

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTRECEIVED
ELECTRONIC REPORT

JUN 30 2017

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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 page 2**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. 751081035
2. Name of Operator BIYA OPERATORS INC		6. If Indian, Allottee or Tribe Name UTE MOUNTAIN UTE
Contact: JUBAL TERRY E-Mail: Jterry@diversifiedresourcesinc.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 1789 W. LITTLETON BLVD. LITTLETON, CO 80120	3b. Phone No. (include area code) Ph: 303-797-5417 Fx: 303-797-5418	8. Well Name and No. HSGU 157
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 27 T31N R16W SWNE 1940FNL 1960FEL 36.874086 N Lat, 108.509372 W Lon		9. API Well No. 30-045-13173-00-S1
		10. Field and Pool or Exploratory Area HORSESHOE GALLUP
		11. County or Parish, State SAN JUAN COUNTY, NM

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"/> Hydraulic Fracturing	<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
	<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 recompleat 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 recompleat 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.

BIYA Operators Inc. will be testing this well to determine its economic viability per the BLM's request. The well will be tested following the attached procedure.

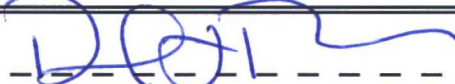

OIL CONS. DIV DIST. 3

JUL 13 2017

**SEE ATTACHED
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #380427 verified by the BLM Well Information System For BIYA OPERATORS INC, sent to the Durango Committed to AFMSS for processing by ASHLEY HITCHELL on 07/05/2017 (17ACH0047SE)	
Name (Printed/Typed) JUBAL TERRY	Title AGENT
Signature (Electronic Submission)	Date 06/30/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Title 	Date 7/6/2017
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.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ******NMOCDA Accepted For Record**

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Proposed Procedure for testing Horseshoe Gallup UMUT Wells.

- 1) Move onto location with a pumpjack and all other necessary equipment to pump and test well.
- 2) Pump well until stabilized production is achieved and flush production has been pumped out.
- 3) To start the test, a BLM Technician will have to verify the level of oil in the tank or to verify the tank is empty.
- 4) The tank will be properly sealed and witnessed by a BLM Technician.
- 5) Test all lines from well head to test tank.
- 6) Pump well daily and record production
- 7) The test will last 14 days exactly.
- 8) At the end of the 14 days the test will conclude.
- 9) BLM Technician will verify the level of oil in the test tank.
- 10) Once BLM has given the ok on this test, remove seal, load oil onto vac truck and move oil to main TB.
- 11) At the conclusion of the gaging, the oil will be removed from the tank using a Vacuum truck.
- 12) Nipple down flow lines and move test tank to next location. Reclaim temporary berm.

BIYA Operators, Inc.
Tribal Lease: 751-08-1035
Well: Horseshoe Gallup #157
Location: 1940' FNL & 1960' FEL
Sec. 27, T. 31 N., R. 16 W.
San Juan County, New Mexico

3160

Discussion of Well Testing: The intent of this testing is to determine whether this well can produce on an economic basis as per 43CFR, 3162.3-4(a). According to BLM records this well has not produced at all since 1994. This test will allow the Operator to demonstrate economic production over a period of 14 **consecutive** days. Any mechanical failure, weather, or anything else that will cause the well not to produce during this 14 day test period is the responsibility of the Operator. The BLM will measure the amount of oil produced during this 14 day test and then determine if this well is an economic producer or not. If this well fails to meet the economic threshold, then the well must be plugged. The following Conditions of Approval will give specific rules. Testing must take place **immediately** as your 60 day requirement to produce, plug, or demonstrate economic production is July 14, 2017. If you fail to start the testing by this date, then this well will be ruled non-economic and immediate plugging must take place.

Notice: This requirement applies to all 13 of the wells that the BLM has issued the 60 day letters to. If this testing program does not start within the 60 day period ending July 14, 2017, then **all** 13 wells will be determined uneconomic and immediate plugging must take place. This is not negotiable.

Conditions of Approval – Well Testing:

1. Notify this office at least **72 hours** prior to commencing testing operations.
2. The test will be run for a period of 14 consecutive days. No exceptions. Whatever oil volume is in the tank after 14 days will be used as the basis for determining if the well is capable of production in paying quantities. Report produced water volumes also.
3. The Operator is fully responsible for the testing. Any failure that occurs during the 14 day test cannot be used to ask for relief.
4. If the well does not produce in paying quantities, the BLM will issue a letter to the operator that the well did not pass the test. In this letter we will give the Operator 30 days to submit a Sundry Notice, Notice of Intent to plug the well. You will have 90 days after the approval of the Sundry Notice to complete the plugging of the well. Appeal right will be given in this letter.