

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

00 JUL -3 AM 11:42
OIL CONSERVATION DIV.

June 30, 2000

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. Michael E Stogner

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Oil/Gas Well Location, Chaves County
New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil/gas well location for any and all oil or gas production for its proposed Unforgiven "ARZ" State #2 to be re-entered at an unorthodox oil or gas well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 11, and in support states:

- 1) Yates Petroleum Corporation (Yates) requests that you take notice of **NSL-3911**.
- 2) Yates is the operator of subject well and is a working interest owner in the W/2 of Section 11. (See Exhibit # 1 enclosed)
- 3) Yates proposes to re-enter its Unforgiven "ARZ" State #2 an unorthodox oil or gas well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2, C-101 and C102 enclosed)
- 4) The subject well is to be re-entered at an unorthodox location in an attempt to establish gas production from the Penn or Wolfcamp formations from the existing wellbore.
- 5) Yates' geologic conclusion has not changed from the time that we applied for this unorthodox location when we initially drilled this well. Our conclusion is that a well drilled at the closest standard location would not be at the optimum

structural position within the fault block and would also encroach upon other subtle faults that may be present. (See Exhibit # 3, Geologist interpretation)

- 6) In the event the Penn or Wolfcamp formations are not capable of commercial production in this well, then Yates intends to test the San Andres formation that will also be at an unorthodox oil well location.
- 7) The lease on which the well will be re-entered is set to expire on August 1, 2000.
- 8) The lease on which the well will be drilled is the whole section and will encroach only this lease. (See Exhibit # 1, enclosed)
- 9) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibit #1)

Wherefore, Yates Petroleum Corporation requests that this matter be approved administratively by the Division in an expedited manner due to lease expiration of August 1, 2000.

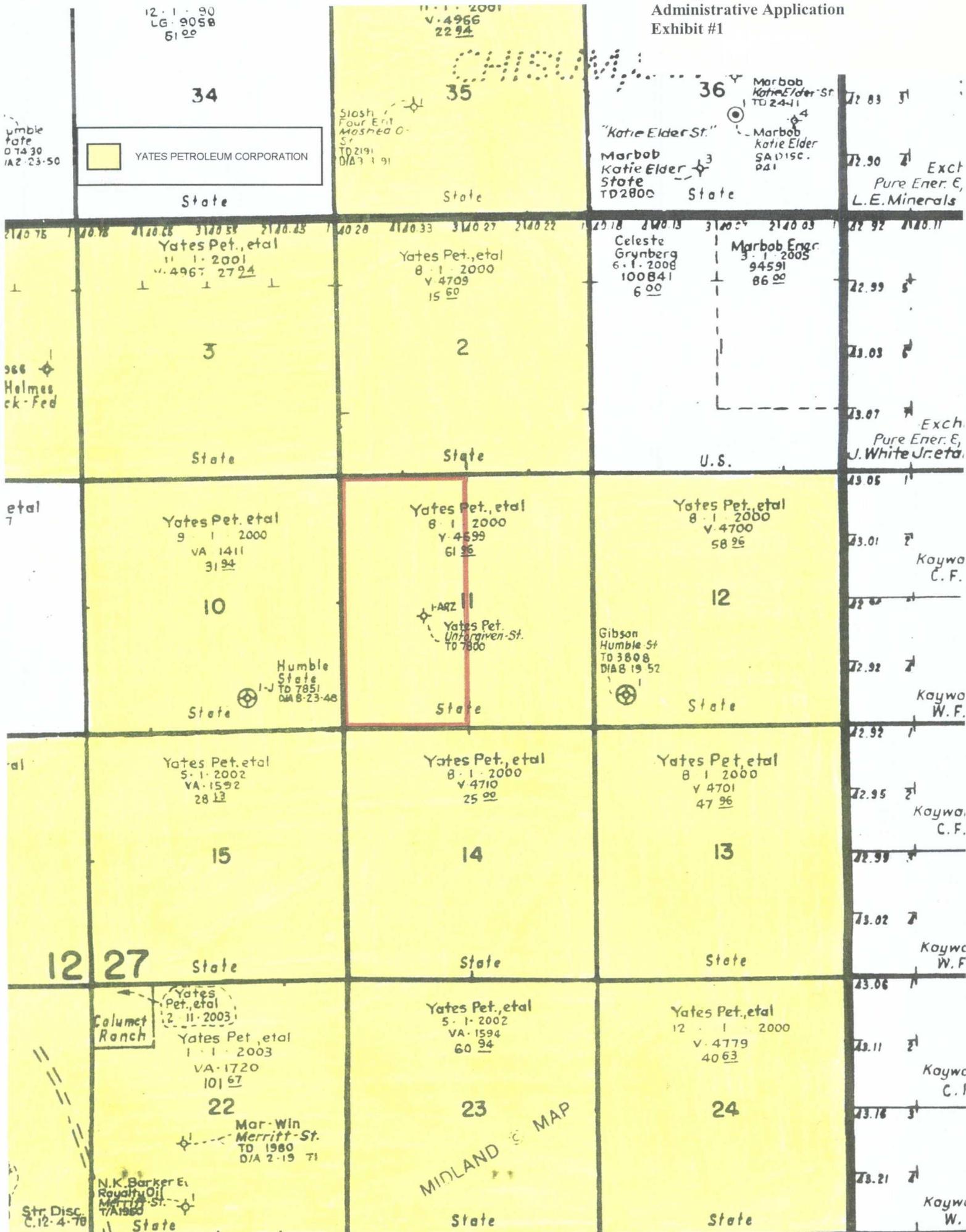
Respectfully submitted,

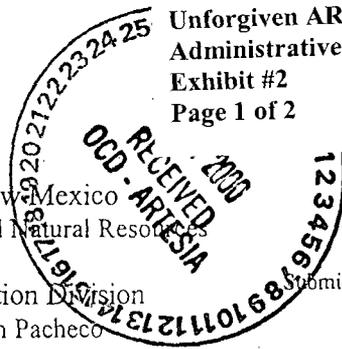
YATES PETROLEUM CORPORATION



Chuck Moran
Landman

Yates Petroleum Corporation
 Unforgiven ARZ State #2
 Administrative Application
 Exhibit #1





District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy Minerals and Natural Resources
 Oil Conservation Division
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised March 17, 1999
 Submit to appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		² OGRID Number 025575
		³ API Number 30-
⁴ Property Code	⁵ Property Name Unforgiven ARZ State	⁶ Well No. 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
K	11	12S	27E		2350'	South	1800'	West	Chaves

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Wildcat Penn					¹⁰ Proposed Pool 2				

¹¹ Work Type Code E	¹² Well Type Code O	¹³ Cable/Rotary Pulling Unit	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3688'
¹⁶ Multiple No	¹⁷ Proposed Depth 6852'	¹⁸ Formation Penn	¹⁹ Contractor Not Determined	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	1525'	950 sx	In Place
7 7/8"	4 1/2"	11.60#	6852'	-----	TOC 2000'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ATTACHED PAGE 2.

NSL-

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Cy Cowan</i>	Approved by: <i>BB</i>	<i>James W. Brown</i>	
Printed name: Cy Cowan	Title: District Supervisor		
Title: Regulatory Agent	Approval Date: JUN 30 2000	Expiration Date: JUN 30 2001	
Date: June 30, 2000	Phone: (505) 748-1471	Conditions of Approval:	
		Attached <input type="checkbox"/>	

District I
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District II
 811 South First, Artesia, NM 88210
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised March 17, 1999
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name Wildcat Penn
Property Code	Property Name Unforgiven ARZ State		Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 3688'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	12S	27E		2350'	South	1800'	East	Chaves

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County				
<table border="1"> <tr> <td>¹² Dedicated Acres 320</td> <td>¹³ Joint or Infill</td> <td>¹⁴ Consolidation Code</td> <td>¹⁵ Order No.</td> </tr> </table>										¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.										

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>6</p> <p style="font-size: 2em;">V-4 699</p> <p style="font-size: 1.5em;">1800'</p> <p style="font-size: 1.5em;">2350'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p style="text-align: right; font-size: 1.5em;"><i>Cy Cowan</i></p> <p>Signature <u>Cy Cowan</u></p> <p>Printed Name <u>Regulatory Agent</u></p> <p>Title <u>June 30, 2000</u></p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: center;">REFER TO ORIGINAL PLAT</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

UNFORGIVEN 'ARZ' STATE #1

June 30, 2000

The Unforgiven 'ARZ' State #1 in 11-12S-27E was drilled in January 1998 as a 3-D seismic prospect into the Devonian. This unorthodox footage (2350' FSL & 1800 FWL) was decided upon as the optimum location to encounter the Devonian formation at its highest point on the structure to produce hydrocarbons. Shallower formations above the Devonian reflect the same structural positions.

Yates Petroleum Corporation proposes to reenter this well and test Penn sands, Wolfcamp dolomites, and San Andres dolomites for hydrocarbons. The geologic structural position of these formations, which were deposited above the Devonian, is enhanced by this Devonian structure.

Respectfully,



H. Tim Miller



FAX

Date: Friday, June 30, 2000

Number of pages including cover sheet: 7

To:

Mr. Michael E. Stogner

NMOCD

Phone: 505-827-8125

Fax phone: 505-827-1389

CC: _____

Chuck Moran

105 South Fourth Street

Artesia, New Mexico 88210

Phone: 505-748-4349

Fax phone: 505-748-4572

From:

REMARKS: Urgent For your review Reply ASAP Please comment

Mr. Stogner,

Pursuant to our phone conversation on June 30, 2000, please see the attached application for non-standard location. As you requested, I have included my fax # above.

Chuck Moran

Landman

< TRANSACTION REPORT >

06-30-2000(FRI) 13:39

[TRANSMIT]

NO.	DATE	TIME	DESTINATION STATION	PG.	DURATION	MODE	RESULT
23942	6-30	13:28	8	7	0° 11' 16"	NORMAL	OK
				7	0° 11' 16"		

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

SF

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.	30-005-63160
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	VO-4699
7. Lease Name or Unit Agreement Name	
Unforgiven ARZ State	
8. Well No.	1
9. Pool name or Wildcat	Wildcat Devonian

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.)

1. Type of Well:
 OR. WELL GAS WELL OTHER

2. Name of Operator
YATES PETROLEUM CORPORATION

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

4. Well Location
 Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
 Section 11 Township 12S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3688' GR

1998 FEB
RECEIVED
OCD - ARTESIA

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 checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input 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.

Plugged and abandoned as follows:

2-17-98 - Swabbed. Loaded hole with brine with salt gel. Pulled tubing up to 1575'. Spotted 35 sacks Class "C" cement for 100' plug at bottom of surface casing. TOOH with tubing. Nippled down BOP. Ran 1 joint. Spotted 15 sacks Class "C" cement at surface. TOOH with tubing. Rigged down pulling unit. Cleaned location. Installed regulation abandonment marker. PLUGGED AND ABANDONED - FINAL REPORT. Plugging completed 2-16-98.

EG

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 Feb. 19, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY [Signature] TITLE Field Rep. I DATE 1-19-99

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION DIVISION
811 S. First Street
ARTESIA, NEW MEXICO 88210
Ph (505) 748-1283

DATE March 19, 1998

Yates Petroleum Corp

105 S. 4th Street

Artesia NM 88210

Re: Plugging Reports

Gentlemen:

Form C-103 Report of Plugging for your Unforgiven ARZ State #1 K-11-12-27
Lease Well No. Ut. S-T-R

cannot be approved until an N.M.O.C.D. representative has made an inspection of the location and found it to be cleared to comply with Division Rules and Regulations. Please check each item in the space provided to indicate that the work has been done.

- () 1. All pits have been filled and leveled.
- () 2. Rat hole and cellar have been filled and leveled.
- () 3. A steel marker 4" in diameter and approximately 4' above mean ground level has been set in concrete. It must show the quarter-quarter section or unit designation, section, township and range numbers which have been permanently stenciled or welded on the marker.
- () 4. The location has been leveled as nearly as possible to original top ground contour and has been cleared of all junk and equipment.
- () 5. The dead men and tie downs have been cut and removed.
- () 6. If a one well lease or last remaining well on lease, the battery and burn pit locations have been leveled and cleared of all junk & equipment.

The above are minimum requirements and no plugging bond will be cancelled until all locations for plugged and abandoned wells have been inspected and Form C-103 approved.

When all of the work outlined above has been done, please notify this office by filling in the blank form below and returning this letter to us so that our representative will not have to make more than one trip to the location.

Mike Stubblefield
Mike Stubblefield
Deputy Oil & Gas Inspector

FILL IN BELOW AND RETURN

I certify that the above work has been done and the above mentioned lease is ready for your inspection and approval.

NAME

TITLE

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

SF

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. 30-005-63160

5. Indicate Type of Lease STATE [X] FEE []

6. State Oil & Gas Lease No. VO-4699

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 Unforgiven ARZ State

1. Type of Well: OIL WELL [X] GAS WELL [] OTHER []

8. Well No. 1

2. Name of Operator YATES PETROLEUM CORPORATION

9. Pool name or Wildcat Wildcat Devonian

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

4. Well Location Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line Section 11 Township 12S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: [] SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER: Open hole completion [X]

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. 2-10-98 - Cleaned location and set anchors. Moved in and rigged up pulling unit. TIH with bull plug, perforated sub, seating nipple at 85 joints 2-7/8" tubing. Tagged up at 2670'. Nipped up BOP. 2-11-98 - Displaced mud from hole with 2% KCL. Pulled tubing up to 2550'. Spotted 1000 gallons 15% iron control HCL acid. Displaced with 15 bbls 2% KCL. Let set 1 hour. Pumped 40 bbls 2% KCL down tubing to wash open hole with acid. Reversed out tubing. Swabbed. Shut well in. 2-12-98 - Swabbed. Shut well in. 2-13-98 - Swabbed. Shut well in. 2-14-16-98 - Shut in.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE [Signature] TITLE Operations Technician DATE Feb. 19, 1998 TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use) ORIGINAL OFFICE BY [Signature] DISTRICT II SUPERVISOR

APPROVED BY [Signature] TITLE [Signature] DATE 2-23-98

CONDITIONS OF APPROVAL, IF ANY:

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.	30-005-63160
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	VO-4699

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.)

1. Type of Well:
 OIL WELL GAS WELL OTHER

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 YATES PETROLEUM CORPORATION

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 105 South 4th St., Artesia, NM 88210

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 3688' GR

1998 FEB
RECEIVED
OCD - ARTESIA

7. Lease Name or Unit Agreement Name
 Unforgiven ARZ State

8. Well No.
 1

9. Pool name or Wildcat
 Wildcat Devonian

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 checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input 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.

Plugged and abandoned as follows:

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TP 7800

Post TD 2
3.13-98
P417

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 Feb. 19, 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:

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. 30-005-63160
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-4699
7. Lease Name or Unit Agreement Name Unforgiven ARZ State
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9. Pool name or Wildcat Wildcat Devonian
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
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(FORM C-101) FOR SUCH PROPOSALS.)

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OIL WELL GAS WELL OTHER

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YATES PETROLEUM CORPORATION

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11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

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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>Plug back</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.

TD 7800'. Tim Bussell, Drilling Foreman' for Yates Petroleum Corporation, received verbal permission from Ray Smith w/OCD-Artesia to plug back as follows:

Plug #1: 45 sacks "C" Neat set at 5862'. PD 10:45 PM 2-2-98.
Plug #2: 50 sacks "C" Neat set at 4157'. PD 12:00 AM 2-3-98.
Plug #3: 60 sacks "C" Neat set at 2766'. PD 1:30 AM 2-3-98. NOTE: Calculated top of cement at 2600'.

Released rig at 8:15 AM 2-3-98.

Waiting on completion unit.

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 Feb. 6, 1998
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use) ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

APPROVED BY _____ TITLE _____ DATE 2-11-98
CONDITIONS OF APPROVAL, IF ANY:

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. 30-005-63160
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. VO-4699

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2. Name of Operator YATES PETROLEUM CORPORATION

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10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3688' GR

7. Lease Name or Unit Agreement Name Unforgiven ARZ State

8. Well No. 1

9. Pool name or Wildcat Wildcat Devonian

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data. NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [], PLUG AND ABANDON [X], TEMPORARILY ABANDON [], CHANGE PLANS [], PULL OR ALTER CASING [], OTHER: []. SUBSEQUENT REPORT OF: REMEDIAL WORK [], ALTERING CASING [], COMMENCE DRILLING OPNS. [], PLUG AND ABANDONMENT [], CASING TEST AND CEMENT JOB [], OTHER: []

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. Well to be plugged as follows: Plug #1: 100' Class C cement plug will be set 50' in and out of surface casing Plug #2: 15 sacks Class C cement at surface Regulation dry hole marker will be installed.

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 Feb. 19, 1998 TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use) APPROVED BY ORIGINAL SIGNED BY TIM W. GUM DISTRICT III SUPERVISOR TITLE DATE 2-23-98

CONDITIONS OF APPROVAL, IF ANY:

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.	30-005-63160
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	VO-4699

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.)

1. Type of Well:
 OIL WELL GAS WELL OTHER

2. Name of Operator
 YATES PETROLEUM CORPORATION

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

4. Well Location
 Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
 Section 11 Township 12S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
 3688' GR

7. Lease Name or Unit Agreement Name
 Unforgiven ARZ State

8. Well No.
 1

9. Pool name or Wildcat
 Wildcat Devonian

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"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: Plug back <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.
 TD 7800'. Reached TD at 2:30 PM 1-30-98,
 Plugged back as follows:
 Plug #1: 50 sacks "H" Neat set at 7800'. PD 8:15 PM 1-31-98. Laid down 24 joints drill pipe. Circulated at 7060'.
 Plug #2: 115 sacks "H" Neat set at 7060'. PD 11:45 PM 1-31-98. TOOH with 10 stands drillpipe. WOC.
 TIH and tagged cement at 6833'. TOOH. TIH with bit. Dressed cement plug off to 6852'.

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 Feb. 6, 1998
 TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY Jim W. Green TITLE District Supervisor DATE 2/11/98

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

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. 30-005-63160
 5. Indicate Type of Lease STATE FEE
 6. State Oil & Gas Lease No. VO-4699

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL GAS WELL DRY OTHER _____
 b. Type of Completion: NEW WELL WORK OVER DEEPEN PLUG BACK DPP RESVR OTHER _____
 2. Name of Operator YATES PETROLEUM CORPORATION (505) 748-1471
 3. Address of Operator 105 South 4th St., Artesia, NM 88210

7. Lease Name or Unit Agreement Name Unforgiven ARZ State
 8. Well No. 1
 9. Pool name or Wildcat Wildcat

4. Well Location
 Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
 Section 11 Township 12S Range 27E NMPM Chaves County

10. Date Spudded RH 1-5-98 RT 1-7-98
 11. Date T.D. Reached 1-30-98
 12. Date Compl. (Ready to Prod.) P & A 2-16-98
 13. Elevations (DF & RKB, RT, GR, etc.) 3688' GR
 14. Elev. Casinghead

15. Total Depth 7800'
 16. Plug Back T.D.
 17. If Multiple Compl. How Many Zones?
 18. Intervals Drilled By Rotary Tools 40-7800' Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name Dry
 20. Was Directional Survey Made No

21. Type Electric and Other Logs Run CNL/GR, BHC & Laterolog
 22. Was Well Cored No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"		40'	20"	Cement to surface	
8-5/8"	24#	1525'	12-1/4"	950 sx - circulate	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET

26. Perforation record (interval, size, and number)
 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.
 DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED

28. PRODUCTION

Date First Production
 Production Method (Flowing, gas lift, pumping - Size and type pump) P & A 2-16-98
 Well Status (Prod. or Shut-in) Dry
 Date of Test Hours Tested Choke Size Prod'n For Test Period Oil - Bbl. Gas - MCF Water - Bbl. Gas - Oil Ratio
 Flow Tubing Press. Casing Pressure Calculated 24-Hour Rate Oil - Bbl. Gas - MCF Water - Bbl. Oil Gravity - API - (Corr.)

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
 Test Witnessed By

30. List Attachments
 Drill Stem Tests, Deviation Survey & Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Rusty Klein Printed Name Rusty Klein Title Operations Tech. Date 3-23-98

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates _____	T. Miss _____ 6798'	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____	T. Devonian _____ 7142'	T. Menefee _____	T. Madison _____
T. Queen _____	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres _____ 1363'	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Glorieta _____ 2711'	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____ 4096'	T. Delaware Sand _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Bone Springs _____	T. Entrada _____	T. _____
T. Abo _____ 4888'	T. Fusselman _____ 7462'	T. Wingate _____	T. _____
T. Wolfcamp _____ 5822'	T. _____	T. Chinle _____	T. _____
T. Penn _____ 6335'	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....
 No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
0	302	302	Surface & redbed				
302	1257	955	Redbed				
1257	1525	268	Anhydrite				
1525	2000	475	Anhydrite & dolomite				
2000	2335	335	Anhydrite, dolomite & lime				
2335	2801	466	Lime				
2801	2987	186	Sand & shale				
2987	3300	313	Dolomite				
3300	4242	942	Dolomite & anhydrite				
4242	4659	417	Dolo, anhy, sand				
4659	4842	183	Dolomite & anhydrite				
4842	5148	306	Dolomite				
5148	5500	352	Shale & dolomite				
5500	5832	332	Dolomite				
5832	6440	608	Lime				
6440	7123	683	Lime & shale				
7123	7164	41	Lime & dolomite				
7164	7414	250	Dolomite & shale				
7414	7800	386	Dolomite				

YATES PETROLEUM CORPORATION
Unforgiven ARZ State #1
Section 11-T12S-R27E
Chaves County, New Mexico

RESULTS OF DRILL STEM TESTS:

DST #1 5781-5832' (Wolfcamp): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60".
RECOVERY: 11.3' drilling mud. SAMPLER: 2600 cc mud. PRESSURES: IHP 3031;
IFP 59-70; ISIP 69; 2nd FP 69-75; 2nd SIP 1020; 3rd FP 93-95; FHP 3031

DST #2 7120-7152' (Devonian): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 15".
RECOVERY: 5' of mud. SAMPLER: 2600 cc mud. PRESSURES: IHP 3731; IFP 39-41;
ISIP 61; 2nd FP 41-41; 2nd SIP 65; FFP 41-41; FHP 3738

DST #3 7108-7164' (Devonian): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60".
RECOVERY: 671' of water. SAMPLER: 2600 cc water. PRESSURES: IHP 3704; IFP
100-178; ISIP 2822; 2nd FP 183-354; 2nd SIP 2820; 3rd FP 356-420; FHP 3835

DST #4 7445-7475' (Montoya): TIMES: TO 20"; SI 60"; TO 60"; SI 120"; TO 60".
RECOVERY: 90' of mud and 1310' of formation water. SAMPLER: 2200 cc water.
PRESSURES: IHP 3906; IFP 83-244; ISIP 2964; 2nd FP 252-489; 2nd SIP 2969; 3rd
FP 491-646; FHP 3877

DST #5 6608-6852' (Penn): TIMES: TO 180"; SI 120"; TO 30". RECOVERY: 356' of
mud. SAMPLER: 2600 cc mud. PRESSURES: IHP 3571; IFP 408-304; ISIP 794; FFP
358-401; FHP 3574

L & M DRILLING, INC.

OIL WELL DRILLING CONTRACTORS
PO BOX 1370 ARTESIA, NEW MEXICO 88211-1370
(505) 746-4405 746-3518 748-2205

February 13, 1998

Yates Petroleum Corporation
105 South Fourth
Artesia, NM 88210

MAR 06 1998
RECEIVED
OCD - ARTESIA

RE: Unforgiven ARZ State #1
2350' FSL & 1800' FWL
Sec. 11, T12S, R27E
Chaves County, New Mexico

Gentlemen:

The following is a Deviation Survey for the above captioned well.

DEPTH	DEVIATION	DEPTH	DEVIATION
261'	1/4	4372'	3/4
758'	1/2	4834'	1/4
951'	1/2	5392'	1/2
1470'	1/2	5832'	1
1525'	1	6289'	3/4
2015'	1 1/4	6790'	1
2513'	3/4	7152'	1 1/4
3007'	3/4	7475'	1
3500'	3/4	7800'	1 1/4
3884'	1/2		

Very truly yours,

Eddie C. LaRue
Vice President

STATE OF NEW MEXICO }
COUNTY OF EDDY }

The foregoing was acknowledged before me
this 13th day of February, 1998.

Notary Public

OFFICIAL SEAL
TAMMIE L. GARNER
NOTARY PUBLIC - NEW MEXICO
My Commission Expires Aug 30, 2000

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. 30-005-63160
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-4699

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 Unforgiven ARZ State
8. Well No. 1
9. Pool name or Wildcat Wildcat

1. Type of Well:
 OIL WELL GAS WELL OTHER

2. Name of Operator
YATES PETROLEUM CORPORATION

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

4. Well Location
 Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
 Section 11 Township 12S Range 27E NMPM Chaves County

RECEIVED
OCD - ARTESIA

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3688' 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: Request to drill deeper <input checked="" type="checkbox"/>		OTHER: <input 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.

Yates Petroleum Corporation respectfully requests permission to drill this well to a depth of approximately 7800' to test the Basement (Granite) and intermediate formations. This was originally permitted to drill to a depth of 7130' to test the Devonian and intermediate formations.

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 Jan. 28, 1998
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)
APPROVED BY ORIGINAL SIGNED BY TIM W. GUM TITLE DISTRICT II SUPERVISOR DATE FEB 2 1998

CONDITIONS OF APPROVAL, IF ANY:

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-005-63160		2 Pool Code		3 Pool Name Wildcat	
4 Property Code		5 Property Name Unforgiven ARZ State			6 Well Number 1
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3688' GR

10 Surface Location

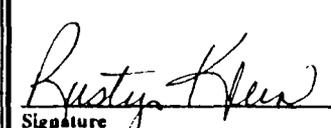
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	11	12S	27E		2350	South	1800	West	Chaves

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill .	14 Consolidation Code	15 Order No.
--------------------------	-------------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature Rusty Klein Printed Name Operations Technician Title Jan. 28, 1998 Date
	1800'			18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyer: Certificate Number
		2350'		

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

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

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

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

WELL API NO. 30-005-63160
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-4699
7. Lease Name or Unit Agreement Name Unforgiven ARZ State
8. Well No. 1
9. Pool name or Wildcat Wildcat Devonian

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.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	JAN 1998
2. Name of Operator YATES PETROLEUM CORPORATION	RECEIVED OCD - ARTESIA
3. Address of Operator 105 South 4th St., Artesia, NM 88210	

4. Well Location
Unit Letter K : 2350 Feet From The South Line and 1800 Feet From The West Line
Section 11 Township 12S Range 27E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3688' 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: Spud, conductor, surface casing & cmt <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.
Spudded a 20" hole with rat hole machine at 11:15 AM 1-5-98. Set 40' of 16" conductor pipe. Cemented to surface. NOTE: Notified Carmen w/OCD-Artesia of spud. Resumed drilling a 12-1/4" hole with rotary tools at 3:15 PM 1-7-98.

TD 1525'. Reached TD at 10:15 PM 1-9-98. Ran 34 joints of 8-5/8" 24# J-55 (1528.57') of casing set at 1525'. 1-Texas Pattern notched guide shoe set at 1525'. Insert float set at 1480'. Cemented with 750 sacks BJ Lite "C" (65-35-6), 5#/sack gilsonite, 1/4#/sack celloflake and 2% CaCl2 (yield 2.01, weight 12.66). Tailed in with 200 sacks Class C and 2% CaCl2 (yield 1.34, weight 14.8). PD 7:45 AM 1-10-98. Bumped plug to 660 psi, OK. Circulated 111 sacks. WOC. Nippled up and tested to 1200 psi for 30 minutes, OK. Drilled out at 9:45 PM 1-10-98. WOC 14 hours. Reduced hole to 7-7/8". Resumed drilling.

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 Jan. 19, 1998
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-147

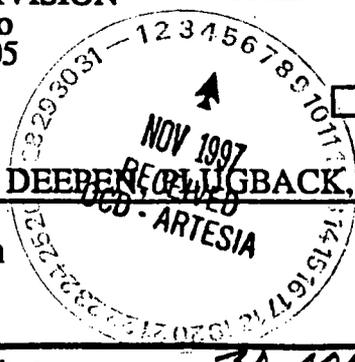
(This space for State Use)
APPROVED BY ORIGINAL SIGNED BY TIM W. GUM TITLE DISTRICT II SUPERVISOR DATE FEB 6 1998
CONDITIONS OF APPROVAL, IF ANY:

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505



AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG BACK, OR ADD A ZONE

1 Operator Name and Address. Yates Petroleum Corporation 105 S. 4th Street Artesia, New Mexico 88210		2 OGRID Number 025575
4 Property Code 22246		3 API Number 90-015-29964
5 Property Name Unforgiven "ARZ" State		6 Well No. 1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	11	12S	27E		2350'	South	1800'	West	Chaves

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
9 Proposed Pool 1 Long Arroyo, NW Wilicat Devonian Dev					10 Proposed Pool 2				

11 Work Type Code N	12 Well Type Code O	13 Cable/Rotary Rotary	14 Lease Type Code S	15 Ground Level Elevation 3688'
16 Multiple N	17 Proposed Depth 7130'	18 Formation Devonian	19 Contractor Undesignated	20 Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	1500'	700 sx	Circulate
7 7/8"	5 1/2"	15.5 # 17#	7130'	800 sx	As warranted

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to drill and test the Devonian and intermediate formations. Approximately 1500' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

MUD PROGRAM: Spud to 1500' FW Gel/LCM; 1500' to 4900' Cut Brine; 4900' to 7130' SW Gel Starch.

BOPE PROGRAM: BOPE will be installed on the 8 5/8" casing and tested daily.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Clifton R. May*

Printed name: CLIFTON R. MAY

Title: REGULATORY AGENT

Date: November 5, 1997

Phone: 505-748-4347

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM

Title: DISTRICT II SUPERVISOR

Approval Date: **NOV 12 1997**

Expiration Date: **12-12-98**

Conditions of Approval: Attached

NSL # 2911
 12-8-97

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 31-015-29964	Pool Code	Pool Name Wildcat Devonian JONES ARROYO, NW DEW
Property Code	Property Name UNFORGIVEN "ARZ" STATE	Well Number 1
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3688

Surface Location

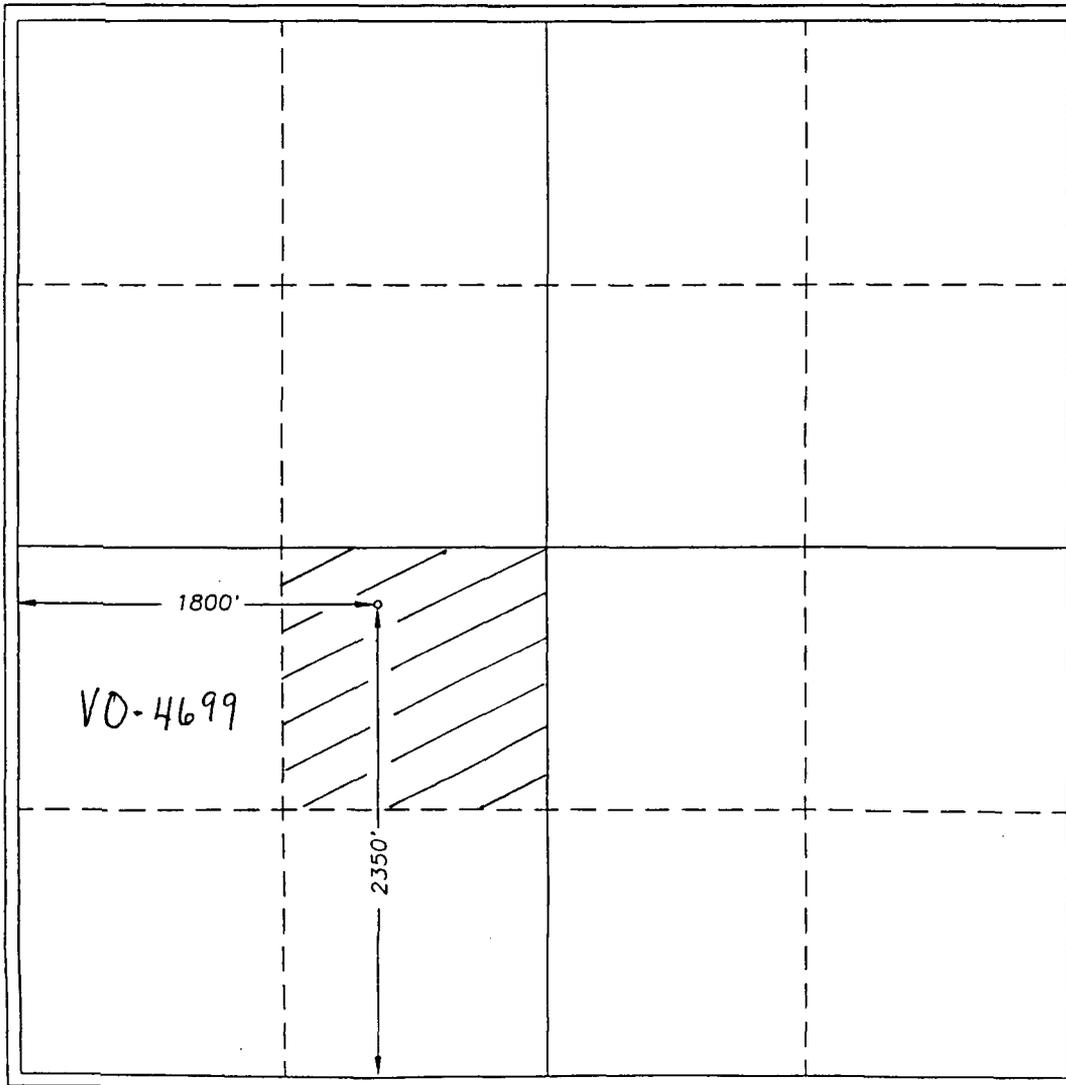
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	12S	27E		2350	SOUTH	1800	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
------------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Clifton R. May
Signature

Clifton R. May
Printed Name

Regulatory Agent
Title

November 5, 1997
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

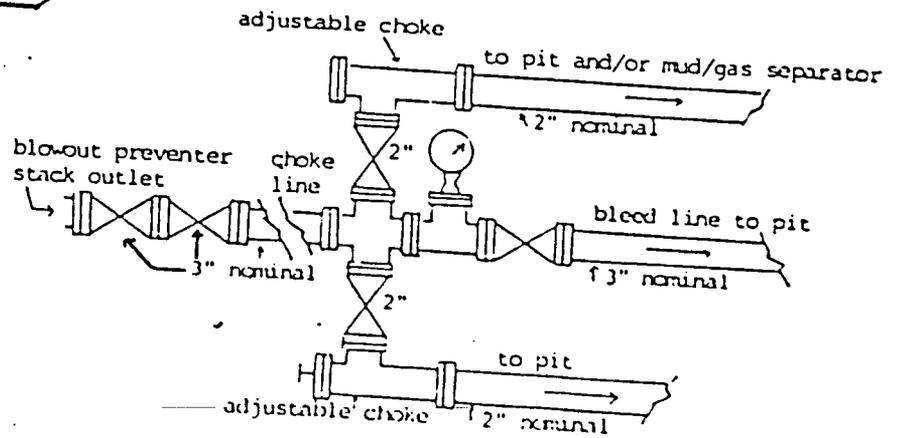
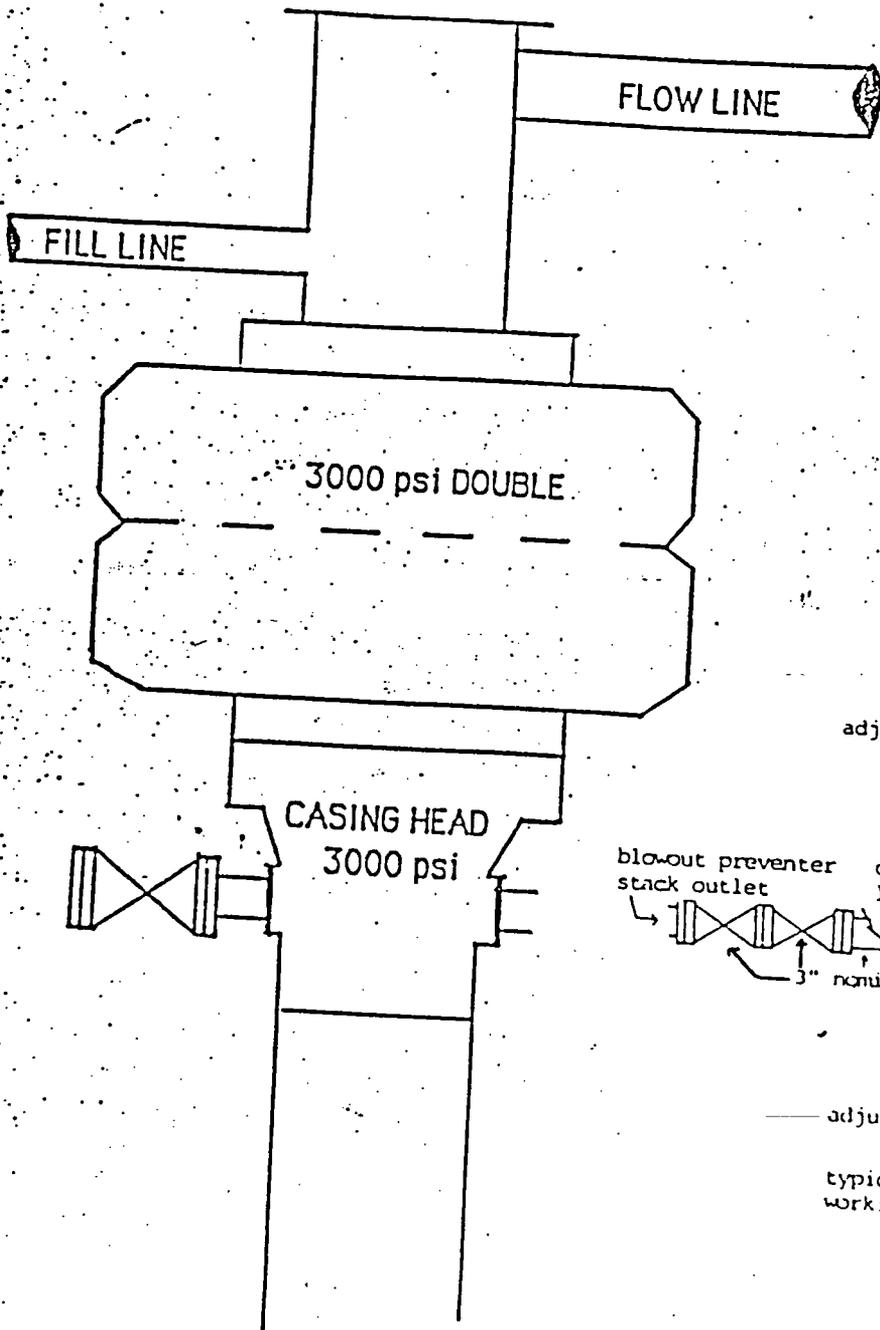
Date Surveyed
Signature
Professional Surveyor

3640

Certificate No. 3640 Jones RLS 3640
UNFORGVN DISK #6
GENERAL SURVEYING COMPANY

YATES PETROLEUM CORPORATION

EXHIBIT B



typical choke manifold assembly for 3M rated working pressure service-surface installation

BLOWOUT PREVENTER
3M SYSTEM

WRS COMPLETION REPORT

REISSUES 30-T-0001 06/12/98 SEC 11 TWP 12S RGE 27E
 30-005-63160-0000 PAGE 1

NMEX CHAVES * 2350FSL 1800FWL SEC
 STATE COUNTY FOOTAGE SPOT
 YATES PET OPERATOR WF WF
 1 UNFORGIVEN 'ARZ' STATE WELL CLASS INIT FIN
 1 WELL NO. LEASE NAME
 3688GR LONG ARROYO NE
 OPER ELEV FIELD/POOL/AREA
 API 30-005-63160-0000
 LEASE NO. PERMIT OR WELL I.D. NO.
 01/05/1998 02/16/1998 ROTARY VERT D&A
 SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS
 7130 DEVONIAN L & M DRLG CO 1
 PROJ. DEPTH PROJ. FORM CONTRACTOR
 DTD 7800 FM/TD MONTOYA
 DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

LOCATION DESCRIPTION

12 MI NE DEXTER, NM
 2.50 MI SW/2664' (SADR) OIL PROD IN CHISUM SOUTH FLD

CASING/LINER DATA

CSG 16 @ 40
 CSG 8 5/8 @ 1525 W/ 950 SACKS

TYPE	FORMATION	LTH	TOP DEPTH/SUB	BSE DEPTH/SUB
LOG	SN ANDRS		1363 2325	
LOG	GLORIETA		2711 977	
LOG	TUBB		4096 -408	
LOG	ABO		4888 -1200	
LOG	WOLFCAMP		5822 -2134	
LOG	PNNSYLVN		6335 -2647	
LOG	MSSP		6798 -3110	
LOG	DEVONIAN		7142 -3454	
LOG	FUSSELMN		7462 -3774	

SUBSEA MEASUREMENTS FROM GR

FORMATION TEST DATA

DST 1 5781- 5832 ABO
 OVERLAPS WOLFCAMP
 REC 11.3 FT MUD 2600.0 CC MUD
 INIT OP 20M IFP 59 FFP 70
 FINAL OP 1H IFP 93 FFP 95
 ISIP 69 1H IHP 3031 FHP 3031

CONTINUED IC# 300057005397



REISSUES SEC 11 TWP 12S RGE 27E
30-T-0001 06/12/98 30-005-63160-0000 PAGE 2

YATES PET UNFORGIVEN 'ARZ' STATE WF WF
1

FORMATION TEST DATA

OP 20, SI 60, OP 60, SI 120, OP 60
FP 59-70, 69-75, 93-95
SIP 69, 1020

DST 2 7120- 7152 DEVONIAN
REC .5 FT MUD 2600.0 CC MUD
INIT OP 20M IFP 39 FFP 41
FINAL OP 15M IFP 41 FFP 41
ISIP 61 1H FSIP 65 IHP 3731 FHP 3738
OP 20, SI 60, OP 60, SI 120, OP 15
FP 39-41, 41-41, 41-41
SIP 61, 65

DST 3 7108- 7164 DEVONIAN
REC 671.0 FT WTR 2600.0 CC WTR
INIT OP 20M IFP 100 FFP 178
FINAL OP 1H IFP 356 FFP 420
ISIP 2822 1H IHP 3704 FHP 3835
OP 20, SI 60, IP 60, SI 120, OP 60
FP 100-178, 183-354, 356-420
SIP 2822, 2820

DST 4 STRD 7445- 7475 FUSSELMN
REC 90.0 FT MUD 1310.0 FT WTR
REC 2200.0 CC WTR
INIT OP 20M IFP 83 FFP 244
FINAL OP 1H IFP 491 FFP 646
ISIP 2964 1H IHP 3906 FHP 3877
OP 20, SI 60, OP 60, SI 120, OP 60
FP 83-244, 252-489, 491-646
SIP 2964, 2969

DST 5 STRD 6608- 6852 PNNSYLVN
OVERLAPS MSSP
REC 356.0 FT MUD 2600.0 CC MUD
INIT OP 3H IFP 408 FFP 304
FINAL OP 30M IFP 358 FFP 401
ISIP 794 2H IHP 3571 FHP 3574

LOGS AND SURVEYS /INTERVAL, TYPE/

LOGS CNL GR BHC

CONTINUED

REISSUES SEC 11 TWP 12S RGE 27E
30-T-0001 06/12/98 30-005-63160-0000 PAGE 3

YATES PET WF WF
1 -UNFORGIVEN- 'ARZ' STATE

LOGS AND SURVEYS /INTERVAL,TYPE/

LOGS

LATL

DRILLING MEDIA /TYPE,DEPTH/

3300 9.9 5832 10.0 PPG

PLUGGING RECORD /INTERVAL PLUGGED CEMENT/

PLUGS @ 7800 W/50 SX, 7060 W/115 SX, 1575 W/35 SX,
SURF W/15 SX

DRILLING PROGRESS DETAILS

YATES PET
105 S 4TH ST
ARTESIA, NM 88210
505-748-1471
12/22 LOC/1997/
01/06 40 TD, MIRT
01/13 DRLG 3300, MUD WT 9.9
01/13 SPD 1/7/98 W/ RT
01/20 5832 TD, TRIP, MUD WT 10
01/27 7164 TD, TIH
02/04 7800 TD, PB 2600, SI
03/27 TD REACHED 01/30/98 RIG REL 02/03/98
7800 TD
COMP 2/16/98, D&A
NO CORES, FIVE DSTS
06/05 REISSUE TO ADD & CORRECT DATA
REPLACEMENT FOR TICKET ISSUED 4/3/98

+NM NM

--NESW 11- 12S- 27E Yates

#1-A-R-Z Unforgiv. 4*



NM NM

--NESW 11- 12S- 27E Yates

#1-A-R-Z Unforgiv. 4*



M



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/03/00 16:31:12
OGOMES -TPFS
PAGE NO: 1

Sec : 11 Twp : 12S Rng : 27E Section Type : NORMAL

<p>D 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>	<p>C 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>	<p>B 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>	<p>A 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>
<p>E 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>	<p>F 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>	<p>G 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>	<p>H 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/03/00 16:31:16
OGOMES -TPF9
PAGE NO: 2

Sec : 11 Twp : 12S Rng : 27E Section Type : NORMAL

L 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00	K 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00 A	J 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00	I 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00
M 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00	N 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00	O 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00	P 40.00 TWR V04699 0000 YATES PETROLEUM C 08/01/00

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
 PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 8, 1997

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Attention: Chuck Moran

Administrative Order NSL-3911

Dear Mr. Moran:

Reference is made to your application dated November 25, 1997 for a non-standard oil well location for your proposed Unforgiven "ARZ" State Well No. 1 to be drilled 2350 feet from the South line and 1800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NE/4 SW/4 of said Section 11.

Further, all of said Section 11 is a single State lease (Lease No. V-04699) in which Yates Petroleum Corporation ("Yates") is the leasehold operator; therefore, there are no affected offsets to the subject 40-acre tract within the Devonian interval other than Yates.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

NSL 12/22/97

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

November 25, 1997

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. Michael E Stogner

Re: Administrative Application of Yates Petroleum Corporation for
Approval of an Unorthodox Oil Well Location, Chaves County
New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for any and all oil production below the top of the Devonian formation for its proposed Unforgiven "ARZ" State #1 to be drilled at an unorthodox oil well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 40 acre spacing unit consisting of the NE/4SW/4 of Section 11, and in support states:

- 1) Yates Petroleum Corporation (Yates) is the operator of subject well and is a working interest owner in the NE/4SW/4 of Section 11. (See Exhibit # 1 enclosed)
- 2) Yates proposes to drill its Unforgiven "ARZ" State #1 an unorthodox oil well location of 2,350 feet from the South line and 1,800 feet from the West line (Unit K) of Section 11, Township 12 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2 enclosed)
- 3) The subject well is to be drilled at an unorthodox location in an attempt to penetrate the reservoir at the highest structural position possible based on 3-D seismic coverage over the feature. (See Exhibit # 3, enclosed)
- 4) Yates' geologic conclusion is that a well drilled at the closest standard location would not be at the optimum structural position within the fault block and would

also encroach upon other subtle faults that may be present. (See Exhibit # 4, N-S seismic line, enclosed)

- 5) In the event the Devonian is not capable of commercial production in this well, then Yates intends to test the San Andres formation that will also be at an unorthodox well location.
- 6) The opportunity to test for production from the San Andres formation within this spacing unit can most economically be attempted with this wellbore rather than drilling another well to simply test the San Andres.
- 7) The lease on which the well will be drilled is the whole section and will encroach only this lease. (See Exhibit # 1, enclosed)
- 8) Yates is the offset operator in adjoining and diagonal spacing units to this proposed well. (See Exhibit #1 and #5)

Wherefore, Yates Petroleum Corporation requests that this matter be approved administratively by the Division.

Respectfully submitted,

YATES PETROLEUM CORPORATION



Chuck Moran
Landman

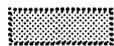
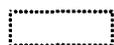
Yates Petroleum Corporation
 Unforgiven "ARZ" State #1
 Exhibit #1

TOWNSHIP 12 SOUTH - RANGE 27 EAST, NMPM
 CHAVES COUNTY, NEW MEXICO

Yates Petroleum Corporation VO-4967 3	Yates Petroleum Corporation VO-4709 2	Federal Minerals Unleased	Marbob Energy NM-94591
Yates Petroleum Corporation VA-1411 10	Yates Petroleum Corporation VO-4699 11	Yates Petroleum Corporation VO-4700 12	
Yates Petroleum Corporation VA-1592 15	Yates Petroleum Corporation VO-4710 14	Yates Petroleum Corporation VO-4701 13	

Unforgiven ARZ State #1
 Section: 11
 2350 feet from South Line
 1800 feet from West Line

V.O. #16

-  Forty Acre Spacing for Unforgiven ARZ State #1
-  Forty Acre Spacing - Devonian Oil Well

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

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name UNFORGIVEN "ARZ" STATE	Well Number 1
OGRID No.	Operator Name YATES PETROLEUM CORPORATION	Elevation 3688

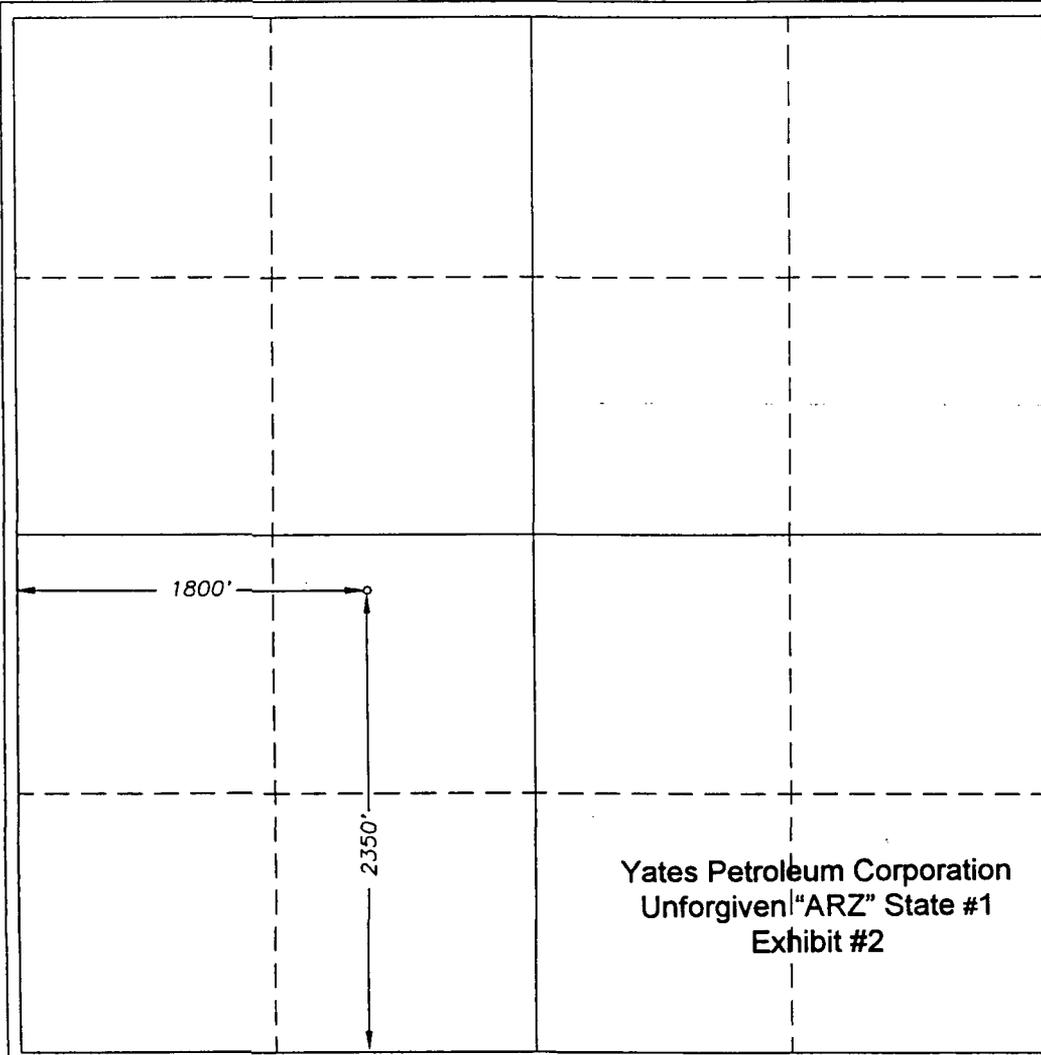
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	12S	27E		2350	SOUTH	1800	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

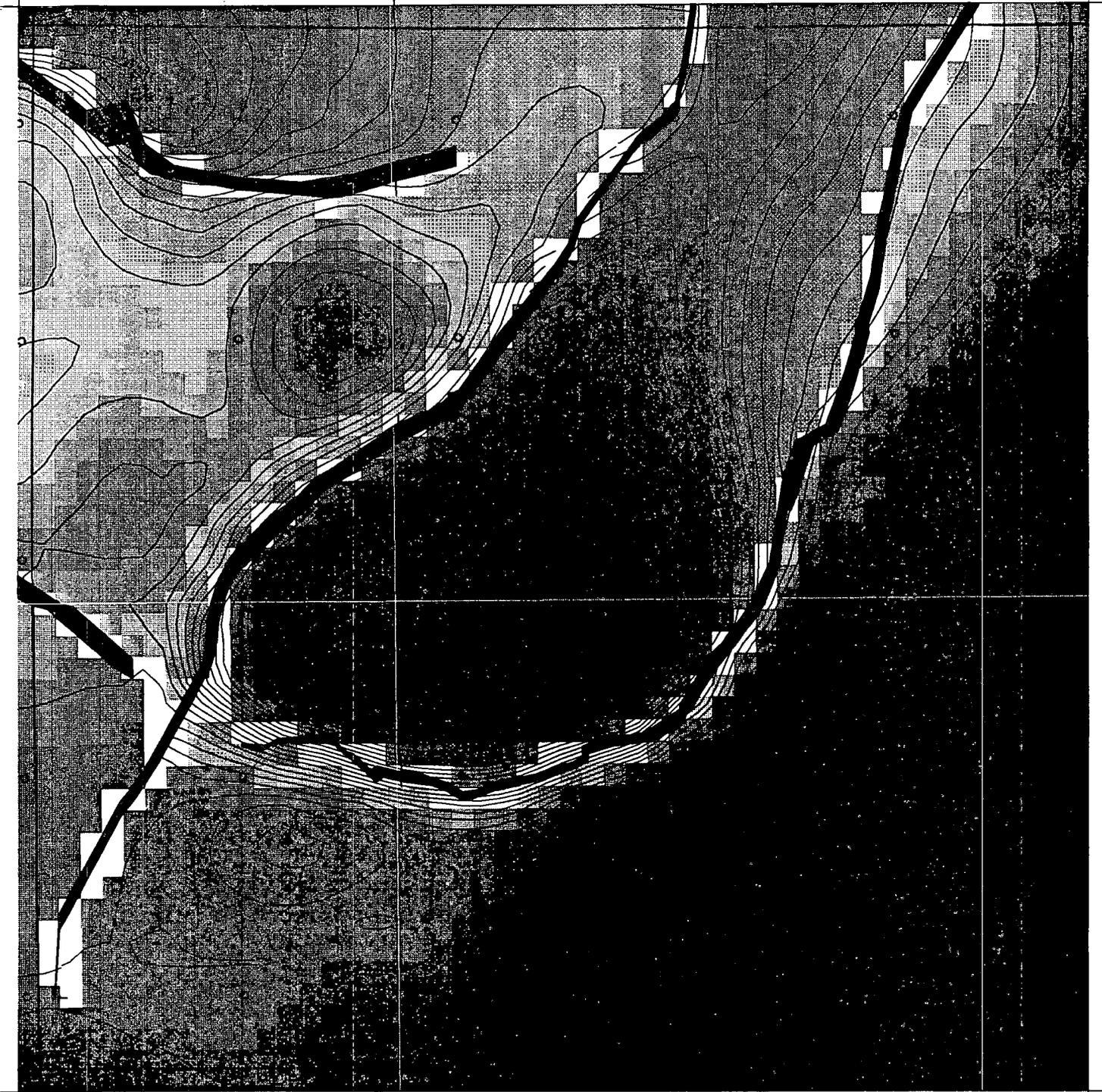
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Surveyed 10/20/97

Signature _____

Professional Seal: **HERSCHELL JONES**, NEW MEXICO, 3640

Certified No. Herschell Jones RLS 3640
UNFORGIVEN STATE #6
GENERAL SURVEYING COMPANY



Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #3

HRZ:Devonian ? (900.25,943.38)

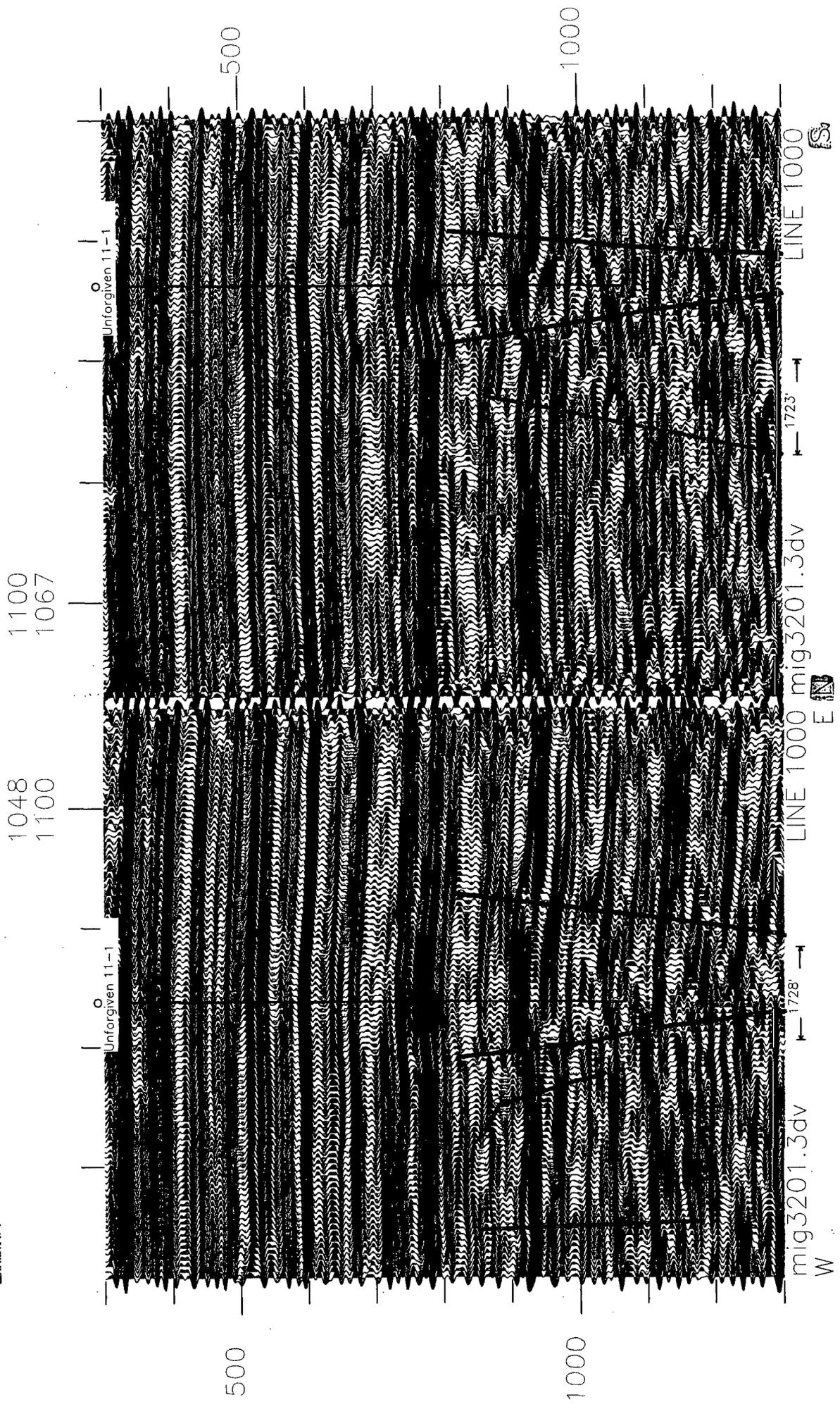
Unforgiven 3-D
Devonian Time Structure

0' 750' 1500'



1" = 750 feet

Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #4



1048
1100
1067

Unforgiven 11-1

Unforgiven 11-1

LINE 1000

LINE 1000 mig3201.3dv

mig3201.3dv

1728

1728

E W

S

500

1000

500

1000

Yates Petroleum Corporation
Unforgiven "ARZ" State #1
Exhibit #5

AFFECTED PARTIES

Offset Operator: Yates Petroleum Corporation
