

Benson Deep BDX Federal Com 1
Yates Petroleum Company
30-015-22793
23 Feb 2012
Conditions of Approval

SUMMARY OF CURRENT STATUS:

- 11 Jul 2011 – Well is temporarily abandoned until low pressure sales pipeline connect is available. Current PBTD (CIBP with 35' cement) is 10598' with all perforations isolated below that depth. Casing MIT to 520 psi.
- 18 Oct 2011 – Sundry approved for re-completion of well to be POW in Bone Springs.
- 10 Feb 2012 – Sundry of 18 Oct is re-submitted for 2nd approval of proposed workover. Last reported production was Jan 2011.

CURRENT SUNDRY REQUEST:

To place well on production as a Wildcat: Bone Spring oil well

CONDITIONS OF APPROVAL:

Well to be on production within 30 days of submit a P&A procedure.

The following Conditions of Approval are applicable.

- a) **Surface Disturbance and Fracing Operations:** Not to exceed originally approved pad without prior approval.
- b) **Closed Loop System:** Required.
- c) **BOPE:** The Operator is responsible to provide BOPE of sufficient rating for proper well control. **2000 (2M) BOP or larger** to be used. (2M is based on formation water pressure gradient.) All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
- d) **Wellbore Integrity:** Test casing as per Onshore Order 2.III.B.1.h

- e) **H2S:** Reported in sections to west, north, northeast. Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.
- f) **New TOC:** Operator is responsible to verify new TOC after pumping cement.
- g) **Logging:** A copy of the CBL and any other logs run shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.
- h) **Subsequent Report Sundry:** Subsequent sundry to be filed detailing all work done. Sundry Notices must contain an original and 3 (three) copies including all attachments. (Please staple the Sundry Notice and Attachments together as sets.)
- i) **Completion Report:** to be sent within 30 days of completion and contain an original and 4 (four) copies including all attachments. (Please staple the well completion report and attachments together as sets.) **NOTE:** The Subsequent Report Sundry and the Completion Report may be submitted at the same time, but shall not be attached to each other.
- j) **Waste Materials and Fluids:** All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. **Porto-johns and trash containers** will be on-location during fracturing operations or any other crew-intensive operations.