

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

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address <b>YATES PETROLEUM CORPORATION</b> 105 S 4TH ST ARTESIA, NM 88210		2. OGRID Number 25575
		3. API Number 30-025-37739
4. Property Code 29794	5. Property Name BIG HAT STATE UNIT	6. Well No. 008

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	10	16S	33E	I	1650	S	330	E	LEA

**8. Pool Information**

Wildcat San Andres	0
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**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4201
14. Multiple N	15. Proposed Depth 4750	16. Formation San Andres	17. Contractor	18. Spud Date
Depth to Ground water 125		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	9.625	36	1550	550	0
Prod	8.75	5.5	15.5	4750	1100	0

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill and test the Mississippian/intermediate formations. Approximately 1550' of surface casing will be set and cement circulated. Intermediate casing will be set at 4750' cement circulated to surface. If commercial, production casing will be ran and cemented, perforated, and stimulated as needed to gain production.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. <b>I further certify that the drilling pit will be constructed according to NMOCB guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>.</b>	<b>OIL CONSERVATION DIVISION</b>
Printed Name: Electronically filed by Debbie Caffall	Approved By: Paul Kautz
Title: Regulatory Agent	Title: Geologist
Email Address: debbiec@ypcnm.com	Approved Date: 3/3/2006   Expiration Date: 3/3/2007
Date: 3/3/2006   Phone: 505-748-4376	Conditions of Approval Attached

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(505) 393-6161 Fax:(505) 393-0720

**District II**  
 1301 W. Grand Ave., Artesia, NM 88210  
 Phone:(505) 748-1283 Fax:(505) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102  
 Permit 24698

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-37739	2. Pool Code	3. Pool Name Wildcat San Andres
4. Property Code 29794	5. Property Name BIG HAT STATE UNIT	6. Well No. 008
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4201

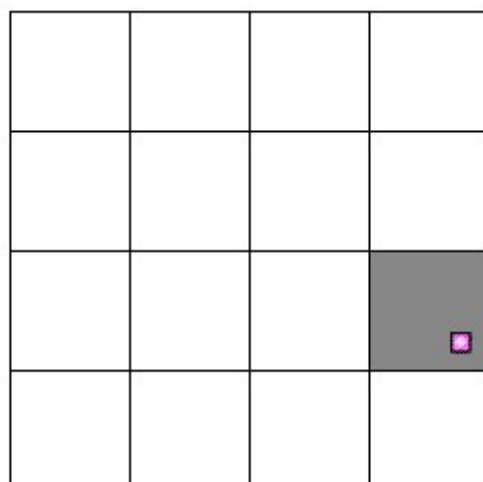
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	10	16S	33E		1650	S	330	E	LEA

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By: Debbie Caffall  
 Title: Regulatory Agent  
 Date: 3/3/2006

**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: 3/1/2006  
 Certificate Number: 3640

## Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BIG HAT STATE UNIT #008

API: 30-025-37739

Created By	Comment	Comment Date
dustyb	BOPE Program: A 2000# BOPE will be installed on the 9.625" casing and tested daily for operational.	3/3/2006
dustyb	MUD PROGRAM: 0--1550' FW; 1550'-4750' Red Bed Mud/Oil	3/3/2006
dustyb	Sources at Yates Petroleum Corporation have relayed information to me that believe there will not be enough H2S anticipated from the surface to the San Andres formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	3/3/2006

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BIG HAT STATE UNIT #008

API: 30-025-37739

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114