

025 N. French Dr., Hobbs, NM 88240
District II
301 W Grand Avenue, Artesia, NM 88210
District IV
220 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 ☐

OCT 09 2007

OCD-ARTESIA

Operator: Yates Petroleum Corporation Telephone: 505-748-4372 e-mail address: cy@ypcnm.com

Address: 105 South Fourth Street, Artesia, New Mexico 88210

Well name: Federal GR #2H API #: 30-015-35403 U/L or Qtr/Qtr: A Sec: 24 T: 17S R: 24E

Well type: Eddy Latitude: N. 32.82667 Longitude: W. 104.53559 NAD: 1927 ☐ 1983 ☒ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

<input checked="" type="checkbox"/> Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Type: Synthetic <input checked="" type="checkbox"/> Thickness: 12 mil Clay <input type="checkbox"/> Volume: 0 bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Distance to ground water (vertical distance from bottom of pit to seasonal high elevation of ground water.) 200'	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more XXXX	(0 points) XXXX
Leak protection area: (Less than 200 feet from a private domestic source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	NoXXXX	(0 points) XXXX
Distance to surface water: (horizontal distance to all wetlands, playads, 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 XXXX	(0 points) XXXX
Ranking Score (Total Points)		0 points

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:

☐ offsite ☐ If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end

(4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a map of sample locations and excavations.

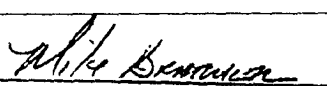
I certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

9/15/06
Name/Title: Cy Cowan, Regulatory Agent

Signature: 

Obtaining 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.

OCT 12 2007

Signed By: 

Name/Title: _____

Signature: _____

**AS A CONDITION OF APPROVAL, A DETAILED CLOSURE PLAN
MUST BE APPROVED BEFORE CLOSURE MAY COMMENCE.**

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corp.
LEASE NO.:	NM660
WELL NAME & NO.:	Federal GR #2H
SURFACE HOLE FOOTAGE:	660' FNL & 660' FEL
BOTTOM HOLE FOOTAGE:	660' FNL & 660' FWL
LOCATION:	Section 24, T17S., R24E., NMPPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

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

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values to the BLM.**
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. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

1. The 13 3/8 inch surface casing shall be set at 350 feet and cemented to the surface.

Fresh Water Gel/Air Mist is to be used to intermediate casing set point. If a water based mud is needed while drilling the intermediate borehole, it must be a fresh water mud.

Possible lost circulation in Grayburg and San Andres formations.

- a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. **Please provide WOC times to inspector for cement slurries.**
 - d. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - e. If cement falls back, remedial action will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 9 5/8 inch intermediate casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-d above.
 - a. **Please provide WOC times to inspector for cement slurries.**

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

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

3. **If this casing is run, The minimum required fill of cement behind the 7 inch casing is cement shall extend upward a minimum of 200 feet into the intermediate casing. Operator estimating TOC at 1000'.**

4. The minimum required fill of cement behind the 4 1/2 inch or 5 1/2 inch production casing:

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. Operator estimating TOC at 600 feet.

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

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi. As submitted in APD
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

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

Engineer on call phone (after hours only): Carlsbad: (575) 706-2779

JDW/1/15/2008