

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

SEP 17 2007

OCD-ARTESIA

Form 3160-3
(August 1999)

1148

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RESUBMITTAL

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NM-94614	
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name N/A	
2. Name of Operator Yates Petroleum Corporation 25575			7. If Unit or CA Agreement, Name and No. 22903	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210			8. Lease Name and Well No. Domino AOJ Fed. Com. #9	
3B. Phone No. (include area code) (505) 748-1471			9. API Well No. 30-015-35804	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 660' FSL & 660' FWL At proposed prod. Zone Same as above			10. Field and Pool, or Exploratory Wildcat Mississippian	
14. Distance in miles and direction from nearest town or post office* 15 miles southeast of Loco Hills, New Mexico.			11. Sec., T., R., M., or Blk, and Survey or Area Section 8, T19S-R31E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		16. No. of Acres in lease 160.00	17. Spacing Unit dedicated to this well W/2-320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2640'		19. Proposed Depth 12,250	20. BLM/BIA Bond No. on file NM-2841	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3455' GL		22. Approximate date work will start* ASAP	23. Estimated duration 60 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:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature <i>Cy Cowan</i>	Name (Printed/Typed) Cy Cowan	Date 7/20/2007
----------------------------------	---	--------------------------

Regulatory Agent		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed) /s/ Don Peterson	Date SEP 13 2007
Title FIELD MANAGER	Office CARLSBAD FIELD 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.

APPROVAL FOR TWO YEARS

Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Previously Approved

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 97338	³ Pool Name Wildcat Mississippian
⁴ Property Code 36740	⁵ Property Name Domino "AOJ" Federal Com.	⁶ Well Number 9
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 3455

¹⁰ Surface Location

UL or lot no. M	Section 8	Township 19S	Range 31E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 660	East/West line WEST	County EDDY
--------------------	--------------	-----------------	--------------	---------	----------------------	---------------------------	----------------------	------------------------	----------------

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 W/2-320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

NM-101112	NM-82902			¹⁷ OPERATOR CERTIFICATION <i>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 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</i> Signature: <i>[Signature]</i> Date: 7/23/2007 Cy Cowan Regulatory Agent Printed Name
NM-94614				¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor REFER TO ORIGINAL PLAT Certificate Number

DISTRICT I
101 N. Fourth St., Santa Fe, NM 87501

DISTRICT II
211 South Main, Artesia, NM 88210

DISTRICT III
1000 N. Main St., Azusa, NM 87410

DISTRICT IV
2040 South Park Ave., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-100
Revised March 17, 1999
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Well Code	Well Name
		Wildcat Mississippian
Property Code	Property Name	Well Number
	DOMINO "AOJ" FEDERAL COM.	9
OCED No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3455

Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County
M	8	19S	31E		660	SOUTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			
40									

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

NM-101112	NM-82902								
NM-94614									
N. 32° 40' 10.1" W. 103° 53' 52.6" 3455.4 3460.4 660 3455.7 3452.8									

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Cy Cowan
Signature
Cy Cowan
Printed Name
Regulatory Agent
Title
June 6, 2001
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

5/16/2001
Date Surveyed

[Signature]
Signature & Seal of Professional Surveyor
JONES
NEW MEXICO
38497
Certified by: Herschel L. Jones, PLS 3840
DOMINO OIL
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION

Domino AOJ Federal Com. #9

660' FSL & 660' FWL

Section. 8 -T19S-R31-E

Eddy County, New Mexico

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

Rustler	518' Oil Pay	1st Bone Spring	7623' Gas Pay
Tansill	1946' Oil Pay	2 nd Bone Spring	8483' Gas Pay
Yates	2082' Oil Pay	3 rd Bone Spring	9293' Gas Pay
Seven Rivers	2378' Oil Pay	Wolfcamp	9773' Gas Pay
Queen	3000' Oil Pay	Strawn	10873' Gas Pay
Capitan	3833' Oil Pay	Atoka	11213' Gas Pay
Cherry Canyon	4150' Oil Pay	Morrow	11553' Gas Pay
Brushy Canyon	4426' Oil Pay	Mississippian	12113' Gas Pay
Bone Spring Lime	6146' Gas Pay	TD	12250' Gas Pay

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

Water: Approx 250' - 350'
Oil or Gas: All Potential Zones

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 5000 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.

see
COA →

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)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-550'	550'
12 1/4"	8 5/8"	32#	J-55	ST&C	0-3100'	3100'
7 7/8"	5 1/2"	17#	L-80	LT&C	0-3300'	3300'
7 7/8"	5 1/2"	17#	J-55	LT&C	3300-7400'	4100'
7 7/8"	5 1/2"	17#	N-80	LT&C	7400-10400'	3000'
7 7/8"	5 1/2"	20#	P-110	LT&C	10400-12250'	1850'

see
COA →

Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, Joint Strength 1.8

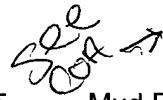
B. CEMENTING PROGRAM:

Surface casing: 250 sx Lite (Yld 2.01 Wt.12.4) Tail in w/200 sx "C" (Yld 1.34 Wt 14.8)

TOC-Surface

Intermediate Casing: 1300 sx Lite (Yld 2.06 Wt 12.4); Tail in w/200 sx "C"

(Yld 1.32 Wt. 14.8) TOC-Surface

5.  Production Casing: 400 sx Super "C" (Yld 1.67 wt. 13.0). TOC-9400';
Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-550'	FW/Spud Mud	8.4-9.0	32-36	N/C
550'-3100'	Brine	10.0-10.2	28-34	N/C
3100'-10800'	Cut Brine	8.8-9.4	28	N/C
10800'-TD	Salt Gel/Starch/Drispac	9.5-10.2	32-40	<12

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 10 samples out from under surface casing.

Logging: GR, NEUTRON, DENSITY, LATERLOG.

Coring: As warranted.

DST's: As warranted.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 550'	Anticipated Max. BHP:	240	PSI
From: 550'	TO: 3100'	Anticipated Max. BHP:	1800	PSI
From: 3100'	TO: TD	Anticipated Max. BHP:	6400	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

8. ANTICIPATED STARTING DATE:

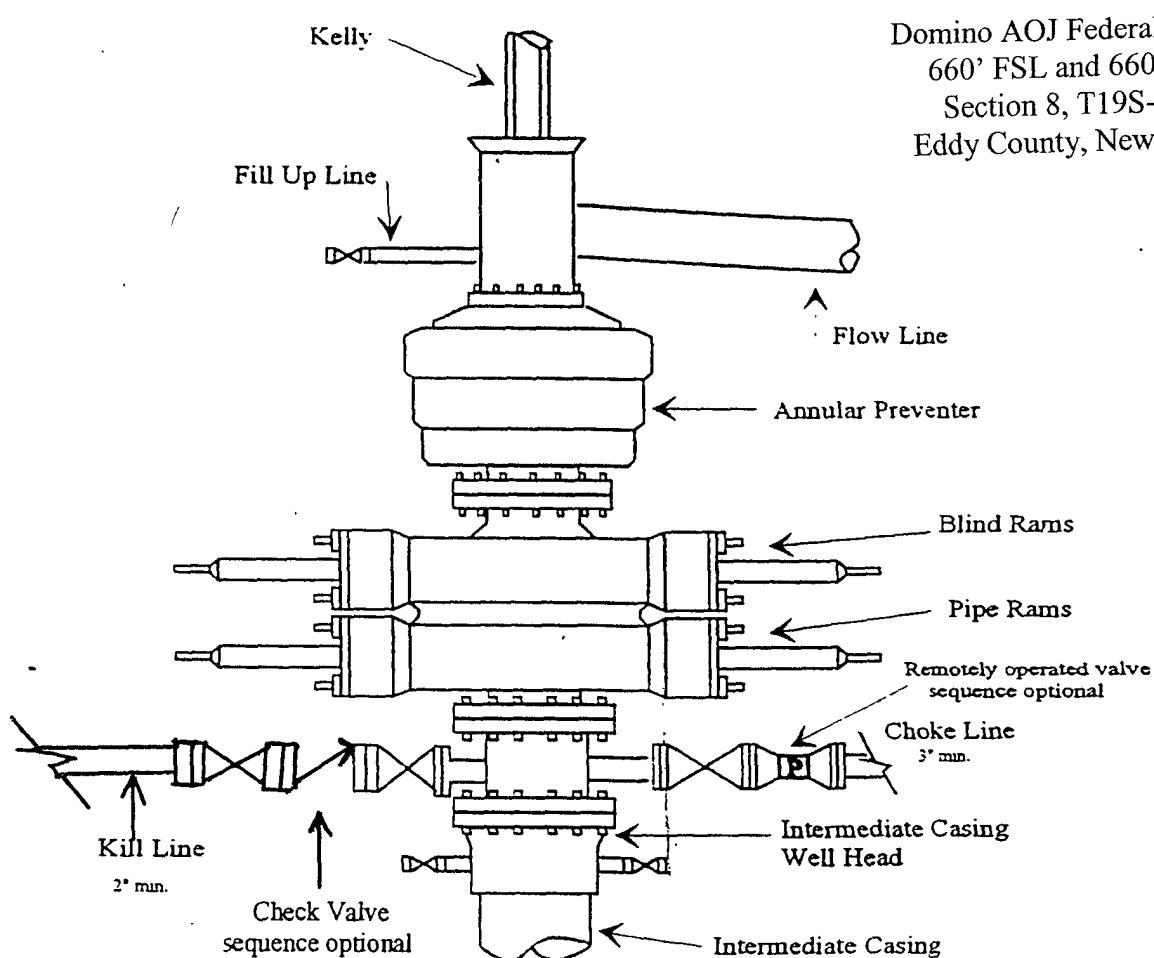
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 15 days.



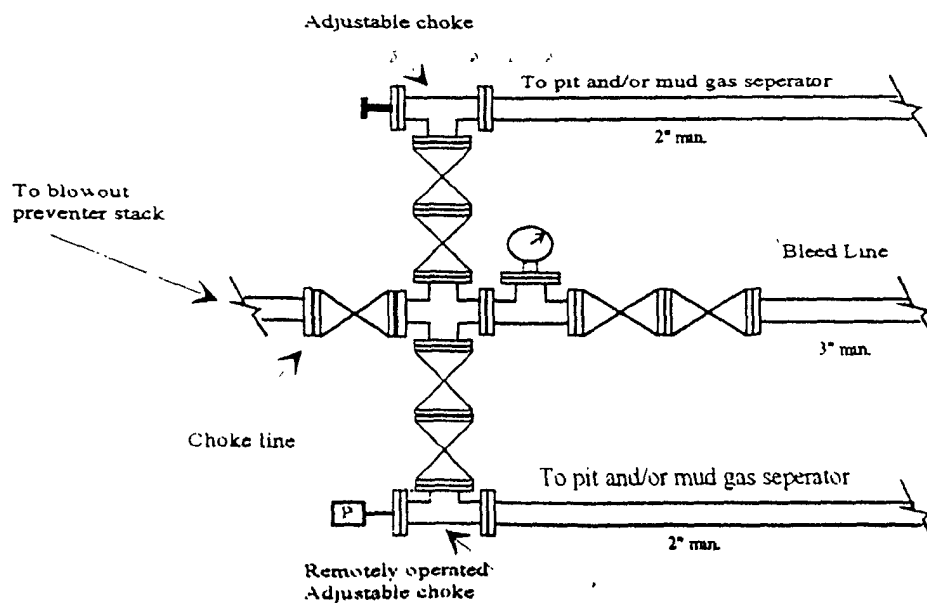
Yates Petroleum Corporation

BOP-4

Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Domino AOJ Federal Com. #9

660' FSL & 660' FWL

Section. 8, T-19S-R31-E

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 15 miles southeast of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Loco Hills on Highway 82 approx. 4.8 miles to County Road (222) Sugart Road. Turn south and go approx. 10 miles cattle guard on right. Turn west crossing cattle guard and go on caliche road for approx. 1.5 miles going toward the Domino #2 location. Approximately 300 feet before the Domino #2 the new road starts here going west for approximately 0.5 of a mile to the southeast corner of the well location.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go west approximately 0.5 of a mile to the southeast corner of the drilling pad. The road will lie in an east to west direction.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on one side. Traffic turnouts 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 D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

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

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: 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.
- C. A 400' x 400' area has been staked and flagged.

10. PLANS FOR RESTORATION

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the 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 the Bureau of Land Management, Carlsbad, New Mexico.

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:

Ray Stall,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

CERTIFICATION
YATES PETROLEUM CORPORATION
Domino AOJ Federal Com #9

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 24th day of July, 2007.

Name 

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone _____

Field Representative (if not above signatory) Jim Krogman

Address (if different from above) Same

Telephone (if different from above) 505-748-4215

E-mail (optional) _____

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of **2** 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,
(505) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it has been measured in the Township to the east with 200-3000 ppm in gas streams and 200-3000 ppm in STVs.**
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. When floor controls are required, (3M or Greater) 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 **a minimum of 25 feet into the Rustler Anhydrite at approximately 550** feet and cemented to the surface.
 - 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. 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 action will be done prior to drilling out that string.

Possible lost circulation in the Artesia Group and the Capitan Reef.

Possible water flows in the Artesia and Salado Groups.

High pressure gas bursts possible in the Wolfcamp and the Pennsylvanian section may be over pressured.

- 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.

- 3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

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

- 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

- 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8"** intermediate casing shoe shall be **5000 (5M)** psi.
- 4. The appropriate BLM office shall be notified a minimum of **2** 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.
- e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days**. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

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

Engineer on call phone (after hours): Carlsbad: (505) 706-2779

WWI 082007