

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 4849

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-37039
Property Code 20859	Property Name MESCALERO ARL STATE	Well No. 002

Surface Location

UL or Lot O	Section 2	Township 10S	Range 32E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1650	E/W Line E	County Lea
----------------	--------------	-----------------	--------------	--------------	------------------	---------------	-------------------	---------------	---------------

Proposed Pools

Wildcat Austin

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4244
Multiple N	Proposed Depth 10500	Formation Morrow	Contractor	Spud Date 01/10/2005

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	36	3500	1300	0
Prod	8.75	5.5	17	10500	2300	3000

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test Austin/Intermediate formations. Approximately 400 of surface casing will be set and cement circulated. Intermediate casing will be set at 3500, cement circ. to surface. If commercial, production casing will be run and cemented, perforate and stimulate as needed for production. MUD PROGRAM: 0-400FW Gel/Paper; 400-1580FW; 1580-3500 Red Bed Mud/Oil; 3500 to 7000 Cut Brine; 7000to 9920SGel/Oil/Starch; 9920-TD SW/Starch/4-6%KCL. No H2S Anticipated.

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.

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 01/07/2005

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 01/12/2005 Expiration Date: 01/12/2006

Conditions of Approval:
There are conditions. See Attached.