

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised June 10, 2003 WELL API NO. 30-015-33061 5. Indicate Type of Lease STATE ☒ FEE ☐ State Oil & Gas Lease No. VA-1884										
WELL COMPLETION OR RECOMPLETION REPORT AND LOG												
1a. Type of Well: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____ b. Type of Completion: NEW ☒ WORK ☐ DEEPEN ☐ PLUG ☐ DIFF. ☐ WELL OVER BACK RESVR.		7. Lease Name or Unit Agreement Name Cigar BCM State Com RECEIVED										
2. Name of Operator Yates Petroleum Corporation		8. Well No. 2 MAR - 8 2004										
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210 (505) 748-1471		9. Pool name or Wildcat Black River Morrow OCD-ARTESIA										
4. Well Location Unit Letter <u>P</u> : <u>660</u> Feet From The <u>South</u> Line and <u>660</u> Feet From The <u>East</u> Line Section <u>36</u> Township <u>23S</u> Range <u>27E</u> NMPM <u>Eddy</u> County												
10. Date Spudded RH 11/10/03 RT 11/19/03	11. Date T.D. Reached 1/7/04	12. Date Compl. (Ready to Prod.) 3/2/04										
13. Elevations (DF& RKB, RT, GR, etc.) 3110'GR 3148'KB		14. Elev. Casinghead										
15. Total Depth 12,900'	16. Plug Back T.D. 12,660'	17. If Multiple Compl. How Many Zones? 										
18. Intervals Drilled By Rotary Tools 40'-12,900'		Cable Tools										
19. Producing Interval(s), of this completion - Top, Bottom, Name 12,436'-12,572' Morrow		20. Was Directional Survey Made No										
21. Type Electric and Other Logs Run CNL, Hi-Res Laterolog Array, CBL		22. Was Well Cored No										
23. CASING RECORD (Report all strings set in well)												
CASING SIZE	WEIGHT LB./FT.	DEPTH SET										
20"	Conductor	40'										
13-3/8"	48#	502'										
9-5/8"	36#	2381'										
5-1/2"	17#	12,900'										
24. LINER RECORD		25. TUBING RECORD										
SIZE	TOP	BOTTOM										
SACKS CEMENT	SCREEN	SIZE										
DEPTH SET	PACKER SET	SIZE										
2-7/8"	12,350'	12,350'										
26. Perforation record (interval, size, and number) 12,688'-12,696' 12,704'-12,722' 12,728'-12,736' 12,436'-12,446' 12,564'-12,572'		27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">DEPTH INTERVAL</th> <th style="text-align: left;">AMOUNT AND KIND MATERIAL USED</th> </tr> <tr> <td>12,688'-12,736'</td> <td>Acidize w/1500 7-1/2% MSA + balls</td> </tr> <tr> <td>12,564'-12,572'</td> <td>Acidize w/1500g 7-1/2% MSA</td> </tr> <tr> <td>12,436'-12,446'</td> <td>Acidize w/2000g 7-1/2% MSA</td> </tr> <tr> <td>12,436'-12,572'</td> <td>Frac w/40# Medallion+30% CO2, 50,000# 20/40 carboprop</td> </tr> </table>	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	12,688'-12,736'	Acidize w/1500 7-1/2% MSA + balls	12,564'-12,572'	Acidize w/1500g 7-1/2% MSA	12,436'-12,446'	Acidize w/2000g 7-1/2% MSA	12,436'-12,572'	Frac w/40# Medallion+30% CO2, 50,000# 20/40 carboprop
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED											
12,688'-12,736'	Acidize w/1500 7-1/2% MSA + balls											
12,564'-12,572'	Acidize w/1500g 7-1/2% MSA											
12,436'-12,446'	Acidize w/2000g 7-1/2% MSA											
12,436'-12,572'	Frac w/40# Medallion+30% CO2, 50,000# 20/40 carboprop											
28. PRODUCTION												
Date First Production	Production Method (Flowing, gas lift, pumping - Size and type pump)	Well Status (Prod. or Shut-in)										
SIWOPL												
Date of Test 2/6/04	Hours Tested 24 hrs	Choke Size 3/8"										
Prod'n For Test Period	Oil - Bbl 0	Gas - MCF 826										
Water - Bbl. 0	Gas - Oil Ratio NA	Flow Tubing Press. 230 psi										
Casing Pressure Packer	Calculated 24-Hour Rate 0	Oil Gravity - API - (Corr.) NA										
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold if produced		Test Witnessed By Curtis Priddy										
30. List Attachments												
Logs and Deviation Survey												
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief												
Signature <u>Tina Huerta</u> E-mail Address <u>tinah@ypcnm.com</u>	Printed. Name <u>Tina Huerta</u> Title <u>Regulatory Compliance Supervisor</u> Date <u>March 3, 2004</u>											

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	11204'	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka	11460'	T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Miss		T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian		T. Menefee	T. Madison
T. Queen	T. Siluro-Devonian		T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya		T. Mancos	T. McCracken
T. San Andres	T. Simpson		T. Gallup	T. Ignacio Otzte
T. Glorieta	T. McKee		Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger		T. Dakota	
T. Blinebry	T. Gr. Wash		T. Morrison	
T. Tubb	T. Delaware Sand	2408'	T. Todilto	
T. Drinkard	Rustler	828'	T. Entrada	
T. Abo	Bone Spring	5874'	T. Wingate	
T. Wolfcamp	Morrow	12184'	T. Chinle	
T. Wolfcamp B Zone	Lower Morrow	12564'	T. Permian	
T. Cisco	Upper Penn		T. Penn "A"	

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

**STATE OF NEW MEXICO
OIL AND GAS DIVISION**

INCLINATION REPORT

FIELD NAME	LEASE NAME CIGAR BCM STATE	WELL NUMBER #2
------------	--------------------------------------	--------------------------

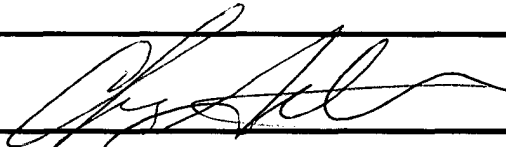
OPERATOR YATES PETROLEUM CORPORATION	COUNTY CHAVES
--	-------------------------

ADDRESS 105 S 4TH STREET, ARTESIA NM 88210
--

LOCATION

RECORD OF INCLINATION

MEASURED DEPTH FEET	COURSE LENGTH HUNDREDS OF FEET	ANGLE OF INCLINATION DEGREE	DISPLACEMENT PER HUNDRED FEET	COURSE DISPLACEMENT FEET	ACCUMULATIVE DISPLACEMENT
494	4.94	2.500	4.36	21.55	21.55
659	1.65	1.500	2.62	4.32	25.87
778	1.19	1.750	3.05	3.63	29.50
900	1.22	2.000	3.49	4.26	33.76
974	0.74	1.750	3.05	2.26	36.02
1148	1.74	1.000	1.75	3.04	39.06
1272	1.24	1.000	1.75	2.16	41.22
1395	1.23	0.750	1.31	1.61	42.83
1550	1.55	1.000	1.75	2.71	45.53
1643	0.93	1.000	1.75	1.62	47.16
1767	1.24	1.000	1.75	2.16	49.32
1921	1.54	1.750	3.05	4.70	54.02
2076	1.55	1.500	2.62	4.06	58.08
2169	0.93	1.750	3.05	2.84	60.92
2387	2.18	1.750	3.05	6.66	67.58
2621	2.34	2.000	3.49	8.17	75.75
2838	2.17	1.750	3.05	6.63	82.37
3148	3.10	1.500	2.62	8.11	90.49
3644	4.96	1.500	2.62	12.98	103.47
4141	4.97	1.000	1.75	8.67	112.15
4575	4.34	1.000	1.75	7.57	119.72
5073	4.98	1.000	1.75	8.69	128.41
5566	4.93	1.000	1.75	8.60	137.02
6062	4.96	1.500	2.62	12.98	150.00
6148	0.86	1.000	1.75	1.50	151.50
6774	6.26	0.500	0.87	5.46	156.96
7271	4.97	0.750	1.31	6.51	163.47
7768	4.97	1.000	1.75	8.67	172.14
8265	4.97	0.750	1.31	6.51	178.65
8760	4.95	1.750	3.05	15.12	193.76
8884	1.24	1.500	2.62	3.25	197.01
9008	1.24	1.750	3.05	3.79	200.80
9132	1.24	2.000	3.49	4.33	205.12

 CHOYR GILBERT - CONTRACT MANAGER	NAME OF COMPANY KEY ENERGY DRILLING, INC. TELEPHONE NUMBER (915) 620-0300
--	--

INCLINATION REPORT

LOCATION	
----------	--

	NAME OF COMPANY KEY ENERGY DRILLING, INC.
CHOYR GILBERT - CONTRACT MANAGER	TELEPHONE NUMBER (915) 620-0300