

15-448

OCD Hobbs

Form 3160-3
(March 2012)

HOEBS OCD
APR 17 2017
RECEIVED

R-111-POTASH

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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-121957	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Yates Petroleum Corporation <i>FOG Y RESOURCES, INC.</i> (25575)		7. If Unit or CA Agreement, Name and No.	
3a. Address 105 S. Fourth St., Artesia, NM 88210		8. Lease Name and Well No. (37845) Capella BOP Federal #9H	
3b. Phone No. (include area code) 575-748-4120		9. API Well No. 30-025-47149	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 150' FNL & 810' FEL At proposed prod. zone 330' FSL & 600' FEL (900')		10. Field and Pool, or Exploratory Hart Mesa, Delaware South (40299)	
14. Distance in miles and direction from nearest town or post office* 46 East of Carlsbad		11. Sec., T. R. M. or Blk. and Survey of Area Section 9, T21 - R32E	
15. Distance from proposed* 150' location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. County or Parish Lea County	
16. No. of acres in lease 1280		13. State NM	
17. Spacing Unit dedicated to this well E2E2, 160 acres			
18. Distance from proposed location* 1 mile to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file NMB 00434 NMB 00920	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3732'		22. Approximate date work will start*	
		23. Estimated duration 20 days	

UNORTHODOX
LOCATION

24. Attachments

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

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Travis Hahn</i>	Name (Printed/Typed) Travis Hahn	Date 06/29/2016
Title Land Regulatory Representative		
Approved by (Signature) <i>Ty Allen</i>	Name (Printed/Typed)	Date APR 10 2017
Title <i>Sr</i> 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 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)

Capitan Controlled Water Basin

KZ
04/17/17

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

YATES PETROLEUM CORPORATION

Capella BOP Federal #9H
150' FNL & 810' FEL, Section 9, T21S - R32E, Surface Hole
330' FSL & 900' FEL, Section 9, T21S - R32E, Bottom Hole
Lea County, New Mexico

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

Rustler	1035'	Cherry Canyon	5545' Oil
Top of Salt	1190'	Brushy Canyon	7291' Oil
Base of Salt	3178'	Basal Brushy Horizontal Target	8878'
Capitan Reef	3178'	End of Lateral	13200'
Bell Canyon	4909' Oil	TVD	8605'

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

Water: Approx.: 0' - 1060', 3150' - 4800'

Oil or Gas: See above--All Potential Zones

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.

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) 13 3/8" will be H-40/J-55 Hybird

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
36"	30"	N/A	H-40	ST&C	0'-85'	85'
30"	20"	94#	J-55	ST&C	0'-1060'	1060'
17.5"	13.375"	68#	J-55	ST&C	0'-80'	80'
17.5"	13.375"	54.5#	J-55	ST&C	80'-1800'	1720'
17.5"	13.375"	68#	J-55	ST&C	1800'-3150'	1350'
12.25"	9.625"	40#	J-55	LT&C	0'-80'	80'
12.25"	9.625"	36#	J-55	LT&C	80'-3600'	3520'
12.25"	9.625"	40#	J-55	LT&C	3600'-4700'	1100'
12.25"	9.625"	40#	HCK-55	LT&C	4700'-4800'	100'
8.75"	5.5"	17#	P-110	Buttress Thread	0'-8878'	8878'
8.5"	5.5"	17#	P-110	Buttress Thread	8878'-13200'	4322'

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

B. CEMENTING PROGRAM:

Conductor Cement (0'-85'): Lead with Ready Mix cement.

Surface Cement (0'-~~1060'~~^{1450'}): Lead with 2725 sacks of Class PozC 35:65:6 (WT 12.5, YLD 2.0, H2O gal/sack 11.0). Tail with 245 sacks of Class PozC 50/50 (WT 14.2, YLD 1.34, H2O gal/sack 6.2) designed with 100% excess, TOC is surface.

Intermediate 1 Cement (0'-3150'): Lead with 2050 sacks of Class PozC 35:65:6 (WT 12.5, YLD 2.0, H2O gal/sack 11.0); tail in with 200 sacks of Class PozC 50/50 (WT 14.2, YLD 1.34, H2O gal/sack 6.2). Designed with 100% excess, TOC is surface.

Intermediate 2 Cement, Stage 2 (0'-~~4800'~~^{5200'}): Lead with 1360 sacks of Class PozC 35:65:6 (WT 12.5, YLD 2.0, H2O gal/sack 11.0); tail in with 210 sacks of Class PozC 50/50 (WT 14.2, YLD 1.34, H2O gal/sack 6.2). Designed with 100% excess, TOC is surface.

Production Cement (0'-13200'): Lead with 840 sacks of Lite Crete (WT. 9.5, YLD 2.85, H2O gal/sack 12.0) with the additives being 0.03 gal/sack retarder, 0.2% Anti foam, 0.1% Dispersant, and 39 lbs/sack Extender; tail in with 1080 sacks of Pecos Valley Lite (WT. 13.5, YLD 1.83, H2O gal/sack 9.3). 30% CaCO3 Weight, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. TOC is surface, designed with 35% excess.

Well will be drilled to approximately 8128' well will then be kicked off and directionally drilled at 12 degrees per 100' with an 8.75" hole to 8878' MD (8605' TVD). Hole size will then be reduced to 8.5" and drilled to 13200' MD (8605' TVD) where 5.5" casing will be set and cemented to surface in a single stage. Penetration point of producing zone will be encountered at 627' FNL & 816' FEL, Section 9-T21S - R32E. Deepest TVD is 8605' in the lateral.

Mud Program and Auxiliary Equipment:

See COA

Interval	Type	Weight	Viscosity	Fluid Loss
0'- 1060' ^{1450'}	Fresh Water	8.6-9.2	32-34	N/C
1060'-3150'	Brine Water	10.0-10.2	28-29	N/C
3150'- 4800' ^{5200'}	Fresh Water	8.6-9.2	28-32	N/C
4800'-13200'	Cut Brine	8.8-9.0	30-34	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. 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 a derrick hand checking the fluid level in the pits hourly using a nut on the end of a rope hanging just above the fluid level in the pit.

6. EVALUATION PROGRAM:

Samples: 10' samples 2500' to TD.

Logging: CNL/LDT/NGT - Curve to Intermediate casing. CNL/GR - Curve to Surface. DLL-MSFL - Curve to Intermediate casing. CMR - Curve to Intermediate casing. Horizontal-MWD-GR Horizontal.

Coring: None.

DST's: None.

Mudlogging: On at 2500'

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

Anticipated BHP:

See
COA

From: 0	TO: 1060'	Anticipated Max. BHP:	507	PSI
From: 1060'	TO: 3150'	Anticipated Max. BHP:	1671	PSI
From: 3150'	TO: 4800'	Anticipated Max. BHP:	2296	PSI
From: 4800'	TO: 8605'	Anticipated Max. BHP:	4117	PSI

No abnormal pressures or temperatures are anticipated.

H2S Zones Not Anticipated

8. 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 30 days.



Midwest Hose
& Specialty, Inc.

Certificate of Warranty, Schedule B, ECCN, Origin and CE Marking

January 27, 2014

We hereby certify that the material shipped for Nomac Drilling Corporation purchase order 333594 is new and unused and is free of any defects as to their design, material and workmanship.

We also warrant the goods to be consistent with the generally accepted standards of the material of the type ordered. Which is API Spec 7K.

The goods are warranted for a period of 1 year (12 months) from the date of delivery.

We certify that the material of this order is of American origin.

ECCN - EAR99

Schedule B – 4009.22.0500

EIN-731185740

Thank You,
Juan Ortiz



255 W 1100 N
Nephi, UT 84648
1-800-453-1480

Asset # 23558

Certificate of Compliance

Date: 2014-01-17
Asset Desc: 10,000/15,000
Asset #: NLD-009R
Chip ID: E004010079CF031D
Owner: NRP Jones
City:

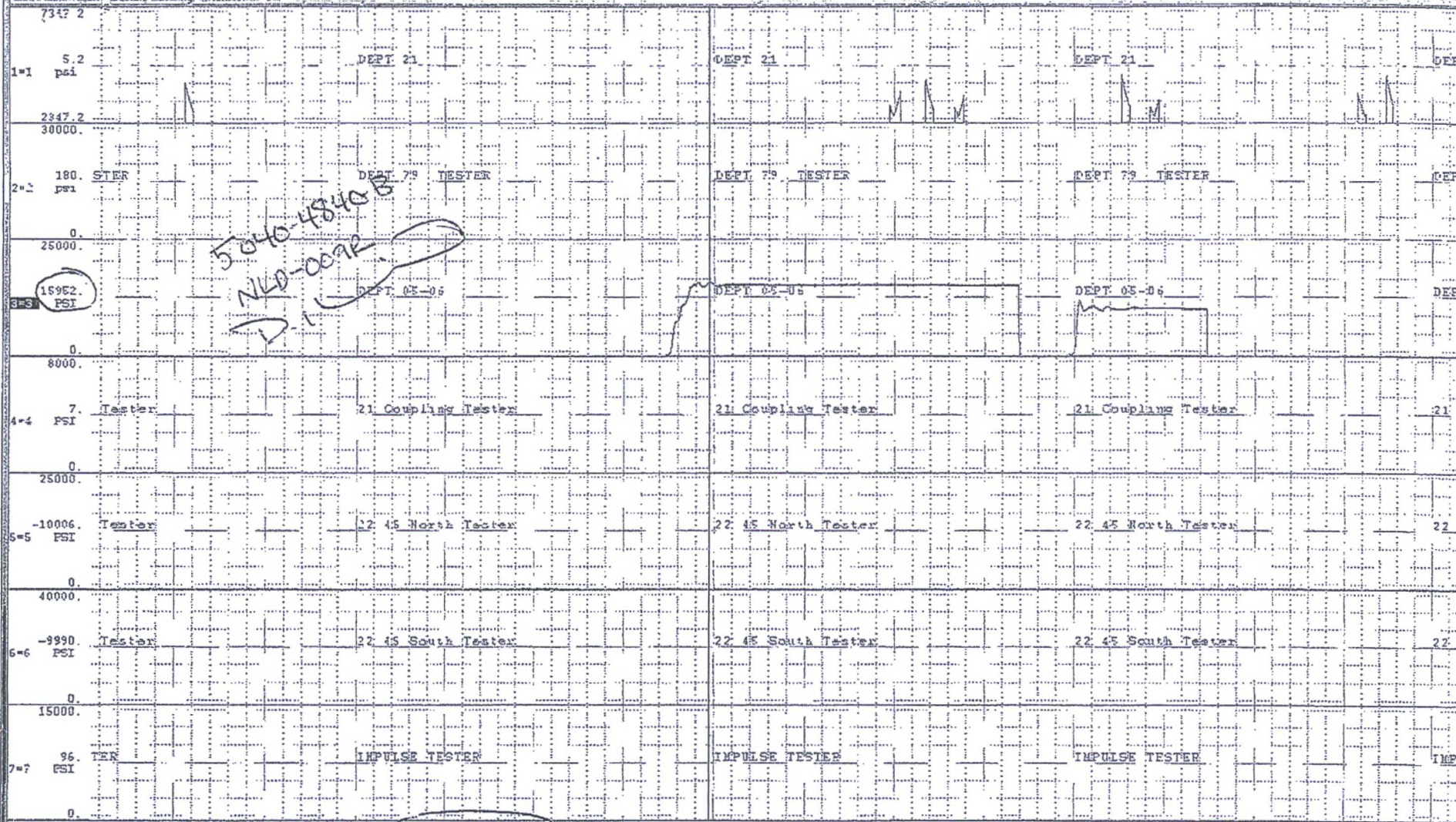
Test #:
Initial Location: Site\NEPHI

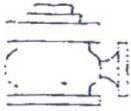
Entered by: bwentz
Tested by: bwentz
Witness: dnelson

Asset Identification	
Manufacturer	NRP JONES
Extended Desc	N/A
Model	5040-4840-B
Application Group	Choke & Kill
Date of Mfr/Assembly	2014-01-17
Assembled By	Brad Wentz
Orig Date Sold	2014-01-04
Hose Date of Mfr	2014-01-04
Locn Desc	N/A
Inside Dia.	3"
Length	40'
Cut Length	N/A
Working Pressure	10000 PSI
Test Pressure	15000 PSI
Coupling A	26-0054
Coupling A Model	N/A
Attach Method A	Built-In
Coupling A Add-On	4 1/8" RTJ FLANGE
Coupling B	26-0054
Coupling B Model	N/A
Attach Method B	Built-In
Coupling B Add-On	4 1/8" RTJ FLANGE
Factory Ref #	M0102747
Distributor Ref #	N/A
End User Ref #	N/A
Standard	N/A
Notes	N/A

Operation Name/Hose Test Certificate	
Order #	M0102747
Cust PO#	N/A
Serial Number	NLD-009R
Test Pressure	15,000 PSI
Test Time	15 MIN.
Test Number	N/A
Inspection Instruction	N/A
Certification Result	PASS
Generate Alert?	
Comments	N/A
TimeStamp	2014-01-17 13:16:56 -07:00



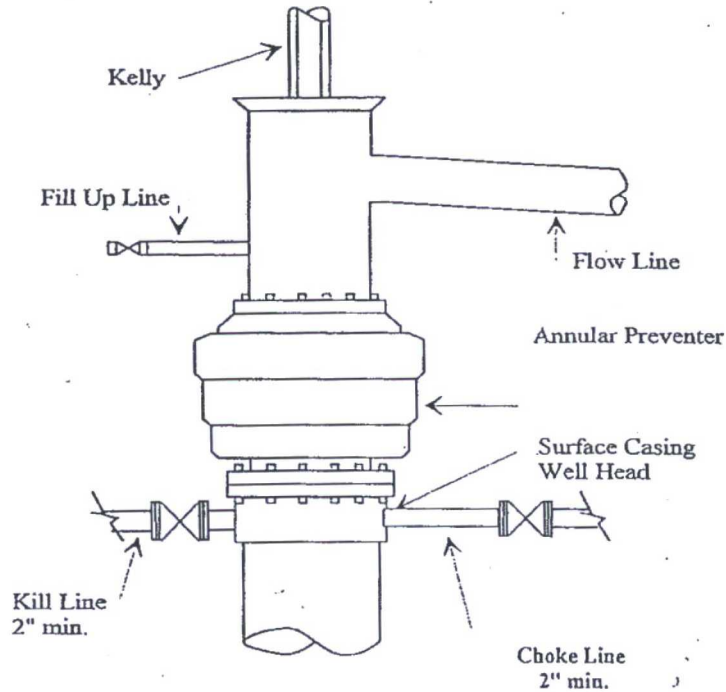




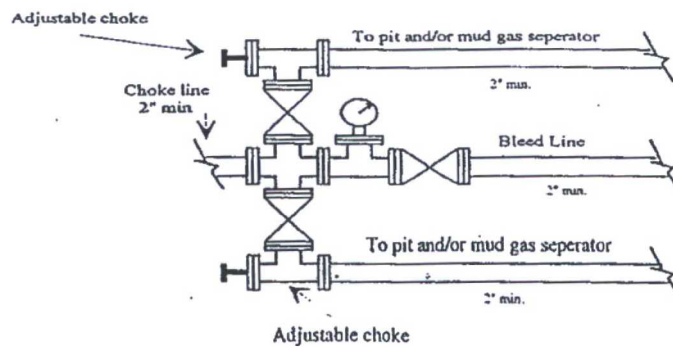
Yates Petroleum Corporation

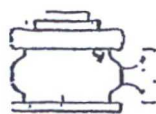
BOP-1

Typical low Pressure System
Schematic
Annular Preventer 2,000 psi



Typical 2,000 psi choke manifold assembly with at least these minimum features

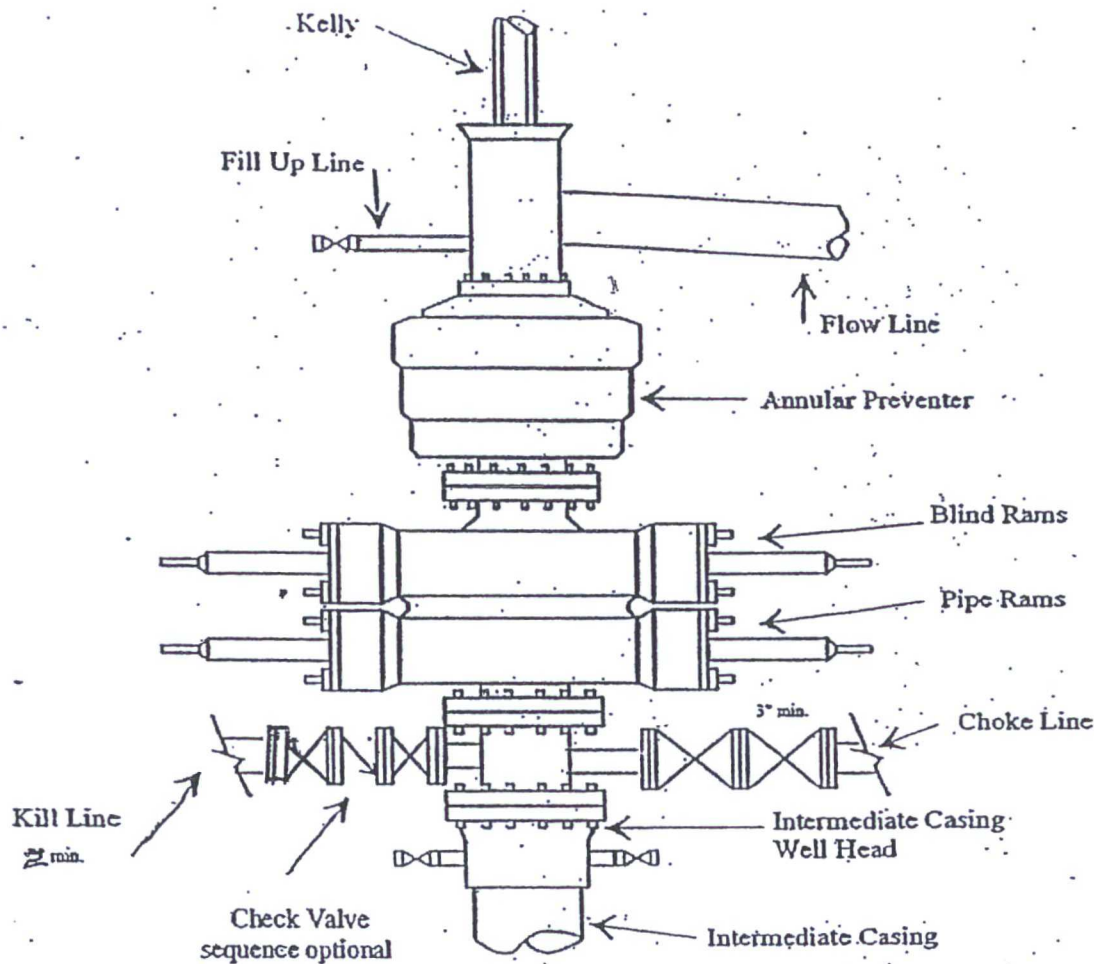




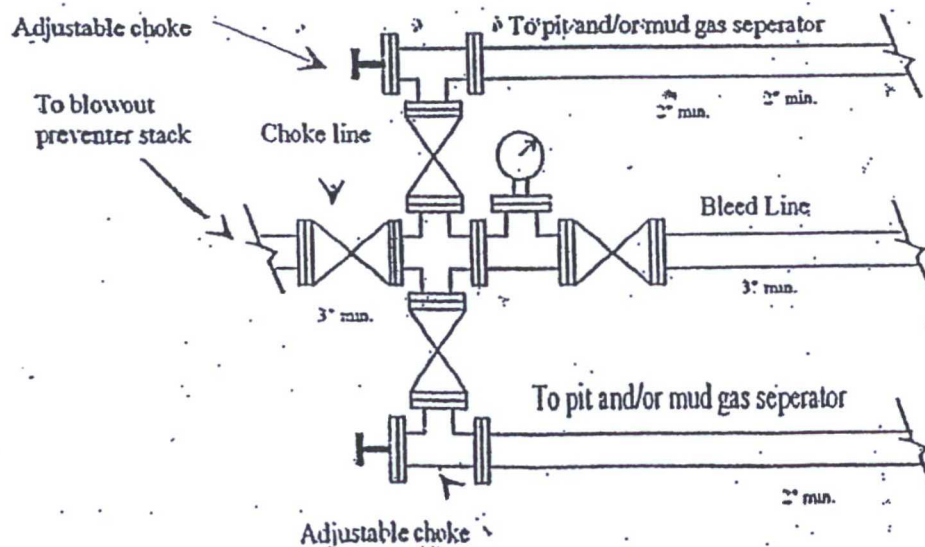
Yates Petroleum Corporation

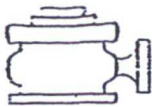
BOP-3

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

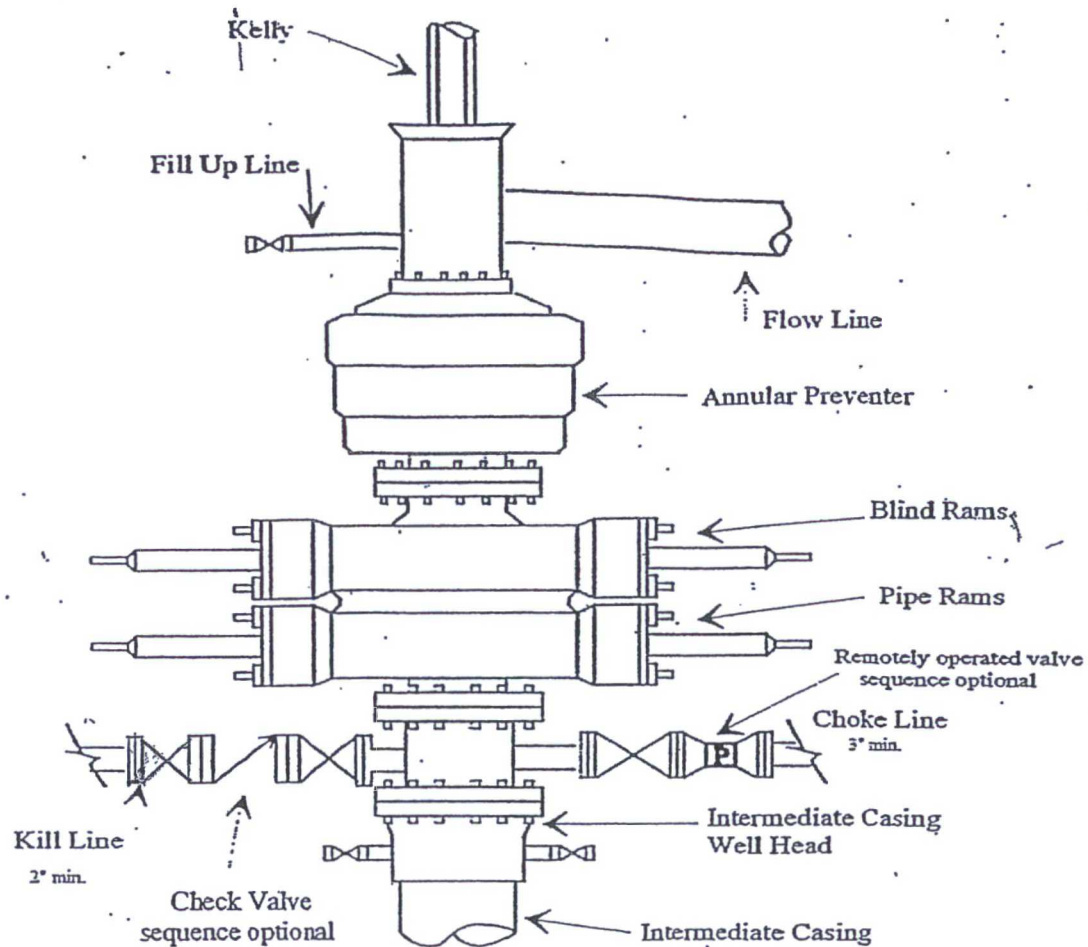




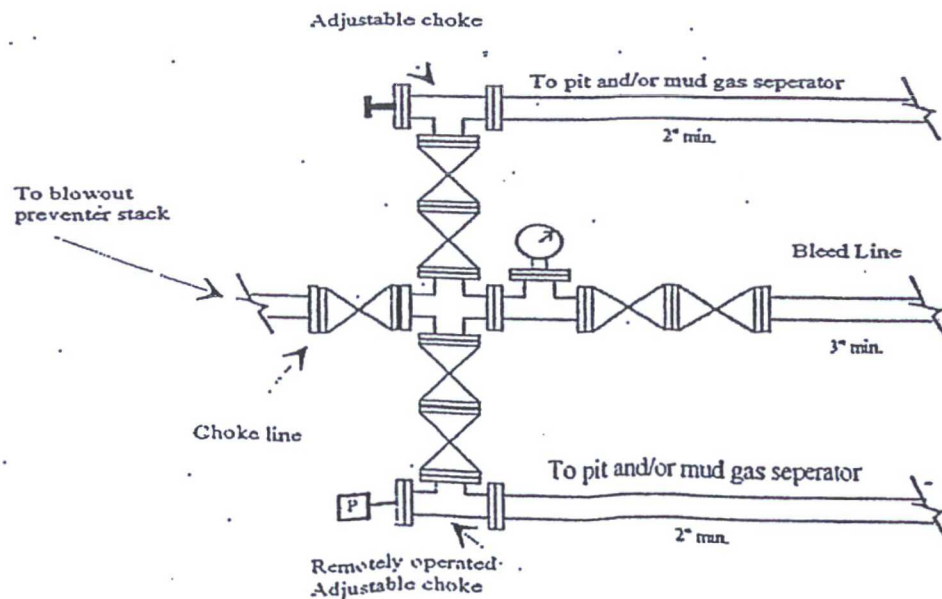
Yates Petroleum Corporation

BOP-4

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

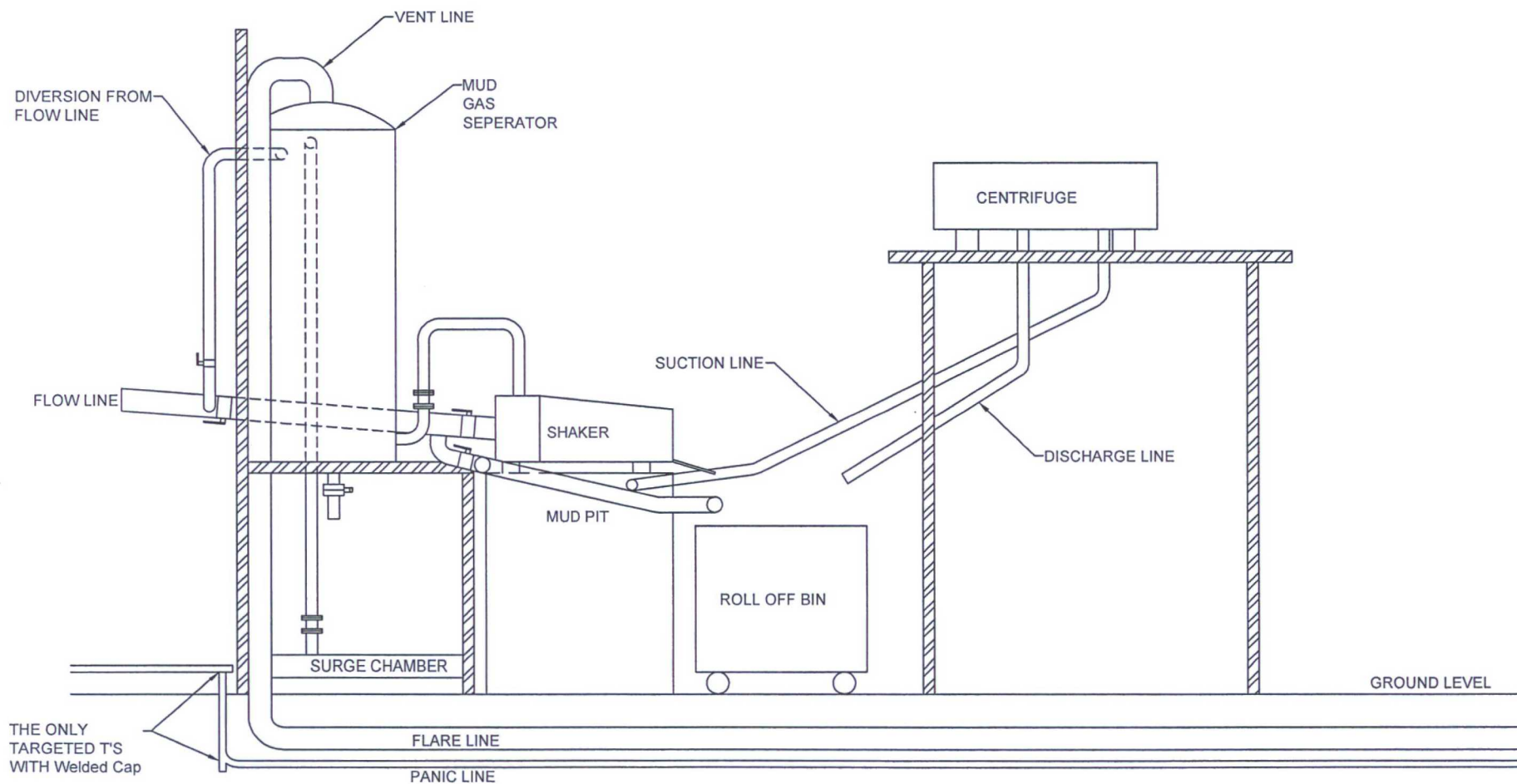


Typical 5,000 psi choke manifold assembly with at least these minimum features



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.

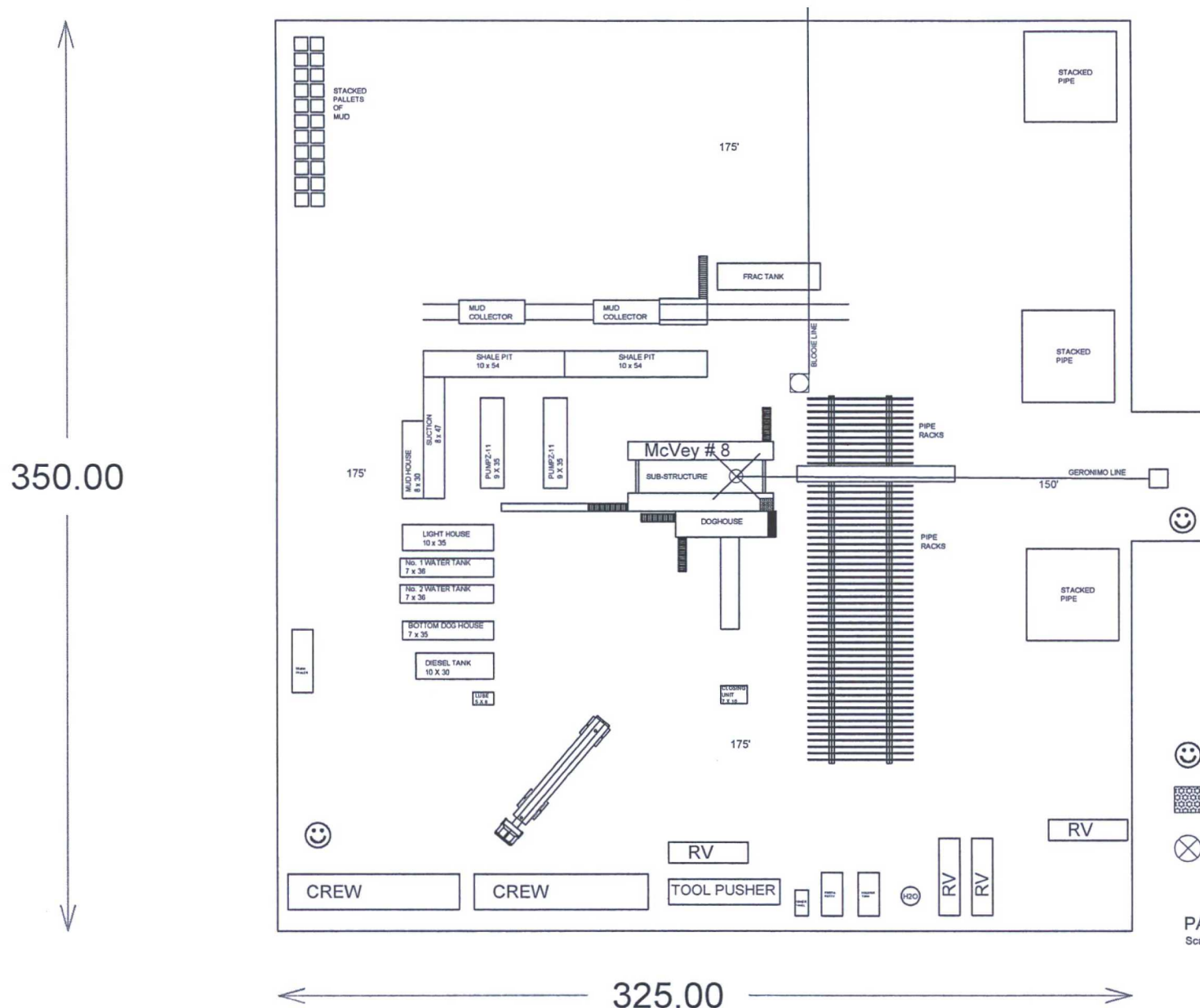
Closure Plan

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

McVay # 8

10-09-13



- 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 = 80 feet

[illegible]

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

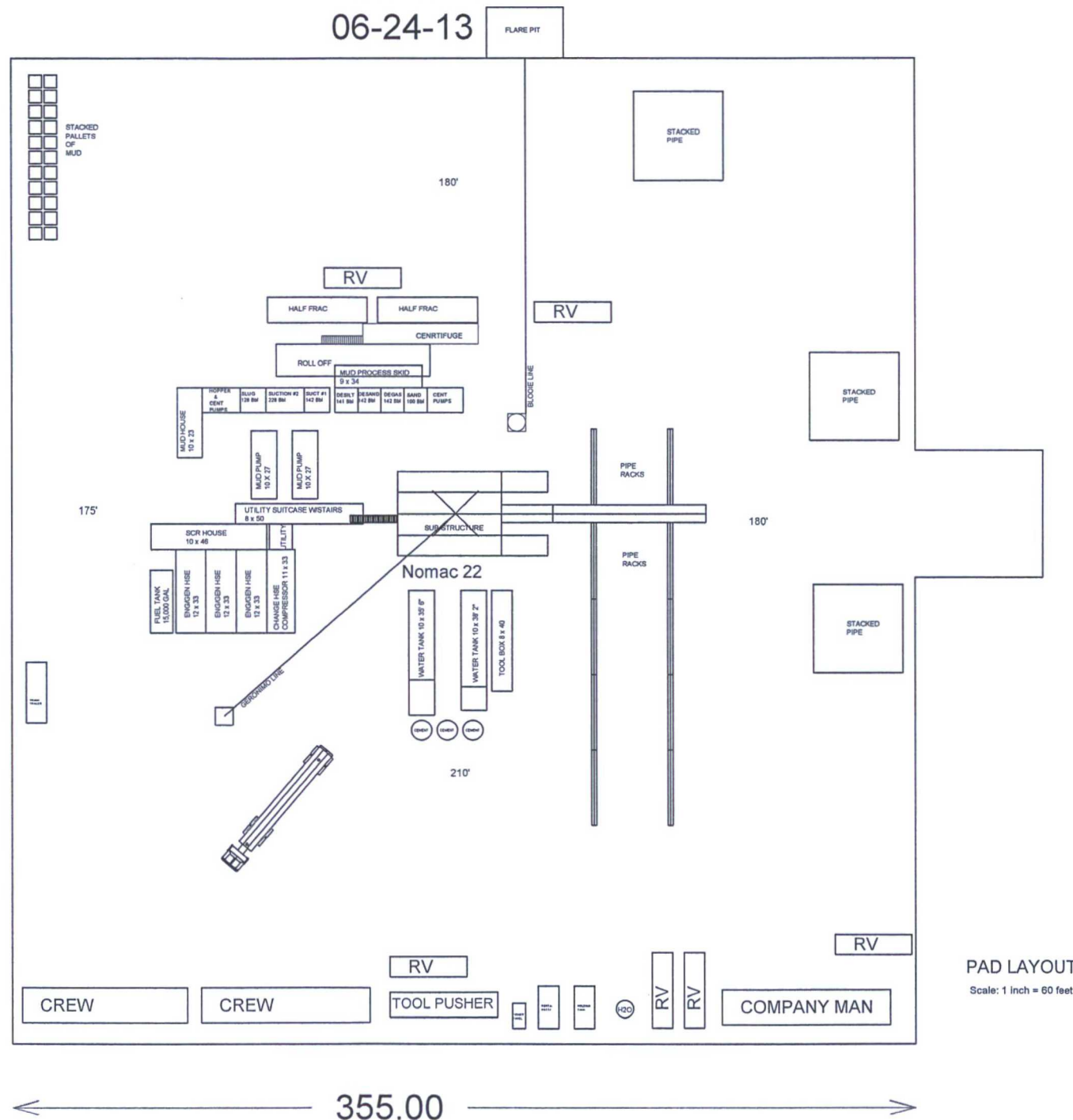
380.00

YATES PETROLEUM CORPORATION

Nomac 22

06-24-13

390.00



PAD LAYOUT
Scale: 1 inch = 60 feet

CERTIFICATION
YATES PETROLEUM CORPORATION
Capella BOP Federal #9H

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; and an someone under employment of Yates Petroleum Corporation has full knowledge of state and federal laws applicable to the operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 24 day of February 2015

Signature 

Name Travis Hahn

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (575) 748-4120

Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above

Telephone (if different from above) (575) 748-4221



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

U.S. Specialty Insurance Company

13403 Northwest Freeway

Houston, TX 77040-6094

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 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