

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

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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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		APR 10 2008 OCD-ARTESIA	5 Lease Serial No NMNM 02860
2 Name of Operator BEPCO, L. P.			6 If Indian, Allottee or Tribe Name
3a Address P. O. Box 2760 Midland, TX 79702	3b Phone No (include area code) 432-683-2277		7 If Unit or CA/Agreement, Name and/or No NMNM 71016
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) NWNE, UL C, 990 FNL, 1650 FWL, Lat N32.222222 deg, Long W103.906833 Sec 17, T24S, R30E			8 Well Name and No. Poker Lake Unit #225
			9 API Well No 30-015-35637
			10 Field and Pool, or Exploratory Area Nash Draw (Dela, BS, Avalon Sd)
			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 Extension
	<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 ¹²~~24~~ months from 05/17/2008 to 05/17/20⁰⁹~~10~~.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVED FOR ¹²~~24~~ MONTH PERIOD
ENDING 5-17-09

- 14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Annette Childers

Title Administrative Assistant

Signature Annette ChildersDate 3-11-08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____

FIELD MANAGER
Title _____ Date _____

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.

Office **CARLSBAD FIELD OFFICE**

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)

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BEPCO, L.P.
LEASE NO.:	NMNM02860 Unit #NM71016X
WELL NAME & NO.:	Poker Lake Unit #225
SURFACE HOLE FOOTAGE:	660' FNL & 1855' FWL
LOCATION:	Section 17, T24S., R30E., 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.

B. CASING

1. The **8-5/8 inch** surface casing shall be set a minimum of **25 feet into the Rustler Anhydrite and above the salt at approximately 1260 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 the Bone Springs formations.

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

High potential for cave/karst features.

- 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 **5-1/2 inch** production casing is:
 - ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.
 3. 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.

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. 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.

D. DRILL STEM TEST

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

JDW 3/26/08

MR 4/2/08



EXHIBIT NO. 1

Date of Issue:

3/19/2008

Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Cultural and Archaeological Resources

NOTICE OF STIPULATIONS

BLM Report No. . . .

05-NM-523-533

Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project Name:	Poker Lake Unit No. 225 Flowline
REQUIRED	1. A 3-day preconstruction call-in notification. Contact BLM Inspection and Enforcement at (505) 234-5977, 5909, or 5995, to establish a construction start date.
REQUIRED	2. Professional archaeological monitoring. Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 234-5980, 5917, or 5986, for assistance.
	A. <input checked="" type="checkbox"/> These stipulations must be given to your monitor at least 5 days prior to the start of construction.
	B. <input checked="" type="checkbox"/> No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
NO	3. Cultural site barrier fencing. (Your monitor will assist you).
	A. <input type="checkbox"/> A temporary site protection barrier(s) shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time.
	B. <input type="checkbox"/> A permanent, 4-strand barbed wire fence strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
	4. The archaeological monitor shall:
	A. <input type="checkbox"/> Ensure that all site protection barriers are located as indicated on the attached map(s).
	B. <input checked="" type="checkbox"/> Observe all ground-disturbing activities within 100 feet of cultural site no. (s) <u>LA1085</u> , as shown on the attached map(s).
	C. <input type="checkbox"/> Ensure that all reroutes are adhered to avoid cultural site no.(s) <u>LA</u>
	D. <input type="checkbox"/> Ensure the proposed _____ is/are located as shown on the attached map(s).
	E. <input checked="" type="checkbox"/> Submit a brief monitoring report within 30 days of completion of monitoring.
Other:	Ensure the proposed flowline is placed on the east side of the existing lease road between the powerpoles and the road. This location is south of the well in the vicinity of the Poker Lake Unit No. 226 well.

Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance, contact
BLM Cultural Resources:

Martin Stein (575) 234-5967

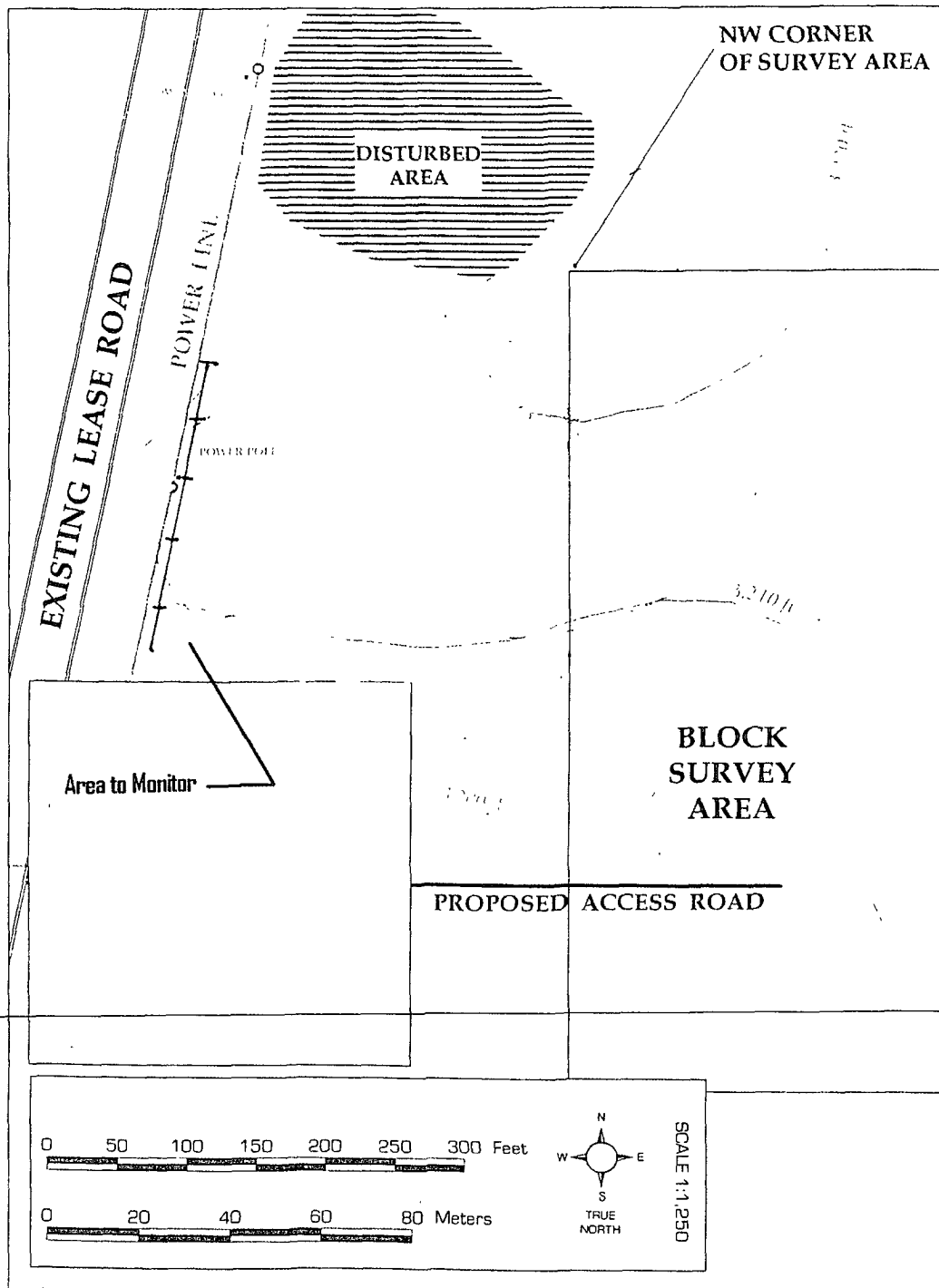
George MacDonell
(575) 234-2228

Bruce Boeke (575) 234-5917

James Smith (575) 234-5986

Exhibit 2 – Map of Monitoring Location

Survey for the Poker Lake Unit No. 226 Well Pad and Access Road



BAS-02-05-45