

(July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT 1301 W. Grand Avenue Artesia, NM 88210

(Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

LEASE DESIGNATION AND SERIAL NO. 26684-A

INDIAN, ALLOTTEE OR TRIBE NAME

UNIT AGREEMENT NAME

NAME OF LEASE NAME, WELL NO. CORLEY FEDERAL # 3

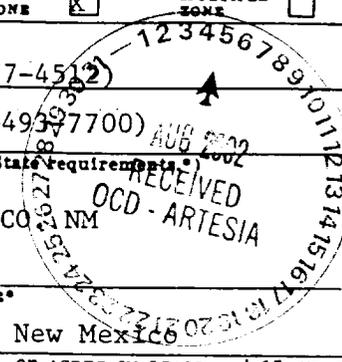
AP WELL NO. 30-015-32403

FIELD AND POOL, OR WILDCAT DUBLIN RANCH-MORROW GAS

SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 28 T22S-R28E

COUNTY OR PARISH STATE EDDY CO. NEW MEXICO

1a. TYPE OF WORK DRILL [X] DEEPEN []
b. TYPE OF WELL OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []
2. NAME OF OPERATOR UNIT PETROLEUM COMPANY KELLY RYAN (918-477-4512)
3. ADDRESS AND TELEPHONE NO. P.O. BOX 702500 TULSA, OKLAHOMA 74170 (918-493-7700)
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1650' FNL & 810' FEL SEC. 28 T22S-R28E EDDY CO. NM At proposed prod. zone SAME
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 12 miles Southeast of Carlsbad New Mexico
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 810'
18. NO. OF ACRES IN LEASE 400
17. NO. OF ACRES ASSIGNED TO THIS WELL 320
19. PROPOSED DEPTH 12,750'
20. ROTARY OR CABLE TOOLS ROTARY
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3063' GR. Carlsbad Controlled Water Basin
22. APPROX. DATE WORK WILL START* WHEN APPROVED



PROPOSED CASING AND CEMENTING PROGRAM
Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 17 1/2", 12 1/2", 8 3/4", and 6 1/2" hole sizes with corresponding casing and cement details.

- 1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 400'. Run and set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 365 Sx. of Class "C" cement + 2% CaCl, + 1/4# Flocele/Sx. Circulate cement to surface.
3. Drill 12 1/2" hole to 2650'. Run and set 2650' of 9 5/8" 36# J-55 ST&C casing. Cement with 580 Sx. of Class "C" cement + 2% CaCl, + 1/4# Flocele/Sx. Circulate cement to surface.
4. Drill 8 3/4" hole to 11,100'. Run and set 7 5/8" casing as follows: 2700' of 7 5/8" 29.7# HCP-110 LT&C, 8400' of 7 5/8" 26.4# HCP LT&C casing. Cement with 200 Sx. of Class "H" cement + additives.
5. Drill 6 1/2" hole to 12,750'. Run and set 4 1/2" liner from 12,750' back to 10,800'. 1950' of 4 1/2" 11.6# HCP-110 LT&C Liner. Cement with 310 Sx. of Class "H" cement.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Agent DATE 07/12/02

PERMIT NO. APPROVAL DATE

Application approval does not warrant or certify that 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:

APPROVED BY /s/ Mary J. Rugwell FIELD MANAGER DATE AUG 02 2002