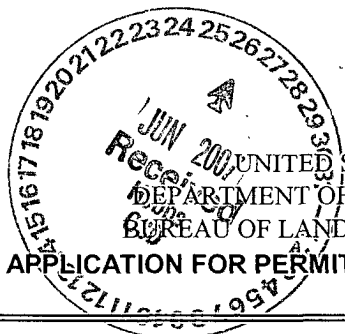


A+S-07-466

Form 3160-3
(April 2004)



OCD-HOBBS

RESUBMITTAL

FORM APPROVED
OMB NO 1004-0137
Expires: March 31, 2007

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-90	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Yates Petroleum Corporation 25575		7. If Unit or CA Agreement, Name and No	
3a. Address 105 South Fourth Street, Artesia New Mexico 88210		8. Lease Name and Well No Amazing BAZ Federal #7 30801	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No 30-025-38467	
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 330' FSL and 1650' FEL, Unit Letter O At proposed prod zone same as above		10. Field and Pool, or Exploratory Livingston Ridge, Delaware East	
14. Distance in miles and direction from the nearest town or post office* Approximately thirty-eight (38) miles west & north of Jal, New Mexico		11. Sec, T, R, M., or Blk. And Survey or Area Section 19, T22S-R32E	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) 330'	16. No. of acres in lease 1760.00	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 8600'	20. BLM/ BIA Bond No on file NATIONWIDE BOND #NMB000434	
21. Elevations (Show whether DF, RT, GR, etc) 3594' 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 | 4 Bond to cover the operations unless covered by 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 a authorized officer |

25 Signature <i>Clifton R. May</i>	Name (Printed/ Typed) Clifton R. May	Date 5/25/2007
Title Regulatory Agent		
Approved By (Signature) /S/ DON PETERSON	Name (Printed/ Typed) /S/ DON PETERSON	Date JUN 25 2007
Title FOR 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 cc 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 page 2)

CARLSBAD CONTROLLED WATER BASIN

**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
1301 W. Grand Avenue, 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
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-38467	² Pool Code 39366	³ Pool Name Livingston Ridge, Delaware East
⁴ Property Code 30801	⁵ Property Name AMAZING BAZ FEDERAL	
⁷ OGRID No. 025575	⁸ Operator Name YATES PETROLEUM CORPORATION	
		⁶ Well Number 7
		⁹ Elevation 3594'

¹⁰ Surface Location

UL or lot no. O	Section 19	Township 22S	Range 32E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 1650	East/West line EAST	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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ 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.

¹⁶					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</i> <div>Signature: <u>Clifton R. May</u> Date: <u>5/25/07</u></div> <div>Printed Name: <u>Clifton R. May</u></div> <div>Regulatory Agent Title: _____</div>	
					¹⁸ SURVEYOR CERTIFICATION <i>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</i> <div>Date of Survey: _____</div> <div>Signature and Seal of Professional Surveyor: _____</div> <div>REFER TO ORIGINAL PLAT</div> <div>Certificate Number: _____</div>	

NM-90
330'
1650'

YATES PETROLEUM CORPORATION**Amazing BAZ Federal #7**

330' FSL and 1650' FEL

Section 19-T22S-R32E

Lea County, New Mexico

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

Rustler	800'
Top of Salt	950'
Bottom of Salt	4345'
Bell Canyon	4650'
Cherry Canyon	5540'
Brushy Draw	6830'
Bone Spring	8480'
TD	8600'

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

Water: 250' to 500'
Oil or Gas: 6830' & 8480'.

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: All new casing to be used

see revision →

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-900'	900'
11"	8 5/8"	32#	J-55	ST&C	0-4500'	4500'
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	100-7400'	7300'
7 7/8"	5 1/2"	17#	J-55	LT&C	7400-8600'	1200'

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

B. CEMENTING PROGRAM:

Surface Casing: 650 sx Lite (YLD 1.96 WT 12.7). Tail in with 200 sx class "C" + 2% CaCl₂ (YLD 1.34 WT 14.8). Cement circulated to surface.

The following is the revised casing design for the intermediate casing on the Amazing BAZ Federal #3 through #7.

Depth	Size (in.)	Weight (#'s/ft)	Grade	T&C
0'-100'	8 5/8"	32#	J-55	ST&C
100'-2100'	8 5/8"	24#	J-55	ST&C
2100'-4200'	8 5/8"	32#	J-55	ST&C
4200'-4500'	8 5/8"	32#	HCK-55	ST&C

Amazing BAZ Federal 7
Page Two

Intermediate Casing: 925 sx Lite (YLD 2.5 WT 11.9) and tail in with 200 sx "C" + 2% CaCl₂ (YLD 1.34 WT 14.8). Cement circulated to surface.

Production Casing: 1 st Stage: 550 sx super "H" (YLD 1.67 WT 13), Tail in w/50 sx Thixset (YLD 1.4 WT 14.4). Top of Cement approx. 6000'.

DV Tool Packer @ 6000'

Second Stage: 650 sx Lite (YLD 2.5 WT 11.9) , Tail in w/50 sx Premium (YLD 1.3 WT 14.8). Top of cement approx. 4000'.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900	FW/Native Mud	8.6-9.2	28-36	N/C
900-4500	Brine	10.0-10.2	28	N/C
4500-6800	Cut Brine	8.6-9.1	28	N/C
6800-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. 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:

Maximum Anticipated BHP:

0'-900'	430 PSI
900'-4500'	2385 PSI
4500'-TD	4071 PSI

Abnormal Pressures Anticipated: None

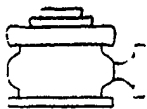
Lost Circulation Zones Anticipated: None.

H₂S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 140 F

9. ANTICIPATED STARTING DATE:

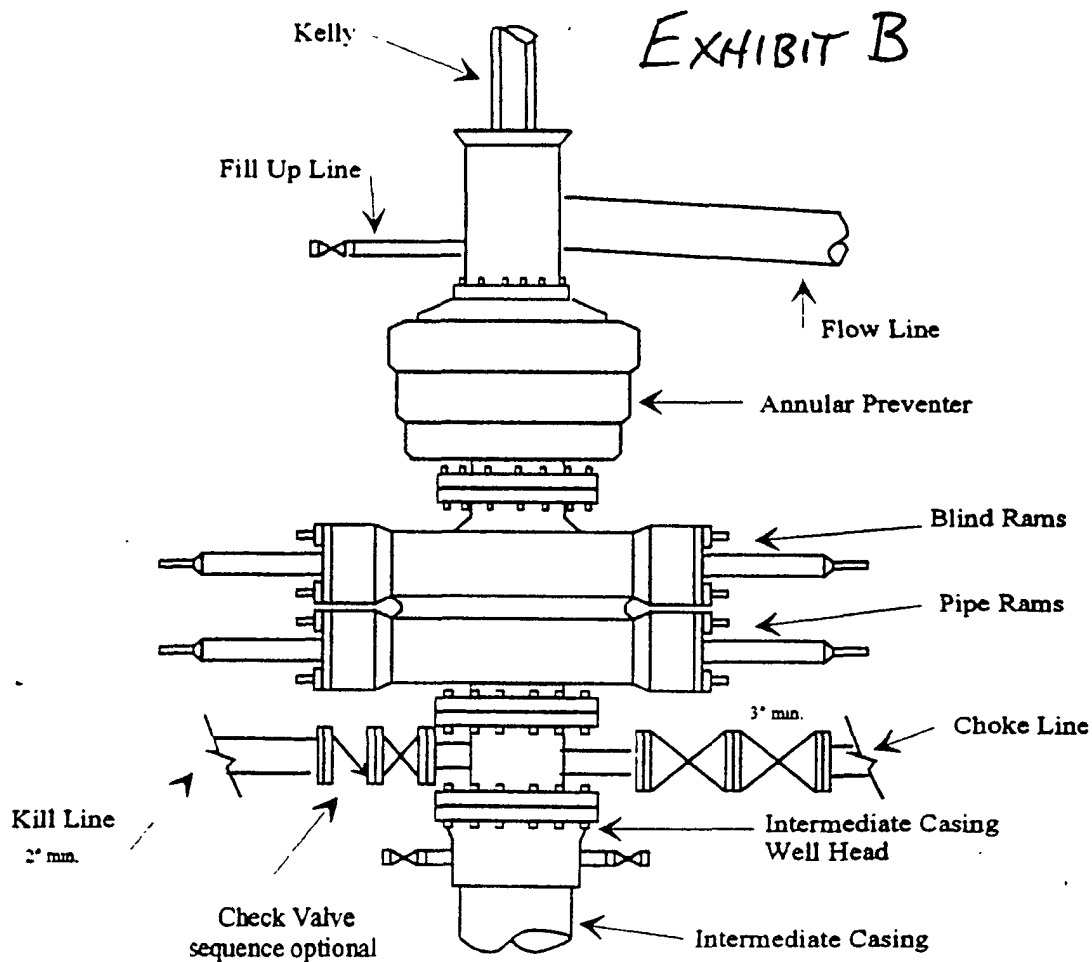
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days.



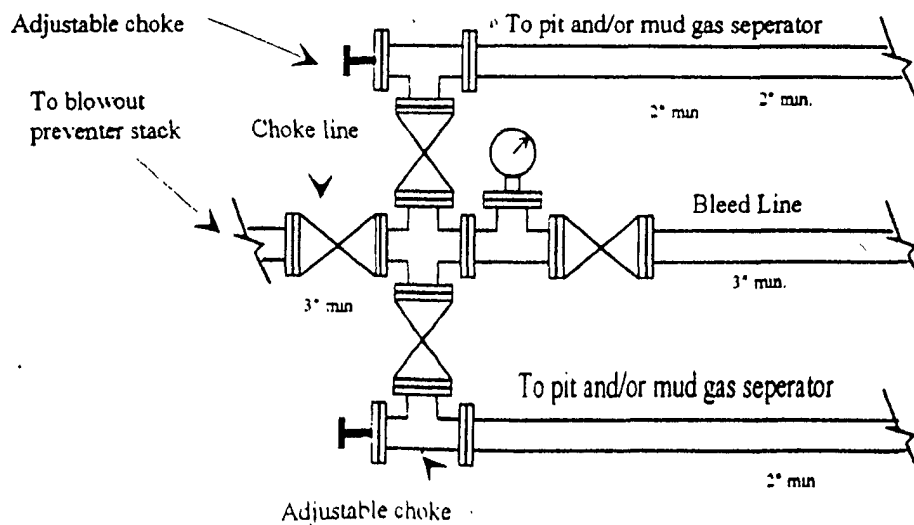
Yates Petroleum Corporation

BOP-3

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



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Yates Petroleum Corporation
Well Name & No. 7 - Amazing BAZ Federal
Location: 0330' FSL, 1650' FEL, Sec. 19, T-22-S, R-32-E, Lea County, NM
Lease: NM-90

.....

I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
- B. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. It has been reported in Sections 21, 23, 24, 26, and 27 measuring TSTM-1000 ppm in the gas stream and 100-2000 ppm in STVs. It is recommended that monitoring equipment be available on site when drilling into the Delaware formation and below.**
- C. 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.
- D. If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

- A. The 13-3/8 inch surface casing shall be set a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 900 feet and cemented to the surface.
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 18 hours for a water basin, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Delaware and Bone Spring formations.
Possible water flow in the Salado and Castile Groups.

- B. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is **cement to circulate to surface**. If cement does not circulate see A.1 thru 4.
- C. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement to extend a minimum of 200' inside the intermediate casing. First stage to circulate.**
- D. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) PSI**.
- C. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 8-5/8" intermediate casing shoe shall be **3000 (3M) PSI**.
- D. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53 Sec. 17. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

IV. DRILL STEM TESTS

Drill stem tests to be performed in accordance with Onshore Order 2.III.D.

Engineer on call phone (after hours): 505-706-2779

WWI 061307

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

Form C-144
March 12, 2004

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)748-1471 e-mail address: cliff@ypcnm.com
Address: 105 S. 4th
Facility or well name: Amazing BAZ Federal #7 API #: 30-025-38467 U/L or Qtr/Qtr Sec 19 T 22S R 32E
County: Lea Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☒ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume <u>24000</u> bbl	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 (20 points)
	50 feet or more, but less than 100 feet (10 points)
	100 feet or more <input checked="" type="checkbox"/> 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 (20 points)
	No <input checked="" type="checkbox"/> 0 points
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)
	1000 feet or more <input checked="" type="checkbox"/> 0 points
Ranking Score (Total Points) 0	

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: 5/26/2006

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: 6/28/07

Printed Name/Title CHRIS WILLIAMS / DIST. SUPV. Signature Chris Williams