

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

ESIA

ATS-07-62

30-015-35624

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Month - Year
11 - 2007
OCD - ARTESIA, NM

OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NM-10266		
b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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		
2. Name of Operator Yates Petroleum Corporation			7. If Unit or CA Agreement, Name and No. 36512		
3A. Address 105 South Fourth Street Artesia, New Mexico 88210			8. Lease Name and Well No. Terry Fy Com #64 BIB BIA Federal Com. #111		
3b. Phone No. (include area code) (505) 748-1471			9. API Well No. 307 B-11 PERSONNEL 3-1-07		
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 760' FNL & 660' FEL, Unit A At proposed prod. Zone 760' FNL & 660' FWL, Unit D			10. Field and Pool, or Exploratory Cottonwood Creek Wolfcamp		
14. Distance in miles and direction from nearest town or post office* 7 miles Northwest of Artesia, New Mexico			11. Sec., T., R., M., or Blk. and Survey or Area Roswell Controlled Water Basin Section 21-T16S-R25E		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		16. No. of Acres in lease 640	17. Spacing Unit dedicated to this well N/2 320		
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft.		19. Proposed Depth 5200'	20. BLM/BIA Bond No. on file NM-2811		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3511' GL		22. Approximate date work will start* ASAP	23. Estimated duration 45 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:

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| 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. | 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 office. |

25. Signature Cy Cowan	Name (Printed/Typed) Cy Cowan	Date 10/20/06
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Regulatory Agent

Approved by (Signature) /s/ James Stovall	Name (Printed/Typed) /s/ James Stovall	Date MAY 11 2007
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Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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Application approval does not warrant or certify that 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.

APPROVAL FOR 2 YEARS

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) C-144 attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED