

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
Permit 14395

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-025-37422
Property Code 33602	Property Name LACY J STATE UNIT	Well No. 005

Surface Location

UL or Lot D	Section 8	Township 12S	Range 34E	Lot Idn D	Feet From 660	N/S Line N	Feet From 660	E/W Line W	County Lea
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Proposed Pools

Wildcat Mississippian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4197
Multiple N	Proposed Depth 12330	Formation Mississippi Limestone	Contractor	Spud Date 08/22/2005

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	450	0
Int1	12.25	9.625	36	4200	1550	0
Prod	8.75	5.5	17	12330	2100	3700

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Mississippian /intermediate formations. Approximately 400' of surface casing will be set/cemented. If commercial, intermediate/production casing will be run/cemented, will perforate/stimulate as needed for production. MUD PROGRAM: 0-400' FW/Spud Mud; 400-1920' Fresh Water; 1920-4200' Red Bed Mud/Oil; 4200-7650' Cut Brine; 7650-11560' S Gel/Oil; 11560-11930' SW/Starch/4-6% KCL; 11930-12330' SW/Starch/4-6% KCL.

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: 08/19/2005

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 08/19/2005 Expiration Date: 08/19/2006

Conditions of Approval:
There are conditions. See Attached.