

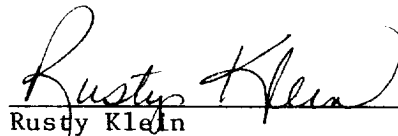
YATES PETROLEUM CORPORATION
Sawyer AQN State #1
Section 6-T10S-R37E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

going down outside 4-1/2" casing. Shut well in.

12-24-96 - TIH with 7-7/8" concave mill, sub, drill collars and 2-7/8" tubing. Tagged at 638'. Reamed out cement to 645'. TOOH with mill, sub, collars and tubing. TIH with bit, collars and 2-7/8" tubing. Drilled out from 645' to 663' (drilling on junk). TOOH with tubing, collars and 7-7/8" bit. TIH with 7-7/8" concave mill, collars and tubing. Mill on junk/casing from 663' to 664-1/2'. Drilling smoothed up and quit making hole. TOOH with tubing, collars and bit.

12-25-27-96 - TIH with 3-7/8" mill, drill collars and 2-3/8" tubing. Tagged up at 664-1/2'. Milled thru junk to 665-1/2'. Fell thru and tagged at 703'. Worked mill at 665', but did not change results. Milled out junk and redbed from 703-720'. Fell out and tagged up at 920'. Cleaned out to 940'. Formation in returns could be fill in 4-1/2" casing. Continued to plug off while circulating. Kelly hose coming apart from inside. TOOH with tubing, collars and mill. Shut down to replace kelly hose.



Rusty Klein
Operations Technician
December 30, 1996