

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**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 page 2.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

3a. Address

105 South Fourth Street Artesia, NM 88210

3b. Phone No. (include area code)

(575)-7484372

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL and 1980' FWL Section 25, T19S-R24E Surface Hole Location  
330' FNL and 1780' FWL Section 25, T19S-R24E Bottom Hole Location

5. Lease Serial No.

NM-26864

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Roden GD Federal Com. #8H

9. API Well No.

30-015-27506

10. Field and Pool or Exploratory Area

Dagger Draw, Upper Penn, North

11. County or Parish, State

Eddy County, New Mexico

12. CHECK THE 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>Change of name.</u>	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>And new drilling plan.</u>	
	<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 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 must 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 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.)

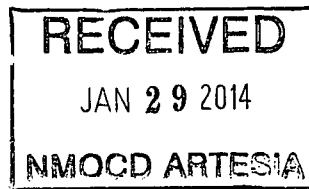
Yates Petroleum Corporation wishes to change of this well from the March AMT Federal Com. #1H to the Roden GD Federal Com. #8H. We are proposing to recompleate this well and drill a horizontal lateral with the bottom hole location being 660' FNL and 1780' FWL. The original surface hole location will remain at 660' FNL and 1980' FWL. Please note the attached drilling plan submitted with this Sundry Notice.

*well name change*

Accepted for record

NMOCD JES

1-29-2014



*Did not submit requested info*

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

Cy Cowan

Title Land Regulatory Agent

Signature

Date

4/29/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

**DENIED**

Title

Office

Date

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 to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

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

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name Dagger Draw, Upper Penn, North
Property Code	Property Name RODEN GD FEDERAL COM	Well Number 8H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3605

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	19 S	24 E		660	SOUTH	1980	WEST	EDDY

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
C	25	19 S	24 E		330	NORTH	1780	WEST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	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

<p>1780'</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°38'18.01" Long - W 104°32'39.63" NMSPCE- N 596022.08 E 476384.41 (NAD-83)</p>	<p>B.H. 330'</p> <p>← PROJECT AREA</p> <p>← PRODUCING AREA</p> <p>4940.2'</p>	<p>N 596351.97 E 479916.83</p>	<p><b>OPERATOR CERTIFICATION</b> 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.  Signature <u>Cy Cowan</u> Date <u>4/24/13</u>  Printed Name <u>Cy Cowan</u>  Email Address _____</p>
<p>N 593738.25 E 474604.89</p> <p><b>SURFACE LOCATION</b> Lat - N 32°37'35.70" Long - W 104°32'37.29" NMSPCE- N 591746.58 E 476575.88 (NAD-83)</p>	<p>1980'</p> <p>S.L. 660'</p> <p>← PROJECT AREA</p> <p>← PRODUCING AREA</p>	<p>N 593727.18 E 479892.34</p>	<p><b>SURVEYOR CERTIFICATION</b> 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.  DECEMBER 20 2012 Date Surveyed Signature &amp; Seal of Professional Surveyor 7977 Certificate No. 27633 Basin Surveys 7977</p>
<p>N 591093.01 E 474593.58</p>	<p>660'</p> <p>1137' FSL and 1959' FWL</p>	<p>N 591084.63 E 477241.58</p>	<p>N 591076.58 E 479888.58</p>

**YATES PETROLEUM CORPORATION**

Roden GD Federal Com #8H  
660' FSL & 1980' FWL, Surface Hole  
330' FNL & 1780' FWL, Bottom Hole  
Section 25-T19S-R24-E  
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

San Andres	474' Oil	Wolfcamp	5321' Oil + Gas	
Glorieta	1964' Oil	Cisco Shale Target	7728' Oil MD	7455' TVD
Abo	4211 Oil + Gas'	Lateral TD	11529'	11530' MD
KOP	6978'	TD	11530 MD	7455' TVD

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approx 275'  
Oil or Gas: See above--All Potential Zones

3. Pressure Control Equipment: A 3000 PSI BOPE with a 13 5/8" opening will be installed on the 7" BOPE Preventers and equipment will be tested to the pressure approved in the Sundry Notice. Tests will be conducted by an independent tester utilizing a test plug in the well head. Tests will be held for 10 minutes on each segment of the system tested. Any leaks will be repaired at the time of the test. Annular preventer will be tested to 50% of rated working pressure. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit

The Accumulator system will be inspected for correct pre charge pressures, and proper functionality, prior to connection to the BOPE system.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A Casing Program: (4 1/2" casing All New)

HOLE SIZE	CASING SIZE	WT/FT	GRADE	COUPLING	INTERVAL	LENGTH
14 3/4	9 5/8"	36#	J-55	ST&C	0'-1075' In Place	1075'
8 3/4"	7"	23# & 26#	J-55/N-80	LT&C	0'-8070' In Place	8070'
6 1/8"	4 1/2"	11.60#	P-110	Buttress	6898'-11530'	4632'

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

B. CEMENTING PROGRAM:

Surface casing was cemented with 700 sx Pacesetter Lite C with 1/2# Cellocel, 10# Gilsonite, 3% CaCl<sub>2</sub> (Wt 12.7 Yld. 1.84). With 200 sx Class C + 2% CaCl<sub>2</sub>. (Wt 14.8 Yld 1.32) Cement circulated to surface.

Production Casing was cemented in two stages. Stage 1: 700 sx "H" w/5# CSE, 65% CF-14 1/2# Cellocel, 10# Gilsonite per sack, (Wt 15.1 Yld 1.34). DV Tool set at approximately 5500' Cement volume calculated 5500'.

Stage 2: 775 sx Pacesetter Lite C with 4% CF-14, 5# sack salt (Wt 12.4 Yld 1.98) plus 100 sx "H" (Wt 15.6 Yld 1.18). Cement calculated to circulate to surface.

The new production casing will be cemented with 420 sx Pecos VILt with D112, Fluid Loss 0.4%; D151, Calcium Carbonate, 22.5 lb/sack; D-174, Extender 1.5 lb/sack; D-177, Retarder 0.01 lb/sack; D-800, Retarder 0.5 lb/sack and D46, Antifoam Agent, 0.15 lb/sack (Wt. 13.00 Yld. 1.41). Cement designed with 35% excess. TOC=6898'.

This well will be a recompletion. A CIBP will be set at approximately 6921' being 5' to 7' above the casing collar, set weight on plug to verify setting. Orient and set a whipstock and mill a window in the casing with a 6 1/2" mill at 6978'. Kick off at approximately 6978' with a 6 1/8" hole at 12 degrees per 100' to 7728' MD (7455' TVD) and then drill a 6 1/8" lateral to a TD of 11530' MD (7455' TVD) where a 4 1/2" liner hanger will be set from approximately 6898' to TD. The well will be cemented for TD to approximately 6898' and circulated off. A tieback string will be connected later for stimulation. The penetration point of producing formation encountered at 1137' FSL and 1959' FWL, of Section 25, T19S-R24E. The deepest TvD in the lateral will be 7455'.

5. Mud Program and Auxiliary Equipment:

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
6978'-11530"	Cut Brine	8.60-9.20	28-34	N/C

At the start of drilling operations an electronic PVT system will be installed as our primary mud level monitoring system. A secondary system will be comprised of the derrick hand checking the fluid level in the pits periodically using a nut on the end of a rope hanging just above the fluid level in the pit.

6. EVALUATION PROGRAM:

Samples: 10 foot samples KOP to TD.  
Logging: Horizontal only MWD-GR.  
Coring: None  
DST's: None  
Mudlogging: From KOP to TD.

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP: Depths are TVD.

From: 6978' TO: 7455'

Anticipated Max. BHP: 3566 PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: Possible

8. ANTICIPATED STARTING DATE:

Plans are to recomplete this well as a horizontal well, by drilling a lateral as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 20 days.

**WELL NAME:** Roden GD # 8H      **FIELD:** Dagger Draw  
**LOCATION:** 1,980' FWL & 660' FSL of Section 25-19S-24E      Eddy Co., NM  
**GL:** 3,605'      **ZERO:** 18'      **KB:** 3,623  
**SPUD DATE:** 7/3/93      **COMPLETION DATE:** 8/2/93  
**COMMENTS:** API No.: 30-015-27506  
 Formally the (March AMT # 1)

# CASING PROGRAM

9-5/8" 36# J55 STC		<b>1,075'</b>
7" 26# J55	1,213'	
7" 23# J55	3,667'	
7" 26# J55	2,692'	
7" 26# N80	498'	<b>8,070'</b>

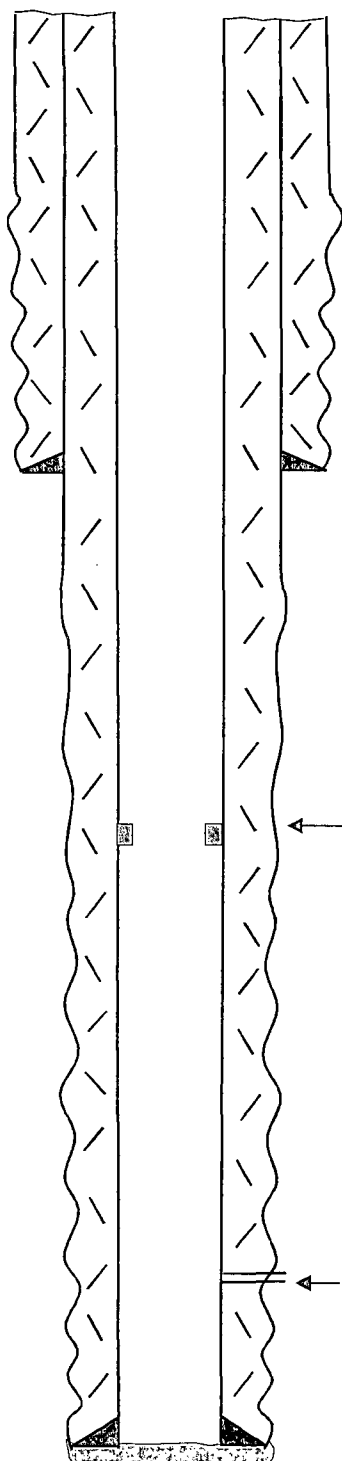
**Before**

# TOPS

SA 474'  
 Glorieta 1,964'  
 Abo 4,211'  
 WC Lm 5,321'  
 Canyon 7,532'

14-3/4"  
Hole

8-3/4" Hole



9-5/8" @ 1,075' w/  
1300 sx (Circ)

DV Tool @ 5,611'

Canyon Perfs: 7,680-7,747' (26)

TD: 8,070'

7" @ 8,070' w/  
 1<sup>st</sup> Stage: 600 (Circ)  
 2<sup>nd</sup> Stage: 875 sx (Circ)

**Not to Scale**  
 4/22/13  
 JMH

WELL NAME: Rodgen GD # 8 FIELD: Dagger Draw  
 LOCATION: 1,980' FWL & 660' FSL of Section 25-19S-24E Eddy Co., NM  
 GL: 3,605' ZERO: 18' KB: 3,623  
 SPUD DATE: 7/3/93 COMPLETION DATE: 8/2/93  
 COMMENTS: API No.: 30-015-27506  
Formally the (March AMT #1)

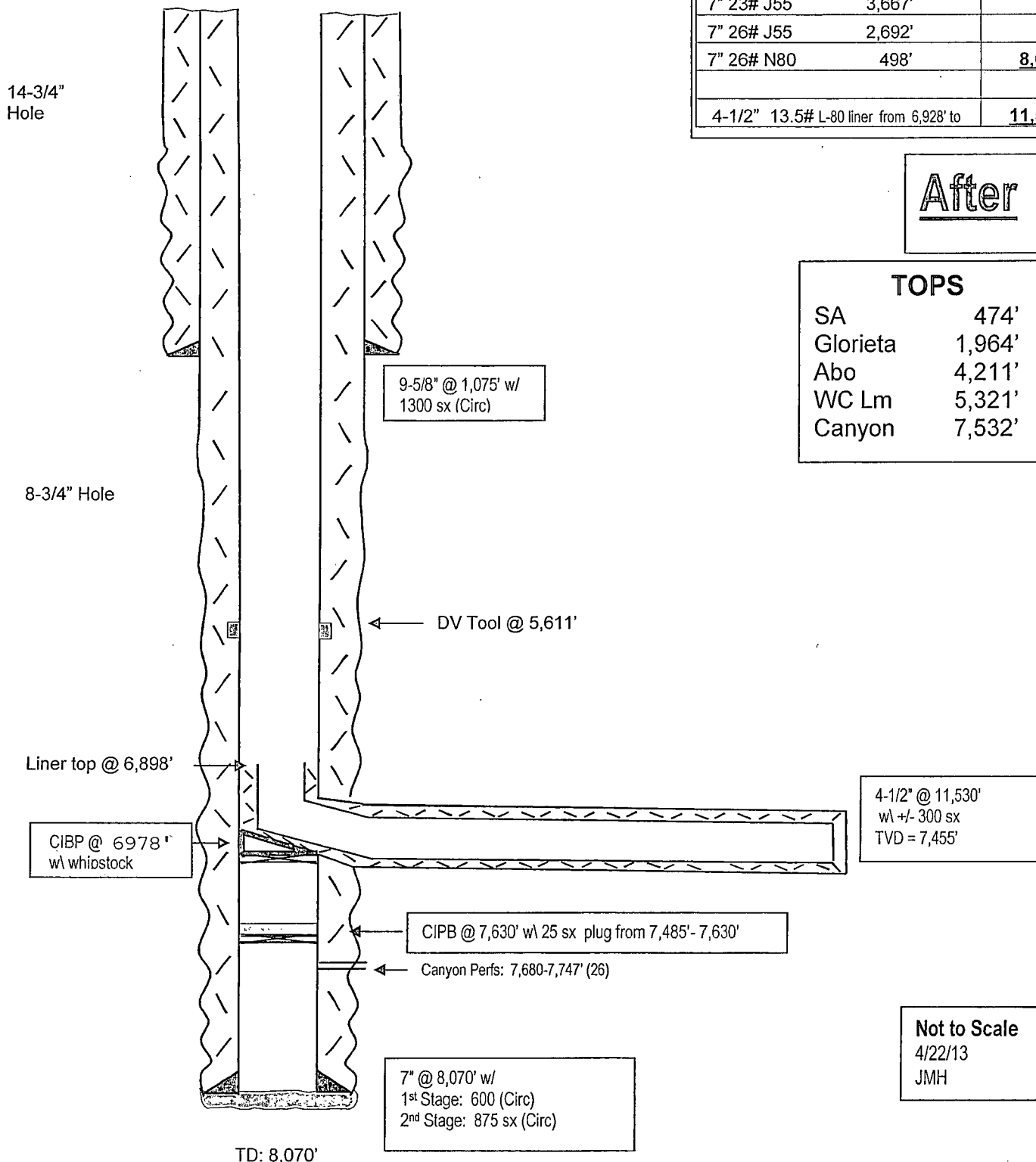
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7" 26# J55	2,692'	
7" 26# N80	498'	<b>8,070'</b>
4-1/2" 13.5# L-80 liner from 6,928' to		<b>11,530'</b>

After

# TOPS

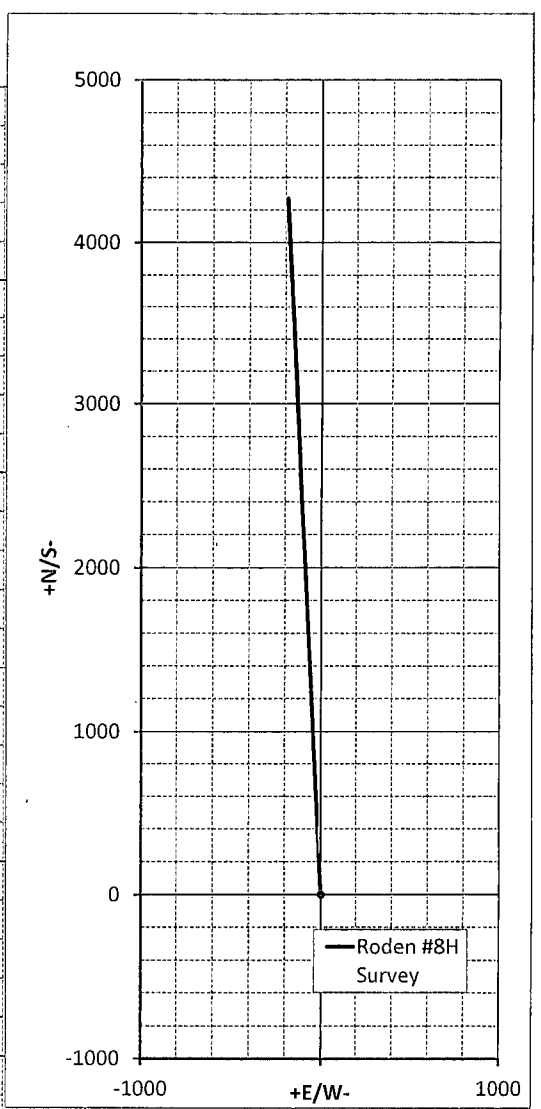
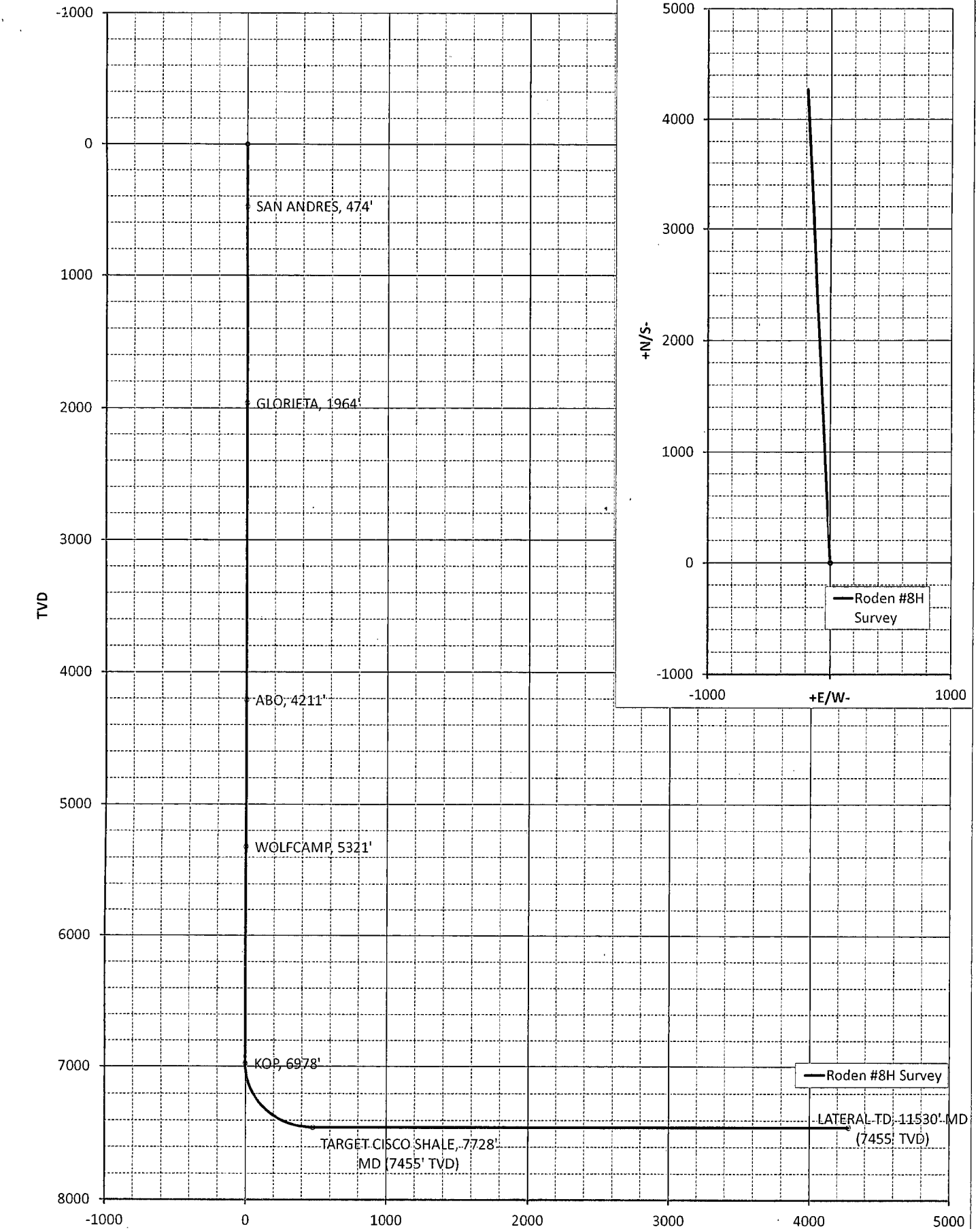
SA	474'
Glorieta	1,964'
Abo	4,211'
WC Lm	5,321'
Canyon	7,532'



## Survey/Planning Report

Survey/Planning Report									
Operator Dir. Co. Well Name Location Rig Job	Yates Petroleum Corp.			Northing Easting Elevation Latitude Longitude Units			Date System Datum Zone Scale Fac. Converg.	15-Apr-13	
	Yates Petroleum Corp.							2 - St. Plane	
	Roden #8H Survey							1983 - NAD83	
	Sec. 25, 19S-24E							4302 - Utah Central	
MD	INC	AZI	TVD	+NS-	+EW-	VS@357.44°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
474.00	0.00	360.00	474.00	0.00	0.00	0.00	0.00	0.00	0.00
474: SAN ANDRES, 474'									
1964.00	0.00	360.00	1964.00	0.00	0.00	0.00	0.00	0.00	0.00
1964: GLORIETA, 1964'									
4211.00	0.00	360.00	4211.00	0.00	0.00	0.00	0.00	0.00	0.00
4211: ABO, 4211'									
5321.00	0.00	360.00	5321.00	0.00	0.00	0.00	0.00	0.00	0.00
5321: WOLFCAMP, 5321'									
6977.54	0.00	357.44	6977.54	0.01	0.00	0.01	0.00	-0.04	0.00
6977.54: KOP, 6978'									
7000.00	2.70	357.44	6999.99	0.53	-0.02	0.53	12.00	0.00	12.00
7100.00	14.70	357.44	7098.66	15.61	-0.70	15.63	12.00	0.00	12.00
7200.00	26.70	357.44	7192.04	50.85	-2.28	50.90	12.00	0.00	12.00
7300.00	38.70	357.44	7276.04	104.72	-4.69	104.82	12.00	0.00	12.00
7400.00	50.70	357.44	7346.99	174.85	-7.83	175.03	12.00	0.00	12.00
7500.00	62.70	357.44	7401.80	258.19	-11.56	258.45	12.00	0.00	12.00
7600.00	74.70	357.44	7438.07	351.09	-15.72	351.45	12.00	0.00	12.00
7700.00	86.70	357.44	7454.21	449.50	-20.13	449.95	12.00	0.00	12.00
7727.53	90.00	357.44	7455.00	476.99	-21.36	477.47	12.00	0.00	12.00
7727.53: TARGET CISCO SHALE; 7728' MD (7455' TVD)									
11529.86	90.00	357.44	7455.01	4275.51	-191.47	4279.79	0.00	0.00	0.00
11529.86: LATERAL TD, 11530' MD (7455' TVD)									







# Yates Petroleum Corporation

105 S. Fourth Street  
Artesia, NM 88210

## Hydrogen Sulfide (H<sub>2</sub>S) Contingency Plan

For

Roden GD Federal Com #8H

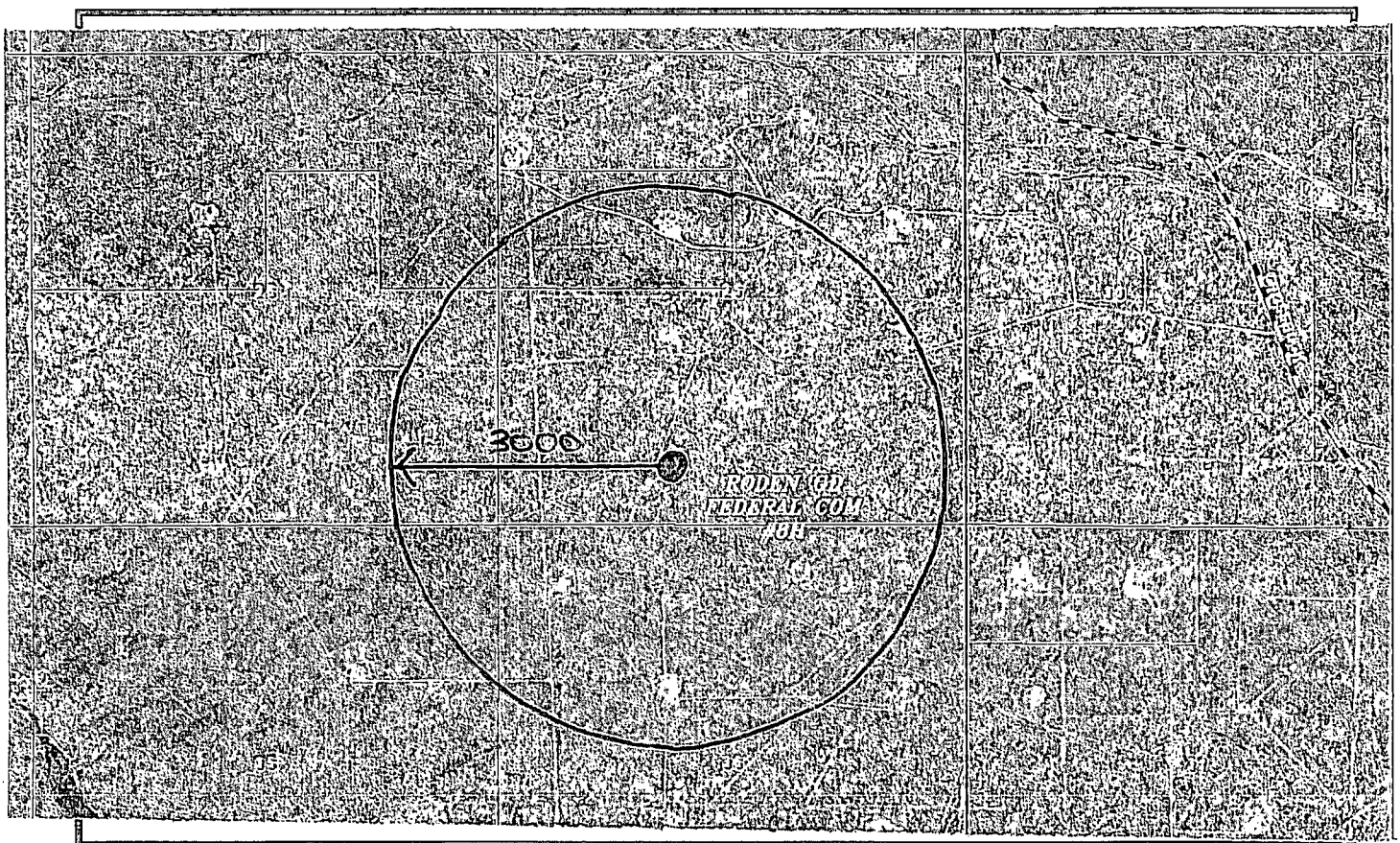
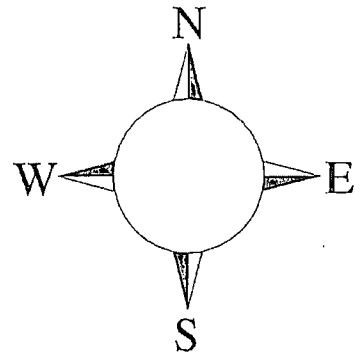
660' FSL and 1980' FWL

Section 25, T-19-S, R-24-E

Eddy County, NM

## Roden GD Federal Com #8H

This is an open drilling site. H<sub>2</sub>S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H<sub>2</sub>S, including warning signs, wind indicators and H<sub>2</sub>S monitor.



Assumed 100 ppm ROE = 3000'  
100 ppm H<sub>2</sub>S concentration shall trigger activation of this plan.

## Emergency Procedures

In the case of a release of gas containing H<sub>2</sub>S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H<sub>2</sub>S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S monitors and air packs in order to control the release. Use the “buddy system” to ensure no injuries during the response.

## Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

## Characteristics of H<sub>2</sub>S and SO<sub>2</sub>

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H <sub>2</sub> S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air = 1	2 ppm	N/A	1000 ppm

## Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico’s ‘Hazardous Materials Emergency Response Plan’ (HMER)

## ***Yates Petroleum Corporation Phone Numbers***

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YPC Office .....	(575) 748-1471
Pinson McWhorter/Operations Manager .....	(575) 748-4189
Wade Bennett/Prod Superintendent .....	(575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent .....	(575) 748-4228
Mike Larkin/Drilling .....	(575) 748-4222
Paul Hanes/Prod. Foreman/Roswell .....	(575) 624-2805
Tim Bussell/Drilling Superintendent .....	(575) 748-4221
Artesia Answering Service .....	(575) 748-4302
(During non-office hours)	

### **Agency Call List**

#### **Eddy County (575)**

##### **Artesia**

State Police .....	746-2703
City Police.....	746-2703
Sheriff's Office .....	746-9888
Ambulance.....	911
Fire Department.....	746-2701
LEPC (Local Emergency Planning Committee) .....	746-2122
NMOCD.....	748-1283

##### **Carlsbad**

State Police .....	885-3137
City Police.....	885-2111
Sheriff's Office.....	887-7551
Ambulance.....	911
Fire Department.....	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management.....	887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR .....	(505) 827-9126
New Mexico State Emergency Operations Center.....	(505) 476-9635
National Emergency Response Center (Washington, DC)	...(800) 424-8802

##### **Other**

Boots & Coots IWC .....	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton .....	(575) 746-2757
B. J. Services.....	(575) 746-3569
Flight For Life -4000 24th St, Lubbock, TX .....	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX .....	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM .....	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM .....	(505) 842-4949

# Yates Petroleum Corporation

## Hydrogen Sulfide Drilling Operation Plan

### I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and H<sub>2</sub>S Contingency Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operation Plan and the H<sub>2</sub>S Contingency Plan. **The location of this well does not require a Public Protection Plan.**

## II. H2S SAFETY EQUIPMENT AND SYSTEMS

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

### 1. Well Control Equipment:

- A. Flare line
- B. Choke manifold
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

### 2. Protective equipment for essential personnel:

- A. Mark II Survive Air (or equivalent) 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

### 3. H2S detection and monitoring equipment:

- A. 3 portable H2S monitors positioned at: Shale Shaker, Bell Nipple, and Rig Floor. These units have warning lights and audible sirens when H2S levels of 10 PPM are reached.

### 4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram (attached).
- B. Caution/Danger signs (attached) shall be posted on roads providing direct access to location. Signs will be painted with high visibility yellow with black lettering of a sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

### 5. Mud program:

- A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

### 6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- B. All elastomers used for packing and seals shall be H2S trim.

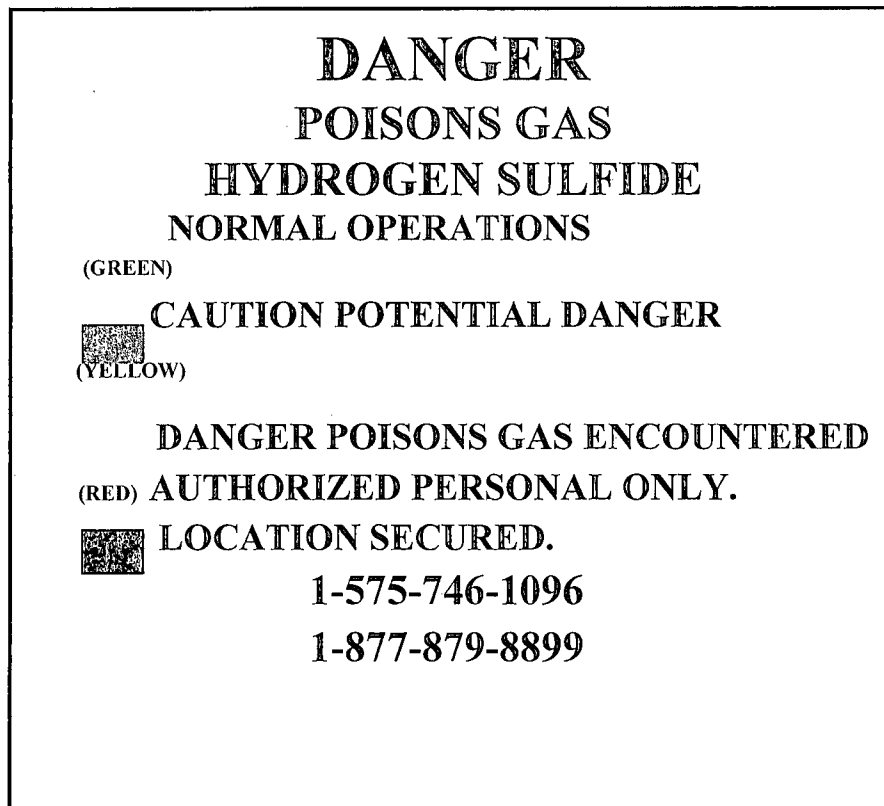
**7. Communication:**

- A. Cellular communications in company vehicles.
- B. Land line (telephone) communication at the Office.

**8. Well testing:**

- A. There will be no drill stem testing.

**EXHIBIT**



**EDDY COUNTY EMERGENCY NUMBERS**

ARTESIA FIRE DEPT. 575-746-5050  
9308  
ARTESIA POLICE DEPT. 575-746-5000  
9285  
EDDY CO. SHERIFF DEPT. 575-746-9888  
396-1196

**LEA COUNTY EMERGENCY**

HOBBS FIRE DEPT. 575-397-  
HOBBS POLICE DEPT. 575-397-  
LEA CO. SHERIFF DEPT. 575-

☒ Certified Mail - Return Receipt Requested  
70091410000021826184

☐ Hand Delivered Received by

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**NOTICE OF INCIDENTS OF NONCOMPLIANCE**

Identification
IID
Lease NMNM58024
CA NMNM72611
Unit
PA

Bureau of Land Management Office <b>CARLSBAD FIELD OFFICE</b>				Operator <b>YATES PETROLEUM CORPORATION</b>			
Address <b>620 E GREENE STREET CARLSBAD NM 88220</b>				Address <b>105 SOUTH FOURTH STREET ARTESIA NM 88210</b>			
Telephone <b>575-234-5906</b>				Attention			
Inspector <b>CAFFALL</b>				Attn Addr			
Site Name <b>MARCH AMT FED</b>	Well or Facility <b>1</b>	1/4 1/4 Section <b>SESW 25</b>	Township <b>19S</b>	Range <b>24E</b>	Meridian <b>NMP</b>	County <b>EDDY</b>	State <b>NM</b>
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

**THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE**

Date	Time (24 - hour clock)	Violation	Gravity of Violation
04/08/2013	08:44	43 CFR 3162.1(a) 43 CFR 3162.3-4(a) 43 CFR 3162.3-4(c) Approved 3160-5	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
05/30/2013			43 CFR 3163.1()

**Remarks**

Sundry Notice (3160-5) Notice of Intent to Plug & Abandon subject well submitted on 08/03/2011 & approved on 09/04/2011 has not had operations initiated. Per Conditions of Approval #1. "Plugging operations shall commence within 90 days from the approval date of this Notice of Intent to Abandon".  
(Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address.

Company Representative Title Chief Land Regulator Signature [Signature] Date 4/24/13

Company Comments Filing Sundry Notice to horizontal complete this well see attached Sundry notice.

**WARNING**

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

**REVIEW AND APPEAL RIGHTS**

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <u>[Signature]</u>		Date <u>4/9/13</u>	Time <u>09:15</u>
FOR OFFICE USE ONLY			
Number <b>50</b>	Date	Assessment	Penalty
Type of Inspection <b>PI</b>	Termination		



BLM Remarks, continued

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Corrective action: Yates Petroleum Corporation has until May 15th 2013 to commence P&A operations on the March AMT Federal Com #1 well.

Inquiries/correspondence pertaining to this order can be directed to:  
Bureau of Land Management  
Attention: Lead PET Roy 'Kent' Caffall  
602 E Greene St  
Carlsbad NM 88220  
E-mail: rcafall@nm.blm.gov  
Office: (575) 234-5906 Fax: (575) 234-5927