

OCD-ARTESIA

AUG 12 2008

OCD-ARTESIA

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No NM0522 A
1b Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" 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 Poker Lake Unit 001796
3a Address P. O. Box 2760 Midland, TX 79702		8 Lease Name and Well No Poker Lake Unit #199
3b Phone No (include area code) 432-683-2277		9 API Well No 30-015-36506
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface SESW, UL N. 1000' FSL, 1685' FWL, Lat N32.183792, Lon W103.785828 At proposed prod zone Carlsbad Controlled Water Basin		10 Field and Pool, or Exploratory Wildcat (Devonian)
12 Distance in miles and direction from nearest town or post office* 21 miles East of Malaga, NM		11 Sec, T R M or Blk and Survey or Area Sec 28, T24S, R31E, Mer NMP
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 1000'	16 No. of acres in lease 960'	17 Spacing Unit dedicated to this well 320
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1650'	19 Proposed Depth 16,600'	20 BLM/BIA Bond No on file NM 2204
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3458' GL	22 Approximate date work will start* 10/15/2008	23 Estimated duration 75 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 5-16-08
Title Administrative Assistant		

Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed) /s/ Don Peterson	Date AUG - 8 2008
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

Title 18 USC Section 1001 and Title 43 USC Sect States any false, fictitious or fraudulent statements

*(Instructions on page 2)

**NOTE: NEW PIT RULE
19-15-17 NMAC PART 17**

**A form C-144 must be approved
before starting drilling operations.**

APPROVAL FOR TWO YEARS

make to any department or agency of the United

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

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

DISTRICT II
1301 S. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., 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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96061	Pool Name Wildcat (Devonian)
Property Code 001776	Property Name POKER LAKE UNIT	Well Number 199
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3458'

Surface Location

UL or lot No. N	Section 28	Township 24 S	Range 31 E	Lot Idn	Feet from the 1000	North/South line SOUTH	Feet from the 1685	East/West line WEST	County EDDY
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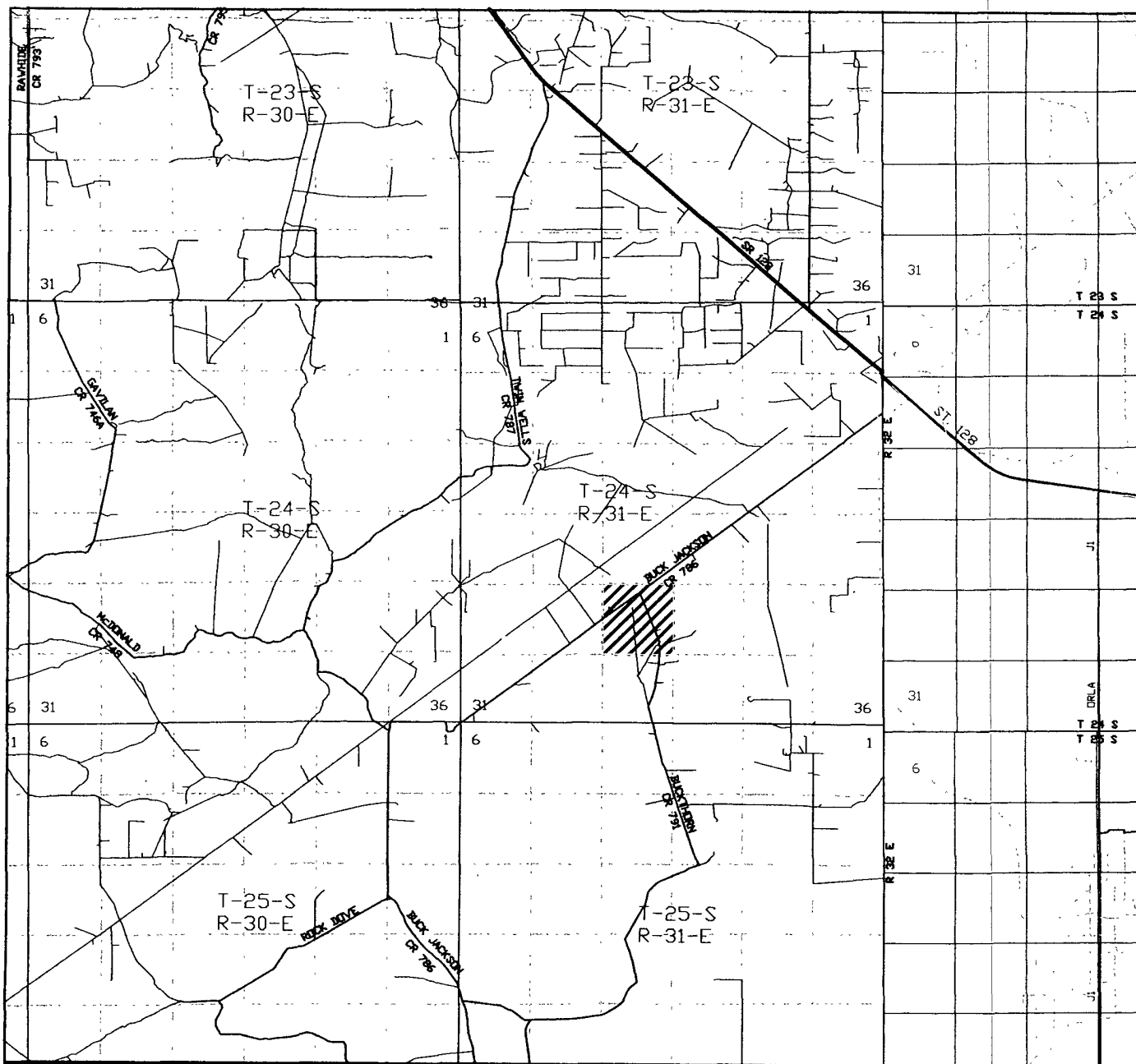
Bottom Hole Location If Different From Surface

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>SURFACE LOCATION LAT - N32°11'01.65" LONG - W103°47'08.98" SPC- N.: 431028.807 E.: 710719.275 (NAD-83)</p>	<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>Carl Bird</i> 5/8/08 Signature Date</p> <p>Carl Bird Printed Name</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>MARCH 17, 2008 Date Surveyed Signature & Seal of Professional Surveyor W.C. JONES, 7977 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
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BEPCO, L.P., at P. O. Box 2760, Midland, TX, 79702 is a subsidiary of BEPCO, L.P., 201 Mail Street, Ft. Worth, TX, 76102. Bond No. NM 2204 (Nationwide).



POKER LAKE UNIT #199
 1000' FSL and 1685' FWL
 Section 28, Township 24 South, Range 31 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: JMS 19342TR

Survey Date: 03-07-2008

Scale: 1" = 2 MILES

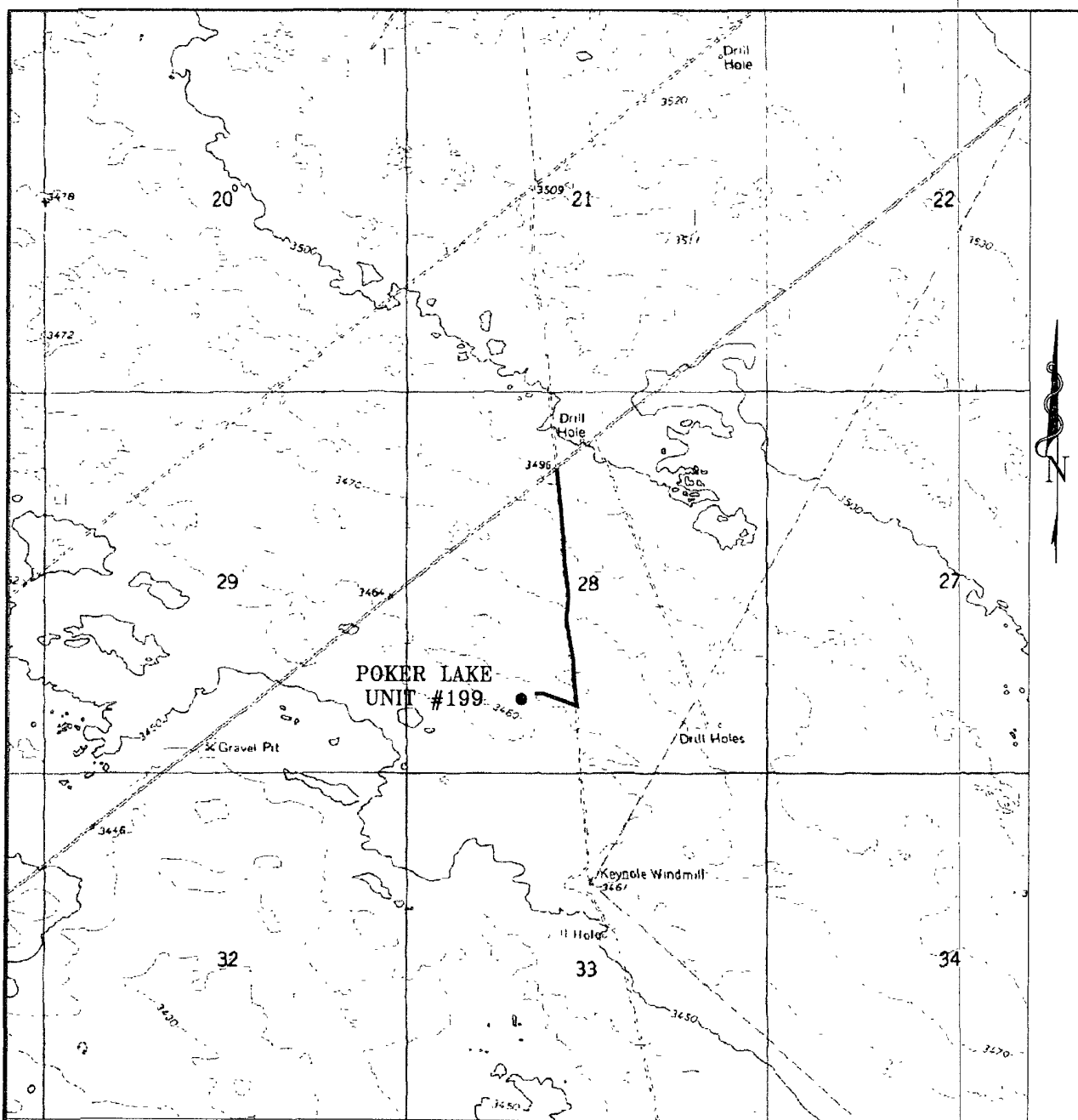
Date: 03-10-2008

BEPCO, L.P.

Poker Lake Unit #199



Exhibit "A"



POKER LAKE UNIT #199

1000' FSL and 1685' FWL

Section 28, Township 24 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.

EIGHT POINT DRILLING PROGRAM BASS ENTERPRISES PRODUCTION CO.

NAME OF WELL: POKER LAKE UNIT #199

LEGAL DESCRIPTION - SURFACE: 1000' FSL & 1685' FWL, Section 28, T24S, R31E, 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 3482' (est)
GL 3458'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUB SEA TOP</u>	<u>BEARING</u>
T/Rustler	579'	+2,903'	Barren
T/Salt	897'	+2,585'	Barren
B/Salt	4,082'	- 600'	Barren
T/Lamar Lime	4,422'	- 940'	Barren
T/Delaware Sands	4,462'	- 980'	Oil/Gas
T/Bone Spring	8,197'	- 4,715'	Oil/Gas
T/Wolfcamp	11,527'	- 8,045'	Oil/Gas
T/Wolfcamp Detrital	12,712'	- 9,320'	Oil/Gas
T/ Atoka	13,687'	-10,205'	Oil/Gas
T/Morrow	14,387'	-10,905'	Oil/Gas
T/Middle Morrow	14,867'	-11,385'	Oil/Gas
T/Lower Morrow	15,307'	-11,825'	Oil/Gas
T/Mississippian	16,052'	-12,570'	Oil/Gas
T/Woodford	16,382'	-12,900'	Oil/Gas
T/Devonian	16,502'	-13,020'	Oil/Gas
TD	16,583'	-13,101'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>	<u>Hole Size</u>
<u>HOLE SIZE</u>				
30"	0' - 40'	Conductor	New	34"
20", 94#, J-55, BTC <i>STC</i>	0' - 887'	Surface	New	26"
13-3/8", 68#, N-80, BTC <i>STC</i>	0' - 4,482'	Intermediate	New	17- 1/2"
4 1/2" <i>STC</i>				
9-5/8", 53.5#, P-110, LTC	0' - 12,750'	Intermediate	New	12- 1/4"
4 1/2"				
7-5/8", 42-8#, P-110, LTC	12,450' - 16,525'	Drilling Liner	New	8- 1/2"
1 1/2" <i>39# 8-125 FJ</i>				
5", 18#, L-80, STL	16,225' - 16,600'	Production Liner	New	6- 1/8"
1/8"				

CASING DESIGN SAFETY FACTORS:

<u>TYPE</u>	<u>TENSION(a)</u>	<u>TENSION(b)</u>	<u>COLLAPSE</u>	<u>BURST</u>
FG				
20", 94#, J55, BTC	16.8	19.33	1.59	2.67
1				
13 3/8", 68#, N-80, BTC	5.20	6.05	1.23	1.26
1				
9 5/8", 53.5#, P-110, LTC	3.04	3.50	1.74	1.40
1				
7 5/8", 42.8#, P-110, LTC	6.94	7.99	1.36	3.91
1				
5", 18#, L-80, STL	44.62	51.37	2.50	1.00
0.72				

DESIGN CRITERIA AND CASING LOADING ASSUMPTIONS:

SURFACE CASING

Tension	A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).
Collapse	A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.
Burst	A 1.3 design factor with a surface pressure equal to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Backup pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient. The effects of tension on burst will not be utilized.

PROTECTIVE CASING

Tension	A 1.6 design factor utilizing the effects of buoyancy (10 ppg).
Collapse	<p>A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.52 psi/ft). The effects of axial load on collapse will be considered.</p> <p>In the case of development drilling, collapse design should be analyzed using internal evacuation equal to 1/3 the proposed total depth of the well. This criterion will be used when there is absolutely no potential of the protective string being used as a production casing string.</p>
Burst	A 1.0 surface design factor and a 1.3 downhole design factor with a surface pressure equivalent to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Backup pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient.

PRODUCTION CASING

Tension	A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).
Collapse	A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.
Burst	A 1.25 design factor with anticipated maximum tubing pressure (3529 psig) on top of the maximum anticipated packer fluid gradient. Backup on production strings will be formation pore pressure. The effects of tension on burst will not be utilized.

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAMS)

A BOP equivalent to Diagram 1 will be nipped up on the surface, first, and second intermediate casings. Bass requests a waiver to Onshore Order #2 which states the BOP, and associated equipment must be tested to the rated working pressure or 70% of the interval yield pressure. Our plans are to test the BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydrostatically to 1000 psi on the surface installation, then 3000 psi on the first intermediate, and 10,000 psi on the second intermediate casing. The annular will be tested to 2500 psi. In addition to the high-pressure test, and a low pressure (250 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. See 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' - 887'	FW	8.5 - 9.2	45-35	NC	NC	NC	9.5
887' - 4,482'	CBW	9.2 - 10.0	28-30	NC	NC	NC	9.5
4,482' - 11,500'	FW	8.6 - 8.9	28-30	4	2	NC	9.5
11,500' - 12,700'	CBW	8.6 - 9.0	28-30	6	4	NC	9.5
12,700' - 16,525'	CBW/Polymer	9.0 - 14.0	32-55	12-20	12/22	10-15	9.5 - 10.0
16,525' - TD	CBW	8.6 - 9.0	28-35	2-4	2-4	NC	9.5 - 10.0

POINT 6: TECHNICAL STAGES OF OPERATION

per operator based on offset well 8-5-08

A) TESTING

Dill stem test may be performed on significant shows in zones of interest, but none are anticipated.

B) LOGGING

Run #1:

GR-CNL-LDT-LLD run from 9-5/8" TD to 1st ICP, GR-CLN to surface. May run logging suite across Delaware prior to drilling below 7400' if mud log shows warrant.

Run #2:

GR-CNL-LDT-LLD run from 1st Liner TD to second ICP, FMI across Wolfcamp as needed.

Run #3:

GR-CNL-LDT-LLD run from TD to 1st Liner CP.

C) CORING

No cores are anticipated.

POINT 6: TECHNICAL STAGES OF OPERATION – Cont'd...

D) CEMENT:

<u>INTERVAL</u>	<u>AMOUNT</u> <u>SXS</u>	<u>FT OF</u> <u>FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
SURFACE						
Lead						
0'-587'	950	587	Permian Basin Critical	10.30	12.80	1.89
(100% excess)			Zone + 1/8#/sx Pol-e-flake			
Tail						
587'-887'	750	300	Premium Plus + 2% CaCl ₂	6.32	14.80	1.34
(100% excess)			+ 1/8#/sx Pol-e-flake			
INTERMEDIATE						
<u>INTERVAL</u>	<u>AMOUNT</u> <u>SXS</u>	<u>FT OF</u> <u>FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
Lead						
0'-3800'	1650	3832	Interfill C + 1/8#/sx	14.10	11.90	2.45
(100% excess)			Pol-e-flake			
Tail						
3800'-4450'	545	650	Premium Plus + 2%	6.34	14.80	1.34
(100% excess)			CaCl ₂			
PRODUCTION (Two stage w/DV tool @ 9000' and circulate cement to 4000')						
<u>INTERVAL</u>	<u>AMOUNT</u> <u>SXS</u>	<u>FT OF</u> <u>FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
1st Stage						
Lead						
9000'-12,000'	585	3000	Interfill H + 5 pps Gilsonite	13.61	11.90	2.46
(50% excess)			+ 0.5% Halad 9 + 1/8 pps			
Tail						
12,000'-12,700'	225	700	Super H + 0.5% Halad 344	8.20	13.00	1.67
(50% excess)			+ 0.4% CFR3 + 5 pps Gilsonite			
			+ 1 pps Salt + 0.2% HRT			
2nd Stage						
Lead						
4000'-8,300'	825	4350	Interfill H + 1/8 pps	14.00	11.90	2.45
(50% excess)			Pol-e-flake + 0.5% Halad 9			
Tail						
8,300'-9,000'	215	700	Super H + 0.5% Halad 344	8.20	13.00	1.67
(50% excess)			+ 0.4% CFR3 + 5 pps Gilsonite			
			+ 1 pps Salt + 0.2% HRT			
DRILLER LINER						
12,400'-16,525'	410	4125	Class H + 0.8% Halad 322	5.68	15.40	1.28
(25% excess 300' overlap)			+ 0.6% Halad 344 + 0.2%			
			HR-7 + 5 pps Microbond M			
PRODUCTION LINER						
16,225'-16,600'	100	375	Class H + 0.8% Halad 322	5.68	15.40	1.28
(25% excess 300' overlap)			+ 0.6% Halad 344 + 0.2%			
			HR-7 + 5 pps Microbond M			

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware and Bone Spring. The Lower Wolfcamp may be abnormally pressured with a BHP of 8100 psi or an equivalent mud weight of 12.2 ppg. The Atoka may be abnormally pressured with expected BHP of 9975 psi (max) or an equivalent mud weight of 13.8 ppg. The Morrow expected BHP is 8750 (max) or an equivalent mud weight of 10.5 ppg @ the base of the zone. The Devonian is expected to be subnormally pressured with an expected BHP of 7070 psi (max) or an equivalent mud weight of 8.2 ppg. Due to the tight nature of the reservoir rock (high pressure, low volume), the well will be drilled under balanced utilizing a rotating head. H₂S is anticipated in high concentrations in the Devonian, but none should be encountered in any upper zones.

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

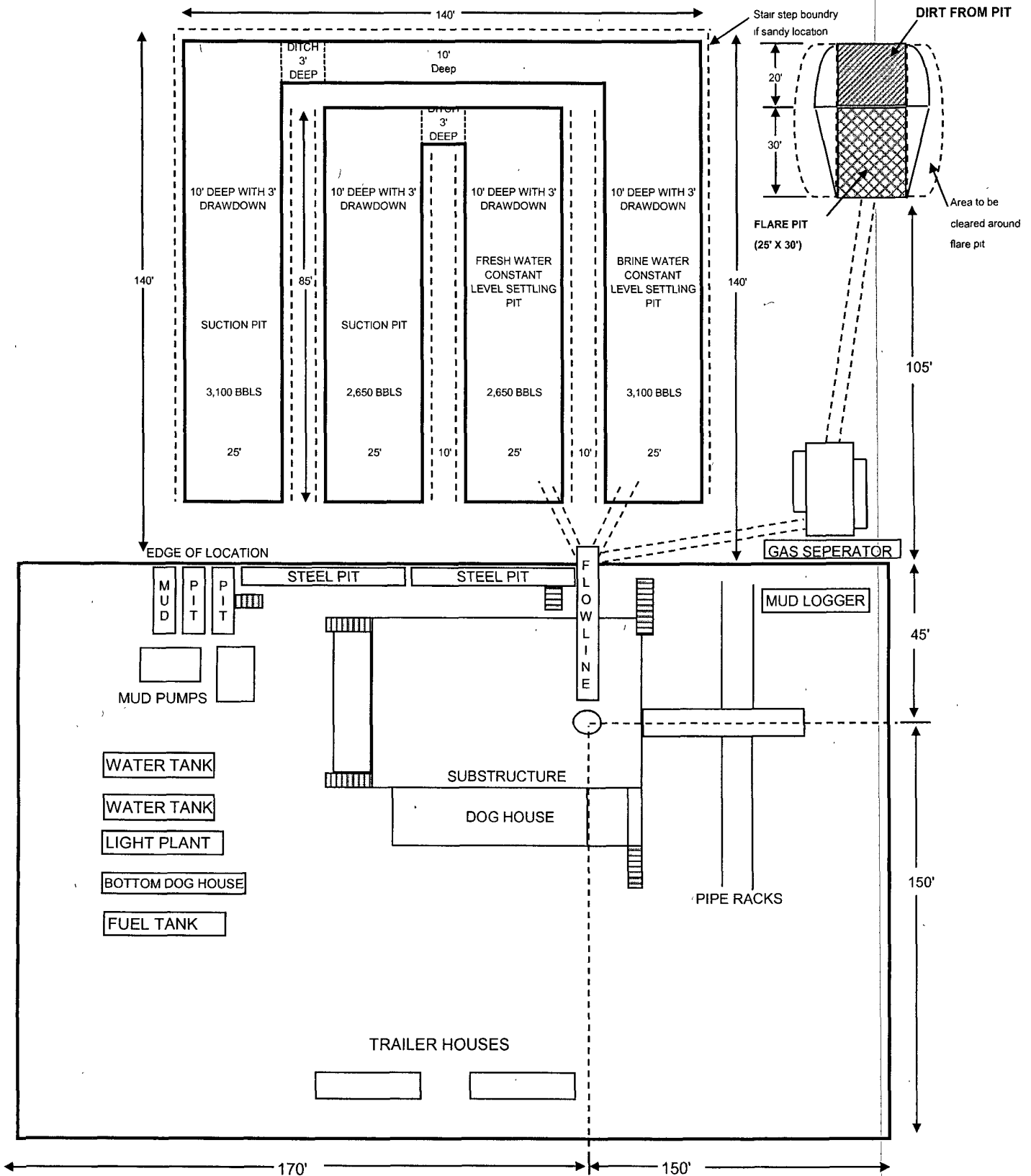
75 days drilling operations

25 days completion operations

CUB/mac
May 8, 2008

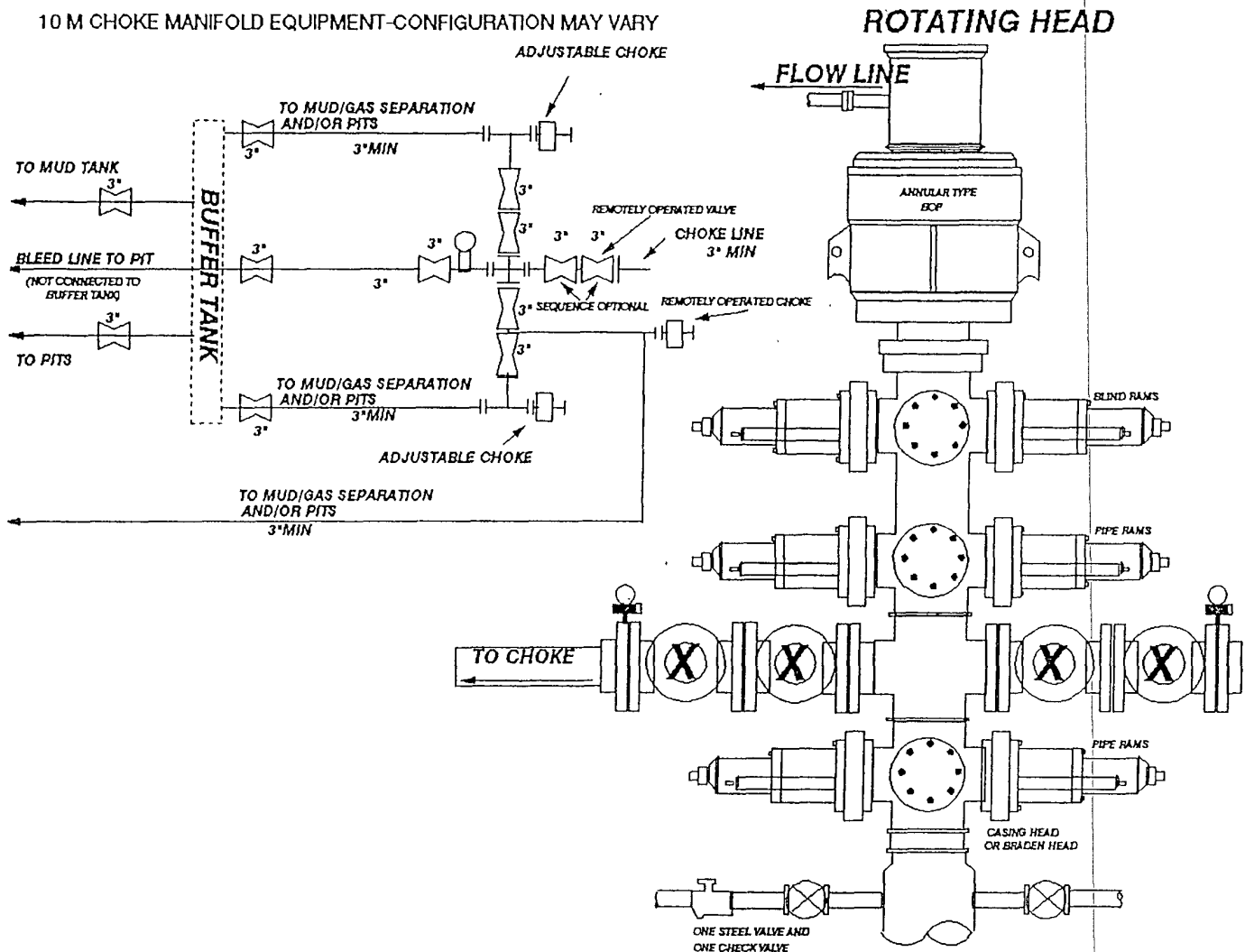


Rig Layout Schematic Exhibit "D"



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 preventors.
- 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.

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: POKER LAKE UNIT #199

LEGAL DESCRIPTION - SURFACE: 1000' FSL & 1685' FWL, Section 28, T24S, R31E, Eddy County, New Mexico

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit "A".

B) Existing Roads:

From the junction of state hwy 128 and co. rd. 786, southeast 4.7 miles on Buck Jackson to two track and proposed lease road.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit "B".

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

See Exhibit "B" and survey plats. The new road will be approximately 3,970' long.

B) Width

12' wide

C) Maximum Grade

Not applicable.

D) Turnout Ditches

Spaced per BLM requirements.

E) Culverts, Cattle Guards, and Surfacing Equipment

None.

POINT 3: LOCATION OF EXISTING WELLS

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

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

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

None

- B) New Facilities in the Event of Production:

Will build new facilities on this location.

- C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Those access areas required for continued production will be graded to provide drainage and minimize erosion. The areas unnecessary for use will be graded to blend in with the surrounding topography (See Point 10)

POINT 5: LOCATION AND TYPE OF WATER SUPPLY

- A) Location and Type of Water Supply

Brine water will be hauled from commercial facilities. Fresh water to be hauled from Carlsbad, New Mexico; Mills Ranch; or Diamond and Half Water Station.

- B) Water Transportation System

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

POINT 6: SOURCE OF CONSTRUCTION MATERIALS

- A) Materials

Surface caliche will be used if possible. If not found on location, caliche service will be nearest BLM – approved open pit.

- B) Land Ownership

Federally owned land for both surface location and bottom hole location.

- C) Materials Foreign to the Site

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

- D) Access Roads

See Exhibit "A", Exhibit "B", and survey plats.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

A) Cuttings

Cuttings will be contained in the plastic lined reserve pit.

B) Drilling Fluids

Drilling fluids will be contained in the plastic lined reserve pit.

C) Produced Fluids

Water production will be contained in the plastic lined reserve pit.

Hydrocarbon fluid or other fluids that may be produced during testing will be retained in 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 electric log analysis indicates potential productive zones. In any case, the "mouse" hole and the "rat" hole will be covered. The reserve pit will be bird netted and fenced only in the event of livestock present. The fence will be maintained until the pit is backfilled. Reasonable cleanup will be performed prior to the final restoration of the site.

POINT 8: ANCILLARY FACILITIES

A) None.

POINT 9: WELL SITE LAYOUT

A) Rig Orientation and Layout

Exhibit "D" shows 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 Exhibit "A" and "B".

C) Lining of the pits

The reserve pits will be lined with plastic.

POINT 10: PLANS FOR RESTORATION OF THE SURFACE**A) Reserve Pit Cleanup**

The pits will be fenced immediately after spudding only in the event of livestock present and maintained until backfilled. Prior to back filling, any hydrocarbon material on the pits' surfaces shall be removed. The fluids and solids contained in the pits shall be backfilled with soil excavated from the site and soil adjacent to the reserve pits. The restored surface of the pits 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 Bureau of Land Management stipulations during the appropriate season following restoration.

B) Restoration Plans - Production Developed

Reserve pits 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

Reserve pits 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 Bureau of Land Management's stipulations.

D) Rehabilitations Time table

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.

POINT 11: OTHER INFORMATION – Con't...

E) Surface Water

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

F) Water Wells

There is a waterwell located \pm 3000' southeast of this location

G) Residences and Buildings

No buildings within several miles of well site.

H) Historical Sites

None observed.

I) Archeological Resources

Before any construction begins, a 750' X 750' survey of this area will be performed by Boone Archeological with a full and complete archeological survey submitted to the Bureau of Land Management. 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 No ROW will be required.

K) Well signs will be posted at the drilling site

L) Open Pits

All pits containing liquid or mud will be fenced only in the event of livestock present 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

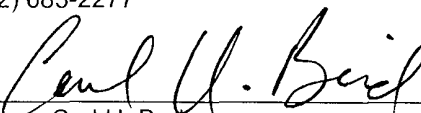
PRODUCTION

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

Steve Johnson.
Box 2760
Midland, Texas 79702
(432) 683-2277

Date
CUB:ktl

5/15/08


Carl U. Bird

OPERATOR 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 BEPCO, L.P. 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.

Date

5/15/08

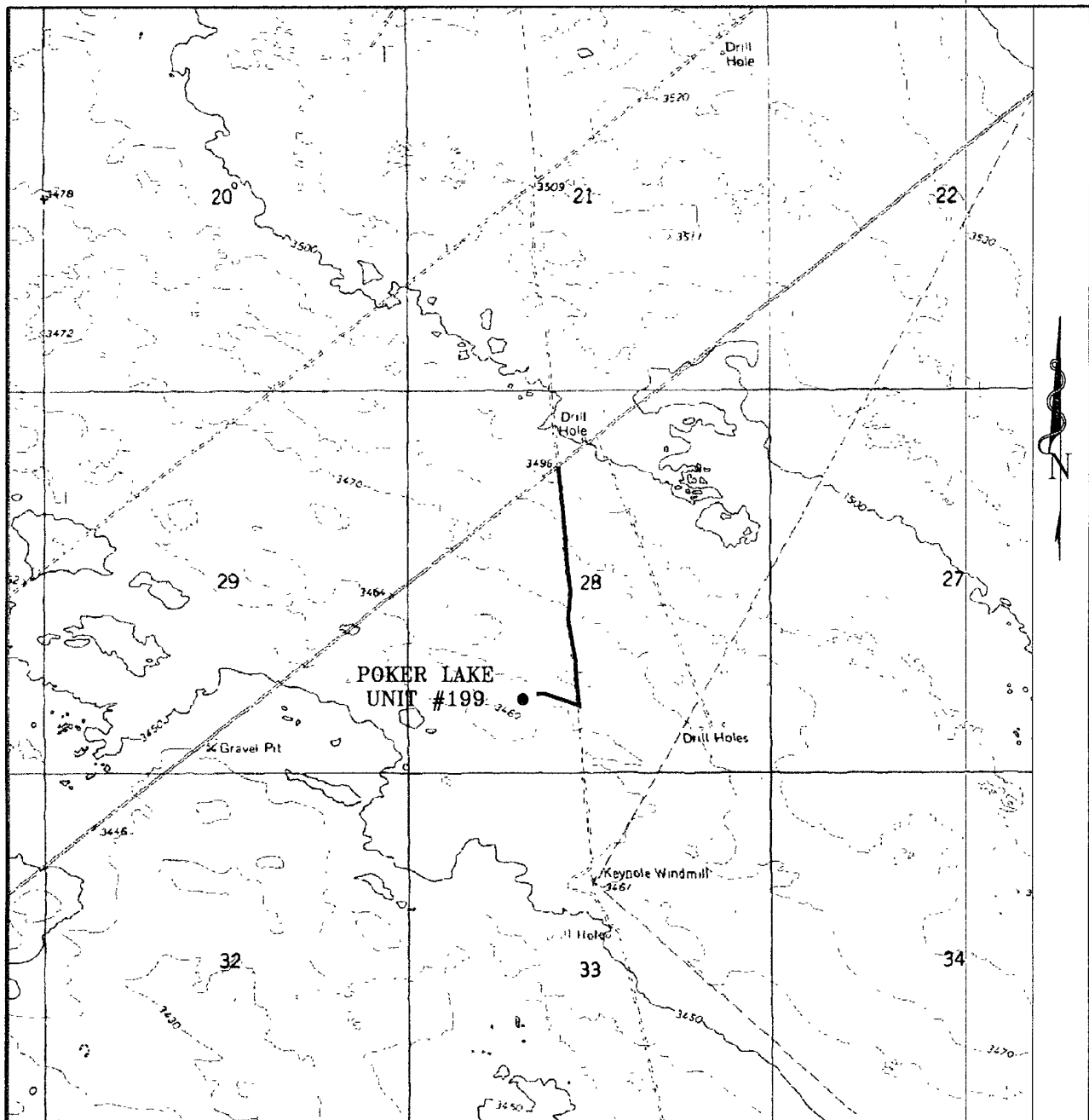
Carl U. Bird

Carl U. Bird

Poker Lake Unit #199



Exhibit "A"



POKER LAKE UNIT #199

1000' FSL and 1685' FWL

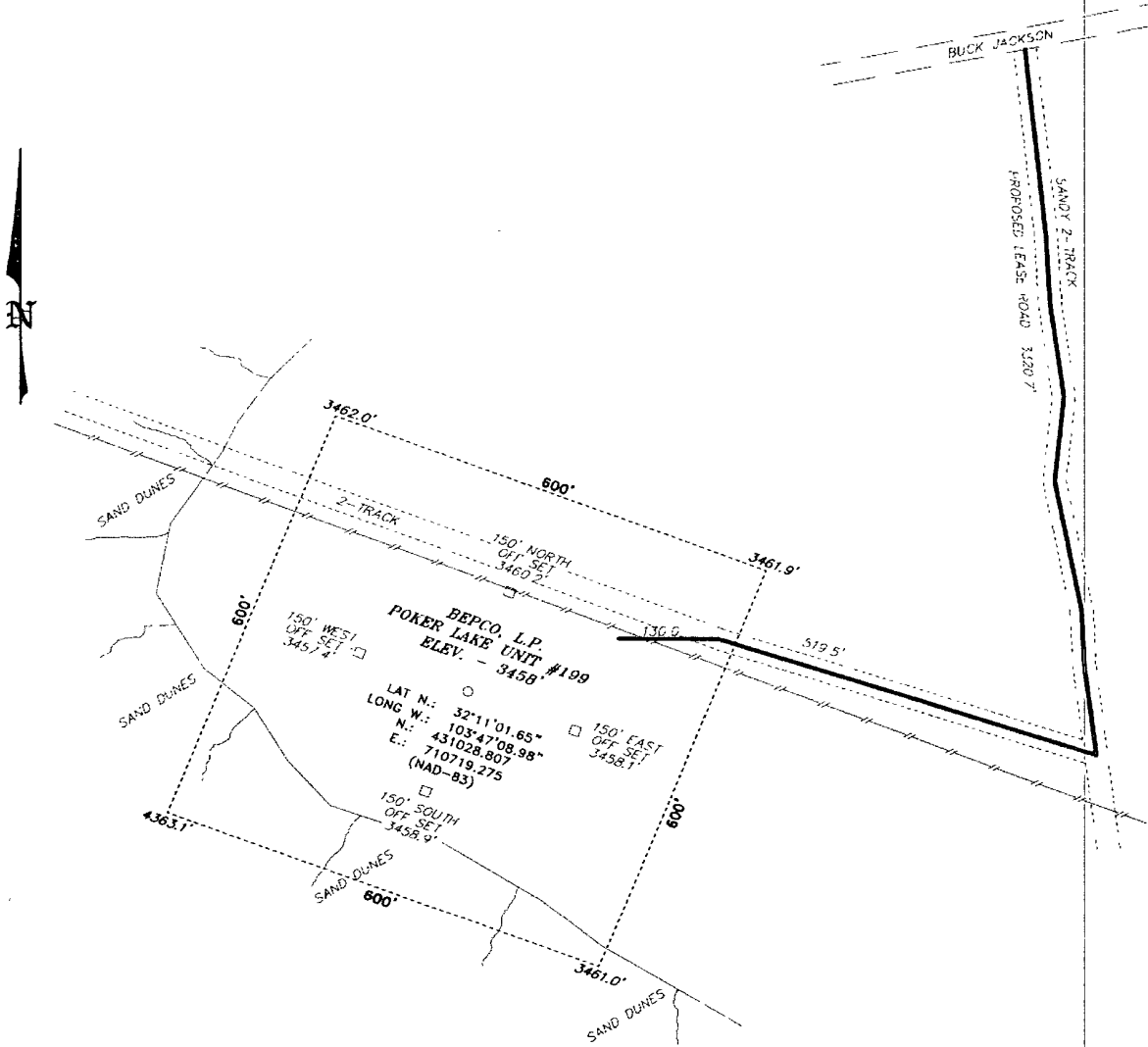
Section 28, Township 24 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.

Poker Lake Unit #199

Exhibit "B"



SECTION 28, TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION.

FROM THE JUNCTION OF STATE HWY 128 AND CO. RD
786, SOUTHEAST 4.7 MILES ON BUCK JACKSON TO
TWO TRACK AND PROPOSED LEASE ROAD

200 0 200 400 FEET
SCALE: 1" = 200'

BEPCO, L.P.

REF POKER LAKE UNIT #199 / WELL PAD AND TOPO
THE POKER LAKE UNIT #199 LOCATED 1000'
FROM THE SOUTH LINE AND 1685' FROM THE WEST LINE OF
SECTION 28, TOWNSHIP 24 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1785-HOBBS, NEW MEXICO

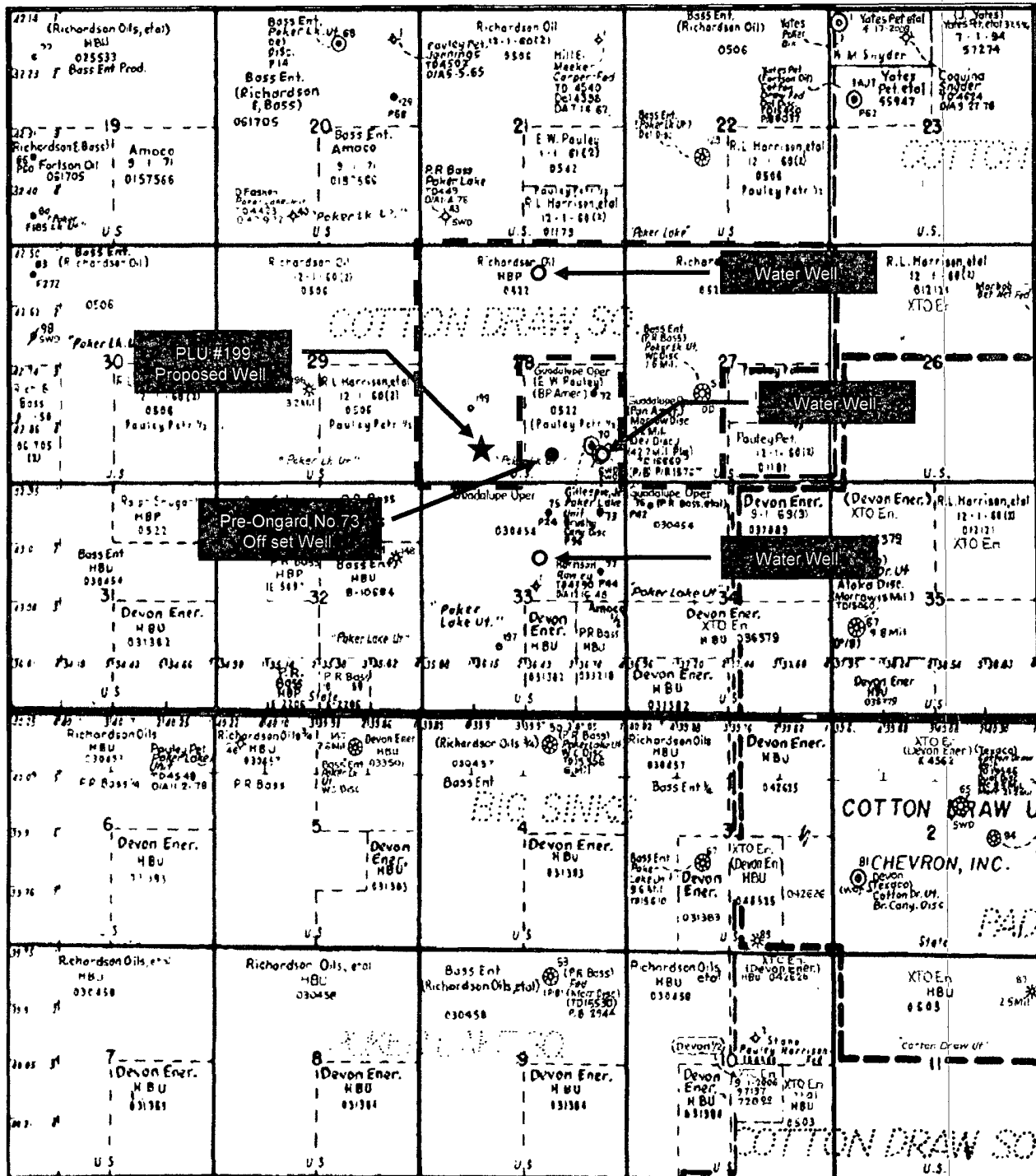
W.O. Number: 19342 Drawn By J. SMALL

Date: 03-10-2008 Disk 19342W JMS

Survey Date: 03-07-2008 Sheet 1 of 1 Sheets

Poker Lake Unit #199

Exhibit "C"



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BEPCO, L. P.
LEASE NO.:	NM0522A
WELL NAME & NO.:	POKER LAKE UNIT NO. 199
SURFACE HOLE FOOTAGE:	1000' FSL & 1685' FWL
BOTTOM HOLE FOOTAGE:	SAME
LOCATION:	Section 28, T. 24 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Lesser Prairie Chicken
- ☐ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. 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 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this 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 ft. from the source of the noise.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 150' X 150' on the South Southwest side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

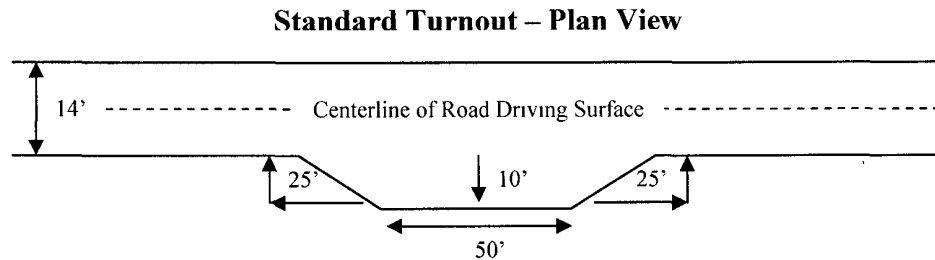
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

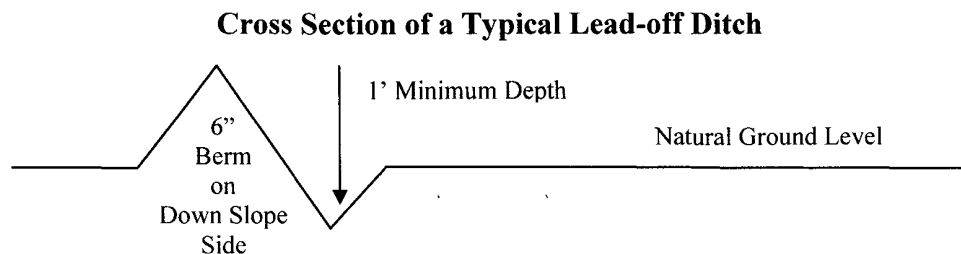
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation in the Delaware and Bone Spring formations. Wolfcamp may be extremely over pressured with 9000 psi at bottom hole. Pennsylvanian and Mississippian will be over pressured, the Woodford Shale normally pressured and the Devonian Limestone sub-normally pressured.

1. The **20 inch** surface casing shall be set **at approximately 887 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.
 - a. 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.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater.
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **13-3/8 inch** intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Operator to fill up every 25 joints while running 13-3/8" casing to maintain minimum collapse safety factor required by BLM.

Formation below the 13-3/8" shoe to be tested according to Onshore Order 2.III.B.1.i. If formation fails test, casing design will require review. Report results to BLM office.

3. The minimum required fill of cement behind the **9-5/8 inch** second intermediate casing is:

a. First stage to DV tool, cement shall:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

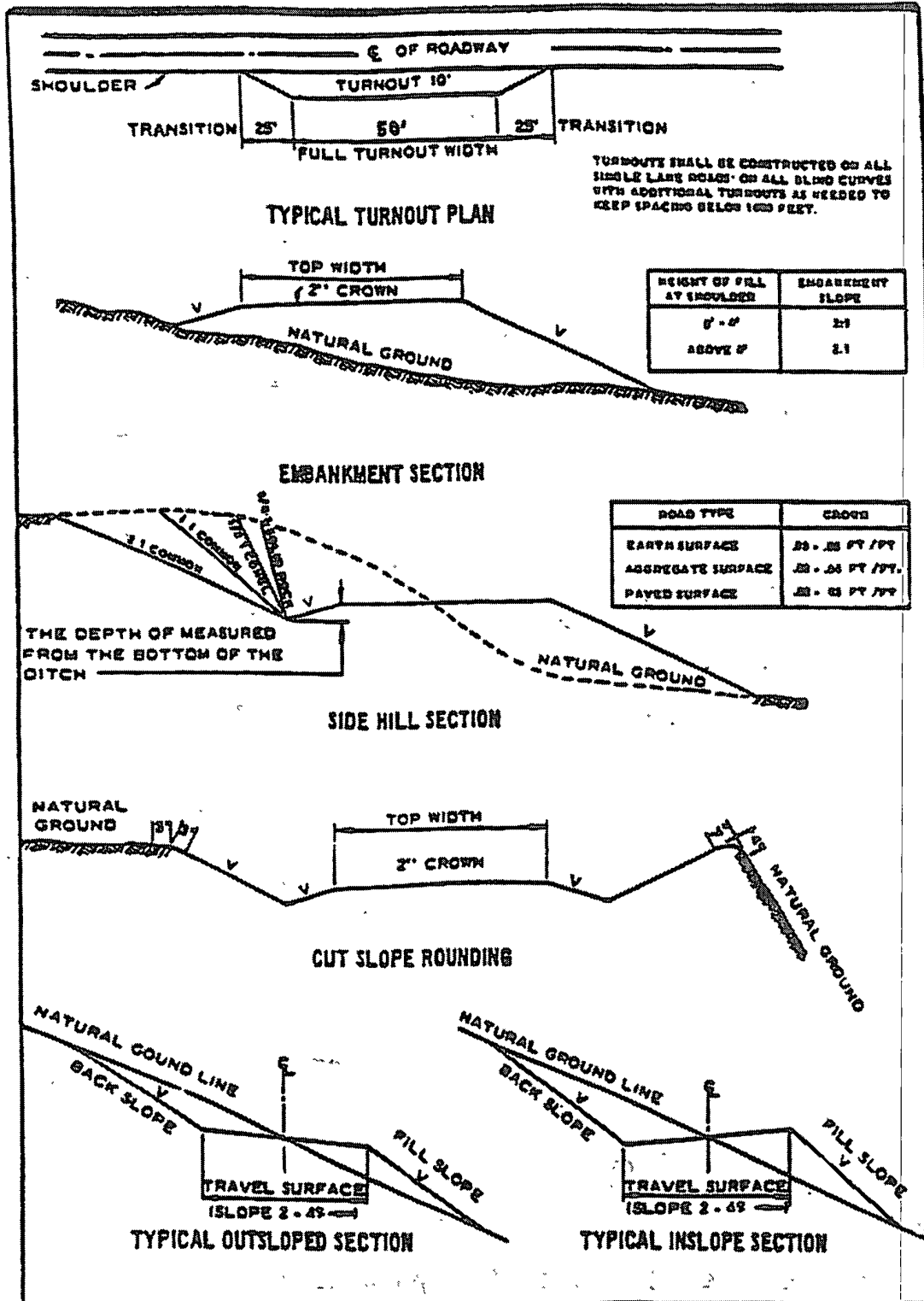
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
2. 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.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Lead slurry does not have to reach 500 pounds, but information still required to show compressive strength within 18-24 hours depending on water basin or potash. WOC for water basin or potash applies to entire wellbore.

b. Second stage above DV tool, cement shall:

- ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

4. The minimum required fill of cement behind the 7-5/8 inch driller liner is:

- ☒ Cement should tie-back at least 300 feet into previous casing string. Operator shall provide method of verification.

Formation below the 7-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

5. The minimum required fill of cement behind the 5 inch production liner is:

- ☒ Cement should tie-back at least 300 feet into previous casing string. Operator shall provide method of verification.

6. 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 joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. 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.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **13-3/8"** intermediate casing shoe shall be **10,000 (10M)** psi. **A 10M system requires a 10M annular. Full 10M pressure test to be conducted after setting the first intermediate due to potential high pressures in the Wolfcamp, which could be encountered prior to setting the 9-5/8" casing.**
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.

- b. The results of the test shall be reported to the appropriate BLM office.
- c. 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.
- d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. 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.
- e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
- f. A variance to test the surface casing and BOP/BOPE (**entire system**) to the reduced pressure of **1000** psi with the rig pumps is approved.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Proposed mud weight may not be adequate for drilling through Wolfcamp. Operator anticipating 8100 psi, BLM geologist anticipating 9000 psi.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 080208

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

**Four-winged Saltbush 5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.