

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.

JAN 29 2009

Lease Serial No
NM-78213
6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

Oil Well Gas Well Other

REVISED

8 Well Name and No

2 Name of Operator

Yates Petroleum Corporation

Walt Canyon AMA Federal #5

3a Address

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

3b Phone No (include area code)

575-748-1471

9 API Well No

30-015-32267

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

1830'FNL & 2027'FEL of Section 3-T22S-R24E (Unit G, SWNE)

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:

- MIRU WSU. Rig up all safety equipment as needed. No casing recovery will be attempted.
- Set a CIBP at 7904' with 35' cement on top.
- Spot a 25 sx Class "C" cement plug from 7470'-7620' across the stage tool.
- Spot a 25 sx Class "C" cement plug from 7216'-7366' across the Wolfcamp top. WOC and tag plug. Reset if necessary.
- Spot a 25 sx Class "C" cement plug from 4246'-4366'.
- Perforate 4 squeeze holes at 3113'. Establish circulation. Squeeze with 65 sx Class "C" cement with additives. Displace cement down to 2963'.
- Perforate 4 squeeze holes at 2010'. Establish circulation. Squeeze with 65 sx Class "C" cement with additives. Displace cement down to 1860'. WOC and tag. Reset if necessary. This will establish a cement plug across the Bone Spring top.
- Perforate 4 squeeze holes at 1654'. Establish circulation. Squeeze with 65 sx Class "C" cement with additives. Displace cement down to 1504'. WOC and tag. Reset if necessary. This will establish a cement plug across surface casing shoe.
- Perforate 4 squeeze holes at 752'. Establish circulation. Squeeze with 65 sx Class "C" cement with additives. Displace cement down to 602'. WOC and tag plug. Reset if necessary. This will establish a cement plug across San Andres top.
- Perforate 4 squeeze holes at 150'. Establish an injection rate. Squeeze with 65 sx Class "C" cement with additives. Do not displace the cement. WOC and tag. Reset if necessary. This will establish a surface plug from 0-150'.
- Remove all surface equipment and weld dry hole marker per regulations.

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

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

SEE ATTACHED FOR *signed to Wesley Ingram*
CONDITIONS OF APPROVAL *1/21-09 per Mike Hill*

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Tina Huerta

Title

Regulatory Compliance Supervisor

Signature

Tina Huerta

Date

January 21, 2009

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not constitute a certification 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

Office

Accepted for record
NMOCD

JAN 22 2009

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: Walt Canyon AMA Federal No. 5

FIELD: Indian Basin Upper Penn.

LOCATION: 1,830' FNL & 2,027' FEL Sec. 3 T22S, R24E

Eddy County, NM

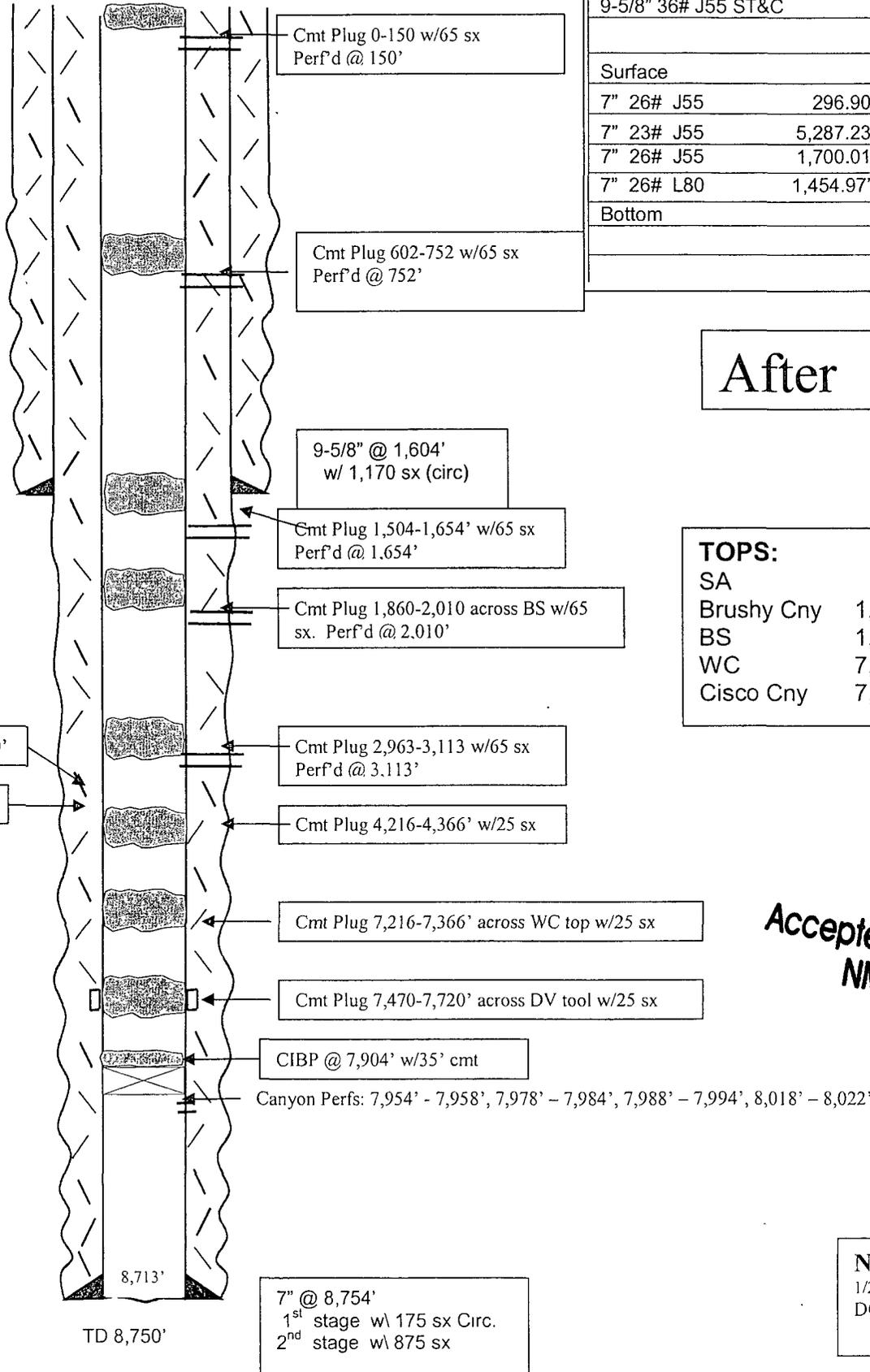
GL: 3,896' ZERO: KB: 3,913.5'

SPUD DATE: 3-21-03 COMPLETION DATE: 4-20-03

COMMENTS: API #

CASING PROGRAM

| | | |
|---------------------|-----------|--------|
| | | |
| 9-5/8" 36# J55 ST&C | | 1,604' |
| Surface | | |
| 7" 26# J55 | 296.90' | |
| 7" 23# J55 | 5,287.23' | |
| 7" 26# J55 | 1,700.01' | |
| 7" 26# L80 | 1,454.97' | 8,750' |
| Bottom | | |
| | | |



After

TOPS:

| | |
|------------|--------|
| SA | 587' |
| Brushy Cny | 1,660' |
| BS | 1,960' |
| WC | 7,316' |
| Cisco Cny | 7,888' |

Accepted for record NMOCDC

Not to Scale
1/21/09
DC/Hill

**Walt Canyon AMA Federal 5
30-015-32267
Yates Petroleum Corporation
January 22, 2009
Conditions of Approval**

1. Ok
2. Ok
3. DV tool plug to be tagged. At this depth, the plug is to be 175' in length – 35 sacks required.
4. A 175' plug is required at the depth for the Wolfcamp, approximately 35 sacks.
5. Ok
6. Ok
7. Ok
8. Ok
9. Plug to be moved as top of San Andres per schematic is 587'. Plug to be set from 650' to 500'. Remainder of step okay.
10. Ok
11. Ok

WWI 012209

**Accepted for record:
NMOCD**

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 brine water. Minimum nine (9) pounds per gallon. **Fresh water mud base to be used in fresh water zones.**

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.

WWI 012609