

UNITED STATES **OCD-ARTESIA**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

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.

5. Lease Serial No
NM-62211

6. If Indian, Allottee or Tribe Name

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

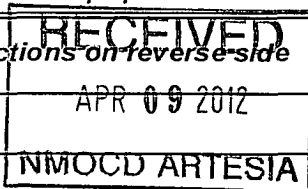
8. Well Name and No
Hanagan APL Federal Com #2H

9. API Well No.
30-015-39511

10. Field and Pool, or Exploratory Area
Second Bone Springs Sand

11. County or Parish, State
Eddy, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side



1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Yates Petroleum Corporation

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)
Surface: 1600' FSL & 330' FWL,
BHL: 1980' FSL & 330' FEL,
Section 31, T19S-R30E, Unit Letter (Surface L) (BHL I)

12. CHECK 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 checked="" 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 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	

3. Describe Proposed or Completed Operations (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 shall 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 shall be filed once Testing has been completed. Final Abandonment Notices shall 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 respectfully requests permission to change the hole and/or alter casing as per attached:

We are presently nipping up BOP, we feel like we could have some serious losses in the 1st intermediate hole section, we feel like we have good seats for a stage packer tool from 1655 - 1690 and from 1320 - 1410, we are proposing to run a stage packer tool in that scenario, the cement volumes will be adjusted in regard to its setting depth of the tool. We do have mudloggers on location. Will try to run fluid calipers, if possible. I want to have the weekend covered, if possible. If there are no losses, we will follow APD.

10" @ 344', 13 3/8" @ 1750'

1st stage: 1750' to (1680 or 1365) 115-440 sx Class C (WT 14.8 YLD 1.34)

2nd Stage: (1680 or 1365) to 18 5, Lead -900-1100 sx 35.65.6 POZ C (WT 12.5 YLD 2), Tail- 200 sx Class C (Wt 14.8, YLD 1.34)

Overall Approval was given on 3-17-2012, COA is Attached. As of 3-19-2012 No substantial losses were encountered and APD was followed.

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

Name (Printed/Typed) Jim Nies Title Drilling Engineer

Signature [Signature] Date March 19, 2012

THIS SPACE FOR FEDERAL OR STATE USE

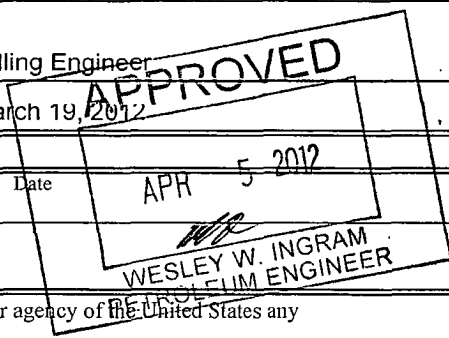
Approved by _____ Title _____ Date _____

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.

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.

Accepted for record
NMOC D

TOS
4/9/2012



Hanagan APL Federal Com 2H

ORAL APPROVAL 3/17/2012 0830 HOURS

Operator has proposed DV tool at depth of 1365', but will adjust cement proportionately if moved. The request to set at 1680' is NOT APPROVED. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.

1. The minimum required fill of cement behind the **13-3/8** inch first intermediate casing is:

a. First stage to DV tool:

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.**

WWI 031712