

YATES PETROLEUM CORPORATION
GALLAGHER ATJ ST COM #1
API NUMBER 30-025-34688

<u>OWNER NAME</u>	<u>INTEREST</u>
Abo Petroleum	0.01107600
Amerind Oil Company, Ltd.	0.07396046
McMillan Production Company	0.03750000
MYCO Industries, Inc.	0.01107600
Permian Exploration Corp.	0.01875000
Shearn, Michael	0.10117566
Sol West III	0.25000000
Yates Drilling Company	0.01107600
Yates Petroleum Corporation	0.48538588
TOTAL INTEREST	1.00000000

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

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.	30-025-34688
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	VA-478
7. Lease Name or Unit Agreement Name	Gallagher ATJ State Com
8. Well No.	1
9. Pool name or Wildcat	Eidson Mississippian
10. Elevation (Show whether DF, RKB, RT, GR, etc.)	3991' GR

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 G : 2300 Feet From The North Line and 2300 Feet From The East Line
 Section 2 Township 16S Range 35E NMPM Lea _____ County _____

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

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/></p> <p>OTHER: _____ <input type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>PLUG AND ABANDON <input type="checkbox"/></p> <p>CHANGE PLANS <input type="checkbox"/></p> <p>OTHER: _____ <input type="checkbox"/></p>	<p>REMEDIAL WORK <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <u>Spud, conductor, resume drilling, surface casing & cement</u> <input checked="" type="checkbox"/></p>	<p>ALTERING CASING <input type="checkbox"/></p> <p>PLUG AND ABANDONMENT <input type="checkbox"/></p>
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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 20" hole with rat hole machine at 1:00 PM 9-26-99. Set 40' of 16" conductor pipe. Cemented to surface. NOTE: Notified OCD-Hobbs of spud. Resumed drilling a 14-3/4" hole with rotary tools at 10:45 AM 9-27-99.

TD 425'. Reached TD at 8:00 PM 9-28-99. Ran 10 joints of 11-3/4" 42# H-40 (429.08') of casing set at 425'. 1-Texas Pattern notched guide shoe set at 425'. Insert float set at 382'. Cemented with 150 sacks Class C Poz (65-35), 5#/sack gilsonite and 6% bentonite (yield 1.95, weight 12.5). Tailed in with 200 sacks Class C with 2% CaCl2 (yield 1.34, weight 14.8). PD 1:05 PM 9-28-99. Bumped plug to 640 psi, OK. Circulated 130 sacks cement. WOC. Cut off and welded on flow nipple. Drilled out at 9:00 AM 9-29-99. WOC 19 hours and 55 minutes. Reduced hole to 11". Resumed drilling.

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 Oct. 7, 1999

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-147

(This space for State Use)

ORIGINAL SIGNED BY CHRIS WILLIAMS
 DISTRICT I SUPERVISOR

APPROVED BY _____ TITLE _____ DATE OCT 18 1999

CONDITIONS OF APPROVAL, IF ANY:

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.
 30-025-34688

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 VA-478

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 DIPP RESVR OTHER _____

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

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

7. Lease Name or Unit Agreement Name
 Gallagher ATJ State Com

8. Well No.
 1

9. Pool name or Wildcat
 Shoe Bar Morrow, North

4. Well Location
 Unit Letter G : 2300 Feet From The North Line and 2300 Feet From The East Line

Section 2 Township 16S Range 35E NMPM Lea County

10. Date Spudded RH 9-26-99 RT 9-27-99	11. Date T.D. Reached 11-16-99	12. Date Compl. (Ready to Prod.) 12-14-99	13. Elevations (DF & RKB, RT, GR, etc.) 3991' GR	14. Elev. Casinghead
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15. Total Depth 12940'	16. Plug Back T.D. 12644'	17. If Multiple Compl. How Many Zones?	18. Intervals Drilled By 40-12940'	Rotary Tools	Cable Tools
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19. Producing Interval(s), of this completion - Top, Bottom, Name
 12542-12590' Morrow

20. Was Directional Survey Made
 No

21. Type Electric and Other Logs Run
 CNL/LDC, 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
16"		40'	20"	Cement to surface	
11-3/4"	42#	425'	14-3/4"	350 sx - circulate	
8-5/8"	32#	4642'	11"	1600 sx - circulate	
5-1/2"	17#	12942'	7-7/8"	2125 sx	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-7/8"	12487'	12496'

26. Perforation record (interval, size, and number)
 12706-12736' w/60 .42" holes
 12542-12590' w/112 .42" holes

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

28. **PRODUCTION**

Date First Production 12-15-99	Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing				Well Status (Prod. or Shut-in) Producing		
Date of Test 12-30-99	Hours Tested 24	Choke Size 14/64"	Prod'n For Test Period	Oil - Bbl. 113	Gas - MCF 2019	Water - Bbl. 0	Gas - Oil Ratio
Flow Tubing Press. 2700#	Casing Pressure Packer	Calculated 24-Hour Rate	Oil - Bbl. 113	Gas - MCF 2019	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
 Drill Stem Test, 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 Rusty Klein Printed Name Rusty Klein Title Operations Tech. Date 1-31-2000

INSTRUCTIONS

This 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 or 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

T. Anhy _____	T. Canyon _____
T. Salt _____ 2081'	T. Strawn _____ 11472'
B. Salt _____	T. Atoka _____ 11752'
T. Yates _____ 3017'	T. Miss Lime _____ 12845'
T. 7 Rivers _____	T. Devonian _____
T. Queen _____	T. Silurian _____
T. Grayburg _____	T. Montoya _____
T. San Andres _____ 4542'	T. Simpson _____
T. Glorieta _____ 6240'	T. McKee _____
T. Paddock _____	T. Ellenburger _____
T. Blinebry _____	T. Gr. Wash _____
T. Tubb _____	T. Delaware Sand _____
T. Drinkard _____	T. Bone Springs _____
T. Abo _____ 8026'	T. Rustler _____ 1825'
T. Wolfcamp _____ 9672'	T. Morrow Lime _____ 12310'
T. Penn _____	T. Austin _____ 12455'
T. Cisco (Bough C) _____ 11963'	T. Chester _____ 12703'

Northwestern New Mexico

T. Ojo Alamo _____	T. Penn. "B" _____
T. Kirtland-Fruitland _____	T. Penn. "C" _____
T. Pictured Cliffs _____	T. Penn. "D" _____
T. Cliff House _____	T. Leadville _____
T. Menefee _____	T. Madison _____
T. Point Lookout _____	T. Elbert _____
T. Mancos _____	T. McCracken _____
T. Gallup _____	T. Ignacio Otzte _____
Base Greenhorn _____	T. Granite _____
T. Dakota _____	T. _____
T. Morrison _____	T. _____
T. Todilto _____	T. _____
T. Entrada _____	T. _____
T. Wingate _____	T. _____
T. Chinle _____	T. _____
T. Permian _____	T. _____
T. Penn "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
 No. 2, from.....to.....
 No. 3, 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
0	1780	1780	Redbed	12066	12485	419	Sand & shale
1780	3510	1730	Anhydrite & salt	12485	12550	65	Sand, lime & shale
3510	4353	843	Anhydrite	12550	12867	317	Shale
4353	4428	75	Anhydrite & dolomite	12867	12940	73	Lime & shale
4428	7268	2840	Dolomite				
7268	7614	346	Dolomite & shale				
7614	8236	622	Dolomite				
8236	9155	919	Dolomite & anhydrite				
9155	9680	525	Dolomite				
9680	11479	1799	Lime & shale				
11479	11714	235	Lime				
11714	11773	59	Sand				
11773	11907	134	Lime & shale				
11907	12066	159	Shale				

YATES PETROLEUM CORPORATION
Gallagher ATJ State Com #1
Section 2-T16S-R35E
Lea County, New Mexico

#27: ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.:

<u>DEPTH</u>	<u>INTERVAL</u>
12706-12736'	Acidized with 3000 gallons 15% iron control HCL acid and ball sealers
12542-12590'	Acidized with 1000 gallons 7-1/2% Morrow acid Frac'd with 42000 gallons 40# binary frac and 50000# 20-40 interprop (via 2-7/8" tubing) - pressured out. Total sand in formation - 27500#

RESULTS OF DRILL STEM TEST:

DST #1 12330-12444' (Morrow): TIMES: TO 15"; SI 77"; TO 14"; SI 180".
RECOVERY: 858' of condensate. SAMPLER: 8.20 cfg and 300 cc oil. PRESSURES:
IHP 6496; IFP 2128-2499; ISIP 4044; FFP 2808-2749; FSIP 4049; FHP 6494

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
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JOHN A. YATES
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SECRETARY
DENNIS G. KINSEY
TREASURER

February 8, 2000

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 well. These forms are being submitted for your approval and designation of this well as a "New Well" for purposes of the New Well Tax Incentive.

1. Gallagher ATJ State Com. #1, API Number: 30-025-34688

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 black ink that reads 'Dennis P. Maupin'.

Dennis P. Maupin
Tax Department Assistant Manager

enclosures