

OCD-ARTESIA

L-06-62

Form 3160-3  
(August 1999)

## SECRETARY'S POTASH

OMB No. 1004-0136  
Expires November 30, 2000UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL☒ REENTERb. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

CARLSBAD CONTROLLED WATER BASIN

3A. Address 105 South Fourth Street  
Artesia, New Mexico 882103b. Phone No. (include area code)  
(505) 748-1471

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface

1780' FNL and 1650' FWL

At proposed prod. Zone

Same

14. Distance in miles and direction from nearest town or post office\*

Approximately 6 miles east of Malaga, New Mexico.

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

1650'

16. No. of Acres in lease

878.94

17. Spacing Unit dedicated to this well

SE/NW

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

.9 of mile

19. Proposed Depth

9,250'

20. BLM/BIA Bond No. on file

NM B000431 NM-2811

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

3075' 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:

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

25. Signature

Name (Printed/Typed)

Date

Cy Cowan

9/29/2006

Regulatory Agent

Regulatory Agent

Approved by (Signature)

/s/ Linda S.C. Rundell

Name (Printed/Typed)

/s/ Linda S.C. Rundell

Date

DEC 19 2006

Title

STATE DIRECTOR

Office

NM STATE 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.

APPROVAL FOR 1 YEAR

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.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

**DISTRICT II**  
**811 South First, Artesia, NM 86210**

**DISTRICT IV**  
**2040 South Paboco, Santa Fe, NM 87505**

**Energy, Minerals and Natural Resources Department**

**Form C-102**  
**Revised March 17, 1969**  
**Instruction on back**  
**Submit to Appropriate District Office**  
**State Lease - 4 Copies**  
**Fee Lease - 3 Copies**

**P.O. Box 2088**

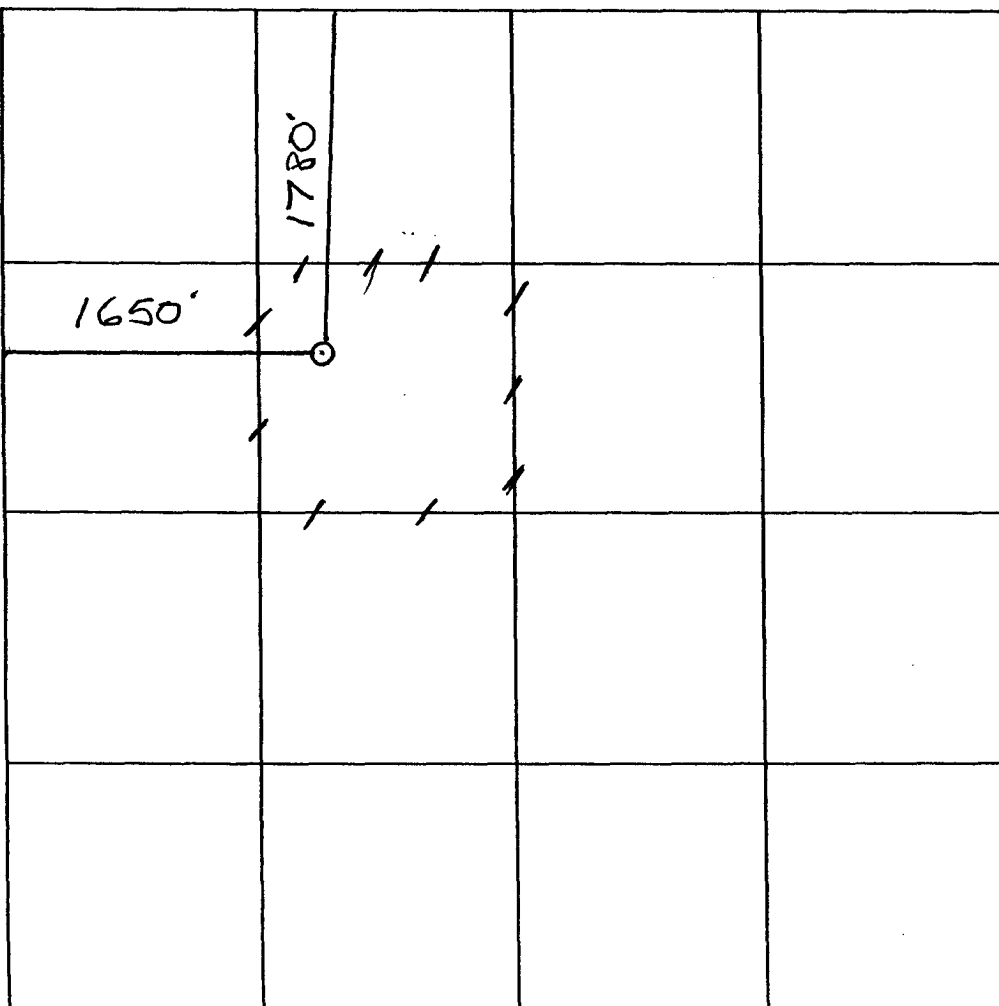
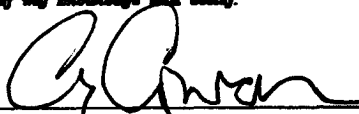
**Santa Fe, New Mexico 87504-2088**

**AMENDED REPORT**

API Number		Pool Code	Pool Name Wildcat Bone Spring
Property Code	Property Name Juniper BIP Federal		Well Number 5
OGHD No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3075'

UL or lot No.	Section	Township	Range	Lot in	Feet from the	North/South line	Feet from the	East/West line	County
F	4	24S	29E		1780'	North	1650'	West	Eddy

UL or lot No.	Section	Township	Range	Lot km	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code		Order No.					

	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="center"></p> <hr/> <p>Signature <span style="float: right;">Cy Cowan</span></p> <hr/> <p>Printed Name <span style="float: right;">Regulatory Agent</span></p> <hr/> <p>Title <span style="float: right;">September 29, 2006</span></p> <hr/> <p>Date</p> </div> <div style="border: 1px solid black; padding: 5px;"> <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>REFER TO ORIGINAL PLAT.</p> <hr/> <p>Date Surveyed</p> <hr/> <p>Signature &amp; Seal of Professional Surveyor</p> </div> <div style="margin-top: 10px;"> <p>Certificate No. Herschel L. Jones RLS 3640</p> <p align="center"><b>GENERAL SURVEYING COMPANY</b></p> </div>
-------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



**YATES PETROLEUM CORPORATION**  
Juniper BIP Federal #5 (Re-entry and Deepening)  
1780' FNL and 1650' FWL  
Section 4-T24S-R29E  
Eddy County, New Mexico  
Re-entry/Deepening Prognosis  
Page 2

This well was originally drilled by Maralo Inc. as the C.F. "4" Federal # 1. It was spud on July 16, 1995 and was P/A'd July 8, 1997.

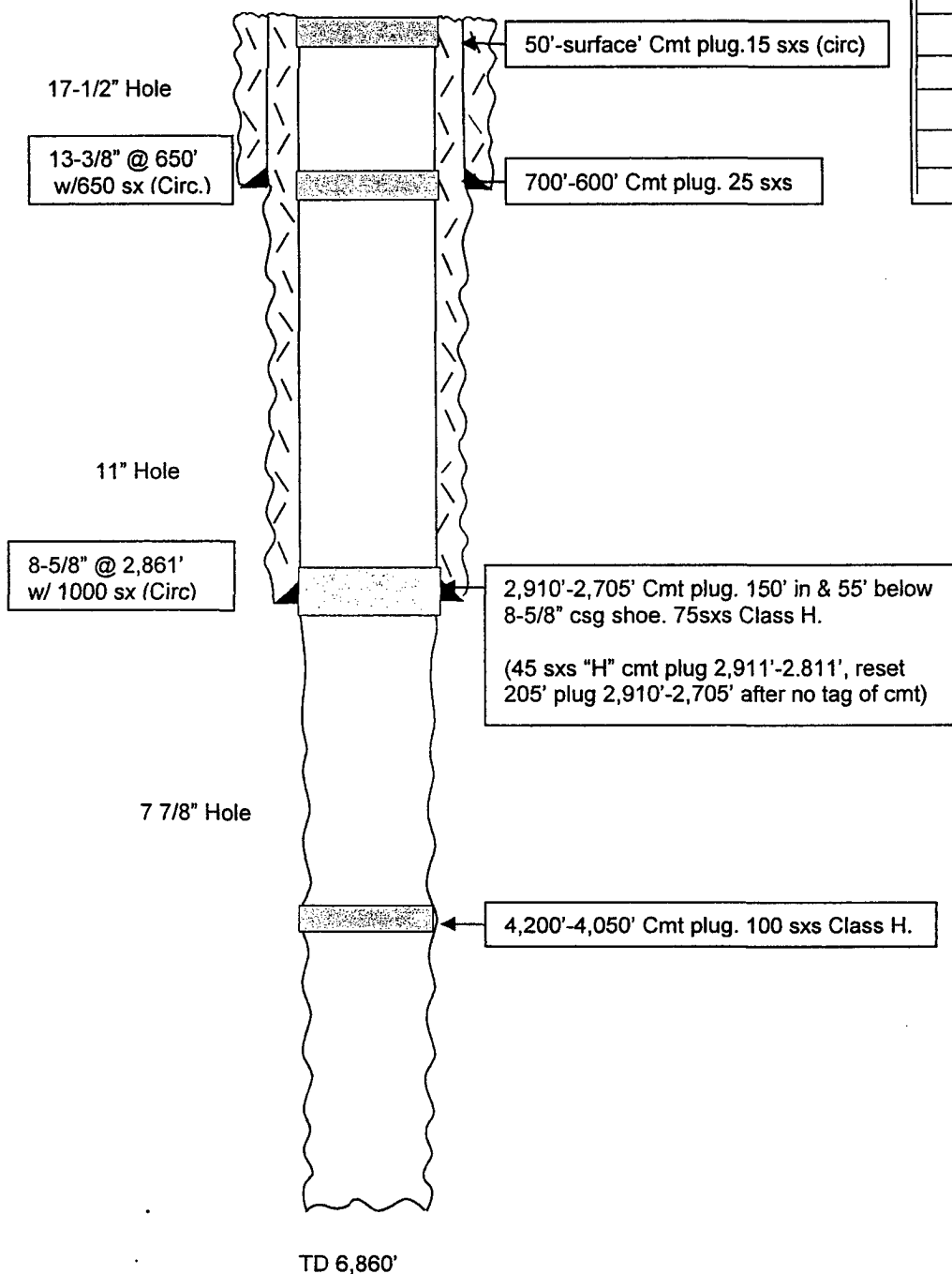
Yates Petroleum Corporation proposes to re-enter the captioned well with a drilling rig and drill out cement plugs in the 8 5/8" casing shoe at 2,861' and in the 7 7/8" open hole to the original TD of 6,860' then deepen the well through the Bone Spring to a new TD of 9,250'. Logs will be run and set 5 1/2" casing with cement to surface.

1. Clear location, cut off dry hole marker, and install starting head. Move in drilling rig install BOP and other safety equipment.
2. Use 7 5/8' bit to drill out surface plug and drill out plugs down to 2,910'. Build cut brine mud system for approximately 8.6-9.4 ppg, 29-32 vis, and 10-15 cc water loss and circulate hole. Drill out cement plug at 4,200'-4,250' and clean out down to the original TD of 6,860'. Drill new formation through the Bone Spring to a new TD of +/-9,250'.
3. Run 5 1/2" casing with a DV tool at +/-6,000'. Cement casing in two stages based on recommendation of service company.
4. A completion procedure will follow after evaluating logs.

WELL NAME: C. F.4 Fed #1 FIELD: Wildcat Bone Spring  
 LOCATION: 1780' FNL & 1650' FWL of Section 4-24S-29E Eddy County  
 GL: 3075 ZERO: \_\_\_\_\_ KB: \_\_\_\_\_  
 SPUD DATE: 7/16/95 COMPLETION DATE: D&A Aug'95  
 COMMENTS: API No. 30-015-28577

# CASING PROGRAM

13-3/8" 54.5# ST&C	650'
8-5/8" 32# J55 ST&C	2,861'



**Before**

Red Bed : 0'-650'  
 Salt & Anhy. : 650'-2,880'  
 Anhy & Shale : 2,880'-4031  
 Sand & Shale : 5,110'-6,648'  
 Lime : 6,648'-6,845

Tops:  
 Lamar Lime : 3,014'  
 Bell Canyon : 3,050'  
 Manzanita : 4,132' (Ch. Cny marker)  
 Brushy Canyon : 5,510'  
 Bone Spring : 6,758'

**Not to Scale**  
 5/18/06  
 MMFH

WELL NAME: C. F.4 Fed #1 FIELD:

LOCATION: 1780' FNL & 1650' FWL of Section 4-24S-29E Eddy County

GL: 3075 ZERO:                      KB:                     

SPUD DATE: 7/16/95 COMPLETION DATE: D&A Aug'95

COMMENTS: API No. 30-015-28577

**CASING PROGRAM**

13-3/8" 54.5# ST&C	650'
8-5/8" 32# ST&C	2,861'

17-1/2" Hole

13-3/8" @ 650'  
w/650 sx (Circ.)

11" Hole

8-5/8" @ 2,861'  
w/ 1000 sx (Circ)

7 7/8" Hole

TD 9,250'

5-1/2" @ 9,250'  
Stage 1: 900 sxs  
Stage 2: 1150 sxs (Circ)

**After**

Red Bed : 0'-650'  
Salt & Anhy. : 650'-2,880'  
Anhy & Shale : 2,880'-4031  
Sand & Shale : 5,110'-6,648'  
Lime : 6,648'-6,845

Tops:  
Lamar Lime : 3,014'  
Bell Canyon : 3,050'  
Manzanita : 4,132' (Ch. Cny marker)  
Brushy Canyon : 5,510'  
Bone Spring : 6,758'

TOC @ Surface

**Not to Scale**

5/18/06  
MMFH

**YATES PETROLEUM CORPORATION**  
 Juniper BIP Federal #5 (Re-entry and Deepening)  
 1780' FNL and 1650' FWL  
 Section 4-T24S-R29E  
 Eddy County, New Mexico

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

Rustler	312'	Brushy Canyon Marker	6320'
Top of Salt	650'	Bone Spring	6620'
Base of Salt	2750'	1 <sup>st</sup> Bone Spring Sand	7665'
Bell Canyon	2990'	2 <sup>nd</sup> Bone Spring Sand	8480'
Cherry Canyon	3820'	TD	9250'
Brushy Canyon	5050'		

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

Water: 35  
 Oil or Gas: All potential zones.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17"	13 3/8"	54.5#	J-55	ST&C	0-650'	650' In Place.
11"	8 5/8"	32#	J-55	ST&C	0-2861'	2861' In Place.
7 7/8"	5 1/2"	15.5#+17#	J-55	LT&C	0-9250'	9250'

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 variance 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, Joint Strength 1.8

B. CEMENTING PROGRAM:

Surface Casing: 0-650' 650 Class "C" + 2% CaCl<sub>2</sub>. Cement in place.

Intermediate Casing 0-2861' 750 sx Halco Lite with 5 # salt +1/4# Flocele +250 sx Premium Cement + 2% CaCl<sub>2</sub> to surface. Cement in place.

Production Casing: Stage I: DV Tool at 6000'. 900 sacks cement  
Stage II: 1150 sx circulated.  
TYPE OF CEMENT TO BE DETERMINED BY SERVICE COMPANY.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-9250'	Cut Brine	8.6-9.4	29-32	<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: None.  
Logging: Platform Express/FMI, Possible CMR.  
Coring: None.  
DST's: None.

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

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

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

8. ANTICIPATED STARTING DATE:

Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 30 days to re-enter and deepen this well with completion taking another 15 days.



**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**YATES PETROLEUM CORPORATION**

Juniper BIP Federal #5 (Re-entry-Deepening)  
1780' FNL and 1650' FWL  
Section 46, T246S-R29E  
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 6 miles east of Malaga, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Malaga on Duarte Road (CR-720) for approximately .7 of a mile to Harroun Road (CR-745). Turn left on Harroun Road and go approx. 2.9 miles to Dog Town Road (CR-788). Turn right on Dog Town Road and go approx. 1.1 miles. Turn left here on a caliche road and go approx. .6 of a mile. Turn left here on lease road going north and go approx. .8 of a mile to a fence and a gate. Continue going north for approx. .6 of a mile. Continue following the road to the right for approx. .5 of a mile. The road will fork here. Take the right fork and go south for approx. .2 of a mile. The access road will start here going west for approx. .1 of a mile to the northeast corner of the well location.

2. PLANNED ACCESS ROAD:

- A. The existing access road will be upgraded for approximately .1 of a mile to the location.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The existing access roads will be bladed with drainage on one side. Some traffic turnouts will may 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 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 re-enter 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 land fill. 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. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- C. A 600' x 600' area will not be staked and flagged as existing surface disturbance will take place on the existing pad area.

**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 after they have evaporated and dried.

**11. SURFACE OWNERSHIP:** Federal Surface, Administered by Bureau of Land Management, Carlsbad, New Mexico.

**Juniper BIP Federal # 5 (Re-entry and Deepening)**  
**Page 3**

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

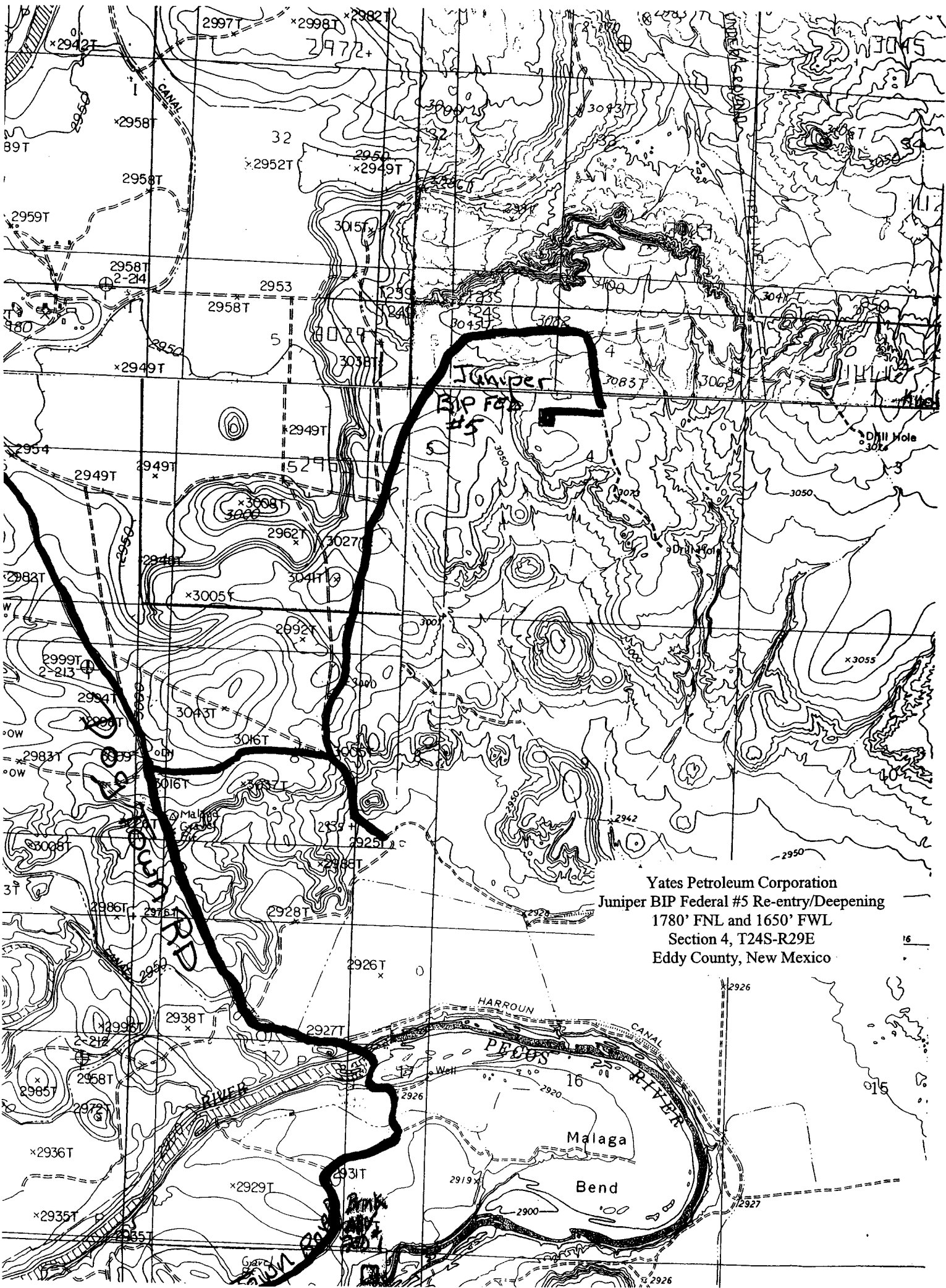
B. Through Drilling Operations,  
Completions and Production:  
Pinson McWhorter,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

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.

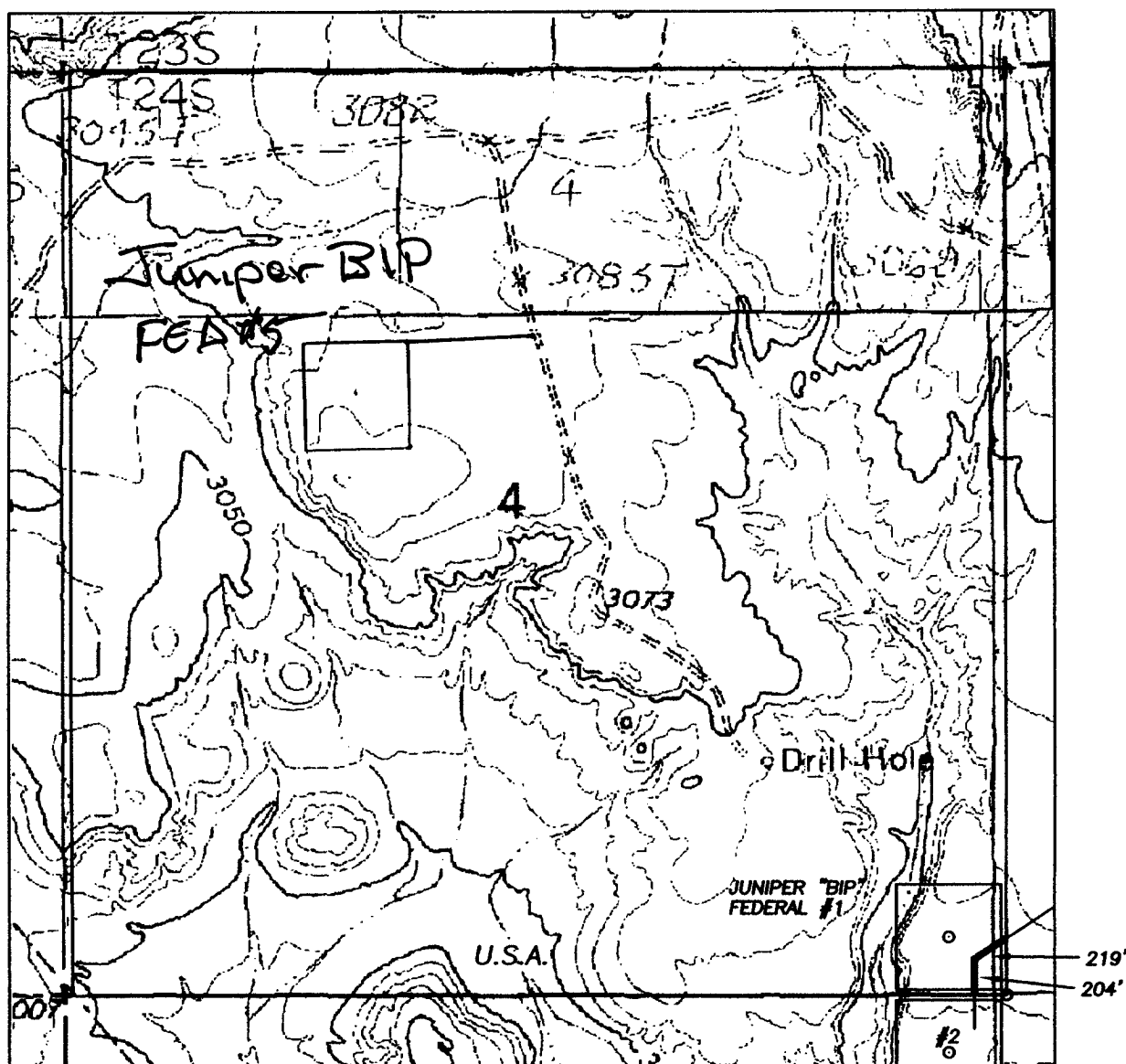
9/29/06

  
Regulatory Agent



Yates Petroleum Corporation  
Juniper BIP Federal #5 Re-entry/Deepening  
1780' FNL and 1650' FWL  
Section 4, T24S-R29E  
Eddy County, New Mexico

SECTION 4, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES, R.L.S. No. 3640

GENERAL SURVEYING COMPANY, P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

1000' 0 1000' 2000'  
Scale 1" = 1000'

## YATES PETROLEUM CORP.

LEASE ROAD TO ACCESS THE YATES JUNIPER "BIP" FEDERAL #1 & 2 WELLS, LOCATED IN SECTION 4 AND 9, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 4/10/2006	Sheet 2 of 3 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 4/12/06	Scale 1" = 1000' JUNIPER.1&2

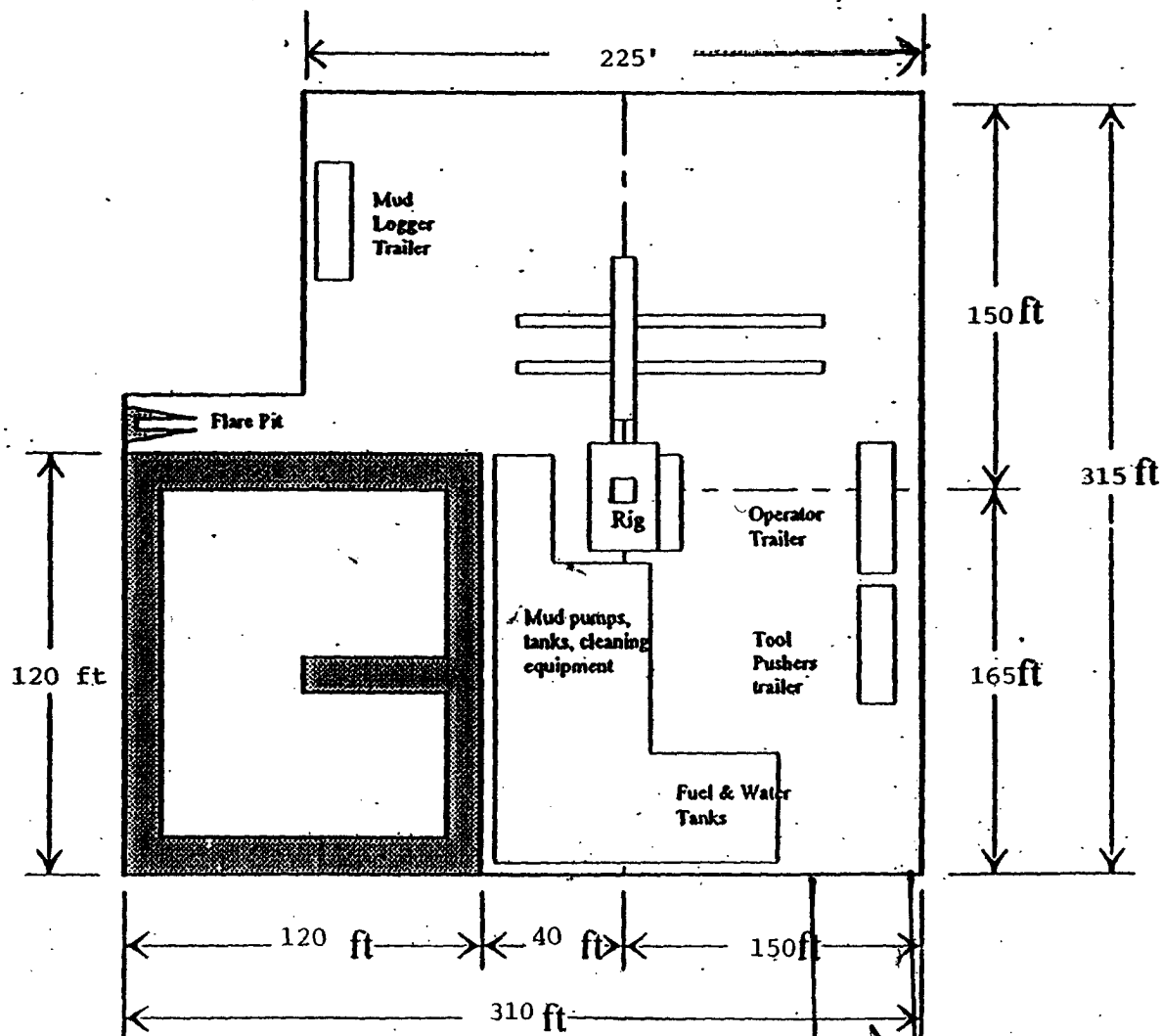
PB - LI

# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'

*Pits South*

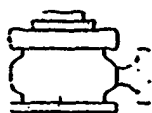
Yates Petroleum Corporation  
Juniper BIP Federal #5 Re-entry/Deepening  
1780' FNL and 1650' FWL  
Section 4, T24S-R29E  
Eddy County, New Mexico



Distance from Well Head to Reserve Pit will vary between rig

The above dimension should be a maximum

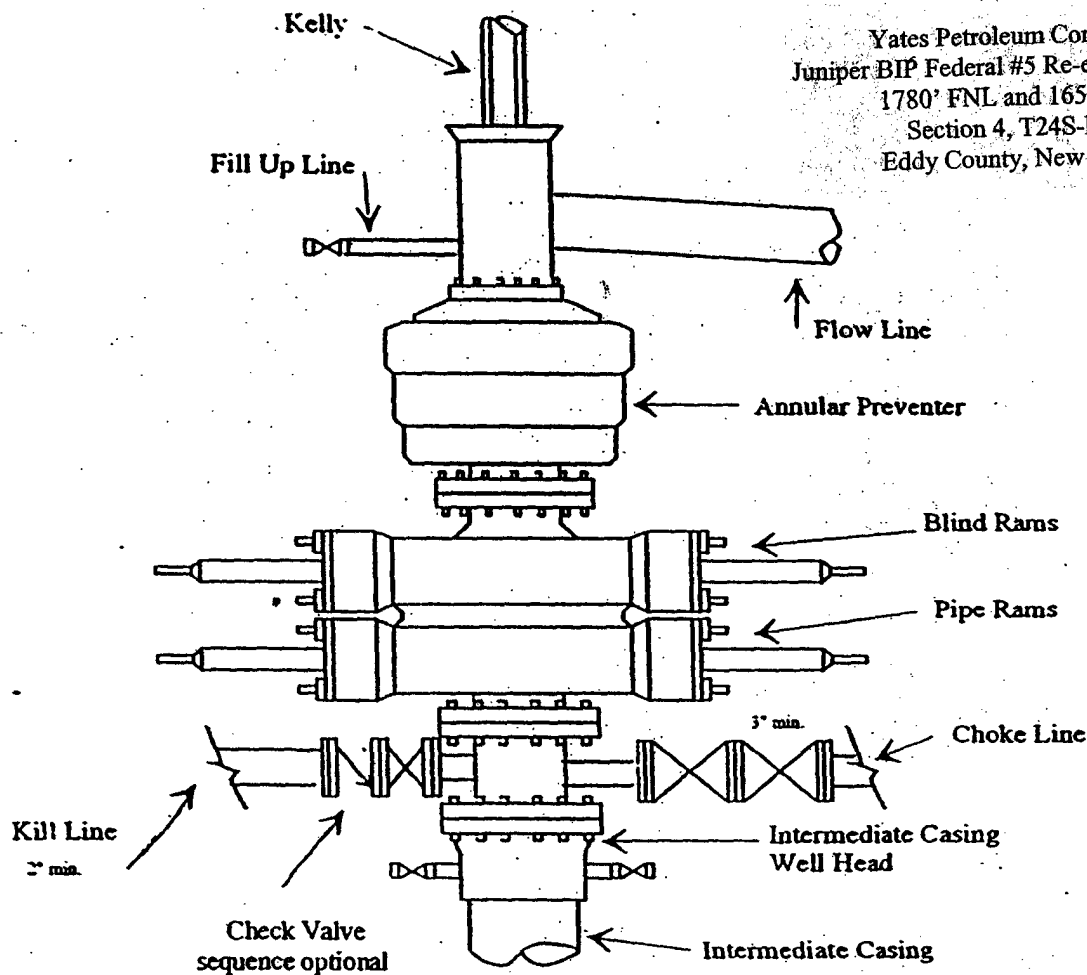
*ROAD*



# Yates Petroleum Corporation

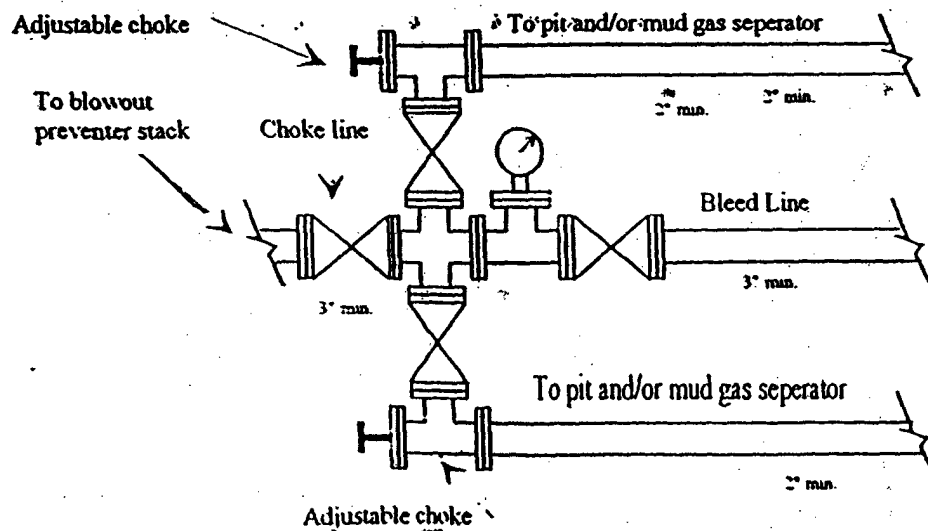
BOP-3

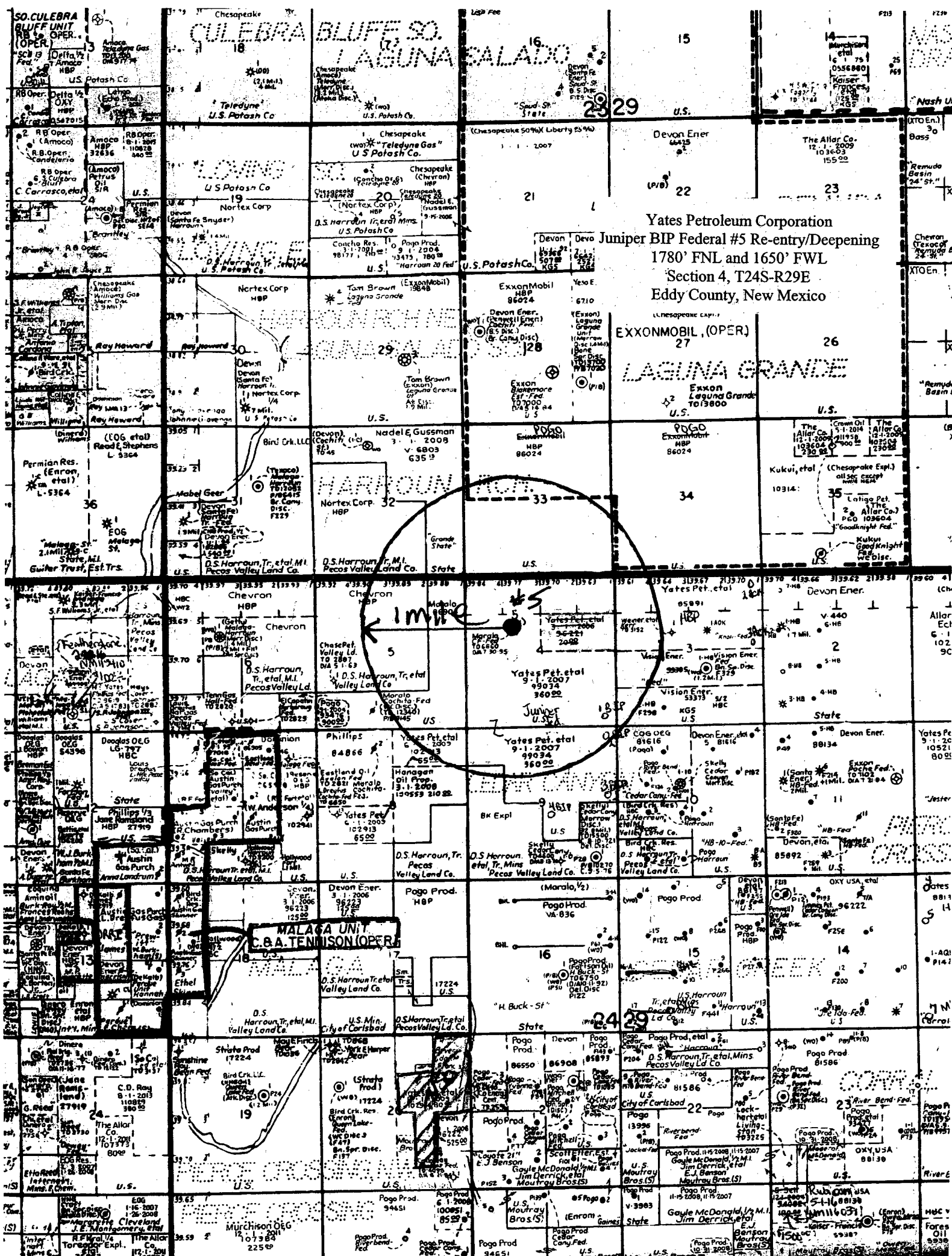
## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Yates Petroleum Corporation  
Juniper BIP Federal #5 Re-entry/Deepening  
1780' FNL and 1650' FWL  
Section 4, T24S-R29E  
Eddy County, New Mexico

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





Yates Petroleum Corporation  
Juniper BIP Federal #5 Re-entry/Deepening  
1780' FNL and 1650' FWL  
Section 4, T24S-R29E  
Eddy County, New Mexico

EXXONMOBIL (OPER)

LAGUNA GRANDE

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)

EXXONMOBIL (OPER)



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

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

**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) 748-1471

e-mail address: \_\_\_\_\_

Address: 105 South Fourth Street, Artesia, NM 88210

Facility or well name: Juniper BIP Federal #5 Reentry and Deepening API #: \_\_\_\_\_ U/L or Qtr/Qtr F Sec 4 T 24S R 29E

County: Eddy Latitude N/A Longitude N/A NAD: 1927 X 1983 ☐ Surface Owner Federal ☒ State Private ☐ Indian ☐

**Pit**

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume 20,000 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)
100 feet or more	(0 points) 0

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) 0

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) 0

<b>Ranking Score (Total Points)</b>	<b>0</b>
-------------------------------------	----------

**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: September 29, 2006

Printed Name/Title Cy Cowan, 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: \_\_\_\_\_

Printed Name/Title \_\_\_\_\_ Signature \_\_\_\_\_

## SPECIAL DRILLING STIPULATIONS

### THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Yates Petroleum Corporation Well Name & #: Juniper BIP Fed. #5  
Location 1780 F N L & 1650 F W L; Sec. 04, T. 24 S., R. 29 E.  
Lease #: NM-99034 County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

#### I. SPECIAL ENVIRONMENT REQUIREMENTS

- ( ) Lesser Prairie Chicken (stips attached) ( ) Flood plain (stips attached)  
( ) San Simon Swale (stips attached) ( ) Other

#### II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

( x ) The BLM will monitor construction of this drill site. Notify the ( x ) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

( x ) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately \_\_\_\_\_ inches in depth. Approximately \_\_\_\_\_ cubic yards of topsoil material will be stockpiled for reclamation.

( ) Other.

#### III. WELL COMPLETION REQUIREMENTS

( ) A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

( x ) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled.

( ) A. Seed Mixture 1 (Loamy Sites)

Side Oats Grama (*Bouteloua curtipendula*) 5.0  
Sand Dropseed (*Sporobolus cryptandrus*) 1.0  
Plains lovegrass (*Eragrostis intermedia*) 0.5

( ) B. Seed Mixture 2 (Sandy Sites)

Sand Dropseed (*Sporobolus crptandrus*) 1.0  
Sand Lovegrass (*Eragrostis trichodes*) 1.0  
Plains Bristlegrass (*Setaria magrostachya*) 2.0

( x ) C. Seed Mixture 3 (Shallow Sites)

Side oats Grama (*Bouteloua curtipendula*) 5.0  
Green Spangletop (*Leptochloa dubia*) 2.0  
Plains Bristlegrass (*Setaria magrostachya*) 1.0

( ) D. Seed Mixture 4 (Gypsum Sites)

Alkali Sacaton (*Sporobolus airoides*) 1.0  
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

( ) Other

#### RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic.

Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

#### CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

#### TRASH PIT STIPS

All trash, junk, and other waste material shall 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 permitted.

## CONDITIONS OF APPROVAL - DRILLING

Well Name & No.      Juniper BIP Federal # 5  
Operator's Name:      Yates Petroleum Corp.  
Location:              1780' FNL, 1650 FWL, SEC 4, T24S, R29E, Eddy County, NM  
Lease:                  NM-99034

### 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: 5 1/2 inch
  - C. BOP tests
2. A Hydrogen Sulfide (H<sub>2</sub>S) 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. A standard CIT will be conducted on the 8 5/8 inch salt protection casing prior to drilling out the casing shoe plug.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall CIRCULATE TO THE SURFACE. The 17# J-55 casing shall be run from at least 7300' to TD.
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 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.

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 \_\_\_\_\_ to the reduced pressure of \_\_\_\_\_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.

**Engineers can be reached at 505-706-2779 for any variances that might be necessary.**

BLM Lease #: NM-99034  
Company Reference: Yates Petroleum  
Well # & Name: Juniper BIP Fed. #5

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS  
CARLSBAD FIELD OFFICE

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

A. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

B. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

C. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

D. If, during any phase of the construction, operation, maintenance, or termination of the road, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all

damages to Federal lands resulting there from the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

E. The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times.

The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

F. The Holder shall ensure that the entire right-of-way, including the driving surface, ditching and drainage control structures, road verges and any construction sites or zones, will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle and salt cedar. The Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

☐ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

☒ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

☐ Flat-blading is authorized on segment(s) delineated on the attached map.

### 3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, out-sloping, in-sloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

#### SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

☒ 400 foot intervals.

☐ \_\_\_\_\_ foot intervals.

☐ locations staked in the field as per spacing intervals above.

☐ locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

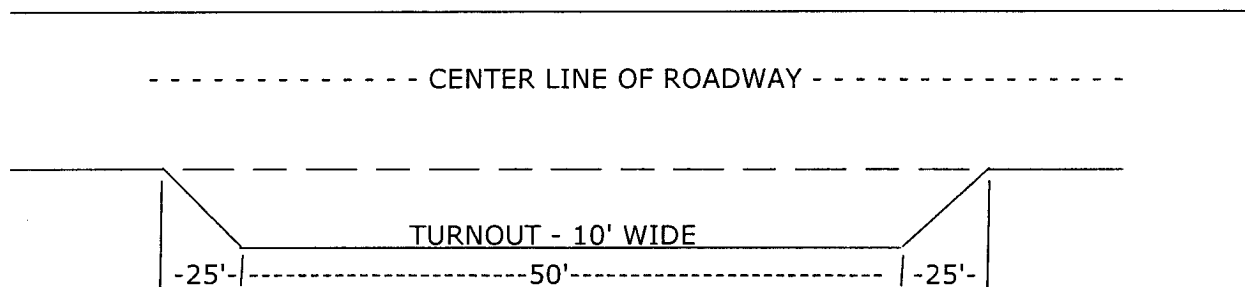
$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval =  $\frac{400}{4} + 100 = 200$  feet



#### 4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

#### 5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

A sales contract for the removal of mineral materials (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to using any such mineral material from public lands. Contact the BLM solid minerals staff for the various options to purchase mineral material.

#### 6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS: