

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. DIV-Dist. 2
1201 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB NO. 1004-0135
Expires January 31, 2004

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
☐ Oil Well ☐ Gas Well ☒ Other

SWD AGREEMENT

2. Name of Operator

Kerr-McGee Oil & Gas Onshore LLC

3a. Address

16666 Northchase, Houston TX 77060-6001

3b. Phone No. (include area code)

281 673-6590

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SEC 18 T 21S R 23E 2050 FSL & 1850 FEL

5. Lease Serial No.

NM 022535

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

FEDERAL 28 2,3,4

9. API Well No.

015-33402, 33256, 31180

10. Field and Pool, or Exploratory Area

INDIAN BASIN UPPER PENN

11. County or Parish, State

EDDY

NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☒ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

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 final site is ready for final inspection.)

BY WATER DISPOSAL AGREEMENT BETWEEN KERR MCGEE OIL & GAS ONSHORE LLC AND YATES PETROLEUM CORPORATION, IT IS AGREED UPON TO DISPOSE OF PRODUCED WATER FROM THE KERR MCGEE OIL & GAS ONSHORE LLC OPERATED WELLS AS FOLLOWS: FEDERAL 28-2, FEDERAL 28-3 & FEDERAL 28-4 UNDER LEASE # NM 022535 INTO THE BUNNELL FEDERAL #3 SWD WELL.

ALL WATER IS TO BE MEASURED AND ALLOCATED BACK TO THE WELL WHICH PRODUCED THE WATER ON A MONTHLY BASIS.

WATER STORAGE ON THE FEDERAL 28 LEASE IS 1000 BBLS CAPACITY. WATER IS PUMPED TO THE BUNNELL FEDERAL #3 WELL FOR DISPOSAL. AVERAGE DAILY AMOUNT OF WATER DISPOSED IS 1000 - 1100 BBLS.

FLOW OF WATER IS CONTROLLED BY HIGH LEVEL ALARMS AND SHUT DOWN INSTRUMENTS TO ELIMINATE ANY OVERFLOW OR SPILL AT THE FEDERAL 28 FACILITY.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

ROD L. BAILEY

Title

MANAGER OF PRORATIONS

Date 6/15/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. S&D.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

JUN 22 2004

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