

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

S

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1 Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

MAR 18 2008

2 Name of Operator
BEP CO, L.P.

OCD-ARTESIA

3a Address
P.O. BOX 2760 MIDLAND TX 79702-27603b. Phone No (include area code)
(432)683-22774 Location of Well (Footage, Sec., T., R., M., or Survey Description)
UL E, 1980' FNL, 810' FWL, SEC 7, T21S, R28E

5 Lease Serial No

NMLC 060572A

6 If Indian, Allottee or Tribe Name

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

8 Well Name and No

FENTON 7 FEDERAL #1

9. API Well No

30-015-27973

10 Field and Pool, or Exploratory Area

FENTON, NW (DELAWARE)

11 County or Parish, State

EDDY

NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other TO VENT GAS
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BEP CO, L.P. RESPECTFULLY REQUESTS PERMISSION TO VENT THE CASINGHEAD GAS FROM THE FENTON 7 FEDERAL A BATTERY, WHOSE ONLY PRODUCING WELL IS THE FENTON 7 FEDERAL #1. THE GAS PRODUCED FROM THIS WELLBORE HAS BEEN CONSISTENT, WITH AN AVERAGE OF 2 MCF/DAY OVER THE HISTORY OF THIS WELL AND AS ILLUSTRATED BY THE ATTACHED PRODUCTION HISTORY. THE COST TO CONSTRUCT A GAS LINE TO THE NEAREST SALES LINE IS APPROXIMATELY \$45,000 AND WOULD NOT PAYOUT FOR 9 YEARS, ON TODAY'S GAS PRICE. THIS COST DOES NOT INCLUDE MAINTENANCE EXPENSES AND THE MONTHLY RENTAL OF A GAS COMPRESSOR TO MOVE THE GAS INTO THE LINE. EVEN THE SMALLEST COMPRESSOR IS NOT ECONOMICALLY EFFECIENT TO MOVE THE MINIMAL 2 MCF/DAY.

ADDITIONALLY, CONTINUED PRODUCTION OF THE 6 TO 7 BBLS/DAY OF OIL THIS WELLBORE PROVIDES, WITH FUTURE DECLINE, WOULD BE LESS ATTRACTIVE WITH THE ADDITIONAL COST OF THE GAS LINE AND ITS MAINTENANCE, PERHAPS LEADING TO PREMATURE ABANDONMENT OF THE PRODUCTION OF HYDROCARBONS. FOR THESE REASONS, BEPCO, L.P. BELIEVES IT IS IMPRACTICAL TO CAPTURE THE MINIMAL CASINGHEAD GAS FROM THE FENTON 7 FEDERAL #1.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

ANN MOORE

Title PRODUCTION CLERK

Signature

Ann Moore

Date 02/29/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice 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.

Title

Office

APPROVED

MAR 11 2008

LES BABYAK
PETROLEUM ENGINEER

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 page 2)

APPROVED FOR 12 MONTH PERIOD
ENDING MAR 12 2009SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record - NMOCD

I & E CFO

Number 08JVC031

Page 1 of 2

☒ Certified Mail - Return Receipt Requested
70071490000279736264

☐ Hand Delivered Received by

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
IID
Lease NMLC060572A
CA
Unit
PA

Bureau of Land Management Office CARLSBAD FIELD OFFICE				Operator BEPCO LP			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address P O BOX 2760 MIDLAND TX 79702			
Telephone 575-234-5905				Attention			
Inspector VAN CUREN				Attn Addr			
Site Name FENTON 7	Well or Facility A	1/4 1/4 Section SWNW 7	Township 21S	Range 28E	Meridian NMP	County EDDY	State NM
Site Name (FACILITY)	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

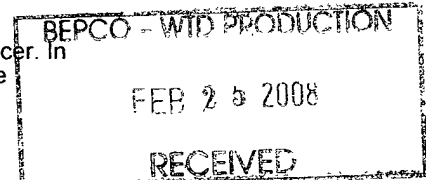
THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
02/21/2008	13:13	NTL 4-A	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
03/20/2008	02/29/2008		43 CFR 3163.10)

Remarks

Oil well gas may not be flared or vented without written permission from an authorized officer. In order to approve application for venting or flaring of oil well gas it must be justified with the following information:

(Remarks continued on following page(s).)



When violation is corrected, sign this notice and return to above address

Company Representative Title Production Clerk Signature *Am Moore* Date 02/29/2008

Company Comments A c-129 has been filed with the OCD for like approval

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <i>[Signature]</i>				Date <u>2/21/08</u>	Time <u>1344</u>
FOR OFFICE USE ONLY					
Number <u>51</u>	Date	Assessment	Penalty	Termination	
Type of Inspection <u>SV</u>					

BLM Remarks, continued

An evaluation report supported by engineering, geologic, and economic data which demonstrated to the officer that it is not economically feasible, and that conservation of the gas would lead to premature abandonment of recoverable oil reserves and ultimately to a greater loss of energy than would be recovered if the venting or flaring were permitted to continue.

Please send in a 3160-5 Sundry (1 original, 5 copies) requesting permission to vent / flare gas by abatement date.

CONDITIONS OF APPROVAL

BEPCO, L.P.
Fenton 7 Federal 1
Sec 7 – T21S – R28E
Eddy County, NM

1. Submit Decline Curve plot of monthly production vs time for oil and gas together with cumulative reserve numbers and economic cutoffs
2. Cost of capital investment (gas line, compressor, etc.) and annual operating cost for gas operation
3. Annual operating cost for oil operation

Please direct any questions to Les Babyak @ 575-234-5947

From: **Dept of Interior**
Conservation Division Manual
Guidelines for Evaluating Applications for Flaring
Part 644 – Producing Operations
Waste Prevention/Beneficial Use