

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM0437524
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
Contact: TINA HUERTA E-Mail: tinah@yatespetroleum.com		7. If Unit or CA/Agreement, Name and/or No
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-4168 Fx: 575-748-4585	8. Well Name and No CERROS AQF FEDERAL COM 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 15 T18S R29E NESE 1650FSL 990FEL		9. API Well No. 30-015-29276
		10. Field and Pool, or Exploratory WILDCAT; BONE SPRING WOLF CAMP
		11. County or Parish, and State EDDY COUNTY, NM

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

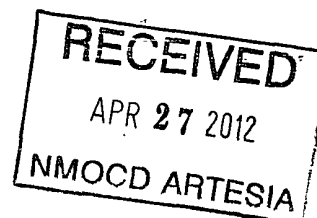
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" 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 recompletable 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 recompletable 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.)

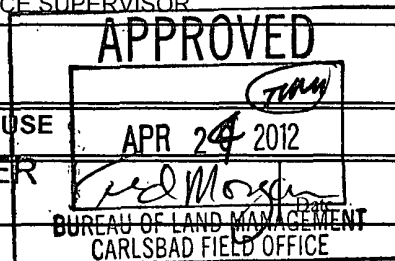
Yates Petroleum Corporation plans to plugback and recompletable this well as follows: NU BOP. RU all safety equipment as needed. POOH with production equipment. Set a CIBP at 10,920' with 35' cement on top. Perforate Bone Spring 8652'-8730'(79). Stimulate as needed. Shut well in overnight to allow the gel to break and the resin coated sand to cure. Flow well back until it dies. TIH with tubing, pumping equipment and turn well over to production. Schematic attached.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL****Accepted for record
NMOCD**

10/5/11/2012



14. I hereby certify that the foregoing is true and correct Electronic Submission #124249 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 11/28/2011
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
PETROLEUM ENGINEER	
Approved By	Title
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 ****

WELL NAME: Cerros AQF Federal Com #1 FIELD: Turkey Track
 LOCATION: 1,650' FSL & 990' FEL of Section 15-18S-29E Eddy Co., NM
 GL: 3,465' ZERO: KB:
 SPUD DATE: 11/22/96 COMPLETION DATE: 2/9/97
 COMMENTS: API No.: 30-015-29276

CASING PROGRAM

13-3/8" 54.5#	468'
8-5/8" 32#	3,200'
5-1/2" 17#	11,620'

Before

TOPS

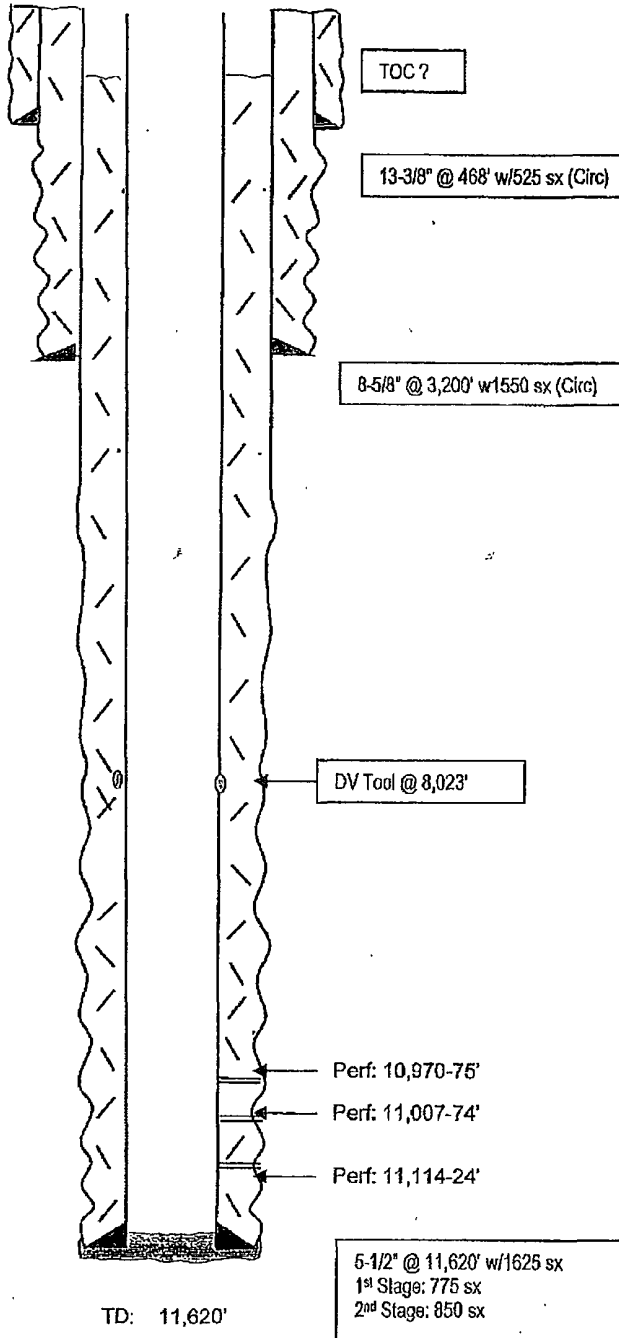
Rustler	508'
Salt	896'
Yates	1,050'
7 Rivers	1,451'
Queen	2,079'
Grayburg	2,439'
SA	2,953'
BS	3,778'
WC	8,000'
Strawn	10,143'
Atoka	10,428'
Morrow	10,966'
Chester	11,498'

0622'
 10630'
 11128'
 11500'
 TMM
 4/24/2012

17-1/2"
Hole

12-1/4" Hole

7-7/8" Hole



Not to Scale
 4/27/09
 DC/Hill

RECEIVED

APR 27 2012

NMOCD ARTESIA

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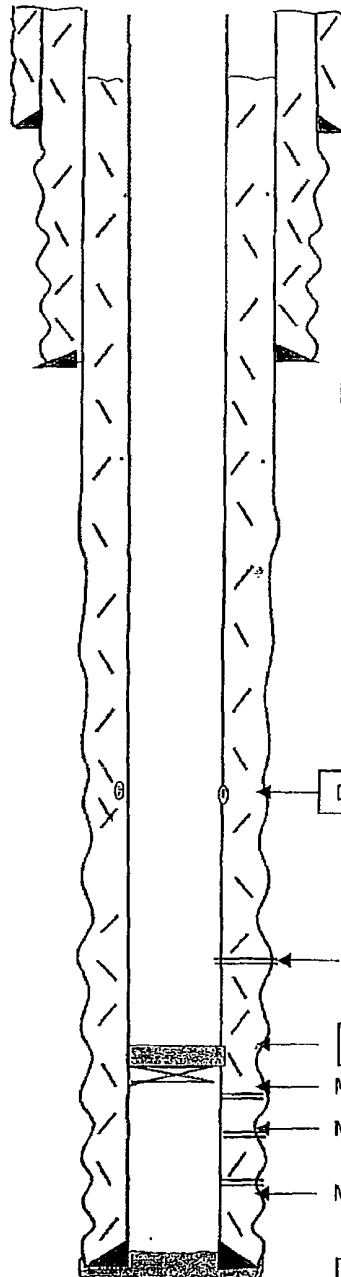
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10630'
11128'
11500'
TMM
4/24/2012

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12-1/4" Hole

7-7/8" Hole



TD: 11,620'

TOC ? Log only pulled
To 3,100' good cement.

13-3/8" @ 468' w/525 sx (Circ)

8-5/8" @ 3,200' w/1550 sx (Circ)

DV Tool @ 8,023'

WOLI-CAMP
Bone Springs Perfs: 8,652' - 8,730'

CIDP @ 10,920' w/ 35' of cement

Morrow Perfs: 10,970-75'

Morrow Perfs: 11,007-74'

Morrow Perfs: 11,114-24'

5-1/2" @ 11,620' w/1625 sx
1st Stage: 775 sx
2nd Stage: 850 sx

Not to Scale
9-23-11
HIII

Cerros AQF Federal Com 1
Yates Petroleum Corporation
30-015-29276
24 April 2012
Conditions of Approval

SUMMARY OF CURRENT STATUS:

- Completed in the Morrow (PGW)
- Feb 2012 production reported 558 gas 0 cond
- Top Morrow is 11500'
- Top Wolfcamp is 8622'
- DV tool is at 8023'. (35 sx of cement was circulated off of DV tool when casing run.)
- **Current producing perforations are at 10793' – 11174'.**

CURRENT SUNDRY INTENTION:

- a) To permanently abandon the Morrow interval
- b) To place well on production as a Wildcat: Wolfcamp oil well
- c) Proposed completion interval is 8652' – 8730'.

NOTE: Geological Review on 4/24/2012 indicates the revised actual formation tops are:

Abo Shale at 7470'
Wolfcamp at 8622' (always on the topside of the second shale peak)
Cisco at 9200' (the Cisco maybe 10 to 20 ft off, not sure)
Canyon at 9890'
Strawn at 10630'
Atoka at 11128'
Morrow at 11500'

CONDITIONS OF APPROVAL:

The following Conditions of Approval are applicable.

1. **Surface Disturbance and Fracing Operations:** Not to exceed originally approved pad without prior approval.
2. **Closed Loop System:** Required.
3. **BOPE:** The Operator is responsible to provide BOPE of sufficient rating for proper well control. **3M BOP or larger** to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (**3M** Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

4. **H2S:** It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide.
5. **Waste Materials and Fluids:** All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion 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.

6. **STEPS:**

- a. RIH with workstring and **tag PBTD at 11517'**. Cleanout fill if necessary. (PBTD is 17' below the re-evaluated top Morrow at 11500'.) BLM representative to be contacted for confirming cleanout depth prior to placing cement for plugback.
 - b. Place 597' of cement on bottom, to permanently abandon the top Morrow formation at 11500' per BLM guidelines and to isolate the existing perforations from 10970' – 11124' selective. **New PBTD will be at 10920' or higher.**
NOTE: All cement plugs will be a minimum of 100 feet in length plus 10% for each 1000 feet or a minimum of 25 sacks, whichever is greater. If needed, the total cement volume pumped can be adjusted for a higher PBTD, to allow for the subsequent re-completion in the Wolfcamp.
 - c. **Contact BLM to witness the tag of the new PBTD at 10920' or higher**, and for the pressure test of 5-1/2" 17# Production Casing in preparation for well recompletion. (Casing test pressure to consider availability and usage of a tree saver and a frac string with packer.) **500 psi** will be the minimum pressure test following BLM guidelines.
 - d. Perforate as proposed in the Wolfcamp, stimulate, clean-up, and re-complete. OK.
7. **Logging:** A copy of all logs run on the borehole shall be submitted to the BLM office within 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.
 8. **NOI Sundry requirement for well stimulation:** Operator is requested to submit a sundry in advance to the BLM for the intended stimulation and recompletion in the Wolfcamp.
 9. **Subsequent Report Sundries:** Subsequent sundry to be filed detailing all work done. Sundry Notices must contain an original and 3 (three) copies including all attachments. (Please staple the Sundry Notice and Attachments together as sets.)

10. **Completion Report:** to be sent within 30 days of completion and contain an original and 4 (four) copies including all attachments. (Please staple the well completion report and attachments together as sets.)

NOTE: The Subsequent Report Sundry and the Completion Report may be submitted at the same time, but shall not be attached to each other.

TMM 042412