

OCD-ARTESIA

Form 3160-3
(August 2008)

SEP 24 2012

ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTERFORM APPROVED
OMB NO. 1004-0137
Expires July 31, 20105. Lease Serial No.
NM-106678 and NM-96209

6 If Indian, Allottee or Tribe Name

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

8 Lease Name and Well No
Bolivar BRD Federal Com. #1H

9. API Well No

30-015-410742
Sulfate Draw
Wildcat Wolfcamp

11 Sec., T., R., M., or Blk And Survey or Area

Section 33, T24S-R27E

1a Type of Work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2 Name of Operator

Yates Petroleum Corporation 025575

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

4. Location of well (Report location clearly and in accordance with any State requirements. *)

At surface

1980' FSL and 330' FEL Surface Hole Location

At proposed prod. zone

1980' FSL and 330' FWL Bottom Hole Location

14. Distance in miles and direction from the nearest town or post office*

Approximately 8 miles southwest of Malaga, New Mexico.

12. County or Parish

Eddy County

13. State

NM

15 Distance from proposed*

location to nearest

property or lease line, ft.

(Also to nearest drlg. unit line, if any)

330'

16. No. of acres in lease

NM 96209 - 560

NM 106678 - 80

760.00

17. Spacing Unit dedicated to this well

S/2S/2 Section 33, T24S-R27E

18. Distance from proposed location*

to nearest well, drilling, completed,

applied for, on this lease, ft.

1800'

19. Proposed Depth

9850' TVD 14294' TMD

20 BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

21 Elevations (Show whether DF, KDB, RT, GL, etc.)

3235' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

60 Days

24 Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

1 Well plat certified by a registered surveyor.

2 A Drilling Plan.

3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office)

4 Bond to cover the operations unless covered by existing bond on file (see item 20 above).

5 Operator certification.

6. Such other site specific information and/ or plans as may be required by the BLM

25 Signature

Name (Printed/ Typed)

Cy Cowan

Date

3/5/2012

Title

Land Regulatory Agent

Approved By (Signature)

/s/ Don Peterson

Name (Printed/ Typed)

/s/ Don Peterson

Date

SEP 21 2012

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval 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 operations thereon

Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and wilfully 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 page 2)

Carlsbad Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations AttachedSEE ATTACHED FOR
CONDITIONS OF APPROVAL

CERTIFICATION
YATES PETROLEUM CORPORATION
Bolivar BRD Federal Com. #1H

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; and an someone under employment of Yates Petroleum Corporation has full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 5th day of March, 2012

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (505) 748-4372

Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above.

Telephone (if different from above) (505) 748-4221

E-mail (optional) _____

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6181 Fax: (575) 398-0720

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (505) 748-1283 Fax: (505) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-40742	Pool Code 85780	Pool Name Sulfate Draw; W.C. (GAS) Undesignated Wolfcamp
Property Code 39467	Property Name BOLIVAR "BRD" FEDERAL COM	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3253'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	33	24 S	27 E		1980	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
L	33	24 S	27 E		1980	SOUTH	330	WEST	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

<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°10'18.67" Long - W 104°12'10.93" NMSPCE- N 426273.756 E 581654.331 (NAD-83)</p>	<p>SURFACE LOCATION Lat - N 32°10'18.73" Long - W 104°11'16.85" NMSPCE- N 426286.164 E 586302.890 (NAD-83)</p>
<p>Project Area Penetration Point 1979' FSL and 807' FEL</p>	
<p>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. <i>Cy Cowan</i> 3/5/12 Signature Date Cy Cowan Land Regulatory Printed Name Agent Email Address</p>	
<p>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 supervision, and that the same is true and correct to the best of my belief. Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 25665 Certificate No. Gary L. Jones 7977 BASIN SURVEYS 25665</p>	

YATES PETROLEUM CORPORATION

Bolivar BRD Federal Com #1-H
 1980' FSL & 330' FEL, Surface Hole
 1980' FSL & 330' FWL, Bottom Hole
 Section 33 -T24S-R27E
 Eddy County, New Mexico

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

Rustler	Surface	Bone Spring	5740' Oil
Castile	410'	Avalon Shale	5800'
TOS	640'	Bone spring 1 /SD/	6800' Oil
BOS	2070'	Bone Spring 2/SD/	7350' Oil
Bell Canyon	2350'	Harkey Sand	8100'
Cherry Canyon	3120' Oil	Wolfcamp	9100' Oil
Brushy Canyon	4220' Oil	Wolfcamp Target	10123' Oil
Brushy Canyon Marker	5663'	TD-TMD lateral	14294'

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

Water: Approx 250' - 350'

Oil or Gas: See above--All Potential Zones

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.3/8" and the 9 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. *with appropriate drilling spool*
 A 5000 PSI BOPE with an 11" opening will be installed on the 7" casing. Pressure tests to 5000 PSI and held for 30 minutes will be conducted before drilling out from under all casing strings. 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:

A. 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)

	<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
	26"	20"	94#	H-40	ST&C	0-40'	40'
<i>See</i>	17 1/2"	13 3/8"	48#	Hybrid <i>J-55</i>	ST&C	0-400'	400'
<i>CON</i>	12 1/4"	9 5/8"	36#	K-55	LT&C	0-2350' <i>2250'</i>	2350'
	8 3/4"	7"	29#	P-110	LT&C	0-9100'	9100'
	6 1/8"	4 1/2"	11.6#	P-110	Buttress	8600'-14294'	5694'

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

B. CEMENTING PROGRAM:

Surface casing: 420 sacks Class C + 2% CaCl₂ (YLD 1.34 WT 14.80). Designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 600 sacks 35:65:6PzC (YLD 2.00 WT 12.50); tail in with 200 sacks Class C + 2% CaCl₂ (YLD 1.34 WT. 14.80). Designed with 100% excess. TOC-Surface

Intermediate Casing 2: Cement to be done in three stages with stage tool at approx. 4000' and 6500'.

Stage 1 from 6500'-9100'; Lead with 255 sacks 35:65:6PzC (YLD 2.00 WT 12.50); cement with 200 sacks Pecos VILt (YLD 1.41 WT 13.00). D112 0.4%, D151 22.5 lb/sack, D174 1.5 lb/sack, D177 0.01 lb/sack, D800 0.6 lb/sack, and D46 0.15 lb/sack. Designed with 100% excess. TOC-6500'

Stage 2 from 4000'-6500'; Lead with 240 sacks 35:65:6PzC (YLD 2.00 WT 12.50). Tail in 200 sacks Pecos VILt (YLD 1.41 Wt 13.00) D112 0.4%, D151 22.5 lb/sack, D174 1.5 lb/sack, D177 0.01 lb/sack, D800 0.6 lb/sack, and D46 0.15 lb/sack. TOC- 4000'. Designed with 100% excess.

Stage 3 from 0-4000; Lead with 465 sacks 35:65:6PzC (YLD 2.00 WT 12.50). Tail in with 200 sacks Pecos VILt (YLD 1.41 WT 13.00) D112 0.4%, D151 22.5 lb/sack, D174 1.5 lb/sack, D177 0.01 lb/sack, D800 0.6 lb/sack, and D46 0.15 lb/sack. Designed with 100% excess.

The well will be drilled vertically depth to 9100'. 7" casing will be set at 9100' and cemented in three stages back to surface. DV Tools will be set a 4000' and 6500' or as hole conditions dictate. Well will then be drilled vertically to 9373'. Well will then kicked off at approximately 9373' and directionally drilled at 12 degrees per 100' with a 6 1/8" hole to 14294' MD (9850' TVD). A 4 1/4" liner hanger with PBR will be set at 8600' with Packers's Plus packer/port system in the lateral. Penetration point of producing zone will be encountered at 1979' FSL & 807' FEL, 33-24S-27E. Deepest TVD in the well will be 9850' in the lateral.

6. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-400'	Fresh Water	8.40-8.60	32-36	N/C
400'-2350'	Brine Water	10.00-10.20	28-32	N/C
2350'-9200'	Cut Brine	8.60-9.20	28-30	N/C
9200'-14294'	Cut Brine (lateral section)	8.80-9.20	28-30	N/C

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. Mud will be checked hourly by rig personnel.

7. EVALUATION PROGRAM: *See COA*

Samples: 30' samples to 3000'. 10 samples 3000' to TD.

Logging: Platform Express/HALS/CMR, Dipole Sonic with Stress orientation.

Coring: As warranted.

DST's: As warranted.

Mudlogging on from surface casing to TD

8. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From: 0	TO: 400'	Anticipated Max. BHP:	179	PSI
From: 400'	TO: 2350'	Anticipated Max. BHP:	1246	PSI
From: 2350'	TO: 9100'	Anticipated Max. BHP	4401	PSI
From: 9100'	TO: 9850'	Anticipated Max. BHP	4712	PSI

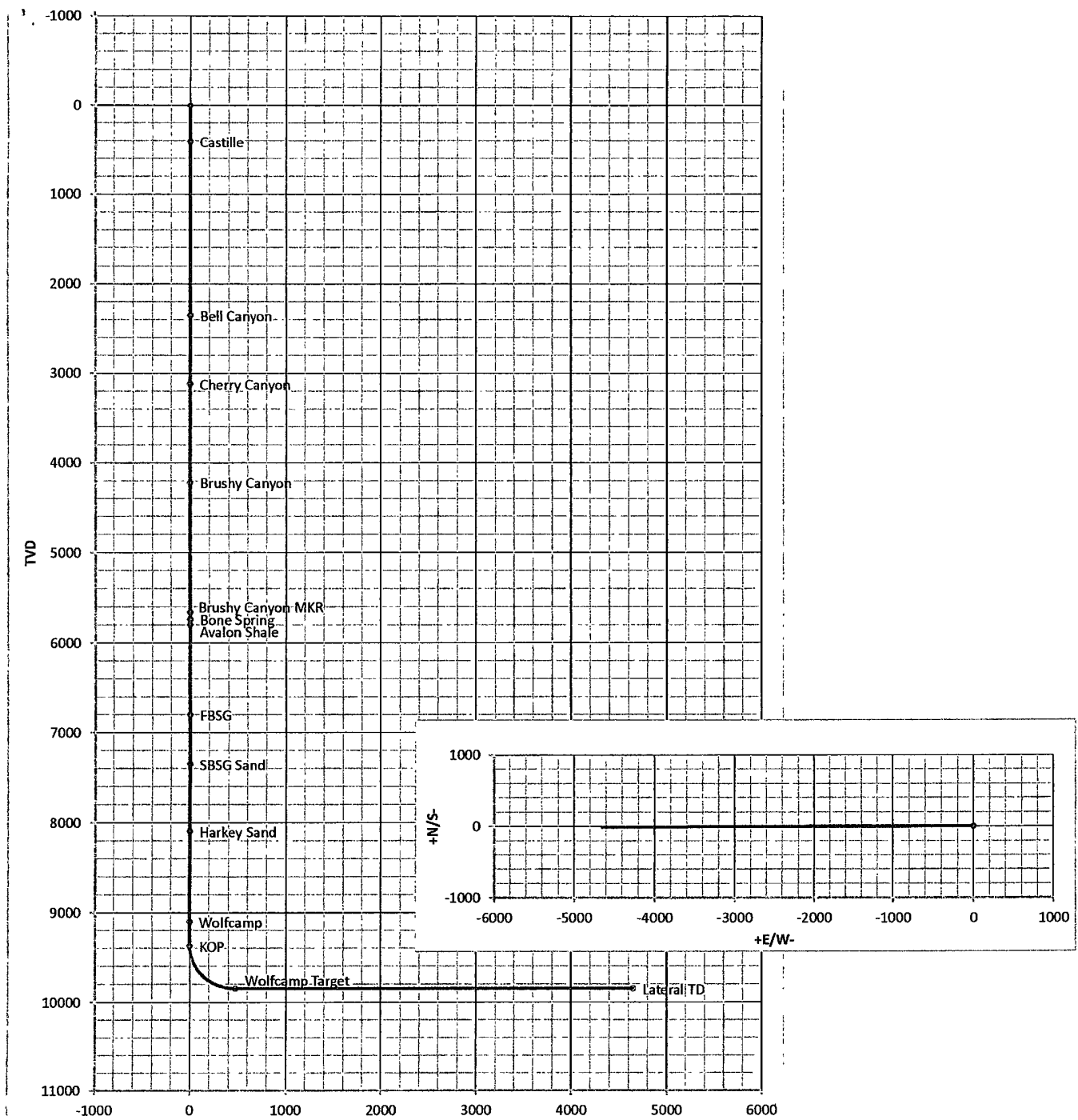
No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

9. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 65 days to drill the well with completion taking another 30 days.



Bolivar BRD Fed Com

Co: Yates Petroleum Corporation	Units: Feet, ° 7100ft	VS Az: 269.85	Method: Minimum Curvature
Drillers: 0	Elevation:	Map System: NAD83, St. Plane, Wyoming West	
Well Name: Bolivar BRD Federal COM 1H	Northing:	Latitude:	
Location: Sec.33, 24S-27E	Easting:	Longitude:	

Yates Petroleum Corporation: Bolivar BRD Fed Com 1H

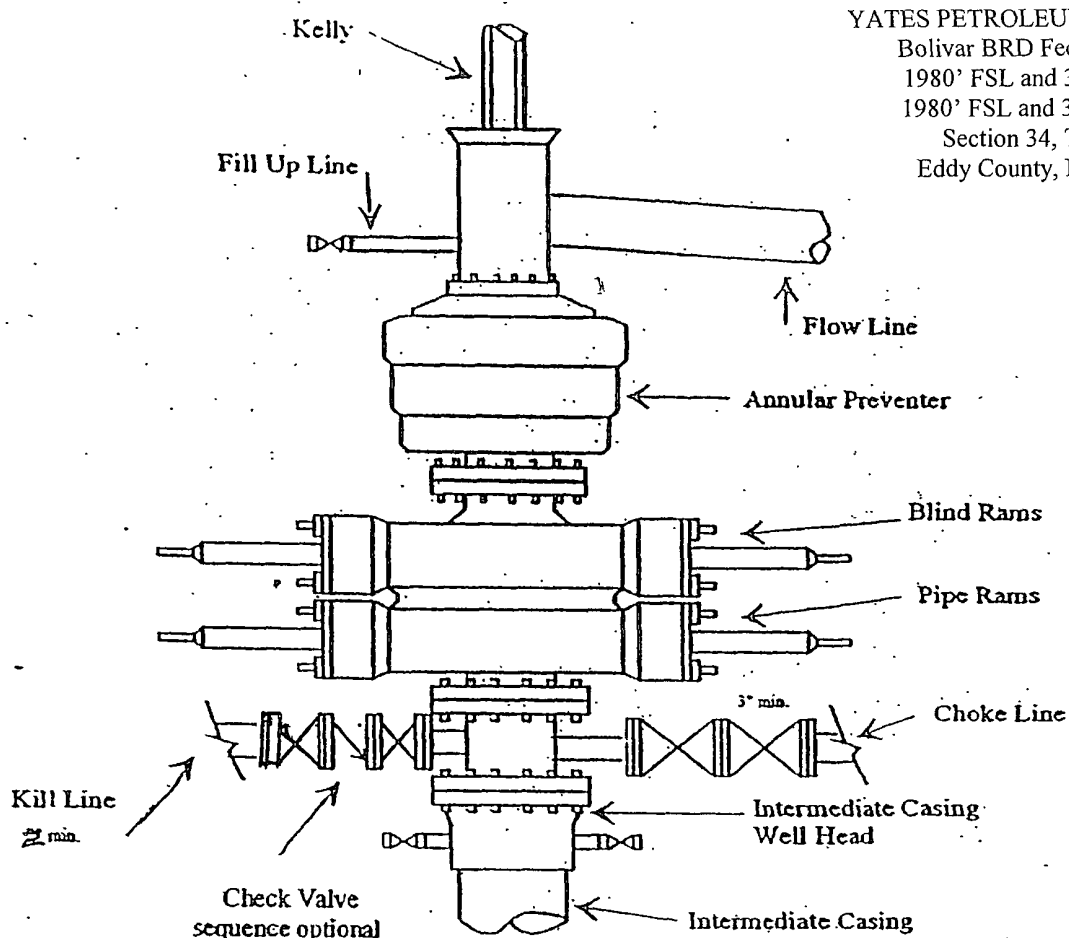
No.	MD	CL	Inc.	Azi	TVD	VS	+N/S	-E/W	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	410.00	410.00	0.00	360.00	410.00	0.00	0.00	0.00	0.00	0.00	0.00	Castille
2	2350.00	1940.00	0.00	360.00	2350.00	0.00	0.00	0.00	0.00	0.00	0.00	Bell Canyon
3	3120.00	770.00	0.00	360.00	3120.00	0.00	0.00	0.00	0.00	0.00	0.00	Cherry Canyon
4	4220.00	1100.00	0.00	360.00	4220.00	0.00	0.00	0.00	0.00	0.00	0.00	Brushy Canyon
5	5660.00	1440.00	0.00	360.00	5660.00	0.00	0.00	0.00	0.00	0.00	0.00	Brushy Canyon MKR
6	5740.00	80.00	0.00	360.00	5740.00	0.00	0.01	0.00	0.00	0.00	0.00	Bone Spring
7	5800.00	60.00	0.00	360.00	5800.00	0.00	0.01	0.00	0.00	0.00	0.00	Avalon Shale
8	6800.00	1000.00	0.00	360.00	6800.00	0.00	0.01	0.00	0.00	0.00	0.00	FBSG
9	7350.00	550.00	0.00	360.00	7350.00	0.00	0.01	0.00	0.00	0.00	0.00	SBSG Sand
10	8100.00	750.00	0.00	360.00	8100.00	0.00	0.01	0.00	0.00	0.00	0.00	Harkey Sand
11	9100.00	1000.00	0.00	360.00	9100.00	0.00	0.01	0.00	0.00	0.00	0.00	Wolfcamp
12	9372.54	272.54	0.00	269.85	9372.54	0.00	0.01	0.00	0.00	2.88	0.00	KOP
13	9400.00	27.46	3.30	269.85	9399.98	0.79	0.01	-0.79	12.00	0.00	12.00	
14	9500.00	100.00	15.30	269.85	9498.49	16.91	-0.04	-16.91	12.00	0.00	12.00	
15	9600.00	100.00	27.30	269.85	9591.49	53.16	-0.13	-53.16	12.00	0.00	12.00	
16	9700.00	100.00	39.30	269.85	9674.93	107.96	-0.28	-107.96	12.00	0.00	12.00	
17	9800.00	100.00	51.30	269.85	9745.14	178.91	-0.47	-178.90	12.00	0.00	12.00	
18	9900.00	100.00	63.30	269.85	9799.07	262.90	-0.69	-262.90	12.00	0.00	12.00	
19	10000.00	100.00	75.30	269.85	9834.36	356.27	-0.94	-356.27	12.00	0.00	12.00	
20	10100.00	100.00	87.30	269.85	9849.47	454.94	-1.21	-454.94	12.00	0.00	12.00	
21	10122.53	22.53	90.00	269.85	9850.00	477.46	-1.27	-477.46	12.00	0.00	12.00	Wolfcamp Target
22	14293.65	4171.11	90.00	269.85	9850.01	4648.58	12.40	-4648.56	0.00	0.00	0.00	Lateral TD



Yates Petroleum Corporation

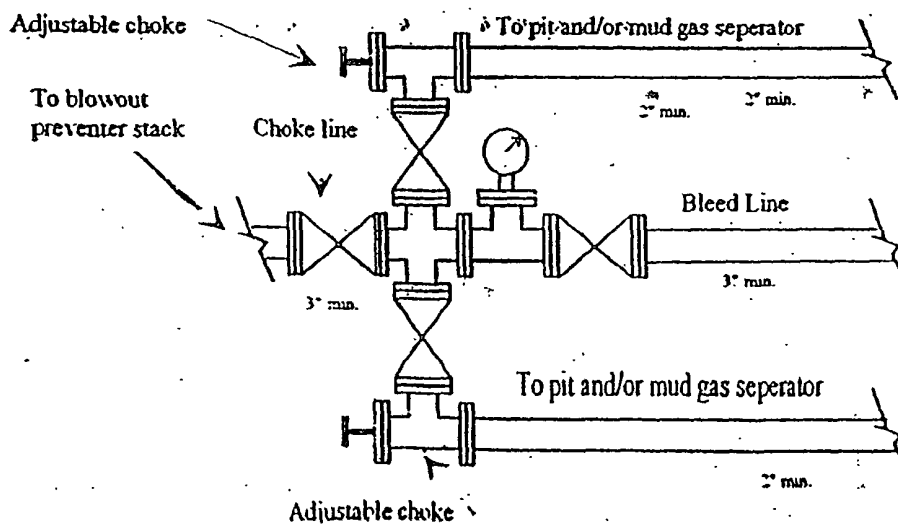
BOP-3

Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



YATES PETROLEUM CORPORATION
Bolivar BRD Federal Com. #1H
1980' FSL and 330' FEL SHL
1980' FSL and 330' FWL BHL
Section 34, T20S-R25E
Eddy County, NM Exhibit C

Typical 3,000 psi choke manifold assembly with at least these minimum features



← 425.00 →

YATES PETROLEUM CORPORATION
 Bolivar BRD Federal Com. #1H
 1980' FSL and 330' FEL SHL
 1980' FSL and 330' FWL BHL
 Section 34, T20S-R25E
 Eddy County, NM Exhibit B

STACKED
 PALLETS
 OF
 MUD

STACKED
 PIPE

PIPE
 RACKS

STACKED
 PIPE

FLARE PIT

FRAC TANK

MUD COLLECTOR

MUD COLLECTOR

MUD COLLECTOR

CENTRIFUGE

MUD COLLECTOR

MUD COLLECTOR

MUD COLLECTOR

PIT 8 X 50

PIT 8 X 50

Top Drive Gen

Top Drive Tools

SUB-STRUCTURE

PIPE RACKS

PIPE RACKS

GERONIMO LINE

BLOOGIE LINE

FRAC TANK

Mud Hopper

MUD HOUSE

FRONT TIRELAX

GENERATOR

WATER

WATER

FUEL

TOOLS

6" DIA

TOOL PUSHER

H2O

COMPANY MAN

RV

RV

RV

ROAD

PAD LA

Scale: 1 inch

375

[illegible]

330

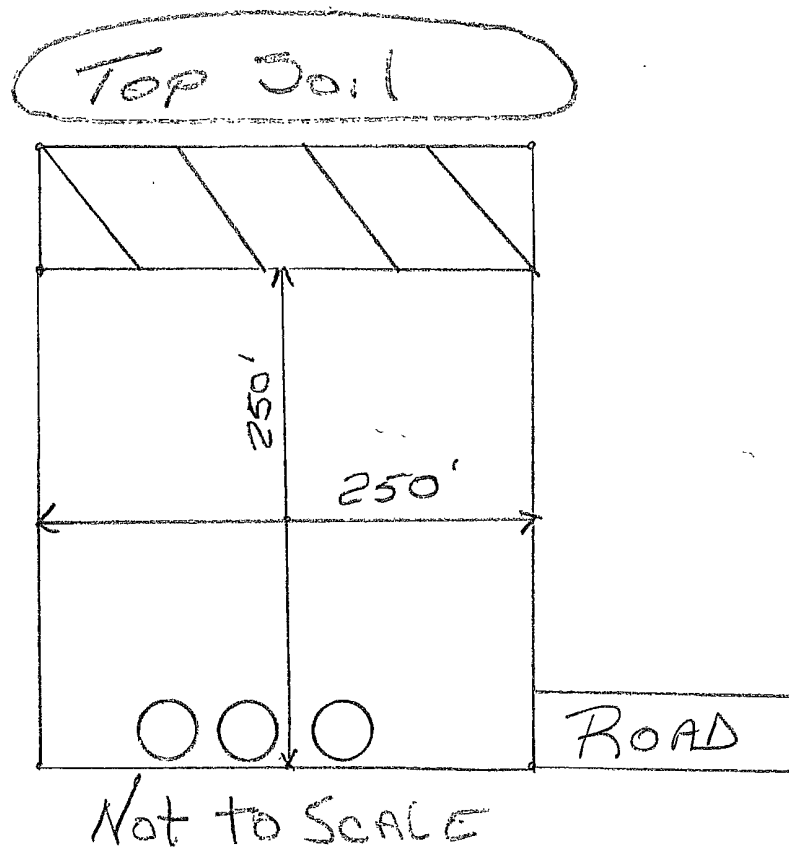
375

PAD LAYOUT

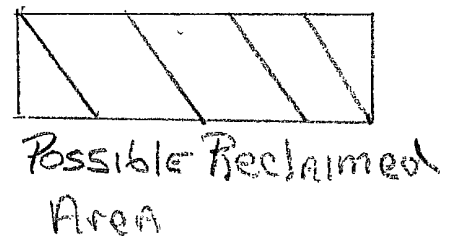
Scale: 1 inch = 50 feet

Scale: 1 inch = 50 feet

YATES PETROLEUM CORPORATION
Bolivar BRD Federal Com. #1H
1980' FSL and 330' FEL SHL
1980' FSL and 330' FWL BHL
Section 34, T20S-R25E
RECLAMATION PLAT



PLEASE Note
Final Reclamation
may be different
than this PLAT.



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	YATES PETROLUEM CORPORATION
LEASE NO.:	NM106678
WELL NAME & NO.:	1H BOLIVAR BRD FEDERAL COM
SURFACE HOLE FOOTAGE:	1980' FSL & 330' FEL
BOTTOM HOLE FOOTAGE	1980' FSL & 330' FWL
LOCATION:	Section 33, T.24 S., R.27 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Production Facilities
 - Communitization Agreement
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - Medium Cave/Karst Potential
 - Logging Requirements
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☒ **Interim Reclamation**
- ☒ **Final Abandonment & Reclamation**