

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 30-015-33184
Property Code 33226	Property Name Clarence BCU	Well No. 003

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	23	16S	26E	K	1980	S	1800	W	Eddy

Proposed Pools

Wildcat Morrow				
Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 3324
Multiple N	Proposed Depth 8100	Formation Morrow	Contractor	Spud Date 01/16/2004

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	450	400	0
Int1	12.25	9.625	36	1400	700	0
Prod	8.75	5.5	15.5	8100	2300	0

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Morrow and intermediate formations. Approximately 450' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production. MUD PROGRAM: 0-450' FW; 450'-1400' Fresh Water; 1400'- 7450' Cut Brine; 7450' - 8100' Salt Gel/Starch. BOPE PROGRAM: A 5000# BOPE will be installed on the 9 5/8" casing and tested daily. NO H2S ANTICIPATED

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

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: 01/15/2004

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.

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
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EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

January 15, 2004

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

RECEIVED
JAN 16 2004
OCD-ARTESIA

Re: Clarence BCU #3
1980'FSL and 1800'FWL
Section 23, T16S-R26E
Eddy County, New Mexico
H2S Contingency Plan

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S anticipated from the surface to the Morrow formation to even meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Debbie L. Caffall
Regulatory Technician

/dd

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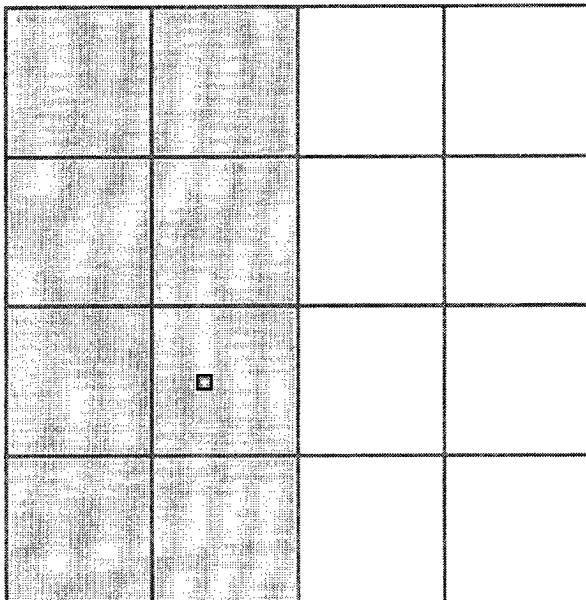
Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33184	Pool Name Wildcat Morrow	Pool Code
Property Code 33226	Property Name Clarence BCU	Well No. 003
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3324

Surface And Bottom Hole Location

UL or Lot K	Section 23	Township 16S	Range 26E	Lot Idn K	Feet From 1980	N/S Line S	Feet From 1800	E/W Line W	County Eddy
Dedicated Acres 320		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: 01/15/2004

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: 12/10/2003
 Certificate Number: 3640

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Clarence BCU #003

OCD Reviewer	Condition
BARRANT	Notify OCD time of spud and time to witness the cementing of surface and intermediate casing