

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
V-3426 and NM 59392

HOBBS OCD

6. If Indian, Allottee or Tribe Name

JAN 17 2014

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. Fourth St.
Artesia, NM 88210

3b. Phone No. (include area code)

575-748-4120

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

RECEIVED

8. Well Name and No.

Spring AKJ State Com #5H <125277

9. API Well No.

30-025-40989

10. Field and Pool or Exploratory Area

Lusk Spring, East 41142

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

330' FNL & 1980' FEL, Section 35 T19S-R32R, SHL
330' FSL & 1980' FEL, Section 2 T20S-R32E, BHL

11. County or Parish, State

Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: 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 recompleate 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must 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 Corporation would like to change the name of the Lusk AHB Federal #8H to the Spring AKJ State Com #5H.
Yates would also like to change the drilling plan to lengthen the lateral into Section 2 of T20S-R32E.
Please notice the attached new C-102, drilling plan and directional program.

4 String area

DENIED

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Travis Hahn

Title Land Regulatory Agent

Signature

[Signature]

Date 09/19/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

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.

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.

(Instructions on page 2)

JAN 21 2014

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-40989	Pool Code 41442	Pool Name Lusk Bone Spring, East
Property Code	Property Name SPRING "AKJ" STATE COM	Well Number 5H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3574'

Surface Location

UL or lot No. B	Section 35	Township 19 S	Range 32 E	Lot Idn	Feet from the 200	North/South line NORTH	Feet from the 1980	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No. O	Section 2	Township 20 S	Range 32 E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 1980	East/West line EAST	County LEA
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p><u>SURFACE LOCATION</u> Lat - N 32°37'24.72" Long - W 103°44'04.86" NMSPC- N 591091.647 E 725646.506 (NAD-83)</p> <p>Penetration Point: 678' FNL & 1980' FEL</p> <p>Project Area:</p> <p>Producing Zone:</p> <p><u>PROPOSED BOTTOM HOLE LOCATION</u> Lat - N 32°35'45.20" Long - W 103°44'05.20" NMSPC- N 581034.23 E 725673.79 (NAD-83)</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p> 9/20/2013 Signature Date</p> <p>Travis Hahn Printed Name</p> <p>thahn@yatespetroleum.com Email Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p></p> <p>Date Surveyed Signature & Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977 BASIN SURVEYS 28220</p>
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YATES PETROLEUM CORPORATION

Spring AKJ State Com #5H
200' FNL & 1980' FEL Section 35-T19S-R32E, SHL
330' FSL and 1980' FEL Section 2-T20S-R32E, BHL
Lea County, New Mexico

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

Rustler	1100'	1st Bone Spring	8800' Oil Pay
Yates	2910' Oil Pay	2 nd Bone Spring	9520' Oil Pay
Capitan Reef	3500'	Target Zone SBS	10088'
Bell Canyon	4600' Oil Pay	End of Lateral	19667'
Cherry Canyon	4850' Oil Pay		
Brushy Canyon	6200' Oil Pay		
Bone Spring	7820' Oil Pay		

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

Water: Approx 250' - 350'
Oil or Gas: All Potential Zones—see above

3. Pressure Control Equipment: 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. 3000 PSI BOPE with a 13.625" opening will be installed on the 13.375" casing and also on the 9.625" 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. Test will be conducted by an Independent Tester, utilizing a test plug in the well head. Test will be held for 10" on each segment of the system tested. Any leaks will be repaired at the time of test. Annular preventer will be tested to 50% of rated working pressure. Accumulator system will be inspected for correct pre charge pressures, and proper functionality, prior to connection to the BOP system. 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.

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)

See RPT

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
26"	20"	94#	H-40	ST&C	0'-65'	65'
17 1/2"	13 3/8"	48#	J-55	ST&C	0'-1125'	1125'
12 1/4"	9 5/8"	40#	J-55	LT&C	0'-80'	80'
12 1/4"	9 5/8"	36#	J-55	LT&C	80'-3200'	3120'
12 1/4"	9 5/8"	40#	J-55	LT&C	3200'-4200'	1000'
12 1/4"	9 5/8"	40#	HCK-55	LT&C	4200'-4800'	600'
8 3/4"	5 1/2"	17#	P-110	Buttress Thread	0'-10088'	10088'
8 1/2"	5 1/2"	17#	P-110	Buttress Thread	10088'-19667'	9579'

Well will be drilled vertically to 9337' and then will be kicked off and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 10088' MD (9815' TVD). Hole size will then be reduced to 8 1/2" and drilled to 19667' MD (9791' TVD) where 5 1/2" casing will be set and cemented 500' into the intermediate casing with DV Tools at approximately 7000'. Penetration point of producing zone will be encountered at 678' FSL & 1980' FEL, 35-19S-32E. Deepest TVD in the well will be 9815', in the lateral. NO PILOT HOLE.

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

B. CEMENTING PROGRAM:

Surface casing: 645 sx 35:65:6 PzC (Yld 2.00 Wt.12.5) +2% CaCl₂. Tail in w/205 sx 50/50 PzC (Yld 1.34 Wt 14.2) +2% CaCl₂, designed with 100% excess. TOC-Surface.

Intermediate Casing: 1360 sx 35:65:6 PzC (Yld 2.0 Wt 12.5) +2% CaCl₂; Tail in w/210 sx 50/50 PzC (Yld 1.34 Wt. 14.2) +2% CaCl₂, designed with 100% excess. TOC-Surface.

Production casing will be cemented with DV Tool at approximately 7000'.

Production Casing 1st stage (7000'-19667'): Lead w/390 sx 35:65:6 PzH (Yld 2.0 Wt 12.5) with CFR-3 0.4%, Gilsonite 3.0 lb/sack, HALAD4-344 0.5%, HR-800 0.2%, Poly-E-Flake 0.125 lb/sack. Tail in w/1775 sx of Pecos VI Lt (Wt 14.8 Yld 1.82) 30% CaCO₃, 3.2% Expansion additive, 2% Antifoam, 0.8% Retarder, 15 Fluid loss, designed with 35% excess. TOC- 7000'.

Production Casing 2nd stage (4300'-7000'): 205 sx 35:65:6 PzH (Yld 2. Wt 12.5) with CFR-3 0.4%, Gilsonite 3.0 lb/sack, HALAD4-344 0.5%, HR-800 0.2%, Poly-E-Flake 0.125 lb/sx; Tail in 205 sx 50/50 PzH (Yld 1.34 Wt. 14.2) with CFR-3 0.4%, Gilsonite 3.0 lb/sack, HALAD4-344 0.5%, HR-800 0.2%, Poly-E-Flake 0.125 lb/sack designed with 35% excess. TOC-4300'.

5. Mud Program and Auxiliary Equipment:

1190'

Interval	Type	Weight	Viscosity	Fluid Loss
0'-1125'	Fresh Water	8.6-9.2	32-34	N/C
1125'-4800'	Brine Water	10.0-10.2	28-29	N/C
4800'-19667'	Cut Brine	8.8-9.0	28-32	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blowout will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel. 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.

6. EVALUATION PROGRAM:

Samples: 30' samples to 4800' then 10' samples 4800' to TD.

Logging: GR Neutron from 30 degrees deviation to surface,
Density from 30 degrees deviation to intermediate casing
Laterolog from 30 degrees deviation to surface
CMR from 30 degrees deviation to intermediate casing (Schlumberger tools platform/HRLA/CMR)

Mudlogging: On after surface casing.

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

Anticipated BHP:

From: 0'	TO: 1125'	Anticipated Max. BHP: 538	PSI
From: 1125'	TO: 4800'	Anticipated Max. BHP: 2546	PSI
From: 4800'	TO: 9815'	Anticipated Max. BHP: 4593	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

See
COA

H2S Zones Anticipated: None

8. 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 15 days.

Well Name: Spring AKJ State Com #5H				Tgt N/S: -10057.42		EOC TVD/MD: 9814.81 / 10088.53	
Surface Location: Section 35 , Township 19S Range 32E				Tgt E/W: 27.28			
Bottom Hole Location: Section 2 , Township 20S Range 32E				VS: 10057.45		EOL TVD/MD: 9791.00 / 19667.34	
				VS Az: 179.84			

MD	Inc	AZI	TVD	N/S	E/W	VS	DLS	Comments
0	0	0	0	0	0	0	0	
1101.00	0.00	0.00	1101.00	0.00	0.00	0.00	0.00	RUSTLER
1191.00	0.00	0.00	1191.00	0.00	0.00	0.00	0.00	TOS
2726.00	0.00	0.00	2726.00	0.00	0.00	0.00	0.00	BOS
2931.00	0.00	0.00	2931.00	0.00	0.00	0.00	0.00	YATES
3281.00	0.00	0.00	3281.00	0.00	0.00	0.00	0.00	CAPITAN
4691.00	0.00	0.00	4691.00	0.00	0.00	0.00	0.00	BELL CANYON
5001.00	0.00	0.00	5001.00	0.00	0.00	0.00	0.00	CHERRY CANYON
6261.00	0.00	0.00	6261.00	0.00	0.00	0.00	0.00	BRUSHY CANYON
7741.00	0.00	0.00	7741.00	0.00	0.00	0.00	0.00	BONE SPRINGS LM
7936.00	0.00	0.00	7936.00	0.00	0.00	0.00	0.00	AVALON SAND
8257.00	0.00	0.00	8257.00	0.00	0.00	0.00	0.00	MIDDLE AVALON
8591.00	0.00	0.00	8591.00	0.00	0.00	0.00	0.00	LOWER AVALON
8836.00	0.00	0.00	8836.00	0.00	0.00	0.00	0.00	1ST BONE SPRINGS SAND
9337.35	0.00	0.00	9337.35	0.00	0.00	0.00	0.00	KOP
9350.00	1.52	179.84	9350.00	-0.17	0.00	0.17	12.00	
9375.00	4.52	179.84	9374.96	-1.48	0.00	1.48	12.00	
9400.00	7.52	179.84	9399.82	-4.10	0.01	4.10	12.00	
9425.00	10.52	179.84	9424.51	-8.02	0.02	8.02	12.00	
9450.00	13.52	179.84	9448.96	-13.23	0.04	13.23	12.00	
9475.00	16.52	179.84	9473.10	-19.71	0.05	19.71	12.00	
9483.26	17.51	179.84	9481.00	-22.12	0.06	22.12	12.00	2ND BONE SPRINGS SAND
9500.00	19.52	179.84	9496.87	-27.44	0.07	27.44	12.00	
9525.00	22.52	179.84	9520.21	-36.40	0.10	36.40	12.00	
9550.00	25.52	179.84	9543.04	-46.58	0.13	46.58	12.00	
9575.00	28.52	179.84	9565.31	-57.93	0.16	57.93	12.00	
9600.00	31.52	179.84	9586.95	-70.44	0.19	70.44	12.00	
9625.00	34.52	179.84	9607.91	-84.06	0.23	84.06	12.00	
9650.00	37.52	179.84	9628.13	-98.76	0.27	98.76	12.00	
9675.00	40.52	179.84	9647.55	-114.50	0.31	114.50	12.00	
9700.00	43.52	179.84	9666.12	-131.23	0.36	131.23	12.00	
9725.00	46.52	179.84	9683.79	-148.91	0.40	148.91	12.00	
9750.00	49.52	179.84	9700.51	-167.49	0.45	167.49	12.00	
9775.00	52.52	179.84	9716.24	-186.92	0.51	186.92	12.00	
9800.00	55.52	179.84	9730.92	-207.15	0.56	207.15	12.00	
9825.00	58.52	179.84	9744.53	-228.12	0.62	228.12	12.00	
9850.00	61.52	179.84	9757.02	-249.77	0.68	249.77	12.00	
9875.00	64.52	179.84	9768.37	-272.05	0.74	272.05	12.00	
9900.00	67.52	179.84	9778.53	-294.89	0.80	294.89	12.00	
9925.00	70.52	179.84	9787.48	-318.23	0.86	318.23	12.00	
9950.00	73.52	179.84	9795.19	-342.00	0.93	342.00	12.00	
9975.00	76.52	179.84	9801.66	-366.15	0.99	366.15	12.00	
10000.00	79.52	179.84	9806.84	-390.60	1.06	390.60	12.00	
10025.00	82.52	179.84	9810.75	-415.29	1.13	415.29	12.00	
10050.00	85.52	179.84	9813.35	-440.15	1.19	440.16	12.00	
10075.00	88.52	179.84	9814.65	-465.12	1.26	465.12	12.00	
10088.53	90.14	179.84	9814.81	-478.65	1.30	478.65	12.00	TARGET ZONE SBSG
19667.34	90.14	179.84	9791.00	-10057.42	27.28	10057.45	0.00	EOL

