

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 30-015-34929
4. Property Code 35746	5. Property Name MANCHESTER STATE UNIT	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	20	19S	23E	D	760	N	660	W	EDDY

8. Pool Information

WC: MISSISSIPPIAN GAS	97338
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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 4062
14. Multiple N	15. Proposed Depth 8100	16. Formation Chester	17. Contractor	18. Spud Date
Depth to Ground water 527		Distance from nearest fresh water well > 1000		Distance to nearest surface water 300
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 20000 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 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	350	400	0
Int1	12.25	9.625	36	1500	705	0
Prod	8.75	5.5	15.5	8100	2075	0

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Chester and intermediate formations. Approximately 350' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for 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"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
Printed Name: Electronically filed by dusty bean	Title: Geologist	
Title: Regulatory Tech	Approved Date: 6/12/2006	Expiration Date: 6/12/2007
Email Address: dustyb@ypcnm.com		
Date: 5/30/2006	Phone: 505-748-4364	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 30315

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34929	2. Pool Code 97338	3. Pool Name WC: MISSISSIPPIAN GAS
4. Property Code 35746	5. Property Name MANCHESTER STATE UNIT	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4062

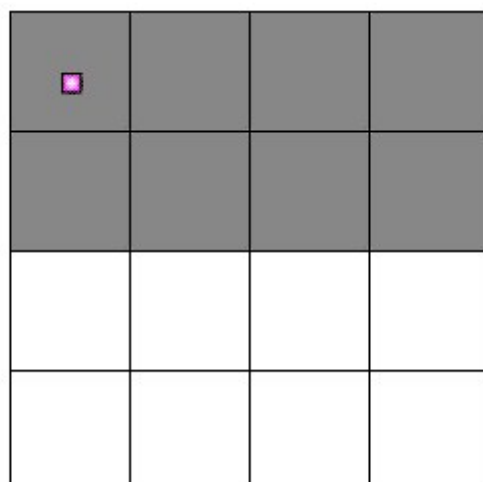
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	20	19S	23E		760	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: dusty bean
 Title: Regulatory Tech
 Date: 5/30/2006

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: 5/23/2006
 Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MANCHESTER STATE UNIT #001

API: 30-015-34929

Created By	Comment	Comment Date
dustyb	Sources at YPC have relayed information to me that there will not be enough H2S anticipated from the surface to the Chester formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	5/30/2006
dustyb	BOPE Program: A 5000# BOPE will be installed on the 9 5/8" casing and tested daily for operational.	5/30/2006
dustyb	MUD Program: 0-350' Fresh Water; 1500'-3400' Cut Brine; 3400'-7375' Cut Brine; 7375'-8100' Salt Gell Starch	5/30/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MANCHESTER STATE UNIT #001

API: 30-015-34929

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	Please notify OCD time of spud and time to witness the surface and intermediate casing.
BArrant	Operator to drill surface and intermediate holes with fresh water mud.
BArrant	Operator to submit a detailed mud program before this well is spudded in time for OCD review.