

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FEB 05 2008

FORM APPROVED
OMB NO. 1004-0135
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS **OCD-ARTESIA**
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.

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| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM55947 |
| 2. Name of Operator YATES PETROLEUM CORPORATION | | 6. If Indian, Allottee or Tribe Name |
| Contact: TINA HUERTA E-Mail: tinah@yepcnm.com | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address 105 S 4TH STREET ARTESIA, NM 88210 | 3b. Phone No. (include area code) Ph: 505-748-4168 Fx: 575-748-4585 | 8. Well Name and No. COTTON DRAW AJT FEDERAL 2 |
| 4. Location of Well (Footage, Sec, T, R, M., or Survey Description) Sec 23 T24S R31E SENW 2310FNL 1650FWL | | 9. API Well No. 30-015-35600-00-X1 |
| | | 10. Field and Pool, or Exploratory WILDCAT |
| | | 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 Drilling Operations |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <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 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.)

12/19/07 Set 13-3/8" 48# H-40 casing at 900'. Cemented with 500 sx 35:65:6 Poz "C" + 0.125#/sx D130 + 6% D20 + 5#/sx D24 + 2% S1 (yld 1.99, wt 12.6). Tailed in with 220 sx Class "C" + 2% S1 (yld 1.34, wt 14.8). Cement circulated to surface. Tested casing to 600 psi for 30 min. WOC 22 hrs 15 min. Reduced hole to 11" and resumed drilling.

12/27/07 Set 8-5/8" 24#, 32# J-55 casing at 4470'. Cemented with 1837 sx 35:65:6 Poz "C" + 0.125#/sx D130 + 6% D20 + 5#/sx D24 + 1% S1 (yld 1.97, wt 12.6). Tailed in with 200 sx Class "C" + 1% S1 (yld 1.33, wt 14.8). Cement circulated to surface. Tested casing to 600 psi for 30 min. WOC 30 hrs 15 min. Reduced hole to 7-7/8" and resumed drilling.

1/4/08 Reached TD 8600'. Set 5-1/2" 15.5#, 17# J-55 casing at 8600'. Float collar at 8555'. Cemented stage 1 with 600 sx PVL + 0.3% D167 + 4#/sx D24 + 1.0#/sx D44 + 0.2% D46 + 0.2% D65 (yld 1.41, wt 13). Cemented stage 2 with 200 sx 35:65:6 Poz "C" + 1.0% D153 + 0.3% D167 + 4#/sx D24 + 0.2% D46 (yld 2.78). Tailed in with 100 sx PVL + 0.1% D13 + 0.3% D167 + 0.2% D65 (yld 1.41).

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| 14. I hereby certify that the foregoing is true and correct | |
| Electronic Submission #57941 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 01/10/2008 (08KMS0620SE) | |
| Name (Printed/Typed) TINA HUERTA | Title REG COMPLIANCE SUPERVISOR |
| Signature (Electronic Submission) | Date 01/09/2008 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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|---|----------------------------|-----------------|
| Approved By ACCEPTED | JAMES A AMOS Title SPET | Date 02/03/20 |
| 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.