

**EIGHT POINT DRILLING PROGRAM  
BASS ENTERPRISES PRODUCTION CO.**

**NAME OF WELL: MERCHANT STATE NO. 3**

**LEGAL DESCRIPTION - SURFACE: 990' FNL & 1980' FEL, Section 1, T-19-S, R-28-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 3402' (est)  
GL 3385'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	273'	+3129'	Barren
T/Salt	355'	+3047'	Barren
B/Salt	615'	+2787'	Barren
T/Yates	772'	+2630'	Oil/Gas
T/Seven Rivers	979'	+2423'	Oil/Gas
T/Queen	1659'	+1743'	Oil/Gas
T/Grayburg	2011'	+1391'	Oil/Gas
T/San Andres	2526'	+ 876'	Oil/Gas
T/Bone Spring	3274'	+ 128'	Oil/Gas
T/Wolfcamp	6384'	-2982'	Oil/Gas
TD	6800'	-3398'	

**POINT 3: CASING PROGRAM**

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
8-5/8", 24#, WC-50, ST&C	0' - 300'	Surface	New
5-1/2", 15.50#, K-55, LT&C	0' - 6800'	Production	New

**POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)**

A BOP equivalent to Diagram 1 will be nipped up on the surface casing head. When testing, the BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to the lowest rated working pressure of the equipment being tested. In addition to the rated working pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Twenty days after a previous test
- d) As required by well conditions