

**OCD-ARTESIA**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

OMB No. 1004-0136  
Expires November 30, 2009

5. Lease Serial No.

**NM-18486**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

**30411**

8. Lease Name and Well No.

**Playa AYH Federal Com. #1**

9. API Well No.

**30-015-35084**

10. Field and Pool, or Exploratory

**Penasco Draw Marrow**

11. Sec., T., R., M., or Blk, and Survey or Area

**Section 31-T18S-R25E**

12. County or Parish

**Eddy**

13. State

**NM**

1a. Type of Work:



DRILL



REENTER

b. Type of Well:



Oil Well



Gas  
Well



Other



Single  
Zone



Multiple Zone

2. Name of Operator

**Yates Petroleum Corporation (25575)**

3A. Address **105 South Fourth Street**

**Artesia, New Mexico 88210**

3b. Phone No. (include area code)

**(505) 748-1471**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface

**1290' FNL & 660' FWL, NWNW, 31-18S-25E, Lot 1**

At proposed prod. Zone

**same as above**

14. Distance in miles and direction from nearest town or post office\*

**Approximately 16 miles SW of Artesia, NM**

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

**243.4**

17. Spacing Unit dedicated to this well

**320 W/2**

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

**N/A**

19. Proposed Depth

**9000'**

20. BLM/BIA Bond No. on file

**Nationwide Bond #NM-2811**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

**3639' GR**

22. Approximate date work will start\*

**ASAP**

23. Estimated duration

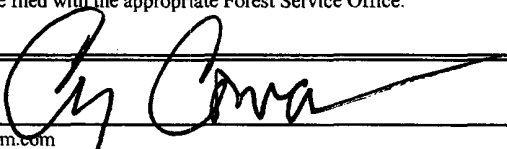
**60 Days**

**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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature



Name (Printed/Typed)

**Cy Cowan / Land Department**

Date

**7/5/2006**

email: cy@ypcnm.com

Title: **Regulatory Agent**

Approved by (Signature)

**/s/ James Stovall**

Name (Printed/Typed)

**/s/ James Stovall**

Date

**AUG 06 2006**

Title

**ACTING 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.

Conditions of approval, if any, are attached.

**APPROVAL FOR 1 YEAR**

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.

\*(Instructions on reverse)

Previously Approved

C-144 Attached

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

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

District I  
1025 N. French Dr., Hobbs, NM 88240

District II  
811 South First, 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 August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                  |   |                                 |   |
|----------------------------------|---|---------------------------------|---|
| <sup>1</sup> APT Number          |   | <sup>2</sup> Pool Code<br>82770 | <sup>3</sup> Pool Name<br>Penasco Draw Morrow |
| <sup>4</sup> Property Code       | <sup>5</sup> Property Name<br>Playa AYH Federal Com.      |                                 | <sup>6</sup> Well Number<br>1                 |
| <sup>7</sup> OGRID No.<br>025575 | <sup>8</sup> Operator Name<br>Yates Petroleum Corporation |                                 | <sup>9</sup> Elevation<br>3639'               |

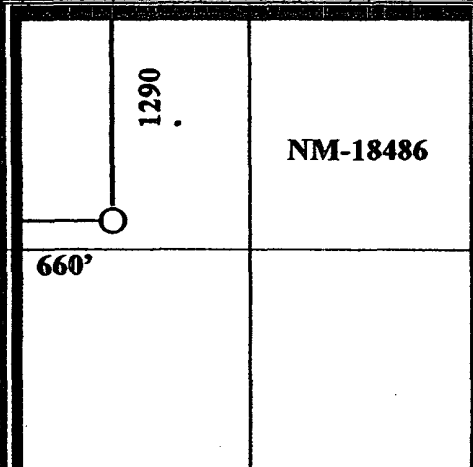
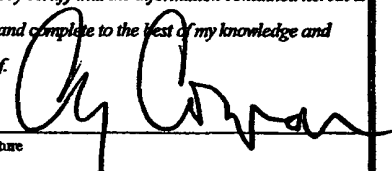
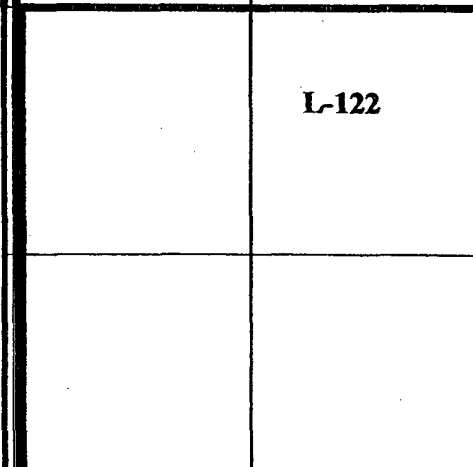
<sup>10</sup> Surface Location

|                        |               |                 |              |         |                       |                           |                      |                        |                |
|------------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------|
| UL or lot no.<br>lot 1 | Section<br>31 | Township<br>18S | Range<br>25E | Lot Idn | Feet from the<br>1290 | North/South line<br>North | Feet from the<br>660 | 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>320 W/2 | <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>17</sup> OPERATOR CERTIFICATION<br>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.<br><br>Signature<br>Cy Cowan<br>Printed Name<br>Regulatory Agent<br>Title<br>06/30/2004<br>Date                             |  |
|  |  |  |  | <sup>18</sup> SURVEYOR CERTIFICATION<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>REFER TO ORIGINAL PLAT<br>Date of Survey<br>Signature and Seal of Professional Surveyor:<br><br>Certificate Number |  |

District I  
1825 N. French Dr. Hobbs, NM 88240

District II  
611 South First, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |                             |                     |
|---------------|-----------------------------|---------------------|
| API Number    | Pool Code                   | Pool Name           |
|               |                             | Penasco Draw Morrow |
| Property Code | Property Name               | Well Number         |
|               | PLAYA "AYH" FEDERAL COM     | 1                   |
| OGRID No.     | Operation Name              | Elevation           |
| 025575        | YATES PETROLEUM CORPORATION | 3639                |

Surface Location

|               |         |          |       |          |               |                  |               |                |        |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| UL or Lot No. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
| LOT 1         | 31      | 18-S     | 25-E  |          | 1290          | NORTH            | 660           | 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. |          |               |                  |               |                |        |
| 320 W/2         |                 |                    |           |          |               |                  |               |                |        |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |  |
|--|--|
|  | <b>OPERATOR CERTIFICATION</b><br>I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.  |
|  | Signature<br>Printed Name Cy Cowan<br>Title Regulatory Agent<br>Date 7/9/2002  |
|  | <b>SURVEYOR CERTIFICATION</b><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 KNOWLEDGE AND BELIEF. |
|  | Date of Survey JULY 1, 2002<br>Signature of Registered Professional Surveyor<br>NEW MEXICO<br>REGISTERED PROFESSIONAL SURVEYOR<br>5412<br>ENGINEER<br>NM PROFESSIONAL SURVEYOR<br>Certificate Number   |

# YATES PETROLEUM CORPORATION

Playa "AYH" Federal #1  
1290' FNL and 660' FWL  
Section 31-T18S-R25E  
Eddy County, New Mexico

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

|            |       |                 |       |
|------------|-------|-----------------|-------|
| San Andres | 645'  | Atoka           | 8365' |
| Glorieta   | 1985' | Morrow Clastics | 8600' |
| Tubb       | 3395' | Middle Morrow   | 8645' |
| Abo        | 4035' | Lower Morrow    | 8825' |
| Wolfcamp   | 5345' | Chester Lime    | 8925' |
| Cisco      | 6395' | TD              | 9000' |
| Strawn     | 7775' |                 |       |

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

Water: 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 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> |
|------------------|--------------------|---------------|--------------|-----------------|-----------------|---------------|
| 17 1/2"          | 13 3/8"            | 48#           | H-40         | ST&C            | 0-400'          | 400'          |
| 12 1/4"          | 8 5/8"             | 24#           | J-55         | ST&C            | 0-1200'         | 1200'         |
| 7 7/8"           | 5 1/2"             | 17#           | J-55         | LT&C            | 0-200'          | 200'          |
| 7 7/8"           | 5 1/2"             | 15.5#         | J-55         | LT&C            | 200'-6700'      | 6500'         |
| 7 7/8"           | 5 1/2"             | 17#           | J-55         | LT&C            | 6700'-8000'     | 1300'         |
| 7 7/8"           | 5 1/2"             | 17#           | HCP-110      | LT&C            | 8000'-9000'     | 1000'         |

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

B. CEMENTING PROGRAM:

Surface casing: 450 sx "C" + 2% CaCL<sub>2</sub> (YLD 1.34 WT 14.8).

Intermediate Casing: 400 sx Lite (YLD 2.0 WT 12.5). Tail in w/200 sx "C" + 2% CaCL<sub>2</sub> (YLD 1.32 WT. 15.6).

Production Casing: TOC=4800', 600 sx Super "C" (YLD 1.67 wt. 13.0).

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

| <u>Interval</u> | <u>Type</u>         | <u>Weight</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|-----------------|---------------------|---------------|------------------|-------------------|
| 0-400'          | FW/Native Mud       | 8.4-8.8       | 28-33            | N/C               |
| 400'-1200'      | FW                  | 8.4           | 28               | N/C               |
| 1200'-8200'     | Cut Brine           | 8.8-9.6       | 28               | N/C               |
| 8200'-TD        | Salt Gel/Starch/KCL | 9.6-9.8       | 32-38            | <12cc             |

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 intermediate casing.

Logging: Platform Express/HALS/sonic; possible FMI.

Coring: Rotary Sidewall Cores

DST's: Possible from Cisco to TD.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Anticipated BHP:

|             |           |                                |
|-------------|-----------|--------------------------------|
| From: 0     | TO: 400'  | Anticipated Max. BHP: 150 PSI  |
| From: 400'  | TO: 1200' | Anticipated Max. BHP: 600 PSI  |
| From: 1200' | TO: 9000' | Anticipated Max. BHP: 4800 PSI |

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H<sub>2</sub>S Zones Anticipated: None Anticipated

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 40 days to drill the well with completion taking another 30 days.

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
YATES PETROLEUM CORPORATION**

Playa "AYH" Federal #1  
1290' FNL and 660' FWL  
Section 31-T18S-R25E  
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 well site is located approximately 16 miles Southwest of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go south of Artesia on Highway 285 to Four Dinkus Ranch Road. Turn West on Four Dinkus Ranch Road and go to the first cattle guard past the ranch house to the south. Turn here and go south crossing draw to the first cattle guard. Turn right here and go west on lease road for approximately 1.6 miles. Follow road and go south for approx. 1.4 miles to the Yates JM #2 well on the left. Continue south on the lease road for approx. 0.3 of a mile. The new road will start here going east for approx. 0.3 of a mile to the northwest corner of the proposed well location.

**2. PLANNED ACCESS ROAD:**

- A. The proposed new access will go east for approximately 0.3 of a mile to the northwest corner of the drilling pad. The road will lie in a east to west direction. See attached map.
- 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. Some traffic turnouts will 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 no drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. There are no 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 nearest 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. Yates Petroleum Corporation is in full compliance with the OCD General Plan for Drilling Pits approved on April 15, 2004.
- C. A 400' x 400' area has been staked and flagged.
- D. Pits will be to the south.

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 well site 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: Split Estate with surface belonging to the Four Dinkus Ranch, 105 S. 4<sup>th</sup> St., Artesia, NM 88210. An agreement has been made with the Four Dinkus Ranch for this well. The minerals are Federal, NM-18486.

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:

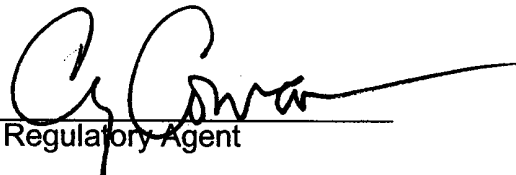
Cy Cowan, Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

- B. Through Drilling Operations, Completions and Production:  
Pinson McWhorter,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

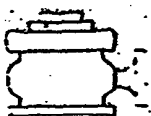
14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

7/5/2006

  
Regulatory Agent

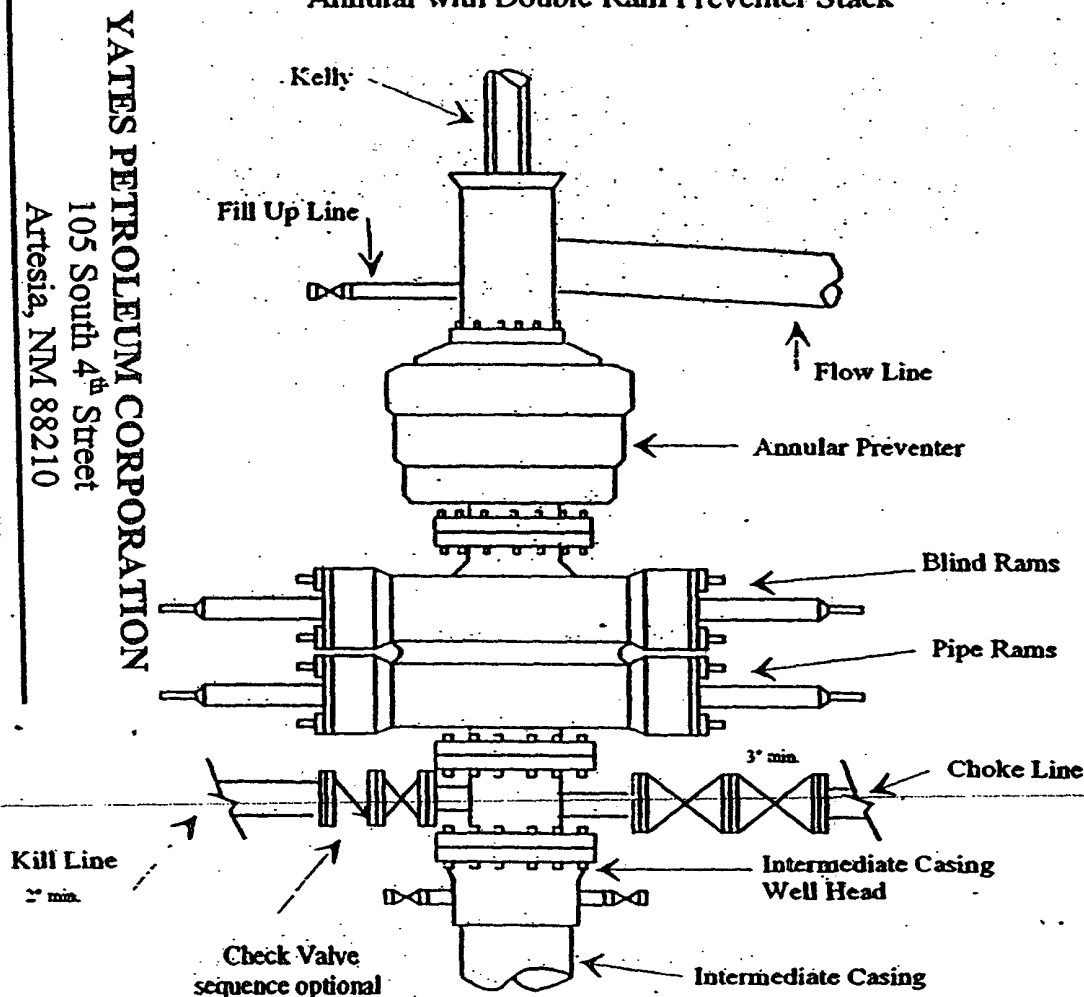




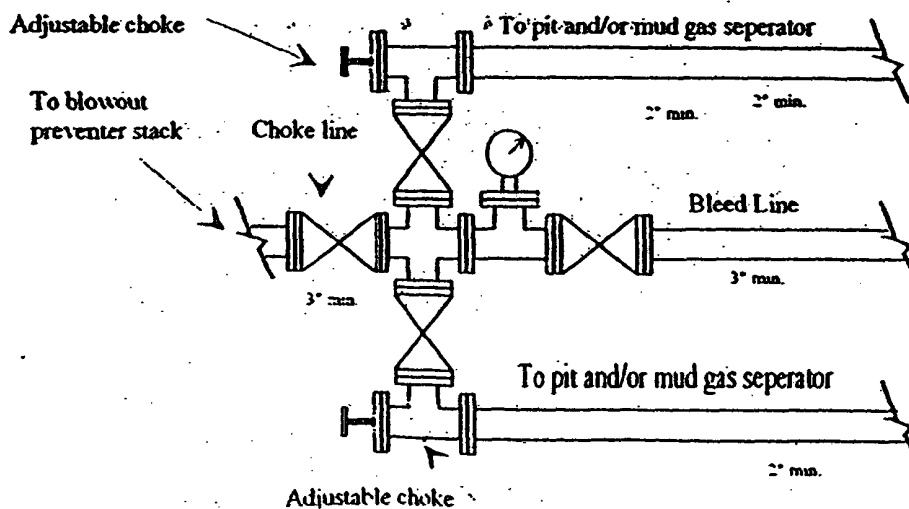
# Yates Petroleum Corporation

BOP-3

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



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



YATES PETROLEUM CORPORATION

105 South 4<sup>th</sup> Street  
Artesia, NM 88210

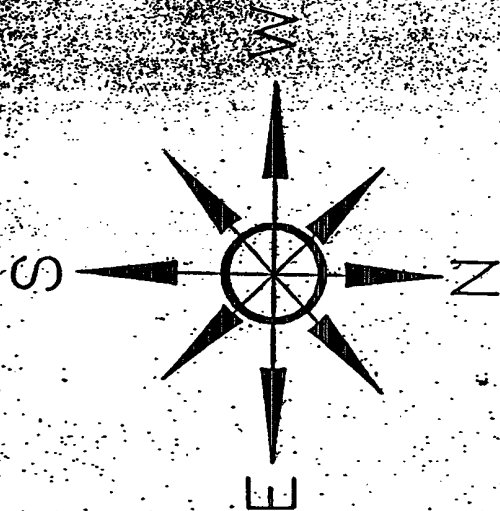
Playa "AYH" Federal Com. #1

1290' FNL & 660' FWL

Section 31-T18S-R25E

Eddy County, New Mexico

Exhibit "B"



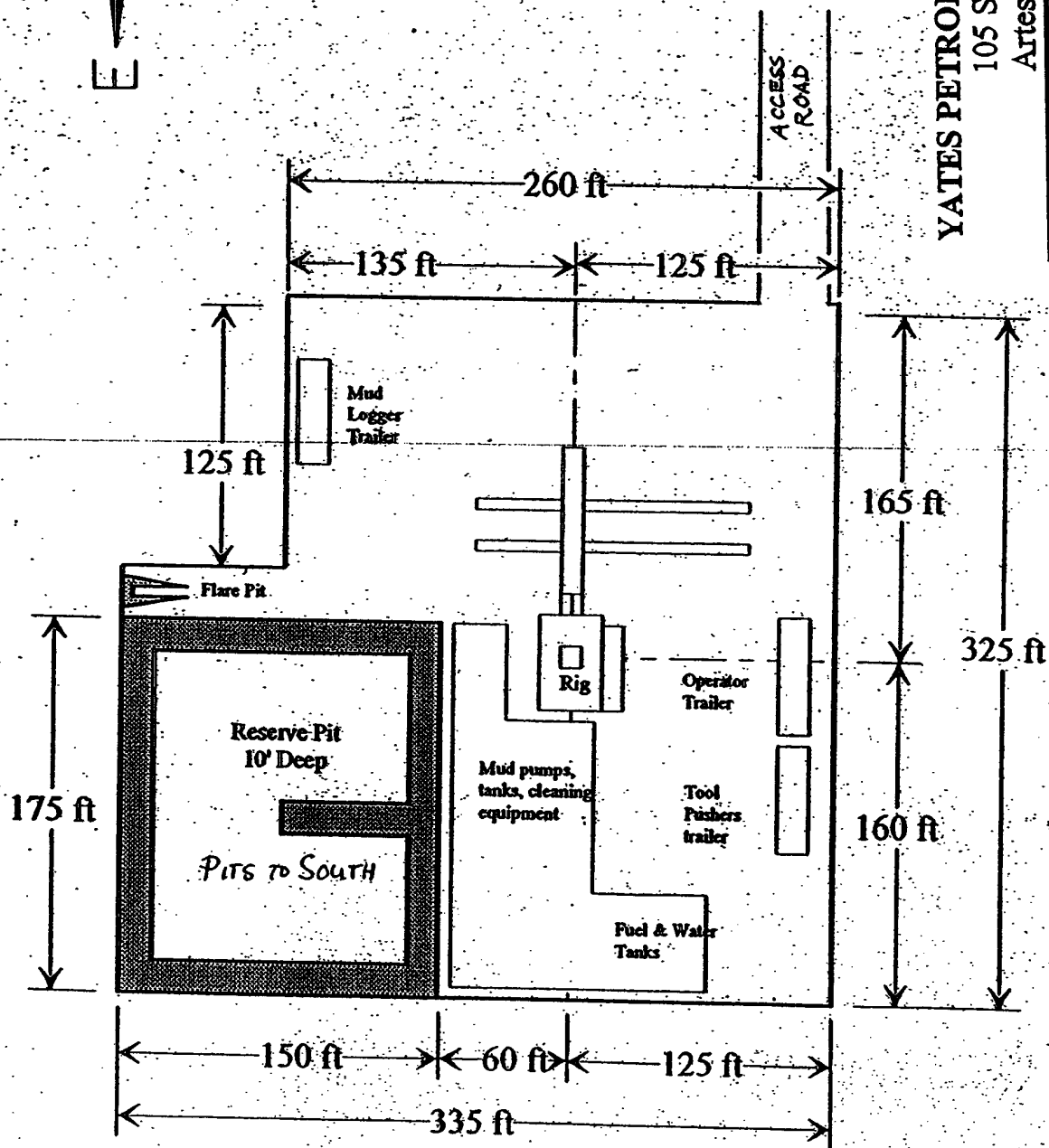
# Yates Petroleum Corporation

Location Layout for Permian Basin  
Up to 12,000'

YATES PETROLEUM CORPORATION

105 South 4<sup>th</sup> Street  
Artesia, NM 88210

Playa "AYH" Federal Com. #1  
1290' FNL & 660' FWL  
Section 31-T18S-R25E  
Eddy County, New Mexico  
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

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

Form C-144  
March 12, 2004

For drilling and production facilities, submit to  
appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe  
office

**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 ☐

RECEIVED

FEB 10 2005

Operator: Yates Petroleum Corporation Telephone: (505) 748-4372 e-mail address: debbiec@yppc.com  
Address: 105 South 4<sup>th</sup> Street, Artesia, NM 88210  
Facility or well name: Playa AYH Federal Com #1 API #: 30-015-33865 U/L or Qtr/Qtr 1 Sec 31 T 18S R 25E  
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 \_\_\_\_\_ bbl

**Below-grade tank**

Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_

Construction material: \_\_\_\_\_

Double-walled, with leak detection? Yes ☐ If not, explain why not. \_\_\_\_\_

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

( 0 points)

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

( 0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

( 0 points)

Ranking Score (Total Points)

30 Points

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and

end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results

and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: February 09, 2005

Printed Name/Title: Cy Cowan/Regulatory Agent

Signature

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:

Printed Name/Title:

Signature

**As a condition of approval a  
detailed closure plan must be  
filed before closure may  
commence.**

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corporation  
Well Name & No: Playa AYH Fed Com No 01  
Location: Surface 1290' FNL & 660' FWL, Sec.31, T. 18 S. R. 25 E.  
Lease: NMNM 18486  
Eddy County, New Mexico

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### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 3/8 inch; 8 5/8 inch;

C. BOP Tests

2. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan is not required for this well bore.

3. 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.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A communitization agreement shall be submitted for approval prior to any sales from this well.

### II. CASING:

1. The 13 3/8 inch shall be set at 400 Feet with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM 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. The minimum required fill of cement behind the 8 5/8 inch Intermediate casing is to circulate to surface.

3. The minimum required fill of cement behind the 5 1/2 inch Production casing is to place TOC at least 200 ft above the Wolfcamp formation.

### III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.