AT5-07-40

OCD-HOBBS

Form 3160-3
(August 1999)

68

RESUBMITTAL

RESUBMITTAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM-86148

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: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No.: 12133
Cleary AKC Federal #4

2. Name of Operator: 25575
Yates Petroleum Corporation

CARLSBAD CONTROLLED WATER BASIN

9. API Well No.: 30-025-38177

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: Wildcat

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface: 1650' FNL AND 330' FWL, SWNW, 17-22S-32E

At proposed prod. Zone: same as above Unit E

11. Sec., T., R., M., or Blk, and Survey or Area: Section 17-T22S-R32E

14. Distance in miles and direction from nearest town or post office*: Approximately 38 miles west & north of Jal, New Mexico

12. County or Parish: Lea

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
330'	640	40
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**
1320'	8900'	NMB000434 Nationwide Bond ~~#NM-2811~~
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3751' GL	ASAP	

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.

Received NOV 2006 Hobbs OCD

25. Signature	Name *(Printed/Typed)*	Date
Clifton R. May	Clifton R. May	10/16/2006

Title: Regulatory Agent

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Don Peterson		NOV 17 2006
Title FIELD MANAGER	**Office** 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.

APPROVAL FOR 1 YEAR

Conditions of approval, if any, are attached.

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)

Previously Approved C-144 attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

DISTRICT I
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

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	Pool Code	Pool Name
30-025-38177	39366	E. LIVINGSTON RIDGE DELAWARE

Property Code	Property Name	Well Number
12133	CLEARY "AKC" FEDERAL	4
OGRID No.	**Operator Name**	**Elevation**
025575	YATES PETROLEUM CORPORATION	3751

Surface Location

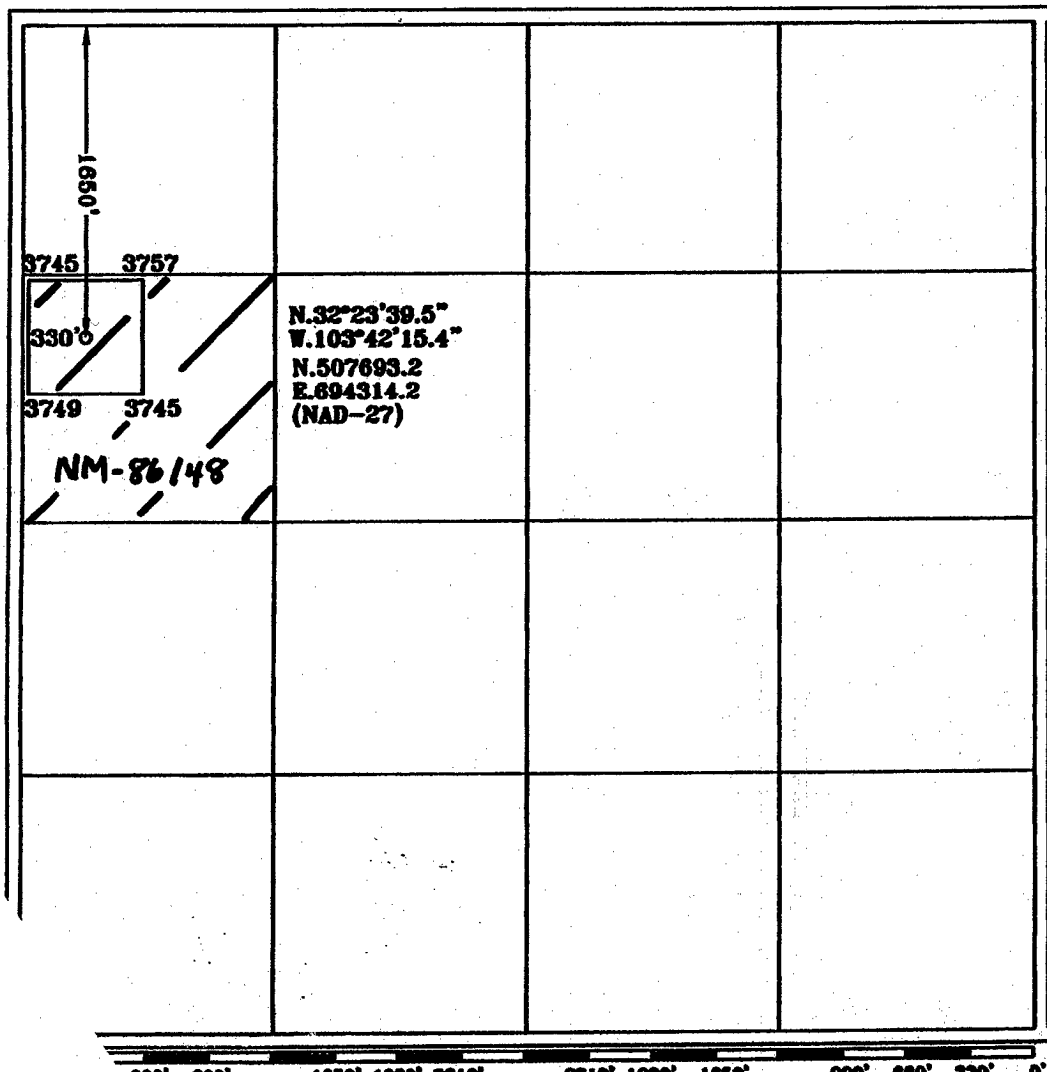
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	17	22S	32E		1650	NORTH	330	WEST	LEA

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Clifton R. May
Signature
CLIFTON R. MAY
Printed Name
REGULATORY AGENT
Title
9/9/04
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.

9/03/2004
Date Surveyed
Signature & Seal of Professional Surveyor
HERSCHEL L. JONES
NEW MEXICO
3640
REGISTERED PROFESSIONAL SURVEYOR
Certificate No. Herschel L. Jones RLS 3640
CLEARY 4
GENERAL SURVEYING COMPANY

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

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Depart.

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
YATES PETROLEUM CORPORATION	CLEARY "AKC" FEDERAL	4

Unit Letter	Section	Township	Range	County
E	17	22 SOUTH	32 EAST NMPM	LEA

Actual Footage Location of Well:
1650 feet from the NORTH line and 330 feet from the WEST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3751	DELAWARE	E. LIVINGSTON RIDGE DELAWARE	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

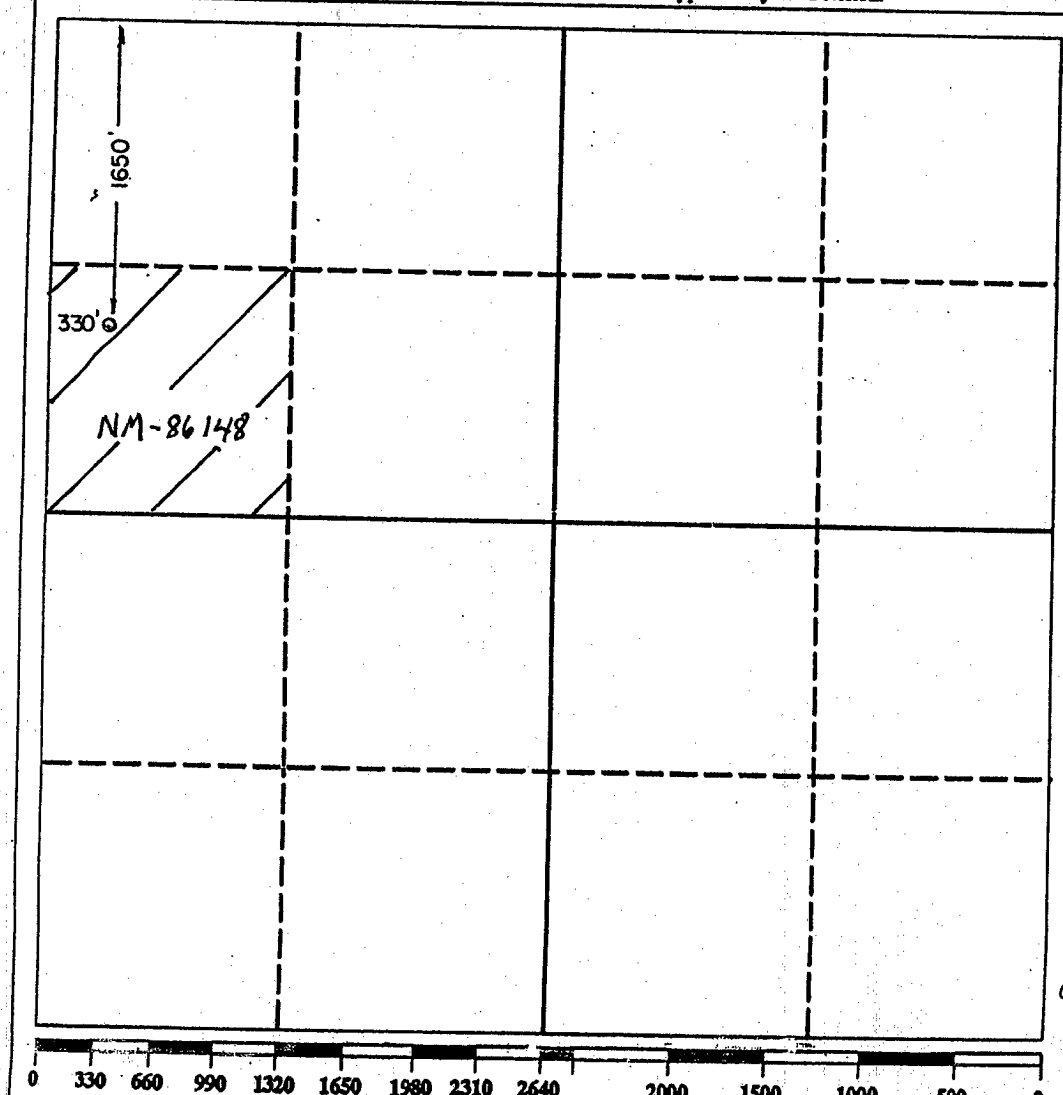
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if neccessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: Clifton R. May
Printed Name: CLIFTON R. MAY
Position: REGULATORY AGENT
Company: YATES PETROLEUM CORPORATION
Date: 9/9/04

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 thai the same is true and correct to the best of my knowledge and belief.

Date Surveyed: 2/03/04
Signature & Seal of Professional Surveyor: NEW MEXICO, HERSCHEL L. JONES, 3640, REGISTERED LAND SURVEYOR
Certificate No. 3640

YATES PETROLEUM CORPORATION
Cleary AKC Federal #4
1650' FNL and 330' FWL
Section 17-T22S-R32E
Lea County, New Mexico

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

Rustler	870'
Bottom of Salt	4440'
Bell Canyon	4685'
Cherry Canyon	5675'
Brushy Draw	7450'
Bone Spring	8600'
TD	8900'

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

Water: 250' to 500'
Oil or Gas: 7450' & 8600'.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" 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.

4. 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.

5. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program:

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	54.5#	J-55	ST&C	0-900'	900'
11"	8 5/8"	32#	J-55	ST&C	0-4200'	4200'
11"	8 5/8"	32#	HC-80	LT&C	4200-4550'	350'
7 7/8"	5 ½"	17#	J-55	LT&C	0-1500'	1500'
7 7/8"	5 ½"	15.5#	J-55	LT&C	1500-6700'	5200'
7 7/8"	5 1/2"	17#	J-55	LT&C	6700-8900'	2200'

1. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8
2. A 3,000 psi BOP will be nipped up on the 13 3/8" casing and tested to 3000 psi .

B. CEMENTING PROGRAM:

Surface Casing: 550 sx Pacesetter Lite "C" w/1/4# Cellocel & 3% CaCl2 (YLD 1.84 WT 12.7). Tail in with 200 sx class "C" + 2% CaCl2 (YLD 1.84 WT 14.8).

Intermediate Casing: 1150 sx Pacesetter Lite "C" + ¼#/sx Celloseal + 10#/sx 3% CaCl2 (YLD 1.84 WT 12.7) and tail in with 250 sx class "C" + 2% CaCl2 (YLD 1.32 WT 14.8). Cement circulated to surface.

Production Casing: 1 st Stage: 250 sx "H" w/8# sx CSE, +0.6%CF-14+ 5# sx Gilsonite (YLD 1.76 WT 13.6). Cement calculated to 7700' with DV Tool set at approx. 7700'.

Second Stage: 450 sx "C" w/5# Gilsonite, ¼ # sx Cellocel, + 0.5% CF-14. (YLD2.04 WT 12.4) + 200 sx "H" + 0.5% CF-14 (YLD 1.18 WT 15.6). Cement calculated to tie back to intermediate casing 100'.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-900	FW Gel	8.4-8.9	32-36	N/C
900-4550	Brine	10.0	28	N/C
4500-TD	Cut Brine	8.9-9.3	28	<15cc

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. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM:

Samples: Every 10' from surface casing to TD
Logging: CNL-FCO from TD to casing with GR-CNL up to surface; DLL from TD to casing
Coring: None anticipated
DST's: Any tests will be based on the recommendations of the well site geologist as Warranted by drilling breaks and shows

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 140 F

9. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Cleary AKC Federal #4
1650' FNL & 330' FWL
Section 17-T22S-R32E
Lea 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 well site is located approximately 38 miles west and north of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: Go southeast out of Carlsbad, NM on Highway 285 to State Road 31. Go east on 31 to State Road 128 (Jal Hwy). Take 128 for approximately 16 miles to Red Road. Turn north and go approximately 7 miles (Mills Road will be on the left). Take the right on caliche road and go approximately 3.8 miles. Turn left and go 0.4 of a mile to the Cleary #1 well. Just past it, turn left and follow lease road approximately 0.65 of a mile. New road will start here and go northeast about 150 feet to the southeast corner of the pad.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 150' in length from the point of origin to the southeast corner of the drilling pad.
B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
C. The new road will be bladed with drainage on both sides. One traffic turnout may be needed.
D. The route of the road is visible.
E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

A. There is drilling activity within a one-mile radius of the well site.
B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

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 a producing gas well.

5. LOCATION AND TYPE OF WATER SUPPLY:

   A. It is planned to drill the proposed well with a brine 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 be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

7. METHODS OF HANDLING WASTE DISPOSAL:

   A. Drill cuttings will be disposed of in the reserve pits.
   B. The reserve pits will be constructed and reclamation done according to NMOCD guidelines and Yates' approved pit general plan
   C. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
   D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
   E. Oil produced during operations will be stored in tanks until sold.
   F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
   G. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:

   A. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, pulling unit orientation and access road approach. Note: Pits to north.
   B. The reserve pits will be plastic lined with 12 mil and meet the NMOCD Pit Standards.
   C. A 600' x 600' area has been staked and flagged.

10. PLANS FOR RESTORATION:

   A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
   B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
   C. If the proposed well is plugged and abandoned, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be reclaimed according to the Yates' NMOCD approved general plan.

11. SURFACE OWNERSHIP:

Federal Lands under the supervision of the BLM. Surface leased to Mills Family Partnership.

12. OTHER INFORMATION:

A. This location was previously submitted and approve by BLM on 4/12/93.
B. Topography: Refer to the existing archaeological report number 93-NMAS-22-F done on 2/22/93 for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.
C. The primary surface use is for grazing.

13. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:
Clifton R. May, Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

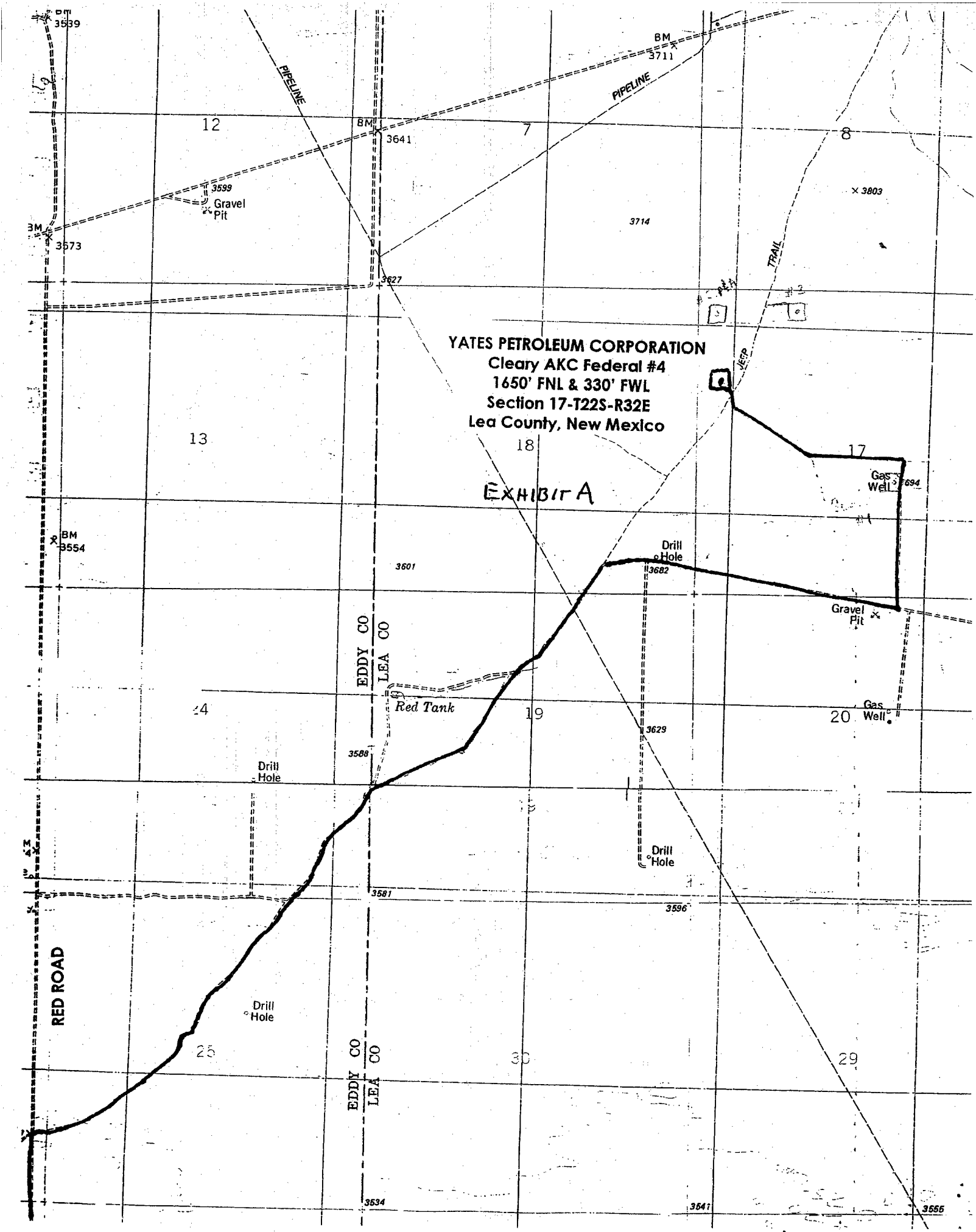
B. Through Drilling, Completions & Prod.
Pinson McWhorter, Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

14. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Clifton R. May

Clifton R. May, Regulatory Agent


YATES PETROLEUM CORPORATION
Cleary AKC Federal #4
1650' FNL & 330' FWL
Section 17-T22S-R32E
Lea County, New Mexico
EXHIBIT A
BM 3539
BM 3711
BM 3641
BM 3573
BM 3554
PIPELINE
PIPELINE
TRAIL
Jeep
Gravel Pit
Gravel Pit
Gas Well
Gas Well
Drill Hole
Drill Hole
Drill Hole
Drill Hole
Red Tank
EDDY CO
LEA CO
EDDY CO
LEA CO
RED ROAD
3599
3627
3714
3803
3601
3682
3694
3588
3629
3581
3596
3534
3541
3656
12
7
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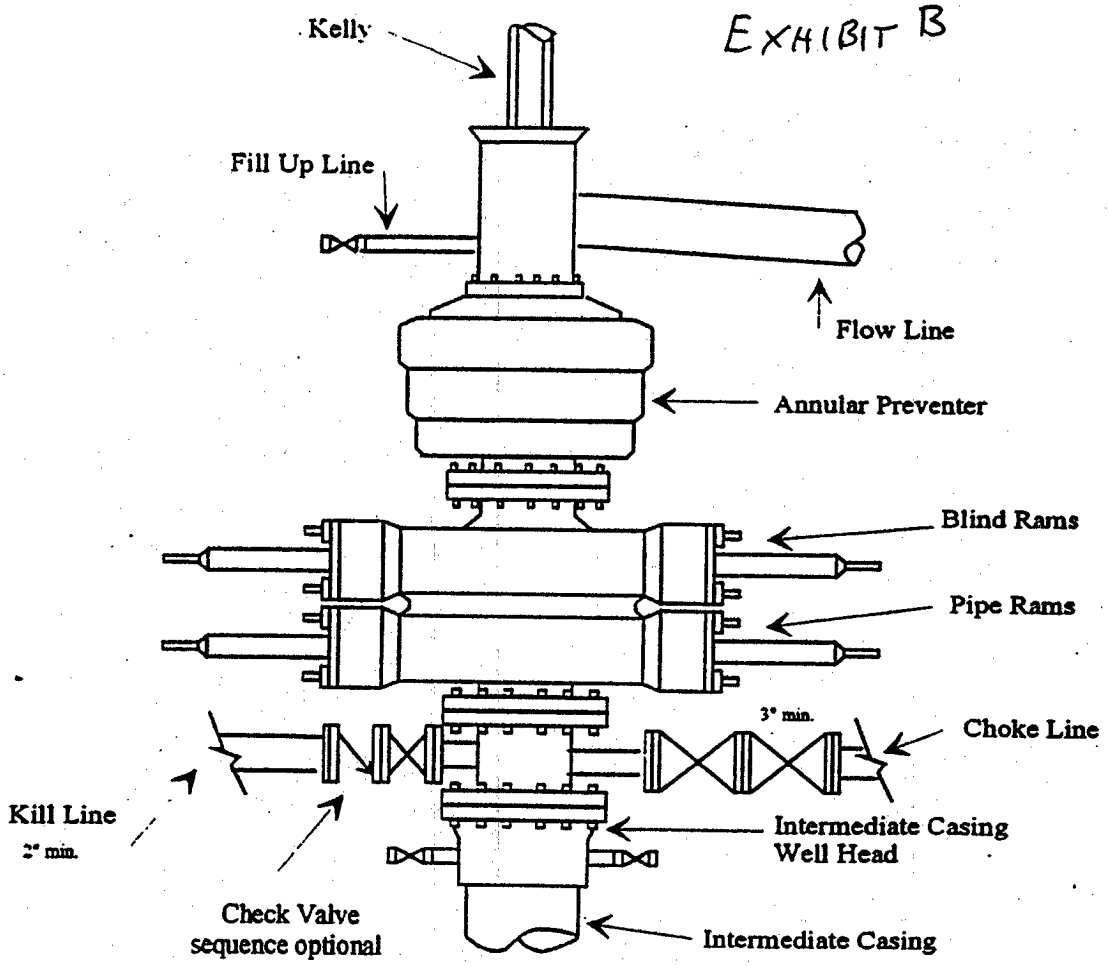
29

Yates Petroleum Corporation

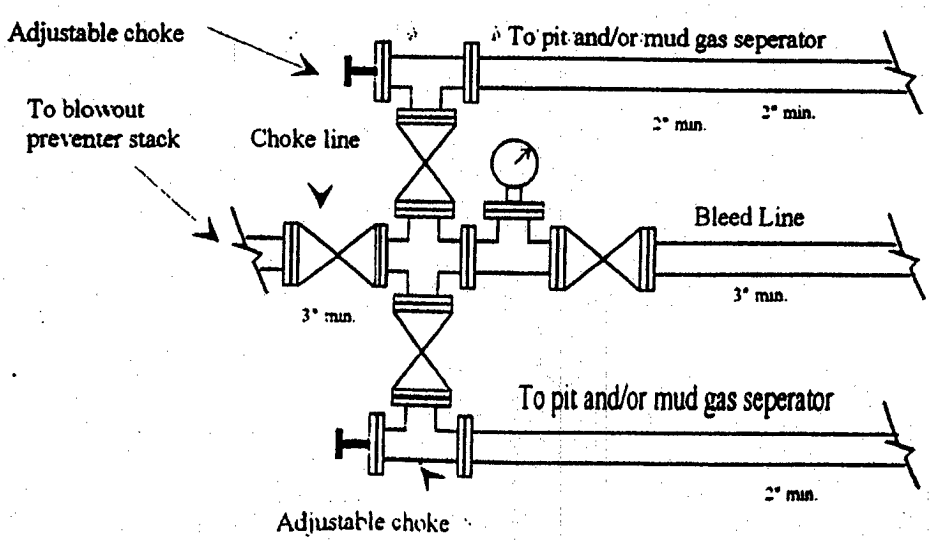
BOP-3

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

EXHIBIT B



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

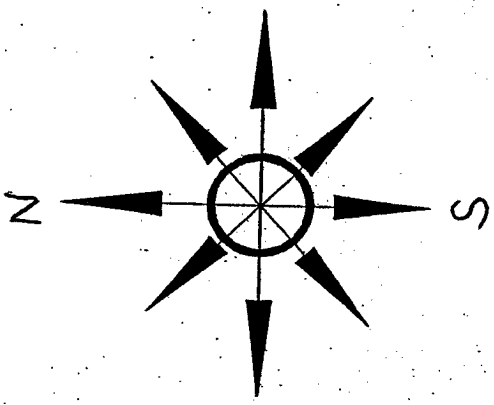


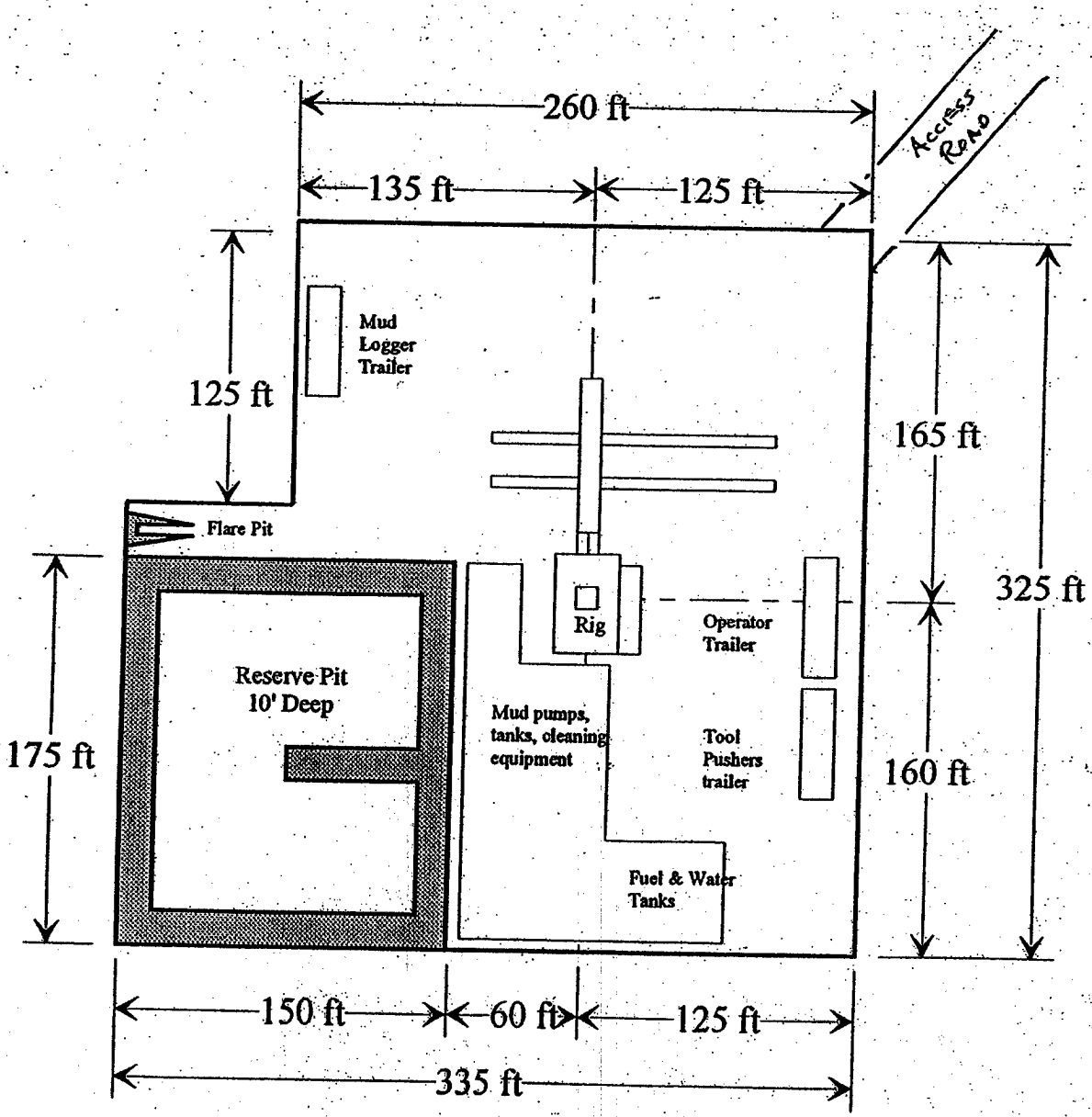
PB - L1

Yates Petroleum Corporation

Location Layout for Permian Basin
Up to 12,000'

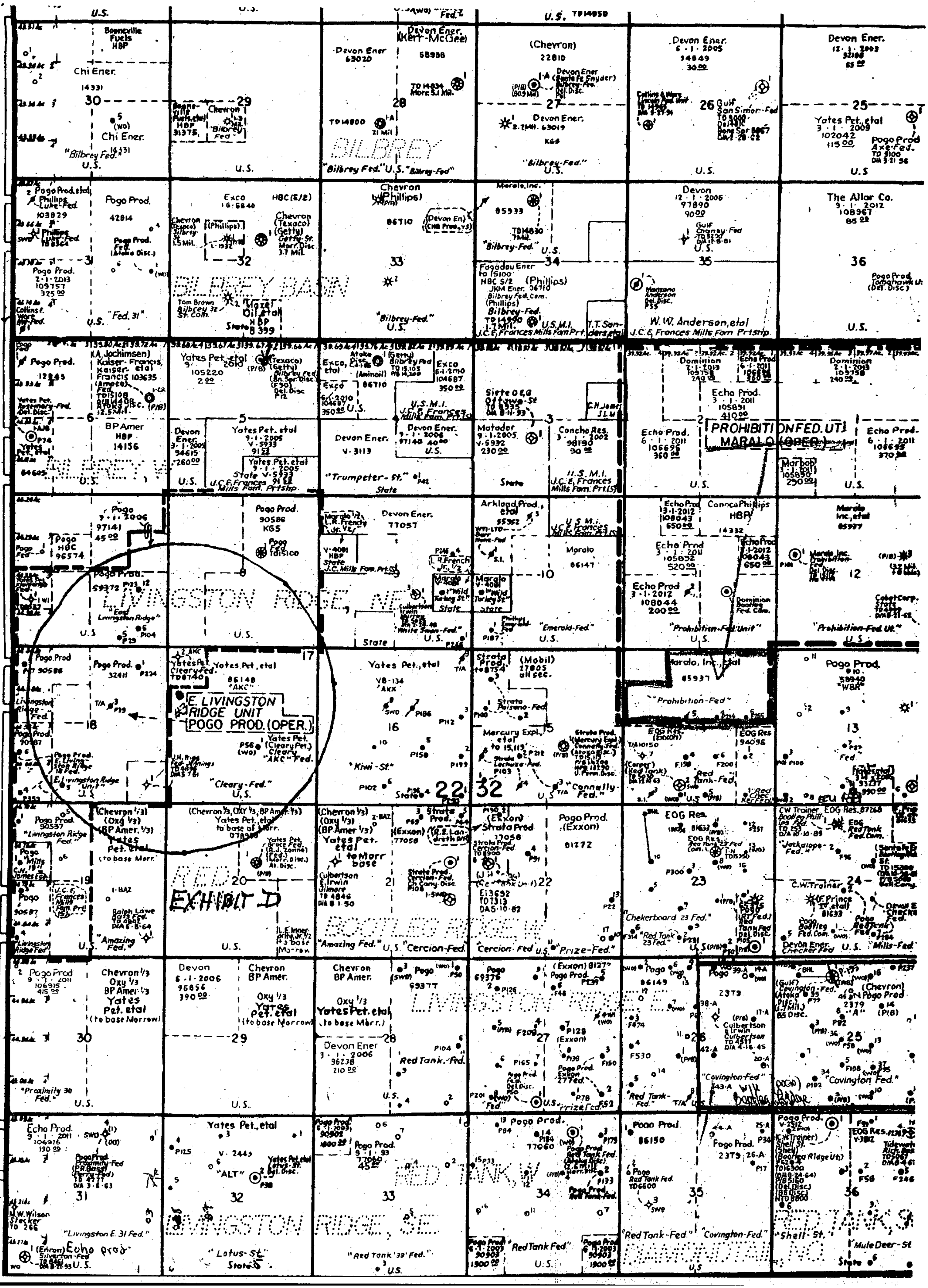
EXHIBIT C





Distance from Well Head to Reserve Pit will vary between rigs

The above dimension should be a maximum



U.S.
Bonneville Fuels HBP
Chi Ener. 14331
30
Chi Ener.
"Bilbrey Fed."
29
28
Devon Ener 63020
Devon Ener. (Kerr-McGee) 58938
BILBREY
"Bilbrey Fed." U.S. "Bilbrey Fed"
(Chevron) 22810
27
Devon Ener. 63019
"Bilbrey-Fed."
Devon Ener. 6-1-2005 94849 30.00
26
Gulf San Simon-Fed
Devon Ener. 12-1-2003
25
Yates Pet. etal 3-1-2009 102042 115.00
Pogo Prod.
Pogo Prod. 42814
31
Pogo Prod. 2-1-2013 109757 325.00
"Fed. 31"
Exco 16.6840
HBC(E/2)
Chevron (Texaco) (Getty)
32
BILBREY BASIN
Chevron (Phillips)
86710
33
"Bilbrey-Fed."
85933
"Bilbrey-Fed." U.S.
34
(Phillips)
Bilbrey-Fed.
U.S.M.I.
J.C.E. Frances Mills Fam. Prt.
Devon 12-1-2006 97890 90.00
Gulf Chaney-Fed
35
W.W. Anderson, etal
J.C.E. Frances Mills Fam. Prtshp.
The Allar Co. 9-1-2012 108967 85.00
36
Pogo Prod.
K.A. Jochimsen
Yates Pet. etal 105220
Exco, etal
Atoka (Getty)
Exco 6-1-2010 104687 350.00
U.S.M.I.
Siete O&G
Devon Ener.
Dominion 2-1-2013
Echo Prod. 3-1-2011 105851 410.00
Dominion 2-1-2013
6
BP Amer HBP 14156
5
Yates Pet. etal 9-1-2005 V-5933
Devon Ener. V-3113
"Trumpeter-St."
State
Matador 9-1-2005 V-5932 230.00
Concho Res. 3-1-2002 98190 90.00
U.S.M.I.
J.C.E. Frances Mills Fam. Prt.
Echo Prod. 6-1-2011
PROHIBITION FED. UT.
MARALO (OPER.)
Echo Prod. 6-1-2011
Pogo 9-1-2006 97141 45.00
Pogo Prod. 90586 KGS
Devon Ener. 77057
Arkland Prod. etal
Maralo 86147
10
Echo Prod 13-1-2012 108043 650.00
ConocoPhillips HBP 14332
Echo Prod 3-1-2011 105852 520.00
Echo Prod 3-1-2012 108044 200.00
"Prohibition-Fed-Unit"
Maralo Inc., etal 85937
12
"Prohibition-Fed Ut."
LIVINGSTON RIDGE, NE
"East Livingston Ridge"
"Emerald-Fed."
Pogo Prod.
Pogo Prod. 32411
18
Yates Pet., etal 86148 "AKC"
17
E. LIVINGSTON RIDGE UNIT POGO PROD. (OPER.)
"Cleary-Fed."
Yates Pet., etal
16
"Kiwi-St."
(Mobil) 27805 all sec.
Mercury Expl. etal
15
"Connally-Fed."
Maralo, Inc., etal 85937
"Prohibition-Fed"
EOG Res.
Red Tank-Fed
Pogo Prod.
13
(Chevron 1/3) (Oxy 1/3) (BP Amer. 1/3) Yates Pet. etal
Pogo Prod. 90587
19
EXHIBIT D
20
(Chevron 1/3, OXY 1/3, BP Amer. 1/3) Yates Pet., etal to base of Morr.
"Amazing Fed."
21
"Cercion-Fed."
Pogo Prod. (Exxon) 81272
22
"Cercion-Fed"
"Prize-Fed."
EOG Res.
23
"Chekerboard 23 Fed."
"Red Tank 23 Fed."
C.W. Trainer
24
"Mills-Fed."
Pogo Prod 9-1-2011 106915 415.00
Chevron 1/3 Oxy 1/3 BP Amer 1/3 Yates Pet. etal (to base Morrow)
30
"Proximity 30 Fed."
Devon 6-1-2006 96856 390.00
Chevron BP Amer. Oxy 1/3 Yates Pet. etal (to base Morrow)
29
Chevron BP Amer. Oxy 1/3 Yates Pet. etal (to base Morr.)
28
Devon Ener 3-1-2006 96238 210.00
Red Tank-Fed.
Pogo 69377
27
Pogo 86149
26
"Covington-Fed"
Culbertson & Irwin
(Chevron) Pogo Prod.
25
"Covington Fed."
Echo Prod. 9-1-2011 106916 130.00
31
"Livingston E. 31 Fed."
Echo Prod.
Yates Pet., etal
V-2443 "ALT"
32
LIVINGSTON RIDGE, SE
"Lotus-St." State
Pogo Prod. 9-1-93 77060 45.00
33
"Red Tank '33' Fed."
Pogo Prod. 77060
34
RED TANK
"Red Tank Fed"
Pogo Prod. 86150
Pogo Prod. 2379 26-A
35
"Red Tank-Fed."
"Covington-Fed."
EOG Res.
36
"Shell-St."
"Mule Deer-St"
State

2

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 [XX] Closure of a pit or below-grade tank [ ]

Operator: Yates Petroleum Corporation Telephone: (505) 748-4347 e-mail address: debbiec@ypcnm.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Cleary AKC Federal #4 API #: 30-025-38177 U/L or Qtr/Qtr E Sec 17 T 22S R 32E
County: Lea Latitude N32.3943 Longitude W103.7043 NAD: 1927 [XX] 1983 [ ] Surface Owner –Federal [XX] State [ ] Private [ ] Indian [ ]

Pit Type: Drilling [X] Production [ ] Disposal [ ]
Workover [ ] Emergency [ ]
Lined [XX] Unlined [ ]
Liner type: Synthetic [XX] Thickness [12] mil
Clay [ ] Volume [24,000] 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 50 feet or more, but less than 100 feet **100 feet or more**	(20 points) (10 points) **(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 **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**

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 [XX], or an (attached) alternative OCD-approved plan [ ].**

Date: **November 19, 2004**
Printed Name/Title Clifton R. May/Regulatory Agent Signature Clifton R. May

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: 11/21/06
Printed Name/Title CHRIS WILLIAMS / DIST. SUPV Signature Chris Williams

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Cleary AKC Federal # 4
Operator's Name: Yates Petroleum Corp.
Location: 1650' FNL, 330' FWL, SEC 17, T22S, R32E, Lea County, NM
Lease: NM-86148

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; 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. A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.

3 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.

4. 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.

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

6. 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.

7. 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 **ABOVE THE SALT, AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE @ APPROXIMATELY 900 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.

2The minimum required fill of cement behind the 8 5/8 inch intermediate casing is **CIRCULATE CEMENT TO THE SURFACE.**

4. The minimum required fill of cement behind the **5-1/2** inch production casing is **cement shall be raised to at least 200 feet above the shoe of the intermediate casing.**

5. 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 13 3/8 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 3000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- A variance to test the _____ to the reduced pressure of ____psi with the rig pumps is approved.
- 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.

Engineers can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 10/25/06