

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

| | | |
|--|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMLC069705 |
| 2. Name of Operator BOPCO LP Contact: COURTNEY LOCKHART E-Mail: cjlockhart@basspet.com | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address MIDLAND, TX 79702 | 3b. Phone No. (include area code) Ph: 432-221-7307 | 7. If Unit or CA/Agreement, Name and/or No. 891000326X |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T19S R31E NENW 1120FNL 1980FWL | | 8. Well Name and No. BIG EDDY UNIT 265H |
| | | 9. API Well No. 30-015-41076-00-X1 |
| | | 10. Field and Pool, or Exploratory HACKBERRY |
| | | 11. County or Parish, and State EDDY COUNTY, NM |

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

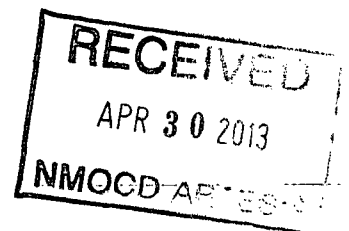
| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/>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

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 recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BOPCO, L.P. requests to amend Point 4 Pressure Control Equipment in the original APD as attached.
Please refer to diagrams A, B, C, or Z for choke manifold and closed loop system layout.

Accepted for record
4/30/2013
NMOC

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



| | |
|--|-------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #204872 verified by the BLM Well Information System For BOPCO LP, sent to the Carlsbad Committed to AFMSS for processing by JOHNNY DICKERSON on 04/23/2013 (13JLD0611SE) | |
| Name (Printed/Typed) CHRISTOPHER W GIESE | Title DRILLING ENGINEER |
| Signature (Electronic Submission) | Date 04/19/2013 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------------------|-----------------|
| Approved By CHRISTOPHER WALLS | Title PETROLEUM ENGINEER | Date 04/25/2013 |
| 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 Carlsbad |

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAMS A, B, C, or Z)

After running the 16" surface casing, a 21-1/4" annular and diverter system with a minimum rating of 2M will be installed on the 16" surface casing spool (14-3/4" open hole), used, maintained and tested. A high pressure test of 1,000 psig and a low pressure test of 250-300 psig will be performed.

After running the 13-3/8" intermediate casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed on the 13-3/8" intermediate casing spool (12-1/4" open hole), used, maintained and tested as per Onshore Order 2. In addition to the high pressure test, a low pressure (250-300 psig) test will be performed.

After running the 9-5/8" intermediate casing, a 13-5/8" or 11" BOP/BOPE system with a minimum rating of 3M will be installed on the 9-5/8" intermediate casing spool (8-3/4" open hole), used, maintained and tested as per Onshore Order 2. In addition to the high pressure test, a low pressure (250-300 psig) test will be performed. *SM*

After running the 7" intermediate casing, a 13-5/8" or 11" BOP/BOPE system with a minimum rating of 5M will be installed on the 9-5/8" intermediate casing spool (8-3/4" open hole), used, maintained and tested as per Onshore Order 2. In addition to the high pressure test, a low pressure (250-300 psig) test will be performed. *see COA*

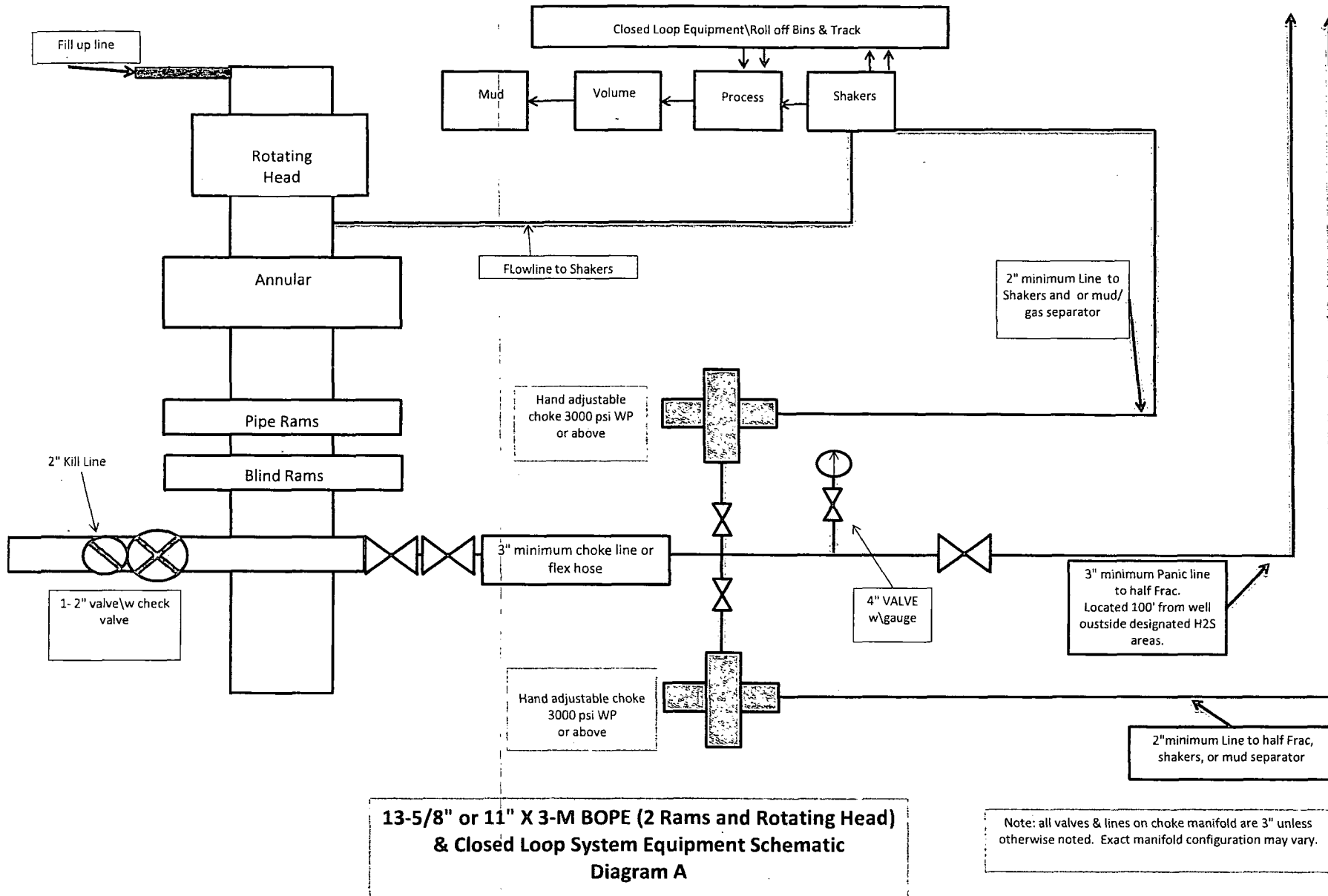
H2S contingency

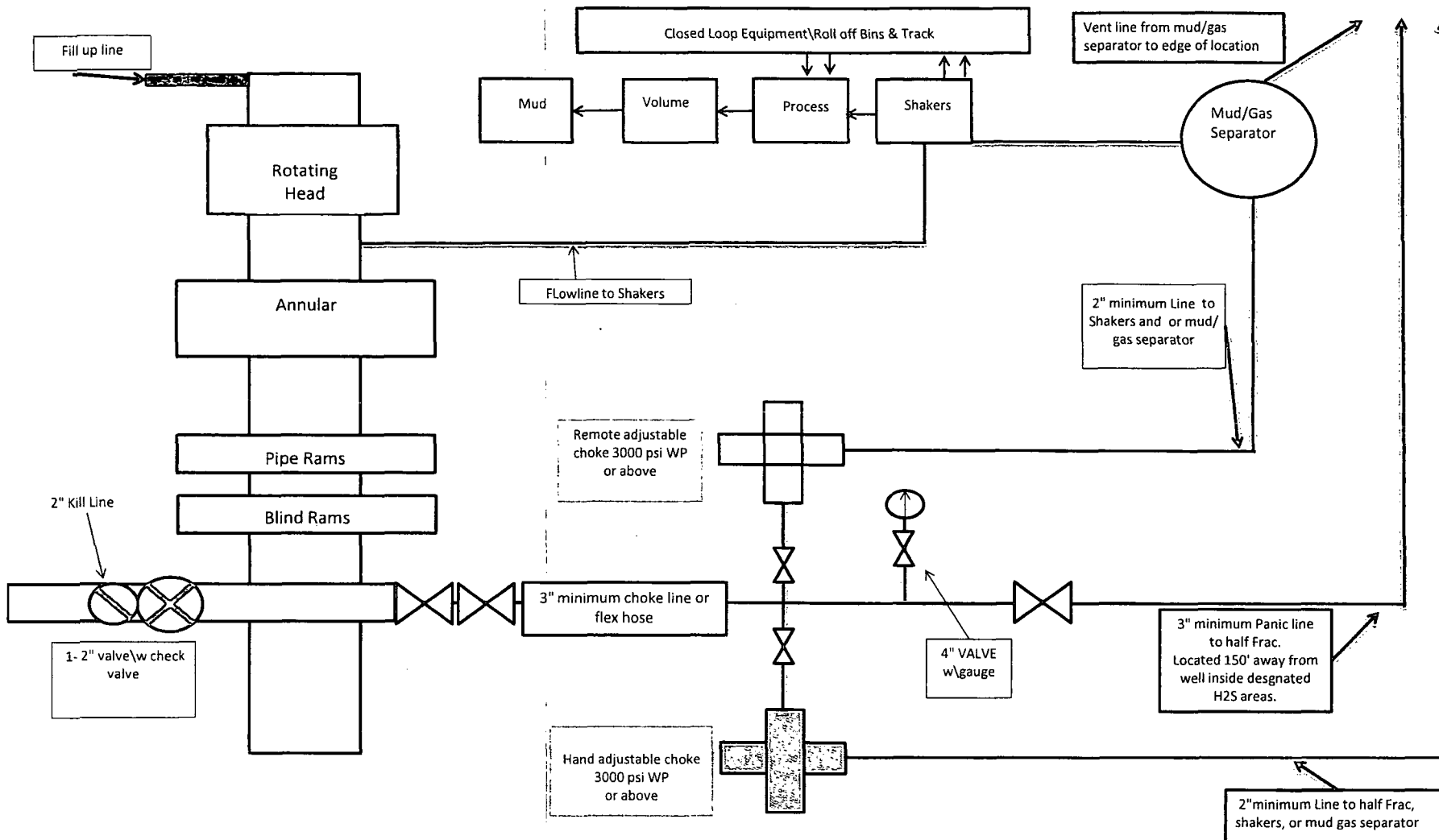
H2S monitors shall be installed prior to drilling out the surface shoe. If H2S is encountered in quantities greater than 10 PPM, the well will be shut in and H2S equipment will be installed, including a flare line that will be extended pursuant to onshore oil and gas order #6.

These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Thirty days after a previous test
- d) As required by well conditions
- e) Any time a seal is broken within a system

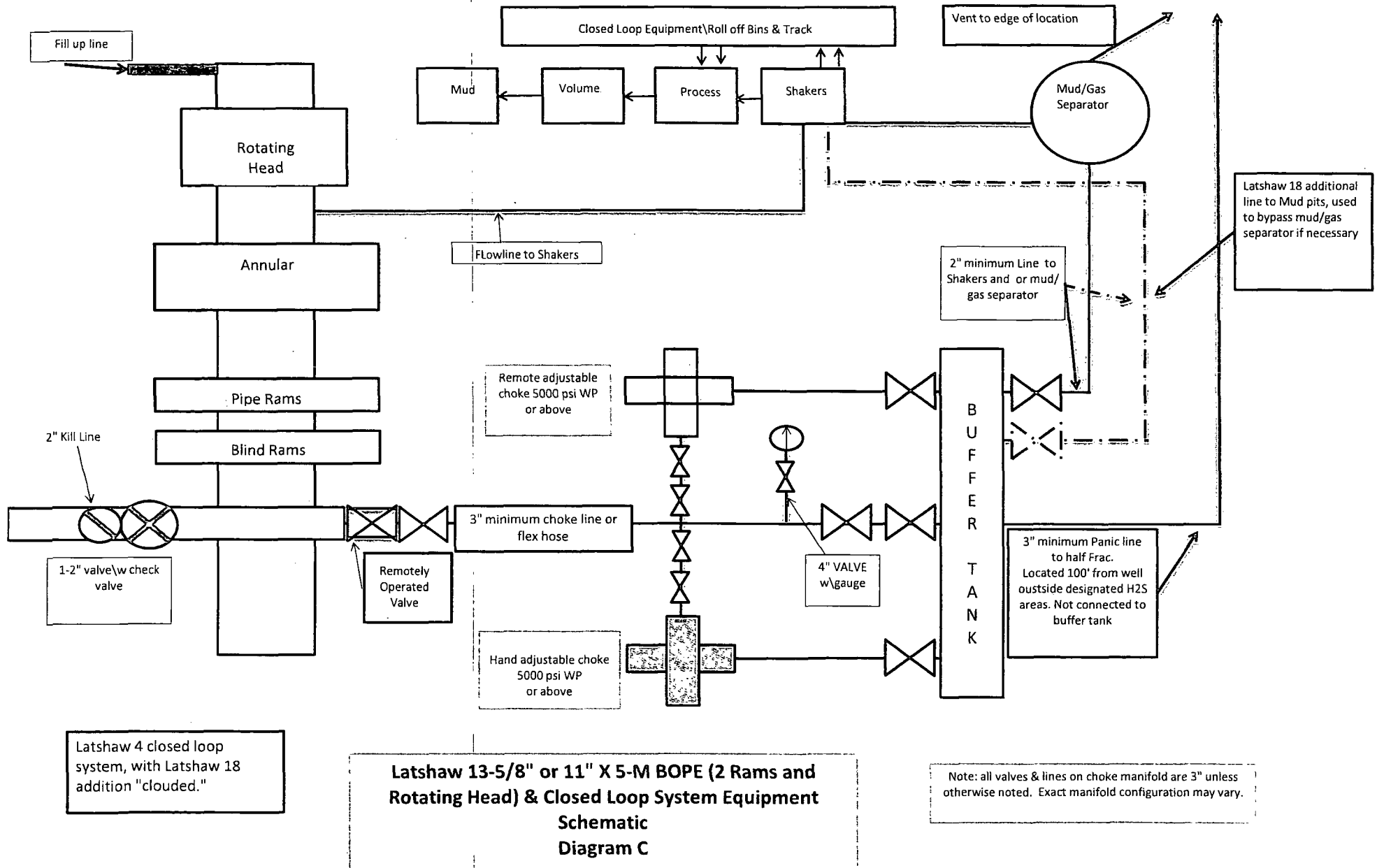
A function test to insure that the preventers are operating correctly will be performed on each trip.





**13-5/8" or 11" X 3-M BOPE (2 Rams and Rotating Head)
& Closed Loop System Equipment Schematic
H2S contingency
Diagram B**

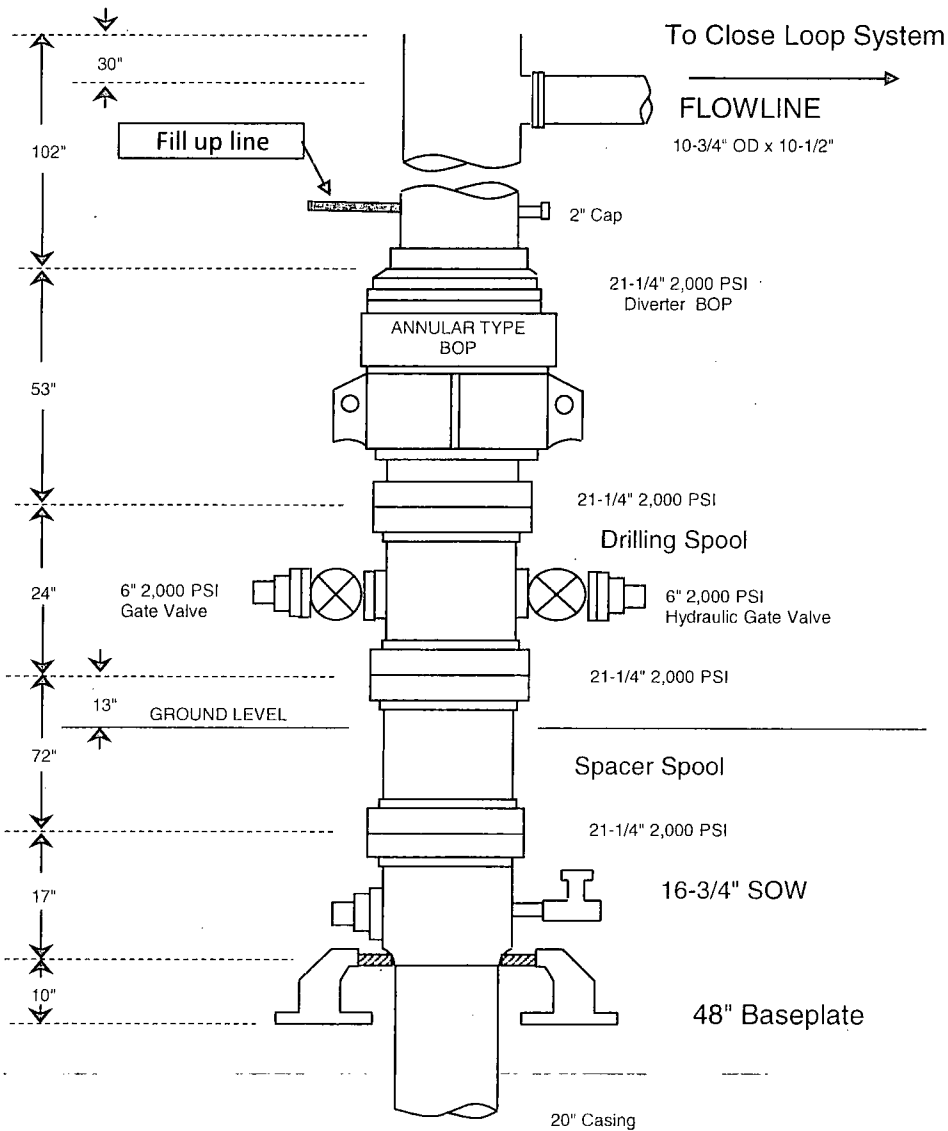
Note: all valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.



BOPCO, L. P

20" 2,000 PSI Diverter

Diagram Z



Note: Actual lengths of casing heads may vary. Always measure items prior to installing in order to ensure proper spacing.

PECOS DISTRICT CONDITIONS OF APPROVAL

| | |
|-----------------------|------------------------------------|
| OPERATOR'S NAME: | BOPCO |
| LEASE NO.: | LC069705 |
| WELL NAME & NO.: | 265H Big Eddy Unit |
| SURFACE HOLE FOOTAGE: | 1120' / FNL & 1980' / FWL |
| BOTTOM HOLE FOOTAGE | 660' / FNL & 1980' / FEL, Sec.33 |
| LOCATION: | Section 34, T.19 S., R.31 E., NMPM |
| COUNTY: | Eddy County, New Mexico |

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Due to recent H2S encounters in the salt formation, it is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide prior to drilling out the surface shoe. If Hydrogen Sulfide is encountered, please report measurements 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
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 is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).

Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

Wait on cement (WOC) time prior to drilling out 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 for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

Secretary's Potash

Possible lost circulation in the Artesia Group and the Capitan Reef.

Possible water flows in the Salado and Artesia Groups.

1. The 16 inch surface casing shall be set at approximately 1170 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the 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. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - 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 **13-3/8** inch intermediate casing is:

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

Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.

3. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:
(Set casing into the base of the Capitan reef at approximately 4250')

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

Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

4. The minimum required fill of cement behind the **7** inch production casing is:

a. First stage to DV tool, cement shall:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.

b. Second stage above first DV tool, cement shall:

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Additional cement may be required – excess calculates to 20%.**

Formation below the 7" shoe to be tested according to Onshore Order 2.III.B.1.i.

~~Test to be done as a mud equivalency test using the mud weight necessary for the~~
pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

5. The minimum required fill of cement behind the **4-1/2** inch production liner is:

☒ Cement to top of liner. If cement does not circulate, contact the appropriate BLM office.

6. 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 operation

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. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. **A variance is granted for the use of a diverter on the 20" surface casing.**
4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **13-3/8** inch intermediate casing shoe shall be **3000 (3M)** psi.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
5. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** inch intermediate casing shoe shall be **5000 (5M)** psi.
6. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. 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.**
- f. 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. This test shall be performed prior to the test at full stack pressure.
- g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

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

F. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

CRW 042513