

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

RESUBMITTAL

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

|  |  |   |
|--|--|---|
| 1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER  |  | 5 Lease Serial No<br>NM 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<br>BEPCO, L. P.   |  | 7 If Unit or CA Agreement, Name and No<br>NMNM 71016                  |
| 3a Address P. O. Box 2760<br>Midland, TX 79702   | 3b Phone No. (include area code)<br>432-683-2277   | 8 Lease Name and Well No<br>Poker Lake Unit #248                      |
| 4. Location of Well (Report location clearly and in accordance with any State requirements *)<br>At surface NESW, UL 1, 1550' ESE, 510' FWT, Lat 32.200111, Lon 103.910500<br>At proposed prod zone Unorthodox Location 1050' S & 410' W |  | 9 API Well No<br>30-015-36558   |
| 14 Distance in miles and direction from nearest town or post office*<br>14 miles east of Malaga NM   |  | 10 Field and Pool, or Exploratory<br>Nash Draw (Delaware, BS, Avalon) |
| 15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any)<br>510'   | 16 No. of acres in lease<br>1922                   | 11 Sec, T R M or Blk and Survey or Area<br>Sec 20, T24S, R30E Mer NMP |
| 18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft<br>1324'  | 19 Proposed Depth<br>7800'                         | 12 County or Parish<br>Eddy   |
| 21 Elevations (Show whether DF, KDB, RT, GL, etc )<br>3220' GL   | 22 Approximate date work will start*<br>10/01/2008 | 13 State<br>NM  |
| 20 BLM/BIA Bond No on file<br>NM 2204  |  |   |
| 23 Estimated duration<br>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 |

|                                       |  |                      |
|---------------------------------------|--|----------------------|
| 25 Signature <u>Annette Childers</u>  | Name (Printed/Typed)<br>Annette Childers   | Date<br>1-23-2008    |
| Title<br>Administrative Assistant     |  |                      |
| Approved by <u>/s/ DAVID D. EVANS</u> | Name (Printed/Typed)<br>/s/ DAVID D. EVANS | Date<br>AUG 9 4 2008 |
| Title<br>FIELD MANAGER                |  |                      |
| Office<br>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 USC Section 1001 and Title 43 USC 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)

**NOTE: NEW PIT RULE**

19-15-17 NMAC PART 17

A form C-144 must be approved before starting drilling operations.

Carlsbad Controlled Water Basin

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**Approval Subject to General Requirements  
& Special Stipulations Attached**

Form 3160-5  
(April 2004)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

**AUG - 6 2008**

2 Name of Operator **BEPCO, L. P.**

**OCD-ARTESIA**

3a Address  
**P. O. Box 2760 Midland, TX 79702**

3b Phone No (include area code)  
**432-683-2277**

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

**NESW, UL M, 1050' FSL & 410' FWL, Sec 20, T24S, R30E, Mer NMP  
Lat N 32.198725, Lon W 103.910803**

5 Lease Serial No

**NMNM 02860**

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No  
**NMNM 71016**

8 Well Name and No

**Poker Lake Unit #248**

9 API Well No

10 Field and Pool, or Exploratory Area  
**Nash Draw (Dela, BS, Avalon Sd)**

11 County or Parish, State

**Eddy Co., 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 <b>Amend Surface</b> |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <b>Location</b>  |
|  | <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 recompleat 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 recompleat 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.)

**BEPCO, L. P. requests approval to change the surface location from 1550' FSL & 510' FWL, Sec 20, T24S, R30E, Eddy Co., NM to 1050' FSL & 410' FWL, Sec 20, T24S, R30E, Eddy Co., NM (new plats attached). This change is necessary in order to avoid an archeological site. Original APD was submitted 2/5/08.**

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

**Annette Childers**

Title **Administrative Assistant**

Signature

*Annette Childers*

Date

**7-17-08**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

**/S/ DAVID D. EVANS**

Title

**FIELD MANAGER**

Date

**AUG 04 2008**

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.

Office

**CARLSBAD FIELD OFFICE**

Title 18 USC Section 1001 and Title 43 USC 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)

## 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 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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|                         |                                  |   |
|-------------------------|----------------------------------|---|
| API Number              | Pool Code<br>47545               | Pool Name<br>Nash Draw (Delaware, Bone Spring, Avalon Sd) |
| Property Code<br>001796 | Property Name<br>POKER LAKE UNIT | Well Number<br>248  |
| OGRID No.<br>001801     | Operator Name<br>BEPCO, L.P.     | Elevation<br>3208'  |

## Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M             | 20      | 24 S     | 30 E  |         | 1050          | SOUTH            | 410           | WEST           | EDDY   |

## Bottom Hole Location If Different From Surface

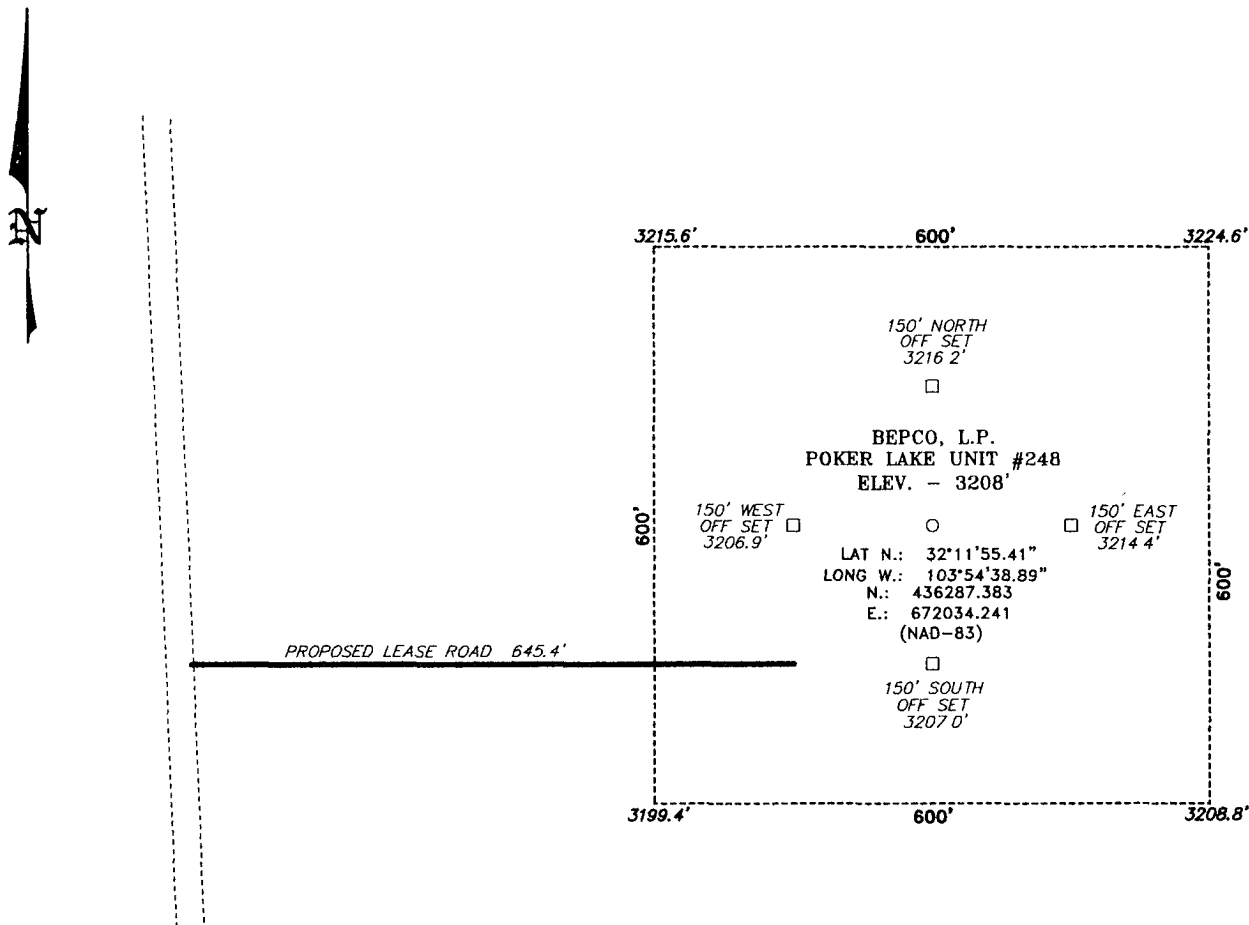
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |     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

|                       |                      |                    |           |
|-----------------------|----------------------|--------------------|-----------|
| Dedicated Acres<br>40 | Joint or Infill<br>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

|  |  |  |
|--|--|--|
|  | <b>OPERATOR CERTIFICATION</b><br>I hereby certify that the information contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.<br><br>Signature Date 7/17/08<br>Gary E. Gerhard<br>Printed Name |  |
|  | <b>SURVEYOR CERTIFICATION</b><br>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.<br><br>Date Surveyed<br>Signature & Seal of Professional Surveyor<br>W.O. No. 19811   |  |
|  | Certificate No. Gary L. Jones 7977<br>BASIN SURVEYS  |  |
|  |  |  |

SECTION 28, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



**DIRECTIONS TO LOCATION:**

FROM THE JUNCTION OF CO. RD. 746A AND CO. RD. 748, GO EASTERLY ON CO. RD. 746A FOR APPROX 1.0 MILES, THENCE SOUTHERLY FOR 0.2 MILES TO THE PLU #217, GO SOUTH 0.2 MILES TO PROPOSED LEASE ROAD.



SCALE: 1" = 200'

**BEPCO, L.P.**

REF: POKER LAKE UNIT #248 / WELL PAD AND TOPO

THE POKER LAKE UNIT #248 LOCATED 1050'

FROM THE SOUTH LINE AND 410' FROM THE WEST LINE OF  
SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

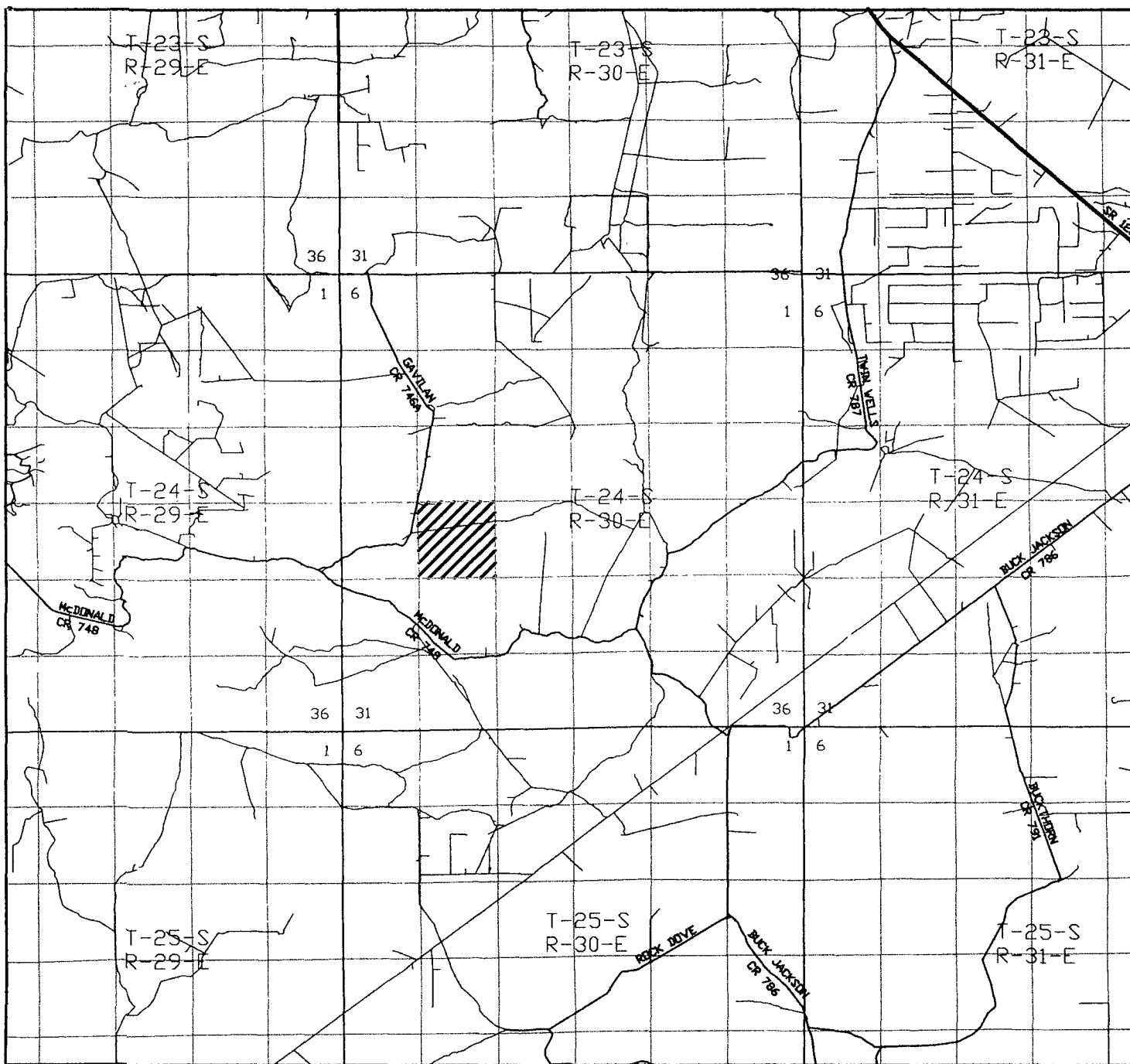
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number. 19811 Drawn By: J. SMALL

Date: 05-30-2008 Disk: 19811 JMS

Survey Date: 05-29-2008 Sheet 1 of 1 Sheets



POKER LAKE UNIT #248  
 1050' FSL and 410' FWL  
 Section 20, Township 24 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**

focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

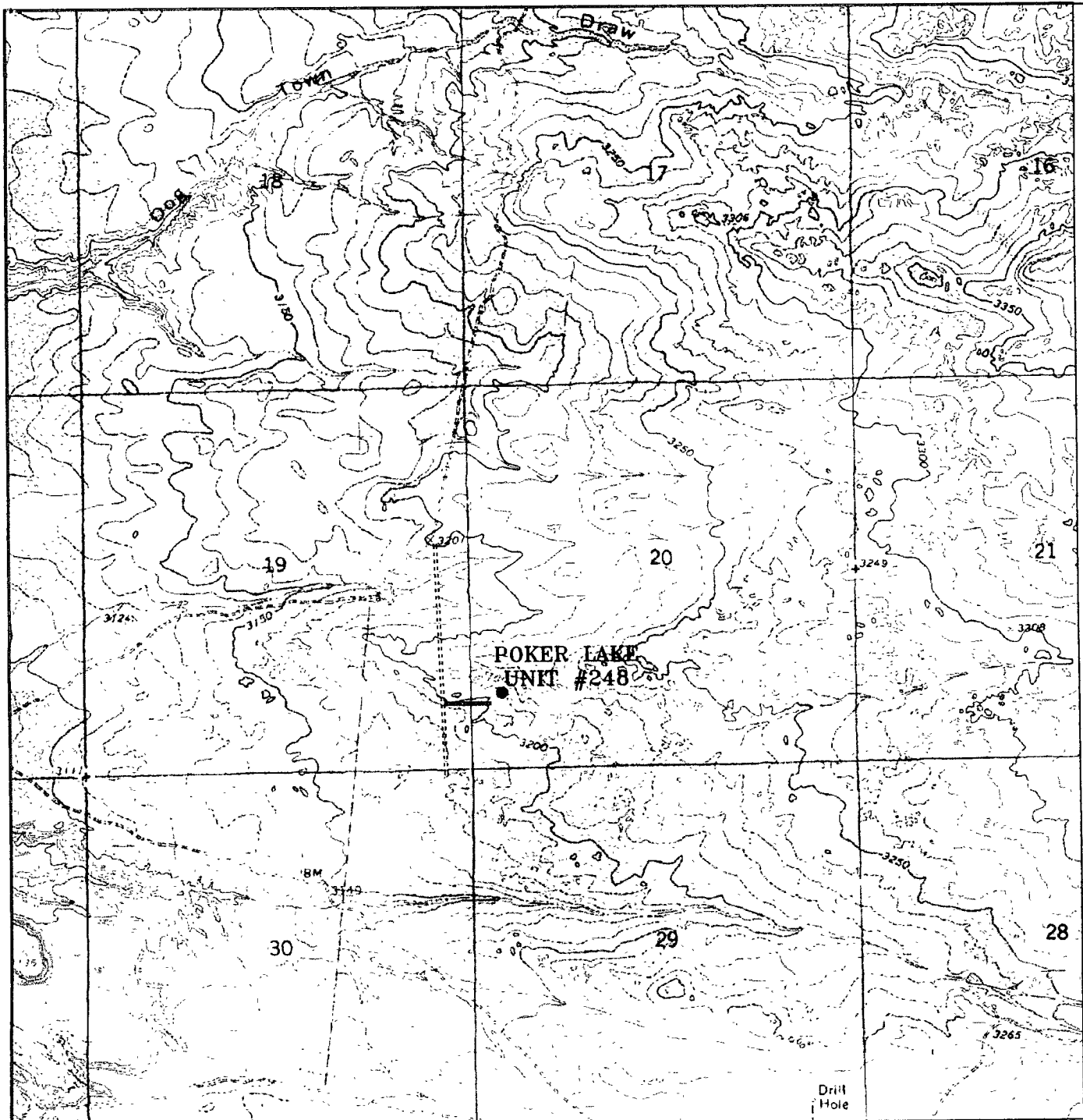
W.O. Number: JMS 19811

Survey Date: 05-29-2008

Scale: 1" = 2 MILES

Date: 05-30-2008

BEPCO, L.P.



# **POKER LAKE UNIT #248**

1050' FSL and 410' FWL

Section 20, Township 24 South, Range 30 East,  
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(505) 393-7316 - Office  
(505) 392-3074 - Fax  
basinsurveys.com

W.O Number. JMS 19811

Survey Date: 05-29-2008

Scale. 1" = 2000'

Date 05-30-2008

**BEPCO, L.P.**

T24S-R29E

T24S-R30E

Y Lb 4304  
R 05912  
D  
B U.S.  
T  
U N I T Lb 4304  
3 05912  
L A K E  
R  
E U.S.

← Learn Boundary line

38  
Proposed  
P.L. 48

**Bass Enterprises Production Co.**

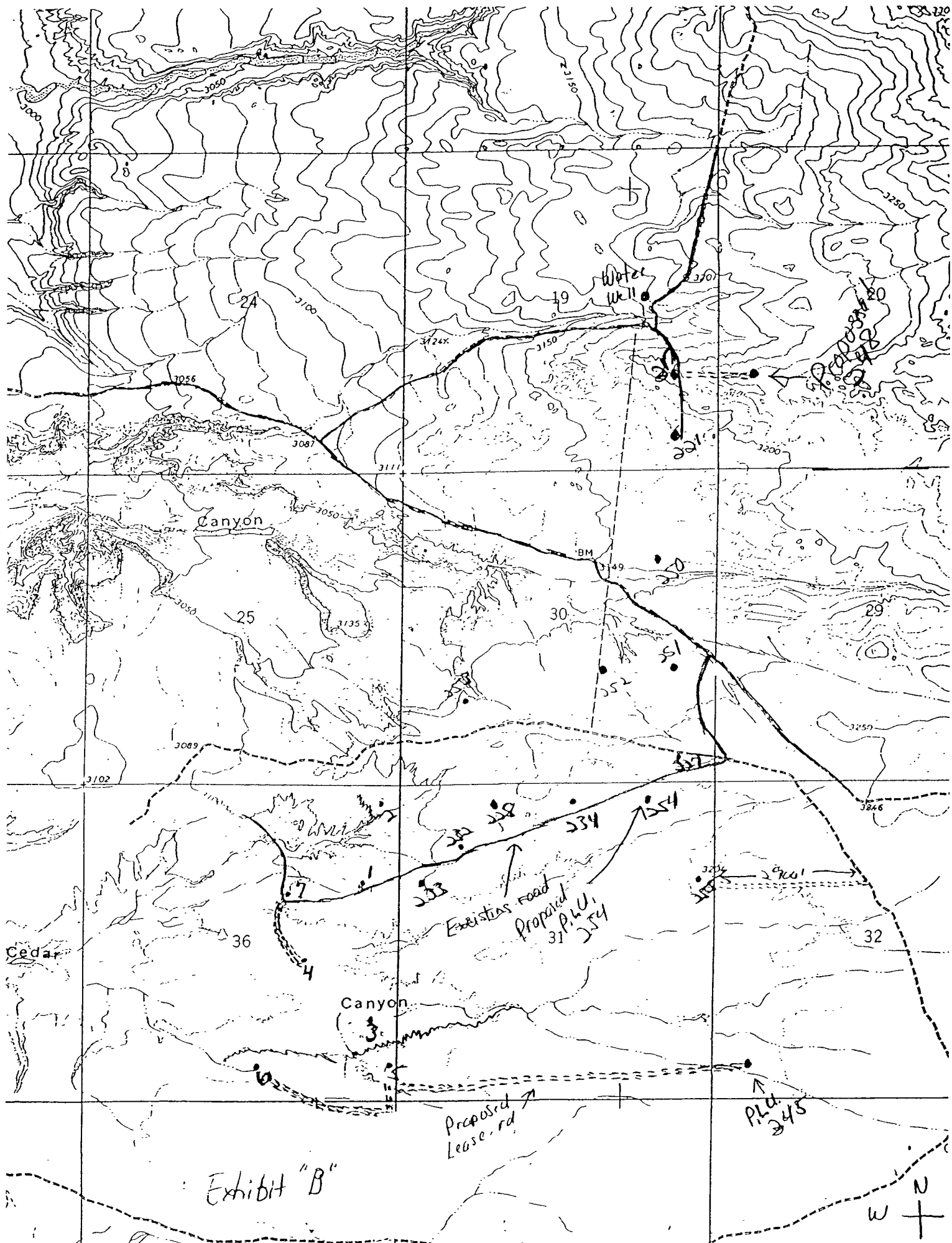
POKER LAKE UNIT  
Nash Draw Delaware Field

Eddy County, New Mexico



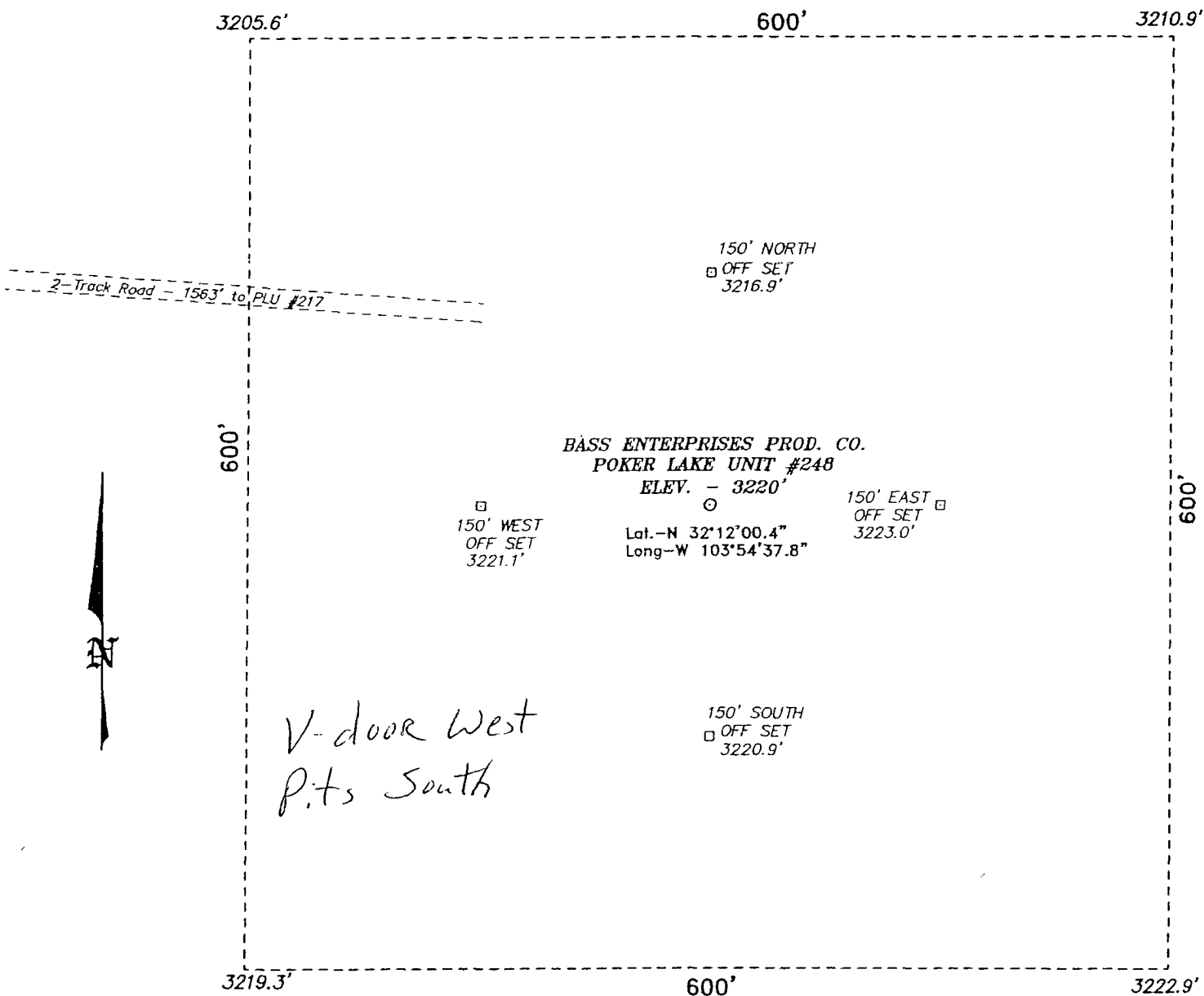
A horizontal scale bar labeled "SCALE IN FEET" with markings at 0, 3000, 6000, and 9000.

|      |         |              |       |      |                  |
|------|---------|--------------|-------|------|------------------|
| DATE | 3-23-06 | INTERVIEW BY | SHUPO | FILE | plu land.dwg.pdf |
|------|---------|--------------|-------|------|------------------|





SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

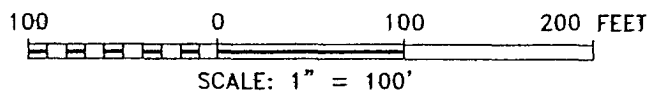


V-door West  
Pits South

Exhibit 'C'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 746A AND CO. RD. 748, GO EASTERLY ON CO. RD. 746A FOR APPROX. 1.0 MILE; THENCE SOUTHERLY FOR APPROX. 0.2 MILE TO THE PLU #217 AND PROPOSED LEASE ROAD.



**BASS ENTERPRISES PRODUCTION CO.**

REF: POKER LAKE UNIT UNIT No. 248 / Well Pad Topo

THE POKER LAKE UNIT UNIT No. 248 LOCATED 1550' FROM

THE SOUTH LINE AND 510' FROM THE WEST LINE OF  
SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

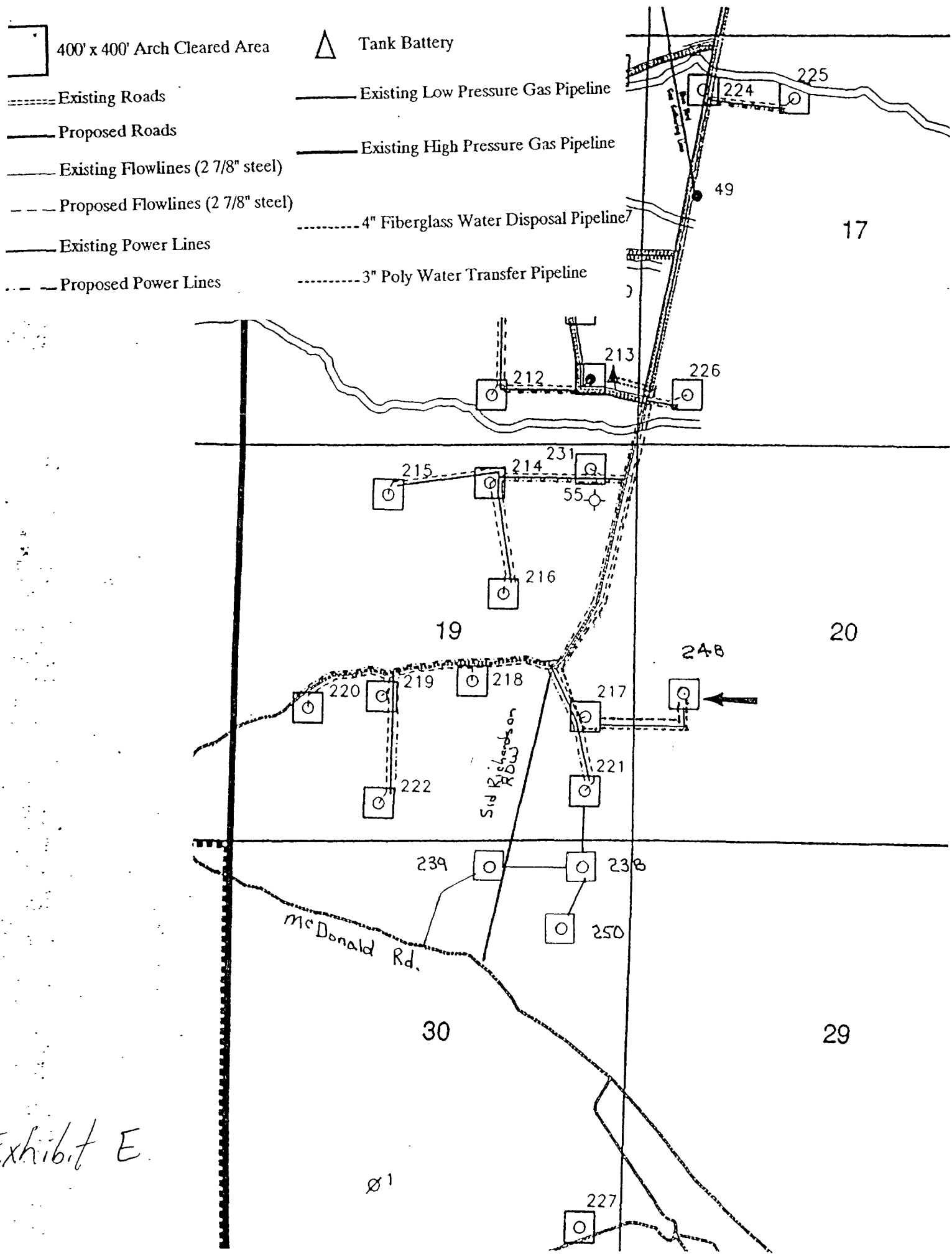


Exhibit E

Ø1

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

Production casing will be cemented by Schlumberger using LiteCrete 38/61 cement blend, with cement volumes calculated to bring TOC to 600' above base with intermediate casing.

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 is an ~~unorthodox location.~~

*moved to orthodox location*

SL 1050' FSL  
410' FWSL

*- approved by BLM 8.08.*

**EIGHT POINT DRILLING PROGRAM  
BASS ENTERPRISES PRODUCTION CO.**

**NAME OF WELL:** Poker Lake Unit #248

**LEGAL DESCRIPTION - SURFACE:** 1550' FSL & 510' FWL, Section 20, 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 3237' (est)      GL 3220'

| <u>FORMATION</u>          | <u>ESTIMATED<br/>TOP FROM KB</u> | <u>ESTIMATED<br/>SUBSEA TOP</u> | <u>BEARING</u> |
|---------------------------|----------------------------------|---------------------------------|----------------|
| T/Salt                    | 987'                             | +2250'                          | Barren         |
| T/Ramsey Sand             | 3517'                            | -280'                           | Oil/Gas        |
| T/Lwr Brushy Canyon "8" A | 7099'                            | -3862'                          | Oil/Gas        |
| TD                        | 7800'                            | -4563'                          |                |

**POINT 3: CASING PROGRAM**

*per operator 2/5/08 was*

| <u>TYPE</u>               | <u>Size</u> | <u>INTERVALS</u>          | <u>PURPOSE</u> | <u>CONDITION</u>      |
|---------------------------|-------------|---------------------------|----------------|-----------------------|
| 16"                       | 20"         | 0' - 40'                  | Conductor      | Contractor Discretion |
| 11-3/4", 42#, H40, ST&C   | 1 1/4"      | 0' - <del>970'</del> 977' | Surface        | New                   |
| 8-5/8", 32#, J-55, LT&C   | 1 1/2"      | 0' - 3500'                | Intermediate   | 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   | "           | 6500' - 7800'             | Production     | New                   |

**CASING DESIGN SAFETY FACTORS:**

| <u>TYPE</u>               | <u>TENSION (a)</u> | <u>COLLAPSE</u> | <u>BURST</u> |
|---------------------------|--------------------|-----------------|--------------|
| 11-3/4", 42#, H40, ST&C   | 7.48               | 2.39            | 2.03         |
| 8-5/8", 32#, J-55, LT&C   | 3.32               | 1.39            | 1.12         |
| 5-1/2", 15.5#, J-55, LT&C | 2.15               | 1.33            | 1.42         |
| 5-1/2", 17#, J-55, LT&C   | 11.18              | 8.07            | 1.58         |

## DESIGN CRITERIA AND CASING LOADING ASSUMPTIONS:

### SURFACE CASING

|          |   |
|----------|---|
| Tension  | A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).  |
| Collapse | A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.   |
| Burst    | A 1.3 design factor with a surface pressure equal to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Backup pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient. The effects of tension on burst will not be utilized. |

### PROTECTIVE CASING

|          |  |
|----------|--|
| Tension  | A 1.6 design factor utilizing the effects of buoyancy (10 ppg).  |
| Collapse | A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.52 psi/ft). The effects of axial load on collapse will be considered.<br><br>In the case of development drilling, collapse design should be analyzed using internal evacuation equal to 1/3 the proposed total depth of the well. This criterion will be used when there is absolutely no potential of the protective string being used as a production casing string. |
| Burst    | A 1.0 surface design factor and a 1.3 downhole design factor with a surface pressure equivalent to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Back pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient.                                    |

### PRODUCTION CASING

|          |  |
|----------|--|
| Tension  | A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).   |
| Collapse | A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.  |
| Burst    | A 1.25 design factor with anticipated maximum tubing pressure (3529 psig) on top of the maximum anticipated packer fluid gradient. Backup on production strings will be formation pore pressure. The effects of tension on burst will not be utilized. |

## POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOPE equivalent to requirements of Onshore Oil & Gas Order No. 2 – 3000 psi system (Diagram 2) will be nipped up on the surface casing head. The BOP stack, choke, kill lines, Kelly cocks, inside BOP, etc. When installed on the surface casing head will be hydro-tested to 70% of internal yield pressure of casing or 1000 psig whichever is less with the rig pump. The BOPE when rigged up on the intermediate casing spool will be as described in Diagram 2 and will be tested to 3000 psig by independent tester. (As per Onshore Oil & Gas Order No. 2 – 3000 psig system). In addition to the high pressure test, a low pressure (200 psig) test will be required. These tests will be performed: 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

| DEPTH         | MUD TYPE    | WEIGHT    | FV    | PV | YP | FL     | Ph         |
|---------------|-------------|-----------|-------|----|----|--------|------------|
| 0' - 977'     | FW Spud Mud | 8.5 - 9.2 | 70-38 | NC | NC | NC     | 10.0       |
| 977' - 3500'  | Brine Water | 9.8 -10.2 | 28-30 | NC | NC | NC     | 9.5-10.5   |
| 3500' - 6000' | FW          | 8- 9.2    | 30-34 | NC | NC | NC     | 9.5-10.5   |
| 6000' - 6900  | FW/ Starch  | 8.8- 9.2  | 30-34 | 8  | 2  | <100cc | 9.5-10.5   |
| 6900' - TD'   | FW/ Starch  | 8.8 - 9.2 | 30-34 | 8  | 2  | <25 cc | 9.5 - 10.5 |

\*\* If there is no intermediate casing set @ 3500', the drilling fluid will be 10 ppg BW to 5400' where it will be converted to BW/Diesel with properties as follows: 8.8-9ppg, 32-40 funnel secs vis, FL 100 cc or less.

*\*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 (+/- 3450').  
GR-CNL-CAL from base of Salt to surface.

### C) CONVENTIONAL CORING

None anticipated.

### D) CEMENT

| INTERVAL   | AMOUNT<br>SXS | FT OF<br>FILL | TYPE  | GALS/SX | PPG  | FT <sup>3</sup> /SX |
|--|---------------|---------------|---|---------|------|---------------------|
| <b>SURFACE:</b>                                    |               |               |   |         |      |                     |
| Lead 0 - 677'<br>(100% excess<br>circ to surface)  | 350           | 677           | 35:65 Class C Poz + 3%<br>CaCl <sub>2</sub> + 1/4 pps D130 +<br>6% D20 + 5 pps DO24 | 10.4    | 12.6 | 1.90                |
| Tail 677'-977'<br>(100% excess<br>circ to surface) | 220           | 300           | Class C + 2% CaCl <sub>2</sub>  | 6.33    | 14.8 | 1.35                |
| <b>INTERMEDIATE:</b>                               |               |               |   |         |      |                     |
| Lead 0-3000<br>(200% excess)                       | 1250          | 3000          | 35:65 Class C Poz + 3%<br>CaCl <sub>2</sub> + 1/4 pps D130 +<br>6% D20 + 5 pps DO24 | 10.4    | 12.6 | 1.90                |
| Tail 3000-3500<br>(200% excess)                    | 312           | 500           | Class C + 1% CaCl <sub>2</sub>  | 6.33    | 14.8 | 1.35                |

**PRODUCTION:**

|                                |     |      |   |       |      |      |
|--------------------------------|-----|------|---|-------|------|------|
| Lead 3000-5000<br>(50% excess) | 210 | 2000 | LiteCrete 39/61 (D961/<br>D124) + 2% bwob D153 +<br>0.05 gpsb D604AM + 0.03<br>gpsb M45 + 2 pps D24 +<br>0.04 gpsb D801 | 9.875 | 10.2 | 2.32 |
| Tail 5000-7800<br>(50% excess) | 365 | 2800 | LiteCrete 39/61 (D961/<br>D124) + 2% bwob D153 +<br>0.05 gpsb D604AM + 0.03<br>gpsb M45 + 2 pps D24 +<br>0.04 gpsb D801 | 7.336 | 10.5 | 2.04 |

**E) DIRECTIONAL DRILLING**

No directional services anticipated.

**POINT 7: ANTICIPATED RESERVOIR CONDITIONS**

Normal pressures are anticipated throughout Delaware section. A BHP of 3285 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3570'-7200'. No H<sub>2</sub>S 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

12 days completion operations

GEG/mac

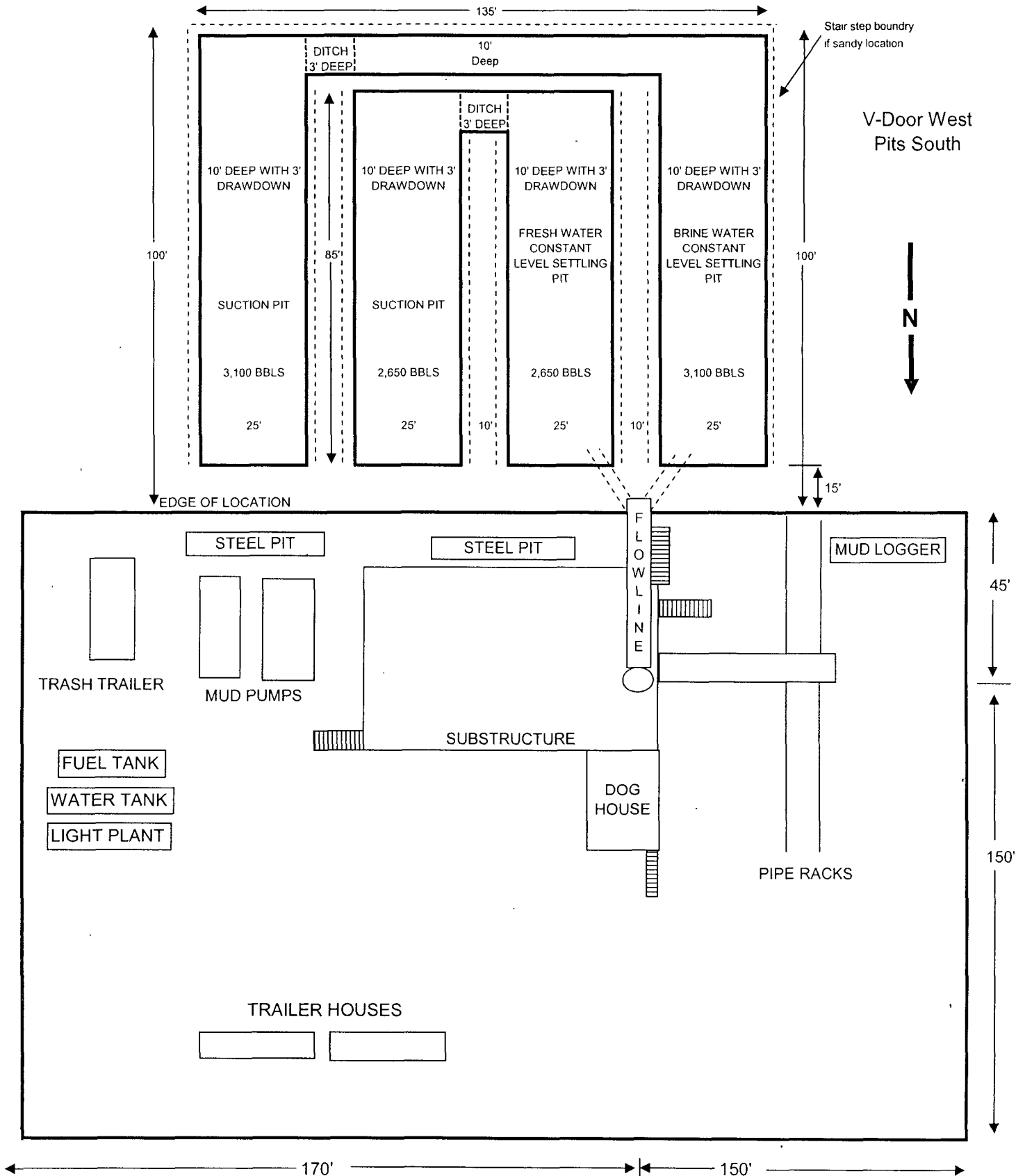
January 22, 2008

**BEPCO, L. P.**

Poker Lake Unit # 248

Adobe Longhorn

**EXHIBIT "D"**

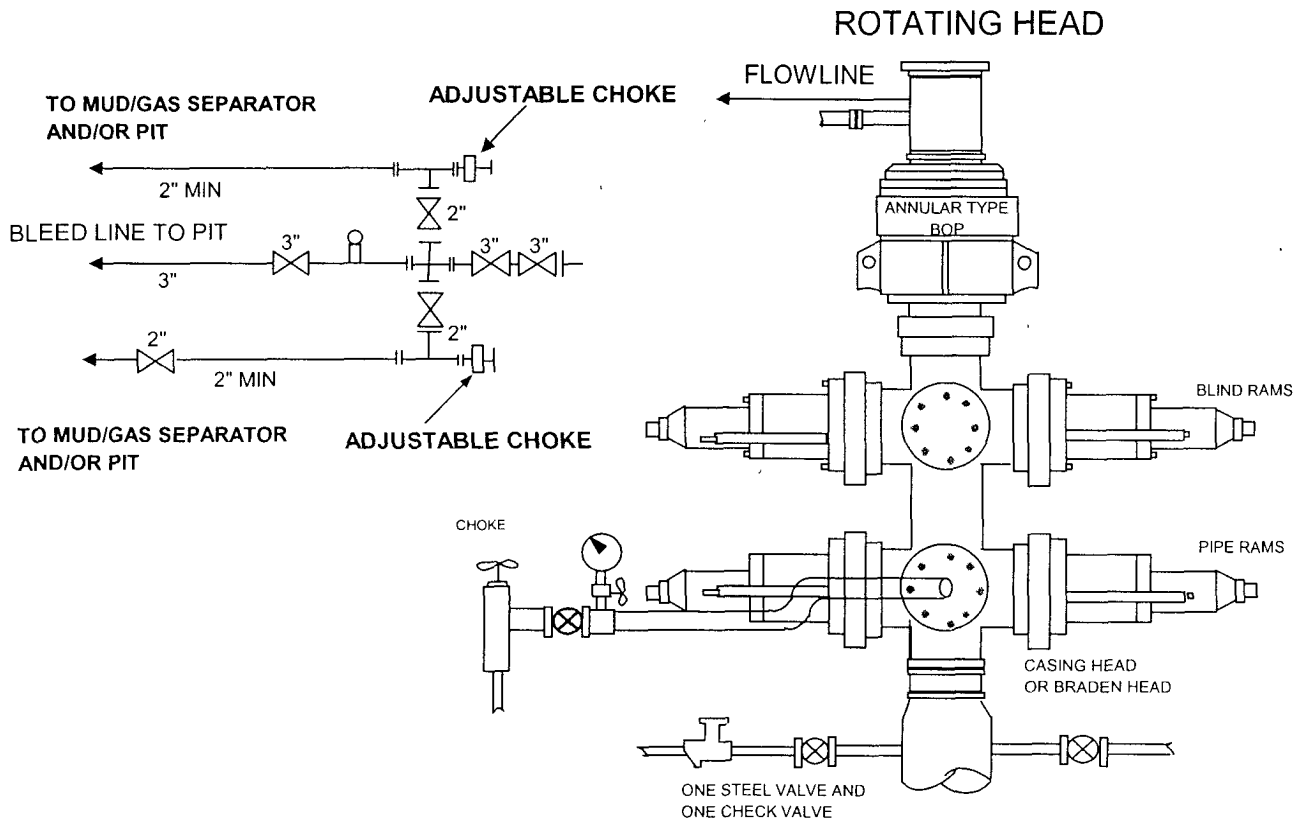




# BEPCO, L. P.

## 3-M WP BOPE WITH 3-M WP ANNULAR

3 M CHOKE MANIFOLD EQUIPMENT-CONFIGURATION MAY VARY



### THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate Blowout preventer with lower pipe rams and upper blind rams, 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 BOPs.
- 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. Chokes must be adjustable. Choke spool may be used between rams.

**DIAGRAM 2**

## **MULTI-POINT SURFACE USE PLAN**

**NAME OF WELL: Poker Lake Unit #248**

LEGAL DESCRIPTION - SURFACE: 1550' FSL & 510' FWL, Section 20, 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 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 10.0 miles southerly to PLU #217 pad then east to PLU #248.

C) Existing Road Maintenance or Improvement Plan:

See Exhibits A, C and Survey Plats.

### **POINT 2: NEW PLANNED ACCESS ROUTE**

A) Route Location:

Approximately 1563' of new road is required.

B) Width

12'

C) Maximum Grade

Grade as necessary to match surrounding 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 B indicates existing wells within the surrounding area.

#### **POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES**

Page 2

- A) Closest Oil/Gas production facilities are located at PLU #213 wellsite. Poker Lake Unit #213 is located 1 ½ miles north of proposed well.

- B) New Facilities in the Event of Production:

After drilling and completion of Poker Lake Unit #248, existing production facilities at PLU #213 will be used via flowlines. Additional separators/treaters will be added as necessary. A new flowline consisting of 2-7/8" steel pipe, will be laid within 50' of the center line of the access road and existing roads which have previously been Arch cleared. Three phase 12,470 volt power lines will like wise be extended to this well with poles placed within 50' of the centerline and connect with powerline that services the PLU # 217 (See Exhibit E).

- 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

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 Exhibits A and C.

## **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 "A", "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 are no ponds, lakes, streams or rivers within several miles of the wellsite.

F) Water Wells

There are three water wells located within 1-1/2 miles of Poker Lake Unit #248. The nearest well is 2500' W-NW and produces water from an estimated depth of 186' (See exhibit "B").

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 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

Steve Johnson  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

1/22/08  
Date

Gary E. Gerhard  
Gary E. Gerhard

GEG/mac

## 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 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.

Date

1/22/08

Gary E. Gerhard





## PECOS DISTRICT CONDITIONS OF APPROVAL

|                       |                                     |
|-----------------------|-------------------------------------|
| OPERATOR'S NAME:      | BEPCO, L.P.                         |
| LEASE NO.:            | NM02860                             |
| WELL NAME & NO.:      | Poker Lake Unit No 248              |
| SURFACE HOLE FOOTAGE: | 1050' FSL & 410' FWL                |
| BOTTOM HOLE FOOTAGE   | Same                                |
| LOCATION:             | Section 20, T. 24 S., R 30 E., NMPM |
| COUNTY:               | Eddy County, New Mexico             |

### TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☐ **Special Requirements**
- ☐ **Construction**
  - Notification
  - Topsoil
  - Reserve Pit
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☒ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines
  - Electric Lines
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## **V. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

### **C. RESERVE PITS**

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 100' X 135' on the South side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

#### **D. FEDERAL MINERAL MATERIALS PIT**

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

#### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

#### **F. ON LEASE ACCESS ROADS**

##### **Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

##### **Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

##### **Crowning**

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

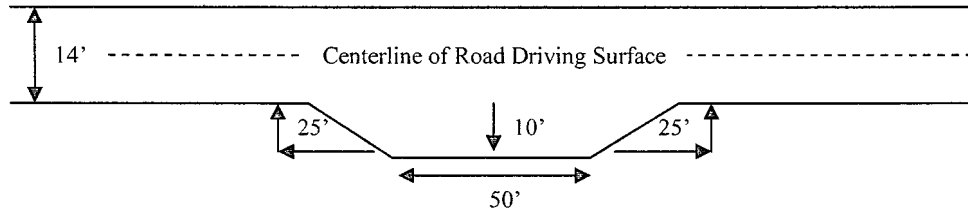
### Ditching

Ditching shall be required on both sides of the road.

### Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

**Standard Turnout – Plan View**

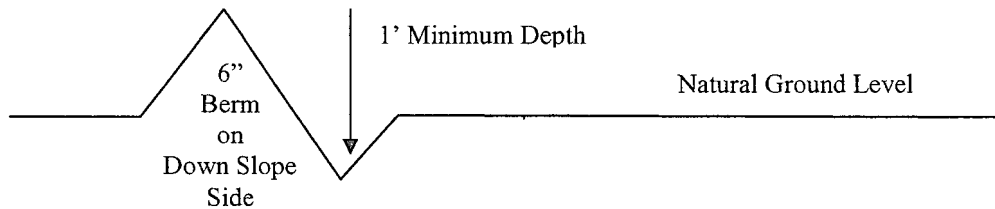


### Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

**Cross Section of a Typical Lead-off Ditch**



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

### **Formula for Spacing Interval of Lead-off Ditches**

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

### **Culvert Installations**

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

### **Cattleguards**

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

### **Fence Requirement**

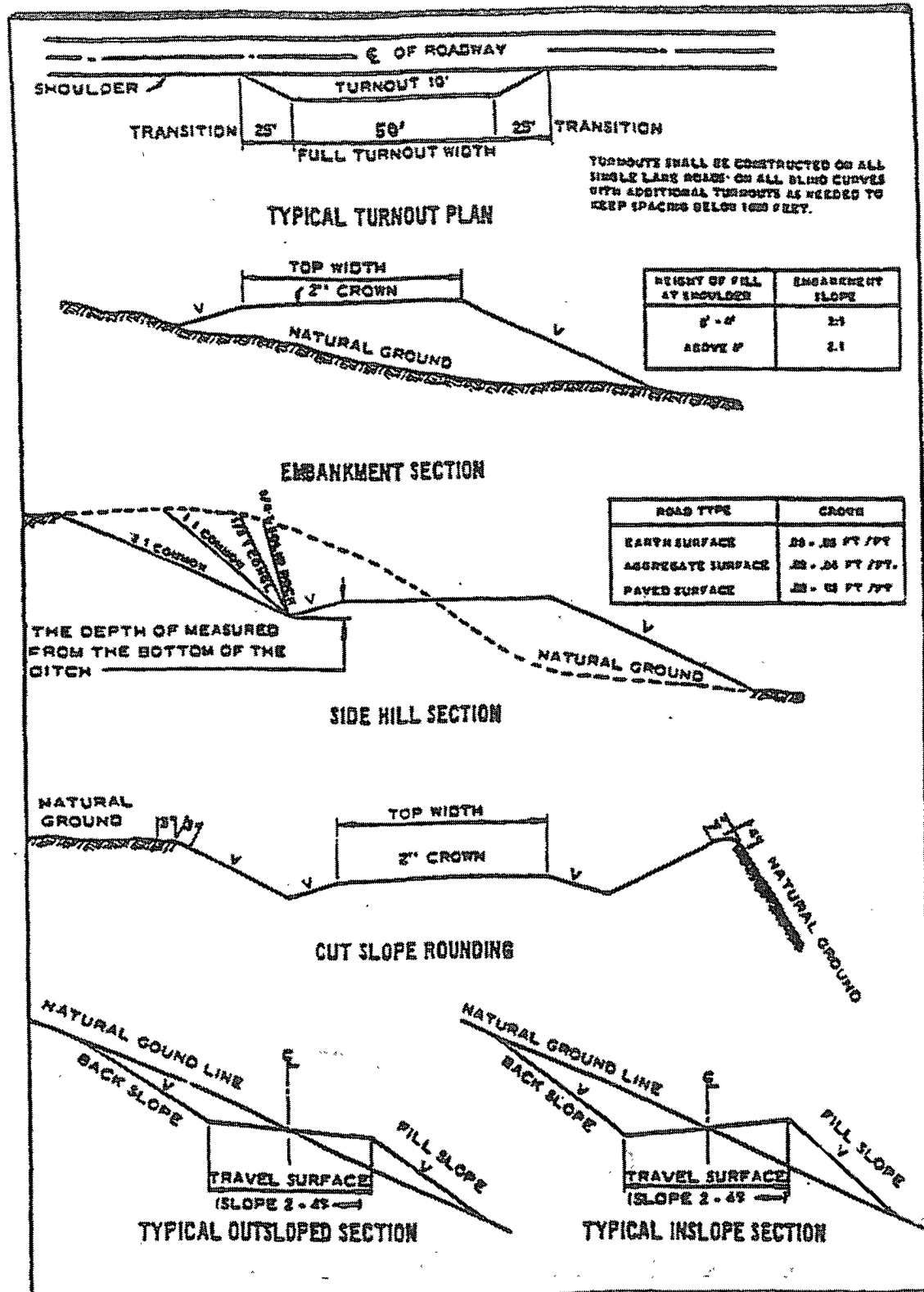
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

### **Public Access**

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



## VI. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 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. **Although no Hydrogen Sulfide has been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
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. Floor controls are required for 3M or Greater systems. These 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.

### B. CASING

1. The 11-3/4 inch surface casing shall be set **at approximately 970 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **Centralizers required on surface casing per Onshore Order 2.III.B.1.f.**
  - 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). **Please provide WOC times to inspector for cement slurries.**



- 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.

**Medium cave/karst area.**

**Possible lost circulation in the Delaware and Bone Spring formations.**

- 1. 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. **Please provide WOC times to inspector for cement slurries.**
- 2. 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.
- 3. 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 4 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.

WWI 030508

## **VII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color Shale Green, Munsell Soil Color Chart # 5Y 4/2

### **B. PIPELINES**

#### **STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES**

**A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.**

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the

Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
- b. Activities of other parties including, but not limited to:
  - (1) Land clearing.
  - (2) Earth-disturbing and earth-moving work.
  - (3) Blasting.
  - (4) Vandalism and sabotage.
- b. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting

therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine

maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

### **C. ELECTRIC LINES**

#### **STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES**

**A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.**

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et

seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.
5. Powerlines shall be constructed in accordance to standards outlined in "Suggested Practices for Raptor Protection on Powerlines," Raptor Research Foundation, Inc., 1981. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "raptor safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.
6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.
8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.
9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.
10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and

any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:

- For reclamation remove poles, lines, transformer, etc. and dispose of properly.
- Fill in any holes from the poles removed.

## **VIII. INTERIM RECLAMATION & RESERVE PIT CLOSURE**

### **A. INTERIM RECLAMATION**

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

### **B. RESERVE PIT CLOSURE**

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

## Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

| <u>Species</u>                                     | <u>lb/acre</u> |
|--|----------------|
| Sand dropseed ( <i>Sporobolus cryptandrus</i> )    | 1.0            |
| Sand love grass ( <i>Eragrostis trichodes</i> )    | 1.0            |
| Plains bristlegass ( <i>Setaria macrostachya</i> ) | 2.0            |

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

## **X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS**

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.