

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 South Fourth St. Artesia, NM 88210		2. OGRID Number 25575
		3. API Number 30-025-37559
4. Property Code 34407	5. Property Name BOOTS STATE UNIT	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	8	11S	35E	D	660	N	990	W	LEA

8. Pool Information

SAND SPRINGS,MISSISSIPPIAN (GAS)	97125
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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 4165
14. Multiple N	15. Proposed Depth 12650	16. Formation Mississippian Age Rocks-Undivided	17. Contractor	18. Spud Date
Depth to Ground water 40		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____mils 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	17.5	13.375	48	400	400	0
Int1	12.25	9.625	40	4300	1550	0
Prod	8.75	5.5	17	12650	1150	3800

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Mississippian/intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 4300',cement circulated to surface. 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	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 NMOCB guidelines <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 11/18/2005	Expiration Date: 11/18/2006
	Conditions of Approval Attached	

Printed Name: Electronically filed by Debbie Caffall	
Title: Regulatory Agent	
Email Address: debbiec@ypcnm.com	
Date: 11/16/2005	Phone: 505-748-4376

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

State of New Mexico
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Santa Fe, NM 87505

Form C-102
Permit 18811

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37559	2. Pool Code 97125	3. Pool Name SAND SPRINGS,MISSISSIPPIAN (GAS)
4. Property Code 34407	5. Property Name BOOTS STATE UNIT	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4165

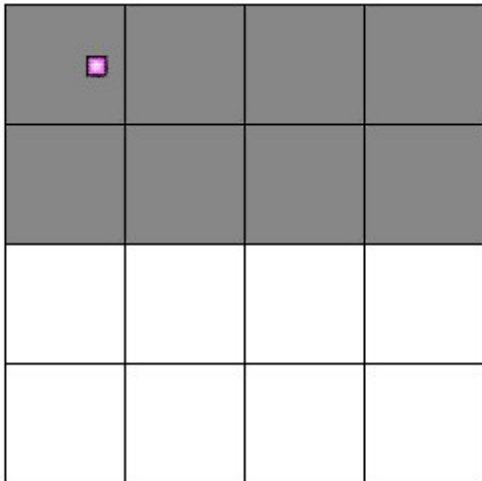
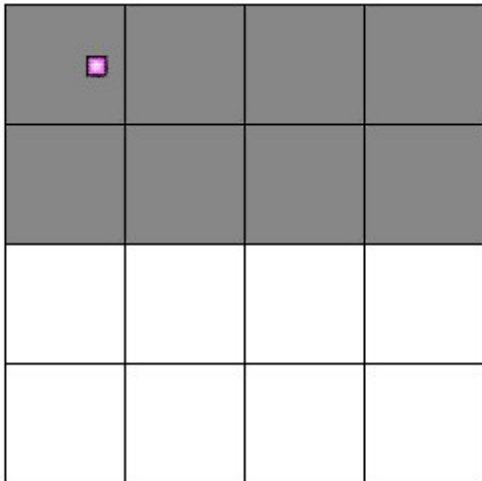
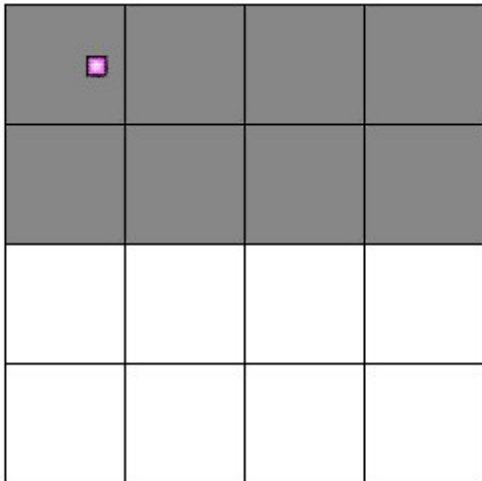
10. Surface Location

UL - Lot D	Section 8	Township 11S	Range 35E	Lot Idn	Feet From 660	N/S Line N	Feet From 990	E/W Line W	County LEA
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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

<table><tr><td></td></tr></table>		<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>E-Signed By: Debbie Caffall Title: Regulatory Agent Date: 11/16/2005</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Herschel Jones Date of Survey: 11/3/2005 Certificate Number: 3640</p>
		

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BOOTS STATE UNIT #002

API: 30-025-37559

Created By	Comment	Comment Date
clif	Mud program will be as follows: 0-400'FW/Spud Mud; 400'-2110'FW; 2110'-4300'Red Bed Mud/Oil; 4300'-7800'Cut Brine; 7800'-11690'SGel/Oil; 11690'-TDSW/Starch/4-6%KCL.	11/16/2005
clif	BOPE PROGRAM: A 5000 psi BOPE will be installed on the 9 5/8" casing and tested daily for operational.	11/16/2005
clif	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Mississippian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	11/16/2005
clif	The State Engineer's Web Site has been accessed for the captioned well. Depth to ground water is 40'; distance from nearest fresh water well is more than 1000'; distance from nearest surface water is more than 1000'. A total of 20 points.	11/16/2005
clif	The reserve pit will be constructed and closed according to NMOCD guidelines with approved general permit on file.	11/16/2005

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BOOTS STATE UNIT #002

API: 30-025-37559

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