•	The same of the sa				AT	5-10-122	
	RECEIVED						
· · · · · · · · · · · · · · · · · · ·	~ 601111	7000	87A TA TA TA				
E 2160 2	HOBBSOCD UNITED STAT)(<u>]</u> -	HOBBS	1	FORM APPRO	OVED	
Form 3160-3 (February 2005)	nasouv				OMB NO 100		
(reditially 2003)	HOBD UNITED STAT	ES	$_{\scriptscriptstyle exttt{RIOR}}$ Split	· Fot	Expires March	31,2007	
	DEPARTMENT OF THE		RIOR OPIII		rease Gerial No		
	BUREAU OF LAND MAI	NAGE	MENT		NM-1055	64	
A	APPLICATION FOR PERMIT TO	DRILL	OR REENTER	6	If Indian, Allottee or Tribe	e Name	
					N/A		
			all consoling	7	If Unit or CA Agreement,	Name and No.	
la Type of Work	DRILL	REEN	TER PANCON 271 BA	<u> </u>	N/A	1-0-11	
					Lease Name and Well No	• /	
lb Type of Well:	X Oil Well Gas Well Other	X	Single Zone Multiple Z		Herkimer BQF Fe	ederal #1H	
2 Name of Opera	itor	,		9.	API Well No.		
	Yates Petroleum Corporati	ion 025	575	30-	025-20381	_	
3a. Address			one No. (include area code)	10	Field and Pool, or Explora	atory/33 80	
407.0	V 1 04 14 Autor NN 99310		505-748-1471		West Jal Dela	aware	
	h Fourth Street, Artesia, NM 88210 Il (Report location clearly and In accordance	with an		11.	Sec, T, R, M, or Blk A		
At surface	if (Report ioculion clearly and in accordance	, min an			222, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2,		
	1980' FSL & 1	1980' FV	VL, NESW Unit K		Section 21-T25S-R36E		
At proposed pr	od zone	(FWL, NWNW Unit	n l			
14 Distance in mi	les and direction from the nearest town or pos	t office*	FWL, NWIW (ANIT	12	County or Parish	13. State	
14 Distance in ini.							
	Approximately 5 miles west of	Jal, New		117 . 0	Lea	NM NM	
15 Distance from	• •		16 No of acres in lease	17 Spacin	g Unit dedicated to this we	" 160	
location to nea property or leas				ļ		700	
	st drlg unit line, if any) 330'		640.00	1	NESW; S2NW4; NV	VNW .	
18. Distance from			19. Proposed Depth	20 BLM/	BIA Bond No. on file		
to nearest well,	, drilling, completed,						
applied for, on			TYD 7550&MD 10742	NATIONWIDE BOND #NMB000434			
21 Elevations (She	ow whether DF, KDB, RT, GL, etc)		22 Aproximate date work wil	23 Estimated duration			
	3095 DF		August 26, 2010	60 da	60 days		
			24 Attachments				
The following, com	pleted in accordance with the requirements o	f Onshor	e Oil and Gas Order No 1 shall	be attached t	o this form:		
_			,				
•	fied by a registered surveyor			operations u	nless covered by existing b	ond on file(see	
2 A Drilling Plan	 Plan (if the location is on National Forest Sys 	etam I an	item 20 above). ds, the 5 Operator certificat	100			
	filed with the appropriate Forest Service Offi		· · · · · · · · · · · · · · · · · · ·		ation and/ or plans as may	be required by the	
001011110100			BLM		,	, ,	
25. Signature	///	- Name	(Printed/ Typed)		Date		
23. Signature	11 Such	1,44,110	(17timeta 1ypeta)	Cy Cowar	Ì	7/21/2010	
Tutle	70100						
Title Land Regi	ula j ory Agent						
Approved By (Signa	_ -	Name	(Printed/ Typed)		Date orn	4 # 2010	
Approved by (signe	·	1 value	/s/ Don Peterso	n	SEP	1 4 2010	
Title	/s/ Don Peterson	Office					
Tine	FIELD MANAGER	Jonice	CARLSBAD FIELD O	FFICE			
Application approve	al does not warrant or certify that the applican	ıt holds le	egal or equitable title to those rig	hts in the sul	biect lease which would en	title the applicant to	

Fitle 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)

operations thereon

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Conditions of approval, if any, are attached.

Capitan Controlled Water Basin

Kt 9/21/10

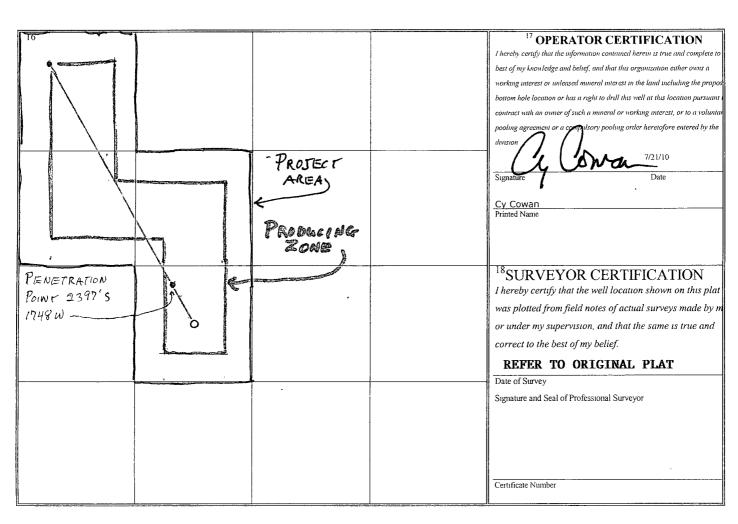
APPROVAL FOR TWO YEARS

Approval Subject to General Requirements
& Special Stipulations Attached

District I	State of New Mexico	Form C-
1625 N French Dr., Hobbs, NM 88240	Minerals & Natural Resources Department	Revised October 12, 20
Distric 1 1301 W. Grand Avenue, Artesia, NM 88210	OIL CONSERVATION DIVISION	Submit to Appropriate District Of
	-	State Lease - 4 Cop
District III 1000 Rio Brazos Rd., Aztec, NM 87410 SEP 16	1220 South St. Francis Dr.	Fee Lease - 3 Cop
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	SOCD Santa Fe, NM 87505	
1220 S. St. Francis Dr., Santa Fe. NM 87505	-	AMENDED REPO

<u>District IV</u> 220 S. St. Francis I	Or., Santa Fe	, NHQB	RZOC	لناد	Sama PC, P	111 07303			AMENDED REP		
		WE	ELL LO	CATION	N AND ACR	EAGE DEDIC	ATION PLA	T			
	API Number			Pool Cod	100	³ Pool Name West Jal Delaware					
4 Property	Code		·		⁵ Property	/ Name			⁶ Well Number		
3831	14				Herkimer BQ	QF Federal			1H		
⁷ OGRID	No.				8 Operato	r Name			⁹ Elevation		
02557	025575 Yates Petroleum Corporation								3095 DF		
¹⁰ Surface Location											
UL or lot no	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County		
K	21	25S	36E		1980	1980 South 1980 West Lea					
	4		11 Bo	ttom Ho	le Location If	Different Fron	n Surface				
UL or lot no.	Section	Township	Township Range Lot Idn Feet from the North/South line Feet from the East/W								
D	21	25S	36E 330 North 330 West Lea								
Dedicated Acres	¹³ Joint or	Infill 14 Cor	solidation C	Code 15 Or	đer No.						

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.



HEW MEXICO OIL CONSERVATION COMMISSION

FORM C-128 Revised 5/1/57

WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE										
SECTION A										
SKELLY OIL COMPANY	,	Lease	EST JAL #100			Veli No.				
Unit Letter Section	Township	Ras			····	2 1				
к 21	25 SOUTH		36 East	County		,				
Actual Postage Location of Vell:	1 23 3001A		30 EAST	LEA						
1980 feet from the	SOUTH line and	1989	feet	t from the	WEST	line				
Ground Level Elev. Producing		Pool				aler de la				
Straw	B	West	Jal - Str	ines Cas		Marie				
		- 								
1. Is the Operator the only owner	in the dedicated acreage o	etlined on	the plat below?	YES	L NO (/)	that the back on				
ubo bas the right to drill into a	nd to produce from any po-	ol and to i	mpropriate the p	roduction e	uther for himself c	o job bimself and				
another. (65-3-29 (e) NMSA 1	1935 Comp.)					7				
2. If the master to quantica one is vise? YESNO	If angree in the interests	of all the	owners been co	asolidated	by communitization	a agreement or other-				
3. If the naturer to question two is	"no." list all the owners	or Comac	lidation			***************************************				
Owner	or, not but the owner.	WDG (1481)			: 					
			Land Descripe	ion						
										
			1							
						·				
	SECTION B		•		CERT	IFICATION				
			i	Ī		that the information				
			İ			above is true and com-				
	1		İ			t of my becomingle and				
		`	ļ		belief.	9 / 1				
			1			ollar				
			}		Name Did not Show	•				
			 		Dist. Sup	<u> </u>				
	ł		!		Skelly Oil	Company				
i			1	1	Соправу					
į			i		April 16,	1963				
!			i	- 1	Date					
			1		<u></u>					
1.	Section 21		!	1						
1	MARKOT II		 							
	111		1	4						
i y	///	ويونسون		3	I hereby certify	that the well location				
1980'	01//	OLAJE!		1	shown on the pla	is SECTION B was				
	ĭ	1311		1	plotted from field	notes of actual				
		STAT	00 C	3	surveys made by	the or under my				
	TEL	,	191	• 3	and correct to the	that the same is true best of my knowledg				
	++		16		and belief.	name of my Enowleds				
	ا		1 101							
}		May.	EXICO	1						
		A	EX /	1	Date Surveyed	4				
i '		PHN V	V. WES		4-2-6	-				
į				1	megiete red Profe	ssional Engineer				
•			i	1	Lage Surv	eyor, JOHN W WES				
			İ.		John	Wut				
330 660 990 /320 MGB M	00 Z310 2640 2000	1500	•		Certificate No.	· ·				
		-500	1000 500	0		L.S. NO. 676				

YATES PETROLEUM CORPORATION Herkimer BQF Federal #1H Re-entry

1980' FSL and 1980' FWL, Surface Hole 330' FNL and 330' FWL, Bottom Hole Section 21-T25S-R36E Lea County, New Mexico

SEP 16 2010 HOBBSOCD

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

10 000xxxx			# F F O 1 O 11
Top of Salt	1479'	Target Brushy Canyon	7550'-Oil
Bottom Salt/Tansill	3294'	Bone Spring	7657'
Yates	3571'	FBSS	9327'
Seven Rivers	3798'	SBSS	10117'
Delaware Sand	5356'	TD	VD 7550'
Dom. and Same		MTD	Lateral 10742'

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

> Already Cased Off Water:

Oil or Gas: 5078', 5754, 7170', 8880', & 9970'

- Pressure Control Equipment: BOPE will be installed on the 7" casing and rated for 3000# BOP 3. 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.
- Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment, and a sub with 4. 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.
- THE PROPOSED CASING AND CEMENTING PROGRAM: 5.
 - A. Casing Program: All new casing to be used

<u>Hole Size</u>	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#		ST&C	0-350'-in plac	ce
12 1/4"	9 5/8"	36#		ST&C	0-5290'-inpla	ce
8 3/4"	7"	26#		LT&C	0-11300'-in pl	lace
6 1/8"	4 1/2"(ne	w) 11.6#	HCP-110	LT&C	0-10742 MD	10742
	17 1/2" 12 1/4" 8 3/4"	17 1/2" 13 3/8" 12 1/4" 9 5/8" 8 3/4" 7"	17 1/2" 13 3/8" 48# 12 1/4" 9 5/8" 36# 8 3/4" 7" 26#	17 1/2" 13 3/8" 48# 12 1/4" 9 5/8" 36# 8 3/4" 7" 26#	17 1/2" 13 3/8" 48# ST&C 12 1/4" 9 5/8" 36# ST&C 8 3/4" 7" 26# LT&C	12 1/4" 9 5/8" 36# ST&C 0-5290'-inpla 8 3/4" 7" 26# LT&C 0-11300'-in p

**The 4.5" casing will be cut off above 6800' after it has been cemented to 6800' and pulled. Minimum Casing Design Factors: Burst 1.0, Tensile Strength 1.8, Collapse 1.125

B. MUD PROGRAM:

From 7072' to 10742 will use cut brine, weight 8.9-9.1 and viscosity 28-29.

**ASSIGNMENT OF THE PROGRAM:

B. CEMENTING PROGRAM:

Surface Casing: Originally cemented with 400 sacks and circulated to surface.

Intermediate Casing: Originally cemented with 2050 sacks and cement circulated to surface.

Production Casing: Production cement will be done in one stage with a DV tool set at 6800'. Cement with 1150 sacks Pecos Valley Lite (Yld. 1.41 Wt. 13.0). TOC 6800'.

Herkimer BQF Federal #1H Page Two

> Maximum Anticipated BHP: 3651 PSI Abnormal Pressure Anticipated: None Lost Circulation Zones Anticipated: None

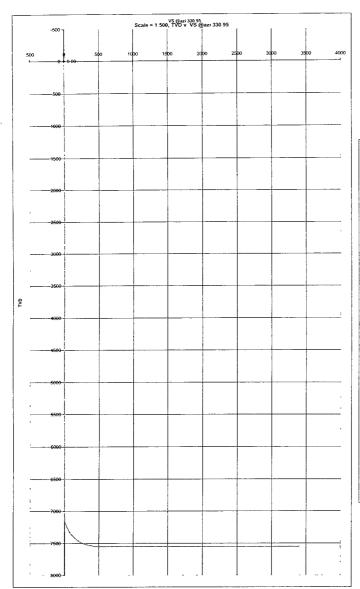
H2S Zones Anticipated: None

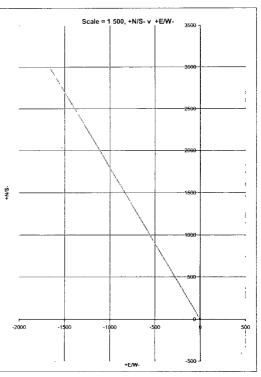
Maximum Bottom Hole Temperature: 130 F

See COA

Yates Petroleum Corporation plans to re-enter this well using a completion unit and a drilling rig. The completion unit will drill out the plugs in the 7" casing, then run a cement bond log and casing integrity log. If there is no cement behind the casing 6900'-7050', Yates will perforate the casing and squeeze cement. The completion unit will then move off and the drilling rig will move on. A whipstock will be set at 7050' and a window will be milled in the casing. Curve will be cut at 12 degrees per 100' and landed at MD 7822' (TVD 7550'). A 2920' lateral will then be drilled at 90 degrees inc to a TD of MD 10742' (TVD 7550). Penetration point of the producing zone will be 2397' FSL and 1748' FWL.

Drillers: Well Name:	Co: 0 Drillers: 0 Well Name: West Jal A1 Reentry Location: 21-25S-36E			Units: Feet, °, 9100ft Elevation: Northing: Easting:			Tgt Radius: Tgt N/S:	330.95 0.00 2970.00 -1650.00	Tgt TVD: 7550.00 Tgt MD: 0.00 Tgt Displ.: 0.00 Method: Minimum Curvature		Curvature	
West Jal A1 Reentry												
No. MD	CL	Inc.	Azi.	TVD	vs	+N/S-	+E/W-	BR	WR	DLS		Comments
0.00	0.00	0.00	0.00	0.00	- 0.00	0.00 ≟ 0.00	0.00				A STATE	
1 7072.54	7072.54	0.00	330.95	7072.54	0.01	0.01	0.00	0.00	-0.41	0.00		A. A. 1989.
7200.00	127.46	15.30	330.95	7198.49	16.92	14.79	8.21	12.00	0.00	12.00		
3 7400.00	200.00	39.30	330.95	7374.93	107.97	94.38	-52.43	12.00	0.00			e3 Mail 14 0 M 1
4 7600.00	200.00	63.30	330.95	7499.07	262.90	229.82	-127.67	12.00	0.00	12.00		
5 7800.00	200.00	87.30	330.95	7549.47	454.94	397.69	-220.94	12.00				
6 7822.53	750.00	⊈90.00∍	330.95	7550.00	477.47	417.38	-231.88	12.00	0.00	12.00		
7 8000.00	177.47	90.00	330.95	7550.00	654.93	572.52	-318.06	0.00				
88500.00	500:00	90.00	330.95	7550.00	1154.93	1009.60	-560.88	0.00	0.00	0.00		
9 9000.00	500.00	90.00	330.95	7550.00	1654.93	1446.68	-803.70	0.00	0 00			
10 9500.00	500.00	90.00	330.95	7550.00	2154.93	1883.75	÷1046.52	0.00	0.00	0.00		
11 10000.00	500.00	90.00	330.95	7550.00	2654.93	2320.83	-1289.35	0.00	0.00			
12 10500.00	500.00	90.00	330.95	7550.01	3154.93	2757.91	-1,532.17	0.00	0.00	0.00		Carry Wigner
13 10742.63	2920.09	90.00	330.95	7550.01	3397.56	2970.01	-1650.00	0.00	0.00		_ * ^*a,\$- *	w act to the



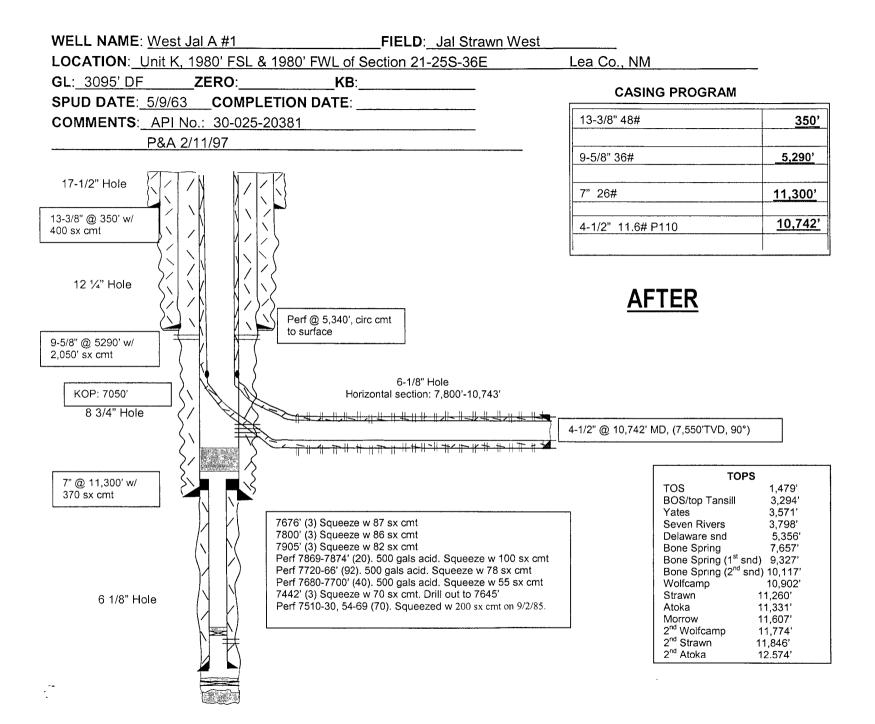


West Jal A1 Reentry										
No. M	D CL	Inc.	Azi.	TVD	vs	+N/S-	+E/W-	BR W	R DLS	Comments
12/10 (関連を対し版00	0.00	0.00	# NO 005,50	♣,⊇0.00 ,₩	0 00¥; ≥=	0.00	/以类0 00 \$P\$美	ather thinks	HORIZEND IN	大致国家 (1) 1, 1, 1, 15
1 7072 5	4 7072 54	0 00	330 95	7072 54	0 01	0 01	0 00	0 00 -0 4		
7200.0	0 127 46	15 30	330.95	7198.49	16 92	14 79	-8 21	12 00 . 0 0	0 12 00	
3 7400 0	0 200 00	39 30	330 95	7374 93	107 97	94 38	-52 43	12 00 0 0		
7600 0	0 200 00		330 95		262.90		127 67			
5 7800 0		87 30	330 95	7549 47	454 94	397 69	-220 94	12 00 0 0		
7822 5				7550 00 🔣		417 38		12.00	0 12 00	はないではる。電影を含
7 8000 0		90 00	330 95	7550 00	654 93	572 52	-318 06	0 00 0 0		
8500.0					1154.93			o 00 📜 🖰 0 0	0.00 00 00	
9 9000 0	0 500 00	90 00	330 95	7550 00	1654 93	1446 68	-803 70	0 00 0 0		
10 9500 0	0 500.00	90.00	330.95	7550.00	2154.93	1883 75	-1046.52	0.00	0 00	SOLUTION .
11 10000 0	0 500 00		330 95	7550 00	2654 93	2320 83	-1289 35	0 00 0 0		
12 10500 0	0 500 00	90.00	330 95	7550.01	3154 93	2757 91	-1532.17	0 00 00 00 0	00000000000000000000000000000000000000	"福兴"的" "
	3 2920 09	90 00	330 95	7550 01	3397 56	2970 01	-1650 00	0 00 0 0		

SURF ©2007-2009 Trant Logistics LLC www.trantiogestics.com

WELL NAME: West Jal A #1 FIELD: Jal Strawn West LOCATION: Unit K, 1980' FSL & 1980' FWL of Section 21-25S-36E Lea Co., NM KB:_____ **GL**: 3095' DF **ZERO**:____ **CASING PROGRAM** SPUD DATE: 5/9/63 __COMPLETION DATE: _____ **COMMENTS**: API No.: 30-025-20381 13-3/8" 48# 350' P&A 2/11/97 5,290' 9-5/8" 36# 10' surface cement plug 17-1/2" Hole 11,300' 7" 26# 12,150' 13-3/8" @ 350' w/ 4-1/2" 14.98# 100' cmt plug 300'-400' 400 sx cmt **TOPS** TOS 1,479 12 1/4" Hole 100' cmt plug 1380'-1480' BOS/top Tansill 3,294' Yates 3,571 3,798' Seven Rivers Delaware snd 5,356' 100' cmt plug 3250'-3350' Bone Spring 7,657 Bone Spring (1st snd) 9,327' Bone Spring (2nd snd) 10,117' Wolfcamp 10.902 9-5/8" @ 5290' w/ ? Perf @ 5,340', circ cement to surface Strawn 11,260' 2,050' sx cmt Does not mention plug inside the Atoka 11,331' casing, but may very well be one there 11,607 Morrow as it is the casing shoe. 2nd Wolfcamp 11,774' 2nd Strawn 11,846' 2nd Atoka 12 574' Current 100' cmt 6900'-7000' 8 3/4" Hole 1963: Ran bond log, found insufficient cmt over Delaware. 7676' (3) Squeeze w 87 sx cmt 7800' (3) Squeeze w 86 sx cmt 7905' (3) Squeeze w 82 sx cmt Drilled out to 7890'. Perf 7869-7874' (20). 500 gals acid. Squeeze w 100 sx cmt 7" @ 11,300' w/ Perf 7720-66' (92). 500 gals acid. Squeeze w 78 sx cmt Perf 7680-7700' (40). 500 gals acid. Squeeze w 55 sx cmt 370 sx cmt 7442' (3) Squeeze w 70 sx cmt. Drill out to 7645' Perf 7510-30, 54-69 (70). 250 gals acid. Good swab shows. Frac w 28,000 gals oil & 28,000# 20/40 snd + 50 balls. Completed well. 10/14/63. Cum. 28,377 BO 52,786 Mcf, 23,827 BW Sep 1985: Squeezed perfs: 7510-69 w 200 sx cmt on 9/2/85. Drilled out plugs to 12,156' and ran 4 1/2" liner with liner hanger at unknown depth, but calculated to around 10,850' as they ran 30 joints of liner with a liner hanger on top 6 1/8" Hole CIBP @ 11,900; w 35' cmt 4 1/2" liner @ (+/-)10,850'-12,150' Recomplete in Strawn: 11926-38', 44'-54', 62'-69' (2spf), 5000 gals 15% NEFE. IP: 8BO, 150Mcf. 225 sx cmt SIWOPL. Never produced. Plugged in Feb 1997. (ran 30 its 4 1/2" 14.98# P-110 AB F:-45 csg & EJ 4 1/2"X7" liner 120 sx cmt plug: 11,677-12,782. Drilled out to hanger on 2 7/8" WS. 1963: CIBP @ 11, 234' w 2 sx cmt 11,825. Treated open hole 11,300-11,825 w 3000 (top 11,225') gals 15% reg. acid and 10,000 gals Dowell XFLA-I2 Not to Scale acid in 2 treatments. Not commercially Productive. 1963: Cmt plug: 11,825'-Sat CIBP @ 11,224' w cmt. Top 11,225. 6/15/10 TD: 12,782'

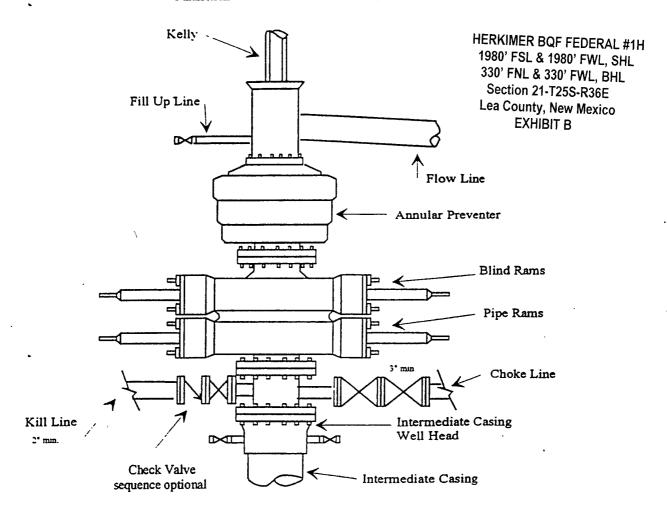
2.



Not to Scale 7/6/10 MMFH

Yates Petroleum Corporation

Typical 3.000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



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

