

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

S

5. Lease Serial No
NM-85891

6. If Indian, Allottee or Tribe Name

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

JUN 27 2008
OCD-ARTESIA

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Yates Petroleum Corporation

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)
(505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Surface: 330' FNL & 480' FEL,
BHL: 660' FNL & 330' FWL,
Section 3, T24S-R29E, Unit Letter (Surface A) (BHL D)

8. Well Name and No.
Knoll AOK Federal #2H

9. API Well No.
30-015-35108

10. Field and Pool, or Exploratory Area
Cedar Canyon; Bone Springs

11. County or Parish, State
Eddy, New Mexico

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 checked="" type="checkbox"/> Other Remedial work
	<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 Operations (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.)

Yates Petroleum Corporation has done and respectfully requests to do the following:
This well is a horizontal drilled to 11,861' MD. 13 3/8" casing was set 720' and cement circulated to surface. 9 5/8" intermediate casing was set at 3,170' and cement circulated to surface. The 5 1/2" production casing was set at 11,558.66' MD and cemented in three stages with the packer stage tools placed at 6186' and 2742'. Circulated cement off of first stage. Did not circulate off 2nd or 3rd stages. Slips have been set on 5 1/2" casing and casing cut off. It is requested to move out the drilling rig. When rotary tools move out, will install tubing head on wellhead. All downhole pressure will be isolated and contained. A pressure gauge will be installed on the production casing annulus and monitored daily with reports to BLM. Propose to move in pulling unit and drill out all Stage Tools. Run Cement Bond Log to determine tops of cement. Develop remedial cementing plan based on bond log. Stimulate and complete well with surface treating pressures not to exceed 70% of casing burst rating. Perform remedial cementing work after well is stimulated. Completion operations to begin in approx. 4-6 weeks.
Thank-You,

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

Name (Printed/Typed) Jeremiah Mullen Title Drilling Engineer Asst.

Signature *Jeremiah Mullen* Date June 18, 2008

APPROVED
JUN 18 2008
WESLEY W INGRAM
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE USE

Approved by _____ Title _____ Date _____

Office _____

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 18 U.S.C. Section 1001, 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 reverse)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**Knoll AOK Federal 2H
Yates Petroleum Corporation
June 18, 2008
Remedial Cementing
Conditions of Approval**

NOTE: Inadequate pressure test on surface casing. BLM gave variance for 1000 psi and rig tested to 600 psi. Casing tests are to be done in accordance with Onshore Order 2 or per variance.

- 1. Contact BLM 575-361-2822 when work commences on drilling out stage tools.**
- 2. Cement Bond Log to be evaluated by operator and BLM prior to any completion operations being started.**
- 3. With the potential pressures at the surface for the fracture treatment, it may not be possible to approve the completion work within the casing. The fracture treatment details will be required prior to approving treatment and then remedial cementing.**
- 4. Work is to commence within 4-6 weeks as stated – no extensions.**

WWI 061808