

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 30-025-38185
4. Property Code 33444	5. Property Name MERLE STATE UNIT	6. Well No. 009

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	24	10S	34E	E	1650	N	330	W	LEA

8. Pool Information

Wildcat Wolfcamp	0
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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 4169
14. Multiple N	15. Proposed Depth 9400	16. Formation Wolfcamp	17. Contractor	18. Spud Date
Depth to Ground water 50		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	400	450	0
Int1	12.25	9.625	40	4200	1300	0
Prod	8.75	7	26	9400	825	3700

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Wolfcamp/ intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 4200', cement circulated to surface. If commercial, production casing will be ran, cemented, perforated and stimulated as need to gain 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: Gary Wink	
	Title: OCD Reviewer	
	Approved Date: 11/28/2006	Expiration Date: 11/28/2007
	Conditions of Approval Attached	

Printed Name: Electronically filed by Shirley Pruitt	
Title:	
Email Address: shirleyp@ypcnm.com	
Date: 11/27/2006	Phone: 505-748-4356

**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 42346

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-38185	2. Pool Code	3. Pool Name Wildcat Wolfcamp
4. Property Code 33444	5. Property Name MERLE STATE UNIT	6. Well No. 009
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4169

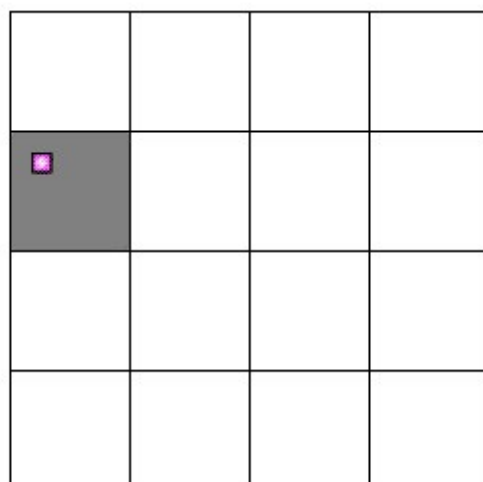
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	24	10S	34E		1650	N	330	W	LEA

**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**



**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: 11/27/2006

**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: 11/22/2006

Certificate Number: 3640

## Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MERLE STATE UNIT #009

API: 30-025-38185

Created By	Comment	Comment Date
SPRUITT	MUD PROGRAM: 0-400' FW Gel; 400'-2170' FW; 2170'-4200' Red Bed Mud/Oil; 4200'-7700' Cut Brine; 7700'-9400' SGel/Starch.	11/27/2006
SPRUITT	BOPE PROGRAM: A 5000# BOPE will be installed on the 9.625" casing and tested daily for operational.	11/27/2006
SPRUITT	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be sufficient H2S found from the surface to the Wolfcamp formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	11/27/2006

# Permit Conditions of Approval

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** MERLE STATE UNIT #009

**API:** 30-025-38185

OCD Reviewer	Condition
DMULL	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