

SEP 21 2016

OCD Hobbs

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 20185. Lease Serial No.
NM-110838, NM-15913
6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No. (316814)
Audacious BTL Federal Com #2H

9. API Well No.

30-025-43430

10. Field and Pool, or Exploratory
Red Hills, Wolfcamp (98180)

11. Sec., T. R. M. or Blk. and Survey or Area

Sections 19 & 30, T25S - R33E

12. County or Parish
Lea County13. State
NM1a. Type of work: ☒ DRILL ☐ REENTER
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other
1c. Type of Completion: ☐ Hydraulic Fracturing ☒ Single Zone ☐ Multiple Zone2. Name of Operator
Yates Petroleum Corporation (25575)3a. Address
105 S. Fourth St., Artesia, NM 882103b. Phone No. (include area code)
575-748-4120

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

At surface 2590' FSL & 2200' FEL, Unit J Section 19, T25S - R33E

At proposed prod. zone 330' FSL & 2200' FEL, Unit O Section 30, T25S - R33E

14. Distance in miles and direction from nearest town or post office*
40 miles West of Jal, NM15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)
2200' FEL16. No of acres in lease
NM-110838 1761.04 acres, N17. Spacing Unit dedicated to this well
W2SE4 Section 19, W2E2 Section 30, 240 acres18. Distance from proposed location*
to nearest well, drilling, completed, 30'
applied for, on this lease, ft.19. Proposed Depth
TVD-12410' MD-19719'20. BLM/BIA Bond No. in file
NMB-000434, NMB-00092021. Elevations (Show whether DF, KDB, RT, GL, etc.)
3733'

22. Approximate date work will start*

23. Estimated duration
45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

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).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be requested by the BLM.

25. Signature

Name (Printed/Typed)
Travis HahnDate
2/23/16

Title

Land Regulatory Agent

Approved by (Signature)

/s/Cody Layton

Name (Printed/Typed)

Date

SEP 14 2016

Title

Land Regulatory Agent

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.

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.

Carlsbad Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations AttachedK2
09/21/16
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

YATES PETROLEUM CORPORATION

Audacious BTL Federal Com. #2H
2590' FSL & 2200' FEL, Surface Hole, Section 19 -T25S-R33E
330' FSL & 2200' FEL, Bottom Hole, Section 30 -T25S-R33E
Lea County, New Mexico

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

Rustler	920'	Upper Avalon	9130' Oil
Salado	1270'	Lower Avalon	9450'
Castile	3730'	Bone Spring SD/1	10050' Oil
Base of Salt	4700'	Bone Spring SD/2	10631' Oil
Delaware	4930'	Bone Spring SD/3	11780' Oil
Bell Canyon	4950' Oil	Wolfcamp	12249' Oil
Cherry Canyon	6000' Oil	Wolfcamp @ 70°	12538' Oil
Brushy Canyon	7850' Oil	Wolfcamp Target	12737' Oil
Bone Springs	9080' Oil	End of Lateral	19719'

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

Water: Approx. 100' - 350'

Oil or Gas: Oil Zones: All zones listed above.

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.375 casing and a 5000 PSI BOPE will be installed 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.

4. Auxiliary Equipment: See COA

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.

B. THE PROPOSED CASING AND CEMENTING PROGRAM:

Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40/J-55 Hybrid	ST&C	0'-945'	945'
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'-5000'	800'
8 3/4"	7"	26#	HCP-110	LT&C	0'-4338'	4338'
8 3/4"	7"	26#	L-80	LT&C	4338'-12538'	8200'
6 1/8"	4 1/2"	17#	P-110	Buttress Thread	12338'-19719'	7381'

13.50 per Operator

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

See
COA

COA
ONLY

C. CEMENTING PROGRAM: *See COA*

975' Surface Casing (0' - 945'): Lead with 520 sacks of Class 35:65:6 PozC with 2% CaCl₂ (Wt. 12.5, Yld. 2.0, H₂O gal/sack 11.0). Tail in with 200 sacks Class 50/50 PozC (Wt. 14.2, Yld. 1.34, H₂O gal/sack 6.3) with additives 2% bentonite=.25% FR + .3% C12+ 5% Salt. Casing designed with 100% excess, TOC is surface.

Intermediate Casing (0' - 5000'): Lead with 1425 sacks of PozC 35:65:6 (Wt. 12.5, Yld. 2.0, H₂O gal/sack 11.0). Tail in with 210 sacks of Class 50/50 PozC (Wt. 14.2, Yld. 1.34, H₂O gal/sack 6.2) with additives 2% bentonite=.25% FR + .3% C12+ 5% Salt. Casing designed with 100% excess, TOC is surface.

See COA

Intermediate 2 Casing (0' - 12538'): Lead with 430 sacks of Lite Crete (Wt. 9.5, Yld. 1.83, H₂O gal/sack 9.3) with the additives being 0.03 gal/sack retarder, 0.2% Anti foam, 0.1% Dispersant, and 39 lbs/sack Extender. Tail in with 725 sacks of Class 50/50 Poz C (Wt. 13.0, Yld. 1.83, H₂O gal/sack 9.34) with the additives 2% bentonite=.25% FR + .3% C12+ 5% Salt. Casing designed with 100% excess, TOC is surface.

*Low
Cement*

Production Liner (12338' - 19719'): Lead will be 515 sacks of Pecos Valley Lite (Wt. 13.0, Yld. 1.83, H₂O gal/sack 9.3) with the additives being 30% CaCO₃ Weight, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing designed with 35% excess, TOC is 12338'.

Well will be drilled to 11837' and then be kicked off and directionally drilled at 10 degrees per 100' with an 8.75" hole to 12538' MD (12375' TVD). Where 7" casing will be set and cemented to the surface. Hole size will then be reduced to 6.125" and the remaining curve and lateral will be drilled to 19719' MD (12410' TVD) where 4.5" liner will be set and cemented 200' into the previous casing string at the top of the liner hanger. Penetration point of producing zone will be encountered at 2017' FSL & 2200' FEL, Section 19-25S-32E. Deepest TVD is 12410'.

5. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-945'	Fresh Water	8.6-9.2	29-32	N/C
945'-5000'	Brine Water	10.0-10.2	28-29	N/C
5000'-12538'	Cut Brine	8.8-9.2	28-32	N/C
12538'-19719'	Oil Base	10.0-10.5	60-70	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. 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.

*See
COA*

6. Evaluation Program:

Samples: 30' Samples to 5000', then 10' Samples from 5000' to TD.
Logging: CNL/LDT/NGT - from the curve to intermediate casing; CNL/GR - from the curve to surface casing; DLL/MSFL - from the curve to intermediate casing; CMR - from the curve to intermediate casing; MWDGR - the curve and lateral.
Mudlogging: 3000' to TD

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

Anticipated BHP:

From: 0' TO: 945' Anticipated Max. BHP: 452 PSI
From: 945' TO: 5000' Anticipated Max. BHP: 2652 PSI
From: 5000' TO: 12538' Anticipated Max. BHP: 5277 PSI
From: 12538' TO: 19719' Anticipated Max. BHP: 6776 PSI

No abnormal pressures or temperatures are anticipated.
H2S is not anticipated

8. ANTICIPATED STARTING DATE:

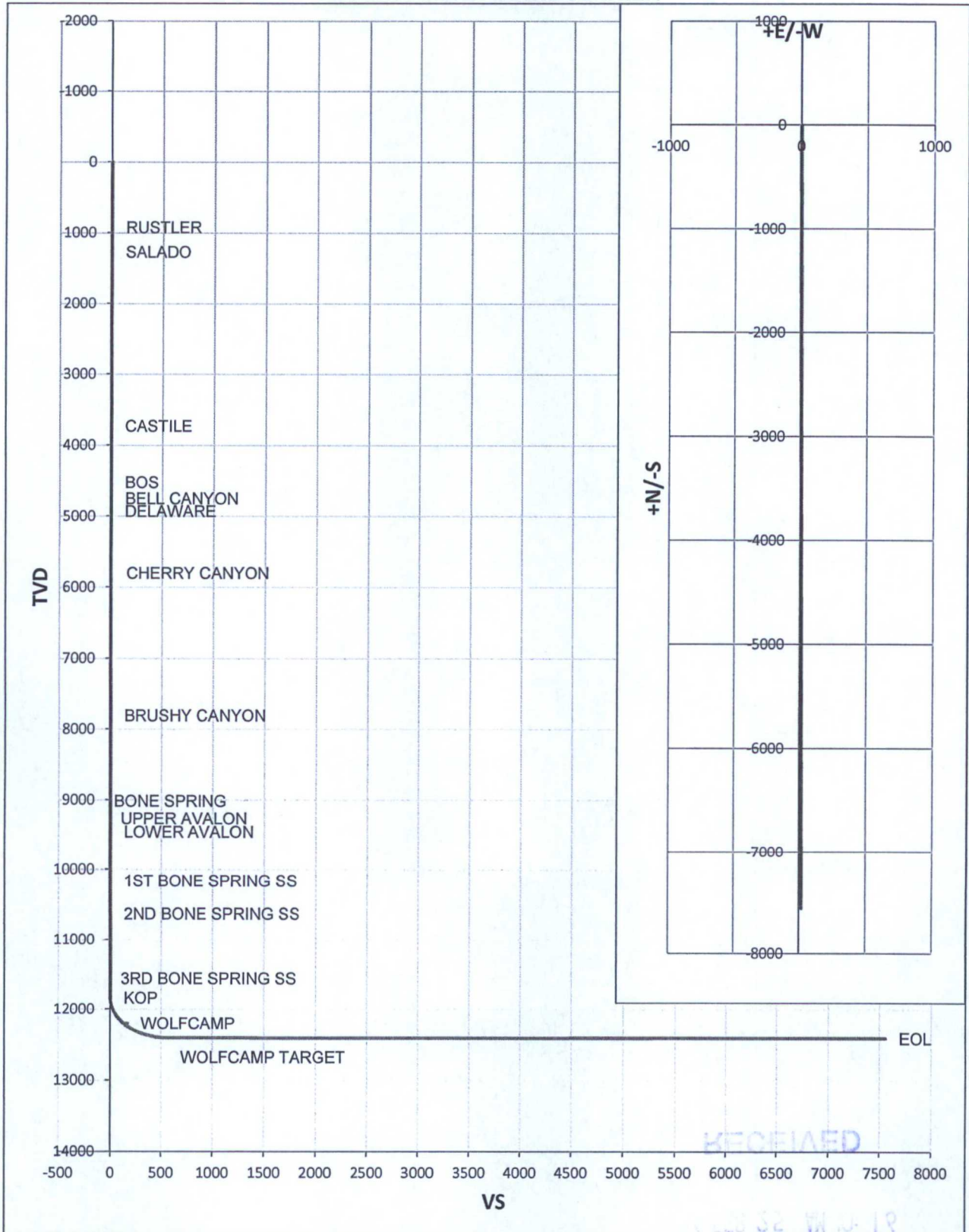
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 45 days to drill the well with completion taking another 30 days.

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MAR 31 10 10 19

STATE OFFICE
FEDERAL BUREAU OF INVESTIGATION

Audacious BTL Federal Com #2H



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NOV 32 1968

Well Name: Audacious BTL Federal Com #2H

Tgt NI-S: -7554.60

EOC TVD/MD: 12410.00 / 12737.04

Surface Location: Section 19 , Township 25S Range 33E

Tgt E-W: 16.60

VS: 7554.62

Bottom Hole Location: Section 30 , Township 25S Range 33E

VS Az: 179.87

EOL TVD/MD: 12410.00 / 19718.70

MD	Inc.	Azi.	TVD	+N/-S	+E/-W	VS	DLS	Comments
0	0	0	0	0	0	0	0	
920.00	0.00	0.00	920.00	0.00	0.00	0.00	0.00	RUSTLER
1270.00	0.00	0.00	1270.00	0.00	0.00	0.00	0.00	SALADO
3730.00	0.00	0.00	3730.00	0.00	0.00	0.00	0.00	CASTILE
4700.00	0.00	0.00	4700.00	0.00	0.00	0.00	0.00	BOS
4930.00	0.00	0.00	4930.00	0.00	0.00	0.00	0.00	DELAWARE
4950.00	0.00	0.00	4950.00	0.00	0.00	0.00	0.00	BELL CANYON
6000.00	0.00	0.00	6000.00	0.00	0.00	0.00	0.00	CHERRY CANYON
7850.00	0.00	0.00	7850.00	0.00	0.00	0.00	0.00	BRUSHY CANYON
9080.00	0.00	0.00	9080.00	0.00	0.00	0.00	0.00	BONE SPRING
9130.00	0.00	0.00	9130.00	0.00	0.00	0.00	0.00	UPPER AVALON
9450.00	0.00	0.00	9450.00	0.00	0.00	0.00	0.00	LOWER AVALON
10050.00	0.00	0.00	10050.00	0.00	0.00	0.00	0.00	1ST BONE SPRING SS
10630.00	0.00	0.00	10630.00	0.00	0.00	0.00	0.00	2ND BONE SPRING SS
11780.00	0.00	0.00	11780.00	0.00	0.00	0.00	0.00	3RD BONE SPRING SS
11837.04	0.00	0.00	11837.04	0.00	0.00	0.00	0.00	KOP
11850.00	1.30	179.87	11850.00	-0.15	0.00	0.15	10.00	
11875.00	3.80	179.87	11874.97	-1.26	0.00	1.26	10.00	
11900.00	6.30	179.87	11899.87	-3.46	0.01	3.46	10.00	
11925.00	8.80	179.87	11924.65	-6.74	0.01	6.74	10.00	
11950.00	11.30	179.87	11949.27	-11.10	0.02	11.10	10.00	
11975.00	13.80	179.87	11973.67	-16.53	0.04	16.53	10.00	
12000.00	16.30	179.87	11997.81	-23.02	0.05	23.02	10.00	
12025.00	18.80	179.87	12021.65	-30.55	0.07	30.55	10.00	
12050.00	21.30	179.87	12045.13	-39.12	0.09	39.12	10.00	
12075.00	23.80	179.87	12068.22	-48.71	0.11	48.71	10.00	
12100.00	26.30	179.87	12090.87	-59.29	0.13	59.29	10.00	
12125.00	28.80	179.87	12113.03	-70.85	0.16	70.85	10.00	
12150.00	31.30	179.87	12134.67	-83.37	0.18	83.37	10.00	
12175.00	33.80	179.87	12155.74	-96.82	0.21	96.82	10.00	
12200.00	36.30	179.87	12176.21	-111.17	0.24	111.17	10.00	
12225.00	38.80	179.87	12196.03	-126.40	0.28	126.40	10.00	
12249.36	49.47	179.87	12200.00	-167.23	0.37	167.23	10.00	WOLFCAMP
12250.00	41.30	179.87	12215.16	-142.49	0.31	142.49	10.00	
12275.00	43.80	179.87	12233.58	-159.39	0.35	159.39	10.00	
12300.00	46.30	179.87	12251.24	-177.08	0.39	177.08	10.00	
12325.00	48.80	179.87	12268.12	-195.52	0.43	195.52	10.00	
12350.00	51.30	179.87	12284.17	-214.69	0.47	214.69	10.00	
12375.00	53.80	179.87	12299.37	-234.53	0.52	234.53	10.00	
12400.00	56.30	179.87	12313.69	-255.02	0.56	255.02	10.00	
12425.00	58.80	179.87	12327.11	-276.11	0.61	276.11	10.00	
12450.00	61.30	179.87	12339.59	-297.77	0.65	297.77	10.00	
12475.00	63.80	179.87	12351.11	-319.95	0.70	319.96	10.00	
12500.00	66.30	179.87	12361.66	-342.62	0.75	342.62	10.00	
12525.00	68.80	179.87	12371.21	-365.72	0.80	365.72	10.00	
12550.00	71.30	179.87	12379.74	-389.22	0.86	389.22	10.00	
12575.00	73.80	179.87	12387.24	-413.07	0.91	413.07	10.00	
12600.00	76.30	179.87	12393.69	-437.22	0.96	437.22	10.00	
12625.00	78.80	179.87	12399.08	-461.63	1.01	461.63	10.00	
12737.04	90.00	179.87	12410.00	-572.96	1.26	572.96	10.00	WOLFCAMP TARGET
19718.70	90.00	179.87	12410.00	-7554.60	16.60	7554.62	0.00	EOL

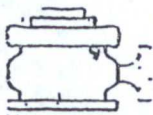
S2 W 13-19

WELL LOG
NO. TWO HUNDRED



Midwest Hose
& Specialty, Inc.

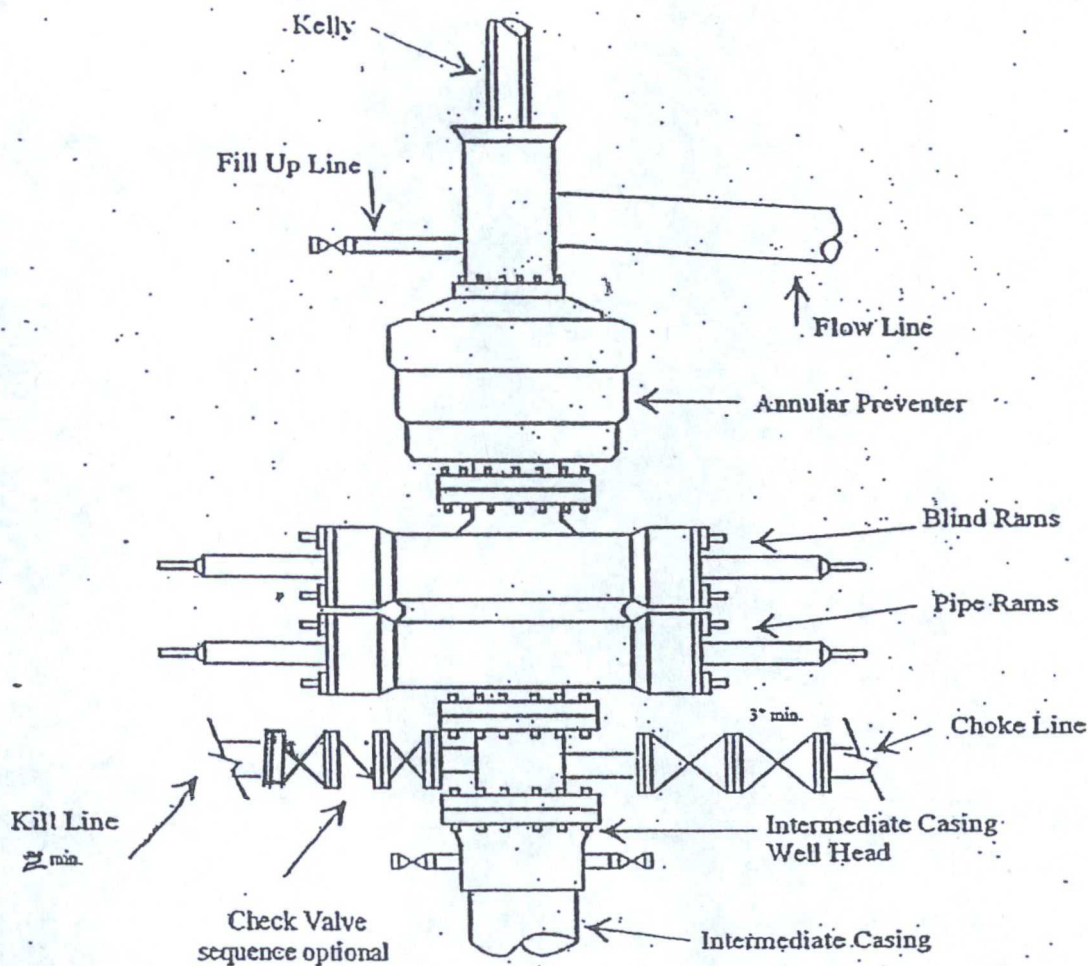
INTERNAL HYDROSTATIC TEST REPORT			
Customer: CACTUS DRILLING		Customer P.O. Number: ASSET#M10750 SO#7431	
HOSE SPECIFICATIONS			
Type: CHOKE & KILL		Hose Length: 35'	
I.D. 4 INCHES		O.D. 8 INCHES	
WORKING PRESSURE	TEST PRESSURE		BURST PRESSURE
10,000 PSI	15,000 PSI		N/A PSI
COUPLINGS			
Part Number E4.0X64WB E4.0X64WB	Stem Lot Number 1Q11 LOT1 1Q11 LOT1	Ferrule Lot Number 1Q11 LOT1 1Q11 LOT1	
Type of Coupling: Swage-It		Die Size:	
PROCEDURE			
<i>Hose assembly pressure tested with water at ambient temperature.</i>			
TIME HELD AT TEST PRESSURE		ACTUAL BURST PRESSURE:	
1		N/A PSI	
Hose Assembly Serial Number: 74310		Hose Serial Number: M10750	
Comments:			
Date: 12/2/2010	Tested: <i>Brent Burnett</i>		Approved: <i>Brent Burnett</i>



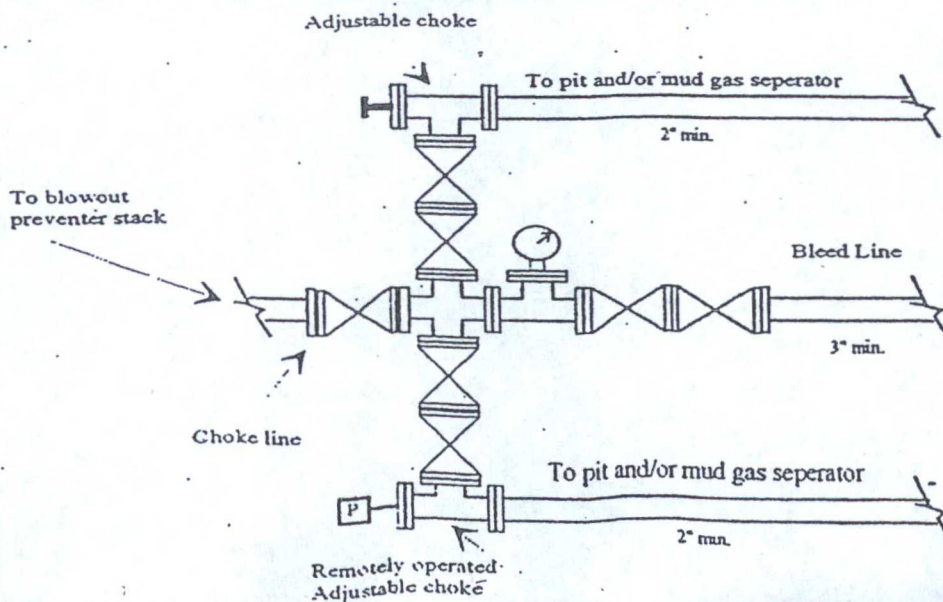
Yates Petroleum Corporation

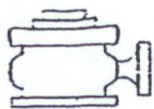
BOP-3

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

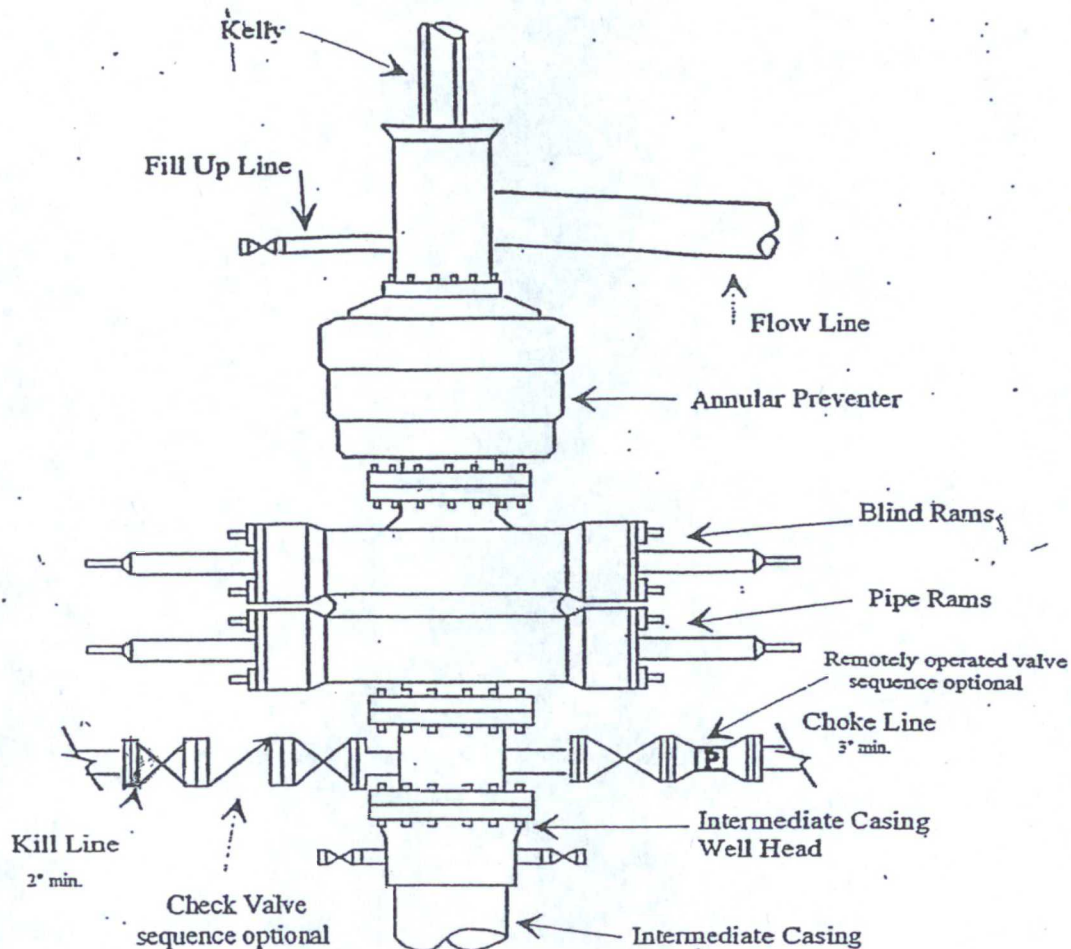




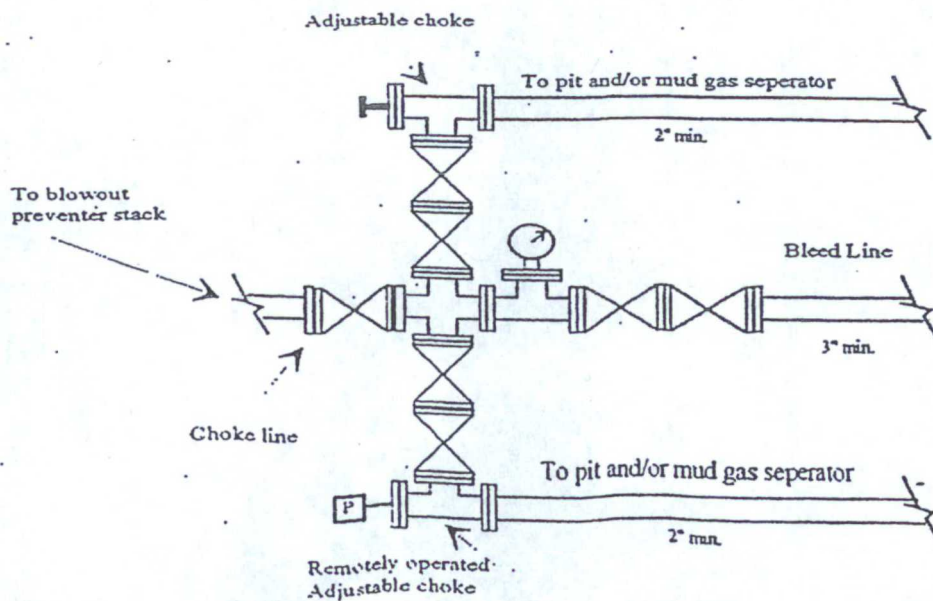
Yates Petroleum Corporation

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

BOP-4

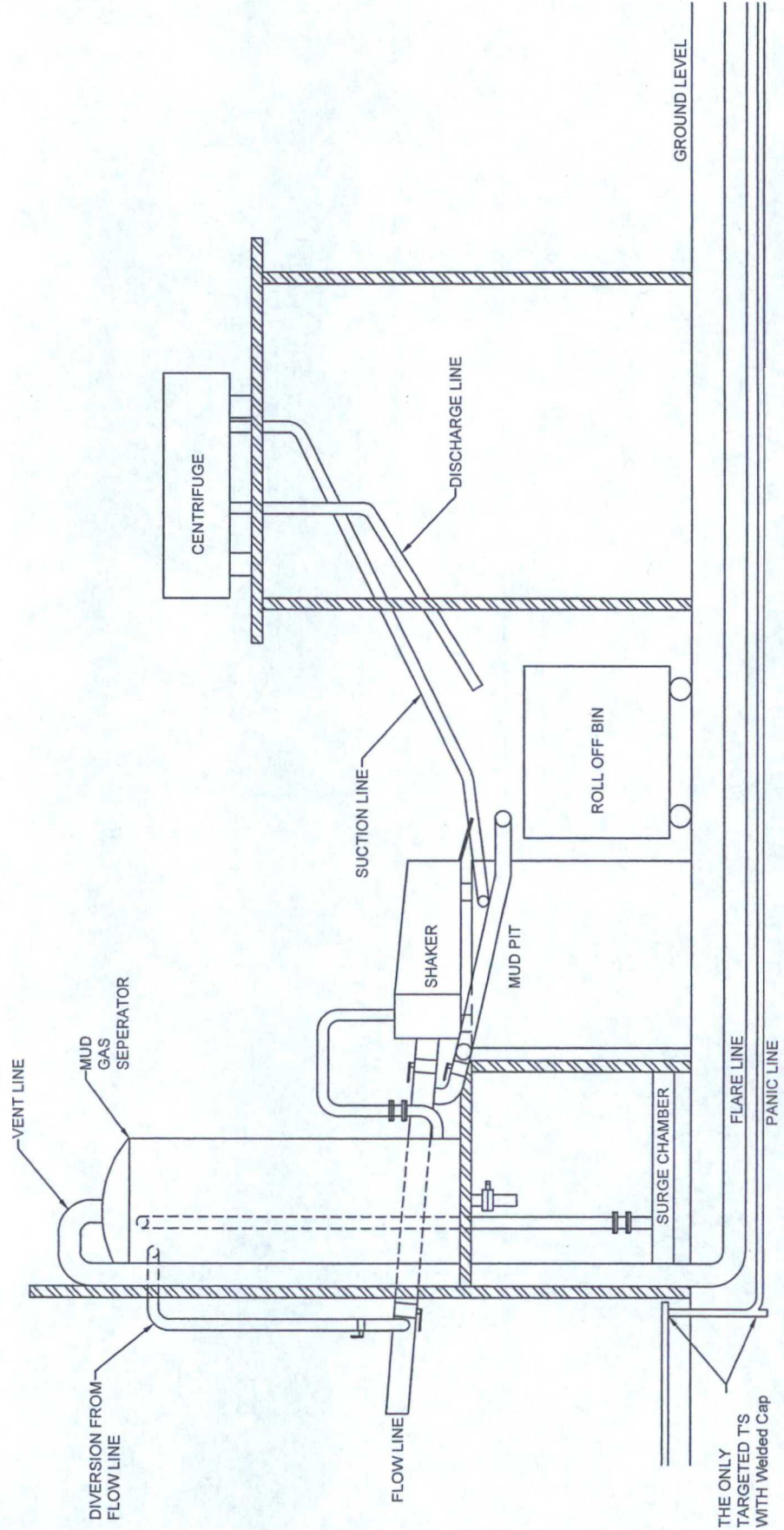


Typical 5,000 psi choke manifold assembly with at least these minimum features



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.



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

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P.O. Box 96558 – 1421 S.E. 29th St. Oklahoma City, OK 73143 * (405) 670-6718 * Fax: (405) 670-6816



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

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 Information	
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

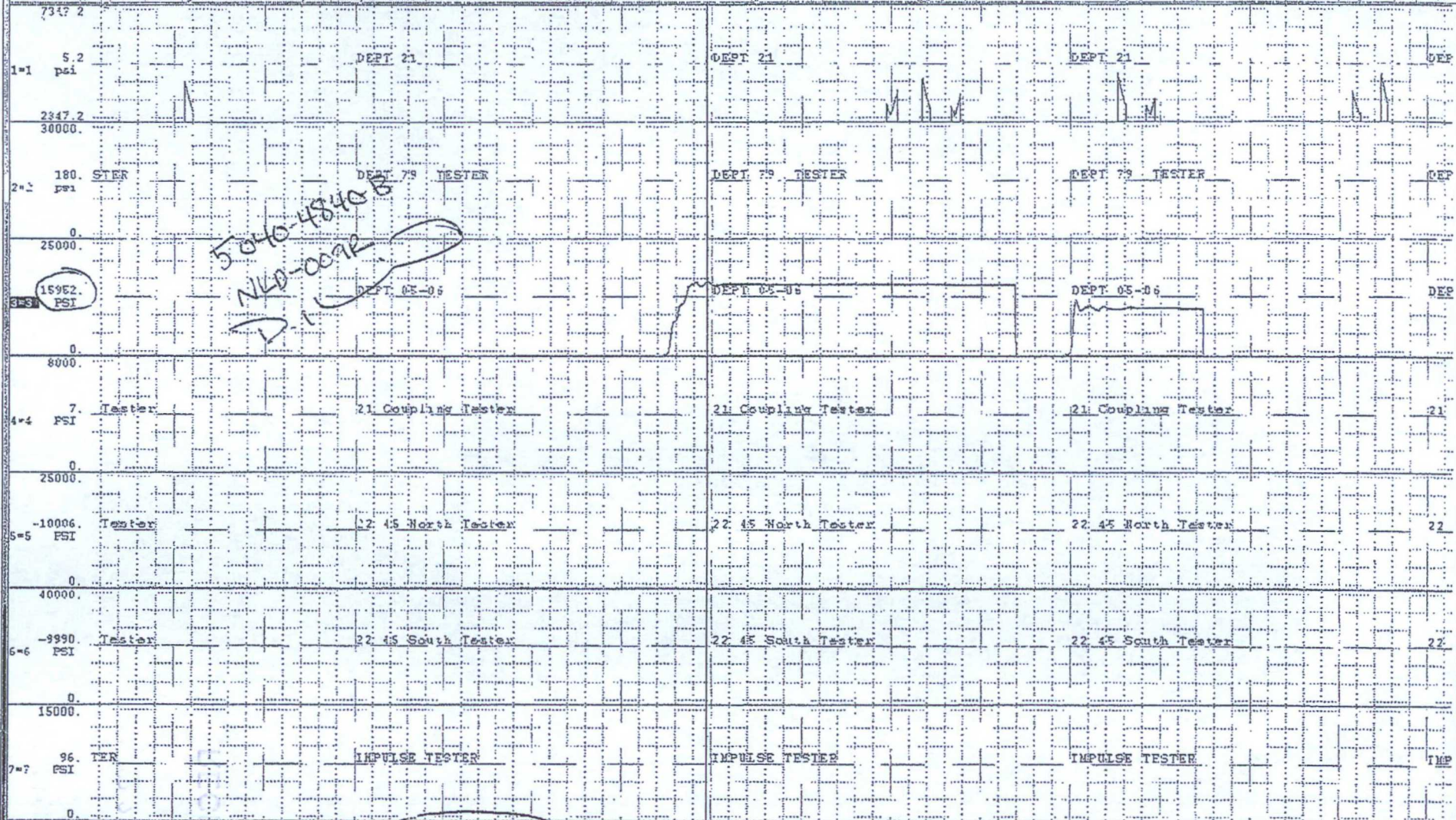
Operation Name/Hose/Accessories	
Order #	M0102747
Cust PO#	N/A
Serial Number	NLD-009R
Test Pressure	15,000 PSI
Test Time	15 MIN.
Test Number	N/A
Inspection Instruction	N/A
Certification Result	PASS
Generate Alert?	
Comments	N/A
TimeStamp	2014-01-17 13:16:56 -07:00



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332 W 1100 N

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FEB 11 2014



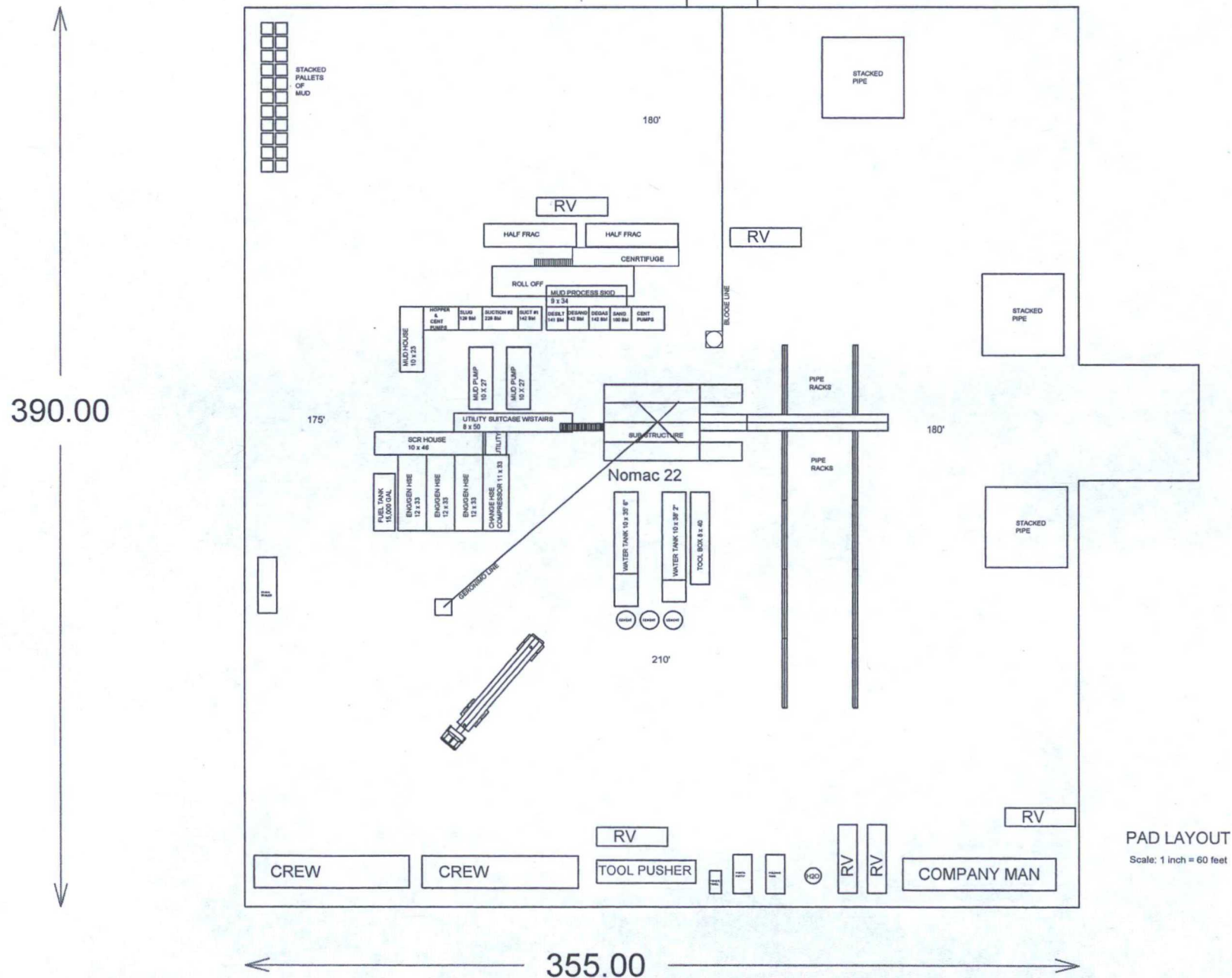
WINDAQ
2014-01-17
NLD-0072
D-1

YATES PETROLEUM CORPORATION

Nomac 22

06-24-13

FLARE PIT



Audacious BTL Federal Com. #2H

Interim Reclamation Well Pad Layout Example*

*Not intended to be actual representation. Final interim reclamation will be finalized at of reclamation with BLM and Yates Petroleum Corporation.

North

