

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

Dist. 2

enue

10

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

DEC 14 2005

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. NMNM71016 <i>X</i> 1794	
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 247	
2. Name of Operator Bass Enterprises Production Co. 1801		9. API Well No. 30-015-34467	
3a. Address P. O. Box 2760 Midland, TX 79702		3b. Phone No. (include area code) (432)683-2277 47545	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWSW, UL E, 1805 FNL, 660 FWL, LAT. 32.12195, LON 103.54362 At proposed prod. zone SAME		10. Field and Pool, or Exploratory NASH DRAW - DELAWARE	
14. Distance in miles and direction from nearest town or post office* 14 MILES EAST OF MALAGA NM		11. Sec., T., R., M., or Blk. and Survey or Area SEC 20, T24S, R30E, MER NMP	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		16. No. of Acres in lease 2520	
17. Spacing Unit dedicated to this well 40.00		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2252'	
19. Proposed Depth 7800' MD 7800' TVD		20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3213' GL		22. Approximate date work will start* 2-1-2006	
23. Estimated duration 12 DAYS		12. County or Parish EDDY	
13. State NM			

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. Operation 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>Cindi Goodman</i>	Name (Printed/Typed) Cindi Goodman	Date 09/29/2005
Title Production Clerk		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 12/9/05
Title ACTING FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

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)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

SALT  
> 9.5

CARLSBAD CONTROLLED WATER BASIN

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  
1625 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 47545	Pool Name NASH DRAW - DELAWARE
Property Code 001796	Property Name POKER LAKE UNIT	Well Number 247
OGRID No. 001801	Operator Name BASS ENTERPRISES PRODUCTION COMPANY	Elevation 3213'

Surface Location

UL or lot No. E	Section 20	Township 24-S	Range 30-E	Lot Idn	Feet from the 1805	North/South line NORTH	Feet from the 660	East/West line WEST	County EDDY
--------------------	---------------	------------------	---------------	---------	-----------------------	---------------------------	----------------------	------------------------	----------------

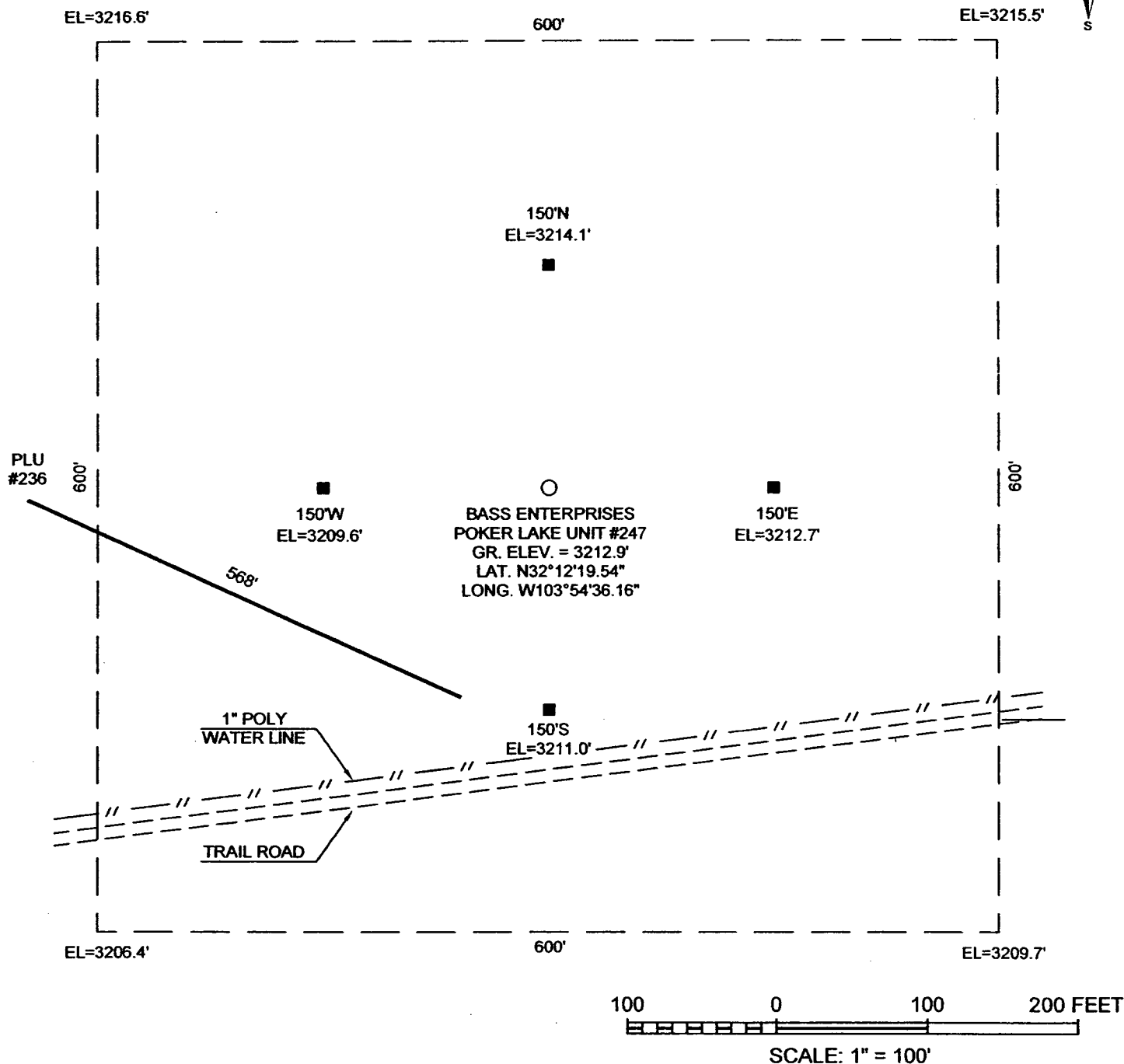
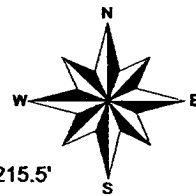
Bottom Hole Location If Different From Surface

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><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>W.R. Dannels</i> Signature W.R. DANNELS Printed Name DIVISION DRILLING SUPT. Title 9/30/05 Date</p> <p><b>SURVEYOR CERTIFICATION</b></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><i>Gary L. Jones</i> Date Surveyed Signature &amp; Seal of Professional Surveyor W.O. No. 5640 Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>
--	---

SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY. 28 AND RAWHIDE ROAD, GO SOUTH 3.8 MILES, THEN EAST FOR 0.2 MILES, THEN SOUTH FOR 0.9 MILES, THEN EAST FOR 0.2 MILES, THEN SOUTH FOR 5.3 MILES TO THE WELL PAD FOR PLU # 236 THEN SOUTHEASTERLY 0.1 MILES TO THE PROPOSED PAD OF PLU #247

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

W.O. Number: 5640 Drawn By: S.STANFIELD

Date: 7-29-2005 Disk: C:\DRAWINGS\BASS\BASS5640-1

**BASS ENTERPRISES PRODUCTION COMPANY**

POKER LAKE UNIT WELL No. 247 / WELL PAD TOPO

POKER LAKE UNIT No. 247 LOCATED  
1805' F.N.L. AND 660' F.W.L., SECTION 20,  
TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Survey Date: 7-26-2005 Sheet 1 of 1 Sheets

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

**NAME OF WELL: Poker Lake Unit #247**

**LEGAL DESCRIPTION - SURFACE: 1805' FNL & 660' FWL, Section 20, 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 3230' (est)      GL 3213'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	Not Present		
T/Salt	980'	+2350'	Barren
T/Lamar	3510'	-280'	Oil/Gas
T/Lwr Brushy Canyon "8" A	7082'	-3852'	Oil/Gas
TD	7800'	-4570'	

**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'- 980'	Surface	New <b>WITNESS</b>
8-5/8", 32#, J-55, LT&C	0'- 3520'	Intermediate	New *
5-1/2", 15.5#, J-55, LT&C	0'- 6300'	Production	New
5-1/2", 17#, J-55, LT&C	6300' -7800'	Production	New

\*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' - 980'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
980' - 3520'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5 - 10.5**
3520' - 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 @ 3520', 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 <sup>3</sup> /SX
<b>SURFACE:</b>						
Lead 0 – 500' (100% excess circ to surface)	320	600	Permian Basin Critical Zone	10.40	12.8	1.90
Tail 600' – 980' (100% excess)	270	380	Prem Plus + 2% CaCl <sub>2</sub> + 1/4 # Flocele	6.33	14.8	1.35
<b>INTERMEDIATE:</b>						
Lead 1000' – 3020' (200% excess)	1150	2020	Interfill C	14.11	11.9	2.45
Tail 3020' – 3520' (200% excess)	282	500	Prem Plus + 2% CaCl <sub>2</sub>	6.37	14.8	1.35
<b>PRODUCTION:</b>						
Base Slurry w/nitrogen 3020-7800' (50% excess)	750	4780	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 3500 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3471-7800'. No H<sub>2</sub>S 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

LHS/cdg

September 29, 2005

## **MULTI-POINT SURFACE USE PLAN**

**NAME OF WELL: Poker Lake Unit #247**

**LEGAL DESCRIPTION - SURFACE:** 1805 FNL & 660' FWL, Section 20, T-24-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 Carlsbad, New Mexico, go 8 miles south on Highway 285 to Highway 31. Turn north and go 7 miles on Highway 31. Turn east on Highway 128 and go 4 miles to Rawhide Road (located between mile markers 4 and 5). Go south for 3.8 miles to lease road, then east for 0.25 mile, then south 0.9 miles, then east 0.3 mile, then southeasterly for 5.5 miles, to windmill then westerly for 1.2 miles to Co. Road 748, then southeasterly for approximately 1.0 miles to lease road.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

### **POINT 2: NEW PLANNED ACCESS ROUTE**

A) Route Location:

Approximately 568' of new road is required.

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 4: LOCATION OF EXISTING OR PROPOSED FACILITIES**

Page 2

- A) No existing facilities are located within one mile which are owned or controlled by lessee/operator:

Closest Oil/Gas production facilities are located at Poker Lake Unit #213 wellsite. Poker Lake Unit #213 is located 1 mile north of proposed well.

- B) New Facilities in the Event of Production:

Production facilities are located at PLU #213 and will be used for Poker Lake Unit #247 via flowlines. Additional separators/treaters will be added as necessary. A new flowline consisting of 2-7/8" steel pipe, will be laid within 50' of the centerline of the access road and existing roads which have this well with poles placed within 50' of the centerline.

- C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following flowline construction, those access areas required for continued production will be graded to provide drainage and minimize erosion. The areas unnecessary for use will be graded to blend in with the surrounding topography (see Point 10)

#### **POINT 5: LOCATION AND TYPE OF WATER SUPPLY**

- A) Location and Type of Water Supply

Fresh water will be hauled from Johnson Station 50 miles east of Carlsbad, New Mexico or other commercial facilities. Brine water will be hauled from commercial facilities.

- B) Water Transportation System

Water hauling to the location will be over the existing and proposed roads.

#### **POINT 6: SOURCE OF CONSTRUCTION MATERIALS**

- A) Materials

Exhibit B shows location of caliche source.

- B) Land Ownership

Federally Owned.

- C) Materials Foreign to the Site

No construction materials foreign to this area are anticipated for this drill site.

- D) Access Roads

See Exhibit B.

## **POINT 7: METHODS FOR HANDLING WASTE MATERIAL**

Page 3

### **A) Cuttings**

Cuttings will be contained in the reserve pit.

### **B) Drilling Fluids**

Drilling fluids will be contained in the reserve pit.

### **C) Produced Fluids**

Water production will be contained in the reserve pit.

Hydrocarbon fluid or other fluids that may be produced during testing will be retained in test tanks. Prior to cleanup operations, any hydrocarbon material in the reserve pit will be removed by skimming or burning as the situation would dictate.

### **D) Sewage**

Current laws and regulations pertaining to the disposal of human waste will be complied with.

### **E) Garbage**

Portable containers will be utilized for garbage disposal during the drilling of this well.

### **F) Cleanup of Well Site**

Upon release of the drilling rig, the surface of the drilling pad will be graded to accommodate a completion rig if electric log analysis indicate potential productive zones. The reserve pit will be fenced and bird netted. The fence will be maintained until the pit is backfilled. Reasonable cleanup will be performed prior to the final restoration of the site.

## **POINT 8: ANCILLARY FACILITIES**

None required.

## **POINT 9: WELL SITE LAYOUT**

### **A) Rig Orientation and Layout**

Exhibit "D" shows the dimensions of the well pad and reserve pits, and the location of major rig components. Only minor leveling of the well site will be required. No significant cuts or fills will be necessary.

**B) Locations of Pits and Access Road**

See Exhibits "B", "C" & "D".

**C) Lining of the Pits**

The reserve pit will be lined with plastic.

**POINT 10: PLANS FOR RESTORATION OF THE SURFACE**

**A) Reserve Pit Cleanup**

The pits will be fenced immediately after construction and shall be maintained until they are backfilled. Previous to backfill operations, any hydrocarbon material on the pits' surfaces shall be removed. The fluids and solids contained in the pits shall be backfilled with soil excavated from the site and soil adjacent to the reserve pits. The restored surface of the pits shall be contoured to prevent impoundment of surface water flow. Water-bars will be constructed as needed to prevent excessive erosion. Topsoil, as available, shall be placed over the restored surface in a uniform layer. The area will be seeded according to the Bureau of Land Management stipulations during the appropriate season following restoration.

**B) Restoration Plans - Production Developed**

The reserve pits will be backfilled and restored as described above under Item A. In addition, those areas not required for production will be graded to blend with the surrounding topography. Topsoil, as available, will be placed upon those areas and seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. Following depletion and abandonment of the site, restoration procedures will be those that follow under Item C.

**C) Restoration Plans - No Production Developed**

The reserve pits will be restored as described above. With no production developed, the entire surface disturbed by construction of the well site will be restored. The site will be contoured to blend with the surrounding topography and provide drainage of surface water. The topsoil, as available, shall be replaced in a uniform layer and seeded according to the Bureau of Land Management's stipulations.

**D) Rehabilitation's Timetable**

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

## **POINT 11: OTHER INFORMATION**

Page 5

**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 wells located within 1-1/2 miles of the proposed well. This well is approximately 2800' West of the proposed well.

**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 L. Lyon  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

**POINT 13: CERTIFICATION**

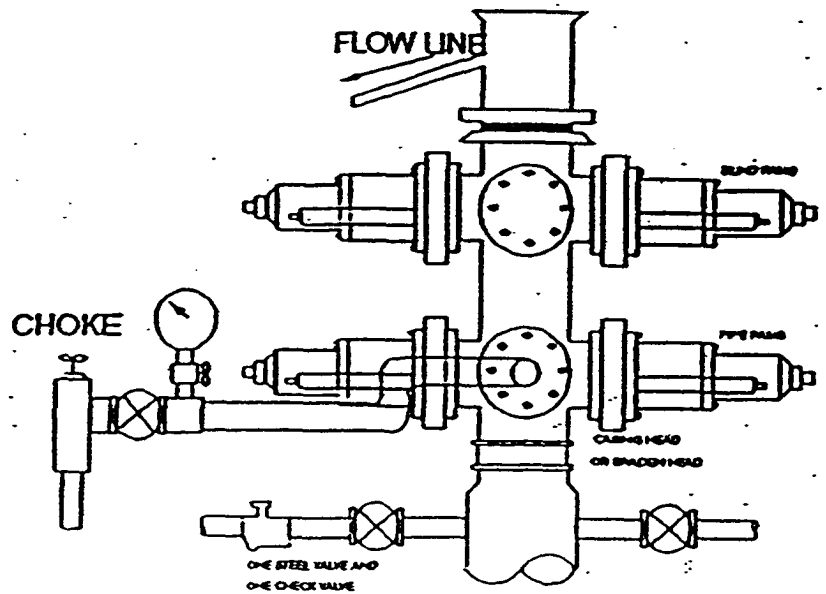
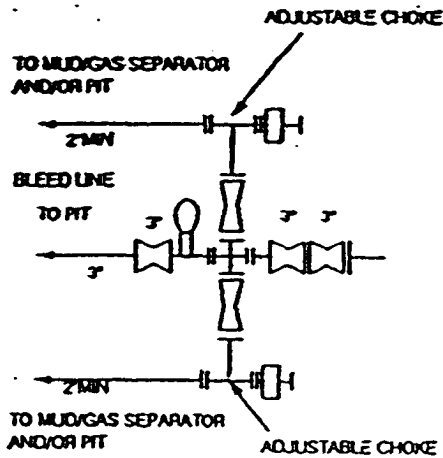
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated 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.

9/30/05  
Date

WHS f/wrd  
William R. Dannels

LHS/cdg

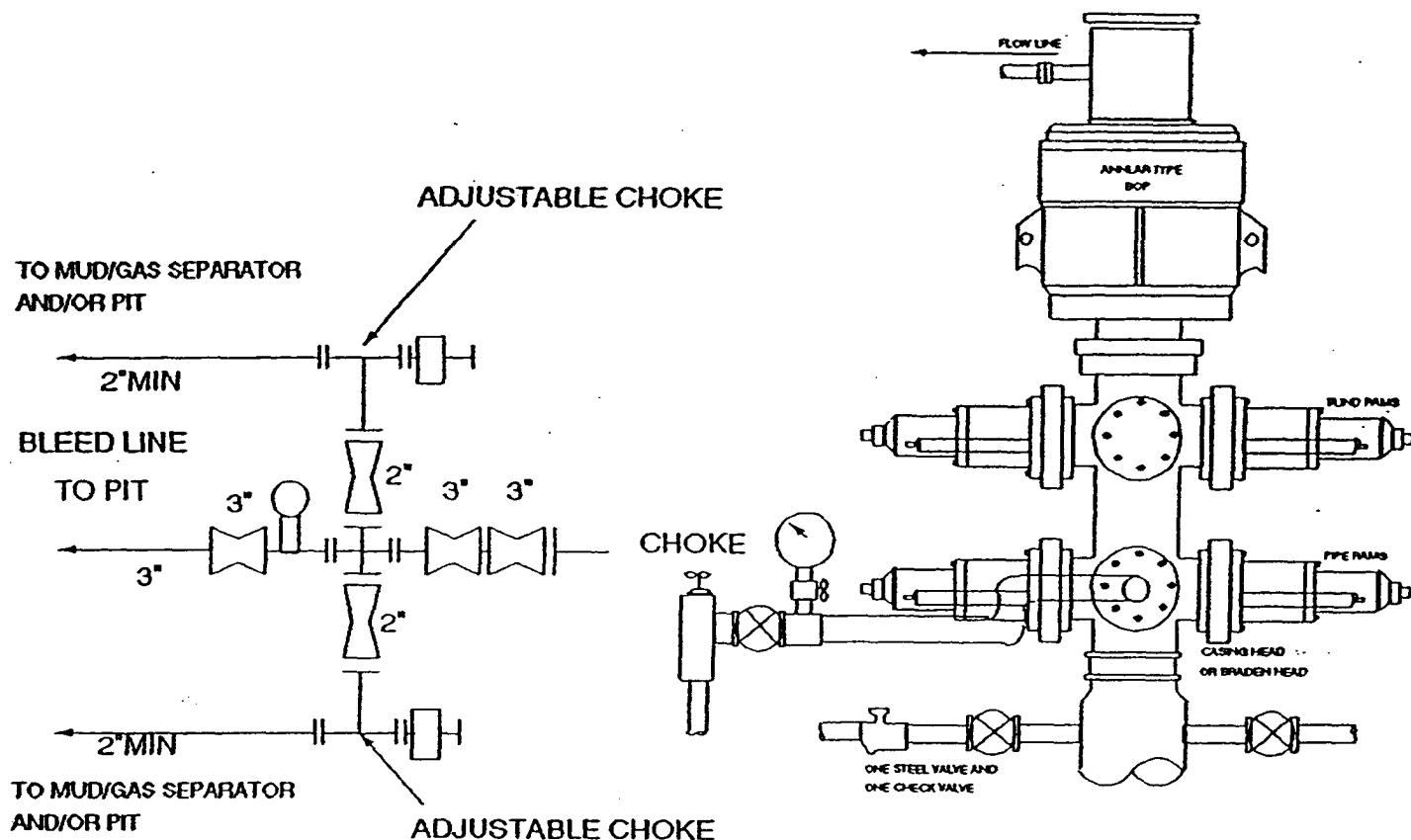
# 2000 PSI WP



## 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



## 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.

# BASS ENTERPRISES PRODUCTION COMPANY

Poker Lake Unit #2 247

Grey Wolf Rig 15

Robert Longhorn #4

EXHIBIT "D"

Stair step boundary if sandy location

north

\* 1" door ENE

\* pits WNW

\* Needed to square with Ranch Road

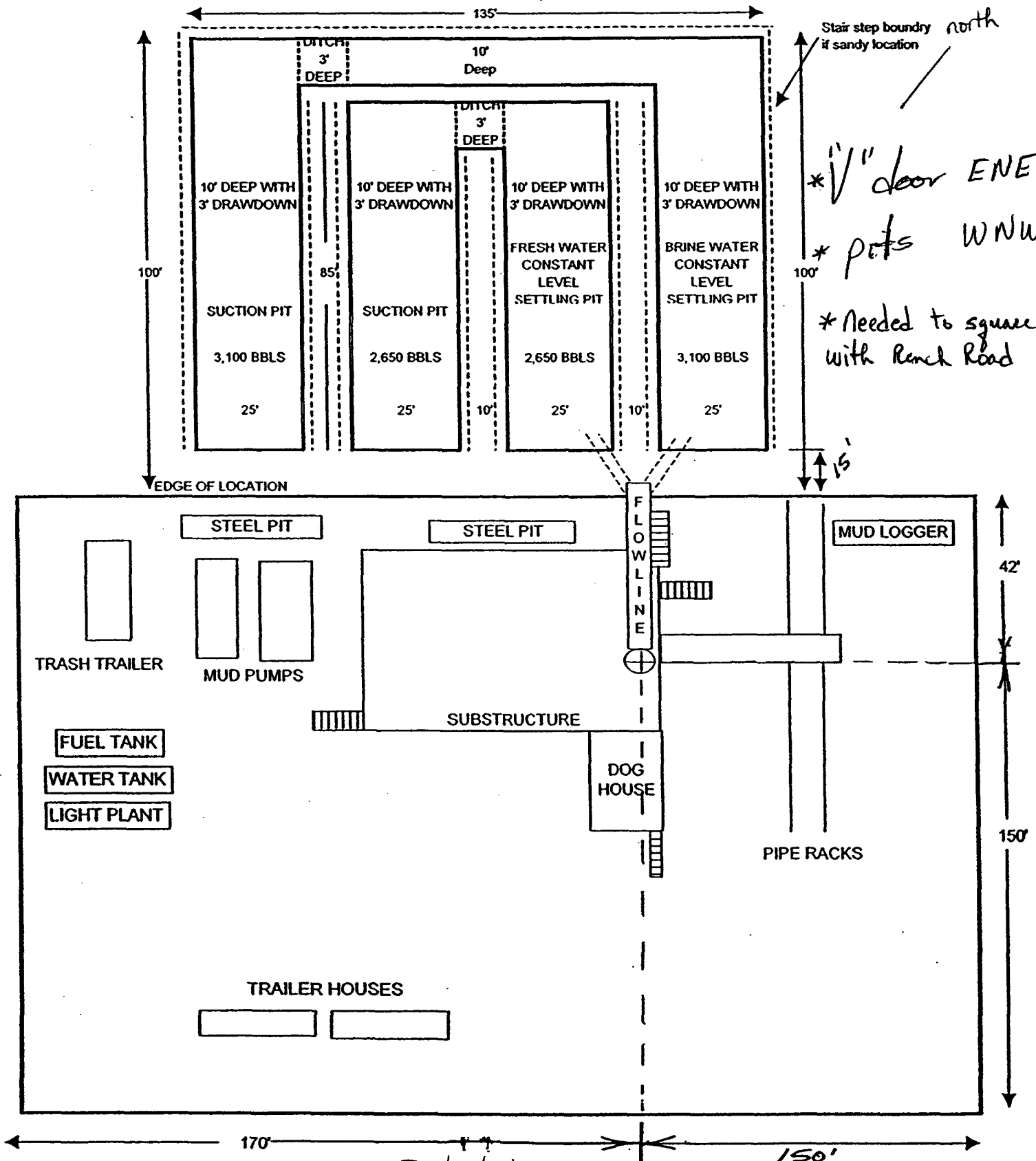


Exhibit D



## CONDITIONS OF APPROVAL - DRILLING

**Operator's Name:** Bass Enterprises Production Company  
**Well Name & No.** Poker Lake Unit #247  
**Location:** 1805' FNL, 660' FWL, Section 20, T. 24 S., R. 30 E., Eddy County, New Mexico  
**Lease:** NM-02860

### 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 980 feet or 25 feet above the top of the salt 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 3250 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.