

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD-ARTESIAFORM APPROVED
OMB No 1004-0137
Expires March 31, 2007**S****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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		NOV 05 2007		5 Lease Serial No NM-100536
2 Name of Operator Yates Petroleum Corporation 025575		OCD-ARTESIA		6 If Indian, Allottee or Tribe Name
3a. Address 105 South Fourth Street, Artesia, NM 88210		3b. Phone No. (include area code) (505) 748-1471		7 If Unit or CA/Agreement, Name and/o
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Section 25, T 23 S, R 24 E, 960' FSL and 1550' FEL, SW/4SE/4-Unit O				8 Well Name and No. Samuel Smith Federal Unit #4
				9 API Well No. 30-015-35177
				10 Field and Pool, or Exploratory Area Baldrige Canyon; Morrow
				11 County or Parish, State Eddy County, NM

12. CHECK THE 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 type="checkbox"/> Other <u>Extend APC</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompletion 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 expiration date for two (2) years to October 4, 2009

C-144 attached



APPROVED FOR 24 MONTH PERIOD
ENDING 10-4-09

14. I hereby certify that the foregoing is true and correct.	
Name (Printed/Typed) Debbie L. Caffall	Title Regulatory Agent / Land Department
Signature Debbie L. Caffall	Date September 19, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by /s/ Don Peterson	FIELD MANAGER Date OCT 31 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)

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corporation
LEASE NO.:	NMNM - 100536
WELL NAME & NO.:	4 – Samuel Smith Federal Unit
SURFACE HOLE FOOTAGE:	0960' FSL & 1550' FEL
LOCATION:	Section 25, T. 23 S., R 24 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. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard.**
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 at **approximately 400** 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.

High cave/karst area.

Possible lost circulation in the San Andres and Wolfcamp formations.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

This casing is to be set in the top of the Delaware sand at least 25 ' into the Lamar Limestone at approximately 2100'.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing or 7" contingency casing must come to surface.

Class H cement to be used below 8000'.

Perform casing integrity test for intermediate shoe as required in O.O.2.III.B.1.i. and for contingency string if used.

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. The minimum required fill of cement behind the **7** inch contingency casing is:

- ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.
5. The minimum required fill of cement behind the 4-1/2 inch contingency production casing is:
- ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.
6. 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 9-5/8" 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.

- f. A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1000** psi with the rig pumps is approved.

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 102907