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	(April 2004) UNITED STATE			Expires Ma	rch 31, 2007	
	DEPARTMENT OF THE	INTERIOR DOT	8 5.	Lease Serial No. NM NM 111963	4	
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	APPLICATION FOR PERMIT TO) Drill or reenter		N/A		
	la. Type of work: I DRILL REEN	7	If Unit or CA Agreen	nent, Name and No.		
			Lease Name and W	19 NT.		
	1b. Type of Well: Oil Well Gas Well Other	le Zone	South Lusk 28 Federal #1			
	2 Name of Operator	- T	9.	9. API Well Na		
	Edge Petroleum Operating Company	3b. Phone No. (include area code)		<u>30+025</u> Field and Pool, or Ex	10000	
	3a. Address 1301 Travis, Suite 2000 Houston, Texas 77002	713-427-8883	10.	Lusk Morrow	флонацију 🦻 🦻	
	4. Location of Well (Report location clearly and in accordance with	any State requirements*)	11.	Sec., T. R. M. or Blk	and Survey or Area	
	At surface 660' FSL & 830' FWL	Secretary's Potas	ela	0	- D	
	At proposed prod. zonc Unit M	26cietaly 2 1 cm		Sec 28, Tws-195	, Kng-34E	
	14. Distance in miles and direction from nearest town or post office*	· · · ·	12	2. County or Parish	13. State	
and a state	17 Miles South of Maljamar, New Mexico 15. Distance from proposed*	16. No. of acres in lease	17 Specing In	Lea nit dedicated to this we	NM	
	location to nearest property or lease line, ft.	10. NO. OF AGIES IN ICASE	17. Spacing Of		41	
	(Also to nearest drig. unit line, if any) 490'	40	320			
	 Distance from proposed location* to nearest well, drilling, completed, 	19. Proposed Depth		Bond No. on file		
	applied for, on this lease, ft. N/A	12,800	NM B000	B000121		
.	21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will star 09/30/2004	rt* 23			
	3,557' GL		45 Days 728 29 30 37			
	The following, completed in accordance with the requirements of Ons			alled Water F		
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DRILLING RIG LAYOUT Edge Petroleum Operating Company, Inc. South Lusk 28 Federal #1



Surface Use & Operations Plan

VICINITY MAP



SEC. <u>28</u> TWP. <u>19-S</u> RGE. <u>32-E</u> SURVEY <u>N.M.P.M.</u> COUNTY <u>LEA</u> DESCRIPTION <u>660' FSL & 830' FWL</u> ELEVATION <u>3557'</u> EDGE PETROLEUM OPERATOR <u>OPERATING</u> COMPANY, INC. LEASE <u>SOUTH LUSK "28" FEDERAL</u>



Edge Petroleum South Lusk 28 Federal #1 Lea CO., New Mexico Exhibit "C"

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LOCATION VERIFICATION MAP





SURFACE USE AND OPERATIONS PLAN FOR DRILLING, COMPLETION, AND PRODUCING

EDGE PETROLEUM OPERATING COMPANY, INC. South Lusk "28" Federal #1 660' FSL & 830' FWL Section 28, T-19-S, R-32-E Lea County, New Mexico

LOCATED:

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17 miles South of Maljamar, New Mexico. From intersection of St. Rd #243 and Co. Rd #126 (Maljamar Rd.) go 3.6 miles North on County road #126. Turn right (East) on caliche road. Go 1 mile to proposed road survey. This location is 483' NE along proposed road.

OIL & GAS LEASE:

NM14963 Section 28, Township 19 South, Range 32 East

RECORD LESSEE:

Edge Petroleum	50%
Pure Energy Group	25%
Chisos	25%

BOND COVERAGE:

\$25,000 Statewide Oil & Gas Surety Bond BLM Bond #: NM B000121

ACRES IN LEASE:

40 acres in lease

POOL:

Lusk Morrow

EXHIBITS:

• • • • •

- A. Well Location & Acreage Dedication Plat.
- B. Drilling Rig Layout
- C. Vicinity & Area Road Map
- D. Location Verification Map

This well will be drilled to a depth of approximately ±12,800'

1. EXISTING ROADS:

A. Exhibit "E" is a portion of a section map showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS:

A. Length and Width:

483' L 12' W

B. <u>Surface Material:</u>

Caliche

C. <u>Maximum Grade:</u> 2%

D. <u>Turnouts:</u>

None Required

- E. <u>Drainage Design:</u> None Required
- F. <u>Culverts:</u>

None Required

G. <u>Gates and Cattle Guards:</u>

None Required

3. LOCATION OF EXISTING WELLS:

Existing wells in the immediate area are shown on Exhibit "D".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit "E".

6. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil Produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES:

None required.

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8. WELL SITE LAYOUT:

Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, reserve pit and the location of major rig components. Reserve pit to be lined. Pit permit approved.

9. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of trash leaving the site aesthetically pleasing to the extent possible.
- B. After abandonment, all equipment, trash and debris will be removed and the site will be clean.

10. OTHER INFORMATION:

A. <u>Topography</u>

The land surface at the well site gradually slopes to the North.

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B. <u>Soil:</u>

Topsoil at the well site is predominantly sand.

C. Flora and Fauna:

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Vegetation is consistent with typical desert vegetation, such as yucca, cacti, and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer, and antelope.

D. Ponds and Streams:

There are no ponds, streams, or rivers in the area.

E. Residences and Other Structures:

There are no residences within 3 miles of the proposed well site.

F. Archaeological, Historical, and Cultural Sites:

An archaeological survey was conducted by: Mesa Field Services, P. O. Box 3072, Carlsbad, New Mexico 88221. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.

G. Surface Ownership:

Bureau of Land Management

11. OPERATOR'S CONSULTANT:

R. K. Ford & Associates 415 West Wall, Suite 1700 Midland, Texas 79701 432-682-0440 (Office) 432-682-0441 (Fax) 432-522-7224 (Home) 432-559-2222 (Cell)

12. 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 currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Edge Petroleum Operating Company, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

September 17, 2004 Date

K Saul

Randell K. Ford Consultant

DRILLING PROGRAM

EDGE PETROLEUM OPERATING COMPANY, INC. SOUTH LUSK "28" FEDERAL #1 Section 28, T-19-S, R-32-E Lea County, New Mexico

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. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Anhydrite Yates	890'
Capitan	2,695' 3,062'
Delaware	4,760'
Wolfcamp Carbonate	10,605'
Strawn	11,335'
Atoka Clastic	11,790'
Atoka Sand	11,885'
Morrow Lime	12,020'
Middle Morrow	12,275'
Lower Morrow	12,550'
Total Depth	12,800'

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

Fresh WaterAbove 200'Oil and GasDelaware, Atoka Sand, Middle Morrow, Lower Morrow

3. Pressure control equipment: The blow out preventer equipment (BOP) shown in Exhibit #1 will consist of a 3000 psi double ram type preventer for drilling the intermediate hole The blowout preventer stack for the production hole will consist of at least a double-ram blowout preventer and annular preventer rated to 5000 psi working pressure. A diagram of the BOPs and choke manifold is attached. All BOPs and accessory equipment will be tested according to Onshore Order #2 before drilling out.

4. PROPOSED CASING PROGRAM:

<u>Hole Size</u>	Interval	Casing Size	<u>Weight</u>	Grade, Joint
17-1/2"	0 – 800'	13-3/8"	48#	H-40 ST&C
12-1/4"	0 – 4,500'	9-5/8"	40#	K-55 LT&C
8-1/2"	0 – 12,800'	5-1/2"	17-1/2#	N-80 LT&C

Edge Petroleum Operating Company, Inc. South Lusk 28 Federal #1 Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. Changes will be relayed to BLM prior to running.

5. PROPOSED CEMENTING PROGRAM

cemented with ready mix to surface
600 sxs Premium Plus cement, 2% calcium chloride
900 sxs Interfill "C" cement, 1/4# per sx Flocele
250 sxs Premium Plus cement
200 sxs Light Cement
250 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx
Gilsonite

6. PROPOSED MUD SYSTEM:

DEPTH	DESCRIPTION	MUD WEIGHT	VISCOSITY	WATER LOSS
0 – 800'	fresh water	8.6 – 8.8 ppg	•	NC
800 – 4,500'	brine water	10.0 – 10.2 pp		NC
4,500 – 12,800'	fresh/brine/mud	8.4 – 10.4 ppg		6-8 cc

7. TESTING, LOGGING AND CORING PROGRAM:

Samples	10' Samples from 4,500'		
DST's	Possible Cisco, Strawn & Atoka		
Logging	Density, Lateral, Resistivity		
Coring	Possible sidewall core		

8. ABNORMAL PRESSURES AND TEMPERATURES:

None anticipated. Maximum bottom hole pressure should not exceed 5,200 psi.

This area has a potential H_2S hazard. However, representatives of Edge Petroleum Operating Company, Inc. do not anticipate enough H_2S from the surface to TD to meet the OCD's minimum requirements for the submission of a contingency plan per rule 118. Yet, H_2S monitoring equipment will be on location from below surface casing to TD. An H_2S drilling plan is attached.

ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on September 30, 2004. Drilling should be completed within 45 days followed by completion operations.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

EDGE PETROLEUM OPERATING COMPANY, INC. South Lusk "28" Federal #1

HYDROGEN SULFIDE TRAINING

Ι.

- A. All regularly assigned personnel, contracted or employed by Edge Petroleum Operating Company, Inc., will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
 - 1. The hazards and characteristics of hydrogen sulfide (H₂S).
 - 2. The proper use and maintenance of personal protective equipment and life support systems.
 - **3.** The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4. The proper techniques for first aid and rescue procedures.
- B. 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.
- C. 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 and well control drills for all personnel in each crew. The initial training

session shall include a review of the site specific H_2S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S 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 .

- A. Well Control Equipment.
 - **1.** Flare line with continuous pilot.
 - 2. Choke manifold with a minimum of one remote choke.
 - **3.** Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - **4.** Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare.
- **B.** Protective Equipment for Essential Personnel:

Mark II Survive air 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

- **C.** H₂S Detection and Monitoring Equipment:
 - 1. Two portable H_2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H_2S levels of 20 ppm are reached.
 - 2. One portable SO₂ monitor positioned near flare line.
- **D.** Visual Warning Systems
 - 1. Wind direction indicators are shown on well site diagram.
 - 2. 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 form the immediate location. Bilingual signs will be used when appropriate. See example attached.

E. Mud Program

- 1. The Mud Program has been designed to minimize the volume of H_2S circulated to the surface. Proper mud weights, safe drilling practices and the use of H_2S scavengers will minimize hazards when penetrating H_2S bearing zones.
- 2. A mud-gas separator will be utilized as needed.
- F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

G. Communication:

Cellular telephone communications in company vehicles, rig floor and mud logging trailer.

H. Well Testing:

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing and an H_2S environment will be conducted during the daylight hours.

Edge Petroleum Operating Company, Inc. South Lusk "28" Federal #1



Edge Petroleum Operating Company, Inc. South Lusk "28" Federal # 1 Lea County, New Mexico

Exhibit 1



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Edge Petroleum Operating Company, Inc. South Lusk "28" Federal # 1 Lea County, New Mexico

Exhibit 2

United States Department of the Interior Bureau of Land Management Carlsbad Field Office 620 E. Greene ST. Carlsbad, NM 88220

Statement Accepting Responsibility for Operations

Operator Name: Street or Box: City, State: Zip Code:

Print P

Edge Petroleum Operating Company, Inc. 1301 Travis, Suite 2000 Houston, Texas 77002

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 NM 111963

Legal Description of Land:

Township 19 South, Range 30 East, Eddy, New Mexico

SW4 SW4 of Section 28

Bond Coverage:

Statewide Oil and Gas Surety Bond

BLM Bond File No.: NM B000121

10 K Sul

Randell K. Ford Agent September 15, 2004

District I	State of New Mexico	D			
1625 N. French Dr., Hobbs, NM 88240 District II Energy 1	Minerals and Natural Resources	Form C-144 June 1, 2004			
1000 Rio Brazos Road, Aztec, NM 87410	20 South St. Francis Dr.	For drilling and production facilities, submit to appropriate NMOCD District Office. For downstream facilities, submit to Santa Fe office			
Is pit or below-grade t	rade Tank Registration or C tank covered by a "general plan"? Yes bit or below-grade tank Closure of a pit or be				
Operator: Edge Petroleum Operating Co. Telephone: 7 Address: 1301 Travis, Suite 2000 – Houston, Texas 7 Facility or well name: South Lusk 28 Federal # 1 API # County: Lea Latitude 660' FSL Longitude 830	7002	Sec 28 T 19S R 32E			
Pit					
Type: Drilling X Production [] Disposal [] Workover Emergency [] Lined X Unlined [] Liner type: Synthetic X Thickness 12 mil Clay [] Pit Volumebbl	Volume:bbl Type of fluid: _ Construction material:	Below-grade tank Volume:bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes I fnot, explain why not.			
Depth to ground water (vertical distance from bottom of pit to seasor water elevation of ground water.)	hal high 50 feet or more, but less than 100 feet 100 feet or more X	(20 points) (10 points) (0 points) 0			
Wellhead protection area: (Less than 200 feet from a private domest water source, or less than 1000 feet from all other water sources.)	ic Yes No X	(20 points) (0 points) 0			
Distance to surface water: (horizontal distance to all wetlands, playa irrigation canals, ditches, and perennial and ephemeral watercourses.	200 feet or more, but less than 1000 f	(20 points) (10 points) (0 points) 0			
	Ranking Score (Total Points)	0			
If this is a pit closure: (1) attach a diagram of the facility showing the p your are burying in place) onsite offsite If offsite, name of facility remediation start date and end date. (4) Groundwater encountered: No Attach soil sample results and a diagram of sample locations and excavate Additional Comments:	y (3) Attach a g Yes I If yes, show depth below ground surfa	reneral description of remedial action taken including the ft. and attach sample results. (5)			
Additional Comments:					
I hereby certify that the information above is true and complete to the bes been/will be constructed or closed according to NMOCD guidelines >	t of my knowledge and belief. I further certify	that the above-described pit or below-grade tank has			
Date: July 28, 2004	ature Robhi Uuliv	1a			
Approval: Printed Name/Title		DEC 1 3 2004			

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