

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.
 NM 28171

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Spear OA Federal

9. WELL NO.
 4

10. FIELD AND POOL, OR WILDCAT
 S. Pecos Slope Abo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 9-T9S-R26E

12. COUNTY OR PARISH 13. STATE
 Chaves NM

17. NO. OF ACRES ASSIGNED TO THIS WELL
 160

20. ROTARY OR CABLE TOOLS
 Rotary

22. APPROX. DATE WORK WILL START*
 ASAP

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
 Yates Petroleum Corporation

3. ADDRESS OF OPERATOR
 105 South Fourth Street - Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 990' FSL and 660' FEL
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 17 miles east of Roswell, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE 1000

17. NO. OF ACRES ASSIGNED TO THIS WELL 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2000'

19. PROPOSED DEPTH 5000'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3790' GR

22. APPROX. DATE WORK WILL START* ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24# K-55	Approx. 950'	550 sacks - circulate
7-7/8"	4-1/2"	9.5# K-55	TD	300 sacks

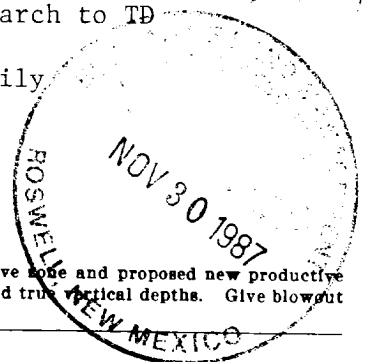
We propose to drill and test the Abo and intermediate formations. Approximately 950' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: FW gel/LCM to 950', brine to 4200', salt gel and starch to TD

BOP PROGRAM: BOP's will be installed at the offset and tested daily

GAS NOT DEDICATED

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. 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 Cy Cowan TITLE Regulatory Agent DATE November 25, 1987
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY S/Homer Mayer, Acting TITLE Area Manager DATE DEC 11 1987
 CONDITIONS OF APPROVAL, IF ANY:

APPROVAL OF THIS APPLICATION BY THE BUREAU MANAGER OR CERTIFY THAT THE APPLICANT HAS BEEN ADVISED OF HIS OBLIGATION TO PAY ROYALTIES IN THE SUBJECT LEASE WITHIN THE TIME FRAME ENJOINED BY THE U.S.C. AND BUREAU OF LAND MANAGEMENT OPERATIONS THEREON. PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED LANDS, AND NO CONSTRUCTION OF ACCESS ROADS OR PAD WITHOUT PAYMENT IN ADVANCE.

See Instructions On Reverse Side

APPLICANT 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.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-122
Supersedes C-128
Effective 1-1-65

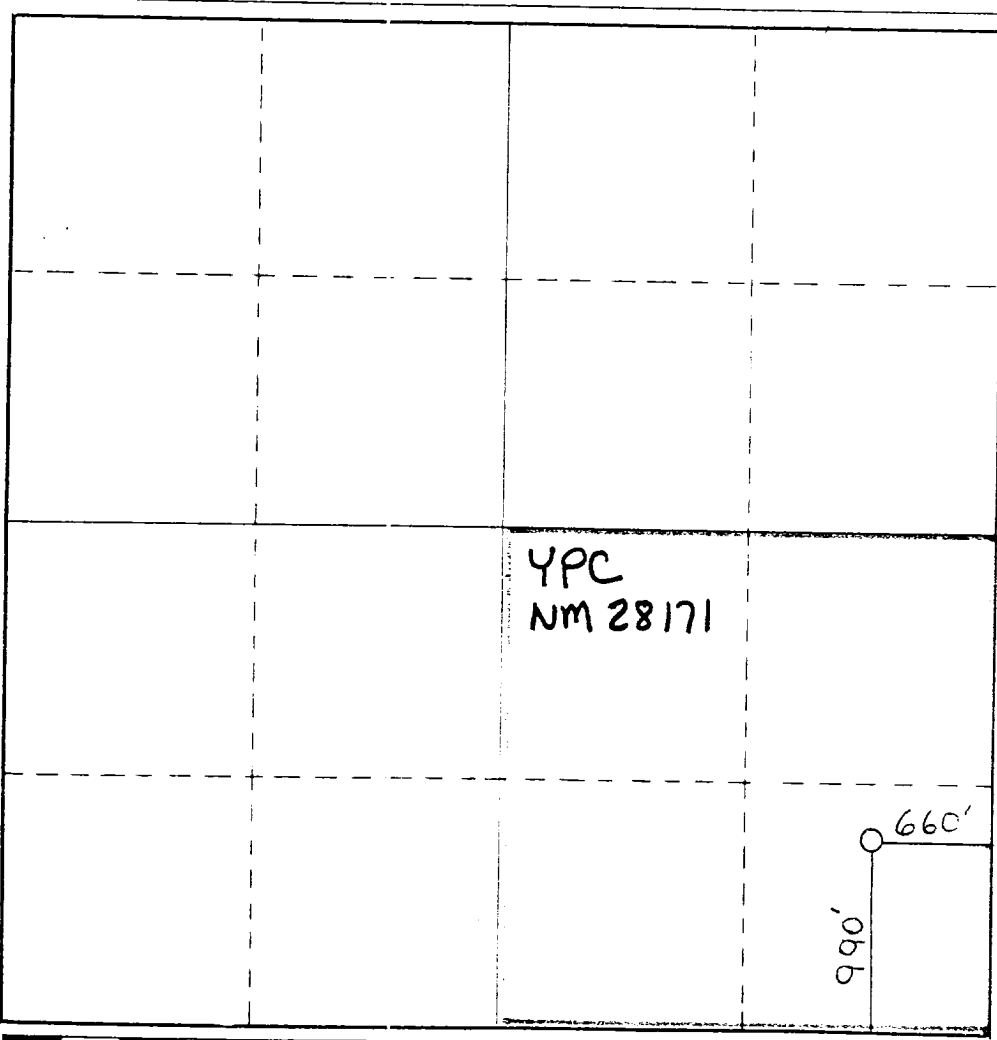
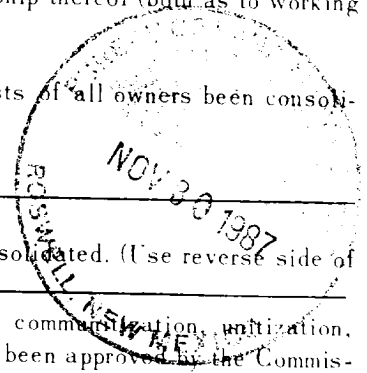
All distances must be from the outer boundaries of the Section.

Operator YATES PETROLEUM CORPORATION			Lease SPEAR OA FEDERAL		Well No. 4
Unit Letter P	Section 9	Township 9S	Range 26E	County CHAVES	
Actual Footage Location of Well: 990 feet from the South line and 660 feet from the East line					
Ground Level Elev. 3790'	Producing Formation ABO		Pool S. Pecos Slope ABO	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 _____
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.

Cy Cowan
Name

Cy Cowan

Position

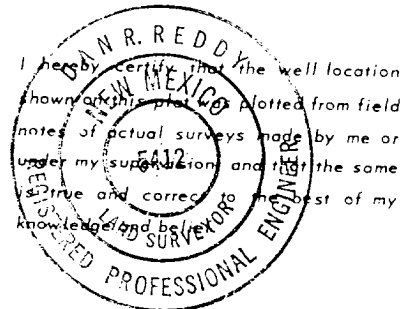
Regulatory Agent

Company

Yates Petroleum Corporation

Date

November 25, 1987



Date Surveyed

November 23, 1987

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NM PE&LS NO. 5412

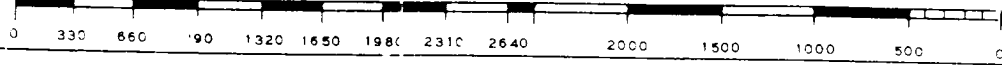
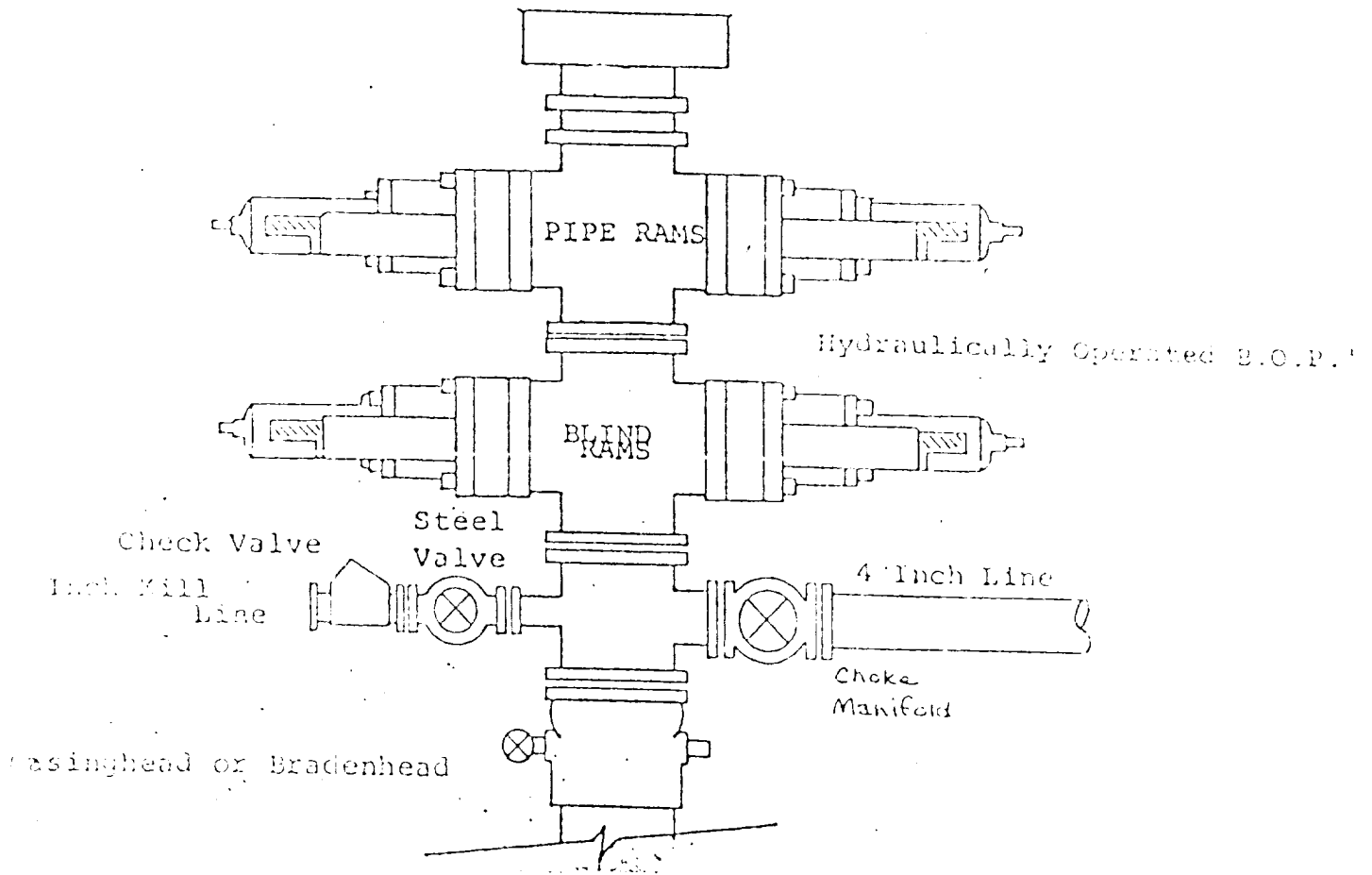


EXHIBIT B

BOP DIAGRAM

RATED 3000#



YATES PETROLEUM CORPORATION
Spear OA Federal #4
990' FSL and 660' FEL of
Section 9-T9S-R26E
Chaves County, New Mexico



In conjunction with Form 9-331C, Application for Permit to Drill subject well, Yates Petroleum Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. The geological surface formation is sandy alluvium.
2. The estimated tops of geologic markers are as follows:

San Andres	1061'
Glorieta	2105'
Yeso	2165'
Abo	4348'
TD	5000'
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 150 - 300'
Oil or Gas: 4370'
4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: Kelly cock, pit level indicators and flow sensor equipment; sub with full opening valve on floor, drill pipe connection.
8. Testing, Logging and Coring Program:

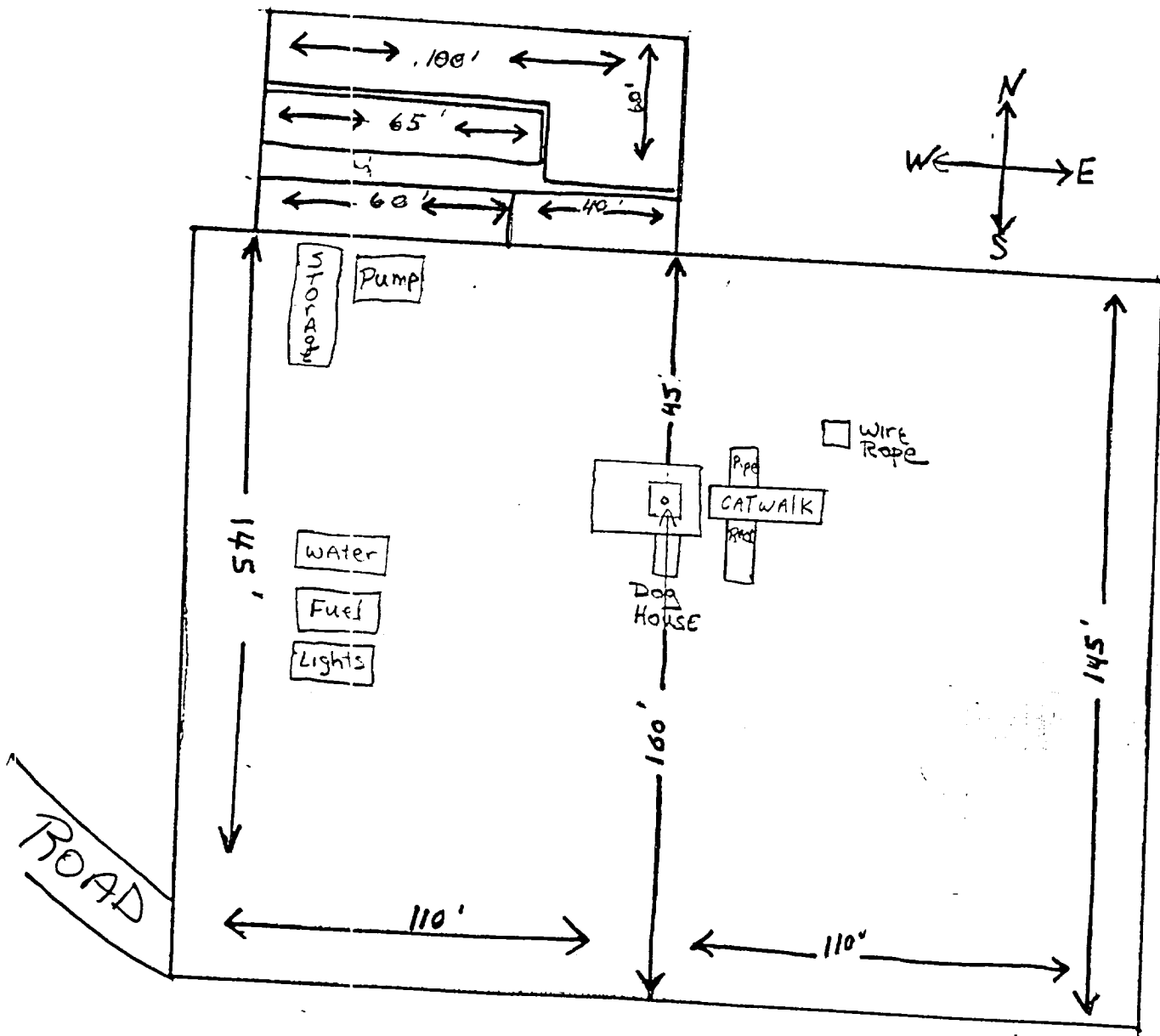
DST's: As warranted
Logging: CNL/LIC from TD to casing with GR-CNL on to surface; DLL from TD to casing
Samples: 10' intervals out from under surface casing to TD;
Coring: None
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval.

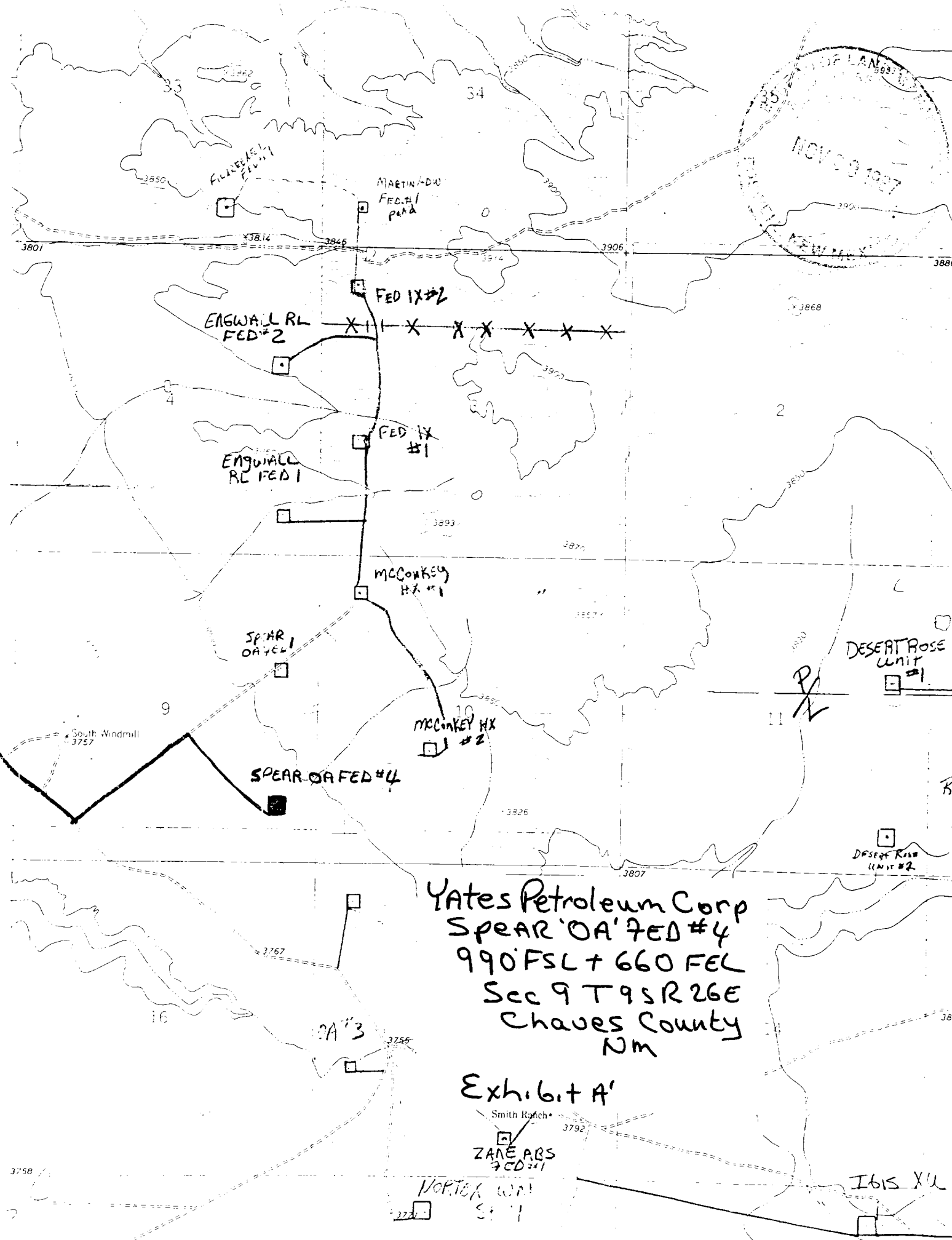
PLAT FOR PIT LOCATION FOR ARTESIA FISHING TOOL

Rigs #1 & #2; L & M DRILLING #2 and LARUE

DRILLING #2

Exhibit C





Yates Petroleum Corp
 SPEAR 'OA' FED #4
 990 FSL + 660 FEL
 Sec 9 T9S R26E
 Chaves County
 Nm

Exhibit A'

Smith Ranch
 ZANEARS
 FED #1

NORTH WINDMILL
 Sec 1

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