

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

LM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

| | | |
|--|---|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | <div style="border: 2px solid black; padding: 5px; text-align: center;"> RECEIVED FEB 5 2010 NM OGD ARTESIA </div> |
| 2. Name of Operator Yates Petroleum Corporation 025575 | | |
| 3a. Address 105 South Fourth Street, Artesia, NM 88210 | 3b. Phone No. (include area code) (575) 748-1471 | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL and 660' FWL, Unit M Section 21, T18S-R24E | | |

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| 5. Lease Serial No NM-87314 |
| 6. If Indian, Allottee or Tribe Name Not Applicable |
| 7. If Unit or CA/Agreement, Name and/o Not Applicable |
| 8. Well Name and No. Blown Gasket AVX Federal Com #1 |
| 9. API Well No 30-015-20330 |
| 10. Field and Pool, or Exploratory Area Undesignated Morrow |
| 11. County or Parish, State Eddy County, New Mexico |

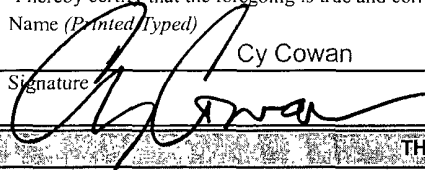
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| 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 checked="" type="checkbox"/> Other Change of Surface Use Plan |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input 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 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 Corporation requests permission to change from the use of a Reserve Pit to a Closed Loop System.

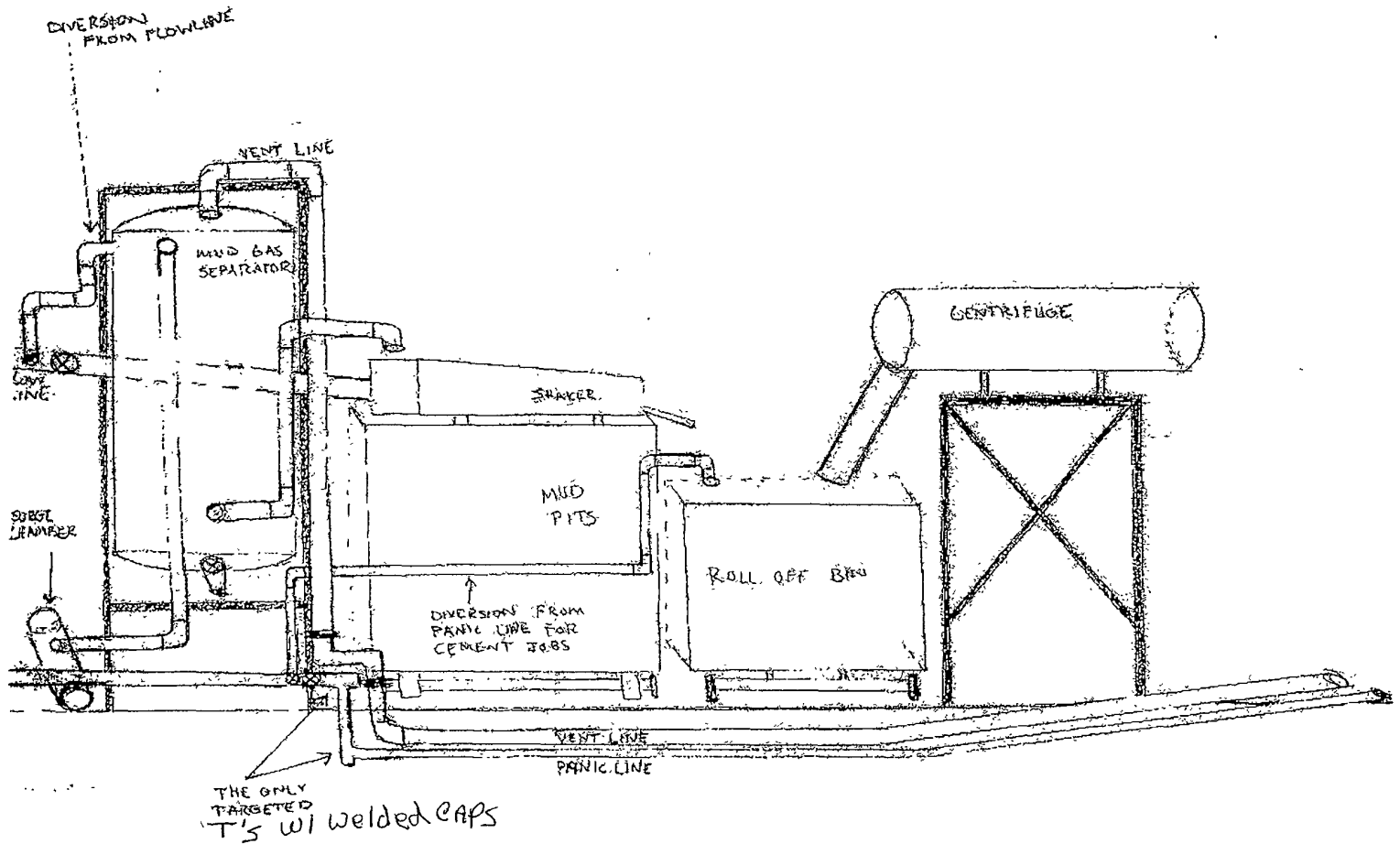
Thank you.

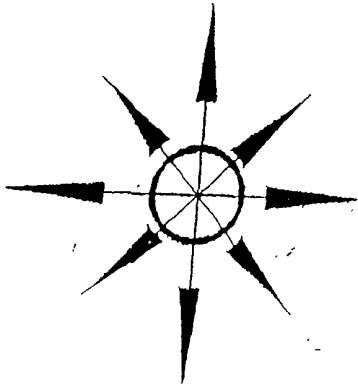
| | |
|---|--|
| 14 I hereby certify that the foregoing is true and correct | |
| Name (Printed/Typed) Cy Cowan | Title Land Regulatory Agent |
| Signature  | Date December 1, 2009 |
| THIS SPACE FOR FEDERAL OR STATE USE | |
| Approved by /s/ Don Peterson | Date FEB - 3 2010 |
| Conditions of approval, 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 CARLSBAD FIELD OFFICE |
| Title 18 U.S.C. Section 1001, 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. | |

(Instructions on reverse)

D. S.

YATES PETROLEUM CORPORATION
Piping from Choke Manifold
to the Closed-Loop Drilling Mud System





Yates Petroleum Corporation
Location Layout for Permian Basin

Closed Loop Design Plan

