Form C-101 State of New Mexico District I Instructions ou oN Submato Appropriate District Office
State Lease - 6 Copies PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 District III 1000 Rio Brazos Rd., Azzec, NM 87410 Fee Lease - 5 Copies District IV RECEIVED AMENDED REPORT PO Box 2068, Santa Fe, NM 87504-2068 OCD - ARTESIA APPLICATION FOR PERMIT TO DRILL, RE-ENTER, MEEPEN, PLUGBACK, OR ADD A ZONE OGRED Number Operator Name and Address. E1511101681 06742 Echo Production, Inc. API Number PO Box 1210 30 - 0 15 - 33 096 Graham Teyas 76450 · Well No. 1 Property Name Stiletto '21' Federal Com. 1 ⁷ Surface Location North/South Kas East/West Lac Feet from the UL or lot so. Towaship Range Lot Ida Feet from the County 760' Eddy 1980' north east 21 20S 25E Н ⁸ Proposed Bottom Hole Location If Different From Surface North/South Las Feet from the Feet from the East/West Mas County Township Lot Ida UL or lot so. Section " Proposed Pool 2 Proposed Pool 1 Cemetary - Morrow 12 Well Type Code " Cable/Rotary " Lease Type Code " Ground Level Elevation Work Type Code N P 3461' rotary 14 Multiple " Formation " Contractor * Sped Date " Proposed Depth 9850' 11/30/03 Morrow no ²¹ Proposed Casing and Cement Program Hole Size Casing Size Casing weight/foot Setting Depth Sacks of Cemes **Estimated TOC** 17 농" 13 3/8" 48# 3.60 300 sacks circ to surface 11" circ to surface 24# 1400 450 sacks 8 5/8" 7 7/8" 5 1/2" 17# 9850 sufficient to reach +600 ft above top of any pay inter Describe the proposed program. If this application is to DEEPEN or PLUC BACK give the date on the present productive new Add proposed me. Describe the blowout prevention program, if any. Use additional shocts if necessary. Echo Production, Inc. proposed to drill to a depth suffic to gest the, Morrow formation. If productive, 52" casing will be set. If non-productive, the wells will be plugged and abandoned in a manner consistent with Federal Regulations NOTIFY OCD SPUD & TIME TO WITNESS 8 5/8" CASING 20 I heroby cerusy OIL CONSERVATION DIVISION of my knowledge and belief.

Approved by:

Attached D

Conditions of Approval:

Title:

940-549-3292

Printed name:

Title:

Date:

Tom Golden

10/21/03

Operations Manager

Leve W. Bum

Supervisor

DISTRICT I 1825 N. French Dr., Hobbs. NM 88240 DISTRICT II 811 South First, Artesia, NM 88210

DISTRICT IV

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

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

2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87505

☐ AMENDED REPORT

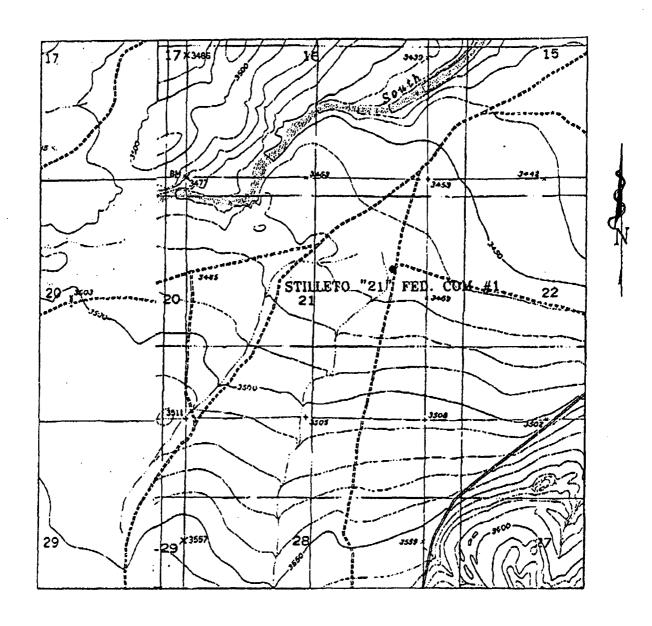
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number			1	Pool Code	Pool Name				
Property Code			Property Name STILLETO "21" FEDERAL COM				Well Number		
OGRID No.			Operator Name					Elevation	
06742	06742 ECHO PRODUCTION COMPANY					3461'			
	± - €	•			Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	21	20 S	25 E		1980	NORTH	760	EAST	EDDY
			Bottom	Hole Lo	cation If Diffe	rent From Sur	face		
UL or lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre	Joint o	or Infill Co	nsolidation (Code Or	der No.	<u> </u>	············		<u></u>
320	1	1		1					

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

	ON A NON BIRN	DAND UNIT IIRO DE	EN APPROVED BY TH	L DIVIDION
		<i>7777777</i>		OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
<u>·</u>	 	\ \		Tom Golden Signature Tom Golden
	} 	LAT-N32*33'38.8" LONG-W104*29'01,1"	3451.1' 3457.6'	Printed Name Operations Manager Title 9/25/03 Date
	 		3465.0" 3464.6"	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was piotted from field notes of
				actual surveys made by me or under my supervison and that the same is true and correct to the best of my belief. SEPTEMBER 2., 2003
	 			Date Surveyed 1. JONES Signature & Seal of Professional Surveyor
	! ! !			Certificate Noor Gary July Jones 7977 BASIN SURVEYS



ET CRIGINAL

STILLETO "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.



P.O. Bex 1786 1120 N. West County Rd. 1120 N. West County Rd.
Hobbs. New Mexico 38241
Survey Cate: 09
(505) 393-7316 - Office
Scale: 1**-*2000*

W.O. Number: 3574AA - KJG CD#5 Survey Cate: 109-02-2003

ECHO PRODUCTION DAVID A. SUTTER

DESCRIPTION OF THE PROPERTY O

MIDLAND, TEXAS
FACIGIA CENTER - TOWER TWO
530 WEST TEXAS AVENUE, SUITE 800 - T9701
P.D. BOX 1340 - 79702
402/892-4916
FACSMILE 457802-2551
PACSMILE 452862-4884

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

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)							
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)							
Tract No. 2 (SE/4 NE/4 of Section 21):							
Mobil Producing Texas & New Mexico Inc (Lease No. 1)							
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)							
Vintage Petroleum, Inc							
Briggs Enterprises Company							
Dwayne E. Godsey, as Trustee of the Dwayne E. Godsey Revocable Trust u/t/a dated December 21, 1967							
Providence Oil & Gas Corp							
Black Stone Acquisition Partners I, L. P., a Delaware Limited Partnership (Lease No. 3)							
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 ut/a dated January 24, 1985							
PJC Limited Partnership							
QIL 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							
Capstone Oil & Gas Company, L.P (Lease No. 1)							
Below the base of the Morrow formation							
Kenneth C. Dickeson, whose marital status is unknown							
Unleased Mineral Interest (Mobil Producing)							

Page 3 August 11, 2003

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 (Lease Nos. 7 and 10) 25% of 3/4 WI status is unknown Capstone Oil & Gas Company, L.P. (Lease Nos. 1 - 6) 31.25% of 4/5 WI

43.75% of 3/4 WI Below the base of the Morrow formation Kenneth C. Dickeson, whose marital ,..... (Lease Nos. 7 and 10) 25% of 3/4 WI status is unknown Capstone Oil & Gas Company, L.P. (Lease Nos. 2 - 6) 31,25% of 4/5 WI 18.75% of 3/4 WI Tract No. 3 (W/2 NE/4 of Section 21): Kenneth C. Dickeson, whose marital (Lease Nos. 8 and 9) All of 3/4 WI status is unknown

EXISTING OIL AND GAS LEASES

Lease No. 1:

Date:

April 1, 2003.

Recorded:

Book 500, page 469, 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 Tem:

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 rovalty 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 ±12 miles to CR 28. Go WSW on CR 28 ±4 miles to lease road on left. Go SE on lease road ±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)

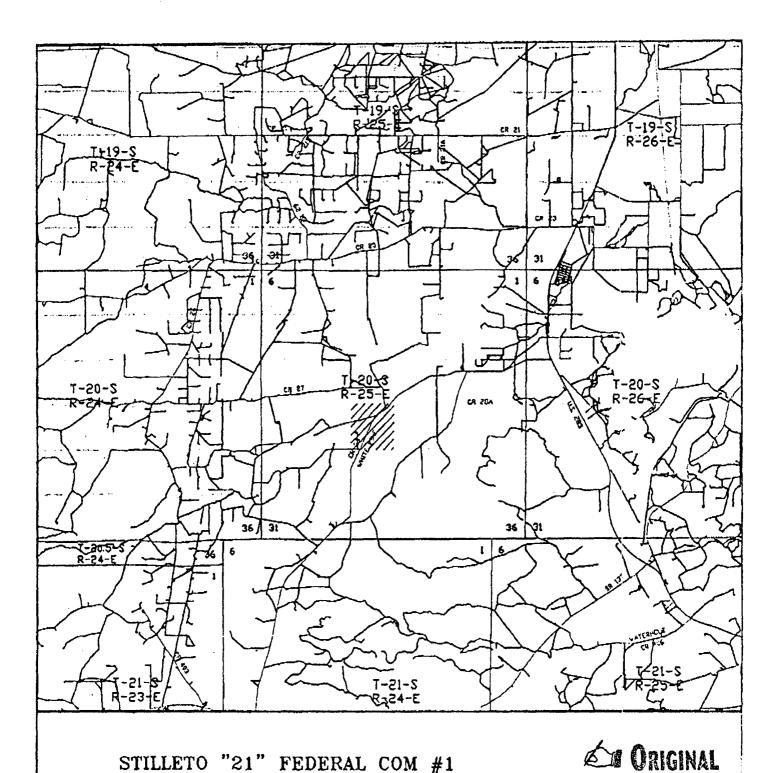
Statewide Bond - Echo Production, Inc.

BLM Bond File No.: NM 2692

Authorized Signature: Tom Dole

Title: Operations Manager

Date: October 21, 2003



STILLETO "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.



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

١	w.o.	Number:	3574AA	_	KJG	CD#5
I	Surv	ey Date:	09⊢02-	20	ю3 ₅	Brit All
	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 10/2					· · · · · · · · · · · · · · · · · · ·				
1. (For BLM U	,	2. (For BLM Use)			3. NMC	RIS Number: 85270			
BLM Report N	o.	Reviewers							
	-	Initials/Date							
_		Accepted ()	Rejected ()					
4. Type of Rep	oort: N	legative (X)			Pos	sitive ()			
5. Title of Rep	ort:								
		A Class III Cultur	al Resource Ir	iventor	y for the				
F	roposed Stillet	to "21" Federal Co			cation an	nd Access Road			
Section 21 T. 20S, R. 25E									
Eddy County, New Mexico									
		and Doralene San							
6. Fieldwork D			7. Report I						
		s: Southern New	Mexico Archa	eologic	al Servic	es, Inc.			
		Mexico 88314							
Direct Charge									
Field Personn									
Phone Number									
9. Cultural Re		t Number:	10. Consu		•	mber:			
145-2920-03-M			SNMAS-03						
11. Clients Na			12. Client	Project	Number	r:			
Responsible I									
Address: Post	Office Box 12	:10 Graham,	\						
Texas 76450									
Phone Number		292							
13. Land	BLM	State	Private	C	ther	Total			
Status									
a. Area	12.77					12.77			
Surveyed				- 1					
(acres)									
b. Area of	4.67					4.67			
Effect									
(acres)	<u> </u>								
14. Linear:		jth: 1309 feet	Wid	th: 150	feet				
15. Location (ied)							
a. State: New									
b. County: Ed									
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 1/4'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									
		Date(s), and Cod	ie(s): Seven F	Rivers,	NM (1954	4) 32104 E-4			
16. Project Da		(.) (B) ==================================							
a. Records Search: Date(s) of BLM field Review: 09 September 2003 Name of Reviewer(s): Allen S. Rorex									
	Date Nam	of ARMS Data R	eview: U8 Sep	nembe	г 2003				
Findings (see	Field Office	e of Reviewer(s):	determine Sar	iders		ed during records search):			
The BI M and A	ARMS records	search revealed to	uctermine die	:a (O D)	= leviewe	ed during records search)			

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

SECTION 21, TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M., NEW MEXICO. EDDY COUNTY. 3461.1 3457.6 600' □ 150' NORTH OFF SET 3460.0 ECHO PRODUCTION CO. STILLETO "21" FED. COM #1 ELEV. - 3461' 150' WEST OFF SET 150' EAST OFF SET LAT-N32'33'38.8" LONG-W104*29'01.1" 3461.8" 3461.9" П 150' SOUTH OFF SET 3462.0 600' 3464.6 3465.0° EXHIBIT'B 100 100 200 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** 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.

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: 09-02-2003

Sheet

N.M.P.M., EDDY COUNTY, NEW MEXICO.

of 1 Sheets

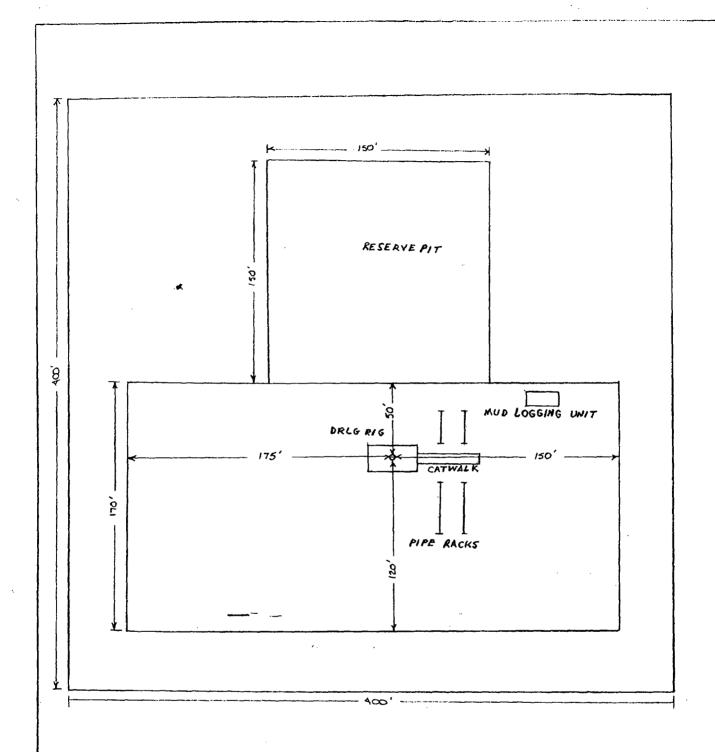
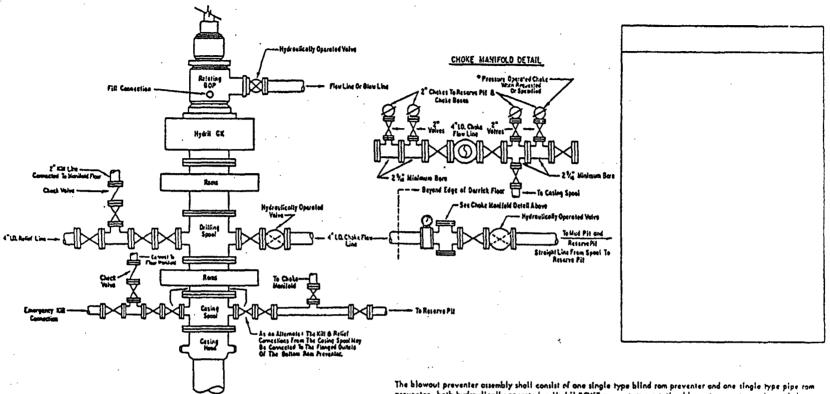


Exhibit 'D'
Stiletto '21' Federal Com. #1
1980' FNL & 760' FEL
Section 21 T20S R25E

AUG-ZC-US MED	7:05 Tierro		·	P.04
Your The State of		Arter: Not'l Alimon's 28 Part. DAC 22 To 3504364	(Chevron) (hevron Chevron os as see 127-176 19-1-77 Nearth with the little of the litt	Votre Pet etal Moor Durg 10 10 15 2001 14 122 10002
五十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二	6 6078 s),, 62 8 4 1	Pan Concident CAN The Concident CAN The CAN TH	Stemen 1771-78 1771-79	(with the state of
Mary Mary Town Barbar Con	Nearburg Hearburg Nearburg	Champe Fee	Hearthers Prod. J. Lebsock J. Lebsock 31073 1179 1179	Valte Pet and
Cara Continue Cara Continue Cara Cara Cara Cara Cara Cara Cara Car	Marie Pro	A COST COMPANY TO THE PARTY OF	West A Lokewood 1937 - September 1937 -	Quid Franto France 1001000 14342 2015 100100 14342 2015
000-97	3 mm 0.3.	Herringstock	DE Gortodes	Vates fet., (6)
Total Said Park Horning East 1 3 31 14 14 14 14 14 14 14 14 14 14 14 14 14	C.A. Land	I ***	1778	Raight Sugart B. 17 2004 From Process Mrs 109 Marie Land
Covere Land Company of the Control o	(Yates)			Sample of the same
Walter of the second by the second district	M. Charles Co. 1 Maris Francis Neorburg	"Histor Fed" Linguid Websen England Ted "Se	Johnson Trust	Crass Misonogia Yotao Pet etal 9 - 17 - 2004 Finite S. Shand Leane Weedings.
1 01 13 4 W (6 2 3) January Nobel (1984)	Muher Cornel	~ · · · · · · · · · · · · · · · · · · ·	(Estorit	Yeter Petietal Yotes Petiek
M. Gorger La Stormer Control of the Stormer C	Porto-CA (U.S. To Web 14 7 5 8 14 7	Neorburg Prod.	Amaca 5000	Yales Pet, etal 9 7 20 200
		"Andream at	Sig O'St. Divers	Profession 1-20-
Sanger North of Sanger North of Sanger Sange	Mon.: 8. Alb. Battleed Oper Mark Mark Mark Mark Mark Mark Mark Mar	Jee Andersijn, Eas,	T -	Yates Pet-State Karph
read of the page frod for fired for	mi coles wi corth	ONY Whiber	C.M Cole J. I. Orica	- Gladys Price stal
942307 99077 95073 942307 953 B2 925 925	29 T3 88 8 100-05	10 de 40 HBP NegretaryPet.	New years Engl. Markers	Stom Price Charles Price
and the state of t	17 CENETALTE	OXY CON 15 GAY 1	IVAS N.Y. Ars - T CO. commus.	Taking S Reques (SA
The same of the sa	She More Dise. 4 04 Mil.	Absence Welf is real 1993 Absence Welf is real 1993 Santh (December 1997) 19-20 14-200 14-7600	Be Milester Fall	1200
Freh Street June warning the		0120 Albeite 1	31E V.J.	Nobel Com Bare College
chemins 12 J.B. Bodhim 4.0 Bodhim	# 1 - 1000 MBC C77	ا المشامر	Munhounge Orl 8 80 2 8 41 22	Synday fet 4" 0 ## 029 Inches 1122 D. 202
Lotal System Color State Color	For Fred Will 185 I. A.	22	garnhill 7965 23	24 Carcho Res
Pet. Yales Pet. 852	Shoot (R Millichardeon) of October	134 HOP poses 18-7-2002	Source Cres BU	RELING BULLE
	Donolotti 19 Mil Cometory Foot 18 11 11 14	Rivorte Constant Cons	1 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	WGS, W. Bar
Pet,ctol Rend (, Stevens 1987 Payed)	en G. Pasken (Graden Garden Ga	Mar Brusener 0.1	Memberne Memberne On 19077 25 22 20070 Memberne 20070 Memberne 200700 Memberne	Conche Reg. 9 · 1 · 2000 97 · 10 97 · 10 97 · 10
⊕ 826 € 51070 F	Acts	27-11-11-11-11-11-11-11-11-11-11-11-11-11	120031	25 100 1
Read I, stevens	Howard RM Richardson Brassen HBP HBC HBC HBC HBC HBC HBC HBC	Aug 2:3:22 Symple land Told 2:3	Voles for that 2 20 50 Merion (2) 1 20 50 Merion (2) 2 20 50 Merion (3) 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	
horizotte US Zahett, US	O Foshers	C4 Shall Find	1 11,\$	# Se vion Edd
HED ABOUTS TWO WAS ASSETTED TO SEAL OF THE CONTROL	Amil - of Forker Amil - of Forker Amil - of Forker Amil - of Forker	of Moulding → Meliso		grace , of the graph of the grace of the graph of the gr
Hopping 33.15 3 Coalle E Wastel Reach 12, 36.00 Hall Hall Hall Hall Hall Hall Hall Ha	Grades in in a manage	18 683	1	}
Congran brod 5.1.43	Stiletto '21' F		35	Grande 0/G 5 · 1 · 3006 V · 6204
Dass Gratle E. W. 12611 HOC HAS 14.4	1980 FNL & 760		v S .	261 ⁶⁶
Dovid Fosher Owner start 219:46 1 140 100 100 100 100 100 100 100 100 1	4)7.70 		Marathal	
Then the state of	Then has an experience of the property of the	ra Petertal San 1990	73.42	25 mer al 22.24 de
Citation Off 101 Man	lation OCGIs Than Resectal Riggs			
6 Training to Comment	o 1775-ac O Feeyern 3		D. Figures 15	
		• •		•



preventer, both hydraulically operated; a Hydril "GK" preventer; a rotating blowout preventer; walves; chakes and connections, as illustrated. If a toperad drill string is used, a rom preventer must be provided for each size of drill pipe. Casing and tubing roms to lit the preventers are to be available as needed. If cornect in size, the floaged autiets of the rom preventer may be used for connecting to the 4-Inch I.D. chake flow lice and 4-inch I.D. relief line, except when air or gas drilling. All preventer connections are to be open-face floaged.

Minimum operating equipment for the preventers and hydraulically operated valves shall be as follows: [1] Notifiple pumps, driven by a continuous source of power, capable of fluid charging the total accumulator valume from the nitropen pracharge pressure to its rated pressure within ______minutes. Also, the pumps are to be connected to the

hydroulle operating system which is to be a closed system. (2) Accumulators with a precharge of nitingen of not less than 750 PSI and connected so as to receive the aforementioned fluid charge, with the charging pumps shut down, the pressurized fluid valume stored in the accumulators must be sufficient to close oil the pressure-operated devices simultaneously within second; after close of the remaining occumulator pressure shall be not less than 1000 PSI with the remaining occumulator fluid valume at least percent of the original. (3) When requested, an additional source of power, remote and equivalent, is to be available to operate the above pumps; or there shall be additional pumps operated by separate power and equal in performance capabilities.

The closing menifold and remote closing manifold shall have a separate control for each pressure-operated device. Controls are to be labeled, with control handles indicating open and closed positions. A pressure reducer and regulator must be provided for operating the Hydril preventers. When requested, a second pressure reducer shall be available to limit operating fluid pressures to rem preventers. Gulf Legion No. 38 hydraulic all, an equivalent or batter, is to be used as the fluid to operate the hydraulic equipment.

The choke menifold, choke flow line, relief line, and choke lines are to be supported by motal stands and adequately anchored. The choke flow line, relief line, and choke lines shall be constructed as streight at possible and without sharp bonds. Easy and safe access is to be maintained to the choke manifold. If deemed necessary, walkways and stainways shall be erested in and around the choke manifold. All volves are to be relected for operation in the presence of ail, gas, and drilling fluids. The choke flow line valves and relief line valves connected to the drilling spool and all ram 1, poperventers must be equipped with stem extensions, universal joints if needed, and hand wheels which are to extend beyond the edge of the derrick substructure. All other valves are to be equipped with handles.

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 tho 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.

HOLE PROGNOSIS STILETTO '21' FEDERAL COM. #1 PAGE 3

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 nippled 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.

HOLE PROGNOSIS STILETTO '21' FEDERAL COM. #1 PAGE 4

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.

HOLE PROGNOSIS STILETTO '21' FEDERAL COM. #1 PAGE 5

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.

SURFACE USE AND OPERATING PLAN STILETTO '21' FEDERAL COM. #1 PAGE 6

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

SURFACE USE AND OPERATING PLAN STILETTO '21' FEDERAL COM. #1 PAGE 7

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