



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



NM101360X
3180 (P0220)

RECEIVED OCD

2011 NOV 29 P 12: 51

Your reference:

North Square Lake Unit

NM101360X

2011 Plan of Development

Eddy County, New Mexico

NOV 21 2011

CERTIFIED—RETURN RECEIPT REQUESTED

7008 3230 0002 0987 6056

CBS Operating Corporation

P.O. Box 2236

Midland, Texas 79702

Gentlemen:

The 2011 Plan of Development/Operations for the North Square Lake Secondary Recovery Unit is sufficient for previous operations and well presented. The referenced plan is hereby approved and accepted with respect to current operations. However, per attached letter dated October 26, 2010, CBS Operating provided a plugging timetable for 12 wells and 6 were to be plugged by September 30, 2011, based on our records, this has not been done. CBS is currently in non-compliance and will be issued Incidents –of –Noncompliance on 8 wells listed on Attachment “A”.

The BLM cannot approve future operations and plans until CBS Operating adequately addresses all wells listed on Attachment “A”. The wells listed on Attachment “A” are still shut-in and or temporary abandon status without approval. The wells highlighted on yellow on Attachment “A” are mentioned in your 2011 POD, however CBS Operating only addresses 7 wells out of the 20 shown. Unless CBS Operating manages to P&A wells 46, 115, 167, and 96 by December 31, 2011, the 2011 plans will not be fulfilled.

Please take note that well number 191 was drilled to a TD of 3685 feet, and then shut in waiting on completion since December 3, 2003. Also, well number 194 was drilled to a TD of 3700 feet, and then shut in waiting on completion since January 1, 2004. Both of these wells have been waiting on final completion since January 2004. There has been a sufficient amount of time (8 years) to evaluate these wells with respect to utilizing current technology; both of these wells require an immediate plan of action and Incidents –of –Noncompliance will be issued.

The wells listed on Attachment "B" are wells that have not been properly reported to the Office of Natural Resources and Revenue (ONRR- formally MMS) since June 2003. This information is being provided to ONRR.

You are hereby ordered to submit your plan of action to plug or produce the list of wells on Attachment "A" by December 31, 2011. Failure to provide such documentation utilizing the proper format will result in a Notice of Incident of Noncompliance for failure to comply with a written order.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Please contact Edward G. Fernandez, Petroleum Engineer, at 575-234-2220 if you have any questions.

Sincerely,



Don Peterson
Assistant Field Manager
Lands and Minerals

Enclosure

cc:

Commissioner of Public Lands

NMOCD

NM P0220, File Room

Attachment "A"

North Square Lake Unit
 NM101360X 2011
 2011 Plan of Development
 Eddy County, New Mexico

BLM Records	Well No.	API No.	CBS Well Status	NMOCD Well Status	P&A Sundry	Remarks	
1	OSI	22	3001504905	Act Prod	OSI	yes	x 06/31/2010 P&A date - Per Letter of Oct. 26, 2010
2	OSI	33	3001520701	SI-Prod		yes	x 01/31/2012 P&A date - Per Letter of Oct. 26, 2010
3	POW	35	3001510416	Act Prod	OSI	NO	
4	OSI	38	3001504937	Shut-in		yes	x 9/31/2011 P&A date - Per Letter of Oct. 26, 2010 Non-compliance
5	POW	46	3001504899	SI-Prod	OSI	yes	x 3/31/2011 P&A date - Per Letter of Oct. 26, 2010 Non-compliance
6	OSI	79	3001504928	Shut-in		yes	x 9/31/2011 P&A date - Per Letter of Oct. 26, 2010 Non-compliance
7	OSI	81	3001504917	Shut-in		yes	x 9/31/2011 P&A date - Per Letter of Oct. 26, 2010 Non-compliance
8	OSI	83	3001504915	Shut-in		yes	x 06/31/2010 P&A date - Per Letter of Oct. 26, 2010
9	POW	96	3001504031	SI-Prod	OSI	NO	
10	POW	101	3001504946	Act Prod	OSI	yes	
11	OSI	111	3001504979	Shut-in		yes	x 06/31/2010 P&A date - Per Letter of Oct. 26, 2010
12	OSI	113	3001504990	Shut-in		yes	x 3/31/2011 P&A date - Per Letter of Oct. 26, 2010 Non-compliance
13	POW	115	3001510273	Act Prod	OSI	yes	x 01/31/2012 P&A date - Per Letter of Oct. 26, 2010
14	OSI	132	3001504978	Shut-in		yes	x 3/31/2011 P&A date - Per Letter of Oct. 26, 2010 Non-compliance
15	POW	167	3001504958	Shut-in		yes	x 01/31/2012 P&A date - Per Letter of Oct. 26, 2010
16	Shut-in	191	3001533040	Not listed	New	no	Drilled never completed - Non-compliance
17	Shut-in	194	3001532912	Not listed	New	no	Drilled never completed - Non-compliance
Wells in YELLOW were mentioned in 2011 POD							
18		10	3001504853		Producing		Avg 40 BOPM previously shut-in 2 years
19		11	3001504857		Producing		Avg 10 BOPM previously Shut-in 3 years
20		109	3001504977		Producing		Avg 40 BOPM previously shut-in 4 years

Attachment "B"

North Square Lake Unit
NM101360X 2011
2011 Plan of Development
Eddy County, New Mexico

	BLM Records	Well No.	API No.	CBS Well Status	NMOCD Well Status	Under reported OGORS	
1	POW	95	3001504030	Act Prod	Act-Prod	YES	State
2	POW	106	3001525029	Act Prod	Act-Prod	YES	State
3	POW	117	3001504019	Act Prod	Act-Prod	YES	State
4	POW	120	3001521747	Act Prod	Act-Prod	YES	State
5	POW	121	3001504028	Act Prod	Act-Prod	YES	State
6	POW	147	3001504959	Act Prod	Act-Prod	YES	State
7	POW	148	3001504956	Act Prod	Act-Prod	YES	State
8	POW	164	3001504957	Act Prod	Act-Prod	YES	State
9	POW	165	3001504958	Act Prod	Act-Prod	YES	State

CBS OPERATING CORP.

P. O. BOX 2236, MIDLAND, TX 79702 432/685-0878 FAX 685-1945

October 26, 2010

Bureau of Land Management
Carlsbad Field Office
620 E Greene Street
Carlsbad NM 88220

Attention: Mr. Dustin Winkler

** 1st 6 wells to
Be Plugged by
9/30/11. Then the
Remaining as per
schedule. No addl
Extensions*

Re: Request for Plug & Abandon
Extensions
Eddy County, New Mexico

APPROVED
MAR 6 2011
J. Amos
JAMES A. AMOS
SUPERVISOR-EPS

Mr. Winkler,

CBS respectfully requests extensions for the following P&A wells. CBS has recently completed plugging the Porcupine, North Square Lake Unit No. 20 and unexpectedly the North Square Lake Unit No. 59. Our plugging company will not be available again until year-end to work for us. Additionally, CBS has recently obtained from the NMOCD an extension to injection order (PMX-224) covering three of the inactive wells on this list.

In order to facilitate our plugger's schedule and our waterflood development efforts, CBS respectfully requests the following plugging timetable for the following wells:

- | | | | |
|--------------|--------------------|--------------|----------|
| 1) NSLU 46 | March 31, 2011 | 30-015-04899 | |
| 2) NSLU 132 | March 31, 2011 | 30-015-04978 | |
| 3) NSLU 113 | March 31, 2011 | 30-015-04980 | |
| 4) NSLU 38 | September 30, 2011 | 30-015-04937 | |
| 5) NSLU 79 | September 30, 2011 | 30-015-04928 | |
| 6) NSLU 81 | September 30, 2011 | 30-015-04917 | |
| 7) NSLU 115 | January 31, 2012 | 30-015-10273 | |
| 8) NSLU 167 | January 31, 2012 | 30-015-04983 | |
| 9) NSLU 33 | January 31, 2012 | 30-015-20708 | |
| 10) NSLU 22 | June 30, 2012 | 30-015-04905 | *PMX-224 |
| 11) NSLU 83 | June 30, 2012 | 30-015-04915 | *PMX-224 |
| 12) NSLU 111 | June 30, 2012 | 30-015-04979 | *PMX-224 |

*PMX-224 - Expiration Date June 30, 2012

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MAR 11 2011
NMOCD ARTESIA

If you need any additional information, I am available to meet with you in Carlsbad if necessary.

Bureau of Land Management
RECEIVED

27 2010

Sincerely,

M. A. Sirgo III
M. A. Sirgo, III

ENTERED
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Carlsbad Field Office
Carlsbad, N.M.

11/11/10 AW

Accepted for record
NMOCD