

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 Artesia

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM81708
2. Name of Operator YATES PETROLEUM CORPORATION-Email: tinah@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: 575-748-4168 Fx: 575-748-4585	7. If Unit or CA/Agreement, Name and/or No. NMNM100192
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		8. Well Name and No. Multiple--See Attached
		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory CEMETARY, NORTH (GAS)
		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 recompleat 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 this well as follows: MIRU WSU. NU BOP. RU any safety equipment as needed. POOH with production equipment. TIH with tubing to tag the CIBP at 7680' and spot a 35' cement plug on top. Set a 2nd CIBP at 7543' and cap with 35' cement with a WL dump bailer. Load the casing with plugging mud. Spot a 110 sx Class "C" cement plug from 5486'-6108'. This will leave a plug across DV tool, Abo and Wolfcamp tops. WOC and tag, reset the plug if necessary. Spot a 30 sx Class "C" cement plug from 3654'-3814'. This will leave a cement plug across the Bone Spring top. Set a whipstock plug from 2195'-2800'. Rig down all equipment and prepare location for a drilling rig to mill off cement top and set a mechanical whipstock to mill a window in the casing and drill a +/-4000' Yeso horizontal section. A Form 3160-5 NOI to follow with drilling portion. Wellbore schematics attached.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL***Plugging
Witness***RECEIVED**

FEB 06 2012

NMOCD ARTESIA

APPROVED

FEB 2 2012

[Signature]
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct. Electronic Submission #124618 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by DEBORAH MCKINNEY on 12/02/2011 (12DLM0264SE)	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 12/02/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By (BLM Approver Not Specified)	Title	Date 02/02/2012
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 Carlsbad	

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 ****Accepted for record
NMOCD*[Signature]* 2/8/2012

WELL NAME: Federal FC Com # 2H FIELD: Cemetery Wolfcamp

LOCATION: 760' FSL & 660' FWL of Section 24-T20S-R24E Eddy Co., NM

GL: 3,639' ZERO: 16' KB: 3,655'

SPUD DATE: 2/20/92 COMPLETION DATE: 1/07/98

COMMENTS: API No.: 30-015-26907

(formally: Palo Verde AJV Fed Com # 1)

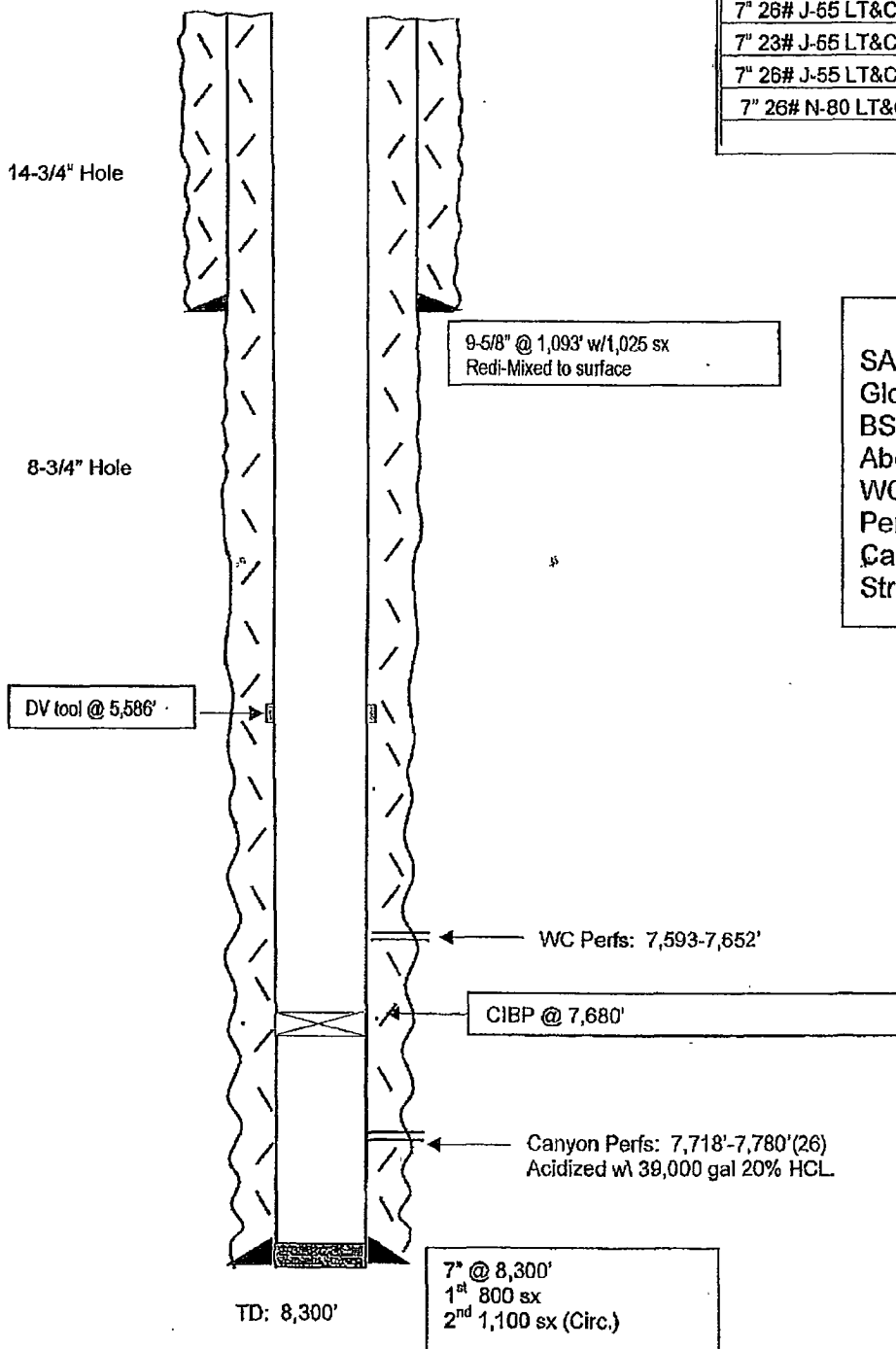
CASING PROGRAM

9-5/8" 36# J-55	1,093'
7" 26# J-55 LT&C	1,172'
7" 23# J-55 LT&C	3,745'
7" 26# J-55 LT&C	2,632'
7" 26# N-80 LT&C	705'
	8,300'

Before

TOPS

SA	643'
Glorieta	2,216'
BS	3,764'
Abo	5,974'
WC	6,058'
Penn	7,280'
Canyon	7,580'
Strawn	8,026'



Not to Scale
11/21/11
HIII

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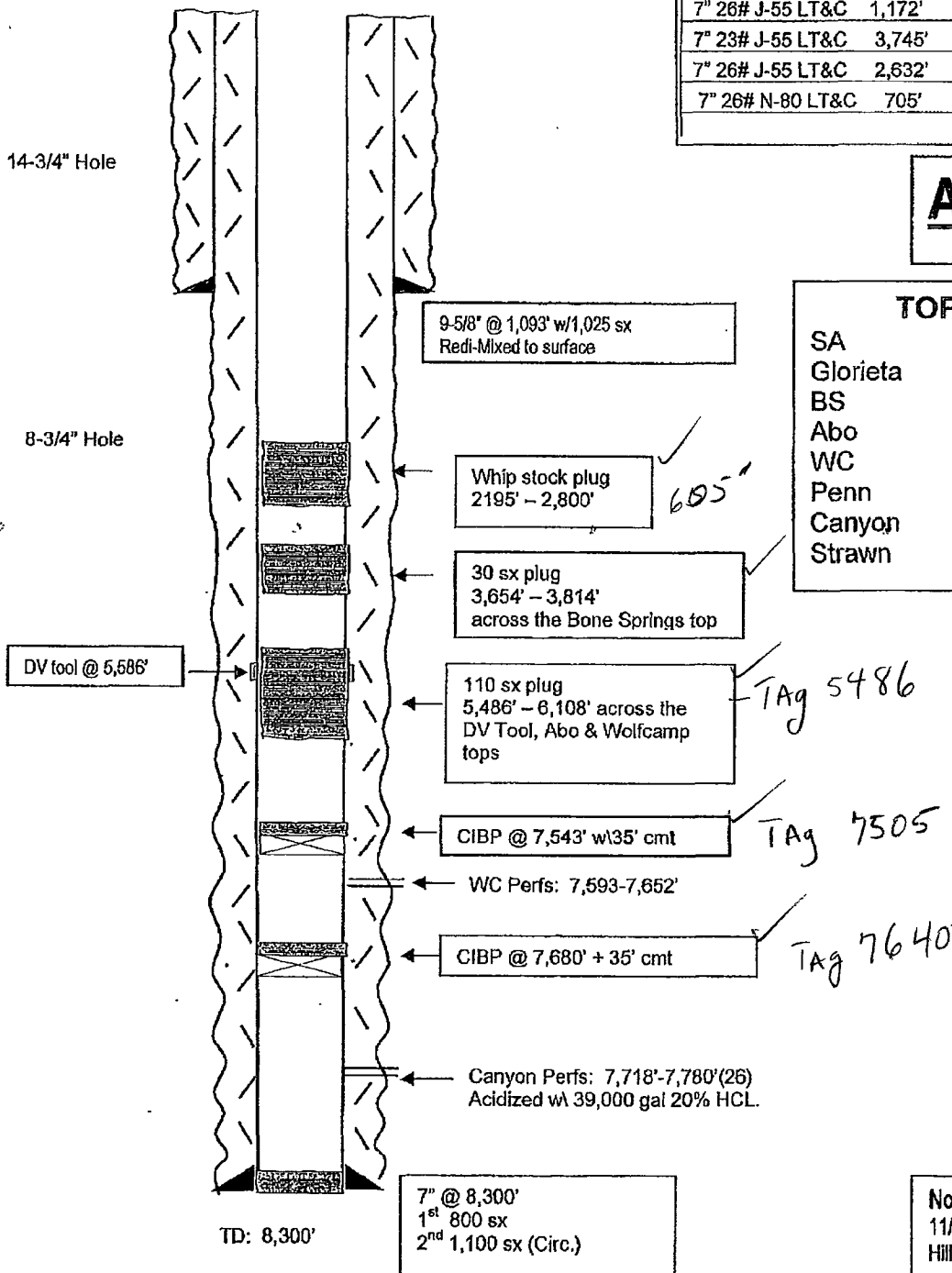
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Not to Scale
11/21/11
Hill

**Yates Petroleum Corp.
Conditions of Approval**

NM-81708: Palo Verde AJV Federal Com #1

API: 30-015-26907

Eddy County, New Mexico

Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging back operations. Eddy County, call 575-361-2822.

1. Surface disturbance beyond the existing pad must have prior approval.
2. Closed loop system required.

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.

3. Plug 1 OK (CIBP @ 7680') - WOC and tag no shallower than 7640'
4. Plug 2 OK (CIBP @ 7543') - WOC and tag no shallower than 7505'
5. Plug 3 OK (DvTool, Abo, Wolfcamp) - WOC and tag no shallower than 5486'
6. Plug 4 OK (BoneSpring) - WOC and tag no shallower than 3654'
7. Plug 5 OK - Whipstock
8. Subsequent sundry required.
9. Operator to begin plugging back procedures within 90 days of receiving this approval.

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.

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.

EGF 020211