

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

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 reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

OCT 15 2007

2. Name of Operator

Yates Petroleum Corporation 25575

OCD-ARTESIA

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No (include area code)

(505) 748-1471

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

660' FNL and 1300' FWL, T 22 S, R 23 E, SEC. 1

5. Lease Serial No.

NM-92742

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Zingaro ANG Federal #7 (14840)

9. API Well No.

30-015-35173

10. Field and Pool, or Exploratory Area

Indian Basin Upper Penn Associat

11. County or Parish, State

Eddy County, New Mexico

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

| TYPE OF SUBMISSION                                | TYPE OF ACTION                                |   |  |  |
|---|---|---|--|--|
| <input type="checkbox"/> Notice of Intent         | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off          |
| <input type="checkbox"/> Subsequent Report        | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity          |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other Extend |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | APD  |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |  |

13. Describe Proposed or Completed Operations (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 recomplete 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall 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 September 29, 2009.  
H2S Contingency Plan attached

9/29/07

Thank you.

APPROVED FOR 24 MONTH PERIOD  
ENDING 9-29-09

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

Name (Printed/Typed)

Cy Cowan

Title

Regulatory Agent/Land Department

Email

cy@ypcnm.com

Signature

Date

August 29, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/s/ JD Whitlock Jr

Title

FIELD MANAGER

Date

OCT 11 2007

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

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, 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.

(Instructions on reverse)

Previously approved. C-144 attached. C-102 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**

|   |   |                                 |  |
|---|---|---------------------------------|--|
| <sup>1</sup> API Number<br>30-015-35173 |   | <sup>2</sup> Pool Code<br>33685 | <sup>3</sup> Pool Name<br>Indian Basin Upper Penn Associated |
| <sup>4</sup> Property Code<br>14840     | <sup>5</sup> Property Name<br>Zingaro ANG Fed.            |                                 | <sup>6</sup> Well Number<br>7                                |
| <sup>7</sup> OGRID No.<br>025575        | <sup>8</sup> Operator Name<br>Yates Petroleum Corporation |                                 | <sup>9</sup> Elevation<br>3856                               |

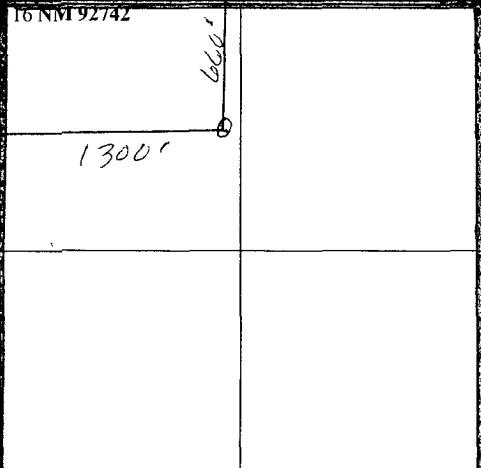
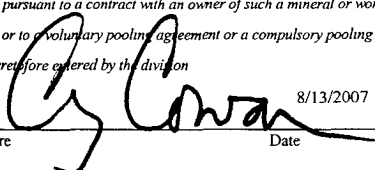
<sup>10</sup> Surface Location

|                    |              |                  |               |         |                      |                           |                       |                        |                |
|--------------------|--------------|------------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot no.<br>D | Section<br>1 | Township<br>22 S | Range<br>23 E | Lot Idn | Feet from the<br>660 | North/South line<br>North | Feet from the<br>1300 | East/West line<br>West | County<br>Eddy |
|--------------------|--------------|------------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|----------------|

<sup>11</sup> 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 |
| <sup>12</sup> Dedicated Acres<br>337 |         | <sup>13</sup> Joint or Infill |       | <sup>14</sup> Consolidation Code |               | <sup>15</sup> 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.

|  |  |  |  |  |
|--|--|--|--|--|
| <sup>16</sup> NM 92742<br> | <sup>17</sup> <b>OPERATOR CERTIFICATION</b><br><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><br><br>8/13/2007<br>Signature _____ Date _____<br>Cy Cowan, Regulatory Agent<br>Printed Name _____ |  |  |  |
|  | <sup>18</sup> <b>SURVEYOR CERTIFICATION</b><br><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 _____<br>Signature and Seal of Professional Surveyor: _____   |  |  |  |
|  | REFER TO ORIGINAL PLAT<br><br>Certificate Number _____   |  |  |  |

## DISTRICT II

511 South First, Artesia, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |                             |                                    |
|---------------|-----------------------------|------------------------------------|
| API Number    | Pool Code                   | Pool Name                          |
|               |                             | Indian Basin Upper Penn Associated |
| Property Code | Property Name               | Well Number                        |
|               | ZINGARO "ANG" FEDERAL       | 7                                  |
| GRID No.      | Operator Name               | Elevation                          |
| 025575        | YATES PETROLEUM CORPORATION | 3856                               |

## Surface Location

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| D             | 1       | 22S      | 23E   |         | 660           | NORTH            | 1300          | WEST           | 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 | Joint or Infill | Consolidation Code | Order No. |         |               |                  |               |                |        |
| 160             |                 |                    |           |         |               |                  |               |                |        |

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>N.32°25'34.0"<br/>W.104°33'30.0"<br/>N.518824.7<br/>E.471915.2<br/>(NAD 27)</p> | <b>OPERATOR CERTIFICATION</b><br><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br><br>Signature<br>Cy Cowan<br>Printed Name<br>Regulatory Agent<br>Title<br>June 16, 2004<br>Date   |  |
|  | <b>SURVEYOR CERTIFICATION</b><br><br>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.<br><br>5/24/2004<br>Date Surveyed<br>Signature & Seal of Professional Surveyor<br><br>Certificate No. Herschell L. Jones RLS 3640<br>ZINGARO 7<br>GENERAL SURVEYING COMPANY |  |
|  |  |  |
|  |  |  |

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

**YATES PETROLEUM CORPORATION**  
**Zingaro "ANG" Federal #7**  
660' FWL & 1300' FWL  
Sec. 1-T22S-R23E  
Eddy County, New Mexico

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

|                              |       |         |
|------------------------------|-------|---------|
| San Andres                   | 476'  | Oil Pay |
| Glorietta                    | 2033' | Oil Pay |
| Upper Yeso Dolomite          | 2119' | Oil Pay |
| Bone Springs                 | 2270' | Gas Pay |
| 2 <sup>nd</sup> Bone Springs | 3347' | Gas Pay |
| 3 <sup>rd</sup> Bone Springs | 6530' | Gas Pay |
| Wolfcamp                     | 6833' | Gas Pay |
| Cisco Canyon Dolomite        | 7347' | Gas Pay |
| Base of Dolomite             | 7795' | Gas Pay |
| TD                           | 8200' | Gas Pay |

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

Water: 250' - 350'  
Oil or Gas: See Above.

3. Pressure Control Equipment: BOPE will be installed on the 9 5/8" 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> |
|------------------|--------------------|---------------|--------------|-----------------|-----------------|---------------|
| 14 3/4"          | 9 5/8"             | 36#           | J-55         | ST&C            | 0-1600'         | 1600'         |
| 8 3/4"           | 7"                 | 26#           | J-55         | LT&C            | 0-100'          | 100'          |
| 8 3/4"           | 7"                 | 23#           | J-55         | LT&C            | 100'-5300'      | 5200'         |
| 8 3/4"           | 7"                 | 26#           | J-55         | LT&C            | 5300'-7400'     | 2100'         |
| 8 3/4"           | 7"                 | 26#           | L-80         | LT&C            | 7400'-8200'     | 800'          |

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

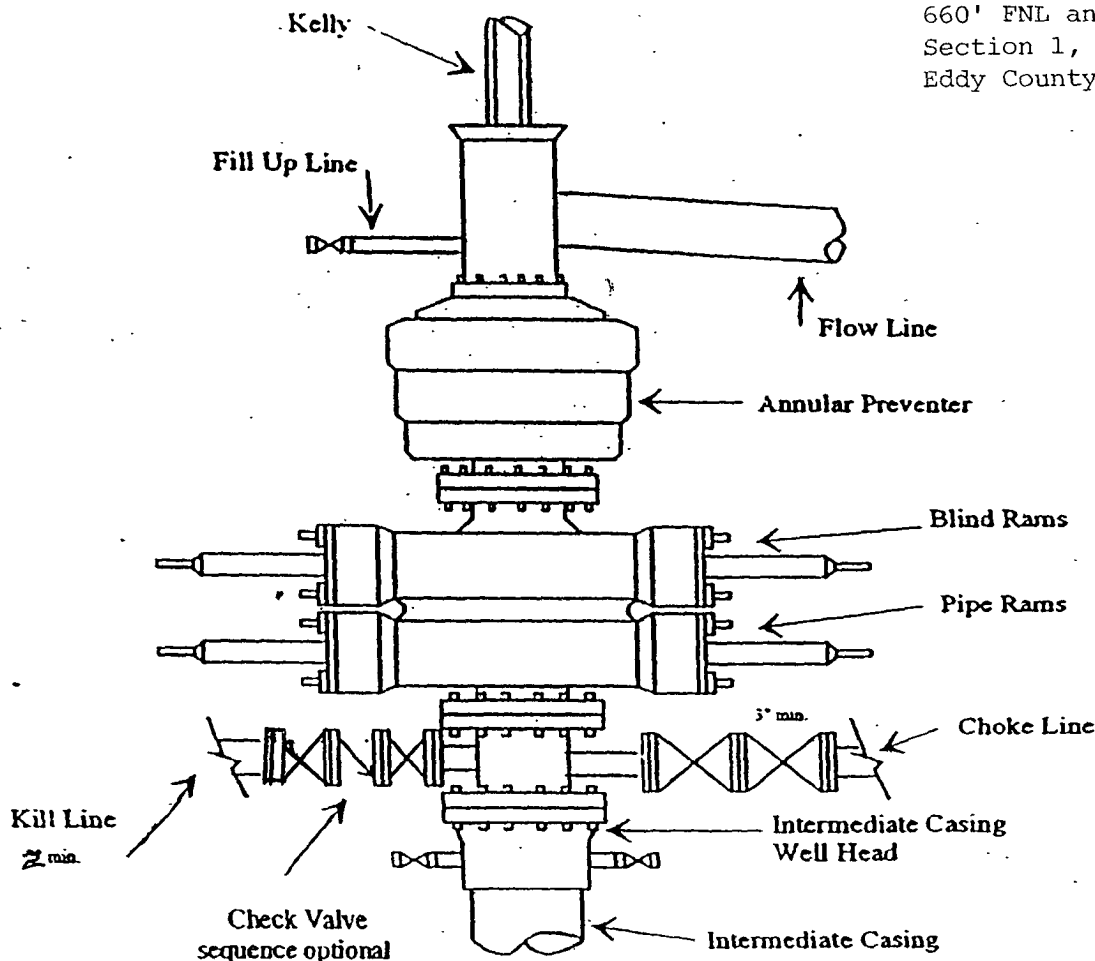


# Yates Petroleum Corporation

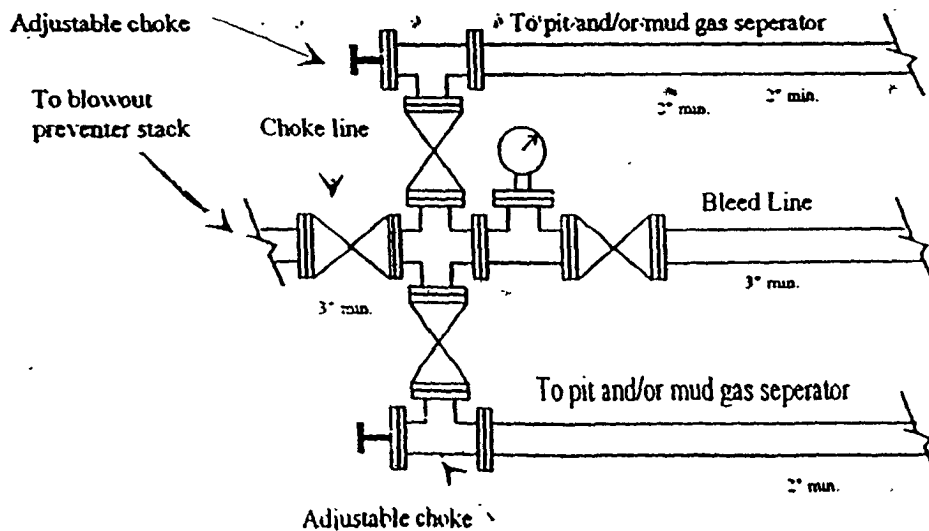
BOP-3

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

Zingaro ANG Federal #7  
660' FNL and 1300' FWL  
Section 1, T22S-R23E  
Eddy County, New Mexico



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



WF

# **Yates Petroleum Corporation**

**105 S. Fourth Street  
Artesia, NM 88210**

## **Hydrogen Sulfide (H<sub>2</sub>S) Contingency Plan**

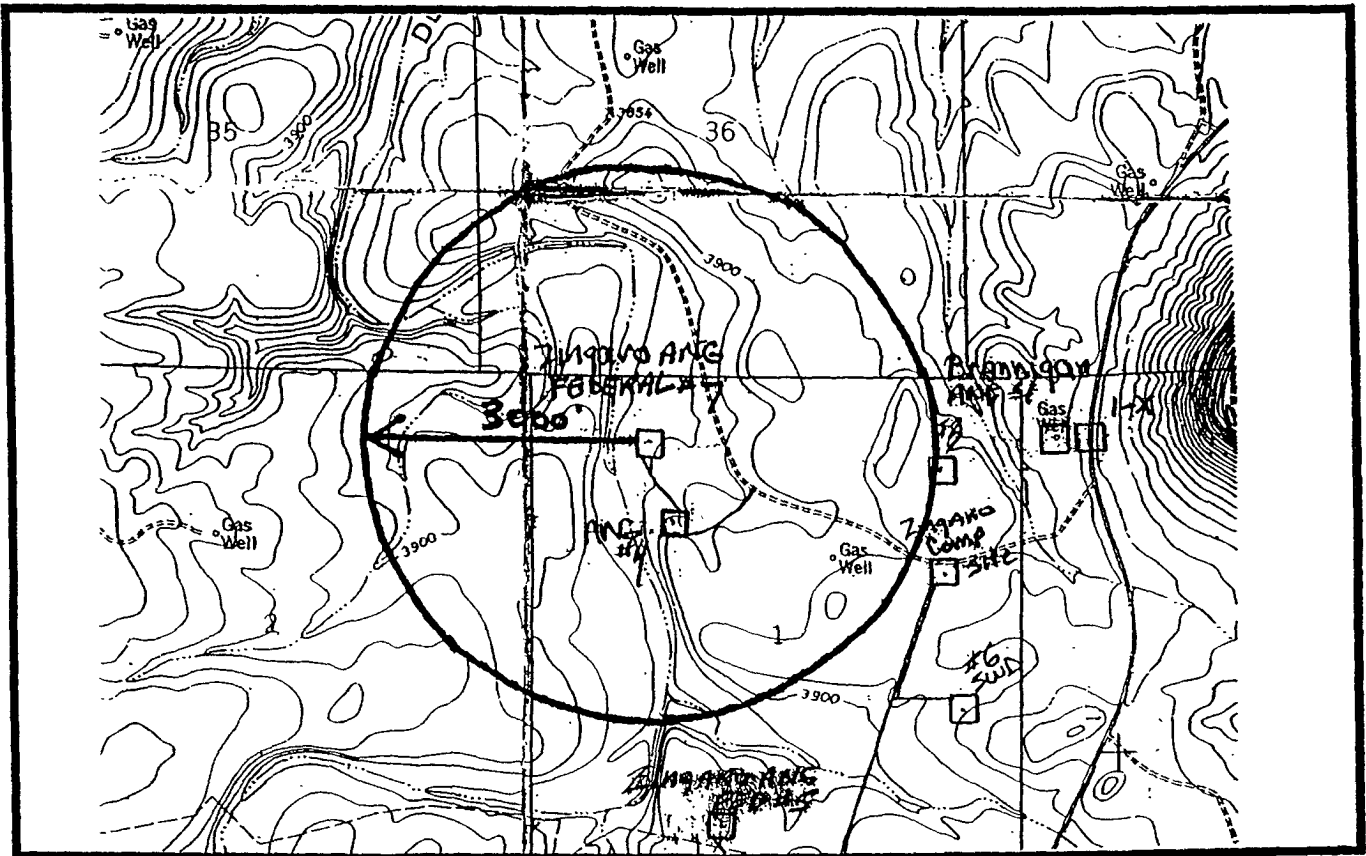
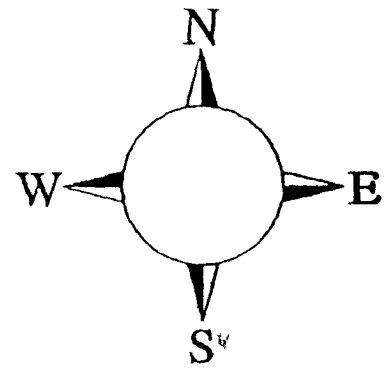
**For**

**Zingaro ANG Federal #7**

**660' FNL, 1300' FWL  
Sec-1, T-22S, R-23E  
Eddy County NM**

## Zingaro ANG Federal #7 Location

This is an open drilling site. H<sub>2</sub>S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H<sub>2</sub>S, including warning signs, wind indicators and H<sub>2</sub>S monitor.



## Emergency Procedures

In the case of a release of gas containing  $H_2S$ , the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of  $H_2S$ , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with  $H_2S$  monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

## Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide ( $SO_2$ ). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

## Characteristics of $H_2S$ and $SO_2$

| Common Name      | Chemical Formula | Specific Gravity | Threshold Limit | Hazardous Limit | Lethal Concentration |
|------------------|------------------|------------------|-----------------|-----------------|----------------------|
| Hydrogen Sulfide | $H_2S$           | 1.189<br>Air = 1 | 10 ppm          | 100 ppm/hr      | 600 ppm              |
| Sulfur Dioxide   | $SO_2$           | 2.21<br>Air = 1  | 2 ppm           | N/A             | 1000 ppm             |

## Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)



## **Yates Petroleum Corporation Phone Numbers**

|   |                |
|---|----------------|
| YPC Office .....                          | (505) 748-1471 |
| Pinson McWhorter/Operations Manager ..... | (505) 748-4189 |
| Darrel Atkins/Production Manager .....    | (505) 748-4204 |
| Ron Beasley/Prod Superintendent .....     | (505) 748-4210 |
| Al Springer/Drilling .....                | (505) 748-4225 |
| Paul Hanes/Prod. Foreman/Roswell .....    | (505) 624-2805 |
| Jim Krogman/Drilling Superintendent.....  | (505) 748-4215 |
| Artesia Answering Service .....           | (505) 748-4302 |
| (During non-office hours)                 |                |

### **Agency Call List**

#### **Eddy County (505)**

##### **Artesia**

|   |          |
|---|----------|
| State Police .....                              | 746-2703 |
| City Police.....                                | 746-2703 |
| Sheriff's Office .....                          | 746-9888 |
| Ambulance .....                                 | 911      |
| Fire Department .....                           | 746-2701 |
| LEPC (Local Emergency Planning Committee) ..... | 746-2122 |
| NMOCD.....                                      | 748-1283 |

##### **Carlsbad**

|  |          |
|--|----------|
| State Police .....                             | 885-3137 |
| City Police.....                               | 885-2111 |
| Sheriff's Office .....                         | 887-7551 |
| Ambulance .....                                | 911      |
| Fire Department .....                          | 885-2111 |
| LEPC (Local Emergency Planning Committee)..... | 887-3798 |
| US Bureau of Land Management.....              | 887-6544 |

|   |                   |
|---|-------------------|
| New Mexico Emergency Response Commission (Santa Fe) | (505) 476-9600    |
| 24 HR .....   | (505) 827-9126    |
| New Mexico State Emergency Operations Center.....   | (505) 476-9635    |
| National Emergency Response Center (Washington, DC) | ...(800) 424-8802 |

##### **Other**

|                            |                                  |
|----------------------------|----------------------------------|
| Boots & Coots IWC .....    | 1-800-256-9688 or (281) 931-8884 |
| Cudd Pressure Control..... | (915) 699-0139 or (915) 563-3356 |
| Halliburton .....          | (505) 746-2757                   |
| B. J. Services.....        | (505) 746-3569                   |

|   |                |
|---|----------------|
| Flight For Life -4000 24th St, Lubbock, TX .....          | (806) 743-9911 |
| Aerocare -Rr 3 Box 49f, Lubbock, TX .....                 | (806) 747-8923 |
| Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM ..... | (505) 842-4433 |
| S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM .....  | (505) 842-4949 |

District I  
625 N. French Dr., Hobbs, NM 88240  
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1301 W. Grand Avenue, Artesia, NM 88210  
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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

WF  
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 xx 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) 748-4372 e-mail address: debbiec@typcnm.com  
Address: 105 South 4<sup>th</sup> Street, Artesia, NM 88210  
Facility or well name: Zingaro ANG Federal #7 API #: \_\_\_\_\_ U/L or Qtr/Qtr \_\_\_\_\_ Sec 1 T 22S R 23E  
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 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)        |
|   | <u>100 feet or more</u>                          | <u>(0 points)</u>  |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)       | <u>Yes</u>                                       | <u>(20 points)</u> |
|   | 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)        |
|   | <u>200 feet or more, but less than 1000 feet</u> | <u>(10 points)</u> |
|   | 1000 feet or more                                | (0 points)         |
| Ranking Score (Total Points)  |  | <u>30 Points</u>   |

RECEIVED

SEP 20 2005

OCUMMITESIA

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: August 29, 2005

Printed Name/Title Debbie L. Caffall/Regulatory Technician 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:

Date: SEP 21 2005 Field Supervisor  
Printed Name/Title \_\_\_\_\_ Signature [Signature]

As a condition of approval, if during pit construction water is encountered or if water seeps in pits after construction the **OCD MUST BE CONTACTED IMMEDIATELY!**

**As a condition of approval, a closure plan must be submitted and approved prior to the commencement of closure procedures.**

## **Conditions of Approval Cave and Karst**

EA#: NM-520-07-1284  
Lease #: NM-92742  
**Yates Petroleum Corporation**  
**Zingaro ANG Fed. #7 (EXTENSION)**

### **Cave/Karst Surface Mitigation**

The following stipulations will be applied to minimize impacts during construction, drilling and production.

#### **Berming:**

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

### **Cave/Karst Subsurface Mitigation**

The following stipulations will be applied to protect cave/karst and ground water concerns:

#### **Rotary Drilling with Fresh Water:**

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. Use depth to the deepest expected fresh water as listed in the geologist report.

#### **Casing:**

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

#### **Lost Circulation:**

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a void (bit drops) of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

**Abandonment Cementing:**

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

**Record Keeping:**

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

## PECOS DISTRICT CONDITIONS OF APPROVAL

|                       |                                    |
|-----------------------|------------------------------------|
| OPERATOR'S NAME:      | YATES PETROLEUM CORPORATION        |
| LEASE NO.:            | NM-92742                           |
| WELL NAME & NO.:      | ZINGARO ANG FEDERAL 7              |
| SURFACE HOLE FOOTAGE: | 660' FNL & 1300' FWL               |
| LOCATION:             | Section 1, T. 22 S., R 23 E., NMPM |
| COUNTY:               | Eddy County, New Mexico            |

### I. 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. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated 500 feet prior to drilling into the **Canyon** formation.
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 9-5/8 inch surface casing shall be set at 1600 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.
2. The minimum required fill of cement behind the 7 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. 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 from 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.

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

LB 10/10/07