

**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 30-015-35094
4. Property Code 35937	5. Property Name CANYON BJK 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
A	1	25S	29E	1	330	N	330	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 3140
14. Multiple N	15. Proposed Depth 9300	16. Formation Bone Spring	17. Contractor	18. Spud Date 8/15/2006
Depth to Ground water 30		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: 24000 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	625	
Int1	11	8.625	24	3150	875	
Prod	7.875	5.5	15.5	9300	1300	

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill and test the Bone Spring and intermediate formations. Approximately 600' 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"/> .	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 8/17/2006	Expiration Date: 8/17/2007
	Email Address: shirleyp@ypcnm.com	
Date: 8/14/2006	Phone: 505-748-4356	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 36134

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-35094	2. Pool Code 96403	3. Pool Name WILDCAT; BONE SPRING
4. Property Code 35937	5. Property Name CANYON BJK STATE	6. Well No. 001
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3140


**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	1	25S	29E		330	N	330	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 39.99		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: Shirley Pruitt  
 Title:  
 Date: 8/14/2006

**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: 8/2/2006  
 Certificate Number: 3640

## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** CANYON BJK STATE #001

**API:** 30-015-35094

Created By	Comment	Comment Date
SPRUITT	Mud Program: 0-600 Fresh Water; 600-3150 Brine; 3150-9300 Fresh Water	8/14/2006
SPRUITT	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 Spring formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	8/14/2006
SPRUITT	BOPE Program: A 3000# BOPE will be installed on the 8.625 casing and tested daily.	8/14/2006

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: CANYON BJK STATE #001

API: 30-015-35094

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 above the Salado. Please refer to offset geology for more information.
BArrant	As noted, operator to drill surface hole with fresh water mud.