

New Mexico Oil Conservation Division, District I
 1625 N. French Drive
 Hobbs, NM 88240

Form 3160-3
 (April 2004)

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

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NM 01135 |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name N/A |
| 2. Name of Operator Edge Petroleum Operating Company, Inc. | | 7. If Unit or CA Agreement, Name and No. N/A |
| 3a. Address 1301 Travis, Suite 2000 Houston, Texas 77002 | 3b. Phone No. (include area code) 713-654-8960 | 8. Lease Name and Well No. <i>(30025)</i> Southeast Lusk 34 Federal #6 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 990' FNL & 990' FWL At proposed prod. zone | | 9. API Well No. 30-025-37681 |
| 11. Sec., T. R. M. or Blk. and Survey or Area Sec 34, T19S, R32E | | 10. Field and Pool, or Exploratory Lusk Delaware East |
| 12. County or Parish Lea County | | 13. State NM |
| 14. Distance in miles and direction from nearest town or post office* 18 miles south of Maljamar | 16. No. of acres in lease 40 acres | 17. Spacing Unit dedicated to this well NE/4 NE/4 of Sec 34 |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990' | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1320' | 19. Proposed Depth 7500' 7890' |
| 20. BLM/BIA Bond No. on file NMB 000121 | 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3567' | 22. Approximate date work will start* 09/15/2005 |
| 23. Estimated duration 20 Days | | 24. Attachments Caption Controlled Water Basin |

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

- 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 shall 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 authorized officer.

| | | |
|-------------------------------------------|-------------------------------------------|--------------------|
| 25. Signature <i>Lindsay Truesdell</i> | Name (Printed/Typed) Lindsay Truesdell | Date 08/23/2005 |
| Title Consultant | | |

| | | |
|---------------------------------------------------------|-----------------------------------------------|---------------------------|
| Approved by (Signature) <i>LSI DENNIS R. STENGER</i> | Name (Printed/Typed) LSI DENNIS R. STENGER | Date JAN 24 2006 |
| Title STATE DIRECTOR | | Office NM STATE 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.
APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

DECLARED WATER BASIN
 CEMENT BEHIND THE 13 3/8"
 CASING MUST BE CIRCULATED
 WITNESS

APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS
 ATTACHED

DECLARED WATER BASIN
 CEMENT BEHIND THE 10 3/4"
 CASING MUST BE CIRCULATED
 WITNESS

K

State of New Mexico

Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|-----------------------------------|----------------------------------------------------------------|----------------------------------------|
| API Number 30-025-37681 | Pool Code 41500 41520 | Pool Name Lusk Delaware East |
| Property Code 300257 | Property Name SE LUSK 34 FEDERAL | Well Number 6 |
| OGRID No. 224400 | Operator Name EDGE PETROLEUM OPERATING COMPANY, INC. | Elevation 3567' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 34 | 19-S | 32-E | | 990 | NORTH | 990 | EAST | LEA |

Bottom Hole Location If Different From Surface

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

| | | | |
|------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. |
|------------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lindsay Truesdell</i> Signature</p> <p>Lindsay Truesdell Printed Name</p> <p>Consultant Title</p> <p>August 23, 2005 Date</p> |
| <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=590226.5 N X=680170.4 E</p> <p>LAT.=32°37'16.58" N LONG.=103°44'53.35" W</p> | | | | <p>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>JULY 13, 2005 Date Surveyed</p> <p>LA</p> <p><i>GARY EIDSON</i> Signature & Seal Professional Surveyor</p> <p>GARY EIDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 05.11.1079</p> |
| LOT 1 | LOT 2 | LOT 3 | LOT 4 | |
| 39.46 AC | 39.43 AC | 39.39 AC | 39.36 AC | Certificate No. GARY EIDSON 12641 |

MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR

EDGE PETROLEUM OPERATING COMPANY, INC.

Southeast Lusk "34" Federal #6

Surface Location: 990' FNL & 990' FEL

Section 34, T-19-S, R-32-E

Lea County, New Mexico

Lease No.: NM 01135

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a location verification map showing the location of the proposed well as staked.
- B. Directions: From the intersection of St. Hwy #243 and Maljamar Road go North on Maljamar Road approximately 3.8 miles. Turn right and go East 1.0 miles and the road bends to the right. Continue East approximately 1.2 miles to the Lusk 34 Federal #1 well and to a proposed road survey at the Southeast corner of well. Follow road survey Northeast approximately 4238' to this location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: Exhibit "C" is the proposed access road. It will be approximately 4239' long and 12' wide and run Southeast to the NW corner of the location.
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None necessary.
- E. Cuts and Fills: 1' cut to North with 1' fill to South.
- F. Gates and Cattle Guards: None necessary.
- G. Off lease right of way: None required.

3. LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on the Vicinity Map, Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Edge Petroleum Operating Company, Inc. has Southeast Lusk 34 Federal #1 and South Lusk 33 Federal #1 production facilities on the lease at this time.

B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIAL:

Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from an approved Federal pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.

D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.

E. Oil Produced during tests will be stored in test tanks.

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

None required.

9. WELL SITE LAYOUT:

A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged 500' x 500'.

B. Mat Size: 225' x 300', plus 150' x 150' reserve pit on the north.

C. Cut & Fill: 1' cut to North with 1' fill to South

D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of trash leaving the site aesthetically pleasing to the extent possible.

B. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

A. Surface Ownership - Bureau of Land Management

B. Mesa Field Services, P. O. BOX 3072, CARLSBAD, NEW MEXICO 88221, conducted an archaeological survey. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.

C. Oil & Gas Lease:
NM 01135

Township 19 South, Range 32 East
NE/4 NE/4 of Section 34

D. RECORD LESSEE:

| | |
|----------------------------------------|-----|
| Edge Petroleum Operating Company, Inc. | 50% |
| Pure Energy Group | 25% |
| Chisos | 25% |

E. BOND COVERAGE:

\$25,000 Statewide Oil & Gas Surety Bond
BLM Bond #: NMB 000121

12. OPERATOR'S REPRESENTATIVE:

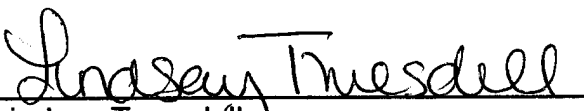
The field representative for assuring compliance with the approved use and operations plan is as follows:

R. K. Ford & Associates
415 West Wall, Suite 1700
Midland, Texas 79701
432-682-0440 (Office)
432-682-0441 (Fax)
432-570-7216 (Home)
432-559-2222 (Cell)
Randell@rkford.com (E-mail)

13. CERTIFICATION:

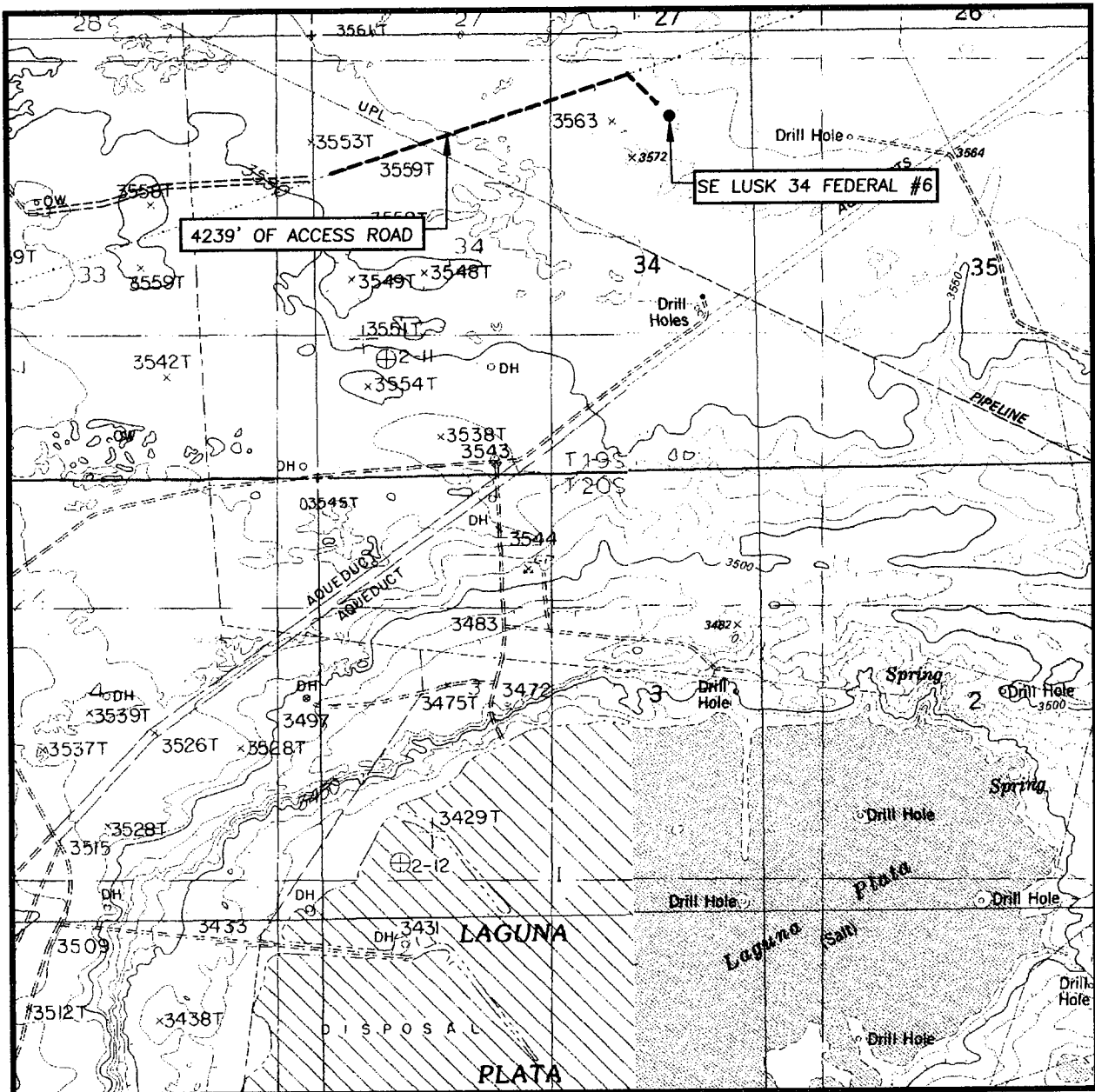
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Cabal Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

August 10, 2005



Lindsay Truesdell
Consultant

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
WILLIAMS SINK, N.M. - 10'

SEC. 34 TWP. 19-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

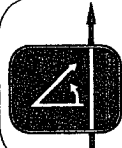
DESCRIPTION 990' FNL & 990' FEL

ELEVATION 3567'

OPERATOR EDGE PETROLEUM
OPERATING COMPANY, INC.

LEASE SE LUSK 34 FEDERAL

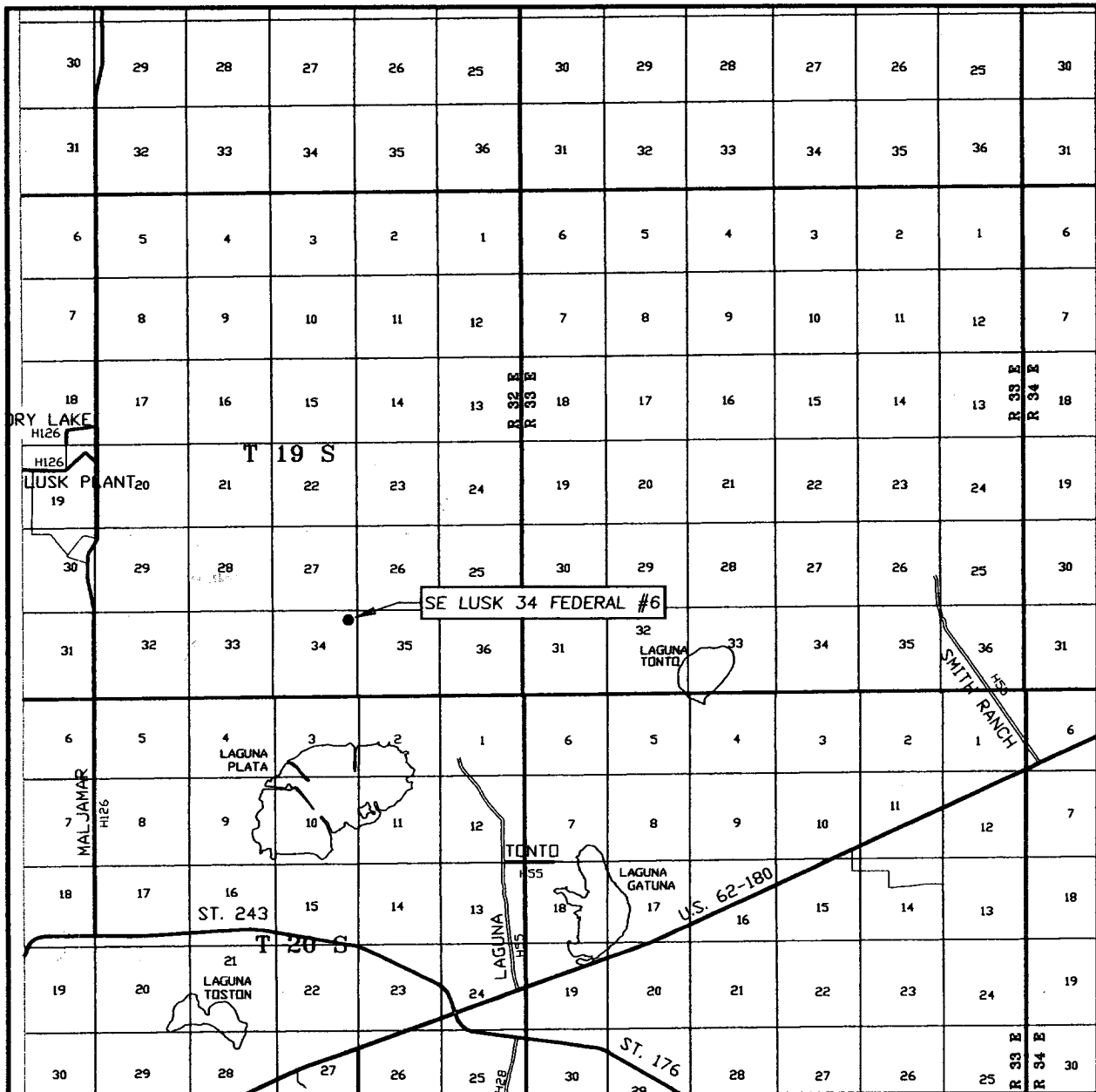
U.S.G.S. TOPOGRAPHIC MAP
WILLIAMS SINK, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

Exhibit "A"

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 34 TWP. 19-S RGE. 32-E

SURVEY N.M.P.M.


COUNTY LEA

DESCRIPTION 990' FNL & 990' FEL

ELEVATION 3567'

EDGE PETROLEUM
OPERATOR OPERATING COMPANY, INC.

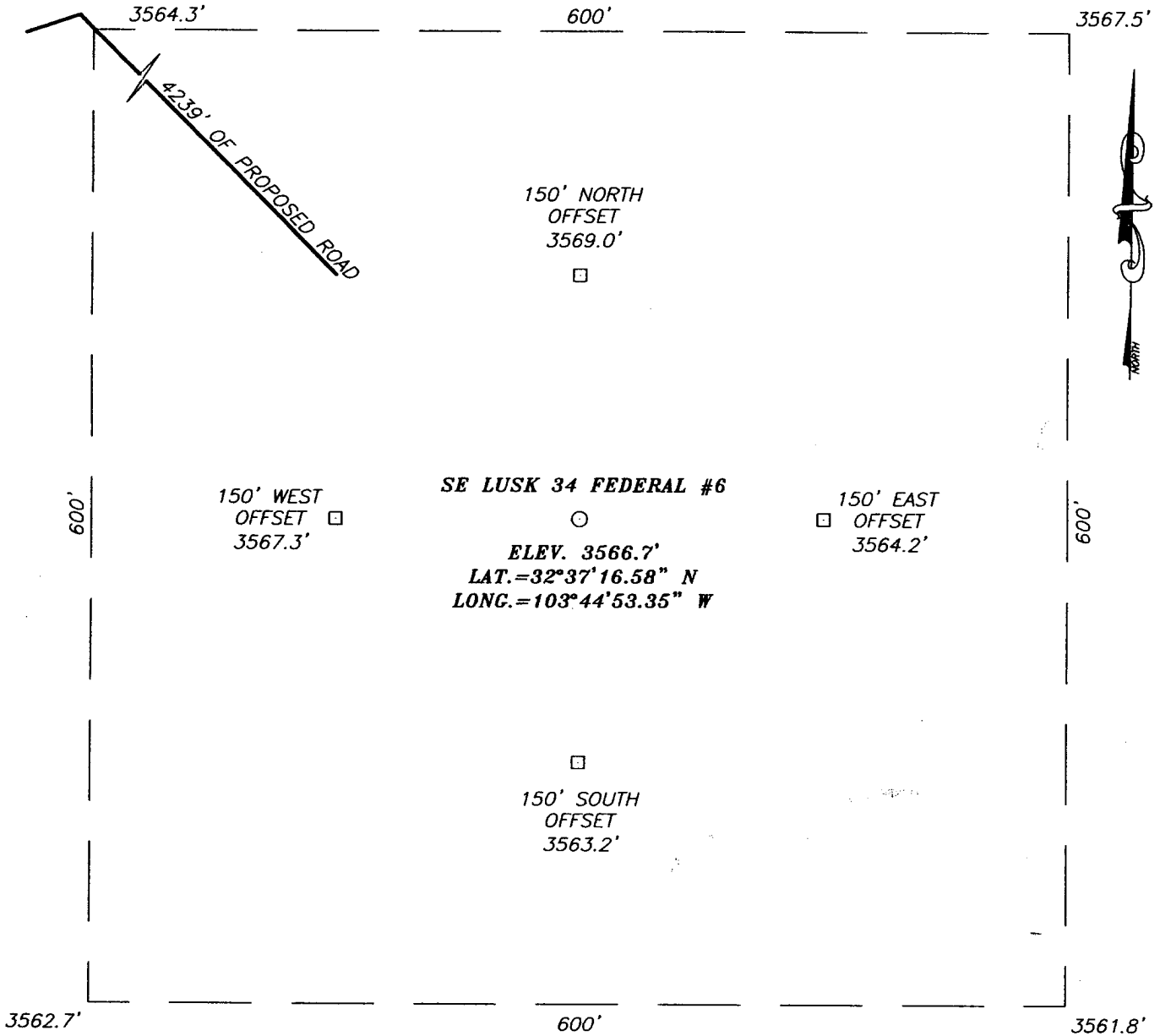
LEASE SE LUSK 34 FEDERAL



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

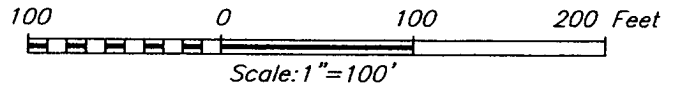
Exhibit "B"

SECTION 34, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #243 AND MALJAMAR ROAD GO NORTH ON MALJAMAR ROAD APPROX. 3.8 MILES. TURN RIGHT AND GO EAST 1.0 MILES AND THE ROAD BENDS TO THE RIGHT. CONTINUE EAST APPROX. 1.2 MILES TO THE LUSK 34 FEDERAL #1 WELL AND TO A PROPOSED ROAD SURVEY AT THE SOUTHEAST CORNER OF WELL. FOLLOW ROAD SURVEY NORTHEAST APPROX. 4238' TO THIS LOCATION.



EDGE PETROLEUM OPERATING COMPANY, INC.

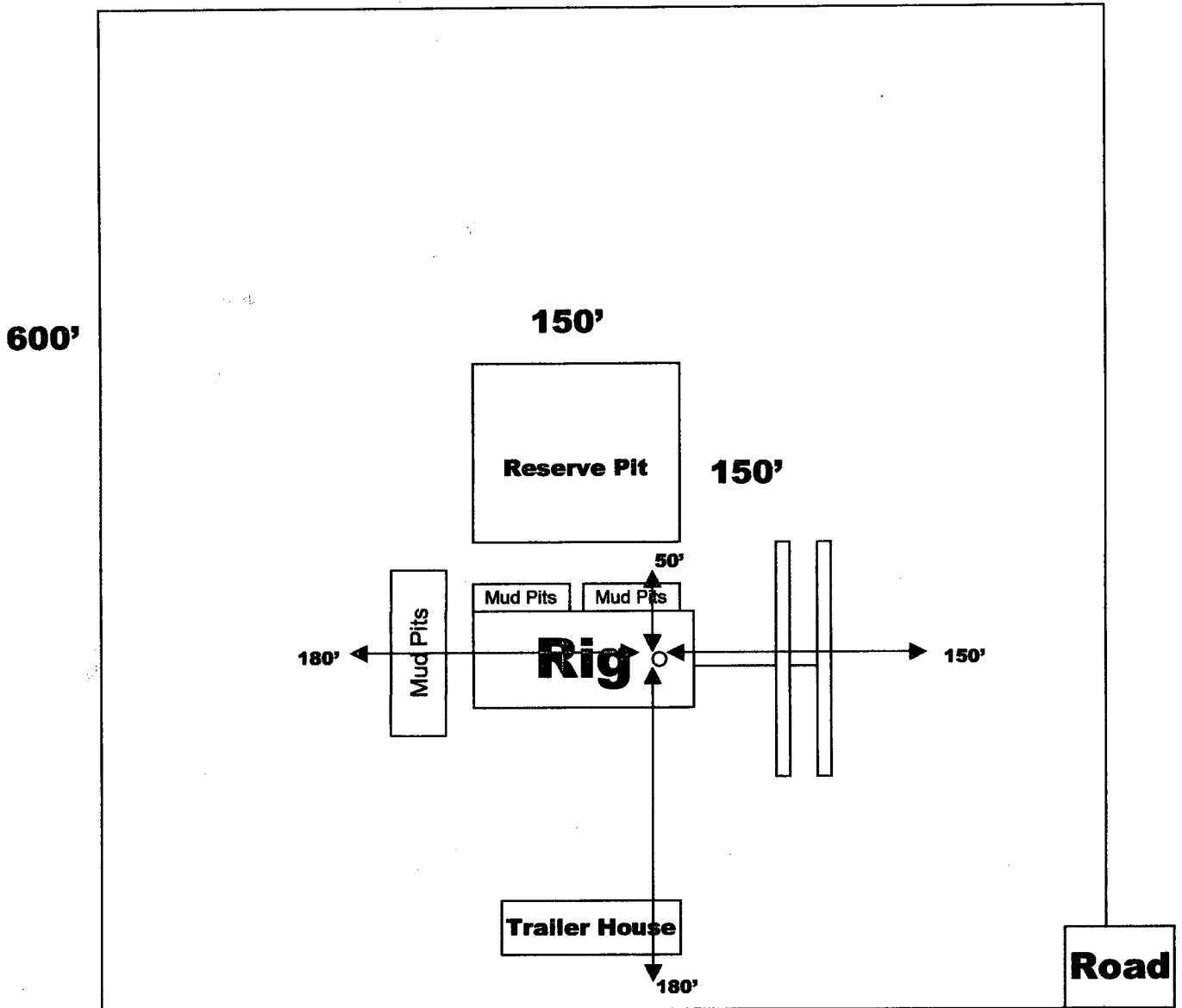
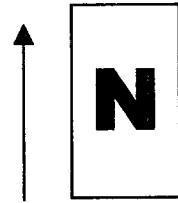
SE LUSK 34 FEDERAL #6 WELL
 LOCATED 990 FEET FROM THE NORTH LINE
 AND 990 FEET FROM THE EAST LINE OF SECTION 34,
 TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

| | |
|-------------------------|------------------------------------|
| Survey Date: 7/13/05 | Sheet 1 of 1 Sheets |
| W.O. Number: 05.11.1070 | Dr By: LA Rev 1:N/A |
| Date: 7/15/05 | Disk: CD#4 05111070 Scale: 1"=100' |

PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

Scale 1" = 100'

DRILLING RIG LAYOUT
Edge Petroleum Operating Co., Inc.
Southeast Lusk 34 Federal #6



DRILLING PROGRAM

EDGE PETROLEUM OPERATING COMPANY, INC.
SOUTHEAST LUSK "34" FEDERAL #6
Section 34, T-19-S, R-32-E
Lea County, New Mexico

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Orders #1 and #2, and all other applicable federal and state regulations.

1. ESTIMATED TOPS OF GEOLOGIC MARKERS (TVD):

| | |
|---------------|-------------------------|
| Anhydrite | 890' |
| Yates | 2,695' |
| Capitan | 3,062' |
| Delaware | 4,270' |
| Cherry Canyon | 4,755' |
| Brushy Canyon | 6,580' |
| Total Depth | 6,740' 7890' |

055

2. ESTIMATED DEPTHS TO WATER, OIL, OR GAS FORMATIONS:

| | |
|-------------|---------------------------------------------------|
| Fresh Water | Above 200' |
| Oil and Gas | Delaware, Atoka Sand, Middle Morrow, Lower Morrow |

3. Pressure control equipment: The blow out preventer equipment (BOP) shown in Exhibit #1 will consist of a 3000 psi double ram type preventer for drilling the 12-1/4" hole. The blowout preventer stack for the production (7-7/8") hole as shown on Exhibit #2 will consist of at least a double-ram blowout preventer and annular preventer rated to 3000 psi working pressure. A diagram of the BOPs and choke manifold is attached. All BOPs and accessory equipment will be tested according to Onshore Order #2 before drilling out.

4. PROPOSED CASING PROGRAM:

| <u>Hole Size</u> | <u>Interval</u> | <u>Casing Size</u> | <u>Weight</u> | <u>Grade, Joint</u> |
|------------------|-----------------------------|--------------------|---------------|---------------------|
| 26" | 0 - 40' | 20" | 94# | K-55, BTC |
| 17-1/2" | 0 - 870' 890' | 13-3/8" | 54.5# | N-80, BTC |
| 12-1/4" | 0 - 2,540' 3050' | 10-3/4" | 45.5# | K-55, BTC |
| 9-1/2" | 0 - 4,300' | 7-5/8" | 29.7# | N-80, LTC |
| 6-1/2" | 0 - 7,500' 7890' | 4-1/2" | 11.6# | N-80, LTC |

There will be a DV Tool (Stage Collar) above an External Casing Packer (ECP) which is to be set inside the 10-3/4" casing at 2950 +/-'. Cement will be circulated to surface. Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. Changes will be relayed to BLM prior to running.

5. PROPOSED CEMENTING PROGRAM

20" conductor cemented with ready mix to surface
 13-3/8" surface 500 sxs Premium Plus cement, 2% calcium chloride
 10-3/4" intermediate 1050 sxs Premium Plus cement, 2% calcium chloride
 7-5/8" intermediate 630 sxs interfill "C" cement
 175 sxs Premium Plus cement
 4-1/2" production 280 sxs Light Cement
 280 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx
 Gilsonite

6. PROPOSED MUD SYSTEM:

| <u>DEPTH</u> | <u>DESCRIPTION</u> | <u>MUD WEIGHT</u> | <u>VISCOSITY</u> | <u>WATER LOSS</u> |
|-------------------------------------------|--------------------|-------------------|------------------|-------------------|
| 0 - 870 ⁸⁹⁰ | fresh water | 8.6 - 8.8 ppg | 28 - 30 | NC |
| 890' - 3,080' | brine water | 10.0 - 10.2 ppg | 28 - 34 | NC |
| 3,080' - 4,270' | fresh water | 8.4 - 8.6 ppg | 28 - 29 | NC |
| 4,270' - 6,740 ⁷⁸⁹⁰ | fresh/brine/mud | 8.4 - 10.4 ppg | 28 - 40 | 6-8 cc |

7. TESTING, LOGGING AND CORING PROGRAM:

Samples 10' Samples from 5,200'
 DST's Possible Cisco, Strawn & Atoka
 Logging Density, Lateral, Resistivity
 Coring Possible sidewall core

8. ABNORMAL PRESSURES AND TEMPERATURES:

None anticipated. Maximum bottom hole pressure should not exceed 5,200 psi.

This area has a potential H₂S hazard. An H₂S drilling plan is attached.

ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on September 15, 2005. Drilling should be completed within 20 days followed by completion operations.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

EDGE PETROLEUM OPERATING COMPANY, INC. **Southeast Lusk "34" Federal #6**

I. HYDROGEN SULFIDE TRAINING

- A.** All regularly assigned personnel, contracted or employed by Cabal Energy Corporation, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
- 1.** The hazards and characteristics of hydrogen sulfide (H₂S).
 - 2.** The proper use and maintenance of personal protective equipment and life support systems.
 - 3.** The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4.** The proper techniques for first aid and rescue procedures.
- B.** In addition, supervisory personnel will be trained in the following areas:
- 1.** The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 - 2.** Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
 - 3.** The contents and requirements of the H₂S Drilling Operations Plan.
- C.** There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment.

- 1. Flare line with continuous pilot.**
- 2. Choke manifold with a minimum of one remote choke.**
- 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.**
- 4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare.**

B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

C. H₂S Detection and Monitoring Equipment:

- 1. Two portable H₂S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.**
- 2. One portable SO₂ monitor positioned near flare line.**

D. Visual Warning Systems

- 1. Wind direction indicators are shown on well site diagram.**
- 2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.**

E. Mud Program

- 1. The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.**

2. A mud-gas separator will be utilized as needed.

F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

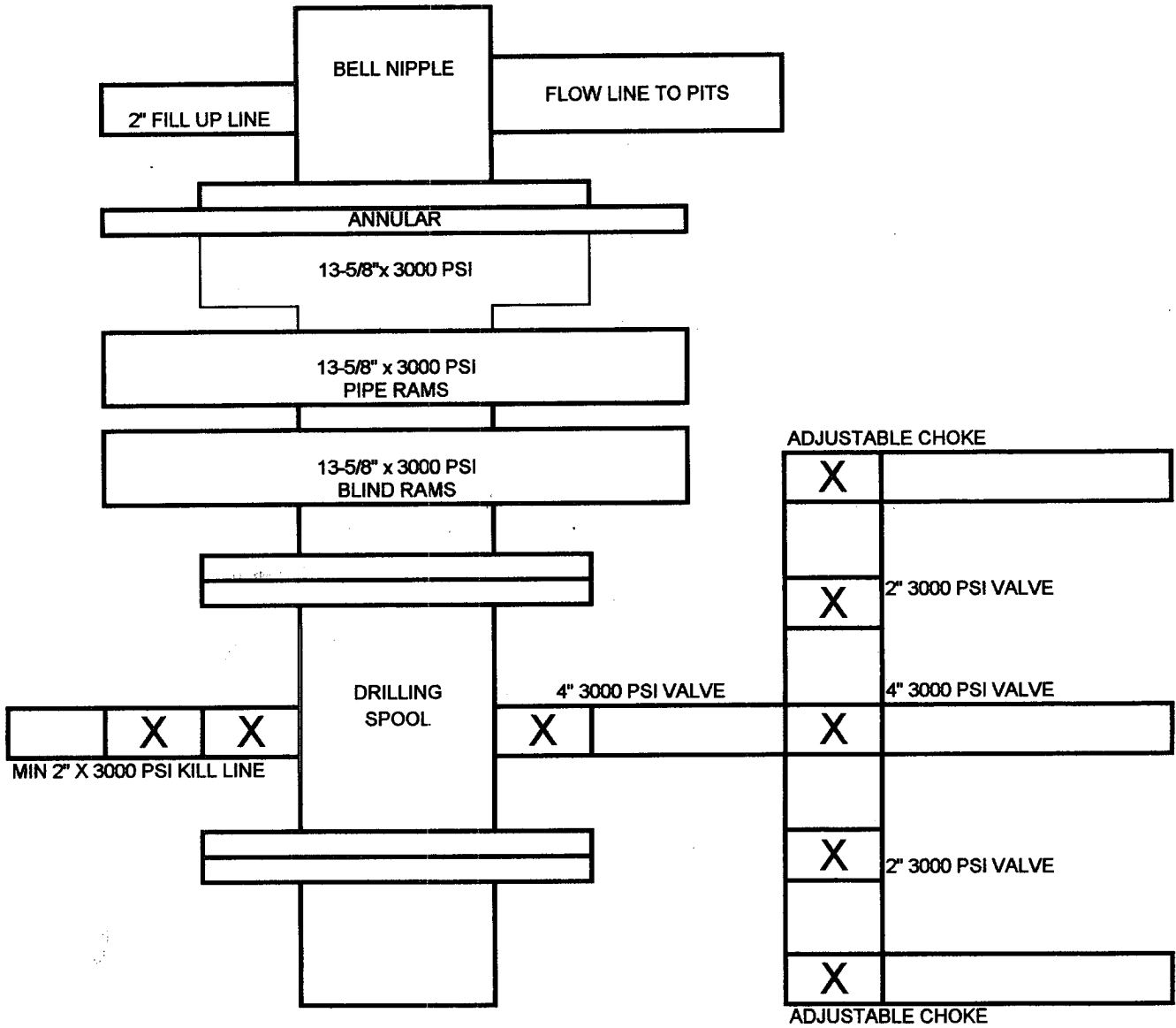
G. Communication:

Cellular telephone communications in company vehicles, rig floor and mud logging trailer.

H. Well Testing:

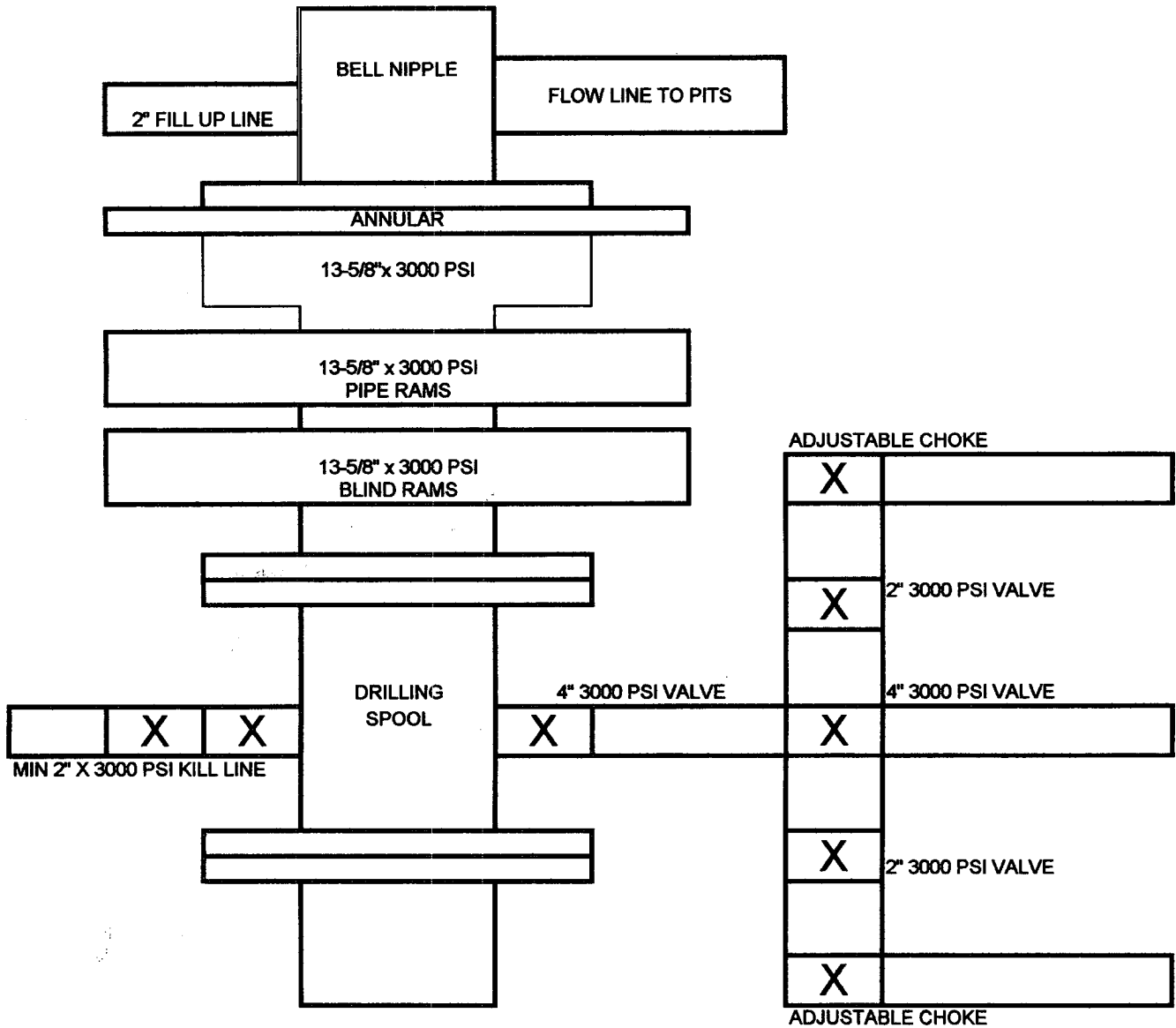
Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing and an H₂S environment will be conducted during the daylight hours.

BOP SCHEMATIC FOR
12-1/4" HOLE



Edge Petroleum Operating Company, Inc.
Southeast Lusk "34" Federal #6
Lea County, New Mexico

BOP SCHEMATIC FOR
7-7/8" HOLE



Edge Petroleum Operating Company, Inc.
Southeast Lusk "34" Federal #6
Lea county, New Mexico

United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Edge Petroleum Operating Company, Inc.
Street or Box: 1301 Travis, Suite 2000
City, State: Houston, Texas
Zip Code: 77002

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No: NM 01135

Legal Description of Land:

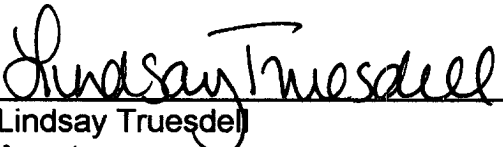
Township 19 South, Range 32 East, Eddy, New Mexico

NE/4 NE/4 of Section 34

Bond Coverage:

Statewide Oil and Gas Surety Bond, Edge Petroleum Operating Company, Inc.

BLM Bond File No.: NMB-000121



Lindsay Truesdell

Agent

July 27, 2005

RECEIVED
2005 SEP 23 PM 1 24
CARLSBAD FIELD OFFICE

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Edge Petroleum Operating Co. Well Name & No. Southeast Lusk 34 Federal #6
Location 990 F N L & 990 F E L Sec. 34, T. 19 S, R. 32 E.
Lease No. NM-01135 County Lea State New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- Lesser Prairie Chicken (stips attached) Flood plain (stips attached)
 San Simon Swale (stips attached) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

The BLM will monitor construction of this drill site. Notify the Carlsbad Field Office at (505) 234-5972 (Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

Other.

III. WELL COMPLETION REQUIREMENTS

A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> A. Seed Mixture 1 (Loamy Sites) | <input checked="" type="checkbox"/> B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria magrostachya</i>) 2.0 |
| <input type="checkbox"/> C. Seed Mixture 3 (Shallow Sites) | <input type="checkbox"/> D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobolud airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

Other.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- (1) Lined as specified above and
- (2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and it capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from the BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to processed by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below: All of Section 34 T. 19 S., R. 32 E.

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Edge Petroleum Operating Company, Inc. Well No. 6 - Southeast Lusk 34 Federal
Location: 990' FNL & 990' FEL sec. 34, T. 19 S., R. 32 E.
Lease: NM-01135

.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 393-3612 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 10-3/4 inch 7-5/8 inch 4-1/2 inch

C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to the well by NMOCD on the subsequent report of setting the first casing string.

4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the Yates formation. A copy of the plan shall be posted at the drilling site.

5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. 13-3/8 inch surface casing must be set at approximately 890 feet (25 feet in the Rustler Anhydrite at approximately 865 feet), below usable water and circulate cement to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. 10-3/4 inch intermediate casing must be set at approximately 3080 feet (30 feet above the top of the Capitan Reef) and circulate cement to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

3. 7-5/8 inch intermediate casing must be set at approximately 4270 feet (at the Base of the Capitan Reef) and the minimum required fill of cement behind the 7-5/8 inch intermediate casing is sufficient to tie back 200 feet into the 10-3/4 inch intermediate casing set at approximately 3080 feet. If cement does not circulate to the surface, a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing may be required prior to drilling out that string. Fresh water mud shall be used to drill the hole for the 7-5/8 inch intermediate casing set at approximately 4270 feet.

4. Minimum required fill of cement behind the 4-1/2 inch production casing is sufficient to tie back 500 feet above the uppermost perforation in the pay zone.

III. PRESSURE CONTROL:

1. Before drilling below the 13-3/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the 7-5/8 inch intermediate casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the 13-3/8 inch surface casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi. Before drilling below the 7-5/8 inch intermediate casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

CONDITIONS OF APPROVAL - DRILLING (CONTINUED)

Operator's Name: Edge Petroleum Operating Company, Inc. **Well No. 6 - Southeast Lusk 34 Federal**

Location: 990' FNL & 990' FEL sec. 34, T. 19 S., R. 32 E.

Lease: NM-01135

.....

III. PRESSURE CONTROL:

3. Before drilling below the 7-5/8 inch intermediate casing string, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
- A. The BLM office shall be notified at (505) 393-3612 in sufficient time for a representative to witness the tests.
 - B. The tests shall be done by an independent service company.
 - C. The results of the test shall be reported to the BLM Hobbs Office at 414 West Taylor, Hobbs, New Mexico 88240.
 - D. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - E. Testing must be done in a safe workman like manner. Hard line connections shall be required.

BLM Serial Number: NM-01135
Company Reference: Edge Petroleum Operating Co.
Well No. & Name: Southeast Lusk 34 Federal #6

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
CARLSBAD FIELD OFFICE

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

A. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

B. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

C. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

D. If, during any phase of the construction, operation, maintenance, or termination of the road, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting there from, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

E. The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times.

The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

F. The Holder shall ensure that the entire right-of-way, including the driving surface, ditching and drainage control structures, road verges and any construction sites or zones, will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle and salt cedar.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

| Percent slope | Spacing interval |
|---------------|------------------|
| 0% - 4% | 400' - 150' |
| 4% - 6% | 250' - 125' |
| 6% - 8% | 200' - 100' |
| 8% - 10% | 150' - 75' |

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

400 foot intervals.

_____ foot intervals.

locations staked in the field as per spacing intervals above.

locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

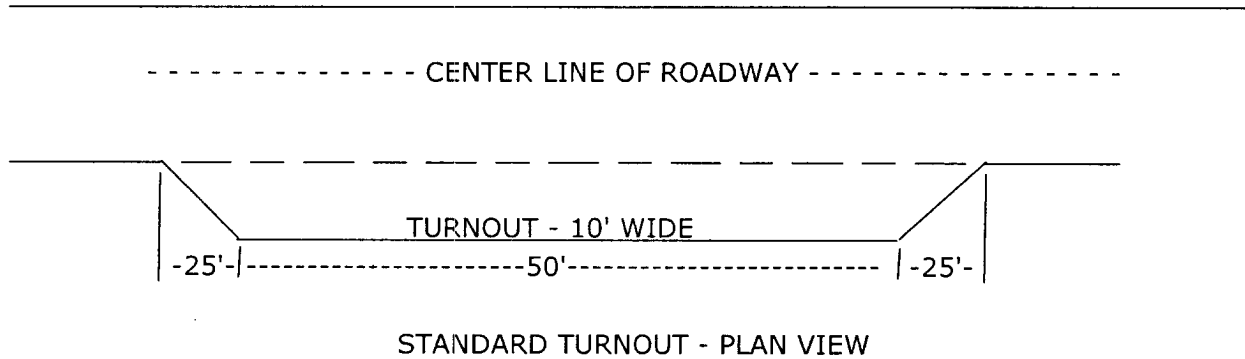
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = $\frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

A sales contract for the removal of mineral materials (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to using any such mineral material from public lands. Contact the BLM solid minerals staff for the various options to purchase mineral material.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS:

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator **Edge Petroleum Operating Company, Inc.**

3a. Address
 1301 Travis, Suite 2000; Houston, Texas 77002

3b. Phone No. (include area code)
 713-654-8960

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Sec 34, T-19S, R-32E 990' FNL & 990' FWL

5. Lease Serial No.
NM 01135

6. If Indian, Allottee or Tribe Name
 N/A

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

8. Well Name and No.
Southeast Lusk 34 Federal #6

9. API Well No.

10. Field and Pool, or Exploratory Area
Lusk Delaware

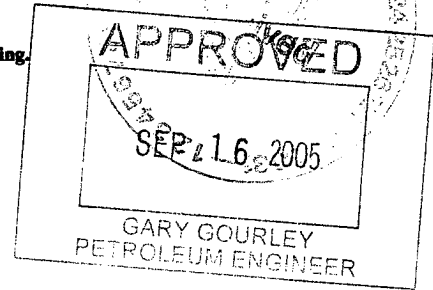
11. County or Parish, State
Lea County, New Mexico

12. CHECK 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 checked="" 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 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 recompletes 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Edge Petroleum would like to propose and Alternate Cement and Casing Program as follows:
 On the 7-5/8" casing set at 4270', we propose to set a DV Tool (Stage Collar) above an External Casing Packer (ECP). The External Casing Packer is to be set inside the 10-3/4" casing at 2950 +/- . Cement will be circulated to surface.
 We propose the top of cement to be at approximately 2400' for the 4-1/2" production casing.



14. I hereby certify that the foregoing is true and correct
 Name (Printed/Typed)

Lindsay Truesdell

Title **Consultant**

Signature

Lindsay Truesdell

Date

09/14/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Date

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)

KZ

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

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOC District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Edge Petroleum Operating Company, Inc. Telephone: (713) 654-8960 e-mail address: lindsay@rklford.com
 Address: 1301 Travis, Suite 2000; Houston, Texas 77002
 Facility or well name: Southeast Lank 34 Federal #6 API #: 30-025-37681 U/L or Qtr/Qtr A Sec. 34 T. 19S R. 32E
 County: Lea Latitude 32°37'16.58" N Longitude 103°44'53.35" W NAD: 1927 1983
 Surface Owner: Federal State Private Indian

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Warkover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume _____ bbl | Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____ |
| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) | Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points) 0 |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) | Yes (20 points) No (0 points) 0 |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) | Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points) 0 |
| Ranking Score (Total Points) 0 | |

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOC District Office , a general permit , or an (attached) alternative OCD-approved plan .

Date: August 10, 2005
 Printed Name/Title: Lindsay Truesdell / Consultant Signature: Lindsay Truesdell
 Your certification and NMOC District Office approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
 Printed Name/Title: PETROLEUM ENGINEER Signature: _____ Date: FEB 03 2006