

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 30-015-35288
4. Property Code 35700	5. Property Name POKER BIX	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	23	24S	31E	C	330	N	2310	W	EDDY

8. Pool Information

COTTON DRAW; BONE SPRING, SOUTH	96546
---------------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3565
14. Multiple N	15. Proposed Depth 8500	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water 160		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	700	550	0
Int1	11	8.625	32	4450	1200	0
Prod	7.875	5.5	15.5	8500	850	3950

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Bone Springs/intermediate formations. Approximately 700' of surface casing will be set and cement circulated. Intermediate casing will be set at 4450', cement circulated to surface. If commercial, production casing will be ran and cemented, perforated and stimulated as needed to gain 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	
Printed Name: Electronically filed by Shirley Pruitt	Title: Geologist	
Title:	Approved Date: 12/19/2006	Expiration Date: 12/19/2007
Email Address: shirleyp@ypcnm.com		
Date: 12/19/2006	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

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 43653

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35288	2. Pool Code 96546	3. Pool Name COTTON DRAW, BONE SPRING, SOUTH
4. Property Code 35700	5. Property Name POKER BIX	6. Well No. 002
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3565

10. Surface Location

UL - Lot C	Section 23	Township 24S	Range 31E	Lot Idn C	Feet From 330	N/S Line N	Feet From 2310	E/W Line W	County 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 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: Shirley Pruitt

Title:

Date: 12/19/2006

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: 11/30/2006

Certificate Number: 3640

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: POKER BIX #002

API: 30-015-35288

Created By	Comment	Comment Date
SPRUITT	MUD PROGRAM: 0-700' Fresh Water; 700'-4450' Brine Water; 4450'-8400' Fresh Water; 8400'-8500' Cut Brine	12/19/2006
SPRUITT	BOPE PROGRAM: A 3000# BOPE will be placed on the 8 5/8" casing and tested daily for operational.	12/19/2006
SPRUITT	Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be sufficient H2S found from the surface to the Bone Springs formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	12/19/2006

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: POKER BIX #002

API: 30-015-35288

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 with fresh water mud.