

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 30-025-36523
Property Code 15842	Property Name Lagarto AMZ State	Well No. 002

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	1	11S	34E	J	1890	S	1980	E	Lea

Proposed Pools

SAND SPRINGS;MISSISSIPPIAN (GAS) 97125
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4180
Multiple N	Proposed Depth 12640	Formation Mississippian Age Rocks- Undivided	Contractor	Spud Date 01/07/2004

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	400	0
Int1	12.25	9.625	36	4200	1500	0
Prod	8.75	5.5	17	12640	1650	3700

Casing/Cement Program: Additional Comments

Yates Petroleum Corporation proposes to drill/test the Mississippian/intermediate formations. Approximately 400' of surface casing will be set/cemented. Intermediate casing will be set @ 4200', cement circ. to surface. If commercial, production casing will be run/cemented, perforate/stimulate as needed for production. MUD PROGRAM: 0-400' FW/Spud Mud; 400'-2145' FW; 2145' - 4200' Red Bed Mud/Oil; 4200' -7750' Cut Brine; 7750'-9650' Salt Gel/Oil; 9650'-11450' S Gel/Starch; 11450'- TD SW/Starch/4%KCL. NO H2S ANTICIPATED.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

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: 01/06/2004

Phone: 505-748-4364

OIL CONSERVATION DIVISION

Electronically Approved By: Chris Williams

Title: District Supervisor

Approval Date: 01/07/2004

Expiration Date: 01/07/2005

Conditions of Approval:

No Conditions

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Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36523	Pool Name SAND SPRINGS;MISSISSIPPIAN (GAS)	Pool Code 97125
Property Code 15842	Property Name Lagarto AMZ State	Well No. 002
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4180

Surface And Bottom Hole Location

UL or Lot J	Section 1	Township 11S	Range 34E	Lot Idn J	Feet From 1890	N/S Line S	Feet From 1980	E/W Line E	County Lea
Dedicated Acres 388.88		Joint or Infill		Consolidation Code		Order No.			

OPERATOR CERTIFICATION	SURVEYOR CERTIFICATION
<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>	<i>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.</i>
Electronically Signed By: Debbie Caffall	Electronically Signed By: Herschel Jones
Title: Regulatory Technician	Date of Survey: 01/05/2004
Date: 01/06/2004	Certificate Number: 3640