OCD-ARTESIA

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter a abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

RECEIVED
JUL 19 2010
NMOCD ARTESIA

5. Lease Serial No.
NM-103879

6 If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Culebra BLV Federal #1H

2 Name of Operator
Yates Petroleum Corporation

9. API Well No.
30-015-37615

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

3b Phone No *(include area code)*
(575) 748-1471

10 Field and Pool, or Exploratory Area
Undesignated Bone Spring

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Surface: 660' FNL & 330' FWL , Section 7 T23S-R29E, Unit Letter D
BHL: 660' FNL & 2310 FWL , Section 8 T23S-R29E, Unit Letter C

11 County or Parish, State
Eddy County

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☒ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 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 shall 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 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 Petroleum Corportation respectfully requests permission to change the production cement program from 2 stages to 3 stages as per attached cement program:
Changes are due to Schlumberger's cemcade program which shows a breakdown in formation with a 2 stage program.
DV tool placed at 5,300' and packer stage tool placed at 3,900'.

Thank-You

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

Name *(Printed/Typed)* Jeremiah Mullen — Title Well Planning Technician

Signature Jeremiah Mullen — Date April 20, 2010

THIS SPACE FOR FEDERAL OR STATE USE

Approved by — Title — Date

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

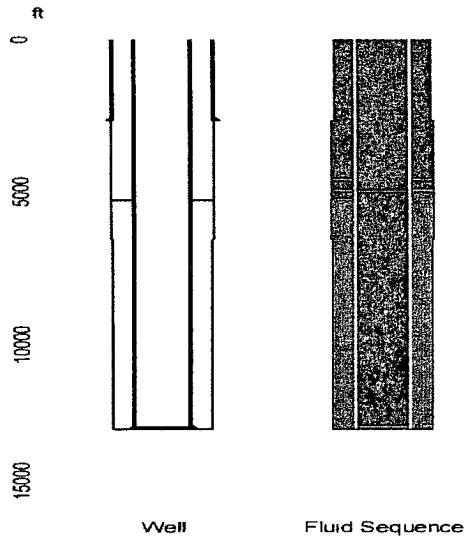
Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVED
APR 20 2010
/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

WELL DATA Stage 1



IMPORTANT
The well data shown on this page is based on information available when this treatment program was prepared This data must be confirmed on location with the wellsite supervisor prior to the treatment. Any changes in the well data need to be reviewed for their impact on the treatment design

Well Data	
Job Type .	Multistage Cementing
Total Depth (Measured)	12790.0 ft
True Vertical Depth (TVD) .	12790.0 ft
BHST (Tubular Bottom Static Temperature) :	136 degF
BHCT (Tubular Bottom Circulating Temperature) :	110 degF

Open Hole		
Mean Diameter without Excess	**Bottom Depth**	**Annular Excess**
8.598 in	12790.0 ft	35.0 %

Previous Casing					
OD	**Weight**	**Grade**	**Thread**	**Inner Capacity**	**Bottom Depth**
9 5/8 in	36.0 lb/ft	H-40	STC	0 43 ft3/ft	2659.0 ft

Casing					
OD	**Weight**	**Grade**	**Thread**	**Inner Capacity**	**Bottom Depth**
5 1/2 in	17.0 lb/ft	K-55	BTC	0.13 ft3/ft	12790.0 ft

Annular Capacity (without Excess) · Casing Bottom / Open Hole : 0 24 ft3/ft
Annular Capacity (without Excess) : Previous Casing Bottom / Casing : 0.27 ft3/ft

Fluid Placement			
Fluid Name	**Volume** gal	**Density** lb/gal	**Top of Fluid** ft
Mud	840	9.40	4641 4
Chemical Wash	840	8.40	4970 7
1st Stage Slurry	17675	13.00	5300.0
Fresh Water	7560	8.34	5003.3
Mud	4885	9.40	0.0

Total Liquid Volume 31801 gal

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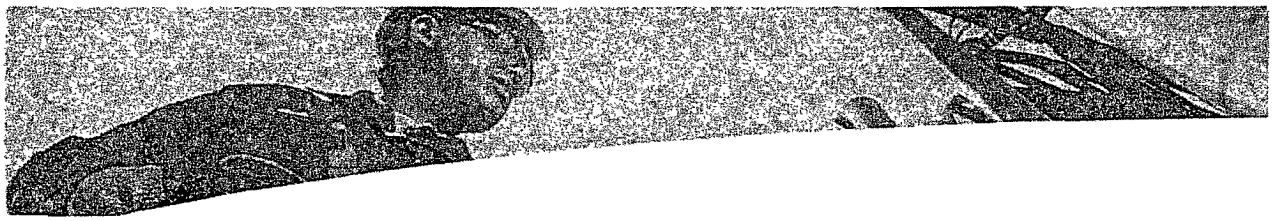

FLUID SYSTEMS Stage 1

Chemical Wash			
System	CW100		
Density	8.40 lb/gal		
Total volume	840 gal		
Additives	**Code**	**Description**	**Concentration**

1st Stage Slurry (1320 sacks, 75 lb per sack of Blend) PVL+30%D151+2%D174+0.6%D65+0.2%D46+1%D112+0.3%D800			
System	Conventional		
Density	13.00 lb/gal		
Yield	1.83 ft3/sk		
Mixed Water	9.331 gal/sk		
Mixed Fluid	9.331 gal/sk		
Total volume	17675 gal		
Expected Thickening Time	70 Bc at 06:52 hr:mn		
Expected Fluid Loss	90 mL in 30.0 min		
Additives	**Code**	**Description**	**Concentration**
	D151	Miscellaneous	30.0 % BWOB
	D174	Expanding Agent	2.0 % BWOB
	D065	Dispersant	0.6 % BWOB
	D046	Anti Foam	0.2 % BWOB
	D112	Fluid loss	1.0 % BWOB
	D800	Retarder	0.3 % BWOB
	D049	Cement	75 lb/sk

Fresh Water			
System	Water		
Density	8.34 lb/gal		
Total volume	7560 gal		
Additives	**Code**	**Description**	**Concentration**

Some of the chemicals specified in this program may have toxic properties. All personnel should be familiar with the inherent dangers and appropriate safeguards to prevent accidental injury. Use of the chemicals may be governed by certain laws and regulations and should only be used in accordance with such. Please refer to the MSDS sheets for the recommended safety precautions and required minimum personal protective equipment.

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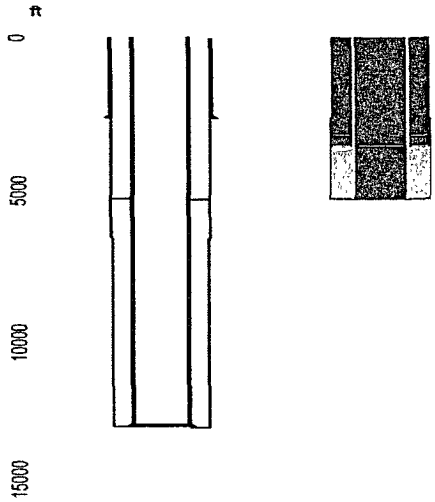
WELL DATA Stage 2



Well Data	
Job Type :	Multistage Cementing
Total Depth (Measured) :	12790.0 ft
True Vertical Depth (TVD) :	12790.0 ft
BHST (Tubular Bottom Static Temperature) :	111 degF
BHCT (Tubular Bottom Circulating Temperature) :	96 degF

Stage Collar	
Measured Depth :	**3900.0 ft**

Previous Casing					
OD	**Weight**	**Grade**	**Thread**	**Inner Capacity**	**Bottom Depth**
9 5/8 in	36.0 lb/ft	H-40	STC	0 43 ft3/ft	2659.0 ft

Casing					
OD	**Weight**	**Grade**	**Thread**	**Inner Capacity**	**Bottom Depth**
5 1/2 in	17.0 lb/ft	K-55	BTC	0.13 ft3/ft	12790 0 ft

Annular Capacity (without Excess) : Previous Casing Bottom / Casing : 0.27 ft3/ft

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Fluid Placement			
Fluid Name	**Volume** gal	**Density** lb/gal	**Top of Fluid** ft
Fresh Water	840	8.34	3219.5
2nd Stage Slurry	4074	13.00	3575.1
Fresh Water	1680	8.34	3579 4
Mud	3495	9 40	0.0

Total Liquid Volume 10089 gal

WELL DATA Stage 3

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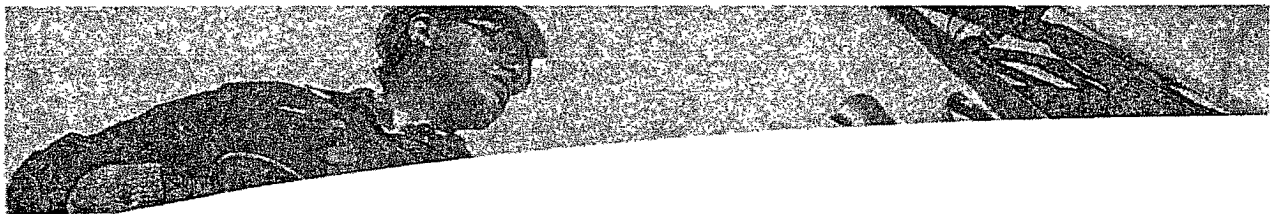

FLUID SYSTEMS Stage 2

Fresh Water			
System	Water		
Density	8 34 lb/gal		
Total volume	2520 gal		
Additives	**Code**	**Description**	**Concentration**

2nd Stage Slurry (420 sacks, 75 lb per sack of Blend) PVL+0.2%D167+0.2%D65+0.2%D13			
System	Conventional		
Density	13.00 lb/gal		
Yield	1.39 ft3/sk		
Mixed Water	7.156 gal/sk		
Mixed Fluid	7 156 gal/sk		
Total volume	4074 gal		
Expected Thickening Time	70 Bc at 04:03 hr:mn		
Expected Fluid Loss	70 mL in 30 0 min		
Additives	**Code**	**Description**	**Concentration**
	D167	Fluid loss	0.2 % BWOB
	D065	Dispersant	0.2 % BWOB
	D013	Retarder	0.2 % BWOB
	D049	Cement	75 lb/sk

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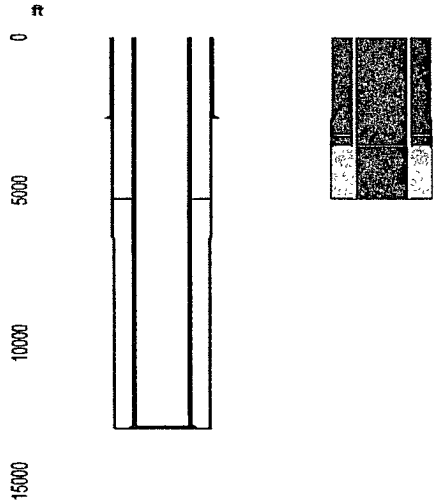

Well Data	
Job Type :	Multistage Cementing
Total Depth (Measured) :	12790 0 ft
True Vertical Depth (TVD) :	12790 0 ft
BHST (Tubular Bottom Static Temperature) :	111 degF
BHCT (Tubular Bottom Circulating Temperature) :	96 degF

Stage Collar	
Measured Depth :	**3900.0 ft**

Previous Casing					
OD	**Weight**	**Grade**	**Thread**	**Inner Capacity**	**Bottom Depth**
9 5/8 in	36.0 lb/ft	H-40	STC	0.43 ft3/ft	2659 0 ft

Casing					
OD	**Weight**	**Grade**	**Thread**	**Inner Capacity**	**Bottom Depth**
5 1/2 in	17.0 lb/ft	K-55	BTC	0.13 ft3/ft	12790.0 ft

Annular Capacity (without Excess) . Previous Casing Bottom / Casing : 0.27 ft3/ft

IMPORTANT
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Fluid Placement			
Fluid Name	**Volume gal**	**Density lb/gal**	**Top of Fluid ft**
3rd Stage Mudpush II	840	9.30	108.9
3rd Stage Slurry	7224	9.90	526.3
Fresh Water	3808	8.34	0.0

Total Liquid Volume : 11872 gal

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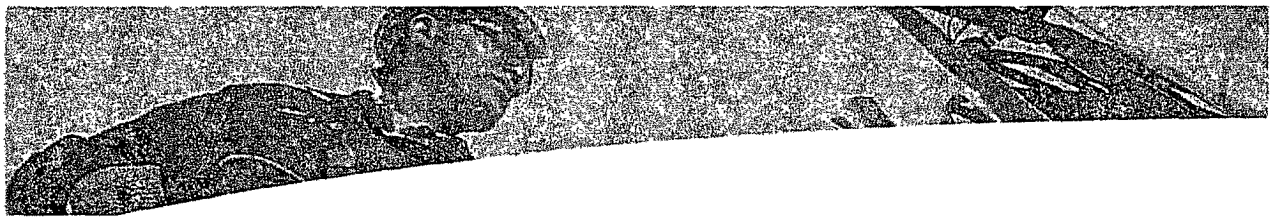

FLUID SYSTEMS Stage 3

3rd Stage Mudpush II			
System	Conventional		
Density	9.30 lb/gal		
Total volume	840 gal		
Additives	**Code**	**Description**	**Concentration**

3rd Stage Slurry (410 sacks 100 lb per sack of Blend) LiteCRETE+0.6%D167+0.2%D46+3PPSD42++0.02GPSD177			
System	LiteCRETE		
Density	9.90 lb/gal		
Yield	2.35 ft3/sk		
Mixed Water	8.377 gal/sk		
Mixed Fluid	8.397 gal/sk		
Total volume	7224 gal		
Expected Thickening Time	70 Bc at 04:47 hr mn		
Expected Fluid Loss	25 mL in 30.0 min		
Additives	**Code**	**Description**	**Concentration**
	D124	Extender	41 lb/sk

Fresh Water			
System	Water		
Density	8.34 lb/gal		
Total volume	3808 gal		
Additives	**Code**	**Description**	**Concentration**

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Schlumberger

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Yates Petroleum Corportation**
LEASE NO.:	**NMNM-103879**
WELL NAME & NO.:	**Culebra BLV Federal 1H**
SURFACE HOLE FOOTAGE:	**660' FNL & 330' FWL**
BOTTOM HOLE FOOTAGE	**660' FNL & 2310' FWL**
LOCATION:	**Section 7, T. 23 S., R 29 E., NMPM**
COUNTY:	**Eddy County, New Mexico**

1. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   a. First stage to DV tool, cement shall:

   ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.

   b. Second stage above DV tool, cement shall:

   ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with third stage cement job.

   c. Third stage above DV tool, cement shall:

   ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

CRW 042010