

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
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.

5. Lease Serial No.

NM-62211

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well



Oil Well



Gas Well



Other PA

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th St., Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

4. Location of Well (Footage, Sec., T., R., M., OR Survey Description)

1600' FSL & 330' FWL Sec. 31-T19S-R30E Unit L, NWSW Surface

1980' FSL & 330' FEL Sec. 31-T19S-R30E Unit I, NESE Bottom

7. If Unit or CA/Agreement, Name and/or No.

NM-128994

8. Well Name and No.

Hanagan APL Federal Com #2H

9. API Well No.

30-015-39511

10. Field and Pool or Exploratory Area

Parkway; Bone Spring

11. County or Parish, State

Eddy County, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION



Notice of Intent



Subsequent Report



Final Abandonment Notice



Acidize



Alter Casing



Casing Repair



Change Plans



Convert to Injection



Deepen



Fracture Treat



New Construction



Plug and Abandon



Plug Back



Production (Start/Resume)



Reclamation



Recomplete



Temporarily Abandon



Water Disposal



Water Shut-Off



Well Integrity



Other

Flare

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 respectfully requests permission to flare due to abnormal system pressures in the DCP lines. This unavoidable flaring could result in a longer than 24 hour period and possibly more than the 144 hours cumulative authorized under NTL4A III.A. We will be requesting this possible additional, and unavoidable flaring until DCP pressures can be stabilized or other options become available. Flare volumes will be measured and reported on OGOR reports.

The possibility to flare will not be consistent; Therefore, the estimated/possible volume per month is 300 MCF.

RECEIVED

DEC 27 2012

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

RDade 1/3/13
Accepted for record
NMOCB

14. I hereby certify that the foregoing is true and correct.
Name (Printed/Typed)

Miriam Morales

Title

Production Analyst

Signature

[Signature]

Date

12/16/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ JD Whitlock Jr.

Title

SRET

Date

12/22/12

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 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

Michelle Taylor

From: Whitlock, Jerald <dwhitloc@blm.gov>
Sent: Thursday, December 06, 2012 6:18 AM
To: Michelle Taylor
Subject: Re: request authorization

You have verbal approval from me. Just attach this e-mail to the sundry with the proposed volumes to be flared on a NOI. Once you are done submit a subsequent sundry with the volumes flared. COAs will be attached to the NOI just like the other approval which I have done for you. Thanks Duncan

On Wed, Dec 5, 2012 at 2:29 PM, Michelle Taylor <michelle@yatespetroleum.com> wrote:

Hey Duncan,

Could I get a verbal ok to flare on some wells and follow up with a sundry in the next day or so?

We are requesting permission to flare due to abnormal system pressures in the DCP lines. This unavoidable flaring could result in a longer than 24 hour period and possibly more than the 144 hours cumulative authorized under NTL4A III.A. We will be requesting this possible additional, and unavoidable flaring until DCP pressures can be stabilized or other options become available. Flare volumes will be measured and reported on OGOR reports.

The wells are as follows:

Zia AHZ Federal Com #2H- api 30-015-40404

Hanagan APL Fed. Com #1 and #2H- api 30-015-28635, 30-015-39511

Please let me know if you need any additional information and I look forward to your response.

Thank you.

Michelle Taylor

Yates Petroleum Corporation

michelle@yatespetroleum.com

(575)748-4205

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Jerald "Duncan" Whitlock, Jr.
Bureau of Land Management
Carlsbad Field Office
Supervisory Petroleum Engineering Technician
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E-mail: dwhitloc@blm.gov

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Yates Petroleum Corporation
Hanagan APL Federal Com 2H
NM128994

December 22, 2012

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements.
3. Subject to like approval from NMOCD.
4. **Flared volumes will still require payment of royalties**
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5.
6. This approval does not authorize any additional surface disturbance.
7. Submit updated facility diagram as per Onshore Order #3.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared.