

**DIVISION OF INTEREST FOR:
Mule Train 16 State Com #1
API Number: 30-015-30562**

<u>OWNER NAME</u>	<u>INTEREST</u>
Balk Oil Co., Inc.	.00375000
CHI Energy, Inc.	.05142857
Oxy USA, Inc.	.25000000
Marico Exploration, Inc.	.03333333
Murchison Oil & Gas, Inc.	.05357143
Pocahontas Oil Company, Inc.	.00375000
Sharbro Oil Ltd. Co.	.02440389
Southwestern Energy Production	.12500000
Warren Resources	.01250000
Weed Oil & Gas Company	.10000000
Yates Energy Corporation	.03941830
Yates, Peggy A. Marital Trust	.02440389
Harvey E. Yates Company	.11892725
Yates, Lillie M. Estate SP	.02440389
Yates Drilling Company	.04403890
John A. Yates	.02440389
Peyton Yates	.03333333
Richard Yates	.03333333

Submit 3 copies to appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DP

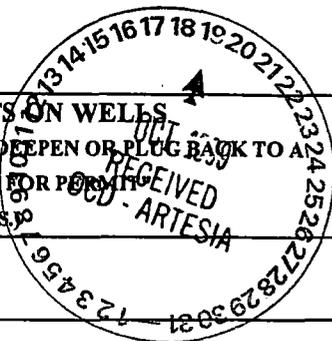
DISTRICT I P.O. Box 1980, Hobbs, NM 88240

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. 30-015-30562
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. 2029
7. Lease Name or Unit Agreement Name Mule Train 16 State Com
8. Well No. 1
9. Pool name or Wildcat Red Lake Morrow NE Penn



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 [X] OTHER
2. Name of Operator Yates Drilling Company
3. Address of Operator 105 S. 4th Street, Artesia, NM 88210
4. Well Location Unit Letter G, 1500 Feet From The North Line and 1650 Feet From The East Line
Section 16 Township 17S Range 28E NMPM Eddy County

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [X] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [X] OTHER: Spud

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.
Spudded a 22" hole with rat hole machine at 11:00 AM, 9-28-99. Set 40' of 16" conductor pipe. NOTE: Notified Mike Stubblefield with NMOC of spud. Resumed drilling 14 3/4" hole with rotary tools at 6:00 PM, 10-3-99. TD 405'. Ran 9 jts. 11 3/4", 42# H-40 8rd ST&C casing set at 405'. Texas pattern notched guide shoe set at 405'. Insert float set at 358.32'. Cemented with 400 sxs "C" + 2% CaCl2 (yield 1.34, wt 14.8). PD at 11:30 AM, 10-4-99. Bumped plug to 500 psi, float held okay. Circ. 96 sacks. WOC. Drilled out at 12:00 AM, 10-5-99. WOC 12 1/2 hrs. Resumed drilling 11" hole. TD 2010'. Ran 45 jts. 8 5/8" 24# J-55 casing, set at 2010'. Texas pattern notched guide shoe set at 2010'. Float collar set at 1964.68'. Cemented with 650 sxs. Class "C" POZ with 5#/sx. Gilsonite and 1/4#/sx. Celloflake & 2% CaCl2 (yield 1.80, wt 12.90). Tailed in with 200 sxs. Class C + 2% CaCl2 (yield 1.34, wt 14.8). PD 6:00 PM, 10-7-99. Bumped plug to 1300 psi, float held okay. Circulated 189 sxs. WOC 28 1/2 hrs. Tested casing to 1000#. Drilled out at 4:15 AM, 10-9-99. Resumed drilling 7 7/8" hole.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Karen J. Leshman TITLE Engineering Technician DATE 10-15-99
TYPE OR PRINT NAME Karen J. Leshman TELEPHONE NO. 505-748-4500

(This space for State Use)
APPROVED BY [Signature] TITLE District Supervisor DATE 10-22-99
CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate District Office
 State Lease - 6 copies
 Federal Lease - 5 copies

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.
 30-015-30562

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 2029

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 DIFF RESVR OTHER _____

2. Name of Operator
 Yates Drilling Company

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

7. Lease Name or Unit Agreement Name
 Mule Train 16 State Com

8. Well No.
 1

9. Pool name or Wildcat
 Empire Penn
 Red Lake Morrow NE

4. Well Location
 Unit Letter G : 1500 Feet From The North Line and 1650 Feet From The East Line

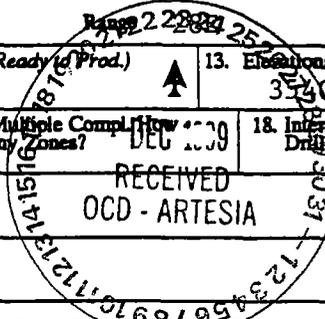
Section 16 Township 17S Range 22E NMPM Eddy County

10. Date Spudded 9-28-99 11. Date T.D. Reached 11-2-99 12. Date Compl. (Ready for Prod.) 12-3-99 13. Elevations (DF & RKB, RT, GR, etc.) 3530' GR 14. Elev. Casinghead -

15. Total Depth 10,250' 16. Plug Back T.D. 10,190' 17. If Multiple Completion Many Zones? YES 18. Intervals Drilled By Rotary Tools 40-10260 Cable Tools -

19. Producing Interval(s), of this completion - Top, Bottom, Name 9853'-9877' Morrow 20. Was Directional Survey Made No

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



CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"		40'	22"	Cement to surface	
11 3/4"	42#	405'	14 3/4"	400 sxs -circulate	
8 5/8"	24#	2010'	11"	850 sxs -circulate	
5 1/2"	17# & 15.5#	10250'	7 7/8"	875 sxs	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 7/8"	9700'	9700'

26. Perforation record (interval, size, and number)
 9853'-9877' 100 .42" holes

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.
 DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED

28. **PRODUCTION**

Date First Production 12-3-99 Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing Well Status (Prod. or Shut-in) Prod.

Date of Test 12-7-99 Hours Tested 24 hrs. Choke Size 15/64 Prod'n For Test Period Oil - Bbl. 33 Gas - MCF 2411 Water - Bbl. - Gas - Oil Ratio 73/1

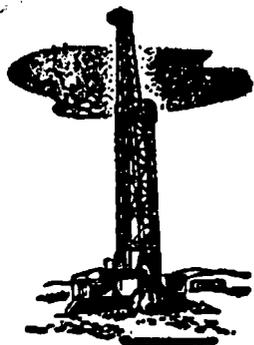
Flow Tubing Press. 1775 Casing Pressure - Calculated 24-Hour Rate Oil - Bbl. 33 Gas - MCF 2411 Water - Bbl. - Oil Gravity - API - (Corr.) 60.2

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

30. List Attachments
 Deviation 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 Karen J. Leishman Printed Name Karen J. Leishman Title Eng. Technician Date 12-14-99



YATES DRILLING COMPANY

105 SOUTH FOURTH STREET - (505) 748-1471

FAX (505) 746-2268

ARTESIA, NEW MEXICO 88210

PEYTON YATES
PRESIDENT

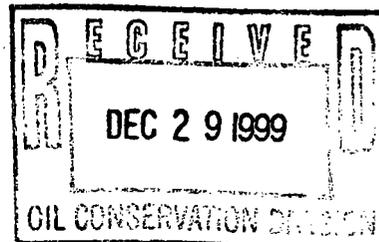
S. P. YATES
VICE PRESIDENT

RANDY G. PATTERSON
SECRETARY

DENNIS G. KINSEY
TREASURER

December 28, 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 Drilling Company does hereby submit an original plus two copies of Form C-142 "Application for New Well Status" for the following well. These forms are being submitted for your approval and designation of this wells as a "New Well" for purposes of the New Well Tax Incentive.

1. Mule Train 16 State Com #1, API Number: 30-015-30562

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

Sincerely,


Dennis P. Maupin
Tax Department Assistant Manager

enclosures