

## 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, 20005. Lease Serial No.  
~~LC-065885~~ NM0081277  
6. If Indian, Allottee or Tribe Name7. If Unit or CA Agreement, Name and No.  
NORTH SQUARE LAKE UNIT8. Lease Name and Well No.  
NORTH SQUARE LAKE UNIT 2019. API Well No.  
30-015-3304910. Field and Pool, or Exploratory  
SQUARE LAKE GB-SA11. Sec., T., R., M., or Blk. and Survey or Area  
Sec. 31 T16S R31E12. County or Parish.  
EDDY  
13. State  
NM1a. Type of Work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone2. Name of Operator  
CBS OPERATING CORP.3a. Address P. O. BOX 2236  
MIDLAND TX 797023b. Phone No. (include area code)  
432/685-0878

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 1310' FSL &amp; 2630' FWL

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office\*  
6 miles NE of Loco Hills, New Mexico15. Distance from proposed\*  
location to nearest  
property or lease line, ft. 10'  
(Also to nearest drig. unit line, if any)16. No. of Acres in lease  
6125 ac in unit17. Spacing Unit dedicated to this well  
40 acres18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. 850' +19. Proposed Depth  
3500'20. BLM/BIA Bond No. on file  
NMB 00002421. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3778' GL22. Approximate date work will start\*  
November 1, 200323. 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 *M. A. Sirgo III*Name (Printed/Typed)  
M. A. SIRGO, IIIDate  
9-17-03Title  
ENGINEERApproved by (Signature) */s/ Joe G. Lara*Name (Printed/Typed) */s/ Joe G. Lara*Date  
14 OCT 2003Title **ACTING**  
FIELD MANAGEROffice  
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. 201 North Square Lake Unit  
1310' FSL & 2630' FWL SEC. 31, T16S, R31E  
Eddy County, New Mexico  
Federal Lease No. LC-065885

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

LOCATED: 6.0 air miles northeast of Loco Hills, New Mexico

FEDERAL LEASE NUMBER: LC-065885

DATE ISSUED: December 31, 1938

ACRES IN LEASE: 40 acres in Tract 14 of 6125 Unit acres

RECORD LESSEE: Iverson, Welch, Yates et al

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 9/10 miles east on Square Lake road and turn south on main caliche lease road. Travel south approximately 3/4ths mile and turn east into location.

LENGTH OF ROAD: 0'

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

ESTIMATED GEOLOGIC TOPS:

Base of redbed	330'
Top of salt	530'
Base of salt	1340'
Top of San Andres	3145'

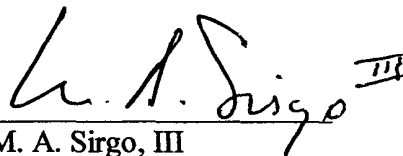
SUPPLEMENTAL DRILLING DATA: Please refer to the previously submitted Master Drilling Program for the North Square Lake Unit dated December 2002.

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 37.5 acre block survey conducted on June 24 to June 26, 2003 and reported on under NMCRIS No. 84062, (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

LOT 1

30.82 AC.  
LOT 2

30.91 AC.  
LOT 3

30.99 AC.  
LOT 4 2630'

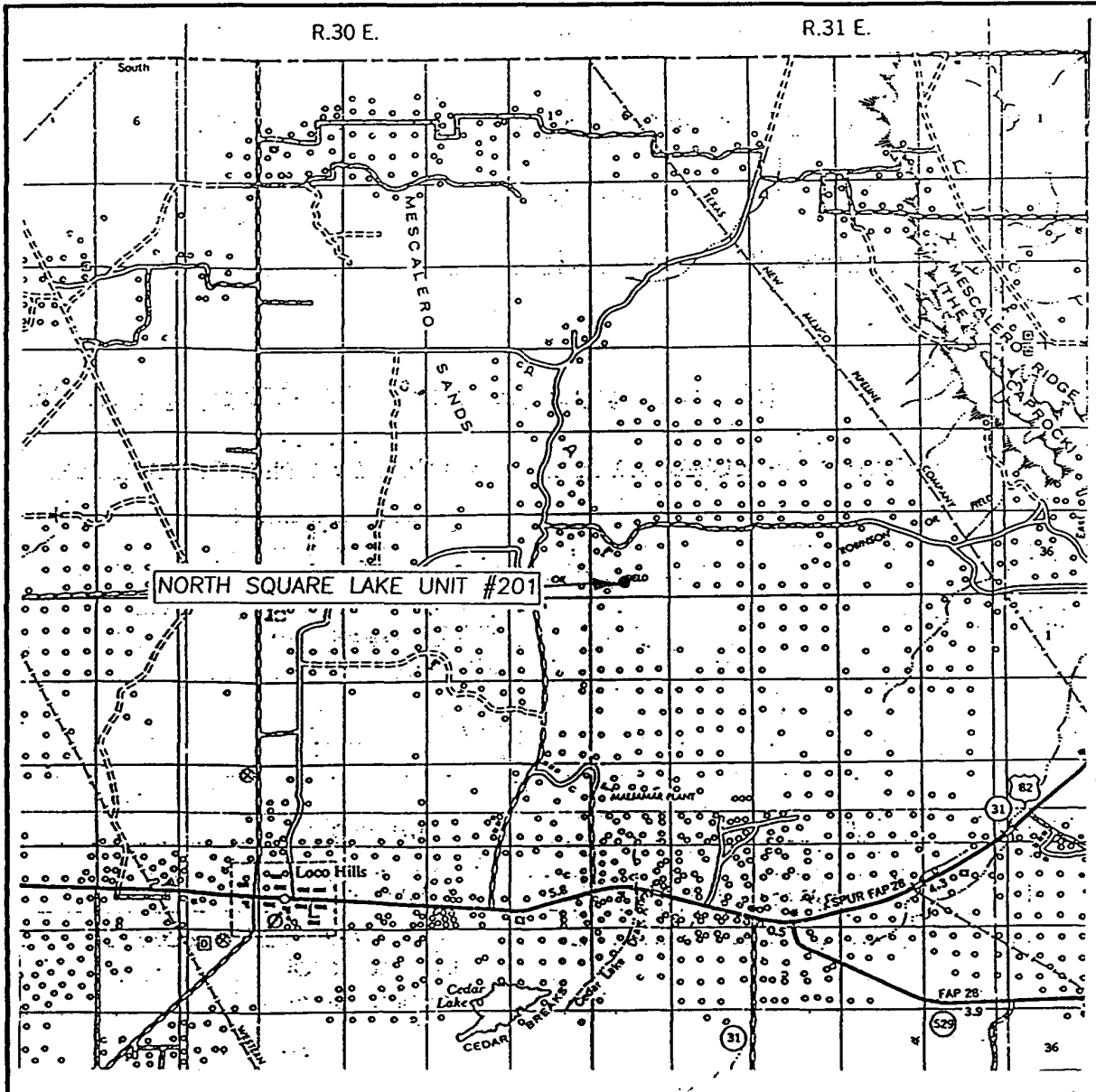
31.08 AC.

GEODETTIC COORDINATES  
NAD 27 NME  
Y = 682025.7  
X = 630308.1  
LAT. 32°52'27.30"N  
LONG. 103°54'31.20"W

3772.9' 3782.3'  
500'  
500'  
3776.1' 3786.0'  
1310'

<p align="center"><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 align="right"><i>M. A. Sirgo III</i></p> <p>Signature</p> <p align="center">M. A. Sirgo, III</p> <p>Printed Name</p> <p align="center">Engineer</p> <p>Title</p> <p align="center">September 24, 2003</p> <p>Date</p>	
<p align="center"><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 align="center">SEPTEMBER 15, 2003</p> <p>Date Surveyed</p> <p align="right">L.A.</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p align="right"><i>Gary A. Eidson</i> 9/22/03</p> <p align="center">03.11.1011</p> <p>Certificate No. GARY EIDSON 12641</p>	

# VICINITY MAP



SCALE: 1" = 2 MILES

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

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 2630' FWL

ELEVATION 3778'

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'

LOCO HILLS,  
HENSHAW TANK, N.M.

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

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 2630' FWL

ELEVATION 3778'

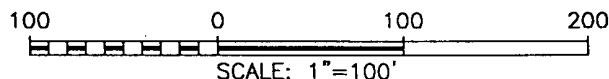
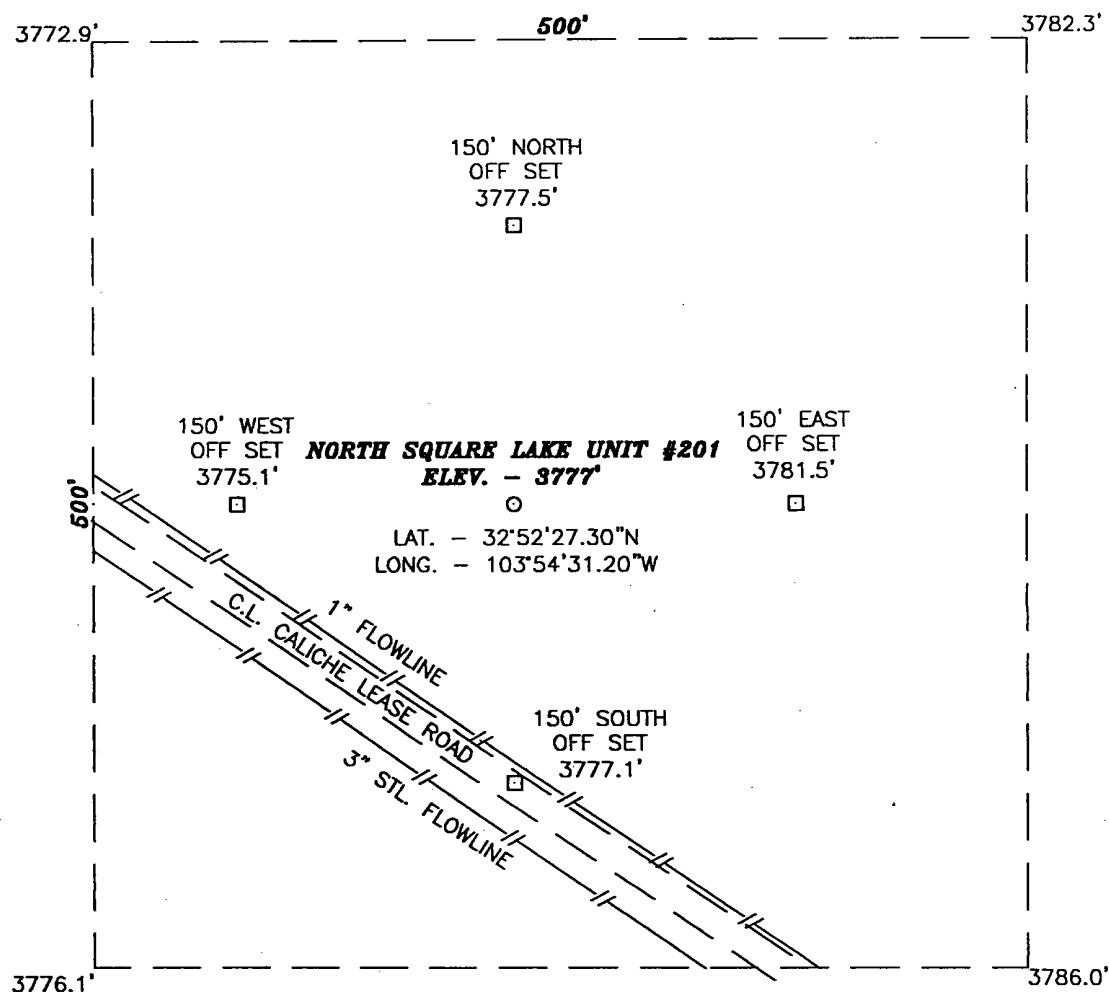
OPERATOR CBS OPERATING CORPORATION

LEASE NORTH SQUARE LAKE UNIT

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

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

SECTION 31, 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 1.0  
MILES TO A ROAD TO THE RIGHT, THENCE GO SOUTH 0.4 MILES,  
THENCE EAST 500 FEET 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 #201 LOCATED 1310 FROM  
THE SOUTH LINE AND 2630 FROM THE WEST LINE  
SECTION 31, 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: 03.11.1011	Drawn By: L.A.
Date: 9/19/03	DISK:CD#2 03111011

**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 - 065885	
1. Oil Well <u>  X  </u> Gas Well <u>      </u> Other (Specify) <u>          </u>		7. If Indian, Allottee or Tribe Name <u>                          </u>	
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. <i>RE-NUMBER'D</i> 185 <i>TO 201 -</i> <i>#185 ALREADY EXISTING WELL</i>	
5. Surface Location of Well 2630 FWL & 1330 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: 31  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

**TITLE PAGE/ABSTRACT/  
NEGATIVE SITE REPORT  
CFO/RFO**

**1/03**

1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED ( ) REJECTED ( )		3. NMCRIS No.: 84062	
4. Type of Report:                      Negative(X)                      Positive (      )					
5. Title of Report:  Block Around the North Square Lake Unit #185 Well Pad  Author(s): Raymond C. Medlock				6. Fieldwork Date(s) from 24-Jun-2003 to 26-Jun-2003	
				7. Report Date: 27-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 185	
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)	37.5				37.5
b. Area of Effect (acres)	Unknown				Unknown
14.					
a. Linear: Length: N/A      Width: N/A					
b. Block: 37.5 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. 31: NE/4 SW/4      Sec. 29: NW/4 SE/4 SE/4 SW/4                      SW/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 Loco Hills, NM (Provisional Edition 1985) 32103-G8					

