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

Form 3160-3
(August 1999)

OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOV 04 2005
OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: [X] DRILL [ ] REENTER	5. Lease Serial No. LC-050158
	6. If Indian, Allottee or Tribe Name NA
	7. If Unit or CA Agreement, Name and No. NA (32549)
b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone	8. Lease Name and Well No. Midnight Matador #3
2. Name of Operator McQuadrangle (185130)	9. API Well No. 30-015-34547
3A. Address 7008 Salem Ave. Lubbock, TX 79424	3b. Phone No. (include area code) 806 797-3162 (51300)
	10. Field and Pool, or Exploratory Redlake-Qu-GB- SA
4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface 1150' FNL & 2310' FWL At proposed prod. Zone 1150' FNL & 2310' FWL	11. Sec., T., R., M., or Blk. and Survey or Area Sec. 35, T17S, R27E
14. Distance in miles and direction from nearest town or post office* 8 miles ESE of Artesia, New Mexico	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) 170 ft.	16. No. of Acres in lease 160 / 17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	19. Proposed Depth 2400 ft. / 20. BLM/BIA Bond No. on file NM 2742
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GR 3581'	22. Approximate date work will start* 10-30-2005 / 23. Estimated duration 30 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.
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. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature	Name (Printed/Typed)	Date
Charles C Joy	Charles C. Joy	10-11-2005

Title: Agent

Approved by (Signature)	Name (Printed/Typed)	Date
/s/ Joe G. Lara	/s/ Joe G. Lara	NOV 03 2005
Title ACTING 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 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 any 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

NSL - 5294

Roswell Controlled Water Basin

Witness Surface Casing

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 & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102
Revised March 17, 1999
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	Pool Name

Property Code	Property Name	Well Number
	MIDNIGHT MATADOR FEDERAL	3
OGRID No.	Operation Name	Elevation
	McQUADRANGLE L C	3581

Surface Location

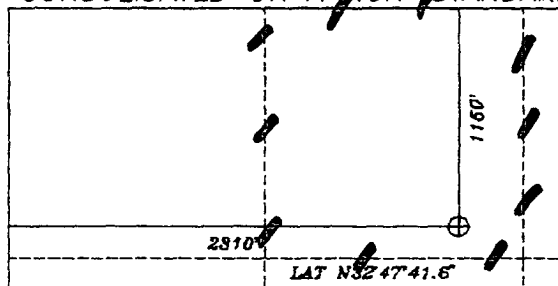
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
C	35	17-S	27-E		1150	NORTH	2310	WEST	EDDY

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			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



Note: The Carlsbad BLM office has the original plat.

OPERATOR CERTIFICATION

I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

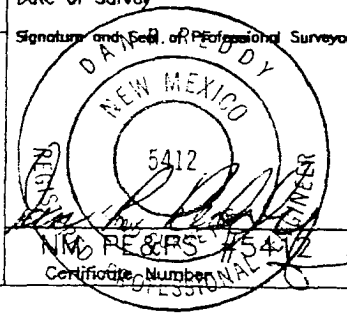
Signature
Printed Name
Title
Date 6-23-05

SURVEYOR CERTIFICATION

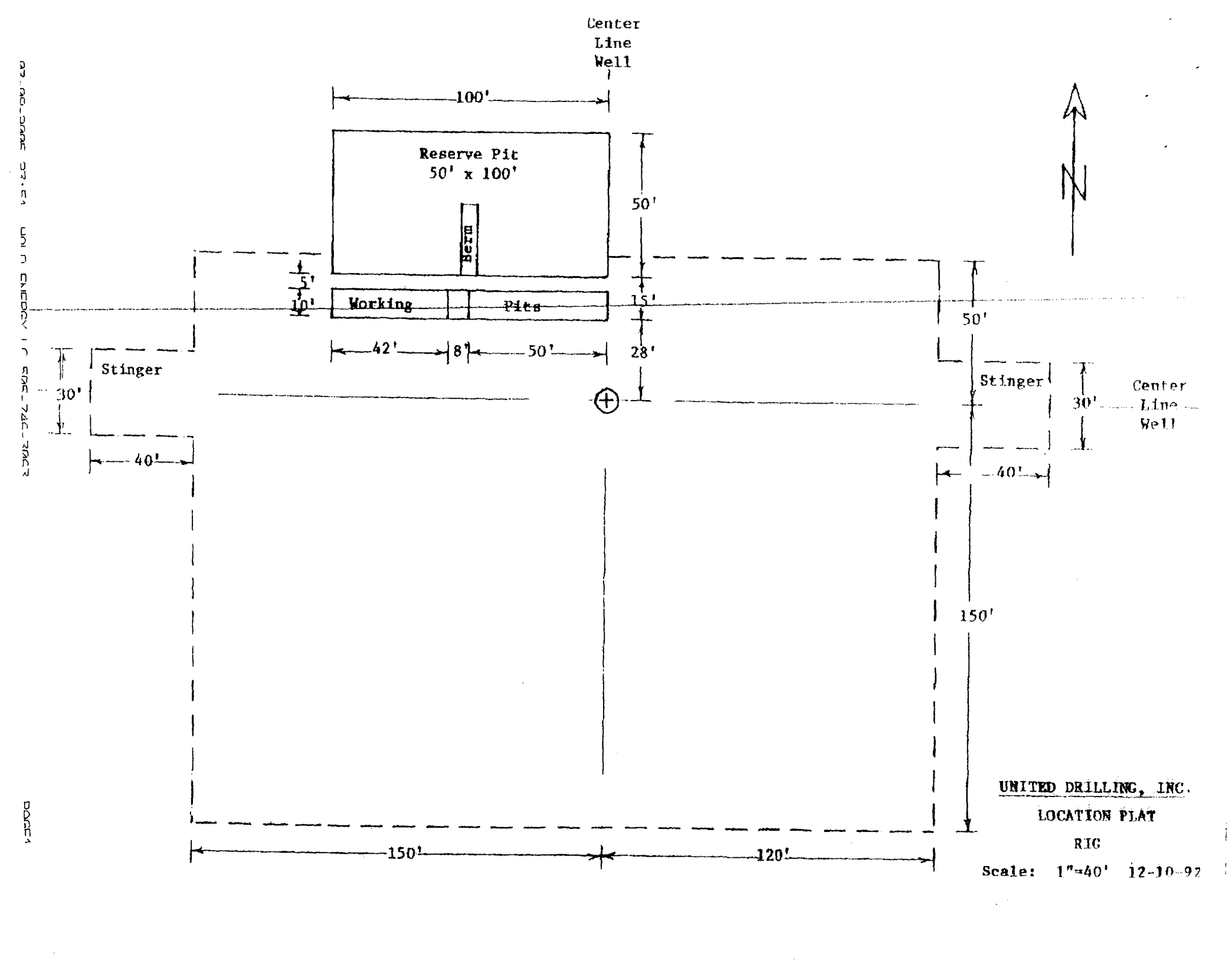
I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

FEB. 27, 2005
Date of Survey

Signature and Seal of Professional Surveyor



NM PE&RS #5412
Certificate Number


Center
Line
Well
100'
Reserve Pit
50' x 100'
Berm
50'
5'
10'
Working
Pits
15'
42'
8'
50'
28'
Stinger
30'
40'
50'
Stinger
30'
Center
Line
Well
40'
150'
150'
120'
UNITED DRILLING, INC.
LOCATION PLAT
RIG
Scale: 1"=40' 12-10-92

ANNULAR BOP STACK

PRESSURE 2000#

Drilling Program
McQuadrangle LLC
Midnight Matador # 3
Eddy County, New Mexico

1. Geologic name of surface formation: Permian

2. Estimation Tops of Geologic Makers:

Grayburg	1500'
San Andres	2100'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	100'	Fresh Water
Grayburg	1500'	Oil
San Andres	2100'	

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8 5/8" casing at 400' and circulating cement to the surface. Any shallower zones above T.D. which contains commercial quantities of oil and/or gas will have cement circulated across them.

4. Casing Program

Hole Size	Interval	OD Casing	Weight Grades
12 ¼"	0' - 350'	8 5/8"	24#, J-55
7 7/8"	0' – 2,400'	5 ½"	15.5#, J-55

WITNESS

5. Cement Program:

   A. 8 5/8" surface casing: Cemented to surface with 350sxs. "C" with 4% gel with 2% CACL and ½ # /sx Flocele.

   B. 5 ½ surface casing: Cemented with 75 sxs. "C" with 3% SMS with ¼ #/sx. Flocele, plus 500 sxs. Class H 0.8% FL-62 with 0.2% CD32 and 0.2%SMS.

6. Minimum Specifications for Pressure Control: The Blow Out Prevention (BOP) shown on Exhibit 1 will consists of a bag type (hydrill) Annular 2M system (2000 psi WP) prevention. Will be nippled up on 8 5/8" surface casing and used continuously until T.D. is reached. The BOP and accessory equipment will be tested to 500 psi before drilling out the surface casing shoe. Before drilling out the intermediate casing, the BOP and accessory equipment will be tested to 1000 psi. The bottom hole hydrostatic formation pressure expected to be at 1035 psi. Thus 500 psi. will exceed the minimum standards requirements.

A 2" kill line and a 3" choke line will be included in the drilling spool located below the annular preventor. Other accessories to the BOP equipment will include a Kelly cock and the floor safety valve (inside BOP equipment) and choke lines and choke manifold with 2000 psi rating.

7. Types and characteristics of the mud system. The well will be drilled to T.D. with fresh water as no salt section has been identified in offsetting wells and target formation and other above formations will not exceed 200# BHP.
8. The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Water loss (cc)
0' - 350'	Fresh Water (Spud)	8.5	40-45	n.c.
350' - T. D.	Fresh Water	8.5	40-45	n.c.

Sufficient mud materials to maintain mud properties and meet minimum circulation loss and weight increase requirements will be kept on the site at all times.

9. Auxiliary Well Control and Monitoring Equipment:
   - A Kelly Cock will be kept in the drill string at all times.
   - A full-opening drill pipe stabbing valve (Inside B.O.P.) with proper drill pipe connection will be on the Rig Floor at all times.
   - A mud logging unit complete with hydrogen sulfide (H2S) detector will continuously monitor drilling penetration rate and hydrocarbons shown to T. D.

10. Logging, Testing and Coring Program
    - Drill Stem tests may be run on the basic of drilling shows
    - The electric logging program will consist of GR-CNL from T.D. to Surface Casing, and GR-CNL from T.D. to surface. Selected cores may be taken in zones of interest.
    - No conventional coring is anticipated.
    - Further testing procedures will be determined after the 5 ½" production casing has been cemented at T.D., based on drill shows, log evaluation, and drill stem test.

11. Abnormal Conditions, Pressures, Temperatures, or Potential Hazards:
    No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature at T.D. is 140 degrees Fahrenheit. The estimated bottom hole pressure is 3000 psig. No Hydrogen Sulfide is known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

12. Anticipated Starting Date and Duration of Operations:
    Road and location work will begin after receiving BLM's approval. The anticipated Spud Date is Oct. 30,. 2005. Once commenced, the drilling operations should be finished in approximately 30 days. If the well is productive, the an additional 30 days will be required for completion and testing before a decision us made to install permanent facilities.

Surface Use and Operating Plan
McQuadrangle LLC
Midnight Matador Fed. # 3
Eddy County, New Mexico

1) Existing Roads:

   a) The well location and acreage dedication plat for the proposed well is shown on Exhibit #2. The location was staked by DAN REDDY, CPE.

   b) All roads to the location are shown in Exhibit #3. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.

   c) Travel 8 miles east of Artesia, New Mexico on Lovington Highway. Turn south on C.R. 204 and proceed .4 miles and turn southwest on C.R. 225. Go 1 mile and turn west onto Lease Road. Travel .3 miles and turn northwest to location.

   d) Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operation continues on the lease.

2) Proposed Access Roads: Exhibit 3 shows that there will be no new access roads to be constructed.

3) Location of existing wells: Exhibit 4 shows all existing wells within a one-mile radius of this well. A list of these wells is shown to the attachment to Exhibit 4.

4) Location of Existing and/or Proposed Facilities:

   a) McQuadrangle LLC does operate other production facilities on this lease.

   b) If the well is productive, contemplated facilities will be as follows:

      i) The tank battery and facilities, including all flow-lines and piping, will be installed according to A.P.I. specifications.

      ii) Any additional caliche that is required for firewalls, etc., will be obtained from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.

      iii) If the well is productive of oil, it may be necessary to run electrical power to the well.

   c) If the well is productive, rehabilitation plans are as follows:

i) The reserve pit will be back-filled after the contents are dry, within 120 days after the well completion.

ii) Caliche from unused portions of the drill pad will be removed. Top soil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural surface level terrain, then reseeded to BLM specifications.

d) In the event that gas production is established, plans for permanent gas lines will be submitted to the appropriate agencies for approval.

5) Located and Type of Water Supply: The well will be drilled with a fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over existing and proposed access roads as shown in Exhibit 3. If a commercial fresh water source is nearby, supply lines may be laid along existing roads and fresh water pumped to the well. No water well will be drilled on the location.

6) Source of Construction Materials: All caliche required for construction of the drill pad and proposed new access road will obtained from a BLM approved caliche pit. All roads and pads will be constructed of 6" rolled and compacted caliche.

7) Methods of Handling Water Disposal:

a) Drill cuttings not retained for evaluation will be disposed into the reserve pit.

b) Drilling fluids will be contained in lined earthen pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 150' * 6' deep and fenced of three sides prior to drilling. The reserve pit will be fenced on the fourth side immediately following rig removal. The reserve pit will be plastic-lined (5 – 7 mil. Thickness) to minimize loss of drilling .

c) Water produced from the well during completion will be disposed into a steel pit

d) After the well is permanently placed on production, produced water will be collected in fiberglass or steel tanks and hauled by transportation to an approved disposal system. Produced oil will be collected in steel tanks until sold.

e) A portable chemical toilet will be provided on location for human waste during drilling and completion operations.

f) Garbage and trash produced during drilling and/or completion operations will be stored and removed from a separate trash trailer. All waste material will be contained to prevent scattering by the wind. No toxic waste or hazardous materials will be produced by this operation.

g) After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 30 days. No adverse materials will be left on location. The reserve pit will be completely fenced and netted and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill, as weather permits, the unused portion of the well site will be leveled and reseeded per BLM specifications. Only the part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

8) Ancillary Facilities: No airstrip, campsite or other facilities will be built as a result of operations on this well.

9) Well Site Layout;

a) The drill pad layout, with elevations staked by DAN REDDY, CPE is shown in Exhibit 5. Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available will be stock-piled per BLM specifications determined during the on-site inspection. Because the pad is almost level, no major cuts will be required.

b) Exhibit 5 shows the planned orientation of the rig and associated drilling equipment, reserve pit, pipe racks, turn around and parking areas, and access roads. No permanent living quarters are planned. A temporary foreman/toolpusher will be on location during the drilling operations.

c) The reserve pit will be high quality plastic lined.

10) Plans for Restoration of the Surface:

a) Upon completion of the proposed operations, if the well is to be abandoned, the caliche will be removed from the location and road and returned to the pit from which it was taken. The pit area, after dried, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to, as nearly as possible, the original topography. The trash, garbage and pit lining will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days of abandonment.

b) The disturbed area will be re-vegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by BLM.

c) The four-sided fence around the reserve pit will remain in place until the pit area is cleaned and leveled. No oil will be left on the surface of the fluid in the pit. The entire reserve pit will be fenced until the fluid has completely evaporated.

d) Upon completion of the proposed operations, if the well is completed, the reserve pit will be treated as outlined within the same prescribed time. The caliche from any area of the original site not needed for production operations or facilities will be removed and used for construction of thicker pads or firewalls for the tank battery installation. Any

additional caliche required for the facilities will be obtained from a BLM approved caliche pit. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per BLM instructions.

11) Surface Ownership: The site and lease is located entirely onBLM surface and leases by Turkey Track Ranch.

12) Other information

a) The area around the site is grassland and the soil is sandy. The vegetation is native scrub grasses with abundant sagebrush, yucca and prickly pear.

b) There is no permanent or live water in the immediate area.

c) A cultural resources examination is enclosed marked Exhibit 6

13) Operator's Representatives: The McQuadrangle LLC representatives responsible for assuring compliance with this surface use plan are as follows:

Jimmy Davis — Phone: 505 746-7273
Charles C. Joy — Phone: 505 746-2480
702 Hermosa Dr.
Artesia, NM 88210

Certification: I hereby certify that I, or persons under my direct supervision, have inspected the proposed site and access route; that I am familiar with the conditions which currently exists; that the statements made herein are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by McQuadrangle LLC its contractors and subcontractors in conformity with this plan and the terms and conditions with which it is approved.

Dated this 11th day of Oct. 11, 2005.

McQuadrangle LLC.

By: Charles C Joy
Charles C. Joy-Agent

Notes Regarding Blowout Preventers
McQuadrangle, LLC
Midnight Matador #3
Eddy County, New Mexico

1. Drilling nipple will be constructed so it can be removed mechanically without aid of a welder. The minimum internal diameter will equal BOP bore.

2. Wear ring will be properly installed in head.

3. BOP and all associated fittings will be in operable condition to withstand a minimum 1000 psi working pressure. The BOP and accessory equipment will be tested to 1000 psi. The bottom hole hydrostatic formation pressure expected to be at 1035 psi. Thus 500 psi. will exceed the minimum standards requirements.

4. All fittings will be flanged.

5. A full bore safety valve tested to a minimum 1000 psi working pressure with proper thread connections will be available on the rotary rig floor at all times.

6. All choke lines will be anchored to prevent movement.

7. All BOP equipment will equal to or larger in bore than the internal diameter of the casing string.

8. Will maintain a Kelly cock attached to the Kelly.

9. Hand wheels and wrenches will properly be installed and tested for safe operation.

10. Hydraulic floor control for BOP will be located as near in proximity to driller's controls as possible.

11. All BOP equipment will meet A.P.I. standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

Hydrogen Sulfide Drilling Operations Plan
McQuadrangle, LLC
Midnight Matador # 3
Eddy County, New Mexico

I. Hydrogen Sulfide Training: All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

a. The hazards and characteristics of hydrogen sulfide (H2S).

b. The proper use and maintenance of personal protective breathing equipment and life support systems.

c. The proper use H2S detectors for first aid and rescue procedures.

d. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubulars are used, personnel will be trained in their special maintenance requirements.

2. Corrective action and shut-in procedures when drilling or reworking and well control procedures.

3. The contents and requirements of the H2S Drilling Operations Protection Plan.

There will be an initial training session just prior to encountering a known or possible H2S zone (within 3 days or 500') and weekly control drills for all personnel in each crew. The initial training session shall include. A review of site specific H2S Drilling Operations Plan and the Public Protection Plan. This Plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S Safety Equipment and System: All H2S Safety Equipment and Systems will be installed, tested, and operational when drilling reaches a depth of 500' above, or 3 days prior to penetrating the first zone containing or reasonably expected to contain H2S.

1. Well Control Equipment:
   a. Flare lines with electronic igniter or continuous pilot.

   b. Choke manifold with a minimum of 1 remote choke.

   c. Auxiliary equipment will include annular preventer, mud gas separator, rotating head, and flare gun with flares.

2. Protective equipment for essential personnel is Mark II Surviveair 30 minute units located in the dog house and at briefing areas, as located on well site diagram.

3. H2S Detection and Monitoring Equipment:
   a. 2 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.

   b. 1 portable H2S monitor positioned near flare line.

4. Visual Warning System:
   a. Wind direction indicators as shown on well site diagram.

   b. Caution/Danger signs shall be posted on roads providing direct access to the location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable distance from the immediate location. When appropriate, bilingual signs will be used.

5. Mud Program:
   a. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

   b. A mud gas separator and an H2S gas buster will be utilized.

6. Metallurgy:
   a. All drill strings, casings, tubing, wellhead, BOP's, drilling spool, kill lines, choke manifold and lines, and values shall be suitable for H2S service.

   b. All elastomers used for packing and seals shall be H2S trim.

7. Communication:
   a. Radio communications in company vehicles include cellular telephone and 2-Way radio.

   b. Telephone communications at field office.

8. Well Testing: Drill stem testing will be performed with the minimum number of personnel in the immediate area necessary to safely and adequately conducted the testing. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill stem testing operations conducted in an H2S environment will use the closed chamber method of testing.

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

McQuadrangle LLC
7008 Salem Ave.
Lubbock, TX 79424

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on leased land or portion thereof, as described below:

Lease Number:	LC-050158
Legal Description of Land	Township 17 South Range 27 East, NMPM Section 35; SENENW 1150' FNL & 2310' FWL Eddy County, New Mexico
Formation:	San Andres
Bond Coverage:	Statewide Federal Bond
BLM bond file number:	NM 2742

Authorized Signature:

Charles C Joy

Charles C. Joy

Title: Agent
Date: October 11, 2005

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: McQuadrangle LLC (EAH)
Well Name & No. Midnight Matador #~~4~~ 3 - Resubmittal
Location: 1150' FNL, 2310' FWL, Section 35, T. 17 S., R. 27 E., Eddy County, New Mexico
Lease: LC-050158

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: **8-5/8** inch **5-1/2** inch

   C. BOP tests

2. A Hydrogen Sulfide (H2S) Drilling Operation Contingency Plan shall be activated prior to drilling into the **Queen** formation. A copy of the plan shall be posted at the drilling site.

3. 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.

4. 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.

5. 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 **8-5/8** inch surface casing shall be set at **approximately 350 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.

2. The minimum required fill of cement behind the **5-1/2** inch production casing is **tie back into the 8-5/8 inch surface casing**.

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. A variance to test the BOP's with the rig pump to 1000 psi is granted.

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

- The tests shall be done by an independent service company.
- 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.

7/7/05
10/21/05 - rev
acs