

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: UTU-75124	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Not Applicable	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: Not Applicable	
2. NAME OF OPERATOR: YATES PETROLEUM CORPORATION		9. WELL NAME and NUMBER: Andalusian Federal #1	
3. ADDRESS OF OPERATOR: 105 South Fourth St. CITY Artesia STATE NM ZIP 88210		PHONE NUMBER: (505) 748-1471	10. FIELD AND POOL, OR WILDCAT: Wildcat Undesignated
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 471' FSL, 471' FWL (SW¼SW¼) of Section 8, T8S, R25E AT PROPOSED PRODUCING ZONE: Same as above		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 8 8S 25E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 10 Miles Southwest of Dinosaur, Colorado		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 471'	16. NUMBER OF ACRES IN LEASE: 1378.69	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 acres	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) Not Applicable	19. PROPOSED DEPTH: 8,000	20. BOND DESCRIPTION: BLM Nationwide Bond NM-2811	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,374' GR	22. APPROXIMATE DATE WORK WILL START: 10/1/2006	23. ESTIMATED DURATION: 30 days	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12.250"	8.625"	J-55	24.0#	2,000	Circulated to Surface
7.875"	4.500"	N-80	11.6#	8,000	1,150 sacks cement

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

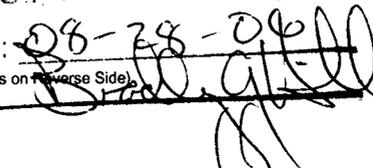
NAME (PLEASE PRINT) Robert M. Anderson TITLE Authorized Agent

SIGNATURE  DATE 8/21/2006

(This space for State use only)

API NUMBER ASSIGNED: 4304738497

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-28-06
By: 

(See Instructions on Reverse Side)

RECEIVED
AUG 24 2006
DIV. OF OIL, GAS & MINING

(11/2001) **Federal Approval of this Action is Necessary**

T8S, R25E, S.L.B.&M.

YATES PETROLEUM CORP.

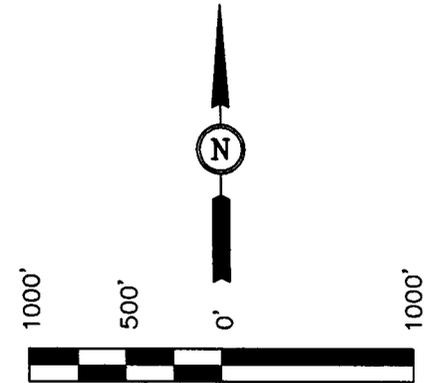
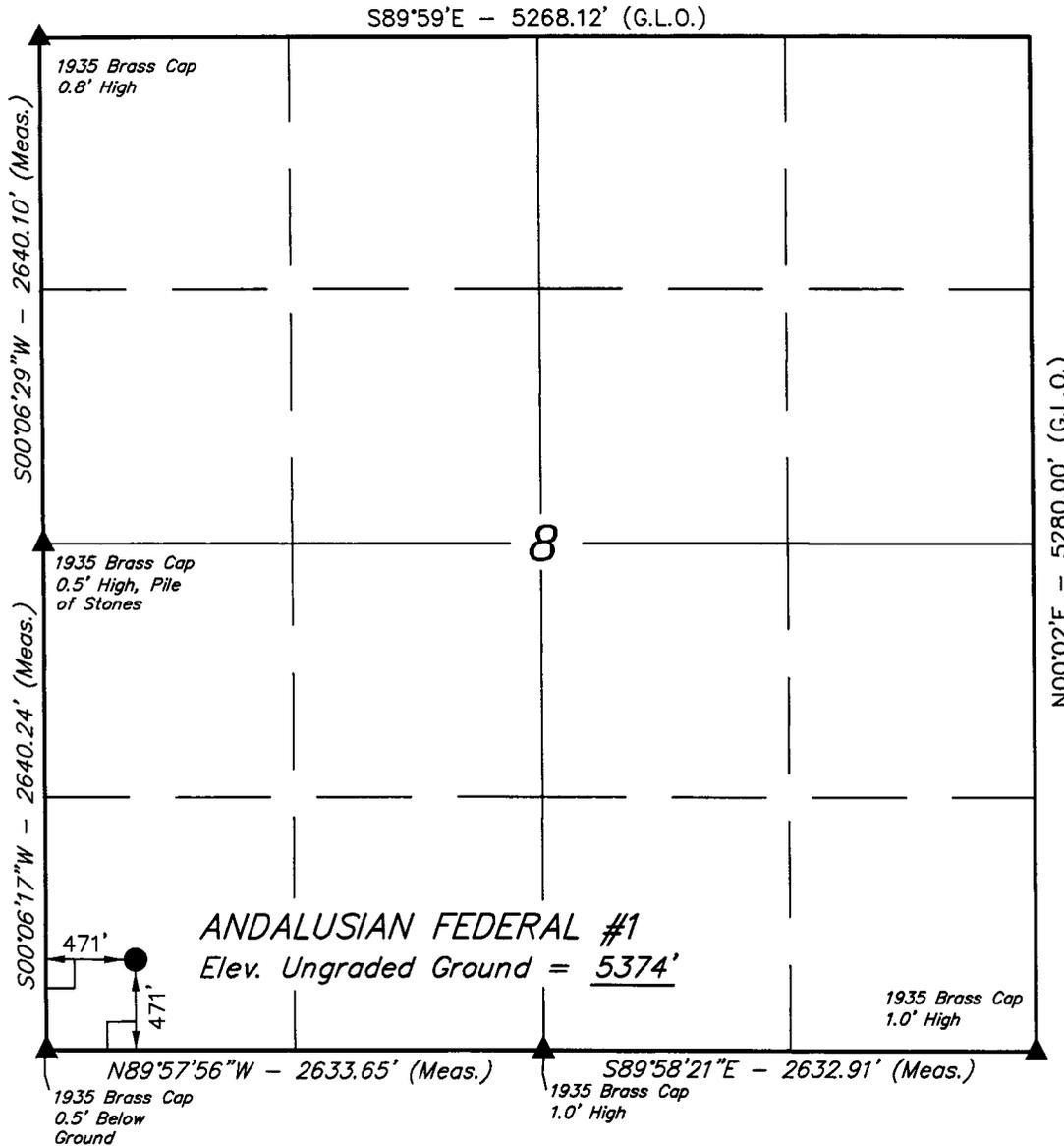
Well location, ANDALUSIAN FEDERAL #1, located as shown in the SW 1/4 SW 1/4 of Section 8, T8S, R25E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED IN THE SW 1/4 OF SECTION 4, T9S, R25E, S.L.B.&M. TAKEN FROM THE WALSH KNOLLS, QUADRANGLE, UTAH-COLORADO, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5607 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE
CERTIFICATE

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.

Robert J. Kay

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(AUTONOMOUS NAD 83)

LATITUDE = 40°07'51.69" (40.131025)

LONGITUDE = 109°07'57.69" (109.132692)

(AUTONOMOUS NAD 27)

LATITUDE = 40°07'51.81" (40.131058)

LONGITUDE = 109°07'55.27" (109.132019)

SCALE 1" = 1000'	DATE SURVEYED: 02-23-06	DATE DRAWN: 02-28-06
PARTY M.A. S.D. S.L.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE YATES PETROLEUM CORP.	

YATES PETROLEUM CORPORATION
Lease #UTU-75124, Andalusian Federal #1
SW¼SW¼, Section 8, T8S, R25E
Uintah County, Utah

DRILLING PROGNOSIS

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Uintah	Surface	Mesaverde	5950'
Green River	1410'	Mancos Shale	7930'
Wasatch	4220'	Total Depth	8000'

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS

Wasatch	4220'	Oil/Gas - Possible
Mesaverde	5950'	Oil/Gas - Primary Objective

Any usable water zones encountered will be adequately protected and reported. All usable water zones, potential hydrocarbon zones, and valuable mineral zones will be isolated.

3. PRESSURE CONTROL EQUIPMENT - Schematic Attached

A. Type: Eleven (11) Inch Double Gate Hydraulic BOP with Eleven (11) Inch Annular Preventer. The Blow-Out Preventer will be equipped as follows:

1. One (1) blind ram (above).
2. One (1) pipe ram (below).
3. Drilling spool with two (2) side outlets (choke side 3-inch minimum, kill side 2-inch minimum).
4. Kill line (2-inch minimum).
5. Two (2) kill line valves, one of which will be a check valve (2-inch minimum).
6. One 3-inch (minimum) choke line.
7. Two (2) choke line valves (3-inch minimum).
8. Two (2) adjustable chokes.
9. Pressure gauge on choke manifold.
10. Upper kelly cock valve with handle available.
11. Safety valve & subs to fit all drill strings in use.
12. Fill-up line above the uppermost preventer.

B. Pressure Rating: 3,000 psi

Annular Preventer

At a minimum, the Annular Preventer will be pressure tested to 50% of the rated working pressure for a period of ten (10) minutes or until provisions of the test are met, whichever is longer.

3. PRESSURE CONTROL EQUIPMENT

C. Testing Procedure: Continued

Annular Preventer

At a minimum, the above pressure test will be performed:

1. When the annular preventer is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition, the annular preventer will be functionally operated at least weekly.

Blow-Out Preventer

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by a test plug) or to 70% of the internal yield strength of the surface casing (if the BOP is not isolated from the casing by a test plug). Pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer. At a minimum, the above pressure test will be performed:

1. When the BOP is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition, the pipe and blind rams will be activated each trip, but not more than once each day. All BOP drills and tests will be recorded in the IADC driller's log.

D. Choke Manifold Equipment:

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration.

E. Accumulator:

The accumulator will have sufficient capacity to open the hydraulically-controlled choke line valve (if so equipped), close all rams plus the annular preventer, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. The fluid reservoir capacity will be double the usable fluid volume of the accumulator system capacity and the fluid level of the reservoir will be maintained at the manufacturer's recommendations.

The BOP system will have two (2) independent power sources to close the preventers. Nitrogen bottles (3 minimum) will be one (1) of these independent power sources and will maintain a charge equal to the manufacturer's specifications.

3. PRESSURE CONTROL EQUIPMENT

E. Accumulator: Continued

The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six (6) months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits specified in *Onshore Oil & Gas Order Number 2*.

A manual locking device (i.e., hand wheels) or automatic locking device will be installed on all systems of 2M or greater. A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will be maintained in the open position and will be closed only when the power source for the accumulator system is inoperative.

Remote controls shall be readily accessible to the driller. Remote controls for all 3M or greater systems will be capable of closing all preventers. Remote controls for 5M or greater systems will be capable of both opening and closing all preventers. Master controls will be at the accumulator and will be capable of opening and closing all preventers and the choke line valve (if so equipped).

F. Miscellaneous Information:

The Blow-Out Preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of *Onshore Oil & Gas Order Number 2*. The choke manifold and BOP extension rods with hand wheels will be located outside the rig sub-structure. The hydraulic BOP closing unit will be located at least twenty-five (25) feet from the well head but readily accessible to the driller. Exact locations and configurations of the hydraulic BOP closing unit will depend upon the particular rig contracted to drill this hole.

A flare line will be installed after the choke manifold, extending 125 feet (minimum) from the center of the drill hole to a separate flare pit.

4. THE PROPOSED CASING AND CEMENTING PROGRAM

A. Casing Program: All New

Hole Size	Casing Size	Wt./Ft.	Grade	Joint	Depth Set
12.250"	8.625"	24.0#	J-55	ST&C	0 - 2000'
7.875"	4.500"	11.6#	N-80	LT&C	0 - 8000'

The surface casing will have three (3) centralizers at the shoe and one (1) centralizer every fourth (4th) joint thereafter.

4. THE PROPOSED CASING AND CEMENTING PROGRAM

A. Casing Program: Continued

Casing string(s) will be pressure tested to 0.22 psi/foot of casing string length or 1500 psi, whichever is greater (not to exceed 70% of the internal yield strength of the casing), after cementing and prior to drilling out from under the casing shoe.

B. Cementing Program:

Surface Casing - *Lead* with approximately 600 sx Pre-Lite cement + additives mixed at 12.0 ppg (yield = 2.27 ft³/sx).

Tail with approximately 250 sx Class G cement + additives mixed at 15.8 ppg (yield = 1.17 ft³/sx). Cement will be circulated back to surface with 100% excess

Production Casing - *Lead* with approximately 250 sx Hi-Fill Poz cement + additives mixed at 11.5 ppg (yield = 3.40 ft³/sx).

Tail with approximately 900 sx Premium Light High Strength cement + additives mixed at 13.0 ppg (yield = 1.89 ft³/sx), circulated back to approximately 1,000'.

The above cement volumes are approximate and were calculated under the assumption that a gauge hole will be achieved. Actual cement volumes may vary due to variations in the actual hole gauge and will be determined by running a caliper log on the drilled hole. All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

5. MUD PROGRAM - Visual Monitoring

Interval	Mud Type	Weight	Viscosity	Fluid Loss
0 - 2000'	Fresh Water	8.4 - 8.8	28 - 32	No Control
2000 - 8000'	Drispac/Gel/2-4% KCl	8.6 - 9.8	34 - 50	< 12 cc's

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blowout will be available at the well site during drilling operations.

6. EVALUATION PROGRAM

Logs : DIL-FDC-BHC - from 8000' to 2000'
 CNL-SP-CAL-GR * - from 8000' to 2000'

* Pull Gamma Ray Log Back to Surface

6. EVALUATION PROGRAM - Continued

DST's : DST's will be run as warranted by logs and/or shows - none are scheduled at this time.

Cores : None anticipated.

The evaluation program may change at the discretion of the well site geologist, with prior approval from the Authorized Officer, Bureau of Land Management.

Stimulation : No stimulation or frac treatment has been formulated for this test at this time. The drill site, as approved, will be of sufficient size to accommodate all completion activities.

Whether the well is completed as a dry hole or as a producer, *Well Completion and Recompletion Report and Log* (form #3160-4) will be submitted to the Vernal Field Office not later than thirty (30) days after the completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164.

Two (2) copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form #3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer, Vernal Field Office, Bureau of Land Management, 170 South 500 East, Vernal, Utah 84078.

7. ABNORMAL CONDITIONS

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 4,000 psi (calculated at 0.50 psi/foot) and maximum anticipated surface pressure equals approximately 2,240 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

A. Anticipated Starting Dates:

Anticipated Commencement Date : October 1, 2006
Drilling Days : Approximately 30 Days
Completion Days : Approximately 15 Days

B. Notification of Operations:

Vernal Field Office, Bureau of Land Management

Address : 170 South 500 East; Vernal, Utah 84078
Phone : 435-781-4400
Fax : 435-781-4410

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

B. Notification of Operations: Continued

<u>Contact Title</u>	<u>Contact Name</u>	<u>Telephone</u>
Petroleum Engineer	Ed Forsman *	Home : 435-789-7077
Petroleum Engineer	Jerry Kenczka *	Home : 435-781-1190

* Primary Contacts

C. General Conditions of Approval:

1. All lease and/or unit operations are to be conducted in such a manner to ensure full compliance with the applicable laws, regulations (43 CFR, Part 3160), Onshore Orders, Notices to Lessees, and the approved plan of operations.
2. The spud date will be reported orally to the Vernal Field Office **24 HOURS PRIOR TO SPUDDING**, unless otherwise required in the site specific conditions of approval.
3. All wells, whether drilling, producing, suspended or abandoned shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, the lease serial number, the well number and the surveyed description of the well.
4. In accordance with *Onshore Oil & Gas Order Number 1*, this well will be reported on MMS form #3160-6, *Monthly Report of Operations and Production*, starting with the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with the Royalty Management Program, Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217.
5. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL-3A will be reported to the Vernal Field Office. Major events will be reported verbally within twenty-four (24) hours and will be followed with a written report within fifteen (15) days. Other than major events will be reported in writing within fifteen (15) days. Minor events will be reported on the *Monthly Report of Operations and Production* (form #3160-6)
6. No well abandonment operations will be commenced without the prior approval of the Authorized Officer. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Field Office Petroleum Engineer. A *Notice of Intention to Abandon* (form #3160-5) will be filed with the Authorized Officer within fifteen (15) days following the granting of oral approval to plug and abandon.

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

C. General Conditions of Approval: Continued

7. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch: Company Name, Well Name and Number, Location by Quarter/Quarter, Section, Township, Range, and the Federal Lease Number.
8. A *Subsequent Report of Abandonment* (form #3160-5) will be submitted within thirty (30) days following the actual plugging of the well bore. This report will indicate where plugs were placed and the current status of surface restoration operations. If surface restoration has not been completed at that time, a follow-up report on form 3160-5 will be filed when all surface restoration work has been completed and the location is considered ready for final inspection.
9. Pursuant to NTL-4A, lessees and operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of fifty (50) MMCF of gas, whichever occurs first. An application must be filed with the Authorized Officer, and approval received, for any venting/flaring of gas beyond the initial 30 day or otherwise authorized test period.
10. Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than ninety (90) days, the operator shall notify the Authorized Officer by letter or sundry notice of the date on which such production has begun or resumed. The notification shall provide at a minimum, the following informational items:
 - a. Operator name, address, and telephone number
 - b. Well name and number
 - c. Well location "¼, ¼, Section, Township, Range, P.M."
 - d. Date well was placed in a producing status
 - e. The nature of the wells production (i.e.: crude oil casing gas, or natural gas and entrained liquid hydrocarbons).
 - f. The OCS, Federal or Indian lease prefix and number on which the well is located. Otherwise, the non-federal or non-Indian land category (i.e.: state or private).
 - g. As appropriate, the communitization agreement number, the unit agreement name, number and participating area name.
11. Within sixty (60) days following construction of a new tank battery, a site facility diagram of the battery showing actual conditions and piping must be submitted to the Authorized Officer. Facility diagrams shall be filed within sixty (60) days after existing facilities are modified. For complete information as to what is required on these diagrams, please refer to 43 CFR 3162.7-4(d).

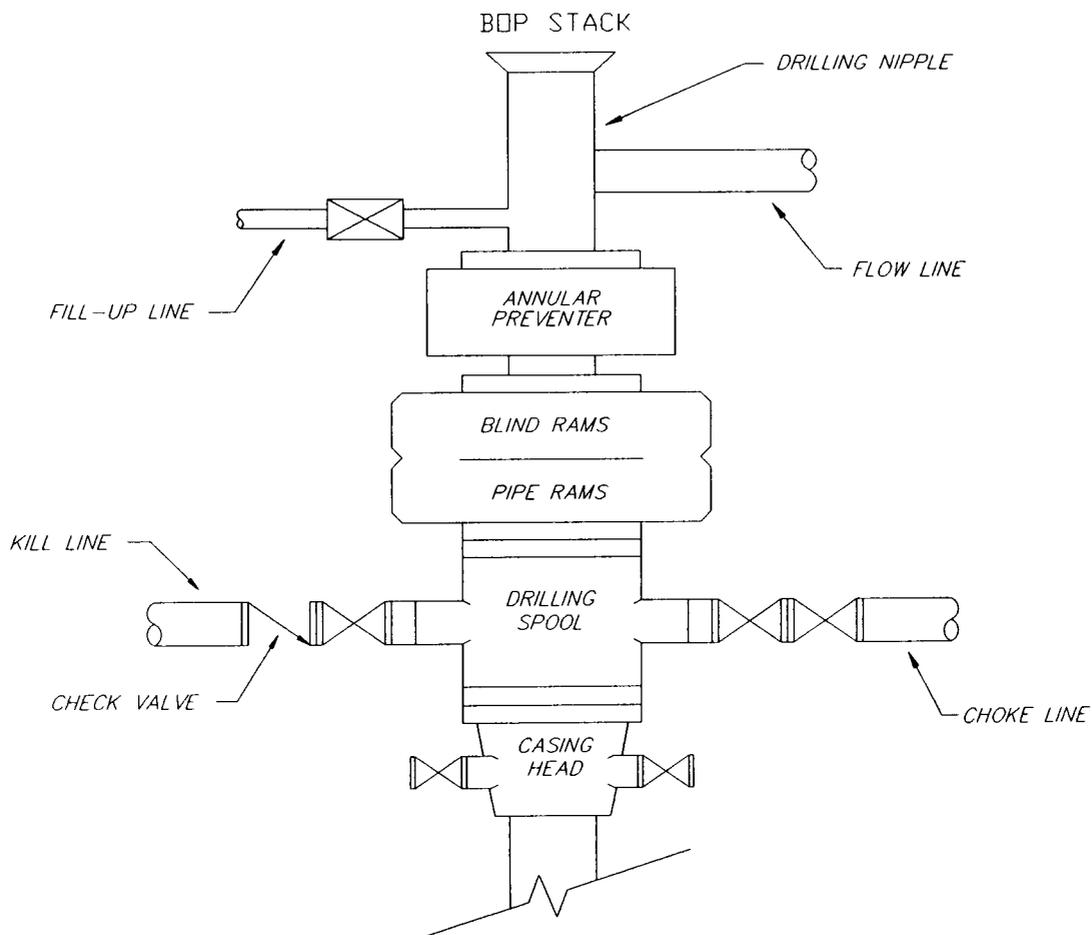
8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

C. General Conditions of Approval: Continued

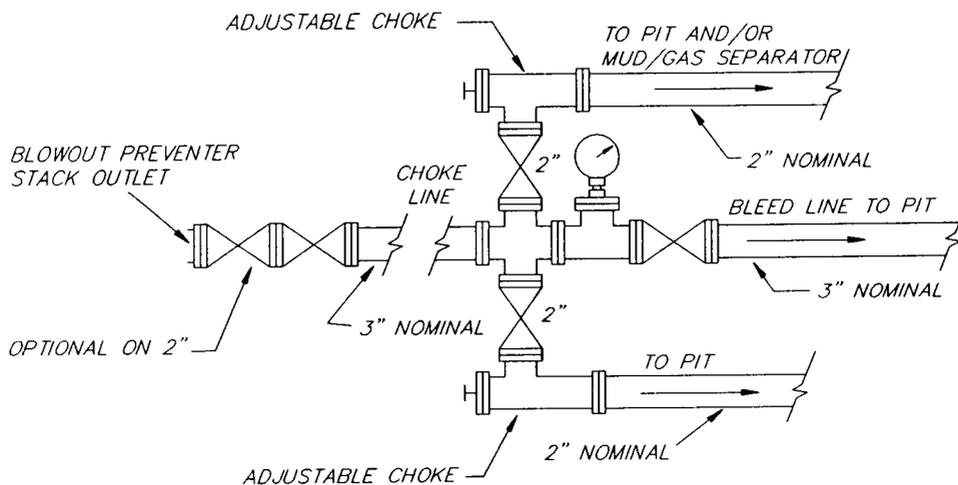
12. Pursuant to *Onshore Oil & Gas Order Number 1*, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such a manner which conforms with applicable federal laws and regulations and with state and local laws and regulations to the extent that such state and local laws are applicable to operations on federal and Indian lands.

YATES PETROLEUM CORPORATION

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKE MANIFOLD SCHEMATIC



YATES PETROLEUM CORPORATION
Lease #UTU-75124, Andalusian Federal #1
SW¼SW¼, Section 8, T8S, R25E
Uintah County, Utah

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. EXISTING ROADS - Refer to Maps "A" and "B"

- A. The proposed well site is staked and four (4) 200-foot reference stakes are present.
- B. To reach the location from the city of Vernal, Utah; proceed generally southeast approximately 3.9 miles on U.S. Highway 40 (a paved U.S. highway); thence generally south approximately 31.5 miles on Utah State Highway 45 (a paved state highway); thence generally northeast approximately 3.5 miles on an existing, paved county road (abandoned state highway); thence generally east approximately 1.8 miles on an existing, upgraded oilfield road (crowned & ditched with a native soil running surface); thence generally north/northeast approximately 1.4 miles to the proposed Andalusian Federal #1 well location.
- C. Access roads - refer to Maps "A" and "B".
- D. Access roads within a one (1) mile radius - refer to Map "B".
- E. The existing roads will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of the Andalusian Federal #1 well location.

2. PLANNED ACCESS ROADS - Refer to Map "B"

Approximately 1.4 miles of new road construction will be required for access to the proposed Andalusian Federal #1 well location.

- A. Width - fourteen (14) foot running surface with a sixteen (16) foot subgrade, crowned and ditched for drilling and completion operations.
- B. Construction standard - the access road will be constructed in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

The access road will be designed and constructed to meet the standards of the anticipated traffic flow and all-weather requirements. Construction will include ditching, draining, graveling, crowning, and capping the roadbed as necessary to provide a well constructed and safe roadway.

Approximately six (6) inches of topsoil will be stripped from the proposed access road route prior to performing any further construction activities thereon.

If soils along the access road route are dry during road construction, water will be applied to the road surface to facilitate soil compaction and minimize soil loss as a result of wind erosion.

- C. Maximum grade - three (3) percent or less.

2. PLANNED ACCESS ROADS - Continued

- D. Turnouts - turnouts will be constructed along the access road route as necessary or required to allow for the safe passage of traffic. These turnouts will be constructed in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

A typical road design is presented in Attachment "A" that provides information concerning the minimum standards for road construction activities associated with projects subject to federal jurisdiction.

- E. Drainage design - the access road will be upgraded and maintained as necessary to prevent soil erosion and accommodate all-weather traffic. Road will be crowned and ditched with water turnouts installed as necessary to provide for proper drainage along the access road route.
- F. Culverts, cuts and fills - culverts will be installed on/along the access road route as necessary or required by the Authorized Officer, Bureau of Land Management in accordance with roading guidelines contained in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction. Attachment "B" presents a typical design for culvert installation on roads constructed across public domain lands.

In order to gain access to the proposed well location for drilling, completion and possible production activities, Yates Petroleum Corporation will need to construct a low water crossing across an existing drainage encountered in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 19, T8S, R25E (see Topo Map B). The crossing will be constructed by excavating the road bed (travelway) within the drainage (encompassing the entire area between the high water mark on both banks) to a depth of approximately four (4) feet [eighteen (18) foot width, minimum], installing a geo-textile fabric in the trench bottom, and backfilling the excavated area with cobble no larger than four (4) inches in diameter. Attachment "C" presents a typical design for low water crossings.

We do not anticipate any major cuts and/or fills on/along the proposed access road route.

- G. Surfacing material - none required for drilling and/or completion operations.

In the event that commercial production is established from the Andalusian Federal #1, the access road will be surfaced to an average minimum depth (after compaction) of four (4) inches with two (2) inch minus pit run gravel or crushed rock purchased from a local contractor having a permitted source of materials within the general area, if and/or as required by the Authorized Officer, Bureau of Land Management.

- H. Gates, cattleguards or fence cuts - no gates, cattleguards or fence cuts will be required on/along the proposed access road route.

2. PLANNED ACCESS ROADS - Continued

- I. Road maintenance - during both the drilling and production phase of operations, the road surface and shoulders will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will also be maintained in accordance with the original construction standards.

The access road right-of-way will be kept free of trash during all operations.

- J. The proposed access road route has been centerline staked.

3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS

- A. Water wells - none known.
B. Abandoned wells - SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 8, T8S, R25E.
NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 8, T8S, R25E.
C. Temporarily abandoned wells - none known.
D. Disposal wells - none known.
E. Drilling wells - none known.
F. Producing wells - NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 7, T8S, R25E.
SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 7, T8S, R24E.
G. Shut-in wells - NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 7, T8S, R25E.
H. Injection wells - SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 7, T8S, R25E.
I. Monitoring wells - none known.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES OWNED BY YATES PETROLEUM CORPORATION WITHIN A ONE MILE RADIUS

A. Existing Facilities

1. Tank batteries - none.
2. Production facilities - none.
3. Oil gathering lines - none.
4. Gas gathering lines - none.

B. New Facilities Contemplated

1. All production facilities will be located on the disturbed portion of the well pad and at a minimum of fifteen (15) feet from the toe of the back slope.
2. Production facilities will require a working area approximately 225' X 125' in size. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via *Sundry Notice* (form #3160-5) for approval prior to commencement of installation operations.

Approximately 15,127' of natural gas pipeline will be installed from the Andalusian Federal #1 well location to a connection with an existing gas gathering system at a point located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, T8S, R24E (see Topo Map C).

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES OWNED BY YATES PETROLEUM CORPORATION WITHIN A ONE MILE RADIUS

B. New Facilities Contemplated - Continued

2. The three (3) inch steel gas pipeline will be buried in a trench to be routed directly adjacent (parallel) to the proposed access road route.

Access across any off-lease federal lands crossed on/along the proposed pipeline route will be secured under a separate right-of-way grant to be issued by the Vernal Field Office, Bureau of Land Management.

3. Production facilities will be accommodated on the disturbed portion of the well pad. Construction materials needed for installation of the production facilities will be obtained from the site; any additional materials needed will be purchased from a local supplier having a permitted source of materials in the area.

A dike will be constructed completely around those production facilities designed to hold fluids (i.e., production tanks, produced water tanks and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 110% of the capacity of the largest tank, and be independent of the back cut.

4. All permanent [on-site for six (6) months or longer] above-the-ground structures constructed or installed on the well location (including pumping units, tank batteries, etc.) will be painted *Carlsbad Canyon* (Munsell standard color #2.5Y 6/2). The exception being that Occupational Safety and Health Act Rules and Regulations will be complied with where special safety colors are required.

- C. In the event a production (emergency) pit is required on location, it will be fenced "sheep-tight" with woven wire mesh having two (2) top strands of barbed wire held in place by metal side posts and wooden corner "H" braces in order to protect both livestock and wildlife. Please refer to Item #9F (page #7) for additional information concerning these fencing specifications.
- D. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road and any additional areas that may be specified in the approved Application for Permit to Drill.
- E. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding in accordance with recommendations from the Authorized Officer, Bureau of Land Management.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Fresh water for use in drilling operations will be furnished by Dalbo, Inc. of Vernal, Utah under existing Water Right Number 49-2154, Temporary Application Number T74792, which will be amended to include an appropriation for use in drilling operations in Section 28, T8S, R24E. Drilling water will be diverted from Evacuation Wash and the White River at a point located approximately in the SE¼ of Section 2, T10S, R23E as approved in the subject *Application to Appropriate Water*.

5. LOCATION AND TYPE OF WATER SUPPLY - Continued

- B. Water will be transported over existing roads via tank truck from the point of diversion to the proposed Andalusian Federal #1 well location. No new road construction will be required on/along the proposed water haul route.

Access across those off-lease federal lands to be crossed on/along the proposed water haul route will be secured under a separate right-of-way grant to be issued by the Vernal Field Office, Bureau of Land Management.

- C. Yates Petroleum Corporation has no plans to drill a water supply well on the proposed Andalusian Federal #1 well location at this time.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. Any construction materials (gravel) that may be required for surfacing of the drill pad will be obtained from a private contractor having a previously approved source of materials within the general area. Please refer to Item #2G (page #2) for information regarding those construction materials which may be required for surfacing of the permanent access road.
- B. No construction materials will be taken from federal or Indian lands without prior approval from the appropriate Surface Management Agency.
- C. If production is established, any construction materials that may be required for surfacing of the access road and/or installation of production facilities will be purchased from a local supplier having a permitted source of materials within the general area.
- D. No new access roads for transportation of these construction materials will be required.

7. METHODS OF HANDLING WASTE MATERIALS

- A. Cuttings - the drilled cuttings will be deposited in the reserve pit.
- B. Drilling fluids - including any salts and/or chemicals utilized in the mud system will be contained in the reserve pit. The reserve pit will be designed to prevent the collection of surface runoff and will be constructed with a minimum of one-half (1/2) of the total depth of the reserve pit in cut.
- C. Produced fluids - liquid hydrocarbons produced during completion operations will be placed in test tanks on the location. Produced water will be placed in the reserve pit for a period not to exceed ninety (90) days after initial production. An application for approval of a permanent disposal method and location, along with the required water analysis, shall be submitted to the Authorized Officer for review and approval during this ninety (90) day period in accordance with *Onshore Oil & Gas Order Number 7*.

Any spills of oil, gas, salt water, or any other potentially hazardous substance will be cleaned up and immediately removed to an approved disposal site.

- D. Sewage - portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, the toilet holding tanks will be pumped and the contents thereof disposed of in a sewage disposal facility approved by the State of Utah.

7. METHODS OF HANDLING WASTE MATERIALS - Continued

- E. Garbage and other waste material - all garbage and non-flammable solid waste materials will be contained in a self contained, portable dumpster or trash cage. Upon completion of operations, or as needed, the accumulated trash will be hauled off-site to an approved sanitary landfill. No trash will be placed in the reserve pit.

Used motor oil (change oil) will be placed in closed containers and disposed of at an authorized disposal site. No trash will be placed in the reserve pit.

- F. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No potentially adverse materials or substances will be left on the location. Any open pits will be fenced during the drilling operation and said fencing will be maintained until such time as the pits have been backfilled.

- G. Hazardous Materials - Yates Petroleum Corporation maintains a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are used during the course of construction, drilling, completion, and production operations for this project. Hazardous materials which may be found at the site include drilling mud and cementing products which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/stimulation activities, such as flammable or combustible substances and acids/gels (corrosives).

The opportunity for *Superfund Amendments and Reauthorization Act (SARA)* listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous and Extremely Hazardous Substances and commercial preparation will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment.

8. ANCILLARY FACILITIES

None anticipated.

9. WELLSITE LAYOUT

- A. Figure #1 shows the drill site layout as staked. Cross-sections have been drafted to visualize the planned cuts and fills across the proposed well location (refer to Figure #2)

A minimum of six (6) inches of topsoil will be stripped from the location (including areas of cut, fill, and/or subsoil storage) and stockpiled for future reclamation of the well site. Please refer to Figure #1 for the location of the topsoil and subsoil stockpiles.

- B. Figure #1 is a diagram showing a typical location layout. No permanent living facilities are planned on the Andalusian Federal #1 well location; however, there will be approximately three (3) trailers on location during drilling operations which will serve as both offices and housing for the mud logger, geologist and toolpusher.

9. WELLSITE LAYOUT - Continued

- C. All equipment and vehicles will be confined to those areas subsequently approved (designated) in conjunction with this Application for Permit to Drill (i.e., access road, well pad, spoil and topsoil storage areas).
- D. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via *Sundry Notice* (form #3160-5) for approval ***prior*** to the commencement of installation operations. Please refer to Item #4B2 (page #3) for additional information in this regard.
- E. If porous subsoil materials (i.e., gravel, scoria, sand, faulted rock structures, etc.) are encountered during reserve pit construction, an impervious (plastic/vinyl) liner will be installed in order to prevent drilling water loss through seepage. The reserve pit will be inspected by the Authorized Officer, Bureau of Land Management after construction and prior to filling with fluids to determine the need for a pit liner.

If required, the liner will have a permeability less than or equal to 1×10^{-7} cm/sec, will be chemically compatible with all substances which may be put into the pit and will be installed so that it will not leak. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. The liner will be installed with sufficient bedding (either straw or dirt) to cover any rocks, will overlap the pit walls, extend under the mud tanks, and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc. that could puncture the liner will be disposed of in the reserve pit.

- F. Prior to the commencement of drilling operations, the reserve pit will be fenced "sheep tight" on three (3) sides according to the following minimum standards:
 - 1. 32-inch net wire shall be used with two (2) strands of barbed wire on top of (above) the net wire.
 - 2. The net wire shall be no more than four (4) inches above the ground. The first strand of barbed wire shall be \approx three (3) inches above the net wire. Total height of the fence shall be at least forty-two (42) inches.
 - 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - 4. Standard steel, wood, or pipe posts shall be used between the corner braces. The maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.
 - 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The fourth (4th) side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is backfilled.

- G. Any hydrocarbons on the pit will be removed as soon as possible after drilling operations are completed.

10. PLANS FOR RECLAMATION OF THE SURFACE

- A. Rat and mouse holes will be backfilled and compacted from bottom to top immediately upon release of the completion rig from the location.
- B. If any oil is on the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substance(s) will be flagged overhead or covered with wire mesh to protect migrating waterfowl.

C. Producing Operations:

- 1. Backfilling, leveling and re-contouring are planned as soon as possible after cessation of drilling and completion operations. Waste and spoil materials will be disposed of immediately upon cessation of drilling and completion activities.
- 2. For production, the fill slopes will be reduced from a 1.5:1 slope to a 4:1 slope and the cut slopes will be reduced from a 2:1 slope to a 4:1 slope by pushing the fill material back up into the cut.
- 3. Upon completion of backfilling, leveling and recontouring, all disturbed surfaces (access road and well pad areas) will be scarified to a depth of one (1) foot and the stockpiled topsoil will be evenly redistributed to a depth of six (6) inches over the reclaimed area(s).
- 4. Prior to commencement of seeding operations, the seedbed will be prepared by disking on the contour to a depth of four (4) to six (6) inches. The entire disturbed area will be uniformly covered with depressions constructed perpendicular to the natural flow of water to facilitate the capture of moisture and subsequent promotion of revegetation success.
- 5. All disturbed surfaces (including the access road and well pad areas) will be reseeded using the following seed mixture (or a different mixture to be recommended by the Authorized Officer, Bureau of Land Management, as may be appropriate):

Species	Pounds PLS/Acre *
Galleta grass	3.0
Needle-and-thread grass	3.0
Fourwing saltbush (dewinged)	3.0
Shadscale	3.0

* Pounds of Pure Live Seed per Acre

- 6. Seed will be drilled on the contour with a seed drill equipped with a depth regulator in order to ensure even depths of planting. Seed will be planted between one-quarter (1/4) to one-half (1/2) inches deep.

10. PLANS FOR RECLAMATION OF THE SURFACE

C. Producing Operations: Continued

7. Fall seeding will be completed after September 1st and prior to ground frost. If applicable, spring seeding will be completed after the frost has left the ground and prior to May 15th. The seeding will be repeated until a satisfactory stand, as determined by the Authorized Officer, is achieved. The first evaluation of growth will be made following the completion of the first growing season.
8. Re-seeding activities are considered best in the fall of 2007, unless otherwise requested by the Authorized Officer, Bureau of Land Management.

D. Pipeline Right-of-Ways:

1. Pipeline trenches will be compacted during backfilling and said trenches will be maintained in order to correct settlement and erosion.
2. Prior to commencement of reseeding activities on/along the reclaimed pipeline right-of-way, waterbars will be constructed at least one (1) foot deep, on the contour with approximately two (2) feet of drop per 100 feet of waterbar to ensure drainage, and extended into established vegetation.
2. All waterbars will be constructed with the berm on the downhill side to prevent the soft material from silting in the trench. The initial waterbar should be constructed at the top of the backslope. Subsequent waterbars should follow the following general spacing guidelines provided below:

Recommended Waterbar Spacing

% Slope	Spacing Interval (feet)
2% or <	200'
2% - 4%	100'
4% - 5%	75'
5% or >	50'

3. All disturbed surfaces along the pipeline right-of-way will be reseeded as recommended in Item #10C3-6, above.

E. Abandoned Well Location:

1. Upon final abandonment of the well location, gravel will be removed from the access road surface and well location (as directed by the Authorized Officer), water diversion installed as needed, and both the access road and well location restored to approximately the original ground contour(s) by pushing the fill material back into the cut and up over the backslope.

10. PLANS FOR RECLAMATION OF THE SURFACE

E. Abandoned Well Location: Continued

2. Prior to commencement of seeding operations, the seedbed will be prepared by disking on the contour to a depth of four (4) to six (6) inches. All disturbed surfaces (including the access road and well pad areas) will be reclaimed and reseeded as recommended in Item #'s 10C3-6, above.

11. SURFACE OWNERSHIP

The well location and proposed access road route are situated on surface estate that is owned by the United States of America and administered in trust by:

Field Manager
Vernal Field Office
Bureau of Land Management
170 South 500 East
Vernal, Utah 84078
Telephone: 435-781-4400

12. OTHER INFORMATION

A. General Description of the Project Area:

The project area is situated in the southeastern portion of the Uintah Basin and more specifically in an upland area locally known as Coyote Basin which is situated between the White River to the south and the Green River to the west/northwest. This area is classified as a "*High Plains Steppe*" (cold desert) and is characterized by moderately undulating uplands dissected by numerous dendritically patterned ephemeral tributaries of Kennedy Wash.

The proposed well location is situated in area that is generally west of Coyote Wash, northeast of the Devils Playground, southwest of Raven Ridge, north/northeast of Sand Ridge, east of the Chapita Wells Gas Field, west of the Utah/Colorado state line, and north of the community of Bonanza.

Generally speaking, local flora consists primarily of native grasses such as salt grass, galleta grass, needle-and-thread grass and Indian ricegrass along with woody (shrub) species including shadscale, horsebrush, black sagebrush, fringe sagebrush, big sagebrush, rabbitbrush, and greasewood along the ephemeral drainages (washes) in the area. Local fauna consists primarily of mule deer, antelope, coyotes, rabbits, raptors, and various smaller vertebrate and invertebrate species.

There are no known threatened or endangered species that would be affected by implementation of operations on the Andalusian Federal #1 well location.

12. OTHER INFORMATION - Continued

B. Surface Use Activities:

The primary surface use is for livestock grazing.

C. Proximity of Water, Occupied Dwellings, Archaeological, Historical or Cultural Sites:

1. The closest source of permanent water is the White River, located approximately seventeen (17) miles to the south of the proposed well location.
2. The closest occupied dwellings are located approximately nine (9) miles to the southeast in the community of Bonanza, Utah.
3. Yates Petroleum Corporation will be responsible for informing all persons associated with this project that they will be subject to prosecution for damaging, altering, excavating or removing any archaeological, historical, or vertebrate fossil objects or site(s).

If archaeological, historical or vertebrate fossil materials are discovered, Yates Petroleum Corporation will suspend all operations that further disturb such materials and immediately contact the Authorized Officer. Operations will not resume until written authorization to proceed is issued by the Authorized Officer.

Within five (5) working days the Authorized Officer will evaluate the discovery and inform Yates Petroleum Corporation of actions that will be necessary to prevent loss of significant cultural or scientific values.

Yates Petroleum Corporation will be responsible for the cost of any mitigation required by the Authorized Officer. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, Yates Petroleum Corporation will be allowed to resume operations.

D. Additional Requirements for Operations on Lands Administered by the Bureau of Land Management:

1. Yates Petroleum Corporation will be responsible for weed control on disturbed areas within the exterior limits of this permit and will consult with the Authorized Officer and/or local authorities for acceptable weed control measures.

A "*Pesticide Use Proposal*" and pesticide label will be submitted by Yates Petroleum Corporation to the Authorized Officer no later than December 1st for use during the following spring/summer period.

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

Representative

Clifton R. May, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Telephone: 505-748-1471

Robert M. Anderson, Owner *
Heitzman Drill-Site Services
P.O. Drawer 3579
Casper, Wyoming 82602
Telephone: 307-473-1268

* Contact for any additional information that may be required for approval of this Application for Permit to Drill.

Certification

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, *Onshore Oil & Gas Orders*, the approved plan of operations, and any applicable *Notice to Lessees*.

Yates Petroleum Corporation will be fully responsible for the actions of their subcontractors. A copy of these conditions will be furnished to the field representative(s) to ensure compliance. The dirt contractor will be provided with a copy of the Surface Use Plan from the approved Application for Permit to Drill.

This drilling permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation, their 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.

August 21, 2006
Date

RM Anderson
Robert M. Anderson/Authorized Agent

YATES PETROLEUM CORP.
ANDALUSIAN FEDERAL #1
 LOCATED IN UINTAH COUNTY, UTAH
 SECTION 8, T8S, R25E, S.L.B.&M.



PHOTO: VIEW OF LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



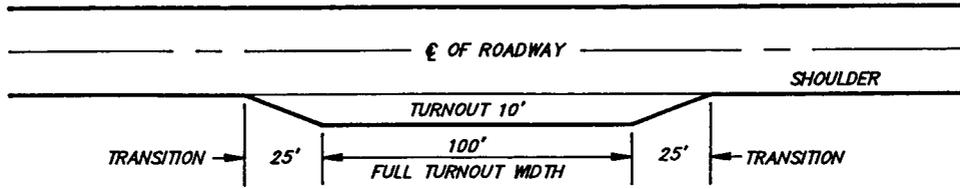
- Since 1964 -

UELS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 435-789-1017 uels@uelsinc.com

LOCATION PHOTOS			03	01	06	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: M.A.		DRAWN BY: L.K.		REVISED: 00-00-00		

TYPICAL ROAD DESIGN

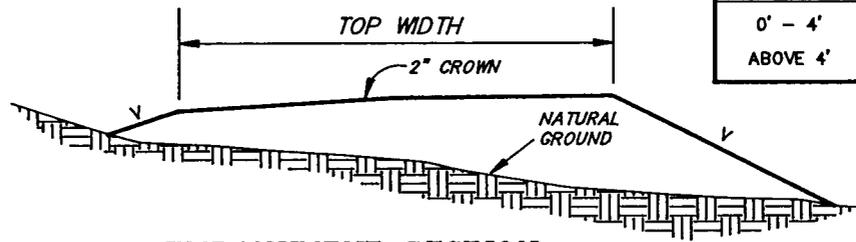
Attachment "A"



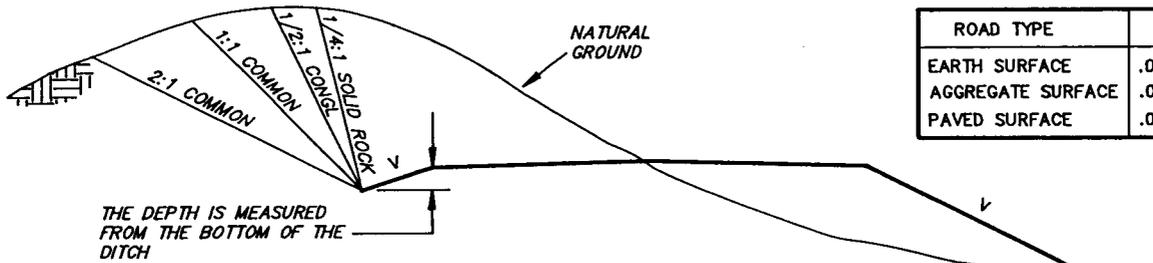
TYPICAL TURNOUT PLAN

TURNOUTS SHALL BE CONSTRUCTED ON ALL SINGLE LANE ROADS AT ALL BLIND CURVES WITH ADDITIONAL TURNOUTS AS NEEDED TO KEEP SPACING BELOW 1000 FEET.

HEIGHT OF FILL AT SHOULDER	EMBANKMENT SLOPE
0' - 4'	3:1
ABOVE 4'	2:1

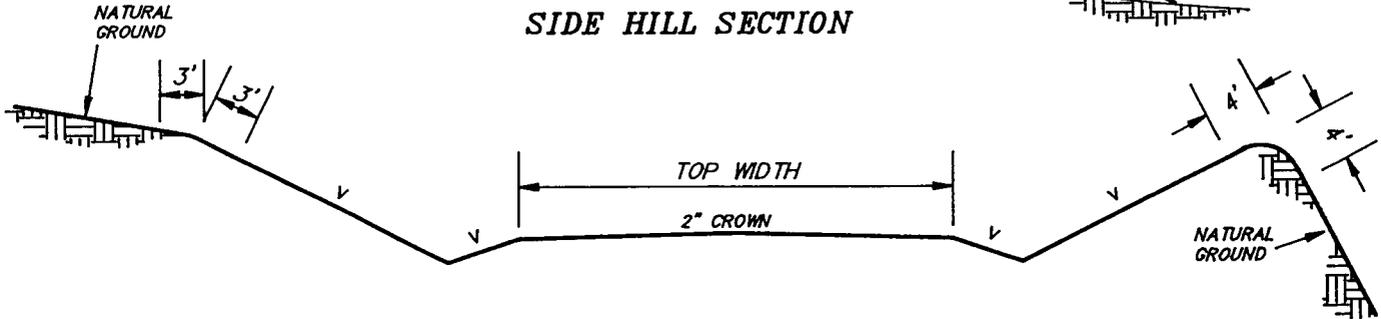


EMBANKMENT SECTION

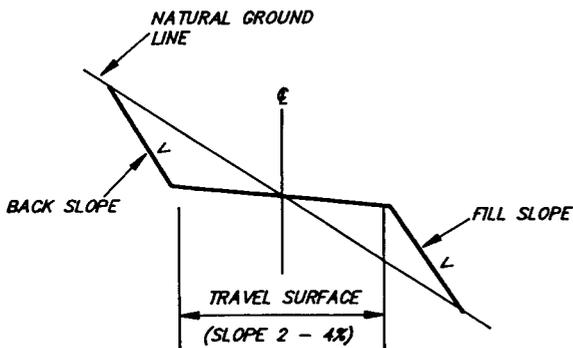


ROAD TYPE	CROWN
EARTH SURFACE	.03-.05 FT/FT
AGGREGATE SURFACE	.02-.04 FT/FT
PAVED SURFACE	.02-.03 FT./FT.

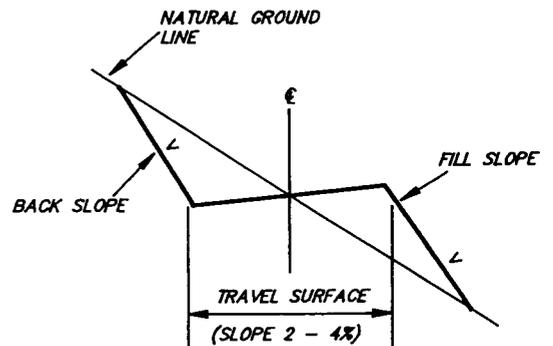
SIDE HILL SECTION



CUT SLOPE ROUNDING



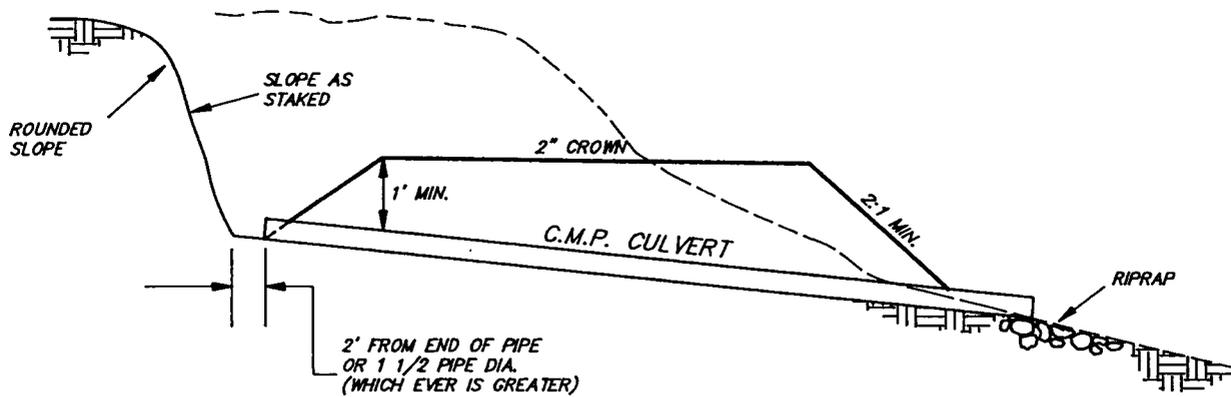
TYPICAL OUTSLOPED SECTION



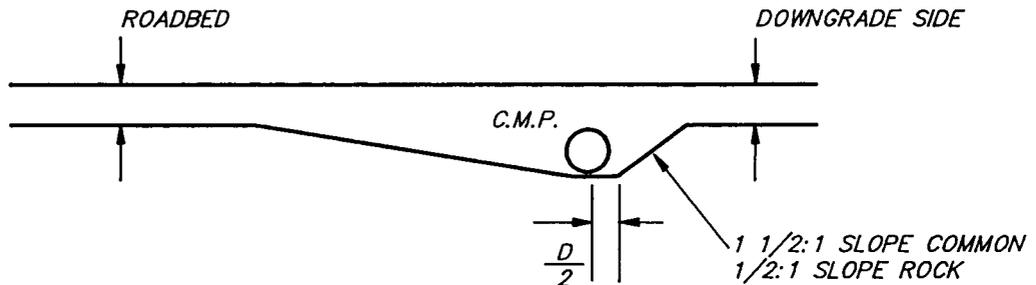
TYPICAL INSLOPE SECTION

TYPICAL CULVERT PLACEMENT

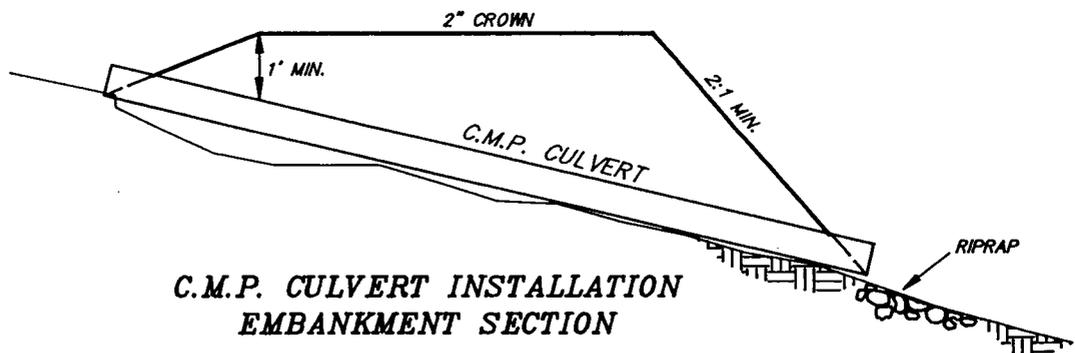
Attachment "B"



C.M.P. CULVERT INSTALLATION



**DITCH CONSTRUCTION AT SIDE HILL
C.M.P. CULVERT INSTALLATION**



**C.M.P. CULVERT INSTALLATION
EMBANKMENT SECTION**

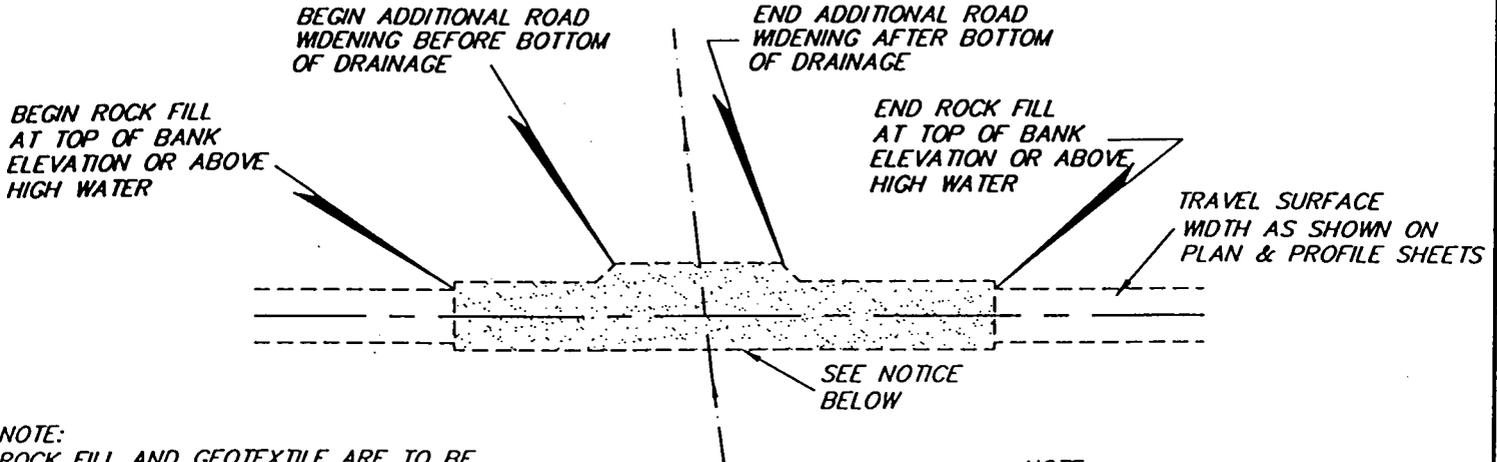
GENERAL NOTES:

1. IN BEDDING OF C.M.P. CULVERTS, IF THE FOUNDATION IS ROCK, EXCAVATE TO DEPTH OF 8" BELOW CULVERT GRADE AND REPLACE WITH EARTH CUSHION.
2. MINIMUM COVER OVER CULVERT IS 1'
3. MINIMUM CULVERT DIAMETER 18"
4. MINIMUM CULVERT SPACING:
 - (a) 1 - 2% GRADE - 1000' MINIMUM
 - (b) 2 - 4% GRADE - 800' MINIMUM
 - (c) 4 - 6% GRADE - 600' MINIMUM
 - (d) 6 - 8% GRADE - 400' MINIMUM
 - (e) 8 - 10% GRADE - 250' MINIMUM

Standard Low Water Drawing

Drawn By: C.G.
Date: 5-15-00

LOW WATER CROSSING

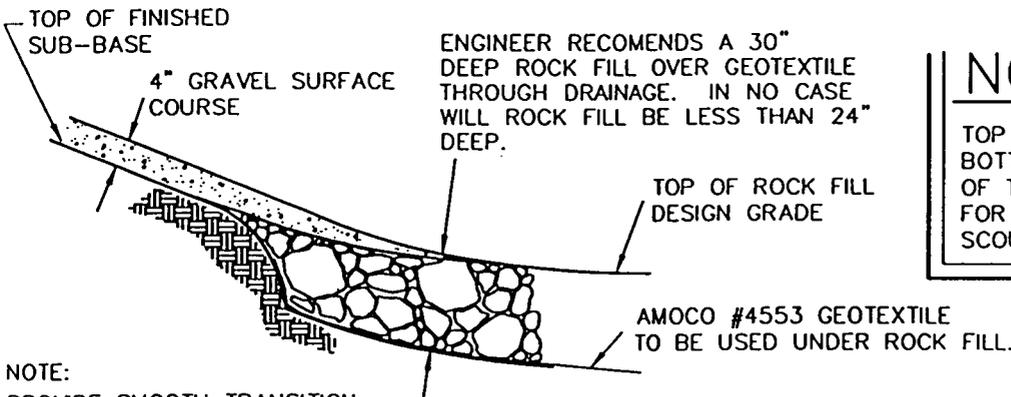


NOTE:
ROCK FILL AND GEOTEXTILE ARE TO BE 4' WIDER THAN TRAVEL SURFACE WIDTH SHOWN ON PLAN & PROFILE SHEET(S) (2' EACH SIDE).

&
ROCK FILL AND GEOTEXTILE ARE TO BE 9' WIDER THAN TRAVEL SURFACE WIDTH SHOWN ON PLAN & PROFILE SHEET(S) THROUGH DRAINAGE BOTTOM (2' ON UPSTREAM SIDE & 7' ON DOWNSTREAM SIDE).

TYPICAL PLAN VIEW
NO SCALE

NOTE:
TAPER OUT BAR DITCHES THROUGH DRAINAGE. ROAD SHOULD NOT HAVE ANY BAR DITCHES THROUGH BOTTOM OF DRAINAGE.



NOTE:
PROVIDE SMOOTH TRANSITION FROM SURFACE GRAVEL TO ROCK FILL SURFACE.

TYPICAL CROSS SECTION
NO SCALE

NOTICE:

TOP OF ROCK FILL IN THE DRAINAGE BOTTOM SHALL MATCH THE ELEVATION OF THE NATURAL DRAINAGE TO ALLOW FOR SMOOTH FLOW WITH NO UNNATURAL SCOURING OR WATER BACKUP

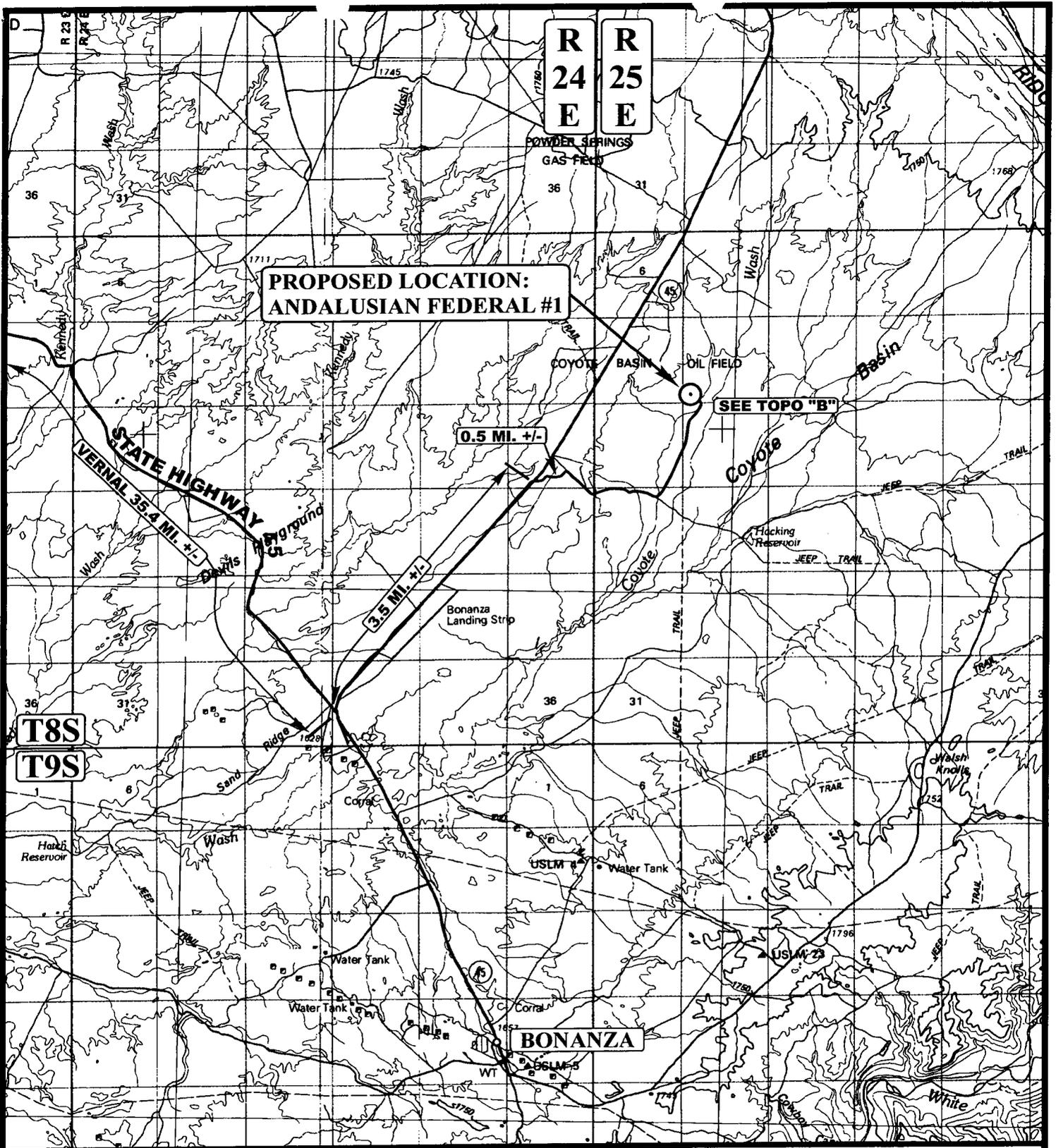
ROCK FILL - NOTES:

- ROCK FILL WILL CONSIST OF THE FOLLOWING MATERIAL:
- 75% 3"-10" DIAMETER ROUGH ROCK
 - 25% WYOMING GRADING "W" MATERIAL TO FILL THE VOIDS

GEOTEXTILE - NOTES:

1. USE AMOCO GEOTEXTILE #4553, GEOTEXTILE OR EQUIVALENT.
2. THE GROUND THAT MUST BE COVERED BY (GEOTEXTILE) STARTS BEFORE THE ROCK FILL AND ENDS AFTER THE ROCK FILL
3. THE GEOTEXTILE SHALL BE OVERLAPPED AT ALL JOINTS WITH NO LESS THAN 24" OF OVERLAPPED MATERIAL.
4. USE SUPPLIERS PREPARATION AND INSTALLATION SPECIFICATIONS.
5. POSSIBLE AMOCO #4553 SUPPLIERS - INTERMOUNTAIN PIPING CENTERVILLE, UTAH 801-298-9696, OR CULVERTS & INDUSTRIAL SUPPLY CO., CASPER WY, 307-472-7121

ATTACHMENT "C"



LEGEND:

○ PROPOSED LOCATION

YATES PETROLEUM CORP.

ANDALUSIAN FEDERAL #1
 SECTION 8, T8S, R25E, S.L.B.&M.
 471' FSL 471' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

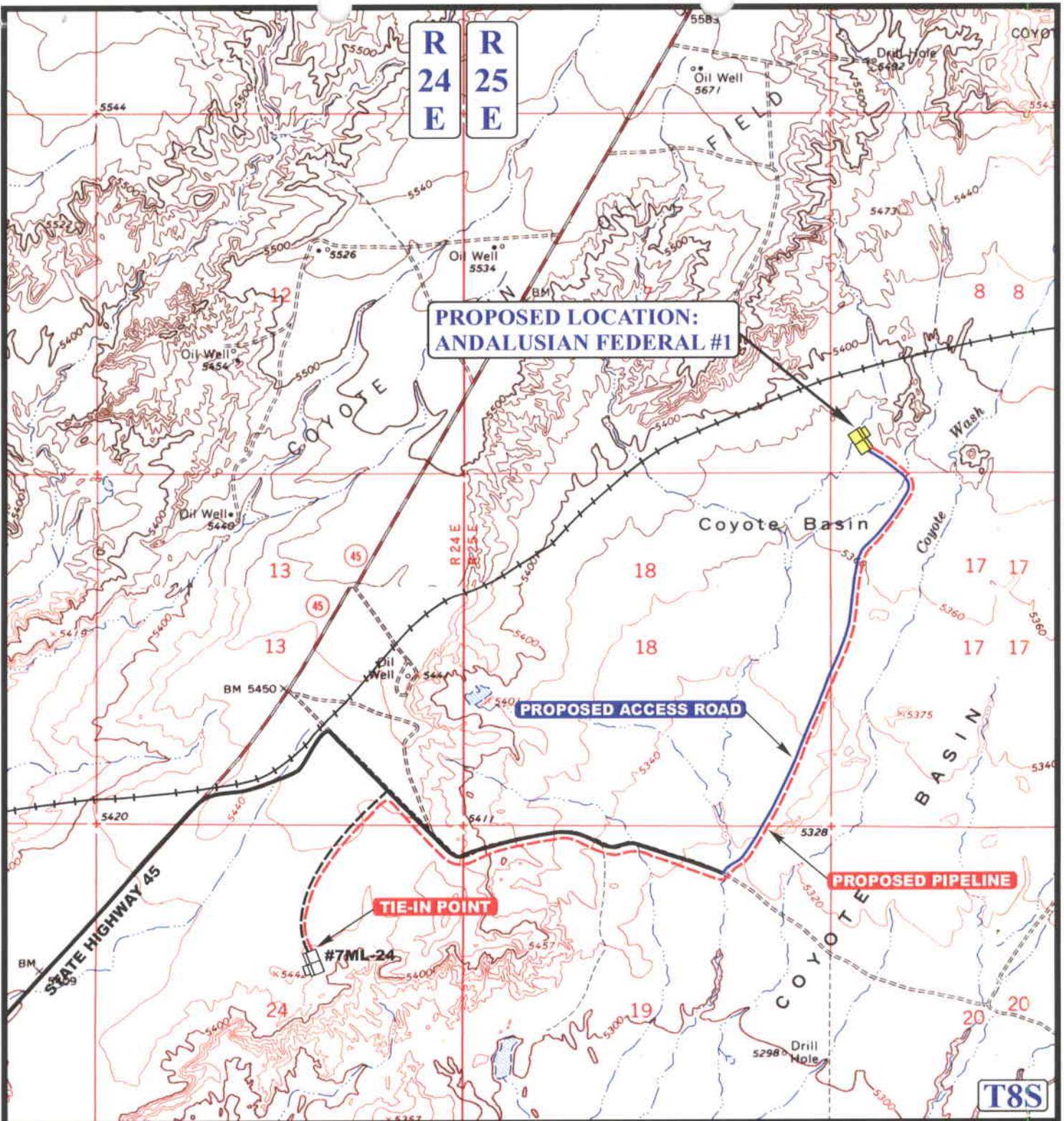


TOPOGRAPHIC
 MAP

02	24	06
MONTH	DAY	YEAR

SCALE: 1:100,000 DRAWN BY: L.K. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 15,127' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- - - - - EXISTING PIPELINE
- - - - - PROPOSED PIPELINE
- - - - - PROPOSED PIPELINE (SERVICING OTHER WELLS)

YATES PETROLEUM CORP.

ANDALUSIAN FEDERAL #1
SECTION 8, T8S, R25E, S.L.B.&M.
471' FSL 471' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC
MAP

07	26	06
MONTH	DAY	YEAR

SCALE: 1" = 2000'

DRAWN BY: L.K.

REVISED: 00-00-00



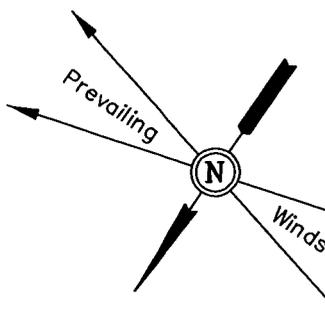
YATES PETROLEUM CORP.

FIGURE #1

**LOCATION LAYOUT FOR
ANDALUSIAN FEDERAL #1
SECTION 8, T8S, R25E, S.L.B.&M.**

471' FSL 471' FWL *Install CMP as Needed*

Approx. Toe of Fill Slope **F-1.8'**
El. 71.7'



C-0.8'
El. 74.3'

F-0.1'
El. 73.4'

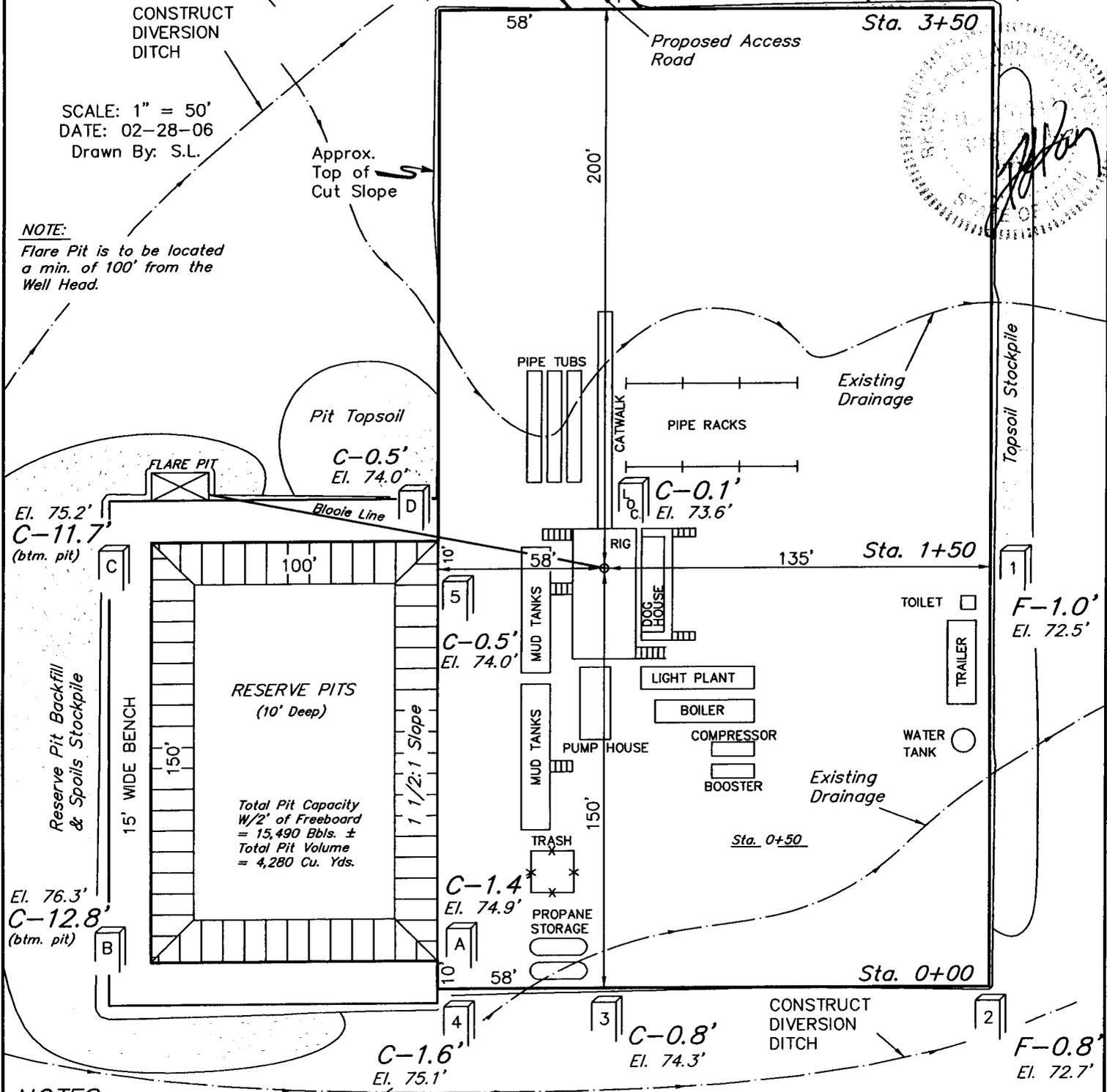
8

CONSTRUCT DIVERSION DITCH

SCALE: 1" = 50'
DATE: 02-28-06
Drawn By: S.L.

Approx. Top of Cut Slope

NOTE:
Flare Pit is to be located a min. of 100' from the Well Head.

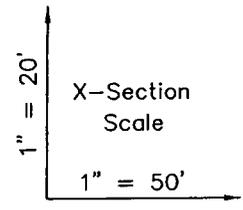


NOTES:

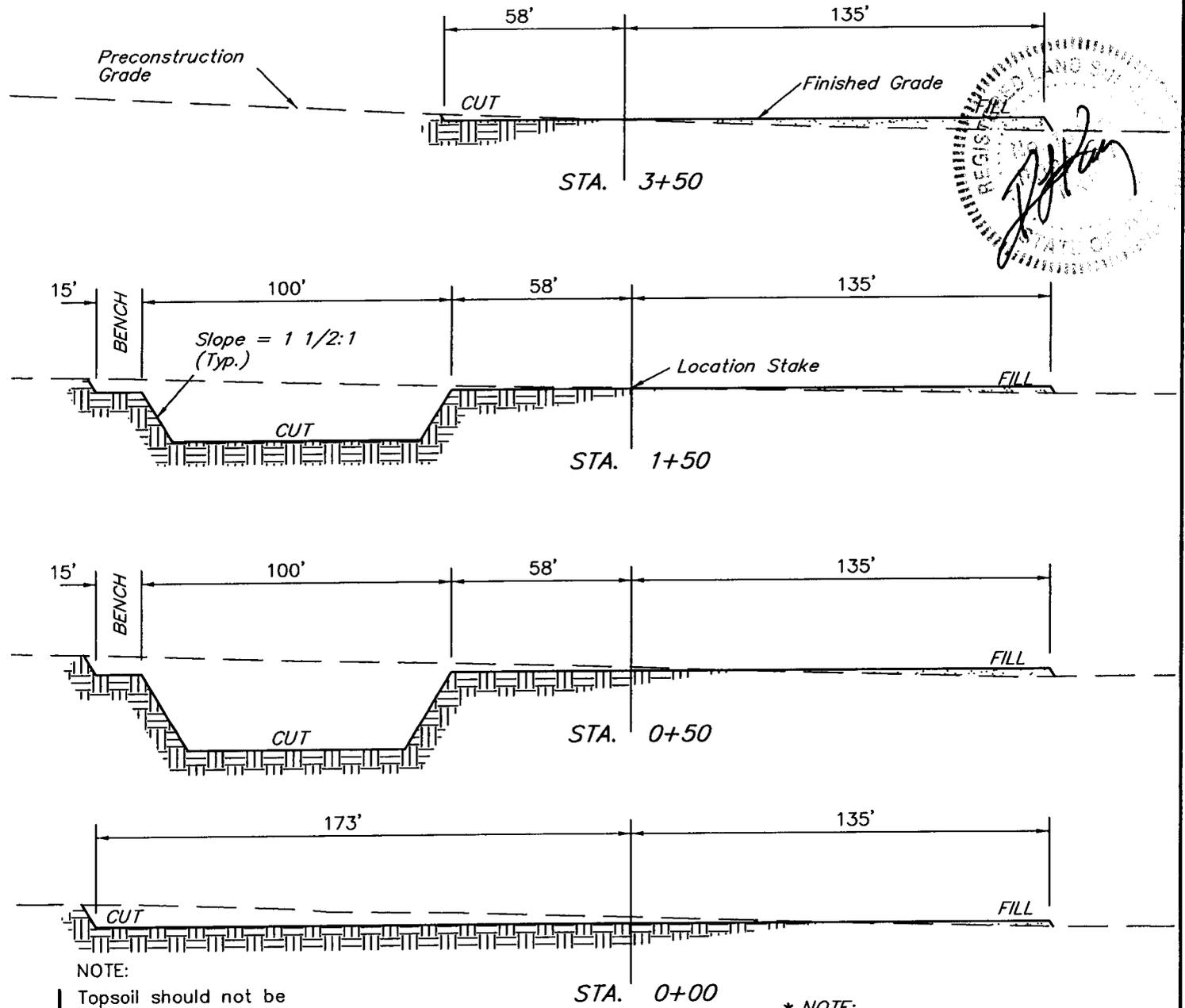
Elev. Ungraded Ground At Loc. Stake = **5373.6'**
FINISHED GRADE ELEV. AT LOC. STAKE = **5373.5'**

YATES PETROLEUM CORP.
TYPICAL CROSS SECTIONS FOR
ANDALUSIAN FEDERAL #1
SECTION 8, T8S, R25E, S.L.B.&M.
471' FSL 471' FWL

/ **FIGURE #2** /



DATE: 02-28-06
 Drawn By: S.L.



NOTE:
 Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,710 Cu. Yds.
Remaining Location	= 5,290 Cu. Yds.
TOTAL CUT	= 7,000 CU.YDS.
FILL	= 2,380 CU.YDS.

EXCESS MATERIAL	= 4,620 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,850 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 770 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
 85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/24/2006

API NO. ASSIGNED: 43-047-38497

WELL NAME: ANDALUSIAN FED 1
 OPERATOR: YATES PETROLEUM CORP (N7400)
 CONTACT: ROBERT ANDERSON

PHONE NUMBER: 505-748-1471

PROPOSED LOCATION:

SWSW 08 080S 250E
 SURFACE: 0471 FSL 0471 FWL
 BOTTOM: 0471 FSL 0471 FWL
 COUNTY: UINTAH
 LATITUDE: 40.13103 LONGITUDE: -109.1320
 UTM SURF EASTINGS: 659156 NORTHINGS: 4443763
 FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-75124
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. NM-2811)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-2154)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

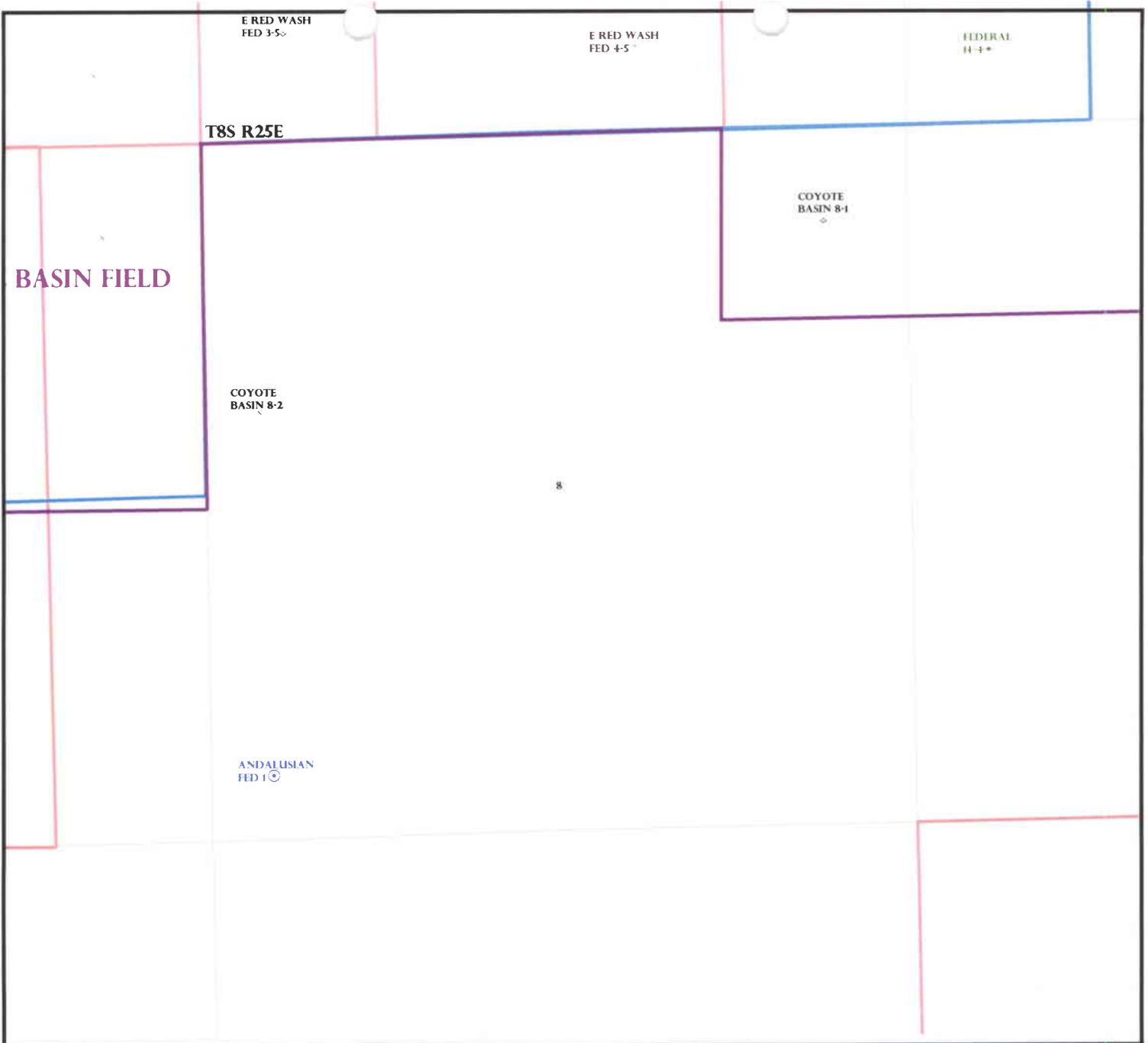
LOCATION AND SITING:

- R649-2-3.
- Unit: _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Feasibility Study

2- Spacing Slip



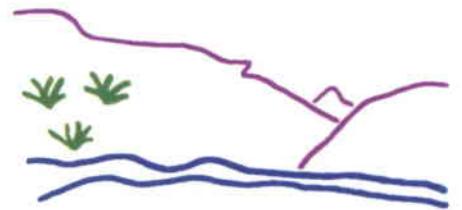
OPERATOR: YATES PETRO CO (N7400)

SEC: 8 T.8S R. 25E

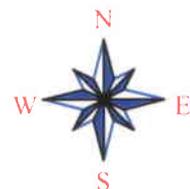
FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 25-AUGUST-2006

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 28, 2006

Yates Petroleum Corporation
105 South Fourth St.
Artesai, NM 88210

Re: Andalusian Federal #1 Well, 471' FSL, 471' FWL, SW SW, Sec. 8, T. 8 South,
R. 25 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38497.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Yates Petroleum Corporation

Well Name & Number Andalusian Federal #1

API Number: 43-047-38497

Lease: UTU-75124

Location: SW SW **Sec. 8** **T. 8 South** **R. 25 East**

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 15, 2007

Yates Petroleum Corporation
105 South Fourth St.
Artesia, NM 88210

Re: APD Rescinded – Andalusian Federal 1, Sec. 8, T. 8S, R. 25E
Uintah County, Utah API No. 43-047-38497

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 28, 2006. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 15, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/ut/st/en/fo/vernal.html>



IN REPLY REFER TO:
3160
UTG011

June 18, 2009

Will C. Russell
Yates Petroleum Corporation
PO Box 1908
Rock Springs, WY 82902

Re: **43 047 38497**
Request to Return APD
Well No. Andalusian Federal 1
SWSW, Sec. 8, T8S, R25E
Uintah County, Utah
Lease No. UTU-75124

Dear Mr. Russell:

The Application for Permit to Drill (APD) for the above referenced-well received March 15, 2006, is being returned unapproved per your request in an email message to Natural Resource Specialist Anna Figueroa dated June 17, 2009. I followed-up in a telephone conversation with you yesterday to confirm that this APD is holding Lease UTU-75124 in suspension. The lease suspension will be terminated once this APD is returned. You confirmed that Yates Petroleum Corporation has no intentions of drilling the well and requested that this office cancel your APD packet.

If you have any questions regarding APD processing, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

Enclosure

cc: UDOGM

RECEIVED

JUN 29 2009

DIV. OF OIL, GAS & MINING