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NEW MEXICO OIL CONSERVATION COMMISSION

30-015-23534

Form C-101
Revised 11-85

OCT 31 1980

O.C.C.
ARTESIA OFFICE

5A. Indicate Type of Lease
STATE FEDERAL

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			7. Unit Agreement Lease
2. Name of Lessee Yates Petroleum Corporation			8. Firm or Lease Name J. Lazy J.
3. Address of Operator 207 South 4th Street, Artesia, NM 88210			9. Well No. 17
4. Location of Well UNIT LETTER J LOCATED 2310 FEET FROM THE South LINE AND 1650 FEET FROM THE East LINE OF SEC. 22 TWP. 17S RGE. 25E NMPM			10. Field and Sect. or Wellbit Eagle Creek SA
16. Proposed Depth approx. 1500			11. Formation San Andres
17. Kind & Status Plug. Bond Blanket			12. Method of C.T. Rotary
21. Elevation (State whether O.P., R.I., etc.) 3527 GL		22. Approx. Date Work will start As soon as approved	

23. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
15"	10 3/4"	32#	approx. 350'	circulate	
9 1/2"	7"	20#	approx. 1150'	circulate	
6 3/4"	4 1/2" & 5 1/2"	10.5 & 15.5#	TD	Circulate	

Propose to drill a San Andres test. Approximately 350' of 10 3/4" casing will be run if needed, and cemented to the surface to shut off surface gravel and cavings, 7" casing will be run 100' below the Artesian Zone, cemented to surface. A tapered string of production casing will be run and cemented, perforated and San frac'd for completion.

MUD PROGRAM: Fresh water mud w/LCM from surface to 1150', fresh water to total depth.

BOP PROGRAM: BOP's to be installed on 7" casing and tested daily.

APPROVAL VALID FOR 90 DAYS UNLESS DRILLING COMMENCED, EXPIRES 2-6-81

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 John A. Lopez Title Regulatory Coordinator Date 10/29/80

(This space for Sign Use)

APPROVED BY W.A. Gressett TITLE SUPERVISOR, DISTRICT II DATE NOV 06 1980

CONDITIONS OF APPROVAL, IF ANY:

Cement must be circulated to surface behind all casing

Notify N.M.O.C.C. in sufficient time to witness cementing the 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.

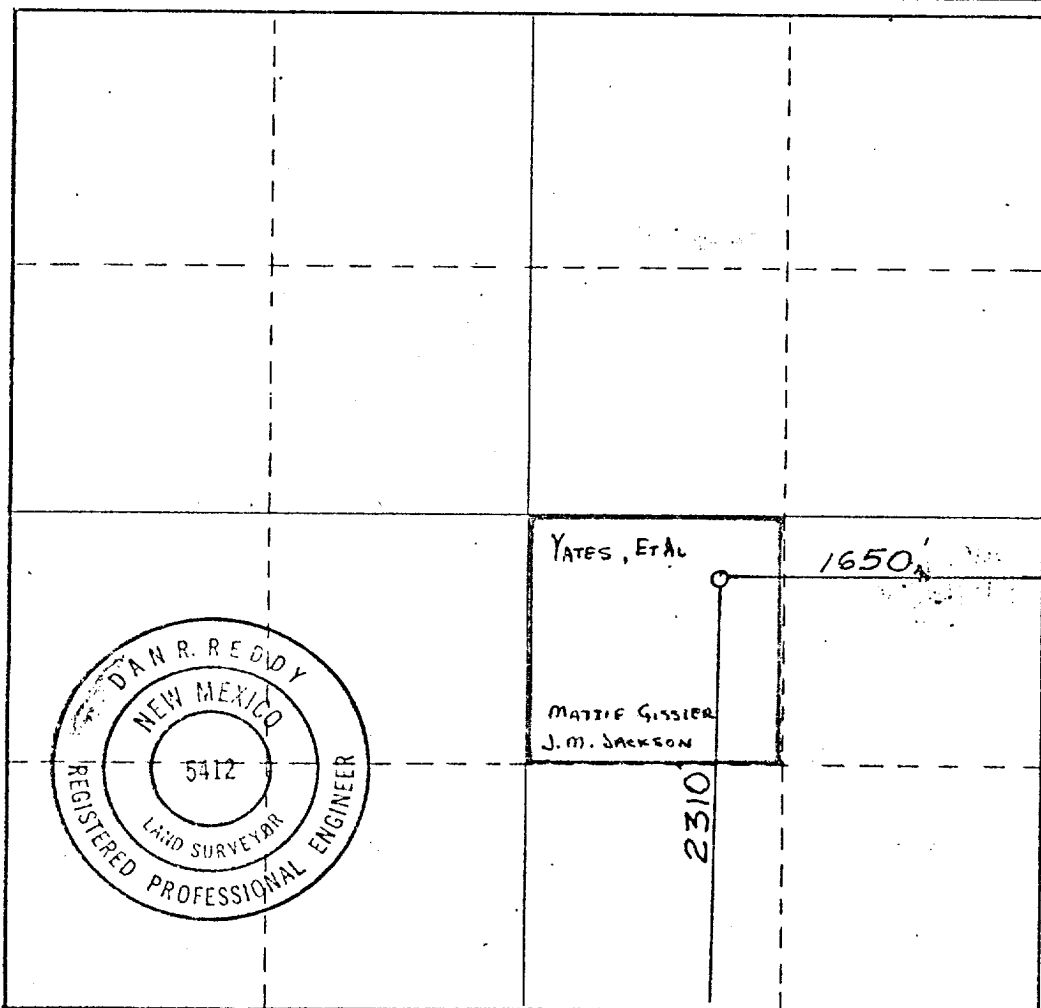
Operator YATES PETROLEUM CORPORATION		Lease J Lazy J			Well No. 17
Unit Letter J	Section 22	Township 17 South	Range 25 East	County Eddy	
Actual Footage Location of Well: 2310 feet from the South line and 1650 feet from the East line					
Ground Level Elev. 3527.	Producing Formation SAN ANDRES		Pool EAGLE CREEK - S.A.	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.

Johnny A Lopez
Name

JOHNNY A. LOPEZ
Position

REGULATORY COORDINATOR
Company

YATES PETROLEUM CORP.
Date

10/31/80

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.

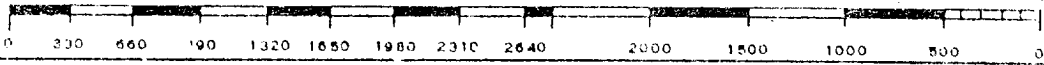
Date Surveyed

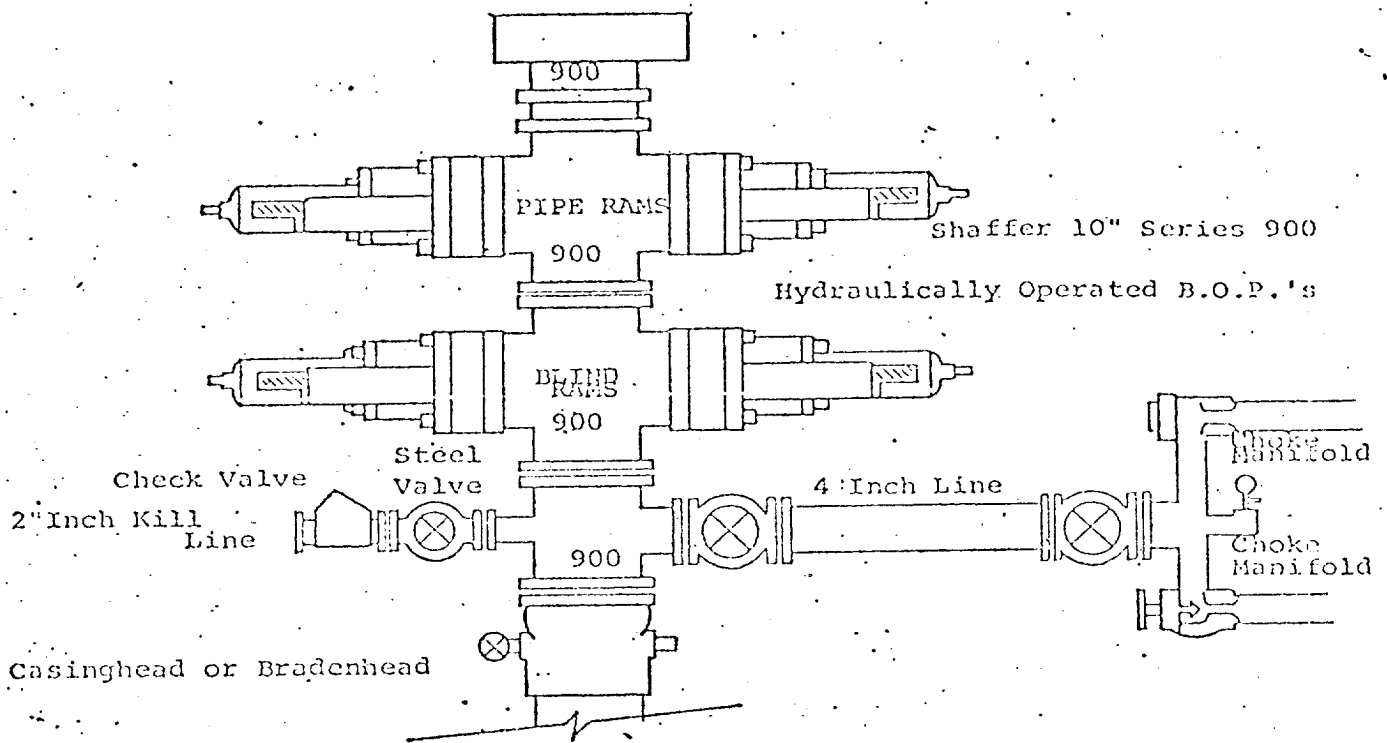
October 25, 1980

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NM PE&LS #5412





THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

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