
oil well (SESE 31-37s-25e) on BLM land.

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 #2: Land is state. Yates has a road right-of-way for part of the water haul route, and is applying to the Utah Div. of State Lands & Forestry for another state right-of-way for the rest of the route. Wexpro/Calsius has agreed to allow Yates to pump water from its well, which is a dry hole converted to a water well.

\*\*\*\*\*

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).

*John Yates*  
Signature of Applicant(s)

STATE ENGINEER'S ENDORSEMENT

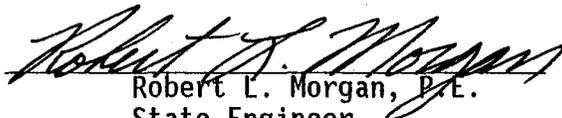
WATER RIGHT NUMBER: 09 - 1599

APPLICATION NO. T63484

1. August 22, 1988      Application received by MP.
  2. August 23, 1988      Application designated for APPROVAL by MP and KLJ.
  3. Comments:
- 
- 

Conditions:

This application is hereby APPROVED, dated September 2, 1988, subject to prior rights and this application will expire on September 2, 1989.

  
Robert L. Morgan, P.E.  
State Engineer

# CONFIDENTIAL

OPERATOR Yates Petroleum Corporation DATE 9-6-88

WELL NAME Cazador Unit 1-4

SEC SESE 31 T 37S R 25E COUNTY San Juan

43-037-31452  
API NUMBER

Fed.  
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Nearest well ok under Unit spacing.  
Water Permit 09-1599 / T63484  
Unit is still an exploratory unit, no P.O.D. required.

APPROVAL LETTER:

SPACING:

R615-2-3

Cazador Unit  
UNIT

R615-3-2

CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Brian Wood  
Verify footages  
500' FW & 500' FEI  
tbl

\_\_\_\_\_  
**CONFIDENTIAL**  
**PERIOD**  
**EXPIRED**  
**ON 8-24-90**  
\_\_\_\_\_  
\_\_\_\_\_



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter  
Governor

Dee C. Hansen  
Executive Director

Dianne R. Nielson, Ph.D.  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

September 9, 1988

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

Gentlemen:

Re: Cazador Unit 1-4 - SE SE Sec. 31, T. 37S, R. 25E - San Juan County, Utah  
820' FSL, 500' FEL

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.

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

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form OGC-8-X.
4. Prompt notification if it is necessary to plug and abandon the well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or Jim Thompson, Lead Inspector, (Home) 298-9318.
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  
Cazador Unit 1-4  
September 9, 1988

6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of 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 43-037-31452.

Sincerely,



R. J. Eirth  
Associate Director, Oil & Gas

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**RECEIVED**  
OCT 11 1988

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  
 DIVISION OF  OIL, GAS & MINING

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 **820' FSL & 500' FWL (SESE)**  
 At proposed prod. zone **Same FEL**

5. LEASE DESIGNATION AND SERIAL NO.  
**U-43651**

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

7. UNIT AGREEMENT NAME  
**Cazador**

8. FARM OR LEASE NAME  
**Cazador Unit**

9. WELL NO.  
**1-4**

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  
**Ut.**

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

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  
**1,872.48**

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.  
**2,673'**

19. PROPOSED DEPTH  
**5,850'**

20. ROTARY OR CABLE TOOLS  
**Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
**5,297' ungraded ground**

22. APPROX. DATE WORK WILL START\*  
**Oct. 15, 1988**

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)	80'	≈ 75 cu ft or to surface
12-1/4"	8-5/8"	24* (J-55, ST&C)	1,700'	≈ 1,050 cu ft or to surface
7-7/8"	5-1/2"	15.5* (J-55, ST&C)	5,850'	≈ 275 cu ft or to 4,800'

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 Noel TITLE Consultant DATE 9-3-88

(This space for Federal or State office use) cc: Beardemphl (3), MDO (3), SJRA, UDOGM (2)

PERMIT NO. 43-037-31452 APPROVAL DATE \_\_\_\_\_

APPROVED BY /s/Gene Nodine TITLE District Manager DATE 10/6/88

**CONDITIONS OF APPROVAL ATTACHED**

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

\*See Instructions On Reverse Side



Yates Petroleum Corporation  
Well No. Cazador Unit 1-4  
SESE Sec. 31, T. 37 S., R. 25 E., SLB&M  
San Juan County, Utah  
Lease U-43561

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.

Be advised that Yates Petroleum Corporation is considered to be the operator of the above well, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by Bond No. A-R-71373-49 (Principal - Yates Petroleum Corp.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

B. SURFACE USE PLAN

1. All persons in the area who are associated with the project will be informed by the holder/operator that they will be subject to prosecution for disturbing archaeological sites or paleontological sites, or collecting artifacts or fossils.

Any cultural and/or paleontological resource discovered by the holder/operator, or any person working on his behalf, on public or federal land shall be immediately reported to the authorized officer (BLM-San Juan Resource Area Office (801) 587-2141). The holder/operator shall immediately suspend all operations in the area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder/operator will be responsible for the cost of evaluation of the discovery and of any required mitigation measures. Any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder/operator and other affected parties.

NOTIFICATIONS

Notify the San Juan Resource Area, at (801) 587-2144 for the following:

2 days prior to commencement of dirt work, construction or reclamation;

1 day prior to spudding;

1 day prior to running and cementing surface casing;

Notify the Moab District Office, Branch of Fluid Minerals at (801) 259-6111 for the following:

No well abandonment operations will be commenced without the prior approval of the District Manager. In the case of newly drilled dry holes, and in emergency situations, verbal approval can be obtained by calling the following individuals, in the order listed:

Dale Manchester, Petroleum Engineer      Office Phone: (801) 259-6111

Home Phone: (801) 259-6239

Lynn Jackson, Chief, Branch of Fluid Minerals

Office Phone: (801) 259-6111

Home Phone: (801) 259-7990

Paul Brown, I&E Coordinator

Office Phone: (801) 259-6111

Home Phone: (801) 259-7018

24 hours advance notice is required for all abandonments.



**La Plata Archeological Consultants, Inc.**

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

September 2, 1988

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 Corporation's proposed Cazador Unit #1-4 well site and access road located on State and BLM land in San Juan County, Utah. Given the stipulations contained in the report archeological clearance for the project is recommended.

Sincerely,

Barry N. Hibbets  
Secretary-Treasurer

Distribution:

BLM-Salt Lake City  
Antiquities Section  
Division of State Land  
Permits West, Mr. Brain Wood  
Yates Petroleum Corporation

BNH/cr

AN ARCHEOLOGICAL SURVEY OF  
YATES PETROLEUM CORPORATION'S  
CAZADOR UNIT #1-4  
WELL SITE AND ACCESS ROAD,  
SAN JUAN COUNTY, UTAH

LAC Report 88106

by  
Barry N. Hibbets

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

September 2, 1988

Utah Antiquities Permit  
85UT57626  
Utah State Permit  
U88-LA-397 (b,s)

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

## ABSTRACT

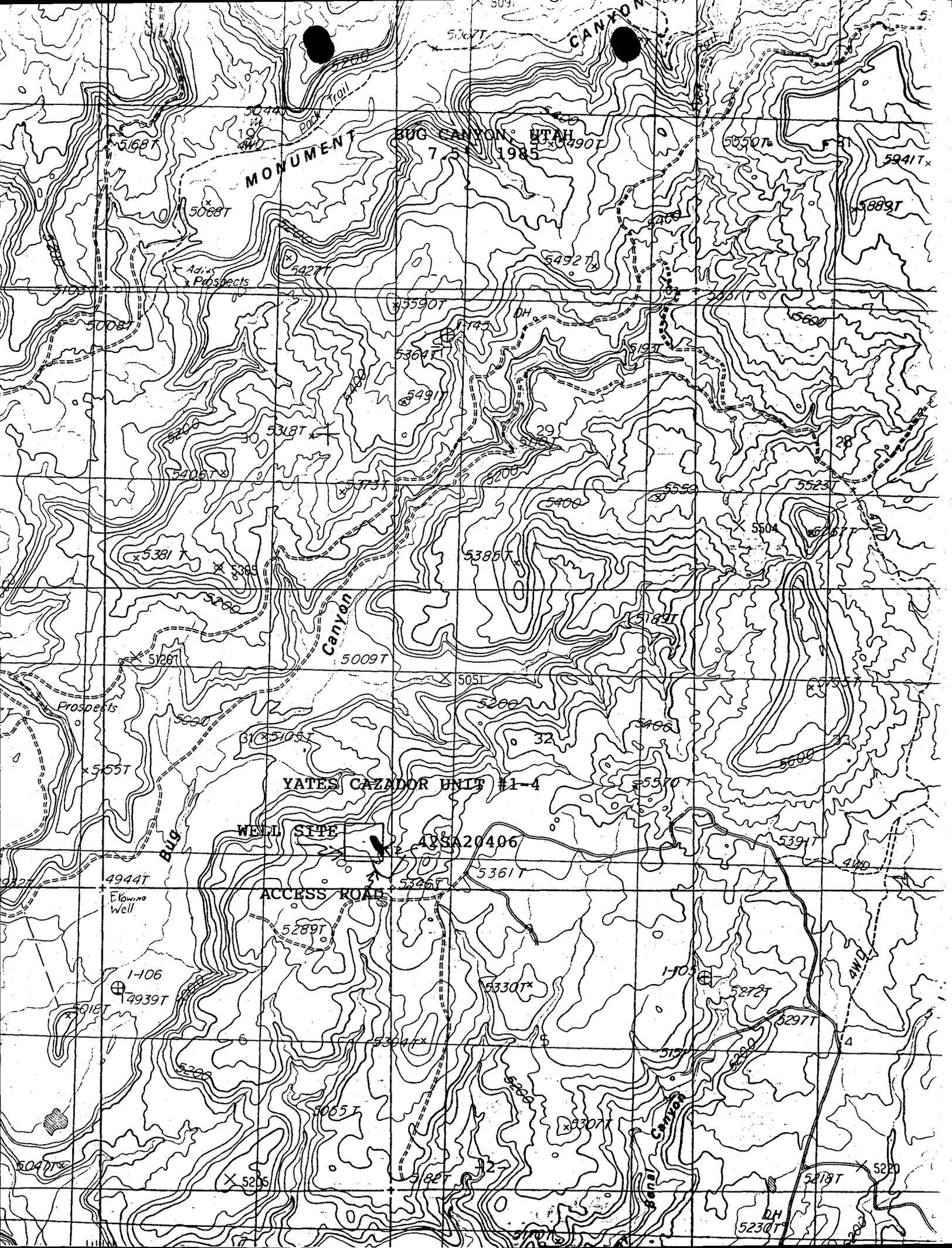
During August 1988, an archeological survey of Yates Petroleum Corporation's proposed Cazador Unit #1-4 well site and 1000' of new access road was conducted by personnel of La Plata Archeological Consultants, Inc. The project area is located on the southern rim of Bug Canyon in San Juan County, Utah. The well site and 500' of the access route is on land administered by the Bureau of Land Management - San Juan Resource Area. The remaining 500' of access is on land owned by the State of Utah. A 660x660' square area (10 acres) surrounding the well centerstake, and 100' wide corridor along the 1000' of access was archeologically surveyed (1.15 acres State, 1.15 acres BLM). One archeological site was discovered and recorded in the vicinity of the well site (42SA20406). The site displays Anasazi and recent Navajo components, both of an ephemeral nature. The site will not be effected by the development. Given the stipulations contained in this report archeological clearance for Yates Petroleum's Cazador Unit #1-4 well site and access road is recommended.

## INTRODUCTION

During August 1988, an archeological survey of Yates Petroleum Corporation's proposed Cazador Unit #1-4 well site and ca. 1000' of access road was conducted by personnel of La Plata Archeological Consultants, Inc. The project area is located on the rim of Bug Canyon in San Juan County, Utah. The well site and ca. 500' of the access route is located on land administered by the Bureau of Land Management - San Juan Resource Area in the SE 1/4 of the SE 1/4 of section 31, Township 37 South, Range 25 East. The remaining 500' of access is located in the SW 1/4 of the SW 1/4 of section 32 on land owned by the State of Utah. All of the project area is contained on the Bug Canyon, Utah 7.5' series (1975) topographic quadrangle.

The proposed development will consist of the construction of a single well pad ca. 275x325' in area, and building ca. 1000' of new access. A 660x660' square area (10 acres) surrounding the well centerstake and a 100' wide corridor along the access route was archeologically examined (1.15 acres State, 1.15 acres BLM).

The survey was conducted on August 25, 1988 during the on-site pre-drill inspection by Mr. Barry N. Hibbets of La Plata Archeological Consultants, Inc. Others in attendance was Ken Beardemphl (Yates Petroleum), Brian Wood (Permits West), Rich McClure (BLM), Lowell Larson (Perry MacDonald Construction), and Howard Hughes (Howard Hughes Construction).



## PHYSIOGRAPHY AND ENVIRONMENT

The project area is located on the southern rim of Bug Canyon ca. 1.5 miles northeast of the confluence of Bug and Montezuma Canyons'. The well site occupies a constricted northwest trending ravine. Terrain is undulating with northern aspects favored with slope angles ranging from 3 to 15°. Elevations in the area range from 5200 to 5360' MSL.

The vegetative structure of the area is varied. Most of the access route crosses barren terrain with sparse grass and lichen cover. The well site is primarily in an open pinyon pine-juniper association. Important understory species include ephedra, narrow-leaf yucca, broom snakeweed, and bitterbrush.

Sediments consist primarily of residual sand, silt, and clay intermittently covered with sand to gravel-size colluvium. Silicate gravels from decomposed conglomerate sandstone abound.

Present perennial water is scarce. Montezuma Creek, located 1.5 miles west of the project area carries water throughout most of the year. Major washes and arroyos furnish seasonal water.

Avian, reptilian, and mammalian associations are consistent with those of the Upper Sonoran Life Zones throughout the Colorado Plateau.

## SURVEY PROCEDURE

Prior to the initiation of the field work site file and literature reviews were conducted at the Bureau of Land Management - San Juan Resource Area office and via the Utah Division of State History - Antiquities Sections. The results of these reviews concluded that no previously recorded sites are present in the project area.

On-the-ground survey was conducted by the single archeologist systematically walking over the well site via a series of north-south transects spread at 15 meter intervals. A 660x660' square area (10 acres) surrounding the well centerstake was archeologically surveyed. The 1000' of access road was inventoried via two sinuous transects spaced at 15 meter intervals effectively surveying a corridor 100' wide (3.3 acres: 1.15 BLM, 1.15 State). The newly discovered cultural resource was recorded on appropriate IMACS site record forms, mapped and photographed. No surface collections were made and no subsurface probings or excavations were attempted.

## SURVEY RESULTS

One multicomponent archeological site was discovered and recorded during the examination. The following section briefly describes the resource. More detailed

information is contained on the site record from submitted to appropriate State and Federal offices.

Site No.: 42SA20406

Description: The site is located on the crest and west facing slope of a low northwest trending ridge near the rim of Bug Canyon. Two temporally and culturally distinct components are present. PII-III Anasazi: This component is manifested by a diffuse scatter of lithic debitage, possible oxidized sandstone, and two unclassifiable whiteware ceramics. No patterning of the deposit was noted. All of the lithics are from silicate gravels occurring in the immediate area in conglomerate sandstone. Recent Navajo: The recent Navajo component at 42SA20406 consists of the remnant of a dismantled brush enclosure, an ash dump, and a diffuse scatter of tin cans and broken glass. A 1950's temporal placement is inferred.

#### SUMMARY AND RECOMMENDATIONS

On August 25, 1988 an archeological survey of Yates Petroleum Corporation's proposed Cazador Unit #1-4 well site and ca. 1000' of access road was conducted by Mr. Barry N. Hibbets of La Plata Archeological Consultants, Inc. The project area is located on the rim of Bug Canyon in San Juan County, Utah. The well site and 500' of the access road is located on land administered by the Bureau of Land Management - San Juan Resource Area. The other 500' of access is on land owned by the State of Utah. A 660x660' square area (10 acres) surrounding the well centerstake and a 100' wide corridor along the 1000' of access road was archeologically surveyed (1.15 acres BLM, 1.15 acres State).

One archeological site (42SA20406) was discovered and recorded in the vicinity of the well pad. It has been flagged for avoidance and should be avoided by all activity. It is recommended that a fence be constructed along its western perimeter to insure its protection. Should subsurface cultural deposits be discovered during the construction phase of the project work should be halted and the Bureau of Land Management - Area Archeologist notified. Measures will then be taken to evaluate its nature and significance. Given this stipulation and providing site 42SA20406 is fenced and strictly avoided archeological clearance for Yates Petroleum's Cazador Unit #1-4 well site and access road is recommended.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API NO. 43-037-31452

NAME OF COMPANY: YATES PETROLEUM CORPORATION

WELL NAME: CAZADOR UNIT 1-4

SECTION SESE 31 TOWNSHIP 37S RANGE 25E COUNTY SAN JUAN

DRILLING CONTRACTOR COLEMAN RIG

RIG # 2

SPUDDED: DATE 2/8/89

TIME 1400 hrs

HOW ROTARY

**CONFIDENTIAL**

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

REPORTED BY RALPH SLOANE

TELEPHONE # 505-327-9171

DATE 2/9/89 SIGNED TAS TAKEN BY: VLC

**RECEIVED**  
FEB 19 1989

ENTITY ACTION FORM - DOGM FORM 6

OPERATOR Yates Petroleum Corporation  
ADDRESS 105 South 4th St.,  
Artesia, NM 88210

OPERATOR CODE M-7400

PHONE NO. 505, 748-1471

**DIVISION OF  
OIL, GAS & MINING**

OPERATORS MUST COMPLETE FORM UPON SPUDDING NEW WELL OR WHEN CHANGE IN OPERATIONS OR INTERESTS NECESSITATES CHANGE IN EXISTING ENTITY NUMBER ASSIGNMENT.

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
B	10807		43-037-31452	Cazador Unit 1-4	SESE	31	37	25	San Juan	2-9-89	

COMMENTS: **CONFIDENTIAL**  
Well will produce into existing tank battery if completed.

COMMENTS: \* Well is in the Cazador Unit and will share tank battery with other Yates wells.  
\* Assigned entity 10807 on 2-14-89. JCR

COMMENTS:

COMMENTS:

COMMENTS:

- ACTION CODES:
- A - ESTABLISH NEW ENTITY FOR NEW WELL
  - B - ADD NEW WELL TO EXISTING ENTITY
  - C - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO ANOTHER EXISTING ENTITY
  - D - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO A NEW ENTITY
  - E - OTHER (EXPLAIN IN COMMENTS SECTION)  
(SEE INSTRUCTIONS)

*Juanita Dooden*  
SIGNATURE  
Production Supervisor 2-10-89  
TITLE DATE

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NO.

U-43651

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UREA AGREEMENT NAME

Cazador

8. FARM OR LEASE NAME

Cazador Unit

9. WELL NO.

1-4

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

1. OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR

Yates Petroleum Corporation (505) 748-1474

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

820' FSL & 500' FWL (SESE)

14. PERMIT NO.

API #43-037-31452

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

5297' GR

RECEIVED  
FEB 13 1989  
DIVISION OF OIL, GAS & MINING

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

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other) Spud Well

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.)\*

Spudded 12-1/2" conductor hole at 12:00 AM 2-9-89.

CONFIDENTIAL

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

SIGNED

*Wesley D. ...*

TITLE

Production Supervisor

DATE

2-10-89

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions on Reverse Side

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLE COPY  
(Other instructions  
verse side)

Budget Bureau No. 1004-01.5  
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

**U-43651**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

**Cazador**

FARM OR LEASE NAME

**Cazador Unit**

WELL NO.

**1-4**

10. FIELD AND POOL, OR WILDCAT

**Undesignated**

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

**31-37s-25e S1B1**

12. COUNTY OR PARISH

**San Juan**

13. STATE

**Utah**

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR  
**Yates Petroleum Corporation (505) 748-4444**

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: 820' FSL @ 500' FEL (SESE)**

**Bottom: Same**

DIVISION OF  
OIL GAS & MINING

14. PERMIT NO.  
**43-037-31452**

15. ELEVATIONS (Show whether DF, RT, GR, etc.)  
**5,297' ungraded ground**

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

**Lay 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.)\*

Will install ≈0.6 mi. long steel screwed 3" flowline and poly 1" fuel gas line. Pipelines will be laid on the surface from the pad to the bottom of the hill because of rugged topography.

Elsewhere pipelines will be buried at least 30" deep, except where they cross a Koch gas line and an unnamed arroyo. They will be buried at least 12" below the Koch gas line and 48" deep in the arroyo.

May also install one steel 500 bbl oil tank within berm of existing battery if completion indicates additional volume is needed.

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

SIGNED

*Brian Wood*

TITLE

**Consultant**

DATE

**3-1-89**

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

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

\*See Instructions on Reverse Side



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 \_\_\_\_\_

b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RESVR.  Other TIGHT HOLE!

2. NAME OF OPERATOR  
Yates Petroleum Corporation

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

4. LOCATION OF WELL (Report location clearly and in accordance with BLM requirements)  
At surface 820' FSL & 500' FWL (SESE)

At top prod. interval reported below

At total depth

14. PERMIT NO. API #43-037-31452  
DIVISION OF OIL GAS & MINING

RECEIVED  
MAY 30 1989

5. LEASE DESIGNATION AND SERIAL NO.  
U-43651

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

7. UNIT AGREEMENT NAME  
Cazador Unit

8. FARM OR LEASE NAME  
Cazador Unit

9. WELL NO.  
1-4

10. FIELD AND POOL, OR WILDCAT  
Undesignated

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA  
Sec. 31-T37S-R25E SLBM

12. COUNTY OR PARISH  
San Juan

13. STATE  
Utah

15. DATE SPUDDED 2-9-89 16. DATE T.D. REACHED 2-21-89 17. DATE COMPL. (Ready to prod.) 5-24-89 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)\* 5297' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 5872' 21. PLUG, BACK T.D., MD & TVD 5297' 22. IF MULTIPLE COMPL., HOW MANY\* → 23. INTERVALS DRILLED BY ROTARY TOOLS X CABLE TOOLS

24. PRODUCING INTERVALS (WHEN COMPLETION—TOP, BOTTOM, NAME (MD AND TVD))\*  
5806-5816' Desert Creek; 5490-5522'; 5548-5555' Upper Ismay 25. WAS DIRECTIONAL SURVEY MADE  
No

26. TYPE ELECTRIC AND OTHER LOGS WJD SDSN DL-micro 27. WAS WELL CORED  
No

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	59.5#	95'	17 1/2"	150 SX	
8-5/8"	24#	1712'	12 1/4"	885 SX	
5 1/2"	15.5#	5872'	7-7/8"	315 SX	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"					2-7/8"	5474'	-

31. PERFORATION RECORD (Interval, size and number)

5806-5816' w/20 .40" Holes (2 SPF)

5490-5522' w/15 .42" Holes

5548-5555' w/14 .25" Holes (2 SPF)

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5806-5816'	w/1250g. 20% acid. Re-acid
	w/12000g. 20% HCL acid.
5490-5522'	w/1500g. 20% HCL acid.
5548-55'	w/500g. 20% HCL acid.

33.\* PRODUCTION 5490-5555' w/1300g. 20% HCL acid.

DATE FIRST PRODUCTION 3-6-89 PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Pumping WELL STATUS (Producing or shut-in) Producing

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
5-24-89	24	2"	→	44	128	65	2909

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
50	50	→	44	128	65	43°

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

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 5-25-89

\*(See Instructions and Spaces for Additional Data 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.

CONFIDENTIAL

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.	GEOLOGIC MARKERS	
				NAME	MEAS. DEPTH
			<p>DST #1 5446-5547' (101') UPPER ISMAY: IF 15 mins. Open tool with mod strong flow on 1/4" bubble hose, increased rapidly to 25 psi in 5 mins, 50 psi in 10 mins and 75 psi in 15 mins. GTS in 10 mins on initial flow SI 60 mins. FF 90 mins. Open tool with mod strong flow thru 1/4" choke to reserve pit. Flow rapidly increased to 55 psi in 5 mins, 100 psi in 15 mins, 100 psi in 30 mins, then slowly decreased to 95 psi in 60 mins and 83 psi in 90 mins. Max flow rate 160 mcf with 6-10' flare to reserve pit. FSI 180 mins. (All chart information from field data.) RECOVERY: 250' slightly gas and oil cut mud, 500' highly oil and gas cut mud, 250' highly gas cut oil emulsion and 45' gas cut water. (Total 1045'.)</p> <p>SAMPLER: 860 cc free oil and 200 cc water at 1.3 cfg (total 1060 cc fluid). BHT 125° Bottom chart: IHP 2942, IFP 349-368, ISIP 1960, FFP 206-415, FSIP 1893, FHP 3065.</p>	<p>Dakota Morrison Entrada Navajo Chinle Shinarump Moenkopi Cutler Hömaker Trail Paradox Upper Ismay Lower Ismay Desert Creek Akah</p>	<p>Spud 289 647 840 1608 2365 2516 2595 4470 5338 5480 5670 5735 5850</p>

OIL AND GAS	
DRN	RJF
JRB	GLH
DTS	SLS
<p>LTAS</p>	
<p>MICROFILM</p>	
<p>FILE</p>	

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

Effective Date: 2/1/2016

FORMER OPERATOR:	NEW OPERATOR:
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

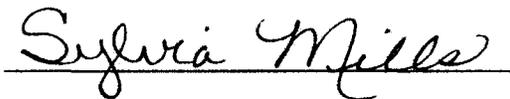
San Juan County, Utah

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 horizontal line.

Sylvia Mills  
Production Analyst

Enclosures

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

FORM 9

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: U-43651
2. NAME OF OPERATOR: Yates Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 105 S. 4th Street CITY Artesia STATE NM ZIP 88210		7. UNIT OR CA AGREEMENT NAME: Cazador Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 820'FSL & 500'FEL		8. WELL NAME and NUMBER: Cazador Unit #1-4
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 31 37S 25E		9. API NUMBER: 4303731452
COUNTY: San Juan		10. FIELD AND POOL, OR WILDCAT: Wildcat; Desert Creek/Up Ismay
STATE: UTAH		

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

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

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

Notice of Change of Operator

Yates Petroleum Corporation, as current operator of record, respectfully requests a change to designate a new operator

New Operator: Lodestone Operating, Inc.

Address: 1605 US HWY 181, PMB# 169, PORTLAND, TX 78374

Phone: 361-816-7654

Bond #: RLB0010347

Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

New Operator

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

Signature by: [Signature]  
BY: DAVID M. Reavis - PRESIDENT

DATE: 3/11/2016

EFFECTIVE DATE: Feb. 1, 2014

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

**APPROVED**

(This space for State use only)

APR 06 2016

DIV. OIL GAS & MINING  
BY: Rachel Medina