

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 1532

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-015-33632
Property Code 29657	Property Name BLEU PEARL BAF STATE COM.	Well No. 002

Surface Location

UL or Lot K	Section 34	Township 16S	Range 27E	Lot Idn K	Feet From 1980	N/S Line S	Feet From 1650	E/W Line W	County Eddy
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Proposed Pools

Wildcat Chester

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3387
Multiple N	Proposed Depth 9200	Formation Chester	Contractor	Spud Date 09/21/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	9.625	36	1100	1000	0
Prod	8.75	5.5	15.5	9200	2375	900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Chester/intermediate formations. Approximately 1400' of surface casing will be set/cement circulated to shut off gravel and cavings. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-1400' FW/Gel; 1400'-8200' Cut Brine; 8200'- TD Salt Gel/Starch/4%-6%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: 09/20/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 09/22/2004

Expiration Date: 09/22/2005

Conditions of Approval:

There are conditions. See Attached.