

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCB Hobbs

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.

5. Lease Serial No.
NMNM77063

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

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

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 28 T23S R32E NWNW 660FNL 660FWL

8. Well Name and No.
CONTINENTAL APJ FEDERAL 3

9. API Well No.
30-025-36049

10. Field and Pool, or Exploratory
DIAMONDTAIL; DELAWARE, SW

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

AUG 21 2015

RECEIVED

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 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 plans to plugback and add Delaware perms as follows:

1. NU BOP. Rig up all safety equipment as necessary.
2. Set a CIBP at 5,700 ft and cap with 35 ft of cement.
3. Perforate 4 squeeze holes at both +/- 4,700 ft and 5,150 ft. Set a retainer at 5,100 ft and pump +/- 150 sacks Class C cement. Pull up above the top perf. SI and WOC.
4. Tag cement. If we don't tag anything down to 5,000 ft, POOH. If we tag before that, POOH and TIH with bit to drill out cement. Need about 75 ft to 100 ft rat hole below bottom perf (which will be 4,924 ft) for the pump.
5. Run a CBL log with 1500 psi on it, to confirm we have cement across the perforation interval and about +/- 200 ft above and below.
6. Perforate Delaware 4,912 ft - 4,924 ft (13 holes).

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Electronic Submission #288967 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Hobbs
Committed to AFMSS for processing by LINDA JIMENEZ on 03/17/2015 ()

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

Signature (Electronic Submission) Date 01/22/2015

Kz

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 _____

APPROVED
PETROLEUM ENGINEER
AUG 17 2015
Kenneth Rennick
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

AUG 24 2015

Handwritten signature

Additional data for EC transaction #288967 that would not fit on the form

32. Additional remarks, continued

7. TIH with tubing and packer, spot, break and acidize 4,912 ft - 4,924 ft with 2000 gallons 7.5 percent NEFE acid, dropping 20 balls during the job. Over displace 5 bbls. Pump the acid at 3-4 BPM. Flush to bottom perf, with 3 percent KCL water.
8. Swab test for fracable show and observe fluid entry.
9. Turn well over to production to produce on pump.
10. If fracable show, and fluid entry is not too high, TIH with 3-1/2 inch frac string and frac through frac string.
11. Frac 4,912 ft - 4,924 ft (13 holes) through 3-1/2 inch frac string at 25 bpm (treating schedule attached).
12. Shut the well in overnight to allow the gel to break and formation to close.
13. Flow the well back if it will flow. TIH with tubing to clean out sand to 5,000 ft or to top of retainer at +/- 5,100 ft. POOH.
14. TIH with production string as per Production Department's specification. Turn well over to production to run pump.

Schematics attached

WELL NAME: Continental APJ Federal #3 FIELD: Diamond Tail

LOCATION: 660' FNL & 660' FWL of Section 28-23S-32E Lea Co., NM

GL: 3,694' ZERO: _____ KB: 3,709'

SPUD DATE: _____ COMPLETION DATE: _____

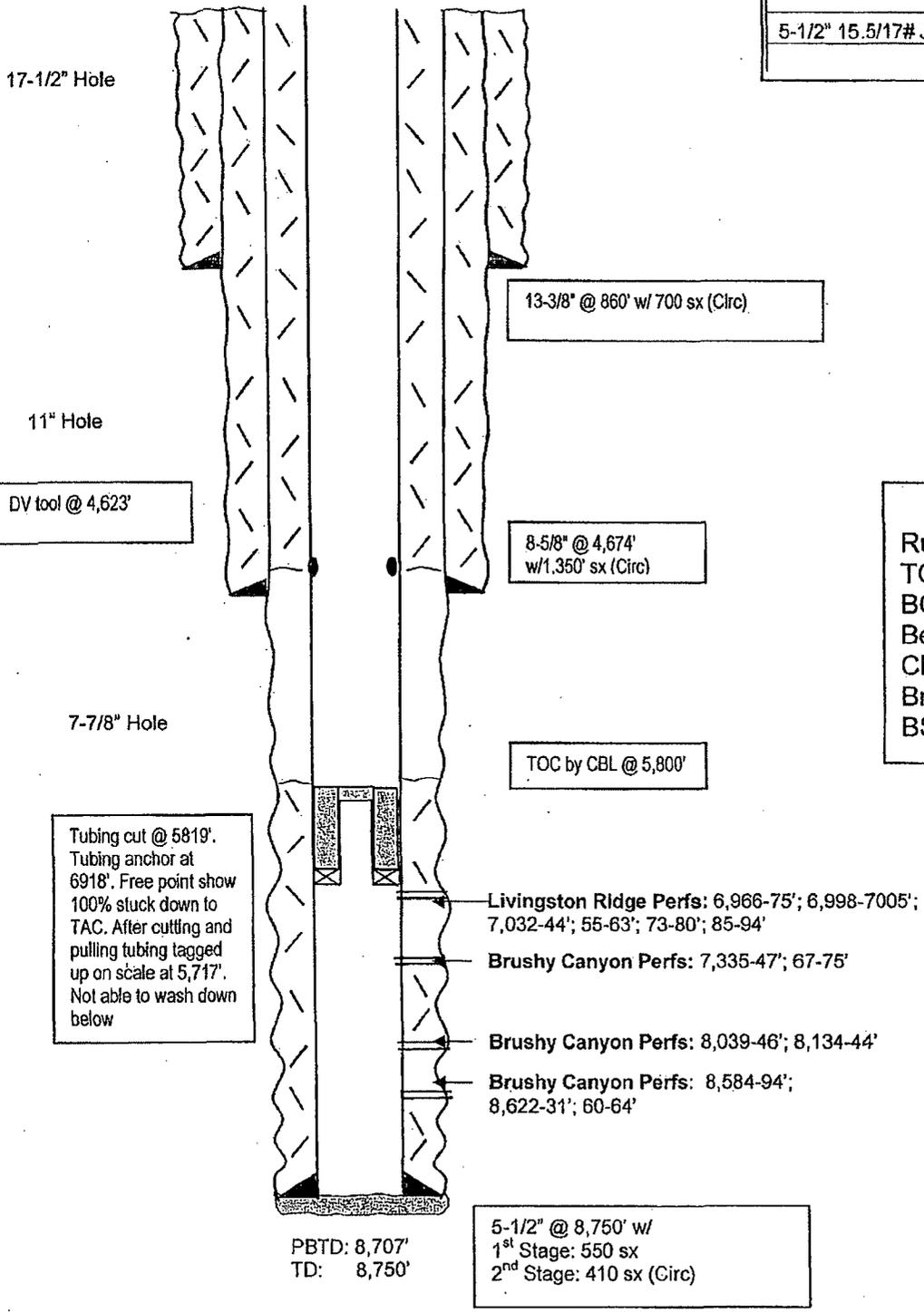
COMMENTS: API No.: 30-025-36049

CASING PROGRAM

13-3/8" 48#	860'
8-5/8" 32# J-55	4,674'
5-1/2" 15.5/17# J-55	8,750'

Before

TOPS	
Rustler	1,216'
TOS	1,294'
BOS	4,598'
Bell Canyon	4,880'
Cherry Cny	5,746'
Brushy Cny	7,028'
BS	8,678'



Tubing cut @ 5819'.
Tubing anchor at 6918'. Free point show 100% stuck down to TAC. After cutting and pulling tubing tagged up on scale at 5,717'. Not able to wash down below

5-1/2" @ 8,750' w/
1st Stage: 550 sx
2nd Stage: 410 sx (Circ)

Not to Scale
4/20/11
DC/Margrethe

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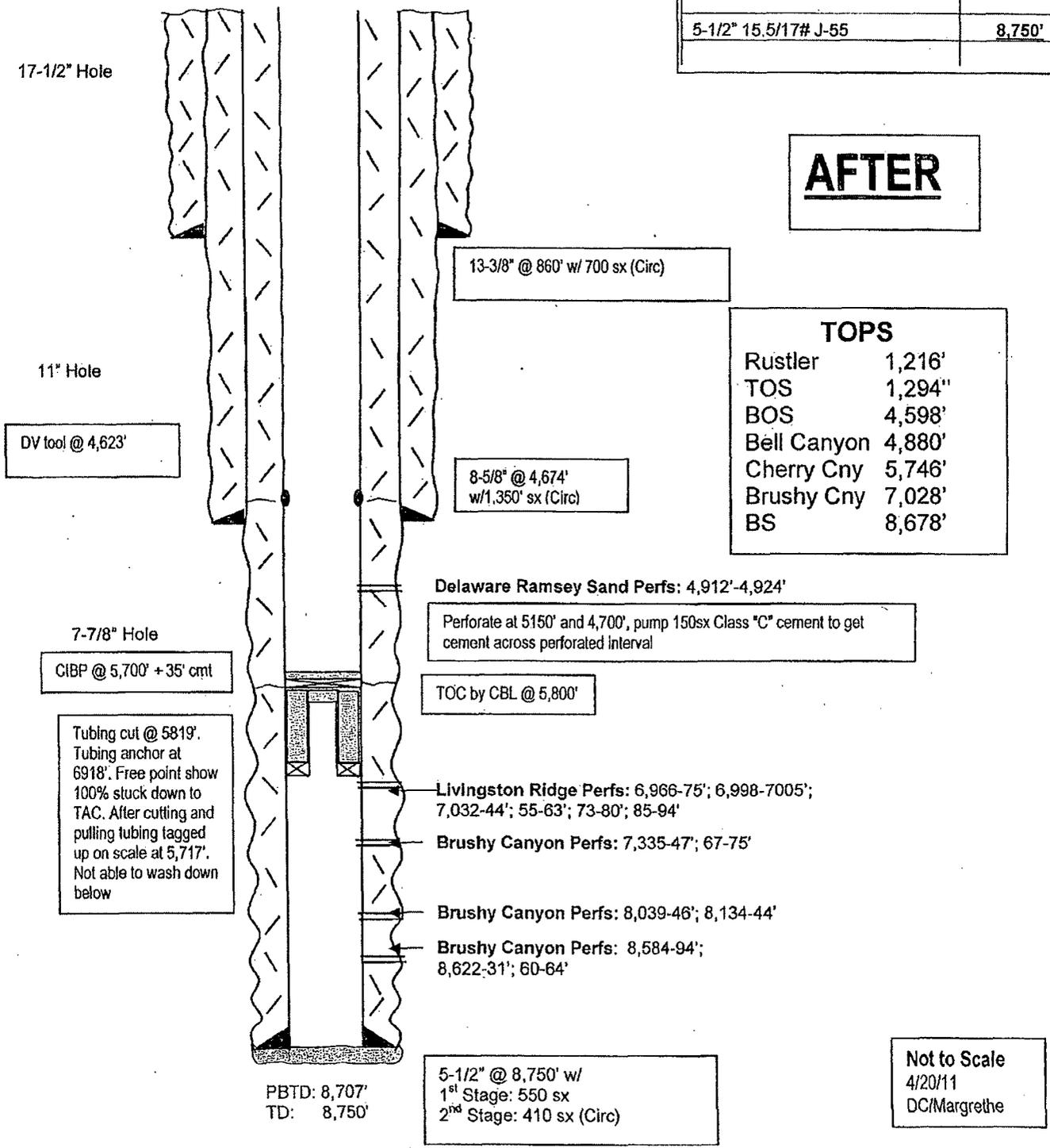
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Treating Schedule

Stage Number	gal	Prop Conc lb/gal	lbs Proppant		Proppant Type
			Stage	Cumulative	
1	7500.	0.00	0.	0.	Gel Pad
2	14000.	1 - 6	49000.	49000.	20/40 RCS
4	+/-3350.	0.0	0.	49000.	Flush

Estimated Surface Treating Pressure @ 25 BPM = 2,900 psi.

Continental APJ Federal #3
30-025-36049
Yates Petroleum Corporation
Conditions of Approval

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise. Exceptions to these restrictions may be granted by BLM's Johnny Chopp <jchopp@blm.gov> 575-234-2227

Notify BLM at 575-393-3612 (Lea County) a minimum of 24 hours prior to commencing work.

Work to be completed by November 19, 2015.

1. Operator is approved to set a CIBP at 5,700'. Onshore Order #2 states the bridge plug shall be capped with 50' of cement. If a bailer is used to cap this plug, 35' feet of cement shall be sufficient. Tag required.
2. **Provide BLM with an electronic copy (Adobe Acrobat Document) of the Cement Bond Log (CBL) record that will be run as proposed in Step #5 of the submitted Sundry. This electronic copy must be submitted before perforating the Delaware (Step #6). The address that may be use is <pswartz@blm.gov>. For additional questions on this request, the CFO BLM on call engineer may be reached at 575-706-2779.**

3. Must conduct a casing integrity test before perforating the Delaware at 4912 – 4924' (Step #6 of the submitted Sundry). Test should be run for 30 minutes. Submit results to BLM. The CIT is to be performed on the production casing to 500 psi. Notify BLM if test fails. Document the pressure test on a one hour full rotation calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
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. Surface disturbance beyond the originally approved pad must have prior approval.
6. Closed loop system required.
7. 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.
8. Operator to have H2S monitoring equipment on location.
9. A minimum of a 2000 (2M) 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 (2M 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.
10. **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.**
11. **See attached for General Plugback Guidelines**

KGR 08172015

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. For wells in Lea County, call 575-393-3612

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. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth.**

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.