

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 30-5-63550 |
| Property Code 32061 | Property Name Gasby BCD State Com. | Well No. 001 |

Surface Location

| UL or Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 20 | 10S | 27E | | 660 | N | 660 | W | Chaves |

Proposed Pools

| |
|----------------------------|
| WILDCAT PRECAMBRIAN |
|----------------------------|

| | | | | |
|------------------------------|-------------------------------|--|----------------------------|---------------------------------------|
| Work Type New Well | Well Type Gas | Cable/Rotary | Lease Type State | Ground Level Elevation 3788 |
| Multiple N | Proposed Depth 6950 | Formation Undesignated Precambrian | Contractor | Spud Date 3/11/2003 |

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 | 600 | 400 | 0 |
| Int1 | 11 | 8.625 | 24 | 1400 | 500 | 0 |
| Prod | 7.875 | 5.5 | 15.5 | 6950 | 650 | 4350 |

Casing/Cement Program: Additional Comments

YPC proposes to drill/test the Precambrian/intermediate formations. Approx. 600 of surface casing will be set/cemented. If commercial, production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-600 FW Gel/Paper/LCM; 600-4830 Brine; 4830-6950 Starch/Salt Gel.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 3000 | |

| | | | |
|--|--|--|----------------------------|
| 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: Robert Asher | | Electronically Approved By: Bryan Arrant | |
| Title: Regulatory Technician | | Title: Geologist | |
| Date: 3/10/2003 | | Approval Date: 3/11/2003 | Expiration Date: 3/11/2004 |
| Phone: 505-748-4364 | | Conditions of Approval: There are conditions. See Attached. | |

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Energy, Minerals and Natural Resources

Form C-102

Oil Conservation Division

1220 S. St Francis Dr.

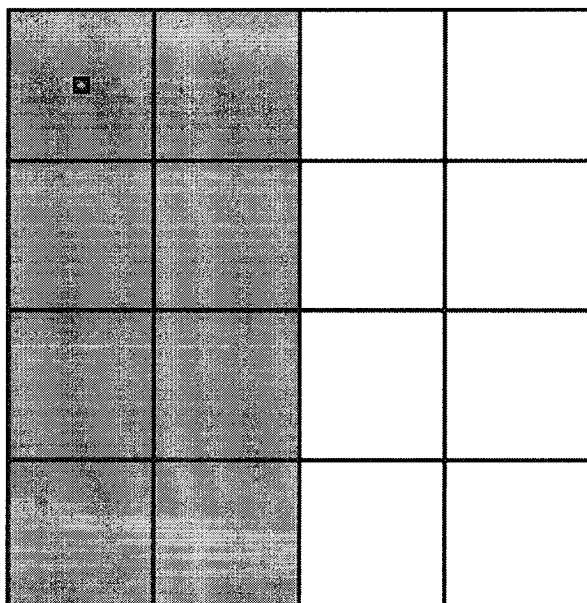
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------|--|-------------------|
| API Number 30-5-63550 | Pool Name WILDCAT PRECAMBRIAN | Pool Code |
| Property Code 32061 | Property Name Gasby BCD State Com. | Well No. 001 |
| OGRID No. 25575 | Operator Name Yates Petroleum Corporation | Elevation 3788 |

Surface And Bottom Hole Location

| | | | | | | | | | |
|------------------------|-----------------|--------------------|--------------|---------|------------------|---------------|------------------|---------------|------------------|
| UL or Lot D | Section 20 | Township 10S | Range 27E | Lot Idn | Feet From 660 | N/S Line N | Feet From 660 | E/W Line W | County Chaves |
| 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: Robert Asher

Title: Regulatory Technician

Date: 3/10/2003

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.

Electronically Signed By: Herschel L. Jones

Date of Survey: 2/27/2003

Certificate Number: 3640

APD Comments

Operator: 25575 Yates Petroleum Corporation

Well: Gasby BCD State Com. 001

| User Name | Comment | Comment Date |
|-----------|---|--------------|
| BARRANT | Proposed well lies directly southwest of existing Diablo;Pennsylvanian Gas Pool. Pool will be extended to well,if productive, in Penn. through nomenclature providing there is no Pre-Cambrian discovery. | 3/11/2003 |

APD Conditions Of Approval

Operator: 25575 Yates Petroleum Corporation

Well: Gasby BCD State Com. 001

| OCD Reviewer | Condition |
|--------------|--|
| BARRANT | Production casing to have cement cover ALL oil, gas and water bearing formations. Notify OCD time of spud and to witness setting of water protection string. |