

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 type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM25481
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
Contact: LAURA WATTS E-Mail: laura@yatespetroleum.com		7. If Unit or CA/Agreement, Name and/or No. SRM1378
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-1471	8. Well Name and No. RIO PECOS KO FD 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 28 T18S R27E NENE 660FNL 1300FEL		9. API Well No. 30-015-22899-00-S1
		10. Field and Pool, or Exploratory UNDESIGNATED <i>RED LAKE MORROW</i>
		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 recompleate 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 recompleation 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 plans to Plugback and Recomplete this well as follows:

1. MIRU WSU and all safety equipment necessary. NU BOP.
2. POOH with the existing production equipment.
3. Run a gauge ring and junk basket to 9,675 ft, set a CIBP at 9,670 ft and cap it with 25 sx of class H cement from 9,445 ft to 9,670 ft. This will place a plug over the open Morrow perforations. *Tgg see COA*
4. Spot a 25 sx class H plug from 7,815 ft to 8,040 ft. This will leave a plug over the Canyon top.
5. Perforate the Wolfcamp 6,972 ft to 7,052 ft (32 holes)
6. Acidize the perforations with 20,000 gallons 20 percent gelled IC HCL. Drop 50 7/8 inch 1.3 SG RCN ball sealers spaced evenly throughout acid. Overflush the perforations with 500 bbls of water.

RECEIVED
FEB 18 2014
SEE ATTACHED FOR MOCD ARTESIA
CONDITIONS OF APPROVAL
Accepted for record
NMOCD *10/15/2014*

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #224413 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by JUNE CARRASCO on 10/26/2013 (14JNC0174SE)	
Name (Printed/Typed) LAURA WATTS	Title REG. REPORTING TECHNICIAN
Signature (Electronic Submission)	Date 10/25/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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.	

APPROVED
FEB 3 2014
/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD

Additional data for EC transaction #224413 that would not fit on the form

32. Additional remarks, continued

7. Flow the well back until it dies and POOH. TIH with the production equipment specified by the Production Department and then turn the well over to the production department.

Schematics attached

WELL NAME: Rio Pecos KO Federal # 1 FIELD: Red Lake Penn

LOCATION: 660' FNL & 1,300' FEL of Section 28-18S-27E Eddy Co., NM

GL: 3,425' ZERO: 13' KB: 3,438'

SPUD DATE: 4/29/79 COMPLETION DATE: 6/30/79

COMMENTS: API No.: 30-015-22899

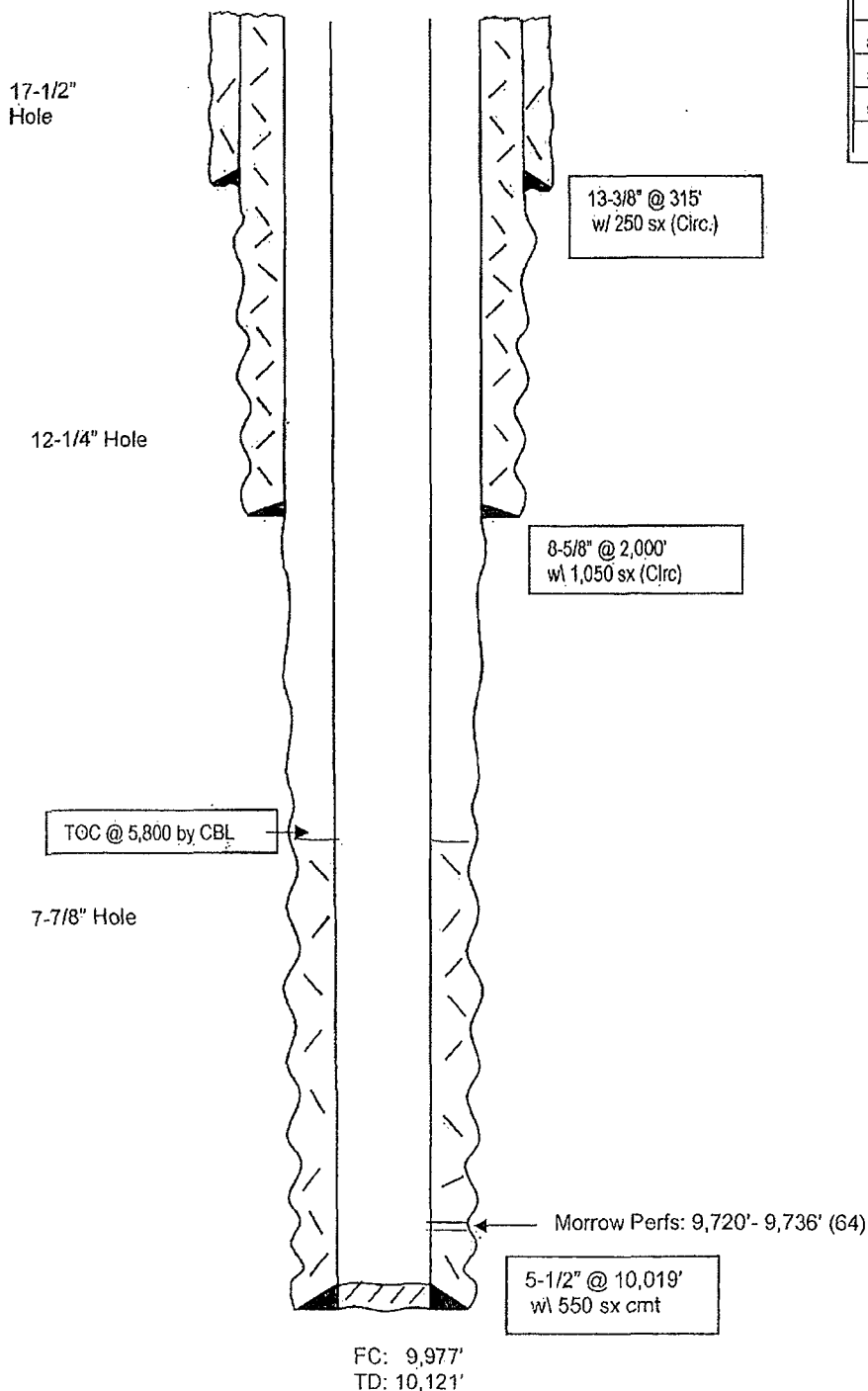
CASING PROGRAM

13-3/8" 48# H40	315'
8-5/8" 24# J55	2,000'
Top	
5-1/2" 17# N80 1,700'	
5-1/2" 17# K55 7,219'	
5-1/2" 17# N80 1,100'	10,019'
Bottom	

Before

TOPS

SA	1,800'
Glorieta	3,472'
WC	6,930'
Canyon	7,990'
Strawn	8,648'
Atoka	9,252'
Morrow CL	9,615'
Chester	9,943'



Not to Scale
7/15/13
JMH

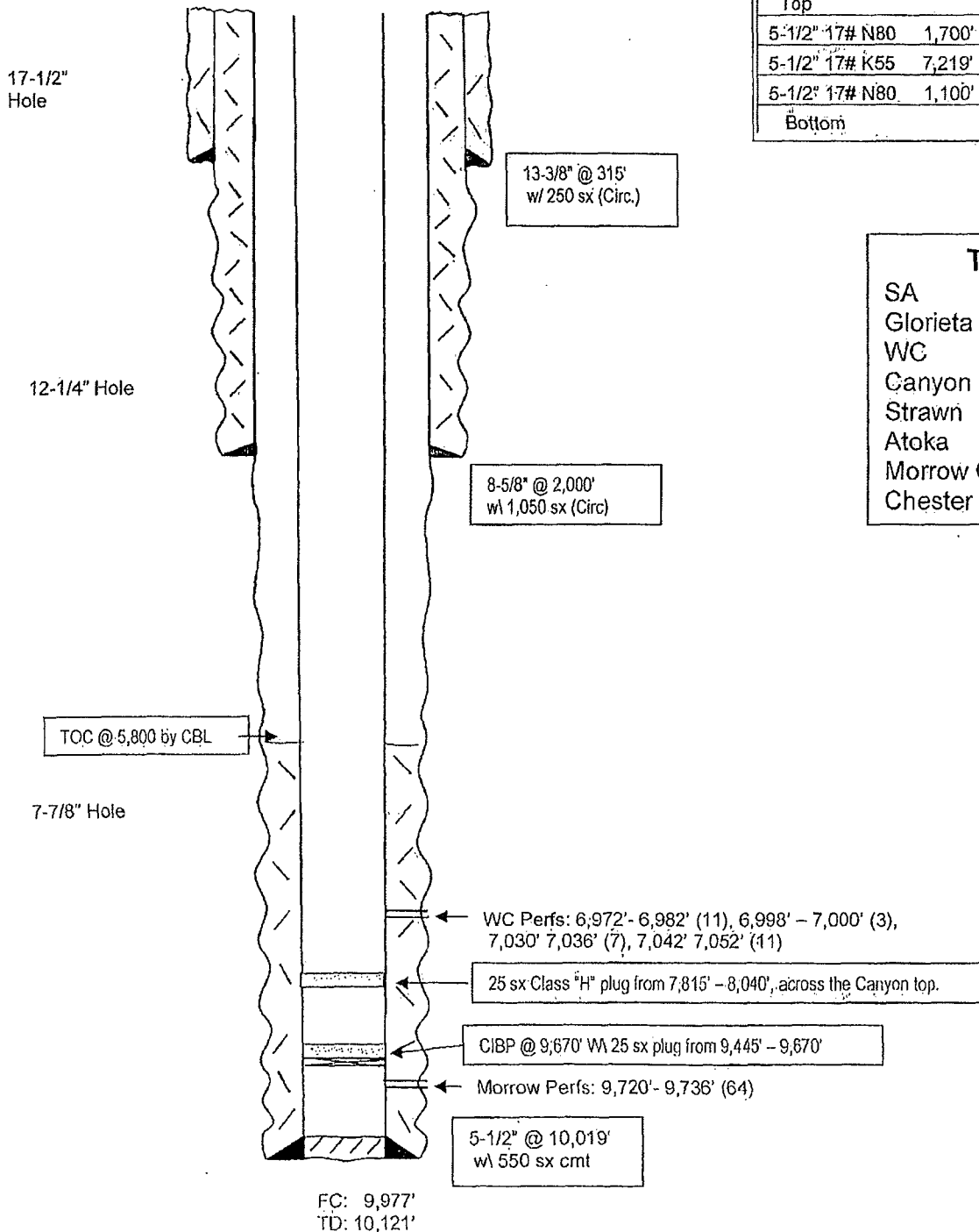
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Not to Scale
 7/15/13
 JMH

Conditions of Approval

**Yates Petroleum Corporation
Rio Pecos KO Com - 01
API 3001522899, T18S-R27E, Sec 28
February 3, 2014**

- 1. Plug 1 – Tag plug (minimum plug length is 200 feet)**
2. The communization agreement for this well (NM72055) does not include the Wolfcamp pay. Amendments to that agreement may be necessary.
3. A new “Well Location and Acreage Dedication Plat” (NMOCD Form C-102) is required with the notice of intent package when opening another pay zone.
4. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.
5. Subject to like approval by the New Mexico Oil Conservation Division.
6. Considering that the well is to be used for commercial water disposal a BLM Right of Way Agreement is to be secured before its use.
- 7. Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 9650 or below to top of cement. The CBL may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
8. Notify BLM 575-200-7902 Eddy Co. as work begins. Some procedures are to be witnessed. If there is no response, call 575-361-2822, leave a voice mail with the API#, workover purpose, and a call back phone number
9. Surface disturbance beyond the existing pad must have prior approval.
10. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
11. Functional H₂S monitoring equipment shall be on location.
12. 3000 (3M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
13. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over 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.

14. The BLM PET witness is to run tbg tally and agree to cement placement. Sample each plug for cement curing time and tag and/or pressure test (WOC time of 4 hours recommended) as requested by BLM PET witness.
15. Set cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft from the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less than 25sx. Examples: A cement plug set at 8000 in 7" casing would require a min of 35sx. A 25sx plug in 5 ½" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.
16. Class H > 7500ft & C < 7500ft) cement plugs(s) will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours(C) & 8 hours(H) is recommended. Formation isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water and "H" to be mixed 15.6#/gal, 1.18ft³/sx, 5.2gal/sx water.
17. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
18. After setting the top plug and before perforating, perform a BLM PET witnessed (charted) casing integrity test of 500 psig. Pressure leakoff may require correction for approval. Include a copy of the chart in the subsequent sundry for this workover.
19. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
20. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
21. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use.

22. Submit evidence to support your determination that the well has been returned to active "beneficial use" for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies) before 07/15/2015.
23. Should "beneficial use" not be achieved submit for BLM approval a plan for plug and abandonment.

PRS/ CRW 020314

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement.

Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.