

OCD-HOBBS

L-06-15

Form 3160-3
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1394 APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 20075. Lease Serial No.
LC-032874-A

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No. **<302876>**
GEORGE L ERWIN # 49. API Well No.
30-025- **38360**10. Field and Pool, or Exploratory
LANGLIE MATTIX 7R-QU-GB11. Sec., T. R. M. or Blk. and Survey or Area
SEC 35 T24S R37E12. County or Parish
LEA

13. State

1a. Type of work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone2. Name of Operator
LANEXCO, INC. **<13046>**3a. Address **1105 WEST KANSAS
JAL, NM 88252**3b. Phone No. (include area code)
505-395-30564. Location of Well (Report location clearly and in accordance with any State requirements.)
At surface **660 FSL 1650 FWL** **UNIT/LETER N**
At proposed prod. zone **660 FSL 1650 FWL**14. Distance in miles and direction from nearest town or post office*
5 MILES NE OF JAL, NM **CAPTAN CONTROLLED WATER BASIN**15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) **660 FT**16. No. of acres in lease
16017. Spacing Unit dedicated to this well
4018. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. **1320 FT**19. Proposed Depth
400020. BLM/BIA Bond No. on file
NM 195221. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL 318022. Approximate date work will start*
09/15/2006

23. Estimated duration

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

25. Signature

Title

Name (Printed/Typed)

Date

Approved by (Signature) **James A. Amos**

Name (Printed/Typed)

Date

Title **ACTING FIELD MANAGER**

Office

CARLSBAD FIELD OFFICEApplication 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.

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-38360	Pool Code 37240	Pool Name Langlie Mathis SR-QN-GB
Property Code 302876	Property Name GEORGE ERWIN	Well Number 4
OGRID No. 13046	Operator Name LANEXCO, INC.	Elevation 3180'

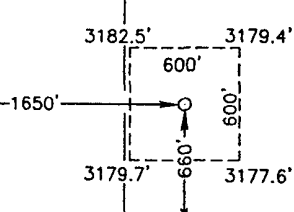
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	35	24-S	37-E		660	SOUTH	1650	WEST	LEA

Bottom Hole Location If Different From Surface

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

<div><p>GEODETIC COORDINATES NAD 27 NME</p><p>Y=427004.1 N X=870364.1 E</p><p>LAT.=32.168289° N LONG.=103.136437° W</p></div>	<div><p>OPERATOR CERTIFICATION</p><p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p><p><i>Robert W. Lansford</i> Signature Date Robert W. Lansford Printed Name</p></div> <div><p>SURVEYOR CERTIFICATION</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>AUGUST 07, 2006</p><p>Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 06.11.307 8/10/06</p><p>Certificate No. CARY-EIDSON 12641 RONALD J. EIDSON 3239</p></div>
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator Lanexco Inc

3a. Address 1105 W. Kansas, Jal NM 3b. Phone No. (include area code) 505-395-3056

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 460 FSL 1450 FWL Unit N
Section 35 Tws. 24 S Rng 37 E

5. Lease Serial No. LC-032874-A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No. George L. Erwin #4

9. API Well No. 30-025-38360

10. Field and Pool, or Exploratory Area Langley Mathis 7RQ, 68

11. County or Parish, State Lea

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

See Attached layout.

Change location around so that pipeline does not interfere with operations.

(Ude location is the same)

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Eddie W. Sany

Title Agent

Signature

Eddie W. Sany

Date 9/18/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

James H. Chas
Conditions of approval, if any, are attached. Approval of this notice 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.

Title SEPS

Date 12-21-06

Office CAD

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)

EXHIBIT "A"
George L. Erwin #4
DRILLING PROGRAM

I. The geological surface information is recent Permian with quaternary alluvium and other surface deposits.

II. Estimated Tops of Geological Markers:

<u>FORMATION</u>	<u>DEPTH</u>
Quaternary Alluvials	Surface
Rustler	924'
Seven Rivers	2691'
San Andres	3692'

III. Estimated depths at which water, oil, gas or other mineral-bearing formations are expected to be encountered:

<u>SUBSTANCE</u>	<u>DEPTH</u>
Oil	Seven Rivers - 2700' San Andres - 3700'
Gas	Seven Rivers - 2700'
Fresh Water	None anticipated

All fresh water and prospectively valuable minerals (as described by BLM) encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows within zones of correlative rights will be tested to determine commercial potential.

IV. A. Proposed Casing Program:

<u>HOLE SIZE</u>	<u>CASING SIZE OD/ID</u>	<u>GRADE</u>	<u>WEIGHT PER FOOT</u>	<u>DEPTH</u>	<u>SACKS CEMENT</u>	<u>ESTIMATED TOC</u>
12 1/4"	8 5/8" 8.097"	J55 STC	24#	350'	600	TOC-Surface 8.9 ppg water-based mud
7 7/8"	5 1/2" 4.892"	J55 LTC	15.5#	4000'	600	TOC-Surface 10 ppg Brine mud

B. Proposed Cement Program:

<u>CASING</u>	<u>LEAD SLURRY</u>	<u>TAIL SLURRY</u>	<u>DISPLACEMENT</u>
8 5/6"	400 sacks 35:65 Poz:Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs./sack Cello Flake + 0.003 gps FP-6L + 6% bwoc bentonite gel	200 sacks Class C + 2% bwoc Calcium Chloride + 0.125 lbs./sack Cello Flake + 56.3% fresh water	60.8 bls.. Fresh Water @ 8.34 ppg Circ. to Surface
5 1/2"	200 sacks 50:50 POZ (Fly Ash): Class C Cement + 5% bwow Sodium Chloride + 0.125 lbs./sack Cello Flake + 0.003 gps.	400 sacks 50:50 POZ (Fly Ash): Class C Cement + 5% bwow Sodium Chloride + 0.003 gps FP-6L	60.8 bls. 2% Kel Water @ 8.43 ppg Circ. to Surface

All slurries will be tested prior to loading to confirm thickening times and a lab report furnished to Lanexco. Fluid loss will be tested and reported on slurries with fluid loss additives. Lab test report will be furnished prior to pumping cement.

V. Proposed Mud Program:

<u>DEPTH</u>	<u>MUD PROPERTIES</u>	<u>REMARKS</u>
0-350' 1000' JSS	Weight: 8.6-9.6 ppg Viscosity: 34-36 sec/qt pH: 9-10 Filtrate: NC	Spud with a Conventional New Gel/Lime "Spud Mud". Use NewGel and native solids to maintain a sufficient viscosity to keep the hole clean. Mix paper one-two sacks every 100 feet drilled to minimize wall cake build up on water sands and to control seepage loss. At TD of interval, mix in pre-mix pit, 100 barrels of system fluid, NewGel viscosity of 60 sec/100cc, add 0.25 ppb of Super Sweep.
1000-4000'	Weight: 9.9-10.1 ppg Viscosity: 28-29 sec/qt pH: 9-10 Filtrate: NC	Drill out from under the surface casing with Brine Water. Paper should be added at 2 bags after every 100' drilled to control seepage losses. Use Lime to maintain pH at 9-10. Mix one gallon of New-55 at flowline every 250 feet drilled to promote solids settling. Sweep hole with 5-ppb of Super Sweep every 500 feet.

VI. Proposed control Equipment:

Will install on the 8 5/8" surface casing a 9" x 3000 psi WP Double Ram BOP and will test before drilling out of surface casing. As expected pressures will not exceed 2000 psi, we request a waiver of the remote control requirement on the accumulator of the 3M BOP and a variance to run a 2M BOP, if available. See Exhibit "H" for BOP layout.

VII. Auxiliary Equipment:

9" x 3000 psi double BOP/blind & pipe ram (2M BOP if available).

4 1/2" x 3000 psi Kelly valve

9" x 3000 psi mud cross - H2S detector on production hole.

Gate-type safety valve 3" choke line from BOP to manifold

2" adjustable chokes - 3" blowdown line

VIII. A. Testing Program: None planned.

B. Logging Program:

The following logs may be run:

CNL, LDT, GR, CAL, DLL, MSFL, NGT, Sonic from TD-1000'

CNL, GR from TD to surface.

C. Coring Program: None planned.

D. Mudlogging Program: 350' -TD, Samples every 10 ft.

IX. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. The estimated maximum bottom hole pressure is 2400 psi.

EXHIBIT "B"
George L. Erwin #4

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

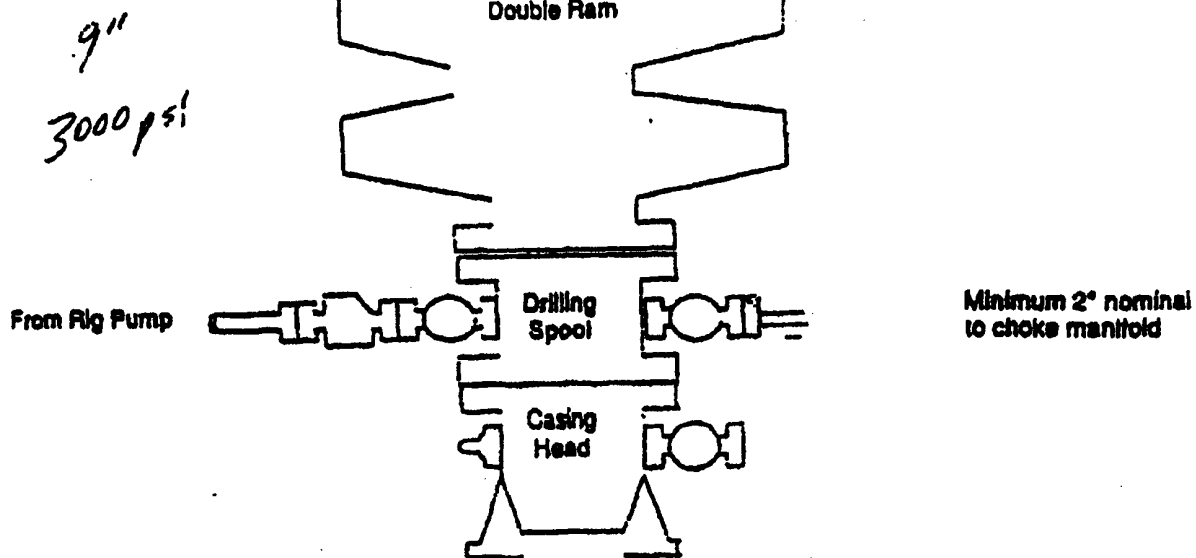
No H₂S is anticipated.

EXHIBIT H

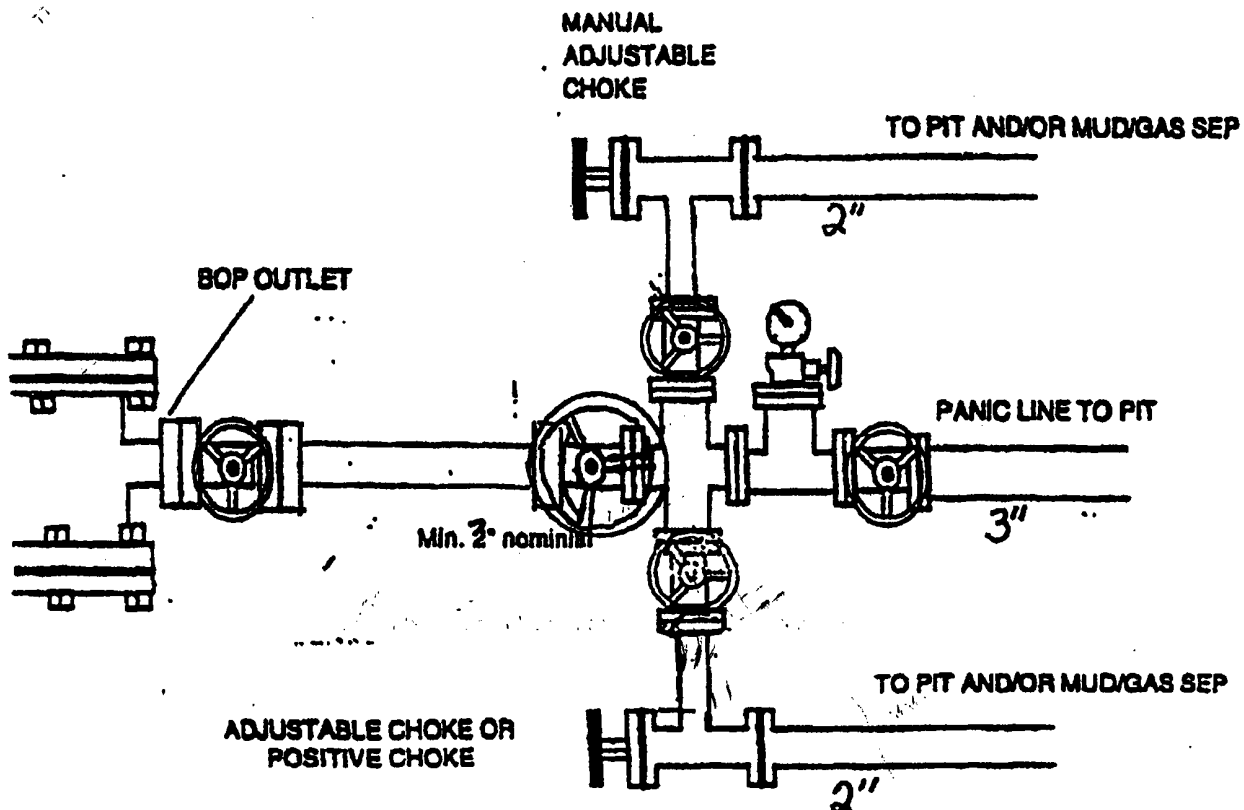
BOP Schematic

*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

3000 psi WP Double Ram
Blow-out Preventor. Must be tested
to 1000 psi prior to drilling out
8-5/8" surface casing.



Choke Manifold Schematic



CONDITIONS OF APPROVAL - DRILLING

Well Name & No. George L Erwin # 4
Operator's Name: Lanexco
Location: 660 ' FSL, 1650' FWL, SEC 35, T24S, R37E, Lea County, NM
Lease: LC-032874A

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; 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: 8 5/8 inch 5 1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Yates Formation. A copy of the plan shall be posted at the drilling site.

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.

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

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 8 5/8 inch surface casing shall be set @ APPROXIMATELY 350 FEET, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall CIRCULATE TO THE SURFACE.

5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8 5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the _____ to the reduced pressure of _____psi with the rig pumps is approved.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

1. **Fresh water or fresh water mud must be used to drill to surface casing depth surface and fresh water mud, down to the first salt when drilling out of the surface casing.**

Engineers can be reached at 505-706-2779 for any variances that might be necessary.

Mull, Donna, EMNRD

From: Williams, Chris, EMNRD
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Phone message
Attachments:

Sent: Wed 1/3/2007 1:53 PM

No the APD has not been approved.

If Chevron has objected in writing then it has to be set to hearing to determine who has the legal right to drill to this depth. At present, this is not a multiple operator problem it only a correlative rights issue that has to be settled at hearing or an agreement can be reached between the parties.

Chris Williams
District 1 Supervisor

From: Mull, Donna, EMNRD
Sent: Wed 1/3/2007 1:38 PM
To: Williams, Chris, EMNRD
Subject: FW: Phone message

Chris, For your information.

From: Ezeanyim, Richard, EMNRD
Sent: Wed 1/3/2007 10:30 AM
To: Mull, Donna, EMNRD
Subject: RE: Phone message

Donna:

Happy New Year!! Thanks for returning my call and your e-mail. I got a letter from Chvron regarding Lanesco, Inc. APD for George Erwin #4, S-35, T-24-S, R-37-E, Lea County. Chevron objects to Lanesco drilling and completing the well below 3385 feet because they allege that Lanesco does not have any mineral interest below this depth. However, Chevron does not object to any depth above 3385 feet. Here are my questions.

1. Have you approved any APD for Lanesco for this well, and if so to what depth?
2. Did you get anything from Lanesco to indicate that they do not own any interest below this depth?

Please let me know ASAP. Rule 104 allows multiple operators per spacing unit even when these operators are producing from the same source of supply. If Lanesco does not own any mineral interest below 3385 feet, then we have no problem, but if they do, why would Chevron object? These are the questions. Thank you.

Richard

From: Mull, Donna, EMNRD
Sent: Friday, December 29, 2006 12:04 PM
To: Ezeanyim, Richard, EMNRD
Cc: Williams, Chris, EMNRD
Subject: Phone message

Richard, I received your phone message that you left me, but I am having some trouble with my phone.

Please email me and I will answer. Thanks and Happy New Year. Donna

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 ☒

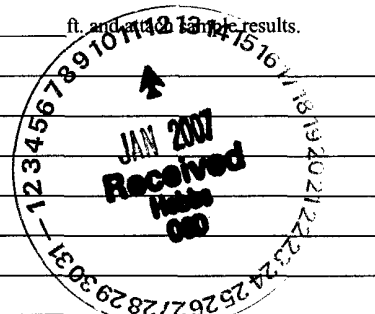
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: **Lanexco, Inc.** Telephone: **505-393-2727** e-mail address: **oilreportsinc.@oilreportsinc.co**
Address: **c/o Oil Reports & Gas Services, Inc. 1008 W. Broadway, Hobbs, NM 88240**
Facility or well name: **George L. Erwin #4** API #: **30-025-38360** U/L or Qtr/Qtr **N** Sec **35** T **24S** R **37E**
County: **Lea** Latitude **32.168289°N** Longitude **103.136437°W** NAD: 1927 ☒ 1983 ☐
Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
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 12 mil Clay <input type="checkbox"/> Pit Volume 250 bbl	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 X (10 points) 10 100 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 X (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more X (0 points) 0
Ranking Score (Total Points) 10	

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

Additional Comments:



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

Date: **1/11/07**

Printed Name/Title **Gaye Heard-Agent**

Signature

Gaye Heard

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

CHRIS WILLIAMS / DIST. SUPV.

Signature

Chris Williams

Date:

3/23/07

UNITED STATES **OCD-HOBBS**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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2. Name of Operator LANEXCO, INC.		6. If Indian, Allottee or Tribe Name
3a. Address 1008 W. BROADWAY, HOBBS, NM 88240	3b. Phone No. (include area code) 505-393-2727	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1650' FWL, SEC. 35 T24S R37E		8. Well Name and No. GEORGE L. ERWIN #4
		9. API Well No. 30-025 38360
		10. Field and Pool, or Exploratory Area LANGLIE MATTIX 7R-QU-GB
		11. County or Parish, State LEA CO., NM

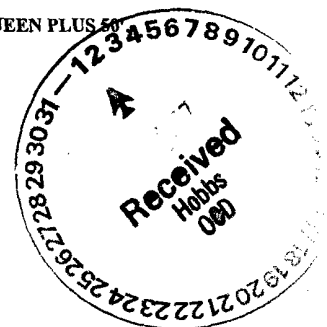
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other PROPOSED DEPTH
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CHANGE
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

REQUEST APPROVAL TO AMEND PROPOSED DEPTH AS STATED IN APD FROM 4000' TO BASE OF QUEEN PLUS 50'

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

GAYE HEARD		Title	AGENT
Signature	<i>Gaye Heard</i>	Date	01/07/2007
THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
Approved by <i>Chris Williams</i>		Title	
Conditions of approval, if any, are attached. Approval of this notice 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.		Office	
		Date	JAN 18 2007
		WESLEY W. INGRAM PETROLEUM ENGINEER	

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)

**George L. Erwin
Lanexco, Inc.
January 18, 2007
Conditions of Approval**

Approval given to amend proposed depth to base of Queen formation plus 50 feet.

Cement for the 5 1/2" production string to circulate to surface.

Surface casing is to be set 25' into the Rustler Anhydrite and above the salt, approximately 1000 feet.

WWI 011807

OCD-HOBBS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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

5. Lease Serial No.

LC-032874-A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

GEORGE L. ERWIN #4

9. API Well No.

30-025-

38360

10. Field and Pool, or Exploratory Area

LANGLIE MATTIX 7R-QU-GB

11. County or Parish, State

LEA CO. NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well



Oil Well



Gas Well



Other

2. Name of Operator

LANEXCO, INC.

3a. Address

1008 W. BROADWAY, HOBBS, NM 88240

3b. Phone No. (include area code)

505-393-2727

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL & 1650' FWL, SEC. 35 T24S R37E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other REQUEST BLM
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	APPROVAL ON
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	APD EXHIBIT G&H

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

APD DATED 9/6/06 INCLUDED EXHIBIT "H" SCHEMATIC FOR 9", 3000 PSI DOUBLE RAM BOP. APPROVAL IS REQUESTED TO SUBSTITUTE SCHEMATIC OF 2000 PSI ANNULAR BOP STACK. APPROVAL IS ALSO REQUESTED TO SUBSTITUTE EXHIBIT "G" NEW RIG LAYOUT FOR EXHIBIT "G" PREVIOUS RIG LAYOUT.

REQUEST APPROVAL BE SENT TO OIL REPORTS & GAS SERVICES, INC. 1008 W. BROADWAY, HOBBS, NM 88240 ACTING AS AGENT FOR LANEXCO, INC. WITH CONCERN TO THIS FILING.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

GAYE HEARD

Title AGENT

Signature

Gaye Heard

Date

01/05/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Chris Williams

Title

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Date JAN 23 2007

WESLEY W. INGRAM

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)

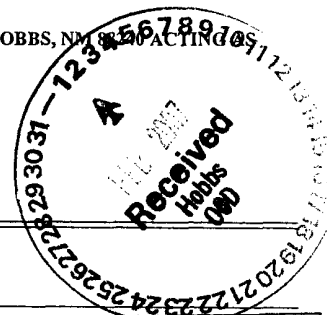
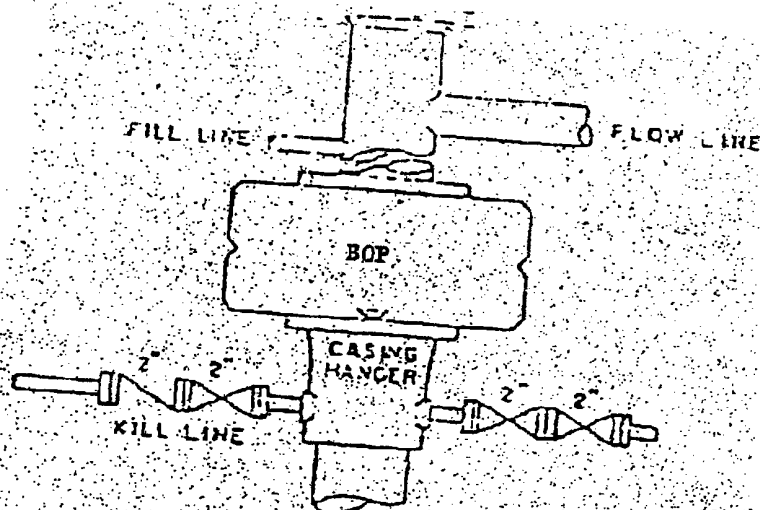
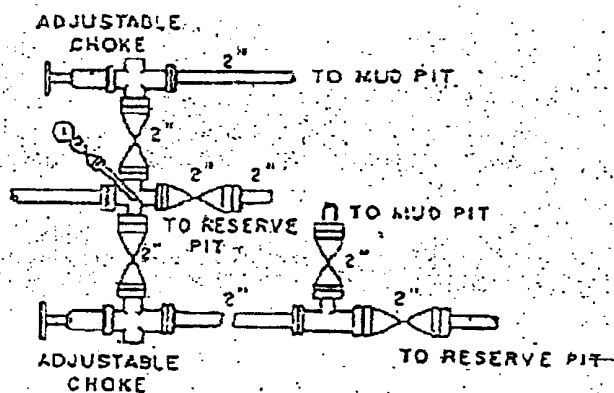


Exhibit "H"
AMENDED



ANNULAR BOP STACK

PRESSURE 2000#

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CARLSBAD FIELD OFFICE

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator LANEXCO, INC.

3a. Address
1008 W. BROADWAY, HOBBS, NM 88240

3b. Phone No. (include area code)
505-393-2727

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL & 1650' FWL, SEC. 35 T24S R37E

5. Lease Serial No.

LC-032874-A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

GEORGE L. ERWIN #4

9. API Well No.

30-025

38360

10. Field and Pool, or Exploratory Area

LANGLIE MATTIX 7R-QU-GB

11. County or Parish, State

LEA CO., NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other PROPOSED DEPTH
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CHANGE
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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REQUEST APPROVAL TO AMEND PROPOSED DEPTH AS STATED IN APD FROM 4000' TO BASE OF QUEEN PLUS 50'.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Amended

COA

2/8/07

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

GAYE HEARD

Title AGENT

Signature

Gaye Heard

Date

01/07/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Chris Williams

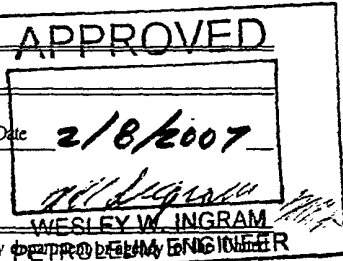
Title

Date

2/8/2007

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Office



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(Instructions on page 2)

**George L. Erwin
Lanexco, Inc.
January 18, 2007
Conditions of Approval**

Approval given to amend proposed depth to base of Queen formation plus 50 feet.

Cement for the 5 1/2" production string to circulate to surface.

Setting depth for surface casing:

Further review of the area according to the information available at the iWaters NM website indicated water being produced at 450' in nearby sections. A telephone conversation with K. A. Freeman on February 8, 2007 resulted in the following revision:

Surface casing to be set at 450' and cement circulated to surface. Fresh water mud will be used to the top of the Rustler Anhydrite.

Engineer on call phone: 505-706-2779

WWI 020807