

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires March 31, 2007

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-A-34905

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Eastern Shore TL Federal #1

9. API Well No.

30-015-24282

10. Field and Pool, or Exploratory Area

McMillan Upper Penn

11. County or Parish, State

Eddy County, New Mexico

1. Type of Well

☐

Oil Well

☒

Gas Well

☐

Other

REVISED

2. Name of Operator

Yates Petroleum Corporation

3a. Address

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

3b. Phone No. (include area code)

505-748-1471

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

660'FNL & 1980'FWL of Section 8-T19S-R27E (Unit C, NENW)

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 shall 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 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 and abandon this well as follows:

1. MIRU all safety equipment as needed. +/-7000' of 4-1/2" casing recovery will be attempted.
2. Load the hole with plugging mud. Spot a 25 sx plug from 7904'-8004' across the 7" casing shoe. WOC and tag plug, reset if necessary.
3. Set a 4-1/2" CIBP at 7658' with 35' cement on top. This will seal off the Canyon perforations.
4. Spot a 25 sx plug from 7064'-7164'. This will place a 100' plug across the Wolfcamp top. WOC and tag plug, reset if necessary.
5. Find TOC in 4-1/2" casing. Free point the casing and cut it 50' above the free point at +/-7000'. Pull the 4-1/2" casing.
6. Spot a 25 sx plug from inside the 4-1/2" casing up the 7" casing across the 4-1/2" casing stub at +/-7000'. This will leave a 100' plug across the casing stub. WOC and tag plug, reset if necessary.
7. Spot a 25 sx plug from 4900'-5000'. WOC and tag plug, reset if necessary.
8. Perforate 4 squeeze holes at 3795'. Establish circulation back up the 7" x 9-5/8" annulus. Pump 50 sx Class "C" cement, displace the cement to 3695'. WOC 4 hrs and tag, reset if necessary.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CONTINUED ON NEXT PAGE:

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Tina Huerta	Title Regulatory Compliance Supervisor
Signature <i>Tina Huerta</i>	Date October 12, 2006
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved by	Title
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	

APPROVED

Date OCT 20 2006

Wesley W. Ingram
WESLEY W. INGRAM
PETROLEUM ENGINEER

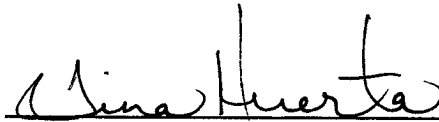
Accepted for record
NMOC

Yates Petroleum Corporation
Eastern Shore TL Federal #1
Section 8-T19S-R27E
Eddy County, New Mexico

Form 3160-5 continued:

9. Perforate 4 squeeze holes at 2590'. Establish circulation back up the 7" x 9-5/8" annulus. Pump 50 sx Class "C" cement, displace the cement to 2490'. WOC 4 hrs and tag, reset if necessary. Plug across the Glorieta.
10. Perforate 4 squeeze holes at 2047'. Establish circulation back up the 7" x 9-5/8" annulus. Pump 50 sx Class "C" cement, displace the cement to 1947'. WOC 4 hrs and tag, reset if necessary. Plug across 9-5/8" casing shoe.
11. Perforate 4 squeeze holes at 435'. Establish circulation back up the 7" x 9-5/8" annulus. Pump 50 sx Class "C" cement, displace the cement to 335'. WOC 4 hrs and tag, reset if necessary. This will leave a plug across the surface casing shoe.
12. Perforate 4 squeeze holes at 150'. Establish circulation back up the 7" x 9-5/8" annulus. Pump 60 sx Class "C" cement, do not displace the cement. WOC 24 hrs and tag, reset if necessary. This will leave cement at the surface in both casing strings.
13. Remove all surface equipment and weld dry hole marker per regulations.

NOTE: Yates Petroleum Corporation will use steel pits and no earth pits


Regulatory Compliance Supervisor
October 12, 2006

Accepted for record
NMOCD

**Eastern Shore TL Federal #1
Yates Petroleum Corporation
API NO. 30-015-24282
Conditions of Approval**

Onshore Order 2.III.G.2 – all cement plugs, except the surface plug, shall have sufficient slurry volume to fill 100 feet of hole, plus an additional 10 percent of slurry for each 1,000 feet of depth.

Step 4 Plug from approximately 7114'-7214'.

**Accepted for record
NMOCD**

**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.

**Accepted for record
NMOCD**

WELL NAME: Eastern Shore TL Federal #1

FIELD: McMillan Penn

LOCATION: 660' FNL & 1,988' FWL Sec 8-19S-27 E

Eddy County, NM

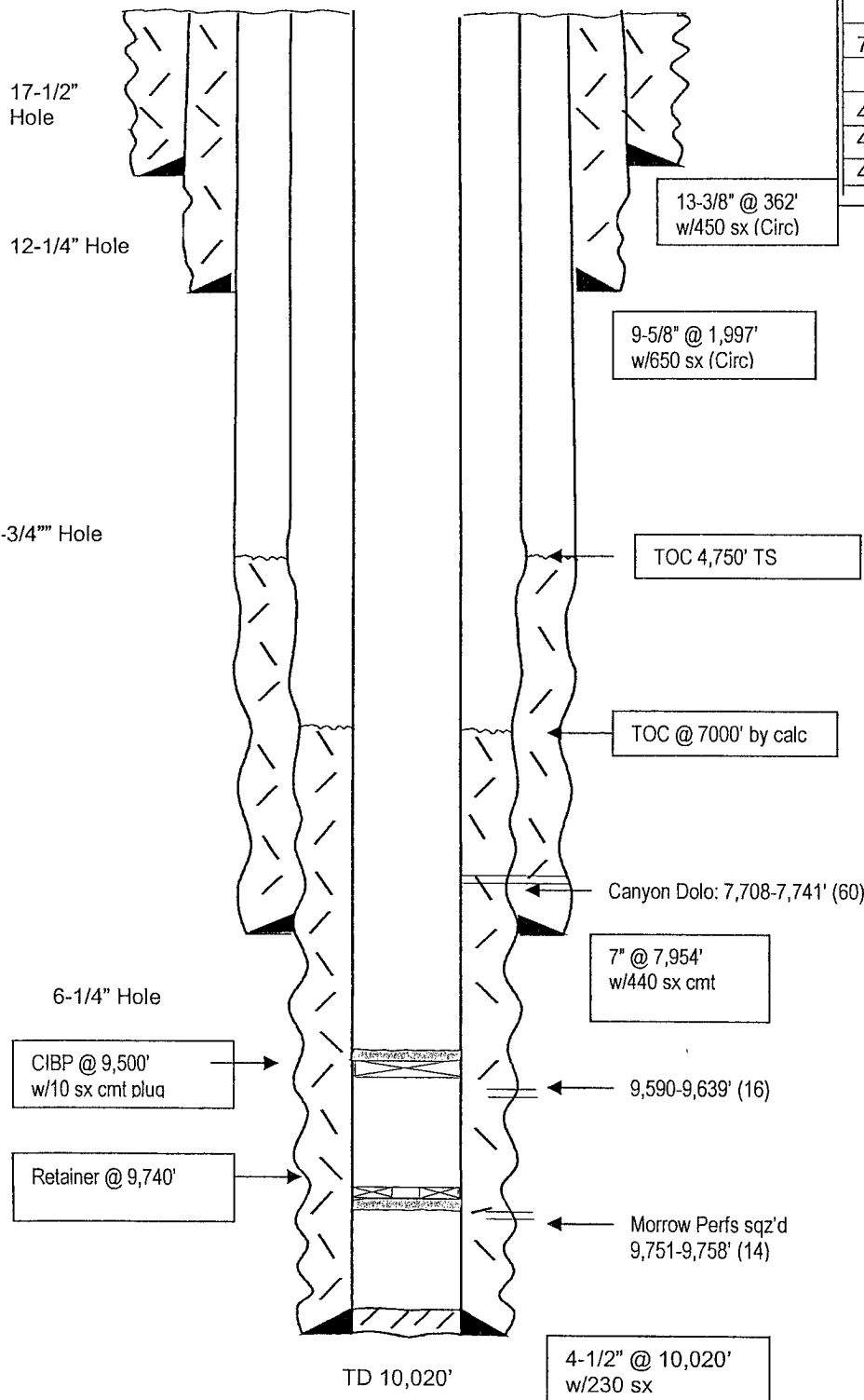
GL: 3,275' ZERO: 19 KB: 3,294'

SPUD DATE: COMPLETION DATE:

COMMENTS: API No.: 30-015-24282

CASING PROGRAM

13-3/8" 40.5# J55 STC	362'
9-5/8" 36# J55 STC	1,997'
7" 26# K55 LTC	7,954'
4-1/2" 11.6# N80 LTC 1,253'	
4-1/2" 11.6# K55 LTC 8,224'	
4-1/2" 11.6 N80 LTC	10,020'



Before

TOPS

SA	1,540'
Glorieta	2,510'
BS 1/Sd	2,590'
BS 3/Sd	6,890'
WC	7,164'
Penn U.	7,618'
Strawn	8,516'
Atoka	9,178'
Morrow Cl	9,551'
Morrow L.	9,676'
Austin Cl	9,775'

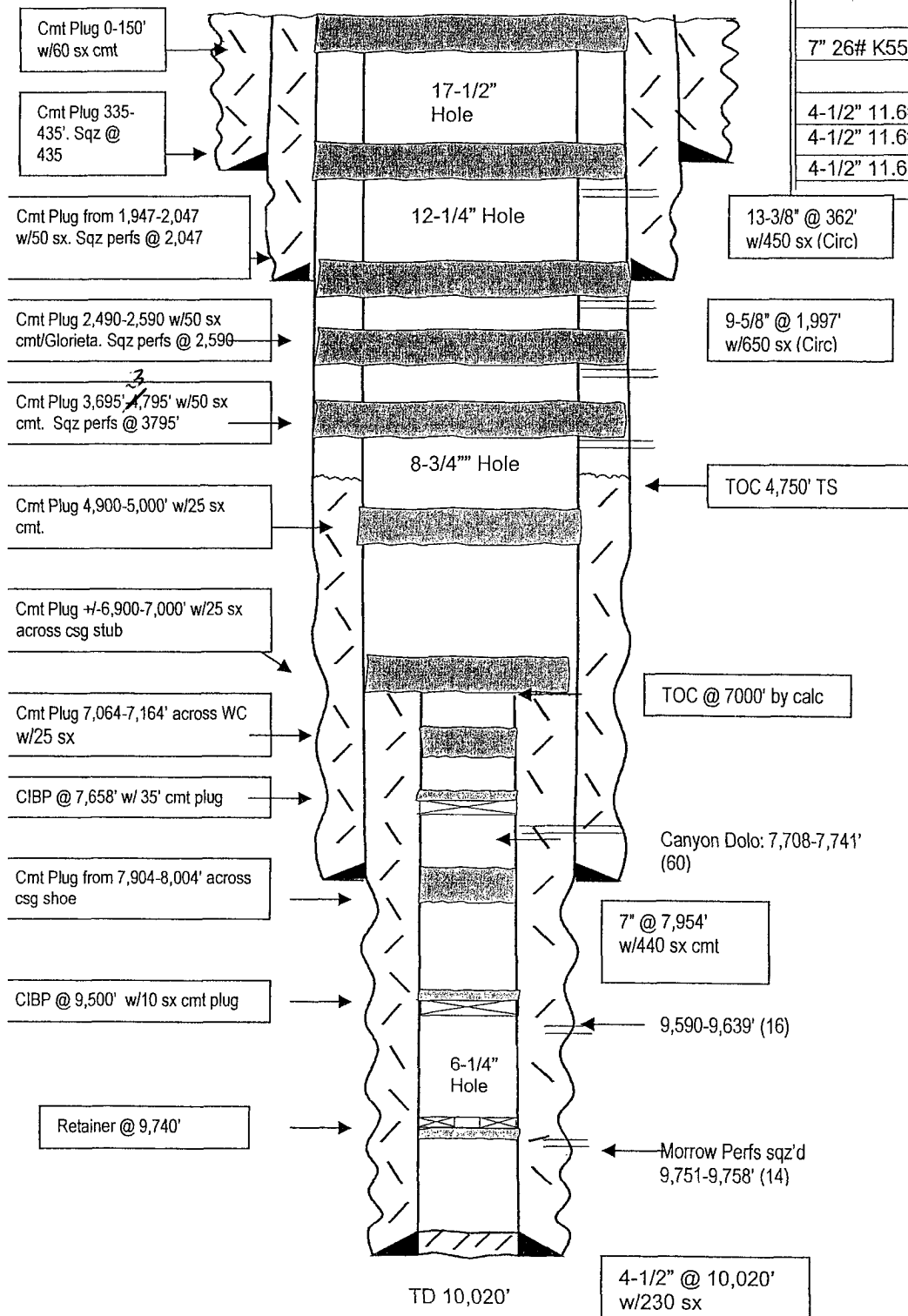
Accepted for record
NMOCD

Not to Scale
9/8/06
DC/Hill

WELL NAME: Eastern Shore TL Federal #1 **FIELD:** McMillan Penn
LOCATION: 660' FNL & 1,9880' FWL Sec 8-19S-27 E Eddy County, NM
GL: 3,275' **ZERO:** 19 **KB:** 3,294'
SPUD DATE: **COMPLETION DATE:**
COMMENTS: API No.: 30-015-24282

CASING PROGRAM

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After

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Accepted for record
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Not to Scale
9/11/06
DC/Hill