

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

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.

MAY 30 2013

5. Lease Serial No.
NMNM108476

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

RECEIVED

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

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
RIDER BRQ FEDERAL COM 2H

2. Name of Operator
YATES PETROLEUM CORPORATION
Contact: MIRIAM MORALES
E-Mail: mmorales@yatespetroleum.com

9. API Well No.
30-025-40558-00-S1

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

3b. Phone No. (include area code)
Ph: 575-748-4200
Fx: 575-748-4664

10. Field and Pool, or Exploratory
FAIRVIEW MILLS

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 13 T25S R34E SWSW 330FSL 660FWL

11. County or Parish, and State
LEA 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 type="checkbox"/> Plug Back | <input checked="" 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 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.)

YATES PETROLEUM CORPORATION IS SUBMITTING AN APPLICATION FOR PRODUCED WATER PURSUANT TO ORDER #7 AND REQUESTS YOUR APPROVAL. THE WELL AT PRESENT PRODUCES AN AVERAGE OF 500-1000 BBLs OF WATER PER DAY. THE WATER WILL BE STORED IN 2-500 BBL TANKS AND WILL BE TRUCKED BY ERWS TO THE LOTUS #1 LOCATED AT SEC. 32-T22S-R32E, ORDER #SWD-1197.

ALSO, ATTACHED IS A SITE SECURITY DIAGRAM OF THE FACILITY.

**SUBJECT TO LIKE
APPROVAL BY STATE**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

**Electronic Submission #204124 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by JOHNNY DICKERSON on 04/17/2013 (13JLD0273SE)**

| | |
|-------------------------------------|--------------------------|
| Name (Printed/Typed) MIRIAM MORALES | Title PRODUCTION ANALYST |
| Signature (Electronic Submission) | Date 04/10/2013 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE **APPROVED**

| | | |
|---|----------------|-----------------|
| Approved By JERRY BLAKLEY | Title LEAD PET | Date 05/29/2013 |
| 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 Hobbs | | MAY 29 2013 |

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 or cause to be made any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

** BLM REVISED **

JUN 04 2013

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

**Disposal of Produced Water From Federal Wells
Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
9. This **approval is for produced water disposal only** and any hydrocarbons removed from lease by this method will be subject to royalty payment as well as other enforcement actions as necessary.
10. Disposal at any other site will require prior approval.
11. Subject to like approval by NMOCD.

JDB5/29/2013