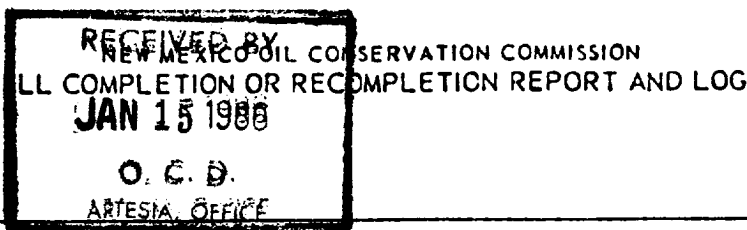


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OPERATOR	☒

Form C-105
Revised 10-1-86



a. TYPE OF WELL OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER ☐						5a. Indicate Type of Lease State ☒ Fee ☐					
b. TYPE OF COMPLETION NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER ☐						5. State Oil & Gas Lease No. LG-8368					
c. Name of Operator Harvey E. Yates Company						7. Unit Agreement Name					
d. Address of Operator P. O. Box 1933, Roswell, New Mexico 88201						8. Farm or Lease Name Mesquite 2 State					
e. Location of Well						9. Well No. 3					
NIT LETTER <u>J</u> LOCATED <u>1980</u> FEET FROM THE <u>South</u> LINE AND <u>1980</u> FEET FROM						10. Field and Pool, or Wildcat Tamano-Bone Springs					
ME <u>East</u> LINE OF SEC. <u>2</u> TWP. <u>18S</u> RGE. <u>31E</u> NMPM						11. County Eddy					
5. Date Spudded 11/16/85		16. Date T.D. Reached 12/09/85		17. Date Compl. (Ready to Prod.) 12/30/85		18. Elevations (DF, RKB, RT, GR, etc.) 3780' GL		19. Elev. Casinghead 3780' GL			
20. Total Depth 9025'		21. Plug Back T.D. 8695'		22. If Multiple Compl., How Many		23. Intervals Drilled by Rotary Tools All		Cable Tools N/A			
24. Producing Interval(s), at this completion - Top, Bottom, Name 8492-8596' Bone Springs								25. Was Directional Survey Made No			
26. Type Electric and Other Logs Run CN-D w/GR; DLL w/Micro & CBL								27. Was Well Cored No			
8. CASING RECORD (Report all strings set in well)											
CASING SIZE		WEIGHT LB. FT.		DEPTH SET		HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED	
13 3/8		54.5#		358		17 1/2		350 SXS		Circ	
8 5/8		24.0#		2275		11		900 SXS		Circ	
5 1/2		17.0#		9025		7 7/8		1275 SXS		TOC @ 2550'	
9. LINER RECORD										30. TUBING RECORD	
SIZE		TOP		BOTTOM		SACKS CEMENT		SCREEN		PACKER SET	
										Anchor @ 8386'	
11. Perforation Details (Interval, size and number) 8492-8596' (.41" - 13 holes)						32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.					
						DEPTH INTERVAL		AMOUNT AND KIND MATERIAL USED			
						8807-10 & 8710-14		6000 gal 15% Acid & ball sealers			
						8492-8596'		3000 gal 7 1/2% Acid & ball sealers			
						8492-8596'		Frac w/97,500 gal BS-60 &			
								258,000# 20/40 sand			
13. PRODUCTION											
Date First Production 12/30/85		Production Method (Flowing, gas lift, pumping - Size and type pump) Pumping						Well Status (Prod. or Shut-in) Producing			
Date of Test 1/7/86		Hours Tested 24		Coke Size N/A		Flow in Per Test Period 86		Gas - MCF 73		Water - PkL 35	
Flow Tubing Press. N/A		Casing Pressure N/A		Calculated 24-Hour Rate 86		Gas - MCF 73		Water - PkL 35		Oil Gravity - API (Corr.) 37 degrees	
14. Disposition of Gas (Sold, used for fuel, vented, etc.) Fuel								Test Witnessed by Curtis Tolle			
15. List of Attachments Deviation Survey & Logs											
16. 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.											
SIGNED <u>N.M. Young</u> N.M. Young TITLE <u>Drilling Superintendent</u> DATE <u>1/10/86</u>											

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission 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 radioactivity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured by tape to the nearest fractionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 30 through 34 shall be reported for each zone. This form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1165.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy <u>1905</u>	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates <u>2277</u>	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers <u>2698</u>	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Queen <u>3375</u>	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg <u>3866</u>	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres <u>4148</u>	T. Simpson _____	T. Gallup _____	T. Ignacio Qizte _____
T. Glorieta _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Granite _____	T. Tediito _____	T. _____
T. Drinkard _____	T. Delaware Sand <u>4678</u>	T. Entrada _____	T. _____
T. Abo _____	T. Bone Springs <u>5116</u>	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn. _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____	No. 4, from _____ to _____
No. 2, from _____ to _____	No. 5, from _____ to _____
No. 3, from _____ to _____	No. 6, 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. _____
No. 4, from _____ to _____	feet. _____

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	358		Anhy & Red Bed				
358	847		Anhy & salt				
847	2275		Anhy & Dolo				
2275	2391		Anhy				
2391	4865		Dolo				
4865	5348		Dolo & Sand				
5348	5719		Lime & Sand				
5719	6738		Sand & Dolo				
6738	7850		Lime & shale & chert				
7850	8090		Lime & Dolo				
8090	8420		Lime & Shale				
8420	9025		Dolo & Sand				

Harvey E. Yates Company
Mesquite 2 State #3
Eddy County, New Mexico

STATE OF NEW MEXICO
DEVIATION REPORT

JAN 13 REC'D

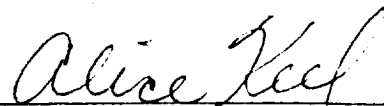
358	3/4	7174	1 1/2
870	1/2	7300	1 3/4
1374	3/4	7424	2
1844	1	7545	1 1/2
2275	1 1/2	7678	1 1/2
2771	1/2	7841	2
3268	1	7961	1 3/4
3748	1/2	8080	1 1/2
4241	1	8216	1 1/4
4640	1	8592	1 3/4
4875	1 1/2	8840	2
4975	1	9025	1 3/4
5150	1		
5350	2		
5468	2		
5484	2 1/2		
5468	2 1/2		
5678	3		
5781	2 1/2		
5865	2 1/2		
5985	2 1/4		
6120	2 1/2		
6190	2 1/2		
6271	2 3/4		
6391	2		
6481	2		
6554	2		
6675	1 3/4		
6795	1 1/2		
6892	1 1/4		
7045	1 1/4		


By: Ray Peterson

STATE OF TEXAS X

COUNTY OF MIDLAND X

The foregoing instrument was acknowledged before me this 10 day of January, 19 86, by Ray Peterson on behalf of Peterson Drilling Company.


Notary Public for Midland County,
Texas

My Commission expires: 8/2/88