

Re-Submittal **OCD-ARTESIA**

Month - Year

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HIGH CAVE KARST

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NNNM 02860 |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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. NNNM 71016X |
| 3a. Address P. O. Box 2760 Midland, TX 79702 | | 8. Lease Name and Well No. Poker Lake Unit #220 |
| 3b. Phone No. (include area code) 432-683-2277 | | 9. API Well No. 30-015-35628 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NWSW, Lot 3, 1780' FSL, 990' FWL, Lat N32.200611, Lon W103.926333 At proposed prod. zone Same | | 10. Field and Pool, or Exploratory Nash Draw (Dela, BS, Avalon Sd) |
| 14. Distance in miles and direction from nearest town or post office* 14 Miles East of Malaga, NM | | 11. Sec., T. R. M. or Blk. and Survey or Area Sec 19, T24S, R30E, MER NMP |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990' | 16. No. of acres in lease 2520.68 | 17. Spacing Unit dedicated to this well 40 |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3000' | 19. Proposed Depth 7600' MD / 7600' MD | 20. BLM/BIA Bond No. on file NM 2204 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3124' GL | 22. Approximate date work will start* 04/15/2008 | 23. Estimated duration 12 days |

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 4-5-2007 |
|------------------------------------------|-------------------------------------------------|-------------------------|

Title
Administrative Assistant

| | | |
|--------------------------------------------------|----------------------|----------------------------|
| Approved by (Signature) <i>/s/ James Stovall</i> | Name (Printed/Typed) | Date MAY 15 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)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

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

Additional Operator Remarks:

Surface casing to be set into Rustler below all fresh water sands.
Production casing will be cemented using Zone Seal Cement.
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 location.

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. 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 47545 | Pool Name Nash Draw (Delaware, Bone Spring, Avalon Sd) |
| Property Code 001796 | Property Name POKER LAKE UNIT | Well Number 220 |
| 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| LOT 3 | 19 | 24 S | 30 E | | 1780 | SOUTH | 990 | 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 40 | 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

| | | | | |
|-------------------|-----------|-----------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LOT 1 - 40.77 AC. | 40.66 AC. | 40.65 AC. | 40.65 AC. | 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. Signature _____ Date _____ <u>Refer to original plat</u> Printed Name _____ |
| LOT 2 - 40.87 AC. | 40.69 AC. | 40.68 AC. | 40.66 AC. | |
| LOT 3 - 40.94 AC. | 40.69 AC. | | | |
| | | | | |
| LOT 4 - 41.06 AC. | 40.73 AC. | 40.70 AC. | 40.70 AC. | 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. APR 15, 2004 Date Surveyed _____ Signature & Seal of Professional Surveyor _____ Certificate No. Gary L. Jones 7977 BASIN SURVEYS |

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

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

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

| | | | |
|-------------------------|------------------------------------------------------|--------------------|---------------------------------|
| API Number | | Pool Code 47545 | Pool Name NASH DRAW DELAWARE |
| Property Code 001796 | Property Name POKER LAKE UNIT | | Well Number 220 |
| OGRID No. 001801 | Operator Name BASS ENTERPRISES PRODUCTION COMPANY | | Elevation 3124' |

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| LOT 3 | 19 | 24 S | 30 E | | 1780 | SOUTH | 990 | WEST | EDDY |

| | | | | | | | | | |
|-----------------------|----------------------|--------------------|-------|-----------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres 40 | Joint or Infill I | Consolidation Code | | Order No. | | | | | |

| | | | |
|------------------------------------------------------------------------------|--|--|--|
| <p>LOT 1 - 40.77 AC. 40.66 AC. 40.65 AC. 40.65 AC.</p> | | | |
| <p>LOT 2 - 40.87 AC. 40.69 AC. 40.68 AC. 40.66 AC.</p> | | | |
| <p>LOT 3 - 40.94 AC. 40.69 AC. 40.68 AC. 40.67 AC.</p> | | | |
| <p>LOT 4 - 41.06 AC. 40.73 AC. 40.70 AC. 40.70 AC.</p> | | | |

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

William R. Dannels

Signature _____

W.R. DANNELS

Printed Name _____

DIVISION DRILLING SUPT.

Title _____

2/4/05

Date _____

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.

APRIL 15, 2004

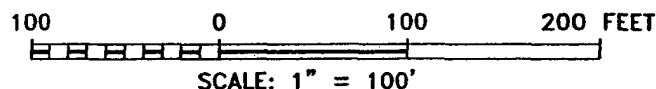
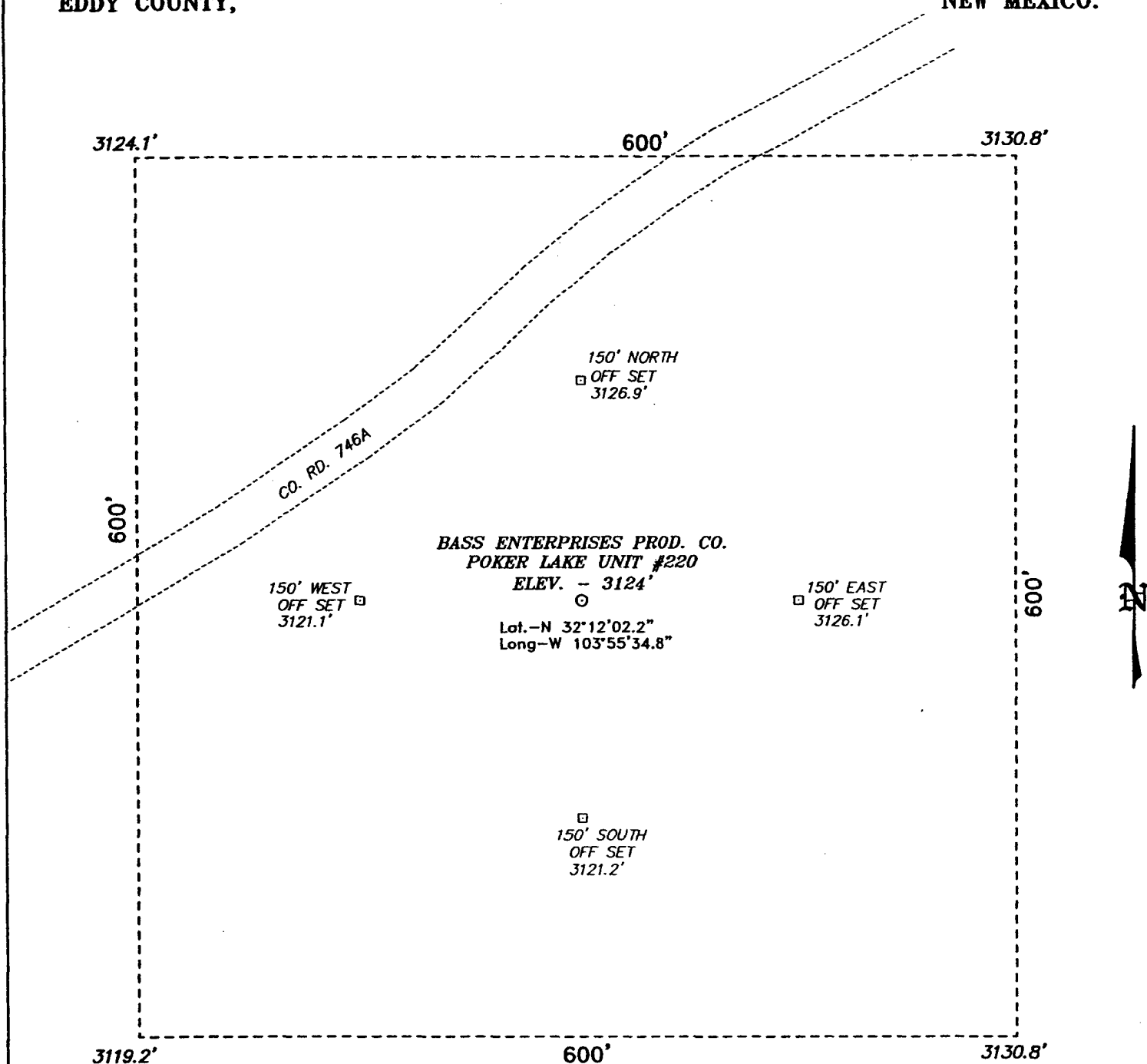
Date Surveyed _____

Signature & Seal of Professional Surveyor _____

Certificate No. _____

BASIN SURVEYS

SECTION 19, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 746A AND CO. RD. 748, GO EASTERLY ON CO. RD. 746A FOR APPROX. 0.3 MILE TO A POINT ON THE PROPOSED WELL PAD.

BASS ENTERPRISES PRODUCTION CO.

REF: POKER LAKE UNIT No. 220 / Well Pad Topo

THE POKER LAKE UNIT No. 220 LOCATED 1780' FROM
THE SOUTH LINE AND 990' FROM THE WEST LINE OF
SECTION 19, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

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

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

W.O. Number: 4147

Drawn By: K. GOAD

Date: 04-23-2004

Disk: KJG CD#7 - 4147A.DWG

Survey Date: 04-15-2004

Sheet 1 of 1 Sheets

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

NAME OF WELL: Poker Lake Unit #220

LEGAL DESCRIPTION - SURFACE: 1780' FSL & 990' FWL, Section 19, T-24-S, R-30-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 3144' (est) GL 3124'

| <u>FORMATION</u> | <u>ESTIMATED TOP FROM KB</u> | <u>ESTIMATED SUBSEA TOP</u> | <u>BEARING</u> |
|---------------------------|----------------------------------|---------------------------------|----------------|
| T/Rustler | 119' | +3025 | Barren |
| T/Salt | 359' | +2785' | Barren |
| T/Lwr Brushy Canyon "8" A | 6929' | -3785' | Oil/Gas |
| T/Bone Spring | 7202' | -4058' | Oil/Gas |
| TD | 7600' | -4456' | |

POINT 3: CASING PROGRAM

| <u>TYPE</u> | <u>INTERVALS</u> | <u>PURPOSE</u> | <u>CONDITION</u> |
|---------------------------|------------------|----------------|-----------------------|
| 16" 32 | 0' - 40' | Conductor | Contractor Discretion |
| 8-5/8" 28#, J-55, LT&C | 0' - 310' | Surface | New |
| 5-1/2", 15.5#, J-55, LT&C | 0' - 6300' | Production | New |
| 5-1/2", 17#, J-55, LT&C | 6300' - 7600' | Production | New |

Hole 12 1/4 7 1/8 7600

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

See COR A BOP equivalent to Diagram 1 will be nipped up on the surface casing head. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 70% of internal yield pressure of casing. In addition to the high pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen 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.

POINT 5: MUD PROGRAM

| DEPTH | MUD TYPE | WEIGHT | FV | PV | YP | FL | Ph |
|--------------|--------------------|-----------|-------|----|----|--------|------------|
| 0' - 310' | FW Spud Mud | 8.5 - 9.2 | 70-38 | NC | NC | NC | 10.0 |
| 310' - 5600' | Brine Water | 9.8 -10.2 | 28-30 | NC | NC | NC | 9.5-10.5 |
| 5600' - TD' | Brine Water/Diesel | 8.8 - 9.0 | 32-40 | 8 | 2 | <25 cc | 9.5 - 10.0 |

**May increase vis for logging purposes only.*

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

None anticipated.

B) LOGGING

GR-CNL-LDT-AIT from TD to base of Salt (+/- 3200').
GR-CNL-CAL from base of Salt to surface.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

| INTERVAL | AMOUNT SXS | FT OF FILL | TYPE | GALS/SX | PPG | FT ³ /SX | | |
|-----------------------------------------------------------|------------|------------|----------------------------------------------------------|---------|----------|---------------------|--------------------------------|---------------------------------|
| SURFACE: | | | | | | | | |
| Lead 0'-310' (100% excess circ to surface) | 200 | 310 | Prem Plus + 2% CaCl ₂ + 1/2# Flocele | 6.33 | 14.8 | 1.35 | | |
| PRODUCTION: | | | | | | | | |
| Base Slurry w/nitrogen 2900-7600' + (50% excess) | 775 | 4700 | Premium Plus + 2% Zone Sealant 2000 <i>See COA</i> | 6.32 | 9.1-14.5 | 2.3-1.39 | Nitrogen 300/600 scf/bbl | Compressive Strength 1200 |

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3438 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3413-7066'. 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

12 days drilling operations

14 days completion operations

WRD/cdg

February 1, 2005

Bass Enterprises Production Company

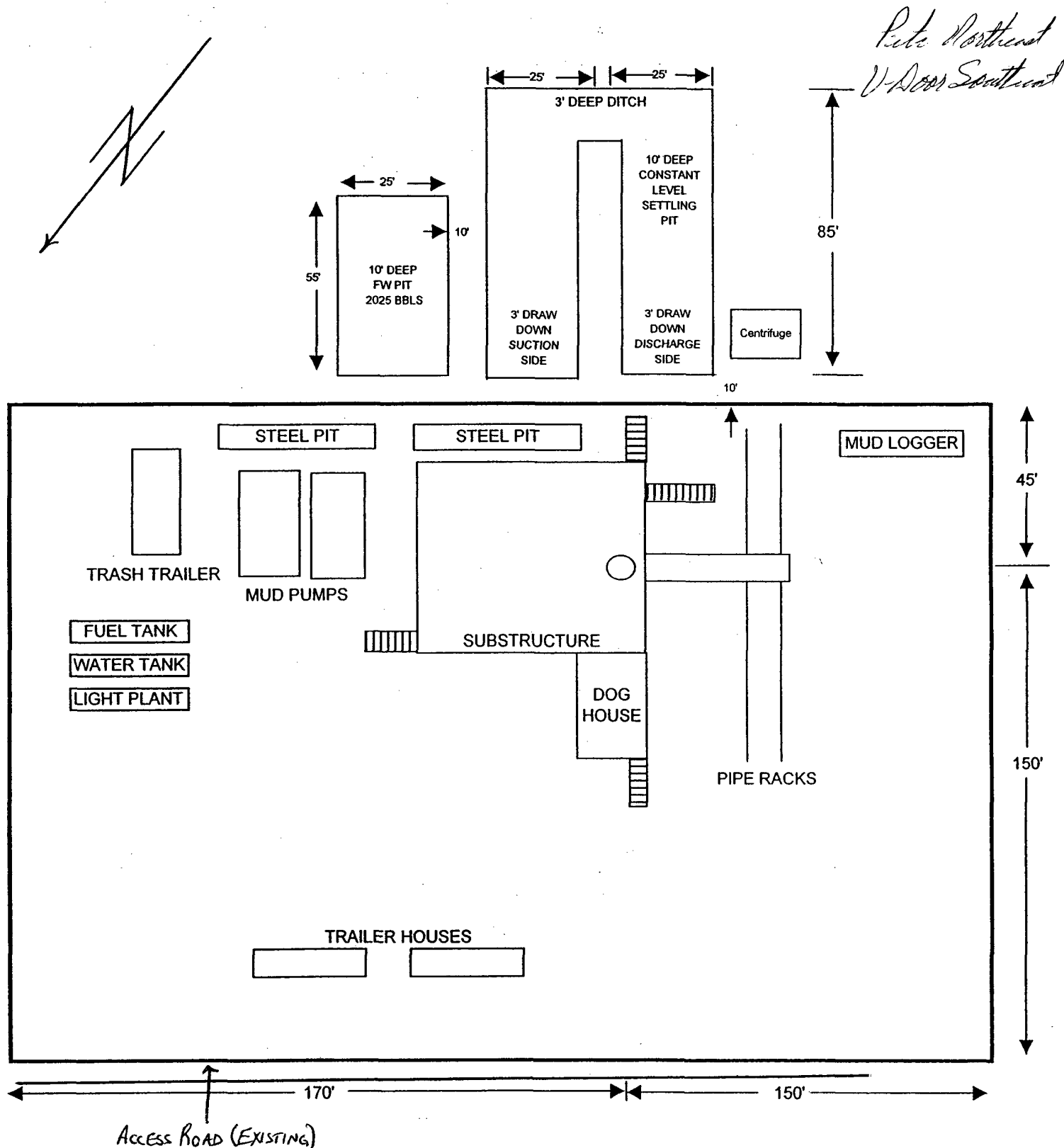
Grey Wolf Rig 15

Well Pad

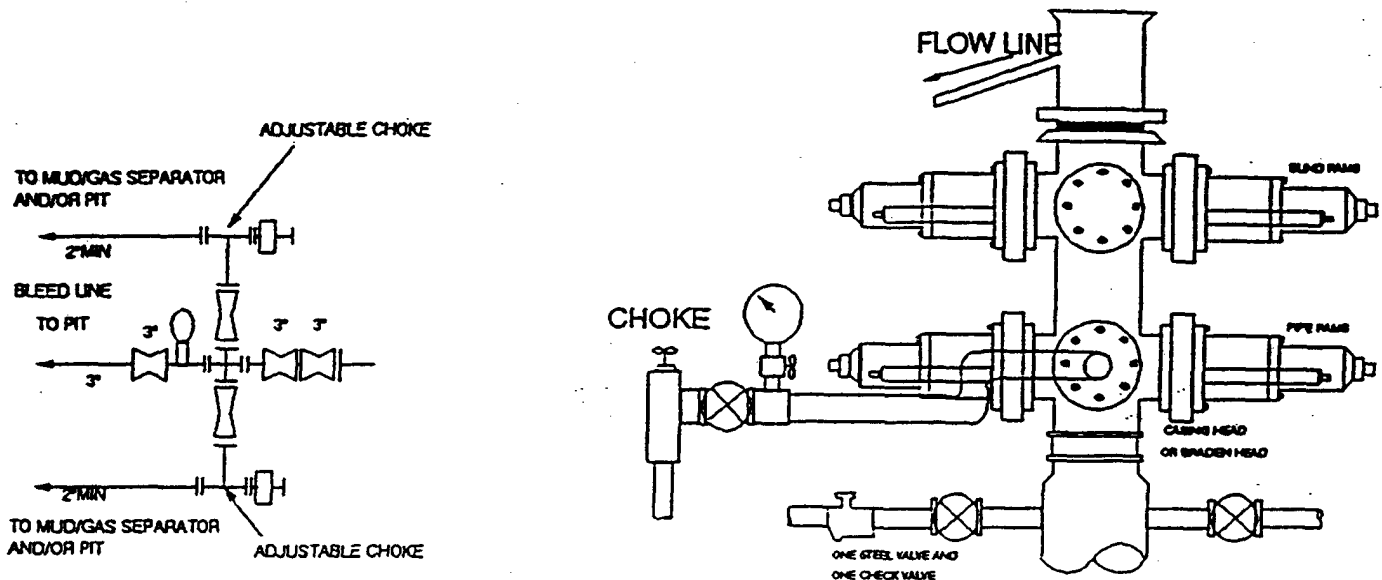
Reserve Pit Diagram

POKER LAKE UNIT #220

EXHIBIT "D"



2000 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.

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #220

LEGAL DESCRIPTION - SURFACE: 1780' FSL & 990' FWL, Section 19, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit A and Survey Plats

B) Existing Roads:

From Carlsbad, New Mexico, go 8 miles south on Highway 285 to Highway 31. Turn north and go 7 miles on Highway 31. Turn east on Highway 128 and go 4 miles to Rawhide Road (located between mile markers 4 and 5). Turn southeast onto Rawhide Road and go approximately 11.0 miles southerly.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit A and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

See Exhibit B. No new roads required. Location is located adjacent to an existing lease road.

B) Width

N/A

C) Maximum Grade

Not applicable.

D) Turnout Ditches

Spaced per BLM requirements.

E) Culverts, Cattle Guards, and Surfacing Equipment

If required, culverts and cattle guards will be set per BLM Specs.

POINT 3: LOCATION OF EXISTING WELLS

Exhibits A & B indicate existing wells within the surrounding area.

Conditions of Approval Cave and Karst

EA#: NM-080-07-0648

Lease #: NM-02860

**Bass Enterprises Production Company (BEPCO)
Poker Lake Unit #220**

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. Use depth to the deepest expected fresh water as listed in the geologist report.

Casing:

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

Record Keeping:

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: BEPCO, L.P.
Well Name & No. 220-Poker Lake Unit
Location: 1780FSL, 0990FWL, Section 19, T-24-S, R-30-E
Lease: NMNM 02860

.....

I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B. Although no Hydrogen Sulfide has been reported in the area, it is always a possible hazard.
- C. 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.

II. CASING:

- A. The 8-5/8 inch surface casing shall be set above the salt and a minimum of 25 feet into the Rustler Anhydrite at approximately 310 feet and cemented to the surface.
1. 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.

**Possible lost circulation in the Delaware and Bone Spring formations.
High cave/karst.**

- B. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend a minimum of 200 feet inside the surface casing.**

- C. 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 I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) PSI**.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. 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.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. 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.

Engineer on call: 505-706-2779

WWI 041307