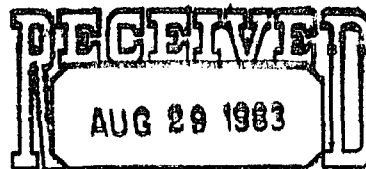




207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
W. HARPER
SEC. TREAS.



August 25, 1983

OIL CONSERVATION DIVISION
SANTA FE

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87503

Attention: Mr. Richard L. Stamets

Case 7969

Ref. Case No. 7873
Order No. R-7293

Gentlemen:

On June 6, 1983, the Director authorized Yates Petroleum Corporation to use the Midwest XV State No. 1 well located 660 feet FNL and 1980 feet FEL, Sec. 19, T.14S., R.33E., N.M.P.M., Lea County, New Mexico, as a water disposal well pursuant to the referenced Order. The Order approves disposal into the Permo-Pennsylvanian formation in the perforated interval from approximately 10,378 feet to 10,578 feet.

On July 15, 1983, the plugged well was re-entered with plans to drill out plugs and deepen from the old total depth of 10,510 feet to a new total depth of 10,650 feet, then run and cement 5 1/2 inch casing at the new total depth. However, partial loss of circulation was experienced at a depth of 10,420 feet. Rather than risk complete loss of returns and jeopardize cementing operations by continuing to drill into the Canyon dolomite, we elected to set 5 1/2 inch casing at this depth and test the Upper-Pennsylvanian for hydrocarbons. The intervals 10,156 feet to 10,159 feet, 10,076 feet to 10,079 feet, and 9,941 feet to 9,943 feet have been tested unsuccessfully, and each interval has been individually squeezed with cement and pressure tested. We then drilled out to 10,650 feet as planned. When we still had not lost circulation, we continued on to a total depth of 10,740 feet. A gamma-ray neutron log showed porosity in the Canyon dolomite from approximately 10,375 to 10,570. After the open hole interval was acidized with 2500g on August 23, the zone took water on a vacuum. The well is now shut in.

Accordingly, Yates Petroleum Corporation respectfully seeks your approval to slightly amend plans as set out in the referenced Order. Instead of injecting into a cased and perforated interval 10,378 feet to 10,578 feet we now propose to inject into the open hole interval 10,420 feet to 10,740 feet. This change would not significantly alter the original plan inasmuch as the well is cased into the top of the Canyon dolomite (10,378 feet) and injection would be confined to the same section as originally proposed. All other aspects of the approved Order would remain unchanged and all conditions contained in the Order will be complied with. Schematic diagrams of the well as authorized by Order No. R-7293 and as amended by this proposal are attached.

Richard L. Stamets

-2-

August 25, 1983

If you have any questions or if additional information is required please call.

Sincerely,

Dave Boneau

DAVID F. BONEAU
Engineering Manager
Yates Petroleum Corporation

ARS/gb

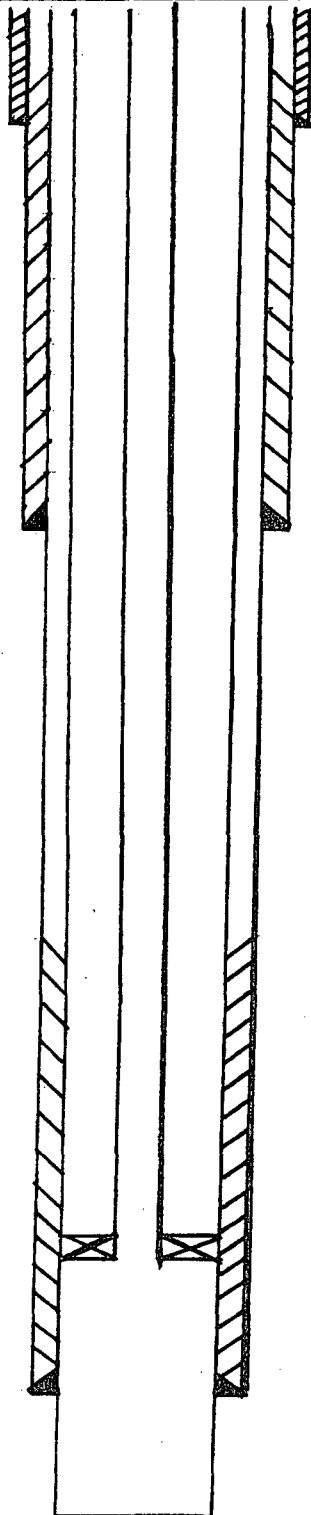
Enclosures

xc: Jerry Sexton, N.M.O.C.D., Hobbs

INJECTION WELL DATA SHEET

Schematic - Amended Plan

Yates Petroleum Corporation		Midwest State #1		(Lease #K-2865)
Operator		Lease		No.
#1	660 FNL & 1980 FEL	19	14S	33E
Well No.	Footage Location	Section	Township	Range



13-3/8" @ 413' w/400 sxs

8-5/8" @ 4155' w/300 sxs

TOC 5620' by bond log

2-7/8" plastic lined tubing

Packer @ approximately 10,300'

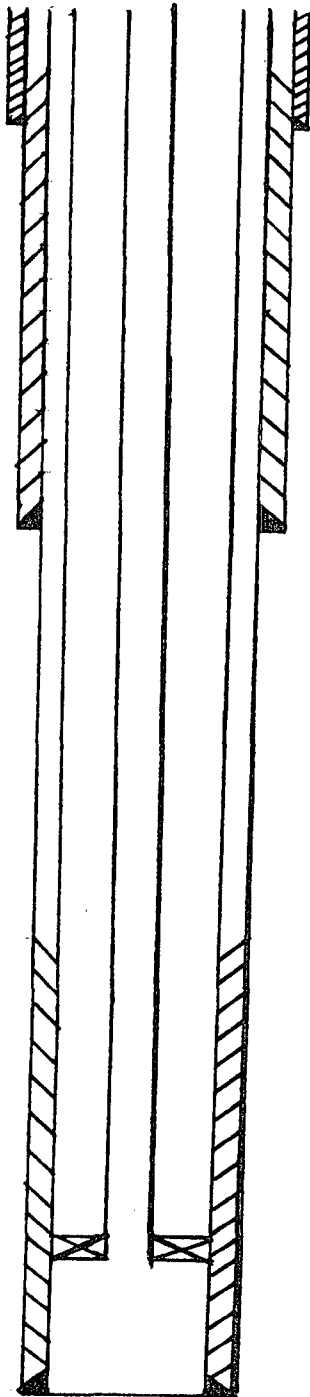
5-1/2" @ 10,420' w/900 sxs

Proposed injection interval - Canyon Dolomite 10,420'-10,570'
 Hard Canyon Lime 10,570'-10,740'
 New TD 10,740' (DEEPEN WELL FROM OLD TD OF 10,510')

INJECTION WELL DATA SHEET

Schematic - Original Plan

Yates Petroleum Corporation		Midwest State #1		(Lease #K-2865)
Operator		Lease		No.
#1	660 FNL & 1980 FEL	19	14S	33E
Well No.	Footage Location	Section	Township	Range



13-3/8" @ 413' w/400 sxs

8-5/8" @ 4155' w/300 sxs

TOC 5620' by bond log (ACTUAL TOC)

2-7/8" plastic lined tubing

Packer @ approximately 10,300'

Proposed injection interval - Canyon Dolomite 10,378'-10,578'

5-1/2" @ 10,650' w/approximately 1000' sxs

New TD 10,650' (DEEPEN WELL FROM OLD TD OF 10,510')