Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR . BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED
OMB NO. 1004-0137
Expires March 31 2007

5	Lease	Seria	Nο

 20277	

-	If Indian	Allottee	0 T	iha Nlam	_

Do not use this form for particles abandoned well. Use Form				6. If Indian, Allo	ottee or Tribe Name
SUBMIT IN TRIPLICATE - 0	Other instructions or	reverse side		7. If Unit or CA	/Agreement, Name and/or No.
1. Type of Well Oil Well X Gas Well Other 2. Name of Operator		·		8. Well Name at Carracas 2	
Energen Resources Corporation				9. API Well No	
3a. Address	3b	. Phone No. (include are	a code)	30-039-2648	30
2198 Bloomfield Highway, Farmington 4. Location of Well (Footage, Sec., T., R., M., or Survey L		505.325,6800		10. Field and P Basin Fruit	ool, or Exploratory Area
1795' FNL, 790' FEL NE/4 (H) S29, T32N, R4W				11. County or l	Parish, State
12. CHECK APPROPRIATE	BOX(ES) TO INDICA	ATE NATURE OF N	OTICE, REPO	ORT, OR OTH	ER DATA
TYPE OF SUBMISSION		TYP	E OF ACTION		
X Notice of Intent	Acidize	Deepen		(Start/Resume)	Water Shut-Off
Subsequent Report	Alter Casing Casing Repair	Fracture Treat New Construction	Reclamation Recomplete	ŗ	Well Integrity Other
Final Abandonment Notice	Change Plans	Plug and Abandon	Temporarily	Abandon	
5 (Convert to Injection	Plug Back	Water Dispo	osal	
Energen Resources proposes a record a horizontal lateral off the exist directional wellplan. A whipsto 5 1/2" casing. The lateral will be completion. 2 3/8" tubing will be	ting vertical well ck will be set at be drilled to 5085	bore as indicate 3847' +/- (TVD) : ' (MD), 4107' (T	d on the at and a windo VD). This	tached C-10 w milled in will be an	2 and the existing
CONDITIONS OF AP Adhere to previously issued	PROVAL TO THE STIPULATION OF SUN 2	GUNDI	E ATTACH TIONS OF	APPROV	
•	OIL CONS	ED S Dry. 8 M	to and w	m dive	Sorvey
14. I hereby certify that the foregoing is true and correct Name (Printed Typed) Nathan Smith	LE VIEW !!	R. F. V. 100 C	g Engineer		
1/alle = Ste		Date 5/4/06			
THIS	SPACE FOR FEDER	AL OR STATE OFF	ICE USE		
Approved by Conditions of approval, if any, are attached. Approval of certify that the applicant holds legal or equitable title to which would entitle the applicant to conduct operations the	those rights in the subject		- ENE	Dat	6-12-06
Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section States any false, fictitious or fraudulent statements or repr	n 1212, makes it a crime for resentations as to any matter	any person knowingly an within its jurisdiction.	d willfully to mak	te to any departm	nent or agency of the United

District I 1625 N. French Dr., Hobbs, NM 88240 State of New Mexico Energy, Minerals & Natural Resources

Form C-102 Revised June 10, 2003

District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV

¹ API Number

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

3 Pool Name

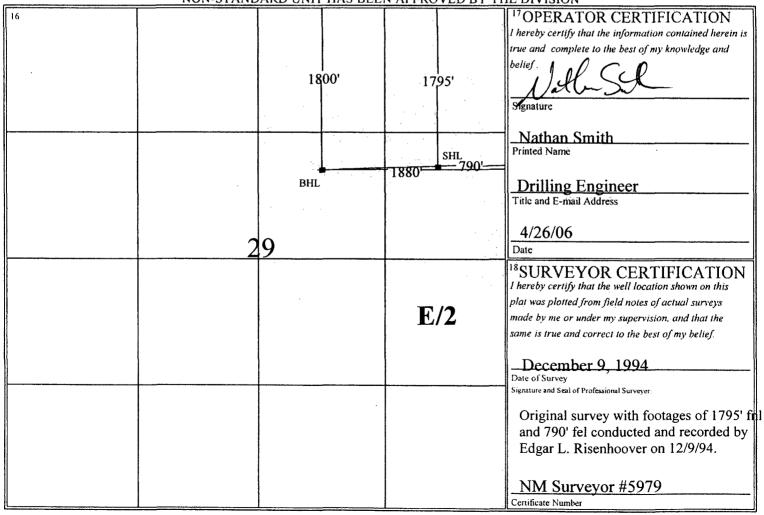
X AMENDED REPORT

1220 S. St. Francis Dr., Santa Fe, NM 87505
WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

3	0-039-2	6480		71629			Basin Fruitla	and Coal				
⁴ Propert	y Code			S Property Name 6 Well Number Carracas 29B #8 8 Operator Name 9 Elevation Energen Resources Corporation 7321' 10 Surface Location								
					_Carracas 2	29B		Ì	#8			
⁷ OGRII	D No.											
1629	28			Ene	rgen Resourc	es Corporat	ion		7321'			
				1	¹⁰ Surface Loca	tion						
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County			
Н	29	32N	4W		1795	fnl	790	fel	Rio Arriba			
			¹¹ Bott	om Hole I	Location If Diff	erent From Su	rface					
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County			
G	29	32N	4W		1800	fnl	1880	fel	Rio Arriba			
12 Dedicated Act	es 13 Jo	int or Infill	14 Consolidation	Code 15 O	rder No.			5.				
E/2								•				

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



Energen Resources Corporation

Field: Carracas Canyon Site: Carracs 29 B #8

Well: Carracas 29B #8

Wellpath: Original Hole Plan: Plan #1 5-4-06

,	Саггасаз 29В #8	Name	
	0.00	S-/N+	
	0.00	+E/-W	
	0.00	Northing	WELL DETAILS
	0.00	Easting	TAILS
		Latitude	
	30°59'24.512N 109°25'44.094W	Longitude	
	N/A	Slot	

			•		
	. .	. ~	-	Sec	
	5085.23	3846.56	0.00	¥	
	98	80	0.00	'n	
	269.74	269.74	269.74	Azi.	
	4107.00	3846.56	0.00	ΤVD	s
	-5.00	0.00	0.00	+N/-S	ECTION DETAIL:
	1090.00	0.00	0.00	+E/-W	TAILS
	0.08	30	0.00	DLeg	
	0.00	760.00 740.00	0.00	TFace	
	10.000	0.00	0.00	VSec	
	THBA			Target	

Original Hole Wean Sea Level 0.00ft Origin Origin Santing the twick of the two	Ŀ					
Original Hole Mean Sea Level Origin Origin +N/-S +E/-W		0.00	0.00	0.00	269.74°	
Original Hole Mean Sea Level		Starting From TVD	Origin +E/-W	Origin +N/-S	V.Section Angle	
Original Hole		0.00ft	ean Sea Level	ĭ	Rig: Ref. Datum:	
			nal Hole	Origi		
WELLPATH DETAILS	_		TH DETAILS	WELLPA.		

No. TVD MD Annotation

1 3847.00 3847.00 KOP @ 3847 MD / TVD
2 3847.00 3847.00 Begin 22" / 100° Build
3 4107.00 4256.00 End of Build go of Inc.
4 4107.00 4256.00 4256 MD 4107" TVD

SITE DETAILS

GTTN

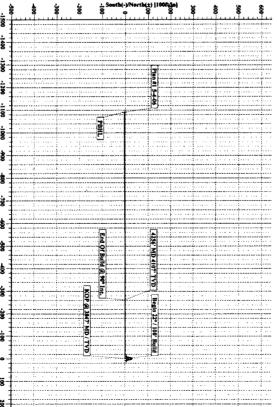
ANNOTATIONS

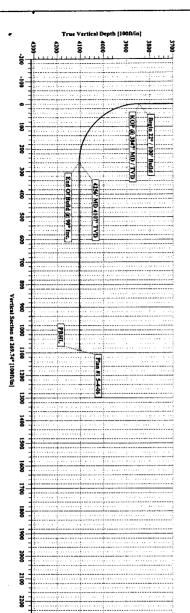


Calculation Method: Minimum Curvature Error System: Systematic Ellipse Scan Method: Closest Approach 3D Error Surface: Elliptical Conic Warning Method: Error Ratio

COMPANY DETAILS
Energen Resources Corporation
2198 Bloomfield Hwy
Farmington, NM 87401









Pathfinder Energy Planning Report - Geographic

Date: 5/4/2006 Time: 15:22:19 **Energen Resources Corporation** Page: Company: Co-ordinate(NE) Reference: Well: Carracas 29B #8, Grid North Field: Carracas Canyon Site: Carracs 29 B #8 Vertical (TVD) Reference: System: Mean Sea Level Carracas 29B #8 Well (0.00N,0.00E,269.74Azi) Section (VS) Reference: Well: Wellpath: Original Hole Plan #1 5-4-06 Field: Carracas Canyon Rio Arriba County, NM Map System: US State Plane Coordinate System 1927 New Mexico, Western Zone Map Zone: Well Centre Geo Datum: NAD27 (Clarke 1866) Coordinate System: Sys Datum: Mean Sea Level Geomagnetic Model: iarf2005 Carracs 29 B #8 Site: Rio Arriba County New Mexico 1795' FNL 790' FEL Sec. 29; T32N; R4W Northing: Latitude: ft Site Position: Longitude: From: Lease Line Easting: **Position Uncertainty:** 0.00 ft North Reference: Grid 7321.00 ft **Grid Convergence:** 0.00 dea Ground Level: Carracas 29B #8 Well: **Slot Name:** Latitude: Well Position: +N/-S 0.00 ft Northing: 0.00 ft 30 59 24.512 N 0.00 ft 0.00 ft Longitude: 109 25 44.094 W +F/-W Easting: **Position Uncertainty:** 0.00 ft Wellpath: Original Hole **Drilled From:** Surface 0.00 ft Tie-on Depth: Above System Datum: **Current Datum:** Mean Sea Level Height 0.00 ft Mean Sea Level 5/4/2006 Declination: 0.00 deg Magnetic Data: Field Strength: 0 nT Mag Dip Angle: 0.00 dea +E/-W Vertical Section: Depth From (TVD) +N/-S Direction ft ft ft deg 0.00 0.00 0.00 269.74 Plan #1 5-4-06 5/4/2006 Plan: **Date Composed:** Version: Tied-to: From Surface Principal: **Plan Section Information** TVD +N/-S +E/-W TFO MD DLS Build **Target** Incl Azim Turn deg/100ft deg/100ft deg/100ft ft deg deg ft ft ft deg 269.74 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 3846.56 0.00 269.74 3846.56 0.00 0.00 0.00 0.00 0.00 0.00 4255.66 90.00 269.74 4107.00 -1.19-260.43 22.00 22.00 0.00 269.74 5085.23 90.00 269.74 4107.00 -5.00 -1090.00 0.00 0.00 0.00 0.00 **PBHL** Section 1 : Start Hold vs MD TVD +N/-S +E/-W DLS Ruild Turn TFO Incl Azim deg deg ft ft ft deg/100ft deg/100ft deg/100ft deg 0.00 0.00 269.74 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 3700.00 0.00 0.00 269.74 3700.00 0.00 0.00 0.00 0.00 0.00 269.74 3846.56 0.00 269.74 3846.56 0.00 0.00 0.00 0.00 0.00 0.00 269.74 2: Start Build 22.00 Section MD TVD +N/-S +E/-W VS TFO Incl Azim DLS Ruild Turn ft ft deg/100ft deg/100ft deg/100ft deg deg ft ft ft deg 3847.00 0.10 269.74 3847.00 0.00 0.00 0.00 22.00 22.00 0.00 0.00 3899.63 3900.00 11.76 269.74 -0.03-5.465 46 22.00 22.00 0.00 0.00 4100.00 55.76 269.74 4061.85 -0.52-113.88 113.88 22.00 22.00 0.00 0.00 4255.66 90.00 4107.00 -1.19 -260.43 260.44 22.00 22.00 0.00 0.00 3 : Start Hold Section MD Incl Azim TVD +N/-S +E/-W VS DLS Build TFO Turn ft ft deg/100ft deg/100ft deg/100ft ft deg deg ft ft deg 4256.00 90.00 269.74 4107.00 -1.20 -260.78 260.78 0.00 0.00 0.00 0.00 4300.00 90.00 269.74 4107.00 -1.40 -304.78 304.78 0.00 0.00 0.00 0.00 4500.00 90.00 269.74 4107.00 -2.32-504.77 504.78 0.00 0.00 0.00 0.00

Pathfinder Energy Planning Report - Geographic

Company: Energen Resources Corporation Carracas Canyon

Carracs 29 B #8 Site: Carracas 29B #8 Well: Wellpath: Original Hole

Date: 5/4/2006 Time: 15:22:19 Pag
Co-ordinate(NE) Reference: Well: Carracas 29B #8, Grid North
Vertical (TVD) Reference: System: Mean Sea Level
Well (0.00N,0.00E,269.74Azi)

Plan #1 5-4-06

Section	з.	Start	Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100f	Build t deg/100f	Turn t deg/100ft	TFO deg	
4700.00	90.00	269.74	4107.00	-3.23	-704.77	704.78	0.00	0.00	0.00	0.00	
4900.00	90.00	269.74	4107.00	-4.15	-904.77	904.78	0.00	0.00	0.00	0.00	
5085.23	90.00	269.74	4107.00	-5.00	-1090.00	1090.01	0.00	0.00	0.00	0.00	

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	< Lati Deg Min	tude> Sec	C- Long Deg Min	gitude> Sec
3700.00	0.00	269.74	3700.00	0.00	0.00	0.00	0.00	30 59	24.512 N	109 25	44.094 V
3846.56	0.00	269.74	3846.56	0.00	0.00	0.00	0.00	30 59	24.512 N	109 25	44.094 W
3847.00	0.10	269.74	3847.00	0.00	0.00	0.00	0.00	30 59	24.512 N	109 25	44.094 V
3900.00	11.76	269.74	3899.63	-0.03	-5.46	-0.03	-5.46	30 59	24.511 N	109 25	44.157 V
4100.00	55.76	269.74	4061.85	-0.52	-113.88	-0.52	-113.88	30 59	24.491 N	109 25	45.402 V
4255.66	90.00	269.74	4107.00	-1.19	-260.43	-1.19	-260.43	30 59	24.463 N	109 25	47.085 V
4256.00	90.00	269.74	4107.00	-1.20	-260.78	-1.20	-260.78	30 59	24.463 N	109 25	47.088 V
4300.00	90.00	269.74	4107.00	-1.40	-304.78	-1.40	-304.78	30 59	24.455 N	109 25	47.594 V
4500.00	90.00	269.74	4107.00	-2.32	-504.77	-2.32	-504.77	30 59	24.418 N	109 25	49.890 V
4700.00	90.00	269.74	4107.00	-3.23	-704.77	-3.23	-704.77	30 59	24.380 N	109 25	52.187 V
4900.00	90.00	269.74	4107.00	-4.15	-904.77	-4.15	-904.77	30 59	24.343 N	109 25	54.484 V
5085.23	90.00	269.74	4107.00	-5.00	-1090.00	-5.00	-1090.00	30 59	24.308 N	109 25	56.611 V

Targets

Name	Descript	tion	TVD	+N/-S	+E/-W	Map Northing	Map Easting	< Latitude> Deg Min Sec	< Longitude> Deg Min Sec
	Dip.	Dir.	ft	ft	ft	ft	ft	-	
PBHL			4107.00	-5.00	-1090.00	-5.00	-1090.00	30 59 24.308 N	109 25 56.611 W

Annotation

MD ft	TVD ft	
3847.00	3847.00	KOP @ 3847' MD / TVD
3847.00	3847.00	Begin 22° / 100' Build
4256.00	4107.00	End Of Build @ 90° Inc.
4256.00	4107.00	4256' MD 4107' TVD



Energen Resources Corporation

Carracas 29B #8 Recompletion T.32N.,R.4W. N.M.P.M. Sec. 29 1795'FNL/790'FEL Bottom Hole Location 1800'FNL/1880'FEL

> JICARILLA RANGER DISTRICT CARSON NATIONAL FOREST

FOR Sundry Notice to Recomplete With a Horizontal Lateral

June 2006

The following conditions of approval will apply to this well on the Jicarilla Ranger District of the Carson National Forest.

A. Construction and Drilling Operation

1. Surface Disturbance

All surface Disturbance will be kept to the existing well pad and access road.

2. Topsoil Stockpile

A. The top 4 to 6 inches of soil materials shall be stripped from the permitted area and be deposited in storage piles apart from other excavated material. It will be kept separate and protected. If the ground is too wet to remove the topsoil and keep it separate and protected, work shall cease. After the desired amount of material has been removed, and at reclamation, the resulting pad has been trimmed and smoothed as required, the stored topsoil shall be evenly spread over exposed subsoil to the extent

that may be practicable and shall be revegetated. Gravel will be utilized to stabilize the pad area.

B. When workover pits and other significant surface disturbance is required during production, soil that was previously salvaged and redistributed MUST be stripped off areas to be redisturbed and kept separate and protected. After the workover or other operation that required the surface disturbance is completed, the stripped topsoil must be evenly spread over the exposed subsoil and shall be revegetated.

3. Reserve Pit

- A. Large vegetation such as sagebrush, pinon, juniper, oak, and browse species will not be incorporated in the pit walls. Sagebrush, stumps, and other slash must be disposed of. They may be buried in the reserve pit when it is filled in .
- B. The reserve pit will have a minimum of one-half the total depth below the original ground surface at the lowest point within the pit and will be designed to prevent the collection of surface runoff.
- C. All drilling and production pits will be constructed so as not to break, or allow discharge of liquids. The bottom of the reserve pit shall not be in fill material. Pits are not to be located in natural drainages. Pit walls are to be "walked down" by a crawler-type tractor and stabilized prior to usage. All pits will be lined with an impervious material at least 12 mil thick and/or 200 psi resistance. Plastic material used to line pits must be removed to belowground level before pits are covered. Pit walls are to be "walked down" by a crawler-type tractor and stabilized prior to usage.
- D. The fluid level, within the pit, is to be maintained at least two (2) feet below the lowest point of the pit wall. The reserve pit will be backfilled and reclaimed when dry. In addition, stockpiled material will be evenly distributed and landscaped to the surrounding topography over all areas on the pad which are not needed for production.

4. Fencing

All pits will be fenced with woven wire. A top rail or barbs will be utilized. Fence the reserve pit with fencing on three sides during the drilling phase and the fourth side immediately after the rig is removed. Corner "H" bracing must be constructed at all corners.

5. Equipment and Vehicles

A. Road building, pad construction, drilling, and completion activities are permitted from April 1 through October 31 of each year. Approval of activities between November 1 and March 31 may be granted on a case by case basis by permission from the Jicarilla District Ranger.

- B. All equipment and vehicles must be confined to the access road and pad. The Jicarilla Ranger District does not allow off-road vehicle use unless specifically authorized.
- C. Driving on Forest Roads will be done in a responsible and safe manner, or be in violation of 36CFR 261.54(f).

6. Sanitation

The operation and maintenance of all sanitation, food service, and water-supply methods, systems, and facilities shall comply with the standards of the local and state authorities and the Federal Water Pollution Control Administration of the United States. The operator shall dispose of all garbage and refuse in a place and manner specified by the Forest Officer in charge. Sewage will be confined to a chemically-treated portable unit on location. Burying of sewage will not be allowed.

7. Refuse Disposal

The operator shall dispose of refuse resulting from this use, including waste materials, garbage, and rubbish of all kinds in an approved sanitary landfill or appropriate recycling center. A trash cage must be on location throughout all drilling, testing and completion activities. Burying trash or trash in the reserve pit will not be allowed. Burning of trash will not be allowed.

8. Rat and Mouse Hole

For safety purposes, the rat/mouse hole must be filled and compacted immediately after the rig is removed.

9. Hydrocarbons and Produced Water

Produced hydrocarbons shall be put in tanks on location during completion work, and not allowed into the reserve pit. If produced hydrocarbons, or machinery oil find their way into a reserve pit, they shall be removed immediately. Produced water will be put in onsite tanks or within lined reserve pit during completion work. Under no circumstances will pits be cut and drained. No produced water is to be released from the storage tanks but is to be physically removed from the site, for proper disposal.

10. Ground Water

All state permits are required prior to hauling water. State procedures concerning disposal of saltwater will be followed. Fiberglass tanks or metal tank battery will be used to store saltwater prior to disposal.

11. Spills

The operator shall inform the Forest Service immediately of the nature, time, date, location, and action taken for any oil or hazardous substance spill (including salt water). The operator shall list all hazardous substances to be used by the drilling operator, and provide this list to the Forest Service.

12. Explosives

Should the use of explosives be required during construction, the operator shall comply with all applicable local, State, and Federal laws, regulations and requirements involving the storage, handling, preparation and use thereof. Prior to any blasting, the District Ranger will be notified and an approved blasting plan will be prepared.

13. Company Signs

Drilling company signs will be allowed on National Forest System lands during the construction and drilling phase. These signs are not to be attached to any trees by any means.

14. Archaeological-Paleontological Discoveries

- A. The operator will employ an archaeologist permitted by the Forest Service to conduct an archaeological survey on any lands which may be disturbed.
- B. The operator will not commence construction until an approved heritage resource clearance has been received by the Forest Service office in Bloomfield, and the operator will abide by all of the stipulations contained in the clearance.
- C. If, prior to or during excavation work, items of archaeological, paleontological, or historic value are reported or discovered, or an unknown deposit of such items is disturbed, the operator will immediately cease excavation. The operator will then notify the Forest Service immediately and will not resume excavation until written approval is given by the authorized officer.
- D. If it is deemed necessary, the Forest Service may require the operator to perform recovery, excavation, and preservation of the site and its artifacts at the operators expense. At the option of the Forest Service, this authorization (permit to drill) may be terminated

with no liability by the United States when such termination is deemed necessary or to preserve or protect archaeological, paleontological, or historic sites and artifacts.

E. The operator shall be responsible for the protection of all identified cultural resources within the area which may be affected by their actions. In addition, the operator shall be liable for all damage or injury to the identified cultural resources caused by their actions.

15. Threatened, Endangered or Sensitive Species

A survey for threatened, endangered or sensitive species shall be conducted by the Forest Service or by an approved surveyor, prior to any construction activities. The Forest Service will indicate which species require surveys.

16. Slope Ratios

The final cut slope shall not exceed a 4:1 ratio. The final fill slope shall not exceed a 4:1 ratio. To obtain this ratio, pits and slopes shall be backsloped <u>into</u> the pad upon completion of drilling and <u>prior</u> to setting production equipment. Construction slopes can be much steeper during drilling, but will be contoured to the above final slopes upon pit reclamation.

17. Pipelines

All areas disturbed, due to the burial of any gas/oil pipelines, will need to be revegetated and silt fencing installed. The only exception shall be a pipeline that is placed directly into a roadway. The seed mixture is identified in C.2 of this document, and will be done prior to silt fencing installation. Silt fencing will be installed in areas where active erosion is occurring or is likely to occur. Mulching or matting may be required for areas determined to be particularly difficult to revegetate. The top 6 inches of topsoil shall be stripped over the trench of each pipeline and protected. The topsoil shall placed on top during reclamation and will not be used as pipe padding. Utilize Forest Roads as working surface to minimize disturbance for installation of pipeline.

18. Vegetation Removal

- A. No vegetation removal is necessary for this project. If any is removed, the Forest Service will indicate the methods of disposal for any timber and fuelwood.
- B. Willow, cottonwood, aspen, and Douglas fir tree species will not be destroyed whenever possible.

C. Tree stumps, branches, and tops, uprooted sagebrush, and other slash must be disposed of. The preferred method is to place the slash back on seeded areas to help provide favorable micoclimates for revegetation. Placing the slash back may have to be by hand or by machinery such that seeded areas are not damaged. It may be buried in the reserve pit when the pit is filled in. It may be chipped and broadcast or otherwise broken down and spread out. Burning of slash will not be allowed.

19. Notification

The operator or his contractor will contact the Forest Service (632-2956) at least 48 hours prior to beginning of pad construction activities and prior to rig movement across Forest lands. Contact the Forest Service Minerals Technician at 505-632-2956 ext. 240 prior to construction. A preconstruction meeting may need to be scheduled with the Forest Service Minerals Technician. Flagging and lath shall be in place and in good condition to identify the well pad and access road prior to the preconstruction meeting. Where archeological fencing is required the archeological fencing should be in place prior to the preconstruction meeting. The operator will contact the Forest Service and the BLM (599-8900) prior to drilling activity and prior to fluid pumping from the reserve pit.

B. Producing Well

1. Production Facilities

- A. Production facilities (including dikes) will be placed on cut and located a minimum of 10 feet from the toe of the backcut.
- B. All pits, tanks, and exhaust vents will have devices to prevent bird mortalities to comply with the Migratory Bird Protection Regulations.
- C. Due to the cumulative nature of gas extraction activities, a "residential style" muffler is required on production engines to reduce noise levels.
- D. This permit is contingent on compliance with the New Mexico Environmental Department, Air Quality Bureau's directive that new engines have NOx emissions limited to 2 grams per horsepower hour.

2. Spacing of Facilities

Maintain a minimum distance of seventy five (75) feet between individual production facilities (treater/separator, storage tanks, well head/pumpjack, etc.).

3. Diking

All storage facilities (including salt water tanks) must be diked. The dikes must be constructed of compacted subsoil, be impervious, be sufficient in size to contain the storage capacity of the facility being diked and be independent of the backcut. The dike must be covered with a layer of gravel to alleviate wind erosion. The loadout line must remain inside the dike, except where a production pit tank is located below ground level. A "walkover" stairstep must be provided to allow access without causing deterioration of the dike.

4. Wind Erosion

Gravel will be placed around the bases of well/meter buildings and on dikes to alleviate wind erosion.

5. Roads & Surfacing

- A. No new access road is needed for this project. However, the existing access road may need updgrading to meet current standards. The access road will be crowned and ditched and drained as shown on the attached diagram entitled mimimum standards for a single lane fair weather road. This may require installation of culverts and/or armored waterbars. Adequate drainage will be constructed and maintained in good working order. Armour all inlets and outlets for protection from gullying in severe erosion soils. Back cut slopes will be variable depending on materials. Cut and fill slopes should be revegetated to the same standard as the well pad. Pipelines will be constructed within 10 feet of the access road. During drilling, completion, and production operations, the operator will be responsible for road maintenance from pavement to well location, including participating in the Carson Roads Committee for maintenance of commonly used roads as well as maintenance of lease roads specific to this well. All roads on Forest Service lands shall be designed, constructed, and maintained to Gold Book Standards (Surface Operating Standards for Oil and Gas Development prepared by the BLM/FS Rocky Mountain Coordinating committee, 1989 and any revisions thereto).
- B. No gravel or other related minerals from new or existing pits on Federal land will be used in construction of roads, well sites, etc., without prior approval from the Forest Service.
- C. Water bars and culverts will be constructed and maintained in working condition on the access road to the well location and conform to surface management specifications. The maximum slope distance between water bars will be:

% Slope Less than 1% 1% - 5% Slope Distance 400 feet 300 feet

Jicarilla Ranger District COA's

5% - 15% 200 feet 15% - 25% 100 feet Greater than 25% 50 feet

- D. When the access road is graded, water bars will be left in the road or replaced immediately upon completion of grading. The access road must be crowned and ditched, drained, and surfaced as required. No new unauthorized road(s) (short cut roads) are authorized.
- E. Prior to crossing any fence located on federal land, or any fence between Federal land and private land, the operator shall contact the Minerals Staff at the Jicarilla Ranger Station. All cut fences are to be tied to braces prior to cutting.
- F. Any cut fence openings will be protected as necessary during construction to prevent the escape of livestock. A temporary closure will be installed on all cut fences the same day the fence is cut. A twelve-foot gate will be installed adjacent to all new cattleguards.
- G. All cattleguards must have wings installed on both ends to prevent livestock from stepping around the ends. Cattleguards must be at least 8 feet wide, the length is left to the discretion of the operator. They must be set on concrete or pressure treated wood bases to prevent them from sinking. A 12 foot gate must be installed between the cattleguard and brace assemblies on whichever side of the cattleguard is most convenient. If the gate is made of wire, it must have at least four horizontal strands of barbed wire, with at least four 3 inch diameter vertical wood stays evenly spaced. When the gate is closed the wires must be taut.
- H. Produced water will either be piped or trucked. If trucked, operator will be responsible for road maintenance and/or surfacing from the well location to pavement. Maintenance will consist of maintenance of cattleguards, fences, culverts, and the actual road surface. The operator will insure road maintenance is sufficient to insure drainage structures work at all times in the access road. The time-of-day of water hauling may be limited.
- I. A proposed use of pesticide, herbicide or other possible hazardous chemical on Forest Service lands and roads shall be cleared for use prior to application.
- J. Controlled access roads are to be used by the operators and his contractors for the sole purpose of servicing wells and equipment. Activities not associated with oil and gas production are not allowed. Unauthorized use is in violation of 36 CFR 261.10k, which carries a maximum penalty of \$5000.00 and/or six months in jail.
- K. No mud plowing will be allowed. If access is needed during wet weather conditions such that mud plowing is desirable, the operator should surface the access road and all Forest Service roads leading to this well so that mud plowing is not necessary.

6. Production Pits

- A. Precipitation/production pits and tanks will be constructed of fiberglass or metal. They will be fenced and covered to prevent wildlife access. They will be diked in the manner described under B.3 above.
- B. Fluids in the production pit will be hauled away in a timely manner to prevent overflow of the pit. Any overflow will be treated as a spill as described in A.11 above.

7. Reclamation Requirements

- A. All areas of the well pad and access road not needed for production facilities will be recontoured to blend as nearly as possible with the natural topography, topsoiled, mulched (All hay or mulch products used on National Forest lands must be certified weed free) (weed free straw crimped in at 2 tons per acre or use excelsior mats or equivalent), and revegetated with the seed mix specified in C.2. On slopes greater than 4% waterbars (contour ditches) will be constructed on the contour at seventy-five (75) foot intervals beginning at the top of the disturbed slope. The waterbars should be at least on one (1) foot deep, with approximately two (2) feet of drop per one hundred (100) feet and with the berm on the downhill side. Cut and fill slopes on areas kept for production facilities should be also be topsoiled, mulched as specified above, and revegetated.
- B. Recommended seeding date is between September 15 and November 1. Seeding should be completed prior to November 1 of the year the well is drilled unless waived by the Forest Service. Seeding will be done with a disc-type drill with two boxes for various seed sizes. The drill rows will be eight (8) to ten (10) inches apart. The seed will be planted between one-half (1/2) and three-forths (3/4) of an inch deep. The seeder will be followed with a drag, packer or roller to insure uniform coverage of the seed, and adequate compaction. Drilling of the seed will be done on the contour where possible. Where slopes are too steep for contour drilling a "cyclone" hand-seeder or similar broadcast seeder will be used, using twice the recommended seed per acre. Seed will then be covered to a depth described above by whatever means is practical.
- C. In order for revegetation to be accepted, it must meet current Forest Service Standards. Reclamation will be approved (minimum timeframe of two growing seasons) when the established vegetative cover is equal to 70% of the adjacent areas and the soil is stabilized. There should be no indicators of active erosion including rills and gullies. Seeding should be repeated annually after two growing seasons until reclamation is accepted by the Forest Service. Where vegetation is redisturbed after establishment it shall be reseeded annually until vegetation is re-established.

8. Painting

All above ground permanent surface structures and equipment will be painted a non-glare color that simulates the natural color of the site as follows: Green, Federal Standard 595a-34127. The exception being that Occupation Health and Safety Act Rules and Regulations are to be complied with where special safety colors are required. All facilities must be painted within six months of installation. Repainting will be periodically necessary as needed to keep all facilities maintained in a condition satisfactory to the Forest Service.

9. Spark Arrester and Engine Mufflers

A muffler or spark arrester satisfactory to the authorized officer shall be maintained on the exhausts of all trucks, tractors or other internal combustion engines used in connection with this permit.

10. Fencing and Livestock-Wildlife Access

- A. Fencing of individual facilities, such as the pump jack (including well head), treater, and tank battery with cattle tight fencing may be required. The fence around any fluid storage facilities must be constructed on the outside perimeter of the dikes to protect them from deterioration due to animals walking over them.
- D. A gate for access, through the fence, must be provided at each facility.
- C. All well facilities will prevent wildlife (including wild horses) and livestock from having access to all produced fluids and any other onsite fluids or solids that could be harmful. This may include fencing all production pits (48 inch height, braced corners, top rail or barbed top wire) compressors, tank batteries, and containment troughs. Screens, covered troughs, and drip pan covers may be used where suitable. Self closing gates or walk throughs will be needed in conjuction with any fencing. All gates need to be kept closed and fences should not be mashed with hard lines. Fences should be located and maintained to keep all animals at least three feet from any hazardous materials.

11. Noxious Weed/Plant Control

A. Control of noxious weeds that invade the well pad and access road is required. Pesticides/herbicides may be used to control undesirable woody and herbaceous vegetation, insects, rodents, etc., with prior written notification to the Forest Service. A listing of all pesticides/herbicides being used or are planning on being used, will be submitted annually by the operator. The report will cover a 12-month period of planned use and will be due on the last day of the calendar year. Exceptions to this schedule may be allowed, subject to

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emergency request and approval, only when unexpected outbreaks of pests require control measures which were not anticipated at the time an annual report was submitted.

B. Only those materials registered by the U.S. Environmental Protection Agency for the specific purposes planned will be considered for use on National Forest System lands. Label instructions will be strictly followed in the application of pesticides and disposal of excess materials and containers. Any barrels of chemicals or fluids needed to maintain well operations will NOT be stored on site.

12. Facility Identification

- A. Individual well facilities (oil, gas, injection, saltwater, etc.) shall have a sign in legible condition until final abandonment. The sign will show the operator's name, lease name and unit number, well name and number and location (quarter section, township, range and footages from section lines).
- B. Storage tanks must be labled to identify contents.

13. Notification

The operator will contact the Forest Service (632-2956) and the BLM (599-8900) at least 48 hours prior to conducting workover activities.

C. Abandoned Well

1. Abandonment Marker

A Forest Service approved permanent abandonment marker inscribed with operator, well number, and location (quarter section, township, range) is required. This marker will extend 24" underground in concrete, and extend 48" above ground level. The inscription will be made with arc welding directly onto the pipe marker.

2. Reclamation Requirements

- A. All gravel will be removed from the location and all disturbed areas will be scarified (the gravel can be placed on roads designated by the Forest Service). The cut and fill slopes will be recontoured to original contours. The entire disturbed area will then be backfilled with topsoil, landscaped, seeded, and mulched. On slopes greater than 4% waterbars (contour ditches) will be constructed on the contour at seventy-five (75) foot intervals beginning at the top of the disturbed slope. The waterbars should be at least on one (1) foot deep, with approximately two (2) feet of drop per one hundred (100) feet and with the berm on the downhill side.
- B. Compacted areas of the well pad will be plowed or ripped to a depth of twelve (12) inches before reseeding. Recommended seeding is between July 1 and September 15. Seeding will be done with a disc-type drill with two boxes for various seed sizes. The drill rows will be eight (8) to ten (10) inches apart. The seed will be planted between one-half (1/2) and three-forths (3/4) of an inch deep. The seeder will be followed with a drag, packer or roller to insure uniform coverage of the seed, and adequate compaction. Drilling of the seed will be done on the contour where possible. Where slopes are too steep for contour drilling a "cyclone" hand-seeder or similar broadcast seeder will be used, using twice the recommended seed per acre. Seed will then be covered to a depth described above by whatever means is practical.

C. Recommended Seed Mixtures.

Species to be planted in pounds pure-live-seed per acre: Pure Live Seed = Germination x Purity

Forest Service seed mix	<u>Variety</u>	Pounds/Acre
Indian ricegrass	Paloma	1
Western wheatgrass	Arriba	2
Blue Gramma	Hacheta or Alma	a 1
Antelope Bitterbrush	Unknown	.10
Four-wing saltbush	Unknown	.25
Pubescent wheatgrass	Luna	2.0
Intermediate wheatgrass	Oahe	2.0
Small burnet	Delar	1.0

- D. To maintain purity and quality, certified seed is required.
- E. All disturbed areas will be mulched at the rate of 2 tons/acre of native grass hay/straw. The mulch must be crimped into the surface.
- F. The operator shall be responsible for prevention and control of soil erosion and gullying on lands covered by this permit and adjacent thereto, resulting from construction, operation, maintenance, and termination of the permitted use. The operator shall so construct permitted improvements to avoid the accumulation of excessive heads of water and to avoid encroachment on streams. The operator shall revegetate or otherwise stabilize all ground where the soil has been exposed and shall construct and maintain necessary preventive measures to supplement the vegetation. This may include the use of silt fencing and erosion control mats as needed.
- G. In order for revegetation to be accepted, it must meet current Forest Service standards. Reclamation will be approved (minimum timeframe of two growing seasons) when the established vegetative cover is equal to 70% of the adjacent areas and the soil has been stabilized. Seeding will be repeated annually after two growing seasons until the area has been satisfactorily reclaimed. The operator's bond will not be released until the area has been successfully reclaimed.

3. Roads

- A. If, upon abandonment of a well, the retention of the access road is not considered necessary for the management and multiple use of the natural resources, it will be recontoured to as near natural as possible. The access road and well location will be closed to vehicular travel. Revegetetation of the affected area will be required.
- Aternatively, the Forest service may request the road be lightly ripped to eliminate compaction. After ripping, water bars will be installed as stated in B.5.C. Construction of a barricade at the entrance to these areas may be required. Revegetetation of the affected area to the standard in section C 2. G. will be required.
- B. If, upon abandonment of the well, the retention of the access road is considered necessary for the management and multiple use of the natural resources, then the gate, if any, will remain in place, and it is to be converted to a single Forest Service locking system.

4. Notification

The operator will contact the Forest Service (632-2956) and the BLM (599-8900) approximately 48 hours prior to conducting any abandonment activities.

D. Miscellaneous

1. Health, Safety, and Environmental Protection

The operator shall take all measures necessary to protect the health and safety of all persons affected by its activities performed in connection with the construction, operation, maintenance, or termination of the right-of-way, and shall promptly abate as completely as possible any physical or mechanical procedure, activity, event, or condition, existing or occurring at any time: (1) that is susceptible to abatement by the operator, (2) which arises out of, or could adversely affect the construction, operation, maintenance, or termination of all or any part of the oil and gas drilling and extraction operations, and (3) that causes or threatens to cause: (a) a hazard to the safety of workers or the public health or safety, or (b) serious and irreparable harm or damage to the environment (including but not limited to areas of vegetative or timber, fish or other wildlife populations, or their habitats, or any other natural resource). The operator shall immediately notify the authorized officer of all serious accidents which occur in connection with such activities.

2. Area Maintenance

The permitted area will be maintained to present a clean, neat, and orderly appearance. Trash, debris, unusable machinery, improvements, etc., will be disposed of currently.

3. Environmental Standards

The operator shall conduct all activities associated with this oil and gas drilling and extraction operation in a manner that will avoid or minimize degradation of air, land, and water quality. In the construction, operation, maintenance, and termination of this oil and gas drilling and extraction operations, the operator shall perform its activities in accordance with applicable air and water quality standards, related facility siting standards, and related plans of implementation, including but not limited to standards adopted pursuant to the Clean Air Act, as amended (42 USC 1857) and the Federal Water Pollution Control Act, as amended (33 USC 1321).

4. Water Pollution

- A. No waste or byproduct shall be discharged into water if it contains any substance in concentrations which will result in harm to fish and wildlife, or to human water supplies.
- B. Storage facilities for materials capable of causing water pollution, if accidentally discharged, shall be located so as to prevent any spillage into waters or channels leading into water, that would result in harm to fish and wildlife, or to human water supplies.

5. Esthetics

The operator shall protect the scenic esthetic values of the area under this permit, and the adjacent land, as far as possible with the authorized use, during construction, operation, and maintenance of the improvements.

6. Surveys, Land Corners

- A. The operator shall protect, in place, all public land survey monuments, private property corners, and Forest boundary markers. In the event that any such land markers or monuments are destroyed in the exercise of the privileges authorized by this permit, depending on the type of monument destroyed, the operator shall see that they are reestablished or referenced in accordance with (1) the procedures outlined in the "Manual of Instructions for the Survey of the Public Land of the United States," (2) the specification of the county surveyor, or (3) the specification of the Forest Service.
- B. Further, the operator shall cause such official survey records as are affected to be amended as provided by law. Nothing in this clause shall relieve the operator's liability for the willful destruction or modification of any Government survey marker as provided at 18 U.S.C. 1858.

7. Vandalism

The operator will take reasonable measures to prevent and discourage vandalism or disorderly conduct, and when necessary, will call in the appropriate law enforcement officer.

8. Butane and Propane Installations

All butane, propane, or other liquefied petroleum gas equipment shall be installed and operated in accordance with the laws and regulations of the State.

9. Pollution

The operator shall take reasonable precautions to prevent pollution of or deterioration of lands or waters which may result from the exercise of the privileges extended by this permit. In particular, the operator shall, at all times, comply with applicable local, State, and Federal requirements for pollution abatement. Failure of the operator to so comply may result in termination or suspension of this authorization.

10. Area Access

The operator agrees to permit the free and unrestricted access to and upon the premises at all times for all lawful and proper purposes not inconsistent with the intent of the permit or with the reasonable exercise and enjoyment by the operator of the privileges thereof.

11. Subleasing Requirements

The operator, in the exercise of the privileges granted by this permit, shall require that employees, sub-lessees, contractors, subcontractors, or renters and their employees comply with all applicable conditions of this permit and that the conditions of this permit be made a part of all subleases, contracts, subcontracts, or rental agreements. This clause shall not be construed as authorizing such subleases, contracts, subcontracts, or rental agreements unless specifically authorized elsewhere in the permit.

12. Improvements

Prior to crossing, using, or paralleling any improvement on public lands, the operator shall contact the owner of the improvement to obtain mitigation measures to prevent damage to the improvements.

13. Future Mitigation Requirements

The operator shall comply with any future mitigation requirements for air quality and noise as determined by the Jicarilla Ranger District Environmental Impact Statement for Surface Management of Gas Leasing and Development when this EIS is completed and approved.

E. ADDITIONAL FOREST SERVICE CONDITIONS OF APPROVAL

APPLICABLE WHEN MARKED

☑ 1.	All surface disturbance will be confined to the existing well pad, access road, and pipeline right-of-way. If additional area is needed it must be approved in advance by the Forest Service Minerals Technician. Additional cultural resource clearance will also be required.
□ 2.	Earthen berm(s) will be placed on theside(s) of the location between the reserve pit and the drainage.
□ 3.	The corner(s) of the well pad will be rounded off.
□ 4.	The drainage shall be diverted around the _side of the location.
□ 5.	Ponderosa pine timber will be charged at the current rates for pine timber.
□ 6.	Ponderosa pine logs will be dragged off location, preferably laid across slope, and left lying for wildlife habitat.
□ 7.	Pinyon-juniper logs and slash will be used for erosion control on and around the well pad and access road. They will be placed crossways on the slope and seedbed to aid in soil retention and reclamation. Slash and small trees may be chipped and placed back on the seedbed, stockpiled whole and placed back on the seedbed and cut and fill slopes, or can be shredded and placed into the topsoil. Any excess wood will be made available for public use outside of the closure gate or may be purchased and removed by the Operator. Stump burying may be approved upon request. No burning of trees or branches is authorized
□ 8.	Due to special wildlife concerns, there will be no construction/development activity fromto
□ 9.	As a mitigation measure, a wildlife guzzler will be purchased and delivered to the location. The guzzler will meet specifications provided by the Forest Service.
□ 10	O. A locked gate will be required in a location on proposed well access road. The gate will be constructed of 2" pipe in a design that will prohibit ATV's from driving under or around it. The gate will be painted federal standard green, and incorporate road closed signs and reflectorized barricade signs, and a lock box containing enough holes for all necessary company locks plus one hole for a FS lock. Some wing fencing will be needed. Maintenance of this gate structure and wing fence will be the operator's responsibility for the life of the well.

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☐ 11. The existing gate on Forest Road _ will be in functioning condition when drilling and completion are done. The gate may remain unlocked during drilling and completion operations when necessary to accommodate heavy traffic. During periods when the gate is unlocked, a sign will be installed at the gate stating that the road is not open to motorized public travel. If unauthorized travel behind the gate becomes a problem, the gate will remain locked or an individual will be posted at the gate to regulate traffic. If there are periods of inactivity and after completion, the gate will remain locked at all times. Operator shall have routine maintenance responsibility (including required signs as shown on the attached diagrams) for this gate for life of well.
☐ 12. The location must be resurveyed for Mexican spotted owl by a Forest Service approved person before construction may begin.
☐ 13. The location must be surveyed for northern goshawk by a Forest Service approved person before construction may begin.
☐ 14. Spread sandstone 4-6" thick after compaction on the portion of Forest Road from
∑ 15. Note requirements on the IS&A form that construction activities are to be confined to the existing well pad, access road, and pipeline disturbance.
☐ 16. Low Profile: production equipment will be no more than 8' tall.
☐ 17. Liner required in reserve pit.
≥ 21. Noxious weed containment was identified as an issue when the Carracas 29B #8 well was

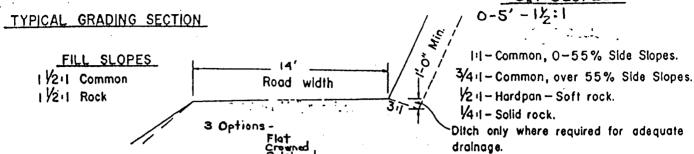
drilled in 2000. The well operator must take steps necessary to control the growth of noxious weeds on the well pad and access road for the life of the well. This includes taking considerable care to recover salvaged topsoil, timely and successful reclamation of the well pad, and annual

inventory and subsequent control of noxious weeds discovered in the project area.

U.S. FOREST SERVICE - REGION 3 MINIMUM STANDARDS FOR SINGLE LANE FAIR WEATHER ROAD

DESIGN CRITERIA:

Grade - Moximum of 6 % unless approved in writing by the Ferent Services. Alianment - Minimum Factor 50 ft.



Side cast on contour grade line permitted except where topography is so broken that designed end haut is necessary to obtain reasonable minimum alignment standard.

EXTRA WIDENING urnout idening : TURNOUT AND CURVE WIDENING

SURFACING

Spot surface with selected material where needed.

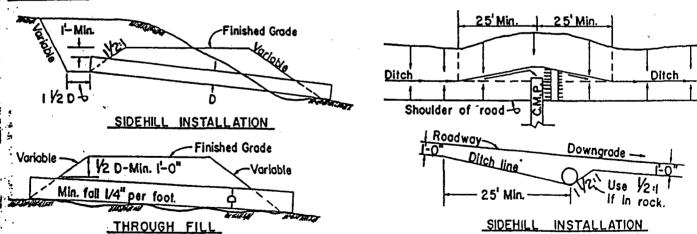
WIDENING ON FILL

Height of fill Widen each at Shoulder Shoulder 0'-6' (1 121 Fill Slopes) 1'-0" Over 6' (11/21 Fill Slopes) 2-0"

TURNOUT SPACING

Turnouts to be located on blind curves and supplemented between blind curves as necessary to keep spacing less than 1,000 ft.

CULVERTS

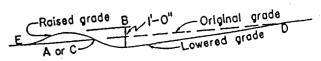


All culverts must discharge at natural ground level unless stope under pipe is protected by rock fill. Gradient of culverts on Sidehill Installation not less than approaching ditch gradient.

GRADE DIPS Add 5' for each percent of grade over 5%. 45° preferable not less than 30. -Downgrade Lowered grade Increase outslope Raised grade-

from D to C. Rock rubble outlet.

R3-7100-86 (8/66)



Grade Dips may be used in lieu of culverts ordinarily used for ditch relief. For spacing of Grade Dips and Ditch Relief

Culverts see F.S.M. 5613.54.