

**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 YATES PETROLEUM CORPORATION 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-35338
4. Property Code 36229	5. Property Name MARMOT BJF STATE COM	6. Well No. 001

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	13	17S	28E	D	660	N	660	W	EDDY

**8. Pool Information**

Aid; Morrow Gas Pool	0
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**Additional Well Information**

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3624
14. Multiple N	15. Proposed Depth 10300	16. Formation Morrow	17. Contractor	18. Spud Date
Depth to Ground water 53		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 type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	350	0
Int1	12.25	9.625	36	2100	800	0
Prod	8.75	5.5	15.5	10300	1875	1600

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill and test the Morrow/intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 2100', cement circulated to surface. If commercial, production casing will be ran and cemented, perforated, and stimulated as need to gain production.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 12/29/2006	Expiration Date: 12/29/2007
	Email Address: shirleyp@ypcnm.com	
Date: 12/28/2006	Phone: 505-748-4356	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 39997

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-35338	2. Pool Code	3. Pool Name Aid; Morrow Gas Pool
4. Property Code 36229	5. Property Name MARMOT BIF STATE COM	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3624

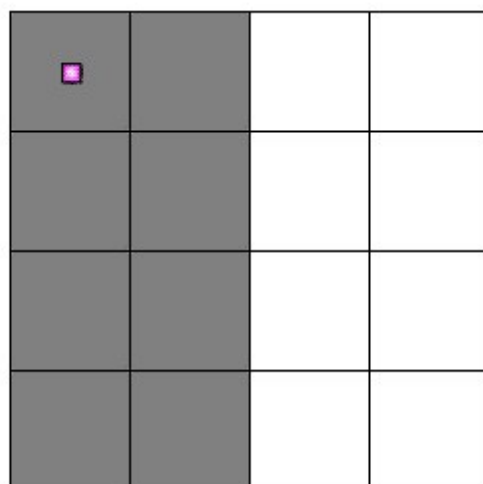
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	13	17S	28E		660	N	660	W	EDDY

**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 320.00	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: Shirley Pruitt

Title:

Date: 12/28/2006

**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: Dan Reddy

Date of Survey: 9/29/2006

Certificate Number: 5412

## Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MARMOT BJE STATE COM #001

API: 30-015-35338

Created By	Comment	Comment Date
DCAFFALL	BOPE PROGRAM: A 5000# BOPE will be installed on the 9 5/8" casing and tested daily for operational. No BOP on the 13 3/8" casing	12/28/2006
DCAFFALL	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Morrow formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	12/28/2006
DCAFFALL	MUD PROGRAM: 0-400' FW Gel; 400'-2100' FW; 2100'-9400' Cut Brine; 9400'-10300' Salt water Gel/Starch/2%KCL.	12/28/2006
BArrant	The casing setting depths need to be corrected. Also, please indicate the estimated TOC for each casing string. Thanks, Bryan	12/28/2006

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MARMOT BJE STATE COM #001

API: 30-015-35338

OCD Reviewer	Condition
BArrant	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
BArrant	As noted, operator to drill surface hole with fresh water mud.
BArrant	Salt section starts to develop in this area. Operator to set surface casing above the Salado. Refer to offset geology for more information.