

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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.5. Lease Serial No.
NMNM105211

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
PEQUENO MIKE BLU FEDERAL 3H ✓9. API Well No.
30-015-36985-00-X110. Field and Pool, or Exploratory
COUNTY LINE TANK11. County or Parish, and State
EDDY COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Contact: CINDY COTTRELL

YATES PETROLEUM CORPORATION-Mail: ccottrell@jdmii.com

3a. Address

105 S 4TH STREET
ARTESIA, NM 88210

3b. Phone No. (include area code)

Ph: 972-931-0700 Ext: 109

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**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
Drilling Operations

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.)

1/31/11 - Ran 2-7/8 in. tubing & 7 in. casing as follows:

1 2-7/8 in. bullnose shoe - 1 ft.
5 jts 2-7/8 in. 6.5 lb L-80 steel tbq - 156 ft.
23 jts 2-7/8 in. 1.27 lb SP8-2K fiberglass tbq - 672 ft.
1 aluminum XO 2-7/8 in. EUE x 7 in. LTC - 1 ft.
1 7 in. collar HCP-110 - 1 ft.
1 7 in. float collar - 1 ft.
1 jt 7 in. 26 lb HCP-110 - 42 ft.
1 7 in. float collar - 1 ft.
154 jts. 7 in. 26 lb HCP-110 - 6526 ft.
Total 7401 ft.

Accepted for record - NMOC

DJS

RECEIVED

FEB 22 2011

NMOC ARTESIA

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

Electronic Submission #102121 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 02/08/2011 (11KMS0736SE)

Name (Printed/Typed) ARNOLD NALL

Title VICE PRESIDENT OPERATIONS

Signature (Electronic Submission)

Date 02/07/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

DUSTIN WINKLER
Title PETROLEUM ENGINEER

Date 02/14/2011

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 #102121 that would not fit on the form

32. Additional remarks, continued

Set 7 in. casing at 6565 ft. with bottom of 2-7/8 in. tubing stinger at 7395 ft. Cement: lead w/700 sxs Econocem-HLC w/3% salt + 5 lb/sx Gilsonite mixed at 12.9 PPG, 1.83 yield, 9.196 GPS water; tail w/600 sxs Halcem-H + 0.8% CFR-3 mixed at 17 PPG, 1.0 yield, 3.89 GPS water. Displace w/249 bbls fresh water. Bump plug w/2150 psi. Circ 107 sxs to catch tank. Float equipment held.

2/1/11 - Nipple down BOP, set slips & cut off 7 in. csg. Install wellhead "B" section. Nipple up BOP & test to 250 psi low & 5000 psi high. Annular leaking; replaced with new one.

2/2/11 - Test annular to 250 psi low & 2500 psi high. Held OK. Test kelly to 250 psi low & 2500 psi high. Held OK. Pick up 3 1/2 in. drill pipe.

2/3/11 - Thaw out hydromatic, airlines & drillers console. Pick up 3 1/2 in. drill pipe.

2/4/11 - Remove & replace hydromatic. Circulate. Test csg to 1200 psi. WOC total of 93.25 hrs. Begin drilling cement.

2/5/11 - Finish drilling cement, float collar & XO from 6510 ft. to 6640 ft. Trip out of hole, pick up 6-1/8 in. bit, curve BHA & resume drilling formation at 6640 ft.