

file

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 30-15-32675 |
| Property Code 32048 | Property Name Refuge BCR State | Well No. 001 |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| O | 36 | 16S | 26E | | 660 | S | 1330 | E | Eddy |

Proposed Pools

| |
|--------------------------------------|
| UNDESIGNATED RIVERSIDE MORROW |
|--------------------------------------|

| | | | | |
|------------------------------|-------------------------------|----------------------------|----------------------------|---------------------------------------|
| Work Type New Well | Well Type Gas | Cable/Rotary RT | Lease Type State | Ground Level Elevation 3310 |
| Multiple N | Proposed Depth 8800 | Formation Morrow | Contractor | Spud Date 3/8/2003 |

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 | 400 | 0 |
| Int1 | 12.25 | 9.625 | 36 | 1100 | 700 | 0 |
| Prod | 7.875 | 5.5 | 17 | 8800 | 1850 | 0 |

Casing/Cement Program: Additional Comments

| |
|---|
| YPC proposes to drill/test the Morrow/intermediate formations. Approx. 400 of surface casing will be set/cemented to shut off gravel/cavings. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-1100 FW; 1100-7800 Cut Brine; 7800-8800 Salt Gel/Starch. |
|---|

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 3000 | |

| | | | |
|--|--|--|----------------------------|
| 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: 3/7/2003 | | Approval Date: 3/10/2003 | Expiration Date: 3/10/2004 |
| Phone: 505-748-4364 | | Conditions of Approval: There are conditions. See Attached. | |

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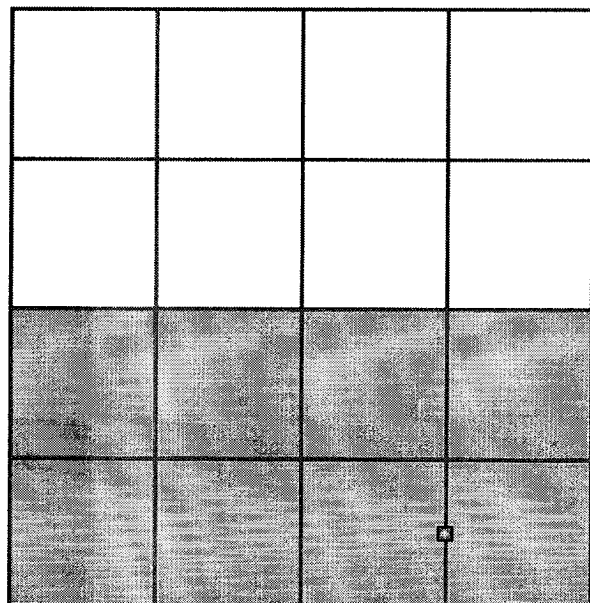
Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------|--|-------------------|
| API Number 30-15-32675 | Pool Name UNDESIGNATED RIVERSIDE MORROW | Pool Code |
| Property Code 32048 | Property Name Refuge BCR State | Well No. 001 |
| OGRID No. 25575 | Operator Name Yates Petroleum Corporation | Elevation 3310 |

Surface And Bottom Hole Location

| | | | | | | | | | |
|------------------------|-----------------|--------------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------|
| UL or Lot O | Section 36 | Township 16S | Range 26E | Lot Idn | Feet From 660 | N/S Line S | Feet From 1330 | E/W Line E | 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: Robert Asher

Title: Regulatory Technician

Date: 3/7/2003

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: Hershel L. Jones

Date of Survey: 3/4/2003

Certificate Number: 3640

APD Conditions Of Approval

Operator: 25575 Yates Petroleum Corporation

Well: Refuge BCR State 001

| OCD Reviewer | Condition |
|--------------|--|
| BARRANT | Operator to notify OCD spud and time to witness cementing of water protection strings. |