

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Operator Copy

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010**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.*HOBBS OGD  
File Serial No.  
NMNM108476

NOV 08 2012

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA/Agreement, Name and/or No. RIDER BRQ FEDERAL COM 2H
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575.748.1471	9. API Well No. 30-025-40558-00-X1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 13 T25S R34E SWSW 330FSL 660FWL		10. Field and Pool, or Exploratory FAIRVIEW MILLS Bone Spring
		11. County or Parish, and State LEA COUNTY, NM

**12. CHECK 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 checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<input checked="" type="checkbox"/> Change to Original APD
	<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 recompleat 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/BLA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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 would like to request a change in the bottom hole location from 330' FSL and 660' FWL to 330' FNL and 660' FWL. This move will change the TD to 14161', and the TVD to 9770', and the production cement has changed (details in the attached documents). Yates also requests a change in the well name from the Rider BRQ Federal #2H to the Rider BRQ Federal Com #2H.

OPER. OGRID NO. 25575  
PROPERTY NO. 39205  
POOL CODE 96340  
EFF. DATE 11/01/12  
API NO. 30-025-40558

**SUBJECT TO LIKE  
APPROVAL BY STATE***Communitization Agreement Required*

14. I hereby certify that the foregoing is true and correct. Electronic Submission #156622 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 11/01/2012 (13KMS1382SE)	
Name (Printed/Typed) TRAVIS HAHN	Title LAND REGULATORY AGENT
Signature (Electronic Submission)	Date 10/26/2012

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <u>CHRISTOPHER WALLS</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>11/07/2012</u>
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 <u>Hobbs</u>

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

NOV 08 2012

HOBBS OGD

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DISTRICT I  
1628 N. French Dr., Hobbs, NM 88240  
Phone (505) 898-0181 Fax (505) 898-0720

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210  
Phone (505) 746-1253 Fax (505) 746-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-8178 Fax (505) 334-8170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-8460 Fax (505) 478-8462

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

RECEIVED  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-40558</b>	Pool Code <b>96340</b>	Well Name <b>Fairview Mills Bone Spring</b> <i>Waterflooded / Another name</i>
Property Code <b>39205</b>	Property Name <b>RIDER "BRQ" FEDERAL COM</b>	Well Number <b>2H</b>
UGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORP.</b>	Elevation <b>3364'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	13	25 S	34 E		330	SOUTH	660	WEST	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
D	13	25 S	34 E		330	NORTH	660	WEST	EDDY

Dedicated Acres <b>16.0</b>	Joint or Infill	Consolidation Code	Order No.
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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><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°08'12.53" Long - W 103°25'48.24" NMSPC - N 414680.693 E 820927.696 (NAD-83)</p> <p><b>SURFACE LOCATION</b> Lat - N 32°07'26.82" Long - W 103°25'48.26" NMSPC - N 410062.075 E 820964.711 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b> 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 undivided 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.</p> <p>Signature <u>[Signature]</u> Date <u>11/28/12</u></p> <p>Printed Name <u>Thomas Huber</u></p> <p>Email Address <u>thomas.huber@yatespetroleum.com</u></p>
	<p><b>SURVEYOR CERTIFICATION</b> 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.</p> <p>Date Surveyed <u>NOVEMBER 04, 2011</u></p> <p>Signature &amp; Seal of Professional Surveyor <u>[Signature]</u></p> <p>Certificate No. <u>Gary L. Jones 7977</u></p> <p>BASIN SURVEYS 25732</p>

\* Amended ECG 11-8-2012

# YATES PETROLEUM CORPORATION

Rider BRQ Federal Com #2H  
330' FSL & 660' FWL, Surface Hole  
660' FSL & 330' FEL, Bottom Hole  
Section 13 -T25S-R34E  
Lea County, New Mexico

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

Rustler	870'	Brushy Canyon Marker	9,245'
Top of Salt	990'	Bone Springs	9,337' Oil
Base of Salt	4,630'	Target Avalon Shale	10,018' Oil
Bell Canyon	5,400' Oil	TD	14,161'
Cherry Canyon	6,375' Oil		
Brushy Canyon	8,010' Oil		

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

Water: Approx. 0' - 900'

Oil or Gas: Oil Zones: 5,400', 6,375', 8,010', 9,337', 10,053'

## 3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.375 casing and also on the 9.625" 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 attachment.

## 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)

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	J-55 or H-40	ST&C	0-900'	800'
12 1/4"	9 5/8"	40#	HCK-55	LT&C	0-100'	100'
12 1/4"	9 5/8"	36#	J-55	LT&C	100'- 4200'	4100'
12 1/4"	9 5/8"	40#	HCK-55	LT&C	4200 - 4700'	500'
8 3/4"	5 1/2"	20#	L-80	LT&C	0 - 9299'	9299'
8 1/4"	5 1/2"	20#	L-80 Butress Thread		9299' - 13878'	4579'

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

B. CEMENTING PROGRAM:

Surface Casing: 486 sacks of Class C POZ 35:65:6 (YLD 2.00 WT.12.50). Tail in with 200 sacks of Class C + 2% CaCl<sub>2</sub> (WT 14.80, YLD 1.34). Designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 1550 sacks of Class C POZ 35:65:6 (YLD 2.00 WT 12.50). Tail in with 200 sacks of Class C + 2% CaCl<sub>2</sub> (YLD 1.34 WT. 14.80). Designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in three stages.

Stage 1 from 9299'-14161'; cement with 1176 sacks of Pecos Valley Lite (YLD 1.41 WT. 13.00). 30%CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 35% excess. TOC-9299'

Stage 2 from 4900'-9299'; Lead with 600 sacks of Class C POZ 35:65:6 (YLD 2.00 WT 12.50). Tail with 200 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO<sub>3</sub>, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Designed with 35% excess.

Well will be drilled vertically depth to 9270'. Well will be kicked off at approximately 9299' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 10018' MD (9748' TVD). If hole conditions dictate, 7" casing will be set and cemented. A 6" hole will then be drilled to 14161' MD (9770' TVD) and 4 1/2" casing will be set from TD to surface. If 7" is not set then hole will then be reduced to 8 1/2" and drilled to 14161' MD (9770' TVD) where 5 1/2" casing will be set and cemented to 4200' in two stages. A DV cementer tool will be set at 9299'. Penetration point of producing zone will be encountered at 805' FSL & 656' FWL, Section 13-25S-34E. Deepest TVD is 9770' in the lateral. NO PILOT HOLE.

6. Mud Program and Auxiliary Equipment:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1000'	Fresh Water Gel	8.8-9.2	32-34	N/C
1000'-5400'	Brine Water	10.0-10.20	28-28	N/C
5400'-10018'	Cut Brine	8.8-9.0	28-30	N/C
10018'-14161'	Cut Brine (Lateral Section)	9.0-9.2	30-32	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. Mud will be checked hourly by rig personnel.

7. EVALUATION PROGRAM:

Samples: 30' Samples to 4700', 10' samples from 4700' to TD

Coring: TBD.

DST's: TBD.

Mudlogging: Yes, from surface casing.

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

Anticipated BHP:

From: 0 TO 1000'	Anticipated Max. BHP:	478	PSI
From: 1000' TO 5400'	Anticipated Max. BHP:	2864	PSI
From: 5400' TO 9770'	Anticipated Max. BHP	4679	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.

# Operator Co.

# Your Co.

Survey/Planning Report									
Operator	Yates Petroleum Corp.			Northing			Date	25-Oct-12	
Dir. Co.	Yates Petroleum Corp.			Easting			System	2 - St. Plane	
Well Name	Rider #2H Survey			Elevation			Datum	1983 - NAD83	
Location	Sec. 13, 25S-34E			Latitude			Zone	4302 - Utah Central	
Rig				Longitude			Scale Fac.		
Job				Units	Feet		Converg.		
MD	INC	AZI	TVD	+N/S	+E/W	VS@359.54°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
870.00	0.00	360.00	870.00	0.00	0.00	0.00	0.00	0.00	0.00
870: RUSTLER, 870'									
990.00	0.00	360.00	990.00	0.00	0.00	0.00	0.00	0.00	0.00
990: TOS, 990'									
4630.00	0.00	360.00	4630.00	0.00	0.00	0.00	0.00	0.00	0.00
4630: BOS, 4630'									
5400.00	0.00	360.00	5400.00	0.00	0.00	0.00	0.00	0.00	0.00
5400: BELL CANYON, 5400'									
6375.00	0.00	360.00	6375.00	0.01	0.00	0.01	0.00	0.00	0.00
6375: CHERRY CANYON, 6375'									
8010.00	0.00	360.00	8010.00	0.01	0.00	0.01	0.00	0.00	0.00
8010: BRUSHY CANYON, 8010'									
9245.00	0.00	360.00	9245.00	0.01	0.00	0.01	0.00	0.00	0.00
9245: BRUSHY CANYON MKR, 9245'									
9270.12	0.00	359.54	9270.12	0.01	0.00	0.01	0.00	0.00	0.00
9270.12: KOP, 9270'									
9300.00	3.59	359.54	9299.98	0.94	-0.01	0.94	12.00	0.00	12.00
9337.22	8.05	359.54	9337.00	4.71	-0.04	4.71	12.00	0.00	12.00
9337.22: BONE SPRING, 9337'									
9400.00	15.58	359.54	9398.40	17.56	-0.14	17.56	12.00	0.00	12.00
9500.00	27.58	359.54	9491.22	54.28	-0.43	54.28	12.00	0.00	12.00
9600.00	39.58	359.54	9574.38	109.50	-0.88	109.50	12.00	0.00	12.00
9700.00	51.59	359.54	9644.23	180.79	-1.45	180.80	12.00	0.00	12.00
9800.00	63.59	359.54	9697.74	265.05	-2.12	265.06	12.00	0.00	12.00
9900.00	75.59	359.54	9732.56	358.60	-2.87	358.61	12.00	0.00	12.00
10000.00	87.59	359.54	9747.16	457.34	-3.67	457.35	12.00	0.00	12.00
10017.54	89.69	359.54	9747.58	474.87	-3.81	474.89	12.00	0.00	12.00
10017.54: TARGET AVALON, 10018' MD (9748' TVD)									
14161.49	89.69	359.54	9770.01	4618.63	-37.02	4618.78	0.00	0.00	0.00
14161.49: LATERAL TD, 14161' MD (9770' TVD)									



