

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

FORM APPROVED
OMB NO 1004-0135
Expires July 31, 2010**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.

OCT 23 2012

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

RECEIVED

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| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM121957 |
| 2. Name of Operator YATES PETROLEUM CORPORATION | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 105 SOUTH FOURTH 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: 575-748-4585 | | 8. Well Name and No. CAPELLA BOP FEDERAL 2H |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8' T21S R32E SESE 330FSL 330FEL | | 9. API Well No. 30-025-39529-00-X1 |
| | | 10. Field and Pool, or Exploratory LOST TANK |
| | | 11. County or Parish, and State LEA 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 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 checked="" type="checkbox"/> Other Drilling Operations |
| | <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 recompleate 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.)

9/6/12 - TD 12-1/4" hole to 4362' at 11:30 AM. Set 9-5/8" 36#, 40# HCK-55 J-55 LT&C casing at 4362'. Cemented stage 1 with 270 sx 35:65:6 Poz "C" + 0.3% D112 + 0.125#/sx D130 + 7% D020 + 3#/sx D042 + 5% D044 + 0.2% D046 (yld 2.00, wt 12.8). Tailed in with 180 sx 50/50 Poz "C" + 0.125#/sx D130 + 0.02g/sx D177 + 3#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.36, wt 14.2). Circulated 292 sx to pit. Cemented stage 2 with 940 sx 35:65:6 Poz "C" + 0.3% D112 + 0.125#/sx D130 + 7% D020 + 3#/sx D042 + 5% D044 + 0.2% D046 (yld 1.99, wt 12.8). Tailed in with 180 sx 50/50 Poz "C" + 0.125#/sx D130 + 3#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.36, wt 14.2). Circulated 388 sx to pit. Tested casing to 1500 psi for 30 min, good. WOC 43 hrs 45 min. Reduced hole to 8-3/4" and resumed drilling.

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| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #149919 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 09/20/2012 (12KMS1149SE) | |
| Name (Printed/Typed) TINA HUERTA | Title REG COMPLIANCE SUPERVISOR |
| Signature (Electronic Submission) | Date 09/12/2012 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------------------|-----------------|
| Approved By ACCEPTED | JAMES A AMOS Title SUPERVISORY EPS | Date 10/20/2012 |
| 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 Hobbs |

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

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

OCT 24 2012