

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM 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-31649

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

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 & 660' FEL Unit P, SESE Sec.8-T26S-R30E Surface

330' FNL & 660' FEL Unit A, NENE Sec.8-T26S-R30E Bottom

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

8. Well Name and No.

Melson ZS Federal #2H

9. API Well No.

30-015-38665

10. Field and Pool or Exploratory Area

Wildcat/Bone Springs

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



Subsequent Report



Final Abandonment Notice



Acidize



Alter Casing



Casing Repair



Change Plans



Convert to Injection



Deepen



Fracture Treat



New Construction



Plug and Abandon



Plug Back



Production (Start/Resume)



Reclamation



Recomplete



Temporarily Abandon



Water Disposal



Water Shut-Off



Well Integrity



Other Surface/Lease

Commingle

gas only

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.

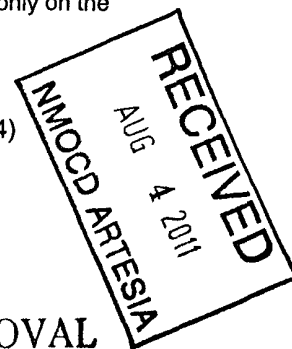
Accepted for record - NMOC
DJA 8-23-11

Yates Petroleum Corporation respectfully requests administrative approval to Surface/Lease Commingle gas only on the following wells:

Melson ZS Federal #2H(not yet drilled)
Wildcat/Bone Springs (96403)
Sec.8-T26S-R30E
API# 30-015-38665
Federal Lease #31649
Eddy County, New Mexico

Banjo BNO Federal #1
Corral Canyon/Bone Springs, South (13354)
Sec.5-T26S-R30E
API# 30-015-36923
Federal Lease #102034
Eddy County, New Mexico

Please see attach.

**SUBJECT TO LIKE
APPROVAL BY STATE****SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Name (Printed/Typed)

Miriam Morales

Title

Production Clerk

Signature

Date

7/20/11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

LPET

Date

7/31/11

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

CFO

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)

Continuation of Melson ZS Federal #2H Surface/Lease Commingle gas only application.

Diversified ownership. Attached notification to owners.

Each of the wells will be equipped with allocation meters for gas prior to commingling and the BLM point of measurement for this commingled production is at the Southern Union CDP meter #57210 located at the Banjo BNO Federal #1 Sec. 5-26S-30E.

Estimated daily production for the Melson ZS Federal #2H is 300 bbls per day and 500-1000 MCF per day. Average daily production for the Banjo is 4 bbls per day and 72 MCF per day.

The proposed commingling is necessary for economic operations and will not result in reduced royalty or improper measurement of production.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the leaser instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

DISTRICT I
1023 N. French Dr., Hobbs, NM 88240

DISTRICT II
1331 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-38665	Pool Code 96403	Pool Name Wildcat; Bone Spring
Property Code 12554	Property Name MELSON "ZS" FEDERAL	Well Number 2H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3079'

Surface Location

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P	B	26 S	30 E		330	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	8	26 S	30 E		330	NORTH	660	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

<div style="border: 2px solid black; padding: 10px; transform: rotate(-15deg);">RECEIVED MAR 28 2011 NMOCD-ARTESIA</div>	PROPOSED BOTTOM HOLE LOCATION Lat - N 32°03'48.86" Long - W 103°53'34.92" NMSPCE- N 387137.92 E 878504.28 (NAD-83)	<div style="border: 1px solid black; padding: 5px;">OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Cy Cowan</u> Date: <u>10/11</u> Printed Name: <u>Cy Cowan</u> Email Address: <u>cy@yatespetroleum.com</u></div>	
	Project Area →		<div style="border: 1px solid black; padding: 5px;">SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <div style="border: 1px solid black; border-radius: 50%; padding: 10px; text-align: center;">GARY L. JONES NOVEMBER 18, 2010 Professional Surveyor 23639</div> Certificate No. Gary L. Jones 7977 23639</div>
	Producing Zone →		
	Penetration Point 807' FSL & 660' FEL		

Basin Surveys
23639

DISTRICT I
1835 N. French Dr., Hobbs, NM 88240

DISTRICT II
1501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
1230 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-36923	Pool Code	Pool Name Wildcat Bone Springs
Property Code 37586	Property Name BANJO "BNO" FEDERAL	Well Number 1
OGED No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3097'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	5	26 S	30 E		510	SOUTH	330	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature Date 12/22/08 Cy Cowan Printed Name
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. DECEMBER 18, 2008 Date Surveyed Signature & Seal of Gary L. Jones Professional Surveyor
	W.O. Jones Certificate No. Gary L. Jones 7977 BASIN SURVEYS
	SURFACE LOCATION Lat - N32°03'57.19" Long - W103°53'45.37" SPC- N.: 387980.373 E.: 676831.385 (NAD-83)

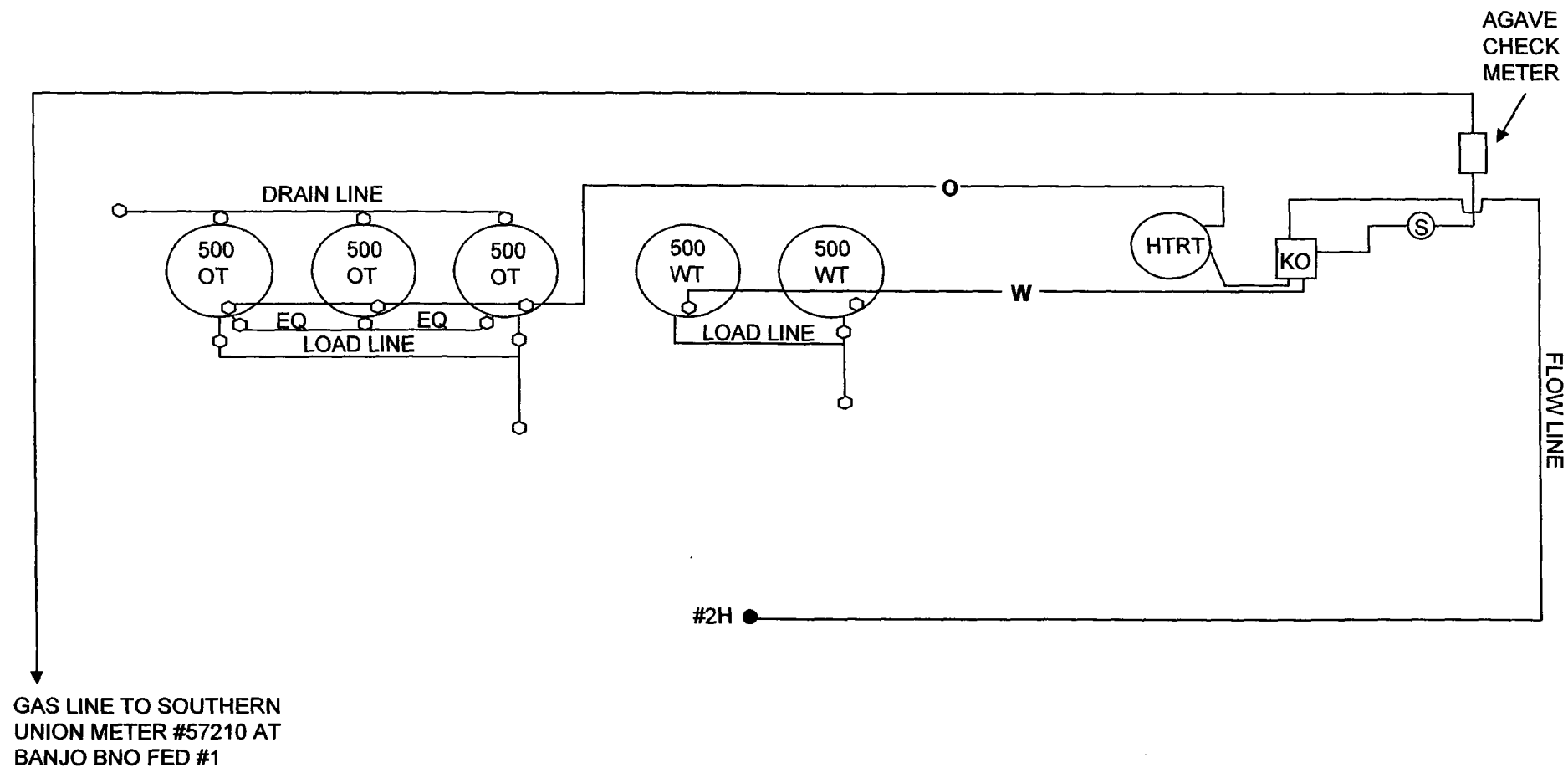


105 South 4th Street * Artesia, NM 88210
(575)-748-1471

-Junior Orquiz
July, 2011

MELSON ZS FED #2H

330' FSL & 660' FEL * Sec 08 – T26S – R30E * Unit P
Eddy County, NM



This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan
which is on file at 105 South 4th Street, Artesia, NM

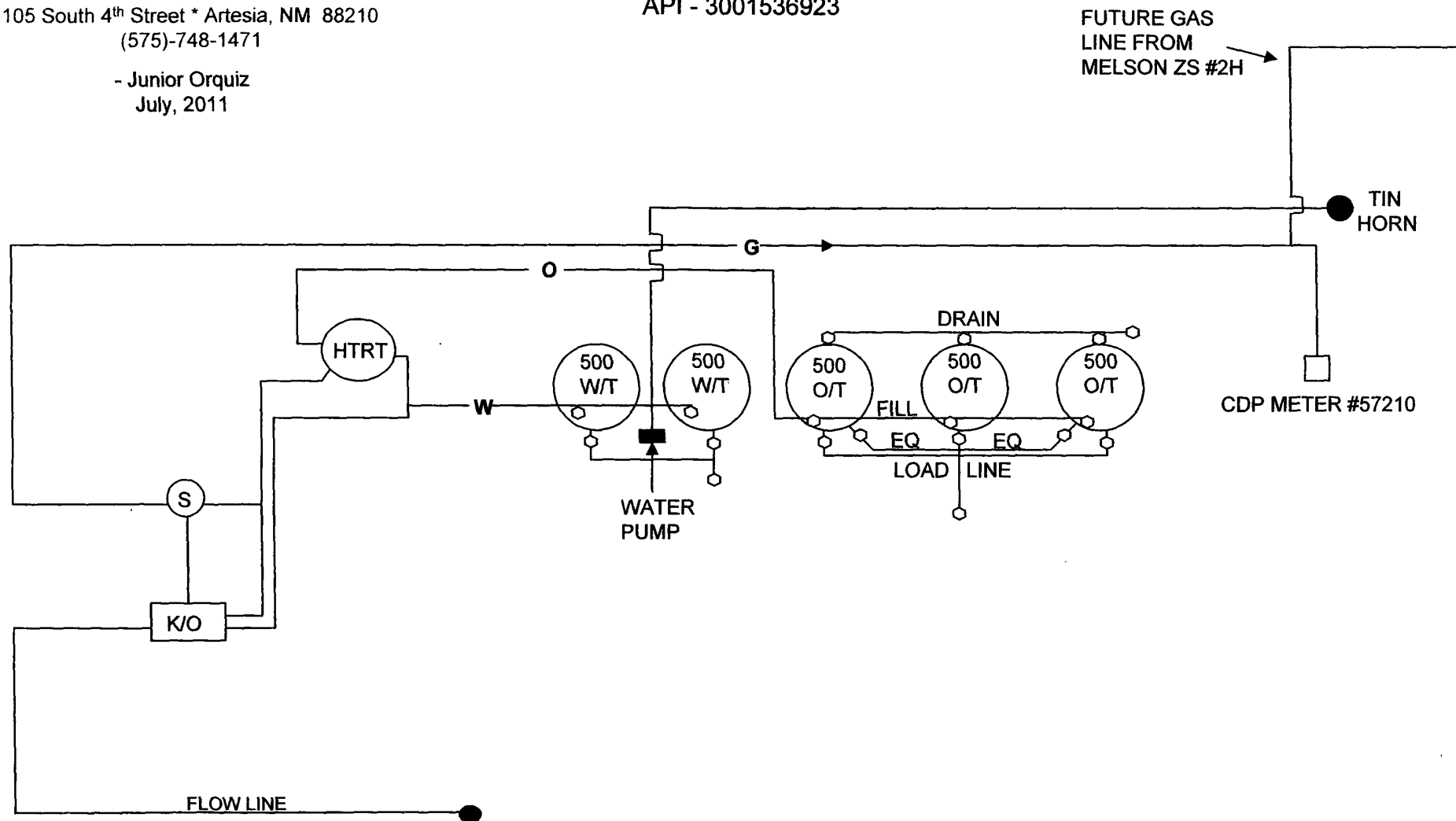


105 South 4th Street * Artesia, NM 88210
(575)-748-1471

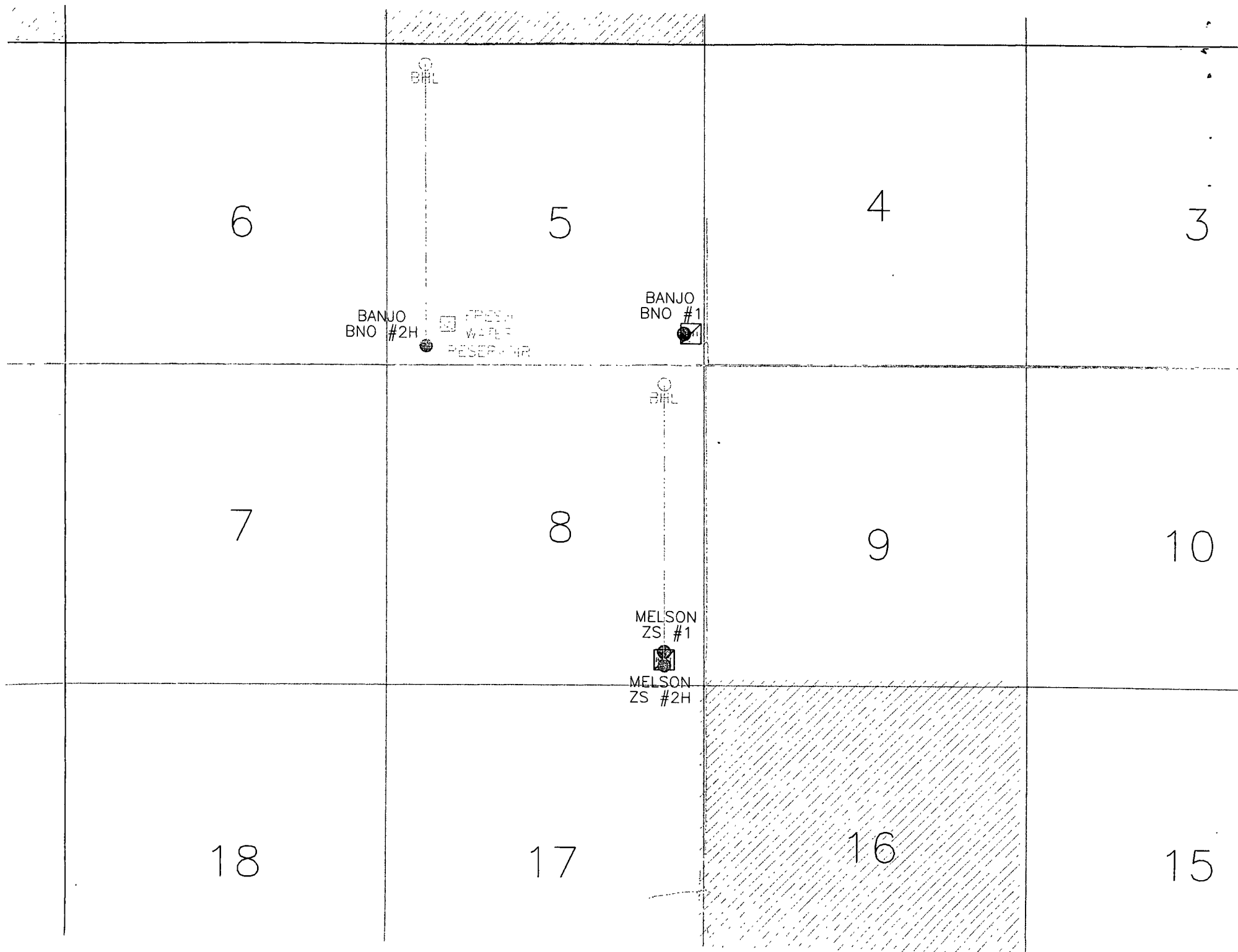
- Junior Orquiz
July, 2011

BANJO BNO FED #1

510' FSL & 330' FEL * Sec 05 - T26S - R30E * Unit P
Eddy County, NM
API - 3001536923



This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan
which is on file at 105 South 4th Street, Artesia, NM



**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Off-Lease Measurement

Conditions of Approval: Yates Petroleum Corporation, Melson ZS fed 2H and Banjo BNO Fed #1

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. 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.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green, Munsell Soil Color No. 5Y 4/2.

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T 025 S
R 029 E

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NM102034

Sec 5

Banjo BNO Federal #1

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NM31649

Sec 8

Melson ZS Federal #2H
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