N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

0914

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
AUG 12 2005
OCD-ARTESIA

0
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM-53219

6. If Indian, Allottee or Tribe Name:

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

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

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

8. Lease Name and Well No. 34600
Whitbread BFG Federal Com. #2

2. Name of Operator
Yates Petroleum Corporation 25575

SUBJECT TO LIKE APPROVAL BY STATE

9. API Well No.
30-015-34274

3A. Address 105 South Fourth Street
Artesia, New Mexico 88210

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

10. Field and Pool, or Exploratory
Indian Basin Upper Penn Assoc.

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 699' FNL and 383' FWL Surface Location Lot 4
At proposed prod. Zone 990' FNL and 660' FWL Bottom Hole Location

11. Sec., T., R., M., or Blk, and Survey or Area
Section 1, T22S-R24E

14. Distance in miles and direction from nearest town or post office*
Approximately 31 miles northwest of Carlsbad, New Mexico.

12. County or Parish: Eddy County
13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
660'	2235.37	N/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**
660'	8800'	NM-2811
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3844' GL	ASAP	45 days

CARLSBAD CONTROLLED WATER BASIN

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)*	Date
Cy Cowan	Cy Cowan	7/12/05
Regulatory Agent		
Regulatory Agent		

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Joe G. Lara	/s/ Joe G. Lara	8/10/05
Title	**Office**	
FIELD MANAGER	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 1001and 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)*

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

WITNESS

1625 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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Revised March 17, 1999
Instruction on back
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
	33685	

Property Code	Property Name	Well Number
	WHITBREAD "BFG" FEDERAL COM.	2

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	3844

Surface Location

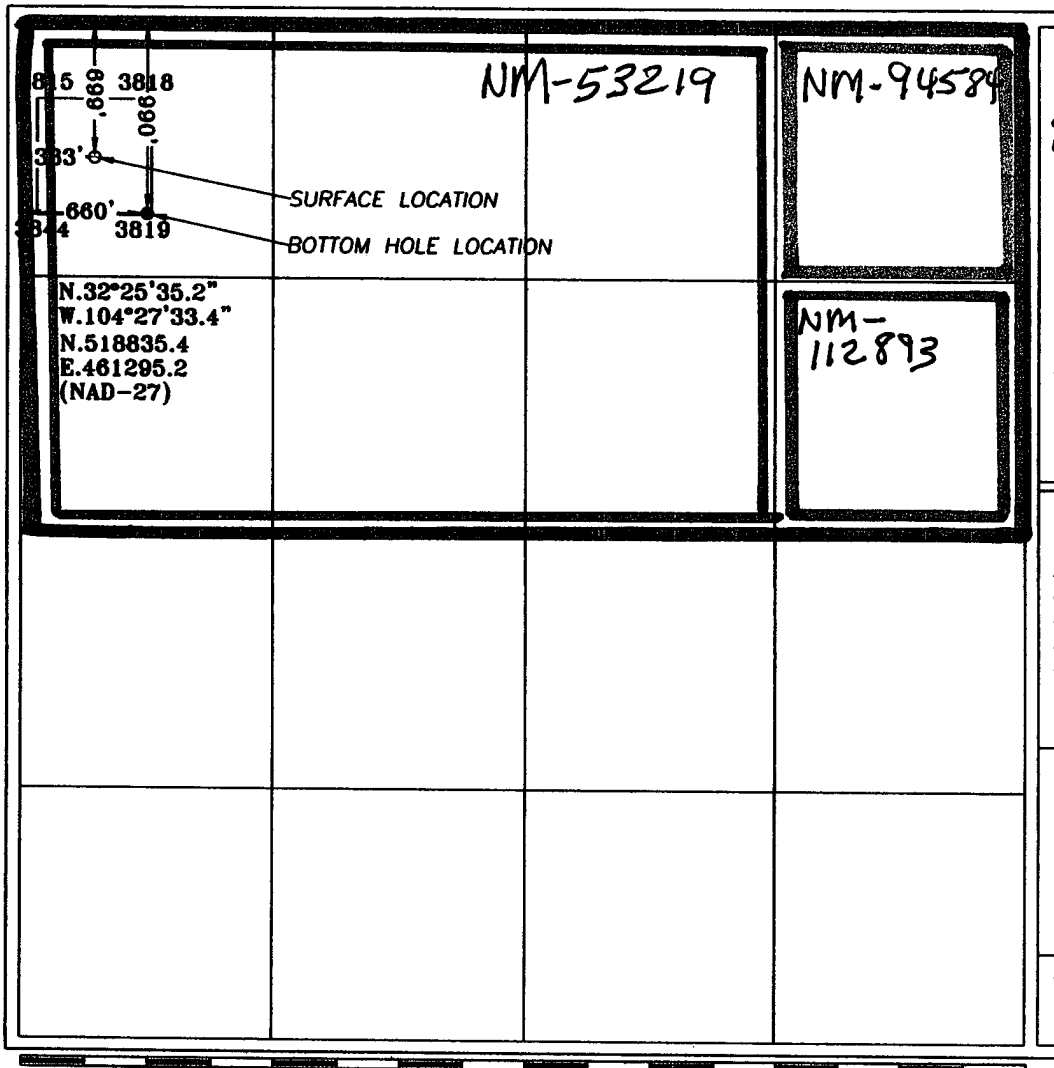
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	22S	24E		699	NORTH	383	WEST	EDDY

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
D	1	22S	24E		990	NORTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



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

OPERATOR CERTIFICATION

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

Signature

Cy Cowan
Printed Name

Regulatory Agent
Title

July 12, 2005
Date

SURVEYOR CERTIFICATION

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

6/22/2005
Date Surveyed

Signature & Seal of Professional Surveyor

HERSCHEL L. JONES
NEW MEXICO
3640
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. Herschel L. Jones RLS 3640

WHITBREAD
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION
Whitbread BFG Federal Com. #2
699' FNL and 383' FWL Surface Location
990 FNL and 660' FWL Bottom Hole Location
Section 1-T22S-R24E
Eddy County, New Mexico

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

Cherry Canyon	2295'	3rd Bone Spring	7020'
Brushy Canyon	2605'	Wolfcamp	7390'
Lower San Andres	3095'	Cisco Canyon	7895'
Bone Spring Lime	3345'	Base of Dolomite	8625'
2nd Bone Spring	5435'	TD	8800'

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

Water: 100' - 493'
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	Coupling	Interval	Length
14 3/4"	9 5/8"	36#	J-55	ST+C	0-1600'	1600'
8 3/4"	7"	26#	J-55	LT+C	0-500'	500'
8 3/4"	7"	26#	J-55	LT+C	500'-6200'	5700'
8 3/4"	7"	26#	J-55	LT+C	6200'-8500'	2300'
8 3/4"	7"	26#	L-80	LT+C	8500'-8800'	300'

WITNESS

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

B. CEMENTING PROGRAM:

Surface casing: 200 sx H (YLD 1.53 WT 14.6) +1100 sx Lite 'C' (YLD 1.8 WT 12.5) tail in with 200 sx Class 'C' + 2% CaCl2 (YLD 1.34 WT 14.8).

Production Casing: 750 sx Lite 'C' (YLD 1.95 WT 12.5). Tail in with 550 sx Lite 'C' (YLD 1.61 WT 13.2).

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1600'	Air Mist	8.4	28	N/C
1600'-7895'	Fresh Water	8.4	28	N/C
7895'-8800'	Fresh Water	8.4-8.5	28	<20

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 intermediate casing to TD.
Logging: Platform Express HRLA/NGT.
Coring: None anticipated.
DST's: None anticipated.

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

From:	0	To:	1600'	Anticipated Max. BHP	700 PSI.
From:	1600'	To:	8800'	Anticipated Max. BHP	3890 PSI.

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: Possible Canyon.

H2S Zones Anticipated: Possible in Canyon.

Maximum Bottom Hole Temperature: 143 F.

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Whitbread BFG Federal Com. #2
699' FNL and 383' FWL Surface Location
990' FNL and 660' FWL Bottom Hole Location
Sec. 1-T22S-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 31 miles northwest of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 for approximately 9.5 miles to Waterline Hole (CR-406). Turn left on Waterhole Road and go approximately 1.8 miles. Turn left here and follow road for approximately 5.4 miles. Turn right here and go approximately .7 of a mile passing the Whitbread BFG. Federal #1 access road. Continue going west on lease road for approximately .1 of a mile passing large Nearburg tank battery on the right. Go another .2 of a mile to a lease road with pipe fencing on each side. Turn right here and follow lease road for approximately .3 of a mile. The location will be on the right side of the road.

2. PLANNED ACCESS ROAD

No new access road will be needed.

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

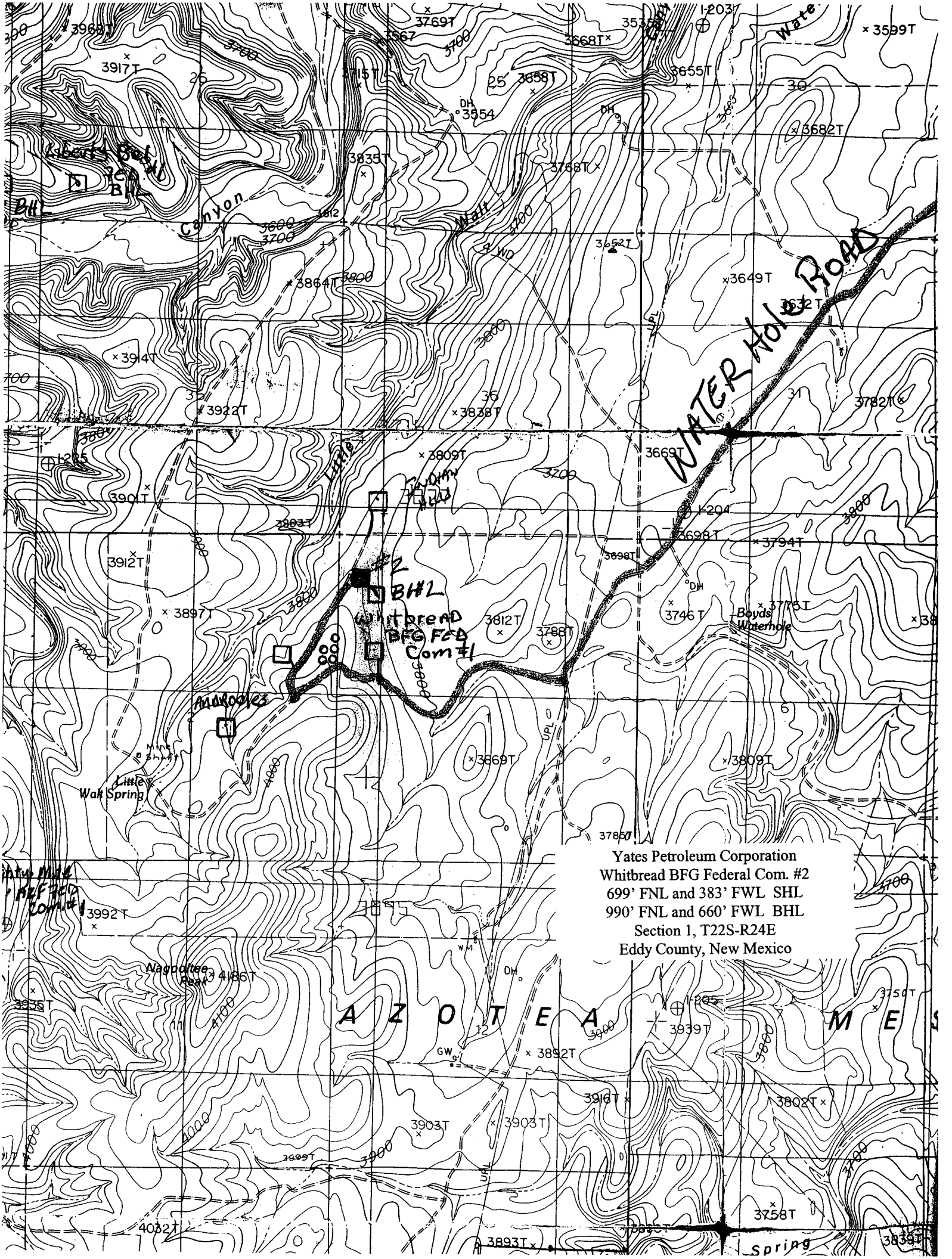
A. There are production facilities on this lease at the present time.
B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. 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:

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

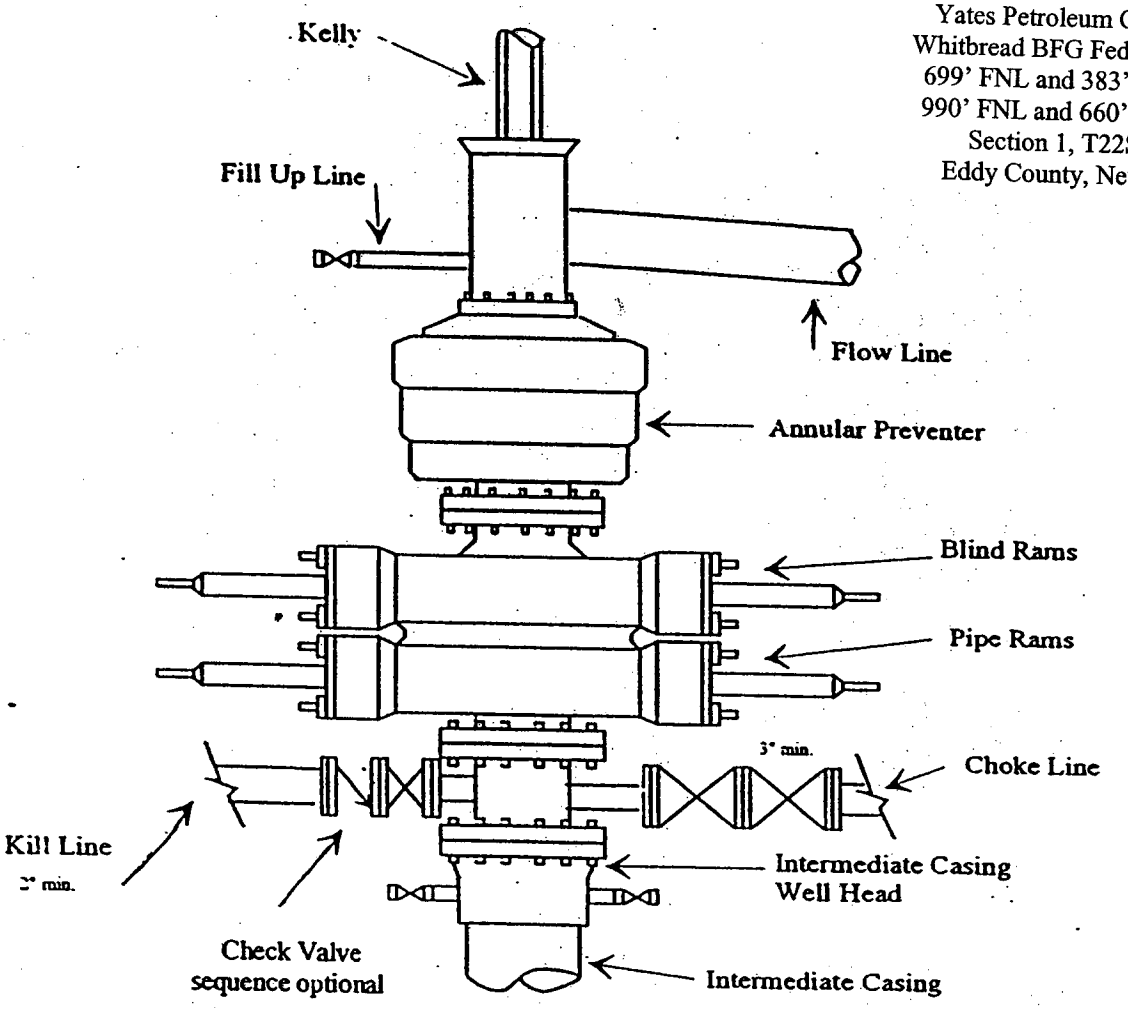

WATER HOLE ROAD
Whitbread BFG FED Com #1
SHL
BHL
#2
Boyds Waterhole
Little Wolf Spring
Nagaalee Peak
AZOTEA
Spring
Yates Petroleum Corporation
Whitbread BFG Federal Com. #2
699' FNL and 383' FWL SHL
990' FNL and 660' FWL BHL
Section 1, T22S-R24E
Eddy County, New Mexico

Yates Petroleum Corporation

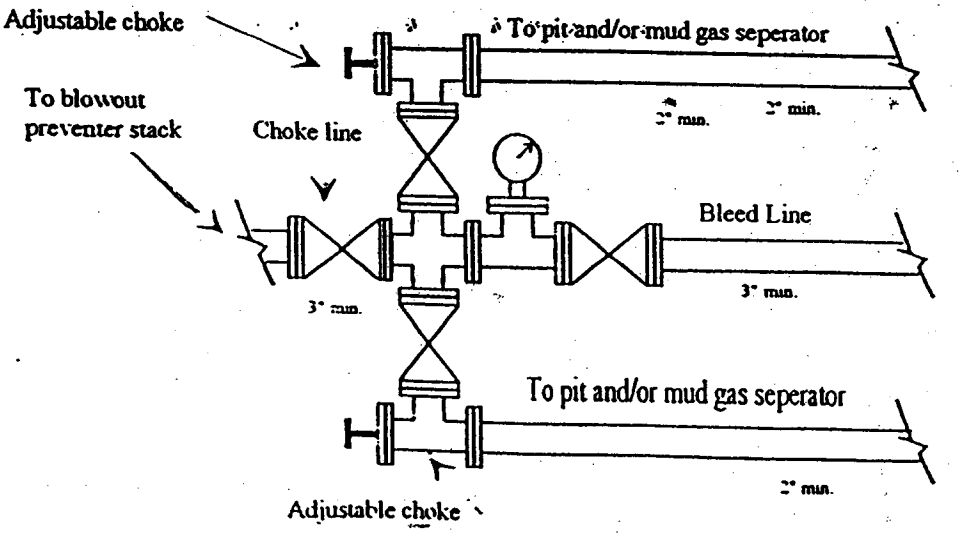
BOP-3

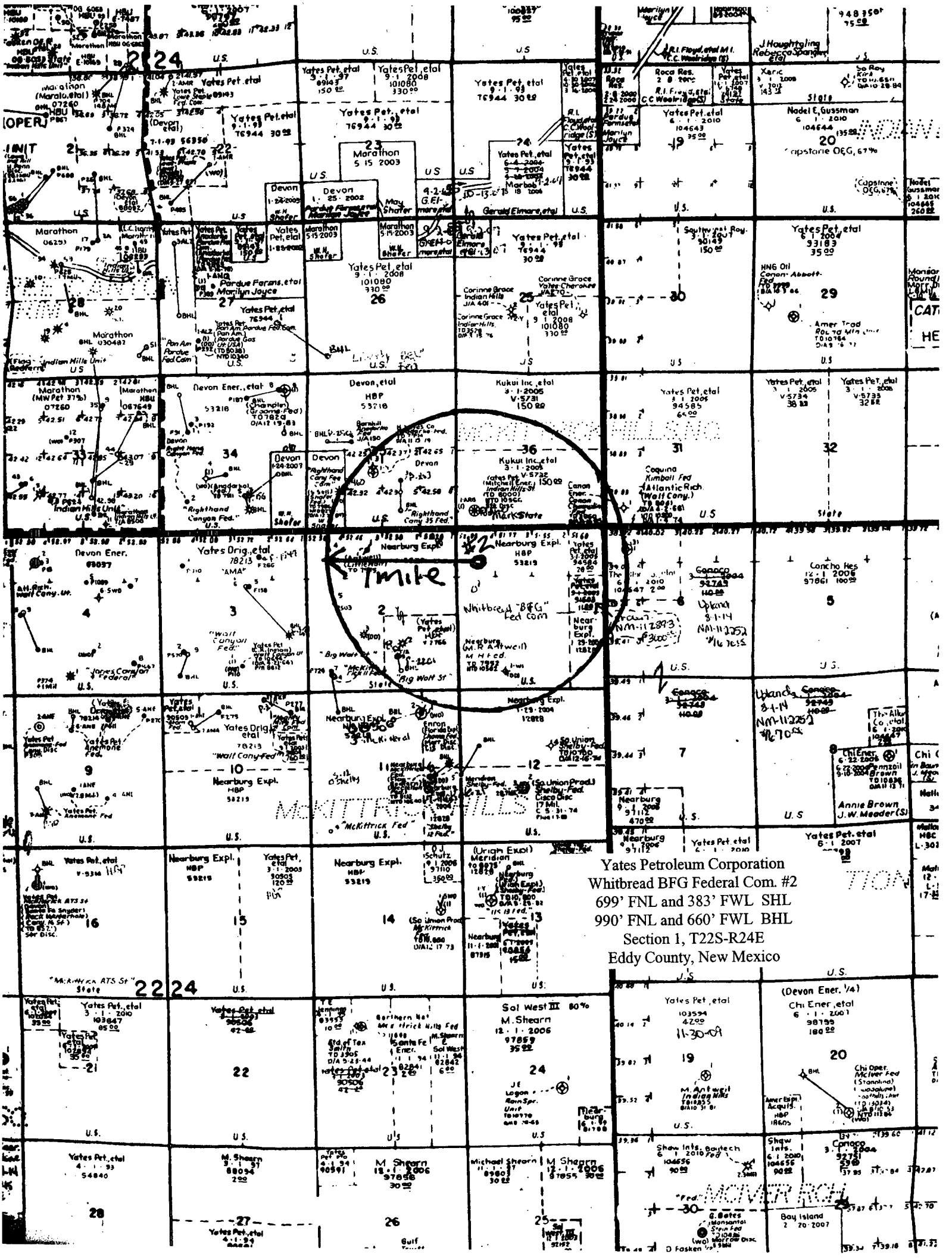
Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

Yates Petroleum Corporation
Whitbread BFG Federal Com. #2
699' FNL and 383' FWL SHL
990' FNL and 660' FWL BHL
Section 1, T22S-R24E
Eddy County, New Mexico



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




Yates Petroleum Corporation
Whitbread BFG Federal Com. #2
699' FNL and 383' FWL SHL
990' FNL and 660' FWL BHL
Section 1, T22S-R24E
Eddy County, New Mexico

Yates Petroleum Corporation

105 S. Fourth Street
Artesia, NM 88210

Hydrogen Sulfide (H_2S) Contingency Plan

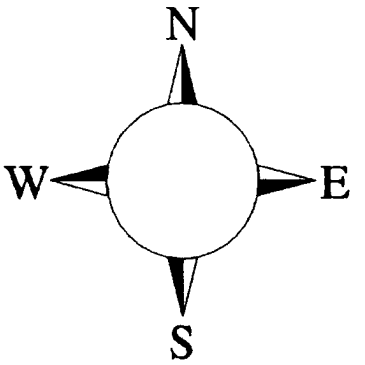
For

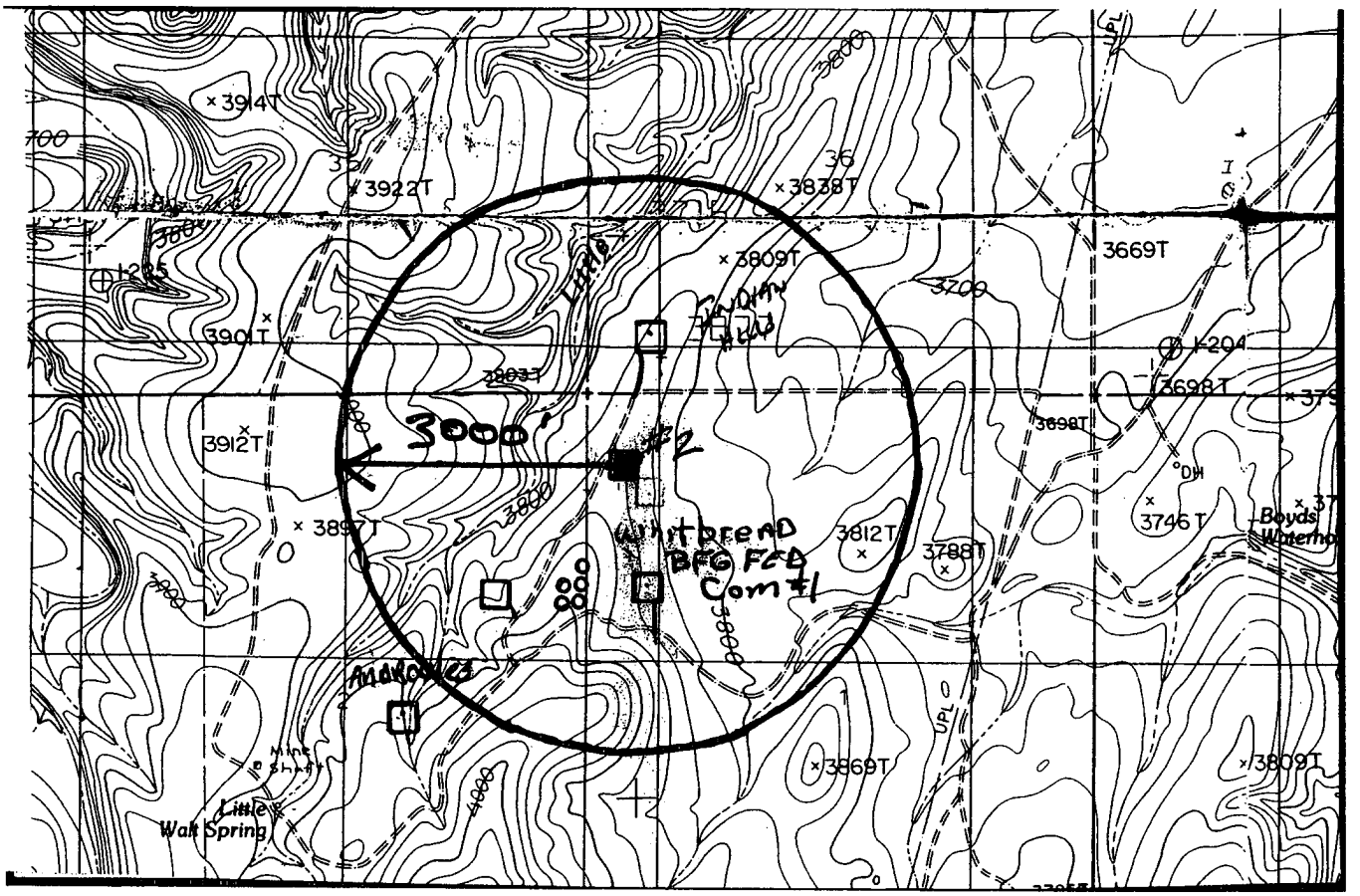
Whitbread BFG Federal Com. 2

699' FNL, 383' FWL Surface Location
990' FNL and 660' FWL Bottom Hole Location
Section-1, T-22S, R-24E
Eddy County NM

Whitbread BFG Federal Com. #2 Location

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H_2S, including warning signs, wind indicators and H_2S monitor.





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

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 Concentr-ation
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 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)

Conditions of Approval
Cave and Karst
For
Yates Petroleum
Whitbread BFG #2
Surface Hole: 699 FNL & 383 FWL
Bottom Hole: 990 FNL & 660 FWL
Section 1, T. 22 S., R. 24 E.
Lease#: NM-53219

Surface Mitigation for Cave/Karst and Visual
The following stipulations will apply to minimize impacts during construction, drilling and production.

1. Any tank batteries will be bermed large enough to contain any spills that may occur and lined with a permanent 6 mil plastic liner.
2. A 70X100 foot cuttings pit will be utilized for both wells in the location. The cuttings pit will be lined with 4 oz. felt and two layers of 12 mil. plastic. Upon completion of the well the all excess fluids will be vacuumed off the cuttings pit and hauled off for proper disposal. The pit will be allowed to dry for 10 months and then reclaimed in accordance with the attached requirements.
3. A closed mud system or steel tanks will be utilized to drill the well. All fluids will be hauled off site to be disposed off.
4. All above ground facilities, structures, appurtenances, and pipelines will be low profile (less than 8 feet in height)
5. All above ground facilities, structures, appurtenances, and pipelines will be painted a non-reflective (Flat) Juniper Green.

Cave and Karst Resources: Subsurface Mitigation
The following stipulations will be applied to protect cave/karst and ground water concerns:

1. 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. Below those zones, the operator may use whatever drilling fluid is approved in the drilling plan.

2. **Kick off for directional drilling will occur below 1,650 feet.**

3. 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.

4. A cave protection casing will be required. The cave-protection casing string would be set at the base of the reef and where present at set it in the Lamar Limestone. (See Attached Diagram as an example of the Cave Protection String)

5. **All casing strings will be cemented to the surface.**

6. **Regardless of the type of drilling machinery used, if a 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. In the event that such an incident occurs contact Jim Goodbar at 505 234-5929 or 505 236-1016 after hours and Jim Amos at (505) 234-5909 or 706-2775. The BLM will assess the consequences of the situation and work with Operator on corrective actions to resolve the problem. If corrective actions fail, the well will be plugged.**

   Any corrective actions proposed to resolve problems related to bit drops or lost circulation will require BLM concurrence prior to implementation. A decision on how to proceed will be reached within 24 hours of notification.

7. Any blasting will be a phased and time delayed.

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

Monitoring Production Operations

1. Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

Record Keeping

1. 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.
2. The BLM may review data held by companies on wells drilled in cave or karst areas, to gain information about impacts to caves and karst. This information will be used to categorize lost-circulation zones on the basis of depth, relative volume, and severity, and to evaluate and compare the relative success or failure of different remedies attempted to combat lost-circulation problems while drilling and cementing casing in these zones. This information also will be used to update information about the occurrence of cave and karst features. Information concerning cave resources gathered during drilling will be submitted and be retained by the BLM.

WELLBORE SCHEMATIC

"CAVE PROTECTION"

NO VOID **VOID**

1. Set conductor casing.

2. Set surface casing, cement and circulate.

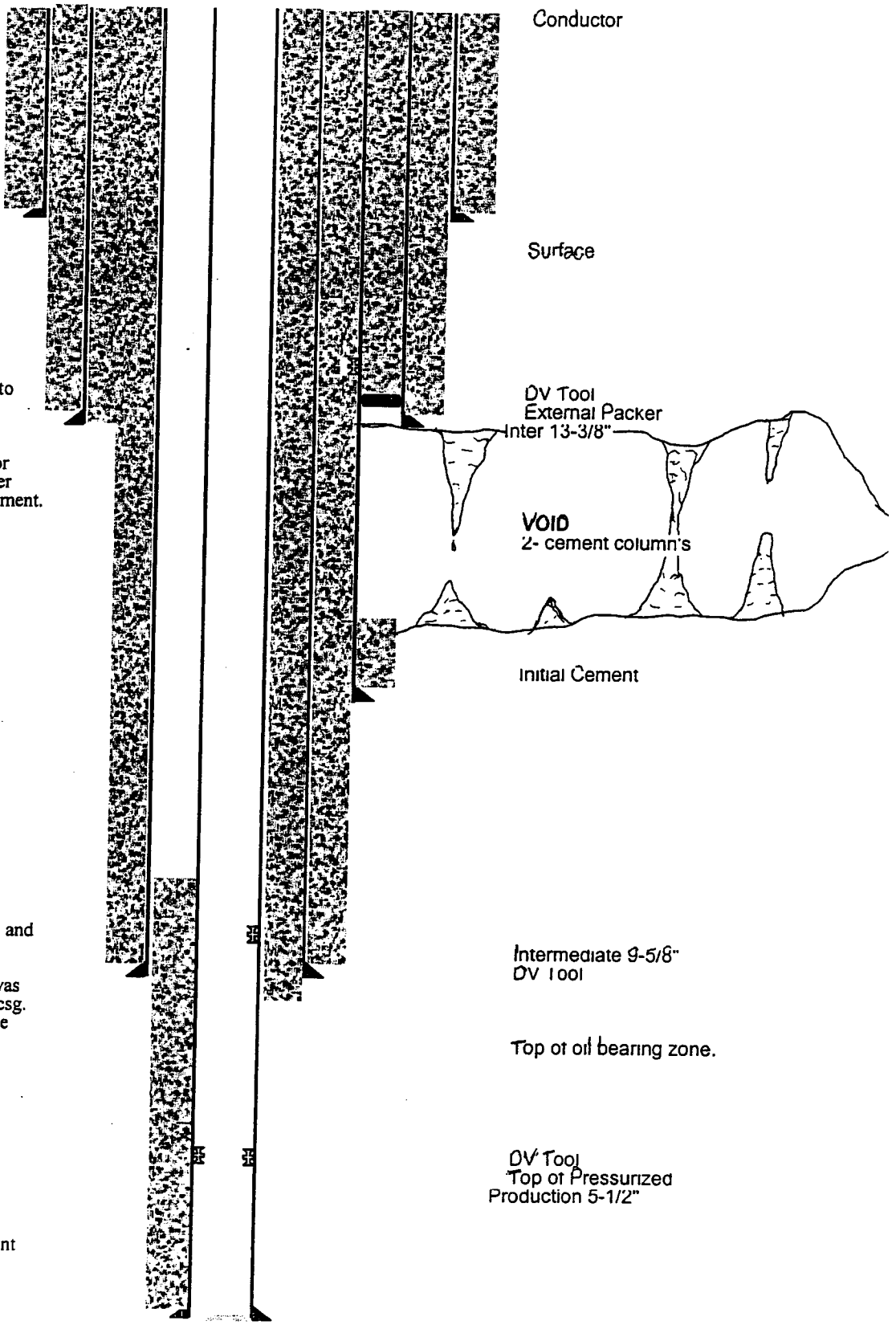
3. Drill inter hole. If no void, drill to depth and cement to surface.

4. If void encountered, ream hole for 13-3/8" casing. Place external packer above void. DV tool above pkr. Cement. Open DV tool, circ cement.

5. Drill inter hole to depth, case, circ and cement

6. Drill prod hole to depth. If void was encountered during drilling 1st Inter csg. Cmt, circulate or tie-back 200 ft above DV tool on 1st Inter csg.

7. If no void, prod csg to depth, cement and tie-back 200 ft into Inter csg.



CONDITIONS OF APPROVAL - DRILLING

Operator's Name:	**Yates Petroleum Corporation**
Well Name & No.	**Whitbread BFG Federal Com #2**
Surface Location:	**699' FNL, 383' FWL, Section 1, T. 22 S., R. 24 E., Eddy County, New Mexico**
Bottom Location:	**990' FNL, 660' FWL, Section 1, T. 22 S., R. 24 E., Eddy County, New Mexico**
Lease:	**NM-53219**

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

   A. Well spud

   B. Cementing casing: **9-5/8** inch **7** inch

   C. BOP tests

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. 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.

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

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. The **9-5/8** inch surface casing shall be set at **approximately 1600 feet and 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.

Note: If Delaware sands are encountered at 1600 feet, surface casing should be set at least 30 feet above the Delaware sand.

2. The minimum required fill of cement behind the **7** inch production casing is ~~**to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.**~~ Circulate to surface. JL

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 **9-5/8** 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.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. 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. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

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acs