

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S.P. YATES
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FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

October 29, 2007

Southwestern Inc.
1304 W. Broadway Place
Hobbs, NM 88240
Attn: Mr. Dwayne Burris

Fax & Mail
(575-397-1061)

RE: ³⁰⁻⁰²⁵⁻⁰³⁰³⁵ State VC #1
Township 17 South, Range 35 East
Section 36: Unit L
Lea County, New Mexico

RECEIVED
2007 NOV 1 PM 12 02

Dear Mr. Burris:

The captioned wellbore has been evaluated by the Yates completion engineer and Yates must respectfully decline your offer to take the wellbore.

Yates Petroleum Corporation hereby requests that you proceed with the plugging of the wellbore as soon as possible.

Call me at 575 748-4351 if you need any clarification regarding our position on this matter.

Thank you.



Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn

cc: ✓ New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

Commissioner of Public Lands
PO Box 1148
Santa Fe, NM 87504-1148

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources
 OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 Revised March 25, 1999

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-03035-00-00
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Southwestern, Inc.		6. State Oil & Gas Lease No. 30-025-03035-00-00
3. Address of Operator PO Box 1116, Lovington, NM 88260		7. Lease Name or Unit Agreement Name: State v.
4. Well Location Unit Letter _____ L: 2051 feet from the South line and 589 feet from the East line Section 36 Township 17 S Range 35 E NMPM Lea County		8. Well No 001
		9. Pool name or Wildcat Vacuum: Abo Reef
10. Elevation (Show whether DR, RKB, RT, GR, etc.)		

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data			
NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Currently shut-in <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Mechanical problems developed. we have pulled the well and replaced the pump twice. Each time additional mechanical problems have developed. We are awaiting a pulling unit to repair the well. Because of these mechanical problems, we have been unable to perform the Gas-Oil Ratio Test.

RECEIVED
 Hobbs
 OGD

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Dwayne Burris TITLE CFO DATE 2-24-03

Type or print name Dwayne Burris Telephone No. 505 396-3681

(This space for State use)

ORIGINAL SIGNED BY
 APPROVED BY GARY W. WINK TITLE OFFICIAL REPRESENTATIVE / STAFF MANAGER DATE MAR 06 / 2003

Conditions of approval, if any: