

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 30-015-34601
4. Property Code 12801	5. Property Name STONEWALL EP STATE	6. Well No. 009

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	19	20S	28E	I	1980	S	660	E	EDDY

8. Pool Information

BURTON FLAT,MORROW (PRO GAS)	73280
------------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3269
14. Multiple N	15. Proposed Depth 11500	16. Formation Morrow	17. Contractor	18. Spud Date
Depth to Ground water 115		Distance from nearest fresh water well > 1000		Distance to nearest surface water 700
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	650	0
Int1	12.25	9.625	36	2600	1025	0
Prod	8.75	5.5	17	11500	3600	2100

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Morrow and intermediate formations. Approximately 600' of surface casing will be set and cement circulated to hut off gravel and cavings. If commercial, production casing will be run and cemented, will perforate and simulate 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	
	Title: Geologist	
	Approved Date: 2/9/2006	Expiration Date: 2/9/2007
	Conditions of Approval Attached	

Printed Name: Electronically filed by Debbie Caffall

Title: Regulatory Agent

Email Address: debbiec@ypcnm.com

Date: 2/8/2006

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

Form C-102
 Permit 23019

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34601	2. Pool Code 73280	3. Pool Name BURTON FLAT MORROW (PRO GAS)
4. Property Code 12801	5. Property Name STONEWALL EP STATE	6. Well No. 009
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3269

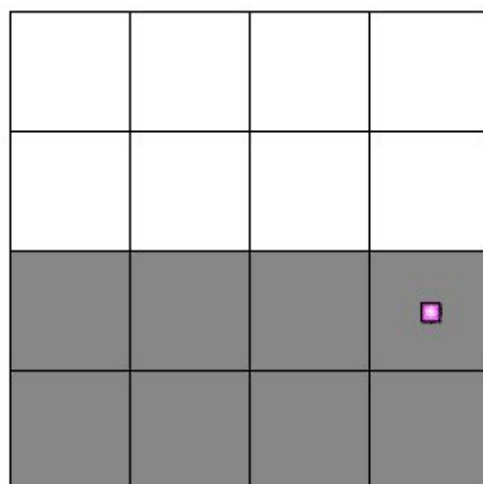
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	19	20S	28E		1980	S	660	E	EDDY

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 324.20		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: 2/8/2006

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: 1/10/2006
 Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: STONEWALL EP STATE #009

API: 30-015-34601

Created By	Comment	Comment Date
dustyb	Sources at Yates Petroleum Corporatin have relayed information to me that there will not be enough H2S found from the surface to the Morrow formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	2/8/2006
dustyb	MUD PROGRAM: 0-400' FW Paper; 600'-2600' Fresh Water/LCM; 2600'-10300' Cut Brine; 10300'-11500' Salt Gel/Starch/4%-6% KCL	2/8/2006
dustyb	BOPE Program: A 5000# BOPE will be installed on the 9.625" casing and tested daily.	2/8/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: STONEWALL EP STATE #009

API: 30-015-34601

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	Please notify OCD time of spud & time to witness the cementing of the surface and intermediate strings of casing.
BArrant	Operator to tests for chlorides in the Capitan Reef. Please start catching mud samples from the flow line every 100'. Starting out from the surface of @ from 400' down to @ the intermediate casing setting depth of @ 2600'. Results of tests are to be subm