

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 IV

1220 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

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-005-63620
Property Code 33025	Property Name Houston BDH State Com.	Well No. 001

Surface Location

UL or Lot M	Section 31	Township 09S	Range 27E	Lot Idn 4	Feet From 660	N/S Line S	Feet From 660	E/W Line W	County Chaves
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Proposed Pools

FOOR RANCH;PRE PERMIAN (GAS) 76730

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3909
Multiple N	Proposed Depth 6775	Formation Undesignated Precambrian	Contractor	Spud Date 10/16/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	400	275	0
Int1	11	8.625	24	1150	425	0
Prod	7.875	5.5	15.5	6775	650	4200

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Precambrian/intermediate formations. Approximately 1400' of surface casing will be set/cemented. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-1150' FWGel/Paper/LCM; 1150-4700' Brine; 4700'-6775' Starch/Salt Gel. NO H2S 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.

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 10/16/2003

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 10/16/2003

Expiration Date: 10/16/2004

Conditions of Approval:

There are conditions. See Attached.

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Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-63620	Pool Name FOOR RANCH;PRE PERMIAN (GAS)	Pool Code 76730
Property Code 33025	Property Name Houston BDH State Com.	Well No. 001
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3909

Surface And Bottom Hole Location

UL or Lot M	Section 31	Township 09S	Range 27E	Lot Idn 4	Feet From 660	N/S Line S	Feet From 660	E/W Line W	County Chaves
Dedicated Acres 319.16		Joint or Infill		Consolidation Code		Order No.			

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 10/16/2003

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: Herchel Jones

Date of Survey: 10/07/2003

Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Houston BDH State Com. #001

User Name	Comment	Comment Date
BARRANT	Salt sections begin @ 440-800 in nearby wells. Operator needs to set surface casing @ 400 in order to protect what fresh ground water that may occur.	10/14/2003

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Houston BDH State Com. #001

OCD Reviewer	Condition
BARRANT	Cement to cover ALL oil, gas and water bearin zones.
BARRANT	Notify OCD spud & time to witness cementing of surface casing.

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 13, 2003

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

Re: Houston BDH State Com. #1
660' FSL and 660' FWL
Section 31, T9S-R27E
Chaves County, New Mexico
H2S Contingency Plan

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