

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

NOV 17 2005

600-ARTESIA

0

OMB No. 1004-0136  
Expires November 30, 2000

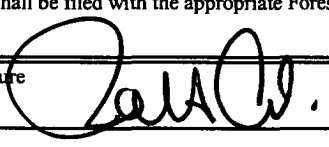
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM-29623</b>
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name <b>Not Applicable</b>
2. Name of Operator <b>Yates Petroleum Corporation (25575)</b>		7. If Unit or CA Agreement, Name and No. <b>Not Applicable</b>
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>	3b. Phone No. (include area code) <b>76730 (505) 748-1471</b>	8. Lease Name and Well No. <b>R Filaree AEL Federal #5 (12277)</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>1600' FSL and 660' FEL Unit 1</b> At proposed prod. Zone <b>same as above</b>		9. API Well No. <b>30-005-63790</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 20 miles Northeast of Roswell, New Mexico</b>		10. Field and Pool, or Exploratory <b>Foor Ranch Pre Permian</b>
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 <b>1840</b>	11. Sec., T., R., M., or Blk, and Survey or Area <b>Section 33, T8S-R26E</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <b>6580'</b>	12. County or Parish <b>Chaves County</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3871' GL</b>	22. Approximate date work will start* <b>ASAP</b>	13. State <b>New Mexico</b>
23. Estimated duration <b>30 Days</b>		

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.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).   |
| 2. A Drilling Plan.   | 5. Operator certification.  |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) <b>Robert Asher</b>	Date <b>9/29/2005</b>
Title: <b>Regulatory Agent / Land Department</b>		
Approved by (Signature) <b>/S/LARRY D. BRAY</b>	Name (Printed/Typed) <b>/S/LARRY D. BRAY</b>	Date <b>NOV 16 2005</b>
Title <b>Assistant Field Manager, Land and Minerals</b>	Office <b>ROSWELL FIELD OFFICE</b>	<b>APPROVED FOR 1 YEAR</b>

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.

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

79.5

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

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

District II  
811 South First, 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 & Natural Resources Department

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

Form C-102  
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 76730	<sup>3</sup> Pool Name Feer Ranch W. Pre-Permian
<sup>4</sup> Property Code	<sup>5</sup> Property Name Filaree "AEL" Federal	<sup>6</sup> Well Number 5
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	<sup>9</sup> Elevation 3871'

<sup>10</sup> Surface Location


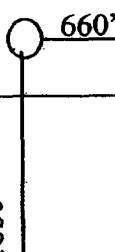
UL or lot no. 1	Section 33	Township 8S	Range 26E	Lot Idn	Feet from the 1600	North/South line South	Feet from the 660	East/West line East	County Chaves
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup>				<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert Asher Printed Name Regulatory Agent Title 09/08/2003 Date
				<sup>18</sup> 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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number

**DISTRICT II**  
**211 South First Avenue, New Mexico**

**DISTRICT IV**  
2040 South Pacheco, Santa Fe, NM 87506

## Mineral, Marine and Natural Resources Department

**□ AMENDED REPORT**

**P.O. Box 2088**

**Santa Fe, New Mexico 87504-2088**

API Number	Pool Code	Pool Name
		Wildcat Precambrian
Property Code	Property Name	Well Number
	FILAREE "AEL" FEDERAL	5
OCEDD No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3871

Tr. or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
1	33	8S	26E		1600	SOUTH	660	EAST	CHAVES

U/L or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code		Order No.				
320.00									

				<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Pat Perez</u> Signature</p> <p><u>Pat Perez</u> Printed Name</p> <p><u>Regulatory Agent</u> Title</p> <p><u>June 7, 2001</u> Date</p>
				<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p align="right"><u>4/19/2001</u></p> <p>Date Surveyed</p>
	<p align="center">NM-29623</p>	<p align="center">N.33°34'24.7" W.104°17'45.4"</p>	<p align="center">3867 3870</p> <p align="center">3875 3874</p> <p align="center">1800'</p>	<p align="center">Signature of _____ Professional Surveyor</p> <p align="center"> </p> <p align="center">         _____          Certificate No. _____ RLS 3840          PLATE 5          CONCRETE SURROUND COMPANY       </p>

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 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

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

WF  
Form C-144  
March 12, 2004  
For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

105 South Fourth Street, Artesia, NM 88210

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ CheckBox1

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Yates Petroleum Corporation Telephone: 505-748-4376 e-mail address: debblec@ypcnm.com

Address: 104 South 4<sup>th</sup> Street, Artesia, New Mexico 88210

Facility or well name: Filaree AEL Federal #5 API #: 30-005-63427 U/L or Qtr/Qtr NESE Sec 33 T 8S R 26E

County: Chaves 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  
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)

100 feet or more

( 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)

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)

1000 feet or more

( 0 points)

Ranking Score (Total Points)

20

**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: 10/29/2004

Printed Name/Title Robert Asher/Regulatory Agent

Signature

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: NOV 8 2004

Printed Name/Title

Signature

As a condition of approval, if during construction water is encountered or if water seeps in pits after construction the **OCD MUST BE CONTACTED IMMEDIATELY!**

As a condition of approval a detailed closure plan must be filed before closure may commence.

**YATES PETROLEUM CORPORATION**  
**Filaree "AEL" Federal #5**  
1600' FSL and 660' FEL  
Section 33,T8S-R26E  
Chaves County, New Mexico

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

San Andres	1080'	Mississippian	6130'
Glorieta	2150'	Ordovician	6220'
Yeso	2265'	Basement – Peridotite	6430'
Tubb	3700'	TD	6580'
Abo	4415'		
Wolfcamp	5180'		
Cisco	5785'		
Penn Clastics	5910'		

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

Water: 150'-200'  
Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 2000 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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>
12 1/4	8 5/8"	24#	J-55	ST&C	0-1100'
7 7/8"	5 1/2"	15.5#	J-55	ST&C	0-6385"

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.80
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 to do the testing. Also, the maximum shut-in bottom hole pressure is 1100 PSI. Pressure at the surface is much less. Most of the time the Abo formation requires treatment before it flows.

**B. CEMENTING PROGRAM:**

Surface Casing: 250 sx Lite "C" (YLD 2.0 WT 12.5). Tail in with 200 sx "C"  
+ 2% CaCL<sub>2</sub> (YLD 1.33 WT 15.6).

Production Casing: 550 sx Pecos Valley Lite (YLD 1.34 WT 13.0). TOC 3900'.

**5. MUD PROGRAM AND AUXILIARY EQUIPMENT:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	FW GEL, Paper, LCM	8.6 - 9.6	32-36	N/C
1100'-4385'	Brine	10 - 10.2	28	N/C
4385'-6580'	Starch/Salt Gel	9.3-10.2	32-40	<6 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: 10' samples out from under surface casing.

Logging: CNL/LDT/NGT TD-Surf csg; with GR/CNL TD-Surf; DLL/MS  
FL TD-Surf csg; BHC Sonic TD-SURF CSG

Coring: None

DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 1100'	Anticipated Max. BHP: 400 PSI
From: 1100'	TO: 6580'	Anticipated Max. BHP: 2800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H<sub>2</sub>S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 110 F

**8. ANTICIPATED STARTING DATE:**

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 25 days to drill the well with completion taking another 20 days.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

Yates Petroleum Corporation  
Filaree "AEL" Federal #5  
1600' FSL AND 660' FEL  
Section 33, T8S-R26E  
Chaves 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 well site is located approximately 27 miles northeast of Roswell, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

#### **DIRECTIONS:**

Drive Northeast of Roswell on Highway 70 approximately 14 miles to Magdalena Road (Across from Acme School). Turn right on Magdalena Rd. and drive approximately 4.1 miles. Turn left (NE) on lease road (just before cattle guard) and follow road north approx. 2.7 miles (Past McConkey #1, Fed "IX" #1 & #2 locations). Access road is staked on the right side going to the southwest corner of the location.

### **2. PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 250' in length from the point of origin to the southwest corner of the drilling pad. The road will lie in a north to south direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. 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 well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

### **4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. There are 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:**

Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

**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:** Yates Petroleum Corporation wishes to run a 1200' on lease 2" X-42 buried steel natural gas pipeline to connect the Filaree "AEL" Federal #5 well and tie into existing pipeline connection to the Filaree "AEL" Federal #1 well.

**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 400' x 400' 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 well site 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 after they have evaporated and dried.



SURFACE OWNERSHIP:

Bureau of Land Management  
Roswell, New Mexico 88210

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:<br>Robert Asher, Regulatory Agent<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 | B. Through Drilling, Completions & Prod.<br>Pinson McWhorter, Operations Manager<br>Yates Petroleum Corporation<br>105 South Fourth Street<br>Artesia, New Mexico 88210<br>Phone (505) 748-1471 |
|--|---|

14. CERTIFICATION:

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 presently 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 and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

09/29/2005

  
Regulatory Agent

## 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 Number: NM-29623

Bond Coverage: Individually Bonded

Legal Description of Land:  
Filaree AEL Federal #5

BLM Bond File Number: NM 0344

S/2 of Section 33-T8S-R26E

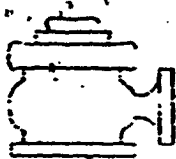
Formation(s) (if applicable): N/A

**YATES PETROLEUM CORPORATION**

A handwritten signature in black ink, appearing to read 'Robert Asher', is written over a horizontal line.

Robert Asher, Regulatory Agent

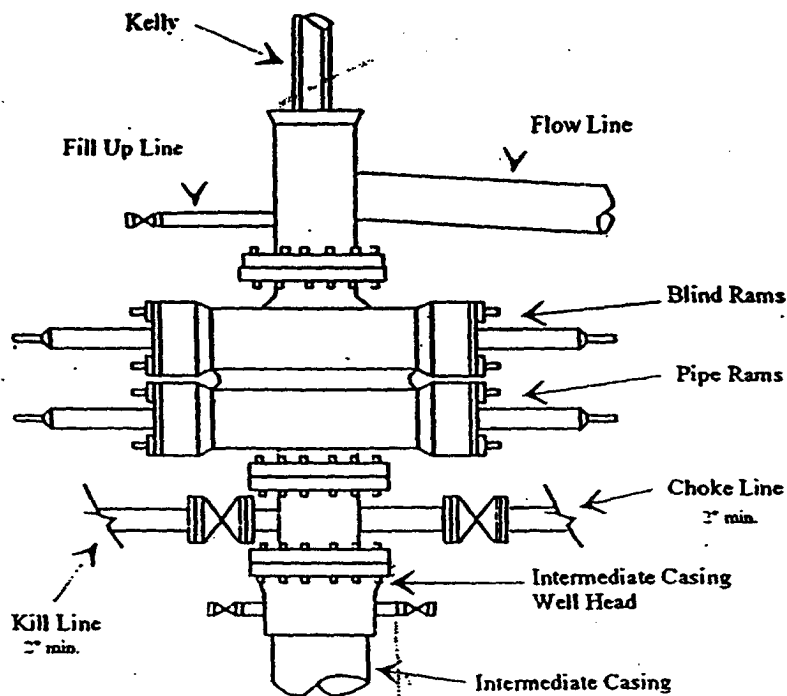
Date: September 29, 2005



# Yates Petroleum Corporation

BOP-2

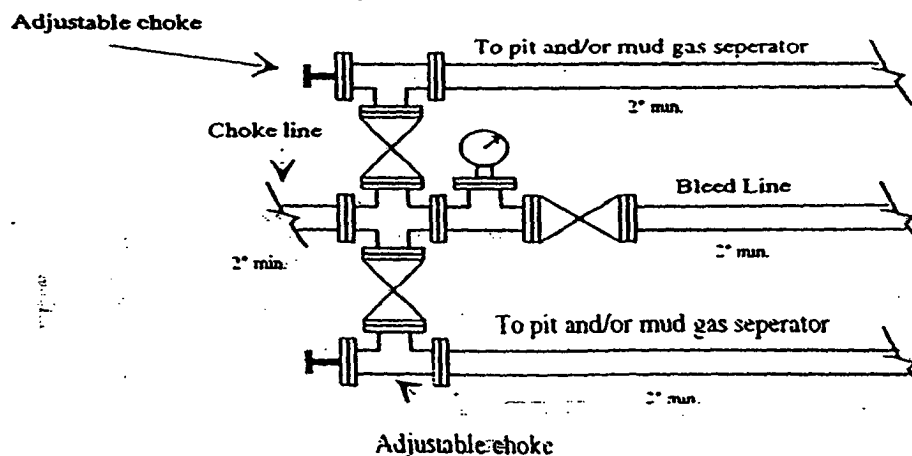
## Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Yates Petroleum Corporation  
Filaree "AEL" Federal #5  
1600' FSL and 660' FEL  
Section 33-T8S-R26E  
Chaves County, New Mexico  
NM-29623

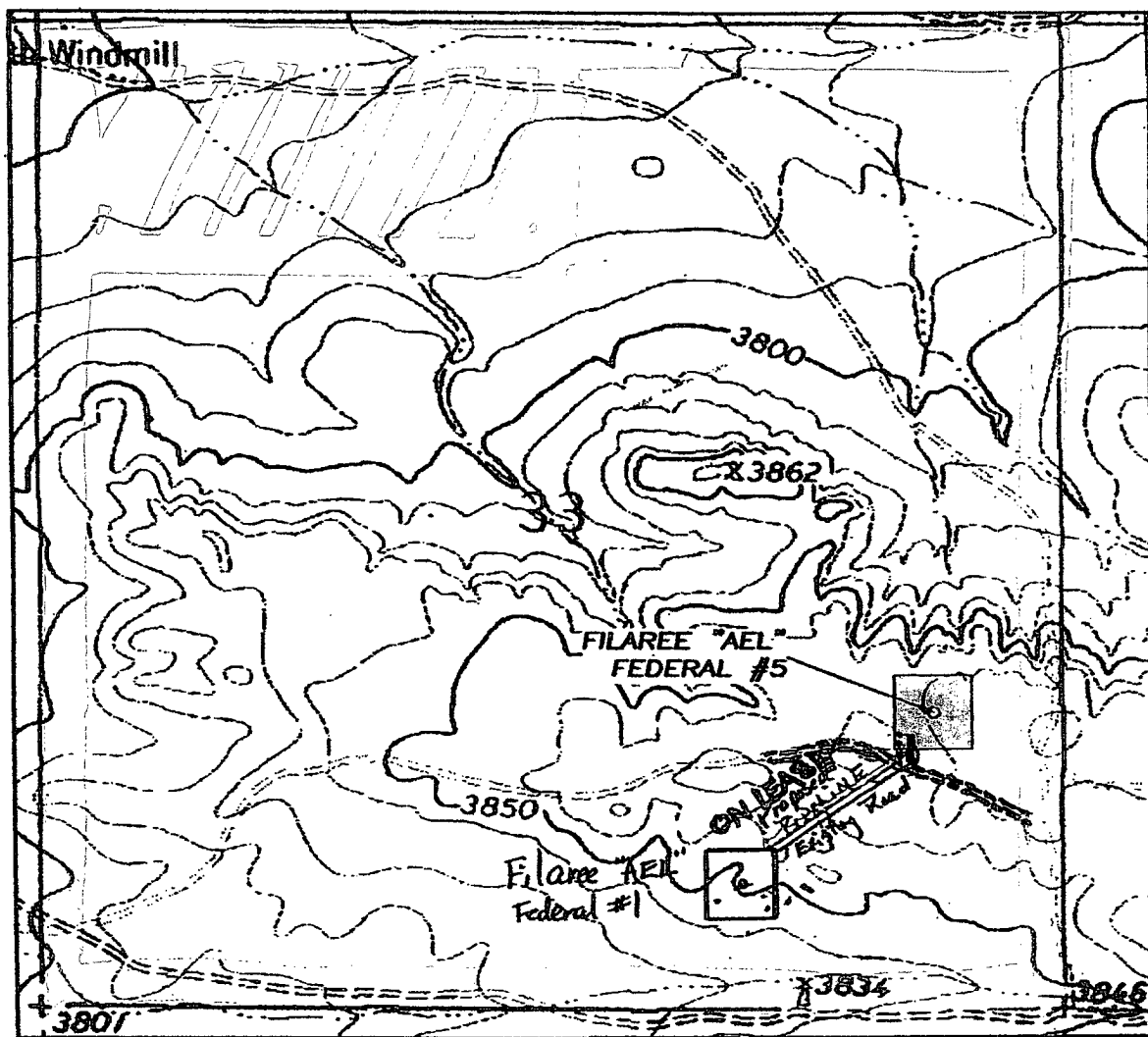
Exhibit "B"

Typical 2,000 psi choke manifold assembly with at least these minimum features



# EXHIBIT A

OPERATORS NAME: Yates Petroleum Corporation LEASE NO.: NM-29623  
WELL NAME & NO: Filaree "AEL" Federal #5  
QUARTER/QUARTER & FOOTAGE: NE $\frac{1}{4}$ SW $\frac{1}{4}$  - 1600' FSL & 660' FEL  
LOCATION: Section 33, T. 8 S., R. 26 E., NMPM  
COUNTY: Chaves County, New Mexico



**III. DRILLING OPERATION REQUIREMENTS:**

**A. GENERAL DRILLING REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 in sufficient time for a representative to witness:

A. Spudding    B. Cementing casing: 8 $\frac{5}{8}$  inch 5 $\frac{1}{2}$  inch    C. BOP tests

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. 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.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

**B. CASING:**

1. The 8 $\frac{5}{8}$  inch surface casing shall be set at 1000' 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 minimum required fill of cement behind the 5 $\frac{1}{2}$  inch intermediate casing shall extend upwards a minimum of 500 feet above the uppermost perforation.

**C. 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 8 $\frac{5}{8}$  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.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi. Testing BOPE with the use of the rig pumps to 1000 psi is also approved.

3. The appropriate BLM office shall be notified in sufficient time 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. 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.
- D. Testing must be done in a safe workman-like manner. Hard line connections shall be required.

**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. Monitoring equipment shall consist of the following:

- A. Recording pit level indicator to indicate volume gains and losses.
- B. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- C. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.