

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

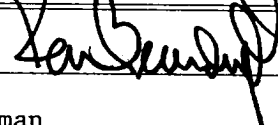

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-100521
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address 105 South Fourth Street Artesia, NM 88210		8. Lease Name and Well No. Mule Deer ATU Fed. Com. #1
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-30985
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1559' FSL & 1438' FWL Unit K At proposed prod. zone same Undes. Little Box Canyon; Meadow		10. Field and Pool, or Exploratory Wildcat, Morrow
11. Sec., T., R., M., or Blk. and Survey or Area Section 11-T21S-R21E		12. County or Parish Eddy
13. State NM		14. Distance in miles and direction from nearest town or post office* Approximately 35 Miles Southwest of Artesia, NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,081'	16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well 320 Post 3-3-00
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8500'	20. BLM/BIA Bond No. on file 585997
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4661'	22. Approximate date work will start* ASAP	23. Estimated duration 30 Days

24. Attachments

**ROSWELL CONTROLLED WATER BASIN**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification.   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Ken Beardemphl	Date 12/29/99
Title Landman		
Approved by (Signature) 	Name (Printed/Typed) Earle Smith	Date 3/1/00
Title Acting Assistant Field Manager, Lands And Minerals	Office	

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

Notify OCD at SPUD & TIME  
to witness cementing the  
8 5/8" casing.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED