

OCD Hobbs
HOBBS OCD

Form 3160-3
(August 2008)

JUL 09 2013

FORM APPROVED
OMB NO. 1004-0137
Expires: July 31, 2010

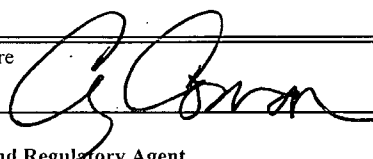
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RECEIVED
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No NM-90
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 N/A
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 105 South Fourth Street, Artesia, NM 88210		8. Lease Name and Well No. <3080> Amazing BAZ Federal #5
3b. Phone No. (include area code) 575-748-1471		9. API Well No. 30-025-41260
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 330' FSL and 460' FWL, Unit M At proposed prod. zone		10. Field and Pool, or Exploratory <39380> Livingston Ridge, Delaware, SE
14. Distance in miles and direction from the nearest town or post office* Approximately thirty eight (38) miles west & north of Jal, New Mexico		11. Sec., T., R., M., or Blk. And Survey or Area Section 29, T22S-R32E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 330'		12. County or Parish Lea County
16. No. of acres in lease 1760.00		13. State NM
17. Spacing Unit dedicated to this well 40 Acres		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1200'		19. Proposed Depth 8600'
20. BLM/ BIA Bond No. on file NATIONWIDE BOND #NMB000434		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3542'		22. Aproximate date work will start* ASAP
		23. Estimated duration 45 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:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by 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 	Cy Cowan	Date 5/26/2011
Title Land Regulatory Agent		
Approved By (Signature) /s/George MacDonell	Name (Printed/ Typed)	Date
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 lease which would entitle the applicant to co 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.

APPROVAL FOR TWO YEARS

Previously Approved

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

K 07/10/13

Carlsbad Controlled Water Basin

JUL 15 2013

YATES PETROLEUM CORPORATION

Amazing BAZ Federal #5

330' FSL and 660' FWL 460'

Section 29, T22S-R32E

Lea County, New Mexico

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

Rustler	800'	
Top of Salt	950'	
Bottom of Salt	4345'	
Bell Canyon	4650'	Oil
Cherry Canyon	5540'	Oil
Brushy Draw	6830'	Oil
Bone Spring	8480'	Oil
TD	8600'	

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

Water: 250' to 500'

Oil or Gas: 6830' & 8480'

Brushy Canyon	6830' Oil
Bone Spring	8480' Oil

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.3/8" casing and also on the 9 5/8" casing. Pressure tests to 3000 PSI and held for 30 minutes 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.

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.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

Interval	Length	Hole Size	Casing Size	Weight	Grade	T&C
0-900'	900'	17 1/2"	13 3/8"	48#	H-40	ST&C
0-100'	100'	11"	8 5/8"	32#	J-55	ST&C
100'-2100'	2000'	11"	8 5/8"	24#	J-55	ST&C
2100'-4200'	2100'	11"	8 5/8"	32#	J-55	ST&C
4200'-4500'	300'	11"	8 5/8"	32#	HCK-55	ST&C
0-100'	100'	7 7/8"	5 1/2"	17#	J-55	LT&C
100'-7400'	7300'	7 7/8"	5 1/2"	15.5#	J-55	LT&C
7400'-8600'	1200'	7 7/8"	5 1/2"	17#	J-55	LT&C

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

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2/1/2012

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B. CEMENTING PROGRAM:

SURFACE CASING: 650 sx Lite + Gilsonite 3lb/bbl, Poly-E –Flake 0.125 lb/bbl, CaCl₂ 2% (YLD 1.96 WT 12.7). Tail w/200sx Class "C" + 2% CaCl₂ (YLD 1.34 WT 14.8). TOC surface using 100% excess.

INTERMEDIATE: 925 sx Lite + Gilsonite 3lb/bbl, Poly-E-Flake 0.125lb/bbl, CaCl 2% (YLD 2.5 WT 11.9) tail w/200sx Class "C" + CaCl₂ (YLD 1.34 WT 14.8). TOC surface using 100% excess.

PRODUCTION CASING: 1st Stage: 550sx Super "H" w/ .7% Dispersant, .2% Defoamer, .2% Retarder (YLD 1.67 WT 13), tail w/50sx Thixset (YLD 1.4 WT 14.4). Top of cement approximately 6000'. All designed using 100% excess.

See CoA DV Tool Packer @ 6000'

2nd Stage: 650 sx Lite w/Gilsonite 3lb/bbl, Poly-E-Flake 0.125 lb/bbl, CaCl₂ (YLD 2.5 WT 11.9), Tail w/50sx Premium (YLD 1.3 WT 14.8). Top of cement approximately 4000'. All designed using 100% excess.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-900'	FW/Native Mud	8.6 – 9.2	28-36	N/C
900'-4500'	Brine Water	10 – 10.2	28	N/C
4500'-6800'	Cut Brine	8.6 – 9.1	28	N/C
6800'-TD	Cut Brine/Starch	8.6 - 9.1	28-32	<15

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.

6. EVALUATION PROGRAM:

Samples: 10' Samples—Surface to TD.

Logging: CNL-FCO from TD to casing with GR-CNL up to surface; DLL from TD to casing

Coring: None Anticipated

DST's: Any tests will be based on the recommendations of the well site geologist as warranted by drilling breaks and shows.

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

Anticipated BHP:

From: 0	TO: 900'	Anticipated Max. BHP:	430 PSI
From: 900'	TO: 4500'	Anticipated Max. BHP:	2385 PSI
From: 4500'	TO: TD	Anticipated Max BHP:	4071 PSI

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2/14/2012

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Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

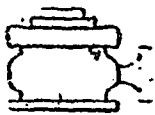
See CoA

Maximum Bottom Hole Temperature: 140° F

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 15 days to drill the well with completion taking another 20 days.

*TMM
2/14/2012*

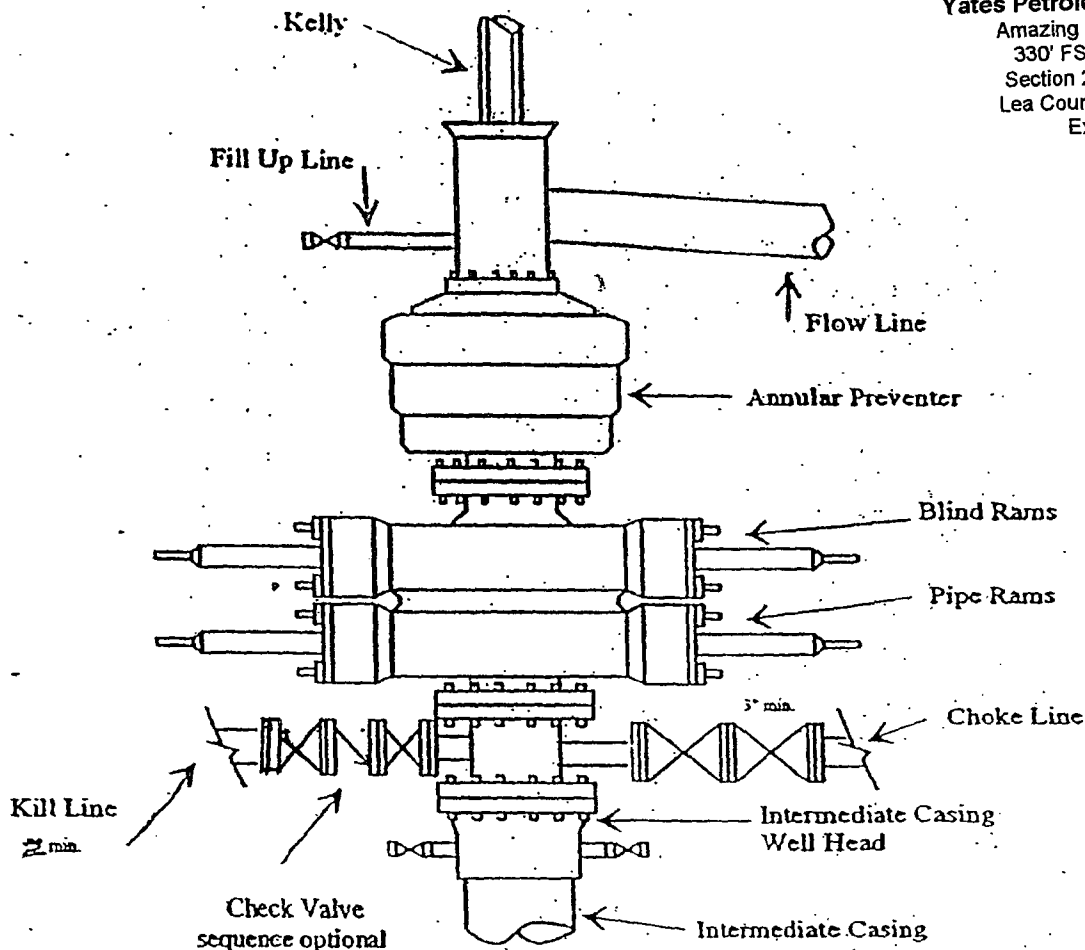


Yates Petroleum Corporation

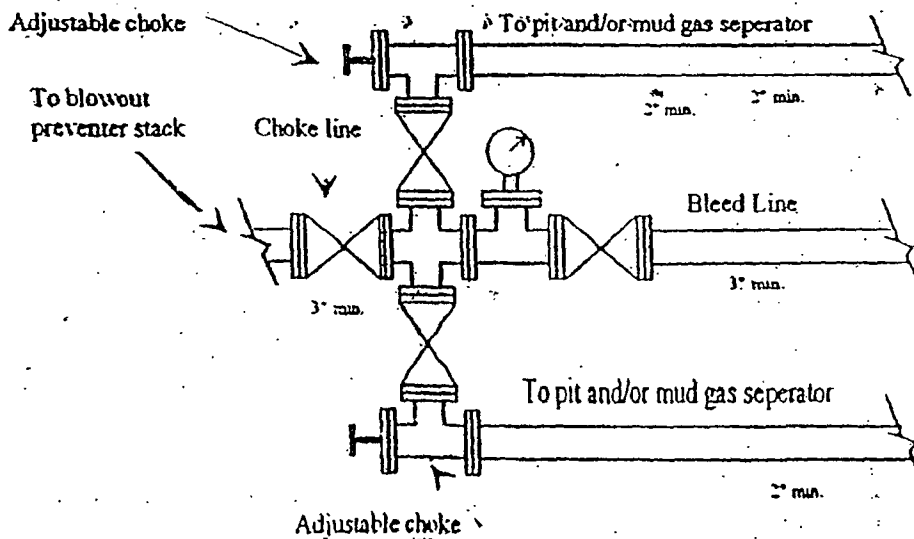
BOP-3

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

Yates Petroleum Corporation
Amazing BAZ Federal #5
330' FSL & 460' FWL
Section 29, T22S-R32E
Lea County, New Mexico
Exhibit "C"



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



YATES PETROLEUM CORPORATION
Piping from Choke Manifold
to the Closed-Loop Drilling Mud System

Yates Petroleum Corporation
Amazing BAZ Federal #5
330' FSL & 460' FWL
Section 29, T22S-R32E
Lea County, New Mexico
Exhibit "D"

