

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

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

BLM CARLSBAD FIELD OFFICE

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.

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 (re-entry)		5. Lease Serial No. NM-65417
2. Name of Operator Yates Petroleum Corporation 025575		6. If Indian, Allottee or Tribe Name Not Applicable
3a. Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No. (include area code) (575) 748-1471	7. If Unit or CA/Agreement, Name and/o Not Applicable
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 430' S 200' E 810' FSL and 1650' FEL, Unit O, SWSE 660' FSL and 1650' FWL, Unit N, SESW 530' Section 11-22S-31E		8. Well Name and No Martha AIK Federal #9H
		9. API Well No 30-015-37512
		10. Field and Pool, or Exploratory Area Livingston Ridge Delaware
		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 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 recomplete 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 recompletion 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 APD for one year until December 16, 2012.

Accepted for record

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

NMOCD

APPROVED FOR 12 MONTH PERIOD

6/25/12

12/16/12

RECEIVED  
JUN 28 2012  
NMOCD ARTESIA

Thank you.

14. I hereby certify that the foregoing is true and correct		
Name (Printed/Typed) Monti Sanders	Title Land Regulatory Technician	
Signature <i>Monti Sanders</i>	Date November 9, 2011	
THIS SPACE FOR FEDERAL OR STATE USE		
Approved by <i>[Signature]</i>	Title <i>ARM</i>	Date 6/25/12
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 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)

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 11, T22S-R31E

5	Lease Serial No.  NM-65417
6.	If Indian, Allottee or Tribe Name
7.	If Unit or CA/Agreement, Name and/o
8.	Well Name and No. Martha AIK Federal #9H
9.	API Well No.
10.	Field and Pool, or Exploratory Area Brushy Canyon, Delaware
11.	County or Parish, State Eddy County, New Mexico

**SUBMIT IN TRIPLICATE – Other instructions on reverse side**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> 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) 430' FSL and 200' FEL Surface Location Section 11-T22S-R31E 430' FSL and 1650' FWL Bottom Hole Location Section 11-T22S-R31E	

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

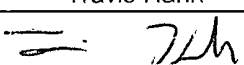
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Request to change location, and to Horizontal
	<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 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 shall 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 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 is requesting permission to change the surface hole location from 810' FSL & 1650' FEL to 430' FSL & 200' FEL.  
Yates is requesting permission to change the bottom hole location from 660' FSL & 1650' FWL to 530' FSL & 1650' FWL.  
Yates is requesting permission to change the well type from vertical to horizontal.

Thank you.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct		
Name (Printed/Typed) Travis Hahn	Title Land Regulatory Agent	
Signature 	Date July 29, 2011	
THIS SPACE FOR FEDERAL OR STATE USE		
Approved by /s/ Don Peterson	Title	Date JUN 25 2012
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)

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 and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
		Brushy Canyon
Property Code	Property Name	Well Number
	MARTHA "AIK" FEDERAL	9H
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORP.	3568'

Surface Location

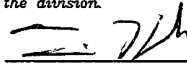
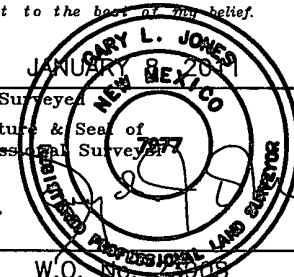
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	22 S	31 E		430	SOUTH	200	EAST	EDDY

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
N	11	22 S	31 E		430	SOUTH	1650	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
120			

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><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°23'59.89" Long - W 103°45'06.62" NMSPCE- N 509727.780 E 720808.039 (NAD-83)</p>	<p>Project area</p>	<p>Production zone</p>	<p>Penetration Point 430' FSL 677' FSL</p>	<p><b>SURFACE LOCATION</b> Lat - N 32°23'59.93" Long - W 103°44'26.65" NMSPCE- N 509750.872 E 724235.171 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b> 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.</p> <p> 7/29/11 Signature Date</p> <p>Travis Hahn Printed Name</p> <p>thahn@yatespetroleum.com Email Address</p>
<p>NM-65417</p>					<p><b>SURVEYOR CERTIFICATION</b> 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></p> <p>Date Surveyed Signature &amp; Seal of Professional Surveyor</p> <p>W.O. No. 23908</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 23908</p>

# YATES PETROLEUM CORPORATION

Martha AIK Federal #9H  
430' FSL & 200' FEL, Surface Hole  
430' FSL & 1650' FWL, Bottom Hole  
Section 11 -T22S-R31E  
Eddy County, New Mexico

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

Rustler	775'	Cherry Canyon	5360' Oil
Top of Salt	1000'	Livingston Ridge	7030' Oil MD
Base of Salt	3958'	Brushy Canyon	7150' Oil MD
Bell Canyon	4510'	Brushy Canyon Mkr	8037' Oil MD
		Brushy Sand Target	8573' Oil MD
		TD	11522' Oil MD

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

Water: Approx. 0' - 775'

Oil or Gas: Oil Zones: 5360', 7030', 7150', 8037', & 8573'

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13 3/8" casing and also on the 9 5/8" casing. Pressure tests to 3000 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 C.

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)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	J-55	ST&C	0-800' See COB	800' 850'
12 1/4"	9 5/8"	40#	J-55	LT&C	0-100'	100'
12 1/4"	9 5/8"	36#	K-55	LT&C	100-3300'	3200'
12 1/4"	9 5/8"	40#	J-55	LT&C	3300-4350'	1050'
8 3/4"	5 1/2"	17#	HCP-110	LT&C	0-7800'	6500' 7800'
8 1/2"	5 1/2"	17#	L-80	LT&C	7800'-11522'	3767'

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

B. CEMENTING PROGRAM:

Surface Casing: 425 sacks Class C Lite + 2% CaCl<sub>2</sub> (YLD 2.00 WT.12.50). Tail in with 210 sacks Class C + 2% CaCl<sub>2</sub> (WT 14.80, YLD 1.34). Designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 1225 sacks Class C Lite + 2% CaCl<sub>2</sub> (YLD 2.00 WT 12.50); tail in with 210 sacks Class C + 2% CaCl<sub>2</sub> (YLD 1.34 WT. 14.80). Designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in three stages, DV tools @ 5000' and 7400' on production casing.

Stage 1 from 7400'-11522'; lead with 1060 sacks Pecos Valley Lite (YLD 1.83 WT. 13.00). 30% CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 100% excess. TOC-7400'

Stage 2 from 5000' - 7400'; lead with 530 sacks of Class C Lite (YLD 2.00 WT 12.50) CaCl<sub>2</sub> +2%. Tail with 100 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 100% excess.

Stage 3 from 0' – 5000'; lead with 1200 sacks of Class C Lite ( WT 12.50, YLD 2.00) CaCl<sub>2</sub> +2%. Tail with 100 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 100% excess.

Well will be drilled vertically depth to 7823'. Well will be kicked off at approximately 7823' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 8600' MD (8300' TVD). Hole will then be reduced to 8 1/2" and drilled to 11522' MD (8300' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 430' FSL & 677' FEL, Section 11-22S-31E. Deepest TVD is 8300' in the lateral. NO PILOT HOLE.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-800'	Fresh Water Gel	8.6-9.2	32-34	N/C
800'-4350'	Brine Water	10.0-10.10	28-28	N/C
4350'-6950'	Cut Brine	8.7-9.1	28-28	N/C
6950'-7823'	Cut Brine	8.7-9.1	28-28	<10-15
7823'-11522'	Cut Brine (Lateral Section)	8.7-9.1	28-28	<10-12

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 Intermediate casing.

Logging: Platform Express through curve.

CNL/LDT/NGT – through curve to Intermediate casing

CNL/GR – through curve to surface

DLL-MSFL – through curve to surface casing

GHC Sonic-CMR – through curve to surface casing

MWD-GR – Horizontal

Coring: TBD.

DST's: TBD.

Mudlogger: TBD.

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

Anticipated BHP:

From: 0	TO: 800'	Anticipated Max. BHP:	385	PSI
From: 700'	TO: 4350'	Anticipated Max. BHP:	2285	PSI
From: 4350	TO: 8300'	Anticipated Max. BHP	3930	PSI

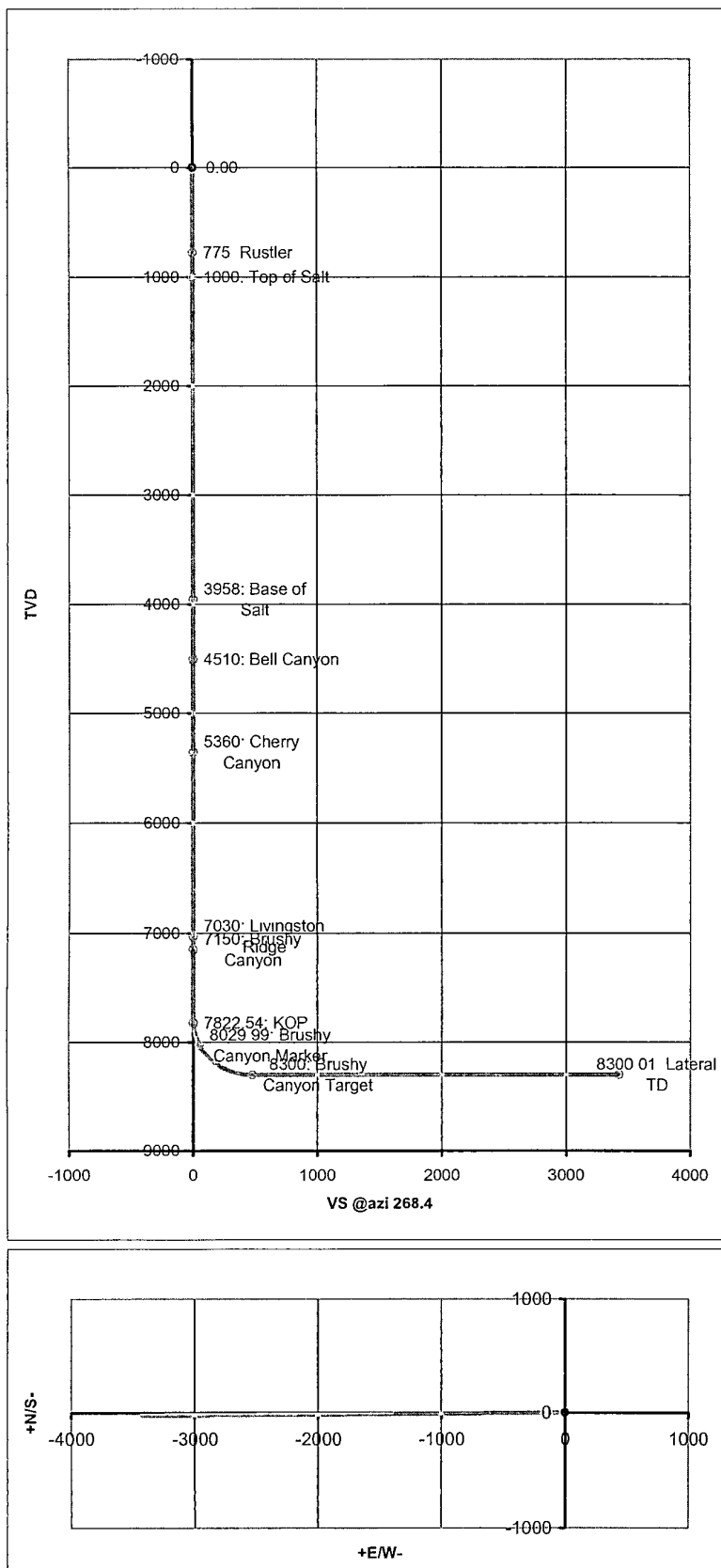
No abnormal pressures or temperatures are anticipated.

Possible water flow below 2800'

H2S may be encountered on this well.

7. 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.



Co: Yates Petroleum Corporation		Units: Feet, ° 1100ft	VS Az: 269.62	Tgt TVD: 8300.00
Drillers: 0		Elevation:	Tgt Radius: 0.00	Tgt MD: 0.00
Well Name: (Martha AIK Federal #9H)		Northing:	Tgt N/S: -23.00	Tgt Displ.: 0.00
Location: Sect. 11, 22S-31E		Easting:	Tgt E/W: -3427.00	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	775.00	775.00	0.00	360.00	775.00	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	1000.00	225.00	0.00	360.00	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	Top of Salt
3	3958.00	2958.00	0.00	360.00	3958.00	0.00	0.00	0.00	0.00	0.00	0.00	Base of Salt
4	4510.00	552.00	0.00	360.00	4510.00	0.00	0.00	0.00	0.00	0.00	0.00	Bell Canyon
5	5360.00	850.00	0.00	360.00	5360.00	0.00	0.00	0.00	0.00	0.00	0.00	Cherry Canyon
6	7030.00	1670.00	0.00	360.00	7030.00	0.00	0.01	0.00	0.00	0.00	0.00	Livingston Ridge
7	7150.00	120.00	0.00	360.00	7150.00	0.00	0.01	0.00	0.00	0.00	0.00	Brushy Canyon
8	7822.54	7822.54	0.00	269.62	7822.54	0.00	0.01	0.00	0.00	3.45	0.00	KOP
9	7900.00	77.46	9.30	269.62	7899.66	6.27	-0.04	-6.27	12.00	0.00	12.00	
10	8000.00	100.00	21.30	269.62	7995.94	32.60	-0.21	-32.60	12.00	0.00	12.00	
11	8037.15	214.61	25.75	269.62	8029.99	47.43	-0.31	-47.43	12.00	0.00	12.00	Brushy Canyon Marker
12	8100.00	62.85	33.30	269.62	8084.64	78.38	-0.52	-78.38	12.00	0.00	12.00	
13	8200.00	100.00	45.30	269.62	8161.89	141.60	-0.94	-141.59	12.00	0.00	12.00	
14	8300.00	100.00	57.30	269.62	8224.31	219.49	-1.47	-219.49	12.00	0.00	12.00	
15	8400.00	100.00	69.30	269.62	8269.16	308.66	-2.06	-308.66	12.00	0.00	12.00	
16	8500.00	100.00	81.30	269.62	8294.50	405.21	-2.71	-405.20	12.00	0.00	12.00	
17	8572.53	750.00	90.00	269.62	8300.00	477.46	-3.20	-477.45	12.00	0.00	12.00	Brushy Canyon Target
18	11522.15	2949.61	90.00	269.62	8300.01	3427.08	-22.99	-3427.00	0.00	0.00	0.00	Lateral TD



# PECOS DISTRICT

## CONDITIONS OF APPROVAL

OPERATOR'S NAME:	YATES PETROLEUM CORPORTION
LEASE NO.:	NM65417
WELL NAME & NO.:	9H – MARTHA AIK FEDERAL
SURFACE HOLE FOOTAGE:	430' FSL & 200' FEL
BOTTOM HOLE FOOTAGE:	530' FSL & 1650' FWL
LOCATION:	Section 11, T.22 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**

- Lesser Prairie-Chicken Timing Stipulations
- Ground-level Abandoned Well Marker

- ☐ **Construction**
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads

- ☐ **Road Section Diagram**

- ☒ **Drilling**
  - Logging Requirements
  - R-111-P Potash
  - WIPP Requirements
  - Waste Material and Fluids

- ☐ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines
  - Electric Lines

- ☐ **Interim Reclamation**

- ☐ **Final Abandonment & Reclamation**