

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		2. OGRID Number 25575
		3. API Number 30-025-37562
4. Property Code 35240	5. Property Name YARROW BHY STATE	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	32	23S	33E	H	2310	N	330	E	LEA

8. Pool Information

TRIPLE X,BONE SPRING	59900
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3670
14. Multiple N	15. Proposed Depth 9140	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water 175		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 24000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	700	700	0
Int1	11	8.625	32	5150	1250	0
Prod	7.875	5.5	17	9140	1700	0

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Bone Spring and intermediate formations/ Approximately 700' of surface casing will be set and cement circulated to surface. Intermediate casing will be set at 5150' and cement circulated. Production casing will be ran and cemented, perforated, and stimulated as needed to gain production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCB guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Debbie Caffall	Approved By: Paul Kautz	
Title: Regulatory Agent	Title: Geologist	
Email Address: debbiec@ypcnm.com	Approved Date: 11/21/2005	Expiration Date: 11/21/2006
Date: 11/21/2005	Phone: 505-748-4376	Conditions of Approval Attached

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720
District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
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Santa Fe, NM 87505

Form C-102
Permit 18948

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37562	2. Pool Code S9900	3. Pool Name TRIPLE X BONE SPRING
4. Property Code 35240	5. Property Name YARROW BHY STATE	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3670

10. Surface Location

UL - Lot H	Section 32	Township 23S	Range 33E	Lot Idn	Feet From 2310	N/S Line N	Feet From 330	E/W Line E	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: YARROW BHY STATE #002

API: 30-025-37562

Created By	Comment	Comment Date
clif	Mud program will be as follows: 0-700' FW/Spud Mud; 700'-1270' FW; 1270'-5150' Brine; 5150'-9000' FW/Cut Brine; 9000'-TD Cut Brine.	11/21/2005
clif	Sources at YPC have relayed to me that they believe there will not be enough H2S found from the surface to the Bone Spring formation to meet OCD minimum requirements for the submission of a contingency plan per Rule 110.	11/21/2005
clif	BOPE program will be a 3000 psi BOPE and will be installed on the 8 5/8" casing and tested daily for operational.	11/21/2005
clif	Sources accessed suggests that the grownd water is found at 175'; distance to nearest fresh water well is more than a 1000'; the distance from the nearest surface water is more than 1000'. A total of 0 points ranking.	11/21/2005

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: YARROW BHY STATE #002

API: 30-025-37562

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114