Form 3160-3
(September 2001)

OCD-ARTESIA

AFS-08-95
EA-08-212

FORM APPROVED
OMB No 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JAN 18 2008

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No: NM-0467933

6. If Indian, Allottee or Tribe Name:

1a Type of Work. ☑ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No.:

1b Type of Well ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No: Dale H. Parke B Tr C #23

2 Name of Operator: Premier Oil & Gas, Inc.

9. API Well No: 30-015-36049

3a Address: P O Box 1246, Artesia, NM 88211-1246

3b. Phone No *(include area code)*: 505-748-2093

10 Field and Pool, or Exploratory: Loco Hills; Glorieta-Yeso

4 Location of Well *(Report location clearly and in accordance with any State requirements *)*

At surface 990' FNL & 1650' FEL

At proposed prod zone

11 Sec , T , R , M , or Blk. and Survey or Area: Section 15, T17S - R30E

14 Distance in miles and direction from nearest town or post office*: About 1.5 miles from Loco Hills, NM

12. County or Parish: Eddy County

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 990'

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: 6150'

20. BLM/BIA Bond No. on file: NMB000081

21. Elevations (Show whether DF, KDB, RT, GL, etc): 3706'

22. Approximate date work will start*: November 18, 2007

23 Estimated duration: 21 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 officer

25 Signature: Nancy Agnew — Name *(Printed/Typed)*: Nancy Agnew — Date: 10/18/07

Title: Land Department

Approved by *(Signature)*: /s/ Don Peterson — Name *(Printed/Typed)*: /s/ Don Peterson — Date: JAN 15 2008

Title: 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 TWO YEARS

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)*

Roswell Controlled Water Basin

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
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	96718	LOCO HILLS; GLORIETA YESO

Property Code	Property Name	Well Number
30045	DALE H PARKE B TR C	23

OGRID No.	Operator Name	Elevation
17985	PREMIER OIL & GAS INC	3706'

Surface Location

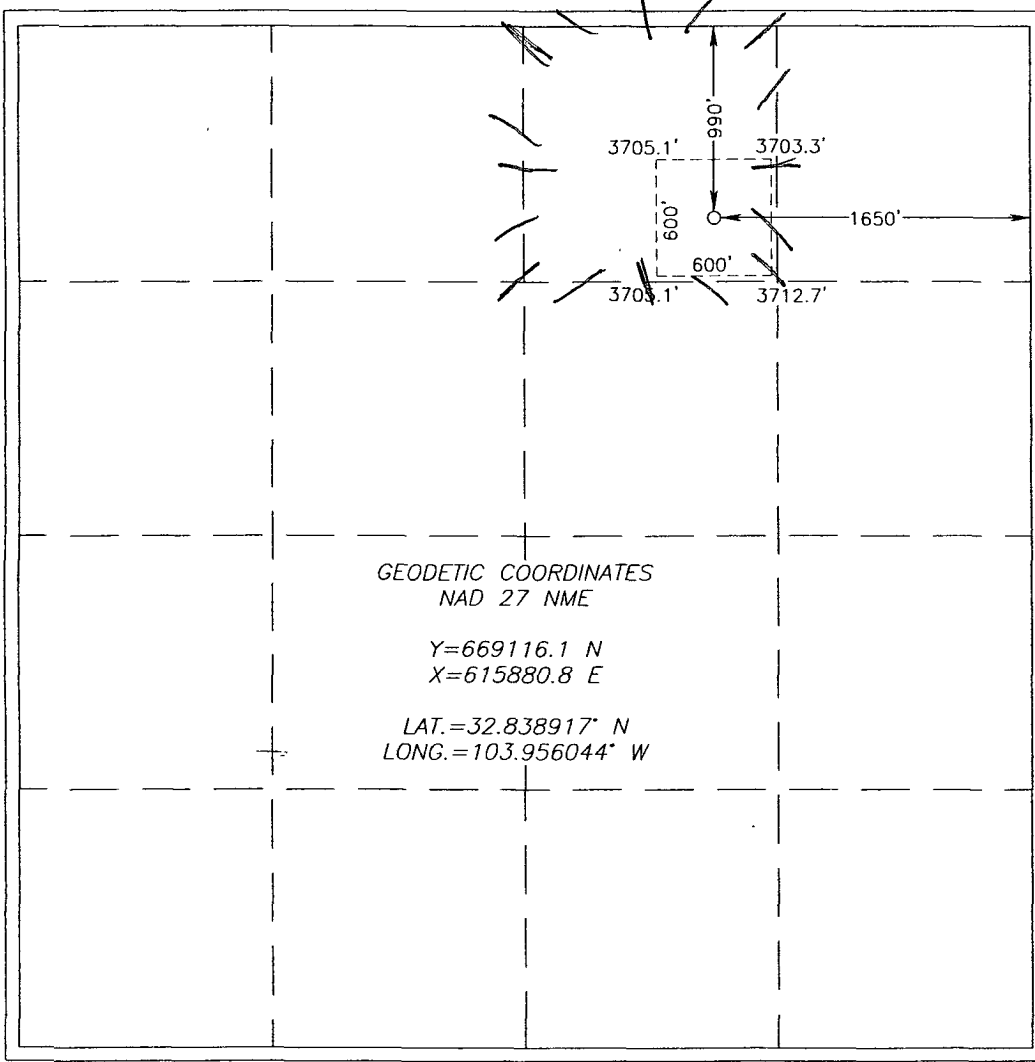
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	15	17-S	30-E		990	NORTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Nancy Agnew 10/18/07
Signature Date

Nancy Agnew
Printed Name

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.

SEPTEMBER 19, 2007
Date Surveyed AR
Signature & Seal of Professional Surveyor

NEW MEXICO 3239 REGISTERED PROFESSIONAL SURVEYOR

Ronald J. Eidson 10/02/07

07.11.1278

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

Date: October 18, 2007

Lease #: NM-0467933
Dale H. Parke B Tr. C #23

Legal Description: 990' FNL & 1650' FEL, Sec. 15-T17S-R30E
Eddy County, New Mexico

Formation(s): Permian

Bond Coverage: Statewide

BLM Bond File #: NMB000081

Premier Oil & Gas, Inc.

Nancy T. Agnew

Nancy T. Agnew
Authorized Agent

PREMIER OIL & GAS, INC.
DRILLING AND OPERATIONS PROGRAM

Dale H. Parke B Tr. C No. 23
990' FNL and 1650' FEL
Section 15-17S-30E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Premier Oil & Gas, Inc. submits the following ten items of pertinent information in accordance with BLM requirements.

1. **Geological surface formation:** Permian

2. **The estimated tops of geologic markers are as follows:**

Quarternary	Surf		Yates	1280
Rustler	365		Queen	2160
Top of Salt	565		San Andres	2880
Base of Salt	1100		Glorieta	4330

3. **The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:**

Formation	Depth	Water, Oil or Gas
Water Sand	150	Fresh Water
Grayburg	2360	Oil/Gas
San Andres	2880	Oil/Gas
Yeso Group	4390	Oil/Gas

Formation will be Yeso Group from 4390' to TD

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 13 3/8" casing at 350' and circulating cement back to surface. 8 5/8" casing will be set at 1300' to case off the salt and cemented back to surface. If any producing formation is found 5 ½" casing will be run to T.D. and cemented to 200' above the base of the 8 5/8" casing.

4. **Proposed Casing Program:**

See COA

Hole Size	Interval	OD Casing	New or Used	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 1/2"	0' - 350'	13 3/8	New	48#	STC	H-40	1.125	1.125	1.6
12 ¼"	350' - 1300'	8 5/8	New	24#	STC	J-55	1.125	1.125	1.6
7 7/8"	1300' - 6150'	5 1/2"	New	17#	LTC	J-55	1.125	1.125	1.6

5. Proposed Cement Program:

a. 13 3/8" Surface	Cement to surface with 350 sk, class "C", 2% calc, wt 14.8 ppg, yield 1.34
b. 8 5/8" Int	Cement to surface with 300 sk, class "C" lite Yield 1.99 wt 12.7 ppg. Tail in with 250 sk class "c" 2% calc yield 1.34 wt 14.8 ppg
c. 5 ½" Prod	**1st Stage**, 350 sk "H" yield 1.68 wt 13.0# **2nd stage**, 800 sk "H" Lite @ 12.7 ppg, yield 1.92, tail in with 100 sk "H" wt 13.0 yield 1.68 DV Tool @ 3500' TOC @ 800'

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 200' above the 8 5/8" casing shoe. **All casing is new and API approved.**

6. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of nippling up on the 13 3/8" with 2M system comprised of an Annular Preventor & tested to 1000 psi with rig pumps, then nippling up on the 8 5/8" casing with a 2M system comprised of an Annular Preventor and testing to 2000# with an independent tester.

The BOP will be operationally checked each 24 hour period. These checks will be noted on the daily tour sheets. A 2"kill line and a 3" choke line will be included in the drilling spool located below the Annular BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 2000 psi WP rating.

7. Estimated BHP: 2000 psi

8. Mud Program: The applicable depths and properties of this system are as follows:

Depth	Type Sytem	Mud Weight	Viscosity (sec)	Waterloss (cc)
0' - 350'	Fresh Water	8.5	28	N.C.
350' - 1300'	Brine	9.8-10.2	40-45	N.C.
1300' - 6150'	Cut Brine	9.0-9.2	30-32	L10CC

Sep COA

The necessary mud products for weight addition and fluid loss control will be on location at all times.

9. Auxiliary Well Control and Monitoring Equipment:

a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 ½" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

10. Testing, Logging and Coring Program:

a. Drill stem tests will be based on geological sample shows.
b. The open hole electrical logging program will be:
   i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
   ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
   iii. No coring program is planned
   iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

11. Potential Hazards:

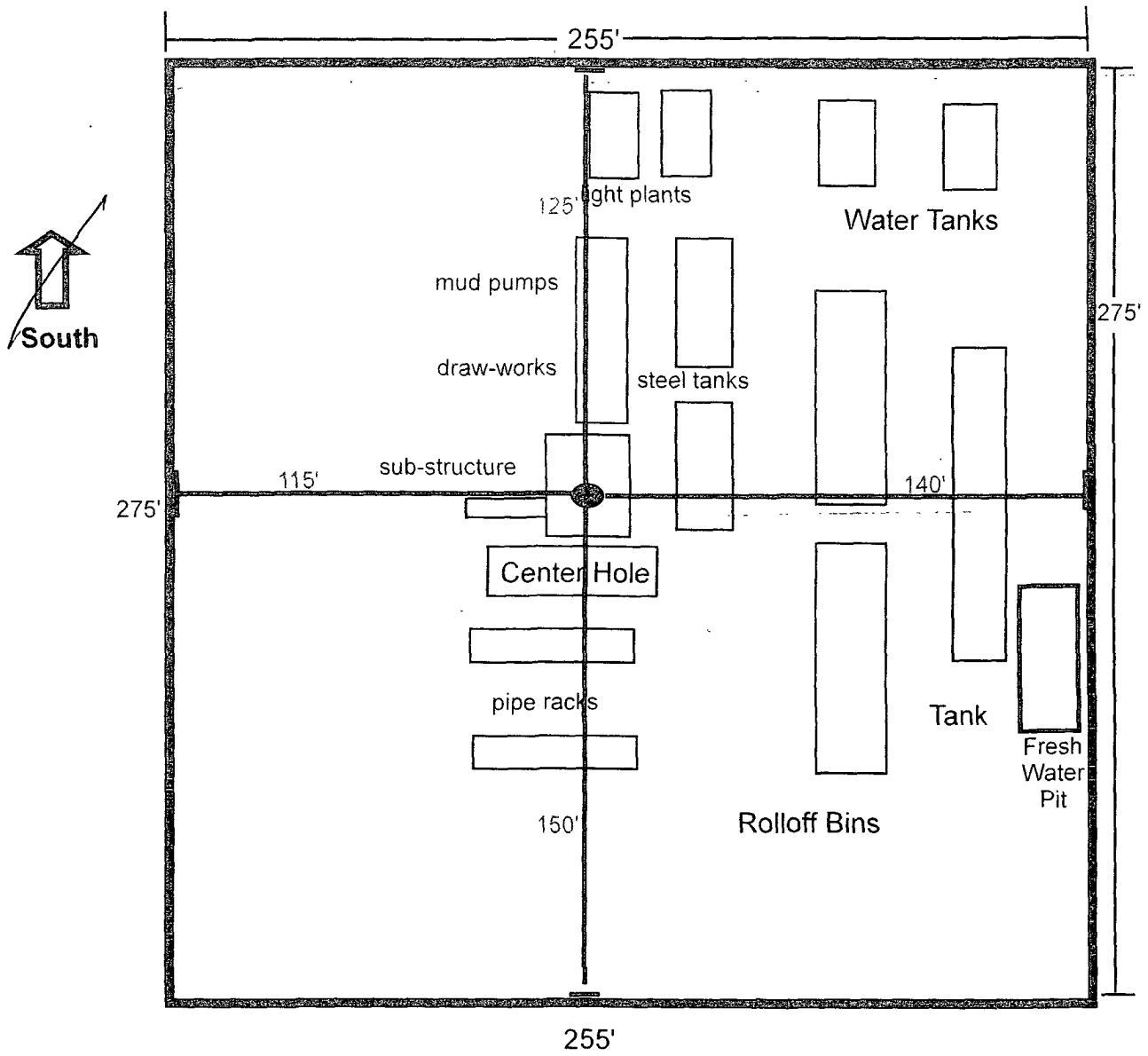
a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 2000 psi. Estimated BHT: 120°. No H2S is anticipated to be encountered.

12. Anticipated starting date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 21 days.

Well Site Lay-Out Plat

See C102
V-Door South

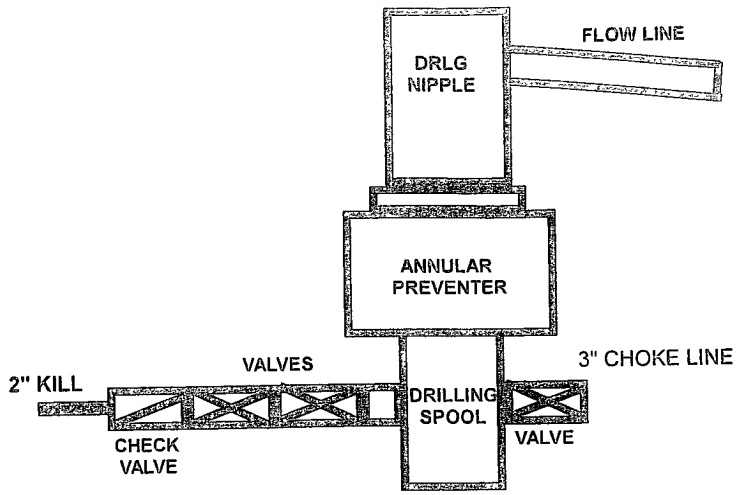


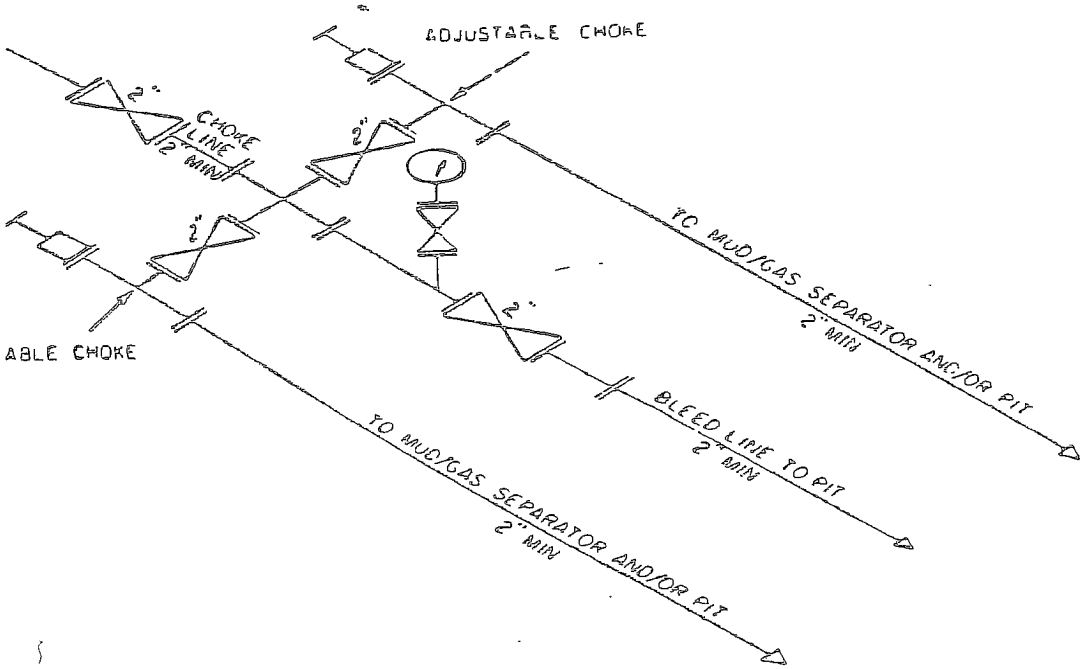
990'N 1650'E 23

Dale H. Parke B Tr. C No. ~~20~~
~~1650~~' FNL and ~~2310~~' FEL
Section 15-17S-30E
Eddy County, New Mexico

EXHIBIT THREE

2M SYSTEM





2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES MAY VARY

Exhibit One

MARBOB ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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 (H_2S).

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

C. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

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

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

A. The effects of H_2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.

C. The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S 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. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H_2S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H_2S detection and monitoring equipment:

2 - portable H_2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H_2S levels of 20 ppm are reached.

D. Visual warning systems:

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H_2S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H_2S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

WARNING

YOU ARE ENTERING AN H_2S AREA
AUTHORIZED PERSONNEL ONLY

1. ***BEARDS OR CONTACT LENSES NOT ALLOWED***
2. ***HARD HATS REQUIRED***
3. ***SMOKING IN DESIGNATED AREAS ONLY***
4. ***BE WIND CONSCIOUS AT ALL TIMES***
5. ***CK WITH MARBOB FOREMAN AT MAIN OFFICE***

MARBOB ENERGY CORPORATION

1-505-748-3303

PREMIER OIL & GAS, INC.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Dale H. Parke B Tr. C No. 23
990' FNL and 1650' FEL
Section 15-17S-30E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by John West Surveying Company.
b. Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2.
c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

DIRECTIONS:

From the intersection of U.S. Hwy 82 and Co. Rd. 220 (Square Lake), go west on US Hwy #82 approx.0.7 miles. Turn right and North approx. 0.4 miles to "Y" intersection. Stay left and go Northwest approx. 0.9 miles. Bend left and go northwest approx. 0.4 miles. This location is approx. 182 feet to the right.

2. PLANNED ACCESS ROAD:

The location is about 182 feet right from the main road.

3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. In the event the well is found productive, the Dale H. Parke B Tr. C #19 tank battery would be utilized and the necessary production equipment will be installed at the well site. A Site Facilities Diagram will be submitted upon completion of facility.
B. All flowlines will adhere to API standards (See flowline indicated in blue on exhibit #2)
C. If electricity is needed, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.
D. If the well is productive, rehabilitation plans are as follows:

i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

4. LOCATION AND TYPES OF WATER SUPPLY:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained form a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

5. CONSTRUCTION MATERIALS:

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

6. METHODS OF HANDLING WASTE MATERIAL:

a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.

b. The supplier, including broken sacks, will pick up slats remaining after completion of well.

c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

d. Disposal of fluids to be transported by an approved disposal company.

7. ANCILLARY FACILITIES:

No campsite or other facilities will be constructed as a result of this well.

8. WELLSITE LAYOUT:

a. Exhibit 3 shows the proposed well site layout with dimensions of the pad layout.

b. This exhibit indicates proposed location of reserve and sump pits and living facilities.

c. Mud pits in the active circulating system will be steel pits and a closed loop mud system will be utilized.

9. PLANS FOR SURFACE RECLAMATION:

a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. . The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.

b. The location and road will be rehabilitated as recommended by the BLM.

c. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

10. SURFACE OWNERSHIP:

The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

11.OTHER INFORMATION:

a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.

b. There is no permanent or live water in the general proximity of the location.

c. There are no dwellings within 2 miles of location.

d. A Cultural Resources Examination will be completed by Boone Archeological and forwarded to the BLM office in Carlsbad, New Mexico.

12.OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:

Dean Chumbley, Landman
Phone (505)748-5988
Cell (505)513-2544

B. Through Drilling Operations

Sheryl Baker, Drilling Supervisor
Phone (505)748-3303
Cell (505)748-5489

CERTIFICATION:

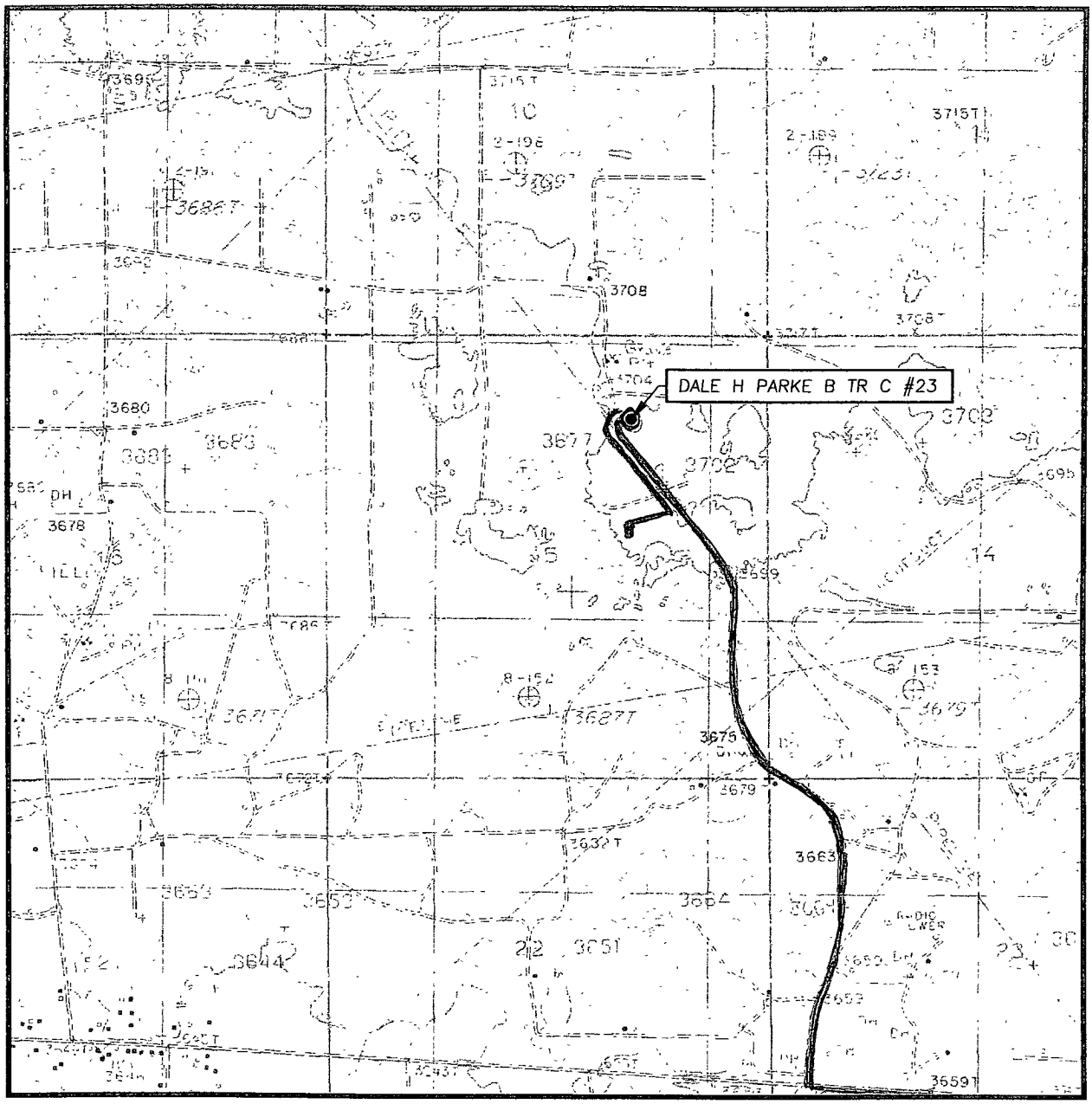
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Premier Oil & Gas, Inc. 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.

Premier Oil & Gas, Inc.

11/28/2007
Date

William Miller
Authorized Agent

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOCO HILLS, N.M. – 10'

SEC. 15 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 990' FNL & 1650' FEL

ELEVATION 3703'

OPERATOR PREMIER OIL & GAS INC

LEASE DALE H PARKE B TR C

U.S.G.S. TOPOGRAPHIC MAP
LOCO HILLS, N.M.

Existing Roads

Proposed Flowline Route

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT #2

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Grayburg** formation. **Measurements between 500-1800 ppm in the gas stream.**

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.

B. CASING

1. The **13-3/8** inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite at approximately 380** feet and cemented to the surface. **Fresh water mud to be used to setting depth.**

   a. 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.

   b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

   c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

   d. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the Salado and Artesia Groups.

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:

   ☒ Cement to surface. If cement does not circulate see B.1.a-d above..

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **First stage to circulate.**

4. 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 joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. 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.

2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.

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

   b. The results of the test shall be reported to the appropriate BLM office.

   c. 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.

   d. 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.

   e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1000** psi with the rig pumps is approved.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

Engineer on call phone (after hours): **Carlsbad: (575) 706-2779**

WWI 112907