

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
Permit 1250

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-36785
Property Code 32329	Property Name DEMPSTER STATE UNIT	Well No. 002

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	31	11S	36E	N	1980	S	1150	W	Lea

Proposed Pools

DEMPSTER MILL;MISSISSIPPIAN (GAS) 97291

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4067
Multiple N	Proposed Depth 13270	Formation Mississippi Limestone	Contractor	Spud Date

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	40	4400	1600	0
Prod	8.75	5.5	17	13270	2900	3900

Casing/Cement Program: Additional Comments

YPC proposes to drill/test the Mississippian/intermediate formations. Approx. 400 of surface casing will be set/cemented. Intermediate casing will be set @ 4400, cement circ. to surface. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400 FW Gel/Spud Mud; 400-2210 FW; 2210-4400 Red Bed Mud/Oil; 4400-7850 Cut Brine; 7850-11840 S Gel/Starch/Oil; 11840-TD S Gel/Starch/4-6% KCL.

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: 07/26/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 07/29/2004 Expiration Date: 07/29/2005

Conditions of Approval:
There are conditions. See Attached.