

OCD-ARTESIA

ATS-11-800

Form 3160-3
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

Lease Serial No.

NM-82902

6. If Indian, Allottee or Tribe Name

N/A

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

N/A

8. Lease Name and Well No.

Domino "AOJ" Federal Com. #13H [22903]

9. API Well No.

36-015-39544

10. Field and Pool, or Exploratory

Hackberry, B.S. [29345]
Wildcat Bone Spring

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

Section 9, T19S-R31E

12. County or Parish

Eddy

13. State

NM

1a. 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
805-748-1471

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

At surface

At proposed prod. zone

330' FSL & 330' FEL

660' - per Month w/ Yates 8/16/11

330' FSL & 330' FWL

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

Approximately 14 miles southeast of Loco Hills, NM

15. Distance from proposed*
location to nearest

(Also to nearest drlg. unit line, if any)

330'

16. No. of acres in lease

920.00

17. Spacing Unit dedicated to this well

S2S2-Section 9, T19S-R31E

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

950'

1 1/2 mile

19. Proposed Depth

9300' TVD & 13457' MD

20. BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

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

3549' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

60 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.

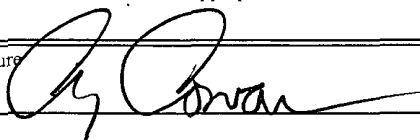
2. ap

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 existing bond on file (see
item 20 above).

5. Operator certification.

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

25. Signature



Name (Printed/ Typed)

Cy Cowan

Date

8/15/2011

Title

Land Regulatory Agent

Approved By (Signature)

S/DONALD PETERSON

Name (Printed/ Typed)

Date

OCT 17 2011

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 cc
operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Capitan Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations Attached

YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #13H
 330' FSL and 330' FEL, Surface Hole
 660' FSL and 330' FWL, Bottom Hole
 Section 9, T19S-R31E
 Eddy County, New Mexico

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

Rustler	584'	Cherry Canyon	4354'
Tansill	2140'	Brushy Canyon	5234'
Yates	2281'	Bone Springs	6754'
Seven Rivers	2502'	1st Bone Spring	8084'
Queen	3442'	2 nd Bone Spring	8552' 9310' MD
Capitan	3716'	TD (Lateral Hole)	9300' 13,457'

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

Water:	200'
Oil or Gas:	Below
Top of Salt	920'
Bottom of Salt	2040'
Queen	3442' Gas
Brushy Canyon	5234' Oil
Bone Spring	6754' Oil
1 st Bone Spring	8084' Oil
2 nd Bone Spring	9300' 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)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval
17 1/2"	13 3/8"	48#	J-55	ST&C	0-610' 670
12 1/4"	9 5/8"	40#	J-55	LT&C	0-100'
12 1/4"	9 5/8"	36#	K-55	LT&C	100-3300'
12 1/4"	9 5/8"	40#	J-55	LT&C	3300'-3550' 4200
8 3/4"	5 1/2"	17#	HCP-110	LT&C	0-8500'
8 3/4"	5 1/2"	17#	L-80	LT&C	8500'-13457'

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

B. CEMENTING PROGRAM:

SURFACE CASING: Lead w/ 635 sx C w/ 2% CaCl₂ (YLD 1.34 WT 14.8) tail w/200sx Class C w/ 2% CaCl₂ (YLD 1.34 WT 14.8). Designed with 100% excess. TOC-Surface.

INTERMEDIATE CASING: Lead w/1000sx C Lite w/ 2% CaCl₂ (YLD 2.0 WT 12.9) tail w/200sx Class C w/ 2% CaCl₂ (YLD 1.34 WT 14.8). Designed with 100% excess. TOC-Surface

PRODUCTION CASING: Lead with 1465 sx Pecos Valley Lite (YLD 1.83 WT 13.0) LCM Extender 3. lbs/sack, Salt 1%, Antifoam Agent .2%, Fluid Loss .04%, LCM .125 lb/sack Retarder 0.6%. Tail in with 100 sacks H (16.4 WT 1.13) Antifoam Agent .2%, Fluid loss material 2.0%, Retarder .03 gal/sack, Retarder 0.6%. Designed with 30-35% excess. TOC-3000'.

KICK OFF PLUG: 8552'-8850' 335 sx Class H (YLD 0.94 WT 17.5). Designed with 25% excess

See
COA

BOTTOM HOLE ISOLATION PLUG: 9120'-9300' plug with 100 sx Class H (YLD 0.94 WT 17.5) Designed with 10% excess.

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-610' ⁶⁷⁰	Fresh Water	8.5-9.2	28-32	N/C
610'-3550' ⁴²⁰	Brine Water	9.8-10.1	28-32	N/C
3550'-9300'	Cut Brine	8.7-9.2	30	N/C
8552'-13457'	Cut Brine (lateral)	9.1-9.2	28-32	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.

Pilot hole will be drilled vertically to 9300'. Well will then be plugged back with a 500-600' kick off plug then will be kicked off at approximately 8552' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 9310' MD (9029' TVD). The hole will then be reduced to 8 1/2" and drilled to 13,457' MD (8957' TVD) where 5 1/2" casing will be set with a Packer/Port System in the lateral and a Packers Plus SF cementer at approximately 8500'. 5 1/2" casing will then be cemented from SF cementer up to 3000'. Penetration point of producing zone will be encountered at 662' FSL and 815' FEL, Section 9, T19S-R31E. Deepest TVD in the well is 9300' in the pilot hole. The deepest TVD in the lateral will be 9029'.

6. EVALUATION PROGRAM:

Samples: 10' Samples—Surface to TD.

Logging: Plat form Express/Hals/CMR Horizontal Logging: MWD-GR

Coring: None Anticipated

DST's: None Anticipated

Mudlogger: Start out from under surface casing.

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

Anticipated BHP:

From: 0	TO: 610'	Anticipated Max. BHP:	290 PSI
From: 610'	TO: 3550'	Anticipated Max. BHP:	1865 PSI
From: 3350'	TO: 9300'	Anticipated Max. BHP:	4450 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: Anticipated see H2S plan attached.

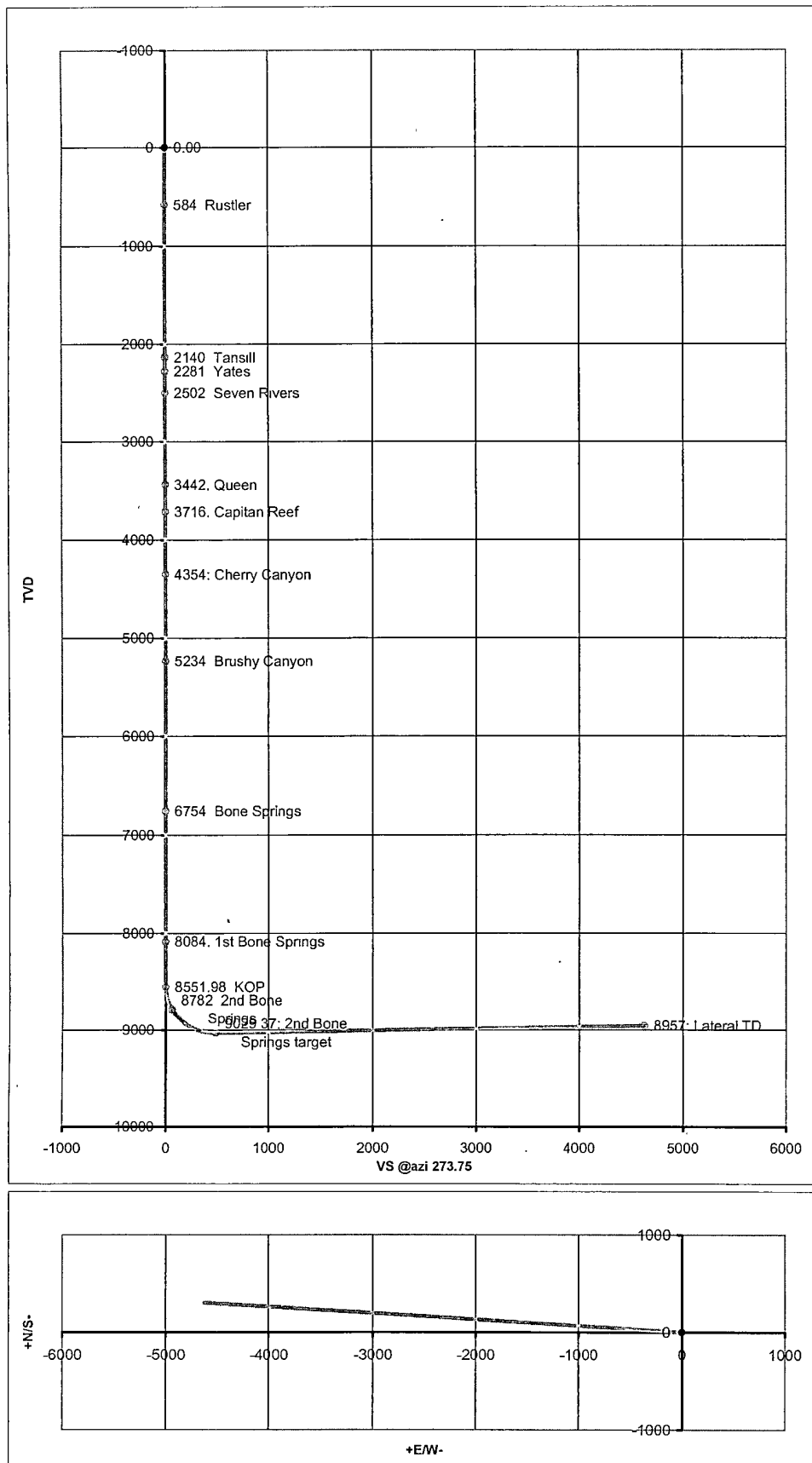
Maximum Bottom Hole Temperature: 160 F

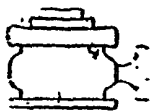
8. ANTICIPATED STARTING DATE:

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 30 days.

Co: Yates Petroleum Corporation	Units: Feet, ° 7100ft	VS Az: 273.75	Tgt TVD: 8957.00
Drillers: 0	Elevation:	Tgt Radius: 0.00	Tgt MD: 0.00
Well Name: Domino AOJ Federal Com. #13H	Northing:	Tgt N/S: 302.68	Tgt Displ.: 0.00
Location: Sect. 9, 19S-31E	Easting:	Tgt E/W: -4622.19	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	0.00	0.00	0.00	
1	584.00	584.00	0.00	360.00	584.00	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	2140.00	1556.00	0.00	360.00	2140.00	0.00	0.00	0.00	0.00	0.00	0.00	Tansill
3	2281.00	141.00	0.00	360.00	2281.00	0.00	0.00	0.00	0.00	0.00	0.00	Yates
4	2502.00	221.00	0.00	360.00	2502.00	0.00	0.00	0.00	0.00	0.00	0.00	Seven Rivers
5	3442.00	940.00	0.00	360.00	3442.00	0.00	0.00	0.00	0.00	0.00	0.00	Queen
6	3716.00	274.00	0.00	360.00	3716.00	0.00	0.00	0.00	0.00	0.00	0.00	Capitan Reef
7	4354.00	638.00	0.00	360.00	4354.00	0.00	0.00	0.00	0.00	0.00	0.00	Cherry Canyon
8	5234.00	880.00	0.00	360.00	5234.00	0.00	0.00	0.00	0.00	0.00	0.00	Brushy Canyon
9	6754.00	1520.00	0.00	360.00	6754.00	0.00	0.01	0.00	0.00	0.00	0.00	Bone Springs
10	8084.00	1330.00	0.00	360.00	8084.00	0.00	0.01	0.00	0.00	0.00	0.00	1st Bone Springs
11	8551.98	8551.98	0.00	273.75	8551.98	0.00	0.01	0.00	0.00	-1.01	0.00	KOP
12	8600.00	48.02	5.76	273.75	8599.92	2.41	0.17	-2.41	12.00	0.00	12.00	
13	8700.00	100.00	17.76	273.75	8697.64	22.76	1.49	-22.71	12.00	0.00	12.00	
14	8791.98	239.99	28.80	273.75	8782.00	59.06	3.87	-58.93	12.00	0.00	12.00	2nd Bone Springs
15	8800.00	8.02	29.76	273.75	8789.00	62.98	4.12	-62.85	12.00	0.00	12.00	
16	8900.00	100.00	41.76	273.75	8869.99	121.32	7.94	-121.06	12.00	0.00	12.00	
17	9000.00	100.00	53.76	273.75	8937.09	195.22	12.76	-194.80	12.00	0.00	12.00	
18	9100.00	100.00	65.76	273.75	8987.36	281.46	18.40	-280.86	12.00	0.00	12.00	
19	9200.00	100.00	77.76	273.75	9018.59	376.26	24.59	-375.46	12.00	0.00	12.00	
20	9300.00	100.00	89.76	273.75	9029.44	475.49	31.08	-474.47	12.00	0.00	12.00	
21	9310.31	758.33	91.00	273.75	9029.37	485.80	31.75	-484.76	12.00	0.00	12.00	2nd Bone Springs target
22	13457.24	4146.92	91.00	273.75	8957.00	4632.09	302.69	-4622.19	0.00	0.00	0.00	Lateral TD





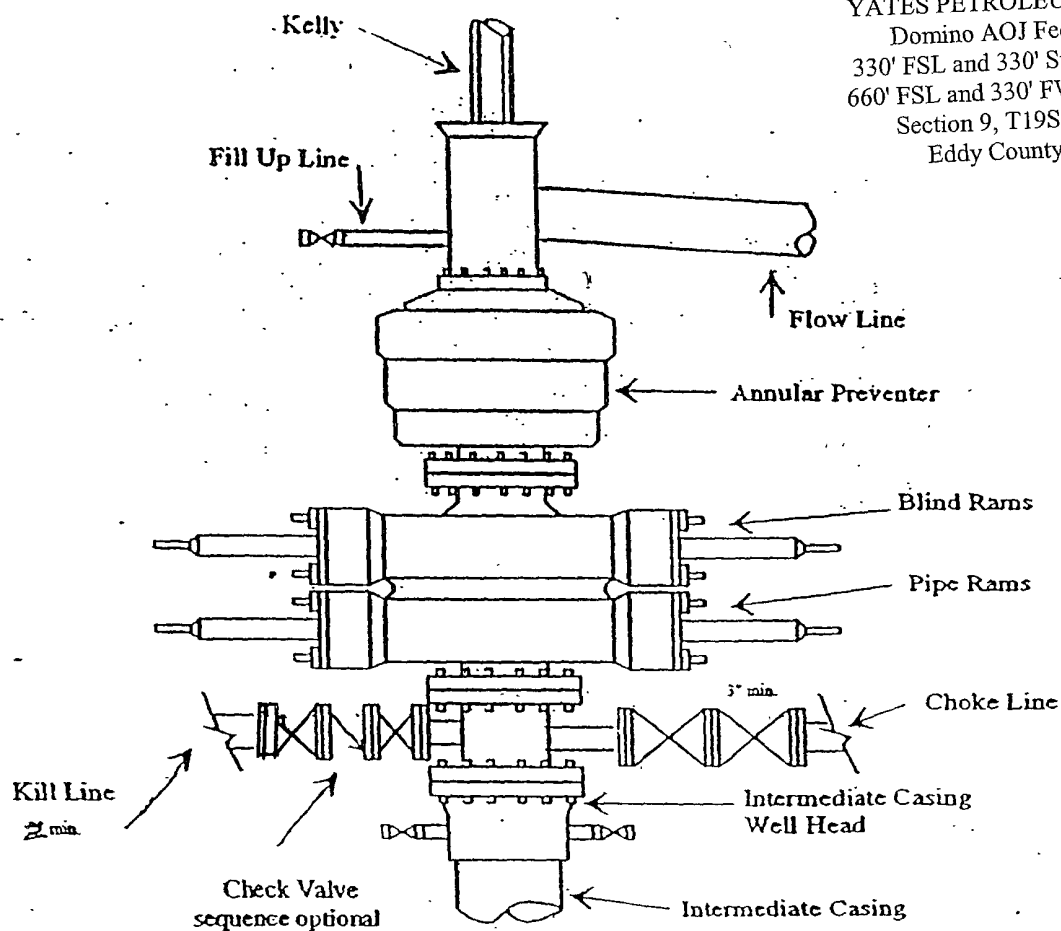
Yates Petroleum Corporation

BOP-3

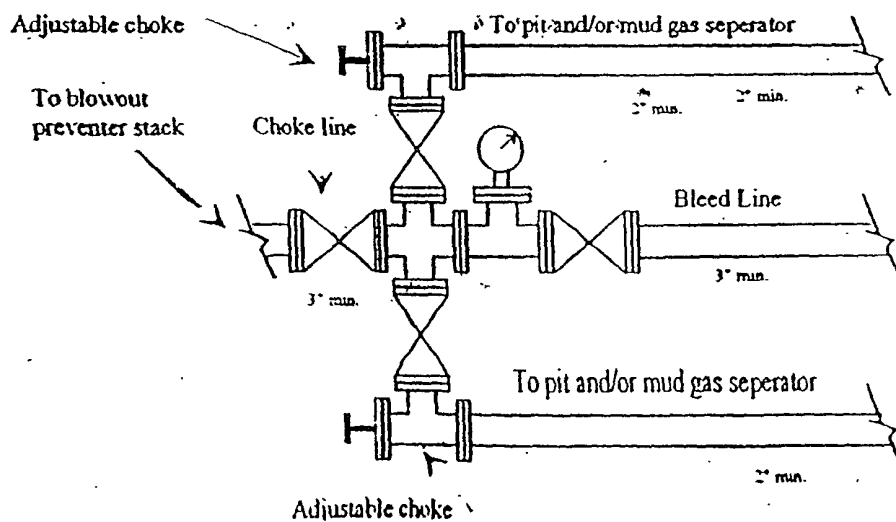
Typical 3,000 psi Pressure System
Schematic

Annular with Double Ram Preventer Stack

YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #13H
330' FSL and 330' Surface Hole Location
660' FSL and 330' FWL Bottom Hole Loc.
Section 9, T19S-R31E Exhibit C
Eddy County, New Mexico



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



DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

22903

Operator VATOS P&T OGRID # 25575
 Well Name & # DOM Surface Type (F) (S) (P)
 Location: UL P Sect 9 Township 15 s, RNG 31 e, Sub-surface Type (F) (S) (P)

A. Date C101 rec'd 10/20/2011 C101 reviewed 10/27/2011

B. 1. Check mark, Information is OK on Forms:

OGRID ☒ BONDING ☐ PROP CODE ☒ WELL # ☒ SIGNATURE ☒

2. Inactive Well list as of: 10/27/2011 # wells 2362 # Inactive wells 3

a. District Grant APD but see number of inactive wells:

No letter required ☒; Sent Letter to Operator ☐ to Santa Fe ☐

3. Additional Bonding as of: 10/27/2011

a. District Denial because operator needs addition bonding:

No Letter required ☒; Sent Letter to Operator ☐ To Santa Fe ☐

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required ☒; Sent Letter to Operator ☐ To Santa Fe ☐

C. C102 YES ☒ NO ☐ Signature ☒

1. Pool HACK DERTY; Bone Spring, Code 29345

a. Dedicated acreage ☐ What Units ☐

b. SUR. Location Standard ☐: Non-Standard Location ☐

c. Well shares acres: Yes ☐ No ☐ # of wells ☐ plus this well # ☐

2. 2nd. Operator in same acreage, Yes ☐ No ☐

Agreement Letter ☐ Disagreement letter ☐

3. Intent to Directional Drill Yes ☒ No ☐

a. Dedicated acreage 160 What Units P-O-N-M

b. Bottomhole Location Standard ☒ Non-Standard Bottomhole ☐

4. Downhole Commingle: Yes ☐ No ☐

a. Pool #2 ☐ Code ☐ Acres ☐

Pool #3 ☐ Code ☐ Acres ☐

Pool #4 ☐ Code ☐ Acres ☐

5. POTASH Area Yes ☐ No ☒

D. Blowout Preventer Yes ☒ No ☐

E. H2S Yes ☒ No ☐

F. C144 Pit Registration Yes ☐ No ☐

G. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes ☐ No ☒ NSL # ☐

2. Non-Standard Proration: Yes ☐ No ☒ NSP # ☐

3. Simultaneous Dedication: Yes ☐ No ☒ SD # ☐

Number of wells ☐ Plus # ☐

4. Injection order Yes ☐ No ☒ PMX # ☐ or WFX # ☐

5. SWD order Yes ☐ NO ☒ SWD # ☐

6. DHC from SF ☐; DHC-HOB ☐; Holding ☐

7. OCD Approval Date 10/27/2011

API #30-0 39544

8. Reviewers ☐