

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

OCD- Artesia

FORM APPROVED
OMB NO 1004-0135
Expires: July 31, 2010**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 NMNM31649
2. Name of Operator YATES PETROLEUM CORPORATION		6. If Indian, Allottee or Tribe Name
Contact TINA HUERTA Email tinah@yatespetroleum.com		7. If Unit or CA/Agreement, Name and/or No
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 575-748-4168 Fx: 575-748-4585	8. Well Name and No MELSON ZS FEDERAL 2H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T26S R30E SESE Lot P 330FSL 660FEL		9. API Well No. 30-015-38665-00-X1
		10. Field and Pool, or Exploratory WILDCAT
		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 Drilling Operations
	<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 shall 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 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.)

8/21/11 - NU BOP. TIH to 4410'. Tagged stage tool and drilled out. TIH to 7110'. Tagged up on DV tool.
8/22/11 - Tested stage tool to 2500 psi, held good for 5 min. Tagged up on DV tool and drilled out. Ran bit to 8330'. Tested DV tool to 2500 psi, held good for 5 min. TOOH with bit and sub. Ran across stage tool and DV tool.
8/23/11 - Applied 1500 psi to casing and logged from curve up to surface. TOC at 3530'. Tagged up on float collar at 12,091'.
8/24/11 - Pumped 500g Zylene and 1500g 15% HCL acid down tubing. Circulated 320 bbls 2% KCL with Nalco Chemical.
8/25/11 - Perforated Bone Spring 12,075'(12), 11,965'(12), 11,855'(12) and 11,745'(12). Acidized with 2527g 7-1/2% HCL acid. Frac with a 25# x-linked gel, 15,174# 100 mesh, 58,370# 40/70 Jordan-Unimin, 108,037# 20/40 Jordan-Unimin.

Accepted 10/19/2011
Accepted for record
NMOCD**RECEIVED**
OCT 13 2011
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct. Electronic Submission #119182 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 10/06/2011 (12KMS0007SE)	
Name (Printed/Typed) TINA HUERTA	Title REG COMPLIANCE SUPERVISOR
Signature (Electronic Submission)	Date 10/05/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	JAMES A AMOS Title SUPERVISOR EPS	Date 10/08/2011
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

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #119182 that would not fit on the form

32. Additional remarks, continued

9/14/11 - Spotted 2500g 15% HCL acid at 11,690'. Perforated Bone Spring 11,635'(12), 11,525'(12), 11,415'(12) and 11,305'(12). Acidized with 2500g 15% HCL acid. Frac with 14,898# 100 mesh, 62,900# 40/70 Jordan-Unimin, 202,907# 20/40 Jordan-Unimin. Spotted 2500g 15% HCL acid at 11,250'. Perforated Bone Spring 11,195'(12), 11,085'(12), 10,975'(12) and 10,865'(12). Acidized with 2500g 15% HCL acid. Frac with 14,721# 100 mesh, 62,723# 40/70 Jordan-Unimin, 204,226# 20/40 Jordan-Unimin. Spotted 2500g 15% HCL acid at 10,800'. Perforated Bone Spring 10,755'(12), 10,645'(12), 10,534'(12) and 10,425'(12). Acidized with 2500g 15% HCL acid. Frac with 16,209# 100 mesh, 63,020# 40/70 Jordan-Unimin, 204,126# 20/40 Jordan-Unimin.

9/15/11 - Spotted 2500g 15% HCL acid at 10,370'. Perforated Bone Spring 10,315'(12), 10,205'(12), 10,095'(12) and 9985'(12). Acidized with 2629g 15% HCL acid. Frac with 14,841# 100 mesh, 62,832# 40/70 Jordan-Unimin, 206,779# 20/40 Jordan-Unimin. Spotted 2500g 15% HCL acid at 9930'. Perforated Bone Spring 9875'(12), 9765'(12), 9655'(12) and 9545'(12). Acidized with 2520g 15% HCL acid. Frac with 1517# 100 mesh, 63,731# 40/70 Jordan-Unimin, 204,104# 20/40 Jordan-Unimin. Spotted 2500g 15% HCL acid at 9490'. Perforated Bone Spring 9435'(12), 9325'(12), 9215'(12) and 9105'(12). Acidized with 2488g 15% HCL acid, Frac with 15,048# 100 mesh, 61,604# 40/70 Jordan-Unimin, 214,405# Jordan-Unimin

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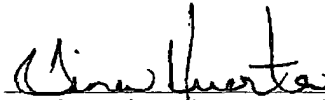
Yates Petroleum Corporation
Melson ZS Federal #2H
Section 8-T26S-R30E
Eddy County, New Mexico
Page 2

Form 3160-5 continued:

9/16/11 – Spotted 2500g 15% HCL acid at 9050'. Perforated Bone Spring 8995'(12), 8885'(12), 8775'(12) and 8665'(12). Acidized with 2497g 15% HCL acid. Frac with 15,082# 100 mesh, 64,429# 40/70 Jordan-Unimin, 201,240# 20/40 Jordan-Unimin. Spotted 2500g 15% HCL acid at 8610'. Perforated Bone Spring 8555'(12), 8445'(12), 8335'(12) and 8225'(12). Acidized with 2494g 15% HCL acid. Frac with 15,297# 100 mesh, 69,614# 40/70 Jordan-Unimin, 197,710# 20/40 Jordan-Unimin. Cleaned well out to PBTD of 12,084'.

9/27/11 - 5-1/2" 20# AS-1 packer with 2.25" blanking plug in place and 2-7/8" 6.5# L-80 tubing at 7210'. Circulated hole with 2% KCL. ND BOP.

9/30/11 – Date of 1st production – Bone Spring



Regulatory Compliance Supervisor
October 5, 2011