N.M. Gil Cons. DIV-Dist. 2

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

Form	3160-5
(April	2004)

UNITED STATES 301 W. Grand Avenue DEPARTMENT OF THE INTERIOR NAME 98210

•	TIPEATION LAND BARN	A STREET STREET	in e-≒ America α ειδ	<u></u>	
E	BUREAU OF LAND MANAGEMENT				
SUNDRY	SUNDRY NOTICES AND REPORTS ON WELLS				
	is form for proposals to eli. Use Form 3160-3 (/			6. If Indian, Allotte	e or Tribe Name
	PLICATE- Other instr			7. If Unit or CA/Ag	reement, Name and/or No.
1. Type of Well Oil Well	Gas Well Other	HELE	INED	8 Well Name and	NT_
		MAR 1	5 700k	8. Well Name and I	
2. Name of Operator Yates Energy	Corporation			9 API Well No.	ματιαί 43 π1
la. Address	······································	3b. Phone No. (include area		30-015-4509-	.34509
P. O. Box 2323, Roswell, New I	1exico 88202	505-623-4935			or Exploratory Area
4. Location of Well (Footage, Sec.,	l'., R., M., or Survey Description)		Ţ	Hess Morrow	East
1550' FSL & 860' FEL of Sec.	23, T-23S, R-23E		•	11. County or Paris	h, State
				Eddy, New M	exico
12. CHECK AF	PPROPRIATE BOX(ES) TO	INDICATE NATURE	OF NOTICE, RE	PORT, OR OTH	ER DATA
TYPE OF SUBMISSION		ТҮРЕ (OF ACTION		
Notice of Intent ✓ Subsequent Report	Acidize Alter Casing Casing Repair	Deepen	Production (Start Reclamation Recomplete		Vater Shut-Off Vell Integrity ther
	Change Plans	Plug and Abandon	Temporarily Aba	ndon_	Weekly drilling
Final Abandonment Notice	Convert to Injection	Plug Back	Water Disposal	_	8-5/8" CASI'N

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 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.)

12-16-05: Build fence to isolate archaeological site. archaeological consultants (dorthy Griffin).

12-22-05: Sweatt Construction started work on road and location.

01-05-06: Spud a 17 1/2" hole at 3:30 AM.

01-05-06: Reached TD of 392' at 4:30 PM. Ran 9 joints 13 3/8", 48#/ft., 8rd ST&C, H-40 casing, set down on ledge at 350', attempted to wash casing down and lost 4' hole. Got approval from BLm Agent clark Bennett to set casing at 345' K.B. Halliburton cemented with 400 sacks Class "C" with 2% CaCl2 and 1/4# Flocele/sack. (24.8#/gal. yield, 1.35 cu.ft/sk Str 6.37 gal/sack). and 1000 gallons Super Flush - 102. Did not circulate cement to surface, Had 116# differential pressure. Wait on cmeent and call for 1" pipe to tag top of cement. Tag cement at 69' K.B. (52' GL). Pumped 50 sacks Class "C" with 3% Cacl@ and circulate to surface.

01-07-05: 2:30 AM drilling at 461'

14. Thereby certify that the foregoing is true and correct Name (Printed/Typed) Sheryll. Jonas Title	Hazut fo	or Uptes Everen			
Signature Sheyl J. Jones Da	01110	6			
ACCEPTEDITHE SPACEFOR FEDERAL OR STATE OFFICE USE					
Approved by Approved by Approved by	Title	Date			
Conditions of approval, if any Macattactical Appendix 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 Thie 19 U.S.C. Section 5212, make it a crime for any personates any false, licitious of the male in the state of the contract	n knowingly and willfully to make in its jurisdiction.	to any department or agency of the United			

Form 3160-5 (April 2004)

N.M. Off Cons. DIV-DISE & UNITED STATES 301 W. Grand Avoidure

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

SUNDRY	NOTICES	AND	REPORTS	ON WELLS
			A. A	

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

Lease Serial No.
 NM 111398
 If Indian, Allottee or Tribe Name

SUBMIT IN TRIF	PLICATE- Other ins	The state of the s		7. If Unit or CA/Agreement, Name and/or No.
Name of Operator Yates Energy O Address		3b. Phone No. (include	1 5 2006 AMTERIA area code)	Well Name and No. North Hess Federal "23" #1 API Well No. 30-015-4509
P. O. Box 2323, Roswell, New Med A. Location of Well (Footoge, Sec., T., 1550' FSL & 860' FEL of Sec. 2:	, R, M, or Survey Description)	505-623-4935		10. Field and Pool, or Exploratory Area Hess Morrow East 11. County or Parish, State Eddy, New Mexico
12. CHECK APP	PROPRIATE BOX(ES) TO	O INDICATE NATUR	E OF NOTICE, RE	EPORT, OR OTHER DATA
TYPE OF SUBMISSION		ТҮР	E OF ACTION	
Notice of Intent ✓ Subsequent Report ☐ Final Abandonment Notice 13. Describe Proposed or Completed	Acidize Alter Casing Casing Repair Change Plans Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back tinent details, including estir	Production (State Production Reclamation Recomplete Temporarily Aba Water Disposal Water date of an	Well Integrity ✓ Other Spud

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 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.)

01-07 to 01-13 06:

Drilled from 491' to 2638'. Deviation surveys 1 1/2 degree @475'; 1/2 degree @838'; 1 degree @ 1338'; 2 degree @1806'; 1 1/4 degree @2056'; 2 degree @ 2274'; 1 3/4 degree @ 2638'.

Formation: Anhydrite and lime.

Rig up Schlumberger and ran GR-Caliper-Density-Nuetron log @ 2638' to 345'. Run GR Caliper-Induction Log @ 2638' to 345'. Ran 62 joints 8 5/8" 32#/ft., J055, ST&C casing set at 2635.86' K.B.

Cemented with 1000 gallons Super Flush 102; 805 sacks Interfill "C" with 5# Gilsonite/sk., and 1/4# Flocele/sk and 320 sacks Class "C" with 1% CACL2, (14.8#/gallon, Yield 1.33 CF/sk., Wtr 6.33 gal/sk.). Plug down at 8:30 PM 1-12-06

1-13-06: Pressure against Blind Rams and hold 1000# for 30 minutes. Tag cement at 2590', pressure against pipe rams and hold 1000# for 30 minutes. Drill cement, float collar and float shoe. Drill formation at 1:45 AM 1/14/05.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Sheryl L. Jonas	Title Agent for Yates	Energy Corporation		
Signature Shund Z. Jonas	Date 0/-/-	7-06		
ACCEPTED FOR SEACE FOR FEDERAL OR STATE OFFICE USE				
Approved by ARES SCALI DAVID E. CARE	Title	Date		
Conditions of approval, MAN are attached (Approval of this notice does not warran certify that the applicant holds legal or equitable title to those rights in the subject less 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 w	illfully to make to any department or agency of the United		

Title 18 U.S.C. Section 1001 April 17516 13 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, incitious per fraudulant statements or representations as to any matter within its jurisdiction.

Form 3160-5 (April 2004)

N.M. Qil Cons. DIV-Dist. 2

DEPARTMENT OF THE BACKING. Grand Avenue

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

	DEFAURE AND MAN	ACEMENT 6 2	9.0		Expires: March 31, 2007
SUNDRY	BUREAU OF LAND MANA NOTICES AND REP	Aftesia, Norts on Well	M 8821 s). Lease Seria NM 111	l No. 3 98
Do not use th	nis form for proposals to ell. Use Form 3160-3 (A	o drill or to re-ent	ter an	6. If Indian	, Allottee or Tribe Name
	IPLICATE- Other instr	ructions on reverse	side.	7. If Unit or	CA/Agreement, Name and/or No.
1. Type of Well Oil Well	Gas Well Other	RE	CEIVED	8. Well Nar	ne and No
2. Name of Operator Yates Energy	y Corporation	M/	AR 1 5 2006	North F	Hess Federal "23" #1 Ill No.
3a Address P. O. Box 2323, roswell, New M	1exico 88202	3b. Phone No. (in 1) 16-16-16-16-16-16-16-16-16-16-16-16-16-1	AND TROV		34509 d Pool, or Exploratory Area
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Description)	L			orrow East
1550' FSL & 860' FEL of Sec.	•			11. County	or Parish, State
				Eddy, l	New Mexico
12. CHECK AI	PPROPRIATE BOX(ES) TO	INDICATE NATURE	OF NOTICE, RE	EPORT, OR	OTHER DATA
TYPE OF SUBMISSION		ТҮРЕ	OF ACTION		
If the proposal is to deepen dire Attach the Bond under which if following completion of the intesting has been completed. Fit determined that the site is ready Week of January 14, 2006 Drilled from 2638' to 4578 Pressure test blind rams a on 1-13-2006. Circulate samples at 2943 DST No. 1 2900' - 2943' (mud with trace of oil. Drilling break from 4280' DST No. 2 4263' - 4440' Le	ectionally or recomplete horizontally he work will be performed or proviously object of proviously of the operation. If the operation and Abandomment Notices shall be for final inspection.) i. January 21, 2006 3'. ind hold 1000 psig for 30 minuty. Upper Bone Springs) (see atta	y, give subsurface locations a de the Bond No. on file with results in a multiple complet filed only after all requirement tes, tag cement at 2590', inched copy of test) D.P. r siltstone, 10% shale, 30% ned copy of test). D.P. re	and measured and true BLM/BIA. Require ion or recompletion in ints, including reclama pressure against pi recovery 375' mud 6 limestone.	andon ny proposed wo e vertical depth ed subsequent n n a new interva ation, have bee	d, a Form 3160-4 shall be filed once in completed, and the operator has d hold 1000 psig for 30 minutes
14. I hereby certify that the fore Name (Printed/Typed)	going is true and correct				

14. Thereby certify that the foregoing is true and correct Name (Printed/Typed)					
Shery! L. Jonas	Title Age	ent for Yates Energy Corpora	tion		
Signature Aleud A Mar	Date	03/07/2006			
ACCEPTED FURSEPACE FOR FEDERAL OR STATE OFFICE USE					
Approved by SED DAYID & CASE	Tit	e	Date		
Conditions of approval, if any are affacted. 2006 val of this notice does not warrancertify that the applicant holds legal or equitable title to those rights in the subject leavhich would entitle the applicant to conduct operations thereon.	nt or ase Oil	ice			
Title 18 U.S.C. Section 1001 and Witts 4RU SC Scotton 1212, make it a crime for any States any false, fictitious of Fraudulants statements on representations as to any matter	person kno within its i	wingly and willfully to make to a urisdiction.	any department or agency of the United		

(Instructions on page 2)



YATES ENERGY CORP.

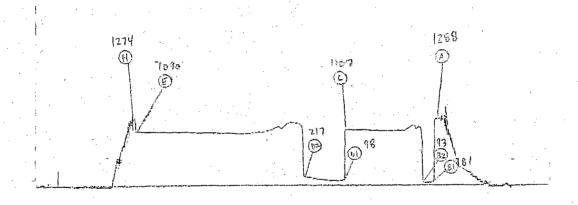
NORTH HESS FEDERAL "23" # 1 D.S.T. NO. :1

	** 1#.				•			
				CORRECTED	READING		F	TELD READING
À	INITIAL HYDROSTATIC:				1278 PSI	•		1278 PSI
B-1	INITIAL FIRST FLOW:	•	•		36 PSI			· 36 PSI
B-2	FINAL FIRST FLOW :				83 PSI			83 PSI
С	FIRST SHUT-IN :				1096 PSI			1096 PSI
· D-1	INITIAL SECOND FLOW:			•	88 PSI			88 PSI
D-2	FINAL SECOND FLOW :				207 PSI			207 PSI
E	SECOND SHUT-IN :				1066 PSI			1066 PSI
H	FINAL HYDROSTATIC :				1263 PSI			1268 PSI

TKT- 23462 PEC- 6232 WT- 6975

AK-1 KUSTER ZY HE CLOCK

BOTTOM RECORDER: ONTSIDE



PIPE RECOVERY

RECOVERY DATA
B.H. TEMP. (deg F): 87

SAMPLE CHAMBER

375 FT. OF PILL MUD

150 LBS. OF PRESSURE 0.00 CU. FT. OF GAS TRACE OF OIL 2000 CC'S OF PILL MUD

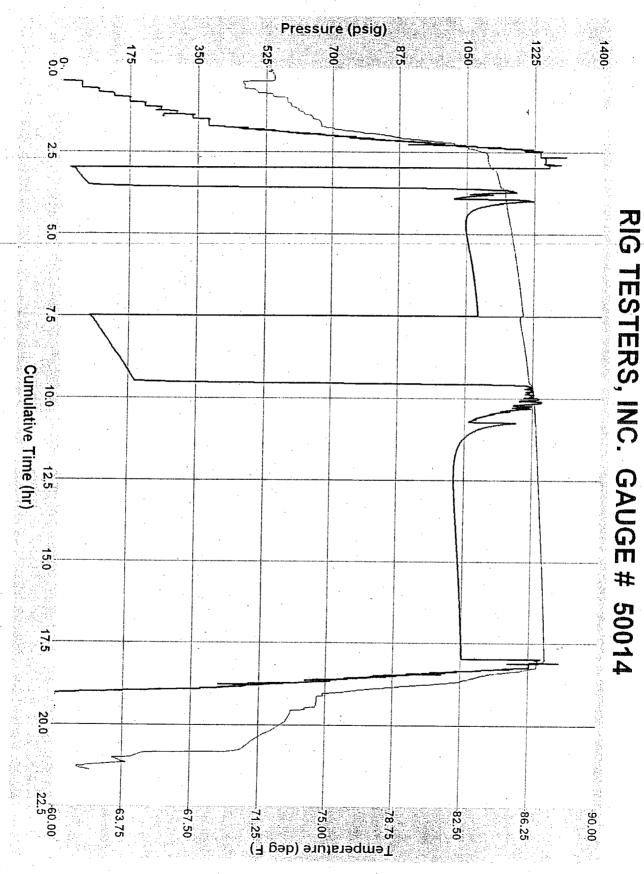
TEST REMARKS

TOOL OPENED WITH VERY WEAK BLOW (TOP OF WATER) WHICH BUILT TO (4" IN WATER) AT END OF 30 MIN. FIRST FLOW. REOPENED TOOL WITH NO BLOW FOR 20 MIN. WHICH THEN BUILT TO (TOP OF WATER) & CONTINUED INCREASING SLOWLY TO (1" IN WATER) AT END OF 120 MIN. FINAL FLOW PERIOD.

(CHARTS INDICATE HYDROSTATIC COMMUNICATION DURING BOTH SHUT-IN PERIODS)



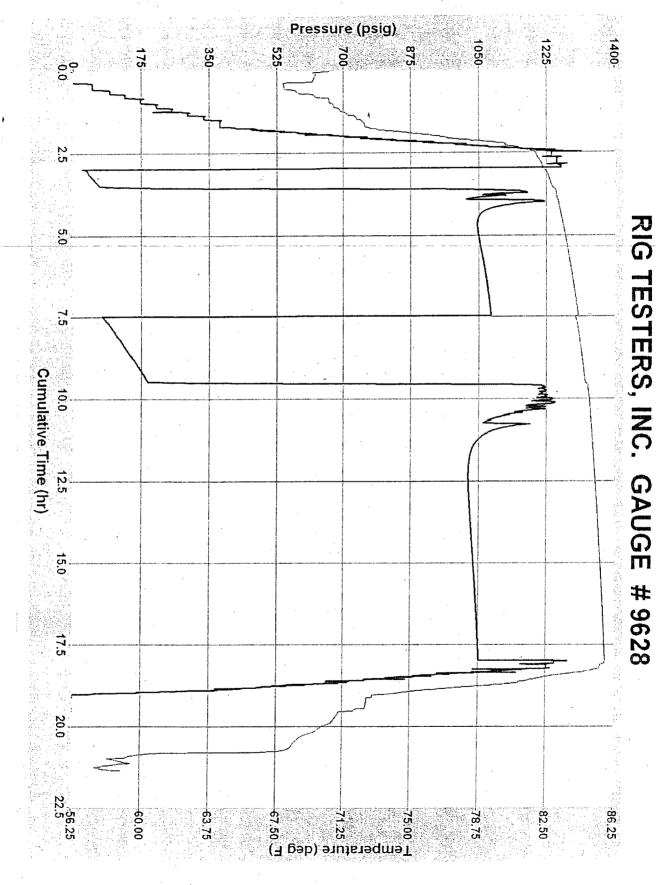




Company Name Well Name Type of Test Date(s) of Test

YAITES ENERGY CORPORATION NORTH HESS FED. "23" #1 DST #1 BONE SPRINGS 1-15-2006 2900 - 2943 FT.









INCREMENTAL PRESSURE DATA

\$			INCREMENTAL P	RESSURE DATA		
RECO	RDER NO :	50014	RECORDER CAPACITY	: 10000 psi	RECORDER DEPTH :	2906 ft
	PSED IME	TOTAL FLOW TIME, T		(T+DT)/DT (HORNER)	PRESSURE	DELTA P
M	IN	MIN	•		PSIG	PSIG
			FIRST	FLOW		
	.0	0.	11101		36.40	.00
	2.0	2.0 4.0			47.82 50.08	11.42 13.68
	4.0 6.0	6.0			52.10	15.70
	8.0	8.0			53.91 55.78	17.51 19.38
•	10.0 12.0	10.0 12.0			57.90	21.50
	14.0	14.0			60.33	23.93 26.58
	16.0 18.0	16.0 18.0			62.98 65.60	29.20
	20.0	20.0		•	68.13	31.73
	22.0	22.0			70.77 72.80	34.37 36.40
	24.0 26.0	24.0 26.0			75.52	39.12
	28.0	28.0			78.17 81.00	41.77 44.60
	30.0 31.3	30.0			83.90	47.50
		~~	EIDET	CHUIT TH		
	31.3	31.3	FIRST .00	.000 .000	83.90	.00
	33.3	31.3	2.00	16.630	144.96	61.06 260.27
	35.3 37.3	31.3 31.3	4.00 6.00	8.815 6.210	344.17 881.90	798.00
	39.3	31.3	8.00	4.908	1096.01	1012.11
	41.3 43.3	31.3 31.3	10.00 12.00	4.126 3.605	1173.88 1187.00	1089.98 1103.10
	45.3	31.3	14.00	3.233	1169.81	1085.91
	47.3	31.3	16.00	2.954 2.737	1097.88 1133.00	1013.98 1049.10
	49.3 51.3	31.3 31.3	18.00 20.00	2.737	1090.30	1006.40
	54.3	31.3	23.00	2.359	1049.71	965.81
	57.3 60.3	31.3 31.3	26.00 29.00	2.202 2.078	1105.84 1232.47	1021.94 1148.57
	63.3	31.3	32.00	1.977	1179.73	1095.83
	66.3 69.3	31.3 31.3	35.00 38.00	1.893 1.823	1146.65 1118.74	1062.75 1034.84
	76.3	31.3	45.00	1.695	1085.20	1001.30
	81.3 86.3	31.3 31.3	50.00 55.00	1.625 1.568	1073.76 1067.27	989.86 983.37
	91.3	31.3	60.00	1.521	1063.80	979.90
,	96.3 .01.3	31.3 31.3	65.00 70.00	1.481 1.447	1062.00 1061.40	978.10 977.50
. 1	.06.3	31.3	75.00	1.417	1061.50	977.60
	.11.3 .16.3	31.3 31.3	80.00 85.00	1.391 1.368	1062.01 1063.00	978.11 979.10
Ţ	.10.3	31.3	03.00	1.500	1000.00	212.10



NORTH HESS FEDERAL "23" # 1 D.S.T. NO. : 1

INCREMENTAL PRESSURE DATA

RECORDER NO :	50014	RECORDER CAPACITY	: 10000 psi	RECORDER DEPTH:	2906 ft
ELAPSED TIME MIN	TOTAL FLOW TIME, T	INCREMENTAL SHUT-IN TIME,DT MIN	(T+DT)/DT (HORNER)	PRESSURE	DELTA P
		FIRST	SHUT-IN		
121.3 131.3 141.3 151.3 161.3 171.3 181.3 191.3 201.3 211.3 221.3 231.3 241.3 251.3 261.3 270.2	31.3 31.3 31.3 31.3 31.3 31.3 31.3 31.3	90.00 100.00 110.00 120.00 130.00 140.00 150.00 160.00 170.00 180.00 190.00 200.00 210.00 230.00 238.98	1.347 1.313 1.284 1.261 1.240 1.223 1.208 1.195 1.184 1.174 1.165 1.156 1.149 1.142 1.136 1.131	1064.00 1066.70 1069.60 1072.30 1075.10 1077.61 1080.10 1082.40 1084.60 1086.50 1088.50 1090.30 1091.90 1093.50 1095.01 1096.20	980.10 982.80 985.70 988.40 991.20 993.71 996.20 998.50 1000.70 1002.60 1004.60 1006.40 1008.00 1009.60 1011.11 1012.30
270.5	31.5	SECOND	HLOW	88.30	.00
270.5 280.5 290.5 300.5 310.5 320.5 330.5 340.5 350.5 360.5 370.5 380.5 390.7	41.5 51.5 61.5 71.5 81.5 91.5 101.5 111.5 121.5 131.5 141.5			100.08 110.92 120.90 130.58 140.81 150.10 160.18 170.42 180.10 189.28 198.31 207.40	11.78 22.62 32.60 42.28 52.51 61.80 71.88 82.12 91.80 100.98 110.01 119.10
		SECOND S			
390.7 392.7 394.7 396.7 398.7 400.7 402.7 404.7 406.7	151.7 151.7 151.7 151.7 151.7 151.7 151.7 151.7	.00 2.00 4.00 6.00 8.00 10.00 12.00 14.00 16.00	.000 76.870 38.935 26.290 19.968 16.174 13.645 11.839 10.484	207.40 346.84 711.75 1151.10 1230.95 1235.85 1232.50 1236.25 1240.22	.00 139.44 504.35 943.70 1023.55 1028.45 1025.10 1028.85 1032.82



NORTH HESS FEDERAL "23" # 1 D.S.T. NO. : 1

INCREMENTAL PRESSURE DATA

RECORDER NO : 50014	RECORDER CAPACITY	: 10000 psi	RECORDER DEPTH	: 2906 ft
ELAPSED TOTAL TIME FLOW TIME, TMIN		(T+DT)/DT (HORNER)	PRESSURE	DELTA P
	SECOND S	SHIIT - TN		
408.7 151.7		9.430	1240.50	1033.10
410.7	20.00	8.587	1232.81	1025.41
413.7 151.7	23.00	7.597	1225.89	1018.49
416.7 151.7	26.00	6.836	1238.10	1030.70
419.7 151.7	29.00	6.232	1234.93	
422.7 151.7	32.00	5.742	1257.50	1050.10
425.7 151.7	35.00	5.335	1213.81	1006.41 1055.01
428.7 151.7	38.00	4.993	1262.41 1194.30	986.90
435.7 151.7	45.00 50.00	4.372 4.035	1235.31	1027.91
440.7 151.7 445.7 151.7	55.00	3.759	1162.71	955.31
445.7 151.7 450.7 151.7	60.00	3.529	1135.90	928.50
455.7 151.7	65.00	3.334	1112.89	905.49
460.7 151.7	70.00	3.168	1089.48	882.08
465.7 151.7	75.00	3.023	1077.20	869.80
470.7 151.7	80.00	2.897	1158.16	950.76
475.7 151.7	85.00	2.785	1120.91	913.51
480.7 151.7		2.686	1098.40	891.00
490.7 151.7	100.00	2.517	1072.44	865.04 850.84
500.7 151.7	110.00	2.379	1058.24 1049.60	842.20
510.7 151.7	120.00 130.00	2.265 2.167	1044.31	836.91
520.7 151.7 530.7 151.7	140.00	2.084	1041.01	833.61
530.7 151.7 540.7 151.7	150.00	2.012	1039.10	831.70
555.7 151.7	165.00	1.920	1037.90	830.50
570.7 151.7	180.00	1.843	1037.80	830.40
585.7 151.7	195.00	1.778	1038.60	831.20
600.7 151.7	210.00	1.723	1039.70	832.30
615.7 151.7	225.00	1.674	1041.00	833.60
630.7 151.7	240.00	1.632	1042.50	835.10
645.7 151.7	255.00	1.595	1044.10 1045.60	836.70 838.20
660.7 151.7	270.00 285.00	1.562 1.532	1047.30	839.90
675.7 151.7 690.7 151.7	300.00	1.506	1047.30	841.40
705.7	315.00	1.482	1050.40	843.00
720.7	330.00	1.460	1052.00	844.60
735.7 151.7	345.00	1.440	1053.50	846.10
750.7 151.7	360.00	1.422	1054.90	847.50
765.7 151.7	375.00	1.405	1056.30	848.90
780.7 151.7	390.00	1.389	1057.70	850.30
795.7 151.7	405.00	1.375	1059.00	851.60
810.7 151.7	420.00	1.361	1060.20	852.80

YATES ENERGY CORP.



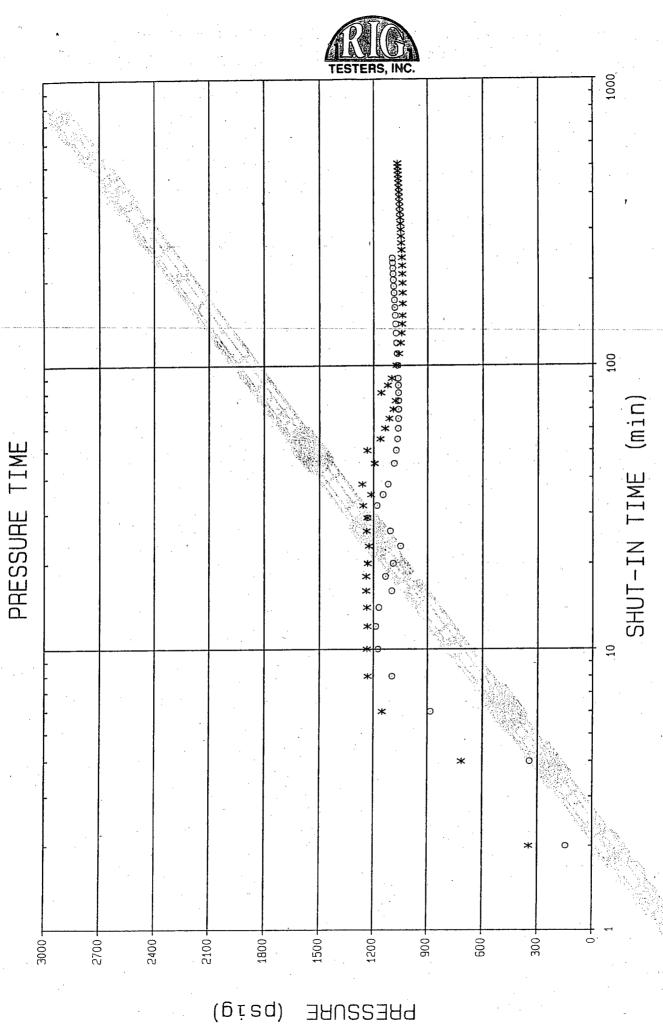
NORTH HESS FEDERAL "23" # 1 D.S.T. NO. : 1

INCREMENTAL PRESSURE DATA

RECORDER NO: 50014	RECORDER CAPACITY: 10000 psi		RECORDER DEPTH : 2906 ft	
ELAPSED TOTAL TIME FLOW	INCREMENTAL SHUT-IN	(T+DT)/DT	PRESSURE	DELTA P
TIME, T	TIME,DT MIN	(HORNER)	PSIG	PSIG
SECOND SHUT-IN				
825.7 151.7	435.00	1.349	1061.40	854.00
840.7 151.7	450.00	1.337	1062.60	855.20
855.7 151.7	465.00	1.326	1063.70	856.30
870.7 151.7	480.00	1.316	1064.70	857.30
885.7 151.7	495.00	1.307	1065.80	858.40
900.2 151.7	509.52	1.298	1066.70	859.30

REMARKS

BOTH CHARTS INDICATE HYDROSTATIC COMMUNICATION DURING BOTH SHUT-IN PERIODS.



YATES ENERGY CORP. NORTH HESS FEDERAL "23" # 1

SECOND SHUT-IN

FIRST SHUT-IN



