

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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.

5. Lease Serial No. NMNM107383

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

8. Well Name and No. MARCEL BMM FEDERAL 1H

9. API Well No. 30-015-36845-00-S1

1. Type of Well [X] Oil Well [] Gas Well [] Other

2. Name of Operator YATES PETROLEUM CORPORATION Contact: MIRIAM MORALES Email: mmorales@yatespetroleum.com

3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210 3b. Phone No. (include area code) Ph: 575-748-4200 Fx: 575-748-4664

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T16S R29E NENE 1090FNL 200FEL 32.962329 N Lat, 104.020267 W Lon

10. Field and Pool, or Exploratory WILDCAT

11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

Table with 2 columns: TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

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 recompleate 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 recompleation 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 respectfully requests permission to flare due to abnormal system pressures in the DCP lines.

This unavoidable flaring could result in a longer that 24 hour period and possibly more than the 144 hours cumulative authorized under NTL4A III.A. We will be requesting this possible additional, and unavoidable flaring until DCP pressures can be stabilized or other options become available. Flare volumes will be measured and reported on OGOR reports.

The possibility to flare will not be consistent; therefore, the estimated/possible volume per month is 1277 MCF.

RECEIVED APR 19 2013 NMOCD ARTESIA

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Accepted for record NMOCD C/Doode 4/24/13

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

Electronic Submission #204288 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 04/15/2013 (13KMS5854SE)

Name (Printed/Typed) MIRIAM MORALES Title PRODUCTION ANALYST

Signature (Electronic Submission) Date 04/12/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED APR 15 2013 BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

Approved By JERRY BLAKLEY Title LEAD PET Date 04/15/2013

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 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED **

SUBJECT TO LIKE APPROVAL BY STATE

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

4/8/2013

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. **Flared volumes will still require payment of royalties**
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5.
6. This approval does not authorize any additional surface disturbance.
7. Submit updated facility diagram as per Onshore Order #3.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared.