

ATS -10-411

300-HOBBS RECEIVED

JUN 09 2010  
HOBBSOCD

Form 3160-3  
(August 2007)

FORM APPROVED  
OMB NO 1004-0137  
Expires: July 31, 2010

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No NM 104706
1b Type of Well. <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2 Name of Operator Yates Petroleum Corporation <025575>		7 If Unit or CA Agreement, Name and No. N/A
3a Address 105 South Fourth Street, Artesia, NM 88210	3b Phone No (include area code) 505-748-1471	8 Lease Name and Well No Renegade "BPG" Federal #1H
4 Location of well (Report location clearly and in accordance with any State requirements *) At surface 660' FNL & 330' FWL, Sec. 18-26S-35E, Surface Unit D At proposed prod. zone 660' FNL & 2310' FWL, Sec. 17-26S-35E Unit C		9. API Well No. 30-025-39768
14 Distance in miles and direction from the nearest town or post office* APPROXIMATELY 70 MILES EAST OF CARLSBAD, NM		10. Field and Pool, or Exploratory WILDCAT BONE SPRING
15 Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)		11. Sec, T, R., M, or Blk And Survey or Area Sections 17 & 18-T26S-R35E
16. No. of acres in lease	17. Spacing Unit dedicated to this well N2NM4 Section 18-26S-35E	12 County or Parish Lea
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. None	19. Proposed Depth 10780	13. State NM
20. BLM/ BIA Bond No on file NATIONWIDE BOND #NMB000434	21 Elevations (Show whether DF, KDB, RT, GL, etc ) 3261' GL	22. Aproximate date work will start* ASAP
23. Estimated duration 45 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   | 4 Bond to cover the operations unless covered by existing bond on file(see item 20 above). |
| 2 b  | 5 Operator certification   |
| 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) | 6 Such other site specific information and/ or plans as may be required by the BLM         |

25 Signature Clifton May	Name (Printed/ Typed) Clifton May	Date 4/6/2010
Title Land Regulatory Agent		
Approved By (Signature) /s/ Don Peterson	Name (Printed/ Typed) Clifton May	Date JUN 07 2010
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 cc 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

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Approval Subject to General Requirements  
& Special Stipulations Attached

JUN 09 2010

Revised October 15, 2009

1220 S. St. Francis Dr., Santa Fe, NM 87505

# HOBBSOCC

Submit one copy to appropriate  
District Office

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

**□ AMENDED REPORT**

# WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3D-025-39768		Pool Code 96035	Pool Name WILDCAT BONE SPRING
Property Code 38193	Property Name RENEGADE "BPG" FEDERAL		Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.		Elevation 3261'

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	26 S	35 E		660	NORTH	330	WEST	LEA

## 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
C	17	26 S	35 E		660	NORTH	2310	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
200			

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

The diagram illustrates a wellbore profile with the following details:

- Penetration Point:** Indicated by a point labeled "SK" at a depth of 3259.9' from the surface. The wellbore continues to a depth of 3257.1'.
- Project Area:** The section of the wellbore between the penetration point and the producing zone.
- Producing Zone:** The section of the wellbore from 3257.1' to the proposed bottom hole location at 3230.8'.
- Dimensions:**
  - Surface to Penetration Point: 3259.9' - 3257.1' = 2.8'
  - Project Area Length: 7,290.5'
  - Producing Zone Length: 3257.1' - 3230.8' = 26.3'
- Surface Location (Section 18):**
  - Lat - N 32°02'55.67"
  - Long - W 103°24'50.61"
  - NMSPCE - N 382702.976
  - E 826156.049
  - (NAD-83)
- Proposed Bottom Hole Location (Section 17):**
  - Lat - N 32°02'55.50"
  - Long - W 103°23'25.91"
  - NMSPCE - N 382748.213
  - E 833446.371
  - (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 has a 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.

Signature Clifton May 4/6/2010 Date

CLIFTON MAY

Printed Name

### 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  
 7977  
 NO. 225  
 Certificate No. Gary L. Jones 7977

## BASIN SURVEYS

OPERATOR: Please do not report production under this pool code until you have checked with the OCD District I Geologist Paul Kautz, and he confirms where your perfs are producing from and gives you the correct pool code.

YATES PETROLEUM CORPORATION  
Renegade PBG Federal #1H  
660' FNL and 330' FWL, Sec. 18-26S-35E, Surface Hole Location  
660' FNL & 2310' FWL, Sec. 17-26S-35E, Bottom Hole Location  
Lea County, New Mexico

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

Rustler	1047'	Bone Spring	9270'-Oil
Castille	3660'	Avalon Shale	9300'-Oil
Base Salt	4220'	Target Shale	9400'-Oil
Bell Canyon	5379'-Oil	First Bone Spring	10580'-Oil
Cherry Canyon	6350'-Oil	TMD (Lateral)	16455'
Brushy Canyon	7880'-Oil	TVD (Pilot Hole)	10780'
2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:  
Water: 170'  
Oil or Gas: Oil Zones: 5379', 6350', 7880', 9270', 9300', 9400', & 10580'.
3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" and the 9 5/8" casing and rated for 3000# BOP System. Pressure 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.
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 casing to be used

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	ST&C	0-1100'	1100'
12 1/4"	9 5/8"	40#	J-55	ST&C	0-100'	100'
12 1/4"	9 5/8"	36#	J-55	ST&C	100'-3200'	3100'
12 1/4"	9 5/8"	40#	J-55	ST&C	3200'-4200'	1000'
12 1/4"	9 5/8"	40#	HCK-55	LT&C	4200'-5400'	1200'
8 3/4"	5.5"	17#	HCP- 110	LT&C	0'-16455' MD	16455'

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

B. CEMENTING PROGRAM:

Surface Casing: Lead with 800 sacks Class C Lite (Yld 1.34Wt. 14.80). TOC surface.

Intermediate Casing: Lead with 1575 sacks C Lite (Yld 2.00 Wt 12.50). Tail in with 200 sacks Class C (YLD 1.34 WT 14.80 YLD). TOC surface

Production Casing: Stage One: Cement with 2525 sacks Pecos Valley Lite (Yld 1.41 Wt 13.00). TOC 8800'. DV Tool set approximately 8800'.

Stage Two: Lead with 725 sacks Pecos Valley Lite (Yld 1.41 Wt 13.00). TOC 6800'. DV Tool 6800'

Stage Three: lead with 300 sacks Lite Crete (Yld 2.66 Wt. 9.90), tail in with 100 sacks Pecos Valley Lite (Yld 1.41 Wt. 13.00). TOC 4900'.

Pilot hole drilled vertically to 10780'. Well will be plugged back with 200' isolation plug and 400'-500' kick off plug, then kicked off at approx. 8923' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 9673' MD (9400' TVD). Hole size will then reduced to 8 1/2" and drilled to 16455' MD (9400' VD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 660' FNL & 807' FWL, 18-26S-35E. Deepest TVD in the well is 10780' in the pilot hole. Deepest TVD in the lateral will be 9400'.

#### 6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-1100'	Fresh Water Gel	8.60-9.20	35-40	N/C
1100'-5400'	Brine Water	10.00-10.20	28	N/C
5400'-10780'	Cut Brine (Pilot Hole)	8.90-9.10	28-29	N/C
8323'-16455'	Cut Brine(Lateral Section)	8.80-9.20	28-32	<12

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. Rig personnel will check mud hourly.

#### 7. EVALUATION PROGRAM: *See CDA*

Samples: Thirty foot samples to 3000'. Every 10' from 3000' to TD  
 Logging: Platform Hals; CMR; dipole sonic for stress field  
 Coring: None anticipated  
 DST's: None Anticipated  
 Mudlogging: From surface casing

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

Maximum Anticipated BHP:

0'-1100'	526 PSI
1100'-5400'	2864 PSI
5400'-10780'	5101 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 150 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 20 days.

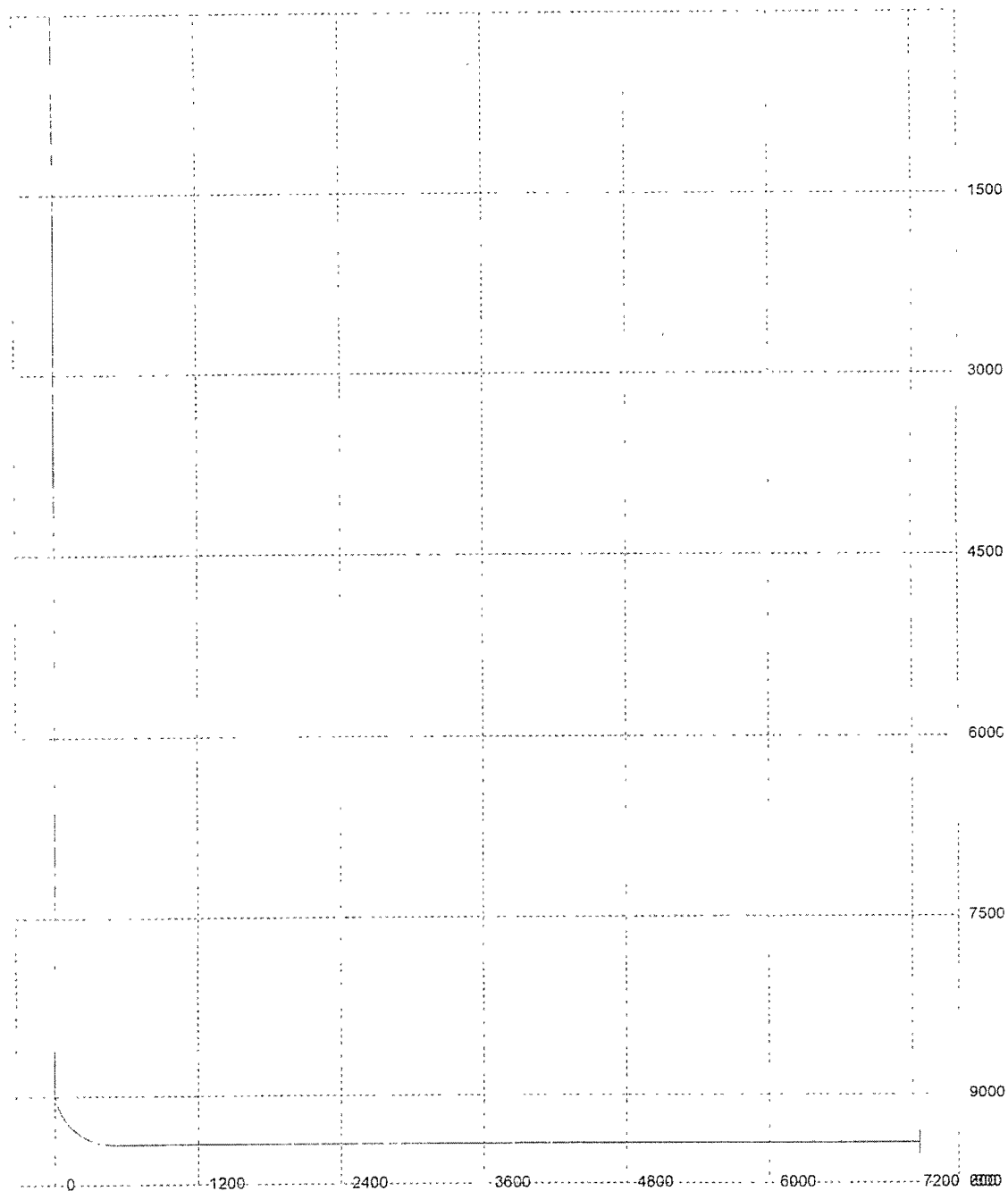
M.D.	Inclination	Azimuth	T.V.D.	N+/S-	E+/W-	D.L'S	ToolFace	T.F. Ref. (HS/GN)	
0	0	0	0	0	0	0			
1,047	0	0	1,047						RUSTLER
3,660	0	0	3,660						CASTILLE
4,220	0	0	4,220						BASE OF SALT
5,379	0	0	5,379						BELL CANYON
6,350	0	0	6,350						CHERRY CANYON
7,880	0	0	7,880						BRUSHY CANYON
8923	0	0	8923	0	0	12	90	GN	KOP
8925	0.24	90	8925	0	0	12	0	HS	
8950	3.24	90	8949.99	0	0.76	12	0	HS	
8975	6.24	90	8974.9	0	2.83	12	0	HS	
9000	9.24	90	8999.67	0	6.2	12	0	HS	
9025	12.24	90	9024.23	0	10.85	12	0	HS	
9050	15.24	90	9048.51	0	16.79	12	0	HS	
9075	18.24	90	9072.45	0	23.99	12	0	HS	
9100	21.24	90	9095.97	0	32.43	12	0	HS	
9125	24.24	90	9119.03	0	42.1	12	0	HS	
9150	27.24	90	9141.54	0	52.95	12	0	HS	
9175	30.24	90	9163.46	0	64.97	12	0	HS	
9200	33.24	90	9184.72	0	78.12	12	0	HS	
9225	36.24	90	9205.26	0	92.37	12	0	HS	
9250	39.24	90	9225.03	0	107.67	12	0	HS	
9275	42.24	90	9243.97	0	123.98	12	0	HS	
9300	45.24	90	9262.03	0	141.26	12	0	HS	
9312	46.68	90	9270.37	0	149.89	12	0	HS	BONE SPRINGS
9325	48.24	90	9279.16	0	159.47	12	0	HS	
9350	51.24	90	9295.31	0	178.54	12	0	HS	
9358	52.2	90	9300.27	0	184.82	12	0	HS	AVALON SHALE
9375	54.24	90	9310.45	0	198.44	12	0	HS	
9400	57.24	90	9324.52	0	219.1	12	0	HS	
9425	60.24	90	9337.49	0	240.47	12	0	HS	
9450	63.24	90	9349.33	0	262.49	12	0	HS	
9475	66.24	90	9359.99	0	285.09	12	0	HS	
9500	69.24	90	9369.46	0	308.23	12	0	HS	
9525	72.24	90	9377.71	0	331.83	12	0	HS	
9550	75.24	90	9384.71	0	355.82	12	0	HS	
9575	78.24	90	9390.44	0	380.15	12	0	HS	
9600	81.24	90	9394.89	0	404.75	12	0	HS	
9625	84.24	90	9398.05	0	429.55	12	0	HS	
9650	87.24	90	9399.91	0	454.48	12	0	HS	
9673.03	90	90	9400.46	0	477.49	12	0	HS	TARGET SHALE
16455.53	90	90	9400	0	7260	0			LATERAL TD

Pilot hole drilled to 10,780'. Well plugged back with 200' isolation plug and 400'-500' kick off plug, then kicked off at approx. 8923' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 9673' MD (9400' TVD). Hole size will then be reduced to 8 1/2" and drilled to 16,455' MD (9400' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 660' FNL and 807' FWL, 18-26S-35E. Deepest TVD in the well is 10,780' in the pilot hole. Deepest TVD in the lateral will be 9400'.

### 3D<sup>3</sup> Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation

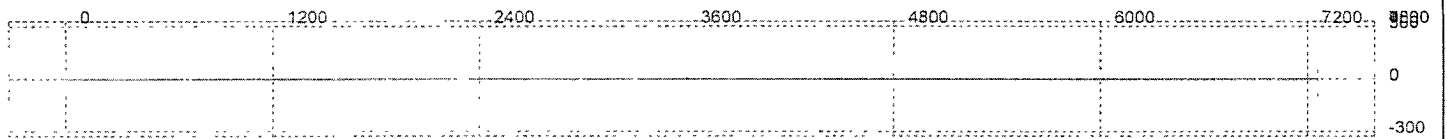
Well: Renegade BPG Federal #1H

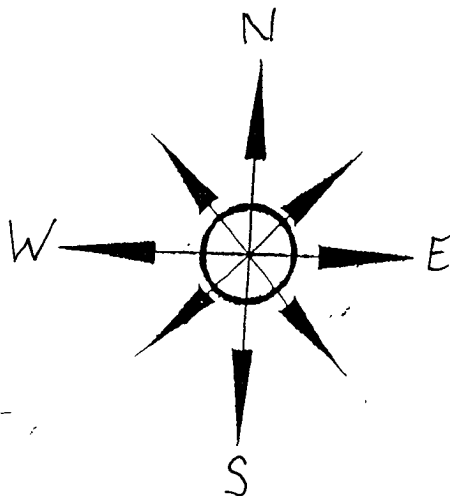


### 3D<sup>3</sup> Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation

Well: Renegade BPG Federal #1H



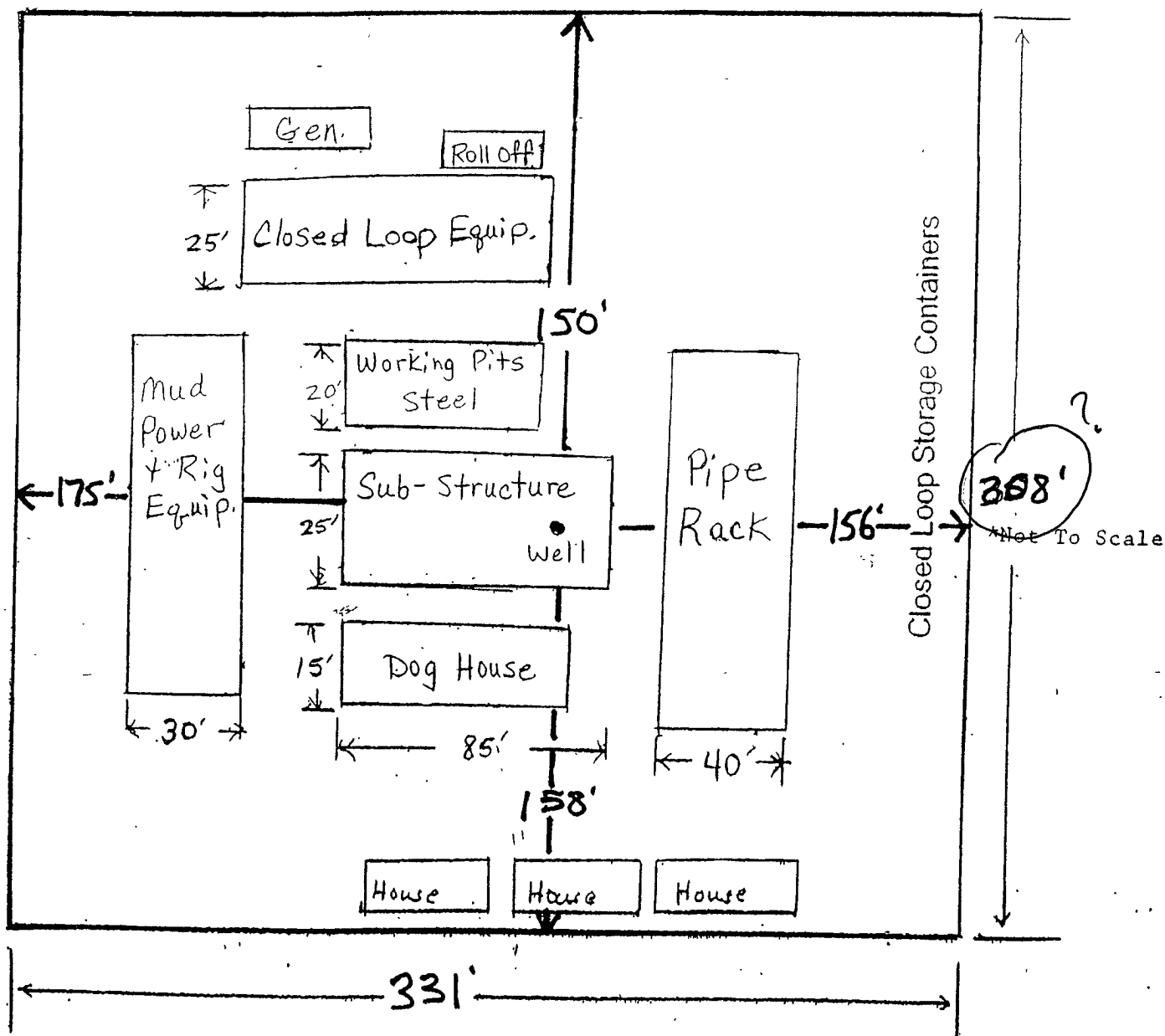


# Yates Petroleum Corporation

Location Layout for Permian Basin

## Closed Loop Design Plan

Renegade "BPG" Federal #1H  
660' FNL & 330' FWL, Sec. 18-26S-35E, SHL  
660' FNL & 2310' FWL, Sec. 17-26E-35E, BHL  
Lea County, New Mexico  
EXHIBIT C





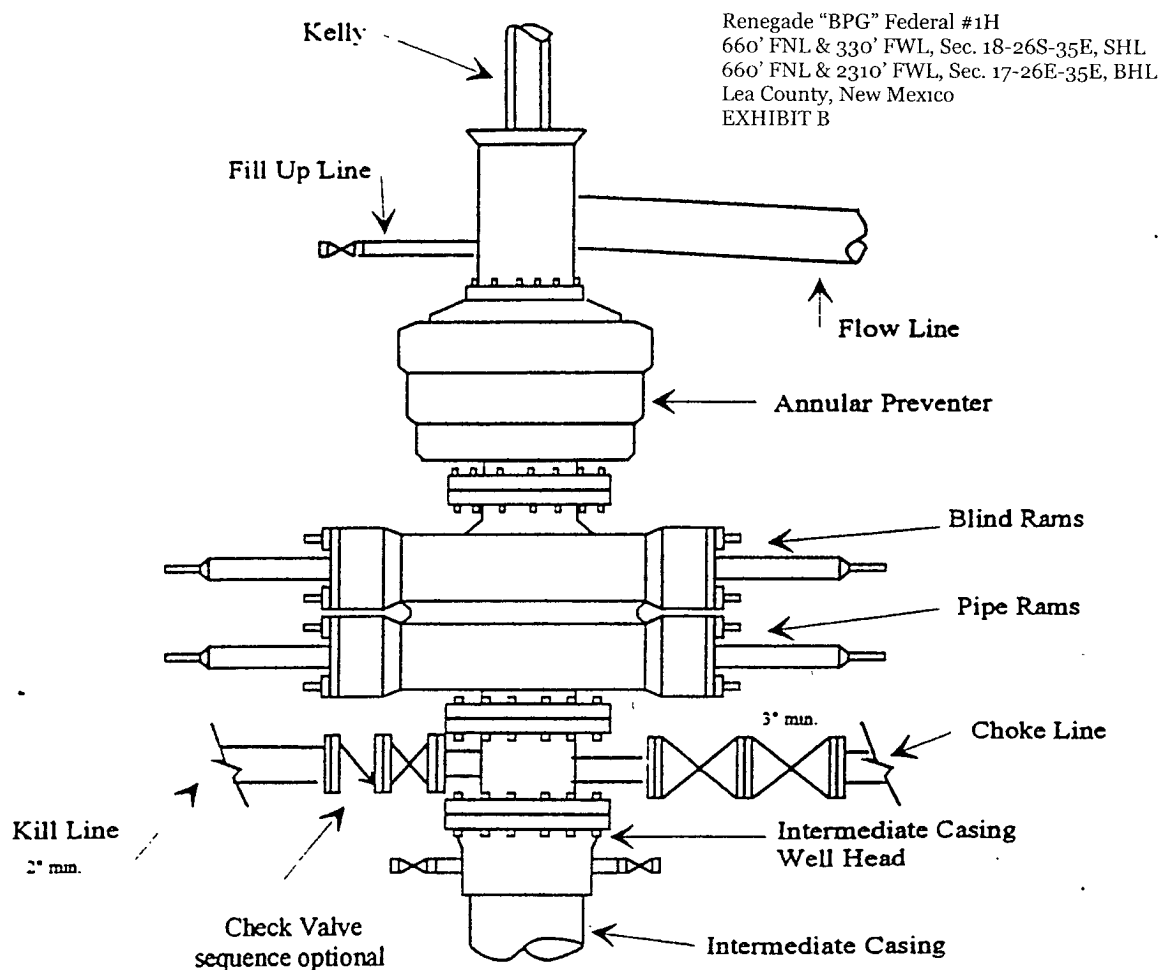


# Yates Petroleum Corporation

BOP-3

## Typical 3,000 psi Pressure System Schematic

### Annular with Double Ram Preventer Stack



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

