

UNITED STATES **OCD-ARTESIA**
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 an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1 Type of Well

Oil Well Gas Well Other

2 Name of Operator

Yates Petroleum Corporation

3a Address

105 South Fourth Street, Artesia, NM 88210

3b Phone No (include area code)

(575) 748-1471

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface: 1090' FNL & 200' FEL,
BHL: 330' FNL & 330' FWL,
Section 1, T16S-R29E, Unit Letter (Surface A) (BHL D)

5 Lease Serial No

NM-107383

6 If Indian, Allottee or Tribe Name

N/A

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

N/A

8 Well Name and No

Marcel BMM Federal 1-H

9 API Well No

30-015-36845

10 Field and Pool, or Exploratory Area

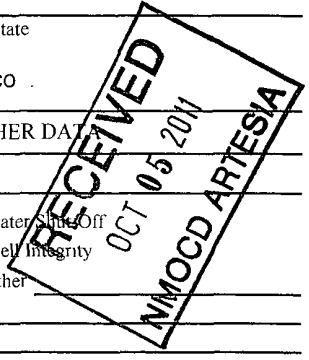
Wolfcamp Wildcat

11 County or Parish, State

Eddy, New Mexico

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 checked="" 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 Corporation respectfully requests permission to increase the hole size in the surface, intermediate, and production intervals in Marcel BMM Federal 1-H Yates is planning to run a packers and ports production system in the well in the lateral horizon Yates is seeking permission to drill a 17 1/2" surface hole to 400' and run 13 3/8" 48# H-40 /J-55 casing Also, to drill a 12 1/4" intermediate hole and set 9 5/8" 36# K-55 LT&C casing at 2600' Then Yates would like to drill an 8 3/4" pilot hole to a TD of 7,600' and run open hole electronic logs for formation evaluation. Yates Petroleum will set an isolation cement plug and a kick off plug An 8 3/4" hole will be used to build the curve, at landing hole size will be reduced to 8 1/2" and drilled to lateral TD estimated at 11,743'. The packers and ports completion system will be run lateral along with an external casing packer to isolate the lateral and a full opening cementing tool will be utilized to cement casing The top of cement will be at 2100', which is 500' into the intermediate casing as required by the COA

Thank-You,

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Terry Henderson

Title

Drilling Engineer

Signature

Terry Henderson

Date

September 19, 2011

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Reel M Morge

PETROLEUM ENGINEER

Date

OCT 3 2011

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

BLM-CARLSBAD FIELD 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)

Approval Subject to General Requirements & Special Stipulations Attached

Accepted for record NMOCD *TOS*

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Marcel BMM Federal # 1-H

Surface Casing set in 17 1/2" hole

Surface casing grade will be H-40/J55

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		

Cement design attached

Intermediate Casing set in 12 1/4" hole

Intermediate casing grade will be either J-55 or K-55

0 ft to 2,600 ft		Make up Torque ft-lbs			Total ft = 2,600	
O D	Weight	Grade	Threads	opt	min	mx
9.625 inches	36 #/ft	K-55	LT&C	4,890	3,670	6,110
Collapse Resistance	Internal Yield	Joint Strength	Body Yield	Drift		
2,020 psi	3,520 psi	489,000 #	564,000 #	8,765		

Cement design attached

Production Casing

Drilled with an 8 3/4" hole to 7400' MD then reduce hole to 8 1/2" from 7400'-11,743' MD Packers and ports to be run in the lateral

0 ft to 11,743 ft		Make up Torque ft-lbs			Total ft = 11,743	
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		

Full opening Cement Tool and ECP at 7000'

Stage I Cemented w/1132sx PVL (YLD 1 83 Wt 13) TOC= 3500'

Stage II Cemented w/254sx Lite Crete (YLD 2.66 Wt 9 9), tail w/100sx PVL (YLD 1 41 Wt 13) TOC= 2100'

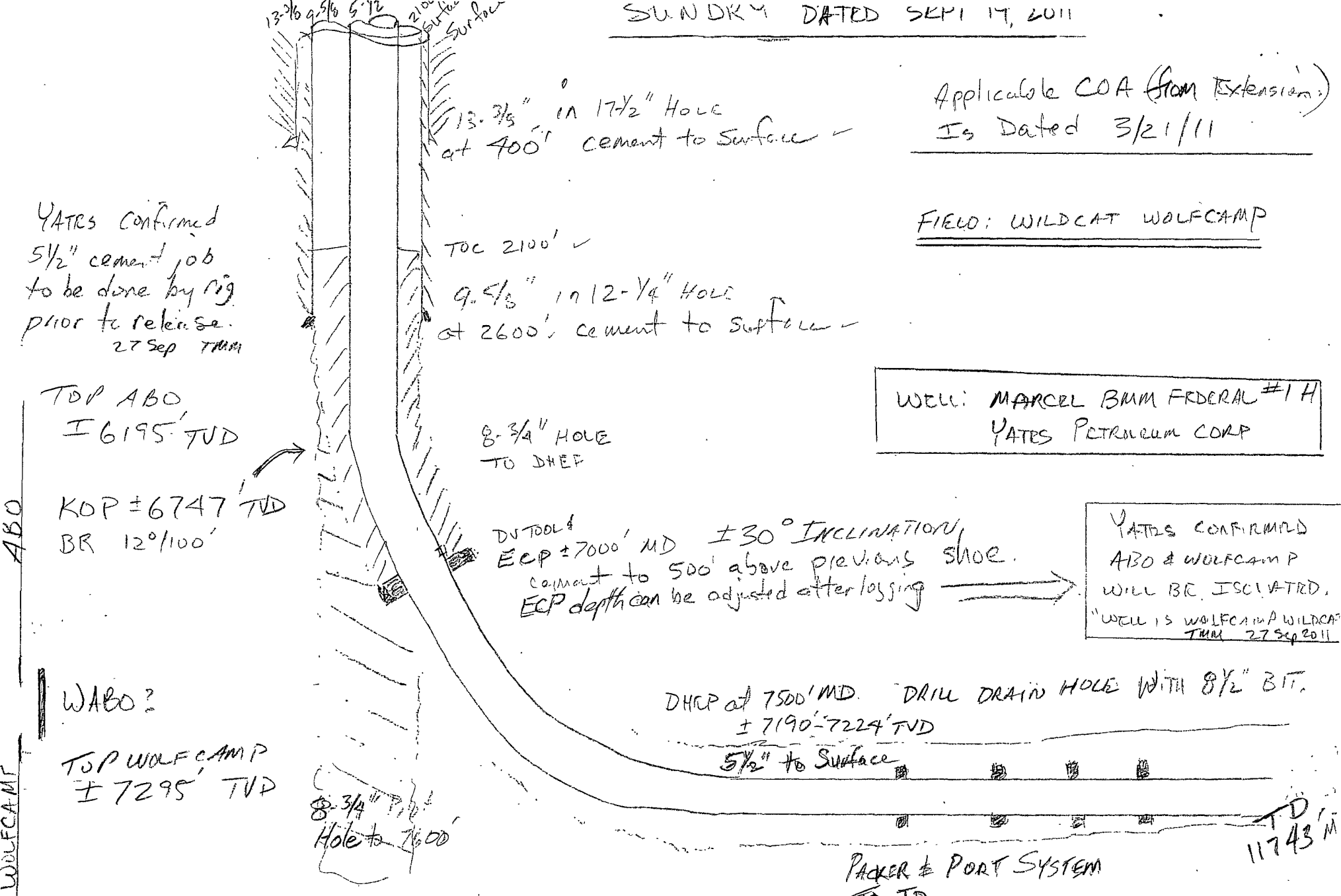
SUNDRY DATED SEPT 17, 2011

Applicable COA (from Extension)
Is Dated 3/21/11

FIELD: WILDCAT WOLFCAMP

WELL: MARCEL BMM FEDERAL #1 H
YATES PETROLEUM CORP

YATES CONFIRMED
ABO & WOLFCAMP
WILL BE ISOLATED.
WELL IS WOLFCAMP WILDCAT
TMM 27 Sep 2011



YATES confirmed
5 1/2" cement job
to be done by rig
prior to release.
27 Sep TMM

13-3/8" in 17-1/2" Hole
at 400' cement to surface

TOC 2100'
9-5/8" in 12-1/4" Hole
at 2600' cement to surface

8-3/4" HOLE
TO DHEP

DUTTOOL
ECP ± 7000' MD ± 30° INCLINATION
cement to 500' above previous shoe.
ECP depth can be adjusted after logging

DHEP at 7500' MD. DRILL DRAIN HOLE WITH 8 1/2" BIT.
± 7190'-7224' TVD
5 1/2" to surface

8-3/4" Hole to 7600'

PACKER & PORT SYSTEM
TO TD
w/ ECP & Full opening
cementing tool at ± 7000'

TD
11743' MD

TOP ABO
± 6195' TVD

KOP ± 6747' TVD
BR 12°/100'

WABO?

TOP WOLFCAMP
± 7295' TVD

TMM 27 Sep 2011

ABO
WOLFCAMP

Marcel BMM Federal #1H
Yates Petroleum Corporation
30-015-36845
Sep 27, 2011
Conditions of Approval

Summary of Current Status:

- Well is next on rig schedule and is approved to drill under a current two year extension.
- Wildcat Wolfcamp well.

Current Sundry Requests:

Yates Petroleum is requesting:

1. Revised casing strings with larger bit sizes
 - 13-3/8" Surface casing, H-40 or J-55, still at 400', cemented to surface.
 - 9-5/8" Intermediate, J-55 or K-55, still at 2600', cemented to surface.
2. 8-3/4" pilot hole to 7600' TVD, plugged back to KOP using two plugs.
3. To use the Packer Port completion system on the well, still on 5-1/2" casing.
4. To utilize an ECP / DV Tool placed at +7000' to isolate the ABO with cement.
5. To cement the 5-1/2" from 7000' to 2100' thereby providing TOC at 500' above the previous casing shoe.

Conditions of Approval:

1. COA previously approved with Extension on 21 March 2011 is still applicable.
2. Cement volume for the 13-3/8" surface casing may require increasing, since BLM volume check indicates only 13% excess is provided in the initial design.
3. All casings shall be tested as per Onshore Order 2.III.B.1.h.
4. Pressure Control BOP specifications and the pressure integrity testing requirements for the 9-5/8" shoe, provided in the COA dated 21 Mar 2011, still apply including the 3000 (3M) psi BOPE required for drilling below the 9-5/8" intermediate casing shoe.
5. **8-3/4" Pilot Hole:** Pilot Hole plugs shall include cement placed at the Top Wolfcamp, per BLM guidelines for Plugging.
6. If two plugs are set, the BLM is to be contacted (575 393-3612) at least 4 hours in advance prior to the tag of bottom plug. In accordance with Onshore Order 2.III.G.9, the interval between the two plugs shall be filled with mud of sufficient density to exert hydrostatic pressure exceeding the greatest formation pressure encountered while drilling such interval. Operator has the option to set one plug from bottom of pilot hole to kick-off point, and save the WOC time for tagging the first plug.
7. No more than 2000' is allowed between open hole-cement plugs in the pilot hole.
8. Operator to provide method of confirming TOC for the 5-1/2" Production Casing at 500' above previous casing shoe. Report TOC depth to BLM office.
9. Future requests to change casing specifications must also provide a statement of the minimum Operator Design Safety Factors for tension, collapse, and burst that are being maintained for the casing alternatives. (Onshore Order 2.III.B)