

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

OCD Artesia

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1 Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No NM-487738
2 Name of Operator Yates Petroleum Corporation 025575		6 If Indian, Allottee or Tribe Name
3a Address 105 South Fourth Street, Artesia, NM 88210	3b Phone No (include area code) (505) 748-1471	7 If Unit or CA/Agreement, Name and/o
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) 330' FSL and 1650' FWL Surface Hole Location, UL N 2310' FSL and 1650' FWL Bottom Hole Location, UL K Section 32, T18S-R25E		8 Well Name and No Federal AB #13-H
		9 API Well No 37211 30-015-35068
		10 Field and Pool, or Exploratory Area Penasco Draw, San Andres, Yeso
		11 County or Parish, State Eddy 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 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 change drilling plans
	<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 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 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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 change the name of this well from the Federal AB #13 to the Federal AB #13-H. This will now be a horizontal well with the surface hole remaining the same and the bottom hole being 2310' FSL & 1650' FWL. Attached is a new C-102, drilling plan with the horizontal diagrams, and a H2S plan.
Thank you.

Accepted for record - NMOCD

JUL 20 2011

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

ENTERED
IN ATLAS

RECEIVED
JUL 15 2011
NMOCD ARTESIA

14 I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Clifton May	Title Land Regulatory Agent
Signature <i>Clifton May</i>	Date April 8, 2011
THIS SPACE FOR FEDERAL OR STATE USE	
Approved by <i>Ted Morgan</i>	Title Petroleum Engineer
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 BUREAU OF LAND MANAGEMENT CARLSBAD FIELD 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 AB #13-H
330' FSL & 1650' FWL, Surface Hole
2310' FSL & 1650' FWL, Bottom Hole
Section 32-T18S-R25E
Eddy County, New Mexico
API #30-015-35068

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

Name	Vertical(TVD)	Lateral(MD)
San Andres	550	
Glorieta	1955	
Yeso	212	
Yeso Target	2550	
KOP	2072	2070
EOC	2550	2814
EOL	4312	4312

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

Water: 250'
Oil or Gas: Glorieta oil, Yeso oil, & Yeso Target oil.

3. **Pressure Control Equipment:** 2000 PSI BOPE with a 13.625" opening will be installed on the 8 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.

Auxiliary Equipment: Kelley 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 rig floor in the open position at all times for use when Kelly is not in use.

4. **The Proposed Casing and Cementing Program:** All New Casing

Hole Size	Casing Size	Wt./Ft.	Grade	Thread	Interval	Length
11"	8 5/8"	24	J-55	ST&C	0-1125'	1125'
7 7/8"	5 1/2"	15.5	J-55	LT&C	0-4312'	4312

Well will be drilled to 2072 and then kicked off and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 2814' MD (2550'TVD). The hole will then be drilled laterally to 4312 MD (2575' TVD) where 5 1/2" casing will be ran, a packer/port system in the lateral & cemented to surface from top of curve to surface. Penetration point of producing zone will be encountered at 800' FSL and 1650' FWL, 32-18S-25E. Deepest TVD in the well is 2575 in the lateral.

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

Cementing Program:

Surface Casing: Cement with 550 sacks Class C Lite with .03 gal/sack retarder, .2% anti foam, .1% dispersant and 39lb/sack extender (YLD 2.0 WT. 12.5). Tail in with 200 sacks C with 2% CaCl (YLD 1.34 WT. 14.8) TOC surface. Designed with 100% excess.

Production Casing: Production cement to be done in one stages with cementing tool set at 2050'

Stage one from 4312-2070'. No cement will use packer/port system. Cementor @ 2050'.

Stage two from 2050-0'. Lead with 250 sacks C Lite + 2% CaCl (YLD. 2.0 WT. 12.5). Tail in with 50 sacks Class C +2% CaCl (YLD. 1.34 WT. 14.8). TOC surface. Designed with 100% excess.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1125'	Fresh Water	8.6-9.2	29-36	N/C
1125-2072'	Fresh Water	10-10.2	28-30	N/C
2072-2814'	Fresh Water	8.8-9.2	28-29	N/C
2814-4312	Fresh Water	8.8-9.3	28-34	<=15

Sufficient mud materials 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' out from 1125' to TD.

Logging: Platform Express; CNL/LDT/NGT td to surface casing. CNL/GR td to surface, DLL/MSFL td to surface casing. BHC-Sonic td to surface casing.

DST'S: None anticipated

Coring: None anticipated

Mudlogging: 2 man mudlogging from 1125'

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

Anticipated BHP:

From 0 to 1125' Anticipated Maximum BHP: 491 PSI

From 1125 to 2575 Anticipated Maximum BHP 1205 PSI

Abnormal Pressures Anticipated: None

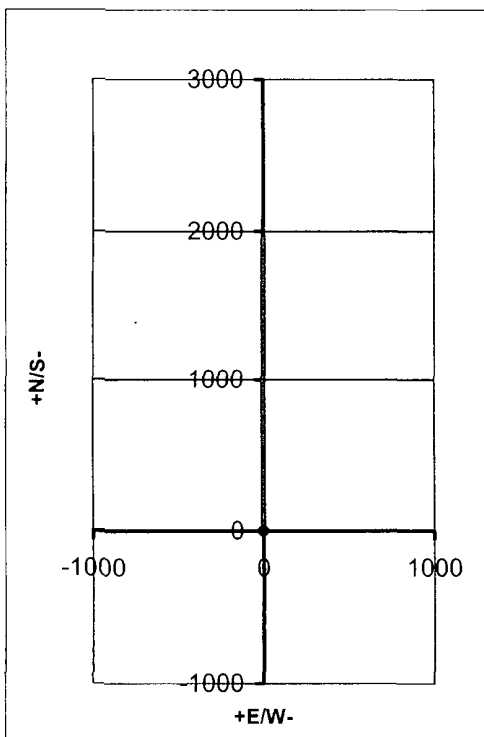
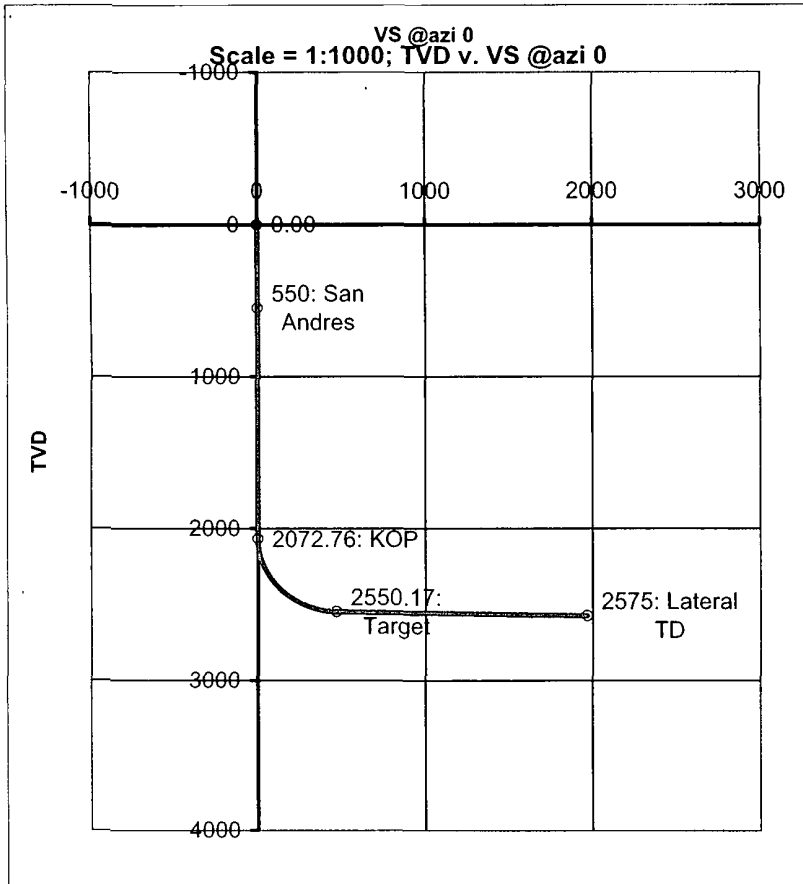
Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: H2S plan 500' above San Andres

Maximum Bottom Hole Temperature: 100 F

8. Anticipated Starting Date:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 35 days to drill the will with completions taking another 35 days.



Co: 0	Units: Feet, ° 7100ft	VS Az: 0.00	Tgt TVD: 2575.00
Drillers: 0	Elevation:	Tgt Radius: 0.00	Tgt MD: 0.00
Well Name: Federal AB #13H	Northing:	Tgt N/S: 1967.37	Tgt Displ.: 0.00
Location: 0	Easting:	Tgt E/W: 0.00	Method: Minimum Curvature

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	550.00	550.00	0.00	0.00	550.00	0.00	0.00	0.00	0.00	0.00	0.00	San Andres
2	1955.01	1405.01	0.00	0.00	1955.01	0.00	0.00	0.00	0.00	0.00	0.00	
3	2072.76	117.76	0.00	0.00	2072.76	0.00	0.00	0.00	0.00	0.00	0.00	KOP
4	2100.00	27.24	3.27	0.00	2099.99	0.78	0.78	0.00	12.00	0.00	12.00	
5	2120.08	20.08	5.68	0.00	2120.01	2.34	2.34	0.00	12.00	0.00	12.00	
6	2200.00	79.92	15.27	0.00	2198.50	16.85	16.85	0.00	12.00	0.00	12.00	
7	2300.00	100.00	27.27	0.00	2291.52	53.06	53.06	0.00	12.00	0.00	12.00	
8	2400.00	100.00	39.27	0.00	2374.98	107.81	107.81	0.00	12.00	0.00	12.00	
9	2500.00	100.00	51.27	0.00	2445.23	178.72	178.72	0.00	12.00	0.00	12.00	
10	2600.00	100.00	63.27	0.00	2499.20	262.69	262.69	0.00	12.00	0.00	12.00	
11	2700.00	100.00	75.27	0.00	2534.54	356.04	356.04	0.00	12.00	0.00	12.00	
12	2800.00	100.00	87.27	0.00	2549.69	454.70	454.70	0.00	12.00	0.00	12.00	
13	2814.85	14.85	89.05	0.00	2550.17	469.54	469.54	0.00	12.00	0.00	12.00	Target
14	4312.87	1498.03	89.05	0.00	2575.00	1967.37	1967.37	0.00	0.00	0.00	0.00	Lateral TD

**Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210**

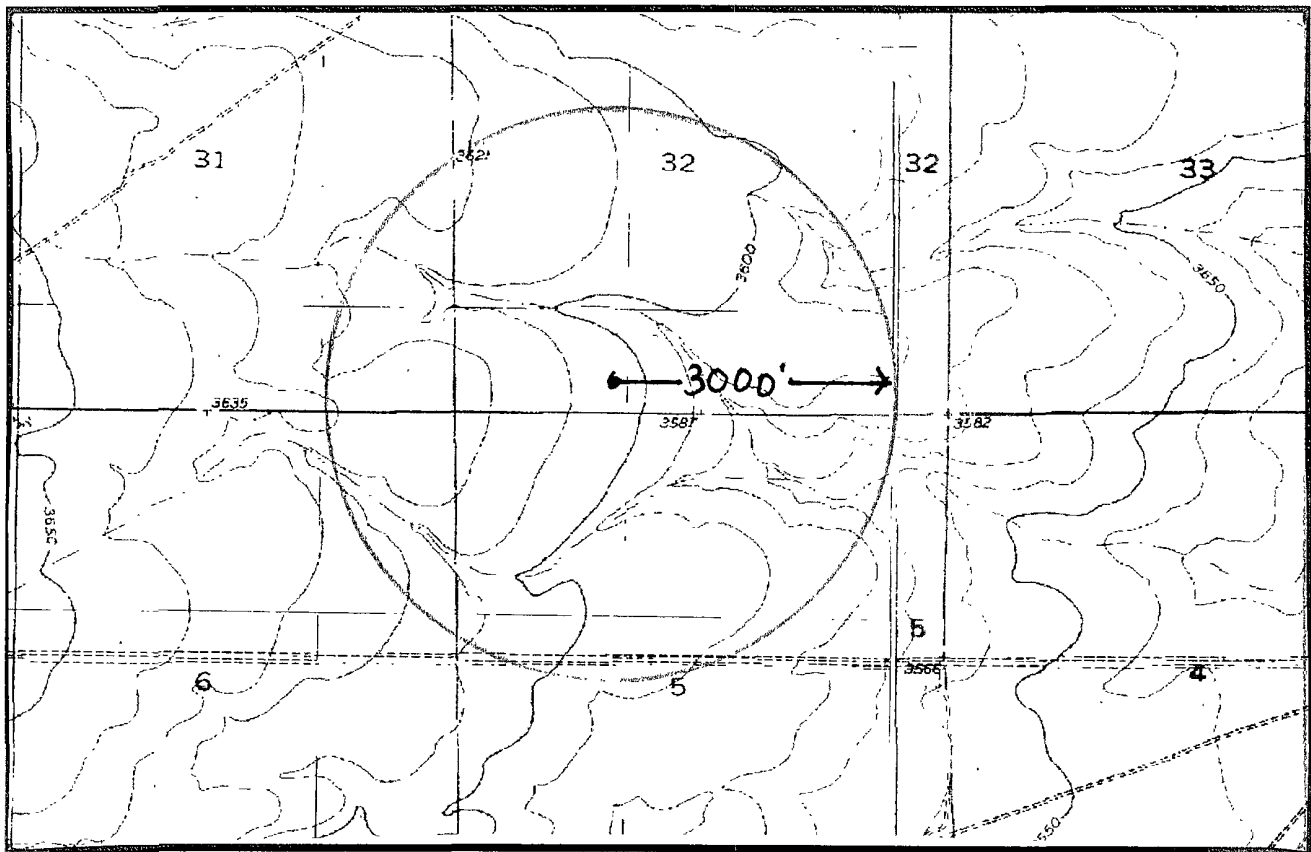
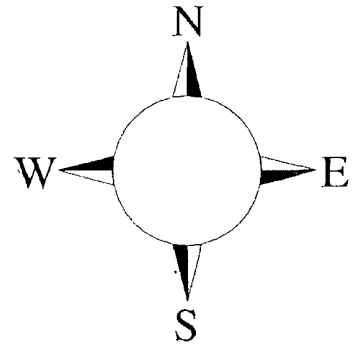
Hydrogen Sulfide (H₂S) Contingency Plan

For

**Federal AB #13-H
330' FSL and 1650' FWL Surface Hole Location
2310' FSL and 1650' FEL Bottom Hole Location
Section 32, T-18S, R-25E
Eddy County NM**

Federal #13-H

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000'
100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the “buddy system” to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico’s ‘Hazardous Materials Emergency Response Plan’ (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office	(575) 748-1471
Darrick Stallings/Operations Manager	(575) 748-4198
Wade Bennett/Prod Superintendent	(575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent	(575) 748-4228
Mike Larkin/Drilling	(575) 748-4222
Paul Hanes/Prod. Foreman/Roswell	(575) 624-2805
Tim Bussell/Drilling Superintendent	(575) 748-4221
Artesia Answering Service	(575) 748-4302
(During non-office hours)	

Agency Call List

Eddy County (575)

Artesia

State Police	746-2703
City Police.....	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee)	746-2122
NMOCD.....	748-1283

Carlsbad

State Police	885-3137
City Police.....	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505) 476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center.....	(505) 476-9635
National Emergency Response Center (Washington, DC)	(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services.....	(575) 746-3569

Flight For Life -4000 24th St, Lubbock, TX(806) 743-9911
Aerocare -Rr 3 Box 49f , Lubbock, TX(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM(505) 842-4949

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

APD is for N ___ P ___ E ___ A ___ D ___

WELL TYPE: O ___ G ___ I ___ S ___ OTHER ___

Operator Yates

OGRID # _____

Well Name & # Federal AB #134

Surface Type (F) (S) (P)

Location: UL N, Sect 32, Township 18 s, RNG 25 e,

Sub-surface Type (F) (S) (P)

1: BHL @: UL K, Sect 32, Township 18 s, RNG 25 e, H ☒ DD _____

2: BHL @: UL _____, Sect _____, Township _____ s, RNG _____ e, H _____ DD _____

A. Date C101 rec'd 7/15/11C101 reviewed 8/24/11

B. 1. Check mark, Information is OK on Forms:

OGRID _____, BONDING _____, PROP CODE _____, WELL # _____, SIGNATURE _____

2. Inactive Well list as of: 8/24/11 # wells 4, # Inactive wells 2374

a. District Grant APD but see number of inactive wells:

No letter required ☒; Sent Letter to Operator _____, to Santa Fe _____3. Additional Bonding as of: 8/24/11

a. District Denial because operator needs addition bonding:

No Letter required ☒; Sent Letter to Operator _____, To Santa Fe _____

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required ☒; Sent Letter to Operator _____, To Santa Fe _____

C102 YES _____, NO _____, Signature _____

1. Pool Penasco Draw SA-8250 Assoc. Code 50270 KZ

a. Dedicated acreage _____, What Units _____

b. SUR. Location Standard _____: Non-Standard Location _____

c. Well shares acres: Yes _____, No _____, # of wells _____ plus this well # _____

2. 2nd. Operator in same acreage, Yes _____, No _____

WELL(S) SHARING:

WELL(S) BY 2nd OPER: Agreement Letter _____, Disagreement letter _____

#10 = 15-23644

9 = 15-23643

3. Intent to Directional Drill Yes ☒ No _____Dedicated acreage 50, What Units KN

Bottomhole Location Standard _____, Non-Standard Bottomhole _____

4. Downhole Commingle: Yes _____, No _____

a. Pool #2 _____, Code _____, Acres _____

Pool #3 _____, Code _____, Acres _____

Pool #4 _____, Code _____, Acres _____

5. POTASH Area Yes _____, No _____

C. Blowout Preventer Yes _____, No _____

D. H2S Yes _____, No _____

E. C144 Pit Registration Yes _____, No _____

F. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes _____, No _____, NSL # _____

2. Non-Standard Proration: Yes _____, No _____, NSP # _____

3. Simultaneous Dedication: Yes _____, No _____, SD # _____

Number of wells _____ Plus # _____

4. Injection order Yes _____, No _____; PMX # _____ or WFX # _____

5. SWD order Yes _____, NO _____; SWD # _____

6. DHC from SF _____; DHC-HOB _____; Holding _____

7. OCD Approval Date 8/24/11

API #30-015--37211

8. Reviewers dm

✓ 15,03910
320 ac
Com Agreement