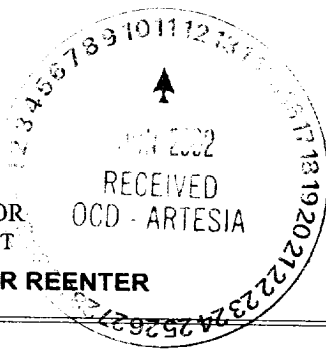


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER



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

C15F

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-103570
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 29605
2. Name of Operator KUKUI Operating Company 149678		7. If Unit or CA Agreement, Name and No.
3a. Address 203 W. Wall St., #810 Midland, TX 79701	3b. Phone No. (include area code) 915-687-6200	8. Lease Name and Well No. Highlands 14 Federal #1Y
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FNL & 2,000' FWL (skid rig 20' east from original wellbore) At proposed prod. zone ut F		9. API Well No. 30-015- 2236 32341
14. Distance in miles and direction from nearest town or post office* Approximately 12 miles south of Hope, NM		10. Field and Pool, or Exploratory Huapache Basin
5. Distance from proposed* location to nearest property or lease line, ft. 2,000' (Also to nearest drig. unit line, if any)		11. Sec., T., R., M., or Blk. and Survey or Area Sec 14 - T19S - R21E
16. No. of Acres in lease 2,560	17. Spacing Unit dedicated to this well 320	12. County or Parish Eddy
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 7,950'	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,244' GL	22. Approximate date work will start* When Approved	20. BLM/BIA Bond No. on file
23. Estimated duration 30 days		

24. Attachments

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. Revised Casing/Cement Program | 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) Larry K. Strider	Date 6/05/02
Title Western District Manager		
Approved by (Signature) (ORIG. SGD.) ALEXIS C. SWOBODA	Name (Printed/Typed)	Date JUN 10 2002
Title PETROLEUM ENGINEER		
Office ROSWELL FIELD 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)

RECEIVED

2002 JUN -6 AM 8:45

BUREAU OF LAND MGMT.
ROSWELL OFFICE