

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 853

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-36684
Property Code 33253	Property Name WILLIE STATE UNIT	Well No. 003

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	6	12S	35E	1	770	N	950	E	Lea

Proposed Pools

FOUR LAKES;MISSISSIPPIAN (GAS) 97053

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4147
Multiple N	Proposed Depth 12800	Formation Mississippi Limestone	Contractor	Spud Date 04/12/2004

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	400	400	0
Int1	12.25	9.625	40	4300	1500	0
Prod	8.75	5.5	17	12800	1650	3800

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian/intermediate formations. Approximately 400' of surface casing will be set/cemented. Intermediate casing will be set @ 4300', cement circ. to surface. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400' FW/Spud Mud; 400'-2160' FW; 2160'-4300' Red Bed Mud/Oil; 4300'-7750' Cut Brine; 7750'-9800' Salt Gel/Oil; 9800'-11625' S Gel/Starch; 11625' - 12800' SW/Starch/4%KCL. 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.

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz