

Form 31
(April)



OCD-ARTESIA

Month - Year

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-069140 LC 069142A
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.		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. Box 2760 Midland, TX 79702		8. Lease Name and Well No. Big Eddy Unit #187 1776
3b. Phone No. (include area code) 432-683-2277		9. API Well No. 30-015-35616
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface SWSW, UL M, 330' FSL, 330' FWL, Lat N32.401111, Lon W103.065639 At proposed prod. zone Same CARLSBAD CONTROLLED WATER BASIN		10. Field and Pool, or Exploratory Indian Draw East (Delaware)
14. Distance in miles and direction from nearest town or post office* 8 Miles North of Loving, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec 11, T22S, R28E, MER NMP
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of acres in lease 2029.25	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 9007'	19. Proposed Depth 6560' MD	20. BLM/BIA Bond No. on file NM 2204
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3144' GL	22. Approximate date work will start* 06/01/2007	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 <i>Annette Childers</i>	Name (Printed/Typed) Annette Childers	Date 4-5-2007
Title Administrative Assistant		

Approved by (Signature) /s/ James Stovall	Name (Printed/Typed) /s/ James Stovall	Date MAY 11 2007
Title 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 2 YEARS

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

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
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, 2006

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 33725	Pool Name Indian Draw East (Delaware)
Property Code 069141-1776	Property Name BIG EDDY UNIT	Well Number 187
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3144'

Surface Location

UL or lot No. M	Section 11	Township 22 S	Range 28 E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 330	East/West line WEST	County EDDY
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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

<div><p>160.01 ACRES</p><p>160.91 ACRES</p><p>160.30 ACRES</p><p>161.12 ACRES</p><p>LAT - N32°24'04.0" LONG - W104°03'56.3" (NAD-83)</p><p>3135.4'</p><p>3144.0'</p><p>330'</p><p>3140.8'</p><p>3152.6'</p></div>	<div><p>OPERATOR CERTIFICATION</p><p>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.</p><p><i>Gary E. Gerhard</i> 4/5/07 Signature Date</p><p>Gary E. Gerhard Printed Name</p><p>SURVEYOR CERTIFICATION</p><p>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.</p><p>APRIL 02, 2007</p><p>Date Surveyed</p><p>Signature <i>GARY L. JONES</i> Professional Seal 7977</p><p>Certificate No. Gary L. Jones 7977</p><p>BASIN SURVEYS</p></div>
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200 0 200 400 FEET

SCALE: 1" = 200'

BEPCO, L.P.			
REF: BIG EDDY UNIT #187 / WELL PAD AND TOPO			
THE BIG EDDY UNIT #187 LOCATED 330'			
FROM THE SOUTH LINE AND 330' FROM THE WEST LINE OF			
SECTION 11, TOWNSHIP 22 SOUTH, RANGE 28 EAST,			
N.M.P.M., EDDY COUNTY, NEW MEXICO.			
Survey Date: 04-02-2007		Sheet 1 of 1 Sheets	

Surface casing to be set into the Rustler below all fresh water sands.
Production casing will be cemented using DS Litecrete w/TOC 500' above uppermost pay.
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.

**EIGHT POINT DRILLING PROGRAM
BEP CO, L.P.**

NAME OF WELL: Big Eddy Unit #187

LEGAL DESCRIPTION - Surface: 330' FSL & 330' FWL, Section 11, T22S, 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 3161' (est) GL 3144'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	156'	+3005'	
T/Salt	521'	+2640'	Barren
B/Salt	2411'	+750'	Barren
T/Lamar	2661'	+500'	Oil/Gas
T/Delaware	2699'	+462'	Oil/Gas
T/Old Indian Draw Sd	3551'	-390'	Oil/Gas
T/Forty Niner Sd	3676'	-515'	Oil/Gas
T/Lwr Brushy Canyon "8A"	5948'	-2787'	Oil/Gas
T/Bone Spring	6171'	-3010'	Oil/Gas
T/Avalon	6276'	-3115'	Oil/Gas
TD	6560'	-3399'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>Hole Size</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 40'	20"	Conductor	Contractor Discretion
8-5/8", 32#, J-55, LT&C	0' - 511'	12-1/4"	Surface	New
5-1/2", 15.5#, J-55, LT&C	0' - 5360'	7-7/8"	Production New	
5-1/2", 17#, J-55, LT&C	5360' - 6560'	7-7/8"	Production New	

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOPE equivalent to requirements of Onshore Oil & Gas Order No. 2 – 3000 psi system (Diagram 1) will be nipped up on the surface casing head. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. when installed on the surface casing head will be hydro-tested to 70% of internal yield pressure of casing or 1000 psig whichever is less with the rig pump.

- 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' - 521'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
521' - 5000'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5 - 10.5
5000' - 6560'	BW/Starch	8.8 - 9.0	40	8	2	<100 cc	9.5 - 10.5

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 (+/- 2411').
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>
SURFACE:						
Lead 0 - 221' (100% excess circ to surface)	130	211	35/65 Class "C" Poz + 3% S1 + 0.25ppsD29 + 6% D20	10.70	12.6	1.98
Tail 211' - 511'	210	300	Class "C" + 2% CaCl ₂	6.33	14.8	1.34
PRODUCTION:						
Lead 2200' - 3500' (50% excess)	150	1300	Litecrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05gps D604AM + 0.03 gps DM45 + 2ppg D24 + 0.04gpsD801	9.825	10.2	2.37
Tail 3500' - 6560' (50% excess)	380	3010	Litecrete 39/61 (D961/ D124)+ 2% bwob D153 + 0.05gps D604AM + 0.03 gps DM45 + 2ppg D24 + 0.04gpsD801	7.335	10.5	2.04

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3000 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 2700-6560'.

POINT 8: OTHER PERTINENT INFORMATION**A) Auxiliary Equipment**

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) H₂S Equipment will be installed by 2700' (T/Delaware).**C) Anticipated Starting Date**

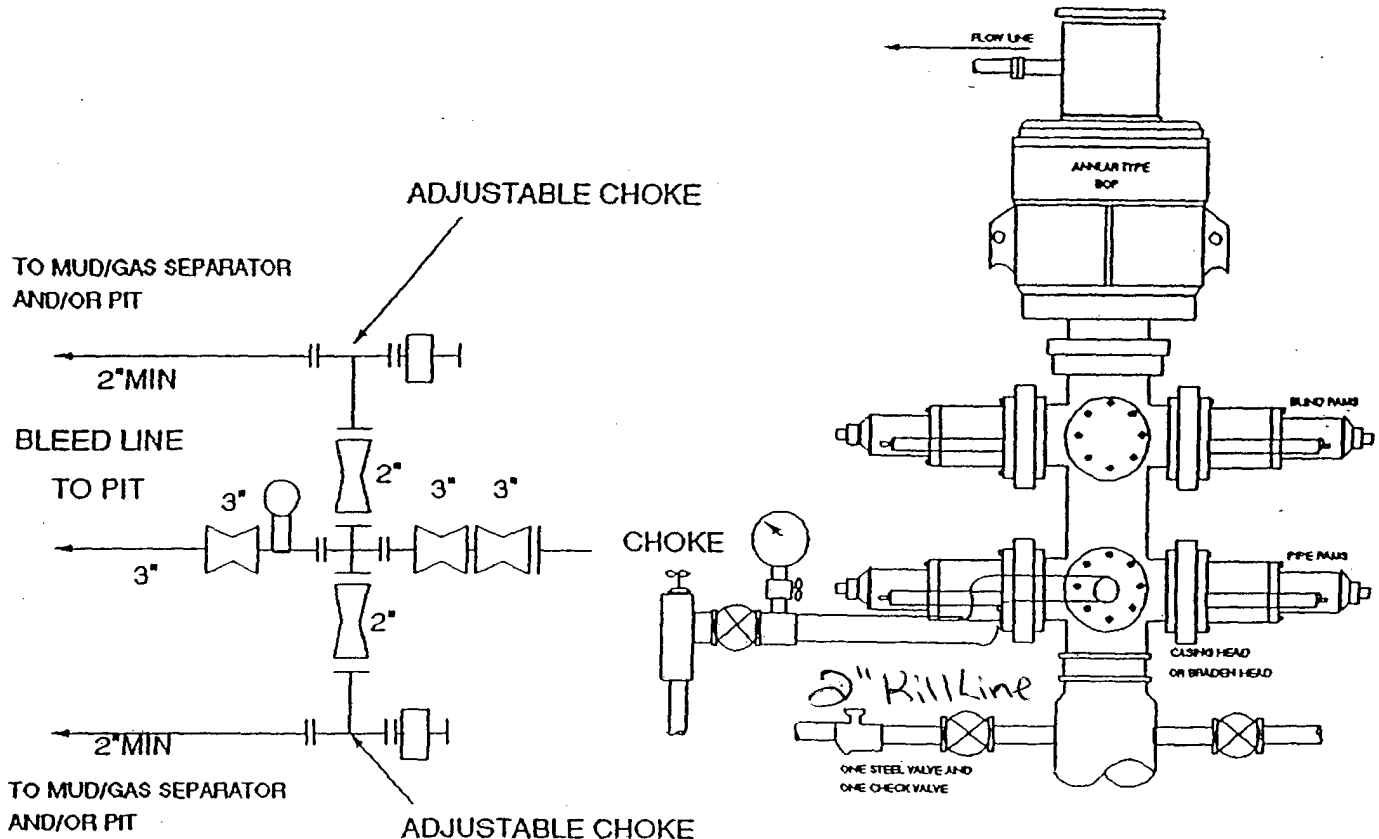
Upon approval

12 days drilling operations

14 days completion operations

GEG/mac
April 5, 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 2

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Big Eddy Unit #187

LEGAL DESCRIPTION - Surface: 330' FSL & 330' FWL, Section 11, T22S, R28E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit A and Survey Plats

B) Existing Roads:

From mile marker 42.6 of US Hwy 62-180, go south by southeast on lease road for 4.3 miles to water line road, on water line road go southeast 0.2 miles to lease road, on lease road go south by southwest on lease road for 1.4 miles thence turn left on lease road and follow for 1.1 miles going southeast, thence go south for 0.4 miles to well pad and proposed lease road.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

From BEPCO, L.P. BEU 154, go southeast for 277.5' then northeast for 1332.4' to BEU #187.

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.

POINT 11: OTHER INFORMATION

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A) Terrain

Relatively flat.

B) Soil

Caliche and sand.

C) Vegetation

Sparse, primarily grasses and mesquite with very little grass.

D) Surface Use

Primarily grazing.

E) Surface Water

There are no ponds, lakes, streams or rivers within several miles of the wellsite.

F) Water Wells

There is one water well located within 1-1/8 miles of the proposed well. This well is approximately 5940' southwest of the proposed BEU #187 well. (See Exhibit A)

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey will be obtained for this area. Before any construction begins, a full and complete archeological survey will be submitted to the Bureau of Land Management. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site is on federally owned land.

K) Well signs will be posted at the drilling site.

L) Open Pits

All pits containing liquid or mud will be fenced and bird-netted.

POINT 12: OPERATOR'S FIELD REPRESENTATIVE

Page 6

(Field personnel responsible for compliance with development plan for surface use).

DRILLING

William R. Dannels
Box 2760
Midland, Texas 79702
(432) 683-2277

PRODUCTION

Mike Waygood
3104 East Green Street
Carlsbad, New Mexico 88220
(505) 887-7329

Michael Lyon
Box 2760
Midland, Texas 79702
(432) 683-2277

POINT 13: CERTIFICATION

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Bass Enterprises Production Co. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date

4/5/07

Gary E. Gerhard

Gary E. Gerhard

GEG/mac

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: BEPCO, LP
Well Name & No. Big Eddy Unit # 187
Location: 330'FSL, 330'FWL, SEC11, T22S, R28E, Eddy County, NM
Lease: LC-069142A

.....

I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance, 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:

1. Spudding
2. Cementing casing: 16 inch 8.625 inch 5.5 inch
3. BOP tests

B. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated **500 feet prior to drilling into the Delaware formation**. A copy of the plan shall be posted at the drilling site.

C. 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.

D. 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.

E. If floor controls are required, (3M or Greater) 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.

II. CASING:

A. The 8.625 inch surface casing shall be set **ABOVE THE SALT, at least 25 feet into the Rustler Anhydrite @ approximately 511 feet** and cement circulated to the surface.

1. 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.
2. Wait on Cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, which ever is greater. (This is to include the lead cement)
3. WOC time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds of compression strength, which ever is greater.
4. If cement falls back, Remedial cementing shall be completed prior to drilling out that string.

B. The minimum required fill of cement behind the 5.5 inch production casing is **cement shall extend upward a minimum of 200 feet above the base of the intermediate casing string.**

C. If hard band 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.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.
- B. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8.625 inch casing shall be 2000 psi.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
1. The tests shall be done by an independent service company.
 2. The results of the test shall be reported to the appropriate BLM office.
 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of the independent service company test will be submitted to the appropriate BLM office.
 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if the test is done with a test plug and 30 minutes without a test plug.
 5. A variance to test the BOP and BOPE to the reduced pressure of 1000 psi with the rig pumps is approved the BOP/BOPE must be tested by an independent service company.

IV. Hazards:

1. Our geologist has indicated that there is potential for lost circulation in the Delaware and Bone Spring formation.

Engineering may be contacted at 505-706-2779 for variances if necessary.

FWright 4/11/07