

OCD-ARTESIA

E1-140

ATS-07-74

Form 160-3
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC 063418 A
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
2. Name of Operator BEPCO, L. P.		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. Box 2760 Midland, TX 79702	3b. Phone No. (include area code) 432-683-2277	8. Lease Name and Well No. BIG EDDY UNIT # 163
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface SWNW, 1650 FNL, 660 FWL, Lat N32.496361, Long W103.99639 At proposed prod. zone Same		9. API Well No. 30-015-35348
14. Distance in miles and direction from nearest town or post office* 13 MILES NE OF CARLSBAD, NM		10. Field and Pool, or Exploratory Golden Lane (Morrow)
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660	16. No. of acres in lease 640	11. Sec., T. R. M. or Blk. and Survey or Area S9-T21S-R29E-NMP, SME BLM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NONE	19. Proposed Depth 13,100	12. County or Parish EDDY COUNTY
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL - 3406'	20. BLM/BIA Bond No. on file NM-2204	13. State NM
22. Approximate date work will start* 01/10/2007	23. Estimated duration 45	

24. Attachments

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Annette Childers</i>	Name (Printed/Typed) Annette Childers	Date 10/30/2006
Title Administrative Assistant		

Approved by (Signature) <i>ACTING J. Martinez</i>	Name (Printed/Typed)	Date JAN - 9 2007
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)

CAPITAN CONTROLLED WATER BASIN

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHEDSEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

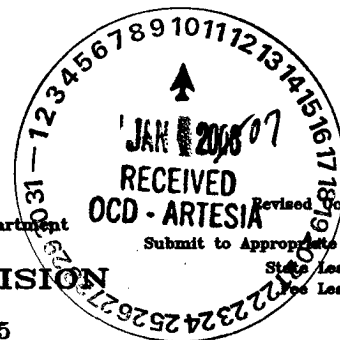
DISTRICT II
1501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1090 Rio Brazos Ed., Aztec, NM 87410

DISTRICT IV
1220 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 77560	Pool Name Golden Lane (Morrow)
Property Code 001776	Property Name BIG EDDY UNIT	Well Number 163
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3406'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	21 S	29 E		1650	NORTH	660	WEST	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.						

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>OPERATOR CERTIFICATION</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>Signature: <i>[Signature]</i> Date: 10-30-06</p> <p>Printed Name: STEPHEN M. MARTINEZ</p>
	<p>SURVEYOR CERTIFICATION</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>Date Surveyed: JAN 08, 2006</p> <p>Signature: <i>[Signature]</i> Professional Surveyor</p> <p>Certificate No. Cary I Jones 7977</p> <p>BASIN SURVEYS</p>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator **BEPCO, L. P.**

3a. Address
P. O. Box 2760 Midland, TX 79702

3b. Phone No. (include area code)
432-683-2277

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650 FNL, 660 FWL, S9, T21S, R29E, NMP, SME BLM

5. Lease Serial No.

NMLC 063418A

6. If Indian, Allottee or Tribe Name

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

NM 68294 X

8. Well Name and No.

BIG EDDY UNIT # 163

9. API Well No.

10. Field and Pool, or Exploratory Area
Golden Lane (Morrow)

11. County or Parish, 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 checked="" 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 type="checkbox"/> Other
	<input checked="" 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 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.)

Pursuant to the recommendations of Mr. Wesley Ingram, Petroleum Engineer for the BLM, and Mr. Jerry Dutchover, Geologist for the BLM, in conversation dated December 14, 2006, BEPCO L.P., seeks permission to alter the casing program for the above captioned well. Due to the presence of the Capitan Reef and considerable salt sections to be drilled, the following casing plan is proposed:

30" Conductor Casing, 0 - 61' RKB (est.), Cement to surface.
20" 94 ppf K-55 Casing (26" hole), 0 - 950' RKB (est.), Cement to surface.
13-3/8" 48 ppf H-40 Casing (17-1/2" hole), 0 - 1900' RKB (est.) Cement to surface.
9-5/8" 36 ppf K-55 Casing (12-1/4" hole), 0 - 3100' RKB (est.) Cement to surface.
5-1/2" 17 ppf P-110 Casing (8-3/4" hole), 0 - 13,100' RKB, Cement to +/- 500' above Top of Bone Spring Formation.

*CEMENT TO EXTEND 200' INTO
9 5/8" TO PROTECT DELAWARE
FORMATION. (15) W/ 18-07*

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

Annette Childers

Title **Administrative Assistant**

Signature

Annette Childers

Date

1-04-07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

SH

ACTING

FIELD MANAGER

Date **JAN -9 2007**

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

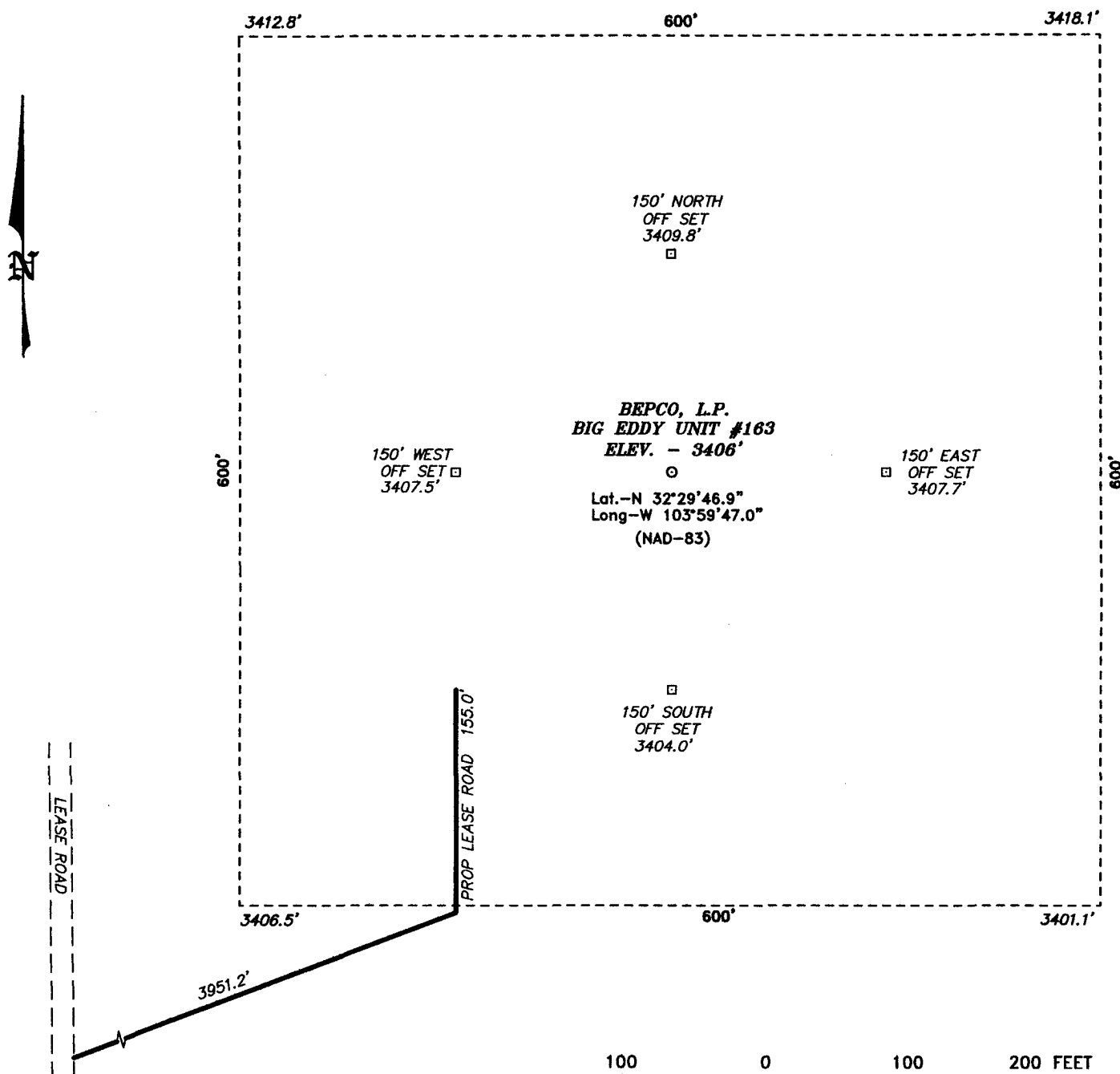
CARLSBAD FIELD OFFICE

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(Instructions on page 2)

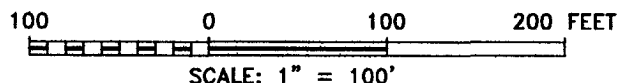
*Sam
1/04/07*

SECTION 9, TOWNSHIP 21 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 62-180 AND STATE HWY 31, PROCEED WEST ON STATE 62-180 FOR 1.2 MILE TO LEASE ROAD, ON LEASE ROAD PROCEED SOUTH 2.5 MILE TO PROPOSED LEASE ROAD.



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

W.O. Number: 6594 Drawn By: J. M. SMALL

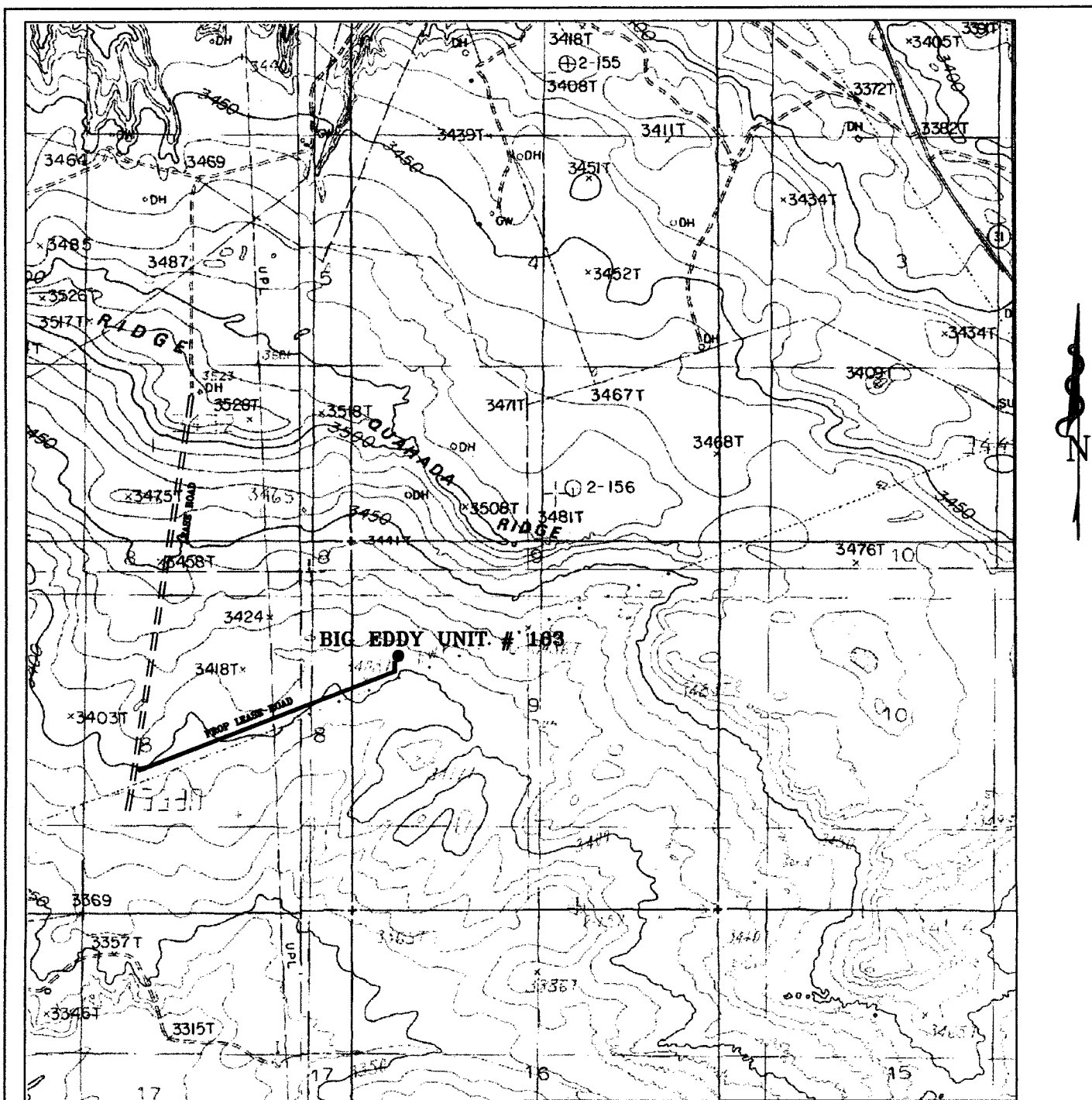
Date: 07-12-2006 Disk: JMS 6594W

BEPCO, L.P.

REF: BIG EDDY UNIT No. 163 / Well Pad Topo

THE BIG EDDY UNIT No. 163 LOCATED 1650' FROM
THE NORTH LINE AND 660' FROM THE WEST LINE OF
SECTION 9, TOWNSHIP 21 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 07-08-2006 Sheet 1 of 1 Sheets



BIG EDDY UNIT #163

Located at 1650' FNL and 660' FWL
 Section 9, Township 21 South, Range 29 East,
 N.M.P.M., Eddy 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: 6594T

Survey Date: 07-08-2006

Scale: 1" = 2000'

Date: 07-12-2006

BEPCO, L.P.

Surface casing to be set into the Rustler below all fresh water sands.

Production casing will be cemented using Halliburton Premium Plus w/ TOC 500' inside the intermediate casing set at + 6,850'. Drilling procedure, BOP diagram, anticipated tops and surface plans attached.

This well is located outside the Secretary's Potash area and outside the R-111 Potash area. There are no potash leases within 1 mile of the location.

**EIGHT POINT DRILLING PROGRAM
BASS ENTERPRISES PRODUCTION CO.**

NAME OF WELL: BIG EDDY UNIT #163

LEGAL DESCRIPTION - SURFACE: 1650' FNL & 660' FWL, Section 9, T21S, R29E, 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 3427' (est.)
GL 3406'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	927'	2,500'	Barren
T/Salt	1,527'	1,900'	Barren
B/Salt	1,777'	1,650'	Barren
T/Lamar Lime	3,327'	100'	Barren
T/Bell Canyon Sand	3,527'	-100'	Oil/Gas
T/Old Indian Draw Sand	4,077'	-650'	Oil/Gas
T/Bone Spring Lime	6,811'	-3,384'	Oil/Gas
T/Wolfcamp	10,081'	-6,654'	Oil/Gas
T/Strawn	11,137'	-7,710'	Oil/Gas
T/Atoka	11,495'	-8,068'	Oil/Gas
T/Upper Morrow	12,111'	-8,684'	Oil/Gas
T/Middle Morrow	12,367'	-8,940'	Oil/Gas
T/Lower Morrow	12,667'	-9,240'	Oil/Gas
TD	13,100'	-9,573'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
30" 20"	0' - 61'	Conductor	Contractor Discretion
13-3/8", 48#, H-40, STC	0' - 1517'	Surface	New
9-5/8", 36#, K-55, LTC	0' - 6,850'	Intermediate	New
5-1/2", 17#, P-110, LTC	0' - 13,100'	Production Casing	New

20" "
13 3/8 "
9 5/8 "

0-950'
0-1900'
0-3100'

See separate study

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A rotating head will be nipped up on the surface casing. The rotating head will not be hydro-tested.

A BOP equivalent to Diagram 1 will be nipped up on the first and second intermediate casings. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 5,000 psi on the first intermediate and the second intermediate casing. The annular will be tested to 2500 psi. In addition to the rated working pressure test, a low pressure (250 psi) test will be required. These tests will be performed:

- 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

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0' - 1,517'	FW	8.6 - 9.2	55-60	NC	NC	NC	9.5
460' - 6,850'	BW	10.0 - 10.2	28-30	NC	NC	NC	9.5 - 10.0
6,850' - 9,700'	FW	8.4 - 8.6	28-30	4	2	NC	9.5 - 10.0
9,700' - 10,800'	CBW	9.0 - 9.5	28-30	6	4	NC	9.5
10,800' - 11,400'	CBW/Polymer	9.0 - 12.1	34-38	6-10	8-12	<20	9.5-10
11,400' - TD'	CBW/Polymer	9.0 - 12.1	34-38	6-10	8-12	<10	9.5-10

See COA for mud program changes from 0-3100'

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

Drill stem tests may be performed on significant shows in zones of interest, but none are planned at this time.

B) LOGGING

Run #1:

GR-CNL-LDT-LLD-CAL run from TD to intermediate casing point (\pm 6,850), GR-CNL to surface. Sonic and/or FMI as required.

C) CORING

No cores are anticipated.

D) CEMENT

<u>INTERVAL</u>	<u>AMOUNT SX</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
SURFACE						
Lead						
0' - 1000'						
(100% excess)	750	1000	Light Premium Plus + 2.7lbm/sk NaCl	10.14	12.80	1.87
Tail						
1000' - 1527'						
(100% excess)	550	527	Premium Plus + 2% CaCl ₂	6.37	14.80	1.35
INTERMEDIATE						
Lead						
0 - 5850 ft						
(100% Excess)	1350	5850	Interfill H	16.43	11.50	2.76
Tail						
5850 -6850						
(100% Excess)	560	1000	Premium Cement +.6% Halad(R)-9 (Low Fluid Loss Control)	4.72	16.0	1.12
PRODUCTION (Two stage w/DV tool @ 8000' and circulate cement to 6350')						
1 st Stage						
Lead						
8000-12100						
(50% excess)	630	4100	Interfill H + 0.25 lbm/skFlocele+5 lbm/sk Gilsonite +0.5 % Halad®-9	13.63	11.90	2.47
Tail						
12100-13100						
(50% excess)	240	1000	Super H + 0.5% Halad 344 + 0.4% CFR3 + 5 pps Gilsonite + 1 pps Salt + 0.2% HR7	7.73	13.20	1.60
2 nd Stage						
Lead						
6350-8000						
(50% excess)	260	1650	Interfill H + .125 pps Pol-e-flake + 0.5% Halad 9	14.08	11.90	2.46
Tail						
7000-8000						
(50% excess)	320	1000	Premium Cement + .5% HR-5	5.20	15.6	1.18

E) DIRECTIONAL DRILLING

No directional services anticipated. A straight hole will be drilled to 13,100' TD.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware and Bone Spring. The Wolfcamp and Strawn sections will have pressures in the 5500 – 5600 psi range (10.5 ppg). Due to the tight nature of the Atoka reservoir rock (high pressure, low volume), the well will be drilled under balanced utilizing a rotating head. The maximum BHP could be as high as 7000 psi (12.1 ppg). The Morrow will be normally pressured. The expected BHT at TD is 200°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

45 days drilling operations

20 days completion operations

SMM/mac

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: BIG EDDY UNIT #163

LEGAL DESCRIPTION – SURFACE: 1650' FNL & 660' FWL, Section 9, T21S-R29E, Eddy County, NM

POINT 1: EXISTING ROADS

A) Proposed Well Site Location

See Exhibit "A".

B) Existing Roads:

From the junction of state HWY 62-180 and state HWY 31, proceed west on state HWY 62-180 for 1.2 miles to the lease road. Proceed south for 2.5 miles to the proposed lease road.

C) Existing Road Maintenance or Improve Plan:

See Exhibit "B"

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

See Exhibit "C". The new road will be 12' wide and approximately 4106' long from existing lease road. The road will be constructed of watered and compacted caliche.

B) Width

12' Wide.

C) Maximum Grade

Not Applicable.

D) Turnouts

As required by BLM stipulations

E) Culverts, Cattle Guards, and Surfacing Equipment

None

POINT 3: LOCATION OF EXISTING WELLS

Exhibit "A" indicates existing wells within the surrounding area.

POINT 4: LOCATION OF EXSITING OR PROPOSED FACILITIES

A) Existing facilities within one mile owned or controlled by lessee/operator.

POINT 4: LOCATION OF EXSITING OR PROPOSED FACILITIES

B) New Facilities in the Event of Production:

New production facilities will be installed at the new location. A transmission line will be laid to Enterprise Gas Systems 1.5 miles northwest of proposed well.

C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following the construction of production facilities, those access areas required for continued production will be graded to provide drainage and minimize erosion. The areas necessary for use will be graded to blend in the surrounding topography – See Point 10.

POINT 5: LOCATION AND TYPE OF WATER SUPPLY

A) Location and Type of Water Supply

Fresh water will be hauled from the City of Carlsbad. Brine water will be hauled from Champion Brine Water Station, 3.5 miles east and 2.5 miles south of Carlsbad.

B) Water Transportation System

Water hauling to the location will be over the existing and proposed roads.

POINT 6: SOURCE OF CONSTRUCTION MATERIALS

A) Materials

Onsite Caliche.

B) Land Ownership

Federally Owned.

C) Materials Foreign to the Site

No construction materials foreign to this area are anticipated for this drill site.

D) Access Roads

No additional access roads are required.

POINT 7: METHODS FOR HANDLING WASTE MATERIAL

A) Cuttings

Cuttings will be contained in the reserve pit.

B) Drilling Fluids

Drilling fluids will be contained in the reserve pit.

C) Produced Fluids

Water Production will be contained in the reserve pit.

Hydrocarbon fluid or other fluids that may be produced during testing will be retained in the test tanks. Prior to cleanup operations, any hydrocarbon material in the reserve pit will be removed by skimming or burning as the situation would dictate.

D) Sewage

Current laws and regulations pertaining to the disposal of human waste will be complied with.

E) Garbage

Portable containers will be utilized for garbage disposal during the drilling of this well.

F) Cleanup of Well Site

Upon release of the drilling rig, the surface of the drilling pad will be graded to accommodate a completion rig if testing indicates potential productive zones. In any case, the "mouse" hole and the "rat" hole will be covered. The reserve pit will be fenced and the fence maintained until the pit is backfilled. Reasonable cleanup will be performed prior to the final restoration of the site.

POINT 8: ANCILLARY FACILITIES

None Required.

POINT 9: WELL SITE LAYOUT

A) Rig Orientation and Layout

Exhibit "D" show the dimensions of the well pad and reserve pits and the location of major rig components. Only minor leveling of the well site will be required. No significant cuts or fills will be necessary.

B) Locations of Pits and Access Road

See Exhibits "C" and "D"

C) Lining of the Pits

The reserve pit will be lined with plastic.

POINT 10: PLANS FOR RESTORATION OF THE SERVICE

A) Reserve Pit Cleanup

A pit will be fenced at the time of rig release and shall be maintained until the pit is backfilled. Previous to backfill operations, any hydrocarbon material on the pit surface shall be removed. The fluids and solids contained in the pit shall be backfilled with soil excavated from the site and soil adjacent to the reserve pit. The restored surface of the pit shall be contoured to prevent impoundment of surface water flow. Water – bars will be constructed as needed to prevent excessive erosion. Topsoil, as available, shall be placed over the restored surface in a uniform layer. The area will be seeded according to the BLM stipulations during the appropriate season following restoration.

B) Restoration Plans – Production Developed

The reserve pit will be backfilled and restored as described above under Item A. In addition, those areas not required for production will be graded to blend with the surrounding topography. Topsoil, as available, will be placed upon those areas and seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. Following depletion and abandonment of the site, restoration procedures will be those that follow under Item C.

C) Restoration Plans – No Production Developed

The reserve pit will be restored as described above. With no production developed, the entire surface disturbed by construction of the well site will be restored. The site will be contoured to blend with the surrounding topography and provide drainage of surface water. The topsoil, as available, shall be replaced in a uniform layer and seeded according to the BLM stipulations.

D) Rehabilitation Timetable

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

POINT 11: OTHER INFORMATION

A) Terrain

Relatively Flat

B) Soil

Caliche and sand.

C) Vegetation

Sparse, primarily grasses and mesquite with very little grass.

D) Surface Use

Primarily grazing.

E) Surface Water

There are no ponds, lakes, streams, or rivers within several miles of the wellsite.

F) Water Wells

There are no water wells within 1 mile of location.

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey will be obtained for this area. The survey area will be a 600' x 600' square with its center on the wellhead stake. Before any construction begins, a full and complete archeological survey will be submitted to the BLM. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site and access road are both on federally owned land.

K) Well signs will be posted at the drilling site.

L) Open Pits

All pits containing liquid or mud will be fenced and bird-netted.

POINT 12: OPERATOR'S FIELD REPRESENTATIVE

(Field personnel responsible for compliance with development plan for surface use).

DRILLING
William R. Dannels
Box 2760
Midland, Texas 79702
(432) 683-2277

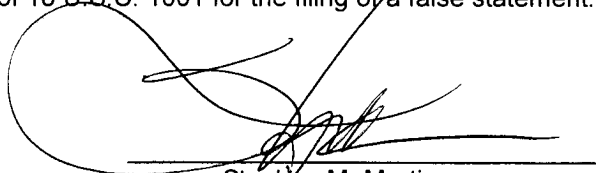
PRODUCTION
Mike Waygood
3104 East Green Street
Carlsbad, New Mexico 88220
(505) 887-7329

Michael Lyon
Box 2760
Midland, Texas 79702
(432) 683-2277

POINT 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 the plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Bass Enterprises Production Co. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

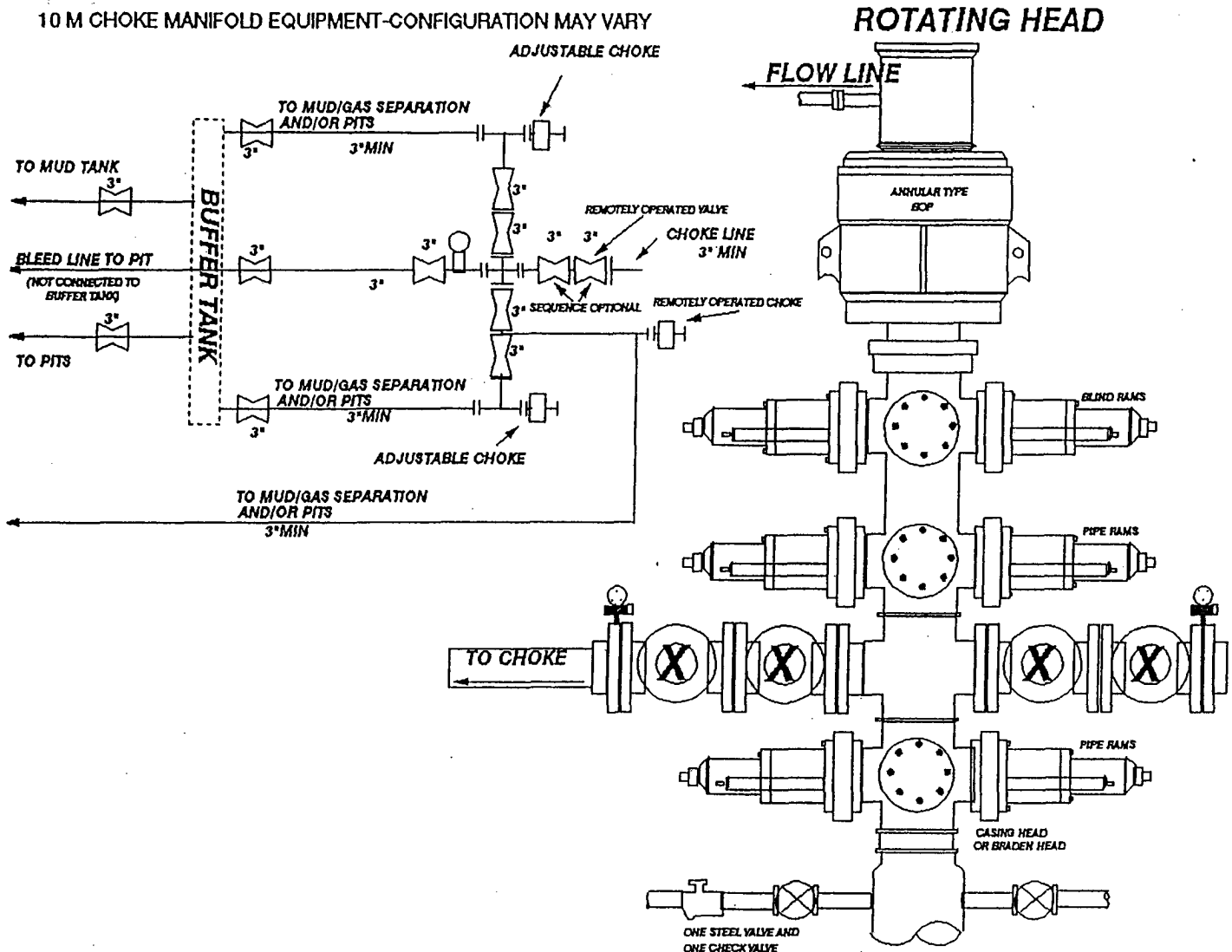
10-30-06
Date


Stephen M. Martinez

SMM/mac

10-M. WP BOPE WITH 5-M WP ANNULAR

10 M CHOKE MANIFOLD EQUIPMENT-CONFIGURATION MAY VARY



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS:

- A. Opening between the ram to be flanged, studded, or clamped.
- B. All connections from operating manifolds to preventers to be all steel hose or tube a minimum of one inch diameter.
- C. 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.
- D. ALL connections to and from preventer to have a pressure rating equivalent to that of the BOPs.
- E. Manual controls to be installed before drilling cement plug.
- F. Kelly cock to be installed on kelly.
- G. Inside blowout preventer to be available on rig floor.
- H. Dual operating controls: one located by drillers position and the other located a safe distance from the rig floor.
- I. All chokes will be adjustable.

Adobe Drilling Rig No. Iron Horse

432-552-5553

KB 15.3'

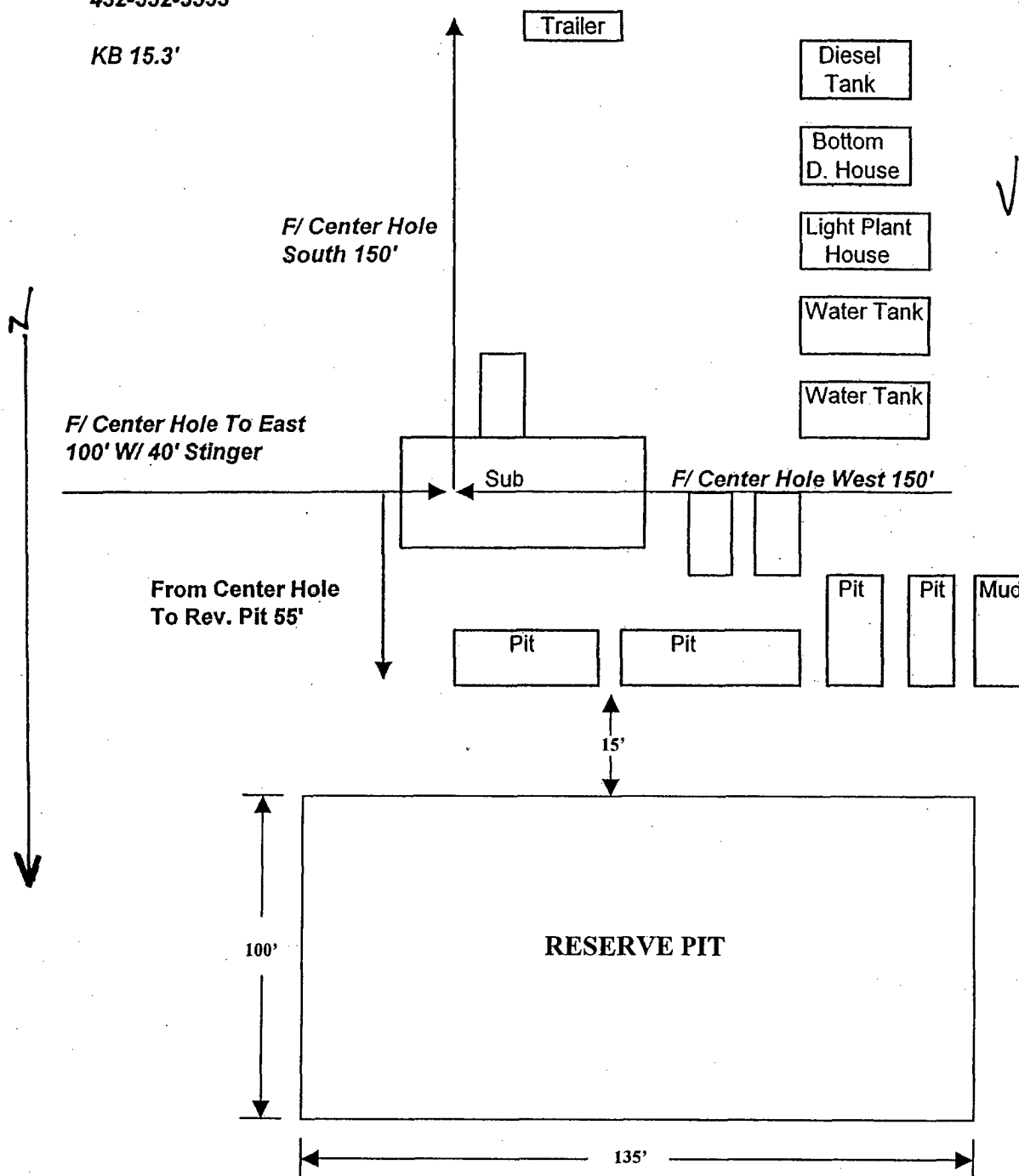


EXHIBIT "D"

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: BEPCO, L.P. Well Name & #: Big Eddy Unit # 163
Location: 1650' F N L & 660' F W L Sec. 09, T. 21 S., R. 29 E.
Lease: NMLC-063418A County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- (X) Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) () Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other: **Pits North V-Door East**

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(X) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture. **See attached seed mixture.**

() A. Seed Mixture 1 (Loamy Sites)

Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0
Plains lovegrass (*Eragrostis intermedia*) 0.5

() B. Seed Mixture 2 (Sandy Sites)

Sand Dropseed (*Sporobolus crptandrus*) 1.0
Sand Lovegrass (*Eragrostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

() C. Seed Mixture 3 (Shallow Sites)

Side oats Grama (*Bouteloua curtipendula*) 5.0
Green Spangletop (*Leptochloa dubia*) 2.0
Plains Bristlegrass (*Setaria magrostachya*) 1.0

() D. Seed Mixture 4 (Gypsum Sites)

Alkali Sacaton (*Sporobolus airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

(x) OTHER Lesser Prairie Chicken Seed Mix

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- (1) Lined as specified above and
- (2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

PRAIRIE CHICKENS

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

On the lands described below: All of Section 09; Township 21 South, Range 29 East

For the purpose of: Protecting 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 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.