

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

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

DEC 3 '90

WELL API NO. 30-005-62794
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. L-794
7. Lease Name or Unit Agreement Name Hanlad State
8. Well No. 1
9. Pool name or Wildcat Diablo

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK OR PLUG BACK OFFENSE DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER Saltwater Disposal	
2. Name of Operator Stevens Operating Corporation	
3. Address of Operator P. O. Box 2408, Roswell, New Mexico 88201	
4. Well Location Unit Letter <u>K</u> : <u>1980</u> Feet From The <u>South</u> Line and <u>2310</u> Feet From The <u>West</u> Line Section <u>16</u> Township <u>10S</u> Range <u>27E</u> NMPM <u>Chaves</u> County	
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3889 GR, 3901 KB	

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Propose to test Fusselman for 90 days to determine applicability for saltwater disposal well.

Propose to set retrievable bridge plug @ 5600', then perforate 4 shots at or about 5400', squeeze cement to at least 800', or at least 200' above bottom of 10 3/4" intermediate set @ 1006'.

After WOC required time, drill out cement, retrieve bridge plug, drill any cement in 5 1/2" to T.D. casing shoe, then selectively perforate Fusselman 6892'-6948'. Go in hole with tubing and packer, set @ 6500', pressure up to 1000# for 30 minutes, logging any pressure decrease. Set packer approximately 6650' then acidize with 2000 gallons 15% with ball sealers, and test for 90 days to determine if well will take produced saltwater.

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

SIGNATURE Donald G. Stevens TITLE President DATE 11/30/90

TYPE OR PRINT NAME Donald G. Stevens TELEPHONE NO. 622-7273

(This space for State Use) ORIGINAL SIGNED BY
MIKE WILLIAMS
SUPERVISOR, DISTRICT II
APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: until March 5, 1991

DEC 5 1990

MARTIN YATES III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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TREASURER

November 30, 1990

Oil Conservation Division
Drawer DD
Artesia, New Mexico 88210

RE: Stevens Operating Corporation
#1 Hanlad State
Unit K, Section 16
Township 10 South Range 27 East

Gentlemen:

Stevens Operating Corporation has informed us they desire a 90 day testing period for determining the practicability of injecting produced Diablo-Fusselman saltwater into the #1 Hanlad State in the Siluro-Ordovician (Fusselman) formation. Stevens may also seek a conversion to permanent saltwater disposal if test prove practicable.

Yates Petroleum Corporation is the offset operator to the Hanlad lease and within 1/2 mile of the #1 Hanlad State. By this letter, Yates Petroleum Corporation has no objection to the proposed saltwater disposal testing nor to the conversion of the said well to a permanent saltwater disposal well.

Your very truly,

YATES PETROLEUM CORPORATION

By: *Paul H. Hunt*