

DEPART NT (PROPERTY NO. 12993)
BUREAU OF LAND

DIVISION DESIGNATION AND SERIAL NO.
NM-9018

APPLICATION FOR PERMITS POOL CODE 65350

1a. TYPE OF WORK

DRILL

EFF. DATE 10/25/96

b. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

ZONE

MULTIPLE ZONE

API NO. 30-025-33643

6. IF INDIAN, ALLOTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
YOUNG DEEP UNIT

8. FARM OR LEASE NAME, WELL NO.
37

9. API WELL NO.

2. NAME OF OPERATOR
HARVEY E. YATES COMPANY

3. ADDRESS AND TELEPHONE NO.
P.O. BOX 1933, ROSWELL, NEW MEXICO 88202 505-623-6601

10. FIELD AND POOL, OR WILDCAT
NORTH YOUNG BONE SPRINGS

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)
AT SURFACE 70' FNL & 2630' FEL

11. SEC., T., R., M., OR BLK
AND SURVEY OR AREA
SEC-9, T-18S, R-32E

12. COUNTY OR PARISH
LEA 13. STATE
NM

AT PROPOSED PROD. ZONE

Unit B

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
APPROXIMATELY 11 MILES SOUTH OF MALJAMAR, NEW MEXICO

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

70'

16. NO. OF ACRES IN LEASE
160

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

600'

19. PROPOSED DEPTH
9100'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3833.5

APPROX. DATE WORK WILL START
November 1, 1996

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H-40	48# ST&C 8RD	400	425 SX "C" w/ 2% CACL & 1/4# FLOSEAL
12 1/4"	8 5/8" J-55	32# ST&C 8RD	3100	200 SX "C" w/ 2% CACL & 1/4# FLOSEAL
7 7/8"	5 1/2" J-55	17# LT&C 8RD	9100	1100 SX LEAD & 500 SX TAIL **

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS.

CEMENT WILL BE CIRCULATED ON 13 3/8" AND 8 5/8" CASING.

CEMENT QUANTITIES AND ADDITIVES ARE SUBJECT TO CHANGE DUE TO HOLE CONDITIONS.

* FILLER CEMENT 35/65 "C" POZ w/ 6% GEL, 5# SALT, & 1/4# FLOSEAL

** LEAD: 1100 SX "H" POZ w/ 2% GEL & 5# SALT PER SACK

TAIL: 500 SX "H" w/ 3% KCL, .5% FLUID LOSS, .3% DISPERSANT, 1% BONDING AGENT, .3% RETARDER, & .2% SODIUM METASILICATE PER SACK

PROPOSED MUD PROGRAM

0-400	FRESH WATER w/ PAPER & SHALE GUARD. MW-9.0 VIS-31
400-3100	BRINE WATER w/ PAPER & SHALE GUARD. MW-10.0 VIS-31
3100-9100	FRESH WATER w/ PAPER, SHALE GUARD, & AMMONIA NITRATE. 28-30,000 CHLORIDES. MW-8.6 VIS-29

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Bob Williams Bob Williams TITLE Drilling Superintendent DATE September 17, 1996

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

PERMIT NO. _____ APPROVAL DATE _____

APPLICATION APPROVAL 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 CONDUIT OF PERMITS THEREON. CONDITIONS OF APPROVAL IF ANY:

APPROVED BY (ORIG. SGD.) TONY L. FERGUSON TITLE ADM, MINERALS DATE 10-23-96

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS KNOWINGLY AND WILLFULLY TO MAKE TO ANY DEPARTMENT OR AGENCY OF THE UNITED STATES ANY FALSE, FICTITIOUS OR FRAUDULENT STATEMENTS OR REPRESENTATIONS AS TO ANY MATTER WITHIN ITS JURISDICTION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33643	Pool Code 65350	Pool Name Young Bone Spring, North
Property Code 12993	Property Name YOUNG DEEP FEDERAL	Well Number 37
OGRID No. 010179	Operator Name HARVEY E. YATES COMPANY	Elevation 3834

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	9	18 S	32 E		70	NORTH	2630	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

SEE DETAIL	70'	2630'	Conoco et al NM-9018						
	3833.5'	3834.8'	o						
	3830.1'	3831.7'	DETAIL						
						OPERATOR CERTIFICATION			
						<p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p style="text-align: right;"><i>Vickie Teel</i> Signature</p> <p style="text-align: right;">Vickie Teel Printed Name</p> <p style="text-align: right;">Production Analyst Title</p> <p style="text-align: right;">9/24/96 Date</p>			
						SURVEYOR CERTIFICATION			
						<p><i>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 is true and correct to the best of my belief.</i></p> <p style="text-align: right;">SEPTEMBER 16, 1996</p> <p style="text-align: right;">Date Surveyed DMCC</p> <p style="text-align: right;">Signature & Seal Professional Surveyor</p> <p style="text-align: right;"><i>Ronald J. Eidson</i> 9-20-96</p> <p style="text-align: right;">Certificate No. JOHN W. WEST 676 RONALD J. EIDSON 3239 GARY EIDSON 12641</p>			

Application
Harvey E. Yates Company
Young Deep Unit 37
Section 9, T18S, R32E
Lea County, New Mexico

In conjunction with Form 3160-3, Application For Permit To Drill Or Deepen subject well, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 10.

1. **Geologic Name of Surface Formation:**
Quaternary alluvium and bolson deposits
2. **Estimated Tops of Significant Geologic Markers:**
Rustler 1145', Yates 2632', Seven Rivers 3185', Bowers 3535', Queen 3795', Penrose 4025', BFS 4710, Delaware Sand, 5180', Bone Spring 6020', TD 9100.
3. **Estimated Depths at which Water, Oil, or Gas Formations are expected:**
Water: Triassic Red Bed (Santa Rosa) @ approx. 220'.
Oil: Bone Spring @ 6070'.
Gas: Bone Spring @ 6070'.
4. **Proposed Casing Program:**
See Form 3160-3.
5. **Pressure Control Equipment:**
BOP & Annular. See EXHIBIT C. Although the rig equipment is rated 3M rated, this well will be rated 2M.
6. **Drilling Fluid Program:**
See Form 3160-3
7. **Auxiliary Equipment:**
None
8. **Testing, Logging, & Coring Program:**
No Cores or DSTs are anticipated. The planned logs are DLL-Micro w/GR & Caliper, and CN-Den w/GR & Caliper.
9. **Abnormal Conditions, Pressures, Temperatures, or Potential Hazards:**
No abnormal conditions are anticipated in this well bore.
BHST-140 deg F
BHP-2500 psi.
No Hydrogen Sulfide or other hazardous gasses or fluids were encountered in any of the offset wells that Harvey E. Yates Company has drilled in this area. Therefore, no contingency plan is submitted. See EXHIBIT E.
10. **Anticipated Starting Date & Duration of Operation:**
Spud Date: On or about November 20, 1996. Duration of this project will be approximately 32 days from start of construction of drilling pad until finish of completion operations.

Surface Use Plan
Harvey E. Yates Company
Young Deep Unit 37
Section 9, T18S, R32E
Lea County, New Mexico

1. Existing Roads:

Exhibit A is a portion of a New Mexico map showing the location of the proposed location. The location is approximately 38 miles east of Artesia, NM or about 6 miles south of Maljamar, NM. Leave Artesia on U.S. 82 & travel east to the junction of NM 529. Go southeast 7 miles to the junction of NM 126. Go south for 1.7 miles on NM 126. Turn east on caliche road. Go 500' to Y. Turn left & go .8 miles. Turn right to location.

2. Planned Access Roads:

Approximately 100' of new road will be built to access location. This road will run from North to South from the existing road going to the Young Deep 4 Fed 1.

3. Location of Existing Wells:

See EXHIBIT B

4. Location of Tank Batteries, Electric Lines, Etc:

In the event a producing well is drilled, a battery will be built on the drilling pad See EXHIBIT B

5. Location and Type of Water Supply:

Water will be obtained from commercial sources.

6. Source of Construction Material:

We will use materials from the primary and secondary reserve pits to build the location.

7. Methods of Handling Waste Disposal:

Waste will be handled in an approved manner. The wellsite will be cleaned of all waste within 30 days of final completion of the well.

8. Ancillary Facilities:

N/A

9. Wellsite Layout:

a. EXHIBIT D shows the relative location and dimensions of the well pad, reserve pits, and major rig components.

b. The land is relatively flat with sandy soil and sand dunes.

c. The pad and pit area have been staked.

10. Plan for Restoration of the Surface:

a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. Pits will be back filled and the location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.

b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible. All pits will be filled and leveled within 90 days after abandonment.

11. Other Information:

a. The surface owner is Williams Cattle Company of Artesia, NM. They have been contacted and an agreement reached regarding surface damages. Mineral owner is the Federal Government.

b. The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.

c. There are no ponds, lakes, or rivers in this area.

d. An Archaeological Survey has been made and a copy has been sent to the Carlsbad BLM office. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.

e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids.

12. Operator's Representative:

The field representative for assuring compliance with the approved surface use and operation plan is:

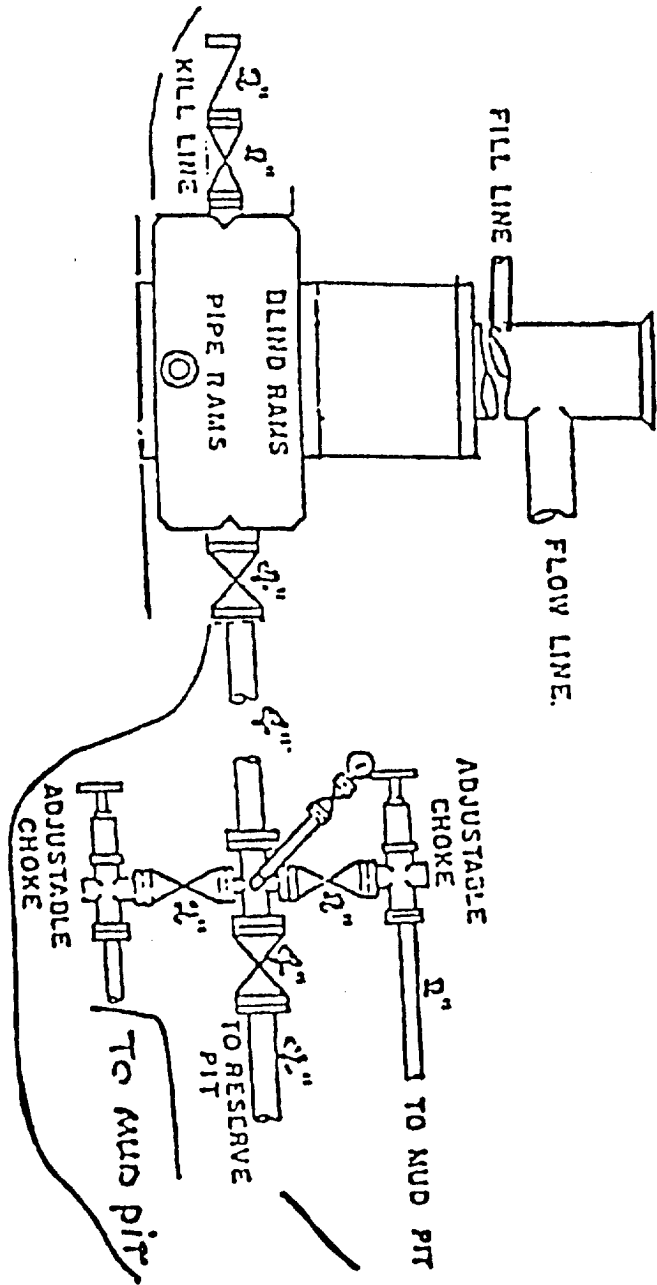
Bob Williams
Harvey E. Yates Company
P.O. Box 1933
Roswell, NM
505-623-6601

September 16, 1996



Bob Williams
Drilling Superintendant

EXHIBIT "C"
Harvey E. Yates Company
Young Deep Unit #37
Sec. 9, T18S, R32E
Lea County, New Mexico



900 Series

EXHIBIT "D"

Harvey E. Yates Compant
Young Deep Unit #37
Sec. 9, T18S, R32E
Lea County, New Mexico

YOUNG DEEP UNIT 37

EAST

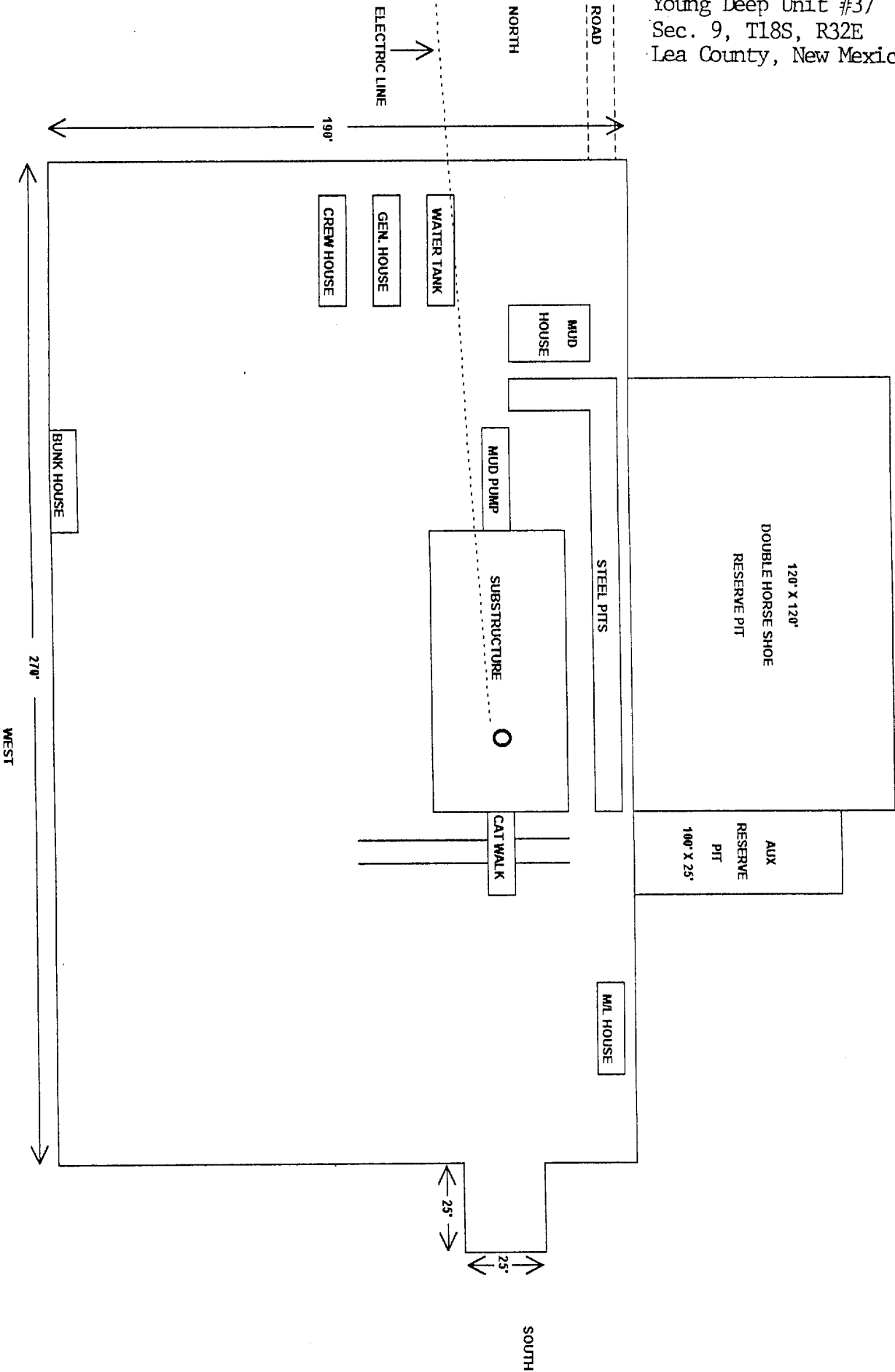


EXHIBIT 'E'

Harvey F. Yates Company
Young Deep Unit #37
Sec. 9, T18S, R32E
Lea County, New Mexico

11-3-95 at 1205 PM

Bob Williams & A. Andy Cortez BLM
tested with a Sencidyme pump the Young Deep
#1 central battery & #11 Battery (Stock TANK)

Results - Central Battery 2 PPM H2S S.T. VAPORS
~~#11 Battery 7 PPM H2S S.T. VAPORS~~
Wolfcamp 2 PPM Bone Springs 0.0 PPM

Central Battery wells
#8, #2, #7, #9, #21, #18, #6, #2, #26

#11 Battery wells 7 PPM H2S Stock TANK VAPORS
#4, #11, #13, #14, #15, #16, #17, #22

Andy Cortez
Bob Williams WITNESS