<u>District I</u> 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

Form C-101

Permit 2525

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL

ATES DRILLING CO	0 GRID Number 25513 API Number 30-015-33753	
05 South 4th Street Artesia, NM 88210		
Property Code	Property Name	Well No.
34379	SPURCK 16 STATE	005

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	16	17S	28E	E	1980	N	660	W	Eddy

Proposed Pools

Un. Red Lake Shores Glorietta Yeso

Work Type	Well Type	Cable/Rotary	Lease Type	Ground Level Elevation
New Well	OIL		State	3550
Multiple	Proposed Depth	Formation	Contractor	Spud Date
N	4000	Yeso Formation		11/12/2004

Proposed Casing and Cement Program

Туре	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	400	300	0
Int1	11	8.625	24	2000	725	0
Prod	7.875	5.5	15.5	4000	550	1500

Casing/Cement Program: Additional Comments

YDC proposes to drill/test the Yeso and intermediate formations. Approx. 400 ft. of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production.MUD PROGRAM: 0-400FW Gel/Paper; 400-2000Brine; 2000-TD Cut Brine.

Proposed Blowout Prevention Program

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	Туре	Working Pressure	Test Pressure	Manufacturer			
F	Double Ram	2000	2000				

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: 11/11/2004

Phone: 5057484364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 12/04/2004 Expiration Date: 12/04/2005

Conditions of Approval:

No Conditions