

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
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

Form C-101
May 27, 2004

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

RECEIVED
JUL - 3 2006
OCC-ARTESIA

Submit to appropriate District Office

☐ AMENDED REPORT

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

¹ Operator Name and Address BEPCO, L. P. P. O. Box 2760 - Midland, Texas 79702		² OGRID Number 001801
³ Property Code 36 276		⁴ Property Name Remuda Basin 36 State
⁵ Proposed Pool 1 Unders. Dry Town Draw; Meadow		⁶ Well No. 2
⁷ Surface Location		⁸ Proposed Pool 2

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
O	36	23S	29E		660	South	1980	East	Eddy

⁸ 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/Westline	County

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3124.2'
¹⁶ Multiple No	¹⁷ Proposed Depth 14,600'	¹⁸ Formation Morrow	¹⁹ Contractor Unknown	²⁰ Spud Date 10/01/2006
Depth to Groundwater 350'		Distance from nearest fresh water well 2 miles northwest		Distance from nearest surface water None in area
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 milst thick Clay <input type="checkbox"/>		Pit Volume: 18000 bbls		
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"/>		

²¹ 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#	+/- 474'	500	Surface
12-1/4"	9-5/8"	36#	+/- 3355'	1450	Surface
8-3/4"	7"	26#	+/- 12,000'	1235	2895' *
6-1/8"	4-1/2"	13.50#	+/- 14,600'	265	11,500'

²² 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.

* Only if pay intervals encountered above 7000'. If no commercial pay is encountered, cement will be brought to +/- 500' above upper most pay zone.

This well is included within the secretarial order potash area and inside the R-111P area. The surface and minerals are owned by the State of New Mexico.

**CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES**

²³ 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 WNY*

Title: Administrative Assistant

E-mail Address: machilders@basspet.com

Date: 06/29/2006

Phone: (432)683-2277

OIL CONSERVATION DIVISION

Approved by:

**BRYAN G. ARRANT
DISTRICT II GEOLOGIST**

Title: Approval Date: JAN 23 2007

Expiration Date: JAN 23 2008

Conditions of Approval Attached ☐

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1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 76082	Pool Name Undes. Dog Town Draw, Mexican
Property Code	Property Name REMUDA BASIN "36" STATE	Well Number 2
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3124'

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	36	23 S	29 E		660	SOUTH	1980	EAST	EDDY

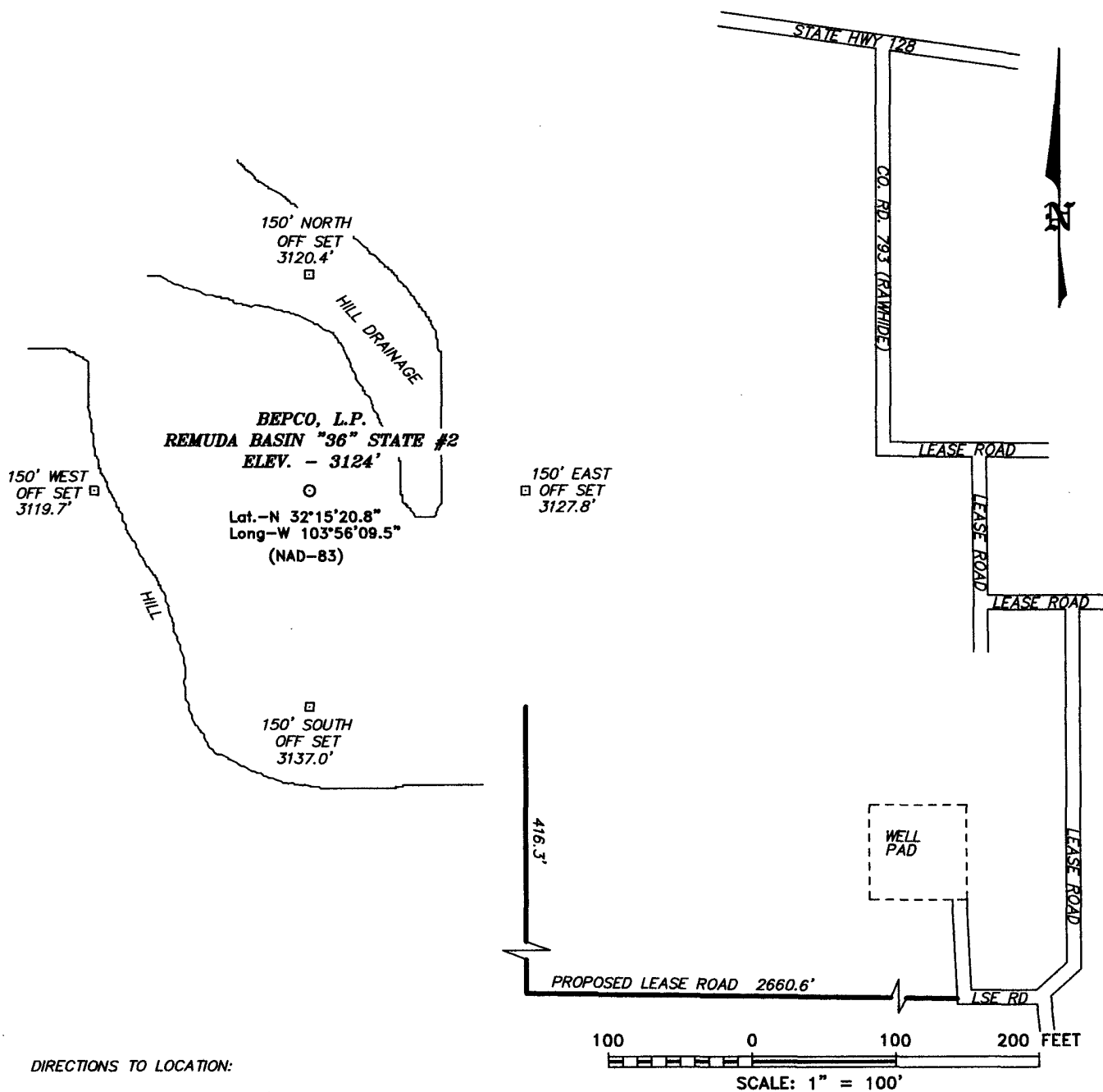
Bottom Hole Location If Different From Surface

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.						

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><i>William R. Dannels</i> Signature 6/29/06 Date</p> <p>W.R. Dannels Printed Name</p>
<p>LAT - N32°15'20.8" LONG - W103°56'09.5" (NAD-83)</p> <p>1980'</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>JUNE 16, 2006 Date Surveyed</p> <p><i>[Signature]</i> Signature</p> <p>Professional Surveyor 7977</p> <p>W.O. No. 10001 Certificate No. L. Jones 7977</p> <p>BASIN SURVEYS</p>

SECTION 36, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 128 AND CO. RD. 793 (RAWHIDE), PROCEED SOUTH ON CO. RD. 793 FOR APPROX. 3.9 MILE TO LEASE ROAD; THENCE EAST ON LEASE ROAD 0.2 MILE; THENCE SOUTH 0.6 MILE TO LEASE ROAD; THENCE EAST 0.2 MILE TO LEASE ROAD; THENCE 1.3 MILES SOUTH WINDING WEST 1.3 MILES TO PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 6801

Drawn By: J. SMALL

Date: 06-19-2006

Disk: 6801W JMS

BEPCO, L.P.

REF: REMUDA BASIN "36" STATE #2 / WELL PAD AND TOPO

THE REMUDA BASIN "36" STATE #2 LOCATED 660'

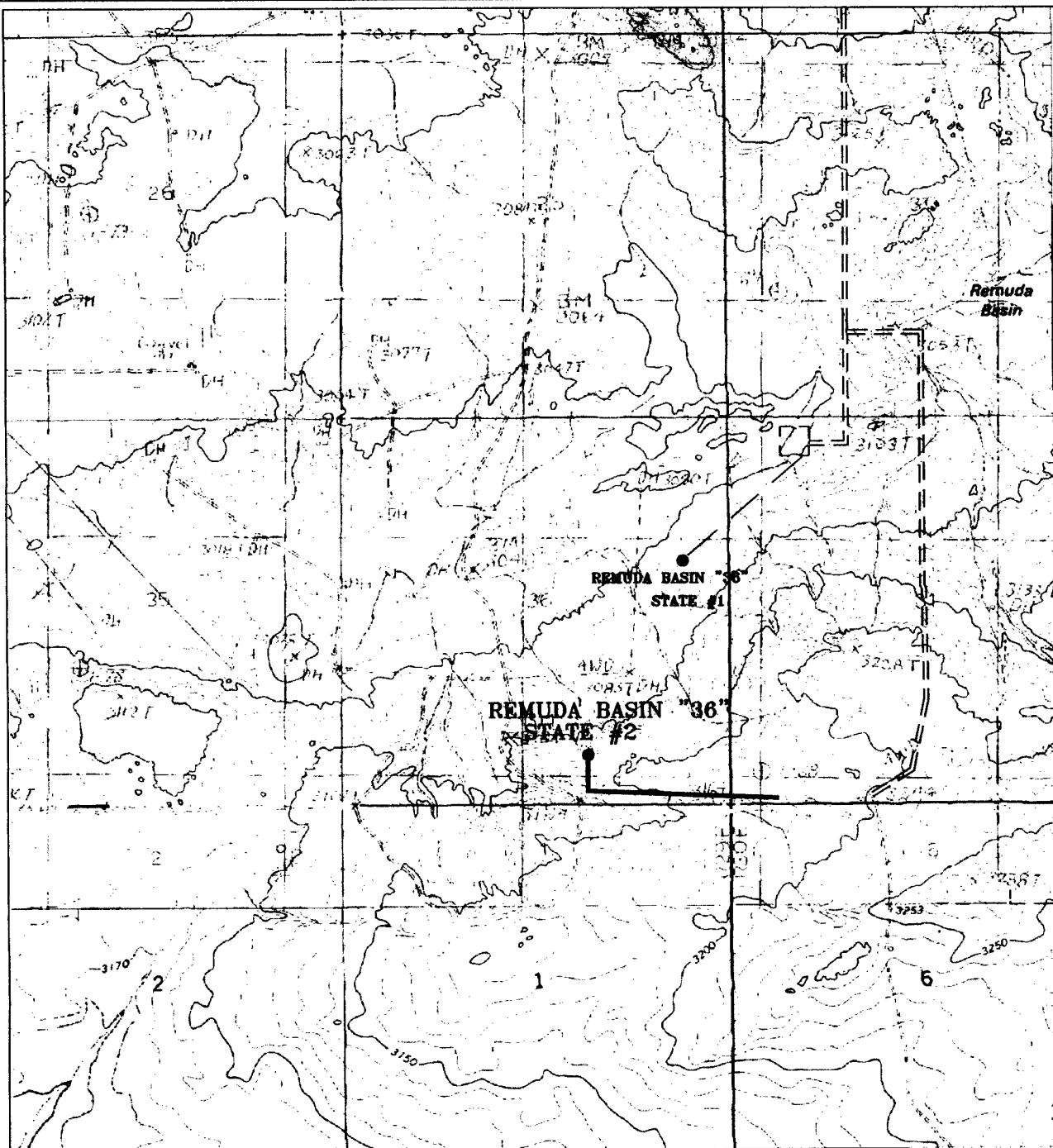
FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF

SECTION 36, TOWNSHIP 23 SOUTH, RANGE 29 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-18-2006

Sheet 1 of 1 Sheets



REMUDA BASIN "36" STATE #2

Located at 660' FSL and 1980' FEL

Section 36, Township 23 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.



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

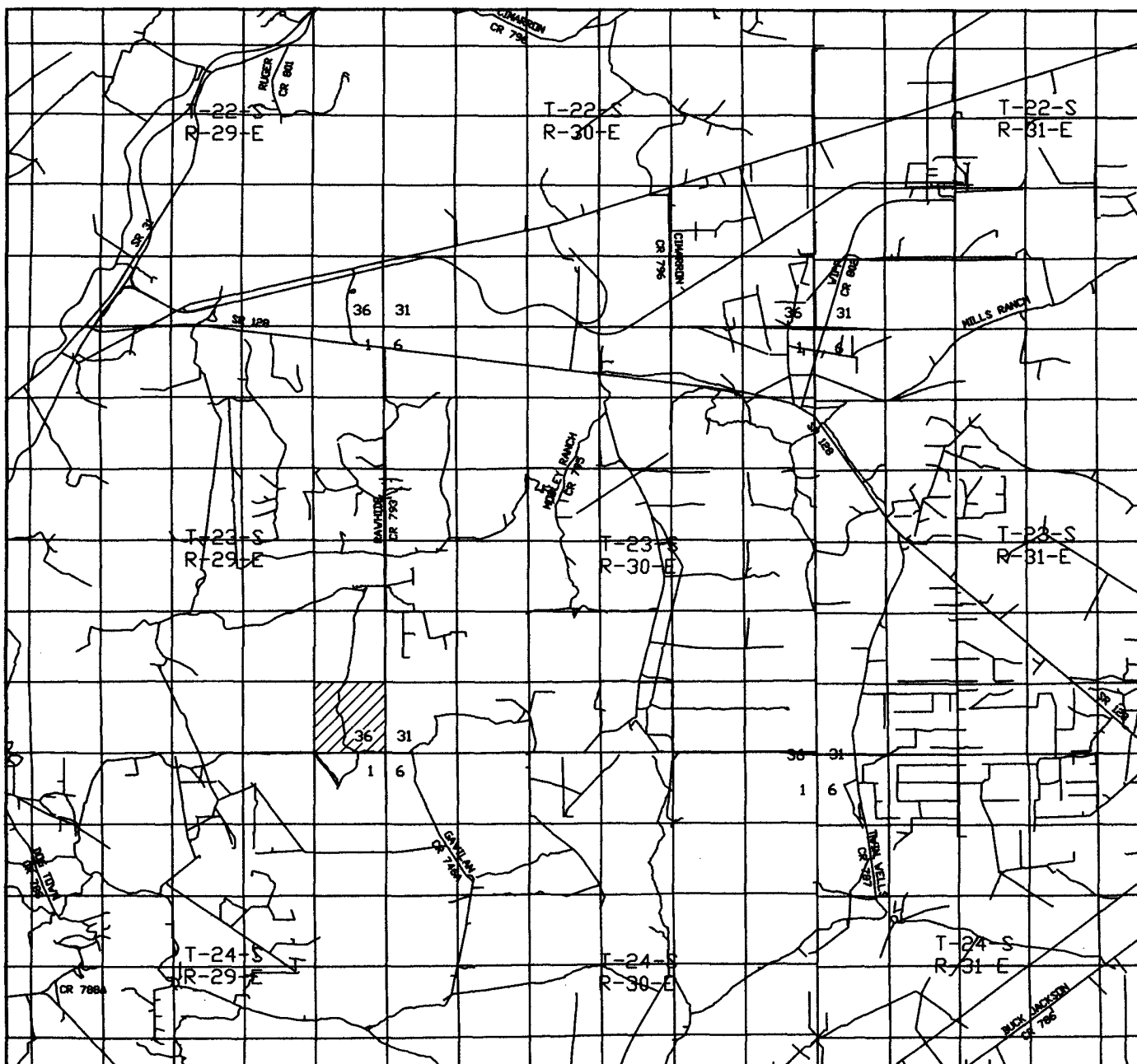
W.O. Number: JMS 6801T

Survey Date: 06-18-2006

Scale: 1" = 2000'

Date: 06-19-2006

BEPCO, L.P.



REMUDA BASIN "36" STATE #2
 Located at 660' FSL and 1980' FEL
 Section 36, Township 23 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
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Date: 06-19-2006

BEPCO, L.P.

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

NAME OF WELL: REMUDA BASIN 36 STATE #2

LEGAL DESCRIPTION - SURFACE: 1980' FEL & 660' FSL, Section 36, T-23-S, R-29-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 3151.2' (est)
GL 3124.2'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUB-SEA TOP</u>	<u>BEARING</u>
T/Rustler	411'	+ 2740'	Barren
T/Salt	486'	+ 2665'	Barren
B/Salt	3116'	+ 35'	Barren
T/Delaware	3371'	- 220'	Oil/Gas
T/Bone Spring	7059'	- 3908'	Oil/Gas
T/Wolfcamp	10526'	- 7375'	Oil/Gas
T/Atoka Sand	12792'	- 9641'	Oil/Gas
T/Atoka Bank	12871'	- 9720'	Oil/Gas
T/Morrow	13361'	- 10210'	Oil/Gas
T/Middle Morrow "A"	13721'	- 10570'	Oil/Gas
T/Lower Morrow	14141'	- 10990'	Oil/Gas
TD	14600'	- 11449'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
20"	0' - 40'	Conductor	New
13-3/8", 48#, J55, STC	0' - 474'	Surface	New
9-5/8", 36#, N80, LTC	0' - 3,355'	First Intermediate	New
7", 26#, P110, LTC	0' - 12,000'	Second Intermediate	New
4-1/2", 13.5#, P110, LTC	11,500' - 14,600'	Production Liner	New

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 surface, first and second 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 on the first intermediate and 10,000 psi on the second intermediate casing.

The annular preventer will be tested to 3000 psi on both intermediate casings. 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

<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' - 484'	FW Spud	8.4 - 9.0	32-38	NC	NC	NC	9-10
484' - 3355'	Brine	9.8 - 10.2	28-32	NC	NC	NC	9-10
3355' - 10000'	FW	8.3 - 8.6	28-32	NC	NC	NC	9-10
10000' - 11200'	FW/C-Brine	8.6 - 9.0	28-32	NC	NC	<100	9-10
11200' - 12500'	C-Brine/Brine	9.5 - 10.0	30-34	6-10	6-10	<100	9-10
12500' - 14600'	C-Brine/Brine	10.0 - 13.9	34-38	8-10	6-10	<25	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 w/Dual Induction Log from 12,000'-3,355'.
GR-CNL from 3,355'-surface.
GR-CNL-LDT w/Dual Lateral Log from 14,200'-12,000'.

C) CONVENTIONAL CORING

None Anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT ³ /SX
SURFACE 0' - 474' (100% excess) (Circ to Surface)	500	474	Premium Plus + 2% CaCl ₂ 1/4 #/sk Flocele	6.32	14.80	1.34
1st INTERMEDIATE Lead: 0' - 2,855' (200% excess) (Circ to Surface)	1100	2855	Interfill C + 1 #/sk salt + 1/4 #/sk Flocele	14.10	11.90	2.45
Tail: 2,855' - 3,355' (200% excess)	350	500	Premium Plus + 2% CaCl ₂	6.34	14.8	1.34
2nd INTERMEDIATE 2nd Stage Tail: 2,885' - 7,500' (50% excess)	625	4605	Super H w/16# /sk Gilsonite + 1 lb/sk salt + 0.5% Halad 344 + 0.4% CFR-3 + 0.1% HR-7	8.23	13.0	1.67
DV Tool @ 7500'						
1st Stage Tail: 7,500' - 12,000' (50% excess)	610	4500	Super H w/16# /sk Gilsonite + 1 lb/sk salt + 0.5% Halad 344 + 0.4% CFR-3 + 0.1% HR-7	8.23	13.0	1.67
PRODUCTION LINER Lead: 11,500' - 14,600' (50% excess)	265	3100	Super H + 1#/sk salt + 0.5% Halad 344 + 0.6% CFR-3 + 3% HR-7	8.23	13.0	1.67

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 Bank may be abnormally pressured with expected BHP of 9250 psi (max) or an equivalent mud weight of 13.9 ppg. The Morrow expected BHP is 7800 (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

60 days drilling operations

25 days completion operations

GEG/cnt

June 29, 2006

10-M WP BOPE WITH 5-M WP ANNULAR

10 M CHOKE MANIFOLD EQUIPMENT-CONFIGURATION MAY VARY

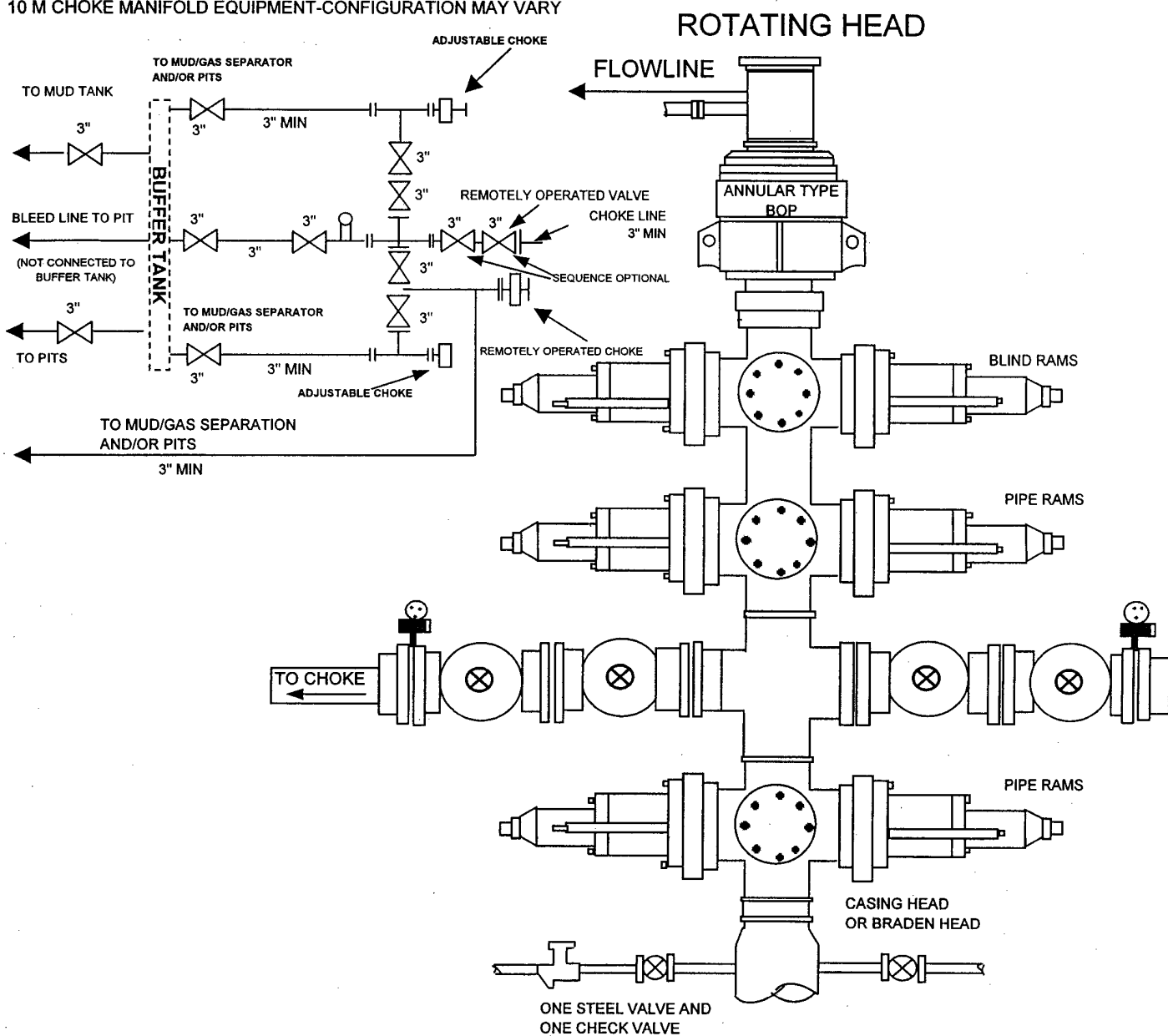


DIAGRAM 1



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

RECEIVED
JUL 20 2006
MUNICIPALITY

July 17, 2006
Bureau of Land Management
620 East Green St.
Carlsbad, NM 88220
Attn: Mr. Craig Cranston or To Whom It May Concern

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: BEPCO, L.P.
LEASE NAME: Remuda Basin '36' State # 2
LOCATION: SEC. 36, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
660' FSL & 1980' FEL
EDDY COUNTY, NM, NMPM

PROPOSED DEPTH: 14,600'

Dear Craig or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.

Thank you for your assistance.

Sincerely,

Bryan G. Arrant
PES, District II Artesia NMOCD

In LMR	Yes _____	No <input checked="" type="checkbox"/> _____
In Buffer Zone	Yes _____	No <input checked="" type="checkbox"/> _____

Comments:

Signature:

Date: 7-18-06



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 17, 2006

New Mexico State Land Office

310 Old Santa Fe Trail

Santa Fe, NM 87504-1148

Attn: Mr. Joe Mraz or To Whom It May Concern

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: BEPCO, L.P.

LEASE NAME: Remuda Basin '36' State # 2

**LOCATION: SEC. 36, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
660' FSL & 1980' FEL
EDDY COUNTY, NM, NMPM**

PROPOSED DEPTH: 14,600'

Dear Joe or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.

Thank you for your assistance.

Sincerely,

Bryan G. Arrant

PES, District II Artesia NMOCD

In LMR	Yes _____	No _____
In Buffer Zone	Yes _____	No _____

Comments:

Signature: _____ **Date:** _____



Mosaic Potash Carlsbad Inc.
PO Box 71
1381 Potash Mines Road
Carlsbad, NM 88220
www.mosaic-co.com

Tel 505-887-2671
Fax 505-887-0389

January 15, 2007

Mr. Brad Glasscock
Bass Enterprises Production Co.
201 Main Street
Fort Worth, TX 76102-3131
(817) 339-7185



Dear Mr. Glasscock:

We are in receipt of your requests dated August 24, 2006 concerning four test wells in the Remuda Basin area. We understand that these are to be deep gas wells completed in the Morrow formation. The wells are the Remuda Basin 36 State #1 (1980' FNL & 660' FEL, Section 36, T23S-R29E); the Remuda Basin 36 State #2 (1980' FEL & 660' FSL, Section 36, T23S-R29E); the Remuda Basin 24 State #9 (660' FNL & 660' FEL, Section 24, T23S-R29E); and the Remuda Basin 30 State Com #12 (660' FNL & 660' FWL, Section 30, T23S-R30E).

The locations requested are located further than 1 mile from Mosaic's LMR and about 1 mile from Mosaic's lease. Also, several oil wells have already been drilled in the area. For these reasons Mosaic Potash does not object to drilling at these locations.

As more information becomes available, our estimates of the extent of potash resources in any given area may change. Therefore, please consider this "no objection" to this location to be valid for one year only. If you are still considering this well location at a date later than one year from today, notify us again at that time so we can make the decision on information current at that time. Do not consider a "no objection offered" or an "objection offered" decision to be permanent.

Mosaic Potash submits this letter in lieu of the forms requested.

Sincerely,

Dan Morehouse
Mine Engineering Superintendent

cc: Don Purvis Charlie High Pete Livingstone