

District I  
1825 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

State of New Mexico  
Energy Minerals and Natural Resources

Form C-10  
June 16, 2001

AUG 13 2010

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

HOBBSOCD

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR  
ADD A ZONE

<sup>1</sup> Operator Name and Address Lynx Petroleum Consultants, Inc. P.O. Box 1708 Hobbs, NM 88241		<sup>2</sup> OGRID Number 13645
<sup>3</sup> Property Code 36099	<sup>5</sup> Property Name Eddy 'BD' State	<sup>6</sup> Well No. 003

<sup>9</sup> Proposed Pool 1 Golden Lane, Strawn	<sup>10</sup> Proposed Pool 2
---	-------------------------------

<sup>7</sup> Surface Location									
UL or lot no G	Section 32	Township 20S	Range 30E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 1980	East/West line East	County Eddy

<sup>8</sup> Proposed 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

Additional Well Information

<sup>11</sup> Work Type Code New Well	<sup>12</sup> Well Type Code Gas	<sup>13</sup> Cable/Rotary Rotary	<sup>14</sup> Lease Type Code State	<sup>15</sup> Ground Level Elevation 3360'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 11500'	<sup>18</sup> Formation Strawn	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 8-01/10

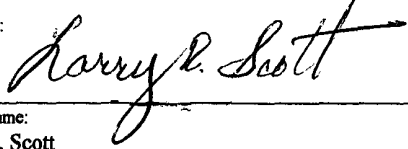
<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26	20	94	450	750	0
17 1/2	13 3/8	54.5	1550	1150	0
12 1/4	9 5/8	36	3900	1250	0
7 7/8	5 1/2	17	11500	1500	3500'

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attached

POTASH AREA

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 		Approved by:	
Printed name: Larry R. Scott		Title:	
Title: President		Approval Date:	Expiration Date:
E-mail Address: lrsco@leaco.net			
Date: 08/11/10	Phone: 575-392-6950	Conditions of Approval Attached <input type="checkbox"/>	

K 9/10/10

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DISTRICT I  
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

AUG 13 2010

HOBBSON

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 15, 2009

Submit one copy to appropriate  
District Office

CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-015-38144</b>	Pool Code <b>77600</b>	Pool Name <b>GOLDEN LAKE STRAWN (EAS)</b>
Property Code <b>36099</b>	Property Name <b>EDDY "BD" STATE</b>	Well Number <b>3</b>
OGRID No. <b>13645</b>	Operator Name <b>LYNX PETROLEUM</b>	Elevation <b>3360'</b>

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>G</b>	<b>32</b>	<b>20 S</b>	<b>30 E</b>		<b>1980</b>	<b>NORTH</b>	<b>1980</b>	<b>EAST</b>	<b>EDDY</b>

### 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

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

<p><b>SURFACE LOCATION</b> Lat - N 32°31'53.94\" Long - W 103°59'31.83\" NMSPCE- N 557313.4 E 646478.2 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <u>Larry R. Scott</u> Date: <u>4/15/10</u></p> <p>Printed Name: <u>Larry R. Scott</u></p>
	<p><b>SURVEYOR CERTIFICATION</b></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>Date Surveyed: <u>March 10, 2010</u></p> <p>Signature and Seal of Professional Surveyor: <u>[Signature]</u></p> <p>Certificate No. <u>Gory L. Jones 7977</u></p>
	<p><b>BASIN SURVEYS</b></p>

## DRILLING PROGRAM

Lynx Petroleum Consultants, Inc.  
Eddy 'BD' State No. 3  
Section 32, T-20S, R-30E  
Eddy County, NM

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1. SURFACE FORMATION : Sandy Soil of Quaternary Age

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS :

Rustler	-	180'
Salt	-	500'
Yates	-	1500'
Reef	-	2135'
Delaware	-	3845'
Bone Spring	-	6540'
Bone Spring 1 <sup>st</sup> Sd	-	7580'
Bone Spring 3 <sup>rd</sup> Sd	-	9490'
Wolfcamp	-	9790'
Strawn	-	11000'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS :

Fresh Water	-	170'
Oil, Gas, & Water	-	Delaware, Bone Springs, Wolfcamp, Strawn

\* Productive horizons to be protected by 5 1/2" casing and cement.

4. PROPOSED CASING PROGRAM :

20"	0' -	450'	94.0#	J-55	ST&C
13 3/8"	0' -	1550'	54.5#	J-55	ST&C
9 5/8"	0' -	3900'	36.0#	J-55	ST&C
5 1/2"	0' -	11500'	17.0#	N-80	LT&C

5. PROPOSED CEMENT PROGRAM :

20" Surface - 500 sxs Class "C" + 4% Gel + 2% CaCl<sub>2</sub>  
followed by 200 sxs Class "C" + 2% CaCl<sub>2</sub>.  
T.O.C. @ surface.

DRILLING PROGRAM  
EDDY 'BD' STATE NO. 3

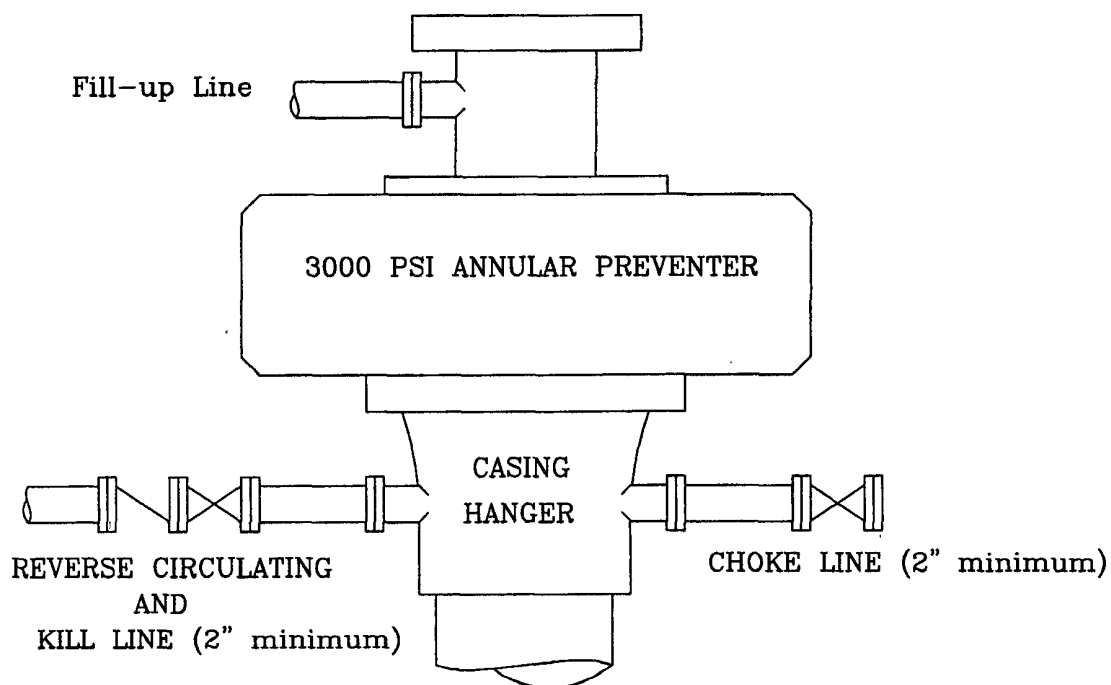
- 13 3/8" Intermediate- 835 sxs Class "C" + 6% Gel + 2% CaCl<sub>2</sub>  
followed by 300 sxs Class "C" + 2% CaCl<sub>2</sub>.  
T.O.C. @ surface.
- 9 5/8" Intermediate - Stage collar at 1850'. First stage 350 sxs  
Class "C" Poz + 10% Gel followed by 200 sxs  
Class "C".  
Second stage 450 sxs Class "C" Poz followed  
by 200 sxs Class "C".  
T.O.C. @ surface.
- 5 1/2" Production - Stage collar at 6500'. First stage 825 sxs  
Super "C" modified. Second stage 450 sxs  
Class "C" Poz followed by 285 sxs Super 'C'  
modified.  
T.O.C. @ 3500' by Temp Svy.

6. PRESSURE CONTROL EQUIPMENT : A blowout preventer stack for the intermediate hole will consist of at least an annular preventer rated to 3000 psi working pressure. The blowout preventer stack for the production hole will consist of at least a double-ram blowout preventer and an annular preventer rated to 5000 psi working pressure. A sketch of the B.O.P.'s and Choke Manifold are attached.
7. CIRCULATING MEDIUMS : Fresh water spud mud 0' – 450'. Brine water 450' – 1550'. Fresh water will be used to drill the reef section from 1550'-3900'. Cut brine mud system 8.8 – 9.3 ppg with 29 viscosity will be used 3900' – 10650'. The hole will be displaced with brine and "mudded up" 10650'-TD.
8. AUXILIARY EQUIPMENT : Full opening Kelly cock valve to fit the drill string in use, will be kept on the rig floor at all times.
9. TESTING, LOGGING, AND CORING PROGRAM :
- |          |                               |
|----------|-------------------------------|
| Samples  | - 3900' – 111500'             |
| D.S.T.'s | - None planned                |
| Logging  | - Gamma Ray – CNL – FDC – DLL |
| Coring   | - No coring is planned        |
10. ABNORMAL PRESSURES AND TEMPERATURES : A maximum of 10.0 to 10.4 ppg mud weight requirement is anticipated. Bulk barite will be available on location to increase mud weight if needed.

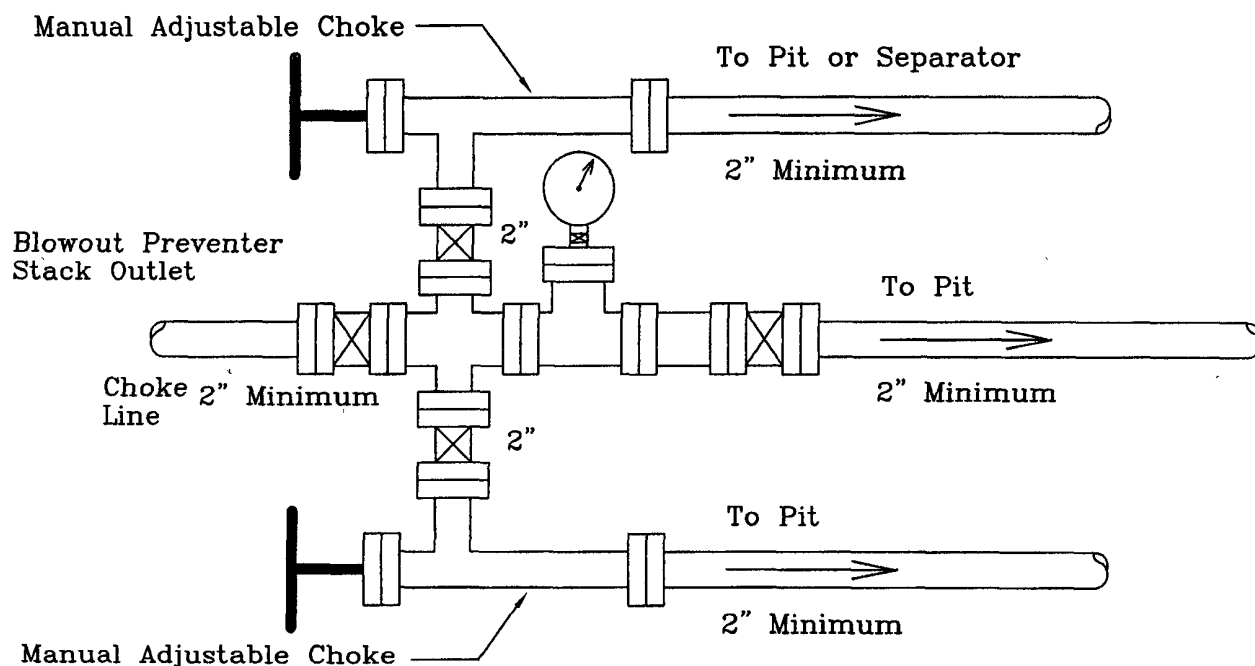
DRILLING PROGRAM  
EDDY 'BD' STATE NO. 3

11. ANTICIPATED STARTING DATE : Drilling will commence about August 1, 2010. Drilling should be complete within 40 days. Completion operations (perforations and stimulation) will follow drilling operations.

# INTERMEDIATE HOLE SECTION



3000 PSI WORKING PRESSURE



3000 PSI WORKING PRESSURE

TEST CASING AND ANNULAR PREVENTOR TO 1500 psig.

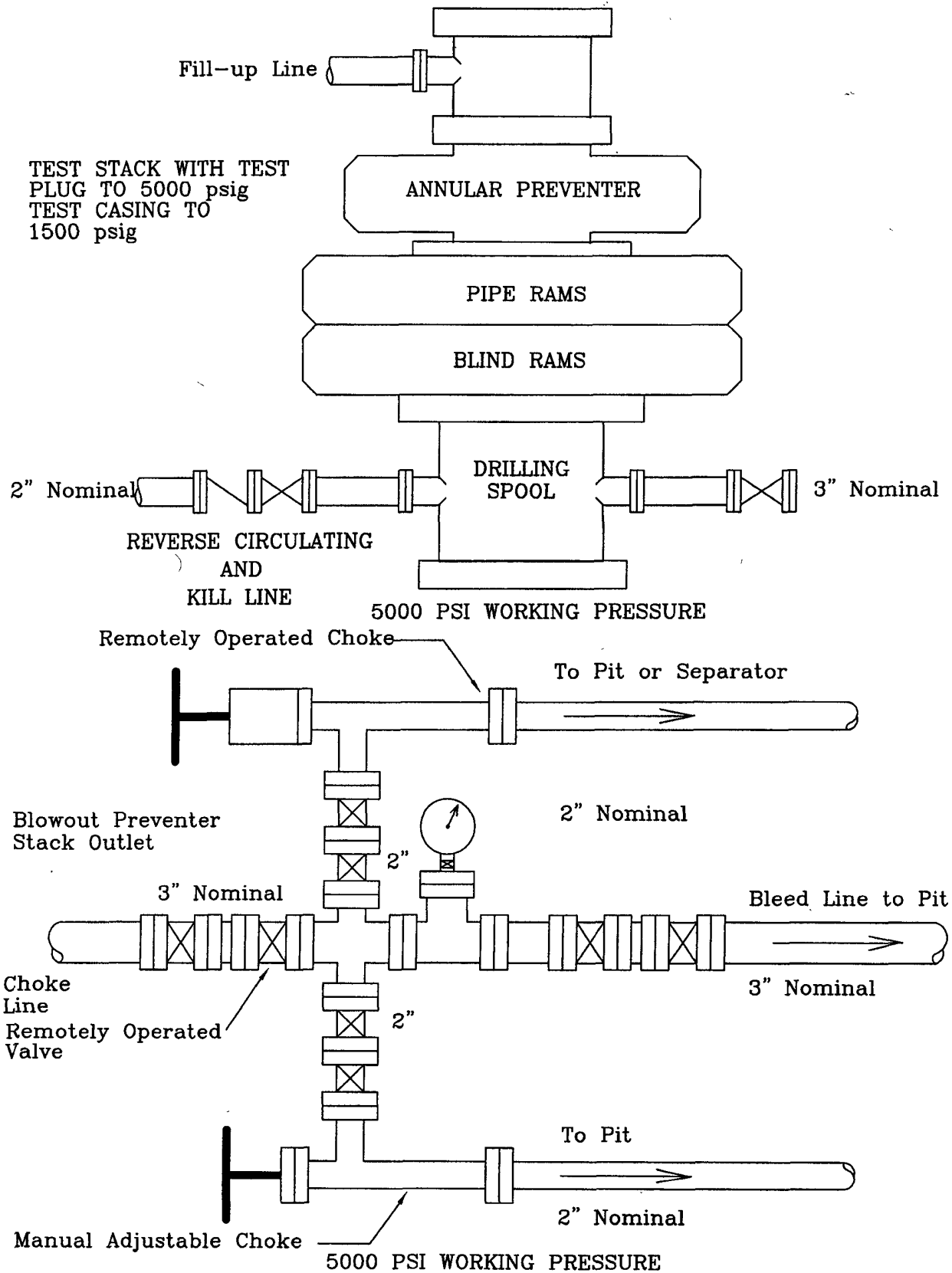
Location: SW/4 NE/4  
Sec. 32, T-20S, R-30E  
Eddy County, NM

Eddy 'BD' State No. 3  
BLOWOUT PREVENTER AND CHOKE MANIFOLD

Scale: None

2-18-2010

# PRODUCTION HOLE SECTION



Location: SW/4 NE/4  
Sec. 32, T-20S, R-30E  
Eddy County, NM

Eddy 'BD' State No. 3  
BLOWOUT PREVENTER AND CHOKE MANIFOLD

Scale: None

2-18-2010

LYNX PETROLEUM CONSULTANTS, INC.  
HYDROGEN SULFIDE DRILLING OPERATIONS  
Eddy 'BD' State No. 3

**RECEIVED**  
AUG 19 2010  
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## I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site.

## II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS

Note : All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

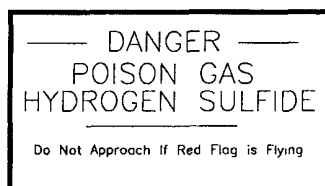


HYDROGEN SULFIDE DRILLING OPERATIONS  
Eddy 'BD' State No. 3

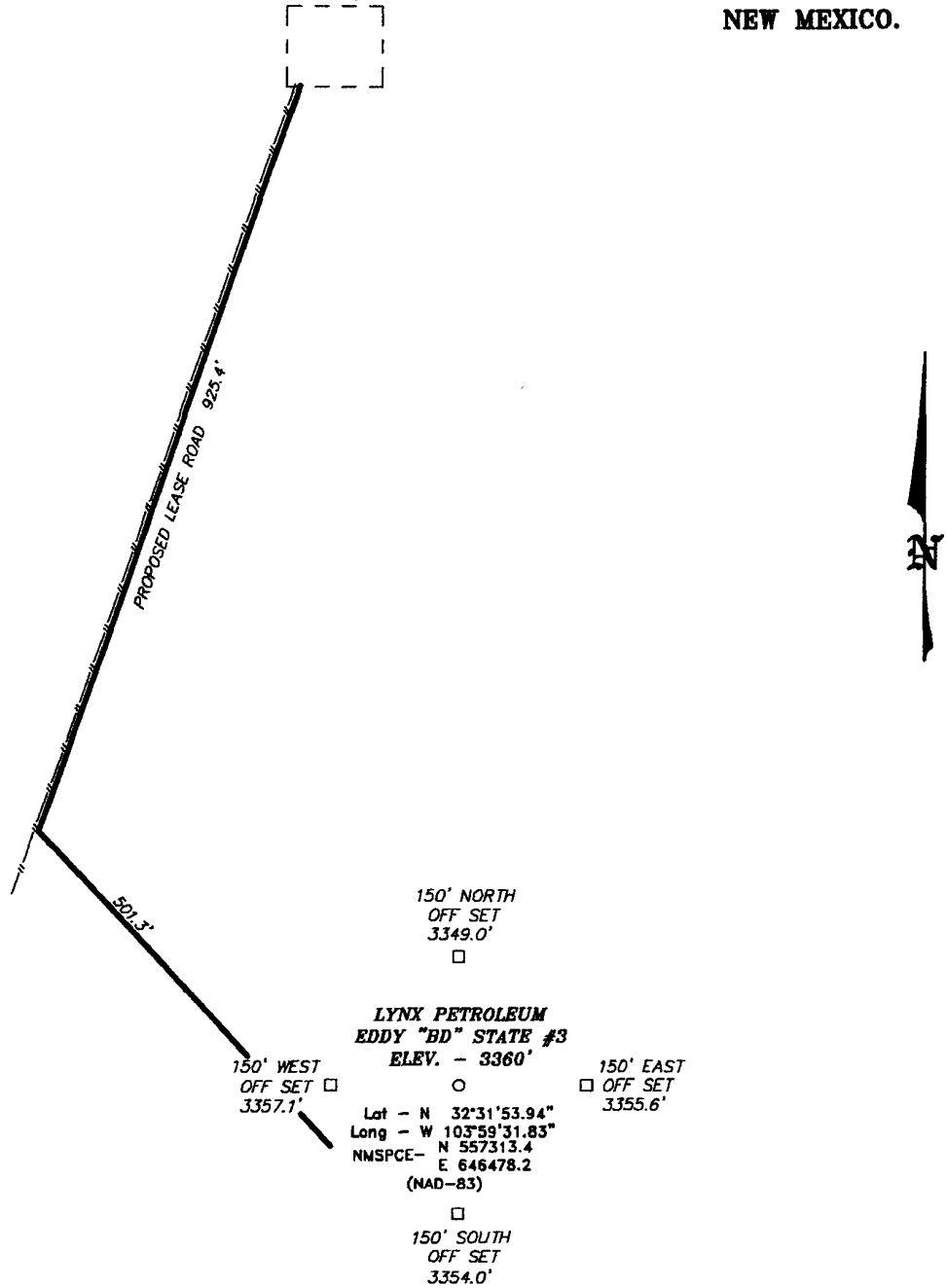
1. Well Control Equipment :
  - A. Choke manifold with a minimum of one remote choke.
  - B. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - C. Auxiliary equipment to include : annular preventer
2. Protective equipment for essential personnel :
  - A. 30-minute air units located in the dog house and at briefing areas, as indicated on well site diagram.
3. H<sub>2</sub>S detection and monitoring equipment :
  - A. 2 – portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.
  - B. 1 – portable SO<sub>2</sub> monitor positioned near flare line.
4. Visual warning systems :
  - A. Wind direction indicators as shown on well site diagram.
  - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example on page 3.
5. Mud program :
  - A. The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S bearing zones.
  - B. A mud-gas separator will be utilized if needed.
6. Metallurgy :

HYDROGEN SULFIDE DRILLING OPERATIONS  
Eddy 'BD' State No. 3

- A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.
  - B. All elastomers used for packing and seals shall be H<sub>2</sub>S trim.
7. Communication :
- A. Communications in company vehicles are provided by cellular telephones.  
Cell1: 575-390-9063      Cell2: 575-390-9065
  - B. Land line (telephone) communications at Hobbs office.  
Phone: 575-392-6950
  - C: Emergency Numbers  
911  
Carlsbad Sheriff's Dept.: 575-887-1888  
Carlsbad Hospital: 575-887-4100  
Carlsbad Fire Dept.: 575-885-3125  
Maljamar Fire Dept.: 575-676-4100  
Hobbs Hospital: 575-492-5000  
New Mexico State Police: 575-392-5588
8. Well testing :
- A. Drill stem testing will be preformed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. All drill stem testing operations conducted in an H<sub>2</sub>S environment will use the closed chamber method of testing.

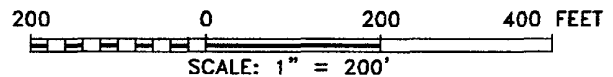


**SECTION 32, TOWNSHIP 20 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



**Directions to Location:**

FROM THE JUNCTION OF HWY 62-180 AND HWY 360; GO NORTH ON HWY 360 FOR 1.4 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 0.3 MILES TURNING SOUTH 0.4 MILES TO WELL PAD AND PROPOSED LEASE ROAD.



**LYNX PETROLEUM**

REF: EDDY "BD" STATE #3 / WELL PAD TOPO

THE EDDY "BD" STATE #3 LOCATED 1980'

FROM THE NORTH LINE AND 1980' FROM THE EAST LINE OF

SECTION 32, TOWNSHIP 20 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 22406

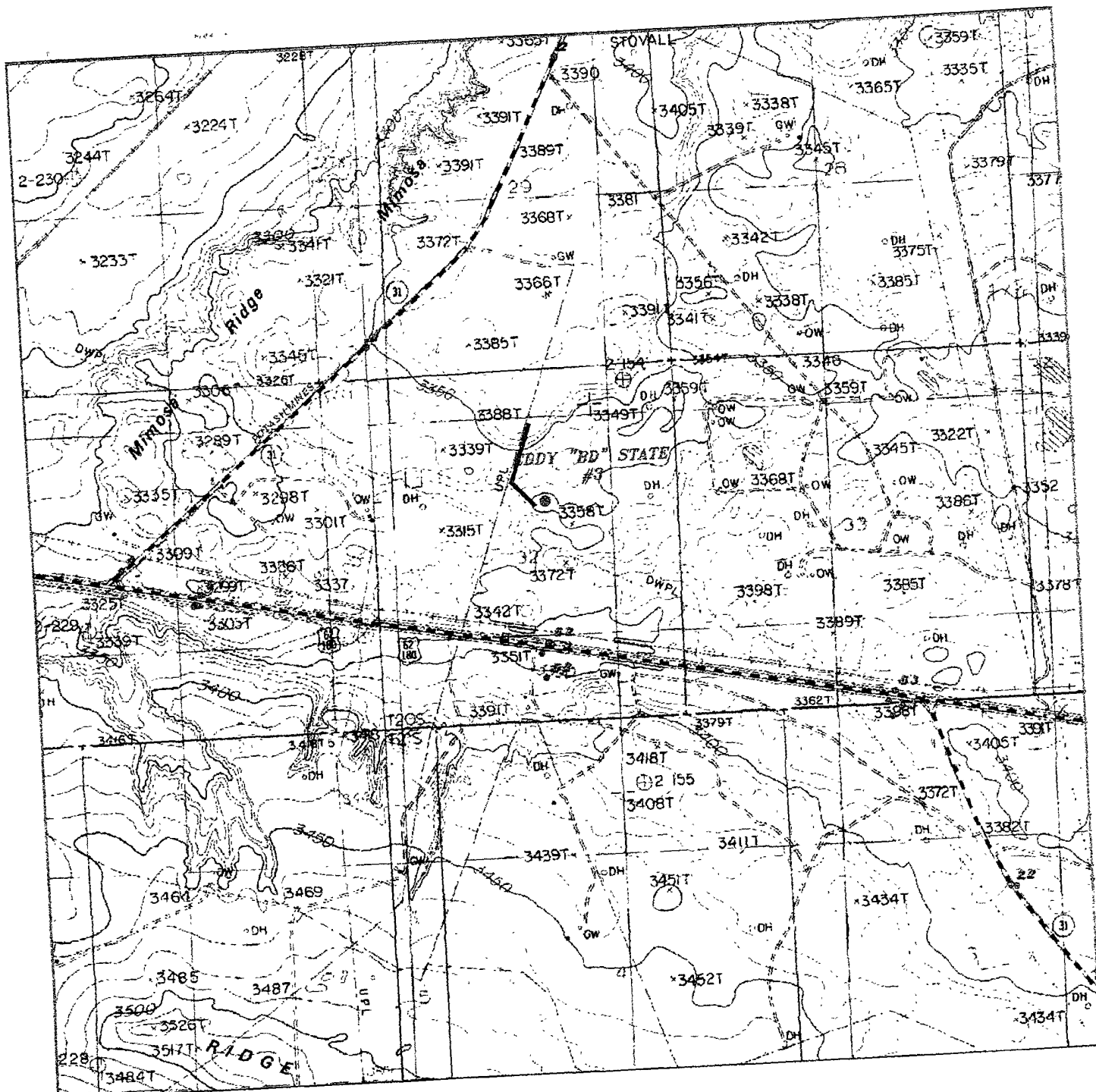
Drawn By: J. SMALL

Date: 03-19-2010

Disk: JMS 22406

Survey Date: 03-18-2010

Sheet 1 of 1 Sheets



EDDY "BD" STATE #3  
 Located 1980' FNL and 1980' FEL  
 Section 32, Township 20 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**

focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basin-surveys.com

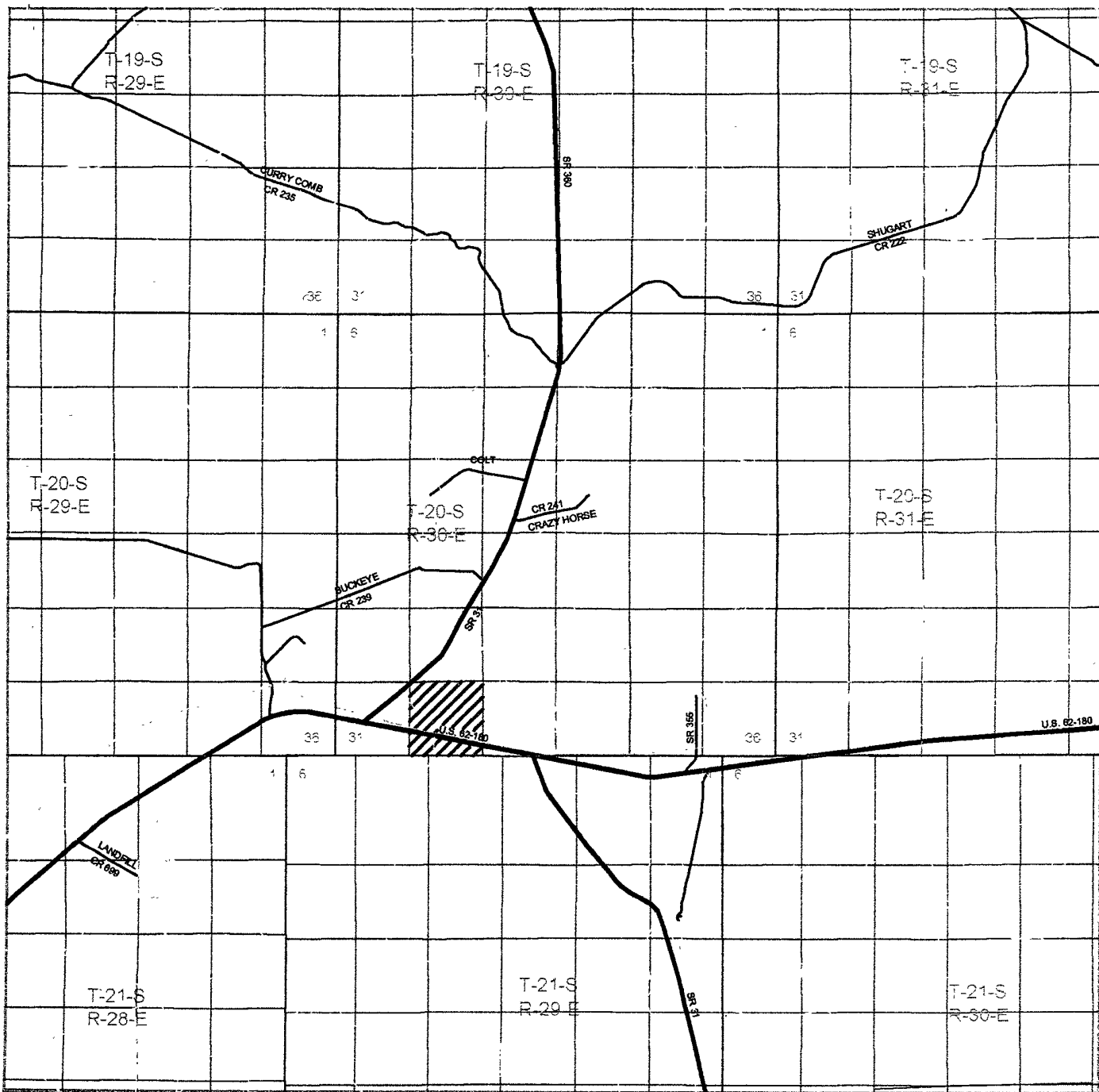
W.O. Number JMS 22405

Survey Date 03-18-2010

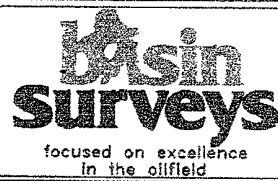
Scale 1" = 2000'

Date 03-19-2010

**LYNX**  
**PETROLEUM**



EDDY "BD" STATE #3  
 Located 1980' FNL and 1980' FEL  
 Section 32, Township 20 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

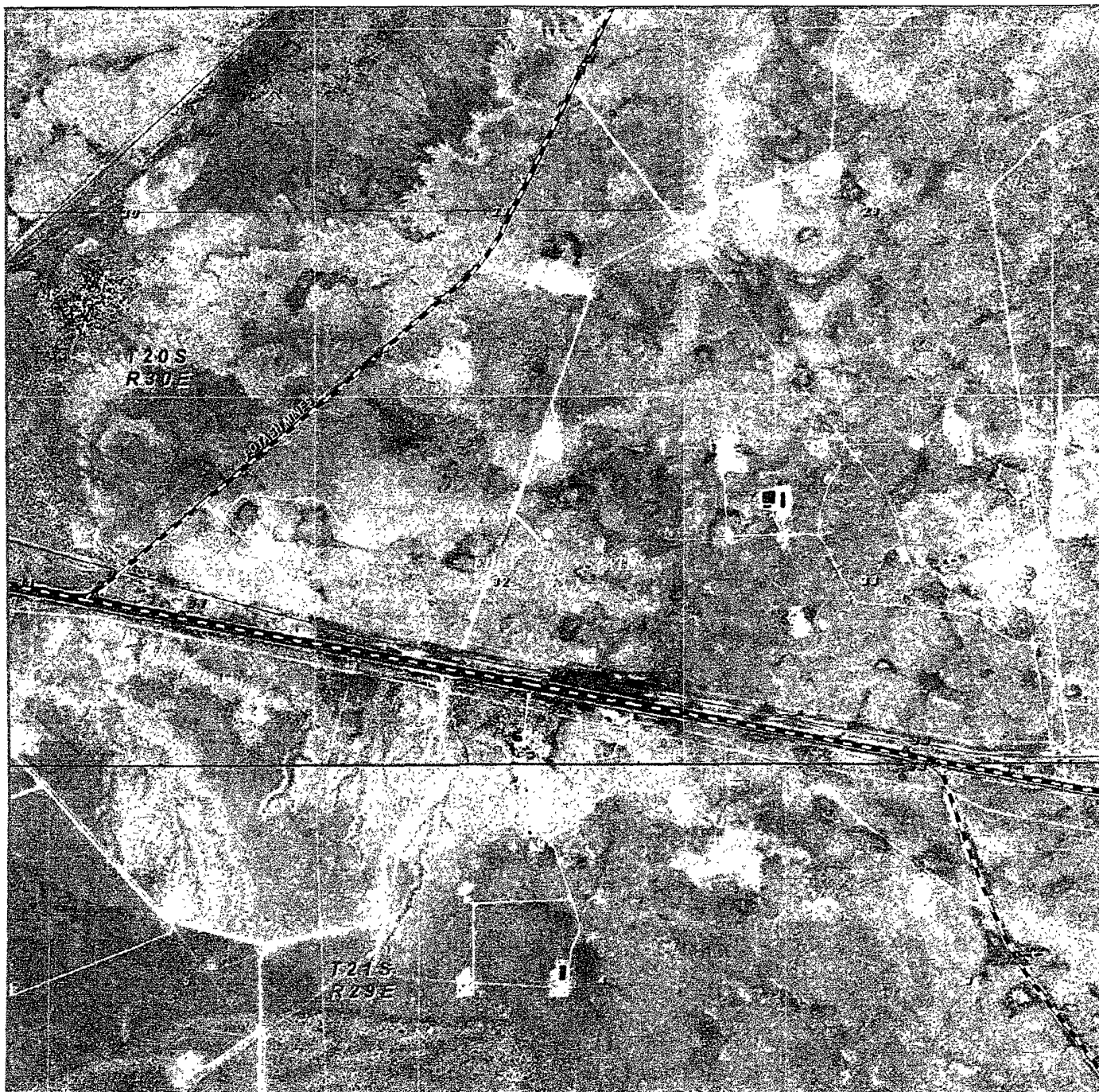


P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

W.O. Number. JMS 22406  
 Survey Date: 03-18-2010  
 Scale: 1" = 2 Miles  
 Date 03-19-2010



LYNX  
 PETROLEUM



EDDY "BD" STATE #3

Located 1980' FNL and 1980' FEL

Section 32, Township 20 South, Range 30 East,

N.M.P.M., Eddy County, New Mexico.

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(575) 392-2206 - Fax  
basinsurveys.com

W.O. Number JWS 22405

Scale: 1" = 2000'

YELLOW TINT - USA LAND  
BLUE TINT - STATE LAND  
NATURAL COLOR - FEE LAND

**LYNX**  
**PETROLEUM**

# Lynx Petroleum Consultants, Inc.

P.O. Box 1708  
3325 Enterprise Drive  
Hobbs, New Mexico 88241

575 392-6950 Fax: 575 392-7886

April 16, 2010

Attention: Land Department  
The Intrepid Companies  
700 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

Re: Eddy 'BD' No. 3  
1980' FNL & 1980' FEL, Section 32, T-20S, R30E  
Eddy County, New Mexico


To Whom It May Concern:

Lynx Petroleum has staked and is applying for a permit to drill the above referenced well to test the Strawn formation with total depth projected at 11,500'. Our location is outside of your LMR and Order R-111-P buffer zone.

Accordingly, I have enclosed a plat showing the above information and a copy of the C-101, Application to Drill, and am requesting that, if you have no objections, please sign and return to us one copy of this letter at your earliest convenience. Thanks in advance for your consideration, and do not hesitate to call or write if you have any questions.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.



Larry R. Scott

Intrepid Mining NM, LLC will have no objection to the drilling of the above referenced well.

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Signature

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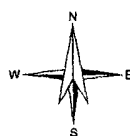
Date

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Title



0 1000 2000ft



Petroleum Recovery  
Research Center

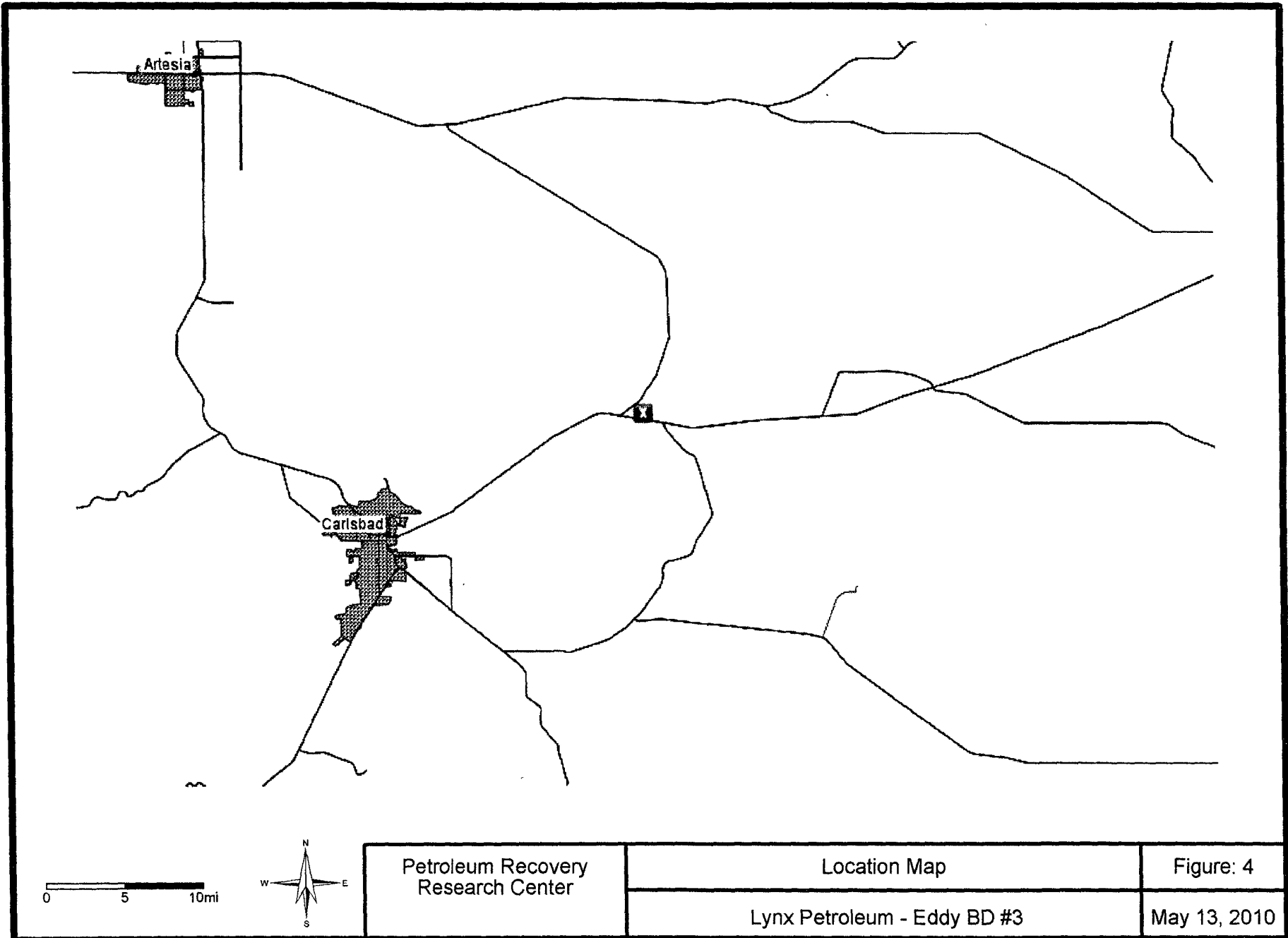
Recent Aerial Photo

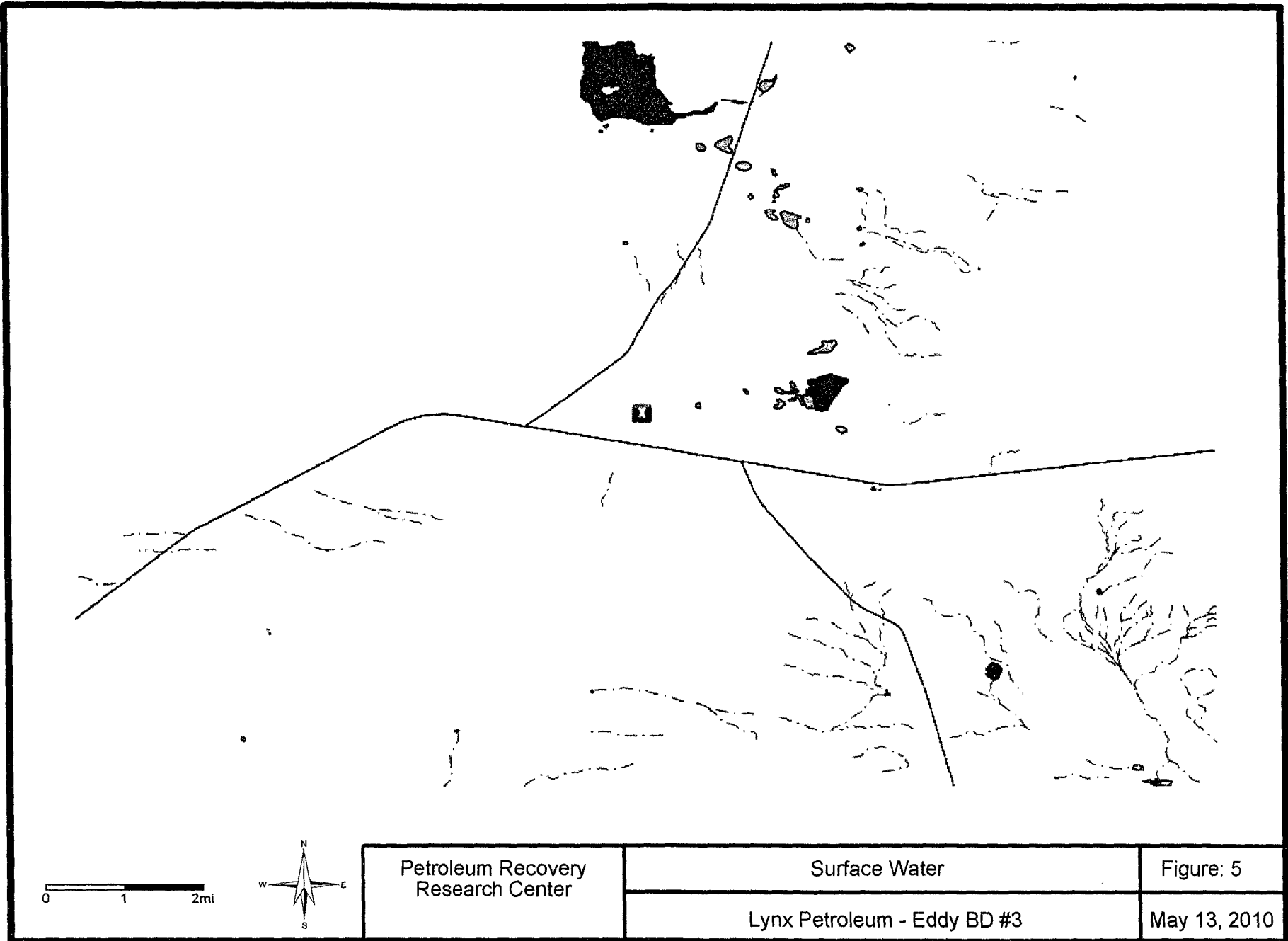
Figure: 3

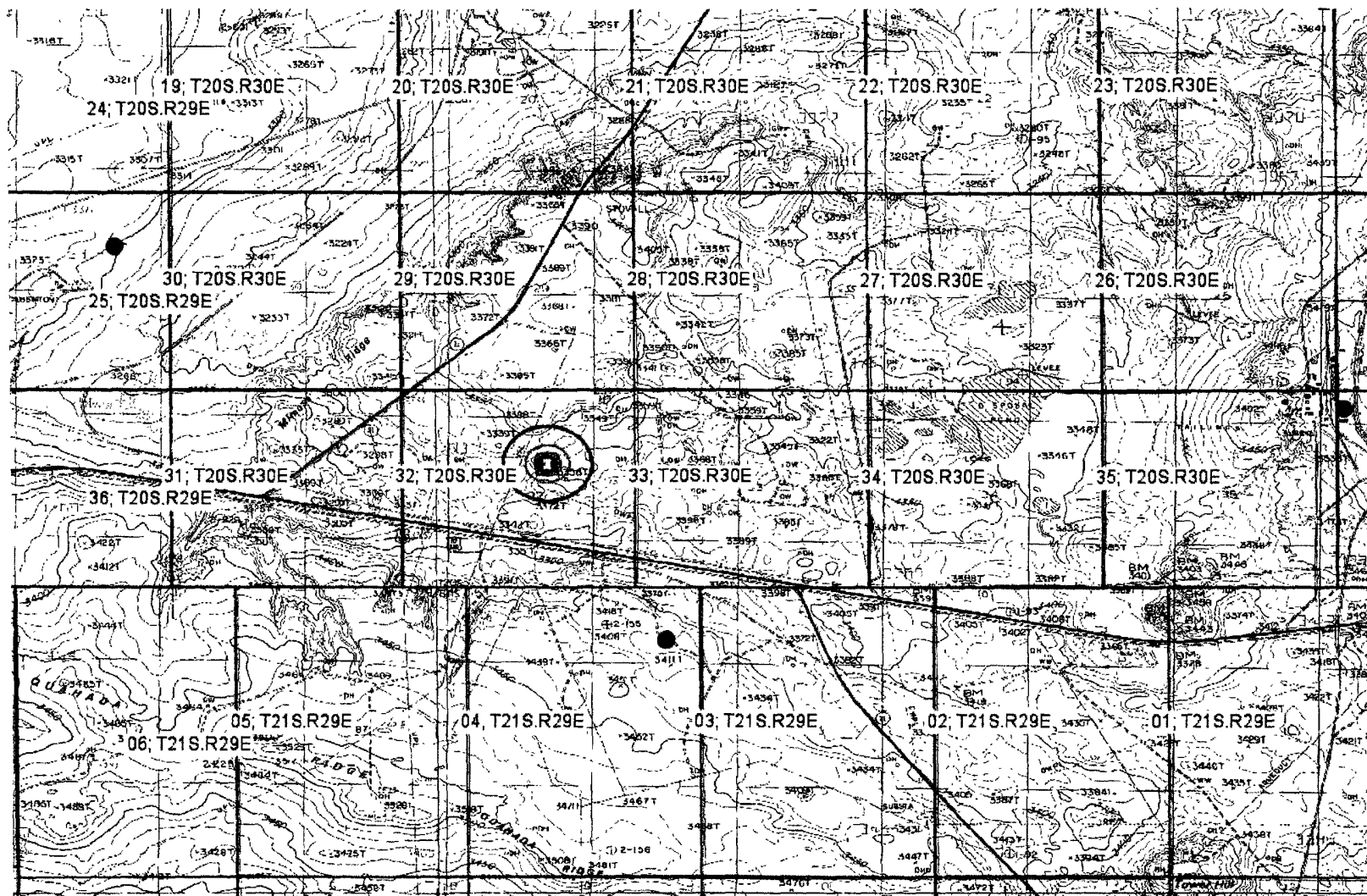
Lynx Petroleum - Eddy BD #3

May 13, 2010

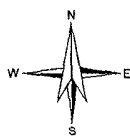








0 2000 4000ft



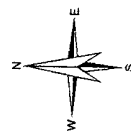
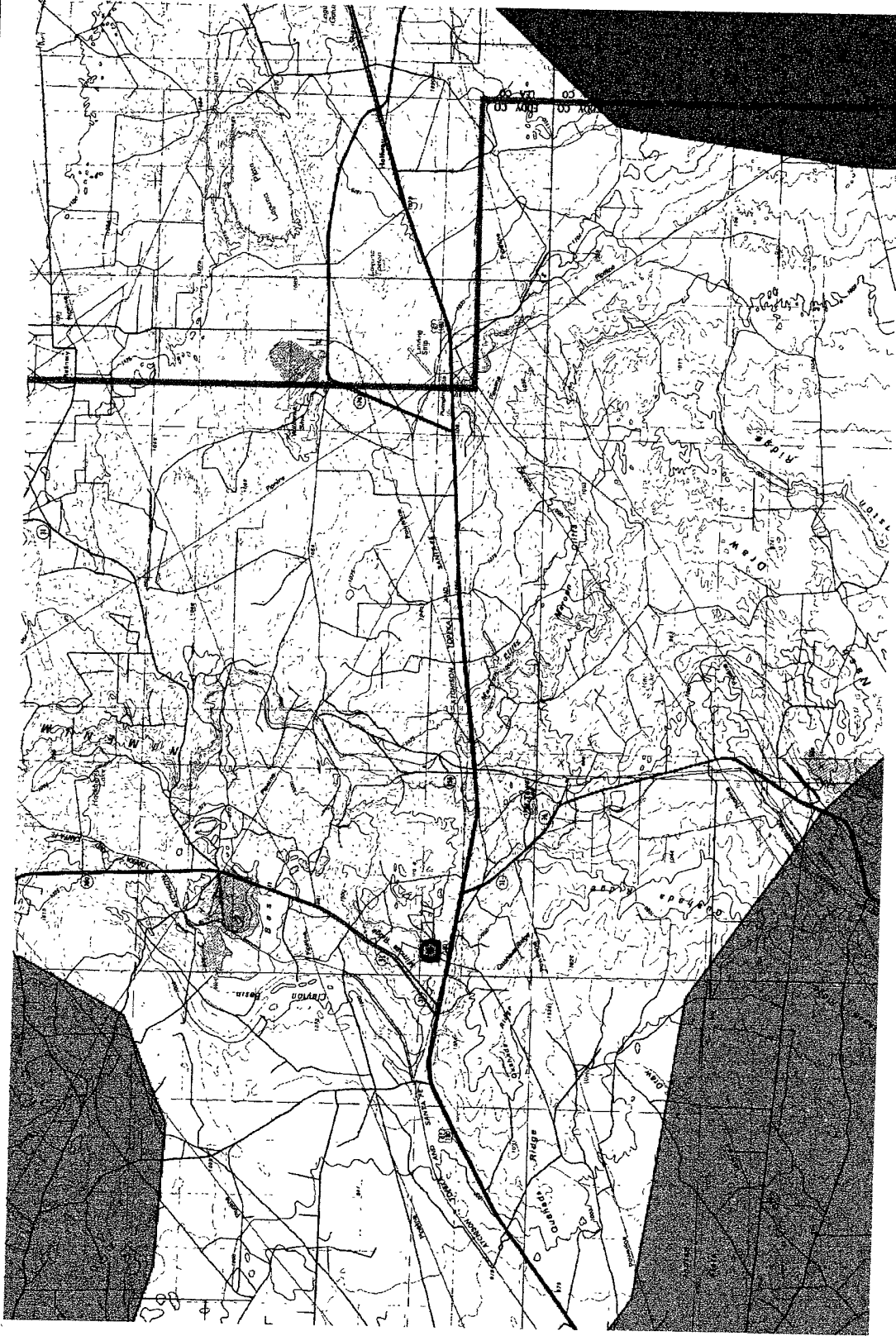
Petroleum Recovery  
Research Center

Location of Mines

Figure: 6

Lynx Petroleum - Eddy BD #3

Jun 10, 2010



Petroleum Recovery  
Research Center

USGS Karst Map

Figure: 7

Lynx Petroleum - Eddy BD #3

Jun 10, 2010

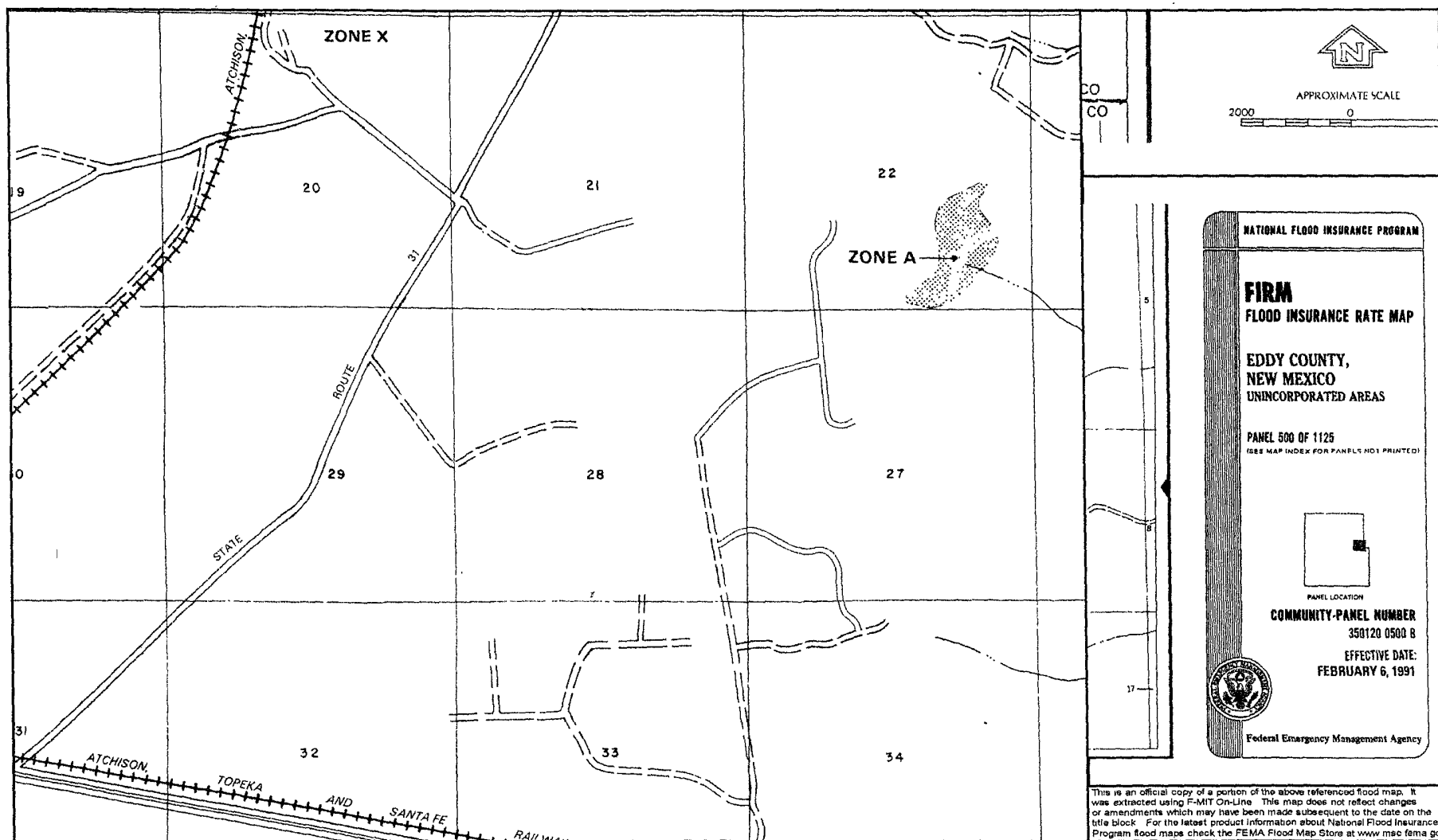
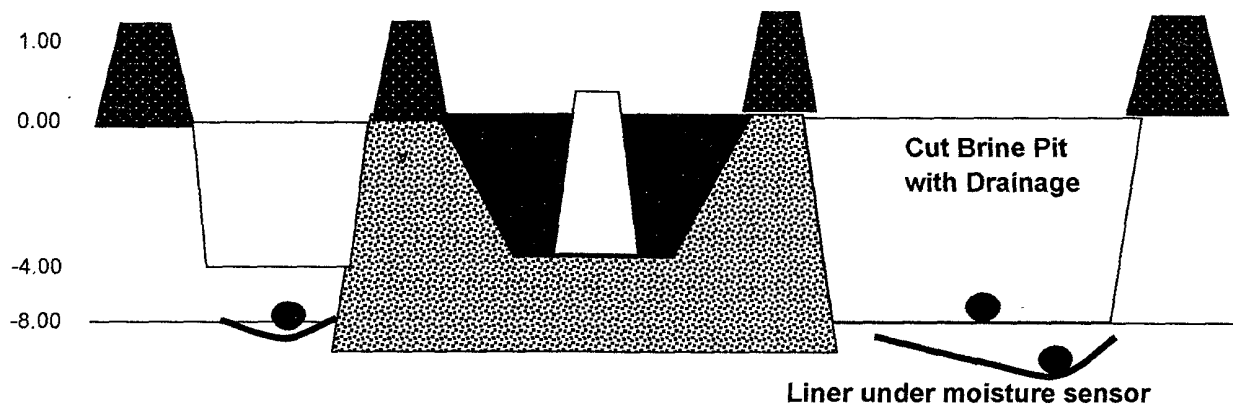
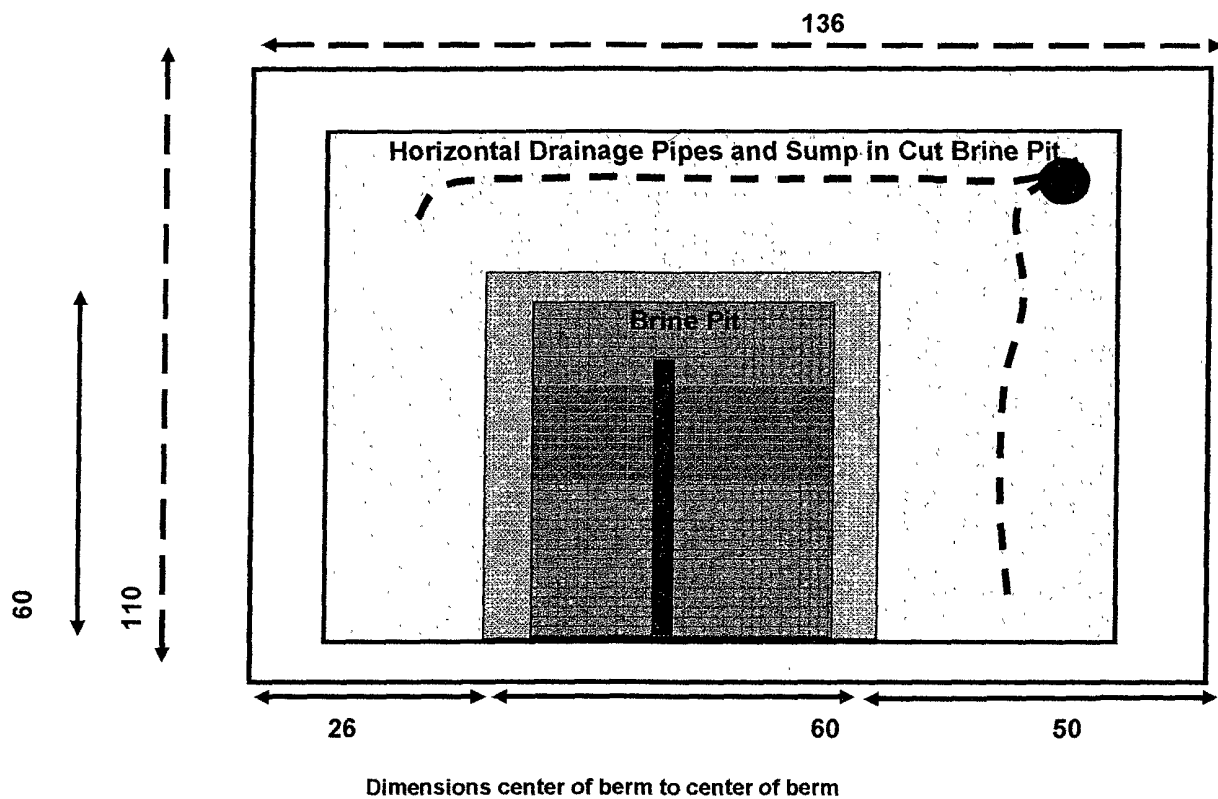


Figure 8: FEMA Map



Patent Pending

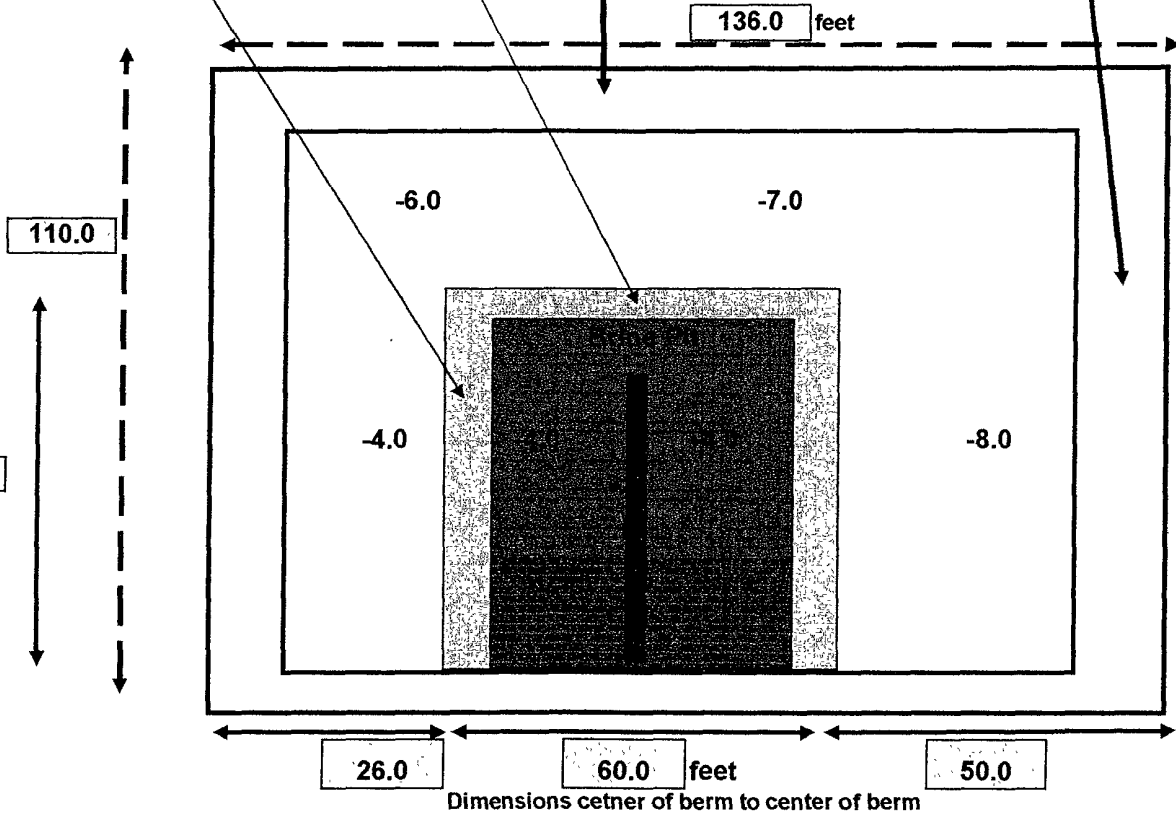
R.T. Hicks Consultants, Ltd.	Pit Liner Schematics	Figure 9
	Lynx Petroleum Consultants - Eddy BD State #3	May-10

Horiz	1.5
Vert	1

Horiz	1.50
Vert	1.00

Horiz	2.00
Vert	1.00

Horiz	2.00
Vert	1.00



Depth Inputs	Upper Right corner	-7.0
	Lower Right corner	-8.0
	Upper Left corner	-6.0
	Lower Left corner	-4.0
	Brine Pit (both cells)	-4.0

Berm ht. 1

Volume of Inner Shoe  
Volume of Outer Shoe

2,122.95  
11,552.68

bbls  
bbls

R.T. Hicks Consultants, Ltd.

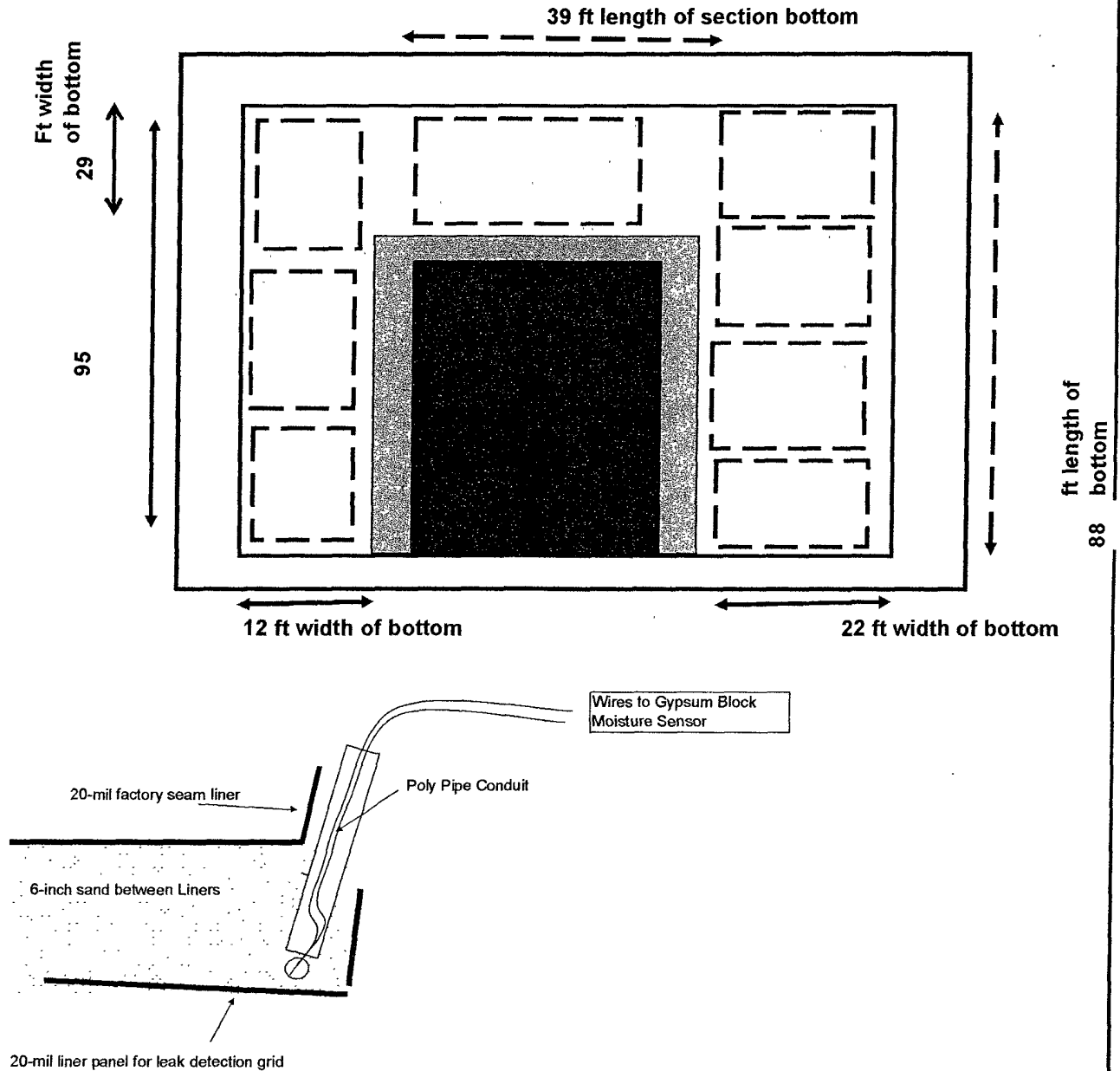
Depth of Pit Below Grade and Dimensions

Figure 10

Lynx Petroleum Consultants - Eddy BD State #3

May-10

Soil Moisture Corporation Gypsum Block Model 5201F placed over 20-mil liner panel (dashed rectangles). Six inches of permeable material (e.g. soil or sand) placed between liner panel and primary pit liner. Poly pipe conduit protects electrical leads from block to surface. Sloped liner panel directs any seepage to moisture sensor



Patent Pending

R.T. Hicks Consultants, Ltd.	Leak Detection System Schematic	Figure 11
	Lynx Petroleum Consultants - Eddy BD State #3	May-10





Intrepid Potash, Inc.  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202  
303.296.3006  
303.298.7502 fax

July 16, 2010

*Via Fax 575-392-7886 and Email*

Larry R. Scott  
Lynx Petroleum Consultants, Inc.  
P.O. Box 1708  
3325 Enterprise Drive  
Hobbs, New Mexico 88241

Re: Eddy 'BD' No. 3  
1980' FNL & 1980 FEL, Section 32, T-20S, R30E  
Eddy County, New Mexico

Dear Mr. Scott:

We have considered your request, set forth in your April 16, 2010 letter, that Intrepid Potash – New Mexico LLC ("Intrepid") waive any objection to the drilling of the above-referenced well.

As we have previously indicated, the proposed well is within the Potash Area defined under Order No. R-111-P and within Intrepid's Life of Mine Reserve ("LMR") as submitted to the New Mexico State Land Office under that order. The proposed well is also located on an Intrepid state potash leasehold. Further, the well location is in an area that contains "measured ore" as determined by the BLM.

We understand that Lynx has reviewed Intrepid's HB Solar Solution Mine Project as described in the BLM's description of the project for purposes of the BLM's review through an Environmental Impact Statement. As we have previously offered and as I will offer here again, Intrepid would be happy to sit down with representatives from Lynx to discuss any questions they may have about this exciting project to develop the significant remaining potash resource in the HB mines through Intrepid's proven solution mining techniques and use of solar energy. We appreciate your indication that Lynx does not have any opposition to the project as presented to the BLM. We are glad that Lynx has recognized the tremendous job growth opportunities that this project brings to southeastern New Mexico.

As you know, Intrepid has the absolute right under Order No. R-111-P to withhold its consent to the drilling of your proposed well. However, because Intrepid has always been and continues to be interested in working in good faith with oil and gas producers, Intrepid will and hereby does waive any objection to the drilling of the referenced well. By its non-objection, Intrepid does not agree to or assume the risks of any release of oil or gas or other substance from the Eddy 'BD' No. 3 well into the environment, including into underground mine workings, arising out of or attributable to Lynx's drilling, operation, plugging and abandoning of the Eddy 'BD' No. 3 well.

Please keep in mind Intrepid's reasonable and good faith willingness to work with Lynx to enable the drilling of this well the next time you are in a group of oil and gas companies discussing Intrepid's continuing efforts to mine the nation's only strategic potash reserve to provide needed fertilizer to grow the crops to feed this country. We look forward to your continuing support for Intrepid's HB Solar Solution Mine Project and reiterate our offer to meet with you to discuss directly any issues you may have with the project.

Sincerely,

Intrepid Potash-New Mexico, LLC

  
Martin D. Litt, Executive Vice President and General Counsel

cc: Randy Dade, District Supervisor, NMED  
Mark E. Fesmire P.E., Director, OCD



**RECEIVED**

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July 16, 2010

AUG 19 2010

HOBBSOCD

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Martin D. Litt, Executive Vice President and General Counsel

cc: Randy Dade, District Supervisor, NMED  
Mark E. Fesmire P.E., Director, OCD

BLM approves federal wells in potash area so we do not have to worry about this.

### STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR  
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

### CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Lynx Petroleum Consultants Inc

LEASE & WELL Eddy 'BD' State #3

LOCATION G-32-20s-30e, 1980/N & 1980/E PROPOSED DEPTH 11500'

DATE APD RECEIVED 8/13/10 WAS PLAT OF AREA ATTACHED \_\_\_\_\_

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? Yes

20-DAY WAITING PERIOD BEGINS \_\_\_\_\_ ENDS \_\_\_\_\_

WERE WAIVERS RECEIVED? 8/19/10

DATE SLO NOTIFIED 8/19/10 DATE REPLY RECEIVED \_\_\_\_\_

DATE BLM NOTIFIED 8/19/10 DATE REPLY RECEIVED \_\_\_\_\_

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES \_\_\_\_\_ NO \_\_\_\_\_

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED \_\_\_\_\_

DATE APD APPROVED \_\_\_\_\_ DATE APD DENIED \_\_\_\_\_



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Jim Noel**  
Cabinet Secretary  
**Karen W. Garcia**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



BUREAU OF LAND MANAGEMENT  
ATT: Potash  
620 Green Street  
Carlsbad, NM 88220

STATE LAND OFFICE  
ATT: Joe Mraz  
P O Box 1148  
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Lynx Petroleum Consultants Inc  
LEASE NAME Eddy BD State #3  
PROPOSED LOCATION G-32-20s-30e  
PROPOSED DEPTH 11500'

Gentlemen:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Larry Hill  
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (\_\_\_\_ year) -----Yes \_\_\_\_ No \_\_\_\_

The above referenced location is within the Buffer Zone----- Yes \_\_\_\_ No \_\_\_\_

Signed \_\_\_\_\_

Printed Signature \_\_\_\_\_

Representing \_\_\_\_\_

Oil Conservation Division \* 1625 N. French Dr.\*  
\* Hobbs, New Mexico 88240

\* Phone: (575) 393-6161 \* Fax (575) 393-0720\* <http://www.emnrd.state.nm.us>



TRANSMISSION VERIFICATION REPORT

TIME : 08/18/2010 19:15  
NAME : EMNRD OCD  
FAX : 5753930720  
TEL : 5753936151  
SER.# : BROM4J158511

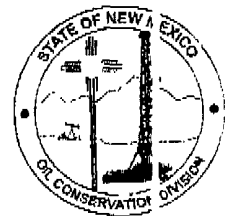
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DURATION	00:00:45
PAGE(S)	04
RESULT	OK
MODE	STANDARD
	ECM

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Cabinet Secretary  
Karen W. Garcia  
Deputy Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



### MEMO

DATE:

8/19/10

TO:

BLM - Potash

FROM

Donna Mull

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> For Your Files             | <input type="checkbox"/> Prepare a Reply for My Signature |
| <input checked="" type="checkbox"/> For Your Review and Return | <input type="checkbox"/> For Your Information             |
| <input checked="" type="checkbox"/> For Your Handling          | <input type="checkbox"/> For Your Approval                |
| <input type="checkbox"/> As Per Your Request                   | <input type="checkbox"/> For Your Signature               |
| <input checked="" type="checkbox"/> Please Advise              | <input type="checkbox"/> For Your Attention               |

4 pgs



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Cabinet Secretary  
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Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



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<input type="checkbox"/> As Per Your Request	<input type="checkbox"/> For Your Signature
<input checked="" type="checkbox"/> Please Advise	<input type="checkbox"/> For Your Attention

4 pgs



TRANSMISSION VERIFICATION REPORT

TIME : 08/18/2010 19:11  
 NAME : EMNRD OCD  
 FAX : 5753930720  
 TEL : 5753936161  
 SER. # : BROM4J158511

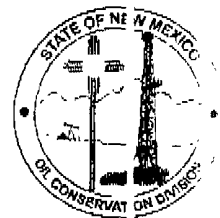
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FAX NO. /NAME	15058274739
DURATION	00:00:38
PAGE(S)	04
RESULT	OK
MODE	STANDARD
	ECM

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 Division Director  
 Oil Conservation Division



**MEMO**

DATE: 8/19/10  
 TO: Joe Mraz - SLD  
 FROM: Donna Mall

- |   |   |
|---|---|
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4 pgs

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4 pgs

