| SUNDEY NOTICES AND REPORTS ON WELLS ARP. 19 2011       Interaction of the status         Devide a that man the proposition to an entering and property of the status property of the status of the status       Interaction of the status         SUBMIT IN TRIPLICATE - Other instructions on page 2.       Interaction of the status         1 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the status         2 per of the status       Interaction of the s  | August 2007)   |   | UNITED STATES<br>TMENT OF THE INTE<br>U OF LAND MANAGE   |   | RECE  | WED  |  | FORM APPROVED<br>OMB No. 1004-0137<br>Expires July 31, 2010   |  |
|--|--|---|--|---|---|--|--|---|--|
| Control well is use promotion of the such proporting OBBOW     Committee of the hame     Committee of the such proporting OBBOW     Committee of the                                   | SUNDRY NOTICES AND REPORTS ON WELLS APR 19 2011<br>Do not use this form for proposals to drill or to re-enter an<br>chandrand well. Use Form 3160-3 (APD) for such proposals A OBRSOCD   |   |  |   |   |  |  |   |  |
| SUBMIT IN TRIPLICATE - Other instructions on page 2.  The of Congression Structure of Structure o                              |  |   |  |   |   |  |  |   |  |
| SUBMIT IN TRIPLICATE - Other instructions on page 2.  Type of Well  Type of Well  Comparison  Compari                              | a  | bandoned well. Us   |  |   | HODD  |  |  |   |  |
| Aur and Operator     Aur and Approx     Aur App                                  | 17 1   |   |  |   |   |  | 7. If Unit or CA   | /Agreement, Name and/or No.   |  |
| A data set of the local and the set of the local and                                   |  | Gas W   | eli Other •  | ER (  |   |  |  |   |  |
| Tables Period Decision       30: Prome No. (include area code)       30:-025-33341       /         105 S. 4th St., Artesia, NM 88210       575-748-1471       ID: Foed affeed   | •  |   | /  |   |   |  |  |   |  |
| 105 S. 4th St., Artesia, NM 88210       575-748-1471       ID. Best and Pool r Exploratory Area         1080 FSL 8 1380 <sup>-</sup> FEL Unit J, NWSE Sec.22-T22S-R33E Surface       Brinninstool/Bone Spring         1873 FSL 8 7470 <sup>-</sup> FEL Unit J, NWSE Sec.21-T22S-R33E Bottom       Lead County, New Mexico         12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA         TYPE OF SUBMISSION       TYPE OF ACTION         Water Share Of Tares:       Chained Report         Subscience       Chained Report         Subscience       Chained Report         Subscience       Chained Report         TYPE OF SUBMISSION       TYPE OF ACTION         Water Share-Off       Water Share-Off         Water Share-Off       Water Share-Off         Subscience       Chained Report         Subscience       Chaine Report         Chained Report       Chained Report         Subscience       Chaine Report         Subscience       Chaine Report         Subscience       Notice of Tares:         Chained Report       Chained Report         TYPE OF Submits       Chained Report         Subscience       Chained Report         Subscience       Chained Report         Subscience       Chained Reportece         Subs   |  | orporation  |  | 3b. Phone N   | No. (include area co  | de)  | ·  |   |  |
|  |  | sia, NM 8821  | 0  |   | 575-748-1471  |  |  |   |  |
| 1873' FSL & 7470' FEL Unit J, NWSE Sec 21-T22S-R33E Bottom       Lea County, New Mexico         12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA         TYPE OF SUBMISSION       TYPE OF ACTION         Image: Check appropriate Box(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA         TYPE OF SUBMISSION       TYPE OF ACTION         Image: Check appropriate Box(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA         TYPE OF SUBMISSION       TYPE OF ACTION         Image: Check approximation of the submission of the subm   | 4. Location of Well (Footag  | ne, Sec.,T.,R.,M., OF   | R Survey Description)  |   |   |  |  |   |  |
| 100 OF CLE MINUTE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA         TYPE OF SUBMISSION         TYPE OF SUBMISSION         Image: Submission </td <td></td> <td></td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td></td>  |  |   |  |   | /   |  |  |   |  |
| TYPE OF SUBMISSION       TYPE OF ACTION         Image: Type of submission       Acidic:       Decem       Production (Surr/Resume)       Water Status.Off         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record       Other flare       Other flare       Other flare         Image: Subsequent Record         Image: Subsequent Record       Image: Subsequent Record       Image: Subsequent Record       Image: Subsequent Record       Image: Subsequent Record         Image: Subset Subsequent Record       Image: Subs   | 1873' FSL & 7470' F  | FEL Unit J, N   | WSE Sec.21-T22   | S-R33E  |   | ENOTICE P  |  |   |  |
| ITTP: OD 302/MISSION       Acidac       Deepen       Production (Star/Resume)       Water Star-OF         Image: Subsequent Report       Cainge Repar       Image: Production (Star/Resume)       Water Star-OF         Image: Subsequent Report       Cainge Repar       Image: Production (Star/Resume)       Water Star-OF         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Subsequent Report       Cainge Plan       Plag and Abandom       Temporarily Abandom         Image: Cainge Cain   |  |   | ATE BOX(ES) TO   | INDICAL   |   |  |  |   |  |
| Andre     Notice of Intent     Andre                                       | TYPE OF SUBM   | ISSION  |  |   | ТҮРЕ  | OF ACTION  |  |   |  |
| Alex Lables     Alex Labl                                  |  |   | Acidize  |   | Deepen  | Production   | i (Start/Resume)   | Water Shut-Off  |  |
| Change Plans     Change Plans     Convert to Injection     Prog Back     Temponality Abaddon                                       | X Notice of Inten  | ıt  | Alter Casing   |   | Fracture Treat  | Reclamatio   | n  | Well Integrity  |  |
| Change Plans       Plug and Abandon       Temporadir, Abardon         Is Decreption Proposed of Competend Operators: Clearly state all performent data. Including estimated starting date of any proposed work and approximate duration thered. If the proposal is to be performed or provide the Boar No. on file with BLWBUA. Required subscription or the within a D days of the wells. Including redamated starting date of any proposed work and approximate duration thered. If the performed or provide the Boar No. on file with BLWBUA. Required subscription or the within a D days of the wells. Including redamation. Neve write all depth of all genetic methods must be filed on the within a D days of the well. An Avaion the BLWBUA. Required subscription or recompleted in the work will be performed to provide the Boar No. on file with BLWBUA. Required subscription or the within 20 days of the well. An Avaion Shale well, and also Delaware and Bone Spring sands of production is crucial to the economics of the well. An Avaion 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 Avaion Shale well in the area and will determine further development of the zone in this part of the bacin. 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.       SEE ATTACHED FOR       APPR 14 2000         14. Thereby certify that the foregoing is true and correct       CONDITIONS OF APPROVAL       BUREAU of LAND MANAGEME CARL SAND ELED FOR         15. Signature  | <b>—</b> ——  |   | Casing Repair  |   | New Construction  | Recomplet  | e  | •X Other flare  |  |
| Final Abandomment Notice       Converts to Injection       Phug Back       Water Disposal         13. Describe Proposed of Completed Operator: Clearly state all performed details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to seepen directionally or recomplete bornously give subsurface locations and measured and two writeid dependent markers and zones. All the production of the Involution of Involution of the Involution of the Involution of the Involution of the Involution of Involution 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  | Subsequent Rep   | port  | Change Plans   |   | Plug and Abandon  | Temporari  | ly Abandon   |   |  |
| 13: Describe Proposed of Completed Operation: Dearly state all pertinent details, including setting date of any proposed work and approximate duration thereof. If the proposed is to deepen directionally or recomplete horizontally, give subcurface locations and measured and the vertical depts of all pertinent markers and zones. Attach the Bord Under Which Repeated subsequent reported markers and zones.         Attach the Bord under work will be performed or provide the Bord No. on file with BLMBLA. Required subsequent reported markers and zones.         Attach the Bord under work will be performed or provide the Bord No. on file with BLMBLA. Required subsequent reported must be filed wine and the operator has determined that the safe is mealy for final imperitor.         Yates Petroleum respectfully requests approval to flare an estimated volume of 620 mcfpd until a sour gas p/Lor sweetening facilities can be constructed. Currently well is producting an average of 330 bopd. The initial few months of production is crucial to the economics of the well. An Avaion 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 Avaion 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.       SEE ATTACHED FOR       APPR 14 2001         14. Ineredy certify that the foregoing is true and correct       CONDDITIONS OF APPROVAL       APPR 14   |  |   |  |   | 0   | Water Dist   |  |   |  |
| the proposal is to deepen directionally or ecomplete horizontally, give subsurbed locations and measured and the vertice depend of and the vertice in the ve                             |  | Ļ   |  |   | -   | · · · · ·  |  |   |  |
| Attachment: H2S Radius Of Exposure and Gas Analysis.<br>SEE ATTACHED FOR<br>14. Thereby certify that the foregoing is true and correct Name (Printed/Typed)<br>Miriam Morales<br>Signature<br>Miriam Morales<br>Signature<br>Miriam Morales<br>Signature<br>Miriam Morales<br>Title<br>Production Clerk<br>Signature<br>Miriam Morales<br>Title<br>Date<br>Miriam Morales<br>Title<br>Date<br>Miriam Morales<br>Title<br>Date<br>Miriam Morales<br>Title<br>Date<br>Miriam Morales<br>Title<br>Date<br>Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title These rights in the subject lease minute of the applicant holds legal or equitable title there applicant holds legal or equitable title there ap | following completion of the in<br>testing has been completed.  | nvolved operations. If<br>. Final Abandonment N<br>eady for final inspection  | the operation results in a m<br>Notices must be filed only aft   | ultiple complet   | ion or recompletion in a  | a new interval, a Form   | 3160-4 must be fil   | ed once   |  |
| SEE ATTACHED FOR         14. 1 hereby certify that the foregoing is true and correct<br>Name (Printed/Typed)       CONDITIONS OF APPROVAL       APR 14 2000         Miriam Morales       Title       Production Clerk       /s/ JD Whitlock Jr         Signature       Signature       Date       4/7/11       BUREAU OF LAND MANAGEME<br>CARLSPAD FIFI D OFFICE         Approved by       Title       Date       Title       Date         Conditions of approval, if any, are attached. Approval of this notice does not warrant or<br>certify that the applicant holds legal or equitable title to beset rights in the subject lease<br>which would entitle the applicant to conduct operations the subject lease<br>which would entitle the applicant of correct States of fradulent statements or representations as to any matter within its jurisdiction       Office  | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha   | s can be cons<br>icial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the  | tructed. Currently<br>pnomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete   | y well is p<br>II. An Av<br>In the initia<br>nen shut i<br>rmine fur  | producing an a<br>alon Shale we<br>al drive seem t<br>in, closer to th<br>ther developn   | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates o<br>nent of this zo  | 0 bopd. The<br>elaware and<br>pated and w<br>of the produ<br>one in this pa                      | e initial few months<br>d Bone Spring sands<br>hen put back on the<br>ction plateau. This is<br>art of the basin. If the  |  |
| 14. 1 hereby certify that the foregoing is true and correct<br>Name (Printed/Typed)       CONDITIONS OF APPROVAL<br>Title       APR 14 2000         Miriam Morales       Title       Production Clerk       /s/ JD Whitlock Jr         Signature       Signature       Journal Management       Date       4/7/11       BUREAU OF LAND MANAGEME<br>CARLSBAD FIFI D OFFICE         Approved by       Title       Date       Title       Date         Approved by       Title       Date       Office         Title applicant holds legal or equitable title of bese rights in the subject lease<br>which would entitle the applicant to conduct operations thereor.       Office       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 fictilious or fraudulent statements or representations as to any matter within its jurisdiction  | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul   | s can be cons<br>icial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi  | tructed. Currently<br>phomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu  | y well is p<br>II. An Av<br>In the initia<br>nen shut i<br>rmine fur<br>II potenti<br>II potenti  | producing an a<br>alon Shale we<br>al drive seem t<br>in, closer to th<br>ther developn   | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates o<br>nent of this zo  | 0 bopd. The<br>elaware and<br>pated and w<br>of the produ<br>one in this pa                      | e initial few months<br>d Bone Spring sands<br>hen put back on the<br>ction plateau. This is<br>art of the basin. If the  |  |
| Name (Printed/Typed)       Miriam Morales       Title       Production Clerk       /s/ JD Whitlock Jr         Signature       Signature       Miriam Morales       Date       4/7/11       BUREAU OF LAND MANAGEME<br>CARLSBAD FIELD OFFICE         Approved by       Title       Date       Date       0ffice       Date         Conditions of approval, if any, are attached. Approval of this notice does not warrant or<br>certify that the applicant holds legal or equitable title of theorem rights in the subject lease<br>which would entitle the applicant to conduct operations theorem.       Office       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<br>any false ficilitious or fraudulent statements or representations as to any matter within its jurisdiction   | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul   | s can be cons<br>icial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi  | tructed. Currently<br>pnomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>posure and Gas A  | y well is p<br>II. An Av<br>In the initia<br>nen shut i<br>rmine fur<br>II potenti<br>II.<br>nalysis.   | producing an a<br>alon Shale we<br>al drive seem<br>in, closer to th<br>ther developn<br>al of the zone   | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates o<br>nent of this zo<br>and the prosp                                   | 0 bopd. The<br>elaware and<br>pated and w<br>of the produ<br>one in this pa                      | e initial few months<br>d Bone Spring sands<br>hen put back on the<br>ction plateau. This is<br>art of the basin. If the  |  |
| Signature       Junious       Date       4/7/11       BUREAU OF LAND MANAGEME<br>CARLSBAD FIELD OFFICE         Approved by       This SPACE FOR FEDERAL OR STATE OFFICE USE       Conditions of approval, if any, are attached. Approval of this notice does not warrant or<br>certify that the applicant holds legal or equitable title of these rights in the subject lease<br>which would entitle the applicant to conduct operations therear.       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<br>any false fictitious or fraudulent statements or representations as to any matter within its jurisdiction   | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul<br>Attachment: H2S F  | s can be cons<br>icial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi<br>Radius Of Exp   | tructed. Currently<br>phomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>posure and Gas A<br>SEE   | y well is p<br>II. An Av<br>in the initia<br>nen shut i<br>rmine fur<br>ill potenti<br>us.<br>nalysis.<br>ATTA  | oroducing an a<br>alon Shale we<br>al drive seem<br>in, closer to th<br>ther developm<br>al of the zone<br>CHED FC  | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates o<br>nent of this zo<br>and the prosp                                   | 0 bopd. The<br>elaware and<br>pated and w<br>of the produ<br>one in this pa                      | APPROVED  |  |
| Signature       CARLSBAD FIFLD OFFICE         THIS SPACE FOR FEDERAL OR STATE OFFICE USE         Approved by       Title         Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title of these rights in the subject lease which would entitle the applicant to conduct operations therefore.         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  | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul<br>Attachment: H2S F  | s can be cons<br>cial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi<br>Radius Of Exp  | tructed. Currently<br>onomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>oosure and Gas A<br><u>SEE</u>  | y well is p<br>II. An Av<br>in the initia<br>nen shut i<br>rmine fur<br>ill potenti<br>us.<br>nalysis.<br>ATTA  | oroducing an a<br>alon Shale we<br>al drive seem<br>in, closer to th<br>ther developm<br>al of the zone<br>CHED FC  | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates of<br>nent of this zo<br>and the prosp<br>PROVA                         | 0 bopd. The<br>elaware and<br>pated and w<br>of the produ<br>one in this pa                      | APR 14 2000   |  |
| 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 of these rights in the subject lease which would entitle the applicant to conduct operations thereor. Unconstructed on the subject lease 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 fictilious or fraudulent statements or representations as to any matter within its jurisdiction   | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul<br>Attachment: H2S F  | s can be cons<br>cial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi<br>Radius Of Exp  | tructed. Currently<br>onomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>oosure and Gas A<br><u>SEE</u>  | y well is p<br>II. An Av<br>in the initia<br>nen shut i<br>rmine fur<br>ill potenti<br>us.<br>nalysis.<br>ATTA  | oroducing an a<br>alon Shale we<br>al drive seem<br>in, closer to th<br>ther developm<br>al of the zone<br>CHED FC  | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates of<br>nent of this zo<br>and the prosp<br>PROVA                         | 0 bopd. The<br>elaware and<br>bated and w<br>of the produ<br>one in this produ-<br>bect of field | APR 14 2011<br>APR 14 2011<br>/s/ JD Whitlock Jr  |  |
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| certify that the applicant holds legal or equitable title of these rights in the subject lease Office which would entitle the applicant to conduct operations thereor  | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul<br>Attachment: H2S F  | s can be cons<br>cial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi<br>Radius Of Exp  | tructed. Currently<br>onomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>oosure and Gas A<br><u>SEE</u><br>d correct <u>CON</u><br>rales                       | y well is p<br>II. An Av<br>in the initia<br>nen shut i<br>rmine fur<br>ill potenti<br>us.<br>nalysis.<br>ATTA<br>DITIC   | oroducing an a<br>alon Shale we<br>al drive seem<br>in, closer to th<br>ther developm<br>al of the zone<br>CHED FC<br>DNS OF A<br>Title Proc  | Nerage of 330<br>II, and also D<br>to have dissip<br>e daily rates of<br>nent of this zo<br>and the prosp<br>OR<br>PPROVA                  | 0 bopd. The<br>elaware and<br>bated and w<br>of the produ<br>one in this produ-<br>bect of field | e initial few months<br>d Bone Spring sands<br>hen put back on the<br>ction plateau. This is<br>art of the basin. If the<br>development in this area.<br>APPROVED<br>APR 14 2001<br>/s/ JD Whitlock Jr<br>RFAU OF LAND MANAGEME |  |
| any false fictitious or fraudulent statements or representations as to any matter within its jurisdiction  | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul<br>Attachment: H2S F  | s can be cons<br>cial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi<br>Radius Of Exp  | tructed. Currently<br>onomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>oosure and Gas A<br><u>SEE</u><br>d correct <u>CON</u><br>rales                       | y well is p<br>II. An Av<br>in the initia<br>nen shut i<br>rmine fur<br>ill potenti<br>us.<br>nalysis.<br>ATTA<br>DITIC   | oroducing an a<br>alon Shale we<br>al drive seem<br>in, closer to th<br>ther developm<br>al of the zone<br>CHED FC<br>DNS OF A<br>Title Proc<br>Date 4/7<br>ERAL OR STATE   | Nerage of 330<br>II, and also D<br>to have dissip<br>e daily rates of<br>nent of this zo<br>and the prosp<br>OR<br>PPROVA                  | 0 bopd. The<br>elaware and<br>bated and w<br>of the produ<br>one in this produ-<br>bect of field | APR 14 2011<br>APR 14 2011<br>/s/ JD Whitlock Jr<br>REAU OF LAND MANAGEME   |  |
| (Instructions on page 2)   | sweetening facilities<br>of production is cru<br>wells, if it is shut in<br>daily rates will be of<br>the first Avalon Sha<br>well is shut in we w<br>There are no popul<br>Attachment: H2S F<br>14. Thereby certify that the<br>Name (Printed/Typed)<br>Signature   | s can be cons<br>icial to the ecc<br>for a longer p<br>n at a much lo<br>ale well in the<br>rill not be able<br>lated areas wi<br>Radius Of Exp<br>foregoing is true and<br>Miriam Mon<br>Miriam Mon  | tructed. Currently<br>onomics of the we<br>eriod of time, ther<br>ower level than wh<br>area and will dete<br>to evaluate the fu<br>thin a 10 mi. radiu<br>osure and Gas A<br><u>SEE</u><br>d correct <u>CON</u><br>rales<br><u>THIS SPACE</u>   | y well is p<br>II. An Av<br>in the initia<br>nen shut i<br>rmine fur<br>ill potenti<br>is.<br>nalysis.<br>ATTA<br>DITIC<br>FOR FEDI                                   | oroducing an a<br>alon Shale we<br>al drive seem<br>in, closer to the<br>ther developm<br>al of the zone<br>CHED FC<br>DATE<br>Date<br>Date<br>ERAL OR STATE<br>Lease<br>CHED FC<br>Title<br>Title<br>CHED FC<br>Date<br>CHED FC | verage of 330<br>II, and also D<br>to have dissip<br>e daily rates of<br>nent of this zo<br>and the prosp<br>OR<br>PPROVA<br>luction Clerk | 0 bopd. The<br>elaware and<br>bated and w<br>of the produ<br>one in this produ-<br>bect of field | APR 14 2000<br>APR 14 2000<br>/s/ JD Whitlock Jr<br>REAU OF LAND MANAGEME<br>CARLSBAD FIELD OFFICE  |  |
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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.

Created by Safety Consultant, Nicholas Hughes - April 04, 2011

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

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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

|                  |        | GAS COMPONENTS |        |  |
|------------------|--------|----------------|--------|--|
|                  |        | MOL%           | GPM    |  |
| Oxygen           | O2:    | 0.0000         |        |  |
| Carbon Dioxide   | C02:   | 14.7340        |        |  |
| Nitrogen         | N2:    | 2.2418         |        |  |
| Hydrogen Sulfide | e H2S: | 0.2500         |        |  |
| Methane          | C1:    | 58.2959        |        |  |
| Ethane           | C2:    | 11.6993        | 3.1280 |  |
| Propane          | C3:    | 7.2171         | 1.9878 |  |
| lso-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 |  |

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

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.