

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-5 form.

Operator Signature Date: **Original APD 3/19/2013** Sundry Extension Date 4/19/2016

API WELL #	Well Name	Well #	Operator Name	Type	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng	W/E
30-045-35485-00-00	HORSESHOE GALLUP	401	BIYA OPERATORS INC.	O	N	San Juan	U	O	35	31	N	16	W

Conditions of Approval:

(See the below checked and handwritten conditions)

- Notify Aztec OCD 24hrs prior to casing & cement.
- Hold C-104 for 5.9 compliance – Inactive well
- Hold C-104 for directional survey & “As Drilled” Plat
- Hold C-104 for NSL, NSP, DHC,
- Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:
 - A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A
 - A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A
 - A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C
- Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
- Submit Gas Capture Plan form prior to spudding or initiating recompletions operations.
- Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84
- Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.

May 4, 2016

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- ✓ Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.
- ✓ Comply with current regulations at time of spud
Prior to production operator needs to be in compliance with RULE 19.15.5.9



NMOCD Approved by Signature

5/3/16
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
ELECTRONIC REPORT

APR 19 2016

FORM APPROVED
OMB NO. 1004-0135
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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. HORSESHOE GALLUP 401
2. Name of Operator BIYA OPERATORS INC Contact: JUBAL TERRY E-Mail: Jterry@diversifiedresourcesinc.com	9. API Well No. 30-045-35485-00-X1
3a. Address 1789 W. LITTLETON BLVD. LITTLETON, CO 80120	10. Field and Pool, or Exploratory HORSESHOE GALLUP
3b. Phone No. (include area code) Ph: 303-797-5417 Fx: 303-797-5418	11. County or Parish, and State SAN JUAN COUNTY, NM
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T31N R16W SWSE 845FSL 1775FEL 36.852620 N Lat, 108.491400 W Lon	

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 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 checked="" 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	

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 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.)

BIYA Operators Inc. respectfully requests that the BLM extends the APD for the Horseshoe Gallup #401. BIYA Operators, Inc. has been un able to secure the necessary equipment to drill this well. BIYA operators does anticipate being able to drill this well sometime in the near future.

SEE ATTACHED
CONDITIONS OF APPROVAL

OIL CONS. DIV DIST. 3

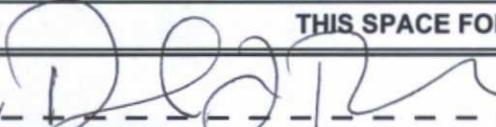
APR 29 2016

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

**Electronic Submission #336856 verified by the BLM Well Information System
For BIYA OPERATORS INC, sent to the Durango
Committed to AFMSS for processing by BARBARA TELECKY on 04/19/2016 (16BDT0051SE)**

Name (Printed/Typed) JUBAL TERRY	Title VICE PRESIDENT/AGENT
Signature (Electronic Submission)	Date 04/19/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Title 	Date 4/20/16
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 TRES RIOS FIELD 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

BIYA Operators, Inc.
Tribal IMDA: 751-08-1035
Well: Horseshoe Gallup # 401
Surface Location: 845' FSL & 1775' FEL
Sec. 35, T. 31 N., R. 16 W.
San Juan County, New Mexico

3160

Conditions of Approval, APD Extension:

- 1) This APD is extended for a period of one year and the extension will expire on 19 June 2017. This is the final extension that can be granted for this well as per regulations.