

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 30-025-37544
4. Property Code 35136	5. Property Name MILSAP STATE UNIT	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	36	12S	33E	H	1980	N	660	E	LEA

8. Pool Information

Wildcat Mississippian (Gas)	0
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4221
14. Multiple N	15. Proposed Depth 12000	16. Formation Mississippian Age Rocks-Undivided	17. Contractor	18. Spud Date
Depth to Ground water 60		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: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	450	0
Int1	12.25	9.625	40	4200	1525	0
Prod	8.75	5.5	17	12000	1950	3700

Casing/Cement Program: Additional Comments

Yate Petroleum Corporation proposes to drill and test the Mississippian/intermediate formations. Aproximately 400' of surface casing will be set and cement circulated. Intermediate casing will set at 4200', cement circulated to surface. If commercial, production casing will e ran and cemented, perforated, and stiuated as need to gain production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	

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	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 11/7/2005	Expiration Date: 11/7/2006
	Conditions of Approval Attached	

Printed Name: Electronically filed by Debbie Caffall	
Title: Regulatory Agent	
Email Address: debbiec@ypcnm.com	
Date: 11/4/2005	Phone: 505-748-4376

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
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Santa Fe, NM 87505

Form C-102
 Permit 17994

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37544	2. Pool Code	3. Pool Name Wildcat Mississippian (Gas)
4. Property Code 35136	5. Property Name MILSAP STATE UNIT	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4221

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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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 align="center">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 Agent Date: 11/4/2005</p>
	<p align="center">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: Herschell Jones Date of Survey: 10/28/2005 Certificate Number: 3640</p>

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MILSAP STATE UNIT #002

API: 30-025-37544

Created By	Comment	Comment Date
DCAFFALL	BOPE Program: A 5000# BOPE will be installed on the 9.625" casing and tested daily for operational.	11/2/2005
DCAFFALL	Yates Petroleum Corporation proposes to drill and test the Mississippian/intermediate formations. Approximately 400' of surface casing will be set and cement isolated. Intermediate casing will be set at 4200', cement circulated to surface. If commercial production casing will be ran and cemented, perforated, and stimulated as need to gain production.	11/2/2005
DCAFFALL		11/2/2005
DCAFFALL	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Mississippian formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118	11/2/2005
DCAFFALL	MUD Program: 0-400' FW/SpudMud; 400'-1930' FW; 1930'-4200' Red Bed Mud/Oil; 4200'-7600' Cut Brine; 7600'-11389' SGel/Starch; 11389'-TD SGel/Starch/4-6% KCL.	11/2/2005
pkautz	no acreage dedicated to the well. please indicate which 320 acres is to be dedicated to the well and resubmit.	11/3/2005

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: MILSAP STATE UNIT #002

API: 30-025-37544

OCD Reviewer	Condition
pkautz	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
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114