

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
June 1, 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 X 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: 575-748-4500 e-mail address: mikes@ypcnm.com
Address: 105 South 4th Street, Artesia NM 88210
Facility or well name: Belco AIA Federal #3H API #: 30-025-38719 U/L or Qtr/Qtr J Sec 14 T 20SS R 32E
County Eddy Latitude: 32.57134 Longitude: 103.73366 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"/> Work over <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</u> mil Clay <input type="checkbox"/> Pit Volume <u>28,000</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) xxxx
	100 feet or more	(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	(0 points) xxxx
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	(0 points) xxxx
Ranking Score (Total Points)		10 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 (check the onsite box if you are burying in place) 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.

Additional Comments: The Belco AIA Federal #3H was drilled to TD using a fresh water mud system. The well was TD at a depth of 6955'. At TD the mud weight was 8.8 lb. The drilling pit material will be mixed with earthen material to stiffen the pit contents, as necessary. The 12 mil Primary liner will be folded over the stiffened mud and cuttings. The drilling pit area will then be backfilled to grade using a minimum of 3 feet of clean soil or like material that is capable of supporting native plant growth.

A one call and a 48 hour notice will be provided to NMOCD

(C144 Previously submitted 3/7/08 approved 4/30/08 - C144 submitted with an alternative method of pit closure)

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 X, or an (attached) alternative OCD-approved plan ☐.

Date: 5/20/2008

Printed Name/Title Mike Stubblefield/Environmental Regulatory Agent

Signature Mike Stubblefield

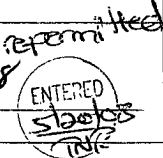
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title CHARIS WILLIAMS/DIST. SUPV.

Signature Charis Williams

Date 6/04/08



mailed to ocd 6/04/08 TR

Yates Petroleum - Belco "AIA" Fed #3H (Unit J) 14-20S-32E Lea Co., NM

*****TITE HOLE!!*****

6723' 96.04 351.07

DC \$107,160; CC \$2,135,175.13

3-31-08

Drilling 6936' sandstone and trace dolomite. Made 155' in 22 hours, 7'/hr. MW 8.7, Vis 41, WL 6, Cl 30,000, PV 4, YP 11, FC 1/32, Calcium 3600, Solids 2.3%, Gels 2/5, pH 9.5, Oil 4%. BGG 10, CG 15. WOB 10, RPM 45, SPM 41/110, PP 450/1400#. Slide to 6782'. Drill to 6801'. Service rig. MWD Survey. Slide to 6813'. Drill to 6832'. MWD Survey. Drilled to 6837'. Slide to 6852'. Drill to 6862'. MWD survey. Slide to 6864'. Drill to 6869'. Slide to 6876'. Drill to 6893'. MWD Survey. Work pipe for tool face. Slide to 6903'. Drill to 6924'. MWD survey. Slide to 6924'. Drill to 6934'. Slide to 6936'. MWD Surveys:

MD	INC	AZIMUTH
6754'	95.81	351.32
6785'	92.25	351.57
6815'	94.75	351.82
6846'	94.56	351.70
6877'	94.94	351.57

DC \$44,056; CC \$2,179,231.13

4-1-08

TD 6955' sandstone. Lay down drill string. Made 19' in 4.5 hours, 4.2'/hr. MW 8.8, Vis 40, WL 4, Cl 30,000, PV 8, YP 12, FC 1/32, Calcium 4200, Solids 2.3%, Gels 5/9, pH 10, Oil 4%. WOB 10, RPM 45, SPM 110, PP 1350#. Slide to 6945'. MWD Survey. Service rig. Slide to 6949'. Drilled to 6955'. MWD Survey. Circulate for short trip. Short trip into casing. Wait on bank. Short TIH to bottom. Reamed tight spot at 6832-6893' clean. Washed 60' to bottom. Circulated for lay down. Repaired laid down machine. Rigged up lay down machine. Spotted 100 bbl pill on bottom. Laid down drill pipe.

MD	INC	AZIMUTH
6898'	95.00	351.45
6908'	95.06	351.07

DC \$46,121.23; CC \$2,225,352.36

4-2-08

TD 6955' sandstone. Jet pits. Made 0'. Laid down drill pipe. Laid down tools. Rigged up casing crew. Run 163 joints 4-1/2" 11.6# P-110 (6916.11') casing, set at 6907'. Diversion Tool/Stage tool set at 4342.9'. Marker joint set at 6102.9'. Float collar set at 6865.6'. Float shoe set at 6907'. Ran centralizers every joint up to DV tool. NOTE: Start running casing. Evacuate hole. Finish running casing. Can only get to 6907'. Circulate with rig pump. Rigged up Schlumberger cement head and circulate 1/2 hour. Cemented with 500 sacks Pecos Valley Lite + 2% D112 + 30% D151 + 2% D174 + 2% D46 + 0.6% D65 + 2% S1 (yld 2.80, wt 13). PD at 10:40 PM 4-1-08. Bumped plug

10/05/2007 10:09

5053934558

TALON LPE HOBBS



AMARILLO
921 North Elvino
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

September 21, 2007

AUSTIN
3005 Tam Gary Court
Building C-100
Round Rock, Texas 78664
Phone 512.989.3428
Fax 512.989.3487

Mr. Larry Johnson
New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240
505-393-6161

Dear Mr. Johnson:

MIDLAND
409 East Industrial Loop
Midland, Texas 79701
Phone 432.522.2193
Fax 432.522.2190

NEW BRAUNFELS
707 N. Walnut Ave.
Suite 208
New Braunfels, Texas 78130
Phone 210.579.0235
Fax 210.588.2191

On September 17, 2007 Talon/LPE drilled to 76 feet and set a temporary monitoring well at the YATES BELCO ALA FED. #1 in Lea county New Mexico. The site is at GPS coordinates 37.571284N 103.734416 W in Section 14 Township 20S Range 32E. The reason for this well was to obtain information to change the site ranking from a ranking of 20 to a ranking of 10. The well was tested by Eb Taylor with a water level indicator on September 20, 2007 74 hours after completion and was found to have no water at this depth. I have enclosed a boring log with this letter completed by Talon/LPE driller Gabe Perez. Upon review of this YATES PETROLEUM is asking that the site ranking be changed from a ranking of 20 to a ranking of 10. If you have any questions please feel free to call me at any time.

Respectfully Submitted,

TULSA
3900 East 43rd Street, Ste. B
Tulsa, OK 74146
Phone 918.742.0871
Fax 918.742.0878

Eb Taylor
Talon/LPE Hobbs Office Manager

HOBBS
218 East Taylor Street
Hobbs, New Mexico 88241
Phone 505.393.4261
Fax 505.393.4658

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING

APR-30-2008 WED 11:11 AM YATES ENGINEERING

FAX NO. 15057484585

P. 06

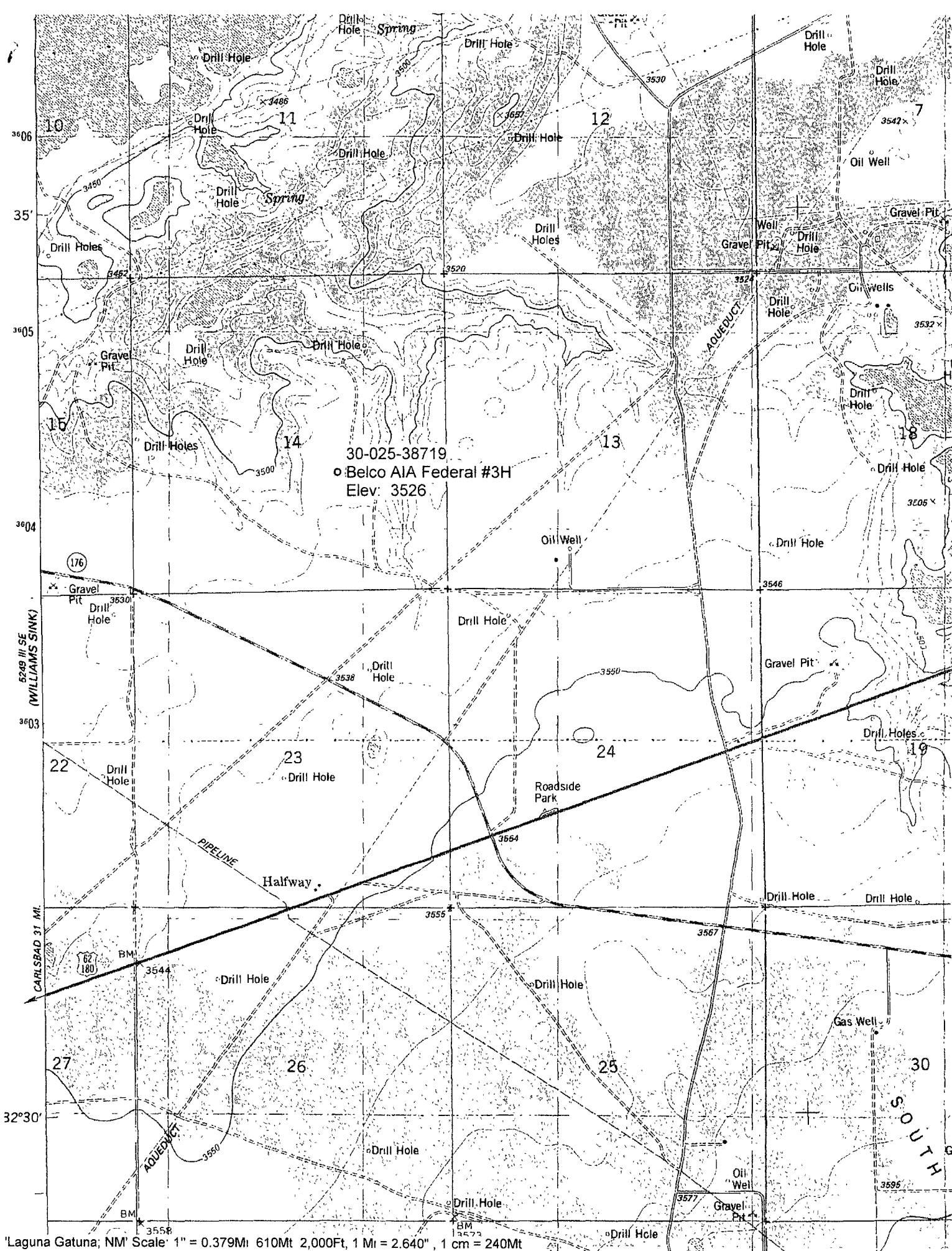
10/05/2007 10:05 5053934658
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TALON LPE HOBBS

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WELL REPORT

1) Well Location				
County	Physical Address	City 30 mi E of	State	Zip
LEA	US-160 & SR-176	Carlsbad	NM	88260
2) GPS Coordinates				
Latitude		Longitude		
37.571284		103.734416		
3) Proposed Use of Well (Check One)				
<input checked="" type="checkbox"/> Monitor Well		<input type="checkbox"/> Soil Boring		<input type="checkbox"/> Other
4) Drilling Dates				
Start Date		Completion Date		
9-19-07		9-19-07		
5) Diameter of Hole				
Diameter (Inches)	From (Feet)	To (Feet)		
5-5/8"	0	76		
6) Drilling Method (Check One)				
<input checked="" type="checkbox"/> Air Rotary		<input type="checkbox"/> Mud Rotary		<input type="checkbox"/> H.S.A.
				<input type="checkbox"/> Other
7) Well / Soil Boring Number				
MW # 1		SB #		
8) Well Boring Soil Description				
From (Feet)	To (Feet)	Description and color of formation material		
0	2	Surface Soil		
3	20	Caliche & gravel		
20	40	Gravel & sand		
40	60	Sand & sandstone		
60	76	Silty clay		
9) Borehole Completion (Sanding information)				
Gravel From	Gravel To (Feet)	Sand Size	Bags Used	
70	4	8/16	14	
10) Borehole Completion (Sanding information)				
Screen From	Screen To (Feet)	Material	Diameter	Screen Slot Size
70	5	PVC	2"	0.010"
Casing From	Casing To (Feet)	Material	Diameter	Casing Schedule
5	0	PVC	2"	40
11) Cementing Data				
	Cement From	Cement To	Number of Sacks Used	
Surface Seal	0 ft.	N/A	ft.	
Seal to Bent.	1 ft.	0	ft.	
12) Well Tests				
ft below ground surface		Did the water contain fuel (PSH)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(1) Flow		(2) Test		
0		GAGE PRESS		



'Laguna Gatuna, NM' Scale: 1" = 0.379Mi 610Mt, 2,000Ft, 1 Mi = 2.640", 1 cm = 240Mt