

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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.

5. Lease Serial No.
NM111398

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
North Hess Federal "23" No. 1

9. API Well No.
30-025-34509

10. Field and Pool, or Exploratory Area
Hess Morrow East

11. County or Parish, State
Eddy, New Mexico

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

RECEIVED

JUL 10 2006

ODD-ANTIDIA

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Yates Energy Corporation

3a. Address
P. O. Box 2323, Roswell, New Mexico 88202

3b. Phone No. (include area code)
432-683-5511

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1550 FSL and 660' FEL of Sec. 23, T23S, R22E

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"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<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
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <u>Test into Lonesome Dove #2 Production facilities</u>

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.)

The following Procedure is to test the above captioned well .

- Lay a 2000' steel line from this lease along the right-of-way down road and tie into the Lonesome Dove Federal No. 2 facilities located 660' FNL and 660' FEL of Sec. 26, T23S, R23E.
- The Lonesome Dove well will be shut in and the North Hess well will be tested through these facilities.
- The oil tank will be gauged prior to test liquids going to tank.

Accepted for record
NMOCD /s/

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Sheryl Jonas

Title Agent for Yates Energy Corp

Signature *Sheryl Jonas*

Date 06/30/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD.) ALEXIS C. SWOBODA

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.

PETROLEUM ENGINEER

Date JUL 07 2006

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.