

**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 30-015-35262
4. Property Code 12826	5. Property Name TERRY FU	6. Well No. 003H

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	11	16S	25E	M	660	N	760	W	EDDY

**8. Pool Information**

COTTONWOOD CREEK;WOLFCAMP (GAS)	75250
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**Additional Well Information**

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3449
14. Multiple N	15. Proposed Depth 8648	16. Formation Wolfcamp	17. Contractor	18. Spud Date
Depth to Ground water 100		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: 28000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" 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	350	450	0
Int1	12.25	9.625	36	1200	425	0
Prod	7.875	5.5	17	8648	1525	600
Liner1	6.125	4.5	11.6	8648	325	4500
Int3	8.75	0	0	5200	0	0

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill and test the Wolfcamp/intermediate formations. Approximately 450' of surface casing will be set and cement circulated to shut off cavings. If commercial, intermediate and 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 NMOC 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: 12/1/2006   Phone: 505-748-4356	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 12/1/2006	Expiration Date: 12/1/2007
	Conditions of Approval Attached	

District IIDistrict IIIDistrict IV

## Energy, Minerals and Natural Resources

## Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35262	2. Pool Code 75250	3. Pool Name COTTONWOOD CREEK;WOLFCAMP (GAS)
4. Property Code 12826	5. Property Name TERRY FU	6. Well No. 003H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3449

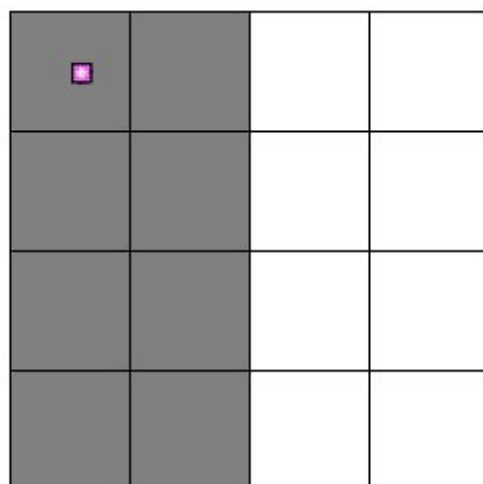
## 10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	11	16S	25E		660	N	760	W	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: 12/1/2006

## 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: 12/1/2006

Certificate Number: 3640

# Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: TERRY FU #003H

API: 30-015-35262

Created By	Comment	Comment Date
SPRUITT	MUD PROGRAM: 0-350' Fresh Water; 350'-1100 FW Gel/Air Mist; 1100'-5200' Cut brine; 4468'-9107 (Horizontal section) Cut brine	12/1/2006
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 DCD's minimum requirements for the submission of a contingency plan per Rule 118.	12/1/2006
SPRUITT	Pilot hole will be drilled to 5200'. Well will then be plugged back and kicked off at approx. 4468' at 15 degrees per 100' with an 8 3/4" hole to 4980'. If hole conditions warrant, 7" casing will be set and cement tied back to previous casing. A 6 1/8" hole will then be drilled to a TD of 8648', where 4 1/2" casing will be set and cement tied back to 7" casing. If 7" casing is not warranted, then hole size will be reduced to 7 7/8" and drilled to 8648', where 5 1/2" casing will be sets and cemented.	12/1/2006

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: TERRY FU #003H

API: 30-015-35262

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	As noted, operator to drill surface and intermediate hole with fresh water mud.
BArrant	Tie back to intermediate to be verified by CBL or temperature survey.
BArrant	A SD approval from Santa Fe is required for more than one well drilling to the same formation to produce from the same proation unit. Drill Only.
BArrant	H2S contingency plan to be submitted before well is spudded. Operator to submit plan on testing BOPs on a daily basis.