Form 3 160-5 (August 2007)

OCD-ARTESIA

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

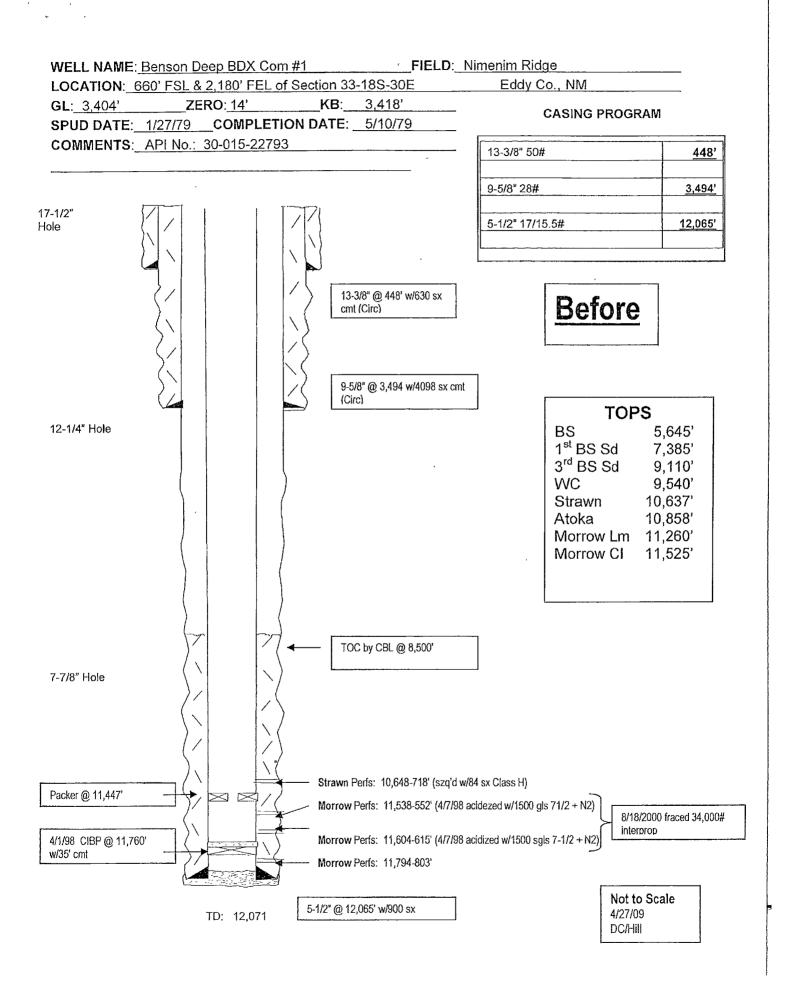
FORM APPROVED OMB No 1004-0137

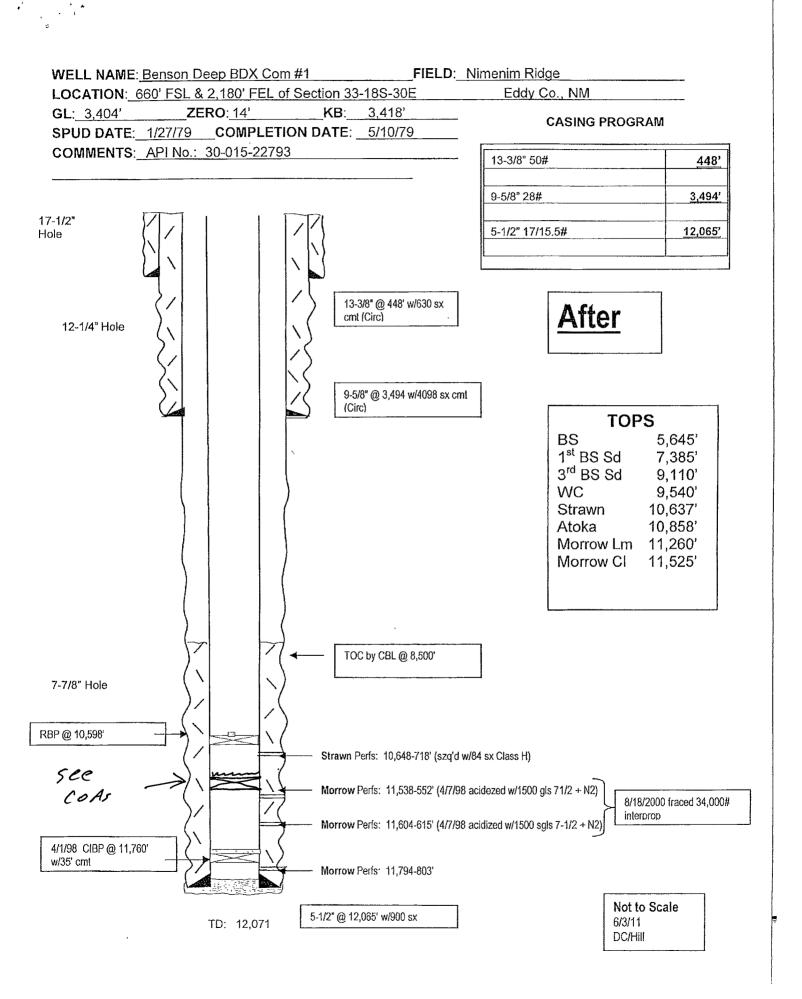
Expires July 31, 2010

| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an | | | | 5 Lease Serial No NM-27276 | |
|---|----------------------|--|---|---|----------------|
| abandoned well. Use Form 3160-3 (APD) for such proposals. | | | 6 If Indian, Allottee or Tribe Name NA | | |
| SUBMIT IN TRIPLICATE - Other instructions on page 2. | | | | 7 If Unit or CA/Agreement, Name and/or No. | |
| 1 Type of Well | | | | NA | |
| Oil Well X Gas Well Other | | | | 8 Well Name and No | |
| 2 Name of Operator | | | | Benson Deep BDX Federal Com #1 | |
| Yates Petroleum Corporation 3a Address 3b Phone No (include area code) | | | | 9 API Well No | 22 |
| | | | • | 30-015-22793 10 Field and Pool or Exploratory Area | |
| 105 S. 4th Str., Artesia, NM 88210 575-748-1471 4 Location of Well (Foolage, Sec., T., R, M, OR Survey Description) | | | 4/1 | Ninenim Ridge; Morrow | |
| ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, | | | | 11. County or Parish, State | |
| 660'FSL & 2180'FEL of Section 33-T18S-R30E (Unit O, SWSE) | | | | Eddy County, New Mexico | |
| 12 CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, | | | | | |
| TYPE OF SUBMISSION TYPE OF ACTION | | | | | |
| | | | | | |
| | Acidize | Deepen | Production (| Start/Resume) | Water Shut-Off |
| X Notice of Intent | Alter Casing | Fracture Treat | Reclamation | | Well Integnty |
| | Casing Repair | New Construction | on Recomplete | | Other |
| Subsequent Report | Change Plans | Plug and Abandon X Temporarily Abandon | | Abandon | ECEIVED |
| | | ╡゛ | | | JUN 2 0 2011 |
| Final Abandonment Notice | Convert to Injection | Plug Back | Water Dispo | | |
| Describe Proposed of Completed Operation Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof, TIOCD ARTESIA 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 respectfully requests to temporarily abandon this well due to low pressure pipeline connect. The closest pipeline was abandoned by the gas transporter and until we drill additional wells in the area a new low pressure pipeline will not be constructed. Plans to drill are currently in progress and should be finalized within a year. | | | | | |
| Yates Petroleum Corporation plans to temporarily abandon as follows. 1. MIRU any safety equipment as needed 2. Pump treated water down tubing as needed to ND wellhead and install BOP. 3. Load hole as necessary with 7% KCL water. 4. Run GR to 10,600', make bit and scraper run if necessary. WL set an RBP at 10,598'. Load hole with 7% KCL water. | | | | | |
| 5. Pressure test casing to 500 psi and record with chart for 30 min | | | | | |
| 6. ND BOP, install B1 adaptor with ball valve. SEE ATTACHED FOR | | | | | |
| | | , | | | PROVAL |
| 14 I hereby certify that the foregoing is true at Name (Printed/Typed) | nd correct | | | TO THE | TICOVILL |
| Tina Hue | ertą , | Title F | Regulatory Complia | ince Supervis | sor |
| Signature | 14.47 | Date J | une 6, 2011 | | 1 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | | | | |
| /s/ ID Whitlock In | | | IDEI | | 6// |
| Approved by Conditions of approval, if any, are attached Approval of this notice does not warrant or | | | Title CPE/ | Dat | e 6/16/11 |
| conditions of approval, if any, are attached. Approval of this holice does not warrant of 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. | | | | | |

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





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

Temporary Abandonment of Wells on Federal Lands Conditions of Approval

A temporarily abandoned well is defined as a completion that is not capable of production in paying quantities but which may have value as a service well. Pursuant to 43 CFR 3162.3-4 (c), no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer.

Temporary Abandonment (TA) status approval requires a successful mechanical or casing integrity test as follows:

- 1. A Notice of Intent (NOI) Sundry Notice (Form 3160-5) requesting approval to run a mechanical integrity test (MIT) or casing integrity test (CIT).
- 2. A description of the temporary abandonment procedure.
 - a. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible. If a cement plug is used, the top of the cement must be verified by tagging.
 - b. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes. Any leak-off will be evaluated.
 - c. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
 - d. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (90) days of the test.
 - e. Contact the appropriate BLM office at least 24 hours prior to the scheduled Casing Integrity Test. For wells in Eddy County, 575-361-2822; Lea County 575-393-3612.
- 3. Provides justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date that the well will be returned to beneficial use or plugged and abandoned.

Wells that successfully pass the casing integrity test may be approved for Temporary Abandonment (TA) status provided that the operator:

- 1. Submits a subsequent Sundry Notice (Form 3160-5) requesting TA approval with well bore diagram with all perforations and CIBP's and tops of cement on CIBP's.
- 2. Describes the temporary abandonment procedure.
- 3. Attaches a clear copy or the original of the pressure test chart.
- 4. Give justification to allow well to be place in TA status and plan for future use of well with time frame that well will be place back on line or plans to P&A well will be submitted.

If the well does not pass the casing integrity test, then the operator shall within 30 days submit to BLM for approval one of the following:

- 1. A procedure to repair the casing so that a TA approval can be granted.
- 2. A procedure to plug and abandon the well.

Benson Deep BDX Federal Com #1

- 1. Well may be approved to be TA/SI for a period of 90 days or until 9/16/2011 after successful MIT and subsequent report with well bore diagram is submitted.
- 2. This will be the only TA approval for this well.
- 3. Well must be returned to production, beneficial use or plans to P&A must be submitted by September 16, 2011.

P6 10FZ

- 4. Provide proof that well is capable of producing in paying quantities prior to TA approval.
- 5. There are 14 well in this section; request for TA due to no gas line in the area is not acceptable as a reason for TA.
- 6. Need to set a CIBP @ 11,488' between the Morrow and Strawn formations. Must place 35' or 25 sacks of cement on top of CIBPs.
- 7. Notify BLM to witness setting of CIBP and cement on top.
- 8. No APDs or Approved APDs on file for Yates Petroleum Corp. in this Section or within 1 mile of section.

PG 20FZ