

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 30-025-36581
Property Code 33444	Property Name Merle State Unit	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	13	10S	34E	O	1250	S	1650	E	Lea

Proposed Pools

Wildcat Mississippian

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 4158
Multiple N	Proposed Depth 12500	Formation Mississippi Limestone	Contractor	Spud Date 02/18/2004

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	40	4200	1400	0
Prod	8.75	5.5	17	12500	2700	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/Gel/Paper; 400'-2270' FW; 2270' – 4200' Red Bed Mud/Oil; 4200' -7700' Cut Brine; 7700'-9600' S Gel/Oil; 9600'-11500' S Gel/Starch; 11500'- 12500' 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: 02/17/2004	Phone: 505-748-4364

OIL CONSERVATION DIVISION	
Electronically Approved By: Paul Kautz	
Title: Geologist	
Approval Date: 02/18/2004	Expiration Date: 02/18/2005
Conditions of Approval: No Conditions	

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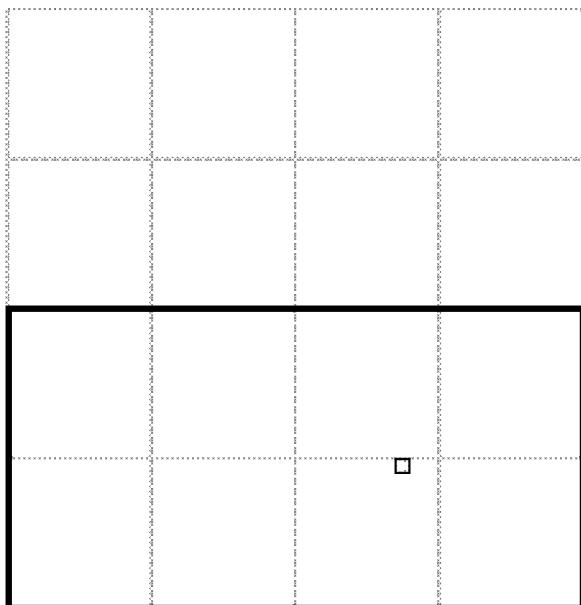
Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36581	Pool Name Wildcat Mississippian	Pool Code
Property Code 33444	Property Name Merle State Unit	Well No. 001
OGRID No. 25575	Operator Name YATES PETROLEUM CORPORATION	Elevation 4158

Surface And Bottom Hole Location

UL or Lot O	Section 13	Township 10S	Range 34E	Lot Idn O	Feet From 1250	N/S Line S	Feet From 1650	E/W Line E	County Lea
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: 02/17/2004

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: 02/11/2004

Certificate Number: 3640