

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
N.M. Oil Cons. Div-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

RM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter 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 025575

3a. Address 3b. Phone No. (include area code)  
105 South Fourth Street, Artesia, NM 88210 (575) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
1980' FSL & 660' FEL, Unit I  
Section 26, T11S-R26E

5. Lease Serial No.  
NM-105201  
6. If Indian, Allottee or Tribe Name  
Not Applicable  
7. If Unit or CA/Agreement, Name and/o  
Not Applicable  
8. Well Name and No.  
Beacon BDB Federal #1  
9. API Well No.  
30-005-63985  
10. Field and Pool, or Exploratory Area  
Undes. Lea Lake; Pre-Permian  
11. County or Parish, State  
Chaves 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 Change of Surface Use Plan
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 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 must 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 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 requests permission to change from the use of a Reserve Pit to a Closed Loop System. Attached is an exhibit for the Piping from Choke Manifold to the Closed-Loop Drilling Muc System and an exhibit for the Closed Loop Design Plan.

Thank you.

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

Name (Printed/Typed) Lucky Briggs	Title Land Regulatory Agent
Signature <i>Lucky Briggs</i>	Date March-30, 2009

THIS SPACE FOR FEDERAL OR STATE USE

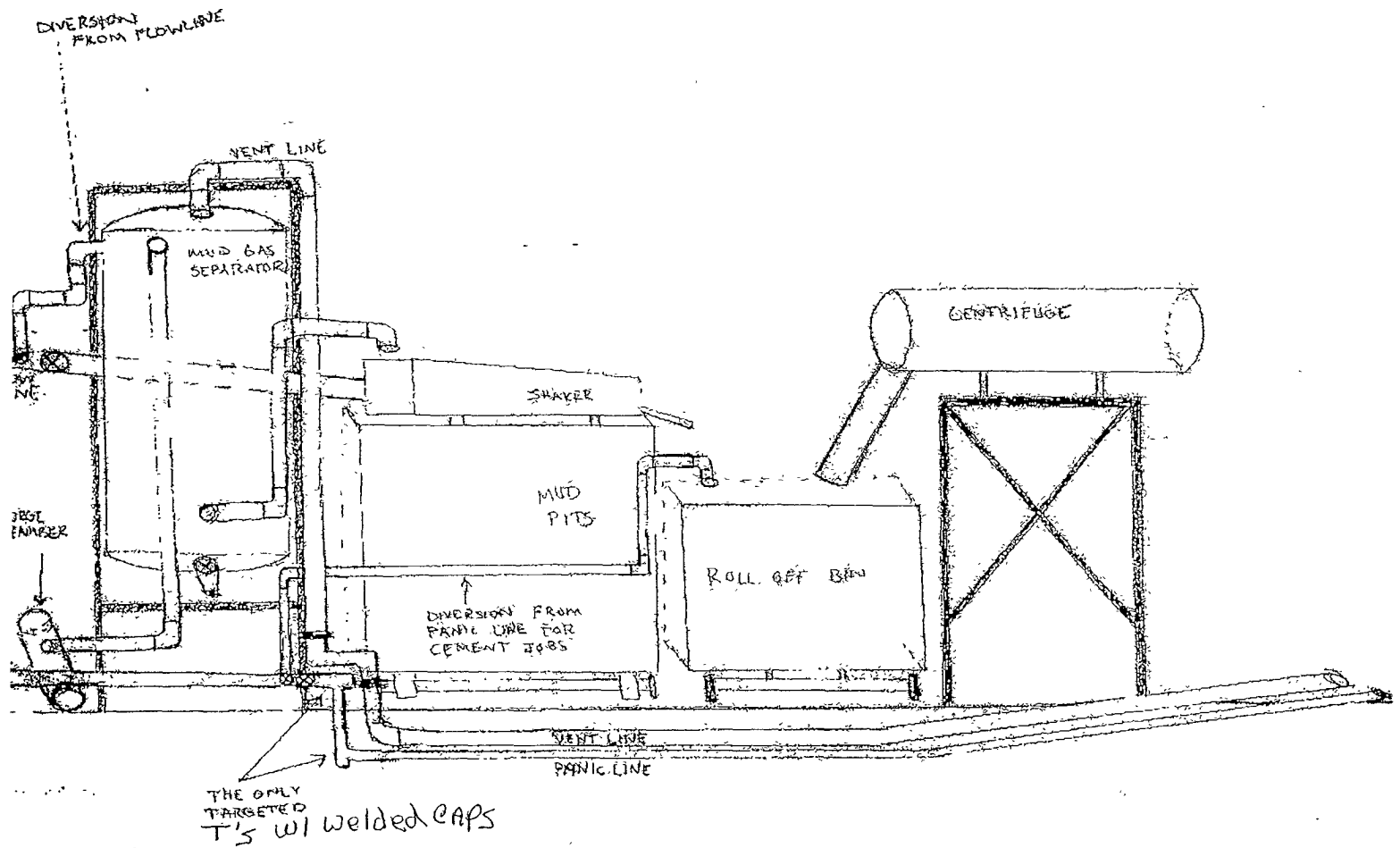
Approved by /S/ DAVID R. GLASS	Title PETROLEUM ENGINEER	Date JUL 21 2009
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office ROSWELL FIELD OFFICE

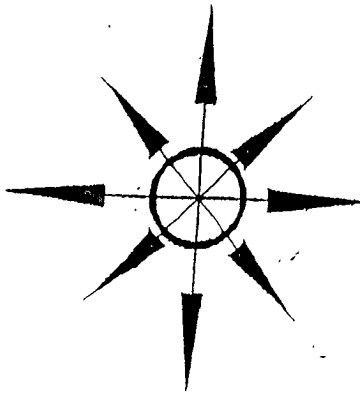
Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

YATES PETROLEUM CORPORATION  
Piping from Choke Manifold  
to the Closed-Loop Drilling Mud System

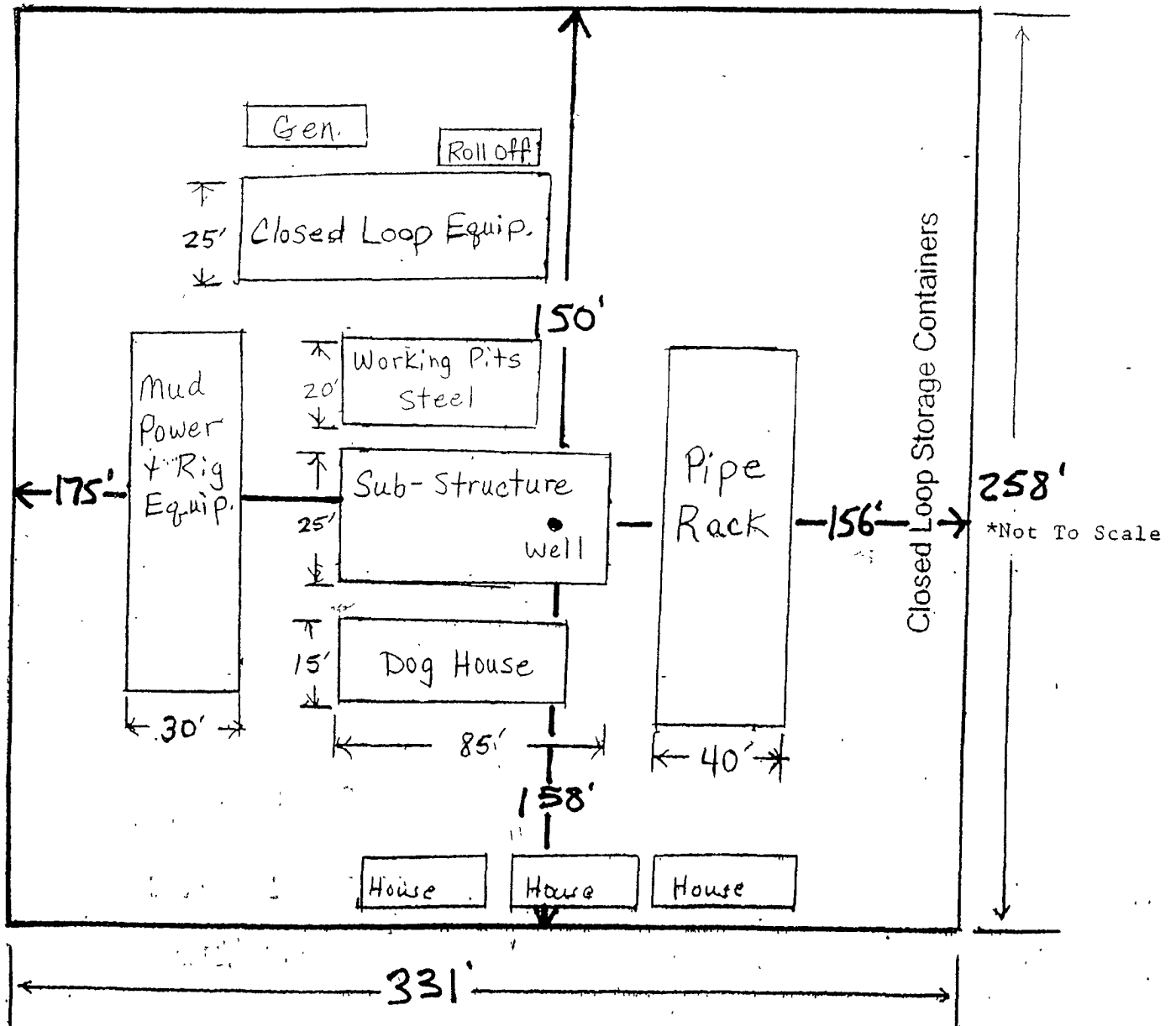




# Yates Petroleum Corporation

Location Layout for Permian Basin

## Closed Loop Design Plan



# EXHIBIT B

PAGE 1 OF 2

## WELL DRILLING REQUIREMENTS

April 13, 2009

OPERATORS NAME: Yates Petroleum Corporation LEASE NO.: NM-105201  
WELL NAME & NO: Beacon "BDB" Federal #1  
QUARTER/QUARTER & FOOTAGE: NE $\frac{1}{4}$ SE $\frac{1}{4}$  - 1980' FSL & 660' FEL  
LOCATION: Section 26, T. 11 S., R. 26 E., NMPM  
COUNTY: Chaves County, New Mexico

### I. GENERAL PROVISIONS:

A. The operator has the right of administrative review of these requirements pursuant to 43 CFR 3165.1(a).

B. The operator shall hereafter be identified as the holder in these requirements. The Authorized Officer is the person who approves the Well Drilling Requirements.

C. All the Conditions of Approval for this well are still in effect. The only change hereby made is the requirements for a Closed Loop System in lieu of the reserve pit.

### II. REVISED - WELL PAD CONSTRUCTION REQUIREMENTS:

THE FOLLOWING IS HEREBY MADE THE CONDITION OF APPROVAL FOR THIS WELL:

**D. CLOSED LOOP SYSTEM:** No reserve pit shall be used.

The operator shall use a **Closed Loop System** instead of a reserve pit. The operator shall properly dispose of drilling contents at an authorized disposal site.

### **D. FEDERAL MINERAL MATERIALS PIT:**

**Closed Loop System** - If the operator elects to surface the access road and/or well pad, payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Roswell Field Office at (505) 627-0236.

## EXHIBIT E

PAGE 2 OF 2

### SURFACE RECLAMATION/RESTORATION REQUIREMENTS

April 13, 2009

THE FOLLOWING REQUIREMENT IS HEREBY MADE THE CONDITION OF APPROVAL FOR THE, Beacon "BDB" Federal #1:

#### A. INTERIM RECLAMATION

#### B. SEED MIXTURE – Closed Loop System

The operator should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions in the well pad should allow for remedial well operations, as well as, to provide a safe working area.

Desired Plant Community seed mixture to be planted in pounds of pure live seed per acre:

#### Loamy SD-3 Ecological Site

Common Name and Preferred Variety	Scientific Name	Pounds of Pure Live Seed Per Acre
Blue grama, var. Lovington	( <i>Bouteloua gracilis</i> )	4.00 Lbs.
Sideoats grama, Var. Vaughn or El Reno	( <i>Bouteloua curtipendula</i> )	1.00 Lb.
Sand dropseed	( <i>Sporobolus cryptandrus</i> )	0.50 Lb.
Vine mesquite	( <i>Panicum obtusum</i> )	1.00 Lb.
Plains bristlegrass	( <i>Setaria vulpesita</i> )	1.00 Lb.
Indian blanketflower	( <i>Gaillardia aristata</i> )	0.50 Lb.
Desert or Scarlet Globemallow	( <i>Sphaeralcea ambigua</i> ) or ( <i>S. coccinea</i> )	1.00 Lb.
Total Pounds Pure Live Seed Per Acre		9.00 Lbs.

4. If one species is not available, increase ALL others proportionately. The seed mixture shall be certified weed free seed. A minimum of 4 species is required, including 1 forb species.

The recommended time to seed is from June 15<sup>th</sup> through September 15<sup>th</sup>. The optimum seeding time is in mid-July. Successive seeding should be done either late in the fall (Sept. 15<sup>th</sup> - Nov. 15<sup>th</sup>, before freeze up) or early as possible the following spring to take advantage of available ground moisture. However, the operator may seed immediately after completing surface abandonment requirements.