

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD HOBBS

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

AUG 11 2011

RECEIVED

NMNM64605

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

Type

☒ Oil Well ☐ Gas Well ☐ Other

Name

YATES PETROLEUM CORPORATION - Mail: tinah@yatespetroleum.com

Contact

105 SOUTH FOURTH STREET
ARTESIA, NM 88210

Ph: 505-748-4168

Fx: 505-748-4585

Location (Section, Township, Range, or Survey description)

Sec 6 T22S R32E NWSW 1980FSL 660FWL

NAME
ROSEMARY AJB 01

30-025-31227-00-S1

UNDESIGNATED

LEA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input checked="" 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 recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum plans to convert this well to an SWD well as follows:

1. MIRU. NU BOP. RU all safety equipment as needed. POOH with tubing and all production equipment.
2. Release RBP at 7225'.
3. Spot a 25 sx Class "C" cement plug across the DV tool from 7305'-7405'.
4. Set a CIBP at +/-7084' and cap with 35' cement.
5. Set a CIBP at +/-5900' and cap with 35' cement.
6. Perforate Delaware 5424'-5730' (1 shot every 2 foot).
7. Stimulate as needed.
8. Set a composite plug at +/-5400' and pressure test.
9. Perforate Delaware 5066'-5320' (1 shot every 2 foot).

SEE ATTACHED FOR
CONDITIONS OF APPROVALSUBJECT TO LIKE
APPROVAL BY STATE

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #112925 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 07/14/2011 (11KMS0907SE)	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 07/14/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By TED MORGAN	Title PETROLEUM ENGINEER	Date 08/06/2011
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 Hobbs

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.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

AUG 15 2011

Additional data for EC transaction #112925 that would not fit on the form

32. Additional remarks, continued

10. Stimulate as needed.
11. Set a composite plug at +/-5050' and pressure test.
12. Perforate Delaware 4626'-4974' (1 shot every 2 foot).
13. Stimulate as needed.
14. Shut the well in for a minimum of 4 hrs to allow the gel to break. Flow the well back if it will flow. TIH to circulate out sand drill the composite plugs. Circulate clean down to 6000'.
15. TIH with nickel plated packer and set at +/-4526' (100 ft above top perf) and 2-7/8" plastic coated tubing. Turn the well over to the Production Dept.

WELLBORE SCHEMATICS ATTACHED

**Rosemary AJB Federal #1
Yates Petroleum Company
30-025-31227
Aug 5, 2011
Conditions of Approval**

Summary of Current Status:

- Non-commercial completion in the Delaware at 7134' – 7157'
- Current casing program:
 - 13-3/8" 54.5# J-55 at 862'
 - 8-5/8" 32# J-55 & HC-80 at 4539'
 - 5-1/2" 15.5# and 17# J-55 at 8600', with DV tool at 7322'.
- The well is in the Potash area.

Current Sundry Requests:

Yates Petroleum requests to convert the well to SWD. The conversion plan has been reviewed by OCD and approved with several stipulations, including a maximum allowed wellhead pressure of no more than 925 psi.

Conditions of Approval:

Terms and conditions of Administrative Order SWD-1279 dated May 5, 2011 shall apply. A copy of this referenced correspondence from New Mexico Energy, Materials and Natural Resources Department is attached.

The appropriate BLM office shall be notified a minimum of 24 hours in advance before the workover rig moves on location, and also for a representative to witness tags of plug back depths or to review other concerns.

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

Surface disturbance beyond the existing pad must have prior approval. If move-in of the stimulation equipment and related tanks will cause the originally approved footprint for the location to be changed, it will then be necessary to obtain a revised impact evaluation from the BLM. In that event, an updated Sundry request for recompletion and testing must be submitted for the acidizing, fracturing, and/or testing and include the revised pad layout for the work to be done. **Note that a closed loop system is required for all work on location.**

Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.

The BOP and BOPE will be 3M.

A description of the planned stimulation work will be provided to the BLM in advance.

Mud laden fluid shall be placed between all cement plugs. Mud laden fluids are mixed at 25 sx of gel per 100 bbls of water.

It is the responsibility of the Operator to verify the TOC for the 5-1/2" x 8-5/8" annulus to be at 4114'.

STEP 1. OK. BOP to be tested prior to releasing the RBP at 7225'.

STEP 2. OK

STEP 2a. The Top of the Bone Springs Formation and the existing perforations shall be isolated in accordance to Onshore Order 2, III, G – "Drilling Abandonment". In that regard, the Operator should clean out the wellbore to PBTD at approximately 8556'. Then set a minimum 25 sack CI C cement Plug on bottom, with the TOC at 8451' or higher to isolate the top of the Bone Springs formation at 8501'.

STEP 3 OK A tag is required at 7277' or shallower.

STEP 4 OK

STEP 5 OK

The Operator has the option to combine plugs for Steps 3, 4, and 5; and sufficient cement may be pumped to place the new PBTD at approximately 5900'. The tag of the new PBTD is to be witnessed by BLM.

STEP 5a. The 5-1/2" casing above the packer setting depth of 4526' will be pressure tested to 925 psi for 30 minutes, prior to perforating.

STEP 6 OK

STEP 7. The stimulation plan is to be provided to BLM for advance review and approval and shall include quantities of acid chemicals to be utilized.

STEPS 8-14. OK

STEP 15. OK An inert fluid shall be used as a packer fluid.

The fluid level in the tubing – casing annulus shall be monitored during on-going water disposal operations. BLM can provide on-site recommendations for a suitable 24 hour monitoring device. Phone Wesley Ingram at 575-234-5982 or Paul R. Swartz at 575-234-5985 and/or 575-200-7902 at least 24 hours before a meeting time is requested. If there is no response, notify the BLM on call drilling phone, 575-361-2822. In Lea County call 575-393-3612.

When the work is completed, a subsequent sundry is required listing all details of the work done. This will include an initial profile done within one year, and subsequent annual injection profiles for comparison. The exact date the well is placed into use as a disposal well shall be included in the initial report.

TMM 08/06/2011

WELL NAME: Rosemary AJB Federal #1 FIELD: Livingston Ridge

LOCATION: 1,980' FSL & 660' FWL of Section 6-22S-32E Lea Co., NM

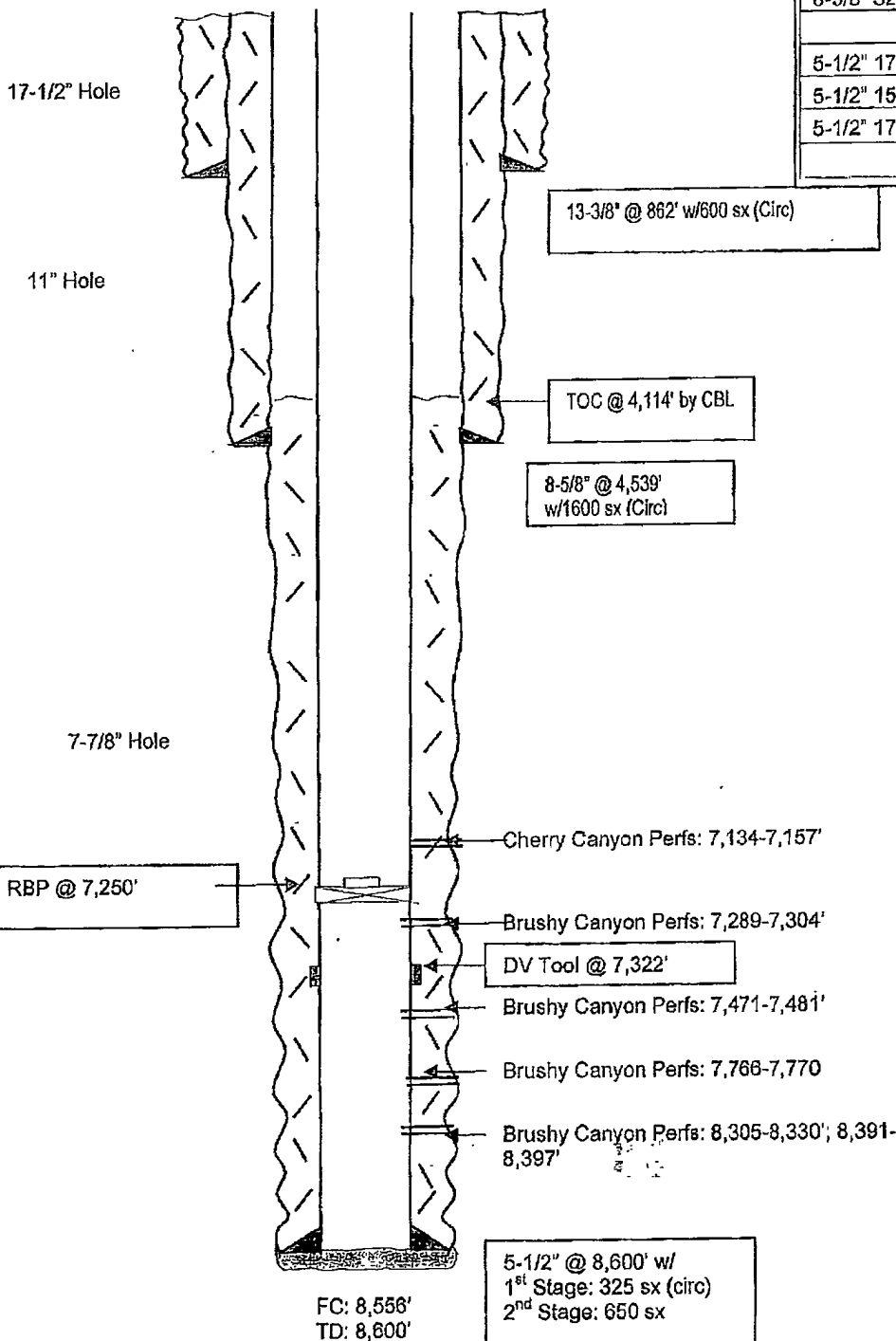
GL: 3,611' ZERO: KB:

CASING PROGRAM

SPUD DATE: 4/26/91 COMPLETION DATE: 6/15/91

COMMENTS: API No.: 30-025-31227

13-3/8" 54.5# J-55		862'
8-5/8" 32# J-55	3,102'	
8-5/8" 32# HC 80	575'	4,539'
5-1/2" 17# J-55	961'	
5-1/2" 15.5 J-55	5,898'	
5-1/2" 17 J-55	1,741'	8,600'



Current

TOPS

Rustler 666'
DW 4,514'
Cherry Cny 5,516'
Brushy Cny 7,286'
BS 8,501'

Not to Scale
2/14/11
DC/Hotter

WELL NAME: Rosemary SWD #1

FIELD: Livingston Ridge

LOCATION: 1,980' FSL & 660' FWL of Section 6-22S-32E Lea Co., NM

GL: 3,611'

ZERO:

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5-1/2" 15.5 J-55	5,898'	
5-1/2" 17 J-55	1,741'	8,600'

17-1/2" Hole

11" Hole

8-5/8" @ 4,539'
w/1600 sx (Circ)Nickle plated injection
packer @ 4,526'

7-7/8" Hole

CIBP @ 5,900' + 35' cmt

CIBP @ 7,084' + 35' cmt

25 sx Cmt plug 7,305'-
7,405'

13-3/8" @ 862' w/600 sx (Circ)

TOC @ 4,114' by CBL

After

Bell Canyon: 4,626', 28', 30', 32', 34', 36', 38', 40', 42', 44', 46', 48', 50', 52', 54', 56', 58', 60', 62', 64', 66', 68', 70' (23), 4,688', 90', 92', 94', 96', 98', 4,700', 02', 04', 06', 08', 10', 12', 14', 16', 30', 32', 34', 36', 38', 40', 54', 56', 58', 60', 62', 64', 66', 68', 70' (30), 4,870', 72', 74', 76', 78', 80', 82', 84', 86', 88', 90' (11), 4,934', 36', 38', 40', 42', 44', 46', 48', 50', 52', 54', 56', 58', 60', 62', 64', 66', 68', 70', 72', 74' (21) Total 85 perfs

Bell Canyon: 5,066', 68', 70', 72', 74', 76', 78', 80', 82', 84' (10), 5,108', 10', 12', 14', 16', 18', 20', 22', 24', 26', 28', 30', 40', 42', 44', 46', 48', 64', 66', 68', 70', 72', 74', 76', 78', 80', 82' (27), 5,190', 92', 94', 96', 98', 5,200', 02', 04', 06', 08', 10', 12', 14', 16', 18', 20' (16), 5,238', 40', 42', 44', 46', 48', 50', 5,302', 04', 06', 08', 10', 12', 14', 16', 18', 20' (17) Total 70 perfs

Bell & Cherry Canyon: 5,424', 26', 28', 30', 32', 34', 36', 38' (8), 5,462', 64', 66', 68', 70', 72', 74', 76', 78', 80' (10), 5,540', 42', 44', 46', 48', 50', 52', 54', 56', 58', 60', 62', 64', 66', 68', 70', 72', 74', 76', 78', 80', 82', 84', 86', 88', 90', 92', 94' (28), 5,610', 12', 14', 16', 18', 20', 22', 24', 26', 28', 30', 32', 34', 36', 38', 40' (16), 5,688', 90', 92', 94', 96', 98', 5,700', 02', 04', 06', 08', 10', 12', 14', 16', 18', 20', 22', 24', 26', 28', 30' (22) Total 84 perfs

Cherry Canyon Perfs: 7,134-7,157'

Brushy Canyon Perfs: 7,289-7,304'

DV Tool @ 7,322'

Brushy Canyon Perfs: 7,471-7,481'

Brushy Canyon Perfs: 7,766-7,770

Brushy Canyon Perfs: 8,305-8,330'; 8,391-8,397'

5-1/2" @ 8,600' w/
1st Stage: 325 sx (circ)
2nd Stage: 650 sx

Not to Scale
3/3/11
DC/Hotter

TOPS

Rustler 666'
DW 4,514'
Cherry Cny 5,516'
Brushy Cny 7,286'
BS 8,501'

FC: 8,556'
TD: 8,600'

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1279
May 5, 2011

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., Yates Petroleum Corporation seeks an administrative order to utilize its Rosemary SWD Well No. 1 (API 30-025-31227) located 1980 feet from the South line and 660 feet from the West line, Unit Letter L of Section 6, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 26.8B. Satisfactory information has been provided that affected parties as defined in Rule 26.8B.(2) have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 26.8 will be met and the operator is in compliance with Division Rule 5.9.

IT IS THEREFORE ORDERED THAT:

The applicant, Yates Petroleum Corporation, is hereby authorized to utilize its Rosemary SWD Well No. 1 (API 30-025-31227) located 1980 feet from the South line and 660 feet from the West line, Unit Letter L of Section 6, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through perforations from 4626 feet to 5730 feet through lined tubing and a packer set within 100 feet above the permitted disposal interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface.



After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The wellhead injection pressure on the well shall be limited to **no more than 925 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district office of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 26.13 and 7.24.

Without limitation on the duties of the operator as provided in Division Rules 30 and 29, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

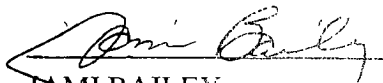
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the authority to dispose will terminate *ipso facto*. The Division, upon written request, mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad