

United States Department of the Interior

HOBBS OCD BUREAU OF LAND MANAGEMENT

DEC 0 5 2011

Roswell, New Mexico 88201-2019

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In Reply Refer To: 3162.4 NMNM-90438 NMP0130

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New Mexico Oil Conservation Drive

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DEC 0 2 2011

Yates Drilling Company 105 South 4th Street Artesia, NM 88210

30-005-20880

Subject: Approval of Final Abandonment Notice for Cactus Queen Unit #10 well

Dear Mr. Yates:

The Bureau of Land Management (BLM) is in receipt of your Final Abandonment Notice dated November 12, 2009 for the Cactus Queen Unit #10 well located 1980' FNL & 660' FWL of section 34, T. 12 S., R. 31 E., Chaves County, New Mexico.

On November 8, 2011 Jared Reese, Natural Resource Specialist for the BLM inspected the well site and has determined that due to the severe drought conditions that we have experienced these past couple of years, the well should be placed into another two year monitoring period to determine the overall success of the previous reclamation. The BLM will re-inspect the location two years from now and when the site is determined to be in a safe, stable, and satisfactory revegetative state, BLM will process and approve your request for Final Abandonment.

However, if during those next two (2) years the BLM determines that there has been adequate precipitation to achieve a successful re-vegetative status and the location still does not meet BLM standards, the operator will be required to reclaim the location again until those standards are meet. Under Onshore Order #1 XII B, it states "until surface reclamation is completed to the satisfactory of the BLM Authorized Officer final Abandonment will not be approved".

If you have any questions concerning our monitoring of the location, please contact Jared Reese, Natural Resource Specialist, BLM (575-627-0249).

Sincerely

151 Angel Mayes

Angel Mayes Assistant Field Manager, EGG 12-8-2011 Lands and Minerals