

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 7781

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-37115
Property Code 33602	Property Name LACY J STATE UNIT	Well No. 003

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	5	12S	34E	3	660	N	1980	W	Lea

Proposed Pools

Wildcat Mississippian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4194
Multiple N	Proposed Depth 12670	Formation Mississippian Age Rocks- Undivided	Contractor	Spud Date 03/07/2005

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	450	0
Int1	12.25	9.625	36	4150	1500	0
Prod	8.75	5.5	17	12670	2800	3650

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian/intermediate formations. Approximately 400 of surface casing will be set/cemented. If commercial, intermediate/production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400 FW/Spud Mud; 400-1945 FW; 1945-4150 Red Bed Mud/Oil; 4150-7650 Cut Brine; 7650-11646 S Gel/Oil; 11646-12117 SW/Stach/4-6% KCL; 12117-12670 SW/Stach/4-6% KCL.

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: 03/04/2005

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 03/07/2005 Expiration Date: 03/07/2006

Conditions of Approval:
There are conditions. See Attached.