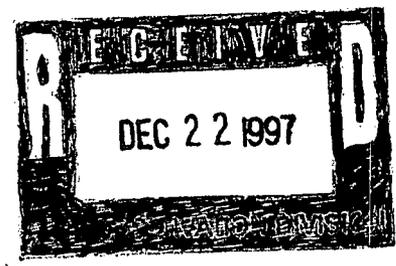


NSL 11/12/98

EnergyPro, Inc.

500-A S. Hangar Drive
Georgetown, Texas 78628
Phone: (512) 869-7971 FAX: (512) 869-8543



December 18, 1997

Mr. Michael E. Stogner
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Petroleum Development Corporation
PEDCO-State-No. 1
Section 16, T11S, R38E
Lea County, New Mexico

*Plugged/Abandoned
1964*

WI 117554BD

Dear Mr. Stogner:

Enclosed please find the various forms necessary for an "unorthodox" location drilling permit for the referenced well. I hope this data will be sufficient for the OCD to grant an administrative approval for the drilling permit for the well. Please call should you require any further data/information as a delay in granting the permit may cause the lease upon which the well is to be located to lapse.

Sincerely,

ENERGYPRO, INC. (Agent for Petroleum Development Corporation)

Don C. Pfister
Don C. Pfister
President

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

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

Operator Name and Address. Petroleum Development Corporation 9720-B Candelaria, N.E. Albuquerque, NM 87112		² OGRID Number 17470
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name PEDCO-State	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	11S	38E		660	North	1980	West	Lea

⁸ Proposed 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
C	16	11S	38E		1270	North	1520	West	Lea

⁹ Proposed Pool 1 Echols Devonian, East	¹⁰ Proposed Pool 2
---	-------------------------------

¹¹ Work Type Code E	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3865' est
¹⁶ Multiple N	¹⁷ Proposed Depth 12,200' TVD	¹⁸ Formation Devonian	¹⁹ Contractor --	²⁰ Spud Date 1/20/98

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17½"	13-3/8"	48#	384	375	Surface
11"	8-5/8"	32#	4414	1535	Surface
7-7/8"	5½"	17#	12200 TVD	500	10000

²² 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.
 Propose to re-enter the Cities Service Oil Co. State "BE" No. 1 well & clean out cement plugs to top of 5½" casing stub (5200'). The well will then be kicked off & drilled directionally to the bottom hole location as shown above utilizing the hole sizes & casing as shown above. Specific BOP system is not yet known, but adequate protection equipment including minimum 5000 psi hydraulic rams, 5000 psi Hydril, & 5000 psi choke manifold & connections will be utilized.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Don C. Pfeister</i>	Approved by:		
Printed name: Don C. Pfeister	Title:	Approval Date:	
Title: Agent		Expiration Date:	

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
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 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 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 Echols Devonian, East	
⁴ Property Code		⁵ Property Name PEDCO-State			⁶ Well Number 1
⁷ OGRID No. 17470		⁸ Operator Name Petroleum Development Corporation			⁹ Elevation 3,865'est

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
C	16	11S	38E		660	North	1980	West	Lea

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
C	16	11S	38E		1270	North	1520	West	Lea

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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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

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Don C. Pfeister</i></p> <p>Signature Don C. Pfeister Printed Name Agent Title 12/17/97 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey Signature and Seal of Professional Surveyer: Certified Plat furnished w/ initial C-102 for the Cities Service Oil Co. State "BE" No. 1 Well Certificate Number</p>

Petroleum Development Corporation

PEDCO-State No. 1

660' FNL & 1980' FWL of Section 16, T11S, R38E
Lea County, New Mexico

List of Offset Operators and Lease Numbers

Shown below is a list of the offset lease owners names and addresses to whom certified letters have been sent indicating the unorthodox bottom hole location for the referenced well.

1. Yates Petroleum Corporation Lease No. VA-1146, V-4895, V-4702
105 South Fourth Street
Artesia, NM 88210

2. Sam L. Pfister Lease No. VA-813, V-4903
P.O. Box 688
Georgetown, TX 78627

3. Featherstone Development Corporation Lease No. V-4285
1801 W. Second Street
Roswell, NM 88201

Petroleum Development Corporation

PEDCO-State No. 1

660' FNL & 1980' FWL of Section 16, T11S, R38E
Lea County, New Mexico

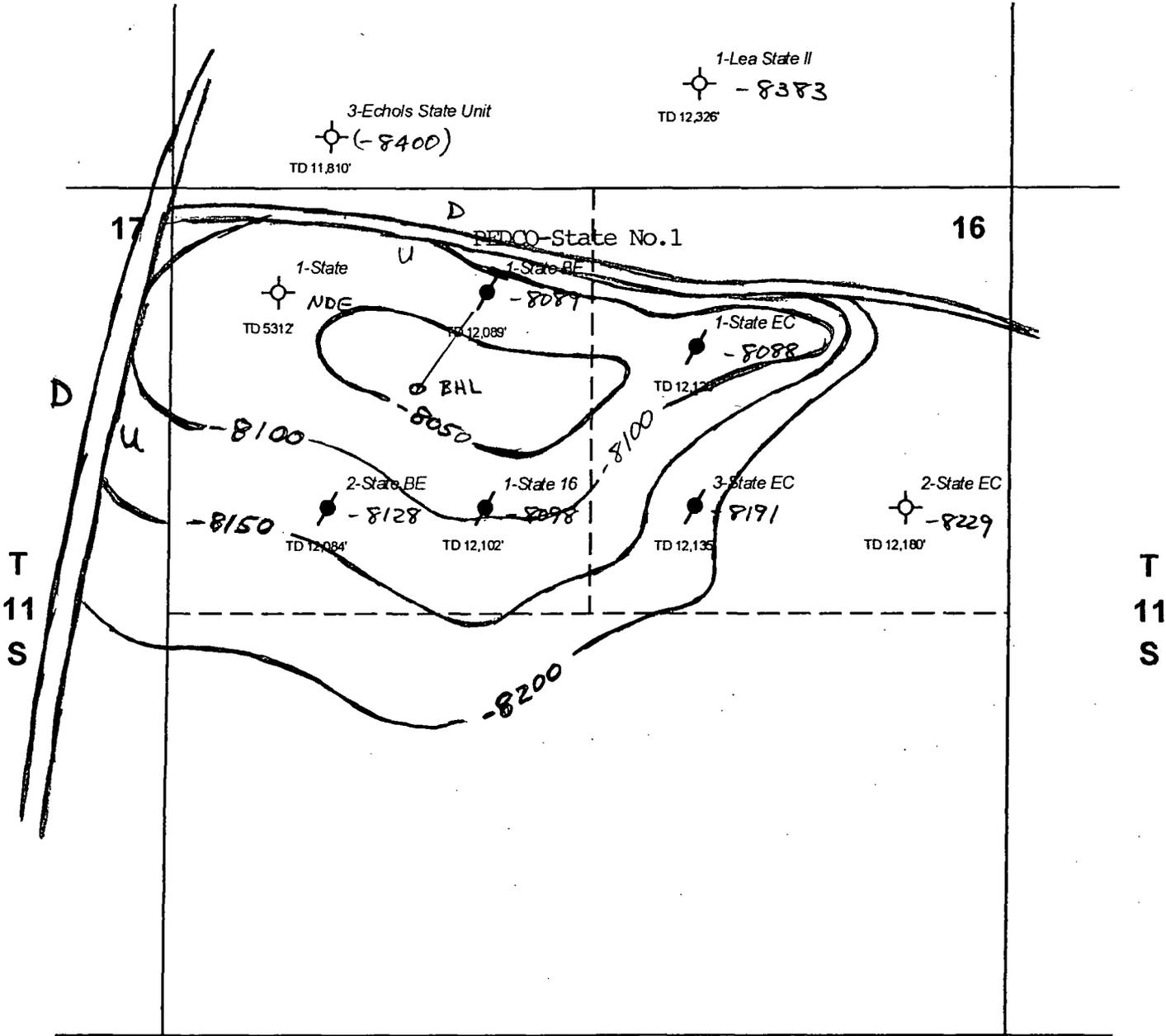
Geological Discussion

Abandoned fields throughout southeastern New Mexico undoubtedly hold millions of barrels of unrecovered reserves. In order to produce these reserves in an economic and prudent manner, it is necessary to drill additional infield wells at locations that are geologically correct without regard to the existing surface boundaries whenever possible. To do otherwise will result in very little bypassed oil being recovered because, in most cases, the optimum locations chosen due to surface lease constraints have already been drilled by wells that are now abandoned.

The East Echols Devonian Field produced more than 548,000 barrels of oil during its initial production lifetime. Detailed examination of the production from the field's wells indicates that there remains the potential to produce a large volume of unrecovered reserves from the abandoned field. Proper placement of new wells in the field should result in these reserves being produced. The PEDCO-State No. 1 bottom hole location was chosen in an effort to drill the well in the best geological position without regard for the existing surface quarter-section lines. An economic benefit can be realized by re-entering the existing well bore of the Cities Service Oil Co. State "BE" No. 1 and drilling directionally to this optimal location.

It is believed that the proposed bottom hole location of the PEDCO-State No. 1 is located at the highest structural location in the field. It is felt that the optimal location of the bottom hole should result in attaining a structural position that is at least 50' higher than at any of the other existing well locations. Therefore, since ultimate oil cumulative production is directly related to structural position, the bottom hole placement should result in the highest ultimate oil recovery for the well. This higher structural location should also result in less water production during the lifetime of the well. To drill the well in a "regular" location will not optimize the total oil reserves that the well otherwise would recover.

R 38 E



20

21

1-Humble State
 TD 12,158'

John D. Kullman--Geologist Midland, Texas		
PETROLEUM DEVELOPMENT CORPORATION Echols, East Field Area Lea County, New Mexico		
Scale: 1" = 1,000'	C.I.: 50'	Date: 8-10-97

R 38 E

R 38 E

Unleased
State of
New Mexico

3-Echols State Unit

1-Lea State II



Yates Petroleum Corp.
VA-1146

17

Sam L. Pfiester
VA-813

Sam L. Pfiester 16

Featherstone
Development

PEDCO-State No.1
T-State BE

V-4903

Corp.
V-4285

1-State



TD 12,089'

1-State EC



TD 12,120'

T
11
S

2-State BE

1-State 16

3-State EC

2-State EC



TD 12,084'



TD 12,102'



TD 12,135'



TD 12,180'

T
11
S

Yates Petroleum Corporation
V-4895 & V-4702

20

1-Humble State

21



TD 12,158'

Offset Location &
Well Location Map

PETROLEUM DEVELOPMENT CORPORATION
Echols, East Field Area
Lea County, New Mexico

R 38 E

Scale: 1" = 1,000'

C.I.:

Date: 8-10-97

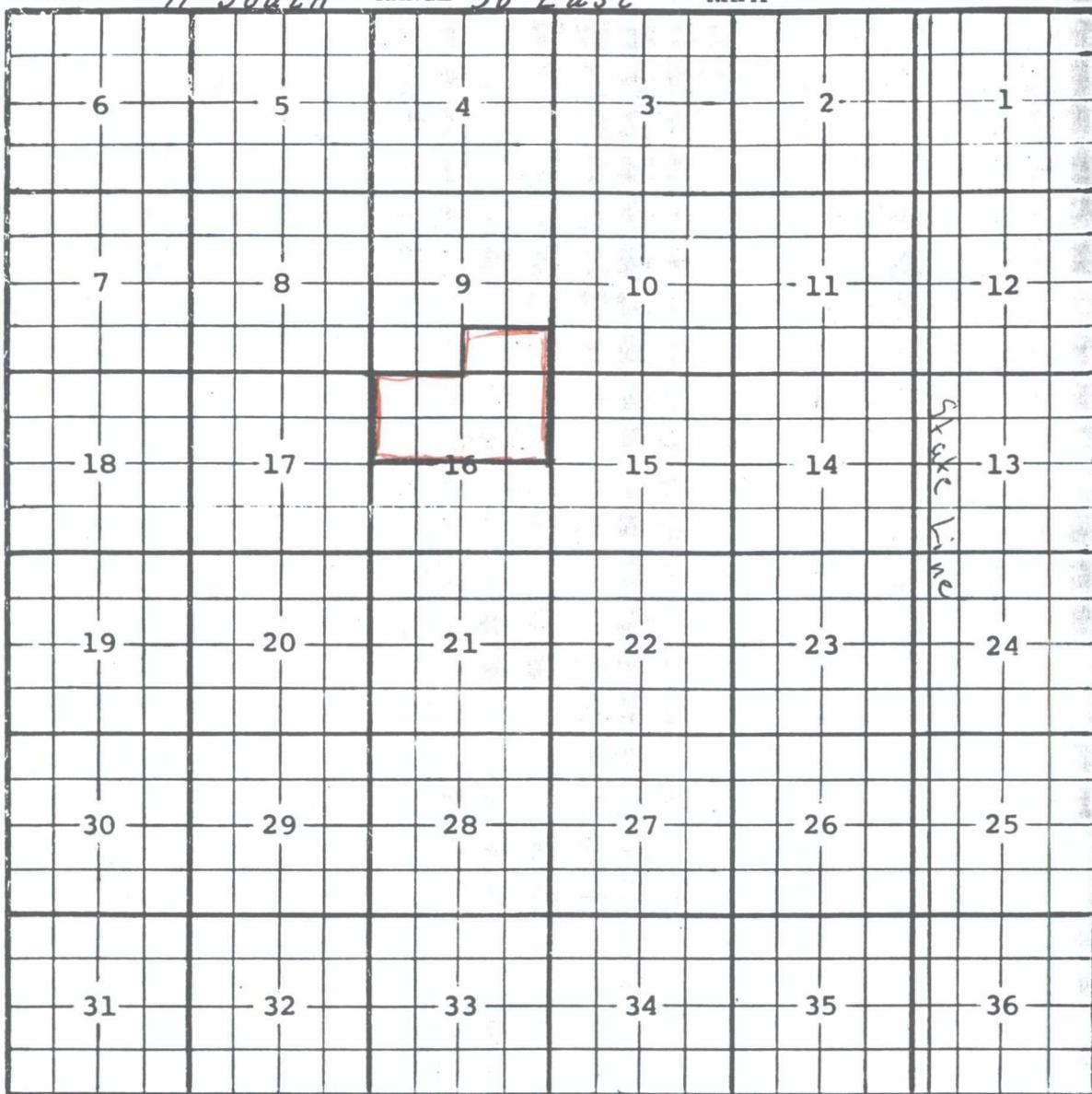
COUNTY *Lea*

POOL *East Echol-Devonian*

TOWNSHIP *11-South*

RANGE *38-East*

NMPM



Description: $\text{NE}/4$ Sec. 16; (R-1059, 9-30-57).

Ext: $\text{S}/2$ $\text{SE}/4$ Sec. 9; $\text{NW}/4$ Sec. 16, (R-1105, 12-30-57).