

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Ave., Artesia, NM 88210

District III
1000 Rio Erazos 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 5904

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES DRILLING CO 105 South 4th Street Artesia, NM 88210		OGRID Number 25513
		API Number 30-005-27931
Property Code 34582	Property Name OUCH 27 STATE	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	27	12S	31E	L	2080	S	760	W	Chaves

Proposed Pools

Wildcat San Andres

Work Type New Well	Well Type OIL	Cable/Rotary	Lease Type State	Ground Level Elevation 4446
Multiple N	Proposed Depth 4000	Formation San Andres Formation	Contractor	Spud Date 01/31/2005

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	400	250	0
Prod	7.875	5.5	15.5	4000	1000	2900

Casing/Cement Program: Additional Comments

Yates Drilling Company proposes to drill and test the San Andres/intermediate formations. Approximately 400' of surface casing will be set/cemented. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-400' FW/Native Mud; 400-2900' Cut Brine/Brine; 2900-4000' Brine/Starch.

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: 01/28/2005

Phone: 5057484364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 01/28/2005 Expiration Date: 01/28/2006

Conditions of Approval:
There are conditions. See Attached.