

OCD-ARTESIA

ATS-12-672

Form 3160-3
(March 2012)

Split Estate

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

SEP 17 2012

NMOCD ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires October 31, 20145. Lease Serial No.
NM-19619 & VO-7679

6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL OR REENTER

AMENDED

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

3a. Address 105 South Fourth Street
Artesia, NM 882103b. Phone No. (include area code)
575-748-4372

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

At surface 430' FSL & 660' FEL, Section 36-T25S-R31E, Unit Ltr P

At proposed prod. zone 2310' FSL & 660' FEL, Section 25-T25S-R31E, Unit Ltr I

14. Distance in miles and direction from nearest town or post office*
Approximately 52 miles east of Carlsbad, NM12. County or Parish
Eddy County13. State
NM15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg. unit line, if any)
5285' BHL 330'
1700' SHL 430'16. No. of acres in lease
NM-19619-320 520
VO-7679-32017. Spacing Unit dedicated to this well
E2SE of 25-25S-31E & E2E2 of 36-25S-31E18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft
330' BHL
430' SHL19. Proposed Depth
10,368' TVD
17,314' MD20. BLM/BIA Bond No. on file
Nationwide Bond No. NMB00043421. Elevations (Show whether DF, KDB, RT, GL, etc.)
3299' GL22. Approximate date work will start*
State APD
Presently drilling. holding23. Estimated duration
Sixty days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 an 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 *Clifton May for Cy Cowan*
Title
Land Regulatory AgentName (Printed/Typed)
Cy CowanDate
5/7/2012

Approved by (Signature) /s/ Don Peterson

Name (Printed/Typed) /s/ Don Peterson

Date
9/13/2012Title
FIELD MANAGEROffice
CARLSBAD FIELD OFFICEApplication 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 conduct 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 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

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations Attached*Originally filed on NMOCD
State form C101.SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CERTIFICATION
YATES PETROLEUM CORPORATION
Coltrane "BQR" Federal Com #1-H
430' FSL & 660' FEL, Section 36-T25S-R31E, Surface Hole
2310' FSL & 660' FEL, Section 25-T25S-R31E, Bottom Hole
Eddy County, New Mexico

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; that I have 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 the company I represent, is 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 7th day of MAY 2012.

Printed Name Cy Cowan

Signature Clifton May for Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4372

E-mail (optional) cy@yatespetroleum.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

Telephone (if different from above) 575-748-4221

TO WHOM IT MAY CONCERN:

**Coltrane "BQR" Federal Com #1H
430' FSL & 660' FEL, Section 36-T25S-R31E, Surface Hole
2310' FSL & 430' FEL, Section 25-T25S-R31E, Bottom Hole
Eddy County, New Mexico**

This well was previously approved on 1/14/2011 by the Oil ³⁸⁴¹⁹ Conservation Division as the Coltrane "BQR" State Com #1H, API #30-015-~~38223~~, at the same surface location. This well is being rat holed and deepened every 20 days under the state APD. The bottom hole was to be 12791', but plans are now to drill into our federal lease in section 25, NM-19619.

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

Form C-102
Revised July 16, 2010

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- 38223 38419	Pool Code 30215	Pool Name Hay Hollow Bone Spring
Property Code 38259 39453	Property Name COLTRANE "BQR" FEDERAL COM	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3299'

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	36	25 S	31 E		430	SOUTH	660	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
I	25	25 S	31 E		2310	SOUTH	660	EAST	EDDY

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

OPERATOR: Please do not report
production under this pool id code
until OCD confirms perfs and
appropriate pool designation on
completion and C104 approvals.

**PROPOSED BOTTOM
HOLE LOCATION**
Lat - N 32°06'01.36"
Long - W 103°43'30.66"
NMSPC- N 400785.33
E 729652.27
(NAD-83)

Project Area

Production Zone

**Penetration
Point**
907' FSL &
660' FEL

SURFACE LOCATION
Lat - N 32°04'50.597"
Long - W 103°43'30.702"
NMSPC- N 393634.53
E 729689.29
(NAD-83)

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.

Cy Cowan
Signature Date

Cy Cowan
Printed Name
cy@yatespetroleum.com
Email Address

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.

NOVEMBER 12, 2010
Date Surveyed
Signature & Seal of
Professional Surveyor
GARY L. JONES
W.C. 101025-119

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 23719

YATES PETROLEUM CORPORATION
Coltrane "BQR" Federal Com. #1H
430' FSL and 660' FEL, Section 36-25S-31E, Surface Hole Location
2310' FSL and 660' FEL, Section 25-25S-31E, Bottom Hole Location
Eddy County, New Mexico

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

FORMATION	DEPTH	FORMATION	VERTICAL DEPTH	MD DEPTH
Rustler	978'	Brushy Canyon	6705' Oil	
Top of Salt	1352'	Bone Spring	8380' Oil	
Castile	2537'	Avalon Shale	8460' Oil	
Base of Salt	4120'	Bone Spring 1/SD/	9050' Oil	
Bell Canyon	4385'	Bone Spring 2 /SD/	10030' Oil	10032'
Cherry Canyon	5340' Oil	Target SBSG	10367' Oil	10642'
		TD (Lateral Hole)	10340 Oil	17314'

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

Water: 160'

Oil or Gas: Zones: See above

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed and tested on the 13.3/8" casing and a 5000 PSI on the 9 5/8" casing. Pressure tests to 3000 PSI on the 3000 PSI BOP and 5000 PSI on the 5000 PSI BOP 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.
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)

See COA

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
26"	20"	94#	H-40	ST&C	0-40'	40'
17 1/2"	13 3/8"	48#	H-40/J-55 Hybrid	ST&C	0- 1095' 1285'	1095'
12 1/4"	9 5/8"	26# 40#	J-55/K55	LT&C	0-4300'	4300'
8 3/4"	5 1/2"	17#	P110	LT&C	0-9890'	9890'
8 1/2"	5 1/2"	17#	P110	Buttress	9890'-17314'	7424'

per Operator 9-11-12 CRW

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

B. CEMENTING PROGRAM:

Surface Casing: Cement with 620 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 200 sacks Class C with 2% CaCl₂ (Wt. 14.80 Yld. 1.34). TOC is surface. Cement designed with 100% excess.

Intermediate Casing: Lead with 1205 sacks of 35:65:6PzC (Wt 12.50 Yld. 2.00). Tail in with 200 sacks Class C with 2% CaCl₂ (Wt. 14.80 Yld. 1.34). TOC is surface. Cement designed with 100% excess.

Production Casing will be cemented in three stages with stage tools set at approximately 6600', and 9400'.

Production Casing: 1st stage lead with 205 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 1625 sacks PecosVILt with D112-Fluid Loss-0.4-%, D151-Caesium Carbonate-22.5-lb/sack, D174-Extender-1.5-lb/sack, D177-Retarder-0.01-lb/sack, D800-Retarder-0.6-lb/sack and D46-Antiform Agent-0.15-lb/sack (Wt. 13.00 Yld. 1.41). TOC is 9400'. Cement designed with 35% excess.

Production Casing: 2nd stage lead with 410 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 100 sacks Pecos VILt with D112-Fluid Loss-0.4-%, D151-Caesium Carbonate-22.5-lb/sack, D174-Extender-1.5-lb/sack, D177-Retarder-0.01-lb/sack, D800-Retarder-0.6-lb/sack and D46-Antiform Agent-0.15-lb/sack (Wt. 13.00 Yld. 1.41). TOC is 6600'. Cement designed with 35% excess.

Production Cement: 3rd stage lead with 410 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 100 sacks Pecos VILt with D112-Fluid Loss-0.4-%, D151-Caesium Carbonate-22.5-lb/sack, D174-Extender-1.5-lb/sack, D177-Retarder-0.01-lb/sack, D800-Retarder-0.6-lb/sack and D46-Antiform Agent-0.15-lb/sack (Wt. 13.00 Yld. 1.41). TOC is 3800'. Cement designed with 35% excess.

Well will be drilled vertically to 9890'. The well will then be kicked off at approximately 9890' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 10642' MD (10368' TVD). Hole size will be reduced to an 8 1/2" hole and drilled to 17314' MD (10340' TVD) where 5 1/2" will be run and cemented. Penetration point of producing zone will be encountered at 909' FSL and 662' FEL in Section 36-25S 31E. Deepest TVD in the well will be in the lateral at 10368' in the lateral.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
0-1095' 1285'	Fresh Water	8.60-9.20	32-34	N/C
1095' -4300'	Brine Water	10.00-10.20	28-29	N/C
4300'-10368	Cut Brine	8.80-9.20	28-32	N/C
10368'-17314'	Cut Brine (Lateral)	8.80-9.20	28-32	<10-12

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

7. EVALUATION PROGRAM: *See COA*

Samples: 30' samples to 4500'. 10' samples 4500' to TD

Logging: Platform Express: CNL/LDT/NGT: TD to intermediate casing; CNL/GR: TD to surface;

DLL/MSFL: TD to surface casing; BHC Sonic: TD to surface casing; Horizontal: MWD-GR: Horizontal

Coring: None anticipated

DST's: None Anticipated

Mudlogging: Yes, from intermediate casing to TD.

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

Maximum Anticipated BHP:

~~0'-1095'~~ 524 PSI

~~1095'-4300'~~ 2281 PSI

4300'-10368' 4960 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

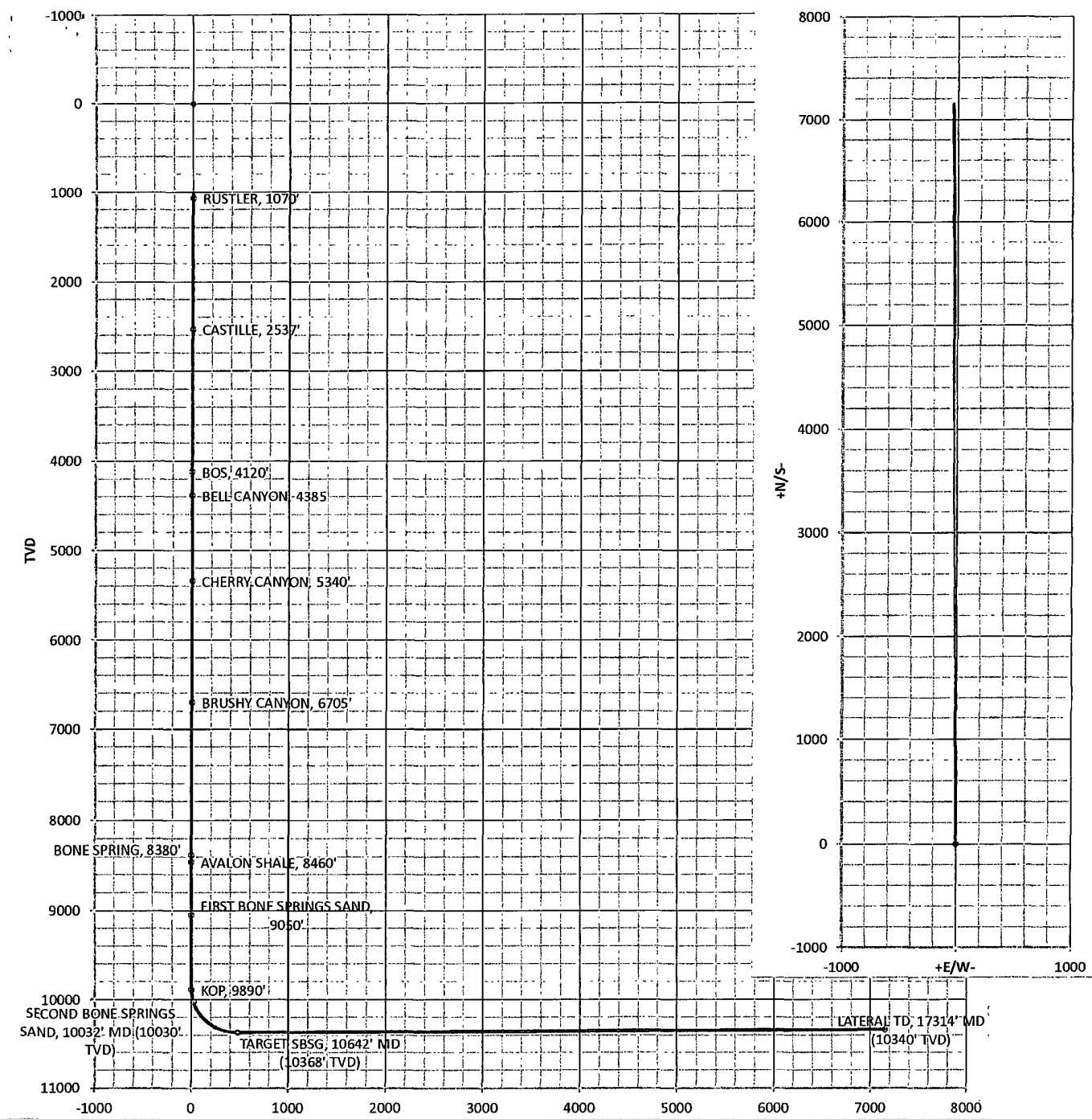
Maximum Bottom Hole Temperature: 170 F

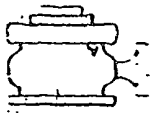
9. ANTICIPATED STARTING DATE:

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 30 days.

Coltrane BQR Fed Com

Co:	Yates Petroleum Corporation					Units:	Feet, °, 7100ft		VS Az:	359.70		Method:	Minimum Curvature	
Drillers:	0					Elevation:			Map System:	NAD83, St. Plane, Wyoming West				
Well Name:	Coltrane BQR Federal Com #1H					Northing:			Latitude:					
Location:	Sec. 36, 25S-31E					Easting:			Longitude:					
Yates Petroleum Corporation: Coltrane BQR Fed Com #1H														
No.	MD	CL	Inc.	Azi	TVD	VS	+N/S-	+E/W-	BR	WR	DLS	Comments		
0	1000.00	0.00	0.00	0.00	1000.00	0.00	0.00	0.00						
1	1070.00	70.00	0.00	360.00	1070.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 RUSTLER, 1070'		
2	2537.00	1467.00	0.00	360.00	2537.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 CASTILLE, 2537'		
3	4120.00	1583.00	0.00	360.00	4120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 BOS, 4120'		
4	4385.00	265.00	0.00	360.00	4385.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 BELL CANYON, 4385'		
5	5340.00	955.00	0.00	360.00	5340.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 CHERRY CANYON, 5340'		
6	6705.00	1365.00	0.00	360.00	6705.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 BRUSHY CANYON, 6705'		
7	8380.00	1675.00	0.00	360.00	8380.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 BONE SPRING, 8380'		
8	8460.00	80.00	0.00	360.00	8460.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 AVALON SHALE, 8460'		
9	9050.00	590.00	0.00	360.00	9050.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00 FIRST BONE SPRINGS, 9050'		
10	9890.49	840.49	0.00	359.70	9890.49	0.01	0.01	0.00	0.00	0.00	0.00	0.00 KOP, 9890'		
11	9900.00	9.51	1.14	359.70	9900.00	0.10	0.10	0.00		12.00	0.00	12.00		
12	10000.00	100.00	13.14	359.70	9999.04	12.51	12.51	-0.06		12.00	0.00	12.00		
13	10032.06	32.06	16.99	359.70	10030.00	20.85	20.85	-0.11		12.00	0.00	12.00 SECOND BONE SPRING		
14	10100.00	67.94	25.14	359.70	10093.34	45.24	45.24	-0.23		12.00	0.00	12.00		
15	10200.00	100.00	37.14	359.70	10178.77	96.87	96.87	-0.50		12.00	0.00	12.00		
16	10300.00	100.00	49.14	359.70	10251.60	165.12	165.12	-0.85		12.00	0.00	12.00		
17	10400.00	100.00	61.14	359.70	10308.65	247.03	247.03	-1.28		12.00	0.00	12.00		
18	10500.00	100.00	73.14	359.70	10347.43	339.01	339.01	-1.75		12.00	0.00	12.00		
19	10600.00	100.00	85.14	359.70	10366.23	437.04	437.03	-2.26		12.00	0.00	12.00		
20	10642.48	42.48	90.24	359.70	10367.95	479.47	479.47	-2.48		12.00	0.00	12.00 TARGET SBSG, 10642' M		
21	17313.97	6671.49	90.24	359.70	10340.00	7150.90	7150.81	-37.01		0.00	0.00	0.00 LATERAL TD, 17314' MD		

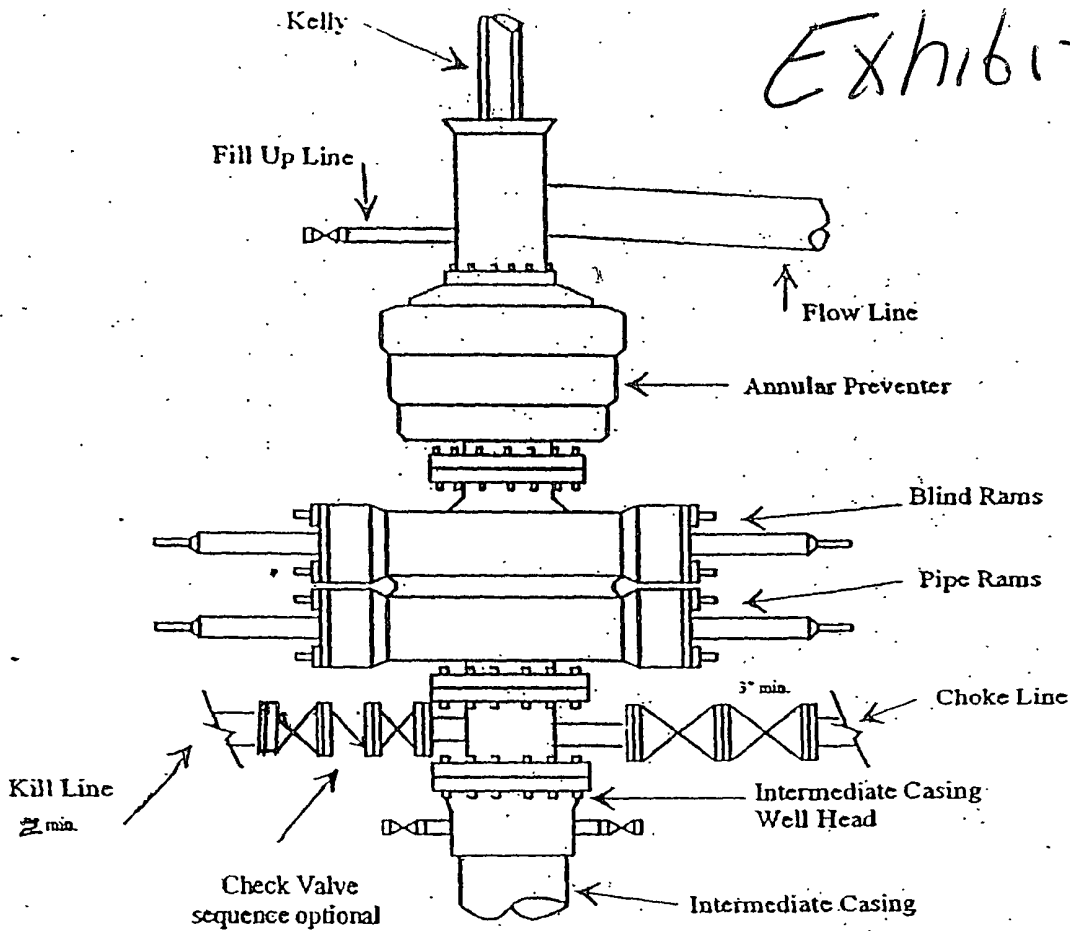




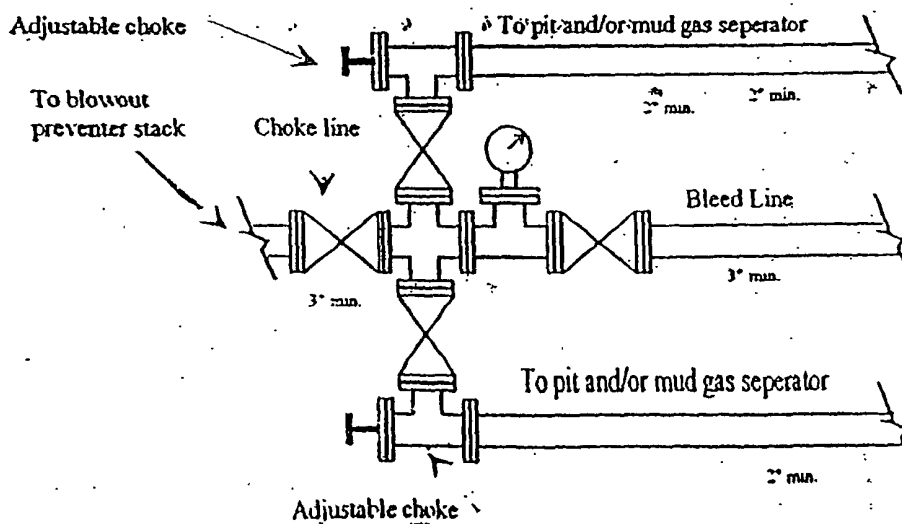
Yates Petroleum Corporation
Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

BOP-3

Exhibit C

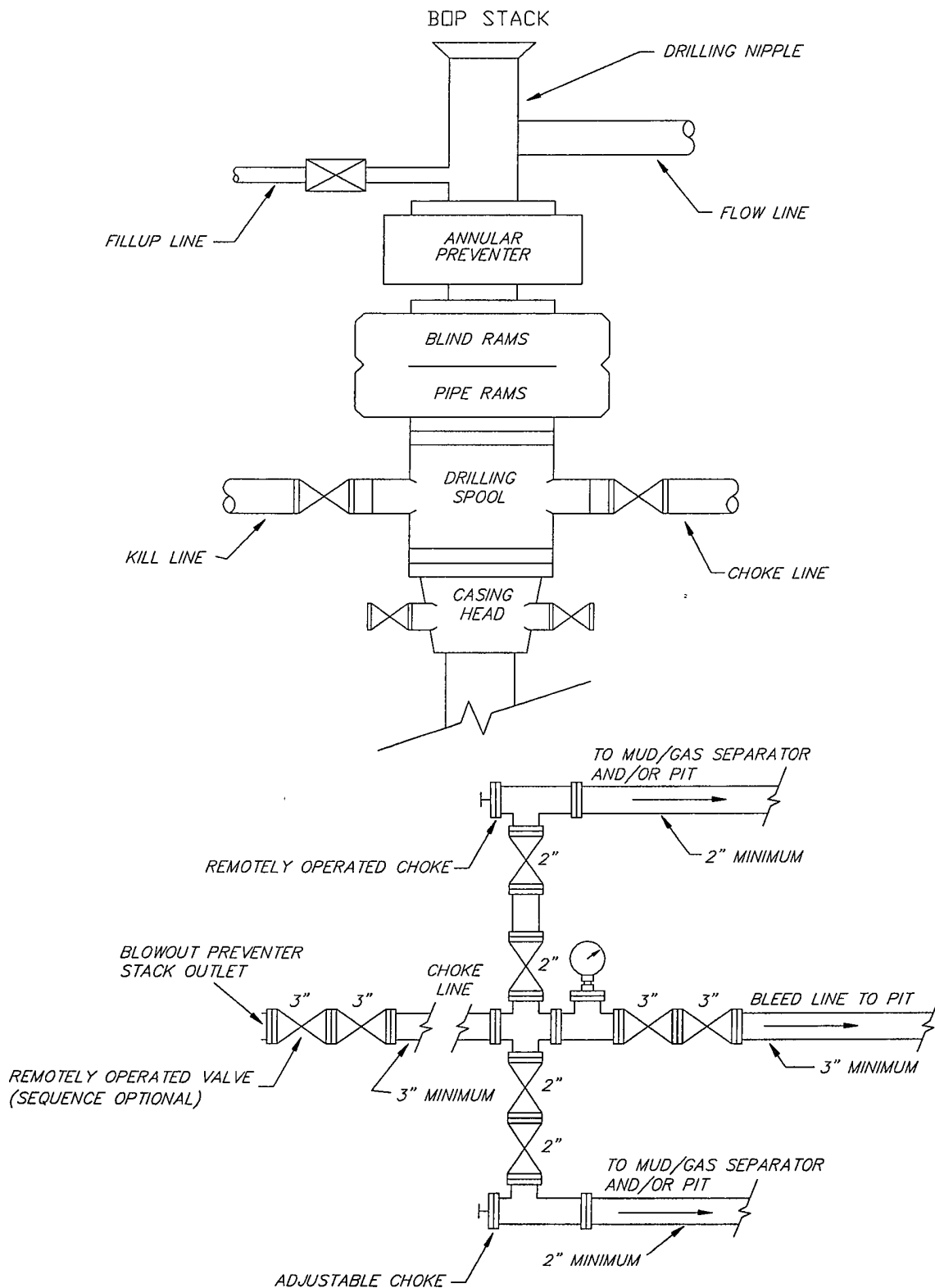


Typical 3,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION

TYPICAL 5,000 p.s.i. BLOWOUT PREVENTER & CHOKE MANIFOLD SCHEMATIC

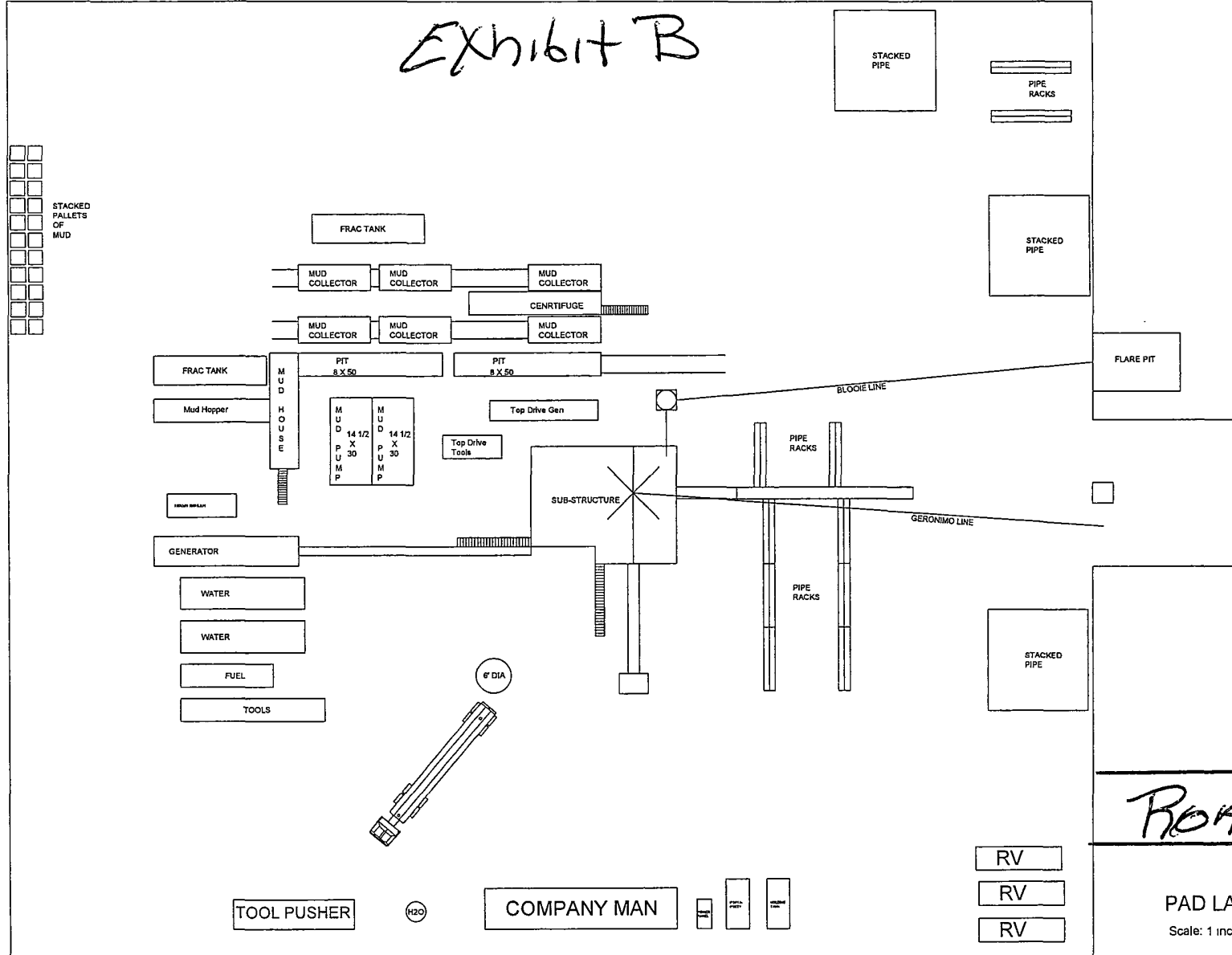


YATES PETROLEUM CORPORATION

425.00

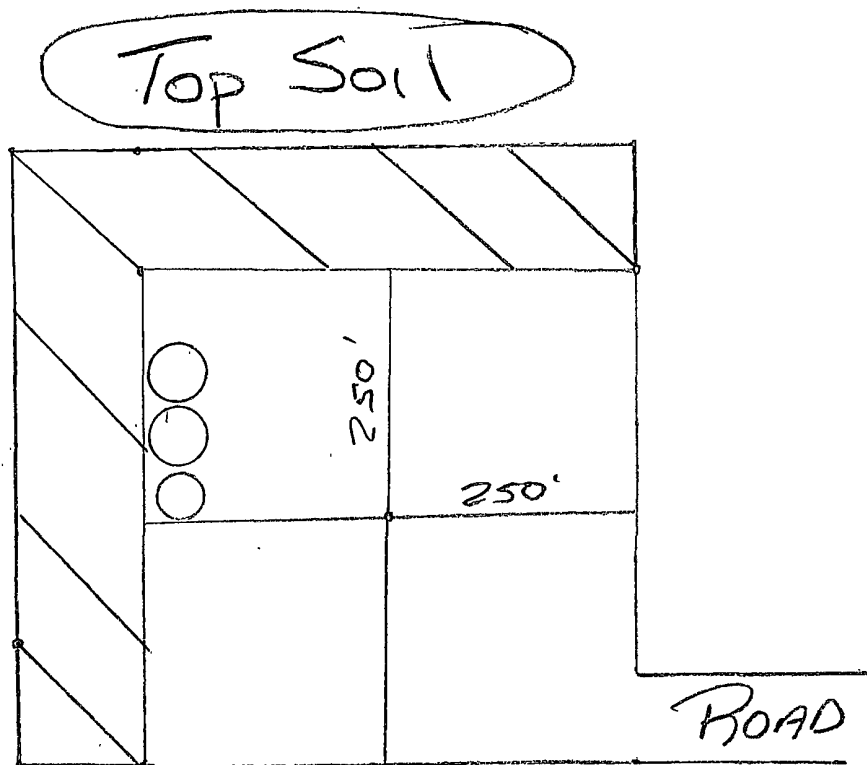
Exhibit B

330



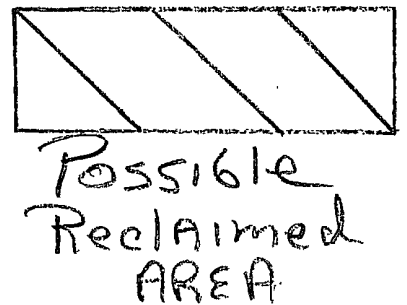
375

Reclamation PLAT



Top Soil
Not To Scale

PLEASE Note
FINAL Reclamation
may look Different
than this PLAT.



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corp
LEASE NO.:	NM19619
WELL NAME & NO.:	1H Coltrane BQR Federal Com
SURFACE HOLE FOOTAGE:	430' FSL & 660' FEL
BOTTOM HOLE FOOTAGE:	2310' FSL & 660' FEL, Sec.25
LOCATION:	Section 36, T.25 S., R.31 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**
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 - Ground-level Abandoned Well Marker
 - Communitization Agreement
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 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
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- ☒ **Drilling**
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 - H₂S Requirements-Onshore Order 6
 - Logging Requirements
- ☐ **Production (Post Drilling)**
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- ☐ **Interim Reclamation**
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