

UNITED STATES Oil Cons.
DEPARTMENT OF THE INTERIOR DIV-Dist. 2
BUREAU OF LAND MANAGEMENT Grand Avenue



FORM APPROVED
OMB No. 1004-0137
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.

SUBMIT IN TRIPLICATE – Other instructions on page 2.		5. Lease Serial No. C-063567
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator Sagebrush Oil and Gas Company LLC		7. If Unit of CA/Agreement, Name and/or No.
3a. Address 400 W Illinois, Suite 950 Midland, Texas 79701		8. Well Name and No. Yates Federal 1,3,7,9 & 18
3b. Phone No. (include area code) 432-685-0169		9. API Well No. see attached 30 015 21241
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) see attached		10. Field and Pool or Exploratory Area see attached
		11. Country or Parish, State Eddy County, NM

12. CHECK THE 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 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 Change of Operator
	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

As required by 43 CFR 3100.05 (A) and 43 CFR 3162.3 we are notifying you of a change of operator on the above referenced lease. Sagebrush Oil and Gas Company LLC accepts all terms, conditions, stipulations and restrictions concerning the operations conducted on the lease effective 09/01/08. Sagebrush Oil and Gas Company LLC meets Federal Bonding requirements as follows (43 DFR 3104).

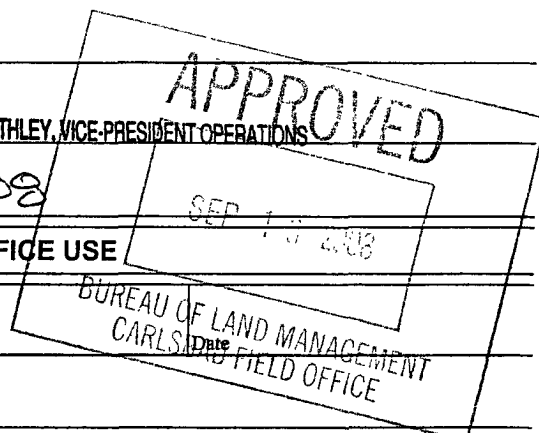
Bond Coverage: Statewide
Bond No: B004593 2681
Effective date of this change: 9/1/08

ACCEPTED FOR RECORD

SEP 17 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)		Title R. DOUGLAS KEATHLEY, VICE-PRESIDENT OPERATIONS
Signature <i>R. Douglas Keathley</i>		Date 9-5-08
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.

The SW/4 NW/4 and W/2 SW/4 of Section 5; the SE/4 and SE/4 SW/4 of Section 6; the N/2 NE/4 and EN/4 NW/4 of Section 7; and the NW/4 NW/4 of Section 8; all in Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico

OCD District: Artesia

Property Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Selected Prod/Inj Wells
18895 YATES FEDERAL #001	F	A-7 -20S-27E	A	30-015-01035	O	45030	MCMILLAN;SEVEN RIVERS-QUEEN	07/08 X
YATES FEDERAL #003	F	I-6 -20S-27E	I	30-015-01030	O	45030	MCMILLAN;SEVEN RIVERS-QUEEN	07/08 X
YATES FEDERAL #007	F	J-6 -20S-27E	J	30-015-01023	I	45030	MCMILLAN;SEVEN RIVERS-QUEEN	07/08 X
YATES FEDERAL #009	F	O-6 -20S-27E	O	30-015-01027	O	45030	MCMILLAN;SEVEN RIVERS-QUEEN	07/08 X
YATES FEDERAL #018	F	I-6 -20S-27E	I	30-015-21241	O	45030	MCMILLAN;SEVEN RIVERS-QUEEN	07/08 X

#1 330 FNL 990 FEL
 #3 1650 FSL 330 FEL
 #7 1650 FSL 1650 FEL
 #9 330 FSL 1650 FEL
 #18 1650 FSL 990 FEL