

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV1220 S. St Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

Permit 896

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63658
Property Code 27835	Property Name QUINIELA AXQ STATE	Well No. 004

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	5	10S	26E	E	1420	N	660	W	Chaves

Proposed Pools

FOOR RANCH;PRE PERMIAN (GAS) 76730

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3768
Multiple N	Proposed Depth 5935	Formation Undesignated Precambrian	Contractor	Spud Date 04/29/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	1100	975	0
Int1	12.25	8.625	32	5000	750	3700
Prod	7.875	5.5	15.5	5935	900	3700

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Precambrian/intermediate formations. Approximately 1100' of surface casing will be set/cemented. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-1100' FW/Gel/Paper/LCM; 1100'-4185' Cut Brine/Brine; 4185'-5935' Starch/Salt Gel/6% KCL. No H2S is anticipated.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Electronically Signed By: Debbie Caffall		Electronically Approved By: Bryan Arrant	
Title: Regulatory Technician		Title: Geologist	
Date: 04/28/2004		Approval Date: 06/09/2004	Expiration Date: 06/09/2005
Phone: 505-748-4364		Conditions of Approval: There are conditions. See Attached.	

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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TREASURER

April 28, 2004

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APR 29 2004

OCD-ARTESIA

Mr. Bryan Arrant
Oil Conservation Division, District II Office
1301 W. Grand Ave.
Artesia, NM 88210

Re: Quiniela AXQ State #4
1420' FNL and 660' FWL
Section 5, T10S-R26E
Chaves County, New Mexico
H2S Contingency Plan

30-005-63658

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will be no H2S anticipated from the surface to the Precambrian Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Robert Asher
Regulatory Agent