

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 3114

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-36983
Property Code 25120	Property Name EAST SAND SPRINGS UNIT	Well No. 007

Surface Location

UL or Lot I	Section 5	Township 11S	Range 35E	Lot Idn I	Feet From 660	N/S Line S	Feet From 930	E/W Line E	County Lea
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Proposed Pools

SAND SPRINGS;MISSISSIPPIAN (GAS) 97125
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4142
Multiple N	Proposed Depth 12800	Formation Mississippian Age Rocks- Undivided	Contractor	Spud Date 12/02/2004

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	4250	1400	0
Prod	8.75	5.5	17	12800	2200	3750

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian and intermediate formations. Approximately 400' of surface casing will be cement circulated. Intermediate casing will be set @ 4250', 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' - 2200' Fresh Water; 2200' - 4250' - Red Bed Mud/Oil; 4250' - 7800' Cut Brine; 7800' - 11700' Salt Gel/Oil; 11700' - 12150' SW/Gel/Starch/4-6% KCL; 12150' - TD SW/Starch/4%-6%KCL. No H2S Anticipated.

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: 12/01/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 12/02/2004 Expiration Date: 12/02/2005

Conditions of Approval:
There are conditions. See Attached.