

OCD-ARTESIA

J-06-07
FORM APPROVED
OMB No. 1004-0136
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC 061705B	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name NA	
2. Name of Operator BEPCO, L.P.		7. If Unit or CA Agreement, Name and No. Poker Lake Unit	
3a. Address P. O. Box 2760 Midland, Texas 79702		8. Lease Name and Well No. Poker Lake Unit 102	
3b. Phone No. (include area code) (432)683-2277		9. API Well No. 30-015-35/62	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENW, UL C, 1140' FNL, 2310' FWL, Lat N 32.193056 deg, Long W 103.83556 deg At proposed prod. zone Same		10. Field and Pool, or Exploratory Poker Lake (Delaware), SW	
14. Distance in miles and direction from nearest town or post office* 10 miles East of Malaga, NM		11. Sec., T., R., M., or Blk, and Survey or Area Sec 25, T24S, R30E Mer NMP SME: BLM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1140'		12. County or Parish Eddy County	
16. No. of Acres in lease 2495		13. State NM	
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. 903'			
19. Proposed Depth 8400' MD			
20. BLM/BIA Bond No. on file 103997445			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3447' GL		22. Approximate date work will start* 09/01/2006	
		23. Estimated duration 12 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. | 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 06/30/2006
Title Production Clerk		
Approved by (Signature) <i>/s/ Tony J. Herrell</i>	Name (Printed/Typed) <i>/s/ Tony J. Herrell</i>	Date SEP 06 2006
Title 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 page 2)

Carlsbad Controlled Water Basin

Witness Surface Casing

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

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

NSL-

Surface casing to be set into the Rustler below all fresh water sands.

Production casing will be cemented using DS LiteCrete system with TOC 500' above all productive pay zones.

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.

This well was originally approved by BLM on 6/6/04 at 990' FNL & 2130' FWL. The new location was moved for archeological purposes.

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

611 South First, Artesia, NM 88210

DISTRICT III

1900 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87508

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
	96047	POKER LAKE (DELAWARE), SW
Property Code	Property Name	Well Number
001796	POKER LAKE UNIT	102
OGHD No.	Operator Name	Elevation
001801	BEPCO, L.P.	3447

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	25	24 S	30 E		1140	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	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

40 ACRES	40 ACRES	160.00 ACRES	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>William R. Dannels</u> Signature W.R. DANNELS Printed Name DIVISION DRILLING SUPT. Title <u>6/30/86</u> Date
40 ACRES	40 ACRES	160.00 ACRES	
40 ACRES	40 ACRES	160.00 ACRES	
40 ACRES	40 ACRES	160.00 ACRES	
LAT - N32°11'35.0" LONG - W103°50'08.0"			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. MARCH 1, 1994 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. <u>7977</u> JLP BASIN SURVEYS

BEPÇO, L. P.
EIGHT POINT DRILLING PROGRAM

NAME OF WELL: Poker Lake Unit #102

LEGAL DESCRIPTION - SURFACE: 1140' FNL & 2310' FWL, Section 25, 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 3464' (est) GL 3447'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUB-SEA TOP</u>	<u>BEARING</u>
T/Rustler	614'	+2850'	Barren
T/Salt	984'	+2480'	Barren
B/Salt	3912'	- 448'	Barren
T/Delaware	4149'	- 685'	Oil/Gas
T/Lower Brushy Canyon "Y"	7895'	-4431'	Oil/Gas
T/Bone Spring	8011'	-4547'	Oil/Gas
TD	8400'	-4936'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 40'	Conductor	Contractor Discretion
8-5/8", 32#, J-55, LT&C	0' - 975'	Surface	New
5-1/2", 15.5#, J-55, LT&C	0' - 6300'	Production	New
5-1/2", 17#, J-55, LT&C	6300' - 8400'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOPE equivalent to diagram 1 will be nipped up on surface casing head. The BOP stack, choke, kill lines, kelly cock, inside BOP etc will be hydro-tested to 70% of interval yield pressure of casing or 1000 psig whichever is less with the rig pump. In addition to the rated working pressure test, a lower pressure (200 psi) 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

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 975'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
975' - 5600'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5 - 10.5
5600' - TD	BW/Diesel	8.8 - 9.0	32-40	8	2	<100 cc	9.5 - 10.0

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 (+/- 3900').
GR-CNL-CAL from base of Salt to surface.
- C) CONVENTIONAL CORING
None anticipated.
- D) CEMENT

<u>INTERVAL</u>	<u>AMOUNT SX</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>	<u>WL</u>
SURFACE:							
Lead: 0 - 675' (100% excess circ to surface)	300	675	35:65 Class C Poz + 3% S1 + 1/4 pps D29 + 6% D20	10.7	12.6	1.98	NC
Tail: 675- 975' (100% excess circ to surface)	200	300	Class C + 2% S1 (CaCl ₂)	6.33	14.8	1.34	NC
PRODUCTION:							
Stage 2 Lead 0' - 6000' (50% excess)	635	6000	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	9.875	10.2	2.37	<400
Stage 2 Tail 6000' - 6500' (50% excess)	65	500	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 0.04 gpsb D801	7.336	10.5	2.04	<400
DV tool @ 6500'							
Stage 1 6500' - 8400' (50% excess)	250	1900	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	7.336	10.5	2.04	<400

- E) DIRECTIONAL DRILLING
No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3755 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 4149-8011'. 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

15 days drilling operations

14 days completion operations

GEG:cnt
June 30, 2006

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #102

LEGAL DESCRIPTION - SURFACE: 1140' FNL & 2310' FWL, Section 25, 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 128 then turn east on Highway 128. Go 12 miles, turn south between mile markers 12 and 13 on Twin Wells Road (County Road 787). Go 10.3 miles to the intersection of McDonald and Twin Wells Road. Turn left and go 1.3 miles. Turn right and go 1000' to location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 542' 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) Existing facilities are located within one mile which are owned or controlled by lessee/operator:

Closest Oil/Gas production facilities are located at the Poker Lake Unit #89 wellsite.

- B) New Facilities in the Event of Production:

BEPCO, L.P. request approval to install a power line and flow line that will service the proposed Poker Lake Unit #102. The power line will consist of 12,470 volts 3-phase and will lie within 30' of the centerline of the ROW. The power line will connect with the existing power located at the Poker Lake Unit #103. The flow line will also run within the ROW. It will consist of 2-7/8" steel pipe and will connect with the existing battery located at the Poker Lake Unit #89 battery. A map is included showing the proposed route (Exhibit C).

- 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

If not found on location, the caliche source will be the nearest open pit approved by the BLM.

- 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 is one stock tank located 0.8 miles east-southeast of the location. No other lakes, streams, or rivers are located within several miles.

F) Water Wells

There are two water wells located approximately 1-1/2 to 2 miles of Poker Lake Unit #102. One is located approximately 1-1/2 miles west-northwest, and one located 1.8 miles south (Exhibit B).

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey was obtained for this area and submitted to the Bureau of Land Management. Copy attached. 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 BEPCO, L. P. and its 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.

6/30/06
Date

William R. Dannels
William R. Dannels

GEG/WRD:cnt

**SECTION 25, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**

3443.4' 600' 3444.4'

150' NORTH
OFF SET
3445.4'

**Bass Enterprises Prod. Co.
Poker Lake Unit #102
Elev. - 3447'**

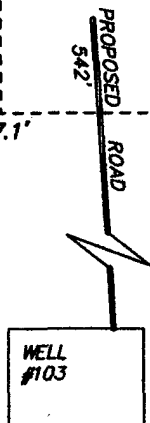
150' WEST
OFF SET
3446.3'

Lat.-N 32°11'35.0"
Long-W 103°50'08.0"

150' EAST
OFF SET
3450.4'

150' SOUTH
OFF SET
3448.6'

3447.1' 600' 3449.9'



SCALE: 1" = 100'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 128 & CO. RD.
787 GO SOUTH ON 787, 10.3 MILES TO A LEASE
ROAD TO THE NORTHEAST 1.3 MILES TO A LEASE
ROAD NORTH, THEN NORTH APPROX 0.4 MILES TO
LOCATION.

BEPCO, L.P.

REF: Poker Lake Unit No. 102 / Well Pad Topo

THE POKER LAKE UNIT No. 102 LOCATED 1140' FROM
THE NORTH LINE AND 2310' FROM THE WEST LINE OF
SECTION 25, TOWNSHIP 24 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 4071

Drawn By: K. GOAD

Date: 03/11/04

Disk: KJG #122 - 4071A.

Survey Date: 03/10/04

Sheet 1 of 1 Sheets

Adobe Drilling Rig No. Longhorn
432-552-5553

KB 17'

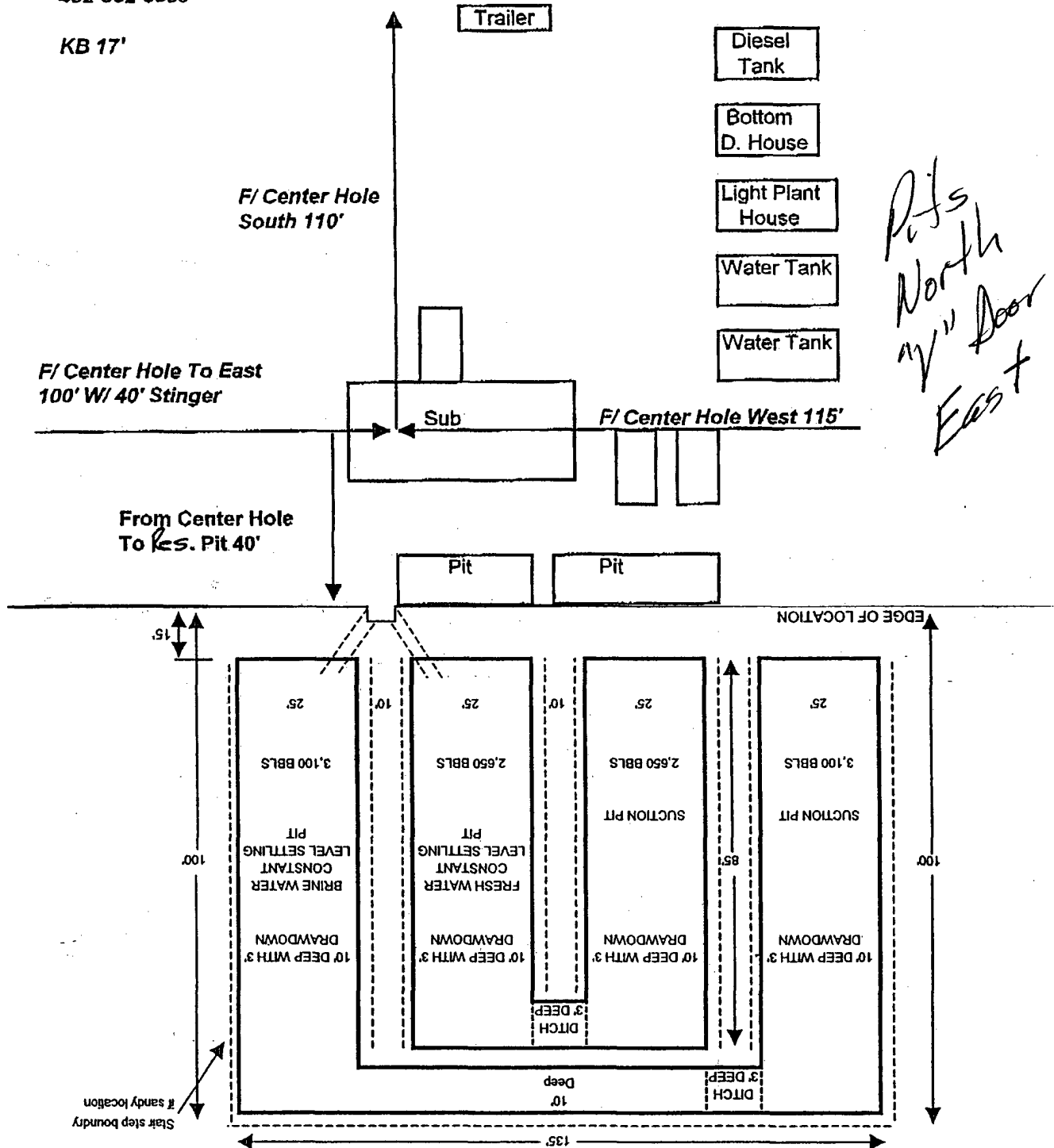
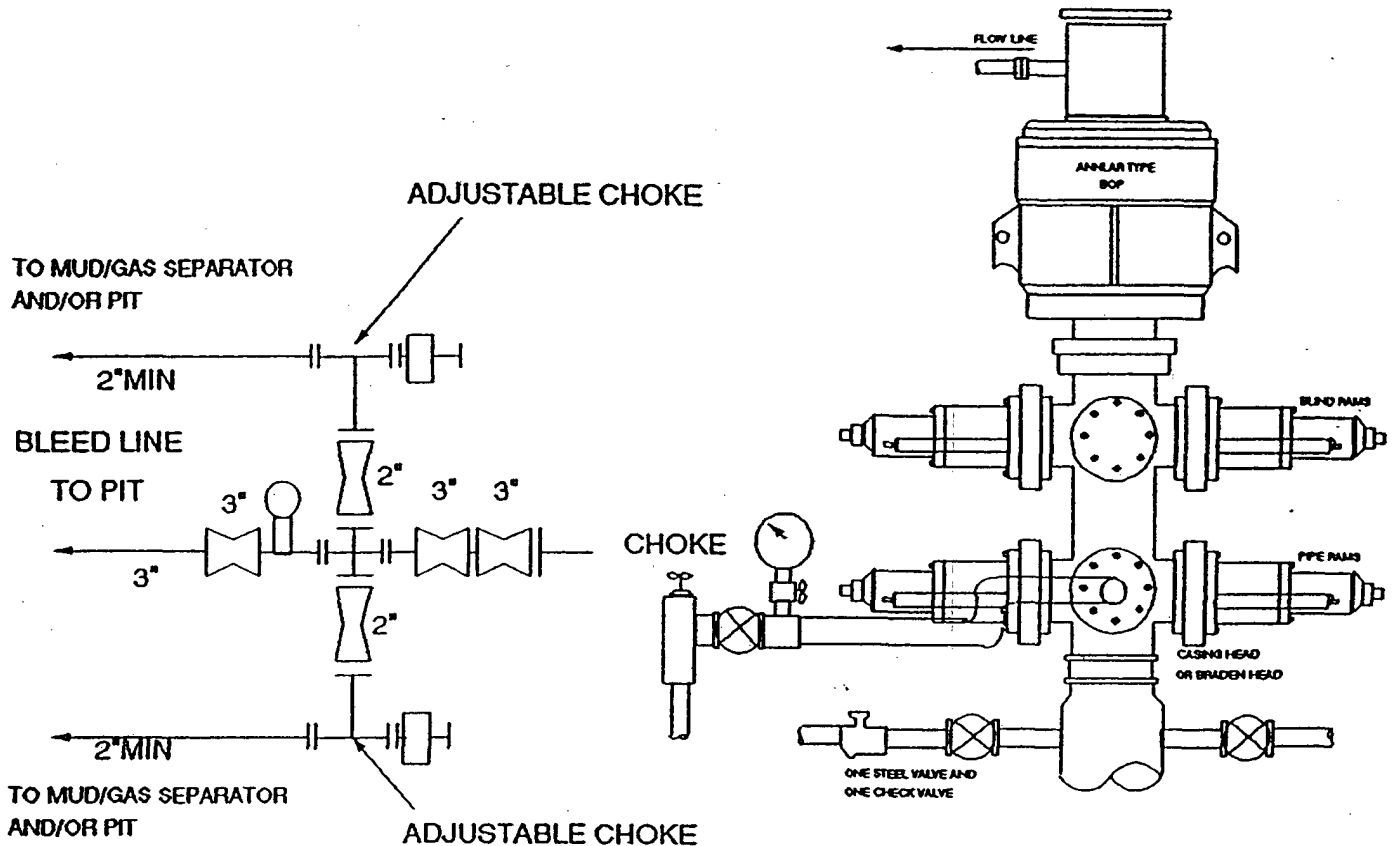


Exhibit "D"

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.

DIAGRAM 1

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Bass Enterprises Production Company, L.P. Well Name & #: Poker Lake Unit #102
Location 1140 F N L & 2310 F W L; Sec. 25, T. 24 S., R. 30 E.
Lease #: LC-061705B County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- (☒) Lesser Prairie Chicken (stips attached) (☐) Flood plain (stips attached)
(☐) San Simon Swale (stips attached) (☐) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(☒) The BLM will monitor construction of this drill site. Notify the (☒) Carlsbad Field Office at (505) 234-5972 (☐) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(☒) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

(☐) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(☒) Other. **Reserve pits will be to the North, not to disturb dunes to the North, and v-door to the East.**

III. WELL COMPLETION REQUIREMENTS

(☐) A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(☒) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|--|---|
| (<input type="checkbox"/>) A. Seed Mixture 1 (Loamy Sites) | (<input checked="" type="checkbox"/>) B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria magrostachya</i>) 2.0 |
| (<input type="checkbox"/>) C. Seed Mixture 3 (Shallow Sites) | (<input type="checkbox"/>) D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobolus airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

(☐) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

(☐) Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- (1) Lined as specified above and
- (2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below: All of section 25, T. 24 S., R. 30 E.

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Bass Enterprises Production Company
Well Name & No. Poker Lake Unit #102
Location: 1140' FNL, 2310' FWL, Section 25, T. 24 S., R. 30 E., Eddy County, New Mexico
Lease: LC- 061705B

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. 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.
5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at approximately 975 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 to be sufficient to reach at least 500 feet above the top of the uppermost productive hydrocarbon bearing interval.
3. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

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 3000 psi.
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.