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New Mexico Oil Conservation Division, District I

1625 N. French Drive

Hobbs, NM 88240

Form 3160-3  
(February 2005)

JAN 14 2011

HOBBSOCD

UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER  
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Yates Petroleum Corporation 025575

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

505-748-1471

4. Location of well (Report location clearly and in accordance with any State requirements. \*)

At surface

770' FNL & 200' FEL, NENE, Section 28-T15S-31E Unit A

At proposed prod. zone

Unit D 360' FNL & 330' FWL, NWNW, Section 28-T15S-R31E

14. Distance in miles and direction from the nearest town or post office\*

Approximately 9.5 miles north of Maljamar, NM

15. Distance from proposed\* location to nearest

(Also to nearest drlg. unit line, if any)

330'

16. No. of acres in lease

320.00

17. Spacing Unit dedicated to this well

N  
2N2-Sec.28-15S-31E

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth

10150 VD & 14502 MD

20. BLM/ BIA Bond No. on file

NATIONWIDE BOND #NMB000434

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

4401

22. Approximate date work will start\*

ASAP

23. Estimated duration

60 days

24. Attachments

ROSWELL CONTROLLED WATER BASIN

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.
2. ap
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).
4. Bond to cover the operations unless covered by existing bond on file (see item 20 above).
5. Operator certification.
6. Such other site specific information and/ or plans as may be required by the BLM

25. Signature

*Cy Cowan*

Name (Printed/ Typed)

Cy Cowan

Date

12/10/2010

Title

Land Regulatory Agent

Approved By (Signature)

*Angel Mayes*

Name (Printed/ Typed)

*Angel Mayes*

Date

01/11/2011

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL 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.

APPROVED FOR 2 YEARS

Conditions of approval, if any, are attached.

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)

PETROLEUM ENGINEER

FEB 14 2011

DECLARED WATER BASIN

CEMENT BEHIND THE 138"  
CASING MUST BE CIRCULATED

WITNESS

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 15, 2009

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

RECEIVED  
JAN 14 2011  
HOBBS OCE  
Submit one copy to appropriate District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-005-29172</b>	Pool Code <b>97722</b>	Pool Name <b>Wildcat Wolfcamp</b>
Property Code <b>38483</b>	Property Name <b>SCOOTER "BPS" FEDERAL</b>	Well Number <b>1H</b>
OGRID No. <b>025575</b>	Operator Name <b>YATES PETROLEUM CORP.</b>	Elevation <b>4401'</b>

Surface Location

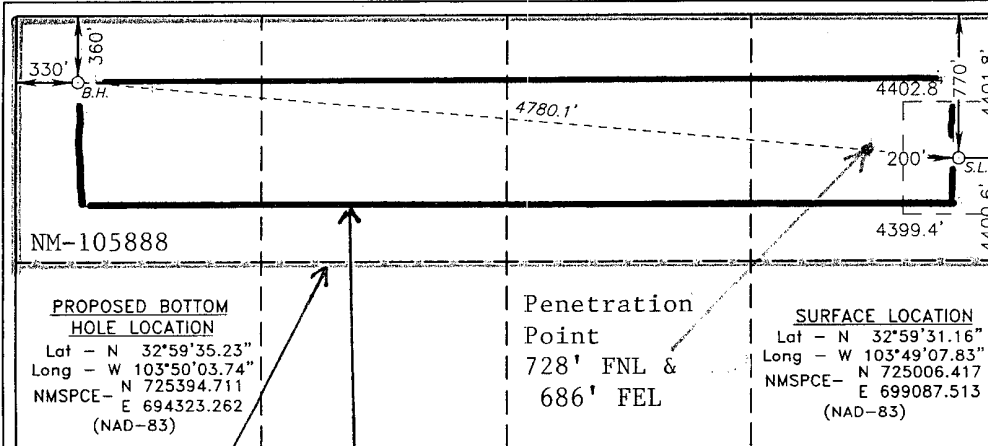
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	28	15 S	31 E		770	NORTH	200	EAST	CHAVES

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	28	15 S	31 E		360	NORTH	330	WEST	CHAVES

Dedicated Acres <b>160</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>NM-105888</p> <p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°59'35.23" Long - W 103°50'03.74" NMSPCE- N 725394.711 E 694323.262 (NAD-83)</p> <p>Penetration Point 728' FNL &amp; 686' FEL</p> <p>SURFACE LOCATION Lat - N 32°59'31.16" Long - W 103°49'07.83" NMSPCE- N 725006.417 E 699087.513 (NAD-83)</p> <p>Project Area</p> <p>Producing Zone</p>		<p>OPERATOR CERTIFICATION</p> <p>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 unleased 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><i>Cy Cowan</i> 12/1/10 Signature Date</p> <p>Cy Cowan Printed Name</p>
<p>SURVEYOR CERTIFICATION</p> <p>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>FEB 14 2011 NEW MEXICO GARY L. JONES 7977 PROFESSIONAL SURVEYOR</p> <p>Date Surveyed Signature &amp; Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>		

YATES PETROLEUM CORPORATION  
Scooter "BPS" Federal #1H  
770' FNL and 200' FEL, Section 28-15S-31E, Surface Hole Location  
330' FNL & 330' FWL, Section 28-15S-31E, Bottom Hole Location  
Chaves County, New Mexico

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

Yates	2440'	Tubb	6760'
Seven Rivers	2690'	Abo	7540' Oil/Gas
Queen	3260' Oil/Gas	Wolfcamp	8950' Oil
San Andres	4000' Oil	TVD Pilot Hole	10150'
Glorieta	5500' Oil	TMD Lateral)	14502'

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

Water: 160'  
Oil or Gas: Zones: 3260' Oil/Gas, 4000' Oil, 5500' Oil, 7540' Oil & 8950' Oil.

3. Pressure Control Equipment: BOPE will be installed on the 13 3/8" and 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

*Dec. 6, 2010*

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	ST&C	0- <del>400</del> <i>425</i> + <del>400</del> <i>4254</i>	
12 1/4"	9 5/8"	40#	J-55	LT&C	0-100'	100'
12 1/4"	9 5/8"	36#	J-55	LT&C	100'-3300'	3200'
12 1/4"	9 5/8"	40#	J-55	LT&C	3300'-4100'	800'
8 3/4"	7"	26#	J-55	LT&C	0'-9370'	9370'
6 1/8"	4 1/2"	11.6#	HCP-110	LT&C	8100'-14502'	6402'

(Peak Completion Liner Assembly)

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

B. CEMENTING PROGRAM:

Surface Casing: Cement with 425 sacks Class C (Yld 1.34Wt. 14.80). TOC surface.

Intermediate Casing: Lead with 1175 sacks of C Lite (Yld 2.00 Wt 12.50). Tail in with 200 sacks Class C (YLD 1.34 WT 14.80 YLD). TOC surface

Intermediate 2 Casing: Cement with 1275 sacks C Lite (Yld 2.00 Wt 12.50). Tail in with 200 sacks Class C (Yld 1.34 Wt. 14.80). TOC surface.

Production: There is no production cement. Using packer/port system.

Pilot hole will be drilled with an 8 3/4" hole to 10,150'. A kick off plug will then be set from approx. 9370'-9900'. 7" casing will then be set at 9370' and cemented to surface. Cement plug will be dressed off and kicked off at 9461' and drill 12 degrees per 100' with a 6 1/8" hole to 9840' TVD (14,502'MD) where a 4 1/2" liner with peak completion system will be set from 9170'-14502' and **not** cemented. Penetration point of producing formation will be encountered at 728' FNL and 686' FEL in Section 28-15S 31E. Deepest TVD in the well will be in the pilot hole at 10,150'. Deepest TVD in the lateral will be 9938'.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0- <del>400</del> 425'	Fresh Water Gel	8.60-9.00	28-32	N/C
400'-4100'	Brine Water	10.00-10.20	28-29	N/C
4100'-7500'	Cut Brine	8.70-9.00	28-29	N/C
7500'-10150'	Cut Brine	8.70-9.20	28-32	<10
9461'-14502'	Cut Brine(Lateral Section)	9.00-9.20	28-32	<10

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:

Samples: Every 10' from intermediate casing to TD

Logging: CNL/LDT/NGT from TD to intermediate casing; CNL/GR-DLL/MSFL-BHC Sonic from TD-surface casing; Horizontal-MWD-GR

Coring: None anticipated

DST's: None Anticipated

Mudlogging: Yes. From intermediate casing

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

Maximum Anticipated BHP:

0'- <del>400</del> 425'	187 PSI
400'-4100'	2175 PSI
4100'-10150'	4856 PSI

Abnormal Pressures Anticipated: None

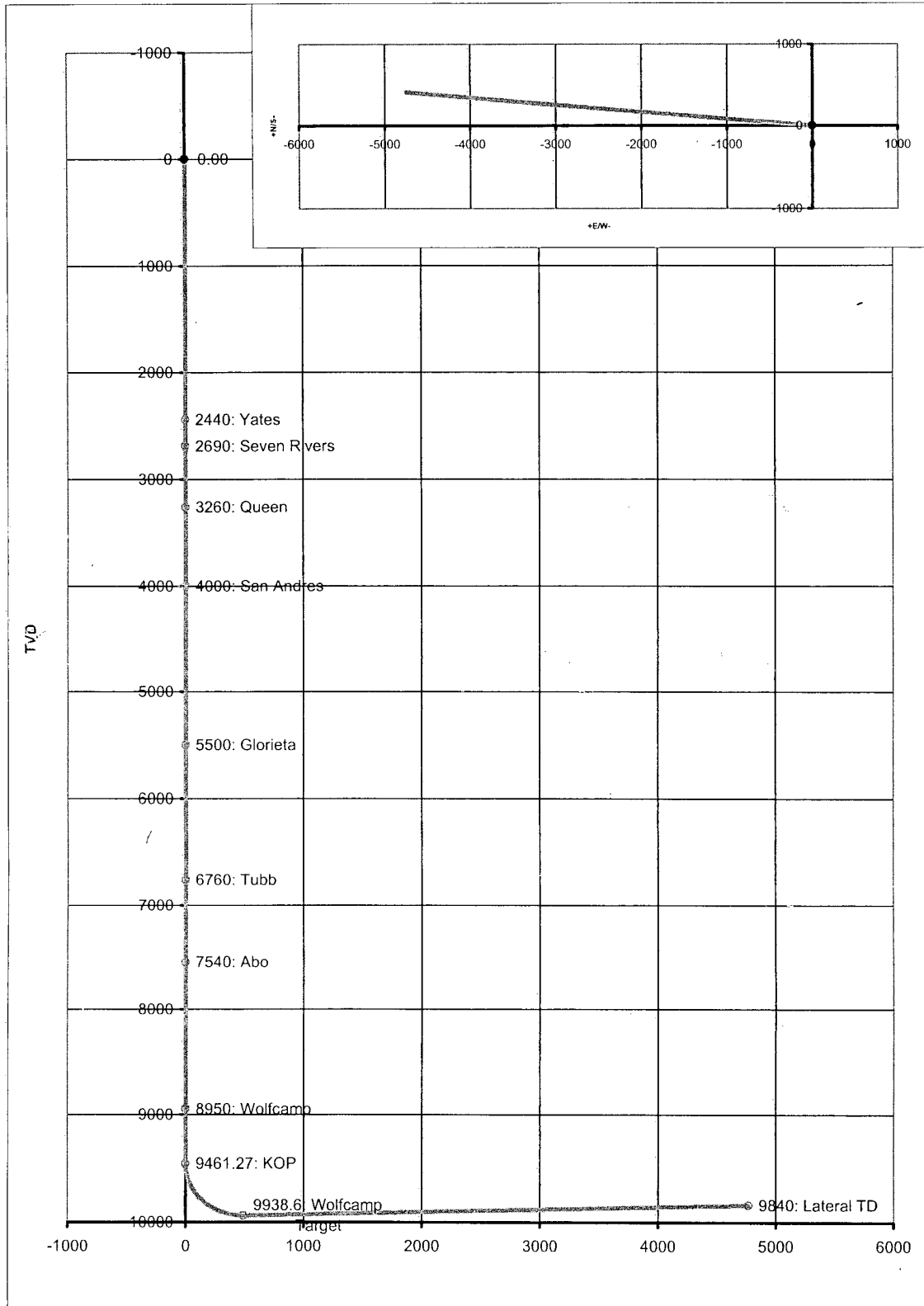
Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 150 F

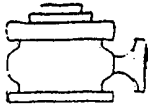
9. ANTICIPATED STARTING DATE:

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.



Co: Yates Petroleum Corporation			Units: Feet, °, 7100ft		VS Az: 274.93		Tgt TVD: 9840.00	
Drillers: 0			Elevation:		Tgt Radius: 0.00		Tgt MD: 0.00	
Well Name: Scooter BPS Federal #1H			Northing:		Tgt N/S: 410.00		Tgt Displ.: 0.00	
Location: Sect. 28, 15S-31E			Easting:		Tgt E/W: -4750.00		Method: Minimum Curvature	

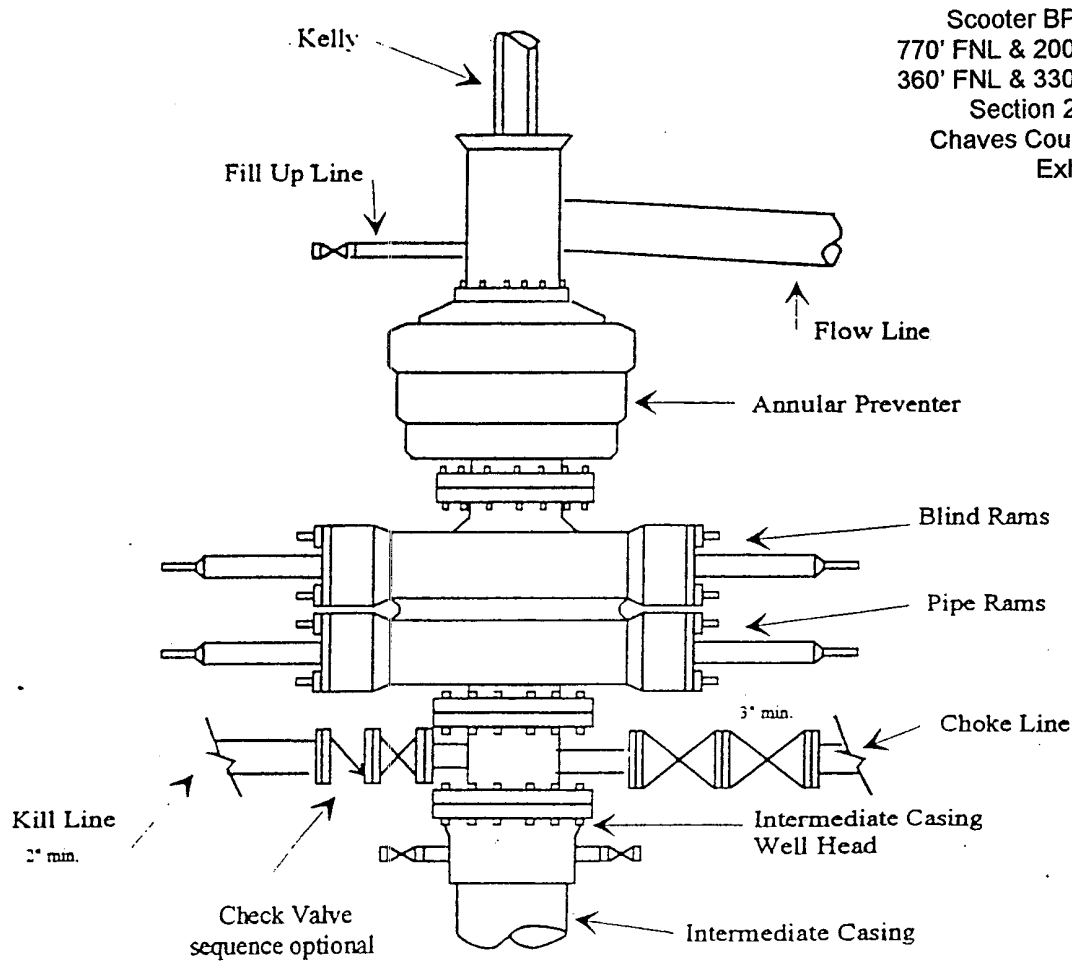
No.	MD	CL	Inc.	Azi.	TVD	VS	+N/S-	+E/W-	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	2440.00	2440.00	0.00	360.00	2440.00	0.00	0.00	0.00	0.00	0.00	0.00	Yates
2	2690.00	250.00	0.00	360.00	2690.00	0.00	0.00	0.00	0.00	0.00	0.00	Seven Rivers
3	3260.00	570.00	0.00	360.00	3260.00	0.00	0.00	0.00	0.00	0.00	0.00	Queen
4	4000.00	740.00	0.00	360.00	4000.00	0.00	0.00	0.00	0.00	0.00	0.00	San Andres
5	5500.00	1500.00	0.00	360.00	5500.00	0.00	0.00	0.00	0.00	0.00	0.00	Glorieta
6	6760.00	1260.00	0.00	360.00	6760.00	0.00	0.01	0.00	0.00	0.00	0.00	Tubb
7	7540.00	780.00	0.00	360.00	7540.00	0.00	0.01	0.00	0.00	0.00	0.00	Abo
8	8950.00	1410.00	0.00	360.00	8950.00	0.00	0.01	0.00	0.00	0.00	0.00	Wolfcamp
9	9461.27	9461.27	0.00	274.93	9461.27	0.00	0.01	0.00	0.00	-0.90	0.00	KOP
10	9500.00	38.74	4.65	274.93	9499.96	1.57	0.14	-1.56	12.00	0.00	12.00	
11	9600.00	100.00	16.65	274.93	9598.06	20.02	1.73	-19.94	12.00	0.00	12.00	
12	9700.00	100.00	28.65	274.93	9690.18	58.45	5.03	-58.23	12.00	0.00	12.00	
13	9800.00	100.00	40.65	274.93	9772.29	115.20	9.92	-114.77	12.00	0.00	12.00	
14	9900.00	100.00	52.65	274.93	9840.81	187.78	16.16	-187.09	12.00	0.00	12.00	
15	10000.00	100.00	64.65	274.93	9892.75	273.03	23.49	-272.02	12.00	0.00	12.00	
16	10100.00	100.00	76.65	274.93	9925.82	367.21	31.59	-365.84	12.00	0.00	12.00	
17	10200.00	100.00	88.65	274.93	9938.60	466.20	40.10	-464.47	12.00	0.00	12.00	
18	10222.26	761.00	91.32	274.93	9938.60	488.47	42.01	-486.65	12.00	0.00	12.00	Wolfcamp Target
19	14502.60	4280.33	91.32	274.93	9840.00	4767.66	410.01	-4750.00	0.00	0.00	0.00	Lateral TD



# Yates Petroleum Corporation

BOP-3

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Scooter BPS Federal #1H  
770' FNL & 200 FEL, Surface Hole  
360' FNL & 330 FWL, Bottom Hole  
Section 28, T15S-31E  
Chaves County, New Mexico  
Exhibit "B"

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

