

ATS-07-299

OCD-ARTESIA

Form
(Apr 04)

S

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Month - Year
APR - 6 2007
OCD - ARTESIA, NM

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. NMNM 71016X
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		8. Lease Name and Well No. Poker Lake Unit # 288 (1796)
2. Name of Operator BEPCO, L. P. # 1801		9. API Well No. 30-015-35537
3a. Address P. O. Box 2760 Midland, TX 79702	3b. Phone No. (include area code) 432-683-2277	10. Field and Pool, or Exploratory Corral Canyon (Delaware)
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NESE, UL 1, 330' FSL & 560' FWL, Lat N32.123778, Lon W103.91025 At proposed prod. zone Same CARLSBAD CONTROLLED WATER BASIN		11. Sec., T. R. M. or Blk. and Survey or Area Sec 17, T25S, R30E
14. Distance in miles and direction from nearest town or post office* 10 Miles East of Malaga, NM		12. County or Parish Eddy County
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of acres in lease 960	17. Spacing Unit dedicated to this well 40	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1665'	19. Proposed Depth 7900' MD	20. BLM/BIA Bond No. on file NM 2204
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3194' GL	22. Approximate date work will start* 04/01/2007	23. Estimated duration 14 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 <i>Annette Childers</i>	Name (Printed/Typed) Annette Childers	Date 2-2-07
Title Administrative Assistant		

Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) James Stovall	Date APR - 4 2007
Title ACTING FIELD MANAGER		Office CARLSBAD FIELD OFFICE

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

1220 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 Cones

Free Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		13360	Corral Canyon (Delaware)
Property Code	Property Name		Well Number
064894	POKER LAKE UNIT		288
OGRID No.	Operator Name		Elevation
001801	BEPCO, L.P.		3194'

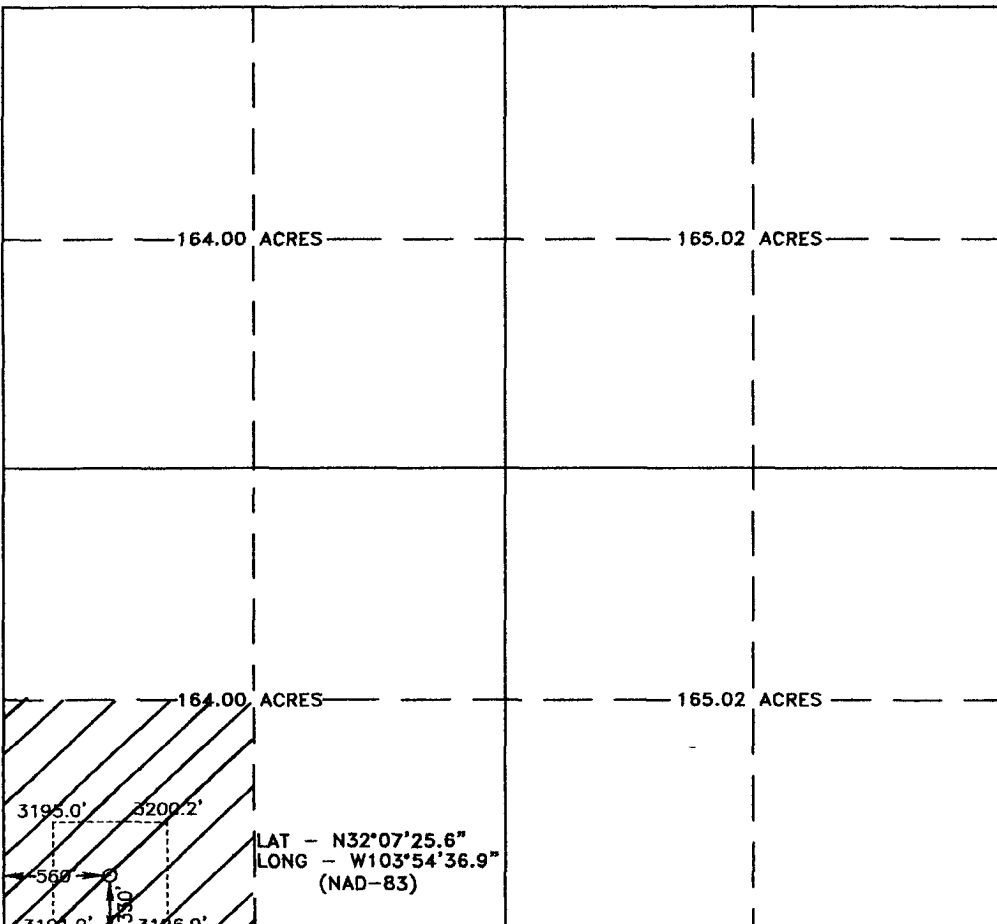


Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	25 S	30 E		330	SOUTH	560	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

 <p style="text-align: center;">164.00 ACRES 165.02 ACRES</p> <p style="text-align: center;">164.00 ACRES 165.02 ACRES</p> <div style="position: absolute; bottom: 10px; left: 10px;"> <p>LAT - N32°07'25.6" LONG - W103°54'36.9" (NAD-83)</p> </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;">  Signature Date 1/30/07 </p> <p style="text-align: center;"> Gary E. Gerhard Printed Name </p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: center;">DECEMBER 29, 2006</p> <p>Date Surveyed 12/29/06</p> <p>Signature of Surveyor  Gary L. Jones Professional Surveyor </p> <p style="text-align: center;">7977</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Certificate No. Gary L. Jones 7977</p> <p style="text-align: center;">BASIN SURVEYS</p> </div>
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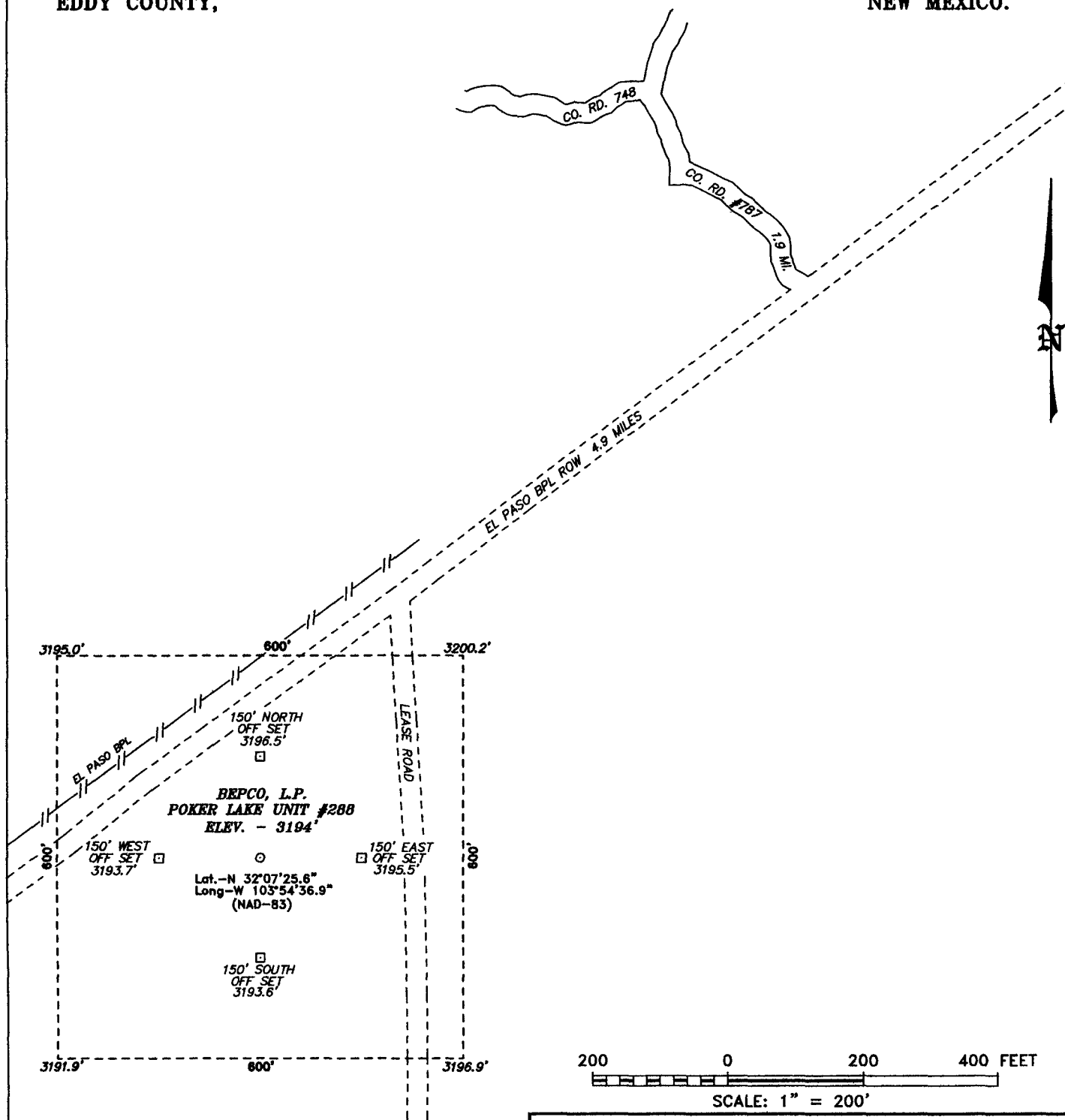
Surface casing to be set into the Rustler below all fresh water sands.

Production casing will be cemented using DS Litecrete system with TOC 500' above all production 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.

SECTION 17, TOWNSHIP 25 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 787 (TWIN WELLS)
AND CO. RD. 746 (McDONALD), PROCEED SOUTHEAST
ON CO. RD. 787 FOR 1.9 MILES TO EL PASO ROW
ROAD, ON EL PASO ROW PROCEED SOUTHWEST 4.9-
MILES TO PROPOSED LOCATION.

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

W.O. Number: 17471

Drawn By: J. SMALL

Date: 01-02-2007

Disk: 17471W JMS

BEPCO, L.P.

REF: POKER LAKE UNIT #288 / WELL PAD AND TOPO

THE POKER LAKE UNIT No. 288 LOCATED 330'

FROM THE SOUTH LINE AND 560' FROM THE WEST LINE OF

SECTION 17, TOWNSHIP 25 SOUTH, RANGE 30 EAST,

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

Survey Date: 12-29-2006

Sheet 1 of 1 Sheets

EIGHT POINT DRILLING PROGRAM BEPCO, L.P.

NAME OF WELL: Poker Lake Unit #288

LEGAL DESCRIPTION - SURFACE: 330' FSL & 560' FWL, Section 17, T-25-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 3211' (est)
GL 3194'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUB-SEA TOP</u>	<u>BEARING</u>
T/Rustler	+ 2710	501	Barren
B/Rustler	+ 2380	831	Barren
T/Salt	+ 2359	852	Barren
B/Salt	- 210	3421	Barren
T/Lamar Lime	- 414	3630	Oil/Gas
T/Ramsey Sand	- 448	3659	Oil/Gas
T/OLDS Sand	- 489	3700	Oil/Gas
T/Lower Cherry Canyon Pay	- 2455	5666	Oil/Gas
T/Lower Brushy Canyon (8A)	- 3940	7151	Oil/Gas
T/"W" Sand	- 3960	7171	Oil/Gas
T/"Y" Sand	- 4060	7271	Oil/Gas
T/Bone Spring Lime	- 4170	7381	Oil/Gas
T/Avalon Sand	- 4300	7511	Oil/Gas
Total Depth		7750	Oil/Gas

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>HOLE SIZE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	20"	0' - 60'	Conductor	New
8-5/8", 32#, K-55, LT&C	12-1/4"	0' - 842'	Surface	New
5-1/2", 15.5#, J-55, LT&C	7-7/8"	0' - 6,650'	Intermediate	New
5-1/2", 17#, J-55, LT&C	7-7/8"	6,650' - 7,900'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

See
BOP

A BOPE when rigged up on the surface casing spool will be as described in Diagram 1. The BOPE and associated equipment (choke, choke lines, kelly cock, kill line, inside BOPS) 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' - 893'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
893' - 5,400'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5-10.5
5,400' - 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') casing.
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>SURFACE</u>						
Lead: 0' - 542' (100% excess) (Circ to Surface)	270	542	35:65 Class C Poz + 3% S1 + ¼ pps D29 + 6% D20	10.70	12.60	1.98
Tail: 542' - 842' (100% excess)	206	300	Class C + 2% S1 (CaCl ₂)	6.33	14.80	1.34
<u>PRODUCTION</u>						
Lead: 3,092' - 6,250' (50% excess)	350	3158	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	10.20	2.37
Tail: 6,250' - 7,750' (50% excess)	195	1500	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	10.50	2.04

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 3630-7271'. 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

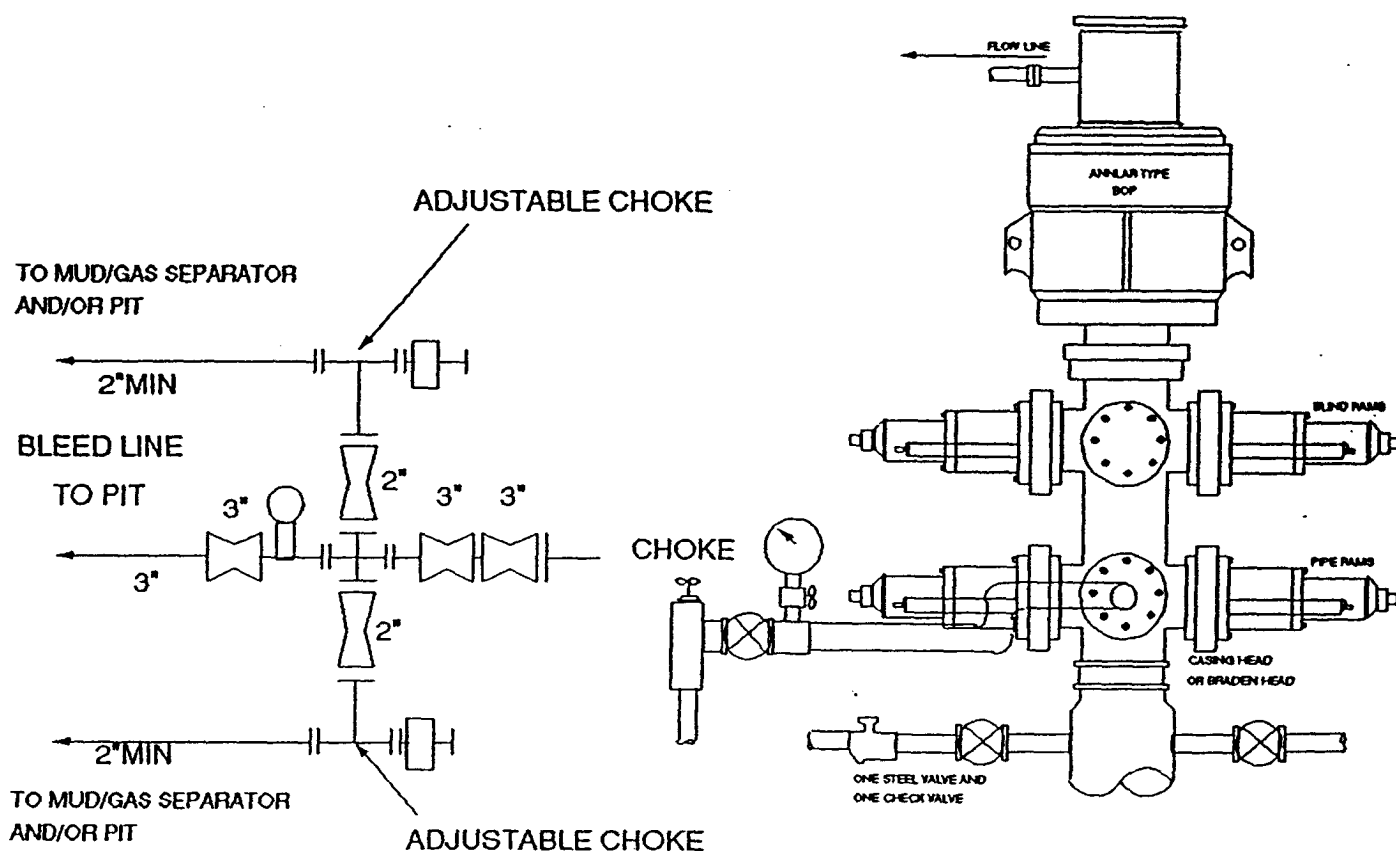
Upon approval

14 days drilling operations

14 days completion operations

GEG/cnt
January 31, 2007

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.

DIAGRAM 1

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #288

LEGAL DESCRIPTION - SURFACE: 330' FSL & 560' FWL, Section 17, T-25-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 Co. Rd. 787 (Twin Wells) and Co. Rd. 746 (McDonald), proceed southeast on Co. Rd. 787 for 1.9 miles to El Paso ROW road, on El Paso ROW proceed southwest 4.9 miles to proposed location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Will use existing lease road (See Exhibit B).

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.

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 288 – POKER LAKE UNIT
Operator's Name: BEPCO, L.P.
Location: 330' FSL & 560' FWL – SEC 17 – T25S – R30E – EDDY COUNTY
Lease: LC-064894-A

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea 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. 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.
5. 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 842 feet, 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. **Note: If salt is penetrated surface casing should be set 25 feet above the salt.**
2. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall tie back 200 feet into the 8-5/8 inch casing.**

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) is 3000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - 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.