

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 3290

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63715
Property Code 32696	Property Name DICE STATE UNIT	Well No. 002

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	15	10S	26E	M	660	S	660	W	Chaves

Proposed Pools

Wildcat Precambrian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3781
Multiple N	Proposed Depth 6285	Formation Undesignated Precambrian	Contractor	Spud Date 12/13/2004

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	600	450	0
Int1	11	8.625	24	1600	600	0
Prod	7.875	5.5	15.5	6285	600	3900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Precambrian and intermediate formations. Approximately 600' of surface casing will be set/cemented to shut off gravel and cavings. The 8.625" intermediate casing will only be set if lost circulation is encountered. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production. MUD PROGRAM: 0-600' FW Gel/Paper/LCM; 600'-1600' Fresh Water; 1600'-4300; Brine; 4300'- 6285' Starch/Salt Gel/4-6% KCL.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
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: 12/08/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 12/10/2004 Expiration Date: 12/10/2005

Conditions of Approval:
There are conditions. See Attached.