

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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|------------------------------|--|
| WELL API NO. | 30-015-26467 |
| 5. Indicate Type of Lease | STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. | |

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| 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.) | | 7. Lease Name or Unit Agreement Name Ceniza AGZ Com | |
| 1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | 8. Well No. 3 | | |
| 2. Name of Operator YATES PETROLEUM CORPORATION | 9. Pool name or Wildcat Undesignated Morrow | | |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 | RECEIVED OCD - ARTESIA | | |
| 4. Well Location Unit Letter E : 1980 Feet From The North Line and 660 Feet From The West Line Section 13 Township 20S Range 24E NMPM Eddy County | 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3603' GR | | |

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| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | | | |
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: Recompletion to Morrow <input checked="" type="checkbox"/> | |

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.

6-18-98 - Moved in and rigged up pulling unit. Rods were parted. Pulled 19 1" rods - body break. TIH with fishing tool and latched onto fish. Unseat pump. TOOH - laid down all rods and pump. Bled off casing. Nippled down wellhead. Unset tubing anchor. Nippled up BOP. Shut down due to wind.

6-19-98 - TOOH with 2-7/8" tubing. Picked up K-valve retrieving tool and 2-7/8" tubing. TIH and latched onto RBP at 7825'. Released RBP. TOOH. TIH with packer and set packer at 7750'. Loaded annulus with 200 bbls 2% KCL. Tested to 1000 psi. Pumped 70 bbls 2% KCL down tubing at 4 BPM at 0 psi for injection rate. Released packer. TOOH.

6-20-22-98 - Rigged up wireline. TIH with cement retainer and set retainer at 7740'. TOOH with wireline. TIH with stinger on 2-7/8" tubing. Sting into retainer and spaced out. Loaded annulus with 196 bbls. Pressured to 500 psi. Pumped 50 bbls 2% KCL down tubing at 5 BPM at 0 psi. Mixed & pumped 150 sacks "H" Neat with 10% thixad and 100 sacks "H" Neat. Displaced on vacuum with no pressure. Mixed and pumped 100 sacks "H" Neat with 10% thixad and 225 sacks "H" Neat. With 81 sacks of tail cement in formation, squeezed

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 June 24, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

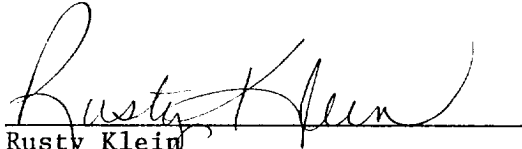
APPROVED BY Jim W. Beem B6x TITLE District Supervisor DATE 6-29-98

CONDITIONS OF APPROVAL, IF ANY:

YATES PETROLEUM CORPORATION
Ceniza AGZ Com #3
Section 13-T20S-R24E
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

perforations 7786-7870' (Canyon) to 2500 psi. Sting out of retainer. Could not reverse at 2200 psi. Pulled 6 stands. Reversed out 95 sacks to pit. TOOH. Shut well in. WOC.


Rusty Klein
Operations Technician
June 24, 1998