

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD Artesia

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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 reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-106909
2. Name of Operator Yates Petroleum Corporation		6. If Indian, Allottee or Tribe Name
3a. Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No. (include area code) (575) 748-1471	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface: 480' FNL & 100' FEL, Section 35 T26S-R28E, Unit Letter A BHL: 480' FNL & 330 FWL, Section 35 T26S-R28E, Unit Letter D		8. Well Name and No. Lechuza BQC Federal #1H
		9. API Well No. 30-015-38522
		10. Field, Pool, or Exploratory Area Undesignated Bone Springs
		11. County or Parish, State Eddy County

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 BOPE change and omit mud equivalency test
	<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 Operations (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 recomple 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 respectfully requests permission to nipple up and test a 2M system on the 13 3/8" casing. It is also requested that the pool name be changed to undesignated Bone Springs rather than wildcat due to a well drilled in the same Bone Springs formation in section 34, T26S-R28E called the Skeen 34 St. Com. #1H. With that, Yates would also like to omit the mud equivalency test listed in Onshore Order 2 III.B 1.i

13 3/8" surface casing grade will be H-40/J-55

9 5/8" intermediate casing will either be J-55 or K-55

Production casing hole size will be drilled with 8 3/4" to 7100', then will be reduced to 8 1/2" to TD.

Thank-You

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

SUBJECT TO LIKE
APPROVAL BY STATE

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Jeremiah Mullen	Title Well Planner
Signature <i>Jeremiah Mullen</i>	Date July 29, 2011

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>Ted M. Morgan</i>	Title Petroleum Engineer	Date 9 Aug 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 CFO	

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)

Accepted for record

CHANGE TO UNDESIGNATED
BONE SPRING IS DENIED

WE QUIT USING UNDESIGNATED
IN 1995 WITH THE USE OF ONGARD
THERE ARE NO POOL CODES FOR UNDESIGNATED
IN ONGARD. PAUL KAUFZ
PAUL.KAUFZ@STATE.NM.US

RECEIVED
AUG 11 2011
NMOCD ARTESIA

dm

**Lechuza BQC Federal #1H
Yates Petroleum Company
30-015-38522
Aug 9, 2011
Conditions of Approval**

Summary of Current Status:

- APD previously approved as exploration well

Current Sundry Requests:

Yates Petroleum requests to:

- Use 2M BOP assembly for drilling the interval from 400' to 2600'. This request is based on 10.2 ppg mud weight at section TD for an estimated maximum bottom hole pressure at 2600' of 1380 psi.
- Change the name of the reservoir pool to "Undesignated Bone Springs" instead of Wildcat as originally approved. This is based on offset well Skeen 34 St Com #1H drilled in 2010 and completed in the Bone Springs.
- Omit the Mudweight Equivalency Testing currently in the program since the well was originally a Wildcat Exploratory well and an offset well has subsequently been completed in the same zone. The formation had a 3M BOP design requirement, not 5M.

Conditions of Approval:

1. All other terms of the original COA still apply.
2. The name change of the reservoir to "Undesignated Bone Springs" is Subject to Like Approval of the State.

TMM 08/09/2011