

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

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

SUNDRY NOTICES AND REPORTS ON WELLS

Section 11, T22S-R31E

**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) 748-4120

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
530' FSL and 200' FEL Surface Location Section 11-T22S-R31E  
530' FSL and 1650' FWL Bottom Hole Location Section 11-T22S-R31E ✓

5. Lease Serial No.

NM-65417

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No.

Martha AIK Federal #14H

9. API Well No.

30-015-37556

10. Field and Pool, or Exploratory Area

Livingston Ridge, Delaware

11. County or Parish, State

Eddy County, New Mexico

12. CHECK 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 checked="" type="checkbox"/> Other Request to change location, and to Horizontal ✓
	<input 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 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 recompleat 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 recompleat 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 is requesting permission to change the surface hole location from 22100' FSL & 1650' FEL to 530' FSL & 200' FEL.

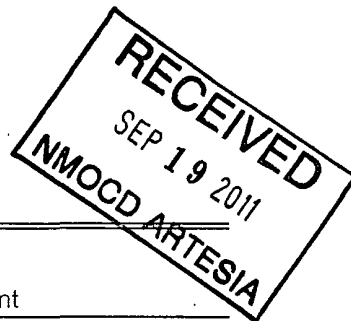
Yates is requesting permission to change the bottom hole location from 2210' FSL & 330' FWL to 530' FSL & 1650' FWL.

Yates is requesting permission to change the well type from vertical to horizontal.

Thank you.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

Eng reviewed 8/31/11



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Travis Hahn

Title

Land Regulatory Agent

Signature

*[Signature]*

Date

July 27, 2011

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/s/ Don Peterson

Title FIELD MANAGER

Date

SEP 07 2011

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

CARLSBAD FIELD 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)

Accepted For Record  
T. P. Ingram 9/26/2011

# YATES PETROLEUM CORPORATION

Martha AIK Federal #14-H  
530' FSL & 200' FEL, Surface Hole  
530' FSL & 1650' FWL, Bottom Hole  
Section 11 -T22S-R31E  
Eddy County, New Mexico

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

Rustler	775'	Cherry Canyon	5360' Oil
Top of Salt	1000'	Livingston Ridge	7198' Oil MD
Base of Salt	3958'	Livingston Ridge Target	7318' Oil MD
Bell Canyon	4510'	TD	10267' Oil MD

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

Water: Approx. 0' - 775'

Oil or Gas: Oil Zones: 5360', 7198', 7318'

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

4. 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.

1. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	J-55	ST&C	0-800' <del>850'</del>	800'
12 1/4"	9 5/8"	40#	J-55	LT&C	0-100'	100'
12 1/4"	9 5/8"	36#	K-55	LT&C	100-3300'	3200'
12 1/4"	9 5/8"	40#	J-55	LT&C	3300-4350'	1050'
8 3/4"	5 1/2"	17#	HCP-110	LT&C	0-6500'	6500'
8 1/2"	5 1/2"	17#	L-80	LT&C	6500'-10267'	3767'

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

**B. CEMENTING PROGRAM:**

Surface Casing: 425 sacks Class C Lite + 2% CaCl<sub>2</sub> (YLD 2.00 WT.12.50). Tail in with 210 sacks Class C + 2% CaCl<sub>2</sub> (WT 14.80, YLD 1.34). Designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 1225 sacks Class C Lite + 2% CaCl<sub>2</sub> (YLD 2.00 WT 12.50); tail in with 210 sacks Class C + 2% CaCl<sub>2</sub> (YLD 1.34 WT. 14.80). Designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in <sup>2</sup>three stages, DV tools @ 5000'

Stage 1 from 5000'-10267'; cement with 1400 sacks Pecos Valley Lite (YLD 1.83 WT. 13.00). 30% CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 35% excess. TOC-~~6000'~~  
5000'

Stage 2 from 18.5'-5000'; Lead with 1200 sacks of Class C Lite (YLD 2.00 WT 12.50) CaCl<sub>2</sub> +2%. Tail with 100 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 35% excess. *TOC Surface*

Well will be drilled vertically depth to 6568'. Well will be kicked off at approximately 6568' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 7400' MD (7045' TVD). Hole will then be reduced to 8 1/2" and drilled to 10267' MD (7045' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 530' FSL & 677' FEL, Section 11-22S-31E. Deepest TVD is 7045' in the lateral. NO PILOT HOLE.

**5. Mud Program and Auxiliary Equipment:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-800'	Fresh Water Gel	8.6-9.2	32-34	N/C
800'-4350'	Brine Water	10.0-10.10	28-28	N/C
4350'-6568'	Cut Brine	8.7-9.1	28-28	N/C
6568'-10267'	Cut Brine(Lateral Section)	8.7-9.1	28-28	<10-12

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 from Intermediate casing.

Logging: Platform Express through curve.

CNL/LDT/NGT – through curve to Intermediate casing

CNL/GR – through curve to surface

DLL-MSFL – through curve to surface casing

GHC Sonic-CMR – through curve to surface casing

MWD-GR – Horizontal

Coring: TBD.

DST's: TBD.

Mudlogger: TBD.

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

Anticipated BHP:

From: 0	TO: 800'	Anticipated Max. BHP:	385	PSI
From: 700'	TO: 4350'	Anticipated Max. BHP:	2285	PSI
From: 4350	TO: 7040'	Anticipated Max. BHP	3330	PSI

No abnormal pressures or temperatures are anticipated.

Possible water flow below 2800'

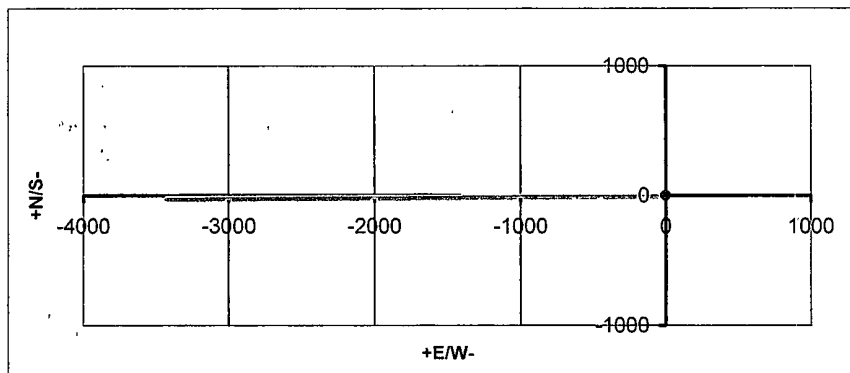
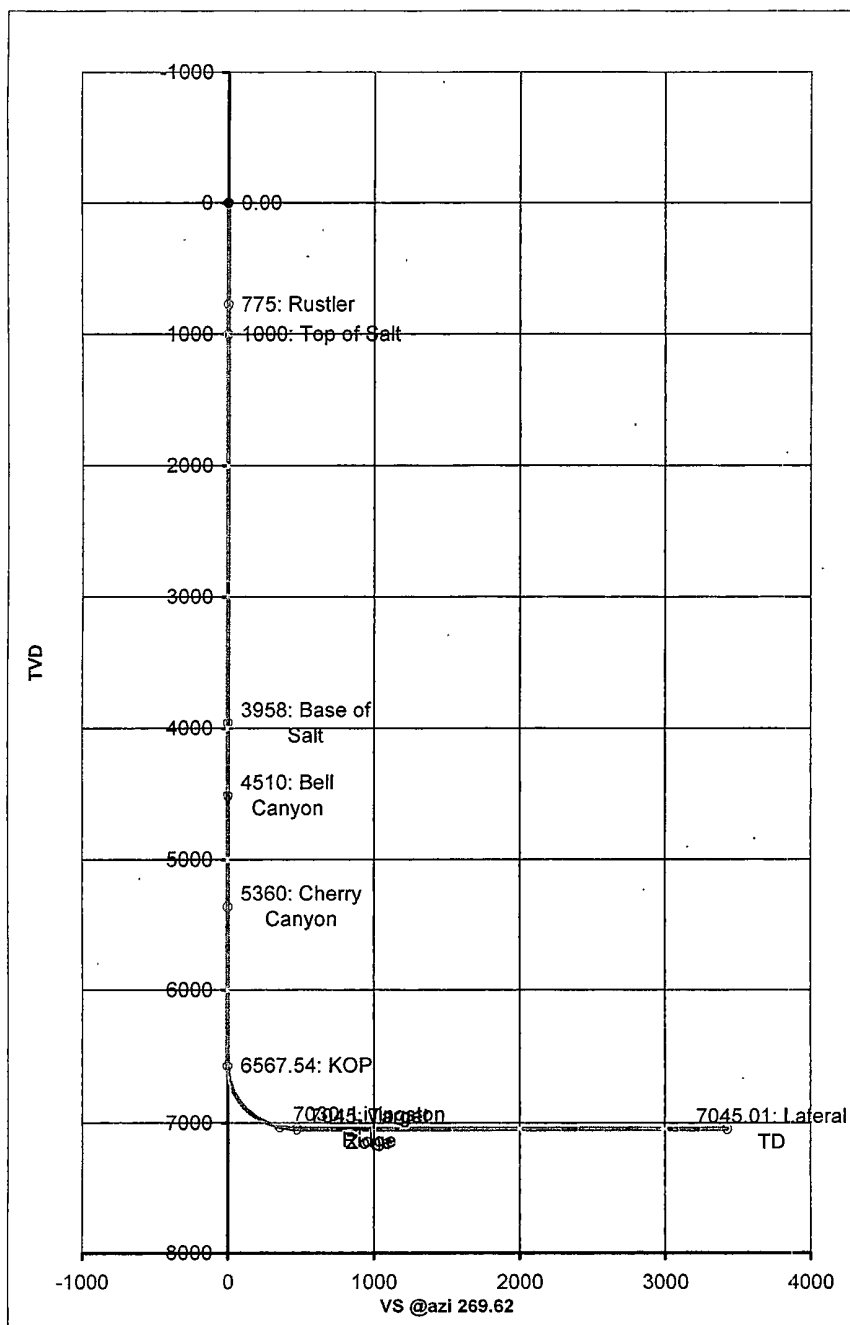
H2S may be encountered on this well.

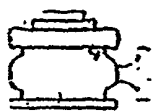
7. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 65 days to drill the well with completion taking another 30 days.

Co: Yates Petroleum Corporation				Units: Feet, ° 7100ft		VS Az: 269.62		Tgt TVD: 7045.00	
Drillers: 0				Elevation:		Tgt Radius: 0.00		Tgt MD: 0.00	
Well Name: Martha AIK Federal #14H				Northing:		Tgt N/S: -23.00		Tgt Displ.: 0.00	
Location: Sect: 11, 22S-31E				Easting:		Tgt E/W: -3427.00		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	775.00	775.00	0.00	360.00	775.00	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	1000.00	225.00	0.00	360.00	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	Top of Salt
3	3958.00	2958.00	0.00	360.00	3958.00	0.00	0.00	0.00	0.00	0.00	0.00	Base of Salt
4	4510.00	552.00	0.00	360.00	4510.00	0.00	0.00	0.00	0.00	0.00	0.00	Bell Canyon
5	5360.00	850.00	0.00	360.00	5360.00	0.00	0.00	0.00	0.00	0.00	0.00	Cherry Canyon
6	6567.54	6567.54	0.00	269.62	6567.54	0.00	0.01	0.00	0.00	4.11	0.00	KOP
7	6600.00	32.46	3.90	269.62	6599.97	1.10	0.00	-1.10	12.00	0.00	12.00	
8	6700.00	100.00	15.90	269.62	6698.31	18.26	-0.12	-18.26	12.00	0.00	12.00	
9	6800.00	100.00	27.90	269.62	6790.92	55.48	-0.37	-55.48	12.00	0.00	12.00	
10	6900.00	100.00	39.90	269.62	6873.78	111.15	-0.74	-111.15	12.00	0.00	12.00	
11	7000.00	100.00	51.90	269.62	6943.25	182.82	-1.22	-182.82	12.00	0.00	12.00	
12	7100.00	100.00	63.90	269.62	6996.30	267.38	-1.79	-267.37	12.00	0.00	12.00	
13	7197.55	97.55	75.60	269.62	7030.00	358.73	-2.40	-358.73	12.00	0.00	12.00	Livingston Ridge
14	7200.00	100.00	75.90	269.62	7030.61	361.11	-2.42	-361.10	12.00	0.00	12.00	
15	7300.00	100.00	87.90	269.62	7044.68	459.93	-3.08	-459.92	12.00	0.00	12.00	
16	7317.53	750.00	90.00	269.62	7045.00	477.46	-3.20	-477.45	12.00	0.00	12.00	Target Zone
17	10267.15	2949.61	90.00	269.62	7045.01	3427.08	-22.99	-3427.00	0.00	0.00	0.00	Lateral TD





# Yates Petroleum Corporation

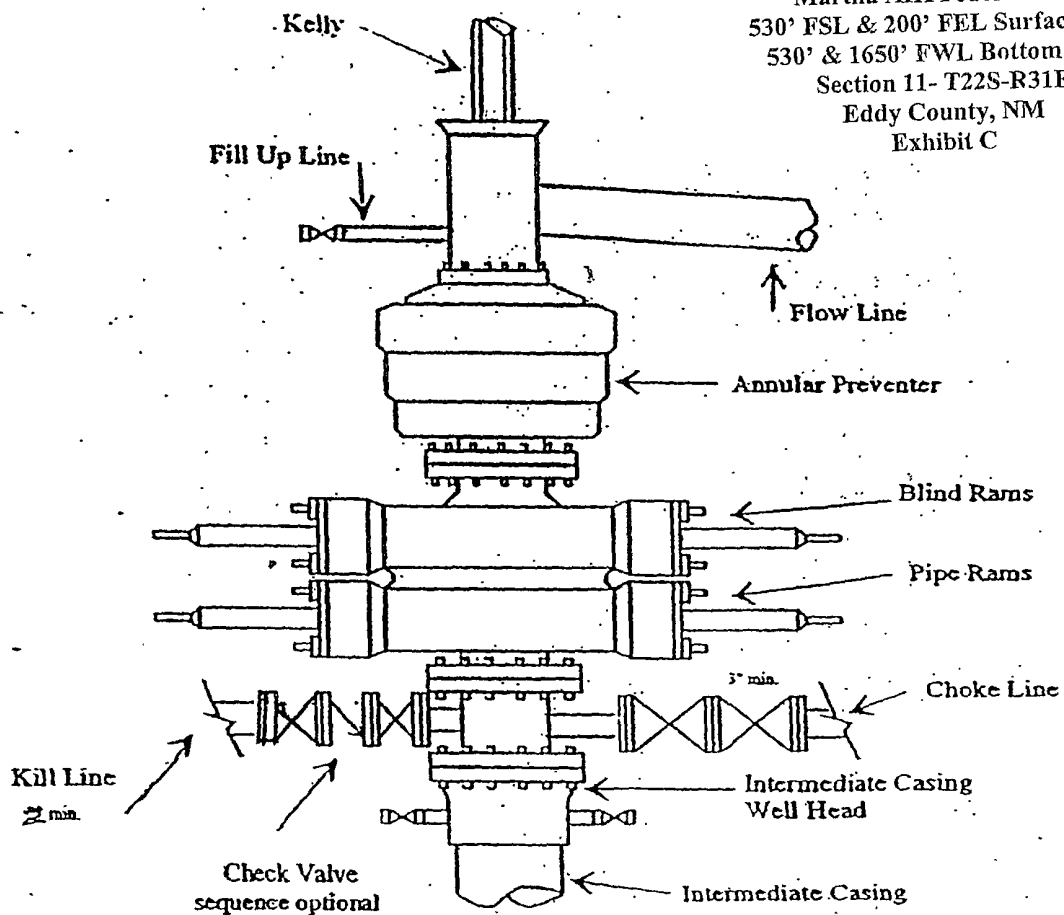
BOP-3

Typical 3,000 psi Pressure System

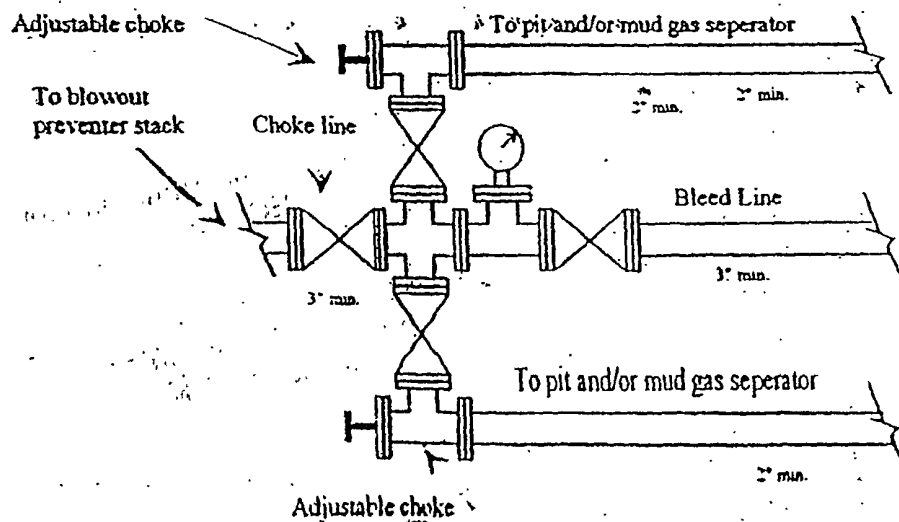
Schematic

Annular with Double Ram Preventer Stack

Martha AIK Federal #14H  
530' FSL & 200' FEL Surface Hole  
530' & 1650' FWL Bottom Hole  
Section 11- T22S-R31E  
Eddy County, NM  
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

Martha AIK Federal #14H  
530' FSL & 200' FEL Surface Hole  
530' & 1650' FWL Bottom Hole  
Section 11- T22S-R31E  
Eddy County, NM  
Exhibit B

