District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 24, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

RCVD JUL 21 '08
OIL CONS. DIV.
DIST. 3

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action: ☒ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☐ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

Operator: High Plains Operating Company, LLC OGRID #: 246238
Address: 32700 Aspen Drive, Buena Vista Colorado 81211
Facility or well name: Eagle Springs 9 Federal #1
API Number: 30-043- ~~(To be determined)~~ 21065 OCD Permit Number:
U/L or Qtr/Qtr D (NW/NW) Section 9 Township 19N Range 4W County: Sandoval
Center of Proposed Design: Latitude 35.89807 deg N Longitude 107.27178 W NAD: ☐1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ Steel Pit
☒ Lined ☐ Unlined
Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC
☐ Other ☒ String-Reinforced
Seams: ☒ Welded ☒ Factory ☐ Other
Volume: 8,500 bbl Dimensions: L 80' x W 60' x D 10'

☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
☐ Drying Pad ☒ Tanks ☐ Haul-off Bins ☐ Other
☐ Lined ☐ Unlined
Liner type: Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC
☐ Other
Seams: ☐ Welded ☐ Factory ☐ Other
Volume: 500 bbl 104 yd^3
Dimensions: Length 47 ft x Width 10 ft x Height 6 ft

☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: bbl
Type of fluid:
Tank Construction material:
☐ Secondary containment with leak detection
☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner
☐ Visible sidewalls only
☐ Other
Liner type: Thickness mil ☐ HDPE ☐ PVC
☐ Other

Fencing: Subsection D of 19.15.17.11 NMAC
☐ Chain link, six feet in height, two strands of barbed wire at top
☒ Four foot height, four strands of barbed wire evenly spaced between one and four feet
Netting: Subsection E of 19.15.17.11 NMAC
☐ Screen ☐ Netting ☐ Other
☐ Monthly inspections
Signs: Subsection C of 19.15.17.11 NMAC
☐ 12'x24', 2' lettering, providing Operator's name, site location, and emergency telephone numbers
☒ Signed in compliance with 19.15.3.103 NMAC

☐ **Alternative Method:**	**Administrative Approvals and Exceptions:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance. ***Please check a box if one or more of the following is requested, if not leave blank:*** ☐ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval. ☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☒ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☒ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☒ No

Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☒ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
- ☐ Siting Criteria Compliance Demonstrations (required for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☒ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

Proposed Closure: 19.15.17.13 NMAC

Type: ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ Permanent Pit ☐ Below-grade Tank ☒ Closed-loop System ☐ Alternative

Proposed Closure Method: ☐ Waste Excavation and Removal
- ☒ Waste Removal (Closed-loop systems only)
- ☒ On-site Closure Method (Only for temporary pits and closed-loop systems)
  - ☒ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC ***Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.***	
Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No ☐ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☒ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☒ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☒ No

Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☒ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Waste Removal Closure For Closed-loop Systems That Utilize Haul-off Bins Only: (19.15.17.13.D NMAC) ***Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings.***

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

On-Site Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Construction and Design of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
- ☒ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Arthur W. Butler III Title: Managing Partner

Signature: Arthur W. Butler III Date: July 11, 2008

e-mail address: bbutler@highplainsop.com Telephone: 719-395-8059 (Office), 719-207-0164 (Cell)

OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: Bob Ball **Approval Date:** 8-8-08

Title: Enviro/Spec **OCD Permit Number:**

Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

☐ **Closure Completion Date:**

Closure Method:

☐ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method

☐ If different from approved plan, please explain.

Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Proof of Closure Notice
- ☐ Proof of Deed Notice (if applicable)
- ☐ Plot Plan
- ☐ Confirmation Sampling Analytical Results
- ☐ Waste Material Sampling Analytical Results
- ☐ Disposal Facility Name and Permit Number
- ☐ Soil Backfilling and Cover Installation
- ☐ Re-vegetation Application Rates and Seeding Technique
- ☐ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude Longitude NAD: ☐ 1927 ☐ 1983

Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Title:

Signature: Date:

e-mail address: Telephone:

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

¹API Number	²Pool Code	³Pool Name

⁴Property Code	⁵Property Name	⁶Well Number
	EAGLE SPRINGS 9 FEDERAL	1

⁷OGRID No.	⁸Operator Name	⁹Elevation
	HIGH PLAINS OPERATING COMPANY, LLC	6681

¹⁰Surface Location

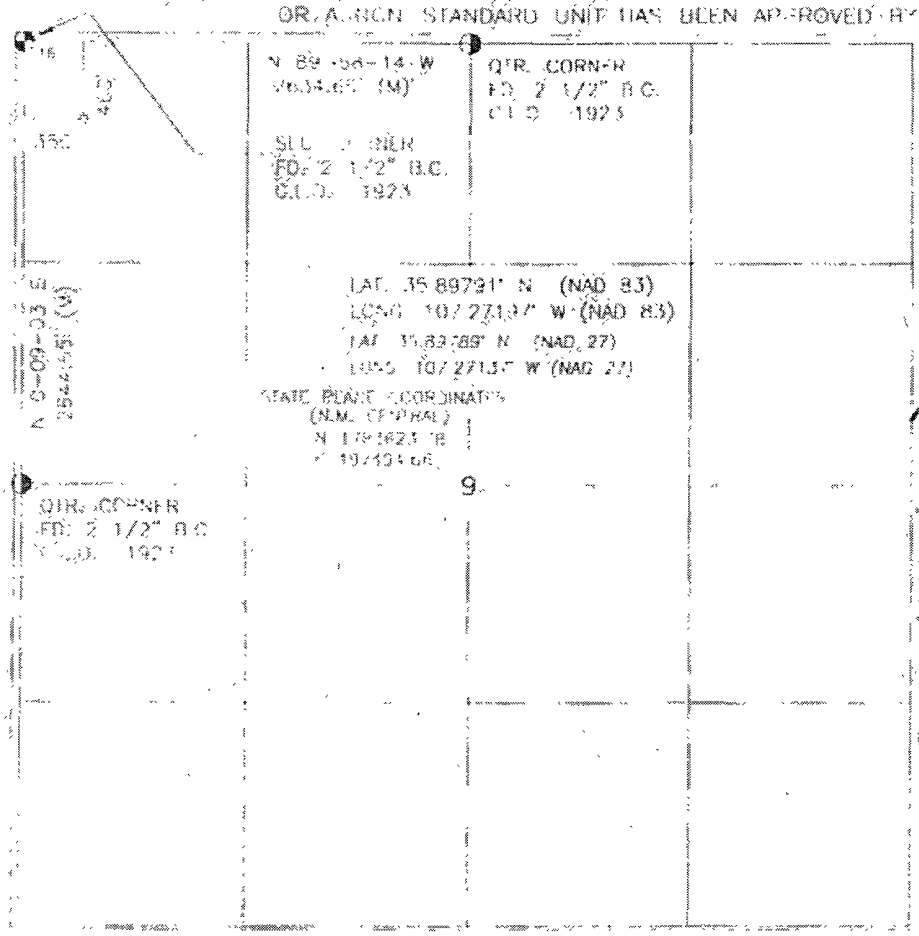
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	19-N	4-W		460	NORTH	360	WEST	SANDOVAL

¹¹Bottom 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

¹²Dedicated Acres	¹³Joint or Infill	¹⁴Consolidation Code	¹⁵Order 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



¹⁷OPERATOR 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: Arthur W. Butler III 7/11/08
Date

Arthur W. Butler III
Printed Name

¹⁸SURVEYOR 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 knowledge and belief.

ROY A. RUSH
New Mexico
8544
PROFESSIONAL LAND SURVEYOR

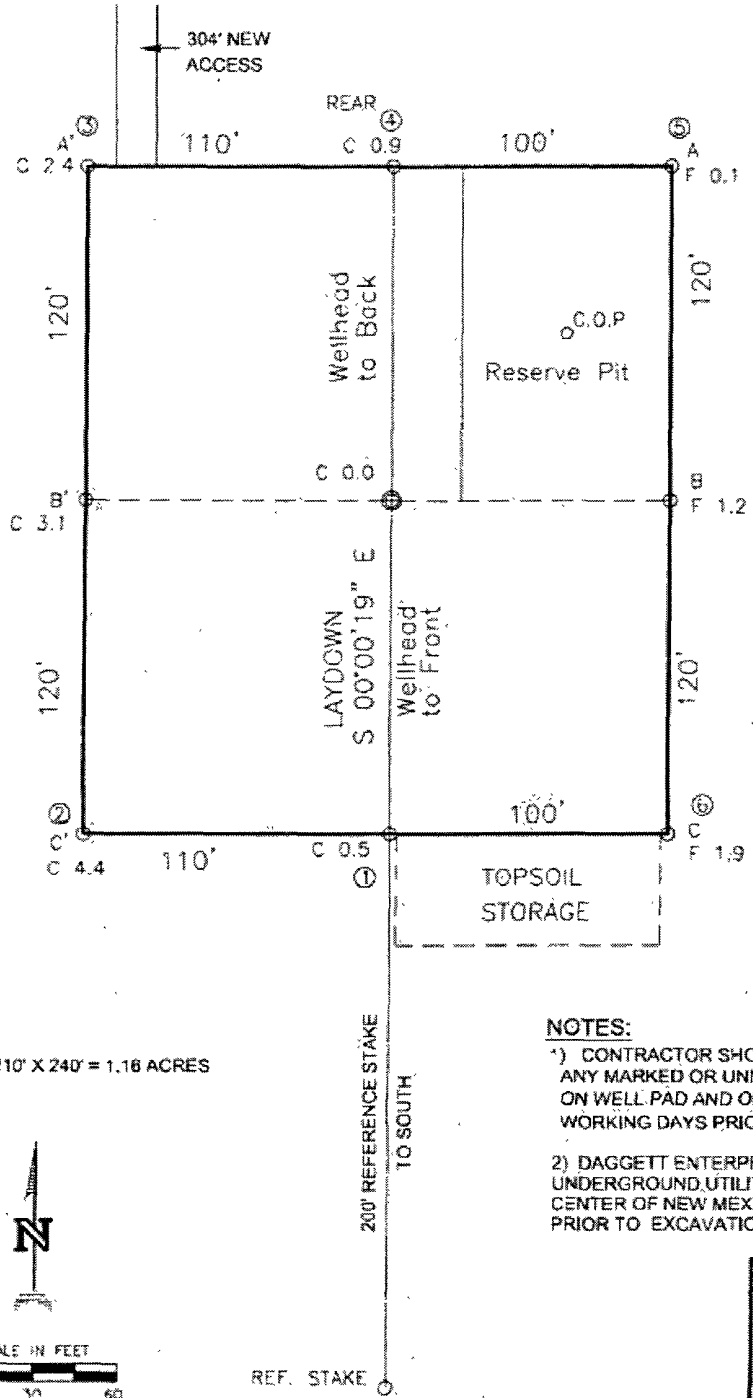
Certificate Number

HIGH PLAINS OPERATING COMPANY, LLC

EAGLE SPRINGS 9 FEDERAL No. 1

SECTION 9, T-19-N, R-4-W, N.M.P.M., SANDOVAL COUNTY, NEW MEXICO

GROUND ELEVATION: 6681', DATE: APRIL 16, 2008



WELL FLAG

NAD 83
LAT. = 35.89791° N.
LONG. = 107.27197° W.
NAD 27
LAT. = 35.89769° N.
LONG. = 107.27137° W.
STATE PLANE COORDINATES (NM CENTRAL)
N 1783623.78
E 197494.66

CENTER OF PIT

NAD 83
LAT. = 35.89807° N.
LONG. = 107.27178° W.
NAD 27
LAT. = 35°53'53.06316" N.
LONG. = 107°16'18.40340" W.

NOTES:

1) CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST THREE (3) WORKING DAYS PRIOR TO CONSTRUCTION.

2) DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. UTILITY NOTIFICATION CENTER OF NEW MEXICO TO BE NOTIFIED 72 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

REVISION:	DATE	REVISED BY:
ADD CENTER OF PIT INFO.	07/15/08	B.L.

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 510 Farmington, NM 87499
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO L.S. No. 8894

DRAWN BY: B.L.	CADFILE: HP0003P1.B
ROW# HP0003	DATE: 4/22/08

WELL PAD CROSS-SECTIONAL DIAGRAM

COMPANY: **HIGH PLAINS OPERATING COMPANY, LLC**

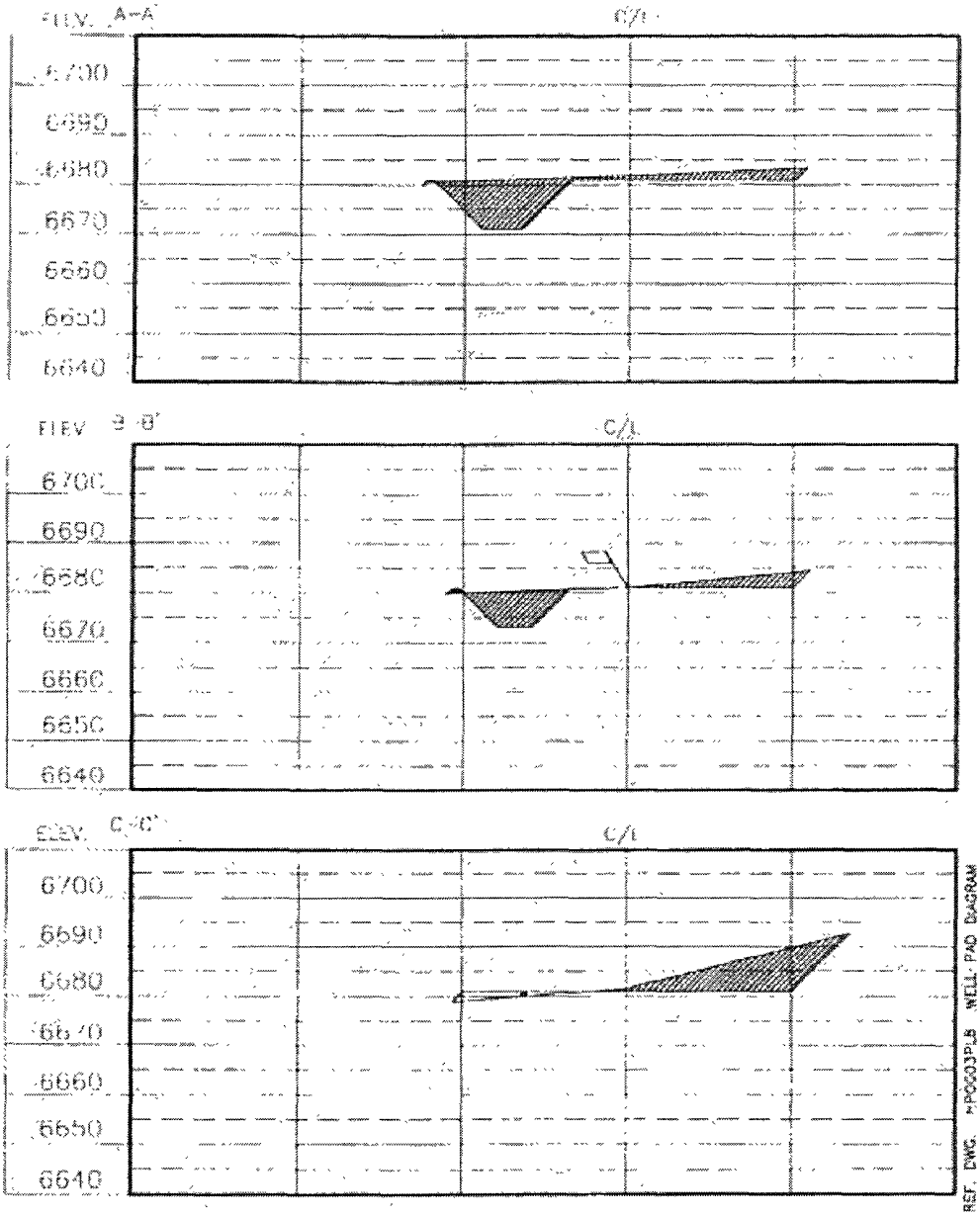
LEASE: **EAGLE SPRINGS 9 FEDERAL No. 1**

FOOTAGE: **460 FNL, 350 FWL**

SEC. 09, TWN. 19-N, RNG: 4-W, NMPM

ELEVATION: 6681' COUNTY, SANDOVAL STATE NEW MEXICO

NOTE:
DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



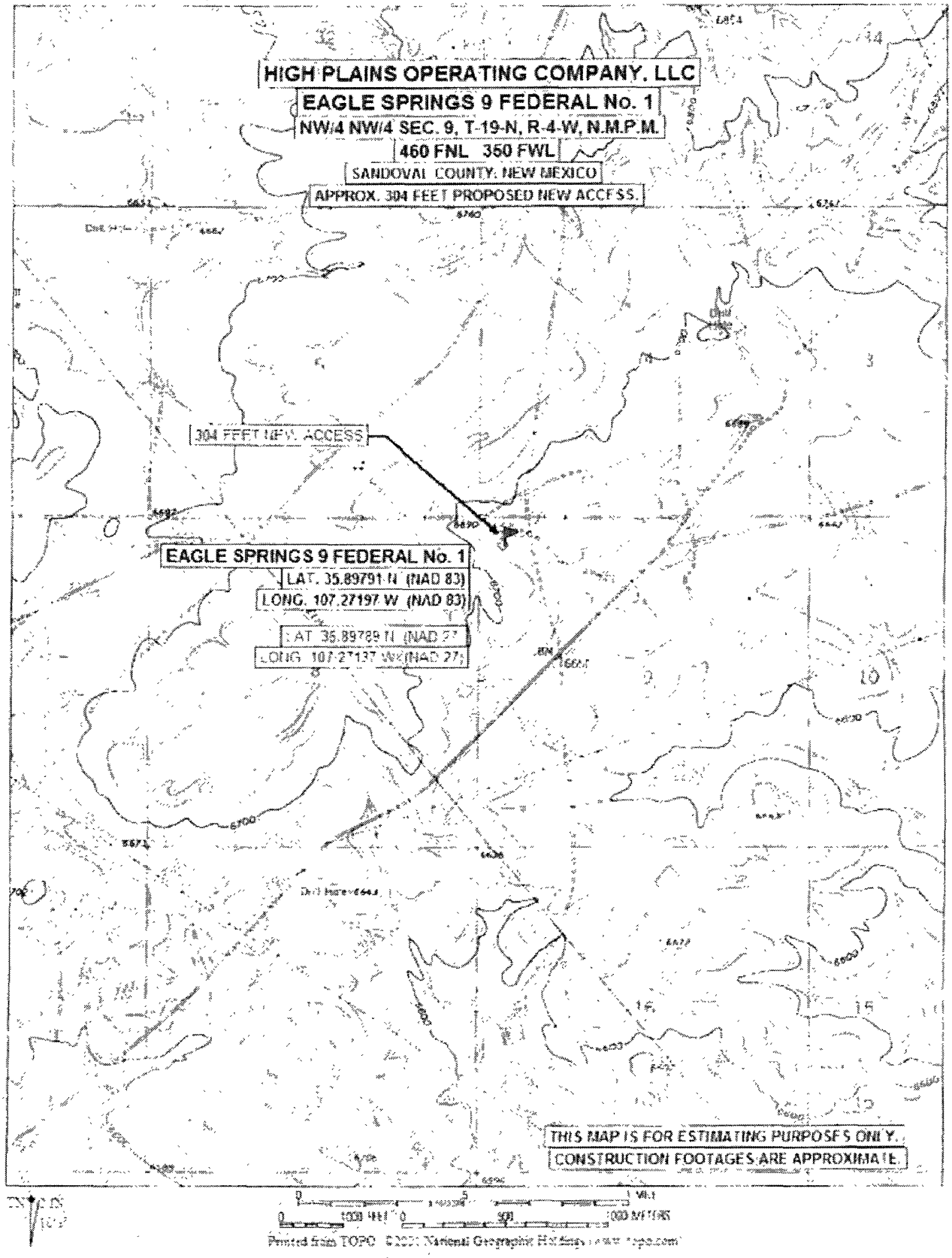
REF. DWG. #PDG03PLB WELL PAD DIAGRAM

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 510 - Farmington, NM 87499
Phone (505) 326-1772 - Fax (505) 326-6019
NEW MEXICO L.S. 8894

DWG. #PDG03078

DATE 04/22/08

Proj. #PDG03

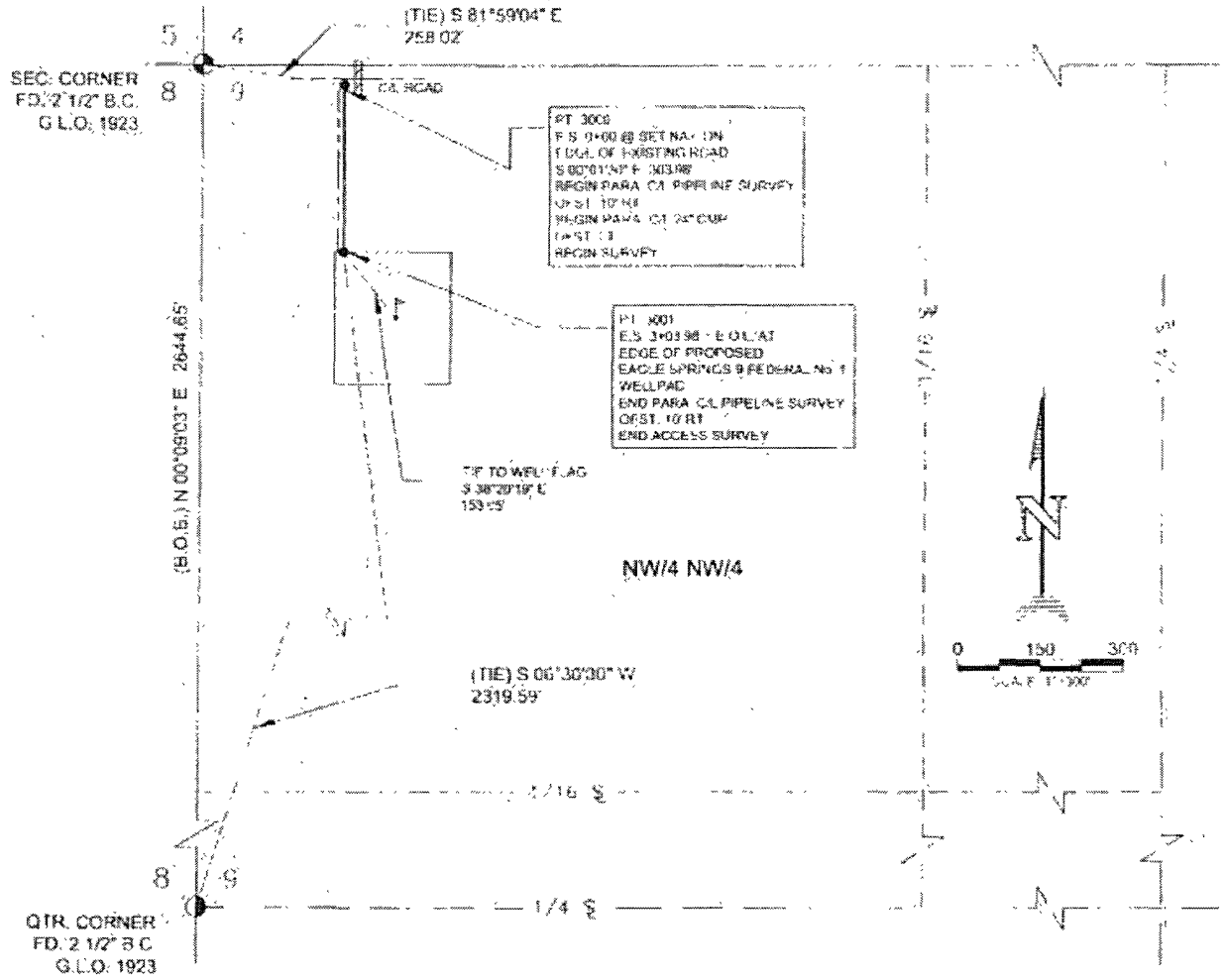

HIGH PLAINS OPERATING COMPANY, LLC
EAGLE SPRINGS 9 FEDERAL No. 1
NW/4 NW/4 SEC. 9, T-19-N, R-4-W, N.M.P.M.
460 FNL 350 FWL
SANDOVAL COUNTY, NEW MEXICO
APPROX. 304 FEET PROPOSED NEW ACCESS.
304 FEET NEW ACCESS
EAGLE SPRINGS 9 FEDERAL No. 1
LAT. 35.89791 N (NAD 83)
LONG. 107.27197 W (NAD 83)
LAT. 35.89789 N (NAD 27)
LONG. 107.27137 W (NAD 27)
THIS MAP IS FOR ESTIMATING PURPOSES ONLY.
CONSTRUCTION FOOTAGES ARE APPROXIMATE.

A PRELIMINARY SURVEY OF AN EASEMENT CROSSING B.L.M. LANDS FOR

HIGH PLAINS OPERATING COMPANY, LLC

PROPOSED EAGLE SPRINGS 9 FEDERAL No. 1 ACCESS ROAD

NW/4 NW/4 OF SEC. 9, TOWNSHIP 19 NORTH, RANGE 4 WEST, N.M.P.M.
SANDOVAL COUNTY, NEW MEXICO



NOTES:

1) BASIS OF BEARING: BETWEEN MONUMENTS FOUND AT THE WEST QUARTER CORNER AND THE NORTHWEST CORNER OF SEC. 9, T19N, R4W, N.M.P.M. UNE BEARS N 00°09'03" E A DISTANCE OF 2644.65' PER G.P.S. MEASUREMENT

2) DATE OF SURVEY: 4/16/2008

3) DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION

OWNER	STATION	FEET/RODS
BLM	E.S. 0+00 TO E.S. 3+03.98	303.98/18.42
	TOTAL	303.98/18.42

ROY A. KERR
NEW MEXICO
8894
REGISTERED
PROFESSIONAL
SURVEYOR

DATE: 04-30-08

I, ROY A. KERR, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY PERFORMED BY ME OR UNDER MY DIRECTION, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

I FURTHER CERTIFY THAT THIS IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT.

REVISION	REV. #	DATE

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 510 Farmington, NM 87499
Phone (505) 326-1772 Fax (505) 326-6019

REGISTERED LAND SURVEYOR
NEW MEXICO No. 8894

PAGE 1 OF 1	CADFILE: HPO003_ACC01	
DRAWN BY: G.V.	ROW# HPO003	DATE: 4/25/08

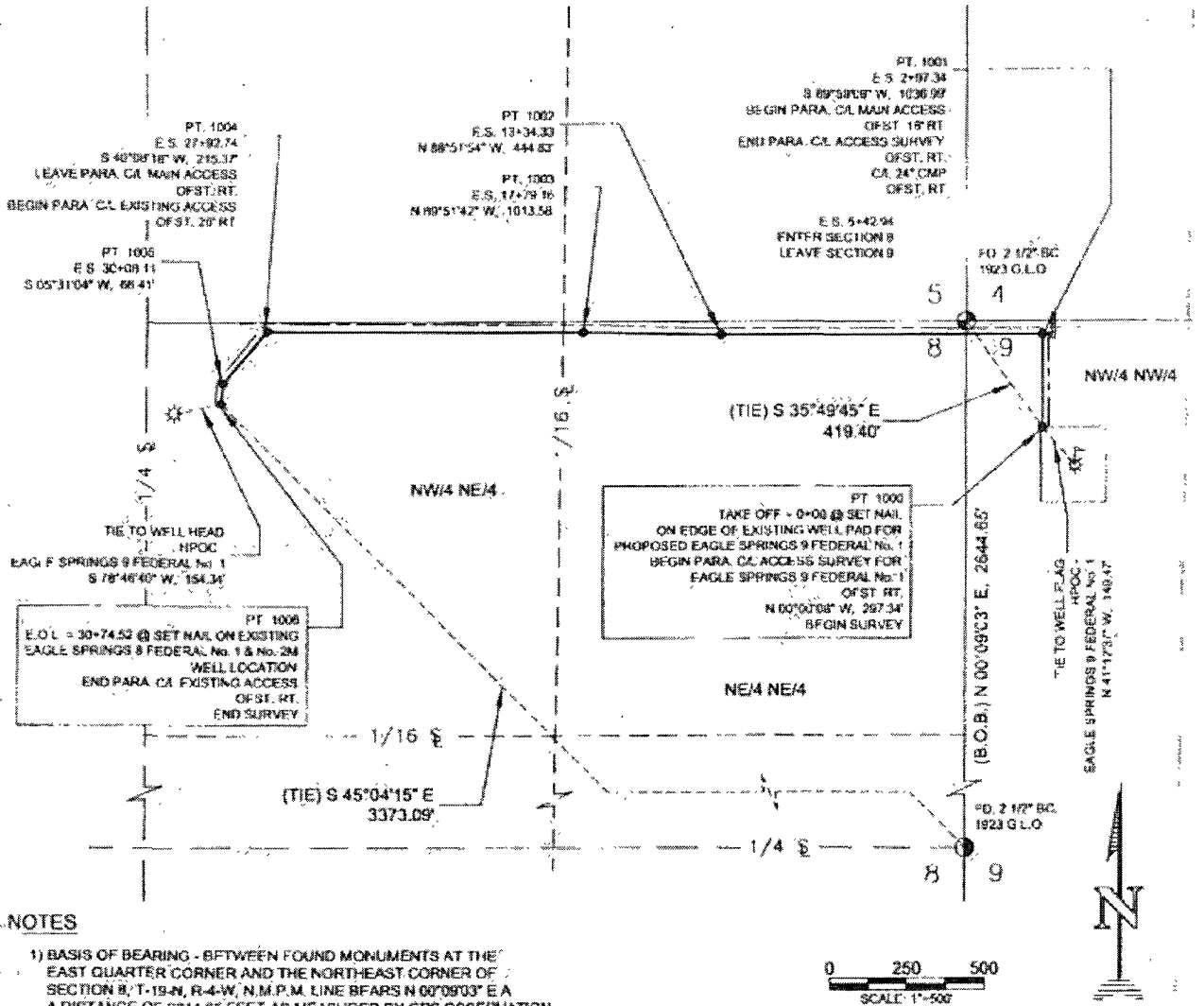
DAGGETT FORM_PRINTS_NM REV.03/04

A PRELIMINARY SURVEY OF AN EASEMENT CROSSING B.L.M. LANDS FOR

HIGH PLAINS OPERATING COMPANY, LLC

PROPOSED EAGLE SPRINGS 9 FEDERAL No. 1 WATER PIPELINE

NW/4 NW/4 OF SEC. 9 AND IN THE NE/4 NE/4, NW/4 NE/4 OF SEC. 8,
TOWNSHIP 19 NORTH, RANGE 4 WEST, N.M.P.M.
SANDOVAL COUNTY, NEW MEXICO



NOTES

1) BASIS OF BEARING - BETWEEN FOUND MONUMENTS AT THE EAST QUARTER CORNER AND THE NORTHEAST CORNER OF SECTION 8, T-19-N, R-4-W, N.M.P.M. LINE BEARS N 00°09'03" E A A DISTANCE OF 2644.65 FEET AS MEASURED BY GPS OBSERVATION.

2) DATE OF SURVEY - APRIL 16, 2008

3) DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION

OWNER	STATION	FT./RODS
BLM	E.S. 0+00 to E.S. 30+74.52	3074.52/186.33
	TOTAL	3074.52/186.33

I, ROY A. RUSH, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.
I FURTHER CERTIFY THAT THIS IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT.

NEW MEXICO 8894 — DATE: 04-30-08

REVISION	REV. BY	DATE

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 510 Farmington, NM 87499
Phone (505) 326-1772 Fax (505) 326-6019
REGISTERED LAND SURVEYOR
NEW MEXICO No. 8894

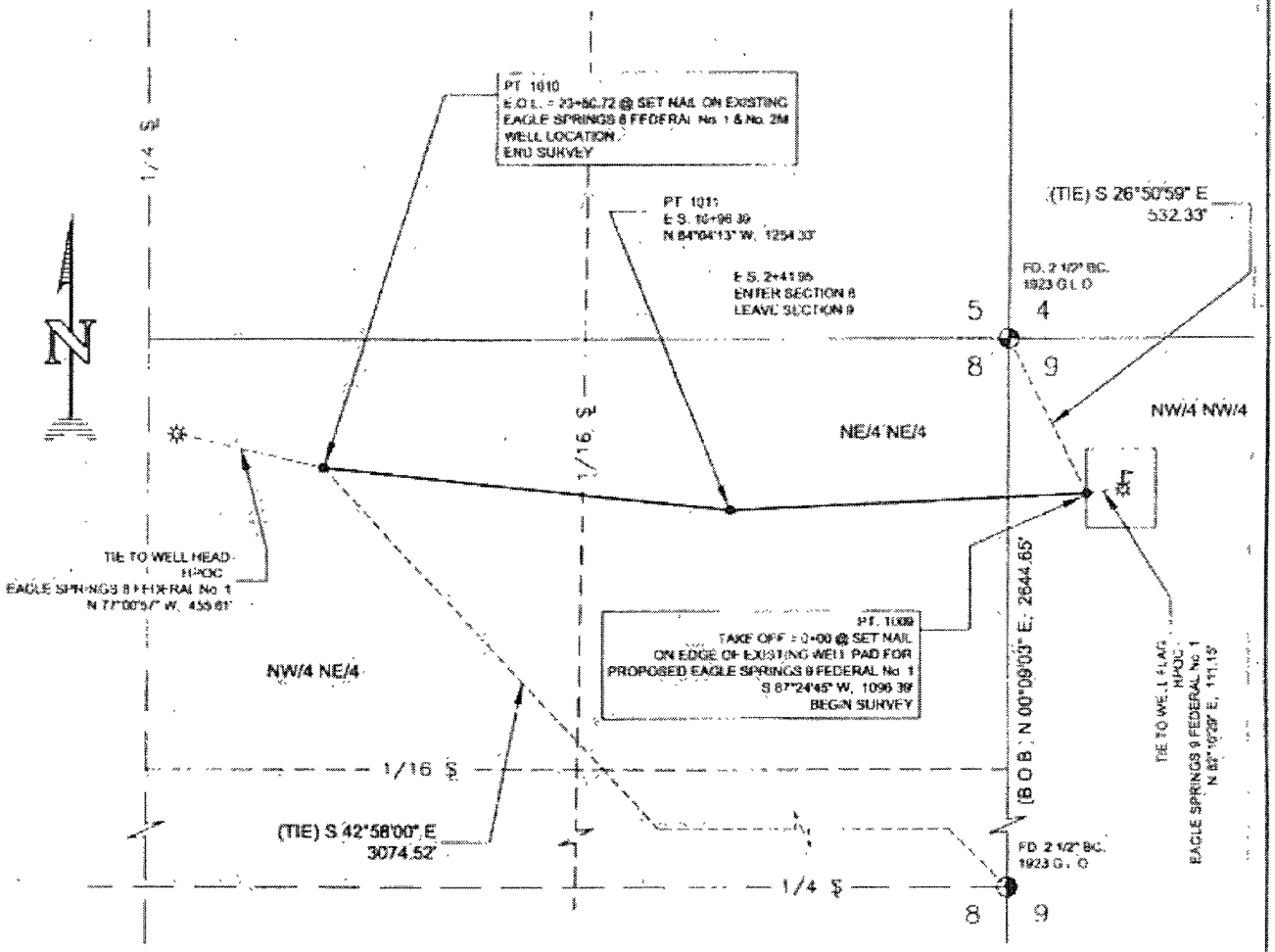
PAGE 1 OF 1	CADFILE: HPO003_P01	
DRAWN BY: G.V.	ROW#: HPO003	DATE: 4/25/08

DAGGETT FORM_PROFILE.dwg REV.02/04

A PRELIMINARY SURVEY OF AN EASEMENT CROSSING B.L.M LANDS FOR

HIGH PLAINS OPERATING COMPANY, LLC
PROPOSED EAGLE SPRINGS 9 FEDERAL No. 1
(ALTERNATE) WATER PIPELINE

NW/4 NW/4 OF SEC. 9 AND IN THE NE/4 NE/4, NW/4 NE/4 OF SEC. 8,
TOWNSHIP 19 NORTH, RANGE 4 WEST, N.M.P.M.
SANDOVAL COUNTY, NEW MEXICO



NOTES

1) BASIS OF BEARING - BETWEEN FOUND MONUMENTS AT THE EAST QUARTER CORNER AND THE NORTHEAST CORNER OF SECTION 8, T-19-N, R-4-W, N.M.P.M. LINE BEARS N 00°09'03" E A A DISTANCE OF 2644.65 FEET AS MEASURED BY GPS OBSERVATION.

2) DATE OF SURVEY - APRIL 16, 2008

3) DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

0 250 500
SCALE: 1"=500'

OWNER	STATION	FT./RODS
BLM	E.S. 0+00 to E.S. 23+50.72	2350.72/142.47
	TOTAL	2350.72/142.47

I, ROY A. BUSH, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.
I FURTHER CERTIFY THAT THIS IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT

DATE: 04-30-08

REVISION	REV. BY	DATE

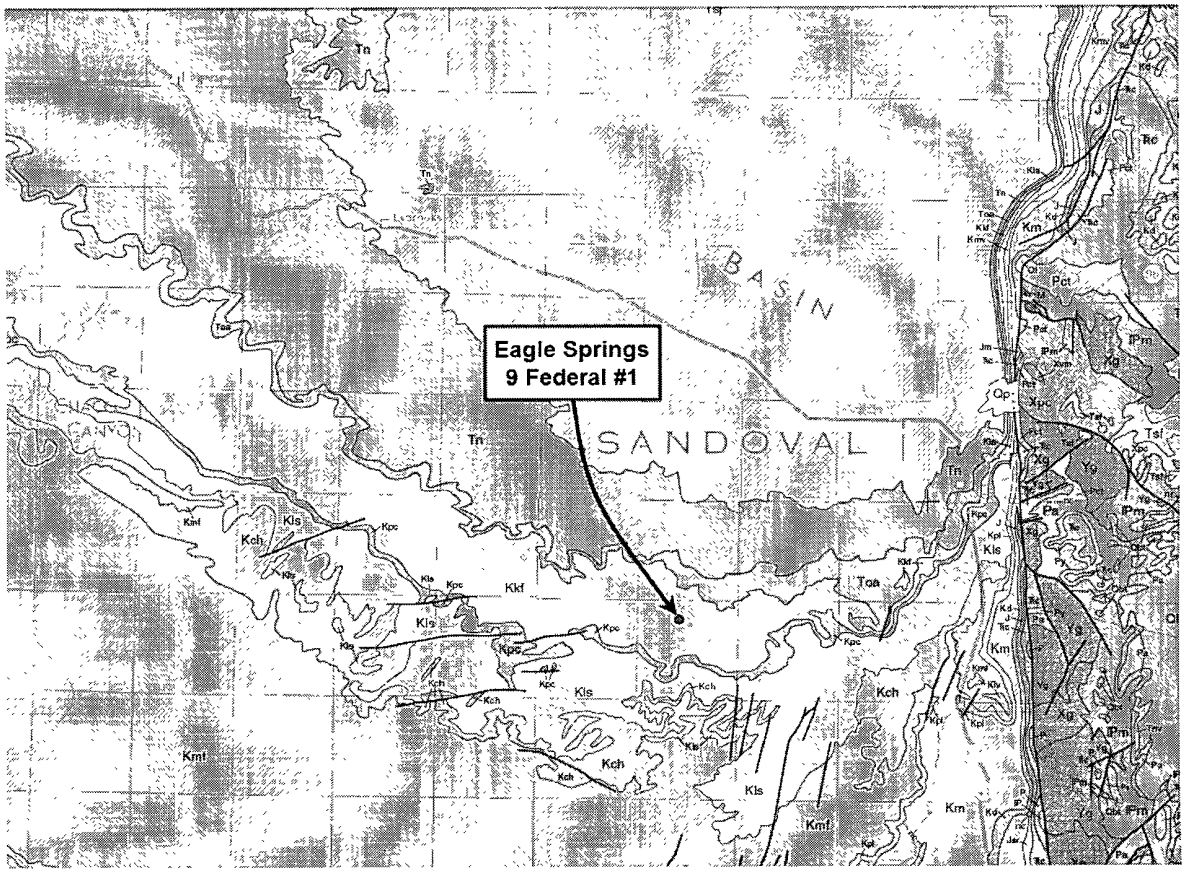
Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 810 Farmington, NM 87499
Phone (505) 326-1772 Fax (505) 326-6019
REGISTERED LAND SURVEYOR
NEW MEXICO No. 8894

PAGE 1 OF 1	CADFILE: HPO003_P02	
DRAWN BY: G.V.	POW# HPO003	DATE: 4/25/08

DAGGETT PRN/PROTLAM REV.02.04

Temporary Pit Hydrogeologic Data for Eagle Springs 9 Federal #1

The Eagle Springs property lies on the gently dipping South Chaco Slope of the San Juan Basin. Cretaceous (Campanian) aged sediments of the Kirtland and Fruitland Formations outcrop at the surface, where exposed. See the yellow band in the geologic map below.



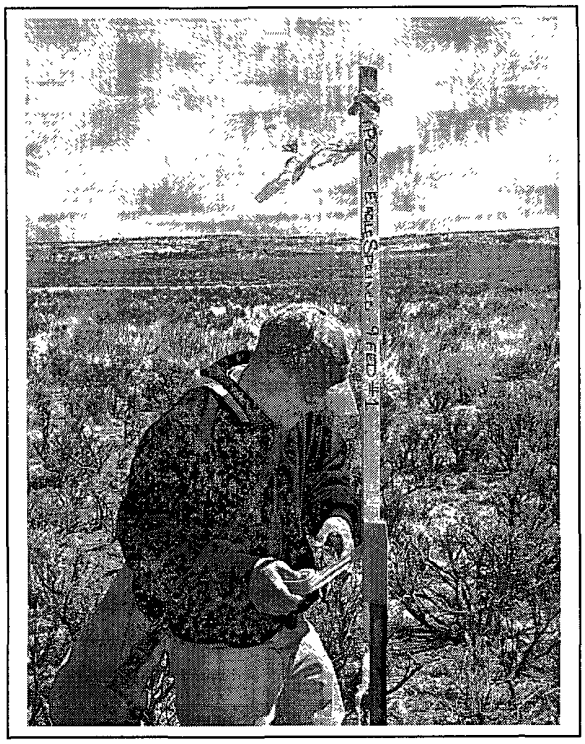
Fassett and Hinds, in USGS Professional Paper 676, state that the Fruitland formation is composed of interbedded sandstone, siltsone, shale, carbonaceous shale, carbonaceous sandstone and siltstone, and coal. Most of the rock units in the Fruitland are discontinuous, with individual beds pinching out laterally, normally within a few hundred feet. The Fruitland formation was deposited after the Upper Cretaceous seaway had retreated from the San Juan Basin. The deposits were laid down in coastal swamp, river, flood plain and lake environments.

The overlying Kirtland shale is divided into 2 members by Fassett and Hinds. A lower shale member, and the "Farmington Sandstone Member" and upper shale member. The lower shale member is composed of mostly gray shale with a few thin interbeds of siltstone and sandstone. The Farmington Sandstone member and upper shale member are composed of a series of interbedded lenticular sandstones and shale. Lenticular sandstones are more common in the northern part of the basin, and become less frequent in the southern part. The lower shale member of the Kirtland contains little coal or carbonaceous material, which is used to differentiate the Kirtland from the underlying upper Fruitland formation.

The overall thickness of the Fruitland and Kirtland shale formation ranges from about 190 feet to 290 in the area of the Eagle Springs property. The Cretaceous Pictured Cliffs Sandstone underlies the Fruitland formation.

The area of the Eagle Springs 9 Federal #1 location lies on the east flank of a broad, gentle topographic high. A photo of the well stake with a view to the north is at right. There are no formation outcrops, no fresh water wells and no live streams or intermittent washes in the immediate project vicinity. See the NM Office of the State Engineer's POD reports and aerial and topo maps in the next section of this report for further details. Due to this paucity of information concerning fresh water resources, it is difficult to determine solid, hydrogeologic data regarding water resources for this location.

"Eagle Springs" is located approximately two miles northeast and is at an elevation approximately 140′ higher than the proposed Eagle Springs 9 Federal #1.



References:

Fassett, J.E., and Hinds, J.S., 1971, Geology and Fuel Resources of the Fruitland Formation and Kirtland Shale of the San Juan Basin, New Mexico and Colorado: Geological Survey Professional Paper 676, 76 pgs and 3 plates

Temporary Pit Siting Criteria Compliance Demonstrations for Eagle Springs 9 Federal #1

New Mexico Office of the State Engineer
POD Reports and Downloads
Township-Range-Sections Search

Township: 19N Range: 04W Sections: 3,4,5,8,9,10,15,16,17

NAD27 X: Y: Zone: Search Radius:

County: SA Basin: SJ(San Juan) Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic ◉ All

POD / Surface Data Report Avg Depth to Water Report Water Column Report

---

POD / SURFACE DATA REPORT 07/11/2008

DB File Nbr	Use	Diversion	Owner	POD Number	Source	Tws	Rng	Sec	q q q (quarters are 1=NW 2=NE 3=SW 4=SE)	Zone	X	Y	UTM_Zone	Easting	Northing	Start Date	Finish Date	Depth Well	Depth Water	(acre ft per annum)	(quarters are biggest to smallest)	X Y are in Feet	UTM are in Meters)

No Records found, try again

AVERAGE DEPTH OF WATER REPORT 07/11/2008

Bsn	Tws	Rng	Sec	Zone	X	Y	(Depth Water in Feet) Wells	Min	Max	Avg

No Records found, try again

WATER COLUMN REPORT 07/11/2008

POD Number	Tws	Rng	Sec	q q q (quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest)	Zone	X	Y	Depth Well	Depth Water	Water Column (in feet)

No Records found, try again

New Mexico Office of the State Engineer
POD Reports and Downloads
X-Y Search; One-mile search radius

Township: [ ] Range: [ ] Sections: [ ]

NAD27 X: [19749] Y: [178362] Zone: [C] Search Radius: [5280]

County: [ ] Basin: [ ] Number: [ ] Suffix: [ ]

Owner Name: (First) [ ] (Last) [ ] ○ Non-Domestic ○ Domestic ◉ All

POD / Surface Data Report Avg Depth to Water Report Water Column Report

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POD / SURFACE DATA REPORT 07/15/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)

DB File Nbr	Use	Diversion (acre ft per annum)	Owner	POD Number	Start Date	Finish Date	Source	Tws	Rng	Sec	q q q (quarters are biggest to smallest)	Zone	X (Feet)	Y (Feet)	UTM_Zone	Easting (UTM are in Meters)	Northing (UTM are in Meters)	Depth Well	Depth Water (in feet)

No Records found, try again

AVERAGE DEPTH OF WATER REPORT 07/15/2008

(Depth Water in Feet)

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg

No Records found, try again

WATER COLUMN REPORT 07/15/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q q q	Zone	X	Y	Depth Well	Depth Water (in feet)	Water Column

No Records found, try again

New Mexico Office of the State Engineer
POD Reports and Downloads
X-Y Search; Two-mile search radius

Township: [ ] Range: [ ] Sections: [ ]

NAD27 X: [19749] Y: [178362] Zone: [C] Search Radius: [10560]

County: [ ] Basin: [ ] Number: [ ] Suffix: [ ]

Owner Name: (First) [ ] (Last) [ ] ○ Non-Domestic ○ Domestic ◉ All

POD / Surface Data Report Avg Depth to Water Report Water Column Report

---

POD / SURFACE DATA REPORT 07/15/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)

DB File Nbr	Use	Diversion (acre ft per annum)	Owner	POD Number	Source	Tws	Rng	Sec	q q q	Zone	X Feet	Y Feet	UTM_Zone	Easting UTM are in Meters)	Northing	Start Date	Finish Date	Depth Well	Depth Water (in feet)	X Y are in (quarters are biggest to smallest
CR 03887	DOM	3	MANUEL M. ROMERO,JR	CR 03887	Artesian				C	200700	1777100		13	295903	3973008	12/12/2002	12/16/2002	200	45	

Record Count: 1

AVERAGE DEPTH OF WATER REPORT 07/15/2008

(Depth Water in Feet)

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
CR			C	200700	1777100		1	45	45	45

Record Count: 1

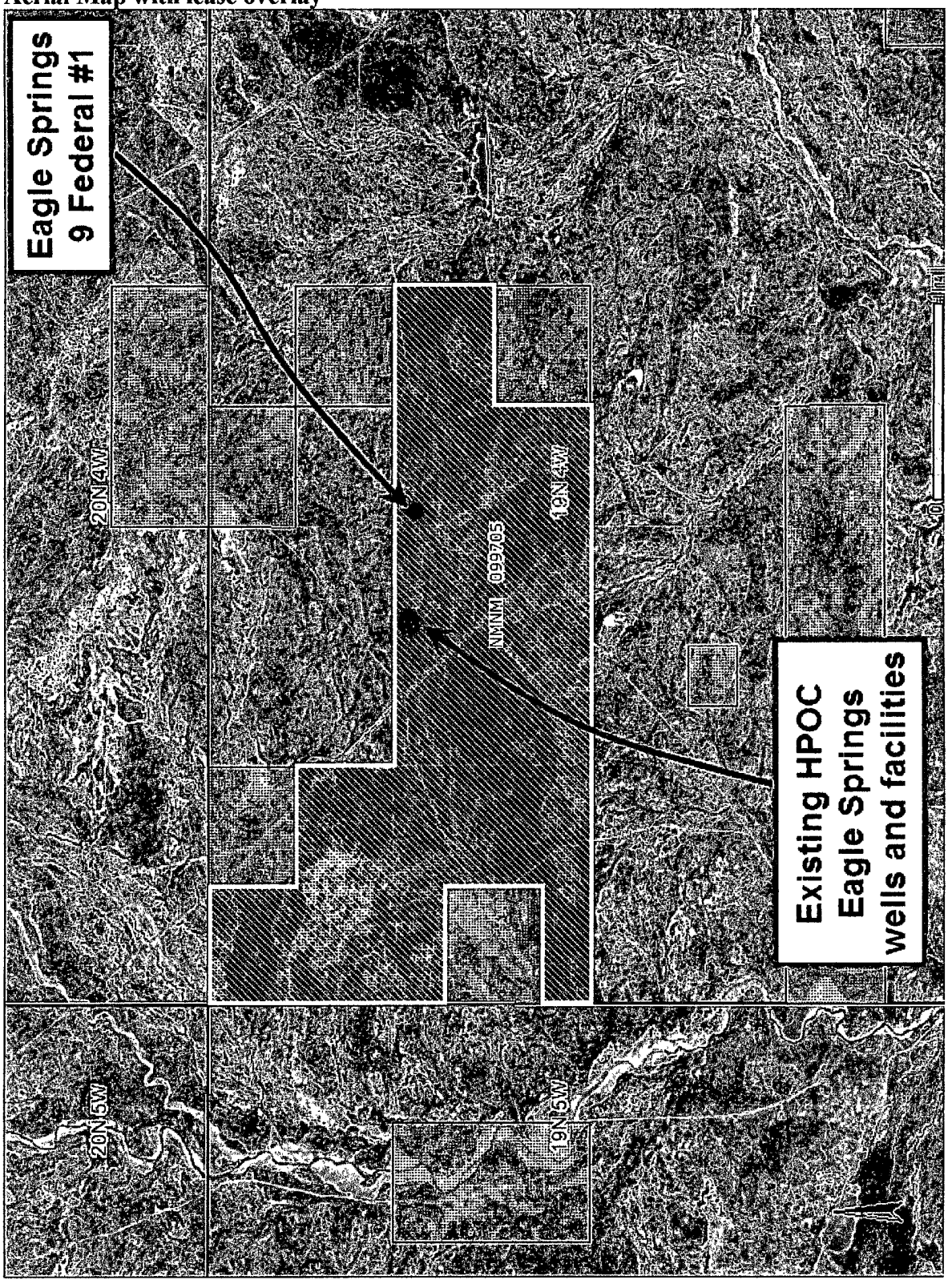
WATER COLUMN REPORT 07/15/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

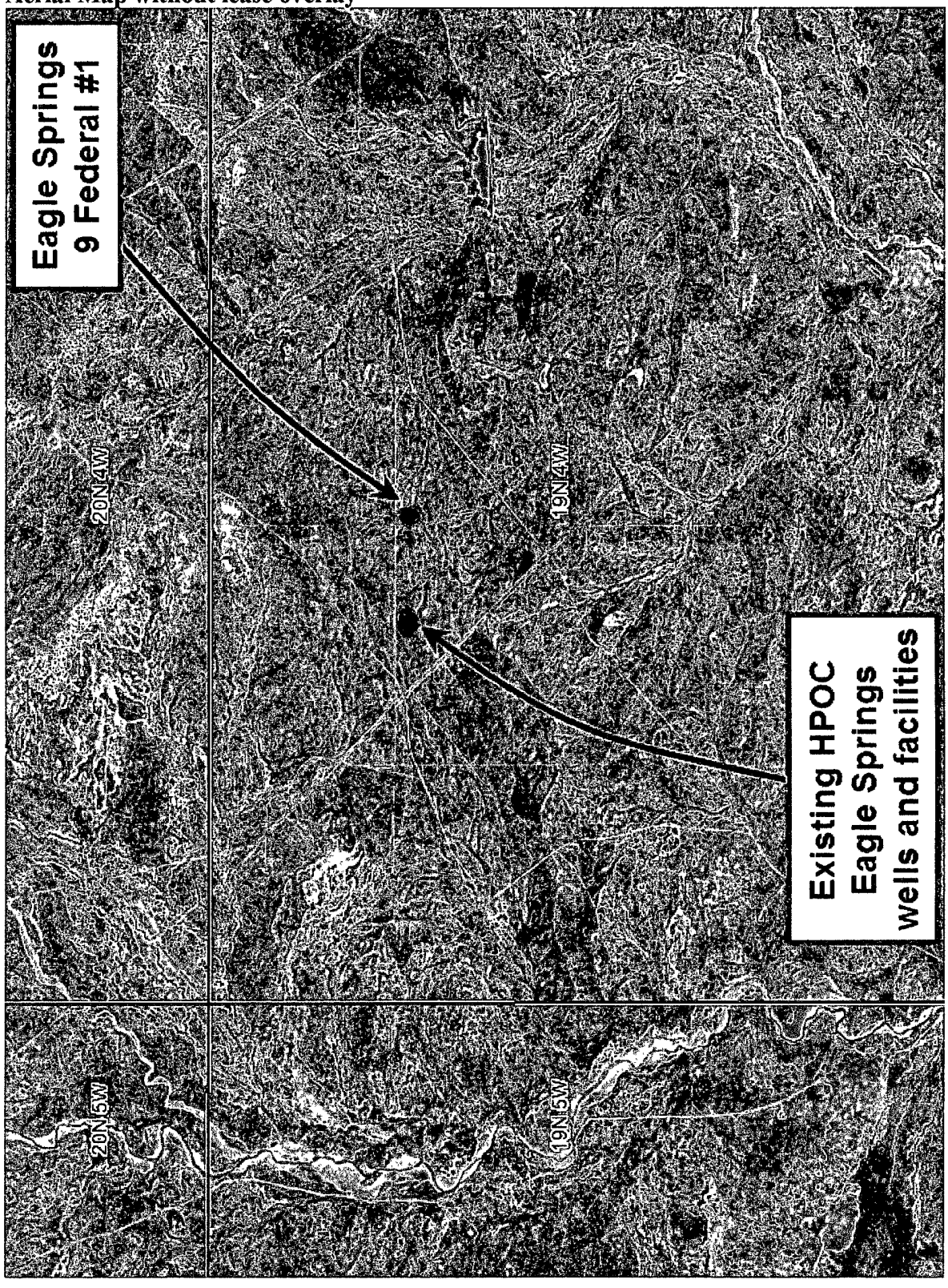
POD Number	Tws	Rng	Sec	q q q	Zone	X	Y	Depth Well	Depth Water	Water Column (in feet)
CR 03887				C	200700	1777100	200	45	155	

Record Count: 1

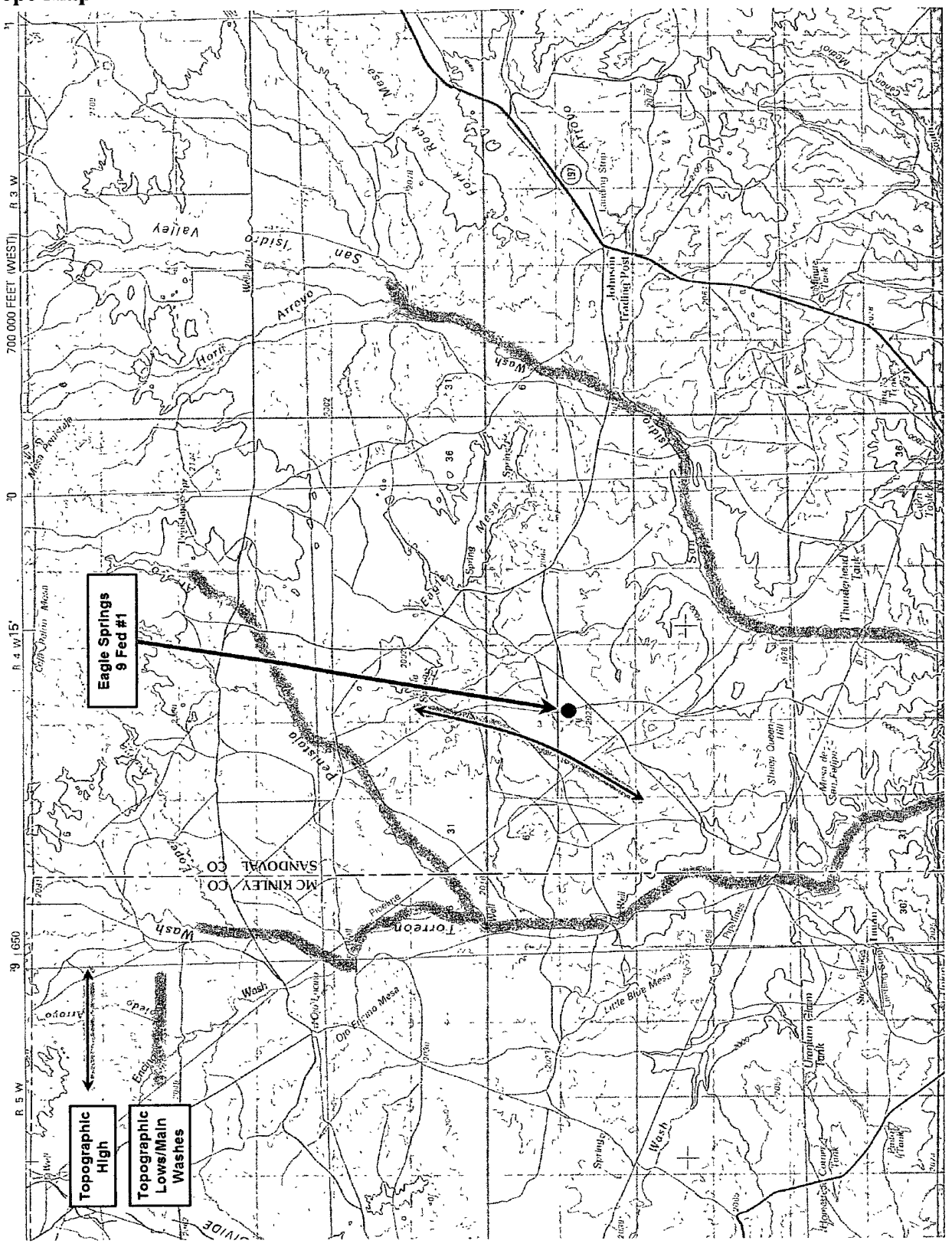
Aerial Map with lease overlay



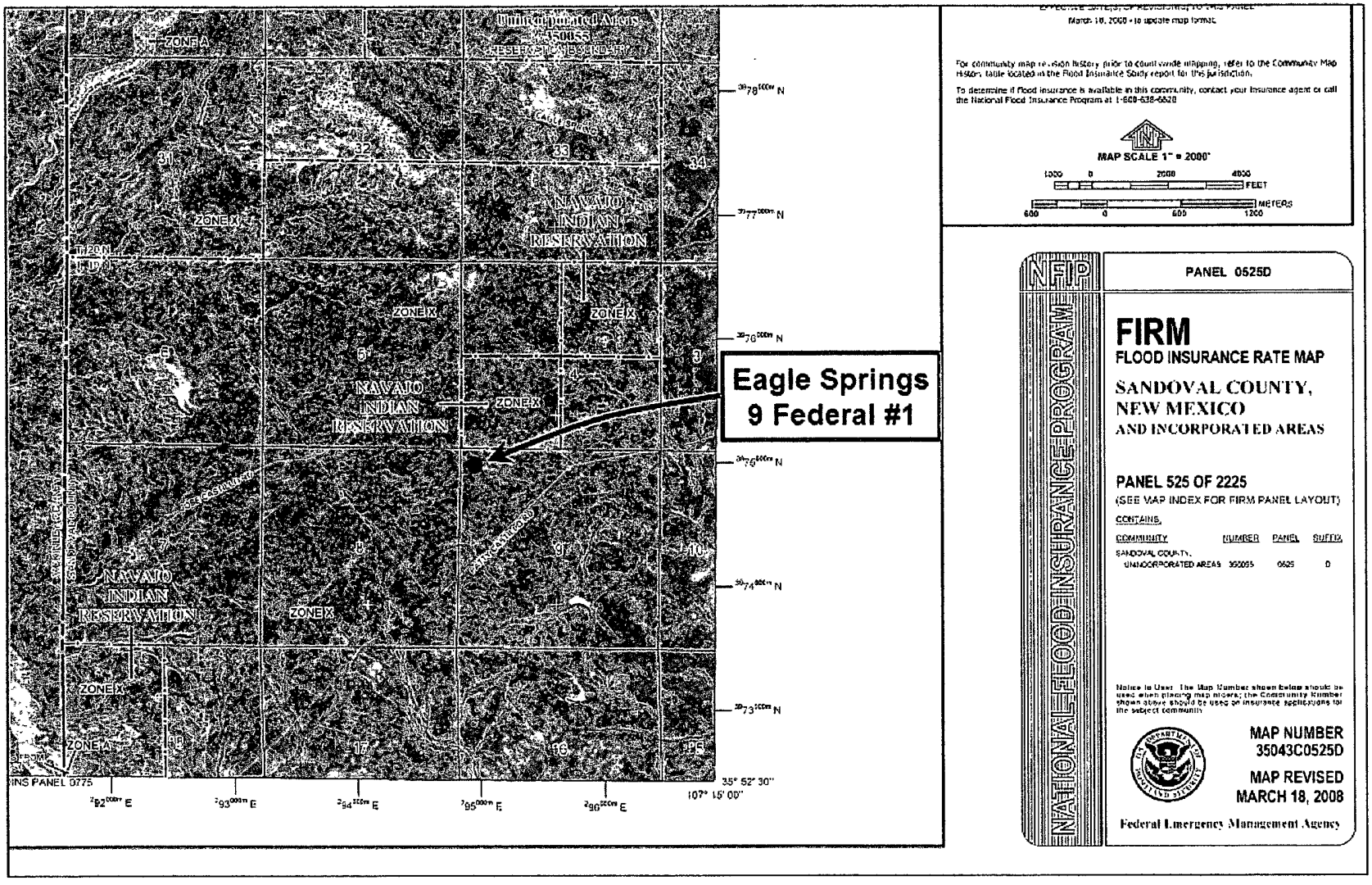
Aerial Map without lease overlay



Topo Map


Eagle Springs 9 Fed #1
Topographic High
Topographic Lows/Main Washes
700 000 FEET (WEST)
R 5 W
R 4 W
R 3 W
MC KINLEY CO
SANDOVAL CO
Arroyo
Wash
Valley
Mesa
Spring
Tank
Trading Post
Johnson
Thunderhead
Little Blue Mesa
Ojo Encino Mesa
Torreon
Pipelines

FEMA Floodplain Map

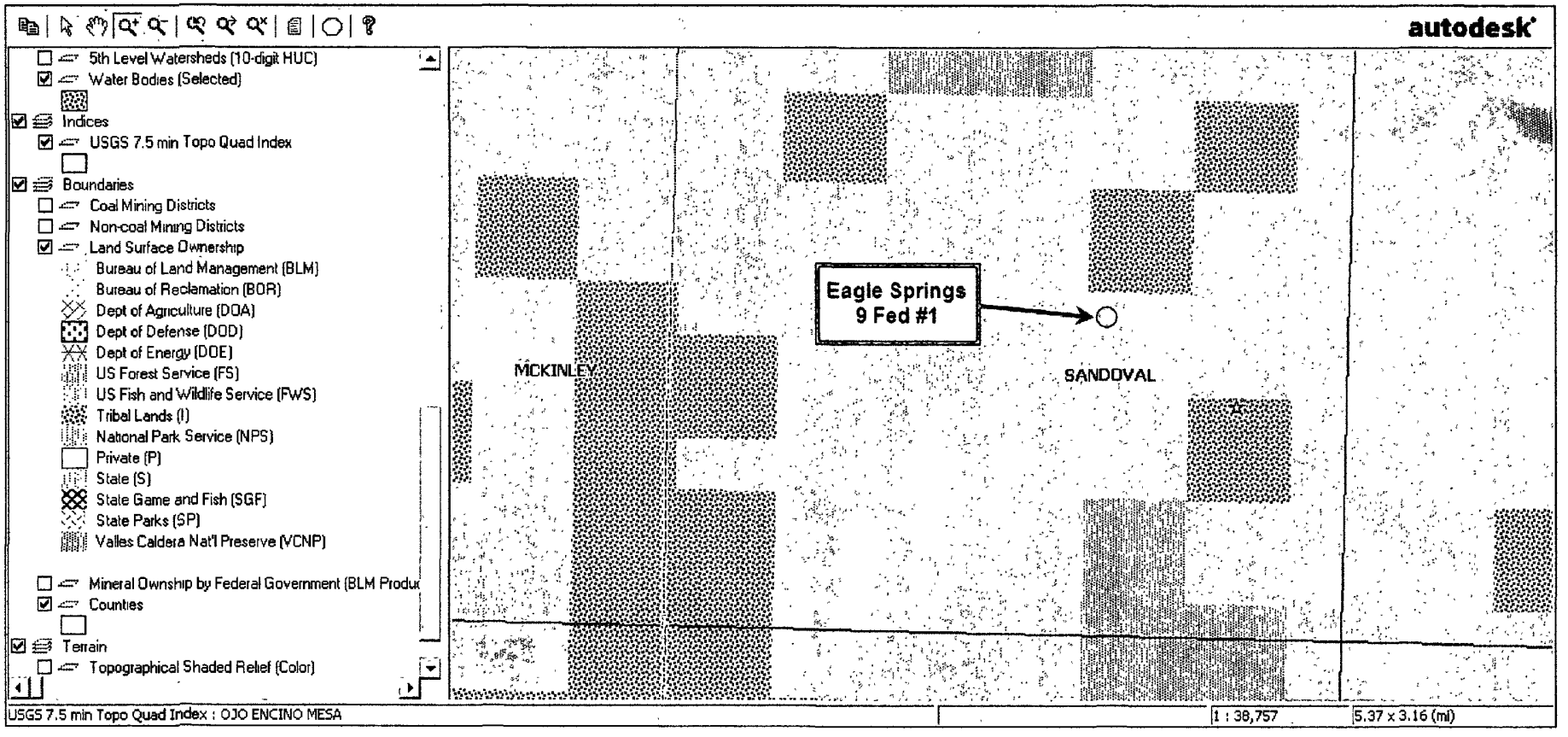


Mines, Mills and Quarries Map

Mines, Mills and Quarries Web Map

Mines, Mills and Quarries Map Zoom

Mines, Mills and Quarries Web Map



Mines, Mills and Quarries report

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

MINING AND MINERALS DIVISION

General Information

The following table provides general information for the selected mine:

Mine Name:	Eagle Mesa Mine
County	Sandoval
Status	Active Mining
Commodity Types	Humate
Site Types	Surface - Open Pit
MSHA Numbers	2902231
Land Ownership	Federal
Mineral Ownership	Federal

Current Operators

This contains the current operators for this mine:

Operator Name:	*Address:*	*Phone:*
Rammsco, Inc.	1203 Turncreek Lane Katy TX 774505245 USA	(281) 770-1414

HPOC talked with Mr. David Williams, the principal of Rammsco, Inc., and his operations in the area are not in the northwest quarter of section 9, where the Eagle Springs 9 Federal #1 well is located.

On-Site Closure Plan—Proof of Surface Owner Notice

To: jim_lovato@blm.gov
Subject: HPOC Eagle Springs 9 Federal #1 Temporary Pit Closure Notification
Cc. brandon.powell@state.nm.us

Dear Jim: High Plains Operating Company, LLC (HPOC) is submitting an APD for the subject well to your office that will be out in the mail today. This APD includes the new State "Pit Permit" form C-144. As this temporary reserve pit to be utilized during drilling will be closed on-site, HPOC is required to notify the surface owner of this closure.

Please consider this e-mail notification of closure. Details will be included in the submitted APD and C-144. Contact me if you have any questions.

Best Regards,

++
Butch Butler -- Managing Partner
HPOC (High Plains Operating Company, LLC)
32700 Aspen Drive
Buena Vista, CO 81211-9620
Ph: 719-395-8059
Fax: 719-395-8093
Cell: 719-207-0164
E-mail: bbutler@highplainsop.com
++

Temporary Pit Design Plan for Eagle Springs 9 Federal #1

HPOC's temporary pit for the Eagle Springs 9 Federal #1 will be designed and constructed following all rules in NMAC 19.15 Part 17, "PITS, CLOSED-LOOP SYSTEMS, BELOW-GRADE TANKS AND SUMPS," #11, "DESIGN AND CONSTRUCTION SPECIFICATIONS."

The top 6" of topsoil will be stripped and rolled up on the uphill side of the location to divert runoff and prevent erosion of the location per instructions from Bill Liess during the BLM onsite inspection. HPOC will post a sign not less than 12" X 24" prior to pit construction listing the operator, location of the well by unit letter, section, township and range with emergency telephone numbers. The temporary pit will be fenced with 48" field fence (hogwire) with a single strand of barbed wire above. During drilling or workover operations, HPOC will temporarily remove the side of the fence along the edge of the pit adjacent to the drilling or workover rig.

NMAC 19.15.17.11; Subsection F Requirements

1. HPOC will design and construct the temporary pit to ensure the confinement of liquids to prevent unauthorized releases.
2. HPOC's temporary pit will have a properly constructed foundation and interior slopes consisting of a firm, unyielding base, smooth and free of rocks, debris, sharp edges or irregularities to prevent the liner's rupture or tear. The slopes will be no steeper than two horizontal feet to one vertical foot (2H:1V).
3. HPOC's temporary pit will be constructed with a geomembrane liner consisting of 20-mil string reinforced LLDPE or equivalent liner material that the Aztec division district office approves. The geomembrane liner shall be composed of an impervious, synthetic material that is resistant to petroleum hydrocarbons, salts and acidic and alkaline solutions. The liner material shall be resistant to ultraviolet light. Liner compatibility shall comply with EPA SW-846 method 9090A.
4. HPOC will minimize liner seams and orient them up and down, not across a slope. HPOC will use factory-welded seams where possible. Prior to field seaming, HPOC will overlap liners four to six inches and orient seams parallel to the line of maximum slope, *i.e.*, oriented along, not across, the slope. HPOC will minimize the number of field seams in corners and irregularly shaped areas. Qualified personnel shall perform field seaming. HPOC will weld any field liner seams necessary.
5. Construction will avoid excessive stress-strain on the liner.
6. HPOC will utilize geotextile under the liner where needed to reduce localized stress-strain or protuberances that may otherwise compromise the liner's integrity.
7. HPOC will anchor the edges of all liners in the bottom of a compacted earth-filled trench. The anchor trench shall be at least 18 inches deep.
8. HPOC will ensure that the liner is protected from any fluid force or mechanical damage at any point of discharge into or suction from the lined temporary pit.
9. HPOC will design and construct the temporary pit to prevent run-on of surface water. A berm, ditch, proper sloping or other diversion shall surround the temporary pit to prevent run-on of surface water. During drilling operations, the edge of the temporary pit adjacent to the drilling or workover rig is not required to have run-on protection if HPOC is using the temporary pit to collect liquids escaping from the drilling or workover rig and run-on will not result in a breach of the temporary pit.

Temporary Pit Operating and Maintenance Plan for Eagle Springs 9 Federal #1

HPOC's temporary pit for the Eagle Springs 9 Federal #1 will be operated and maintained following all rules in NMAC 19.15 Part 17, "PITS, CLOSED-LOOP SYSTEMS, BELOW-GRADE TANKS AND SUMPS," #12, "OPERATIONAL REQUIREMENTS."

1. HPOC will operate and maintain the pit to contain liquids and solids and maintain the integrity of the liner, prevent contamination of fresh water and protect public health and the environment.
2. HPOC will recycle, reuse or reclaim or dispose of all drilling fluids in a manner approved by division rules, that prevents the contamination of fresh water and protects public health and the environment. As required, drilling fluids will be disposed of at T-n-T Environmental, Inc.'s Commercial Surface Waste Management Facility Permit NM-01-0008 (evaporation ponds and landfarm).
3. HPOC will not discharge into or store any hazardous waste in the pit.
4. If the pit liner's integrity is compromised, or if any penetration of the liner occurs above the liquid's surface, then HPOC will notify the Aztec division district office within 48 hours of the discovery and repair the damage or replace the liner.
5. If the pit develops a leak, or if any penetration of the pit liner occurs below the liquid's surface, then HPOC will remove all liquid above the damage or leak line within 48 hours, notify the Aztec division district office within 48 hours of the discovery and repair the damage or replace the pit liner.
6. The injection or withdrawal of liquids from the pit shall be accomplished through a header, diverter or other hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes.
7. HPOC will operate and install the pit to prevent the collection of surface water run-on.
8. HPOC will install, or maintain on site, an oil absorbent boom or other device to contain and remove oil from a pit's surface.
9. Only fluids used or generated during the drilling or workover process will be discharged into the temporary pit. HPOC will maintain the temporary pit free of miscellaneous solid waste or debris. HPOC will use a tank made of steel or other material, which the Aztec division district office approves, to contain hydrocarbon-based drilling fluids. Immediately after cessation of a drilling or workover operation, HPOC will remove any visible or measurable layer of oil from the surface of a drilling or workover pit.
10. HPOC will maintain at least two feet of freeboard for the temporary pit.
11. HPOC will inspect the temporary pit containing drilling fluids at least daily while the drilling or workover rig is on-site. Thereafter, HPOC will inspect the temporary pit weekly so long as liquids remain in the temporary pit. HPOC will maintain a log of such inspections and make the log available for the Aztec division district office's review upon request. HPOC will file a copy of the log with the Aztec division district office when the operator closes the temporary pit.
12. HPOC will remove all free liquids from the temporary pit within 30 days from the date of drilling or workover rig release. HPOC will note the date of the drilling or workover rig's release on form C-105 or C-103 upon well or workover completion. The Aztec division district office may grant an extension of up to three months upon HPOC's request.

Temporary Pits Closure Plan for Eagle Springs 9 Federal #1

HPOC's temporary pit for the Eagle Springs 9 Federal #1 will be closed following all rules in NMAC 19.15 Part 17, "PITS, CLOSED-LOOP SYSTEMS, BELOW-GRADE TANKS AND SUMPS," #13, "CLOSURE REQUIREMENTS."

HPOC will close the temporary pit within six months from the date HPOC releases the drilling or workover rig. The Aztec division district office may grant an extension not to exceed three months upon HPOC's request. HPOC will remove all liquids from the temporary pit prior to closure and these fluids will be disposed of at T-n-T Environmental, Inc.'s Commercial Surface Waste Management Facility Permit NM-01-0008 (evaporation ponds and landfarm), or HPOC may recycle, reuse or reclaim the liquids in a manner that the Aztec division district office approves.

The proposed closure method of the temporary pit involves on-site burial. HPOC will place a steel marker at the center of the on-site burial. The steel marker shall be not less than four inches in diameter and shall be cemented in a three-foot deep hole at a minimum. The steel marker shall extend at least four feet above mean ground level and at least three feet below ground level. The operator name, lease name and well number and location, including unit letter, section, township and range, and that the marker designates an on-site burial location shall be welded, stamped or otherwise permanently engraved into the metal of the steel marker. HPOC will report the exact location of the on-site burial on form C-105 filed with the division. HPOC will file a deed notice identifying the exact location of the on-site burial with the county clerk in the county where the on-site burial occurs.

During reclamation operations of the temporary pit, HPOC will substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Subsection I of 19.15.17.13 NMAC.

HPOC will notify the BLM (surface owner) by certified mail, return receipt requested, that HPOC plans to close the temporary pit. HPOC will notify the Aztec division district office verbally or by other means at least 72 hours, but not more than one week, prior to any closure operation. HPOC will file a closure report within 60 days of closure completion on form C-144.

Following Paragraph (2) of Subsection F of 19.15.17.13 NMAC:

1. Prior to closing the temporary pit, HPOC will stabilize or solidify the contents to a bearing capacity sufficient to support the temporary pit's final cover. HPOC will not mix the contents with soil or other material at a mixing ratio of greater than 3:1, soil or other material to contents.
2. As the ground water is more than 100 feet below the bottom of the buried waste, HPOC will collect at a minimum, a five point, composite sample of the contents of the temporary pit after treatment or stabilization, if treatment or stabilization is required, to demonstrate that benzene, as determined by EPA SW-846 method 8021B or 8260B, does not exceed 0.2 mg/kg; total BTEX, as determined by EPA SW-846 method 8021B or 8260B, does not exceed 50 mg/kg; the GRO and DRO combined fraction, as determined by EPA SW-846 method 8015M, does not exceed 500 mg/kg; TPH, as determined by EPA method 418.1 or other EPA method that the division approves, does not exceed 2500 mg/kg; and chlorides, as determined by EPA method 300.1, do not exceed 1000 mg/kg or the background concentration, whichever is greater. HPOC may collect the composite sample prior to treatment or stabilization to demonstrate that the contents do not exceed these concentrations. However, if the contents collected prior to treatment or stabilization exceed

the specified concentrations HPOC will collect a second five point, composite sample of the contents after treatment or stabilization to demonstrate that the contents do not exceed these concentrations.

3. Upon closure of the temporary pit, HPOC will cover the geomembrane lined, filled, temporary pit with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; recontour and re-vegetate the site. The division-prescribed soil cover, recontouring and re-vegetation shall comply with Subsections G, H and I of 19.15.17.13 NMAC.

Closed-loop Design Plan for Eagle Springs 9 Federal #1

The closed-loop system for the final drilling phase of the High Plains Operating Company, LLC (HPOC) Eagle Springs 9 Federal #1 will be an above ground tank suitable for holding the cuttings and fluids for rig operations. The tank will be of sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

Immediately above the Entrada pay section at a MD of 5,510', the water-based gel mud used to drill to this depth will be circulated out of the hole to the temporary pit using Entrada oil from HPOC's current producing well on the property, the Eagle Springs 8 Federal #2M.

Remaining solids from the water-based portion of this operation will be cleaned from the mud tank prior to any oil being placed in the tank. These solids will also be placed in the reserve pit. If these cuttings, for whatever reason, do become contaminated with oil, they will be disposed of at T-n-T Environmental, Inc.'s Commercial Surface Waste Management Facility Permit NM-01-0008 (evaporation ponds and landfarm).

The pay section in the Entrada formation will then be drilled to TD using produced lease oil. Upon completion of this phase of the drilling operation, all oil will be recovered and circulated back through HPOC's existing production facilities for market sale. Any remained sludge and oil-contaminated cuttings will be disposed of at T-n-T Environmental, Inc.'s Commercial Surface Waste Management Facility Permit NM-01-0008 (evaporation ponds and landfarm).

Fencing is not required for an above ground closed-loop system. It will be signed in compliance with NMAC 19.15.3.103—"SIGN ON WELLS."

Closed-loop Operation and Maintenance Plan for Eagle Springs 9 Federal #1

The closed-loop tank for the final drilling of the Eagle Springs 9 Federal #1 well will be operated and maintained to contain liquids and solids and to aid in the prevention of contamination of fresh water sources, in order to protect the public health and the environment.

No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only the fluids or cuttings used or generated by rig operations as outlined in the Design Plan will be placed or stored in the tank. The Aztec District office of the NM OCD will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon discovery of the compromised tank, repairs will be enacted immediately.

All of the planned operations will be inspected by the operator or operator's representative and a log will be signed and dated. During rig operations, the inspection will be daily.

During the closed loop, oil-based drilling operations, any excess liquids generated will be circulated back through HPOC's existing production facilities for market sale. Any excess oil contaminated cuttings will be disposed of at T-n-T Environmental, Inc.'s Commercial Surface Waste Management Facility Permit NM-01-0008 (evaporation ponds and landfarm).

Closed-loop Closure Plan for Eagle Springs 9 Federal #1

The closed-loop system for the drilling of the High Plains Operating Company, LLC (HPOC) Eagle Springs 9 Federal #1 will be closed in accordance with Subsection D of 19.15.17.13 NMAC.

HPOC will file a closure report within 60 days of closure completion on form C-144.

At the time of well abandonment, the site will be reclaimed and re-vegetated to as close to pre-existing conditions as possible.

Upon completion of the Eagle Springs 9 Federal #1 drilling operations, the tanks will be cleaned and all recoverable oil will be circulated back through HPOC's existing production facilities for market sale. Any excess oil contaminated cuttings and sludge will be disposed of at T-n-T Environmental, Inc.'s Commercial Surface Waste Management Facility Permit NM-01-0008 (evaporation ponds and landfarm).

HIGH PLAINS
OPERATING COMPANY, LLC

Wednesday, July 16, 2008

Brandon Powell
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: Arena Blanca Entrada Southeast Pool—C-144 for drilling the Eagle Springs 9 Federal #1—a new vertical well to test the Entrada reservoir

Dear Brandon:

Following is a copy of HPOC's C-144 and supporting documents for drilling the referenced well.

The C-144 Pit Permit application and attachments were also included (5 copies!) in the APD sent today to Jim Lovato of the BLM at his request.

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

Yours truly,

Arthur W. (Butch) Butler III
Managing Partner
High Plains Operating Company, LLC

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BUENA VISTA, CO 81211

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