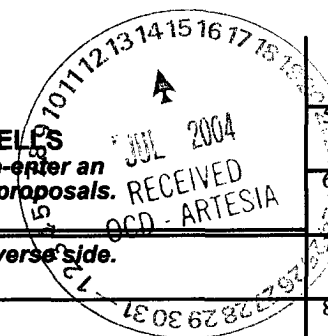


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.



SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM27729
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
Contact: TINA HUERTA E-Mail: tinah@ypcnm.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 505-748-4168 Fx: 505.748.4585	8. Well Name and No. BAETZ BDU FEDERAL 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 19 T23S R30E SWSE 430FSL 2180FEL		9. API Well No. 30-015-33438-00-X1
		10. Field and Pool, or Exploratory FORTY NINER RIDGE
		11. County or Parish, and State EDDY 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 checked="" 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Drilling Operations
	<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 recompleate 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.)

6/30/04 Resumed drilling at 11:00 PM.

7/1/04 Set 13-3/8" 48# H-40 ST&C casing at 431'. Cemented with 260 sx "C" with additives. Tailed in with 200 sx "C" with additives. Cement circulated to surface. Tested casing to 1000 psi for 30 mins. WOC 56 hrs. Reduced hole to 11" and resumed drilling.

7/7/04 Set 8-5/8" 32# J-55 ST&C casing at 3227'. Cemented with 760 sx Halliburton Lite Premium Plus with additives. Tailed in with 200 sx Premium Plus with additives. Cement circulated to surface. Tested casing to 1500 psi for 30 mins. WOC 24 hrs. Reduced hole to 7-7/8" and resumed drilling.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #32829 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by ARMANDO LOPEZ on 07/09/2004 (04AL0253SE)	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 07/08/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	LES BABYAK Title PETROLEUM ENGINEER	Date 07/12/2004
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.		Office Carlsbad

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.