

**N.M. Oil Cons. DIV-Dist. 2**  
**1301 W. Grand Avenue**  
**Artesia, NM 88210**  
 UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT

FORM APPROVED  
 OMB No. 1004-0135  
 Expires January 31, 2004

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or re enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No. <b>NMNM04560</b>
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. <b>Pecos River Deep Unit #9</b>
9. API Well No. <b>30-015-32864</b>
10. Field and Pool, or Exploratory Area <b>McMillan Morrow</b>
11. County or Parish, State <b>Eddy, NM</b>

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

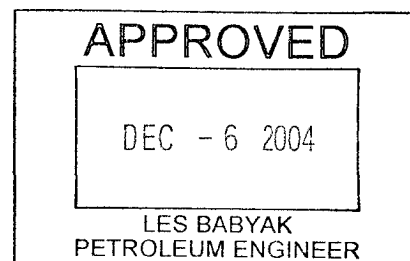
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		<b>RECEIVED</b> <b>DEC - 8 2004</b> <b>OCU-ARTESIA</b>
2. Name of Operator <b>Yates Drilling Company</b>		
3a. Address <b>105 S. 4th Str., Artesia, NM 88210</b>	3b. Phone No. (include area code) <b>505-748-8463</b>	
4. Location of Well (Footage, Sec., T., R., M., OR Survey Description) <b>660' FSL &amp; 1650' FWL, Section 28-19S-27E</b>		

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>N112-B</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well produces approximately 1.5 barrels water per day. It is stored on location in a 210 barrel figerglass tank. It is hauled by OK Hot Oil Service, to the Mack Energy Company, Aid State #1 SWD well, Section 14-T17S-R28E, NMOCD #653. Attached is a water analysis for the well.



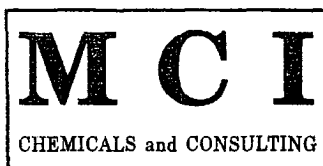
**APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED**

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) <b>Karen J. Leishman</b>	Title <b>Engineering Technician</b>
Signature <i>Karen J. Leishman</i>	Date <b>12/2/2004</b>

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction



# MILLER CHEMICALS, INC.

Post Office Box 298  
 Artesia, N.M. 88211-0298  
 (505) 746-1919 Artesia Office  
 (505) 392-2893 Hobbs Office  
 (505) 746-1918 Fax

## WATER ANALYSIS REPORT

Company : YATES DRILLING CO  
 Address : ARTESIA, NM  
 Lease : PECOS RIVER DEEP  
 Well : #9  
 Sample Pt. : WATER TANK

Date : 11/9/04  
 Date Sampled : 11/9/04  
 Analysis No. : 00780

ANALYSIS		mg/L		* meq/L
1. pH	6.7			
2. H2S	0			
3. Specific Gravity	1.010			
4. Total Dissolved Solids		4755.4		
5. Suspended Solids		NR		
6. Dissolved Oxygen		NR		
7. Dissolved CO2		NR		
8. Oil In Water		NR		
9. Phenolphthalein Alkalinity (CaCO3)				
10. Methyl Orange Alkalinity (CaCO3)				
11. Bicarbonate	HCO3	256.0	HCO3	4.2
12. Chloride	Cl	2769.0	Cl	78.1
13. Sulfate	SO4	50.0	SO4	1.0
14. Calcium	Ca	840.0	Ca	41.9
15. Magnesium	Mg	170.6	Mg	14.0
16. Sodium (calculated)	Na	629.9	Na	27.4
17. Iron	Fe	40.0		
18. Barium	Ba	NR		
19. Strontium	Sr	NR		
20. Total Hardness (CaCO3)		2800.0		

## PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter		Compound	Equiv wt X meq/L	=	mg/L
+-----+	+-----+				
42  *Ca <----- *HCO3	4	Ca (HCO3) 2	81.0	4.2	340
-----  /----->	-----	CaSO4	68.1	1.0	71
14  *Mg -----> *SO4	1	CaCl2	55.5	36.7	2035
-----  <-----/	-----	Mg (HCO3) 2	73.2		
27  *Na -----> *Cl	78	MgSO4	60.2		
+-----+	+-----+	MgCl2	47.6	14.0	668
Saturation Values Dist. Water 20 C		NaHCO3	84.0		
CaCO3 13 mg/L		Na2SO4	71.0		
CaSO4 * 2H2O 2090 mg/L		NaCl	58.4	27.4	1601
BaSO4 2.4 mg/L					

REMARKS:

SCALE TENDENCY REPORT

Company : YATES DRILLING CO Date : 11/9/04  
Address : ARTESIA, NM Date Sampled : 11/9/04  
Lease : PECOS RIVER DEEP Analysis No. : 00780  
Well : #9 Analyst : A. MILLER  
Sample Pt. : WATER TANK

STABILITY INDEX CALCULATIONS  
(Stiff-Davis Method)  
CaCO3 Scaling Tendency

S.I. = 0.2 at 70 deg. F or 21 deg. C  
S.I. = 0.2 at 90 deg. F or 32 deg. C  
S.I. = 0.2 at 110 deg. F or 43 deg. C  
S.I. = 0.3 at 130 deg. F or 54 deg. C  
S.I. = 0.3 at 150 deg. F or 66 deg. C

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CALCIUM SULFATE SCALING TENDENCY CALCULATIONS  
(Skillman-McDonald-Stiff Method)  
Calcium Sulfate

S = 1208 at 70 deg. F or 21 deg C  
S = 1242 at 90 deg. F or 32 deg C  
S = 1252 at 110 deg. F or 43 deg C  
S = 1240 at 130 deg. F or 54 deg C  
S = 1218 at 150 deg. F or 66 deg C

Respectfully submitted,  
A. MILLER