

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 S 4TH ST ARTESIA , NM 88210		2. OGRID Number 25575
		3. API Number 30-015-34552
4. Property Code 35384	5. Property Name DOC BHU STATE	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
O	5	25S	30E	O	330	S	2310	E	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 3223
14. Multiple N	15. Proposed Depth 9200	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water 475		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: 2000 _____ 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 500' of surface casing will be set and cement circulated to shut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for 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 NMOCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
	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: 1/18/2006 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 21694

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34552	2. Pool Code 96403	3. Pool Name WILDCAT; BONE SPRING
4. Property Code 35384	5. Property Name DOC BHU STATE	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3223

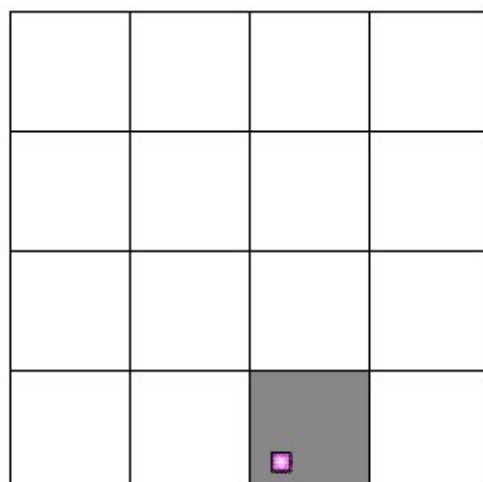
10. Surface Location

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 40.00		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



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: 1/18/2006

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: Herschel Jones
 Date of Survey: 11/3/2005
 Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: DOC BHU STATE #001

API: 30-015-34552

Created By	Comment	Comment Date
dustyb	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the surface to the Bone Springs formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	1/18/2006
dustyb	MUD PROGRAM: 0-400' FW/Native Mud; 400'-3150' Brine; 3150'-6900' Cut Brine; 6900'-TD Cut Brine/Starch	1/18/2006
dustyb	BOPE Program: A 3000# BOPE will be installed on the 13.375" casing and tested daily.	1/18/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: DOC BHU STATE #001

API: 30-015-34552

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. Please refer to offset logs/geology for more information.