Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD RECEIVED
SEP 21 2010
HOBBSOCD

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter a abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2 Name of Operator
Yates Petroleum Corporation

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No *(include area code)*
(575) 748-1471

4 Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Surface. 660' FNL & 330' FWL, Section 18 T26S-R35E, Unit Letter D
BHL: 660' FNL & 2310 FWL, Section 17 T26S-R35E, Unit Letter C

5. Lease Serial No
NM-104706

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No
Renegade BPG Federal #1H

9 API Well No.
30-025-39768

10 Field and Pool, or Exploratory Area
Wildcat Bonesprings

11 County or Parish, State
Lea County

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☒ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 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 shall 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 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 Petroleum Corportation respectfully requests permission to change the surface and intermediate casing on this well to the following:
Surface casing will be 13 3/8" 48# J-55 ST&C (setting depth and cement will remain as permitted)
Interm. casing will be the same except with all LT&C threads. (setting depth and cement will remain as permitted)
Attached are the revised surface and intermediate casing designs and mill specs on the 13 3/8" 48# J-55.

It is also requested that a contingency for 7" 2nd intermediate be added. (Contingency design is attached)

Thank-You

14 I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)* Jeremiah Mullen — Title Well Planner

Signature Jeremiah Mullen — Date August 31, 2010

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

KZ

PETROLEUM ENGINEER
SEP 22 2010

APPROVED
SEP 17 2010
/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Renegade BPG Federal #1H

Surface Casing

0 ft to 1,100 ft				Make up Torque ft-lbs			Total ft = 1,100
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
13.375 inches	48 #/ft	J-55	ST&C	4,330	3,250	5,410	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
740	2,370 psi	433,000 #		744,000 #		12.559	

Cemented as permitted

Intermediate Casing

0 ft to 100 ft				Make up Torque ft-lbs			Total ft = 100
O D	Weight	Grade	Threads	opt.	min.	mx.	
9.625 inches	40 #/ft	J-55	LT&C	5,200	3,900	6,500	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
2,570 psi	3,950 psi	520,000 #		630,000 #		8.75-SD	

100 ft to 3,200 ft				Make up Torque ft-lbs			Total ft = 3,100
O.D.	Weight	Grade	Threads	opt	min.	mx	
9.625 inches	36 #/ft	J-55	LT&C	4,530	3,400	5,660	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
2,020 psi	3,520 psi	453,000 #		564,000 #		8.765	

3,200 ft to 4,200 ft				Make up Torque ft-lbs			Total ft = 1,000
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
9.625 inches	40 #/ft	J-55	LT&C	5,200	3,900	6,500	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
2,570 psi	3,950 psi	520,000 #		630,000 #		8.75-SD	

4,200 ft to 5,400 ft				Make up Torque ft-lbs			Total ft = 1,200
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
9.625 inches	40 #/ft	HCK-55	LT&C	6,940	5,210	8,680	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,230 psi	3,950 psi	694,000 #		630,000 #		8.75-SD	

Cemented as permitted

Production Casing

0 ft to 16,455 ft				Make up Torque ft-lbs			Total ft = 16,455
O.D	Weight	Grade	Threads	opt	min.	mx.	
5.5 inches	17 #/ft	HCP-110	LT&C	4620	3470	5780	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
8,580 psi	10,640 psi	445,000 #		546,000 #		4.767	

An 8 3/4" hole will be drilled to 9,673' MD (9,400' TVD) Decision will then be made whether to set 7" or not If 7" casing is not set, then hole size will be reduced to 8 1/2" and drilled to 16,455' MD (9,400' TVD) where 5 1/2" casing will be set and cemented as permitted.

Contingency Casing Design

If hole conditions dictate, 7" casing will be set at 9,673' MD (9,400' TVD) A 6 1/8" hole will then be drilled to 16,455' MD (9,400' TVD) where 4 1/2" casing will be set and cemented with one stage up to dv tool After completion procedures, the 4 1/2" casing will be cut and pulled at approx 8,800'.

2nd Intermediate

0 ft to 600 ft				Make up Torque ft-lbs			Total ft = 600
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	L-80	LT&C	5110	3830	6390	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
5,410 psi	7,240 psi	511,000 #		604,000 #		6.151	

600 ft to 7,700 ft				Make up Torque ft-lbs			Total ft = 7,100
O.D.	Weight	Grade	Threads	opt.	min	mx.	
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,320 psi	4,980 psi	367,000 #		415,000 #		6.151	

7,700 ft to 9,673 ft				Make up Torque ft-lbs			Total ft = 1,973
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	26 #/ft	L-80	LT&C	5110	3830	6390	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
5,410 psi	7,240 psi	511,000 #		604,000 #		6.151	

DV tool placed at approx 6800' and 8800'.
Stage I: 9673'-8800' Cemented w/200sx PVL (YLD 1.41 Wt 13) TOC= 8800'
Stage II: 8800'-6800' lead w/325sx Lite Crete (YLD 2.66 Wt. 9.9),tail w/100sx PVL (YLD 1 41 Wt 13) TOC= 6800'
Stage III: 6800'-4900' lead w/310sx Lite Crete (YLD 2.66 Wt. 9.9),tail w/100sx PVL (YLD 1.41 Wt 13) TOC= 4900'

Production

0 ft to 16,455 ft				Make up Torque ft-lbs			Total ft = 16,455
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
4.5 inches	11.6 #/ft	HCP-110	LT&C	3020	2270	3780	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
8,650 psi	10,690 psi	279,000 #		367,000 #		3.875	

DV tool placed at approx. 8800' and cemented with one stage up to dv tool. After completion procedures, the 4 1/2" casing will be cut and pulled at 8800'
Cemented w/800sx PVL (YLD 1.83 Wt 13) TOC= 8800'

API 5CT J55 DATA REPORT

No.	Size	Analysis Item	Chemical Composition (Max. %)											
			C	Si	Mn	P	S	Al	Nb	V	Cr	Ti	Ni	Cu
		SPEC.	-	-	-	0.030	0.030	-	-	-	-	-	-	-
1	13-3/8" x 0.330"	DATA	0.255	0.187	1.368	0.013	0.003	0.025	0.010	0.002	0.010	0.002	0.010	0.024

No.	Size	Analysis Item	Tensile Test			Internal Yield Pressure (psi)	Collapse Test (psi)	Joint Strength (lb)	Result
			T.S(Mpa)	Y.P(Mpa)	E.L(%)	Spec. (Min)			
1	13-3/8" x 0.330"	SPEC.	Min. 517	379~552	Min. 22	2,370	740	433,000	Accept
		DATA	687	529	28				

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Yates Petroleum Corporation**
LEASE NO.:	**NMNM-104706**
WELL NAME & NO.:	**Renegade BPG Fed 1H**
API Number:	**30-025-39768**
COUNTY:	**Lea County, New Mexico**

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Hydrogen Sulfide has been reported as a hazard in formations deeper than the proposed depth. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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.

Possible lost circulation in the Red Beds.
Possible high pressure gas bursts within the Wolfcamp.

1. The **13-3/8** inch surface casing shall be set at **approximately 1100 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If salt is penetrated, set casing shoe 25 feet above the top of salt.**

    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.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

    a. First stage to DV tool, cement shall:

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.

    b. Second stage above DV tool, cement shall:

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.

    c. Third stage above DV tool, cement shall:

    ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

Contingency Casing

4. The minimum required fill of cement behind the **7** inch Second intermediate casing is:

    a. First stage to DV tool, cement shall:

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.

    b. Second stage above DV tool, cement shall:

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.

    c. Third stage above DV tool, cement shall:

    ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

Formation below the 7" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

5. The minimum required fill of cement behind the **4-1/2** inch production casing is:

    a. First stage to DV tool, cement shall:

    ☒ 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.

6. 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.

C. 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.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **5000 (5M)** psi. **5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

4. 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 or where the float does not hold, the minimum wait time before cut-off is eight hours after bumping the plug or when the cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. BOP/BOPE testing can begin after the above conditions are satisfied.

    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) prior to initiating the test.

    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.

    f. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2. **(Pilot Hole)**

D. DRILLING MUD (Pilot Hole)

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Proposed mud weight may not be adequate for drilling through Wolfcamp.

E. DRILL STEM TEST

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

F. 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.

CRW 091710