

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos 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-

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-015-33338
Property Code 33620	Property Name Mule Train 16 State	Well No. 002

Surface Location

UL or Lot C	Section 16	Township 17S	Range 28E	Lot Idn C	Feet From 660	N/S Line N	Feet From 1520	E/W Line W	County Eddy
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Proposed Pools

Wildcat Mississippian				
Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3552
Multiple N	Proposed Depth 10425	Formation Mississippian Age Rocks-Undivided	Contractor	Spud Date 03/26/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	875	0
Int1	12.25	9.625	36	2000	800	0
Prod	8.75	5.5	15.5	10425	1400	6000

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian/intermediate formations. Approximately 400' of surface casing will be set/cemented. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400' FWGel/Paper; 400'-2000' Brine; 2000' - 9400' Cut Brine; 9400' - 10425' Salt Gel/Starch/Drispak/KCL. BOPE PROGRAM: A 5000 # BOPE will be installed on the 9 5/8" casing and tested daily.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

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: 03/25/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 03/29/2004 Expiration Date: 03/29/2005

Conditions of Approval:
There are conditions. See Attached.

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Form C-

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33338	Pool Name Wildcat Mississippian	Pool Code
Property Code 33620	Property Name Mule Train 16 State	Well No. 002
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3552

Surface And Bottom Hole Location

UL or Lot C	Section 16	Township 17S	Range 28E	Lot Idn C	Feet From 660	N/S Line N	Feet From 1520	E/W Line W	County Eddy
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 03/25/2004

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: 03/08/2004

Certificate Number: 3640

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Mule Train 16 State #002

OCD Reviewer	Condition
BARRANT	Cement to cover ALL oil, gas and water bearing zones.

Yates Drilling Company

**105 S. Fourth Street
Artesia, NM 88210**

Hydrogen Sulfide (H₂S) Contingency Plan

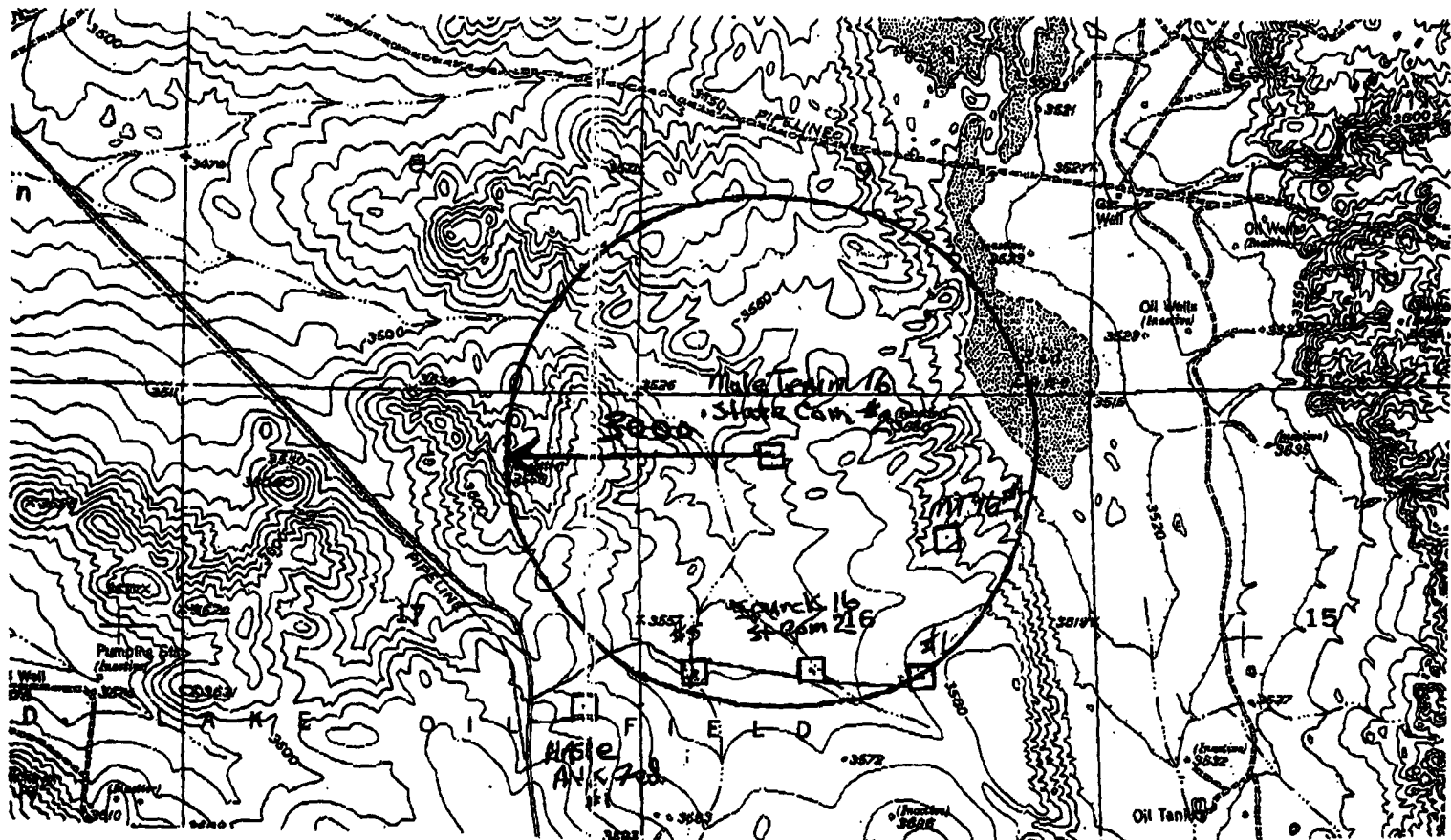
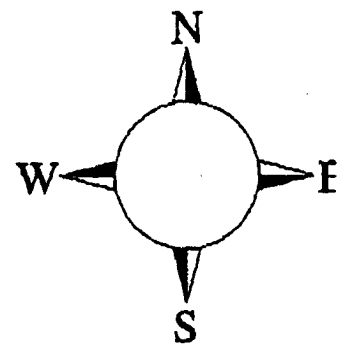
For

Mule Train 16 State #2

**660' FNL, 1520' FWL
Sec-16, T-17S, R-28E
Eddy County NM**

Mule Train 16 State #2 Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Emergency Procedures

In the case of a release of gas containing H_2S , the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the 'buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Drilling Company Phone Numbers

YDC Office(505) 748-8460
 Toby Rhodes/Operations Manager(505) 748-8461
 Greg Boans/Production Manager(505) 365-5233
 Artesia Answering Service(505) 748-4302
 (During non-office hours)

Agency Call List**Eddy County (505)****Artesia**

State Police..... 746-2703
 City Police..... 746-2703
 Sheriff's Office 746-9888
 Ambulance 911
 Fire Department 746-2701
 LEPC (Local Emergency Planning Committee) 746-2122
 NMOCDC..... 748-1283

Carlsbad

State Police..... 885-3137
 City Police..... 885-2111
 Sheriff's Office 887-7551
 Ambulance 911
 Fire Department 885-2111
 LEPC (Local Emergency Planning Committee)..... 887-3798
 US Bureau of Land Management.....887-6544

New Mexico Emergency Response Commission (Santa Fe) (505)476-9600
 24 HR(505) 827-9126
 New Mexico State Emergency Operations Center.....(505) 476-9635
 National Emergency Response Center (Washington, DC) ...(800) 424-8802

Other

Boots & Coots IWC1-800-256-9688 or (281) 931-8884
 Cudd Pressure Control.....(915) 699-0139 or (915) 563-3356
 Halliburton(505) 746-2757
 B. J. Services.....(505) 746-3569

Flight For Life -4000 24th St, Lubbock, TX(806) 743-9911
 Aerocare -Rr 3 Box 49f, Lubbock, TX(806) 747-8923
 Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM(505) 842-4433
 S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM(505) 842-4949