Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0135
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.: NM-94095
6. If Indian, Allottee or Tribe Name: N/A
7. If Unit or CA/Agreement, Name and/or No.: N/A
8. Well Name and No.: Caper BFE Federal 3
9. API Well No.: 30-025-37450
10. Field and Pool, or Exploratory Area: Wildcat Bone Spring
11. County or Parish, State: Lea County, NM

1. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other
2. Name of Operator: Yates Petroleum Corporation
3a. Address: 105 S. 4th Str., Artesia, NM 88210
3b. Phone No. *(include area code)*: 505-748-1471
4. Location of Well *(Footage, Sec.,T.,R.,M., OR Survey Description)*: 330' FSL & 2310' FWL Sec. 17-T21S-R32E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
[ ] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[X] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other Spud and Surface Casing
	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] Convert to Injection	[ ] Plug Back	[ ] Water Disposal	

13. Describe Proposed of 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 recomplete 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.)

Received Hobbs OCD

6-13-06 Spudded 26" hole @ 3:00 p.m. Set 20" conductor @ 59'.

6-18-06 Resumed drilling @ 11:30 a.m.

6-20-06 TD 17-1/2" hole to 1028'. Set 13-3/8" 48# casing @ 1028'. Cemented w/765 sx 35:65:6 POZ "C" w/additives. Tailed in w/200 sx "C" w/additives. Cement circulated to surface. WOC 29 hrs. Reduced hole to 11" and resumed drilling.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*: Stormi Davis
Title: Regulatory Compliance Technician
Signature: Stormi Davis
Date: 6/26/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by: Wesley W. Ingram
Title: Petr Engr
Date: Aug. 17, 2006
Office: CFO

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 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

KZ