Form 3 160-5 (August 1999)

OMB No 1004-0135 Expires Jnovember 30, 2000

BUREAU OF LAND MANAGEME Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS AND 8821 **M**-14293

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

6. If Indian, Allottee or Tribe Name

ubandoned Wen.		Tor Such proposuls	• —			
SUBMIT IN TRIPLI	CATE – Other instruc	ctions on reverse	side	7. If Unit or CA/Agreement, Name and/o JUN 1 3 2008		
1. Type of Well	OCD-ARTESI					
Oil Well X Gas Well	Other			8 Well Name and No.		
2 Name of Operator				Jervis AYB Federal #7		
Yates Petroleum Corporation	25575			9. API Well No.		
3a. Address		3b. Phone No. (include	e area code)	30-005-63927		
105 South Fourth Street, Art	esia, NM 88210	(575) 748-1471		10. Field and Pool, or Exploratory Area		
4. Location of Well (Footage, Sec.,	Γ., R., M., or Survey Descriptio	n)		Foor Ranch; Pre-Permian,N Gas Pool		
1973' FNL and 1540' FEL, S	ection 11, T8S-R26E			11. County or Parish, State		
Unit G, SWNE	Chaves County, New Mexico					
12. CHECK APPRO	PRIATE BOX(ES) TO IND	ICATE NATURE OF	NOTICE, REP	ORT, OR OTHER DATA		
TYPE OF SUBMISSION		ТҮРЕ С	F ACTION			
☐ Notice of Intent ☐ Subsequent Report ☐ Final Abandonment Notice	Acidize Alter Casing Casing Repair Change Plans Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Reclamation Recomplete Temporaria Water Disp	oosal Other Extend APD		
13 Describe Proposed or Completed Opera If the proposal is to deepen directional Attach the Bond under which the work Following completion of the involved or Testing has been completed. Final Ab determined that the site is ready for final	perations If the operation results and onment Notices shall be filed to	ails, including estimated star subsurface locations and mei Bond No on file with BLM in a multiple completion or i only after all requirements, i	ting date of any pro- issured and true ver l/BIA Required si- ecompletion in a no neluding reclamation	oposed work and approximate duration thereof, tical depths of all pertinent markers and zones, absequent reports shall be filed within 30 days ew interval, a Form 3160-4 shall be filed once on, have been completed, and the operator has		

Yates Petroleum Corporation wishes to extend the captioned well's APD for two (2) years to April 16, 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 Pre-Cambrian formation to meet the OCD's requirements for the submission of a contingency plan per Rule 118.

Thank you.

14 I hereby certify that the foregoing is true and correct					
Name (Printed/Typed)	Title			Email	
O Debbie L. Caffall	Regula	itory Ager	nt/Land Departn	nent de	ebbiec@ypcnm
Stepature 1 100 & Calmo	Date		March 14	, 2008	
UTHIS SPACE FO		L OR STAT	E UŠE		
/s/ Jerry Dutchover	cung La	nds And	d Minerals	Phate JUN	1 1 2008
Conditions of approval, if any, are attached. Approval of this notice does not we certify that the applicant holds legal or equitable title to those rights in the subwhich would entitle the applicant to conduct operations thereon	warrant or O	ffice ROS	SWELL FIELD C		
Title 18 U.S C. Section 1001, make it a crime-for any person'k	inowingly ar	nd willfully	to make to any der	partment or agen	cv of the United

Salses activious or fraudulent statements or representations as to any matter within its jurisdiction.

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, 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 October 12, 2005 Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

			M DEF FC	CATIO.	N AND ACK	LAGE DEDI	CATIONTLA	1		
¹ A	PI Number	Number ² Pool Code ³ Pool Name						ne		
30-	005-6392	.7		97094	97094 Foor Ranch; Pre-Permian, North Gas Pool					
4 Property C			⁵ Property Name					⁶ Well Number		
	Jervis AYB Federal							7		
⁷ OGRID N	₹o.	• 8 Operator Name								
025575	I				Yates Petroleum Corporation 3832					
¹⁰ Surface Location										
UL or lot no.	Section	Township Range Lot Idn Feet from the North/South line Feet from the East/West line						st line	County	
G	11	8S	26E		1973'	North	1540'	East Chaves		
11 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				
12 Dedicated Acres	13 Joint o	r Infill	Consolidation	Code 15 O	rder No.					
320 E/2										

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.

16	3,		17 OPERATOR CERTIFICATION 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 unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this
	5191		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
			Signature Date
	0-	1240,	Debbie L Caffall Regulatory Agent Printed Name
			- 18
		NM-14293	18SURVEYOR 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.
			Date of Survey
			Signature and Seal of Professional Surveyor:
			REFER TO ORIGINAL PLAT
-			Certificate Number

JISTRICT I
1835 H. Franch Br., Robba, MR 88860
DISTRICT II
811 South Pirot, Artenia, MR 88810
DISTRICT III
1000 Ro Branco Bd., Anton, NM 87410

DISTRICT IV 2010 South Pachece, Santa Fe, NM 87505

٠.

State of New Mexico

Basegy, Minerals and Matural Resources Department

Form C-102 Revised March 17, 1999 Instruction on back Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 2 Copies

OIL CONSERVATION DIVISION

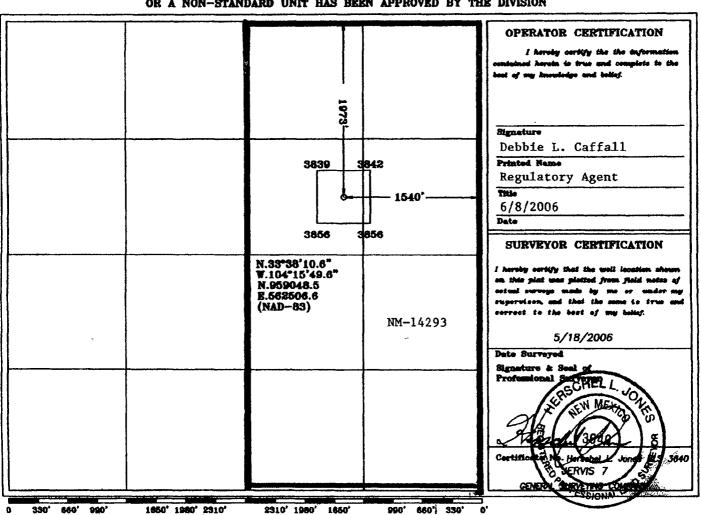
P.O. Box 2088 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API	Mumbér			Pool Code		Poel Name				Pool Name			
			9	7094	F	Foor Ranch; Pre-Permian, North Gas Pool							
Property (Zoda				Property Nam	roperty Name Well Numb							
		Ì		JERN	JERVIS "AYB" FEDERAL 7				,				
ocial N	».				Operator Nam	Operator Name Rievation							
025575				YATES	PETROLEUM CO	RPORATION		3851					
Surface Location													
UL or lot No.	Section	Township	Range	Lot Idn	Foot from the	Herth/South line	Fost from the	Enst/West line	County				
G	11	85	26E		1973	NORTH	1540	EAST	CHAVES				
Bottom Hole Location If Different From Surface													
UL or let No.	Section	Township	Bunge	Let like	Feet from the	North/South line	Feet from the	East/West line	County				
Pedicated Acre 320	Joint o	er Imfili) Co	meelidation (Code Or	der No.	<u> </u>		L	1				

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



Listrict 1 . 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**

For drilling and production facilities, submit to appropriate NMOCD District Office.

For downstream facilities, submit to Santa Fe

Form C-144 March 12, 2004

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

office

	de Tank Registration or Closu k covered by a "general plan"? Yes xx No		
	or below-grade tank Closure of a pit or below-		
Operator: Yates Petroleum Corporation Telephone: (505) 748 Address: 105 South 4th Street, Artesia, New Mexico 88210 Facility or well name: Jervis AYB Federal #7 API #: County: Chaves Latitude Longitude	63927 or Qtr/Qtr <u>SWNE</u> S∞ 11 T8S R 26E		
Pit Type: Drilling ⊠ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☑Unlined ☐ Liner type: Synthetic ☒ Thickness _12mil Clay ☐ Volumebbl	Below-grade tank Volume:bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes If no	_	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (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 No (20 points) (0 points)			
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)	
	Ranking Score (Total Points)	20 points	
If this is a pit closure: (1) attach a diagram of the facility showing the pit's onsite offsite If offsite, name of facility date. (4) Groundwater encountered: No Yes If yes, show depth belo diagram of sample locations and excavations. I hereby certify that the information above is true and complete to the best has been/will be constructed or closed according to NMOCD guideling Date: June 8, 2006 Printed Name/Title Debbie L Caffail/Regulatory Agent/Land Departme Email: debbiec@ypcnm.com Your certification and NMOCD approval of this application/closure does otherwise endanger public health or the environment. Nor does it relieve	(3) Attach a general description of remedial active ground surfaceft. and attach samp at of my knowledge and belief. I further certify that les, a general permit, or an (attached) after at Signature	tion taken including remediation start date and end ele results. (5) Attach soil sample results and a the above-described pit or below-grade tank native OCD-approved plan.	
Approval Date: 41401 Printed Name/Title	Signature Wishirst II	Grenoise Supervisor	

PECOS DISTRICT - RFO CONDITIONS OF APPROVAL

OPERATORS NAME: Yates Petroleum Corporation
LEASE NO.: NM-14293 & ROW NM-120585
WELL NAME & NO: Jervis "AYB" Federal #7
SURFACE HOLE FOOTAGE: 1973' FNL & 1540' FEL
LOCATION: Section 11, T. 8 S., R. 26 E., NMPM

COUNTY: Chaves County, New Mexico

GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

I. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD (Filing of a Sundry Notice is required for this 60 day extension).

II. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator 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 shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

III. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

IV. CONSTRUCTION

A. NOTIFICATION:

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL:

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation. The soil shall be stockpiled on the southeast corner of the well pad.

C. RESERVE PITS:

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 175' X 150' on the NORTH side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit.

The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT:

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Roswell Field Office at (505) 627-0236.

E. WELL PAD SURFACING:

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational need.

F. ON LEASE ACCESS ROADS:

Road Egress and Ingress

The access road shall be constructed to access the southwest corner of the well pad.

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

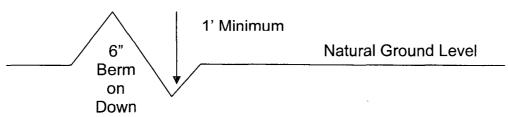
Standard Turnout – Plan View 14' ----- Centerline of Road Driving 10' 25'

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section Of Typical Lead-off Ditch



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

Formula For Spacing Interval Of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope:
$$\frac{400'}{4\%}$$
 + 100' = 200' lead-off ditch interval

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

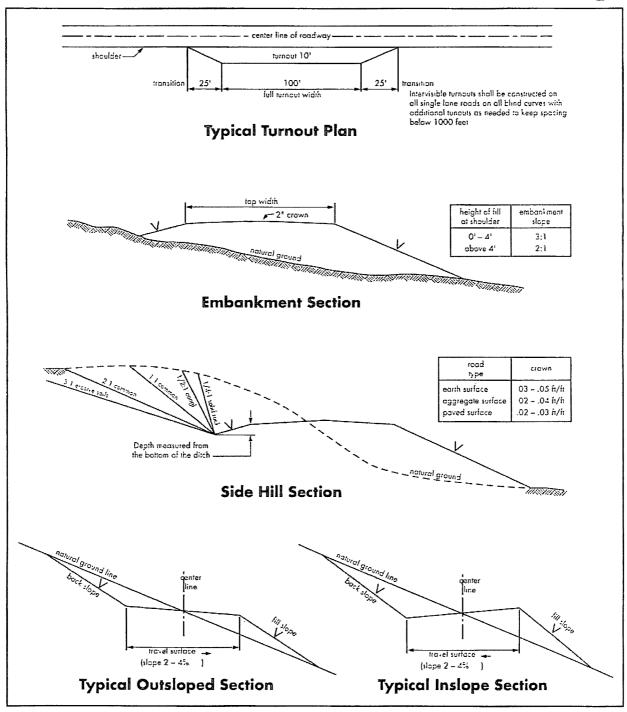
Cattleguards

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 - Cross Sections and Plans For Typical Road Sections center line of roadway



V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

- 1. The Bureau of Land Management (BLM) Roswell Field Office is to be notified at (505) 627-0272 in sufficient time for a representative to witness:
- a. Spudding b. Cementing casing: 9-5/8 inch 5-1/2 inch
- 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. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

B. CASING

- 1. <u>9-5/8</u> inch surface casing should be set <u>at approximately 1100 feet</u>, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the BLM Roswell Field 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. Minimum required fill of cement behind the <u>5-1/2</u> inch production casing is <u>sufficient to tie</u> back 500 feet above the uppermost perforation in the pay zone.

C. PRESSURE CONTROL

- 1. Before drilling below the <u>9-5/8</u> inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.
- 2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.
- 3. The BOPE shall be installed before drilling below the <u>9-5/8</u> inch surface casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
- a. The results of the test shall be reported to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.
- **b.** 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.
- c. Testing must be done in a safe workman like manner. Hard line connections shall be required.

VI. PRODUCTION

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, <u>Olive Drab, Munsell Soil Color Chart 18-0622 TPX</u>.

VRM Facility Requirement

Low-profile tanks not greater than eight-feet-high shall be used.

VII. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, in order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area.

Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Soil: Sotim-Simona assoiciation, moderately undulating Ecological Site: Shallow Sand SD-3; Sandy SD-3

Common Name		Pounds of Pure
and Preferred Variety	Scientific Name	Live Seed Per Acre
Blue grama	(Bouteloua eriopoda)	3.00 lbs.
or Blue grama, var. Lovington	(Bouteloua gracilis)	
Sideoats grama,	(Bouteloua curtipendula)	2.00 lbs.
var. Vaughn or El Reno		
Sand dropseed	(Sporobolus cryptandrus)	1.50 lbs.
or Mesa dropseed	(S. flexuosus)	
or Spike dropseed	(S. contractus)	
Desert or Scarlet	(Sphaeralcea ambigua)	1.00 lb.
Globemallow	or (S. coccinea)	
Croton	(Croton spp.)	<u>1.00 lb.</u>
TOTAL POUNDS P	URE LIVE SEED PER ACRE	8.50 lbs.

If one species is not available, increase ALL others proportionately. The seed mixture shall be certified weed free seed. A minimum of 4 species is required, including 1 forb species.

VIII. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

Exhibit A Maps

