

Larry N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.
~~NMNM069627~~ *LS-069627A*

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
NMNM71016 *1796*

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
POKER LAKE UNIT 239

2. Name of Operator
Bass Enterprises Production Co. *1801*

9. API Well No.
30-015-34402

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

3b. Phone No. (include area code)
(432)683-2277 *47545*

10. Field and Pool, or Exploratory
NASH DRAW - DELAWARE

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface NWNE, UL B, 710 FNL, 1980 FEL, LAT. 32.11377, LON 103.55066
At proposed prod. zone SAME

11. Sec., T., R., M., or Blk. and Survey or Area
SEC 30, T24S, R30E, MER NMP

14. Distance in miles and direction from nearest town or post office*
14 MILES EAST OF MALAGA NM

12. County or Parish
EDDY

13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)
560'

16. No. of Acres in lease
1922

17. Spacing Unit dedicated to this well
40.00

RECEIVED

OCT 21 2005

COB-ARTESIA

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.
1320'

19. Proposed Depth
7600' MD 7600' TVD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3153' GL

22. Approximate date work will start*
09/15/2005

23. Estimated duration
12 DAYS

24. Attachments

CARLSBAD CONTROLLED WATER BASIN

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.
2. A Drilling Plan
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).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Cindi Goodman

Name (Printed/Typed)

Cindi Goodman

Date

07/20/2005

Title

Production Clerk

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed/Typed)

/s/ Joe G. Lara

Date

OCT 19 2005

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

ACTING

Application approval does not warrant or certify the 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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

*Sa 15
9.5*

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Witness Surface Casing.

Surface casing to be set into the Rustler below all fresh water sands.
Production casing will be cemented using Zone Seal cement.
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.

DISTRICT I
325 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	47545	NASH DRAW - DELAWARE
Property Code	Property Name	Well Number
001796	POKER LAKE UNIT	239
OGRID No.	Operator Name	Elevation
001801	BASS ENTERPRISES PRODUCTION COMPANY	3153'

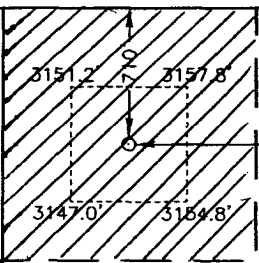
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	30	24 S	30 E		710	NORTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

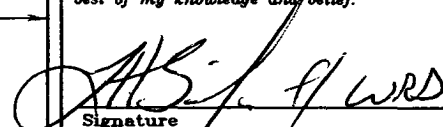
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40	N								

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

LOT 1 40.12 ACRES			
	81.34 ACRES	162.26 ACRES	
		LAT - N32°11'37.7" LONG - W103°55'06.6"	
LOT 2 40.16 ACRES			
LOT 3 40.20 ACRES			
			162.27 ACRES
LOT 4 40.24 ACRES	81.18 ACRES		

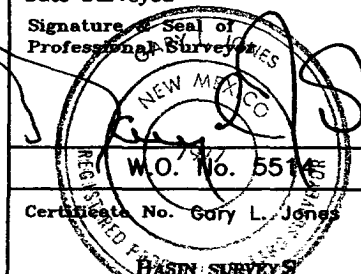
OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

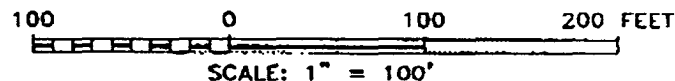

Signature
W.R. DANNELS
Printed Name
DIVISION DRILLING SUPT.
Title
Date

SURVEYOR CERTIFICATION

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.

JUNE 16, 2005
Date Surveyed
Signature and Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977
BASS SURVEYS

NEW MEXICO



FROM THE JUNCTION OF STATE HWY 128 AND CO. RD. 787(RAWHIDE ROAD), GO SOUTHERLY FOR APPROX. 9.8 MILES TO CO. RD. 748(McDONALD ROAD); THENCE EASTERLY ON CO. RD. 748 FOR APPROX. 3.75 MILES TO PROPOSED LEASE ROAD.

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

Sheet 1 of 1 Sheets

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

NAME OF WELL: Poker Lake Unit #239

LEGAL DESCRIPTION - SURFACE: 710' FNL & 1980' FEL, Section 30, T-24-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 3173' (est) GL 3153'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	Not Present		
T/Salt	403'	+2770'	Barren
T/Ramsey Sand	3471'	-298'	Oil/Gas
T/Lwr Brushy Canyon "8" A	6973'	-3800'	Oil/Gas
TD	7600'	-4427'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 40'	Conductor	Contractor Discretion
11-3/4", 42#, H-40, ST&C	0' - 390'	Surface	New
8-5/8", 32#, J-55, LT&C	0' - 3420'	Intermediate	New
5-1/2", 15.5#, J-55, LT&C	0' - 6300'	Production	New
5-1/2", 17#, J-55, LT&C	6300' - 7600'	Production	New

WITNESS

*If there is no flowing sand or Loss Circulation this string will not be run.

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOPE equivalent to requirements of Onshore Oil & Gas Order No. 2 – 2000 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. The BOPE when rigged up on the intermediate casing spool will be as described in Diagram 2 and will be tested to 3000 psig by independent tester. (As per Onshore Oil & Gas Order No 2 – 3000 psig system) In addition to the high pressure test, a low pressure (200 psig) test will be required.

These tests will be performed:

- 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

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0' - 390'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
390' - 3240'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5 - 10.5**
3240' - 6000'	FW	8.8 - 9.2	30-34	NC	NC	NC	9.5 - 10.5**
6000' - 6900'	FW/Starch	8.8 - 9.2	30-34	8	2	<100 cc	9.5 - 10.5**
6900' - TD	FW/Starch	8.8 - 9.2	30-34	8	2	<25 cc	9.5 - 10.5**

**** If there is no intermediate casing set @ 3420', the drilling fluid will be 10 ppg BW to 5600' where it will be converted to BW/Diesel with properties as follows: 8.8 – 9 ppg, 32 – 40 funnel secs vis, YP2, PV 8, FL 25 cc or less, Ph 9.5 – 10.**

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').
GR-CNL-CAL from base of Salt to surface.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT ³ /SX		
SURFACE:								
Lead 0 – 390' (100% excess circ to surface)	300	390	Prem Plus + 2% CaCl ₂ + 1/4# Flocele	6.33	14.8	1.35		
INTERMEDIATE:								
Lead 1000' – 2940' (200% excess)	1050	1940	Interfill C	14.11	11.9	2.45		
Tail 2940' – 3420' (200% excess)	200	700	Prem Plus + 2% CaCl ₂	6.37	14.8	1.35		
PRODUCTION:								
Base Slurry w/nitrogen 2997-7600' (50% excess)	700	4625	Premium Plus + 2% Zone Sealant 2000	6.76	9.1-14.5	2.3-1.39	Nitrogen 300/600 scf/bbl	COMPRESSIVE Strength 1200

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3285 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3471-7600'. 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

12 days drilling operations

14 days completion operations

GEG/cdg

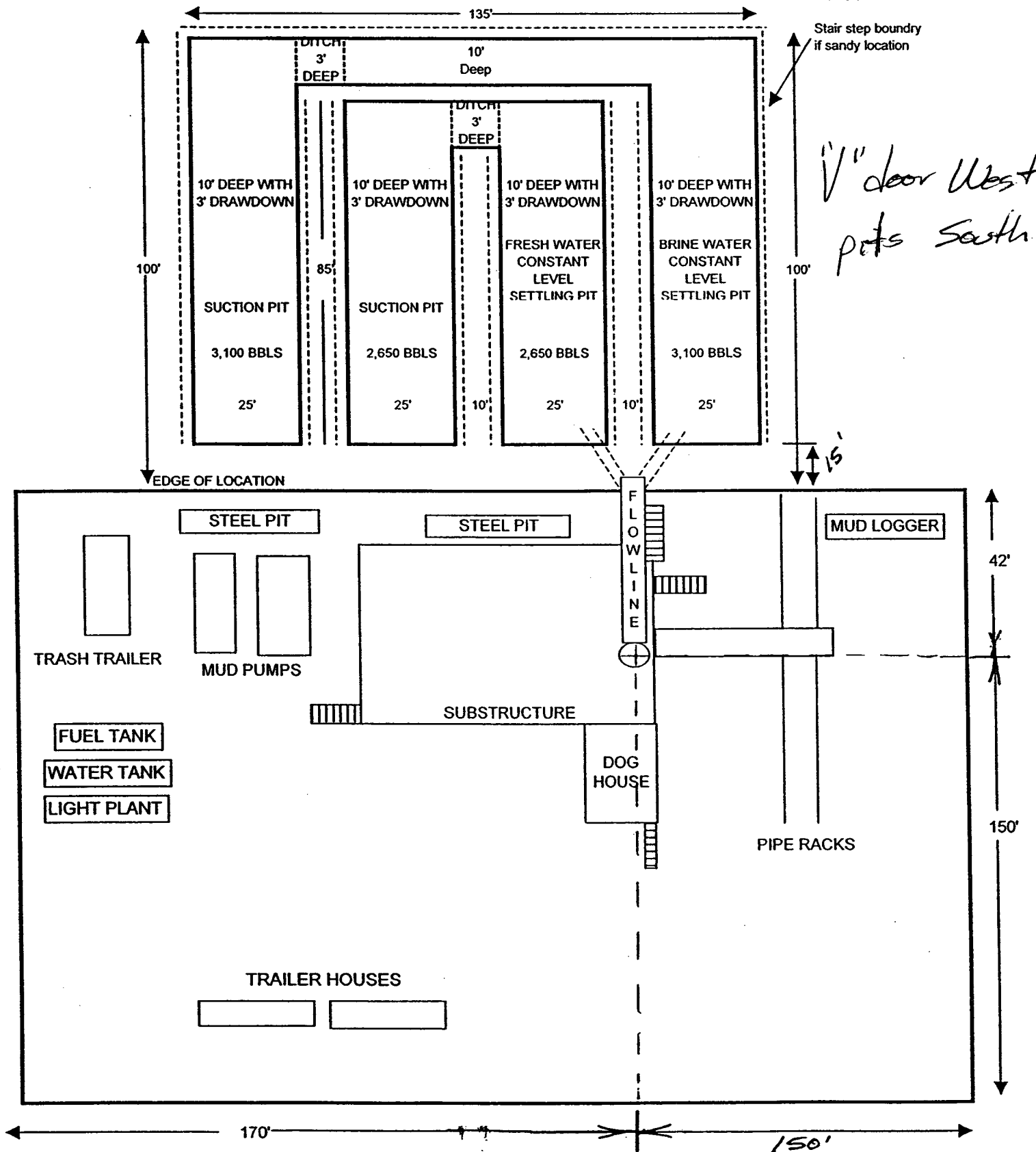
June 27, 2005

BASS ENTERPRISES PRODUCTION COMPANY

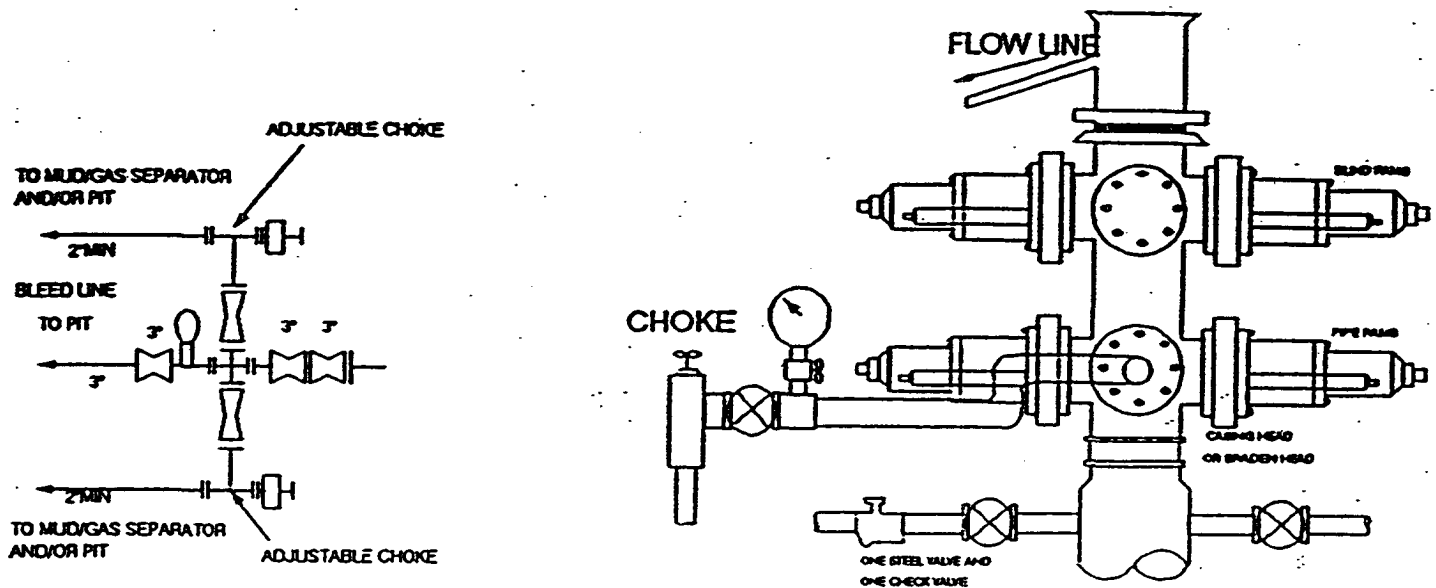
Poker Lake Unit # ~~235~~ 239

Grey Wolf Rig 15

EXHIBIT "D"



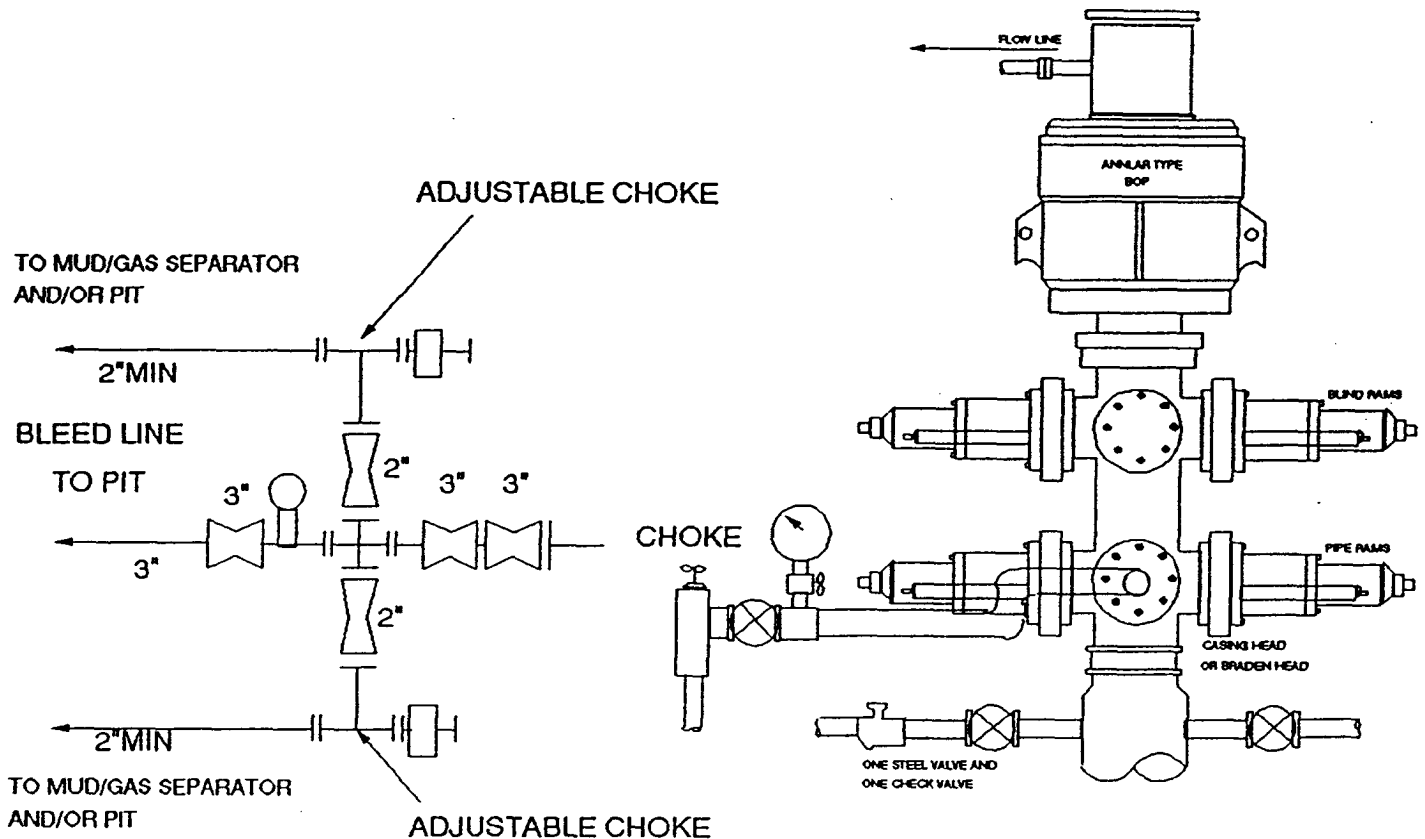
2000 PSI WP



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.

3000 PSI WP



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- 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.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Bass Enterprises Production Company
Well Name & No. Poker Lake Unit #239
Location: 710' FNL, 1980' FEL, Section 30, T. 24 S., R. 30 E., Eddy County, New Mexico
Lease: LC-069627-A

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified 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:

A. Well spud

B. Cementing casing: 11-3/4 inch 8-5/8 inch (if needed) 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.

II. CASING:

1. The 11-3/4 inch surface casing shall be set at approximately 475 feet or 25 feet into the top of the Rustler Anhydrite 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.

2. The 8-5/8 inch intermediate casing (if needed) shall be set at approximately 3420 feet 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.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is to be sufficient to reach at least 500 feet above the top of the uppermost productive hydrocarbon bearing interval.

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) shall be 2000 psi. Surface casing may be tested with the rig pumps.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- 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.