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MAR 14 '88

O. C. D.

5A. Indicate Type of Lease
STATE FCC

5. State Oil & Gas Lease No.
V-994

7. Unit Agreement Name

8. Farm or Lease Name
Hadley AFJ State

9. Well No.
1

10. Field and Pool, or Wildcat
Wildcat Devonian

12. County
Chaves

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK **ARTESIA, OFFICE**

1a. Type of Work
DRILL DEEPEN PLUG BACK

b. Type of Well
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 South Fourth Street - Artesia, NM 88210

4. Location of Well
UNIT LETTER H LOCATED 2290 FEET FROM THE North LINE
AND 1200 FEET FROM THE East LINE OF SEC. 36 TWP. 10S RGE. 27E NMPM

19. Proposed Depth
7200'

19A. Formation
Devonian

20. Rotary or C.T.
Rotary

21. Elevations (show whether DF, KT, etc.)
3698.7' GR

21A. Kind & Status Plug. Bond
Blanket

21B. Drilling Contractor
Peterson Drilling Rig #3

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
17-1/2"	13-3/8"	54.5# J-55	Approx. 350'	350 sacks	Circulate
12-1/4"	8-5/8"	24# J-55	" 1550'	800 sacks	Circulate
7-7/8"	5-1/2"	15.5# J-55	TD	300 sacks	

We propose to drill and test the Devonian and intermediate formations. Approximately 350' of surface casing will be run and cement circulated to shut off gravel and cavings. Intermediate casing will be set to 1550' and cemented to the surface. If commercial pay is encountered, will run 5-1/2" casing and cement with adequate cover, perforate and stimulate as needed for production.

MUD PROGRAM: Spud mud to 350', fresh water gel to 1550', salt water gel to 4800', salt water gel, pre-hydrated bentonite and diesel to TD

BOP PROGRAM: BOP's will be installed on the 8-5/8" casing, rams tested daily for operational

POST ID#1
NK-API
3-18-88

180 DAYS
9/14/88
UNDERWAY

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.

Signed Clifton R. May Title Regulatory Agent Date March 11, 1988

(This space for State Use)

Original Signed By
Mike Williams

APPROVED BY Oil & Gas Inspector TITLE Oil & Gas Inspector DATE MAR 14 1988

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.

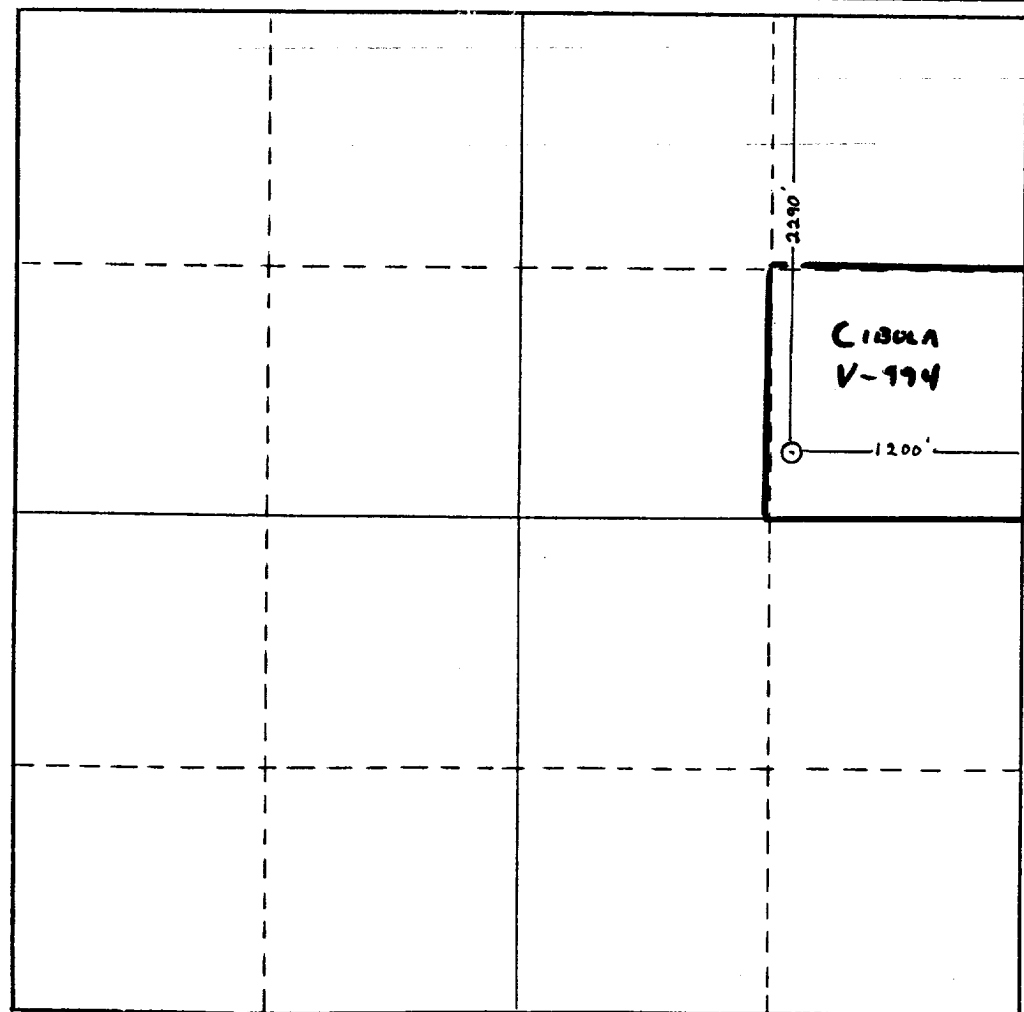
Operator YATES PETROLEUM CORPORATION			Lease HADLEY AFJ STATE		Well No. 1
Unit Letter H	Section 36	Township 10S	Range 27E	County CHAVES	
Actual Footage Location of Well: 2290 feet from the North line and 1200 feet from the East line					
Ground Level Elev. 3698.7'	Producing Formation DEVONIAN		Pool WILDCAT DEVONIAN	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?

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.

Clifton R. May

Name	Clifton R. May
Position	Permit Agent
Company	Yates Petroleum Corporation
Date	March 11, 1988

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	_____
Registered Professional Engineer and/or Land Surveyor	HERSCHEL L. JONES 3640
Certificate No.	3640

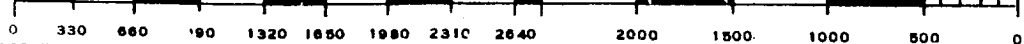
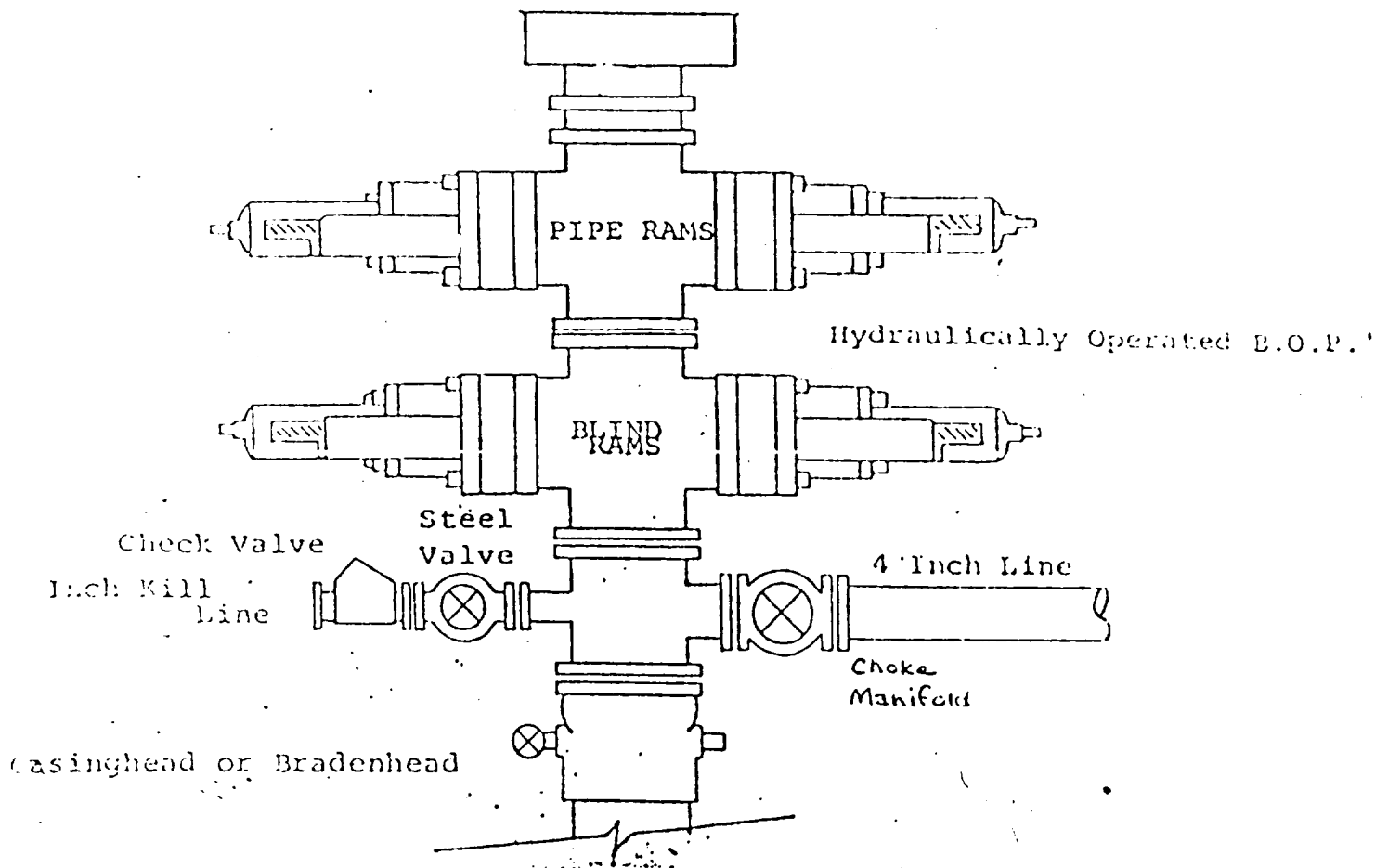


EXHIBIT B
BDP DIAGRAM
RATED 3000[#]





LTR



Job separation sheet