

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 30-015-35208
4. Property Code 36087	5. Property Name BEHIKE BKE 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
P	27	24S	27E	P	660	S	660	E	EDDY

8. Pool Information

Wildcat Morrow	0
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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 3195
14. Multiple N	15. Proposed Depth 13000	16. Formation Morrow	17. Contractor	18. Spud Date
Depth to Ground water 70		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 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	700	720	0
Int1	12.25	9.625	36	2500	980	0
Int2	8.75	7	23	9250	1150	2000
Prod	6.125	4.5	11.6	13000	500	8750

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Morrow/intermediate formations. Approximately 700' of surface casing will be set and cement circulated. Intermediate casing will be set at 2500', cement circulated to surface. A 2nd intermediate string of casing will be set at 9250' with TOC about 2000'. If commercial, production casing will be ran, cemented, perforated and stimulated as need to gain production. ***7" second intermediate casing will only be run if hole conditions dictate.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	
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"/> . Printed Name: Electronically filed by Shirley Pruitt Title: Email Address: shirleyp@ypcnm.com Date: 10/24/2006 Phone: 505-748-4356	OIL CONSERVATION DIVISION Approved By: Bryan Arrant Title: Geologist Approved Date: 10/25/2006 Expiration Date: 10/25/2007 Conditions of Approval Attached
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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

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Santa Fe, NM 87505

Form C-102
 Permit 40237

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35208	2. Pool Code	3. Pool Name Wildcat Morrow
4. Property Code 36087	5. Property Name BEHIKE BKE STATE COM	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3195

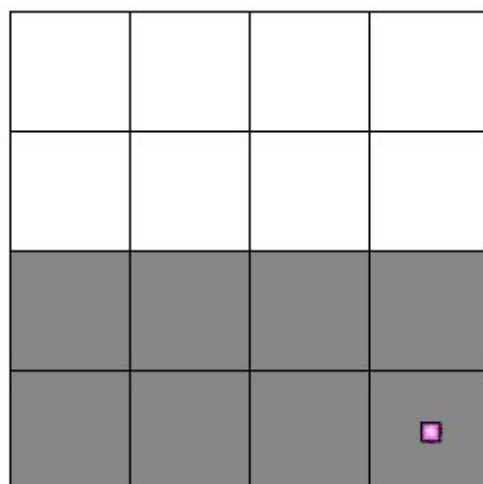
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	27	24S	27E		660	S	660	E	EDDY

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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Shirley Pruitt

Title:

Date: 10/24/2006

SURVEYOR CERTIFICATION

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.

Surveyed By: Herschel Jones

Date of Survey: 10/24/2006

Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BEHIKE BKE STATE COM #001

API: 30-015-35208

Created By	Comment	Comment Date
SPRUITT	Mud Program: 0-700' FW Gel; 700-2500' Brine Water; 2500-9250' Fresh Water; 9250-10,000' Brine Water; 10,000-13,000' SW Gel/Starch/6%KCL.	10/24/2006
SPRUITT	BOPE Program: A 3000# BOPE will be installed on the 13 3/8" casing and 5000# BOPE on the 9 5/8" and 7" casing tested daily for operational.	10/24/2006
SPRUITT	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be sufficient H2S anticipated from the surface to the Morrow formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	10/24/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: BEHIKE BKE STATE COM #001

API: 30-015-35208

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 set surface casing above the Salado in the Rustler. Please refer to offset electric logs and geology for more information.