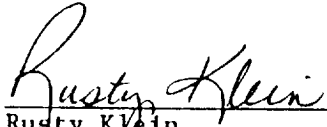


YATES PETROLEUM CORPORATION
Quay AQU State #1
Section 10-T23S-R33E
Lea County, New Mexico

SUNDRY NOTICE CONTINUED:

and 3-1/2" control. Caught fish. Pulled 20 stands and shut down for night.
3-4-97 - Continue TOOH with fish. Laid down overshot and top joint of fish.
Fish had swelled box. Continue to TOOH. Rigged up Jarrel Services, Inc.
Ran 6" impression block. Block tagged at 11964' WL (tubing depth 11961'). Block
showed 3 unidentifiable marks. Ran magnet. Recovered 2 small pieces of tubing.
3-5-97 - TIH with 6-1/2" concave mill. Rigged up swivel and stripper head.
Milled 1-1/2' in 4-1/2 hours. Did not make any hole last hour. TOOH with 40
stands.
3-6-97 - Continue TOOH with mill. TIH with 6-1/2" bit. Drilled smooth on CIBP
for 3 hours. Plug turned loose. Pushing bit up hole. Lost 22000# weight on
indicator due to push from bottom. Have not cut rubbers. Shut in kelly cock and
BOP. Shut down for night.



Rusty Klein
Operations Technician
March 6, 1997