

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-101

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address Yates Petroleum Corporation 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-5-63561
Property Code 32276	Property Name Sterne BCS Com.	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	11	06S	26E		660	S	660	W	Chaves

Proposed Pools

PRECAMBRIAN

Work Type New Well	Well Type Gas	Cable/Rotary	Lease Type Private	Ground Level Elevation 3773
Multiple N	Proposed Depth 5795	Formation Undesignated Precambrian	Contractor	Spud Date 4/23/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	9.625	36	950	850	0
Prod	8.75	5.5	15.5	5795	850	0

Casing/Cement Program: Additional Comments

CEMENT TO COVER ALL OIL, GAS & WATERBEARING ZONES. YPC proposes to drill/test the Precambrian/intermediate formations. Approx. 950 ft. of surface casing will be set/cemented. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-950 ft. FW Gel/Paper/LCM; 950-3900 ft. Brine; 3900-5795 ft. Starch/Salt Gel.

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.		OIL CONSERVATION DIVISION	
Electronically Signed By: Robert Asher		Electronically Approved By: Bryan Arrant	
Title: Regulatory Technician		Title: Geologist	
Date: 4/22/2003		Approval Date: 4/29/2003	Expiration Date: 4/29/2004
Phone: 505-748-4364		Conditions of Approval: There are conditions. See Attached.	

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State of New Mexico
Energy, Minerals and Natural Resources

Form C-102

Oil Conservation Division

1220 S. St Francis Dr.

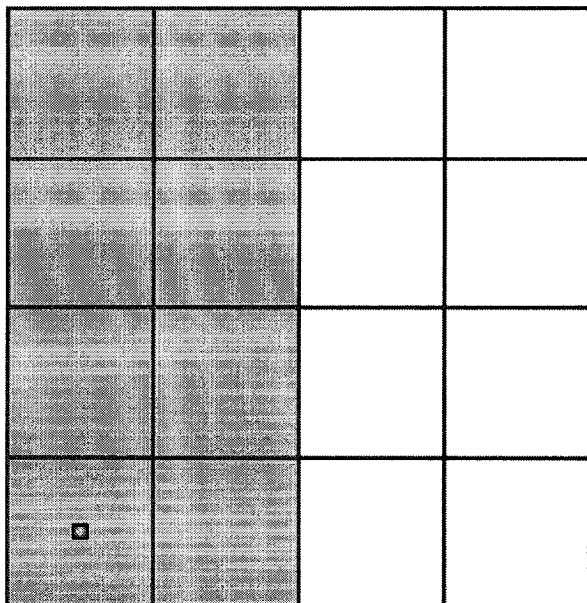
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-5-63561	Pool Name PRECAMBRIAN	Pool Code
Property Code 32276	Property Name Sterne BCS Com.	Well No. 001
OGRID No. 25575	Operator Name Yates Petroleum Corporation	Elevation 3773

Surface And Bottom Hole Location

UL or Lot M	Section 11	Township 06S	Range 26E	Lot Idn	Feet From 660	N/S Line S	Feet From 660	E/W Line W	County Chaves
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: Robert Asher

Title: Regulatory Technician

Date: 4/22/2003

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.

Electronically Signed By: Herschel L. Jones

Date of Survey: 4/2/2003

Certificate Number: 3640

APD Conditions Of Approval

Operator: 25575 Yates Petroleum Corporation

Well: Sterne BCS Com. 001

OCD Reviewer	Condition
BARRANT	NOTIFY OCD SPUD AND TIME TO WITNESS CEMENTING OF SURFACE CASING.