

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 1173

### APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63677
Property Code 33592	Property Name VALUE BCV STATE COM	Well No. 002

### Surface Location

UL or Lot B	Section 2	Township 08S	Range 26E	Lot Idn 2	Feet From 660	N/S Line N	Feet From 1980	E/W Line E	County Chaves
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### Proposed Pools

FOOR RANCH; PRE-PERMIAN, N. (G) 97094
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3831
Multiple N	Proposed Depth 5760	Formation Undesignated Precambrian	Contractor	Spud Date 07/06/2004

### Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	9.625	36	1100	950	0
Prod	8.75	5.5	15.5	5760	725	3750

### Casing/Cement Program: Additional Comments

YPC Proposes to drill and test the Precambrian/intermediate formations. Approximately 1100 feet of surface casing will be set/cemented. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-1100 FW Gel/Paper/LCM; 1100-4200 Cut Brine; 4200-5760 Starch/Salt Gel/4-6% KCL.
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### 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: 07/02/2004

Phone: 505-748-4364

### OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 07/18/2004

Expiration Date: 07/18/2005

Conditions of Approval:

There are conditions. See Attached.