

OPERATOR'S COPY

Form 3160-5
(April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Month - Year

JUN 6 2007

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

RECEIVED MAY 31 2007

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.

OCD - ARTESIA, NM

Lease Serial No.
NM-28095

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator HARVEY E. YATES COMPANY

3a. Address
PO BOX 1933 ~ ROSWELL NM 88202-1930

3b. Phone No. (include area code)
505.623.6601

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

1,980' FNL & 1,980' FEL, (SW¼NE¼) UNIT G
SEC. 4, T18S, R31E

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
CANKEN 4 FEDERAL #02

9. API Well No.
30-015-26257

10. Field and Pool, or Exploratory Area
POWER GRAYBURG

11. County or Parish, State
EDDY COUNTY, NM

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|--|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <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 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 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.)

Well has been shut in since 7/2005. Current perfs: POWER GRAYBURG 3756' - 3766' (20 holes, 120' phasing). We propose to plug and abandon well as follows:

1. GHH w/CIBP and set @ 3,700' with 50' cmt.
2. Circulate 8# mud.
3. Set 100' cement plug from 2,150' - 2,050' to cover csg shoe. Tag plug.
4. Set 100' cement plug from 410' - 310' to cover csg shoe. Tag plug.
5. Spot 35sx surface plug and install dry hole marker.

14. I hereby certify that the foregoing is true and correct
Name (Printed, T. only)

JEN SERRANO

ENG. ENGINEERING TECH

Signature

Jen Serrano

Date

05/15/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

David R. Glass

PETROLEUM ENGINEER
Title

Date

MAY 24 2007

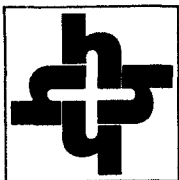
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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.

(Instructions on page 2)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



Harvey E. Yates Company

A MEMBER COMPANY OF HEYCO ENERGY GROUP

June 5, 2007



Mr. Gerry Guye
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division, Artesia
1301 W. Grand
Artesia NM 88210

RE: CAN-KEN 4 FEDERAL No. 002
G-4-18S-31E
30-015-26257-00-00

Dear Mr. Guye:

We received Letter of Violation (LOV) 6/04/2007 #0213407 where we were asked to address the status of the Can-Ken 4 Federal #02. Harvey E. Yates Co. is currently awaiting partner approval to plug and abandon this well.

We are also attaching an approved **Form 3160-5 Notice of Intent to Plug and Abandon** the subject well for your records. We are planning to proceed with this work as soon as the AFE has been approved and after being placed on the plugging contractor's schedule.

Thank you,

Jen Serrano
Eng. Tech
Harvey E. Yates Co.
jserrano@heycoenergy.com

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
505-234-5972

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 505-627-0272; Eddy County, call 505-234-5972; Lea County, call 505-393-3612.

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 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 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 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 7,500 feet of depth, mixed at 14.8 lbs/gal with 6.3 gallons of fresh water per sack or class "H", for deeper than 7,500 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 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.