

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

330' FNL and 330' FWL Surface Location 15-265-29E
330' FNL and 950' FEL Bottom Hole Location

5. Lease Serial No.

NM-44532

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No.

Sosa Federal #3H

9. API Well No.

30-015-35000

10. Field and Pool, or Exploratory Area

Wildcat Delaware

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Amend
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	surface use plan
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	Downhole Drilling Plan

13. Describe Proposed or Completed Operations (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 recompleat 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 recompleat 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 Corporation wishes to change the name of the captioned well from the Sosa Federal #3 to the Sosa Federal #3H.

We also wish to amend the ~~surface use plan~~ approved 7/6/06 by the BLM to make this well a horizontal well.

Please note attached pages as proposed changes to the ~~surface use plan~~.

Thank you.

Downhole Drilling Plan

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

Name (Printed/Typed)

Cy Cowan

Title

Regulatory Agent

Signature

Date

August 31, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/S/ DAVID R. GLASS

Title

PETROLEUM ENGINEER

Date

SEP 08 2006

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

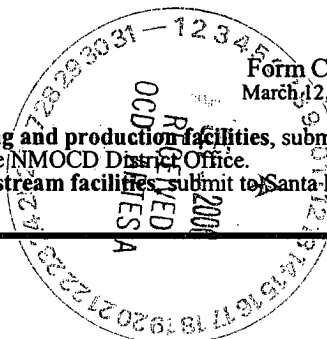
Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

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

Form C-144
March 12, 2004
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 xx 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) 748-4372 e-mail address: debbiec@ypcnm.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Sosa Federal #3H 3015-3560 U/L or Qtr/Qtr D Sec 15 T 26S R 29E
County: Eddy Latitude Longitude NAD: 1927 ☐ 1983 ☐ Surface Owner - Federal ☒ State ☐ Private ☐ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐

Work over ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil

Clay ☐ Volume 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

50 feet or more, but less than 100 feet

100 feet or more

(20 points)

(10 points)

(0 points)

10

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

No

(20 points)

(0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

200 feet or more, but less than 1000 feet

1000 feet or more

(20 points)

(10 points)

(0 points)

Ranking Score (Total Points)

0 Points 10

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: August 30, 2006

Printed Name/Title Cy Cowan/Regulatory Agent Signature

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

Signature

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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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

RECEIVED
OCD - ARTESIA
JUN 12 2006

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Wildcat Delaware
⁴ Property Code	⁵ Property Name SOSA FEDERAL	⁶ Well Number 3H
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	⁹ Elevation 2932

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
D	15	26-S	29-E		330	NORTH	330	WEST	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
A	15	26-S	29-E		330	NORTH	950	EAST	EDDY

¹² Dedicated Acre 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 LAT N32.04878 LON W103.97939 NM-44532	¹⁷ BHL	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 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 working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. 8/24/06 Signature Date Cy Cowan Printed Name Regulatory Agent
		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. JUNE 12, 2006 Date of Survey Signature and Seal of Professional Surveyor DAN R. REDDY NM REG. SURV. #5412

YATES PETROLEUM CORPORATION

Sosa Federal #3H

330' FNL and 330' FWL Surface Hole Location

330' FNL and 950' FEL Bottom Hole Location

Section 15-T26S-R29E

Eddy County, New Mexico

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

Rustler	330'	Cherry Canyon	3850'
Top of Salt	710'	Brushy Canyon	5120'
Base of Salt	2945'	TD	5400'
Bell Canyon	2970'		

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

Water: 85'
Oil or Gas: Delaware.

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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	9 5/8"	36#	J-55	ST&C	0-750'	750'
8 3/4"	Open Hole	-----	-----	-----	0-5400'	5400' TVD
7 7/8"	5 1/2"	17#	HCP-110	LT&C	0-8938'	8938' MD

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: 0-750' 350 sx 'C' (WT 14.8 YLD 1.32) + 2% CaCL₂.

Production Casing: 0-8938' TOC-2950' 500 sx 'C' Lite 'H' (WT 12.5 YLD 2.05). Tail in with 1350 sx Magne+ (WT 13.0 YLD 1.05)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-750'	Fresh Water/Gel	8.4-9.2	28-29	N/C
750'-5400'	Brine	9.9-10.0	28-32	<15cc
4720'-8938'	Brine	9.9-10.0	28-29	N/C

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: 30' samples to 3000'. 10' samples from 2900' to TD.

Logging: Platform Huls/CMR.

Coring: None.

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:
Anticipated BHP:

From: 0	TO: 750'	Anticipated Max.	BHP: 360	PSI
From: 750'	TO: 5400'	Anticipated Max.	BHP: 2810	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 128F.

8. ANTICIPATED STARTING DATE:

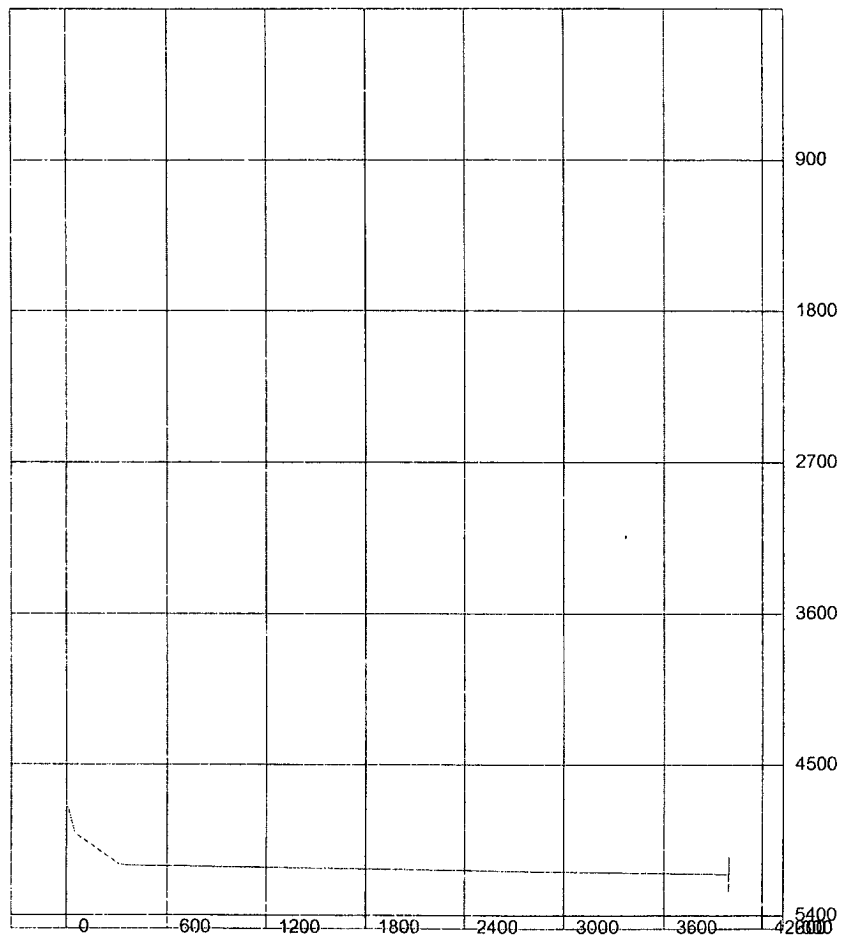
Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 30 days to re-enter the well with completion taking another 15 days.

	M.D. [ft]	Inclination [°]	Azimuth [°]	T.V.D. [ft]	N+/S- [ft]	E+W- [ft]	D.L.S. [°/100ft]	ToolFace [°]	T.F. Ref. [HS/GN]
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	4720.00	0.00	0.00	4720.00	0.00	0.00	15.00	90	GN
3	4725.00	0.75	90.00	4725.00	0.00	0.03	15.00	0	HS
4	4750.00	4.50	90.00	4749.97	0.00	1.18	15.00	0	HS
5	4775.00	8.25	90.00	4774.81	0.00	3.95	15.00	0	HS
6	4800.00	12.00	90.00	4799.42	0.00	8.35	15.00	0	HS
7	4825.00	15.75	90.00	4823.68	0.00	14.34	15.00	0	HS
8	4850.00	19.50	90.00	4847.51	0.00	21.91	15.00	0	HS
9	4875.00	23.25	90.00	4870.78	0.00	31.02	15.00	0	HS
10	4900.00	27.00	90.00	4893.41	0.00	41.63	15.00	0	HS
11	4925.00	30.75	90.00	4915.30	0.00	53.70	15.00	0	HS
12	4950.00	34.50	90.00	4936.35	0.00	67.18	15.00	0	HS
13	4975.00	38.25	90.00	4956.48	0.00	82.00	15.00	0	HS
14	5000.00	42.00	90.00	4975.59	0.00	98.11	15.00	0	HS
15	5025.00	45.75	90.00	4993.61	0.00	115.44	15.00	0	HS
16	5050.00	49.50	90.00	5010.45	0.00	133.90	15.00	0	HS
17	5075.00	53.25	90.00	5026.06	0.00	153.43	15.00	0	HS
18	5100.00	57.00	90.00	5040.35	0.00	173.94	15.00	0	HS
19	5125.00	60.75	90.00	5053.27	0.00	195.33	15.00	0	HS
20	5150.00	64.50	90.00	5064.76	0.00	217.53	15.00	0	HS
21	5175.00	68.25	90.00	5074.78	0.00	240.43	15.00	0	HS
22	5200.00	72.00	90.00	5083.28	0.00	263.94	15.00	0	HS
23	5225.00	75.75	90.00	5090.22	0.00	287.95	15.00	0	HS
24	5250.00	79.50	90.00	5095.58	0.00	312.36	15.00	0	HS
25	5275.00	83.25	90.00	5099.32	0.00	337.08	15.00	0	HS
26	5300.00	87.00	90.00	5101.45	0.00	361.98	15.00	0	HS
27	5314.93	89.24	90.00	5101.94	0.00	376.91	0.00		
28	8938.35	89.24	90.00	5150.00	0.00	4000.00	0.00		

3D³ Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**

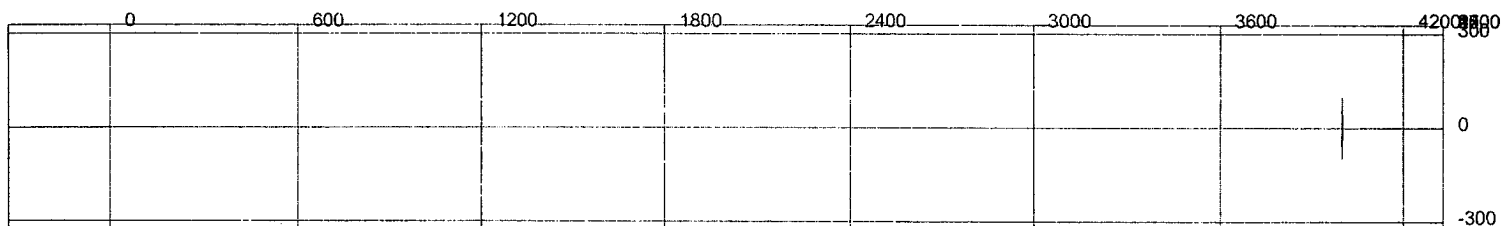
Well: **Sosa Federal #3H**



3D³ Directional Drilling Planner - 3D View

Company: **Technical Toolboxes Inc.**

Well: **Sosa Fédéral #3H**



Yates Petroleum Corporation
 Sosa Federal #3H
 330' FNL and 330' FWL SHL
 330' FNL and 950' FEL BHL
 Section 15, T26S-R29E
 Eddy County, New Mexico

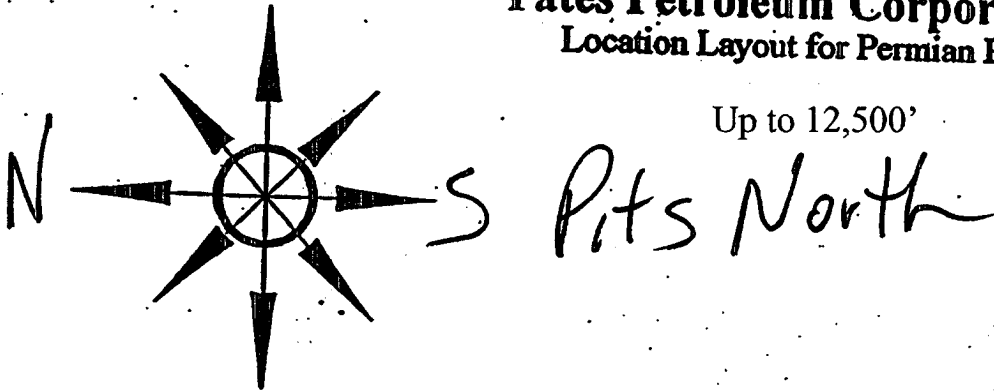
Whitehorn Canyon
 Breakears Reservoir
 Radio Tower
 Gravel Pit
 Rustler
 Drill Hole
 Well

Handwritten annotations on the map include:
 - "Sosa #3" and "Sosa #4" near the top right.
 - "Sosa #3" and "Sosa #4" near the bottom right.
 - "Sosa #3" and "Sosa #4" near the bottom right.
 - "Sosa #3" and "Sosa #4" near the bottom right.

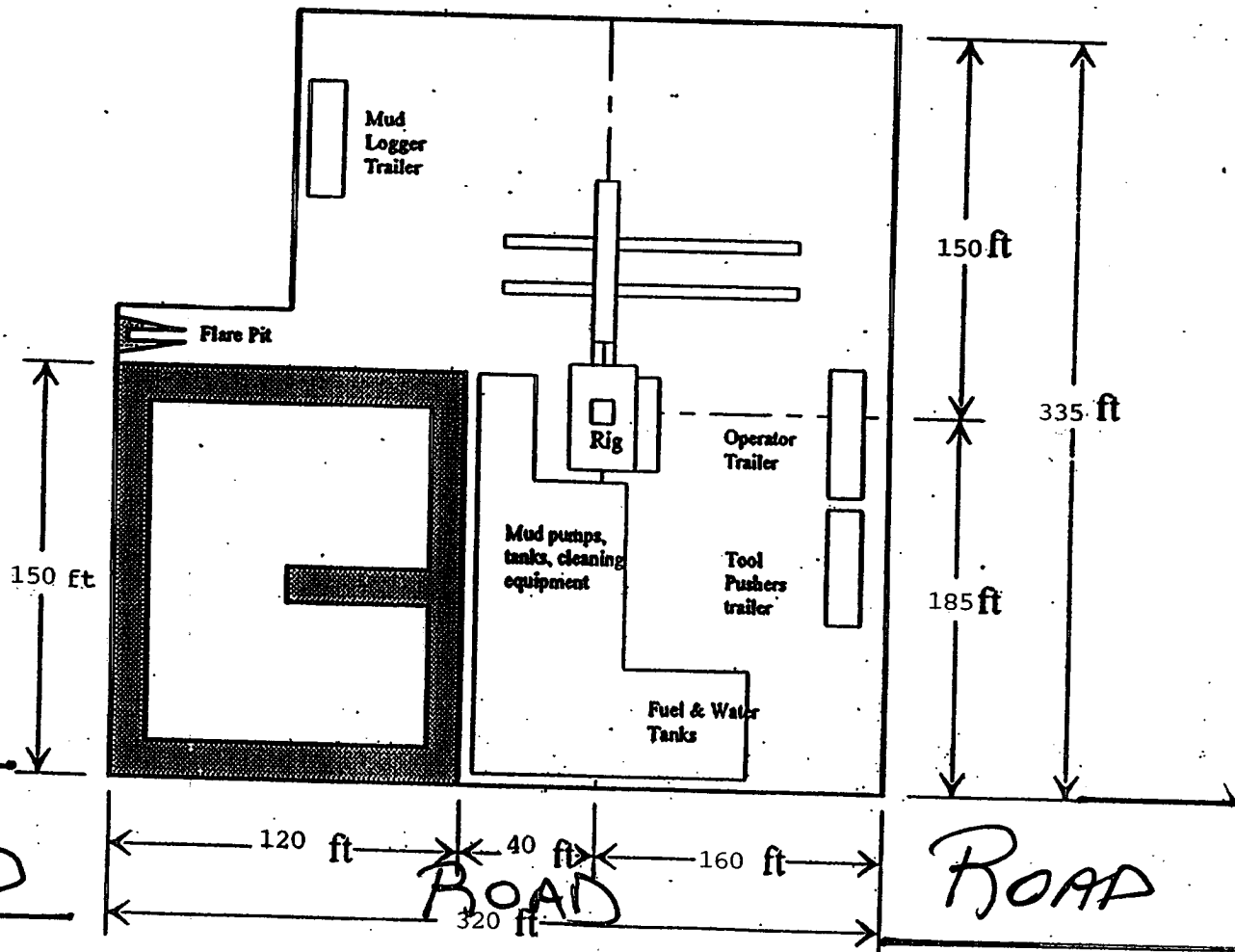
Yates Petroleum Corporation
Location Layout for Permian Basin

PB - L1

Up to 12,500'

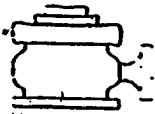


Yates Petroleum Corporation
Sosa Federal #3H
330' FNL and 330' FWL SHL
330' FNL and 950' FEL BHL
Section 15, T26S-R29E
Eddy County, New Mexico



Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum

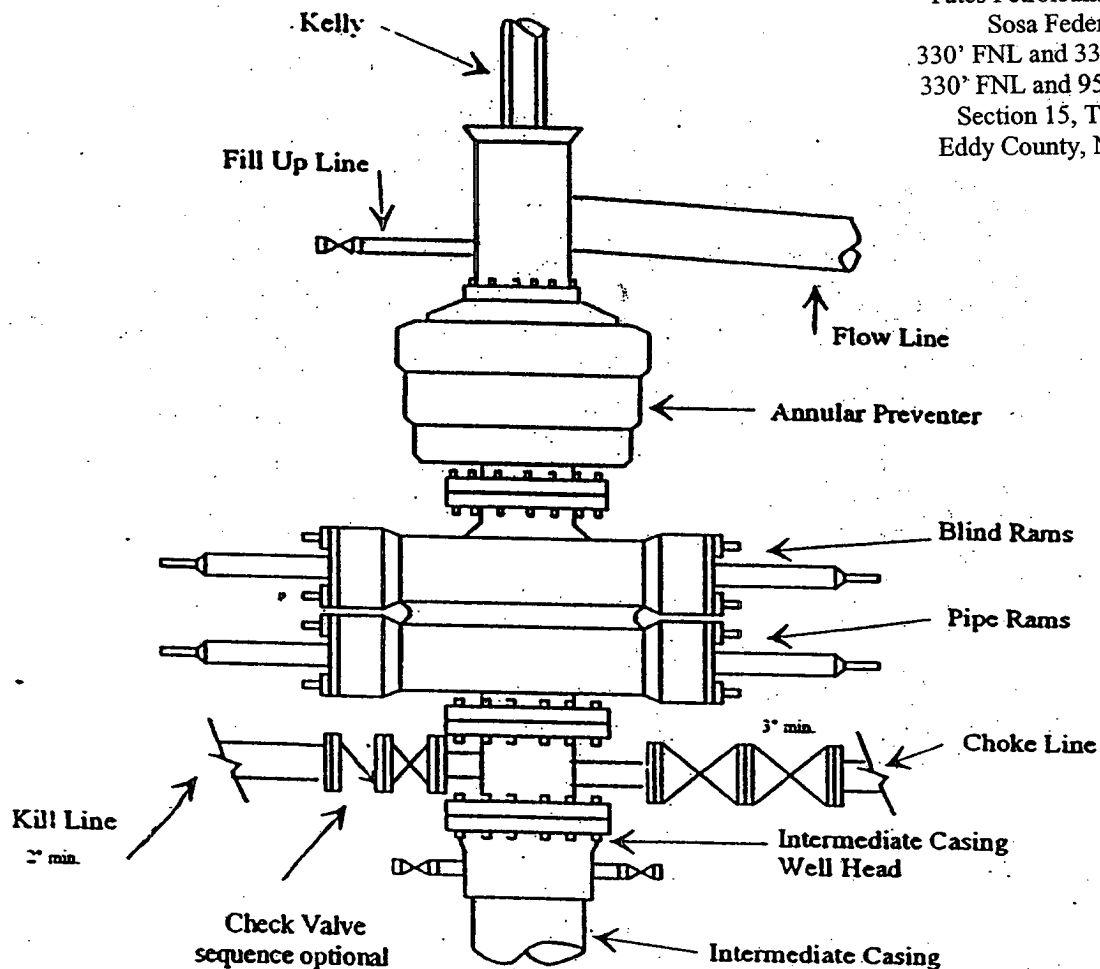


Yates Petroleum Corporation

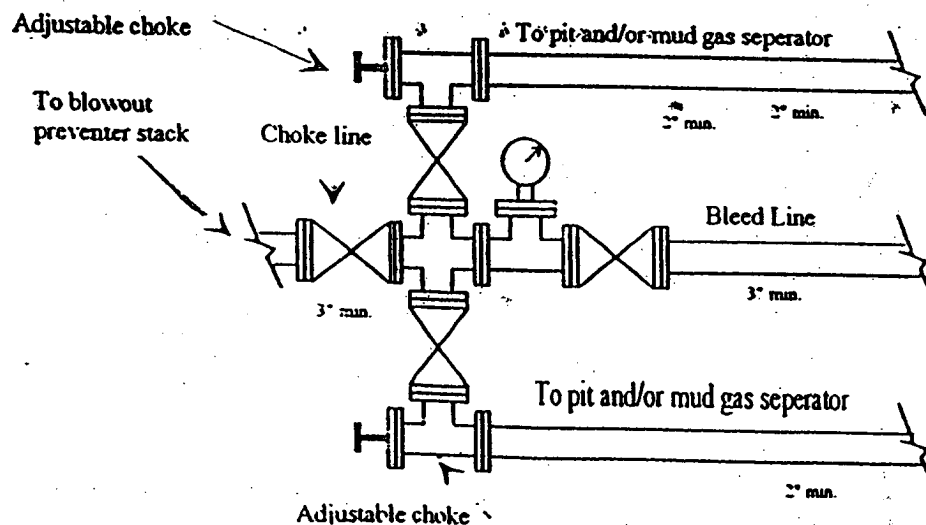
BOP-3

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

Yates Petroleum Corporation
Sosa Federal #3H
330' FNL and 330' FWL SHL
330' FNL and 950' FEL BHL
Section 15, T26S-R29E
Eddy County, New Mexico



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



MIDLAND MAP

Yates Petroleum Corporation
Sosa Federal #3H
330' FNL and 330' FWL SHL
330' FNL and 950' FEL BHL
Section 15, T26S-R29E
Eddy County, New Mexico

