

OCD-ARTESIA

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

5. Lease Serial No. **NM 23002** *2/06/06*
6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER *F-06-09*
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

7. If Unit or CA Agreement, Name and No. *35605*
8. Lease Name and Well No. **MALIBU FEDERAL #1**
9. API Well No. *30-015-34784*

2. Name of Operator **RAY WESTALL** *18862*
3a. Address **P.O. BOX 4, LOCO HILLS, NM. 88255**
3b. Phone No. (include area code) **505.677.2370** *41440*

10. Field and Pool, or Exploratory **LUSK BONESPRINGS**
11. Sec., T. R. M. or Blk. and Survey or Area **SEC, 12 T19S-R31E**

4. Location of Well (Report location clearly and in accordance with any State requirements)
At surface **660' FSL & 660' FEL**
At proposed prod. zone **SAME**

RECEIVED
APR 17 2006
OCD-ARTESIA

14. Distance in miles and direction from nearest town or post office*
SEE SURFACE USE PLAN

12. County or Parish **EDDY**
13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of acres in lease 360	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 9600'	20. BLM/BIA Bond No. on file NM0322
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3601' GL	22. Approximate date work will start* 07/07/2006	23. Estimated duration 21 DAYS

24. Attachments **Capitan Controlled Water Basin**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>[Signature]</i>	Name (Printed/Typed) RANDALL L HARRIS	Date 02/03/2006
Title GEOLOGIST		

Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) <i>/s/ James Stovall</i>	Date APR 13 2006
Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

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

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

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Ed., Astec, NM 87410

DISTRICT IV
1220 S. 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 JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 41440	Pool Name Lusk Bone Spring AD
Property Code	Property Name MALIBU	Well Number 1
OGRID No.	Operator Name RAY WESTALL	Elevation 3601'

Surface Location

UL or lot No. P	Section 12	Township 19-S	Range 31-E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 660	East/West line EAST	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 40	Joint or Infill	Consolidation Code	Order No.						

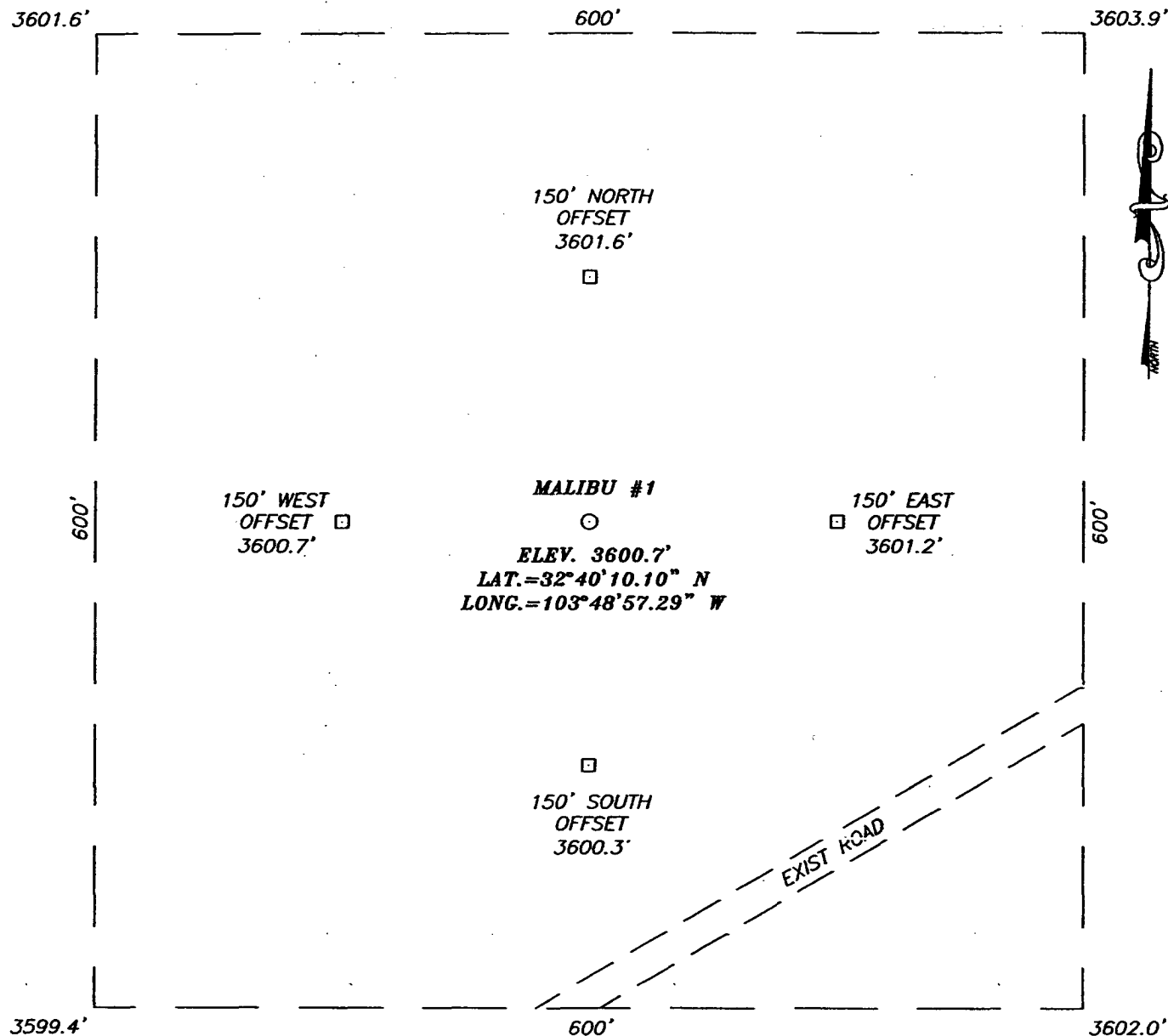
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=607652.8 N X=659221.6 E</p> <p>LAT.=32°40'10.10" N LONG.=103°48'57.29" W</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature <i>[Signature]</i> Printed Name GARY E. HANSEN Title 2/3/06 Date</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>NOVEMBER 18, 2005</p> <p>Date Surveyed Signature & Seal of Professional Surveyor GARY E. HANSEN 11/24/05 05.17.1775 Certificate No. GARY E. HANSEN 12841</p>	

Diagram showing well location and acreage with coordinates and measurements:

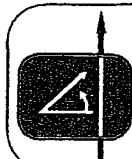
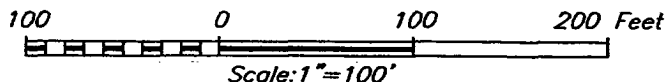
3601.6' 3603.9' 660' 660' 3599.4' 3602.0'

SECTION 12, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. L-126 (MALJAMAR RD.) AND CO. RD. L-129 (DRY LAKE RD.) GO WEST APPROX. 0.2 MILES. TURN RIGHT (NORTH) AND GO APPROX. 0.4 MILES. TURN LEFT (WEST) AND GO APPROX. 0.1 MILES. CURVE LEFT (SW), CURVE RIGHT (SW) AND GO APPROX. 0.2 MILES. CURVE RIGHT (WEST) AND GO APPROX. 0.4 MILES. TURN RIGHT (NW) AND GO APPROX. 0.1 MILES. CURVE RIGHT (NORTH) AND GO APPROX. 0.25 MILES. TURN RIGHT (EAST) AND GO APPROX. 0.2 MILES. TURN LEFT (NORTH) AND GO APPROX. 0.05 MILES. TURN RIGHT (EAST) AND GO APPROX. 200'. TURN LEFT (NW) AND GO APPROX. 0.25 MILES; TURN LEFT (WEST) AND GO APPROX. 0.2 MILES. THIS LOCATION IS APPROX. 270' NORTH OF ROAD.



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

RAY WESTALL

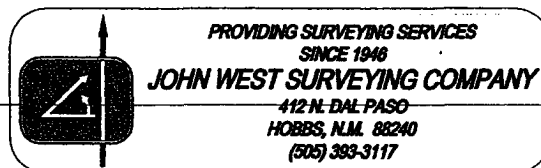
MALIBU #1 WELL
 LOCATED 660 FEET FROM THE SOUTH LINE
 AND 660 FEET FROM THE EAST LINE OF SECTION 12,
 TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 11/18/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1773	Dr By: J.R.
Date: 11/22/05	Rev 1: N/A
Disk: CD#5	05111773
Scale: 1"=100'	



CONTOUR INTERVAL:
GREENWOOD LAKE, N.M. - 10'

U.S.G.S. TOPOGRAPHIC MAP
GREENWOOD LAKE, N.M.



DRILLING PROGRAM

Attached to Form 3160-3
Ray Westall
MALIBU FEDERAL #1
660' FSL & 660' FEL
Section 12-19S-31E
Eddy County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Permian	Surface
Rustler	720
Yates	2630
Delaware	4550
Bone Springs	6930

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Yates	Oil	2630
Delaware	Oil	4550
Bone Springs	Oil	6930

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8 casing and circulating cement back to surface.

4. Casing Program:

Hole Size	Interval	OD Casing	Wt.	Grade	Type
17 1/2"	0-900'	13 3/8"	48#	H-40	STC
12 1/4"	900-2300'	8 5/8"	24#	J-55	STC
12 1/4"	2300-4500	8 5/8"	32#	J-55	STC
7 7/8"	0-1200'	5 1/2"	17#	S-95	LTC
7 7/8"	1200-9600	5 1/2"	17#	N-80	LTC

Cement Program:

- 13 3/8 Surface Casing: Cemented to surface with 450 sx of Class C w/2% cc.
- 8 5/8 Intermediate Casing: Cemented to surface with 2200 sx of Class C w/2% cc.
- 5 1/2 Production Casing: Cemented sufficient to cover 200' above all oil and horizons.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) will consist of a double ram-type preventer. The unit will be hydraulically operated and will be equipped with blind rams and 5 1/2" drill pipe rams. This BOP will be nipped up on the 13 3/8" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 3500 psi before drilling out of surface casing.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and a 3"choke line will be incorporated in the drilling spool below the ram type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 5000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

Depth	Type	Weight	Viscosity	Waterloss
0-900	Fresh Water (Spud)	8.5	28	N.C.
900-4500	Brine	9.8-10.2	28-36	N.C.
4500-TD	Cut Brine	8.6-9.4	28-36	N.C./10cc

7. Auxiliary Well control and Monitoring Equipment:

A. A kelly cock will be kept in the drill string at all times.

~~B. A full opening drill pipe stabbing valve with proper drill pipe connections will be on the rig floor at all times.~~

8. Logging, Testing, and Coring Program:

A. Drill Stem tests will be used as determined during drilling.

~~B. The electric logging program will consist of Dual Laterolog Micro S.L., and Neutron Density Log.~~

C. No conventional coring is anticipated.

D. Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows, and log evaluation, and drill stem test results.

9. Abnormal Conditions, Pressures, Temperatures, and Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 130 and estimated bottom hole pressure (BHP) is 3700 psig.

10. Anticipated Starting Date and Duration of Operations:

Location and road work will not begin until approval has been received from the BLM. Once commenced, the drilling operation should be finished in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing before a decision is made to install permanent facilities.

SURFACE USE AND OPERATING PLAN

Attached to form 3160-3
Ray Westall
Malibu Federal #1

1. Existing Roads:

- A. All roads to the location are shown in Exhibit #2. The existing roads are illustrated in read and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- B. Directions to location: From Loco Hills proceed east on US 82 5.6 miles to state road 529. Proceed southeast on NM 529 7.0 miles. Turn south on Lea county road #126(Maljamar Road) and proceed south 9 miles to L-129(Dry Lake Rd). Turn west 0.2 miles. Turn north 0.4 miles. Turn west 0.7 miles. Turn NW 0.6 miles. Turn east 0.2 miles. Turn north 0.05 miles. Turn east 200'. Turn nw 0.25 miles. Turn west 0.2 miles. The location is 270' North of road.
- C. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as log as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3 shows a new access road of 270' as needed and will be constructed as follows:

- A. The maximum width of the running surface will be 10'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Ditches will be at 3:1 slope and 4' wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.. BLM may specify any additions or changes during the onsite inspection.
- B. The average grade will be less than 1%.
- C. No culverts, cattleguards, gates, low water crossings, or fence cuts are necessary.
- D. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM-approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.
- E. The proposed access road as shown in Exhibit #3 has been centerline flagged by John West Engineering.

3. Location of Existing and/or Purposed Facilities:

- A. Ray Westall will construct facilities on well pad if well is productive.
- B. If the well is productive, power will be obtained from Lea County Electric. Lea County Electric will apply for RWO for their power lines.
- C. If the well is productive, rehabilitation plans are as follows:
 - 1. The reserve pit will be back-filled after the contents of the pit are dry (within 10 months after the well is completed)
 - 2. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

4. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access roads. If a commercial fresh water source is nearby, fasline may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

5. Source of Construction Materials:

All caliche required for construction of the drill pad and the proposed new access road will be obtained from a BLM approved caliche pit and or recovered from old well pads. All roads and pads will be constructed of 6" of rolled and compacted caliche.

6. Methods of Handling Water Disposal:

- A. ~~Drill cuttings not retained for evaluation purposes will be disposed into the~~ reserve pit.
- B. Drilling fluids will be contained in lined working pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 130' x 130' x 6' deep. The reserve pit will be plastic-lined to minimize loss of drilling fluids and saturation of the ground with brine water.

- C. Water produced from the well during completion may be disposed into the reserve pit.
 - D. Garbage and trash produced during drilling or completion operations will be hauled off. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.
 - E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. No adverse materials will be left on location.
 - F. The reserve pit will be completely fenced until it has dried. When the reserve pit is dry enough to breakout and fill, the reserve pit will be leveled and reseeded as per BLM specifications. In the event of a dry hole, the location will be ripped and seeded, as per BLM specifications, and a dry hole marker will remain.
7. Ancillary Facilities: None required
8. Well Site Layout:
- A. The drill pad layout, is shown in Exhibit #3. Dimensions of the pad and pits are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection.
 - B. The reserve pit will be lined with a high quality plastic sheeting.
9. Plans for Restoration of the Surface:
- A. Upon finishing drilling and or completion operations, all equipment and other material not needed for operations will be removed.
 - B. All trash, garbage, and pit lining will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 10 months after abandonment.
 - C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig side. The fencing will remain in place until the pit area is cleaned up and leveled. No oil will be left on the surface of the fluid in the pit.
 - D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. Topsoil removed from the drill site will be used to recontour the pit area to the original

natural level and reseeded as per BLM specifications.

10. Surface Ownership:

The wellsite and lease is located on Federal Surface.

- A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with oakbursh, sagebrush, yucca, and prickly pear.
- B. There is no permanent or live water in the immediate area.
- C. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

11. Lessee's and Operator's Representative:

The Ray Westall representative responsible for assuring compliance with the surface use plan is as follows:

Ray Westall
P.O. Box 4
Loco Hills, New Mexico 88255
Phone: 505.677.2370 (office)
505.885.3674 (home)


Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Ray Westall and its contractors and subcontractors in conformity with this plan and the provision of 18 U.S.C. 1001 for the filing of a false statement.

Date:

02/03/01

Signed:


Randall L. Harris

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: February 3, 2006

Lease # NM23002
MALIBU FEDERAL

Legal Description: SE/4 SEC 12 T19S-R31E
EDDY County, New Mexico

Formations(s): Lusk Bone Springs

Bond Coverage: Statewide

BLM Bond File #: NM0322



Randall L. Harris
Geologist

BOPE SCHEMATIC

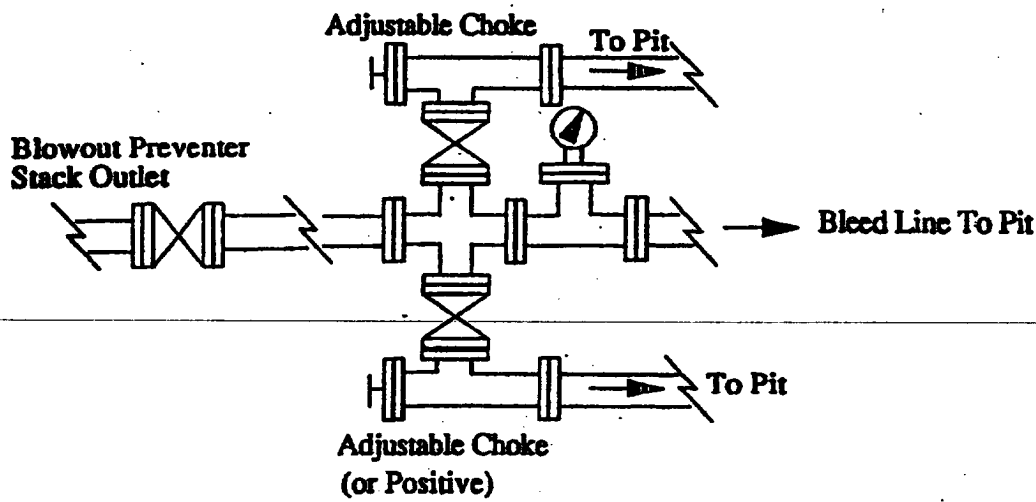
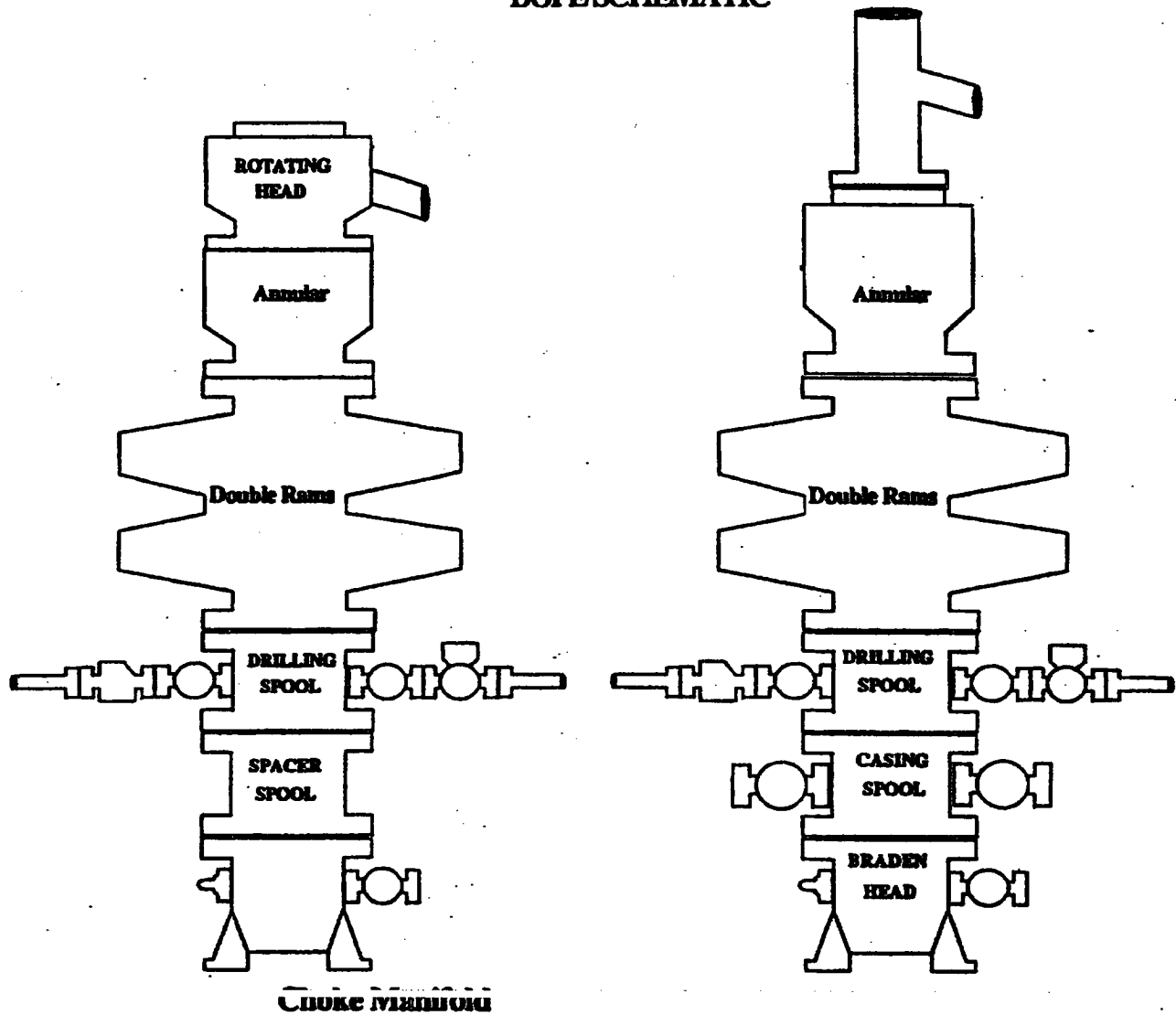
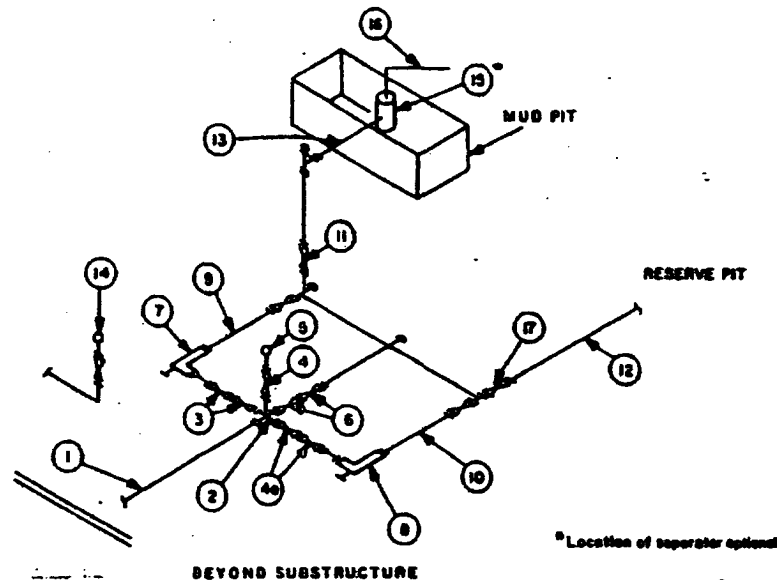


Exhibit One

MINIMUM CHOKE MANIFOLD 3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



MINIMUM REQUIREMENTS										
No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2" Cross 3"x3"x3"x3"			3,000			5,000			10,000
3	Valves (1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves (1)	2-1/8"		3,000	2-1/8"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)			3,000			5,000			10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauges.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Ray Westall

Well Name & No: Malibu Federal No. 01

Location: Surface 660' FSL & 660' FEL, Sec.12, T. 19 S. R. 31 E.

Lease: NMNM 23002

Eddy County, New Mexico

.....

I. DRILLING OPERATIONS REQUIREMENTS :

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 $\frac{3}{8}$ inch; 8 $\frac{5}{8}$ inch; 5 $\frac{1}{2}$ inch.

C. BOP Tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan is not required for this wellbore. The operator shall verify all rig personnel has been trained in H₂S safety awareness and caution should be used by all hands during drilling operations.

3. 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.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

I. CASING :

1. The 13 $\frac{3}{8}$ inch shall be set at 900 Feet, at least 25 feet into the Top of the Rustler Anhydrite, -AND- above the Top of the Salt which may be encountered prior to the planned setting depth. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 8 $\frac{5}{8}$ inch Intermediate casing is to Tie Back into the 13 $\frac{3}{8}$ shoe by at least 200 ft.

3. The minimum required fill of cement behind the 5 $\frac{1}{2}$ inch Production casing is to place TOC at least 200 feet above any potential hydrocarbon bearing formations.

III. PRESSURE CONTROL :

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 $\frac{3}{8}$ inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

III. Pressure Control Con't:

2. The BOPE and related equipment shall have a minimum working pressure of **3 M**. The minimum required BOPE prior to drilling below the 8 ½ inch shoe shall be 2500 psig. The operator chooses to use a 5 M BOPE.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

- The test shall be done by an independent service company
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.