

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD 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.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. POLO AOP FED 3
2. Name of Operator YATES PETROLEUM CORPORATION Contact: TINA HUERTA Email: tinah@yatespetroleum.com		9. API Well No. 30-015-28169-00-S1
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 N DAGGER DRAW
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 10 T19S R25E SWSW 660FSL 660FWL		11. County or Parish, and State EDDY COUNTY, NM

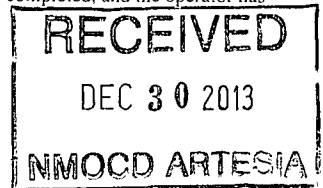
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleate 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 recompleation 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 recompleate as follows:

1. MIRU any safety equipment as needed. NU BOP.
2. RIH with GR/JB to 7610 ft. Set a 7 inch CIBP at 7600 ft and cap it with 25 sx Class H cement.
3. Perforate Bone Spring 4202 ft - 4952 ft (129).
4. Set an RBP at 5050 ft and packer at 4800 ft. Acidize with 3000g 20 percent HCL with 2g/M gelling agent, cationic surfactant, corrosion inhibitor and iron control additives. Drop 60 1.3 SG RCN ball sealers spaced out evenly throughout the acid. Flush to the bottom perf and over flush by 75 bbls. Swab test and evaluate. Release packer and retrieve RBP. NOTE: if there appears to be communication between this set of perms and the perms above the packer, then release packer and pull up to set the packer at 4550 ft and pump Step 4 along with Step 5.
5. Move up hole and set RBP at 4800 ft and packer at 4550 ft. Acidize with 5500g 20 percent HCL



SEE ATTACHED FOR
CONDITIONS OF APPROVA

Accepted for record

Provide NMOC D 10/21/2013

14. I hereby certify that the foregoing is true and correct. Electronic Submission #212315 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 07/02/2013 (13KMS6665SE)	
Name (Printed/Typed) TINA HUERTA	Title REG REPORTING SUPERVISOR
Signature (Electronic Submission)	Date 07/01/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

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 _____

DEC 24 2013
/s/ Chris Walls

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.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Additional data for EC transaction #212315 that would not fit on the form

32. Additional remarks, continued

with 2g/M gelling agent, cationic surfactant, corrosion inhibitor and iron control additives. Drop 100 1.3 SG RCN ball sealers spaced out evenly throughout the acid. Flush to the bottom perf and over flush by 75 bbls. Swab test and evaluate. Release packer and retrieve RBP.

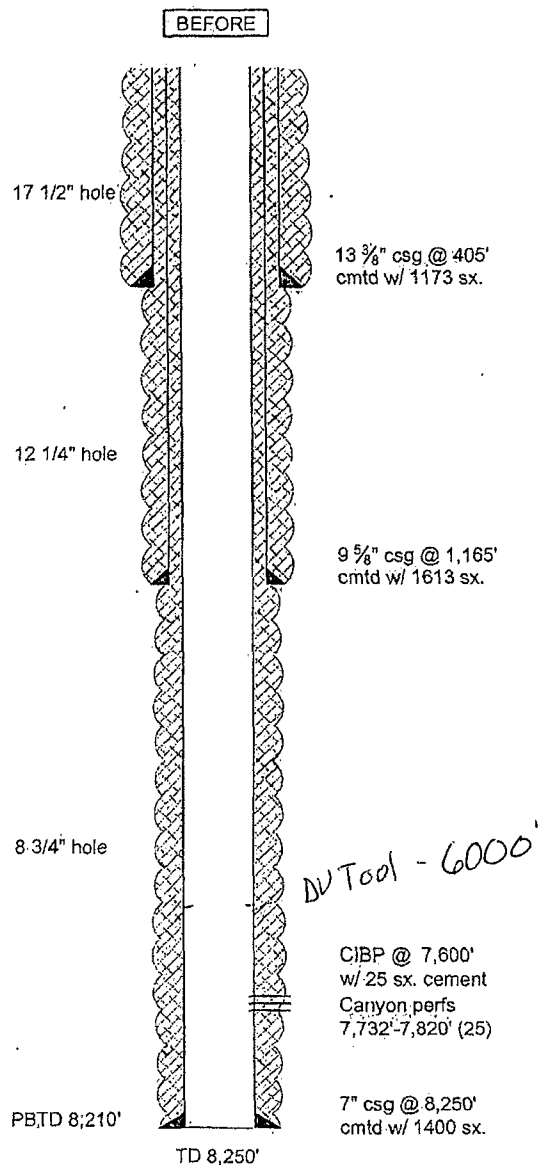
6. Move up hole and set RBP at 4350 ft and packer at 4170 ft. Acidize with 5000g 20 percent HCL with 2g/M gelling agent, cationic surfactant, corrosion inhibitor and iron control additives. Drop 100 1.3 SG RCN ball sealers spaced out evenly throughout the acid. Flush to the bottom perf and over flush by 75 bbls. Swab test and evaluate. Release packer and retrieve RBP.

7. TOH with tools. TIH with production equipment and hang the well off. Turn over to production.

Wellbore schematics attached

Well Name: Polo AOP Federal #3 Field: Dagger Draw
 Location: 660' FSL & 660' FWL Sec 10-19S-25E
 County: Eddy State: New Mexico
 GL: 3,483' Zero: KB:
 Spud Date: 7/15/1995 Completion Date: 8/25/1995
 Comments: API # 30015281690000

Casing Program	
Size/Wt/Grade	Depth Set
13 3/8" 54.5# J-55	405'
9 5/8" 36# J-55	1,165'
7" 26# & 23# J-55	8,250'

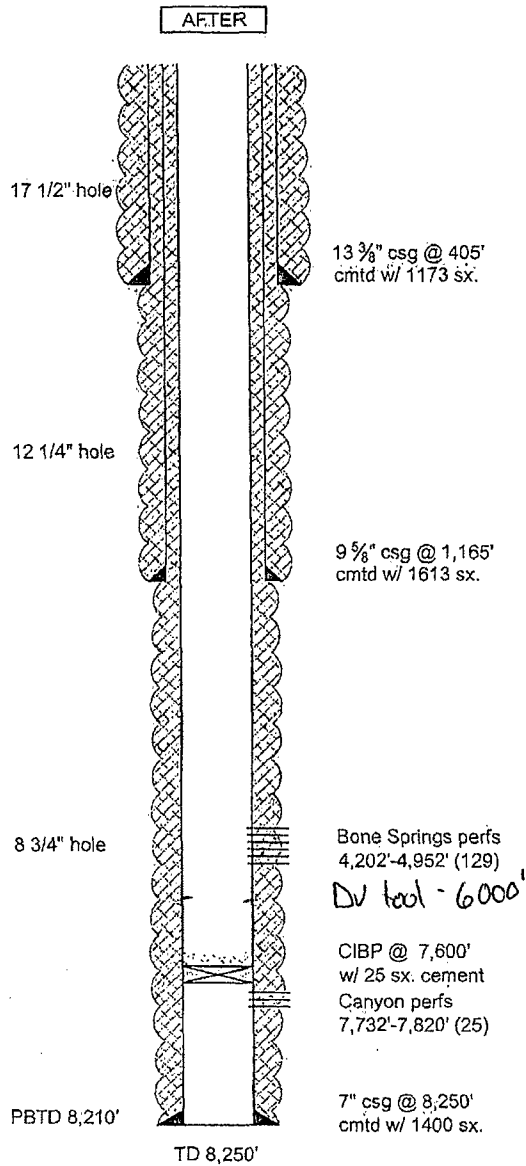


SKETCH NOT TO SCALE

DATE: 5/16/2013

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DATE: 5/16/2013

**Polo AOP Federal 3
30-015-28169
Yates Petroleum Corporation
Conditions of Approval**

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

Work to be completed by March 24, 2013.

- 1. Operator shall set a CIBP at 7,680' and place 25 sacks Class H cement. WOC and tag.**
- 2. Operator shall spot a class C cement plug from 6050'-5606'. WOC and tag. (DV tool at 6000' and Wolfcamp at 5656')**
- 3. 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.**
4. Surface disturbance beyond the originally approved pad must have prior approval.
5. Closed loop system required.
6. 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.
7. Operator to have H2S monitoring equipment on location.
8. A minimum of a 2000 (2M) 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.
- 9. Subsequent sundry required detailing work done, a C-102 form, and completion report for the new formation. Operator to include well bore schematic of current well condition when work is complete.**

CRW 122413

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

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement.

Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.