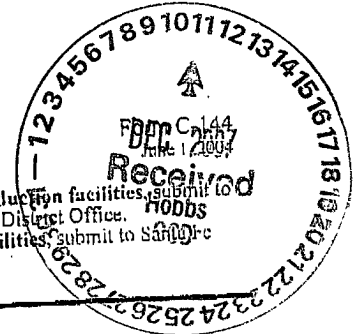


tract I
25 N. French Dr., Hobbs, NM 88240
tract II
01 W. Grand Avenue, Artesia, NM 88210
tract III
00 Rio Brazos Road, Aztec, NM 87410
tract IV
20 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOC District Office.
For downstream facilities, submit to Santa Fe office



Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No
Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator Yates Petroleum Corporation Telephone: 505-748-4500 e-mail address: mikes@ynpc.com
Address: 105 South 4th Street, Artesia, NM 88210
Facility or well name: Merle State Unit #15 API #: 30-025-38485 U/L or Qtr/Qtr 1 Sec 24 T 10S R 34E
County: Lea Latitude _____ Longitude _____ NAD: 1927 1983
Surface Owner: Federal State Private Indian

Pit		Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Work over <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>1</u> mil Clay <input type="checkbox"/> Pit Volume <u>24000</u> bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) <u>20</u> (10 points) XXXX (0 points) <u>10</u>
Wellhead protection area (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) XXXX
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) XXXX
Ranking Score (Total Points)		<u>10 POINTS 20/10</u>

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility NA. (3) Attach a general description of remedial action taken including remediation start date and end date.
(4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft and attach sample results.
(5) Attach soil sample results and a diagram of sample locations and excavations.

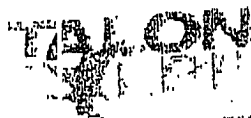
Additional Comments: Closure work pit for drilling pit. The drilling pit contents will be mixed to stiffen the pit contents. An encapsulation trench will be excavated and lined with a 12 mil synthetic liner on former drilling pit sub. Drilling pit contents will then be emplaced into the encapsulation trench. A 20 mil synthetic liner will then be placed over the pit contents with a minimum of a 3' over lap of the underlying trench areas. The encapsulation trench will then be backfilled to grade using a minimum of 3' of clean soil and like material. A one call and 48 hour notice will be provided to the Oil Conservation Division before pit closure actions begin.

Pit Closure actions to begin by NA for filing date NA Drilled monitor well - Dry @ 70' CW

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: 09/26/2007 Signature: Mike Stubbelfield
Printed Name/Title: Mike Stubbelfield / Environmental Regulatory Agent
Your certification and NMOC approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations

Approval: CHRIS WILLIAMS Signature: Chris Williams Date: 10/10/07



WELL REPORT

MERLE STATE #15

1) Well Location		County	Physical Address	City	State	Zip
40			Cross Roads Rm.	Cross Roads	Nm.	
2) GPS Coordinates				Longitude		
Latitude				103° 26' 16" W		
33° 26' 56" N						
3) Proposed Use of Well (Check One)						
<input type="checkbox"/> Monitor Well		<input checked="" type="checkbox"/> Soil Boring		<input type="checkbox"/> Other		
4) Start Date				Completion Date		
Start Date				Completion Date		
5) Diameter of Hole						
Diameter (Inches)		From (Feet)		To (Feet)		
7 7/8		0		20		
6) Drilling Method (Check One)						
<input type="checkbox"/> Air Rotary		<input type="checkbox"/> Mud Rotary		<input checked="" type="checkbox"/> H.S.A.		<input type="checkbox"/> Other
7) Name of Well / Soil Boring Number				SB # 1		
MW #						
8) Well Borehole Soil Description						
From (Feet)	To (Feet)	Description and color of formation material				
0	3	Light Brown Sand Soil				
3	10	Light tan silty calcareous				
10	18	hard calcareous rock				
18	23	Light tan calcareous sandstone rock				
23	35	Light tan calcareous				
35	48	Light greenish gray clay				
48	70					
9) Borehole Completion (Sanding information)						
Gravel From	Gravel To (Feet)	Sand Size		Bags Used		
0	0	0		0		
10) Screen Completion (Sanding information)						
Screen From	Screen To (Feet)	Material	Diameter	Screen Slot Size		
0	0	0	0	0		
Casing From	Casing To (Feet)	Material	Diameter	Casing Schedule		
0	0	0	0	0		
11) Cementing Data						
Cement From		Cement To		Number of Sacks Used		
Surface Seal 0 ft.		2		fl. 1 Cement		
Seal to Bent 2		70		fl. 10 Bentonite		
12) Water Level				13) Water Quality		
6 ft. below ground surface				Did the water contain fuel (PSH)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
14) Driller		15) Job #		16) Driller		
Yates P037 SPL 2		TCOV Lucas				
17) Other Information						