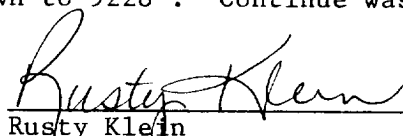


YATES PETROLEUM CORPORATION
Rabbit ASR Federal #1
Section 34-T23S-R24E
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

2094'. Quit making hole. TOOH with tubing, drill collars and bit. TIH with new bit, drill collars and tubing. Drilling hard cement to 2100'.
8-22-98 - Drilled to 2140'. Quit making hole. TOOH with tubing, drill collars and bit. TIH with new bit, drill collars and tubing. Drilled to 2155'. Quit making hole. TOOH with tubing, drill collars and bit. TIH with 7-3/4" magnet and tagged bottom. TOOH with magnet. Recovered a bolt, nut and metal pieces with magnet. TIH with 7-7/8" bit, drill collars and tubing. Drilling at 2183'.
8-23-98 - Drilled cement to 2207'. Bit started torquing up. TOOH with tubing, drill collars and bit. TIH with 7-3/4" mill. Milled 3'. TOOH. TIH with 7-7/8" bit, drill collars and tubing. Drilled plug to 2310' and fell out. TIH to 2501'. Circulated gas out. TIH and tagged up at 3463'. Drilled out cement stringers to 3760' and hard cement to 3870'. TIH and tagged up at 4470'.
8-24-98 - Drilled plug from 4470-5490' and fell out of cement. Circulated gas at 5585'. TIH and tagged plug at 6980'. Drilled plug from 6980-7145'. Circulated gas out. TIH to 7780' and hit tight spot. Rigged up swivel and worked way through tight spot. Took a kick. Circulated gas out. TIH to 9288'. Could not turn pipe. Pulled up to 9088'. Rigged up swivel. Working way down.
8-25-98 - Drilling line coming apart. Pulled up to 6200' and circulated. Replaced drilling line. TIH to 8820'. Washed down to 9228'. Continue washing down to 9257'.



Rusty Klein
Operations Technician
August 26, 1998

