

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. J. 1104
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
OMB No. 1004-0135
Expires 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. NM-53992
2. Name of Operator YATES ENERGY CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address P. O. Box 2323, Roswell, NM 88202	3b. Phone No. (include area code) 505/623-4935	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 920' FNL & 1980' FWL Section 21-19S-33E		8. Well Name and No. Sun-Bright Federal #1
		9. API Well No. 30-025-29140
		10. Field and Pool, or Exploratory Area Undesignated (Bone Spring)
		11. County or Parish, State Lea County, NM

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

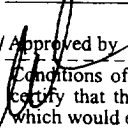
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 checked="" 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 checked="" type="checkbox"/> Plug Back	<input 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 recompleate 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 recompleation 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.)

Bottom hole pressure test indicates current production in the Wolfcamp is severely depleted. When production has declined to approximately 10 BOPD, propose to plug and abandon Wolfcamp and attempt completion in Bone Spring. Procedure as follows:
MI & RU PU. Kill well, rig down well head. NU BOP. Release pkr. and POH w/tbg. Run and set a CIBP @ 11,000' KB; dump 35 ft. cmt. on top. GIH w/tbg. to appx. 10,614' KB; circulate 250 gal. 15% NeFe, DI to spot. POH w/tbg.; keep hole full. Perforate as follows, top down w/3 SPF (casing gun), 10,602' - 10,614' KB. GIH w/tbg. and pkr. to appx. 10,550' KB, reverse circ. w/6 bbls. KCL wtr., space and set pkr. RD BOP and nipple-up tree. Displace acid and swab test. (unless well starts to flow). Reacidize, swab/flow to test. Run potential test and initiate production into tanks.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Sharon R. Hamilton		Title Landman
Signature 		Date 5/24/00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by  (ORIG. SGD.) DAVID R. GLASS	PETROLEUM ENGINEER	MAY 25 2000
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	