

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS NMOCD**  
**Do not use this form for proposals to drill or to re-enter an**  
**abandoned well. Use form 3160-3 (APD) for such proposals. Artesia****SUBMIT IN TRIPLICATE - Other instructions on reverse****NM OIL CONSERVATION**  
**ARTESIA DISTRICT**  
**JUL 19 2016**  
**RECEIVED**

5. Lease Serial No.  
NMNM89049

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
NUCLEUS BGN FEDERAL 1H

9. API Well No.  
30-015-39241-00-S1

10. Field and Pool, or Exploratory  
PARKWAY  
WILDCAT

11. County or Parish, and State  
EDDY COUNTY, NM

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

2. Name of Operator  
YATES PETROLEUM CORPORATION  
Contact: TINA HUERTA  
E-Mail: tinah@yatespetroleum.com

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

3b. Phone No. (include area code)  
Ph: 575-748-4168  
Fx: 575-748-4585

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 31 T19S R30E Lot 2 1750FNL 330FWL

**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 |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | Venting and/or Flaring                    |
|  | <input type="checkbox"/> Convert to Injection | <input 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 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 is requesting permission to flare until August 30, 2016 due to abnormal system pressures in Agave lines. The possibility of flare will be inconsistent; therefore, the volume can easily fluctuate.

Flaring will be at the Nucleus BGN Federal Com Battery (Unit E) which includes:  
Nucleus BGN Federal Com #1H - 30-015-39241 ✓  
Focus BDB Federal #1H - 30-015-39421 (NMNM85909) ✓

Average Daily oil = 255 BPD  
Estimated Flare per day = 1054 +/- MCF

This circumstantial flare could result longer than 24 hour period and possibly more than the 144

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL****Accepted For Record**  
**NMOCD AB 8/3/16**

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

**Electronic Submission #340794 verified by the BLM Well Information System**  
**For YATES PETROLEUM CORPORATION, sent to the Carlsbad**  
**Committed to AFMSS for processing by PRISCILLA PEREZ on 06/01/2016 (16PP1340SE)**

Name (Printed/Typed) TINA HUERTA

Title REG REPORTING SUPERVISOR

Signature (Electronic Submission)

Date 06/01/2016

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE****JUN 27 2016**

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**Additional data for EC transaction #340794 that would not fit on the form**

**32. Additional remarks, continued**

hours cumulative authorized under NTL4A III.A. Flare volumes will be reported on OGOR.

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

This field office has evaluated the attached Notice of Intent as a request for flaring/venting beyond NTL-4A allowable thresholds (reasons, timeframes and volumes), and has determined the following Conditions of Approval apply.

**Condition of Approval to Flare Gas**

1. Comply with NTL-4A requirements
2. Subject to like approval from NMOCD
3. **Flared volumes are considered "avoidably lost" and will require payment of royalties. Volumes shall be reported on OGOR "B" reports as disposition code "08"**
4. "Avoidably lost" flare volumes shall be metered due to their royalty bearing status. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time.
5. Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on sundry (form 3160-5).
6. This approval does not authorize any additional surface disturbance.
7. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
8. Approval not to exceed 90 days, if flaring is still required past 90 days submit new request for approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a sundry form 3160-5.

**Definition:** As per NTL-4A II. A. "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

**43CFR3162.7-1 (a)** The operator shall put into marketable condition, if economically feasible, all oil, other hydrocarbons, gas and sulphur produced from the leased land.

**43CFR3162.1 (a)** The operating rights owner or operator, as appropriate, shall comply with applicable laws and regulations; with the lease terms, Onshore Oil and Gas Orders, NTL's; and with other orders and instructions of the authorized officer. These include, but are not limited to, conducting all operations in a manner which ensures the proper handling, measurement, disposition, and site security of leasehold production; which protects other natural resources and environmental quality; which protects life and property; and which results in maximum ultimate economic recovery of oil and gas with minimum waste and with minimum adverse effect on ultimate recovery of other mineral resources.