

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 1854

### APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-36916
Property Code 34353	Property Name AZURE STATE UNIT	Well No. 001

### Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	18	12S	35E	C	1050	N	1480	W	Lea

### Proposed Pools

FOUR LAKES;MISSISSIPPIAN (GAS) 97053
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4122
Multiple N	Proposed Depth 12775	Formation Mississippian Age Rocks- Undivided	Contractor	Spud Date 10/18/2004

### Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	400	400	0
Int1	11	8.625	32	4300	1500	0
Prod	7.875	5.5	20	12775	1650	3800

### Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian and intermediate formations. Approximately 400' of surface casing will be set/cemented. Intermediate casing will be set @ 4300', cement circulated to the surface. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production.MUD PROGRAM: 0-400' - FW/Spud Mud; 400' - 2100'- Fresh Water; 2100'-4300'Red Bed Mud/Oil; 4300'- 7700'- Cut Brine; 7700'- 9750' Salt Gel/Oil; 9750' to 11610' Sgel/Starch; - 11610' to TD SW/Starch/4-6% KCL. BOPE PROGRAM: A 5000# BOPE will be installed on the 8

### 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: 10/15/2004

Phone: 505-748-4364

### OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 10/18/2004

Expiration Date: 10/18/2005

Conditions of Approval:  
No Conditions