

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 11450

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-37259
Property Code 34626	Property Name CHESNEY STATE UNIT	Well No. 002

Surface Location

UL or Lot O	Section 2	Township 11S	Range 35E	Lot Idn O	Feet From 750	N/S Line S	Feet From 1650	E/W Line E	County Lea
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Proposed Pools

Wildcat Mississippian
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4058
Multiple N	Proposed Depth 12600	Formation Mississippian Age Rocks- Undivided	Contractor	Spud Date 05/24/2005

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	400	0
Int1	12.25	9.625	40	4150	1400	0
Prod	8.75	5.5	17	12600	1650	3650

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian and intermediate formations. Approximately 400' of surface casing will be set/cement circulated. Intermediate casing will be set @ 4150', cement circulated to the surface. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production. MUD PROGRAM: 0-400' - FW Gel/Spud Mud; 400' - 2100' - FW; 2100'-4150' Red Bed Mud/Oil; 4150' - 7600' - Cut Brine; 7600' - 11518' Salt Gel/Oil; 11518' - TD SW/Starch/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: 05/23/2005

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 08/09/2005

Expiration Date: 08/09/2006

Conditions of Approval:

There are conditions. See Attached.