

UNITED STATES **OCD-ARTESIA**  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

**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.**

5 Lease Serial No.  
NM-99034

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8 Well Name and No.  
Juniper BIP Federal #7H

9. API Well No.  
30-015-37212

10. Field and Pool, or Exploratory Area  
Wildcat Bone Spring

11. County or Parish, State  
Eddy County, New Mexico

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
Yates Petroleum Corporation 025575

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

3b. Phone No. (include area code)  
(505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
2310' FNL and 660' FWL Surface Hole Location Section 4, T24S-R29E  
1980' FNL and 2310' FWL Bottom Hole Location Section 4, T24S-R29E

**12. CHECK THE 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 <u>Correct Footages</u>
	<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 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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must 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 wishes to correct the footages on the Sundry Notice that was approved by the BLM on 10/19/11. The surface hole footages should read 2310' FNL and 660' FWL, the bottom hole footages were correct at 1980' FNL and 2310' FWL.

C-102 and Drilling Plan Attached.  
Thank you,

Accepted for record  
NMOCD  
Macle 03/06/12

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**RECEIVED**  
MAR -5 2012  
NMOCD ARTESIA

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

Name (Printed/Typed) Monti Sanders	Title Land Regulatory Technician
Signature <i>M Sanders</i>	Date November 23, 2011
<b>THIS SPACE FOR FEDERAL OR STATE USE</b>	
Approved by	Title
	Office
<p>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.</p> <p style="text-align: center;"><b>APPROVED</b> FEB 29 2012 WESLEY W. INGRAM PETROLEUM ENGINEER</p>	

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.

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1901 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, 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 October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Wildcat Bone Spring
Property Code	Property Name JUNIPER "BIP" FEDERAL	Well Number 7H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3050'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	24 S	29 E		2310	NORTH	660	WEST	EDDY

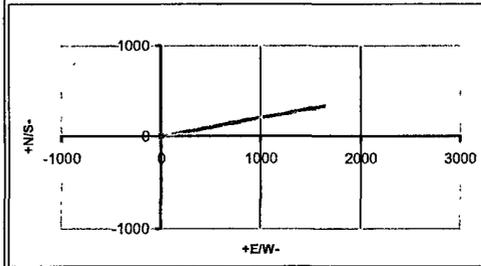
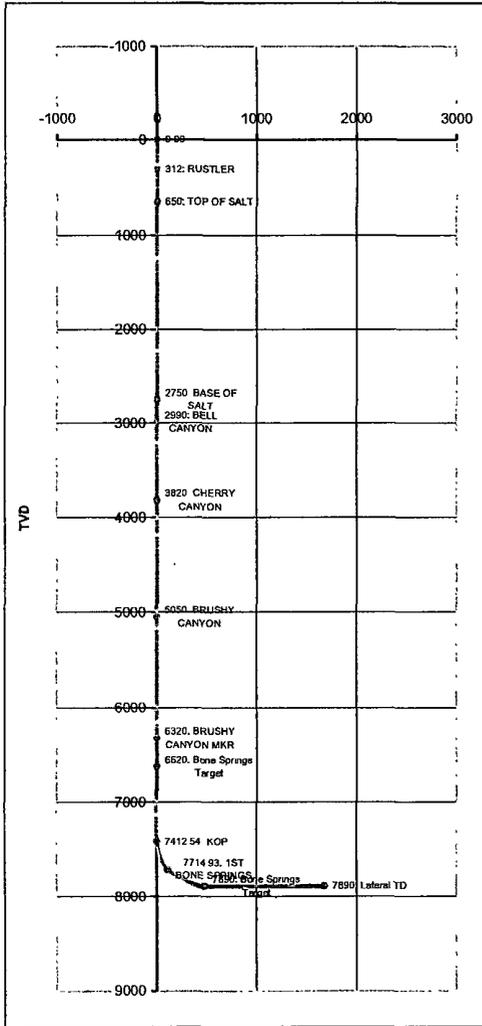
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	4	24 S	29 E		1980	NORTH	2310	WEST	EDDY

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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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>BOTTOM HOLE LOCATION</b> Lat - N 32°14'54.92" Long - W 103°59'26.20" NMSPC- N 454339.592 E 647290.292 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>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 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> 10/25/11 Signature Date</p> <p>Monti Sanders Printed Name</p>
<p><b>SURFACE LOCATION</b> Lat - N 32°14'51.65" Long - W 103°59'45.40" NMSPC- N 454003.9 E 645641.8 (NAD-83)</p> <p>Penetration Point 2274' FNL &amp; 1130' FWL</p>		<p><b>SURVEYOR CERTIFICATION</b></p> <p>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>Date Surveyed Signature &amp; Seal of Professional Surveyor <i>Gary L. Jones</i> Professional Surveyor 7977</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>



<b>Co:</b> Yates Petroleum Corporation	<b>Units:</b> Feet, ° 7100ft	<b>VS Az:</b> 78.49	<b>Tgt TVD:</b> 7890.00
<b>Drillers:</b> 0	<b>Elevation:</b>	<b>Tgt Radius:</b> 0.00	<b>Tgt MD:</b> 0.00
<b>Well Name:</b> Juniper "BIP" Federal 7-H	<b>Northing:</b>	<b>Tgt N/S:</b> 335.69	<b>Tgt Displ.:</b> 0.00
<b>Location:</b> 0	<b>Easting:</b>	<b>Tgt E/W:</b> 1648.49	<b>Method:</b> 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	312.00	312.00	0.00	0.00	312.00	0.00	0.00	0.00	0.00	0.00	0.00	RUSTLER
2	650.00	338.00	0.00	0.00	650.00	0.00	0.00	0.00	0.00	0.00	0.00	TOP OF SALT
3	2750.00	2100.00	0.00	0.00	2750.00	0.00	0.00	0.00	0.00	0.00	0.00	BASE OF SALT
4	2990.00	240.00	0.00	0.00	2990.00	0.00	0.00	0.00	0.00	0.00	0.00	BELL CANYON
5	3820.00	830.00	0.00	0.00	3820.00	0.00	0.00	0.00	0.00	0.00	0.00	CHERRY CANYON
6	5050.00	1230.00	0.00	0.00	5050.00	0.00	0.00	0.00	0.00	0.00	0.00	BRUSHY CANYON
7	6320.00	1270.00	0.00	0.00	6320.00	0.00	0.01	0.00	0.00	0.00	0.00	BRUSHY CANYON MKR
8	6620.00	300.00	0.00	0.00	6620.00	0.00	0.01	0.00	0.00	0.00	0.00	Bone Springs Target
9	7412.54	7412.54	0.00	78.49	7412.54	0.00	0.01	0.00	0.00	1.06	0.00	KOP
10	7740.00	327.46	-39.30	78.49	7714.93	107.96	21.55	105.79	12.00	0.00	12.00	1ST BONE SPRINGS
11	8106.00	366.00	83.22	78.49	7886.66	421.06	84.02	412.59	12.00	0.00	12.00	
12	8162.53	56.53	90.00	78.49	7890.00	477.47	95.28	467.86	12.00	0.00	12.00	Bone Springs Target
13	9367.39	1204.86	90.00	78.49	7890.00	1682.32	335.70	1648.49	0.00	0.00	0.00	Lateral TD

YATES PETROLEUM CORPORATION  
 Juniper "BIP" Federal #7H  
 2310' FNL and 660' FWL Surface Hole Location  
 1980' FNL & 2310' FWL Bottom Hole Location  
 Section 4-T24S-R29E  
 Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:
- |                      |           |                     |           |
|----------------------|-----------|---------------------|-----------|
| Rustler              | 312'      | Bone Springs        | 6620'-Oil |
| Top of Salt          | 650'      | KOP                 | 7412'     |
| Bottom of Salt       | 2750'     | First Bone Springs  | 7740'-Oil |
| Bell Canyon          | 2990 Oil  | Bone Springs Target | 8162'-Oil |
| Cherry Canyon        | 3820'-Oil | TMD(Lateral)        | 9367'-MD  |
| Brushy Canyon        | 5050'-Oil |                     |           |
| Brushy Canyon Marker | 6320'     |                     |           |

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 35'  
 Oil or Gas: Oil Zones: 2990', 3820', 5050', 6620', 7740' & 8162'.

3. Pressure Control Equipment: A 3000# BOPE with 13.625" opening will be installed on the 13 3/8" casing and a 5000# BOP with a 13.625" opening will be installed on the 9 5/8" casing. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.
4. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment, and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

5. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: All new casing to be used

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-650'	650'
12 1/4"	9 5/8"	36#	K-55	ST&C	0-2850'	2850'
8 3/4"	5 1/2"	17#	L-80	LT&C	0-9367'	9367'

Minimum Casing Design Factors: Burst 1.0, Tensile Strength 1.8, Collapse 1.125

B. CEMENTING PROGRAM:

Surface Casing: Lead with 200 sacks Class C w/2% CaCl<sub>2</sub> (Wt. 14.80 Yld 1.64). Tail in with 200 sacks Class C w/2% CaCl<sub>2</sub> (Wt. 14.80 Yld. 1.34). TOC surface.

Intermediate Casing: Lead with 585 sacks of C Lite (Wt 12.40 Yld 2.00). Tail in with 200 sacks C (Wt. 14.80 Yld. 1.32). TOC surface

Production Casing: cemented in three stages with stage tools at 6000' and 2500'

Stage One: 375 sacks 35:65:6PzCPzH (Wt. 12.50 Yld. 2.01). TOC 6000'. Tail in with 100 sacks C Neat (Wt. 15.60 Yld. 1.18) TOC Surface.

Stage Two: 775 sacks 505010PzH (Wt 13.20 Yld. 1.57). TOC 2500'.

Stage Three: 675 sacks Pecos Valley Lite (Wt. 13.00 Yld 1.41). TOC 2350'.

Well will be drilled vertically to 7412'MD. At 7412' MD well will be kicked off at 12 degrees per 100' with a 8 3/4" hole to 9367' MD (7890' TVD) where 5 1/2" casing will be set and cemented to surface. Penetration point of producing zone will be encountered at 2274' FNL & 1130' FWL, 4-24S-29E. Deepest TVD in the well is 7890' in the lateral.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-650'	Fresh Water	8.60-9.20	29-32	N/C
650'-2850'	Brine Water	10.00-10.20	28-28	N/C
2850'-7412'	Cut Brine	8.90-9.10	28-29	N/C
7412'-9367'	Cut Brine(Lateral Section)	8.60-9.10	28-32	<15

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM:

*see COF*

Samples: 30' samples to 3000'. 10' samples from 3000' to TD. Mudloggers on at surface casing  
Logging: Platform Hals-CMR  
Coring: None anticipated  
DST's: None Anticipated

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Maximum Anticipated BHP:  
0'-400' 310 PSI  
400'-2850' 1510 PSI  
2850'-7890' 3725 PSI

Abnormal Pressures Anticipated: None  
Lost Circulation Zones Anticipated: None.  
H2S Zones Anticipated: None Anticipated  
Maximum Bottom Hole Temperature: 150 F

9. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 40 days.

**PECOS DISTRICT  
CONDITIONS OF APPROVAL**

<b>OPERATOR'S NAME:</b>	<b>Yates Petroleum Corporation</b>
<b>LEASE NO.:</b>	<b>NM-99034</b>
<b>WELL NAME &amp; NO.:</b>	<b>Juniper BIP Federal #7H</b>
<b>SURFACE HOLE FOOTAGE:</b>	<b>2310' FNL &amp; 660' FWL</b>
<b>BOTTOM HOLE FOOTAGE</b>	<b>1980' FNL &amp; 2310' FWL</b>
<b>LOCATION:</b>	<b>Section 4, T. 24 S., R 29 E., NMPM</b>
<b>COUNTY:</b>	<b>Eddy County, New Mexico</b>

**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 is 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 in the 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.).**

**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.**

**The 13-3/8 inch surface casing shall be set at approximately 650 feet (in a competent bed below the Magenta Dolomite, a Member of the Rustler) and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt. Additional cement may be needed on Stage 1. Excess cement was calculated to 19%.**

- 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 cave/karst and potash.**

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

**Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.**

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
- 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. **Additional cement will be required as excess calculates to 2%.**
  - b. Second stage above DV tool:
    - Cement to circulate. If cement does not circulate, contact the appropriate BLM office.

c. Third stage above DV tool:

- Cement to reach 500' above the previous shoe. If cement does not circulate to surface, contact the appropriate BLM office. **Note to Operator: BLM requirement for TOC in this case is 500' above previous shoe. Operator has the option to complete two stage cement job for TOC at that depth. Additionally, the three stage job in program is approved for the option of cement to surface, however the DV tool for the third stage shall be at least 50' below the previous casing shoe. BLM policy requires DV tools below the previous casing string.**

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.

### 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. **Piping from choke manifold and to flare to be as straight as possible.**
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 13-3/8" 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8" intermediate casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
4. 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 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.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

**TMM 11/14/2011 / 02/29/12**