

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 [X] Oil Well [] Gas Well [] Other
2. Name of Operator Yates Petroleum Corporation
3a. Address 105 South Fourth Street, Artesia, NM 88210
3b. Phone No. (include area code) (575) 748-1471
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface: 1600' FSL & 330' FWL, BHL: 1980' FSL & 330' FEL, Section 31, T19S-R30E, Unit Letter (Surface L) (BHL I)

5. Lease Serial No. NM-62211
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. Hanagan APL Federal Com #2H
9. API Well No. 30-015-39511
10. Field and Pool, or Exploratory Area Second Bone Springs Sand Parkway; B.S.
11. County or Parish, State Eddy, New Mexico

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

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 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 site is ready for final inspection.)

Yates Petroleum Corporation respectfully requests permission to change the production cement as per attached: A packers and ports system will be utilized in the lateral from 8600' - 12830'. Cementing will be performed in two stages from 8600' - 1725' (100' above the Capitan Reef). A hydraulic stage packer tool will be placed at approx. 8600' and a DV tool will be placed at approx. 5300'. Cement is as follows: Stage 1: Lead - 825sx of PVL (YLD 1.42 WT 13) 8600' - 5300' 35% excess Stage 2: Lead - 425sx of 35:65:6 POZ/C (YLD 2 WT 12.5), Tail - 200sx of Class C (YLD 1.34 WT 14.8) 5300' - 1725' 35% excess Attached is the verbal approval with COA's.

Thank-You,

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

Name (Printed/Typed) Troy M. Peterson Title Well Planner Date April 12, 2012

THIS SPACE FOR FEDERAL OR STATE USE Approved by Title Date APR 20 2012

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.

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 NMOCD 105 12/14/2012

RECEIVED DEC 14 2012 NMOCD ARTESIA

APPROVED APR 12 2012 WESLEY W. INGRAM

Verbal Approval and COA's

Operator to specify excess cement percentage on these types of requests just as is required on the APD.

Top of cement is inadequate. COA required that top of cement on production casing string be a minimum of 50' above the Capitan Reef.

It appears that operator switched the lead and tail cement from 5300-3000' (required to at least 1725') as the stronger cement is listed as the lead cement. BLM will require that the Class C cement be placed at the DV tool. Operator can use Class C cement for the entire second stage.

Operator to contact BLM if first stage does not circulate and have plan as to how they will achieve the required TOC on the second stage.

Second stage cement, operator shall provide verification of cement top above the Capitan Reef.

Verbal approval granted at 1810 hours.

Sincerely,

Wesley W. Ingram

Supervisory Petroleum Engineer

Bureau of Land Management

Carlsbad Field Office

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