| 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.
30-025-02219

5. Indicate Type of Lease
STATE [X]   FEE [ ]

6. State Oil & Gas Lease No.
B-2317

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.)

7. Lease Name or Unit Agreement Name
STATE 35 UNIT
(FORMERLY M.E. HALE #1)

1. Type of Well:
OIL WELL [X]   GAS WELL [ ]   OTHER

2. Name of Operator
Phillips Petroleum Company

8. Well No.
#22

3. Address of Operator
4001 Penbrook Street, Odessa, TX 79762

9. Pool name or Wildcat
VACUUM GRAYBURG/SAN ANDRES

4. Well Location
Unit Letter I   1980' Feet From The SOUTH Line and 660' Feet From The EAST Line

Section 35   Township 17-S   Range 34-E   NMPM   LEA   County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
4013' RKB, 4002' GL

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: _____ [ ]

SUBSEQUENT REPORT OF:

REMEDIAL WORK [ ]   ALTERING CASING [ ]

COMMENCE DRILLING OPNS. [ ]   PLUG AND ABANDONMENT [ ]

CASING TEST AND CEMENT JOB [ ]

OTHER: FRACTURE STIMULATE ✓ [X]

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.

03/10/97 MIRU LUCKEY SERV DDU, COOH W/RODS, PMP, NU BOP, COOH W/PROD TBG, GIH W/2-7/8" OD SAND PMP, TAG FILL 4519', PERFS 4324-4548', PU 3-7/8" BIT, GIH, RU REV UNIT, BEGIN PMPG WTR, BROKE CIRC W/850 BBL, SDON.

03/11/97 FIN GIH W/3-7/8" BIT, TAG @ 4515', CLN UP T/4530', DRLG HARD, PULL UP SDFD.

03/12/97 GIH TAG @ 4515', 15' FILL CAME IN OVER NIGHT, CLN OUT T/4530', HARD DRLG, COOH, CHG BITS, GIH W/3-3/4" BIT ON 6 2-3/8" DC'S, NOT MAKING HOLE, GET METAL CUTTINGS BK, FORMATION, SULFATE SCALE, PU SD.

03/13/97 DRLG @ 4530', NOT MAKNG HOLE, COOH CK BIT 2 CONES GONE, RUN IN W/MAGNET, GOT BK VERY LITTLE MTL SHAVINGS, GIH W/CUTRITE SHOE & WASH PIPE, SD.

03/14/97 GIH W/CUTRITE SHOE ON WASH PIPE, TAG @ 4530' CUT DWN T/ 4532', TLS TORQUING UP POSS SPLIT IN CSG, COOH W/WASH PIPE, SD.
                    (CONTINUED ON BACK)

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

SIGNATURE _____   TITLE Senior Regulation Analyst   DATE 04-03-97

TYPE OR PRINT NAME Larry M. Sanders   TELEPHONE NO. (915) 368-1488

(This space for State Use)

APPROVED BY _____   TITLE _____   DATE _____

CONDITIONS OF APPROVAL, IF ANY:

03/18/97	GIH W/3-5/8" BIT, 6' SUB, STRING MILL, CLN UP PARTED CSG T/4533', GET BK RUBBER & MTL, WASH UP WB, COOH W/BIT, RUN KS, SDON.
03/19/97	COOH W/KS, GIH W/SHOE & WASH PIPE, SDFD DUE T/HI WINDS.
03/20/97	GIH W/CUR RITE SHOE ON WP, TAG FILL @ 4521', CLN UP CSG T/4533', NOT MAKING HOLE, COOH W/SHOE & WP, CUT RITE ON SHOE WORE OFF, SDON.
03/21/97	GIH W/BIT TAG @ 4421', CLN UP T/4585', WASH UP PU & SD.
03/24/97	GIH & CLN UP CSG T/TD 4648', CIRC WB CLN, PU ABOVE TOP PERFS SD.
03/25/97	GIH TAG TD 4648', CIRC AROUND W/400 BBL CLN WTR, COOH W/TBG COLLARS, BIT, RUN KS, SD.
03/26/97	STD BY, WO HES LOG EQMT.
03/27/97	COOH W/KS, RU HES, RUN CSG INSPECTN LOG ON 4.5 LINER & BTM 500' OF 7" CSG, LOOKS GOOD, 4.5 LINER IN BAD SHAPE, 4300' PARTED, 4400-4450' NUMEROUS HOLES, 4454-4459' PARTED, 4470' SPLIT PIPE, COULDN'T GET LOWER THAN 4570' CSG LAYING OVER, COOH W/LOG TL, RU TBG TSTRS, TST TBG IN 132 JTS 2-7/8" TAC @ 3890' SN @ 4075', ND BOP, NU WH, RUN PMP, ROD STRING, HANG WELL ON, RD LUCKY SERV DDU, WELL PMPG T/BATT, <u>TEMP DROP F/REPORT</u>.
04/01/97	24 HR TST, 12.2 BOPD 330 BWPD 3.5 MCF GAS.
04/02/97	24 HR TST, 4.1 BOPD 210 BWPD 2.9 MCF GAS.

<u>COMPLETE DROP F/REPORT</u>