

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

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

Form C-101

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address YATES PETROLEUM CORPORATION 105 South Fourth St. Artesia, NM 88210		OGRID Number 25575
		API Number 30-015-33036
Property Code 33017	Property Name Desiree BDS	Well No. 001

Surface Location

UL or Lot O	Section 34	Township 17S	Range 26E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County Eddy
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Proposed Pools

Wildcat Chester				
Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 3328
Multiple N	Proposed Depth 9000	Formation Chester	Contractor	Spud Date 10/10/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	440	0
Int1	12.75	9.625	36	1400	650	0
Prod	8.75	5.5	17	9000	1475	900

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Morrow 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. MUD PROGRAM: 0-400' FW/Spud Mud; 400'-1400' Fresh Water; 1400'-4450' Cut Brine; 4450'-6850' Cut Brine/7.5% KCL, 6850'-9000' Drispac/ Salt Gel/7.5% KCL. BOPE PROGRAM: A 3000# BOPE will be installed on the 9 5/8" casing and tested daily.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 10/09/2003

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 10/13/2003

Expiration Date: 10/13/2004

Conditions of Approval:

There are conditions. See Attached.

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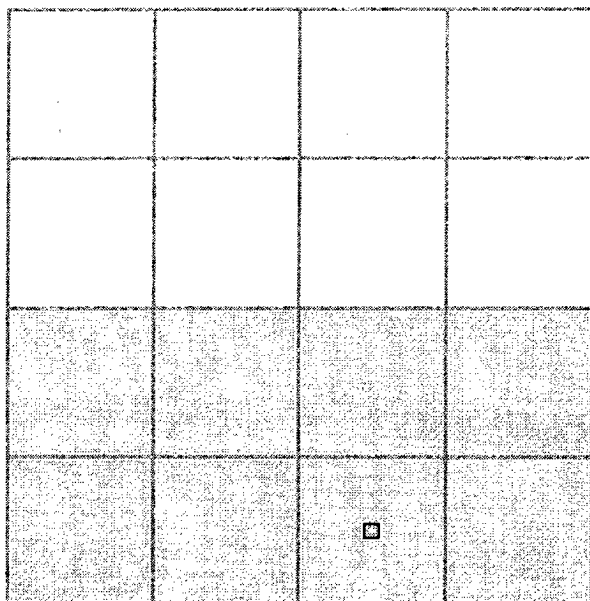
Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33036	Pool Name Wildcat Chester	Pool Code
Property Code 33017	Property Name Desiree BDS	Well No. 001
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3328

Surface And Bottom Hole Location

UL or Lot O	Section 34	Township 17S	Range 26E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County Eddy
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Debbie Caffall

Title: Regulatory Technician

Date: 10/09/2003

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: 10/02/2003

Certificate Number: 3640

Permit Conditions Of Approval

Operator: YATES PETROLEUM CORPORATION , 25575

Well: Desiree BDS #001

OCD Reviewer	Condition
BARRANT	Notify OCD time of spud and to witness cementing of intermediate casing string.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1926 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

October 8, 2003

To: Bryan Arant
From: Cy Cowan

Re: Yates Petroleum Corporation
Desiree BDS #1
H2S Contingency Plan

Sources at Yates Petroleum Corporation have relayed information to me that they believe there will not be enough H2S found from the surface through the Chester Formation to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118.

Thank you,

YATES PETROLEUM CORPORATION

Cy Cowan
Regulatory Agent