

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. | 30-025-22062 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | V-3999 |
| 7. Lease Name or Unit Agreement Name | |
| Union AQZ State | |
| 8. Well No. | 1 |
| 9. Pool name or Wildcat | Kemnitz Morrow |

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| 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.) | |
| 1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER | |
| 2. Name of Operator YATES PETROLEUM CORPORATION | |
| 3. Address of Operator 105 South 4th St., Artesia, NM 88210 | |
| 4. Well Location Unit Letter G : 1980 Feet From The North Line and 1980 Feet From The East Line Section 14 Township 16S Range 34E NMPM Lea County | |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 4070.3' GR | |

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| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: Perforate & acidize <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.

7-25-97 - TOOH with tubing. Nippled down BOP and tubinghead. Changed out tubinghead. Nippled up BOP. Rigged up wireline. TIH with 3-1/2" phase gun and perforated 13214-13229' w/61 .45" holes (4 SPF - Morrow). TOOH with guns and rigged down wireline. TIH with packer and 2-7/8" tubing. Nippled down BOP and nippled up tree. Set packer and flanged up. Swabbed tubing down to packer. Shut in.

7-26-97 - Rigged up treesaver. Acidized perforations 13214-13229' (Morrow) with 3000 gallons 10% iron control HCL acid with 25% methanol and 1500 scf/bbl N2. Nippled down treesaver. Flowing to pit for cleanup.

7-28-97 - Flow testing to pit.

7-29-97 - Flow test/swab. RBP gave up. Bled pressure down. Loaded tubing with 67 bbls brine. Released packer. Reversed tubing capacity. Nippled down tree and nippled up BOP. TIH with retrieving tool. RBP latched into retrieving tool. TOOH with tools. TIH with new tools. Set RBP at 13270' and tested to 30100 psi. Nippled down BOP. Nippled up tree. Set packer at 13163' and tested to 1500 psi. Swabbing.

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

CONTINUED ON NEXT PAGE:

SIGNATURE Rusty Klein TITLE Operations Technician DATE Aug. 11, 1997

TYPE OR PRINT NAME Rusty Klein

TELEPHONE NO. 505/748-1471

(This space for State Use)

ORIGINAL SIGNED BY CHRIS WILLIAMS
DISTRICT I SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

AUG 18 1997

