

RECEIVEDForm 3160-5
(August 2007)

JUN 30 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**RECEIVED**

JUN 30 2010

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010**HOBBSD****DRY NOTICES AND REPORTS ON WELLS**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**HOBBSD****SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well

☐

Oil Well

☒

Gas Well

☒

Other Released to grazing permittee

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' FSL & 2310' FEL of Section 28-T20S-R34E

5. Lease Serial No.

NM-039256

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

West Lynch Deep Unit #1

9. API Well No.

30-025-26952

10. Field and Pool or Exploratory Area

West Lynch Morrow Gas

11. County or Parish, State

Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 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.

Well was plugged to 1540' and turned over to grazing permittee on 1-13-10.

Yates Petroleum Corporation respectfully requests the release of liability under bond. All requirements for reclamation have been met.

Attached land owner release.

** Denied - see attached**James R. Carter*
6-26-10

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Michelle Taylor

Title

Regulatory Compliance Manager

Signature

Michelle Taylor

Date

February 1, 2010

FZ

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

PETROLEUM ENGINEER

Date

FEB 01 2010

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)

7m

Department of the Interior
Bureau of Land Management

RELEASE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that I D.C. Berry, Of the County of Lea in the state of N. Mex., am the surface ^{leasee} owner of the land legally dscribed below. I do hereby notify the Bureau of Land Management of my satisfaction with reclamation on all lands disturbed on any property associated with the Yates Petroleum West Lynch Deep Unit #1 well. I further hereby release and discharge the operator, lessee and the Bureau of land Management from any further work, responsibility or liability in relation to the maintenance, use and reclamation of subject lands, legally described as:
I am releasing Yates To leave the caliche pad. DCB
West Lynch Deep Unit #1
Section 28-T20S-R34E (SWSE) Lea County N.M.
660' FSL + 2310' FEL

D C Berry
Surface Owner

Box 160
Ennio, N. Mex. 88231
Address

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

RE: West Lynch Deep Unit 1 (30-025-26952)
660' FSL & 2310' FEL, Section 28, T20S-R34E
Lea County, New Mexico

Subject: Denial Sundry Notice Dated February 1, 2010

The above referenced well was inspected June 22, 2010. The inspection identified a reserve pit that has not achieved adequate revegetation. In its current condition it will probably not revegetate. Rain events cause run-off across the location and thru the center of the pit area causing erosion. There is no evidence of salts being present, but pit plastic is on the surface indicating salts could be present. In addition to these issues, the rancher has used this area for a salt lick or feeding area.

In reviewing the "Release Agreement" Mr. Berry (grazing allottee) has indicated the release of "only" the caliche pad. This tells me he is not accepting the liability of the old reserve pit area.

In any case the BLM would not release the pit in its current condition. Therefore, the pit will have to be stabilized prior to any release of liability. My recommendation would be to reduce the well location, using the caliche to cap the pit area with adequate material to keep the salts from leaching to surface, then capping with clean soils from under the fill to cap the caliche. Contour the disturbed areas to blend with the surrounding landscape. Provide adequate erosion controls to keep the reclamation in a stable condition and seed with BLM Seed Mix #1. Install a fence, adequate to keep livestock off the reclaimed areas until such time as adequate revegetation is achieved. Leave an adequate area for operation and maintenance of the water well.

Reclamation to be completed by Sept. 1, 2010.

If you have questions, contact Jim Amos at 575-234-5909.

cc: Dan Berry