Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

certify that the applicant holds legal or equitable title to those rights in the subject lease

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willbully to make

States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

which would entitle the applicant to conduct operations thereon

Oil Cons.

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

SUNDRY NOTICES AND REPORTS ON WELL N.M. DIV-DIST. 2 Do not use this form for proposals to drill or re entended W. Grand Aver NM-42554

abandoned well. Use Form 3160-3 (APD) for such propoArtesia, NM 8821 (6. If Indian, Allottee or Tribe Name SUBMIT IN TRIPLICATE - Other instructions on reverse side 7. If Unit or CA/Agreement, Name and/or No. Type of Well Oil Well | X | Gas Well Other 8. Well Name and No. Salt Creek ACL Federal #1 2. Name of Operator Yates Petroleum Corporation 9. API Well No. 3b. Phone No. (include area code, 30-005-62837 105 S. 4th Str., Artesia, NM 88210 505-748-1471 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., OR Survey Description) Border Hill Abo 11. County or Parish, State 1980'FNL & 1980'FEL of Section 1-T8S-R21E (Unit G, SWNE) Chaves County, New Mexico 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Acidize Production (Start/Resume) Water Shut-Off Notice of Intent Alter Casing Fracture Treat Well Integrity Reclamation Casing Repair New Construction Recomplete Other Squeeze Subsequent Report Change Plans Plug and Abandon Temporarily Abandon holes in casing, Final Abandonment Notice Convert to Injection Water Disposal perf & stimulate 13. Describe Proposed of 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 recomplete 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.) Found casing to be bad from 1956' down to 2208'. Tested good below and above this spot. Found 2 holes, 1 at 2154' and 1 at 2102'. Ran CBL from 3000' up to 1100', estimated TOC 1600'. Set 5-1/2" cement retainer at 1792'. Squeezed holes in casing 1952'-2207' with 100 sx "C" Neat and 50 sx 5/26/05 with 2% Cal-Seal. Pumped 100 sx cement into formation. Squeezed off at 2000 psi. Drilled out retainer. Drilled cement from 1795' to 1922'. Tested casing to 2000 psi every connection. 6/1/05 Drilled cement from 1922'-2205'. Fell out of cement at 2205'. Tested 5-1/2" casing to 2000 psi. Held good. Perforate Abo 2843'-2849' (7), 2852'-2866' (15), 2880'-2886' (7), 2892'-2904' (13), 2928'-2938' (11), 2958'-2962' 6/3/05 (5), 2972'-2986' (15), 3012'-3016' (5) and 3082'-3094' (13). 6/6/05 Acidize Abo with 2250g 7-1/2% IC acid and 137 balls. Frac Abo with 42,000g Waterfrac 30 and 150K 16/30 Brady. Perforate Abo 2578'-2594', 2606'-2612' 6/9/05 2618'-2630', 2648'-2650', 2654'-2664', 2670'-2674', 2680'-2684' and 2706'-2724' for a total of 80 holes. Frac with 42,000g WF-30 and 150K 16/30 Brady. 2-3/8" tubing and SN at 2500'. WELL IS SHUT-IN WATING ON PIPELINE. 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Tina Huerta Regulatory Compliance Supervisor Title June 20/2005 EPTFD FOR RECORD Signature THIS SPACE FOR FEDERAL OR STATE OFFICE USE Title Conditions of approval, if any, are attached. Approval of this notice does not warrant or