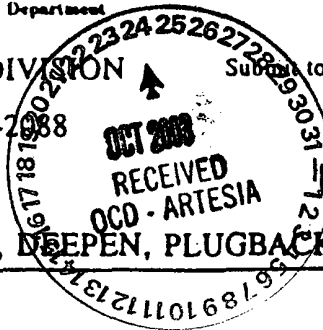


District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies



AMENDED REPORT

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

Operator Name and Address: Echo Production, Inc. PO Box 1210 Graham, Texas 76450		OGRID Number 06742
Property Code	Property Name Stiletto '21' Federal Com.	API Number 30-015-33096
		Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
H	21	20S	25E		1980'	north	760'	east	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1					Proposed Pool 2				
Cemetery - Morrow									

Work Type Code N	Well Type Code G	Cable/Rotary rotary	Lease Type Code P	Ground Level Elevation 3461'
Multiple no	Proposed Depth 9850'	Formation Morrow	Contractor	Spud Date 11/30/03

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	360	300 sacks	circ to surface
11"	8 5/8"	24#	1400	450 sacks	circ to surface
7 7/8"	5 1/2"	17#	9850	sufficient to reach	
				+600 ft above top of	
				any pay interval	

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Echo Production, Inc. proposed to drill to a depth sufficient to test the Morrow formation. If productive, 5 1/2" casing will be set. If non-productive the well will be plugged and abandoned in a manner consistent with Federal Regulations.

NOTIFY OCD SPUD & TIME
TO WITNESS 8 5/8" CASING

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

Signature:

Printed name:

Tom Golden

Title:

Operations Manager

Date:

10/21/03

Phone:

940-549-3292

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

NOV 12 2003

Expiration Date:

NOV 12 2004

Conditions of Approval:

Attached ☐

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name STILLETTO "21" FEDERAL COM	Well Number 1
OGRID No. 06742	Operator Name ECHO PRODUCTION COMPANY	Elevation 3461'

Surface Location

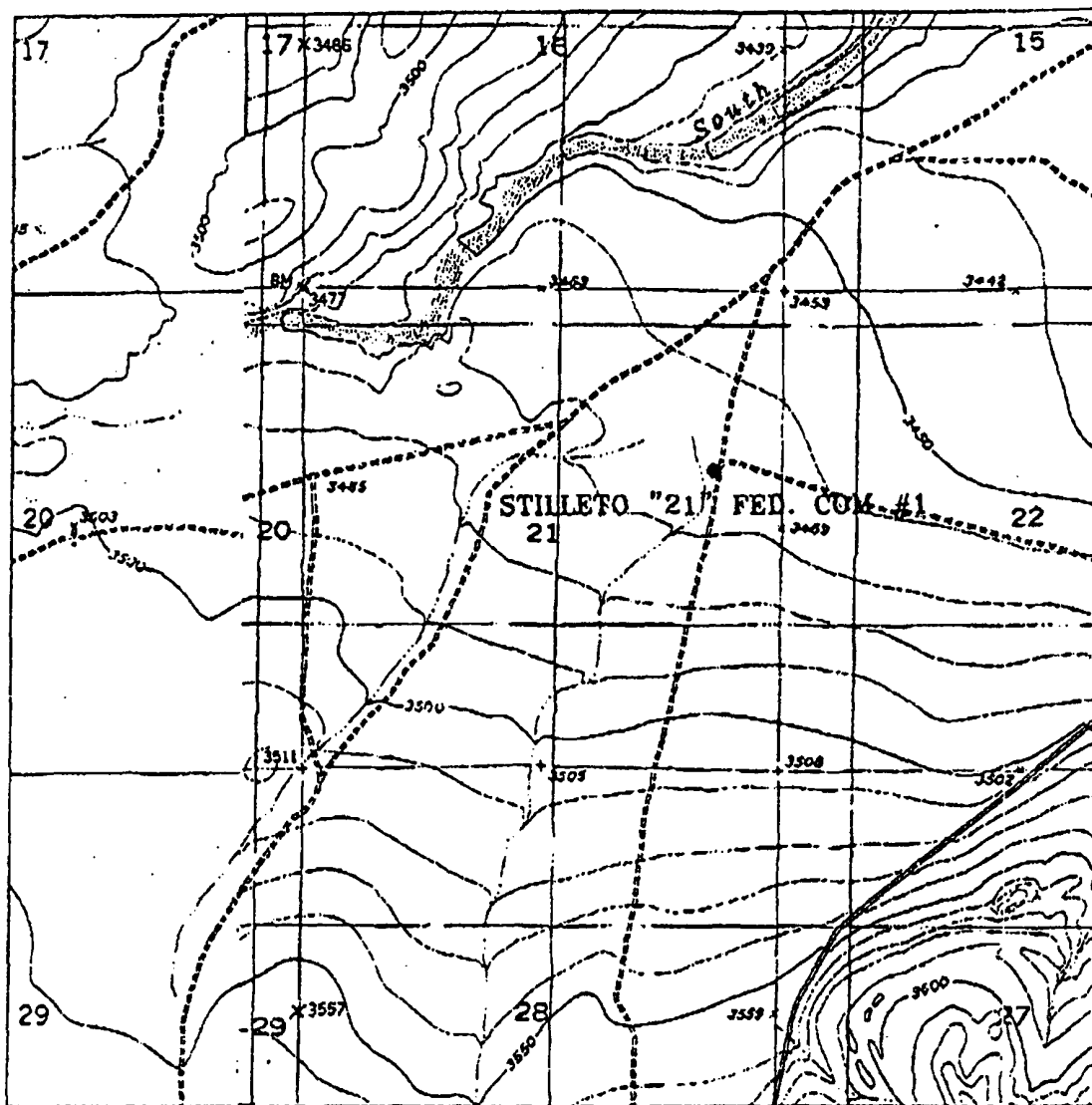
UL or lot No. H	Section 21	Township 20 S	Range 25 E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 760	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	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

	OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Tom Golden Signature Tom Golden Printed Name Operations Manager Title 9/25/03 Date	
	SURVEYOR CERTIFICATION <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> SEPTEMBER 2, 2003 Date Surveyed GARY L. JONES Signature & Seal of Professional Surveyor N.M. No. 3574 Certificate No. Gary L. Jones 7977 BASIN SURVEYS	



ORIGINAL

STILLETTO "21" FEDERAL COM #1
 Located at 1980' FNL and 760' FEL
 Section 21, Township 20 South, Range 25 East,
 N.M.P.M., Eddy County, New Mexico.

**basin
surveys**

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7318 - Office
 (505) 392-3074 - Fax

W.O. Number: 3574AA - KJG CD#5

Survey Date: 09-02-2003

Scale: 1" = 2000'

**ECHO
PRODUCTION
COMPANY**

DAVID A. SUTTER
LICENSED IN TEXAS, NEW MEXICO AND NEBRASKA
DIRECT DIAL 540-0270
dassut@subbenton.com

MIDLAND, TEXAS
FASCHIN CENTER - TOWER TWO
590 WEST TEXAS AVENUE, SUITE 800 - 79701
P.O. BOX 1548 - 79702
432/683-4916
FACSIMILE 432/683-1351
FACSIMILE 432/683-4884

August 11, 2003

ORIGINAL DRILLING TITLE OPINION

Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, TX 79702

Attn: Mr. Dale Douglas, CPL

RE: The Mobil Producing Texas & New Mexico Inc., et al. oil and gas leases insofar as they cover the following lands in EDDY COUNTY, NEW MEXICO:

Township 20 South, Range 25 East, N.M.P.M.
Section 21: NE/4,

comprising 160 acres, more or less.

Gentlemen:

We have examined the following:

TITLE MATERIALS

Materials in our files reflecting title to the mineral estate of captioned land as of March 11, 1963 at 7:00 a.m.

EXAMINATION OF THE RECORDS

We have examined the records of Eddy County, New Mexico covering captioned land and leases based upon the indices and records of Guaranty Title Company of Carlsbad, New Mexico for the period from March 11, 1963 at 7:00 a.m. to August 1, 2003 at 7:00 a.m.

Based upon examination of the foregoing and subject to the title requirements hereinafter made, we find that as of August 1, 2003 at 7:00 a.m., title to captioned land is vested as follows:

FEE TITLE

Surface Estate:

The materials in our files do not reflect the ownership of the surface estate to captioned land as of March 11, 1963 at 7:00 a.m. In the interest of time, we did not examine and have not reported ownership of the surface estate for captioned land; however, by Warranty Deed dated August 17, 1951 and recorded in Book 120, page 164, Deed Records, S. P. Johnson, Jr. and Geraldine O. Johnson conveyed to the United States of America all of their interest in the NE/4 of Section 21, among other lands, reserving unto themselves all minerals underlying the lands conveyed therein. We believe that the title to the surface estate is still owned by the United States of America.

Tract No. 1 (NE/4 NE/4 of Section 21):

Mobil Producing Texas & New Mexico Inc.	(Lease No. 1)	3/4
Charlene S. Byers, as her separate property	(Lease No. 10)	3/16
B & G Royalties, a partnership composed of William J. McCaw and Mary G. Riddle	(Lease No. 7)	1/16

Tract No. 2 (SE/4 NE/4 of Section 21):

Mobil Producing Texas & New Mexico Inc.	(Lease No. 1)	1/4
Charlene S. Byers, as her separate property	(Lease No. 10)	3/16
B & G Royalties, a partnership composed of William J. McCaw and Mary G. Riddle	(Lease No. 7)	1/16
Vintage Petroleum, Inc.	(Lease No. 6)	1/8
Briggs Enterprises Company	(Lease No. 5)	1/32
Dwayne E. Godsey, as Trustee of the Dwayne E. Godsey Revocable Trust u/a dated December 21, 1967	(Lease No. 2)	1/32
Providence Oil & Gas Corp.	(Lease No. 4)	1/16
Black Stone Acquisition Partners I, L. P., a Delaware Limited Partnership	(Lease No. 3)	1/4

Tract No. 3 (W/2 NE/4 of Section 21):

S. P. Johnson, III and Barbara Jo Johnson, as Co-Trustees of the S. P. Johnson, III and Barbara Jo Johnson Trust u/a dated January 24, 1985	(Lease No. 9)	1/2
PJC Limited Partnership	(Lease No. 8)	1/2

OIL AND GAS LEASEHOLD ESTATE**Tract No. 1 (NE/4 NE/4 of Section 21):****From the surface to the base of the Morrow formation**

Kenneth C. Dickeson, whose marital status is unknown	(Lease Nos. 7 and 10)	25% of 3/4 WI
Capstone Oil & Gas Company, L.P.	(Lease No. 1)	75% of 3/4 WI

Below the base of the Morrow formation

Kenneth C. Dickeson, whose marital status is unknown	(Lease Nos. 7 and 10)	25% of 3/4 WI
Unleased Mineral Interest	(Mobil Producing)	75% ULM

Tract No. 2 (SE/4 NE/4 of Section 21):**From the surface to the base of the Morrow formation**Kenneth C. Dickeson, whose marital
status is unknown (Lease Nos. 7 and 10) 25% of 3/4 WICapstone Oil & Gas Company, L.P. (Lease Nos. 1 - 6) 31.25% of 4/5 WI
plus
43.75% of 3/4 WI**Below the base of the Morrow formation**Kenneth C. Dickeson, whose marital
status is unknown (Lease Nos. 7 and 10) 25% of 3/4 WICapstone Oil & Gas Company, L.P. (Lease Nos. 2 - 6) 31.25% of 4/5 WI
plus
18.75% of 3/4 WI

Unleased Mineral Interest (Mobil Producing) 25% ULMI

Tract No. 3 (W/2 NE/4 of Section 21):Kenneth C. Dickeson, whose marital
status is unknown (Lease Nos. 8 and 9) All of 3/4 WI**EXISTING OIL AND GAS LEASES****Lease No. 1:**

Date: April 1, 2003.

Recorded: Book 500, page 489, Eddy County Records.

Lessor: Mobil Producing Texas & New Mexico Inc.

Lessee: Capstone Oil & Gas Company, L.P.

Land Covered: Township 20 South, Range 25 East, N.M.P.M.
Section 21: E/2 NE/4,containing 80 acres, more or less, and limited to those depths from the
surface down to the base of the Morrow formation.Interest Covered: 3/4 mineral interest in the NE/4 NE/4 of Section 21.
1/4 mineral interest in the SE/4 NE/4 of Section 21.

Primary Term: Two years from date.

Royalties: 1/4 on oil and gas.

Shut-In Gas

Well Royalties: If there is a well located on the leased premises or lands pooled therewith,
which is capable of producing oil or gas but is shut-in, then lessee shall pay
or tender as royalty a sum of \$150.00 on or before the first day of the

**SURFACE USE AND OPERATING PLAN
FORM 3160-3 APPLICATION FOR PERMIT TO DRILL
ECHO PRODUCTION, INC.
STILETTO '21' FEDERAL COM. #1
1980' FNL & 760' FEL
SECTION 21-20S-25E
EDDY COUNTY, NEW MEXICO**

Submitted with Form 3160-5, Application For Permit to Drill covering the above proposed well. The purpose of the plan is to describe the location, the proposed construction activities, the operations, the surface disturbance involved, and the rehabilitation of the surface after completion of proposed well so that an appraisal can be made of the environment affected by the proposed well.

1. Existing Roads:

- A. The Well Location and Acreage Dedication Plat for the proposed wellsite was staked by Gary L. Jones, Registered Professional Surveyor, Carlsbad, New Mexico and is attached.
- B. All roads to the location are shown on Exhibit "B". The existing roads are adequate for travel during drilling and production operations.
- C. Directions to location: From Carlsbad; go north on 285 \pm 12 miles to CR 28. Go WSW on CR 28 \pm 4 miles to lease road on left. Go SE on lease road \pm 1/4 mile to location.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as operations continue on the lease.

2. Proposed Access Road:

A new access road of approximately 1409' will be required as illustrated on Exhibit B.

- A. The average grade will be less than 5%.
- B. No turnouts will be necessary.
- C. No culverts, gates or low water crossing will be necessary.

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Operator Name: ECHO PRODUCTION, INC.
Street or PO Box: PO Box 1210
City, State: Graham, Texas
Zip Code: 76450

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 85849 (Stiletto '21' Federal Com.)

Legal Description of Land: All of Sec 21 T20S R25E, E/2 Sec 21 T20S R25E

Formation(s) (if applicable): Morrow

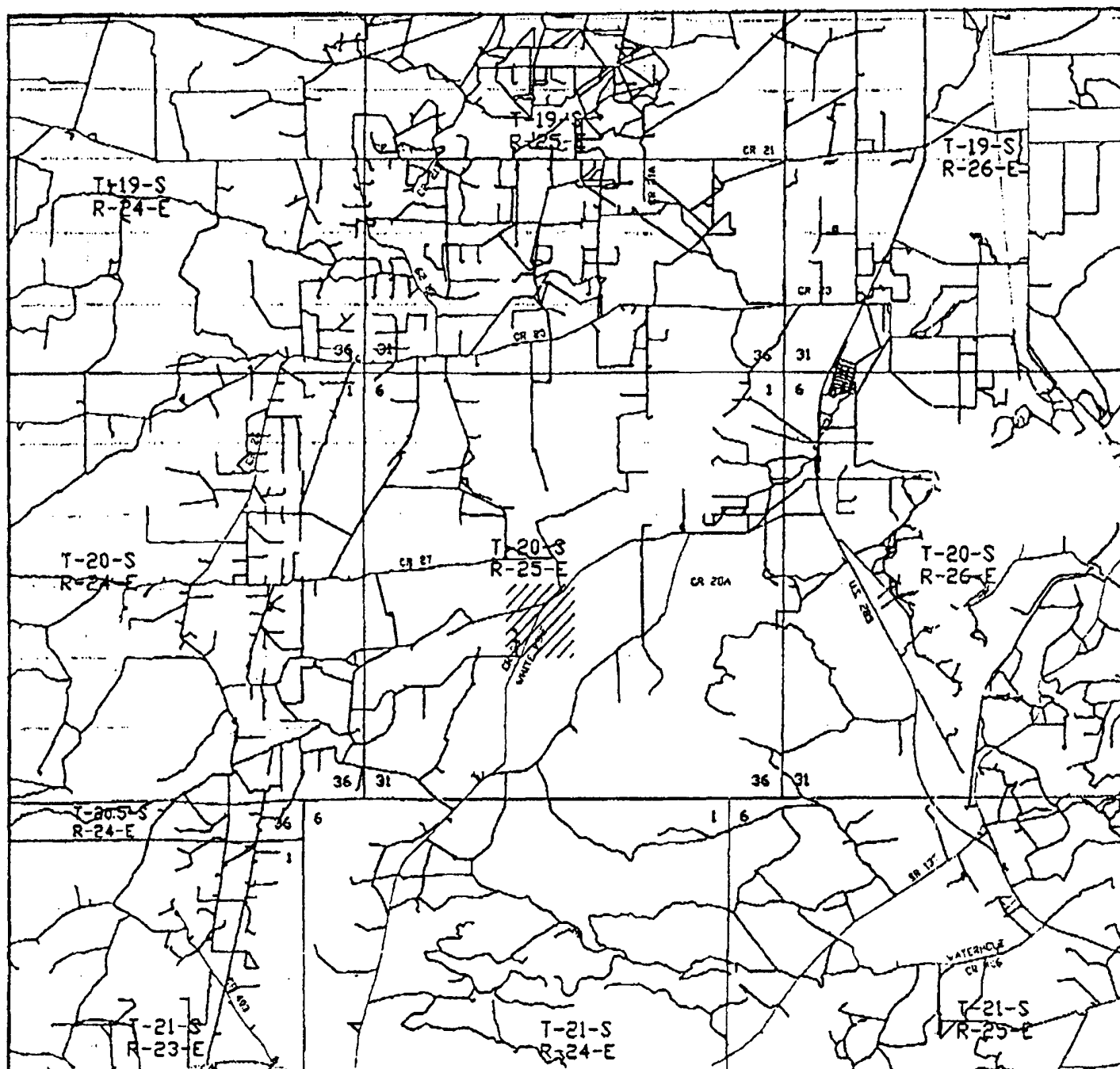
Bond Coverage: (State if individually bonded or another's bond)
Statewide Bond - Echo Production, Inc.

BLM Bond File No.: NM 2692

Authorized Signature: 

Title: Operations Manager

Date: October 21, 2003



STILLETTO "21" FEDERAL COM #1
 Located at 1980' FNL and 760' FEL
 Section 21, Township 20 South, Range 25 East,
 N.M.P.M., Eddy County, New Mexico.

 ORIGINAL

basin
surveys

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 393-7074 - Home

W.O. Number: 3574AA - KJG CD#5

Survey Date: 09-02-2003

Scale: 1" = 2 MILES

ECHO
 PRODUCTION

**SURFACE USE AND OPERATING PLAN
STILETTO '21' FEDERAL COM. #1
PAGE 2**

D. Surfacing material will consist of native caliche. If required, road across pad will be surfaced with a minimum of 6" of caliche. Caliche will be obtained from the nearest BLM approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

3. Location of Existing Wells:

All existing wells within a one mile radius of proposed well are show on Exhibit "C".

4. Location of Existing and/or Proposed Facilities:

In the event the proposed well proves to be productive Echo Production, Inc. will furnish plats showing "on well pad" facilities and "off well pad" facilities (if necessary) by Sundry Notice prior to construction.

5. Location and Type of Water Supply:

The proposed well will be drilled with fresh water mud systems as outlined in the Hole Prognosis. The water will be purchased from commercial water stations in the area and trucked to the location by transport over the existing access roads as indicated on Exhibit "B". No water well will be drilled on the location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad will be obtained from a BLM approved caliche pit. All roads and pads will be constructed of 6" rolled and compacted caliche.

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. The fourth side will be fenced immediately following rig removal. The reserve pit will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water. Drilling fluids will be allowed to evaporate in the reserve pits until dry.
- C. Water produced from the proposed well during completion may be disposed into the reserve pit or a steel tank (depending upon rates). After the proposed well is permanently placed on production, produced water will be collected in a fiberglass tank and piped to an approved disposal system. Produced oil will be collected in steel tanks until sold.
- D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations. Compliance with current laws and regulations will be followed pertaining to the disposal of human waste.
- E. Garbage and trash produced during drilling or completion operations will be disposed in a separate trash trailer on location. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by the operation.

**SURFACE USE AND OPERATING PLAN
STILETTO '21' FEDERAL COM. #1
PAGE 4**

- F. After the rig is moved out and the proposed well is either completed or abandoned, all waste materials will be removed within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until dried. When the reserve pit is dry enough to breakout and fill and, as weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that portion of the pad required for production operations will remain in use. In the event of a dry hole, only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite or other facility will be built as a result of the operations of the proposed well.

9. Well Site Layout:

- A. The drill pad layout is shown on Exhibit "D". Dimensions of the pad, pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Since the pad is fairly level no major cuts will be required.
- B. Planned orientation for the rig and associated drilling equipment, reserve pit, pipe racks, turn-around and parking areas, and access road are shown on Exhibit "D". No permanent living facilities are planned, however, a temporary foreman/toolpusher's trailer will be on location during drilling operations.

- C. The reserve pit will be lined with a high quality plastic sheeting (5-7 mil thickness).**

10. Plan for Restoration of the Surface:

- A. Upon completion of the proposed operations, should the proposed well be abandoned, the pit area, after allowed to dry, will be broken out and leveled. The original topsoil will be returned to the entire location, and leveled and contoured to the original topography as closely as possible.**

All trash, garbage and pit lining will be removed in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled with 120 days after abandonment.

- B. The disturbed area will be revegetated and reseeded during the proper growing season with a seed mixture of native grasses as recommended by the BLM.**
- C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time the rig is removed, the reserve pit will be fence on the rig (fourth) side to prevent livestock or wildlife from becoming entrapped. The fencing will remain in place until the pit area is cleaned and leveled. No oil will be left on the surface of the fluid in the pit.**
- D. Upon completion of the proposed operations, should the proposed well be productive, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from an area of the original drillsite not needed for production operations or facilities will be removed and used for construction of thicker pads or firewalls for the tank batter installation. Any additional caliche required for facilities will be obtained from a BLM approved caliche pit. Topsoil removed from the drillsite will be used to recontour the pit area and unused portions of the drill pad to the original natural level and reseeded as per BLM specifications.**

BLM Rel. 8-20 10/25/02

1. (For BLM Use) BLM Report No.		2. (For BLM Use) Reviewers Initials/Date _____ Accepted () Rejected ()		3. NMCRIS Number: 85270	
4. Type of Report:		Negative (X)		Positive ()	
5. Title of Report: A Class III Cultural Resource Inventory for the Proposed Stilleto "21" Federal Com Number 1 Well Location and Access Road Section 21 T. 20S, R. 25E Eddy County, New Mexico					
Author(s): Joe Ben Sanders and Doralene Sanders					
6. Fieldwork Date(s): 13 September 2003			7. Report Date: 25 September 2003		
8. Consultant Name/Address: Southern New Mexico Archaeological Services, Inc. Post Office Box 1, Bent, New Mexico 88314 Direct Charge: Joe Ben Sanders Field Personnel Name(s): Allen Rorex Phone Number: (505) 671-4797					
9. Cultural Resource Permit Number: 145-2920-03-M			10. Consultant Report Number: SNMAS-03NM-1193		
11. Clients Name: Echo Production Co. Responsible Individual: Joe Janica Address: Post Office Box 1210 Graham, Texas 76450 Phone Number: (940) 549-3292			12. Client Project Number:		
13. Land Status	BLM	State	Private	Other	Total
a. Area Surveyed (acres)	12.77				12.77
b. Area of Effect (acres)	4.67				4.67
14. Linear:		Length: 1309 feet		Width: 150 feet	
15. Location (Map[s] Attached) a. State: New Mexico b. County: Eddy c. BLM Office: Carlsbad Field Office d. Nearest Town: Seven Rivers, New Mexico e. Legal Description: T.20S R.25E Sec(s)21 f. Well Pad Footages: 1980 ft FNL and 760 ft FEL SE/4NE/4 Access Road ¼'s: NE/4SW/4NE/4, SE/4NW/4NE/4, NW/4SE/4NE/4 g. USGS 7.5' Map Name(s), Date(s), and Code(s): Seven Rivers, NM (1954) 32104 E-4					
16. Project Data: a. Records Search: Date(s) of BLM field Review: 09 September 2003 Name of Reviewer(s): Allen S. Rorex Date of ARMS Data Review: 08 September 2003 Name of Reviewer(s): Doralene Sanders Findings (see Field Office requirements to determine area to be reviewed during records search): The BLM and ARMS records search revealed two sites, LA 72,404 and LA 139,068 are within ¼ mile radius of the proposed project.					

b. Description of Undertaking: Echo Production Company, requested a Class III cultural resource inventory for the proposed Stilleto "21" Federal COM Number 1 well location and access road, located in Eddy County, New Mexico. The proposed well location is staked 1,980 ft FNL and 760 ft FEL, in Section 21, T.20S., R.25E. An area 600 ft by 600 ft was inventoried for the proposed well location. The impact area for the proposed well location is an area 400 ft by 400 ft. The proposed access road is 1,409 ft in length, with an impact area of 30 ft by 1,409 ft. An area 150 ft by 1,309 ft was inventoried for the proposed access road. Approximately 100 ft of the proposed access road is located within the 600 ft by 600 ft inventory for the well pad. The proposed access road begins on Eddy County Road 28 and trends southeast 1,409 ft, ending on the southwest central portion of the well location.

c. Environmental Setting (NCRS soil designation: vegetative community; elevation; etc.):

The project is located on an open flat to rolling plain with northern exposure and drainage with localized sinks in areas of gypsiferous outcrops. Soils are tan brown and gray loamy sandy silts, overlying caliche and outcrops of gypsum and limestone. The vegetation in the area consists of mesquite, snakeweed, prickly pear, yucca, creosote, cat claw, little leaf sumac and various grasses. The elevation is 3,461 ft.

d. Field Methods (transect intervals; crew size; time in field, etc.): Field crew consisted of one person, transect intervals consisted of 12 zigzag transects (15m) over the staked well location and 15 m intervals (zigzag transects) parallel and 75 ft on either side over staked corridor. Time in field was 4.5 hours.

e. Artifacts Collected?: No

17. Cultural Resource Findings: No cultural resource materials were found during the inventory.

a. Location/Identification of Each Resource: N/A

b. Evaluation of Significance of Each Resource: N/A

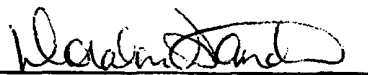
18. Management Summary (Recommendations):

During the cultural resource inventory, no sites were encountered. Therefore, it is recommended that the proposed undertaking proceed as planned.

19.

I certify the information provided above is correct and accurate and meets all applicable BLM Standards.

Responsible Archaeologists:



Signature
For, Allen S. Rorex
Field Supervisor

25 September 2003

Date

THE ABOVE COMPLETES A NEGATIVE REPORT. IF ELIGIBLE OR POTENTIALLY ELIGIBLE PROPERTIES ARE INVOLVED, THE ABOVE WILL BE THE TITLE PAGE AND ABSTRACT FOR A COMPLETE REPORT.

SECTION 21, TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

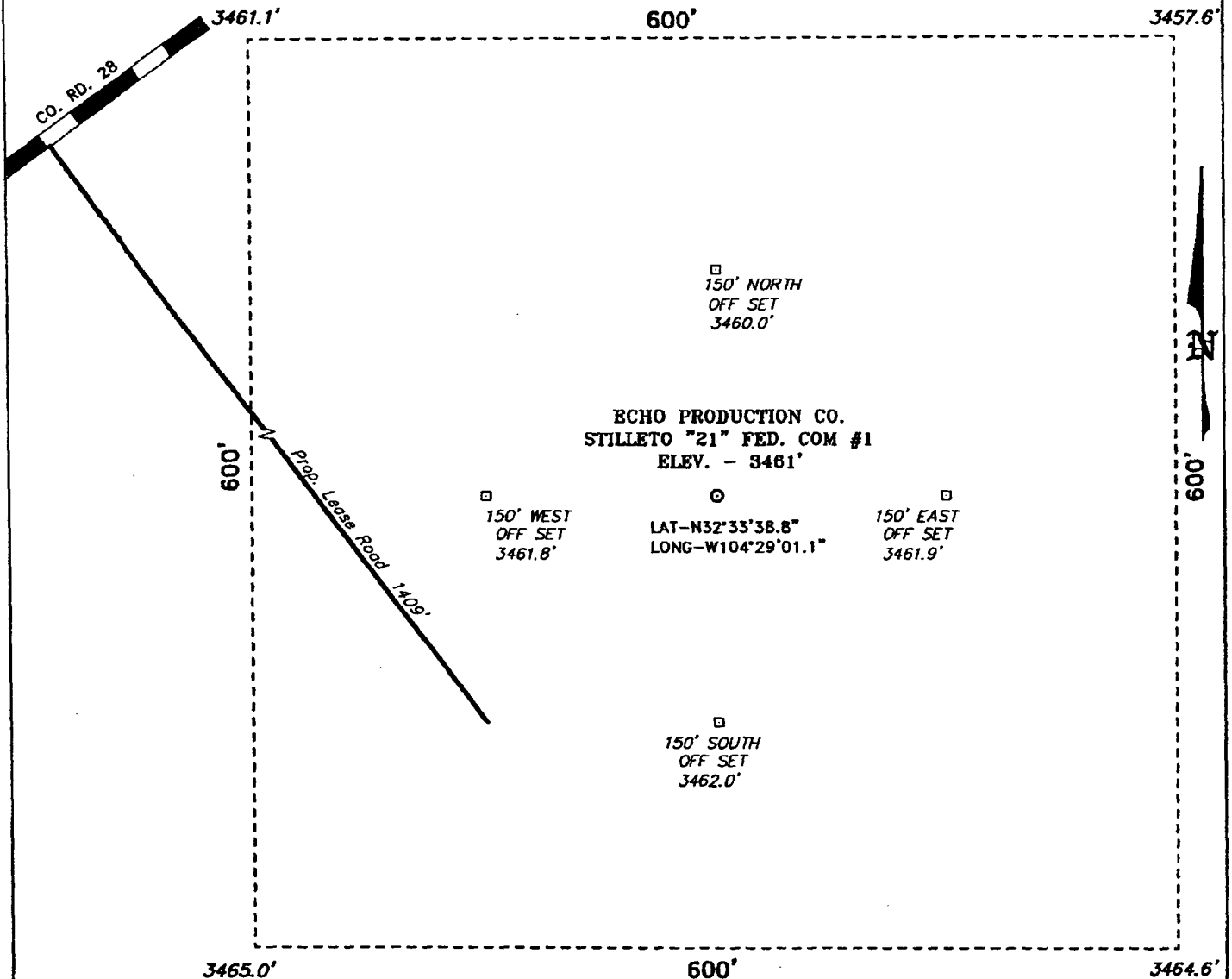


EXHIBIT 'B'

100 0 100 200 FEET

SCALE: 1" = 100'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF US HWY 285 AND CO. RD. 28, GO
SOUTHWESTERLY ON CO. RD. 28 FOR 4.2 MILES TO
PROPOSED LEASE ROAD.

ECHO PRODUCTION CO.

REF: STILLETO "21" FED. COM No. 1 / Well Pad Topo

THE STILLETO "21" FED. COM No. 1 LOCATED 1980' FROM
THE NORTH LINE AND 760' FROM THE EAST LINE OF
SECTION 21, TOWNSHIP 20 SOUTH, RANGE 25 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 3574

Drawn By: K. GOAD

Date: 09-03-2003 Disk: KJG CD#4 - 3574A.DWG

Survey Date: 09-07-2003 Sheet 1 of 1 Sheets

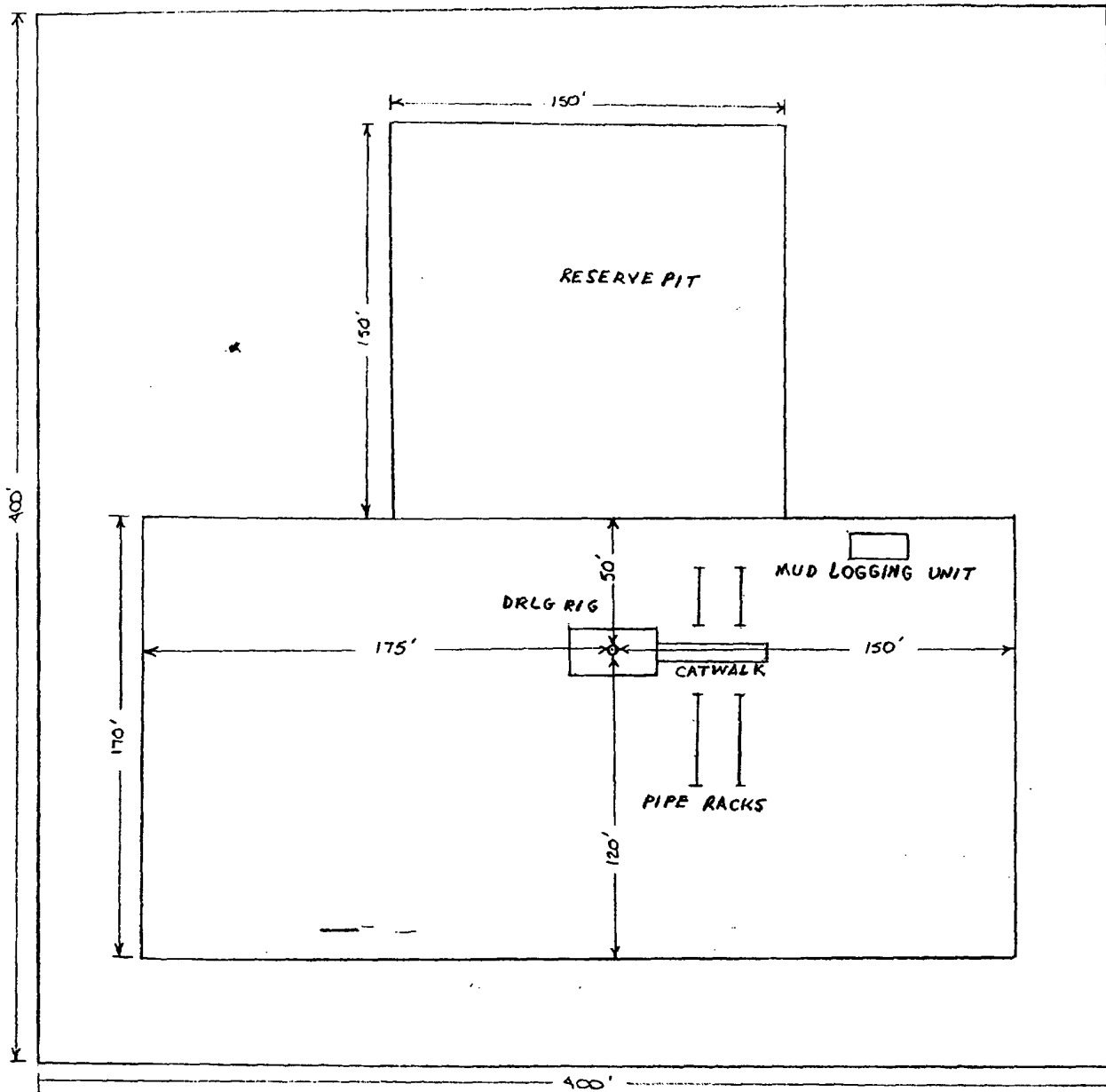


Exhibit 'D'
Stiletto '21' Federal Com. #1
1980' FNL & 760' FEL
Section 21 T20S R25E

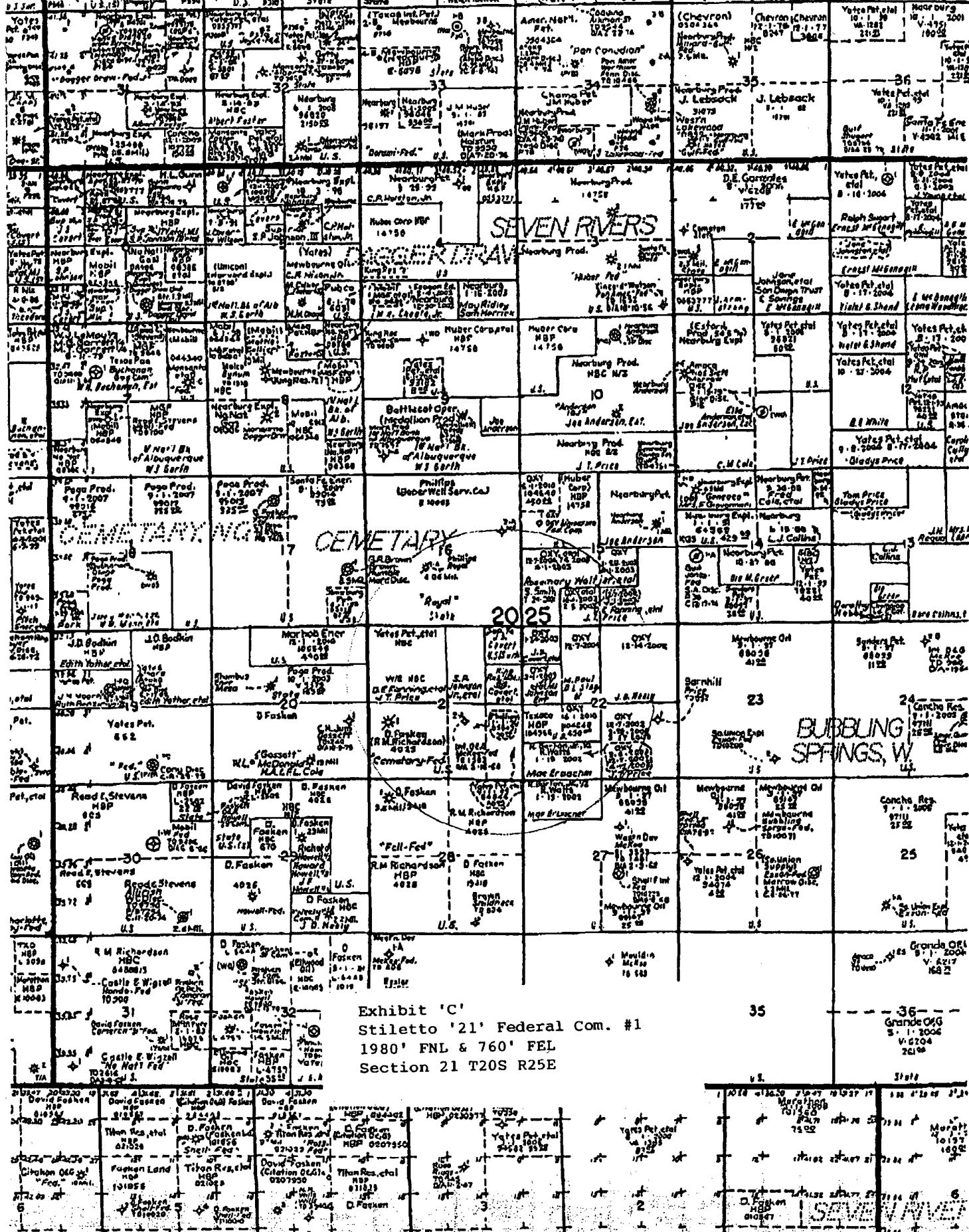


EXHIBIT "A"

EQUIPMENT DESCRIPTION

All equipment should be at least 3,000 psi WP or higher unless otherwise specified.

1. Bell nipple
2. Hydril bag type preventer
3. Ram type pressure operated blowout preventer with blind rams.
4. Flanged spool with one 3" and one 2" (minimum) outlet.
5. 2" (minimum) flanged plug or gate valve.
6. 2"x 2"x 2" (minimum) flanged.
7. 3" gate valve.
8. Ram type pressure operated blowout preventer with pipe rams.
9. Flanged type casing head with one side outlet.
10. 2" threaded (or flanged) plug or gate valve. Flanged on 5000# WP, threaded on 3000# WP or less.
11. 3" flanged spacer spool.
12. 3"x 2"x 2"x 2" flanged cross.
13. 2" flanged plug or gate valve.
14. 2" flanged adjustable choke.
15. 2" threaded flange.
16. 2" XXH nipple.
17. 2" forged steel 90° Ell.
18. Cameron (or equal) threaded pressure gauge.
19. Threaded flange.
20. 2" flanged tee.
21. 2" flanged plug or gate valve.
22. 2 1/2" pipe, 300' to pit, anchored.
23. 2 1/2" SE valve.
24. 2 1/2" line to steel pit or separator.

NOTES:

- 1). Items 3, 4 and 8 may be replaced with double ram type preventer with side outlets between the rams.
- 2). The two valves next to the stack on the fill and kill line to be closed unless drill string is being pulled.
- 3). Kill line is for emergency use only. This connection shall not be used for filling.
- 4). Replacement pipe rams and blind rams shall be on location at all times.
- 5). Only type U, LSW and QRC ram type preventers with secondary seals are acceptable for 5000 psi WP and higher BOP stacks.
- 6). Type E ram-type BOP's with factory modified side outlets may be used on 3000 psi or lower WP BOP stacks.

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) show in Exhibit "A" will consist of a double ram-type (3000 psi WP) preventer and a bag-type (hydril) preventer (3000 psi WP). Both units will be hydraulically operated and the ram-type preventer will be equipped with blind rams on top and 4 ½" drill pipe rams on bottom. Both BOP's will be nipped up on the 13 3/8" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 1000 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 3000 psi and the hydril to 70% of rated working pressure (2100 psi).

7. Types and Characteristics of the Proposed Mud System:

- | | |
|----------------|---|
| O' to 1400' | Fresh water with lime, gel paper and fiber will be used for drilling purposes. Weight 8.7 – 9.2, Vis 29-36, PH > 8. |
| 1400' to 8500' | Fresh water with lime, gel, paper and fiber will be utilized. Weight 8.5-10.0, Vis 29-36, Ph >8. |
| 8500' to 9850' | Polymer based mud. Weight 8.5 – 10.0 |

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be available at the well site at all times.

8. Auxiliary Well Control and Monitoring Equipment:

- A. A kelly cock will be kept in the drill string at all times.
- B. A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

9. Testing, Logging and Coring Program:

A Mudlogging unit will be on location from the base of the intermediate casing to TD. Mudlogging unit will be employed from approximately 1400' to 9850' (Total Depth).

If indicated, AIT-GR, CNL-LDT-GR logs and Caliper logs will be run at TD. The Gamma Ray AIT will be run from TD back to the intermediate casing. The Gamma Ray Compensated Neutron Log will be run from TD back to surface. If indicated, Echo may elect to run rotary sidewall cores from selected intervals from approximately 6700' to 9650' dependent upon logging results.

10. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are anticipated. Anticipated bottomhole pressure is 4300# PSI.

Loss of circulation is possible in the upper section of the hole, however, no major loss circulation zones have been reported in offsetting wells.

From previous drilling in the area, Hydrogen Sulfide is not expected. However, if Hydrogen Sulfide is encountered, a Hydrogen Sulfide training and appropriate breathing apparatus is located on site. If necessary, the well can be shut in utilizing the blow out preventer and other equipment to prevent the migration of Hydrogen Sulfide to the surface.

11. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is November 30, 2003. Once commenced, the drilling operation will be completed in approximately 21 days. If the well is productive, an additional 15 days will be required for completion and testing before a decision is made to install permanent facilities. In conjunction with Form 3160-3, Application for Permit to Drill, Echo Production, Inc submits the following items in accordance with Onshore Oil and Gas Order Numbers 1 and 2, and all other applicable federal and state regulations.

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11. Surface Ownership:

The wellsite is located entirely on Federal surface.

12. Other Information:

- A. The topography around the wellsite is rolling terrain with vegetation of sagebrush and native grass. The vegetation cover consists of prairie grasses and flowers. Wildlife in the area includes those typical of semiarid desert land.
- B. The soils are clayey sand over caliche base.
- C. There is no permanent or live water in the immediate area.
- D. There are no residences and other structures in the area.
- E. The land in the area is used primarily for grazing purposes.
- F. An archaeological study is attached.

13. Lessee's and Operator's Representative:

Tom Golden
PO Box 1210
Graham, Texas 76450
Phone Number: (940) 549-3292 – office
(940) 550-4169 – cellular
(940) 549-3690 – home

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14. Certification:

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite which currently exists; that the statements made in the plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Echo Production, Inc. and its contractors and sub-contractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 USC 1001 for the filing of a false statement.

ECHO PRODUCTION, INC.



Tom Golden
Operations Manager

DATE: October 21, 2003