

OCD-ARTESIA

Form 3160-3
(August 1999)

0083

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER**CONFIDENTIAL**1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone2. Name of Operator **BASS ENTERPRISES PRODUCTION CO**
Contact: **TAMI WILBER**
E-Mail: **twilber@basspet.com**3a. Address
**P. O. BOX 2760
MIDLAND, TX 79702**3b. Phone No. (include area code)
Ph: **432.683.2277**
Fx: **432.687.0329**5. Lease Serial No.
NMLC068431

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.
NMNM71016X8. Lease Name and Well No.
POKER LAKE UNIT 1789. API Well No.
30-015-32052-00-X110. Field and Pool, or Exploratory
NASH DRAW-DELAWARE

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

At surface **NWNW 660FNL 660FWL**At proposed prod. zone **NWNW 660FNL 660FWL****RECEIVED**

11. Sec., T., R., M., or Blk. and Survey or Area

**Sec 8 T24S R30E Mer NMP
SME: BLM**14. Distance in miles and direction from nearest town or post office*
14 MILES EAST FROM MALAGA NEW MEXICO**DEC - 9 2003**12. County or Parish
EDDY13. State
NM15. Distance from proposed location to nearest property or
lease line, ft. (Also to nearest drig. unit line, if any)
66016. No. of Acres in Lease
OCD-ARTESIA17. Spacing Unit dedicated to this well
40.0018. Distance from proposed location to nearest well, drilling,
completed, applied for, on this lease, ft.
132019. Proposed Depth
7640 MD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc.)
3262 GL22. Approximate date work will start
12/01/200323. Estimated duration
14 DAYS24. Attachments **CARLSBAD CONTROLLED WATER BASIN**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
(Electronic Submission)Name (Printed/Typed)
TAMI WILBERDate
10/20/2003Title
AUTHORIZED REPRESENTATIVEApproved by (Signature) **/s/ Linda S. C. Rundell**Name (Printed/Typed)
/s/ Linda S. C. RundellDate
2 DEC 2003Title
STATE DIRECTOROffice
NM STATE OFFICEApplication approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.**APPROVAL FOR 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

Electronic Submission #24339 verified by the BLM Well Information System
For BASS ENTERPRISES PRODUCTION CO, sent to the Carlsbad
Committed to AFMSS for processing by ARMANDO LOPEZ on 10/20/2003 (04AL0027AE)APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ******RECEIVED****OCD-ARTESIA**

Additional Operator Remarks:

Surface casing to be set +/- 100' above the Salt.

Production casing cement will be brought up at least 500' above the upmost hydrocarbon bearing zone.

Drilling Procedure, BOPE Diagram, Anticipated Formation Tops, and Surface Use Plans attached.

This well is located outside the R-111 Potash Area but inside the Secretary's Potash order.

There are no potash leases within 1 mile of this location.

Bass has contracted to expand arched area to 600' x 600' area.

10/20/03 07:20 FAX 432 687 0329
07/30/01 13:50 FAX 915 687 0329

BEPCO
BEPCO

→ PAULA
→ PAULA

001
001/017

DISTRICT I

1605 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1006 Rio Arroyo Rd., Aztec, NM 87410

DISTRICT IV

2940 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-32052	Pool Code 47545	Pool Name Nash Draw (Delaware)
Property Code 001796	Property Name POKER LAKE UNIT	Well Number 178
GCED No. 001901	Operator Name BASS ENTERPRISES PRODUCTION COMPANY	Elevation 3262'

Surface Location

UL or 1st Mn.	Section	Township	Range	Lot Mn.	Feet from the	North/South Line	Feet from the	East/West Line	County
D	B	24 S	30 E		660	NORTH	660	WEST	EDDY

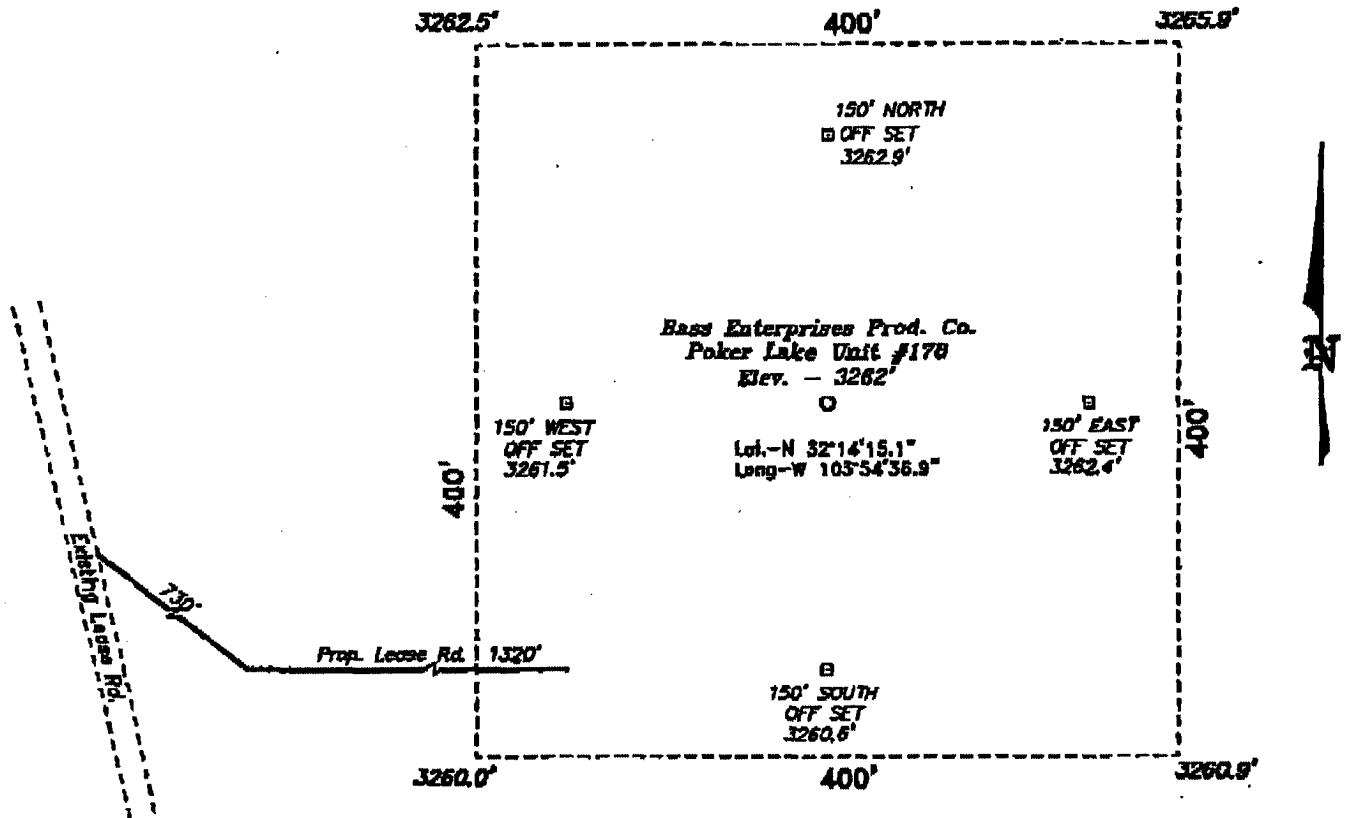
Bottom Hole Location If Different From Surface

UL or 1st Mn.	Section	Township	Range	Lot Mn.	Feet from the	North/South Line	Feet from the	East/West Line	County
Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				OPERATOR CERTIFICATION I hereby verify the information contained herein is true and complete to the best of my knowledge and belief. <u>William R. Dannels</u> Signature William R. Dannels Printed Name Division Drilling Supt. Title <u>10-17-03</u> Date
				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. April 10, 2001 Date Surveyed Signature Professional Surveyor Certificate No. Gary L. 7977

**SECTION 8, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 128 & CO. RD. 793, GO SOUTH AND WEST ON CO. RD. 793 APPROX 4.0 MILES TO A LEASE ROAD; THENCE SOUTH ON LEASE ROAD APPROX 4.0 MILES TO THE PROPOSED LEASE ROAD.



BASS ENTERPRISES PRODUCTION CO.

REF: Poker Lake Unit No. 178 / Well Pad Top

THE POKER LAKE UNIT No. 178 LOCATED 660' FROM
THE NORTH LINE AND 660' FROM THE WEST LINE OF
SECTION 8, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

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

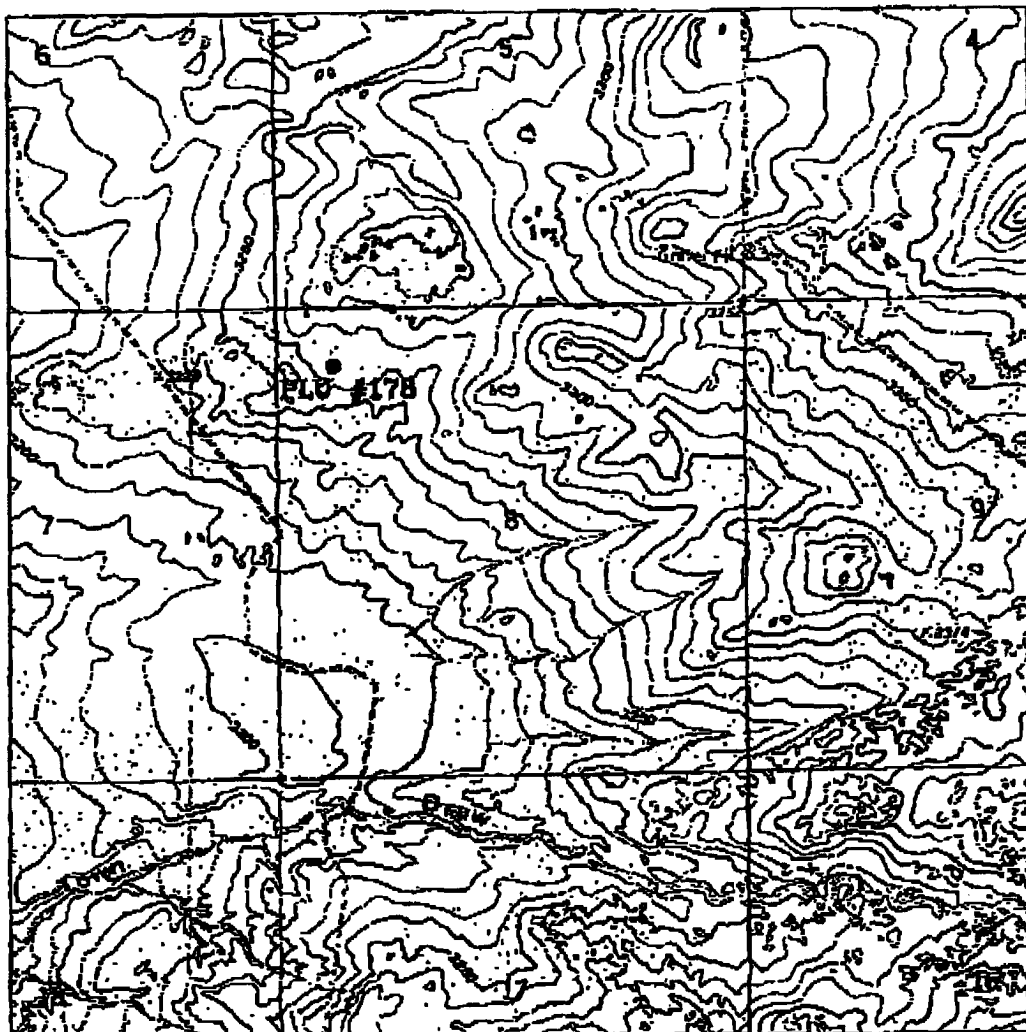
BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 1303

Drawn By: K. GOAD

Date: 04-16-2001 Disk: KJG CD#3 - 1303A.DWG

Survey Date: 04-10-2001 Sheet 1 of 1 Sheets



POKER LAKE UNIT #178
Located at 660' FNL and 660' FWL
Section 8, 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 1785
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 1303AA - KJG CD#3

Survey Date: 04-10-2001

Scale: 1" = 2000'

Date: 04-16-2001

**BASS ENTERPRISES
PRODUCTION CO.**

EIGHT POINT DRILLING PROGRAM BASS ENTERPRISES PRODUCTION CO.

NAME OF WELL: Poker Lake Unit #178

LEGAL DESCRIPTION - SURFACE: 660' FNL & 660' FWL, Section 8, 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 3282' (est) GL 3262'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
B/Rustler	1012'	+2270'	Barren
T/Salt	1032'	+2250'	Barren
B/Salt	3377'	- 95'	Barren
T/Lamar	3582'	- 300'	Barren
T/Ramsey Sand	3622'	- 340'	Oil/Gas
T/Lwr Brushy Canyon U Sand	7120'	-3838'	Oil/Gas
T/Lwr Brushy Canyon Y Sand	7268'	-3986'	Oil/Gas
T/Bone Spring Lime	7397'	-4115'	Barren
TD	7640'	-4358'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 40'	Conductor	New
8-5/8", 28#, J-55, ST&C	0' - 950'	Surface	New
5-1/2", 15.5#, J-55, LT&C	0' - 6500'	Production	New
5-1/2", 17#, J-55, LT&C	6500' - 7640'	Production	New

WITNESS

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

Bass Enterprises recognizes that the minimum BOP equipment is a double 2000 WP BOP equivalent to Diagram 1 of this package. However the actual BOP's used will likely exceed the minimum requirements depending on the rig the operator employs. Bass Enterprises requests a waiver to the testing requirements per Onshore Order 2. This well is located in an area Bass is familiar with and we have chosen to set only a surface casing string of 615' and drill into the low permeability rock of the Bone Spring. 70% of the internal yield of 8-5/8" 28# J-55 STC is 2373 psi. The Delaware in this area is normally pressured (8.4 ppg MWE) and is not capable of flowing with a full column of fresh water. If for some reason the well does flow, we can not and will not shut the well in due to the low frac gradient at the shoe. The surface casing will only be used as a diverter. Therefore, a BOP test to indicate the BOP's are operating correctly and seal at lower pressures is all that is necessary. We intend to hydrotest the BOP stack, the choke and kill lines, kelly cock, inside BOP, etc to 200 psi (low) and 1,000 (high) with clear water using the rig pump. 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' - 950'	FW Spud Mud	8.5 - 9.2	70-38	NC	NC	NC	10.0
950' - 5600'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5-10.5
5600' - 7640'	BW/Diesel*	8.8 - 9.0	32-40**	8	2	<25 cc	9.5 - 10

*35% diesel/65% brine emulsion

**Will 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 (\pm 3377')
GR-CNL-CAL from base of salt to surface.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT ³ /SX
SURFACE:						
Lead 0 - 650' (100% excess circ to surface)	300	650	Permian Basin Critical Zone + ¼ pps Flocele	10.4	12.8	1.90
Tail 650-950' (100% excess circ to surface)	200	300	Prem Plus + 2% CaCl ₂	6.33	14.8	1.35

PRODUCTION: Single stage w/ Zone Seal Cement.

							Nitrogen	Compressive Strength
3115' - 7640' (+ 50% excess)								
Base Slurry	725	4525	Premium Plus + 2% Zone Seal	6.32	9.1-14.5	2.3-1.39	300/600 SCF/BSL	1200 psi

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3337 psi (max) or MVE of 8.4 ppg is expected. Lost circulation may exist in the Delaware Section from 5600-7640'. No H₂S is anticipated.

POINT 8: OTHER PERTINENT INFORMATION**A) Auxiliary Equipment**

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) Anticipated Starting Date

Upon approval

14 days drilling operations

10 days completion operations

WRD/tlw
October 17, 2003

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #178

LEGAL DESCRIPTION - SURFACE: 660' FNL & 660' FWL, Section 8, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit A and Surveyor's Plat.

B) Existing Roads:

From junction of State Highway 128 and County Road 793, go south and west on County Road 4.0 miles to lease road. Turn south on lease road 4.3 miles and turn off toward Poker Lake Unit well #158. Go 0.4 miles to the east (through #158 well pad area).

C) Existing Road Maintenance or Improvement Plan:

See Exhibit "A".

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Proposed Lease Road from Poker Lake Unit #158 will be approximately 1320' long.

B) Width

12' wide.

C) Maximum Grade

Not applicable.

D) Turnout Ditches

Spaced per BLM requirements.

E) Culverts, Cattle Guards, and Surfacing Equipment

None.

POINT 3: LOCATION OF EXISTING WELLS

Exhibits "A" & "B" indicate existing wells within the surrounding area.

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

Page 2

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

Bass' oil/gas production facilities are located at Poker Lake Unit #153 & #158 well pads.

B) New Facilities in the Event of Production:

Will lay new flowline to those facilities at Poker Lake Unit #158.

C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following the construction of production facilities, 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 Diamond and Half Water Station 35 miles east of Carlsbad, New Mexico and other commercial facilities. Brine water will be hauled from Bass' Poker Lake Unit #153 or #158 batteries or commercial facilities.

B) Water Transportation System

Water hauling to the location will be over the existing and proposed roads.

POINT 6: SOURCE OF CONSTRUCTION MATERIALS**A) Materials**

If not found on location, caliche will be hauled from the nearest BLM approved source. The closest pit is located near Bass' Poker Lake Unit #182.

B) Land Ownership

Federally Owned.

C) Materials Foreign to the Site

No construction materials foreign to this area are anticipated for this drill site.

D) Access Roads

See Exhibit "A" and survey plats.

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 only in the event livestock is present 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.

POINT 9: WELL SITE LAYOUT – Cont'd...

Page 4

B) Locations of Pits and Access Road

See Exhibits "A", "D" and "E".

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 only if livestock present and shall be maintained until they are backfilled. Previous to backfill operations, any hydrocarbon material on the pits' surfaces shall be removed. The fluids and solids contained in the pits shall be backfilled with soil excavated from the site and soil adjacent to the reserve pits. The restored surface of the pits shall be contoured to prevent impoundment of surface water flow. Water-bars will be constructed as needed to prevent excessive erosion. Topsoil, as available, shall be placed over the restored surface in a uniform layer. The area will be seeded according to the Bureau of Land Management stipulations during the appropriate season following restoration.

B) Restoration Plans - Production Developed

The reserve pits will be backfilled and restored as described above under Item A. In addition, those areas not required for production will be graded to blend with the surrounding topography. Topsoil, as available, will be placed upon those areas and seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. Following depletion and abandonment of the site, restoration procedures will be those that follow under Item C.

C) Restoration Plans - No Production Developed

The reserve pits will be restored as described above. With no production developed, the entire surface disturbed by construction of the well site will be restored. The site will be contoured to blend with the surrounding topography and provide drainage of surface water. The topsoil, as available, shall be replaced in a uniform layer and seeded according to the Bureau of Land Management's stipulations.

D) Rehabilitation's Timetable

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

POINT 11: OTHER INFORMATION

Page 5

A) Terrain

Relatively flat.

B) Soil

Caliche and sand.

C) Vegetation

Sparse, primarily grasses and mesquite with very little grass.

D) Surface Use

Primarily grazing.

E) Surface Water

There are no ponds, lakes, streams or rivers within several miles of the wellsite.

F) Water Wells

There is one water well located 5224' South/Southwest from location.

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

A full and complete archeological survey has been submitted to the Bureau of Land Management by Archaeological Services by Laura Machalik dated August 8, 2001. Boone Archaeological Services has been contracted by Bass to expand arched area to 600' x 600' area centered around proposed well stake. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site and new access road 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 only if livestock is present 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
P. O. Box 2760
Midland, Texas 79702
(915) 683-2277

PRODUCTION

Mike Waygood
3104 East Green Street
Carlsbad, New Mexico 88220
(505) 887-7329

Kent A. Adams
P. O. Box 2760
Midland, Texas 79702
(915) 683-2277

POINT 13: CERTIFICATION

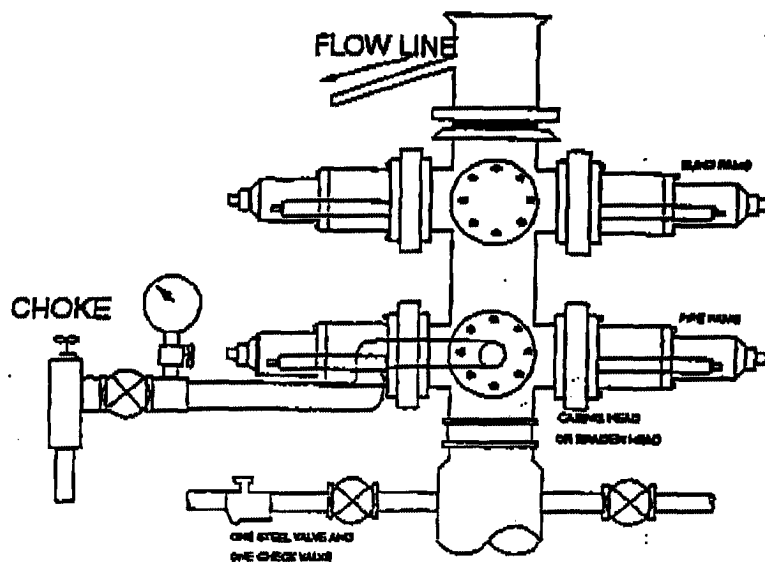
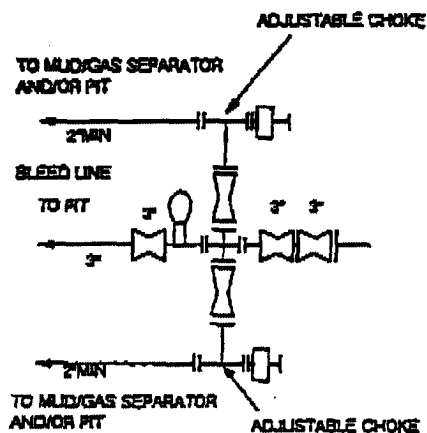
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Bass Enterprises Production Co. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

10-17-03
Date

William R. Dannels
William R. Dannels

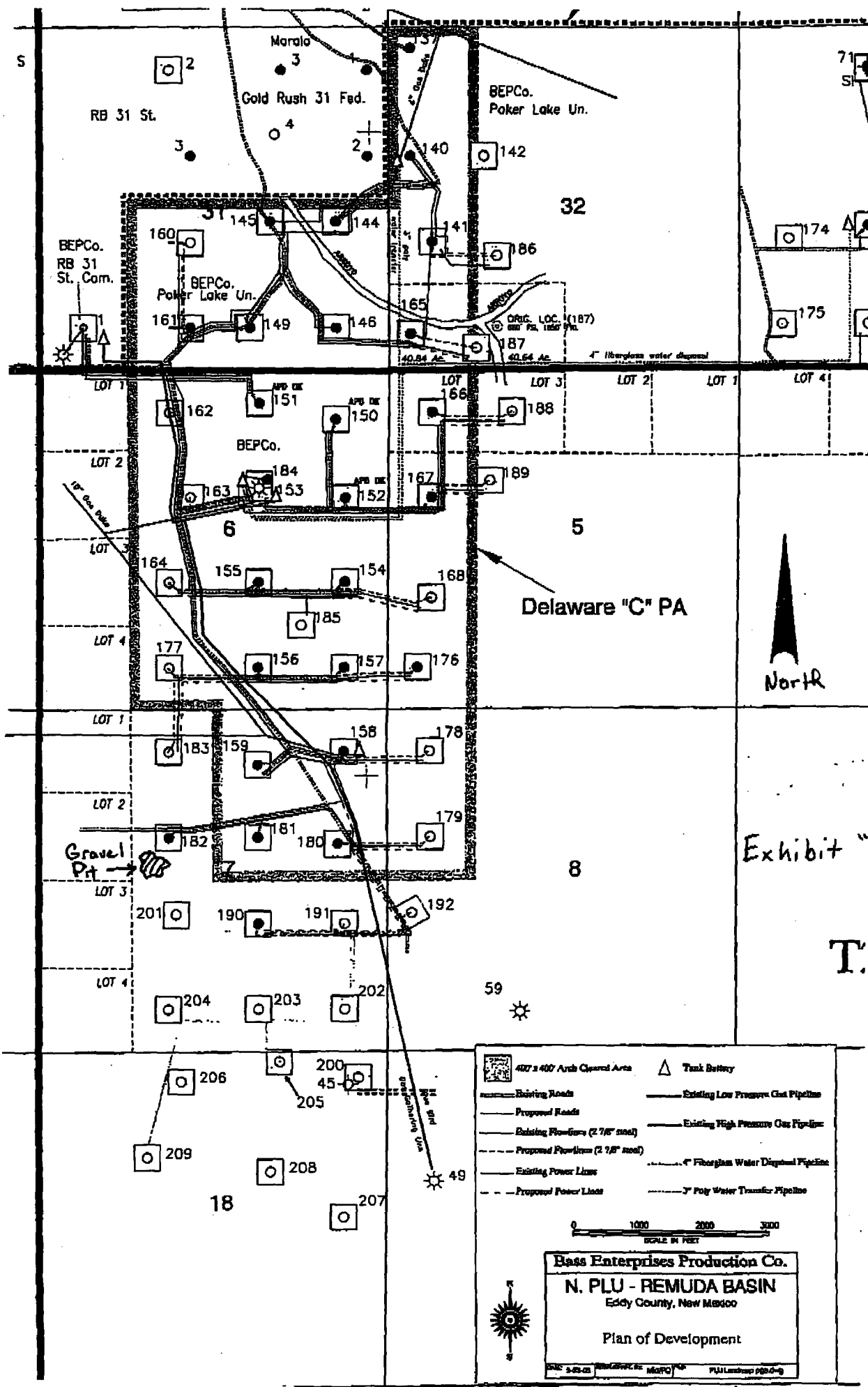
WRD/tlw

2000 PSI WP



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.



BASS ENTERPRISES PRODUCTION COMPANY
POKER LAKE UNIT # 164 RESERVE PIT DIMENSIONS

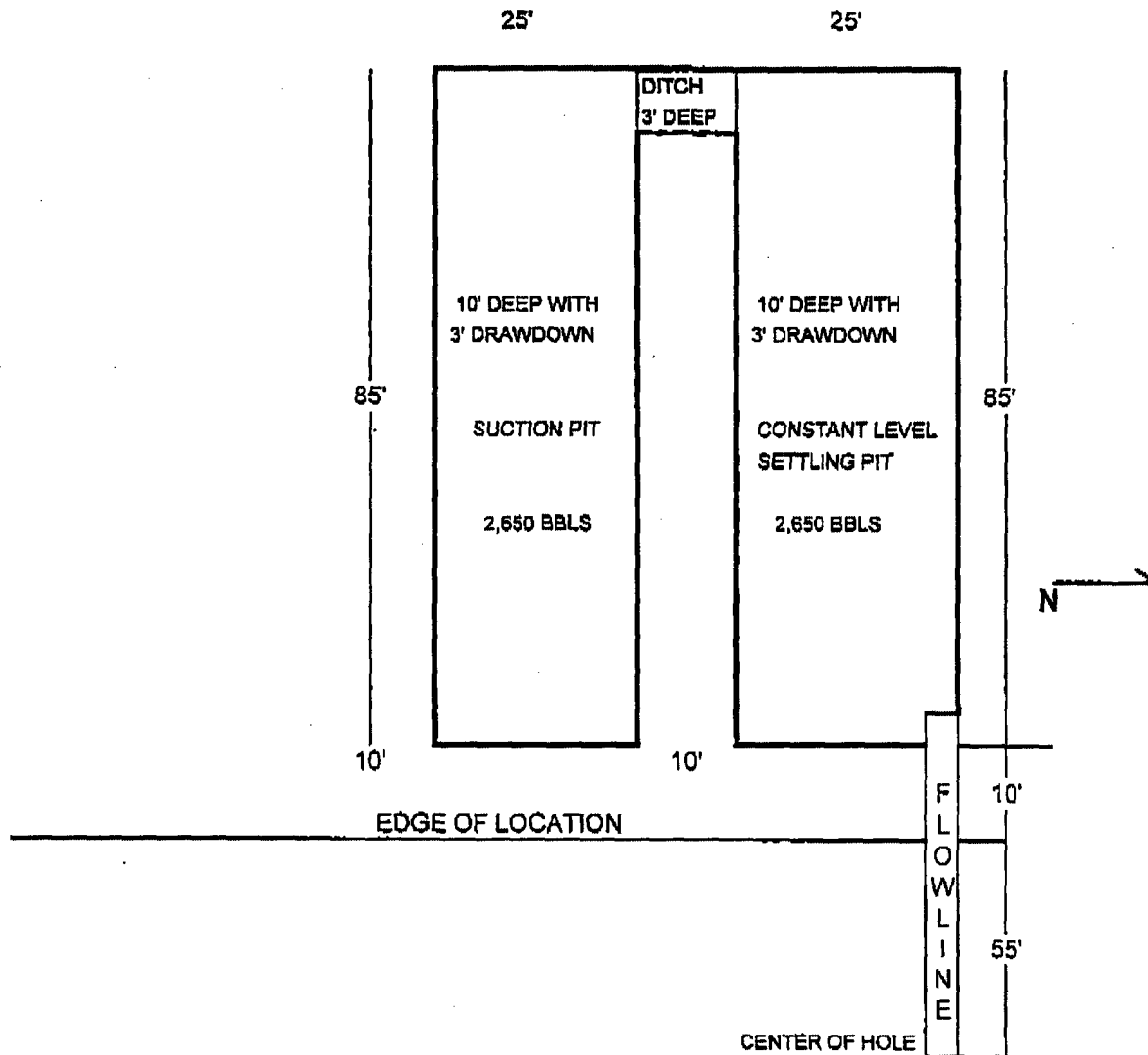


Exhibit E