

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Split Estate

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-0439491
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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Yates Petroleum Corporation 025575		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No. (include area code) 575-748-1471	8. Lease Name and Well No. Federal CW B Com #9H
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 330' FNL & 990' FEL, Surface Hole At proposed prod. zone 330' FSL & 990' FEL, Bottom Hole		9. API Well No. 30-015-39296
10. Field and Pool, or Exploratory Yeso		11. Sec, T., R., M., or Blk. And Survey or Area Sec. 1-T19S-R24E
14. Distance in miles and direction from the nearest town or post office* 18 miles Southwest of Artesia, NM		12. County or Parish Eddy
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 330'		13. State NM
16. No. of acres in lease 320.00		17. Spacing Unit dedicated to this well E2E2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 633'		20. BLM/ BIA Bond No. on file NATIONWIDE BOND #NMB000434
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3666' GL		22. Aproximate date work will start* ASAP
		23. Estimated duration 45 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the BLM |

25. Signature 	Printed Name Travis Hahn	Date 6/17/2011
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Title
Land Regulatory Agent

Approved By (Signature) /s/ Don Peterson	Name (Printed/ Typed) CARLSBAD FIELD OFFICE	Date JUL 24 2011
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Title
FIELD MANAGER

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 wilfully 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)

SEE ATTACHED FOR
CONDITIONS OF APPROVALROSWELL CONTROLLED WATER BASIN
APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Section 1, T19S-R24E

5 Lease Serial No 0439491
NM-045274

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(575) 748-4120

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

330' FNL and 990' FEL Surface Location Section 1-T19S-R24E

330' FSL and 660' FWL Bottom Hole Location Section 1-T19S-R24E

8. Well Name and No.

Federal CW B Com #9H

9 API Well No.

30-015-39296

10 Field and Pool, or Exploratory Area

Yeso

11. County or Parish, State

Eddy County, New Mexico

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

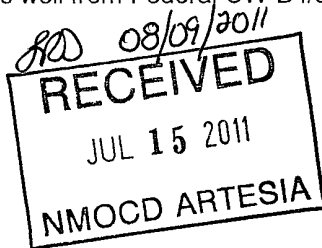
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 <u>Change well name</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (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 recompleat 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall 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 wishes to change the name of this well from Federal CW B #9 to the Federal CW B Com #9H.

Thank you.

**SUBJECT TO LIKE
APPROVAL BY STATE**



APPROVED

JUL 6 2011

/s/ JD Whitlock Jr

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Travis Hahn

Title

Land Regulatory Agent

Signature

Travis Hahn

Date

July 6, 2011

**BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE**

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

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.

Office

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)

YATES PETROLEUM CORPORATION

Federal CW-B Com #9-H
330' FNL & 990' FEL, Surface Hole
330' FSL & 990' FEL, Bottom Hole
Section 1 -T19S-R24E
Eddy County, New Mexico

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

Ground Water	250'-300'		
Grayburg	0'-570'	Yeso Upper	2095'
San Andres	570'	Yeso Pay	2803' Oil
Glorieta	1940'	TD	6977' Oil MD

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

Water: Approx. 250' - 1000'
Oil or Gas: Oil Zones: 2803', & 6977'

3. Pressure Control Equipment: 2000 PSI BOPE with a 9 5/8" opening will be installed on the 9 5/8" casing. Pressure tests to 2000 PSI and held for 30 minutes will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers 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:

- 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.

1. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft.	Grade	Coupling	Interval	Length
14 3/4"	9 5/8"	36#	K-55	LT&C	0-1000'	1000'
*8 3/4"	7"	26#	J-55	LT&C	0-2800'	2800'
8 1/2"	5 1/2"	17#	L-80	LT&C	0-6977'	6977'
6 1/8" 8 1/2"	4 1/2"	11.6#	HCP-110	LT&C	2000-6977'	4977'

*7" casing will only be ran if the hole conditions dictate it. If 7" casing is used the 5 1/2" will not be used.

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

- B. CEMENTING PROGRAM:

Surface Casing: 475 sacks Class C Lite + 2% CaCl₂ (YLD 2.00 WT.12.50). Tail in with 200 sacks Class C + 2% CaCl₂ (WT 14.80, YLD 1.34). Designed with 100% excess. TOC-Surface.

Production: 0'-2800'; Lead with 575' sacks of Class C Lite (WT 12.50, YLD 2.00) CaCl₂ +2%. Tail with 225 sacks of Class C (WT 14.80, YLD 1.34) CaCl₂ +2%. Designed with 100% excess.

Well will be drilled vertically depth to 2053' with an 8 3/4" hole. Well will be kicked off at approximately 2053' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 2800' MD (2530' TVD). If hole conditions dictate, 7" casing will be run. Hole will then be reduced to 6 1/8" and drilled to 6977' MD (2530' TVD) where 4 1/2" liner will be run with packer/port system. If 7" is not run, hole size will be reduced to 8 1/2" and drilled to 6977' MD (2530' TVD). 5 1/2" casing will then be run with a packer/port system in the lateral and an SF cementing tool at the end of the curve. Packers will be set then casing will be cemented from SF tool to surface. Penetration point of producing zone will be encountered at 807' FNL & 990' FEL, Section 1-19S-24E. Deepest TVD is 2530' in the lateral.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1000'	Fresh Water	8.6-9.2	28-28	N/C
1000'-2053'	Cut Brine	8.8-9.3	28-34	N/C
2053'-6977'	Cut Brine	8.8-9.3	28-34	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: 10' Samples from 1000' to TD.
Logging: MWD-GR – Horizontal *see COA*
Coring: TBD.
DST's: TBD.
Mudlogger: TBD.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 1000'	Anticipated Max. BHP:	480	PSI
From: 1000'	TO: 2530'	Anticipated Max. BHP:	1225	PSI
From:				

No abnormal pressures or temperatures are anticipated.
H₂S is possible.

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 65 days to drill the well with completion taking another 30 days.

Federal CW B #9H

Contingency Casing

Intermediate

0 ft to 2,800 ft		Make up Torque ft-lbs			Total ft =	2,800
O.D.	Weight	Grade	Threads	opt.	min.	mx.
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590
Collapse Resistance	Internal Yield	Joint Strength	Body Yield	Drift		
4,320 psi	4,980 psi	367,000 #	415,000 #	6.151		

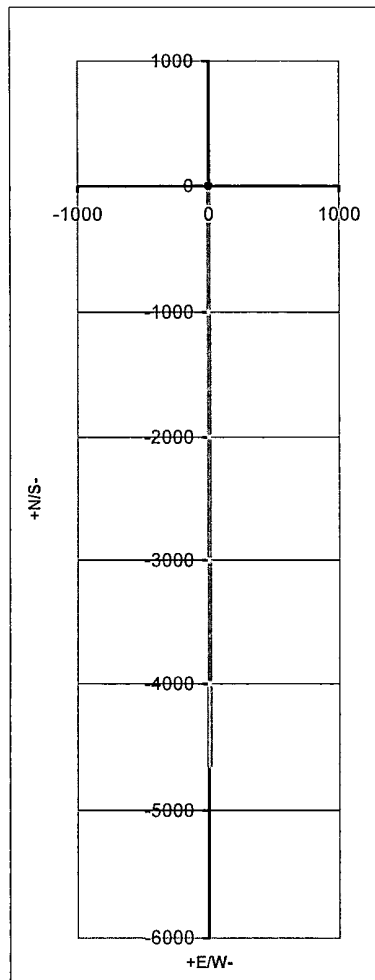
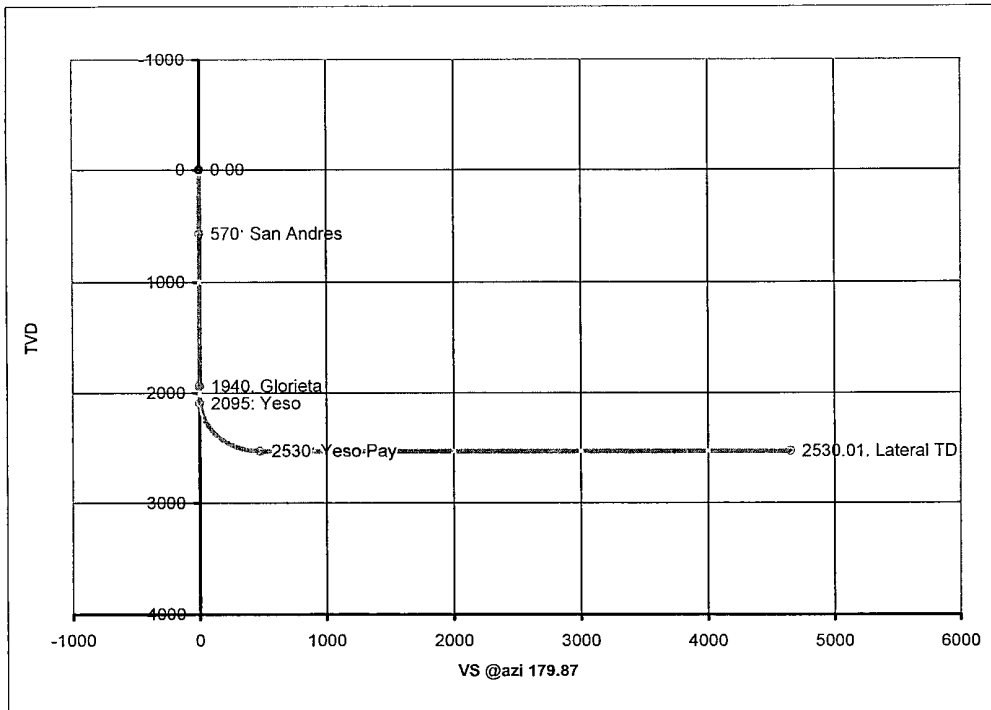
Cement w/300sx Lite C + 2% CaCl₂ (YLD 2.0 Wt: 12.5), tail w/200sx Class C + 2% CaCl₂ (YLD 1 3/4 Wt: 14.8) TOC= surface
Casing grade may be J-55 or L-80.

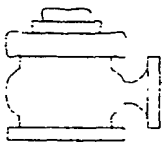
Production

2,000 ft to 6,977 ft		Make up Torque ft-lbs			Total ft =	4,977
O.D.	Weight	Grade	Threads	opt.	min.	mx.
4.5 inches	11.6 #/ft	HCP-110	LT&C	3020	2270	3780
Collapse Resistance	Internal Yield	Joint Strength	Body Yield	Drift		
8,650 psi	10,690 psi	279,000 #	367,000 #	3.875		

4 1/2" casing will be run as a liner with packer/port system No cement.
Casing grade may be L-80 or HCP-110.

No	MD	CL	Inc	Azi	TVD	VS	+N/S-	+E/W-	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	570.00	570.00	0.00	360.00	570.00	0.00	0.00	0.00	0.00	0.00	0.00	San Andres
2	1940.00	1370.00	0.00	360.00	1940.00	0.00	0.00	0.00	0.00	0.00	0.00	Glörieta
3	2052.54	112.54	0.00	179.87	2052.54	0.00	0.00	0.00	0.00	-160.06	0.00	KOP
4	2095.05	42.52	5.10	179.87	2095.00	1.89	1.89	0.00	12.00	0.00	12.00	Yeso
5	2100.00	4.95	5.70	179.87	2099.92	2.36	-2.36	0.01	11.99	0.00	11.99	
6	2200.00	100.00	17.70	179.87	2197.67	22.59	-22.59	-0.05	12.00	0.00	12.00	
7	2300.00	100.00	29.70	179.87	2289.07	62.70	-62.70	0.14	12.00	0.00	12.00	
8	2400.00	100.00	41.70	179.87	2370.13	120.95	-120.95	0.27	12.00	0.00	12.00	
9	2500.00	100.00	53.70	179.87	2437.32	194.77	-194.77	0.44	12.00	0.00	12.00	
10	2600.00	100.00	65.70	179.87	2487.68	280.95	-280.95	0.63	12.00	0.00	12.00	
11	2700.00	100.00	77.70	179.87	2519.03	375.71	-375.71	0.85	12.00	0.00	12.00	
12	2802.53	750.00	90.00	179.87	2530.00	477.46	-477.46	1.08	12.00	0.00	12.00	Yeso Pay
13	6976.52	4173.99	90.00	179.87	2530.01	4651.45	-4651.44	10.49	0.00	0.00	0.00	Lateral TD





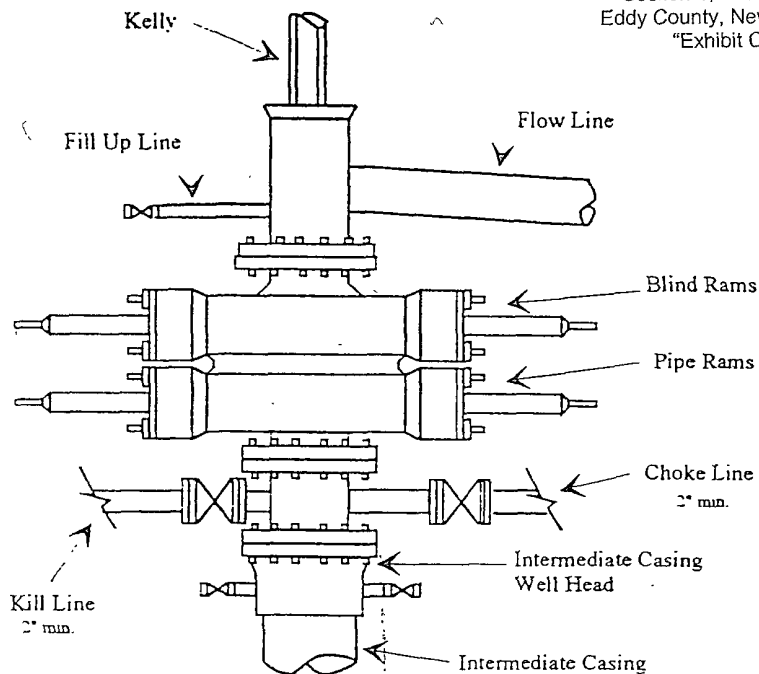
Yates Petroleum Corporation

BOP-2

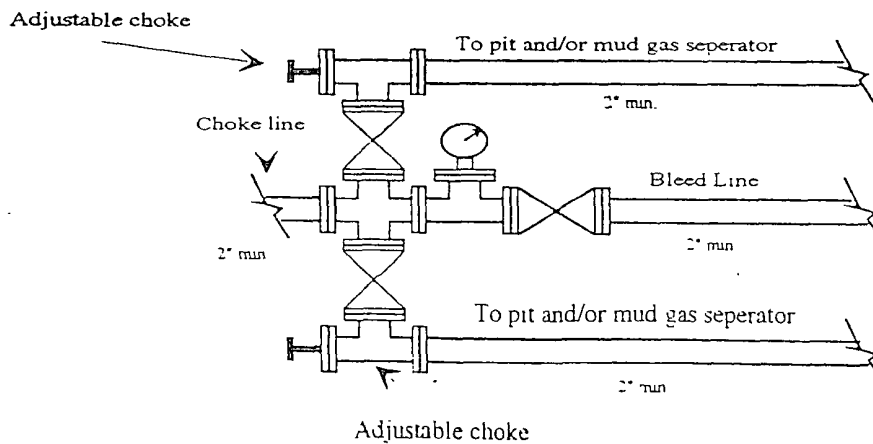
Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

Yates Petroleum Corporation

Federal CW B Com #9H
330' FNL & 990' FEL- SHL
330' FSL & 990' FEL- BHL
Section 1, T19S- R24E
Eddy County, New Mexico
"Exhibit C"



Typical 2,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION

Piping from Choke Manifold
to the Closed-Loop Drilling Mud System
Yates Petroleum Corporation

Federal CW B #9H

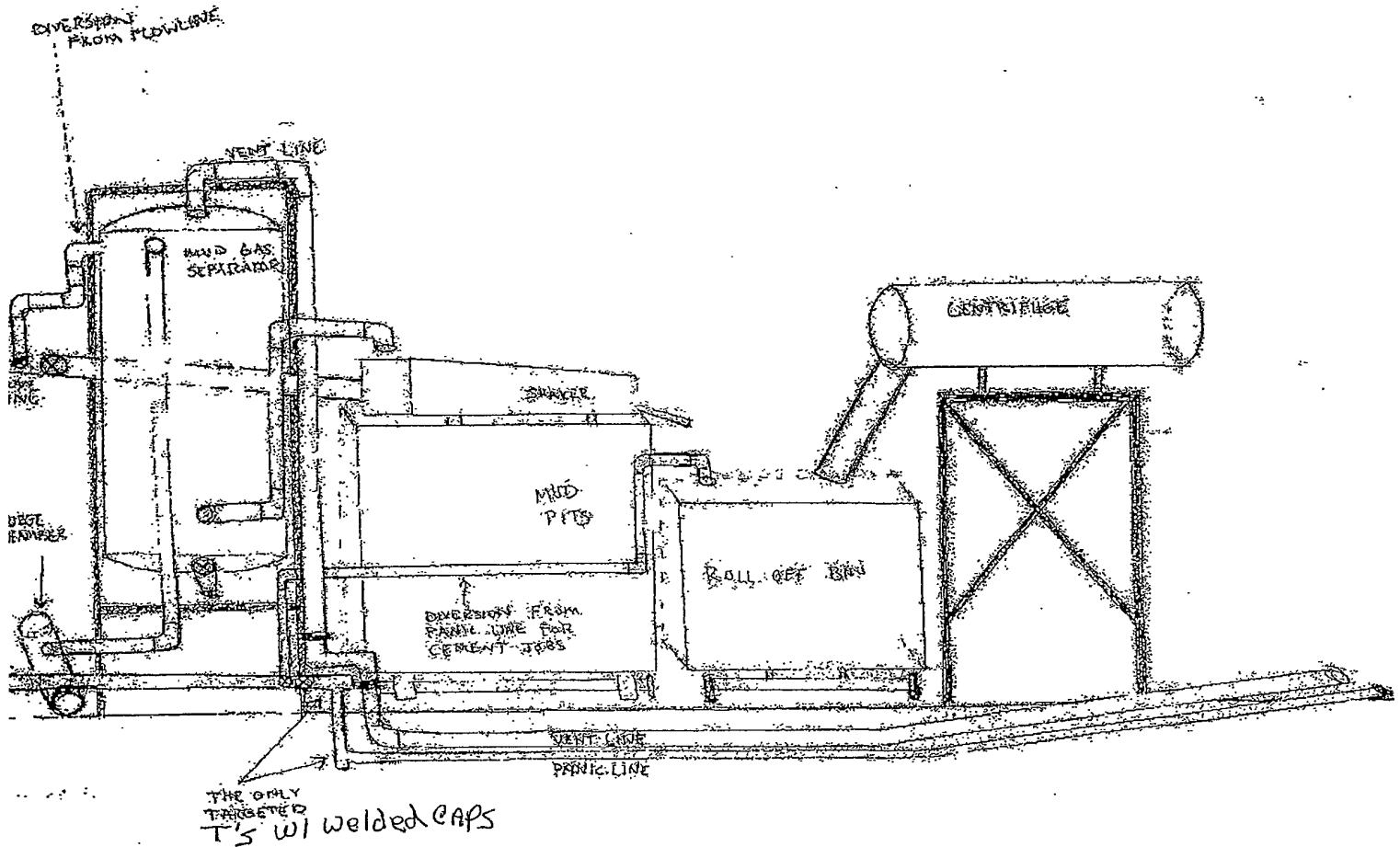
330' FNL & 990' FEL- SHL

330' FSL & 990' FEL- BHL

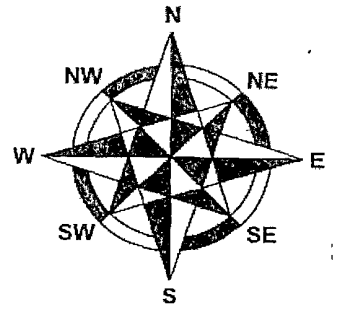
Section 1, T19S- R24E

Eddy County, New Mexico

"Exhibit E"



Yates Petroleum Corporation
Federal CW B #9H
330' FNL & 990' FEL- SHL
330' FSL & 990' FEL- BHL
Section 1, T19S- R24E
Eddy County, New Mexico



YATES PETROLEUM CORPORATION

