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OCD-ARTESIA

Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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- 062368 060548	
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 187	
3b. Phone No. (include area code) 432/685-0878		9. API Well No. 30-015-33102	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1330' FNL & 2490' FWL UL F At proposed prod. zone same		10. Field and Pool, or Exploratory SQUARE LAKE GB-SA	
14. Distance in miles and direction from nearest town or post office* 6.8 miles NE of Loco Hills		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 33 T16S R31E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 150'		12. County or Parish. Eddy	
16. No. of Acres in lease Approx. 6125 ac in Unit		13. State NM	
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. 1200' +-		20. BLM/BIA Bond No. on file NM B000024	
19. Proposed Depth 3680'			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3972' GL		23. Estimated duration Drill & Complete 30 days	
22. Approximate date work will start* Nov. 15, 2003			
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
Title Agent for CBS Operating Corp.	
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara
Title 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

Witness Surface Casing.

PERTINENT INFORMATION

For
CBS OPERATING CORP.
No. 187 North Square Lake Unit
1330' FNL & 2490' FWL SEC. 33, T16S, R31E
Eddy County, New Mexico
Federal Lease No. LC-063368

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

LOCATED: 6.8 air miles northeast of Loco Hills, New Mexico

FEDERAL LEASE NUMBER: LC-063368

DATE ISSUED: November 1, 1981

ACRES IN LEASE: 320 acres in Tract 5 of 6125 Unit acres

RECORD LESSEE: R. L. Tayloe Estate

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: Rev. E. B. Holeman
P. O. Box 84, Maljamar, NM 88264

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 3.375 miles east on Square Lake road and turn south on caliche lease road. Travel south approximately 1/8th mile and turn ~~west~~. Travel onto new ~~400~~' +/- road into location .

EAST

^{266'}
LENGTH OF ROAD: ~~400~~' +/-
^{266'}

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

ESTIMATED GEOLOGIC TOPS:

Base of redbed	580'
Top of salt	725'
Base of salt	1715'
Top of San Andres	3518'

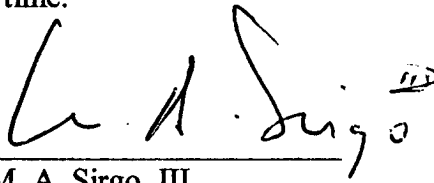
SUPPLEMENTAL DRILLING DATA: Please refer to the previously submitted Master Drilling Program for the North Square Lake Unit dated December 2002.

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 37.64 acre block survey conducted on July 31 and August 1, 2003 and reported on under NMCRIS No. 84568, (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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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 187
OGRID No. 216852	Operator Name CBS OPERATING CORPORATION	Elevation 3972'

Surface Location

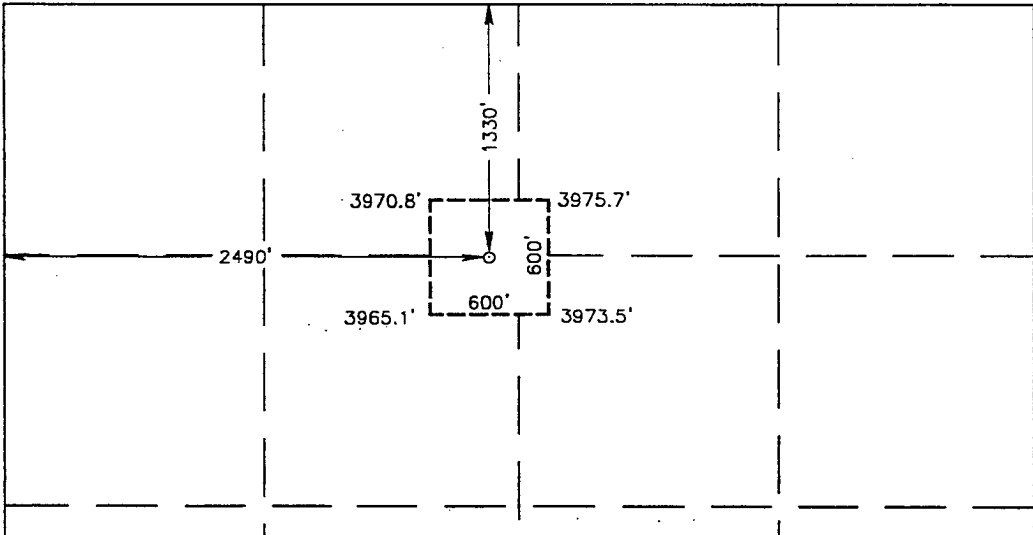
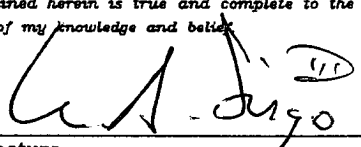
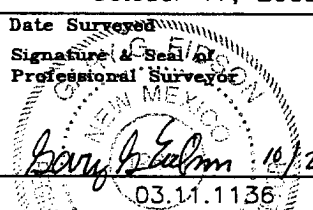
UL or lot No. F	Section 33	Township 16-S	Range 31-E	Lot Idn	Feet from the 1330'	North/South line NORTH	Feet from the 2490'	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

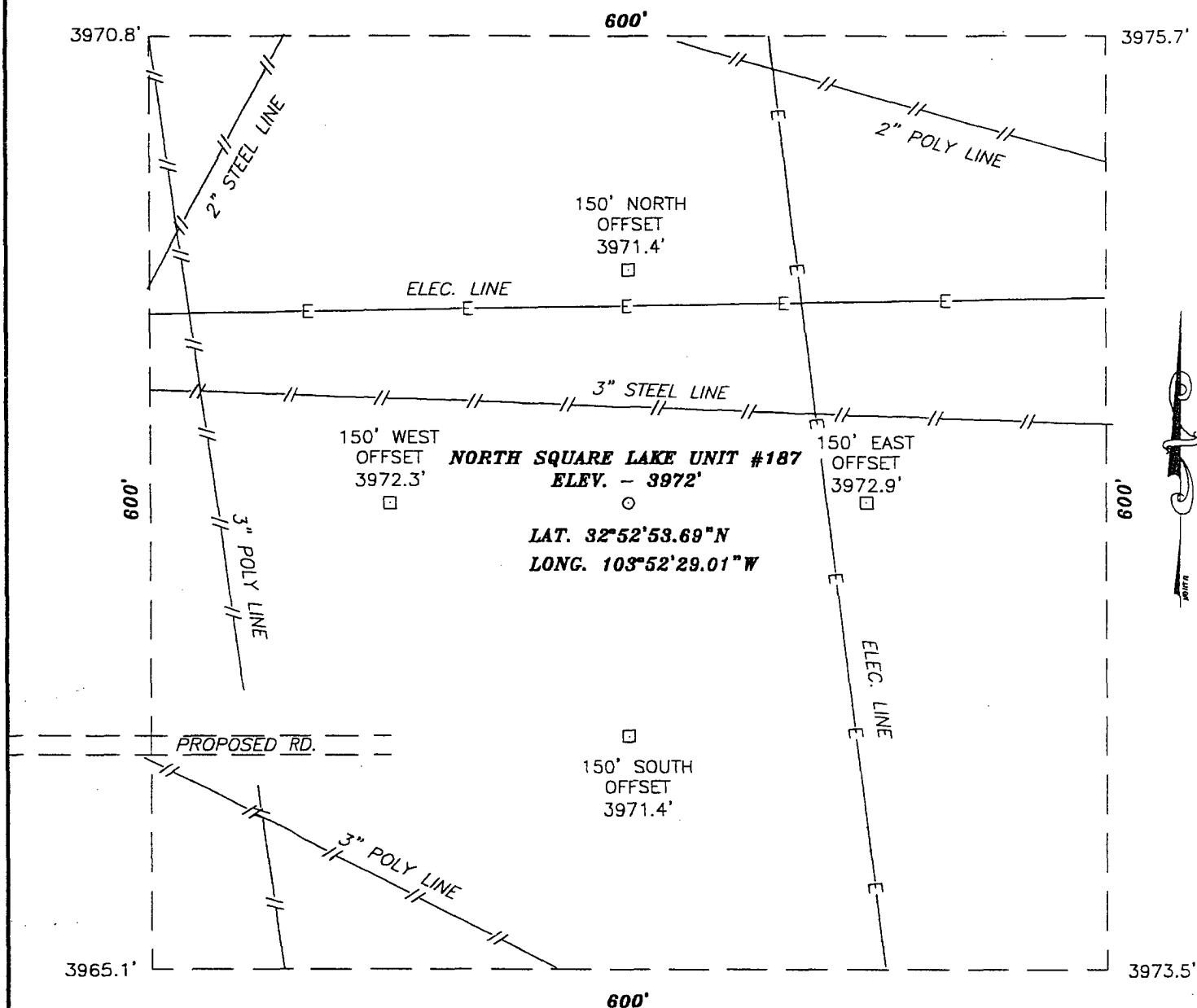
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED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

 <p>GEODETIC COORDINATES NAD 27 NME Y = 684735.9 N X = 640790.0 E LAT. 32°52'53.69"N LONG. 103°52'29.01"W</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> Signature M.A. SIRGO, III Printed Name ENGINEER Title October 22, 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>October 17, 2003</p> <p>Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. GARY KIDSON 12641</p>
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SECTION 33, TOWNSHIP 16 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND CO. RD. #252 (SQUARE LAKE ROAD) APPROXIMATELY 3 MILES EAST OF LOCO HILLS. GO NORTH APPROXIMATELY 5.0 MILES TO A FORK IN THE ROAD. STAY TO THE RIGHT ON CO. RD. #252 AND CONTINUE APPROXIMATELY 3.0 MILES EAST. THE PROPOSED WELL IS ON THE SOUTH SIDE OF CO. RD. #252 APPROXIMATELY 500'.

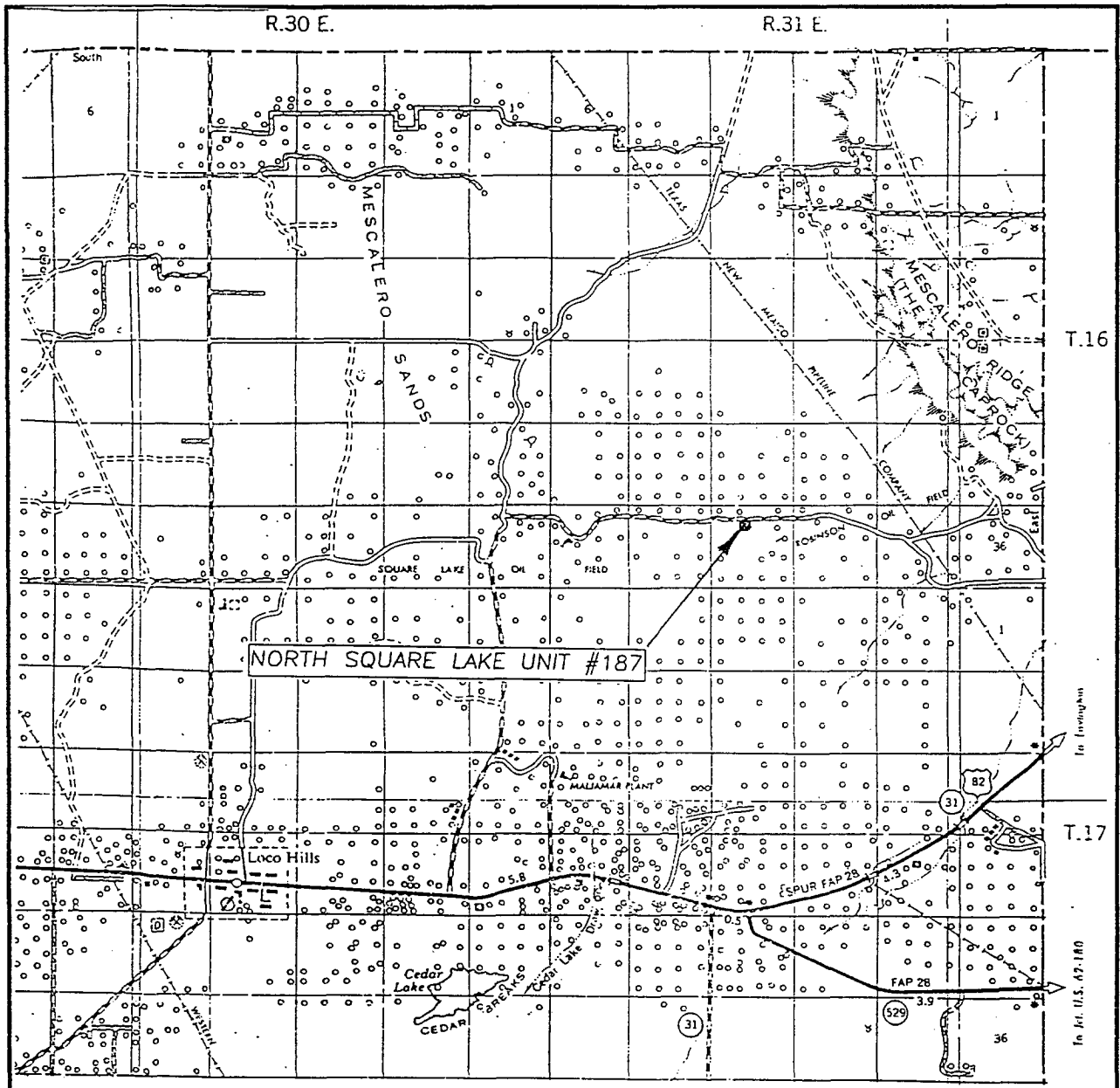
CBS OPERATING CORPORATION

THE NORTH SQUARE LAKE UNIT #187 LOCATED 1330' FROM THE NORTH LINE AND 2490' FROM THE WEST LINE SECTION 33, TOWNSHIP 16 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 10/17/03	Sheet 1 of 1 Sheets
W.O. Number: 03.11.1136	Drawn By: A.W.B.
Date: 10/20/03	DISK:CD#9
03111136	SCALE: 1"=100'

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

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 33 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1330' FNL & 2490' FWL

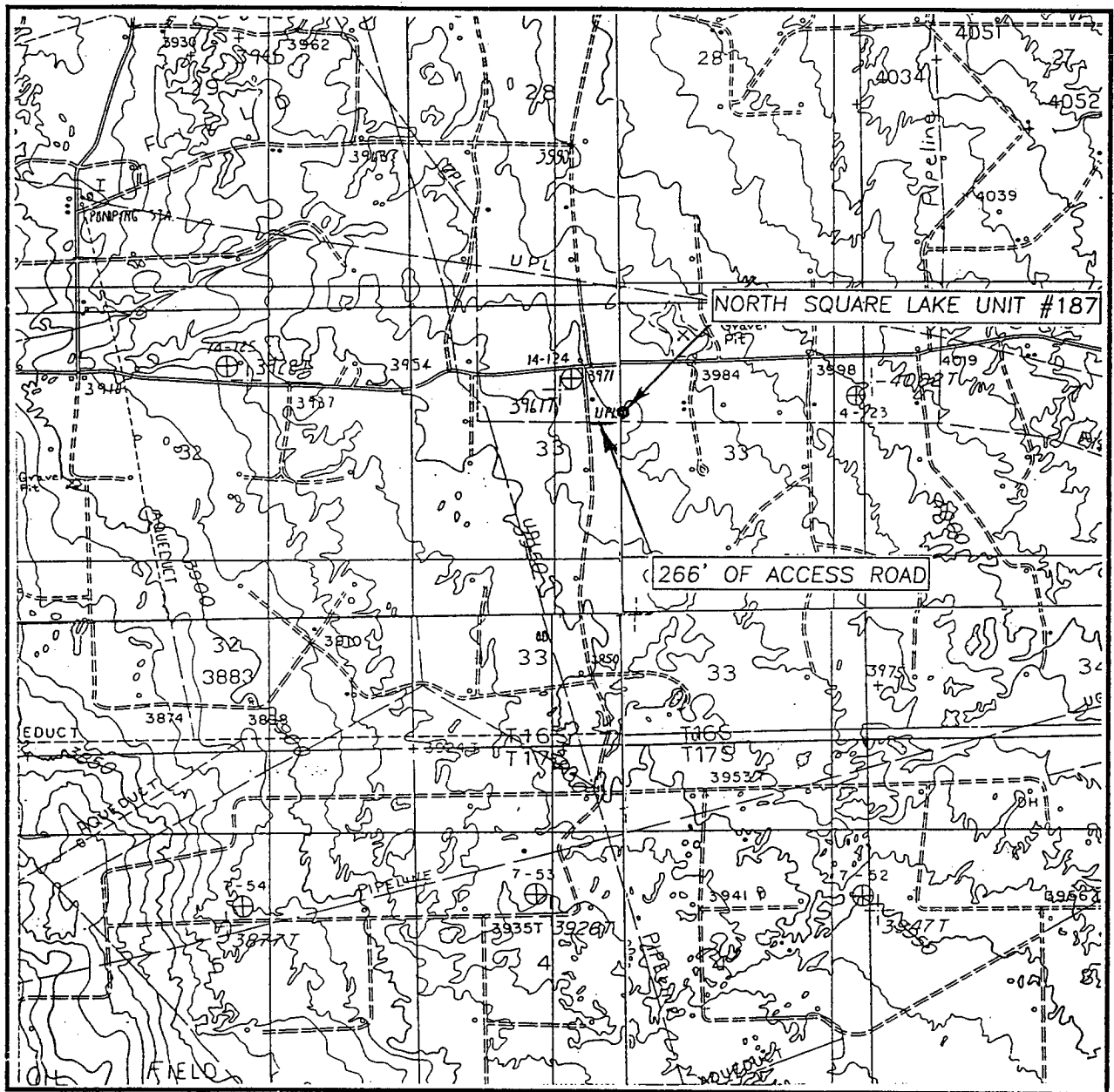
ELEVATION 3972'

OPERATOR CBS OPERATING CORPORATION

LEASE NORTH SQUARE LAKE UNIT

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 33 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1330' FNL & 2490' FWL

ELEVATION 3972'

OPERATOR CBS. OPERATING CORPORATION

LEASE NORTH SQUARE LAKE UNIT

U.S.G.S. TOPOGRAPHIC MAP
MALJAMAR NE, MALJAMAR, N.M.

CONTOUR INTERVAL: 10'
MALJAMAR NE, N.M. SUP 5'
MALJAMAR, N.M.
HENSHAW TANK, N.M.
LOCO HILLS, N.M.

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

**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



NOTICE OF STAKING Not to be used in place of Application for Permit to Drill (Form 3160-3)		6. Lease Number LC - 063368	
1. Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> 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. 187	
5. Surface Location of Well 2510 FEL & 1050 FNL		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: 33 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) H₂S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

907

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

1/03

1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED () REJECTED ()		3. NMCRIS No. 84568	
4. Type of Report Negative(X) Positive ()					
5. Title of Report: Class III Archaeological Survey for CBS Operating Corporation's Block Around the North Square Lake Unit No. 187 Well Author: Stephen Smith				6. Fieldwork Date: July 31, 2003 and August 1, 2003	
				7. Report Date: August 2, 2003	
8. Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Name: Stephen Smith Phone: (505) 885-1352				9. Cultural Resource Permit No. 190-2920-03-E	
				10. Consultant Report No. BAS 05-03-NSLU #187	
11. Customer Name: CBS Operating Corporation Responsible Individual: Manny Sirgo Address: P.O. Box 2236 Midland, Texas 79702 Phone: (432) 685-0878				12. Customer Project No.:	
13. Land Status	BLM	STATE	PRIVATE	OTHER	TOTAL
a. Area Surveyed (acres)	37.64	0	0	0	37.64
b. Area of Effect (acres)	Unknown	0	0	0	Unknown
14. Linear: Length: Width: Block: 37.64 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, NM e. Legal Location: T 16S, R 31E, Section 33: NE¼SE¼NW¼, NW¼SW¼NE¼, SW¼NW¼NE¼ f. Well Pad Footages: N/A g. USGS 7.5 Map Name and Code Number: Henshaw Tank, NM (Provisional Edition 1985) 32103-H8 Maljamar NE, NM (Provisional Edition 1985) 32103-H7					

