

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
1297
RESUBMITTAL

K-06-34
0

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: DRILL REENTER

b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
Yates Petroleum Corporation

3A. Address **105 South Fourth Street
Artesia, New Mexico 88210**
3b. Phone No. (include area code) **(505) 748-1471**

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface **CARLSBAD CONTROLLED SWNW/240N FNL and 990 FWL**
At proposed prod. Zone **same as above**

14. Distance in miles and direction from nearest town or post office*
Approximately forty-one (41) miles northwest of Jal, New Mexico

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

16. No. of Acres in lease
479.25

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth
9200'

20. BLM/BIA Bond No. on file
NM-2811

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3740' GL

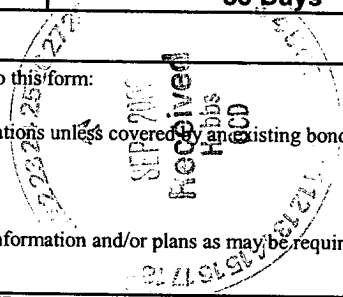
22. Approximate date work will start*
ASAP

23. Estimated duration
35 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 *Debbie L Caffell* for **Clifton R. May** Date **8/15/2006**

Email: **debbiec@ypcnm.com**
Title: **Regulatory Agent / Land Department**

Approved by (Signature) **/s/ James Stovall** Name (Printed/Typed) **/s/ James Stovall** Date **SEP 19 2006**

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.

APPROVAL FOR 1 YEAR

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse) **Previously Approved C-144 Attached**

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

GWW

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

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

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-38135		² Pool Code 51683		³ Pool Name Red Tank Bone Spring	
⁴ Property Code 18793		⁵ Property Name Thyme APY Federal			⁶ Well Number 10
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3740

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	1	23S	32E		2310	North	990	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶ 					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Clifton R. May Printed Name Regulatory Agent Title 07/19/2004 Date
					¹⁸ 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 supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor: Refer to Original Plat Certificate Number

District I
 PO Box 1990, Hobbs, NM 88241-1990
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-025-33674		* Pool Code E 1683		* Pool Name RED TANK BONE SPRING			
* Property Code 18793		* Property Name THYME "APY" FEDERAL				* Well Number 10	
* OGRID No. 025575		* Operator Name YATES PETROLEUM CORPORATION				* Elevation 3740	

10 Surface Location

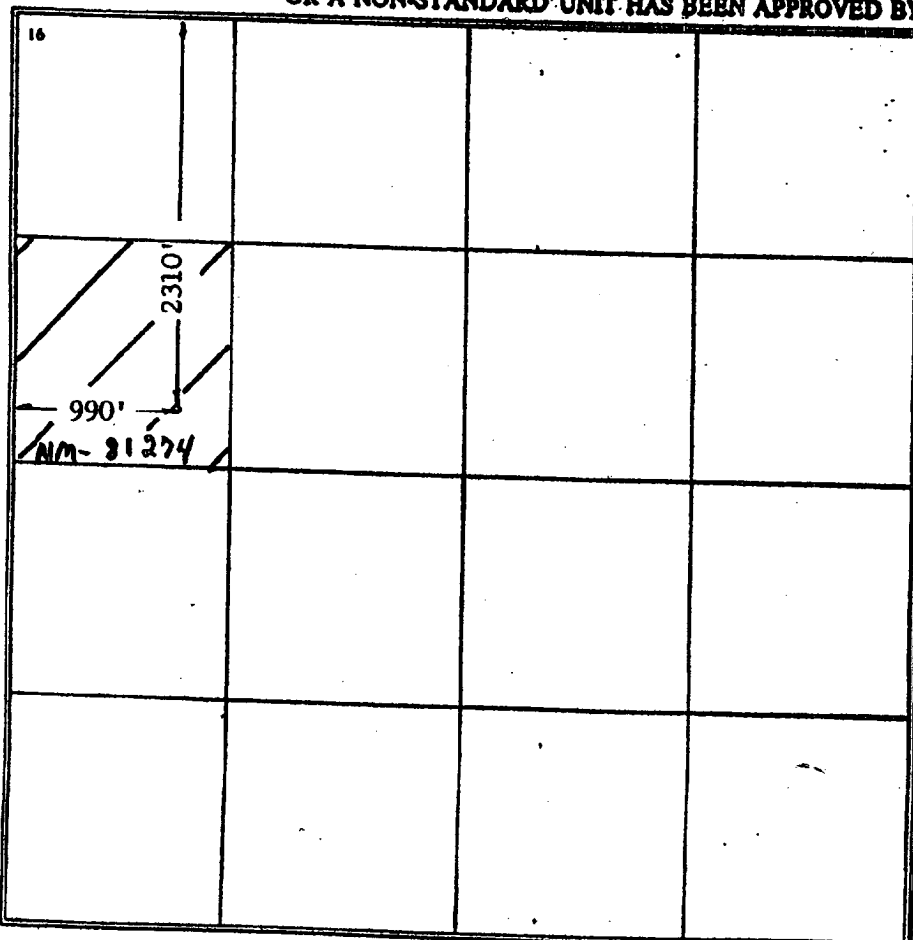
UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
E	1	23S	32E		2310	NORTH	990	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Clifton R. May
 Signature
 Clifton R. May
 Printed Name
 Regulatory Agent
 Title
 10-10-96
 Date

18 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 supervision, and that the same is true and correct to the best of my belief.

10/04/96
 Date of Survey

Signature and Seal of Registered Surveyor

 Certificate Number 3640

YATES PETROLEUM CORPORATION
Thyme APY Federal #10
 2310' FNL and 990' FWL
 Section 1-T23S-R32E
 Lea County, New Mexico

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

Rustler	1260'	Cherry Canyon	5990'
Top of Salt	1295'	Bone Spring	8800'
Bottom of Salt	4680'	TD	9200'
Delaware	4968'		

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

Water: 250' – 750'
 Oil or Gas: 8800'

3. Pressure Control Equipment: BOPE will be installed on the 13 3/4" casing and rated for 3000# 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	Coupling	Interval	Length
14 3/4"	11 3/4"	42#	H-40 J-55	ST&C	0-1270'	1270'
11"	8 5/8"	32#	J-55	ST&C	0-4200'	4200'
12 1/4"	8 5/8"	32#	HC-80	ST&C	4200-4810'	610'
7 7/8"	5 1/2"	17#	N-80	LT&C	0-2000'	2000'
7 7/8"	5 1/2"	17#	J-55	LT&C	2000-3000'	1000'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	3000-7000'	4000'
7 7/8"	5 1/2"	17#	J-55	LT&C	7000-8500'	1500'
7 7/8"	5 1/2"	17#	N-80	LT&C	8500-9200'	700'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. Yates Petroleum Corporation requests that a variance be granted in requiring the casing and BOPE to be tested to 2000 psi to testing the casing and BOPE to 1000 psi. The rig pumps will be used to test the casing and BOPE. Rig pumps used in this area cannot safely test above 1000 psi. We would have to go to the greater expense of hiring an independent service company to do the testing. Also, the bottom hole pressure in this field is proven to be near 1000 psi. A shut in surface pressure would be less than 1000 psi. We feel that a 1000 psi test will demonstrate that the BOPE is functioning properly, and in the unlikely event of a gas influx that the BOPE would be sufficient to control the well.

B. CEMENTING PROGRAM:

Surface Casing: 550 sx Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂ (YLD 1.84 WT 12.4) + 250 sx Class "C" w/2% CaCl₂ (YLD 1.32 WT 14.8). Cement calculated to circulate to surface.

Intermediate Casing: 1500 sx Pacesetter Lite "C" w/ 1/4# Cellocel + 3% CaCl₂ (YLD 1.32 WT 14.8) + 250 sx Class "C" w/2% CaCl₂ (YLD 1.32 WT 14.8). Cement calculated to circulate to surface.

Production Casing: 1st Stage: 250 sx "H" w/8# sx CSE + 0.6% CF-14 + 5# sx Gilsonite (YLD 1.75 WT 13.6). Cement calculated to 8000' DV tool set @ approximately 8000'.

2nd Stage: 650 sx Pacesetter Lite "C" w/5# sx Gilsonite, 1/4# sx Cellocel + 0.5% CF-14 (YLD 1.84 WT 12.7) + 150 sx "H" w/0.5% CF-14 (YLD 1.78 WT 13.6). Cement calculated to tie back to intermediate casing 100'.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1270'	FW GEL	8.6-9.6	32-36	N/C
1270'-4810'	Brine	10.0-10.2	28	N/C
4810'-9200'	Cut Brine/Starch	8.9-9.1	30	<15/cc

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: Every 20' from surface to 4000', 10' from 4000' to TD.

Logging: CNL/LDT from TD to casing, w/ GR-CNL up to surface, DLL w/RXO from TD to casing; CMR over selected intervals.

Coring: None anticipated

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

From: 0	TO: 1270'	Anticipated Max. BHP: 250 PSI
From: 1270'	TO: 4810'	Anticipated Max. BHP: 2062 PSI
From: 4810'	TO: TD	Anticipated Max. BHP: 3800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 140 F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days.

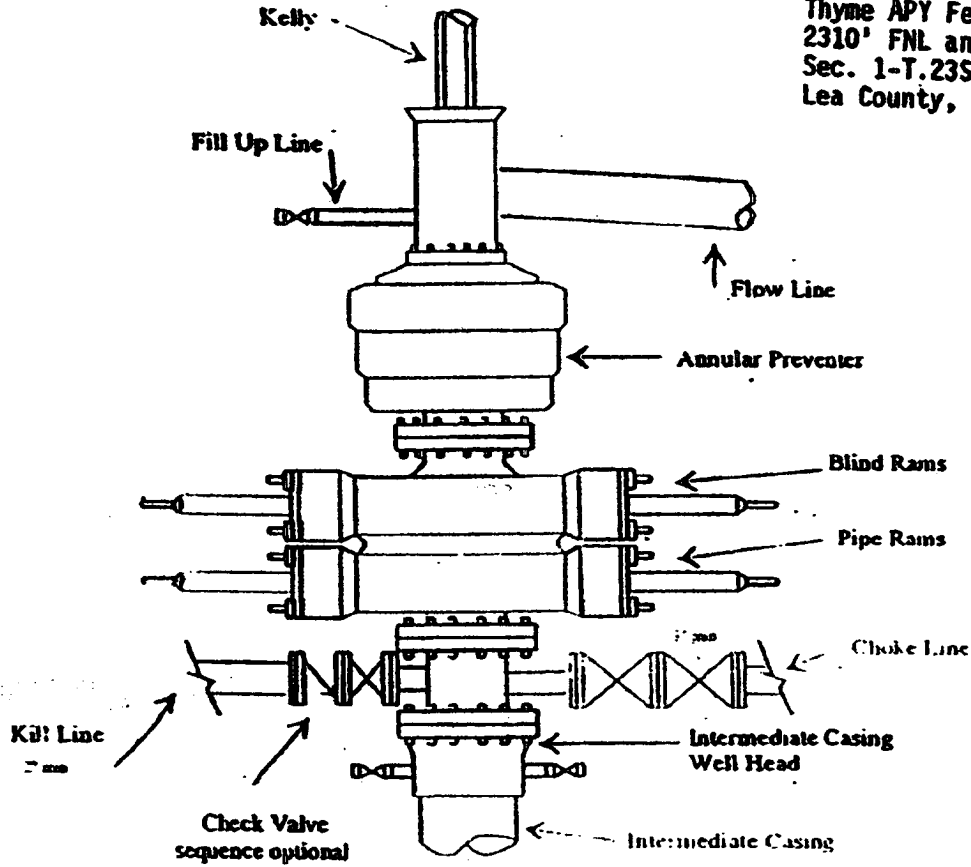


Gates Petroleum Corporation

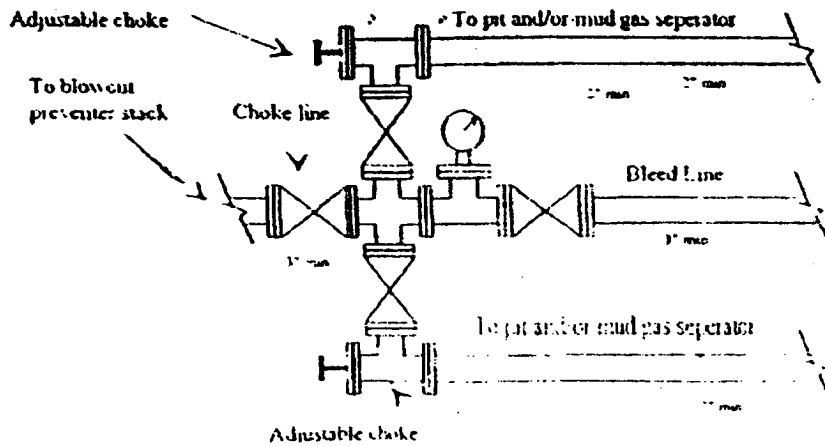
BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

Thyme APY Fed. #10
2310' FNL and 990' FWL
Sec. 1-T.23S-R.32E
Lea County, New Mexico

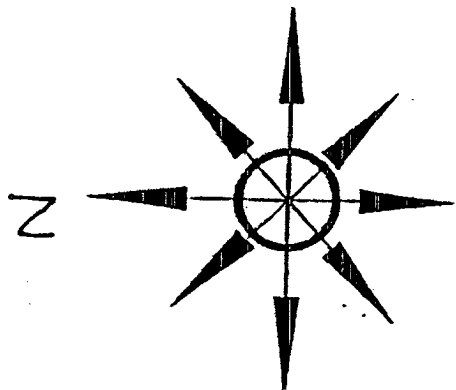


Typical 3,000 psi choke manifold assembly with at least these minimum features



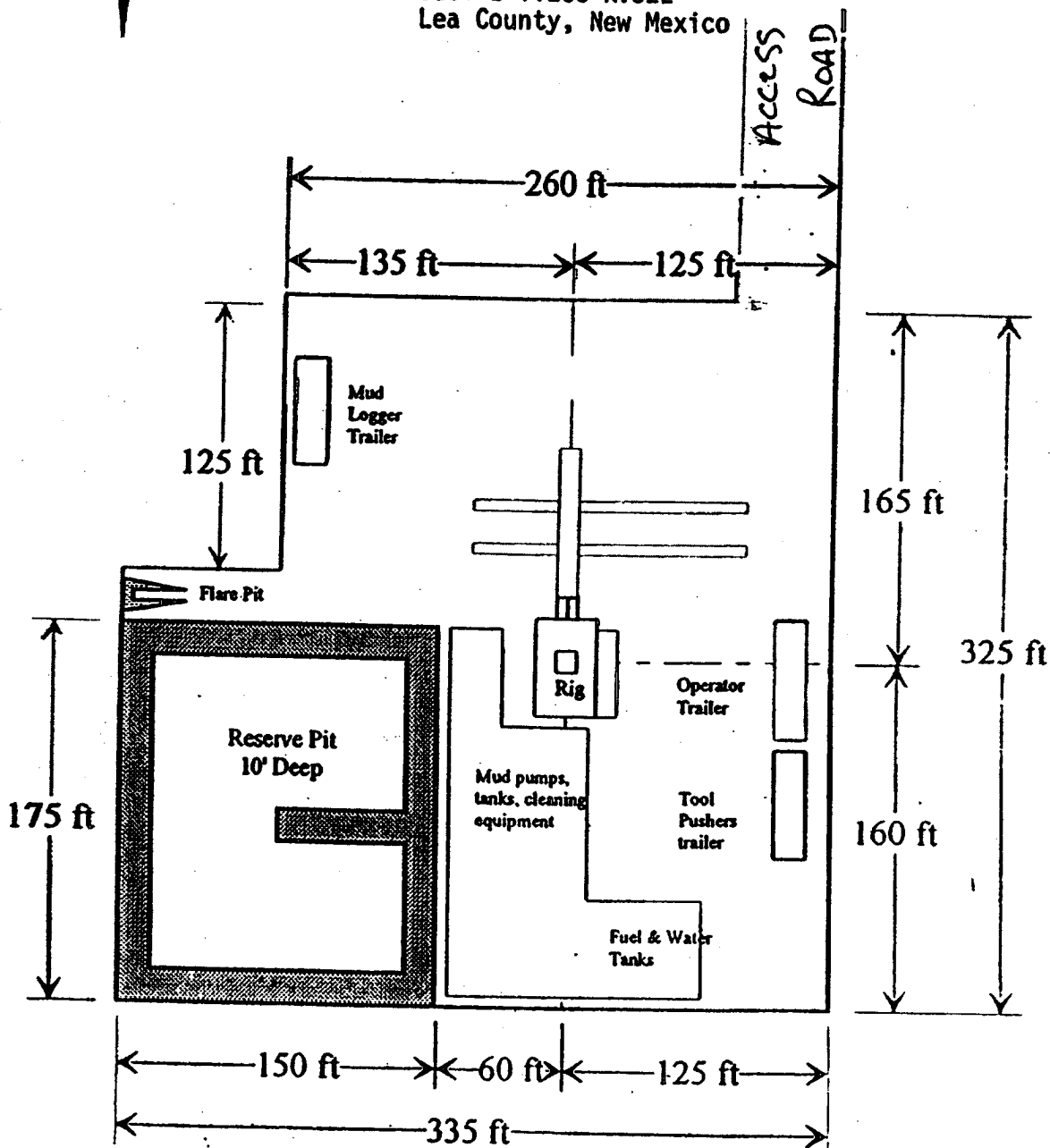
Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'



Yates Petroleum Corporation

Thyme APY Fed. #10
2310' FNL and 990' FWL
Sec. 1-T.23S-R.32E
Lea County, New Mexico



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

District I
25 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1009 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
March 12, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No
Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Yates Petroleum Corporation Telephone: (505) 748-4347 e-mail address: cliff@yocnm.com
Address: 105 South 4th Street, Artesia, NM 88210 Facility or well name: Thyme APY Federal #10 API #: 30-025-26887 U/L or Qtr/Qtr E Sec 1 T 23S R 32E
County: Lea Latitude _____ Longitude _____ NAD: 1927 1983 Surface Owner - Federal State Private Indian

Pit Type: Drilling Production Disposal
Workover Emergency
Lined Unlined
Liner type: Synthetic Thickness 12 mil
Clay Volume 28,000 bbl

Below-grade tank
Volume: _____ bbl Type of fluid: _____
Construction material: _____
Double-walled, with leak detection? Yes If not, explain why not. _____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	<input checked="" type="checkbox"/> 100 feet or more	<input checked="" type="checkbox"/> (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	<input checked="" type="checkbox"/> No	(0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	<input checked="" type="checkbox"/> 1000 feet or more	<input checked="" type="checkbox"/> (0 points)
Ranking Score (Total Points)		<input checked="" type="checkbox"/> 0 Points

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite offsite If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: August 15, 2005
Printed Name/Title Clifton R. May/Regulatory Agent Signature Clifton R. May

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Date: 9/22/06
Printed Name/Title GARY W. WINK/STAFF MGR Signature Gary W. Wink

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Thyme APY Federal # 10
Operator's Name: Yates Petroleum Corporation
Location: 2310' FNL, 990' FWL , SEC 1, T23S-R32E, LEA COUNTY, NM
Lease: NM-81274

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 11 3/4 inch, 8 5/8 inch and 5 1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.
- 3 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.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 11 3/4 inch surface casing shall be set **ABOVE THE SALT, AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE**, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The operator has verbally indicated that the 11 3/4 casing cited as J-55 grade; should have been cited as H-40, the 8 5/8 casing cited as HC-80; should have been cited as HCK-55 and the 12 1/4 hole should have been cited as an 11 inch hole.
3. The minimum required fill of cement behind the 8 5/8 inch intermediate casing is the cement shall circulate to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of of the cement. Remedial cementing may be required prior to drilling out that string. **This casing string shall extend a minimum of 100 feet below the base of the salt and a maximum of 500 feet below the salt, but above any productive reservoirs.**
4. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend upward a minimum of 200 feet above the bottom of the 8 5/8 inch casing.**

5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 11 3/4 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 3000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A variance to test the BOP, BOPE and 11 3/4 inch casing to the reduced pressure of 800 psi with the rig pumps is approved.

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

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

- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

4. The 3000 psi BOP and related equipment shall be installed and operational before drilling below the 8 5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

Engineering can be contacted for variances at 505-706-2779.