Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR 30 2009
OCD-ARTESIA

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.

SUBMIT IN TRIPLICATE – Other instructions on page 2.

5. Lease Serial No.
NM-88136

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Corral Draw AQH Federal #4H

2 Name of Operator
Yates Petroleum Corporation 025575

9. API Well No.
30-015-35096

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
Pierce Crossing Bone Spring East

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
330' FSL and 990' FWL Surface Hole Location
330' FNL and 660' FWL Bottom Hole Location
Section 13, T24S-R29E

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

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change of name & location move.
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ 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 is changing the name for the captioned well from the Corral Draw AQH Federal #7 to the Corral Draw AQH Federal #4H. The bottom hole location will be changed from 990' FNL and 330' FWL to 330' FNL and 660' FWL. The surface hole location will be same as on our approved APD for the Corral Draw AQH Federal #7 dated July 28, 2006 being 330' FSL and 990' FWL.
Please note attached C-102 and the revised drilling plan and Multi Use Surface Use Plan.
Thank you.

COAs dated 7/20/07
still apply

14 I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)* Cy Cowan — Title Land Regulatory Agent

Signature — Date April 10, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by — Title Petroleum Engineer — Date APR 28 2009

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 CFO

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.

(Instructions on reverse)

YATES PETROLEUM CORPORATION
Corral Draw AQH Federal #4H
330' FSL and 990' FWL (Surface)
330' FNL and 660' FWL (Bottom Hole)
Section 13-T24S-R29E
Eddy County, New Mexico

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

Rustler	330'	Brushy Canyon MKR	6,700'
Top of Salt	450'	Bone Springs (Oil)	6,970'
Bottom of Salt	3,015'	Kick off @ 12°/100'	7,693'
Bell Canyon (Oil)	3,220'	Bone Springs 1 /SD/ (Oil)	8,086' (MD)
Cherry Canyon (Oil)	4,090'	TVD	8,170' (TVD)
Brushy Canyon (Oil)	5,360'	Bone Springs 1 PAY (Oil)	8,433' (MD)
		TD	12,587' (MD)

Well will be drilled vertically to 7,683'. At 7,683' well will be kicked off and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 12,587' MD (8,160' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 806' FSL and 956' FWL Section 4, T24S-R29E. Deepest TVD in the well is 8,160' in the lateral.

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

Water: 118'+
Oil or Gas: All potential zones

3. **Pressure Control Equipment:** A 3000 psi system will be nippled up and tested on 13 3/8" casing. BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors 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:

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	Thread	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0-500'	500'
11"	8 5/8"	32#	J-55	ST&C	0-100'	100'
11"	8 5/8"	24#	J-55	ST&C	100-2200'	2100'
11"	8 5/8"	32#	J-55	ST&C	2200-3200'	1000'
7 7/8"	5 1/2"	17#	HCP-110	LT&C	0-12587'	12587'

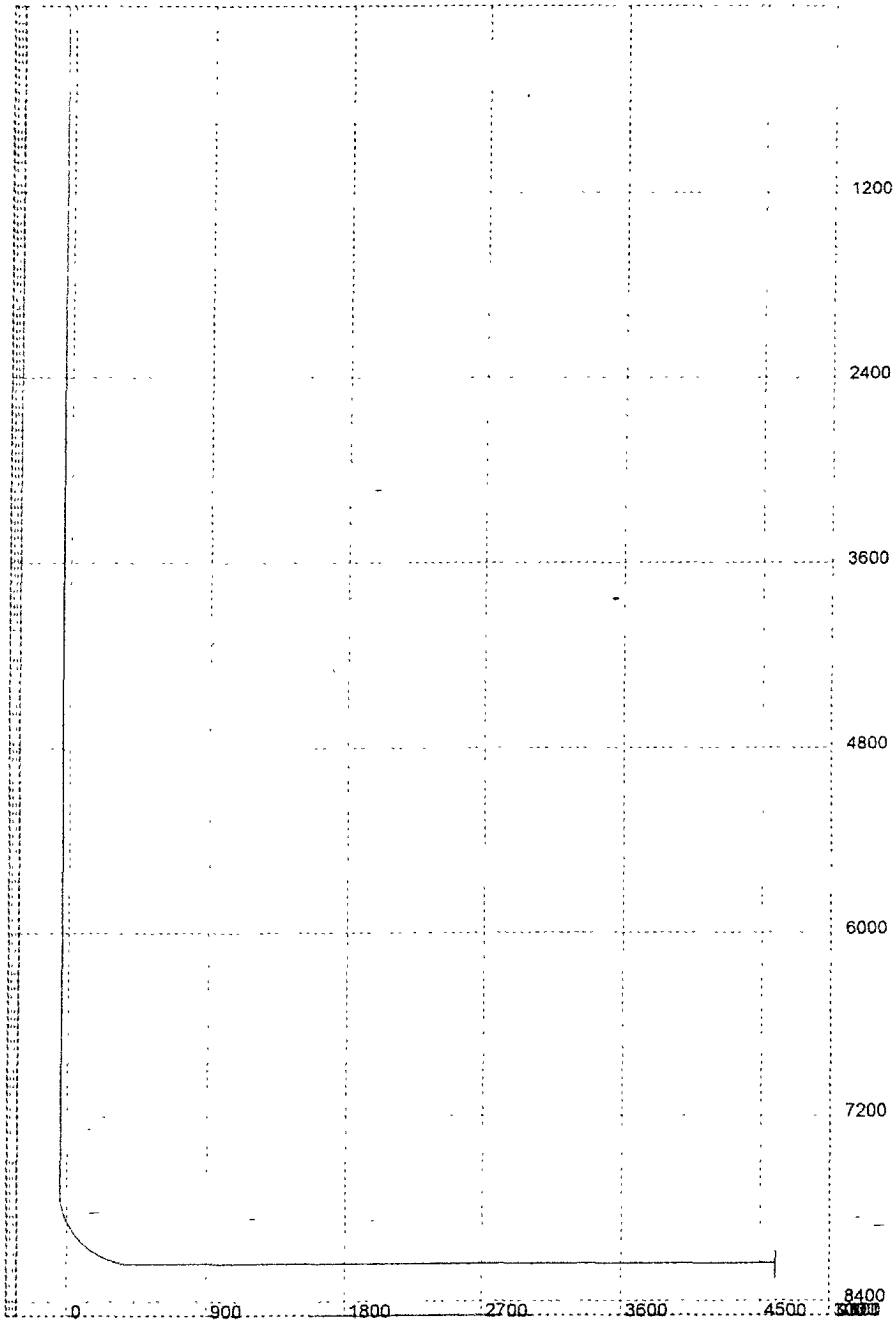
1. Minimum Casing Design Factors: Burst 1.0, Tensile Strength 1.8, Collapse 1.125
2. A 3,000 psi BOP will be nippled up on the13 3/8" casing and tested to 3000 psi.

M.D.	Inclination	Azimuth	T.V.D.	N+/S-	E+/W-	D.L.S.	ToolFace	T.F. Ref.[HS/GN]	
0	0	0	0	0	0	0			
330	0	0	330	0	0	0			RUSTLER
450	0	0	450	0	0	0			TOP OF SALT
3,015	0	0	3,015	0	0	0			BASE OF SALT
3,220	0	0	3,220	0	0	0			BELL CANYON
4,090	0	0	4,090	0	0	0			CHERRY CANYON
5,360	0	0	5,360	0	0	0			BRUSHY CANYON
6,700	0	0	6,700	0	0	0			BRUSHY CANYON MARKER
6,970	0	0	6,970	0	0	0			BONE SPRINGS
7683	0	0	7683	0	0	12	356	GN	KOP
7700	2.04	355.91	7700	0.3	-0.02	12	0	HS	
7725	5.04	355.91	7724.95	1.84	-0.13	12	0	HS	
7750	8.04	355.91	7749.78	4.68	-0.33	12	0	HS	
7775	11.04	355.91	7774.43	8.81	-0.63	12	360	HS	
7800	14.04	355.91	7798.83	14.23	-1.02	12	0	HS	
7825	17.04	355.91	7822.92	20.91	-1.49	12	0	HS	
7850	20.04	355.91	7846.62	28.84	-2.06	12	0	HS	
7875	23.04	355.91	7869.87	37.99	-2.71	12	360	HS	
7900	26.04	355.91	7892.61	48.35	-3.45	12	360	HS	
7925	29.04	355.91	7914.77	59.87	-4.28	12	0	HS	
7950	32.04	355.91	7936.3	72.54	-5.18	12	360	HS	
7975	35.04	355.91	7957.14	86.32	-6.17	12	0	HS	
8000	38.04	355.91	7977.22	101.16	-7.23	12	0	HS	
8025	41.04	355.91	7996.5	117.04	-8.36	12	360	HS	
8050	44.04	355.91	8014.91	133.9	-9.56	12	0	HS	
8075	47.04	355.91	8032.42	151.69	-10.84	12	0	HS	
8086.5	48.42	355.91	8040.16	160.18	-11.44	12	360	HS	1ST BONE SPRINGS
8100	50.04	355.91	8048.97	170.38	-12.17	12	360	HS	
8125	53.04	355.91	8064.52	189.9	-13.56	12	360	HS	
8150	56.04	355.91	8079.02	210.21	-15.02	12	360	HS	
8175	59.04	355.91	8092.44	231.25	-16.52	12	360	HS	
8200	62.04	355.91	8104.73	252.96	-18.07	12	360	HS	
8225	65.04	355.91	8115.87	275.28	-19.66	12	0	HS	
8250	68.04	355.91	8125.82	298.15	-21.3	12	360	HS	
8275	71.04	355.91	8134.56	321.51	-22.97	12	360	HS	
8300	74.04	355.91	8142.08	345.3	-24.66	12	0	HS	
8325	77.04	355.91	8148.3	369.44	-26.39	12	0	HS	
8350	80.04	355.91	8153.27	393.88	-28.13	12	360	HS	
8375	83.04	355.91	8156.95	418.54	-29.9	12	0	HS	
8400	86.04	355.91	8159.33	443.36	-31.67	12	0	HS	
8425	89.04	355.91	8160.4	468.27	-33.45	12	360	HS	
8433.05	90.01	355.91	8160.46	476.31	-34.02	0			1ST BONE SPRINGS PAY
12587.31	90.01	355.91	8160	4620	-330	0			LATERAL TD

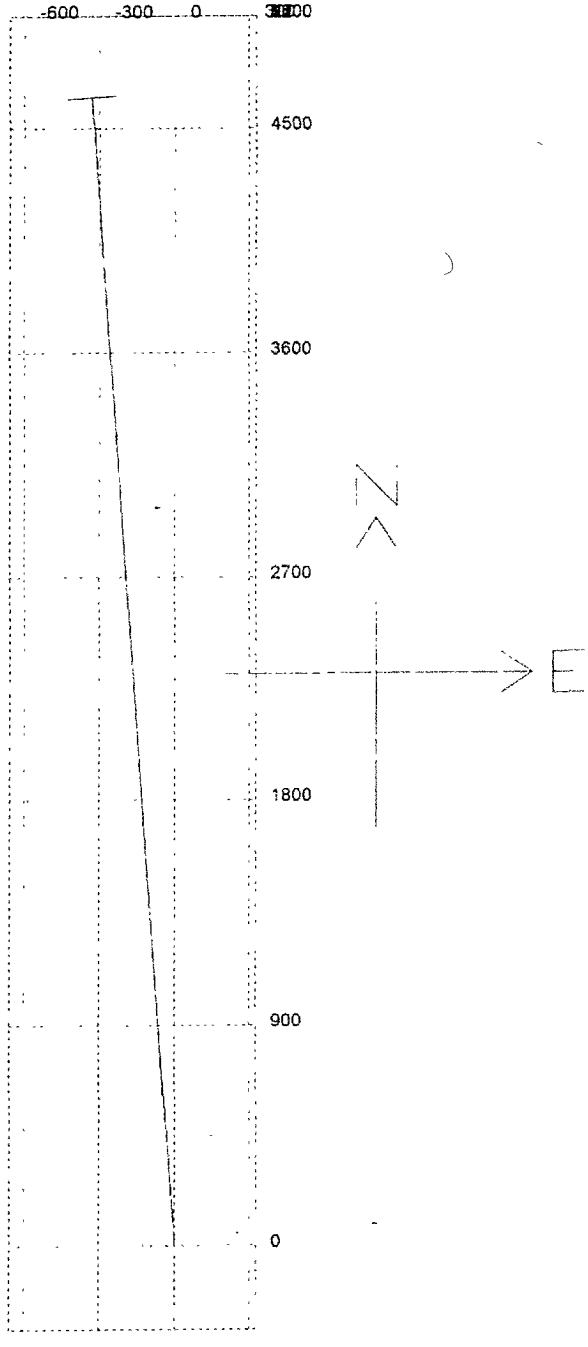
Well will be drilled vertically to 7683' At 7683' well will be kicked off and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 12,587' MD (8,160' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 806' FSL and 956' FWL Section 4-24S-29E. Deepest TVD in the well is 8160' in the lateral.

3D irectional Drilling Planner - 3D \ N

ompany: **Yates Petroleum Corporation**
/ell: **Corral Draw AQH Federal #4H**



Company: **Yates Petroleum Corporation**
Well: **Corral Draw AQH Federal #4H**



B. Cementing Program:

Surface Casing: Cement with 225 sx C Lite (WT 12.6 YLD 1.98). Tail in with 200 sx class "C" w/$CaCl_2$ (WT 14.8 YLD 1.36) TOC-Surface

Intermediate Casing: 625 sx C Lite (Wt 12.4 YLD 2.18). Tail in with 200 sx class "C" w/$CaCl_2$ (WT 14.80 YLD 1.31) TOC - surface.

Production Casing: Stage 1--955 sx PecosVILt (WT 13.0 Yld 1.85). TOC - 7500'.
Stage 2—725 sx LiteCrete (WT 9.90 YLD 2.34). Tail in 100 sx H (Wt 15.6 YLD 1.18). TOC - 4150.
Stage 3—555 sx LiteCrete (WT 9.90 YLD 2.34). Tail in 100 sx H (Wt 15.6 YLD 1.18). TOC - surface.

DV tools will be placed at approximately 7500' and 4150' on production casing, production casing will be cemented in three stages.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
0-500'	Fresh Water	8.6-9.2	29-32	N/C
500'-3200'	Brine Water	10.0-10.20	28-28	N/C
3200'-7683'	Cut Brine	8.9-9.1	28-29	N/C
7683'-12587'	Cut Brine (lateral section)	8.9-9.1	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. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM:

Samples: 30' samples to 3000; Samples from 3000' to TD
Logging: Platform HALS,CMR
Coring: None anticipated.
DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE AND POTENTAL HAZARDS:

Anticipated BHP:

From: 0 TO 500'	Anticipated Max. BHP:	240	PSI
From: 500' TO 3200'	Anticipated Max. BHP:	1700	PSI
From: 3200' TO 8160'	Anticipated Max. BHP.	3865	PSI

Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None
H_2S Zones Anticipated: None
Maximum Bottom Hole Temperature: 152° F

8. ANTICIPATED STARTING DATE:

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Corral Draw AQH Federal #4H
330' FSL and 990' FWL (Surface)
330' FNL and 660' FWL (Bottom Hole)
Section 13-T24S-R29E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 36 miles east of Malaga, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Carlsbad on Highway 62-180 to State Road 31. Turn south on 31 and go to Highway 128 (Jal Highway). Turn left on Hwy 128 and go approximately 4 miles to Rawhide Road (CR-793) Mississippi Potash Mine Shaft #5 is here. Turn south here on CR-793 and go approximately 3.4 miles. Follow County road to the left and go east for approx. .2 of a mile. Turn south on county road and follow it for approx. 5.4 miles. Turn west on lease road and go approx. .5 of a mile to Bass' Poker Lake Unit #215 well location. The new road will start here going west for approx. 1.1 of a mile to the southeast corner of the proposed well location.

2. PLANNED ACCESS ROAD:

A. The proposed new access will be approximately 1.1 of a mile in length going west to the southeast corner of the drilling pad. The road will lie in a westerly direction.
B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
C. The new road will be bladed with drainage on both sides. One traffic turnout may be needed.
D. The route of the road is visible.
E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL

A. There is no drilling activity within a one-mile radius of the well site.
B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. There are production facilities on this lease at the present time.
B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-

contained unit will be used to provide the necessary power until electric power can be brought in if needed. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will acquire any materials from the closest source at the time of construction of the road and pad and will obtain any permits that may be required.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. A closed loop system will be used to drill this well.
B. The closed loop sytem will be constructed, maintained, and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division – the "Pit Rule" 19.15.17 NMAC.
C. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
D. Oil produced during operations will be stored in tanks until sold.
E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
F. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

A. Exhibit C shows the relative location and dimensions of the well pad and the location of the drilling equipment, rig orientation and access road approach.
B. The closed loop sytem will be constructed, maintained and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division—the "Pit Rule" 19.15.17 NMAC. Form C-144 attached.
C. A 600' x 600' area has been staked and flagged.

10. PLANS FOR RESTORATION

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will

be accomplished as expeditiously as possible.

11. SURFACE OWNERSHIP:

Federal lands administered by the Bureau of Land Management, Carlsbad, NM.

12. OTHER INFORMATION:

A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, and dwellings, historical and cultural sites.
B. The primary surface use is for grazing.

(Exhibits Attached)
Exhibit A Topographic Map and Road Plat
Exhibit B BOP Schematic
Exhibit C Location Layout
Exhibit C-1 Closed Loop System Diagram
Exhibit D One Mile Radius