

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.

OCD-Hobbs

HOBBS OCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

MAY 12 2014

RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC068882A
2. Name of Operator YATES PETROLEUM CORPORATION Contact: LAURA WATTS E-Mail: laura@yatespetroleum.com		6. If Indian, Allottee or Tribe Name
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-1471	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 30 T19S R32E SWSW 330FSL 660FWL		8. Well Name and No. FLOOD AFN FED 01
		9. API Well No. 30-025-30944-00-S1
		10. Field and Pool, or Exploratory W LUSK
		11. County or Parish, and State LEA 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 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.)

Yates Petroleum Corporation plans to plug-back, perforate additional Delaware, acidize and frac as follows:

1. NU BOP. Rig up all safety equipment as necessary. POOH with all production equipment.
2. Set 5-1/2 inch CIBP at +/- 6,800 ft. Cap with 35 ft cement.
3. Perforate Delaware sand 6,684 ft - 6,700 ft (9 holes).
4. Acidize with 2000 gals 7.5 percent NEFE acid. Flush to bottom perf with 3 percent KCL water.
5. Swab test. If no fracable show, set a CIBP above the zone and move up to test next zone. If fracable show, set a RBP above zone to later frac both zones together through 3-1/2 inch frac string.
6. Perforate Delaware sand 6,489 ft - 6,498 ft (6 holes).
7. Acidize with 1500 gals 7.5 percent NEFE acid. Flush to bottom perf with 3 percent KCL water.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

**Electronic Submission #239247 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by CHRISTOPHER WALLS on 04/29/2014 (14CRW0152SE)**

Name (Printed/Typed) LAURA WATTS	Title REGULATORY REPORTING TECHNICIAN
Signature (Electronic Submission)	Date 03/18/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____
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 _____

APPROVED
MAY 8 2014
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.

** BLM REVISED **

MAY 14 2014

Additional data for EC transaction #239247 that would not fit on the form

32. Additional remarks, continued

Swab back load.

8. Release and POOH with RBP (if shows in lower zone.)

9. Set packer at +/- 5,800 ft (approximately 50 ft below lowest squeezed perf).

10. Frac 6,489 ft - 6,700 ft (15 holes) through 3-1/2 inch frac string (treating schedule attached).

11. Shut the well in overnight, to allow the gel to break and fractures to close.

12. Flow the well back if it will flow. TIH with tubing to clean out sand to PBTD.

13. TIH with production string as per Production Departments' specification and turned well over to production to run pump.

Schematics attached

Treating Schedule

Stage Number	gal	Prop Conc lb/gal	lbs Proppant		Proppant Type
			Stage	Cumulative	
1	27000.	0.00	0.	0.	10# linear Pad
3	5000.	1.00	5000.	5000.	20/40 Ottawa
4	5000.	2.00	10000.	15000.	20/40 Ottawa
5	8000.	3.00	24000.	39000.	20/40 Ottawa
6	8000.	4.00	32000.	71000.	20/40 Ottawa
7	8000.	5.00	40000.	111000.	20/40 Ottawa
8	5000.	6.00	30000.	141000.	20/40 Ottawa
9	12000.	6.00	72000.	213000.	16/30 RCS
10	+/-2800.	0.00	0.	213000.	3% KCL Water flush

Estimated Surface Treating Pressure @ 35 BPM = 6,100 psi.

WELL NAME: Flood AFN Fed #1 FIELD: West Lusk Delaware

LOCATION: Unit M, 330' FSL & 660' FWL Sec 30-19S-32E Lea County NM

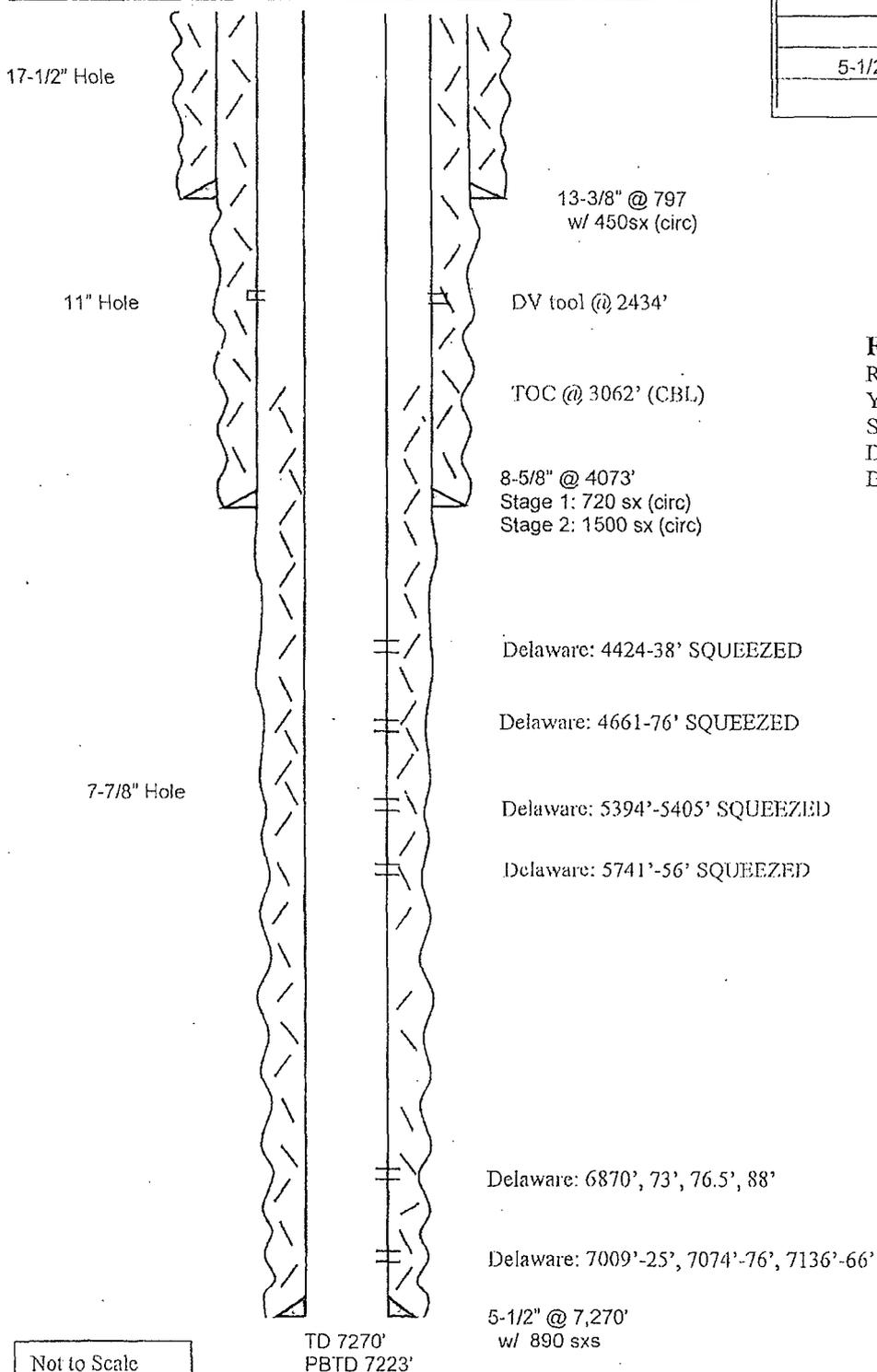
GL: 3517.5' ZERO: KB: 3529.5'

SPUD DATE: 7/16/90 COMPLETION DATE: 9/30/90

COMMENTS: API # 30-025-30944

CASING PROGRAM

13-3/8" 54.4# J-55 ST&C	797'
8-5/8" 32# J55 ST&C	4073'
5-1/2" 15.5# J55 8rnd LT&C	7270'



Current

Fm tops:

Rustler	832'
Yates	2584'
Seven Rivers	2860'
Delaware	4272'
Bone Spring	7200'

Not to Scale
3/5/13
MMFH

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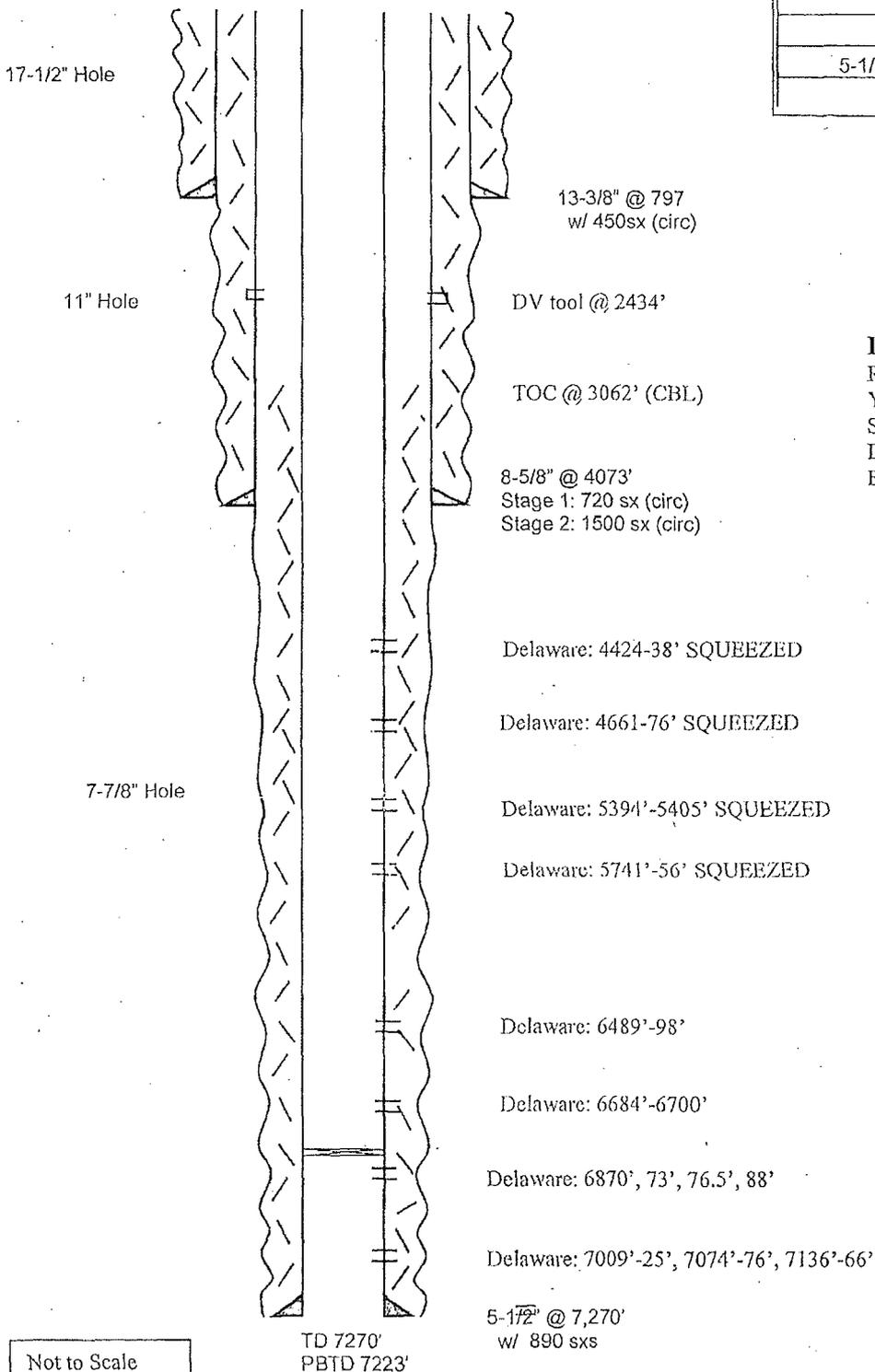
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After

Fm tops:

Rustler	832'
Yates	2584'
Seven Rivers	2860
Delaware	4272'
Bone Spring	7200'

Not to Scale
3/5/14
MMFH

Flood AFN Fed 1
30-025-30944
Yates Petroleum Corporation
May 08, 2014
Conditions of Approval

Notify BLM at 575-393-3612 a minimum of 24 hours prior to commencing work.

Work to be completed by August 08, 2014.

- 1. Operator shall set CIBP at 6,820' and bail or dump 35 ft Class C Cement on top. WOC and tag at approximately 6,770'.**
- 2. Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**
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 requirements.**

JAM 050814

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

General Requirements for Plug Backs

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.

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. **Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

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.