

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 30-015-34835
4. Property Code 12826	5. Property Name TERRY FU	6. Well No. 002H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	23	16S	25E	L	1980	S	660	W	EDDY

8. Pool Information

COTTONWOOD CREEK;WOLFCAMP (GAS)	75250
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3478
14. Multiple N	15. Proposed Depth 5300	16. Formation Wolfcamp	17. Contractor	18. Spud Date
Depth to Ground water 155		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 checked="" type="checkbox"/> Gas/Air <input 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	400	450	0
Int1	12.25	9.625	36	1100	525	0
Prod	8.34	5.5	17	5300	0	0

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Wolfcamp and intermediate formations. Approximately 400' 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	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"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 5/4/2006	Expiration Date: 5/4/2007
	Conditions of Approval Attached	

Printed Name: Electronically filed by dusty bean

Title: Regulatory Tech

Email Address: dustyb@ypcnm.com

Date: 5/2/2006

Phone: 505-748-4364

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 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
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District III
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District IV
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 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
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1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 24206

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34835	2. Pool Code 75250	3. Pool Name COTTONWOOD CREEK;WOLFCAMP (GAS)
4. Property Code 12826	5. Property Name TERRY FU	6. Well No. 002H
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3478

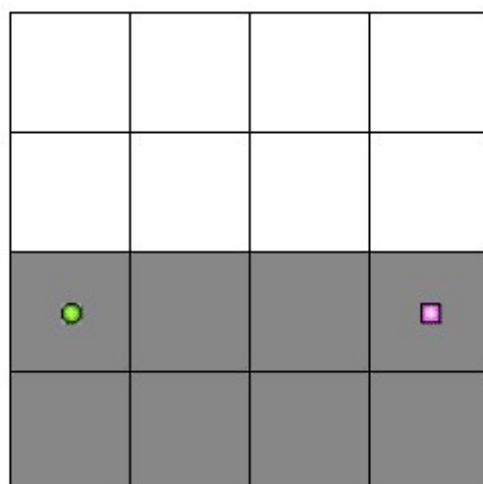
10. Surface Location

UL - Lot L	Section 23	Township 16S	Range 25E	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

11. Bottom Hole Location if Different from Surface									
UL - Lot I	Section 23	Township 16S	Range 25E	Lot Idn I	Feet From 1980	N/S Line S	Feet From 660	E/W Line E	County EDDY
12. Dedicated Acres 320.00		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: 5/2/2006

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: TERRY FU #002H

API: 30-015-34835

Created By	Comment	Comment Date
dustyb	Sources at YPC have relayed information to me that believe there will not be enough H2S found from the surface to the Wolfcamp formation to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118.	2/23/2006
dustyb	BOPE PROGRAM: A 3000# BOPE will be installed on the 9 5/8" casing and tested daily.	2/23/2006
dustyb	0-350' FWW/ Spud Mud; 350'-1100' Fresh Water/Gel/Air Mist; 1100'-8763' Cut Brine.	2/23/2006
dustyb	If 7" Casing is set will drill out with 6 1/8" hole and set 4 1/2 " casing.	2/23/2006
DCAFFALL	Pilot Hole is going to be 8 3/4" to 5300' TVD.	2/23/2006
BArrant	Please re-submit w/directional drill plan. Is the surface casing setting depth 400' or 350'? Please submit a detailed C-102 showing the project area, producing area, penetration point, terminus point. Please show the distance to the nearest public dwelling. Please spell casing and cement correctly.	3/5/2006
dustyb	The nearest residence to this well is approximately .6 of a mile to the east.	5/2/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: TERRY FU #002H

API: 30-015-34835

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	Will require a directional survey with the C-104
BArrant	As noted, operator to drill surface and intermediate hole hole with fresh water mud.
BArrant	Please notify OCD time of spud and time to witness the cementing to surface all casing strings.