

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 12496

### APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63757
Property Code 34907	Property Name QUANAH BHQ STATE COM.	Well No. 001

### Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	36	10S	25E	C	660	N	1500	W	Chaves

### Proposed Pools

Wildcat Precambrian
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3689
Multiple N	Proposed Depth 5560	Formation Undesignated Precambrian	Contractor	Spud Date 06/28/2005

### 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	5560	500	3550

### Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Precambrian/intermediate formations. Approximately 600' 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: 0-600' FW Gel/Paper/LCM; 600-1600' Fresh Water; 1600-4000' Brine; 4000-5560' 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: 06/27/2005

Phone: 505-748-4364

### OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

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

Conditions of Approval:  
There are conditions. See Attached.