

RECEIVED
JUN 18 2010
NMOCD ARTESIA

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

5 Lease Serial No
NM-0557142

6 If Indian, Allottee or Tribe Name
NA

7 If Unit or CA/Agreement, Name and/or No
NMNM-111025X

8 Well Name and No
NDDUP Unit #54

9 API Well No
30-015-25645

10 Field and Pool or Exploratory Area
Dagger Draw, Upper Penn, North

11 County or Parish, State
Eddy County, New Mexico

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

2 Name of Operator
Yates Petroleum Corporation

3a Address
105 S. 4th Str., Artesia, NM 88210

3b Phone No (include area code)
575-748-1471

4 Location of Well (Footage, Sec., T., R., M., OR Survey Description)
660'FNL & 1980'FEL of Section 19-T19S-R25E (Unit B, NWNE)

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 recompleat 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 recompleat 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:

1. NU BOP. RU all safety equipment as needed. No casing recovery will be attempted.
2. Set a CIBP at 7650' with 35' cement on top. This will place a plug over open Canyon perforations.
3. Perforate 4 squeeze holes at 5472'. Spot 160' cement plug inside and outside casing from 5312'-5472'. This will leave a plug across Wolfcamp top. WOC and tag plug, reset if necessary.
4. Perforate 4 squeeze holes at 3472'. Spot a 140' cement plug inside and outside casing from 3332'-3472'. WOC and tag plug, reset if necessary.
5. Perforate 4 squeeze holes at 2120'. Spot a 120' cement plug inside and outside casing from 2000'-2120'. This will leave a plug across Glorieta top. WOC and tag plug, reset if necessary.
6. Perforate 4 squeeze holes at 1250'. Spot a 100' cement plug inside and outside casing from 1150'-1250'. This will leave a plug across surface casing shoe. WOC and tag plug, reset if necessary.
7. Perforate 4 squeeze holes at 150'. Tie on to casing and establish injection rate. Spot a 150' cement plug inside and outside casing from 0-150'. This will leave a plug from surface to 150'. WOC and tag plug, reset if necessary.
8. Remove all surface equipment and weld dry hole marker per regulations.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**RECLAMATION PROCEDURE
ATTACHED**

Due to the volume of wells we currently have plans to plug, both State/Fee and Federal, Yates Petroleum respectfully requests a time frame of 1 year to have commenced plugging operations and for this notice of intent to be in affect

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Tina Huerta Title Regulatory Compliance Supervisor

Signature *Tina Huerta* Date June 2, 2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *[Signature]* Title Office

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.

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 provide 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)

APPROVED
JUN 14 2010
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

WELL NAME: NDDUP Unit #54 FIELD: Dagger Draw
 LOCATION: 660' FNL & 1,980' FEL of Section 19-19S-25E Eddy Co., NM
 GL: 3,583' ZERO: 15' KB: 3,598'
 SPUD DATE: _____ COMPLETION DATE: _____
 COMMENTS: API No.: 30-015-25645
(Formerly Ross EG Fed #2)

CASING PROGRAM

9-5/8" 36# J-55	1,200'
7" 26# J-55 (39')	
7" 23# N-80 (366')	
7" 23# S-95 (713')	
7" 26# N-80 (6,982')	8,100'

Before

TOPS

SA 668'
 Glorieta 2,070'
 WC 5,422'
 Canyon 7,574'

14-3/4" Hole

9-5/8" @ 1,200' w/950 sx

8-3/4" Hole

TOC 6,350' by CBL

Canyon Perfs: 7,700'; 7,910' (46);

TD: 8,100'

7" @ 8,100'
 1st Stage: 400 sx

Not to Scale
 10/23/09
 DC/Hill

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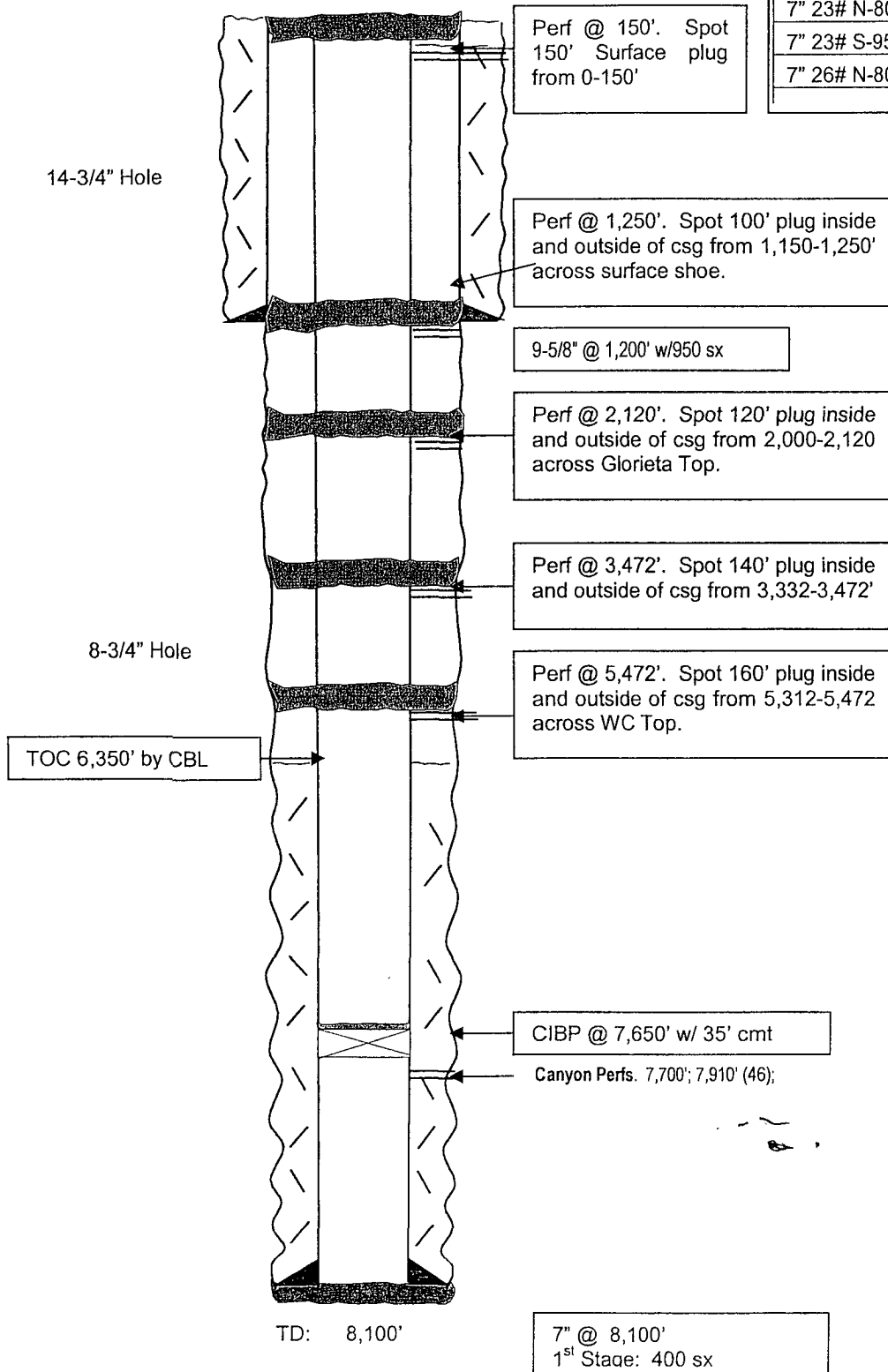
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Yates Petroleum Corporation
NM-0557142: NDDUP Unit #54
API: 30-015-25645
Eddy County, New Mexico

RE: Plugging and Abandonment Requirements, Conditions of Approval

H2S monitoring equipment is to be on site. All plugs to be a minimum 25sx.

1. OK
2. OK (Perfs)
3. If injection rate cannot be established, spot cement 50' below perfs. Tag at 5312' or shallower – OK (Wolfcamp)
4. Move: Perf and squeeze a 140' plug from 4215-4075'. If injection rate cannot be established, spot cement 50' below perfs. WOC and tag at 4075' or shallower. (Abo)
- 4a. Perf and squeeze a 130' plug from 3072'-2942'. (Bone Spring)
5. Tag at 2000' or shallower – Otherwise OK (Glorietta)
6. Plug to be a minimum 110'. Tag at 1140' or shallower – Otherwise OK (Casing shoe)
7. OK (Surface)
8. Verify Cement to surface in all annuluses – Otherwise OK.
9. Submit a subsequent report to the BLM.

This P&A is approved for the plugging to be complete within one year.

See attached standard COAs.

Operator to submit Unit Plan of Development. No plan has been submitted since the initial plan filed when the unit was formed.

DHW 061010

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.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may 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 BOP must be installed and maintained as per API and manufacturer recommendations. 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.

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. Any plug that requires a tag will have a minimum WOC time of 4 hours.

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 BLM is to be notified when the wellhead is cut off to verify that cement is to surface in the casing and all annuluses.** 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 will be required. See attached reclamation procedure.

DHW 112309



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To. 1310

Interim Reclamation Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo “interim” reclamation in order to minimize the environmental impacts of development on other resources and uses.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). Interim reclamation is to be completed within 6 months of well completion.

3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.
4. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
5. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Natural Resource Specialist
575-234-5959

Terry Gregston
Environmental Protection Specialist
575-234-5958

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Todd Suter
Surface Protection Specialist
575-234-5987

Randy Rust
Environmental Protection Specialist
575-234-5943

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922
