

YATES PETROLEUM CORPORATION  
Preston Federal #25  
Section 34-T20½S-R23E  
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

DPP 470#. Pumped 10# brine down drillpipe. Starting pressure was 470# - 10 bbls/420# at 3.6 BPM, 20 bbls - 400# at 3.6 BPM, 30 bbls - 640# at 3.6 BPM; 40 bbls - 950# at 3.6 BPM, 46 bbls - 1000# at 1/2 BPM. Bled gas off drillpipe (DPP 1140#). Pumped 10# brine at 1/2 BPM. 30 bbls pumped - 960#; 60 bbls pumped - 940#; 90 bbls pumped - 1137#; 110 bbls pumped - 1170#. Shut down pumping at 1:45 AM 7-8-98. Pressure built to 1285#. Opened valve on drillpipe and bled gas to 1150#. Closed drillpipe valve. Pressure built to 1240#. Bled gas off drillpipe to 1145#. Built to 1230#. Bled gas off drillpipe to 1130#. Pressure built to 1245#. Bled gas off to 1120# - built to 1250#. Bled gas off to 1075#. Shut gas off at choke manifold and pumped 10# brine down casing. Pumped 92 bbls of brine water at 4 BPM, 78 bbls pumped had 200#; 82 bbls pumped had 500#. Slowed rate to 2-1/2 BPM. Shut down with 92 bbls pumped at 400#. Pumped 150 bbls brine at 10:00 PM 7-7-98. Pumped 4 BPM with lines open to sales line.

7-9-98 - Displace drillpipe with clean 10# brine water. Pumped 200 bbls 10# brine down casing at a rate of 2-1/2 BPM. Lubricate coiled tubing and overshot cut of hole and bled gas off of drillpipe. Rigged up overshot on coiled tubing unit. Bled pressure off casing. Pumped 50 bbls of 10# brine down annulus at a rate of 2-1/2 BPM. Strip fishing tool out of hole to check back pressure valves on that motor. Loaded tubing to test tools. Hang tool and rig head back up. Strip tools in hole and tag up at 800'. Had 2.72" overshot - could not get past 800'. Strip out of hole with 2.72' overshot. Installed 2.31" overshot. Hang tool in hole and rig up head. TIH with overshot on coiled tubing unit. Tagged fish at 4295'. Started pumping at 1 BPM to fill up pipe (pumped 110 bbls of 10# brine). Started pumping with a pressure of 1100# on drill pipe. Bled gas off of drillpipe to 300#. Work overshot over fish. TOOH with overshot. Monitor drillpipe and casing pressure. Wait on downhole video. TIH open ended with coiled tubing unit. Displaced drillpipe with clean 10# brine at a rate of 1 BPM. Bled gas off of casing. Pressure on casing stayed at 350#. Bled gas off of casing. Pressure on casing was 0#. After bleeding gas to pit, it took 26 bbls of 10# brine to fill up annulus. Pumped 15 bbls every 3 hours to keep annulus full. Periodically bled gas off of drillpipe. At 12:30 AM pressure on drillpipe was 500#. Bled gas off of drillpipe to 0 psi. Pumped 15 bbls of 10# brine to load drillpipe. At 3:00 AM pressure on drillpipe rose to 300#. Bled gas off to 0 psi.

7-10-98 - TIH with backoff tool. Displaced drillpipe with clean 10# brine at 9 BPM. TOOH with coiled tubing. Drillpipe 0#; CP 0#. Rigged down coiled tubing injector and rigged up to run a downhole video camera. TIH with downhole video camera at 804'. Saw a small ID tool joint at 835'. There was lots of scale in drillpipe. Had clear fluid at 4300'. Fluid at 4315' - was too fuzzy to see with camera. Pumped 10# brine to dry and get clear fluid on bottom. Pressured up to 400 psi. Started pumping 1/10 of a bbl - video couldn't get a clear picture. TOOH with camera. Rigged down video camera. Rigged up coiled tubing unit. TOOH with open ended coiled tubing. Rigged down coiled tubing unit. Rigged up and ran a stretch measurement - estimate bridge at 5068'. Rigged up rotary wireline and ran free point. Drill pipe 100% free at 4317'. Waiting on profile nipple and monitor casing and drillpipe pressure. Casing and drill pipe were dead. Kept annulus filled. Backside taking 5 bbls/hour.

7-11-98 - Rig repair. Waited on profile sub. Rigged up wireline and backed off at 4296'. TOOH - chain out and SLM. Made up screw in sub, ported sub, profile sub and TIH. Rigged up wireline and ran shot in hole to do an outside backoff. Made 2 attempts before backing off at 4671'. TOOH with fish. Did not retrieve gun left in drillpipe. Laid down fish and made up tools. TIH and screw into drillpipe. Ran sinker bar to find