

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.

S

5 Lease Serial No

NM-56350

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1 Type of Well



Oil Well



Gas Well



Other

MAY 28 2008

2 Name of Operator

Yates Petroleum Corporation

OCD-ARTESIA

3a Address

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

3b Phone No (include area code)

575-748-1471

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

Surface - 1650'FSL & 2310'FWL of Section 22-T21S-R24E (Unit K, NESW)

BHL - 660'FSL & 660'FWL of Section 22-T21S-R24E (Unit M, SWSW)

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

NM 106875

5/2/08 D.W.

8 Well Name and No.

Lowe Staple AMR Federal #1

9. API Well No

30-015-10040

10 Field and Pool or Exploratory Area

Indian Basin; Upper Penn Assoc.

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



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 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 Corporation plans to plug and abandon this well as follows:

1. Rig up all safety equipment as needed.
2. Set a 7" CIBP at 7902' with 35' cement on top.
3. Shoot squeeze holes as follows: 3213', 2527', 411' and 100'.
4. Spot a 100' (25 sx) cement plug from 6883'-6983'. 170' plug
5. Spot a 100' (35 sx) cement plug from 3113'-3213', inside and outside the casing. Tag plug. 130' plug
6. Spot a 100' (35 sx) cement plug from 2427'-2527', inside and outside the casing. Tag plug. 120' plug
7. Spot a 100' (35 sx) cement plug from 311'-411', inside and outside the casing. Tag plug.
8. Spot a 100' plug from 100' up to the surface, inside and outside the casing. Tag plug.
9. Remove all surface equipment and weld dry hole marker per regulations.

SEE ATTACHED FOR
CONDITIONS OF APPROVALTOC behind 95/8@ 139'
plug should cover backside
from 100'.

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

14 I hereby certify that the foregoing is true and correct

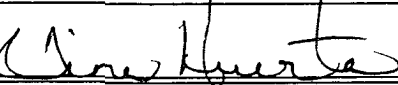
Name (Printed/Typed)

Tina Huerta

Title

Regulatory Compliance Supervisor

Signature



Date

May 19, 2008

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

MAY 25 2008

JAMES A. AMOS

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.

(Instructions on page 2)

Accepted for record
NMOCD

WELL NAME: Lowe Staple Federal No. 1 FIELD: East Indian Basin
 LOCATION: 1650' FSL & 2310' FWL Sec 22-23S-24E Eddy County NM
 GL: 3679' ZERO: KB: 3689'
 SPUD DATE: COMPLETION DATE:
 COMMENTS: Directional Well Bore
the depths listed here are measured depths
BHL 660' FSL & 660' FWL Sec. 22 T 21S R24E

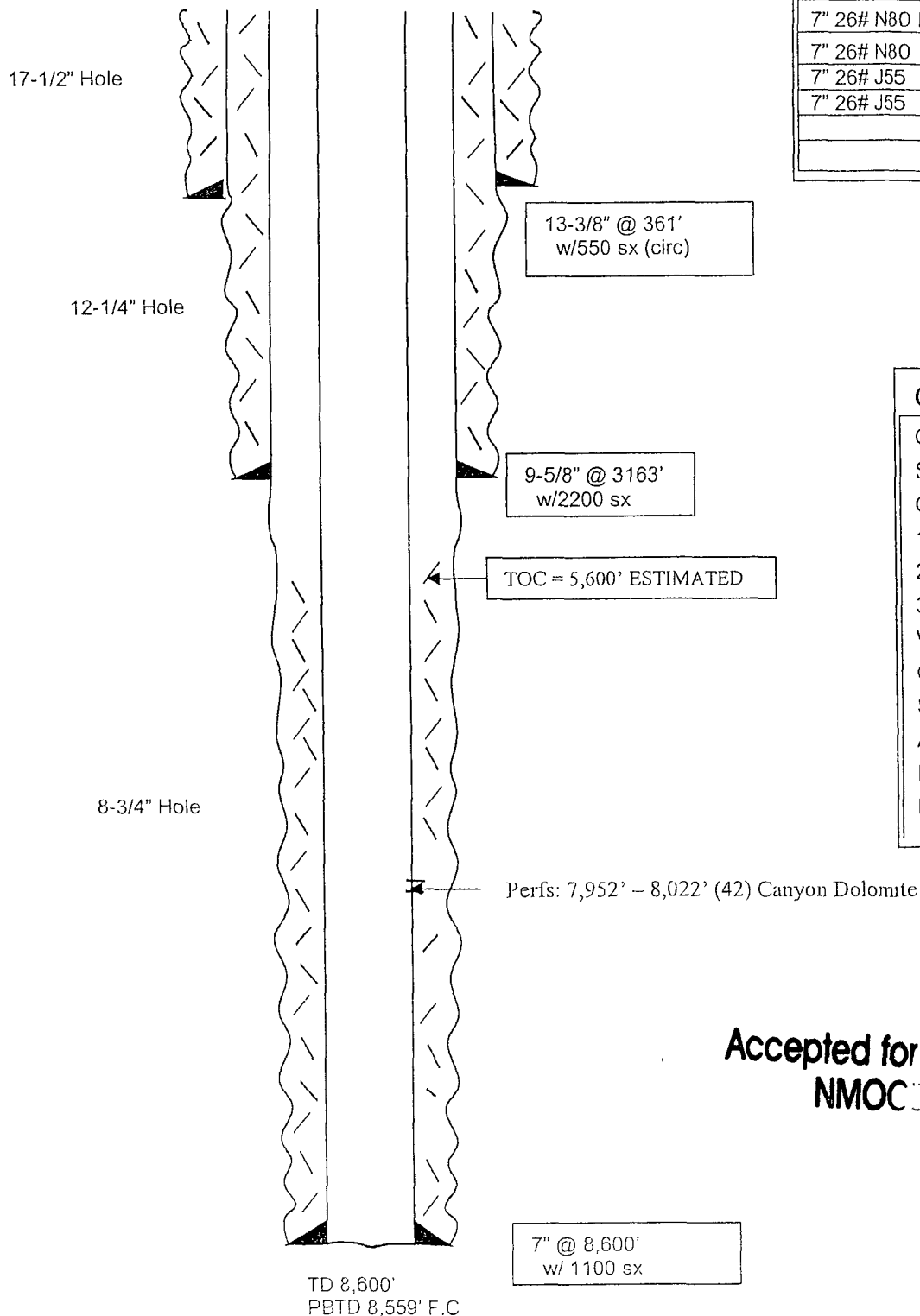
CASING PROGRAM

13-3/8" 48# H40? ST&C?	361'
9-5/8" 36# ?	3163'
7" 26# N80 LT&C	1316.13'
7" 26# N80 LT&C	85.79'
7" 26# N80 LT&C	2045.02'
7" 26# J55 LT&C	2907.31'
7" 26# J55 LT&C	2245.75'
	8,600'

Before

Original Tops:

Grayburg	353'
San Andres	803'
Glorieta	2,477'
1 st BS	3,542'
2 nd BS	6,806'
3 rd BS	6,806'
WC	6,933'
Cisco	7,602'
Strawn	8,359'
Atoka	8,952'
Morrow	9,510'
Miss.	9,808'



Accepted for record
NMOC

Not to Scale
12/12/07
DC/Moss

WELL NAME: Lowe Staple Federal No. 1 FIELD: East Indian Basin
 LOCATION: 1650' FSL & 2310' FWL Sec 22-23S-24E Eddy County NM
 GL: 3679' ZERO: KB: 3689'
 SPUD DATE: COMPLETION DATE:
 COMMENTS: Directional Well Bore
 the depths listed here are measured depths
 BHL 660' FSL & 660' FWL Sec. 22 T 21S R24E

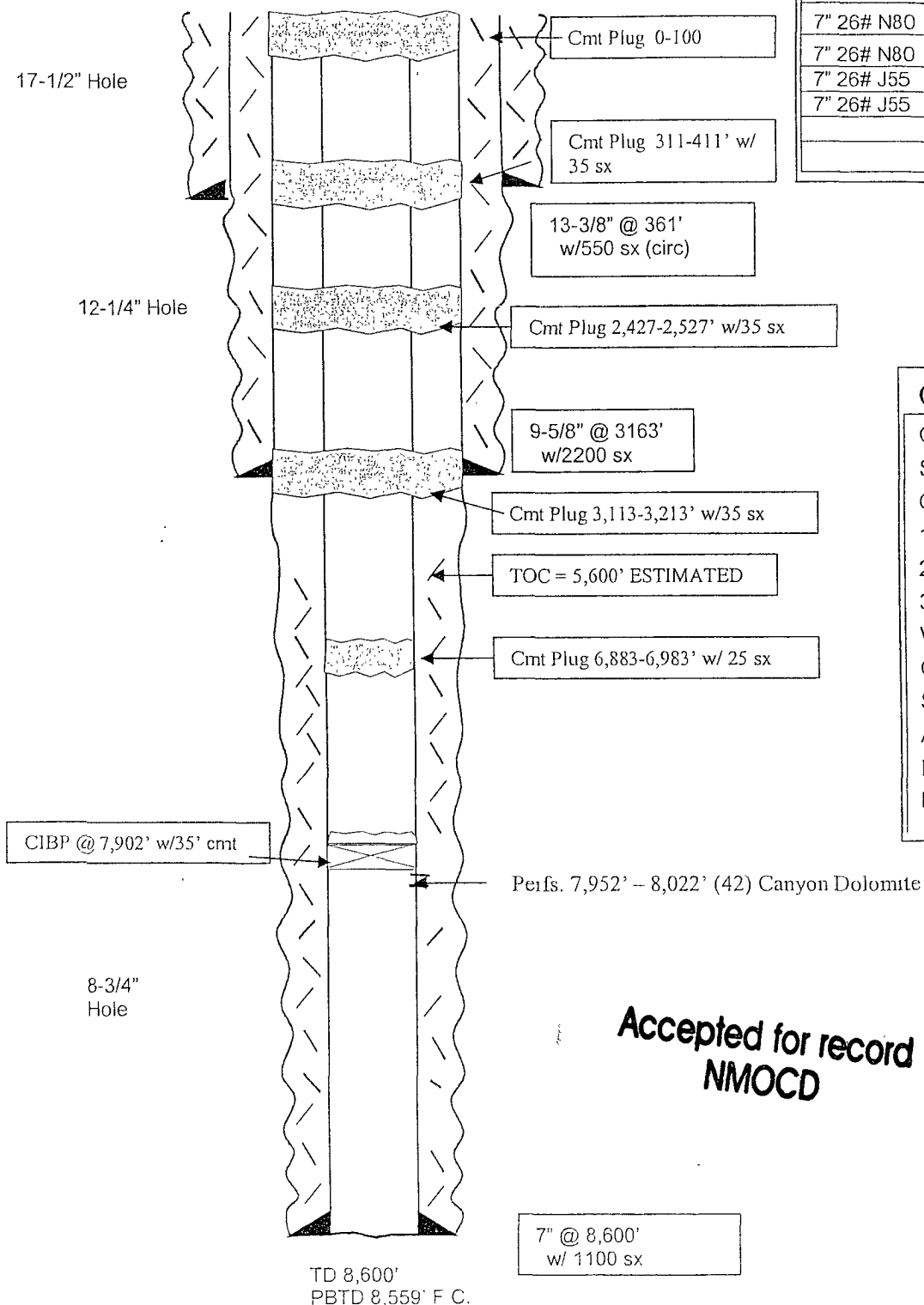
CASING PROGRAM

13-3/8" 48# H40? ST&C?	361'
9-5/8" 36# ?	3163'
7" 26# N80 LT&C	1316.13'
7" 26# N80 LT&C	85.79'
7" 26# N80 LT&C	2045.02'
7" 26# J55 LT&C	2907.31'
7" 26# J55 LT&C	2245.75'
	8,600'

After

Original Tops:

Grayburg	353'
San Andres	803'
Glorieta	2,477'
1 st BS	3,542'
2 nd BS	6,806'
3 rd BS	6,806'
WC	6,933'
Cisco	7,602'
Strawn	8,359'
Atoka	8,952'
Morrow	9,510'
Miss.	9,808'



Accepted for record
NMOCD

Not to Scale
12/12/07
DC/Moss

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**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 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

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 Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

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**