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OCD-ARTESIA

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Form 3160-3  
(April 2004)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

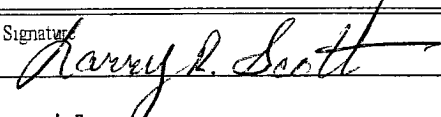
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 0107697	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Lynx Petroleum Consultants, Inc. 13645		7. If Unit or CA Agreement, Name and No	
3a. Address P.O. Box 1708 Hobbs, NM 88241		8. Lease Name and Well No Hot Lips Federal 25 No. 1	
3b. Phone No (include area code) (575) 392-6950		9. API Well No 30-015-36562	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 660' FNL & 960' FWL At proposed prod zone same		10. Field and Pool, or Exploratory Lusk West	
14. Distance in miles and direction from nearest town or post office* 15 miles south southwest of Maljamar, NM		11. Sec., T. R. M. or Blk. and Survey or Area Section 25, T-19S, R-31E	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 660'	16. No. of acres in lease 2280	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1020'	19. Proposed Depth 12,770	20. BLM/BIA Bond No on file NM-1694 (B02099)	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3504' GL	22. Approximate date work will start* August 20, 2008	23. Estimated duration 35 days	

24. Attachments

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

- |                                                                                                                                                 |                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1. Well plat certified by a registered surveyor                                                                                                 | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan                                                                                                                              | 5. Operator certification                                                                          |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Larry R. Scott	Date 05/27/08
Title President		
Approved by (Signature) /s/ James Stovall	Name (Printed/Typed) /s/ James Stovall	Date JUL 3 1 2008
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

**APPROVAL FOR TWO YEARS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, States any false, fictitious or fraudulent statements or representations.

\*(Instructions on page 2)

**NOTE: NEW PIT RULE**  
19-15-17 NMAC PART 17  
A form C-144 must be approved before starting drilling operations.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

CAPITAN CONTROLLED WATER BASIN

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Application for Permit to Drill  
Hot Lips '25' Federal No. 1  
660' FNL & 960'FWL  
Section 25, T-19S, R-31E  
Eddy County, New Mexico

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. :

Location Legal Description: NW/4 NW/4 Section 25, T-19S, R-31E  
Eddy County, New Mexico

Proration Unit: N/2 Section 25, T-19S, R-31E  
Eddy County, New Mexico

Formation : Surface to base of Morrow

Bond Coverage : \$25,000 Statewide

BLM Bond File No. : NM-1694 (BO2099)

Operator : LYNX PETROLEUM CONSULTANTS, INC.

Authorized Signature :

*Harry B. Scott*  
President

Title :

Date :

6/1/08

## DISTRICT I

1600 N. FRANKLIN DR., SUITE 200, ALBUQUERQUE, NM 87102

## DISTRICT II

1501 F. GRAND AVENUE, ALBUQUERQUE, NM 87102

## 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 Department

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>HOT LIPS FEDERAL 25</b>	Well Number <b>1</b>
OGRID No.	Operator Name <b>LYNX PETROLEUM CONSULTANTS, INC.</b>	Elevation <b>3504'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
D	25	19-S	31 E		660	NORTH	960	WEST	EDDY

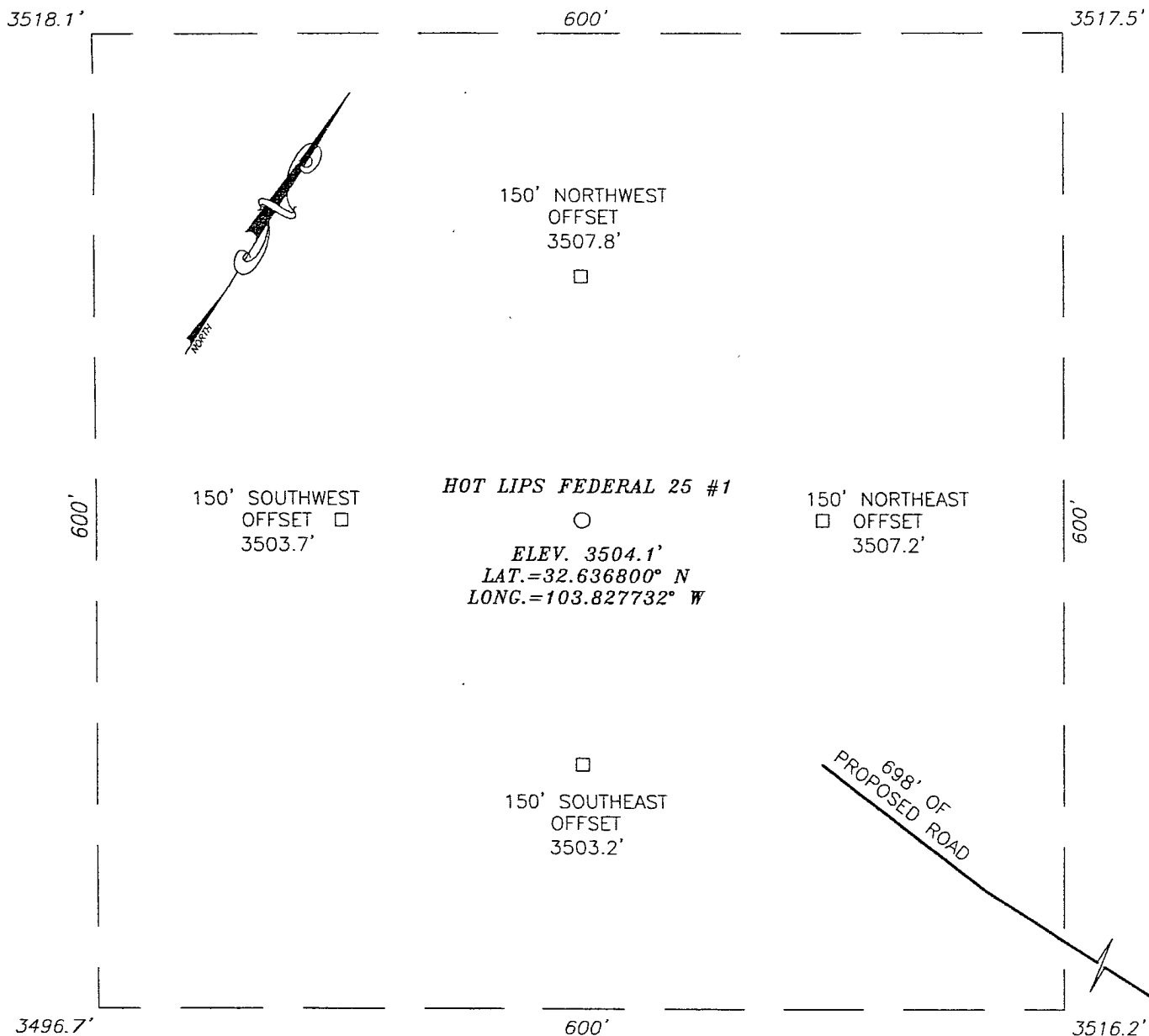
## Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
Dedicating Acre	Joint or Infill	Consolidation Code	Order No.						
320									

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

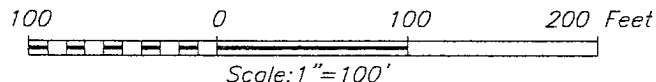
<p>           GEODETIC COORDINATES            NAD 27 NMF            Y=595749.5 N            X=655641.6 E            LAT = 32.836800° N            LONG = 103.827732° W         </p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>             Signature Date 05/30/08            Larry R. Scott            Printed Name         </p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>           Date Surveyed MAY 15, 2008            Signature &amp; Seal of Professional Surveyor              Certificate No. GARY EDSON 12641            RONALD J. EDSON 3209         </p>
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SECTION 25, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

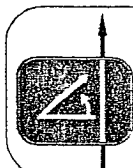
FROM THE INTERSECTION OF CO. RD. #126  
(MALJAMAR) AND CO. RD. #248 (LUSK PLANT) GO  
WESTERLY ON CO. RD. #248 APPROX. 1.1 MILES.  
TURN LEFT AND GO SOUTH APPROX. 0.8 MILES.  
TURN RIGHT AND GO WEST APPROX. 0.75 MILES TO  
THE SOUTHWEST CORNER OF A DRY HOLE WELL PAD  
AND A PROPOSED ROAD SURVEY. FOLLOW ROAD  
SURVEY WEST APPROX. 698 FEET.



**LYNX PETROLEUM CONSULTANTS, INC.**

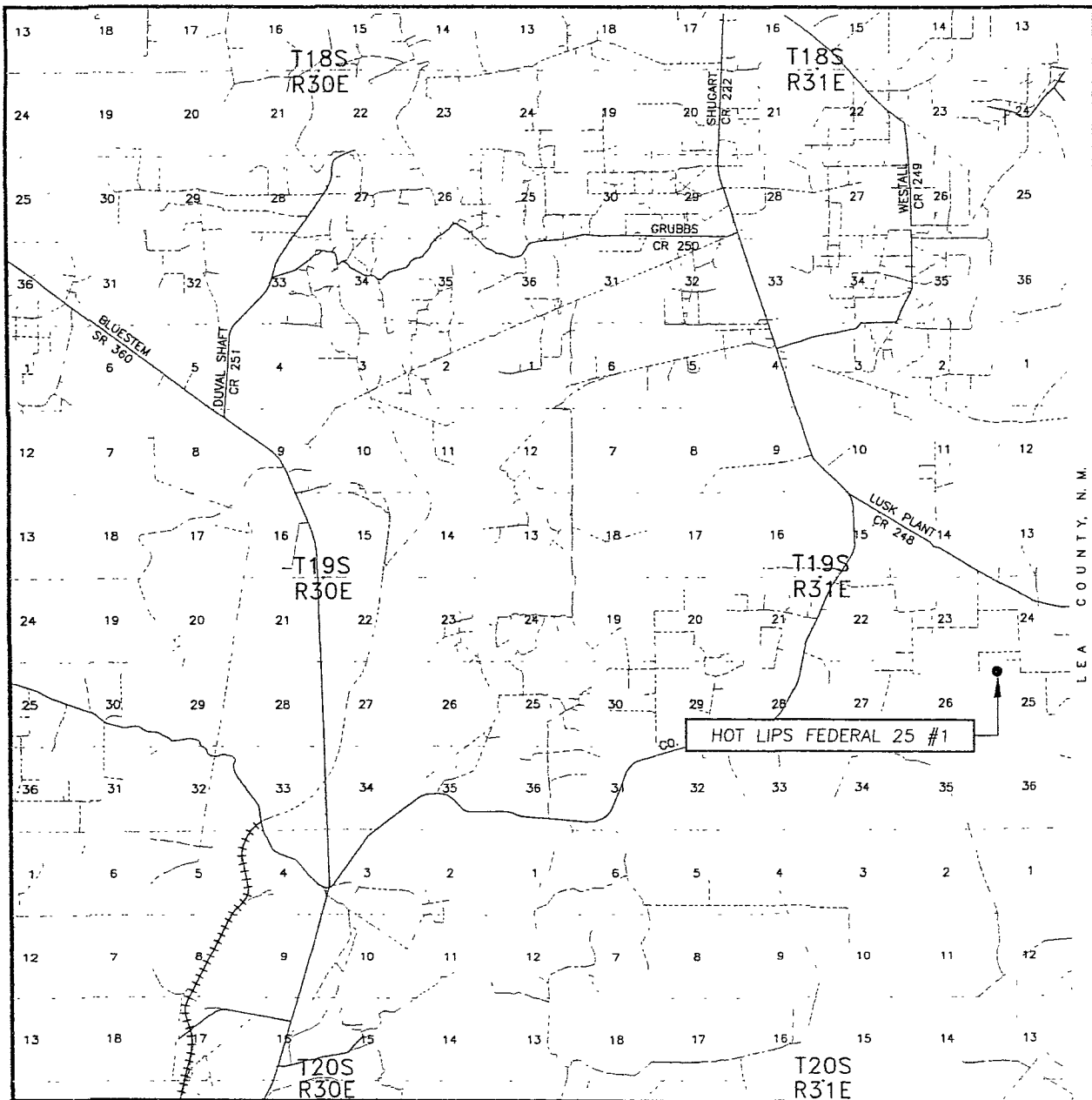
HOT LIPS FEDERAL 25 #1 WELL  
LOCATED 660 FEET FROM THE NORTH LINE  
AND 960 FEET FROM THE WEST LINE OF SECTION 25,  
TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 5/13/08	Sheet 1 of 1 Sheets		
W.O. Number: 08.11.0693	Dr By: LA	Rev 1:N/A	
Date: 5/15/08		08110693	Scale: 1"=100'



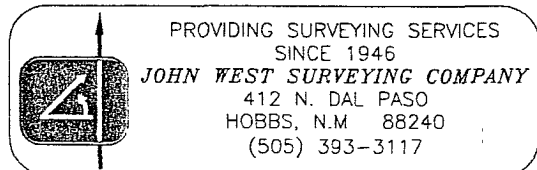
PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N M 88240  
(505) 393-3117

# VICINITY MAP

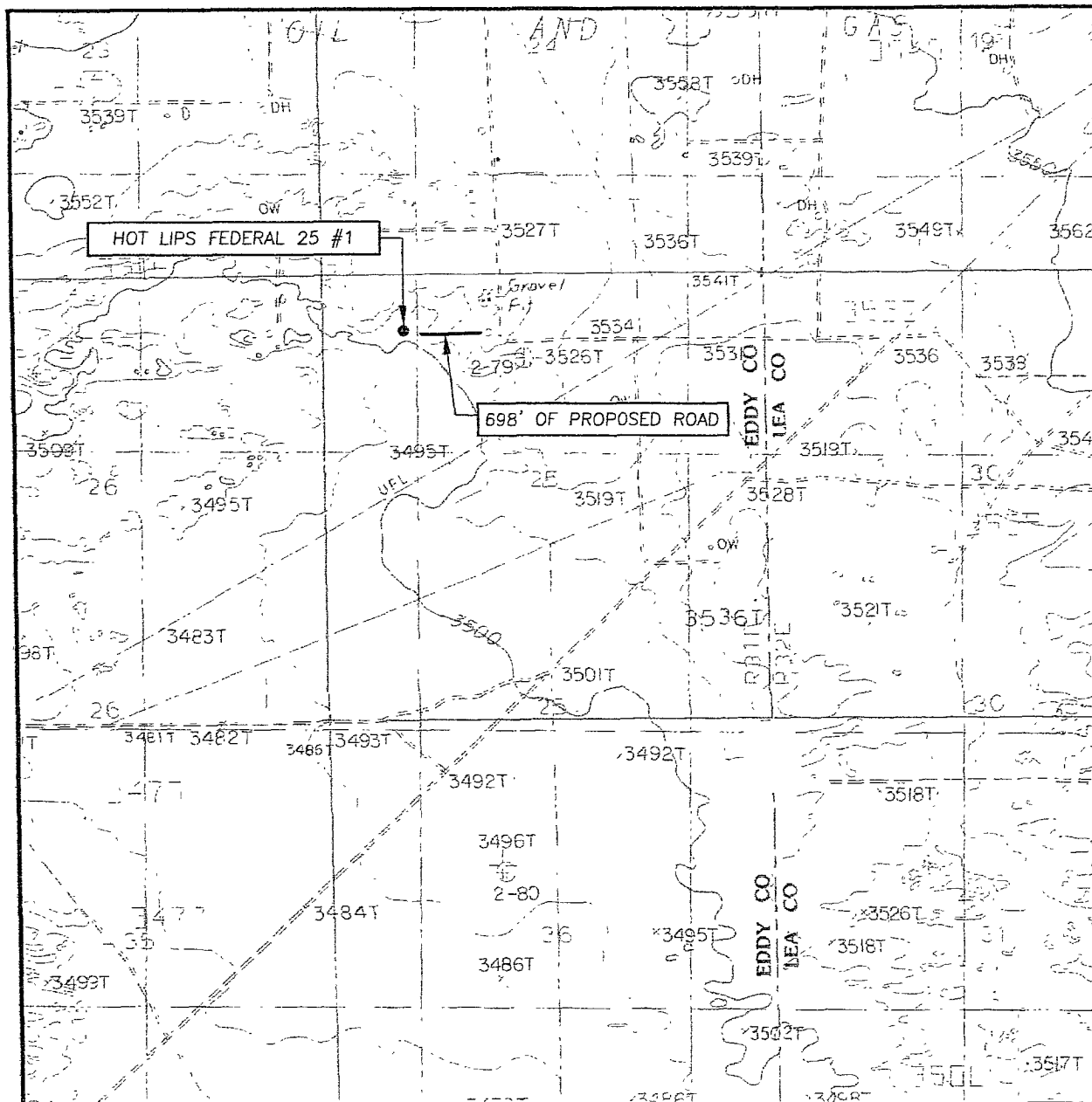


SCALE: 1" = 2 MILES

SEC. 25 TWP. 19-S RGE. 31-E  
 SURVEY N.M.P.M.  
 COUNTY EDDY STATE NEW MEXICO  
 DESCRIPTION 660' FNL & 960' FWL  
 ELEVATION 3504'  
 OPERATOR LYNX PETROLEUM CONSULTANTS, INC.  
 LEASE HOT LIPS FEDERAL 25



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10 FEET  
GREENWOOD LAKE, N.M.  
WILLIAMS SINK, N.M.

SEC. 25 TWP. 19-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

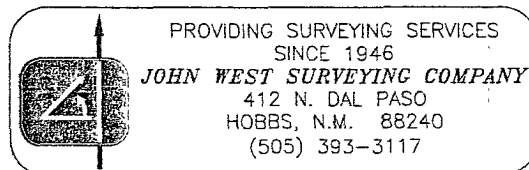
DESCRIPTION 660' FNL & 960' FWL

ELEVATION 3504'

OPERATOR LYNX PETROLEUM CONSULTANTS, INC.

LEASE HOT LIPS FEDERAL 25

U.S.G.S. TOPOGRAPHIC MAP  
GREENWOOD LAKE & WILLIAMS SINK, N.M.



## DRILLING PROGRAM

Lynx Petroleum Consultants, Inc.  
Hot Lips Federal 25 No. 1

Section 25, T-19S, R-31E  
Eddy County, NM

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

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

Rustler	-	725'
Yates	-	2360'
Seven Rivers	-	2610'
Delaware	-	4490'
Bone Spring	-	7085'
Bone Spring 1 <sup>st</sup> Sd	-	8350'
Bone Spring 3 <sup>rd</sup> Sd	-	9870'
Wolfcamp	-	10320'
Strawn	-	11165'
Atoka	-	11570'
Morrow	-	11870'
Lower Morrow Shale	-	12590'

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

Fresh Water	-	None in measurable quantity
Oil, Gas, & Water	-	Delaware, Bone Spring, Wolfcamp, Strawn, Morrow

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

4. PROPOSED CASING PROGRAM :

Hole	Casing	Depth	Grade
SEE COR 17-1/2"	13 3/8" 0'	- 750'	48.0# H-40 ST&C New
12-1/4"	8 5/8" 0'	- 4400'	32.0# J-55 ST&C New
7-7/8"	5 1/2" 0'	- 12770'	17.0# N-80 LT&C New
BSF	CSF	JSF	YSF
13-3/8" 1.08	2.73	12.14	20.39
8-5/8" 1.43	1.22	3.11	4.20
5-1/2" 1.43	1.02	1.86	2.13

DRILLING PROGRAM  
Hot Lips Federal 25 No. 1

5. PROPOSED CEMENT PROGRAM :

- 20" Conductor - Cemented with ready mix to surface.
- 13 3/8" Surface - 350 sxs (1.69 cuft/sx) Class "C" + 4% Gel + 2% CaCl<sub>2</sub> followed by 250 sxs (1.32 cuft/sx) Class "C" + 2% CaCl<sub>2</sub>. T.O.C. @ surface. 200% excess.
- 8 5/8" Intermediate - 1000 sxs (1.90 cuft/sx) Class "C" Poz followed by 300 sxs (1.32 cuft/sx) Class "C". T.O.C. @ surface. 70% excess. May two stage w/DV tool and/or ECP depending on severity of lost circulation.
- 5 1/2" Production - First stage 650 sxs (1.63 cuft/sx) Class "C" modified; Second stage 600 sxs. (1.9 cuft/sx) Class "C" Poz followed by 530 sxs (1.63 cuft/sx) Class "C" modified. ~~TOC @ 4400'~~ **SEE COA** 100% excess. ~~100%~~

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.

- SEE COA** 7. CIRCULATING MEDIUMS : Fresh water spud mud 0' - <sup>150'</sup>~~650'~~ (8.4 ppg). Brine water (10.0 ppg) <sup>150'</sup>~~650'~~ - 4400' unless circulation is lost in the Capitan reef. If lost circulation occurs <sup>150'</sup> will switch to fresh water. Cut brine mud system 8.8 - ~~9.3~~ ppg with 29 viscosity will be used 4400' - 12770'.

*9.1 PER LARRY SCOTT 7/28/08 LB*

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 - 4400' - 12770'  
D.S.T.'s - No D.S.T.'s are planned  
Logging - Gamma Ray - CNL - FDC - DLL  
Coring - No coring is planned

10. ABNORMAL PRESSURES AND TEMPERATURES : None anticipated.  
Maximum BHT=170 deg-F. Maximum BHP=5395 PSIG.



DRILLING PROGRAM  
Hot Lips Federal 25 No. 1

11. ANTICIPATED STARTING DATE : Drilling will commence about August 15, 2008. Drilling should be complete within 30 days. Completion operations (perforations and stimulation) will follow drilling operations.



"Larry Scott"  
<lrscott@leaco.net>  
07/29/2008 11:44 AM

To <les\_babyak@nm.blm.gov>  
cc  
bcc

Subject Hot Lips 25 No. 1 production casing design

History: This message has been replied to.

Les:

Test data in the immediate area from the Radar 24 No. 1 (NENW Section 24, T19S, R31E) indicate Morrow formation pore pressures of 8.3 ppg equivalent mud weight. This data was taken at 12,454 feet and measured the static BHP at 5370 psig. Mud weights listed in the Hot Lips drilling plan (8.8-9.3 ppg) are the result of needing a minimum amount of salt in the mud system to mitigate formation damage in the Morrow along with the need to maintain a 0.2 to 0.3 ppg trip margin.

$8.3 \times 12770 \times .052 = 5511$  psig pore pressure at TD

5-1/2", 17#/ft., N-80 casing collapse rating is 6280 psig

Assuming completely dry and evacuated pipe yields  $6280/5511 = 1.14$  CSF

In the event that well conditions dictate mud weights higher than those listed above we will run sufficient P-110 grade, 17 #/ft. casing to comply with the 1.125 safety factors called for in your "Onshore Orders".



"Larry Scott"  
<lrsconfig@leaco.net>  
07/25/2008 11:06 AM

To <Wesley\_Ingram@nm.blm.gov>  
cc  
bcc  
Subject Hot Lips 25 No. 1 APD review

Wesley:

Per my phone conversation with you and Les yesterday:

1. Collapse safety factor on 5-1/2" production casing -- Lynx will agree to utilize P-110 grade casing in the bottom 1000' of the hole
2. DV tool setting depth on 5-1/2" production casing -- Stage tool will be set at +/- 9500' depending on caliper volume review.
3. Collapse safety factor on 8-5/8" intermediate casing -- U.S.G.S. Technical report No. 38 has measured pore pressures in the basal Capitan Reef complex in the immediate vicinity (31-19S-31E) at an 8.2 ppg equivalent mud weight. This is consistent with our EXPERIENCE in the area where lost circulation is frequently encountered through this section of the hole. Our program is further consistent with the weights, grades, and depths of intermediate casing set in the offset wells all of which successfully TD'd without collapsing the 8-5/8. Assuming dry pipe:

$$8.2 \text{ ppg} \times 4400' \times .052 = 1876.16 \text{ psig}$$

$$2530/1876 = 1.35 = \text{Collapse Safety Factor}$$

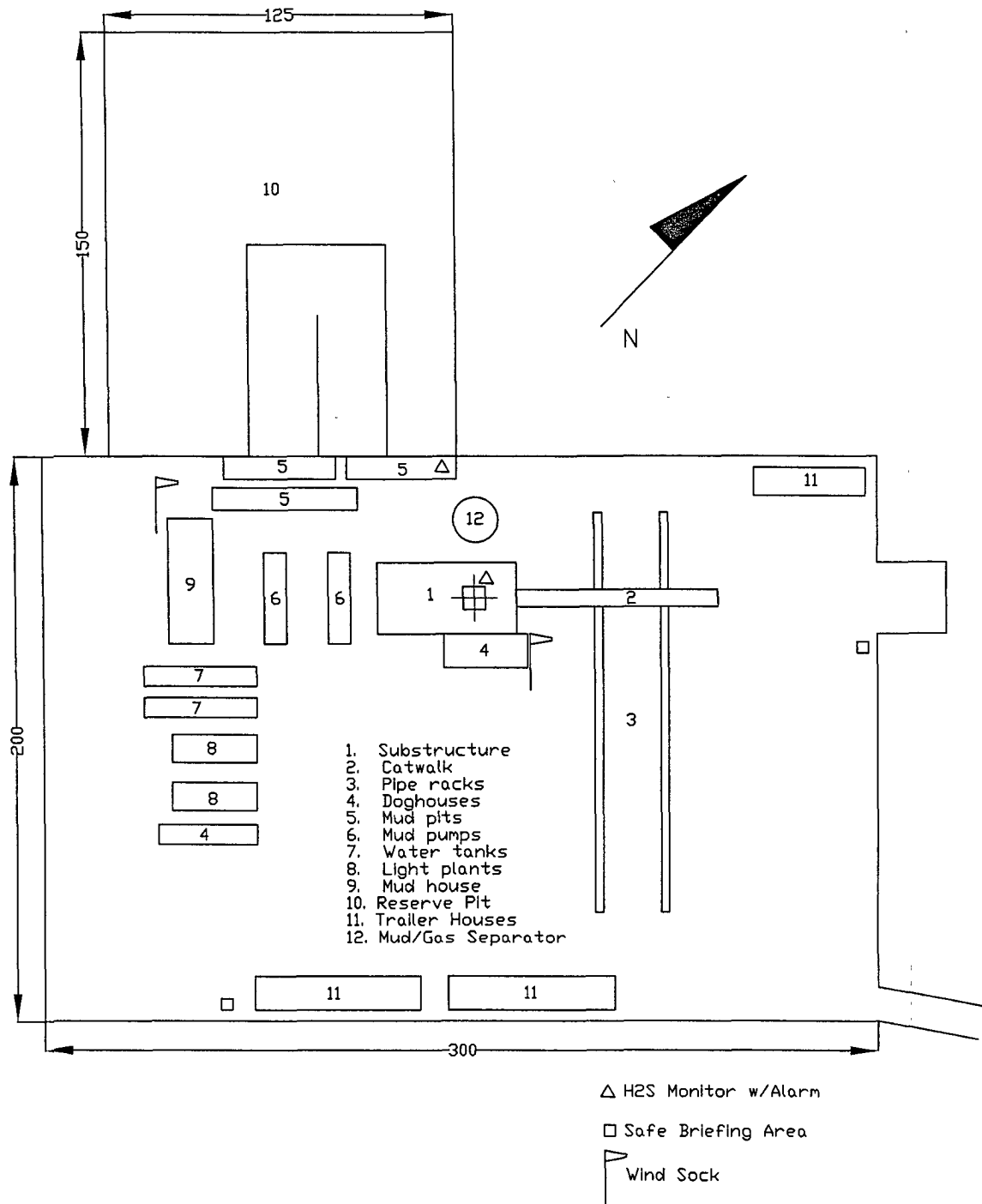
Don't hesitate to call or write if you any additional questions, concerns, or comments.

Larry

575(392)6950

9.1 mw

1.1275



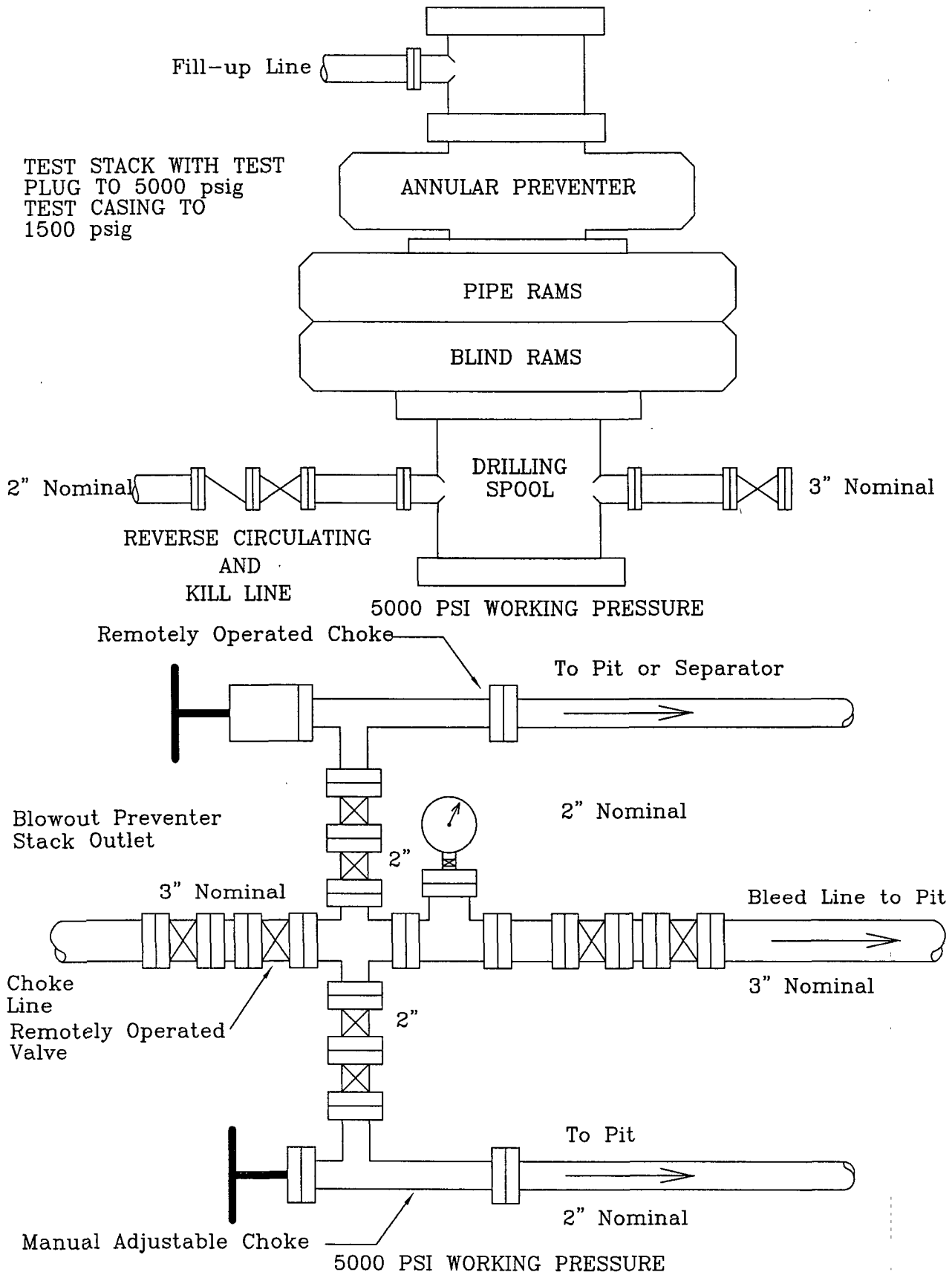
Scale: None

Hot Lips Federal 25 No. 1  
Rig Layout

Date: 6/2/08

Loc: 660'FNL & 960'FWL  
Sec.25, T-19S, R-31E  
Eddy County, NM

# PRODUCTION HOLE SECTION



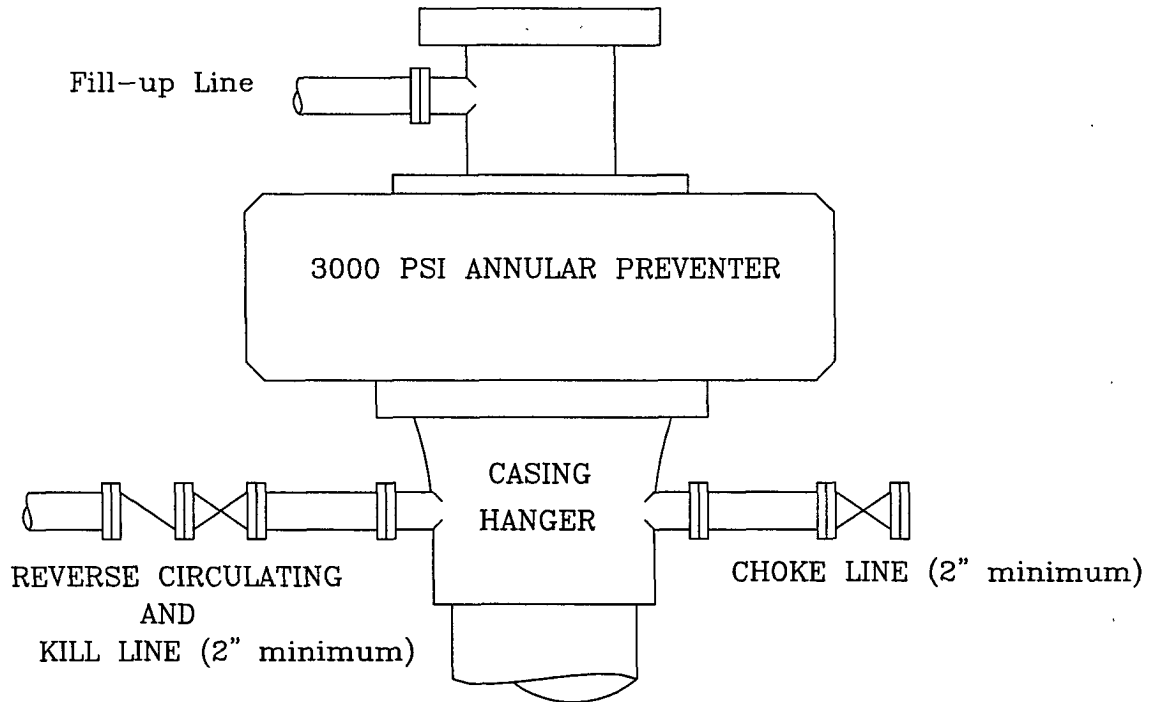
Location: NW/4 NW/4  
Sec. 25, T-19S, R-31E  
Eddy County, NM

Hot Lips Federal 25 No. 1  
BLOWOUT PREVENTER AND CHOKE MANIFOLD

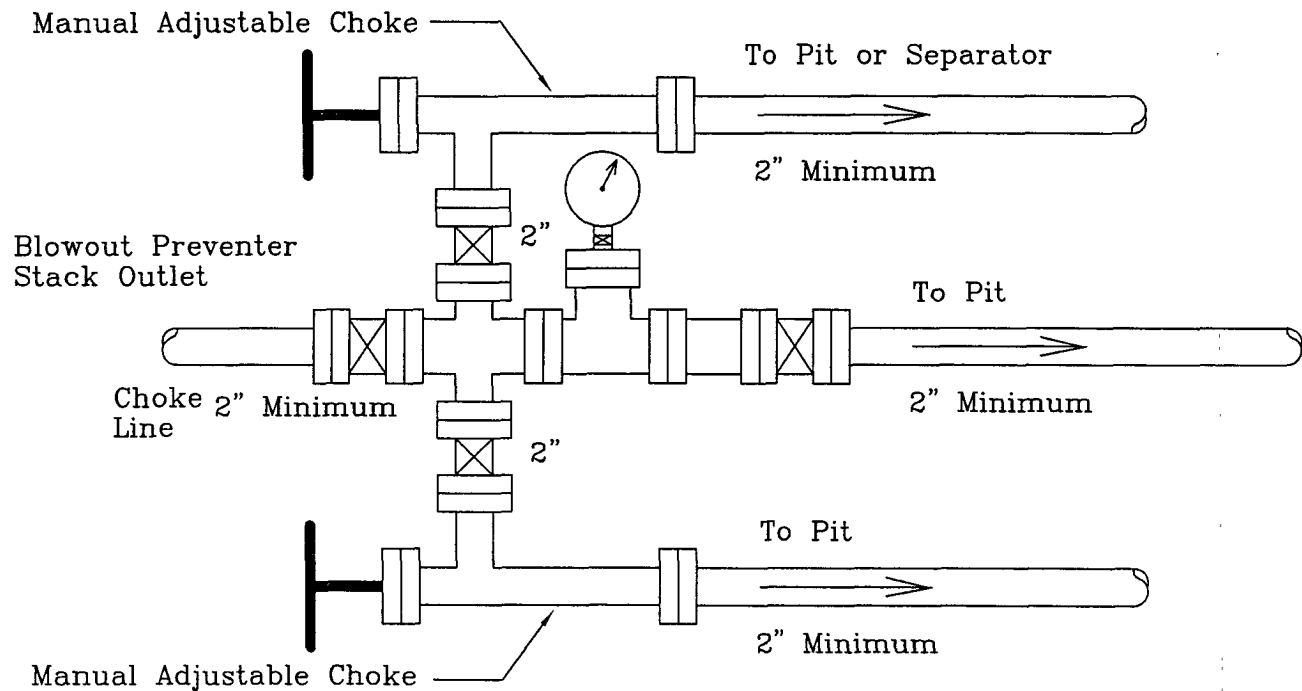
Scale: None

5/8/08

# INTERMEDIATE HOLE SECTION



3000 PSI WORKING PRESSURE



3000 PSI WORKING PRESSURE

TEST CASING AND ANNULAR PREVENTOR TO (0.70 X 1730=1211 psig)

Location: NW/4 NW/4  
Sec. 25 T-19S, R-31E  
Eddy County, NM

Hot Lips Federal 25 No. 1  
BLOWOUT PREVENTER AND CHOKE MANIFOLD

Scale: None

2/27/06

LYNX PETROLEUM CONSULTANTS, INC.  
HYDROGEN SULFIDE DRILLING OPERATIONS  
HOT LIPS FEDERAL 25 No. 1

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  $H_2S$ .

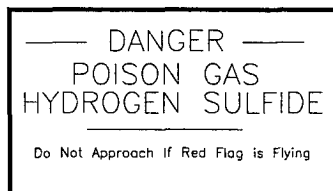
DRILLING OPERATIONS  
Hot Lips Federal 25 No. 1

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. H<sub>2</sub>S detection and monitoring equipment :
  - A. 2 – portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.
  - B. 1 – portable SO<sub>2</sub> 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 H<sub>2</sub>S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S bearing zones.
  - B. A mud-gas separator will be utilized if needed.



DRILLING OPERATIONS  
Hot Lips Federal 25 No. 1

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 H<sub>2</sub>S service.
  - B. All elastomers used for packing and seals shall be H<sub>2</sub>S trim.
7. Communication :
  - A. Communications in company vehicles are provided by cellular telephones. Phone numbers are 575-390-9063 or 575-390-9065
  - B. Land line (telephone) communications at Hobbs office. The phone number is 575-392-6950.
8. Well testing :
  - A. Drill stem testing will be preformed 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 H<sub>2</sub>S environment will use the closed chamber method of testing.



## H<sub>2</sub>S CONTINGENCY PLAN EMERGENCY CONTACTS

Lynx Petroleum Consultants, Inc.

Office: 575-392-6950

After Hours:	Wes Shields, Vice President	Larry Scott, President
	Home: 575-392-2892	Home: 575-397-1925
	Cell: 575-390-9063	Cell: 575-390-9065

Ambulance	911
NM State Police, Artesia	575-748-9718
Police Department, Carlsbad	575-885-2111
Sheriff's Office, Carlsbad	575-887-7551
Fire Department, Carlsbad	575-887-3060
US Bureau of Land Management, Carlsbad	575-234-5972
NM Oil Conservation Division, Artesia	575-748-1283

Boots & Coots, Houston	281-931-8884
Cudd Well Control, Houston	713-840-7636
Haliburton, Artesia	800-844-8451
BJ Services, Artesia	575-746-3569
Aerocare, Lubbock	800-627-2376

## SURFACE USE PLAN

Lynx Petroleum Consultants, Inc.  
Hot Lips Federal '25' No. 1  
660' FNL and 960' FWL  
Section 25, T-19S, R-31E  
Eddy County, NM

This plan is submitted with the "Application for Permit to Drill" the subject well. The purpose of the plan is to determine the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation, so that a complete appraisal can be made of the environmental effects associated with the operation.

LOCATED : 15 air miles south southwest of Maljamar, New Mexico

OIL & GAS LEASE : NM-0107697

ACRES IN LEASE : 2,280

RECORD LESSEE : Lynx Petroleum Consultants, Inc., P.O. Box 1708  
Hobbs, NM 88241

BOND COVERAGE : \$25,000 statewide bond.

SURFACE OWNER : U. S. Government with grazing rights allotted to  
Roy L. Creamer, P.O. Box 2414, Carlsbad, NM  
88220

WELL SPACING : 320 acres. (Morrow Gas)

### 1. EXISTING ROADS :

- A. The wellsite is 660' FNL and 960' FWL of Section 25, T-19S, R-31E, Eddy County, NM.
- B. Attached is a road map showing the proposed location, existing roads, and the proposed access road. The well is approximately 15 miles south southwest of Maljamar, NM.
- C. Directions : From the intersection of county road 222 and highway 84 drive south on county road 222 for 10.3 miles. Turn southeast onto the Lusk Plant road (county road 248) for 1.7 miles. Turn

SURFACE USE PLAN

HOT LIPS '25' FEDERAL No. 1

south through a cattle guard on a caliche lease road for 0.5 miles, east 0.4 miles, south 0.75 miles and then west for 0.2 miles into the location.

2. PLANNED ACCESS ROAD :

- A. Length and Width : Existing lease roads will be utilized for access to the extent possible. Approximately 1000' of new road will be required. The proposed road will be 12' wide with 2' shoulders.
- B. Turnouts : None.
- C. Drainage Design : Roads will have a drop of 2" from the center line on each side.
- D. Culverts, Cuts, and Fills : None.
- E. Surfacing Material : Four inches of caliche, bladed, watered, and compacted.
- F. Gates, Cattleguards, and Fences : None.
- G. The proposed road is staked.

3. LOCATION OF EXISTING WELLS :

- A. Existing wells are shown on the attached Lease Plat

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES :

- A. Existing Facilities : None
- B. New Facilities : On wellsite pad.

5. LOCATION AND TYPE OF WATER SUPPLY :

- A. Fresh water and brine water will be hauled in via truck transport.

6. SOURCE OF CONSTRUCTION MATERIAL :

- A. Caliche will be hauled from the nearest approved pit.

7. METHODS OF HANDLING WASTE DISPOSAL :

- A. Drill cuttings will be disposed of in the drill pit.

SURFACE USE PLAN

HOT LIPS '25' FEDERAL No. 1

- B. Drilling fluids will be recovered from the drilling pits upon conclusion of drilling/completion operations.
- C. Water produced during testing will be disposed of in the drill pits. Oil produced during testing will be stored in the test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper and garbage will be contained in a fenced trash trailer and disposed of in an approved landfill.

8. ANCILLARY FACILITIES :

- A. None required.

9. WELLSITE LAYOUT :

- A. The attached rig layout plat indicates the relative location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.
- B. The reserve pit will be lined with plastic to prevent loss of water and contain the drilling mud.

10. PLANS FOR RESTORATION OF THE SURFACE :

- A. After completion of drilling and/or completion operations all equipment and other material not needed for producing operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are backfilled.
- C. If the well is non-productive, the disturbed area will be rehabilitated to Federal Agency requirements, and will be accomplished as expeditiously as possible.

11. OTHER INFORMATION :

- A. Terrain : Low rolling hills.
- B. Soil : Sandy.

SURFACE USE PLAN

HOT LIPS '25' FEDERAL No. 1

- C. Vegetation : Mesquite, creosote, and grasses.
- D. Surface Use : Grazing.
- E. Ponds and Streams : None within 1.0 mile.
- F. Water Wells : None within 1.0 mile.
- G. Residences and Buildings : None within 1.0 mile.
- H. Arroyos, Canyons, Etc. : None within 1.0 mile.
- I. Well Sign : A sign identifying and locating the well will be maintained at the wellsite.
- J. Archeological, Historical and Other Cultural Sites : An archeological survey of the well pad has been ordered from Boone Archeological Services. They will furnish a report and recommendation to the B. L. M. in Carlsbad, NM.
- K. Surface Ownership : The access road and wellsite are located on Public surface.

12. OPERATOR'S REPRESENTATIVE :

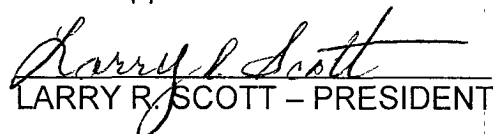
Larry R. Scott  
P. O. Box 1708  
Hobbs, NM 88241  
Phone – (575) 392-6950                      Fax – (575) 392-7886

13. CERTIFICATION :

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

05/30/08

DATE

  
LARRY R. SCOTT – PRESIDENT

# PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Lynx Petroleum Consultants
LEASE NO.:	NM-0107697
WELL NAME & NO.:	1-Hot Lips Federal 25
SURFACE HOLE FOOTAGE:	660' FNL & 960' FWL
BOTTOM HOLE FOOTAGE	Same
LOCATION:	Section 25, T. 19 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

## TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☒ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
  - Lesser Prairie Chicken
  - Cultural
- ☐ **Construction**
  - Notification
  - Topsoil
  - Reserve Pit
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
  - Well Structures & Facilities
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.



## V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.



EXHIBIT NO. 1

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

Cultural and Archaeological Resources

### NOTICE OF STIPULATIONS

Date of Issue:

7/8/2008

BLM Report No.

BAS 05-08-55

**Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.**

<b>Project Name:</b>	A Class III Archaeological Survey for the Proposed Hot Lips Federal 25 Well #1 Pad and Associated Access Roads
<b>Required</b>	<b>1). A 3-day preconstruction call-in notification.</b> Contact BLM Inspection and Enforcement at (505) 234-5977, 5909, or 5995, to establish a construction start date.
<b>Required</b>	<b>2. Professional archaeological monitoring.</b> Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 5917, 5967, 5943, or 5986, for assistance.
<b>A. <input checked="" type="checkbox"/></b>	These stipulations must be given to your monitor at least <b>5 days</b> prior to the start of construction.
<b>B. <input checked="" type="checkbox"/></b>	No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
	<b>3. Cultural site barrier fencing.</b> (Your monitor will assist you).
<b>A. <input type="checkbox"/></b>	A temporary site protection barrier(s) shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time.
<b>B. <input type="checkbox"/></b>	A permanent, 4-strand barbed wire fence strung on standard "T-posts" shall be erected prior to all ground-disturbing

activities. No construction activities or vehicle traffic are allowed past the fence.

**Required**

**4. The archaeological monitor shall:**

- A. ☐ Ensure that all site protection barriers are located as indicated on the attached map(s).
- B. ☒ Observe all ground-disturbing activities within 100 feet of cultural site LA 159877.
- C. ☒ Ensure that all construction and equipment remains outside of LA 159877.
- D. ☐ Ensure the proposed \_\_\_\_\_ is/are located as shown on the attached map(s).
- E. ☒ Submit a brief monitoring report within 30 days of completion of monitoring.

If subsurface cultural resources are encountered during the monitoring, all activities shall cease and a BLM-CFO archaeologist shall be notified immediately.

**Other:**

**Site Protection and Employee Education:** It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance, contact  
BLM Cultural Resources:      Martin Stein (575) 234-5967      Bruce Boeke (575) 234-5917      James Smith (575) 234-5986  
George MacDonell (575) 234-2228

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

### **C. RESERVE PITS**

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 150' X 125' on the Northwest side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

### **D. FEDERAL MINERAL MATERIALS PIT**

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

#### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

#### **F. ON LEASE ACCESS ROADS**

##### **Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

##### **Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

##### **Crowning**

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

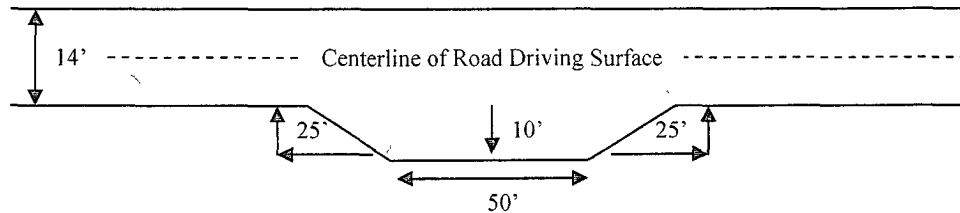
##### **Ditching**

Ditching shall be required on both sides of the road.

### Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

**Standard Turnout – Plan View**

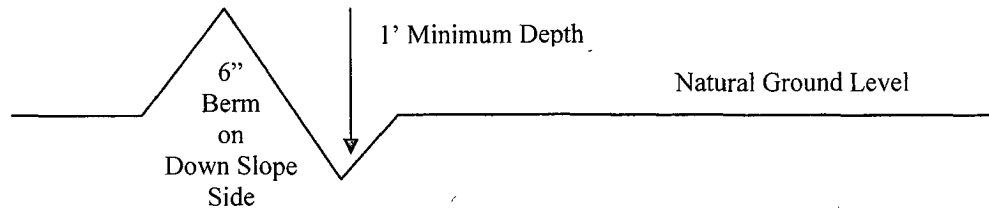


### Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

**Cross Section of a Typical Lead-off Ditch**



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

### **Formula for Spacing Interval of Lead-off Ditches**

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

### **Culvert Installations**

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

### **Cattleguards**

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

### **Fence Requirement**

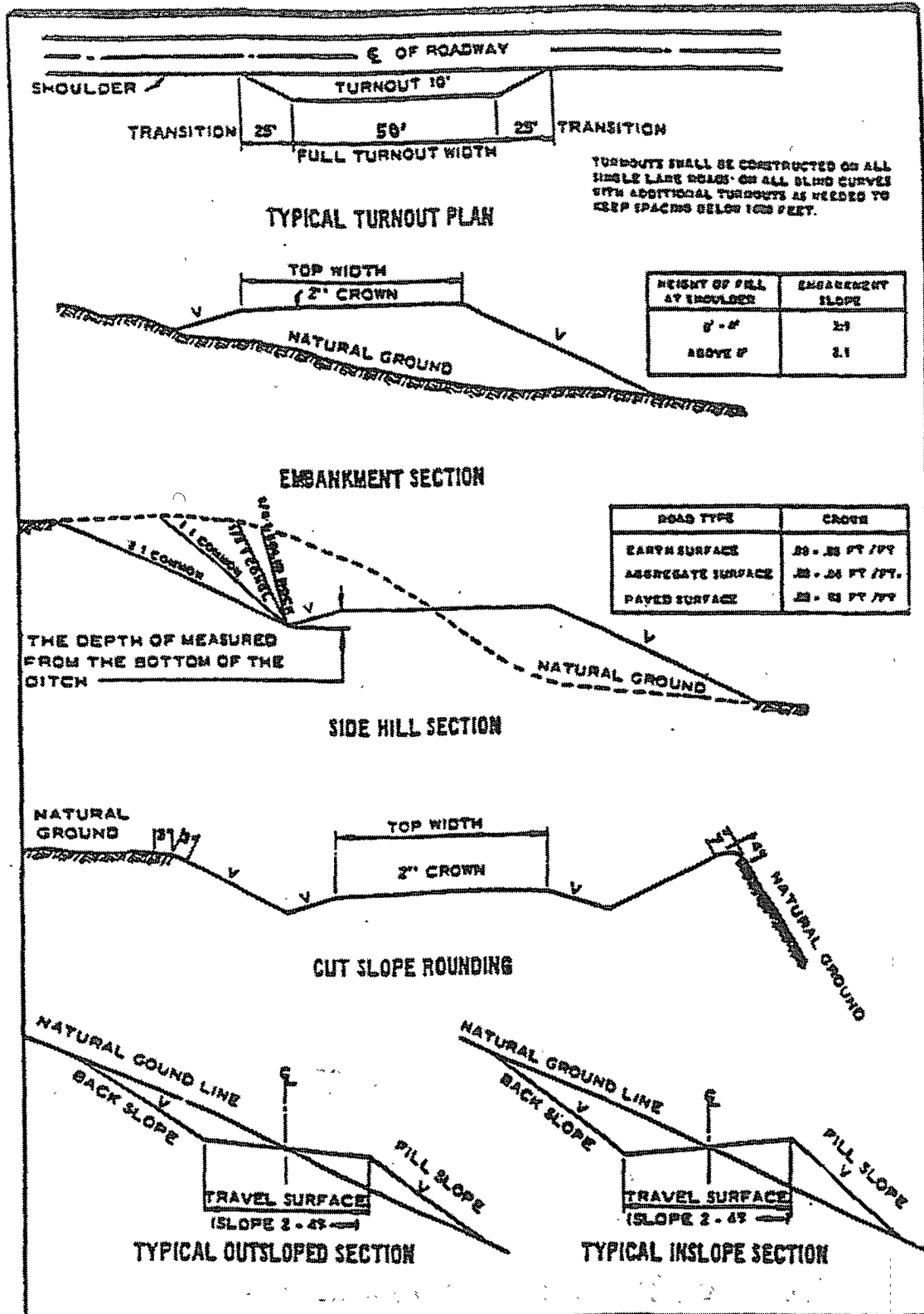
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

### **Public Access**

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



## **VII. DRILLING**

### **A. DRILLING OPERATIONS REQUIREMENTS**

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

**Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(575) 361-2822**

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. It has been reported in numerous sections within the Township as well as the Township to the East. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

### **B. CASING**

**Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.**

**Centralizers required on surface casing per Onshore Order 2.III.B.1.f.**

**Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.**

**No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.**



Possible lost circulation in the Artesia Group and Capitan Reef  
Possible H<sub>2</sub>O flows in the Salado and Artesia Group  
Possible high pressure gas bursts in the Wolfcamp Formation  
Penn Group may be overpressured

1. The 13-3/8 inch surface casing shall be set at approximately 750 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, surface casing should be set 25 feet above the salt within the Rustler Formation. Fresh water mud shall be used to surface casing setting depth.**
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
  - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
  - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
  - ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **If circulation is lost in the Capitan Reef, switch to fresh water mud to drill the rest of the intermediate hole. The operator should notify the Carlsbad I&E Staff at (575) 361-2822 to arrange to witness the change to fresh water mud.**
3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
  - a. First stage to DV tool, cement shall:
    - ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.

b. Second stage above DV tool, cement shall:

- ☒ Cement should tie-back at least **200** feet into previous casing string.  
**Operator shall provide method of verification.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

### **C. PRESSURE CONTROL**

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. The tests shall be done by an independent service company.
  - b. The results of the test shall be reported to the appropriate BLM office.
  - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
  - e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

### **D. DRILLING MUD**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

**E. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

**LB 7/28/08**

## **VIII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color  
Shale Green, Munsell Soil Color Chart # 5Y 4/2

## **IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE**

### **A. INTERIM RECLAMATION**

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

### **B. RESERVE PIT CLOSURE**

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

## Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

\*\*Four-winged Saltbush 5lbs/A

\* This can be used around well pads and other areas where caliche cannot be removed.

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed  
(Insert Seed Mixture Here)

## **X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS**

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.

## Lynx Petroleum Consultants, Inc.

P. O. Box 1708

3325 Enterprise Drive

Hobbs, New Mexico 88241

505 392-6950

Fax 505 392-7886

## FACSIMILE TRANSMISSION

Company: OCD - Artesia Fax #: 748-9720Attention: KimberlyFrom: AnitaDate: 8-19-09Number of pages (including this page): 2

MESSAGE: If this is not what you  
need, please let me know.

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