

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63647
Property Code 12191	Property Name Dee OQ State	Well No. 007

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	32	05S	25E	E	1980	N	990	W	Chaves

Proposed Pools

Wildcat Precambrian				
Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3791
Multiple N	Proposed Depth 5275	Formation Undesignated Precambrian	Contractor	Spud Date 03/24/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	900	400	0
Int1	11	8.625	24	1600	450	0
Prod	7.875	5.5	15.5	5275	650	1400

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Precambrian/intermediate formations. Approximately 900' of surface casing will be set/cemented. Note, the 8 5/8" intermediate casing will only be set if lost circulation is encountered. If commercial, intermediate and production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-900' FWGel/Paper/LCM; 900'-1600' Brine; 1600'- 3600' Brine; 3600' – 5275' Starch/Salt Gel/Oil/LCM. BOPE PROGRAM: A 2000 # BOPE will be installed on the 11 3/4" casing and tested daily.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	2000	2000	

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

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 03/23/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 03/26/2004 Expiration Date: 03/26/2005

Conditions of Approval:
There are conditions. See Attached.

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

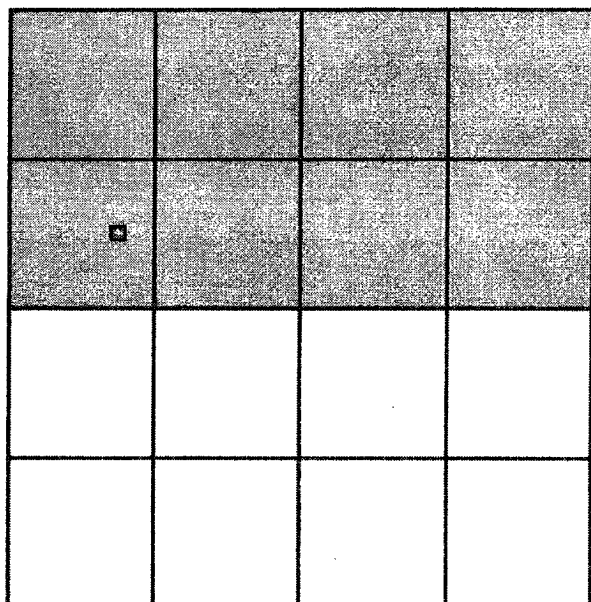
Form C-

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-63647	Pool Name Wildcat Precambrian	Pool Code
Property Code 12191	Property Name Dee OQ State	Well No. 007
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3791

Surface And Bottom Hole Location

UL or Lot E	Section 32	Township 05S	Range 25E	Lot Idn E	Feet From 1980	N/S Line N	Feet From 990	E/W Line W	County Chaves
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

**OPERATOR CERTIFICATION**

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

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 03/23/2004

SURVEYOR CERTIFICATION

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 belief.

Surveyed By: Herschel Jones

Date of Survey: 03/17/2004

Certificate Number: 3640

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Dee OQ State #007

OCD Reviewer	Condition
BARRANT	Cement to cover ALL oil, gas and water bearing zones.
BARRANT	Notify OCD time of spud and time to witness the cementing of surface and intermediate casing strings.
BARRANT	Operator to tie back cement to intermediate casing on production string.

surface

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 23, 2004

Mr. Bryan Arrant
Oil Conservation Division, District II Office
1301 W. Grand Ave.
Artesia, NM 88210

RECEIVED

MAR 24 2004

OCD-ARTESIA

Re: Dee OQ State #7
1980' FNL and 990' FWL
Section 32, T5S-R25E
Chaves County, New Mexico
H2S Contingency Plan

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will be no H2S anticipated from the surface to the Precambrian Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Robert Asher
Regulatory Agent