

OCD-HOBBS

275

RESUBMITTAL

ATS-07-182

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. NM-77063
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 Not Applicable
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. Not Applicable
3A. Address 105 South Fourth Street Artesia, New Mexico 88210	3b. Phone No. (include area code) (505) 748-1471	8. Lease Name and Well No. <1741> Continental APJ Federal #5
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 1980' FNL and 1650' FWL At proposed prod. Zone Same as above		9. API Well No. 30-025-38284
14. Distance in miles and direction from nearest town or post office* Approximately thirty-five (35) miles northeast Loving, New Mexico		10. Field and Pool, or Exploratory Triste Draw; Delaware, W (59945)
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 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8750'	20. BLM/BIA Bond No. on file NMB000434
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3685' GL	22. Approximate date work will start* ASAP	23. Estimated duration 30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature <i>Clifton R. May</i>	Name (Printed/Typed) Clifton R. May	Date Dec. 15, 2006
Regulatory Agent Regulatory Agent	email: chiff@ypcnm.com	
Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) James Stovall	Date JAN 17 2007
Title ACTING 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.

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

**CARLSBAD CONTROLLED WATER BASIN
SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Lease, NM 00210

Rd., Aztec, NM 87410

IV
Pacheco, Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38284		Pool Code 59945	Pool Name Triste Draw; Delaware, W (59945)
Property Code 17411	Property Name CONTINENTAL "APJ" FEDERAL		Well Number 5
OGRIID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3685

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	28	23S	32E		1980	NORTH	1650	WEST	LEA

Bottom Hole Location if Different From Surface

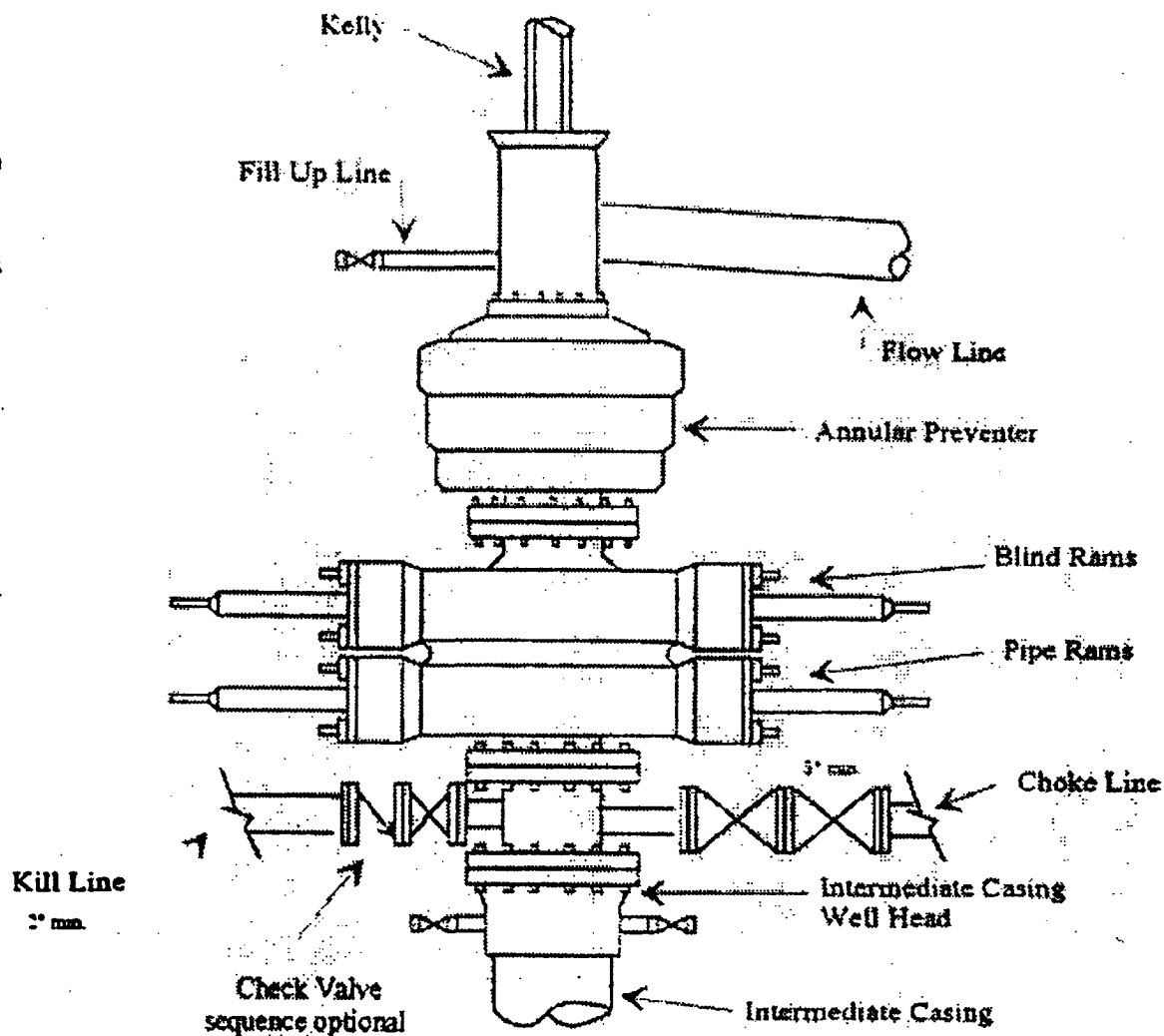
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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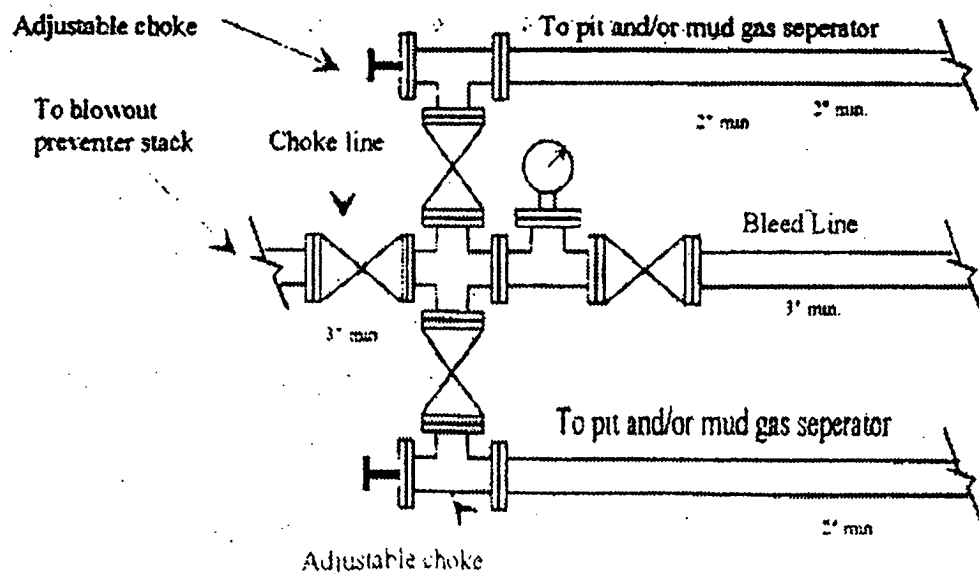
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Clifton R. May</u> Printed Name: <u>Clifton R. May</u> Title: <u>Regulatory Agent</u> Date: <u>12-16-02</u>	
	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. Date Surveyed: <u>12/09/2002</u>	
	Date Surveyed: <u>12/09/2002</u> Signature: <u>[Signature]</u> Printed Name: <u>CHERRY JONES</u> Title: <u>Professional Surveyor</u> License No. <u>3640</u> State of <u>NEW MEXICO</u>	
	Certificate No. <u>3640</u> Issued to <u>Jones RLS 3640</u> Continental GENERAL SURVEYING COMPANY	

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



Yates Petroleum Corporation
Continental "APJ" Federal #5
980' FNL and 1650' FWL
on 28-T23S-R32E
New Mexico

625 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

Form C
March 12,

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) 748-4347 e-mail address: debbiec@ypcnm.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Continental API Federal #5 API # 30-02538284 U/L or Otr/Otr F. Sec. 28 T. 23S R. 32E
County: Lea Latitude N32°16'38.6" Longitude W103°40'58.2" NAD: 1927 ☐ 1983 ☒ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness: <u>12 mil</u> Clay <input type="checkbox"/> Volume: _____ bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> 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 <u>100 feet or more</u>	(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 <u>No</u>	(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 <u>1000 feet or more</u>	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	<u>0 Points</u>

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 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: 3/14/07 CHRIS WILLIAMS (DIST. SUPV) Signature: Chris Williams

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 5-Continental APJ Federal
Operator's Name: Yates Petroleum Corporation
Location: 1980FNL, 1650FWL, Section 28, T-23-S, R-32-E
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) 234-5972 or (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. **Although no H₂S is reported for this section. It has been reported in the Delaware formation in Section 18 measuring 2000 STVs. Monitoring equipment to be available prior to drilling into the Delaware formation.**

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 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. **Fresh water mud to be used to the top of the Rustler Anhydrite approximately 1225 feet. Hole is to be periodically swept with viscous low water loss pills to help build a filter cake across useable water zones in the redbeds.**

Possible lost circulation in the Delaware and Bone Spring formations.

Possible water flows in the Salado, Castile, Delaware, and Bone Spring formations.

2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is circulate cement to the surface. Casing to be set below the Base of the Salt approximately 4650 feet.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement for both stages shall circulate. Operator to calculate excess cement to circulate first stage. Temperature survey required after second stage if circulation not achieved for either stage.

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) required for drilling the surface and intermediate casing shall be 2M psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8-5/8 inch casing shall be 3M 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.

Engineer on call phone: 505-706-2779

WWI 011107
