

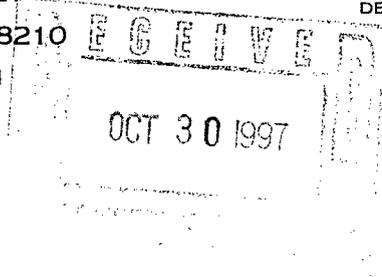
MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

NSL 11/19/97

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER



October 24, 1997

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87508

RE: Application for Unorthodox Location
Indian Hills ARG St. #1
Wildcat Morrow Gas Pool
W/2 Section 36, T21S, R24E
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for an unorthodox Morrow gas well, the Indian Hills ARG State #1. The well is located on State of New Mexico minerals, 660' FSL and 660' FWL of Section 36, T21S-R24E. The existing wellbore was originally drilled to a TD of 8000' by Mitchell Energy Corporation and abandoned as a dry hole in January of 1984. Yates proposes to re-enter and deepen the borehole to 10,600' to test the Morrow and any unpenetrated Canyon section.

The Indian Hills ARG St. #1 is an excellent candidate to re-enter and deepen both from an economic standpoint as well as a geologic standpoint. Yates will have 8000' of hole that has already been drilled which will require only another 2600' of drilling to penetrate and test the Morrow formation.

Geologically, the best location is in the SW/4 of Section 36 because of the Morrow sand thickness. A sand isolith map is enclosed. The isolith represents sands of the Morrow Clastics and shows the limits of sand deposition. The isolith is a "clean sand" map with a gamma ray cutoff of 50 API units or less. The map shows a sand thick trending northwest to southeast and southwest of the proposed location. The proposed location should encounter 40' to 50' of sand which should be a sufficient thickness for commercial production.

Notification to the offset operators to the west and south was made by certified mail on October 27, 1997, including a copy of this application letter with all attachments.

Yates requests that this unorthodox location be administratively approved if no objections are received within the cited twenty (20) days as required by OCD regulations, or earlier if waivers are received.

Enclosed with the isolith map are Forms C-101, C-102 and a land plat showing all offset operators.

Please call me at (505) 748-4351 if you need further information.

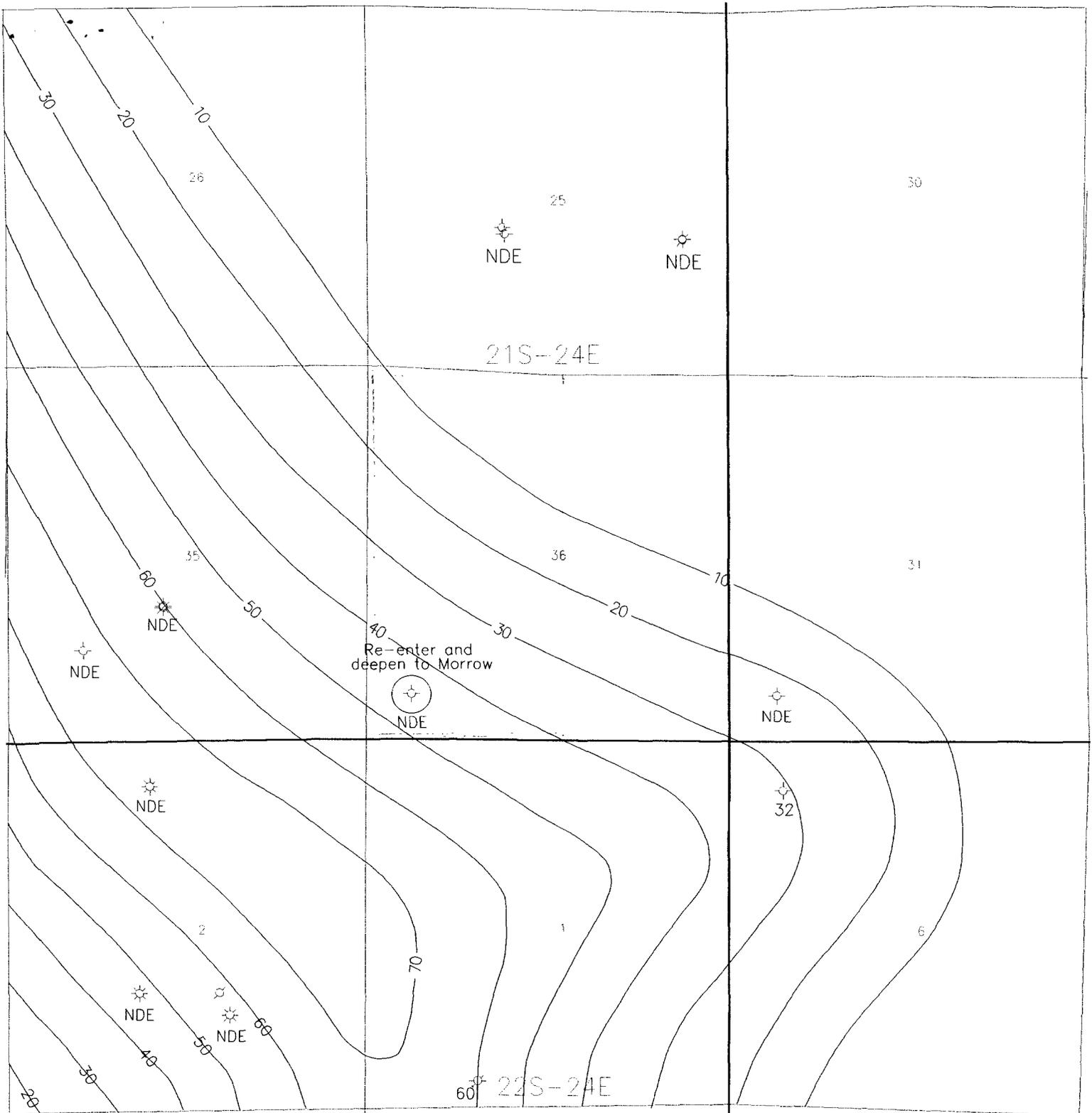
Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn
enclosure(s)



YATES PETROLEUM CORPORATION

**Indian Hill "ARG" State #1
Sand Isolith - Middle Morrow Sands
GR < 50 API Units**

Geol: B. May

10/13/97

S. Donaldson

Pres. sd2125bm.gpf

Scale 1:24000

District I
PO Box 1970, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Revised

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: YATES PETROLEUM CORPORATION 105 South Fourth Street Artesia, New Mexico 88210		OGRID Number 025575
		API Number 30 - 0
Property Code	Property Name Indian Hills ARG State	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	36	21S	24E		660'	South	660'	West	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 Wildcat Morrow					Proposed Pool 2				

Work Type Code E	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3814'
Multiple N	Proposed Depth 10,700'	Formation Morrow	Contractor Not determined	Spud Date ASAP

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	349'	In place	Circulate
12 1/4"	8 5/8"	24.0#	1650'	In place	Circulate
7 7/8"	5 1/2"	15.5#&17.0#	10700'	1400 sx	As warranted

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Yates Petroleum Corporation proposes to re-enter and deepen this well which was P/A'd by Mitchell Energy Corporation in January, 1984. We plan to clean out to 8000' then deepen well to 10700'. Will run 5 1/2" casing to 10700' and test and complete well for all potential zones.

Cut Brine Salt/Gel Starch 0-8000'; Cut Brine Salt/Gel Starch 8000' to TD.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Ken Beardemphl</i>	OIL CONSERVATION DIVISION	
	Approved by:	Title:
Printed name: Ken Beardemphl	Approval Date:	Expiration Date:
Title: Landman	Conditions of Approval: Attached <input type="checkbox"/>	
Date: October 20, 1997	Phone: (505) 748-1471	

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Wildcat Morrow	
4 Property Code		5 Property Name Indian Hills ARG State			6 Well Number 1
7 OGRID No. 025575		8 Operator Name YATES PETROLEUM CORPORATION			9 Elevation 3814

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	36	21S	24E		660	South	660'	West	Eddy

11 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
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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

16 	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>			
	Signature:			
	Printed Name: Ken Beardemphl			
	Title: Landman Date: October 20, 1997			
18 SURVEYOR CERTIFICATION <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>				
Date of Survey: _____ Signature and Seal of Professional Surveyer: _____ <p style="text-align: center;">REFER TO ORIGINAL PLAT.</p>				
Certificate Number: _____				

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

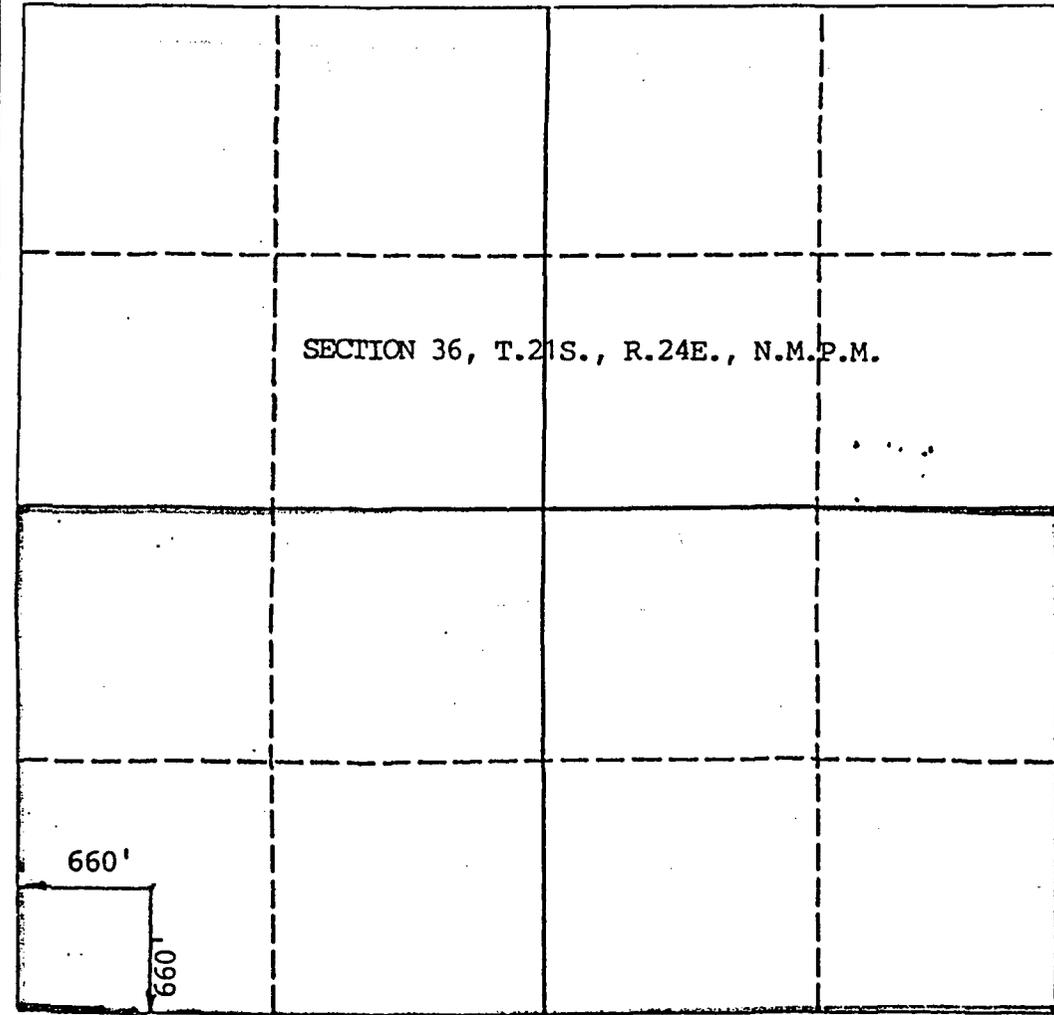
All Distances must be from the outer boundaries of the section

Operator MITCHELL ENERGY Corporation			Lease INDIAN HILLS "36" STATE		Well No. #1
Unit Letter M	Section 36	Township 21S.	Range 24E.	County EDDY	
Actual Footage Location of Well: 660 feet from the SOUTH line and 660 feet from the WEST line					
Ground level Elev. 3814	Producing Formation Upper Pennsylvanian		Pool Indian Basin-Upper Penn. Assoc.		Dedicated Acreage: 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: *George Mullen*
 Printed Name: **George Mullen**
 Position: **Reg. Affairs Specialist**
 Company: **Mitchell Energy Corp.**
 Date: **October 20, 1993**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under supervision, and that the same is true correct to the best of my knowledge and belief.

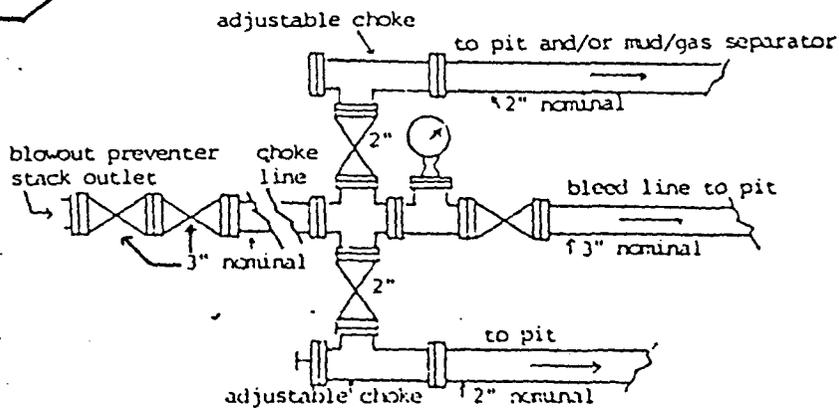
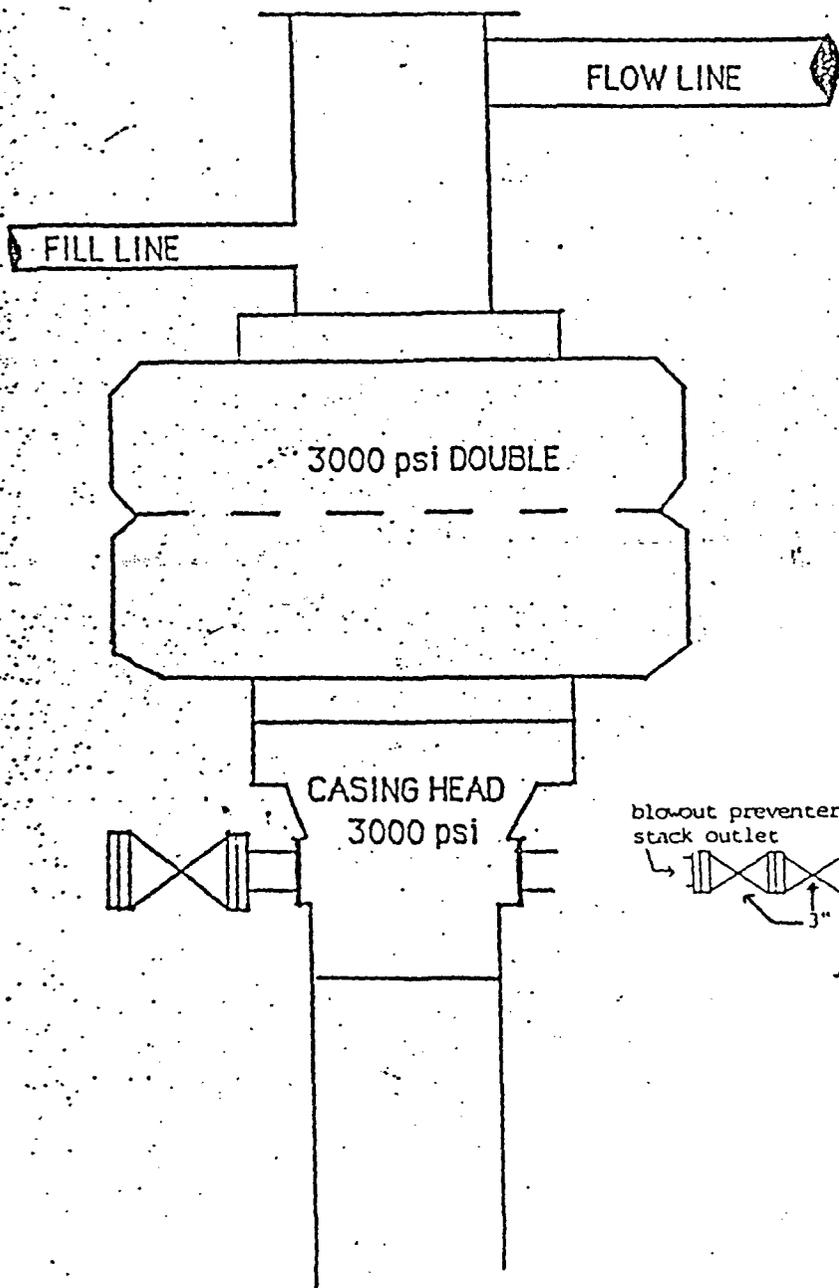
Date Surveyed: **10/24/93**
 Signature & Seal of Professional Surveyor: *[Signature]*
 Certificate No.: **6290**

INDNHILL



YATES PETROLEUM CORPORATION

EXHIBIT B



typical choke manifold assembly for 3M rated working pressure service-surface installation

BLOWOUT PREVENTER
3M SYSTEM

NOTIFICATION LIST OF OFFSET OPERATORS
UNORTHODOX LOCATION
INDIAN HILLS ARG ST. #1
TOWNSHIP 21 SOUTH, RANGE 24 EAST
SECTION 36: 660' FSL & 660' FWL
EDDY COUNTY, NEW MEXICO

1. Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2 - Suite 120
Midland, Texas 79705
2. Santa Fe Resources, Inc.
550 W. Texas - Suite 1330
Midland, Texas 79701
3. T. Verne Dwyer
300 W. Texas - Suite 333
Midland, Texas 79701

Map header information including 'NOPAL DRAW' and various survey coordinates and bearings.

Section 12 and 13 details, including owner names like 'Celeste Grynberg' and 'David Miller', and acreage information.

Section 14 and 15 details, including owner names like 'Yates Pet et al' and 'Santafe Energy', and acreage information.

Section 16 and 17 details, including owner names like 'Santafe Energy' and 'Yates Pet et al', and acreage information.

Section 18 and 19 details, including owner names like 'Santafe Energy' and 'Yates Pet et al', and acreage information.

Section 20 and 21 details, including owner names like 'Santafe Energy' and 'Yates Pet et al', and acreage information.

Section 22 and 23 details, including owner names like 'Santafe Energy' and 'Yates Pet et al', and acreage information.

Section 24 and 25 details, including owner names like 'Santafe Energy' and 'Yates Pet et al', and acreage information.

Section 26 and 27 details, including owner names like 'Santafe Energy' and 'Yates Pet et al', and acreage information.

Large handwritten text: 'McKITTERICK HILLS - Maxwell Case Book'.

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

OIL CONSERVATION DIVISION

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

OIL CONSERVATION DIVISION
RECEIVED
JAN 12 1994
AM 8 52

WELL API NO.
30-015-27728

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
V-2746

7. Lease Name or Unit Agreement Name
Indian Hills "36" State

8. Well No.
1

9. Pool name or Wildcat
Indian Basin - Upper Penn

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER JAN 12 1994

2. Name of Operator
Mitchell Energy Corporation

3. Address of Operator
P. O. Box 4000, The Woodlands, Texas 77387-4000

4. Well Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line
Section 36 Township 21S Range 24E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3814' GL, 3829.5' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

See attached page

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

SIGNATURE E. R. Earles TITLE District Production Manager DATE 1/10/94
OR PRINT NAME E. R. Earles TELEPHONE NO. (915) 682-5396

APPROVED BY [Signature] TITLE FOT DATE 11-8-95

CONDITIONS OF APPROVAL, IF ANY:

Proposed or Completed Operations:

12/11/93 - 1/5/94 Drl'd 7-7/8" hole to 8000'. Ran open-hole logs.

1/6/94 - 1/7/93 Ran DST #1: 7896-8000'.

1/8/94 Spot the following cmt plugs:

Plug #1: 40 sx Class H @ 7908'

Plug #2: 35 sx Class H @ 7383'

Plug #3: 35 sx Class H @ 6981'

Plug #4: 45 sx Class H @ 3058'

Plug #5: 75 sx Class H @ 1699'

Tagged top of Plug #5 @ 1630'

Plug #6: 40 sx Class H @ 1608'

Plug #7: 50 sx Class H @ 402'

Plug #8: 60 sx Class H @ surf

Tagging of Plug #5 witnessed by

Mike Stufflefield, NMOCD, Hobbs, NM

ND BOPs and set out. Cut off WH and weld on dry hole marker. Clean pits. Released rig @ 2300 1/8/94. Well is P&A.

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION
RECEIVED
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

WELL API NO.
30-015-27728

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
V-2746

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
Indian Hills "36" State

1. Type of Well:
OIL WELL GAS WELL OTHER DEC 14 1993

8. Well No.
1

2. Name of Operator
Mitchell Energy Corporation ✓
3. Address of Operator
P. O. Box 4000, The Woodlands, Texas 77387-4000

9. Pool name or Wildcat
Indian Basin - Upper Penn

4. Well Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West Line
Section 36 Township 21S Range 24E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3814' GL, 3829.5' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Spudding, Csg & Cmtg <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

See attached page

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

SIGNATURE G. W. Tullos TITLE District Drilling Manager DATE 12/10/93
TYPE OR PRINT NAME G. W. Tullos TELEPHONE NO. (915) 682-5396

(This space for State Use)

APPROVED BY M. Morgan TITLE SS DATE DEC 29 1993
CONDITIONS OF APPROVAL, IF ANY

Proposed or Completed Operations:

11/30/93-12/5/93 MI & RU McGee Rig #2. Spudded @ 2200 hrs MST 11/30/93. Drid 17-1/2" hole to 349'. Ran 8 jts (349') 13-3/8" 54.5# K-55 ST&C (Mann) csg. Set shoe @ 349', FC @ 303'. Pump 50 BFW and cmtd w/ 100 sx 35:65 Poz/C + 6% gel + 1/4#/sx CF + 2% CaCl₂ + 10#/sx salt (12.7 ppg, 1.99 ft³/sx) and 100 sx Class H Thixotropic (14.1 ppg, 1.61 ft³/sx) and 200 sx Class C + 1/4#/sx CF + 2% CaCl₂ (14.8 ppg, 1.32 ft³/sx). PD @ 0200 hrs 12/2/93 w/530 psi. No circ thruout entire job. Ran WL and tagged TOC @ 45'. Cmtg witnessed by M. Stubblefield, NMOCD. Agreed to top out w/Redi-mix after installing csghd. WOC. Cut off 13-3/8" and weld on head. Weld on 13-3/8" x 3000 psi csghd. NU BOPs and chk man. PU BHA and GIH. Test BOPs to 1000 psi. DOC.

12/6/93-12/10/93 Drid 12-1/4" hole to 1650'. Ran 37 jts (1654') 8-5/8" 32# K-55 LT&C (NSS) csg. Set FS @ 1650'; FC @ 1604'. Cmt w/100 sx 12-2 RUC H Thixotropic (14.1 ppg, 1.61 ft³/sx) and 520 sx 35:65 Poz C + 6% gel + 1/4#/sx CF + 2% CaCl₂ (13.1 ppg, 1.77 ft³/sx) and 200 sx Class C + 2% CaCl₂ (14.8 ppg, 1.32 ft³/sx). PD @ 0900 hrs 12/6/93 w/1300 psi. No returns thruout job. Float held. WOC. Ran temp survey (TOC @ 940'). PU 1" tbg and GIH. Tag TOC @ 960'. Cmtg thru 1" tbg as follows:

- from 960' - 50 sx Class C + 2% CaCl₂ - no fill
- from 960' - 50 sx Class C + 2% CaCl₂ - no fill
- from 960' - 100 sx Class C + 2% CaCl₂ - no fill
- dump pea gravel down annulus - 25' fill
- from 900' - 50 sx Class C + 2% CaCl₂ - 40' fill
- dump pea gravel down annulus - 25' fill
- from 810' - 50 sx Class C + 2% CaCl₂ - 110' fill
- from 690' - 100 sx Class C + 2% CaCl₂ - 170' fill
- from 510' - 130 sx Class C + 2% CaCl₂ - Circ 10 sx cmt to surface

All cmtg witnessed by M. Stubblefield, NMOCD. ND BOPs, set 8-5/8" slips w/54000#. Cut off 8-5/8" csg and NU 13-5/8" x 3000 psi csg spool. Test seals to 2000 psi. NU BOPs and chk man. Test BOP, chk lines and man to 3000 psi; hydril to 1500 psi. Repair various leaks. Pressure test csg to 1000 psi - no leak off.

RECEIVED

NOV 19 1993

MOBBS

NOV 19 1993

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
ROIL CONSERVATION DIVISION

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

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088
 OCT 25 1993

API NO. (assigned by OCD on New Wells)
30-015-27728

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
V-2746

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK

b. Type of Well:
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
Mitchell Energy Corporation

3. Address of Operator
P.O. Box 4000, The Woodlands, Texas 77387-4000

4. Well Location
 Unit Letter **M** : **660** Feet From The **South** Line and **660** Feet From The **West** Line
 Section **36** Township **21S** Range **24E** NMPM **Eddy** County

7. Lease Name or Unit Agreement Name
Indian Hills "36" State

8. Well No.
1

9. Pool name or Wildcat
Indian Basin-Upper Penn. Assoc

10. Proposed Depth
8,200

11. Formation
Upper Penn.

12. Rotary or C.T.
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
3814 GR

14. Kind & Status Plug. Bond
Blanket on File

15. Drilling Contractor
UND

16. Approx. Date Work will start
ASAP

17. **PROPOSED CASING AND CEMENT PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	1600'	Lite + Class "C"	Surface
7-7/8"	5-1/2"	17#	TD	50/50 POZ	5000'
17/2"	13 3/8"	54.5#	350'	CLASS C	SURFACE

Mitchell proposes to drill to a depth sufficient to test the Upper Pennsylvanian formation for gas. If productive, 5 1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with State of New Mexico regulations. Blowout preventer schematic attached as Exhibits 1 & 1A.

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 George Mullen TITLE Reg. Affairs Specialist DATE 10-21-93
 TYPE OR PRINT NAME George Mullen TELEPHONE NO. (713)377-5855

(This space for State Use)

APPROVED BY Mike Walker TITLE SUPERVISOR, DISTRICT II DATE NOV 2 1993

CONDITIONS OF APPROVAL, IF ANY:

* AS NOTED ABOVE

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

APPROVAL VALID FOR 130 DAYS
 PERMIT EXPIRES 4-28-94
 UNLESS DRILLING UNDERWAY

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

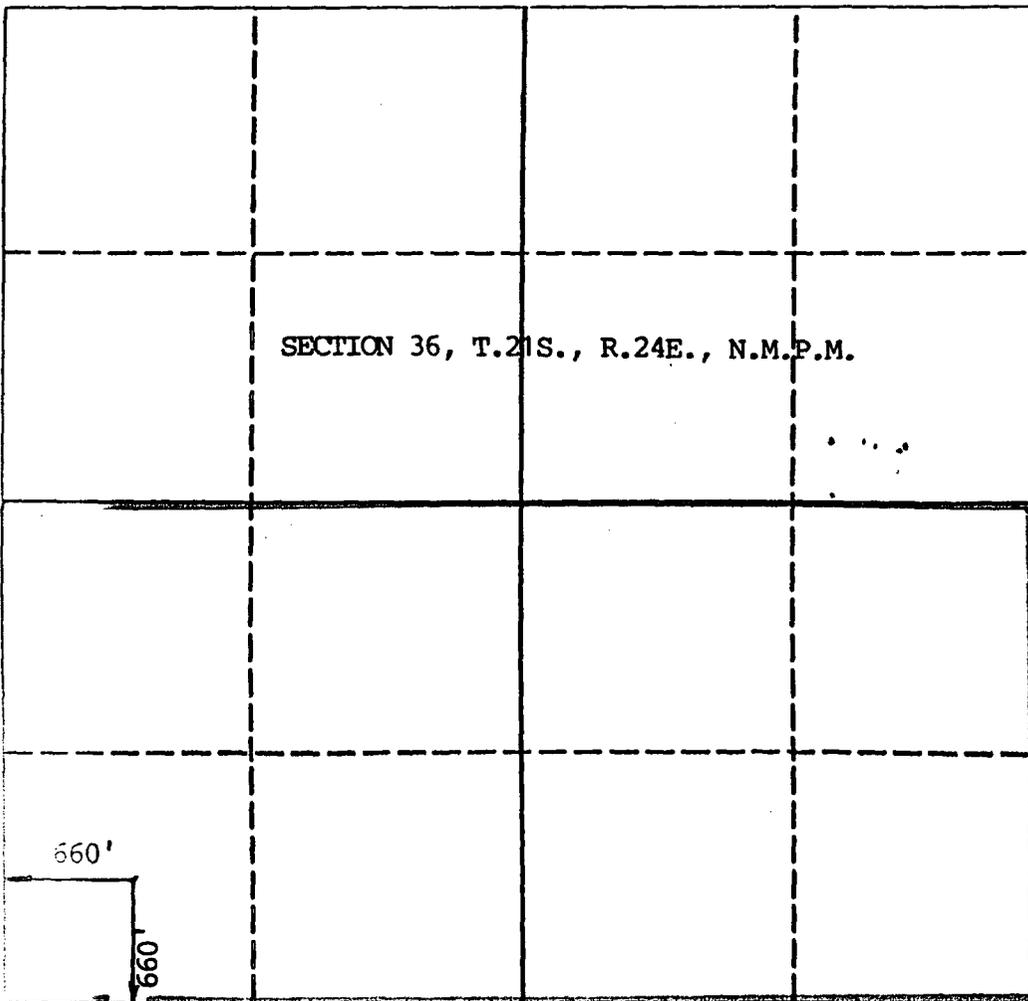
Operator MITCHELL ENERGY Corporation		Lease INDIAN HILLS "36" STATE		Well No. #1
Unit Letter M	Section 36	Township 21S.	Range 24E.	County EDDY
Actual Footage Location of Well: 660 feet from the SOUTH line and 660 feet from the WEST line				
Ground level Elev. 3814	Producing Formation Upper Pennsylvanian	Pool Indian Basin-Upper Penn. Assoc.	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
George Mullen

Printed Name
George Mullen

Position
Reg. Affairs Specialist

Company
Mitchell Energy Corp.

Date
October 20, 1993

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed
10/22/93

Signature & Seal of Professional Surveyor

D. JAQUES

Certificate No.
6290

INDHILL

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

3,000 psi Working Pressure

3 MWP

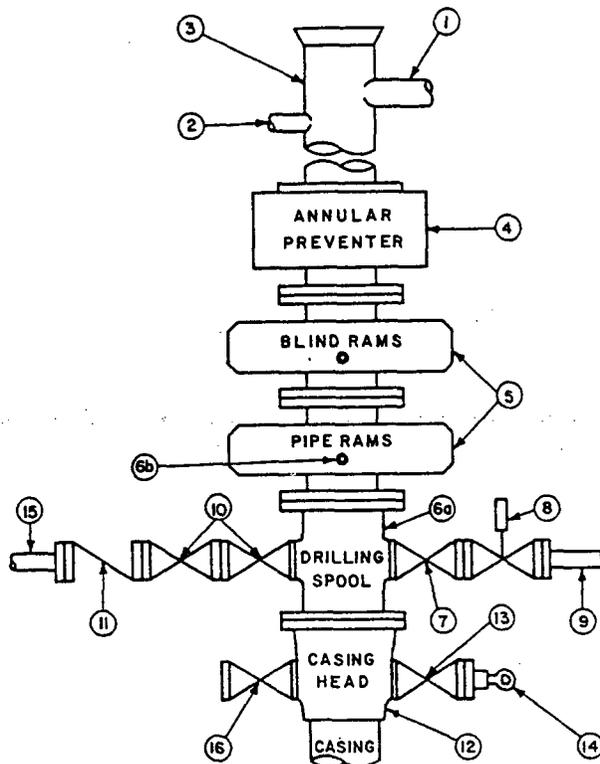
EXHIBIT # 1
Indian Hills "36" State No
Eddy County, New Mexico

STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/>	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL			
16	Flanged valve	1-13/16"	

CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.

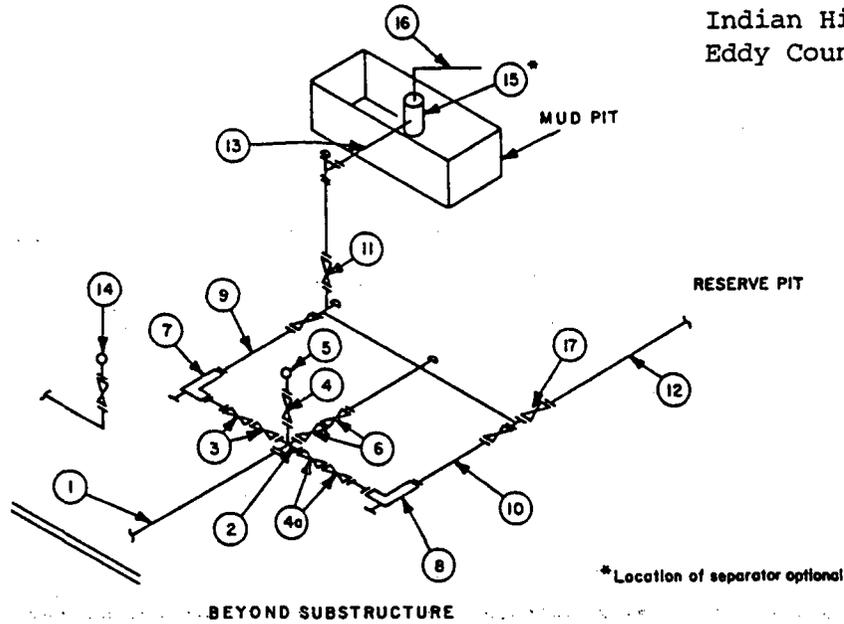
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP

EXHIBIT 1-A

Indian Hills "36" State No. 1
Eddy County, New Mexico



MINIMUM REQUIREMENTS										
No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves(1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.
- Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

WRS COMPLETION REPORT

RE ISSUES SEC 36 TWP 21S RGE 24E
 PI/ 30-T-0004 07/15/94 30-015-27728-0000 PAGE 1

NMEX EDDY * 660FSL 660FWL SEC SW SW
 STATE COUNTY FOOTAGE SPOT
 MITCHELL ENERGY D D
 OPERATOR WELL CLASS INIT FIN
 1 INDIAN HILLS "36" STATE
 WELL NO. LEASE NAME
 3830KB 3814GR INDIAN BASIN
 OPER ELEV FIELD/POOL/AREA
 API 30-015-27728-0000
 LEASE NO. PERMIT OR WELL I.D. NO.
 12/01/1993 01/09/1994 ROTARY VERT D&A-G
 SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS
 8200 PNSLVN U MCGEE DRLG 2 RIG SUB 14
 PROJ. DEPTH PROJ. FORM CONTRACTOR
 DTD 8000 FM/TD PNNSYLVN
 DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

LOCATION DESCRIPTION

15 MI S LAKEWOOD, NM

CASING/LINER DATA

CSG 13 3/8 @ 349 W/ 400 SACKS
 CSG 8 5/8 @ 1650 W/ 1350 SACKS
 CMT PLUGS: 7908 W/40 SX, 7383 W/35 SX, 6981 W/35 SX,
 3058 W/45 SX, 1699 W/75 SX, 1608 W/40 SX, 402 W/50 SX,
 SURF W/60 SX

FORMATION TEST DATA

DST 1 7896- 8000 CISCO S
 REC 1204.0 FT GAS 414.0 FT GCM
 REC 4159.0 FT SULW .1 CFT GAS
 REC 2500.0 CC WTR
 INIT OP 30M IFP 343 FFP 1913
 FINAL OP 40M IFP 1943 FFP 2022
 ISIP 2022 1H 3M FSIP 2022 38M IHP 3537
 SPL CHAM PRESS FINAL 290

DRILLING PROGRESS DETAILS

MITCHELL ENERGY
 400 W ILLINOIS
 STE 1000
 MIDLAND, TX 79701

CONTINUED IC# 300157058493

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**Petroleum Information
 Corporation**

PI-WRS-GET
 Form No 187

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PI# 30-T-0004 07/15/94 30-015-27728-0000 PAGE 2

MITCHELL ENERGY D D
1 INDIAN HILLS "36" STATE

DRILLING PROGRESS DETAILS

11/03 915-682-5396
12/15 LOC/1993/
12/20 DRLG 3447
01/06 DRLG 4472
01/11 8000 TD, RNG LOGS
8000 TD, HOLDING FOR DATA
05/17 TD REACHED 01/05/94 RIG REL 01/09/94
8000 TD
COMP 1/9/94, D&A
07/12 NO CORES, ONE DST RPTD
REISSUED TO ADD DST
REPLACEMENT FOR CT ISSUED 5/20/94