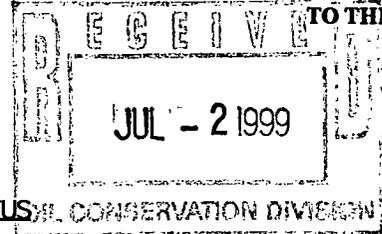


District I - (505) 393-6161
1625 N. French Dr
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

SUBMIT ORIGINAL
PLUS 2 COPIES
TO THE SANTA FE
OFFICE



APPLICATION FOR NEW WELL STATUS OIL CONSERVATION DIVISION

I. Operator and Well

Operator name & address YATES PETROLEUM CORPORATION 105 SOUTH FOURTH STREET, ARTESIA, NM 88210						OGRID Number 025575	
Contact Party DENNIS P. MAUPIN						Phone (505) 748-4344	
Property Name RUNNELS ASP				Well Number 3		API Number 30-025-02786	
UL H	Section 11	Township 16S	Range 35E	Feet From The 1980	North/South Line NORTH	Feet From The 660	East/West Line EAST County LEA

II. Date/Time Information

Spud Date RT 3/9/99	PU 2/5/99	Spud Time 7:00 a.m.	Date Completed 5/6/99	Pool BIG DOG STRAWN, SOUTH
------------------------	--------------	------------------------	--------------------------	-------------------------------

- III. Attach copies of Form C-103 or Federal Form 3160-5 showing date/time of drilling commenced and Form C-105 or Federal Form 3160-4 showing well was completed as a producer.
- IV. Attach a list of all working interest owners with their percentage interests.
- V. AFFIDAVIT:

State of NEW MEXICO)
County of EDDY) ss.
DENNIS P. MAUPIN, being first duly sworn, upon oath states:

- I am the Operator, or authorized representative of the Operator, of the above-referenced well.
- To the best of my knowledge, this application is complete and correct.

Signature Dennis P. Maupin Title TAX DEPT. ASST. MGR. Date 6/29/99
SUBSCRIBED AND SWORN TO before me this 29th day of JUNE, 1999
My Commission expires: 9-6-99
Suzanne R. Pearson
Notary Public

FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:
This Application is hereby approved and the above-referenced well is designated a New Well. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval.

Signature <u>Mark Gehl</u>	Title <u>P.E. Spec.</u>	Date <u>7-7-99</u>
-------------------------------	----------------------------	-----------------------

VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: 7/9/99

NOTICE: The operator must notify all working interest owners of this New Well certification.

PV2V2005849619

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
 30-025-02786

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
 OIL WELL GAS WELL DRY OTHER _____
 b. Type of Completion:
 NEW WELL WORK OVER DEEPEN PLUG BACK DUFF RESVR OTHER Re-entry

7. Lease Name or Unit Agreement Name
 Runnels ASP

2. Name of Operator
 YATES PETROLEUM CORPORATION (505) 748-1471

8. Well No.
 3

3. Address of Operator
 105 South 4th St., Artesia, NM 88210

9. Pool name or Wildcat
 Big Dog Strawn, South

4. Well Location BHL: 682' FNL & 1186' FEL (Unit A, NENE)
 Unit Letter H: 1980 Feet From The North Line and 660 Feet From The East Line
 Section 11 Township 16S Range 35E NMPM Lea County

10. Date Spudded PII 2-5-99 RT 3-9-99
 11. Date T.D. Reached 4-29-99
 12. Date Compl. (Ready to Prod.) 5-6-99
 13. Elevations (DF & RKB, RT, GR, etc.) 3977' GR
 14. Elev. Casinghead

15. Total Depth 12523'
 16. Plug Back T.D.
 17. If Multiple Compl. How Many Zones?
 18. Intervals Drilled By Rotary Tools 12209-12523' Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name
11550-12430' Open Hole - Strawn
 20. Was Directional Survey Made
 No

21. Type Electric and Other Logs Run
CNL/GR, BHC & Laterolog
 22. Was Well Cored
 No

23. **CASING RECORD (Report all strings set in well)**

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	48#	350'	17"	In place	
8-5/8"	26#	4672'	11"	In place	
5-1/2"	17#	11550'	7-7/8"	1270 sacks	
			4-3/4"		

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-7/8"	10897'	10899'

26. Perforation record (interval, size, and number) None	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	None	

28. **PRODUCTION**

Date First Production 5-13-99	Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing				Well Status (Prod. or Shut-in) Producing		
Date of Test 5-15-99	Hour Tested 24	Choke Size	Prod'n For Test Period	Oil - Bbl. 449	Gas - MCF 726	Water - Bbl. 0	Gas - Oil Ratio 1617:1
Flow Tubing Press. 1500#	Casing Pressure Packer	Calculated 24-hour Rate	Oil - Bbl. 449	Gas - MCF 726	Water - Bbl. 0	Oil Gravity - API - (Corr.) N/A	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
Sold
 Test Witnessed By
Rocky Harper

30. List Attachments
Directional Survey & Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief
 Signature Rusty Klein Printed Name Rusty Klein Title Operations Tech. Date 6-28-99

INSTRUCTIONS

is form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

Anhy _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
Salt _____	T. Strawn _____ 11432'	T. Kirtland-Fruitland _____	T. Penn. "C" _____
Salt _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
Yates _____	T. Miss _____	T. Cliff House _____	T. Leadville _____
7 Rivers _____	T. Devonian _____	T. Menefee _____	T. Madison _____
Queen _____	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
Grayburg _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
San Andres _____ 5220'	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
Glorieta _____ 6220'	T. McKee _____	Base Greenhorn _____	T. Granite _____
Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
Tubb _____ 7440'	T. Delaware Sand _____	T. Todilto _____	T. _____
Drinkard _____	T. Bone Springs _____	T. Entrada _____	T. _____
Abo _____ 8165'	T. Capitan _____ 4662'	T. Wingate _____	T. _____
Wolfcamp _____ 9635'	T. _____	T. Chinle _____	T. _____
Penn _____	T. _____	T. Permian _____	T. _____
Cisco (Bough C) _____	T. _____	T. Penn "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....
 No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
2233	12700	467	Lime & shale				
9842	10216	374	Lime & shale				
0216	10901	685	Lime, shale & chert				
0901	12523	1622	Lime & shale				

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO. 30-025-02786
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Runnels ASP
8. Well No. 3
9. Pool name or Wildcat Townsend Morrow

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
YATES PETROLEUM CORPORATION

3. Address of Operator
105 South 4th St., Artesia, NM 88210

4. Well Location
Unit Letter H : 1980 Feet From The North Line and 660 Feet From The East Line
Section 11 Township 16S Range 35E NMPM Lea County
10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3977' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: Re-entry with rotary tools <input checked="" type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3-8-99 - Moved in rotary tools.
 3-9-99 - Moved in and rigged up rotary tools. Rig repair. Nippled up BOP.
 3-10-99 - TD 5800'. Tested BOP to 5000#, OK. Changed out kelly valves and rigged up lay down machine. Picked up drill collars and drill pipe. Tagged cement at 4275'. Circulated. Tested casing to 1000#, OK. Drilled cement from 4275-4575'. Circulated. Picked up drill pipe.
 3-11-99 - TD 7603'. Washing and reaming. Tagged cement at 6102'. Circulated. Drilled cement from 6102-6225'. Picked up drillpipe. Tagged up at 6400'. Circulated and rigged down lay down machine. Washed and reamed from 6400-7412'. Circulated. Washed and reamed from 7412-7603'.
 3-12-99 - TD 9460'. Washing and reaming. Wash and ream from 7630-8245'. Installed rotating head rubber. Wash and ream from 8245-9460'. NOTE: Did not find cement plug at 8369-8469'.
 3-13-99 - Reaming at 11032'. Washed and reamed from 8721-9859. Reamed from 9859-10525'.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Rusty Klein TITLE Operations Technician DATE March 26, 1999
 TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

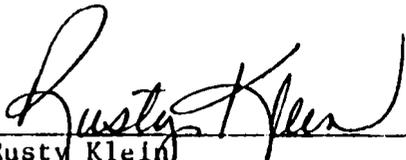
(This space for State Use)

APPROVED BY _____ TITLE ORIGINAL SIGNED BY GARY WINK DATE APR 03 1999
 CONDITIONS OF APPROVAL, IF _____

YATES PETROLEUM CORPORATION
Runnels ASP #3
Section 11-T16S-R35E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

Circulate gas cut mud to reserve pit. Washed and reamed from 10525-11032'.
3-14-99 - TD 11375'. Work pipe. Washed and reamed from 11032-11375'. Worked stuck pipe. Stuck at 11375' while washing and reaming. Worked out of hole to 11300'. Rigged up wireline. Ran free point - 10 drill collars free, 50% stuck at 10718'. RIH with backoff shot. Pipe did not unscrew. Reload shot and shoot again at 10660'. Pipe did not unscrew. RIH with free point. Pipe moved 2' down hole. Worked pipe down to approx. 11375'.
3-15-99 - TD 11375'. TOO H. Worked pipe and break circulation. Circulated and worked pipe free. Circulated, rotated and conditioned mud. TOO H.
3-16-99 - TD 10947'. Washing and reaming to bottom. Laid down 2 drill collars with cracked boxes. Changed jets in bit and TIH with drill collars. Slip and cut 150' of drilling line. TIH with drillpipe. Slip and cut 300' of drilling line. TIH with drillpipe. Tight at 10759'. Picked up kelly and washed from 10700-10947'. NOTE: Recovered 300 joints of 5-1/2" casing.
3-17-99 - Circulating at 11742'. Washed and reamed from 10947-11742'. Tight from 11331-11362'.
3-18-99 - TD 12141'. Washed and reamed. Circulate and conditioned mud. Washed and reamed from 11500-11742'. Reamed from 11742-11920'. Circulate out gas cut mud. Reamed from 11920-12141'.
3-19-99 - Drilling 12233'. Washed and reamed from 12141-12209'. Circulate. Drilled from 12209-12233'. Began drilling new formation at 1:30 AM 3-19-99. NOTE: Notified OCD-Hobbs of drilling new formation.



Rusty Klein
Operations Technician
March 26, 1999

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-025-02786
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Runnels ASP
8. Well No. 3
9. Pool name or Wildcat Townsend Morrow

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
YATES PETROLEUM CORPORATION

3. Address of Operator
105 South 4th St., Artesia, NM 88210

4. Well Location
Unit Letter H : 1980 Feet From The North Line and 660 Feet From The East Line
Section 11 Township 16S Range 35E NMPM Lea County
10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3977' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: <u>Re-entry & test casing</u> <input checked="" type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

2-4-99 - Prep to begin operations. Notified FAA-Dallas and Lovington airport of moving in & rigging up.

2-5-99 - Moved in pulling unit. Removed dry hole marker and installed 8-5/8" 5K BP casing-head. Loaded hole with fresh water and hole held fluid. NOTE: Notified Sylvia Dickey w/OCD-Hobbs of moving in.

2-6-99 - Rigged up pulling unit. TIH with 7-7/8" mill tooth bit, crossover, drill collars and tubing. Tagged soft fill at 4205'. Rigged up reverse unit. Tested casing to 1000# for 15 minutes, OK. Reverse circulated 230 bbls heavy mud out of hole. Tagged solid at 4228' and started torquing. Tested casing to 2000# for 15 minutes, OK. Shut down f/night.

2-7-99 - Rigged up power swivel and drilled to 4271'. Drilled good cement with some small flakes of metal in returns. TOOH & laid down tubing, etc. Capped off top of tubinghead with 7-1/16" X 2-7/8" Bl adapter, tubing collar, bull plug and 1/2" needle valve. Released all equipment. Waiting on rotary tools. TD 4271'.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Rusty Klein TITLE Operations Technician DATE March 1, 1999

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Display Device : TWS1
User : TOMW

WELD35 Joint Billing Division Order Inquiry by Property Number 5/26/99

Property : 046343 003 RUNNELS ASP #3 9:28:52
Deck : B1 GWI BEFORE PAYOUT YPC
Effective month/year : 04 / 1999

Owner	Seq	Owner Name	Co#	Interest	Type	Changed
005000	00	ABO PETROLEUM CORPORATION		.02056872	01 WOR	4/15/1999
028650	00	ARRINGTON, DAVID H.		.01875000	01 WOR	4/15/1999
054380	00	BALLARD, LYNDA KAY MCMILLAN		.01000000	01 WOR	5/19/1999
225605	00	DAVID, EDWARD N.		.00244858	01 WOR	4/15/1999
225900	00	DAVID PETROLEUM CORP.		.12515089	01 WOR	4/15/1999
398200	00	HARLE, INC.		.00178700	01 WOR	4/15/1999
584070	00	MCMILLAN, SUSAN ANN		.01000000	01 WOR	5/19/1999
584150	00	MCMILLAN PRODUCTION COMPANY,		.18890050	01 WOR	5/19/1999
584168	00	MCMILLAN, COLIN R. III AND		.01000000	01 WOR	5/19/1999
584171	00	MCMILLAN, MICHAEL A. AND WIFE		.01979463	01 WOR	5/19/1999
640010	00	MYCO INDUSTRIES, INC.		.02056872	01 WOR	4/15/1999
697601	00	PERMIAN EXPLORATION CORP.		.11939654	01 WOR	4/15/1999

More...

Total Interest : 1.00000000

F3=Exit F12=Previous

5716SS1 V3R7M0 961108

S1021663

05/26/99

09:29:11

Display Device : TWS1

User : TOMW

WELD35 Joint Billing Division Order Inquiry by Property Number

5/26/99

9:28:52

Property : 046343 003 RUNNELS ASP #3

YPC

Deck : B1

GWI BEFORE PAYOUT

Effective month/year : 04 / 1999

Owner	Seq	Owner Name	Co#	Inter	Decimal	Interest	Date	Changed
994100	00	YATES DRILLING COMPANY		.02056872		01 WOR	4/15/1999	
999900	00	YATES PETROLEUM CORPORATION		.43206570		01 WOR	4/15/1999	

Bottom

Total Interest : 1.00000000

F3=Exit F12=Previous

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

June 29, 1999

Oil Conservation Division
2040 South Pacheco St.
Santa Fe, NM 87505

Dear Sir/Madam:

Pursuant to the rules established by the State of new Mexico under 19 NMAC 15.A.34 pertaining to "New Well Tax Incentive", Yates Petroleum Corporation does hereby submit an original plus two copies of Form C-142 "Application for New Well Status" for the following wells. These forms are being submitted for your approval and designation of these wells as "New Wells" for purposes of the New Well Tax Incentive.

1. Runnels ASP #3

Should you have any questions or require additional information, please feel free to give me a call at 505-748-4344.

Sincerely,

A handwritten signature in cursive script that reads "Dennis P. Maupin".

Dennis P. Maupin
Assistant Tax Department Manager

enclosures