GIK 7042 ACEC VRM II ATS-08-81

1067

OCD-ARTESIA

SEP -9 2008

OCD-ARTESIA

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of work: ☑ DRILL ☐ REENTER	5 Lease Serial No: NMLC 069627A
1b Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	6 If Indian, Allotee or Tribe Name:
2 Name of Operator: BEPCO, L. P.	7 If Unit or CA Agreement, Name and No: NMNM 71016
3a Address: P. O. Box 2760, Midland, TX 79702	8 Lease Name and Well No: Poker Lake Unit #256H
3b Phone No. (include area code): 432-683-2277	9 API Well No: 30-015-36686
4 Location of Well (Report location clearly and in accordance with any State requirements *)	10 Field and Pool, or Exploratory: Nash Draw (Dela, BS, Avalon Sd)
At surface: SESE 130' FSL, 1065 FEL, Lat N32.167083, Lon W103.915750 (BH per Annette Childers)	11 Sec, T R M or Blk and Survey or Area: Surf Sec 31 T24S R30E Mer NMP; BHL Sec 31 T24S R30E Mer NMP
At proposed prod zone: 2605' FSL, 1745' FWL, Lat N32.173875, Lon W103.923753	
14 Distance in miles and direction from nearest town or post office*: 14 miles East of Malaga, NM	12 County or Parish: Eddy County; 13 State: NM

UNORTHODOX LOCATION

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any): 130'	16 No of acres in lease: 1922	17 Spacing Unit dedicated to this well: 160
18 Distance from proposed location* to nearest well, drilling, completed, applied for on this lease, ft: 5261'	19 Proposed Depth: 10590 MD, 7241 TVD (~~10,600' MD, 7197' TVD~~)	20 BLM/BIA Bond No on file: NM 2204
21 Elevations (Show whether DF, KDB, RT, GL, etc): 3178' GL	22 Approximate date work will start*: 08/15/2008	23 Estimated duration: 36 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
2 A Drilling Plan
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)
4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5 Operator certification
6 Such other site specific information and/or plans as may be required by the authorized officer

25 Signature: Annette Childers	Name (Printed/Typed): Annette Childers	Date: 6-19-08
Title: Administrative Assistant		
Approved by (Signature): /S/ DAVID D. EVANS	Name (Printed/Typed): /S/ DAVID D. EVANS	Date: SEP 05 2008
Title: for 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 TWO YEARS

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)

CARLSBAD CC

Pits must be registered, operated, maintained and closed per 19.15.17 [NMAC]

SEE ATTAC
CONDITIO

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

JRHD

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 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	Pool Name
30-015-36686	47545	Nash Draw (Delaware, Bone Spring, Avalon Sand)

Property Code	Property Name	Well Number
1796	POKER LAKE UNIT	256H

OGRID No.	Operator Name	Elevation
001801	BEPCO, L.P.	3178'

Surface Location

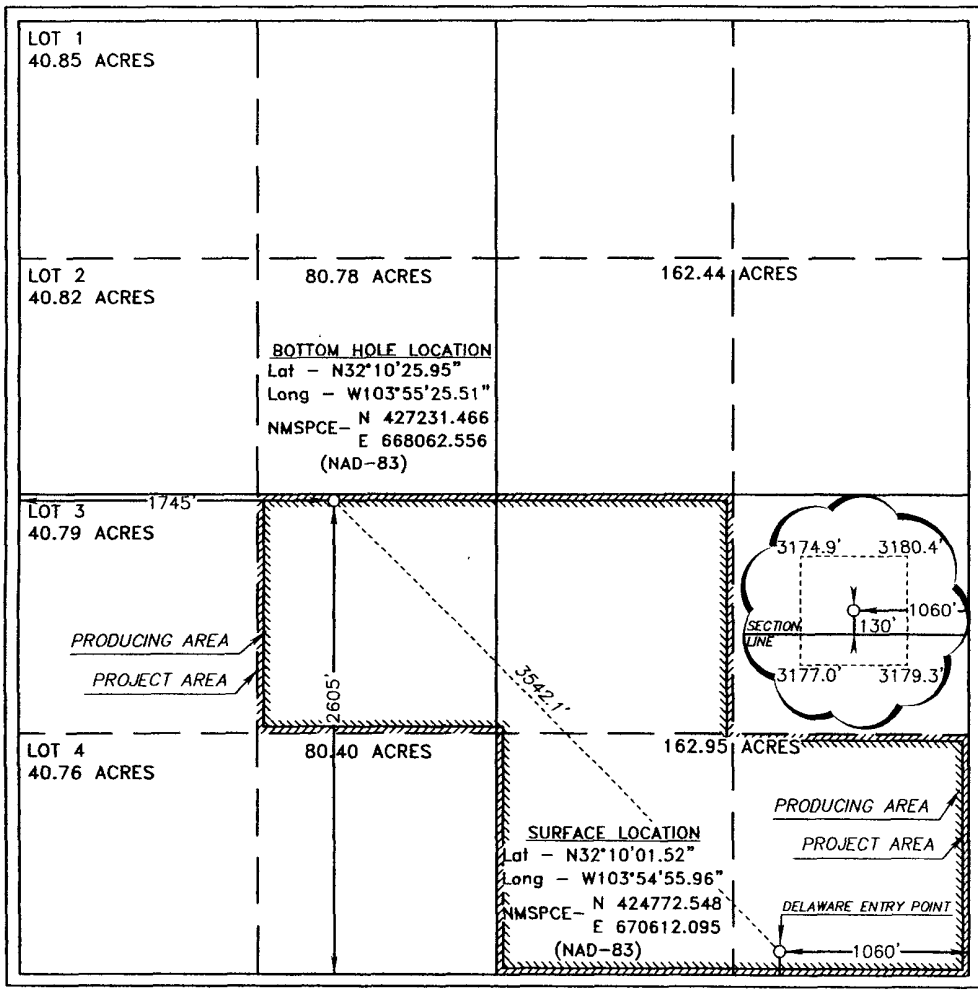
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	31	24 S	30 E		130	SOUTH	1060	EAST	EDDY

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
K	31	24 S	30 E		2605	SOUTH	1745	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160	N		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Gary E. Gerhard 6/18/08
Signature Date

Gary E. Gerhard
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief

MAY 30, 2008
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL SURVEYOR

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

RECEIVED OCT 0 9 2008
from BEPCO by email
KMW

Mark Fesmire
Division Director
Oil Conservation Division

July 3, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5868

Re: BEPCO, L.P.
Poker Lake Unit Well No. 256H
API No. 30-015-
Unit P, Section 31-24S-30E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application **(administrative application reference No. pKVR08-0815752595)** submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of BEPCO, L.P. (BEPCO), on June 5, 2008, and

(b) the Division's records pertinent to this request.

BEPCO has requested to drill the above-referenced well as a horizontal well in the Delaware formation, at a location that will be unorthodox under Division Rule 111. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location:	130 feet from the South line and 1060 feet from the East line (Unit P) of Section 31, Township 24S, Range 30E, NMPM Eddy County, New Mexico
Point of Penetration:	Same as surface location.
Terminus	2065 feet from the South line and 1745 feet from the East line (Unit K) of said Section 31.

The NE/4 of the SW/4 and the W/2 and SE/4 of the SE/4 of Section 31 will be dedicated to the proposed well to form a project area comprising four standard 40-acre spacing units in the Nash Draw-Delaware/Bone Spring (Avalon Sands) Pool (47545). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because portions of the producing interval will be less than 330 feet from the boundaries of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location in order to prevent waste by penetrating the maximum amount of the target formation in the lateral portion of the well.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

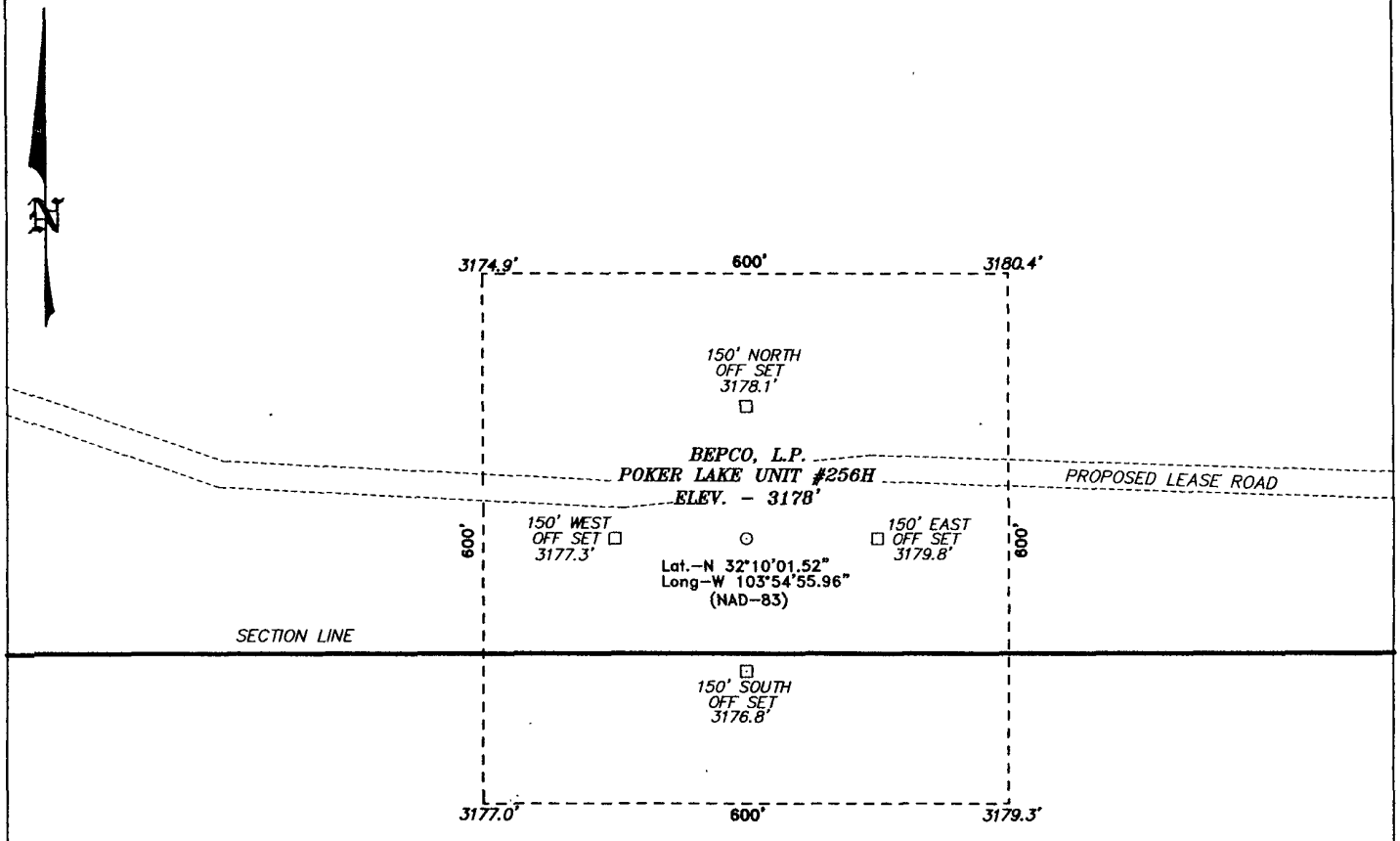
Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad

SECTION 31, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,

EDDY COUNTY, **NEW MEXICO.**



200 0 200 400 FEET

SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 748 (MC DONALD) AND CO. RD. 746A (GAVILAN) GO SOUTHEASTERLY 1.2 MILES TO LEASE ROAD, GO SOUTHERLY ON LEASE ROAD FOR 1.1 MILES TO PROPOSED LEASE ROAD TO THE #245 LOCATION, FOLLOW 2-TRACK WESTERLY TO PROPOSED LOCATION.

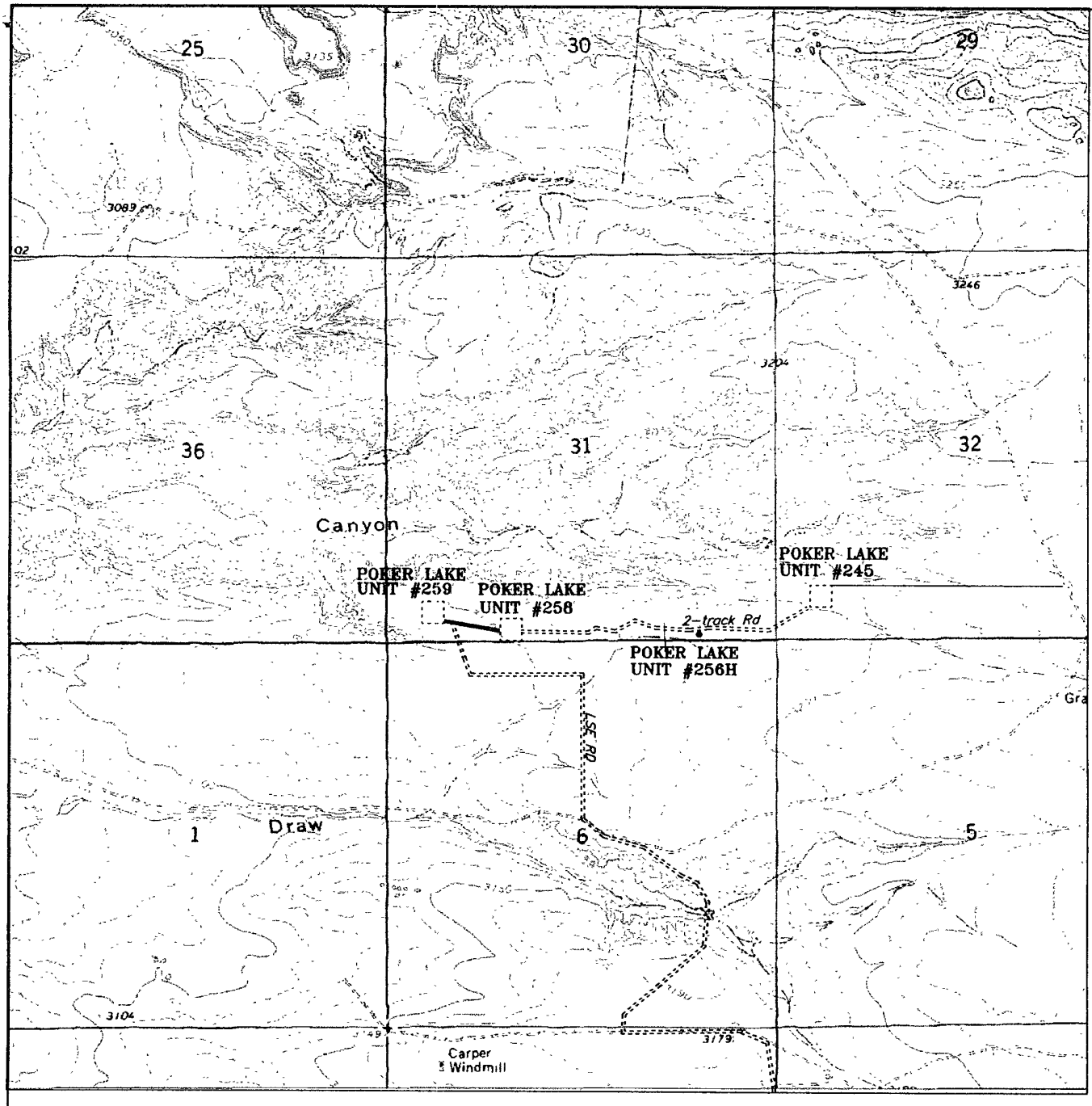
BEPCO, L.P.

REF: POKER LAKE UNIT #256H / WELL PAD AND TOPO

THE POKER LAKE UNIT No. 256H LOCATED 130' FROM THE SOUTH LINE AND 1060' FROM THE EAST LINE OF SECTION 31, 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: 17359	Drawn By: J. SMALL		
Date: 10-30-2006	Disk: 17359W JMS	Survey Date: 10-27-2006	Sheet 1 of 1 Sheets



POKER LAKE UNIT #256H

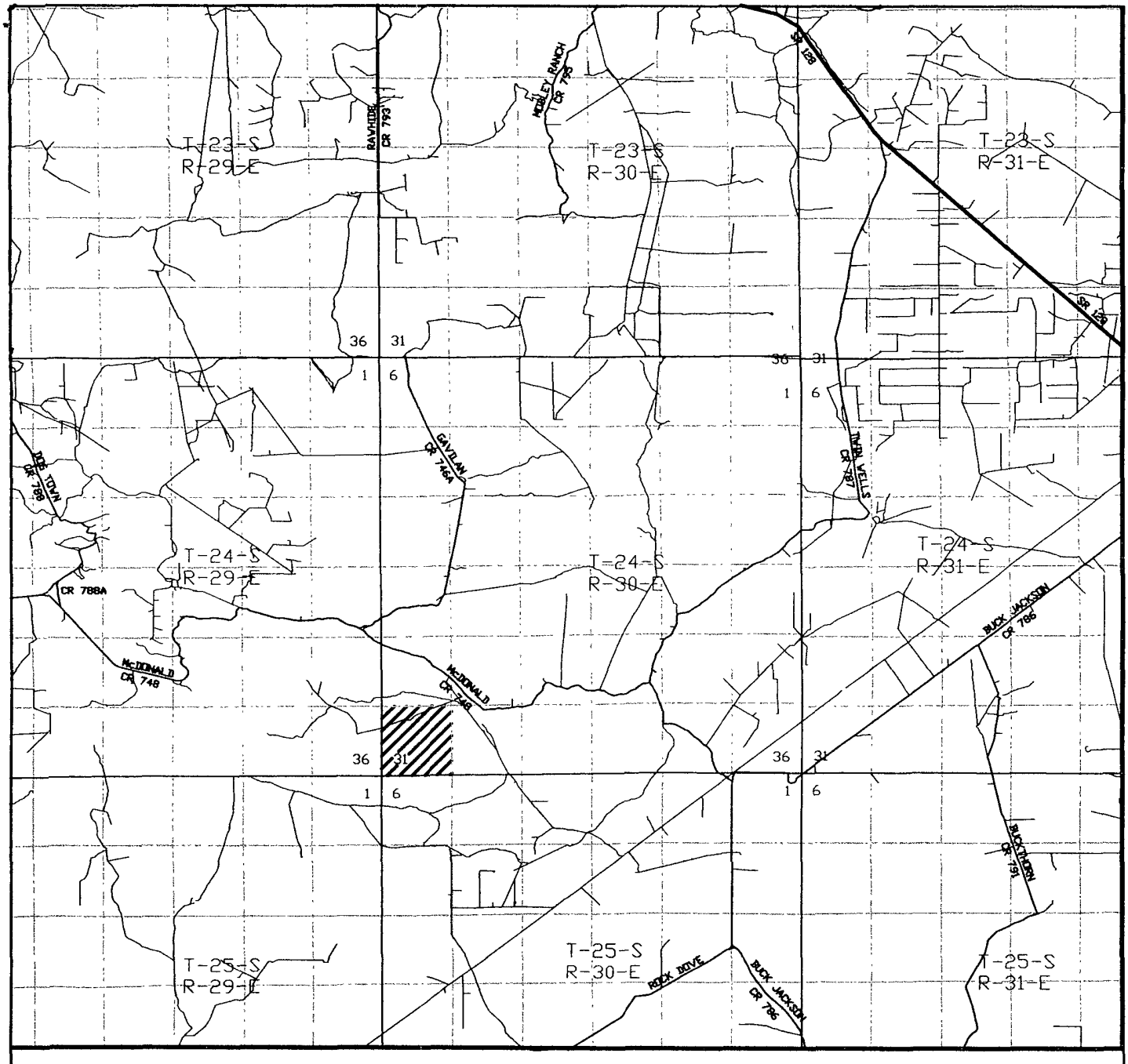
Located at 130' FSL and 1060' FEL
Section 31, Township 24 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

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 17359T
Survey Date:	10-27-2006
Scale:	1" = 2000'
Date:	10-30-2006

BEPCO, L.P.



POKER LAKE UNIT #256H
Located at 130' FSL and 1060' FEL
Section 31, Township 24 South, Range 30 East,
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Hobbs, New Mexico 88241
(505) 393-7316 – Office
(505) 392-3074 – Fax
basinsurveys.com

W.O. Number:	JMS 17359T
Survey Date:	10-27-2006
Scale:	1" = 2 MILES
Date:	10-30-2006

BEPCO, L.P.

Surface casing to be set into the Rustler below all fresh water sands.
Production casing will be cemented using Halco HalCem-H and Tuned Light 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 the location.

BEPCO, L.P., at P. O. Box 2760, Midland, TX 79702 is a subsidiary of BEPCO, L.P., 201 Main Street, Ft Worth, TX, 76102. - Bond Number NM 2204 (Nationwide).

This is an unorthodox surface location. Penetration point of the Delaware will be unorthodox and bottom hole location is also unorthodox.

EIGHT POINT DRILLING PROGRAM
BEPCO, L.P.

NAME OF WELL: Poker Lake Unit #256H

LEGAL DESCRIPTION - SURFACE: 130' FSL, 1060' FEL, Sec 31, T24S, R30E, Eddy County, New Mexico.
BHL: 2605' FSL, 1745' FWL, Sec 31, T24S, R30E, 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 3196' (est.)
GL 3178'

FORMATION	ESTIMATED TOP FROM KB TVD	MD	ESTIMATED SUB-SEA TOP	BEARING
T/Rustler	166'	166'	+ 3030'	Barren
B/Rustler	806'	806'	+ 2390'	Barren
T/Salt	937	937'	+ 2259'	Barren
B/Salt	3272'	3272'	- 76'	Barren
T/Delaware Mt. Group	3482'	3482'	- 286'	Barren
T/Ramsey	3512'	3512'	- 316'	Oil/Gas
T/Lower Cherry Canyon	5606'	5606'	- 2410'	Oil/Gas
KOP	6791'	6791'	- 2595'	Oil/Gas
T/Lwr Brushy Canyon (8A)	7076'	7098'	- 3880'	Oil/Gas
"Y" Sand	7206'	7320'	- 4010'	Oil/Gas
"Y" Sand Lateral Target	7241'	7500'	- 4045'	Oil/Gas
TD	7191'	10590'	- 3995'	Oil/Gas

POINT 3: CASING PROGRAM

TYPE	INTERVALS (MD)	Hole Size	PURPOSE	CONDITION
20"	0'- 60'	24"	Conductor	Contractor Discretion
13-3/8", 48#, H-40, ST&C	0'- 932'	17 1/2"	Surface	New
9-5/8", 36#, J-55, 8rd, LT&C	0'- 3500'	12-1/4"	Intermediate	New
5-1/2", 17#, P-110, LT&C	0'- 6500'	8 3/4"	Production	New
5-1/2", 17#, P-110, Ultra FJT	6500' - 10590	8 3/4"	Production	New

CASING DESIGN SAFETY FACTORS:

TYPE	TENSION	COLLAPSE	BURST
13-3/8", 48#, H-40, ST&C	10.67	2.34	2.82
9-5/8", 36#, J-55, LT&C	3.69	1.14	1.12
5-1/2", 17#, P110, LT&C	3.33	2.07	3.16
5-1/2", 17#, P110, Ultra FJT	2.38	2.07	3.16

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 a 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 — 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

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.

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. Back 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 DIAGRAM)

A BOPE equivalent to requirements of Onshore Oil & Gas Order No. 2 – 3000 psi system (Diagram 2) will be nippled up on the surface casing head. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. when installed on the surface casing head will be hydro-tested to 70% of internal yield pressure of casing or 1000 psig whichever is less with the rig pump.

A BOPE equivalent to requirement of Onshore Oil & Gas Order No. 2 – 3000 psi system (Diagram 2) will also be rigged up on the intermediate casing spool. The BOP stack, choke, kill lines, kelly cock, choke manifold, inside BOPs will all be tested by independent tester to 250 psi and 3000 psi.

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' - ~~642'~~ 932	FW Spud Mud	8.5 – 9.2	38-70	NC	NC	NC	10.0
~~642'~~ 932 - 3500'	Brine Water	9 8 – 10.2	28-30	NC	NC	NC	9 5 – 10 5
3500' - 3792'	FW/Gel	8.7 – 9.0	28-36	NC	NC	NC	9.5 – 10 0
3792' - 10590'	FW/Gel/Starch	8.7 – 9.0	28-36	NC	NC	<100	9.5 – 10 0

NOTE: May increase vis for logging purposes only.

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

None anticipated.

B) LOGGING

Run #1: PEX (GR-CNL/LDT-AIT) from MD of 7125' (deviation 43°) to 3500'. Run GR-CNL from 3500' to surface.
Run #2: GR with MWD during drilling of build and horizontal portions of 8-3/4" hole.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT^3/SX
SURFACE:						
Lead: 0 – 632' (100% excess Circ to surface)	510	632	Halliburton Light + 2.7 #/sk Salt	10.14	12.8	1.87
Tail: 632' – 932' (100% excess)	370	300	Premium Plus + 2% $CaCl_2$	6.37	14.8	1.35
INTERMEDIATE:						
Lead: 0' – 3000' (100% excess Circ to surface)	630	3000	Interfill C + 0.125 lb/sk Poly-e-flake	16.43	11.5	2.76
Tail: 3000' – 3500' (100% excess)	275	500	Premium Plus + 0.4% Halad-9	6.29	14.8	1.33

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT^3/SX
PRODUCTION:						
Lead: 3000' – 6500' (50% excess)	425	3500	Tuned Light + 0.15 pps FWCA + 1.25 pps CFR-3 + 1 pps Salt	14.86	9.71	3.19
Tail 6500' – 10590' (50% excess)	660	4090	Acid Soluble Cement + 10 pps Silicate Blend + 0 7% Halad-344 + 0.25 pps D-AIR 3000 + 0.3% HR-601	11.28	15.0	2.61

E) DIRECTIONAL DRILLING

BEPCO, L.P. plans to drill out the 9-5/8" intermediate casing with a 8-3/4" bit to a TVD of approximately 6791' at which point a directional hole will be kicked off and drilled at an azimuth of 314°, building angle at 12.73°/100' to a max angle of 90.93° at a TVD of 7241' (MD 7505'). This 90.93° angle will be maintained to a MD of 10590' or TVD of 7191'.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3615 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3379'-8644'. No H_2S 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

36 days drilling operations

14 days completion operations

GEG:mac
May 22, 2008

Gary E. Gerhard

Project Eddy Co , New Mexico (Nad 83)
Site Poker Lake Unit #256H
Well Poker Lake Unit #256H
Wellbore Lateral
Plan Plan #1a (Poker Lake Unit #256H/Lateral)

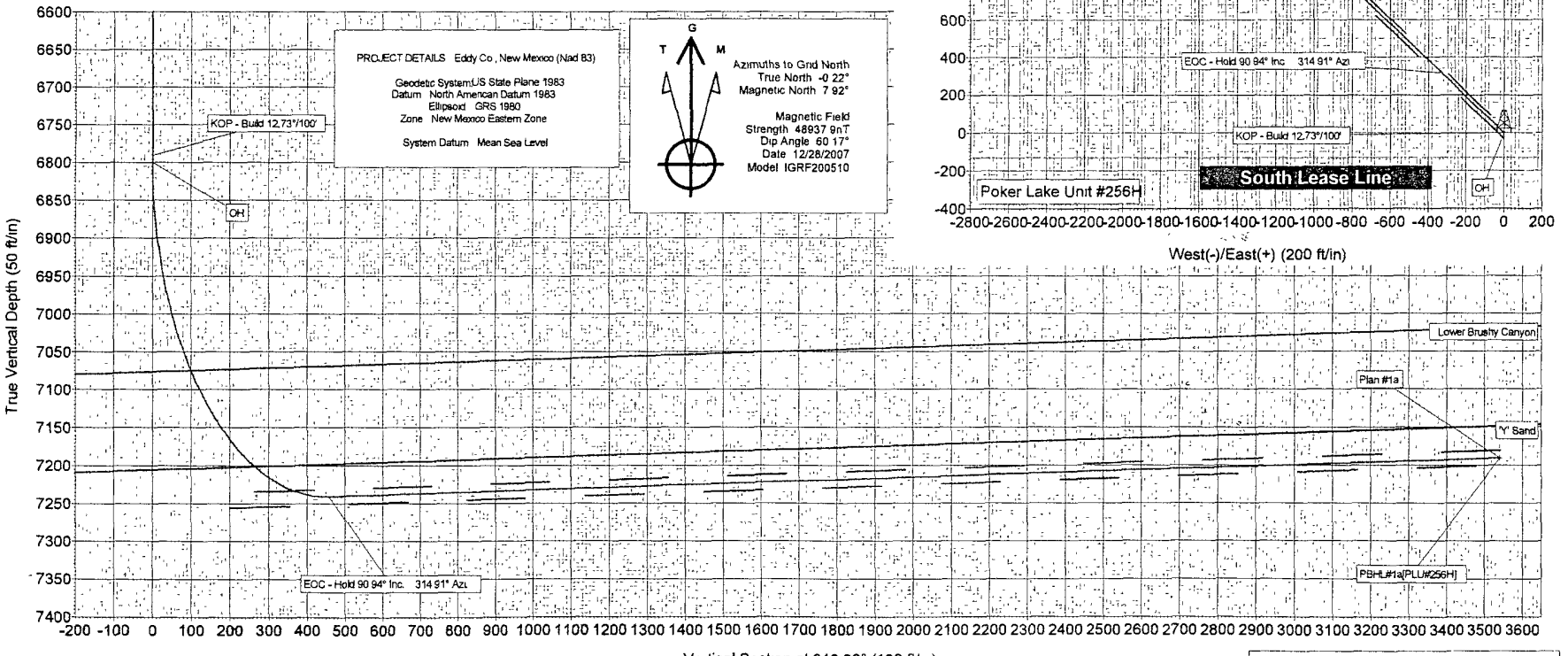
BLACK VIPER ENERGY SERVICES, LTD.

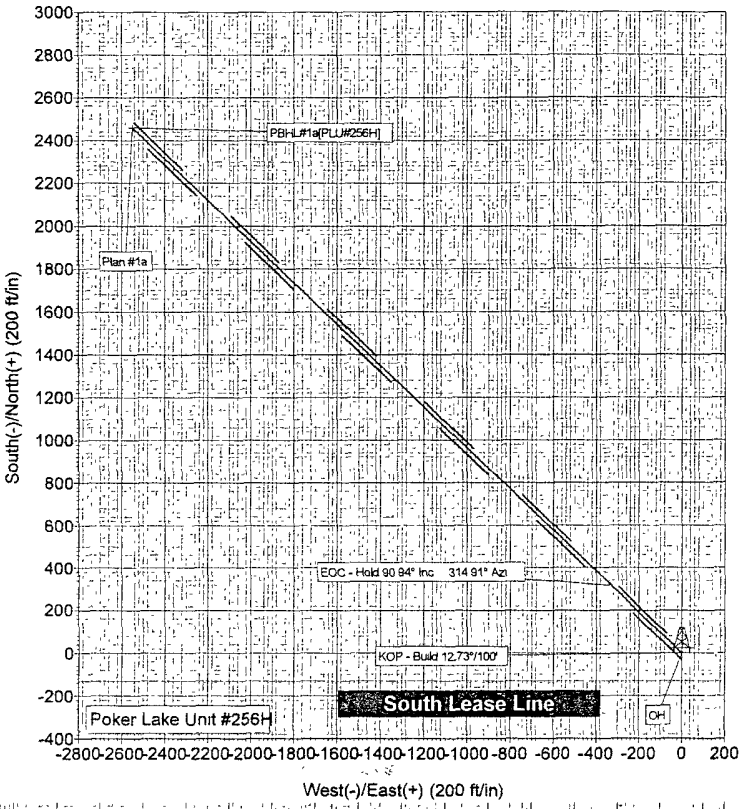
ANNOTATIONS

TVD	MD	Annotation
6791.00	6791.00	KOP - Build 12.73°/100'
7240.99	7505.35	EOC - Hold 90.94° Inc. 314.91° Azi

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	6791.00	0.00	0.00	6791.00	0.00	0.00	0.00	0.00	0.00	
2	7505.24	90.93	313.96	7241.00	317.49	-329.19	12.73	313.96	457.35	
3	10590.39	90.93	313.96	7191.00	2458.92	-2549.54	0.00	0.00	3542.09	PBHL#1a[PLU#256H]





1a

Plan Plan #1a (Poker Lake Unit #256H/Lateral)
Created By Heather Vannoy Date May 21, 2008

BEPCO, LP.

Eddy Co., New Mexico (Nad 83)
Poker Lake Unit #256H
Poker Lake Unit #256H
Lateral

Plan: Plan #1a

Standard Survey Report

21 May, 2008

Black Viper Energy

Survey Report

Company:	BEPCO, LP.	**Local Co-ordinate Reference:**	Site Poker Lake Unit #256H
Project:	Eddy Co., New Mexico (Nad 83)	**TVD Reference:**	Rig KB @ 3197.00ft (Rig KB Elev)
Site:	Poker Lake Unit #256H	**MD Reference:**	Rig KB @ 3197.00ft (Rig KB Elev.)
Well:	Poker Lake Unit #256H	**North Reference:**	Grid
Wellbore:	Lateral	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1a	**Database:**	EDM 2003 14 Server Db

Project Eddy Co., New Mexico (Nad 83)

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site Poker Lake Unit #256H

Site Position:		**Northing:**	424,772.55 ft	**Latitude:**	32° 10' 1 509 N
From:	Map	**Easting:**	670,612.09 ft	**Longitude:**	103° 54' 55 976 W
Position Uncertainty:	0 00 ft	**Slot Radius:**	"	**Grid Convergence:**	0 22 °

Well Poker Lake Unit #256H

Well Position	**+N/-S**	0 00 ft	**Northing:**	424,772 55 ft	**Latitude:**	32° 10' 1 509 N
	+E/-W	0 00 ft	**Easting:**	670,612 09 ft	**Longitude:**	103° 54' 55.976 W
Position Uncertainty		0 00 ft	**Wellhead Elevation:**	3,196 00 ft	**Ground Level:**	3,178 00 ft

Wellbore Lateral

Magnetics	**Model Name**	**Sample Date**	**Declination (°)**	**Dip Angle (°)**	**Field Strength (nT)**
	IGRF200510	12/28/2007	8.14	60 17	48,938

Design Plan #1a

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	6,791 00

Vertical Section:	**Depth From (TVD) (ft)**	**+N/-S (ft)**	**+E/-W (ft)**	**Direction (°)**
	0 00	0.00	0 00	313.96

Survey Tool Program **Date** 5/21/2008

From (ft)	**To (ft)**	**Survey (Wellbore)**	**Tool Name**	**Description**
6,791 00	10,590 39	Plan #1a (Lateral)	MWD	MWD - Standard

Planned Survey

Measured Depth (ft)	**Inclination (°)**	**Azimuth (°)**	**Vertical Depth (ft)**	**+N/-S (ft)**	**+E/-W (ft)**	**Vertical Section (ft)**	**Dogleg Rate (°/100ft)**	**Build Rate (°/100ft)**	**Turn Rate (°/100ft)**
6,791 00	0.00	0.00	6,791.00	0 00	0 00	0 00	0.00	0 00	0.00
KOP - Build 12.73°/100'									
6,810 00	2 42	313.96	6,809.99	0 28	-0 29	0 40	12.73	12 73	0 00
6,840 00	6 24	313.96	6,839 90	1 85	-1.92	2.66	12 73	12.73	0 00
6,870 00	10 06	313.96	6,869.59	4 80	-4 98	6.92	12.73	12 73	0.00
6,900 00	13 88	313 96	6,898 94	9 12	-9.45	13 14	12 73	12.73	0 00
6,930 00	17.70	313 96	6,927.80	14 78	-15.33	21 30	12.73	12.73	0.00
6,960.00	21.52	313 96	6,956.06	21 77	-22.57	31.36	12 73	12.73	0.00
6,990 00	25 33	313.96	6,983 58	30.05	-31 15	43 28	12.73	12 73	0 00
7,020 00	29.15	313 96	7,010 25	39 58	-41.04	57 01	12 73	12 73	0 00
7,050 00	32 97	313 96	7,035.94	50 32	-52.18	72.49	12 73	12.73	0 00
7,080 00	36.79	313 96	7,060 54	62 23	-64.52	89.64	12 73	12 73	0 00

Black Viper Energy

Survey Report

Company:	BEPCO, LP	**Local Co-ordinate Reference:**	Site Poker Lake Unit #256H
Project:	Eddy Co., New Mexico (Nad 83)	**TVD Reference:**	Rig KB @ 3197.00ft (Rig KB Elev)
Site:	Poker Lake Unit #256H	**MD Reference:**	Rig KB @ 3197.00ft (Rig KB Elev.)
Well:	Poker Lake Unit #256H	**North Reference:**	Grid
Wellbore:	Lateral	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1a	**Database:**	EDM 2003.14 Server Db

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
7,097.52	39 02	313.96	7,074.37	69.71	-72 27	100 41	12 73	12.73	0.00
Lower Brushy Canyon									
7,110 00	40 61	313 96	7,083 95	75.25	-78 02	108 40	12 73	12 73	0.00
7,140 00	44 43	313 96	7,106 06	89 32	-92 62	128.67	12 73	12.73	0 00
7,170 00	48 25	313.96	7,126 77	104 39	-108 23	150 37	12 73	12 73	0 00
7,200 00	52 07	313 96	7,145 98	120 38	-124 81	173 40	12 73	12 73	0 00
7,230 00	55 89	313 96	7,163 62	137 22	-142.27	197 66	12 73	12 73	0 00
7,260 00	59 71	313 96	7,179 61	154 84	-160 54	223 04	12 73	12 73	0.00
7,290 00	63 53	313 96	7,193 86	173 15	-179 54	249 43	12 73	12 73	0 00
7,308 29	65 86	313 96	7,201 68	184 63	-191 44	265 97	12 73	12 73	0 00
'Y' Sand									
7,320 00	67 35	313 96	7,206 33	192.09	-199 17	276 71	12 73	12 73	0 00
7,350 00	71 17	313 96	7,216 96	211 56	-219 36	304 76	12 73	12 73	0 00
7,380.00	74 98	313 96	7,225 69	231.48	-240 02	333 46	12 73	12.73	0 00
7,410.00	78 80	313 96	7,232.49	251 76	-261 04	362 67	12 73	12.73	0.00
7,440 00	82 62	313 96	7,237 33	272.31	-282 35	392 27	12 73	12 73	0 00
7,470 00	86 44	313 96	7,240 19	293 04	-303 84	422 13	12 73	12 73	0 00
7,500 00	90 26	313 96	7,241 05	313 85	-325 42	452.11	12 73	12 73	0 00
7,505 24	90 93	313.96	7,241 00	317 49	-329 19	457 35	12 73	12 73	0 00
7,505 35	90 93	313 96	7,240 99	317 57	-329.27	457 46	0 00	0 00	0 00
EOC - Hold 90.94° Inc. :: 314.91° Azi.									
7,530 00	90 93	313 96	7,240.59	334 68	-347 01	482 11	0 00	0 00	0 00
7,560 00	90 93	313 96	7,240 11	355 50	-368.60	512 10	0 00	0 00	0.00
7,590 00	90 93	313 96	7,239 62	376.32	-390 19	542 10	0 00	0 00	0 00
7,620 00	90 93	313 96	7,239 14	397 15	-411.78	572 09	0 00	0 00	0 00
7,650 00	90 93	313.96	7,238 65	417 97	-433.37	602 09	0.00	0 00	0.00
7,680 00	90 93	313.96	7,238.16	438 79	-454.97	632 09	0 00.	0.00	0 00
7,710 00	90 93	313 96	7,237 68	459.62	-476 56	662.08	0.00	0 00	0 00
7,740 00	90 93	313.96	7,237 19	480.44	-498.15	692.08	0.00	0 00	0 00
7,770.00	90 93	313 96	7,236 71	501 26	-519.74	722.08	0.00	0 00	0 00
7,800 00	90 93	313 96	7,236 22	522 09	-541 33	752 07	0 00	0 00	0 00
7,830 00	90 93	313 96	7,235 73	542 91	-562 92	782.07	0 00	0.00	0 00
7,860 00	90 93	313 96	7,235 25	563 73	-584.51	812.06	0.00	0.00	0 00
7,890 00	90.93	313 96	7,234.76	584 56	-606 10	842 06	0 00	0 00	0.00
7,920 00	90 93	313.96	7,234.27	605.38	-627 69	872.06	0 00	0 00	0 00
7,950.00	90 93	313 96	7,233 79	626.20	-649.28	902 05	0 00	0.00	0 00
7,980 00	90 93	313.96	7,233 30	647 03	-670.87	932.05	0 00	0.00	0 00
8,010 00	90 93	313 96	7,232 82	667 85	-692 46	962 04	0 00	0 00	0 00
8,040 00	90 93	313 96	7,232 33	688.67	-714 05	992 04	0.00	0.00	0.00
8,070 00	90 93	313.96	7,231.84	709 50	-735 64	1,022 04	0 00	0 00	0 00
8,100 00	90 93	313.96	7,231 36	730 32	-757.23	1,052 03	0 00	0.00	0 00
8,130.00	90 93	313 96	7,230 87	751 14	-778 83	1,082 03	0.00	0.00	0.00
8,160.00	90 93	313 96	7,230 39	771 97	-800 42	1,112 02	0 00	0 00	0.00
8,190 00	90.93	313.96	7,229.90	792.79	-822.01	1,142.02	0 00	0 00	0 00
8,220.00	90 93	313 96	7,229 41	813.61	-843 60	1,172 02	0.00	0.00	0.00
8,250 00	90 93	313.96	7,228.93	834 44	-865 19	1,202 01	0 00	0.00	0.00
8,280 00	90 93	313 96	7,228.44	855.26	-886.78	1,232 01	0.00	0 00	0.00
8,310 00	90 93	313 96	7,227 95	876 08	-908 37	1,262 00	0 00	0 00	0.00
8,340 00	90.93	313 96	7,227 47	896 91	-929 96	1,292 00	0.00	0.00	0.00
8,370 00	90 93	313.96	7,226 98	917 73	-951 55	1,322 00	0 00	0.00	0.00
8,400 00	90.93	313 96	7,226 50	938 55	-973.14	1,351 99	0.00	0 00	0 00
8,430 00	90.93	313.96	7,226.01	959 38	-994 73	1,381.99	0 00	0.00	0.00
8,460 00	90.93	313.96	7,225.52	980 20	-1,016 32	1,411.98	0 00	0.00	0.00
8,490 00	90 93	313 96	7,225 04	1,001 02	-1,037 91	1,441 98	0 00	0 00	0.00

Black Viper Energy

Survey Report

Company:	BEPCO, LP	**Local Co-ordinate Reference:**	Site Poker Lake Unit #256H
Project:	Eddy Co., New Mexico (Nad 83)	**TVD Reference:**	Rig KB @ 3197 00ft (Rig KB Elev)
Site:	Poker Lake Unit #256H	**MD Reference:**	Rig KB @ 3197.00ft (Rig KB Elev.)
Well:	Poker Lake Unit #256H	**North Reference:**	Grid
Wellbore:	Lateral	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1a	**Database:**	EDM 2003.14 Server Db

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
8,520.00	90 93	313.96	7,224.55	1,021.84	-1,059 50	1,471 98	0 00	0.00	0 00
8,550 00	90 93	313 96	7,224.06	1,042 67	-1,081 09	1,501 97	0.00	0 00	0 00
8,580 00	90 93	313.96	7,223 58	1,063 49	-1,102 69	1,531 97	0 00	0 00	0.00
8,610 00	90 93	313 96	7,223 09	1,084 31	-1,124 28	1,561 96	0 00	0 00	0 00
8,640 00	90 93	313.96	7,222 61	1,105.14	-1,145 87	1,591.96	0 00	0 00	0 00
8,670 00	90.93	313 96	7,222.12	1,125 96	-1,167 46	1,621.96	0.00	0 00	0 00
8,700 00	90 93	313 96	7,221 63	1,146 78	-1,189 05	1,651 95	0 00	0 00	0.00
8,730 00	90 93	313 96	7,221.15	1,167 61	-1,210 64	1,681 95	0.00	0 00	0 00
8,760 00	90 93	313 96	7,220 66	1,188 43	-1,232 23	1,711 95	0 00	0 00	0 00
8,790 00	90.93	313 96	7,220 18	1,209 25	-1,253 82	1,741 94	0.00	0 00	0 00
8,820 00	90 93	313 96	7,219 69	1,230 08	-1,275 41	1,771 94	0 00	0 00	0 00
8,850 00	90 93	313 96	7,219 20	1,250 90	-1,297 00	1,801.93	0 00	0 00	0 00
8,880 00	90 93	313.96	7,218 72	1,271 72	-1,318 59	1,831 93	0 00	0 00	0 00
8,910 00	90 93	313 96	7,218 23	1,292 55	-1,340 18	1,861 93	0 00	0 00	0 00
8,940 00	90 93	313 96	7,217 74	1,313 37	-1,361 77	1,891 92	0 00	0 00	0 00
8,970 00	90 93	313.96	7,217 26	1,334.19	-1,383 36	1,921.92	0 00	0 00	0 00
9,000 00	90 93	313 96	7,216 77	1,355 02	-1,404.95	1,951 91	0.00	0 00	0 00
9,030 00	90.93	313 96	7,216 29	1,375 84	-1,426 55	1,981 91	0 00	0 00	0 00
9,060 00	90 93	313 96	7,215.80	1,396 66	-1,448 14	2,011 91	0.00	0 00	0 00
9,090 00	90.93	313 96	7,215 31	1,417.49	-1,469 73	2,041 90	0 00	0 00	0 00
9,120.00	90 93	313 96	7,214 83	1,438 31	-1,491 32	2,071 90	0 00	0.00	0 00
9,150 00	90 93	313 96	7,214.34	1,459.13	-1,512.91	2,101 89	0 00	0 00	0 00
9,180 00	90 93	313 96	7,213.86	1,479 96	-1,534 50	2,131 89	0 00	0 00	0 00
9,210 00	90 93	313 96	7,213.37	1,500 78	-1,556 09	2,161 89	0 00	0 00	0 00
9,240 00	90 93	313 96	7,212.88	1,521 60	-1,577 68	2,191.88	0.00	0.00	0.00
9,270 00	90 93	313 96	7,212.40	1,542.43	-1,599.27	2,221 88	0.00	0 00	0 00
9,300 00	90 93	313 96	7,211.91	1,563.25	-1,620 86	2,251.87	0.00	0 00	0 00
9,330.00	90.93	313.96	7,211 42	1,584.07	-1,642 45	2,281 87	0.00	0 00	0.00
9,360.00	90.93	313.96	7,210.94	1,604 90	-1,664.04	2,311 87	0.00	0.00	0 00
9,390 00	90 93	313.96	7,210.45	1,625.72	-1,685.63	2,341.86	0.00	0 00	0 00
9,420 00	90 93	313 96	7,209.97	1,646 54	-1,707.22	2,371.86	0.00	0.00	0 00
9,450 00	90.93	313.96	7,209.48	1,667.37	-1,728.81	2,401 85	0.00	0.00	0 00
9,480 00	90 93	313 96	7,208.99	1,688 19	-1,750 40	2,431.85	0.00	0.00	0.00
9,510 00	90 93	313 96	7,208.51	1,709 01	-1,772.00	2,461 85	0.00	0 00	0.00
9,540 00	90 93	313.96	7,208 02	1,729 83	-1,793 59	2,491.84	0 00	0 00	0.00
9,570 00	90.93	313 96	7,207 54	1,750.66	-1,815.18	2,521 84	0.00	0.00	0.00
9,600.00	90 93	313 96	7,207 05	1,771 48	-1,836 77	2,551 83	0.00	0.00	0 00
9,630.00	90.93	313 96	7,206.56	1,792.30	-1,858.36	2,581 83	0.00	0 00	0.00
9,660 00	90.93	313 96	7,206 08	1,813 13	-1,879 95	2,611.83	0 00	0 00	0 00
9,690.00	90 93	313 96	7,205.59	1,833 95	-1,901 54	2,641 82	0.00	0 00	0 00
9,720 00	90.93	313.96	7,205.10	1,854 77	-1,923 13	2,671.82	0.00	0.00	0.00
9,750 00	90 93	313 96	7,204 62	1,875.60	-1,944 72	2,701 82	0 00	0.00	0.00
9,780.00	90 93	313 96	7,204.13	1,896 42	-1,966 31	2,731.81	0.00	0 00	0.00
9,810.00	90 93	313 96	7,203.65	1,917 24	-1,987 90	2,761 81	0.00	0.00	0 00
9,840 00	90 93	313 96	7,203 16	1,938 07	-2,009.49	2,791 80	0 00	0.00	0.00
9,870 00	90 93	313.96	7,202.67	1,958 89	-2,031 08	2,821 80	0.00	0.00	0 00
9,900 00	90 93	313 96	7,202 19	1,979 71	-2,052.67	2,851.80	0 00	0.00	0 00
9,930 00	90 93	313.96	7,201.70	2,000 54	-2,074.26	2,881.79	0.00	0 00	0 00
9,960 00	90.93	313.96	7,201.22	2,021 36	-2,095 86	2,911 79	0 00	0 00	0 00
9,990 00	90 93	313 96	7,200.73	2,042.18	-2,117 45	2,941.78	0 00	0.00	0 00
10,020.00	90.93	313.96	7,200.24	2,063 01	-2,139 04	2,971.78	0.00	0.00	0.00
10,050 00	90 93	313.96	7,199 76	2,083.83	-2,160.63	3,001.78	0.00	0 00	0.00
10,080.00	90 93	313.96	7,199 27	2,104 65	-2,182 22	3,031 77	0.00	0 00	0.00
10,110 00	90 93	313.96	7,198.78	2,125.48	-2,203 81	3,061.77	0.00	0 00	0.00

Black Viper Energy

Survey Report

Company:	BEPCO, LP.	**Local Co-ordinate Reference:**	Site Poker Lake Unit #256H
Project:	Eddy Co , New Mexico (Nad 83)	**TVD Reference:**	Rig KB @ 3197.00ft (Rig KB Elev.)
Site:	Poker Lake Unit #256H	**MD Reference:**	Rig KB @ 3197 00ft (Rig KB Elev.)
Well:	Poker Lake Unit #256H	**North Reference:**	Grid
Wellbore:	Lateral	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1a	**Database:**	EDM 2003.14 Server Db

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
10,140 00	90 93	313 96	7,198.30	2,146 30	-2,225 40	3,091 76	0 00	0.00	0 00
10,170 00	90 93	313 96	7,197 81	2,167 12	-2,246.99	3,121 76	0.00	0 00	0 00
10,200 00	90.93	313.96	7,197 33	2,187 95	-2,268.58	3,151 76	0.00	0 00	0 00
10,230 00	90 93	313 96	7,196 84	2,208 77	-2,290 17	3,181 75	0 00	0 00	0 00
10,260 00	90 93	313.96	7,196.35	2,229 59	-2,311 76	3,211 75	0.00	0 00	0 00
10,290 00	90.93	313 96	7,195 87	2,250 42	-2,333.35	3,241 74	0 00	0 00	0.00
10,320 00	90 93	313 96	7,195.38	2,271 24	-2,354 94	3,271 74	0 00	0 00	0 00
10,350 00	90 93	313 96	7,194 90	2,292.06	-2,376 53	3,301 74	0 00	0 00	0 00
10,380 00	90 93	313 96	7,194 41	2,312 89	-2,398 12	3,331 73	0 00	0 00	0 00
10,410 00	90 93	313 96	7,193 92	2,333 71	-2,419 72	3,361 73	0 00	0 00	0 00
10,440 00	90 93	313 96	7,193.44	2,354 53	-2,441 31	3,391 72	0 00	0 00	0 00
10,470 00	90 93	313 96	7,192 95	2,375 36	-2,462.90	3,421.72	0 00	0 00	0 00
10,500 00	90 93	313 96	7,192 46	2,396.18	-2,484 49	3,451 72	0 00	0 00	0 00
10,530 00	90 93	313 96	7,191.98	2,417 00	-2,506 08	3,481 71	0 00	0 00	0 00
10,560 00	90 93	313 96	7,191.49	2,437.82	-2,527 67	3,511 71	0 00	0 00	0 00
10,590 00	90.93	313 96	7,191 01	2,458 65	-2,549.26	3,541 70	0 00	0 00	0 00
10,590 39	90 93	313 96	7,191 00	2,458 92	-2,549.54	3,542 09	0 00	0.00	0 00

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
LL[PLU#256H]	0.00	0 00	0 00	0 00	0 00	424,772.55	670,612 09	32° 10' 1 509 N	103° 54' 55.976 W
- plan misses by 6791 00ft at 6791 00ft MD (6791 00 TVD, 0 00 N, 0.00 E)									
- Rectangle (sides W5,078.92 H5,078.92 D0 00)									
PBHL#1[PLU#256H]	0.00	359 78	7,152.00	2,464 15	-2,546.65	427,236 70	668,065 44	32° 10' 25 990 N	103° 55' 25.495 W
- plan misses by 39 46ft at 10590 39ft MD (7191 00 TVD, 2458 92 N, -2549.54 E)									
- Point									
PBHL#1a[PLU#256H]	0 00	359 78	7,191.00	2,458.92	-2,549 54	427,231 47	668,062 56	32° 10' 25.939 N	103° 55' 25 529 W
- plan hits target									
- Point									

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
7,097.52	7,076.00	Lower Brushy Canyon		0.93	134 78
7,308.29	7,206 00	'Y' Sand		0 93	134 78

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
6,791 00	6,791 00	0 00	0.00	KOP - Build 12 73°/100'
7,505 35	7,240.99	317 57	-329 27	EOC - Hold 90 94° Inc : 314 91° Azi.

Checked By _____ Approved By: _____ Date: _____

JW DRILLING INC.

RIG 3

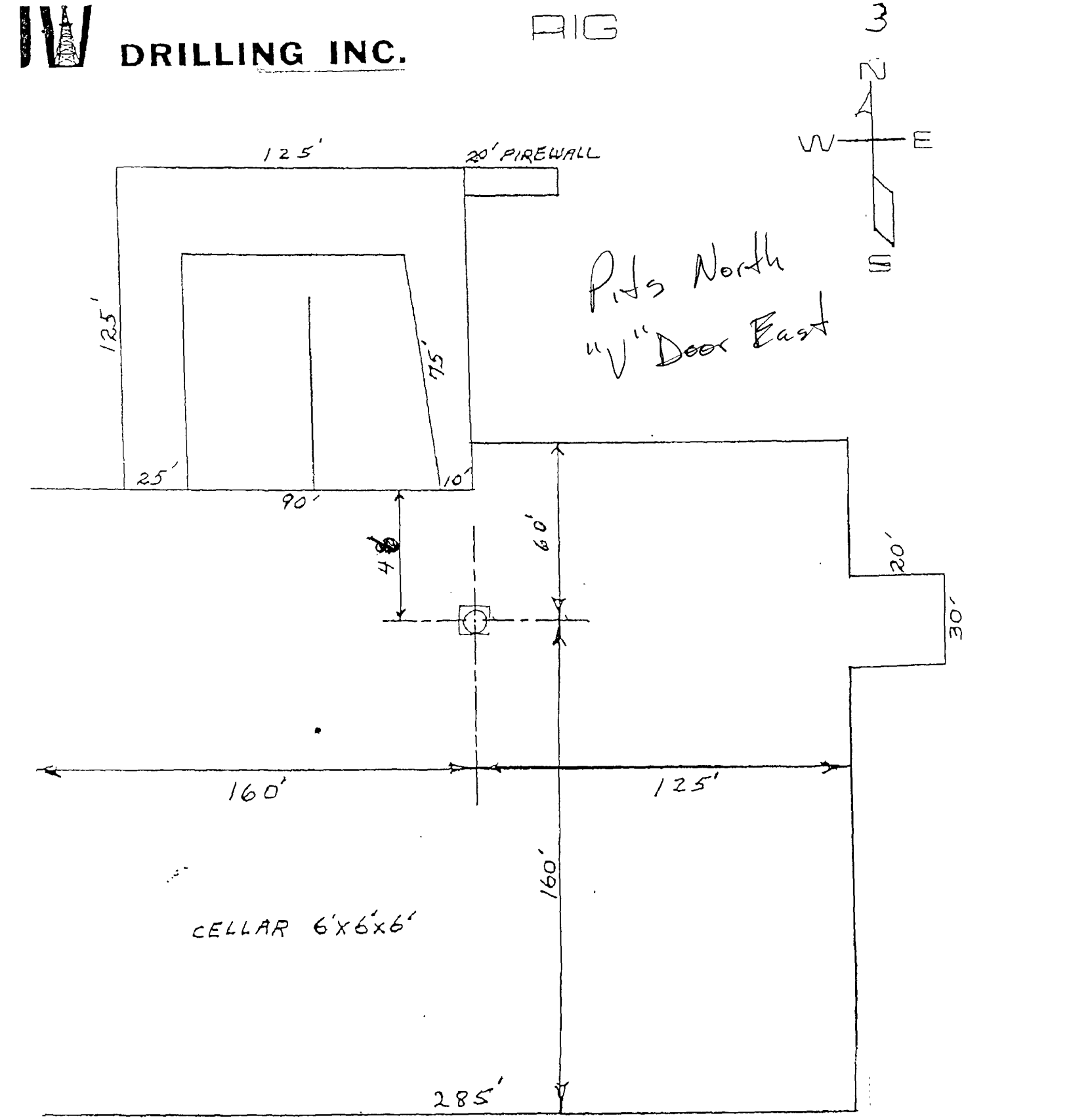
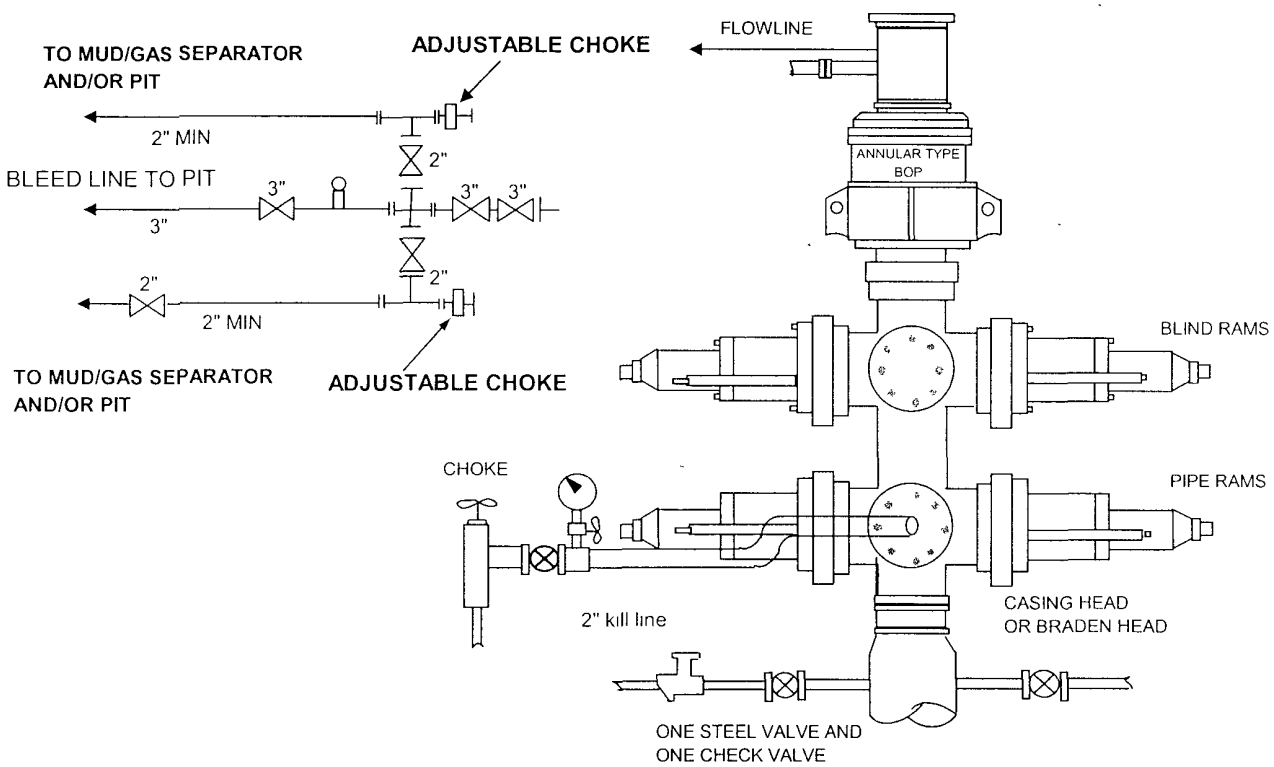


Exhibit "D"

BEPCO, L. P.
3-M WP BOPE WITH 3-M WP ANNULAR

3 M CHOKE MANIFOLD EQUIPMENT-CONFIGURATION MAY VARY



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

A. One double gate Blowout preventer with lower pipe rams and upper blind rams, 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 mininum of one inch in diameter.

D. The available closing pressure shall be at least 15% in excess of that required with suffficient 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 BOPs

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. Chokes must be adjustable. Choke spool may be used between rams.

DIAGRAM 1

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #256H

LEGAL DESCRIPTION - SURFACE: 130' FSL, 1060' FEL, Sec 31, T24S, R30E, Eddy County, New Mexico.
BHL: 2605' FSL, 1745' FWL, Sec 31, T24S, R30E, 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 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 & 5). Turn southeast onto Rawhide Road and go approximately 14 miles in a southerly direction to McDonald Road. Turn left (east) and go approximately one mile and take first road right by the Southern Union Compressor Station (Spuds federal lease sign). Go southeasterly for 1.1 miles to proposed lease road.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 5280' of new road is required.

B) Width

12'

C) Maximum Grade

Grade to match existing topography or as per BLM requirements.

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

Exhibit A indicates existing wells within the surrounding area.

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

A) No existing facilities are located within one mile which are owned or controlled by lessee/operator:

Closest Oil/Gas production facilities are located at Poker Lake Unit #227 wellsite. Poker Lake Unit #256H is located 1 mile south of Poker Lake Unit #227.

B) New Facilities in the Event of Production:

Production facilities are at Poker Lake Unit #227 and will be used for Poker Lake Unit #256H via flowlines. Additional separators/treaters will be added as necessary. A new flowline consisting of 2-7/8" steel pipe will be laid within 50' of the centerline of the access road and existing roads which have been Arch cleared. Electrical service will be extended from the Poker Lake Unit #227 and will also be located within 50' of the centerline of the access road. (See Exhibit "C")

C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following flowline construction, 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

Fresh water will be hauled from Johnson Station 50 miles east of Carlsbad, New Mexico or other commercial facilities. Brine water will be hauled from commercial facilities.

B) Water Transportation System

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

POINT 6: SOURCE OF CONSTRUCTION MATERIALS

A) Materials

Exhibit B shows location of caliche source.

B) Land Ownership

Federally Owned.

C) Materials Foreign to the Site

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

D) Access Roads

See Exhibit B.

POINT 7: METHODS FOR HANDLING WASTE MATERIAL

A) Cuttings

Cuttings will be contained in the reserve pit.

B) Drilling Fluids

Drilling fluids will be contained in the reserve pit.

C) Produced Fluids

Water production will be contained in the reserve pit.

Hydrocarbon fluid or other fluids that may be produced during testing will be retained in 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 indicate potential productive zones. The reserve pit will be fenced and bird netted. 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

None required.

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 Exhibits "B", "C" & "D".

C) Lining of the Pits

The reserve pit will be lined with plastic.

POINT 10: PLANS FOR RESTORATION OF THE SURFACE

A) Reserve Pit Cleanup

The pits will be fenced immediately after construction and shall be maintained until they are backfilled. Previous to backfill operations, 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

The 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

The 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) Rehabilitation's Timetable

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

POINT 11: OTHER INFORMATION

A) Terrain

Relatively flat.

B) Soil

Caliche and sand.

C) Vegetation

Sparse, primarily grasses and mesquite with very little grass.

D) Surface Use

Primarily grazing.

E) Surface Water

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

F) Water Wells

There are no water wells located within 1 mile of the proposed well.

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey will be obtained for this area. Before any construction begins, a full and complete archeological survey will be submitted to the Bureau of Land Management. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site is on federally owned land.

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

L) Open Pits

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

POINT 12: OPERATOR'S FIELD REPRESENTATIVE

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

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

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

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

6/18/08
Date

Gary E. Gerhard by Annette Childers
Gary E. Gerhard

GEG/mac

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 it's 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.

6/18/08
Date

Gary E. Gerhard
Gary E. Gerhard

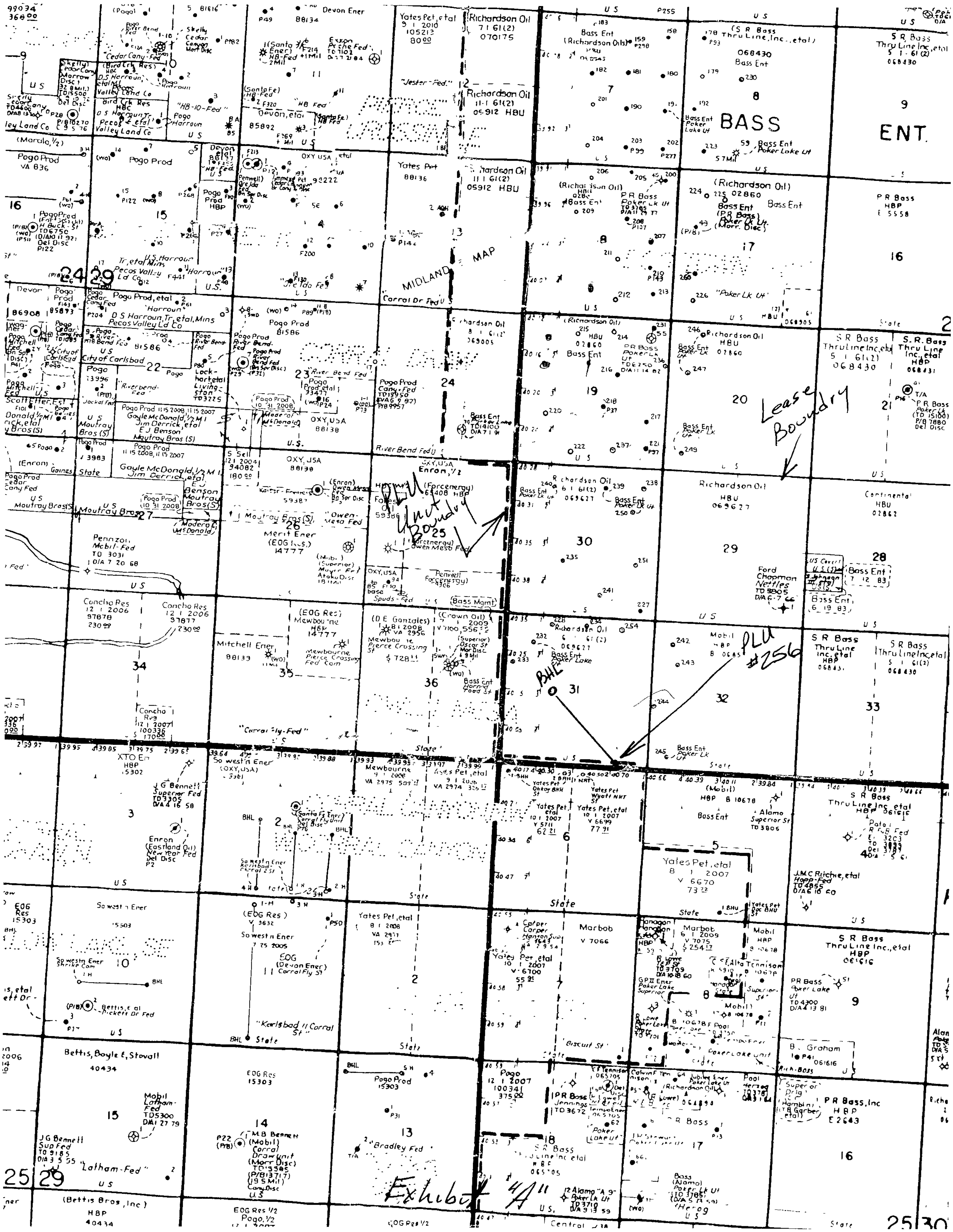
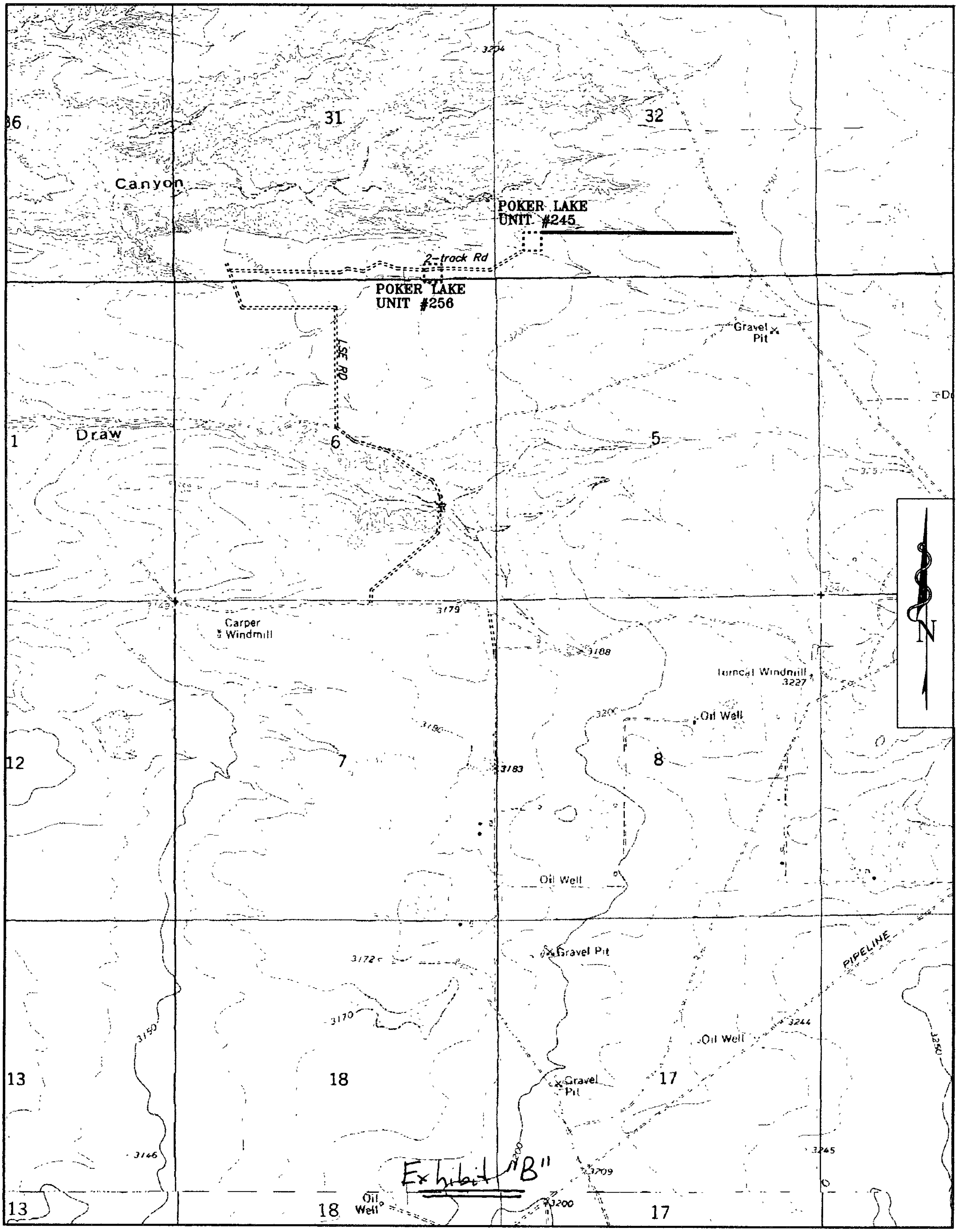
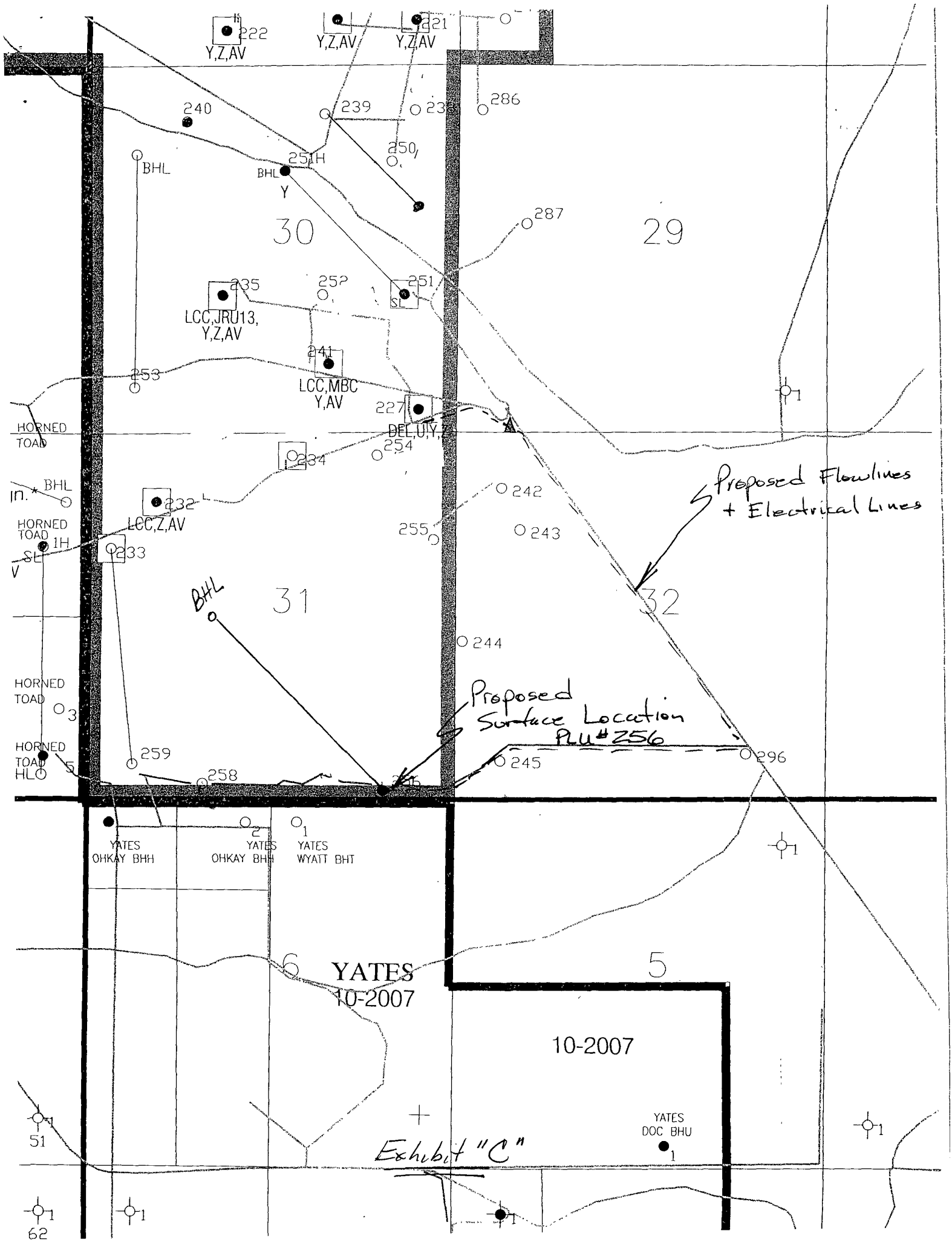


Exhibit "A"
Lease Boundry
PLU Unit Boundry
PLU #256
BHL
MIDLAND MAP
BASS
ENT.
Richardson Oil
Bass Ent
S R Bass
Thru Line Inc., etal
Pogo Prod
Yates Pet, etal
OXY USA
Devon Ener
Mewbourne
Marbob
Mobil
HBP
U S
State
"Poker Lk Ut"
"Jester Fed."
"Karlsbad Corral St"
"Latham-Fed"
"Bradley Fed"
"Biscuit St"
Bettis, Boyle & Stovall
Concho Res
Mitchell Ener
EOG Res
Pennzoil Mobil-Fed
Ford Chapman Nettles
Gayle McDonald
Jim Derrick
Moutray Bros (S)
City of Carlsbad
Sowestn Ener
Enron
Merit Ener
Pecos Valley Ld Co


36
31
32
Canyon
POKER LAKE UNIT #245
2-track Rd
POKER LAKE UNIT #256
Gravel Pit
LSE RD
1
Draw
6
5
Carper Windmill
3179
3188
Tuncal Windmill
3227
3200
Oil Well
12
7
3183
8
Oil Well
Gravel Pit
3172
PIPELINE
3170
3150
3244
Oil Well
13
18
Gravel Pit
17
1250
3146
3245
3209
Exhibit "B"
13
18
Oil Well
3200
17
N


222
Y,Z,AV
Y,Z,AV
221
Y,Z,AV
240
239
238
286
BHL
251H
BHL
Y
250
30
29
287
235
252
251
SL
LCC,JRU13,
Y,Z,AV
241
LCC,MBC
Y,AV
253
227
DEL,U,Y,Z
HORNED
TOAD
234
254
BHL
232
LCC,Z,AV
242
HORNED
TOAD 1H
SL
233
255
243
Proposed Flowlines
+ Electrical Lines
BHL
31
32
244
HORNED
TOAD
3
Proposed
Surface Location
PLU#256
HORNED
TOAD
HLO
5
259
258
245
296
YATES
OHKAY BHH
2
YATES
OHKAY BHH
1
YATES
WYATT BHT
6
YATES
10-2007
5
10-2007
YATES
DOC BHU
1
51
62
Exhibit "C"

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BEPCO, L.P.
LEASE NO.:	LC069627A
WELL NAME & NO.:	Poker Lake Unit #256H
SURFACE HOLE FOOTAGE:	130' FSL & 1060' FEL
BOTTOM HOLE FOOTAGE	2605' FSL & 1745' FWL
LOCATION:	Section 31, T. 24 S., R 30 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.

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)

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

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

Berming:
Tank batteries will be bermed to contain 1 ½ times the content of the largest tank.

Bermed areas will be lined with a 4 oz. felt liner to prevent tears or punctures and a permanent 20 mil plastic liner.

Cave/Karst Subsurface Mitigation

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

Fresh Water Drilling:
The surface interval down to the bottom of the karst zone will be drilled with fresh water.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Delayed Blasting:
Any blasting will be phased and time delayed.

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.

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 (575) 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 125' X 125' on the North 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 (575) 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.

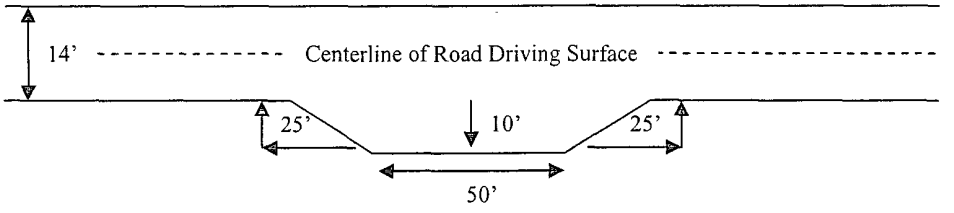
Ditching

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:

Standard Turnout – Plan View

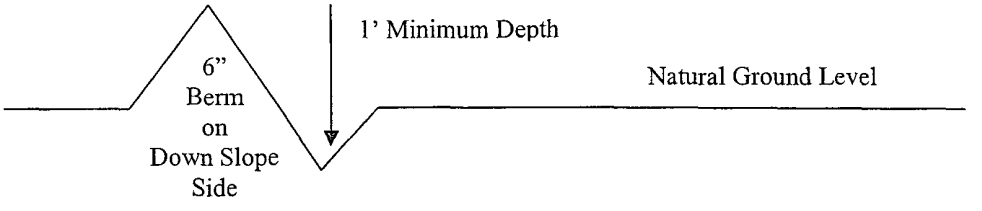


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping 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.

Cross Section of a Typical 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 %);

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:

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

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.

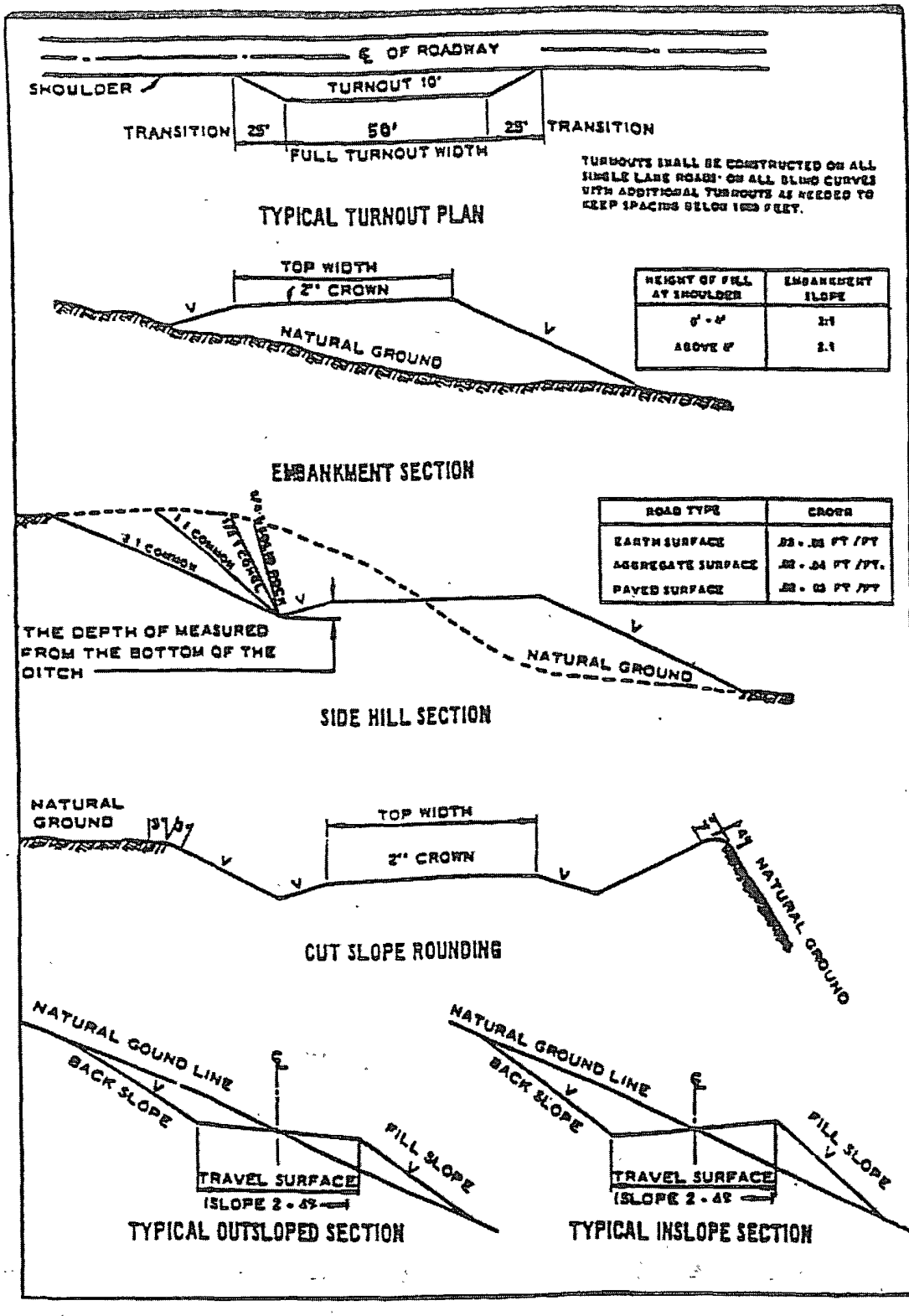
A gate shall be constructed and fastened securely to H-braces.

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. BOP/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.

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.

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

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

1. The **13-3/8** inch surface casing shall be set **at approximately 932 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If salt is penetrated surface casing shall be set 25 feet above the salt.**

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 **9-5/8** inch intermediate casing is:

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

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

4. 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. 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. 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. DRILL STEM TEST

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

WWI 072308

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

VRM Facility Requirement
Low-profile tanks not greater than eight-feet-high shall be used.

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full

expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **25** feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline

route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his hehalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of

the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.

5. Powerlines shall be constructed in accordance to standards outlined in "Suggested Practices for Raptor Protection on Powerlines, " Raptor Research Foundation, Inc., 1981. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "raptor safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder 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 will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:
    - For reclamation remove poles, lines, transformer, etc. and dispose of properly.
    - Fill in any holes from the poles removed.

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 2, for Sandy 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 see 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:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*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.