

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
BY BLM, 1004-0135
DATE November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. LC-068882
2. Name of Operator Yates Drilling Company		6. If Indian, Allottee or Tribe Name -
3a. Address 105 South 4th St., Artesia, NM 88210	3b. Phone No. (include area code) 505-746-0308	7. If Unit or CA/Agreement, Name and/or No. -
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FSL & 660' FWL Section 30-19S-32E		8. Well Name and No. Federal 30 #1
		9. API Well No. 30-025-31039
		10. Field and Pool, or Exploratory Area Lusk Delaware West
		11. County or Parish, State Lea County, NM

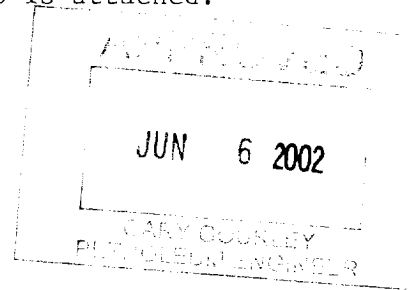
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well produces approximately 31 barrels water per day and is stored in a 210 bbl. fiberglass tank on location. A produced water analysis is attached.

Water will be hauled by I & W, Inc. to the following:
Tennessee SWD
Section 21-19S-31E
Eddy County, NM
NM# R-8173



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Karen J. Leishman

Title Engineering Technician

Signature

Karen J. Leishman

Date 5-31-02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

[Handwritten signature]



MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 393-2893 Hobbs Office
 (505) 746-1918 Fax

WATER ANALYSIS REPORT

Company	: YATES DRILLING CO.	Date	: 5/20/02
Address	: ARTESIA, NM	Date Sampled	: 5/20/02
Lease	: FEDERAL 30	Analysis No.	: 00349
Well	: #1		
Sample Pt.	: WATER TANK		

ANALYSIS		mg/L	* meq/L
-----		----	-----
1.	pH	4.8	
2.	H2S	0	
3.	Specific Gravity	1.070	
4.	Total Dissolved Solids	274027.8	
5.	Suspended Solids	NR	
6.	Dissolved Oxygen	NR	
7.	Dissolved CO2	NR	
8.	Oil In Water	NR	
9.	Phenolphthalein Alkalinity (CaCO3)		
10.	Methyl Orange Alkalinity (CaCO3)		
11.	Bicarbonate	HCO3 146.0	HCO3 2.4
12.	Chloride	Cl 169548.0	Cl 4782.7
13.	Sulfate	SO4 375.0	SO4 7.8
14.	Calcium	Ca 29920.0	Ca 1493.0
15.	Magnesium	Mg 2060.1	Mg 169.5
16.	Sodium (calculated)	Na 71968.7	Na 3130.4
17.	Iron	Fe 10.0	
18.	Barium	Ba NR	
19.	Strontium	Sr NR	
20.	Total Hardness (CaCO3)	83200.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
-----+	-----	-----	-----
1493 *Ca <----- *HCO3 2	Ca (HCO3)2	81.0	2.4 194
----- /-----> -----	CaSO4	68.1	7.8 531
169 *Mg -----> *SO4 8	CaCl2	55.5	1482.8 82281
----- <-----/ -----	Mg (HCO3)2	73.2	
3130 *Na -----> *Cl 4783	MgSO4	60.2	
-----+	MgCl2	47.6	169.5 8069
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	3130.4 182943
BaSO4 2.4 mg/L			

REMARKS:

SCALE TENDENCY REPORT

Company	: YATES DRILLING CO.	Date	: 5/20/02
Address	: ARTESIA, NM	Date Sampled	: 5/20/02
Lease	: FEDERAL 30	Analysis No.	: 00349
Well	: #1	Analyst	: A. MILLER
Sample Pt.	: WATER TANK		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. =	-0.5	at	70 deg. F	or	21 deg. C
S.I. =	-0.6	at	90 deg. F	or	32 deg. C
S.I. =	-0.6	at	110 deg. F	or	43 deg. C
S.I. =	-0.6	at	130 deg. F	or	54 deg. C
S.I. =	-0.5	at	150 deg. F	or	66 deg. C

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S =	461	at	70 deg. F	or	21 deg C
S =	496	at	90 deg. F	or	32 deg C
S =	520	at	110 deg. F	or	43 deg C
S =	529	at	130 deg. F	or	54 deg C
S =	528	at	150 deg. F	or	66 deg C

Respectfully submitted,
A. MILLER