

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-33437		
2. NAME OF OPERATOR Harvey E. Yates Company			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
3. ADDRESS OF OPERATOR P.O. Box 1933, Roswell, New Mexico 88202			7. UNIT AGREEMENT NAME		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FNL & 1650' FWL At proposed prod. zone same			8. FARM OR LEASE NAME PMS "8" Federal		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 9 miles S.W. of Maljamar, N.M.			9. WELL NO. #1 2		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660 ft			10. FIELD AND POOL, OR WILDCAT N. Shugart-Bone Spring		
16. NO. OF ACRES IN LEASE 320			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 8, T18S, R31E		
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			12. COUNTY OR PARISH Eddy		
18. PROPOSED DEPTH 8600			13. STATE NM		
19. ROTARY OR CABLE TOOLS Rotary			22. APPROX. DATE WORK WILL START* ASAP		
20. ELEVATIONS (Show whether DF, RT, GR, etc.) 3692.1 GL					

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	54.5	350	Circ to surface
12 1/4	8 5/8	32 & 24	2050	Circ to surface
7 7/8	5 1/2	17	8600	600 ft above pay

Mud Program:

0 - 350 FW w/Paper
350 - 2050 Salt water
2050 - 8600 FW mud

APPROVAL SUBJECT TO
COMPLIANCE WITH
SPECIAL REGULATIONS
ATTACHED

POST ID-1
NAX API
2-B-P9

*See Instructions On Reverse Side

APPROVED BY <i>A.M. Young</i> NM Young TITLE <u>Drilling Superintendent</u> DATE <u>1/11/89</u>	
APPROVAL DATE <u>1-26-89</u>	

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

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

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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?

3. The well will be assigned to the well until all interests have been consolidated (by communitization, unitization, lease 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.

N.M. Young

Drilling Superintendent

Harvey E. Yates Company

1/11/89

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.

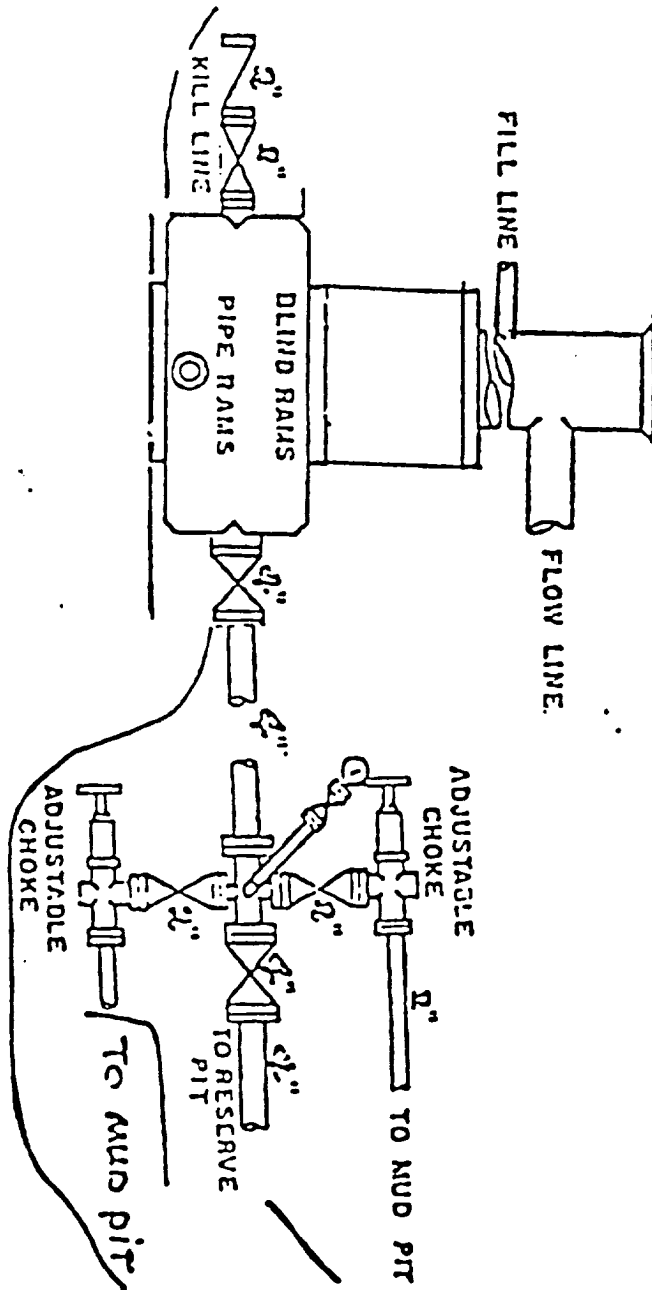
...the ...

JOHN A WEST,	676
RONALD J EIDSON,	3239

EXHIBIT C

Harvey E. Yates Co.
PMS 3 Federal #2
Sec. 3 T-18S R-31E
Eddy Co., New Mexico

900 Series



Application

HARVEY E. YATES COMPANY
PMS "8" Federal #2
Section 8, T18S, R31E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the Subject well in Section 8, Township 18 South, Range 31 East, Eddy County, New Mexico, Harvey E. Yates Company submits the following ten items of pertinent information in accordance with Bureau of Land Management requirements:

1. The geologic surface formation is quaternary alluvium and bolson deposits and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Rustler	515'	Grayburg	3532'
Yates	1937'	San Andres	3907'
Seven Rivers	2372'	Delaware	4392'
Bowers	2772'	Bone Spring	4957'
Queen	3037'	TD	8600'
Penrose	3252'		

3. We do not anticipate finding water but have listed the formation in which we anticipate finding oil or gas.

Bone Spring 4957'
4. Proposed casing program: See Form 3160-3
5. Pressure control equipment: See Exhibit C.
6. Mud program: See Form 3160-3.
7. Auxiliary equipment: Blowout preventer
8. Testing, logging and coring programs: We do not plan to core or DST. The planned logs are Cnd w/GR and Caliper; DLL-MSFL.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.

EXHIBIT D

Harvey E. Yates Co.
PMS 8 Federal 2
Sec. 8 T-18S R-31E
Eddy Co., New Mexico

