JUI 29 2009 OCD-ARTESIA FORM APPROVED **UNITED STATES** Form 3160-5 Budget Bureau No 1004-0135 DEPARTMENT OF THE INTERIOR (June 1990) Expires March 31, 1993 BUREAU OF LAND MANAGEMENT 5 Lease Designation and Serial No NM-9402 SUNDRY NOTICES AND REPORTS ON WELLS 6 If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals 7 If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE 1 Type of Well 8 Well Name and No Gas Oil Cottonwood KI Federal Com #2H | Well | | Other 9. API Well No 2 Name of Operator Yates Petroleum Corporation 30-015-36403 3. Address and Telephone No 10 Field and Pool, or Exploratory Area 105 South 4th Street, Artesia, NM 88210 (505) 748-1471 Cottonwood Creek; Wolfcamp 4 Location of Well (Footage, Sec., T., R., M., or Survey Description 11 County or Parish, State 1880' FNL & 260' FEL (SENE Unit H Sec-18-T16S-R25E At Surface Eddy County, New Mexico BHL 1767' FNL & 3063' FEL (SENW Unit F Sec-18-T16S-R25E CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Altering Casing Conversion to Injection Dispose Water Other. (Note Report results of multiple completion on Well completion or Recompletion Report and Log Form) 13 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)* Yates Petroleum Corporation is submitting application for produced water pursuant to Order #7 and requests your approval. The well at present produces 250 Bbls of water per day from Cottonwood Creek; Wolfcamp. The water will be stored in 2-500/210 Fbgls tanks and will be transported by Jim's Water Service to the Mitchell SWD #2. Located at Sec-23-17S-25E. Order R-5602. If the System is down it will be trucked by the lowest bid company. ACCEPTED FOR RECORD If alternated disposal is needed submit for alternate disposal site prior to use. JUL 2 7 2009 /s/ JD Whitlock J BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, makes 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