

OCD-HOBBS

Form 3160-3
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC 032573B
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
2. Name of Operator Range Operating New Mexifco, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address 777 Main St., Ste. 800 Fort Worth, TX 76102		8. Lease Name and Well No. <u><301545></u> Elliott B Federal #9
3b. Phone No. (include area code) 817-810-1916		9. API Well No. 30-025-37773
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1650' FSL & 990' FEL At proposed prod. zone 1650' FSL & 990' FEL Unit I		10. Field and Pool, or Exploratory Eunice San Andres Southwest
14. Distance in miles and direction from nearest town or post office* 2 miles SE from Eunice, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 6, T22S, R37E, N.M.P.M.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 360	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4500	20. BLM/BIA Bond No. on file NM2399
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3442'	22. Approximate date work will start* 03/01/2006	23. Estimated duration 9 days

24. Attachments

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

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

25. Signature	Name (Printed/Typed) Paula Hale	Date 02/14/2006
---------------	------------------------------------	--------------------

Title

Approved by (Signature) /S/ Russell E. Sorensen	Name (Printed/Typed) /S/ Russell E. Sorensen	Date MAR 22 2006
Title ACTING 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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

NOTICE

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer, (WO-630) MS 401 LS, 1849 C Street, N.W., Washington, D.C. 20240.

The Paperwork Reduction Act of 1995 requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease.

United State Department of the Interior

Bureau of Land Management

ROSWELL FIELD OFFICE
2902 West Second Street
Roswell, New Mexico 88201

Statement Accepting Responsibility for Operations

Operator Name: Range Operating New Mexico, Inc.
Street or Box: 777 Main Street, Suite 800
City, State: Fort Worth, TX
Zip Code: 76102

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.: LC 032573B
Legal Description of Land: Sec. 6, T22S, R37E
NE SE
Formations: Eunice San Andres Southwest
Bond Coverage: (State, Nationwide or Individual) Statewide
BLM Bond File No.: NM2399

Authorized Signature: Bayan Suleis

Title: Petroleum Engineer

Date: 2/10/06

NOTICE TO SURFACE OWNER

Surface Owner

Range Operating New Mexico, Inc.
777 Main St., Ste. 800
Fort Worth, TX 76102

Notice Date

2-10-06

Multi-Point Surface Use Operating Plan
Range Operating New Mexico, Inc.
Elliott B Federal No. 9

This plan is submitted with form 3160-3, Applications for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, and the proposed construction. And the procedures to be followed in rehabilitation of the surface after completion of the operations, so that a complete appraisal can be made of the environmental affects associated with the operation.

1. Existing Roads:

- A. Exhibit A is a portion of a road map showing the location of the proposed well. The proposed location is situated approximately 2.0 miles SW of Eunice, New Mexico.
- B. Directions:
See Exhibit B

2. Planned Access Road

- A. The proposed well site is located 1,650' FSL & 990' FEL of Section 6-T22S-R37E.

3. Location of Existing Wells:

- A. There is one (1) existing well in the vicinity as shown on Exhibit D

4. Location of Existing and/or Proposed Facilities

- A. The Layout of the well pad, drilling rig and reserve pit are shown in Exhibit B & C.
- B. In the event that this well is productive, the current tank battery and production facilities will be utilized.
- C. The production facility consists of two 210 bbl steel oil storage tanks, one 500 bbl water tank, two vertical separators for production and one vertical separator for testing.

5. Location and Type of Water Supply:

- A. The well is to be drilled with both fresh and brine water to be hauled to the location by truck and will be bought from commercial sources.

6. Source of Construction Material:

- A. Any caliche required for construction of the well pad will be obtained from company-owned caliche pit.

7. Methods of Handling Waste Disposal:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Oil produced during operations will be stored in tanks and hauled off site.
- D. Human sewage will be contained in a portable chemical toilet, transported from the site and disposed of at an approved site.
- E. Trash will be deposited in a metal container and hauled to an approved disposal site.
- F. Within 30 days following drilling and/or completion operations, trash and debris will be hauled to an approved disposal site.

8. Ancillary Facilities

None

9. Well site Layout:

- A. Exhibit B shows the dimensions of the well pad. Location of the major rig components, and well pad orientation are shown Exhibit C.
- B. Topography of the area is relatively level across the entire location. Fills should be no more than 3' deep. The location will be capped with 4" to 6" of caliche.
- C. No diversion ditches are planned.
- D. The pad has been staked and flagged and an archeological study conducted and attached with this permit application.

10. Plans for Restoration of the Surface:

- A. Upon completion of drilling, completion and production operations, the area disturbed by the project will be restored to BLM specifications or to as near their former natural condition as possible.
- B. All of the caliche material will be removed and the area will be leveled to pre-project grade.
- C. No drainage systems will be needed on the site.
- D. No segregation of soils is planned at this time as it is a blow sand area.
- E. Waste disposal was outlined in Section 7.
- F. Re-vegetation and fertilization will be as per BLM stipulations.
- G. All areas not used for production will be restored after completion of the well. The existing roads will not be restored.

11. Other Information

- A. The general location of this site is a sandy desert and mesquite brush area. The soil has a very small amount of vegetation and stockpiling of material is not planned.
- B. The vegetation is desert scrub characterized by various species of cacti, acacia, and mesquite.
- C. Wildlife species that occur in the area include: rabbits, mule deer, coyote, snakes and various rodents.
- D. No river is in the general area of the well site.
- E. An archaeological survey of the site and proposed access road has been conducted and the report is attached.

12. Surface Owner's Name and Address:

Range Operating New Mexico, Inc.
777 Main Street, Suite. 800
Fort Worth, TX 76102

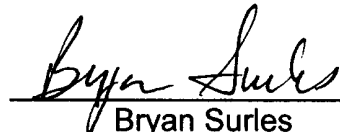
13. Operator's Representative and Certification.

A. The field representatives responsible for assuring compliance with the approved surface use plan are:

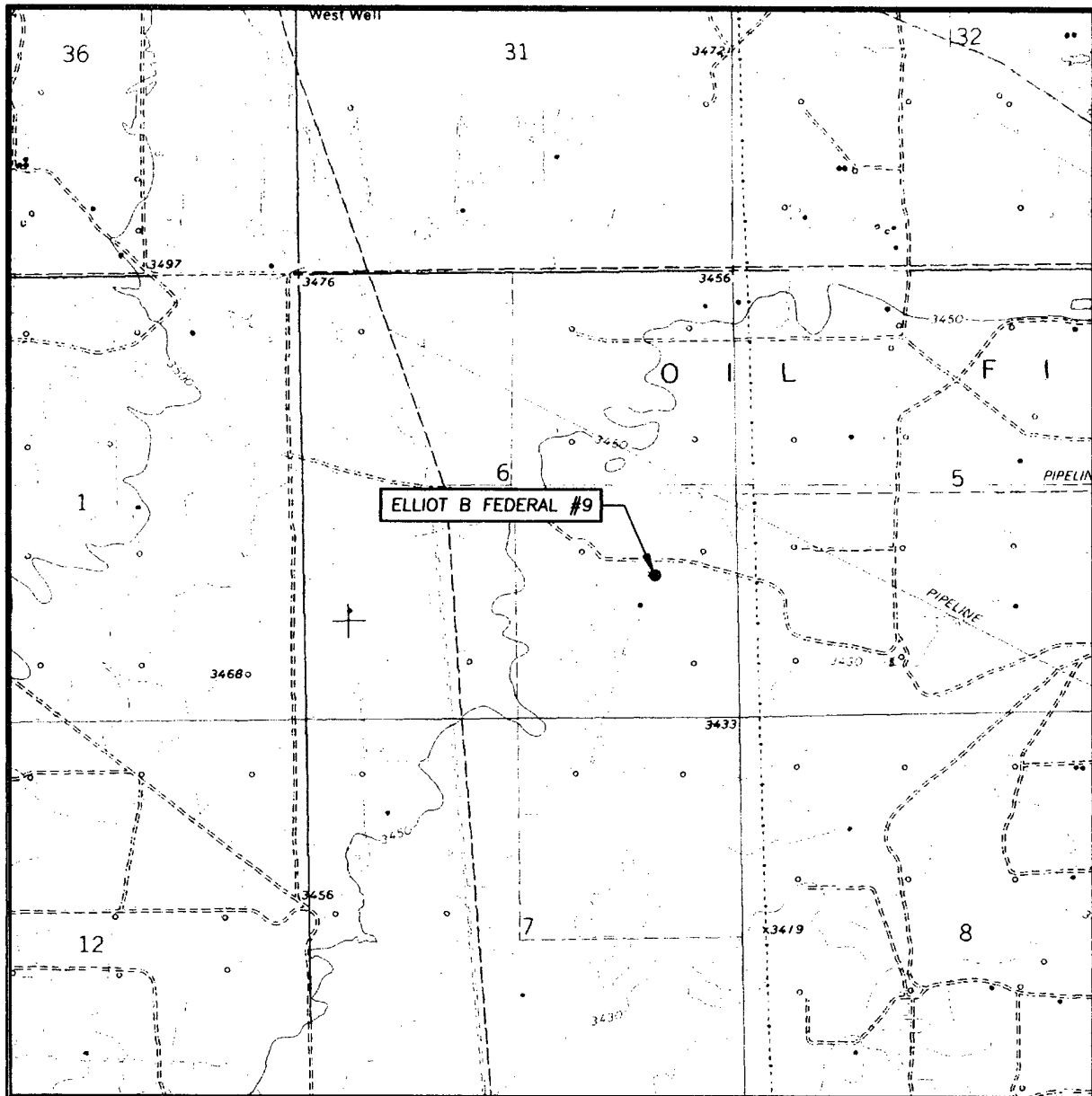
	Office	Mobile
District Engineer		
Bryan Surles	817-810-1971	817-360-9663
Field Foreman		
Chris Garcia	505-394-1485	325-277-8621

B. 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 operations proposed herein will be performed by Range Operating New Mexico, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of the 18 U.S.C. 1001 for the filing of a false statement.

DATE: 2-10-06


Bryan Surles
District Engineer

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'

SEC. 6 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1650' FSL & 990' FEL

ELEVATION 3442'

OPERATOR RANGE OPERATING
NEW MEXICO, INC.

LEASE ELLIOT B FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.

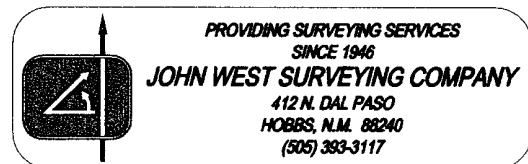
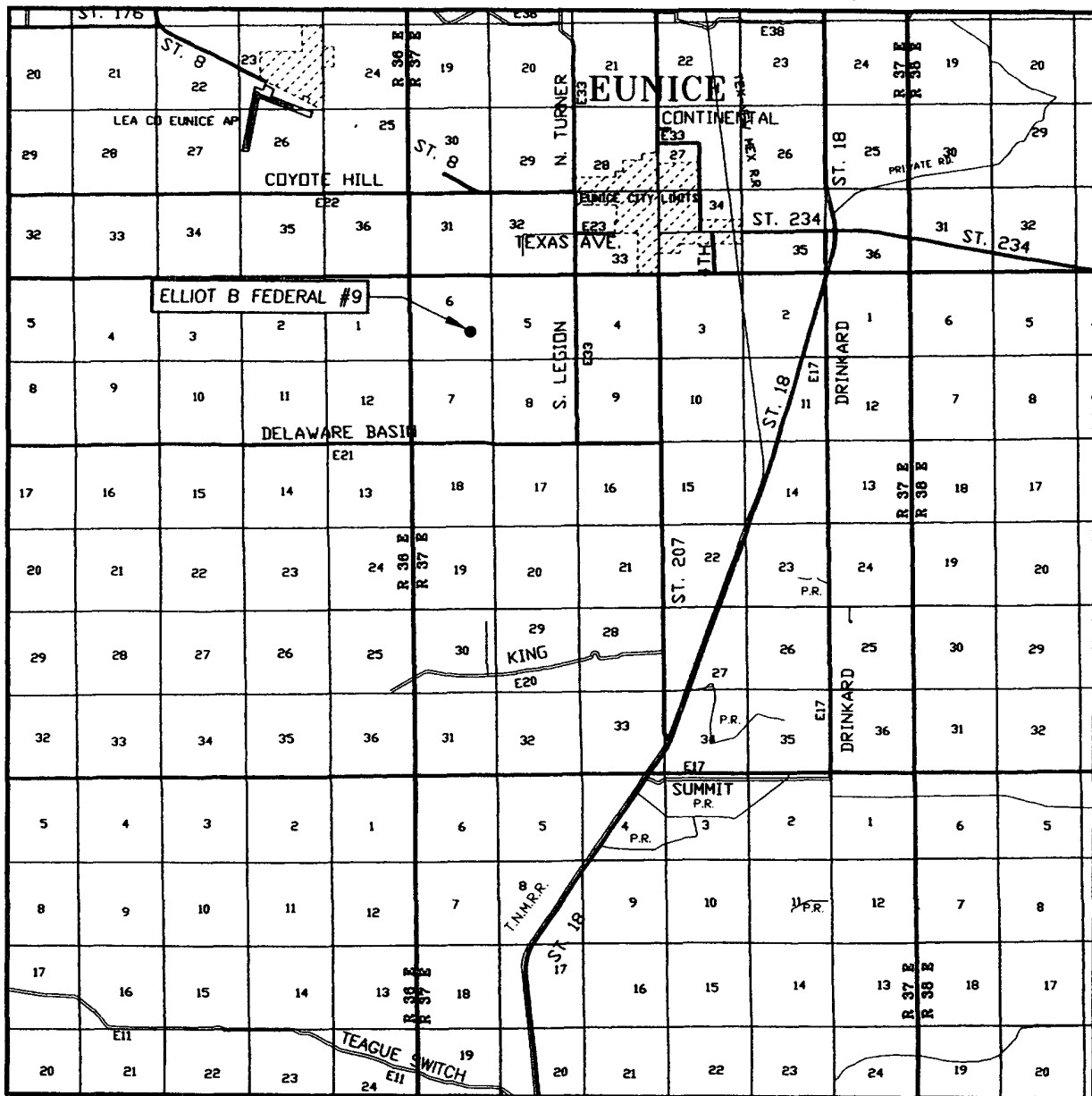


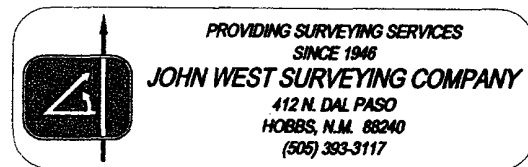
EXHIBIT A

VICINITY MAP

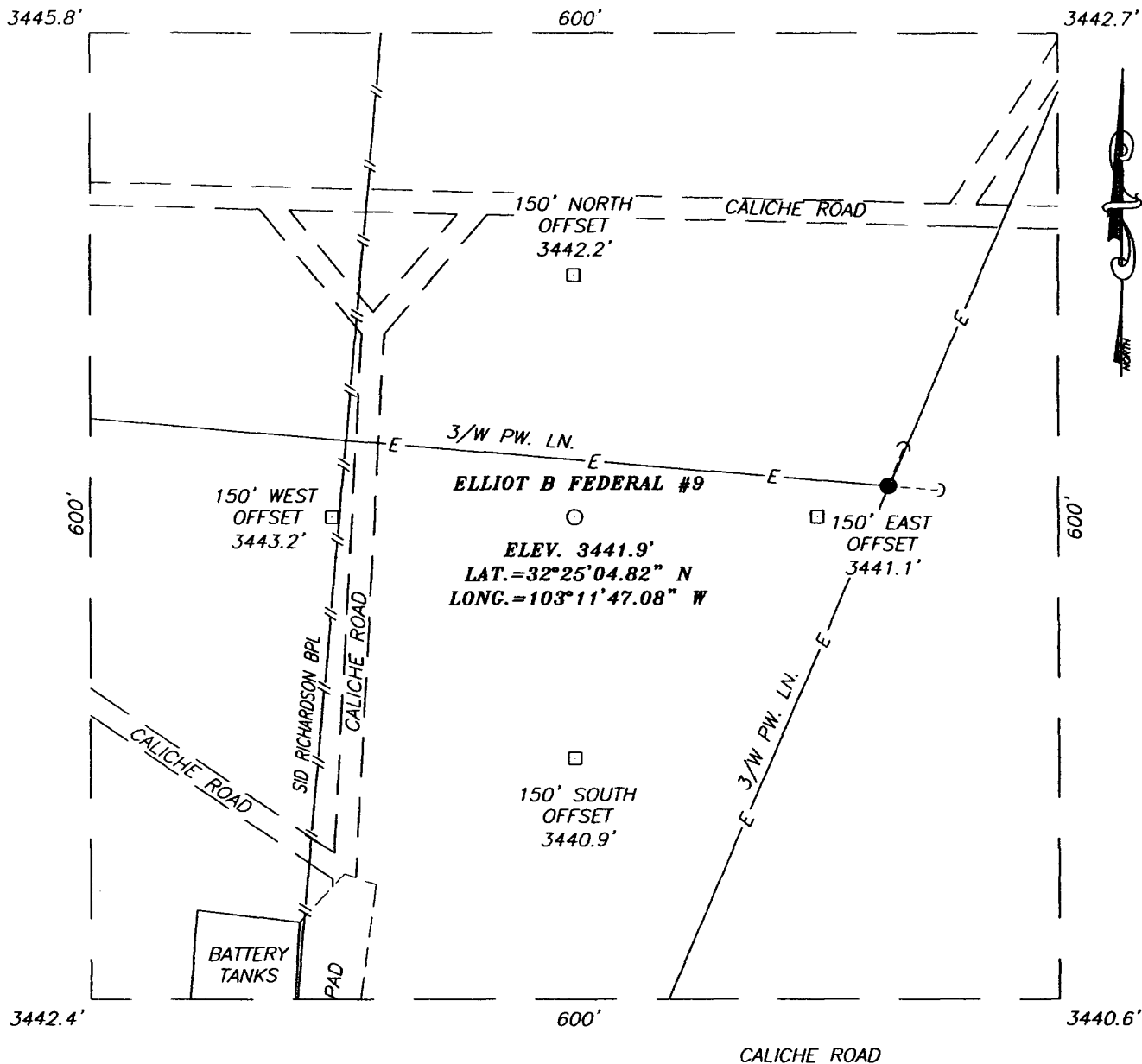


SCALE: 1" = 2 MILES

SEC. 6 TWP. 22-S. RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1650' FSL & 990' FEL
 ELEVATION 3442'
 OPERATOR RANGE OPERATING
 NEW MEXICO, INC.
 LEASE ELLIOT B FEDERAL

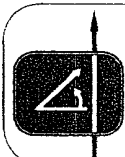
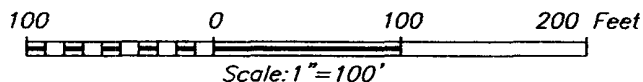


SECTION 6, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. E21
 (DELAWARE BASIN) AND CO. RD. E33 (LEGION RD.)
 GO NORTH ON CO. RD. E33 FOR APPROX. 1.2
 MILES. TURN LEFT (WEST/SW) AND GO APPROX.
 1.4 MILES, BEND RIGHT (NORTH) AND GO APPROX.
 0.4 MILES. THIS LOCATION IS APPROX. 130' EAST
 OF ROAD.



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

RANGE OPERATING NEW MEXICO, INC.

ELLIOT B FEDERAL #9 WELL
 LOCATED 1650 FEET FROM THE SOUTH LINE
 AND 990 FEET FROM THE EAST LINE OF SECTION 6,
 TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

Survey Date: 1/12/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0054	Dr By: J.R.
Date: 1/17/06	Disk: CD#6
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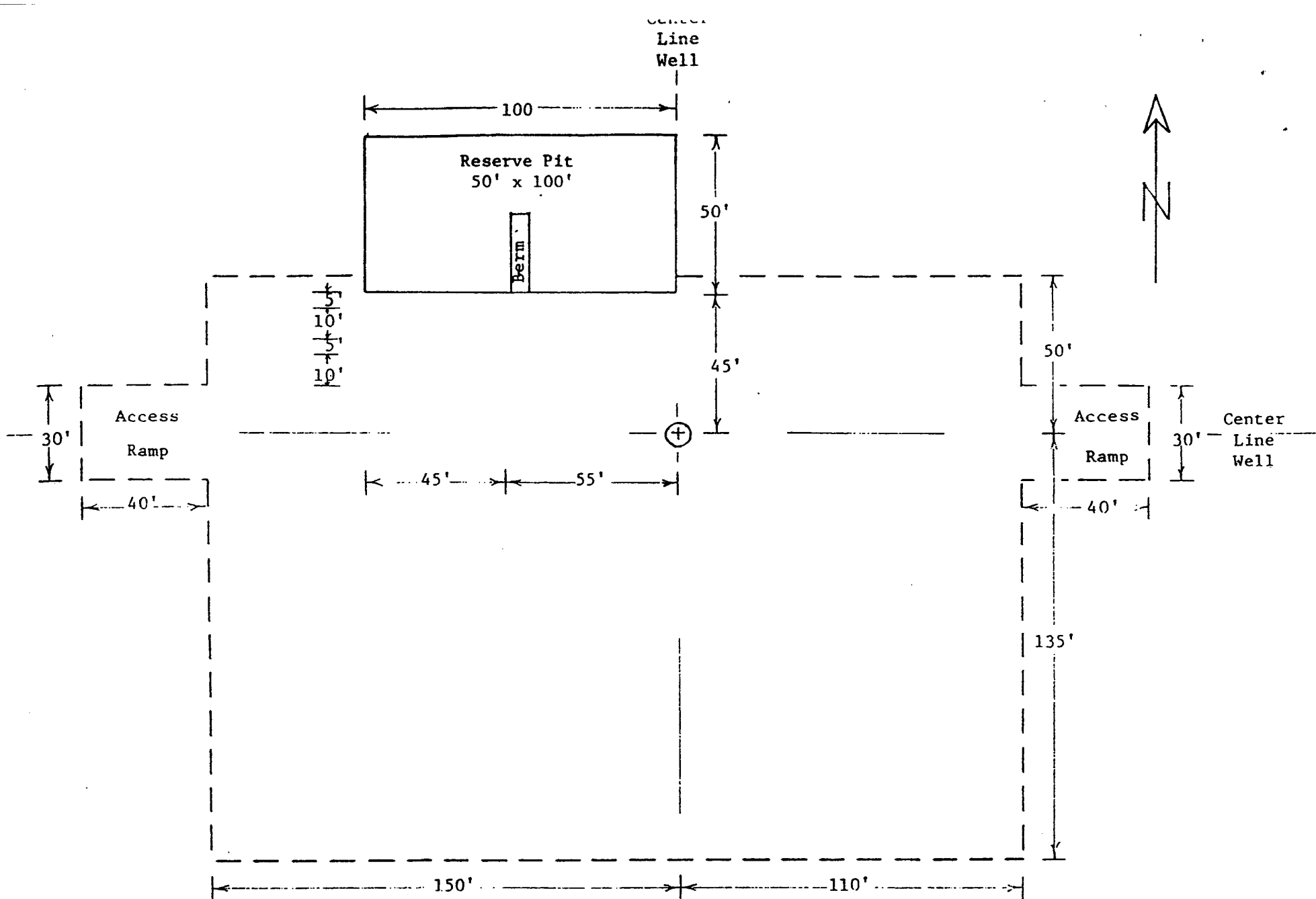


EXHIBIT C

UNITED DRILLING, INC

LOCATION PLAT

RIG 24

Scale: 1"=40'



EXHIBIT D

BLM Rel. 8-20 10/25/02

1. (For BLM Use) BLM Report No.		2. (For BLM Use) Reviewers Initials/Date _____ Accepted () Rejected ()		3. NMCRIS Number: 97499	
4. Type of Report:		Negative (Yes)		Positive ()	
5. Title of Report: A Class III Cultural Resource Inventory Report for the Elliot "B" Federal Number 9 and Elliot "B" Federal Number 13 Proposed Well Locations Section 6, T.22S, R.37E Lea County, New Mexico					
Author(s): Joe Ben and Doralene Sanders					
6. Fieldwork Date(s): January 31, 2006			7. Report Date: February 1, 2006		
8. Consultant Name/Address: Southern New Mexico Archaeological Services, Inc. Post Office Box 1; Bent, New Mexico 88314 Direct Charge: Joe Ben Sanders Field Personnel Name(s): Joe Ben Sanders Phone Number: (505) 671-4797					
9. Cultural Resource Permit Number: 145-2920-04-0			10. Consultant Report Number: SNMAS-06NM-2077-2078		
11. Customer Name: Range Operating New Mexico, Inc. Responsible Individual: Chris Garcia Address: Post Office Box 2510 Hobbs, New Mexico 88241 Phone Number: (325) 277-8621			12. Customer Project Number:		
13. Land Status	BLM	State	Private	Other	Total
a. Area Surveyed (acres)	-	-	16.52	-	16.52
b. Area of Effect (acres)	-	-	4.12	-	4.12
14. Linear:		Length 0 ft		Width 0 ft	
15. Location (Map[s] Attached) a. State: New Mexico b. County: Lea c. BLM Office: Carlsbad Field Office d. Nearest City or Town: Eunice, New Mexico e. Legal Description: T.22S, R.37E, Section 6 Well Pad 1/4s: Elliot "B" Federal Number 9: SW/4 NE/4 SE/4 Elliot "B" Federal Number 13: NE/4SW/4SE/4 f. Well Pad Footages: Elliot "B" Federal Number 9: 1,650 ft FSL and 990 ft FEL Elliot "B" Federal Number 13: 990 ft FSL and 330 ft FEL g. USGS 7.5' Map Name(s), Date(s), and Code(s): Eunice, NM (1969, Photo Revised 1979), 32103-D2					

16. Project Data:

a. Records Search: Date(s) of BLM field Review: January 27, 2006
 Name of Reviewer(s): Allen S. Rorex
 Date of ARMS Data Review: January 27, 2006
 Name of Reviewer(s): Jessie Rumsey

Findings (see Field Office requirements to determine area to be reviewed during records search):

The records search revealed no previously recorded sites located within a quarter-mile radius of the project. There are three sites (LA 84816, LA 84817, and LA 84815) located within a mile radius.

b. Description of Undertaking: Range Operating New Mexico, Inc., requested a Class III cultural resource inventory for the Elliot "B" Federal Number 9 and the Elliot "B" Federal Number 13 proposed well locations, staked in Section 6, T.22S, R.37E, Lea County, New Mexico. An area 600 ft by 600 ft was inventoried for each of the proposed well locations. Each well location will have an impact area 300 ft by 300 ft. The Elliot "B" Federal Number 9 will be accessed from an existing lease road on the west and north sides of the proposed well location. Access to the Elliot "B" Federal Number 13 will be from the west side of the pad via an existing lease road.

c. Environmental Setting (NCRS soil designation: vegetative community; elevation; etc.): The project area is located on a nearly flat to gentle undulating grass table land, with ½ m tall dunes. Soils are red reworked red paleosols, which are very sandy. The area vegetation consists of shinoak, grasses, yucca, snakeweed, and various other forbs. The elevation ranges from 3,437 ft to 3,442 ft above msl.

d. Field Methods (transect intervals; crew size; time in field, etc.): The field crew consisted of one archaeologist. Each of the proposed well locations were inventoried by walking 12 zigzag transects (spaced at 15-m intervals) across each of the staked well locations. Total time spent in the field was 3 hours.

e. Artifacts Collected? No

17. Cultural Resource Findings: One isolated occurrence was encountered.

a. Location/Identification of Each Resource:

Isolate one consists of a 1 inch by 10 ft long piece of metal wire, 2 four inch diameter by 12 inches long galvanized pipes, and three pieces of corrugated roofing tin, all located in a 23 by 4 m area. Isolate one is located at UTM coordinates (NAD 1927, Zone 13) 669747 E and 3587799 N.

b. Evaluation of Significance of Each Resource: The research potential of the isolated occurrence is considered exhausted by field recordation.

18. Management Summary (Recommendations):

During the current inventory, one isolated occurrence was encountered and all research potential exhausted through recordation. Therefore, it is recommended that the proposed undertakings proceed as planned.

19. I certify that the information provided above is correct and accurate, and meets all applicable BLM standards.

Responsible Archaeologist(s)



Signature for:

Joe Ben Sanders

Principal Investigator-Field Supervisor

February 1, 2006

Date

THE ABOVE COMPLETES A NEGATIVE REPORT. IF ELIGIBLE OR POTENTIALLY ELIGIBLE PROPERTIES ARE INVOLVED, THE ABOVE WILL BE THE TITLE PAGE AND ABSTRACT FOR A COMPLETE REPORT.

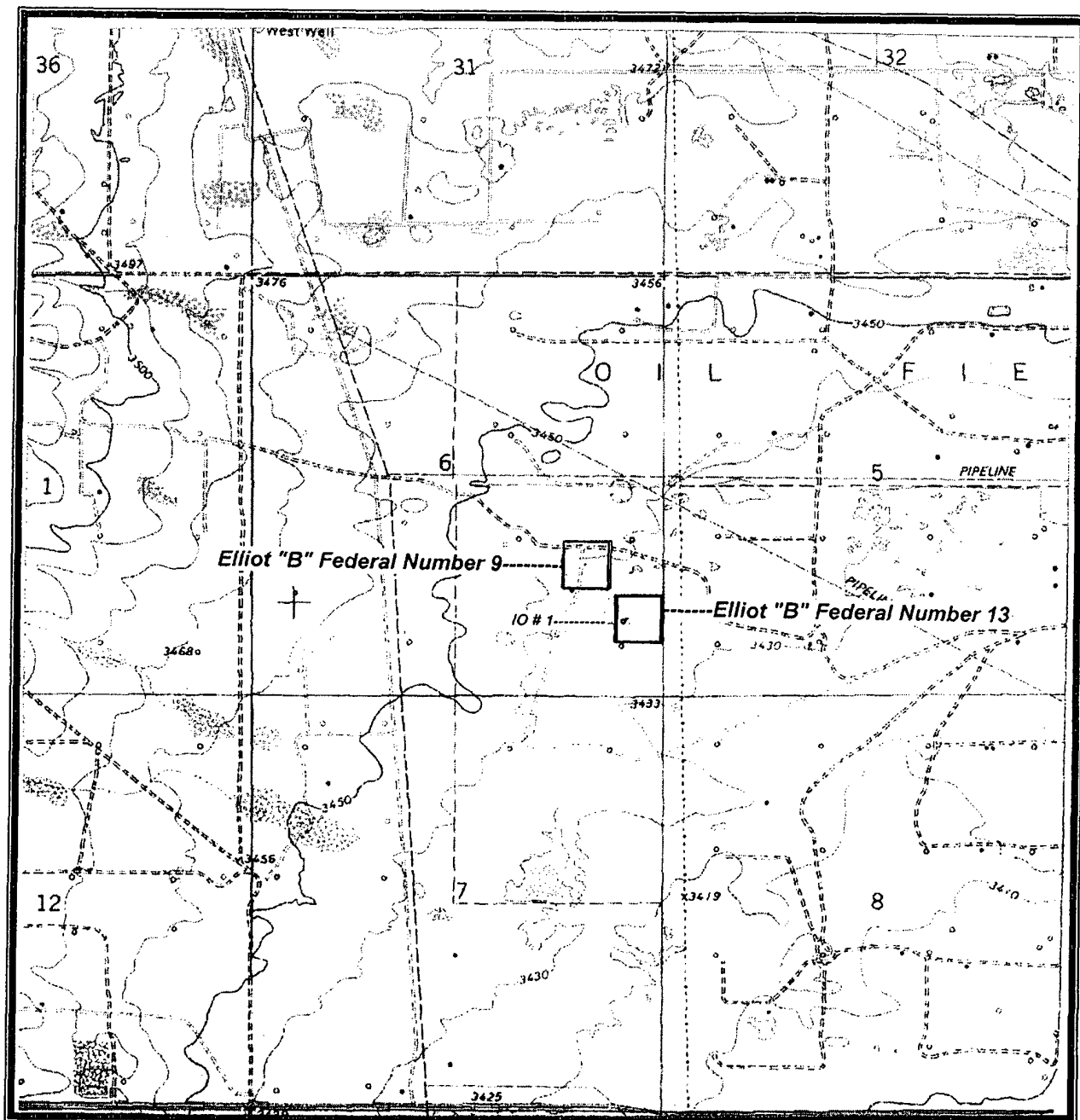


Figure 1: Survey Area Range Operating New Mexico, Inc.
The Elliot "B" Federal Number 9 and the Elliot "B" Federal Number 13
Proposed Well Locations
Section 6, T.22S, R.37E
USGS Eunice, NM (1969-Photo Revised 1979) 7.5' topo map
Lea County, New Mexico
Scale 1:24,000

Southern New Mexico Archaeological Services, Inc.

State of New Mexico

DISTRICT I

1625 N. FRANKS DR., BOHMS, NM 87420

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

1220 SOUTH ST. FRANCIS DR.

State Lease - 4 Copies

Fee Lease - 3 Copies

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name ELLIOT B FEDERAL		Well Number 9
GRID No.	Operator Name RANGE OPERATING NEW MEXICO, INC.		Elevation 3442'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	6	22-S	37-E		1650	SOUTH	990	EAST	LEA

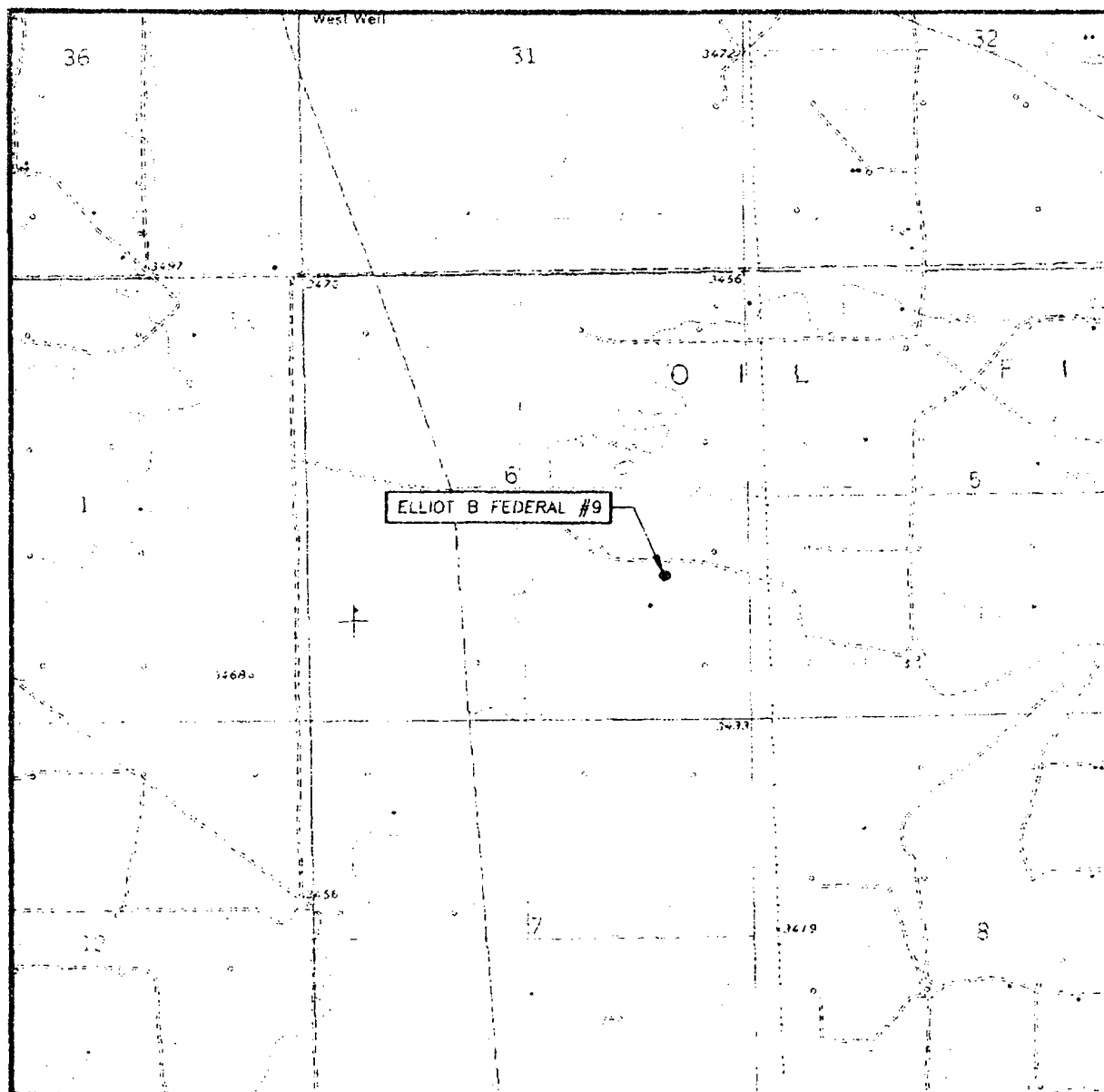
Bottom Hole Location If Different From Surface

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

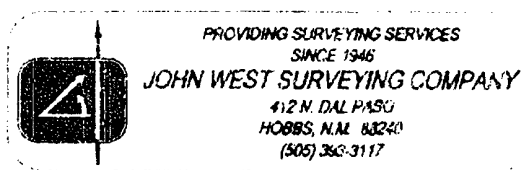
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ Date _____
37.24 AC	40.12 AC	40.21 AC	40.30 AC	
LOT 5	GEODETIC COORDINATES NAD 27 NME Y=517651.0 N X=850841.1 E LAT.=32°25'04.82" N LONG.=103°11'47.08" W			
37.13 AC				
LOT 6				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. JANUARY 12, 2006 Date Surveyed _____ Signature & Seal of Professional Surveyor _____ GARY BIDSON 1/23/06 06 11 0054 Certificate No. GARY BIDSON 12041
37.07 AC				
LOT 7				
36.99 AC				

LOCATION VERIFICATION MAP



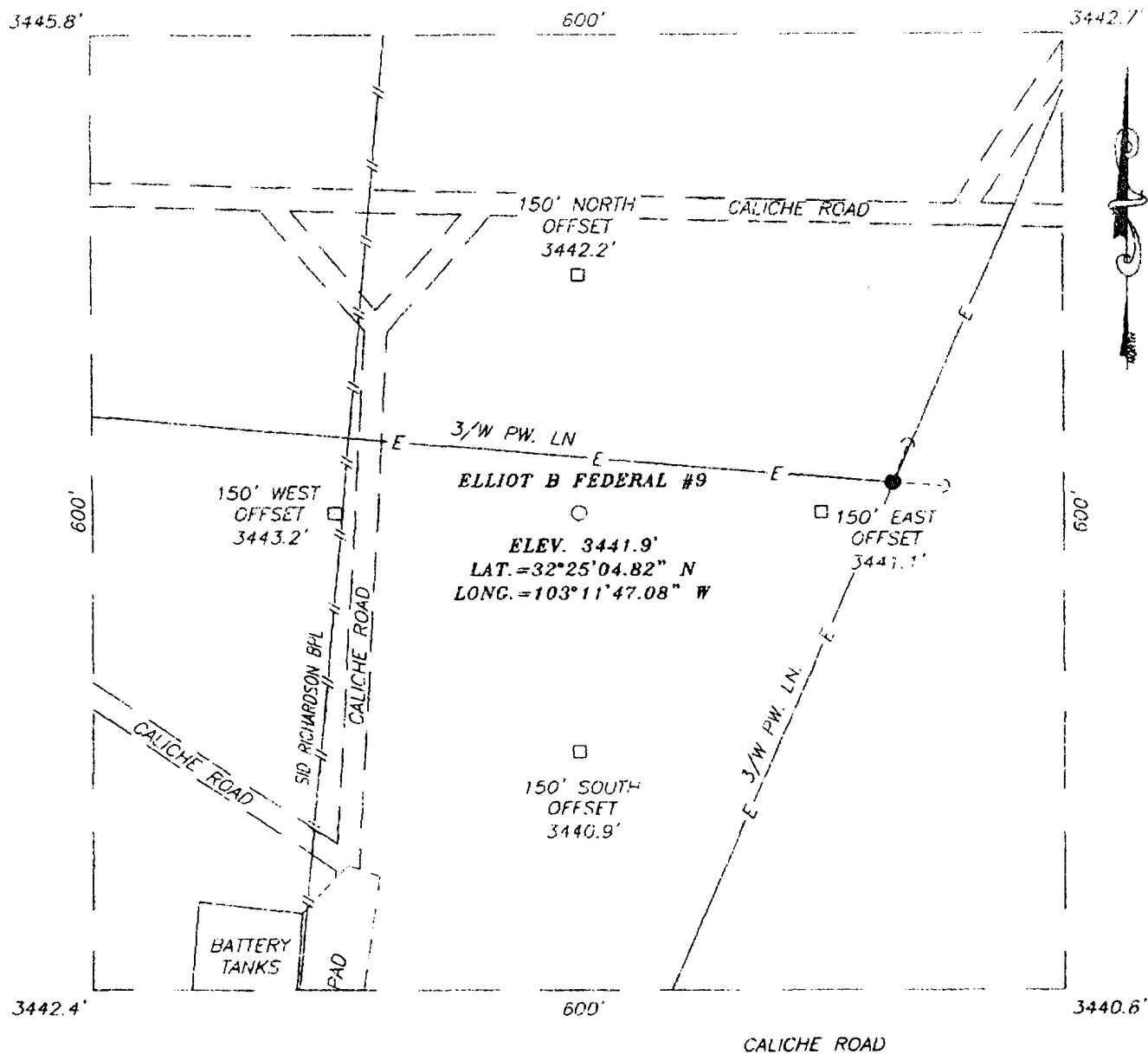
SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'SEC. 6 TWP. 22-S RGE. 37-ESURVEY N.M.P.M.COUNTY LEA STATE NEW MEXICODESCRIPTION 1650' FSL & 990' FELELEVATION 3442'OPERATOR RANGE OPERATING
NEW MEXICO, INC.LEASE ELLIOT B FEDERALU.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

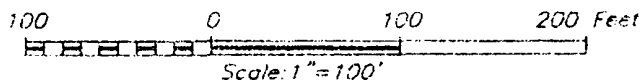
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 363-3117

SECTION 6, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

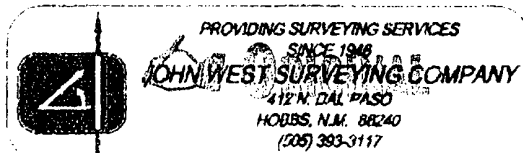
FROM THE INTERSECTION OF CO. RD. E21 (DELAWARE BASIN) AND CO. RD. E33 (LEGION RD.) GO NORTH ON CO. RD. E33 FOR APPROX. 1.2 MILES. TURN LEFT (WEST/SW) AND GO APPROX. 1.4 MILES. BEND RIGHT (NORTH) AND GO APPROX. 0.4 MILES. THIS LOCATION IS APPROX. 130' EAST OF ROAD.

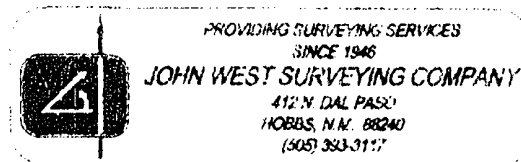


RANGE OPERATING NEW MEXICO, INC.

ELLIOT B FEDERAL #9 WELL
LOCATED 1650 FEET FROM THE SOUTH LINE
AND 990 FEET FROM THE EAST LINE OF SECTION 6,
TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 1/12/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0054	Dr. By: J.R.
Date: 1/17/06	Disk: CD#6
06110054	Scale: 1"=100'





State of New Mexico

DISTRICT I

1625 N. FRANCE DR., BOBBS, NM 88210

Energy, Minerals and Natural Resources Department

DISTRICT II

1301 N. GRAND AVENUE, ALTESIA, NM 88210

DISTRICT III

1000 Rio Brizos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form O-102

Revised JUNE 15, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

See Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

UNAMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name ELLIOTT B FEDERAL	Well Number 13
OGRID No.	Operator Name RANGE OPERATING NEW MEXICO, INC	Elevation 3438'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	6	22-S	37-E		990	SOUTH	330	EAST	LEA

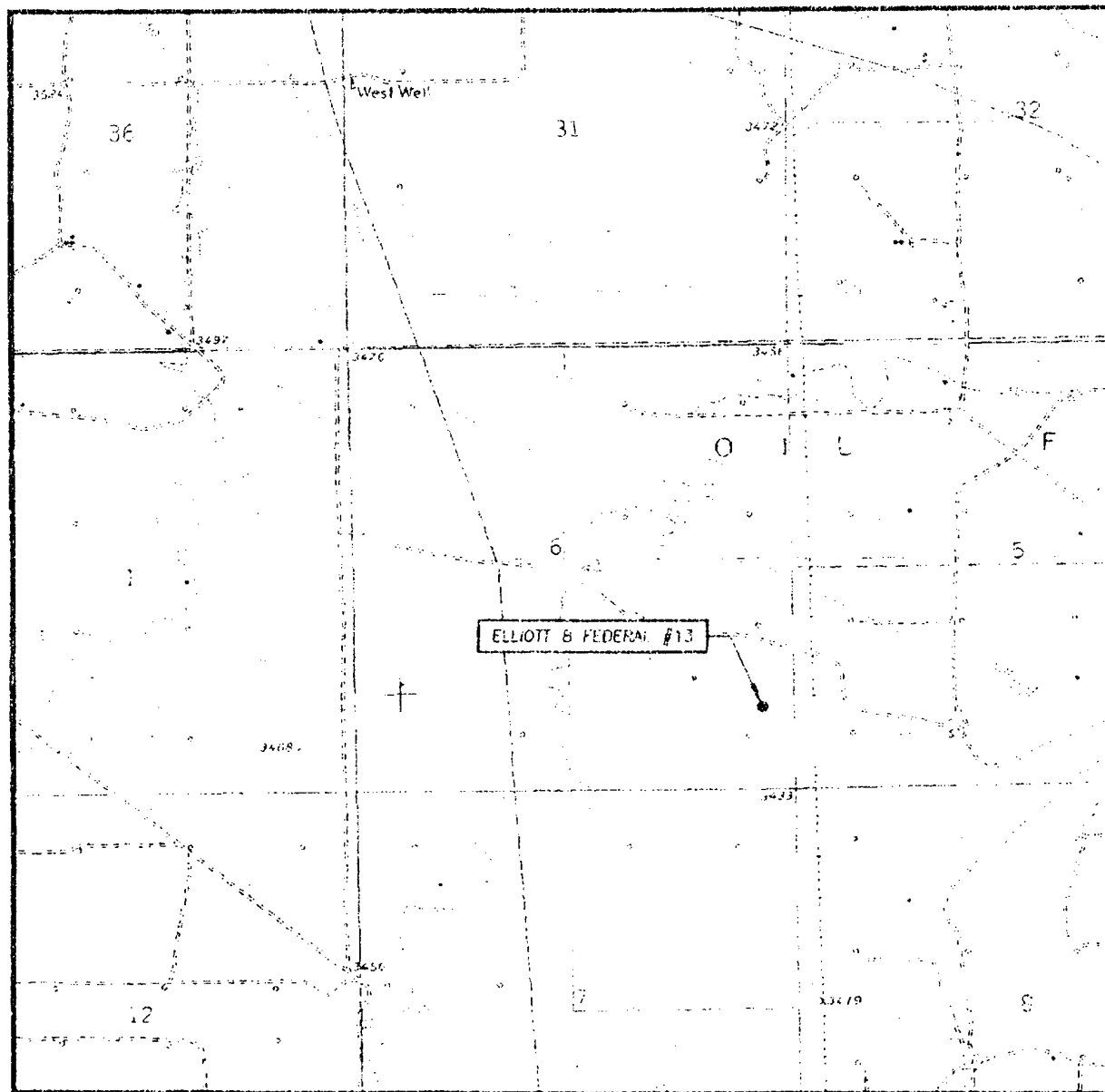
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	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

LOT 4	LOT 3	LOT 2	LOT 1	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: _____ Printed Name: _____ Title: _____ Date: _____
37.24 AC	40.12 AC	40.21 AC	40.30 AC	
LOT 2				
57.13 AC				
LOT 3				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. DECEMBER 23, 2005 Date Surveyed: _____ Signature & Seal of Professional Surveyor: _____ Certified by: _____ State of New Mexico: _____
57.07 AC				
LOT 4				
56.88 AC	DETAIL 3440.3' 3436.9' 600' 3436.8' 3435.1'	GEODETIC COORDINATES NAD 27 NME Y=516996.9 N X=851508.9 E LAT.=32°24'56.28" N LONG.=103°11'39.38" W	SEE DETAIL 130' 990'	

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'

SEC. 6 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 730' FEL

ELEVATION 3437.6'

OPERATOR RANGE OPERATING
NEW MEXICO, INC

LEASE ELLIOTT B FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.

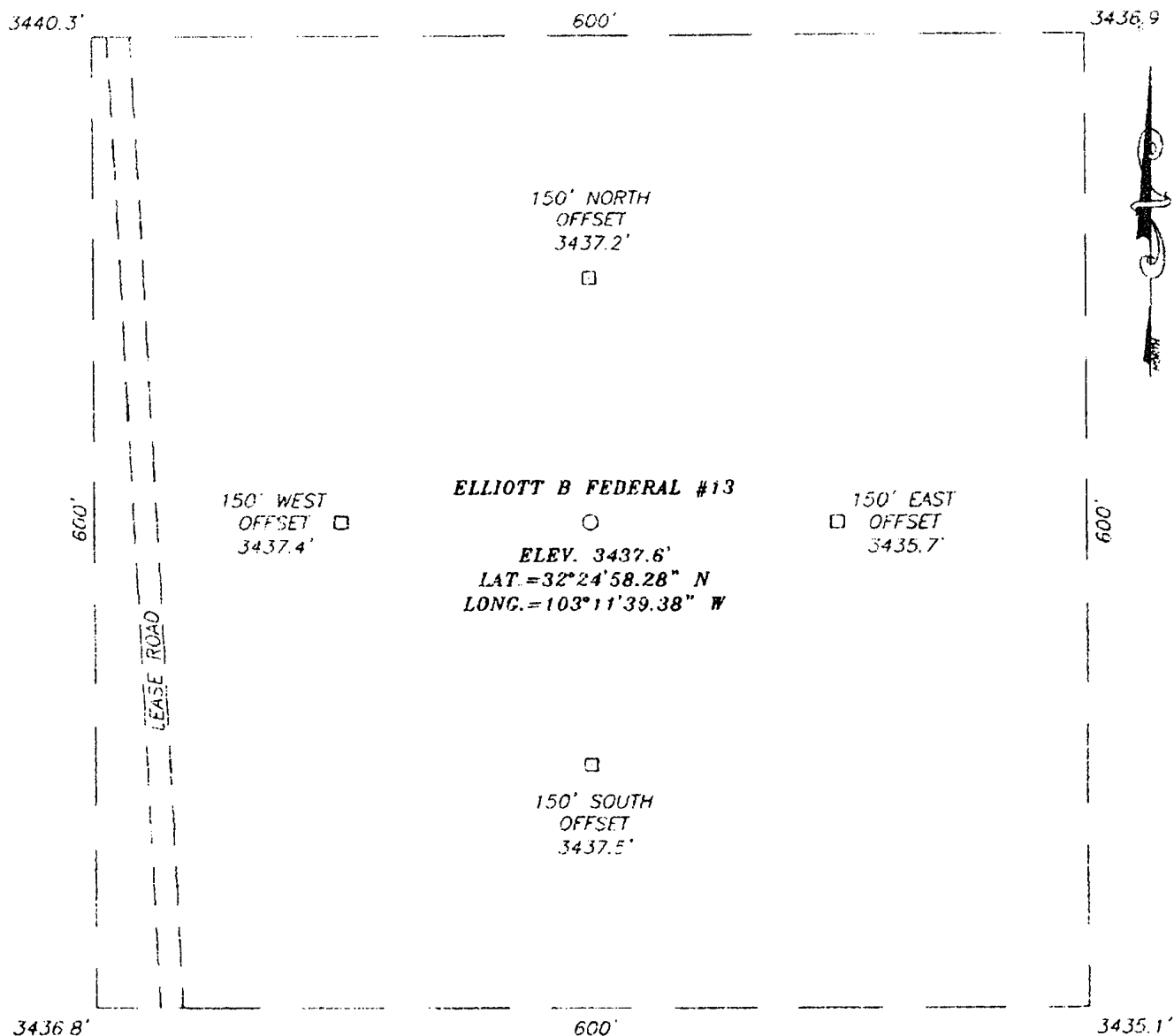
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

ORIGINAL

SECTION 6, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,

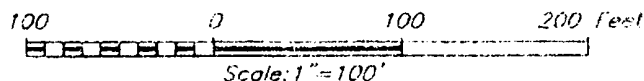
LEA COUNTY,

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF E33 AND E21 GO WEST APPROX. 1.7 MILES TO A LEASE RD. GOING NORTH. CONTINUE NORTH ON LEASE RD. FOR APPROX. 1.6 MILES TO A LEASE RD. GOING SOUTHEAST. GO SOUTHEAST FOR APPROX. 0.4 MILES TO A LEASE RD. GOING SOUTH SE GO SOUTH SE FOR APPROX. 0.3 MILES. THIS LOCATION IS APPROX. 250 FEET TO THE EAST.



RANGE OPERATING NEW MEXICO, INC

ELLIOTT B FEDERAL #13 WELL
LOCATED 990 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE EAST LINE OF SECTION 6,
TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



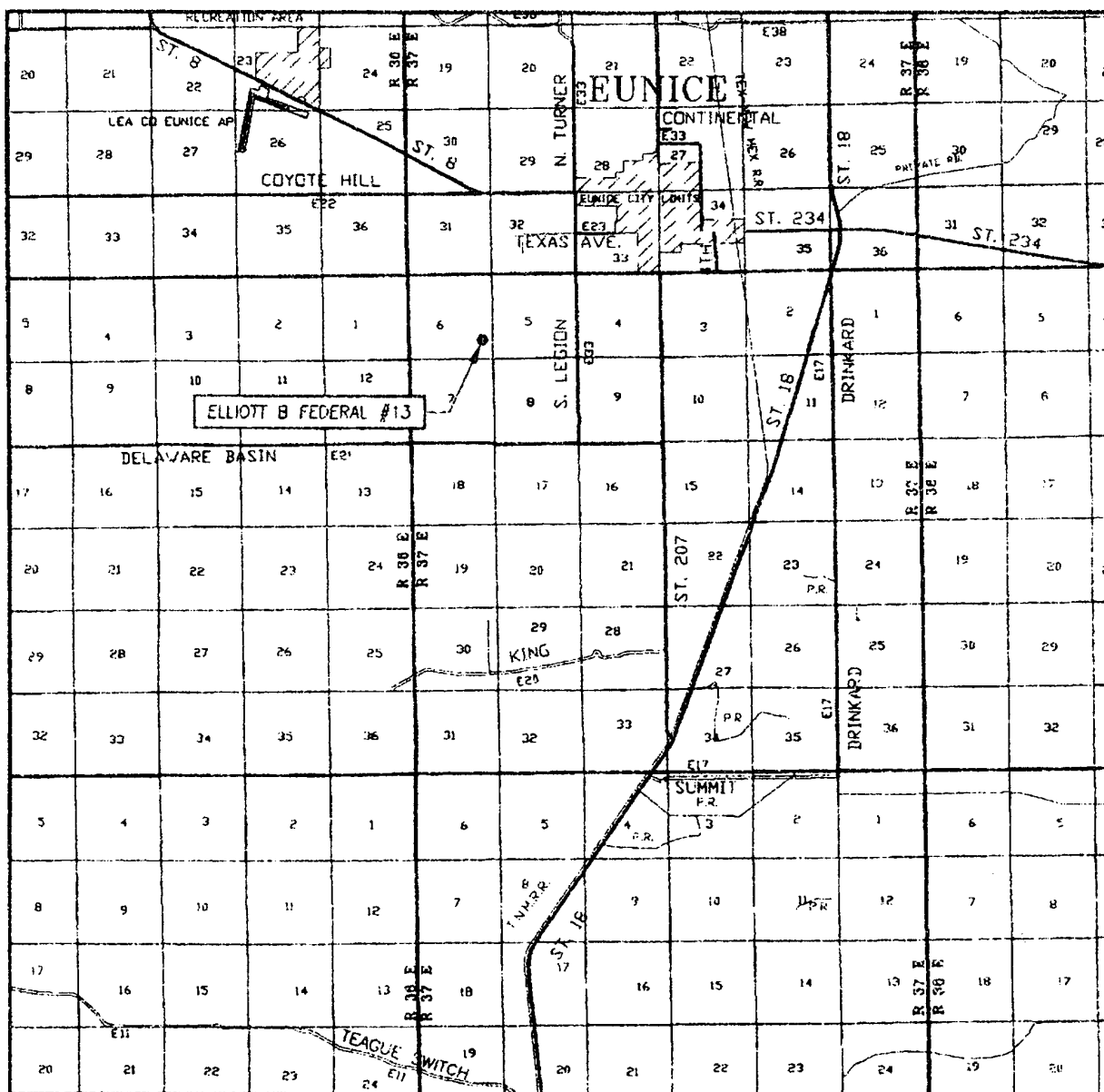
PROVIDING SURVEYING SERVICES
SINCE 1949

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

Survey Date: 12/23/05	Sheet 1 of 1	Sheets
W.O. Number: 05.11.2003	Dr By: R2B	Rev 1: N/A
Date: 12/29/05	Disk: GD#4	05.11.2003
Scale: 1"=100'		

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 6 TWP. 22-S. RGE. 37-E

SURVEY N.M.F.M.

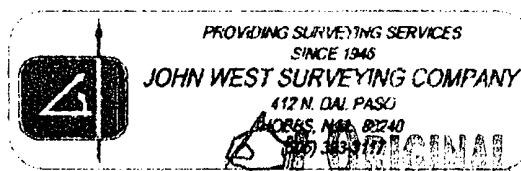
COUNTY LEA

DESCRIPTION 990' FSL & 330' FEL

ELEVATION 3437.6'

OPERATOR RANGE OPERATING
NEW MEXICO, INC

LEASE ELLIOTT B FEDERAL



DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 88240

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DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

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1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

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Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-37773	Pool Code 24180	Pool Name Eunice San Andres Southwest
Property Code 301545	Property Name ELLIOT B FEDERAL	Well Number 9
OGRID No. 227588	Operator Name RANGE OPERATING NEW MEXICO, INC.	Elevation 3442'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	6	22-S	37-E		1650	SOUTH	990	EAST	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 40	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

LOT 4	LOT 3	LOT 2	LOT 1
37.24 AC LOT 5	40.12 AC	40.21 AC	40.30 AC
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=517651.0 N X=850841.1 E</p> <p>LAT.=32°25'04.82" N LONG.=103°11'47.08" W</p>			
37.13 AC LOT 6			
37.07 AC LOT 7			
36.99 AC			

3445.8' 3442.7'

600' 600'

990'

3442.4' 3440.6'

1650'

OPERATOR CERTIFICATION

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

Paula Hale

Signature
Paula Hale
Printed Name
Sr. Reg. Sp.
Title
2-10-06
Date

SURVEYOR CERTIFICATION

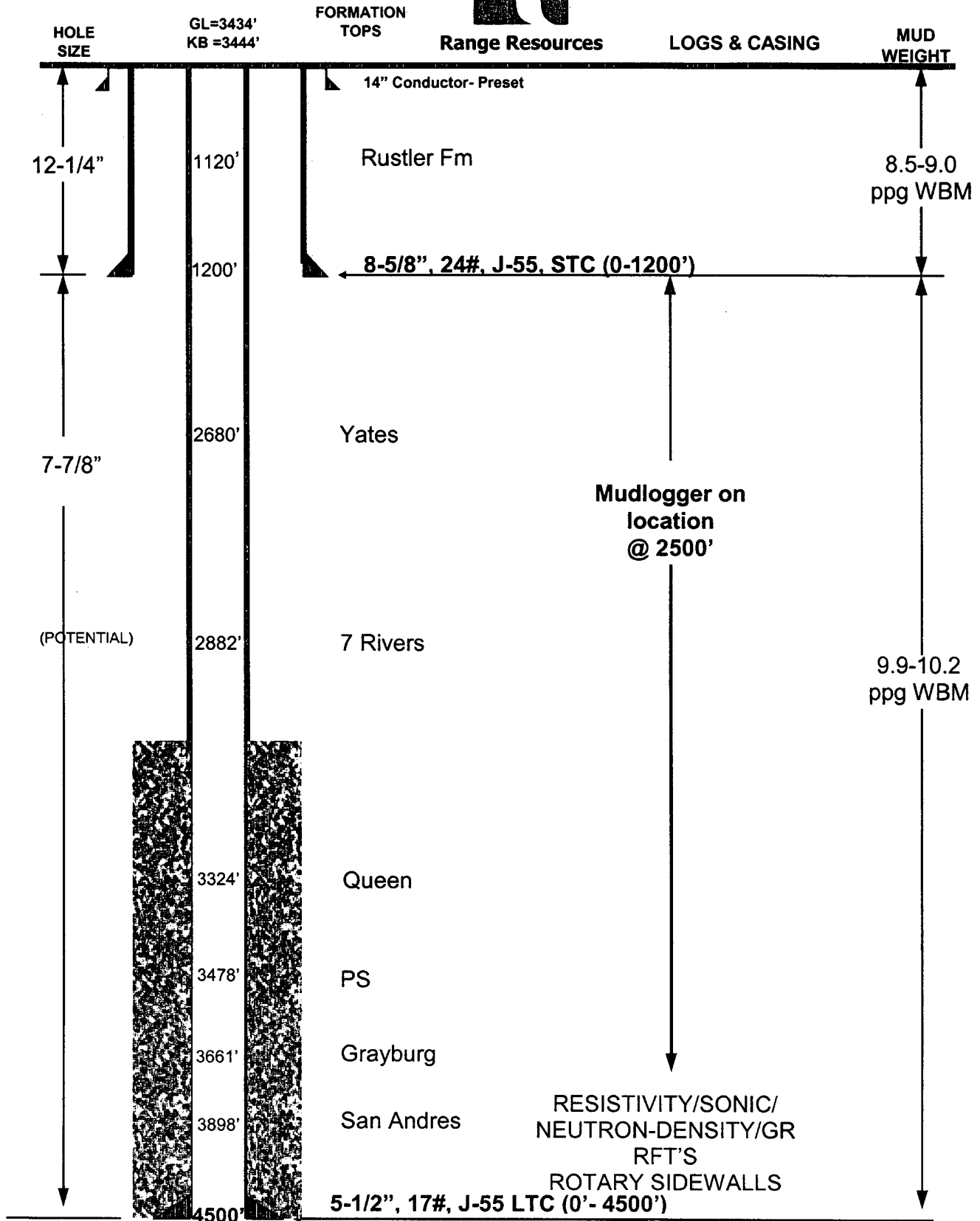
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 12, 2006

Date Surveyed
Signature & Seal of Professional Surveyor
GARY EIDSON
06:11:0054
Certificate No. GARY EIDSON 12841

WELL : Elliott B Federal #9
SL : 1650' FSL & 990' FEL, Sec 6-T22S-R37E
COUNTY : Lea County
STATE : New Mexico

AFE:037-0604130044
FIELD:Eunice San AndresSW
OBJECTIVE TD: 4500'





Range Operating New Mexico
Elliott B Federal #9
Lea County, NM
Drilling Program
Prepared 2/07/06

PROPOSED DEPTH: 4,500' MD / 4,500' TVD
GROUND ELEVATION: 3,442'
KB: 17'

LOCATION: 1650' FSL & 990' FEL, Section 6-T22S-R37E, Lea County, NM

ANTICIPATED PRODUCTIVE FORMATION: San Andres

API NO:

GENERAL:

The Elliott B Federal #9 will be a 4,500' San Andres test in Lea County, New Mexico drilled on a daywork basis by United Rig #24. An 12-1/4" surface hole will be drilled to +/-1200'. A string of 8-5/8" casing will be run and cemented to surface.

Nipple up BOPs and test same, drilling will continue with a 7-7/8" hole to a total depth of 4,500'. Actual TD will be spaced so that casing will be landed where the casing head can be screwed on. After electric-logging the open-hole interval, a string of 5-1/2" casing will be run and cemented from total depth to 1,000' and the tubing head installed.

ESTIMATED FORMATION TOPS: (Log Depths)

Upper Permian Rustler Fm	+2330 ft	1120 ft MD	
Upper Permian Yates Fm	+770 ft	2680 ft MD	
Upper Permian 7 Rivers Fm	+568 ft	2882 ft MD	
Upper Permian Queen Fm	+126 ft	3324 ft MD	
Upper Permian PS Fm	-28 ft	3478 ft MD	+
Upper Permian Grayburg Fm	-211 ft	3661 ft MD	+
Upper Permian San Andres Fm	-448 ft	3898 ft MD	*
PTD	-1050 ft	4500 ft MD	

*= Primary Reservoir Targets

+ = Secondary Reservoir Targets

DETAILED DRILLING PROCEDURE

TIMES AND EVENTS TO NOTE ON DRILLING REPORT:

- A. SPUD (date and time)
- B. TD (each interval date and time)
- C. CEMENT IN PLACE (date and time)
- D. RIG RELEASE (date and time)

BOTTOM HOLE ASSEMBLIES

BHA #1: (0-1200') - Bit, (2) 8" DC, (10) 6.25" DC's

BHA #2: (1200'-4500') - Bit, (24) 6.25" DC's

USE OF RT TOOL

No RT tools in use.

MUD PROGRAM

INTERVAL	MUD WEIGHT	FUNNEL VIS.	API Fluid Loss
0' - 1200'	8.4 – 9.4	32-34	NC
1200' - 4500'	10.0	28	NC

- 1) Level and build an all-weather location and access road.
- 2) MIRU United Rig #24. Perform rig safety inspection and ensure that everything is in proper working order prior to spudding well.
- 3) Notify NMOCD of intent to spud, run casing and cement each 24 hours in advance 505-748-1283.
- 4) Spud well with 12-1/4" mill tooth bit. Drill to +/- 1200' with surveys at 500' and 1000' (Actual depth will be determined by the length of the casing). Circulate hole clean. Sweep and condition hole to run casing. Pull out of hole, lay down BHA.

NOTE: Mud through this interval will be a native spud mud supplemented with Bentonite. Lime may be used to flocculate the mud and increase the yield point to clean the hole. Mix paper for seepage control. Utilize all solids control equipment to control drill solids. Run as fine of mesh shaker screens as possible. Use water to control mud weight and viscosity. Maintain mud weight at 8.4 – 9.0 ppg.

- 5) Rig up casing crew and run 8-5/8", 24#, J-55 casing as follows:

1-8-5/8" Texas Pattern Shoe
1-8-5/8" Insert Float Collar
1-8-5/8" x 11" Centralizer 10' above shoe
1-8-5/8" x 11" Centralizer every other joint
1-8-5/8" Stop Ring

- 6) Circulate for at least bottoms up plus one casing volume with mud prior to cementing. Cement surface casing according to cement recommendation. **NOTE:** Have field bin, cement, and circulating equipment on location prior to casing job.

- a) Review rates, pressures, displacement volumes and casing pressure rating with Service Company and rig personnel. All cement slurries are to be lab tested; both a pilot test and a test of the actual field blend. Report results, including 24 hour compressive strengths, to the office. **(See Cement Testing Requirements below)**. Also keep two samples of each dry cement in the event that a problem is encountered while cementing. Discard this sample if all indications are positive.
- b) Cement well as follows: Pump 20 bbl fresh water followed by **200** sks of Lead: 35/65 POZ:Class C + 6% D020 + 5% (BWOW) D044 + 1 pps D130, @ 12.8 ppg, followed by **180** sks Tail: Class C + 1% S001 + 0.1 pps D130 @ 14.8 ppg. Displace with fresh water, bump plug with w/ 500 psi over final pump pressure.
- c) If cement is not circulated to surface, contact the office and the NMOCD and prepare to run 1" pipe and top out cement. Have 1" pipe on location for possible top-out.
- d) If cement falls, fill 12-1/4" X 8-5/8" annulus with cement.

- 7) Release pressure and check for flow back. Set casing on bottom. If float is holding, base nipple up of wellhead and BOP on the surface cement samples. Well must stand at least 8 hours total before any testing of casing is performed as per NMOCD.

- 8) After cementing casing, weld on 8-5/8" flange type casing head. Test BOP blind rams & choke manifold to 250# low & 3000# high. Pick up Bit #2 (7-7/8") & BHA, trip in hole, test BOP pipe rams to 250# low & 3000#. **Pressure test casing to 1000 psi for 30 minutes prior to drilling out shoe.** Clearly report this test information of the daily drilling report.

MUD NOTES: See Mud Program for details

After cementing 8-5/8" casing circ pit with brine water. Mix paper for seepage control. Utilize pre-hydrated Gel/Lime sweeps for flushing the hole. Run all available solids control equipment to control weight. Add brine water as needed to maintain volume. Add LCM to system only as needed. Use batch LCM treatment if losses occur and maintain as needed.

- 9) Drill ahead with brine water in 7-7/8" hole taking deviation surveys every $\pm 500'$ or nearest bit run per NMOCD rules. Use sweeps as needed to clean hole. Drill to $\pm 4500'$; exact TD will be determined by the length of the casing. Sweep and condition hole in preparation for logging. Spot a 50 bbl, 40-42 visc pill prior to POOH for logs. Strap out of hole.
- 10) RU Wireline Truck and Tools. Log well as instructed by Range Operating NM. Rotary sidewall cores may be required along with RFT's.

- 11) Make a conditioning trip prior to running casing. Trip into hole with BHA and drill pipe, break circulation at 4500'. Ream last two stands to bottom. Circulate and condition hole. Maintain viscosity of 28. TOH laying down 4-1/2" drill pipe and drill collars. Clear floor and prepare to run casing.
- 12) Rig up casing crew and run 5-1/2", 17#, J-55, LT&C as follows:
 - a) Float shoe (thread-lock)
 - b) 1 jt. 5-1/2", 17#, J-55, LT&C casing (thread-lock)
 - c) Float collar (thread-lock)
 - d) 5-1/2", 17#, J-55, LT&C Casing to surface.The two bottom joints of 5-1/2" casing and the float shoe and float collar should be thread-locked (do not weld pipe). Run 1 centralizer 5' above shoe with limit clamp, one on the next collar, one just below the float collar with limit clamp and one per joint up to 3300'.
- 13) Circulate mud for at least bottoms up plus one casing volume prior to cementing.
- 14) Cement the production casing as follows. Re-figure cement volumes on a basis of: caliper + 20% + 50 sx. Precede cement with 20 bbl fresh water, 500 gals superflush, 20 bbl fresh water.

Lead (3,500' to 1,000'):

450 sacks

Slurry: 35:65 Poz : Class C + 6% D20 + 5% D44 + 0.3% S1 + 4 pps D42 + 0.1 pps D130
Slurry Weight: 12.5 ppg Slurry Yield: 2.16 cuft/sk Water: 11.6 gals/sk

Tall (4,500' to 3,500'):

250 sacks

Slurry: 50:50 Poz : Class C + 2% D20 + 5% D44
Slurry Weight: 14.2 ppg Slurry Yield: 1.36 cuft/sk Water: 6.33 gals/sk

Review rates, pressures, displacement volumes and casing pressure rating with Service Company and rig personnel. All cement slurries are to be lab tested; both a pilot test and a test of the actual field blend. Report results, including 24 hour compressive strengths, to the office. **(See Cement Testing Requirements below)**. Also keep two samples of each dry cement.

- a) Have additional water storage on location as necessary for mixing cement. Have water analyzed by cementing company for compatibility with cement and chemicals.
 - b) Reciprocate pipe during cement job. Take special care to move pipe very slowly on the down stroke. Pump spacer and cement at 7-8 BPM. When the last cement has been pumped, maintain rate at 7-8 BPM. Displace with fresh water. When reaching displacement to shoe joint minus 10 bbls slow pump rate to 2 barrels per minute or less prior to bumping plug. Bump plug with 500 psi over final displacement pressure and hold pressure for 15 minutes.
- 15) Release pressure and check for flow back. If floats are holding, continue to make preparations to hang 5-1/2" casing one (1) foot off bottom. If floats do not hold, wait 12 hours on cement.
 - 16) Set 5-1/2" slips in "A" section with full string weight. Nipple down BOP, Nipple up well head.
 - 17) Install cap. Clean mud pits and release rig.

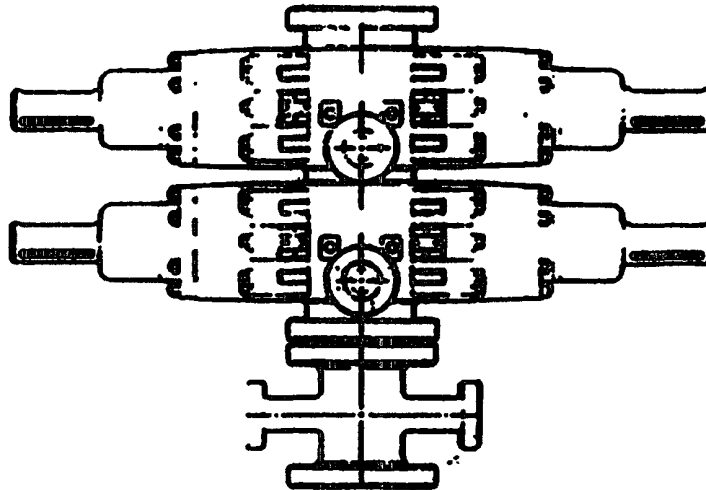
CEMENT TESTING REQUIREMENTS:

- Laboratory Blend:** Obtain thickening time, rheology, water loss, and compressive strengths of the laboratory cement blend with a water sample of the actual water to be used in cementing for each cement slurry to be pumped.
- Field Blend:** Obtain thickening time of the field cement blend with a water sample of the actual water to be used in cementing for each slurry to be pumped. If the thickening time of the field blend is consistent with the thickening time of the laboratory blend, proceed with the cement job. If not, wait on the compressive strength results. Regardless of thickening time results, obtain all of the compressive strengths of field blend to compare with the compressive strengths of the laboratory blend.

Don Robinson	Drilling Manager	(469) 450-2281	(972) 317-8345	(817) 509-1506
George Allen Teer	VP of Operations	(817) 723-1107	(817) 491-3740	(817) 870-2601
Bryan Surles	District Engineer	(817) 360-9663	(817) 346-8188	(817) 810-1971
Martin Emery	Chief Geologist	(817) 366-3693	(817) 430-4861	(817) 870-2601
Paula Hale	Sr. Regulatory Sp.	(817) 773-6002		(817) 810-1916

United Rig Company, Artesia, NM	Rig Company	Angel Salazar	(505) 623-7730
United Rig #24			
Nova Mud, Inc - Hobbs, NM	Drig Mud	Dale Welch	(800) 530-8786
Master Tubulars – Midland, TX	Casing & Tubing	Randy Martin	(800) 682-8996
Suttles Logging, Inc. – Midland, TX	Mudlogging	Sam Samford	(432) 687-3148
Schlumberger-Artesia, NM	Cementing Service	Lynn Northcutt	(505)748-1392 cell (505) 365-7510
National – Hobbs, NM	Well Heads		(505) 393-9928
Weatherford –Artesia, NM	Float Equipment		
Halliburton Logging –Hobbs, NM	Open Hole Logs	Michael Escriva Tommy Johnson	(505) 392-7543
Allen's Casing Crew -Hobbs, TX	Csg Crew		
National –Hobbs, NM	General Supplies		(505) 393-9928
TFH –Hobbs, NM	Fork Lift		(505) 397-3270
Abbot Brothers	Conductor setting		
RTO Sales & Lease	Satellite Internet		(432) 550-5678

BLOW OUT PREVENTION EQUIPMENT



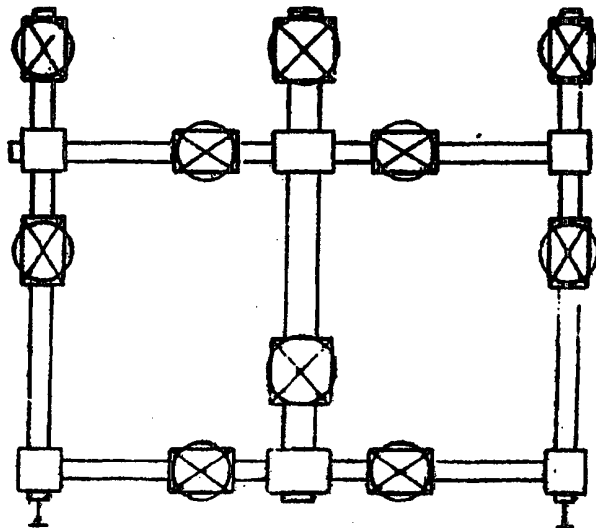
BOP Stack

- 1 Rucker Shaffer "B" double ram
10" - 3000 psi WP

Closing Unit

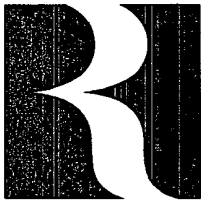
- Hydril model 80 three station accumulator
- Controls located in accumulator house and on rig floor

CHOKE MANIFOLD



900 Series. 3000 psi WP

PLAT #2



EUNICE SOUTHWEST PROSPECT (San Andres)
Elliott "B" Fed. No. 9
Well Objectives/Prognosis/Evaluation
November 7, 2005

I) GENERAL

Operator:	Range Operating New Mexico, Inc. (100%)	
Partners/WI:	none	
Proposed Well Designation:	Elliott "B" Fed. No. 9	
API No.:	30-025-	
Well Classification:	PUD	
Confidentiality Status:	Restricted, no information release without approval	
PTD (Permit Depth):	4500 ft MD	
Anticipated Spud Date:		
Estimated Days to Drill:	10	
Drilling Contractor:	United Rig No. 24	
Expected Type of Hydrocarbon:	Oil/Gas, Gravity and GOR variable	
Contacts:	Tom Brace, Geol. Mgr.	(817)810-1926
	Martin Emery, Project Geologist	(817)810-1951
	Steve Chapman, Reservoir Engineer	(817)810-1912
	Bobby Ebeier, Landman	(817)810-1987
	Don Robinson, Drilling Mgr.	(817)509-1506
	Bryan Surles, Oper. Eng.	(817)810-1971

II) WELL OBJECTIVES

The objective of the well is to drill and evaluate the Queen - San Andres Formations and complete the well as a San Andres producer. The expected **San Andres EUR** for the well is **XXXX MMCFGE**. The expected **IP** is **XXX MCFG & XX BO/D**.

III) LOCATION

Surface Location:	1650 ft FSL 990 ft FEL Section 6-T22S-R37E Lea County, New Mexico Lat: 32 deg 25' 4.54" Long: 103 deg 11' 47.33"
Bottom-hole Location:	same, vertical
Elevation:	GL: 3440 ft KB: 3450 ft
Directions to Location:	
Access to Location:	Unrestricted

IV) PROGNOSIS

Upper Permian Rustler Fm	+2330 ft	1120 ft MD	
Upper Permian Yates Fm	+770 ft	2680 ft MD	
Upper Permian 7 Rivers Fm	+568 ft	2882 ft MD	
Upper Permian Queen Fm	+126 ft	3324 ft MD	
Upper Permian PS Fm	-28 ft	3478 ft MD	+
Upper Permian Grayburg Fm	-211 ft	3661 ft MD	+
Upper Permian San Andres Fm	-448 ft	3898 ft MD	*
PTD	-1050 ft	4500 ft MD	

*= Primary Reservoir Targets

+ = Secondary Reservoir Targets

EUNICE SOUTHWEST PROSPECT (San Andres)
Elliott "B" Fed. No. 9
Well Objectives/Prognosis/Evaluation

V) PRIMARY RESERVOIR TARGETS

Upper Permian **Grayburg DOL**

Rock Type:	DOL
Thickness:	~180 ft
Avg. Porosity:	7%; ranges from 0-14+%
Avg. Perm.:	? md
Est. Reservoir Temp.:	100-110°F
Est. Reservoir Press.:	1400-1450 psi (assuming no pressure depletion)

Upper Permian **San Andres DOL**

Rock Type:	DOL
Thickness:	~250 ft
Avg. Porosity:	10-13%; ranges from 3-20%
Avg. Perm.:	? md
Est. Reservoir Temp.:	100-110°F
Est. Reservoir Press.:	1400-1450 psi (assuming no pressure depletion)

VI) SECONDARY RESERVOIR TARGETS

Upper Permian **Queen &, Penrose-Skelly** Formations

VII) PROPOSED WELL DESIGN

Drilling Fluids/Additives: Brine, 10.1 lbs/gal
Casing Design:

VIII) EVALUATION

Mud-Logging:

Contractor:	None
Basic Requirements:	Cuttings lithology description/comments Oil shows/fluorescence/cut description Gas monitoring, chromatography, gas ratios Penetration rate/depth, rig operations, bit and mud properties One man unit
Correlation:	Please use the following logs for correlation and refer to Section (X) for offset well tops:
Sampling:	
Reporting:	E-mail/WWW or fax daily reports/logs to: Martin Emery (Primary) (817)810-1951 (wk) memery@rangeresources.com (817)810-1988 (fax) (817)430-4861 (hm) (817)366-3693 (cell)
Distribution:	see attached distribution

**EUNICE SOUTHWEST PROSPECT (San Andres)
Elliott "B" Fed. No. 9
Well Objectives/Prognosis/Evaluation**

VIII) EVALUATION (cont)

Conventional Coring: None

Open-Hole DSTs:

DST Contractor: None
DST Program: None
Distribution: see attached distribution

Open-Hole Logging:

Contractor:	BAKER HUGHES	(432)563-1275
Logging Program:	2500-4500 ft MD (TD)	DSL-CN-ZDL-DLL- MLL (log GR-Neutron to surface)

Distribution: see attached distribution

IX) POTENTIAL HAZARDS/PITFALLS

Problematic Drilling Zones:	
Abnormal Pressure/Temperature Zones:	Possibility of partial depletion within Queen to Grayburg Formations
Fractured/Lost Circulation Zones:	See above; Please tag mud if circulation is lost in primary pay interval
Presence of H ₂ S or CO ₂ :	None expected
Faults Intersecting the Wellbore:	None expected

X) CORRELATION LOG TOPS:

Correlations
Upper Permian Rustler Fm
Upper Permian Yates Fm
Upper Permian 7 Rivers Fm
Upper Permian Queen Fm
Upper Permian PS Fm
Upper Permian Grayburg Fm
Upper Permian San Andres Fm
TD

Prepared by: Martin Emery
Date: November 7, 2005
Revised:

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Range Operating New Mexico Inc Well Name & #: Elliott B Federal #9
Location 1650 F S L & 990 FE L; Sec. 6, T. 22 S., R. 37 E.
Lease #: LC-032573B County: Lea State: New Mexico

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

- () 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.

() Roads and the drill pad for this well must be surfaced with _____ inches of compacted caliche upon completion of well and it is determined to be a producer.

() 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.

() Other.

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) | (x) B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus crptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragostis 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>Sporobollud airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

() 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 from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first 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 temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

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 re-contoured, 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 process 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.

BLM SERIAL #: LC-032573B
COMPANY REFERENCE: Range Operating New Mexico Inc
WELL # & NAME: Elliott B Federal #9

Seed Mixture 2, for Sandy Sites

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

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

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

<u>Species</u>	<u>lb/acre</u>
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: RANGE OPERATING NEW MEXICO, INC.
Well Name & No. 9 – ELLIOTT B FEDERAL
Location: 1650' FSL & 990' FEL – SEC 6 – T22S – R37E – LEA COUNTY
Lease: LC-032573B

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I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:

1. Spudding (Setting of a conductor pipe does not constitute the spudding of a well)
2. Setting and/or Cementing of all casing strings
3. BOPE tests

- Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612

B. There is no reported occurrence of Hydrogen Sulfide (H₂S) gas in Sec 6 – T22S – R37E.

C. 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.

II. CASING:

A. The 8-5/8 inch surface casing shall be set at 1200 feet and cemented to the surface.

1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey (an electronic type temperature survey will be used) or cement bond log shall be run to verify the top of the cement.
2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, or 24 hours in the potash area.
3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours or 500 psi compressive strength (which ever is greater) after bringing cement to surface.
4. If cement falls back, remedial action will be done prior to drilling out that string.

B. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.

C. No "new" hardband drill pipe will be rotated inside the casing. Hardband drill pipe will be considered new until it has a smooth surface.

III. PRESSURE CONTROL:

A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53.

B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface shoe shall be 2000 psi.

C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

1. The tests shall be done by an independent service company.
2. The results of the test shall be reported to the appropriate BLM office.
3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
4. The BOP/BOPE test shall include a low pressure test in accordance with API RP 53. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
5. A variance to test the surface casing and BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.

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

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: <u>Range Operating New Mexico, Inc.</u> Telephone: <u>817/810-1916</u> e-mail address: <u>phale@rangeresources.com</u>		
Address: <u>777 Main St., Ste. 800, Ft. Worth, TX 76102</u>		
Facility or well name: <u>Elliott B Federal #9</u> API #: <u>30-025- 37773</u> U/L or Qtr/Qtr <u>I</u> Sec <u>6</u> T <u>22S</u> R <u>37E</u>		
County: <u>Lea</u> Latitude <u>32°25'04.82" N</u> Longitude <u>103°11'47.08" W</u> NAD: 1927 <input checked="" type="checkbox"/> 1983 <input type="checkbox"/>		
Surface Owner: Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit 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>6,000</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
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)
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)
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)
Ranking Score (Total Points)		

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: Pit will also have a felt liner under the synthetic liner.

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 2-14-06

Printed Name/Title Paula Hale

Signature 

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 

Date: MAR 29 2006

PETROLEUM ENGINEER

 The sender of this message has requested a read receipt. [Click here to send a receipt.](#)

Mull, Donna, EMNRD

From: Phillips, Dorothy, EMNRD
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Financial Assurance Requirement
Attachments:

Sent: Tue 3/28/2006 10:17 AM

All have blanket bonds and do not appear on Jane's list.

From: Mull, Donna, EMNRD
Sent: Tuesday, March 28, 2006 8:52 AM
To: Phillips, Dorothy, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Financial Assurance Requirement

Dorothy, Is the Financial Assurance Requirement for these Operators OK?

Range Operating New Mexico Inc (227588)
Pogo Producing Co (17891)
Yates Petroleum Corp (25575)
Gruy Petroleum Management Co (162683)
Elk Oil Co (7147)
Paladin Energy Corp (164070)
Mark L Shidler Inc (14096)

Please let me know. Thanks Donna