

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 30-5-63609 |
| Property Code 32481 | Property Name Aikman BDK State Com. | Well No. 002 |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 36 | 06S | 26E | | 660 | N | 1650 | E | Chaves |

Proposed Pools

| |
|---------------------------------|
| UNDESIGNATED PRECAMBRIAN |
|---------------------------------|

| | | | | |
|------------------------------|-------------------------------|--|----------------------------|---------------------------------------|
| Work Type New Well | Well Type Gas | Cable/Rotary | Lease Type State | Ground Level Elevation 3869 |
| Multiple N | Proposed Depth 6400 | Formation Undesignated Precambrian | Contractor | Spud Date 9/17/2003 |

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 | 1100 | 650 | 0 |
| Prod | 7.875 | 5.5 | 15.5 | 6400 | 675 | 3800 |

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Precambrian/intermediate formations. Approximately 1100' of surface casing will be set/cement. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. No H2S anticipated. MUD PROGRAM: 0-1100' FWGel/Paper/LCM; 1100-4250' Brine; 4250-6400' Starch/Salt Gel. BOPE PROGRAM: A 2000# BOPE will be installed on the 8 5/8" casing and tested daily.

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: 9/16/2003

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 9/17/2003

Expiration Date: 9/17/2004

Conditions of Approval:

There are conditions. See Attached.

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State of New Mexico
Energy, Minerals and Natural Resources

Form C-102

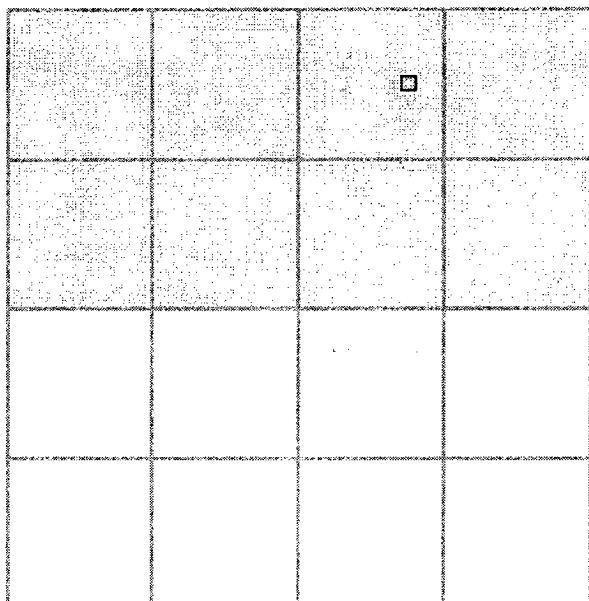
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------|--|-------------------|
| API Number 30-5-63609 | Pool Name UNDESIGNATED PRECAMBRIAN | Pool Code |
| Property Code 32481 | Property Name Aikman BDK State Com. | Well No. 002 |
| OGRID No. 25575 | Operator Name Yates Petroleum Corporation | Elevation 3869 |

Surface And Bottom Hole Location

| | | | | | | | | | |
|------------------------|---------------|-----------------|--------------|--------------------|------------------|---------------|-------------------|---------------|------------------|
| UL or Lot B | Section 36 | Township 06S | Range 26E | Lot Idn 4 | Feet From 660 | N/S Line N | Feet From 1650 | E/W Line E | 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: Debbie Caffall

Title: Regulatory Technician

Date: 9/16/2003

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 JONES

Date of Survey: 9/8/2003

Certificate Number: 3640

APD Conditions Of Approval

Operator: 25575 Yates Petroleum Corporation

Well: Aikman BDK State Com. 002

| OCD Reviewer | Condition |
|--------------|--|
| BARRANT | Cement to cover all oil and water bearing formations. |
| BARRANT | Operator to report to OCD any shows, i.e. oil on pits, water flows, rise in chlorides, etc. prior to running surface casing. Notify OCD spud and time to witness surface casing. |