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N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
NM-045276

6. If Indian, Allottee or Tribe Name

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation

1. Type of Well
[X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No.
Preston Federal #3

2. Name of Operator
YATES PETROLEUM CORPORATION (505) 748-1471

9. API Well No.
30-015-28845

3. Address and Telephone No.
105 South 4th St., Artesia, NM 88210

10. Field and Pool, or Exploratory Area
Dagger Draw Upper Penn, So.

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FNL & 660' FEL of Section 34-T20½S-R23E (Unit A, NENE)

11. County or Parish, State
Eddy Co., NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
[ ] Notice of Intent	[ ] Abandonment	[ ] Change of Plans
[X] Subsequent Report	[ ] Recompletion	[ ] New Construction
[ ] Final Abandonment Notice	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing Repair	[ ] Water Shut-Off
	[ ] Altering Casing	[ ] Conversion to Injection
	[X] Other Acidize existing perfs	[ ] Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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.)*

8-26-99 - Moved in and rigged up pulling unit. Installed hydril BOP on seaboard head. Pumped down annulus. TOOH with sub pump. Shut well in.

8-27-99 - TIH with packer and RBP. Set RBP at 7685'. Set packer at 7529'. Straddled perforations 7567-7660' (Canyon). Started acidizing with 20% gelled double inhibited iron control HCL acid. With 31.5 bbls acid in tubing, pressured to 6000 psi. Shut down. Had slight bleed off. Let pressure fall to 3000#. Pumped back to 4500#. Bled down to 250# in 22 minutes. Pumped 180 bbls 2% down annulus - did not load. Released packer - tubing plugged with scale and iron sulfide. Flowed back to tank. Loaded with 6 bbls 2%. Pressured to 4000#. Had slower bleed off. Surged pressure off. Pressured to 4000#. Bled off to 2800# in 1 hour and 20 minutes. Moved in and rigged up Coiled Tubing Unit. TIH with 1-1/2" coiled tubing. Circulated out acid. Tagged plug at 7474'. Washed out plug and washed down through packer and perforations. Well on vacuum. TOOH with coiled tubing and rigged down coiled tubing unit.

8-28-99 - Pumped 45 bbls 2% KCL followed by 20000 gallons 20% gelled double inhibited iron control HCL acid into perforations 7567-7660' (Canyon). Swabbed.. Shut well in.

8-29-30-99 - Bled well down. Pumped 40 bbls 2% KCL down tubing. Pumped 100 bbls down annulus. Released packer and ran 3 stands. Latched onto RBP. Released RBP and picked up 6'. Went back down and set down in same spot as was set. Picked up - no pull on RBP.

CONTINUED ON NEXT PAGE:

14. I hereby certify that the foregoing is true and correct

Signed Kristy Klein Title Operations Technician Date Sept. 27, 1999

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

*See Instruction on Reverse Side