

C-06-33

OCD-HOBBS

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER <b>SUBJECT TO LIKE APPROVAL BY STATE</b> <b>R-111-POTASH</b>		5. Lease Serial No. <b>NM-94095</b>
b. Type of Well: <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> Other <input type="checkbox"/> Single <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name <b>Not Applicable</b>
2. Name of Operator <b>Yates Petroleum Corporation</b>		7. If Unit or CA Agreement, Name and N <b>Not Applicable</b>
3a. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>	3b. Phone No. (include area code) <b>(505) 748-1471</b>	8. Lease Name and Well No. <b>34414</b> <b>Caper BFE Federal #8</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>330' FNL &amp; 2310' FWL, Unit Letter C</b> At proposed prod. Zo <b>same as above</b>		9. Field and Pool, or Exploratory <b>Wildcat Bone Spring</b>
14. Distance in miles and direction from nearest town or post office* <b>37 miles northeast of Carlsbad, New Mexico</b>		10. Sec., T., R., M., or Blk, and Survey or A <b>Section 17, T21S-R32E</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>330'</b>	16. No. of Acres in lease <b>640</b>	11. County or Parish <b>Lea County</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1320'</b>	19. Proposed Depth <b>8750'</b>	12. State <b>New Mexico</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3668' GL</b>	22. Approximate date work will start* <b>ASAP</b>	13. Estimated duration <b>40 Days</b>

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.   | 4. Bond to cover the operations unless covered by an existing bond on Item 20 above).      |
| 2. A Drilling Plan.  | 5. Operator certification.   |
| 3. A Surface Use Plan (if the location is on National Forest System Land SUPO shall be filed with the appropriate Forest Service Office. | 6. Such other site specific information and/or plans as may be required authorized office. |

25. Signature <b>Clifton R. May</b>	Name (Printed/Typed) <b>Clifton R. May</b>	Date <b>4/17/2006</b>
Title: <b>Regulatory Agent</b>		
Approved by (Signature) <b>/s/ Linda S.C. Rundell</b>	Name (Printed/Typed) <b>/s/ Linda S.C. Rundell</b>	Date <b>AUG 17 2006</b>
Title <b>STATE DIRECTOR</b>	Office <b>NM STATE OFFICE</b>	

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 operations thereon.

APPROVAL FOR 1 YEAR

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 willfully to make to any department or agency States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse) \*\*C-144 attached to APD for drilling pits

Witness Surface &  
Intermediate Casing

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

DISTRICT I  
1626 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

Form C-102  
Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>38-025-38093</b>	Pool Code <b>✓</b>	Pool Name <b>WILCOCK BONE SPRING</b>
Property Code <b>34414</b>	Property Name <b>CAPER "BFE" FEDERAL</b>	Well Number <b>8</b>
OGRIID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORPORATION</b>	Elevation <b>3668</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	17	21S	32E		330	NORTH	2310	WEST	LEA

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 <b>40</b>	Joint or Infill	Consolidation Code	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

<p>2310'</p> <p>3665 3667</p> <p>N.32°29'06.1" W.103°41'52.6" N.540765.6 E.737255.0 (NAD-83) NM-94095</p>	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>CLIFTON R. MAY</b> Printed Name <b>REGULATORY AGENT</b> Title <b>APRIL 17, 2006</b> Date
	<b>SURVEYOR CERTIFICATION</b>  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.  <b>3/09/2006</b> Date Surveyed
	<p>3640</p> <p>Certificate No. Herschel Jones RLS 3640 CAPER-FEDERAL 8 GENERAL SURVEYING COMPANY</p>

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

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

Form C-144  
March 12, 2004

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

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 ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒

Closure of a pit or below-grade tank ☐

Operator: Yates Petroleum Corporation Telephone: (505) 748-1471 e-mail address: cliff@ypcnm.com  
Address: 105 South 4<sup>th</sup> Street, Artesia, New Mexico 88210  
Facility or well name: Caper BFE Federal #8 API #: 30-025-38093 U/L or Qtr/Qtr C Sec 17 T 21S R 32E  
County: Lea Latitude 32.4851 Longitude 103.6980 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 28,000 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)** 0 points

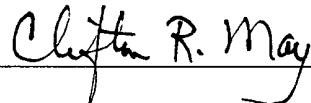
**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

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: April 17, 2006

Printed Name/Title Clifton R. May/Regulatory Agent/Land Department

Signature 

Email: cliff@ypcnm.com

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.

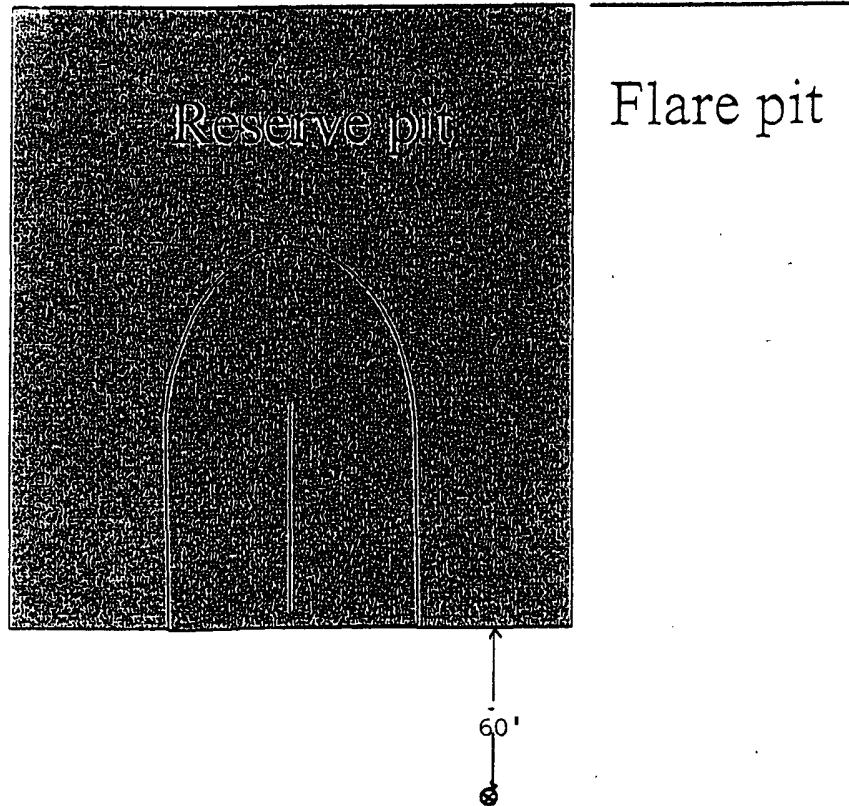
Approval:

Date:

Printed Name/Title AUG 29 2006 PETROLEUM ENGINEER Signature 

YATES PETROLEUM CORPORATION  
General Plan was approved 4/15/04

The reserve pit will be to the north.  
The southeast corner of the pit will  
be approximately 60' north of the well  
bore. The pit will be a 175' X 150'  
and 6' deep with a capacity of 28,000  
bbls.



Standard reserve pit. All Reserve pits are double  
Horse shoe size varies with depth of well

**DISTRICT I**  
1686 N. French Dr., Hobbs, NM 88240

**DISTRICT H**  
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2040 South Pacheco, Santa Fe, NM 87506

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

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number		Pool Code		Pool Name <b>WILDCAT BONE SPRING</b>	
Property Code		Property Name <b>CAPER "BFE" FEDERAL</b>			Well Number <b>8</b>
OGRID No. <b>025575</b>		Operator Name <b>YATES PETROLEUM CORPORATION</b>			Elevation <b>3668</b>

**Surface Location**

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Dedicated Acres <b>40</b>		Joint or Infill		Consolidation Code		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**

		<p>N.32°29'06.1" W.103°41'52.6" N.540765.6 E.737255.0 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i></p> <p>Signature Clifton R. May</p> <p>Printed Name Regulatory Agent</p> <p>Title 3/3/2006</p> <p>Date</p>
			<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>3/09/2006</p> <p>Date Surveyed</p> <p>Signature &amp; Seal Professional Surveyor</p> <p> </p> <p>Certificate No. Hershel Jones RLS 3640 CAPER FEDERAL 8 GENERAL SURVEYING COMPANY</p>

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

## CONDITIONS OF APPROVAL - DRILLING

Well Name & No.      **8 – CAPER BFE FEDERAL**  
Operator's Name:      **YATES PETROLEUM CORP**  
Location:              **330' FNL & 2310' FWL – SEC 17 – T21S – R32E – LEA COUNTY**  
Lease:                  **NM-94095**

### 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) 234-5909 or (505) 361-2822 (After hours) - 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 5-1/2 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. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

### II. CASING:

1. The 13-3/8 inch surface casing shall be set at 1050 feet, below usable water 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.

2. The minimum required fill of cement behind the 8-5/8 inch salt protection casing is circulate cement to the surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is circulate cement to the surface.

4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

### **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 8-5/8 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) is 2000 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.