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OCD-ARTESIA

OCT 02 2007 AT5-07-552
OCD-ARTESIA

RE-SUBMITTAL

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

UNITED STATES *
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No NMNM 02860	
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		6 If Indian, Allottee or Tribe Name	
2 Name of Operator BEPCO, L. P.		7 If Unit or CA Agreement, Name and No NMNM 71016X	
3a Address P. O. Box 2760 Midland, TX 79702		8 Lease Name and Well No. Poker Lake Unit #209	
3b Phone No. (include area code) 432-683-2277		9 API Well No. 30-015-35840	
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface SENW, UL F, 1650' FNL, 1650' FWL, Lat N32.220306, Lon W103.924278 At proposed prod zone Same Carlsbad Controlled Water Basin		10 Field and Pool, or Exploratory Nash Draw (Dela, BS, Avalon Sd)	
11 Sec, T R M or Blk and Survey or Area Sec 18, T24S, R30E, MER NMP		12 County or Parish Eddy County	
13 State NM		14 Distance in miles and direction from nearest town or post office* 14 Miles East of Malaga, NM	
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 1650'		16 No of acres in lease 2520.68	
17 Spacing Unit dedicated to this well 40		18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1303'	
19 Proposed Depth 7750' MD		20 BLM/BIA Bond No. on file NM 2204	
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3141' GL		22 Approximate date work will start* 04/15/2008	
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 Operator 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 |

Signature <i>Annette Childers</i>	Name (Printed/Typed) Annette Childers	Date 7-9-2007
Title Administrative Assistant		

Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date SEP 25 2007
Title STATE DIRECTOR		Office NM STATE 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 Title 18 USC Section 100 States any false, fictitious

*(Instructions on page 2)

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

ngly and willfully to make to any department or agency of the United sdiction

APPROVAL FOR TWO YEARS

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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 209
OGRID No. 001801	Operator Name BASS ENTERPRISES PRODUCTION COMPANY	Elevation 3141'

Surface Location

UL or lot No. F	Section 18	Township 24 S	Range 30 E	Lot Idn	Feet from the 1650	North/South line NORTH	Feet from the 1650	East/West line WEST	County EDDY
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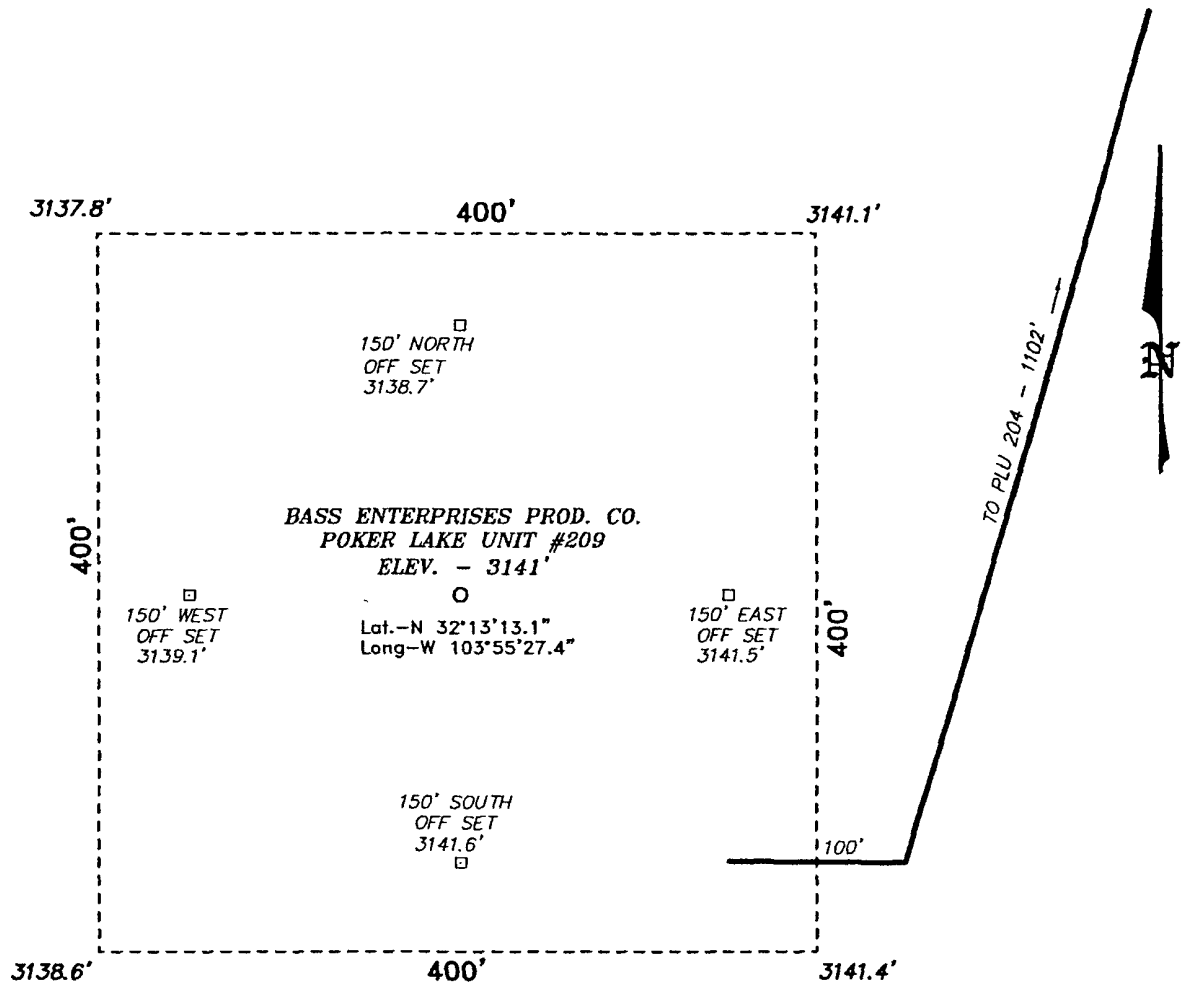
Bottom Hole Location If Different From Surface

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>OPERATOR CERTIFICATION</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>William R. Dannels</i> Signature W.R. DANNELS Printed Name DIVISION DRILLING SUPT. Title 6/16/03 Date</p>
	<p>SURVEYOR CERTIFICATION</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>MARCH 10, 2003 Date Surveyed Signature of Gary L. Jones Professional Surveyor W.O. No. 3084 Certificate No. Gary L. Jones 7977 BASS SURVEYS</p>

SECTION 18, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



100 0 100 200 FEET
SCALE: 1" = 100'

BEPCO, L.P.

REF: POKER LAKE UNIT No. 209 / Well Pad Topo

THE POKER LAKE UNIT No. 209 LOCATED 1650' FROM
THE NORTH LINE AND 1650' FROM THE WEST LINE OF
SECTION 18, 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: 3084

Drawn By: K. GOAD

Date: 03-11-2003

Disk: KJG CD#7 - 3084A.DWG

Survey Date: 03-10-2003

Sheet 1 of 1 Sheets

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

Production casing will be cemented using DS Litecrete cement with TOC 500' above uppermost pay zone.
Drilling procedure, BOP diagram, anticipated tops and surface plans attached.

This well is located inside the Secretary's Potash area and outside the R-111 Potash area. There are no potash leases within 1 mile of the location.

**EIGHT POINT DRILLING PROGRAM
BEPCO, L.P.**

NAME OF WELL: Poker Lake Unit #209

LEGAL DESCRIPTION - SURFACE: 1650' FNL & 1650' FWL, Section 18, 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 3158' (est) GL 3141'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	408'	+2750	Barren
T/Salt	858'	+2300'	Barren
T/Lwr Brushy Canyon	6920'	-3762'	Oil/Gas
T/Bone Spring	7196'	-4037'	Oil/Gas
TD	7750'	-4592'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>HOLE SIZE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	20"	0'- 60'	Conductor	Contractor Discretion
8-5/8", 32#, J-55, LT&C	12-1/4"	0'- 848'	Surface	New
5-1/2", 15.5#, J-55, LT&C	7-7/8"	0' -6500'	Production	New
5-1/2", 17#, J-55, LT&C	7-7/8"	6500' -7750'	Production	New

CASING DESIGN SAFETY FACTORS:

<u>TYPE</u>	<u>TENSION</u>	<u>COLLAPSE</u>	<u>BURST</u>
8-5/8", 32#, J-55, LT&C	17.8	6.5	4.6
5-1/2", 15.5#, J-55, LT&C	2.1	1.3	1.4
5-1/2", 17#, J-55, LT&C	14.8	1.3	1.6

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nipped up on the surface casing head. The BOP stack, choke manifold, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 70% of internal yield pressure of casing or 1000 psig whichever is less with a rig pump. In addition to the high pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) 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

see COA

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0' - 650'	FW Spud Mud	8.5 - 9.2	70-38	NC	NC	NC	10.0
650' - 5600'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5-10.5
5600' - TD'	Brine Water/Diesel	8.8 - 9.0	32-40	8	2	<25 cc	9.5 - 10.0

**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 (+/- 3100').

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 - 548' (100% excess circ to surface)	270	548	35/65 Poz C + 6% D20 + 3% S1 + 5 pps D130	10.4	12.6	1.98
Tail 548-848' (100% excess circ to surface)	200	300	Class C + 2% CaCl ₂	6.34	14.8	1.34
PRODUCTION:						
Stage 2						
Lead 0 - 4750' (50% excess circ to surface)	300	4750	35/65 Poz C + 6% D020 + 3% S001 + 0.125 pps D130 + 5 pps D024	10.09	11.9	2.50
Tail 4750' - 5000' (50% excess)	50	250	Class C + 1% CaCl ₂	6.37	14.8	1.35
DV Tool @ ± 5000'						
Stage 1						
Lead 5000' - 6000' (50% excess)	115	1000	CemCrete 39/31 (D961:D124) + 2% D153 +0.05 gps D604 AM + 0.03 gps M45 + 2 pps D24 + 0.04 gps D801	9.76	10.2	2.33
Tail 6000' - 7750' (50% excess)	235	1750	CemCrete 39/31 (D961:D124) + 2% D153 +0.05 gps D604 AM + 0.03 gps M45 + 2 pps D24 + 0.04 gps D801	7.34	10.5	2.10

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3200 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3583-7350'. 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

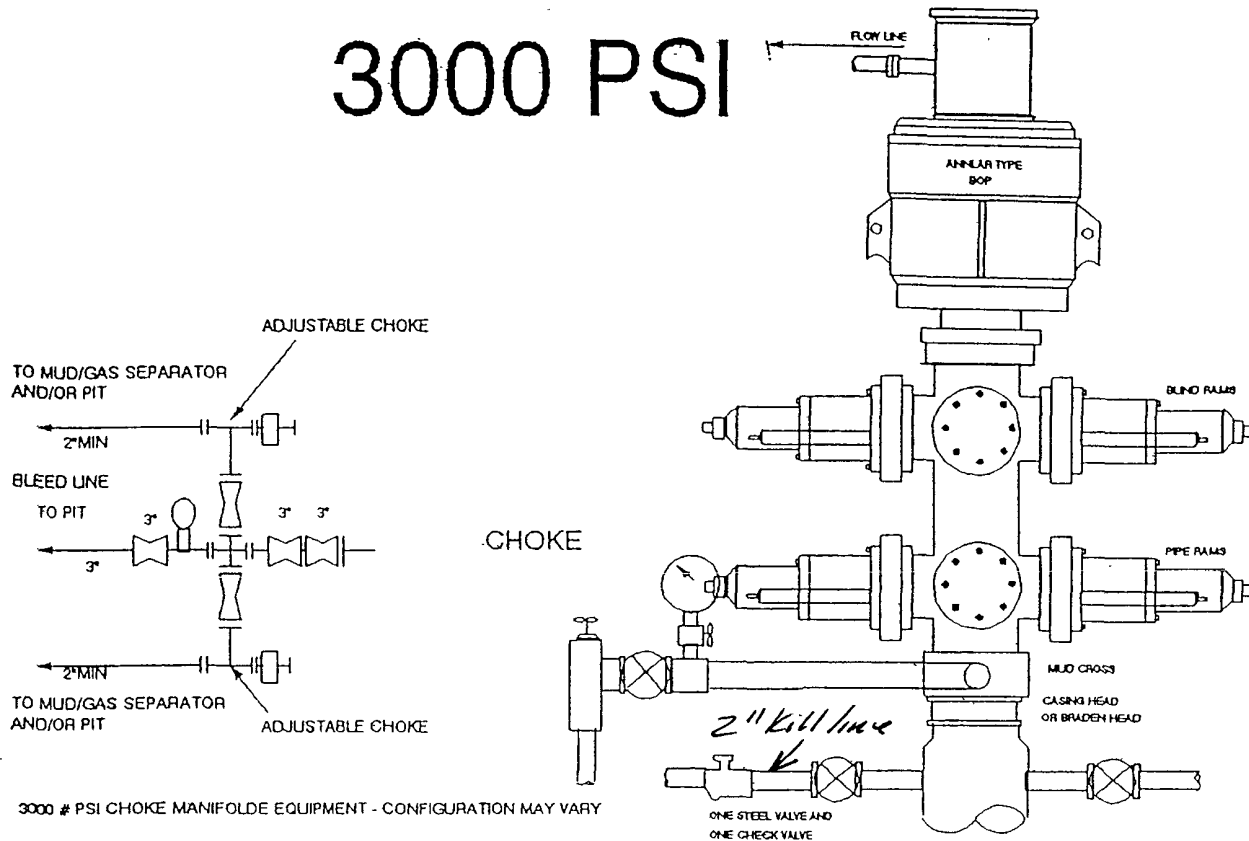
Upon approval

12 days drilling operations

14 days completion operations

GEG/mac
August 2, 2007

3000 PSI



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

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #209

LEGAL DESCRIPTION - SURFACE: 1650' FNL & 1650' FWL, Section 18, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit A, B and Survey Plats

B) Existing Roads:

From Carlsbad, New Mexico, go 8 miles south on Highway 285 to Highway 31. Turn north and 7 miles on Highway 31. Turn east on Highway 128 and go 4 miles to Rawhide Road (located between mile markers 4 and 5). Turn southeast onto Rawhide Road and go approximately 9.0 miles southerly.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit A, B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

See Exhibit A and B. Proposed road is 1202' in length.

B) Width

12' wide.

C) Maximum Grade

Not applicable.

D) Turnout Ditches

Spaced per BLM requirements.

E) Culverts, Cattle Guards, and Surfacing Equipment

None.

POINT 3: LOCATION OF EXISTING WELLS

Exhibit A and B indicates existing wells within the surrounding area.

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

Page 2

A) Existing facilities within one mile owned or controlled by lessee/operator:

Oil/Gas production facilities are located at PLU #59 wellsite.

B) New Facilities in the Event of Production:

Existing production facilities will be used via flowlines consisting of 2-7/8" steel pipe which will be laid within 50' of the centerline of access road and existing roads which have previously been Arch cleared.

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 Bass' Poker Lake Unit #140 battery or 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 A 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 A and 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 "C" 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 "A" and "C".

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 well approximately 3200' NE from location.

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 and new access road from the North 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

Kent A. Adams
Box 2760
Midland, Texas 79702
(432) 683-2277

8/2/07

Date

GEG/mac

Gary E. Gerhard

Gary E. Gerhard

OPERATOR 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 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.

Date

8/2/07

Gary E. Gerhard

Gary E. Gerhard

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: **BEPCO, L.P.**
Well Name & No. **209-Poker Lake Unit**
Location: **1650' FNL, 1650' FWL, Section 18, T-24-S, R-30-E**
Lease: **NMNM 02860**

.....

I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B. **Although no Hydrogen Sulfide has been reported in the area, it is always a possible hazard.**
- C. 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.
- D. When floor controls are required, (3M or Greater), controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

- A. The 8-5/8 inch surface casing shall be set **into the Rustler Anhydrite and a minimum of 25 feet above the salt at approximately 848 feet** and cemented to the surface. **Fresh water mud to be used to setting depth of surface casing.**
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Delaware and Bone Spring formations.
High cave/karst.

- B.** The minimum required fill of cement behind the 5-1/2 inch production casing is **for cement to come to surface. If cement does not circulate, contact the appropriate BLM office. Both stages to circulate.**
- C.** If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A.** All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- B.** The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
1. The tests shall be done by an independent service company.
 2. The results of the test shall be reported to the appropriate BLM office.
 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Engineer on call: 505-706-2779

WWI 080707