

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 11633

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-015-34144
Property Code 12533	Property Name MARATHON AGI STATE	Well No. 002

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	33	17S	24E	D	660	N	660	W	Eddy

Bottom Holes

Pool: COLLINS RANCH;WOLFCAMP (GAS) 75010									
UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	33	17S	24E	O	660	S	1980	W	Eddy

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3818
Multiple N	Proposed Depth 8933	Formation Wolfcamp	Contractor	Spud Date 06/01/2005

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	350	450	0
Int1	12.25	9.625	36	1100	525	0
Int3	8.75	7	23	5040	850	600
Int2	8.75	7	0	5200	0	0
Liner1	6.25	4.5	11.6	8933	650	4050

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Wolfcamp/intermediate formations. Approximately 350' of surface casing will be set and cement circulated to shut off cavings. If commercial, intermediate and production casing will be run and cemented, will perforate and stimulate as needed for production. MUD PROGRAM: 0-350' FW Gel/Spud Mud; 350-1100' FW Gel/Air Mist; 1100-8933' Cut Brine

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

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: 05/31/2005

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 06/03/2005

Expiration Date: 06/03/2006

Conditions of Approval:

There are conditions. See Attached.