

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED  
OMB No. 1004-0137  
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.  
**NM-101583**  
6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

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

1. Type of Well  
 Oil Well     Gas Well     Other

8. Well Name and No.

2. Name of Operator  
**Yates Petroleum Corporation**

**Bleu BBP Federal Com #1**

3a. Address  
**105 S. 4th Str., Artesia, NM 88210**

3b. Phone No. (include area code)  
**575-748-1471**

9. API Well No.  
**30-015-33276**

4. Location of Well (Footage, Sec., T., R., M., OR Survey Description)  
**1980' FSL, 1650' FWL Sec 34-T16S-R27E Unit K**

10. Field and Pool or Exploratory Area  
**Wildcat**

11. County or Parish, State  
**Eddy Co. NM**

**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 <u>DH Commingle</u>
	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Request approval for down-hole commingling. Please see attached.

**SUBJECT TO LIKE APPROVAL BY STATE**

**RECEIVED  
DEC 12 2013  
NMOCD ARTESIA**

**SEE ATTACHED FOR CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**Brice A. Letcher**

Title Area Engineer

**APPROVED**

Signature

*Brice A. Letcher*

Date August 16, 2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Office

BUREAU OF LAND MANAGEMENT

CARLSBAD 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

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Brice A. Letcher

Print or Type Name

*Brice A. Letcher*  
 Signature

Area Engineer

Title

8/16/2013

Date

bletcher@yatespetroleum.com  
 e-mail Address

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-33276		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name Wildcat; Cisco
<sup>4</sup> Property Code 33564	<sup>5</sup> Property Name Bleu BBP Federal Com		<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation		<sup>9</sup> Elevation 3409'GL

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	16S	27E		660	North	660	West	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup> 				<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  Signature <span style="float: right;">August 7, 2013</span> Date Tina Huerta Printed Name tinah@yatespetroleum.com E-mail Address
				<sup>18</sup> SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>
				Date of Survey Signature and Seal of Professional Surveyor:
				Certificate Number

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-33276		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name Wildcat; Wolfcamp	
<sup>4</sup> Property Code 33564	<sup>5</sup> Property Name Bleu BBP Federal Com		<sup>6</sup> Well Number 1	
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation		<sup>9</sup> Elevation 3409' GL	

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	16S	27E		660	North	660	West	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup> 				<p><b><sup>17</sup> OPERATOR CERTIFICATION</b>  <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Tina Huerta</i> August 7, 2013          Signature Date</p> <p>Tina Huerta          Printed Name</p> <p>tinah@yatespetroleum.com          E-mail Address</p>
				<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b>  <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey          Signature and Seal of Professional Surveyor:</p>
				Certificate Number

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING  
AMMENDED**

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator Bleu BBP Federal Com Address Unit K - Section 34-16S-21E  
Lease 01 Well No. Eddy Unit Letter-Section-Township-Range Eddy County

OGRID No. 025575 Property Code 018265 API No. 30-015-33276 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat, Wolfcamp		Wildcat, Cisco
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7446'-7528'		6009'-6042'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU: 1349 Oil Gravity: 41.2		BTU: 1323 Oil Gravity: 43.1
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)			
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 60% Gas 20%		Oil 40% Gas 80%

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

**Attachments:**

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

**PRE-APPROVED POOLS**

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brice A. Letcher TITLE Area Engineer DATE 8/16/13

TYPE OR PRINT NAME Brice A. Letcher TELEPHONE NO. (575) 748-1471

E-MAIL ADDRESS bletcher@yatespetroleum.com

**Attachment**

C-102 for both zones are attached.

No production history is available for either zone due to both being new zones. Production rates were estimated from swab testing each zone. See attached swab report for details. The Wolfcamp production is estimated to be 8 bopd and 5 mcf. The Cisco production is estimated to be 12 bopd and 20 mcf.

We need to commingle the two zones to make an economic well. Our plan is to produce the two zones for a few weeks to evaluate the viability of producing the two zones long term and consider a fracture treatment or other recompletion potential in a different zone.

BLEU BBP FEDERAL #1

Zone  
Cisco

Swab Details

Start Date	# Runs	Init Fl Lvl	Choke Sz	P(tub)	P (cas)	% H2O	Recov	Oil	Water Amt	Ld Left to Rec	Comment
7/25/2013 11:30			0.375	3,300.00				0	0	154	START FLOWBACK
7/25/2013 12:00			0.75	0		100	38	0	38	116	H2O
7/25/2013 13:00	3	600				100	18	0	18	98	H2O, ACID GAS
7/25/2013 14:00	2	0				100	16	0	16	82	H2O, ACID GAS, GAS, START FLOWING.
7/25/2013 15:00	2	0				100	13	0	13	69	H2O, GOOD GAS, FLOWING OFF AND ON.
7/25/2013 16:00			0.75	20		98	21	0.4	20.6	48.4	H2O, GOOD GAS, 2% OIL, WELL FLOWING.
7/25/2013 17:00			0.75	0		96	6	0.2	5.8	42.7	H2O, STEADY GAS BLOW, SURGING FLUID
7/25/2013 18:00	1	2,300				95	5	0.3	4.8	37.9	W/ 4% OIL CUT
7/26/2013 7:00			0.75	490				0	0	38	H2O, STEADY GAS BLOW, 5% OIL CUT. SWI.
7/26/2013 8:00			0.75	0		0	2	2	0	38	START FLOWBACK
7/26/2013 9:00	2	2,500				95	13	0.7	12.4	25.6	FLOW 2 BBLS OIL
7/26/2013 10:00	2	3,300				95	10	0.5	9.5	16.2	H2O, STEADY GAS FLOW, 5% OIL
7/26/2013 14:00	1	6,700				95	2	0.1	1.9	-5.7	"
7/29/2013 7:00			0.375	700			0	0	0	0	2013/07/26 11:00"
7/29/2013 8:00			0.375	100			4	4	0	0	"
7/29/2013 9:00	2	4,200				99	12	0.1	11.9	-11.9	2013/07/26 15:00"
7/29/2013 10:00	2	5,000				99	8	0.1	7.9	-19.8	

Total= 8.4 159.8

BLEU BBP FEDERAL #1

Zone  
Wolfcamp

Swab Details

Start Date	# Runs	Init Fl Lvl	Choke Sz	P(tub)	P (cas)	% H2O	Recov	Oil	Water Amt	Ld Left to Rec	Comment
7/31/2013 7:00			0.75	500				0	0	52	
7/31/2013 8:00	2	3,500				49	13	6.6	6.4	45.6	
7/31/2013 9:00	2	5,800				85	5	0.8	4.3	41.4	
7/31/2013 10:00	1	5,800				50	0.5	0.3	0.3	41.1	
7/31/2013 11:00	1	5,800				50	0.5	0.3	0.3	40.9	
7/31/2013 12:00	1	5,800				50	0.5	0.3	0.3	40.6	
7/31/2013 13:00	1	5,800				50	0.5	0.3	0.3	40.4	
7/31/2013 14:00	1	5,800				50	0.5	0.3	0.3	40.1	
7/31/2013 15:00	1	5,800				50	0.5	0.3	0.3	39.9	
7/31/2013 16:00	1	5,800				50	0.5	0.3	0.3	39.6	
7/31/2013 17:00	1	5,800				50	0.5	0.3	0.3	39.4	
8/1/2013 7:00				150				0	0		
8/1/2013 8:00	1	5,400					3	3	0		
8/1/2013 9:00	1	5,800				50	0.5	0.3	0.3		

Total= 13.1 13.4



**Bleu BBP Federal Com 1**  
**30-015-33276**  
**Yates Petroleum Corporation**  
**December 09, 2013**  
**Conditions of Approval**

**Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.**

**Work to be completed by March 09, 2014.**

- 1. Operator is approved to DHC. Production data from the combined pools shall be submitted on the subsequent report.**
2. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Surface disturbance beyond the originally approved pad must have prior approval.
4. Closed loop system required.
5. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
6. Operator to have H2S monitoring equipment on location.
7. A minimum of a 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
- 8. Subsequent sundry required detailing work done. Operator to include well bore schematic of current well condition when work is complete.**
- 9. Operator to submit a sundry to remove "COM" from the well name. This well no longer requires a communitization agreement.**

**JAM 120913**