

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 30-025-39344
4. Property Code 33602	5. Property Name LACY J STATE UNIT	6. Well No. 007

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	17	12S	34E	P	1085	S	660	E	LEA

8. Pool Information

WILDCAT MISSISSIPPIAN (GAS)	
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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 4193
14. Multiple N	15. Proposed Depth 12300	16. Formation Mississippian Age Rocks-Undivided	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls thick Clay <input type="checkbox"/> Pit Volume: 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	14.75	11.75	42	2050	275	0
Int1	11	8.625	32	4200	1150	0
Prod	7.875	5.5	17	12300	1400	3700

Casing/Cement Program: Additional Comments

* Yates Petroleum Corporation proposes to drill and test the Mississippian and intermediate formations. Approximately 400' of surface casing will be set/cemented. Approximately 4200' of intermediate casing will be set/cemented. If commercial, production casing will be run and cemented, will perforate and stimulate as need 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 type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Monti Sanders		Approved By: Paul Kautz	
Title:		Title: Geologist	
Email Address: montis@ypcnm.com		Approved Date: 2/16/2009 Expiration Date: 2/16/2011	
Date: 1/29/2009 Phone: 575-748-4244		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 89161

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-39344	2. Pool Code	3. Pool Name WILDCAT MISSISSIPPIAN (GAS)
4. Property Code 33602	5. Property Name LACY J STATE UNIT	6. Well No. 007
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4193

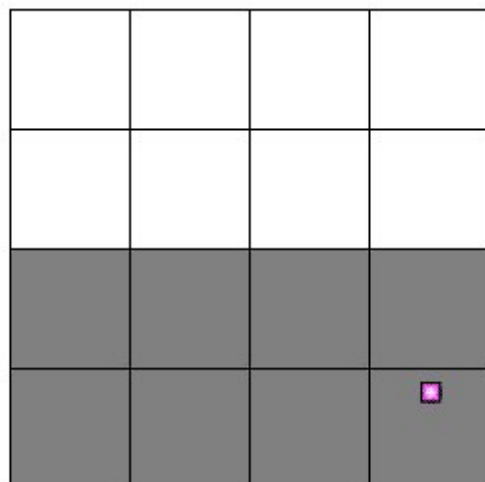
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	17	12S	34E		1085	S	660	E	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 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: Monti Sanders
 Title:
 Date: 1/29/2009

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: Gary Jones
 Date of Survey: 1/27/2009
 Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LACY J STATE UNIT #007

API: 30-025-39344

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' FW Gel; 400'-1960' Fresh Water; 1960'-4200' Red Bed Mud/Oil; 4200'-7650' Cut Brine; 7650'-11,580' SW Gel/Starch; 11,580'-11,945' SW Gel/Starch/4-6% KCL; 11,945'-12,300' SW Gel/Starch/4-6% KCL	1/29/2009
MSANDERS	BOPE PROGRAM: A 5000# BOPE will be installed on the 8.625" casing and tested daily for operational.	1/29/2009
MSANDERS	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the surface through the Mississippian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	1/29/2009
MSANDERS	C-144 to follow by fax and hard copy to be mailed.	1/29/2009
DMULL	OCD has received form C-144 "Pit Registration". OCD Permit Number P1-00916.	2/16/2009

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LACY J STATE UNIT #007

API: 30-025-39344

OCD Reviewer	Condition
pkautz	Surface casing must be set 25' below top of Rustler and above salt zone.