

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 30-025-38890
4. Property Code 28062	5. Property Name LIMBAUGH AYO STATE	6. Well No. 003

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	12	12S	34E	H	1980	N	660	E	LEA

8. Pool Information

RANGER LAKE, MORROW, NORTH (GAS)	97362
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4143
14. Multiple N	15. Proposed Depth 12350	16. Formation Pennsylvanian	17. Contractor	18. Spud Date
Depth to Ground water 36		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 checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input 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	14.75	11.75	42	400	250	0
Int1	11	8.625	32	4300	1175	0
Prod	7.875	5.5	17	12350	1400	3800

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill and test the Austin Cycle/intermediate formations. Approximately 400' of surface casing will be set and cement circulated. Intermediate casing will be set at 4300' 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	5000	5000	

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	
Printed Name: Electronically filed by Monti Sanders	Approved By: Paul Kautz	
Title:	Title: Geologist	
Email Address: montis@ypcnm.com	Approved Date: 5/7/2008	Expiration Date: 5/7/2010
Date: 5/6/2008	Phone: 575-748-4244	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
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Santa Fe, NM 87505

Form C-102
 Permit 70720

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38890	2. Pool Code 97362	3. Pool Name RANGER LAKE;MORROW, NORTH (GAS)
4. Property Code 28062	5. Property Name LIMBAUGH AYO STATE	6. Well No. 003
7. OGRID No. 25575	8. Operator Name YATES PETROLEUM CORPORATION	9. Elevation 4143

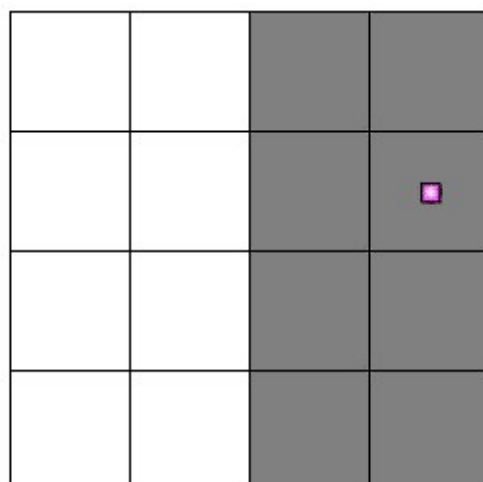
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	12	12S	34E		1980	N	660	E	LEA

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 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: Monti Sanders

Title:

Date: 5/6/2008

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: Gary L. Jones

Date of Survey: 4/21/2008

Certificate Number: 7977

Permit Comments

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LIMBAUGH AYO STATE #003

API: 30-025-38890

Created By	Comment	Comment Date
MSANDERS	MUD PROGRAM: 0-400' Fresh Water Gel; 400'-2076' Fresh Water; 2076'-4300' Red Bed Mud/Oil; 4300'-7700' Cut Brine; 7700'-11641' SW Gel/Starch; 11641'-TD SW Gel/Starch/4-6% KCL.	3/5/2008
MSANDERS	BOPE PROGRAM: A 5000# BOPE will be installed on the 8.625' casing and tested daily for operational.	3/5/2008
MSANDERS	Sources at Yates Petroleum Corporation have relayed to me that they believe there will be not be enough H2S found from the Surface to the Pennsylvannian formation to meet the OGD's minimum requirements for the submission of a contingency plan per Rule 118.	3/5/2008
MSANDERS	CORRECTION IN MUD PROGRAM: 11641'-TD SW Gel/Starch/4-6% KCL	3/18/2008

Permit Conditions of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: LIMBAUGH AYO STATE #003

API: 30-025-38890

OCD Reviewer	Condition
pkautz	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