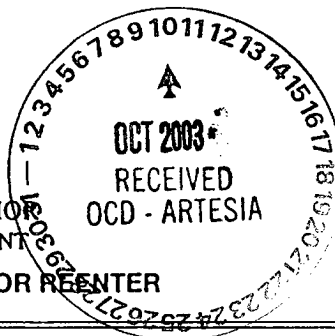


## OCD-ARTESIA

Form 3160-3  
(August 1999)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
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. LC-056302(b) 063105	
1b. 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 CBS OPERATING CORP.		7. If Unit or CA Agreement, Name and No. NORTH SQUARE LAKE UNIT	
3a. Address P. O. BOX 2236 MIDLAND TX 79702		8. Lease Name and Well No. NORTH SQUARE LAKE UNIT 191	
3b. Phone No. (include area code) 432/685-0878		9. API Well No. 30-015-33040	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2630' FSL & 10' FWL At proposed prod. zone		10. Field and Pool, or Exploratory SQUARE LAKE GB-SA	
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 28 T16S R31E		12. County or Parish. EDDY	
13. State NM		14. Distance in miles and direction from nearest town or post office* 7 miles NE of Loco Hills New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 10'	16. No. of Acres in lease 6125 ac in unit	17. Spacing Unit dedicated to this well 40 acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1130' +/-	19. Proposed Depth 3650'	20. BLM/BIA Bond No. on file NMB 000024	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3980' GL	22. Approximate date work will start* November 1, 2003	23. Estimated duration Drill & Complete 30 days	
24. Attachments ROSWELL CONTROLLED WATER BASIN			

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 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 officer. |

25. Signature	Name (Printed/Typed) M. A. SIRGO, III	Date 9-17-03
---------------	--	-----------------

Title  
ENGINEER

Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 8 OCT 2003
--	---	--------------------

Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE
-------------------------------	---------------------------------

Application approval does not warrant or certify the 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 1 YEAR

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  
ATTACHED

PERTINENT INFORMATION

For  
CBS OPERATING CORP.  
No. 191 North Square Lake Unit  
2630' FSL & 10' FWL SEC. 28, T16S, R31E  
Eddy County, New Mexico  
Federal Lease No. LC-056302(b)

NOTICE OF STAKING: Attached and filed on October 14, 2002

LOCATED: 7.0 air miles northeast of Loco Hills, New Mexico

FEDERAL LEASE NUMBER: LC-056302(b)

DATE ISSUED: November 1, 1982

ACRES IN LEASE: 400 acres in Tract 2 of 6125 Unit acres

RECORD LESSEE: Exxon Corp.

BOND COVERAGE: Federal State Wide Blanket Bond  
Federal Bond No. NMB 000024

AUTHORITY TO OPERATE: Transfer of Operating Rights to CBS Partners Ltd.

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: Bogle Ltd. Company  
P. O. Drawer 460, Dexter, NM 88230

POOL RULES: Square Lake Grayburg-San Andres

DIRECTIONS TO WELL: Go east out of Loco Hills, NM on Hwy 82 three miles, turn north on Eddy CR 220. Travel 6.75 miles north on CR 220 until Square Lake road, turn east into North Square Lake Unit. Travel 2 miles east on Square Lake road and turn north on main caliche lease road. Travel north approximately one-third mile and turn east. Travel 6/10 miles on lease road, then turn north and travel 600' +- and turn east onto new 432' road into location.

LENGTH OF ROAD: 432'

CUT AND FILL FOR DRILLING PAD: 8' cut and 8' of fill

ESTIMATED GEOLOGIC TOPS:

Base of redbed	485'
Top of salt	660'
Base of salt	1650'
Top of San Andres	3425'

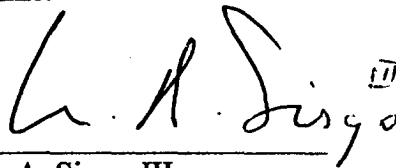
SUPPLEMENTAL DRILLING DATA: Please refer to the previously submitted Master Drilling Program for the North Square Lake Unit dated December 2002.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN: Please refer to the previously submitted Master Multi-Point Surface Use Plan dated December 2002 and the subsequent EA generated by the Bureau of Land Management, Carlsbad, NM district office. (EA No.: NM-080-2003-0689)

ARCHAEOLOGICAL SURVEYS: Please refer to that 40 acre block survey conducted on June 3 and June 13, 2003 and reported on under NMCRIS No. 83803, (a copy of the first page of this report is attached).

EXHIBITS: A. Road and Contour Map  
B. Lease and Well Map

OPERATOR AFFIRMATION: The Master Drilling Plan contains a Hydrogen Sulfide Drilling Operation Plan. CBS Operating Corp. currently feels that this plan is comprehensive with regard to H<sub>2</sub>S safety and that expected H<sub>2</sub>S levels in the field do not warrant an additional contingency plan at this time.

  
\_\_\_\_\_  
M. A. Sirgo, III

P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico

**Energy, Minerals and Natural Resources Department.**

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

**Fee Lease - 3 Copies**

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

## OIL CONSERVATION DIVISION

P.O. Box 2088

**Santa Fe, New Mexico 87504-2088**

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

# WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ **AMENDED REPORT**

API Number	Pool Code	Pool Name
	57570	SQUARE LAKE GRAYBURG SAN ANDRES
Property Code	Property Name	Well Number
030768	NORTH SQUARE LAKE UNIT	191
OGRID No.	Operator Name	Elevation
216852	CBS OPERATING CORPORATION	3980'

### Surface Location

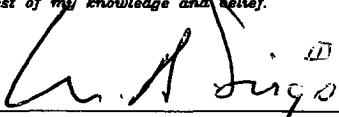
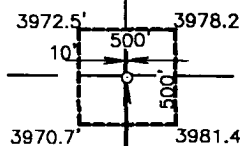
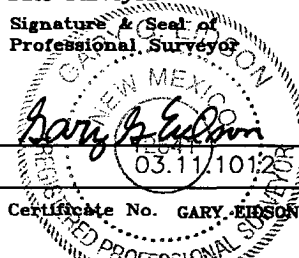
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	16-S	31-E		2630	SOUTH	10	WEST	EDDY

## Bottom Hole Location If Different From Surface

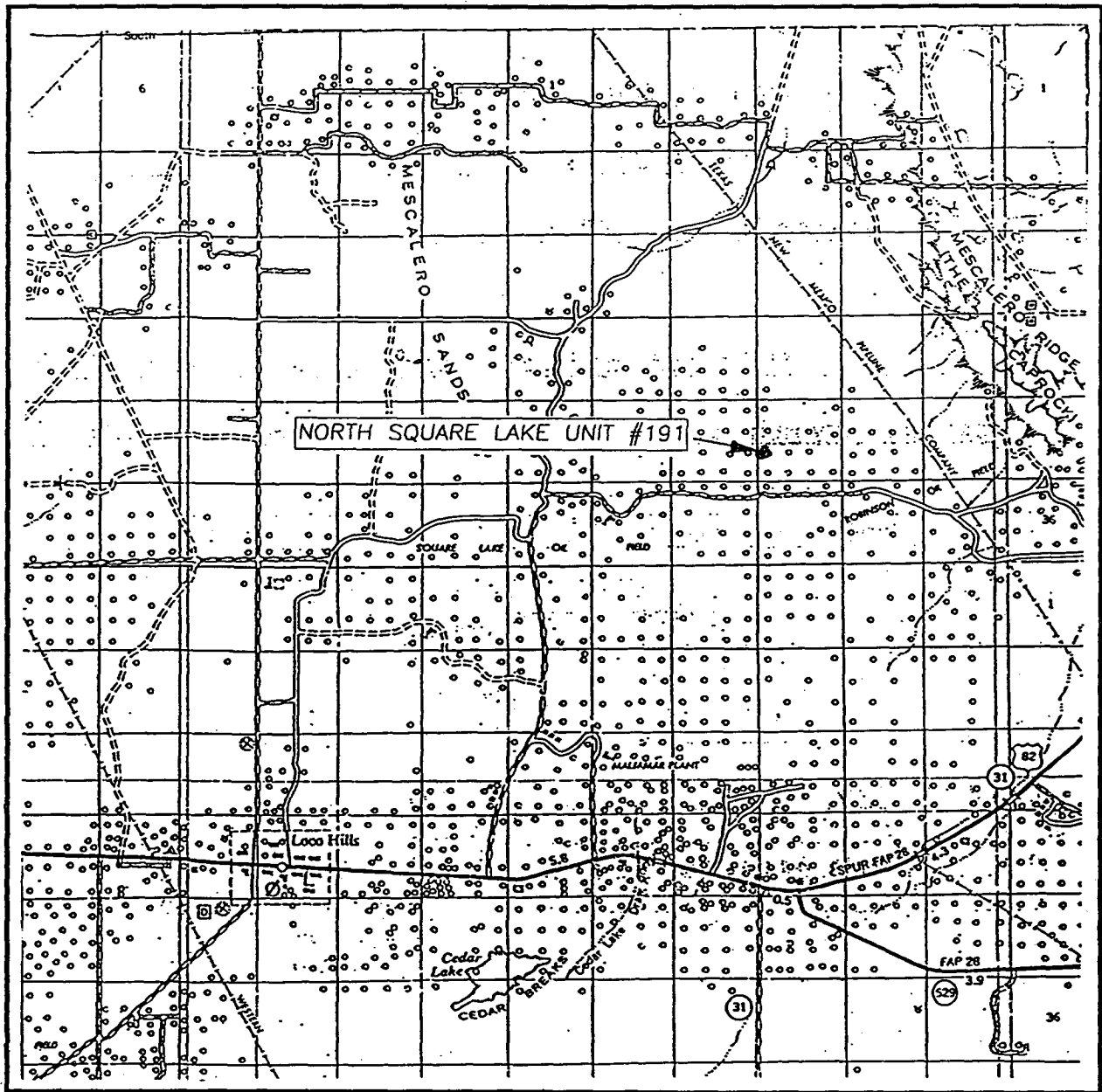
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

29 28	<p>             GEODETIC COORDINATES              NAD 27 NME              Y = 688677.3              X = 638289.6                LAT. 32°53'32.79"N              LONG. 103°52'58.13"W           </p>	<p><b>OPERATOR CERTIFICATION</b></p> <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;">  </p> <p>             Signature  <u>M. A. Sirgo, III</u>              Printed Name  <u>Engineer</u>              Title  <u>September 24, 2003</u>              Date           </p>
		<p><b>SURVEYOR CERTIFICATION</b></p> <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="font-size: 1.2em;">             SEPTEMBER 15, 2003           </p> <p>             Date Surveyed              Signature &amp; Seal of Professional Surveyor   </p> <p>             Certificate No. <u>GARY EDSON</u> 12641           </p>

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 28 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2630' FSL & 10' FWL

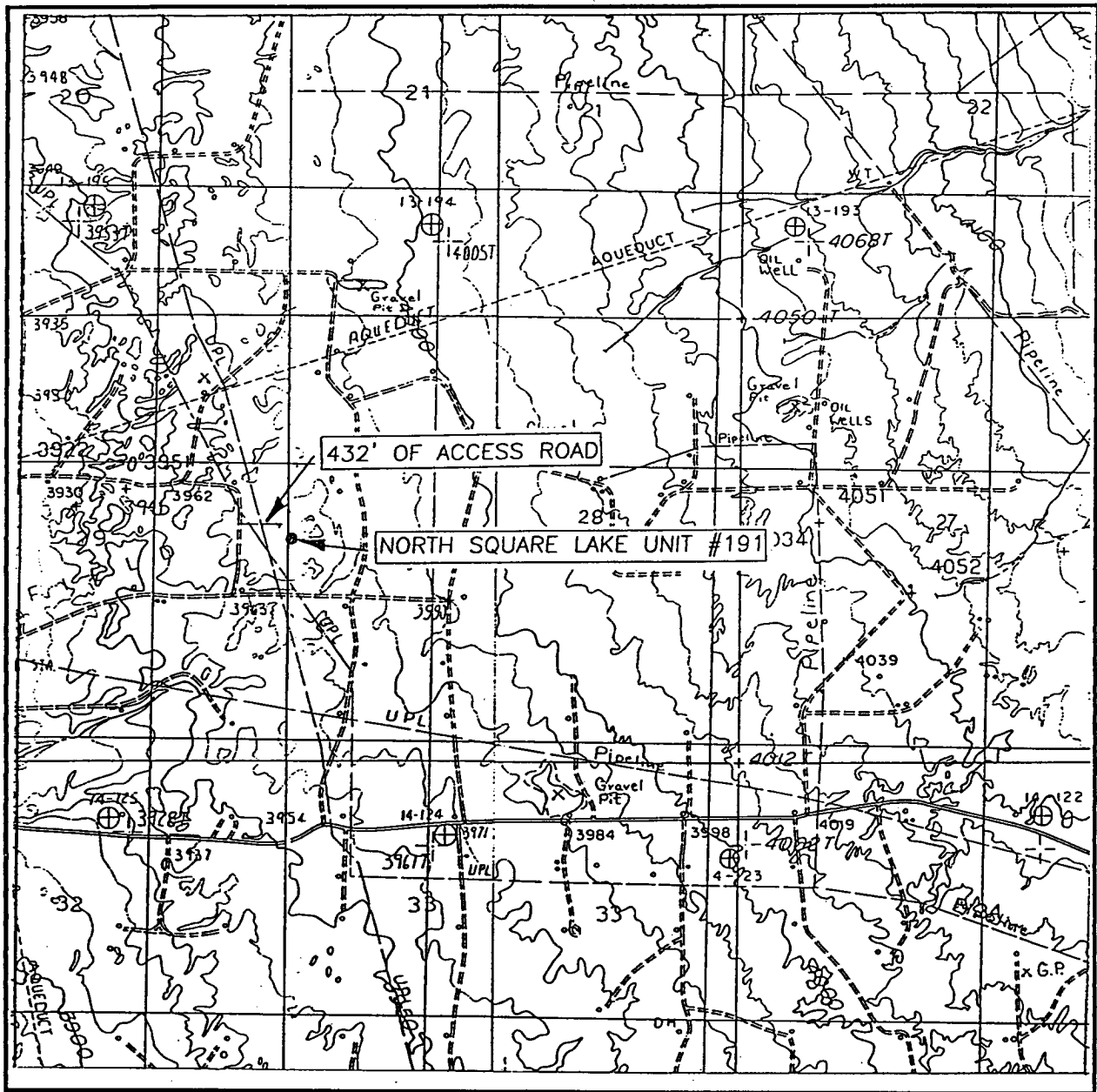
ELEVATION 3980'

OPERATOR CBS OPERATING CORPORATION

LEASE NORTH SQUARE LAKE UNIT

**JOHN WEST SURVEYING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
HENSHAW TANK, N.M.

SEC. 28 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2630' FSL & 10' FWL

ELEVATION 3980'

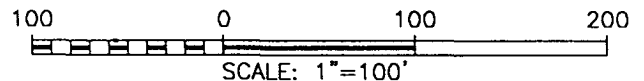
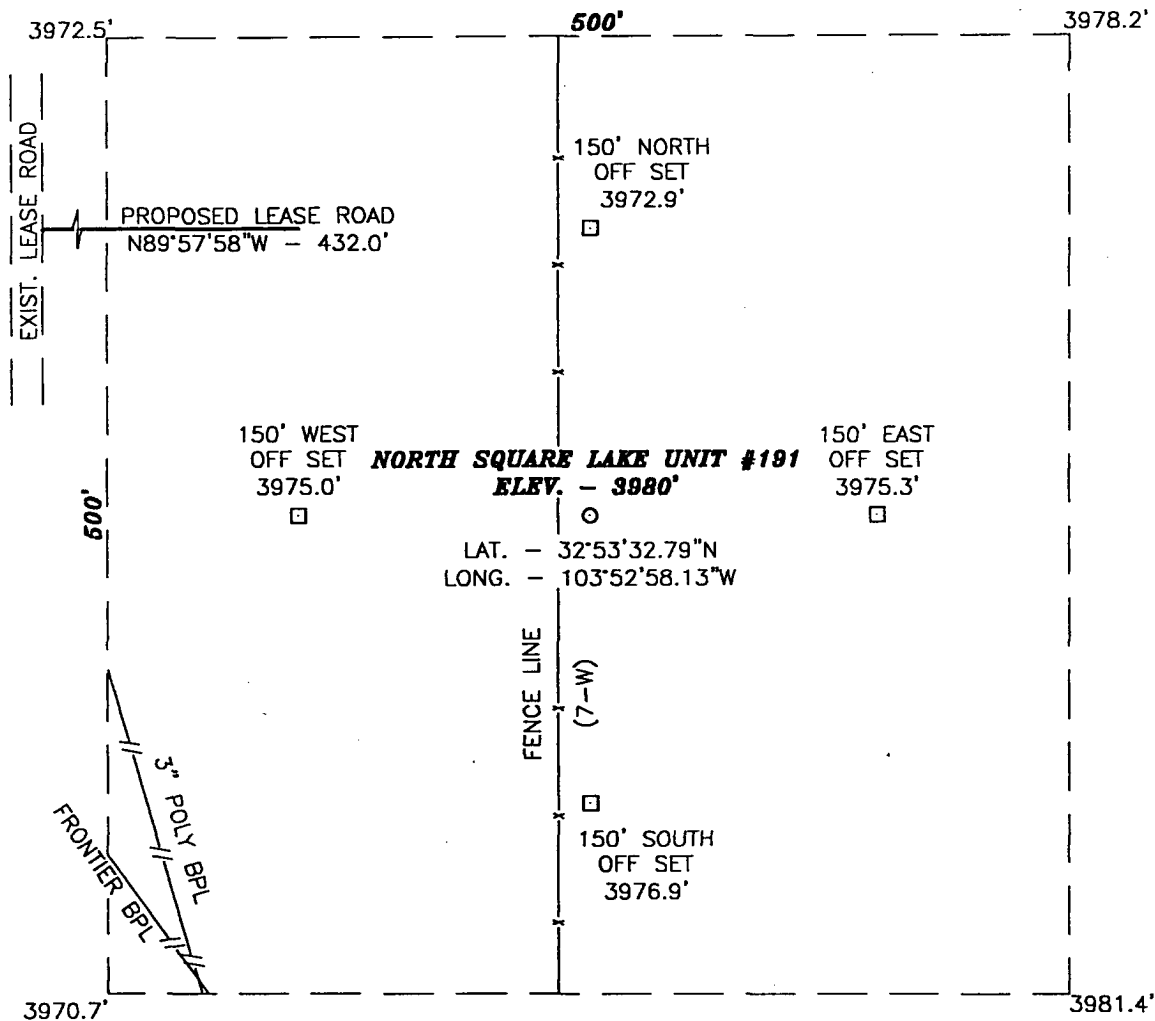
OPERATOR CBS OPERATING CORPORATION

LEASE NORTH SQUARE LAKE UNIT

U.S.G.S. TOPOGRAPHIC MAP  
HENSHAW TANK, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

SECTION 28, TOWNSHIP 16 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF LOVINGTON HWY (U.S. HWY 82) AND SQUARE LAKE ROAD (CO. RD. #220). GO NORTH ON CO. RD. #220 4.2 MILES TO EAST SQUARE LAKE ROAD (CO. RD. #252), THEN GO 2.6 MILES EAST ON CO. RD. #252 TO A ROAD TO THE LEFT, THEN GO 0.5 MILES NORTH TO A ROAD TO THE LEFT, THEN GO 0.3 MILES EAST TO A ROAD TO THE RIGHT, THEN GO 0.2 MILES NORTH TO A PROPOSED STAKED ROAD, THEN 432.0 FEET EAST ALONG STAKED ROAD TO PROPOSED WELL LOCATION.

CBS OPERATING CORPORATION

THE NORTH SQUARE LAKE UNIT #191 LOCATED 2630 FROM THE SOUTH LINE AND 10 FROM THE WEST LINE SECTION 28, TOWNSHIP 16 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

JOHN WEST SURVEYING COMPANY  
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

Survey Date: 9/15/03	Sheet 1 of 1 Sheets
W.O. Number: 03.11.1012	Drawn By: L.A.
Date: 9/22/03	DISK:CD#2
	03111012

**GP II ENERGY, INC.  
P. O. BOX 2236  
MIDLAND, TX 79702  
915/682-5671**

October 14, 2002

**BUREAU OF LAND MANAGEMENT  
2909 West Second Street  
Roswell, New Mexico 88201**

**Re: Transmittal of Notice of Staking  
North Square Lake Unit  
Eddy County, New Mexico**

**Ladies and Gentlemen:**

**Enclosed are two copies of Notice of Staking for 23 wells to be located in the North Square Lake Unit, Eddy County, New Mexico. The assigned well numbers start with NSLU #175 and go through NSLU #197. Several of these locations were previously permitted but have since expired.**

**If you have any questions, please call.**

**Sincerely,**

**David C. Cotner, Agent**





# NOTICE OF STAKING



<b>NOTICE OF STAKING</b> Not to be used in place of Application for Permit to Drill (Form 3160-3)		6. Lease Number LC - 056302B	
1. Oil Well <input checked="" type="checkbox"/> Gas Well _____ Other (Specify) _____		7. If Indian, Allottee or Tribe Name	
2. Name of Operator: GP II ENERGY, INC.		8. Unit Agreement Name NORTH SQUARE LAKE UNIT	
3. Name of Specific Contact Person: David Cotner - Agent		9. Farm or Lease Name NORTH SQUARE LAKE UNIT	
4. Address & Phone No. of Operator or Agent P.O. BOX 2236 MIDLAND, TEXAS 79702 915-682-5671		10. Well No. 191	
5. Surface Location of Well 10 FWL & 263Q FSL		11. Field or Wildcat Name SQUARE LAKE - GB-SA	
Attach: a) Sketch showing road entry onto pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		12. Sec., T., R., M., or Blk and Survey or Area SECTION: 28 T-16-S R-31-E	
15. Formation Objective(s) GRAYBURG-SAN ANDRES	16. Estimated Well Depth 3800'	13. County, Parish, or Borough EDDY	14. State NM
17. Additional Information (as appropriate; shall include surface owner's name, address and, if known, telephone number)			

18. Signed \_\_\_\_\_ Title Agent Date \_\_\_\_\_

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

Operators must consider the following prior to the onsite:

- a) H<sub>2</sub>S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

**1/03**

1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED ( ) REJECTED ( )		3. NMCRIS No.: 83803	
4. Type of Report:                                      Negative(X)                                      Positive (        )					
5. Title of Report:  Block Around the North Square Lake Unit #191 Well Pad  Author(s): Raymond C. Medlock				6. Fieldwork Date(s) from 03-Jun-2003 to 13-Jun-2003	
				7. Report Date: 16-Jun-2003	
8. Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Names: Raymond C. Medlock Phone: (505) 558-1352				9. Cultural Resource Permit No.: 190-2920-03-C	
				10. Consultant Report No.: BAS 05-03-NSLU 191	
11. Customer Name: CBS OPERATING CORPORATION Responsible Individual: Manny Sirgo Address: P.O. Box 2236 Midland, TX 79702 Phone: (432) 685-0878				12. Customer Project No.:	
13. Land Status	BLM	STATE	PRIVATE	OTHER	TOTAL
a. Area Surveyed (acres)	40.0				40.0
b. Area of Effect (acres)	Unknown				Unknown
14.					
a. Linear: Length; N/A      Width; N/A					
b. Block: 40.0 acres					
15. Location: (Maps Attached if Negative Survey)					
a. State: New Mexico					
b. County: Eddy					
c. BLM Office: Carlsbad					
d. Nearest City or Town: Loco Hills					
e. Legal Location: T 16S, R 31E, Sec. 28: SW/4 NW/4      Sec. 29: SE/4 NE/4 NW/4 SW/4                                      NE/4 SE/4					
f. Well Pad Footages: N/A					
g. USGS 7.5 Map Name(s) and Code Number(s): Henshaw Tank, NM (Provisional Edition 1985) 32103-H8					