

OCD-ARTESIA

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
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.

5 Lease Serial No.

NM-81952

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well



Oil Well



Gas Well



Other PA

2 Name of Operator

Yates Petroleum Corporation

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

8. Well Name and No

Llama ALL Federal #10H

9. API Well No

30-015-37190

3a Address

105 S. 4th Str., Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

4 Location of Well (Footage, Sec., T., R., M., OR Survey Description)

330' FSL & 1980' FWL, Unit N SESW Sec. 7-T22S-R31E Surface

10. Field and Pool or Exploratory Area

Cabin Lake, Delaware

7566' FSL & 1968' FWL, Unit K NESW Sec. 6-T22S-R31E Bottom

11. County or Parish, State

Eddy County, New Mexico

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 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 is submitting an application for produced water pursuant to Order #7 and requests your approval. The well at present produces 1200 bbls of water per day. The water will be stored in 1-500 tank and will be pipelined to the Flamenco SWD #1 with order #SWD-428 located at Sec. 7-T22S-R32E.

Accepted for record

NMOCD RE
7/21/11SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

JUL 15 2011

NMOCD ARTESIA

APPROVED

JUN 24 2011

/s/ JD Whitlock Jr

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

Name (Printed/Typed)

Miriam Morales

Title

Production Clerk

BUREAU OF LAND MANAGEMENT

CARI SBAD FIELD OFFICE

Signature

Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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.

(Instructions on page 2)

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

**Disposal of Produced Water From Federal Wells
Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
9. Disposal at any other site will require prior approval.
10. Subject to like approval by NMOCD.

6/17/2011