

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 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-35089
4. Property Code 27485	5. Property Name LUCY ALC STATE	6. Well No. 008

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	34	21S	31E	P	990	S	990	E	EDDY

8. Pool Information

LOST TANK,DELAWARE	40299
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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 3500
14. Multiple N	15. Proposed Depth 8250	16. Formation Delaware	17. Contractor	18. Spud Date 8/8/2006
Depth to Ground water 400		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: 20000 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	850	670	0
Int1	11	8.625	32	4200	1170	0
Prod	7.875	5.5	15.5	8250	950	0

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated to shut off gravel and cavings. Intermediate casing will be set at 4200' and cemented to surface. 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	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 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	
Printed Name: Electronically filed by Shirley Pruitt	Title: Geologist	
Title:	Approved Date: 8/17/2006	Expiration Date: 8/17/2007
Email Address: shirleyp@ypcnm.com		
Date: 8/10/2006	Phone: 505-748-4356	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 35942

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35089	2. Pool Code 40299	3. Pool Name LOST TANK;DELAWARE
4. Property Code 27485	5. Property Name LUCY ALC STATE	6. Well No. 008
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3500




10. Surface Location

UL - Lot P	Section 34	Township 21S	Range 31E	Lot Idn P	Feet From 990	N/S Line S	Feet From 990	E/W Line E	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 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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<p align="center">SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: Herschel Jones Date of Survey: 8/4/2006 Certificate Number: 3640</p>																	

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LUCY ALC STATE #008

API: 30-015-35089

Created By	Comment	Comment Date
DCAFFALL	Mud program: 0-850' Fresh Water/Gel; 850'-4200' Brine; 4200'-8250' Fresh Water	8/10/2006
DCAFFALL	BOPE Program: A 3000# BOPE will be installed on the 8.625 casing and tested daily.	8/10/2006
DCAFFALL	Potash Waiver will be submitted manually.	8/10/2006
DCAFFALL	H2S Contingency Plan will be submitted manually.	8/10/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LUCY ALC STATE #008

API: 30-015-35089

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	Well location lies in R-111-P. Operator to follow all rules and regulations.
BArrant	Please notify OCD time of spud and time to witness the cementing to surface of all casing strings.