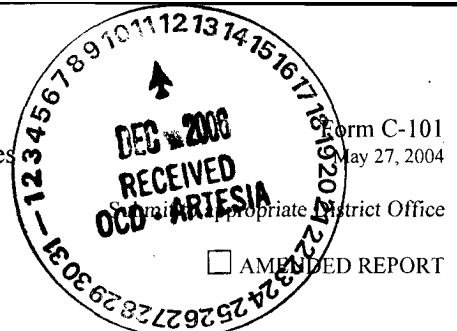


District I
 1625 French Dr., Hobbs, NM 88240
 District II
 1300 W. Grand Avenue, Artesia, NM 88210
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 1000 Rio Brazos Road, Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy Minerals and Natural Resources

Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address BEPCO, L.P. P. O. Box 2760 Midland, Texas 79702		OGRID Number 001801
Property Code E-5559/1776	Property Name Big Eddy Unit	API Number 30-015-35275
Proposed Pool 1 Bass (Morrow)		Well No. 168
Proposed Pool 2		

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	21S	28E		660	South	1980	East	Eddy

Proposed 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

Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary Rotary	Lease Type Code S	Ground Level Elevation 3255'
Multiple No	Proposed Depth 12,400'	Formation Morrow	Contractor Grey Wolf	Spud Date 01/01/07
Depth to Groundwater 37'		Distance from nearest fresh water well 5000'	Distance from nearest surface water >1 mile	
Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/>		Pit Volume 20000bbbs		
Closed-Loop System <input type="checkbox"/>		Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#/ft	+/- 528'	550 sx	Surface
12-1/4"	9-5/8"	36#/ft	+/- 2,508'	1300 sx	Surface
8-3/4"	5-1/2"	17#/ft	+/- 12,400'	2500 sx	2,000'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

This well is outside the Secretary's area.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines a general permit or an (attached) alternative OCD-approved plan .

Printed name: Annette Childers *Annette Childers*
 Title: Administrative Assistant
 E-mail Address: machilders@basspet.com
 Date: 12-7-06 Phone: 432-683-2277

OIL CONSERVATION DIVISION
 Approved by: **BRYAN G. ARRANT**
DISTRICT II GEOLOGIST
 Approval Date: **DEC 14 2006** Expiration Date: **DEC 14 2007**
 Conditions c

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE CASING

intermediate

**EIGHT POINT DRILLING PROGRAM
BEPCO, L.P.**

NAME OF WELL: BIG EDDY UNIT #168

LEGAL DESCRIPTION - SURFACE: 1980' FEL & 660' FSL, Section 16, T-21-S, R-28-E, Eddy County, New Mexico.

POINT 1: ESTIMATED FORMATION TOPS

(See No. 2 Below)

POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS

Anticipated Formation Tops: KB 3278' (est)
GL 3255'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUB-SEA TOP BEARING</u>	
T/Rustler	518'	+ 2760'	Barren
B/Rustler	1078'	+ 2200'	Barren
T/Reef	1378'	+ 1900'	Barren
T/Delaware Mtn. Group	2578'	+ 800'	Oil/Gas
T/1 st Delaware Sand	2628'	+ 650'	Oil/Gas
T/Old Indian Draw	3378'	- 100'	Oil/Gas
T/Bone Spring	5978'	- 2700'	Oil/Gas
T/Wolfcamp	9528'	- 6250'	Oil/Gas
T/Strawn	10638'	- 7360'	Oil/Gas
T/Atoka Sand	11018'	- 7740'	Oil/Gas
T/Upper Morrow	11438'	- 8160'	Oil/Gas
T/Middle Morrow	11788'	- 8510'	Oil/Gas
T/Lower Morrow	12078'	- 8800'	Oil/Gas
TD	12400'	- 9122'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
20"	0' - 80'	Conductor	New
13-3/8", 48#, J55, STC	0' - 538'	Surface	New
9-5/8", 36#, N80, LTC	0' - 2,580'	Intermediate	New
5-1/2", 17#, P110, LTC	0' - 12,400'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nipped up on the surface and intermediate casing. When the BOP is installed on the surface casinghead, it will be tested to 70% of internal yield of casing or 1000 psig whichever is less. In addition, the BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 3,000 psi and 200 psi low by independent tester when installed on the intermediate casing spool.

The annular preventer will be tested to 2500 psi on intermediate casing. In addition to the rated working pressure test, a low pressure (200 psi) test will be performed. These tests will be done:

- a) Upon installation
- b) After any component changes
- c) Twenty-one days after a previous test
- d) As required by well conditions

A function test to insure that the preventers are operating correctly will be performed on each trip. See the attached Diagram 1 for the minimum criteria for the choke manifold.

POINT 5: MUD PROGRAM

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 538'	FW/Gel Spud	8.4 - 9.0	32-38	NC	NC	NC	9-10
538' - 2580'	FW/Gel	9.8 - 10.2	28-32	NC	NC	NC	9-10
2580' - 7000'	FW/Gel	8.3 - 8.6	28-32	NC	NC	NC	9-10
7000' - 9500'	FW/C-Brine	8.6 - 9.0	28-34	NC	NC	<100	9-10
9500' - 12450'	Brine/Polymer	9.5 - 11.0	30-36	6-10	6-10	<100	9-10

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

No DST's are planned, however any shows of significance will be tested.

B) LOGGING

GR-CNL/LDT-HRLA from TD to intermediate casing.
GR-CNL intermediate casing to surface.

C) CONVENTIONAL CORING

None Anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT ³ /SX
SURFACE 0' - 528' (100% excess) (Circ to Surface)	550	528	Premium Plus + 2% CaCl ₂ + 1/4 #/sk Flocele	6.32	14.80	1.34
INTERMEDIATE Lead: 0' - 2008' (100% excess) (Circ to Surface)	525	2008	Interfil C + 0.25 #/sk Flocele + 1 #/sk Salt.	14.11	11.90	2.45
Tail: 2008' - 2508' (100% excess)	250	500	Premium Plus + 2% CaCl ₂	6.34	14.80	1.34
DV Tool @ 9000'						
1 st Stage Lead: 9000' - 12,400' (50% excess)	815	3400	Super H w/5 #/sk Gilsonite + 0.5% Halad 344 + 0.4% CFR-3 + 0.1% HR-7	7.73	13.20	1.60
2 nd Stage Lead: 2008' - 5000' (50% excess)	550	2992	Interfill C + 0.25 #/sk Flocele + 1 #/sk Salt	10.95	12.50	2.11
Tail: 5000' - 9000' (50% excess)	1000	4000	Premium Plus + 2% CaCl ₂	7.73	13.20	1.60

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware, Bone Spring & Wolfcamp sections. The Atoka may be abnormally pressured with expected BHP of 6300 psi (max) or an equivalent mud weight of 11.0 ppg. The Morrow expected BHP is 6400 (max) or an equivalent mud weight of 10.5 ppg @ TD. Due to the tight nature of the reservoir rock (high pressure, low volume), the well will be drilled under balanced utilizing a rotating head. The expected BHT at TD is 230°F. No H₂S is anticipated.

POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) Anticipated Starting Date

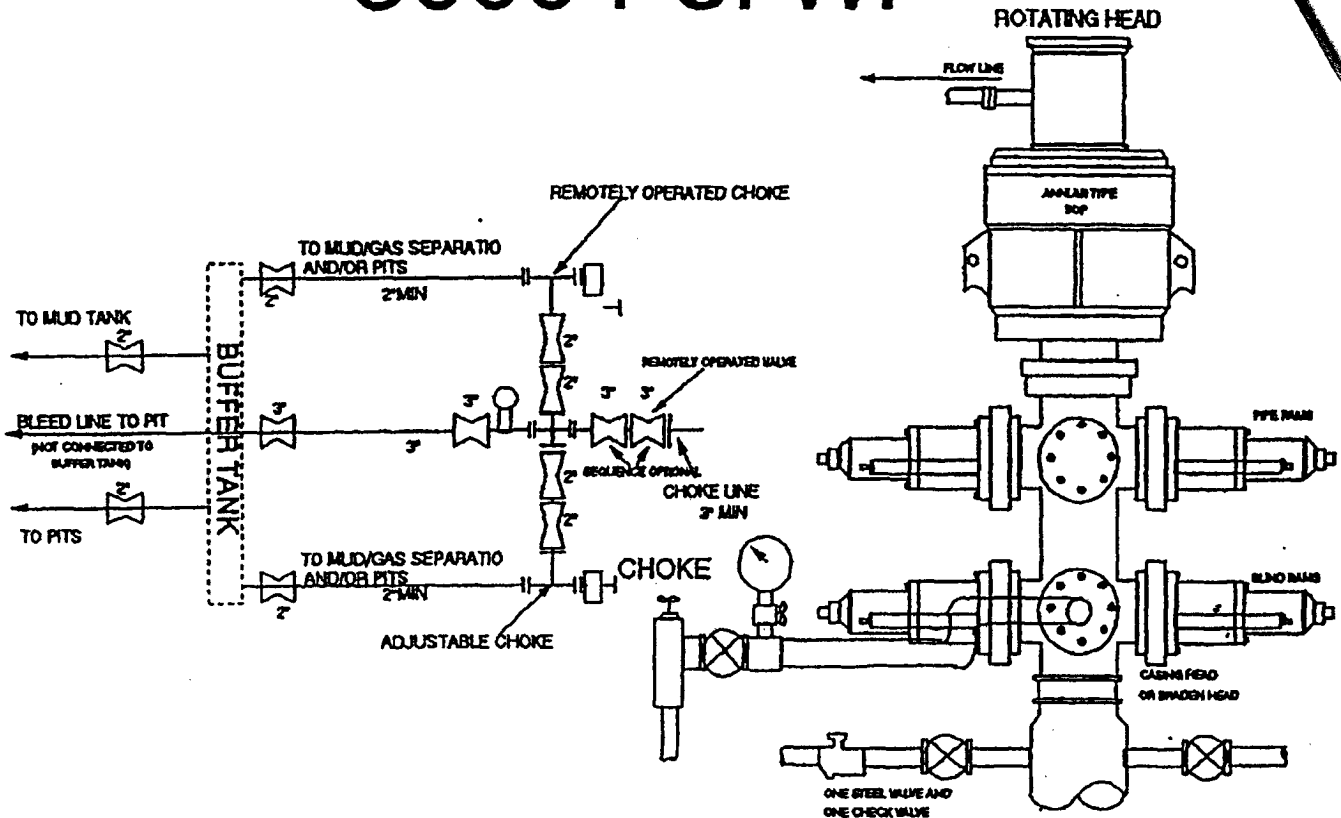
Upon approval

35 days drilling operations

15 days completion operations

GEG/cnt
December 4, 2006

5000 PSI WP



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.

DISTRICT I
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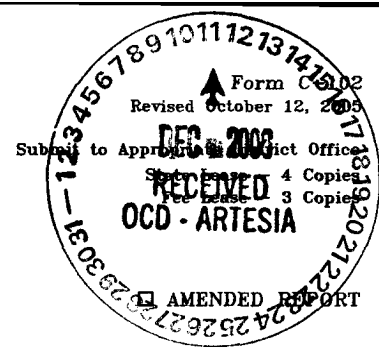
DISTRICT II
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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505



WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 71640	Pool Name LaBass;	(Morrow)
Property Code	Property Name BIG EDDY UNIT	Well Number 168	
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3255'	

Surface Location

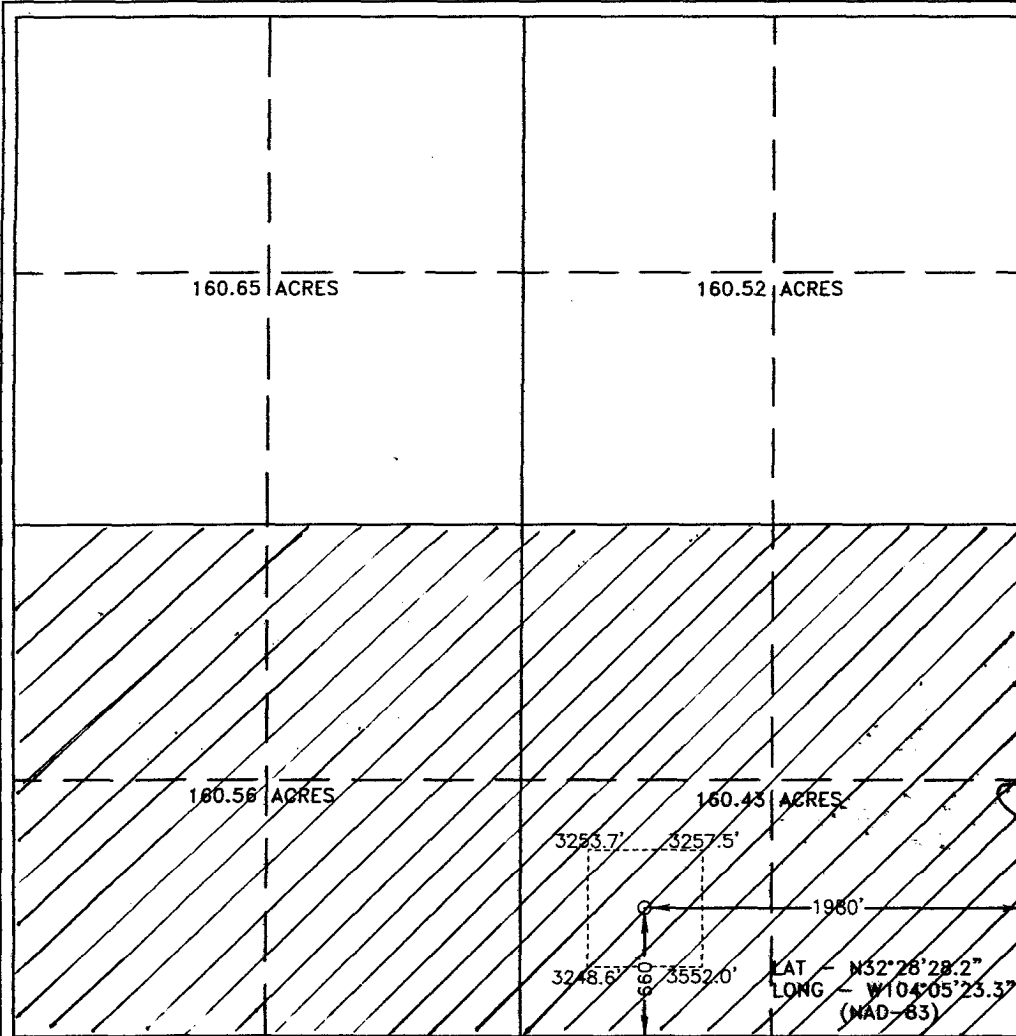
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	21 S	28 E		660	SOUTH	1980	EAST	EDDY

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 N	Consolidation Code	Order No.
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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



OPERATOR CERTIFICATION

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.

Gary E. Gerhard
Signature Date 12/6/06

Gary E. Gerhard
Printed Name

SURVEYOR CERTIFICATION

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.

OCTOBER 02, 2006
Date Surveyed

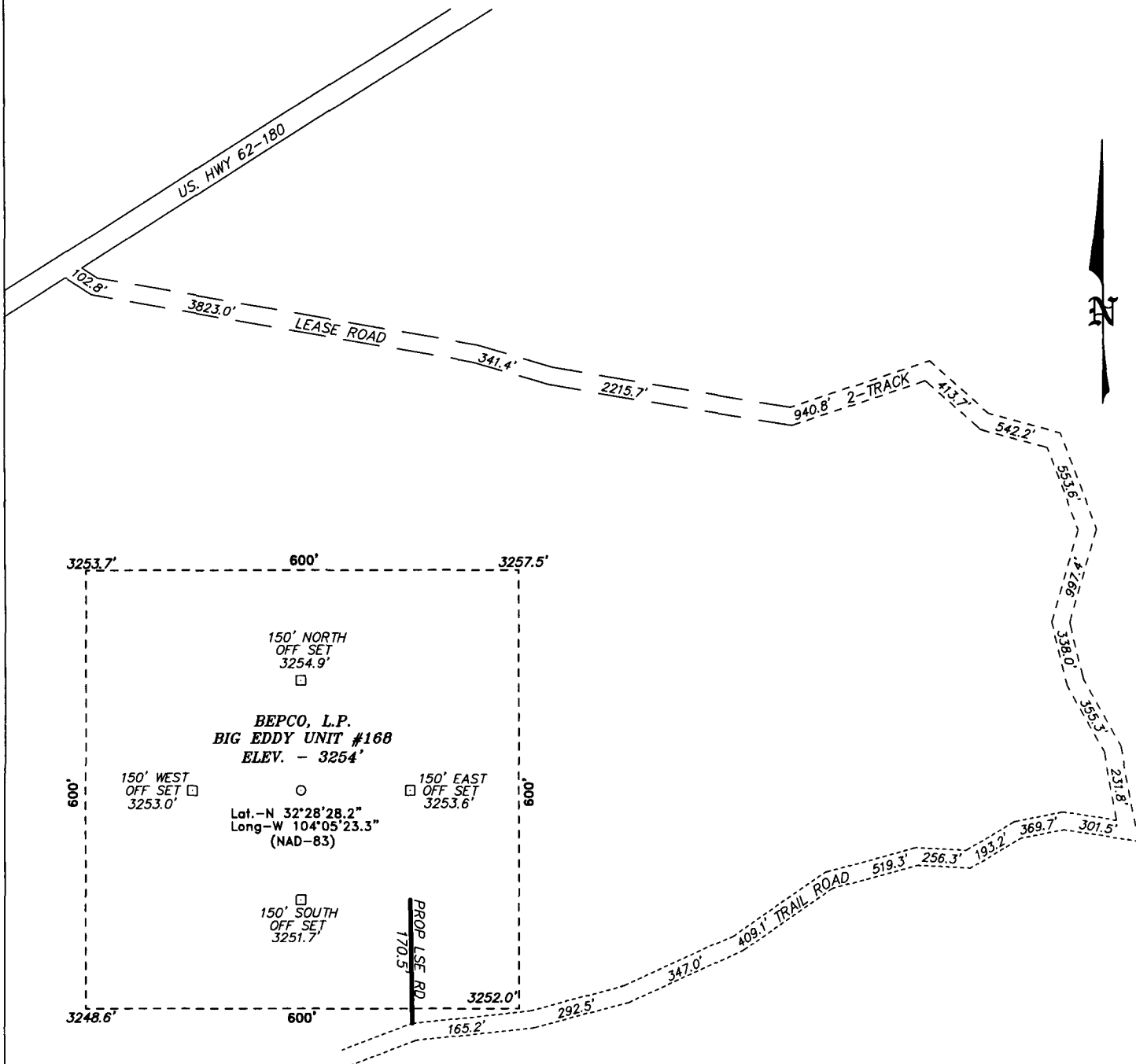
JONES
Signature & Seal of Professional Surveyor
7977

REGISTERED PROFESSIONAL SURVEYOR
W.O. No. 6598

Certification No. Gary E. Jones 7977

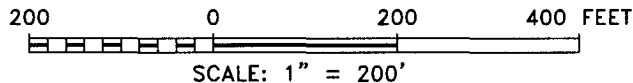
BASIN SURVEYS

SECTION 16, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM MILE MARKER #45 OF US. HWY 62-180,
 PROCEED WEST 0.7 MILE TO LEASE ROAD, ON LEASE
 ROAD PROCEED 1.2 MILE SOUTHEAST TO BEGINNING OF
 TWO TRACK, ON TWO TRACK PROCEED 0.9 MILE
 SOUTHEAST WINDING SOUTH TO TRAIL ROAD, ON TRAIL
 ROAD PROCEED WEST 0.5 MILE TO PROPOSED
 LOCATION.



Basin Surveys P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 6599 Drawn By: J. SMALL
 Date: 10-03-2006 Disk: 6599W JMS

BEPCO, L.P.	
REF: BIG EDDY UNIT #168 / WELL PAD AND TOPO	
THE BIG EDDY UNIT No. 168 LOCATED 660'	
FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF	
SECTION 16, TOWNSHIP 21 SOUTH, RANGE 28 EAST,	
N.M.P.M., EDDY COUNTY, NEW MEXICO.	
Survey Date: 10-02-2006	Sheet 1 of 1 Sheets



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 14, 2006

BEPCO, L.P.

P.O. Box 2760

Midland, TX 79702

Attn: Annette Childers or To Whom It May Concern:

Dear Annette Childers or To Whom It May Concern:

**RE: BEPCO, L.P.: Application to drill (APD) for the Big Eddy Unit # 168
Located in Unit O of Section 16, Township 21 South, Range 28 East, Eddy County, New Mexico NMPM.**

In reference to the above noted APD, the New Mexico Oil Conservation Division (NMOCD) will require (in part) that drilling mud samples from the flow line be sampled every 100' in order to determine chloride levels during the drilling of the Capitan Reef section of the well bore. Results are to be submitted to our office before drilling to total depth of the well bore.

Please call me if you have any questions about this matter.

Respectfully yours,

Bryan G. Arrant
NMOCD's District II Geologist
Artesia, New Mexico
505-748-1283 ext. 103

CC: well file