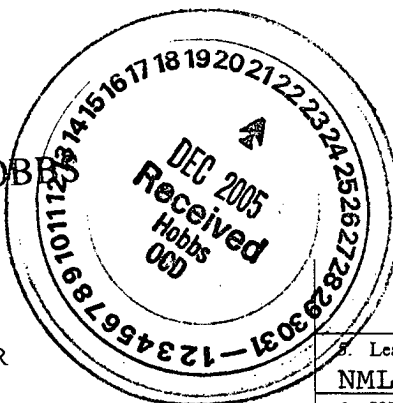


OCD-HOBBS



FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NMLC064009C
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
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 88240		8. Lease Name and Well No. (35315) Federal DM No. 1
3b. Phone No. (include area code) (505) 392-6950		9. API Well No. 30-025-29354-0000
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 760' FNL & 960' FEL At proposed prod. zone same Unit A		10. Field and Pool, or Exploratory Young Wolf Camp North
14. Distance in miles and direction from nearest town or post office* 6.3 miles south southwest Maljamar, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 8, T-18S, R-32E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 360	16. No. of Acres in lease 80	12. County or Parish Lea
17. Spacing Unit dedicated to this well 40	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1256	13. State NM
19. Proposed Depth 10,450'	20. BLM/BIA Bond No. on file BO2099 DOC ID# NMLC064009C	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3823GL 3839KB	22. Approximate date work will start* 11/01/05	23. Estimated duration 20 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 <i>Larry R. Scott</i>	Name (Printed/Typed) Larry Scott	Date 9/19/05
Title President		
Approved by (Signature) <i>/s/ Joe G. Lara</i>	Name (Printed/Typed) /s/ Joe G. Lara	Date DEC 20 2005
Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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.

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.

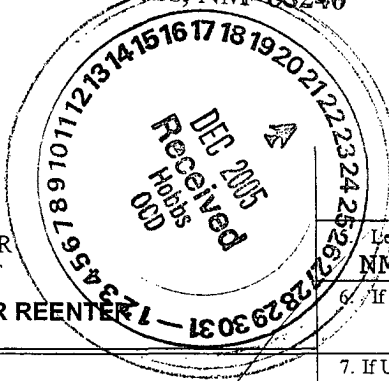
(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

Lease Serial No.
NMLC064009C

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☐ DRILL ☒ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Federal DM No. 1

2. Name of Operator
Lynx Petroleum Consultants, Inc.

9. API Well No.
30-025-29354-0000

3a. Address
P.O.Box 1708 Hobbs, NM 88240

3b. Phone No. (include area code)
(505) 392-6950

10. Field and Pool, or Exploratory
Young

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface **760'FWL & 960'FEL**

At proposed prod. zone **same**

11. Sec., T., R., M., or Blk. and Survey or Area

Sec. 8, T-18S, R-32E

14. Distance in miles and direction from nearest town or post office*

6.3 miles south southwest Maljamar, NM

12. County or Parish

Lea

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) **360**

16. No. of Acres in lease
80

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. **1256**

19. Proposed Depth
10,450

20. BLM/BIA Bond No. on file
B02099

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3823GL 3839KB

22. Approximate date work will start*
9/1/05

23. Estimated duration
20 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Name (Printed/Typed)
Larry Scott

Date
9/19/05

Title
President

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

Application approval does not warrant or certify the 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.

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 reverse)

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-85

All distances must be from the outer boundaries of the Section

Operator Amoco Production Co.		Lease Federal DM 95315		Well No. 1
Unit Letter A	Section 8	Township 18 South	Range 32 East	County Lea
Actual Footage Location of Well: 760 feet from the North line and 960 feet from the East line				
Ground Level Elev. 3815.9	Producing Formation Wolfcamp	Pool Wildcat Wolfcamp	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

<p>An area 600' x 800' around this location was M-Scoped, No underground facilities were found.</p>		<p>760'</p> <p>960'</p>

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Charles M. Lanning
Position
Admin. Analyst (SG)
Company
Amoco Production Co.
Date
7/22/85

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 knowledge and belief.

Date Surveyed
July 18, 1985
Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No. JOHN W. WEST, 676

**Attachments to Form 3160-3
Application for Permit to Reenter
Federal "DM" No. 1**

**Section 8, T-18S, R-32E
Lea County, New Mexico**



24.1 A certified well plat for this location is already on file.

24.2 DRILLING PLAN

We are proposing to reenter the plugged and abandoned Federal "DM" No. 1 well, drill cement plugs out to 10, 450', and attempt a completion in the Wolfcamp or Bone Springs horizons. Public records indicate that all surface, intermediate, and production casing strings were left in place at abandonment. A wellbore diagram of the well in its current condition is attached to this drilling plan.

- A. SURFACE FORMATION: Sandy Soil of Quaternary Age
- B. GEOLOGICAL MARKERS FROM CNL/FDC LOG 3/24/86:
 - a. Salt 1100'
 - b. Queen 3720'
 - c. Grayburg 4245'
 - d. Bone Spring 5962'
 - e. Wolfcamp 8973'
- C. ESTIMATED DEPTHS TO OIL OR GAS FORMATIONS:
Oil, Gas, and Water – Bone Spring and Wolfcamp
- D. CASING AND CEMENT PROGRAM:
40' – 20", 75.71#/ft conductor cemented with 2-3/4 yards redi-mix
434' – 13 3/8", 54.5#/ft surface cemented with 450 sx. Class 'C' cement plus 2% CaCl. Circulated 15 sx.
2800' – 8 5/8", 32#/ft, J & K-55, intermediate cemented with 1050 sx. Class 'C' Lite + 400 sx. Class 'C'. Circulated 432 sx. to pit.
10593' – 5 1/2", 17 & 15.5#/ft, N-80 & J-55, production with DV tool at 5995'. Cemented 1st stage 1325 sx. Class 'H' + additives. Circulated 264 sx. off DV tool. Cemented 2nd stage with 950 sx. Class 'H' Lite + 400 sx. Class 'H' neat. Circulated 105 sx. to pit.
- E. PRESSURE CONTROL EQUIPMENT: Cement plug drilling operations will be conducted with a "reverse unit" consisting of a steel drilling pit, pump, top drive power swivel, and rotating packoff head. This will be installed on top of a double ram blowout preventer (2-7/8", Blind) rated to 5000 psi working pressure. A sketch of the BOP and choke manifold is attached.

- F. CIRCULATING MEDIUM: Brine water, 9.5-10.0 ppg, will be used for all drilling operations. The hole will be displaced with 2 percent KCL water prior to perforating.
- G. AUXILIARY EQUIPMENT: A full opening Kelly cock valve to fit 2-7/8" workstring will be kept on the rig floor at all times.
- H. TESTING, LOGGING, CORING: All tests will be via perforations.
- I. ABNORMAL PRESSURE AND TEMPERATURES: None anticipated. Maximum bottom hole pressure will not exceed 5012 psig.
- J. ANTICIPATED STARTING DATE: Reentry operations will commence around November 1, 2005. All operations should be completed within 20 days.

24.3 SURFACE USE PLAN

LOCATED:

6.3 miles south southwest of Maljamar, New Mexico

OIL AND GAS LEASE:

NMLC064009C

ACRES IN LEASE:

80.00

RECORD LESSEES:

- a. XTO Energy, Inc.
- b. Tommye G. Ewing
- c. Patricia A. Brunson
- d. Vivian C. Brunson
- e. Freda E. Charlesworth
- f. Jimmie Charlesworth

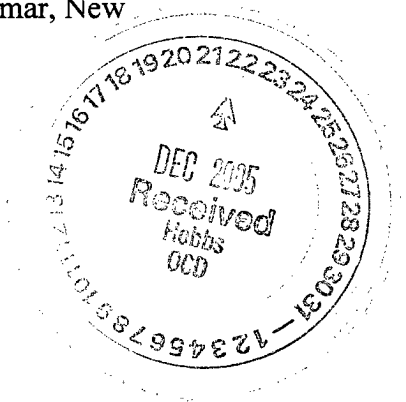
BOND COVERAGE:

\$25,000 statewide bond

SURFACE OWNER:

U.S. Government with Grazing Allotment #6008
Querecho Plains
Virgil Linam Estate(Faye Klein)
P.O. Box 1503
Hobbs, NM 88241
40 acres (Young Wolfcamp)

WELL SPACING:



1. EXISTING ROADS:

- A. The wellsite is 760' FNL and 960' FEL of Section 8, T-18S, R-32E, Lea County, New Mexico.
- B. Attached is an aerial photograph showing the location and existing roads. The well is approximately 6.3 miles south southwest of Maljamar, New Mexico.
- C. Directions: From the intersection of state highway 529 and county road 126 travel south on county road 125 for 5.5 miles. Turn west for 1.2 miles. Turn North for 1.4 miles. Turn east for 0.7 miles. Turn south and immediately back east into the location.

2. PLANNED ACCESS ROADS

- A. No new access road will need to be constructed for this project. An approximately 100' spur into the location from the existing road will need to be refurbished. Please see aerial photo.
 - B. Turnouts: None
 - C. Drainage Design: None required
 - D. Culverts, Cuts, and Fills: None
 - E. Surfacing Material: Four inches of caliche, bladed, watered, and compacted.
 - F. Gates, Cattleguards, and Fences: None
3. LOCATION OF EXISTING WELLS:
Existing are shown on the attached lease plat and aerial photograph.
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
A. Existing Facilities: None
B. New Facilities: Constructed on wellsite pad
5. LOCATION AND TYPE OF WATER SUPPLY:
Brine and fresh water will be purchased from a commercial source and transported over existing roads to the wellsite.
6. SOURCE OF CONSTRUCTION MATERIAL:
Caliche will be hauled from the nearest approved pit.
7. METHODS OF HANDLING WASTE DISPOSAL
- A. 187 cu ft cement cuttings will be disposed of via burial on site. The required pit size is 6'x6'x6'.
 - ☒ B. Drilling fluids will be contained in a steel reverse pit and hauled to an approved disposal facility.
 - C. Water produced during testing will be contained in a steel swab tank and hauled to an approved disposal facility.
 - 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 55 gallon drum and disposed of in an approved landfill.
8. ANCILLARY FACILITIES: None anticipated at this time
9. WELLSITE LAYOUT:
The attached plat indicates the relative location and dimensions of the well, pad, and major pulling unit equipment. No reserve pit will be dug.
10. PLANS FOR RESTORATION OF SURFACE:
A. After termination of the drilling/completion operations all equipment and other material not needed for producing operations will be removed. Location will be cleaned of trash and junk to leave the wellsite in as aesthetically pleasing condition as possible.



- B. If the well is non-productive, the disturbed area will be rehabilitated to Federal Agency requirements. This will be accomplished as expeditiously as possible.

11. OTHER INFORMATION:

- A. Terrain: Flat with nearby sand dunes
- B. Soil: Sandy
- C. Vegetation: Mesquite, shinoak 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: This report is already of record.
- K. Surface Ownership: The access road and wellsite are located on public surface.

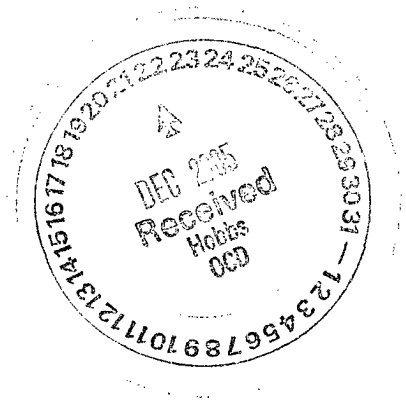
12. OPERATOR'S REPRESENTATIVE:

Larry R. Scott
3325 Enterprise Drive
P.O. Box 1708
Hobbs, NM 88241
Phone: 505-392-6950
FAX: 505-392-7886
E-mail: lynxpet@leaco.net

24.6.1 **CERTIFICATION:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed well 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.

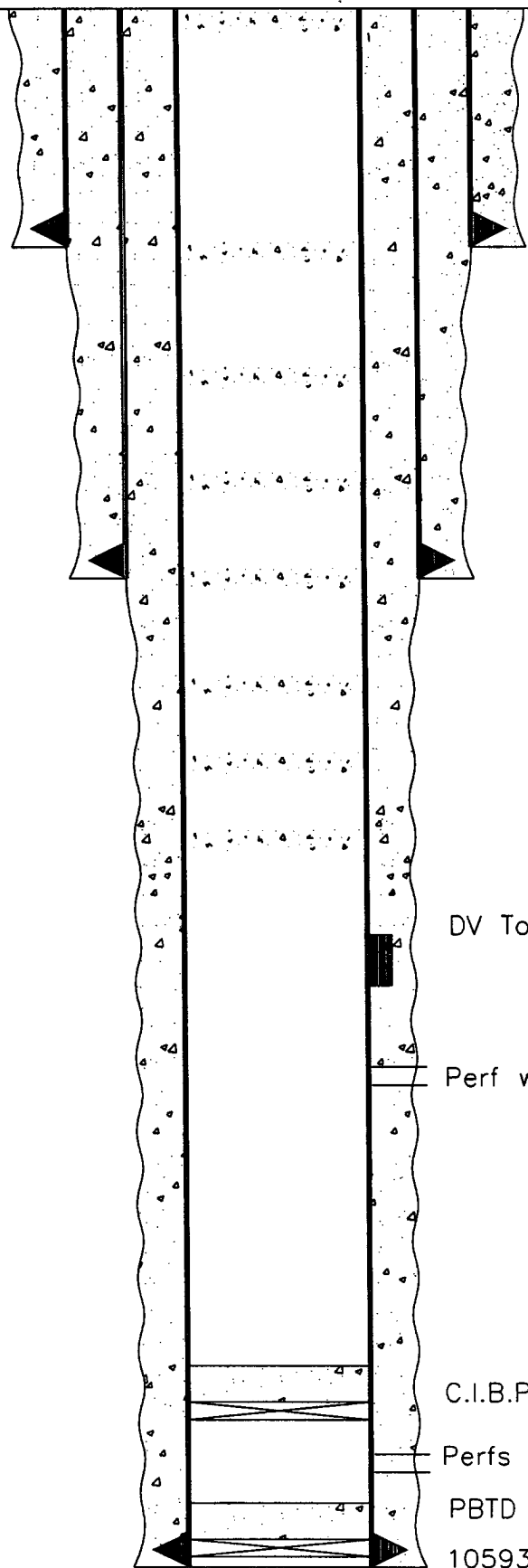
By: Larry R. Scott
Date: 9-19-05



CURRENT WELLBORE

8/1/04

Elevation: 3823GL KB: +16'



434' - 13 3/8", H-40, 54.5# Casing
Cemented w/450 sxs. Circulated to Surf.

Cement Plugs: 312'-512'
1013'-1213'
2302'-2502'
2706'-2906'

2800' - 8 5/8", K-55, 32# Casing.
Cemented w/1450 sxs. Circulated to Surface

Cement Plugs: 3636'-3836'
4135'-4335'
4418'-4618'

DV Tool -- 5995'
Cemented w/1350 sxs. Circulated to Surface

Perf w/4 JSPF @ 6338'-56'

C.I.B.P. @ 10300' w/35' Cement on Top

Perfs 10386'-10408'

PBTD @ 10580'

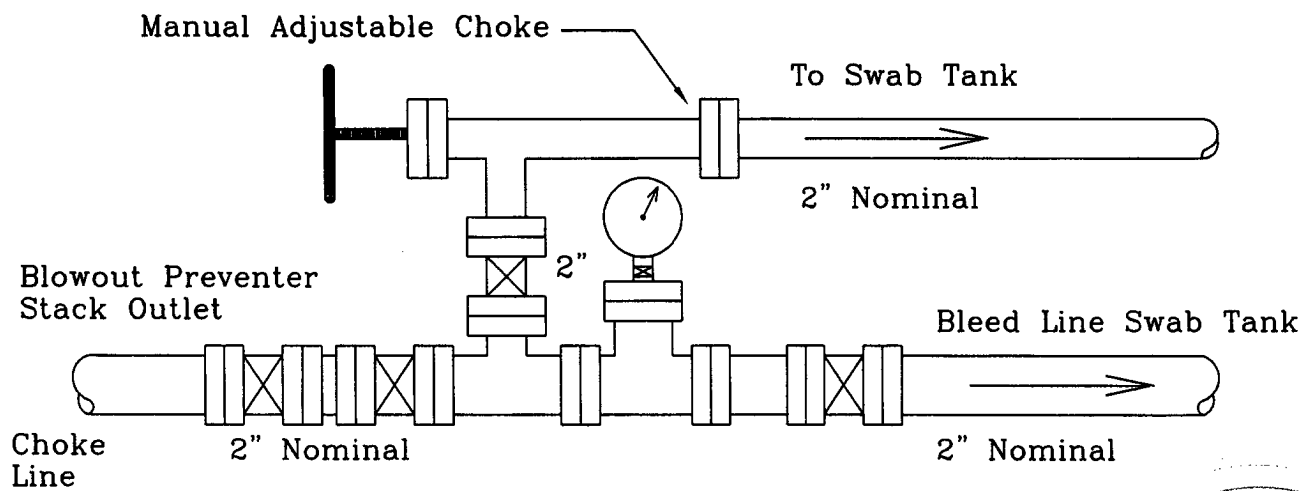
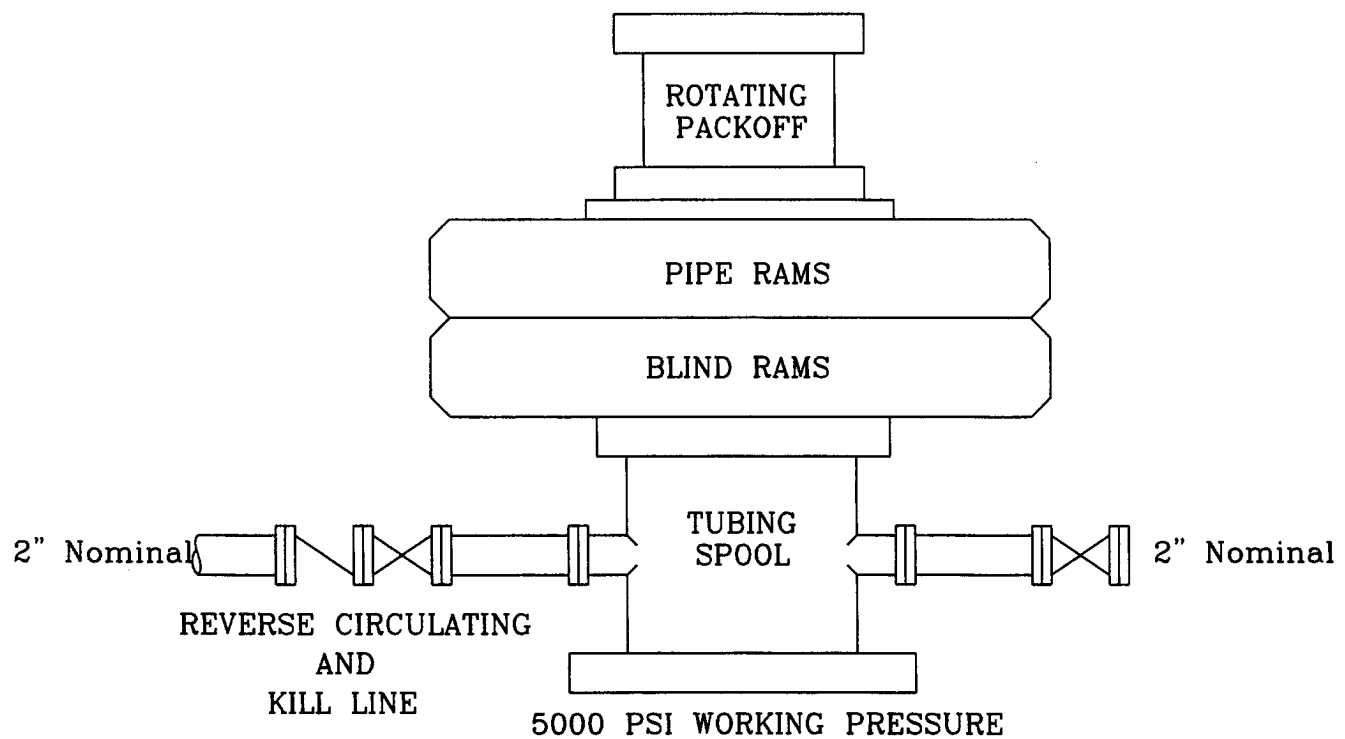
10593' - 5 1/2", 15.5 & 17#
J-55 & N-80
Cemented 1st stage w/1325 sxs

T.D. @ 10593'



Amoco Production Co.
Federal 'DM' No. 1
760' FNL & 960' FEL
Sec. 8, T-18S, R-32E
Lea County, N.M.

USED FOR DRILLING CEMENT IN PRODUCTION CASING

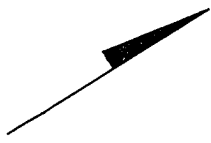


Location: NE/4 NE/4
 Sec. 8, T-18S, R-32E
 Lea County, NM

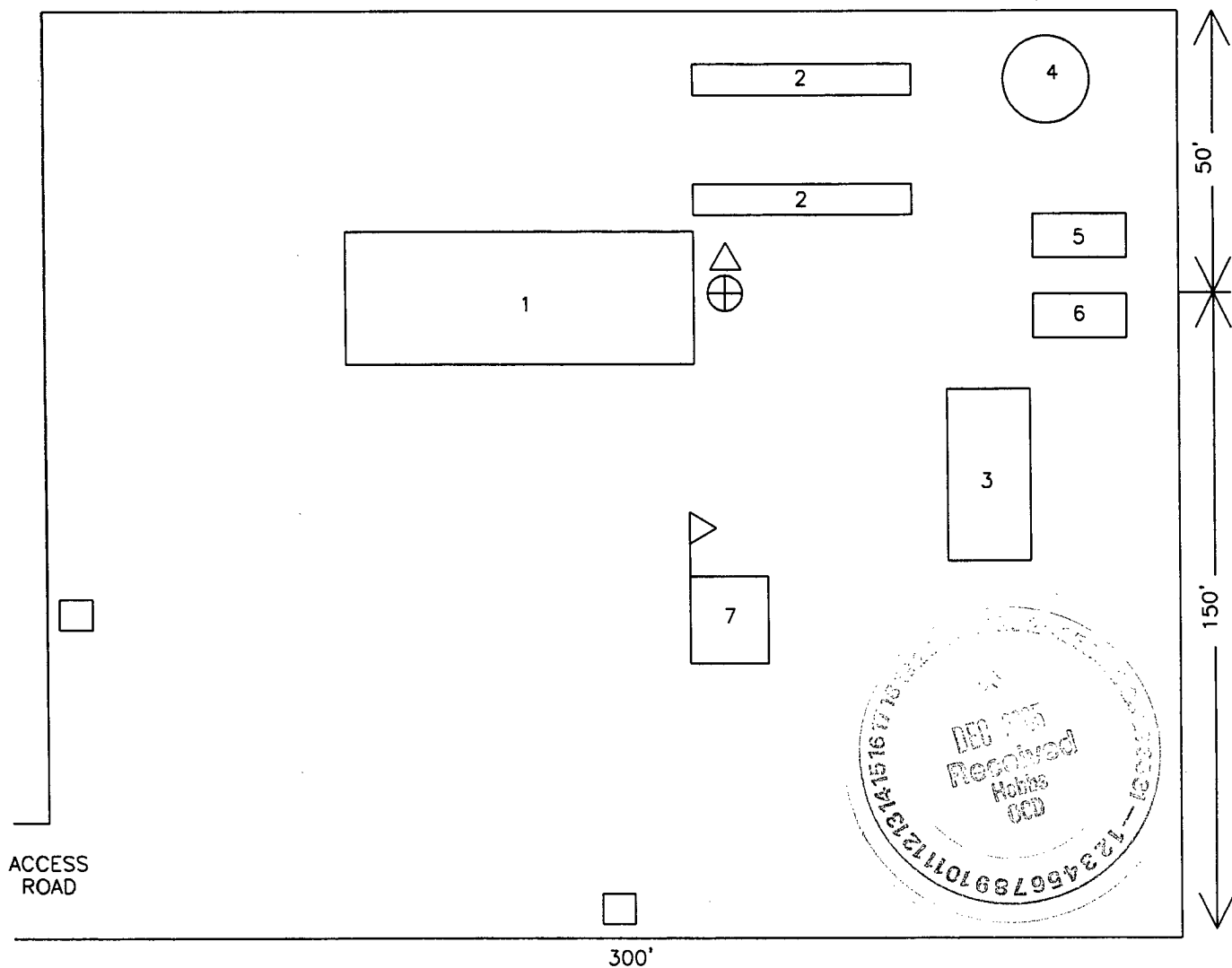
Federal 'DM' No. 1
 BLOWOUT PREVENTER AND CHOKE MANIFOLD

Scale: None

1/14/05



Prevailing Wind



1. WELL SERVICING UNIT
2. PIPE RACKS
3. REVERSE UNIT STEEL PIT
4. SWAB TANK
5. POWER SWIVEL HYDRAULICS

6. REVERSE UNIT PUMP
7. DOGHOUSE

- H2S Monitor with alarm
- Wind Direction Indicator
- Safe Briefing Area.

Location: NE/4 NE/4
Sec. 8, T-18S, R-32E
Lea County, NM

FEDERAL 'DM' NO. 1
RIG LAYOUT

01/15/2005

Scale: None

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Application for Permit to Drill
Federal DM No. 1
760' FWL & 960' FEL
Section 8, T-18S, R-32E
Lea 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. : NMLC064009C

Legal Description : NE/4 NE/4 Section 8, T-18S, R-32E
Lea County, New Mexico

Formation : Surface to Base of Wolfcamp

Bond Coverage : \$25,000 Statewide

BLM Bond File No. : BO2099 *DOC ID # NM 1694 BOND #*

EAA

Operator : LYNX PETROLEUM CONSULTANTS, INC.

Authorized Signature :

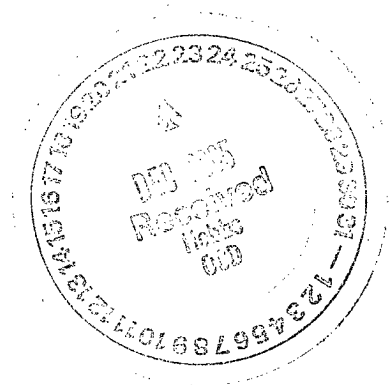
Harry R. Scott

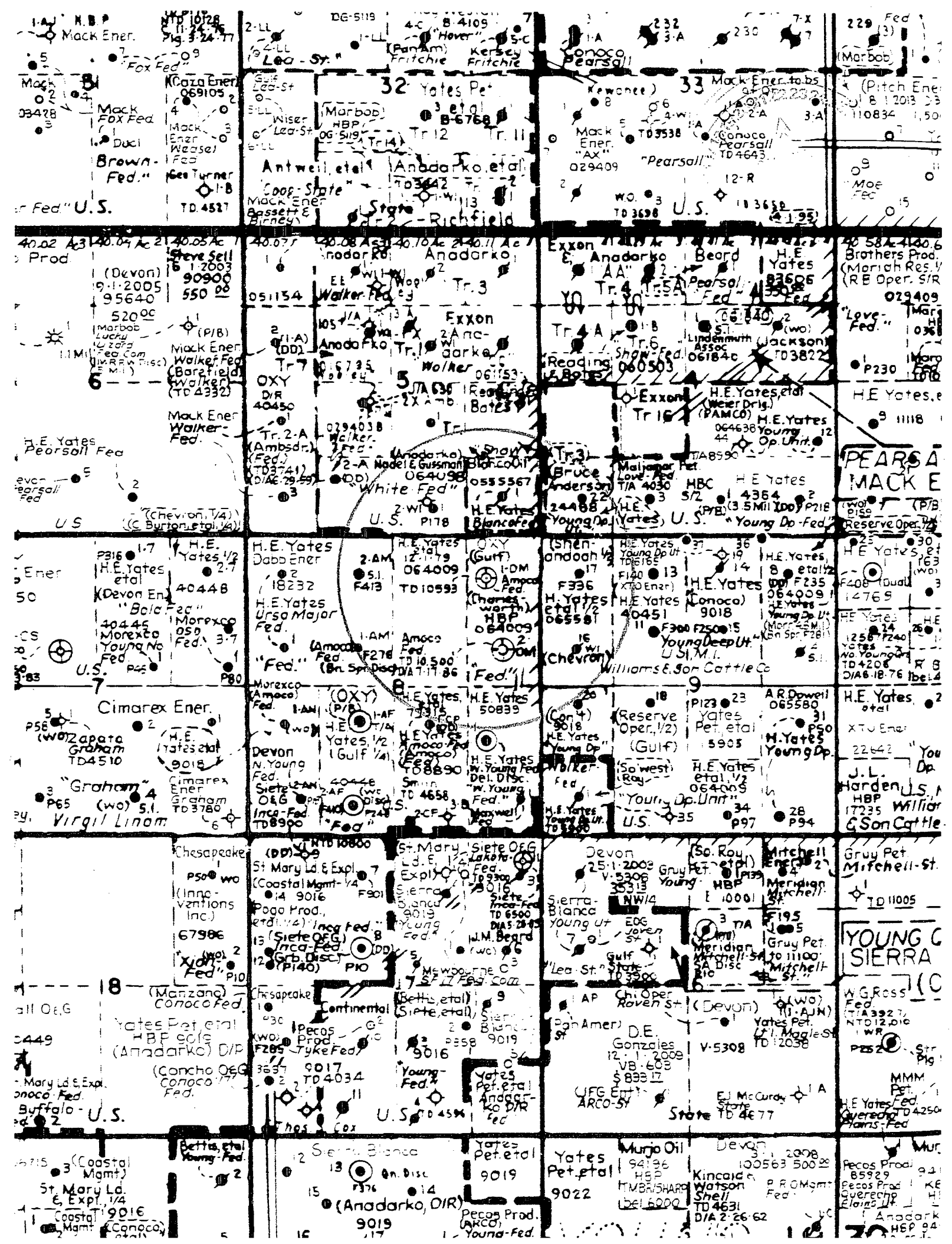
President

Title :

Date :

9/19/05





[Send To Printer](#) [Back To TerraServer](#) [Change to 11x17 Print Size](#) [Show Grid Lines](#) [Change to Landscape](#)

USGS 277 km NE of Ciudad Juacuterez, Chihuahua, Mexico 22 Oct 1996



FEDERAL "DM" NO. 1 LOCATION

← **STATE
HIGHWAY 529**

← **COUNTY
ROAD 126**

0 1Km

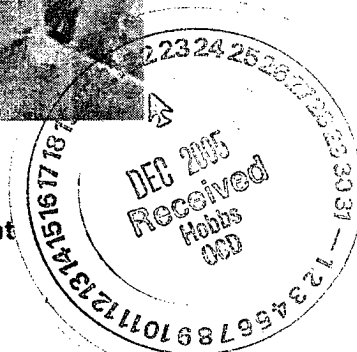
0 .5Mi

Image courtesy of the U.S. Geological Survey

© 2004 Microsoft Corporation.

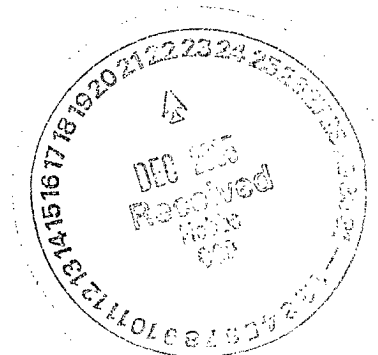
Terms of Use

Privacy Statement



**SITE SECURITY PLAN
FEDERAL DM No. 1
September 19, 2005**

- I. Self Inspection
 - A. Gauge tank levels and calculate oil production daily.
 - B. Keep record of item "IA" on file for 1 year.
 - C. Check seal records quarterly.
- II. Seal Records
 - A. Seals to be in place as per 43 CFR Part 3160 Section III paragraphs A and C.
 - B. The pumper is to keep a diary of seal numbers and update the diary whenever a seal is changed.
- III. Reporting Theft or Mishandling of Oil
 - A. Report any incident of theft or mishandling of oil to the authorized officer no later than the next business day.
 - B. File a written report within 10 business days to include all items listed in 43 CFR Part 3160 Section III paragraph E.
- IV. By-Pass Around Meters
 - A. No By-pass around the gas meter exists nor will one be permitted.
- V. Leases
 - A. This site security plan is established for the Federal DM No. 1 Lease.
- VI. Notification Documentation
 - A. A Site Security Diagram will be prepared and mailed to the BLM in Hobbs, NM in the event that the well is completed as a commercial producer.
 - B. This new Site Security Plan will replace any previous plan on file.



SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Lynx Petroleum Consultants Inc. Well Name & No. Federal DM #1
Location 760 FNL & 960 FEL Sec. 8, T. 18 S, R. 32 E, 15 1920 2122 2223 2122
Lease No. LC-064009-C County Lea State New Mexico DEC 15 2009

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- (X) Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) () Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other. Steel pits are to be used to re-enter the well.

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(X) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|---|---|
| () A. Seed Mixture 1 (Loamy Sites) | () B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria magrostachya</i>) 2.0 |
| () C. Seed Mixture 3 (Shallow Sites) | () D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobolus airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

(X) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- (1) Lined as specified above and
- (2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and it capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from the BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to processed by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.



PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the following lands: All of Section 8 T. 18 S., R. 32 E.

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. 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 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the 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 feet from the source of the noise.

Bureau of Land Management
Carlsbad Field Office

SENM-S-22
December 1997



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Lynx Petroleum Consultants Incorporated

Well Name & No: Federal DM No.01

Location: Surface: 760' FNL & 960' FEL, Sec.08, T. 18 S. R. 32E.

Lease: NMLC -64009-C

Lea County, New Mexico

.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 3/8 inch; 8 5/8 inch; 5 1/2 inch.

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this wellbore. However, the operator shall confirm all rig personnel are trained in H2S safety awareness. Alertness to the signs of H2S presence should be practiced. Some distant production shows H2S from the Queen formation found at about 3720 feet.

3. 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.

4. 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.

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

II. CASING:

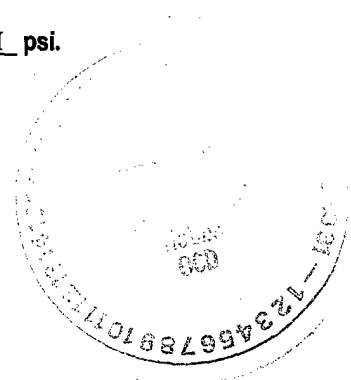
1. The 13 3/8 inch is set at 434 ft and circulated. This is a re-entry, casing strings already exist.

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 13 3/8 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 3 M psi.

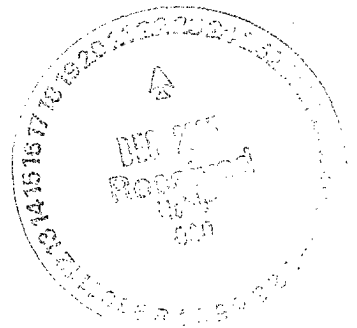
III. Pressure Control (continued):



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

- The test 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 safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

Ggourley



BLM Serial Number: LC-064009-C
Company Reference: Lynx Petroleum
Well No. & Name: Federal DM #1

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
CARLSBAD FIELD OFFICE

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

A. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

B. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

C. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.



D. If, during any phase of the construction, operation, maintenance, or termination of the road, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting there from, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

E. The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times.

The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

F. The Holder shall ensure that the entire right-of-way, including the driving surface, ditching and drainage control structures, road verges and any construction sites or zones, will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle and salt cedar.

Holder agrees to comply with the following stipulations:

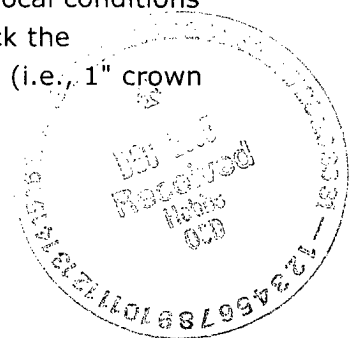
1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

☐ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).



☒ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

☐ Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

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

SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

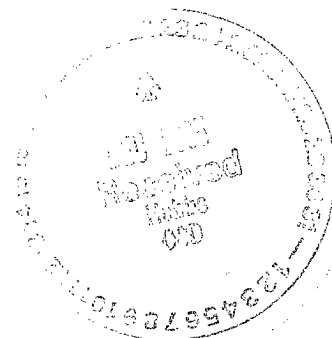
For this road the spacing interval for lead-off ditches shall be at

☒ 400 foot intervals.

☐ _____ foot intervals.

☐ locations staked in the field as per spacing intervals above.

☐ locations delineated on the attached map.



B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

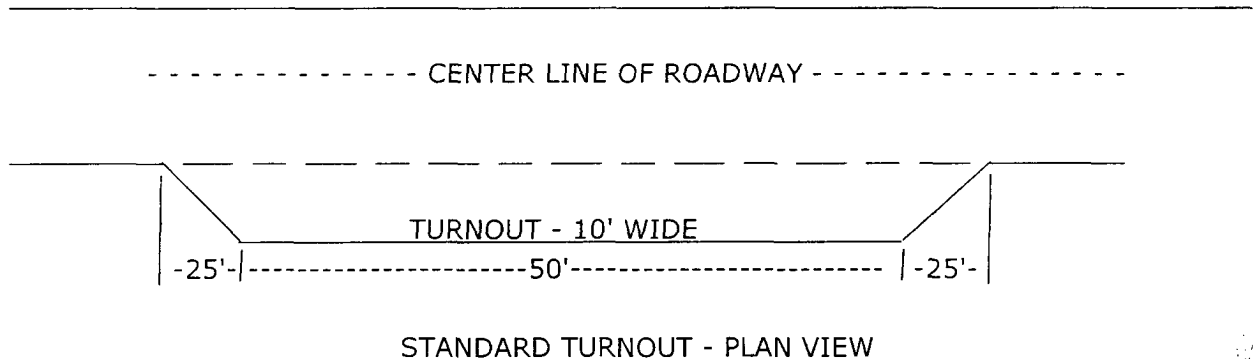
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = $\frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

A sales contract for the removal of mineral materials (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to using any such mineral material from public lands. Contact the BLM solid minerals staff for the various options to purchase mineral material.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder 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 will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS:

