

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1 Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

025575

APR 18 2008

3a. Address

105 South Fourth Street, Artesia, NM 88210

OCD-ARTESIA
(575) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL and 330' FEL, Unit P
Section 31, T17S-R27E

5 Lease Serial No.

NM-81238

6. If Indian, Allottee or Tribe Name

Not Applicable

7. If Unit or CA/Agreement, Name and/o

Not Applicable

8. Well Name and No.

Tecate BJT Federal #2

9. API Well No.

30-015-35594

10. Field and Pool, or Exploratory Area

Red Lake, Glorieta-Yeso

11. County or Parish, State

Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☒ Subsequent Report☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Final Abandonment Notice☐ Casing Repair☐ New Construction☐ Recomplete☒ Other Extend☐ Change Plans☐ Plug and Abandon☐ Temporarily Abandon

APD

☐ Convert to Injection☐ Plug Back☐ Water Disposal

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to extend the captioned well's APD for two (2) years to May 2, 2010. Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the surface through the Tubb formation to meet the OCD's requirements for the submission of a contingency plan per Rule 118.

C-102 attached

C-144 attached

APPROVED FOR 24 MONTH PERIOD
ENDING 5-2-10

14. I hereby certify that the foregoing is true and correct

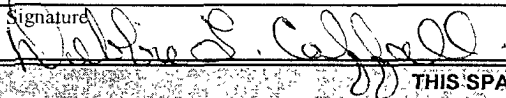
Name (Printed/Typed)

Debbie L. Caffall

Title

Regulatory Agent / Land Department

Signature



Date

April 2, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/s/ Don Peterson

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

APR 16 2008

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 makes 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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

4029 N. French Dr., Hobbs, NM 88240

1301 W. Grand Avenue, Artesia, NJ 03210

1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. 34. Fremont Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-35594	Pool Code S1120	Pool Name ----- Red Lake; GLORIA - YESO
Property Code 36485	Property Name TECATE "BJT" FEDERAL	Well Number 2
OGRIID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3404

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	31	17S	27E		660	SOUTH	330	EAST	EDDY

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
Dedicated Acres 40 SESE	Joint or Infill	Consolidation Code		Order No.					

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

				<p align="center">OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.</p> <div style="float: right;">03/19/2007</div> <div style="clear: both;"></div> <p>Signature _____ Date _____ Debbie L. Caffall Printed Name _____</p> <hr/> <p align="center">SURVEYOR CERTIFICATION</p> <p>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.</p> <p align="right">2/06/2007</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <div style="text-align: center;"> HERSHEY'S PROFESSIONAL SURVEYING </div>
			<p align="center">GEODETC COORDINATES NAD 27 NME</p> <p align="center">Y=648574.3 N X=507228.2 E LAT.=32.785750 LONG.=104.309833 (NAD-27)</p>	
			<p>NM-81238</p> <div style="position: relative; width: 100px; height: 100px;"> 3393 342 3391 342 <div style="position: absolute; top: 50%; left: 50%;"> 3330' </div> </div>	

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

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 ☒ CheckBox

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: debbiec@yepcnm.com
Address: 104 South 4th Street, Artesia, New Mexico 88210
Facility or well name: Tecate BJT Federal #2 API #: 36-015-35594 U/L or Qtr/Qtr P. (SESE) Sec. 31 T 17S R 27E
County: Eddy 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
24,000 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)

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)

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: 1/23/07

Printed Name/Title Debbie L. Caffall/Regulatory Agent

Signature Debbie L. Caffall

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: 5/2/07

Date: 5/2/07

Printed Name/Title _____

Signature Jim W. Green
NMOCD II Supervisor

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corporation
LEASE NO.:	NM81238
WELL NAME & NO.:	Tecate BJT Federal #2
SURFACE HOLE FOOTAGE:	660' FSL & 330' FEL
LOCATION:	Section 31, T17S., R27E., NMPM
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. BOP/BOPE tests

☒ **Eddy County**

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

1. **Although H2S has not been reported in this section, it has been reported in Sections 20, 22, 25, 33, 34, and 35 from the Morrow, Atoka, Yates and Seven Rivers measuring 20 ppm in STVs only. H2S has also been reported in a well completed in the Abo in Section 35, T-17-S and R-27-E measuring 18,000 ppm in the gas streams and 50+ ppm in STVs. It is recommended that monitoring equipment be available. If Hydrogen Sulfide is encountered, please report measured amounts and formations 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

Note: All casing shall meet or exceed API standards for new casing. Onshore Order #2. III. B. 1. a (Any casing substitutions must have prior approval)

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

**Possible lost circulation in the Grayburg and San Andres formations.
This is a high cave/karst area.**

1. The **11-3/4 inch** surface casing shall be set at **approximately 400 feet** and cemented to the surface.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing.

- 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 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. 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.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **8-5/8 inch** intermediate casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing.

3. The minimum required fill of cement behind the **5-1/2 inch** production casing is:
☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Cement to surface due to high cave/karst.**
4. 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

BOP/BOPE to be installed and tested on the 11-3/4 inch surface casing

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 2000 (2M) psi.
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.

JDW 4/14/08

WLB 4/15/08