

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0137
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.

APR 19 2011

HOBBSD

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other PA

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th St., Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

4. Location of Well (Footage, Sec., T., R., M., OR Survey Description)

1980' FSL & 1980' FEL Unit J, NWSE Sec.22-T22S-R33E Surface

1873' FSL & 7470' FEL Unit J, NWSE Sec.21-T22S-R33E Bottom

5. Lease Serial No.

NM-104693

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Bargain BQA Federal #1H

9. API Well No.

30-025-33341

10. Field and Pool or Exploratory Area

Brinninstool; Bone Spring

11. County or Parish, State

Lea County; New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☒ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

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 must 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 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 is submitting application for produced water pursuant to Order #7 and requests your approval. The well at present produces 0 - 1000 bbls of water per day from the Brinninstool; Bone Spring. The water will be stored in 2 - 500 tanks and will be trucked by E.R. Well Service or by Riverside Transportation to the Lotus SWD #1 located at Sec.32-22S-32E, order # SWD-1197 and Lotus SWD #12 located at Sec.32-22S-32E, order # SWD-1198.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVED

APR 14 2011
/s/ JD Whitlock Jr

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

Name (Printed/Typed)

Miriam Morales

Title

Production Clerk

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Signature

Miriam Morales

Date

4/17/11

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

**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. Disposal at any other site will require prior approval.
10. Subject to like approval by NMOCD.

2/09/2011