

07-372

RESUBMITTAL

AT5-07-252

Form 3160-3
(August 1999)

12/11/02

OCD-HOBBS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTERb. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation

3A. Address 105 South Fourth Street
Artesia, New Mexico 882103b. Phone No. (include area code)
(505) 748-1471

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

At surface SWSW 660' FSL and 660 FWL
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 Loving, New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

16. No. of Acres in lease

19. Proposed Depth
8750'

17. Spacing Unit dedicated to this well

40

20. BLM/BIA Bond No. on file

NM-2811

NM 6000434

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

3657' 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 *Clifton R. May*

Name (Printed/Typed)

Clifton R. May/Land Department

Date

1/10/2007

Title:

Regulatory Agent

email: cliff@ypcnm.com

Approved by (Signature)

/s/ James Stovall

Name (Printed/Typed)

/s/ James Stovall

Date

MAY 15 2007

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.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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)

C-144 attached

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Previously Approved

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

DISTRICT II
611 South First, Artesia, NM 88210

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

DISTRICT IV
2040 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 30-025-38410 | | Pool Code 96916 | Pool Name Diamondtail Delaware, SW |
| Property Code (7411) | Property Name CONTINENTAL "APJ" FEDERAL | | Well Number 7 |
| OCRD No. 025575 | Operator Name YATES PETROLEUM CORPORATION | | Elevation 3657 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|------------|
| M | 28 | 23S | 32E | | 660 | SOUTH | 660 | 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. | | | | | |

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>N. 32° 16' 12.4" W. 103° 41' 09.7"</p> <p>3851 3852</p> <p>660'</p> <p>3854 3853</p> <p>NM 77063</p> | | | | | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein to be 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 12-16-02 Date</p> <p>SURVEYOR CERTIFICATION</p> <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>12/09/2002 Date Surveyed</p> <p><i>[Signature]</i> Signature of Registered Professional Surveyor HERBERT JONES Professional Surveyor New Mexico 3640 Certificate No. Herbert Jones RLS 3640 CONTINENTAL SURVEYING COMPANY</p> |
| | | | | | |
| | | | | | |
| | | | | | |

YATES PETROLEUM CORPORATION

Continental "APJ" Federal #7
660' FSL and 660' FWL
Section 28-T23S-R32E
Lea County, New Mexico

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

| | | | |
|--------------|-------|---------------|-------|
| Rustler | 1180' | Cherry Canyon | 5770' |
| Top of Salt | 1350' | Brushy Canyon | 7060' |
| Base of Salt | 4530' | Bone Spring | 8670' |
| Bell Canyon | 4770' | TD | 8750' |

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

Water: 250'
Oil or Gas: 8670'

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)

see COA →

| Hole Size | Casing Size | Wt./Ft | Grade | Coupling | Interval | Length |
|-----------|-------------|--------|-------|----------|---------------------|-------------------|
| 17 1/2" | 13 3/8" | 48# | H-40 | ST&C | 0-850' <i>1225'</i> | 850' <i>1225'</i> |
| 11" | 8 5/8" | 32# | J-55 | ST&C | 0-4650' | 4650' |
| 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 | 6800-8750' | 1950' |

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 @ 4550'. 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'-4650' | Brine | 10.0-10.2 | 28 | N/C |
| 4650'-7000' | Cut Brine | 8.6-9.1 | 28 | N/C |
| 7000'-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: 4650' | Anticipated Max. BHP: 2000 PSI |
| From: 4650' | 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.

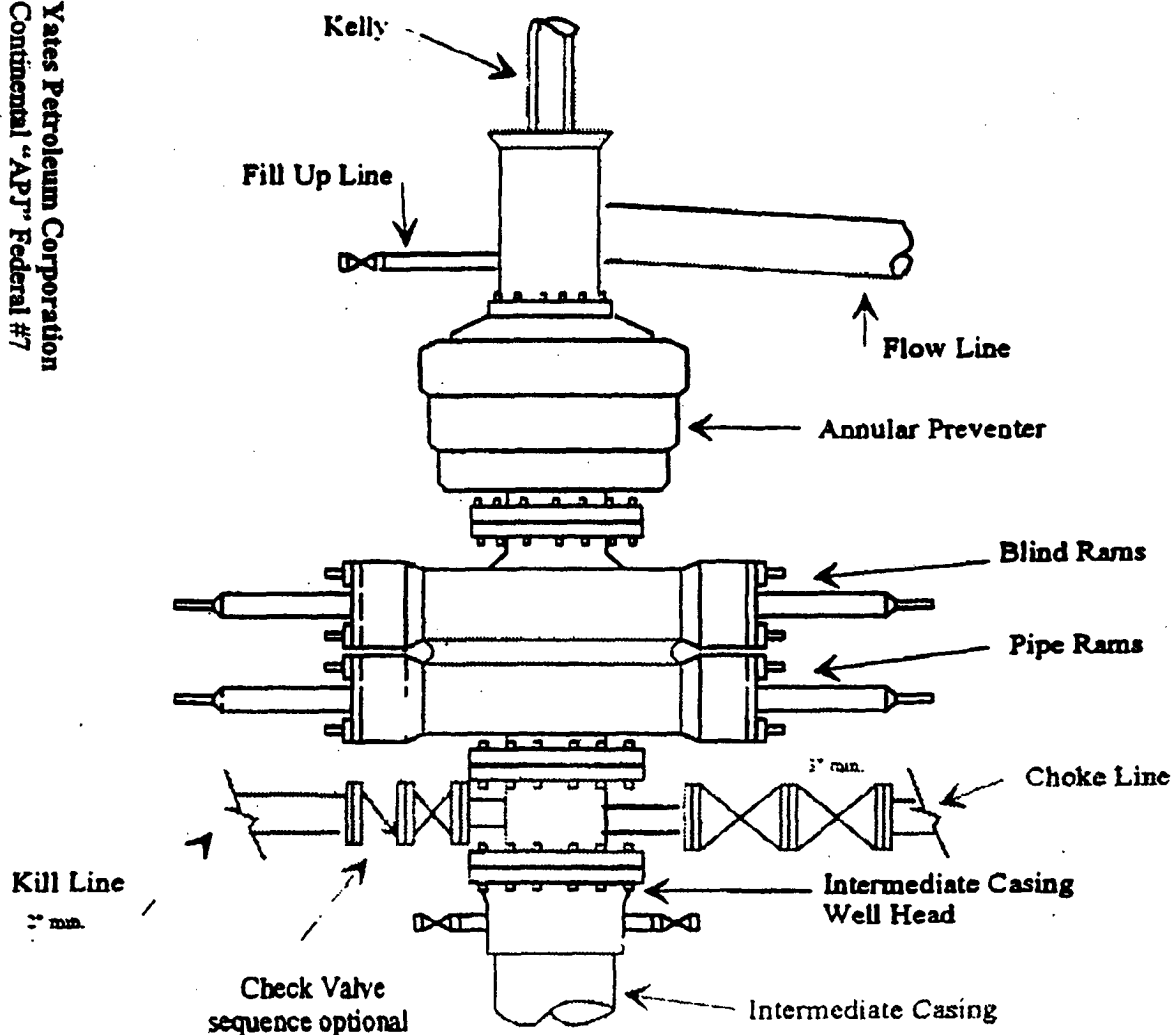


Yates Petroleum Corporation

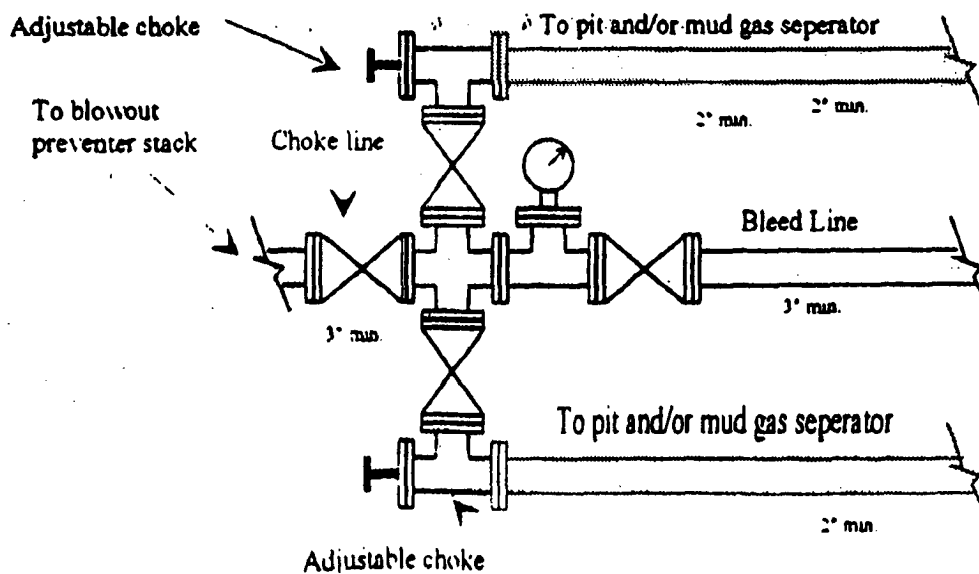
DPF-3

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

Yates Petroleum Corporation
Continental "APJ" Federal #7
660' FSL and 660' FVL
Section 28-T23S-R32E
Lea County, New Mexico
Exhibit "B"



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



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Gland 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 to appropriate NMOC 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@yppnm.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Continental API Federal #7 API #: 3102537028 U/L or Qtr/Qtr M Sec 28 T 23S R 32E
County: Lea Latitude Longitude 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 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 been/will be constructed or closed according to NMOC District guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Date: January 7, 2005

Printed Name/Title Clifton R. May/Regulatory Agent Signature

Clifton R. May

Your certification and NMOC District 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:

Printed Name/Title

ORIGINAL SIGNED BY
PAUL F. KAUTZ
Signature
PETROLEUM ENGINEER

FEB 16 2005