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Form 3160-5
 (September 2001)

APR 20 2009

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

FORM APPROVED
 OMB No 1004-0135
 Expires January 31, 2004

HOBBSON
 BOND AND NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/> Water Injection Well		5. Lease Serial No NMNM0256521 90439
2. Name of Operator Yates Drilling Company		6. If Indian, Allottee or Tribe Name
3a. Address 105 S. 4th Str., Artesia, NM 88210	3b. Phone No (include area code) 505-748-8663	7. If Unit or CA/Agreement, Name and/or No. Cactus Queen Ut
4. Location of Well (Footage, Sec., T., R., M., OR Survey Description) 1650' FNL & 990' FWL Section 34-12S-31E		8. Well Name and No. Cactus Queen Unit #07
		9. API Well No. 30-005-20959
		10. Field and Pool, or Exploratory Area SE Chaves QN Gas Area Assoc
		11. County or Parish, State Chaves Co., NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recomplate 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

See Attachment.

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Karen J. Leishman		Title Operations Tech
Signature <i>Karen J. Leishman</i>		Date 4/8/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS <i>DRG</i>	Title PETROLEUM ENGINEER	Date APR 10 2009
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 SEE ATTACHED FOR
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		

CONDITIONS OF APPROVAL

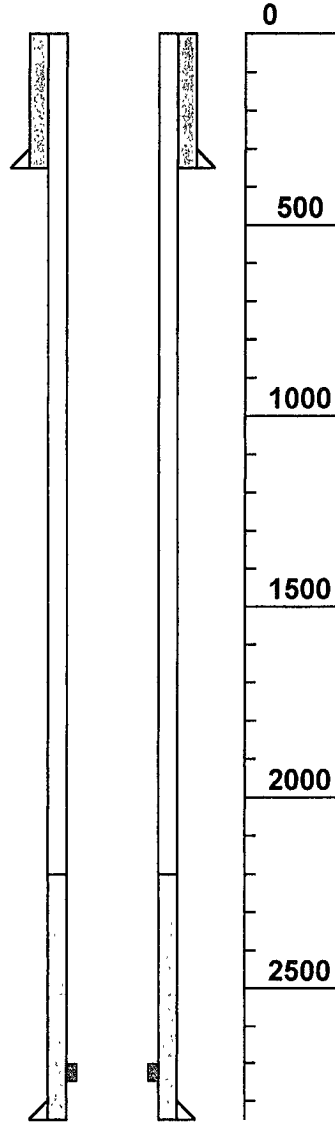
Yates Drilling Company
Cactus Queen Unit #07
Unit E, Section 34-12S-31E
Chaves County, NM
30-005-20959
Sundry attachment
April 8, 2009

1. Set CIBP @ 2,710', mix and circulate 10# mud inside 5 1/2" casing
2. Spot 25 sxs Class "C" cement plug on top of CIBP
- * 3. Perforate 2 holes in 5 1/2" casing @ 1,200', top of salt
4. Set packer @ 1,150' and mix 10# mud and establish pump in rate and circulate out 5 1/2" annulus
5. Set cement retainer @ 1,150'. Mix and pump Class "C" cement to surface out 5 1/2" annulus + 5 sx. cmt. on top of CIBP
6. Pump cement plug in 5 1/2" casing from 420' to surface
7. Erect dry hole marker, remove all equipment and clean location

* Perf. @ 1900', BOS, Squeeze MINIMUM 25sx. cmt.
WOC-TAG

**CACTUS QUEEN UNIT #7
(BURKITT FED #2)**

Sec 34, T12S-R31E CHAVES CO., NM
30-005-20959



12-1/4" hole, 8-5/8" 24# J-55 csg @ 370'
cement w/375 sxs circ 45 sxs to pit

500

1000

1500

2000

2500

Top of Cement est 2200'

Perfs 2754'-2760'

7-7/8" hole, 5-1/2" 14+15.5# J-55 csg @ 2845'
cement w/250 sxs

TD 2850'
PBSD 2840'

Perfs
2754'-2760' Queen

Formation Tops
1192' Rustler Top of Salt
1873' Base of Salt
1991' Yates
2129' 7-Rivers
2728' Top Queen

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(575) 627-0272

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 the BLM Roswell Field Office, prior to the 90th day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action.**

2. Notification: Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

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 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a 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 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 cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet 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 class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

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 the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the 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 the BLM Roswell Field Office. 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.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.