Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

5. Lease Serial No: NM-88158 & NM-61358
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA/Agreement, Name and/or No:

1. Type of Well
[X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No: Nancy "ALH" Federal Com #1H

2. Name of Operator: Yates Petroleum Corporation

9. API Well No: 3001540127

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

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

10. Field and Pool, or Exploratory Area: ~~Lost Tank; Wildcat~~ Delaware

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
~~750'~~ ~~739'~~ FSL and 330' FEL, Sec. 24-21S-31E, Surface Hole Location
330' FNL and 660' FEL, Sec. 24-21S-31E, Bottom Hole Location

11. Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[ ] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other Change of Plans.
	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] 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 Corporation respectfully requests permission to change the bottom hole measured depth to11181' and the total vertical depth of 7171'. The well will be in the Livingston Ridge Sand. New drilling information is attached. Also included is a new C-102. Please change the dedicated acres to the E2E2 making a 160 acre deication..
Thank you.

Accepted for record
NMOCD TCS 5/21/2012

RECEIVED
MAY 18 2012
NMOCD ARTESIA

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

Name *(Printed/Typed)*: Clifton May
Title: Land Regulatory Agent
Signature: Clifton May
Date: April 12, 2012

APPROVED
JM

THIS SPACE FOR FEDERAL OR STATE USE

Approved by
Title: PETROLEUM ENGINEER
Date: MAY 15 2012
Office: 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.

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 fictitios or fradulent statements

(Instructions on reverse)

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

DISTRICT II
1301 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

OIL CONSERVATION DIVISION

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

Form C-102
Revised October 15, 2009

Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
15-40127	40299	Lost Tank; Delaware ~~Wildcat~~

Property Code	Property Name	Well Number
39139	NANCY "ALH" FEDERAL COM	1H

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORP.	3634'

Surface Location

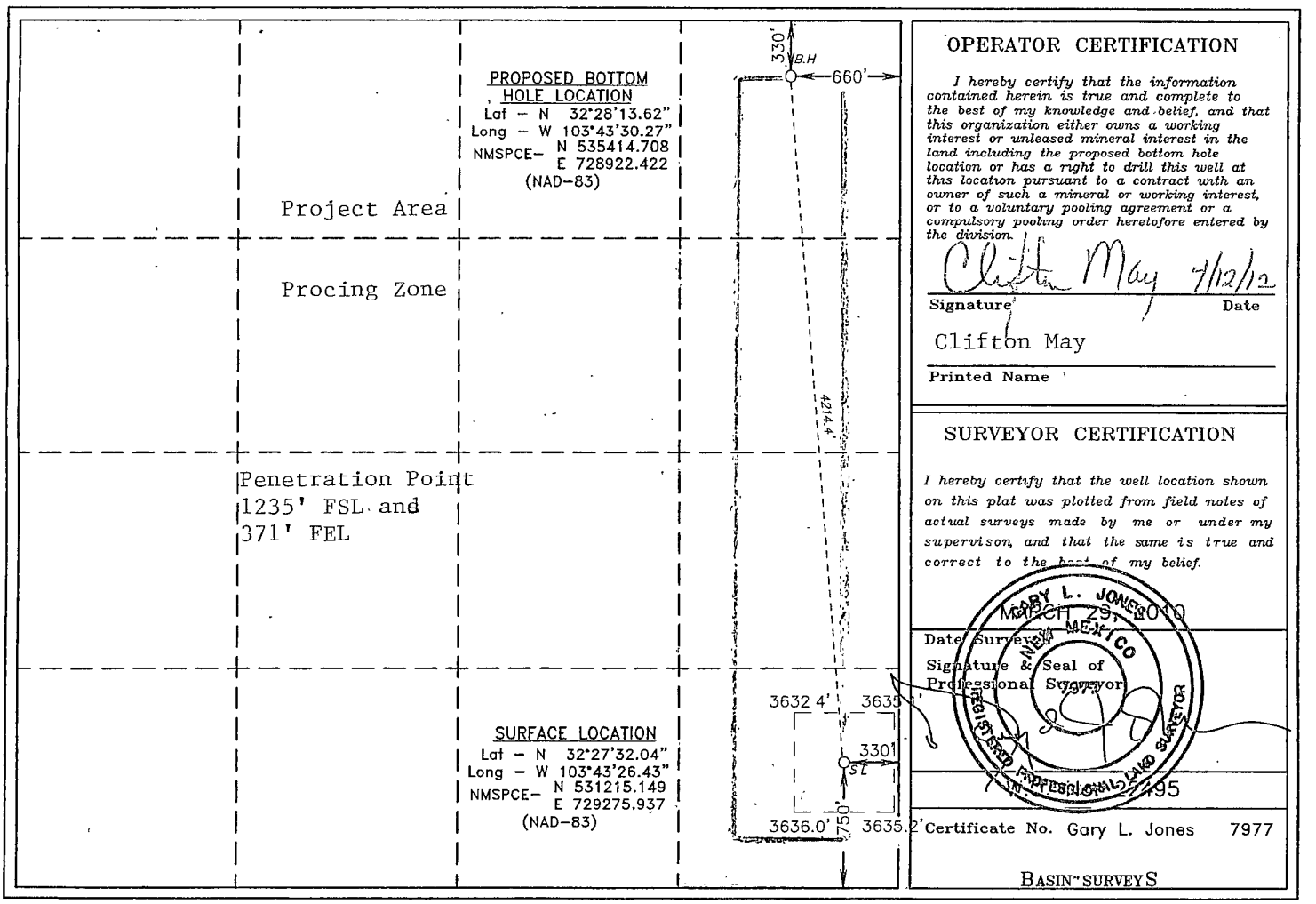
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	24	21 S	31 E		750	SOUTH	330	EAST	EDDY

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
A	24	21 S	31 E		330	NORTH	660	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



OPERATOR CERTIFICATION

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.

Clifton May 7/12/12

Signature Date

Clifton May

Printed Name

SURVEYOR CERTIFICATION

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 supervison, and that the same is true and correct to the best of my belief.

GARY L. JONES 7977 NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR

MARCH 29, 2010

Date Surveyed

Signature & Seal of Professional Surveyor

NM PE/PS 12795

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

YATES PETROLEUM CORPORATION
Nancy ALH Federal Com #1H
750' FSL and 330' FEL, Surface Hole Location
330' FNL and 660' FEL, Bottom Hole Location
Section 24-T21S-R31E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows: See COA

Rustler	830'	**Livingston Sand**	**7180'-Oil**
Top of Salt	1152'	**Target LRS**	**7453'-Oil**
Bottom of Salt	4200'	**TD TMD**	**11181'**
Bell Canyon	4506'	**TVD**	**7100'**
Cherry Canyon	5390'-Oil		

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

Water: 150'
Oil or Gas: Oil Zones: See above

3. **Pressure Control Equipment:** 3000 PSI BOPE with a 13.625" opening will be installed on the 8 5/8" casing. Pressure tests to 3000 PSI and held for 30 minutes 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. See COA

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

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-900'	900'
12 1/4"	9 5/8"	40#	**HCK-55**	LT&C	0-100'	100'
12 1/4"	9 5/8"	36#	J-55 K	LT&C	100'-**3200**	**3100'**
12 1/4"	9 5/8"	40#	**HCH-55**	LT&C	**3200'-4360'**	**1160'**
8 3/4"	**5 1/2"**	**17#**	**P-110**	**LT&C**	**0-6690'**	**6690'**
8 1/2"	5.1/2"	17#	**P- 110**	**Buttress**	**6690'-11181'**	**4491'**

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

B. CEMENTING PROGRAM:

See COA Surface Casing: Lead with **485** sacks **35:65:6PzC (Yld 2.00 Wt. 12.50).** Tail in with **250** sacks Class C **with CaCl2 (Yld. 1.34 Wt. 14.80).** TOC surface.

See COA Intermediate Casing: Lead with **1220** sacks of **35:65:6PzC (Yld. 2.00 Wt. 12.50).** Tail in with **204** sacks Class C **with CaCl2 (Yld 1.34 Wt 14.80).** TOC surface.

Production Casing: **Lead in** with **600** sacks **35:65:6PzC (Yld 2.00 Wt 12.50). Tail in with 915 sacks Pecos VILt with D-112, D-151, D-174, D-177, D-800, & D-46 (Yld 1.41 Wt 13.00) TOC 3860'.**

Well will be drilled vertically to 6694'. Well will then be kicked off at 6694' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 7453' MD (7171' TVD). Hole size will then be reduced to 8 1/2" and drilled to 11181' MD (7100' TVD) where 5 ½" casing will be set and cemented. Penetration point of producing zone will be encountered at 1235' FSL & 371' FEL, 24-21S-31E. Deepest TVD in the well is 7171' in the lateral.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

Interval	Type	Weight	Viscosity	Fluid Loss
0-900'	Fresh Water	8.60-9.20	29-36	N/C
900'-4600'	Brine Water	10.00-10.20	28-30	N/C
4600'-8497'	Cut Brine (Pilot Hole)	8.90-9.10	28-29	N/C
7070'-12100' 11181'	Cut Brine(Lateral Section)	9.00-9.30	28-34	<=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:

Samples: 30' samples to 4400'. 10' samples from 4400' to TD. Mudloggers on at surface casing
Logging: Platform Hals, CMR/ NGT
Coring: None anticipated
DST's: None Anticipated

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

Maximum Anticipated BHP:

0'-900'	431 PSI
900'-**4360'**	2313 **PSI**
4360'-7171'	4021 PSI

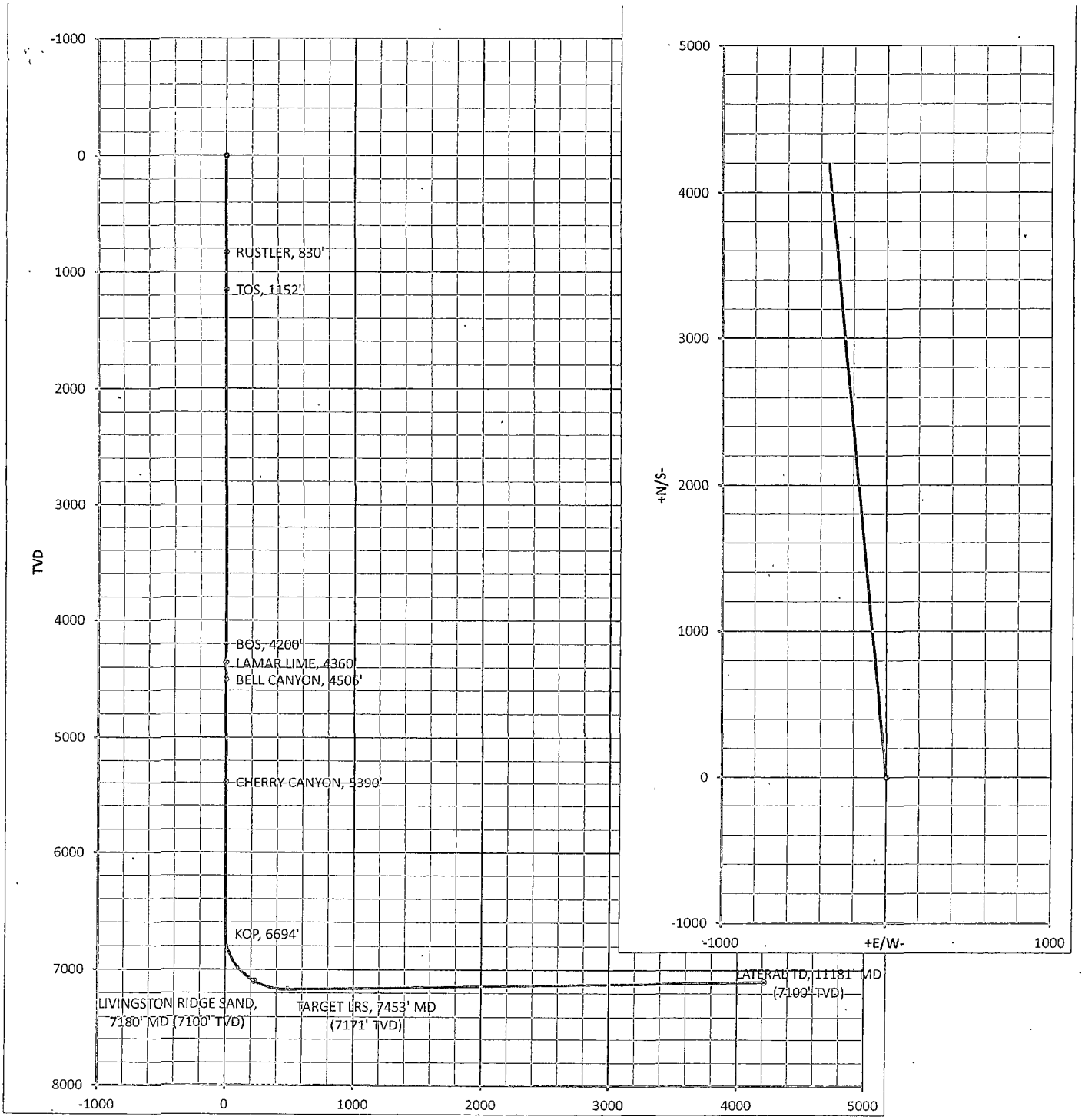
Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None.
H2S Zones Anticipated: None Anticipated
Maximum Bottom Hole Temperature: 150 F

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 20 days.

Co:	Yates Petroleum Corporation	**Units:**	Feet, °, °/100ft	**VS Az:**	355.19 **Method:** Minimum Curvature
Drillers:	0	**Elevation:**		**Map System:**	NAD83, St. Plane, Wyoming West
Well Name:	Nancy ALH Federal Com #1H	**Northing:**		**Latitude:**	
Location:	Sec. 24, 21S-31E	**Easting:**		**Longitude:**	

Yates Petroleum Corporation: Nancy ALH Fed Com #1H

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	830.00	830.00	0.00	360.00	830.00	0.00	0.00	0.00	0.00	0.00	0.00	RUSTLER, 830'
2	1152.00	322.00	0.00	360.00	1152.00	0.00	0.00	0.00	0.00	0.00	0.00	TOS, 1152'
3	4200.00	3048.00	0.00	360.00	4200.00	0.00	0.00	0.00	0.00	0.00	0.00	BOS, 4200'
4	4360.00	160.00	0.00	360.00	4360.00	0.00	0.00	0.00	0.00	0.00	0.00	LAMAR LIME, 4360'
5	4506.00	146.00	0.00	360.00	4506.00	0.00	0.00	0.00	0.00	0.00	0.00	BELL CANYON, 4506'
6	5390.00	884.00	0.00	360.00	5390.00	0.00	0.00	0.00	0.00	0.00	0.00	CHERRY CANYON, 539(
7	6693.55	1303.55	0.00	355.19	6693.55	0.01	0.01	0.00	0.00	-0.07	0.00	KOP, 6694'
8	6700.00	6.45	0.77	355.19	6700.00	0.05	0.05	0.00	12.00	0.00	12.00	
9	6800.00	100.00	12.77	355.19	6799.12	11.82	11.78	-0.99	12.00	0.00	12.00	
10	6900.00	100.00	24.77	355.19	6893.63	43.95	43.79	-3.69	12.00	0.00	12.00	
11	7000.00	100.00	36.77	355.19	6979.39	95.02	94.68	-7.97	12.00	0.00	12.00	
12	7100.00	100.00	48.77	355.19	7052.66	162.80	162.23	-13.66	12.00	0.00	12.00	
13	7179.81	79.81	58.35	355.19	7100.02	226.93	226.13	-19.04	12.00	0.00	12.00	LIVINGSTON RIDGE SAI
14	7200.00	20.19	60.77	355.19	7110.24	244.34	243.48	-20.50	12.00	0.00	12.00	
15	7300.00	100.00	72.77	355.19	7149.61	336.06	334.88	-28.19	12.00	0.00	12.00	
16	7400.00	100.00	84.77	355.19	7169.04	433.97	432.44	-36.40	12.00	0.00	12.00	
17	7452.63	52.63	91.09	355.19	7170.93	486.55	484.84	-40.81	12.00	0.00	12.00	TARGET LRS, 7453' MD
18	11181.17	3728.54	91.09	355.19	7100.00	4214.42	4199.57	-353.52	0.00	0.00	0.00	LATERAL TD, 11181' MD


TVD
-1000
0
1000
2000
3000
4000
5000
6000
7000
8000
RUSTLER, 830'
TOS, 1152'
BOS, 4200'
LAMAR LIME, 4360'
BELL CANYON, 4506'
CHERRY CANYON, 5390'
KOP, 6694'
LIVINGSTON RIDGE SAND, 7180' MD (7100' TVD)
TARGET LRS, 7453' MD (7171' TVD)
LATERAL TD, 11181' MD (7100' TVD)
-1000
0
1000
2000
3000
4000
5000
+N/S-
-1000
0
1000
2000
3000
4000
5000
+E/W-

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corporation
LEASE NO.:	NM-88158 & NM-61358
WELL NAME & NO.:	Nancy ALH Federal Com 1H
SURFACE HOLE FOOTAGE:	750' FSL & 330' FEL
BOTTOM HOLE FOOTAGE	330' FNL & 660' FEL
LOCATION:	Section 24, T. 21S., R 31E., 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. **A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling out the surface shoe. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values 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.

R-111-P Potash
Possible Lost Circulation within the Glorieta formation
Possible water flows in the Blinebry formation
Wellbore Proximity Concerns include Hombre BRH Federal Com 1H near the existing surface location and Wolf AJA Federal 9 within 100' of the planned wellpath at approximately 1150' vertical section. Wolf AJA Federal 10 is located within 150' of the planned wellpath at approximately 2500' from the surface location.

1. The **13-3/8** inch surface casing shall be set at approximately **900** 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. **Required due to R-111-P Potash.** 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:

    ☒ **Cement to surface. Required due to R-111-P Potash.** If cement does not circulate, contact the appropriate BLM office. Operator shall provide method of verification of TOC and for remedial cementing.

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.

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 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 051512