

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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|---|
| WELL API NO. 30-025-01822 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. VO-4510 |
| 7. Lease Name or Unit Agreement Name Sand Springs ASU State |
| 8. Well No. 2 |
| 9. Pool name or Wildcat Sand Springs Atoka (gas) |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 4145.2' GR |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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| 1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> |
| 2. Name of Operator YATES PETROLEUM CORPORATION |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 |

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| 4. Well Location Unit Letter H : 1980 Feet From The North Line and 660 Feet From The East Line Section 11 Township 11S Range 34E NMPM Lea County |
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| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> OTHER: <input type="checkbox"/> | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: Re-entry <input checked="" type="checkbox"/> |

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

9-21-99 - Dig out cellar. Removed dry hqle marker. Cut off and dress 8-5/8" casing. Install 11" X 5000 starting head. Clean and level location. Dig pit.

9-22-99 - Moved in and rigged up re-entry equipment. Set anchors.

9-24-99 - Moved in and rigged up pulling unit. Nippled up 10" 5000 BOP. Build 3" line from BOP to shale shaker. Set racks and unloaded tubing. NOTE: Notified Sylvia w/OCD-Hobbs of intent to spud.

9-25-99 - TIH with 7-7/8" mill tooth bit and 4-3/4" drill collars. Drilled 3' of cement and fell thru 10'. Drilled 3' and fell thru 15'. Drilled solid cement. Fell out of cement at 440'. TIH and tagged up at 1095'. Drilling at 1130' and report time. NOTE: Spudded at 8:00 AM 9-24-99.

9-26-99 - Drilled cement down to 1137', bouncing and rough. Metal cuttings in returns. TOO. TIH with 7" magnet. Recovered several pieces of metal. Made 2nd run and recovered more metal pieces. Ran cutlip guide on magnet. Rotated and circulated. TOO. TIH with 7-3/4" globe basket and cut 3'. TOO. Had cement core but no metal.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Rusty Klein TITLE Operations Technician DATE Oct. 12, 1999

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-147

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

JE

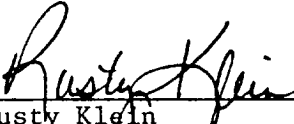
YATES PETROLEUM CORPORATION
Sand Springs ASU State #2
Section 11-T11S-R34E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

TIH with bit. Reamed from 1137-1140'. Drilled 5' of cement and quit making hole. Getting redbed back. NOTE: In 2 hours drilling, made about 6".

9-27-99 - TOOH with bit - all teeth worn off except outside row on cones. TIH with re-tipped bit and drill collars. Tagged up at 1145' and started drilling. Rotated 1 hour - rough. Did not make any hole. Had redbed and rocks in returns. TOOH - several teeth broken off bit. TIH with 7-1/2" OD lead block and tagged up at 1145'. TOOH - no marks on blocks. Had chunks of redbed stuck to bottom of block. Shut well in and shut down.

9-28-99 - Decision was made not to continue on well due to redbed coming into 8-5/8" casing. NOTE: Casing is parted.



Rusty Klein
Operations Technician
October 12, 1999