

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

SEP 12 '89

API NO. (assigned by OCD on New Wells)	30-215-26184	
5. Indicate Type of Lease	STATE <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.		

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK																							
ARTESIA, OFFICE																							
1a. Type of Work:			7. Lease Name or Unit Agreement Name																				
DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			Parish IV Com.																				
b. Type of Well:			8. Well No.																				
OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			3																				
SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			9. Pool name or Wildcat																				
2. Name of Operator			N. Dagger Draw Upper Penn																				
Yates Petroleum Corporation																							
3. Address of Operator																							
105 South Fourth, Artesia, New Mexico 88210																							
4. Well Location																							
Unit Letter <u>F</u> : <u>1980'</u> Feet From The <u>North</u> Line and <u>1980'</u> Feet From The <u>West</u> Line																							
Section <u>25</u> Township <u>19 South</u> Range <u>24 East</u> NMPM Eddy County																							
10. Proposed Depth																							
8000'																							
11. Formation		12. Rotary or C.T.																					
Cisco		Rotary																					
13. Elevations (Show whether DF, RT, GR, etc.)		14. Kind & Status Plug. Bond		15. Drilling Contractor																			
3626 GR		Blanket		Undesignated																			
16. Approx. Date Work will start		17. PROPOSED CASING AND CEMENT PROGRAM																					
ASAP																							
<table border="1"> <thead> <tr><th>SIZE OF HOLE</th><th>SIZE OF CASING</th><th>WEIGHT PER FOOT</th><th>SETTING DEPTH</th><th>SACKS OF CEMENT</th><th>EST. TOP</th></tr> </thead> <tbody> <tr><td>14 3/4"</td><td>9 5/8"</td><td>36# J-55</td><td>Approx. 1300'</td><td>700 sacks</td><td>circulate</td></tr> <tr><td>8 3/4"</td><td>7"</td><td>26# N-80& J-55</td><td>TD</td><td>as warranted</td><td></td></tr> </tbody> </table>						SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP	14 3/4"	9 5/8"	36# J-55	Approx. 1300'	700 sacks	circulate	8 3/4"	7"	26# N-80& J-55	TD	as warranted	
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We propose to drill and test the Upper Penn and intermediate formation. Approximately 1300' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be ran and cemented, will perforate and stimulate as needed for production.

MUD PROGRAM: FW GEL to 1300'; FW to 4000'; Cut Brine to 7000'; SW GEL/starch to TD

BOP PROGRAM: BOP's and hydril will be installed on 9 5/8' casing and tested daily

Post ID-1
9-22-89
New Loc & API

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 3-18-90
UNLESS DRILLING UNDERWAY

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY

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

SIGNATURE Ken Beardemphl TITLE Landman DATE 9/12/89

TYPE OR PRINT NAME Ken Beardemphl TELEPHONE NO. 748-1471

(This space for State Use)

ORIGINAL SIGNED BY
MIKE WILLIAMS

APPROVED BY MIKE WILLIAMS SUPERVISOR, DISTRICT II TITLE _____ DATE SEP 18 1989

CONDITIONS OF APPROVAL, IF ANY:

NOTIFY N.M.O.C.D. IN SUFFICIENT
TIME TO WITNESS CEMENTING THE
95/8 CASING

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

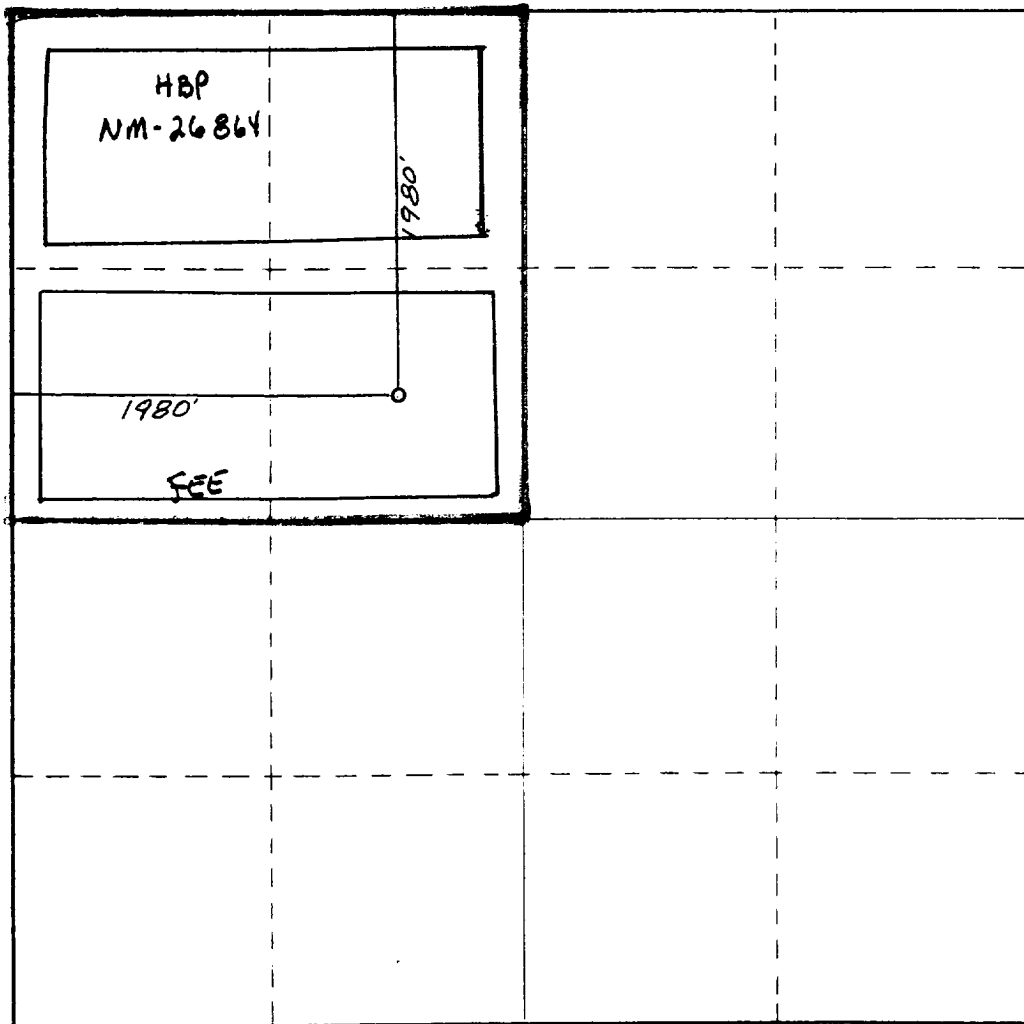
Operator YATES PETROLEUM CORPORATION		Lease Parish IV Com		Well No. 3
Unit Letter F	Section 25	Township 19 South	Range 24 East	County Eddy County, N.M.
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the West line				
Ground Level Elev. 3626.	Producing Formation Cisco	Pool N. Dagger Draw Upper Penn	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name Ken Bendrup
Position LANDMAN
Company Yates Petroleum Corporation
Date 9-12-89

DAN R. REDDY
NEW MEXICO
REGISTERED PROFESSIONAL ENGINEER
5412
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same are just and correct to the best of my knowledge and belief.

Date Surveyed
September 5, 1989

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.
NM PE&LS NO. 5412

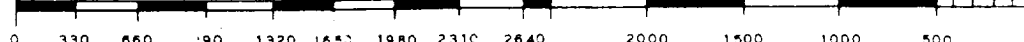
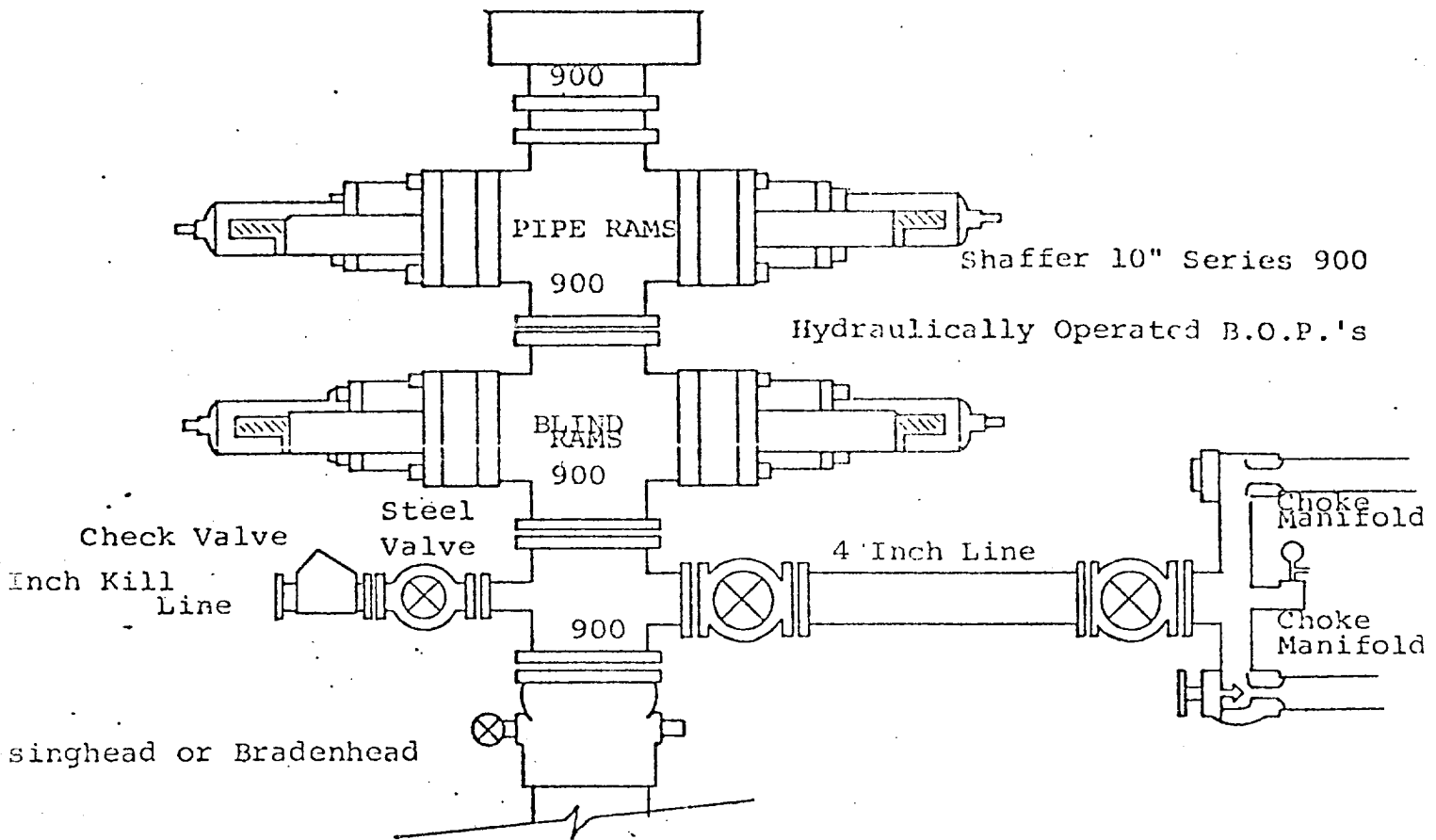


EXHIBIT B



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
- Choke outlet to be a minimum of 4" diameter.
- Kill line to be of all steel construction of 2" minimum diameter.
- All connections from operating manifolds to preventers to be all steel.
- hole or tube a minimum of one inch in diameter.
- The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
- All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
- Inside blowout preventer to be available on rig floor.
- Operating controls located a safe distance from the rig floor.
- Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
- D. P. float must be installed and used below zone of first gas intrusion.