

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 14062

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63771
Property Code 34756	Property Name ERMA COM.	Well No. 003

Surface Location

UL or Lot C	Section 1	Township 10S	Range 24E	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

Wildcat Precambrian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 3554
Multiple N	Proposed Depth 4774	Formation Undesignated Precambrian	Contractor	Spud Date 09/14/2005

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	900	600	0
Int1	12.25	8.625	24	1600	350	0
Prod	7.875	5.5	15.5	4774	500	2900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Precambrian/intermediate formations. Approximately 900' of surface casing will be set and cement circulated to shut off cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production. NOTE: INTERMEDIATE CASING WILL ONLY BE SET IF LOST CIRCULATION IS ENCOUNTERED OUT FROM UNDER THE SURFACE CASING. MUD PROGRAM: 0-900' FW Gel/Paper/LCM; 900-1600 Fresh Water; 1600-3350' Brine; 3350-4774' Starch/Salt Gel/4-6% KCL.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	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: 09/12/2005

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 09/21/2005 Expiration Date: 09/21/2006

Conditions of Approval:
There are conditions. See Attached.