

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 30-015-34456
4. Property Code 35281	5. Property Name LUPINE BHJ STATE COM	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	16	25S	26E	L	1980	S	660	W	EDDY

8. Pool Information

CHOSA DRAW,MORROW (GAS)	74900
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3409
14. Multiple N	15. Proposed Depth 12100	16. Formation Morrow	17. Contractor	18. Spud Date
Depth to Ground water 118		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: 2000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" 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	350	350	0
Int1	12.25	9.625	36	1900	650	0
Int2	8.75	7	23	8700	1200	1400
Prod	6.125	4.5	11.6	12100	500	8200

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formations. Approximately 350' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	

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 NMOCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 12/7/2005	Expiration Date: 12/7/2006
Printed Name: Electronically filed by Debbie Caffall		
Title: Regulatory Agent		
Email Address: debbiec@ypcnm.com		
Date: 12/7/2005	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
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 19486

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34456	2. Pool Code 74900	3. Pool Name CHOSA DRAW\MORROW (GAS)
4. Property Code 35281	5. Property Name LUPINE BHJ STATE COM	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3409

10. Surface Location

UL - Lot L	Section 16	Township 25S	Range 26E	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County EDDY
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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 320.00	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

	OPERATOR CERTIFICATION		
	<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> E-Signed By: Debbie Caffall Title: Regulatory Agent Date: 12/7/2005		
	SURVEYOR CERTIFICATION		
	<i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Surveyed By: Herschell Jones Date of Survey: 11/28/2005 Certificate Number: 3640		

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LUPINE BHJ STATE COM #001

API: 30-015-34456

Created By	Comment	Comment Date
dustyb	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Morrow formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	12/6/2005
dustyb	Mud Program: 0-350' FW Spud Mud; 350'-1900' Brine; 1900'-8700' Fresh Water; 8700'-10900' Brine; 10900'-TD Salt Gel/Starch/6% KCL.	12/6/2005
dustyb	BOPE Program: A 5000# BOPE will be installed n the 9 5/8" casing and tested daily.	12/6/2005
BArrant	Please correct statement in the in "Proposed Casing and Cement Program", the correct surface casing setting depth to be 350'. Re-submit for approval. Thanks BGA	12/7/2005

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LUPINE BHJ STATE COM #001

API: 30-015-34456

OCD Reviewer	Condition
BArrant	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
BArrant	Operator to follow the "Practices for Oil and Gas Drilling and Operations in Cave and Karst Areas". This is set out for conditions of approval by the BLM.
BArrant	Opearator to set surface casing above the Salado formation. Please refer to offset geology/e-logs,etc. for more information.