

OCD-HOBBS

RESUBMITTAL

147

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

ENTERED
TO AFMSS

OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation 25575

3A. Address 105 South Fourth Street
Artesia, New Mexico 88210

3b. Phone No. (include area code)
(505) 748-1471

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

At surface 600' FNL and 1980' FWL, Unit C
At proposed prod. Zone Same as above

14. Distance in miles and direction from nearest town or post office*

Approximately thirty-five (35) miles northeast of Loving, New Mexico

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 600'

16. No. of Acres in lease 1760

17. Spacing Unit dedicated to this well 40 acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth 8900'

20. BLM/BIA Bond No. on file NMB000434

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3702' GL

22. Approximate date work will start* ASAP

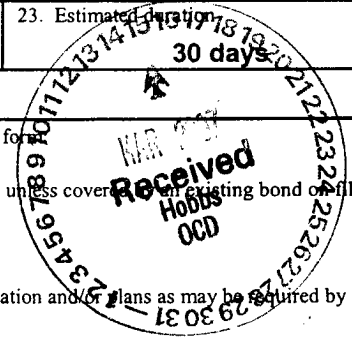
23. Estimated duration 30 days

24. Attachments

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

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.



25. Signature Clifton R. May

Name (Printed/Typed) Clifton R. May

Date 11/7/2006

Regulatory Agent

Regulatory Agent

Approved by (Signature) /s/ James Stovall

Name (Printed/Typed)

Date JAN 22 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 CARLSBAD CONTROLLED WATER BASIN

C-144 attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

511 South First, Artesia, NM 88210
DISTRICT II
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
240 South 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 30-025-38358	Pool Code 39346	Pool Name East Livingston Ridge Delaware
Property Code 30801	Property Name AMAZING "BAZ" FEDERAL	Well Number 2
GRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3702

Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
C	21	22S	32E		600	NORTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	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

<p>1980'</p>		<p>NM-90</p>		<h4>OPERATOR CERTIFICATION</h4> <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> Signature Clifton R. May Printed Name Regulatory Agent Title 10/3/2002 Date</p>
				<h4>SURVEYOR CERTIFICATION</h4> <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>9/26/2002 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Herschel Jones RLS 3640 PAGE 3 CONCRETE SURVEYING COMPANY</p>

District I

1825 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

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

y, Minerals & Natural Resources Department

Form C-102

Revised August 15, 2000

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-		2 Pool Code		3 Pool Name East Livingston Ridge Delaware		
4 Property Code		5 Property Name Amazing BAZ Federal			6 Well Number 2	
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3702'	

10 Surface Location

UL or lot no. C	Section 21	Township 22S	Range 32E	Lot Idn	Feet from the 600	North/South line North	Feet from the 1980	East/West line West	County Lea
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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
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12 Dedicated Acres 40	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

<div data-bbox="289 934 535 1176"></div>				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title 10/12/2004 Date	
				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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

YATES PETROLEUM CORPORATION
Amazing "BAZ" Federal #2
600' FNL and 1980' FWL
Section 21-T22S-R32E
Lea County, New Mexico

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

Rustler	890'	Cherry Canyon	5690'
Top of Salt	990'	Brushy Canyon	6970'
Base of Salt	4400'	Bone Spring	8630'
Bell Canyon	4760'	TD	8900'

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

Water: 250'
Oil or Gas: 8630'

1. 3. Pressure Control Equipment: A diverter will be installed on the 13 3/8" casing. BOPE will be installed on the 8 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>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-915'	915'
11"	8 5/8"	32#	J-55	ST&C	0-4550'	4550'
7 7/8"	5 1/2"	17#	J-55	LT&C	0-100'	100'
7 7/8"	5 1/2"	15.5#	J-55	LT&C	100-6800'	6700'
7 7/8"	5 1/2"	17#	J-55	LT&C	6800-8900'	2100'

2. Minimum Casing Design Factors: Collapse 1.125, Burst 1.0, and Tensile Strength 1.8

A. CEMENTING PROGRAM:

Surface Casing: Lead w/250 sx Lite (YLD 1.96 WT 12.5) Tail in w/ 200 sx Class C + 2% CaCl₂ (YLD 1.34 WT 14.8).

Intermediate Casing: Lead w/1150 sx Lite (YLD 2.5 WT 11.9) Tail in w/250 sx C + 2% CaCl₂ (YLD 1.34 WT 14.8).

Production Casing: 1st Stage: Lead w/550 sx Super H (YLD 1.67 WT 13). DV tool @ 4500'. Tail in w/50sx Thixset (YLD 1.4 WT 14.4). TOC Stage 1 approx. 6200'.

2nd Stage: Lead w/350 sx Lite (YLD 2.5 WT 11.9). Tail in w/50 sx Premium (YLD 1.3 WT 14.8). Cement for Stage 2 will be circulated.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-850'	FW/Native Mud	8.6-9.2	28-36	N/C
850'-4550'	Brine	10.0-10.2	28	N/C
4550'-6900'	Cut Brine	8.6-9.1	28	N/C
6900'-TD	Cut Brine/Starch	8.6-9.1	28-32	<15

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: Every 10' from 5000' to TD.
 Logging: Platform HALS, CMR
 Coring: None anticipated
 DST's: As warranted.

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

Anticipated BHP:

From: 0	TO: 850'	Anticipated Max. BHP: 400 PSI
From: 850'	TO: 4550'	Anticipated Max. BHP: 2000 PSI
From: 4550'	TO: TD	Anticipated Max. BHP: 4400 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

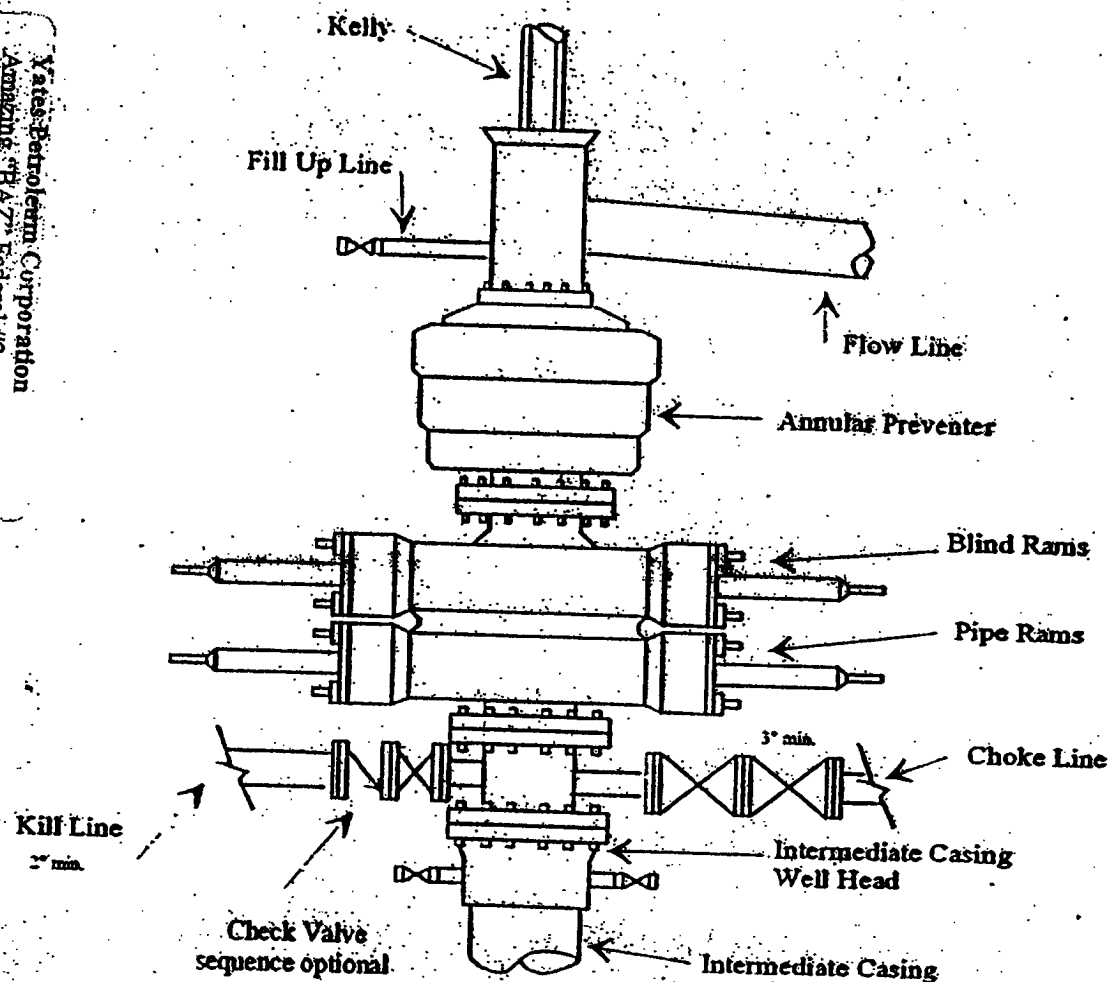
H₂S Zones Anticipated: None.

Maximum Bottom Hole Temperature: 140 F

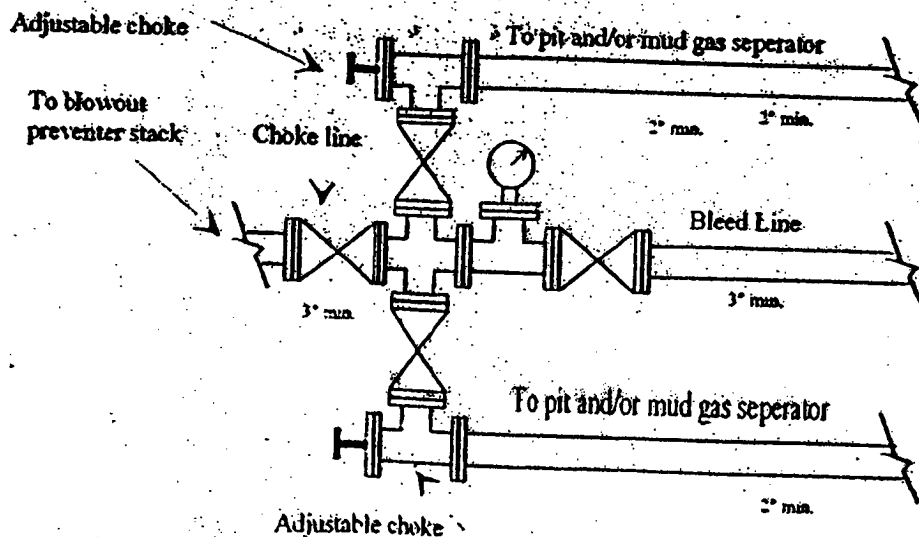
8. ANTICIPATED STARTING DATE:

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.

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



Valve Petroleum Corporation
Amarillo, B.A.Z., Federal #2
500 FNL and 1980 FVL
Section 21-T22S-R32MB
Lea County, New Mexico
Exhibit "B"

Avenue, Artesia, NM 88210

Brazos Road, Aztec, NM 87410

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
officePit or Below-Grade Tank Registration or ClosureIs 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.comAddress: 105 South 4th Street, Artesia, NM 88210Pit or well name: Amazing BAZ Federal #2 API #: 30-025-38358 U/L or Qtr/Qtr C Sec 21 T 22S R 32ECounty: Lea Latitude N32.2257.9 Longitude W103.4054.5 NAD: 1927 ☒ 1983 ☐ Surface Owner - Federal ☒ State ☐ Private ☐ Indian ☐Type: Drilling ☒ Production ☐ Disposal ☐Workover ☐ Emergency ☐Lining ☒ Unlined ☐Type: Synthetic ☒ Thickness 12 milVolume 24,000 bblBelow-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____Distance to ground water (vertical distance from bottom of pit to seasonal high
elevation of ground water.)

Less than 50 feet	(20 points)
50 feet or more, but less than 100 feet	(10 points)
<u>100 feet or more</u>	<u>(0 points)</u>

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

Yes	(20 points)
<u>No</u>	<u>(0 points)</u>

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)
<u>1000 feet or more</u>	<u>(0 points)</u>

Ranking Score (Total Points)	<u>0 Points</u>
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Is this a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:Is it ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end(4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a
map 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
will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.October 12, 2004Name/Title Clifton R. May/Regulatory Agent Signature Clifton R. MayCertification 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
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.

Date:

3/22/07Name/Title CHRIS WILLIAMS/DIST. SUPV. Signature Chris Williams

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 2-Amazing BAZ Federal
Operator's Name: Yates Petroleum Corporation
Location: 0600FNL, 1980FWL, Section 21, T-22-S, R-32-E
Lease: NM-90

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 Delaware Formation. A copy of the plan shall be posted at the drilling site. **H₂S has been reported in a well completed in the East Livingston Ridge Delaware and Bone Spring formations in Sec 21, T-22-S, R-32-E with measurements of 500 ppm in the gas stream and 100 ppm in STVs. H₂S has been reported in sections 21, 23, and 25 measuring 500-1000 ppm in gas streams and 100-2000 ppm in STVs. It has also been reported in sections 24, 26, and 27 with no reported measurements.**
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 **a minimum of 25 feet into the Rustler Anhydrite and above the salt, approximately 915 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.

**Possible lost circulation in the Delaware and Bone Spring formations.
Possible water flows in the Salado and Castile groups.**

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 4550 feet.**
3. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement for both stages shall circulate. First stage to circulate due to production in upper Delaware zones in nearby section. 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 3M 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 011807