

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 30-5-63554
Property Code 30479	Property Name Salem	Well No. 003

Surface Location

UL or Lot L	Section 3	Township 08S	Range 26E	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Chaves
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Proposed Pools

UNDES. FOOR RANCH; PRE-PERMIAN, N.

Work Type New Well	Well Type Gas	Cable/Rotary	Lease Type Private	Ground Level Elevation 3765
Multiple N	Proposed Depth 5555	Formation Strawn	Contractor	Spud Date 3/26/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	950	500	0
Prod	8.75	5.5	15.5	5555	700	0

Casing/Cement Program: Additional Comments

CEMENT TO COVER ALL OIL, GAS AND WATERBEARING ZONES. YPC proposes to drill/test the Strawn/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; 950-4050 ft. Brine; 4050-5555 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.

Electronically Signed By: Robert Asher

Title: Regulatory Technician

Date: 3/25/2003

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 3/25/2003

Expiration Date: 3/25/2004

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.

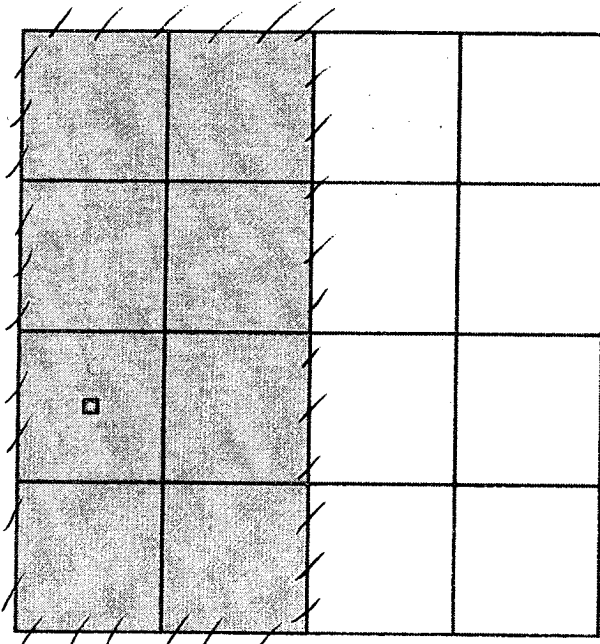
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-5-63554	Pool Name UNDES. FOOR RANCH; PRE-PERMIAN, N.	Pool Code
Property Code 30479	Property Name Salem	Well No. 003
OGRID No. 25575	Operator Name Yates Petroleum Corporation	Elevation 3765

Surface And Bottom Hole Location

UL or Lot L	Section 3	Township 08S	Range 26E	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County Chaves
Dedicated Acres 320.01		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: 3/25/2003

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: 3/24/2003

Certificate Number: 3640

APD Conditions Of Approval

Operator: 25575 Yates Petroleum Corporation

Well: Salem 003

OCD Reviewer	Condition
BARRANT	Operator to notify the OCD spud and time to witness the water protection string.