

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-101  
March 4, 2004

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

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address COMPASS OPERATING L.L.C. 400 WEST ILLINOIS MIDLAND, TEXAS 79701		2 OGRID Number 230821
3 Property Code 34367		4 API Number 30 - 025-36920
5 Property Name LEE "25" STATE		6 Well No. 1

7 Surface Location

UL or lot no. 0	Section 25	Township 17S	Range 35E	Lot Idn	Feet from the 865'	North/South line SOUTH	Feet from the 2172'	East/West line EAST	County LEA
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8 Proposed 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
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9 Proposed Pool 1  
WILDCAT BONE SPRING

10 Proposed Pool 2

Drilling Pit Location and Other Information

UL or lot no. 0	Section 25	Township 17S	Range 35E	Lot Idn	Feet from the 865'	North/South line SOUTH	Feet from the 2172'	East/West line EAST	County LEA
Depth to ground water 75'		Distance from nearest fresh water well .7 Mi.		Distance from nearest surface water None known					
11 Work Type Code N		12 Well Type Code 0		13 Cable/Rotary ROTARY		14 Lease Type Code S		15 Ground Level Elevation 3893'	
16 Multiple NO		17 Proposed Depth 9300'		18 Formation BONE SPRING		19 Contractor MCVAY DRILLING		20 Spud Date WHEN APPROVED	

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
25"	20"	Conductor	40'	Redi-mix	SURFACE
17 1/2"	13 3/8"	61	400'	400 Sx.	Surface
11"	8 5/8"	32	3500'	950 Sx.	Surface
7 7/8"	5 1/2"	17	9300'	900 Sx.	Est TOC 4000'

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ATTACHED SHEET

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature: <i>Joe T. Janica</i>		Approved by:	
Printed name: Joe T. Janica		Title: OC FIELD REPRESENTATIVE II/STAFF MANAGER	
Title:		Approval Date:	
E-mail Address:		Expiration Date:	
Date: 09/29/04	Phone: 505-391-8503	Condi:	
		Attached <input type="checkbox"/>	

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway  
Plugback

GWW

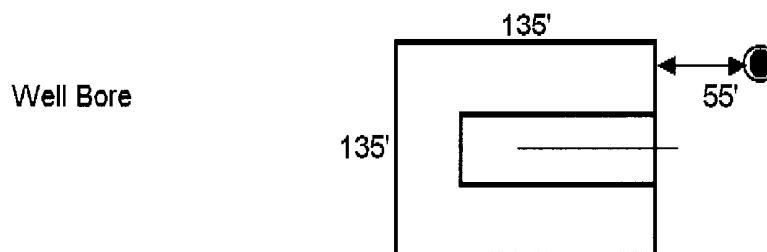
**Compass Operating, LLC**  
**Attachment to OCD Form C-144**

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

**Pit Closure**

Lea "25" State # 1  
865 FSL & 2172 FEL  
Sec 25, T17S, R35E  
Lea County, New Mexico

**(1) Facility diagram**



**(2) Disposal location:**

Fluids will be disposed at an approved disposal facility.

**(3) General description of remedial action:**

Transfer cuttings to ends, dig deep bury pit in center of pit, line with 12 mil plastic. Use material to stiffen cuttings. Transfer stiffened cuttings into lined pits, leaving mounded for drainage. Cap with 20 mil liner. Cover with three feet of cover material.

**(4) Groundwater encountered:**

No

**(5) Soil sample:**

N/A

## State of New Mexico

## DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department.

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

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

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-36920</b>	Pool Code <b>✓</b>	Pool Name <b>WILDCAT-BONE SPRING</b>
Property Code <b>34367</b>	Property Name <b>LEE 25 STATE</b>	Well Number <b>1</b>
OGRID No. <b>230821</b>	Operator Name <b>COMPASS OPERATING, LLC</b>	Elevation <b>3893'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	25	17-S	35-E		865	SOUTH	2172	EAST	LEA

## Bottom Hole Location If Different From Surface

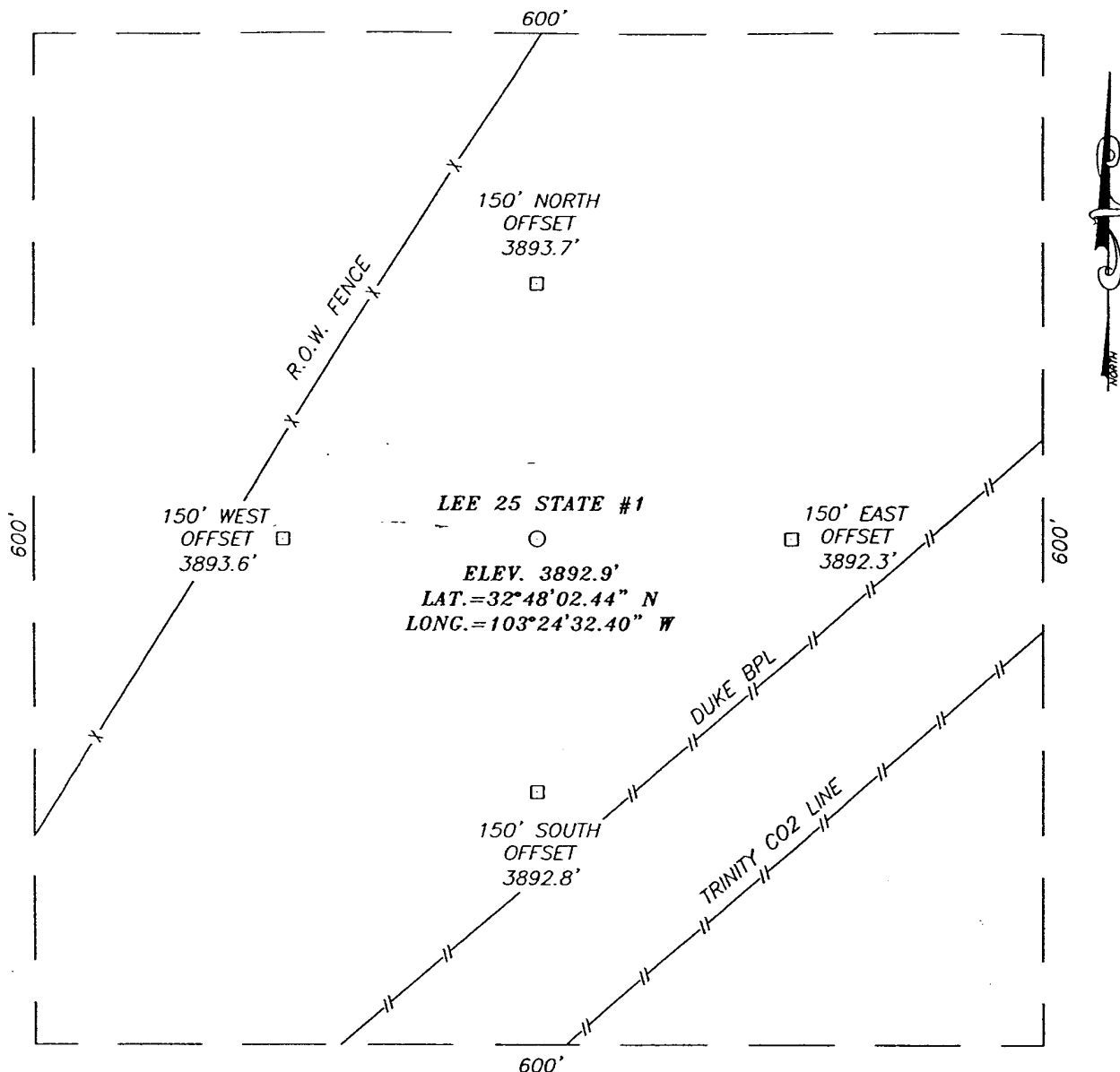
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

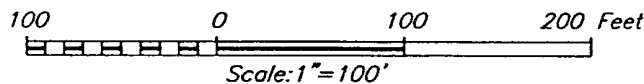
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=656238.8 N X=784026.1 E</p> <p>LAT.=32°48'02.44" N LONG.=103°24'32.40" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i> Signature Joe T. Janica Printed Name Agent Title 09/29/04 Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>SEPTEMBER 22, 2004</p> <p>Date Surveyed: LA Signature &amp; Seal of Professional Surveyor <i>Gary Eidsen</i> 9/24/04 04.11.1236 Certificate No. GARY EIDSEN 12641</p>


**SECTION 25, TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M.,**  
 LEA COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

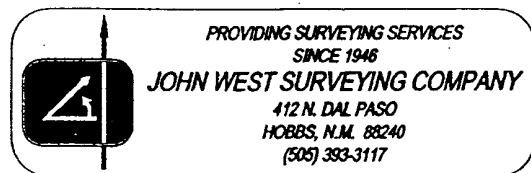
FROM THE INTERSECTION OF U.S. HIGHWAY 62-180 AND STATE HIGHWAY #483 GO NORTH ALONG STATE HIGHWAY #483 8.0 MILES AND TURN LEFT ON BUCKEYE. GO 2.75 MILES WEST ON BUCKEYE, AT THIS POINT THE ROAD BENDS SOUTHWEST. CONTINUE ON SAME BUCKEYE ROAD 0.25 MILES & TURN SOUTH ON LEASE ROAD. GO SOUTH 0.15 MILES AND TURN SOUTH-SOUTHWEST ALONG DUKE BPL. GO SOUTH-SOUTHWEST 0.4 MILES AND STOP. THIS LOCATION IS 150' SOUTH.



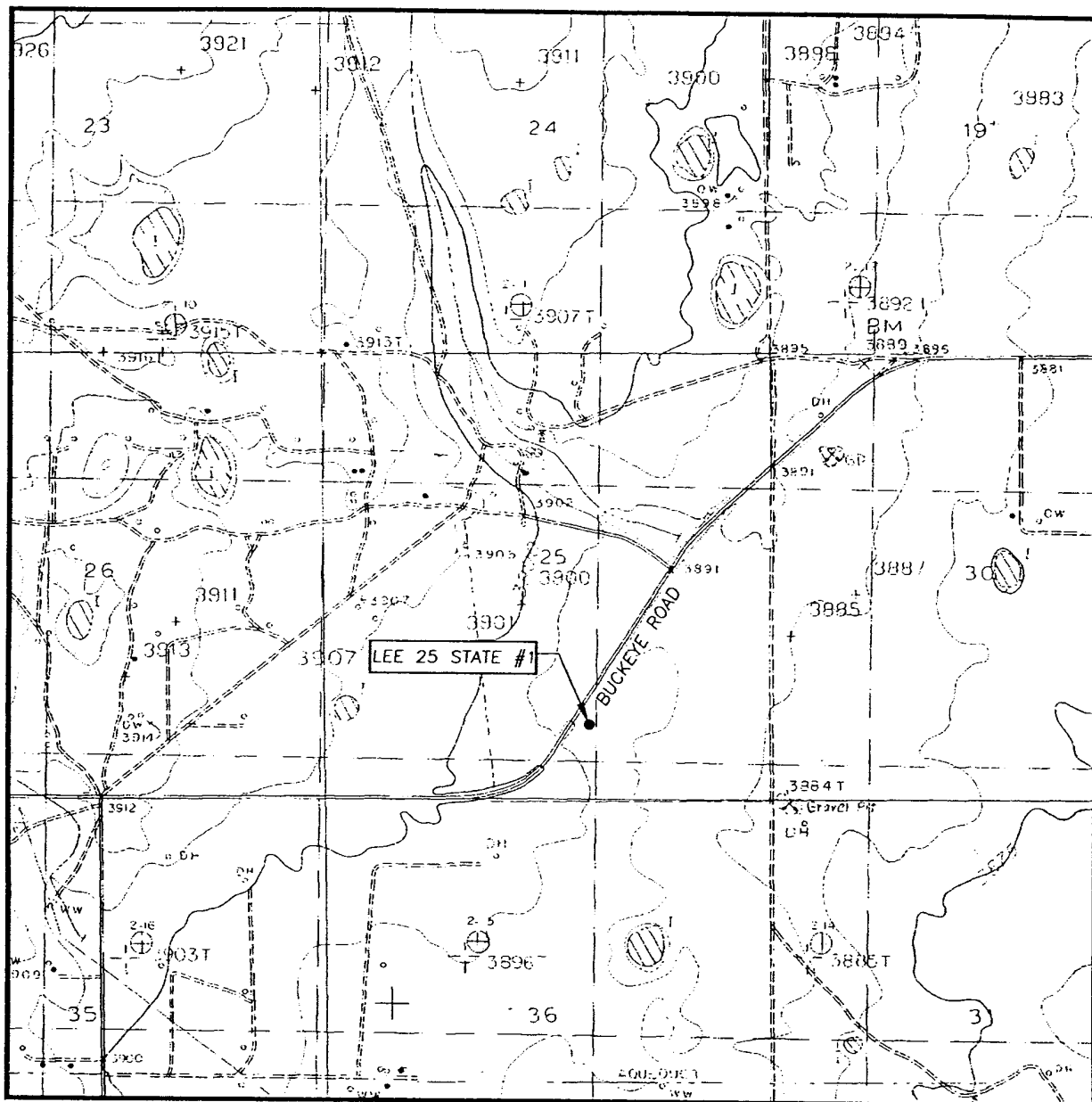


PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117

COMPASS OPERATING, LLC			
LEE 25 STATE #1 WELL LOCATED 865 FEET FROM THE SOUTH LINE AND 2172 FEET FROM THE EAST LINE OF SECTION 25, TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.			
Survey Date: 9/22/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.1236	Dr By: LA	Rev 1:N/A	
Date: 9/24/04	Disk: CD#3	04111236	Scale: 1"=100'



# LOCAT. ON VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
LOVINGTON SW, N.M. - 5'

SEC. 25 TWP. 17-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

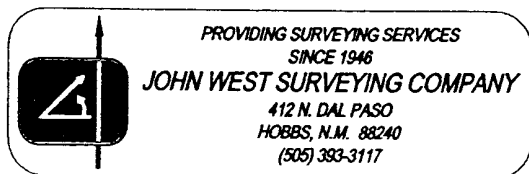
DESCRIPTION 865' FSL & 2172' FEL

ELEVATION 3893'

OPERATOR COMPASS OPERATING, LLC

LEASE LEE 25 STATE

U.S.G.S. TOPOGRAPHIC MAP  
LOVINGTON SW, N.M.



## DISTRICT I

1625 N. FRENCH DR., HOBBES, NM 88240

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Revised JUNE 10, 2003  
Submit to Appropriate District Office

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## 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 LEE 25 STATE	Well Number 1
OGRID No.	Operator Name COMPASS OPERATING, LLC	Elevation 3893'

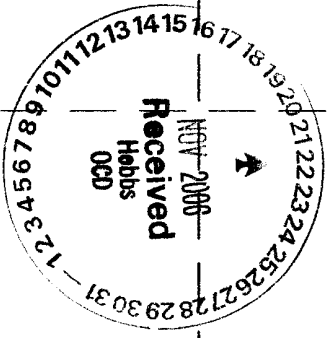
## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	25	17-S	35-E		865	SOUTH	2172	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

 <p>GEODETIC COORDINATES NAD 27 NME Y=656238.8 N X=784026.1 E LAT.=32°48'02.44" N LONG.=103°24'32.40" W</p> <p>475' 2172' 865'</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>SEPTEMBER 22, 2004</p> <p>Date Surveyed _____ LA</p> <p>Signature &amp; Seal of Professional Surveyor _____</p> <p><i>Gary E. Eidsen</i> 9/24/04</p> <p>04.11.1236</p> <p>Certificate No. GARY EIDSON 12641</p>

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

State of New Mexico  
Energy Minerals and Natural Resources

Form C-1-  
June 1, 2004

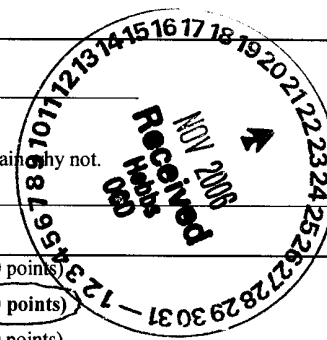
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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>COMPASS OPERATING.LLC</u> Telephone: <u>(432) 686-6001</u> e-mail address: <u>BLEVEA@COMPASSOPERATING.COM</u>		
Address: <u>P.O. BOX 1389, MIDLAND, TEXAS 79702</u>		
Facility or well name: <u>LEE "25" STATE</u> API #: <u>30-025-36920</u> U/L or Qtr/Qtr <u>0</u> Sec <u>25</u> T <u>17-S</u> R <u>35-E</u>		
County: <u>LEA</u> Latitude _____ Longitude _____ NAD: 1927 <input 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"/>		
<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>30</u> mil Clay <input type="checkbox"/> Pit Volume <u>1200</u> bbl	<b>Below-grade tank</b> 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) <u>75'</u> 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)	
<b>Ranking Score (Total Points)</b> <b>10 points</b>		

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: PLEASE FIND ATTACHED A COPY OF THE ORIGINAL APPLICATION FOR PERMIT TO DRILL WHICH INDICATES THE LOCATION OF THE DRILLING PIT AS WELL AS THE DEPTH TO GROUND WATER AND THE DISTANCE FROM NEAREST FRESH WATER WELL. ALSO ATTACHED IS THE PLANNED PROCEDURE FOR CLOSURE OF THE DRILLING PIT SUBMITTED BY JC TRUCKING. WE ARE CURRENTLY IN THE PROCESS OF GETTING VACUUM TRUCKS TO REMOVE THE FLUID FROM THE DRILLING PIT AND WILL COMMENCE WITH THE PIT CLOSURE AS SOON AS THIS FORM HAS BEEN APPROVED BY THE NMOCD.
--

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: 11-20-06

Printed Name/Title HENRY MUSSELMAN - VICE PRESIDENT 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 GARY W. WINK / STAFF MGR Signature 

Date: 11/21/06