

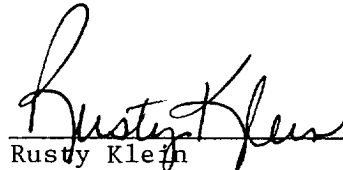
YATES PETROLEUM CORPORATION  
Lowe Staple AMR Federal Com #1  
Section 22-T21S-R24E  
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

cement from 3489-3639'. Circulated and pumped sweep. TOOH to pick up BHA. Picked up bit, motor, monel drill collars and orient sub. TIH. Rigged up circulating sub and ran wireline. Orient tool. Resumed drilling an 8-3/4" hole at 2:00 AM 6-7-2001. Time drilled to 3642'.

TD 8600'. Reached TD at 4:00 PM 6-29-2001. Ran 211 joints of 7" 26# N-80 8rd LT&C sandblasted (1316.13'); 2 joints of 7" 26# N-80 8rd LT&C varnished (85.79'); 51 joints of 7" 26# N-80 8rd LT&C varnished (2045.02'); 71 joints of 7" 26# J-55 8rd LT&C varnished (2907.31') and 55 joints of 7" 26# J-55 8rd LT&C varnished (2268.01') (Total 8622.26') of casing set at 8600'. Float shoe set at 8600'. Float collar set at 8559'. Bottom marker set at 8074-8095'. Pumped 150 bbls of mud with 150 scf/bbl N2 ahead of 525 sacks BJ Lite, 1/4#/sack celloflake, 5#/sack LCM and 5/10% FL-52 (yield 1.95, weight 12.5). Tailed in with 285 sacks Super C Modified, 5% salt, 5#/sack LCM, .6% FL25, .6% FL52 and 1/4#/sack celloflake (yield 1.67, weight 13.1). PD 7:45 PM 7-1-2001. Bumped plug to 2475 psi for 3 minutes, OK. WOC. Released rig at 1:45 AM 7-2-2001.

Waiting on completion unit.

A handwritten signature in black ink, appearing to read "Rusty Kleth", written over a horizontal line.

Rusty Kleth  
Operations Technician  
August 30, 2001