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UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
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Carlsbad, NM 88220-6292
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FEB 22 2008
OCD-ARTESIA

IN REPLY REFER TO: 1310
NMNM104661

February 21, 2008

CERTIFIED-RETURNED RECEIPT REQUESTED
7005 1160 0000 3302 2125

Yates Petroleum Corporation
105 S 4TH ST
Artesia, NM 88210

Dear Sir:

On February 20, 2008, we completed a follow up examination on the Paintbrush BHR Federal Com #2 well located 1060' FNL and 1650' FEL, section 20, T25S, R26E in Eddy County, New Mexico:

During this follow up inspection I came across some issues that need to be addressed and corrected. This location is a candidate for interim reclamation. Please submit a plan on how you plan on downsizing this location to Bob Ballard 620 E Greene st Carlsbad, NM 88220. If you need all the space on this pad state the reason why in the plan. If all space is not needed for operation please downsize all areas that are not needed for operation and reseed with seed mixture #4. You can reuse the caliche removed for road repair, pad construction or for building firewalls. Submit plan on interim reclamation by March 20, 2008. If you have any questions or concerns you can call me at (575)234-2230.

Sincerely,

Bob Ballard
Environmental Protection Specialist