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FORM APPROVED Budget Bureau No. 1004-0135

Expires: March 31, 1993 5. Lease Designation and Serial No.

| MOMT | NMNM23002 | | |
|--|--|--|--|
| DIA SEAM ON SEAL SEAL SEAL SEAL SEAL SEAL SEAL SEAL | 6. If Indian, Allottee or Tribe Name | | |
| Do not use it is from for proposals to drill or to Use "APPLICATION FOR P | deepen or reentry to | a different reservoir. | |
| CARLODA Use "APPLICATION FOR P | ERMIT-" for such pro | pposals | |
| CLIDANT IN S | 7. If Unit or CA, Agreement Designation | | |
| SUBMIT IN | IRIPLICATE | | |
| 1. Type of Well Oil Gas | • | | 8. Well Name and No. |
| Well Well Other | | | o. Well Name and Ivo. |
| 2. Name of Operator | | | HADSON FEDERAL #2 |
| | | | 9. API Well No. |
| SHACKELFORD OIL COMPANY | <u>, </u> | A Transport of the Art | 30 015 26604 |
| 3. Address and Telephone No. | | | 10. Field and Pool, or Exploratory Area |
| P.O. BOX 10665 MIDLAND, TX 7 | 79702 (91 | 5) 682-9784 | YATES/SEVEN RIVERS |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Descrip | | .V/ | |
| | otion) | / | 11. County or Parish, State |
| \$26₩ SEC.11 T19S R31E | 10, 30 | | EDDY COUNTY, NM |
| 12. CHECK APPROPRIATE BOX | (s) TO INDICATE | NATURE OF NOTICE, | REPORT, OR OTHER DATA |
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
| X Notice of Intent | Aba | undonment | Change of Plans |
| | Rec | completion | New Construction |
| Subsequent Report | Plu | gging Back | Non-Routine Fracturing |
| | Cas | ing Repair | Water Shut-Off |
| Final Abandonment Notice | Alto | ering Casing | Conversion to Injection |
| | X Oth | er SURFACE COMMINGLING | Dispose Water |
| | | & OFF LEASE STORAGE | (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) |
| 13. Describe Proposed or Completed Operations (Clearly state | | | |
| work. If well is directionally drilled give subsurface loc | cations and measured and tru | e vertical depths for all mearkers an | d zones pertinent to this work.)* |
| | | | |
| The Veter Federal #4 4 smalls assessed to a fine a first | d d 41 ! . 4 h | 444 Th | (0) 500 DDI |

The Yates Federal #1-4 wells currently go into a header and then into a heater treater. The oil goes into three (3) 500 BBL stock tanks. The water goes to the Hadson battery and then to the Hadson Federal #3 disposal well.

It is proposed, due to the condition of these tanks and our heater treater, to go directly to the heater at the Hadson Federal Battery. The tanks and heater at this location have been coated with fiberglass and should be in better condition to keep from having any unnecessary spills or leaks.

The total oil production on the Yates Federal #1-4 wells is 44 BOPD.

The oil production on the Hadson Federal #1-2 wells is 16 BOPD. We have abundant capacity to handle production from all these wells at the Hadson Battery. We plan to allocate the production based on a periodic test of each well.

| 14. Thereby certify that the foregoing is true and correct | |
|--|---|
| Signed D. Thanketter | Title Don G. Shackelford Date 05/08/97 |
| (This space for Federal or State office use) | |
| Approved by ORIG. SGD.) DAVID R. GLASS | Titl PETROLEUM ENGINEER Date JUN 2 0 1997 |
| Conditions of approval, if any: | |
| | |

Title 18 U.S.C. Section 1001, makes it a crime for any person 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.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

SUBJECT TO RY STATE