

Form 3160-3
(August 1999)



OCD-ARTESIA

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-029437
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 197
3b. Phone No. (include area code) 432/685-0878		9. API Well No. 30-015-33065
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1210' FSL & 250' FWL At proposed prod. zone		10. Field and Pool, or Exploratory SQUARE LAKE GB-SA
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 20 T16S R31E		
14. Distance in miles and direction from nearest town or post office* 7.3 miles NE of Loco Hills NM		12. County or Parish. EDDY
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 250'		13. State NM
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. 940' +-		20. BLM/BIA Bond No. on file NMB 000024
19. Proposed Depth 3500'		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3918' GL		23. Estimated duration Drill & Complete 30 days
22. Approximate date work will start* November 1, 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	Date 9-17-03
Title ENGINEER		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 21 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. 197 North Square Lake Unit
1210' FSL & 250' FWL SEC. 20, T16S, R31E
Eddy County, New Mexico
Federal Lease No. LC-029437

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

LOCATED: 7.3 air miles northeast of Loco Hills, New Mexico

FEDERAL LEASE NUMBER: LC-029437

DATE ISSUED: December 31, 1938

ACRES IN LEASE: 160 acres in Tract 9 of 6125 Unit acres

RECORD LESSEE: Knox, Helm & Texacal

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 1.25 miles and turn west on existing lease road to existing well NSLU #14. Exit off northwest corner of existing pad onto 1555' of new road to NSLU #197 location.

LENGTH OF ROAD: 1555'+-

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

<u>ESTIMATED GEOLOGIC TOPS:</u>	Base of redbed	435'
	Top of salt	570'
	Base of salt	1520'
	Top of San Andres	3266'

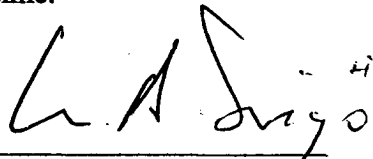
SUPPLEMENTAL DRILLING DATA: Please refer to the previously submitted Master Drilling Program for the North Square Lake Unit dated December 2002.

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 47.79 acre block survey conducted on July 24 and July 25, 2003 and reported on under NMCRIS No. 84499, (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 197
OGRID No. 216852	Operator Name CBS OPERATING CORPORATION	Elevation 3918'

Surface Location

UL or lot No. M	Section 20	Township 16-S	Range 31-E	Lot Idn	Feet from the 1210	North/South line SOUTH	Feet from the 250	East/West line WEST	County EDDY
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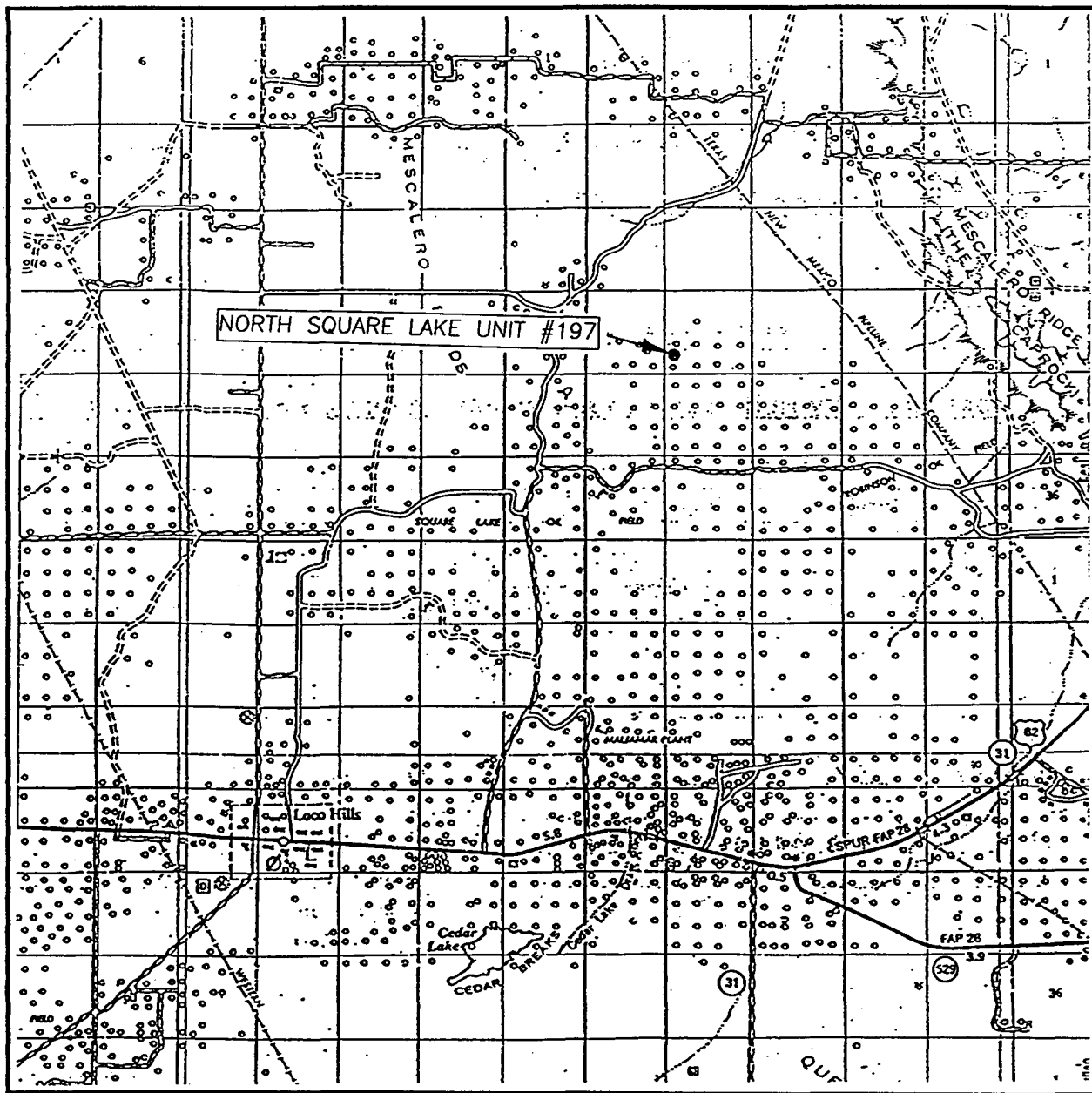
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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

19	20					OPERATOR CERTIFICATION	
						I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.	
						Signature 	
						Printed Name M. A. Sirgo, III	
						Title Engineer	
						Date September 24, 2003	
						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 September 15, 2003	
						Signature & Seal of Professional Surveyor 	
						Certificate No. GARY EASON 12641	

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 20 TWP. 16-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1210' FSL & 250' FWL

ELEVATION 3918'

OPERATOR CBS OPERATING CORPORATION

LEASE NORTH SQUARE LAKE UNIT

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

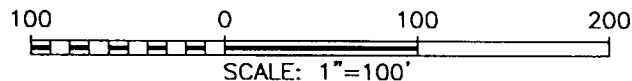
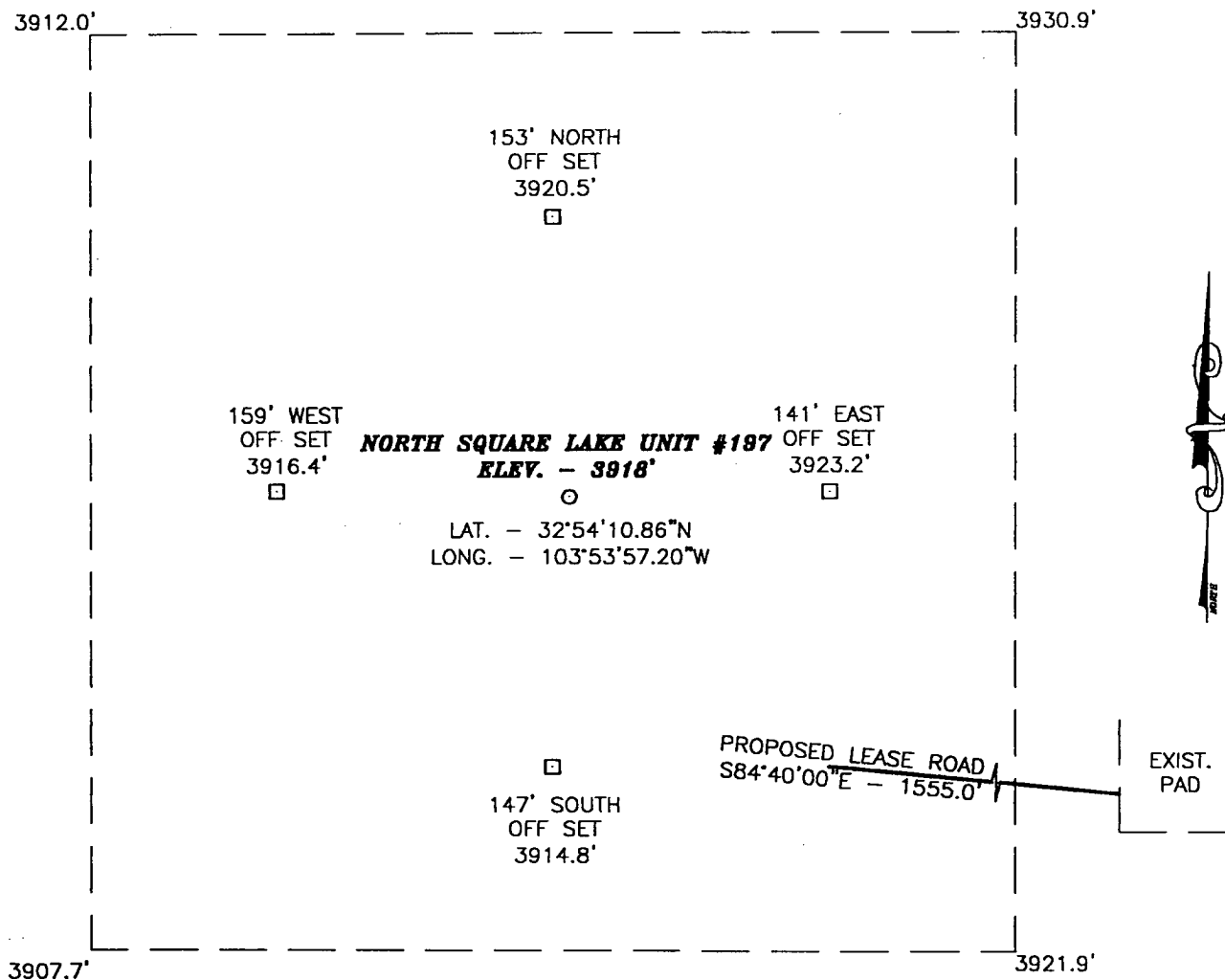


CONTOUR INTERVAL: 10'
HENSHAW TANK, N.M.

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

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

SECTION 20, 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 EAST SQUARE LAKE ROAD (CO. RD. #252) TO THE RIGHT, THEN GO 1.8 MILES NORTH TO A ROAD TO THE LEFT, THEN GO 1.2 MILES NORTH TO A EXISTING WELL PAD. A PROPOSED ROAD IS STAKED WEST-NORTHWEST 1555 FEET TO THE LOCATION.

CBS OPERATING CORPORATION

THE NORTH SQUARE LAKE UNIT #197 LOCATED 1210 FROM
THE SOUTH LINE AND 250 FROM THE WEST LINE
SECTION 20, 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: 03.11.1015	Drawn By: L.A.
Date: 9/22/03	DISK:CD#2 03111015

**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-029437	
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. 197	
5. Surface Location of Well 10' FWL & 1220' 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: 20 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

P12

1/03

1. BLM Report No.		2. Reviewer's Initials/Date ACCEPTED () REJECTED ()		3. NMCRIS No.: 84499	
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. 197 Well Author: Stephen Smith				6. Fieldwork Date: July 24 and 25, 2003	
				7. Report Date July 27, 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 197	
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)	47.79	0	0	0	47.79
b. Area of Effect (acres)	Unknown				Unknown
14. a. Linear: Length: Width: b. Block: 47.79 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 19: S½SE¼SE¼, N½SE¼SE¼, S½NE¼SE¼ (irregular section, template anchored in the SE corner) Section 20: SW¼SW¼SW¼, N½SW¼SW¼, S½NW¼SW¼ f. Well Pad Footages: N/A g. USGS 7.5 Map Name and Code Number: Henshaw Tank, NM (Provisional Edition 1985) 32103-H8					