



United States Department of the Interior  
BUREAU OF LAND MANAGEMENT

Pecos District  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-2019  
www.nm.blm.gov



HOBBS OCD

DEC 06 2011

DEC 05 2011

RECEIVED

In Reply Refer To:  
Case/Lease Number: NMNM-90439  
3160(NMP0130)  
Order No. 12JR9W

CERTIFIED MAIL--RETURN RECEIPT REQUESTED  
7010 1870 0002 4547 1027

Yates Drilling Company  
105 South 4<sup>th</sup> Street  
Artesia, NM 88210

**NOTICE OF ORDERS OF THE BLM AUTHORIZED OFFICER**

Gentlemen:

An inspection was performed on Federal Lease NMNM-90439, Cactus Queen Unit #8 API No.: 30-005-20952, 2310' FNL & 1980' FWL, SE $\frac{1}{4}$ NW $\frac{1}{4}$  Section 34, T. 12S. R. 31E. Chaves County, New Mexico, on November 8, 2011, by Jared Reese, Natural Resource Specialist. It was found that the location has not been maintained in a manner designed to protect the mineral resources, other natural resources, and environmental quality (43 CFR 3162.5).

**ORDERS OF THE AUTHORIZED OFFICER**

Pursuant to Federal Regulation 43 CFR 3162.5-1(b) which states "... Upon the conclusion of operations, the operator shall reclaim the disturbed surface in a manner approved or reasonably prescribed by the authorized officer..." the following environmental compliance problems were identified during the latest inspection of the subject location. Specifically:

- **Environmental Problem No. 1:** Surface Reclamation

**Corrective Action:** Upon further inspection of the location it appears that the location has not been reclaimed in a manner that is acceptable by the BLM Authorized Officer. The location has not been re-contoured to match the existing surroundings and there are erosion issues on the north end of the well location. It is therefore, the direction of the Authorized officer that the operator submits to the BLM a detailed reclamation plan identifying methods and procedures

that will be used to reclaim the area. It is the recommendation of the Authorized Officer that the operator incorporate the BLM's Best Management Practices into their reclamation plan to ensure that the overall success of the reclamation is achieved. The lessee or operator must notify the BLM using Form 3160-5, Notice of Intent, describing the details of the reclamation plan, including all documents showing the area and roads to be reclaimed. No excavation activities shall occur until approval is granted by the Authorized Officer.

In accordance with 43 CFR 3163.1(a), please comply with the corrective action(s) for the identified environmental problems no later than **January 15, 2012** after receipt of this Written Order. If you fail to comply within the time frames specified, you will be subject to further enforcement action as may be deemed necessary.

### **WARNING**

Orders of the Authorized Officer or Incidents of Non Compliance and reporting time frames begin upon receipt of the Notice or 7 business days after the date it is mailed, whichever is earlier. Each problem or violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above.

For Incidents of Non Compliance, please note that you already may have been assessed for noncompliance (see amount under "Assessed for Noncompliance"). If you do not comply as noted above under "Corrective Action to Be Completed By," you may incur additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Note: Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

### **REVIEW AND APPEAL RIGHTS**

A person contesting an order of the authorized office or violation must request a State Director Review of the Order or Incident of Noncompliance. This request must be filed within 20 working days of receipt of the Order or Incident of Noncompliance with the appropriate State Director at PO Box 27115, Santa Fe, NM 87502-0115 (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, MS 300-QC, Arlington, Virginia 22203 (see 43CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

If you have any questions concerning our Written Orders for the Cactus Queen Unit #8 location, please contact Jared Reese, Natural Resource Specialist at the Roswell Field Office at 575-627-0249.

Sincerely,

*/s/ Angel Mayes*

Angel Mayes  
Assistant Field Manager,  
Lands and Minerals

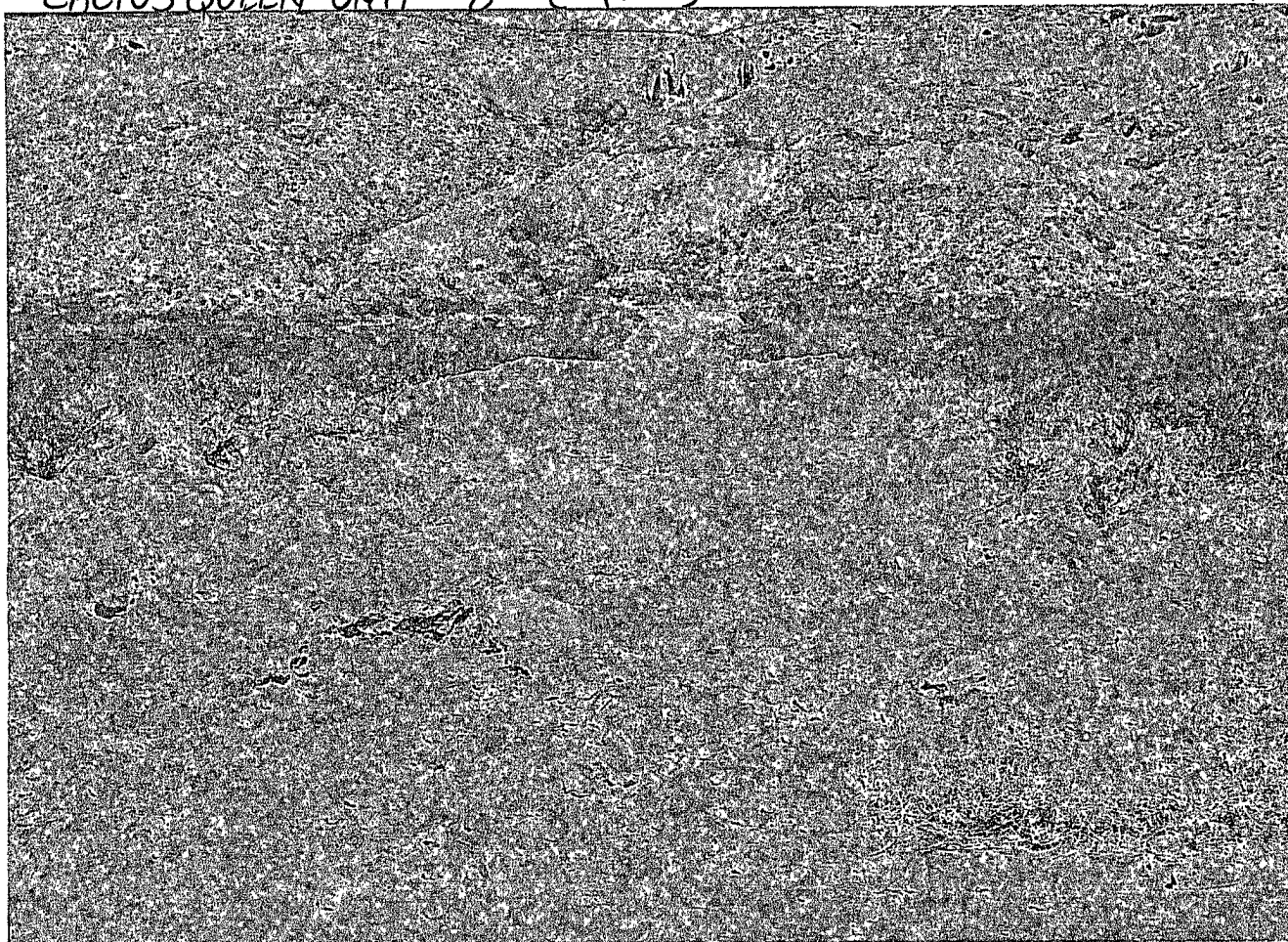
Cc:

Oxy Y-1 Company  
P.O. Box 27570  
Houston, TX 77227

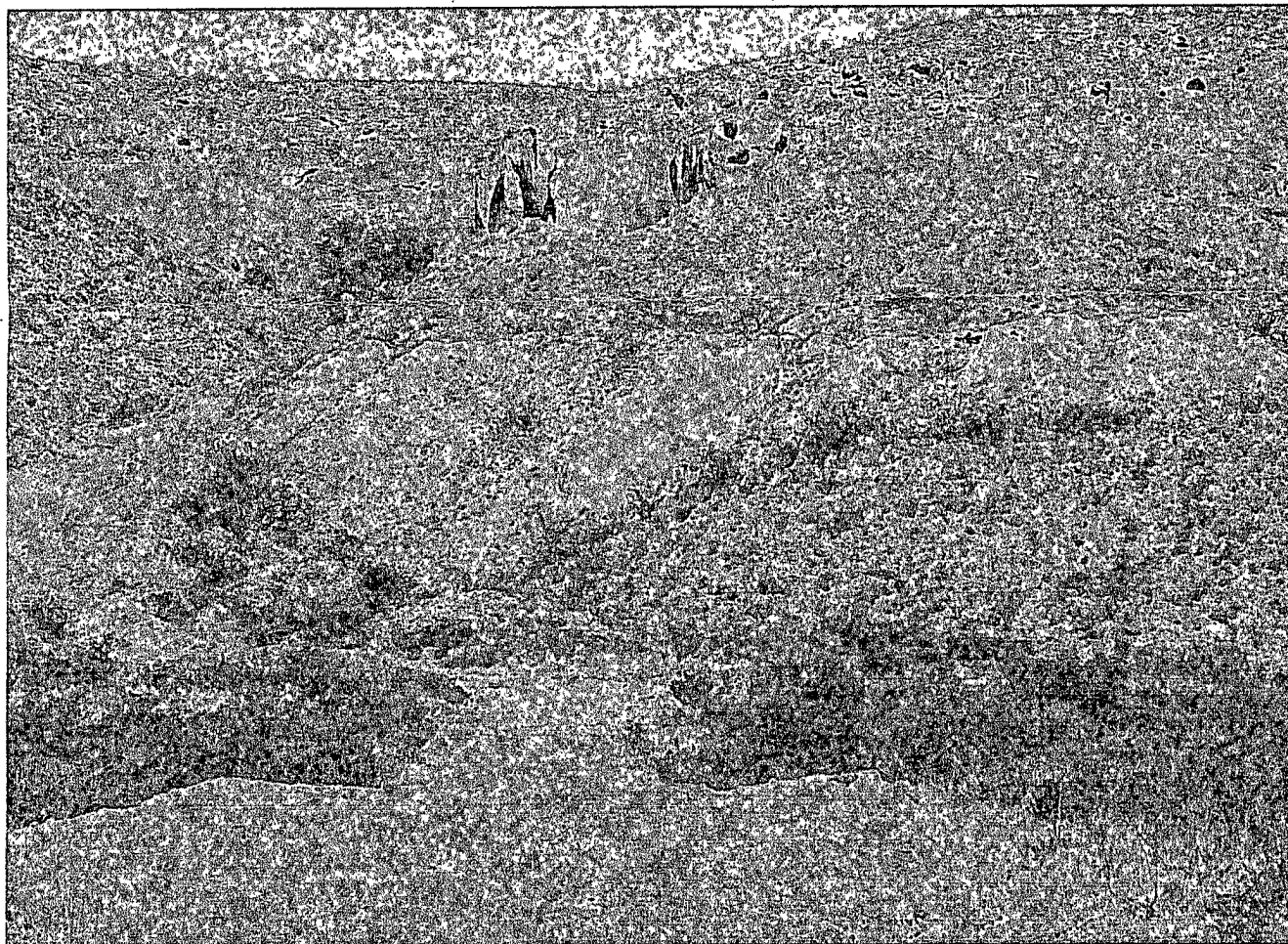
Sharbro Oil Ltd. Co.  
P.O. Box 840  
Artesia, NM 88210

CACTUS QUEEN UNIT #8 (CQU#8)

11/8/11



ACCESS ROAD



WEST SLOPE OF WELL PAD



CQU-0

11/8/11



WELL PAD

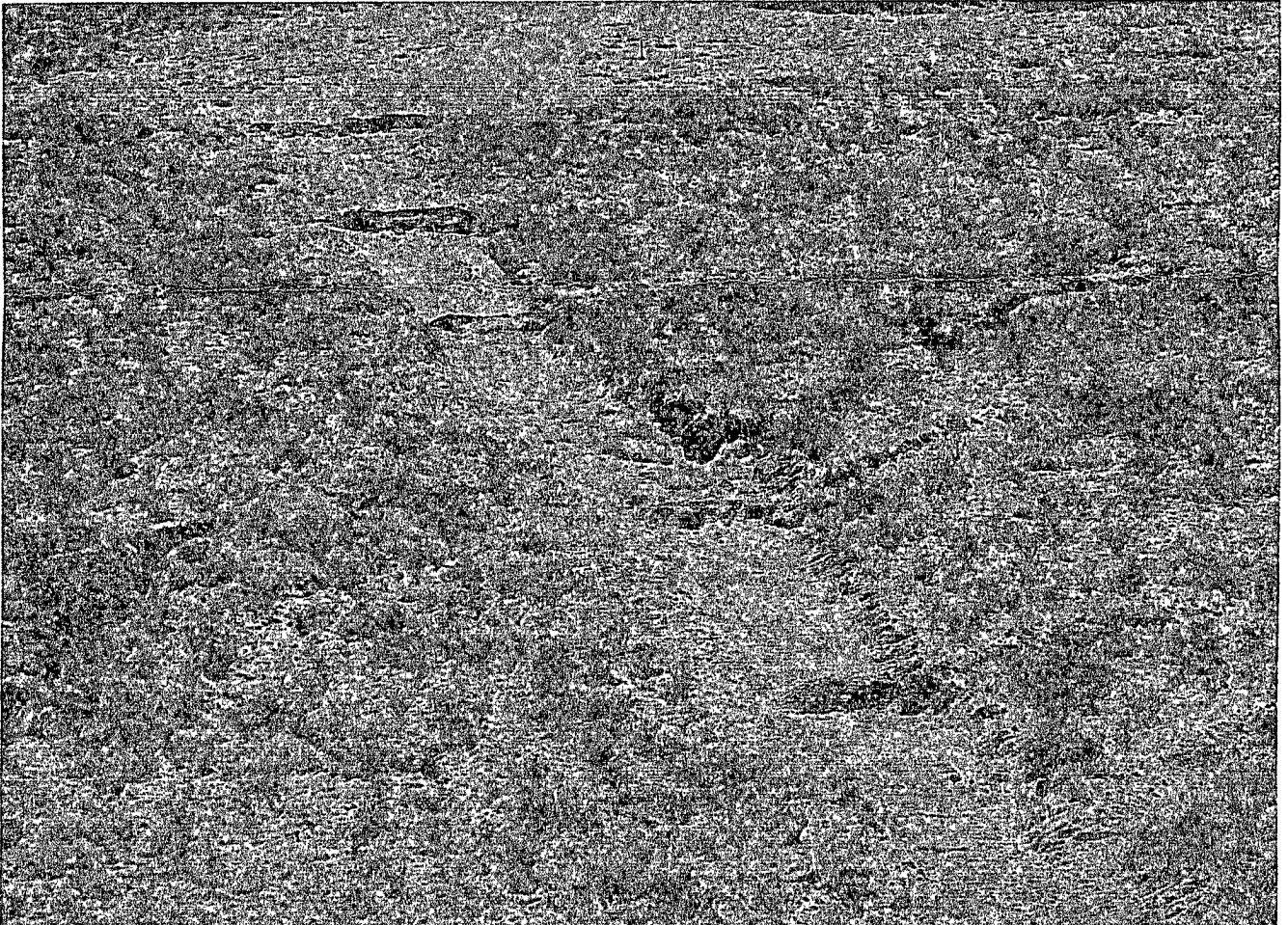


DRAINAGE ISSUES - PAD





DRAINAGE ISSUE - NORTH SIDE PAD



ACCESS ROAD