

**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 30-015-34733
4. Property Code 12521	5. Property Name LOVING AIB STATE	6. Well No. 005

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	16	23S	28E	N	330	S	1650	W	EDDY

**8. Pool Information**

LOVING,DELAWARE, SOUTH	40380
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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 3028
14. Multiple N	15. Proposed Depth 6300	16. Formation Delaware	17. Contractor	18. Spud Date
Depth to Ground water 40		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	9.625	36	300	575	0
Prod	7.875	5.5	15.5	6300	1300	0

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill/test the Delaware intermediate formations. Approximately 525' 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	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>
Printed Name: Electronically filed by dusty bean	Approved By: Bryan Arrant
Title: Regulatory Tech	Title: Geologist
Email Address: dustyb@ypcnm.com	Approved Date: 3/28/2006   Expiration Date: 3/28/2007
Date: 3/28/2006   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

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Form C-102  
 Permit 17334

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-34733	2. Pool Code 40380	3. Pool Name LOVING,DELAWARE, SOUTH
4. Property Code 12521	5. Property Name LOVING AIB STATE	6. Well No. 005
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3028

**10. Surface Location**

UL - Lot N	Section 16	Township 23S	Range 28E	Lot Idn	Feet From 330	N/S Line S	Feet From 1650	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 40.50	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"><b>OPERATOR CERTIFICATION</b></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: dusty bean          Title: Regulatory Tech          Date: 3/28/2006</p>		
	<p align="center"><b>SURVEYOR CERTIFICATION</b></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: 10/4/2005          Certificate Number: 3640</p>		

## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** LOVING AIB STATE #005

**API:** 30-015-34733

Created By	Comment	Comment Date
dustyb	Sources at YPC have relayed information to me that they believe there will not be enough H2S found from the surface to the Delaware formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	3/28/2006
dustyb	MUD PROGRAM: 0-525' FW Gel/Paoer; 525'-6000' Brine; 6000'-TD SW Gel/Starch	3/28/2006
dustyb	BOP Program: A 3000# BOP will we installed on the 9.625" casing and tested daily for operational.	3/28/2006

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LOVING AIB STATE #005

API: 30-015-34733

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	As noted, operator to drill surface hole 'fresh water' mud.
BArrant	Operator to set surface casing above the Salado formation, please refer to offset geology/e-logs for more information.
BArrant	Operator to submit h2s contingency plan per the rules and regulations of NMOCD Rule 118 before well is spudded.