

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

PM

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 page 2

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other (re-entry)	RECEIVED JAN 21 2010 NMOCD ARTESIA	5. Lease Serial No NM-97127
2. Name of Operator Yates Petroleum Corporation 025575		6. If Indian, Allottee or Tribe Name Not Applicable
3a. Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No. (include area code) (575) 748-1471	7. If Unit or CA/Agreement, Name and/o Not Applicable
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 910' FNL & 330' FEL, Sec 6-T26S-R27E, Surface Hole 660' FNL & 330' FWL, Sec 6-T26S-R27E, Bottom Hole		8. Well Name and No. Punch BJD Federal #3H
		9. API Well No. 30015 37405
		10. Field and Pool, or Exploratory Area Undesignated Bone Spring
		11. County or Parish, State Eddy County, New Mexico

12. CHECK THE 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 Amend our Surface Use Plan
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplate 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must 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 requests permission to amend the Surface Use Plan to include a surface 2 7/8" steel J-55 flowline from the Punch BJD Federal #3 well to the tank battery on the Punch BJD Federal #1 well pad. The flowline will have a working pressure of 100 psi. The flowline will be approximately 4,315.3 feet in length and 30 feet wide as shown on the attached plat. It will follow an existing pipeline 4115.3 feet and then go approx. 200 feet to the #3 well pad.

Thank you.

14. I hereby certify that the foregoing is true and correct		
Name (Printed/Typed) Clifton May	Title Land Regulatory Agent	
Signature <i>Clifton May</i>	Date December 2, 2009	
THIS SPACE FOR FEDERAL OR STATE USE		
Approved by <i>Owen Litten</i>	Title	Date JAN 15 2010
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 CARLSBAD FIELD OFFICE	

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)

7/2

R-26-E
R-27-E

T-25-S
T-26-S

109+77.1 E.O.L. AT WELL PAD
N.: 32°04'23.81"
W.: 104°14'07.89"

99+25.7 P.L. 21°31'32" RT

94+35 FENCE

62+14.3 SECTION LINE

61+70.3 P.L. 14°05'51" LT

56+00 P.L. 16°52'49" LT

49+67 LEASE ROAD

41+53.9 SECTION LINE

68+61.8 P.L. 17°11'19" LT

64+31.1 P.L. 53°11'23" RT

OWNER: USA
LESSEE: FOREHAND RANCHES INC

PUNCH "BJD" FEDERAL #1

PUNCH "BJD" FEDERAL #3

S20°19'35"E
2232.0

N88°00'34"W
1051.4

S70°27'54"W
3063.9

5

6

North Arrow

Scale Bar: 0 100 200 Feet

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTIONS 6, TOWNSHIP 26 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

TOTAL 4,315.3 FEET = 261.53 RODS

A circular professional seal for Gary L. Jones, a Professional Land Surveyor in the State of New Mexico. The seal features the text "GARY L. JONES" at the top, "NEW MEXICO" in the center, and "1977" below the center. The outer ring contains the words "REGISTERED PROFESSIONAL LAND SURVEYOR". The seal is stamped over a document that includes the text "CERTIFICATE THAT THIS PLAT WILL EXCEED ALL REQUIREMENTS AS SPECIFIED BY THIS STATE".

BASIN SURVEYS P.O. BOX 1786—HOBBS, NEW MEXICO

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 07-08-2009	Sheet 2 of 2 Sheets
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BLM LEASE NUMBER:
COMPANY NAME: Yates Petroleum
WELL NO. & NAME: Punch BJD Federal #3H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
 - a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact

the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The rancher's fence will be restored to the original condition after completion of the project. Due diligence will be practiced while the project is ongoing to ensure livestock do not cross the fenceline.

(March 1989)