

## 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<br><b>YATES PETROLEUM CORPORATION</b><br>105 South Fourth St.<br>Artesia, NM 88210 |   | OGRID Number<br><b>25575</b>      |
|  |   | API Number<br><b>30-005-63637</b> |
| Property Code<br><b>33320</b>  | Property Name<br><b>Cocktail BAR State Com.</b> | Well No.<br><b>001</b>            |

## Surface Location

|                       |                     |                        |                     |                     |                          |                      |                         |                      |                         |
|-----------------------|---------------------|------------------------|---------------------|---------------------|--------------------------|----------------------|-------------------------|----------------------|-------------------------|
| UL or Lot<br><b>E</b> | Section<br><b>1</b> | Township<br><b>07S</b> | Range<br><b>24E</b> | Lot Idn<br><b>E</b> | Feet From<br><b>1980</b> | N/S Line<br><b>N</b> | Feet From<br><b>660</b> | E/W Line<br><b>W</b> | County<br><b>Chaves</b> |
|-----------------------|---------------------|------------------------|---------------------|---------------------|--------------------------|----------------------|-------------------------|----------------------|-------------------------|

## Proposed Pools

|                              |                               |  |                            |                                       |
|------------------------------|-------------------------------|--|----------------------------|---------------------------------------|
| <b>Wildcat Precambrian</b>   |                               |  |                            |                                       |
| Work Type<br><b>New Well</b> | Well Type<br><b>GAS</b>       | Cable/Rotary                                 | Lease Type<br><b>State</b> | Ground Level Elevation<br><b>4033</b> |
| Multiple<br><b>N</b>         | Proposed Depth<br><b>5245</b> | Formation<br><b>Undesignated Precambrian</b> | Contractor                 | Spud Date<br><b>01/19/2004</b>        |

## 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               | 950           | 625             | 0             |
| Int1 | 11        | 8.625       | 24               | 1600          | 250             | 0             |
| Prod | 7.875     | 5.5         | 15.5             | 5245          | 450             | 3100          |

## Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Precambrian/intermediate formations. Approximately 950' of surface casing will be set/cemented. 8.625" CASING WILL ONLY BE SET IF LOST CIRCULATION IS ENCOUNTERED. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. NO H2S ANTICIPATED. MUD PROGRAM: 0-950' FWGel/Paper/LCM; 950'- 1600' Cut Brine; 3500'- 5425' Starch/Salt Gel/KCL.

## Proposed Blowout Prevention Program

| Type              | Working Pressure | Test Pressure | Manufacturer |
|-------------------|------------------|---------------|--------------|
| <b>Double Ram</b> | <b>2000</b>      | <b>2000</b>   |              |

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: 01/16/2004

Phone: 505-748-4364

## OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 01/21/2004 Expiration Date: 01/21/2005

Conditions of Approval:

There are conditions. See Attached.

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State of New Mexico  
Energy, Minerals and Natural Resources

Form C-102

## Oil Conservation Division

1220 S. St Francis Dr.

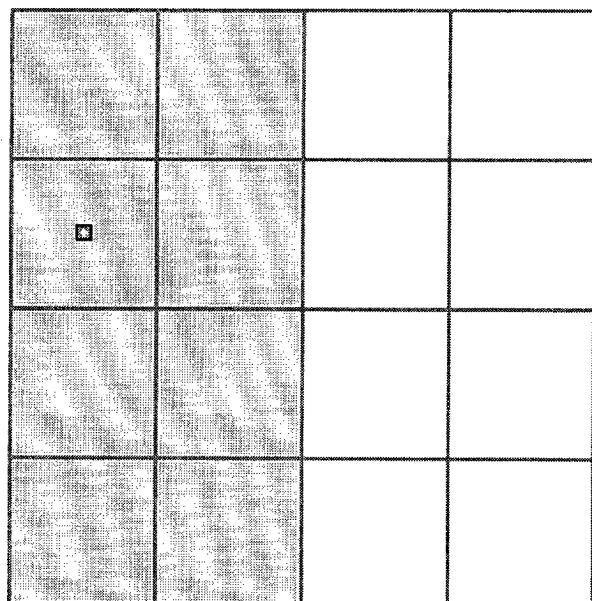
Santa Fe, NM 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |  |                   |
|----------------------------|--|-------------------|
| API Number<br>30-005-63637 | Pool Name<br>Wildcat Precambrian             | Pool Code         |
| Property Code<br>33320     | Property Name<br>Cocktail BAR State Com.     | Well No.<br>001   |
| OGRID No.<br>25575         | Operator Name<br>YATES PETROLEUM CORPORATION | Elevation<br>4033 |

**Surface And Bottom Hole Location**

|                           |              |                 |              |                    |                   |               |                  |               |                  |
|---------------------------|--------------|-----------------|--------------|--------------------|-------------------|---------------|------------------|---------------|------------------|
| UL or Lot<br>E            | Section<br>1 | Township<br>07S | Range<br>24E | Lot Idn<br>E       | Feet From<br>1980 | N/S Line<br>N | Feet From<br>660 | E/W Line<br>W | County<br>Chaves |
| Dedicated Acres<br>320.63 |              | 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: 01/16/2004

**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: 01/12/2004

Certificate Number: 3640

## Permit Conditions Of Approval

**Operator: YATES PETROLEUM CORPORATION , 25575**

**Well: Cocktail BAR State Com. #001**

| OCD Reviewer | Condition  |
|--------------|--|
| BARRANT      | Notify OCD time of spud and time to witness the cementing of surface casing. Cement to cover ALL oil, gas and water bearing zones. |

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  
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EXECUTIVE VICE PRESIDENT  
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SECRETARY  
DENNIS G. KINSEY  
TREASURER

January 16, 2004

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

Re: Cocktail BAR State Com. #1  
1980' FNL and 660' FWL  
Section 1, T7S-R24E  
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