

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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		5. Lease Serial No. NMNM34647 ✓
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210		7. If Unit or CA/Agreement, Name and/or No. NMNM84613
3b. Phone No. (include area code) Ph: 575-748-4272 Fx: 575-748-4585		8. Well Name and No. CHARLOTTE MCKAY FEDERAL 2
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 25 T20S R24E NWNW 660FNL 660FWL		9. API Well No. 30-015-26884-00-S1
		10. Field and Pool, or Exploratory DAGGER DRAW
		11. County or Parish, and State EDDY COUNTY, 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 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 checked="" 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 recompleat 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.)

Yates Petroleum Corporation plans to plugback and recompleat this well as follows:

1. Rig up all safety equipment as necessary.
2. NU BOP. POOH with production equipment.
3. Set a CIBP at 7,554 ft and cap it with 25 sx of cement. Perforate wellbore at 6,412 ft (63 holes).
4. Set a packer at 6,412 ft and break down the perforations with 3000 gallons of gelled 20 percent IC HCL acid with a carbonate surfactant package. While dropping 95 ball sealers spaced evenly throughout the acid. Flush to the bottom perf with 2 percent KCL water. Surge off the balls and let them fall.
5. Pressure up on the annulus to 2000 psi and hold it while pumping the acid treatment at the best possible rate down the 2.875 inch tubing while limiting the surface treating pressure to 5000 psi

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****NM OIL CONSERVATION
ARTESIA DISTRICT****AUG 18 2015****RECEIVED**

Accepted for record

RVD NMOC 8/18/15

Provide CIOZ

14. I hereby certify that the foregoing is true and correct. Electronic Submission #295628 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by CATHY QUEEN on 06/22/2015 (15CQ0408SE)	
Name (Printed/Typed) LAURA WATTS	Title REG REPORTING TECHNICIAN
Signature (Electronic Submission)	Date 03/20/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title	APPROVED PETROLEUM ENGINEER	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.	Office	AUG 13 2015 Kenneth Rennick	

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 ******SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

PAD Acid Treating Schedule

Stage Number	gal Stage	Fluid Type
1	3000.	Acid
2	4000.	Pad Drop 15 balls
3	3000.	Acid
4	2000.	Pad Drop 15 balls
5	3000.	Acid
6	2000.	Pad Drop 15 balls
7	3000.	Acid
8	5000.	Flush

WELL NAME: Charolette-McKay Federal # 2 FIELD: Dagger Draw South

LOCATION: 660' FNL & 660' FWL of Section 25-20S-24E Eddy Co., NM

GL: 3,622' ZERO: 15' KB: 3,637'

SPUD DATE: 1/10/92 COMPLETION DATE: 3/11/92

COMMENTS: API No.: 30-015-26884

CASING PROGRAM

9-5/8" 40#	1,067'
7" 23 & 26# LT&C	8,117'

After

TOPS

SA	640'
Glorieta	2,150'
BS	3,240'
WC	5,950'
Canyon	7,560'

14-3/4" Hole

8-3/4" Hole

9-5/8" @ 1,067' w/1,000 sx
1"ed to surface with 800 sx

DV tool @ 5,898'

WC Perfs: 6,512'-6,530' (19), 6,552'-6,556' (5), 6,608'-6,618' (11),
6,632'-6,642' (11), 6,748'-6,764' (17)

Canyon Perfs: 7,604-7,744'

7" @ 8,117' w/
St # 1 600 sx (Circ)
St # 2 900 sx (Circ)

TD: 8,117'

Not to Scale
3/12/15
JMH

WELL NAME: Charolette-McKay Federal # 2 FIELD: Dagger Draw South
 LOCATION: 660' FNL & 660' FWL of Section 25-20S-24E Eddy Co., NM
 GL: 3,622' ZERO: 15' KB: 3,637'
 SPUD DATE: 1/10/92 COMPLETION DATE: 3/11/92
 COMMENTS: API No.: 30-015-26884

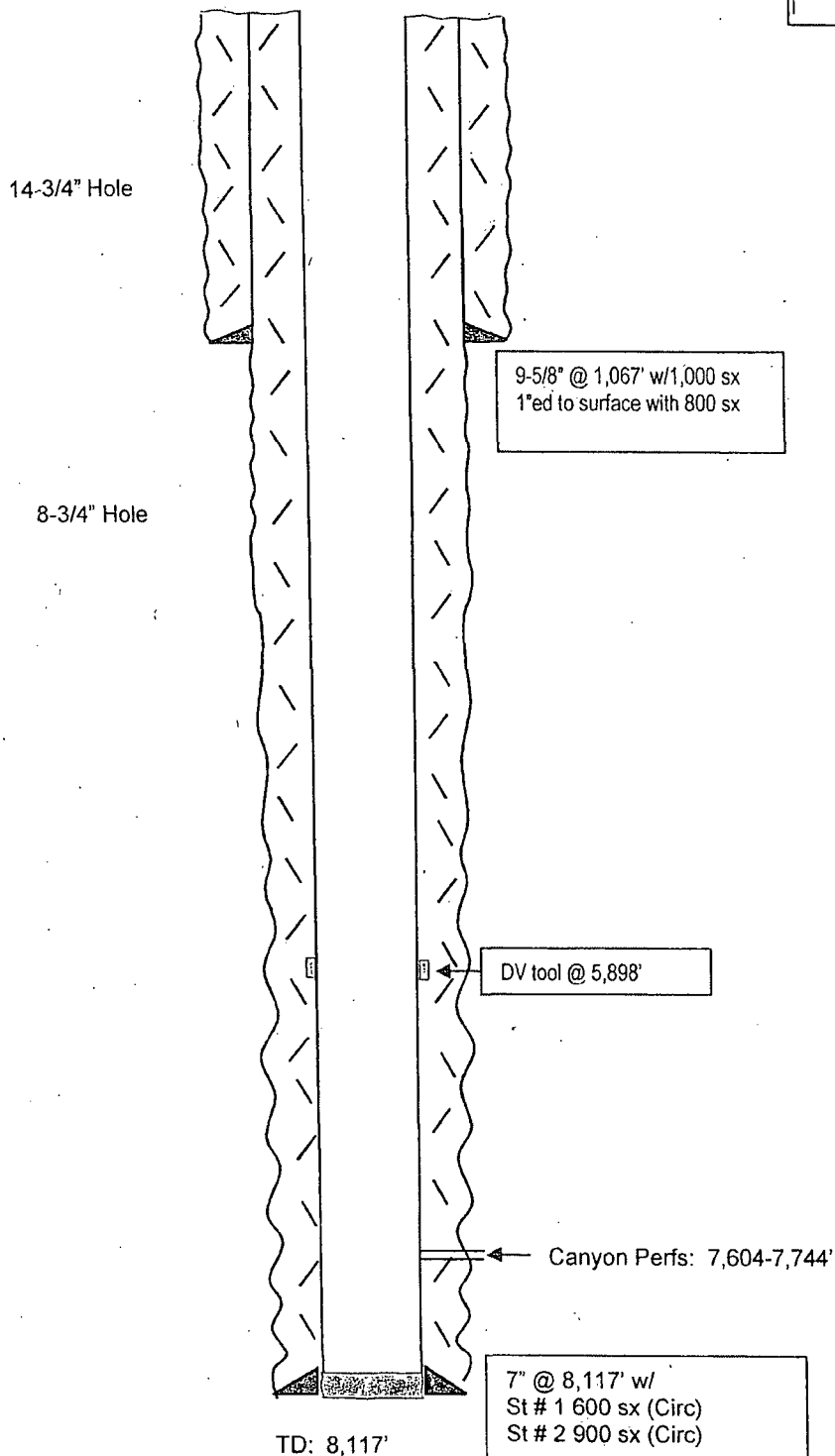
CASING PROGRAM

9-5/8" 40#	1,067'
7" 23 & 26# LT&C	8,117'

Before

TOPS

SA	640'
Glorieta	2,150'
BS	3,240'
WC	5,950'
Canyon	7,560'



Not to Scale
 3/12/15
 JMH

Charlotte McKay Federal #2
30-015-26844
Yates Petroleum Corporation
Conditions of Approval

Notify BLM at 575-361-2822 (Eddy County) a minimum of 24 hours prior to commencing work.

Work to be completed by November 15, 2015.

1. Operator is approved to set a CIBP at 7,554', and shall cap it with 25 sacks Class H of cement. Tag required.
2. Must conduct a casing integrity test before perforating and fracturing. Test should be run for 30 minutes. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails. Document the pressure test on a one hour full rotation calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
3. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
4. Surface disturbance beyond the originally approved pad must have prior approval.
5. Closed loop system required.
6. 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.
7. Operator to have H2S monitoring equipment on location.

8. 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.
9. **Subsequent sundry required detailing work done, a C-102 form, and completion report for the new formations. Operator to include well bore schematic of current well condition when work is complete.**
10. **See attached for General Plugback Guidelines**

KGR 08132015

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

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-393-3612

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.