

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-23273

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEN **RECEIVED** PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER
APR SINGLE ZONE 7 1980 MULTIPLE ZONE

2. NAME OF OPERATOR
Yates Petroleum Corporation ✓ O.C.D.

3. ADDRESS OF OPERATOR
ARTESIA, OFFICE
207 South 4th Street, Artesia, New Mexico 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements,*)
At surface 1650' FSL & 1650' FEL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
9 miles west of Dayton, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1650'

16. NO. OF ACRES IN LEASE 403.69

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.

19. PROPOSED DEPTH 3100

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3611.7 GL

22. APPROX. DATE WORK WILL START*
ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15"	10 3/4"	32.3 J-55	approx. 370'	250 sx circulate
9 1/2"	7"	20# J-55	approx. 1020'	600 sx circulate
6 1/4"	4 1/2"	9.5# J-55	approx. 3100'	300 sx circulate

We propose to drill and test the Yeso and San Andres formations. Approximately 370' of surface casing will be set to shut off gravel and caving. Intermediate casing will be set at least 100' below the Artesian Water Zone. 4 1/2" production casing will be run, perforated and possible sand frac'd for production.

MUD PROGRAM: Fresh water gel to 1020', fresh water to TD.

BOP PROGRAM: BOP's will be installed on 7" casing and tested.

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 Alvino Rodriguez TITLE Geographer DATE 3/24/80

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 3-28-80

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

Operator YATES PETROLEUM CORPORATION		Lease Mobil CI Federal			Well No. 7
Unit Letter J	Section 6	Township 19 South	Range 25 East	County Eddy	
Actual Footage Location of Well: 1650 feet from the East line and 1650 feet from the South line					
Ground Level Elev. 3611.7	Producing Formation Yeso	Pool Penasco Draw (Yeso-SA)		Dedicated Acreage: 40 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?

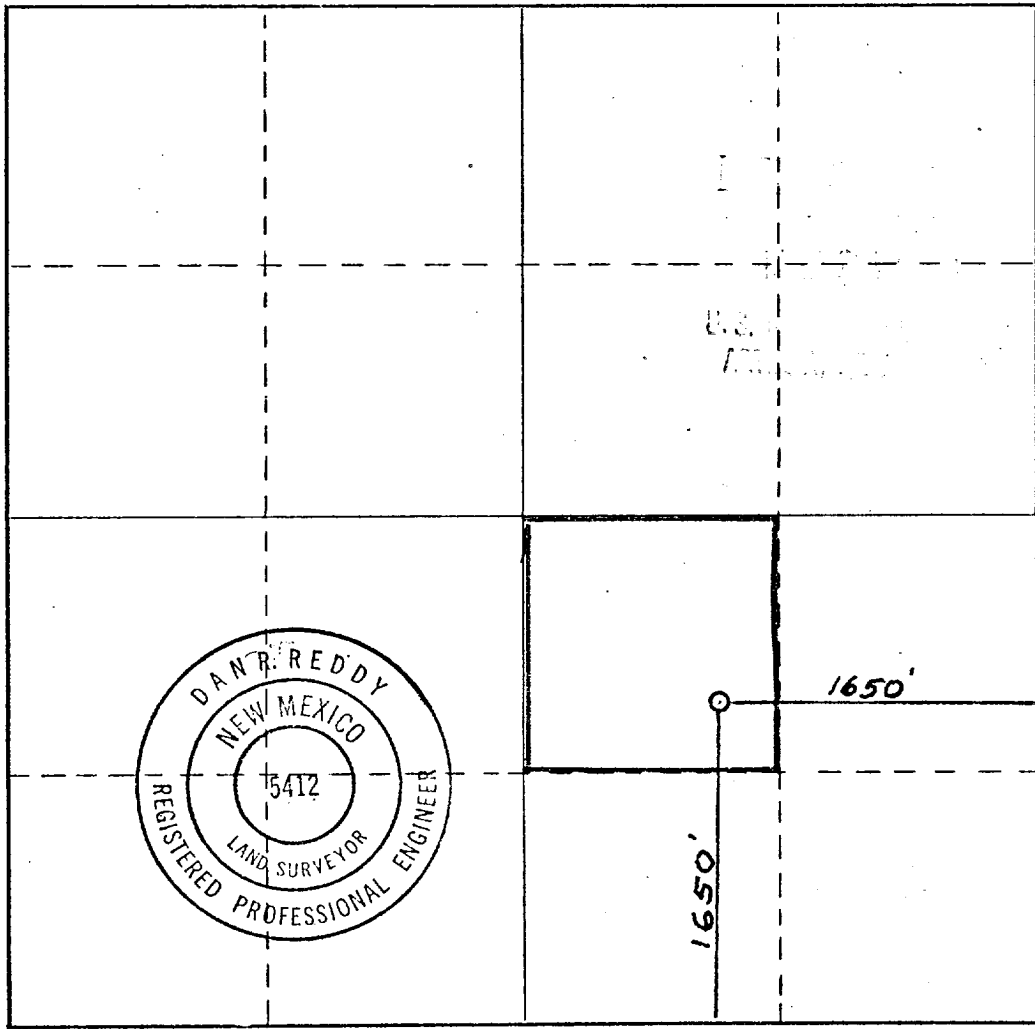
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APR 7 1980

Yes No If answer is "yes," type of consolidation O. C. D.

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.

Gliserio Rodriguez
Name

Gliserio Rodriguez

Position

Geographer

Company

Yates Petroleum Corp.

Date

2/25/80

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

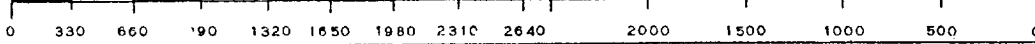
Feb. 21, 1980

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No.

NM PE&LS #5412





United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

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O. C. D.
ARTESIA, OFFICE

March 28, 1980

Yates Petroleum Corporation
207 South Fourth Street
Artesia, New Mexico 88210

Gentlemen:

<p>YATES PETROLEUM CORPORATION Mobil "CI" Fed No. 7 1650 FSL 1650 FEL Sec. 6 T.19S R.25E Eddy County Lease NM 0352858-B</p>

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 3,100 feet to test the Yeso formation is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the SURFACE USE PLAN and this approval including the GENERAL REQUIREMENTS.
3. All access roads will be limited to a 12 foot wide driving surface, excluding turnarounds. Surface disturbance associated with road construction will be limited to 20 feet in width.
4. Submit a Daily Report of Operations from spud date until the Well Completion Report (form 9-330) is filed. The progress report should be not less than 8" x 5" in size and each page should identify the well.
5. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Requirements. The color used should simulate Sandstone Brown (Federal Standard No. 595A, color 20318 or 30318).
6. Notify the Survey by telephone 24 hours prior to spudding well.
7. Cement behind the 10-3/4" and 7" casing must be circulated.
8. Notify Survey in sufficient time to witness the cementing of the 7" casing.

9. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

(Orig. Sgd.) GEORGE H. STEWART

George H. Stewart
Acting District Engineer

Yates Petroleum Corporation
Mobil "CI" Federal #7
Section 6 - T19S - R25E
1650' FSL & 1650' FEL
Eddy 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 USGS requirements:

1. The geologic surface formation is quaternary alluvium.

2. The estimate tops of geologic markers are as follows:

San Andres	532'
Glorieta	1882'
TD Approx.	3100'

3. The estimated depths at which anticipated water or oil formations are expected to be encountered:

Water: Approximately 320'

Oil: Yeso - San Andres 540' - 590'
1890' - 2100'

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C and Exhibit B.

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:

Samples: 10' samples from under surface
DST's: None
Logging: GR/Neutron
Coring: None

9. No abnormal pressure or temperatures are anticipated.

10. Anticipated starting date: As soon as possible after approval.

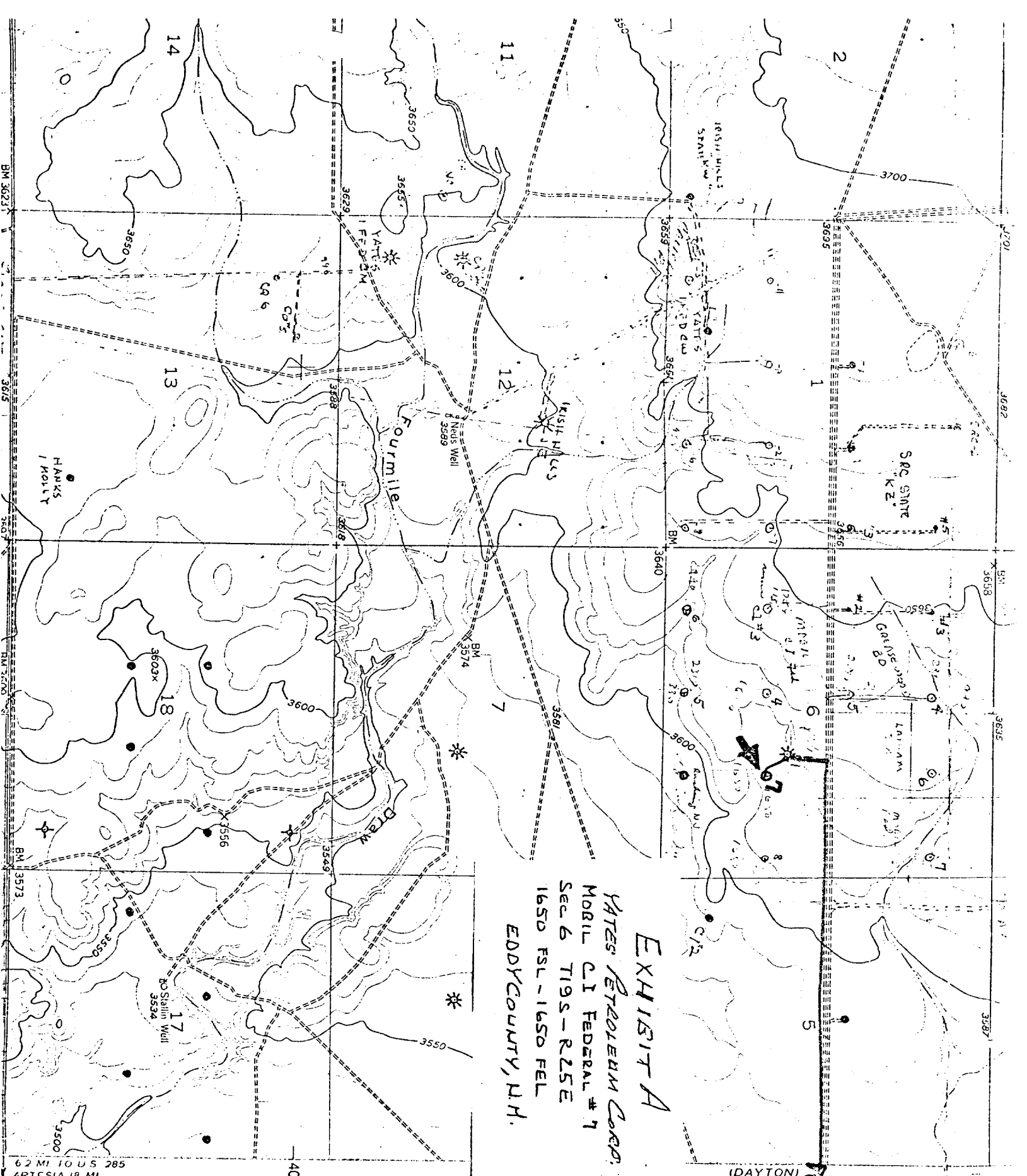
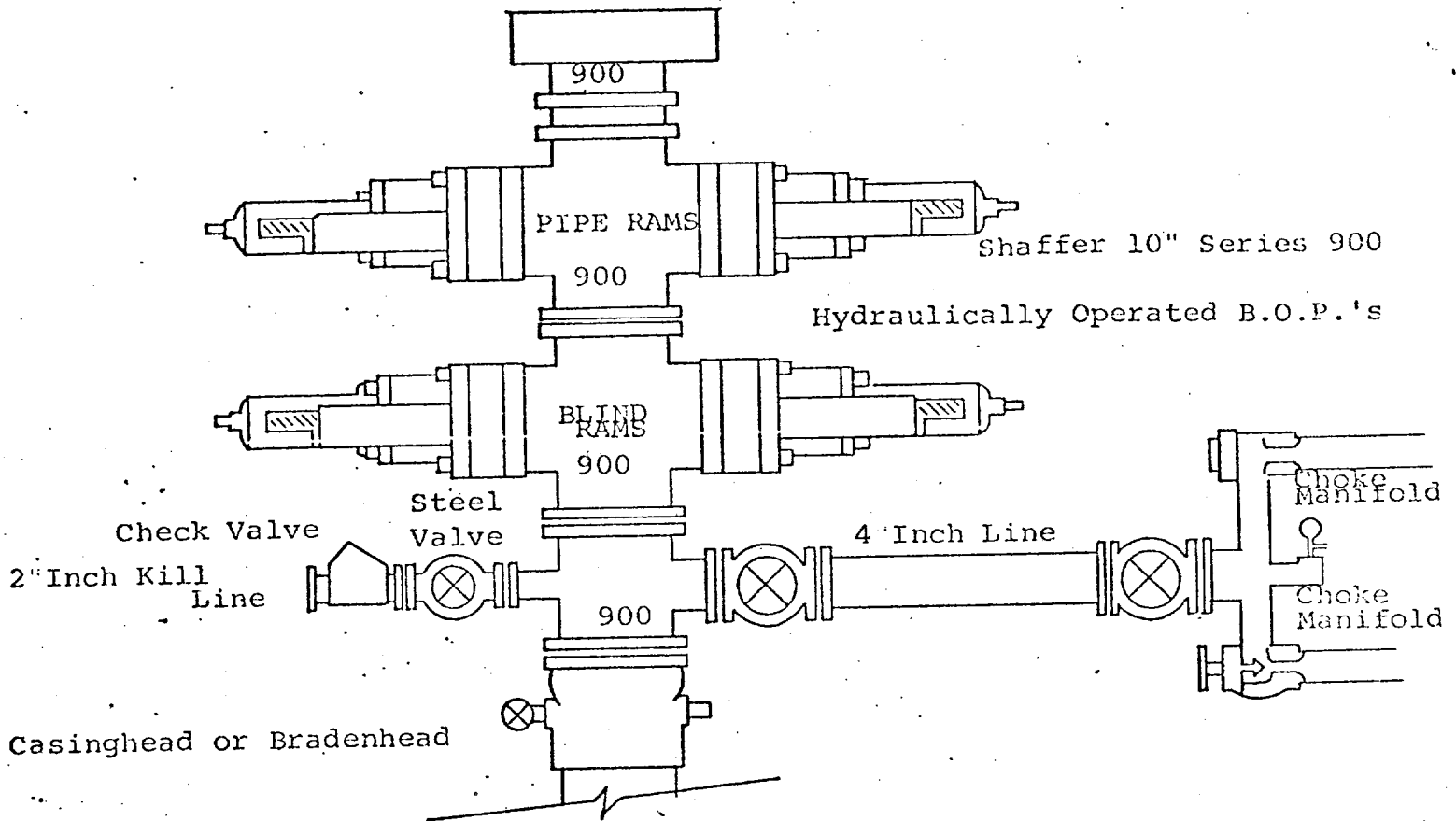


EXHIBIT A
YATES PETROLEUM CORP.
MOBIL OIL FEDERAL # 7
SEC 6 T19S - R25E
1650 FSL - 1650 FEL
EDDY COUNTY, N.H.

7 1/2 MI to
 DAYTON
 45285

6.2 MI TO U.S. 285
 ARTESIA 18 MI

EXHIBIT B

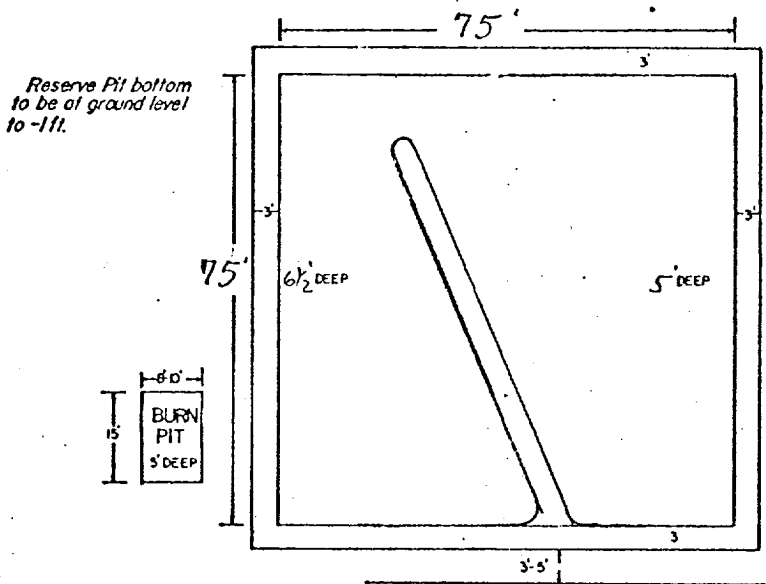


THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

1. All preventers to be hydraulically operated with secondary manual controls installed prior to drilling out from under casing.
2. Choke outlet to be a minimum of 4" diameter.
3. Kill line to be of all steel construction of 2" minimum diameter.
4. All connections from operating manifolds to preventers to be all steel hole or tube a minimum of one inch in diameter.
5. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate the B.O.P.'s.
6. All connections to and from preventer to have a pressure rating equivalent to that of the B.O.P.'s.
7. Inside blowout preventer to be available on rig floor.
8. Operating controls located a safe distance from the rig floor.
9. Hole must be kept filled on trips below intermediate casing. Operator not responsible for blowouts resulting from not keeping hole full.
10. D. P. float must be installed and used below zone of first gas intrusion.

EXHIBIT C

YATES PETROLEUM CORPORATION



NOTE:
Inside walls must be as high and wide as outer walls of pit.

