

SUBSCRIBED AND SWORN TO before me this 20 day of April, 1999

Colman Guzman
Notary Public

My Commission expires: 12-5-99

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 10-22, 1998

Paul E. Kautz
District Supervisor, District 1
Oil Conservation Division

Date: 4/26/99

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

Submit 3 Copies to Appropriate District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

OIL CONSERVATION DIVISION

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

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

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

WELL API NO:
30-025-33000

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
VA-971

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

San Simon Unit

1. Type of Well:
OIL WELL GAS WELL OTHER

8. Well No.

1

2. Name of Operator
YATES PETROLEUM CORPORATION

9. Pool name or Wildcat
San Simon Sink Morrow (gas)

3. Address of Operator
105 South 4th St., Artesia, NM 88210

4. Well Location
Unit Letter 0 : 660 Feet From The South Line and 1980 Feet From The East Line

Section 18 Township 23S Range 35E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3351' GR

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: <u>Acidized existing perforations</u> <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.

10-17-19-98 - Moved in and rigged up pulling unit. Bled off casing. Loaded with 1-1/2 bbls 10# brine. Pressured to 2000 psi for 10 minutes, OK. Bled off. Rigged up wireline. TIH with 1-3/8" grapple and fished plunger lift spring catcher assembly at 11321'. TOOH. Flowed well to pit for 1-1/2 hours. Swabbed. Shut well in.

10-20-98 - Installed 2-9/16" X 10000 gate valve crown valve, 1-13/16" X 10000 wing valve and choke. Tested to 8000 psi. Rigged up treesaver. Acidized perforations 13582-13711' (Morrow) with 3000 gallons 10% iron control HCL acid with (2) 500 gallon 50# HEC gel plugs after 1st and 2nd 1000 gallons, 1750 scf N2 per bbl with acid and 3500 scf N2 per bbl with gel. Flowed well to pit for cleanup. Shut well in.

10-21-98 - Bled down. Nippled down crown valve, tee with wing valve and choke. Nippled up 5000# coiled tubing hanger and coiled tubing unit. TIH with wash tool on 1-1/4" coiled tubing to 13665'. Pulled up to 13500'. Set slips in coiled tubing hanger. Cut coiled tubing and installed 3000# ball valve. Dropped ball and made off wash tool. Pumped 1 hour. Pumped down 1-1/4" X 2-1/2" annulus. Pressured to 2500 psi - tubing side dead.

CONTINUED ON NEXT PAGE:

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 Nov. 5, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-147

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

YATES PETROLEUM CORPORATION
San Simon Unit #1
Section 18-T23S-R35E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

Repressured tubing and flowed back tubing with slight blow. Pumped down tubing. Flowed down annulus. Unloaded fluid. Bled off tubing. Shut well in. 10-22-98 - Bled off tubing. Flow tested. Shut well in. Released well to production department.



Rusty Klein
Operations Technician
Nov. 5, 1998

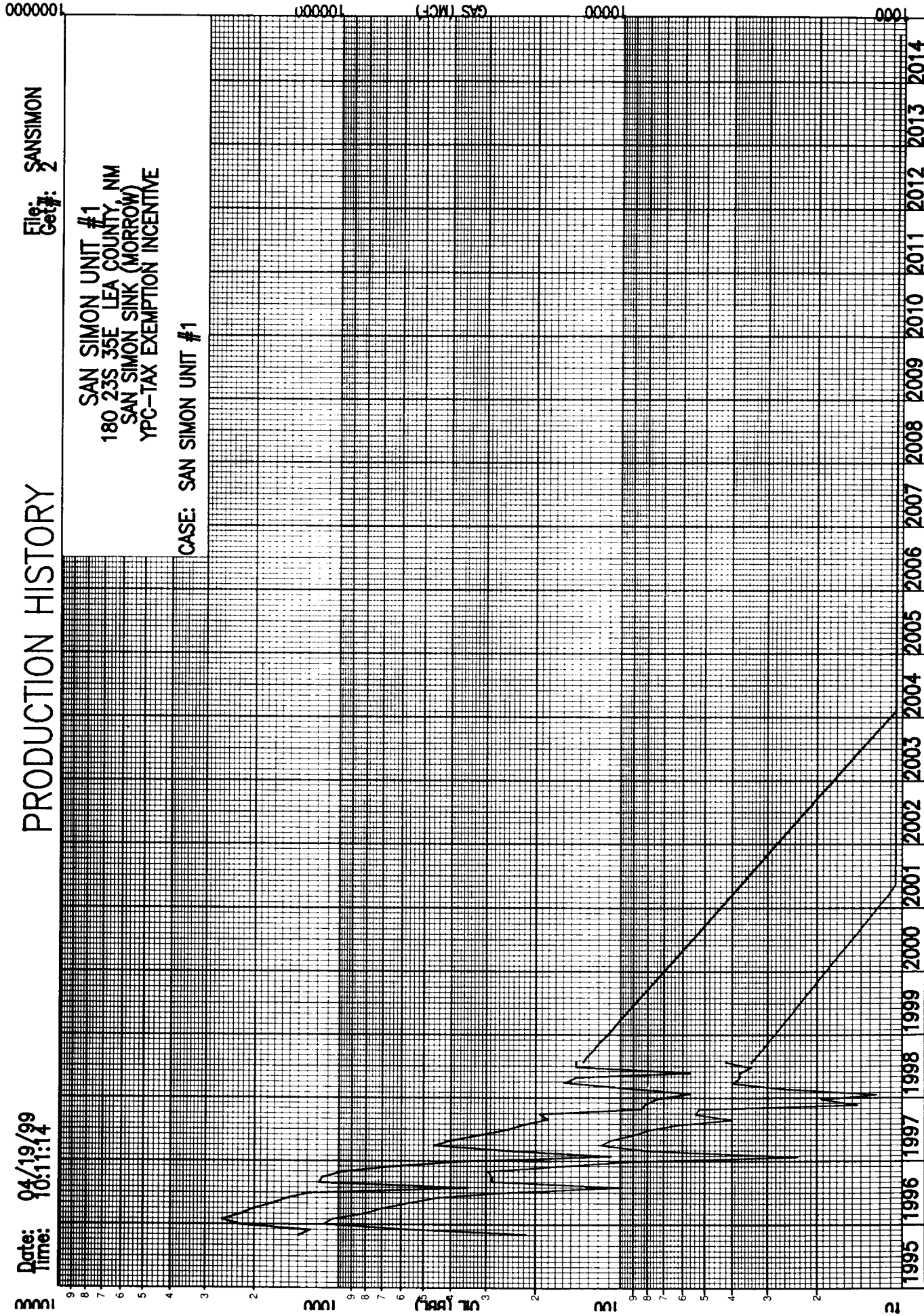
Date: 04/19/99
Time: 10:11:14

PRODUCTION HISTORY

File: SANSIMON
Gel: 2

SAN SIMON UNIT #1
180 23S 35E LEA COUNTY, NM
SAN SIMON SINK (MORROW)
YPC-TAX EXEMPTION INCENTIVE

CASE: SAN SIMON UNIT #1



CUMULATIVE OIL (BBL)= 22,775.

DPC & A

SL 20 3 3

YEARS

CUMULATIVE GAS (MCF)= 74,1133.

74,1133.

San Simon Unit #1
Yates Petroleum Corporation
San Simon Sink (Morrow)
18O-23S-35E Lea County, NM

GROSS PRODUCTION				GROSS PRODUCTION			
<u>MONTH</u>	<u>YEAR</u>	<u>OIL (Bbl)</u>	<u>GAS (Mcf)</u>	<u>MONTH</u>	<u>YEAR</u>	<u>OIL (Bbl)</u>	<u>GAS (Mcf)</u>
10	97	170	3760	9	1	32	927
11	97	182	5070	10	1	32	895
12	97	79	4952	11	1	30	865
1	98	76	1347	12	1	29	836
2	98	69	1818	1	2	28	807
3	98	53	1161	2	2	27	781
4	98	89	2506	3	2	25	753
5	98	148	3750	4	2	25	728
6	98	134	3538	5	2	24	704
7	98	53	3543	6	2	23	679
8	98	135	3219	7	2	23	657
9	98	127	3210	8	2	21	634
10	98	123	3101	9	2	21	613
11	98	118	2996	10	2	19	592
12	98	114	2894	11	2	19	571
1	99	110	2796	12	2	19	553
2	99	105	2701	1	3	18	534
3	99	101	2609	2	3	17	515
4	99	98	2521	3	3	16	498
5	99	94	2436	4	3	16	482
6	99	91	2353	5	3	15	465
7	99	87	2273	6	3	15	449
8	99	84	2196	7	3	14	434
9	99	81	2121	8	3	13	419
10	99	78	2050	9	3	13	405
11	99	74	1980	10	3	13	391
12	99	73	1913	11	3	12	378
1	0	69	1848	12	3	12	365
2	0	67	1785	1	4	11	353
3	0	64	1725	2	4	11	341
4	0	62	1667	3	4	10	329
5	0	60	1610	4	4	10	318
6	0	57	1555	5	4	10	308
7	0	55	1502	6	4	9	297
8	0	54	1452	7	4	9	287
9	0	51	1402	8	4	8	277
10	0	49	1355	9	4	9	267
11	0	48	1309	10	4	8	259
12	0	45	1264	11	4	7	250
1	1	44	1222	12	4	8	241
2	1	43	1180	1	5	7	233
3	1	41	1140	2	5	7	226
4	1	39	1102	3	5	6	217
5	1	38	1064	4	5	7	211
6	1	36	1028	5	5	6	203
7	1	35	993	6	5	6	196
8	1	34	960	7	5	5	190

San Simon Unit #1
Yates Petroleum Corporation
San Simon Sink (Morrow)
18O-23S-35E Lea County, NM

<u>MONTH</u>	<u>YEAR</u>	<u>GROSS PRODUCTION</u>	
		<u>OIL (Bbl)</u>	<u>GAS (Mcf)</u>
8	5	6	183
9	5	5	177
10	5	5	171
11	5	5	165
12	5	5	159
1	6	4	155
2	6	4	148
3	6	5	144
4	6	4	139
5	6	4	135
6	6	3	129
7	6	4	126
8	6	3	121
9	6	4	117
10	6	3	113
10	7	30	1091
10	8	19	721
10	9	7	477
10	10	0	315
10	11	0	209
10	12	0	137
10	13	0	91
10	14	0	61
10	15	0	39
10	16	0	27
10	17	0	17
10	18	0	4
S TOT	0	3394	94617
AFTER	0	0	0
TOTAL	0	3394	94617