

New Mexico Oil Conservation Division, District I  
1625 N. French Drive  
Hobbs, NM 88240

Form 3160-3  
(April 2004)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>NM 01135</b>
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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 <b>N/A</b>
2. Name of Operator <b>Edge Petroleum Operating Company, Inc.</b>		7. If Unit or CA Agreement, Name and No. <b>N/A</b>
3a. Address <b>1301 Travis, Suite 2000 Houston, Texas 77002</b>		8. Lease Name and Well No. <b>Southwest Lusk 34 Federal #3</b>
3b. Phone No. (include area code) <b>713-654-8960</b>		9. API Well No. <b>30-025-37358</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>330' FNL &amp; 330' FWL</b> At proposed prod. zone <b>Unit D Secretary's Potash</b>		10. Field and Pool, or Exploratory <b>East Lusk Delaware</b>
14. Distance in miles and direction from nearest town or post office* <b>18 miles south of Maljamar</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec 34, T19S, R32E</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>330'</b>	16. No. of acres in lease <b>40</b>	17. Spacing Unit dedicated to this well <b>NW/4 NW/4 of Sec. 34</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <b>7,500'</b>	20. BLM/BIA Bond No. on file <b>NMB 000121</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3562' GL</b>	22. Approximate date work will start* <b>04/30/2005</b>	23. Estimated duration <b>20 Days</b>
24. Attachments <b>Crofton Controlled Water Basin</b>		

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) <b>Lindsay Truesdell</b>	Date <b>04/04/2005</b>
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Title  
**Consultant**

Approved by (Signature) <b>/s/ Linda S. C. Rundell</b>	Name (Printed/Typed) <b>/s/ Linda S. C. Rundell</b>	Date <b>JUL 06 2005</b>
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Title  
**STATE DIRECTOR**

Office  
**NM STATE 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.

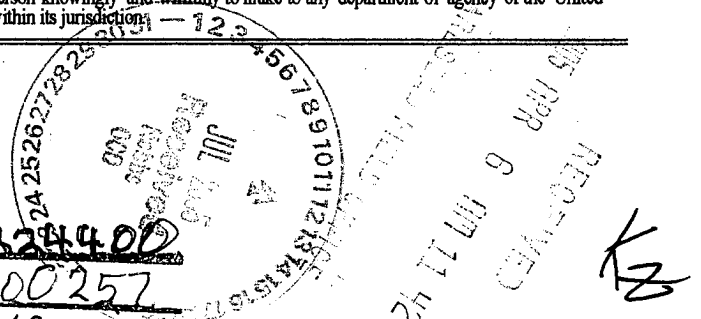
**APPROVAL FOR 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

OPER. LOGRID NO. **324400**  
PROPERTY NO. **300257**  
POOL CODE **4500**  
EFF. DATE **7/13/05**  
API NO. **30-025-37358**



## State of New Mexico

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

## OIL CONSERVATION DIVISION

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 874101220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-37358</b>	Pool Code <b>41500</b>	Pool Name <b>Lusk Delaware</b>
Property Code <b>300257</b>	Property Name <b>Southeast LUSK 34 FEDERAL</b>	Well Number <b>3</b>
OGRID No. <b>224400</b>	Operator Name <b>EDGE PETROLEUM OPERATING COMPANY, INC.</b>	Elevation <b>3562'</b>


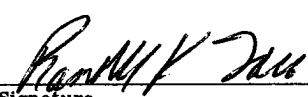
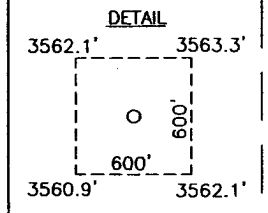
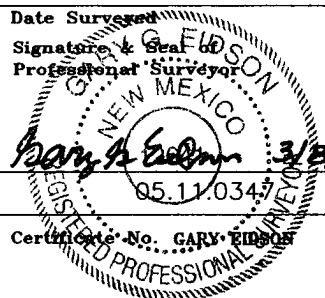
## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	19-S	32-E		330	NORTH	330	WEST	LEA

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>		Joint or Infill	Consolidation Code	Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=590864.4 N X=676206.1 E</p> <p>LAT.=32°37'23.11" N LONG.=103°45'39.66" W</p>	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature Randell K. Ford Printed Name Consultant Title March 31, 2005 Date
		<b>SURVEYOR CERTIFICATION</b>  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.  MARCH 3, 2005 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. GARY EDSON 12641

MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR

**EDGE PETROLEUM OPERATING COMPANY, INC.**

**Lusk "34" Federal #3**

Surface Location: 330' FNL & 330' FWL

Section 34, T-19-S, R-32-E

Lea County, New Mexico

Lease No.: NM 01135

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a location verification map showing the location of the proposed well as staked.
- B. Directions: From the intersection of US Hwy 62-180 and State Hwy #243 go North-Northwest on Hwy #243 2.4 miles to Co. Rd. #126 (Maljamar Rd.) Turn right and go north on Maljamar Rd. approx. 3.8 miles. Turn right and go east on a meandering caliche road 1.1 miles. Turn right and go South-Southeast 0.25 miles. Turn left and go East-Northeast 0.75 miles to the Lusk 34 Fed. #1 well. Turn North to a proposed road survey. Follow proposed road survey 940' north to this location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: Exhibit "C" is the proposed access road. It will be approximately 940' long and 12' wide and run Northeast to the SW corner of the location.
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None necessary.
- E. Cuts and Fills: 1' cut to north with 1' fill to south.
- F. Gates and Cattle Guards: None necessary.

G. Off lease right of way: None required.

**3. LOCATION OF EXISTING WELLS:**

Existing wells in the immediate area are shown on the Vicinity Map, Exhibit "B".

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

A. Edge Petroleum Operating Company, Inc. has Southeast Lusk 34 Federal #1 and South Lusk 33 Federal #1 production facilities on the lease at this time.

B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

**5. LOCATION AND TYPE OF WATER SUPPLY:**

It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

**6. SOURCE OF CONSTRUCTION MATERIAL:**

Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from an approved Federal pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

A. Drill cuttings will be disposed of in the reserve pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.

D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.

E. Oil Produced during tests will be stored in test tanks.

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

None required.

9. WELL SITE LAYOUT:

A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged 500' x 500'.

B. Mat Size: 225' x 300', plus 150' x 150' reserve pit on the north.

C. Cut & Fill: 1' cut to north with 1' fill to south.

D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. 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. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

A. Surface Ownership - Bureau of Land Management

B. Mesa Field Services, P. O. BOX 3072, CARLSBAD, NEW MEXICO 88221, conducted an archaeological survey. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.

C. Oil & Gas Lease:  
NM 01135

Township 19 South, Range 32 East  
NW/4 NW/4 of Section 34

**D. RECORD LESSEE:**

Edge Petroleum Operating Company, Inc.	50%
Pure Energy Group	25%
Chisos	25%

**E. BOND COVERAGE:**

\$25,000 Statewide Oil & Gas Surety Bond  
BLM Bond #: NMB 000121

**12. OPERATOR'S REPRESENTATIVE:**

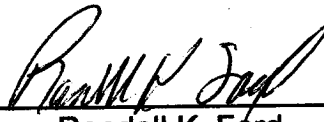
The field representative for assuring compliance with the approved use and operations plan is as follows:

R. K. Ford & Associates  
415 West Wall, Suite 1700  
Midland, Texas 79701  
432-682-0440 (Office)  
432-682-0441 (Fax)  
432-570-7216 (Home)  
432-559-2222 (Cell)  
[Randell@rkford.com](mailto:Randell@rkford.com) (E-mail)

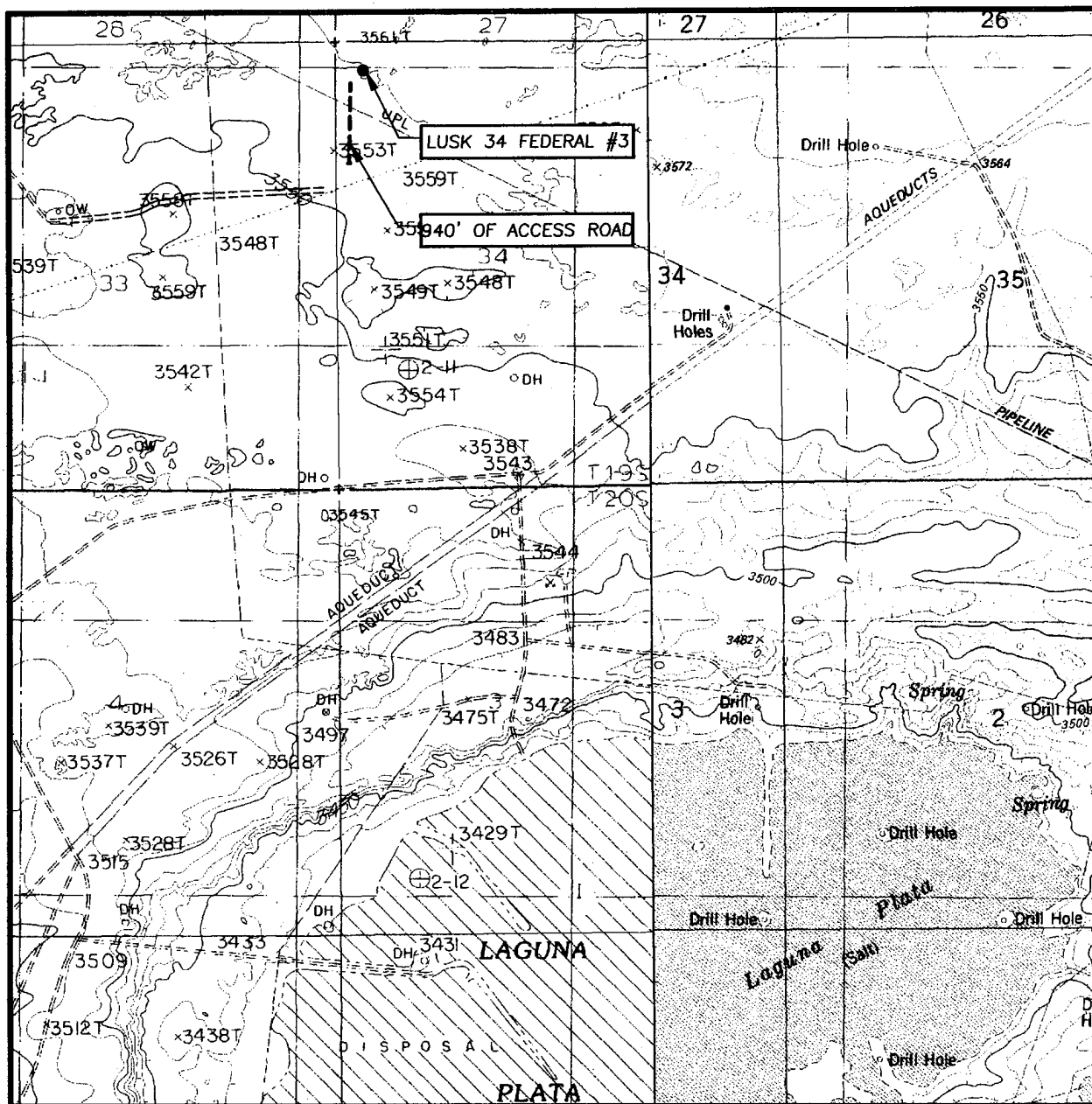
**13. CERTIFICATION:**

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 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 Cabal Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

April 4, 2005

  
\_\_\_\_\_  
Randall K. Ford  
President

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
WILLIAMS SINK, N.M. - 10'

SEC. 34 TWP. 19-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 330' FNL & 330' FWL

ELEVATION 3562'

EDGE PETROLEUM  
OPERATOR OPERATING COMPANY, INC.

LEASE LUSK 34 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
WILLIAMS SINK, N.M.

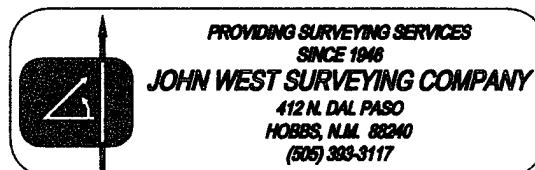


Exhibit "A"



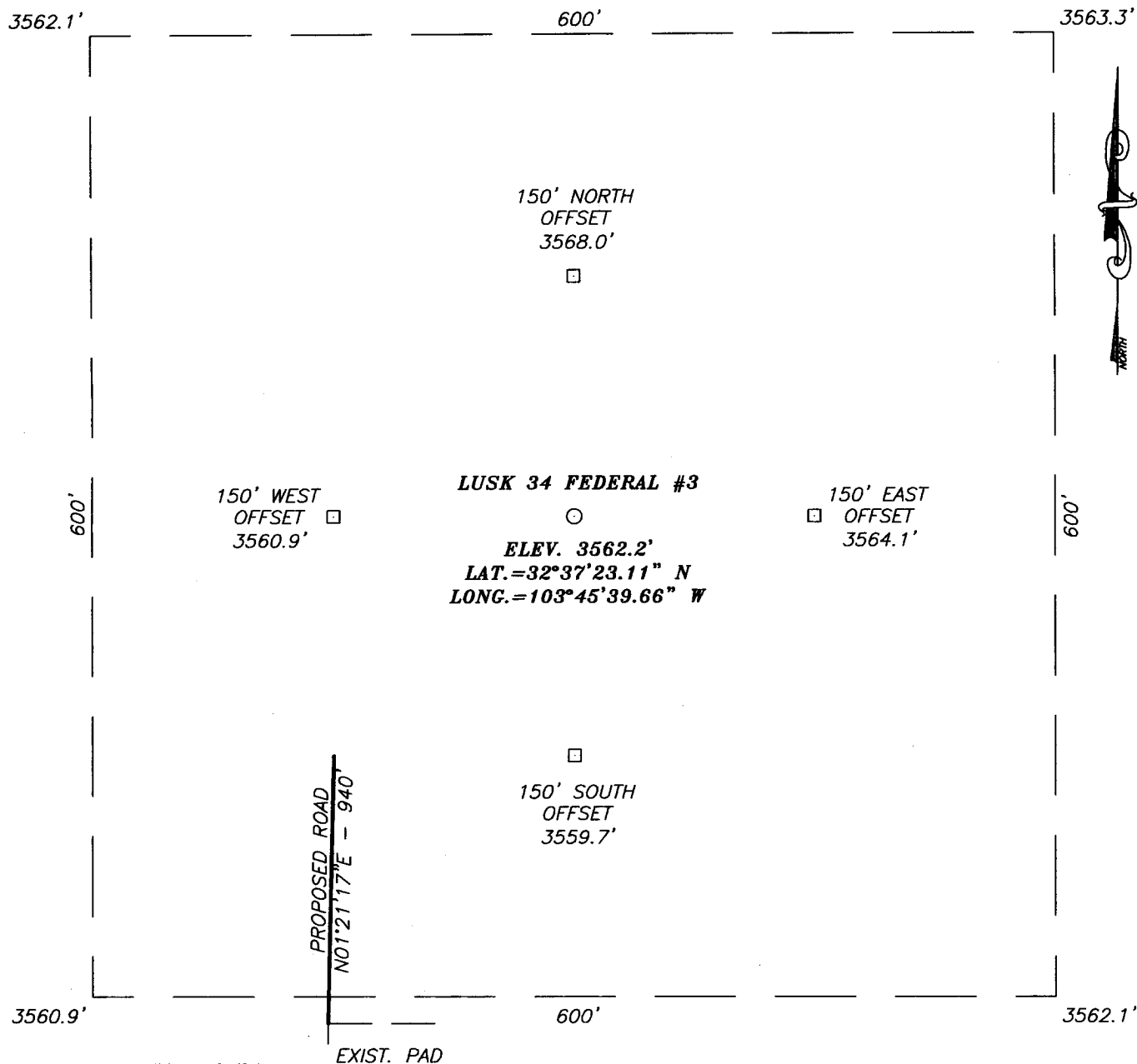
SEC. 34 TWP. 19-S RGE. 32-E  
SURVEY \_\_\_\_\_ N.M.P.M. \_\_\_\_\_  
COUNTY \_\_\_\_\_ LEA \_\_\_\_\_  
DESCRIPTION 330' FNL & 330' FWL  
ELEVATION \_\_\_\_\_ 3562'  
OPERATOR EDGE PETROLEUM  
OPERATING COMPANY, INC  
LEASE LUSK 34 FEDERAL



Exhibit "B"

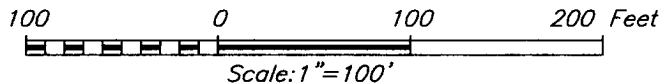


**SECTION 34, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,**  
LEA COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF US HWY 62-180 & STATE HWY. #243 GO NORTH-NORTHWEST ON HWY #243 2.4 MILES TO CO. RD. #126 (MALJAMAR RD.). TURN RIGHT AND GO NORTH ON MALJAMAR RD. APPROX. 3.8 MILES. TURN RIGHT AND GO EAST ON A MEANDERING CALICHE ROAD 1.1 MILES. TURN RIGHT AND GO SOUTH-SOUTHEAST 0.25 MILES. TURN LEFT AND GO EAST-NORTHEAST 0.75 MILES TO THE LUSK 34 FED. #1 WELL. TURN NORTH TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY 940' NORTH TO THIS LOCATION.



**EDGE PETROLEUM OPERATING COMPANY, INC.**

LUSK 34 FEDERAL #3 WELL  
LOCATED 330 FEET FROM THE NORTH LINE  
AND 330 FEET FROM THE WEST LINE OF SECTION 34,  
TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

Survey Date: 3/3/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0347	Dr By: LA
Date: 3/8/05	Rev 1: N/A
Disk: CD#4	05110347
	Scale: 1"=100'

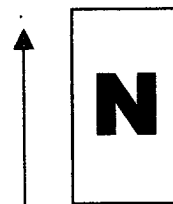
Exhibit "C"



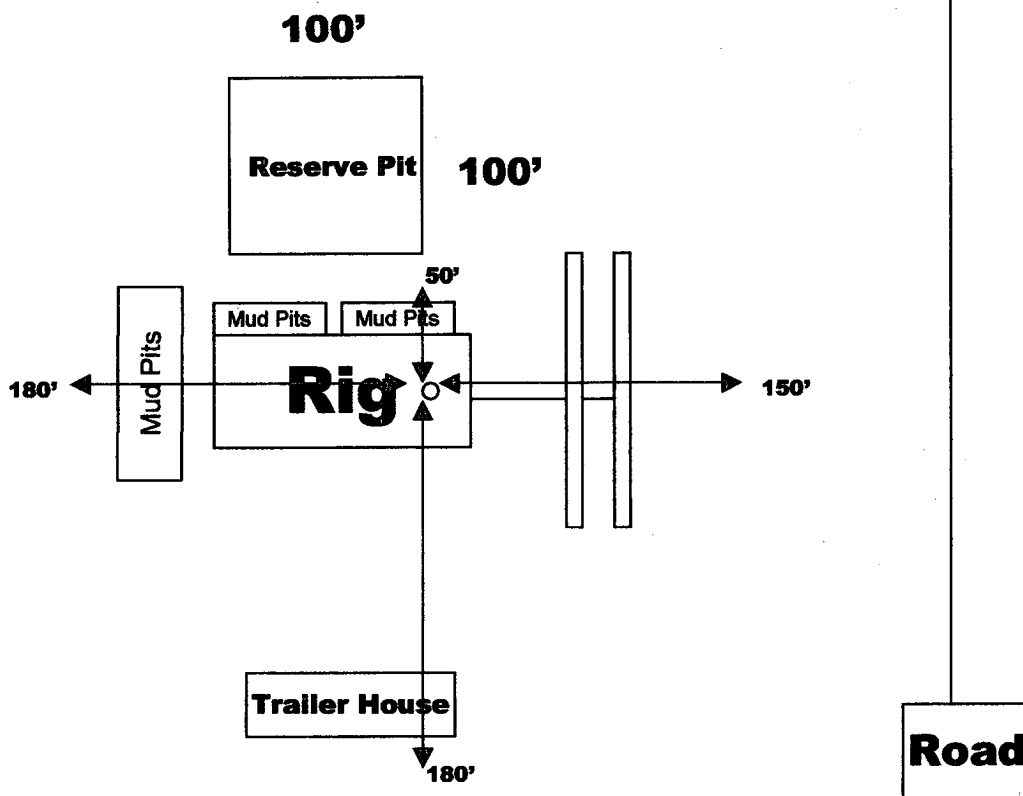
PROVIDING SURVEYING SERVICES  
SINCE 1948  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 383-3117

Scale 1" = 100'

**DRILLING RIG LAYOUT**  
**Edge Petroleum Operating Co., Inc.**  
**Lusk 34 Federal #3**



**600'**



**600'**

Exhibit D  
Surface Use & Operations Plan

DRILLING PROGRAM

**EDGE PETROLEUM OPERATING COMPANY, INC.**

**LUSK "34" FEDERAL #3**

**Section 34, 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 (TVD):**

Anhydrite	890'
Yates	2,695'
Capitan	3,062'
Delaware	4,270'
Cherry Canyon	4,755'
Brushy Canyon	6,580'
Total Depth	<del>6,740'</del> 7500'

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

Fresh Water	Above 200'
Oil and Gas	Delaware, 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 12-1/4" hole. The blowout preventer stack for the production (7-7/8") hole as shown on Exhibit #2 will consist of at least a double-ram blowout preventer and annular preventer rated to 3000 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>	<u>Interval</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade, Joint</u>
26"	0 - 40'	20"	94#	K-55, BTC
17-1/2"	0 - 870'	13-3/8"	48#	H-40, STC
12-1/4"	0 - <del>4,270'</del> 2540'	<del>8-5/8"</del> 10 3/4"	32#	K-55, LTC
7-7/8"	0 - <del>6,740'</del> 4300'	<del>5-1/2"</del> 7 5/8"	20#	N-80, LTC
	0 - 7500'	4 1/2"		

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

13 3/8"	26" conductor	cemented with ready mix to surface
10 3/4"	13 3/8" surface	700 sxs Premium Plus cement, 2% calcium chloride
7 5/8"	8 5/8" intermediate	600 sxs Interfill "C" cement, 1/4# per sx Flocele 250 sxs Premium Plus cement
4 1/2"	5 1/2" production	200 sxs Light Cement 350 sxs Super "H" cement .5% Halad, .4% CFR-3, 3# per sx Gilsonite

## 6. PROPOSED MUD SYSTEM:

<u>DEPTH</u>	<u>DESCRIPTION</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0 - 890' <sup>870'</sup>	fresh water	8.6 - 8.8 ppg	28 - 30	NC
890' - 3,080' <sup>2540'</sup>	brine water	10.0 - 10.2 ppg	28 - 34	NC
3,080' - 4,270' <sup>4300'</sup>	fresh water	8.4 - 8.6 ppg	28 - 29	NC
4,270' - 6,740' <sup>7500'</sup>	fresh/brine/mud	8.4 - 10.4 ppg	28 - 40	6-8 cc

## 7. TESTING, LOGGING AND CORING PROGRAM:

Samples	10' Samples from 5,200'
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 4,020 psi.

This area has a potential H<sub>2</sub>S hazard. An H<sub>2</sub>S drilling plan is attached.

## ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on April 30, 2005. Drilling should be completed within 20 days followed by completion operations.

# **HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**

## **Edge Petroleum Operating Company, Inc.** **Lusk "34" Federal #3**

### **I. HYDROGEN SULFIDE TRAINING**

- A.** All regularly assigned personnel, contracted or employed by Cabal Energy Corporation, 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 (H<sub>2</sub>S).
  - 2.** The proper use and maintenance of personal protective equipment and life support systems.
  - 3.** The proper use of H<sub>2</sub>S 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<sub>2</sub>S 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<sub>2</sub>S Drilling Operations Plan.
- C.** There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S 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. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

**Note:** All H<sub>2</sub>S 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<sub>2</sub>S.

### **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 Surviveair 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

### **C. H<sub>2</sub>S Detection and Monitoring Equipment:**

- 1. Two 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.**
- 2. One portable SO<sub>2</sub> 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 from 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<sub>2</sub>S circulated to the surface. Proper mud weights, 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.**
- 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 H<sub>2</sub>S service.

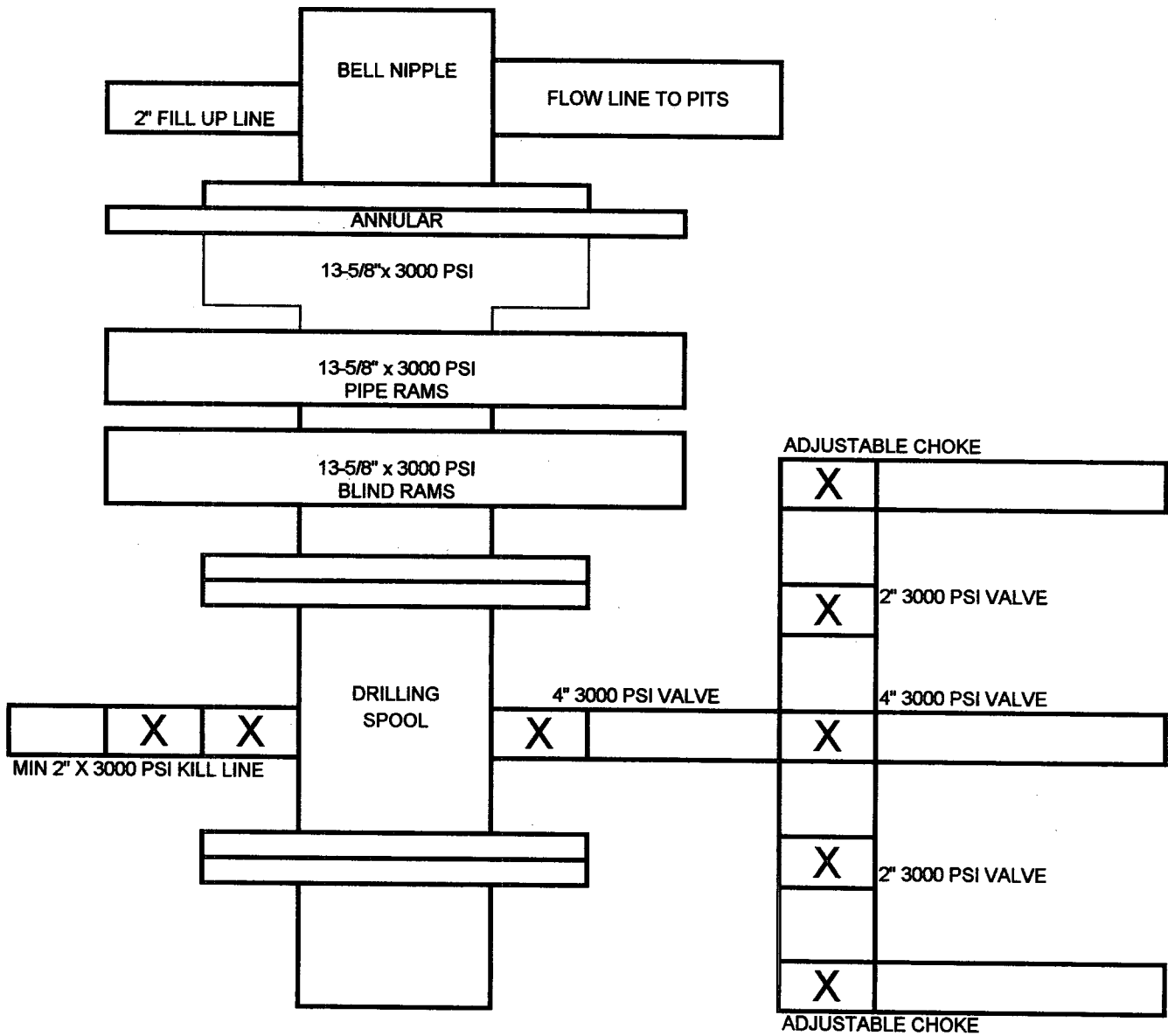
**G. Communication:**

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<sub>2</sub>S environment will be conducted during the daylight hours.

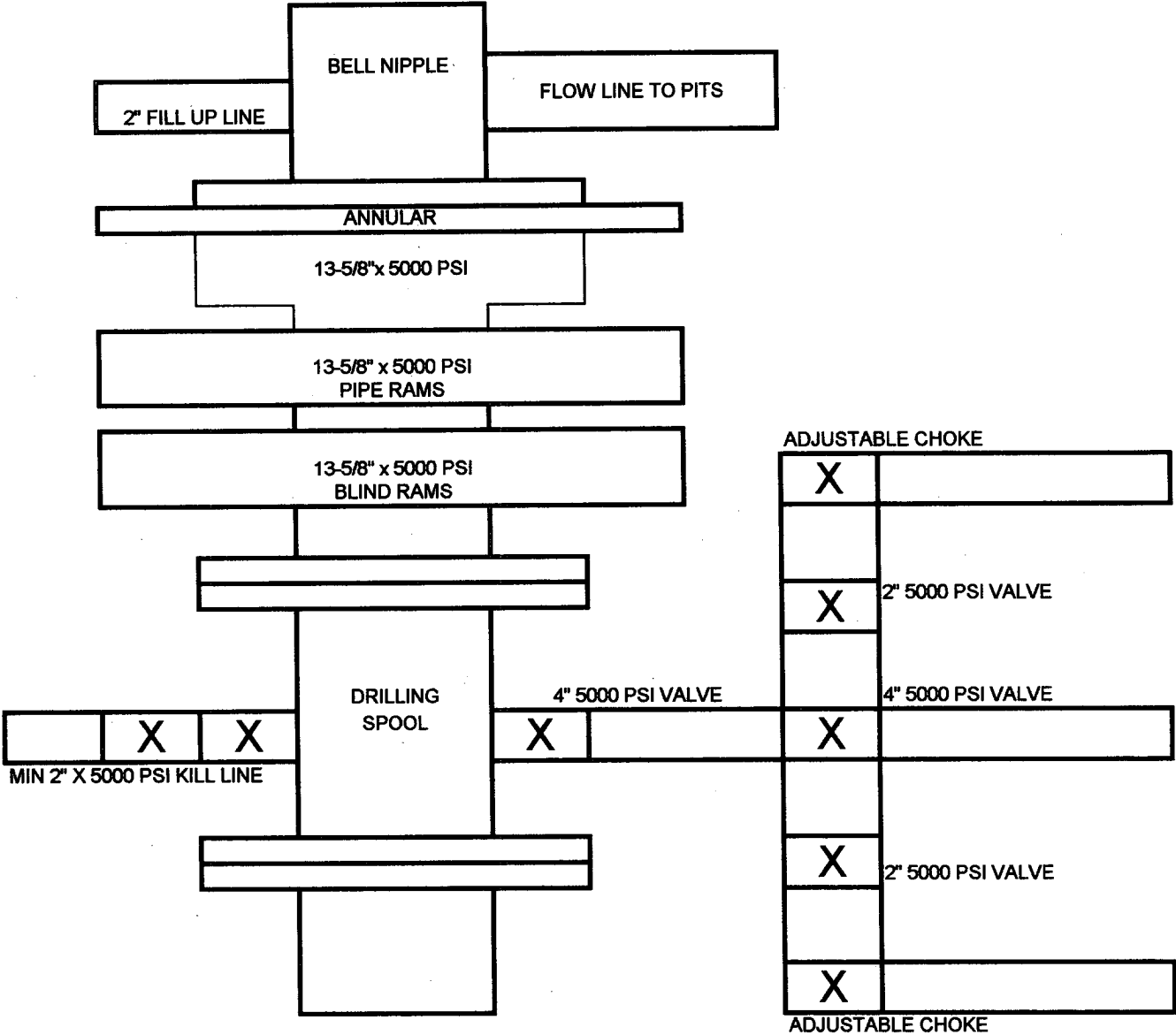
**BOP SCHEMATIC FOR  
12-1/4" HOLE**



Edge Petroleum Operating Company, Inc.  
Lusk "34" Federal #3  
Lea County, New Mexico



**BOP SCHEMATIC FOR  
7-7/8" HOLE**



Edge Petroleum Operating Company, Inc.  
Lusk "34" Federal #3  
Lea county, New Mexico

United States Department of the Interior  
Bureau of Land Management  
Roswell Field Office  
2909 Second Street  
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Edge Petroleum Operating Company, Inc.  
Street or Box: 1301 Travis, Suite 2000  
City, State: Houston, Texas  
Zip Code: 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 01135

Legal Description of Land:

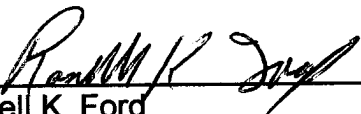
Township 19 South, Range 32 East, Eddy, New Mexico

NW/4 NW/4 of Section 34

Bond Coverage:

Statewide Oil and Gas Surety Bond, Edge Petroleum Operating Company, Inc.

BLM Bond File No.: NMB-000121

  
\_\_\_\_\_  
Randell K. Ford  
Agent  
April 4, 2005

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
**District II**  
1301 W. Grand Avenue, Artesia, NM 88210  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

### Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Edge Petroleum Operating Company, Inc. Telephone: (713) 654-8960 e-mail address: lindsay@rkford.com  
Address: 1301 Travis, Suite 2000, Houston, Texas 77002  
Facility or well name: Southeast Lusk 34 Federal #3 API #: 30-025-37358 U/L or Qtr/Qtr D Sec 34 T 19S R 32E  
County: Lea Latitude 32°37'23.11" N Longitude 103°45'39.66" W NAD: 1927 ☐ 1983 ☐  
Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>      </u> bbl		<b>Below-grade tank</b> Volume: <u>      </u> bbl Type of fluid: <u>      </u> Construction material: <u>      </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. <u>      </u>	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)	
	50 feet or more, but less than 100 feet	(10 points)	
	100 feet or more	( 0 points)	0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)	
	No	( 0 points)	0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)	
	200 feet or more, but less than 1000 feet	(10 points)	
	1000 feet or more	( 0 points)	0
Ranking Score (Total Points)			0

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility       . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface        ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

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I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: July 13, 2005

Printed Name/Title: Lindsay Truesdell / Consultant

Signature Lindsay Truesdell

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title

PETROLEUM ENGINEER

Signature [Signature]

Date: JUL 13 2005