

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other

RECEIVED

2. Name of Operator **HARVEY E. YATES COMPANY**

JUN 27 2006

3a. Address
PO BOX 1933 ~ ROSWELL NM 88202-1930

3b. Phone No. (include area code)
505.623.6601

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 660' FEL., (SE SE) SEC 4, TWP 18S, RGE 31E

5. Lease Serial No.

NM LC 029389 B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

HONDO 4 FEDERAL # 03

9. API Well No.

30-015-25398

10. Field and Pool, or Exploratory Area

SHUGART ; BONE SPRING

11. County or Parish, State

EDDY COUNTY, NEW MEXICO

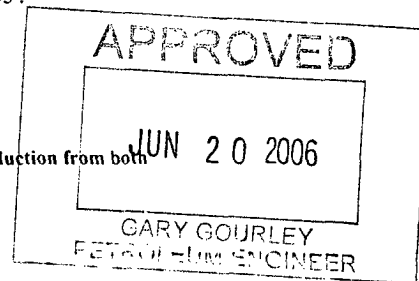
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" 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 Add new perfs
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	in Bone Spring
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	1st Sands Form.

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.)

This well is currently producing from perfs at 8286, 8302, 57, 71, 77, 8391, 14, 40, 62, 65, 73, 83 & 8493'.
HEYCO proposes to isolate the 2nd Sands and add perfs in 1st Sand formation as follows:

1. Go in hole with composite bridge plug @ ±8000'.
2. Perforate 7,380' - 7,410' w/ 2 SPF at 120° phasing (0.41" Diameter).
3. Acid stimulate and fracture stimulate well.
4. Swab test well and if successful, put well on production.
5. After an undetermined test period, we will drill out the composite bridge plug and combine production from both the 1st and 2nd Sand formations.



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

Jeanetta Serrano

Title **Engineering Tech**

Signature

Jeanetta Serrano

Date

06/09/2006

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.

(Instructions on page 2)