

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 1275

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-36790
Property Code 33602	Property Name LACY J STATE UNIT	Well No. 002

Surface Location

UL or Lot P	Section 6	Township 12S	Range 34E	Lot Idn P	Feet From 1295	N/S Line S	Feet From 690	E/W Line E	County Lea
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Proposed Pools

Wildcat Mississippian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4201
Multiple N	Proposed Depth 12450	Formation Mississippian Age Rocks- Undivided	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	450	0
Int1	12.25	9.625	40	4200	1500	0
Prod	8.75	5.5	17	12450	2650	3700

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian/intermediate formations. Approximately 400 of surface casing will be set/cemented. Intermediate casing will be set @ 4200, cement cir. to surface. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400 FW/Spud Mud; 400-1930 FW; 1930-4200 Red Bed Mud/Oil; 4200-7650 Cut Brine; 7650-11570 S Gel/Oil/Starch; 11570-TD S Gel/Stach/4 % KCL. BOPE PROGRAM: A 5000# BOPE will be installed on the 9 5/8 casing and tested daily.

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: 07/28/2004 Phone: 505-748-4364

OIL CONSERVATION DIVISION	
Electronically Approved By: Paul Kautz	
Title: Geologist	
Approval Date: 08/02/2004	Expiration Date: 08/02/2005
Conditions of Approval: There are conditions. See Attached.	