

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 30-015-34734
4. Property Code 12521	5. Property Name LOVING AIB STATE	6. Well No. 006

7. Surface Location

UL - Lot O	Section 16	Township 23S	Range 28E	Lot Idn O	Feet From 330	N/S Line S	Feet From 1650	E/W Line E	County EDDY
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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 3023
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	525	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 and intermediate formations. Approximately 525' of surface casing will be set/cemented to shut off gravel and cavings. If commercial, production casing willve 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"/> . Printed Name: Electronically filed by dusty bean Title: Regulatory Tech Email Address: dustyb@ypcnm.com Date: 3/28/2006 Phone: 505-748-4364	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 3/28/2006	Expiration Date: 3/28/2007
	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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1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 26198

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34734	2. Pool Code 40380	3. Pool Name LOVING,DELAWARE, SOUTH
4. Property Code 12521	5. Property Name LOVING AIB STATE	6. Well No. 006
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3023

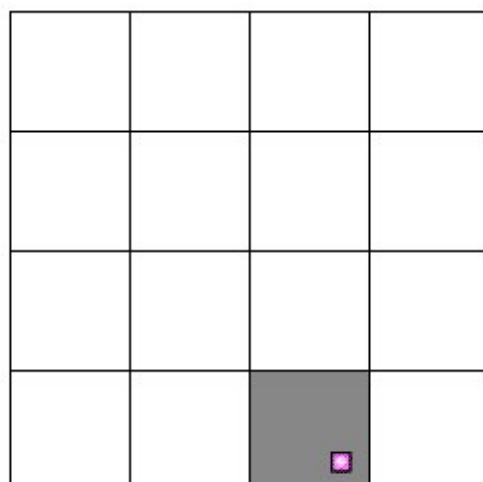
10. Surface Location

UL - Lot O	Section 16	Township 23S	Range 28E	Lot Idn	Feet From 330	N/S Line S	Feet From 1650	E/W Line E	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 40.00	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: dusty bean
Title: Regulatory Tech
Date: 3/28/2006

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: 10/4/2005
Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LOVING AIB STATE #006

API: 30-015-34734

Created By	Comment	Comment Date
dustyb	MUD PROGRAM: 0-500' Fw Gel/Paper; 525'-6000' Bine; 6000'-TD SW Gel/Starch.	3/27/2006
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 formations to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	3/27/2006
dustyb	BOP PROGRAM: A 3000# BOP will be 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 #006

API: 30-015-34734

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 is to drill surface hole with 'fresh water' mud.
BArrant	Surface casing shall be set 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 NMOC Rule 118 before well is spudded.