Form 3160-5
(August 2007)

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.

5. Lease Serial No.
NMNM92748

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
SERRANO FEDERAL 1

2. Name of Operator
YATES PETROLEUM CORPORATION
Contact: LAURA WATTS
E-Mail: laura@yatespetroleum.com

9. API Well No.
30-015-28166-00-S1

3a. Address
105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)
Ph: 575-748-4272
Fx: 575-748-4585

10. Field and Pool, or Exploratory
N DAGGER DRAW

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 11 T19S R25E SWSW 660FSL 660FWL

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☒ Plug Back	☐ 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 recomplete 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.)

Accepted for record
NMOCD

Yates Petroleum Corporation plans to plugback and recomplete this well as follows:
1. Rig up all safety equipment necessary. NU BOP.
2. Run a gauge ring and junk basket to 7,644 ft, set a CIBP at 7,634 ft and cap it with 25 sx of cement. Spot a 60 sx plug from 5,218 ft to 5,630 ft. Pressure test the casing to 2000 psi for 30 mins. Added a plug See Cond
3. Perforate squeeze holes at 3,188 ft. Set cement retainer at 3,088 ft. Sting into the retainer and cement from 3,188 ft to the surface. Sting out of the retainer and reverse circulate clean. WOC.
4. Pressure test the casing to 3000 psi. Perforate Yeso 2,540 ft to 2,688 ft (65 holes).
5. Pump a fracture treatment (treating schedule attached) down the 7 inch casing limiting the surface treating pressure to 3000 psig. Set a pop off valve at 3500 psi. Flush to the bottom perf and then over flush by 600 bbls.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Electronic Submission #245012 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by CATHY QUEEN on 06/06/2014 (14CQ0192SE)

Name *(Printed/Typed)* LAURA WATTS — Title REG REPORTING TECHNICIAN

Signature (Electronic Submission) — Date 05/08/2014

APPROVED
JUL 22 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 04 2014
RECEIVED

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015-28166	50270	Penasco Draw; ~~Wildcat, Yeso~~ SA-Yeso

[4] Property Code	[5] Property Name	[6] Well Number
20905	Serrano Federal	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
025575	Yates Petroleum Corporation	3,445' GR

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	11	19S	25E		660	South	660	West	Eddy

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16

660' W

660' S

[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Laura Watts — 8/1/14
Signature — Date

Laura Watts
Printed Name

laura@yatespetroleum.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

Additional data for EC transaction #245012 that would not fit on the form

32. Additional remarks, continued

6. Flow the well back and allow the well to clean up. TIH with tubing to check for fill and to ensure the perforations are not covered.
7. Swab the well until it cleans up, TIH with pumping equipment and turn the well over to the production department.

Schematics attached

Treating Schedule

Sta. #	Fluid	Stg. Type	Cln. Vol. (gals)	Rate (bpm)	Proppant	Conc. (lb/gal)	Stage Prop. (lbs)	Cum. Prop. (lbs)
1	Slick Water	Prepad	100	20		0.0	0	0
2	20% HCL	Acid	3,000	30		0.0	0	0
3	Slick Water	Prepad	2,000	100		0.0	0	0
4	Slick Water	Pad	56,000	100		0.0	0	0
5	Slick Water	Slurry	4,500	100	100 Mesh	0.2	900	900
6	Slick Water	Sweep	4,500	100		0.0	0	900
7	Slick Water	Slurry	4,500	100	100 Mesh	0.3	1,350	2,250
8	Slick Water	Sweep	4,500	100		0.0	0	2,250
9	Slick Water	Slurry	4,500	100	100 Mesh	0.4	1,800	4,050
10	Slick Water	Sweep	4,500	100		0.0	0	4,050
11	Slick Water	Slurry	4,500	100	100 Mesh	0.5	2,250	6,300
12	Slick Water	Sweep	4,500	100		0.0	0	6,300
13	Slick Water	Slurry	4,500	100	100 Mesh	0.6	2,700	9,000
14	Slick Water	Sweep	4,500	100		0.0	0	9,000
15	Slick Water	Slurry	4,500	100	100 Mesh	0.7	3,150	12,150
16	Slick Water	Sweep	4,500	100		0.0	0	12,150
17	Slick Water	Slurry	4,500	100	100 Mesh	0.8	3,600	15,750
18	Slick Water	Sweep	4,500	100		0.0	0	15,750
19	Slick Water	Slurry	4,500	100	100 Mesh	0.9	4,050	19,800
20	Slick Water	Sweep	4,500	100		0.0	0	19,800
21	Slick Water	Slurry	4,500	100	100 Mesh	1.0	4,500	24,300
22	Slick Water	Pad	10,700	100		0.0	0	24,300
23	Slick Water	Slurry	20,000	100	40/70 Brady	0.2	4,000	28,300
24	Slick Water	Sweep	6,000	100		0.0	0	28,300
25	Slick Water	Slurry	20,000	100	40/70 Brady	0.3	6,000	34,300
26	Slick Water	Sweep	6,000	100		0.0	0	34,300
27	Slick Water	Slurry	20,000	100	40/70 Brady	0.4	8,000	42,300
28	Slick Water	Sweep	6,000	100		0.0	0	42,300
29	Slick Water	Slurry	20,000	100	40/70 Brady	0.5	10,000	52,300
30	Slick Water	Sweep	6,000	100		0.0	0	52,300
31	Slick Water	Slurry	20,000	100	40/70 Brady	0.6	12,000	64,300
32	Slick Water	Sweep	6,000	100		0.0	0	64,300
33	Slick Water	Slurry	20,000	100	40/70 Brady	0.7	14,000	78,300
34	Slick Water	Sweep	6,000	100		0.0	0	78,300
35	Slick Water	Slurry	20,000	100	40/70 Brady	0.8	16,000	94,300
36	Slick Water	Sweep	6,000	100		0.0	0	94,300
37	Slick Water	Slurry	23,000	100	40/70 Brady	0.9	20,700	115,000
38	Slick Water	Sweep	6,000	100		0.0	0	115,000
39	Slick Water	Slurry	24,000	100	40/70 Brady	1.0	24,000	139,000
40	Slick Water	Pad	17,000	100		0.0	0	139,000
41	Slick Water	Slurry	17,000	100	16/30 Brady	1.0	17,000	156,000
42	Slick Water	Slurry	24,000	100	16/30 Brady	2.0	48,000	204,000
43	Slick Water	Slurry	32,000	100	16/30 Brady	3.0	96,000	300,000
44	Slick Water	Flush	2,388	100		0.0	0	300,000
45	Slick Water	Flush	30,702	100		0.0	0	300,000
	Totals						300,000	

Estimated Surface Treating Pressure = 2,223 psig.
Maximum Surface Treating Pressure = 3,000 psig.

WELL NAME: Serrano Fed # 1 FIELD: North Dagger Draw Upper Penn

LOCATION: 660' FSL & 660' FWL of Section 11-19S-25E, Eddy County, New Mexico.

GL: 3,445' ZERO: 17' KB: 3,462'

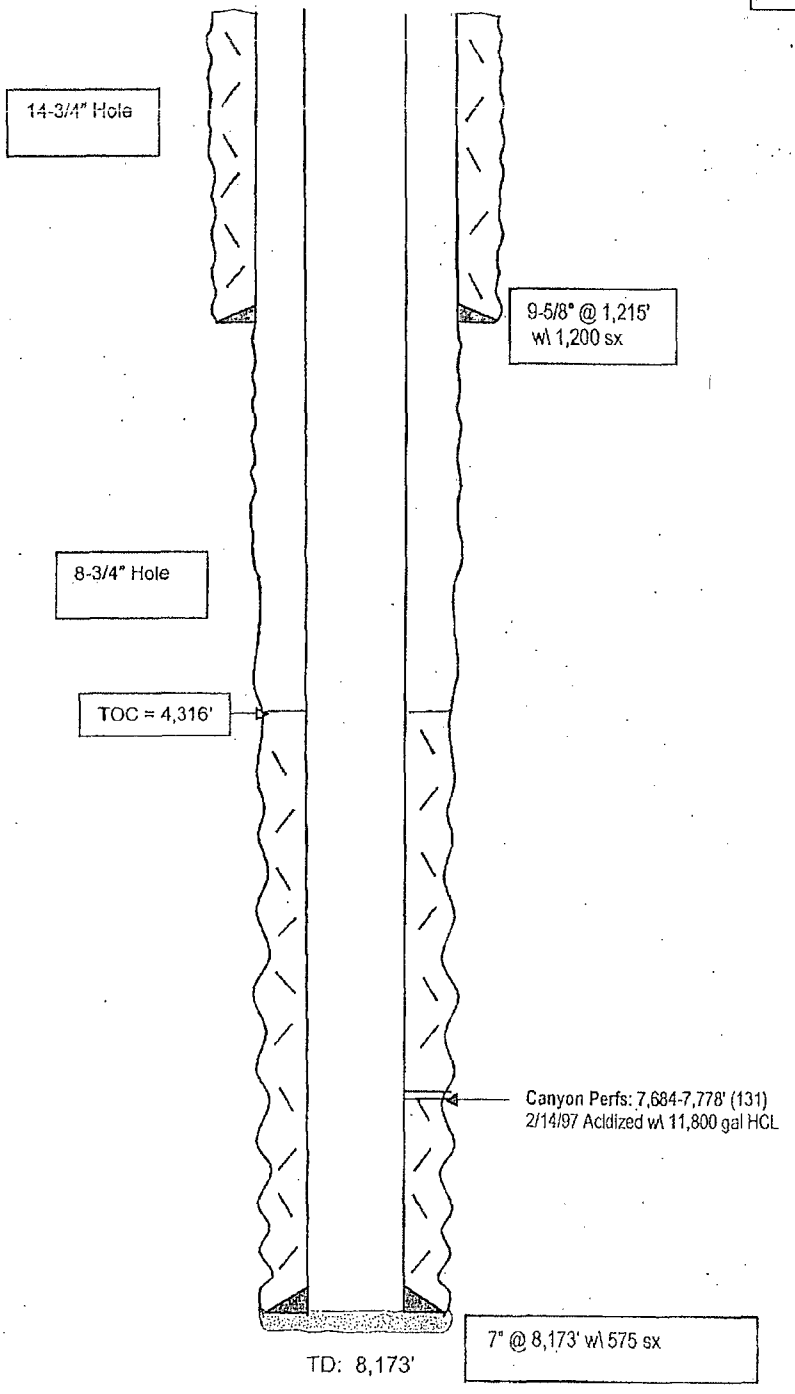
SPUD DATE: 12-05-96 COMPLETION DATE: 01-21-97

COMMENTS: API No.: 30-015-28166

CASING PROGRAM

9-5/8" 36.00# J-55	1,204'
7" 26#	8,173'

Before



TOPS

San Andres	833'
Glorieta	2,454'
BS	5,318'
WC	5,580'
Cisco	7,586'

Not to Scale
04/09/14
Hill

WELL NAME: Serrano Fed # 1 **FIELD:** North Dagger Draw Upper Penn

LOCATION: 660' FSL & 660' FWL of Section 11-19S-25E, Eddy County, New Mexico.

GL: 3,445' **ZERO:** 17' **KB:** 3,462'

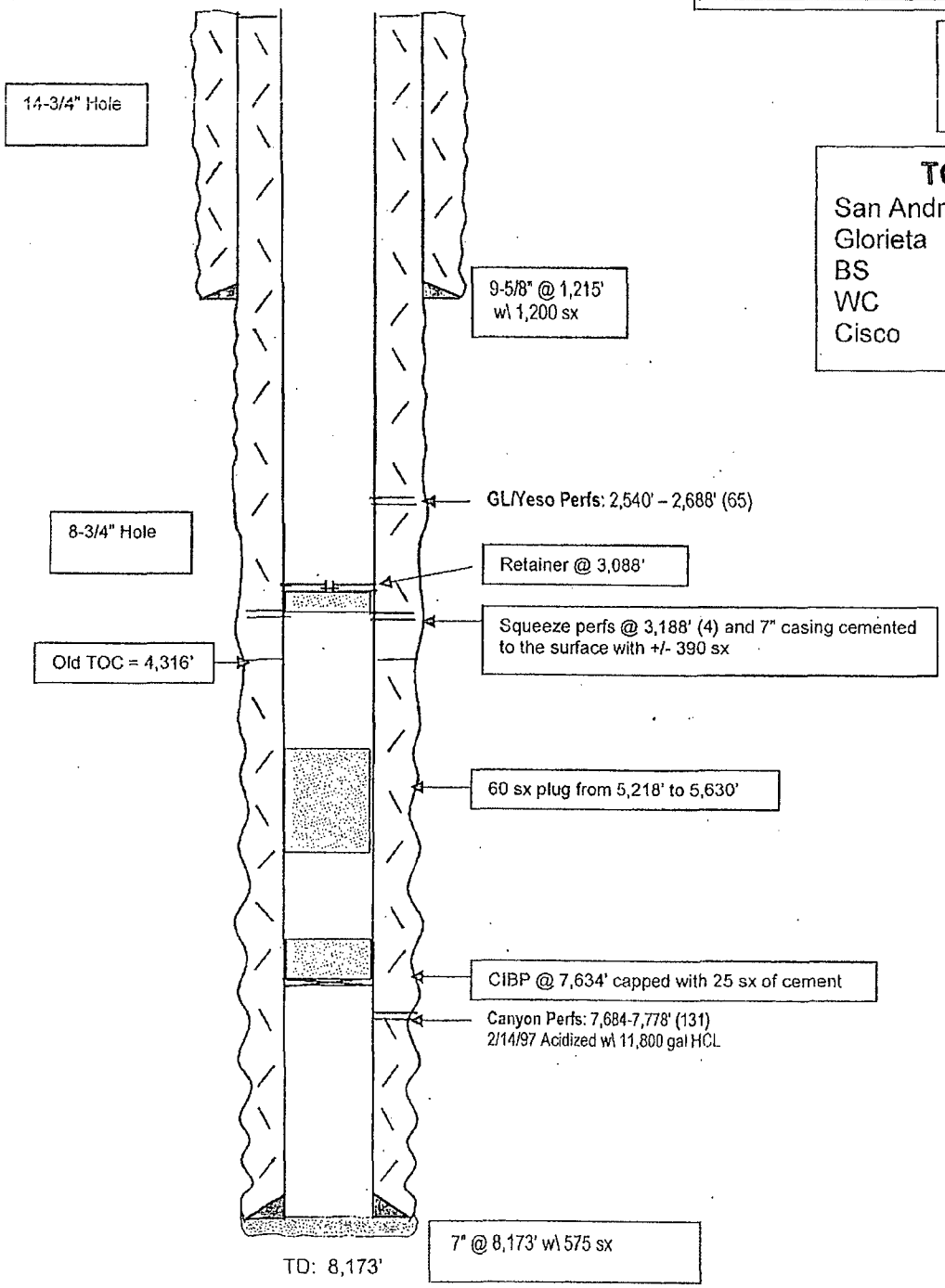
SPUD DATE: 12-05-96 **COMPLETION DATE:** 01-21-97

COMMENTS: API No.: 30-015-28166

CASING PROGRAM

9-5/8" 36.00# J-55	1,204'
7" 26#	8,173'

After



TOPS

San Andres	833'
Glorieta	2,454'
BS	5,318'
WC	5,580'
Cisco	7,586'

Not to Scale
04/09/14
Hill

Serrano Federal 1
30-015-28166
Yates Petroleum Corporation
July 22, 2014
Conditions of Approval

Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.

Work to be completed by October 22, 2014.

1. **Operator shall set CIBP at 7,634' and place 25 sx Class H Cement on top. WOC and tag.**

2. **Operator shall place a solid Class C cement plug from 6,646'-6,480' to seal the top of the Wolfcamp formation.**

3. **Operator shall place a solid Class C cement plug from 5,630'-5,218' to seal the top of the Bone Spring formation as proposed.**

4. **Operator shall perforate and squeeze at 4,216'. If the squeeze is unsuccessful, place a 25 sx Class C plug across the perforations (minimum length of plug is 143'). Then move up and perforate and squeeze again. Contact BLM if second attempt fails.**

5. **Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**

6. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.

7. Surface disturbance beyond the originally approved pad must have prior approval.

8. Closed loop system required.

9. All waste (i.e. drilling fluids, 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.

10. Operator to have H2S monitoring equipment on location.

11. A minimum of a **3000 (3M)** BOP 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.

12. **Subsequent sundry required detailing work done, a C-102 form, and completion report for the new formations. Operator to include well bore schematic of current well condition when work is complete.**

13. **See attached for general requirements.**

JAM 072214

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

General Requirements for Plug Backs

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.