

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-28171	
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Not Applicable	
2. Name of Operator Yates Petroleum Corporation 25575		7. If Unit or CA Agreement, Name and No. Not Applicable	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Spear OA Federal #7 12766	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30 - ocs - 63393	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FSL and 1980' FEL, Unit J At proposed prod. Zone same as above		10. Field and Pool, or Exploratory Undesignated Foor Ranch	
14. Distance in miles and direction from nearest town or post office* Approximately twenty (20) miles northeast of Roswell, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Section 9, T9S-R26E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. County or Parish Chaves County	13. State NM
16. No. of Acres in lease 1399.95		17. Spacing Unit dedicated to this well 320 acres - E/2	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file NM-2811	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3984' GL		22. Approximate date work will start* ASAP	
		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:

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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 <i>Pat Perez</i>	Name (Printed/Typed) Pat Perez	Date 2/28/01
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Title:

Regulatory Agent

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) JOHN L. BRAY	Date JUN 13 2001
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Title

Assistant Field Manager

Office

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.

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)

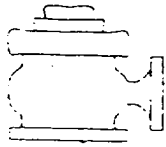
**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS**

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BUREAU OF LAND MGMT.
ROSSELL OFFICE

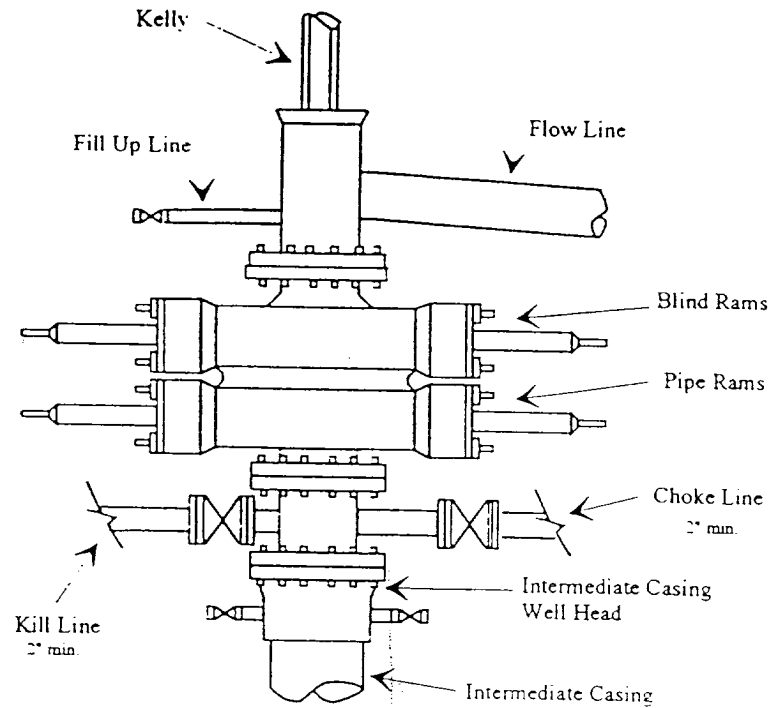
	<div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 10px;"> <h3>OPERATOR CERTIFICATION</h3> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p style="font-size: 1.2em; font-family: cursive;">Pat Perez</p> <p>Signature</p> <p>Pat Perez</p> <p>Printed Name</p> <p>Regulatory Agent</p> <p>Title</p> <p>2-28-01</p> <p>Date</p> </div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 10px;"> <h3>SURVEYOR CERTIFICATION</h3> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: right;">2/21/2001</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <div style="text-align: center;"> </div> <p>Certificate No. Herschel L. Jones RLS 3640</p> <p>SPEAR 7 W-1 C/D-1</p> <p>GENERAL SURVEYING COMPANY</p> </div>
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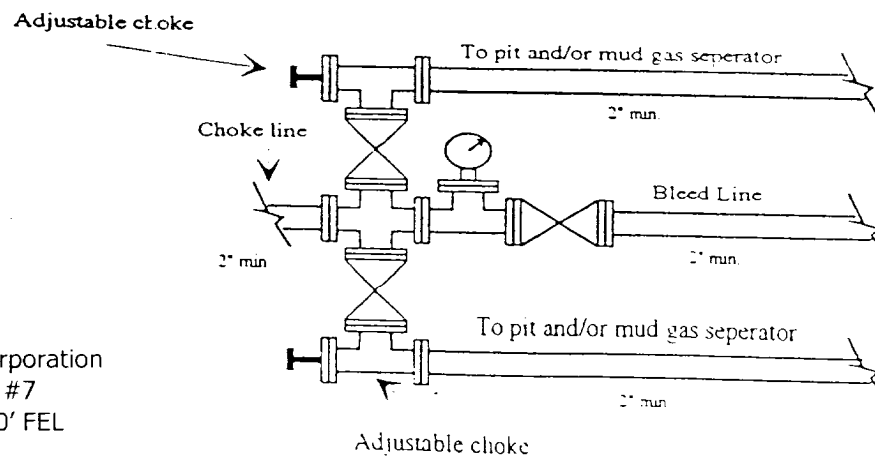
Yates Petroleum Corporation

BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack



Typical 2,000 psi choke manifold assembly with at least these minimum features



Yates Petroleum Corporation
Spear "OA" Federal #7
1980' FSL and 1980' FEL
Sec. 9-T9S-R26E
Chaves County, New Mexico