

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. OIL CONSERVATION DIVISION

811 S. FIRST STREET
ARTESIA, NM 88210

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-0284972

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.
N/A

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Federal "CL" #6-H

2. Name of Operator
Yates Petroleum Corporation

9. API Well No.
30-005-64113

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

3b. Phone No. (include area code)
575-748-4372

10. Field and Pool or Exploratory Area
Jones Tank Abo

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1100' FNL & 200' FEL, Unit Letter A, Surface Location
350' FNL & 330' FWL, Unit Letter D, Bottom Hole

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

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

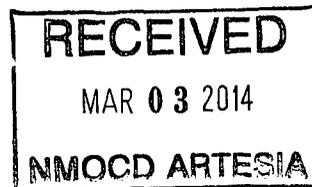
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 type="checkbox"/> Other <u>Change Drilling Plan</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.)

Attached is a new Drilling Plan with the surface location and the bottom hole location remain the same. Also attached are the horizontal drilling information.

COA

Secure flex hose between wellhead and to the ground. Flex hose should have minimal movement move.



Accepted for record
NMOCD TEL 3-3-2014

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Cy Cowan

Title Land Regulatory Agent

Signature

Date 11/12/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title Geologist

Date Feb 14, 2014

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

ROSWELL FIELD OFFICE

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.

YATES PETROLEUM CORPORATION

Federal "CL" #6H

1100' FNL & 200' FEL, Surface
350' FNL & 330' FWL, Bottom
Section 34-T15S-R29E
Chaves County, New Mexico

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

Rustler	270'	San Andres	2585--Oil'	
Top of Salt	353'	Glorieta	4083'--Oil	
Base of Salt	973'	Yeso	4199'	
Yates	1149'--Oil	Tubb	5395'	
Seven Rivers	1299'--Oil	ABO	7767'	
Queen	1878'--Oil	Kick Off Point	7026'	
Penrose	2129'--Oil	Target Basal ABO Dolomite	6383--Oil'	7503' TVD
Grayburg	2272'--Oil	End of Lateral	12060	7580' TVD

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

Water: Approximately 200'

Oil or Gas: See above.

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13 3/8" and a 5000# BOP with a minimum opening of 11.0 opening on the 9 5/8" casing. A variance is requested for the use of a flex hose between the well head and manifold if Cactus Rig #124 is used to drill this well. Certification and specs are attached. Test will be conducted by an independent tester, utilizing a test plug in the well head. 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 on each segment of the system tested if test is done with a test plug and 30 minutes without a test plug. Blind rams and pipe rams will be tested to the rated pressure of the BOP. Any leaks will be repaired at the time of the test. Annular preventers will be tested to 50% of rated pressure. Accumulator system will be inspected for correct pre charge pressures, and proper functionality, prior to connection to the BOP system. 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.

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.

4. The proposed Casing and Cementing Program:

A. Casing Program: (All New)

HOLE SIZE	CASING SIZE	WT./FT.	GRADE	COUPLING	INTERVAL	LENGTH
17.5"	13.375"	48#	H-40/J-55	ST&C	0'-240'	240'
12.25"	9.625"	36#	J-55	LT&C	0'-2650'	2650'
8.75"	5.5"	17#	P-110	Buttress	0'-7767'	7767'
8.5"	5.5"	17#	P-110	Buttress	7767'-12060'	4293'

This well will be drilled vertically to 7026'. At 7026' the well will be kicked off and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 7767' MD (7503' TVD). Hole size will then be reduced to 8 1/2" and drilled to 12060' MD (7580' TVD) where 5 1/2" casing will be set and cemented 500' into intermediate casing in one stage. Penetration point of producing zone will be encountered at 1036' FNL & 664' FEL of section 34-15S-29E. The deepest TVD in well is 7580' in the lateral.

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

B. Cementing Program:

Surface casing from 0' to 240': TOC surface; 250 sack 50/50 Poz "C" with CaCl₂ 2% (WT 14.20 YLD 1.34 WTR. 6.20 gal/sack); Cement designed with 100% excess.

Intermediate Casing 0' to 2500': TOC surface. Lead in with 675 sack 35:65:6PzC (WT 12.50 YLD 2.00 WTR. 11.0 gal/sack). Tail in w/ 210 sack 50/50 Poz "C" + 2% CaCl₂ (Wt. 14.20 Yld.1.34 WTR. 6.20 gal/sack). Cement designed with 100% excess.

Production Casing will be done in three stages with DV Tools at 7100', and 4100':

Stage I 12060' to 2150': TOC 2150', Lead in with 827 sack 50/50Poz "C" + 2% CaCl₂ (Wt. 12.50 Yld. 2.00 Wtr 11 gal/sack). Tail in 875 sacks of Pecos Valley Lite with D112 fluid loss 0.4%, D151-Calcium Carbonate 22.5 lbs/sack, D174-Extender 2.5 lb/sack, D177-Retarder 0.01 lb/sack, D800-Retarder 0.6 lb/sack, D046-antifoam agent 0.15 lb/sack (Wt 13.00 Yld. 1.82 Wtr. 9.30 gal/sack). Cement designed with 35% excess.

5. Mud Program and Auxiliary Equipment:

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
0'-240'	Fresh Water	8.60-9.20	32-34	N/C
240'-2650'	Brine Water	10.00-10.20	28-29	N/C
2650'-12060'	Cut Brine	8.80-9.20	28-32	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. The slow pump speed will be recorded on the daily drilling report after mudding up. A mud test will be performed every 24 hours after mudding up to determine, as applicable, viscosity, gel strength, filtration and pH. After surface casing is set an electronic PVT system will be installed as our primary mud level monitoring system. A secondary system will also be implemented as to insure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand visually checking the fluid level in the pits periodically using a nut on the end of a rope hanging just above the fluid level in the pit.

6. EVALUATION PROGRAM:

Samples: 10' samples 2650 (intermediate casing) to TD.

Logging: Gamma-Ray/Neutron, 30 degree deviation to surface. Neutron Density, 30 degree deviation to intermediate casing. Laterolog, 30 degree deviation to intermediate casing. CMR, 30 degree deviation to intermediate casing. Horizontal-MWD-GR.

Coring: None Anticipated.

DST's: As warranted.

Mudlogger on from surface casing to TD.

H₂S is not anticipated.

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

Anticipated BHP:

From: 0	TO: 240'	Anticipated Max.	BHP: 115	PSI
From: 240'	TO: 2650'	Anticipated Max.	BHP: 1406	PSI
From: 2650'	TO: 7580'	Anticipated Max.	BHP: 3627	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

Maximum Bottom Hole Temperature: 120 F

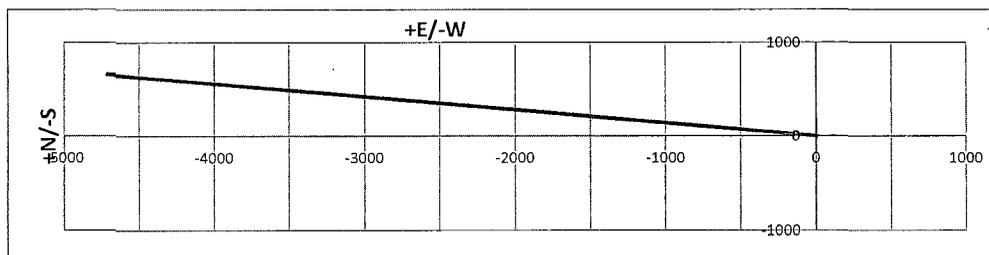
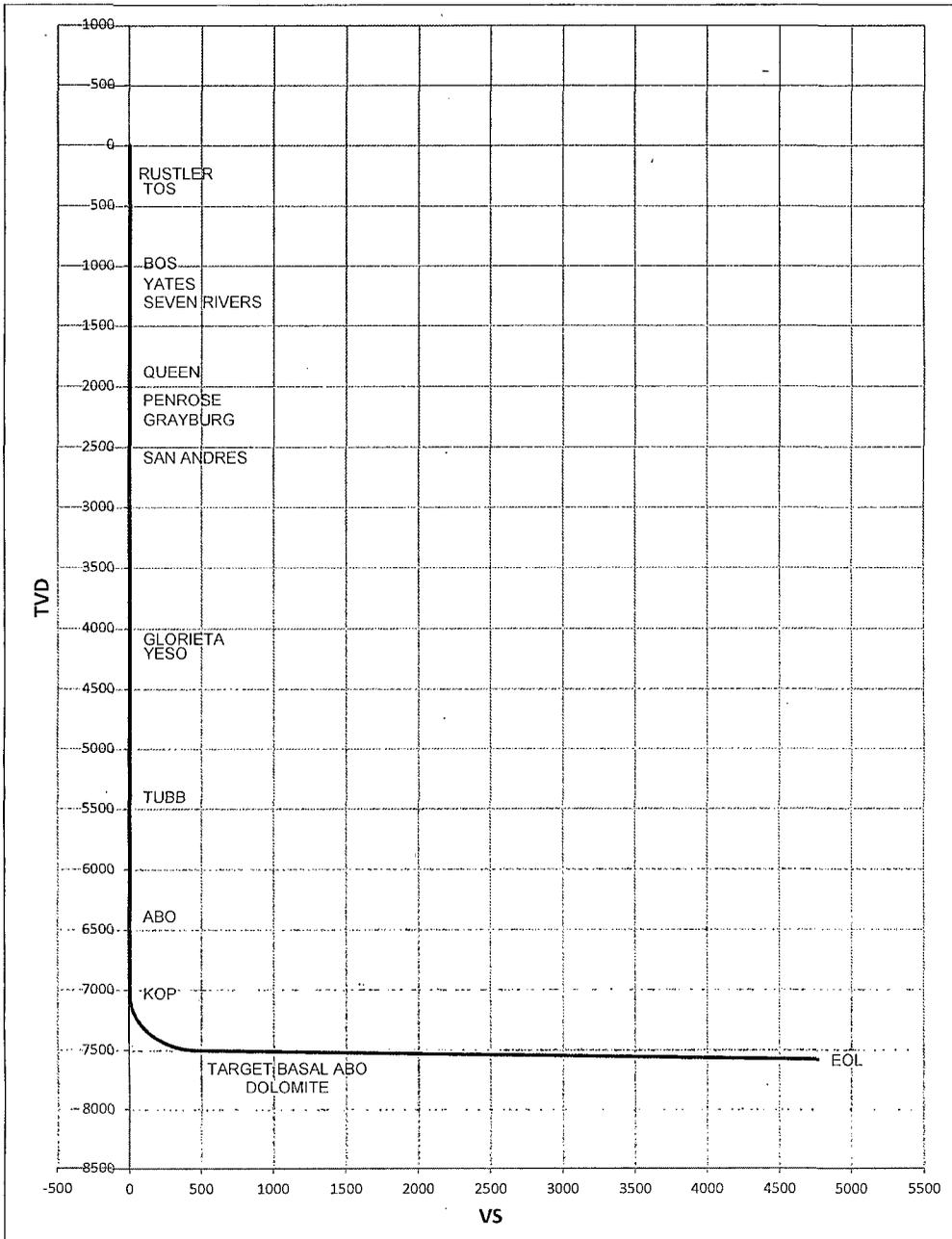
8. ANTICIPATED STARTING DATE:

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.

Well Name:	Federal CL #6H	Tgt N-S: 654.47	EOC TVD/MD: 7503.37 / 7767.46
Surface Location: Section 34 , Township 15S Range 29E		Tgt E-W: -4716.75	
Bottom Hole Location: Section 34 , Township 15S Range 29E		VS: 4761.94	EOL TVD/MD: 7580.00 / 12060.46
		VS Az: 277.90	

MD	Inc	AZI	TVD	N/S	E/W	VS	DLS	Comments
0	0	0	0	0	0	0	0	
270.00	0.00	0.00	270.00	0.00	0.00	0.00	0.00	RUSTLER
353.00	0.00	0.00	353.00	0.00	0.00	0.00	0.00	TOS
973.00	0.00	0.00	973.00	0.00	0.00	0.00	0.00	BOS
1149.00	0.00	0.00	1149.00	0.00	0.00	0.00	0.00	YATES
1299.00	0.00	0.00	1299.00	0.00	0.00	0.00	0.00	SEVEN RIVERS
1878.00	0.00	0.00	1878.00	0.00	0.00	0.00	0.00	QUEEN
2109.00	0.00	0.00	2109.00	0.00	0.00	0.00	0.00	PENROSE
2272.00	0.00	0.00	2272.00	0.00	0.00	0.00	0.00	GRAYBURG
2585.00	0.00	0.00	2585.00	0.00	0.00	0.00	0.00	SAN ANDRES
4083.00	0.00	0.00	4083.00	0.00	0.00	0.00	0.00	GLORIETA
4199.00	0.00	0.00	4199.00	0.00	0.00	0.00	0.00	YESO
5395.00	0.00	0.00	5395.00	0.00	0.00	0.00	0.00	TUBB
6383.00	0.00	0.00	6383.00	0.00	0.00	0.00	0.00	ABO
7025.98	0.00	0.00	7025.98	0.00	0.00	0.00	0.00	KOP
7050.00	2.88	277.90	7049.99	0.08	-0.60	0.60	12.00	
7075.00	5.88	277.90	7074.91	0.35	-2.49	2.51	12.00	
7100.00	8.88	277.90	7099.70	0.79	-5.67	5.73	12.00	
7125.00	11.88	277.90	7124.29	1.41	-10.13	10.23	12.00	
7150.00	14.88	277.90	7148.61	2.20	-15.86	16.02	12.00	
7175.00	17.88	277.90	7172.59	3.17	-22.85	23.07	12.00	
7200.00	20.88	277.90	7196.17	4.31	-31.06	31.36	12.00	
7225.00	23.88	277.90	7219.29	5.62	-40.49	40.88	12.00	
7250.00	26.88	277.90	7241.87	7.09	-51.11	51.60	12.00	
7275.00	29.88	277.90	7263.86	8.72	-62.88	63.48	12.00	
7300.00	32.88	277.90	7285.20	10.51	-75.77	76.50	12.00	
7325.00	35.88	277.90	7305.83	12.45	-89.75	90.61	12.00	
7350.00	38.88	277.90	7325.70	14.54	-104.78	105.79	12.00	
7375.00	41.88	277.90	7344.74	16.77	-120.83	121.98	12.00	
7400.00	44.88	277.90	7362.91	19.12	-137.83	139.15	12.00	
7425.00	47.88	277.90	7380.15	21.61	-155.76	157.25	12.00	
7450.00	50.88	277.90	7396.42	24.22	-174.55	176.22	12.00	
7475.00	53.88	277.90	7411.68	26.94	-194.16	196.02	12.00	
7500.00	56.88	277.90	7425.88	29.77	-214.54	216.60	12.00	
7525.00	59.88	277.90	7438.99	32.69	-235.63	237.88	12.00	
7550.00	62.88	277.90	7450.96	35.71	-257.36	259.83	12.00	
7575.00	65.88	277.90	7461.77	38.81	-279.69	282.37	12.00	
7600.00	68.88	277.90	7471.38	41.98	-302.54	305.44	12.00	
7625.00	71.88	277.90	7479.77	45.22	-325.86	328.99	12.00	
7650.00	74.88	277.90	7486.92	48.51	-349.59	352.94	12.00	
7675.00	77.88	277.90	7492.81	51.85	-373.65	377.23	12.00	
7700.00	80.88	277.90	7497.41	55.22	-397.99	401.80	12.00	
7725.00	83.88	277.90	7500.73	58.63	-422.53	426.58	12.00	
7750.00	86.88	277.90	7502.74	62.05	-447.21	451.50	12.00	
7767.46	88.98	277.90	7503.37	64.45	-464.49	468.94	12.00	TARGET BASAL ABO DOLOMITE
12060.46	88.98	277.90	7580.00	654.47	-4716.75	4761.94	0.00	EOL

Federal CL #6H





Midwest Hose & Specialty, Inc.

INTERNAL HYDROSTATIC TEST REPORT		
Customer: CACTUS DRILLING		Customer P.O. Number: ASSET#M10750 SO#7431
HOSE SPECIFICATIONS		
Type: CHOKE & KILL		Hose Length: 35'
I.D. 4 INCHES	O.D. 8 INCHES	
WORKING PRESSURE 10,000 PSI	TEST PRESSURE 15,000 PSI	BURST PRESSURE N/A PSI
COUPLINGS		
Part Number E4.0X64WB E4.0X64WB	Stem Lot Number 1Q11 LOT1 1Q11 LOT1	Ferrule Lot Number 1Q11 LOT1 1Q11 LOT1
Type of Coupling: Swage-It	Die Size:	
PROCEDURE		
<i>Hose assembly pressure tested with water at ambient temperature.</i>		
TIME HELD AT TEST PRESSURE 1		ACTUAL BURST PRESSURE: N/A PSI
Hose Assembly Serial Number: 74310	Hose Serial Number: M10750	
Comments:		
Date: 12/2/2010	Tested: <i>[Signature]</i>	Approved: Brent Burnett