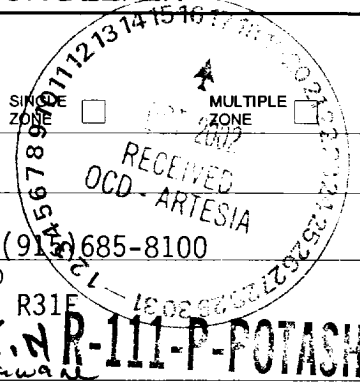


UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate (Other instructions on reverse side)
 FORM APPROVED
 OMB NO. 1004-0136
 Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO. NM-55142
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 7. UNIT AGREEMENT NAME 25393
 8. FARM OR LEASE NAME, WELL NO. #8 Sterling Silver "3" Fed.
 9. API WELL NO. 30-015-32477
 10. FIELD AND POOL, OR WILDCAT
 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 3, T24S, R31E
 12. COUNTY OR PARISH Eddy County
 13. STATE NM
 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 25 miles East of Loving New Mexico
 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660'
 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. 1320'
 19. PROPOSED DEPTH 8450'
 20. ROTARY OR CABLE TOOLS Rotary
 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3454' GR **Carlsbad Controlled Water Basin**
 22. APPROX. DATE WORK WILL START* When approved



23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20" conductor	NA	40'	Cement to surface w/ Redi-mix
14-3/4"	10-3/4 H-40	32.75	750'	650 sks circulate to surface
9-7/8"	7-5/8 J-55	26.40	4150'	1100 sks circulate to surface
6-3/4"	4-1/2 N-80, J-55	11.60	8450'	1150 sks 2 stages TOC 3100'

- Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface w/ Redi-mix.
- Drill 14-3/4" hole to 750'. Run and set 750' of 10-3/4" H-40 32.75# ST&C csg. Cement w/ 650 sks Class "C" cement + additives, circulate cement to surface.
- Drill 9-7/8" hole to 4150'. Run and set 4150' of 7-5/8" J-55 26.4# ST&C csg. Cement w/ 1100 sks Class "C" cement + additives, circulate cement to surface.
- Drill 6-3/4" hole to 8450'. Run and set 8450' of 4-1/2" casing as follows: 1450' of 4-1/2" N-80 11.6# LT&C, 6000' of 4-1/2" J-55 11.6# LT&C, 1000' of 4-1/2" N-80 LT&C. Cement in two stages, stage tool at ±6200'. Cement w/ 1150 sks Class "H" cement + additives, estimate TOC 3100' from surface.

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, 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 Cathy Imberlin TITLE Sr. Operation Tech DATE 08/21/02

(This space for Federal or State office use)
 PERMIT NO. _____ APPROVAL DATE _____
 Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.
 CONDITIONS OF APPROVAL, IF ANY

APPROVED BY /s/ RICHARD A. WHITLEY TITLE STATE DIRECTOR DATE OCT 08 2002

*See Instructions On Reverse Side APPROVAL FOR 1 YEAR
 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.