Form 3160-5 (September 2001)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Oil Cons. N.M. DIV-Dist. 2 1301 W. Grand Avenue Artesia. NM 88210

FORM APPROVED OMB No. 1004-0135 Expires January 31, 2004

AUG 2 8 2003

ARMANDO A. LOPEZ PETROLEUM ENGINEER

BUREAU OF LAND MANAGEMENT Artesia, NM 88210 Expires January 31, 2004 SUNDRY NOTICES AND REPORTS ON WELLS 5. Lease Serial No. NM-17214 Do not use this form for proposals to drill or re enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 6. If Indian, Allottee or Tribe Name 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on reverse side 1. Type of Well Oil Well \mathbf{X} Gas Well Other 8. Well Name and No. 2. Name of Operator Phillips KH Federal Com #2 Yates Petroleum Corporation 9. API Well No. 3b. Phone No. 30-005-63452 3a. Address 105 S. 4th Str., Artesia, NM 88210 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., OR Survey Description) Springer Basin Atoka Morrow 1980'FSL & 1650'FEL of Section 23-T14S-R27E (Unit EDNINSW), 91-51 11. County or Parish, State Chaves County, New Mexico 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Water Shut-Off Acidize Production (Start/Resume) Well Integrity Notice of Intent Alter Casing Fracture Treat Reclamation Casing Repair New Construction Recomplete Other Perforate ubsequent Report Plug and Abandon Change Plans Temporarily Abandon Plug Back Convert to Injection Water Disposal Final Abandonment Notice 13. Describe Proposed of Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereo 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 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.) 8/15-17/03 Perforate Morrow 8044'-8068' with 144 holes. ACCEPTED FOR KECOND

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Tina Huerta Regulatory Compliance Supervisor Title August 25, 2003 Signature Date THIS SPACE FOR FEDERAL OR STATE OFFICE USE Approved by Title Date 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 Office 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 willbully 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