

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		2. OGRID Number 25575
		3. API Number 30-05-63778
4. Property Code 35200	5. Property Name DEHAVILLAND STATE UNIT	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	28	05S	26E	E	1980	N	660	W	CHAVES

8. Pool Information

Wildcat Precambrian	0
---------------------	---

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3835
14. Multiple N	15. Proposed Depth 6165	16. Formation Undesignated Precambrian	17. Contractor	18. Spud Date 10/24/2005
Depth to Ground water 175		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 20000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	900	400	0
Int1	11	8.625	24	1600	450	0
Prod	7.875	5.5	15.5	6165	550	3600

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Precambrian and intermediate formations. Approximately 900' of surface casing will be set/cemented to shut off gravel and cavings. If commercial, production casing will be run/cemented; will perforate/stimulate as needed for production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCB guidelines <input type="checkbox"/> , a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Debbie Caffall	Approved By: Bryan Arrant	
Title: Regulatory Technician	Title: Geologist	
Email Address: debbiec@ypcnm.com	Approved Date: 10/31/2005	Expiration Date: 10/31/2006
Date: 10/28/2005	Phone: 505-748-4364	Conditions of Approval Attached

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720
District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 17376

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-63778	2. Pool Code	3. Pool Name Wildcat Precambrian
4. Property Code 35200	5. Property Name DEHAVILLAND STATE UNIT	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3835

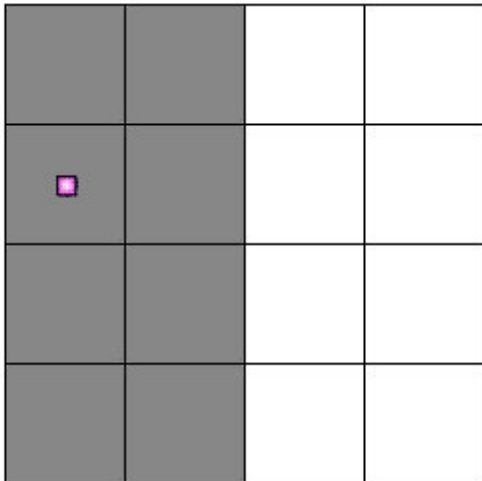
10. Surface Location

UL - Lot E	Section 28	Township 05S	Range 26E	Lot Idn	Feet From 1980	N/S Line N	Feet From 660	E/W Line W	County CHAVES
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	------------------	---------------	------------------

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>E-Signed By: Debbie Caffall Title: Regulatory Technician Date: 10/28/2005</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Herschel Jones Date of Survey: 10/26/2005 Certificate Number: 3640</p>
---	---

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: DEHAVILLAND STATE UNIT #001

API: 30-05-63778

Created By	Comment	Comment Date
DCAFFALL	BOPE PROGRAM: A 2000# Double Ram BOPE will be installed on the 11 3/4" and will be tested daily for operational.	10/21/2005
DCAFFALL	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Undesignated Precambrian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	10/21/2005
DCAFFALL	Please note: If necessary 8 .625" casing will be set if lost circulation is encountered.	10/21/2005
DCAFFALL	MUD PROGRAM: 0-900' FW/Gel, Paper/LCM; 900' – 1600' Cut Brine; 1600' -4000' Brine; 4000'– TD Salt Gel/Star.	10/21/2005

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: DEHAVILLAND STATE UNIT #001

API: 30-05-63778

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Cement to cover all oil, gas and water bearing zones. Ex.-Glorieta
BArrant	Please notify OCD time of spud and time to witness the cementing of the surface casing.