

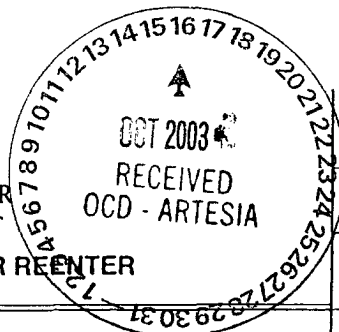
# OCD-ARTESIA

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. <b>NM-71796</b>
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 <b>CBS OPERATING CORP.</b>		7. If Unit or CA Agreement, Name and No. <b>NORTH SQUARE LAKE UNIT</b>
3a. Address <b>P. O. BOX 2236 MIDLAND TX 79702</b>		8. Lease Name and Well No. <b>NORTH SQUARE LAKE UNIT 192</b>
3b. Phone No. (include area code) <b>432/685-0878</b>		9. API Well No. <b>30-01S-33046</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>1330' FSL &amp; 1330' FEL</b> At proposed prod. zone		10. Field and Pool, or Exploratory <b>SQUARE LAKE GB-SA</b>
11. Sec., T., R., M., or Blk. and Survey or Area <b>Sec. 29 T16S R31E</b>		
12. Distance in miles and direction from nearest town or post office* <b>6.75 miles NE of Loco Hills New Mexico</b>		12. County or Parish. <b>EDDY</b>
13. State <b>NM</b>		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>10'</b>	16. No. of Acres in lease <b>6125 ac in unit</b>	17. Spacing Unit dedicated to this well <b>40 acres</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>940' +-</b>	19. Proposed Depth <b>3500'</b>	20. BLM/BIA Bond No. on file <b>NMB 000024</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3958' GL</b>	22. Approximate date work will start* <b>November 1, 2003</b>	23. Estimated duration <b>Drill &amp; Complete 30 days</b>
24. Attachments <b>ROSWELL CONTROLLED WATER BASIN</b>		

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.<br>2. A Drilling Plan.<br>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).<br>5. Operator certification.<br>6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|---|

25. Signature	Name (Printed/Typed) <b>M. A. SIRGO, III</b>	Date <b>9-17-03</b>
Title <b>ENGINEER</b>		
Approved by (Signature) <b>/s/ Joe G. Lara</b>	Name (Printed/Typed) <b>/s/ Joe G. Lara</b>	Date <b>4 OCT 2003</b>
Title <b>ACTING FIELD MANAGER</b>		
Office <b>CARLSBAD FIELD OFFICE</b>		

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. 192 North Square Lake Unit  
1330' FSL & 1330' FEL SEC. 29, T16S, R31E  
Eddy County, New Mexico  
Federal Lease No. NM-71796

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

LOCATED: 6.75 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-third mile and turn east on caliche lease road. Travel approximately one-half mile and turn south. Travel 1/10 mile onto new location pad adjoining existing lease road.

LENGTH OF ROAD: 0'

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

<u>ESTIMATED GEOLOGIC TOPS:</u>	Base of redbed	480'
	Top of salt	665'
	Base of salt	1605'
	Top of San Andres	3405'

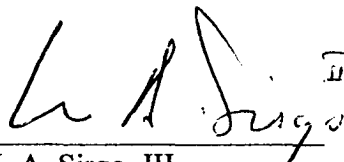
SUPPLEMENTAL DRILLING DATA: Please refer to the previously submitted Master Drilling Program for the North Square Lake Unit dated December 2002.

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 42.9 acre block survey conducted on June 13 and July 1, 2003 and reported on under NMCRIS No. 84124, (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

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 192
OGRID No. 216852	Operator Name CBS OPERATING CORPORATION	Elevation 3958'

Surface Location

UL or lot No. J	Section 29	Township 16-S	Range 31-E	Lot Idn	Feet from the 1330	North/South line SOUTH	Feet from the 1330	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

GEODETC COORDINATES NAD 27 NME Y = 687370.1 X = 636956.7 LAT. 32°53'19.91"N LONG. 103°53'13.83"W		3955.3'		3961.8'
		3949.4'	3958.1'	
		500'	500'	1330'

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*M. A. Sirgo, III*

Signature

M. A. Sirgo, III

Printed Name

Engineer

Title

September 24, 2003

Date

SURVEYOR CERTIFICATION

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.

SEPTEMBER 15, 2003

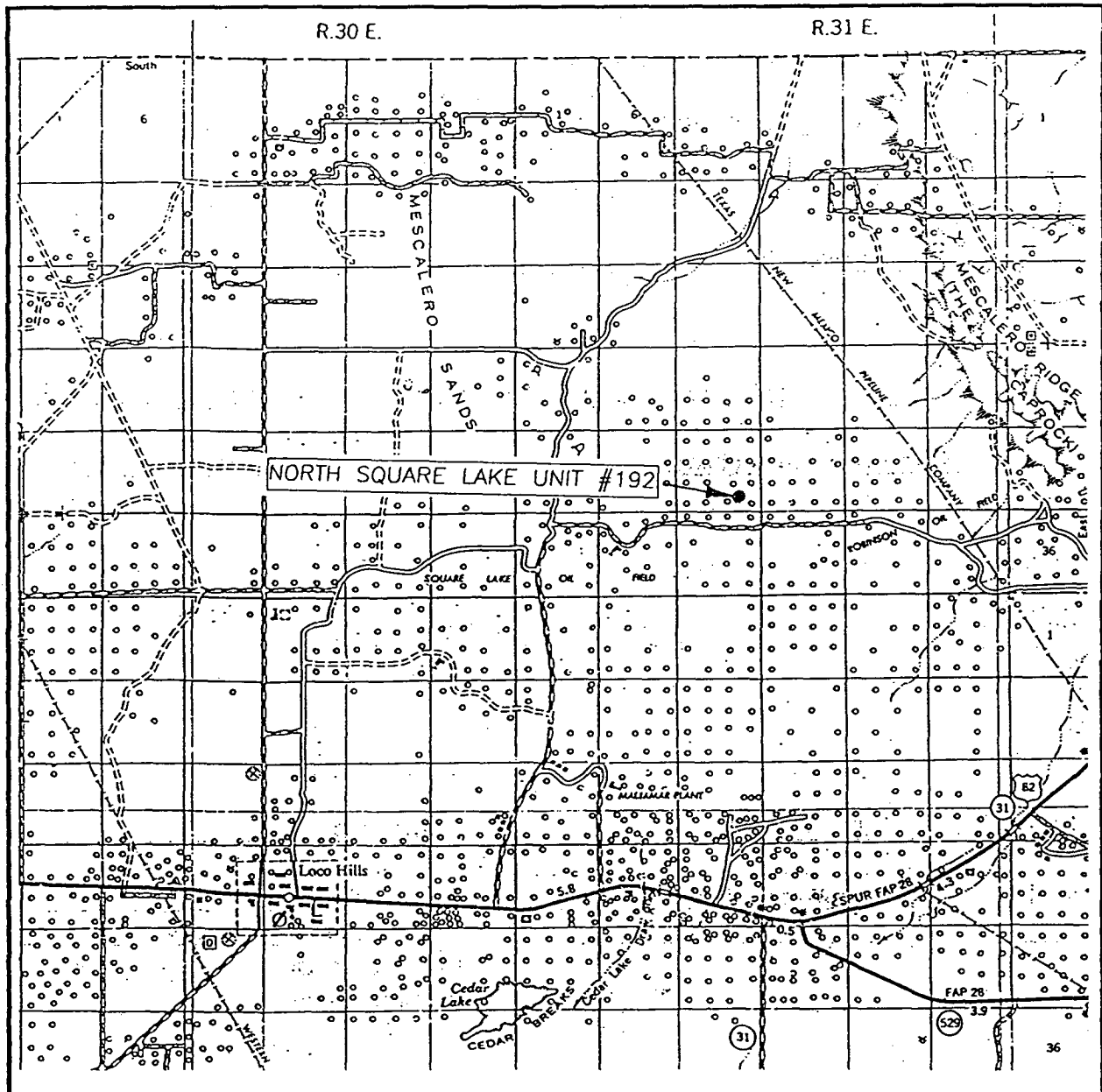
Date Surveyed

Signature & Seal of Professional Surveyor

SEPTEMBER 15, 2003

Certificate No. CARY KIRSON 12841

# VICINITY MAP



SCALE: 1" = 2 MILES

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

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1330' FSL & 1330' FEL

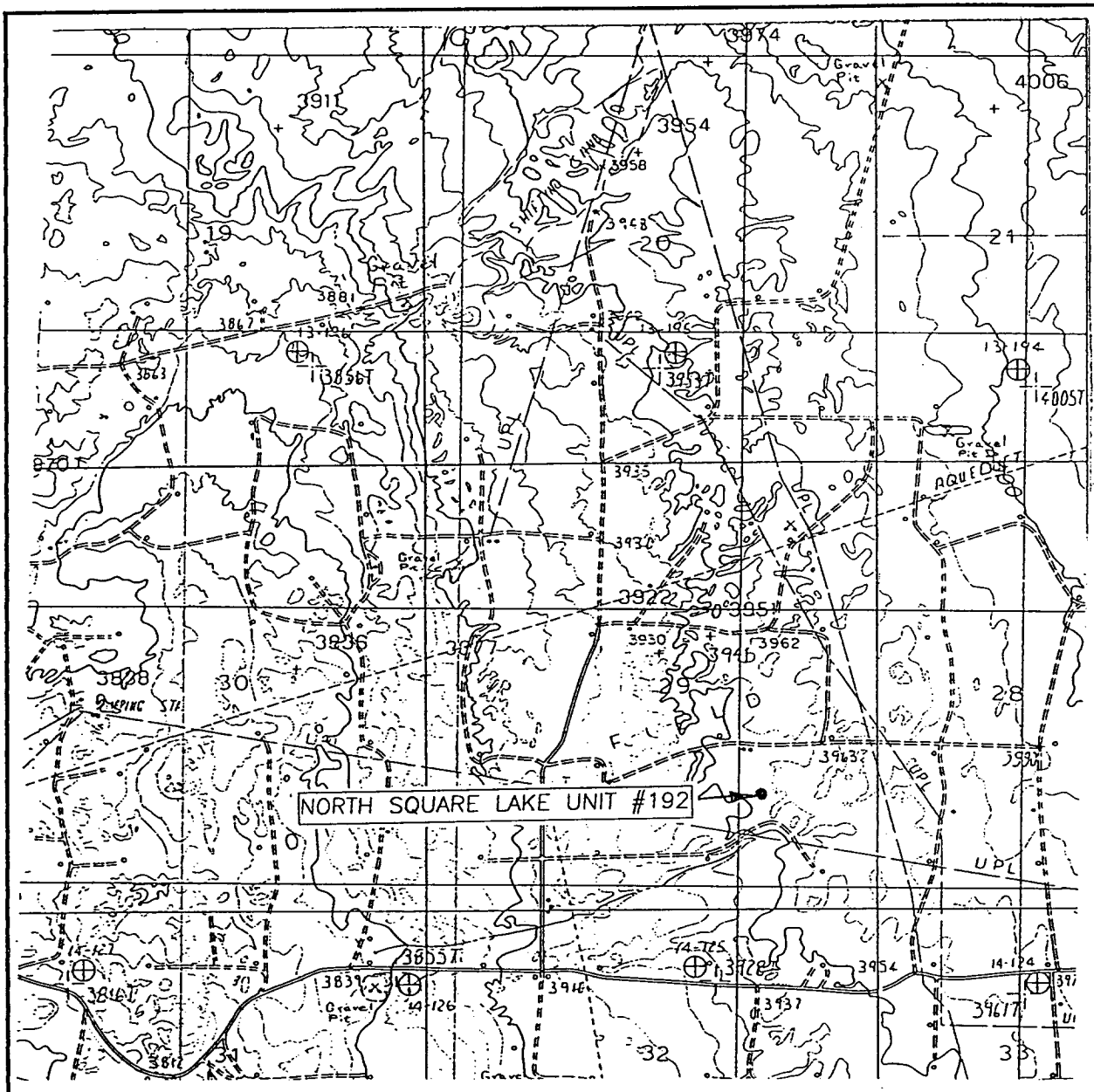
ELEVATION 3958'

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 1330' FSL & 1330' FEL

ELEVATION 3958'

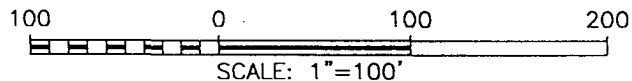
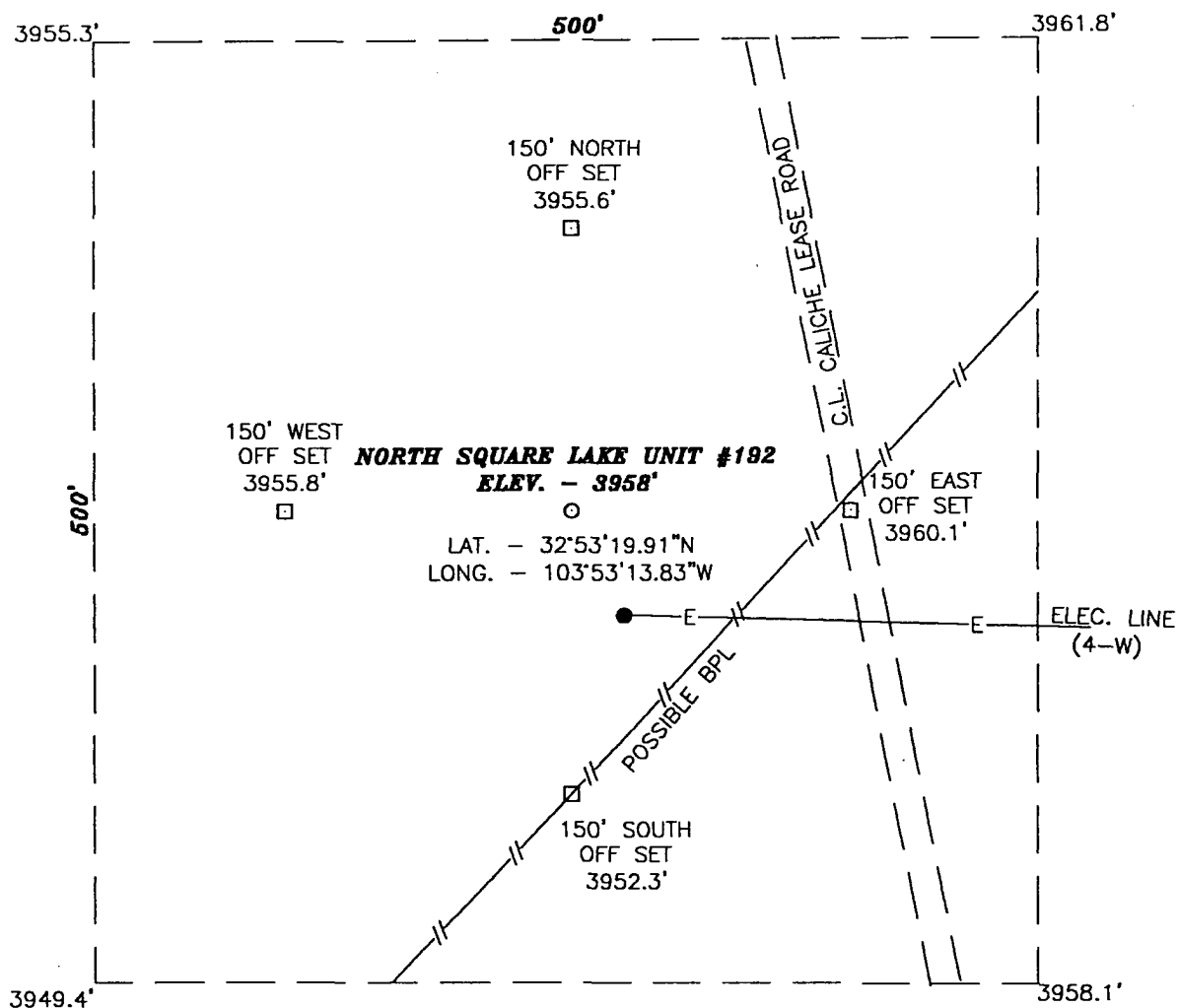
OPERATOR CBS OPERATING CORPORATION

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 0.3 MILES EAST TO A LEASE ROAD TO THE RIGHT, THENCE 0.5 MILES EAST, THENCE EAST 300 FEET NORTH TO PROPOSED WELL.

CBS OPERATING CORPORATION

THE NORTH SQUARE LAKE UNIT #192 LOCATED 1330 FROM THE SOUTH LINE AND 1330 FROM THE EAST LINE SECTION 29, 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: 03.11.1013	Drawn By: L.A.
Date: 9/19/03	DISK:CD#2 03111013

**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)		<b>6. Lease Number</b> NM-71796	
<b>1. Oil Well</b> <input checked="" type="checkbox"/> <b>Gas Well</b> <input type="checkbox"/> <b>Other (Specify)</b> _____		<b>7. If Indian, Allottee or Tribe Name</b>	
<b>2. Name of Operator:</b> GP II ENERGY, INC.		<b>8. Unit Agreement Name</b> NORTH SQUARE LAKE UNIT	
<b>3. Name of Specific Contact Person:</b> David Cotner - Agent		<b>9. Farm or Lease Name</b> NORTH SQUARE LAKE UNIT	
<b>4. Address &amp; Phone No. of Operator or Agent</b> P.O. BOX 2236 MIDLAND, TEXAS 79702 915-682-5671		<b>10. Well No.</b> 192	
<b>5. Surface Location of Well</b> 1330 FEL & 1330 FSL		<b>11. Field or Wildcat Name</b> SQUARE LAKE - GB-SA	
<b>Attach:</b> 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.		<b>12. Sec., T., R., M., or Blk and Survey or Area</b> SECTION: 29 T-16-S R-31-E	
<b>15. Formation Objective(s)</b> GRAYBURG-SAN ANDRES	<b>16. Estimated Well Depth</b> 3800'	<b>13. County, Parish, or Borough</b> EDDY	<b>14. State</b> NM
<b>17. Additional Information (as appropriate; shall include surface owner's name, address and, if known, telephone number)</b>  			

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

949

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

1/03

1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED ( ) REJECTED ( )		3. NMCRIS No.: 84124	
4. Type of Report:                      Negative(     )                      Positive (X)					
5. Title of Report: Block Around the North Square Lake Unit #192 Well Pad  Author(s): Raymond C. Medlock				6. Fieldwork Date(s) from 13-Jun-2003 to 01-Jul-2003	
				7. Report Date: 02-Jul-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 192	
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)	42.9				42.9
b. Area of Effect (acres)	Unknown				Unknown
14. a. Linear: Length; N/A     Width; N/A b. Block: 42.9 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. 29: NW/4 SE/4     NE/4 SE/4     SE/4 SE/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					