

|                                                                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| FORM 3160-4<br>(July, 1992)                                                                                                                                                                                                                                                                                                                                         |                           | <b>UNITED STATES</b><br><b>DEPARTMENT OF THE INTERIOR</b><br><b>BUREAU OF LAND MANAGEMENT</b><br><div style="text-align: right; margin-top: -20px;">           NM. Oil Cons. Div.<br/>           1301 W. Central<br/>           Artesia, NM 88210         </div> |                                   | SUBMIT IN DUPLICATE*<br>(See other instructions) |                                                                                              | FORM APPROVED<br>OMB NO. 1004-0137<br>Expires: February 28, 1995<br>5. LEASE DESIGNATION AND SERIAL NO.<br>NM-26069<br>6. INDIAN ALLOTTEE OR TRIBE NAME                                                                                                                                                                 |                      |
| WELL COMPLETION OR RECOMPLETION REPORT AND LOG*                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              | 7. UNIT AGREEMENT<br>8. FARM OR LEASE NAME<br>Margene AWM Federal #2<br>9. API WELL NO.<br>30-005-63488<br>10. FIELD NAME/RESERVOIR<br>Undesignated Foor Ranch Pre-Permian<br>11. SEC. T, R, M., OR BLOCK AND SURVEY OR AREA<br>Section 20-T9S-R26E<br>12. COUNTY OR PARISH<br>Chaves County<br>13. STATE<br>New Mexico |                      |
| TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____<br>TYPE OF COMPLETION<br>NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RES. <input type="checkbox"/> OTHER _____ |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 2. NAME OF OPERATOR<br>Yates Petroleum Corporation                                                                                                                                                                                                                                                                                                                  |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 3. ADDRESS OF OPERATOR<br>105 South Fourth Street, Artesia, NM 88210                                                                                                                                                                                                                                                                                                |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 4. LOCATION OF WELL, Show quarter-quarter description and footage measurements<br>At surface 1980'FSL, 660'FEL (Unit I, NESE)<br>At top prod. interval, reported below Same as above<br>At total depth Same as above                                                                                                                                                |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 15. DATE SPUDDED<br>RH 8/19/02<br>RT 8/27/02                                                                                                                                                                                                                                                                                                                        |                           | 16. DATE T.D. REACHED<br>9/9/02                                                                                                                                                                                                                                  |                                   | 17. DATE COMPL. (Ready to Prod.)<br>9/26/02      |                                                                                              | 18. ELEVATIONS (DF, RKB, RT, GR, etc.)*<br>3756'GL                                                                                                                                                                                                                                                                      |                      |
| 20. Total Depth (MD & TVD)<br>6172'                                                                                                                                                                                                                                                                                                                                 |                           | 21. Plug back T.D. (MD & TVD)<br>6126'                                                                                                                                                                                                                           |                                   | 22. If Multiple Compl., How Many*<br>40'-6172'   |                                                                                              | 19. ELEV. CASINGHEAD<br>N/A<br>CABLE TOOLS<br>N/A                                                                                                                                                                                                                                                                       |                      |
| 24. PRODUCING INTERVAL (S), THIS COMPLETION, TOP, BOTTOM, NAME (MD & TVD)<br>5762'-5782' Silurian                                                                                                                                                                                                                                                                   |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              | 25. WAS DIRECTIONAL SURVEY MADE<br>No                                                                                                                                                                                                                                                                                   |                      |
| 26. TYPE ELECTRIC AND OTHER LOGS RUN ( Circle those filed)<br>CNL, Borehole Compensated Sonic NGT, Azimuthal Laterolog                                                                                                                                                                                                                                              |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              | 27. Was Well Cored<br>No                                                                                                                                                                                                                                                                                                |                      |
| 28. CASING RECORD (Report all strings set in well)                                                                                                                                                                                                                                                                                                                  |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| CASING SIZE                                                                                                                                                                                                                                                                                                                                                         | WEIGHT LB/FT.             | DEPTH SET (MD)                                                                                                                                                                                                                                                   | HOLE SIZE                         | CEMENTING RECORD                                 | AMOUNT PULLED                                                                                |                                                                                                                                                                                                                                                                                                                         |                      |
| 16"                                                                                                                                                                                                                                                                                                                                                                 |                           | 40'                                                                                                                                                                                                                                                              |                                   | Conductor                                        |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 8-5/8"                                                                                                                                                                                                                                                                                                                                                              | 24#                       | 1106'                                                                                                                                                                                                                                                            | 12-1/4"                           | 700 sx                                           | Circ                                                                                         |                                                                                                                                                                                                                                                                                                                         |                      |
| 4-1/2"                                                                                                                                                                                                                                                                                                                                                              | 10.5#                     | 6172'                                                                                                                                                                                                                                                            | 7-7/8"                            | 600 sx                                           |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
|                                                                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   | TOC 3560' CBL                                    |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 29. LINER RECORD                                                                                                                                                                                                                                                                                                                                                    |                           |                                                                                                                                                                                                                                                                  |                                   | 30. TUBING RECORD                                |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| SIZE                                                                                                                                                                                                                                                                                                                                                                | TOP (MD)                  | BOTTOM (MD)                                                                                                                                                                                                                                                      | SACKS CEMENT                      | SCREEN (MD)                                      | SIZE                                                                                         | DEPTH SET (MD)                                                                                                                                                                                                                                                                                                          | PACKER SET (MD)      |
|                                                                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  | 2-3/8"                                                                                       | 5685'                                                                                                                                                                                                                                                                                                                   | 5685'                |
| 31. PERFORATION RECORD (Interval, size, and number)<br>5762'-5782'                                                                                                                                                                                                                                                                                                  |                           |                                                                                                                                                                                                                                                                  |                                   | 32. ACID, SHOT, F Depth Set (MD)                 |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
|                                                                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   | DEPTH INTERVAL (MD)                              | Amt. & Kind of Material Used                                                                 |                                                                                                                                                                                                                                                                                                                         |                      |
|                                                                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   | 5762'-5782'                                      | Spotted 200g 20% IC HCL, Re-acidize w/500g 20% IC HCL, Re-acidize w/2500g 20% IC HCL + balls |                                                                                                                                                                                                                                                                                                                         |                      |
|                                                                                                                                                                                                                                                                                                                                                                     |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 33. PRODUCTION                                                                                                                                                                                                                                                                                                                                                      |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| DATE FIRST PRODUCTION<br>10/30/02                                                                                                                                                                                                                                                                                                                                   |                           | Producing Method ( Flowing, gas, lift, pumping- size & type of pump)<br>Flowing                                                                                                                                                                                  |                                   |                                                  |                                                                                              | WELL STATUS (producing or shut-in)<br>Producing                                                                                                                                                                                                                                                                         |                      |
| DATE OF TEST<br>9/26/02                                                                                                                                                                                                                                                                                                                                             | HOURS TESTED<br>24        | CHOKE SIZE<br>3/8"                                                                                                                                                                                                                                               | PROD'N. FOR TEST PERIOD<br>>>>--> | OIL, BBLS<br>0                                   | GAS, MCF<br>1345                                                                             | WATER- BBL<br>0                                                                                                                                                                                                                                                                                                         | GAS-OIL RATIO<br>N/A |
| FLOW TUBING PRESS.<br>300 psi                                                                                                                                                                                                                                                                                                                                       | CASING PRESSURE<br>Packer | CALCULATED 24- HOUR RATE<br>>>>-->                                                                                                                                                                                                                               | OIL, BBLS<br>0                    | GAS, MCF<br>1345                                 | WATER- BBL<br>0                                                                              | OIL GRAVITY- API<br>N/A                                                                                                                                                                                                                                                                                                 |                      |
| 34. DISPOSITION OF GAS (Sold, used for fuel, vented, ect.)<br>Sold                                                                                                                                                                                                                                                                                                  |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              | Test Witnessed By<br>Tom Benedict                                                                                                                                                                                                                                                                                       |                      |
| 35. LIST OF ATTACHMENTS<br>Logs and Deviation Survey                                                                                                                                                                                                                                                                                                                |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| 36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.                                                                                                                                                                                                                                  |                           |                                                                                                                                                                                                                                                                  |                                   |                                                  |                                                                                              |                                                                                                                                                                                                                                                                                                                         |                      |
| SIGNED <u>Gina Huerta</u>                                                                                                                                                                                                                                                                                                                                           |                           |                                                                                                                                                                                                                                                                  |                                   | TITLE <u>Regulatory Compliance Supervisor</u>    |                                                                                              | DATE <u>November 12, 2002</u>                                                                                                                                                                                                                                                                                           |                      |

| 17. SUMMARY OF POROUS ZONES. (Show all important zones of porosity and contents thereof, cored intervals, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries). |     |        |                             | 38. GEOLOGIC MARKERS  |             |                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------|-----------------------------|-----------------------|-------------|------------------|
| TOP                                                                                                                                                                                                                                                | TOP | BOTTOM | DESCRIPTION, CONTENTS, ETC. | NAME                  | TOP         |                  |
|                                                                                                                                                                                                                                                    |     |        |                             |                       | MEAS. DEPTH | TRUE VERT. DEPTH |
|                                                                                                                                                                                                                                                    |     |        |                             | San Andres            | 876'        | 876'             |
|                                                                                                                                                                                                                                                    |     |        |                             | Glorieta              | 1984'       | 1984'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Yeso                  | 2080'       | 2080'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Tubb                  | 3517'       | 3517'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Abo                   | 4263'       | 4263'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Wolfcamp              | 4948'       | 4948'            |
|                                                                                                                                                                                                                                                    |     |        |                             | B Zone                | 5035'       | 5035'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Spear Zone            | 5291'       | 5291'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Cisco                 | 5521'       | 5521'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Strawn                | 5640'       | 5640'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Siluro-Devonian       | 5750'       | 5750'            |
|                                                                                                                                                                                                                                                    |     |        |                             | Basement-Granite Wash | 6000'       | 6000'            |

## INCLINATION REPORT

LOCATION \_\_\_\_\_

|                                                                                                                               |                                                     |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| SIGNATURE OF AUTHORIZED REPRESENTATIVE<br> | NAME OF COMPANY<br><b>KEY ENERGY DRILLING, INC.</b> |
| NAME OF PERSON AND TITLE<br><b>CHOYN GILBERT - CONTRACT MANAGER</b>                                                           | TELEPHONE NUMBER<br><b>(915) 570-0494</b>           |