

**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 <b>YATES PETROLEUM CORPORATION</b> 105 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-34550
4. Property Code 35383	5. Property Name OHKAY BHH STATE	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
C	6	25S	30E	3	330	N	2310	W	EDDY

**8. Pool Information**

WILDCAT, BONE SPRING	96403
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**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3156
14. Multiple N	15. Proposed Depth 9200	16. Formation Bone Spring	17. Contractor	18. Spud Date 1/17/2006
Depth to Ground water 425		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	17.5	13.375	48	600	500	0
Int1	11	8.625	32	3150	1000	0
Prod	7.875	5.5	15.5	9200	1650	0

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill and test the Bone Spring and intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 3150' cement circulated to surface. If commercial, production casing will be run and cemented, will perforate and stimulate as needed to gain production.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

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 NMOCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	<b>OIL CONSERVATION DIVISION</b>
	Approved By: Bryan Arrant
Printed Name: Electronically filed by Debbie Caffall	Title: Geologist
Title: Regulatory Agent	Approved Date: 1/20/2006      Expiration Date: 1/20/2007
Email Address: debbiec@ypcnm.com	
Date: 1/16/2006      Phone: 505-748-4376	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

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Form C-102  
 Permit 21609

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-34550	2. Pool Code 96403	3. Pool Name WILDCAT; BONE SPRING
4. Property Code 35383	5. Property Name OHKAY BHH STATE	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3156

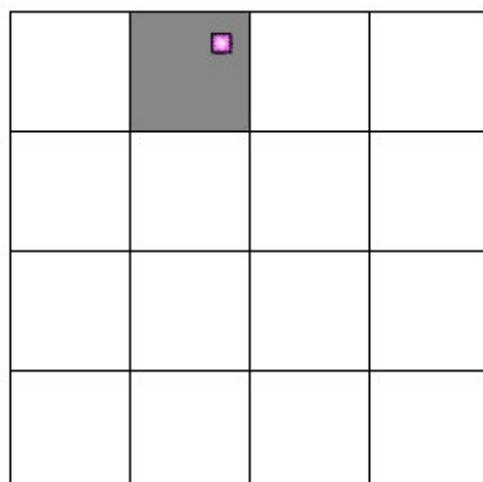
**10. Surface Location**

UL - Lot C	Section 6	Township 25S	Range 30E	Lot Idn 3	Feet From 330	N/S Line N	Feet From 2310	E/W Line W	County EDDY
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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 40.30	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**



**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By: Debbie Caffall  
 Title: Regulatory Agent  
 Date: 1/16/2006

**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.*

Surveyed By: Hershel Jones  
 Date of Survey: 11/9/2005  
 Certificate Number: 3640

## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** OHKAY BHH STATE #002

**API:** 30-015-34550

Created By	Comment	Comment Date
CYCOWAN	MUD PROGRAM: 0-400' FW/Native Mud; 400'-3150' Brine; 3150'-6900' Cut Brine; 6900'-TD Cut Brine/Starch;	1/16/2006
CYCOWAN	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Bone Spring formation to meet the OCD's minimum requirements for the submission of a contingency plan.	1/16/2006

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: OHKAY BHH STATE #002

API: 30-015-34550

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	Operator to set surface casing in anhydrite section of Rustler formation. Please refer to offset logs/geology for more information.