

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
Bureau of Land Management  
Farmington Field Office

JUL 14 2008

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.

NMJNM 99705

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

## 1. Type of Well

☒ Oil Well☐ Gas Well☐ Other

## 2. Name of Operator

High Plains Operating Company, LLC

## 3a. Address

32700 Aspen Drive  
Buena Vista, CO 81211

## 3b. Phone No. (include area code)

719-395-8059

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

8. Well Name and No.

Eagle Springs 8 Federal #1

9. API Well No.

30-043-20949

## 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

263' FNL and 2545' FEL of section 8-T19N-R4W of the NMPM

10. Field and Pool or Exploratory Area

Arena Blanca Entrada Southeast (96899)

11. Country or Parish, State

Sandoval County, NM

## 12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletable horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

High Plains Operating Company, LLC (HPOC) is operating with Bond No. NMB 000457.

HPOC plans to cease water disposal and recompletable the Eagle Springs 8 Federal #1 well in an attempt to return this well to oil production through a horizontal lateral. This well will hereafter be referred to as the Eagle Springs 8 Federal #1H.

Targeted bottom hole location is 1,600' FNL and 2,240' FWL of section 8. See accompanying State of NM OCD "Unorthodox Location" application and form C-102.

HPOC plans to:

1. MIRU drilling rig. Nipple up BOP equipment and test to 1,500 psi.
2. Release packer, TOH and lay down 2 7/8" tubing.
3. Set 7" CIBP at 5,270'. Pressure test to 1,000 psi.
4. Set whipstock at 5,252'.
5. Mill a window in the existing 7", 23#/ft casing from 5,252' to 5,262'.

RCVD JUL 15 '08  
OIL CONS. DIV.  
DIST. 3

(See following page)

## 14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

Arthur W. Butler III

Title Managing Partner, High Plains Operating Company, LLC

Signature



Date 07/09/2008

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Original Signed: Stephen Mason

Title

Date

JUL 14 2008

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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)

**NOTIFY AZTEC OCD 24 HRS.  
PRIOR TO CASING & CEMENT****FARMINGTON****NMOCD**

Hold C104

for Directional Survey  
and "As Drilled" plat # NSL

6. TIH with 6 1/4" bit, BHA and DP, continue drilling at 5,262' and drill deviated hole to a TVD of 5,530' (subsea of +1,201' and approximate MD of 5,710'). Build rate will be approximately 20 degrees per 100'. The curve section will land approximately 300' south-southwest from the vertical wellbore. Targeted azimuth is 210 degrees.
7. Build section to be drilled with a water-based, gel mud utilizing a closed-loop system. Lubricant will be added as needed to the mud system.
8. TOH with DP & BHA. TIH with new BHA for drilling horizontal lateral in Entrada.
9. Circulate out the water-based, gel mud with produced Entrada lease crude from the Eagle Springs 8 Federal #2M well.
10. Drill the horizontal lateral in the Entrada with lease crude utilizing a closed-loop system. Monitor mud pits for oil flow.
11. Proposed MTD of the horizontal lateral is 6,800'.
12. TOH DP & BHA. TIH with 4.5" inflatable packer and 4.5" 10.5# J-55 liner and 4.5" liner hanger, tying back into 7" casing. Set liner at TVD of 5,530' (approximate MD of 5,710') with liner hanger at 5,080'.
13. Cement liner with 50-50 Type 5 poz. A volume enough to cover interval from inflatable packer through the overlap will be used, approximately 80 sks.
14. Rig down and move out drilling rig.

An additional Sundry Notice will be filed when the directional drilling plan is finalized with the directional drilling company.

Wednesday, July 09, 2008

JUL 14 2008

David Brooks  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Bureau of Land Management  
Farmington Field Office

**Re: Arena Blanca Entrada Southeast Pool—Application for Administrative Approval for “Unorthodox Location” for horizontally drilling the Entrada from the Eagle Springs 8 Federal #1 existing wellbore**

Dear David:

High Plains Operating Company (HPOC) does hereby apply for administrative approval pursuant to subsection B (3) of NMAC 19.15.3.111 and subsection F of NMAC 19.15.3.104 to drill an “Unorthodox Location” in its proposed Eagle Springs 8 Federal #1H horizontal well. HPOC plans to enter the Eagle Springs 8 Federal #1 well, the Entrada discovery well originally drilled by Penwell Energy in 1999, make a casing exit and horizontally drill the Entrada reservoir in a south-southwest direction. See the accompanying C-102. At present, the Eagle Springs 8 Federal #1 well is a saltwater disposal well into the lower Entrada formation operated by HPOC, with injection perforations from 5,668’ to 5,712’. The original Penwell producing Entrada perforations were from 5,542’ to 5,547’. HPOC also operates the Eagle Springs 8 Federal #2M well on the property, which is currently producing oil from the Entrada formation at low rates (about a 2% oil cut).

An unorthodox location is required as the proposed lateral will be closer than the minimum setback requirements to the outer boundaries of the proposed horizontal project area. Our proposed lateral encroaches on Unit G. The map on the next page shows the proposed “project area/spacing unit” for HPOC’s proposed horizontal 8 Federal #1H well along with all wells in the area. HPOC is the 100% owner of Federal lease NM\NM 99705, which is shown in yellow on this map. Ownership is the same for this entire lease.

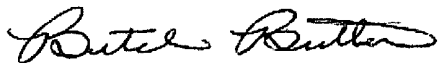
HPOC has carefully studied the 3D seismic available over the project area and has interpreted the producing Entrada dune reservoir to lie in a north-northeast to south-southwest direction. The outline of the interpreted dune is shown on the next page. Due to the large water interval below the relatively thin oil pay in the field, reservoir modeling indicates two distinct benefits of a horizontal lateral:

1. A longer period of water free production—from several months to perhaps as much as 2 years.
2. Additional reserves recovered—perhaps as much as 50% additional oil from a single horizontal lateral versus a single vertical wellbore.

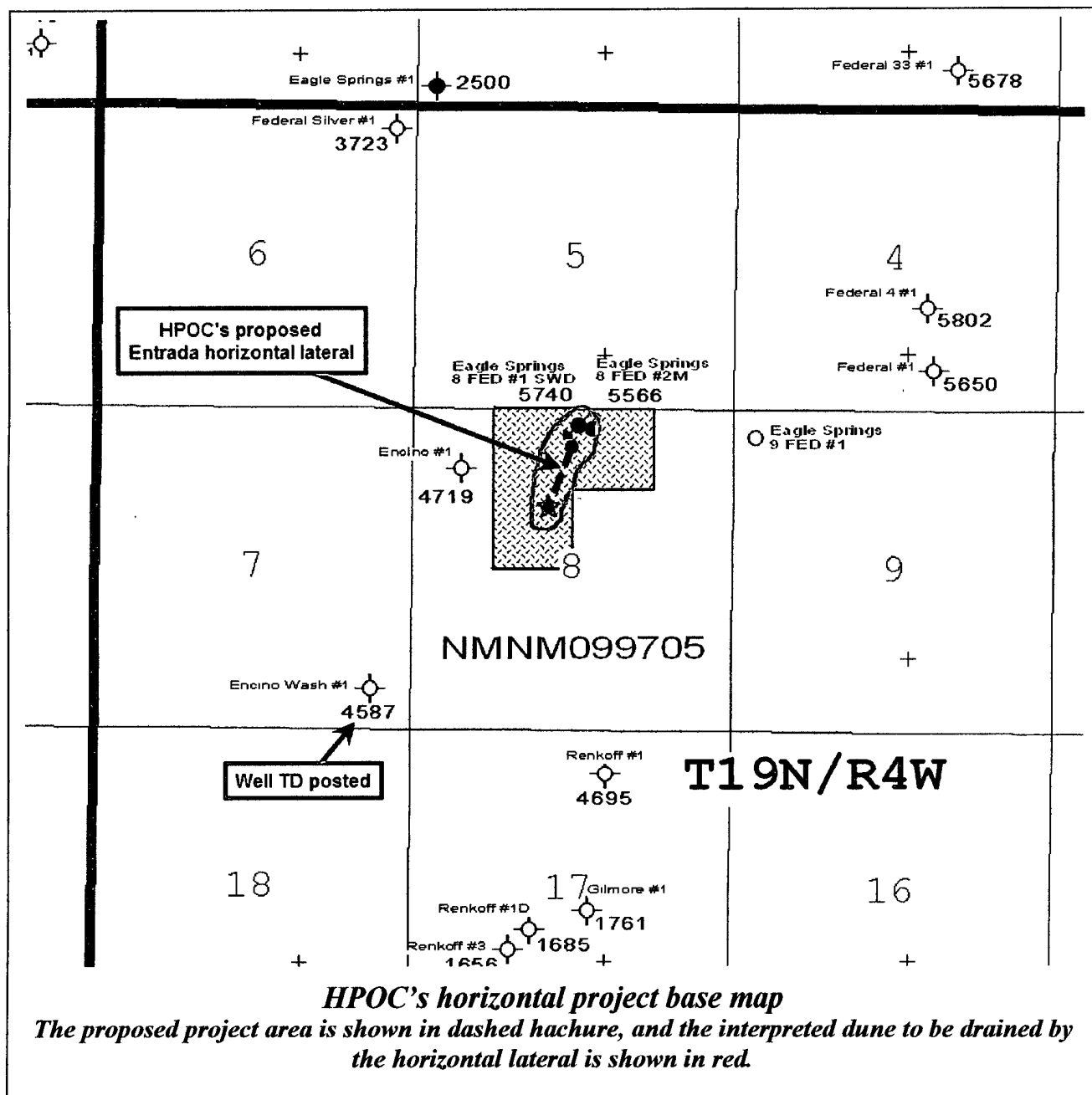
So, to conserve waste and maximize recovery from the Arena Blanca Entrada Southeast pool, HPOC does respectfully request that administrative approval be granted for an “Unorthodox Location” for its Eagle Springs 8 Federal #1H well.

Please direct any questions to me at the contact points below.

Yours truly,



Arthur W. (Butch) Butler III  
Manager—High Plains Operating Company, LLC



## District I

1625 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

## State of New Mexico

Energy, Minerals &amp; 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

<sup>1</sup> API Number <b>30-043-20949</b>	<sup>2</sup> Pool Code <b>96899</b>	<sup>3</sup> Pool Name <b>Arena Blanca Entrada, Southeast</b>
<sup>4</sup> Property Code <b>25148</b>	<sup>5</sup> Property Name <b>Eagle Springs 8 Federal</b>	<sup>6</sup> Well Number <b>1H</b>
<sup>7</sup> OGRID No. <b>246238</b>	<sup>8</sup> Operator Name <b>High Plains Operating Company, LLC</b>	<sup>9</sup> Elevation <b>6,717' (GR)</b>

<sup>10</sup> 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>B</b>	<b>8</b>	<b>19N</b>	<b>4W</b>		<b>263'</b>	<b>North</b>	<b>2,545'</b>	<b>East</b>	<b>Sandoval</b>

<sup>11</sup> 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
<b>F</b>	<b>8</b>	<b>19N</b>	<b>4W</b>		<b>1,600'</b>	<b>North</b>	<b>2,240'</b>	<b>West</b>	<b>Sandoval</b>

<sup>12</sup> Dedicated Acres <b>120</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<p>16.</p> <p>Penetrate Entrada approx 300' south-southwest from sfc loc at 535' FNL and 2,635' FEL</p> <p>ES 8 Fed #1 Sfc Loc</p> <p>ES 8 Fed #1H BH Loc</p> <p>Proposed Eagle Springs 8 Federal #1H Horizontal Project Area</p> <p>330' Setback from Project Area boundary</p>	<p>17 OPERATOR CERTIFICATION</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><i>Arthur W. Butler III</i> 7/9/08 Signature Date</p> <p>Arthur W. Butler III Printed Name</p> <p>Managing Partner High Plains Operating Company, LLC</p> <p>18 SURVEYOR CERTIFICATION</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 of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>
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