YATES PETROLEUM CORPORATION Nitram AVN Federal #1 Section 34-T8S-R26E Chaves County, New Mexico

SUNDRY NOTICE CONTINUED:

into new hole drilling formation). Picked up and circulated clean. TOOH & laid down bit. Picked up and circulated clean. TOOH & laid down bit. TIH with 2-7/8" drillpipe to 1228'. Pump a 100 sack Class C with 2% CaCl2 plug. TOOH. Shut well in. WOC. 7-26-27-2000 - WOC. 7-28-2000 - TIH with bit, drill collars and drillpipe and tagged cement at 991'. Rigged up swivel and started drilling. Drilled cement to 1130' with 10 points on bit. At 1130', backed weight off to 2 points. Drilled cement to 1225'. Put 10 points back on bit and fell into original hole. TIH to 2195'. Tagged next cement plug. Drilled to 2300' and shut down for night. 7-29-2000 - Drilled cement from 2300-2410'. Circulated clean. TIH and drilled cement from 3387-3550'. Circulated. Drilled to 3665'. Circulated clean. TOOH and laid down drill collars. TIH with bit, drill collars and drillpipe to 3650'. Circulated mud at 4830'. Drilling from 4830-4992'. 7-30-2001 - Drilled to 5640'. 7-31-2000 - Drilled to 5952'. 8-1-2000 - Continued drilling and washing down. Tagged cement plug at 6030'. Fell out of cement at 6150'. Drilled to TD of 6525'. Circulated hole for 4 hours. Made short trip. Started dragging at 5000'. Tagged up at 5050'. TOOH. TIH with bit and drill collars at report time. 8-2-2000 - Tagged up at 5050'. Drilled down to 5240'. Fell out. TIH to 6525'. Circulated clean. Made short trip and tagged up at 5000'. Worked on tight spot from 5000' to 5500'. Worked out tight spot. TIH to TD. Circulating. 8-3-2000 - TOOH & laid down drill collars and drillpipe. Changed out rams in BOP for 4-1/2" caisng. Ran production casing as follows: Ran 152 joints of 4-1/2" 10.5# J-55 (6525') of caisng set at 6525'. Float shoe set at 6525'. Float collar set at 6480'. Short joint set at 4495'. Cemented with 800 sacks Pecos Valley Lite, 1#/sack D-44, 4#/sack D-42, 2% D-65, 0.3% D-167, 0.2% D-45, 0.15% D-13 (yield 1.42, weight 13.0). PD 11:45 PM 8-2-2000. Bumped plug to 1530 psi for 3 minutes, OK. WOC. NOTE: Flushed with 2% KCL water. Waiting on completion. 8-4-2000 - Nippled down BOP and cut casing off. Welded on bell nipple. Released reverse unit equipment. 8-5-7-2000 - Prep to begin completion. 8-8-2000 - Rigged up wireline. TIH with logging tools and ran CBL log. TOOH with logging tools and rigged down wireline. TIH with bit, scraper and tubing. 8-9-2000 - Pickled tubing with 500 gallons of 20% HCL acid. TOOH with tubing, scraper and bit. Rigged up wireline. TIH with 3-3/8" casing guns and perforated 6377-6380'

w/12 .42" holes (4 SPF - Ordovician). TOOH with casing guns and rigged down wireline. TIH with packer and tubing. Nippled down BOP. Set packer and 6316'. Nippled up wellhead. Tested packer to 500 psi, OK. Swabbed. Shut well in.

8-10-2000 - Swabbed. Shut well in.

8-11-2000 - Bled well down. Swabbed. Acidized perforations 6377-6380' with 500 gallons of 20% double inhibited iron control HCL acid. Swabbed. Shut well in. 8-12-14-2000 - Bled well down. Pumped 20 bbls. Nippled down wellhead and nippled up

BOP. TOOH. TIH with RBP and set RBP at 6283' and tested. TOOH. Rigged up wireline.