

**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 30-015-35437
4. Property Code 12521	5. Property Name LOVING AIB STATE	6. Well No. 015

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	16	23S	28E	K	1650	S	2310	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 3020
14. Multiple N	15. Proposed Depth 6300	16. Formation Delaware	17. Contractor	18. Spud Date 2/21/2007
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	12.25	8.625	24	300	200	0
Prod	7.875	5.5	15.5	6300	1300	0

**Casing/Cement Program: Additional Comments**

Yates Petroleum Corporation proposes to drill and test the Delaware/intermediate formations. Approximately 300' of surface casing will be set/cemented to shut off gravel and cavings. If commercial, production casing will be ran, 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"/> .	<b>OIL CONSERVATION DIVISION</b>
Printed Name: Electronically filed by Shirley Pruitt	Approved By: Bryan Arrant
Title:	Title: Geologist
Email Address: shirleyp@ypcnm.com	Approved Date: 2/21/2007   Expiration Date: 2/21/2008
Date: 2/20/2007   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 47074

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-35437	2. Pool Code 40380	3. Pool Name LOVING,DELAWARE, SOUTH
4. Property Code 12521	5. Property Name LOVING AIB STATE	6. Well No. 015
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 3020

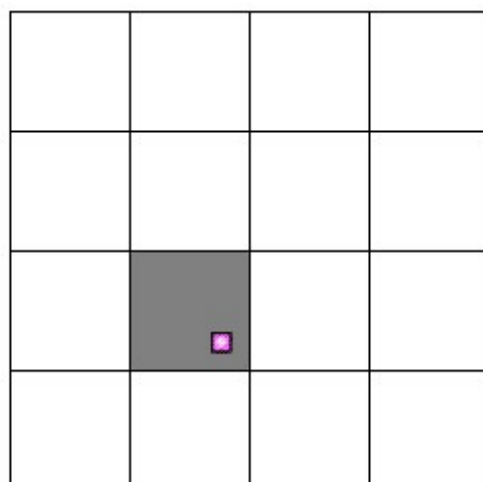
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	16	23S	28E		1650	S	2310	W	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: 2/20/2007

**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: 2/5/2007

Certificate Number: 3640

## Permit Comments

**Operator:** YATES PETROLEUM CORPORATION , 25575

**Well:** LOVING AIB STATE #015

**API:** 30-015-35437

Created By	Comment	Comment Date
SPRUITT	MUD PROGRAM: 0-300' Fresh Water; 300-6300' Brine	2/20/2007
SPRUITT	BOPE PROGRAM: A 3000 # BOPE will be installed on the 8.625" casing and tested daily for operational.	2/20/2007
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 Delaware formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.	2/20/2007

# Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LOVING AIB STATE #015

API: 30-015-35437

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.
BArrant	Operator to set surface casing above the Salado formation. Please refer to offset geology/e-logs for more information.
BArrant	Operator to submit a h2s well contingency plan per the rules and regulations of NMOC Rule 118 before well is spudded.