

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

RECEIVED  
CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
DEC 22 2010  
HOBBSOCD

WELL API NO.

30-025-39802

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

VO-7699

7. Lease Name or Unit Agreement Name

Andele BQE State

8. Well Number

1H

9. OGRID Number

25575

10. Pool name or Wildcat

Red Hills; Bone Spring

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 S. 4<sup>th</sup> Street, Artesia, New Mexico 88210

4. Well Location

Unit Letter P 200 feet from the South line and 200 feet from the East line Surface Hole

Section 16 Township 25S Range 34E NMPM County Lea

Unit Letter L 2130 feet from the South line and 660 feet from the West line Bottom Hole

Section 16 Township 25S Range 34E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3352' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☒

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation wishes to change the surface hole footages from 330' FSL and 660' FWL to 200' FSL and 200' FEL Section 16, T25S-R34E and the bottom hole footages from 2130' FSL and 660' FWL to 2130' FSL and 660' FWL Section 16-T25S-R34E.

We also respectfully request to change the Proposed Depth to 14168'. Penetration point of producing zone will be encountered at 391' FSL and 637' FEL

C-102 Attached

Directional Drilling Plan Attached

Thank you,

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Monti Sanders TITLE Land Regulatory Technician DATE December 20, 2010

Type or print name Monti Sanders E-mail address montis@yatespetroleum.com PHONE: (575) 748-4244

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE DEC 23 2010

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
1501 W. Grand Avenue, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Asteo, 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 16, 2010

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

RECEIVED  
DEC 22 2010  
HOBBS

Submit one copy to appropriate  
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-39802	Pool Code 51020	Pool Name Red Hills; Bone Spring
Property Code 38207	Property Name ANDELE "BQE" STATE	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3352'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	25 S	34 E		200	SOUTH	200	EAST	LEA

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
L	16	25 S	34 E		2130	SOUTH	660	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
240			

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

<p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°07'44.88" Long - W 103°28'52.73" NMSPCE- N 411757.26 E 805087.12 (NAD-83)</p> <p>Project Area</p> <p>Producing Zone</p> <p>Penetration Point</p> <p>660'</p> <p>2130'</p> <p>4831.8'</p> <p>200'</p> <p>391' FSL &amp; 637' FEL</p>	<p><b>OPERATOR CERTIFICATION</b> 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.</p> <p><i>Monti Sanders</i> 12/21/10 Signature Date</p> <p>Monti Sanders Printed Name</p> <p>montis@yatespetroleum.com Email Address</p> <p><b>SURVEYOR CERTIFICATION</b> 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.</p> <p>NOVEMBER 20, 2010 Date Surveyed</p> <p><i>[Signature]</i> Signature &amp; Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 23711</p>
--	--

**YATES PETROLEUM CORPORATION  
DRILLING PROGNOSIS**

**RECEIVED**  
  
**DEC 22 2010**  
  
**HOBBSOCD**

WELL NAME: Andele BQE State #1H			DATE: 12/20/10	
SURFACE LOCATION:	Section 16	Township: 25S RANGE 34E,	200 FSL &	200 FEL
BOTTOM HOLE LOCATION:	Section 16	Township: 25S RANGE 34E,	2130 FSL &	660 FWL
ELEVATION:	3,370.5	GL: 3,352	DEVELOP. X	WILDCAT
			LEASE NO.: VO-7699	

**GEOLOGICAL PROGRAM**

	EXPECTED TOPS:	DEPTHS	
		Vertical(TVD)	Lateral(MD)
SAMPLES:			
30' Samples to 3000'. 10' Samples 3000'-TD	RUSTLER	900	
	CASTILLE	3600	
LOGGING:	BASE OF SALT	4200	
Platform Hals,CMR, Dipole sonic for stress field	BELL CANYON	5370	
	CHERRY CANYON	6370	
	BRUSHY CANYON	7980	
DST'S:	BONE SPRINGS	9350	9368
	AVALON SHALE	9390	9420
CORING:	TARGET SHALE	9550	9822
	TD	9550	14168
MUDLOGGING: From surface casing			

PILOT HOLE: NO

**WELLBORE SECTIONS**

SECTION	SIZE(IN)	DEPTH TOP (ftKB)	DEPTH BOTTOM (ftKB)
CONDUCTOR	26	18.5	58.5
SURFACE	17 1/2	58.5	950
INTERMEDIATE	12 1/4	950	5400
Production	8 3/4	5400	9900
Production	7 7/8	9900	14168
Lateral Section	KOP=9073'		

**MUD PROGRAM**

DEPTH (ft)		TYPE	Weight	Vis	WL	% Oil	Chl
From	To						
0	950	Fresh Water	8.6-9.2	35-40			
950	5400	Brine Water	10-10.2	28			
5400	9073	Cut Brine	8.8-9	28-29			
9073	14168	Cut Brine(lateral)	8.8-9.1	28-32	10-12		

**INSTRUCTIONS TO DRILLER**

KEEP LOCATION CLEAN, FILL OUT YPC SAFETY BOOK WEEKLY			
NOTIFY OCD OF SPUD, RESUME DRILLING, BOP TEST, CEMENTING, CASING.			
USE ONLY VENDORS ON YPC'S APPROVED VENDORS LIST FOR THE SERVICES YPC IS RESPONSIBLE FOR			
Well will be drilled vertically to 9,073'. Well will then be kicked off with bent motor at 9,073' directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 9,900' MD (9550' TVD). Hole will be reduced to 7 7/8" and drilled to 14,168' MD (9,550' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 391' FSL and 637' FEL, 16-25S-34E. Deepest TVD in the well will be 9,550' in the lateral.			
H2S IS NOT ANTICIPATED FOR THIS WELL			
PRESSURE CONTROL EQUIPMENT: 3000 PSI SYSTEM N.U. ON 13 3/8" and 9 5/8" CASING			
MAXIMUM ANTICIPATED BHP:	0 - 950	454	PSI
Depths are TVD	950 - 5400	2364	PSI
	5400 - 9550	4519	PSI

CASING DESIGN AND CEMENT PROGRAM					
CASING DESIGN FACTORS:		BURST 1.0 TENSILE 1.8 COLLAPSE 1.125			
CASING DESIGN (TOP TO BOTTOM)					
STRING	INTERVAL(FT)	SIZE (IN)	#S/FT	GRADE	T&C
SURFACE	0 - 950	13 3/8	48	J-55	ST&C
INTERMEDIATE	0 - 100	9 5/8	40	J-55	LT&C
	100 - 3200	9 5/8	36	J-55	LT&C
	3200 - 4200	9 5/8	40	J-55	LT&C
	4200 - 5400	9 5/8	40	HCK-55	LT&C
PRODUCTION	0 - 14168	5 1/2	17	HCP-110	LT&C
CEMENT:					
SURFACE: lead w/560sx C Lite (YLD 2.0 WT 12.5) tail w/200sx Class C (YLD 1.34 WT 14.8) TOC=surface					
INTERMEDIATE: lead w/1575sx C Lite (YLD 2.0 WT 12.5) tail w/200sx Class C (YLD 1.34 WT 14.8) TOC=surface					
PRODUCTION: Production cement to be done in two stages.					
Cemented w/1,850sx of cement. TOC=4900'.					
Do NOT put the following on the APD.					
Final production cement and dv tool placement to be determined during cement meeting.					

Co: Yates Petroleum  
 Drillers: 0  
 Well Name: Andele BOE State #1H  
 Location: Sect. 16, 25S-34E

Units: Feet, ° 7100ft  
 Elevation:  
 Northing:  
 Easting:

VS Az: 293.59  
 Tgt Radius: 0.00  
 Tgt N/S: 1930.00  
 Tgt E/W: -4420.00

Tgt TVD: 9550.00  
 Tgt MD: 0.00  
 Tgt Displ.: 0.00  
 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	0.00	0.00	0.00	Rustler
1	900.00	900.00	0.00	360.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	Castile
2	3600.00	2700.00	0.00	360.00	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	Base of Salt
3	4200.00	600.00	0.00	360.00	4200.00	0.00	0.00	0.00	0.00	0.00	0.00	Base of Salt
4	5370.00	1170.00	0.00	360.00	5370.00	0.00	0.00	0.00	0.00	0.00	0.00	Bell Canyon
5	6370.00	1000.00	0.00	360.00	6370.00	0.00	0.01	0.00	0.00	0.00	0.00	Cherry Canyon
6	7980.00	1610.00	0.00	360.00	7980.00	0.00	0.01	0.00	0.00	0.00	0.00	Brushy Canyon
7	9072.54	9072.54	0.00	293.59	9072.54	0.00	0.01	0.00	0.00	-0.73	0.00	KOP
8	9100.00	27.46	3.30	293.59	9099.98	0.79	0.32	-0.72	12.00	0.00	12.00	
9	9200.00	100.00	15.30	293.59	9198.49	16.92	6.78	-15.50	12.00	0.00	12.00	
10	9300.00	100.00	27.30	293.59	9291.49	53.18	21.29	-48.74	12.00	0.00	12.00	
11	9368.53	295.99	35.53	293.59	9349.92	88.87	35.57	-81.44	12.00	0.00	12.00	Bone Springs
12	9400.00	31.47	39.29	293.59	9374.91	107.99	43.22	-98.97	11.96	0.00	11.96	
13	9419.83	51.30	41.67	293.59	9389.99	120.87	48.37	-110.76	11.98	0.00	11.98	Avalon Shale
14	9500.00	80.17	51.30	293.59	9445.13	178.94	71.61	-163.98	12.00	0.00	12.00	
15	9600.00	100.00	63.30	293.59	9499.06	262.93	105.22	-240.96	12.00	0.00	12.00	
16	9700.00	100.00	75.30	293.59	9534.35	356.30	142.59	-326.53	12.00	0.00	12.00	
17	9800.00	100.00	87.30	293.59	9549.46	454.97	182.07	-416.95	12.00	0.00	12.00	
18	9822.53	750.00	90.00	293.59	9550.00	477.47	191.07	-437.57	12.00	0.00	12.00	Avalon Shale Target
19	14168.07	4345.53	90.00	293.59	9550.01	4823.00	1930.01	-4420.00	0.00	0.00	0.00	Lateral TD

