

ATS-10-764

OCD-ARTESIA

Form 3160-3
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTERFORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 20071a. Type of Work: ☒ DRILL ☐ REENTER
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation 025575

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

505-748-1471

4. Location of well (Report location clearly and in accordance with any State requirements. *)
At surface

2130' FSL & 330' FEL, NESE, Section 13-T18S-29E

At proposed prod. zone

1980' FSL & 330' FWL, NWSW, Section 13-T18S-R29E

14. Distance in miles and direction from the nearest town or post office*

Approximately 6 miles south of Loco Hills, NM

15. Distance from proposed*
location to nearest

(Also to nearest drlg. unit line, if any)

330'

16. No. of acres in lease

520.00

17. Spacing Unit dedicated to this well

N2S2-Sec.13-18S-29E

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth

7980 VD & 12397 MD

20. BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3468 GL

22. Approximate date work will start*

ASAP

23. Estimated duration

60 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:

- Well plat certified by a registered surveyor.
- ap
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by existing bond on file (see item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the BLM

25. Signature

Clifton May

Name (Printed/ Typed)

Clifton May

Date

11/4/2010

Title

Land Regulatory Agent

Approved By (Signature)

/s/ James Stovall

Name (Printed/ Typed)

Date

FEB 18 2011

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject land which would entitle the applicant to operations thereon.

Conditions of approval, if any, are attached.

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 APPROVAL

Roswell Controlled Water Basin

APPROVAL FOR TWO YEARS
APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

YATES PETROLEUM CORPORATION
 Slalom "BPZ" Federal #1H
 2130' FSL and 330' FEL, Section 13-18S-29E, Surface Hole Location
 1980' FSL and 330' FWL, Section 13-18S-29E, Bottom Hole Location
 Eddy County, New Mexico

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

Rustler	320'	San Andres	3160'
Tansill	1170'	Bone Springs	4270' Oil
Yates	1260'	First Bone Springs	6950' Oil
Seven Rivers	1670'	2 nd Bone Springs	7570' Oil
Queen	2250' Oil/Gas	Target Sand (Lateral)	7980' Oil 8252'MD
Grayburg	2630'	TD (Lateral Hole)	12397'MD

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

Water: 160'

Oil or Gas: Zones: 2250' Oil/Gas, 4270' Oil, 6950' Oil, 7570' Oil & 7980'.

3. Pressure Control Equipment: BOPE will be installed on the ~~13 3/8"~~ ^{11 3/4"} and 8 5/8" casing and rated for 3000# BOP System. Pressure 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: 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:

- A. CASING PROGRAM: All new casing to be used

See COA

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
14 3/4"	11 3/4"	42#	H-40	ST&C	0- 400' ^{375'}	400' ^{375'}
11"	8 5/8"	32#	J-55	ST&C	0-3300'	3300'
7 7/8"	5 1/2"	17#	P-110	LT&C	0-8300'	8300'
7 7/8"	5 1/2"	17#	L-80	LT&C	8300'-12397'	4097'

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

- B. CEMENTING PROGRAM:

Surface Casing: Cement with 275 sacks Class C (Yld 1.34 Wt. 14.80). TOC surface.

Intermediate Casing: Lead with 700 sacks of C Lite (Yld 2.04 Wt 12.50). Tail in with 225 sacks Class C (YLD 1.34 WT 14.80 YLD). TOC surface

Production: Production cement to be done in two stages with stage tool at approximately 6700'.

Stage 1: 6700'-12397' cement with 1100 sacks Pecos Valley Lite (Yld. 1.83 Wt. 13.00) TOC 6700'.

Stage 2: 2800'-6700' lead with 600 sacks C Lite (Yld 2.00 Wt. 12.50), tail with 100 sacks Class C (Yld. 1.34 Wt 14.80). TOC 2800'.

Well will be drilled with a 7 7/8" hole to 7503'. The well will then be kicked off at approximately 7503' and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 8300' MD (7980 TVD), lateral will then be drilled to ~~12297'~~ ^{12317'} MD (7980' TVD) where 5 1/2' will be run and cemented. Penetration point of producing zone will be encountered at 2114' FSL and 807' FEL in Section 13-18S 29E. Deepest TVD in the well will be in the lateral at 7980' in the lateral.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0- 400' ³⁷⁵	Fresh Water Gel	8.60-9.20	35-40	N/C
³⁷⁵ 400' -3300'	Brine Water	10.00-10.20	28	N/C
3300'-7503'	Cut Brine	8.80-9.00	28-29	N/C
7503'-12397'	Cut Brine(Lateral)	8.80-9.30	28-32	<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. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM: *See COA*

Samples: 30' Samples to 5000'. 10' Samples from 5000' to TD.
 Logging: Platform Express/Hals/CMR/Dipole Sonic
 Coring: None anticipated
 DST's: None Anticipated
 Mudlogging: Yes. From Surface Casing

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Maximum Anticipated BHP:
 0'-400' 191 PSI
 400'-3300' 1750 PSI
 3300'-7980' 3859 PSI

Abnormal Pressures Anticipated: None
 Lost Circulation Zones Anticipated: None.
 H2S Zones Anticipated: None Anticipated
 Maximum Bottom Hole Temperature: 155 F

9. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 20 days.

Co: Yates Petroleum Corporation

Drillers: 0

Well Name: Slalom BPZ Federal #1H

Location: 0

Units: Feet, ° 100ft

Elevation:

Northing:

Easting:

VS Az: 268.14

Tgt Radius: 0.00

Tgt N/S: -150.00

Tgt E/W: -4620.00

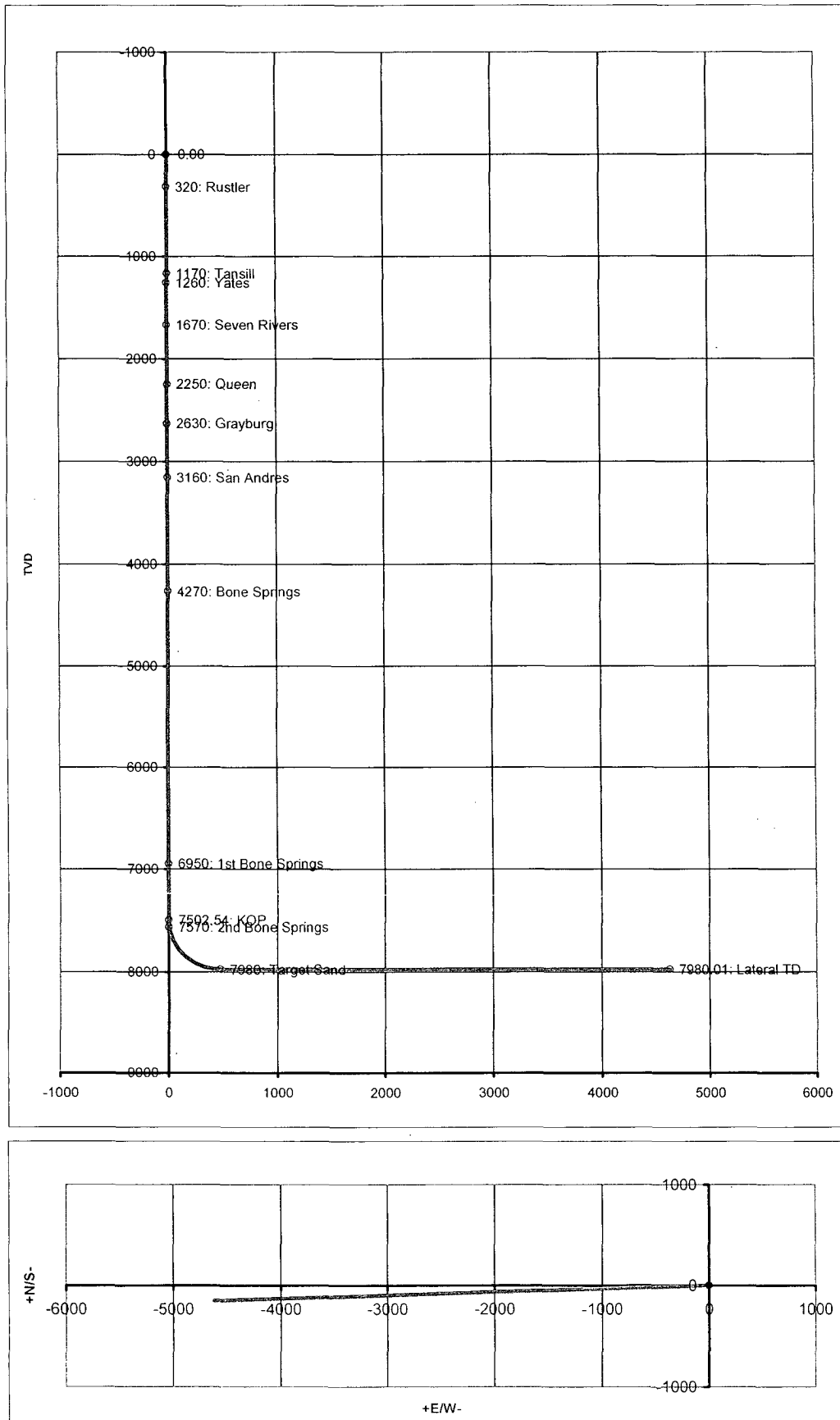
Tgt TVD: 7980.00

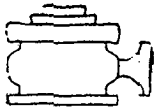
Tgt MD: 0.00

Tgt Displ.: 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	320.00	320.00	0.00	360.00	320.00	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	1170.00	850.00	0.00	360.00	1170.00	0.00	0.00	0.00	0.00	0.00	0.00	Tansill
3	1260.00	90.00	0.00	360.00	1260.00	0.00	0.00	0.00	0.00	0.00	0.00	Yates
4	1670.00	410.00	0.00	360.00	1670.00	0.00	0.00	0.00	0.00	0.00	0.00	Seven Rivers
5	2250.00	580.00	0.00	360.00	2250.00	0.00	0.00	0.00	0.00	0.00	0.00	Queen
6	2630.00	380.00	0.00	360.00	2630.00	0.00	0.00	0.00	0.00	0.00	0.00	Grayburg
7	3160.00	530.00	0.00	360.00	3160.00	0.00	0.00	0.00	0.00	0.00	0.00	San Andres
8	4270.00	1110.00	0.00	360.00	4270.00	0.00	0.00	0.00	0.00	0.00	0.00	Bone Springs
9	6950.00	2680.00	0.00	360.00	6950.00	0.00	0.01	0.00	0.00	0.00	0.00	1st Bone Springs
10	7502.54	7502.54	0.00	268.14	7502.54	0.00	0.01	0.00	0.00	3.57	0.00	KOP
11	7570.22	67.69	8.12	268.14	7570.00	4.79	-0.15	-4.79	12.00	0.00	12.00	2nd Bone Springs
12	7600.00	29.78	11.70	268.14	7599.32	9.91	-0.32	-9.91	12.00	0.00	12.00	
13	7700.00	100.00	23.70	268.14	7694.42	40.25	-1.30	-40.23	12.00	0.00	12.00	
14	7800.00	100.00	35.70	268.14	7781.13	89.70	-2.90	-89.66	12.00	0.00	12.00	
15	7900.00	100.00	47.70	268.14	7855.66	156.10	-5.06	-156.02	12.00	0.00	12.00	
16	8000.00	100.00	59.70	268.14	7914.76	236.54	-7.67	-236.42	12.00	0.00	12.00	
17	8100.00	100.00	71.70	268.14	7955.84	327.51	-10.62	-327.34	12.00	0.00	12.00	
18	8200.00	100.00	83.70	268.14	7977.11	425.04	-13.79	-424.81	12.00	0.00	12.00	
19	8252.53	750.00	90.00	268.14	7980.00	477.46	-15.49	-477.21	12.00	0.00	12.00	Target Sand
20	12397.51	4144.97	90.00	268.14	7980.01	4622.43	-149.99	-4620.00	0.00	0.00	0.00	Lateral TD

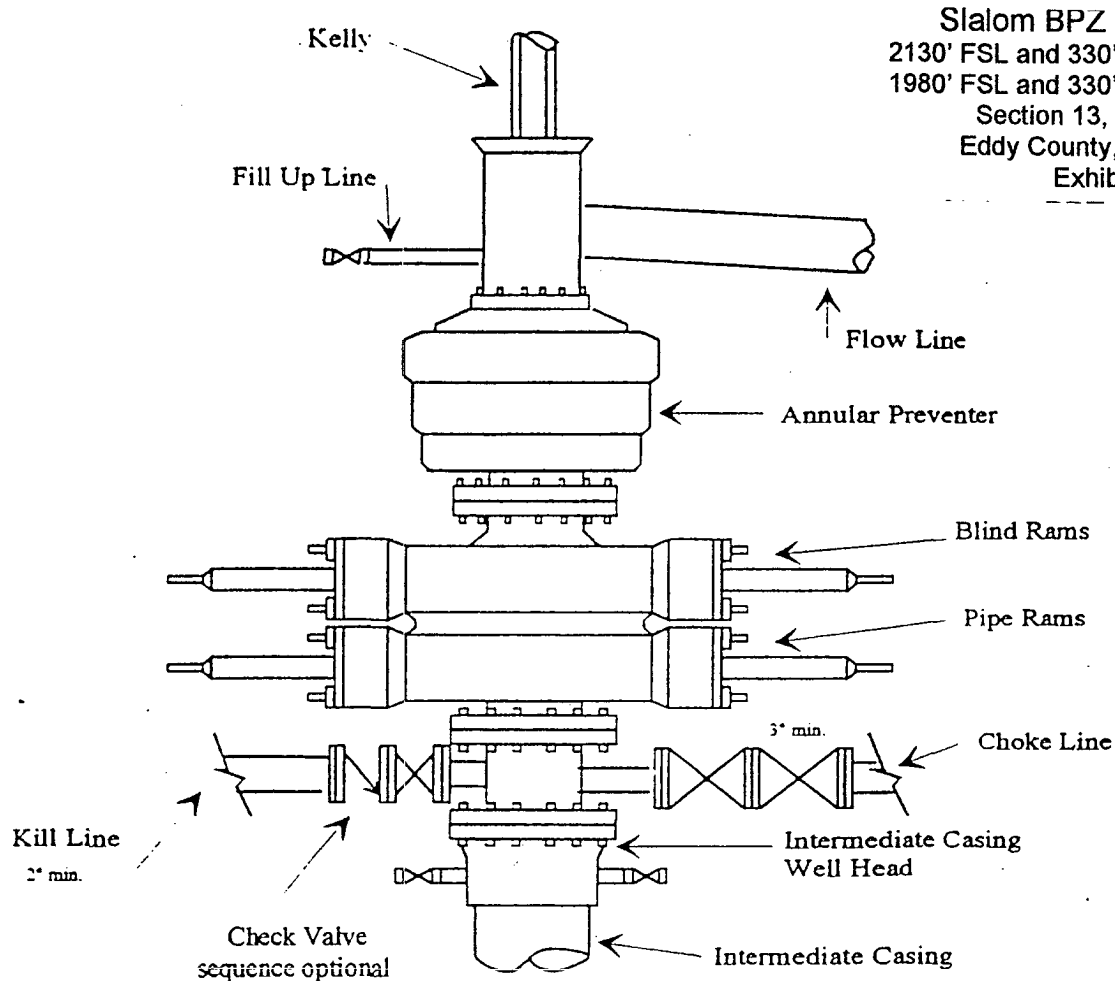




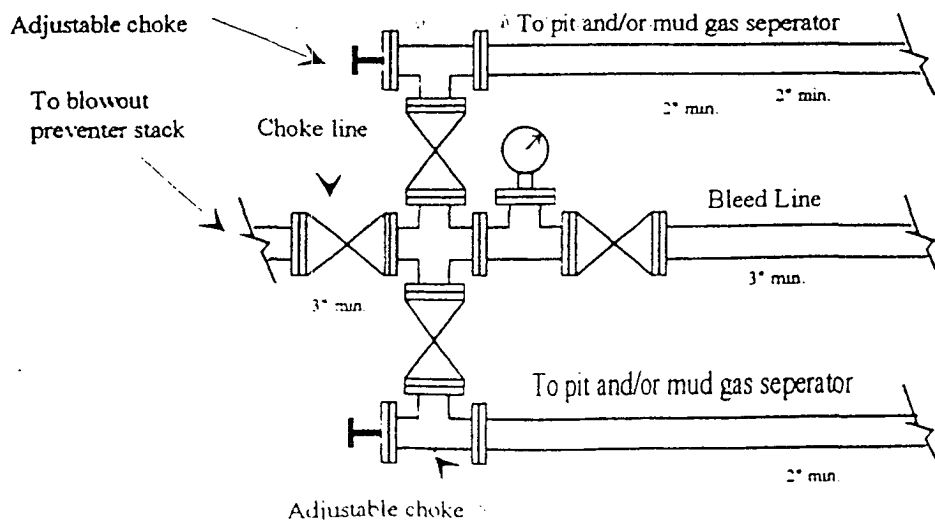
Yates Petroleum Corporation

BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features



Slalom BPZ Federal #1H
 2130' FSL and 330' FEL, Surface Hole
 1980' FSL and 330' FWL, Bottom Hole
 Section 13, T18S-R29E
 Eddy County, New Mexico
 Exhibit "C-1"

