

0568

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

H-06

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|---|---|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMLC059365 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator BASS ENTERPRISES PRODUCTION CO | | 7. If Unit or CA Agreement, Name and No. NMNM68294X |
| Contact: TAMI WILBER E-Mail: twilber@basspet.com | | 8. Lease Name and Well No. BIG EDDY UNIT 143 |
| 3a. Address P O BOX 2760 MIDLAND, TX 79702 | 3b. Phone No. (include area code) Ph: 432.683.2277 Fx: 432.687.0329 | 9. API Well No. 30-015-32955 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SESW 660FSL 1896FWL At proposed prod. zone SESW 660FSL 1896FWL | | 10. Field and Pool, or Exploratory UNKNOWN E CARLSBAD-MORROW |
| 14. Distance in miles and direction from nearest town or post office* 9 MILES EAST OF CARLSBAD NEW MEXICO | 16. No. of Acres in lease | 11. Sec., T., R., M., or Bk. and Survey or Area Sec 19 T21S R28E Mer NMP SME: BLM |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1896', 660' FROM UNIT LINE | 17. Spacing Unit dedicated to this well 320.00 | 12. County or Parish EDDY |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1604' | 19. Proposed Depth 12500 MD | 13. State NM |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 3170 GL | 22. Approximate date work will start 06/02/2003 | 20. BLM/BIA Bond No. on file |
| 23. Estimated duration 45 DAYS | | |

24. Attachments

CARLSBAD CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | |
|---|--|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) TAMI WILBER Ph: 432.683.2277 | Date 05/06/2003 |
| Title PRODUCTION CLERK | | |
| Approved by (Signature) /s/ Leslie A. Theiss | Name (Printed/Typed) /s/ Leslie A. Theiss | Date JUN 4 2003 |
| Title FIELD MANAGER | Office CARLSBAD FIELD OFFICE | |

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #21333 verified by the BLM Well Information System
For BASS ENTERPRISES PRODUCTION CO, sent to the Carlsbad
Committed to AFMSS for processing by Armando Lopez on 05/06/2003 (03AL0266AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|-------------------------------------|------------------------|
| API Number | Pool Code | Pool Name |
| | | East Carlsbad (Morrow) |
| Property Code | Property Name | Well Number |
| 001776 | BIG EDDY UNIT | 143 |
| OGRID No. | Operator Name | Elevation |
| 001801 | BASS ENTERPRISES PRODUCTION COMPANY | 3170' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 19 | 21 S | 28 E | | 660 | SOUTH | 1896 | WEST | EDDY |

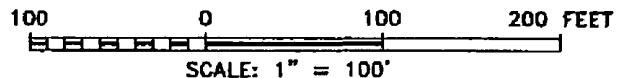
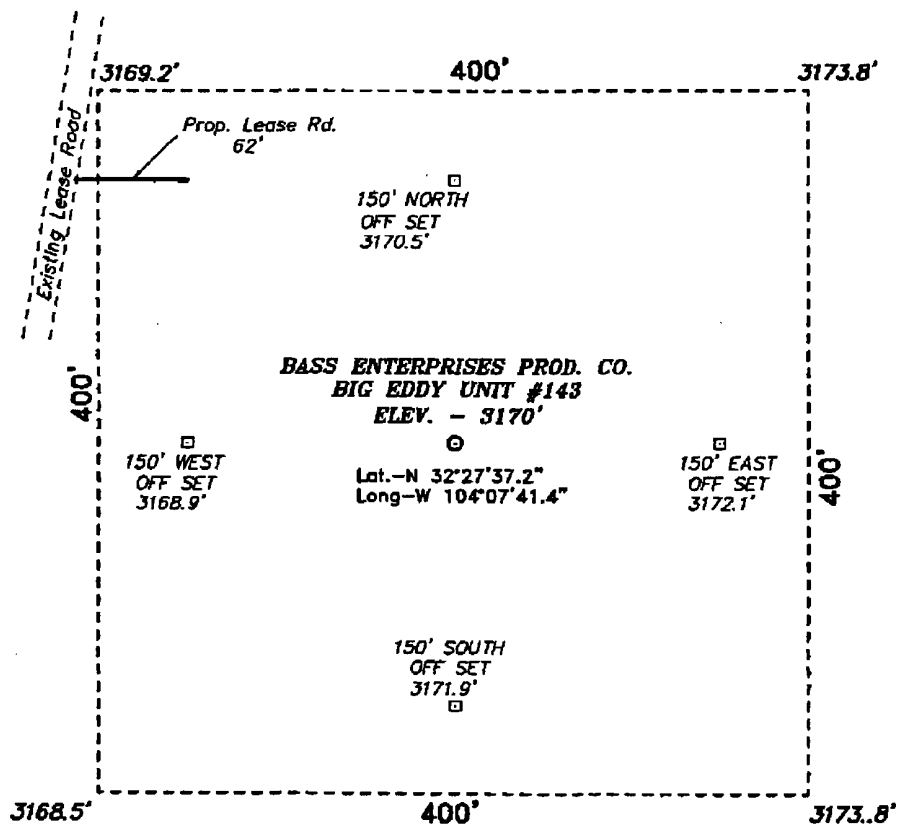
Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. | | | | | | |
| 320 | | | | | | | | | |

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 the the information contained herein is true and complete to the best of my knowledge and belief. Signature W.R. DANNELS Printed Name DIVISION DRILLING SUPT. Title 5/6/03 Date |
| | SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date Surveyed MARCH 28, 2003 Signature & Seal of Professional Surveyor 7977 Certificate No. 7977 BASIN SURVEYS |
| | |
| | |

**SECTION 19, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 603A AND US HWY 62/180, GO SOUTHWEST ON HWY 62/180 FOR APPROX. 0.30 MILE TO A LEASE ROAD; THENCE SOUTHEAST ON LEASE ROAD FOR APPROX. 0.36 MILE; THENCE SOUTHERLY FOR APPROX. 0.5 MILE TO PROPOSED LEASE ROAD.

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

W.O. Number: 3157

Drawn By: K. GOAD

Date: 04-01-2003 Disk: KJG CD#7 - 3157A.DWG

BASS ENTERPRISES PRODUCTION CO.

REF: BIG EDDY UNIT No. 143 / Well Pad Topo

THE BIG EDDY UNIT No. 143 LOCATED 660' FROM
THE SOUTH LINE AND 1896' FROM THE WEST LINE OF
SECTION 19, TOWNSHIP 21 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 03-28-2003 Sheet 1 of 1 Sheets

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

NAME OF WELL: BIG EDDY UNIT #143

LEGAL DESCRIPTION - SURFACE: 660' FSL & 1896' FWL, Section 19, T21S, R28E, 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 3192' (est)
GL 3170'

| <u>FORMATION</u> | <u>ESTIMATED TOP FROM KB</u> | <u>ESTIMATED SUBSEA TOP</u> | <u>BEARING</u> |
|---------------------------|----------------------------------|---------------------------------|----------------|
| T/Capitan Reef | 1,067' | + 2,125' | Barren |
| B/Reef (T/Delaware Sands) | 2,567' | + 625' | Oil/Gas |
| T/Bone Spring | 5,644' | - 2,452' | Barren |
| T/Wolfcamp | 9,164' | - 5,972' | Oil/Gas |
| T/Strawn | 10,342' | - 7,150' | Oil/Gas |
| T/Strawn "C" | 10,607' | - 7,415' | Oil/Gas |
| T/Atoka | 11,757' | - 7,565' | Oil/Gas |
| T/Morrow | 11,310' | - 8,118' | Oil/Gas |
| TD | 12,500' | - 9,308' | |

POINT 3: CASING PROGRAM

| <u>TYPE</u> | <u>INTERVALS</u> | <u>PURPOSE</u> | <u>CONDITION</u> |
|---------------------------|-------------------|------------------|-----------------------|
| 20" | 0' - 40' | Conductor | Contractor Discretion |
| 13-3/8", 54.5#, J-55, STC | 0' - 500' | Surface | New |
| 9-5/8", 40#, N80, LTC | 0' - 1,000' | Intermediate | New |
| 9-5/8", 40#, K-55, LTC | 1,000' - 2,540' | Intermediate | New |
| 7", 26#, P-110, LTC | 0' - 11,000' | Intermediate | New |
| 7", 26#, S-95, LTC | 11,000' - 11,200' | Intermediate | New |
| 5", 18#, P110, STL | 10,800' - 12,500' | Production Liner | New |

WITNESS

2

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A rotating head will be nipped up on the surface casing. The rotating head will not be hydro-tested.

A BOP equivalent to Diagram 1 will be nipped up on the first and second intermediate casings. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 5,000 psi on the first intermediate and the second intermediate casing. The annular will be tested to 2500 psi. In addition to the rated working pressure test, a low pressure (250 psi) test will be required. These tests will be performed:

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

A function test to insure that the preventers are operating correctly will be performed on each trip. See the attached Diagram 1 for the minimum criteria for the choke manifold.

POINT 5: MUD PROGRAM

| DEPTH | MUD TYPE | WEIGHT | FV | PV | YP | FL | Ph |
|------------------|-------------------|------------|-------|-------|-------|-------|----------|
| 0' - 500' | FW | 8.5 - 9.2 | 45-35 | NC | NC | NC | 9.5 |
| 500' - 2,540' | CBW FW | 9.2 - 10.0 | 28-30 | NC | NC | NC | 9.5 |
| 2,540' - 9,000' | FW | 8.6 - 8.9 | 28-30 | 4 | 2 | NC | 9.5 |
| 9,000' - 11,200' | CBW | 8.9 - 11.5 | 28-30 | 6 | 4 | <20 | 9.5 |
| 11,200' - TD | CBW/Polymer | 9.0 - 9.5 | 32-55 | 12-20 | 12-22 | 10-15 | 9.5-10.0 |

POINT 6: TECHNICAL STAGES OF OPERATION**A) TESTING**

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

B) LOGGING

Run #1:

GR-CNL-LDT-LLD run from 11,200' to TD to first ICP, GR-CNL to surface. May run logging suite across Delaware prior to drilling below 6000' if mud log shows warrant.

Run #2:

GR-CNL-LDT-LLD run from TD to second ICP, FMI as required.

C) CORING

No cores are anticipated.

D) CEMENT

| <u>INTERVAL</u> | <u>AMOUNT SX</u> | <u>FT OF FILL</u> | <u>TYPE</u> | <u>GALS/SX</u> | <u>PPG</u> | <u>FT³/SX</u> |
|--|-------------------|-----------------------|---|----------------|------------|--------------------------|
| <u>SURFACE</u> | | | | | | |
| Lead | | | | | | |
| 0' - 200' (100% excess) | 170 | 200 | Permian Basin Critical + Zone + Pol-e-flake | 10.30 | 12.80 | 1.89 |
| Tail | | | | | | |
| 200'-500' (100% Excess) | 340 | 300 | Premium Plus + 2% CaCl ₂ + 1/8#/sx Pol-e-flake | 6.32 | 14.80 | 1.34 |
| <u>INTERMEDIATE</u> | | | | | | |
| | | <u>FT OF FILL</u> | <u>TYPE</u> | <u>GALS/SX</u> | <u>PPG</u> | <u>FT³/SX</u> |
| Lead | | | | | | |
| 0' - 2105' (100% Excess) | 550 | 2105 | Interfill C + 1/8#/sx + Pol-e-flake | 14.10 | 11.90 | 2.45 |
| Tail | | | | | | |
| 2105' - 2540' (100% Excess) | 235 | 435 | Premium Plus + 2% CaCl ₂ | 6.34 | 14.80 | 1.34 |
| <u>PRODUCTION</u> (Two stage w/DV tool @ 8000' and circulate cement to 2000') | | | | | | |
| <u>INTERVAL</u> | <u>AMOUNT SXS</u> | <u>FILL</u> | <u>TYPE</u> | <u>GALS/SX</u> | <u>PPG</u> | <u>FT³/SX</u> |
| <u>1st Stage</u> | | | | | | |
| LEAD | | | | | | |
| 8000'-10,500' (50% excess) | 225 | 2500 | Interfill H + 5pps Gilsomite + 0.5% Halad 9 + 1/8 pps Pol-e-flake | 13.61 | 11.90 | 2.46 |
| TAIL | | | | | | |
| 10,500'-11,200' (50% excess) | 100 | 700 | Super H + 0.5% Halad 344 + 0.4% CFR3 + 5 pps Gillsomite + 1 pps Salt + 0.2% HRT | 8.20 | 13.00 | 1.67 |
| <u>2nd Stage</u> | | | | | | |
| LEAD | | | | | | |
| 2240'-7,300' (50% excess) | 470 | 5060 | Interfill H + 1/8 pps Pol-e-flake + 0.5% Halad 9 | 14.00 | 11.90 | 2.45 |
| TAIL | | | | | | |
| 7,300'-8,000' (50% excess) | 100 | 700 | Super H + 0.5% Halad 344 + 0.4% CFR3 + 5 pps Gillsomite + 1 pps Salt + 0.2% HRT | 8.20 | 13.00 | 1.67 |
| <u>PRODUCTION LINER</u> | | | | | | |
| 10,800'-12,500' (25% excess) | 145 | 1700 | Class H + 0.8% Halad 322 + 0.6% Halad 344 + 0.2% HR-7 + 5pps Microbond M | 5.68 | 15.40 | 1.28 |

E) DIRECTIONAL DRILLING

No directional services anticipated. A straight hole will be drilled to 12,500' TD.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware, Bone Spring & Wolfcamp sections. The Strawn expected BHP is 5515 (max) or an equivalent mud weight of 10.0 ppg. The Morrow will be normally pressured. Due to the tight nature of the reservoir rock (high pressure, low volume), the well will be drilled under balanced utilizing a rotating head. The expected BHT at TD is 200°F. No H₂S is anticipated.

BASS ENTERPRISES PRODUCTION COMPANY

PIT DIAGRAM

OVER 8500'

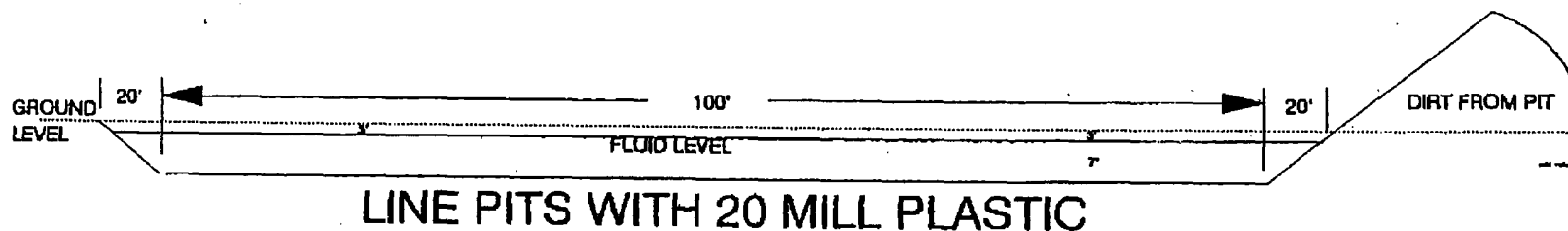
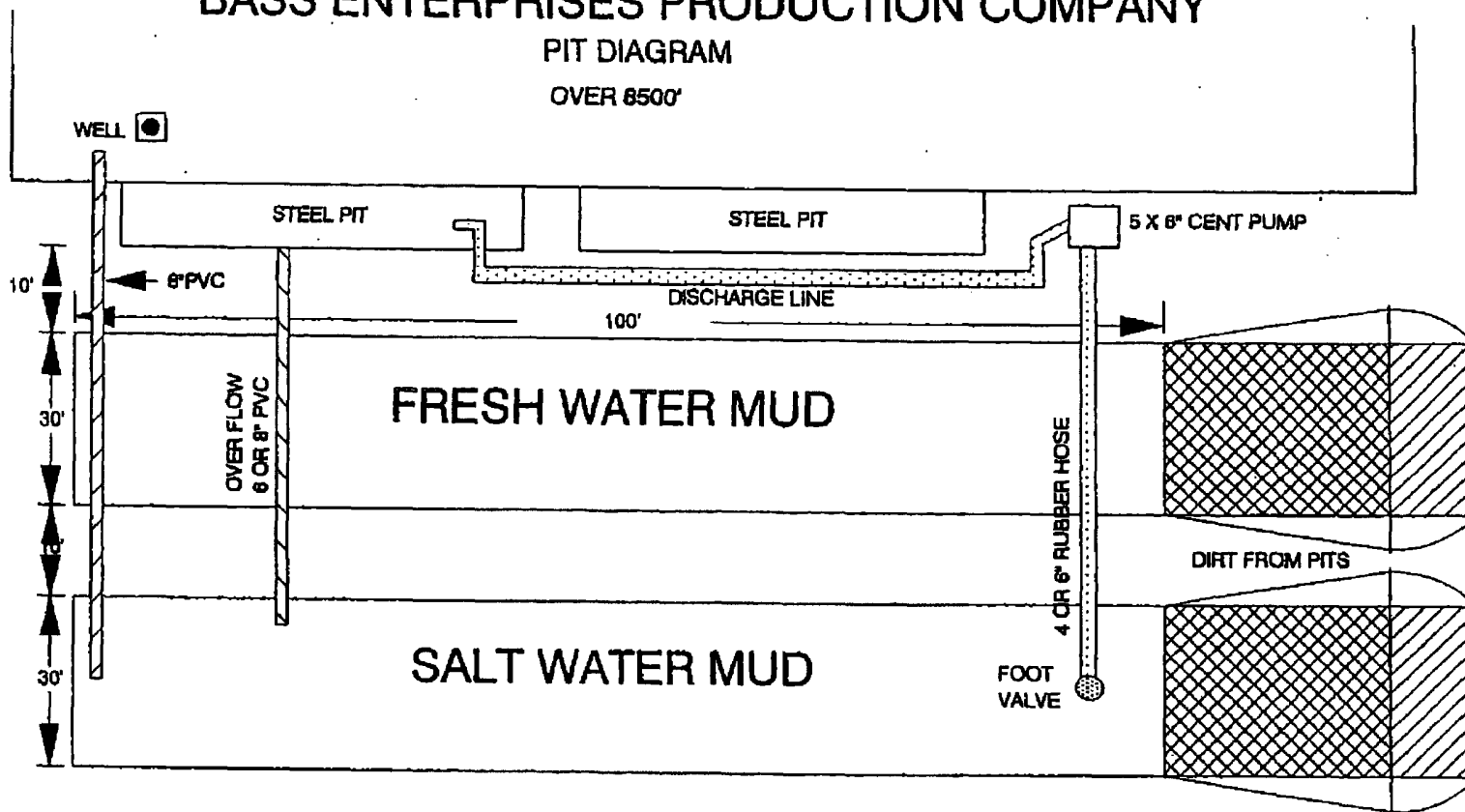
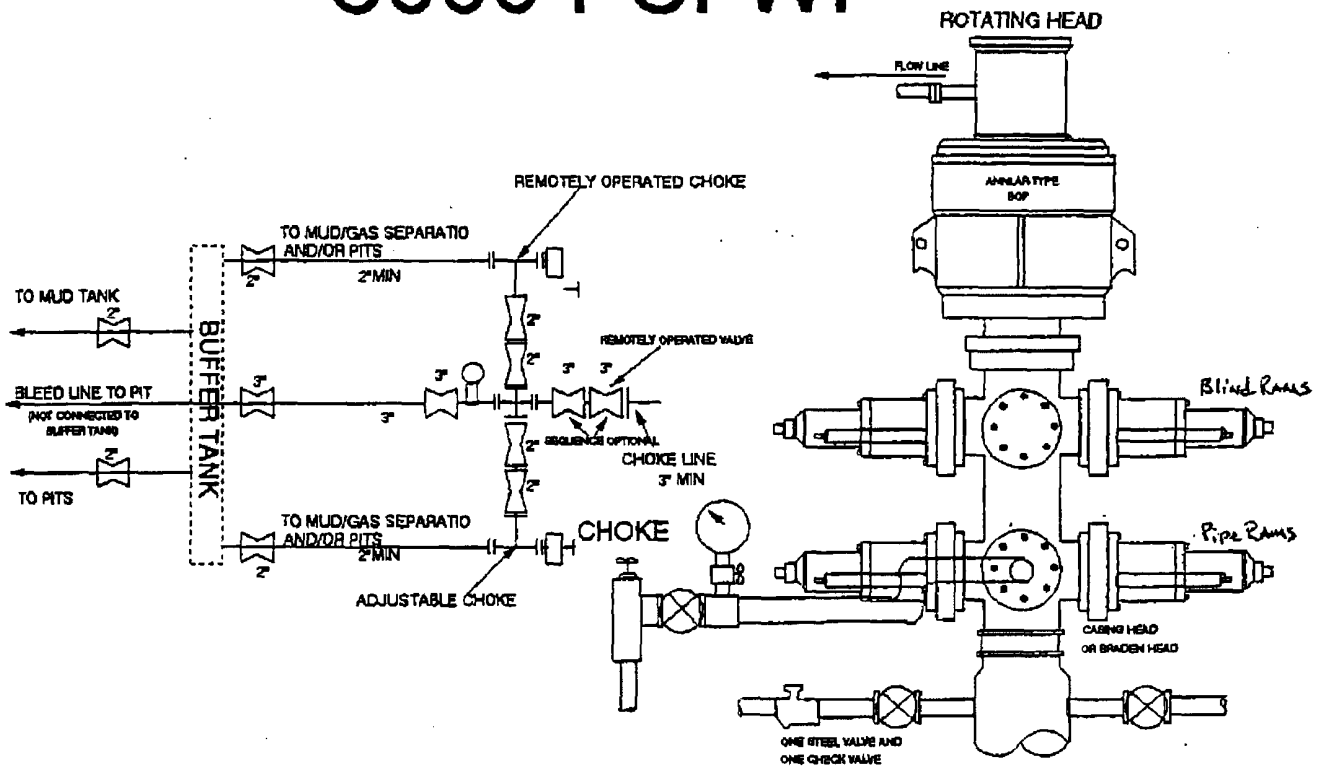


Exhibit D

5000 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.

DIAGRAM 1



MYCO INDUSTRIES, INC.
OIL PRODUCERS
POST OFFICE BOX 840
ARTESIA, NEW MEXICO 88211-0840
Phone (505) 748-1471



August 19, 2003

VIA U.S. Mail and FAX 505.748.9720

Mr. Tim Gumm
Oil Conservation Division
1301 West Grand
Artesia, New Mexico 88210

Re: **T21S, R28E, N.M.P.M.**
Sections 19 and 31
Eddy County, NM

Ladies and Gentlemen:

Please recall that MYCO Industries, Inc. (MYCO) filed an APD for the Lincoln 19 Federal Com #1 to be located in unit letter N in Section 19 of T21S, R28E, Eddy County, New Mexico. Subsequent to MYCO's filing, Bass Enterprises Production Company (Bass) filed an APD in the same location for its BEU#143.

MYCO also filed an APD for the Juneau 31 Fee Com #1 in unit letter L in Section 19 of T21S, R28E, Eddy County, New Mexico. Subsequent to MYCO's filing, Bass filed an APD in the same location for its BEU#145. In its May 21, 2003 letter to Bass, the OCD informed Bass of MYCO's APD and denied approval to Bass.

MYCO and Bass have recently entered into an understanding wherein Bass will operate wells located in Section 19 and MYCO will operate wells located in Section 31. If you need to confirm this, please feel free to contact Wayne Bailey at 817.390.8671. Bass has asked that we inform the OCD of this arrangement.

Should you need to discuss this matter, feel free to call at 505.748.4290.

Best regards,
MYCO INDUSTRIES, INC.

Shari Darr Hodges, CPL
Land Manager

SDH/me
Fax: Wayne Bailey 817.339.7102

BASS ENTERPRISES PRODUCTION CO.

6 DESTA DRIVE, SUITE 3700
P.O. BOX 2760
MIDLAND, TEXAS 79702

FAX (915) 687-0329

(915) 683-2277

May 30, 2003

VIA FEDERAL EXPRESS

Mr. Tim Gum
New Mexico Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico 88210

Re: Big Eddy Unit No. 143
W/2 Section 19, T21S-R28E
Big Eddy Unit No. 144
W/2 Section 30, T21S-R28E



Dear Mr. Gum:

As we discussed recently, Bass Enterprises Production Co. has filed APD's with the Bureau of Land Management for both of the above wells in their respective proration units as set forth above. Competing applications for these wells have been filed by MYCO Industries, Inc. These applications are being processed simultaneously by the BLM as of this writing.

This is to advise you that Bass has notified MYCO, and all other interested parties in both proration units that Bass will drill and operate both wells at the locations set forth in the permits. Bass is the owner of 75% interest in the Big Eddy Unit No. 143 and 87.50% working interest Big Eddy Unit 144. Furthermore, Bass is the designated operator according to the Big Eddy Unit Agreement which provides as follows:

8. Rights and Obligations of Unit Operator: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated and shall be exercised by the Unit Operator (Bass) as herein provided.

Thus, the Unit Operator (Bass) must operate any wells on lands committed to the unit unless proper steps are taken to transfer such authority. Until further notice, MYCO does not have the authority to operate such wells. Therefore, for the reasons stated above, Bass requests that your office approve the Bass permits upon your receipt of them from the BLM and that the MYCO permits should not be recognized by the NMOCD. Thank you very much should you have any questions or comments, please don't hesitate to contact the undersigned at (817) 915-683-2277.

Very truly yours,


John R. Smitherman
Division Production Manager

JRS/JWB:ca/gjr