RECEIVED Form 3160-5 REDEIVED **UNITED STATES** FORM APPROVED 70N I 4 1993 (June 1990) Budget Bureau No. 1004-0135 DEPARTMENT OF THE INTERIOR 11 03 MBGREAU OF LAND MANAGEMENT Expires: March 31, 1993 5. Lease Designation and Serial No. LC 060122 SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. 6. If Indian, Allottee or Tribe Name AREA Use "APPLICATION FOR PERMIT—" for such proposals 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE ---1. Type of Well Oil Well Well 8. Well Name and No. 2. Name of Operator Chalk AKH Federal #2 YATES PETROLEUM CORPORATION (505) 748-1471)9. API Well No. 3. Address and Telephone No. 30-015-27034 105 South 4th St., Artesia, NM 88210 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Undesignated Morrow 11. County or Parish, State Unit B, 660' FNL & 1330' FEL, Sec. 27-T18S-R27E Eddy. NM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12. TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Altering Casing Conversion to Injection XX Other Spud well Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log (orm.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\* Spudded 26" hole 3:00 PM 12-17-92. Set 40' of 20" conductor and cemented to surface. Notified BLM, Carlsbad, NM, of spud. Resumed drilling 17-1/2' hole 8:30 PM 12-19-92. Lost circulation at 95'. Mixed LCM - no returns. Ran 9 joints 13-3/8" 54.5# J-55 casing set 370'. Guide shoe set 370', insert float set 329'. Cemented w/100 sx "H" + 12% Thixad +3# CaCl2 + 10#/sx Gilsonite (yield 1.63, wt 14.4). Tailed in w/210 sx PSL "C" + 3% CaCl2 + 5#/sx Gilsonite + 1/4#/sx Celloseal (yield 1.94, wt 12.5). Tailed in #/150 sx "C" + 3%CaC12 (yield 1.32, wt 12.5). PD 11:30 AM 12-20-92. Bumped plug to 600 psi, float held OK. Cement did not circulate. WOC 3 hours. Ran Temperature Survey and found TOC 100'. Ran 1" and cemented w/150 sacks "C" + 4% CaCl2. Circulated 5 sacks. WOC. Drilled out 6:00 AM 12-21-92. WOC 18 hrs and 30 minutes. NU and tested to 500 psi for 15 minutes, OK. Reduced hole to 12-1/4" and resumed drilling. 14. I hereby certify that the foregoing is true and correct Tide Production Supervisor 12-22-92

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully 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.