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YATES PETROLEUM CORPORATIONE-Multi: unant@yatespiercleam.com       30-0115-38622-00-51         So. Addrey ARTESIA NM 88210       Ph: 575-748-4168       10. Feld and Phol, or Exploratory HAY HOLLOW         4. Location of Weil ("framage: See: 7. If. M. (m Survey Description)       11. County or Partin, and State EDUY COUNTY, NM         12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA       TYPE OF ACTION         12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA         TYPE OF SUBMISSION       TYPE OF ACTION         Subsequent Report       Actifizz         Gasing Repair       New Construction         Casing Repair			her	· · · · · · · · · · · · · · · · · · ·				
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Convert to Injection     Convert to Injec		Subsequent Report		—	—		🖸 Other	
13. Describe Proposed or Complete logenation (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 Bodn dured which the work will be pertained results in a multiple completion of the involved operations. If the operation results in a multiple completion in a new interval, a form 31604 shall be filed once testing has been completed, mark abandoment Notices shall be filed once testing has been completed, and recompletion and the operation has been completed. That Abandoment Notices shall be filed once testing has been completed, and recompletion of requesting permission to fare September 20 - December 16, 2016 due to high H2S in Agave lines and will only be flaring as needed. All gas flared will be metered and reported as per BLM requirements.         "Yates Petroleum Corporation is requesting permission to fare September 20 - December 16, 2016 due to high H2S in Agave lines and will only be flaring as needed. All gas flared will be metered and reported as per BLM requirements.         "Flaring will be at the Buho BQH State #1H location (Unit A).         This circumstantial flare could result longer than 24 hour period and possibly more than the 144' hours cumulative authorized under NTLAA III.A. Flare volumes will be reported on OGOR.         14. Thereby certify that the foregoing is true and orrect.         Electronic Submission         Domited to AFMSS for processing by JEMNER SANCHEZ on 99/28/2016 (fsJAS1997SE)         Name (Primed/Typed)       TINA HUERTA         Signasture       (Electronic Submission) <td></td> <td>Final Abandonment Notice</td> <td></td> <td></td> <td></td> <td>-</td> <td></td>		Final Abandonment Notice				-		
14. Thereby certify that the foregoing is true and correct.       Electronic Submission #352107 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committee to AFMSS for processing by JENNIFER SANCHEZ on 09/28/2016 (16JAS1897SE)         Name (Printed/Typed)       TINA HUERTA         Signature       (Electronic Submission)         Date       09/22/2016         Title       PETROLEUM ENGINEER         Approved By       /S/ DAVID R. GLASSS         Approved By       /S/ DAVID R. GLASSS         Title       PETROLEUM ENGINEER         Office       Office		testing has been completed. Final Ab determined that the site is ready for fi Yates Petroleum Corporation i to high H2S in Agave lines and reported as per BLM requirem	vandonment Notices shall be file inal inspection.) is requesting permission to d will only be flaring as ne- ients.	d only after all requirements, ind o flare September 20 - Dec eded. All gas flared will be	luding reclamatio	16 due MM OIL	nd the operator has	
Electronic Submission #352107 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by JENNIFER SANCHEZ on 09/28/2016 (16JAS1897SE)         Name (Printed/Typed)       TINA HUERTA       Title       REG REPORTING SUPERVISOR         Signature       (Electronic Submission)       Date       09/22/2016         THIS SPACE FOR FEDERAL OR STATE OFFICE USE         Approved By       /S/ DAVID R. GLASS         Approved By       /S/ DAVID R. GLASS       Title       PETROLEUM ENGINEER       D0C1 0 6 20         Optimized and 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.		This circumstantial flare could hours cumulative authorized u	result longer than 24 hour inder NTL4A III.A. Flare v	r period and possibly more olumes will be reported on	than the 144 OGOR	RECE	IVED	
Electronic Submission #352107 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by JENNIFER SANCHEZ on 09/28/2016 (16JAS1897SE)         Name (Printed/Typed)       TINA HUERTA       Title       REG REPORTING SUPERVISOR         Signature       (Electronic Submission)       Date       09/22/2016         THIS SPACE FOR FEDERAL OR STATE OFFICE USE         Approved By       /S/ DAVID R. GLASS         Approved By       /S/ DAVID R. GLASS       Title       PETROLEUM ENGINEER       D0C1 0 6 20         Optimized and 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.				•				
Name (Printed/Typed)       TINA HUERTA       Title       REG REPORTING SUPERVISOR         Signature       (Electronic Submission)       Date       09/22/2016         THIS SPACE FOR FEDERAL OR STATE OFFICE USE         Approved By/SDAVID R. GLASS         Approved By/SDAVID R. GLASS       Title       PETROLEUM ENGINEER       DOCI 0 6 20         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.	:		Electronic Submission #3 For YATES PETRO	LEUM CORPORATION, ser	t to the Carlsb	ad		
THIS SPACE FOR FEDERAL OR STATE OFFICE USE         Approved By       /S/ DAVID R. GLASS       PETROLEUM ENGINEER       DOCI 0 6 20         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.							·	
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## BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Pursuant to NTL-4A III, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. <u>Emergencies.</u> During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. <u>Well Purging and Evaluation Tests.</u> During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. <u>Initial Production Tests.</u> During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. <u>Routine or Special Well Tests.</u> During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

## **Condition of Approval to Flare Gas**

- The first 24 hours of a <u>temporary emergency flare\*</u> is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than six-24 hour temporary emergency flare events and not to exceed 144 hours cumulative for the lease during a calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as disposition code"23".
- 2. Flared volumes considered to be "avoidably lost":
  - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
  - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
  - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. <u>Volumes for avoidably lost gas shall be</u> reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B. As an alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.

- 3. Approval not to exceed 90 days, if flaring is still required past 90 days submit new request for approval.
- 4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration.
- In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).

- If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
- An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
- 7. This approval does not authorize any additional surface disturbance.
- 8. Subject to like approval from NMOCD or

## **Regulations and Definitions**

**Definition:** As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

**NTL-4A.IV.B.** Oil Well Gas. Except as provided in II.C and III above, <u>oil well gas may not be vented or flared unless</u> <u>approved in writing by the Supervisor</u>. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

\*<u>Temporary Emergency Flaring</u> is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.