

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTN.M. Cons. Div.-Dist. 2
1301 W. Grant Avenue
Albany, NM 85710FORM APPROVED
OMB No. 1004-0135
Expires March 31, 2007Month - Year
FEB 22 2007
OCD - Artesia

REGULATORY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

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

3b. Phone No. (include area code)

505-748-1471

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

990'FNL & 660'FWL of Section 21-T6S-R23E (Unit D, NWNW)

5. Lease Serial No.

NM-32324

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

M & M Federal #3

9. API Well No.

30-005-61864

10. Field and Pool, or Exploratory Area

Pecos Slope Abo, West

11. County or Parish, State

Chaves 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 shall 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 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 plug and abandon this well as follows:

1. Rig up all safety equipment as needed. No casing recovery will be attempted.
2. Spot a 25 sx Class "C" cement plug from 2898'-2998'. This puts a 100' plug across the top of the Abo. WOC and tag plug. *Set bottom of plug 50 ft of Pits (50 to 100 ft)*
3. Spot a 25 sx Class "C" cement plug from 1490'-1590'. This puts a 100' plug across the surface casing shoe. WOC and tag plug.
4. Spot a 25 sx Class "C" cement plug from 577'-677'. This puts a 100' plug across the top of the Glorieta. WOC and tag plug.
5. Perforate at 60' and circulate a 20 sx Class "C" cement plug from 60' up to the surface, inside and outside the casing.
6. Remove all surface equipment, weld dry hole marker and clean location as per regulations.

NOTE: Yates Petroleum Corporation will use steel pits and no earth pits

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Name (Printed/Typed)

Tina Huerta

Title

Regulatory Compliance Supervisor

Signature

(Tina) Huerta

Date

February 13, 2007

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 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

APPROVED

FEB 20 2007

GARY GOURLEY
PETROLEUM ENGINEER

NOTE

WELL NAME: M&M Fed #3 FIELD: Abo
 LOCATION: 990' FNL & 660' FWL of Section 21-6S-23E Chaves Co., NM
 GL: 4117' GR ZERO: KB:
 SPUD DATE: 12/4/82 COMPLETION DATE: 3/4/83
 COMMENTS: Well taken over by YPC in September 2005

CASING PROGRAM

8-5/8" 24#	1,540'
4-1/2" 10.5#	3,416'

BEFORE

Tops:
 Glorieta 627'
 Yeso 870'
 Tubb 2,392'
 Abo 2,948'

8-5/8" @ 1,540'
 w/ 1060 sx cmt (circ)

Abo perms: 3,012'-3,034' (3 spf)

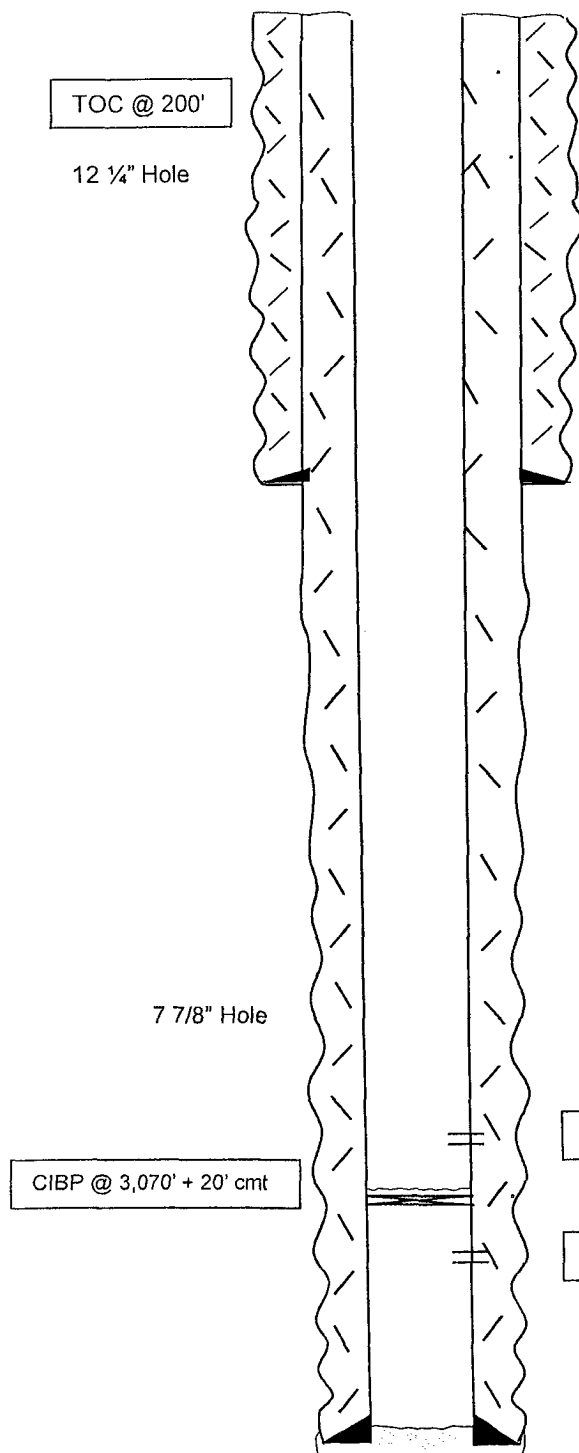
Abo perms: 3,119'-3,171' (1 spf)

4-1/2" @ 3,416'
 w/ 952 sx

PBTD : 3,050'
 TD : 3,425'

Accepted for record
 NMOCD

Not to Scale
 1/25/07
 MMFH



WELL NAME: M&M Fed #3 FIELD: Abo
LOCATION: 990' FNL & 660' FWL of Section 21-6S-23E Chaves Co., NM

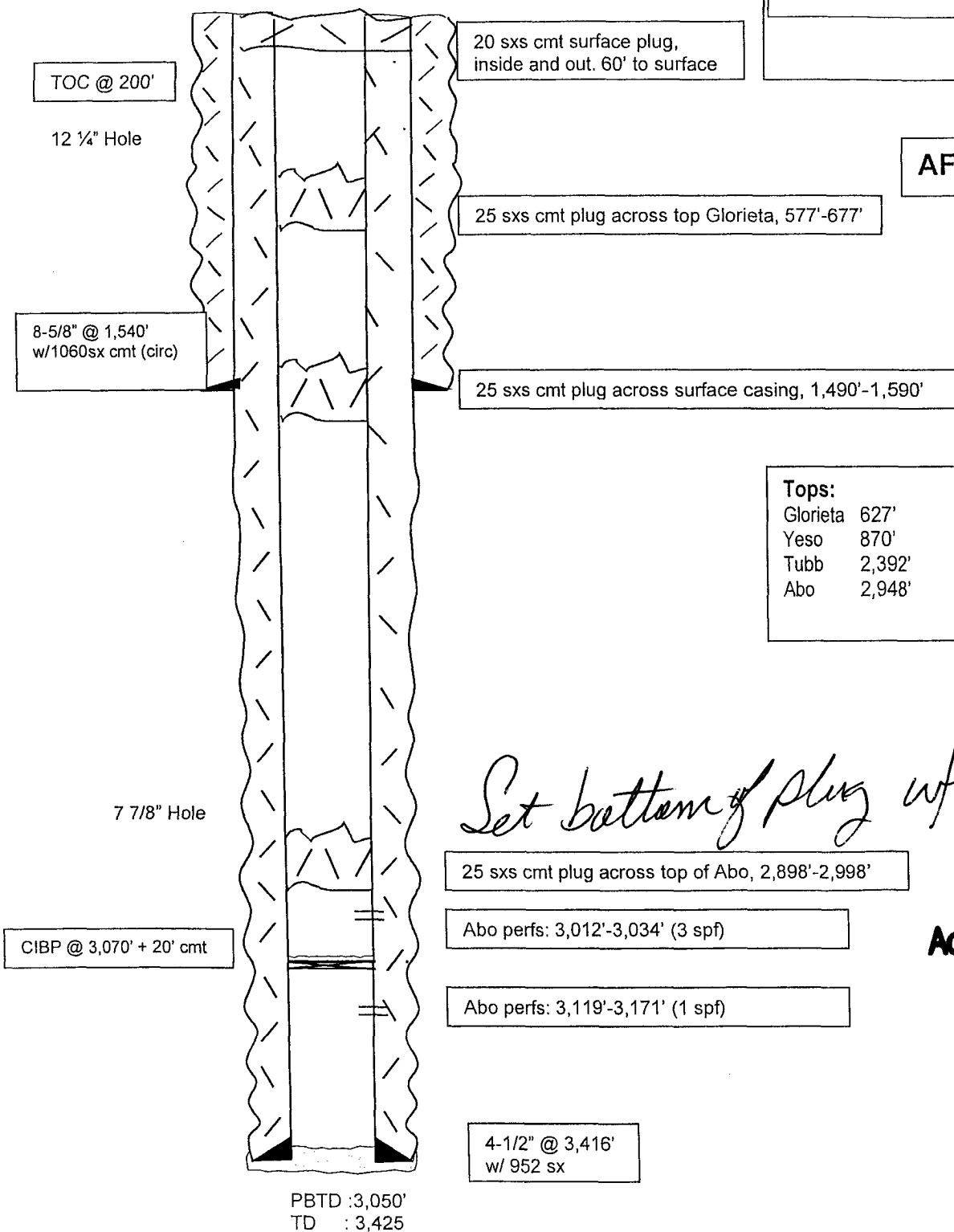
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1/25/07
MMFH

**BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
505-627-0272**

**Permanent Abandonment of Federal Wells
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 the approval date of this Notice of Intent to Abandon. **If you are unable to plug 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. 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 plugging operations. For wells in Chaves and Roosevelt County, call 505-627-0272, Eddy County call 505- 234-5972; for wells in Lea County call 505-393-3612.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. 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 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 otherwise specified in the approved procedure, the cement plug shall consist of either class "C", for up to 7,500 feet of depth, mixed at 14.8 lbs./gal. with 6.3 gallons of fresh water per sack or class "H", for deeper than 7,500 feet plugs, mixed at 16.4 lbs./gal. with 4.3 gallons of fresh water per sack.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging 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 well was plugged.**

8. 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.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.

**Accepted for record
NMOCD**