

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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, 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 860' FEI of Sec. 23, R23S, T23E

SUBJECT TO
LIKE APPROVAL
BY STATE

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

5. Lease Serial No.
NM 11398

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.
30-015-34509

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

11. County or Parish, State
Eddy

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other Surface commingle off lease
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

The action of this sundry notice is to obtain permission for off lease storage and surface commingling of the following wells production:

North Hess Federal No. 1 (api #30-025-34509)

Lonesome Dove Federal No. 2 (API #30-015-33873)

The Lonesome Dove Federal No. 2 is downhole commingled in these two zones;

Banadana Point Strawn Gas Pool (8910' - 8944')

Undesignated East Hess Hills-Upper Penn (8431' - 8436')

The North Hess Federal "23" No. 1 is in the process of approval to commingle these zones:

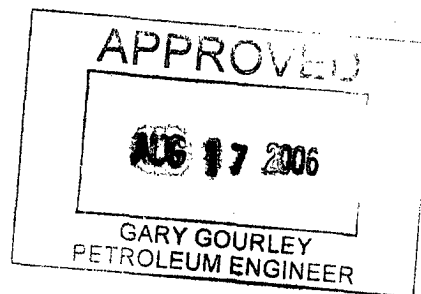
Wolfcamp (7154' - 7171'); East Hills Upper Penn (8334' - 8349');

Bandana Point Strawn Gas (8628' - 8710') and Hess Morrow East (9795' - 10,038')

Both of these wells make less than 100 MCF/day and a small amount of fluid: It

Would be both cost and engineering efficient to combine the production.

A map is attached along with a Schematic of the production facility is attached.



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

Sheryl L. Thomas

Title

Agent

Signature

Sheryl L. Thomas

Date

8-8-06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Date

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)

Description of Federal Lands Affected and Sketch of proposed Pipeline

Pipeline ROW to follow road ROW Permit #114262 from the North Hess "23" No. 1 (Lease #NM111398) (API #30-025-34509), 1650' FSL AND 910' FEL of Sec. 23, R23S, R23E; to the Lonesome Dove Federal No. 2 (Lease #NM69333) (API #30-315-33873) 660' FNL and 660' FEL of Sec. 26, T23S, R23E.

