

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

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.

RECEIVED

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

AUG 17 2005

OLD-ARTESIA

| | |
|---|----------------------|
| 5. Lease Serial No. | NM-106718 |
| 6. If Indian, Allottee or Tribe Name | |
| 7. If Unit or CA/Agreement, Name and/or No. | |
| 8. Well Name and No | Cholla 1 Federal #04 |
| 9. API Well No. | 30-015-32834 |
| 10. Field and Pool, or Exploratory | TAMANO BONE SPRING |
| 11. County or Parish, and State | Eddy, NM |

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| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | |
| 2. Name of Operator HARVEY E. YATES COMPANY | Contact: Jen Atkinson (jatkinson@heyco.org) |
| 3a. Address PO BOX 1933, ROSWELL, NM 88202-1933 | 3b. Phone No. (include area code) (505)623-6601 |
| 4. Location of Well(Footage, Sec., T., R., M., or Survey De 2260' FNL & 400' FEL (Unit H, SENE) of Section 1, T18S, R31E (Surface location) | |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|--|--|---|
| <input checked="" 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 type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input checked="" 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 | Add perfs. |
| | <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.)

We propose to add perfs as follows:

- * Check anchors & test. Hot wtr rods & tubing.
- * MIRU PU. POOH w/rods & tbq. RIH w/RBP & set @ 8750'. POOH w/2 3/8" tbq.
- * Change rams to 3 1/2", GIH w/ 3 1/2" tbq. Set pkr @ 8580' +/- RU BJ & pickle tbq with 1000 gals acid.
- * Set frac tanks & frac well according to BJ frac schedule.
- * RD BJ & flow well back. When FTP=0 GIH & check for fill. POOH & LD work string, rel RBP & POOH.
- * RU mud anchor, GIH w/downhole equipment. Run pump above frac'd perfs & return to production.

****NOTE: WELL HAS VERY HIGH CONCENTRATION OF H₂S****

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| APPROVED |
| AUG 16 2005 |
| (ORIG. SGD.) ALEXIS C. SWOBODA |
| ALEXIS C. SWOBODA PETROLEUM ENGINEER |

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|--|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Name (Printed/Typed) Jeanetta Atkinson | Title Production Analyst |
| Signature | Date 8/8/05 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-------------|--------------|
| Approved By _____ | Title _____ | Date _____ |
| 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 _____ |

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.