

RECEIVED
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
HOBBS

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

HOBBS OCL

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Yates Petroleum Corporation 025575

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)
(575) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL and 660' FWL, Unit M
Section 28, T23S-R32E

5. Lease Serial No
NM-77063

6. If Indian, Allottee or Tribe Name
Not Applicable

7. If Unit or CA/Agreement, Name and/o
Not Applicable

8. Well Name and No.
Continental APJ Federal #7

9. API Well No.
30-025-38410

10. Field and Pool, or Exploratory Area
Diamondtail, Delaware, West

11. County or Parish, State
Lea County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Extend
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	APD
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA Required subsequent reports must be filed within 30 days following completion of the involved operations If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

Yates Petroleum Corporation wishes to extend the captioned well's APD for two (2) years to May 15, 2010. Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the surface through the Bone Spring formation to meet the OCD's requirements for the submission of a contingency plan per Rule 118.

C-102 Attached C-144 Attached

APPROVED FOR 24 MONTH PERIOD
ENDING 5/15/2010

Thank you.

APD APPROVED 5/15/07

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Clifton R. May	Title Regulatory Agent / Land Department
Signature Clifton R. May	Date April 15, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by /s/ Don Peterson	Title CARLSBAD FIELD OFFICE	Date APR 30 2008
Conditions of approval, if any, are attached. Approval of this notice 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		

Title 18 U.S.C. Section 1001, 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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

16				<p>17 OPERATOR CERTIFICATION</p> <p><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></p> <p><i>Clifton R May</i> 5/15 /08</p> <p>Signature Date</p> <p>Clifton R May, Regulatory Agent Printed Name</p>
				<p>18 SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>REFER TO ORIGINAL PLAT</p> <p>Certificate Number</p>

DISTRICT II
1800 N. French Dr., Hobbs, NM 88240

DISTRICT III
811 South First, Artesia, NM 88210

DISTRICT IV
1000 Rio Brazos Rd., Altec, NM 87410

DISTRICT V
2040 South Pacheco, Santa Fe, NM 87505

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Diamondtail Delaware, SW
Property Code	Property Name	Well Number
	CONTINENTAL "APJ" FEDERAL	7
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORPORATION	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 Acre	Joint or Infill	Consolidation Code	Order No.						
40									

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>OPERATOR CERTIFICATION</p> <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 Date 12-16-02</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 Signature of Professional Surveyor Professional Surveyor Certificate No. 3640 Jones RLS 3640 Continental Oil Company</p>									

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
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@yppcnm.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Continental API Federal #7 API #: 3402537088 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 NMOCD 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 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: 5/21/08

Printed Name/Title CHRIS WILLIAMS

ORIGINAL SIGNED BY:

RAUL F. KAUTZ

PETROLEUM ENGINEER

FEB 16 2005

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corporation
LEASE NO.:	NM77063
WELL NAME & NO.:	Continental APJ Federal #7
SURFACE HOLE FOOTAGE:	660' FSL & 660' FWL
LOCATION:	Section 28, T23S., R32E., NMPM
COUNTY:	Lea County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of **4 hours** in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOP/BOPE tests

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Although Hydrogen Sulfide has not been reported in this section. It has been reported in the Delaware formation in Section 18 measuring 2000 ppm in the STVs. Monitoring equipment to be available prior to drilling into the Delaware Formation. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
2. 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.
3. Floor controls are required for 3M or Greater systems. These 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.

B. CASING

Note: All casing shall meet or exceed API standards for new casing. Onshore Order #2. III. B. 1. a (Any casing substitutions must have prior approval)

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

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

1. 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 1225 feet** (based on Rustler Anhydrite top in Continental Federal #1 Sec. 28 T23S, R32E), below usable water and cemented to the surface. **If salt is penetrated surface casing shall be set 25 feet above the salt.**

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

- a. 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
- b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
- ~~c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.~~
- d. If cement falls back, remedial action will be done prior to drilling out that string.

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

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:

a. **First stage to DV tool, cement shall:**

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.

b. **Second stage above DV tool, cement shall:**

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office and a Temperature Survey or Cement Bond Log will be required prior to any remedial work being done.

4. 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 joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP. 53 Sec. 17.

2. The appropriate BLM office shall be notified a minimum of **4 hours** in advance for a representative to witness the tests.

a. The tests shall be done by an independent service company.

b. The results of the test shall be reported to the appropriate BLM office.

c. 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.

d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. 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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

JDW 4/26/08

MW 4/26/08