Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia
RECEIVED
MAY 31 2013
NMOCD ARTESIA

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMNM043625

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
SAGUARO AGS FEDERAL COM 1

2. Name of Operator
YATES PETROLEUM CORPORATION
Contact: TINA HUERTA
E-Mail: tinah@yatespetroleum.com

9. API Well No.
30-015-26206

3a. Address
105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)
Ph: 575-748-4168
Fx: 575-748-4585

10. Field and Pool, or Exploratory
WILDCAT; YESO

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 11 T20S R24E NWSW 1980FSL 660FWL

11. County or Parish, and State
EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☒ Plug Back	☐ 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 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 shall 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 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 Petroleum Corporation plans to plugback and recomplete this well as follows:
1. MIRU all safety equipment as necessary. NU BOP.
2. Set a CIBP at 7617 ft and cap with 25 sx Class H cement. Spot a 55 sx Class C cement plug from 5628 ft - 5571 ft across DV tool and WC top. WOC and tag plug, if necessary reset the plug.
3. Pull a GR/CCL/CBL and VDL from PBTD to surface. If necessary a secondary cementing operation will bring the TOC up to at least 1500 ft or higher. Spot a 25 sx Class C cement plug from 4773 ft - 4923 ft across Abo top and then set another 25 sx Class C cement plug from 3366 ft - 3516 ft across BS top.
4. Perforate Yeso 2238 ft - 2482 ft (100).
5. Frac well as attached.
6. Flow well back and allow to clean up. TIH and wash sand down to PBTD.
7. Swab well until it cleans up. TIH with pumping equipment and turn well over to production.

SUBJECT TO LIKE APPROVAL BY STATE

Accepted for record
NMOCD JES 5/31/2013

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #206340 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 05/08/2013 ()

Name *(Printed/Typed)* TINA HUERTA — Title REG REPORTING SUPERVISOR

Signature (Electronic Submission) — Date 05/06/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
MAY 24 2013
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By _____ Title _____ Date _____

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

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #206340 that would not fit on the form

32. Additional remarks, continued

Wellbore schematics attached also

WELL NAME: Saguaro AGS Fed Com # 1 **FIELD:** South Dagger Draw Upper Penn Assoc

LOCATION: 1,980' FSL & 660' FWL of Section 11-20S-24E Eddy Co., NM

GL: 3,641' **ZERO:** 13' **KB:** 3,654'

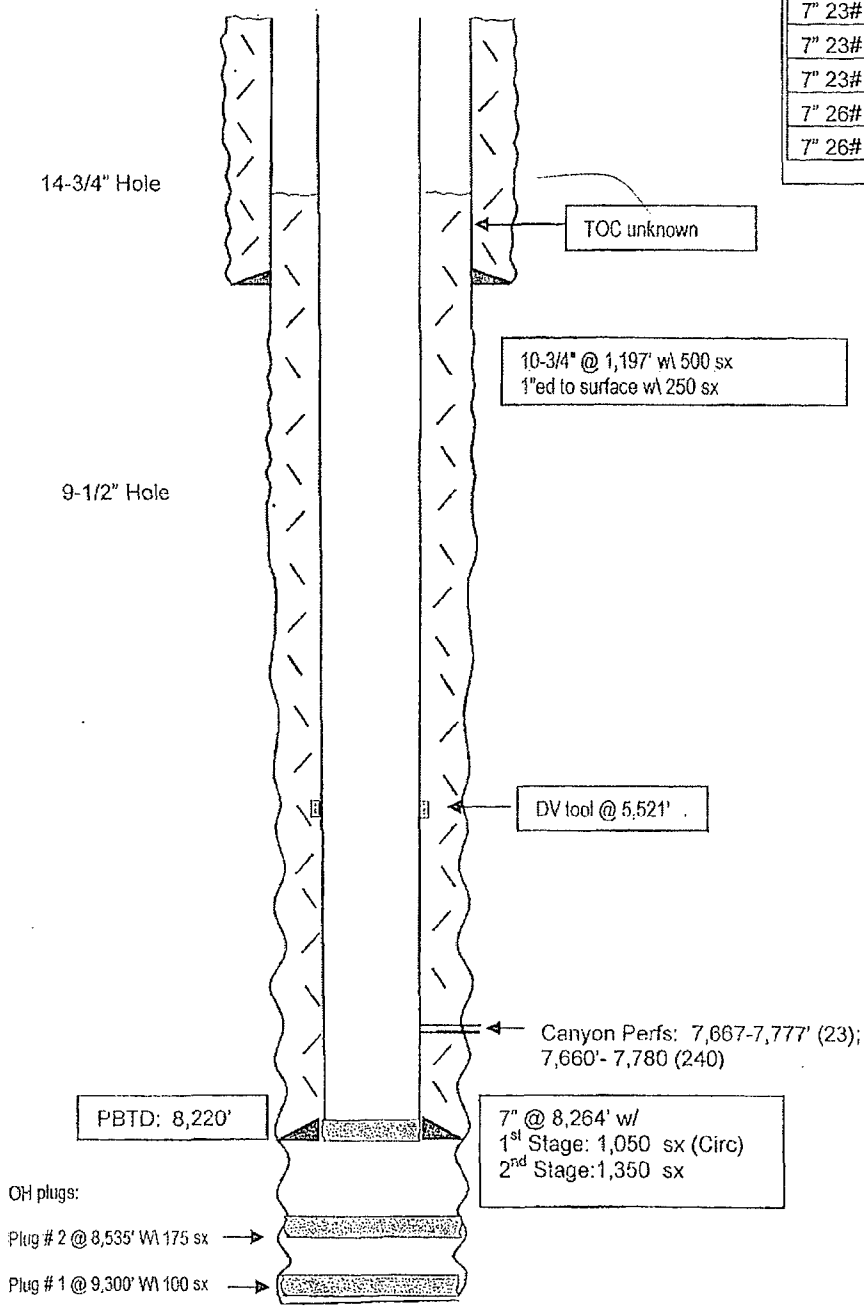
SPUD DATE: 11/10/89 **COMPLETION DATE:** 2/8/90

COMMENTS: API No.: 30-015-26206

CASING PROGRAM

10-3/4" 40.5# J-55		1,197'
7" 26# J-55 LT&C	4 joints	
7" 23# N-80 LT&C	7 joints	
7" 23# J-55 LT&C	110 joints	
7" 23# N-80 LT&C	22 joints	
7" 26# J-55 LT&C	20 joints	
7" 26# N-80 LT&C	18 joints	8,264'

Before



TOPS

SA	485'
Glorieta	2,032'
Yeso	2,124'
BS	3,466'
Abo	4,873'
WC	5,368'
Canyon	7,507'
Strawn	8,163'
Atoka	8,747'
Morrow	9,117'
Chester	9,371'

Not to Scale
2/25/13
JMH

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7" 26# J-55 LT&C 20 joints	
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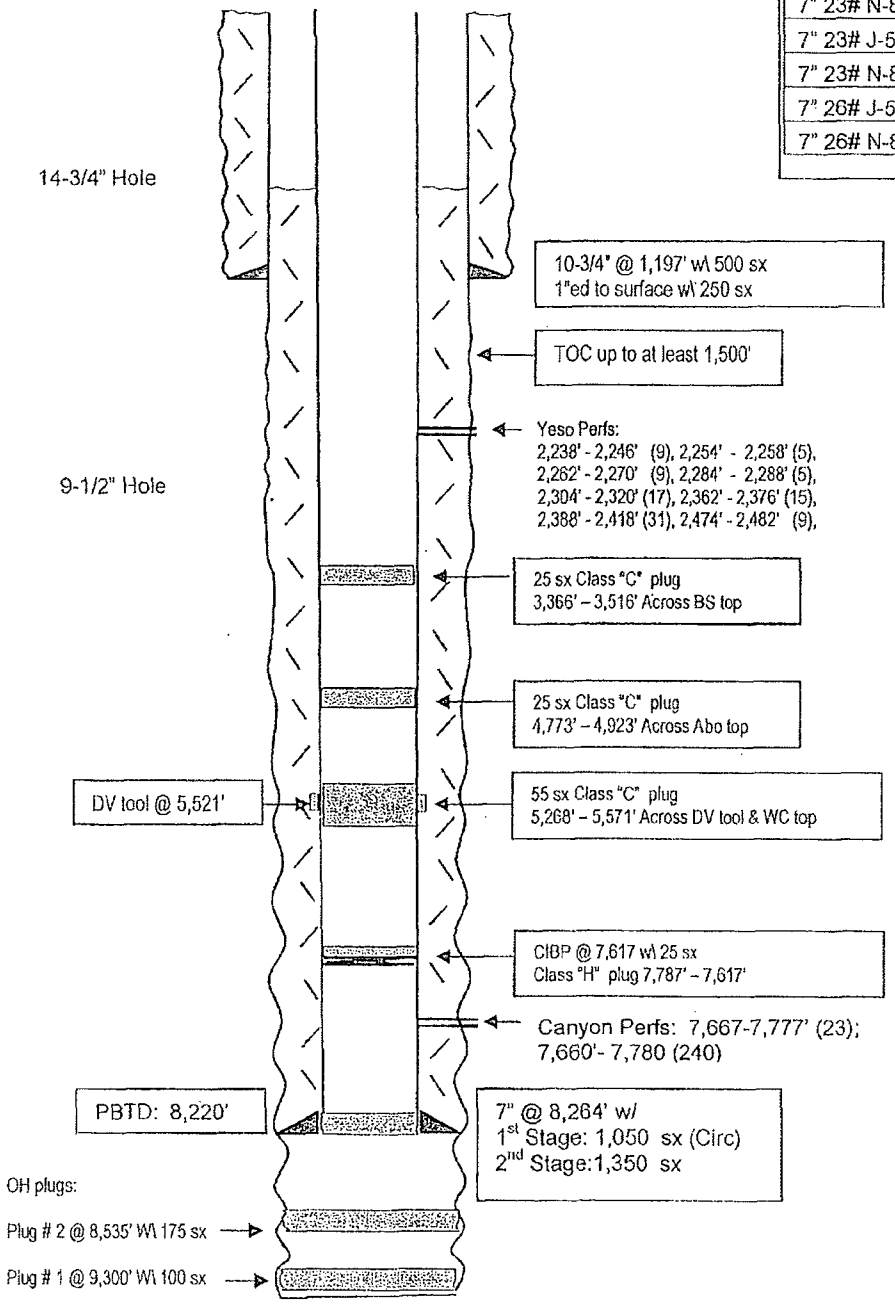
After



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Treating Schedule

Sta. #	Fluid	Stg. Type	Cln. Vol. (gals)	Rate (bpm)	Proppant	Conc. (lb/gal)	Stage Prop. (lbs)	Cum. Prop. (lbs)
1	Slick Water	Prepad	100	20		0.0	0	0
2	15% HCl.	Acid	2,000	30		0.0	0	0
3	Slick Water	Prepad	2,000	75		0.0	0	0
4	Slick Water	Pad	56,000	75		0.0	0	0
5	Slick Water	Slurry	4,500	75	100 Mesh	0.2	900	900
6	Slick Water	Sweep	4,500	75		0.0	0	900
7	Slick Water	Slurry	4,500	75	100 Mesh	0.3	1,350	2,250
8	Slick Water	Sweep	4,500	75		0.0	0	2,250
9	Slick Water	Slurry	4,500	75	100 Mesh	0.4	1,800	4,050
10	Slick Water	Sweep	4,500	75		0.0	0	4,050
11	Slick Water	Slurry	4,500	75	100 Mesh	0.5	2,250	6,300
12	Slick Water	Sweep	4,500	75		0.0	0	6,300
13	Slick Water	Slurry	4,500	75	100 Mesh	0.6	2,700	9,000
14	Slick Water	Sweep	4,500	75		0.0	0	9,000
15	Slick Water	Slurry	4,500	75	100 Mesh	0.7	3,150	12,150
16	Slick Water	Sweep	4,500	75		0.0	0	12,150
17	Slick Water	Slurry	4,500	75	100 Mesh	0.8	3,600	15,750
18	Slick Water	Sweep	4,500	75		0.0	0	15,750
19	Slick Water	Slurry	4,500	75	100 Mesh	0.9	4,050	19,800
20	Slick Water	Sweep	4,500	75		0.0	0	19,800
21	Slick Water	Slurry	4,500	75	100 Mesh	1.0	4,500	24,300
22	Slick Water	Pad	10,700	75		0.0	0	24,300
23	Slick Water	Slurry	20,000	75	40/70 Brady	0.2	4,000	28,300
24	Slick Water	Sweep	6,000	75		0.0	0	28,300
25	Slick Water	Slurry	20,000	75	40/70 Brady	0.3	6,000	34,300
26	Slick Water	Sweep	6,000	75		0.0	0	34,300
27	Slick Water	Slurry	20,000	75	40/70 Brady	0.4	8,000	42,300
28	Slick Water	Sweep	6,000	75		0.0	0	42,300
29	Slick Water	Slurry	20,000	75	40/70 Brady	0.5	10,000	52,300
30	Slick Water	Sweep	6,000	75		0.0	0	52,300
31	Slick Water	Slurry	20,000	75	40/70 Brady	0.6	12,000	64,300
32	Slick Water	Sweep	6,000	75		0.0	0	64,300
33	Slick Water	Slurry	20,000	75	40/70 Brady	0.7	14,000	78,300
34	Slick Water	Sweep	6,000	75		0.0	0	78,300
35	Slick Water	Slurry	20,000	75	40/70 Brady	0.8	16,000	94,300
36	Slick Water	Sweep	6,000	75		0.0	0	94,300

37	Slick Water	Slurry	23,000	75	40/70 Brady	0.9	20,700	115,000
38	Slick Water	Sweep	6,000	75		0.0	0	115,000
39	Slick Water	Slurry	24,000	75	40/70 Brady	1.0	24,000	139,000
40	Slick Water	Pad	17,000	75		0.0	0	139,000
41	Slick Water	Slurry	17,000	75	16/30 Brady	1.0	17,000	156,000
42	Slick Water	Slurry	24,000	75	16/30 Brady	2.0	48,000	204,000
43	Slick Water	Slurry	32,000	75	16/30 Brady	3.0	96,000	300,000
44	Slick Water	Flush	2,388	75		0.0	0	300,000
45	15% HCL	Acid	1,000	75		0.0	0	300,000
46	Slick Water	Flush	3,900	75		0.0	0	300,000
	Totals		479,588				300,000	

Estimated Surface Treating Pressure = 2,183 psig.
Maximum Surface Treating Pressure = 2,800 psig.

Fluid Specifications:

Slick Water - fresh water with 1.0 gal/M liquid friction reducer, 1 gal/M gas Surfactant, liquid biocide agent and an oxidizing breaker.

Saguaro AGS Federal Com 1
30-015-26206
Yates Petroleum Corporation
May 24, 2013
Conditions of Approval

Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.

Work to be completed by August 24, 2013.

1. **Operator must run a CBL and submit results to BLM. No perforating or fracturing can be done without BLM engineer assessing the CBL and giving their approval to continue.**

2. **The operator shall place CIBP at 7617' as proposed by operator. Place 25 sx class H cement. Tag required.**

3. **The operator shall place a balance neat class C cement plug from 5571'-5265' to seal off the Wolfcamp formation and DV tool. Tag required.**

4. **The operator shall place a balance neat class C cement plug from 4923'-4773' to seal off the Abo formation.**

5. **The operator shall place a balance neat class C cement plug from 3511'-3376' to seal off the Bone Springs formation.**

6. **Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**

7. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.

8. Surface disturbance beyond the originally approved pad must have prior approval.

9. Closed loop system required.

10. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

11. Operator to have H2S monitoring equipment on location.

12. A minimum of a 3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

13. **Subsequent sundry required detailing work done and completion report for the new formation. Operator to include new well plat and well bore schematic of current well condition when work is complete.**

JAM 052413