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Form 3160-5 (March 2012) DEF BUR	UNITED STATE: PARTMENT OF THE I EAU OF LAND MANA	S NTI AGI	OC ERIOR EMENT	D Artesia		F (Ex 5. Lease Serial No.	ORM APPROVED DMB No. 1004-0137 pires: October 31, 202	14
SUNDRY N	RT	TS ON WELLS			NM-106678 & Nm-96209 6. If Indian, Allottee or Tribe Name			
Do not use this f abandoned well.	orm for proposals to Use Form 3160-3 (Al	o di PD)	rill or to re-en for such prop	ter an oosals.				
SUBMI	TIN TRIPLICATE Other	instr	uctions on page 2.			7. If Unit of CA/Agree	ment, Name and/or N	No.
1. Type of Well						8. Well Name and No.		<u></u>
2. Name of Operator		1	Bolivar BRD Fede 9, API Well No.			Bolivar BRD Federa 9. API Well No.	Com. #1-H	
Yates Petroleum Corporation 3a. Address		3b. []	Phone No. (include a	area code)		30-015-40742		
105 South Fourth Street, Artesia, New Mexico 8	8210	575	-748-4372			Undesignated 2nd Bone Spring		
4. Location of Well (Footage, Sec., T., 1980' FSL & 330' FEL, Surface Hole, Section 33 1980' FSL & 330' FWL, Bottom Hole, Section 33	R., M., or Survey Description) 3-T24S-R27E 3-T24S-R27E			-		11. County or Parish, S Eddy County, New M	State Mexico	
12. CHEC	K THE APPROPRIATE BO	X(ES	5) TO INDICATE N	ATURE OF	NOTI	CE, REPORT OR OTH	ER DATA	
TYPE OF SUBMISSION				TYPE C	F AC	TON		
Notice of Intent	Acidize		Deepen] Proc	luction (Start/Resume)	Water Shut-O	۲ff ۱
Subsequent Report	Casing Repair		New Constructi	on [Rec	omplete	Other Chan	ge TD
	Change Plans		Plug and Abanc	lon] Ten	porarily Abandon	<u> </u>	
testing has been completed. Final determined that the site is ready fo Yates Petroleum Corporation wishe new Drilling Plan. Accepted NMC SEE ATTACHED CONDITIONS O	Abandonment Notices must b r final inspection.) s to change the depth of th for record CD (63) 3/7/2003 FOR F APPROVAL	is w	ed only after all requ ell from 9850' TVD MA MA NMOC	CEIV R 07 20 D ART	ES (g reclamation, have been	Completed and the o	D MAGENTENT
14. Thereby certify that the foregoing is t Cy Cowan	rue and correct. Name (<i>Printed</i>		Title Li	and Regula	tory A	gent BU	REAU OF LAND FILL CARLSBAD FIELD) OFFICE
Signature A DUM			$D_{ate} 2/23/13$					
J	THIS SPACE	FOF	R FEDERAL O	R STATI	E OF	FICE USE		<u> </u>
Approved by Ed Fe	Frnandez		P E		.EL		ER	
Conditions of approval, if any, are attached that the applicant holds legal or equitable t entitle the applicant to conduct operations	d. Approval of this notice does itle to those rights in the subjec thereon.	not v	warrant or certify se which would Of	fice		•		
Title 18 U.S.C. Section 1001 and Title 43 fictitious or fraudulent statements or repre-	U.S.C. Section 1212, make it a esentations as to any matter with	crim hin it	e for any person know s jurisdiction.	vingly and w	llfully	to make to any departmen	t or agency of the Uni	ted States any false,
(Instructions on page 2)								

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DISTRICT 1 1625 N. French Dr., Hobbs, NM 88240 Phone (675) 593-6161 Pax: (576) 593-0720 DISTRICT II 1301 W. Grand Avenue, Artesia, NM 88210 Phone (575) 748-1283 Pax: (575) 748-9720

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone (505) 478-3460 Fax: (505) 478-3462 State of New Mexico Energy, Minerals and Natural Resources Department

Submit one copy to appropriate District Office

.

OIL CONSERVATION DIVISION

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

□ AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Name API Number Pool Code Undesignated 2nd Bone Spring Property Code **Property** Name Well Number BOLIVAR "BRD" FEDERAL COM 1H OGRID No. **Operator** Name Elevation 3253 025575 YATES PETROLEUM CORP. Surface Location North/South line East/West line UL or lot No. Section Township Range Lot Idn Feet from the Feet from the County 27 E SOUTH 330 EAST EDDY 1 33 24 S 1980 Bottom Hole Location If Different From Surface UL or lot No. Lot Idn Feet from the North/South line Feet from the East/West line Section Township Range County 27 E 330 WEST EDDY 33 24 S 1980 SOUTH Ł 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 OPERATOR CERTIFICATION OPERATOR CERTIFICATION 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 "poluntary pooling agreement or a compulsory pooling order heretofore entered by the division divi Signat PROPOSED BOTTOM <u>HOLE LOCATION</u> Lat - N 32°10'18.67" SURFACE LOCATION Cy Cowan Lat - N 32°10'18.73" Long - W 104*12'10.93" Long - W 104*11'16.85" Printed Name NMSPCE- N 426273.756 E 581654.331 NMSPCE- N 426286.164 E 586302.890 cy@yatespetroleum.com (NAD-83) (NAD-83) Email Address SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of 3254.2 3246 actual surveys made by me or under my S.L. supervison, and that the same is true and 4649.7' 3301 B.H correct my belief. 330 JONES 1 IDER 11 3256.5 3249 D٤ S 980 Project Zone Producing Zone | Penetration Point 80, 1979' FSL & 818' FEL 5665 Certificate No. Gary L. Jones 7977 25665 BASIN SURVEYS

YATES PETROLEUM CORPORATION Bolivar BRD Federal Com #1-H 1980' FSL & 330' FEL, Surface Hole 1980' FSL & 330' FWL, Bottom Hole Section 33 –T24S-R27E Eddy County, New Mexico

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

Rustler	Surface	Brushy Canyon Marker	5431'	
Castile Lower	371'	Bone Spring LM	5741'	
TOS	592'	Avalon Shale	5806' Gas	
BOS	2031'	Bone Spring 1/SD/	6791' Oil	
Lamar	2231'	Bone Spring 2/SD/	7515' Oil	
Delaware	2281'	Target SBSG	7913'	
Cherry Canyon	3091' Oil	TD-TMD Lateral	12075'	
Brushy Canyon	4191' Oil			

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

Water: Approx 250' - 350' Oil or Gas: See above--All Potential Zones



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. BOP preventers and equipment will be tested to the pressure approved in the APD. Test will be conducted by an independent tester, utilizing a test plug in the well head. Test will be held for 10 minutes on each segment of the system tested. Any leaks will be repaired at the time of the test. Annular preventers will be tested to 50% of rated pressure. Accumulator system will be inspected for correct pre charge pressures, and proper functionality, prior to connection to the BOP system. Tests 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.

5. THE PROPOSED CASING AND CEMENTING PROGRAM:

Hole Size	Casing Soze	Wt./Ft.	Grade	Coupling	Interval	Length
26"	20"	94#	H-40	ST&C	0-40'	40'
17 1/2"	13 3/8"	48#	J-55	ST&C	0-400'	400'
12 1/4"	9 5/8"	36#	J-55	LT&C	0-2350'	2350'
8 3/4"	5 1/2"	17#	P-110	Buttress	0-7913'	7913'
8 1/2"	5 1/2"	17#	P-110	Buttress	7913'-12075'	4162'

A. Casing Program: (All New)

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

B. CEMENTING PROGRAM:

Surface casing: 420 sacks Class C + 2% CaCl2 (WT 14.80 Yld. 1.34). Designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 600 sacks 35:65:6PzC (WT 12.50 Yld 2.00); Tail in with 200 sacks Class C + 2% CaCl2 (WT. 14.8 Yld 1.34). Designed with 100% excess. TOC-Surface

Production Casing, Stage 1: Lead with 570 sacks 35:65:6PzC (WT 12.50 Yld 2.00); Tail in with 1025 sacks PecosVILt with Fresh Water=9.297 gal/sk, D151-CaCO3 Weight=30% BWOC, D174-Expanding Ce=1.5% BWOC, D046-Antifoam=.2% BWOC, D800-Retarder=.6% BWOC, D112-Fluid Loss=.5% BWOC, and D208-Viscosifier=.1% BWOC (WT 13.00 Yld 1.41). Cement designed with 35% excess. TOC-4500'.

Production Casing, Stage 2: Lead with 385 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 100 sacks Class C with CaCl2 (Wt. 14.80 Yld. 1.34). Cement designed with 35% excess. TOC is 1850'.

- The well will be drilled vertically depth to 7152'. Well will then be kicked off at 7152' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 7913' MD (7630' TVD). Hole size will be reduced to 8 1/2' and drilled to 12075' MD 97536' TVD) where 5 1/2" will be set and cemented 500' into the intermediate casing with a DV/Stage tool between 4250' and 4750'. If the DV/Stage tool is moved, the cement will be distrusted proportionally. Penetration point of producing zone will be encountered at 1979' FSL & 818' FEL, 33-24S-27E. Deepest TVD in the well will be 7630' in the lateral.
- 6. Mud Program and Auxiliary Equipment:

Interval	Туре	Weight	Viscosity	Fluid Loss
0-400'	Fresh Water	8.60-9.20	30-34	N/C
400'-2350'	Brine Water	10.00-10.20	28-29	N/C
2350'-12075'	Cut Brine	8.70-9.00	28-32	N/C

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. The slow pump speed will be recorded on the daily drilling report after mudding up. A mud test will be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH. After surface casing is set an electronic PVT system will be installed as our primary mud level monitoring system. A secondary system will also be implemented as to insure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand visually checking the fluid level in the pits periodically using a nut on the end of a rope hanging just above the fluid level in the pit.

7. EVALUATION PROGRAM: See COA

Samples: 30' samples to 3000'. 10 samples 3000' to TD.
Logging: GR Neutron 30 degree deviation to surface. Density 30 degree deviation to intermediate casing.
Laterolog 30 degree deviation to intermediate casing. CMR TD to 1780' (Top of Delaware).
Coring: As warranted.
DST's: As warranted.
Mudlogging on from surface casing to TD

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

Anticipated BHP:

From: 0 to 400'	Anticipated Max. BHP: 179 PSI
From: 400' to 2350'	Anticipated Max. BHP: 1246 PSI
From: 2350' to 7630'	Anticipated Max. BHP: 3571 PSI

No abnormal pressures or temperatures are anticipated. Lost Circulation Zones Anticipated: None. H2S Zones Anticipated: None

9. 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.



Operator Co.

Operator [Yates Petroleum Corp.] Northing Bate [8-Jan-13] Dir. Co. [Yates Petroleum Corp.] Easting System [2-3: Pirane Mell Name Boilvar #1H Survey Lasting Location [Sec. 3], 245-27E Longitude Longitude JMD Mol Mol System [2-3: Pirane JMD MOL MOL Mol System [2-3: Pirane JMD MOL MOL Mol All Divar #1H Survey JMD MOL MOL MOL Mol Mol JMD MOL MOL MOL Mol Mol Mol JMD MOL MOL Mol 0.00 0.00 0.00 0.00 0.00 JMD 0.00 360.00 231.00 0.00 <				er sin	urvey/Plann	ing Report			S. Carlor	
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12074 51: LATERAL TD 12075' MD (7536' TVD)	12074.51 LATE	RAI TO 12	075' MD (75	36' TVD)				0.00		0.00





CONDITIONS OF APPROVAL

SUNDRY dated 2/20/2013					
OPERATOR'S NAME:	YATES PETROLUEM CORPORATION				
LEASE NO.:	NM106678				
WELL NAME & NO.:	1H BOLIVAR BRD FEDERAL COM 3001540742				
SURFACE HOLE FOOTAGE:	1980' FSL & 330' FEL				
BOTTOM HOLE FOOTAGE	1980' FSL & 330' FWL				
LOCATION:	Section 33, T.24 S., R.27 E., NMPM				
COUNTY:	Eddy County, New Mexico				

Original COA still applies with the following changes:

A. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

Wait on cement (WOC) time prior to drilling out 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 for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Medium cave/karst potential.

Possible lost circulation in the Castile and Delaware formations. Possible high pressure gas in the Wolfcamp formation.

- 1. The **13-3/8** inch surface casing shall be set at approximately **400** feet and cemented to the surface.
 - 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. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - 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 cementing will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.

- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - a. First stage to DV tool:
 - Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
 - b. Second stage above DV tool:
 - Cement should tie-back at least <u>500 feet</u> into previous casing string. Operator shall provide method of verification.
- 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.

B. 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.
 - a. For surface casing only: If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent Service Company required.

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- 3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. 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.
 - e. 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.

C. DRILL STEM TEST

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

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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