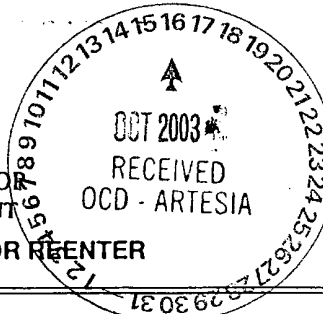


OCD-ARTESIA

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

5. Lease Serial No. NM-71796	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No. NORTH SQUARE LAKE UNIT	
8. Lease Name and Well No. NORTH SQUARE LAKE UNIT 200	
9. API Well No. 30-015-33048	
10. Field and Pool, or Exploratory SQUARE LAKE GB-SA	
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 29 T16S R31E	
12. County or Parish. EDDY	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 110'	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. 750' +-
19. Proposed Depth 3500'	20. BLM/BIA Bond No. on file NMB 000024
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3963' 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.
2. A Drilling Plan.
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). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|---|

25. Signature <i>M. A. Sirgo III</i>	Name (Printed/Typed) M. A. SIRGO, III	Date 9-17-03
Title ENGINEER		
Approved by (Signature) <i>/s/ Joe G. Lara</i>	Name (Printed/Typed) /s/ Joe G. Lara	Date 14 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. 200 North Square Lake Unit
1100' FSL & 110' FEL SEC. 29, T16S, R31E
Eddy County, New Mexico
Federal Lease No. NM-71796

NOTICE OF STAKING: Attached and filed on September 10, 2003

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

FEDERAL LEASE NUMBER: NM-71796

DATE ISSUED: February 1, 1955

ACRES IN LEASE: 80 acres in Tract 24 of 6125 Unit acres

RECORD LESSEE: Square Lake Partners, LLC

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-half mile and turn east. Travel two-thirds mile east on lease road and turn north. Travel 692' northeast on new road into location.

LENGTH OF ROAD: 692'+-

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

ESTIMATED GEOLOGIC TOPS:

Base of redbed	500'
Top of salt	685'
Base of salt	1620'
Top of San Andres	3440'

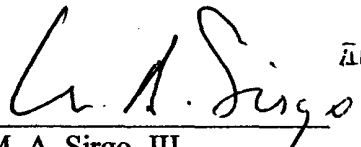
SUPPLEMENTAL DRILLING DATA: Please refer to the previously submitted Master Drilling Program for the North Square Lake Unit dated December 2002.

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 51.71 acre block survey conducted on September 13, 2003 and reported on under NMCRIS No. 85057, (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 H₂S safety and that expected H₂S levels in the field do not warrant an additional contingency plan at this time.


M. A. Sirgo, III

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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 57570	Pool Name SQUARE LAKE GRAYBURG SAN ANDRES
Property Code 030768	Property Name NORTH SQUARE LAKE UNIT	Well Number 200
OGRID No. 216852	Operator Name CBS OPERATING CORPORATION	Elevation 3963'

Surface Location

UL or lot No. P	Section 29	Township 16-S	Range 31-E	Lot Idn	Feet from the 1100	North/South line SOUTH	Feet from the 110	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

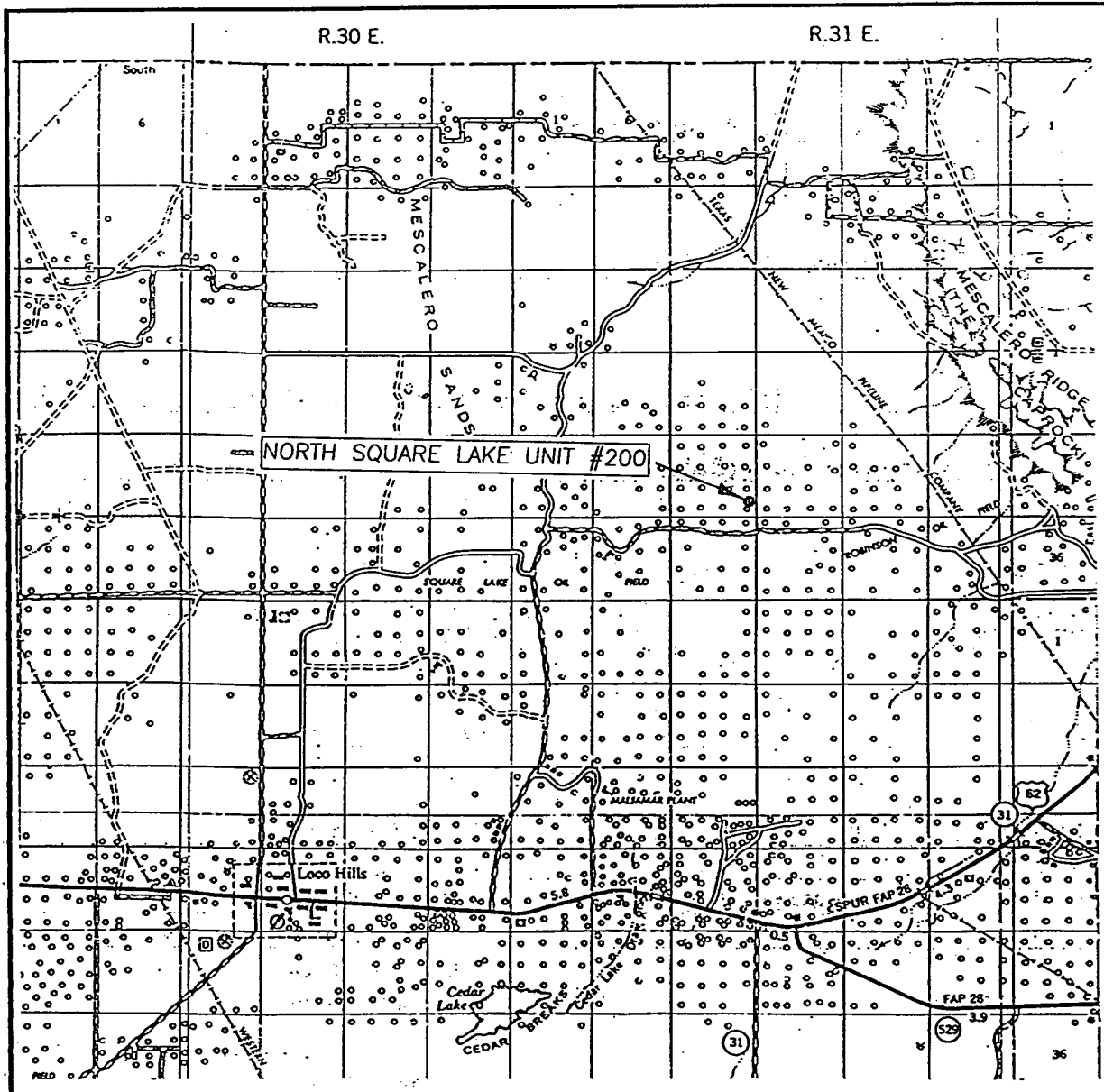
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>29 28</p> <p>GEODETIC COORDINATES NAD 27 NME Y = 687147.2 X = 638178.0 LAT. 32°53'17.66"N LONG. 103°52'59.52"W</p> <p>3962.8' 500' 3971.6' 110' 3962.4' 500' 3967.9' 110' 29 28</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>M. A. Sirgo, II</i> Signature M. A. Sirgo, II Printed Name Engineer Title September 24, 2003 Date</p>	
				<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>SEPTEMBER 15, 2003 Date Surveyed Signature & Seal of Professional Surveyor GARY KIDSON Certification No. GARY KIDSON 12641</p>	

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 29 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1100' FSL & 110' FEL

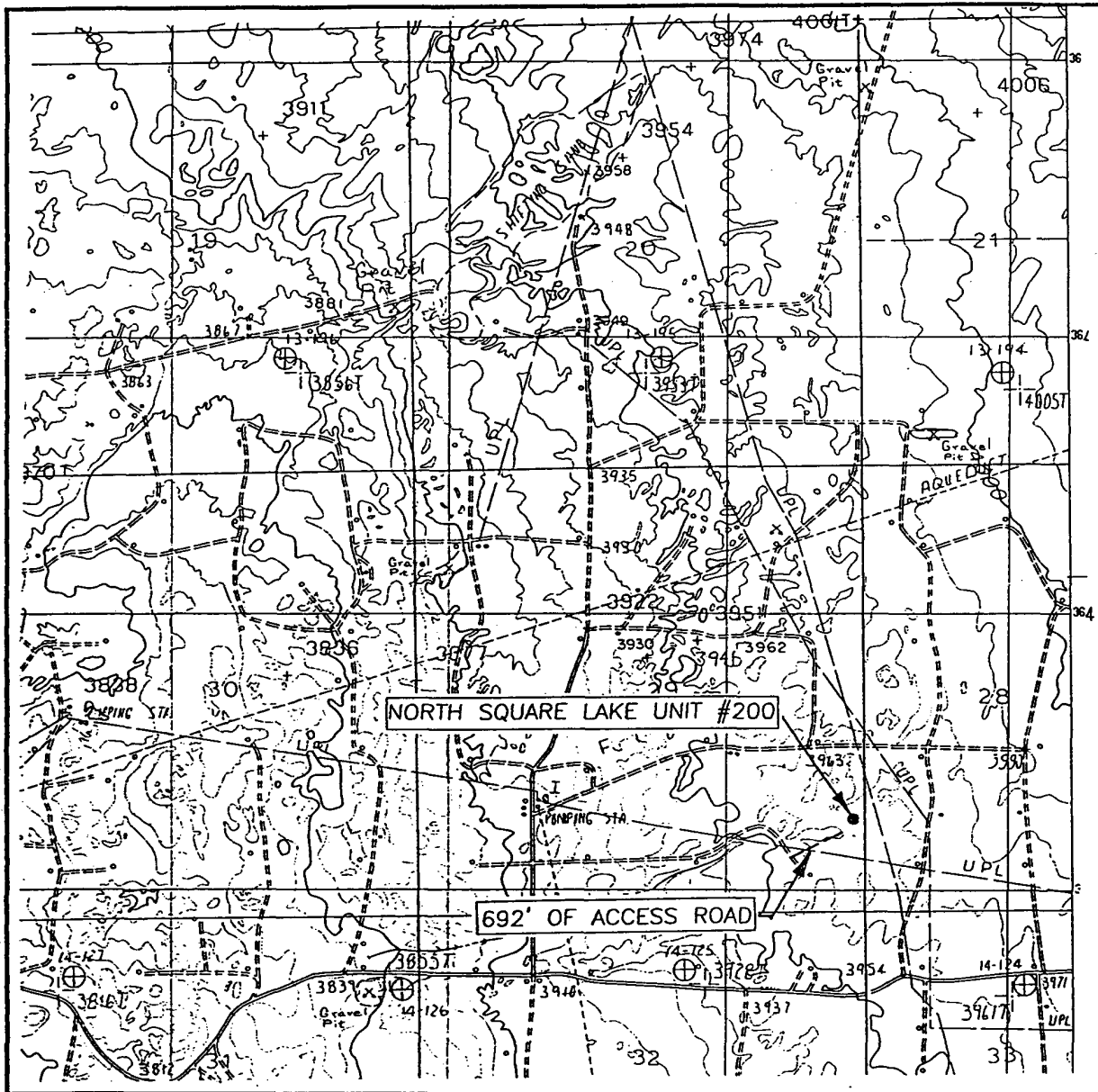
ELEVATION 3963'

OPERATOR CBS OPERATION 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. 29 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1100' FSL & 110' FEL

ELEVATION 3963'

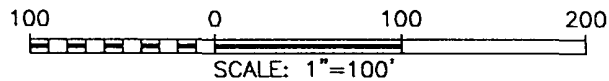
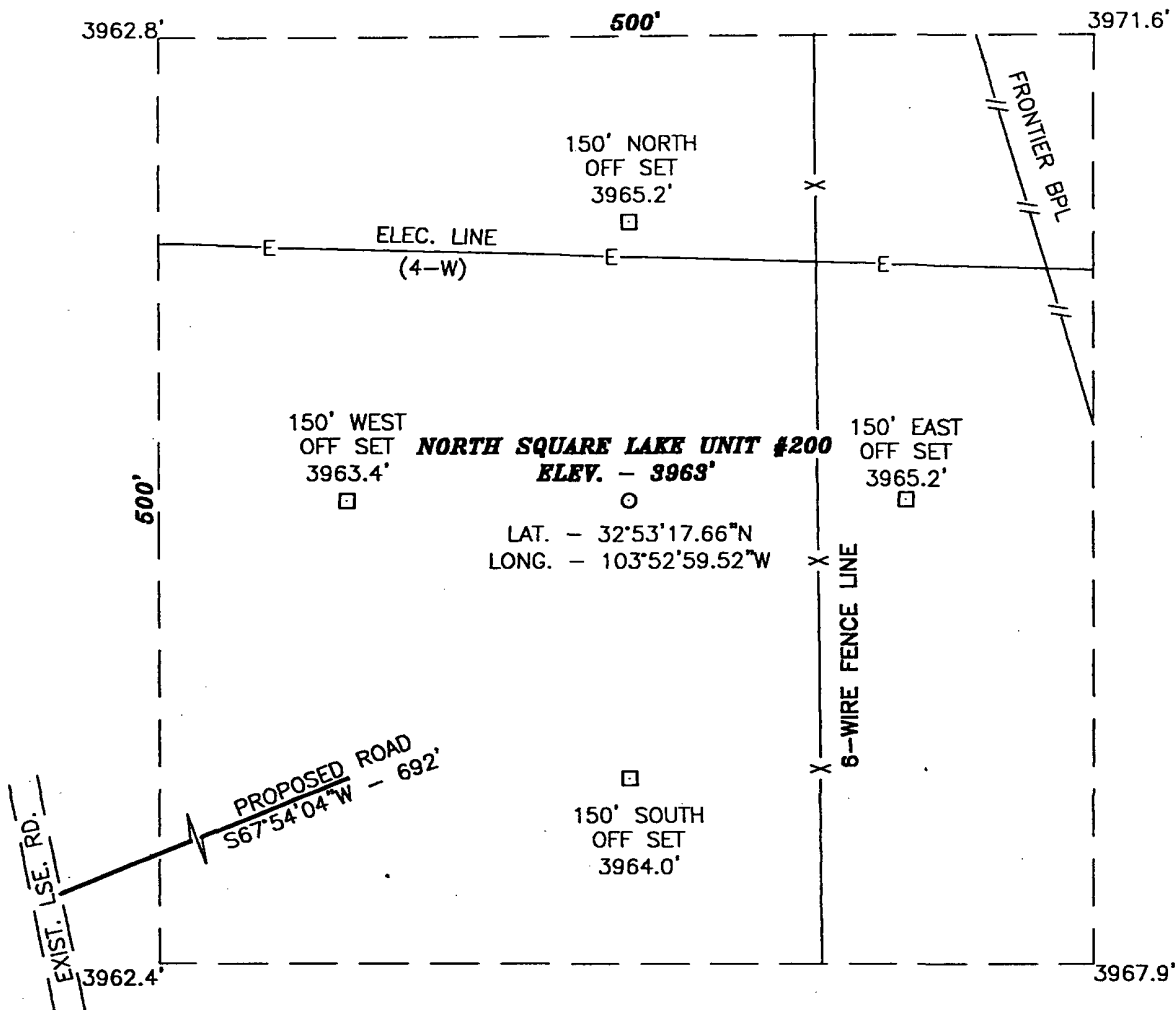
OPERATOR CBS OPERATING CORPORATION

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 29, 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 A LEASE ROAD TO THE RIGHT, THENCE 1.9 MILES TO A ROAD TO THE LEFT, THENCE GO 0.2 MILES EAST TO A LEASE ROAD TO THE RIGHT, THENCE 0.6 MILES EAST TO A PROPOSED ROAD LATH, THENCE 692 FEET NORTHEAST TO PROPOSED WELL.

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

CBS OPERATING CORPORATION

THE NORTH SQUARE LAKE UNIT #200 LOCATED 1100 FROM THE SOUTH LINE AND 110 FROM THE EAST LINE SECTION 29, TOWNSHIP 16 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 9/15/03	Sheet 1 of 1 Sheets
W.O. Number: 03.11.1014	Drawn By: L.A.
Date: 9/19/03	DISK:CD#2
03111014	



NOTICE OF STAKING



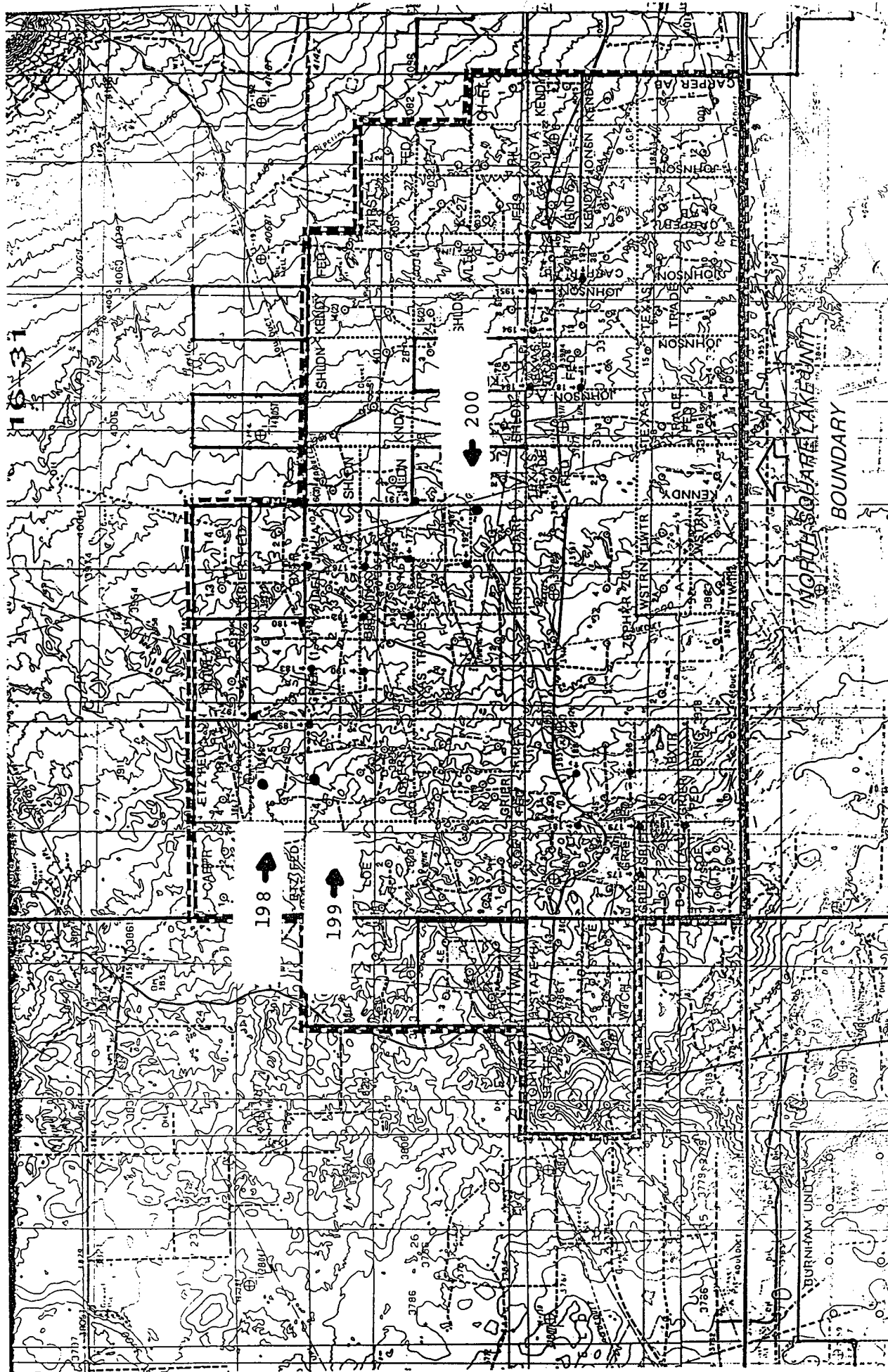
NOTICE OF STAKING Not to be used in place of Application for Permit to Drill (Form 3160-3)		6. Lease Number NM-71796	
1. Oil Well <u> x </u> Gas Well <u> </u> Other (Specify)		7. If Indian, Allottee or Tribe Name	
2. Name of Operator: CBS OPERATING CORP.		8. Unit Agreement Name NORTH SQUARE LAKE UNIT	
3. Name of Specific Contact Person: M. A. SIRGO, III ENGINEER		9. Farm or Lease Name NORTH SQUARE LAKE UNIT	
4. Address & Phone No. of Operator or Agent P. O. BOX 2236 MIDLAND TX 79702 432/685-0878		10. Well No. 200	
5. Surface Location of Well 10' FEL & 1310' 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: 29 T16S R31E	
15. Formation Objective(s) GRAYBURG-SAN ANDRES	16. Estimated Well Depth 3400'	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)			

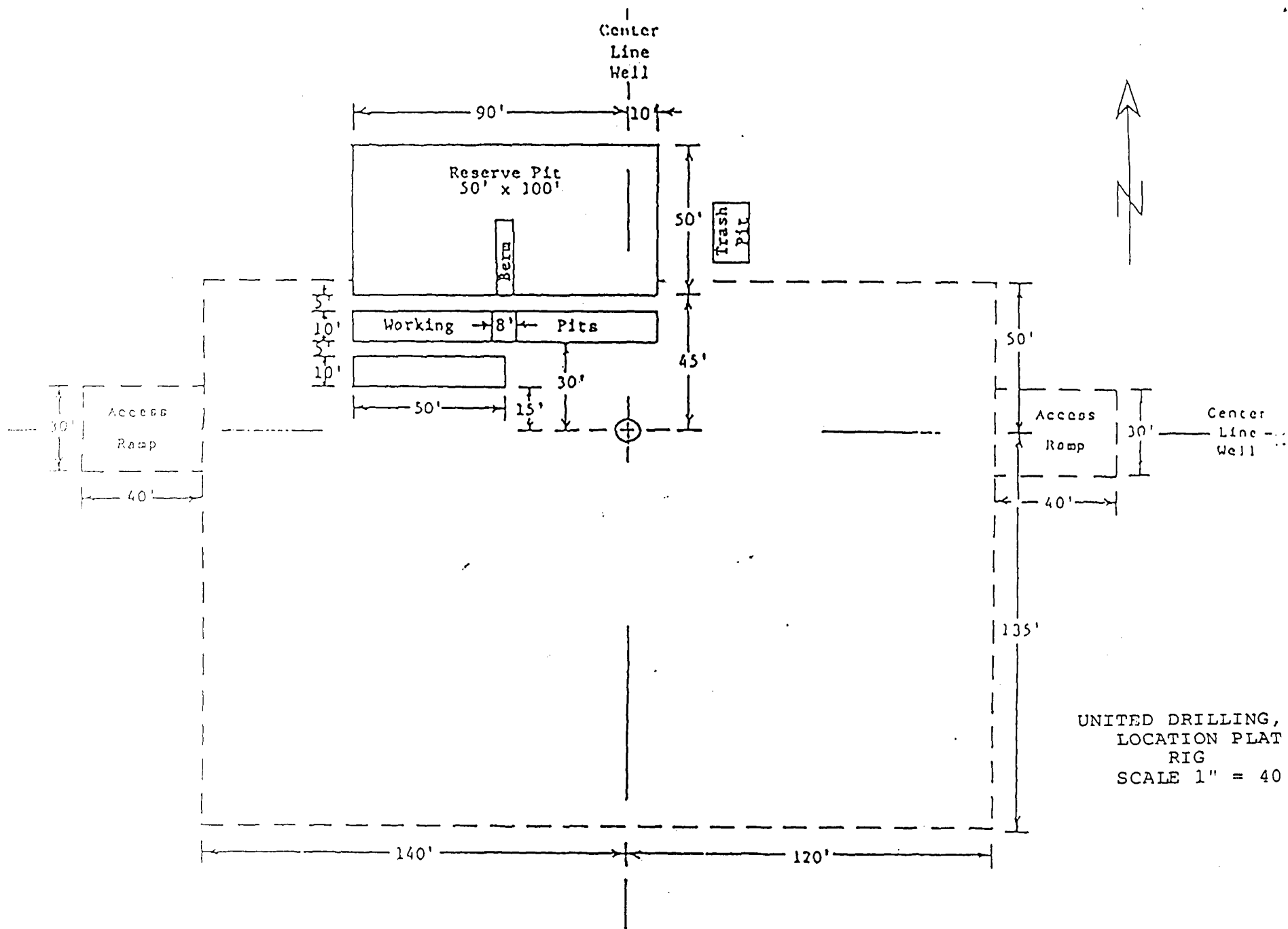
18. Signed M. A. Sirgo III Title ENGINEER Date 9-10-03

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) H₂S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit





1. (For BLM Use) BLM Report No.		2. (For BLM Use) Reviewer's Initials/Date _____ Accepted () Rejected ()		3. NMCRIS Number: 85057	
4. Type of Report: Negative () Positive (X)					
5. Title of Report: A Cultural Resource Survey for the CBS Operating Corp. Well 200 Author(s): Theresa Straight				6. Fieldwork Date(s): September 13, 2003	
				7. Report Date: September 15, 2003	
8. Consultant Name/Address: Mesa Field Services Direct Charge: Theresa Straight Field Personnel Names: Theresa Straight and Sean Simpson Address: P.O. Box 3072 Carlsbad, New Mexico 88221-3072 Phone (505) 628-8885				9. Cultural Resource Permit No.: 153-2920-03-M	
				10. Consultant Report No.: MFS-945	
11. Customer Name: CBS Operating Corp. Responsible Individual: Manny Sirgo Address: P.O. Box 2236 Midland, TX 79702 Phone: (432) 685-0878			12. Customer Project No.: N/A		
13. Land Status	BLM	State	Private	Other :	Total
a. Area Surveyed (acres)	51.71				51.71
b. Area of Effect (acres)	N/A				N/A
14. Linear Block Length <u>1,368 ft</u> Width <u>150 ft</u> Length <u>1,507 ft</u> Width <u>1,305 ft</u>					
15. Location (Map[s] Attached): a. State: New Mexico b. County: Eddy County c. BLM Office: Carlsbad d. Nearest City or Town: Loco Hills, NM e. Legal Description: T 16 S, R 31 E, Section 28: NW¼ SW¼, SW¼ SW¼ Section 29: NE¼ SE¼, SE¼ SE¼ f. Well Pad Footages: 10 ft FEL and 1,310 FSL g. USGS 7.5' Map Name(s), Date(s), and Code(s): Henshaw Tank, New Mexico Provisional Edition 1985 (32103-H8)					
16. Project Data: a. Records Search: Date(s) of BLM File Review: September 12, 2003 Name of Reviewer(s): Sean Simpson and Theresa Straight					