

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 1728

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63689
Property Code 34347	Property Name DATIL BFD STATE COM.	Well No. 001

Surface Location

UL or Lot N	Section 2	Township 09S	Range 26E	Lot Idn N	Feet From 660	N/S Line S	Feet From 1980	E/W Line W	County Chaves
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Proposed Pools

Undes Foor Ranch; Pre Permian Gas

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3850
Multiple N	Proposed Depth 6700	Formation Undesignated Precambrian	Contractor	Spud Date 10/11/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	1100	650	0
Prod	7.875	5.5	15.5	6700	675	4100

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Precambrian and intermediate formations. Approximately 1100 feet of surface casing will be set and cemented to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production. MUD PROGRAM: 0-1100' FW Gel/Paper/LCM; 1100-4500' Brine; 4500'-6700' Starch/Salt Gel/4-6% KCL. BOPE PROGRAM: A 2000# BOPE will be installed on the 8 5/8" casing and tested daily. Sources at YPC have relayed information to me that they believe there will not be enough H2S found from

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: 10/12/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 10/25/2004

Expiration Date: 10/25/2005

Conditions of Approval:

There are conditions. See Attached.