

APPLICATION FOR DRILLING

Harvey E. Yates Company, Inc.
Exxon Federal #4
Chaves County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill, subject well in Section 6, Township 8S, Range 31E, Chaves County, New Mexico, Harvey E. Yates Company, Inc. submits the following ten items of pertinent information in accordance with U. S. G. S. requirements:

1. The geologic surface formation is quaternary alluvium and bolson deposits and other surficial deposits.
2. The estimated tops of geologic markers are as follows KB measurement:

Rustler Anhydrite	1270'
Yates	1730'
Seven Rivers	1828'
Bowers	2140'
Queen	2412'
San Andres	2904'
Pi Marker	3457'
P 1	3604'
P 2	3694'
P 3	3793'
Total Depth	3850'
3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water	- at approximately 100' or less
Oil	- San Andres at approximately 2904' and the P 1, P 2, P 3 zones.
4. Proposed casing program: See Form 9-331C.
5. Pressure control equipment: See Form 9-331C and Exhibit "E".
6. Mud program: See Form 9-331C.
7. Auxiliary equipment: Blowout preventer.
8. Testing, logging and coring programs: Sidewall Neutron Density, Dual Laterolog RXO. No coring is planned. Possible DST in the San Andres.
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible after approval, but not later than August 25, 1977.

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SURFACE USE PLAN

Harvey E. Yates Company, Inc.
Exxon Federal #4
Chaves County, New Mexico

1. EXISTING ROADS:

- A. Please refer to Exhibit "A". Travel from Roswell on U. S. Highway 70 approximately 25 miles north east towards Kenna, New Mexico. At this time you should come to a road that is commonly known as Railroad Mountain Road. Turn onto this road and travel for about 15 miles and you will come to a road that intersects Railroad Mountain Road. Turn south on this road and travel 1 1/2 miles, turn east on ranch road and continue for 3 miles, turn north and travel approximately 1/4 mile. Our proposed location is on the left about 200 feet from the road.

2. PLANNED ACCESS ROADS:

- A. Please refer to Exhibit "B" on which the planned access road is color coded green. This new road will run due west from the improved ranch road. The road will be 12' X 6" compacted caliche. Caliche for the construction of this proposed road and drilling pad will be obtained from a private pit owned by Emmet McCombs located in NE/SE Section 6.

3. LOCATION OF EXISTING WELLS:

- A. Please refer to Exhibit "B". There are 7 producing wells in this section and no abandoned wells or injection wells. The 7 wells are the Exxon Federal #1, Exxon Federal #2, Exxon Federal #3, Graves #1, Graves #2, Graves #3 and Graves #6. These wells are color coded blue.

4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES:

- A. Please refer to Exhibit "B" on which tank batteries are shown on the above mentioned wells and these tank batteries are color coded yellow. Flow lines for these same wells are color coded purple.
- B. The production facilities to be installed in the event the proposed well is productive will be a flow line from the Exxon Federal #4 to the tank battery located at the Exxon Federal #1. This proposed flow line is color coded light blue. If productive a power line will also be constructed.
- C. The only equipment to be employed on the above location will be a pumping unit.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. Water will be obtained from commercial sources.

6. SOURCE OF CONSTRUCTION MATERIAL:

- A. Caliche will be obtained from a private pit owned by Emmet McCombs located in NE/SE Section 6.

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7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Waste will be buried in reserve pits at a depth of 24". The well site will be cleaned of all waste and this will be done within 10 days after completion of well.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. Please refer to Exhibit "C" on which is shown the configuration of WEK Drilling Company, Inc. Rig #1. The well site will need no unusual amount of cut or fill. We do not plan to line reserve pits.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. If the well is completed as a producing well, we will knock down pits and smooth out the surface. If not productive, in addition to the above, we will level the location.

11. OTHER INFORMATION:

- A. The surface is owned by Emmet McCombs, Kenna, New Mexico with whom a settlement for damages has been reached. The planned access roads and the pad will be located on relatively flat ground with no extreme cuts required. There are no houses, windmills, streams, ponds or lakes in the immediate area.

12. LESSEE'S OR OPERATOR'S REPRESENTATIVE:

- A. The responsible field representatives are as follows:

Drilling - Fred G. Yates
Harvey E. Yates Company, Inc.
Suite 1000 Security National Bank Building
Roswell, New Mexico 88201
Office Telephone: 505-623-6601
Mobile Telephone: 505-623-0989
Home Telephone: 505-622-5387
Production - Herbert Spencer
H & S Oil Company
216 American Home Building
Artesia, New Mexico 88210
Office Telephone: 505-746-6658
Mobile Telephone: 505-365-2504
Home Telephone: 505-746-2495

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13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by Harvey E. Yates Company, Inc. and its contractors and subcontractors in conformity with this plan and the terms under which it is approved.

Date

Vice President
Name and Title

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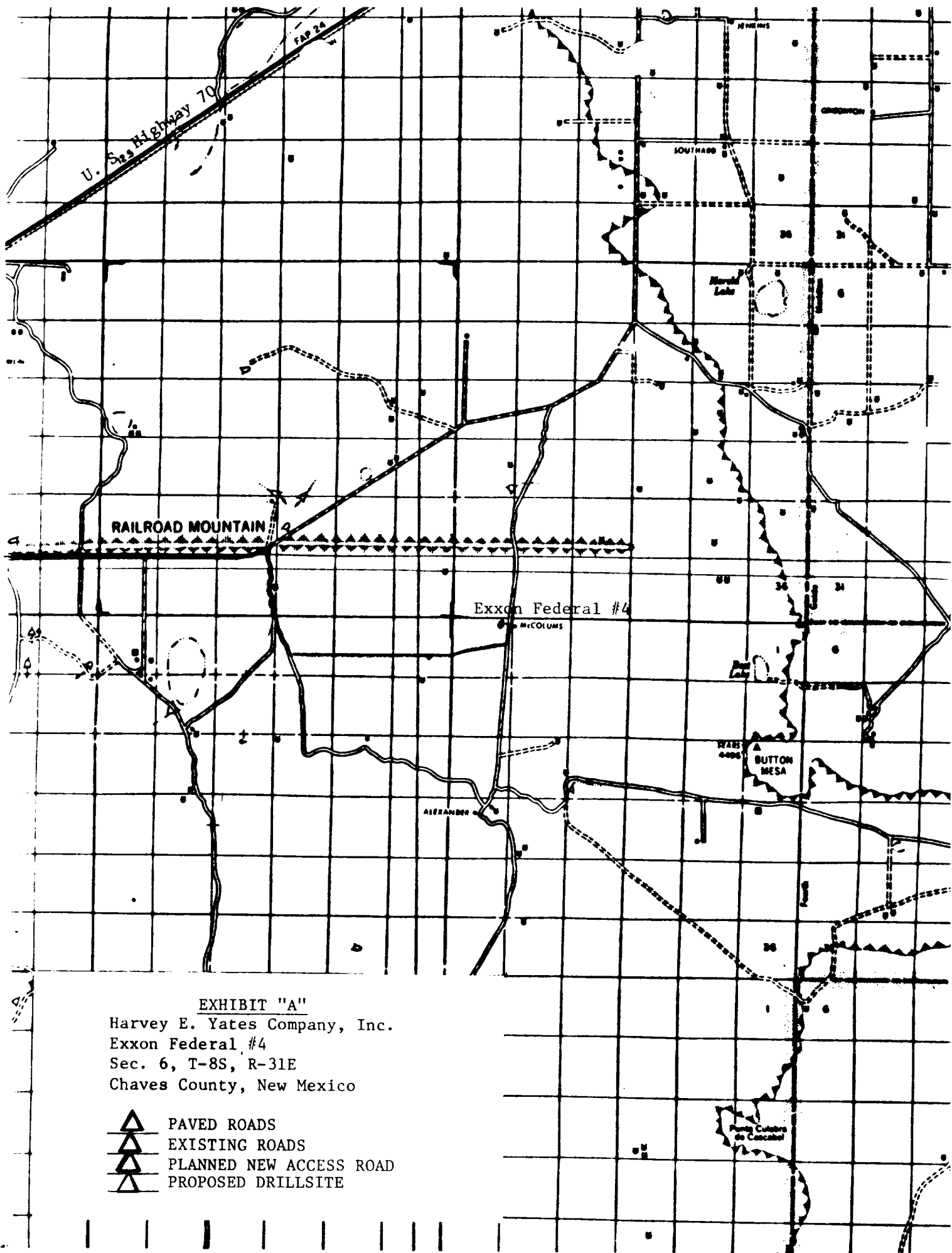






EXHIBIT "A"

Harvey E. Yates Company, Inc.
Exxon Federal #4
Sec. 6, T-8S, R-31E
Chaves County, New Mexico

-  PAVED ROADS
-  EXISTING ROADS
-  PLANNED NEW ACCESS ROAD
-  PROPOSED DRILLSITE

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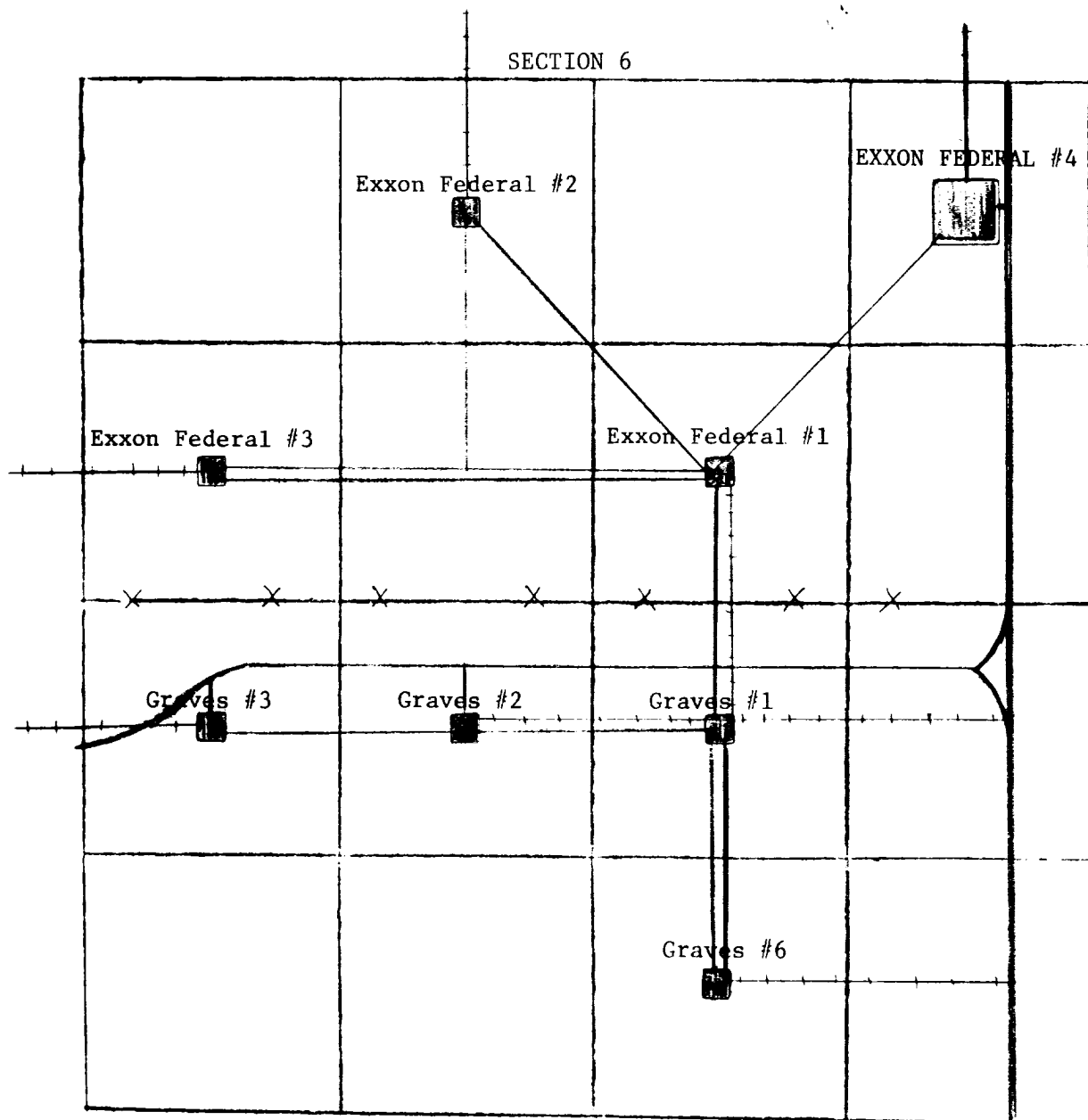


EXHIBIT "B"

Harvey E. Yates Company, Inc.
 Exxon Federal #4
 Sec. 6, T-8S, R-31E
 Chaves County, New Mexico

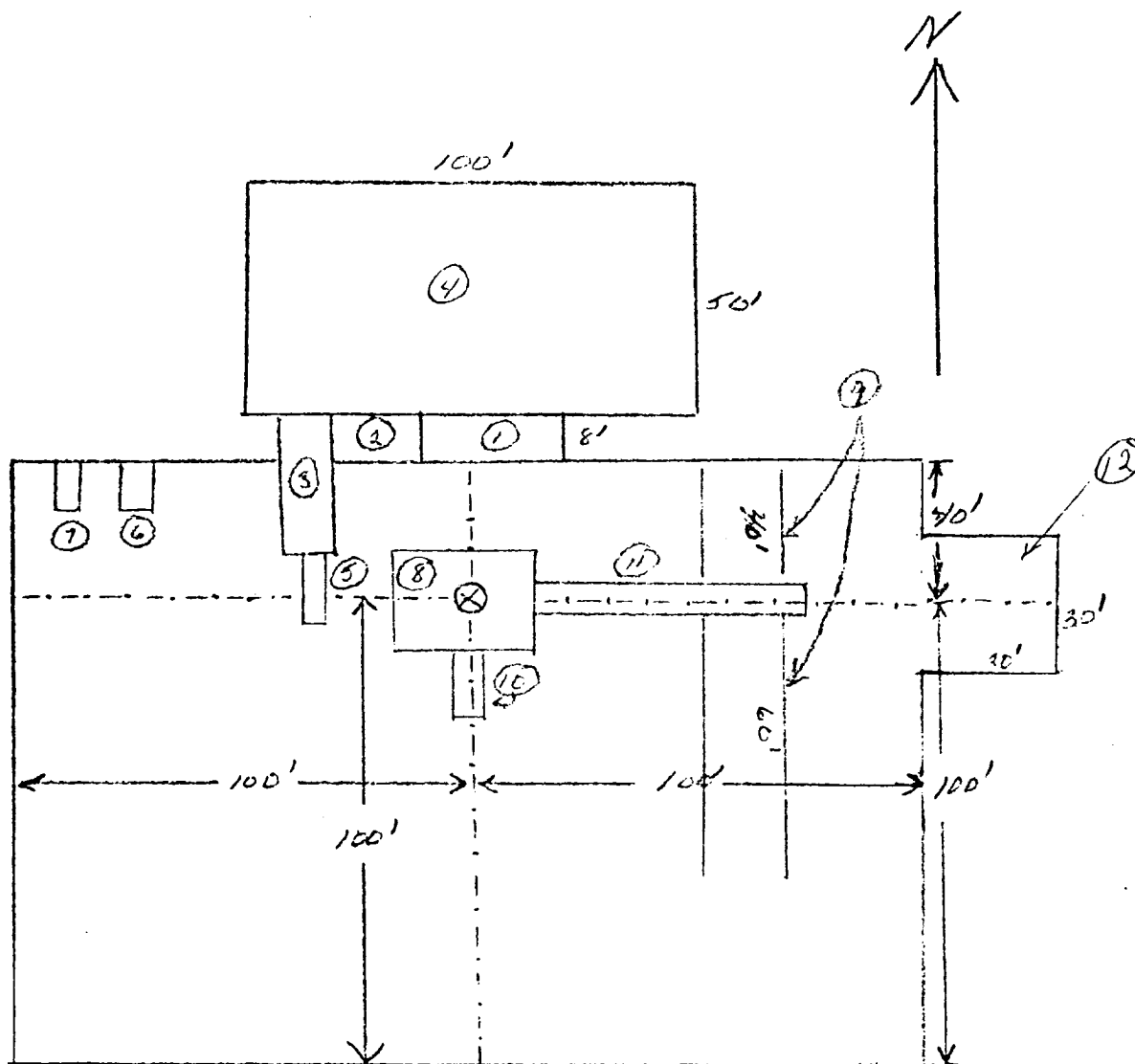
- EXISTING ACCESS ROADS
- PORTION OF ROAD TO BE IMPROVED OR BUILT
- PROPOSED DRILLSITE LOCATION
- PRODUCING WELLS
- POWERLINES
- FLOWLINES
- PROPOSED FLOWLINE
- TANK BATTERIES
- PROPOSED POWERLINE

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WEK DRILLING CO., INC.
RIG #1 LOCATION & MUD PIT SPECS.



- | | |
|----------------------------|-------------------|
| (1) Shale Pit 30' x 8' | (6) Water Tank |
| (2) Mud Pit 20' x 8' | (7) Fuel Tank |
| (3) Suction Pit 30' x 8' | (8) Rig |
| (4) Reserve Pit 100' x 50' | (9) Pipe Racks |
| (5) Pump | (10) Dog House |
| | (11) Cat Walk 60' |
| | (12) Stinger |

Schaeffer Type E 10" Series 900 Hydraulic BOP. The waste and debris from this well will be disposed of in a reserve pit and covered up.

EXHIBIT "C"

Harvey E. Yates Company, Inc.
Exxon Federal #4
Sec. 6, T-8S, R-31E
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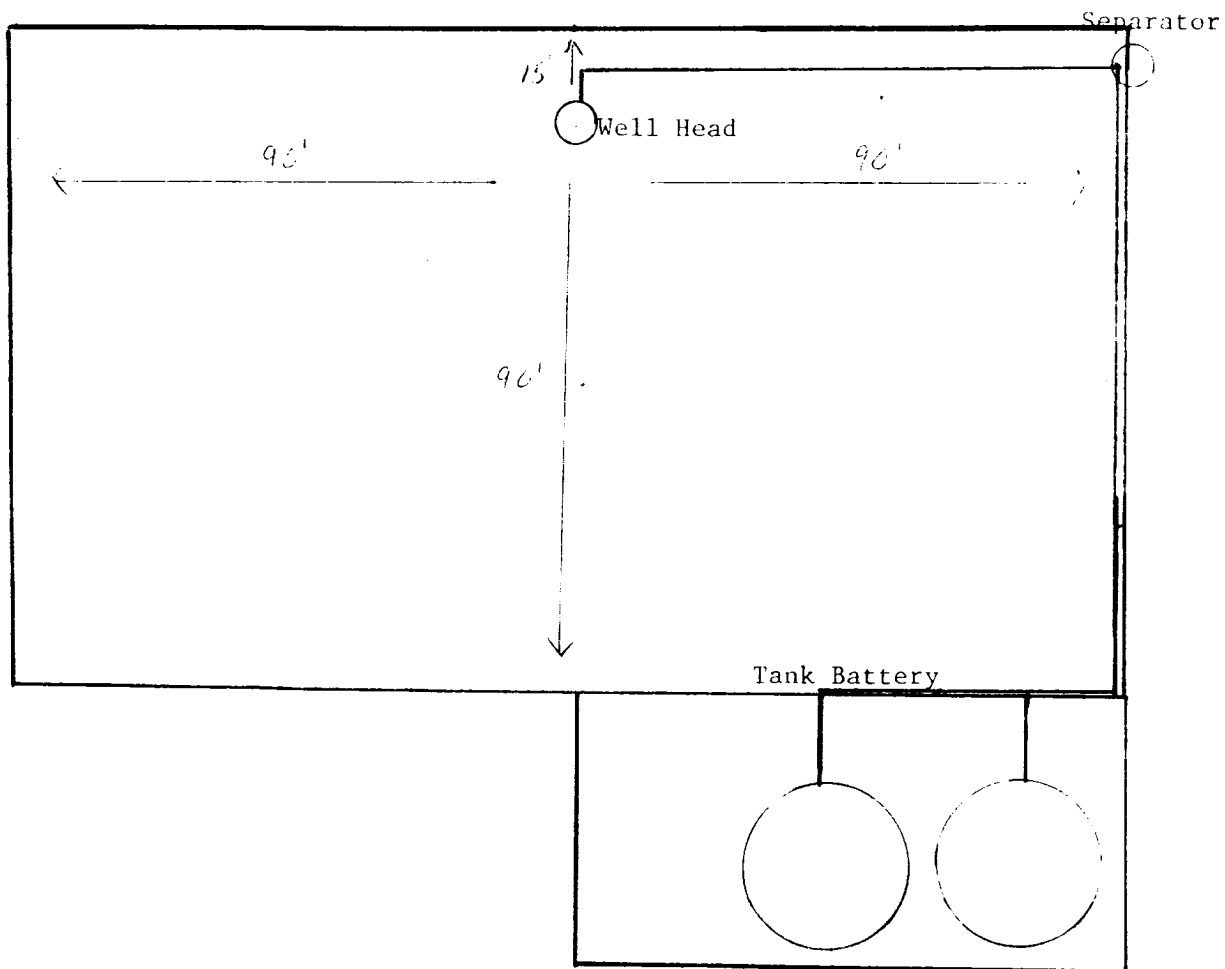


EXHIBIT "D"

Harvey E. Yates Company, Inc.

Exxon Federal #4

Sec. 6, T-8S, R-31E

Chaves County, New Mexico

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900 Series

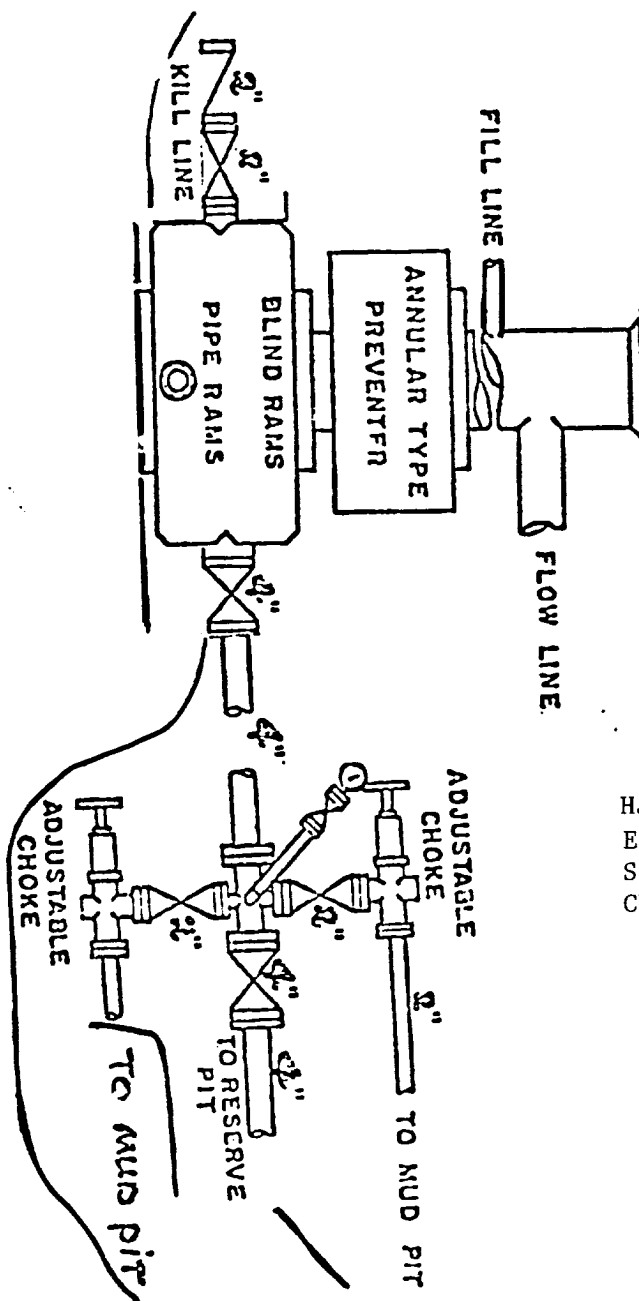


EXHIBIT "E"

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O. C. C.
ARTESIA, OFFICE

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