

Form 3160-3  
(August 1999)

OCD-HOBBS

275

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

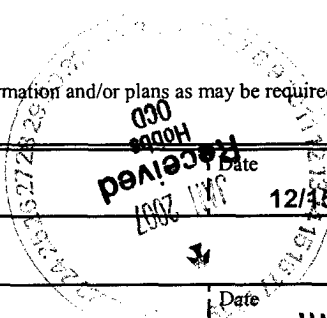
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM-77063</b>	
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <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 No. <b>Not Applicable</b>	
3A. Address <b>105 South Fourth Street Artesia, New Mexico 88210</b>		8. Lease Name and Well No. <b>217411</b> <b>Continental APJ Federal #4</b>	
3b. Phone No. (include area code) <b>(505) 748-1471</b>		9. API Well No. <b>30-025-38283</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>SWNW 1650' FNL and 660' FWL</b> At proposed prod. Zone <b>Same as above</b>		10. Field and Pool, or Exploratory <b>Triste Draw; Delaware, W (59945)</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approximately thirty-five (35) miles northeast Loving, New Mexico</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>Section 28, T23S-R32E Mer NMP</b>	
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	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1925'</b>	19. Proposed Depth <b>8750'</b>	20. BLM/BIA Bond No. on file <b>NMB000434</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3698' GL</b>	22. Approximate date work will start* <b>ASAP</b>	23. Estimated duration <b>30 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 file (see Item 20 above).   |
| 2. A Drilling Plan.                                                                                                                             | 5. Operator certification.                                                                        |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature <b>Clifton R. May</b>	Name (Printed/Typed) <b>Clifton R. May</b>	
Regulatory Agent <b>email: cliff@ypcnm.com</b>		
Approved by (Signature) <b>/s/ James Stovall</b>	Name (Printed/Typed) <b>James Stovall</b>	Date <b>JAN 17 2007</b>
Title <b>ACTING FIELD MANAGER</b>	Office <b>CARLSBAD FIELD 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 the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

**APPROVAL FOR 1 YEAR**

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.

\*(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

R. French Dr., Hobbs, NM 88240

## DISTRICT II

511 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

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-38283</b>		Pool Code <b>59945</b>	Pool Name <b>TRISTE DRAW; DELAWARE, W(59945)</b>
Property Code <b>17411</b>	Property Name <b>CONTINENTAL "APJ" FEDERAL</b>		Well Number <b>4</b>
OCRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORPORATION</b>		Elevation <b>3698</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
<b>E</b>	<b>28</b>	<b>23S</b>	<b>32E</b>		<b>1650</b>	<b>NORTH</b>	<b>660</b>	<b>WEST</b>	<b>LEA</b>

## Bottom Hole Location If Different From Surface

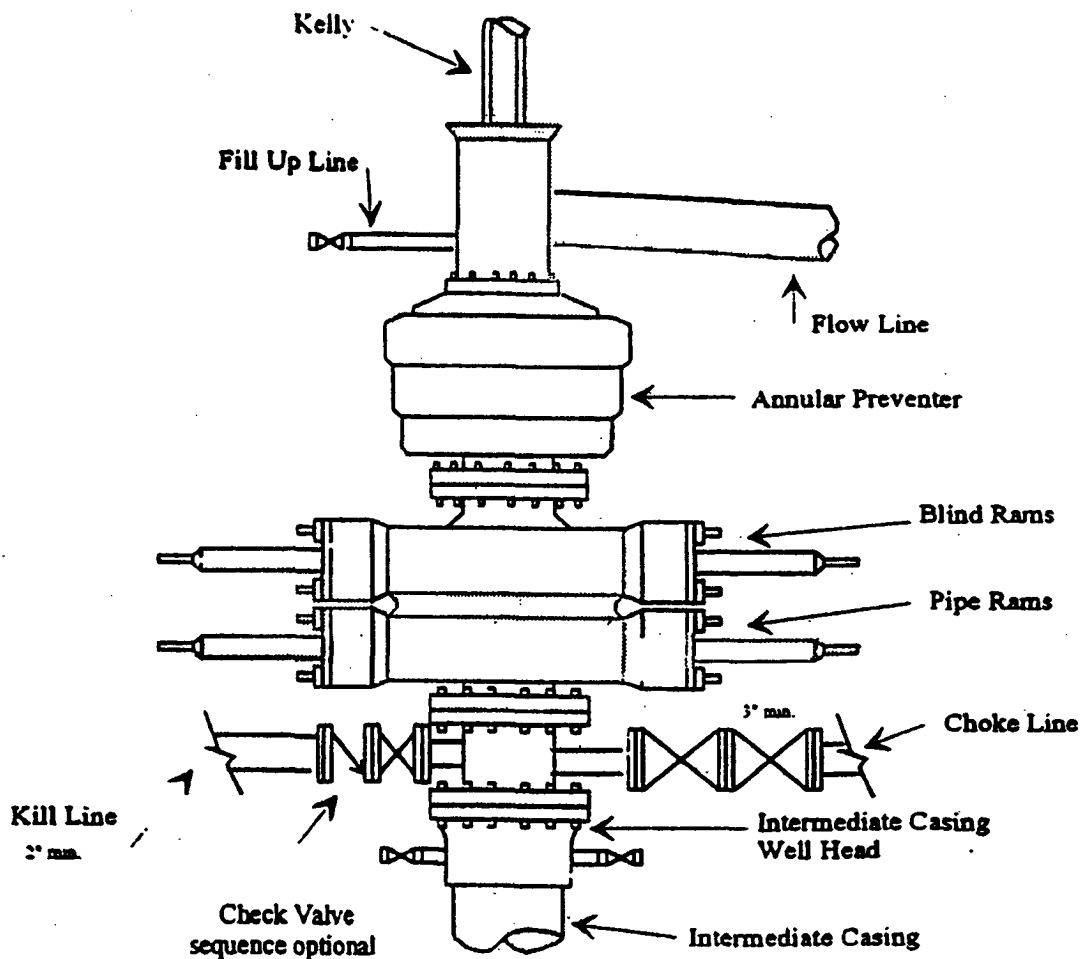
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.						

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

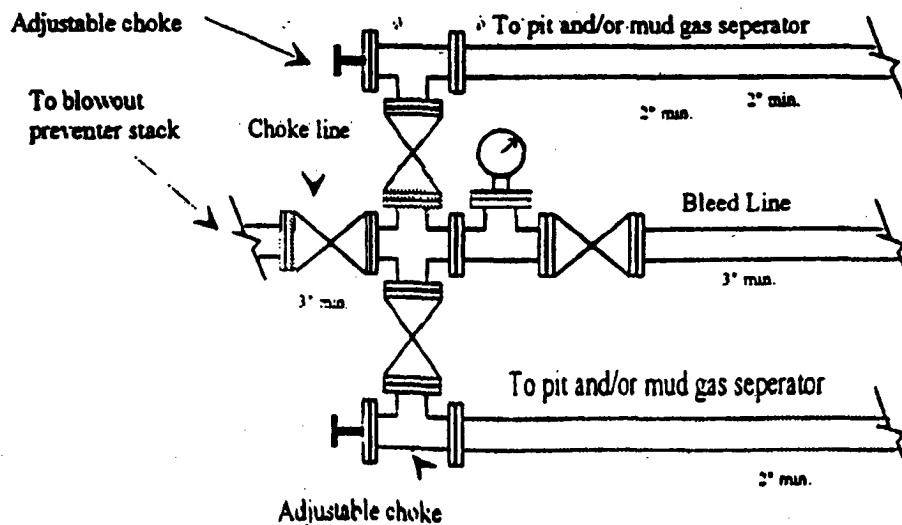
				<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>Clifton R. May</b> Printed Name <b>Regulatory Agent</b> Title <b>12-16-02</b> Date
				<b>SURVEYOR CERTIFICATION</b>  I hereby certify that 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>12/09/2002</b> Date Surveyed  Signature <b>3840</b> Certificate No. <b>H. Jones RLS 36-CONTINENTAL 4</b> GENERAL SURVEYING COMPANY

s Petroleum Corporation  
 mental "APJ" Federal #4  
 y FNL and 660' FWL  
 ion 28-T23S-R32E  
 County, New Mexico  
 ldx "B"

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



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



District I  
1625 N. French Dr., Hobbs, NM 8824  
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  
March 12,

For drilling and production facilities, submit 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) 748-4347 e-mail address: debbiec@ypcnn.com  
Address: 105 South 4<sup>th</sup> Street, Artesia, NM 88210  
Facility or well name: Continental API Federal #4 API #: 30-025-38283 or Qtr/Qty E Sec 28 T 23S R 32E  
County: Lea Latitude N32°16'41.8" Longitude W103°41'09.7" 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 \_\_\_\_\_ 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 ☒, or an (attached) alternative OCD-approved plan ☐.

Date: December 06, 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 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: 3/12/07

Printed Name/Title: CHRIS WILLIAMS/DIST. SURV Signature: Chris Williams

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corp.  
Well Name & No. Continental APJ Federal # 4  
Location: 1650'FNL, 660'FWL, SEC28, T23S, R32E, Lea County, NM  
Lease: NM-77063

### 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: 13.375 inch 8.625 inch 5.5 inch
  - C. BOP tests
2. A Hydrogen Sulfide (H<sub>2</sub>S) 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 13.375 inch surface casing shall be set at APPROXIMATELY 850 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 8.625 inch intermediate casing is circulate cement to the surface.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall circulate on the first stage and extend upward a minimum of 200 feet above the base of the intermediate casing string on the second stage.
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 13.375 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) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8.625 inch casing shall be 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.
  - BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

### **IV. DRILLING MUD:**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.
4. Fresh water based mud will be used to drill to a depth of 1208 feet with periodic viscous sweeps to build filter cake.

**Engineering may be contacted at 505-706-2779 for variances if necessary.**

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**FWright 1/11/07**