

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOC

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)

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Yates Energy Corporation

3a. Address
 P. O. Box 2323, Roswell, NM 88202

3b. Phone No. (include area code)
 505-623-4935

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 660' FNL and 660' FEL of Section 26, T-23-S, R-23-E

JUL 01 2005
 OCU-ARTESIA

5. Lease Serial No.
 NM-69333

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
 Lonesome Dove Federal #2

9. API Well No.
 30-015-33873

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

11. County or Parish, State
 Eddy, New Mexico

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 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	

5-30 to 6-5, 2005
 Weekly Report DST#3

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.)

See Reverse side

ACCEPTED FOR RECORD
 JUN 29 2005
 LES BABYAK
 PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct
 Name (Printed/Typed)

Sheryl L. Jonas

Title Agent for Yates Energy Corporation

Signature

Sheryl L. Jonas

Date

6-16-05

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.

Yates Energy Company
Lonesome Dove No. 2

For the week of May 30 thru June 5, 2005

Drilled from 8450' to 9846', made 1396', drilling at 10 FPH, trip gas 280 units, formation 70% lime, 30% shale.
Deviation survey 1 3/4 degree at 9545'.

Circulate samples from	8498' to 9516'	100% limestone, background gas 30-100 units, 30% Fluor with poor cut
Circulate samples from	8588'	No shows
Circulate samples from	8724'	No shows
Circulate samples from	8711'	No fluor, no cut, 15 units background gas.
Circulate samples from	8924' to 8934'	Drilling break with background gas 40-200 units..
Circulate samples from	8950' to 8959'	No fluor, no cut, background gas 40-200 units.

DST No. 2 Lower Cisco (8913' to 8959')

Open tool 15 minutes with weak blow thru bubble hose; end of 15 minutes FP 9.5 oz.

Shut in for 2 hours and 15 minutes.

Open tool for 2 hours with good blow on 1/8" bubble hose; GTS in 70 minutes and burned for remainder of flow period with 3-4' flare.

Shut in for 8 hours.

Reversed out 70' drilling mud, no show oil. Recovered 90' of drilling mud below circulating sub (chl 48,000).

Sample chamber recovered 0# pressure, 0 cfg, 1800 cc drilling mud, (chlorides 48,000)

HP 4210# - 4210#: 15 minute IF 38-44 psig; 135 minutes SI pressure 1678 psig, 120 minute FFP 26 - 37 psig, 480 minute SIP 3257 psig.

Show @	9210' to 9220'	70% sand, 20% lime, 10% shale, Gas 300 units 10% dull wh fluor/fair slow steaming wet cut
Show @	9410' to 9420'	70% sand, 20% lime, 10% shale, gas 100 units Trace fluor/poor dry, gn-wh-ring cut

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FEDERAL OFFICE

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