## OCD-ARTESIA

FORM APPROVED Form 3160-5 UNITED STATES Budget Bureau No\_1004-0135 (June 1990) DEPARTMENT OF THE INTERIOR Expires March 31, BUREAU OF LAND MANAGEMENT 5 Lease Designation and Serial No NM-78214 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 NMOCD ARTESIA 7 If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE 8 Well Name and No. 1 Type of Well Oil Anemone ANE Federal #5 Well Well 2 Name of Operator 9 API Well No. 30-015-31323 Yates Petroleum Corporation 10 Field and Pool, or Exploratory Area 3 Address and Telephone No 105 South 4th Street, Artesia, NM 88210 (505) 748-1471 Indian Basin/Upper Penn 4 Location of Well (Footage, Sec, T, R., M, or Survey Description 11 County or Parish, State 660' FNL & 660' FEL (NENE) Unit A Sec-9-T22S-R24E Eddy County, New Mexico 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 Conversion to Injection Altering Casing Dispose Water (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 0-100 Bbls of water per day from the Indian Basin / Upper Penn. The water will be stored in 2-1000 Fbgls tank and will be pipeline to the State D #1 location 16-20S-24E SE, SW order # SWD-395, or Archimedes SWD #1 location 18-21S-24E NW, SE order # SWD-852, or Mimosa #1 SWD location 4-20S-24E NE, SE order # SWD-408, or Mimosa AHS Fed SWD #3Y location 4-20S-24E SE, SE order # SWD-645, or Mimosa #4 SWD location 4-20S-24E SE, SW, order # SWD-474. If the System is down it will be trucked by the lowest bid company. SUBJECT TO LIKE ACCEPTED FOR RECORD APPROVAL BY STATE RI-NMOUN 12/10/09 NOV 2 7 2009 /s/ JD Whitlock Jr SEE ATTACHED FOR BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE CONDITIONS OF APPROVAL 14 I hereby certify that the foregoing is true and correct Date\_November 11, 2009

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

Title

(This space for Federal or State office use)

Conditions of approval, if any

Approved by

## 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.
- 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. If system is down prior to hauling to an alternate disposal site it must be approved.