

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.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**OLD - Artesia
FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM105211
2. Name of Operator YATES PETROLEUM CORPORATION Murchison Oil & Gas Contact: CINDY COTTRELL Mail: ccottrell@jdmii.com		6. If Indian, Allottee or Tribe Name
3a. Address 105 S 4TH STREET ARTESIA, NM 88210	3b. Phone No. (include area code) Ph: 972-931-0700 Ext: 109 Fx: 972-931-0701	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 2 T16S R29E SWNW Lot 13 3700FSL 180FWL 32.95367 N Lat, 104.05349 W Lon		8. Well Name and No. PEQUENO MIKE BLU FEDERAL 3H
		9. API Well No. 30-015-36985-00-X1
		10. Field and Pool, or Exploratory COUNTY LINE TANK
		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	Well Spud
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

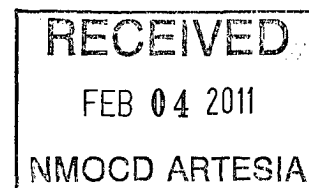
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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.)

1/15/11 - Spud well at 5:30 PM with 17-1/2 in. hole & drill to 85 ft. Lost complete returns at 65 ft. Pumped LCM sweeps & regained circulation.

1/16/11 - Drilled to 430 ft. & ran 13-3/8 in. casing as follows:

1 Float Shoe - 1 ft.
1 Jt. 13-3/8 in. 36# H-40 ST&C - 43 ft.
1 Float Collar - 1 ft.
9 Jts. 13-3/8 in. 36# H-40 ST&C - 390 ft.
Total - 435 ft.

Set casing @ 430 ft. Cement: Lead w/200 SXS Thixotropic; 14.2 ppg, 1.63 yield; 6.98 gal/sx; plus 10



14. I hereby certify that the foregoing is true and correct. Electronic Submission #100833 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 01/25/2011 (11KMS0651SE)	
Name (Printed/Typed) ARNOLD NALL	Title VICE PRESIDENT OPERATIONS
Signature (Electronic Submission)	Date 01/19/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	JAMES A AMOS Title SUPERVISOR EPS	Date 01/30/2011
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**

DJD
NPS

Additional data for EC transaction #100833 that would not fit on the form

32. Additional remarks, continued

lbs/sx gilsonite, 1% CaCl; 0.125 lbs/sx Poly-E-Flake. Tail w/470 SXS HalCem-C + 2% CaCl; 14.8 ppg, 1.35 yield, 6.39 gal/sx. Displaced with 62 bbls fresh water; circ 29 bbls cmt to pit. Plug down.

1/17/11 - Cut off 13-3/8 in. csg, weld on wellhead. Nipple up BOP and test to 250 psi low and 3000 psi high. Test annular to 250 psi low and 1500 psi high. Held OK. Pick up BHA & trip in hole w/ 12-1/4 in. bit.

1/18/11 - WOC total of 29.5 hrs. Drill cement & float collar 375 ft. to 395 ft. Test csg to 600 psi. Resume drilling formation at 430 ft.