

District II
1301 W. Grand Ave., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

Form C-101
Permit 26093

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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address LYNX PETROLEUM CONSULTANTS INC PO BOX 1708 HOBBS, NM 88241		2. OGRID Number 13645 3. API Number 30-015-35194
4. Property Code 17354 36099	5. Property Name EDDY 'BD' STATE	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	32	20S	30E	B	660	N	1980	E	EDDY

8. Pool Information

GOLDEN LANE; MORROW (GAS)	77560
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R-III-P

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3385
14. Multiple N	15. Proposed Depth 12620	16. Formation Morrow	17. Contractor	18. Spud Date 7/1/2006
Depth to Ground water 110		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 20000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	26	20	94	450	750	0
Int1	17.5	13.375	54.5	1610	1300	0
Int2	12.5	8.625	32	4100	1800	0
Prod	7.875	5.5	17	12620	1300	4100

Casing/Cement Program: Additional Comments

Operator proposes to drill/test the Morrow and intermediate formations for gas. If sufficient shows are encountered 5.5 casing will be run and cemented at TD. If no shows are encountered, the well will be plugged and abandoned in a manner consistent with OCD specifications.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1900	
DoubleRam	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed Name: Electronically filed by Andrea Scott

Title: Manager

Email Address: acscott@leaco.net

Date: 4/6/2006

Phone: 505-392-6950

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

BRYAN G. ARANT

DISTRICT II GEOLOGIST

OCT 20 2006

OCT 20 2007

**NOTIFY OCD TO WITNESS
ALL CASING STRINGS**

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

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

Form C-102
 Permit 26093

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code 77560	3. Pool Name GOLDEN LANE;MORROW (GAS)
4. Property Code	5. Property Name EDDY 'BD' STATE	6. Well No. 002
7. OGRID No. 13645	8. Operator Name LYNX PETROLEUM CONSULTANTS INC	9. Elevation 3385

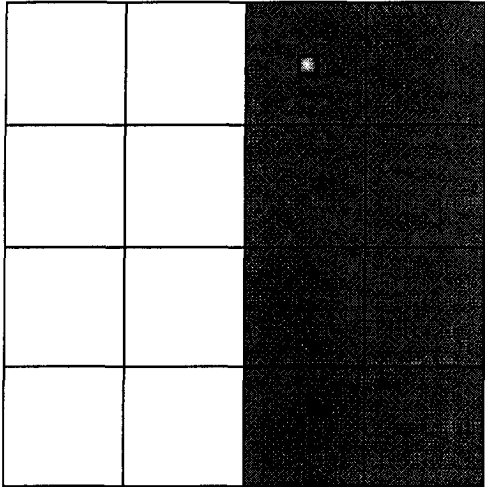
10. Surface Location

UL - Lot B	Section 32	Township 20S	Range 30E	Lot Idn	Feet From 660	N/S Line N	Feet From 1980	E/W Line E	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code		15. 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 style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Andrea Scott Title: Manager Date: 4/6/2006</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Gary Eidson Date of Survey: 3/21/2006 Certificate Number: 12641</p>
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Permit Comments

Operator: LYNX PETROLEUM CONSULTANTS INC , 13645

Well: EDDY 'BD' STATE #002

API:

There are no comments for this permit

Lynx Petroleum Consultants, Inc.

P.O. Box 1708
3325 Enterprise Drive
Hobbs, New Mexico 88241

505 392-6950

Fax: 505 392-7886

March 27, 2006

Mr. Bryan Arrant
Oil Conservation Division
1301 W. Grand Avenue
Artesia, NM 88210

RECEIVED

MAR 28 2006
OCD-ARTESIA

Ref: Eddy 'BD' State #2 APD

Dear Mr. Arrant,

Please find enclosed the H₂S Plan, Drilling Program, BP schematics, and a copy of the potash waiver request to accompany the above referenced APD.

Please call if additional information is needed.

Sincerely,

Andrea Scott
Andrea Scott

enc.

LYNX PETROLEUM CONSULTANTS, INC.
HYDROGEN SULFIDE DRILLING OPERATIONS
EDDY 'BD' STATE NO. 2

RECEIVED
MAR 28 2006
OCD-ARTESIA

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H_2S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H_2S 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 H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site.

II. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note : All H_2S 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 H_2S .

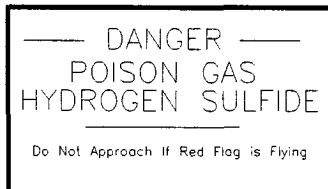
DRILLING OPERATIONS
Eddy 'BD' State No. 2

1. Well Control Equipment :
 - A. Flare line with electronic igniter or continuous pilot.
 - B. Choke manifold with a minimum of one remote choke.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include : annular preventer, mud-gas separator, and flare gun with flares.
2. Protective equipment for essential personnel :
 - A. 30-minute air units located in the dog house and at briefing areas, as indicated on well site diagram.
3. H₂S detection and monitoring equipment :
 - A. 2 – 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.
 - B. 1 – portable SO₂ monitor positioned near flare line.
4. Visual warning systems :
 - A. Wind direction indicators as shown on well site diagram.
 - B. 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 on page 3.
5. Mud program :
 - A. The mud program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
 - B. A mud-gas separator will be utilized if needed.

DRILLING OPERATIONS

Eddy 'BD' State No. 2

6. Metallurgy :
 - A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
 - B. All elastomers used for packing and seals shall be H₂S trim.
7. Communication :
 - A. Communications in company vehicles are provided by cellular telephones.
 - B. Land line (telephone) communications at Hobbs office.
8. Well testing :
 - A. 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. All drill stem testing operations conducted in an H₂S environment will use the closed chamber method of testing.



DRILLING PROGRAM

Lynx Petroleum Consultants, Inc.
Eddy 'BD' State No. 2
Section 32, T-20S, R-30E
Eddy County, NM

RECEIVED

MAR 28 2006

OCU-ARTESIA

1. SURFACE FORMATION : Sandy Soil of Quaternary Age
2. ESTIMATED TOPS OF GEOLOGICAL MARKERS :

Rustler	-	180'
Salt	-	500'
Yates	-	1590'
Reef	-	1740'
Delaware	-	3855'
Bone Spring	-	6440'
Bone Spring 1 st Sd	-	7030'
Bone Spring 3 rd Sd	-	9330'
Wolfcamp	-	9750'
Strawn	-	10775'
Atoka	-	11350'
Morrow	-	11695'
Barnett Shale	-	12620'

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

Fresh Water	-	110'
Oil, Gas, & Water	-	Delaware, Wolfcamp, Strawn, Morrow

* Productive horizons to be protected by 5 1/2" casing and cement.

4. PROPOSED CASING PROGRAM :

20"	0' -	450'	94.0#	J-55	ST&C
13 3/8"	0' -	1610'	54.5#	J-55	ST&C
8 5/8"	0' -	4100'	32.0#	J-55	ST&C
5 1/2"	0' -	12620'	17.0#	N-80 & P-110	LT&C

5. PROPOSED CEMENT PROGRAM :

20" Surface - 500 sxs Class "C" + 4% Gel + 2% CaCl₂
followed by 250 sxs Class "C" + 2% CaCl₂.
T.O.C. @ surface.

DRILLING PROGRAM
EDDY 'BD' STATE NO. 2

13 3/8" Intermediate- 1000 sxs Class "C" + 4% Gel + 2% CaCl₂
followed by 300 sxs Class "C" + 2% CaCl₂.
T.O.C. @ surface.

8 5/8" Intermediate - Stage collar at 1700'. First stage 800 sxs
Class "C" Poz followed by 200 sxs Class "C".
Second stage 600 sxs Class "C" Poz followed
by 200 sxs Class "C".
T.O.C. @ surface.

5 1/2" Production - Stage collar at 10000'. First stage 500 sxs
Super "H" modified. Second stage 700 sxs
Class "C" Poz followed by 100 sxs Class "H".
T.O.C. @ 4100' by Temp Svy.

6. PRESSURE CONTROL EQUIPMENT : A blowout preventer stack for the intermediate hole will consist of at least an annular preventer rated to 3000 psi working pressure. The blowout preventer stack for the production hole will consist of at least a double-ram blowout preventer and an annular preventer rated to 5000 psi working pressure. A sketch of the B.O.P.'s and Choke Manifold are attached.

7. CIRCULATING MEDIUMS : Fresh water spud mud 0' – 450'. Brine water 450' – 1610'. Fresh water will be used to drill the reef section from 1610'-4100'. Cut brine mud system 8.8 – 9.3 ppg with 29 viscosity will be used 4100' – 10650'. The hole will be displaced with brine and "mudded up" 10650'-TD.

8. AUXILIARY EQUIPMENT : Full opening Kelly cock valve to fit the drill string in use, will be kept on the rig floor at all times.

9. TESTING, LOGGING, AND CORING PROGRAM :

Samples	- 4100' – 12620'
D.S.T.'s	- Morrow Possible
Logging	- Gamma Ray – CNL – FDC – DLL
Coring	- No coring is planned

10. ABNORMAL PRESSURES AND TEMPERATURES : A maximum of 10.0 to 10.4 ppg mud weight requirement is anticipated. Bulk barite will be available on location to increase mud weight if needed.

DRILLING PROGRAM
EDDY 'BD' STATE NO. 2

11. ANTICIPATED STARTING DATE : Drilling will commence about July 15, 2006. Drilling should be complete within 50 days. Completion operations (perforations and stimulation) will follow drilling operations.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE APPLICATION OF
LYNX PETROLEUM CONSULTANTS, INC.
FOR PERMIT TO DRILL IN POTASH AREA,
EDDY 'BD' STATE NO. 2 WELL,
EDDY COUNTY, NEW MEXICO.**

Case No. 13762

**STIPULATED JOINT MOTION OF LYNX PETROLEUM CONSULTANTS, INC.
AND INTREPID POTASH-NEW MEXICO, LLC
TO DISMISS CASE**

Lynx Petroleum Consultants, Inc. ("Lynx") and Intrepid Potash-New Mexico, LLC ("Intrepid") hereby request that Case No. 13,762 currently pending before the Oil Conservation Commission be dismissed with prejudice. As grounds for this Motion, Lynx and Intrepid state as follows:

1. Lynx and Intrepid have reached a confidential settlement agreement that resolves in full all disputes between Lynx and Intrepid related to this case.
2. In light of reaching a settlement with Lynx, Intrepid hereby withdraws its opposition to the drilling of the Eddy "BD" State No. 2 Well proposed by Lynx in the APD that is the subject of this proceeding.
3. Based upon the settlement reached with Intrepid, and Intrepid's withdrawal of its protest, Lynx hereby withdraws its Request for Hearing in this case.
4. Intervenors reflect their approval as to the form of this Motion, but have not been apprised of the terms of the confidential settlement agreement. Intervenors' approval as to the form of this Motion and their concurrence to allow the action to be dismissed with prejudice does not reflect, and shall not be interpreted, that Intervenors agree with any substantive aspects of the confidential settlement agreement. Lynx and Intrepid represent to Intervenors and confirm that the settlement agreement does **not**:
 - (a) establish any precedent with respect to the administration of Rule R-111-P;
 - (b) establish as fact any allegations made by either party in this case that will be used against any of the Intervenors in the future; and
 - (c) bind Intervenors to any obligations, duties or responsibilities.

THEREFORE, based on the foregoing, Lynx and Intrepid respectfully request that the Commission dismiss this case with prejudice.

Respectfully Submitted,

By: 

Larry F. Ausherman

Walter E. Stern

Modrall, Sperling, Roehl, Harris, & Sisk, P.A.

Post Office Box 2168

Albuquerque, New Mexico 87103-2168

Telephone: (505) 848-1800

Facsimile: (505) 848-9710

Email: lpa@modrall.com

ATTORNEYS FOR INTREPID POTASH-
NEW MEXICO, LLC

and

By: 

Pete V. Domenici, Jr.

Charles N. Lakins

DOMENICI LAW FIRM, P.C.

320 Gold Ave. SW, Suite 1000

Albuquerque, NM 87102

Telephone: 505-883-6250

Facsimile: 505-884-3424

clakins@domenicilaw.com

ATTORNEYS FOR
LYNX PETROLEUM CONSULTANTS, INC.

APPROVAL AS TO FORM:

E-mail approval 10/13/06

William F. Carr

Michael H. Feldewert

Counsel for Intervenor BEPCo., L.P.

E-mail approval 10/13/06

Mary Lynn Bogle

Gregory J. Nibert

Counsel for Intervenor Devon Energy Production, L.P.

E-mail approval 10/13/06

James E. Haas

Counsel for Intervenor Yates Petroleum Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile this 16th day of October 2006:

Pete V. Domenici, Jr.
Charles N. Lakins
Domenici Law Firm, P.C.
320 Gold Ave. SW, Suite 1000
Albuquerque, NM 87102
Telephone: 505-883-6250
Facsimile: 505-884-3424
clakins@domenicilaw.com

William F. Carr
Michael H. Feldewert
Ocean Munds-Dry
Counsel for Intervenor BEPCo., L.P.
Holland & Hart, LLP
110 N. Guadalupe Street, Suite 1
Santa Fe, NM 87504-2208
(505) 988-4421

Mary Lynn Bogle
Gregory J. Nibert
Counsel for Intervenor Devon Energy Production, L.P.
Hinkle, Hensley, Shanor & Martin, LLP
PO Box 10
Roswell, NM 88202-0010
(505) 622-6510

James E. Haas
Counsel for Intervenor Yates Petroleum Corporation
Losee, Carson & Haas, P.A.
P.O. Box 1720
Artesia, NM 88211-1720
(505) 746-3505

DOMENICI LAW FIRM, P.C.

By: 

Charles N. Lakins, Esq.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
LYNX PETROLEUM CONSULTANTS, INC. FOR
PERMIT TO DRILL IN POTASH AREA, EDDY COUNTY,
NEW MEXICO.

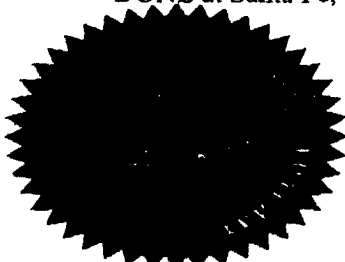
CASE NO. 13762
ORDER NO. R-12628-A

**ORDER GRANTING STIPULATED JOINT MOTION OF LYNX PETROLEUM
CONSULTANTS, INC. AND INTREPID POTASH-NEW MEXICO, LLC TO
DISMISS CASE**

THIS MATTER, having come before the Chair of the New Mexico Oil Conservation Commission (Commission) on the joint motion of Lynx Petroleum Consultants, Inc. (Lynx) and Intrepid Potash New Mexico, LLC (Intrepid) to dismiss this case, which is currently pending before the Commission, with prejudice; and the Chair being advised that the parties have reached a confidential settlement agreement that resolves in full all disputes between Lynx and Intrepid related to this case,

IT IS THEREFORE ORDERED that this case is dismissed with prejudice.

DONE at Santa Fe, New Mexico on this 19th day of October 2006.

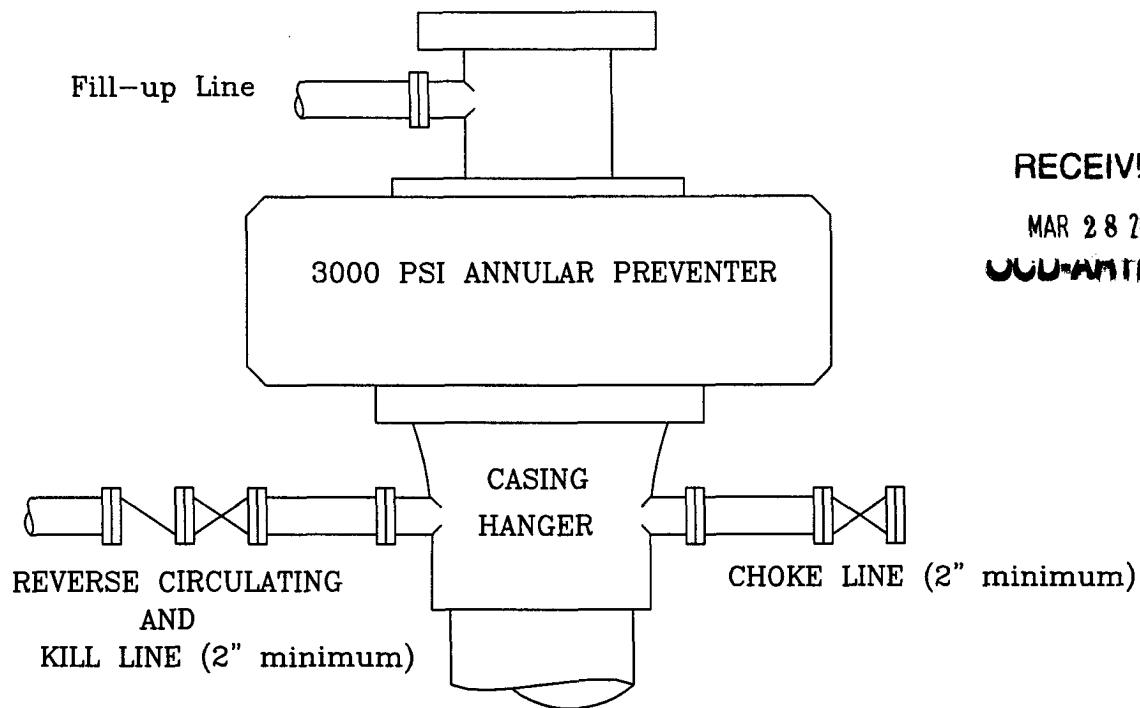


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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

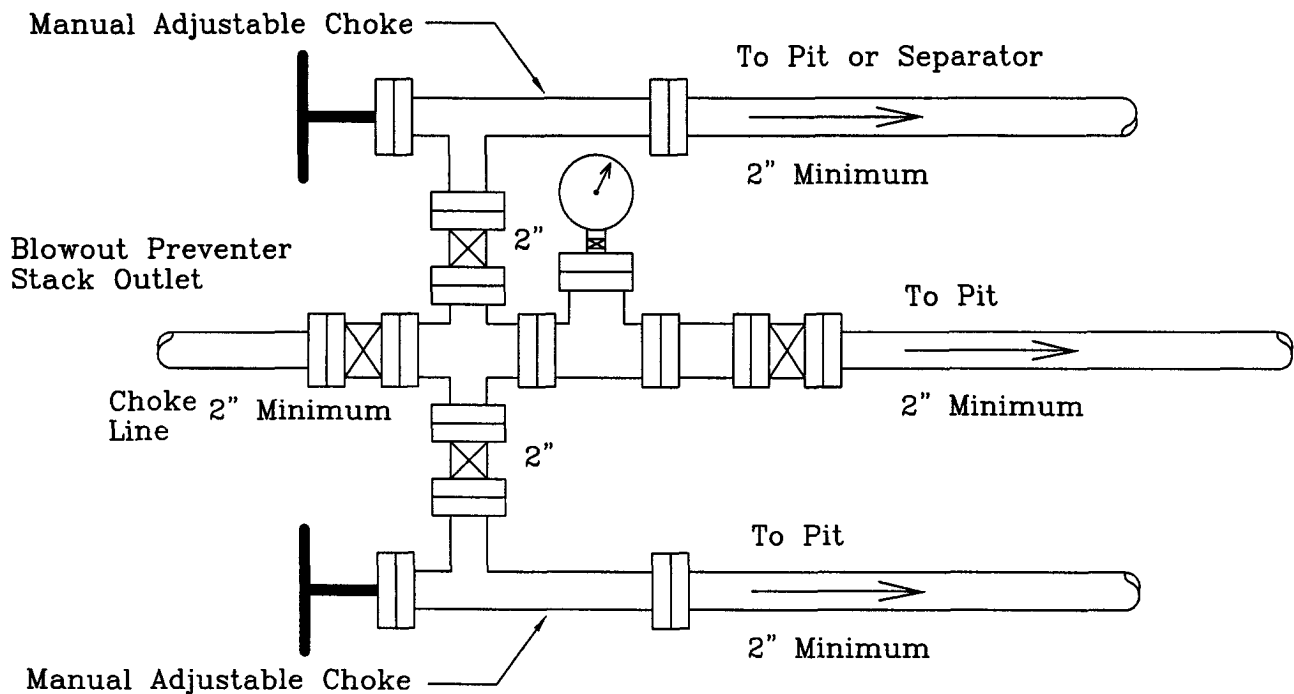

MARK E. FESMIRE, P.E., CHAIR

INTERMEDIATE HOLE SECTION



RECEIVED
MAR 28 2006
OCC-AMT-001

3000 PSI WORKING PRESSURE

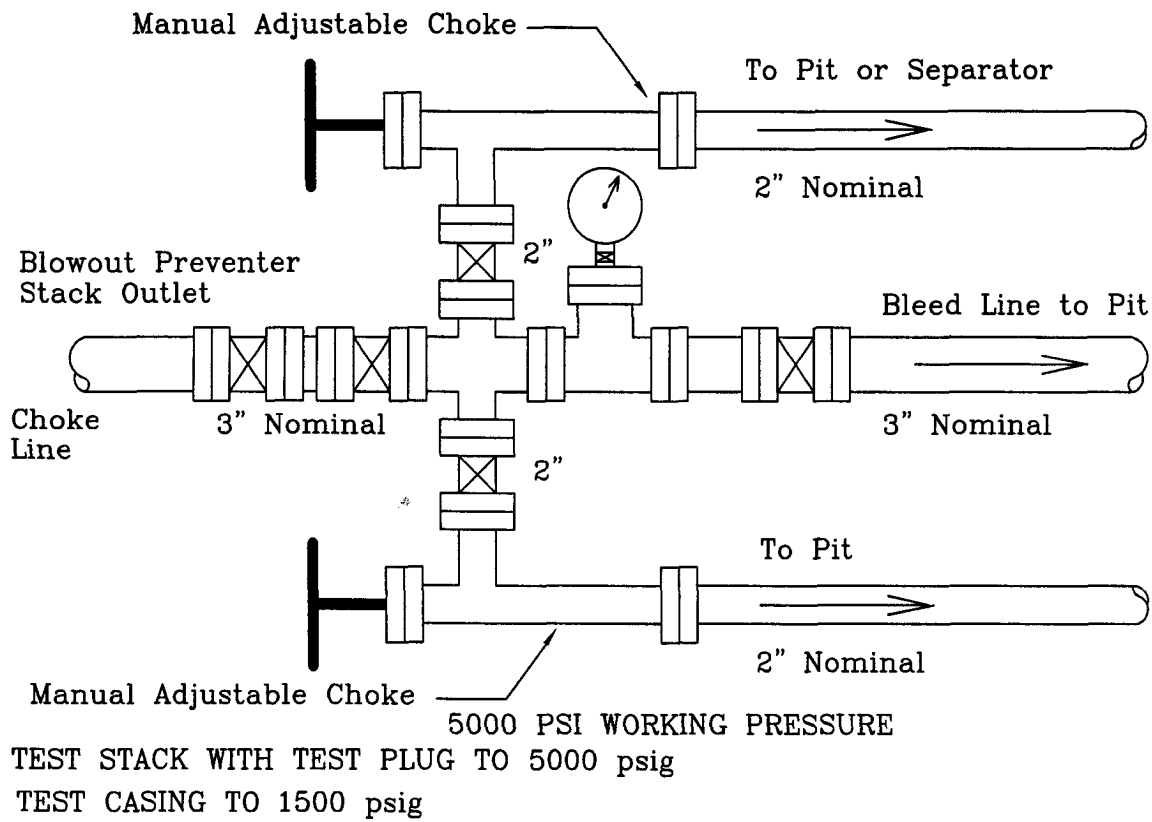
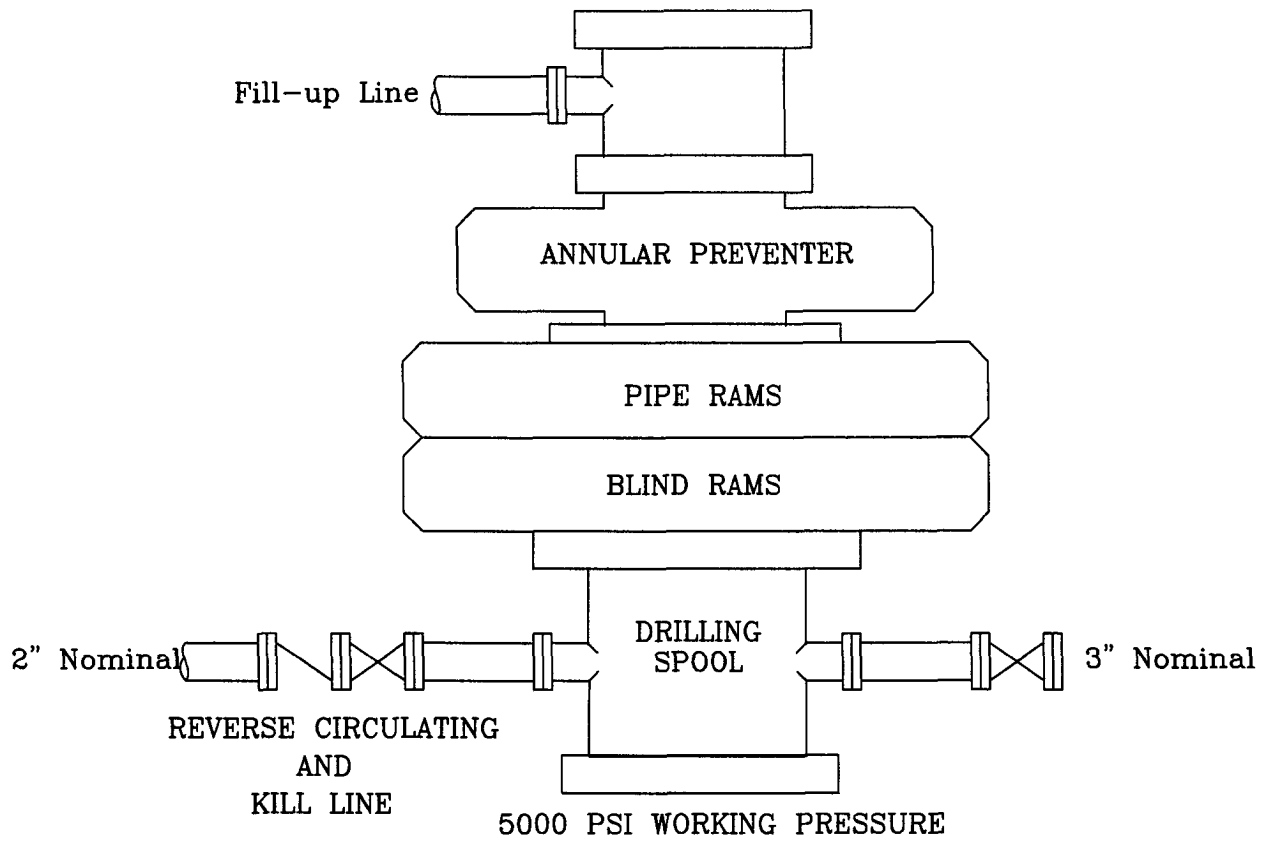


3000 PSI WORKING PRESSURE

TEST CASING AND ANNULAR PREVENTOR TO (0.70 X 2730=1900 psig)

Location: NW/4 NE/4 Sec. 32, T-20S, R-30E Eddy County, NM	Eddy 'BD' State No. 2 BLOWOUT PREVENTER AND CHOKE MANIFOLD	Scale: None	2/27/06
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PRODUCTION HOLE SECTION



Location: NW/4 NE/4
Sec. 32, T-20S, R-30E
Eddy County, NM

Eddy 'BD' State No. 2
BLOWOUT PREVENTER AND CHOKE MANIFOLD

2/27/06

Scale: None

Lynx Petroleum Consultants, Inc.

P.O. Box 1708
3325 Enterprise Drive
Hobbs, New Mexico 88241

505 392-6950 Fax: 505 392-7886
March 24, 2006

Mr. Tom McGuire
Intrepid Mining NM, LLC
210 Red Cloud
Carlsbad, NM 88220

RECEIVED
MAR 28 2006
JULIA WILSON

Re: Eddy 'BD' State No. 2
660' FNL & 1980' FEL, Section 32, T-20S, R-30E
Eddy County, New Mexico

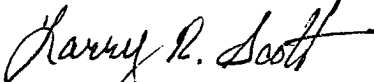
Sir:

Lynx Petroleum has staked and is applying for a permit to drill the above referenced well to test the Morrow formation with total depth projected at 12,620'. Brian Arrant with the New Mexico Oil Conservation Division has required that we obtain a waiver of objection from the owner of any potash leases that may be affected by this well. I spoke with Mr. Joe Mraz with the state land office who indicated that, from his map, our location was outside of your LMR but may be affected by the Order R-111-P buffer zone. He suggested that I contact you directly to see if there would be any objection.

Accordingly, I have enclosed a plat showing the above information and a copy of the C-101 and am requesting that, if you have no objections, please sign and return to us one copy of this letter at your earliest convenience. Thanks in advance for your consideration and do not hesitate to call or write if you have any questions.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.


Larry R. Scott

Intrepid Mining NM LLC will have no objection to the drilling of the above referenced well.

Tom McGuire
Title: _____
Date: _____

cc: w/o enc - NMOCD

Arrant, Bryan, EMNRD

From: Larry Scott [lrscott@leaco.net]
Sent: Monday, April 10, 2006 10:11 AM
To: Arrant, Bryan, EMNRD
Subject: Eddy 'BD' State No. 2--H2S Plan

Bryan:

Per our phone conversation Friday, I have examined OCD Rule 19.15.3.118-F and the producing formations in the vicinity of our location. It is my opinion that all potential hydrocarbon bearing zones in the vicinity, with the possible exception of the Dos Hermanos Seven Rivers, contain H2S concentrations less than 100 ppm.

We have no information on the gas produced from the Dos Hermanos Seven Rivers field but the crude oil produced, according to the Oil & Gas fields symposium of the Roswell Geological Society, is "sour". The two Seven Rivers wells that offset our location to the east were both plugged and abandoned in 1970 and neither well reported any gas production as far back as 1961. The Eddy 'BD' State No. 2 location is projected to be even farther downdip and below the oil/water contact off the west edge of this field.

We nonetheless plan to have a remote controlled annular preventer installed and tested prior to the drilling of the 12-1/4" intermediate hole and a remote controlled annular preventer/double ram BOP installed and tested prior to the drilling of the 7-7/8" production hole. H2S detection and monitoring equipment detailed in my previous correspondence will also be installed prior to drilling the 12-1/4" intermediate hole.

Please let me know if I will need to furnish anything else regarding this application and do not hesitate to call or write if you have any questions.

Larry

4/10/2006



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 7, 2006
Bureau of Land Management
620 East Greene St.
Carlsbad, NM 88220-7292
Attn: Mr. Craig Cranston or To Whom It May Concern

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: Lynx Petroleum Consultants, Inc.
LEASE NAME: Eddy 'BD' State # 2
LOCATION: SEC. 32, TOWNSHIP 20 SOUTH, RANGE 30 EAST,
660' FNL & 1980' FEL
EDDY COUNTY, NM, NMPM

PROPOSED DEPTH: 12620'

Dear Craig or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.

Thank you for your assistance.

Sincerely,

Bryan G. Arrant
PES, District II Artesia NMOCD

In LMR	Yes _____	No _____
In Buffer Zone	Yes _____	No _____

Comments:

Signature: _____ **Date:** _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

April 7, 2006
New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87504-1148
Attn: Mr. Joe Mraz or Whom It May Concern

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: Lynx Petroleum Consultants, Inc.
LEASE NAME: Eddy 'BD' State # 2
LOCATION: SEC. 32, TOWNSHIP 20 SOUTH, RANGE 30 EAST,
660' FNL & 1980' FEL
EDDY COUNTY, NM, NMPM

PROPOSED DEPTH: 12620'
Dear Craig or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.
Thank you for your assistance.

Sincerely,

Bryan G. Arrant
PES, District II Artesia NMOCD

In LMR	Yes _____	No _____
In Buffer Zone	Yes _____	No _____

Comments:

Signature: _____ **Date:** _____

Arrant, Bryan, EMNRD

From: Craig_Cranston@nm.blm.gov
Sent: Monday, April 10, 2006 8:22 AM
To: Arrant, Bryan, EMNRD
Subject: Re: Lynx APD in R-111-P



Letterhead
ocument III.doc (3.

Bryan

Our Office is being remodeled and so we will be a little slow getting things out. It is also difficult to find anything since everything is boxed up. That said, The location below is not in an LMR or buffer zone. I will send you the forms in a couple of weeks. If you need anything in the meantime please email me.

Craig C. Cranston

"Arrant, Bryan,
EMNRD"
<bryan.arrant@sta
te.nm.us>

04/07/2006 08:15
AM

<Craig_Cranston@nm.blm.gov>

<acscott@leaco.net>

Lynx APD in R-111-P

To

cc

Subject

Craig,

Please delete the 1st e-mail as I provided you with the incorrect Township for this well. The correct location is: Section 32, Township 20 South, Range 30 East (660' FNL & 1980' FEL') and not: Section 32, Township 23 South, Range 30 East (660' FNL & 1980' FEL')

Thanks,

Bryan

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the

intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

(See attached file: Letterhead Document III.doc)

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 20, 2006

Lynx Petroleum Consultants, Inc.
P.O. Box 1708
Hobbs, NM 88241
Attn: Larry Scott or To Whom It May Concern:

Dear Mr. Scott or To Whom It May Concern:

RE: **Lynx Petroleum Consultants, Inc.: Application to drill (APD) for the Eddy 'BD' State # 2.
Surface location in Unit B, of Section 32, Township 20 South, Range 30 East, Eddy County, New Mexico,
NMPM.**

In reference to the above noted APD, the New Mexico Oil Conservation Division (NMOCD) will require (in part) that drilling mud samples from the flow line be sampled every 100' in order to determine chloride levels during the drilling of the Capitan Reef section of the well bore. Results are to be submitted to our office before drilling to total depth of the well bore. Please note that the Capitan Reef section as noted in you're your application on NMOCD's "On-Line" is to be drilled with a fresh water mud.
Please call me if you have any questions about this matter.

Respectfully yours,

Bryan G. Arrant
NMOCD's District II Geologist
Artesia, New Mexico
505-748-1283 ext. 103

CC: well file

Arrant, Bryan, EMNRD

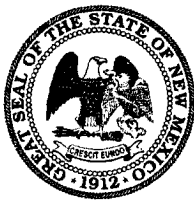
From: Larry Scott [lrscott@leaco.net]
Sent: Thursday, October 19, 2006 3:05 PM
To: Arrant, Bryan, EMNRD
Subject: Eddy 'BD' State No. 2 APD

Bryan:

Attached to this message is the motion to dismiss Intrepid's objection to the above referenced APD along with the order signed by Mark. Please let me know if there will be any other problems getting the APD approved. You may reach me by phone at 505-392-6950 or on my cell at [REDACTED] Thanks ahead.

Larry

10/19/2006



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

October 20, 2006

LYNX Petroleum Consultants, Inc.
P O Box 1708
Hobbs, NM 88241

RE: Application for Permit to Drill, Deepen or Plug Back:
Eddy 'BD' State # 2, B-32-20s-30e
API # 30-015-35194

Dear Mr. Larry Scott or To Whom It May Concern:

Rule 102.C [19.15.3.102.C NMAC] provides that the Director of the Oil Conservation Division or his designee may deny a permit to drill, deepen or plug back if the applicant is not in compliance with Rule 40.A [19.15.1.40.A NMAC]. An operator who operates from 4 to 100 wells is out of compliance with Rule 40.A(4) if it has more than 2 wells on the inactive well list kept pursuant to Rule 40.F [19.15.1.40.F NMAC]. In considering whether to deny the application, Rule 102.C requires the Director or his designee to consider the number of wells not in compliance, the length of time the wells have been out of compliance, and the operator's efforts to bring the wells into compliance.

LYNX Petroleum Consultants, Inc. ("LYNX") operates 52 wells; 3 of those wells appear on the inactive well list. LYNX is out of compliance with Rule 40.A(4).

Daniel Sanchez, Enforcement and Compliance Manager and the Director's designee, has determined to grant LYNX's application.

Please note, however, that under Rule 1104 [19.15.13.1104 NMAC] the Oil Conservation ("OCD") cannot assign an allowable to a well or issue authorization to transport oil or natural gas from a well if the operator is out of compliance with Rule 40. **If LYNX is not in compliance with Rule 40 at the time it requests an allowable and authorization to transport, its request shall be denied.**

LYNX can return to compliance with Rule 40 by reducing the number of wells that appear on the Rule 40 inactive well list. A well will be removed from the inactive well list when the operator takes one of the following actions: 1) plugs the well bore and files an approved C-103 reporting the plugging; 2) places the well on approved temporary abandonment status; 3) returns the well to production or other beneficial use and files a C-115 reporting that production or use; or 4) enters into an Agreed Compliance Order with the OCD covering the well. An Agreed Compliance Order sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD attorney Gail MacQuesten at (505) 476-3451.

Yours truly,

OIL CONSERVATION DIVISION

Bryan G. Arrant
District II Geologist

CC: Well File
EC: OCD Santa Fe -- Gail MacQuesten, Assistant General Counsel

OCD Santa Fe – Daniel Sanchez, Enforcement and Compliance Manager
OCD Artesia-Tim Gum-District II Supervisor

Inactive Well List

Total Well Count:52 Inactive Well Count:3 Since:7/24/2005

Printed On: Tuesday, October 17 2006

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	C ii
1	30-025-04186	REED SANDERSON UNIT #011	J-3 -20S-36E	J	13645	LYNX PETROLEUM CONSULTANTS INC	F	O	02/2002	YATES 7 RVRS QU		
1	30-025-04196	REED SANDERSON UNIT #016	A-9 -20S-36E	A	13645	LYNX PETROLEUM CONSULTANTS INC	F	I	12/1992			
1	30-025-28520	SPRINKLE FEDERAL #002	A-9 -19S-35E	A	13645	LYNX PETROLEUM CONSULTANTS INC	F	O	02/1993	TA STATUS EXPIRES 7/1/05:		

WHERE Ogrid:13645, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15