C/K 8040

49

ATS-08-47

OCD-ARTESIA

NOV 19 2007

OCD-ARTESIA

Form 3160-3
(February 2005)

RESUBMITTAL

FORM APPROVED
OMB NO 1004-0137
Expires March 31,2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No: **NM-045276**

6 If Indian, Allottee or Tribe Name:

7 If Unit or CA Agreement, Name and No:

1a Type of Work: [X] DRILL [ ] REENTER

1b Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

8 Lease Name and Well No: **Diamond AKI Federal #4**

2 Name of Operator: **Yates Petroleum Corporation 025575**

9 API Well No: 30-015-35938

3a Address: **105 South Fourth Street, Artesia, NM 88210**

3b Phone No *(include area code)*: **505-748-1471**

10 Field and Pool, or Exploratory: UNDES. Cemetery Morrow

4 Location of well *(Report location clearly and In accordance with any State requirements *)*
At surface: **1800' FSL and 660' FEL, Unit I**
At proposed prod zone: **Same**

11 Sec , T , R , M , or Blk And Survey or Area: **Section 33, T20S-R24E**

14 Distance in miles and direction from the nearest town or post office*: **Approximately 30 miles southwest of Artesia, NM**

12 County or Parish: **Eddy**

13 State: **NM**

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg unit line, if any)	16 No of acres in lease	17 Spacing Unit dedicated to this well
1800'	2189.42	320 acres E/2

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	19 Proposed Depth	20 BLM/ BIA Bond No on file
1000'	9500'	NATIONWIDE BOND #NMB000434

21 Elevations (Show whether DF, KDB, RT, GL, etc)	22 Aproximate date work will start*	23 Estimated duration
3762' GL	ASAP	30 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 must be filed with the appropriate Forest Service Office)
4 Bond to cover the operations unless covered by 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 BLM

25 Signature	Name *(Printed/ Typed)*	Date
Cy Cowan	Cy Cowan	10/8/2007

Title: **Regulatory Agent**

Approved By *(Signature)*	Name *(Printed/ Typed)*	Date
/s/ James Stovall	/s/ James Stovall	NOV 15 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 cc 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 wilfully 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 page 2)* ***Previously Attached*** ***C-144 attached*** ***C-102 attached***

Carlsbad Controlled Water Basin

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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	[3] Pool Name
	74640	Undes. Cemetery; Morrow

[4] Property Code	[5] Property Name	[6] Well Number
17349	DIAMOND AKI FEDERAL	4

[7] OGRID No	[8] Operator Name	[9] Elevation
025575	YATES PETROLEUM CORPORATION	3762'

[10] Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	33	20S	24E		1800	SOUTH	660	EAST	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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320 E/2			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16

NM-045276

660'

1800'

[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division

Signature 10/8/07 Date

Cy Cowan
Printed Name

Regulatory Agent
Title

[18] 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

Date of Survey

Signature and Seal of Professional Surveyor

REFER TO ORIGINAL PLAT

Certificate Number

District I
1P25 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
2040 South Pacheco, Santa Fe, NM 87505

Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, N M 87505

State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Dagger Draw Upper Penn South

Property Code	Property Name	Well Number
	DIAMOND AKI FEDERAL	*4*

OGRID No.	Operation Name	Elevation
025575	*YATES PETROLEUM CORPORATION*	*3772*

Surface Location

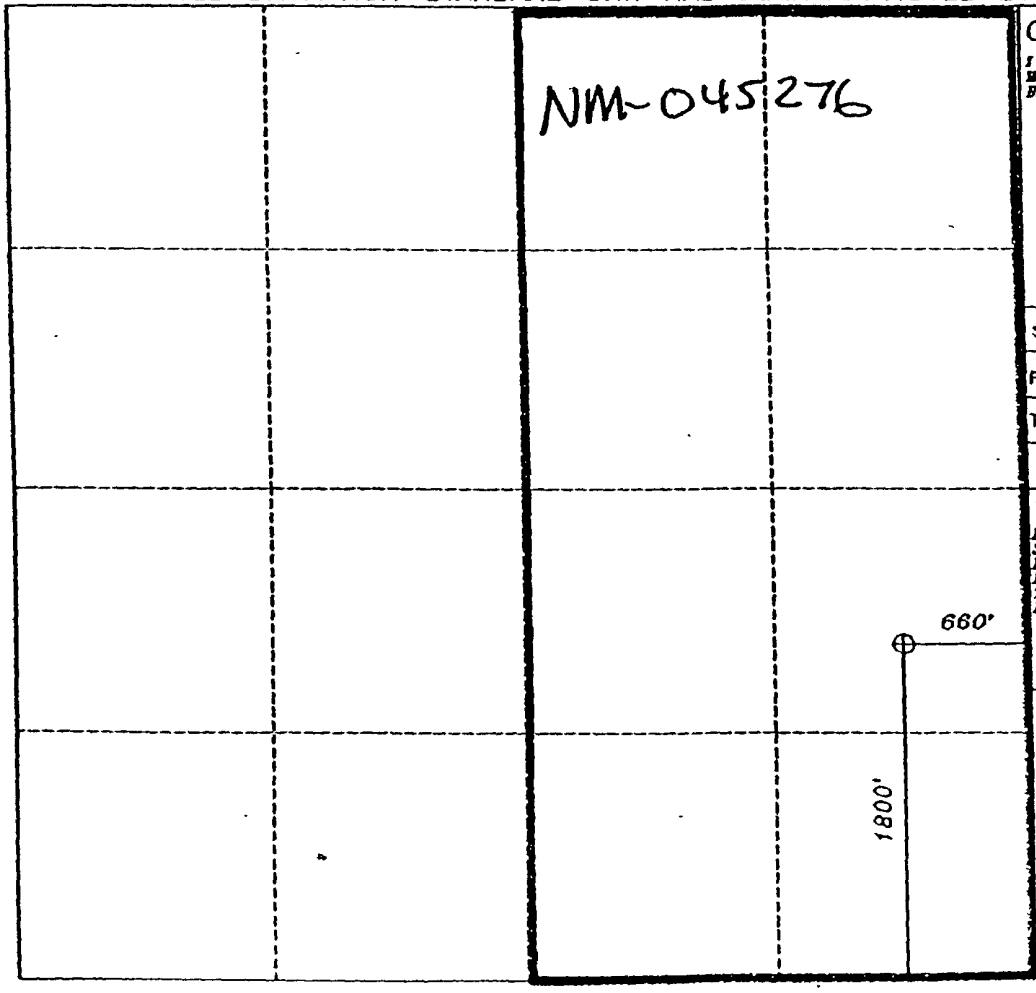
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
I	*33*	*20-S*	*24-E*		*1800*	*SOUTH*	*660*	*EAST*	*EDDY*

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			

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



OPERATOR CERTIFICATION

I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature

Printed Name Cy Cowan

Title Regulatory Agent

Date July 30, 2001

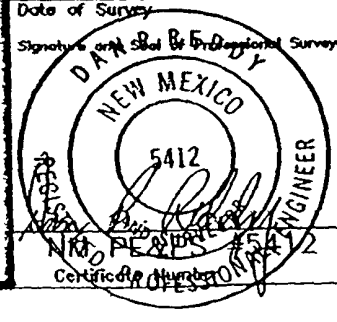
SURVEYOR CERTIFICATION

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 THIS SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

JULY 25, 2001

Date of Survey

Signature and Seal of Professional Surveyor



Certificate Number

YATES PETROLEUM CORPORATION
Diamond "AKI" Federal #4
1800' FSL & 660' FEL
Sec. 33-T20S-R24E
Eddy County, New Mexico

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

San Andres	500'	Oil Pay	Strawn	8330'	Gas Pay
Glorietta	1980'	Oil Pay	Atoka	8850'	Gas Pay
Bone Spring	3520'	Oil Pay	Morrow	9000'	Gas Pay
Wolfcamp	5710'	Oil Pay	TD	9500'	Gas Pay
Cisco Canyon	7400'	Gas Pay			
Canyon Dolomite	7550'	Gas Pay			

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

Water: Approx 200' - 300'
Oil or Gas: All Potential Zones

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)

Hole Size	Casing Size	Wt./Ft	Grade	Thread	Interval	Length
14 ¾"	9 5/8"	36#	J-55	ST&C	0-1100'	1100'
8 ¾"	7"	26#	J-55	LT&C	0-400'	400'
8 ¾"	7"	23#	J-55	LT&C	400'-5200'	4800'
8 ¾"	7"	26#	J-55	LT&C	5200'-7300'	2100'
8 ¾"	7"	26#	N-80	LT&C	7300'-9500'	2200'

Replaced 11/13/07 WWI

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

Diamond AKI Federal #4 Production Casing

0 ft to 1,300 ft				Make up Torque ft-lbs			Total ft = 1,300
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,320 psi	4,980 psi	367 ,000 #		415 ,000 #		6.151	

1,300 ft to 5,100 ft				Make up Torque ft-lbs			Total ft = 3,800
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	23 #/ft	J-55	LT&C	3130	2350	3910	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
3,270	4,360 psi	313 ,000 #		366 ,000 #		6.25	

5,100 ft to 7,200 ft				Make up Torque ft-lbs			Total ft = 2,100
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,320 psi	4,980 psi	367 ,000 #		415 ,000 #		6.151	

7,200 ft to 9,500 ft				Make up Torque ft-lbs			Total ft = 2,300
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	HCP-110	LT&C	6930	5200	8660	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
7,800 psi	9,950 psi	693 ,000 #		830 ,000 #		6.151	

B CEMENTING PROGRAM
Surface casing: 200 sx Thixad + 1% CaCl2 + 10#/sx Gilsonite+ ¼# Celloflake (Yld 1.52 Wt.14.6). 800 sx Lite "C" (Yld 2 0 Wt. 12.5) Tail in w/200 sx C+2% CaCl2 (Yld 1.34 Wt 14 8). Surface

Production Casing: Lead w/750 sx Lite "H" (Yld 1.99 Wt. 12.4). Tail in w/400 sx super 'C' modified. (Yld 1.57 Wt 13). Surface.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
Spud to 1100'	FW Gel/LCM	8.3-8.6	30	N/C
1100'-5200'	FW	8.3-8.6	28	N/C
5200'-7400'	Cut Brine	9.0-9.2	29	N/C
7400'-8000'	Cut Brine/Starch	9.0-9.3	30-34	N/C
8000'-9500'	Salt Gel/Starch	9.3-9.8	32-36	<10cc

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 from 3500' to TD.
Logging: Platform Express, Possible FMS, Rotary Sidewall cores.
Coring: AS warranted.
DST's: As warranted, possible in Morrow.

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

From:	O	TO:	1100'	Anticipated Max. BHP:	500	PSI
From:	1100'	TO:	9500'	Anticipated Max. BHP:	4700'	PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximun Bottom Hole Temperature: 165° F

8. ANTICIPATED STARTING DATE:

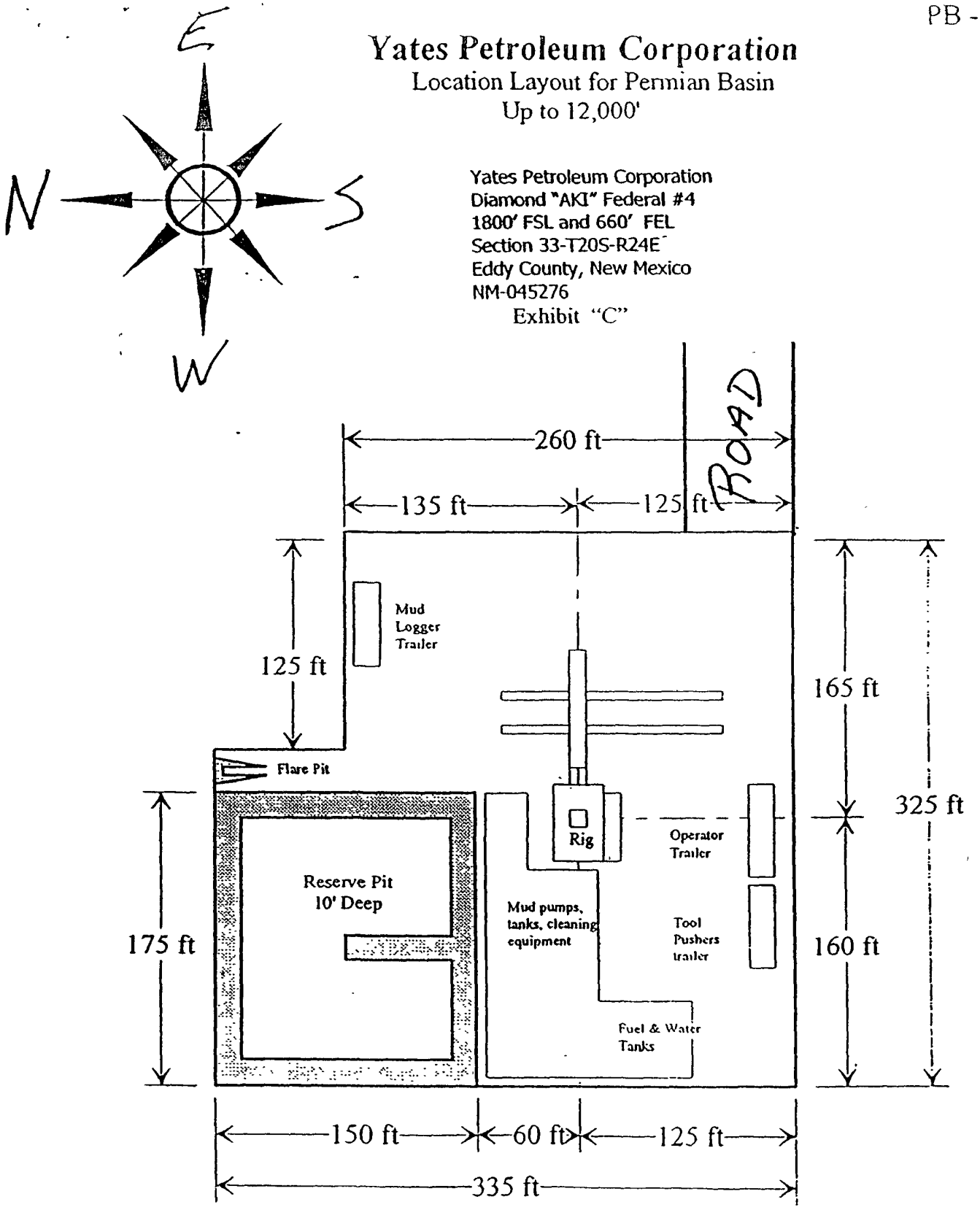
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 20 days to drill the well with completion taking another 10 days.

PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

Yates Petroleum Corporation
Diamond "AKI" Federal #4
1800' FSL and 660' FEL
Section 33-T20S-R24E
Eddy County, New Mexico
NM-045276
Exhibit "C"



Distance from Well Head to Reserve Pit will vary between rigs

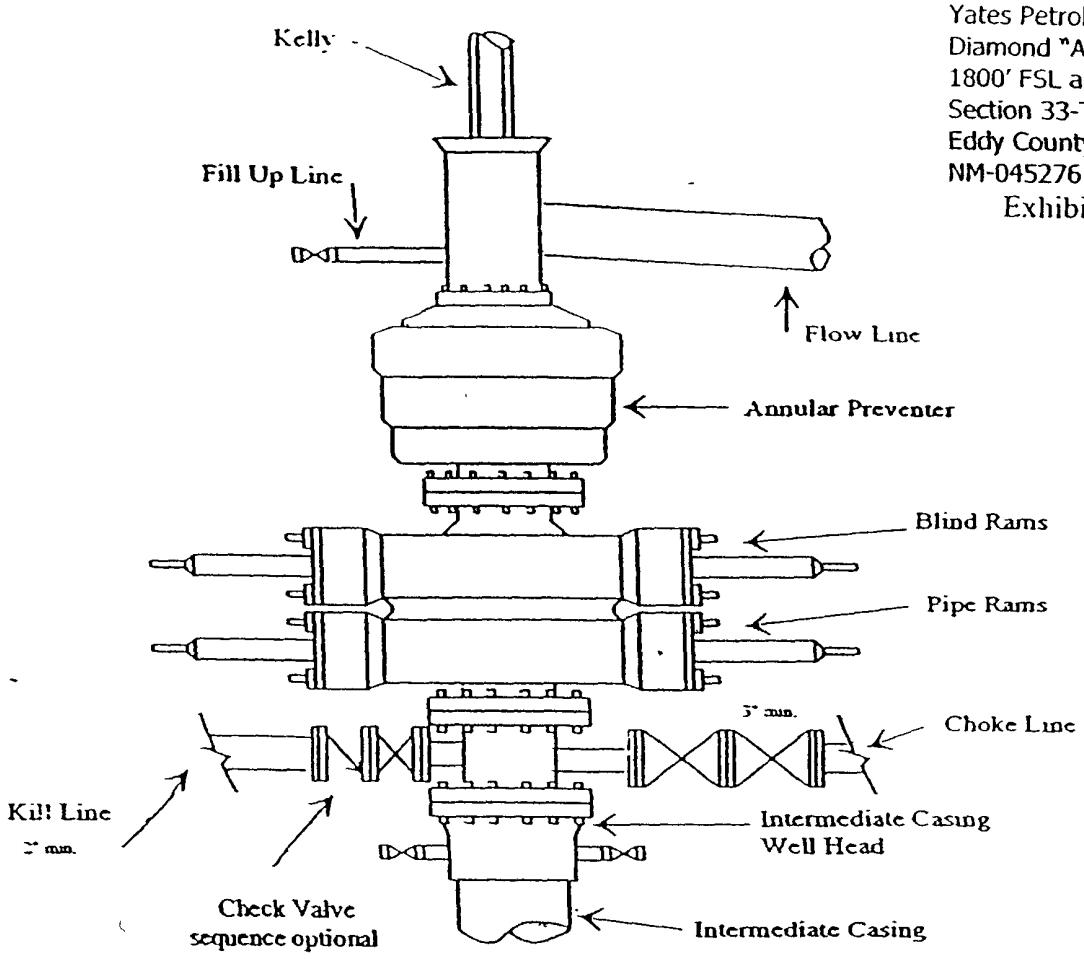
The above dimension should be a maximum

Yates Petroleum Corporation

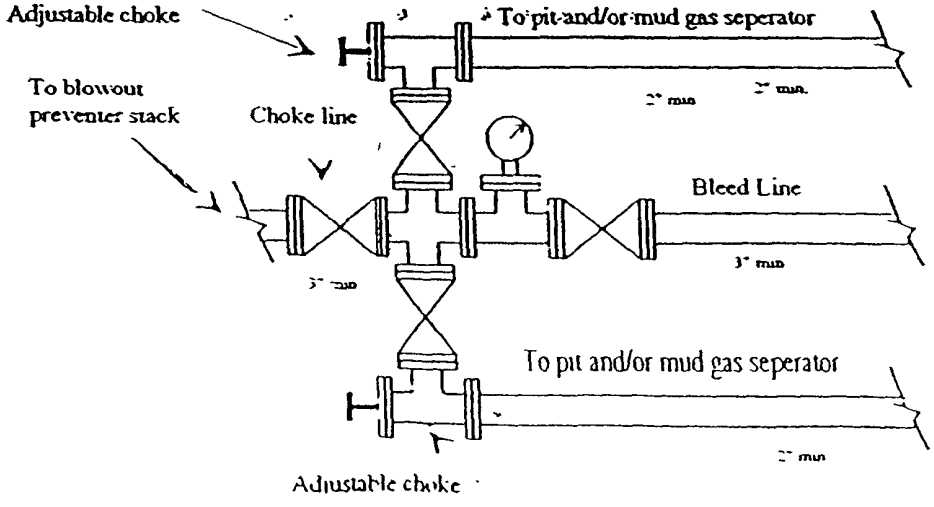
BOP-3

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

Yates Petroleum Corporation
Diamond "AKI" Federal #4
1800' FSL and 660' FEL
Section 33-T20S-R24E
Eddy County, New Mexico
NM-045276
Exhibit "B"



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



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Diamond "AKI" Federal #4
1800' FSL & 660' FEL
Sec. 33-T20S-R24E
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 30 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 Rock Daisy Road. Turn west for approx. 8.5 miles then turn south and go approx. 3.6 miles on Sawbuck Road. Go south on caliche road for approx. 2 miles turn west and go approx. 1.2 miles to the Diamond "AKI" Federal #2. The new road will start here going from the Northwest corner of the #2 location going in a northwesterly in direction.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately 600 feet in length from the point of origin to the southeast corner of the drilling pad. The road will lie in a southeast northwest 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 turnout 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 land fill. 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. See COA
   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.

CERTIFICATION
YATES PETROLEUM CORPORATION
Diamond AKI Federal #4

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 8th day of October, 2007.

Printed Name Cy Cowan

Signature

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 505-748-4372

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) cy@ypcnm.com

V. SPECIAL REQUIREMENT(S)

Cave & Karst

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.

Closed Mud System with Cuttings Removed:
A closed mud system or steel tanks will be utilized to drill the well. All fluids and cuttings will be hauled off site for disposal.

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 then 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.

Delayed Blasting:
Any blasting will be a phased and time delayed.

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.

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 is always a possible hazard. It has been reported in the Township to the south. If Hydrogen Sulfide is encountered, please report measured amounts to the BLM.**

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. Floor controls are required for 3M or Greater systems. These 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 **approximately 1100** 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.
Possible lost circulation in the San Andres and Wolfcamp formations.
Possible high pressure gas bursts in the Wolfcamp and the Pennsylvanian Section may be over pressured.

2. The minimum required fill of cement behind the 7 inch production casing is:

   ☒ Cement to surface **due to high cave/karst**. If cement does not circulate see B.1.a-d above.

3. 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 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 110407