Form 3160-3 (Aprel 2002)

OCD-ARTESIA

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

RECEIVED JUN 1 2 2006

Expires ivi	uren 51, 2007	
Lease Serial No.	20-	

If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DE	RILL OR I	REENTER	TEOM	6. If Indian, Allottee	or tribe n	vame
1a. Type of Work: X DRILL REENTH	ary's	POTASH	Ged	7. If Unit or CA Agre NMNM71016	-	me and No.
1b. Type of Well: X Oil Well Gas Well Other			ple Zone	8. Lease Name and V Poker Lake Unit		269
2. Name of Operator Bass Enterprises Production Co. / & O /				9_API Well No.	- 34	947
3a. Address P. O. Box 2760 Midland, TX 79702	L	No. (include area code) 583-2277		10. Field and Pool, or Nash Draw (De		
4. Location of Well (Report location clearly and in accordance with At surfaceNWNW, Lot 1, 660' FNL, 660' FWL, Lat N. At proposed prod. zone Same	-	=	361 deg	11. Sec., T., R., M., or Sec 7, T24S, R301 SME: BLM	•	•
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
5. Distance from porposed* leasting to person! 660'	16. No. o	f Acres in lease	17. Spacir	ng Unit dedicated to this	well	
location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	1843.32 40.00					
18 Distance from proposed location* 1360' to nearest well, drilling, completed,	19. Propo	19. Proposed Depth 20. BLM/I		/BIA Bond No. on file		
applied for, on this lease, ft.	7610'	7610' MD 1239672		222		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3165' GL	1	oximate date work will sta 1/2006	23. Estimated duration 12 days			
	24. At	tachments				
The following, completed in accordance with the requirements of Onsh	ore Oil and C	Gas Order No. 1, shall be a	ttached to th	nis form:		
 Well plat certified by a registered surveyor. A Drilling Plan A Surface Use Plan (if the location is on National Forest System Las SUPO shall be filed with the appropriate Forest Service Office). 	nds, the	Item 20 above). 5. Operation certification	cation.	s unless covered by an ex	J	•
Signature Childers		ne (Printed/Typed) nnette Childers			Date	04/24/2006
Title Administrative Assistant	AI	mene Childers				04/24/2006
Approved by (Signature Assistant Linda S. C. Rundell	Nai	me (Printed/Typed) Linda	S. C. R	undell	Date JUN	0 5 2006
STATE DIRECTOR	Off	fice N	m sta	TE OFFICE	1	
Application approval does not warrant or certify the the applicant holds	legal or equi	table title to those rights i	n the subject	t lease which would entit	le the appli	cant to conduct

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 and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Conditions of approval, if any, are attached.

operations thereon.

CARLSBAD CONTROLLED WATER DASDI

Widness Surface Casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

If earthen pits are used in association with the drilling of this

APPROVAL FOR 1 YEAR

well, an OCD pit permit must be obtained prior to pit construction. Sa 17 39.5

Surface casing to be set into the Rustler below all fresh water sands. Production casing will be cemented using DS Litecrete cement with TOC 500' above the uppermost productive interval. Drilling Procedure, BOP diagram, anticipated tops and surface plans attached.

This well is located inside the Secretary's Potash area and outside the R-111 Potash area. There are no potash leases within 1 mile of this location.

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

State of New Mexico

Form C-102 Revised March 17, 1999

Energy, Minerals and Natural Resources Department

Submit to Appropriate District Office State Lease - 4 Copies

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 67410

811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION 2040 South Pacheco

Fee Lease - 3 Copies

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

Santa Fe, New Mexico 87504-2088

CI AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code		
	47545	NASH DRAW - DELAWARE/BONE	SPRING/AVALON SAND
Property Code	Prop	Well Number	
001796	POKER	269	
OGRID No.	Oper	ator Name	Elevation
001301	BASS ENTERPRISES	PRODUCTION COMPANY	3165'

Surface Location

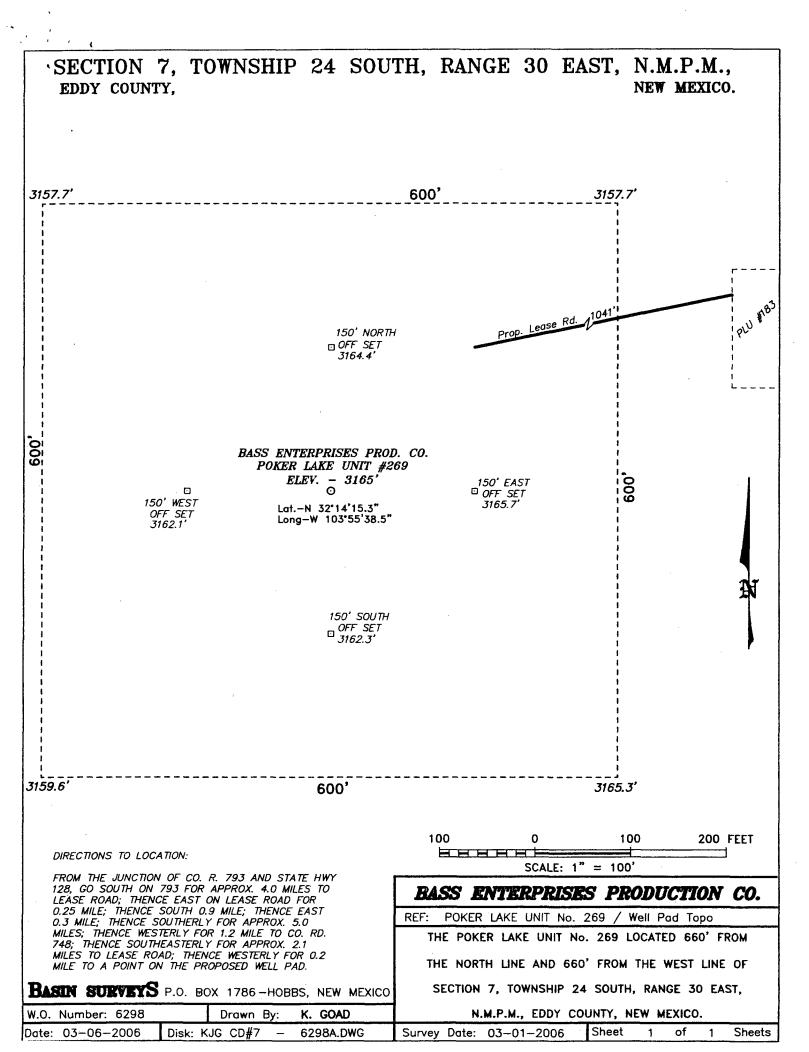
UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	7	24 S	30 E		660	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

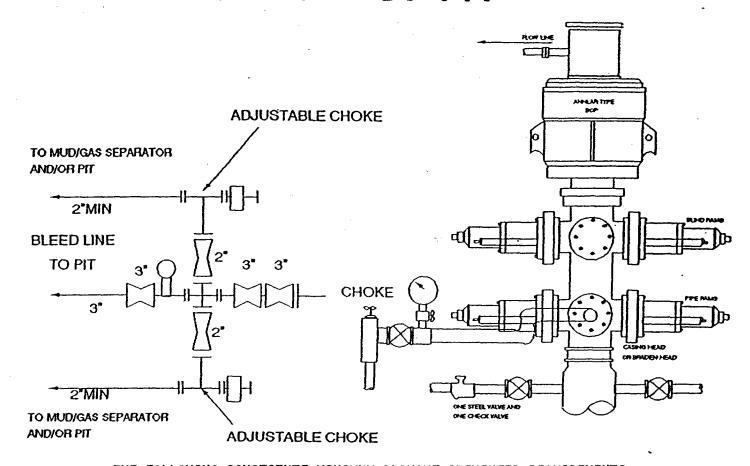
UL or let No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		r Infill C	onsolidation	Code Or	der No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

	ON A NON BIAN	DAND UNIT HAS DE	EN APPROVED BY TH	ie division
3187.Y 3 316.7 680 3165.3 LOT 1 - 40.94 AORES LOT 2 - 40.85 ACRES	AT - N32*14'15.3" ONG - W103*55'38.5" 		162.57 ACRES	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. William R. Donnel
LOT 4 40.68 AC.	81.46 ACRES		162.83 ACRES	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. MARCH 1, 2006 Date Surveyed Signature to Seel of NAS Professional Surveyer W. No. 6298 Certificate No. Gary L. tongs. 7977



3000 PSI WP



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.

EIGHT POINT DRILLING PROGRAM BASS ENTERPRISES PRODUCTION CO.

NAME OF WELL: Poker Lake Unit #269

LEGAL DESCRIPTION - SURFACE: 660' FNL & 660' FWL, Section 7, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: ESTIMATED FORMATION TOPS

(See No. 2 Below)

POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS

Anticipated Formation Tops: KB 3182' (est) G

GL 3165'

FORMATION	ESTIMATED TOP FROM KB	ESTIMATED SUBSEA TOP	BEARING
T/Rustler	332'	+2850'	Barren
B/Rustler	682'	+2500'	Barren
T/Salt	712'	+2470'	Barren
B/Salt	3227'	-45'	Barren
T/Lamar	3435'	-253'	Barren
T/Bone Spring	7177'	-3995'	Oil/Gas
T/Avalon	7247'	-4065'	Oil/Gas
TD	7610'	-4428'	

POINT 3: CASING PROGRAM

TYPE		INTERVALS	PURPOSE	CONDITION
16"	WITHESS	0'- 40'	Conductor	Contractor Discretion
8-5/8", 32#, J-55, LT&C	MAAAA	0'- 702'	Surface	New
5-1/2", 15.5#, J-55, LT&C		0' -6210'	Production	New
5-1/2", 17#, J-55, LT&C		6210' -7610'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nippled up on the surface casing head. The BOP stack choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 70% of internal yield pressure of casing or 1000 psi whichever is less with rig pump. In addition to the high pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen days after a previous test
- d) As required by well conditions

A function test to insure that the preventers are operating correctly will be performed on each trip.

POINT 5: MUD PROGRAM

DEPTH	MUD TYPE	<u>WEIGHT</u>	<u>_FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u> Ph</u>
0' - 712'	FW Spud Mud	8.5 - 9.2	70-38	NC	NC	NC	10.0
712' - 5600'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5-10.5
5600' - TD'	Brine Water/Diesel	8.8 - 9.0	32-40	8	2	<25 cc	9.5 10.0

^{*}May increase vis for logging purposes only.

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

None anticipated.

B) LOGGING

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

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL SURFACE:	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT ³ /SX	W/L
Lead 0 - 402' (100% excess circ to surface)	225	402	35:65 Poz: Class "C"+3% S1 + 6% D20 + ¼ pps D29	10.4	12.6	1.98	
Tail 402-702' (100% excess circ to surface)	210	300	Class "C" + 2% S1	6.38	14.8	1.34	
PRODUCTION:							
Lead 2934' - 6000' (50% excess)	350	3066	CremCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	9.00	10.2	2.37	<50
Tail 6000' - 7610' (50% excess)	225	1610	CremCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	6.60	10.50	2.04	<50

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3200 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3435'-7610'. No H_sS is anticipated.

POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) Anticipated Starting Date

Upon approval

12 days drilling operations

14 days completion operations

GEG/mac April 24, 2006

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #269

LEGAL DESCRIPTION - SURFACE: 660' FNL & 660' FWL, Section 7, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit A, B and Survey Plats

B) Existing Roads:

From the junction of County Road 793 and State Highway 128, go south on 793 for approximately 4.0 miles to lease road; Thence east on lease road for 0.25 mile; Thence south 0.9 mile; Thence east 0.3 mile; Thence westerly for 1.2 miles to County Road 748; Thence southeasterly for approximately 2.1 miles to lease road; Thence westerly for 0.2 mile to a point on the proposed well pad.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit A, B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

See Exhibit A and B. Proposed road is 1041' in length.

B) Width

12' wide.

C) Maximum Grade

Not applicable.

D) Turnout Ditches

Spaced per BLM requirements.

E) Culverts, Cattle Guards, and Surfacing Equipment

None.

POINT 3: LOCATION OF EXISTING WELLS

Exhibit A and B indicates existing wells within the surrounding area.

Page 2

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

Oil/Gas production facilities are located at PLU #158 wellsite.

B) New Facilities in the Event of Production:

Existing production facilities located at the Poker Lake Unit #158 battery will be used 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 center line of the access road and existing roads which have previously been Arch cleared. The electric line will consist of 12,470 volts 3 phase and also follow the access road ROW. The electric line will connect to the existing power line located at the Poker Lake Unit #177 well site.

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 Bass' Poker Lake Unit #140 battery or 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 A 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 A and B.

POINT 7: METHODS FOR HANDLING WASTE MATERIAL

Page 3

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.

POINT 9: WELL SITE LAYOUT - Cont'd...

Page 4

B) Locations of Pits and Access Road

See Exhibits "A" and "C".

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.

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 is one water well approximately 5000' southeast from location. Two other water wells are located in Sections 18 & 19. (See exhibit B)

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 and new access road from the North 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

Page 6

(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

Michael L. Lyon

Box 2760

Midland, Texas 79702

(432) 683-2277

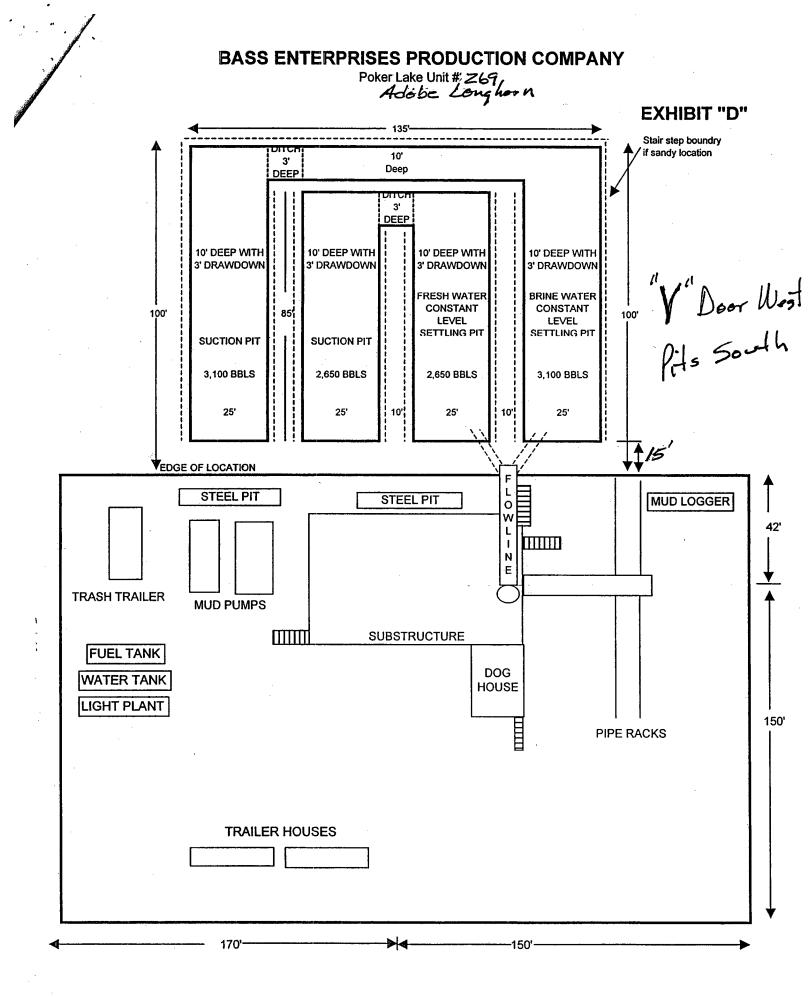
POINT 13: CERTIFICATION

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 Bass Enterprises Production Co. 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.

4-24-06

GEG/mac

William R Dannels



CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

Bass Enterprises Production Company

Well Name & No.

Poker Lake Unit #269

Location:

660' FNL, 660' FWL, Section 7, T. 24 S., R. 30 E., Eddy County, New Mexico

Lease:

MMI-068545

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I. DRILLING OPERATIONS REQUIREMENTS:

- 1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:
 - A. Well spud
 - B. Cementing casing: 8-5/8 inch 5-1/2 inch
 - C. BOP tests
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 3. 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.
- 4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
- Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

- 1. The <u>8-5/8</u> inch surface casing shall be set at <u>approximately 702 feet and cement circulated to the surface</u>. 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 <u>5-1/2</u> inch production casing is <u>to be sufficient to reach at least 500</u> feet above the top of the uppermost productive hydrocarbon bearing interval.
- 3. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

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 **8-5/8** 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.
- 2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi. Testing with rig pumps is permitted.
- 3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- 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 a safe workman-like manner. Hard line connections shall be required.