

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-80645		
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR Yates Petroleum Corporation			7. UNIT AGREEMENT NAME		
3. ADDRESS OF OPERATOR 105 South Fourth Street, Artesia, New Mexico 88210			8. FARM OR LEASE NAME Lily "ALY" Federal		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit A; 660' FNL and 660' FEL At proposed prod. zone same			9. WELL NO. 1		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 24 miles northeast of Loving, New Mexico			10. FIELD AND POOL, OR WILDCAT Wildcat Delaware		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)		16. NO. OF ACRES IN LEASE 320	17. NO. OF ACRES ASSIGNED TO THIS WELL 40		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH 8300'	20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3459' GR			22. APPROX. DATE WORK WILL START* ASAP		

PROPOSED CASING AND CEMENTING PROGRAM					Secretary's Potash/R-111-P Potash
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
17 1/2"	13 3/8"	54.5#	500'	Circulate - 500 sacks	
11"	8 5/8"	32.0#	4200'	Circulate - 1250 sacks	
7 7/8"	5 1/2"	17 & 15.5#	TD	Tie Back to 8 5/8" - 900 sacks	

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 500' of surface casing will be set and cement circulated. Approximately 4200' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 500'; Brine to 4200'; cut Brine to 6500'; Starch/cut Brine to TD.

BOP PROGRAM: BOP will be installed on the 13 3/8" casing and tested daily for operational.

NOTE: NO POTASH LEASES WITHIN A MILE RADIUS.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and 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.

24. SIGNED Clifton R. May TITLE Permit Agent DATE 11-9-92
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 12-23-92

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

*See Instructions On Reverse Side

ATTACHED
Title 18 U.S.C. Section 1001, makes 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.