

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires 10/10/10

RECEIVED

JUL 8 2010

NM OGD ARTESIA

SUNDRY 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.

5 Lease Serial No

NM-101579

6 If Indian, Allottee or Tribe Name

N/A

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

NM-121153

8 Well Name and No

Grid Iron BLI Federal Com 1H

9 API Well No

30-005-64033

10 Field and Pool or Exploratory Area

Coyote, Wolfcamp (Gas)

11 County or Parish, State

Chaves, NM

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1 Type of Well

☐ Oil Well

☒ Gas Well

☐ Other

2 Name of Operator

Yates Petroleum Corporation

3a Address

105 S. 4th St., Artesia, NM 88210

3b Phone No (include area code)

(575) 748-1471

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

Surface - 1998' FSL & 259' FEL Sec 1-T12S-R26E (NESE) Unit I

BHL - 1900' FSL & 660' FEL Sec 6, T12S, R27E (NESE) Unit I

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☒ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

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 recomple 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.

Yates Petroleum Corporation plans to plug & abandon this well as follows:

1. MIRU. Rig up safety equipment as needed. No casing recovery will be attempted.
2. Set CIBP @ 1540' w/35' cement.
3. Perforate @ 1167' & squeeze w/50 sx Class "C" cement. Leave 100' cement plug inside casing. WOC & tag.
4. Perforate @ 60' & squeeze w/25 sx Class "C" cement.
5. Remove all surface equipment, weld on dry hole marker & clean location per regulations. **(Proposed schematic attached)**

14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Allison Barton

Title Regulatory Compliance Technician

Signature

Allison Barton

Date 6/11/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

Title PETROLEUM ENGINEER

Date JUL 02 2010

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

ROSWELL FIELD 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**

WELL NAME: Grid Iron BLI Fed Com#1H FIELD: Wildcat San Andres

LOCATION: Unit I, 1,998' FSL and 259' FEL (Surf) Sec 1-12S-26E Chaves County

GL: 3,748' ZERO: KB: 3766.5'

SPUD DATE: 10/29/08 COMPLETION DATE:

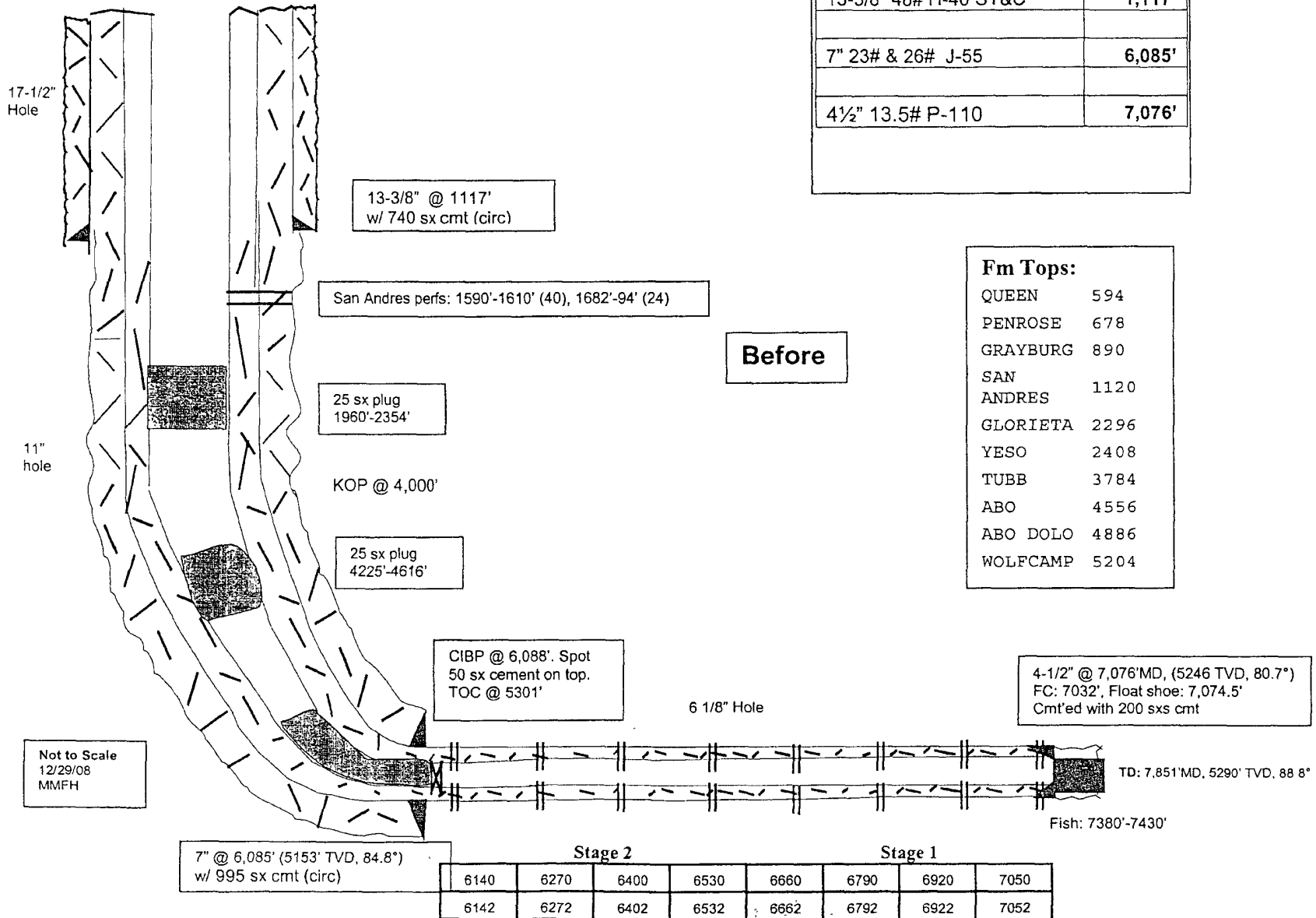
COMMENTS: API No.: 3000564033

CASING PROGRAM

13-3/8" 48# H-40 ST&C	1,117'
7" 23# & 26# J-55	6,085'
4 1/2" 13.5# P-110	7,076'

Fm Tops:

QUEEN	594
PENROSE	678
GRAYBURG	890
SAN ANDRES	1120
GLORIETA	2296
YESO	2408
TUBB	3784
ABO	4556
ABO DOLO	4886
WOLFCAMP	5204



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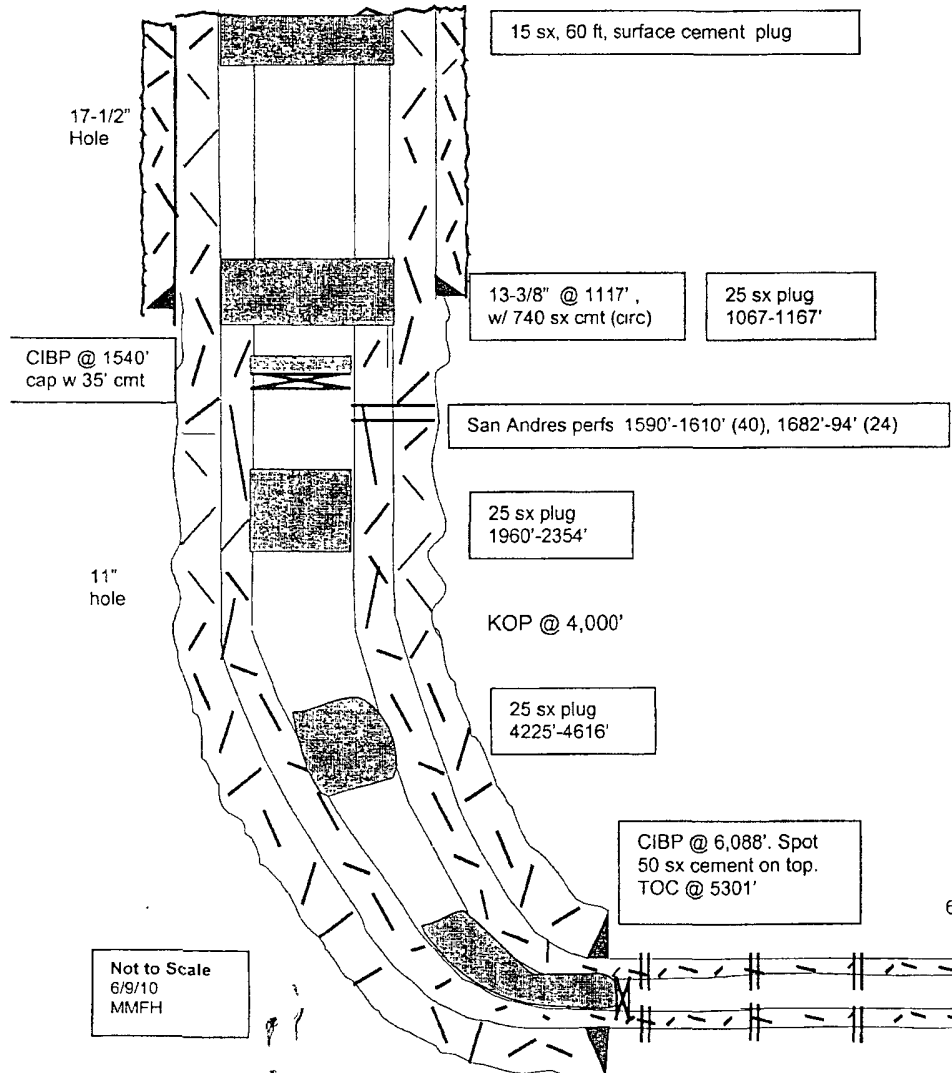
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4-1/2" @ 7,076'MD, (5246 TVD, 80.7°)
FC: 7032', Float shoe: 7,074.5'
Cmt'ed with 200 sxs cmt

TD: 7,851'MD, 5290' TVD, 88.8°

Fish: 7380'-7430'

7" @ 6,085' (5153' TVD, 84.8°)
w/ 995 sx cmt (circ)

Stage 2				Stage 1			
6140	6270	6400	6530	6660	6790	6920	7050
6142	6272	6402	6532	6662	6792	6922	7052

Not to Scale
6/9/10
MMFH

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) 420-2832. 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.