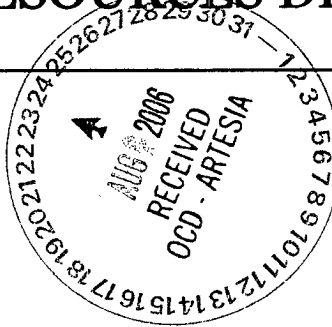




# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**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 # 11  
**LOCATION:** SEC. 34, TOWNSHIP 21 SOUTH, RANGE 31 EAST  
1650' FNL & 1650' FWL  
EDDY COUNTY, NM, NMPM

30-015-35093

**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   
In Buffer Zone Yes  No

Comments:

In INTERIOR POTASH LMR

Signature: *Craig Cranston*

Date: 8-22-06