Form 3160-5
(August 1999)

OCD-ARTESIA

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

5 Lease Serial No
NM-99034

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
Juniper BIP Federal #10H

2. Name of Operator
Yates Petroleum Corporation

9 API Well No.
30-015-37968

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 Brushy

4 Location of Well *(Footage, Sec , T., R , M , or Survey Description)*
Surface. 290' FNL & 706' FWL ,
BHL: 660' FNL & 330 FEL ,
Section 4 T24S-R29E, Unit Letter (Surface D) (BHL A)

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
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☒ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ 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 hole and casing sizes on this well to the following:

Hole Size	Casing Size	Setting Depth	Estimated TOC
17 1/2"	13 3/8"	400'	Circulated
12 1/4"	9 5/8"	2,900'	Circulated
8 3/4" & 7 7/8"	5 1/2"	10,705' MD	2400'

Revised casing design, cement program, and directional plan are attached.
Also included is a contingency casing design for 7" 2nd intermediate (if needed).
It is also requested that the pool name be changed to Undesignated Brushy and that Onshore Order 2 III.B.1.i not be applied to this well.
With producing wells within a 1 mile radius, this is not a wildcat well.
Thank-You

14 I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*: Jeremiah Mullen — Title: Well Planner

Signature: *Jeremiah Mullen* — Date: August 19, 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.

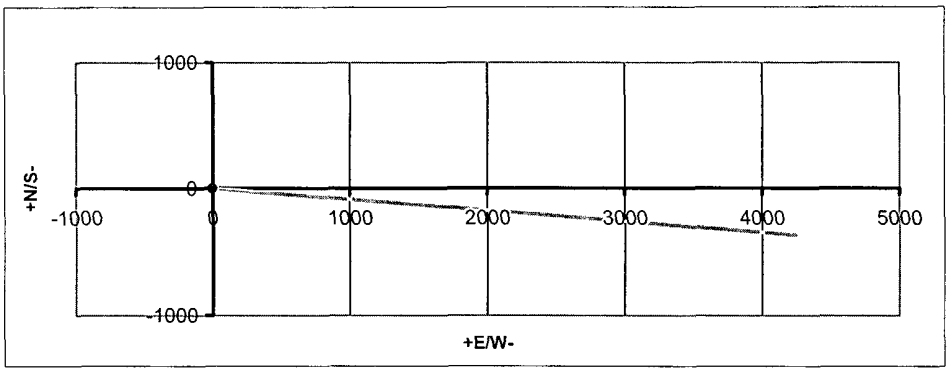
(Instructions on reverse)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVED
AUG 24 2010
/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Co:	**Yates Petroleum Corporation**	**Units:**	**Feet, °, 7100ft**	**VS Az:**	**94.98**	**Tgt TVD:**	**6650.00**
Drillers:	**0**	**Elevation:**		**Tgt Radius:**	**0.00**	**Tgt MD:**	**0.00**
Well Name:	**Juniper BIP Federal #10H**	**Northing:**		**Tgt N/S:**	**-370.00**	**Tgt Displ.:**	**0.00**
Location:	**0**	**Easting:**		**Tgt E/W:**	**4244.00**	**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	340.00	340.00	0.00	0.00	340.00	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	650.00	310.00	0.00	0.00	650.00	0.00	0.00	0.00	0.00	0.00	0.00	Top of Salt
3	2790.00	2140.00	0.00	0.00	2790.00	0.00	0.00	0.00	0.00	0.00	0.00	Base of Salt
4	3060.00	270.00	0.00	0.00	3060.00	0.00	0.00	0.00	0.00	0.00	0.00	Bell Canyon
5	3820.00	760.00	0.00	0.00	3820.00	0.00	0.00	0.00	0.00	0.00	0.00	Cherry Canyon
6	5080.00	1260.00	0.00	0.00	5080.00	0.00	0.00	0.00	0.00	0.00	0.00	Brushy Canyon
7	6172.54	6172.54	0.00	94.98	6172.54	0.00	0.01	0 00	0.00	1.54	0.00	KOP
8	6200.00	27.46	3.30	94.98	6199.98	0.79	-0.06	0.79	12.00	0.00	12.00	
9	6300.00	100.00	15.30	94.98	6298.49	16.91	-1.46	16.85	12.00	0.00	12.00	
10	6398.32	225.79	27.09	94.98	6390.00	52.40	-4.55	52.20	12.00	0.00	12.00	Brushy Canyon MKR
11	6400.00	1.68	27.30	94.98	6391.49	53.16	-4.61	52.96	12.03	-0.01	12.03	
12	6500.00	100.00	39.30	94.98	6474.93	107.96	-9.37	107.55	12.00	0.00	12.00	
13	6600.00	100.00	51.30	94.98	6545.14	178.90	-15.53	178.23	12.00	0.00	12.00	
14	6700.00	100.00	63.30	94.98	6599.07	262.90	-22.83	261.90	12.00	0.00	12.00	
15	6800.00	100.00	75.30	94.98	6634.36	356.27	-30.94	354.92	12.00	0.00	12.00	
16	6900.00	100.00	87.30	94.98	6649.47	454.94	-39.51	453.22	12.00	0.00	12.00	
17	6922.53	750.00	90.00	94.98	6650.00	477.46	-41.46	475.66	12.00	0.00	12.00	Brushy Target
18	10705.17	3782.63	90.00	94.98	6650.01	4260.10	-370.00	4244.00	0.00	0.00	0.00	Lateral TD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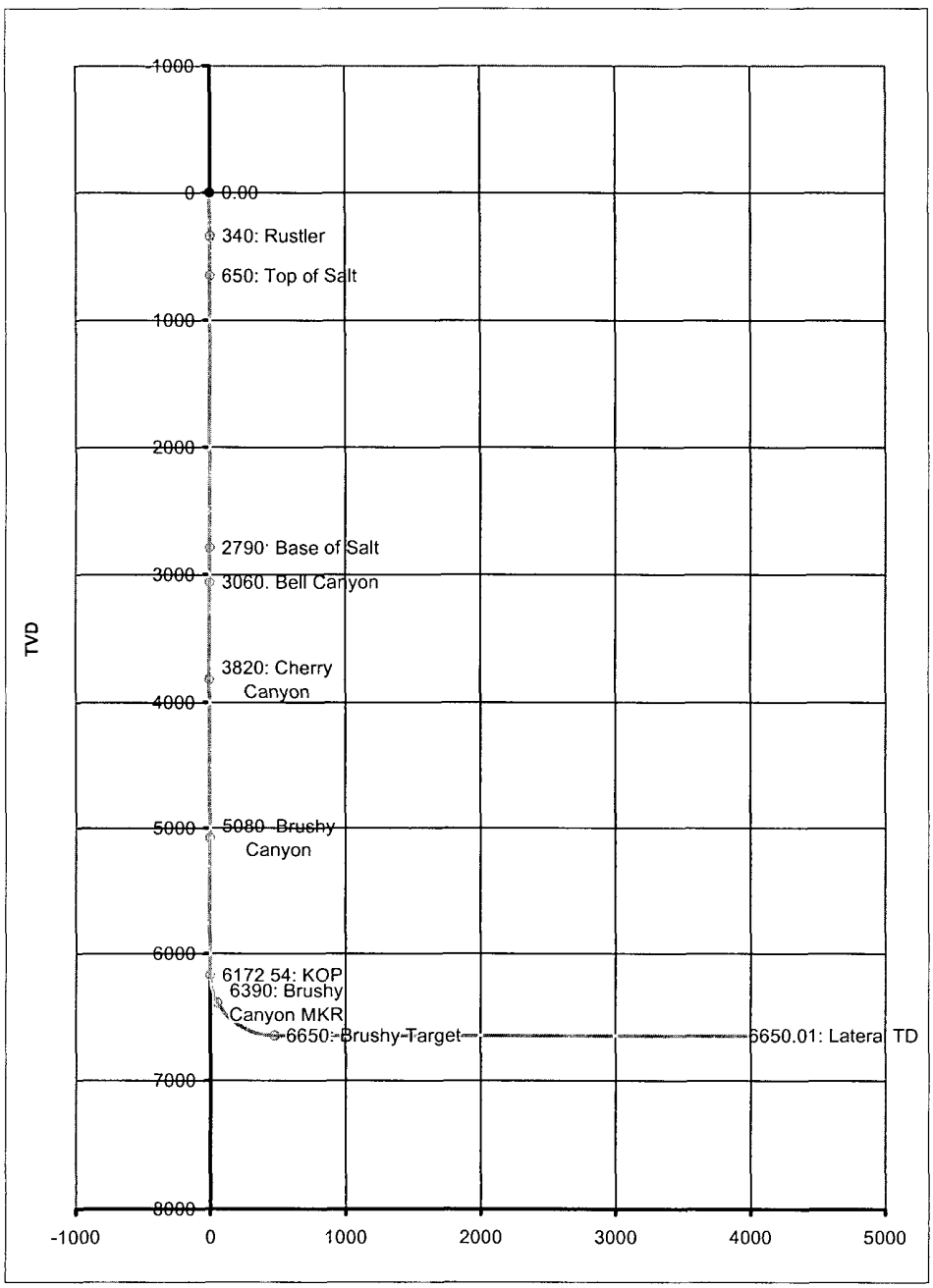
1000
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340: Rustler
650: Top of Salt
1000
2000
2790' Base of Salt
3000
3060. Bell Canyon
3820: Cherry Canyon
4000
5000
5080 Brushy Canyon
6000
6172.54: KOP
6390: Brushy Canyon MKR
6650: Brushy Target
6650.01: Latera TD
7000
8000
TVD
-1000
0
1000
2000
3000
4000
5000

Juniper BIP Federal #10H

Surface Casing

0 ft to 400 ft				Make up Torque ft-lbs			Total ft = 400
O D.	Weight	Grade	Threads	opt	min	mx.	
13.375 inches	48 #/ft	J-55	ST&C	4,330	3,250	5,410	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
740	2,370 psi	433 ,000 #		744 ,000 #		12.559	

Cemented w/425sx Class C (YLD 1.34 Wt 14.8) TOC= Surface

Intermediate Casing

0 ft to 2,900 ft				Make up Torque ft-lbs			Total ft = 2,900
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
9.625 inches	36 #/ft	J-55	LT&C	4,530	3,400	5,660	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
2,020 psi	3,520 psi	453 ,000 #		564 ,000 #		8.765	

Cemented w/785sx C-Lite (YLD 2.0 Wt 12.4), tail w/200sx Class C (YLD 1 32 Wt 14.8) TOC= Surface

Production Casing

0 ft to 7,000 ft				Make up Torque ft-lbs			Total ft = 7,000
O.D	Weight	Grade	Threads	opt.	min.	mx.	
5.5 inches	17 #/ft	P-110	LT&C	4620	3470	5780	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
7,480 psi	10,640 psi	445 ,000 #		546 ,000 #		4.767	

7,000 ft to 10,705 ft				Make up Torque ft-lbs			Total ft = 3,705
O.D.	Weight	Grade	Threads	opt	min.	mx	
5.5 inches	17 #/ft	L-80	LT&C	3410	2560	4260	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
6,290	7,740 psi	338 ,000 #		397 ,000 #		4.767	

DV tool placed at approx 4000'.
Stage I: Cemented w/2000sx PVL (YLD 1.41 Wt 13) TOC= 4000'
Stage II Cemented w/575sx PVL (YLD 1 41 Wt 13) TOC= 2400'

An 8 3/4" hole will be drilled to 7,000' MD (6,650' TVD) Decision will then be made whether to set 7" or not. If 7" casing is not set, then hole size will be reduced to 7 7/8" and drilled to 10,705' MD (6,650' TVD) where 5 1/2" casing will be set and cemented as per the above production casing/cement design.

Contingency Casing Design

If hole conditions dictate, 7" casing will be set at 7,000' MD (6,650' TVD) A 6 1/8" hole will then be drilled to 10,705' MD (6,650' TVD) where 4 1/2" casing will be set and cemented with one stage up to dv tool After completion procedures, the 4 1/2" casing will be cut and pulled at 6100'

2nd Intermediate

0 ft to 100 ft				Make up Torque ft-lbs			Total ft = 100
O.D.	Weight	Grade	Threads	opt.	min	mx.	
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,320 psi	4,980 psi	367,000 #		415,000 #		6.151	

100 ft to 6,000 ft				Make up Torque ft-lbs			Total ft = 5,900
O.D.	Weight	Grade	Threads	opt.	min.	mx.	
7 inches	23 #/ft	J-55	LT&C	3130	2350	3910	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
3,270	4,360 psi	313,000 #		366,000 #		6.25	

6,000 ft to 7,000 ft				Make up Torque ft-lbs			Total ft = 1,000
O D.	Weight	Grade	Threads	opt	min.	mx.	
7 inches	26 #/ft	J-55	LT&C	3670	2750	4590	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
4,320 psi	4,980 psi	367,000 #		415,000 #		6.151	

DV tool placed at approx 4000'.
Stage I 7000'-4000' Cemented w/640sx PVL (YLD 1.41 Wt 13) TOC= 4000'
Stage II: 4000'-0' lead w/400sx Lite Crete (YLD 2 66 Wt. 9 9),tail w/100sx PVL.(YLD 1 41 Wt 13) TOC= surface

Production

0 ft to 10,705 ft				Make up Torque ft-lbs			Total ft = 10,705
O D.	Weight	Grade	Threads	opt.	min	mx.	
4.5 inches	11.6 #/ft	HCP-110	LT&C	3020	2270	3780	
Collapse Resistance	Internal Yield	Joint Strength		Body Yield		Drift	
8,650 psi	10,690 psi	279,000 #		367,000 #		3.875	

DV tool placed at approx. 6100' and cemented with one stage up to dv tool After completion procedures, the 4 1/2" casing will be cut and pulled at 6100'.
Cemented w/625sx PVL (YLD 1.41 Wt 13) TOC= 6100'

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corp
LEASE NO.:	NM99034
WELL NAME & NO.:	10H Juniper BIP Federal
SURFACE HOLE FOOTAGE:	360' FNL & 680' FWL
BOTTOM HOLE FOOTAGE	660' FNL & 330' FEL
LOCATION:	Section 4, T. 24 S., R 29 E., NMPM
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. **Due to recent H2S encounters in the salt formation, it is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide prior to drilling out the surface shoe. If Hydrogen Sulfide is encountered, please report measurements 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. 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 are located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) will 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 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.

Secretary's Potash
Medium cave/karst.
Possible lost circulation in the Delaware and Bone Spring formations.

1. The **13-3/8** inch surface casing shall be set **at approximately 400 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: **The intermediate should be set in the Lamar Limestone.**

☒ 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 cave/karst and potash.**

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

3. 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. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool, cement shall:

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

Contingency Casing:

Casing is to be kept fluid filled while running into hole.

4. The minimum required fill of cement behind the **7** inch second intermediate 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. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool, cement shall:

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

5. The minimum required fill of cement behind the **4-1/2** 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.

6. 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.

   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) prior to initiating the test.

   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.

CRW 082410