Submit 3 Copies to Appropriate

CONDITIONS OF APPROVAL, IF ANY:

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

District Office OIL CONSERVATION DIVISION DISTRICT I WELL API NO. P.O. Box 1980, Hobbs NM 88241-1980 2040 Pacheco St. 30-025-33419 Santa Fe, NM 87505 DISTRICT II 5. Indicate Type of Lease P.O. Drawer DD, Artesia, NM 88210 STATE X FEE 6. State Oil & Gas Lease No. 1000 Rio Brazos Rd., Aztec, NM 87410 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 7. Lease Name or Unit Agreement Name DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) STATE 35 UNIT 1. Type of Well: STATE 35 UNIT OIL WELL X WELL OTHER 8. Well No. 2. Name of Operator #18 Phillips Petroleum Company 9. Pool name or Wildcat 3. Address of Operator VACUUM GRAYBURG/SAN ANDRES 4001 Penbrook Street, Odessa, TX 79762 4. Well Location 2600° SOUTH 660' Feet From The Line and Feet From The Line 17-S 34-E LEA 35 Township Range County Section 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 4008 GL Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data 11. SUBSEQUENT REPORT OF: NOTICE OF INTENTION TO: PLUG AND ABANDON ALTERING CASING PERFORM REMEDIAL WORK REMEDIAL WORK PLUG AND ABANDONMENT CHANGE PLANS COMMENCE DRILLING OPNS. TEMPORARILY ABANDON CASING TEST AND CEMENT JOB PULL OR ALTER CASING OTHER: WORKOVER PERFORM PRODUCTION SURVEY 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. 06/08/98 PULL ROTAFLEX OFF WELL, RU SIERRA WS DDU #208, CATCH STNDG VLV & COOH W/RODS, PMP PLNGR, START PMPG BRINE DWN BKSIDE KILL W/180 BBL 10# BRINE. NU BOP COOH W/14 JTS TBG, END TBG STRING @ 4263' RESET TAX. RU & SWAB. FLOW T/BATT. 06/09/98 FLOW T/BATT @ 1.8 MMCF GAS, RU HES ON TBG, GIH W/RECORDNG TLS, ESTAB CO2 FLOW COMING F/LWR PERFS, COOH W/SLICK LNR TLS. RD HES. KILL W/BRINE, REL TAC COOH W/PROD TBG, PU 5-1/2" RBP W/J-VLV BYPASS ASSY & PKR ON TBG, RBP SET @ 4595', PU SET PKR TST RBP, PERFS SHUT OFF BY RBP: 4614-4625,4630-4693.4694-4774. OPEN PERFS: 4370-4420.4540-4556. PULL PKR UP HOLE ABOVE PERFS & SD. 06/10/98 TBG PRESS 0, CSG 0 PSI, COOH W/PKR, GIH W/PROD EQMT, 146 2-7/8" J-55 TBG, 2-7/8" WKNG BBL, ON-OFF TL. TAC SET @ 4288' IN 15000# TEN, SN @ 4577', END ON-OFF TL 4581', ND BOP, NU WH, GIH W/PMP PLNGR & ROD STRNG. RD SIERRA #208. MOVE ROTAFLEX PU OVER. HAND ROD STRNG OFF ON UNIT, LD TBG SPACE OUT ROD STG, PUMP T/STATE 35 BATT, WELL TST T/FOLLOW, TEMP DROP F/REPORT and complete to the best of my knowledge and belief. THIE Senior Regulation Analyst TELEPHONE N TYPE OR PRINT NAM (This space for State Use) APPROVED BY

STATE 35 UNIT #18 CONTINUED

06/19/98 24 HR TST, TBG PRESS 250 PSI, CSG PRESS 50 PSI, 12 BO, 137 BW, 16 MCF GAS @ 71% CO2 24 HR TST, 13 BO, 141 BW, 6 MCF GAS @ 64% CO2

06/21/98 24 HRS TST, 12 BO, 138 BW, 6 MCF GAS @ 64% CO2,

JOB COMPLETE - DROP F/REPORT