

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0135
Expires March 31, 2007

SUNDRY 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)

1980'FSL & 660'FEL of Section 27-T18S-R25E (Unit I, NESE)

5. Lease Serial No.

LC-067136

6 If Indian, Allottee or Tribe Name

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

NM 84616

DM

8. Well Name and No.

Scout EH Federal Com #2

9. API Well No.

30-015-21560

10 Field and Pool, or Exploratory Area

Penasco Draw Upper Penn

11. County or Parish, State

Eddy 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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 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. RU all safety equipment as needed.
2. Set a 4-1/2" CIBP at 7533' with 35' cement on top.
3. Perforate squeeze holes at 5468'.
4. Spot a 100' cement plug from 5468'-5568' (35 sx) inside and outside casing.
5. Perforate squeeze holes at 4146'.
6. Spot a 100' cement plug from 4146'-4246' (35 sx) inside and outside casing.
7. Perforate squeeze holes at 2032'.
8. Spot a 100' cement plug from 2032'-2132' (35 sx) inside and outside casing.
9. Perforate squeeze holes at 1055'.
10. Spot a 100' cement plug from 1055'-1155' (35 sx) inside and outside casing. Tag plug.
11. Perforate squeeze holes at 230'.
12. Spot a 100' cement plug from 230'-330' (35 sx) inside and outside casing. Tag plug.
13. Perforate squeeze holes at 100'.
14. Install 4-1/2" casing swedge to circulate cement from 100' to surface (35 sx).
15. Cut off wellhead and install marker, clean up location as per regulated.

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

SEE ATTACHED FOR
CONDITIONS OF APPROVALAccepted for record
NMOC

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

Name (Printed/Typed)

Tina Huerta

Title

Regulatory Compliance Supervisor

Signature

Date

July 24, 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

APPROVED

JUL 25 2007

Date

WESLEY W. INGRAM
PETROLEUM ENGINEER

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.

WELL NAME: Scout EH Federal Com #2 FIELD: Penasco Draw

LOCATION: 1,980' FSL & 660' FEL of Section 27-18S-25E Eddy Co., NM

GL: 3,502' ZERO: 14' KB: 3,516'

SPUD DATE: 7/12/1975 COMPLETION DATE: 8/22/1975 CASING PROGRAM

COMMENTS: API No.: 30-015-21560

12 3/4" 48# J-55	280'
8-5/8" 24# J-55	1,105'
4-1/2" 10.5# & 11.6#	8,868'

17-1/2"
Hole

12-1/4" Hole

12 3/4" @ 280' w/
175 sx cmt (Circ)

8-5/8" @ 1,105' w/
750 sx cmt (Circ)

7-7/8" Hole

TOC @ 7,390'

CIBP @ 8,250'
w/35' cmt

7,583' - 7,614'

7,700' - 7,714'

7,739' - 7,745'

7,785' - 7,789'

8,602' - 8,665'

8,710' - 8,720'

TD: 9,090'

4-1/2" @ 8,868'
w/350 sx cmt (not circ)

Before

TOPS

San Andres	742'
Glorieta	2,082'
Abo	4,196'
WC Lime	5,518'
L. Canyon	7,550'
Strawn	8,526'
Morrow C.L.	8,790'
Chester	9,024'

**Accepted for record
NMOCD**

Not to Scale
6/1/07
Shannon Moss

WELL NAME: Scout EH Federal Com #2 FIELD: Penasco Draw

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7-7/8" Hole

TOC @ 7,390'

CIBP @ 8,250'
w/35' cmt

TD: 9,090'

Cement plug 0' - 100' (circ)

Cement plug 230' - 330' (TAG PLUG)

12 3/4" @ 280' w/
175 sx cmt (Circ)

Cement plug 1,055' - 1,155' (TAG PLUG)

8-5/8" @ 1,105' w/
750 sx cmt (Circ)

Cement plug 2,032' - 2,132'

Cement plug 4,146' - 4,246'

Cement plug 5,468' - 5,568'

CIBP @ 7,533'
w/35' cmt

7,583' - 7,614'

7,700' - 7,714'

7,739' - 7,745'

7,785' - 7,789'

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After

TOPS

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Accepted for record
NMOCD

Not to Scale
6/1/07
Shannon Moss

**Scout EH Federal Com #2
Yates Petroleum Company
July 25, 2007
Plug and Abandonment
Conditions of Approval**

- 1. Ok**
- 2. 35' acceptable if bailed, if dumped 25 sacks**
- 3 -15 OK**

WWI 072507

**Accepted for record
NMOCD**

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
505-234-5972**

**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 505-361-2822; 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 specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, 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.

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.

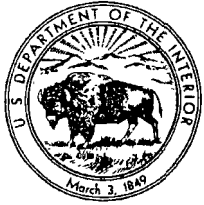
6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (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**



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Interim Reclamation Procedures for Permanently Abandoned Federal Wells

1. After Subsequent Report of Abandonment, Form 3160-5, is filed and approved by the BLM the surface protection specialist (SPS) will conduct a surface inspection of the abandonment. The SPS will establish the reclamation requirements the operator will need to complete. **DO NOT START RECLAMATION UNTIL THE SPS HAS INSPECTED THE LOCATION.**
2. The reclamation requirements will be given to an environmental protection specialist (EPS). The EPS will issue the operator a Notice of Written Order outlining the reclamation requirements. **DO NOT START RECLAMATION UNTIL A NOTICE OF WRITTEN ORDER FOR RECLAMATION HAS BEEN RECEIVED.** The EPS will be responsible for all further abandonment work and inspections.
3. **Notification: CONTACT THE EPS 3 DAYS PRIOR TO RECLAMATION WORK.** This notification gives the EPS an opportunity to discuss by phone or on location the reclamation requirements, any special concerns and the timeframes. It also allows the EPS an opportunity to witness various aspects of the reclamation work to determine if an adequate seedbed has been prepared and all reclamation requirements have been completed. **CONTACT THE EPS AT LEAST 3 DAYS PRIOR TO SEEDING.** This allows the EPS to witness the seeding operation to make sure the location is seeded properly and with the appropriate seed mixture. **DO NOT START RECLAMATION UNTIL THE EPS HAS BEEN NOTIFIED.**
4. After reclamation work has been completed, submit the **I & E copy of the Notice of Written Order** to the BLM. It will need to be signed by a company representative and dated. Also submit one original and five copies of the **Final Abandonment Notice, Form 3160-5.** The report should state that all reclamation work has been completed, and the location is ready for a final abandonment inspection.
5. The BLM will continue to monitor the location to ensure the location vegetates successfully, and salts from the reserve pit do not leach to the surface. The location will be monitored until such time as vegetation (20%) is established evenly across the location (including the reserve pit and access road). Once EPS determines that vegetation (20%) is evenly spread across the location, final abandonment will be authorized.

If there are any questions please feel free to contact any of the following:

Jim Amos
Supervisory Environmental Protection Specialist
(505) 234-5909

Barry Hunt
Surface Protection Specialist
(505) 234-5965

Todd Suter
Surface Protection Specialist
(505) 234-5987

Trishia Bad Bear
Natural Resource Specialist – Lea County
(505) 393-3612

Cody Layton
Natural Resource Specialist
(505) 234-5959

Paul Evans
Environmental Protection Specialist
(505) 234-5977

Terry Gregston
Environmental Protection Specialist
(505) 234-5958

**Accepted for record
NMOCD**

10/18/2006