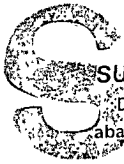


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0135
Expires March 31, 2007



SUNDRY NOTICES AND REPORTS ON WELLS

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

AUG 02 2007
OCD-ARTESIA

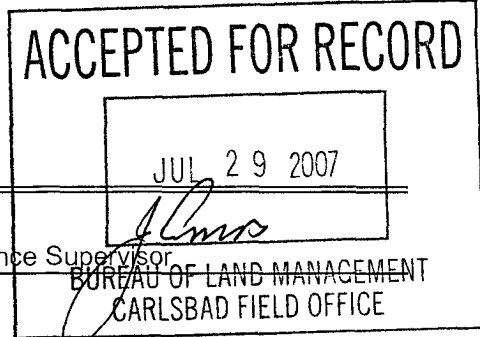
SUBMIT IN TRIPLICATE - Other instructions on reverse side

1 Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No NM-101080
2 Name of Operator Yates Petroleum Corporation		6 If Indian, Allottee or Tribe Name
3a Address 105 S. 4th Str., Artesia, NM 88210	3b Phone No (include area code) 505-748-1471	7 If Unit or CA/Agreement, Name and/or No. NM 118398 DM
4. Location of Well (Footage, Sec, T, R, M., OR Survey Description) 2543'FNL & 947'FWL of Section 26-T21S-R24E (Unit E, SWNW) Surface Location 1980'FNL & 660'FWL of Section 26-T21S-R24E (Unit E, SWNW) BHL		8 Well Name and No Shafer BHS Federal Com #1
		9 API Well No. 30-015-35001
		10 Field and Pool, or Exploratory Area Undes. Indian Basin; Morrow
		11 County or Parish, State Eddy County, New Mexico

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 <u>Surface</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Casing</u>
	<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.)

5/17/07 Resumed drilling at 5:15 PM.
5/21/07 Set 9-5/8" 36# J-55 casing at 1665'. Cemented with 150 sx Thixotropic + 10#/sx CalSeal + 10#/sx Gilsonite + 0.125#/sx Poly-E-Flake + 1% CaCl₂ (yld 1.63, wt 14.2) and 1010 sx Halliburton Lite Premium Plus + 0.25#/sx Poly-E-Flake + 1% CaCl₂ (yld 1.96, wt 12.5). Tailed in with 200 sx Premium Plus "C" + 2% CaCl₂ (yld 1.35, wt 14.8). Cement did not circulate. Ran temperature survey and found TOC at 800'. Ran 1" cement to surface with 425 sx Class "C" with additives. Tested casing to 1500 psi for 30 min. WOC 87 hrs 45 min. Reduced hole and resumed drilling.



14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Tina Huerta		Title Regulatory Compliance Supervisor
Signature <i>Tina Huerta</i>		Date June 6, 2007

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.

Accepted for record - NMOC

8/3/07