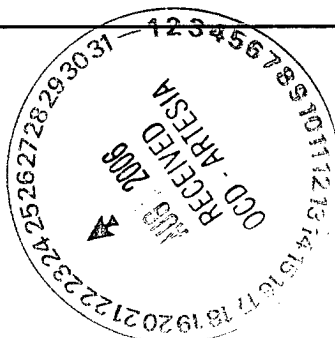




NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division



August 9, 2006
Bureau of Land Management
620 East Green St.
Carlsbad, NM 88220
Attn: Mr. Craig Cranston or To Whom It May Concern

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: Yates Petroleum Corporation
LEASE NAME: Jacque 'AQJ' State # 9
LOCATION: SEC. 34, TOWNSHIP 21 SOUTH, RANGE 31 EAST
1650' FSL & 1650' FWL
EDDY COUNTY, NM, NMPM

30-015-35091

PROPOSED DEPTH: 8250'

Dear Craig or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.
Thank you for your assistance.

Sincerely,

Bryan G. Arrant
PES, District II Artesia NMOCD

In LMR	Yes _____	No <input checked="" type="checkbox"/> _____
In Buffer Zone	Yes <input checked="" type="checkbox"/> _____	No _____

Comments:

1/4 1/4 Miliz Buffer Zone

Signature:

[Handwritten Signature]

Date: 8-22-06