

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

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

Rob

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

API NO. (assigned by OCD on New Wells)	V-1152
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK	
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Desana Unit
b. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	8. Well No. #1
2. Name of Operator YATES PETROLEUM CORPORATION	9. Pool name or Wildcat
3. Address of Operator 105 South Fourth Street, Artesia, New Mexico 88210	
4. Well Location Unit Letter <u>G</u> : <u>1980</u> Feet From The <u>North</u> Line and <u>1980</u> Feet From The <u>East</u> Line Section <u>17</u> Township <u>18 South</u> Range <u>24 East</u> NMPM <u>EDDY</u> County	

10. Proposed Depth 8300'	11. Formation Morrow	12. Rotary or C.T. Rotary
13. Elevations (Show whether DF, RT, GR, etc.) 3808' GR	14. Kind & Status Plug. Bond Blanket	15. Drilling Contractor Undesignated
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
17 1/2"	13 3/8"	54.5 # J-55	Approx. 250'	250 Sacks	Circulate
12 1/2"	8 5/8"	24 # J-55	Approx. 1100'	600 Sacks	Circulate
7 7/8"	5 1/2"	15 & 17 # J-55	TD	350 Sacks	

We propose to drill and test the Morrow and Intermediate formations. Approximately 250' of surface casing will be run and the cement circulated to shut off gravel and cavings. Intermediate casing will be set 100' below the Artesian Water Zone and cement circulated to the surface. If commercial pay is encountered, we will run 5 1/2" casing and cement with 600' of cover, perforate and stimulate as needed for production.

MUD Program: FW gel and LCM to 1100', fresh water to 3850', KCL water to 6000', Starch/Drispak/KCL to 7100', Flosal/Drispak/KCL mud to TD.

BOP: BOP's and Hydrill on 8 5/8" casing and tested, piperams daily for operational, Yellow jacket prior to drilling Wolfcamp.

GAS NOT DEDICATED:

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 Clifton R. May TITLE PERMIT AGENT DATE 6-15-89
 TYPE OR PRINT NAME CLIFTON R. MAY TELEPHONE NO. 748-1471

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

YATES PETROLEUM CORPORATION
 Case No. 9688
 6/21/89 Examiner Hearing
 Exhibit No. 7

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.

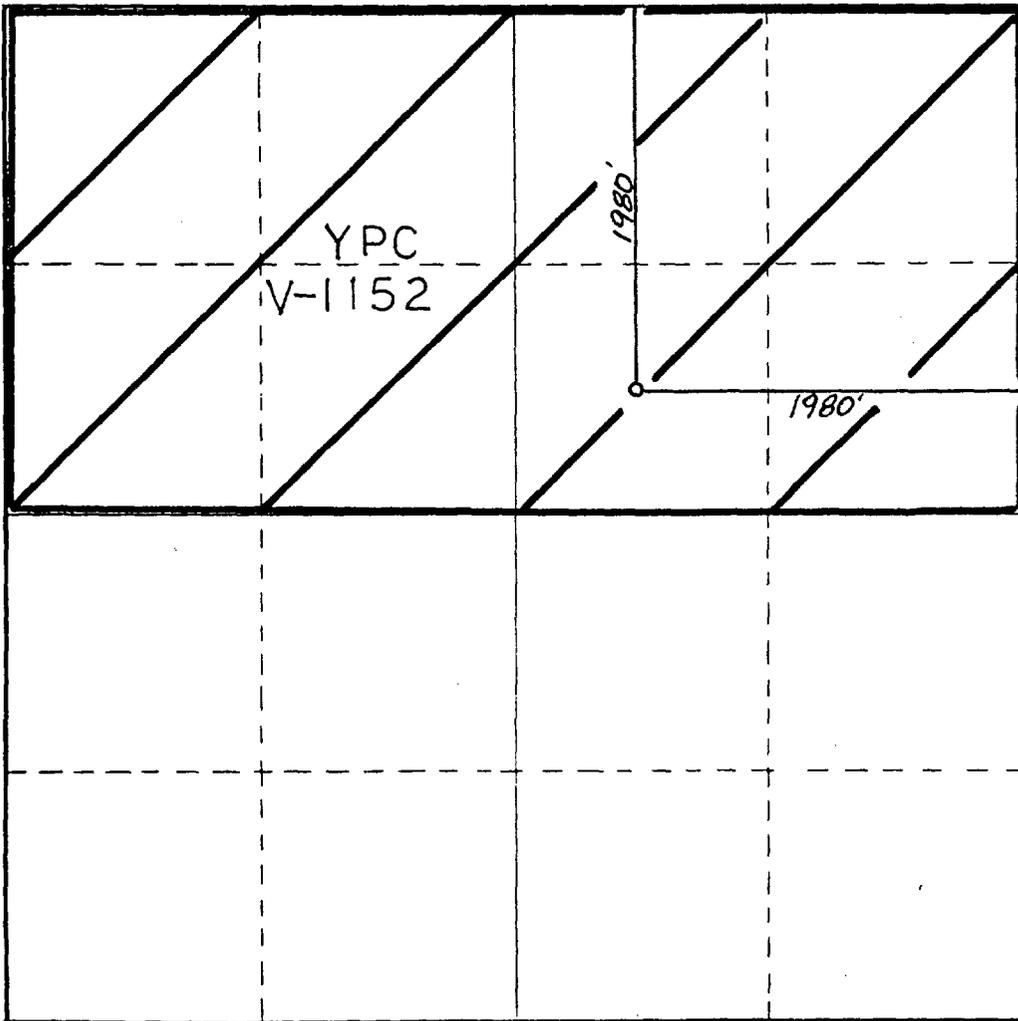
Operator YATES PETROLEUM CORPORATION		Lease Desana Unit			Well No. 1
Unit Letter G	Section 17	Township 18 South	Range 24 East	County Eddy County, N. M.	
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the East line					
Ground Level Elev. 3808.	Producing Formation MORROW	Pool WILDCAT MORROW		Dedicated Acreage: 320 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?

Yes No If answer is "yes," type of consolidation **IS UNITIZATION**

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.

Clifton R. May
Name

CLIFTON R. MAY

Position
PERMIT AGENT

Company
YATES PETROLEUM CORPORATION

Date
6-15-89

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.

DAN R. REDDY
NEW MEXICO
REGISTERED PROFESSIONAL ENGINEER
AND SURVEYOR
5412

Date Surveyed
June 10, 1989

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NM PE&LS NO. 5412

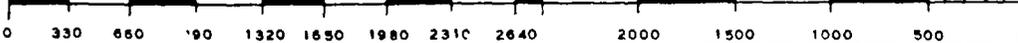
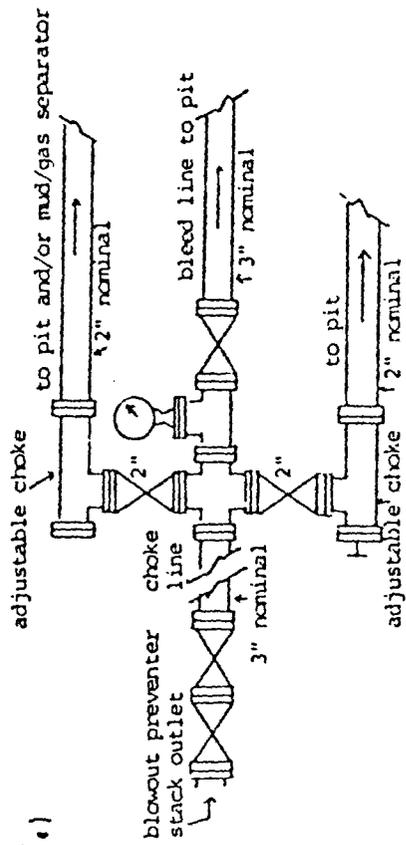
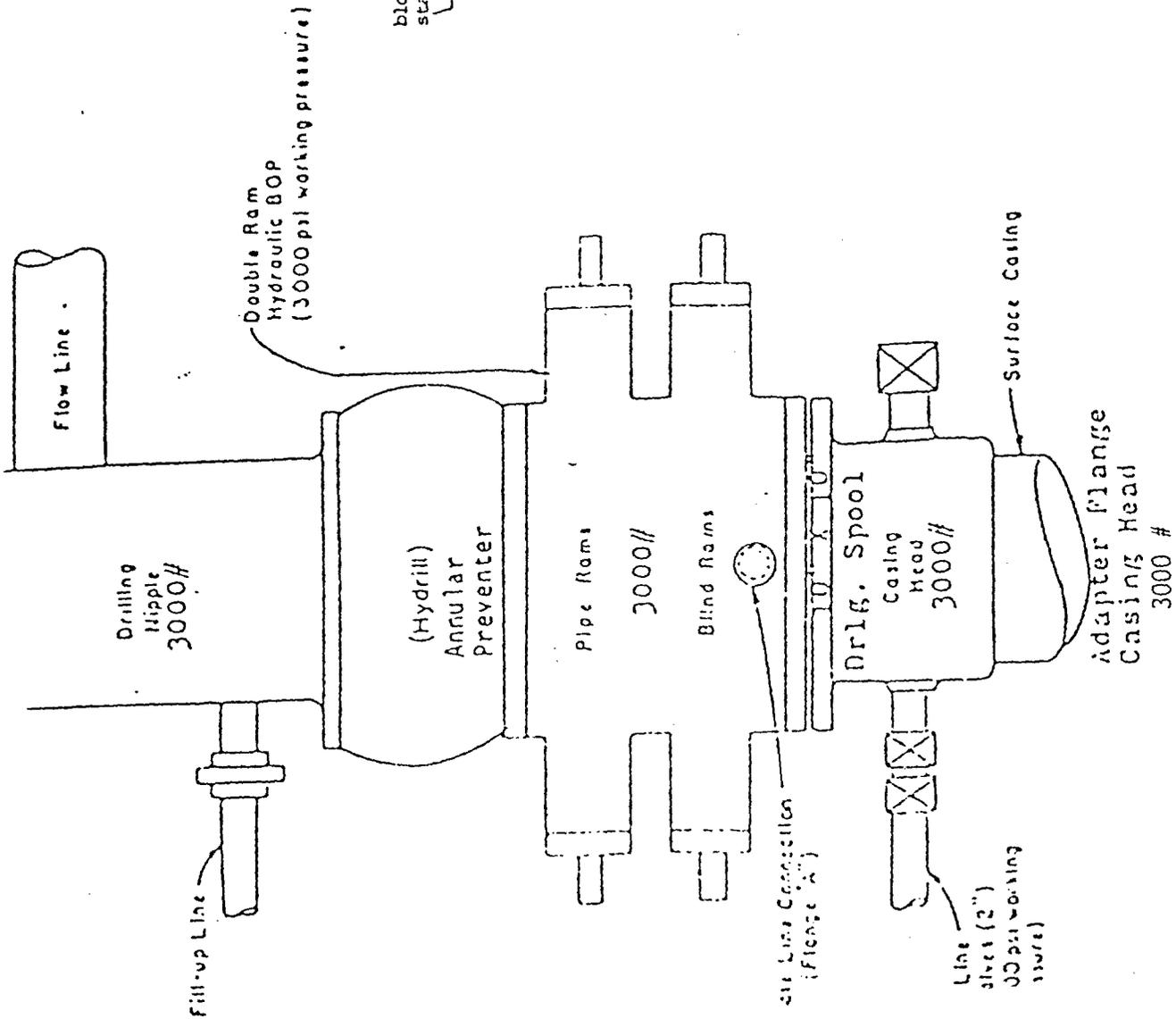


EXHIBIT "B"

Blowout Preventer Diagram



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