

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.*

HOBBS OCD

5. Lease Serial No.  
NMNM120907

6. If Indian, Allottee or Tribe Name

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

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

DEC 17 2013

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJECTION		8. Well Name and No. JACKSON FEDERAL SWD 1
2. Name of Operator YATES PETROLEUM CORPORATION - Mail: laura@yatespetroleum.com		9. API Well No. 30-025-28242-00-X1
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-1471	10. Field and Pool, or Exploratory SWD
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T24S R32E NWNW 660FNL 660FWL		11. County or Parish, and State LEA COUNTY, NM

RECEIVED

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 checked="" 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 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 recomplete 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.)

Well will be re-entered as per approved APD. Part of the COA of APD was to have the completion procedure approved prior to completion.

We plan to complete the well as following:

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

1. Perforate the Cherry Canyon Delaware sands as follows:  
6120,22,24,32,34,36,38,40,66,68,70,72,74,6204,06,08,10,12,32,34,36,38,40,60,62,64,66,68,90,92,94,96,98,6316,18,20,22,24,64,66,68,70,7,8,6316,18,20,22,24,64,66,68,70,72,74,76,6408,10,12,14,16 ft (1spf, 0.42 diameter holes)
2. Straddle and acidize 6,364 ft - 6,416 ft with 2000 gal. iron control 7.5 percent HCL acid and ball sealers.
3. Straddle and acidize 6,232 ft - 6,324 ft with 2500 gals iron control 7.5 percent HCL acid and ball sealers.

**APPROVED**  
DEC 13 2013  
PJS  
BUREAU OF LAND MANAGEMENT  
CARRIZO FIELD OFFICE

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #216657 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Hobbs Committed to AFMSS for processing by JOHNNY DICKERSON on 08/15/2013 (13JLD0558SE)

Name (Printed/Typed) LAURA WATTS	Title REGULATORY REPORTING TECHNICIAN
Signature (Electronic Submission)	Date 08/09/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By EDWARD FERNANDEZ	Title PETROLEUM ENGINEER	Date 12/13/2013
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 \*\***

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

DEC 18 2013

**Additional data for EC transaction #216657 that would not fit on the form**

**32. Additional remarks, continued**

4. Straddle and acidize 6,120 ft - 6,212 ft with 2000 gals iron control 7.5 percent HCL acid and ball sealers.

5. TIH with nickel plated packer, set at +/- 6,020 ft, and 2 7/8 inch plastic coated tubing.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

## Conditions of Approval

HOBBS OCD

Yates Petroleum Corporation  
Jackson SWD - 01  
API 3002528242, T24S-R32E, Sec 26

DEC 17 2013

RECEIVED

December 13, 2013

1. Notify BLM 575-200-7902 Eddy Co. and/or 575-393-3612 Lea Co. as work begins. Some procedures are to be witnessed.
2. Surface disturbance beyond the existing pad shall have prior approval.
3. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
4. Functional H<sub>2</sub>S monitoring equipment shall be on location.
5. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00am through 3:00am for the period of March 1 through June 15. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575.234.2227 or Bob Ballard <bballard@blm.gov> 575.234.5973.
6. **Operator shall submit an evaluation of existing logs and shall perform production tests to verify that the disposal injection formations cannot produce paying quantities. That evaluation is to be reviewed by BLM prior to initiating injection. See item G. under Drilling conditions of approval**
7. After cementing the 5 1/2" L-80 17# LT&C casing and before perforating, perform a BLM PET witnessed (charted) casing integrity test of 1500psig. Pressure leakoff may require correction for approval. Include a copy of the chart in the subsequent sundry for this workover.
8. After perforating and acidizing the Cherry Canyon Delaware the operator shall swab test the formation to determine **that the disposal injection formations cannot produce paying quantities. See item G. under Drilling conditions of approval.**
9. **Provide BLM with an electronic copy (Adobe Acrobat Document) of a cement bond log record from 6300 to surface. The CBL may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
10. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
11. Subject to like approval by the New Mexico Oil Conservation Division. **Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization. The document SWD-1308-0 of 08/12/2013 does not apply well to the completion procedure of 08/09/2013.**

12. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
13. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
14. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.
15. Approval is granted for disposal of water produced from the lease or communization/unit agreement of this well only. An additional request (including authorization from the surface owner) is required for the well to receive other disposal fluids.
16. Approval is granted for disposal of water from other operators requires that the well be designated as a commercial disposal well and requires further **BLM approvals**.
17. Should “beneficial use” not be achieved submit for BLM approval a plan for plug and abandonment.

#### Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with a minimum 200 psig differential between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a one hour full rotation calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Lea County phone 575-393-3612. If no answer, leave a voice mail or email with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a “Best Management Practice”. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
  - a) Approved injection pressure compliance is required.
  - b) If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
  - c) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 9) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 10) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of a full annular fluid level at any time.
- 11) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 12) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 13) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 14) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. Notify the BLM's authorized officer ("Paul R. Swartz" <[pswartz@blm.gov](mailto:pswartz@blm.gov)>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 15) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of installed equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List daily descriptions of any previously unreported wellbore workover(s) and reason(s) the well annular fluid was replaced.

EGF/PRS 121313

WELL NAME: Jackson Federal SWD #1 FIELD: Undesignated Double X

LOCATION: 660' FNL & 660' FWL of Section 26-24S-32E Lea Co., NM

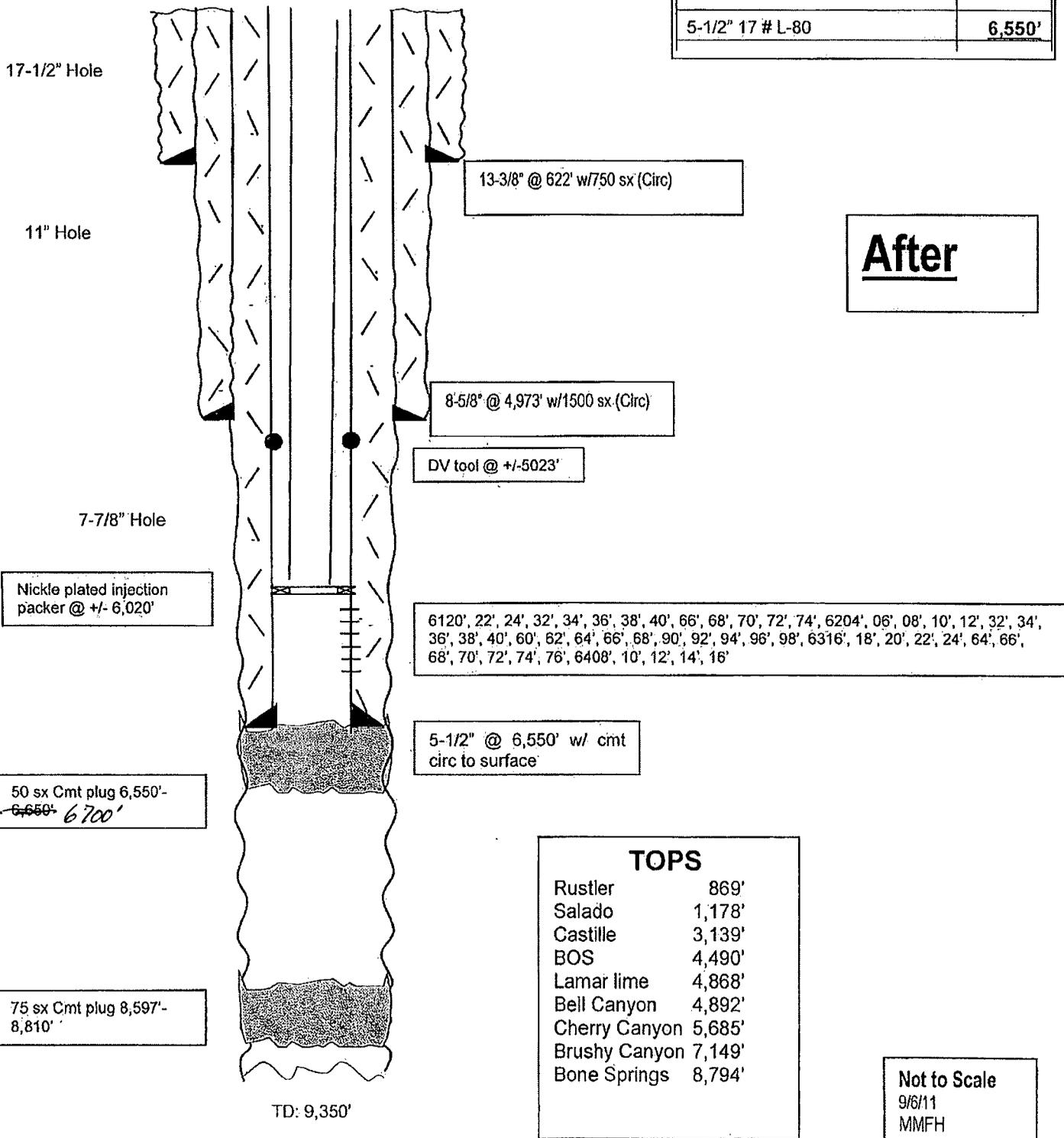
GL: 3,569' ZERO: KB:

SPUD DATE: 6/29/83 COMPLETION DATE:

COMMENTS: API No.: 30-025-28242

CASING PROGRAM

13-3/8" 61# K-55	622'
8-5/8" 24# & 32# K-55	4,923'
5-1/2" 17 # L-80	6,550'



**After**

6120', 22', 24', 32', 34', 36', 38', 40', 66', 68', 70', 72', 74', 6204', 06', 08', 10', 12', 32', 34', 36', 38', 40', 60', 62', 64', 66', 68', 90', 92', 94', 96', 98', 6316', 18', 20', 22', 24', 64', 66', 68', 70', 72', 74', 76', 6408', 10', 12', 14', 16'

**TOPS**

Rustler	869'
Salado	1,178'
Castille	3,139'
BOS	4,490'
Lamar lime	4,868'
Bell Canyon	4,892'
Cherry Canyon	5,685'
Brushy Canyon	7,149'
Bone Springs	8,794'

Not to Scale  
9/6/11  
MMFH