

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTN.M. Oil Cons. DIV-Dist. 2
1301 W Grand Avenue
Albuquerque, NM 85210FORM 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.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM29623 |
| 2. Name of Operator YATES PETROLEUM CORPORATION | | 6. If Indian, Allottee or Tribe Name |
| Contact: TINA HUERTA E-Mail: tinah@ypcnm.com | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address 105 S. 4TH ARTESIA, NM 88210 | 3b. Phone No. (include area code) Ph: 505-748-4168 Fx: 505.748.4585 | 8. Well Name and No. FILAREE AEL FEDERAL 7 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T8S R26E NENW 660FNL 1500FWL | | 9. API Well No. 30-005-63665 |
| RECEIVED AUG 19 2004 OCD-ARTESIA | | 10. Field and Pool, or Exploratory PRECAMBRIAN |
| | | 11. County or Parish, and State CHAVES 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 |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Drilling Operations |
| | <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.)

7/9/04 Resumed drilling at 6:30 AM. Set 8-5/8" 24# J-55 ST&C 8rd casing at 1115'. Cemented with 600 sx 35:65:6 Poz Class "C" with additives. Tailed in with 200 sx Class "C" with additives. Cement circulated to surface. Tested casing to 1500 psi for 30 mins. WOC 18 hrs. Reduced hole to 7-7/8" and resumed drilling.

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| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #32988 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Roswell Committed to AFMSS for processing by ARMANDO LOPEZ on 07/14/2004 (04AL0451SE) | |
| Name (Printed/Typed) TINA HUERTA | Title REG COMPLIANCE SUPERVISOR |
| Signature (Electronic Submission) | Date 07/13/2004 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---|-----------------|
| Approved By ACCEPTED | ARMANDO A LOPEZ Title PETROLEUM ENGINEER | Date 08/18/2004 |
| 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 Roswell |

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****