

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
SEP 26 2013
CD ARTESIA

FORM APPROVED
OMB NO. 1004-0135
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.
NMNM65417

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
MARTHA AIK FEDERAL 8H

2. Name of Operator Contact: JEREMIAH MULLEN
YATES PETROLEUM CORPORATION -Mail: jmullen@yatespetroleum.com

9. API Well No.
30-015-39733-00-X1

3a. Address
105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)
Ph: 505.748.4378

10. Field and Pool, or Exploratory
UNDESIGNATED

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 11 T22S R31E NENE Lot A 430FNL 200FEL

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK 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 checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A PD
	<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 recomplate 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 Corporation respectfully requests permission to omit the packer/port system on the production casing. 5 ?? 17# L-80 BT&C casing will be run from 0?-10,266? and cemented to surface in two stages. DV tool will be placed between 4500?-5000?, cement volumes will be adjusted accordingly. Cement will be as follows: (assuming dv tool @ 4500?)

Stg I: Lead w/345sx 35:65 Poz C (YLD 2.0 Wt. 12.5), tail w/655sx PVL (YLD 1.82 Wt. 13) TOC = 4500?

Stg II: Lead w/525sx 35:65 Poz C (YLD 2.0 Wt. 12.5), tail w/200sx 50:50 Poz C (YLD 1.36 Wt. 14.2) TOC= 0?
30% excess in open hole and 15% excess casing in casing.

It is further requested to implement the following contingency plan if hole conditions dictate:

**SEE ATTACHED FOR
CONDITIONS OF APPROVA**
J. Wade 9/20/13
Accepted for record
NMOCD

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

**Electronic Submission #220348 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 09/18/2013 (13KMS7337SE)**

Name (Printed/Typed) JEREMIAH MULLEN

Title PREPARER

Signature (Electronic Submission)

Date 09/17/2013

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By (BLM Approver Not Specified)

Title

SEP 25 2013
[Signature]
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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 Carlsbad

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.

Additional data for EC transaction #220348 that would not fit on the form

32. Additional remarks, continued

(see attached)

Contingency Casing Design

2nd Intermediate

0 ft to 7,313 ft				Make up Torque ft-lbs			Total ft = 7,313
O.D. 7 inches	Weight 26 #/ft	Grade J-55	Threads LT&C	opt. 3670	min. 2750	mx. 4590	
Collapse Resistance 4,320 psi	Internal Yield 4,980 psi	Joint Strength 367 ,000 #		Body Yield 415 ,000 #		Drift 6.151	

DV/Packer Stage tool placed between 6000'-6500' and 4500'-5000' (cement volumes will be adjusted accordingly).

Stage I: Cemented w/125sx PVL (YLD 1.42 WT 13) 7313'-6500' (35% excess)

Stage II: Lead w/140sx 35/65 PozC (YLD 2.01 WT 12.6), tail w/100sx 50/50 PozC (YLD 1.36 Wt 14.2) 6500'-4500' (35% excess)

Stage III: Lead w/325sx 35/65 PozC (YLD 2.01 WT 12.6), Tail w/100sx 50/50 PozC (YLD 1.36 WT 14.2) 4500'-0' (15% excess)

Production

0 ft to 10,266 ft				Make up Torque ft-lbs			Total ft = 10,266
O.D. 4.5 inches	Weight 11.6 #/ft	Grade L-80	Threads BT&C	opt.	min.	mx.	
Collapse Resistance 6,350	Internal Yield 7,780 psi	Joint Strength 291 ,000 #		Body Yield 267 ,000 #		Drift 3.875	

Cemented in 1 stage w/DV tool placed between 6000-6500'

Stage I: Lead w/275sx of PVL (YLD 1.82 WT 13) 10,266'-6500' (35% excess)

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	YATES PETROLEUM COPORATION
LEASE NO.:	NM65417
WELL NAME & NO.:	8H MARTHA AIK FEDERAL
SURFACE HOLE FOOTAGE:	430' FNL & 200' FEL
BOTTOM HOLE FOOTAGE:	500' FNL & 1650' FWL
LOCATION:	Section 11, T. 22 S., R. 31 E., NMPM
COUNTY:	Eddy County, New Mexico

The original COAs still stand with the following drilling modifications:

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 (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

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

1. **Hydrogen Sulfide (H₂S) monitors shall be installed prior to drilling out the surface shoe. If H₂S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**
1. 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.**
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

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. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. 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.

R-111-P/WIPP

Possible brine and water flows in the Salado and Castile Groups.

Possible lost circulation in the Delaware formation.

1. **The 13-3/8 inch surface casing shall be set at approximately 725 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) 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.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

- Cement to surface. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

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

Operator has proposed DV tool at depth range of 4500'-5000'. Operator is to submit sundry if DV tool cannot be set in this range.

a. First stage to DV tool:

- Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Excess calculates to a maximum of 10% - Additional cement may be required.**

- 4. 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.
- 5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

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.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, 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. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.
 - e. 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.**
 - f. 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. This test shall be performed prior to the test at full stack pressure.

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.

F. WIPP Requirements

The proposed well is located over 330' but within a mile of the WIPP Land Withdrawal Area boundary. As a result, Yates Petroleum Corporation. is requested, but not required to submit daily drilling reports, logs and deviation survey information to the Bureau of Land Management and the Department of Energy per requirements of the Joint Powers Agreement until a total vertical depth of 7,000 feet is reached. These reports will have at a minimum the rate of penetration and a clearly marked section showing the deviation for each 500 foot interval. Operator may be required to do more frequent deviation surveys based on the daily information submitted and may be required to take other corrective measures. Information from this well will be included in the Quarterly Drilling Report. Information will also be provided to the New Mexico Oil Conservation Division after drilling activities have been completed. Upon completion of the well, the operator shall submit a complete directional survey. Any future entry into the well for purposes of completing additional drilling will require supplemental information.

Yates Petroleum Corporation can email the required information to Mr. Melvin Balderrama at Melvin.Balderama@wipp.ws or Mr. J. Neatherlin at Jimmy.Neatherlin@wipp.ws fax to his attention at 575-234-6062.

JAM 092513