

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.
NM-65417

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Martha AIK Federal 84

9. API Well No.
30-015-39733

10. Field and Pool or Exploratory Area
~~Undesignated~~/Livingston Ridge < 39363 >

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
430' FNL & 200' FEL, Section 11 T22S-R31E

11. Country or Parish, State
Eddy 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	

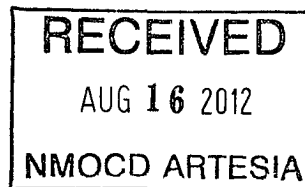
13. Describe Proposed or Completed Operation. Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 must 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 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 target zone from the Brush Canyon to Livingston Ridge. (attached is the new drilling plan)

; Delaware

Accepted for record
NMOCD

*ies
8/16/2012*



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

Travis Hahn

Title Land Regulatory Agent

Signature

[Signature]

Date 06/28/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

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



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

YATES PETROLEUM CORPORATION

Martha AIK Federal #8-H
430' FNL & 200' FEL, Surface Hole
430' FSL & 1650' FWL, Bottom Hole
Section 11 - T22S-R31E
Eddy County, New Mexico

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

Rustler	650'	Livingston Ridge Target	7313' Oil
Top of Salt	970'	TD	10266' Oil MD
Base of Salt	3980'		
Bell Canyon	4500'		
Cherry Canyon	5320' Oil		
Livingston Ridge	7071' Oil	(BRUSHY CANYON)	

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

Water: Approx. 0' - 700'

Oil or Gas: Oil Zones: 5320', 6980', 7150', 8040', 8553', 11506'

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.375 casing and also on the 9.625" 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. 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.

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#	H-40/J-55 hybrid	ST&C	0-700'	700'
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#	L-80	LT&C	0-6560'	6560'
8 1/2"	5 1/2"	17#	L-80	Buttress Thread	6560'-10266'	3706'

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

B. CEMENTING PROGRAM:

Surface Casing: 350 sacks Class C Lite + 2% CaCl₂ (YLD 2.00 WT.12.50). Tail in with 210 sacks Class C + 2% CaCl₂ (WT 14.80, YLD 1.34). Designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 1225 sacks Class C Lite + 2% CaCl₂ (YLD 2.00 WT 12.50); tail in with 210 sacks Class C + 2% CaCl₂ (YLD 1.34 WT. 14.80). Designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in three stages, DV tools @ 7400' & 5000'

Stage 1 from 4450'-7250': Lead with 330 sacks of PozC 35:65:6 (WT 12.50 YLD 2.00). Tail with 200 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO₃, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 100% excess.

Stage 2 from 0'-4450': Lead with 620' sacks of Class PozC 35:65:6 (WT 12.50, YLD 2.00). Tail with 200 sacks of Class C + 2% CaCl₂ (WT 14.80, YLD 1.34). Designed with 100% excess.

Well will be drilled vertically depth to 6563'. Well will be kicked off at approximately 6563' and directionally drilled at 12 degrees per 100' with an 8.75" hole to 7313' MD (7040' TVD). Hole will then be reduced to 8.5" and drilled to 10266' MD (7040' TVD) where 5.5" casing will be set and cemented. Packers and Ports will be utilized in the lateral. Penetration point of producing zone will be encountered at 443' FNL & 677' FEL, Section 11-22S-31E. Deepest TVD is 7040' 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>
0-700'	Fresh Water	8.6-9.2	32-34	N/C
700'-4350'	Brine Water	10.0-10.2	28-28	N/C
4350'-7313'	Cut Brine	8.7-9.2	28-28	N/C
7313'-10266'	Cut Brine (Lateral Section)	8.7-9.2	28-28	<10-15

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 700'-10266'

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: 700'	Anticipated Max. BHP:	335	PSI
From: 700'	TO: 4350'	Anticipated Max. BHP:	2285	PSI
From: 4350	TO: 7040'	Anticipated Max. BHP:	3368	PSI

No abnormal pressures or temperatures are anticipated.

Possible water flow below 2800'

H2S may be encountered on this well.

8. 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.

Operator Co.

Your Co.

Survey/Planning Report

Survey/Planning Report									
Operator	Yates Petroleum Corp.			Northing Easting Elevation Latitude Longitude Units	Feet	Date System Datum Zone Scale Fac. Converg.	13-Jun-12		
Dir. Co.	Yates Petroleum Corp.						2 - St. Plane		
Well Name	Martha AIK Fed.8H Survey						1983 - NAD83		
Location	Sec. 11, 22S-31E						4302 - Utah Central		
Rig									
Job									
MD	INC	AZI	TVD	+N/S-	+E/W-	VS@268.4°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
650.00	0.00	360.00	650.00	0.00	0.00	0.00	0.00	0.00	0.00
650: RUSTLER, 360'									
970.00	0.00	360.00	970.00	0.00	0.00	0.00	0.00	0.00	0.00
970: TOS, 970'									
3980.00	0.00	360.00	3980.00	0.00	0.00	0.00	0.00	0.00	0.00
3980: BOS, 3980'									
4500.00	0.00	360.00	4500.00	0.00	0.00	0.00	0.00	0.00	0.00
4500: BELL CANYON, 4500'									
5320.00	0.00	360.00	5320.00	0.00	0.00	0.00	0.00	0.00	0.00
5320: CHERRY CANYON, 5320'									
6562.54	0.00	268.40	6562.54	0.01	0.00	0.00	0.00	4.09	0.00
6562.54: KOP, 6563'									
6600.00	4.50	268.40	6599.96	-0.04	-1.47	1.47	12.00	0.00	12.00
6700.00	16.50	268.40	6698.11	-0.54	-19.64	19.65	12.00	0.00	12.00
6800.00	28.50	268.40	6790.33	-1.61	-57.82	57.84	12.00	0.00	12.00
6900.00	40.49	268.40	6872.60	-3.19	-114.33	114.37	12.00	0.00	12.00
7000.00	52.49	268.40	6941.31	-5.21	-186.70	186.77	12.00	0.00	12.00
7070.60	60.97	268.40	6980.01	-6.85	-245.65	245.74	12.00	0.00	12.00
7070.6: LIVINGTON RIDGE, 7071' MD (6980' TVD)									
7100.00	64.49	268.40	6993.48	-7.58	-271.77	271.87	12.00	0.00	12.00
7200.00	76.50	268.40	7026.81	-10.20	-365.82	365.96	12.00	0.00	12.00
7300.00	88.50	268.40	7039.84	-12.97	-464.74	464.93	12.00	0.00	12.00
7312.53	90.00	268.40	7040.00	-13.32	-477.28	477.46	12.00	0.00	12.00
7312.53: TARGET LIVINGTON RDGE, 7313' MD (7040' TVD)									
10266.18	90.00	268.40	7040.01	-95.72	-3429.77	3431.11	0.00	0.00	0.00
10266.18: LATERAL TD, 10266' MD (7040' TVD)									



