

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
HOBBSDO

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well



Oil Well



Gas Well



Other

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			
<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 <u>flare</u>
	<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 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 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 respectfully requests approval to flare an estimated volume of 620 mcfpd until a sour gas p/l or sweetening facilities can be constructed. Currently well is producing an average of 330 bopd. The initial few months of production is crucial to the economics of the well. An Avalon Shale well, and also Delaware and Bone Spring sands wells, if it is shut in for a longer period of time, then the initial drive seem to have dissipated and when put back on the daily rates will be on at a much lower level than when shut in, closer to the daily rates of the production plateau. This is the first Avalon Shale well in the area and will determine further development of this zone in this part of the basin. If the well is shut in we will not be able to evaluate the full potential of the zone and the prospect of field development in this area.

There are no populated areas within a 10 mi. radius.
Attachment: H2S Radius Of Exposure and Gas Analysis.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Miriam Morales

Title Production Clerk

Signature

Date

4/7/11

APPROVED

APR 14 2011

/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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 these 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

APR 27 2011



J-CAP SAFETY
ARTESIA, NEW MEXICO

H2S RADIUS OF EXPOSURE

YATES PETROLEUM

Bargain 'BQA' Fed. #1

H2S Concentration - PPM - 2500

MCF/Day - 600

500 PPM Radius of Exposure - 59ft.

100 PPM Radius of Exposure - 130ft.

Wildcat Measurement Service
P.O.Box 1836
416 East Main Street
Artesia, NM 88211-1836

3/19/2011 4:19 PM
Phone: 575-746-3481
888-421-9453
Fax: 575-748-9852
dnorman@wildcatms.com

GAS ANALYSIS REPORT

Analysis For: YATES PETROLEUM CORPORATION
Field Name:
Well Name: BARGAIN "BQA" FEDERAL #1
Station Number:
Purpose: SPOT
Sample Deg. F: 84
Volume/Day:
Formation:
Line PSIG: 51.8
Line PSIA: 65.0

Run No: 2110319-02
Date Run: 02/19/2011
Date Sampled: 03/18/2011
Producer: YATES PETROLEUM CORP
County: LEA
State: NM
Sampled By: CRAIG SUTHERLAND
Atmos Deg. F: 68

GAS COMPONENTS			
		MOL%	GPM
Oxygen	O2:	0.0000	
Carbon Dioxide	CO2:	14.7340	
Nitrogen	N2:	2.2418	
Hydrogen Sulfide	H2S:	0.2500	
Methane	C1:	58.2959	
Ethane	C2:	11.6993	3.1280
Propane	C3:	7.2171	1.9878
Iso-Butane	IC4:	0.9595	0.3139
Nor-Butane	NC4:	2.2505	0.7093
Iso-Pentane	IC5:	0.6470	0.2366
Nor-Pentanes	NC5:	0.6226	0.2256
Hexanes Plus	C6+:	1.0822	0.4705
Totals		100.0000	7.0718

Pressure Base: 14.730
Real BTU Dry: 1198.592
Real BTU Wet: 1177.784

Calc. Ideal Gravity: 0.9336
Calc. Real Gravity: 0.9378
Field Gravity:
Standard Pressure: 14.696
Ideal BTU Dry: 1189.989
Ideal BTU Wet: 1169.284
Z Factor: 0.9951
Average Mol Weight: 27.0403
Average CuFt/Gal: 53.9799
26 lb. Product: 1.4293
Ethane+ GPM: 7.0718
Propane+ GPM: 3.9437
Butane+ GPM: 1.9559
Pentane+ GPM: 0.9327

Remarks:
H2S IN GAS STREAM ON LOCATION: 0.2500% = 2,500 PPM

Analysis By: Don Norman

**Bargain BQA Federal #1H
NM104693**

Yates Petroleum Corporation
April 14, 2011

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. Flared volumes will still require payment of royalties
5. 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. Gas meter to meet all requirement for sale meter as Federal Regulations and Onshore Order #5.