NM OIL CONSERVATION
ARTESIA DISTRICT

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA; AUG 11 2014 RECEIVED

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.

5. Lease Serial No.
NMNM76938

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM87880

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
STAGHORN AJG FEDERAL COM 2

2. Name of Operator
YATES PETROLEUM CORPORATION
Contact: TINA HUERTA
E-Mail: tinah@yatespetroleum.com

9. API Well No.
30-015-27051

3a. Address
105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)
Ph: 575-748-4168
Fx: 575-748-4585

10. Field and Pool, or Exploratory
N.SEVEN RIVERS;GLOR-YESO

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 25 T20S R24E SESW 660FSL 1980FWL

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☒ Plug Back	☐ 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 plugback and recomplete this well as follows:

1. MIRU WSU and all safety equipment as necessary. NU BOP.
2. RIH with GR to 7617 ft. Set a CIBP at 7607 ft and cap it with 25 sx cement. Set a 30 sx cement plug from 6245 ft - 6405 ft across Wolfcamp top. Set a 30 sx cement plug from 6110 ft - 6270 ft across Abo top. Spot a 30 sx cement plug from 5468 ft - 5628 ft across DV tool. WOC and tag. Spot a 30 sx cement plug from 3660 ft - 3820 ft across Bone Spring top.
3. Perforate Glorieta/Yeso 2460 ft - 2726 ft (56). Pump a fracture treatment at 100 BPM down 4½ inch casing limiting the surface treating pressure to 3000 psig. Set a pop off valve at 3500 psi. Flush to bottom perf and then overflush by 600 bbls (frac detail attached).
4. Flow well back and allow to clean up. TIH with tubing to check for fill and to ensure that the perforations are not covered.

B. Sp. @ 3598?

WITNESS PLUG BACK

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Accepted for record NMOCD JE 8-11-2014

SUBJECT TO LIKE APPROVAL BY STATE

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14. I hereby certify that the foregoing is true and correct.
Electronic Submission #239881 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by DEBORAH HAM on 04/10/2014 ()

Name *(Printed/Typed)* TINA HUERTA — Title REG REPORTING SUPERVISOR

Signature (Electronic Submission) — Date 03/25/2014

APPROVED
AUG 6 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ 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

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED**

Additional data for EC transaction #239881 that would not fit on the form

32. Additional remarks, continued

5. Swab well until it cleans up, the TIH with pumping equipment and turn well over to production.

Wellbore schematics attached

Treating Schedule

Sta. #	Fluid	Stg. Type	Cln. Vol. (gals)	Rate (bpm)	Proppant	Conc. (lb/gal)	Stage Prop. (lbs)	Cum. Prop. (lbs)
1	Slick Water	Prepad	100	20		0.0	0	0
2	20% HCL	Acid	3,000	30		0.0	0	0
3	Slick Water	Prepad	2,000	100		0.0	0	0
4	Slick Water	Pad	56,000	100		0.0	0	0
5	Slick Water	Slurry	4,500	100	100 Mesh	0.2	900	900
6	Slick Water	Sweep	4,500	100		0.0	0	900
7	Slick Water	Slurry	4,500	100	100 Mesh	0.3	1,350	2,250
8	Slick Water	Sweep	4,500	100		0.0	0	2,250
9	Slick Water	Slurry	4,500	100	100 Mesh	0.4	1,800	4,050
10	Slick Water	Sweep	4,500	100		0.0	0	4,050
11	Slick Water	Slurry	4,500	100	100 Mesh	0.5	2,250	6,300
12	Slick Water	Sweep	4,500	100		0.0	0	6,300
13	Slick Water	Slurry	4,500	100	100 Mesh	0.6	2,700	9,000
14	Slick Water	Sweep	4,500	100		0.0	0	9,000
15	Slick Water	Slurry	4,500	100	100 Mesh	0.7	3,150	12,150
16	Slick Water	Sweep	4,500	100		0.0	0	12,150
17	Slick Water	Slurry	4,500	100	100 Mesh	0.8	3,600	15,750
18	Slick Water	Sweep	4,500	100		0.0	0	15,750
19	Slick Water	Slurry	4,500	100	100 Mesh	0.9	4,050	19,800
20	Slick Water	Sweep	4,500	100		0.0	0	19,800
21	Slick Water	Slurry	4,500	100	100 Mesh	1.0	4,500	24,300
22	Slick Water	Pad	10,700	100		0.0	0	24,300
23	Slick Water	Slurry	20,000	100	40/70 Brady	0.2	4,000	28,300
24	Slick Water	Sweep	6,000	100		0.0	0	28,300
25	Slick Water	Slurry	20,000	100	40/70 Brady	0.3	6,000	34,300
26	Slick Water	Sweep	6,000	100		0.0	0	34,300
27	Slick Water	Slurry	20,000	100	40/70 Brady	0.4	8,000	42,300
28	Slick Water	Sweep	6,000	100		0.0	0	42,300
29	Slick Water	Slurry	20,000	100	40/70 Brady	0.5	10,000	52,300
30	Slick Water	Sweep	6,000	100		0.0	0	52,300
31	Slick Water	Slurry	20,000	100	40/70 Brady	0.6	12,000	64,300
32	Slick Water	Sweep	6,000	100		0.0	0	64,300
33	Slick Water	Slurry	20,000	100	40/70 Brady	0.7	14,000	78,300
34	Slick Water	Sweep	6,000	100		0.0	0	78,300
35	Slick Water	Slurry	20,000	100	40/70 Brady	0.8	16,000	94,300
36	Slick Water	Sweep	6,000	100		0.0	0	94,300
37	Slick Water	Slurry	23,000	100	40/70 Brady	0.9	20,700	115,000
38	Slick Water	Sweep	6,000	100		0.0	0	115,000

39	Slick Water	Slurry	24,000	100	40/70 Brady	1.0	24,000	139,000
40	Slick Water	Pad	17,000	100		0.0	0	139,000
41	Slick Water	Slurry	17,000	100	16/30 Brady	1.0	17,000	156,000
42	Slick Water	Slurry	24,000	100	16/30 Brady	2.0	48,000	204,000
43	Slick Water	Slurry	32,000	100	16/30 Brady	3.0	96,000	300,000
44	Slick Water	Flush	2,388	100		0.0	0	300,000
45	Slick Water	Flush	29,100	100		0.0	0	300,000
	Totals						300,000	

Estimated Surface Treating Pressure = 2,223 psig.
Maximum Surface Treating Pressure = 3,000 psig.

Fluid Specifications:

Slick Water - fresh water with 1.0 gal/M liquid friction reducer, 1 gal/M gas Surfactant, liquid biocide agent and an oxidizing breaker.

YPC will provide:
25 clean frac tanks with 480 barrels of Fresh water in each tank for treatment and flush.

WELL NAME: Staghorn AJG #2 **FIELD:** South Dagger Draw Upper Penn

LOCATION: 660' FSL & 1,980' FWL of Section 25-20S-24E Eddy Co., NM

GL: 3,621' **ZERO:** 18' **KB:** 3,639'

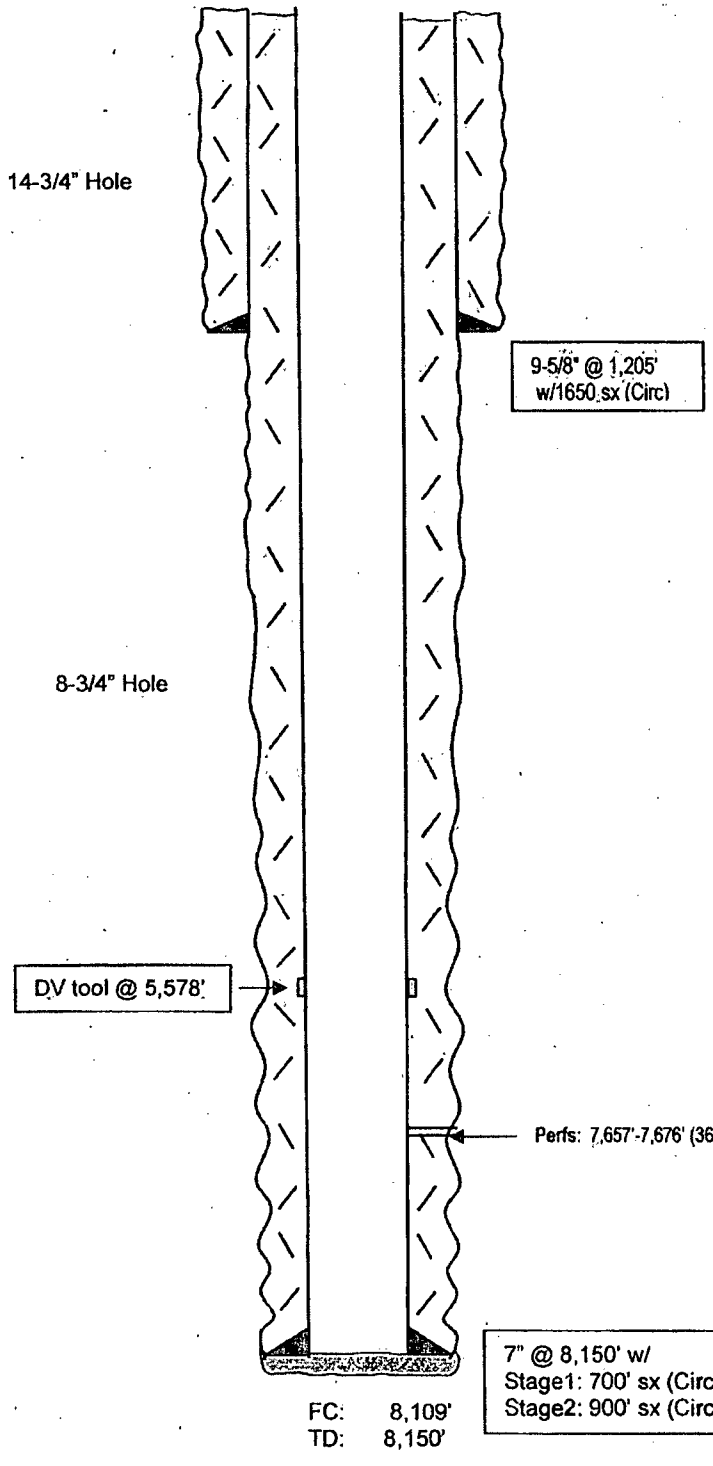
SPUD DATE: 11/19/97 **COMPLETION DATE:** 1/25/98

COMMENTS: API No.: 30-015-27051

CASING PROGRAM

9-5/8" 36# J55 STC	1,205'
27 joints 7" 26# J-55 V (1118.7')	
91 joints 7" 23# J-55 V (3768.7')	
60 joints 7" 26# J-55 V (2510.2')	
1 joint 7" 26# N-80 SB (20.4')	
5 joints 7" 26# J-55 SB (207.2')	
12 joints 7" 26# N-80 SB (503.8')	8150'

Before



TOPS

SA	675'
Glorieta	2,280'
Abo	6,220'
WC	6,355'
Canyon	7,532'
Strawn	7,982'

Not to Scale
3/24/14
Hill

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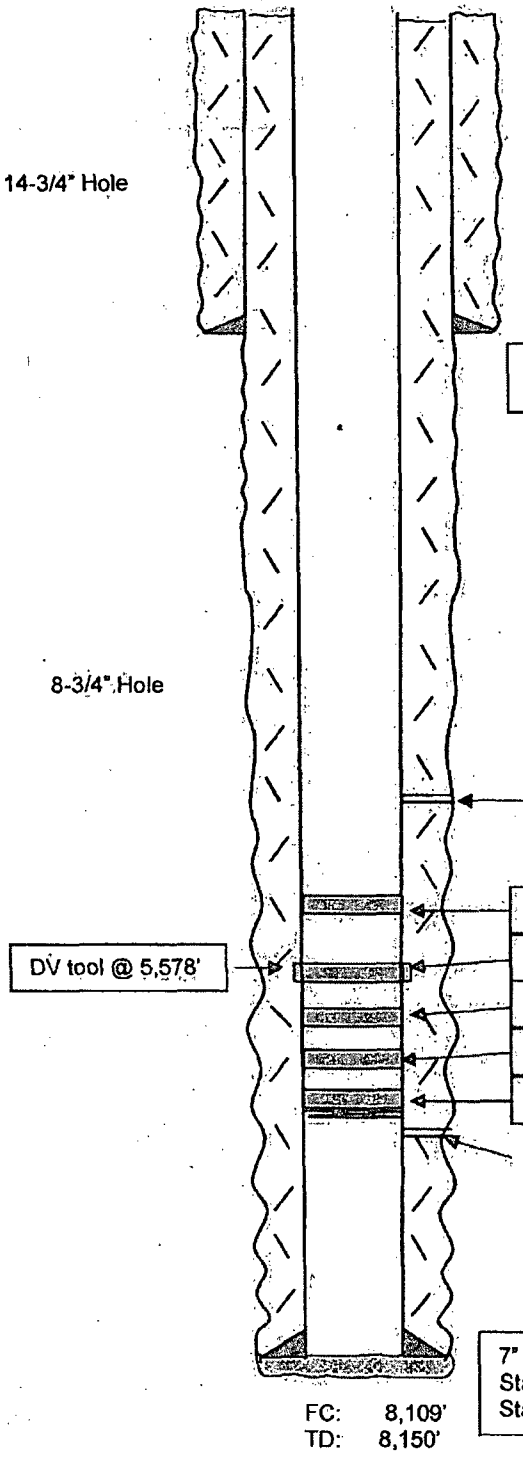

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Conditions of Approval

Yates Petroleum Corporation
Staghorn AJG Com - 02
API 3001527051, T20S-R24E, Sec 25

August 06, 2014

1. The communization agreement for this well (NM87880) does not include the Glorieta pay. Amendments to that agreement may be necessary. Check For: A new "Well Location and Acreage Dedication Plat" (NMOCD Form C-102) is required with the notice of intent package when opening another pay zone.
2. Before casing or a liner is added, replaced, or repaired prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Notify BLM 575-200-7902 as work begins. Some procedures are to be witnessed. If there is no response, call 575-361-2822, leave a voice mail with the API#, workover purpose, and a call back phone number
5. Surface disturbance beyond the existing pad must have prior approval.
6. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
7. Functional H_2S monitoring equipment shall be on location.
8. 3000 (3M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Blind ram(s) and pipe ram(s) designed to close on all workstring diameters used is required equipment. A manual BOP closure system (hand wheels) shall be available for use regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
9. All waste (i.e. 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.
10. **This procedure is subject to the statements numbered 11 through 14.**
11. The BLM PET witness is to run tbg tally and agree to cement volumes and placement. Sample each plug for cement curing time and tag and/or pressure test as requested by BLM PET witness.
12. Set cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft from the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less

than 25sx. Examples: A cement plug set at 8000 in 7" casing would require a min of 35sx. A 25sx plug in 5 ½" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.

13. Class H > 7500ft & C < 7500ft) cement plugs(s) will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours(C) & 8 hours(H) is recommended. Formation isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft^3/sx, 6.3gal/sx water and "H" to be mixed 16.4#/gal, 1.06ft^3/sx, 4.3gal/sx water.
14. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
15. **After setting the top plug and before perforating, perform a BLM PET witnessed (charted) casing integrity test of 1000 psig. Verify all annular casing vents are plumbed to surface and those valves open to the surface during this pressure test. Pressure leakoff may require correction for approval. Include a copy of the chart in the subsequent sundry for this workover.**
16. File intermediate **subsequent sundry** Form 3160-**5** within 30 days of any interrupted workover procedures and a complete workover subsequent sundry. File the subsequent sundry for the frac separately if it is delayed as much as 20 days.
17. Submit the BLM Form 3160-**4 Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
18. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use.

19. Submit evidence to support your determination that the well has been returned to active "beneficial use" for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies) before 03/02/2015.
20. Should "beneficial use" not be achieved submit for BLM approval a plan for plug and abandonment.

Access information for **use of Form 3160-5** "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.