

PERMITTED

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SANTA FE, NEW MEXICO 87501

FEB 25 '82

5A. Indicate Type of Lease
STATE FEDERAL

5. State Oil & Gas Lease No.
LG -2463

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work
Type of Well DRILL DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

7. Unit Agreement Name

8. Farm or Lease Name
Papalote "01" State

Name of Operator
Yates Petroleum Corporation

9. Well No.
3

Address of Operator
207 S. 4th Street, Artesia, New Mexico 88210

Location of Well
UNIT LETTER E LOCATED 1980 FEET FROM THE North LINE
660' FEET FROM THE West LINE OF SEC. 16 TWP. 7S RGT. 25E NMPM

10. Field and Pool, or Wildcat
Pecos Slope Abo

12. County
Chaves

19. Proposed Depth 4250'
19A. Formation Abo
20. Rig or C.T. Rotary

Elevations (show whether DF, RT, etc.) 3846.0 GL
21A. Kind & Status Plug. Bond Blanket
21B. Drilling Contractor Horizon
22. Approx. Date Work will start ASAP

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 3/4"	10 3/4"	40.5# J-55	900'	750 sx	circulated
7 7/8"	4 1/2"	9.5# J-55	TD	350 sx	

We propose to drill and test the Abo and intermediate formations. Approximately 900' of surface casing will be set and cement circulated to shut off gravel and casing. If needed (lost circulation) 8 5/8" intermediate casing will be run to 1500' and cemented with enough cement calculated to tie back into the surface casing. Temperature survey will be run to determine cement top. If commercial, production casing will be run and cemented with adequate cover, perforate, and stimulate as needed for production.

MUD PROGRAM: FW gel and LCM to 900'; Brine to 3500', Brine & KCL water to TD.

BOP PROGRAM: BOP's will be installed at the offset and tested daily.

GAS NOT DEDICATED:

APPROVAL VALID FOR 180 DAYS
PERMIT EXPIRES 8-26-82
UNLESS DRILLING UNDERWAY

BELOW SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

Operator certifies that the information above is true and complete to the best of my knowledge and belief.

By [Signature] Title Regulatory Coordinator Date 2/25/82

(This space for State Use)

APPROVED BY [Signature] TITLE OIL AND GAS INSPECTOR DATE FEB 26 1982

CONDITIONS OF APPROVAL, IF ANY:

Notify N.M.O.C.C. in sufficient time to witness cementing the 10 3/4" casing

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.

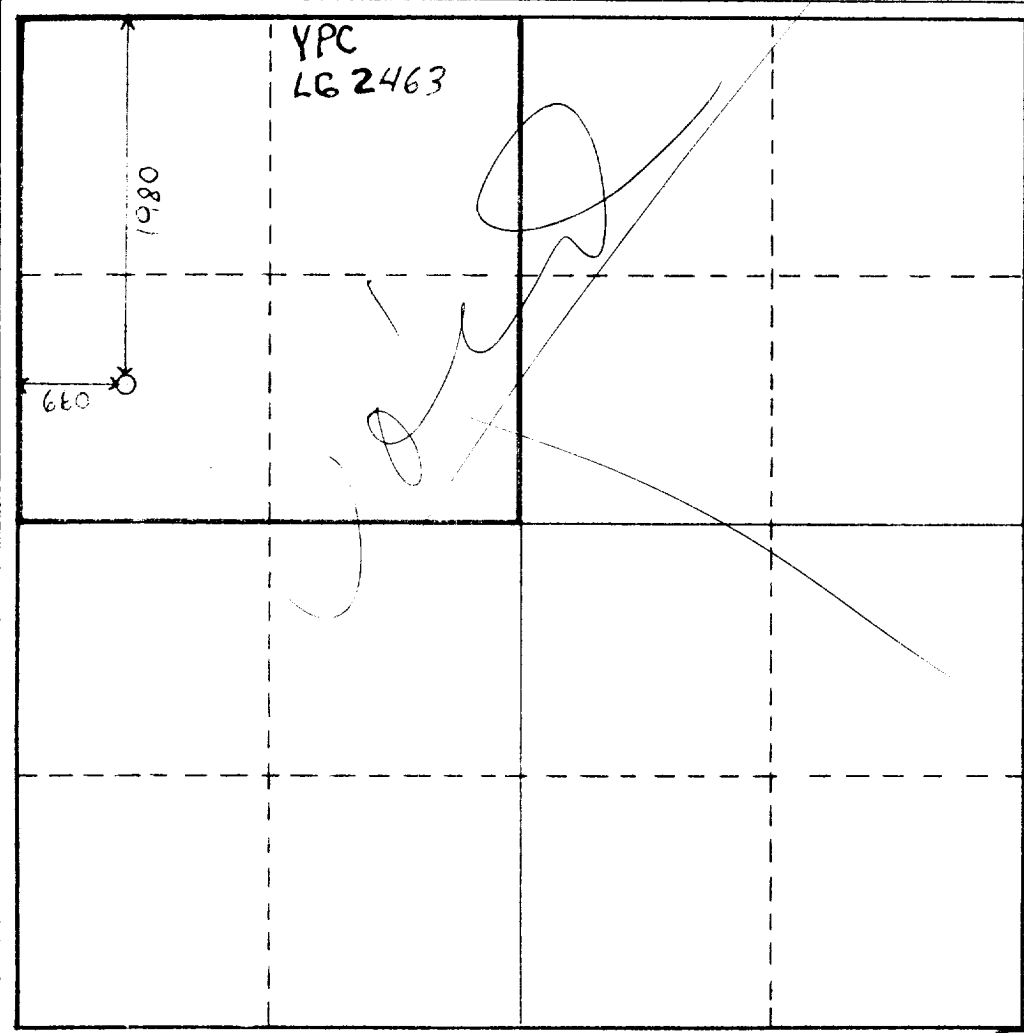
Operator YATES PETROLEUM CORPORATION			Lease Papalote "OI" State		Well No. 3
Unit Letter E	Section 16	Township 7S	Range 25E	County Chaves	
Actual Footage Location of Well: 1980 feet from the North line and 660 feet from the West line					
Ground Level Elev. 3846.0 GL	Producing Formation ABO		Pool PECOS Slope ABO		Dedicated Acreage: 160 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 _____

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.



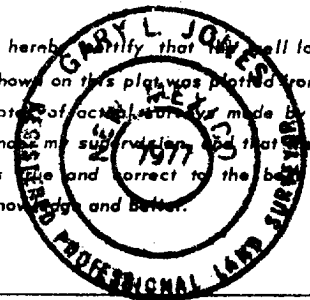
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

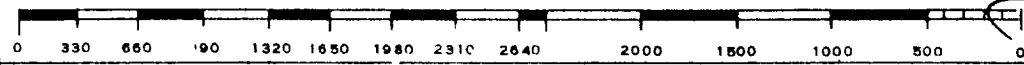
Cy Cowan

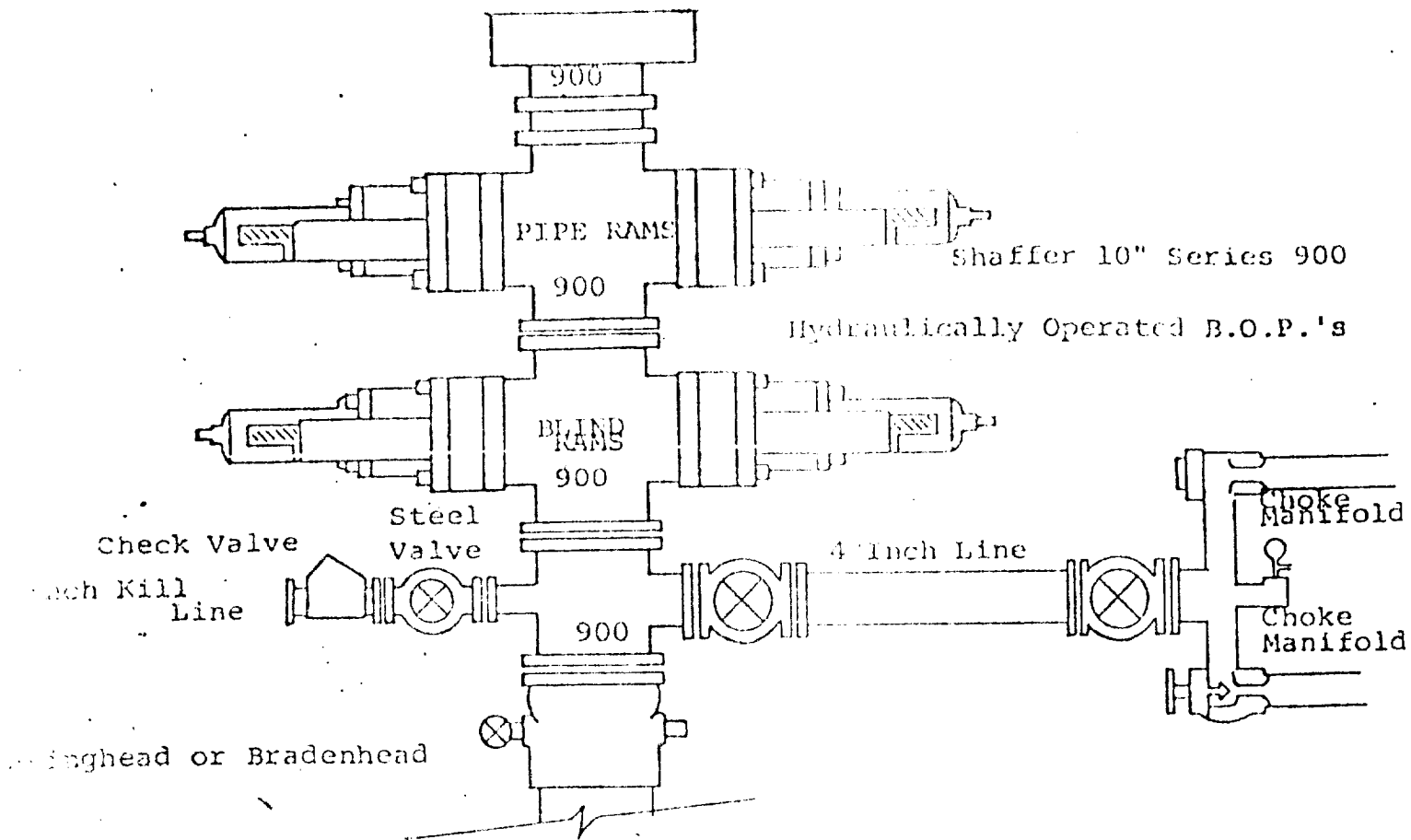
Name Cy Cowan
Position Regulatory Coordinator
Company Yates Petroleum Corporation
Date 2/25/82

I hereby certify that the well location shown on this plat was plotted from field notes of actual location 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 February 10, 1982
Registered Professional Engineer and/or Land Surveyor <i>Gary L. Jones</i>
Certificate No. 7977





FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

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