

HOBBS OCD

APR 11 2013

New Mexico Oil Conservation Division, District 1
1625 N. French Drive
Hobbs, NM 88240Form 3160-3
(February 2005)

RECEIVED

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)

575-748-1471

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

1800' FNL & 330' FWL, Surface Hole

At proposed prod. zone

2200' FNL & 330' FEL, Bottom Hole

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

14 miles North of Loco Hills, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drlg. unit line, if any)

330

16. No. of acres in lease

920.00

17. Spacing Unit dedicated to this well

S2N2

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

1000'

19. Proposed Depth

9940' VD & 12737' MD

20. BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

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

4099' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45 Days

24. Attachments

ROSWELL CONTROLLED WATER BASIN

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.
- 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 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

Printed Name

Travis Hahn

Date

5/3/2011

Title

Land Regulatory Agent

Approved By (Signature)

/s/ Angel Mayes

Name (Printed/ Typed)

Angel Mayes

Date

APR 08 2013

Title

Assistant Field Manager,
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 2 YEARS

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 cc 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)

ROSWELL CONTROLLED WATER BASIN

COMMENT BEHIND THE
CASING MUST BE CIRCULAR

WITNESS

APR 17 2013

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

DRILLING PLAN NOT COMPLETE AS OF 4/20/11

YATES PETROLEUM CORPORATION

McKamey "BHM" Federal #2H

1800' FNL and 330' FWL, Section 26-15S-30E, Surface Hole Location

2200' FNL & 330' FEL, Section 26-15S-30E, Bottom Hole Location

Chaves County, New Mexico

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

Yates	1966'	Water	3 Brothers	9012'
Seven Rivers	2122'	Gas	Bough A	9120' Oil
Queen	2734'	Oil/Gas	Bough B	9188' Oil
Grayburg	3248'	Oil	Bough C	9260' Oil
San Andres	3595'	Oil	Cisco	9398' Oil
Glorieta	5028'		Canyon	9788' Oil
Tubb	6242'		Canyon	9788' Oil
Abo	7242'	Oil/Gas	TVD Pilot Hole	9940'
Wolfcamp	8360'	Oil	TMD Lateral	12737'

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

Water: 160'

Oil or Gas: Zones: 3260' Oil/Gas, 4000' Oil, 5500' Oil, 7540' Oil & 8950' Oil.

3. Pressure Control Equipment: BOPE with a 13.625" opening will be installed on the 13 3/8" and on the 9 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

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-425'	425'
12 1/4"	9 5/8"	40#	J-55	ST&C	0-100'	100'
12 1/4"	9 5/8"	36#	J-55	ST&C	100'-3000'	2900'
12 1/4"	9 5/8"	40#	J-55	ST&C	3000'-3650'	650'
8 3/4"	Pilot Hole					
8 3/4"	from KOP of 7803' to 8548' MD					
7 7/8"	5 1/2"	17#	HCP-110	LT&C	0'-12737'	12737'

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

B. CEMENTING PROGRAM:

Surface Casing: Cement with 450 sacks Class C (Yld 1.34Wt. 14.80) w/2% CC,.25/ppsPolyFlake. TOC surface.

Intermediate Casing: Lead with 1175 sacks of C Lite (Yld 1.96 Wt 12.60) +5pps/Gil., 125pps/Poly-Flake, 5% NaCl. Tail in with 200 sacks Prem + C (YLD 1.33 WT 14.80 YLD). TOC surface

Production: Production cement will be done in one stage with cementing tool at approximately 7800'.

Stage One from 12737-7800': Packer/port system. NO CEMENT

Stage Two from 7800'-3100': Lead with 475 sacks 35/65/C (Yld 2.04 Wt 12.60), .2% Antifoam, 6.0% Extender, 2% LCM, 0.125 LB/sack, .02% Retarder & 5% Salt. Tail in 200 sacks neat with .4% retarder (Yld 1.33 Wt 14.8). TOC 7500'.

Pilot hole will be drilled with an 8 3/4" hole to 9940'. Well will be logged, plugged back 9940'-9740' with 100 sacks Class H (Yld 1.0 Wt 17.0) & 8250'-7650' kick-off plug with 250 sacks class H (Yld 1.0 Wt. 17.0) with .7% dispersant, .2% defoamer, .2% retarder, kicked off @ 7803 with 12 degrees per hundred and landed at 8548' MD (8280' TVD) and drilled laterally to 12737' MD (8320' TVD). The penetration point of the producing zone will be 2018' FNL & 810' FWL.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-425'	Fresh Water	8.60-9.20	32-34	N/C
425'-3650'	Brine Water	10.00-10.20	32-40	<20
3650'-7300'	Cut Brine	8.70-9.20	28-29	N/C
7300'-9940'	Cut Brine	8.80-9.20	28-32	<10
7843'-8548'	Cut Brine (Lateral Section)	8.70-9.20	28	<10
8548'-12737'	Cut Brine (Lateral Section)	8.70-9.20	36-40	<10

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:

Samples: Every 10' from intermediate casing to TD

Logging: CNL/LDT/NGT from TD to intermediate casing; CNL/LDT/NGT TD to surface casing; CNL/GR-DLL/MSFL-BHC Sonic from TD-surface casing; Horizontal-MWD-GR

Coring: None anticipated

DST's: None Anticipated

Mudlogging: Yes. From 3200' to TD

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

Maximum Anticipated BHP:

0'-425' 198 PSI

425'-4000' 2080 PSI

4000'-9940' 4800 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 160 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: 0	Units: Feet, ° 7100ft	VS Az: 94.48	Tgt TVD: 8320.00
Drillers: 0	Elevation:	Tgt Radius: 0.00	Tgt MD: 0.00
Well Name: McKamey BHM Federal #2H	Northing:	Tgt N/S: -364.33	Tgt Displ.: 0.00
Location: 0	Easting:	Tgt E/W: 4647.46	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	1966.00	1966.00	0.00	0.00	1966.00	0.00	0.00	0.00	0.00	0.00	0.00	Yates
2	2121.99	155.99	0.00	0.00	2121.99	0.00	0.00	0.00	0.00	0.00	0.00	Seven Rivers
3	2734.00	612.01	0.00	0.00	2734.00	0.00	0.00	0.00	0.00	0.00	0.00	Queen
4	3248.00	513.99	0.00	0.00	3248.00	0.00	0.00	0.00	0.00	0.00	0.00	Grayburg
5	3594.98	346.98	0.00	0.00	3594.98	0.00	0.00	0.00	0.00	0.00	0.00	San Andres
6	5028.00	1433.02	0.00	0.00	5028.00	0.00	0.00	0.00	0.00	0.00	0.00	Glorieta
7	6242.00	1214.01	0.00	0.00	6242.00	0.00	0.01	0.00	0.00	0.00	0.00	Tubb
8	7242.00	1000.00	0.00	0.00	7242.00	0.00	0.01	0.00	0.00	0.00	0.00	Abo
9	7803.08	561.07	0.00	94.48	7803.08	0.00	0.01	0.00	0.00	16.84	0.00	KOP
10	7900.00	96.92	11.63	94.48	7899.34	9.80	-0.76	9.77	12.00	0.00	12.00	
11	8000.00	100.00	23.63	94.48	7994.46	40.04	-3.12	39.91	12.00	0.00	12.00	
12	8100.00	100.00	35.63	94.48	8081.23	89.39	-6.98	89.11	12.00	0.00	12.00	
13	8200.00	100.00	47.63	94.48	8155.84	155.70	-12.16	155.22	12.00	0.00	12.00	
14	8300.00	100.00	59.63	94.48	8215.03	236.07	-18.44	235.35	12.00	0.00	12.00	
15	8400.00	100.00	71.63	94.48	8256.21	327.00	-25.55	326.00	12.00	0.00	12.00	
16	8500.00	100.00	83.63	94.48	8277.60	424.50	-33.17	423.20	12.00	0.00	12.00	
17	8548.58	48.58	89.46	94.48	8280.52	472.96	-36.96	471.52	12.00	0.00	12.00	Target
18	12737.52	4188.94	89.46	94.48	8320.01	4661.72	-364.33	4647.46	0.00	0.00	0.00	Lateral TD

