

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 4060

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63717
Property Code 34485	Property Name FAXON BFS STATE COM.	Well No. 001

Surface Location

UL or Lot C	Section 2	Township 09S	Range 26E	Lot Idn 3	Feet From 660	N/S Line N	Feet From 1980	E/W Line W	County Chaves
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Proposed Pools

FOOR RANCH;PRE PERMIAN (GAS) 76730

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3883
Multiple N	Proposed Depth 6755	Formation Undesignated Precambrian	Contractor	Spud Date 12/20/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	1100	750	0
Prod	7.875	5.5	15.5	6755	980	600

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Precambrian and intermediate formations. Approximately 1100' of surface casing will be set/cemented to shut off gravel and cavings. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production. MUD PROGRAM: 0-1100' FW Gel/Paper/LCM; 1100'-4600' Cut Brine/Brine; 4600'-6755' 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: 12/17/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date:

Expiration Date: