

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 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.

5. Lease Serial No
NM-101580

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Grid Iron BLI Federal #3

9. API Well No.
30-005-64145

10. Field and Pool or Exploratory Area
Wildcat/Wolfcamp

11. County or Parish, State
Chavez County, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

2. Name of Operator
Yates Petroleum Corporation

3a. Address
105 S. 4th Str., Artesia, NM 88210

3b. Phone No. (include area code)
575-748-1471

4. Location of Well (Footage, Sec., T., R., M., OR Survey Description)
990' FSL & 330' FWL, Unit M Sec.6-T12S-R27E

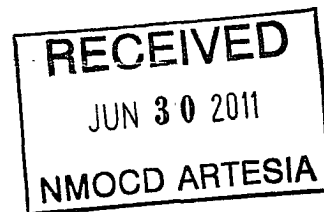
12 CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| 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 checked="" type="checkbox"/> Other <u>Addition</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>to Off Lease</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>Measurement</u> |

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 must 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 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 respectfully requests your approval for an addition to the off lease measurement on the Grid Iron BLI #2 application, OLM-23 approved by OCD on 6/28/10, and BLM on 6/10/10.

The addition ^{may (if approved)} consist of any future wells drilled in lease NM-101580, Township 12 South, Range 27 East, Sections 6, 7, and 18, and wolfcamp pool as well as the ones listed below:



Accepted for record - NMOCD
DD 7-15-11

Please see attach

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Miriam Morales Title Production Clerk

Signature *Miriam Morales* Date 6/16/11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS Title PETROLEUM ENGINEER Date JUN 20 2011

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 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.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Continuation of Grid Iron BLI Federal #3 addition to off lease application sundry.

Grid Iron BLI Federal #3 (not yet completed)
Section 6-T12S-R27E
Wildcat/Wolfcamp
API #30-005-64145
Chavez County, NM
Federal Lease # NM-101580

Grid Iron BLI Federal #4 (not yet drilled)
Section 7-T12S-R27E
Wildcat/ Wolfcamp
API # not assigned yet
Chavez County, NM
Federal Lease # NM-101580

For current and future wells the gas and oil will be measured and sold on the Football BCF Federal #2H Section.1-T12S-R26E.

Identical pools.

Identical ownership.

Oil Measurement

Grid Iron #3, 4 and future wells will utilize facilities for the Grid Iron #2.

Gas Measurement

Each well will have it's own gas meter.

Beneficial use off lease approximately 10 mcfpd.

The off lease measurement of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and will not reduced royalty or improper measurement of production.

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

**Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287
(575) 627-0272**

**Off-Lease Measurement, Off-Lease Storage, And Surface Commingling
Conditions Of Approval**

1. This agency will be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. Contact the BLM Roswell Field Office at least 24 hours prior to the commencing any monthly well test. For wells in Chaves and Roosevelt County, during office hours call (575) 627-0205 or after office hours call (575) 420-2832. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.
7. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201-1287 for wells in Chaves or Roosevelt County if you have not already done so.