FORM APPROVED

(February 2005)	onited STATES bruary 2005) DEPARTMENT OF THE INTERIOR					No 1004-0137 · s March 31, 2007
	BURI	5 Lease Serial 1	40			
	SUNDRY	NOTICES AND REPORT	S ON WELLS	O _{QD}	NM	-487738
		form for proposals to Use Form 3160-3 (APD)	drill or reenter a for such proposals		6 If Indian, Allo	ottee or Tribe Name
SUE	BMIT IN TR	RIPLICATE – Other instr	ructions on page 2.		7 If Unit or CA.	Agreement, Name and/o
1 Type of Well X Oil Well	Gas Well	Other			8 Well Name at	nd No
2. Name of Operator					Federa	al AB #13-H
Yates Petroleum (Corporatio	n 025575			9 API Well No	37211
3a Address			3b Phone No (includ	le area code)	30-0	15-35068
105 South Fourth	Street, Art	esia, NM 88210	(505) 748-1471		10 Field and Poo	l, or Exploratory Area
4 Location of Well (F	ootage, Sec ,	T, R, M, or Survey Description	on)		Penasco Draw	, San Andres, Yeso
(330' FSL a	and 1650' FWL Surface	e Hole Location, UL	. N	11 County or Par	ish, State
		and 1650' FWL Bottor T18S-R25E	n Hole Location, U	LK	Eddy Coun	ty, New Mexico
12. CHECK	THE APP	ROPRIATE BOX(ES) TO II	NDICATE NATURE C	OF NOTICE, RE	EPORT, OR OTH	ER DATA
TYPE OF SUBM	ISSION		ТҮРЕ (OF ACTION		
Notice of Intent		Acidize Alter Casing	Deepen Fracture Treat	Production Reclamation	(Start/Resume)	Water Shut-Off Well Integrity
Subsequent Report		Casing Repair	New Construction	Recomplete	: 5	- .
Final Abandonmen	t Notice	Change Plans Convert to Injection	Plug and Abandon Plug Back	Temporarily Water Dispo		drilling plans
the proposal is to deeper Attach the Bond under following completion of	n directionally of which the work the involved ope ted Final Aband	tion Clearly state all pertinent detair recomplete horizontally, give subsurvil be performed or provide the Bouerations of the operation results in a donnient Notices must be filed only at	urface locations and measured and No on file with BLM/BIA a multiple completion or recon	and true vertical dep Required subsequent apletion in a new inter	oths of all pertinent ma ent reports must be file erval, a Form 3160-4 n	rkers and zones ed within 30 days nust be filed once

Yates Petroleum Corporation wishes to change the name of this well from the Federal AB #13 to the Federal AB #13-H. This will now be a horizontal well with the surfce hole remaining the same and the bottom hole being 2310' FSL & 1650' FWL. Attached is a new C-102, drilling plan with the horizontal diagrams, and a H2S plan.

Accepted for record - NMOCD

Thank you.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

JUL 20 2011

RECEIVED JUL 15 2011 NMOCD ARTESIA

14 I hereby certify that the foregoing is true and correct		-	
Name (Printed/Typed)	Title		
Clifton May		Land Regulatory Agent	
Signature Clifty May	Date	APPROVED	
/ THIS SPACE FOR I	FEDERAL OR STATE	USE	
Approved by Ted Mongon	Tutle Circle 11	thate 2011	
Conditions of approval, if any, are attached. (Approval of this notice does not warra certify that the applicant holds legal or equitable title to those rights in the subject which would entitle the applicant to conduct operations thereon		BUREAU OF LAND MANAGEMENT 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 Salses intitious or fraudulent statements or representations as to any matter within its jurisdiction

YATES PETROLEUM CORPORATION Federal AB #13-H 330' FSL & 1650' FWL, Surface Hole 2310' FSL & 1650' FWL, Bottom Hole Section 32-T18S-R25E Eddy County, New Mexico API #30-015-35068

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

Name	Vertical(TVD)	Lateral(MD)
San Andres	550	
Glorieta	1955	
Yeso	212	
Yeso Target	2550	
KOP	2072	2070
EOC	2550	2814
EOL	4312	4312

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

Water:

250'

Oil or Gas:

Glorieta oil, Yeso oil, & Yeso Target oil.

3. Pressure Control Equipment: 2000 PSI BOPE with a 13.625" opening will be installed on the 8 5/8" casing. Pressure tests to 2000 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: Kelley 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 rig floor in the open position at all times for use when Kelly is not in use.

4. The Proposed Casing and Cementing Program: All New Casing

Hole Size	Casing Size	Wt./Ft.	Grade	Thread	Interval	Length
11"	8 5/8"	24	J-55	ST&C	0-1125'	1125'
7 7/8"	5 1/2"	15.5	J-55	LT&C	0-4312'	4312

Well will be drilled to 2072 and then kicked off and directionally drilled at 12 degrees per 100' with a 7 7/8' hole to 2814' MD (2550'TVD). The hole will then be drilled laterally to 4312 MD (2575' TVD) where 5 1/2' casing will be ran, a packer/port system in the lateral & cemented to surface from top of curve to surface. Penetration point of producing zone will be encountered at 800' FSL and 1650' FWL, 32-18S-25E. Deepest TVD in the well is 2575 in the lateral.

Minimum Casing Design: Burst 1.o, Tensile 1.8, and Collapse 1.125

Cementing Program:

Surface Casing: Cement with 550 sacks Class C Lite with .03 gal/sack retarder, .2% anti foam, .1% dispersant and 39lb/sack extender (YLD 2.0 WT. 12.5). Tail in with 200 sacks C with 2% CaCl (YLD 1.34 WT. 14.8) TOC surface. Designed with 100% excess.

Production Casing: Production cement to be done in one stages with cementing tool set at 2050'

Stage one from 4312-2070'. No cement will use packer/port system. Cementor @ 2050'.

Stage two from 2050-0'. Lead with 250 sacks C Lite + 2% CaCl (YLD. 2.0 WT. 12.5). Tail in with 50 sacks Class C +2% CaCl (YLD. 1.34 WT. 14.8). TOC surface. Designed with 100% excess.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-1125'	Fresh Water	8.6-9.2	29-36	N/C
1125-2072'	Fresh Water	10-10.2	28-30	N/C
2072-2814'	Fresh Water	8.8-9.2	28-29	N/C
2814-4312	Fresh Water	8.8-9.3	28-34	<=15

Sufficient mud materials 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' out from 1125' to TD.

Logging: Platform Express; CNL/LDT/NGT td to surface casing. CNL/GR td to

surface, DLL/MSFL td to surface casing. BHC-Sonic td to surface casing.

DST'S: None anticipated Coring: None anticipated

Mudlogging: 2 man mudlogging from 1125'

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

Anticipated BHP:

From 0 to 1125' From 1125 to 2575 Anticipated Maximum BHP: Anticipated Maximum BHP

491 PSI 1205 PSI

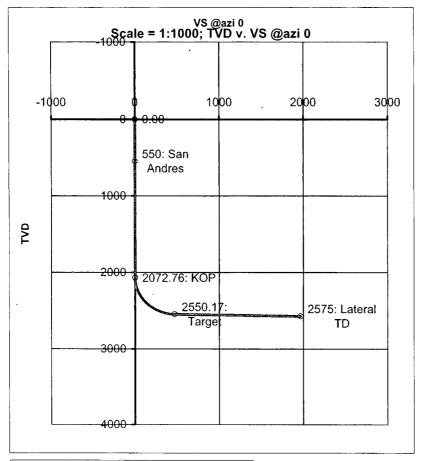
Abnormal Pressures Anticipated: None Lost Circulation Zones Anticipated: None

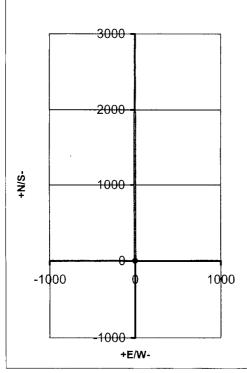
H2S Zones Anticipated: H2S plan 500' above San Andres

Maximum Bottom Hole Temperature: 100 F

8. Anticipated Starting Date:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 35 days to drill the will with completions taking another 35 days.





Co: 0	Units: Feet, °, 9100ft	VS Az: 0.00	Tgt TVD: 2575.00
Drillers: 0	Elevation:	Tgt Radius: 0.00	Tgt MD: 0.00
Well Name: Federal AB #13H	Northing:	Tgt N/S: 1967.37	Tgt Displ.: 0.00
Location: 0	Easting:	Tgt E/W: 0.00	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	550.00	550.00	0.00	0.00	550.00	0.00	0.00	0.00	0.00	0.00	0.00 San Andres	
2	1955.01	1405.01	0.00	0.00	1955.01	0.00	0.00	0.00	0.00	0.00	0.00	
3	2072.76	117.76	0.00	0.00	2072.76	0.00	0.00	0.00	0.00	0.00	0.00 KOP	
4	2100.00	27.24	3.27	0.00	2099.99	0.78	0.78	0.00	12.00	0.00	12.00	
5	2120.08	20.08	5.68	0.00	2120.01	2.34	2.34	0.00	12.00	0.00	12.00	
6	2200.00	79.92	15.27	0.00	2198.50	16.85	16.85	0.00	12.00	0.00	12.00	
7	2300.00	100.00	27.27	0.00	2291.52	53.06	53.06	0.00	12.00	0.00	12.00	
8	24'00.00	100.00	39.27	0.00	2374.98	107.81	107.81	0.00	12.00	0.00	12.00	
9	2500.00	100.00	51.27	0.00	2445.23	178.72	178.72	0.00	12.00	0.00	12.00	
10	2600.00	100.00	63.27	0.00	2499.20	262.69	262.69	0.00	12.00	0.00	12.00	
11	2700.00	100.00	75.27	0.00	2534.54	356.04	356.04	0.00	12.00	0.00	12.00	
12	2800.00	100.00	87.27	0.00	2549.69	454.70	454.70	0.00	12.00	0.00	12.00	
13	2814.85	14.85	89.05	0.00	2550.17	469.54	469.54	0.00	12.00	0.00	12.00 Target	
14	4312.87	1498.03	89.05	0.00	2575.00	1967.37	1967.37	0.00	0.00	0.00	0.00 Lateral TD	

Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

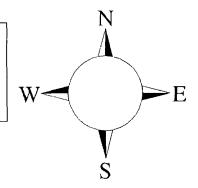
For

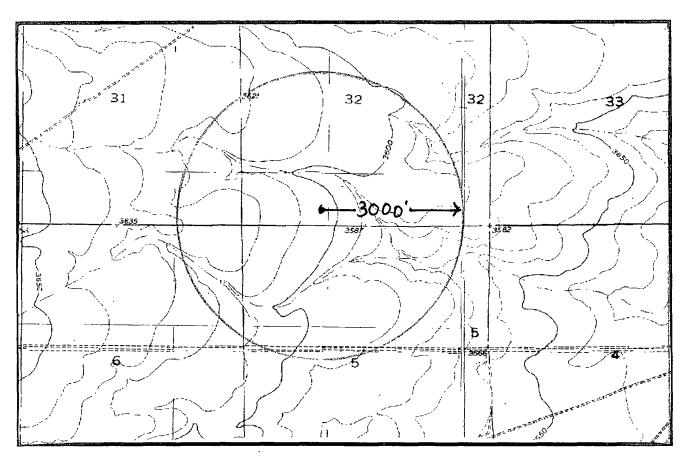
Federal AB #13-H

330' FSL and 1650' FWL Surface Hole Location 2310' FSL and 1650' FEL Bottom Hole Location Section 32, T-18S, R-25E Eddy County NM

Federal #13-H

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500° of zones known to contain H_2S , including warning signs, wind indicators and H_2S monitor.





Assumed 100 ppm $ROE = 3000^{\circ}$ 100 ppm H2S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H_2S , the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office	. (575) 748-1471
Darrick Stallings/Operations Manager	
Wade Bennett/Prod Superintendent	. (575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent	(575) 748-4228
Mike Larkın/Drilling	. (575) 748-4222
Paul Hanes/Prod. Foreman/Roswell	. (575) 624-2805
Tim Bussell/Drilling Superintendent	. (575) 748-4221
Artesia Answering Service	. (575) 748-4302
(During non-office hours)	

Agency Call List

Eddy County (575)

Artesia	
State Police	746-2703
City Police	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee)	
NMOCD	748-1283
Carlsbad	
State Police	885-3137
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee)	887-3798
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center	(505) 476-9635
National Emergency Response Center (Washington, DC)	(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control	.(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services	(575) 746-3569

Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albug, NM	(505) 842-4949

(P)
(P)
_
74
74
11-
K5
V
23644
23644 23643
23643
23 <i>6</i> 43
23643
23 <i>6</i> 43
23643

PECOS DISTRICT CONDITIONS OF APPROVAL

30.015-37211

OPERATOR'S NAME: YATES PETROLEUM CORPORATION

LEASE NO.: | NM-487738

WELL NAME & NO.: | FEDERAL AB #13H

SURFACE HOLE FOOTAGE.: | 0330' FSL & 1650' FWL BOTTOM HOLE FOOTAGE.: | 2310' FSL & 1650' FWL

LOCATION: Section 32, T18S., R25E.
COUNTY: Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

- 1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated during rig-up on location. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. If the drilling rig is removed without approval an Incident of Non-Compliance will be written and will be a "Major" violation.
- 3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Medium cave/karst

Possible lost circulation in the Grayburg and San Andres Formations.

- 1. The 8-5/8 inch surface casing shall be set at approximately 1125 feet and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Centralizers required on the angle building leg for the horizontal drainhole, must be type for horizontal service, and minimum of one every other joint.

- 2. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.

The Operator has proposed a single stage cement job using a cementer DV tool set at 2050' MD (2050' TVD). A multiple packer completion system will be run below the Port DV tool, and will not be cemented.

3. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- 2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.
- 3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips or where the float does not hold, the minimum wait time before cut-off is eight hours after bumping the plug or when the cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. BOP/BOPE testing can begin after the above conditions are satisfied.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

e. 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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

TMM 07/11/2011