

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

2007 JAN 29

AM 10:02

5. Lease Serial No.
NMNM 099705

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Eagle Springs 8 Federal #1

9. API Well No.
30-043-20949

10. Field and Pool, or Exploratory
Arena Blanca Entrada Southeast

11. Sec., T. R. M. or Blk. and Survey or Area
Section 8 T19N R4W

12. County or Parish
Sandoval

13. State
NM

1a. Type of work: ☐ DRILL ☒ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
High Plains Operating Company, LLC

3a. Address 2130 Fillmore, #211
San Francisco, CA 94115

3b. Phone No. (include area code)
415-567-0446

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 263' FNL and 2,545' FEL
At proposed prod. zone 303.4' FNL and 2,552.4' FED (original operator PENwell's Gyro Survey)

14. Distance in miles and direction from nearest town or post office*
23 miles west-southwest of Cuba, New Mexico

15. Distance from proposed*
location to nearest
property or lease line, ft. 263'
(Also to nearest drg. unit line, if any) 263'

16. No. of acres in lease
2052.48

17. Spacing Unit dedicated to this well
160 acres; W/2 NE/4 & E/2 NW/4

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 244.4'

19. Proposed Depth
5,686' Plugged back MD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6,717 GL

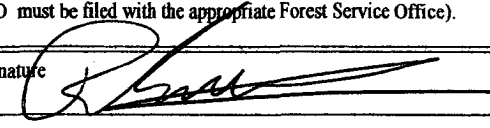
22. Approximate date work will start*
03/15/2007

23. Estimated duration
Two Months

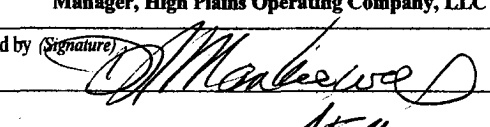
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature  Name (Printed/Typed) Richard Mrlik Date 1-24-07

Title
Manager, High Plains Operating Company, LLC

Approved by  Name (Printed/Typed) Date 3/30/07

Title
Office

Application approval does not warrant or certify that 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.

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 page 2)

Submit application for permit prior to starting construction.
NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-043-20949	² Pool Code 96899	³ Pool Name ARENA BLANCA ENTRADA, SOUTHEAST
⁴ Property Code 25148 36438	⁵ Property Name EAGLE SPRINGS 8 FEDERAL	⁶ Well Number 1
⁷ OGRID No. 246238	⁸ Operator Name HIGH PLAINS OPERATING, LLC	⁹ Elevation 6717'

¹⁰ 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	8	19-N	4-W		263	NORTH	2545	EAST	SANDOVAL

¹¹ 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
¹² Dedicated Acres 160		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No. R-11331 R-11374 - NSL & NSP			

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

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	FD U.S.G.L.O. BC. 1923	¹⁷ OPERATOR CERTIFICATION 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. Signature 1-24-07 Date RICHARD MELIK Printed Name
	FD U.S.G.L.O. BC. 1923	¹⁸ 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 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

High Plains Operating Company, LLC
Eagle Springs "8" Federal #1—Re-entry program

Original API #: 30-043-20949

Original well total depth:

5,740' driller's measured depth,

5,744' logger's measured depth

Well location: NW quarter of the NE quarter of Section 8 Township 19 North Range 4 West
Sandoval County, New Mexico

Surface location: 263' from the north line and 2,545' from the east line

Bottom hole location: 303.4' FNL and 2,552.4' FEL at a plugged back measured depth of 5,630.0' and a true vertical depth of 5,629.63' from Scientific Drilling's Gyro Survey

Federal Lease #: NM 99705

DRILLING PROGRAM

Synopsis: High Plains Operating Company, LLC plans to re-enter the Eagle Springs "8" Federal #1 well, drill out the plugs, perforate and swab and evaluate the Entrada for productive potential. Depending on swab results, the #1 well will be completed as either an Arena Blanca Entrada, Southeast Pool producing well or as a salt-water disposal well in the lowermost portion of the Entrada formation.

1. **FORMATION TOPS**

Actual geological formation tops penetrated in the original #1 well

<u>FORMATION NAME</u>	<u>MEASURED DEPTH</u>
Ojo Alamo Sandstone	Surface
Pictured Cliffs	420'
Cliff House	849'
Menefee	1,556'
Point Lookout Sandstone	2,338'
Mancos	2,485'
Gallup Sandstone	3,270'
Greenhorn	4,320'
Graneros	4,397'
Dakota Sandstone	4,564'
Morrison	4,768'
Todilto	5,510'
Entrada Sandstone	5,542'
Carmel	5,730'
Total Depth	5,740'

2. ZONES OF INTEREST

<u>OIL & GAS ZONES</u>	<u>WATER ZONES</u>	<u>COAL ZONE</u>
Entrada Sandstone (5,542' GL)	Ojo Alamo (Surface)	Fruitland (100' MD)
	Point Lookout (2,205' MD)	

All fresh water zones have been protected behind 7" casing run by the previous operator to a measured depth of 5,740'.

3. PRESSURE CONTROL

The drilling contractor has not been selected as of this date, so the exact BOP configuration to be used is not yet known. A typical 2,000 psi stack (900 series) is shown on Exhibit A. A 900 series (2,000# WP) choke manifold system is shown in Exhibit B and will be installed and tested to 1,000 psi before drilling out the last plug. Any leaks in the 7" casing left in the hole will be repaired and corrected before drill out occurs.

This BOP and choke manifold will remain in use until the well is plugged or production casing is run. A full opening safety valve shall be on the rig floor at all times in the open position. This valve will have a thread design to be compatible with the drill pipe and drill collars.

All BOP pressure and daily mechanical tests will be recorded in the driller's log. BOP's will be inspected and operated daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all casings strings, which are set and cemented in place.

4. CASING AND CEMENT

Existing casing left in hole when well was plugged. See wellbore schematic in Exhibit C.

Hole Size	Csg O.D.	Weight/Ft.	Grade	Thread Type	Condition	Depth
12.25"	9 5/8"	36#	J-55	8rd STC	New	400'
8.75"	7"	23#	L-80	8rd STC	New	5,740'

5. MUD PROGRAM

Depth	Type	Weight/PPG	Viscosity	Fluid Loss	pH
sfc - 5,725'	Water	7.7-8.2	1	<20 cc's	n/a

No mud required. Drilling fluid used to drill out plugs will be fresh water.

6. CORING, TESTING & LOGGING PROGRAM

Cased hole log (GR-CCL) will be run from 5,725' to 3,200'.

7. DOWNHOLE CONDITIONS

No new drilling—all formations are behind pipe. Maximum expected BHP is +/- 2,000 p.s.i. (from the Entrada DST in the Eagle Springs "8" Federal #1). There is no associated gas with the oil in the Entrada and therefore minimal pressure is expected at the surface.