

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

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

WELL API NO. 30-025-33314
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. V-3645

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 [] GAS WELL [X] OTHER []
2. Name of Operator YATES PETROLEUM CORPORATION
3. Address of Operator 105 South 4th St., Artesia, NM 88210

7. Lease Name or Unit Agreement Name Morton Unit
8. Well No. 1
9. Pool name or Wildcat Morton Atoka, North (gas)

4. Well Location Unit Letter B : 770 Feet From The North Line and 2150 Feet From The East Line
Section 5 Township 15S Range 35E NMPM Lea County
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 4029' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING []
OTHER: Add pay & commingle []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT []
CASING TEST AND CEMENT JOB []
OTHER: []

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.
Propose to add perforations in Atoka and then commingle all zones together as follows:
1. Slickline set tubing plug above seating at 12829'. Load tubing with 2% KCL water. Pressure test plug to 1000 psi. Nipple down wellhead and nipple up BOP.
2. Wireline cut tubing 12' above tubing plug at 12816'. TOOH with tubing.
3. TIH with RBP with equalizing index and set at 12750'. Test RBP/casing to 3000 psi. Dump 100# of 20-40 sand on top of RBP. Swab tubing/casing to 7000'.
4. Perforate 12526-12540', acidize and frac as necessary for production.
5. Flow back for cleanup. Test upper zone.
6. Slickline set blanking plug in 1.875" profile at 12486'.
7. Release on/off tool, evacuate tubing and casing with nitrogen.
8. Snub tubing, packer and RBP's out of hole without using kill fluids. Circulate/clean out with N2 foam.
9. Wireline set packer with blanking plug, on/off 1.875" profile at 12480'. TIH with tubing. Latch into on/off. Slickline pull blanking plug. Return to production.

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 March 5, 1999
TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)
APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:
DHC = R-11030