	,		RE	CE	Ne	
	D-HOBBS					
	4		JU	IN 23	2008	
Form 3160-3 (April 2004)	JUN 18	2008		WR.SER	800	
UNITED STATES	OCD-ARI	TESIA	L XPH T	M.M.		
DEPARTMENT OF THE IN BUREAU OF LAND MANA	NTERIOR		5. Lease Serial No LC062903			
APPLICATION FOR PERMIT TO D			6. If Indian. Allotee		me	_
			n/a			_
la. Type of work X DRILL REENTER	R		7 If Unit or CA Agre n/a	ement, Nam	e and No	
			8 Lease Name and V		AL	
1b. Type of Well XOil Well Gas Well Other	X Single Zone Multr	ple Zone	Lusk 31 N 9 API Well No	lo. 2		27315
2 Name of Operator Lynx Petroleum Consultants	, Inc. 1364	45	30-02	5-3	390	79 Í
1.0. Box 1/00	3b. Phone No (include area code)	/	10 Field and Pool, or I	Exploratory		_ /
the second s	575-392-6950		Lusk Bone	Spr:	ing	North
4 Location of Well (Report location clearly and in accordance with any At surface 2310' FSL & 2310' FWI			11. Sec, T/R M or B	ik, and Surve	ey or Aprea	,
At proposed prod zone same	- v		Section 3	1 m.	-185	R-32F
14 Distance in miles and direction from nearest town or post office*			12. County or Parish		3. State	
11 miles south southwest			Lea		NM	
15. Distance from proposed* location to nearest 330	16. No of acres in lease 160	17. Spacu	ng Unit dedicated to this v $40 $	well		
property or lease line, ft. (Also to nearest drug unit line, if any).						
18 Distance from proposed location* to nearest well, drilling. completed,	19. Proposed Depth		/BIA Bond No on file	BC	NDA	1194 254
applied for, on this lease, ft. none	- 9900" 9800'	<u> </u>	2099 DOC #			
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3674 GL	July 15, 200		23. Estimated duratio 25 day			
	24 Attachments					_
The following, completed in accordance with the requirements of Onshor	e Oil and Gas Order No.1, shall be	attached to t	his form	*****	<u>.</u>	
1. Well plat certified by a registered surveyor	4 Bond to cover Item 20 above)		ons unless covered by an	n existing bo	nd on file (s	ee
 A Drilling Plan. A Surface Use Plan (if the location is on National Forest System 	Lands, the 5. Operator certif	ication				
SUPO shall be filed with the appropriate Forest Service Office)	 Such other site authorized off 		formation and/or plans a	s may be rec	lured by the	
25. Signature	Name (Printed/Typed)			Date		
25. Signature , Title	Larry R. Sc	OLL		06/0	04/08	
President)						
Approved by (Signature)/S/ Don Peterson	Name (Printed/Typlet)	Don Pe	eterson	Date Jl	JN 13	2008
Title FIELD MANAGER			D FIELD OF			
Application approval does not warrant or certify that the applicant hold conduct operations thereon	ls legal or equitable title to those rig	this in the su	ubject lease which would	entitle the ap	plicantio	/
Conditions of approval, if any, are attached			ROVAL FOF			RS
Title 18 U.S.C Section 1001 and Title 43 U.S.C. Section 1212, make it a c States any false, fictitious or fraudulent statements or representations as	nime for any person knowingly and to any matter within its jurisdiction	willfully to	make to any department	or agency o	f the United	

*(Instructions on page 2)

1. T

CAPITAN CONTROLLED WATER BASIN

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Application for Permit to Drill Lusk '31' Federal No. 2 1980' FSL & 1980'FWL Section 31, T-18S, R-32E Lea County, New Mexico

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No. : LC 062903

Location Legal Description: NE/4 SW/4 Section 31, T-18S, R-32E Lea County, New Mexico Proration Unit: NE/4 SW/4 Section 31, T-18S, R-32E Lea County, New Mexico

Formation : Surface to base of Bone Springs

Bond Coverage : \$25,000 Statewide

BLM Bond File No. : NM-1694 (BO2099)

Operator : LYNX PETROLEUM CONSULTANTS, INC.

Marrie & Scot Authorized Signature : Title : Presider

Date :

3/1/08

DISTRICT I					Mexico			
1625 N. FRENCH DR., HOBBS, NM 683 DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NM DISTRICT III 1000 Rio Brazos Rd., Aztec, NI	88210	OIL CO 1220	NSERV SOUTH	/ATIC ST. F	PN DIVIS RANCIS DR. xico 87505	ION Submit	Revised Octo to Appropriate D State Lease	orm C-102 ber 12, 2005 istrict Office e - 4 Copies e - 3 Copies
DISTRICT IV	,	WELL LOCATIO	ON AND	ACREA	GE DEDICATI(ON PLAT		ED REPORT
API Number		Pool Cod	e	1	116K - B.	Pool Name		1
30-025-3 Property Code	1019	71790	-	erty Name		A JIIGNO	Well Nur	
37315 OGRID No.			LUSK 3	1 FED			2 Elevatio	n
1384-5		LYNX PET	-		SULTANTS, IN	чС.	3674	1
III on het Ne Contract	Township	Pop contract Ide		ce Loca	·	Prod from the	East/West line	Countra
UL or lot No. Section K 31	18-S	Range Lot Idu 32-E		om the 310	North/South line	Feet from the 2310	WEST	County LEA
L	L	Bottom Hole	Location	If Diffe	rent From Sur	face	· ··· ··· ·· ·· ·· ··	IJ
UL or lot No. Section	Township	Range Lot Ide	n Feet fr	om the	North/South line	Feet from the	East/West line	County
Dedicated Acres Joint o	r Infill Co	onsolidation Code	Order No.					
40 200								
NO ALLOWABLE W		SSIGNED TO THI NON-STANDARD					EN CONSOLIDA	TED
LOT 1							CERTIFICAT]
41.18 AC. LOT 2	3676 \$	600' 	NA SURF Y= X=	AD 27 N ACE LOC 619873. 662105.	CATION 5 N 9 E	berein is true ai my knowledge ai organization eith or unleased minu- including the pri- or has a right to location pursuan owner of such m or to a voluntar compulsory pooli- by the division.	ertify that the info and complete to the had belief, and that er owns a working eral interest in the opseed bottom holo o drill this well at t to a contract wi intered or working y pooling agreemet ing order heretofor Da Scott R CERTIFICAT ertify that the well lat was plotted from surveys made by n ision, and that the to the best of my NULL 24:, 2008	e best of this interest e land e location this th an interest, at or a e entered -08 te 'ION l location m field re or e same is
41.35 AC. LOT 4		2310'		=32.7030 =103.806		Date Surveyed Signature & S Professional S	eal of O	LA 1/24 CG 1/24 CG 12641 N 3239

n . er 🐨



₩

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. <u>31</u> TWP. <u>18</u>—S RGE. <u>32</u>—E SURVEY <u>N.M.P.M.</u> COUNTY <u>LEA</u> STATE <u>NEW MEXICO</u> DESCRIPTION <u>2310' FSL & 2310' FWL</u> ELEVATION <u>3674'</u> LYNX PETROLEUM OPERATOR <u>CONSULTANTS, INC.</u> LEASE <u>LUSK 31 FEDERAL</u>



LOCATION VERIFICATION MAP





SURVEY N.M.P.M. COUNTY LEA STATE NEW MEXICO DESCRIPTION 2310' FSL & 2310' FWL ELEVATION 3674' UYNX PETROLEUM OPERATOR CONSULTANTS, INC. LEASE LUSK 31 FEDERAL U.S.G.S. TOPOGRAPHIC MAP

GREENWOOD LAKE, NM

Lynx Petroleum Consultants, Inc.

P.O. Box 1708 3325 Enterprise Drive Hobbs, New Mexico 88241

505 392-6950 Fax: 505 392-7886 April 21, 2008

Carlsb 620 E.	a of Land Managem ad Field Office Greene St. ad, NM 88220-629					TH 172.22	
19	Lusk 31, Lease LC 80 FSL 1980 FWL eficiency Letter date	, Sec.31, T18S		nty, NM	Ü		FOR CAL
Gentle	men:						
1	Uolo sizos Surfac	-171/2	tormadiate 12	1/1" Droday	7.7/9		
1.	Hole sizes: Surfac Safety Factors:	Burst					
	13-3/8"	1.63	Collapse 3.29	Joint	Yield		
	8-5/8"			15.6	26.2		
	5-1/2"	1.00	2.00	5.10	6.90		
		1.96	1.37	2.43	2.77		
2	All casing will be	new $(1 + 1)$	22 6 / 77	1 0 10	10/ 6-6		×٩
۷.	2. Surface: 1.69 cuft./sx. + 1.32 cuft./sx. or 771 cuft. or 121% excess $\leftarrow 6 \in C \cap A^{5}$						
	Intermediate 1.97 cuft./sx. + 1.32 cuft./sx. or 1840 cuft. or 70% excess						
2	Production 1.97 cuft./sx. + 1.32 cuft./sx. or 1840 cuft. or 50% excess 3. Surface: Annular preventer and casing will be tested to 600 psig at nipple up.						
3.	3. Surface: Annular preventer and casing will be tested to 600 psig at nipple up. COM Intermediate: BOP stack will be tested with a test plug to 5000 psig. Annular						
)	
4	preventer and casi						
	4. Surface: 8.33 PPG; Intermediate: 10.0 PPG; Production: 8.8-9.3 PPG 5. BHP 4500 psig: BHT 71 deg C						
5. BHP $-$ 4500 psig; BHT $-$ 71 deg. C							
6. Office: 575-392-6950; Cell: 575-390-9063; Cell: 575-390-9065							
	Proposed TD is 98						
8.	What is the BLM			ematic we ha	ve submitted with	h `	
	every APD to this	depth for the l	ast 25 years.				

- 9. No Wolfcamp top will be at 10,034 ft.
- 10. We will comply with this when new plat page has been received from the surveyors.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.

havryl Scott

, **X**. -

DRILLING PROGRAM

Lynx Petroleum Consultants, Inc. Lusk Federal '31' No. 2

> Section 31, T-18S, R-32E Lea County, NM

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Orders #1 and #2, and all other applicable federal and state regulations.

1. SURFACE FORMATION : Sandy Soil of Quaternary Age

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS :

Rustler	-	1010'
Yates	-	2760'
Queen	-	3625'
Delaware	-	4970'
Bone Spring	-	6720'
Bone Spring 1 st Sd	-	8090'
Bone Spring 3 rd Sd	-	9670'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS :

Fresh Water - None in measurable quantity Oil, Gas, & Water - Yates, Grayburg, Delaware, Bone Spring

* Productive horizons to be protected by 5 ¹/₂" casing and cement.

4. PROPOSED CASING PROGRAM :

SEECOAS

		1100			
AC	13 3/8"	0'- , -500'	48.0#	H-40	ST&C
OAS	8 5/8"	0' 2110 2650	32.0#	J-55	ST&C
	5 1/2"	0' - 9800'			LT&C

5. PROPOSED CEMENT PROGRAM :

20" Conductor	- Cemented with ready mix to surface.
13 3/8" Surface	- $300 \text{ sxs Class "C"} + 4\% \text{ Gel} + 2\% \text{ CaCl}_2$ followed by 250 sxs Class "C" + 2% CaCl ₂ .

TOC.@ surface.

8 5/8" Intermediate - First stage 800 sxs Class "C" Poz followed by

DRILLING PROGRAM Lusk Federal '31' No. 2

200 sxs Class "C". TOC. @ surface.

SFE COA

- First stage 800 sxs Class "C" Poz followed by 5 1/2" Production 400 sxs Class "C". TOC @ 2600'

- 6. PRESSURE CONTROL EQUIPMENT : A blowout preventer stack for the intermediate hole will consist of at least an annular preventer rated to 2000 psi working pressure. The blowout preventer stack for the production hole will consist of at least a double-ram blowout preventer and an annular preventer rated to 5000 psi working pressure. A sketch of the B.O.P.'s and Choke Manifold are attached.
- 7. <u>CIRCULATING MEDIUMS</u>: Fresh water spud mud 0' 500°. Brine water 1000' = -2650' - 2650'. (Cut brine mud system 8.8 – 9.3 ppg with 29 viscosity will be used -2650'' - 9800'.
- SEE COAS

- 2,100'
- 8. AUXILIARY EQUIPMENT : Full opening Kelly cock valve to fit the drill string in use, will be kept on the rig floor at all times.
- 9. TESTING, LOGGING, AND CORING PROGRAM :

Samples	- 2650' – 9800 [']
D.S.T.'s	- No D.S.T.'s are planned
Logging Coring	 Gamma Ray – CNL – FDC – DLL No coring is planned

- 10. ABNORMAL PRESSURES AND TEMPERATURES : None anticipated.
- 11. ANTICIPATED STARTING DATE : Drilling will commence about June 15. 2008. Drilling should be complete within 30 days. Completion operations (perforations and stimulation) will follow drilling operations.





LYNX PETROLEUM CONSULTANTS, INC. HYDROGEN SULFIDE DRILLING OPERATIONS LUSK '31' FEDERAL NO. 2

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- 1. The hazards and characteristics of hydrogen sulfide (H_2S) .
- 2. The proper use and maintenance of personal protective equipment and life support systems.
- 3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- 4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- 1. The effects of H_2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- 3. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note : All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H_2S .

DRILLING OPERATIONS Lusk '31' Federal No. 2

•

- 1. Well Control Equipment :
 - A. Flare line with electronic igniter or continuous pilot.
 - B. Choke manifold with a minimum of one remote choke.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include : annular preventer, mud-gas separator, and flare gun with flares.
- 2. Protective equipment for essential personnel :
 - A. 30-minute air units located in the dog house and at briefing areas, as indicated on well site diagram.
- 3. H₂S detection and monitoring equipment :
 - A. $2 \text{portable H}_2\text{S}$ monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.
- 4. Visual warning systems :
 - A. Wind direction indicators as shown on well site diagram.
 - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs well be used when appropriate. See example on page 3.
- 5. Mud program :
 - A. The mud program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
 - B. A mud-gas separator will be utilized if needed.

DRILLING OPERATIONS Lusk '31' Federal No. 2

1 (- +

- 6. Metallurgy :
 - A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
 - B. All elastomers used for packing and seals shall be H₂S trim.
- 7. Communication :
 - A. Communications in company vehicles are provided by cellular telephones.
 - B. Land line (telephone) communications at Hobbs office.
- 8. Well testing :
 - A. Drill stem testing will be preformed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. All drill stem testing operations conducted in an H₂S environment will use the closed chamber method of testing.



SURFACE USE PLAN

Lynx Petroleum Consultants, Inc. Lusk '31' Federal No. 2 1980' FSL and 1980' FWL Section 31, T-18S, R-32E Lea County, NM

This plan is submitted with the "Application for Permit to Drill" the subject well. The purpose of the plan is to determine the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation, so that a complete appraisal can be made of the environmental effects associated with the operation.

LOCATED :	11 air miles south southwest of Maljamar, New Mexico
OIL & GAS LEASE :	LC 062903
ACRES IN LEASE :	162.79
RECORD LESSEE :	S & J Operating Company, P.O. Box 2249 Wichita Falls, TX 76307
BOND COVERAGE :	\$25,000 statewide bond.
SURFACE OWNER :	U. S. Government with grazing rights allotted to Richardson Cattle Company, P.O. Box 487, Carlsbad, NM 88221
WELL SPACING :	40 acres. (Bone Spring Oil)

1. EXISTING ROADS :

. ب ن ب

- A. The wellsite is 1980' FSL and 1980' FWL of Section 31, T-18S, R-32E, Lea County, NM.
- B. Attached is a road map showing the proposed location, existing roads, and the proposed access road. The well is approximately 11 miles south southwest of Maljamar, NM.
- C. Directions : From the intersection of county road 126 and state highway 529 drive south on county road 126 for 5.8 miles. Turn southwest onto a caliche lease road for 0.8 miles then south for 0.7

Page 2 SURFACE USE PLAN LUSK '31' FEDERAL No. 2 miles into the location.

• • • • •

•

2. PLANNED ACCESS ROAD :

- A. Length and Width : Existing lease roads will be utilized for access to the extent possible. Approximately 125' of new road bladed 12' wide with 2' shoulders will be required.
- B. Turnouts : None.
- C. Drainage Design : Road will have a drop of 2" from the center line on each side.
- D. Culverts, Cuts, and Fills : None.
- E. Surfacing Material : Four inches of caliche, bladed, watered, and compacted.
- F. Gates, Cattleguards, and Fences : None.
- G. The proposed road is staked.
- 3. LOCATION OF EXISTING WELLS :
 - A. Existing wells are shown on the attached Lease Plat
- 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES :
 - A. Existing Facilities : None
 - B. New Facilities : On wellsite pad.
- 5. LOCATION AND TYPE OF WATER SUPPLY :
- 6. SOURCE OF CONSTRUCTION MATERIAL :
 - A. Caliche will be hauled from the nearest approved pit.

7. METHODS OF HANDLING WASTE DISPOSAL :

- A. Drill cuttings will be disposed of in the drill pit.
- B. Drilling fluids will be allowed to evaporate in the drill pits until the pits are dry.

Page 3 SURFACE USE PLAN

. . .

LUSK '31' FEDERAL No. 2

- C. Water produced during testing well be disposed of in the drill pits. Oil produced during testing will be stored in the test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper and garbage will be contained in a fenced trash trailer and disposed of in an approved landfill.
- 8. ANCILLARY FACILITIES :
 - A. None required.
- 9. WELLSITE LAYOUT :
 - A. The attached rig layout plat indicates the relative location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.
 - B. The reserve pit will be lined with plastic to prevent loss of water and contain the drilling mud.

10. PLANS FOR RESTORATION OF THE SURFACE :

- A. After completion of drilling and/or completion operations all equipment and other material not needed for producing operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are backfilled.
- C. If the well is non-productive, the disturbed area will be rehabilitated to Federal Agency requirements, and will be accomplished as expeditiously as possible.

11. OTHER INFORMATION :

- A. Terrain : Low rolling hills.
- B. Soil : Sandy.
- C. Vegetation : Mesquite, creosote, and grasses.
- D. Surface Use : Grazing.

به د ار د

- E. Ponds and Streams : None within 1.0 mile.
- F. Water Wells : None within 1.0 mile.
- G. Residences and Buildings : None within 1.0 mile.
- Η. Arroyos, Canyons, Etc. : None within 1.0 mile.
- 1. Well Sign : A sign identifying and locating the well will be maintained at the wellsite.
- J. Archeological, Historical and Other Cultural Sites : An agent with conducted an archeological the survey of the access road, powerline, well pad and gas pipelines. They will furnish a report and recommendation to the B. L. M. in Carlsbad, NM.
- K. Surface Ownership : The access road and wellsite are located on Public surface.

12. OPERATOR'S REPRESENTATIVE :

Larry R. Scott P. O. Box 1708 Hobbs, NM 88241 Phone – (505) 392-6950 Fax – (505) 392-7886

13. CERTIFICATION :

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 presently exist ; that the statements made in this plan are, to the best of my knowledge, true and correct; that the work associated with the operations proposed herein will be performed by LYNX PETROLEUM CONSULTANTS, INC. and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

<u>4.8-2008</u> DATE

LARRY B. SCOTT - PRESIDENT

.

1.





• 2 1 1			
District I	ate of New Mexico	Form C-144	
	inerals and Natural Resources	June 1, 2004	
1301 W Grand Avenue, Artesia, NM 88210 District III Oil (Conservation Division For d	rilling and production facilities, submit to	
1000 Rio Brazos Road, Aztec, NM 8/410) South St. Francis Dr. For d	rilling and production facilities, submit to priate NMOCD District Office. ownstream facilities, submit to Santa Fe	
1220 S. St Francis Dr., Santa Fe, NM 87505 S	anta Fe, NM 87505 office	- 	
Pit or Below-Gra	de Tank Registration or Closi	ıre	
Is pit or below-grade tar	ik covered by a "general plan"? Yes 🗌 N	o 🔀	
Lvnx Petroleum	or below-grade tank 🔀 Closure of a pit or below-g		
Operator <u>Consultants</u> , IncTelephor Address <u>P.O. Box 1708</u> , Hobbs, NM 8 Facility or well name: <u>Lusk 31 Federal NoAPI</u> #: CountyLeaLatitude	e: <u>575-392-6950</u> e-mail address [.] 1y	nxpet@leaco.net	
Address P.O. Box 1708, Hobbs, NM 8	8241		
Facility or well name: Lusk 31 Federal NOAPI #:	U/L or Qtr/QtNES	$\frac{W}{20074151}$ r <u>18-S</u> R <u>32-E</u>	
	32.702118'N Longitude 03.	80/415, WNAD. 1927 [] 1983 []	
Surface Owner. Federal 🖾 State 🗌 Private 🗌 Indian 🗌			
	Below-grade tank		
Type Drilling Production Disposal	Volume:bbl Type of fluid Construction material [.]		
Workover Emergency Lined Vullend	Double-walled, with leak detection? Yes I If n		
Liner type: Synthetic \mathbf{x} Thickness $\underline{12}$ mil Clay		or, explain why not	
Pit Volume 15,000		·····	
	Less than 50 feet	(20 points)	
Depth to ground water (vertical distance from bottom of pit to seasonal	50 feet or more, but less than 100 feet	(10 points)	
high water elevation of ground water.)	100 feet or more	(0 points) 0	
Wellhead protection area: (Less than 200 feet from a private domestic	Yes	(20 points)	
water source, or less than 1000 feet from all other water sources)	[No]	(0 points) 0	
	Less than 200 feet	(20 points)	
Distance to surface water (horizontal distance to all wetlands, playas,	200 feet or more, but less than 1000 feet	(10 points)	
irrigation canals, ditches, and perennial and ephemeral watercourses.)	1000 feet or more	(0 points) 0	
	Ranking Score (Total Points)		
		0	
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 your are burying in place) onsite in 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		ft and attach sample results.	
(5) Attach soil sample results and a diagram of sample locations and excave Additional Comments	16/08 - water on dill		
Additional Comments Put started before 6	10/08 - wang re and	in my	
I hereby certify that the information above is true and complete to the bes has been/will be constructed or closed according to NMOCD guidelin	t of my knowledge and behef. I further certify that es , a general permit , or an (attached) altern	the above-described pit or below-grade tank ative OCD-approved plan .	
	0	1	
Date 04/08/08 Printed Name/Title President Signature Rary R Scatt			
Printed Name/Title President Signature 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 regulations	the operator of its responsibility for compliance with	any other federal, state, or local laws and/or	
Approval	······		
Printed Name/Title <u>CHRIS WILLIAMS DIST. 5010</u>	Signature Chin alle	Date 8/14/08	

,





VICINITY MAP



SCALE: 1" = 2 MILES

SEC. <u>31</u> TWP. <u>18</u>—S RGE. <u>32</u>—E SURVEY_____N.M.P.M. COUNTY___LEA __STATE_NEW_MEXICO DESCRIPTION <u>1980'</u> FSL & <u>1980</u> FWL ELEVATION ____<u>3669'</u> LYNX_PETROLEUM OPERATOR ____CONSULTANTS, INC. LEASE ____LUSK_31_FEDERAL

* • * *

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

GREENWOOD LAKE, NM U.S.G.S. TOPOGRAPHIC MAP
EASE LUSK 31 FEDERAL
DPERATOR CONSULTANTS, INC.
LYNX PETROLEUM
LEVATION 3669'
DESCRIPTION 1980' FSL & 1980 FWL
COUNTY LEA STATE NEW MEXICO
SURVEY N.M.P.M.
2EC. 31 TWP. 18-5 RGE. 32-E



YNAAMOO ƏNIYƏVAUR TEAW NHOL

CREENWOOD LAKE, NM CONTOUR INTERVAL: 10'

NORTH

2CVFE: 1" = 2000'



TOCATION VERIFICATION MAP

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Lynx Petroleum Consultants
LEASE NO.:	LC-062903
WELL NAME & NO.:	2-Lusk 31
SURFACE HOLE FOOTAGE:	2310' FSL & 2310' FWL
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 31, T. 18 S., R 32 E., NMPM -
COUNTY:	Lea County, New Mexico
	OPERATOR'S NAME: LEASE NO.: WELL NAME & NO.: SURFACE HOLE FOOTAGE: BOTTOM HOLE FOOTAGE LOCATION: COUNTY:

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

General Provisions
Permit Expiration
Archaeology, Paleontology, and Historical Sites
Noxious Weeds
Special Requirements
Lesser Prairie Chicken
Construction
Notification
Topsoil
Reserve Pit
Federal Mineral Material Pits
Well Pads
Roads
Road Section Diagram
Drilling
Production (Post Drilling)
Well Structures & Facilities
Reserve Pit Closure/Interim Reclamation

Final Abandonment/Reclamation

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 15 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Page 3 of 12

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 8 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 150' X 150' on the East side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of **4 hours** in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOP/BOPE tests
 - Call the Hobbs Field Station, 414 West Taylor, Hobbs, NM 88240, (575) 393-3612
- 1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated **500** feet prior to drilling into the <u>Yates</u> Formation. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work.

Centralizers required on surface casing as per Onshore Order 2.III.B.1.f

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer

Possible H2O/brine flows in Salado & Artesia Group Wolfcamp Formation possibly overpressured

- 1. The 13-3/8 inch surface casing shall be set at <u>approximately 1100 feet (a minimum</u> of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. Fresh water spud mud shall be used to setting depth. Additional cement may be required to bring cement to surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
 - 2. The minimum required fill of cement behind the <u>8-5/8</u> inch intermediate casing is:

Cement to surface. If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:

Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which havelarger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

- 1. 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 Sec. 17.
- 2. The appropriate BLM office shall be notified a minimum of **4 hours** in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. 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.
 - e. A variance to test the surface casing and BOP/BOPE (entire system) to the reduced pressure of <u>1000</u> psi with the rig pumps is approved.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

LB 6/04/08

PRODUCTION (POST DRILLING) VIII.

WELL STRUCTURES & FACILITIES A.

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color Shale Green, Munsell Soil Color Chart # 5Y 4/2

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture for LPC Sand/Shinnery 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:

Plains Bristlegrass Sand Bluestem Little Bluestem **Big Bluestem** Plains Coreopsis Sand Dropseed

Species

51bs/A

lb/acre

5lbs/A

51bs/A

3lbs/A

6lbs/A

2lbs/A

1lbs/A

**Four-winged Saltbush * This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

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

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.