

OCD Hobbs

ATG-15-329

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

IAN 09 2017

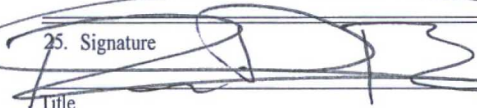
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM - 113420
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Yates Petroleum Corporation BOG Y RESOURCES, INC (25575)		7. If Unit or CA Agreement, Name and No.
3a. Address 105 South 4th Street, Artesia NM., 88210		8. Lease Name and Well No. (377288) Pistolero BVK Federal #1H
3b. Phone No. (include area code) 575-748-1471		9. API Well No. 70-025-43534
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 200 ft FNL / 400 ft FWL At proposed prod. zone 230ft FSL / 400 ft FWL		10. Field and Pool or Exploratory Red Hills: Bone Springs 51020
14. Distance in miles and direction from nearest town or post office* 14 Miles from Jal		11. Sec., T. R. M. or Blk. and Survey or Area Section 15, Township 25 S / Range 34 E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 200'	16. No. of acres in lease 320	12. County or Parish Lea County
17. Spacing Unit dedicated to this well W2/W2	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. n/a	13. State NM
19. Proposed Depth TMD 17,044' TVD 12,300'	20. BLM/BIA Bond No. on file NMB000434 NMB000920	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,335'	22. Approximate date work will start*	23. Estimated duration 30 Days Drill, 14 Days Completion

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- 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 an 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 	Name (Printed/Typed) Rene P Bela	Date 12/29/2014
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Title Land Regulatory Agent	
Approved by (Signature) /s/Cody Layton	Name (Printed/Typed) Cody Layton
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE
Date DEC 21 2016	

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 conduct 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 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.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

K2/09/17
01/09/17

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

NMOCB COPY



IN REPLY REFER TO

3106 (921-js)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
P.O. Box 27115
Santa Fe, New Mexico 87502-0115
www.blm.gov/nm



December 1, 2016

Notice

EOG Y Resources, Inc.
Attn: Kathy H. Porter
105 S. 4th Street
Artesia, NM 88210

HOBBS OCD

JAN 09 2017

U.S. Specialty Insurance Company
13403 Northwest Freeway
Houston, TX 77040-6094

RECEIVED

Name Change Recognized

Yates Petroleum Corporation to EOG Y Resources, Inc.

Bond Rider Accepted

We received acceptable evidence of the name change from Yates Petroleum Corporation to EOG Y Resources, Inc. effective November 1, 2016.

The oil and gas leases identified on the enclosed exhibit have been noted as to the name change. These lease numbers were obtained from our Legacy Rehost System (LR2000). If you identify additional leases, please contact this office and we will note our records accordingly. We have not abstracted the lease files to determine if the entity affected by the name change holds an interest in the leases nor have we attempted to identify leases where the entity is the operator on the ground.

We are notifying the Office of Natural Resources Revenue (ONRR) and all Bureau of Land Management offices of the name change by copies of this notice. If additional documentation for changes of operator is required by our Field Offices, they will contact you.

There are Four BLM bonds affected by this name change:

Yates Petroleum Corporation is a principal on the following bonds held by the BLM Wyoming State Office:

- BLM Statewide Bond Number: WYB000404
Surety Number: B002818
Amount: \$4,594,173
Surety: U.S. Specialty Insurance Company

- BLM Individual Bond Number : WYB001919
Surety Number : B009716
Amount: \$10,000
Surety: U.S. Specialty Insurance Company

For requirements concerning this bond, please contact Angela Montgomery in the Wyoming State Office at 307-775-6299.

Yates Petroleum Corporation is the principal on the following bond held by the BLM New Mexico State Office:

- BLM Statewide Bond Number: NMB000920
Surety Number: B007414
Amount: \$150,000
Surety: U.S. Specialty Insurance Company

For requirements concerning this bond, please contact Julie Ann Serrano in the New Mexico State Office at 505-954-2149.

On November 14, 2016, we received Bond Rider No. 2, for BLM Nationwide Bond No. NMB000434 changing the name from Yates Petroleum Corporation to EOG Y Recourses, Inc. The rider has been examined and found satisfactory and is accepted effective November 16, 2016, the date filed in this office.

If you have any questions, please contact Julie Ann Serrano at (505) 954-2149.

Gloria S Baca

Gloria Baca
Supervisory Land Law Examiner
Branch of Adjudication

Enclosure
List of Leases

cc:

Electronic Copies (w/encl):
BLM_Bond_Surety
BLM_Fluids_Forum
BLM Wyoming State Office

ONRR
Roswell FO
Carlsbad FO
IAC Name Change Log
Name Change Log Book

YATES PETROLEUM CORPORATION

Pistolero BVK Federal #1H
200' FNL & 400' FWL, Surface Hole
230' FSL & 400' FWL, Bottom Hole
Section 15, Township 25S – Range 34E
Lea County, New Mexico

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

Rustler	870'	Bone Springs Lime	9390'
Salado	1260'	Avalon	9410'
Base of Salt	5115'	Bone Springs 1 SD	10390' Oil
Delaware	5390'	Bone Springs 2 SD	10980' Oil
Cherry Canyon	6440' Oil	Bone Springs 3 SD	11990' Oil
Brushy Canyon	8380' Oil	Bone Spring 3/Target	12400' Oil
		End of Lateral	17044'

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

Water: Approx. 100' - 350'

Oil or Gas: Oil Zones: All zones listed above.

3. Pressure Control Equipment: A 3000 PSI BOP with a 13 5/8" opening will be installed on the 13 3/8" casing and a 5000 PSI BOP will be installed on the 9 5/8" casing. Test will be conducted by an independent tester, utilizing a test plug in the well head. 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 on each segment of the system tested if test is done with a test plug and 30 minutes without a test plug. Blind rams and pipe rams will be tested to the rated pressure of the BOP. 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.

operator requested Stexhose per attachments

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:

- A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
30"	20"	N/A	H-40	ST&C	0'-85'	85'
17.5"	13.375"	48#	J-55	ST&C	0'-900' 990'	900'
12.25"	9.625"	40#	J-55	LT&C	0'-80'	80'
12.25"	9.625"	36#	J-55	LT&C	80'-3200'	3120'
12.25"	9.625"	40#	J-55	LT&C	3200'-4200'	1000'
12.25"	9.625"	40#	J-55	LT&C	4200'-5450' 5300'	1250'

8.75"	5.5"	17#	P-110	Buttress Thread	0'-12683'	12683'
8.5"	5.5"	17#	P-110	Buttress Thread	12683'-17044'	4361'

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

B. Cementing Program:

Surface Casing: Lead with 485 sacks of Class 35:65:6 PozC with 2% CaCl₂ (Wt. 12.5, Yld. 2.0, H₂O gal/sack 11.0). Tail in with 200 sacks Class 50/50 PozC (Wt. 14.2, Yld. 1.34, H₂O gal/sack 6.2) Additives are 2% bentonite=.25% FR + .3% C12+ 5% Salt. Casing designed with 100% excess. TOC-Surface

Intermediate Casing: Lead with 1565 sacks of PozC 35:65:6 (Wt. 12.5, Yld. 2.0, H₂O gal/sack 11.0). Tail in with 210 sacks of Class 50/50 PozC (Wt. 14.2, Yld. 1.34, H₂O gal/sack 6.2) Additives are 2% bentonite=.25% FR + .3% C12+ 5% Salt. Casing designed with 100% excess. TOC-Surface

Production Casing: Lead with 830 sacks of Lite Crete (Wt. 9.7, Yld. 2.45, H₂O gal/sack 8.98) additives include anti-foam 0.2%, dispersant 0.3%, retarder 0.4%, fluid loss 0.3%, expanding agent 2%, viscosifier 0.1%. Tail with 1505 sacks of Pecos Valley Lite (Wt. 13.5, Yld. 1.3, H₂O gal/sack 6.3), 30%CaCO₃, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-10500'. (200' tie back minimum)

Well will be drilled to 11843' and then be kicked off and directionally drilled at 12 degrees per 100' with an 8.75" hole to 12588' MD (12320' TVD). Hole will then be reduced to 8.5" and drilled to 16965' MD (12370' TVD) where 5.5" casing will be set and cemented 500' into the previous casing string. The bottom 100' will not be produced and will consist of the float shoe and collar. Bottom perforations will not go beyond the 330' hardline. Penetration point of producing zone will be encountered at 672' FNL & 400' FWL, Section 15-25S-34E. Deepest TVD is 12370' in the lateral.

6. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-900' ^{990'}	Fresh Water	8.6-9.2	32-34	N/C
900'-5400' ^{5300'}	Brine Water	10.0-10.2	28-29	N/C
5400'-16965'	Cut Brine	8.8-9.2	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. Mud will be checked hourly by rig personnel. Mud level monitoring: 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 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:

Samples: 30' Samples to 5400', then 10' Samples from 5400' to TD.

Logging: Horizontal – MWD – GR from through curve and lateral, CNL/LDT/NGT intermediate casing and curve, CNL/GR surface casing and curve, DLL/MSFL intermediate and curve.

Mudlogging: Yes on at 2000'

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

See
con

From: 0'	TO: 900'	Anticipated Max. BHP:	431	PSI
From: 900'	TO: 5400'	Anticipated Max. BHP:	2864	PSI
From: 5400'	TO: 12370'	Anticipated Max. BHP:	5918	PSI

*See
COA*

No abnormal pressures or temperatures are anticipated.
H2S is not anticipated

5. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 30 days to drill the well with completion taking another 15 days.

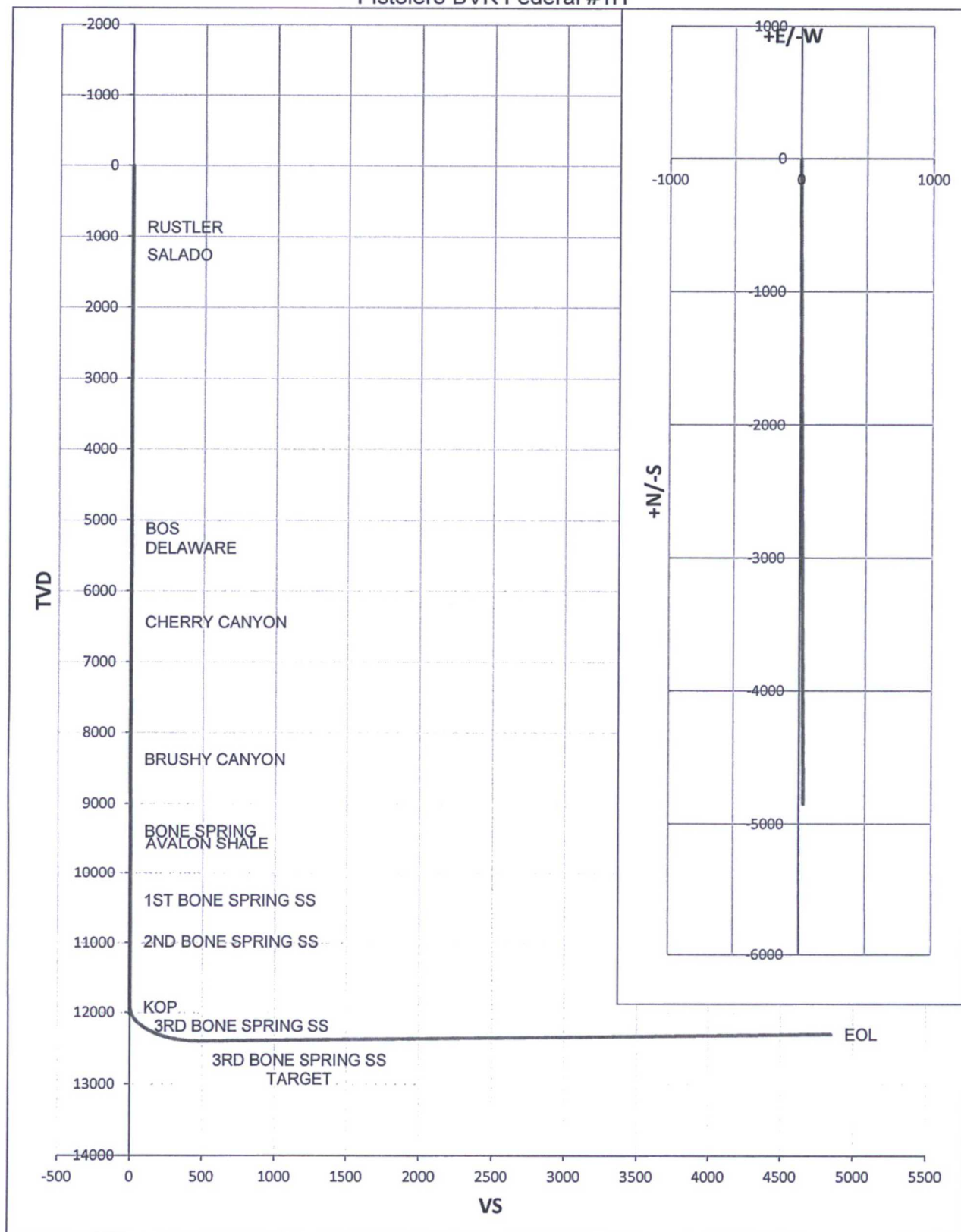


Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Certificate

General Information		Hose Specifications	
Customer	CACTUS	Hose Assembly Type	Choke & Kill
MWH Sales Representative	EVAN SPARKMAN	Certification	API 7K
Date Assembled	12/11/2013	Hose Grade	MUD
Location Assembled	OKC	Hose Working Pressure	10000
Sales Order #	191672	Hose Lot # and Date Code	11060 10/13
Customer Purchase Order #	RIG#137 M12653	Hose I.D. (Inches)	4"
Assembly Serial # (Pick Ticket #)	229391	Hose O.D. (Inches)	6.60"
Hose Assembly Length	35 FEET	Aarmor (yes/no)	YES
Fittings			
End A		End B	
Stem (Part and Revision #)	R4.0X64WB	Stem (Part and Revision #)	R4.0X64WB
Stem (Heat #)	1311405220	Stem (Heat #)	1311405220
Ferrule (Part and Revision #)	RF4.0	Ferrule (Part and Revision #)	RF4.0
Ferrule (Heat #)	120368	Ferrule (Heat #)	120368
Connection (Part #)	4 1/16" 10K	Connection (Part #)	4 1/16" 10K
Connection (Heat #)		Connection (Heat #)	
Dies Used	6.62"	Dies Used	6.62"
Hydrostatic Test Requirements			
Test Pressure (psi)	15,000	Hose assembly was tested with ambient water temperature.	
Test Pressure Hold Time (minutes)	16 1/2		
Date Tested	Tested By	Approved By	
12/11/2013	<i>Tokeef</i>	<i>Phillip Mayhew</i>	

Pistolero BVK Federal #1H





Midwest Hose
& Specialty, Inc.

Certificate of Conformity

Customer: CACTUS

Customer P.O.# RIG#137 M12653

Sales Order # 191672

Date Assembled: 12/11/2013

Specifications

Hose Assembly Type: Choke & Kill

Assembly Serial # 229391

Hose Lot # and Date Code 11060 10/13

Hose Working Pressure (psi) 10000

Test Pressure (psi) 15000

We hereby certify that the above material supplied for the referenced purchase order to be true according to the requirements of the purchase order and current industry standards.

Supplier:

Midwest Hose & Specialty, Inc.

3312 S I-35 Service Rd

Oklahoma City, OK 73129

Comments:

Approved By

Phillip M. Heston

Date

12/11/2013

M12653



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

December 11, 2013

Customer: Cactus

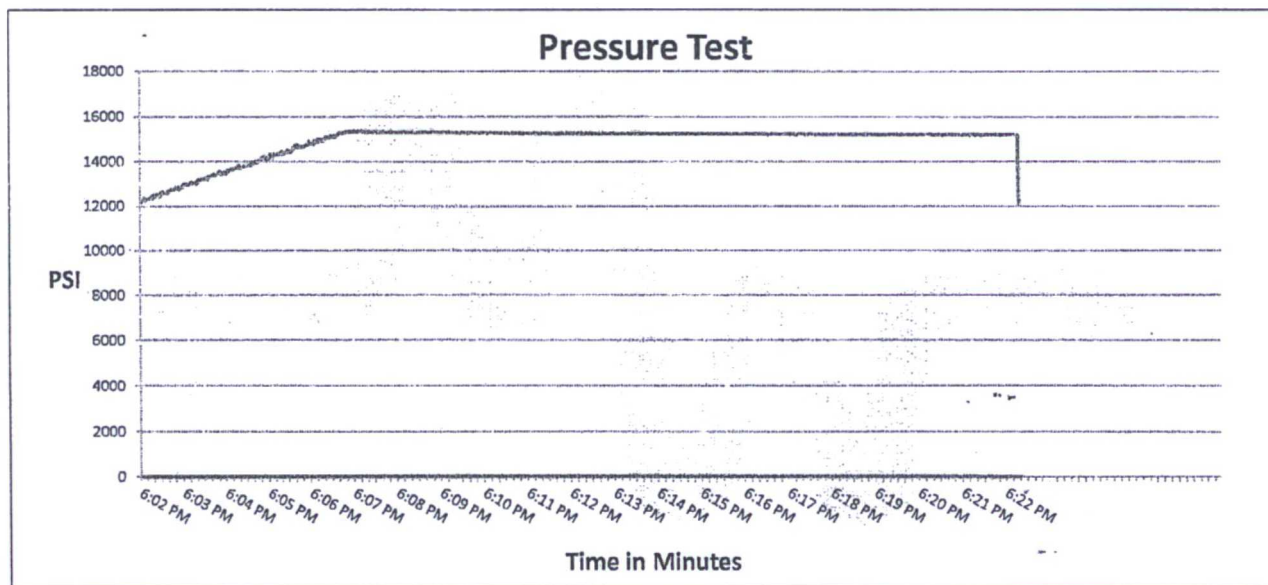
Pick Ticket #: 229391

Hose Specifications

<u>Hose Type</u>	<u>Length</u>
Mud	35'
<u>I.D.</u>	<u>O.D.</u>
4"	6.13"
<u>Working Pressure</u>	<u>Burst Pressure</u>
10000 PSI	Standard Safety Multiplier Applies

Verification

<u>Type of Fitting</u>	<u>Coupling Method</u>
4 1/16 10K	Swage
<u>Die Size</u>	<u>Final O.D.</u>
6.62"	6.66"
<u>Hose Serial #</u>	<u>Hose Assembly Serial #</u>
11060	229391



Test Pressure
15000 PSI

Time Held at Test Pressure
16 2/4 Minutes

Actual Burst Pressure

Peak Pressure
15483 PSI

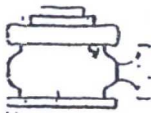
Comments: Hose assembly pressure tested with water at ambient temperature.

Tested By: Tony Kellington

Approved By: Phil Maytubby

x *Tony Kellington*

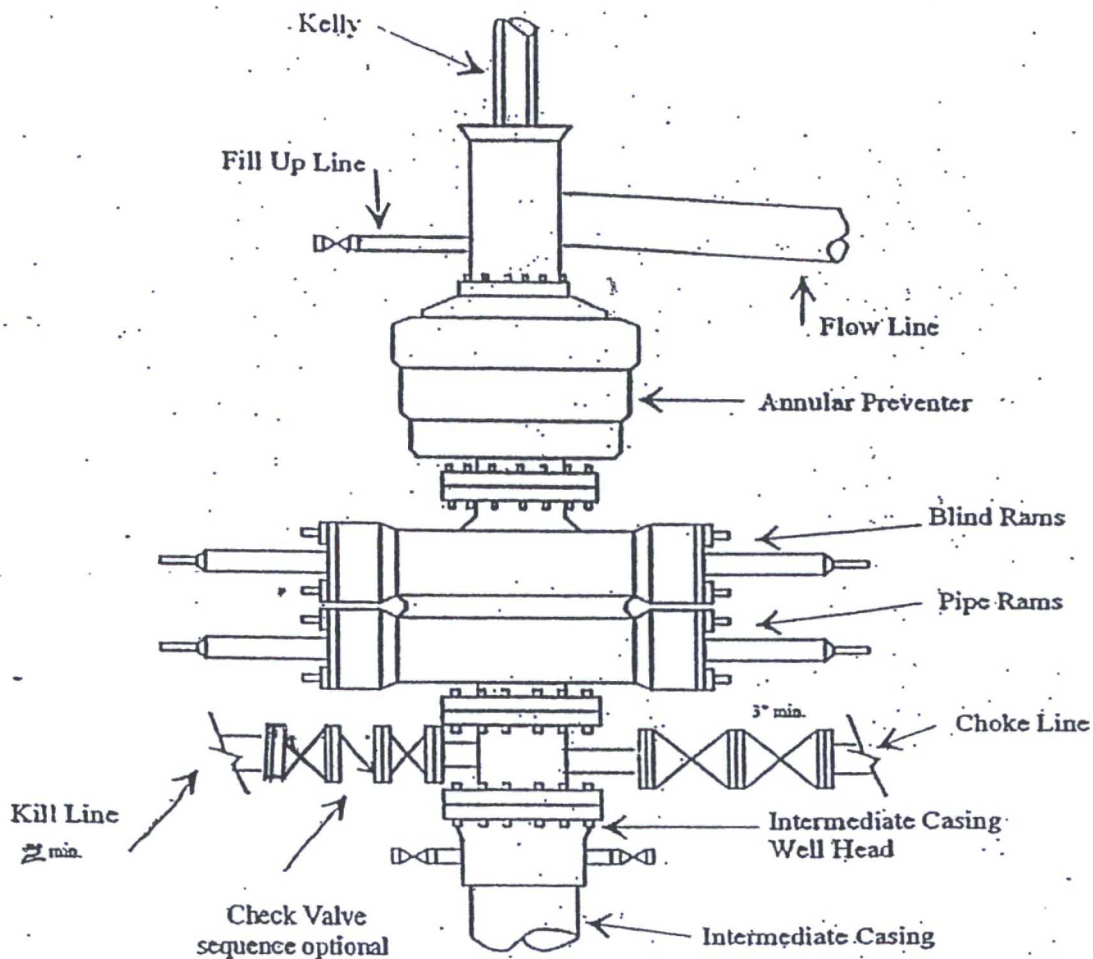
x *Phil Maytubby*



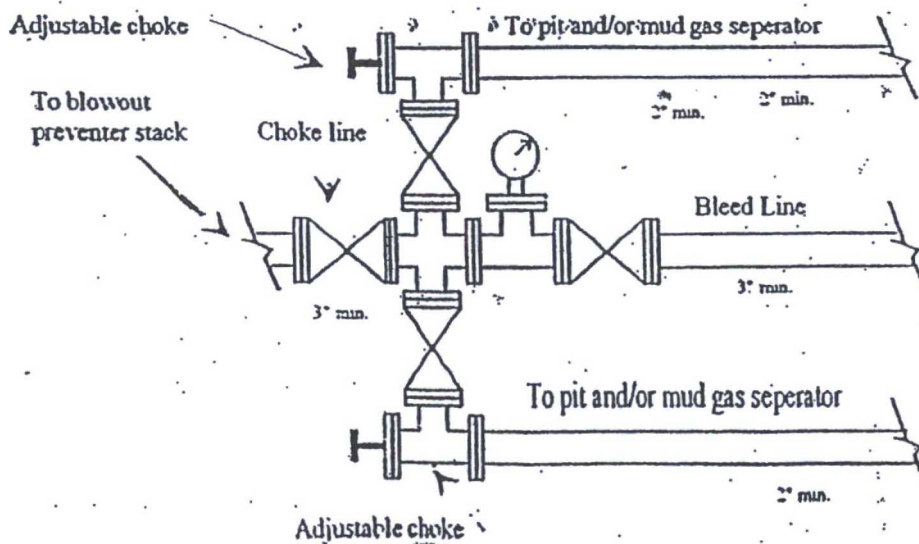
Yates Petroleum Corporation

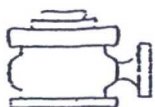
BOP-3

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

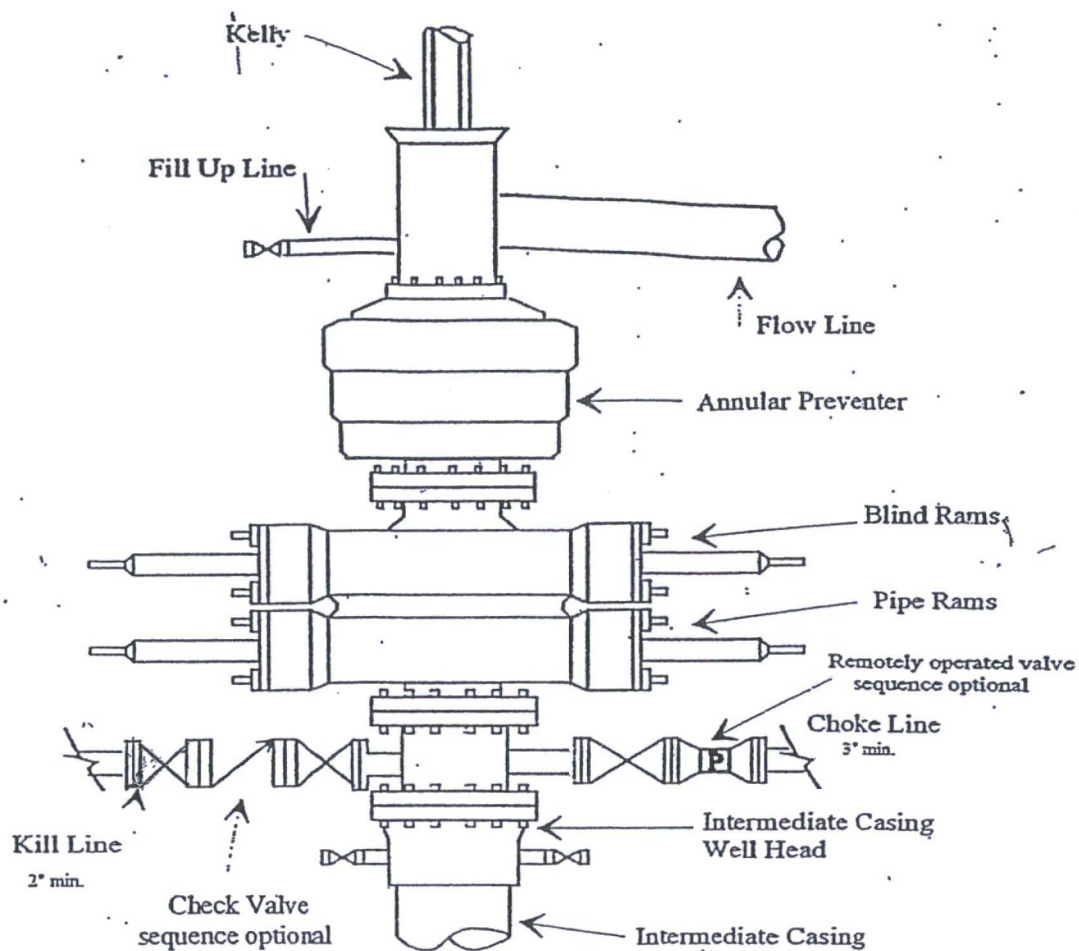




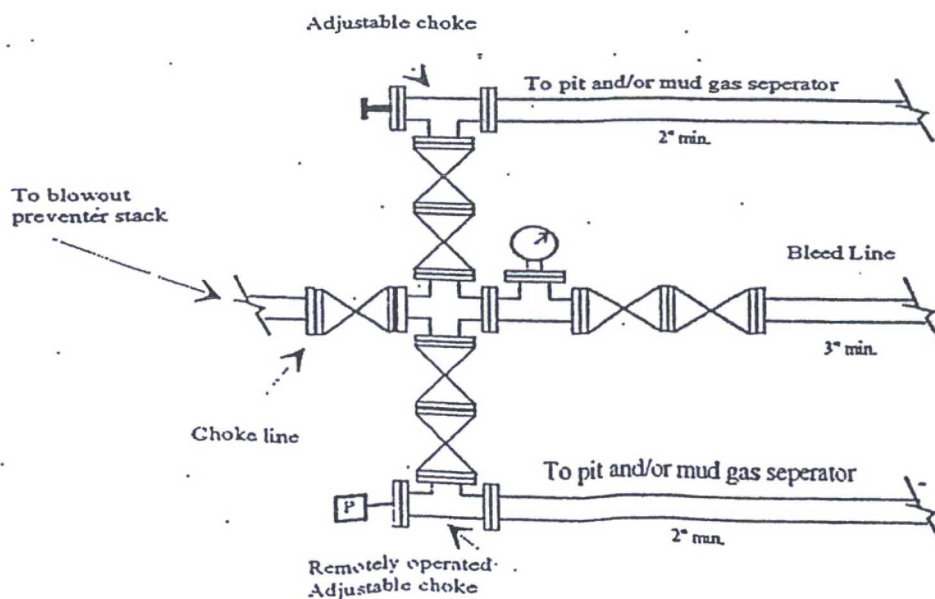
Yates Petroleum Corporation

BOP-4

Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

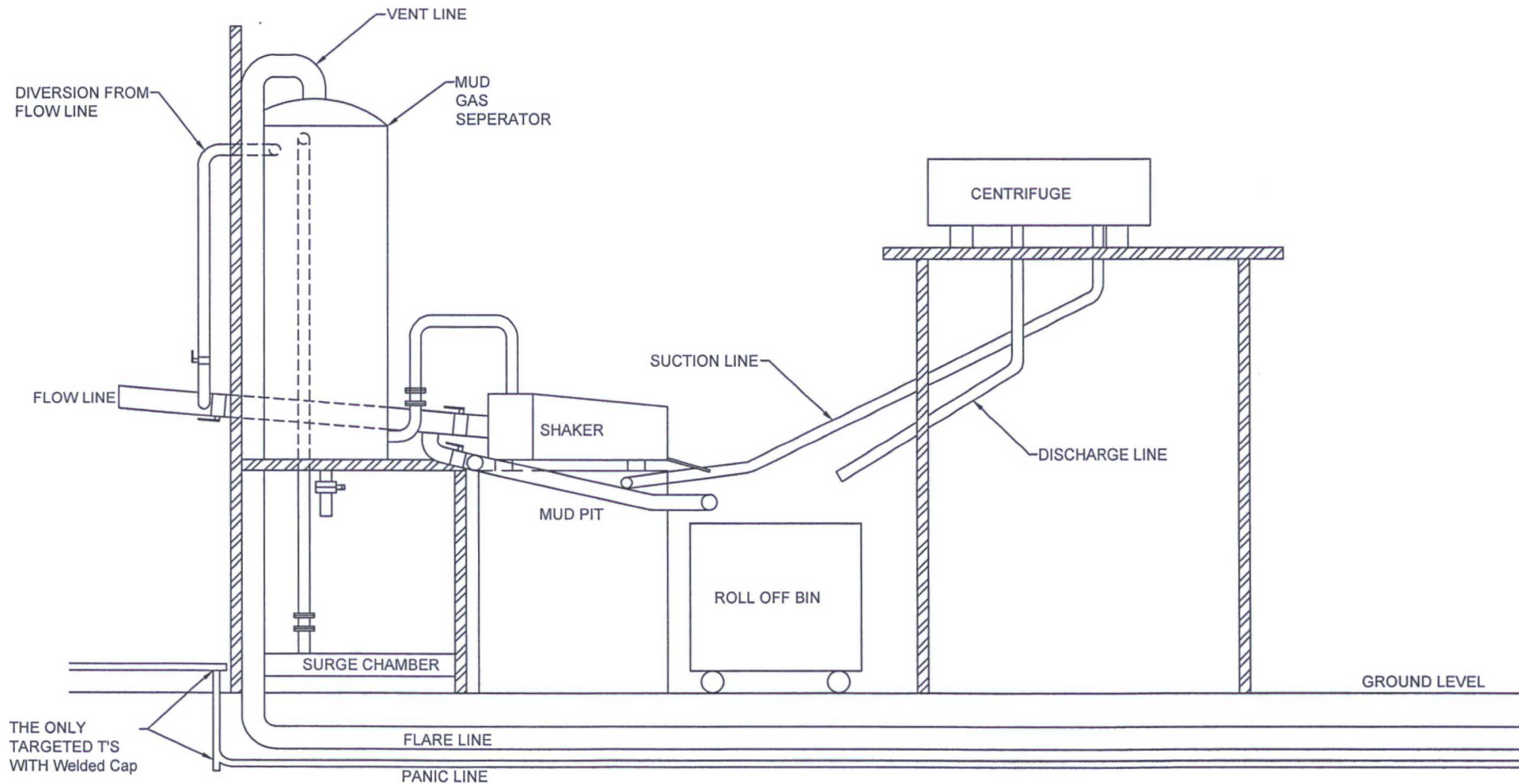


Typical 5,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION

Piping from Choke Manifold
to the Closed Loop Drilling Mud System



The flare discharge must be 100' from wellhead for non H2S wells and 150' from wellhead for wells expected to encounter H2S.

Yates Petroleum Corporation Closed Loop System

Equipment Design Plan

Closed Loop System will consist of:

1 – double panel shale shaker

1 – (minimum) Centrifuge, certain wells and flow rates may require 2 centrifuges

On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System

1 – minimum centrifugal pump to transfer fluids

2- 500 bbl. FW Tanks

1 – 500 bbl. BW Tank

1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.

1 Set of rail cars / catch bins

Certain wells will use an ASC Auger Tank

Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

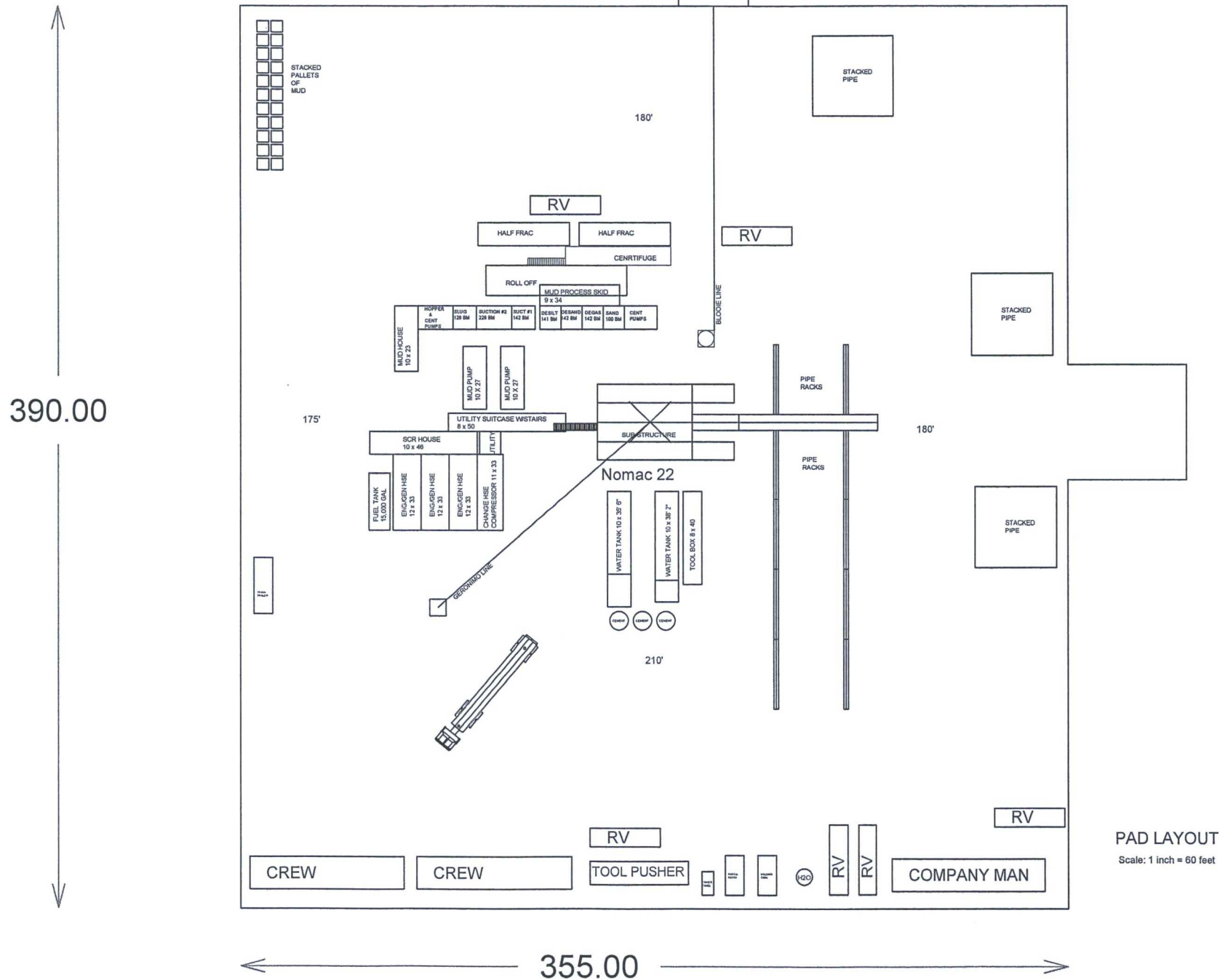
Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm, CRI or Sundance Services Inc.

YATES PETROLEUM CORPORATION

Nomac 22

06-24-13



PAD LAYOUT

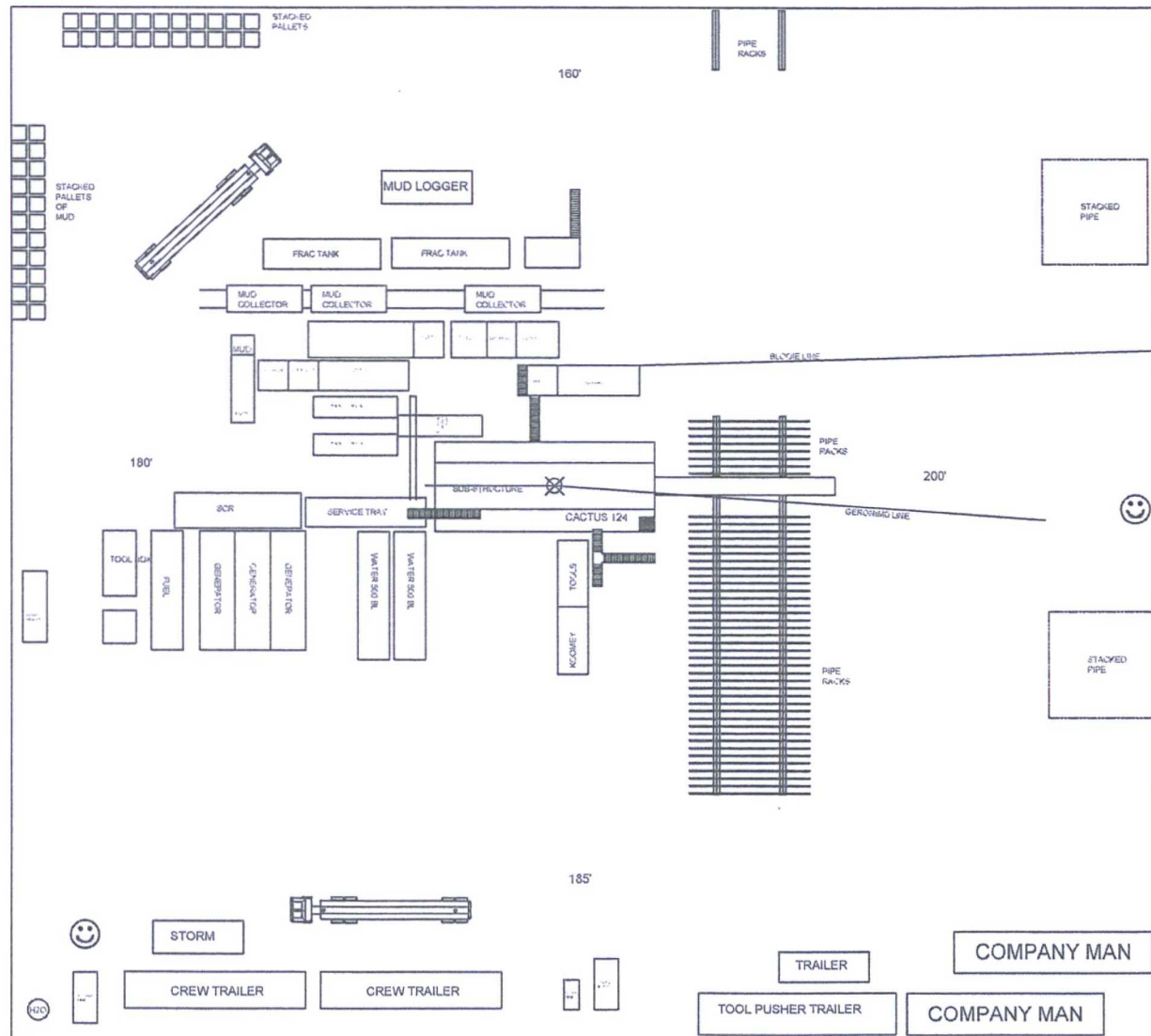
Scale: 1 inch = 60 feet

YATES PETROLEUM CORPORATION

CACTUS 124

07-24-13

345.00



380.00

- Safe Briefing Area with caution signs and breathing equipment
- Wind Direction Indicators
- H2S Monitor with alarm at the bell nipple

PAD LAYOUT
Scale: 1 inch = 60 feet
07-24-13

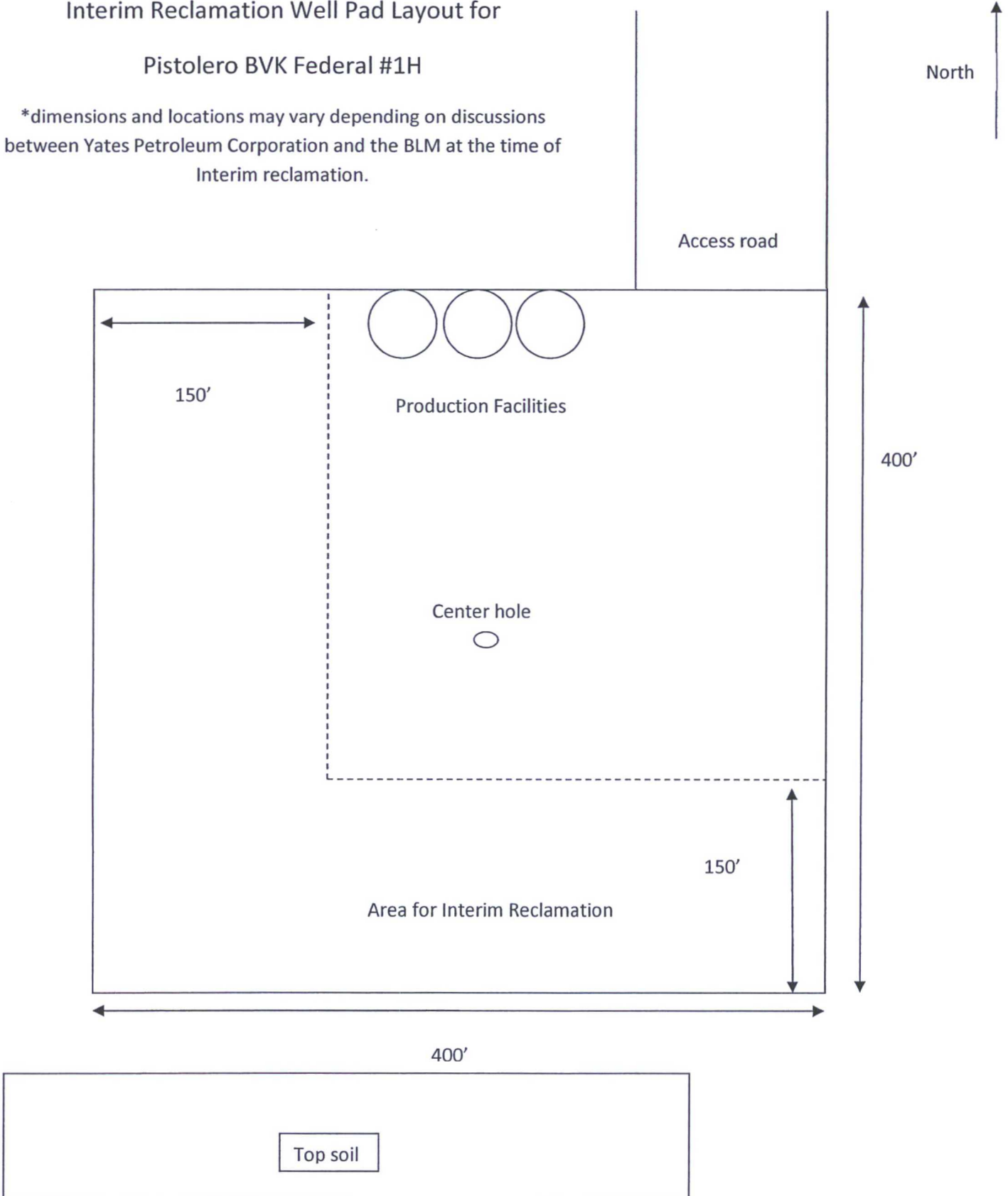
10-09-13



Interim Reclamation Well Pad Layout for

Pistolero BVK Federal #1H

*dimensions and locations may vary depending on discussions between Yates Petroleum Corporation and the BLM at the time of Interim reclamation.



Created 1/15/2013