

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

S

SUNDRY NOTICES AND REPORTS ON WELLS

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE- Other instructions on reverse side.**1 Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

APR 10 2008

OCD-ARTESIA

2 Name of Operator
BEPCO, L. P.3a Address
P. O. Box 2760 Midland, TX 797023b Phone No (include area code)
432-683-2277

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

SESW, 660 FSL, 2150 FWL, Lat N32.313583 deg, Long W103.801417
Lot N, Sec 8, T23S, R31E

5 Lease Serial No

NMLC 71988B

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No.

James Ranch Unit #102

9 API Well No

30-015-35543

10 Field and Pool, or Exploratory Area

Los Medanos (Morrow)

11 County or Parish, State

Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Extension</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BEPCO, L.P. request to extend the APD application to drill for another 24 months from 04/02/2008 to 04/02/2010.

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVED FOR 12 MONTH PERIOD
ENDING 4-2-0914 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Annette Childers

Title Administrative Assistant

Signature

Annette Childers

Date

2-6-2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice 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.

Title

FIELD MANAGER

Date

Office

CARLSBAD FIELD OFFICE

Title 18 USC Section 1001 and Title 43 USC 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)

FOR RECORDS ONLY

PECOS DISTRICT

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BEPCO, L.P.
LEASE NO.:	NMLC071988B
WELL NAME & NO.:	James Ranch Unit #102
SURFACE HOLE FOOTAGE:	660' FSL & 2150' FWL
BOTTOM HOLE FOOTAGE:	660' FSL & 1980' FWL
LOCATION:	Section 8, T23S., R31E., NMPM
COUNTY:	Eddy County, New Mexico

I. 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 there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values 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.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufactures of the logging tools recommended speed. (R-111-P area only)

B. CASING

1. The **13 3/8 inch** surface casing shall be set a minimum of **25 feet into the Rustler Anhydrite and above the salt at approximately 700 feet** and cemented to the surface. **If salt is penetrated surface casing shall be set 25 feet above the salt.**

Possible lost circulation in the Delaware and Bone Springs.

Possible water flows in the Salado, Castile, Delaware, and Bone Springs.

- 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. (This is to include the lead cement).
 - c. **Please provide WOC times to inspector for cement slurries.**
 - d. 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.
 - e. If cement falls back, remedial action 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-e above.
Note: If Delaware Formation is penetrated (approx. 4000') set 9-5/8 inch casing above the sands in the Lamar limestone.
 3. The minimum required fill of cement behind the **7 inch Second intermediate** casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-e above.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

4. The minimum required fill of cement behind the **4-1/2 inch production liner** is: **Cement shall extend upward to the top of the production liner at approx. 11,700 feet.**
5. 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.
6. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8 intermediate casing** shoe shall be **5000 (5M)** psi.
4. 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. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days**. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
 - f. A **VARIANCE** to test the surface casing and BOP/BOPE to the reduced pressure of **1000 psi** approved.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

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

JDW/3/26/08

MM 4/2/08