

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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
☐ Oil Well ☒ Gas Well ☐ Other

RECEIVED

2. Name of Operator Yates Energy Corporation

APR 27 2006

3a. Address
P. O. Box 2323, Roswell, New Mexico 882023b. Phone No. (include area code)
505-623-4935

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1550' FSL & 860' FEL of Sec. 23, T-23S, R-23E

5. Lease Serial No.

NM111398

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

North Hess Federal "23" No. 1

9. API Well No.

30-015-34509

10. Field and Pool, or Exploratory Area

Hes Morrow East

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

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☒ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other Perforate

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.)

- 1.) Go in the hole and set RBP at 8785' K.B.
- 2.) Spot 250 gallons 10% Acetic Acid.
- 3.) Perforate the Strawn formation 8701' to 8709' and 8627' to 8644'.
- 4.) Swab and flow test.
- 5.) Acidize or frac the well according to performance.
- 6.) Run production assembly in hole.
- 7.) Run potential test and place well on line

APPROVED FOR 4 MONTH PERIOD
ENDING 8/26/06

APPROVED

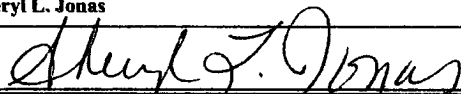
APR 26 2006

GARY GOURLEY
PETROLEUM ENGINEER14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Sheryl L. Jonas

Title Agent for Yates Energy Corporation

Signature



Date

04/20/2006

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

Date

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)