

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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-85891
6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well
 Oil Well Gas Well Other

7. If Unit of CA/Agreement, Name and/or No.
N/A

2. Name of Operator
Yates Petroleum Corporation (25575)

8. Well Name and No.
Knoll "AOK" Federal #4-H (15751)

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)
575-748-4372 Cedar Cyn

9. API Well No.
30-015-39353

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
430 FNL & 480' FEL, SHL, 660' FNL & 330' FWL, BHL, Section 3-T24S-R29E

10. Field and Pool or Exploratory Area
Undesignated 2nd Bone Spring (11520)

11. County or Parish, State
Eddy County, New Mexico

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 <u>Change the depth</u>
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>of the bottom hole</u>
	<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 recomplete 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 recompletion 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 wishes to change the depth of the bottom hole from the approved 11124' MD (6850'TVD) to new depth of 13264' MD (8914' TVD). The bottom hole will remain the same at 660' FNL & 330' FWL. Attached is a new drilling plan.

Accepted for record
NMOCD
July 16, 2013

RECEIVED
JUL 16 2013
NMOCD ARTESIA

{ 97148 Nash Draw; Delaware, SW cancelled }
7-11-13

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

Title Land Regulatory Agent
Date 6/11/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
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.

Title
Office

APPROVED
JUL 11 2013
/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
ATLANTA 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.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-39353	Pool Code	Pool Name Undesignated 2nd Bone Spring
Property Code	Property Name KNOLL "AOK" FEDERAL	Well Number 4H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3086'

Surface Location

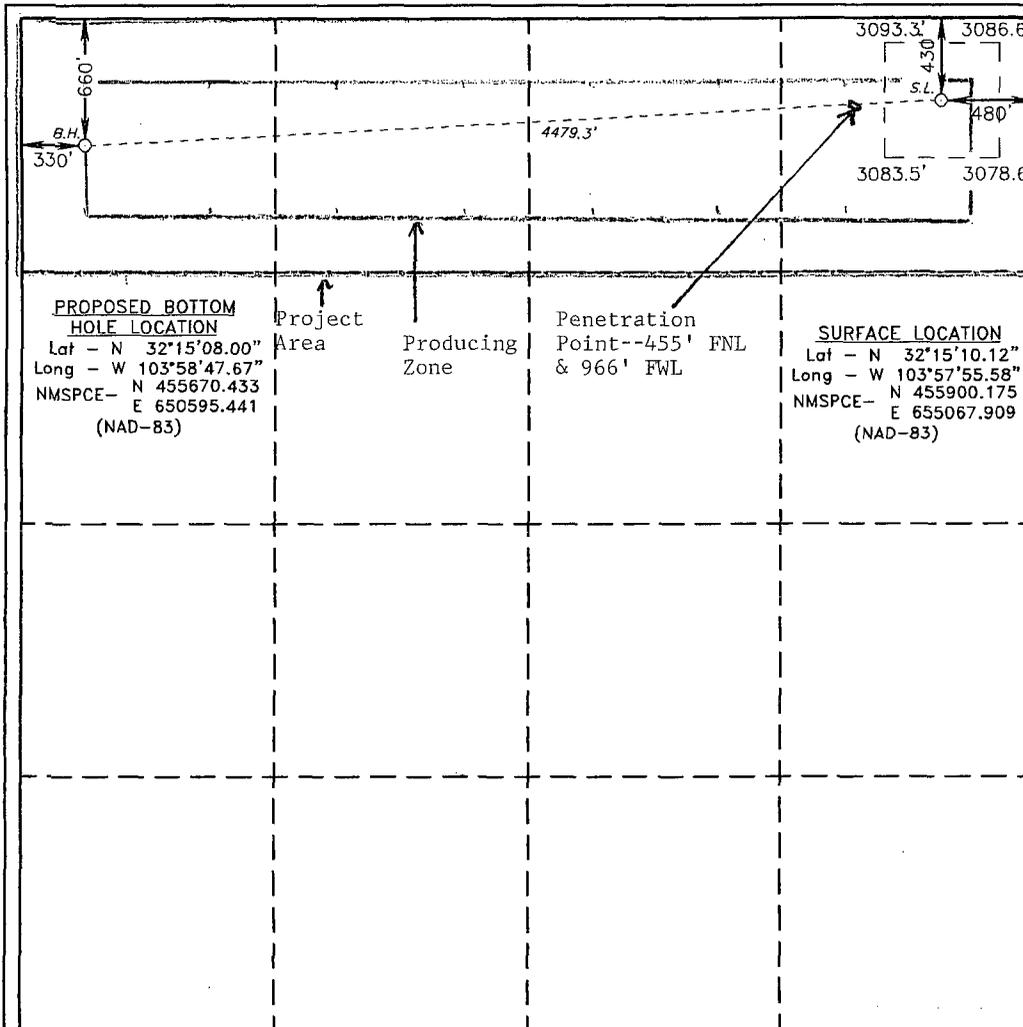
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	3	24 S	29 E		430	NORTH	480	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	24 S	29 E		660	NORTH	330	WEST	EDDY

Dedicated Acres 160 / 158.62	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



PROPOSED BOTTOM HOLE LOCATION
Lat - N 32°15'08.00"
Long - W 103°58'47.67"
NMSPC E 455670.433
E 650595.441
(NAD-83)

Project Area
Producing Zone

Penetration Point--455' FNL & 966' FWL

SURFACE LOCATION
Lat - N 32°15'10.12"
Long - W 103°57'55.58"
NMSPC E 455900.175
E 655067.909
(NAD-83)

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Cy Cowan
Signature: _____ Date: 6/11/13
Cy Cowan
Printed Name
cy@yates petroleum.com
Email Address

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

FEBRUARY 22, 2013
Date Surveyed
Signature & Seal of Professional Surveyor
Gary L. Jones
W.C. PROFESSIONAL LAND SURVEYOR

Certificate No. Gary L. Jones 7977
BASIN SURVEYS 24192

YATES PETROLEUM CORPORATION
 Knoll "AOK" Federal #4-H
 430' FNL and 480' FEL Surface Hole Location
 660' FNL & 330' FWL Bottom Hole Location
 Section 3-T24S-R29E
 Eddy County, New Mexico

DRILLING INFORMATION

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

Rustler	154'	Bone Springs LM	6859'	
Top of Salt	804'	Upper Avalon	6959'--Oil	
Base of Salt	2914'	Middle Avalon	7169'--Oil	
Castile	2915'	Lower Avalon	7589'--Oil	
Lamar	3154'	Bone Spring 1/SD/	7874'--Oil	
Bell Canyon	3184'	Bone Springs 2/SD/	8754'--Oil	8744' TVD
Cherry Canyon	4049'--Oil	Target SBSG	9272'--Oil	8990' TVD
Brushy Canyon	5289'--Oil	TD	13264'	8914' TVD

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

Water: 170'
 Oil or Gas: Oil Zones: See Above.

3. Pressure Control Equipment: A 3000 PSI BOP system with a minimum opening of 13 5/8" will be nipped up on the 13 3/8" casing and a 5000 PSI BOP system with a minimum opening of 11" on the 9 5/8" casing. Blind rams and pipe rams will be tested to the rated pressure of the BOP. Test will be conducted by an Independent Tester, utilizing a test plug in the well head. Test will be held for 10 minutes on each segment of the system tested. Any Leaks will be repaired at the time of the test. Annular preventer will be tested to 50% of rated working pressure. Pressure tests 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.
4. 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.
5. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: All new casing to be used

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'-400'	400'
12 1/4"	9 5/8"	36#	J-55	LT&C	0'- 3200' 3100'	3100'
8 3/4"	5 1/2"	17#	P-110	Buttress	0'-13264'	13262'

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

Hole drilled vertically to 8513'. At 8513' MD well will be kicked off at 12 degrees per 100' with a 8 3/4" hole to 9272' MD (8990' TVD). Hole will be reduced to 8 1/2" and drilled to 13264' MD (8914' TVD) where 5 1/2" casing will be set and cemented in three stages with a DV/Stage Packer tool between 5200'-5700' and 3150'-3650' (Cement will be distributed proportionally). Penetration point of producing zone will be encountered at 455' FNL and 966' FWL, 3-24S-29E. Deepest TVD in this well is 8990' in the lateral.

B. CEMENTING PROGRAM:

Surface Casing: Lead in with 455 sacks C w/CaCl₂ (Wt 14.80 Yld 1.34) TOC is surface. Cement designed with 100% excess.

Intermediate Casing: lead with 830 sacks of 35:65:6PzC (Wt 12.50 Yld 2.00). Tail in with 200 sacks C w/ 2% CaCl₂ (Wt 14.80 Yld 1.34). TOC is surface. Cement designed with 100% excess.

Production Casing: Cement will be done in 3 stages with DV/Stage Packer tools at 5200'-5700' & 3150'-3650'. Cement designed with 35% excess.

Stage One from 5200' to 13264': Lead with 565 sacks of 35:65:6PzC (Wt. 12.50 Yld 2.00). Tail in with 1150 sacks Pecos Valley Lite (Wt 13.00 Yld 1.41) with D112, Fluid Loss, 0.4%: D151, Calcium Carbonate, 22.5 lb/sack; D174, Extender, 1.5 lb/sack; D177, Retarder, 0.01 lb/sack; D800, Retarder, 0.6 lb/sack; and D46, Antifoam Agent, 0.15 lb/sack. TOC is 5200'.

Stage Two from 3150'-5200': Lead with 290 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with Class C with CaCl₂ (Wt 4.80 Yld 1.34). TOC is 3150'.

Stage Three from 0' to 3150': Lead with 470 sacks of 35:65:6PzC (Wt 12.50 Yld 2.00). Tail in with 100 sack Class C with CaCl₂ (Wt. 14.80 Yld. 1.34). TOC is surface.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
0' TO 400'	Fresh Water	8.60-9.20	28-34	N/C
400' to 3100'	Brine Water	10.00-10.20	28-29	N/C
3100' to 13264'	Cut Brine	8.8-9.00	32-34	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. The slow pump speed will be recorded on the daily drilling report after mudding up. A mud test will be performed every 24 hours after mudding up to determine, as applicable, viscosity, gel strength, filtration and pH. 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 visually 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.

7. EVALUATION PROGRAM:

Samples: Thirty foot samples to 3100'. Every 10' from 3100' to TD

Logging: No open hole logs will be ran (Schlumberger). Twin to Knoll #2H which was logged to FBSG. GR on directional tools from 7800' to TD.

Coring: None anticipated

DST's: None Anticipate

Mudlogging: Yes: From surface casing to TD.

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:
Maximum Anticipated BHP: Depths are TVD.

0' to 400'	584 PSI
400' to 3100'	2705 PSI
3100' to 8914'	5206 PSI

Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None.
H2S Zones Anticipated: None
Maximum Bottom Hole Temperature: 150 F

9. 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 45 days.

Survey/Planning Report

Operator	Yates Petroleum Corp.		Northing		Date	31-May-13			
Dir. Co.	Yates Petroleum Corp.		Easting		System	2 - St. Plane			
Well Name	Knoll #4H Survey		Elevation		Datum	1983 - NAD83			
Location	Sec. 3, 24S-29E		Latitude		Zone	4302 - Utah Central			
Rig			Longitude		Scale Fac.				
Job			Units	Feet	Converg.				
MD	INC	AZI	TVD	N/S	E/W	VS@267.06°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
154.00	0.00	360.00	154.00	0.00	0.00	0.00	0.00	0.00	0.00
154: RUSTLER, 154'									
804.00	0.00	360.00	804.00	0.00	0.00	0.00	0.00	0.00	0.00
804: TOS, 804'									
2914.00	0.00	360.00	2914.00	0.00	0.00	0.00	0.00	0.00	0.00
2914: BOS, 2914'									
2915.00	0.00	360.00	2915.00	0.00	0.00	0.00	-0.01	-0.01	0.01
2915: CASTILLE, 2915'									
3154.00	0.00	360.00	3154.00	0.00	0.00	0.00	0.00	0.00	0.00
3154: LAMAR, 3154'									
3184.00	0.00	360.00	3184.00	0.00	0.00	0.00	0.00	0.00	0.00
3184: BELL CANYON, 3184'									
4049.00	0.00	360.00	4049.00	0.00	0.00	0.00	0.00	0.00	0.00
4049: CHERRY CANYON, 4049'									
5289.00	0.00	360.00	5289.00	0.00	0.00	0.00	0.00	0.00	0.00
5289: BRUSHY CANYON, 5289'									
6859.00	0.00	360.00	6859.00	0.01	0.00	0.00	0.00	0.00	0.00
6859: BONE SPRINGS LM, 6859'									
6959.00	0.00	360.00	6959.00	0.01	0.00	0.00	0.00	0.00	0.00
6959: UPPER AVALON, 6959'									
7169.00	0.00	360.00	7169.00	0.01	0.00	0.00	0.00	0.00	0.00
7169: MIDDLE AVALON, 7169'									
7589.00	0.00	360.00	7589.00	0.01	0.00	0.00	0.00	0.00	0.00
7589: LOWER AVALON, 7589'									
7874.00	0.00	360.00	7874.00	0.01	0.00	0.00	0.00	0.00	0.00
7874: FBSG, 7874'									
8512.57	0.00	267.06	8512.57	0.01	0.00	0.00	0.00	3.14	0.00
8512.57: KOP, 8513'									
8600.00	10.49	267.06	8599.51	-0.40	-7.97	7.98	12.00	0.00	12.00
8700.00	22.49	267.06	8695.22	-1.86	-36.27	36.32	12.00	0.00	12.00
8754.18	28.99	267.06	8744.00	-3.06	-59.76	59.84	12.00	0.00	12.00
8754.18: SBSG, 8754' MD (8744' TVD)									
8800.00	34.49	267.06	8782.95	-4.30	-83.82	83.93	12.00	0.00	12.00
8900.00	46.49	267.06	8858.86	-7.62	-148.55	148.74	12.00	0.00	12.00
9000.00	58.49	267.06	8919.64	-11.68	-227.63	227.93	12.00	0.00	12.00
9100.00	70.49	267.06	8962.63	-16.31	-317.59	318.01	12.00	0.00	12.00
9200.00	82.49	267.06	8985.95	-21.29	-414.52	415.07	12.00	0.00	12.00
9271.65	91.09	267.06	8989.95	-24.95	-485.91	486.55	12.00	0.00	12.00
9271.65: TARGET SBSG, 9272' MD (8990' TVD)									
13264.20	91.09	267.06	8914.00	-229.73	-4472.47	4478.37	0.00	0.00	0.00
13264.2: LATERAL TD, 13264' MD (8914' TVD)									

