

Form 3160-3
(April 2004)

fair
N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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AUG 30 2005

009-ARTESIA

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

0970
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC-065928-A
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name NA
2. Name of Operator GP II Energy, Inc. <i>OCRI</i> <i>8359</i>		7. If Unit or CA Agreement, Name and No. 34290
3a. Address PO Box 50682, Midland, TX 79710	3b. Phone No. (include area code) 432.684.4748	8. Lease Name and Well No. Littlefield BO Fed. #6 <i>4441</i>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface At proposed prod. zone 2150' FWL, 423' FSL (Vert), Lot 10		9. API Well No. 30-015-34305
14. Distance in miles and direction from nearest town or post office* 16 Air miles south-southwest of Malaga, NM		10. Field and Pool, or Exploratory Undes. Brushy Draw Del. (8080)
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 423' FSL		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 34, T26S, R29E
16. No. of acres in lease 419.41	17. Spacing Unit dedicated to this well 24.36 Acres	12. County or Parish Eddy
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1330'	19. Proposed Depth 5100'	13. State NM
20. BLM/BIA Bond No. on file NM-1913	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2858 GL	22. Approximate date work will start* UPON APPROVAL
23. Estimated duration 30 Days	24. Attachments CARLSBAD CONTROLLED WATER BASIN	

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 <i>Joe L Compton</i>	Name (Printed/Typed) JOE L COMPTON	Date 7-22-2005
Title AGENT		
Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date AUG 26 2005
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 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)

NSP-1869

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

5.11
79.5

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

SEP 16 2004

Form C-144
June 1, 2004

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

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: GP II Energy, Inc. Telephone: 432 - 684 - 4748 e-mail address: _____

Address: P.O. Box 50682 Midland TX 79710

Facility or well name: Littlefield "BO" #6 API #: _____ U/L or Qtr/Qtr Lot 10 Sec 34 T 26S R 29E

County: Eddy Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐

Pit Volume 7124 bbl

Depth to ground water (vertical distance from bottom of pit to seasonal
high water elevation of ground water.)

Wellhead protection area: (Less than 200 feet from a private domestic
water source, or less than 1000 feet from all other water sources.)

Distance to surface water: (horizontal distance to all wetlands, playas,
irrigation canals, ditches, and perennial and ephemeral watercourses.)

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not.

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SEP 08 2004

OOB-ARTESIA

Less than 50 feet	(20 points)
50 feet or more, but less than 100 feet	(10 points)
100 feet or more <input checked="" type="checkbox"/>	(0 points)

Yes	(20 points)
No <input checked="" type="checkbox"/>	(0 points)

Less than 200 feet	(20 points)
200 feet or more, but less than 1000 feet	(10 points)
1000 feet or more <input checked="" type="checkbox"/>	(0 points)

Ranking Score (Total Points)	0 points
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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:

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: September 7, 2004

Printed Name/Title Joe L. Compton / Agent

Signature

Joe L. Compton

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

Signature

Field Rep

[Signature]

Date:

SEP 10 2004

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals, and Natural Resources Department

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number	² Pool Code 8080	³ Pool Name Unders Brushy Draw; Delaware
⁴ Property Code	⁵ Property Name LITTLEFIELD FEDERAL "B0"	⁶ Well Number 6
⁷ GRID No.	⁸ Operator Name GP II ENERGY, INC.	⁹ Elevation 2858'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
10	34	26 SOUTH	29 EAST, N.M.P.M.		423'	SOUTH	2150'	WEST	EDDY

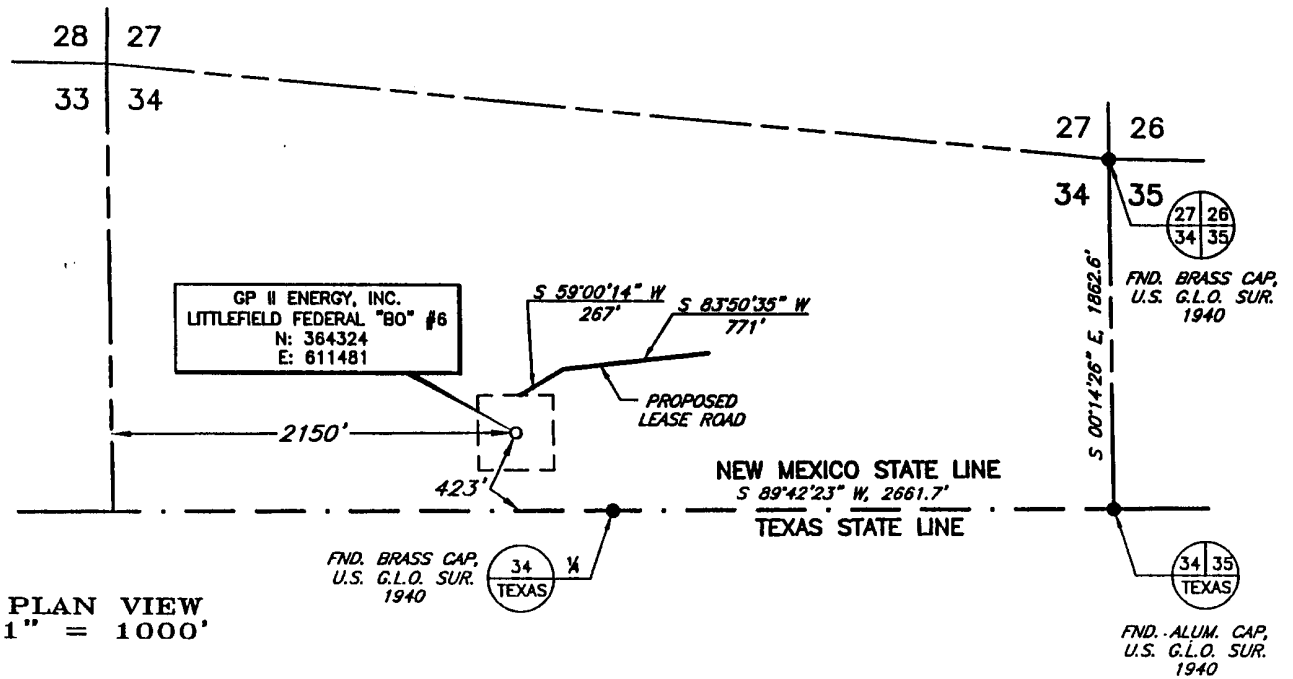
¹¹ Bottom Hole Location If Different From Surface

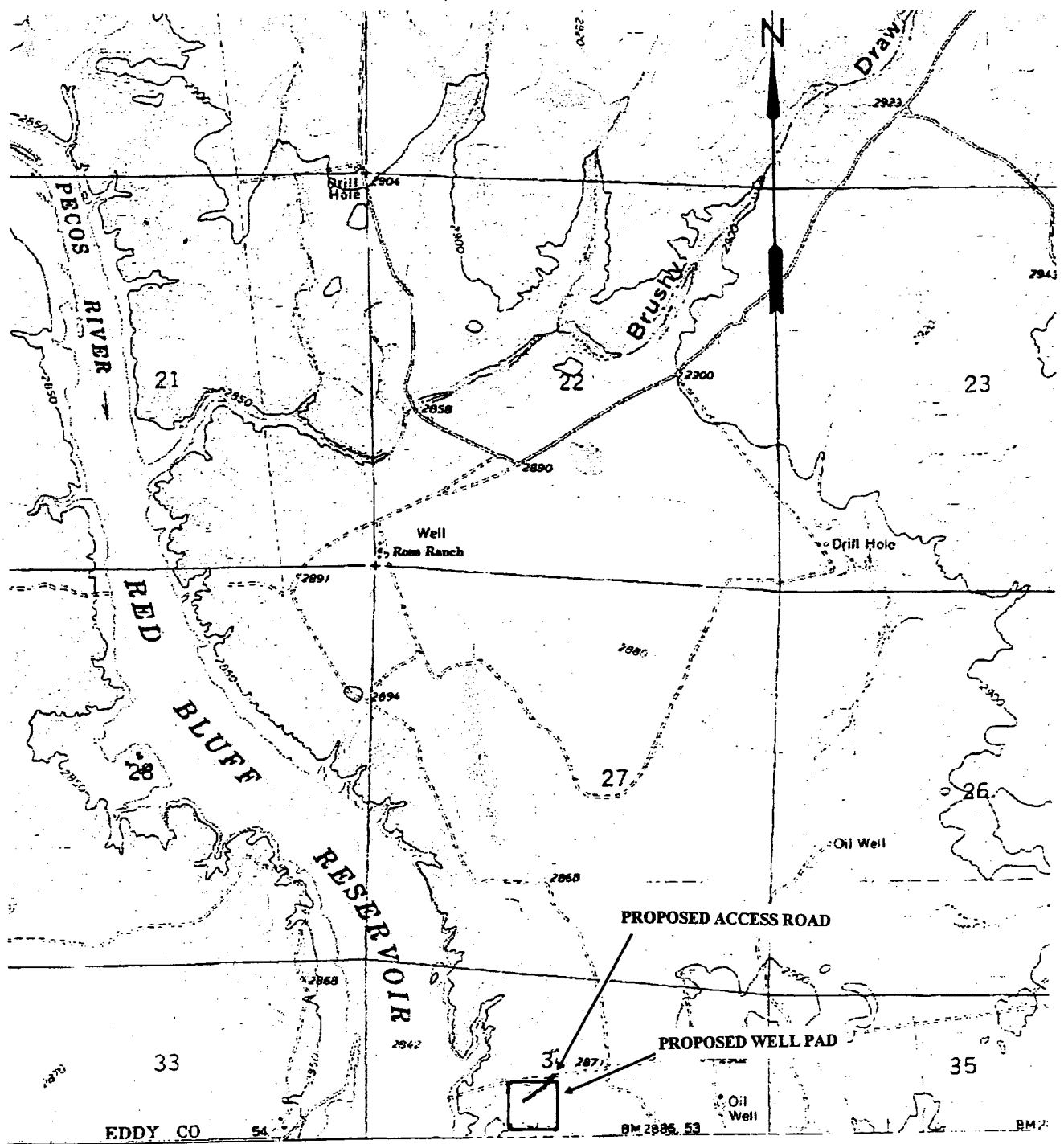
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 24.54	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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

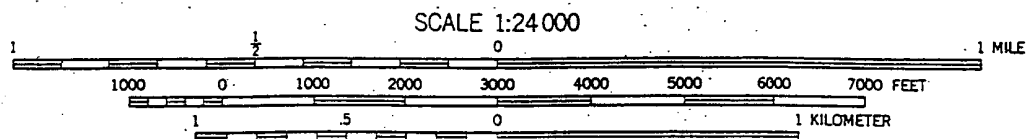
¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Joe L. Compton</u> Printed Name: <u>JOE L. COMPTON</u> Title: <u>AGENT</u> Date: <u>June 16, 2004</u>	
¹⁸ SURVEYOR CERTIFICATION I hereby certify 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. Date of Survey: <u>NOVEMBER 26, 2003</u> Signature and Seal of Professional Surveyor: Certificate Number: <u>V. L. BEZNER R.P.S. #7920</u> JOB #91662 / 23 SW / J.C.P.					

PLAT SHOWING PROPOSED
WELL LOCATION AND LEASE ROAD IN
SECTION 34, T-26-S, R-29-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO





Location Map: Class III Archaeological Survey for GP II Energy, Inc.'s Proposed Well Pad and Access Road to Serve Littlefield Federal "BO" No.6 Well in Section 34, T 26S, R 29E, NMPM, Eddy County, New Mexico. Map Reference: USGS 7.5' Series, Ross Ranch, NM (1968) 32103-A8



DRILLING PLAN
GP II ENERGY, INC.
LITTLEFIELD FEDERAL "BO" #6
Sec. 34, T26S, R29E
Eddy County, New Mexico

1. SURFACE FORMATION: Quaternary

2. ESTIMATED GEOLOGIC TOPS:

Bell Canyon 2850
Ramsey Sand 2880
Cherry Canyon 3920
Brushy Canyon 4995

3. ANTICIPATED HYDROCARBON BEARING ZONES:

Delaware Sand (oil)
Cherry Canyon (oil)

4. PROPOSED CASING AND CEMENTING PROGRAM:

CASING SIZE	FROM	TO	WEIGHT	GRADE	JOINT
8 5/8" WITNESS	0	375'	24#	K-55	STC
4 1/2"	0	5100	9.5#	K-55	STC
or					
5 1/2"	0	5100'	14#	K-55	STC

Production casing will be either 4 1/2" OD or 5 1/2" OD depending on shows encountered while drilling.

8 5/8" casing will be cemented with approximately 150 sacks of Class "C" with 2% CaCl. Cement will be circulated. WITNESS

5 1/2" casing will be cemented with sufficient Light cement, tailed in with 200 sacks of POZMIX A, to fill back to the base of the salt section at approximately 2675'.

5. PRESSURE CONTROL EQUIPMENT:

A 3000 psi working pressure, double ram blow out preventer will be used while drilling below the surface casing. (see Exhibit "E")

6. CIRCULATING MEDIUM:

Surface to 375 feet:

Fresh water with lime or gel as needed to maintain a viscosity of 28 to 30.

375 feet to 4800 feet:

Brine conditioned to control seepage, pH, and maintain a viscosity of 28 to 32.

4800 feet to 5100 feet:

Brine conditioned to control seepage, pH, and maintain a viscosity of 35 to 40.

7. AUXILIARY EQUIPMENT:

Drill string safety valves will be maintained on the rig floor while drilling operations are in progress.

8. TESTING, LOGGING, AND CORING PROGRAMS:

No drillstem tests are planned.

Electric logs will include GR-CNL-FDC GR-DLL with MSFL.

No coring is planned.

9. ABNORMAL PRESSURES, TEMPERATURE, OR HYDROGEN SULFIDE GAS:

No abnormal pressures or temperatures are anticipated.

10. ANTICIPATED START DATE:

The well is anticipated to commence on or about February 1, 2004 with drilling, completion, and testing operations to last about 30 days.

SURFACE USE AND OPERATIONS PLAN
GP II ENERGY, INC.
LITTLEFIELD FEDERAL "BO" #6
Sec. 34, T26S, R29E
Eddy County, New Mexico

LOCATED: 16 air miles south-southeast of Malaga, NM

FEDERAL LEASE NUMBER: LC-065928-A

DATE OF ISSUE: Lease issued July 1, 1951

LEASE AREA: 419.41 Acres

SURFACE OWNERSHIP: Federal

POOL DESIGNATION: Brushy Draw Delaware

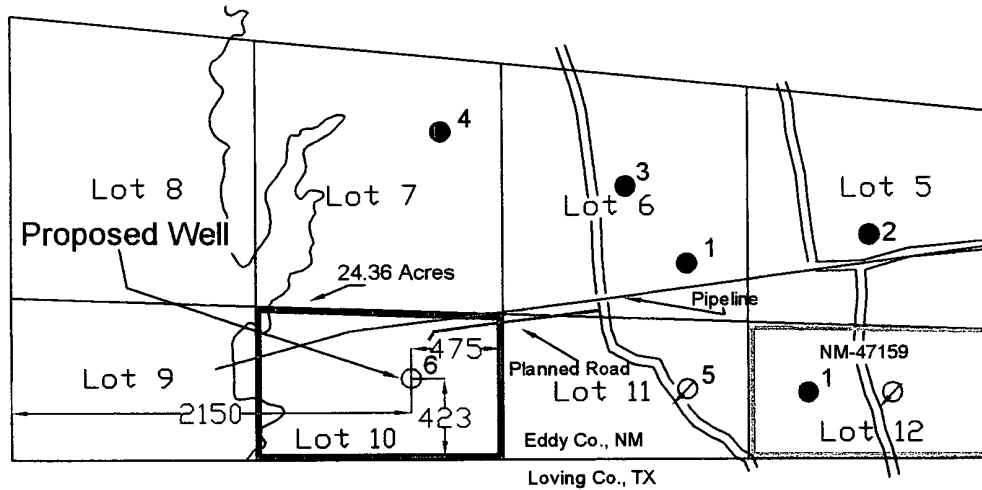
POOL RULES: Statewide - 40 Acre spacing for oil

EXHIBITS:

- A. Road Map
- B. Plat with existing wells and roads
- C. Drilling Rig Layout
- D. Topographic Plat
- E. BOP Arrangement

EXISTING ROADS:

- A. Exhibit "A" depicts the road map and shows the location of the proposed well as staked. Point "A" on the plat is on US 285 at milepost 3.8, approximately 12 miles south of Malaga, New Mexico, where a paved road goes east. Exit US 285 at this point and go east 3.7 miles to the Pecos River low water crossing. Cross the river and continue southerly on Eddy County 725 for 3.4 miles where the county road turns east. Continue south 0.1 miles to a caliche road. Turn west and continue 1.4 miles to a pumping well on the east side of the road. Continue south 0.7 miles, just past the GP II Federal Littlefield BO #3, where a pipeline crosses the road; the proposed well site is about 1100 feet west of this point.
- B. Exhibit "B" shows existing pertinent roads in the vicinity of the proposed well site. The planned access road is color coded.



GP II Energy, Inc.
Oil & Gas Lease LC-065928-A
Sec. 34, T26S, R29E
Eddy County, New Mexico

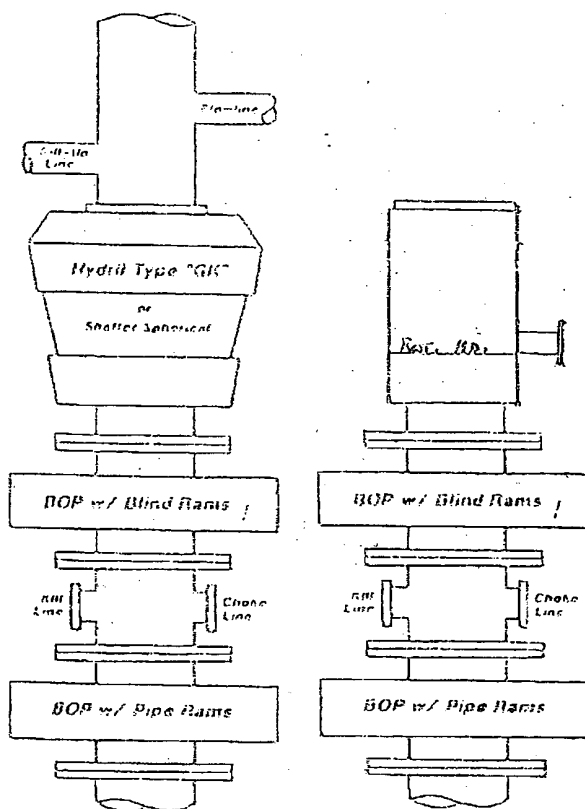
- Oil Well
- ⊗ Disposal Well
- Proposed Well



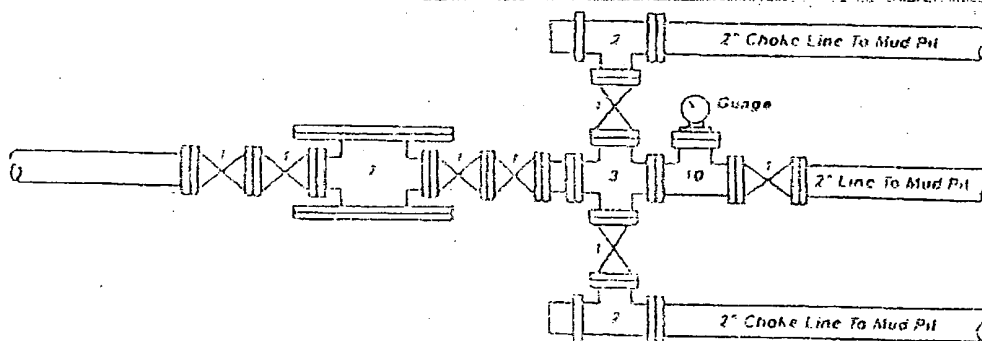
EXHIBIT "B"

APPLICATION FOR NON STANDARD PRORATION UNIT
LITTLEFIELD FEDERAL "BO" #6
2150' FWL & 423' FSL SEC. 34, T26S, R29E
EDDY COUNTY, NM

ROD RIC CORPORATION
CROWOUT PREVENTER - 3000 psi



A 1" valve will be installed on the closing line to the Hydril
This valve will be on a short nipple next to the Hydril
The closing line must be equipped w/ a 1"-3000 psi WP plug
valve on the nipple into the Hydril.



Legend

1. 2" flanged all steel valve must be either Cameron "E" Mathurson Low Torque, or Shafter Flo-Seal
2. 2" flanged adjustable chokes, min. 1" full opening & equipped w/ hard trim.
3. 4" x 2" flanged steel cross
4. 4" flanged steel tee
5. 4" flanged all steel valve (Type as in no. 1)
6. Drilling spool w/ 2" x 4" flanged steel outlet
7. Drilling spool w/ 2" x 2" flanged outlet.
8. 2" x 2" flanged steel cross
9. 4" pressure operated gate valve.
10. 2" flanged steel tee

EXHIBIT E

BOP ARRANGEMENT
ROD-RIC DRILLING -- RIG 9 OR 10

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: GP II Energy, Inc.
Well Name & No. Littlefield Federal BO #6 - RESUBMITTAL
Location: 423' FSL, 2150' FWL, Section 34, T. 26 S., R. 29 E., Eddy County, New Mexico
Lease: LC-065928-A

.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

- A. Well spud
- B. Cementing casing: 8-5/8 inch 4-1/2 or 5-1/2 inch
- C. BOP tests

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. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at approximately 425 feet or 25 feet into the Rustler Anhydrite and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach approximately 500 feet above the top of the uppermost hydrocarbon productive interval.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

GP II Energy, Inc.

P. O. Box 50682

Midland, Texas 79710

Attention: Joe L. Compton

January 30, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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FEB 28 2004

OCD-ARTESIA

Administrative Order NSP-1869

Dear Mr. Compton:

Reference is made to the following: (i) your application dated December 18, 2003 (*administrative application reference No. pLR0-336532092*), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on December 30, 2003; and (ii) the Division's records in Santa Fe: all concerning GP II Energy, Inc.'s request for a non-standard 24.54-acre oil spacing and proration unit consisting of the following acreage in the Undesignated Brushy Draw-Delaware Pool (8080):

EDDY COUNTY, NEW MEXICO
TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Irregular Section 34: Lot 10.

This application has been duly filed under the provisions of Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding this unit is to be dedicated to GP II Energy Inc.'s proposed Littlefield "BO" Federal Well No. 6 to be drilled at a standard oil well location 423 feet from the South line and 2150 feet from the West line of irregular Section 34.

By the authority granted me under the provisions of Division Rule 104.D (2) (b), as revised, the above-described 24.54-acre non-standard Delaware oil spacing and proration unit is hereby approved. Further, in accordance with Division Rule 104.G (1), as revised, GP II Energy, Inc. is permitted to produce the allowable assigned this 24.54-acre unit (0.614 acreage factor) from this well.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad