BUR SUNDRY NC Do not use this	UNITED STATES PARTMENT OF THE INTERIOR EAU OF LAND MANAGEMENT OTICES AND REPORTS ON V is form for proposals to drill or to re-e . Use Form 3160-3 (APD) for such pu	NCD-HORE		FORM APPROVED OMB No 1004-0137 Expires July 31, 2010 5 Lease Serial No NM-105564 6. If Indian, Allottee or Tribe Name NA
SUBMIT IN TRIPLICATE - Other instructions on page 2.				7. If Unit or CA/Agreement, Name and/or No
1 Type of Well				NA
X Oil Well Ga	s Well Other			8 Well Name and No
2 Name of Operator				Herkimer BQF Federal #1H
Yates Petroleum Corporation	3h Phon	ne No <i>(include area co</i>		9. API Well No 30-025-20381
^{3a} Address 105 S. 4th Str., Artesia, NM 8		575-748-1471)	10. Field and Pool or Exploratory Area
4. Location of Well (Footage, Sec., T., R., M, OR Survey Description)				Jal; Delaware, West
Surface - 1980'FSL & 1980'FWL of Section 21-T25S-R36E (Unit K, NESW)				11 County or Parish, State
BHL - 368'FNL & 2008'FWL of Section 21-T25S-R36E (Unit C, NENW)				Lea County, New Mexico
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA				
TYPE OF SUBMISSION	SSION TYPE OF ACTION			
Acidize Deepen Production (Start/Resume) Water Shut-Off Notice of Intent Acidize Deepen Production (Start/Resume) Water Shut-Off Subsequent Report Casing Repair New Construction Recomplete Woll Integrity Final Abandonment Notice Convert to Injection Plug and Abandon Temporarily Abandon through flow plugs 13 Describe Proposed of 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 Bord under which the work will be performed or provide the Bord No on file with BLMB/REquired subsequent reports must be filed one testing has been completed Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has 5/17/11 Loaded annulus with 50 bbls fluid. NU BOP. Water After Af				
5/22/11 Established circulation. Worked bit into 4-1/2" casing liner top. TIH to 8120' and established circulation in 1 hr Drilled down to 8265' and circulated hole clean.				
down to 8494'. Lost circulation for 30 min and regained. Circulated hole clean.				
5/24/11 TOH with tubing. Tagged top of liner at 6727'. Tagged at 7665'. Established circulation and drilled down to				
8604', tagged and circulated hole clean. 5/25/11 Drilled flow through plug at 8600'. Tagged at 8790'. Established circulation. Circulated down to 9052' (pushing				
CONTINUED ON NEXT PAGE:				
14 thereby earth, that the foregoing is true	and correct			CONTINUED ON NEXT FAGE.
14 I hereby certify that the foregoing is true Name (Printed/Typed)		_		
Tina H	uerta	Title Regu	1 71 1	ance Superviser DECODD
Signature	Harta,	_{Date} June	23, 2011	
	THIS SPACE FOR FE	DERAL 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 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 S any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction				
				JUL 07 2011

Yates Petroleum Corporation Herkimer BQF Federal #1H Section 21-T25S-R36E Lea County, New Mexico Page 2

Form 3160-5 continued:

remainder of plug down through sand). Circulated hole clean. Stuck at 8650'.

- 5/26/11 Tagged top of liner at 6727'. Drilled and circulated down to 9480' and tagged flow through plug. Drilled plug and lost circulation completely. Pushed remainder of plug down to 9510'. Unable to circulate. Stuck at 8003'. Unable to move at 7997'. Attempted to circulate hole for 6 hrs, unable to circulate. Loaded annulus with 165 bbls fluid. Pressured up to 1000 psi, held with no pressure drop off.
- 5/30/11 Pumped down tubing with 700 bbls fluid.
- 5/31/11 Run freepoint tool in hole to 7800'. Freepoint tubing 100%, stuck at 7800', 100% free at 7600'. Dropped down to 7650', tool pushing something down hole and hanging up when pulling. POOH with freepoint tool. Cut tubing at 6668' (9' above collar). TOOH with tubing.
- 6/1/11 Jarred tubing up hole 3' from 6668'-6665'.
- 6/2/11 Released overshot from fish at 6665'. Set packer at 6609'.
- 6/5/11 Pumped 100 bbls fluid down tubing to make sure mill and tubing was still open.
- 6/6/11 Released packer. TOOH with tubing and packer.
- 6/8/11 Released overshot from fish at 6568'. ND BOP. NOTE Cut joint approx 9' long, 42 joints 2-3/8" BTS-6 thread tubing, bit sub and 3-3/4" flat bottom mill at 7993' left in hole 5/27/11. 2-7/8" 6.5# L-80 tubing at 6603'.

Regulatory Compliance Supervisor June 23, 2011