

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-101
Permit 1013

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-36714
Property Code 31998	Property Name OTIS STATE UNIT	Well No. 002

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	19	15S	34E	3	1980	S	660	W	Lea

Proposed Pools

Wildcat Mississippian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4141
Multiple N	Proposed Depth 14000	Formation Mississippian Age Rocks- Undivided	Contractor	Spud Date 05/26/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	400	0
Int1	12.25	9.625	40	4600	1700	0
Prod	8.75	5.5	20	14000	1100	9300

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian/intermediate formations. Approximately 400' of surface casing will be set/cemented. Intermediate casing will be set @ 4600', cement circ. to surface. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: Spud to 400' FWGel/Paper; 400'-4600' FW going to Brine; 4600' - 12200' Cut Brine w/Sweeps; 12,200' -14000' Salt Gel/Starch/4% KCL;

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

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

OIL CONSERVATION DIVISION