

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. 30-025-34443
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

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	7. Lease Name or Unit Agreement Name Runnels ASP
2. Name of Operator YATES PETROLEUM CORPORATION	8. Well No. 2
3. Address of Operator 105 South 4th St., Artesia, NM 88210	9. Pool name or Wildcat Townsend Morrow
4. Well Location Unit Letter <u>J</u> : <u>1650</u> Feet From The <u>South</u> Line and <u>2270</u> Feet From The <u>East</u> Line Section <u>11</u> Township <u>16S</u> Range <u>35E</u> NMPM Lea County 10. Elevation (Show whether DF, RKB, RT, GR, etc.) <u>3997' GR</u>	

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: <input 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.

Spudded a 22" hole with rat hole machine at 10:00 AM 7-28-98. Set 40' of 16" conductor pipe. Cemented to surface. NOTE: Notified Sylvia w/OCD-Hobbs of spud. Resumed drilling a 14-3/4" hole with rotary tools at 1:00 AM 7-30-98.

TD 429'. Reached TD at 7:00 AM 7-30-98. Ran 10 joints of 11-3/4" 42# H-40 8rd ST&C (433.54') of casing set at 429'. 1-Texas Pattern notched guide shoe set at 429'. Insert float set at 385'. Cemented with 180 sacks Halliburton Premium Plus, 1/4#/sack flocele and 2% CaCl2 (yield 1.32, weight 14.8). Tailed in with 200 sacks Halliburton Premium Plus and 2% CaCl2 (yield 1.32, weight 14.8). PD 12:00 PM 7-30-98. Bumped plug to 600 psi, OK. Circulated 85 sacks. WOC. Cut off and welded on flow nipple. Drilled out at 7:30 AM 7-31-98. WOC 19 hours and 30 minutes. Reduced hole to 11". Resumed drilling. NOTE: Notified Linda w/OCD-Hobbs of cementing - did not witness.

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 Aug. 6, 1998

TYPE OR PRINT NAME Rusty Klein TELEPHONE NO. 505/748-1471

(This space for State Use)

APPROVED BY Paul Davis TITLE Geologist DATE OCT 20 1998

CONDITIONS OF APPROVAL, IF ANY: