

New Mexico Oil Conservation Division, District I  
1625 N. French Drive  
Hobbs, NM 88001

RECEIVED

Form 3160-5  
(August 2007)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

DEC 26 2008

HOBBSOCD

FORM APPROVED  
OMB No 1004-0137  
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No NM <del>54449</del> 12852 54449
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator H.L. Brown Operating, L.L.C. <213179>		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 2237, Midland, TX 79702		8. Lease Name and Well No. Federal '27' No. 6 <35091>
3b. Phone No. (include area code) 432-683-5216		9. API Well No 38-041-20937
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 1600' FNL & 1710' FWL, Unit F At proposed prod. zone		10. Field and Pool, or Exploratory Bluitt, N (Siluro-Devonian) ✓
14. Distance in miles and direction from nearest town or post office* 10 miles E of Milnesand, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec 27, T - 7 - S, R - 37 - E
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 1710'	16. No of acres in lease 240	17. Spacing Unit dedicated to this well 80
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1065'	19. Proposed Depth 9200'	20. BLM/BIA Bond No. on file 0679788 NM 2911
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4058' GL	22. Approximate date work will start* 11/15/2008	23. Estimated duration 28 days

24. Attachments

ROSWELL CONTROLLED WATER BASIN

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

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

25. Signature Carlton Wheeler	Name (Printed/Typed) Carlton Wheeler	Date 09/30/2008
----------------------------------	---	--------------------

Title

Operations Manager

Approved by (Signature) /s/ Angel Mayes	Name (Printed/Typed) /s/ Angel Mayes	Date DEC 19 2008
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Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 2 YEARS

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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.

(Continued on page 2)

NSL-5986

\*(Instructions on page 2)

DECLARED WATER BASIN

CEMENT BEHIND THE 133"  
CASING MUST BE CIRCULATED  
WITNESS

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

## DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

## DISTRICT II

1501 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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-041-20931</b>	Pool Code <b>06910</b>	Pool Name <b>Bluff, N. (Siluro-Devonian)</b>
Property Code <b>35091</b> <del>AM-12852 51449</del>	Property Name <b>FEDERAL "27"</b>	Well Number <b>6</b>
OGRID No. <b>213179</b>	Operator Name <b>H.L. BROWN OPERATING, LLC</b>	Elevation <b>4058'</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
F	27	7 S	37 E		1600	NORTH	1710	WEST	ROOSEVELT

## 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 <b>80</b>	Joint or Infill	Consolidation Code	Order No. <b>N/S L- 5986</b>						

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>LAT N.: 33°40'55.78"</p> <p>LONG W.: 103°08'38.22"</p> <p>NMSPCE- 977820.823</p> <p>903152.399</p> <p>(NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Carlton Wheeler</u> Signature <b>9-30-02</b> Date</p> <p><u>CARLTON WHEELER</u> Printed Name</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><b>JUNE 17, 2008</b></p> <p>Date Surveyed</p> <p>Signature of <u>Gary L. Jones</u> Professional Seal of <u>Gary L. Jones</u> Professional Surveyor No. <u>7977</u></p> <p><b>876</b></p> <p>Certificate No. <u>Gary L. Jones 7977</u></p> <p><b>BASIN SURVEYS</b></p>

**New Mexico Oil Conservation Division, District 1**  
**1625 N. French Drive**  
**Hobbs, NM 88240**

Form 3160-5  
(February 2005)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**RECEIVED**

**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.**

5. Lease Serial No.  
NM 54449

6. If Indian, Allottee or Tribe Name

DEC 26 2008

**HOBBSOC**

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well

☒ Oil Well    ☐ Gas Well    ☐ Other

2. Name of Operator  
H. L. Brown Operating, L.L.C.

3a. Address  
300 W. Louisiana  
Midland, TX 79701

3b. Phone No. (include area code)  
(432) 683-5216

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

8. Well Name and No  
Federal 27 No. 6

9. API Well No.  
Not yet assigned

10. Field and Pool or Exploratory Area  
Bluitt N., (Siluro-Devonian)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
1600' FNL & 1710' FWL of Sec 27  
T-7-S, R-37-E

11. Country or Parish, State  
Roosevelt County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

6-17-08: Location was surveyed without any conflicts due to terrain or roads.

7-03-08: Location was field surveyed for archaeological sites.

7-08-08: ASC report # 08-006 was hand delivered to BLM Roswell office

**Accepted for Record**

By: [Signature] Date: 12/29/08

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)  
Carlton Wheeler

Title Operations Manager

Signature

Carlton Wheeler

Date 07/17/2008

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Assistant Field Manager,  
Lands And Minerals

Date

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

**ROSWELL FIELD OFFICE**

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)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation District No. 1  
1625 N. French Drive  
Hobbs, NM 88249

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 2006

RECEIVED

**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.**

5. Lease Serial No.  
NM-54449

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HOBBSOCD

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☒ Oil Well ☐ Gas Well ☐ Other

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8. Well Name and No.  
Federal 27 No.6

9. API Well No.  
Not yet assigned

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
SE/4, NW/4 Sec 27  
T-7-S, R-37-E

10. Field and Pool or Exploratory Area  
Bluitt, N. (Siluro-Devonian)

11. Country or Parish, State  
Roosevelt County, NM

12. CHECK THE 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 checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input 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	

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Representatives of the company met with the private surface owner on 6-04-08 to spot the location of new well before staking. This well will be drilled under the existing surface use agreement with the landowner. Basin Surveyors out of Hobbs will stake the location sometime after 6-12-08.

Accepted for Record

By: John A. Stinson Date: 12/23/08

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

Title Operations Manager

Signature Carlton Wheeler

Date 06/09/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Assistant Field Manager,  
Lands And Minerals

Date

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Office **ROSWELL FIELD OFFICE**

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(Instructions on page 2)

## Supplemental Drilling Data

H. L. BROWN OPERATING, L.L.C.

### **Federal 27 No. 6**

1600' FNL & 1710' FWL, Sec. 27, Unit F, T-7-S, R-37-E

Roosevelt County, New Mexico

New Mexico Lease NM - 12852

The following items supplement Form 3160-3 in accordance with instructions contained in onshore Oil and Gas Order No.1:

### Overview of Well:

The proposed well will be drilled to about 9200' to test the Devonian formation. 13-3/8" surface pipe will be set at about 510', 8-5/8" intermediate pipe will be set at 3750' and 5-1/2" production casing will be set at 9200' or less. The Devonian will be perforated and acid stimulated.

#### 1.) Surface Formation: Ogallala

#### 2.) Estimated Top of Geologic Markers:

Yates	2530'
San Andres	3685'
Abo	6990'
Wolfcamp	7940'
Devonian	8650'

#### 3.) Estimated Depths Water, Oil, Gas or Other Mineral Bearing Formations:

Water	None Anticipated
Oil/ Gas	Wolfcamp carbonates at 7950', Devonian carbonates at 8670'
Other Minerals	None Anticipated

#### 4.) Proposed Casing and Cementing Program:

Hole Size, in.	Casing Data				Depth, ft	Cement	Expected Top of Cement
	Size	Wt.,#/ft	Grade	Thread			
17-1/2"	13-3/8"	48	H-40	ST&C	510'	500 sx "C" w/ 2% CaCl <sub>2</sub> , + 1/4# sx celloflake	Surface Must circulate
12-1/4"	8-5/8"	32	J-55	LT&C	3750'	Lead: 1200 sx "C" Poz + 6% gel + celloflake Tail: 300 sx "C" w/ CaCl <sub>2</sub>	Surface Must circulate
* 7-7/8"	5-1/2"	17.0 <del>16.5</del> <del>17.0</del>	N-80 <del>J-55</del> <del>J-55</del> <del>J-55</del>	LT&C <del>LT&amp;C</del> <del>LT&amp;C</del>	0' - <del>80'</del> <del>80' - 6000'</del> <del>6000' - 9200'</del> 9200'	Lead: 1200 sx "H" Poz + 10% gel + 5% salt Tail: 400 sx "H" w/ FLA	3400' ** tie into 8-5/8" casing

\* Per Carlton Wheeler: 10-24-2008: LB

The surface casing string will be tested to 1000 psi. The 5 1/2" casing will be tested to 2000 psi.  
All casing will be new or used, inspected yellow-band or better.

**5.) Pressure Control Equipment:**

Pressure control equipment will include a 3000 psi WP blowout preventer stack, sour trim, with both pipe rams and blind rams. Above BOP stack will be an annular BOP, 3000 psi WP with sour trim. Below the double BOP stack will be an adapter spool, 3000 psi WP. On one side of the adapter spool will be a kill line with a check valve and a ball valve. The other side will be a choke manifold with a bleed off line. Hydraulic BOP controls will be operated daily (Figures No.5 and No.6).

**6.) Circulating Medium:**

Depth	Mud Type	Wt. lb/gal	Viscosity sec/1000cc	Filtrate cc/30min	Remarks
0' - 510'	FW-Gel	8.6-9.0	32-34	NC	
510' - 2100'	FW- native	8.6-9.0	29-32	NC	
2100' - 3750'	Cut Brine	9.2-10.3	32-34	NC	
3750' - 6800'	FW	8.4-9.2	29-30	NC	
6800' - 7800'	SW-Gel	9.2-10.3	38-40	NC	
7800' - 9200'	SW-Gel	9.2-10.3	38-40	10	Mud up for logs

No abnormal pressures are anticipated. Mud is used for borehole stability and filtrate control and will not be needed for formation pressure control.

**7.) Auxiliary Equipment:**

- a.) Kelly cock: in mud line above swivel.
- b.) Floats at bit: none planned.
- c.) Mud system monitoring equipment: No automatic equipment planned; will use visual testing and inspection by rig and mud company personnel.

**8.) Testing, Logging and Coring Program:**

- a.) Samples: Drilling samples will be caught at 10' intervals below 3750'.
- b.) DST and Cores: none planned
- c.) Logging: GR/CNL will be run from surface to TD and the GR/CNL/SDL and DLL/MLL will be run from TD to ~3700' (minimum +).

**9.) Abnormal Pressures, Temperature or Hydrogen Sulfide:**

None Anticipated.

**10.) Completion Equipment:**

The completed well will be a flowing oil well (Figure No. 7) with a stack pack for flow control.

**11.) Anticipated Starting Date:**

Drilling operations are expected to commence by November 15, 2008 and are expected to last 25 days. Completion operations are expected to last 10 days.

<b>WELLHEAD BLOWOUT CONTROL SYSTEM</b>	Applicant <b>H.L. Brown Operating L.L.C</b> <b>P.O. Box 2237, Midland Texas 79702</b>
Worksheet supplement for "Application for Permit to Drill or Deepen a Well"	Well name and number  <b>Federal 27 No. 6</b>
<b>Location: 1600' FNL &amp; 1710' FWL</b> <b>Unit F, Section 27, T-7-S, R-37-E</b> <b>Roosevelt Co, NM</b>	

Max. anticipated surface pressure \_\_\_\_\_

Annular B.O.P. 11", 3000 psi W.P.

B.O.P.  
☐ Manual  
☒ Hydraulic  
☒ Sour Trim

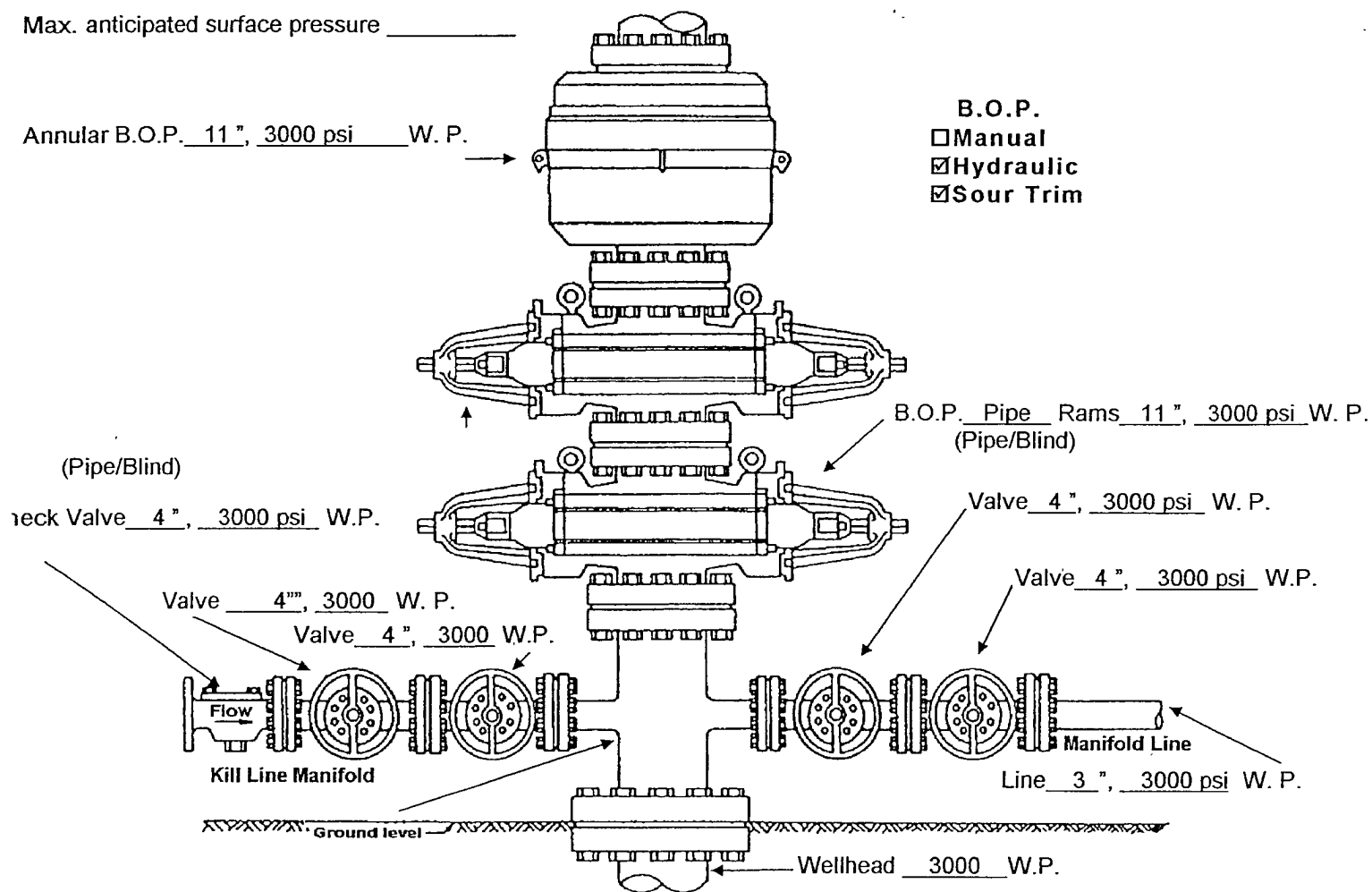
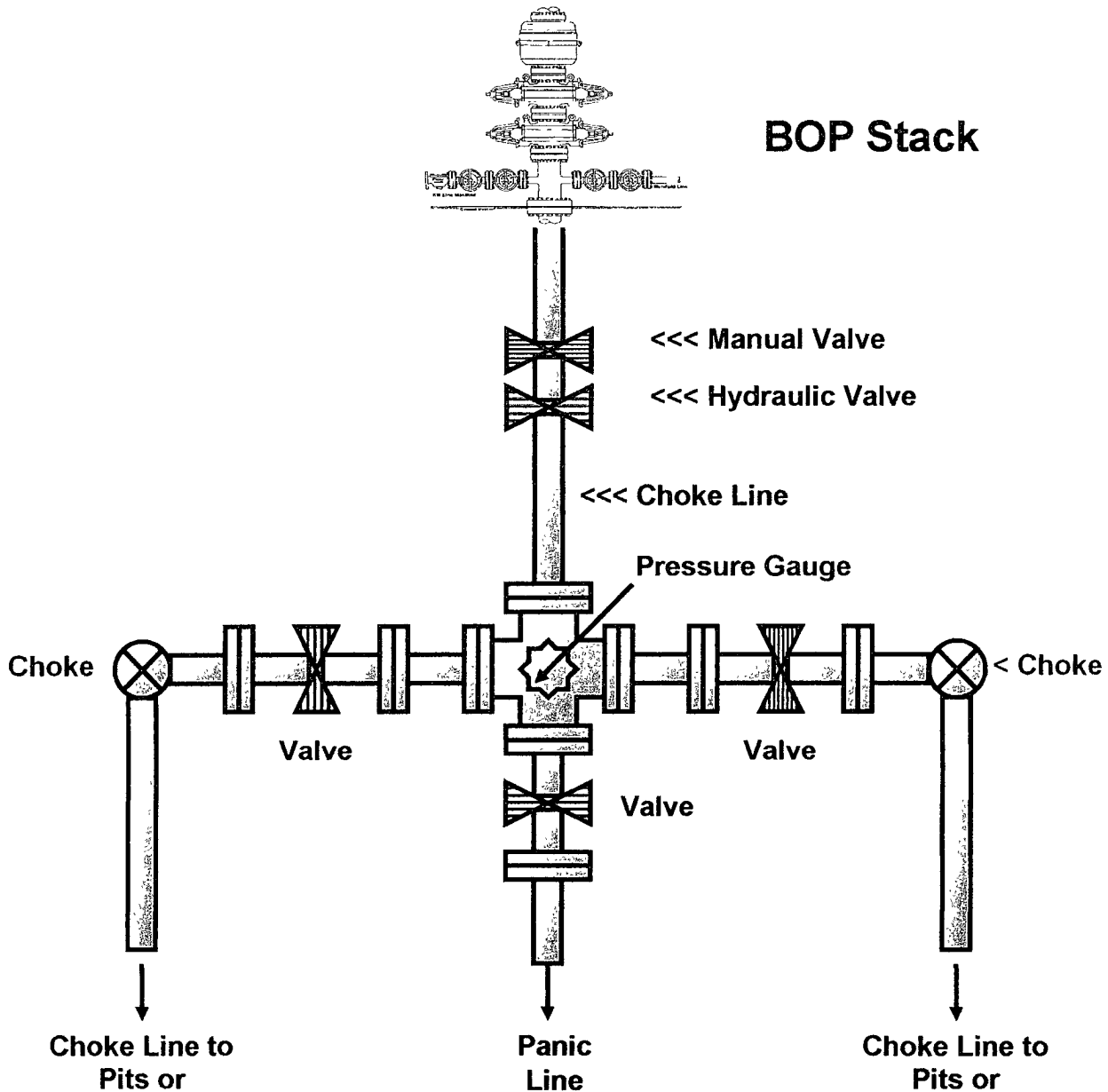


Figure No. 5

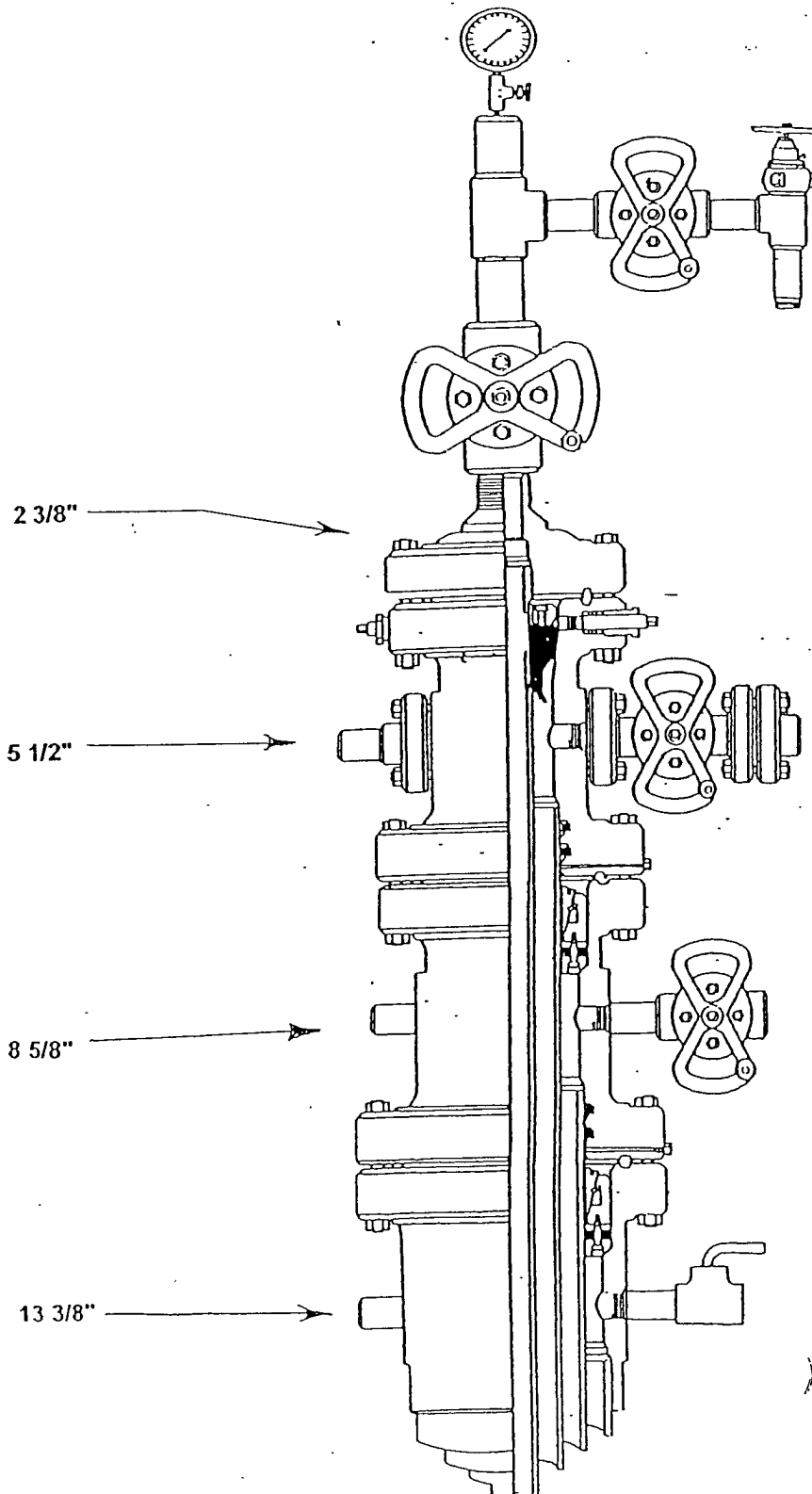
<p align="center"><b>CHOKE MANIFOLD DIAGRAM</b></p> <p align="center">Worksheet supplement for "Application for Permit to Drill a Well"</p>	<p>Applicant <b>H.L. Brown Operating L.L.C</b> <b>P.O. Box 2237, Midland Texas 79702</b></p>
<p>Location: 1600' FNL &amp; 1710' FWL Unit F Section 27, T-7-S, R-37-E Roosevelt Co, NM</p>	<p>Well name and number  <b>Federal 27 No. 6</b></p>



**Figure No. 6**



<p align="center"><b>WELLHEAD DIAGRAM</b></p> <p align="center">Worksheet supplement for "Application for Permit to Drill a Well"</p>	<p>Applicant  <b>H.L. Brown Operating L.L.C</b>  <b>P.O. Box 2237, Midland Texas 79702</b></p>
<p><b>Location: 1600' FNL &amp; 1710' FWL</b>  <b>Unit F, Section 27, T-7-S, R- 37-E</b>  <b>Roosevelt Co, NM</b></p>	<p>Well name and number  <b>Federal 27 No.6</b></p>



**Figure No. 7**

## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

H. L. BROWN OPERATING, L.L.C.

**Federal 27 No. 6**

**1600' FNL & 1710' FWL, Sec. 27, Unit F, T-7-S, R-37-E**

**Roosevelt County, NM**

**New Mexico Lease NM - 12852**

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

### 1. EXISTING ROADS:

- A. **Figure No.1** is a portion of a USGS contour map showing the location of the proposed well. The well is approximately 9 miles east of Milnesand, NM on State Highway 262. Go straight east one mile on lease road where highway makes a 90 corner south to Bluit, then north for 1/3 mile after compressor station, continue two miles to the northeast and then east 1/4 mile **Figure No. 2**. Federal 27 #6 is east of the 27 #1 battery and just off of the main road **Figure No. 3**.
- B. **Figure No.2** also shows all existing roads within one-mile radius of the well site. The proposed location is at the eastern side of the Bluit Devonian field.
- C. The existing roads are maintained as needed for both drilling and production by H. L. Brown.

### 2. PLANNED ACCESS ROADS:

- A. Length and width: No new roads will be required since this location will blend into an existing lease road.
- B. Surfacing material: Six inches of caliche, water, compacted and graded.
- C. Maximum grade: 1 percent.
- D. Turnouts and Culverts: None required.
- E. Drainage design: None – new pad will blend into the existing road.
- F. Cuts and Fills: This is relatively flat surface broken by occasional small sand dunes. A slight amount of leveling will be required.
- G. Gates and Cattle Guards: None will be needed.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a one-mile (plus) radius are shown on **Figure No. 1**.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Produced oil and water will be sent to the Federal 27-1 battery for collection and off lease water disposal. Oil will be stored in separate tanks at the battery. Gas will be metered separately and sent down the existing sales line.
- B. We expect this well flow naturally through the existing low pressure gathering system. In the future, rod pumping may be necessary

5. TYPE OF WATER SUPPLY:

- A. Water will be purchased and trucked to location by low bidder.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the well pad and access road will be transported from a privately owned pit seven miles east of Milnesand.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drilling fluids will be run thru closed loop system and hauled off to a public disposal at the conclusion of drilling operations. Water produced during tests will also be disposed of at a public disposal. Oil produced during tests will be stored in test tanks until sold.
- B. Drill cuttings will be dried and hauled to approved disposal facility.
- C. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- D. Trash, waste paper, garbage, and junk will be discarded in a trash trailer and hauled to a state approved garbage disposal facility. All waste material will be contained within trailer to prevent scattering by the wind.
- E. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. **Figure No. 4** shows the general layout and dimensions of the well pad. However, the actual rig layout will depend on the type and size of rig used to drill the well.
- B. Only minor leveling of the wellsite will be required. No significant cuts and fills will be necessary.
- C. The pad and pit area have been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operation will be removed. The location will be cleaned of all trash and junk to leave the wellsite as aesthetically pleasing condition as possible.
- B. After abandonment of the well, surface restoration will be in accordance with the agreement with the surface lessee and the BLM. The well pad and all unneeded access road will be ripped to promote re-vegetation. Rehabilitation should be accomplished within 90 days after abandonment.

11. OTHER INFORMATION:

- A. Topography: Land surface is relatively level with small to moderate sand dunes. From an elevation of 4058' at the wellsite, the regional surface slopes gently toward the east at 10' to 20' per mile.
- B. Soil: Soil is predominantly sand and sandy loam underlain by caliche.
- C. Flora and Fauna: The vegetative cover moderate and includes range grasses, weeds, scrub oak and mesquite bushes. Local Wildlife is typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove, quail and hawks.
- D. Ponds and Streams: There are no rivers, lakes, or ponds in the area.
- E. Residences and Other Structures: There are no occupied dwellings or other structures within or near the proposed area of the well site. The pumper's residence is located next to the compressor station about 3 miles away.
- F. Archeological, Historical and Cultural Sites: None observed in the area.
- G. Land Use: Grazing, oil and gas production and wildlife habitat.
- H. Surface Ownership: The surface that the well site and road are on is owned by Mack Kizer, P.O. Box 27, Pep, New Mexico 88126.

12. OPERATORS' REPRESENTATIVES:

The field representatives responsible for assuring compliance with the approved surface use and operations plan is:

Carlton Wheeler  
Operations Manager

(432) 683-5216 (office)  
(432) 559-0910 (cell)

Steve Teichmann  
Operations Superintendent

(432) 634-9326 (cell)

H. L. Brown's office is located at 300 W. Louisiana, Midland, Texas, 79701.

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by H. L. Brown Operating, L.L.C. and it's contractors and subcontractors in conformity with this plan and terms and conditions under which is approved. This statement is subject to provisions of 18 U.P.S. 1001 for the filing of false statement.

9-30-08

Date

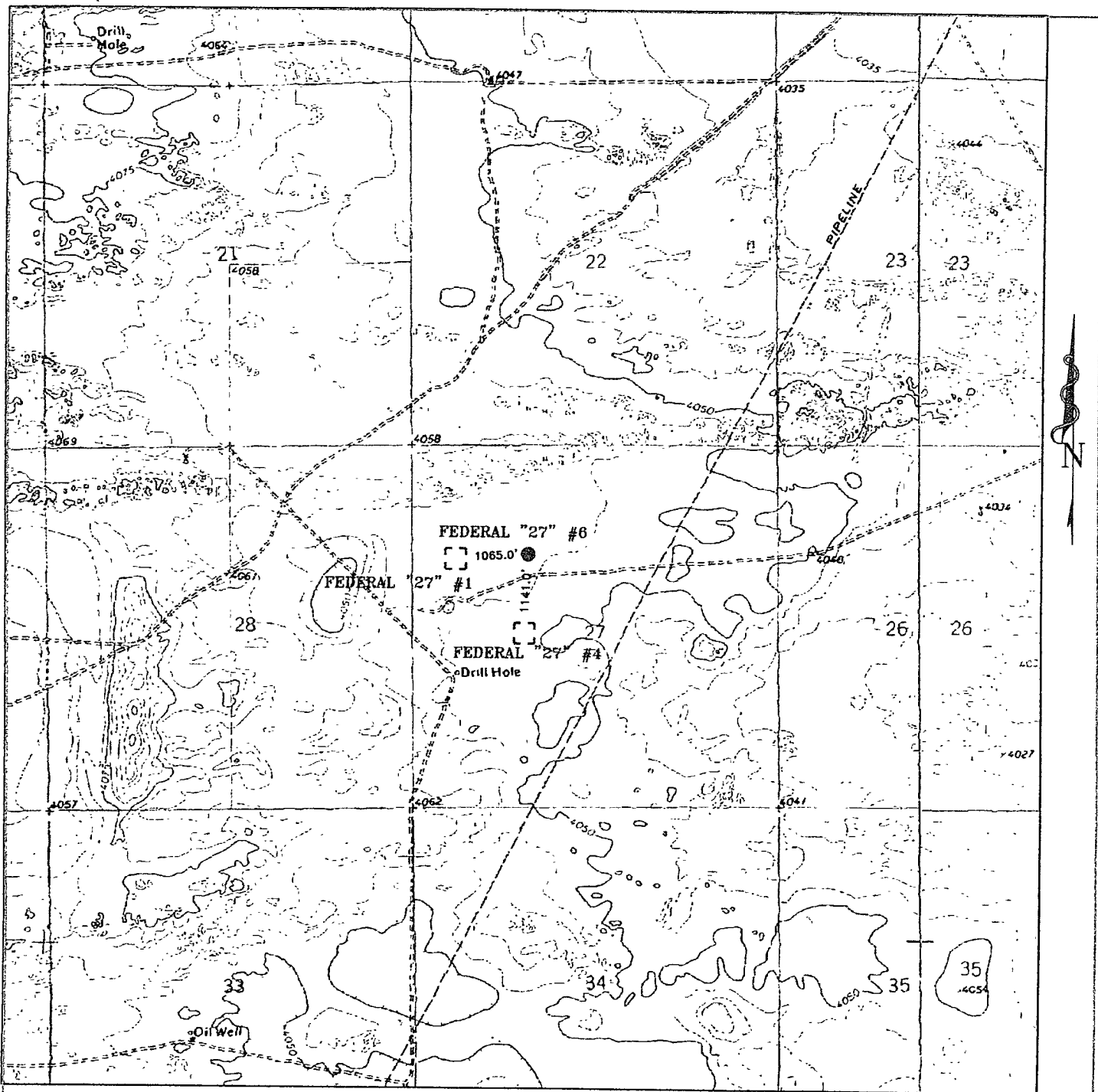
Carlton Wheeler

Carlton Wheeler

Operations Manager

H. L. Brown Operating, L.L.C.

Enclosures



### FEDERAL "27" #6

Located at 1600' FNL and 1710' FWL  
 Section 27, Township 7 South, Range 37 East,  
 N.M.P.M., Roosevelt County, New Mexico.

**basin  
surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

W.O. Number: JMS 19876

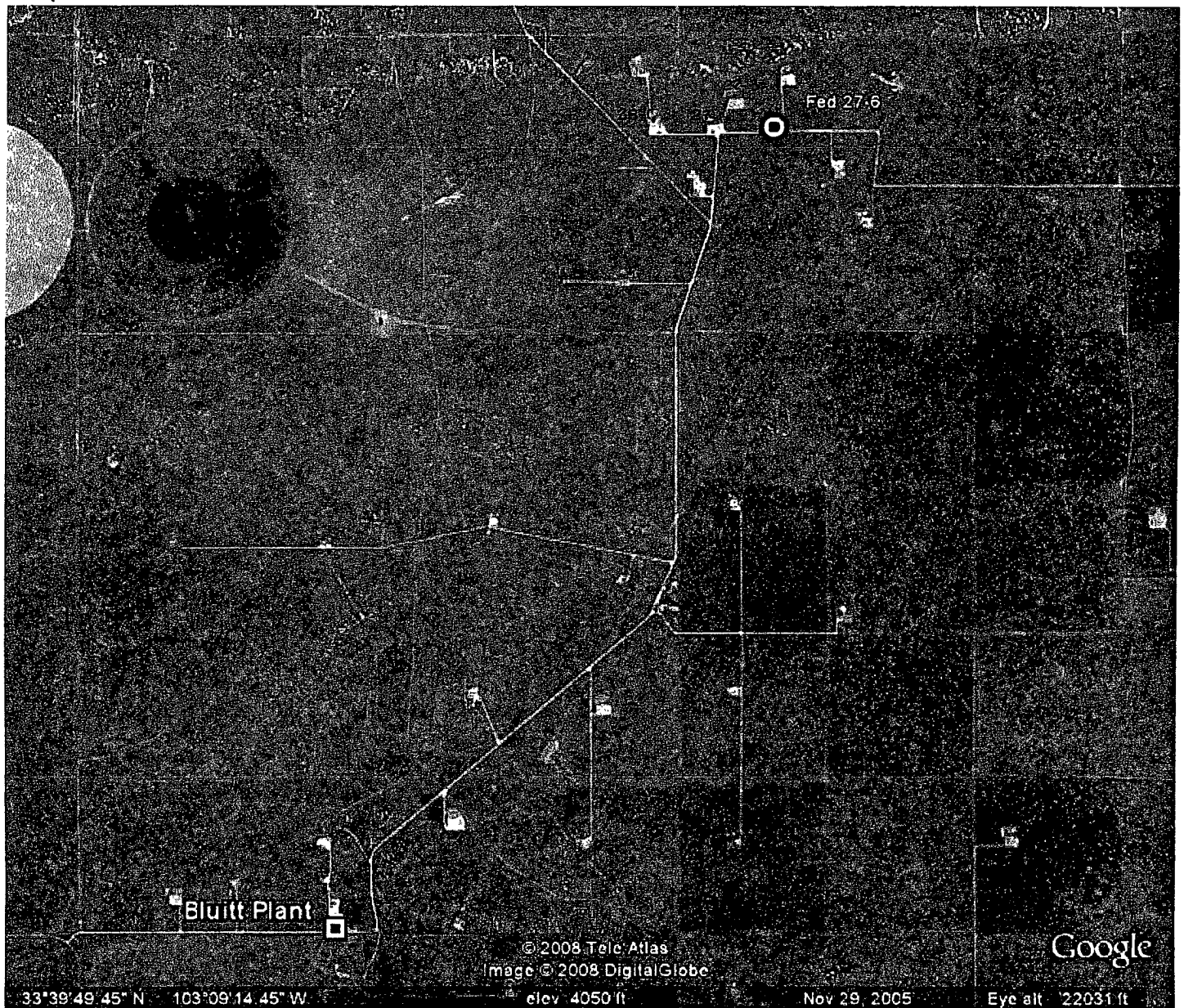
Survey Date: 06-17-2008

Scale: 1" = 2000'

Date: 06-24-2008

**H.L. BROWN  
OPERATING,  
LLC**

Figure No. 1



<p><b>LOCATION MAP</b></p> <p><b>"Application for Permit to Drill a Well"</b></p>	<p>Applicant</p> <p><b>H.L. Brown Operating L.L.C</b></p> <p><b>P.O. Box 2237, Midland Texas 79702</b></p>
<p>Location: 1600' FNL &amp; 1710' FWL</p> <p>Unit F, Section 27, T-7-S, R-37-E</p> <p>Roosevelt Co, NM</p>	<p>Well name and number</p> <p><b>Federal 27 No.6</b></p>

**Figure No. 2**

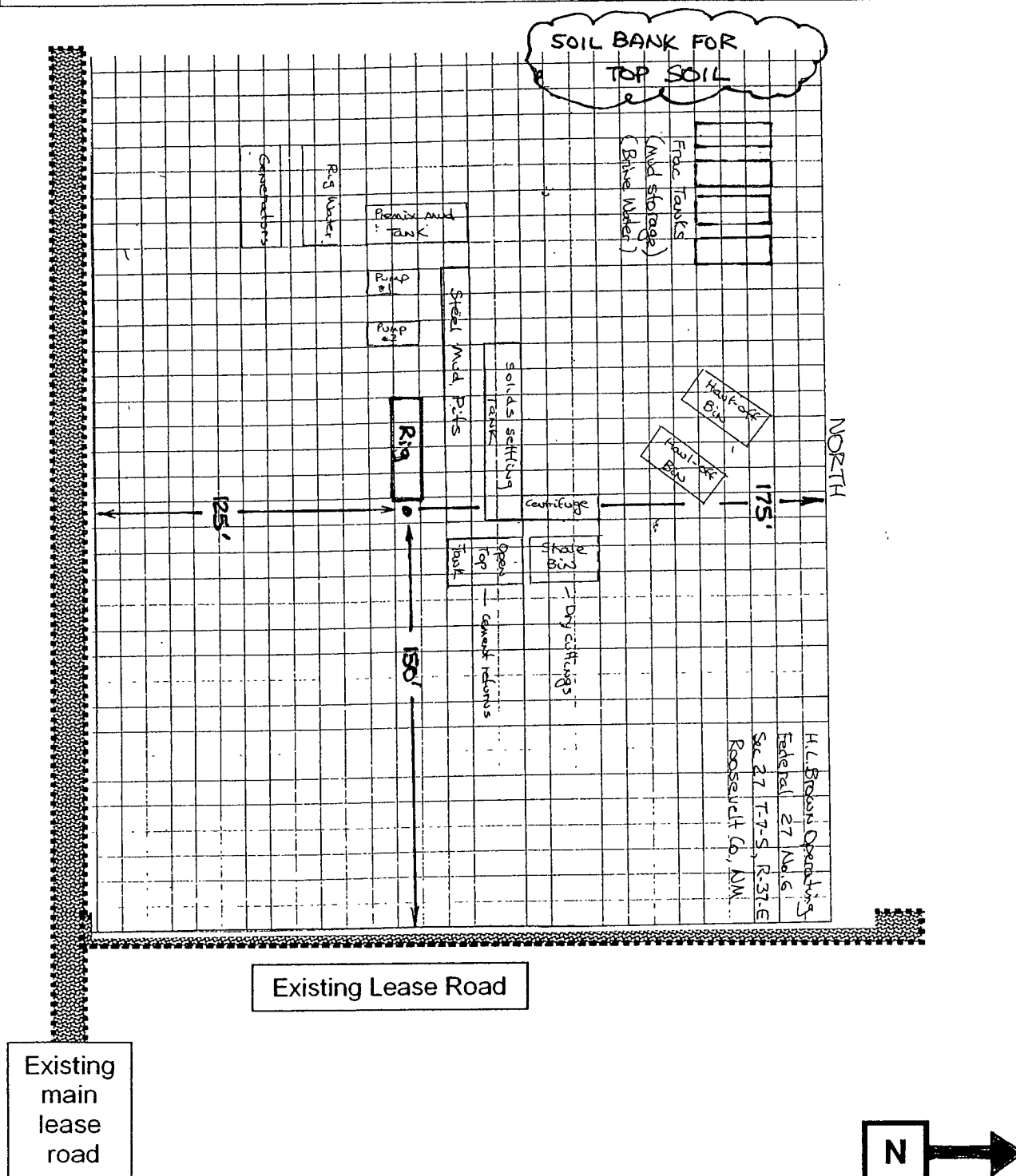


<b>DRILLING RIG LAYOUT</b> <b>Worksheet supplement for "Application for Permit to Drill or Deepen a Well"</b>	Applicant <b>H.L. Brown Operating L.L.C</b> <b>P.O. Box 2237, Midland Texas 79702</b>
Location: 1600' FNL & 1710' FWL Unit F, Section 27, T-7-S, R-37-E Roosevelt Co, NM	Well name and number  <b>Federal 27 No.6</b>

Figure No. 3



<p align="center"><b>DRILLING RIG LAYOUT</b></p> <p align="center"><b>Worksheet supplement for "Application for Permit to Drill or Deepen a Well"</b></p>	<p>Applicant  <b>H.L. Brown Operating L.L.C</b>  <b>P.O. Box 2237, Midland Texas 79702</b></p>
<p>Location: 1600' FNL &amp; 1710' FWL  Unit F, Section 27, T-7-S, R-37-E  Roosevelt Co, NM</p>	<p>Well name and number  <p align="center"><b>Federal 27 No.6</b></p></p>



**Figure No. 4**



H. L. Brown Operating L.L.C.  
Federal 27 #6  
Drilling Permit – Operator Statement

**Amended Copy  
See Original for Signature**

**UNITED STATES DEPARTMENT OF THE INTERIOR**  
**Bureau of Land Management**  
**Roswell Field Office**  
**2909 West Second Street**  
**Roswell, New Mexico 88201-1287**

**Statement Accepting Responsibility for Operations**

Operator Name: H.L. Brown Operating L.L.C.  
Address: 300 West Louisiana  
City, State: Midland, Texas  
Zip Code: 79701

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

Lease Name: **Federal "27" #6**

Lease Number: **NM – 54449**

Legal Description of Land: **all Section 27, T-7-S, R-37-E, NMPM, Roosevelt County, New Mexico.**

Formations: **All uncommitted mineral interests from surface to total depth.**

Bond Coverage: **Statewide**

BLM Bond File Number: **NM2911**

Authorized Signature:

Name: Carlton Wheeler

Title: Operations Manager

Date: September 30, 2008

H. L. Brown L. L. C.  
Federal 27 #6  
Drilling Permit – Surface Agreement

**Amended Copy  
See Original for Signature**

**UNITED STATES DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-1287**

**Surface Agreement**

Operator Name: H.L. Brown Operating L.L.C.  
Address: 300 West Louisiana  
City, State: Midland, Texas  
Zip Code: 79701

Lease Name: **Federal "27" No. 6**

Lease Number: **NM – 54449**

Legal Description of Land: **all Section 27, T-7-S, R-37-E, NMPM, Roosevelt County, New Mexico.**

The surface that the well site and road are on is owned by Mack Kizer, P.O. Box 27, Pep, New Mexico 88126. We have reached a surface damage agreement with Mr. Kizer as of June 5, 2008.

Authorized Signature:

Name: Carlton Wheeler

Title: Operations Manager

Date: September 30, 2008

H. L. Brown L. L. C.  
Federal 27 #6  
Drilling Permit – Surface Agreement

**UNITED STATES DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-1287**

**Surface Agreement**

Operator Name: H.L. Brown Operating L.L.C.  
Address: 300 West Louisiana  
City, State: Midland, Texas  
Zip Code: 79701

Lease Name: **Federal "27" No. 6**

Lease Number: **NM – 12852**

Legal Description of Land: **all Section 27, T-8-S, R-37-E, NMPM, Roosevelt County, New Mexico.**

The surface that the well site and road are on is owned by Mack Kizer, P.O. Box 27, Pep, New Mexico 88126. We have reached a surface damage agreement with Mr. Kizer as of June 5, 2008.

Authorized Signature: *Carlton Wheeler*

Name: Carlton Wheeler

Title: Operations Manager

Date: September 30, 2008

H. L. Brown Operating L.L.C.  
Federal #27 #6  
Drilling Permit – Operator Statement

**UNITED STATES DEPARTMENT OF THE INTERIOR**  
**Bureau of Land Management**  
**Roswell Field Office**  
**2909 West Second Street**  
**Roswell, New Mexico 88201-1287**

**Statement Accepting Responsibility for Operations**

Operator Name: H.L. Brown Operating L.L.C.  
Address: 300 West Louisiana  
City, State: Midland, Texas  
Zip Code: 79701

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

Lease Name: **Federal "27" #6**

Lease Number: **NM – 12852**

Legal Description of Land: **all Section 27, T-7-S, R-37-E, NMPM, Roosevelt County, New Mexico.**

Formations: **All uncommitted mineral interests from surface to total depth.**

Bond Coverage: **Statewide**

BLM Bond File Number: **0679788**

Authorized Signature: *Carlton Wheeler*

Name: Carlton Wheeler

Title: Operations Manager

Date: September 30, 2008

**EXHIBIT B**  
**PECOS DISTRICT - RFO**  
**CONDITIONS OF APPROVAL**

**December 11, 2008**

Federal 27 #6  
1600' FNL & 1710' FWL, Unit F, Sec. 27 T7S R37E  
Roosevelt County, New Mexico NMPM  
Mineral Lease # NM-54449  
H.L. Brown Operating, LLC

**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.

**I. 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).

**II. 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.

### **III. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). 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.

### **IV. CONSTRUCTION**

#### **A. NOTIFICATION:**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 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 Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

#### **B. TOPSOIL:**

The topsoil will be stripped to approximately 6 inches in depth within the area designated for construction of the well pad. The operator shall stockpile the stripped topsoil to the side on the well pad. The topsoil will be used for interim and final reclamation of the surface disturbance created by the construction of the well pad.

#### **C. CLOSED SYSTEMS OR STEEL TANKS:**

A closed system or steel tanks will be used in lieu of reserve pits. No reserve pits will be allowed. The operator shall properly dispose of drilling contents at an authorized disposal site.

#### **D. FEDERAL MINERAL MATERIALS PIT:**

If the operator elects to surface the access road and/or well pad, using federal mineral materials, payment shall be made to the BLM prior to removal. Call the Roswell Field Office at (505) 627-0236.

#### **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 need.

## **F. ON-LEASE ACCESS ROADS:**

### **Road Egress and Ingress**

The on-lease access road shall be constructed to access the corner of the well pad.

### **Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

### **Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

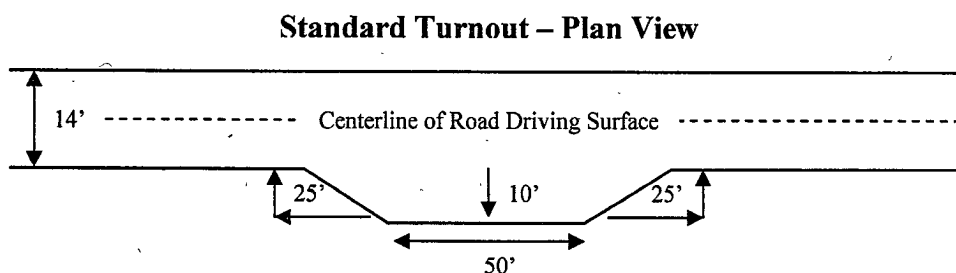
The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

### **Crowning**

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

### **Turnouts**

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

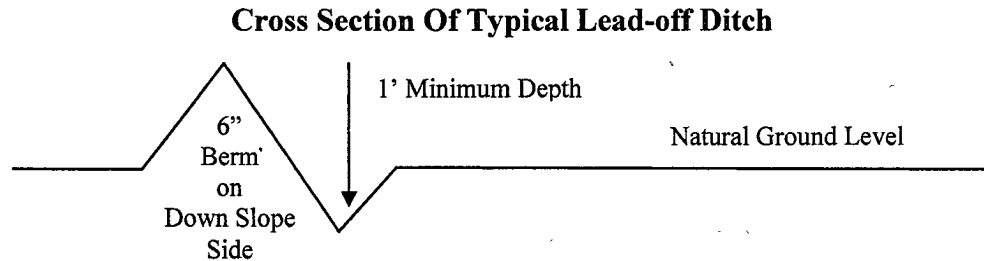




## Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



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

### Formula For Spacing Interval Of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

## Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

**Fence Requirement**

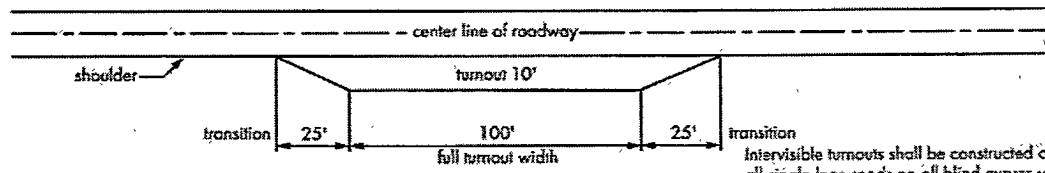
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

**Public Access**

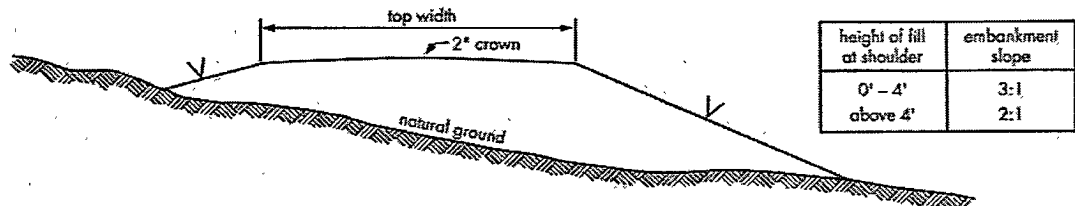
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

**Figure 1 – Cross Sections and Plans For Typical Road Sections**

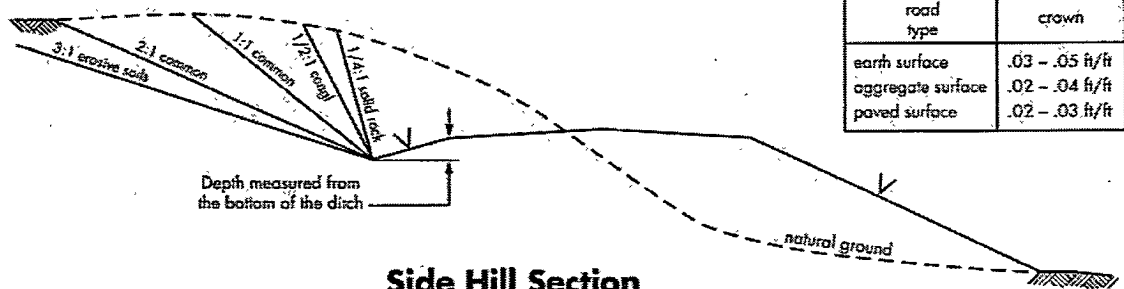


Intervisible turnouts shall be constructed on all single lane roads on all blind curves with additional turnouts as needed to keep spacing below 1000 feet.

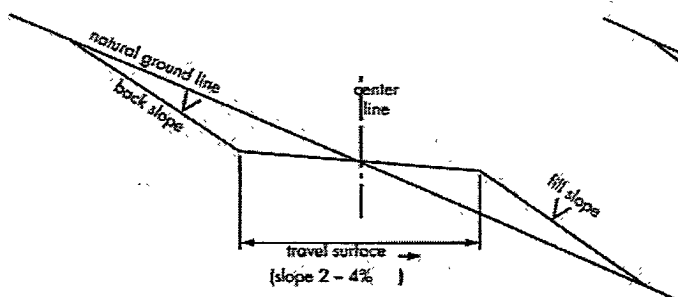
**Typical Turnout Plan**



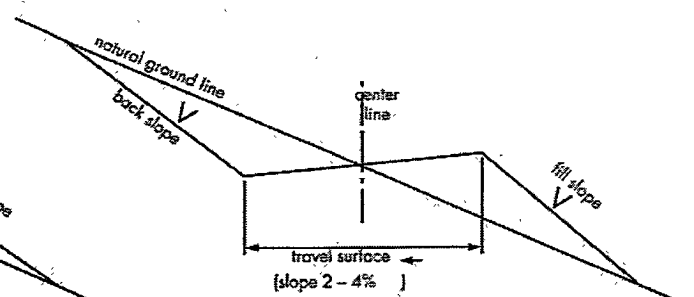
**Embankment Section**



**Side Hill Section**



**Typical Outsloped Section**



**Typical Insloped Section**

## **V. DRILLING**

### **A. DRILLING OPERATIONS REQUIREMENTS:**

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.
2. The BLM is to be notified a minimum of 24 hours in advance for a representative to witness:
  - a. Spudding well
  - b. Setting and/or Cementing of all casing strings
3. The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:
  - a. BOPE Tests
4. 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.
5. Include the API Number assigned to well by NMOCD on the subsequent report of setting the first casing string.
6. The operator will accurately measure the drilling rate in ft/min to set the base of the usable water protection casing string(s) opposite competent rock. The record of the drilling rate along with the caliper-gamma ray-neutron well log run to surface will be submitted to this office as well as all other logs run on the borehole 30 days from completion
7. Air, air-mist or fresh water and non toxic drilling mud shall be used to drill to the base of the usable water protection casing string(s). Any polymers used will be water based and non-toxic.

### **B. CASING:**

1. The 13-3/8 inch usable water protection casing string shall be set at approximately 510 ft. in competent bedrock.

If not, the operator is required to set usable water protecting casing in the next thick competent bedding (i.e. 15 to 25 ft or greater) encountered and cemented to the surface.

- a. If cement does not circulate to the surface, the Roswell Field Office shall be notified and a temperature survey utilizing an electronic type temperature survey

with a 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 or 500 pounds compression 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 compression strength, whichever is greater.

d. If cement falls back, remedial action will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is **sufficient to circulate to the 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 **sufficient to tie back 500 feet above the uppermost perforation in the pay zone**. If cement does not circulate, a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

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 have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

5. All casing shall be new or reconditioned and tested casing and meet API standards for new casing. The use of reconditioned and tested casing shall be subject to approval by the authorized officer. Approval will be contingent upon the wall thickness of any casing being verified to be at least 87-1/2 per cent of the nominal wall thickness of new casing.

### **C. PRESSURE CONTROL:**

1. Before drilling below the 13-3/8 inch surface casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the 8-5/8 inch intermediate casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the 13-3/8 inch surface casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi. Before drilling below the 8-5/8 inch intermediate casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

3. The BOPE shall be installed before drilling below the 13-3/8 inch surface casing and the 8-5/8 inch intermediate casing and shall be tested as described in Onshore Order No.
2. Any equipment failing to test satisfactorily shall be repaired or replaced.
  - a. The BLM Roswell Field office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - b. The tests shall be done by an independent service company.
  - c. 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.
  - d. 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 BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.
  - e. 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.
  - f. Testing must be done in a safe workman like manner. Hard line connections shall be required.

## **VI. PRODUCTION**

### **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, Juniper Green (Standard Environmental Color Chart June 2008).

## **VII. INTERIM RECLAMATION**

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the Onshore Order No. 1. 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.

During reclamation, the removal of caliche is important to increasing the success of re-vegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, 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 re-vegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be re-vegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

## **VIII. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS**

- a. Upon abandonment of the well and/or when the access road is no longer in service, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.
- b. Upon abandonment of the well, all casing shall be cut-off at the base of the cellar or 3-feet below final restored ground level (whichever is deeper). The well bore shall then be covered with a metal plate at least ¼ inch thick and welded in place. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).
- c. Surface Reclamation must be completed within 6 months of well plugging. If the operator proposes to modify the plans for surface reclamation approved on the APD, the operator must attach these modifications to the Subsequent Report of Plug and Abandon using Sundry Notices and Reports on Wells, Form 3160-5.

PECOS DISTRICT, BLM  
SEED MIX FOR  
Range Site: Sandy Plains HP-3

Common Name and Preferred Variety	Scientific Name	Pounds of Pure Live Seed Per Acre
Sideoats grama var. Vaughn or El Reno	( <i>Bouteloua curtipendula</i> )	2.0
Little bluestem	( <i>Andropogon scoparium</i> )	2.5
Sand bluestem	( <i>Andropogon halli</i> )	1.5
Sand dropseed	( <i>Sporobolus cryptandrus</i> )	1.0
Bush penstemon	( <i>Penstemon ambiguous</i> )	1.0
Desert or Scarlet	( <i>Sphaeralcea ambigua</i> )	1.0
Globemallow or	<i>S. coccinea</i>	
TOTAL POUNDS PURE LIVE SEED (pls)PER ACRE		9.0
Certified Weed Free Seed		

IF ONE SPECIES IS NOT AVAILABLE,  
INCREASE ALL OTHERS PROPORTIONATELY  
Mix must include a minimum of 4 species, including one forb species.  
No less than 9.0 pounds lbs per acre shall be applied

## IX. PIPELINE PROTECTION REQUIREMENT

Precautionary measures shall be taken by the operator during construction of the access road to protect existing pipelines that the access road will cross over. An earthen berm; 2 feet high by 3 feet wide and 14 feet across the access road travelway (2' X 3' X 14'), shall be constructed over existing pipelines. The operator shall be held responsible for any damage to existing pipelines. If the pipeline is ruptured and/or damaged the operator shall immediately cease construction operations and repair the pipeline. The operator shall be held liable for any unsafe construction operations that threaten human life and/or cause the destruction of equipment.



**EXHIBIT C**  
**SENM-S-22**

**December 11, 2008**

**PRAIRIE CHICKENS**

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

On the land described below:

1600' FNL & 1710 FWL, Unit F, Sec. 27 T7S-R37E  
Roosevelt County, New Mexico NMPM  
Mineral Lease # NM-54449

For the purpose of: Protecting Lesser Prairie-Chickens

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 1 through June 15, each year. During that period, between 3:00 a.m. and 9:00 a.m., other activities that produce noise and involve human activity, such as geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will not be allowed. Noise producing activities which do not require a human presence, such as venting, flaring, or pumping, are exempt from the 3:00 a.m. and 9:00 a.m. restriction. Regardless of the time of year, exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.