

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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

RECEIVED

MAR 17 2004

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|--|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM17100 |
| 2. Name of Operator YATES PETROLEUM CORPORATION | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 105 S 4TH STREET ARTESIA, NM 88210 | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3b. Phone No. (include area code) Ph: 505-748-4168 Fx: 505.748.4585 | | 8. Well Name and No. STONEWALL DS 2 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 29 T20S R28E NWSE | | 9. API Well No. 30-015-21640-00-S1 |
| | | 10. Field and Pool, or Exploratory BURTON FLAT |
| | | 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 checked="" 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 type="checkbox"/> Other |
| | <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.)

2/19/04 Located casing leak 3090'-3122'. Squeezed leak with 50 sx "C" cement with additives. Pressured up to 600#.
3/1/04 Straddle squeeze holes from 3090'-3122'. Pressure test squeeze to 500# for 30 mins. No leak off.
3/2/04 TIH with CIBP at 6250' + cement. Perforate Bone Springs 5796'-5810' (57).
3/3/04 Acidize Bone Springs with 1500g 15% IC HCL + balls.
3/8/04 Drilled out cement and CIBP at 6250'. Pushed to bottom at 6450'.

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| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #28874 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by LINDA ASKWIG on 03/15/2004 (04LA0254SE) | |
| Name (Printed/Typed) TINA HUERTA | Title REG COMPLIANCE SUPERVISOR |
| Signature (Electronic Submission) | Date 03/15/2004 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--|-----------------|
| Approved By | LES BABYAK Title PETROLEUM ENGINEER | Date 03/15/2004 |
| 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 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.