

Form 3160-3
(April 2004)

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OCD-ARTESIA



ATS-07-287

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: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-02860
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator BEPCO, L. P. 1801		7. If Unit or CA Agreement, Name and No. NMNM-71016X 1796
3a. Address P. O. Box 2760 Midland, TX 79702		8. Lease Name and Well No. Poker Lake Unit #279 2860
3b. Phone No. (include area code) 432-683-2277		9. API Well No. 30-015-35477
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SENW, UL F, 1650' FNL & 2310' FWL Lat N32.205722, Lon W103.922056 At proposed prod. zone Same		10. Field and Pool, or Exploratory Nash Draw (Delaware) / Bee Spring
11. Sec., T. R. M. or Blk. and Survey or Area Sec 19, T24S, R30E, Mer NMPM		12. County or Parish Eddy
13. State NM		14. Distance in miles and direction from nearest town or post office* 10 miles east of Malaga NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650'	16. No. of acres in lease 2520.68	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1044'	19. Proposed Depth 7650' MD	20. BLM/BIA Bond No. on file NM2204
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3174' GL	22. Approximate date work will start* 02/01/2007	23. Estimated duration 12 days

24. Attachments

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

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature Annette Childers	Name (Printed/Typed) Annette Childers	Date 1-25-07
Title Administrative Assistant		

Approved by (Signature) ACTING FIELD MANAGER	Name (Printed/Typed) CARLSBAD FIELD OFFICE	Date
Title		

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)

CARLSBAD CONTROLLED WATER BASIN

**SEE ATTACHED FOR
CONDITIONS OF 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.

—COA

Surface casing to be set into the Rustler below all fresh water sands.

Production casing will be cemented using DS LiteCrete system with TOC 500' above all productive pay zones.
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.

1625 N. French Dr., Hobbs, NM 88240

1301 W. Grand Avenue, Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

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 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 47545	Pool Name Nash Draw; (Delaware) / Bear Spring (Avalanche)
Property Code 02860 1796	Property Name POKER LAKE UNIT	Well Number 279
OGRID No. 001801	Operator Name BEPKO, L.P.	Elevation 3174'

Surface Location

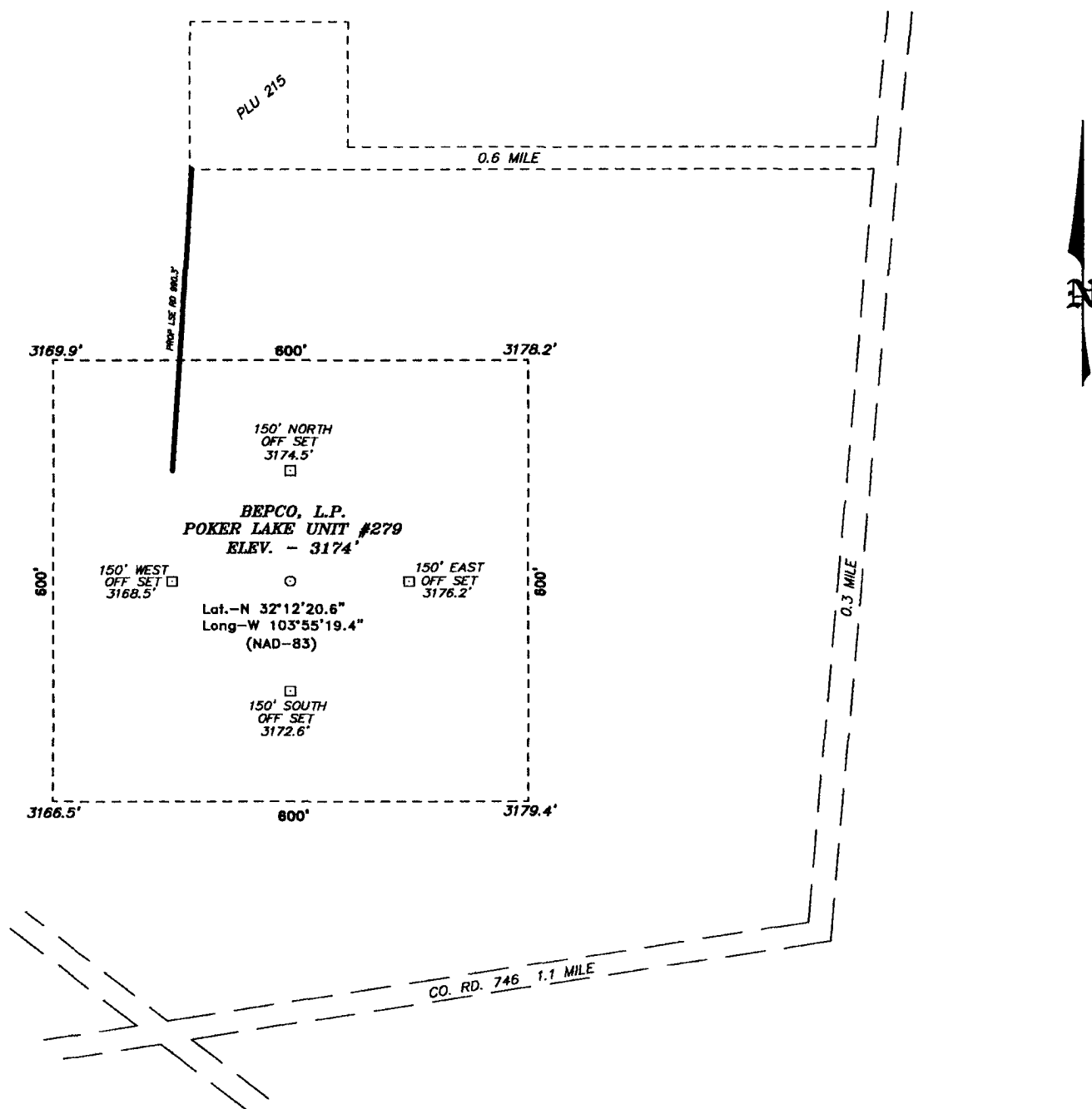
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	19	24 S	30 E		1650	NORTH	2310	WEST	EDDY

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 40	Joint or Infill N	Consolidation Code		Order No.					

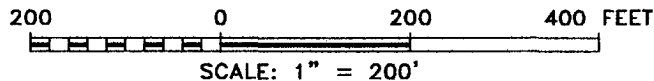
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

SECTION 19, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 748 (MCDONALD) AND CO. RD. #746A (GAVILAN), GO NORTHEAST ON CO. RD. 746A FOR APPROX. 1.1 MILES PAST WINDMILL; THENCE NORTH ON LEASE ROAD FOR 0.3 MILE TO LEASE ROAD; THENCE WEST 0.6 MILE; TO THE PROPOSED LEASE ROAD AT WELL LOCATION P.L.U. 215.



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

W.O. Number: 6430 Drawn By: J. SMALL
Date: 04-21-2006 Disk: JMS 6430A

BEPCO, L.P.

REF: POKER LAKE UNIT #279 / WELL PAD AND TOPO

THE POKER LAKE UNIT #279 LOCATED 1650' FROM
THE NORTH LINE AND 2310' FROM THE WEST LINE OF
SECTION 19, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 04-20-2006 Sheet 1 of 1 Sheets

**EIGHT POINT DRILLING PROGRAM
BEPCO, L.P.**

NAME OF WELL: Poker Lake Unit #279

LEGAL DESCRIPTION - SURFACE: 1650' FNL & 2310' FWL, Section 19, 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 3191' (est) GL 3174'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	261'	+2930'	Barren
B/Rustler	591'	+2600'	Barren
T/Salt	621'	+2570'	Barren
B/Salt	3211'	- 20'	Barren
T/Lamar	3423'	- 232'	Oil/Gas
T/Bone Spring	7231'	- 4040'	Oil/Gas
T/Avalon	7303'	- 4112'	Oil/Gas
TD	7650'	- 4459'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>HOLE SIZE</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 60'	20"	Conductor	Contractor Discretion
8-5/8", 32#, K-55, LT&C	0' - 611'	12-1/4"	Surface	New
5-1/2", 15.5#, J-55, LT&C	0' - 6250'	7-7/8"	Production	New
5-1/2", 17#, J-55, LT&C	6250' - 7650'	7-7/8"	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

The BOPE when rigged up on the surface casing spool will be as described in Diagram 1 and will be tested by the rig pump to 1000 psig or 70% of interval yield pressure of casing whichever is less.

BOP Testing Schedule:

- 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

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 611'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
611' - 5600'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5 - 10.5
5600' - TD	BW/Diesel	8.8 - 9.0	32-40	8	2	<25 cc	9.5 - 10.0

NOTE: 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 (+/- 3300').
GR-CNL-CAL from base of Salt to surface.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

<u>INTERVAL</u>	<u>AMOUNT SXS</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>	<u>WL</u>
SURFACE:							
Lead: 0 - 311' (100% excess circ to surface)	175	311	35:65 Class C Poz + 3% S1 + 1/4 pps D29 + 6% D20	10.7	12.6	1.98	NC
Tail: 311' - 611' (100% excess circ to surface)	200	300	Class C + 2% S1 (CaCl ₂)	6.33	14.8	1.34	NC
PRODUCTION:							
Lead 2923' - 6000' (50% excess)	330	3077	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	9.875	10.2	2.47	130
Tail 6000' - 7650' (50% excess)	210	1650	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	7.336	10.5	2.10	115

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3511 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3423'-7231'. No H₂S 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

January 25, 2007

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #279

LEGAL DESCRIPTION - SURFACE: 1650' FNL & 2310' FWL, Section 19, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit A and Survey Plats

B) Existing Roads:

From the junction of County Road 746 (McDonald) and County Road 746A (Gavilan), go northeast on Co. Road #746A for approximately 1.1 miles past windmill; thence north on lease road for 0.3 miles to lease road; thence west 0.6 miles to the proposed lease road beginning at Poker Lake Unit #215. Proceed south 1/4 mile to new location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 990.3' 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.

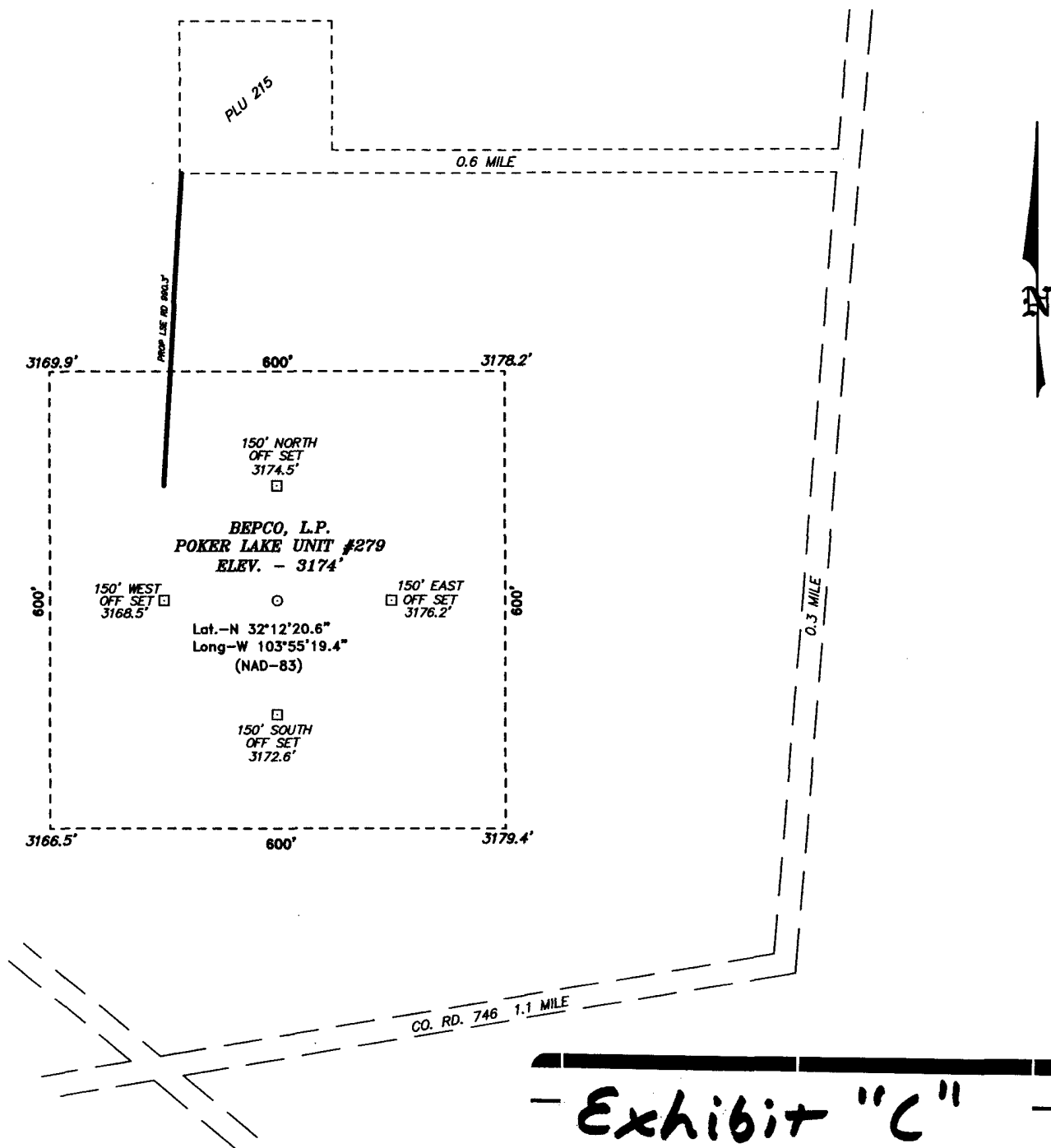
E) Culverts, Cattle Guards, and Surfacing Equipment

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.

SECTION 19, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
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THENCE NORTH ON LEASE ROAD FOR 0.3 MILE TO
LEASE ROAD; THENCE WEST 0.6 MILE; TO THE
PROPOSED LEASE ROAD AT WELL LOCATION P.L.U.
215.

Exhibit "C"

200 0 200 400 FEET

SCALE: 1" = 200'

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

W.O. Number: 6430

Drawn By: J. SMALL

Date: 04-21-2006

Disk: JMS 6430A

BEPCO, L.P.

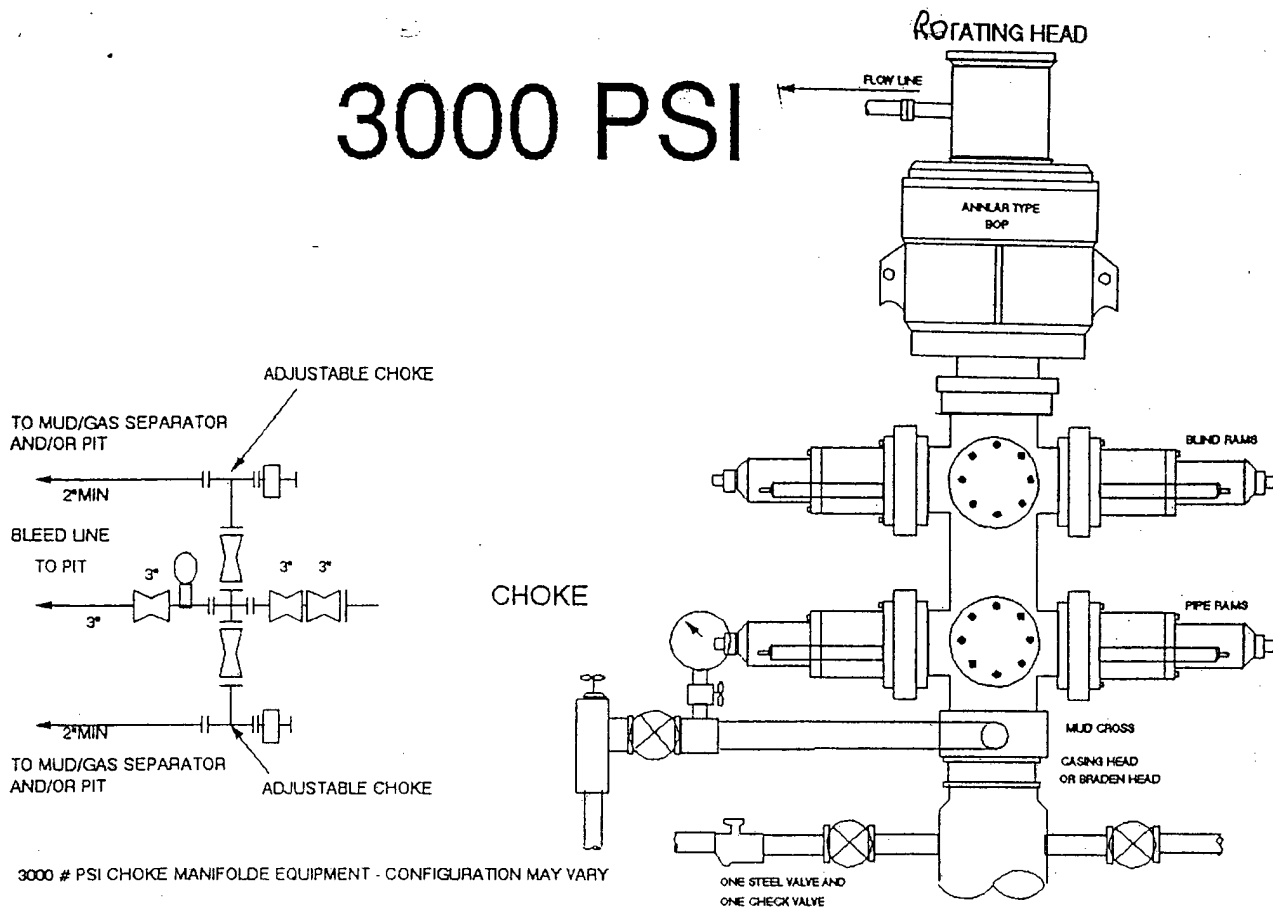
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SECTION 19, TOWNSHIP 24 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 04-20-2006

Sheet 1 of 1 Sheets

3000 PSI



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.

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 279-Poker Lake Unit
Operator's Name: BEPCO, L.P.
Location: 1650FNL, 2310FWL, Section 19, T-24-S, R-30-E
Lease: NMNM-02860

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. Spudding
 - B. Cementing casing: 8-5/8 inch 5-1/2 inch
 - C. BOP tests
2. **Although no H₂S has been reported in this area, it is always a possible hazard.**
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.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.
7. 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 8-5/8 inch surface casing shall be set at approximately 611 feet; if the Halite is encountered, casing is to be set 25 feet above the salt., below usable water and cement circulated to the surface. 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.

Possible lost circulation in Delaware and Bone Spring formations.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall circulate to surface due to cave/karst.

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) required for drilling below the 8-5/8 inch casing shall be 2M psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the BOP, BOPE, and 8-5/8" surface casing to the reduced pressure of 1000 psi with the rig pumps is approved.
 - The tests 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 a safe workman-like manner. Hard line connections shall be required.

Engineer on call phone: 505-706-2779

WWI 020807