

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  
Permit 1237

APPLICATION FOR PERMIT TO DRILL

|  |  |                            |
|--|--|----------------------------|
| Operator Name and Address<br>XERIC OIL & GAS CORP<br>PO Box 352<br>Midland, TX 79702 |  | OGRID Number<br>25482      |
|  |  | API Number<br>30-025-36791 |
| Property Code<br>15433   | Property Name<br>WEST PEARL QUEEN UNIT | Well No.<br>301            |

Surface Location

|                |               |                 |              |              |                   |               |                  |               |               |
|----------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|---------------|
| UL or Lot<br>H | Section<br>31 | Township<br>19S | Range<br>35E | Lot Idn<br>H | Feet From<br>2310 | N/S Line<br>N | Feet From<br>825 | E/W Line<br>E | County<br>Lea |
|----------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|---------------|

Proposed Pools

|                   |
|-------------------|
| PEARL,QUEEN 49780 |
|-------------------|

|                       |                        |                    |                     |                                |
|-----------------------|------------------------|--------------------|---------------------|--------------------------------|
| Work Type<br>New Well | Well Type<br>OIL       | Cable/Rotary       | Lease Type<br>State | Ground Level Elevation<br>3718 |
| Multiple<br>N         | Proposed Depth<br>5000 | Formation<br>Queen | Contractor          | Spud Date<br>08/05/2004        |

Proposed Casing and Cement Program

|      |           |             |                  |               |                 |               |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
| Surf | 12.25     | 8.625       | 26               | 600           | 300             |               |
| Prod | 7.875     | 5.5         | 15.5             | 5000          | 850             |               |

Proposed Blowout Prevention Program

|            |                  |               |              |
|------------|------------------|---------------|--------------|
| Type       | Working Pressure | Test Pressure | Manufacturer |
| Double Ram | 2000             | 1500          | Cameron      |

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

Electronically Signed By: Angie Crawford

Title: Production Analyst

Date: 07/27/2004

Phone: 432-683-3171

OIL CONSERVATION DIVISION

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 08/02/2004

Expiration Date: 08/02/2005

Conditions of Approval:

There are conditions. See Attached.