

located from a depth of 4,900 feet to 4,910 feet that also may be productive;

- (c) Yates has tested one additional well in the Cisco formation that offsets the George "QJ" Federal No. 10, this being the Cottonwood Ranch "MK" State No. 1 (API No. 30-005-60615) located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 36, Township 6 South, Range 25 East, NMPM. This well, which was perforated in the same correlative interval that is being produced in the George "QJ" Federal No. 10, was tested at a producing rate of 782 MCF gas per day, 10 barrels of oil per day, and 18 barrels of water per day; and
  - (d) one additional well that offsets the George "QJ" Federal No. 10, being the Five Mile Draw "LX" Federal No. 1 (API No. 30-005-60608) located 800 feet from the South line and 2100 feet from the East line (Unit O) of Section 34, Township 6 South, Range 25 East, NMPM, may be potentially productive in the subject Cisco interval.
- (8) Yates presented engineering evidence that demonstrates:
- (a) the George "QJ" Federal No. 10 began producing from this Cisco interval on August 22, 2001 at a rate of approximately 1.26 MMCF of gas per day and 2 barrels of oil per day. On August 25, 2001, the well produced at a rate of 1.9 MMCF of gas per day and 142 barrels of oil per day. Subsequent to that time, the well's oil production has significantly increased and the well's gas production has significantly decreased;
  - (b) as of October 24, 2001 the George "QJ" Federal No. 10 was producing at a rate of 382 barrels of oil per day, 235 MCF gas per day, and 0 barrels of water per day;