

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

S

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

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

MAR 10 2008

2 Name of Operator
BEPCO, L. P.

OCD-ARTESIA

3a Address
P. O. Box 2760 Midland, TX 79702

3b Phone No (include area code)
432-683-2277

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)
NWSW, 1760 FSL, 820 FWL, Lat N32.361389 deg, Long W104.047306
Lot 12, Sec 25, T22S, R28E

5 Lease Serial No

NMLC 069159A

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No
NMNM 68294X

8 Well Name and No.
Big Eddy Unit #171

9 API Well No
30-015-35591

10 Field and Pool, or Exploratory Area
Dublin Ranch (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 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 recomple 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 recomple 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 months from 04/25/2008 to 04/25/2010.

APPROVED FOR 12 MONTH PERIOD
ENDING 4-25-09

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14 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

DAVID D. EVANS

FIELD MANAGER

Date

FEB 28 2008

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 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)

Accepted for record - NMOCD

PECOS DISTRICT

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BEPCO, L.P.
LEASE NO.:	NMLC069159A / NMNM68294X
WELL NAME & NO.:	Big Eddy Unit #171
SURFACE HOLE FOOTAGE:	1760' FSL & 860' FWL
LOCATION:	Section 25, T22S., R28E., 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 in the area, it has been reported in the northern half of the township and is always a possible 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 **13 3/8 inch** surface casing shall be set a minimum of **25 feet into the Rustler Anhydrite and above the salt at approximately 432 feet** and cemented to the surface.

Possible lost circulation in the Delaware and Bone Spring formations.

High pressure possible in Wolfcamp, Strawn, Atoka, and Morrow formations.

- 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.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

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

3. The minimum required fill of cement behind the **5-1/2 inch** production casing is:

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

4. 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. 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** with the rig pumps is 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/2/27/08

Handwritten signature 2/28/08