ATS-07-649

OCD-ARTESIA

Previously Submitted

Form 3160-3
(August 1999)

0
OMB No. 1004-0136
Expires November 30, 2000

S STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1210

APPLICATION FOR PERMIT TO DRILL OR REENTER

OCT 04 2007
OCD-ARTESIA

1a Type of Work. [X] DRILL [ ] REENTER	5. Lease Serial No: NM-022534-A
	6 If Indian, Allottee or Tribe Name:
	7. If Unit or CA Agreement, Name and No.:
b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone	8 Lease Name and Well No. 36778: Quandry BJQ Federal Com. #1
2. Name of Operator: Yates Petroleum Corporation	9. API Well No: 30-015-35848
3A Address: 105 South Fourth Street, Artesia, New Mexico 88210	3b Phone No. (include area code): (505) 748-1471
	10 Field and Pool, or Exploratory: Undes. Cemetery Morrow
4 Location of Well (Report location clearly and in accordance with any State requirements *)	11 Sec., T., R., M., or Blk, and Survey or Area
At surface: 426' FNL and 1721' FWL Section 10, T21S-R24E SHL	Section 10, T21S-R24E
At proposed prod Zone: 660' FSL and 660' FWL Section 3, T21S-R24E BHL	
14 Distance in miles and direction from nearest town or post office*: Approximately 14.6 miles northwest of Carlsbad, New Mexico.	12. County or Parish: Eddy County; 13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any): 426'	16. No. of Acres in lease: 120	17. Spacing Unit dedicated to this well: Sec 3: 320. ~~Bottom 1/3~~
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft: 800'	19. Proposed Depth: 10200' TVD 10589' MD	20. BLM/BIA Bond No. on file: pd operator NMB-000434 9/26/07 ww I
21 Elevations (Show whether DF, KDB, RT, GL, etc.): 3830' GL	22. Approximate date work will start*: ASAP	23. Estimated duration: 45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office

25 Signature: Cy Cowan	Name (Printed/Typed): Cy Cowan	Date: 8/21/2007
Title: Regulatory Agent		
Approved by (Signature): /S/ DON PETERSON	Name (Printed/Typed): /S/ DON PETERSON	Date: OCT 02 2007
Title: FOR FIELD MANAGER	Office: CARLSBAD FIELD OFFICE	

Application approval 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

Conditions of approval, if any, are attached

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Se... States any false, fictitious or fraudulent statements ... ully to make to any department or agency of the United

*(Instructions on reverse) C-144 Atta

Roswell Controlled Water Basin

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

YATES PETROLEUM CORPORATION

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM-022534-A

Bond Coverage: Individually Bonded

Legal Description of Land:

W/2SW/4, SE/SW/4
Section 3, T21S-R24E
Eddy County, New Mexico

BLM Bond File No.: NMB-000434

Formation (s) – (if applicable):

YATES PETROLEUM CORPORATION

Date: April 3, 2007

Cy Cowan, Regulatory Agent

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	74640	Undesignated Cemetary Morrow

Property Code	Property Name	Well Number
	QUANDRY "BJQ" FEDERAL COM.	1

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3830

Surface Location

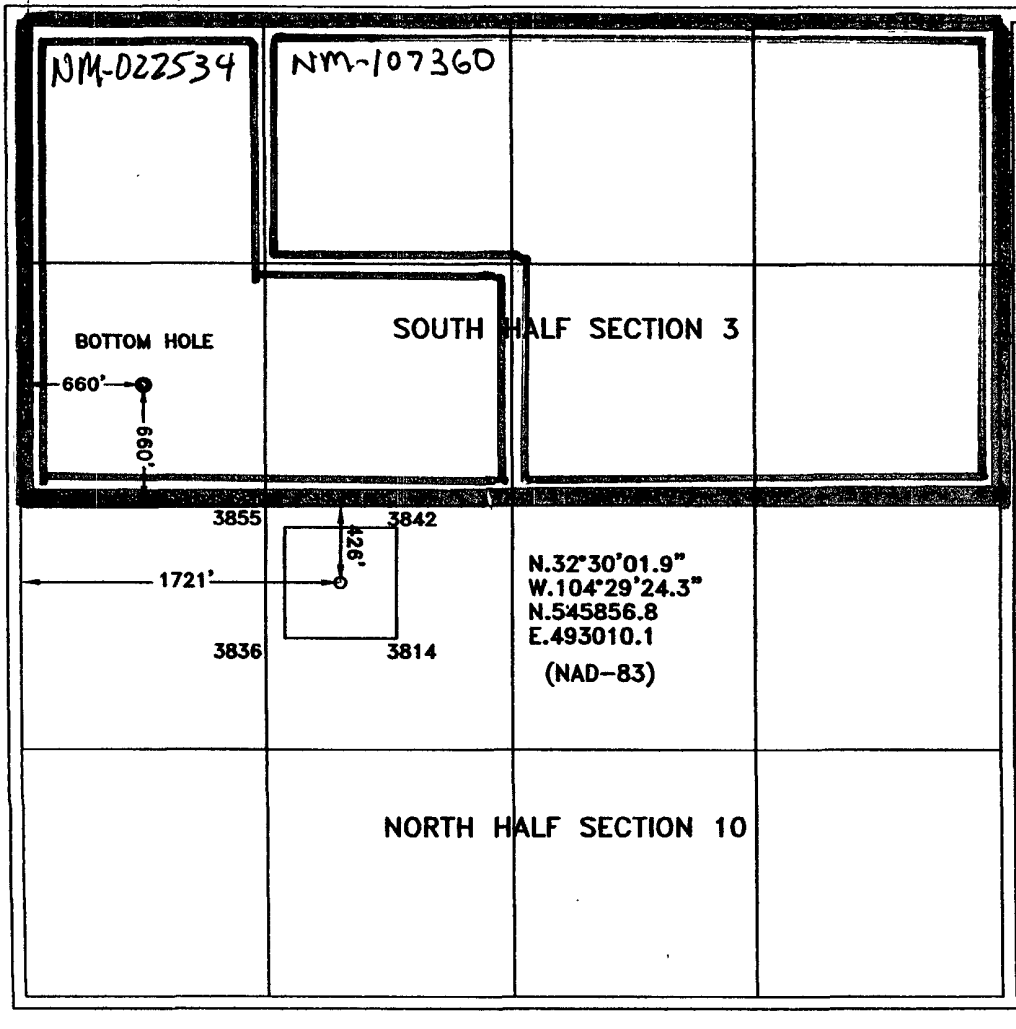
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	10	21S	24E		426	NORTH	1721	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	21S	24E		660	SOUTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
Sec. 3 320 ~~Bottom 1/3~~			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cy Cowan 4/3/07
Signature Date

Cy Cowan
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

11/28/2006
Date Surveyed
Signature & Seal of Professional Surveyor

HERSCHEL L. JONES
NEW MEXICO
3640
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. Herschel L. Jones 3640
GENERAL SURVEYING

YATES PETROLEUM CORPORATION
Quandry BJQ Federal Com. #1
426' FNL and 1721' FWL Surface Hole Location
Section 10, T21R-24E
660' FSL and 660' FWL Bottom Hole Location
Section 3, T21S-R24E
Eddy County, New Mexico

1. **The estimated tops of geologic markers are as follows:**

San Andres	1050'	Oil Play	Strawn	8945'	Gas Pay
Bone Spring Lime	3570'	Oil Pay	Atoka	9275'	Gas Pay
1st Bone Spring Lime	3680'	Oil Pay	Upper Morrow	9690'	Gas Pay
2nd Bone Spring Lime	4010'	Oil Pay	Middle Morrow	9740'	Gas Pay
3rd Bone Springs Lime	6750'	Oil Pay	Lower Morrow	9880'	Gas Pay
Wolfcamp	7000'	Oil Pay	Base of Morrow	10000'	Gas Pay
Cisco Canyon	8310'	Gas Pay	TD	10200'	Gas Pay

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

Water: 260'
Oil or Gas: See Above.

3. **Pressure Control Equipment:** BOPE will be installed on the 9 5/8" casing and rated for 5000 BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. **THE PROPOSED CASING AND CEMENTING PROGRAM:**

A. Casing Program: **(All New)**

Hole Size	Casing Size	Wt./Ft	Grade	Thread	Interval	Length
17 ½"	13 3/8"	48#	H-40	ST&C	0-400'	400'
12 ¼"	9 5/8"	36#	J-55	ST&C	0-3600'	3600'
8 ¾"	5/1/2"	17#	HCP-110	LT&C	0-5000'	5000'
8 ¾"	5/1/2"	17#	L-80	LT&C	5000'-8800'	3800'
8 ¾"	5/1/2"	17#	~~HCP~~-110	LT&C	8000'-10589'	1789'

HCP per oper 9/21/07 WWI

Yates Petroleum Corporation requests a variance to install a rotating head on the surface casing strings when intermediate casing will be set. If a BOP system is required then we wish to install a 2M system and receive a varience to test the system to 1000# using the rig pumps. The test will be held for 30 minutes on each system component. Components to be tested include pipe rams, blind rams, and annular preventer.

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

B. CEMENTING PROGRAM:
Surface casing: 450 sx "C" + 2% CaCl2 (YLD 1.35 WT 14.8). To Surface.

Intermediate casing: 975 sx "C" Lite (Yld 2.04 WT 12.5) Tail in w/200 sx Class "C" (YLD 1.33 WT 14.8). To Surface.

Production Casing: Lead w/ 900 sx "C" Lite (YLD 1.94 WT 12.5)
Tail in w/ 1325 sx Super 'C' (YLD 1.57 WT 13.2). TOC 3100'.

5. Mud Program and Auxiliary Equipment:

see COA →

Interval	Type	Weight	Viscosity	Fluid Loss
Spud to 400'	Fresh Water	8.4-8.6	34-36	N/C
400'-3600'	FW/Air mist	8.4	28	N/C
3600'-9300'	Cut Brine	9.0-9.4	28	N/C
9300 -10,000'	Salt Gel/Starch/5%KCL	9.6-10.0	34	N/C
10,000'-10,589'	Salt Gel/Starch/5%KCL	9.6-10.0	34	<10-15cc

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10' out from under intermediate casing to TD.
Logging: Platform Express/HALS/NGT/FMI.
Coring: None anticipated.
DST's: Possible from Wolfcamp to TD.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:
Anticipated BHP:

From:	0	TO	400'	Anticipated Max. BHP: 180	PSI
From:	400'	TO	3600'	Anticipated Max. BHP: 1575	PSI
From:	3600'	TO	10589'	Anticipated Max. BHP: 5300	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: Possible Canyon

H2S Zones Anticipated: Possible Canyon

Maximum Bottom Hole Temperature: 189° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

Simulated Survey - C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\quandry1(revised).wpp

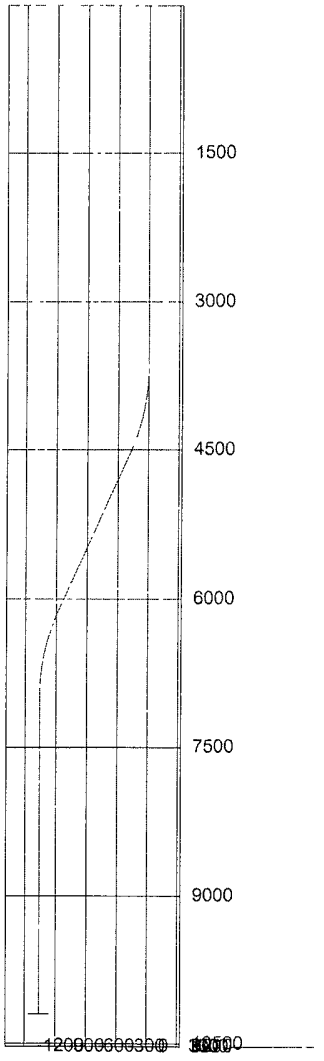
	M D [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F Ref. [HS/GN]
1	0 00	0 00	0.00	0 00	0.00	0.00	0.00		
2	3650.00	0 00	0.00	3650.00	0.00	0.00	3.50	316	GN
3	3675 00	0.87	315 67	3675.00	0.14	-0.13	3.50	0	HS
4	3700 00	1.75	315.67	3699.99	0.55	-0.53	3.50	0	HS
5	3725 00	2.63	315.67	3724.97	1.23	-1.20	3.50	0	HS
6	3750 00	3 50	315 67	3749.94	2.18	-2.13	3 50	360	HS
7	3775 00	4.38	315 67	3774 88	3.41	-3.33	3.50	0	HS
8	3800.00	5 25	315 67	3799.79	4.91	-4.80	3.50	0	HS
9	3825.00	6.12	315.67	3824.67	6 68	-6.53	3.50	0	HS
10	3850 00	7 00	315.67	3849.50	8 73	-8.53	3.50	360	HS
11	3875 00	7 87	315 67	3874 29	11.04	-10 79	3.50	0	HS
12	3900.00	8.75	315.67	3899.03	13 63	-13.31	3.50	0	HS
13	3925.00	9 63	315 67	3923.71	16.48	-16.10	3.50	0	HS
14	3950 00	10.50	315.67	3948 32	19.61	-19 16	3.50	0	HS
15	3975.00	11.37	315.67	3972.87	23 00	-22.47	3.50	0	HS
16	4000.00	12.25	315.67	3997.34	26.66	-26 05	3.50	0	HS
17	4025 00	13 12	315.67	4021.73	30 59	-29.88	3.50	0	HS
18	4050 00	14 00	315 67	4046 03	34 78	-33.98	3.50	0	HS
19	4075.00	14 87	315 67	4070.24	39 24	-38.34	3.50	0	HS
20	4100.00	15.75	315 67	4094 35	43.96	-42.95	3.50	0	HS
21	4125.00	16.62	315 67	4118.36	48.95	-47.82	3 50	0	HS
22	4150.00	17 50	315 67	4142 26	54 19	-52.95	3.50	0	HS
23	4175.00	18.38	315 67	4166 05	59.70	-58.33	3 50	0	HS
24	4200 00	19.25	315 67	4189.71	65.47	-63.96	3.50	360	HS
25	4225.00	20.13	315 67	4213.25	71 49	-69 85	3.50	360	HS
26	4250 00	21 00	315.67	4236 66	77 77	-75.98	3.50	0	HS
27	4275 00	21.88	315 67	4259 93	84.31	-82.37	3.50	0	HS
28	4300 00	22 75	315 67	4283 05	91.10	-89.00	3.50	0	HS
29	4325 00	23.63	315 67	4306.04	98 14	-95.88	3.50	0	HS
30	4350 00	24.50	315.67	4328.86	105 43	-103 00	3.50	0	HS
31	4375.00	25 38	315 67	4351.53	112.97	-110.37	3.50	0	HS
32	4400 00	26 25	315 67	4374 04	120 76	-117.98	3.50	0	HS
33	4425 00	27.12	315 67	4396.37	128 79	-125 82	3 50	0	HS
34	4450 00	28.00	315 67	4418 54	137 06	-133.91	3 50	0	HS
35	4475 00	28 87	315 67	4440 52	145 58	-142.23	3.50	0	HS
36	4500.00	29 75	315 67	4462 32	154 33	-150.78	3 50	0	HS

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F Ref. [HS/GN]
37	4525.00	30.62	315.67	4483.93	163.32	-159.56	3.50	0	HS
38	4550.00	31.50	315.67	4505.34	172.55	-168.58	3.50	360	HS
39	4572.74	32.30	315.67	4524.64	181.14	-176.97	3.50	360	HS
40	6466.39	32.30	315.67	6125.35	904.85	-884.02	0.00		
41	6475.00	31.99	315.67	6132.64	908.13	-887.22	3.50	180	HS
42	6500.00	31.12	315.67	6153.94	917.49	-896.37	3.50	180	HS
43	6525.00	30.24	315.67	6175.44	926.61	-905.28	3.50	180	HS
44	6550.00	29.37	315.67	6197.13	935.50	-913.97	3.50	180	HS
45	6575.00	28.49	315.67	6219.01	944.15	-922.42	3.50	180	HS
46	6600.00	27.62	315.67	6241.08	952.56	-930.63	3.50	180	HS
47	6625.00	26.74	315.67	6263.31	960.73	-938.62	3.50	180	HS
48	6650.00	25.87	315.67	6285.73	968.66	-946.36	3.50	180	HS
49	6675.00	24.99	315.67	6308.30	976.34	-953.86	3.50	180	HS
50	6700.00	24.12	315.67	6331.04	983.77	-961.12	3.50	180	HS
51	6725.00	23.24	315.67	6353.94	990.95	-968.14	3.50	180	HS
52	6750.00	22.37	315.67	6376.98	997.88	-974.91	3.50	180	HS
53	6775.00	21.49	315.67	6400.17	1004.56	-981.44	3.50	180	HS
54	6800.00	20.62	315.67	6423.50	1010.99	-987.71	3.50	180	HS
55	6825.00	19.74	315.67	6446.97	1017.16	-993.74	3.50	180	HS
56	6850.00	18.87	315.67	6470.56	1023.07	-999.52	3.50	180	HS
57	6875.00	17.99	315.67	6494.28	1028.72	-1005.04	3.50	180	HS
58	6900.00	17.12	315.67	6518.11	1034.12	-1010.31	3.50	180	HS
59	6925.00	16.24	315.67	6542.06	1039.25	-1015.33	3.50	180	HS
60	6950.00	15.37	315.67	6566.11	1044.12	-1020.09	3.50	180	HS
61	6975.00	14.49	315.67	6590.27	1048.73	-1024.59	3.50	180	HS
62	7000.00	13.62	315.67	6614.52	1053.07	-1028.83	3.50	180	HS
63	7025.00	12.74	315.67	6638.86	1057.15	-1032.81	3.50	180	HS
64	7050.00	11.87	315.67	6663.29	1060.96	-1036.54	3.50	180	HS
65	7075.00	10.99	315.67	6687.79	1064.51	-1040.00	3.50	180	HS
66	7100.00	10.12	315.67	6712.37	1067.78	-1043.20	3.50	180	HS
67	7125.00	9.24	315.67	6737.01	1070.79	-1046.14	3.50	180	HS
68	7150.00	8.37	315.67	6761.72	1073.53	-1048.81	3.50	180	HS
69	7175.00	7.49	315.67	6786.48	1076.00	-1051.23	3.50	180	HS
70	7200.00	6.62	315.67	6811.29	1078.19	-1053.37	3.50	180	HS
71	7225.00	5.74	315.67	6836.14	1080.12	-1055.25	3.50	180	HS
72	7250.00	4.87	315.67	6861.04	1081.77	-1056.87	3.50	180	HS

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+/W- [ft]	D L.S [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
73	7275 00	3 99	315.67	6885.96	1083 15	-1058.22	3.50	180	HS
74	7300.00	3 12	315 67	6910.91	1084.26	-1059.30	3 50	180	HS
75	7325.00	2 24	315.67	6935.88	1085.10	-1060.12	3.50	180	HS
76	7350 00	1 37	315.67	6960.87	1085.66	-1060 67	3.50	180	HS
77	7375 00	0.48	315.67	6985.87	1085 95	-1060.96	3.50	180	HS
78	7389.14	0.00	136.03	7000.00	1086 00	-1061.00	3.50	136	GN
79	10589 13	0 00	0.00	10200.00	1086 00	-1061 00	0 00		

3D³ Directional Drilling Planner - 3D View

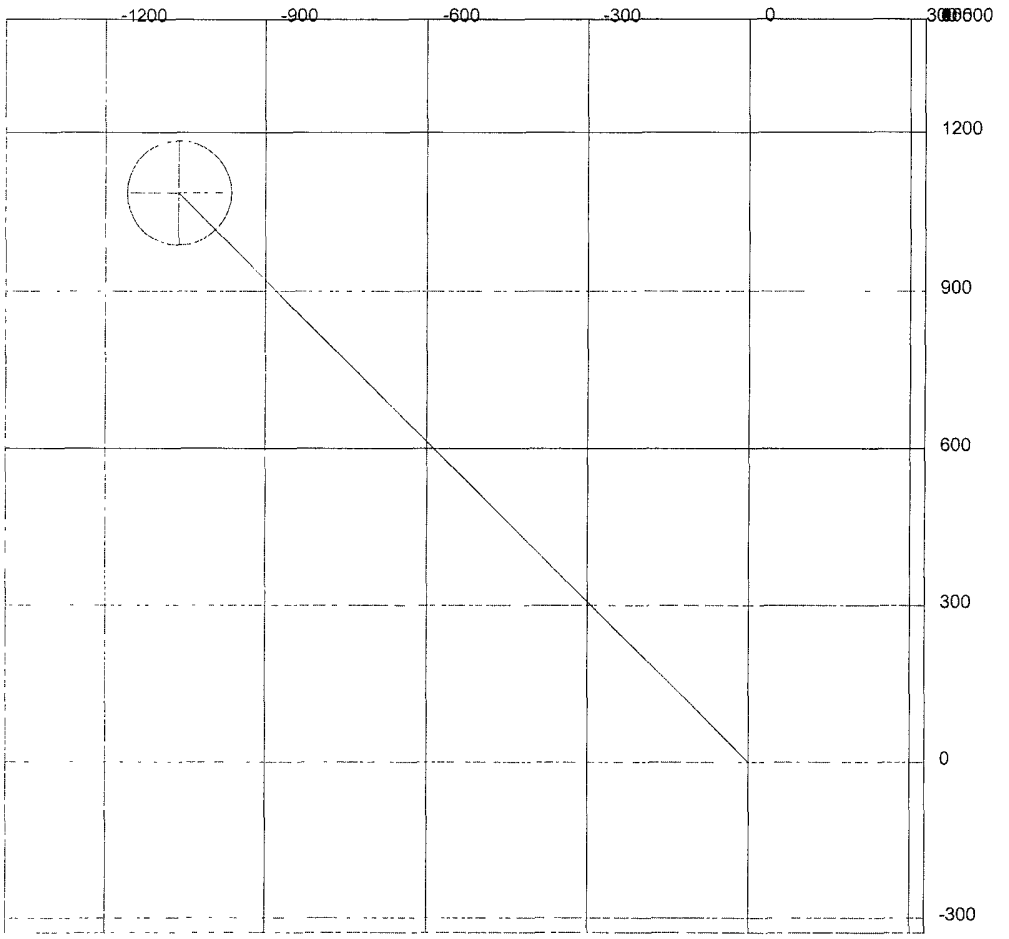
Company: **Yates Petroleum Corporation**
Well: **Quandry BJQ Federal Com. #1**



File: C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\quandry1(revised).wpp

3D³ Directional Drilling Planner - 3D View

Company: **Yates Petroleum Corporation**
Well: **Quandry BJQ Federal Com. #1**



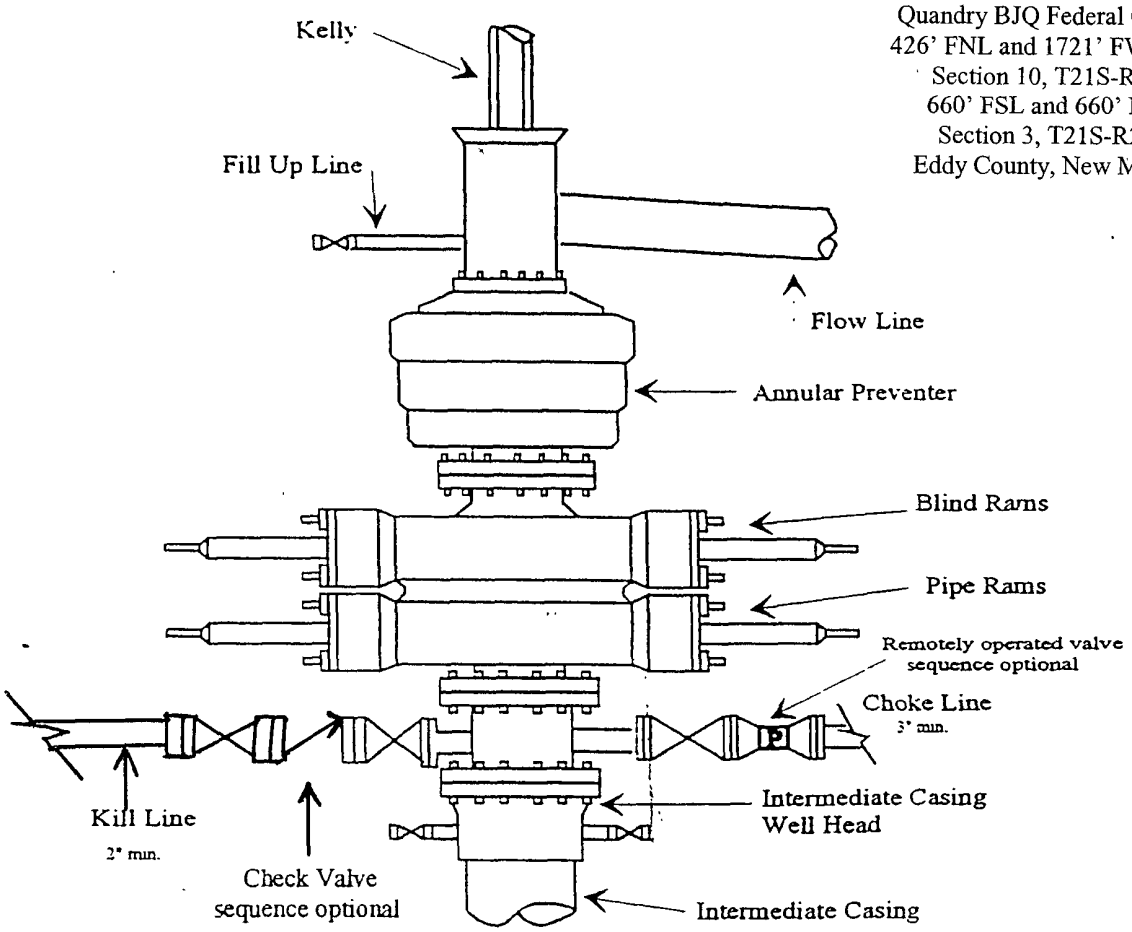
File: C:\Program Files\Drilling Toolbox 2001\Templates\Visual Wellbore\quandry1(revised).wpp

Yates Petroleum Corporation

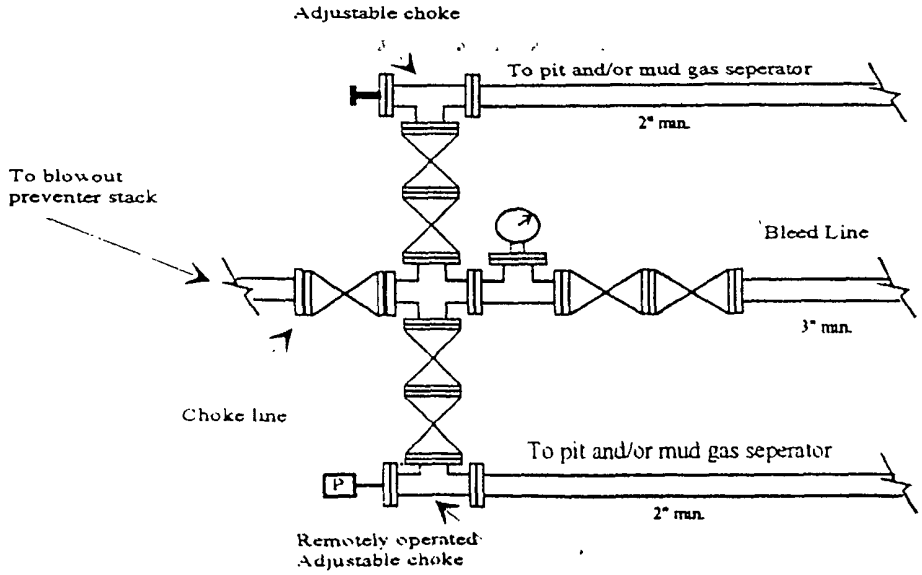
BOP-4

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

Quandry BJQ Federal Com #1
426' FNL and 1721' FWL SHL
Section 10, T21S-R24E
660' FSL and 660' FWL
Section 3, T21S-R24E
Eddy County, New Mexico



Typical 5,000 psi choke manifold assembly with at least these minimun features



Yates Petroleum Corporation

105 S. Fourth Street
Artesia, NM 88210

Hydrogen Sulfide (H_2S) Contingency Plan

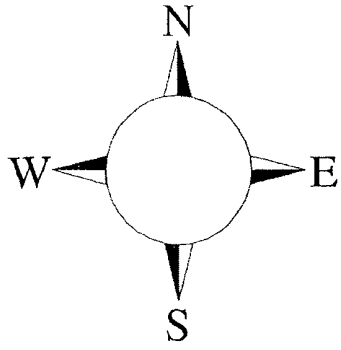
For

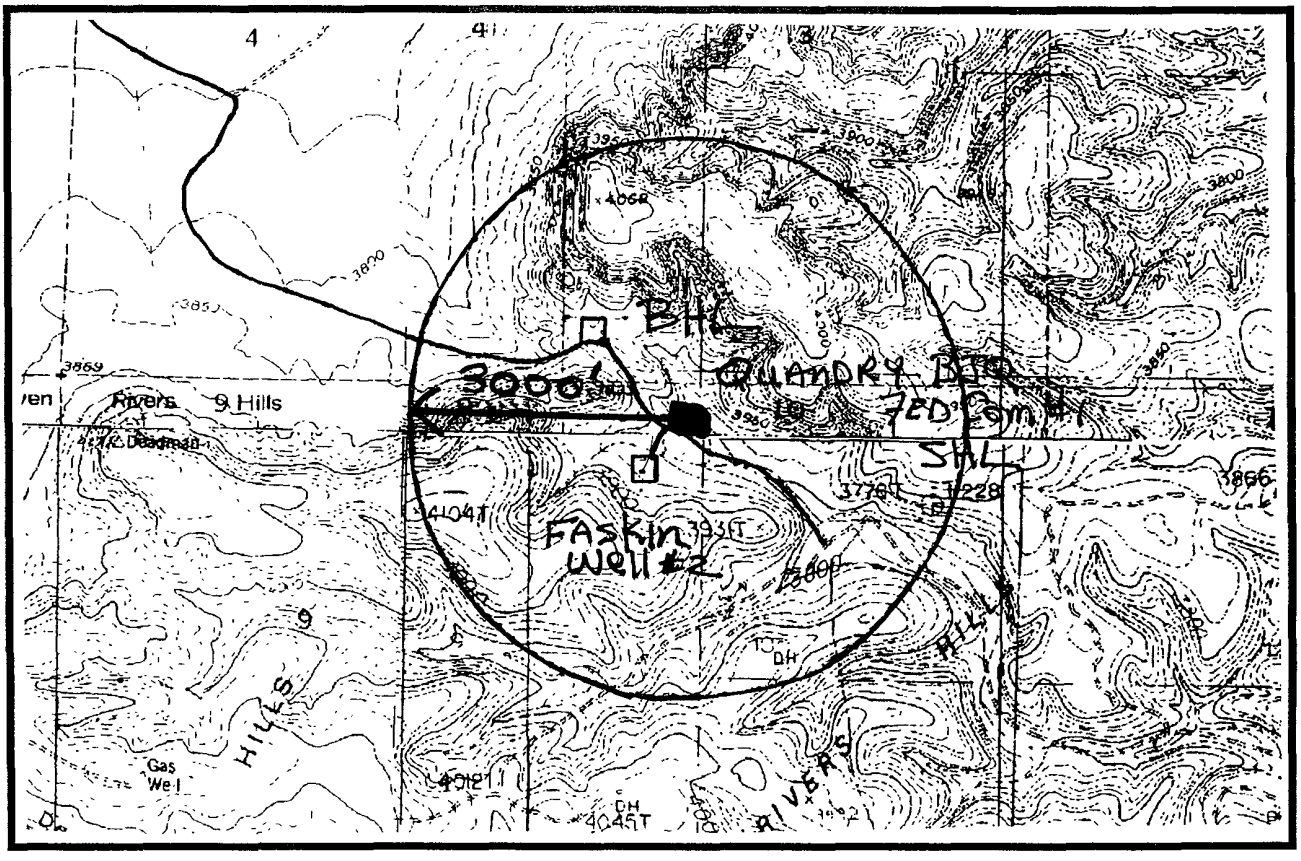
Quandry BJQ Federal Com. #1

426' FSL, 1721' FWL Surface Hole Location\
Section 10, T21S-R24E
660' FSL, 660' FWL Bottom Hole Location
Section 3, T21S-R-24E
Eddy County NM

Quandry BJQ Federal Com. #1

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H_2S, including warning signs, wind indicators and H_2S monitor.





Assumed 100 ppm ROE = 3000'
100 ppm H2S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H_2S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr-ation
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office ..... (505) 748-1471
Pinson McWhorter/Operations Manager ..... (505) 748-4189
Darrel Atkins/Production Manager ..... (505) 748-4204
Ron Beasley/Prod Superintendent ..... (505) 748-4210
Al Springer/Drilling ..... (505) 748-4225
Paul Hanes/Prod. Foreman/Roswell ..... (505) 624-2805
Jim Krogman/Drilling Superintendent..... (505) 748-4215
Artesia Answering Service ..... (505) 748-4302
(During non-office hours)

Agency Call List

Eddy County (505)

Artesia

State Police 746-2703
City Police.....746-2703
Sheriff's Office 746-9888
Ambulance.....911
Fire Department 746-2701
LEPC (Local Emergency Planning Committee) 746-2122
NMOCD.....748-1283

Carlsbad

State Police 885-3137
City Police.....885-2111
Sheriff's Office.....887-7551
Ambulance.....911
Fire Department 885-2111
LEPC (Local Emergency Planning Committee)..... 887-3798
US Bureau of Land Management.....887-6544
New Mexico Emergency Response Commission (Santa Fe) (505)476-9600
24 HR .....(505) 827-9126
New Mexico State Emergency Operations Center.....(505) 476-9635
National Emergency Response Center (Washington, DC) ...(800) 424-8802

Other

Boots & Coots IWC .....1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....(915) 699-0139 or (915) 563-3356
Halliburton .....(505) 746-2757
B. J. Services.....(505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX .....(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX .....(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM .....(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM .....(505) 842-4949

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Quandry BJQ Federal Com. #1
426' FNL and 1721' FWL Surface Hole Location
Section 10, T21S-R24E
660' FSL and 660 FWL Bottom Hole Location
Section 3, T21S-R24E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 14.4 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Artesia of Highway 285 to White Pine Road. (CR 28) Turn right on White Pine Road and go approx. 7.8 miles. Turn left here on existing lease road with Faskin well signs and go approximately 1.9 miles. The proposed well location will be on the left. The access road if any will enter the southwest corner of the proposed well location.

2. PLANNED ACCESS ROAD:

A. There may not be any new access road since the south side of the location may go to the existing lease access road.
B. If any new road is needed the new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
C. The new road will be bladed with drainage on one side. No traffic turnouts will be built.
D. The route of the road is visible.
E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

A. There is drilling activity within a one-mile radius of the wellsite.
B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. There are no production facilities on this lease at the present time.
B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.
B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
D. Oil produced during operations will be stored in tanks until sold.
E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, rig orientation and access road approach.
B. The reserve pits will be plastic lined.
C. A 600' x 600' area has been staked and flagged.

10. PLANS FOR RESTORATION

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

SURFACE OWNERSHIP: Bureau of Land Management, Carlsbad, New Mexico. We are still waiting for our surface use agreement from Faskin Oil and Gas Interests. As soon as it becomes available we will furnish it to the Bureau of Land Management

12. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
B. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE

A. Through A.P.D. Approval:

Cy Cowan, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

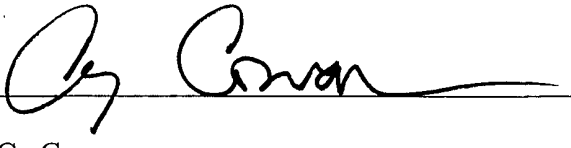
B. Through Drilling Operations, Completions and Production:

Paul Ragsdale, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

CERTIFICATION
YATES PETROLEUM CORPORATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 21st of August, 20 07

Signature 

Name Cy Cowan

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (505) 748-4372

Field Representative (if not above signatory) Jim Krogman, Drilling Supervisor

Address (if different from above) Same as above.

Telephone (if different from above) (505) 748-4215

E-mail (optional)

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Canyon** formation. **Measurements in the gas stream in nearby sections have ranged from7000-8000 ppm.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. When floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

1. The **13-3/8** inch surface casing shall be set at **approximately 400** feet and cemented to the surface.

   a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

   b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the San Andres, Wolfcamp, and Canyon formations. High cave/karst features in the Artesia Group and San Andres formations. Possible high pressure gas bursts in the Wolfcamp and possible overpressure in the Pennsylvanian section.

Approval given for aerated mud in the 400-3600' segment with weight not to drop below 7.8 ppg. If air drilling is planned, additional requirements for air drilling equipment must meet Onshore Order 2.III..E.1.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

   ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Intermediate casing to be set above the Bone Spring formation at a depth of approximately 3450-3600 feet.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations..

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8"** intermediate casing shoe shall be **5000 (5M)** psi.

4. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

    d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

    e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days**. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

    f. A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1000** psi with the rig pumps is approved.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

Engineer on call phone (after hours): Carlsbad: (505) 706-2779

WWI 092607