

OCD-ARTESIA

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 30 2006

OCD-ARTESIA

## 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 92757
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 N/A
2. Name of Operator OGX Resources, LLC		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P.O. Box 2064 Midland, Texas 79702		8. Lease Name and Well No. New Man Federal Com #1
3b. Phone No. (include area code) 432-685-1287		9. API Well No. 30-015-34903
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1905' FSL & 660' FEL At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Malaga; Morrow, West (Gas)
11. Sec., T. R. M. or Blk. and Survey or Area Sec 20, T-24S, R-28E		12. County or Parish Eddy County
13. State NM		14. Distance in miles and direction from nearest town or post office* 5 miles southwest of Loving, New Mexico
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1905'	16. No. of acres in lease 320	17. Spacing Unit dedicated to this well E/2 of Section 20
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 13,000'	20. BLM/BIA Bond No. on file NMB 000244
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3053'	22. Approximate date work will start* 06/01/2006	23. Estimated duration 55 Days

## 24. Attachments

Carlsbad Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall 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 shall 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 authorized officer.

25. Signature <i>Lindsay Truesdell</i>	Name (Printed/Typed) Lindsay Truesdell	Date 04/18/2006
Title Consultant		
Approved by (Signature) <i>/s/ Russell E. Sorensen</i>	Name (Printed/Typed) /s/ Russell E. Sorensen	Date MAY 26 2006
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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.

APPROVAL FOR 1 YEAR

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)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHEDIf earthen pits are used in  
association with the drilling of this  
well, an OCD pit permit must be  
obtained prior to pit construction.Salt  
29.5

DISTRICT I  
1626 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First, Artesia, NM 88210

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 80925	Pool Name Malaga; Morrow, West (Gas)
Property Code	Property Name NEW MAN FEDERAL COM	Well Number 1
OGRID No. 217955	Operator Name OGX RESOURCES, L.L.C.	Elevation 3053'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	20	24 S	28 E		1905	SOUTH	660	EAST	EDDY

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 320	Joint or Infill	Consolidation Code	Order No.						

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

	<b>OPERATOR CERTIFICATION</b>  <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>   Signature Lindsay Truesdell Printed Name Consultant Title April 20, 2006 Date
	<b>SURVEYOR CERTIFICATION</b>  <i>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.</i>   Date Surveyed Signature of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS

**MULTI POINT SURFACE USE AND OPERATIONS PLAN FOR**

**OGX Resources LLC**

**New Man Federal Com #1**

Surface Location: 1905' FSL & 660' FEL

Section 20, T-24-S, R-28-E

Eddy County, New Mexico

Lease No.: NM 92757

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 to be followed in rehabilitating the surface and environmental effects associated with the operation.

**1. EXISTING ROADS:**

- A. Exhibit "A" is a location verification map showing the location of the proposed well as staked.
- B. Directions: From the Junction of Co. Rd. #716 and Co. Rd. #720, go South for approximately 0.8 miles to a cattle guard. Thence go southwest for approximately 0.9 miles to the Willow Lake 20 #1 well. Thence continue on lease road for approximately 0.3 miles to proposed lease road.

**2. PLANNED ACCESS ROAD:**

- A. Length and Width: Exhibit "C" is the proposed access road. It will be approximately 759' long and 12' wide and run East/Northeast then turn South/Southeast to the NW corner of the location.
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None necessary.
- E. Cuts and Fills: 1' cut to North with 1' fill to South.
- F. Gates and Cattle Guards: One
- G. Off lease right of way: None required.

**3. LOCATION OF EXISTING WELLS:**

Existing wells in the immediate area are shown on the Vicinity Map, Exhibit "B".

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. OGX Resources, LLC. has no production facility on this lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

**5. LOCATION AND TYPE OF WATER SUPPLY:**

It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

**6. SOURCE OF CONSTRUCTION MATERIAL:**

Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from an approved Federal pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil Produced during tests will be stored in test tanks.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

**None required.**

**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged 600' x 600'.**
- B. Mat Size: 225' x 300', plus 150' x 150' reserve pit on the north.**
- C. Cut & Fill: 1' cut to North with 1' fill to South**
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.**

**10. PLANS FOR RESTORATION OF THE SURFACE:**

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of trash leaving the site aesthetically pleasing to the extent possible.**
- B. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.**

**11. OTHER INFORMATION:**

- A. Surface Ownership – Pardue Limited Company**
- B. No significant archaeological resources were found in the area of the planned access road or of the proposed well site.**
- C. Oil & Gas Lease:**  
NM 92757                      Township 24 South, Range 28 East  
E/2 of Section 20

**D. RECORD LESSEE:**

OGX Resources, LLC	50%
EOG Resources, Inc.	50%

**E. BOND COVERAGE:**

\$25,000 Statewide Oil & Gas Surety Bond  
BLM Bond #: NMB 000244

**12. OPERATOR'S REPRESENTATIVE:**

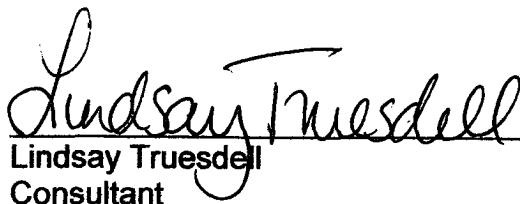
The field representative for assuring compliance with the approved use and operations plan is as follows:

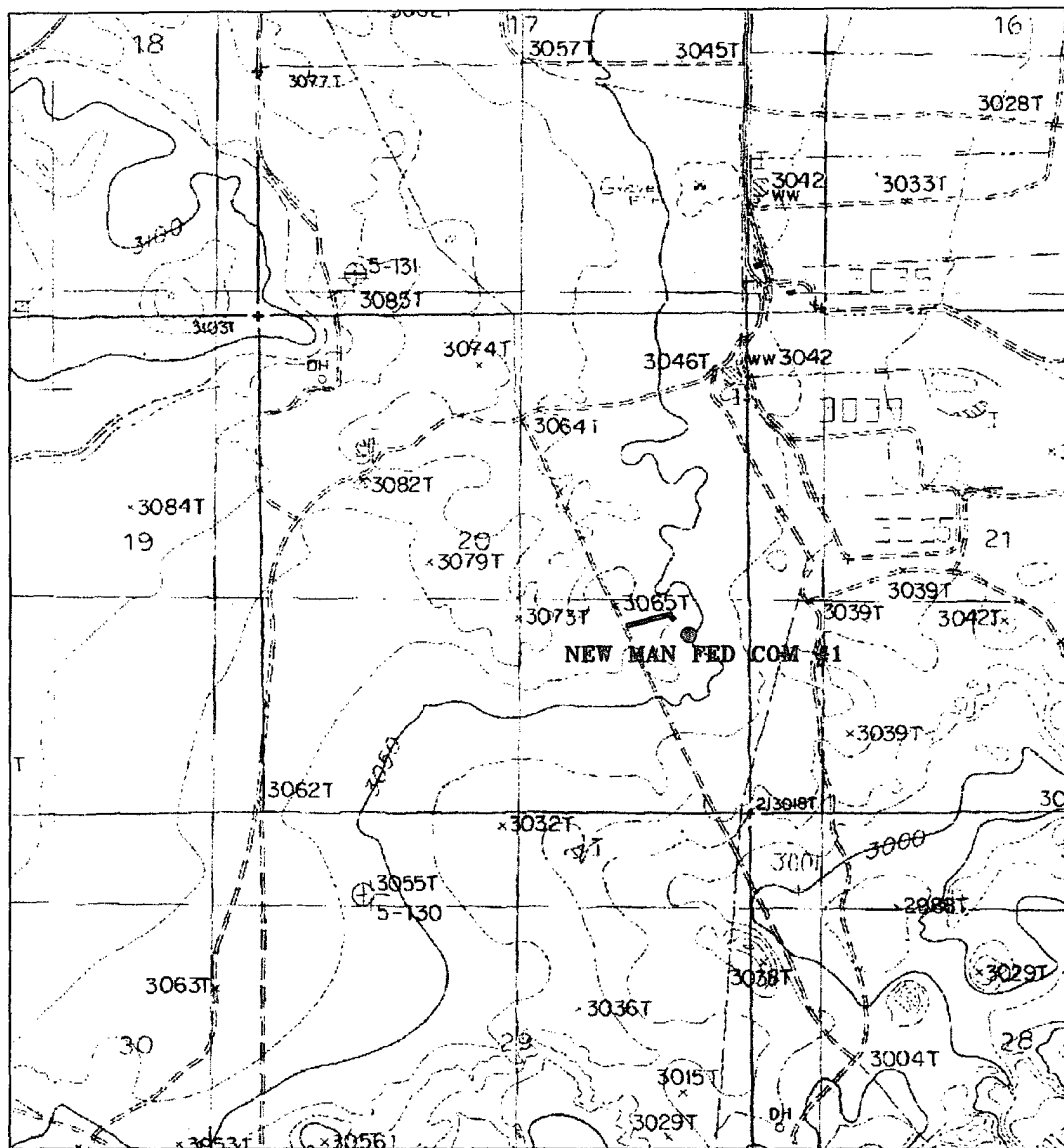
R. K. Ford & Associates  
415 West Wall, Suite 1700  
Midland, Texas 79701  
432-682-0440 (Office)  
432-682-0441 (Fax)  
432-570-7216 (Home)  
432-559-2222 (Cell)  
[Randell@rkford.com](mailto:Randell@rkford.com) (E-mail)

**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 currently exist; that the statements made in this 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 Cabal Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

April 18, 2006

  
Lindsay Truesdell  
Consultant

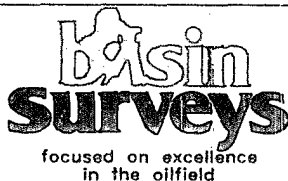


## NEW MAN FED. COM #1

1905' FSL & 660' FEL

Section 20, Township 24 South, Range 28 East,  
N.M.P.M., Eddy County, New Mexico.

EXHIBIT "B"



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: 6445AA - KJG CD#5

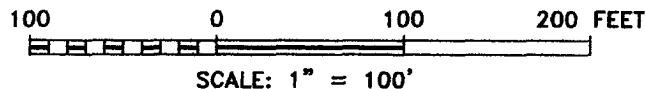
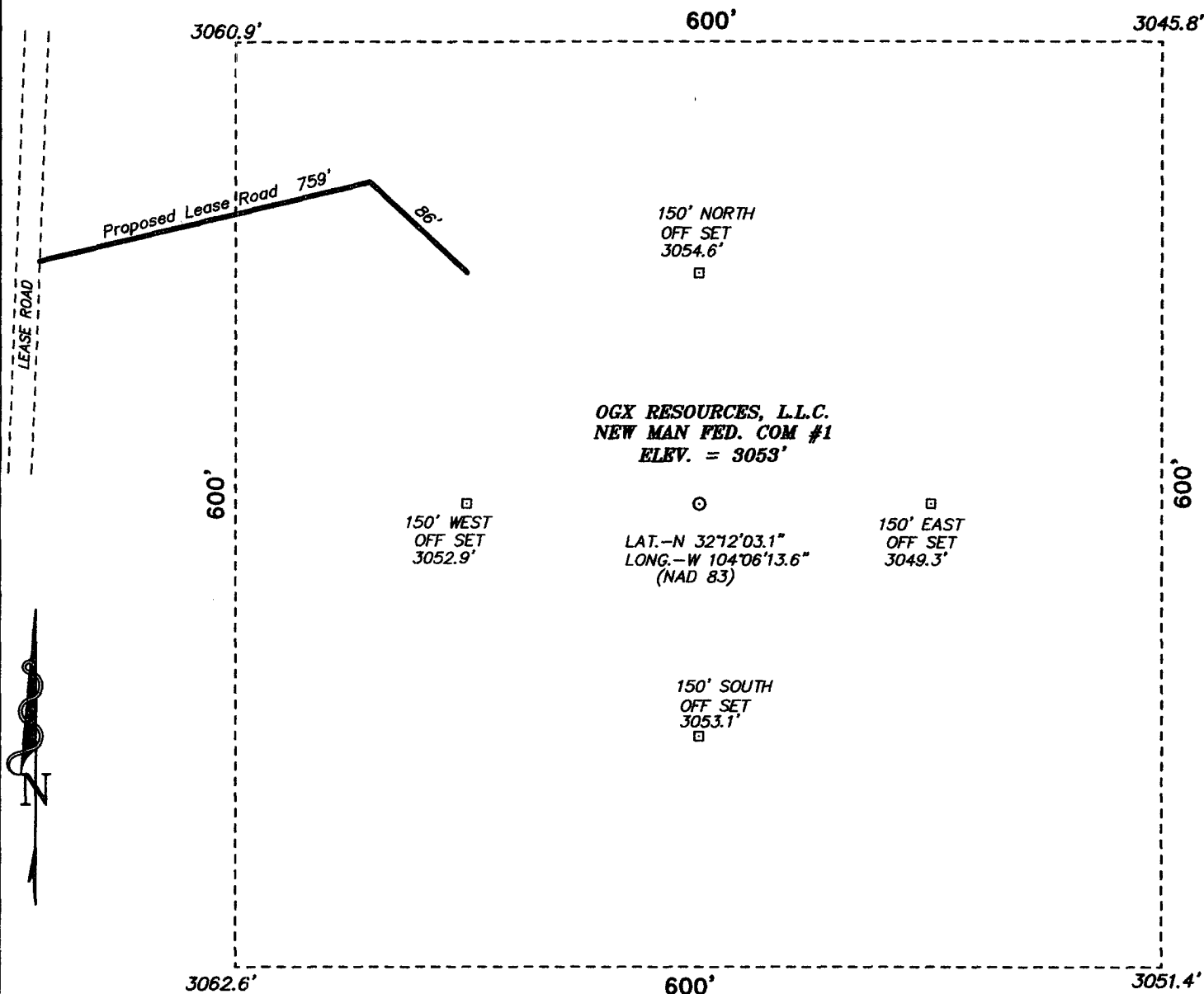
Survey Date: 04-13-2006

Scale: 1" = 2000'

Date: 04-18-2006

OGX  
RESOURCES  
L.L.C.

**SECTION 20, TOWNSHIP 24 SOUTH, RANGE 28 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



**DIRECTIONS TO LOCATION:**

FROM THE JUNCTION OF CO. RD. 716 AND CO. RD. 720, GO SOUTH FOR 0.8 MILE TO CATTLE GUARD; THENCE SOUTHWEST FOR 0.9 MILE THE WILLOW LAKE 20 #1; THENCE CONTINUE ON LEASE ROAD FOR 0.3 MILE TO PROPOSED LEASE ROAD.

**EXHIBIT "C"**

**BASIN SURVEYS** P.O. BOX 1786—HOBBS, NEW MEXICO

W.O. Number: 6445 Drawn By: K. GOAD

Date: 04-18-2006 Disk: KJG #8 - 6445A.DWG

**OGX RESOURCES, L.L.C.**

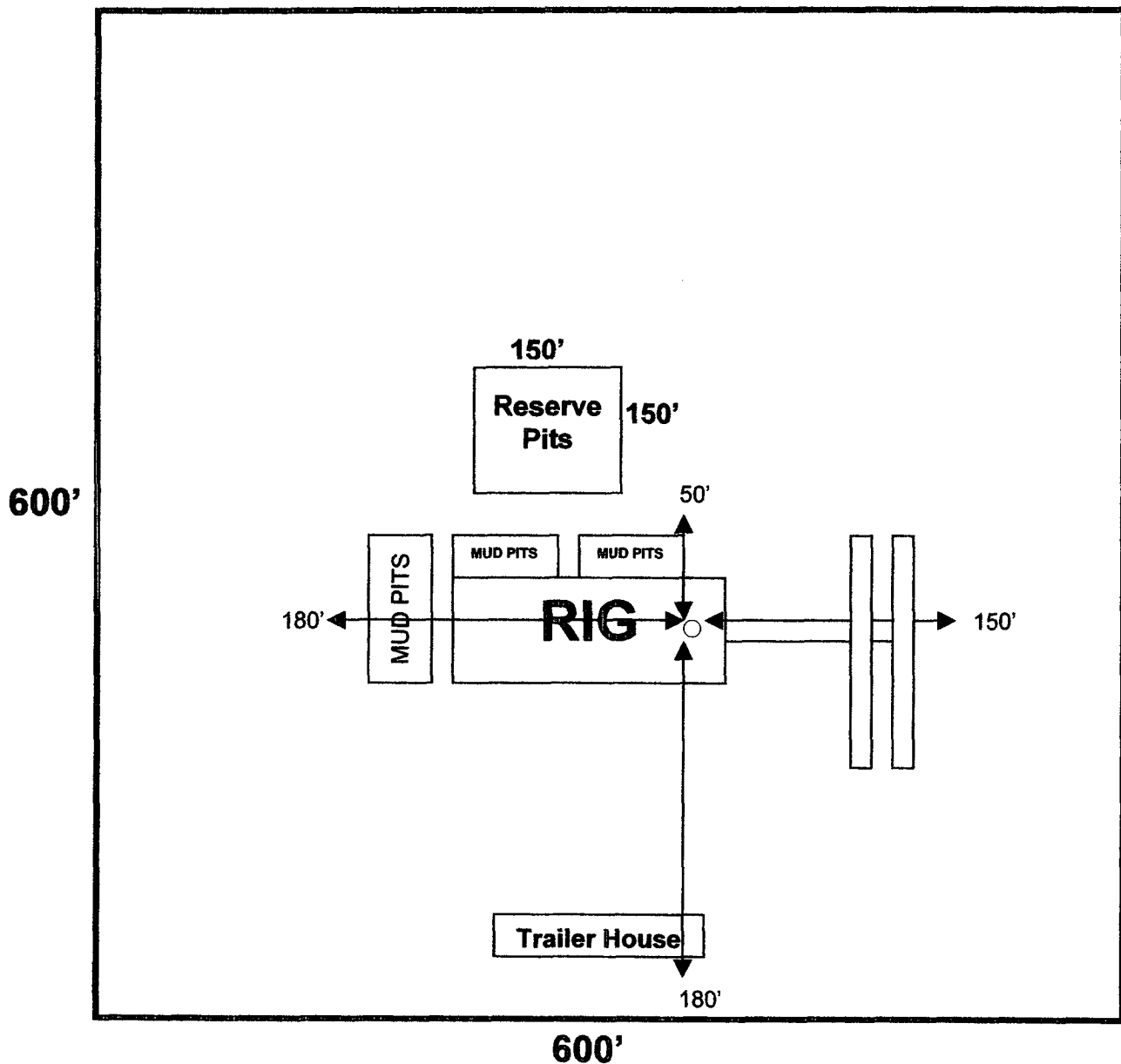
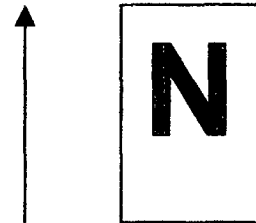
REF: NEW MAN FED. COM #1 / Well Pad Topo

NEW MAN FED. COM #1 LOCATED 1905' FROM THE SOUTH LINE AND 660' FROM THE EAST LINE OF SECTION 20, TOWNSHIP 24 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 04-13-2006 Sheet 1 of 1 Sheets



**DRILLING RIG LAYOUT**  
**OGX Resources, LLC.**  
**New Man Federal Com #1**



**DRILLING PROGRAM**

**OGX Resources LLC  
New Man Federal Com #1  
Section 20, T-24-S, R-28-E  
Lea County, New Mexico**

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. **ESTIMATED TOPS OF GEOLOGIC MARKERS (TVD):**

Wolfcamp	9,400'
Strawn	11,600'
Atoka	11,800'
Morrow	12,400'
Total Depth	13,000'

2. **ESTIMATED DEPTHS TO WATER, OIL, OR GAS FORMATIONS:**

Fresh Water	Above 200'
Oil and Gas	Atoka, Morrow

3. Pressure control equipment: The blow out preventer equipment (BOP) shown in Exhibit #1 will consist of a 5000 psi 3M annular preventer for drilling the 12-1/4" hole. The blowout preventer stack for drilling the 9-1/2" hole as shown on Exhibit #2 will consist of at least a double-ram blowout preventer and annular preventer rated to 5000 psi working pressure. A diagram of the BOPs and choke manifold is attached. All BOPs and accessory equipment will be tested according to Onshore Order #2 before drilling out.

4. **PROPOSED CASING PROGRAM:**

<u>Hole Size</u>	<u>Interval</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade, Joint</u>
17-1/2"	0 – 650'	13-3/8"	48#	H-40, STC
12-1/4"	0 – 2,600'	9-5/8"	36#	K-55, STC
9-1/2"	0 – 10,000'	7"	26#	P-110, LTC
6-1/2"	9,600'–13,000'	4-1/2"	11.6#	P-110, LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. Changes will be relayed to BLM prior to running.

## 5. PROPOSED CEMENTING PROGRAM

20" conductor	cemented with ready mix to surface
13-3/8" surface	650 sxs 35:65 POZ/C w/ 6% Bentonite + 2% CaCl <sub>2</sub> + .25# Cello-Seal 300 sxs Class "C" w/ 2% CaCl <sub>2</sub>
9-5/8" intermediate	700 sxs 35:65 POZ/C w/ 6% Bentonite + 2% CaCl <sub>2</sub> + .25# Cello-Seal 220 sxs Class "C" w/ 2% CaCl <sub>2</sub>
7" production	560 sxs IFH cement w/ .1% HR-7 followed by 300 sxs PP Cement 340 sxs IFH cement w/ .25#/sx Flowseal followed by 240 sxs PP Cement
4-1/2" production	250 sxs Super H cement w/ .5% LFLC = 4% CFR-3 +5#/sx + 1#/sx satl + .2# HT-7

## 6. PROPOSED MUD SYSTEM:

<u>DEPTH</u>	<u>DESCRIPTION</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0 – 650'	fresh water	8.7 – 9.2 ppg	32– 34	NC
650' – 2,600'	fresh/brine water	8.3 – 10.1 ppg	28 – 29	NC
2,600' – 10,000'	brine water	8.3 – 10.0 ppg	28 – 29	NC
10,000' – 13,000'	fresh/brine/mud	9.6 – 10.0 ppg	32 – 36	10 cc

## 7. TESTING, LOGGING AND CORING PROGRAM:

Samples	
DST's	No DST's
Logging	CNL/LDT/CAL/GR, DLL/CAL/GR
Coring	No coring anticipated

## 8. ABNORMAL PRESSURES AND TEMPERATURES:

None anticipated. Maximum bottom hole pressure should not exceed 5,200 psi.

This area has a potential H<sub>2</sub>S hazard. An H<sub>2</sub>S drilling plan is attached.

## ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

It is planned that operations will commence on June 1, 2006. Drilling should be completed within 55 days followed by completion operations.

# **HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**

## **OGX RESOURCES, LLC.** **New Man Federal Com #1**

### **I. HYDROGEN SULFIDE TRAINING**

- A.** All regularly assigned personnel, contracted or employed by Cabal Energy Corporation, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
  - 1.** The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
  - 2.** The proper use and maintenance of personal protective equipment and life support systems.
  - 3.** The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
  - 4.** The proper techniques for first aid and rescue procedures.
- B.** In addition, supervisory personnel will be trained in the following areas:
  - 1.** The effects of H<sub>2</sub>S 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 H<sub>2</sub>S Drilling Operations Plan.
- C.** There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

## **II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

**Note:** All H<sub>2</sub>S 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<sub>2</sub>S.

### **A. Well Control Equipment.**

- 1. Flare line with continuous pilot.**
- 2. Choke manifold with a minimum of one remote choke.**
- 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.**
- 4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare.**

### **B. Protective Equipment for Essential Personnel:**

**Mark II Surviveair 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.**

### **C. H<sub>2</sub>S Detection and Monitoring Equipment:**

- 1. Two portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.**
- 2. One portable SO<sub>2</sub> monitor positioned near flare line.**

### **D. Visual Warning Systems**

- 1. Wind direction indicators are shown on well site diagram.**
- 2. 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 will be used when appropriate. See example attached.**

### **E. Mud Program**

- 1. The Mud Program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weights, safe drilling practices and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S bearing zones.**

**2. A mud-gas separator will be utilized as needed.**

**F. Metallurgy:**

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H<sub>2</sub>S service.

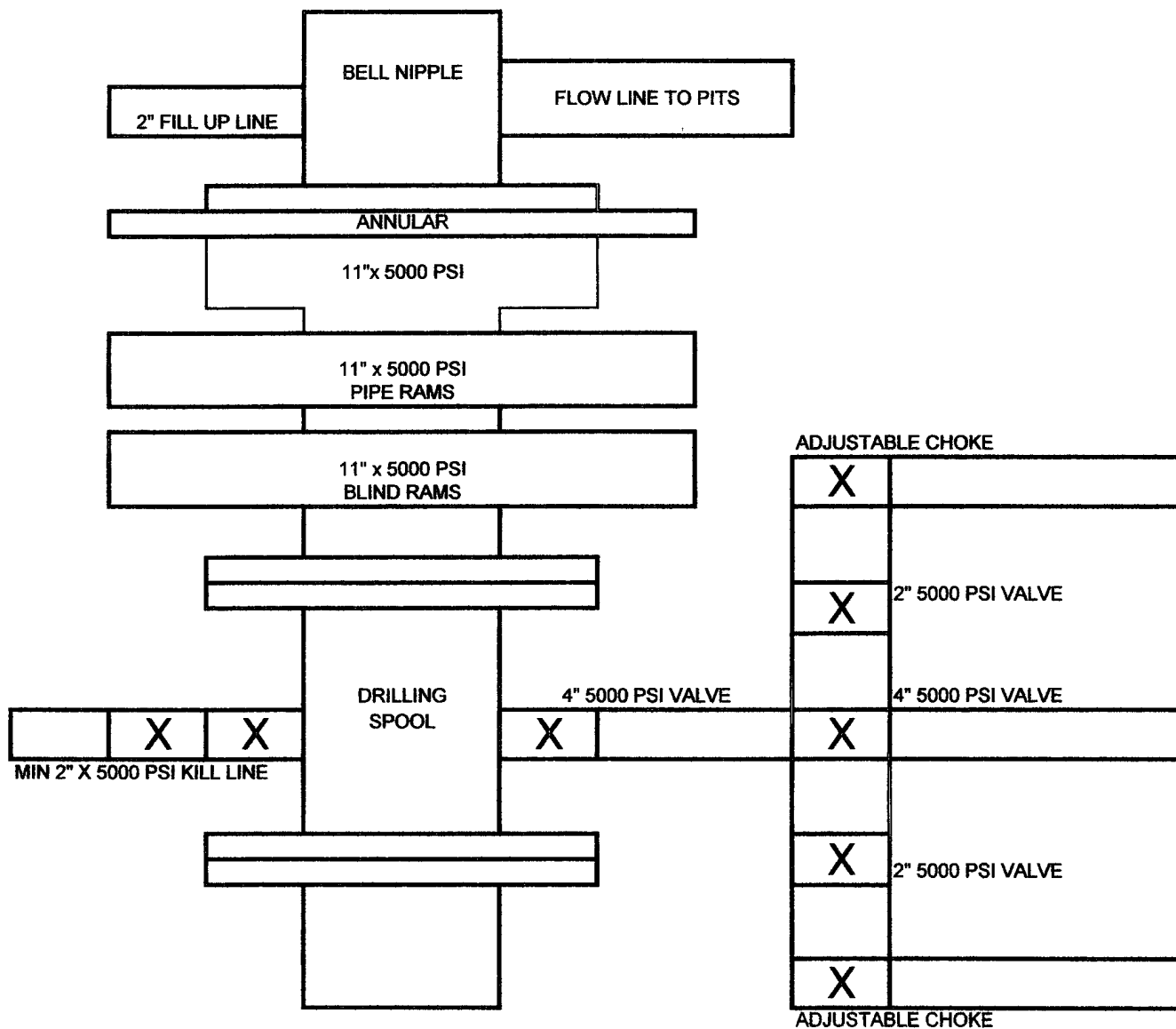
**G. Communication:**

Cellular telephone communications in company vehicles, rig floor and mud logging trailer.

**H. Well Testing:**

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing and an H<sub>2</sub>S environment will be conducted during the daylight hours.

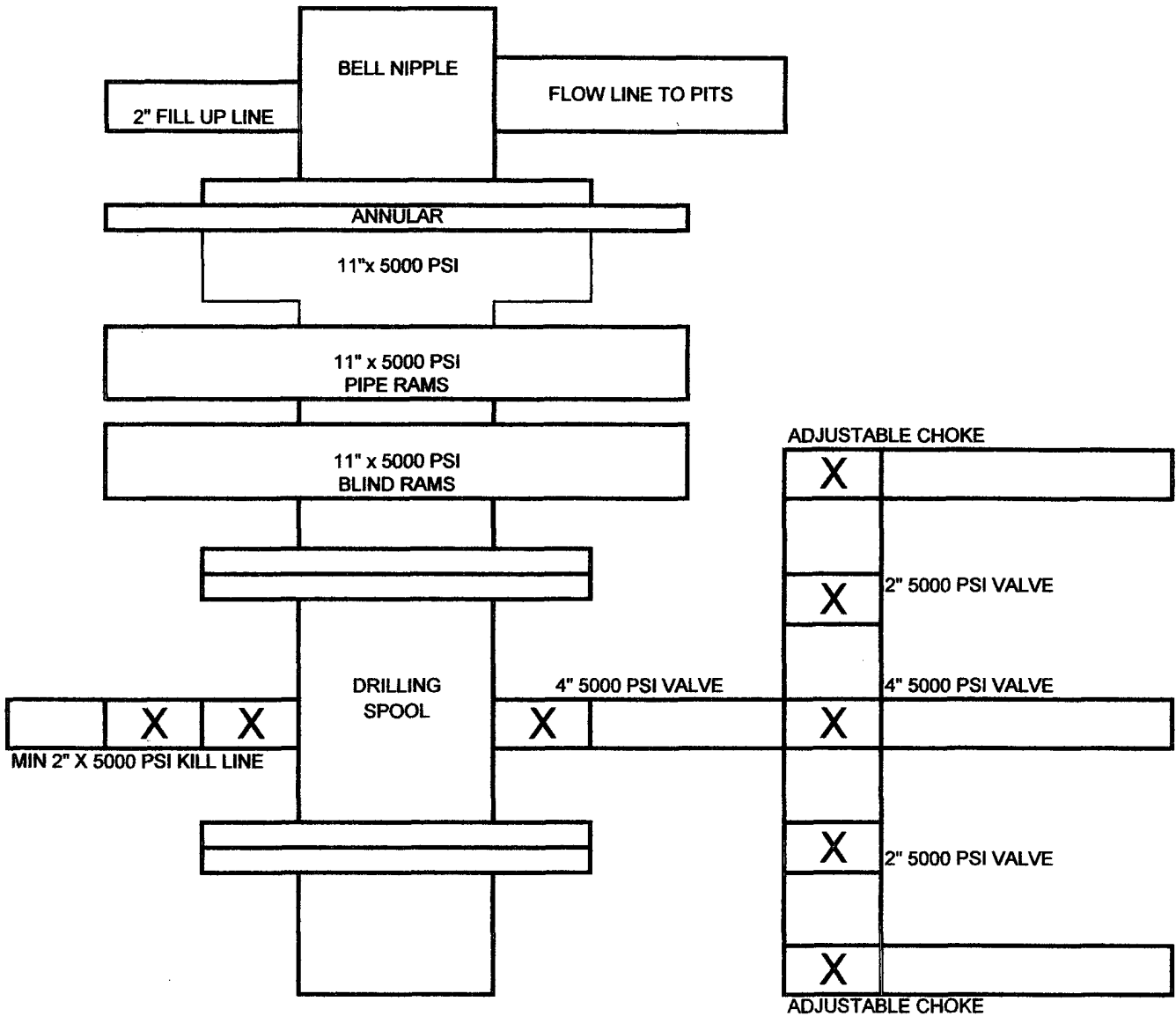
BOP SCHEMATIC FOR  
12-1/4" HOLE



OGX Resources, LLC  
New Man Federal Com #1  
Eddy County, New Mexico

Exhibit 1

BOP SCHEMATIC FOR  
9-1/2" HOLE



OGX Resources, LLC  
New Man Federal Com #1  
Eddy County, New Mexico



United States Department of the Interior  
Bureau of Land Management  
Roswell Field Office  
2909 Second Street  
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: OGX Resources LLC  
Street or Box: P.O. Box 2064  
City, State: Midland, Texas  
Zip Code: 79702

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: NM 92757

Legal Description of Land:

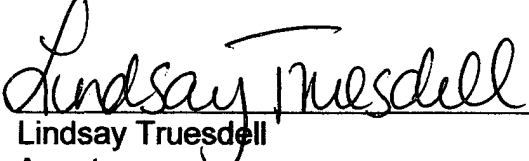
Township 24 South, Range 28 East, Eddy, New Mexico

E/2 of Section 20

Bond Coverage:

Statewide Oil and Gas Surety Bond, Edge Petroleum Operating Company, Inc.

BLM Bond File No.: NMB-000244

  
Lindsay Truesdell  
Agent  
April 18, 2006

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: OGX Resources LLC

Well Name & No: New Man Federal No. 01

Location: Surface 1905' FSL & 660' FEL, Sec.20, T. 24 S. R. 28 E.

Lease: NMNM 92757

Eddy County, New Mexico

.....

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 3/8 inch; 9 5/8 inch; 7 inch 4 1/2 inch

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this well bore.

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

### II. CASING:

1. The 13 3/8 inch shall be set at 650 feet and above any Salt bed encountered with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bong log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 9 5/8 inch Intermediate casing is to circulate to surface.

3. The minimum required fill of cement behind the 7 inch Production casing is to cover the Top of the Wolfcamp by at least 500 ft.

4. The minimum required amount of cement behind the 4 1/2 inch Liner is to circulate cement to Top of the Liner.

### III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

**(III Cont):**

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 5M psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.
  - The test shall be done by an independent service company
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
  - Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in safe workman-like manner. Hard line connections shall be required.
  - Both low pressure and high pressure testing of BOPE is required.

**G. Gourley RFO 5/12/06**