ATS-10-316

OCD Artesia

RECEIVED MAR 2 6 2010

FORM APPROVED OMB No 1004-0137 Expires March 31, 2007 EA 10-468

Form 3160-3 (April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR

NMOCD ARTESIA

3 Lease Serial No. NM02862 - NM 0030452

BUKEAU OF LAND MAN	NAGEMEN I			
APPLICATION FOR PERMIT TO			6 If Indian, Allotee or Tr	ibe Name
a. Type of work. ✓ DRILL REENTI	7 If Unit or CA Agreemen	, Name and No		
b Type of Well	Single Zone Multi	ple Zone	8 Lease Name and Well N Poker Lake Unit #3	
Name of Operator BOPCO, L. P.			9 API Well No.	370 a8
Address P. O. Box 2760 Midland, TX 79702	3b Phone No. (include area code) 432-683-2277		10 Field and Pool, or Explor Poker Lake SW (De	•
Location of Well (Report location clearly and in accordance with an At surface NESE, UL I, 1880' FSL, 330' FEL, At proposed prod zone 1980' FSL, 330'FWL, Sec 23, T24S	Į.	11. Sec, T R M or Blk and Sec 26, T24S, R30E	•	
Distance in miles and direction from nearest town or post office* 17 miles east of Malaga, NM			12 County or Parish Eddy County	13 State NM
Distance from proposed* location to nearest property or lease line, fl (Also to nearest drig unit line, if any)	16 No of acres in lease	17 Spacing	Unit dedicated to this well	
Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 4681	19 Proposed Depth -14,900, TVD 7,817' 14,750 M6	20 BLM/B COB0	IA Bond No on file	
Elevations (Show whether DF, KDB, RT, GL, etc.) 3402' GL	22 Approximate date work will sta 08/01/2010	rt*	23 Estimated duration 30 days .	
	24. Attachments		·	
e following, completed in accordance with the requirements of Onsho Well plat certified by a registered surveyor A Drilling Plan A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office)	Lands, the 5 Operator certific 6 Such other site authorized office	he operation cation specific infor	s unless covered by an existi mation and/or plans as may	,
Signature mette hilder	Name (Printed/Typed) Annette Childers		Date	-18- 2 DIC
oproved by (Signature)	Name (Printed/Typed)		Date	MAR 25
/s/ James Stovall	Office		- 1	
FIELD MANAGER		(CARLSBAD FIELD O	FFICE
oplication approval does not warrant or certify that the applicant hold	· · · · · · · · · · · · · · · · · · ·			

*(Instructions on page 2)

Carlsbad Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

· DISTRICT I 1825 N. French Dr., Hobbs, NM 88240 DISTRICT II 1301 W. Grand Avenue, Artegia, NM 88210

DISTRICT III

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

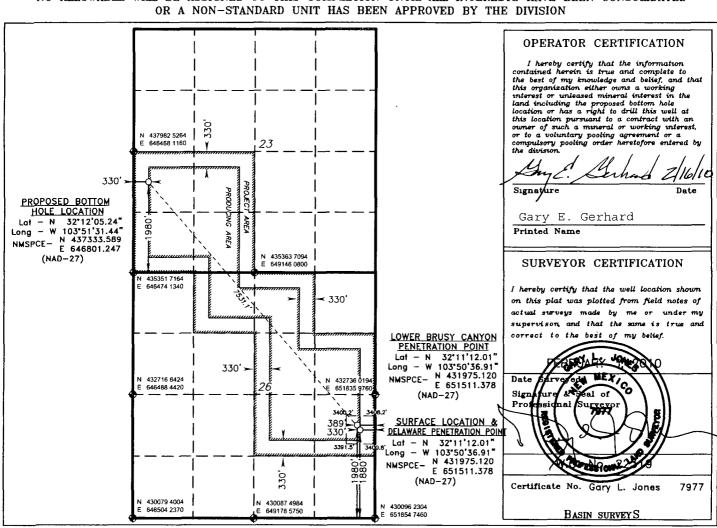
□ AMENDED REPORT

1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

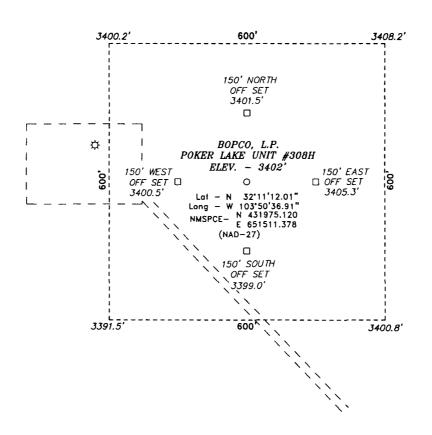
WELL LOCATION AND ACREAGE DEDICATION PLAT

↑ API	API Number			Pool Code		Pool Name			(
2001	015	377728	ĺ	8000 A	6647	Poker	Lake: I	Je1,54) _
Property	Code				Property Nam	1e		Well No	ımber
30640)2			Р	OKER LAKE	UNIT		30	8H
OGRID N	о.				Operator Nam	ne		Eleva	tion
26073	260737				BOPCO, L.	Р.		340	2'
Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
ı	26	24 S	30 E		1880	SOUTH	330	EAST	EDDY
			Bottom	Hole Loc	ation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	23	24 S	30 E		1980	SOUTH	330	WEST	EDDY
Dedicated Acre	g Joint o	or Infill Co	nsolidation (Code Ore	der No.				1
400	l N								

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED



SECTION 26, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 128 AND TWIN WELLS, GO SOUTHEASTERLY ON TWIN WELLS FOR 11.1 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHEAST 0.8 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHWEST 0.3 MILES TO PAD AND PROPOSEDLOCATION

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

200 0 200 400 FEET

SCALE: 1" = 200'

BOPCO, L.P.

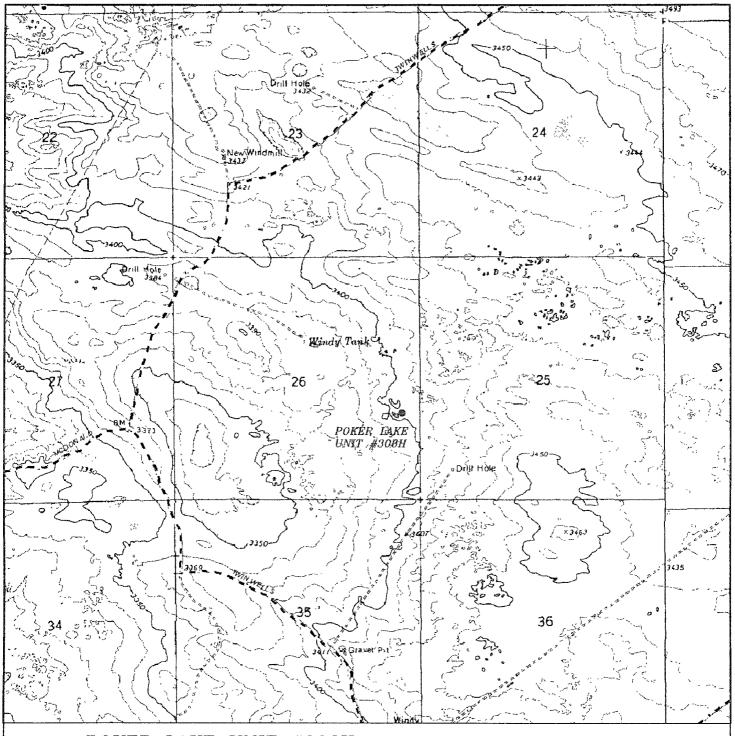
REF: POKER LAKE UNIT #308H / WELL PAD TOPO

THE POKER LAKE UNIT #308H LOCATED 1880'

FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF SECTION 26, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

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

Survey Date: 02-03-2010 | Sheet 1 of 1 Sheets



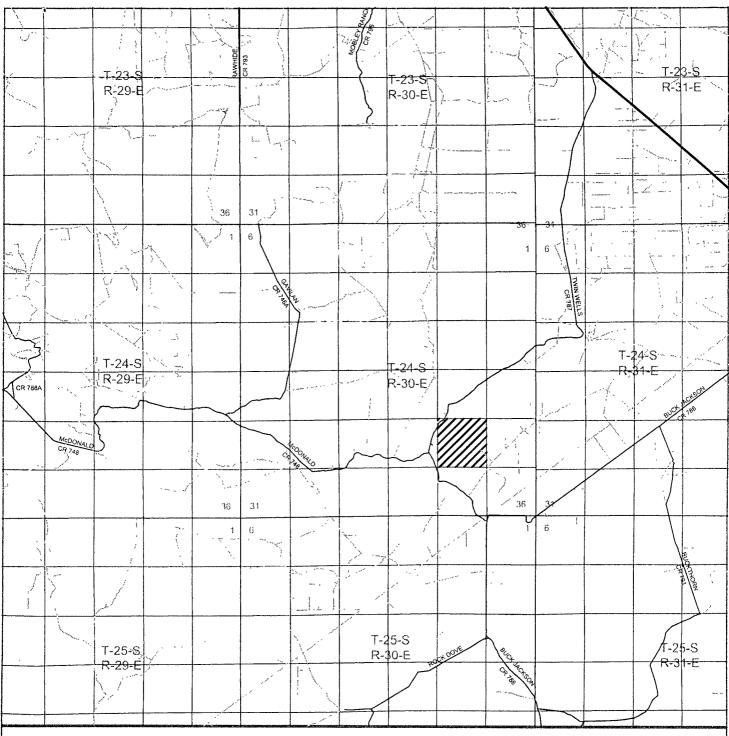
POKER LAKE UNIT #308H Located 1880' FSL and 330' FEL Section 26, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



focused on excellence in the oilfield P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 — Office (575) 392-2206 — Fax basinsurveys.com

W.O. Number, JMS 22319	
Survey Date: 02-03-2010	1
Scale: 1" = 2000'	3
Date 02-03-2010 ,	

BOPCO, L.P.



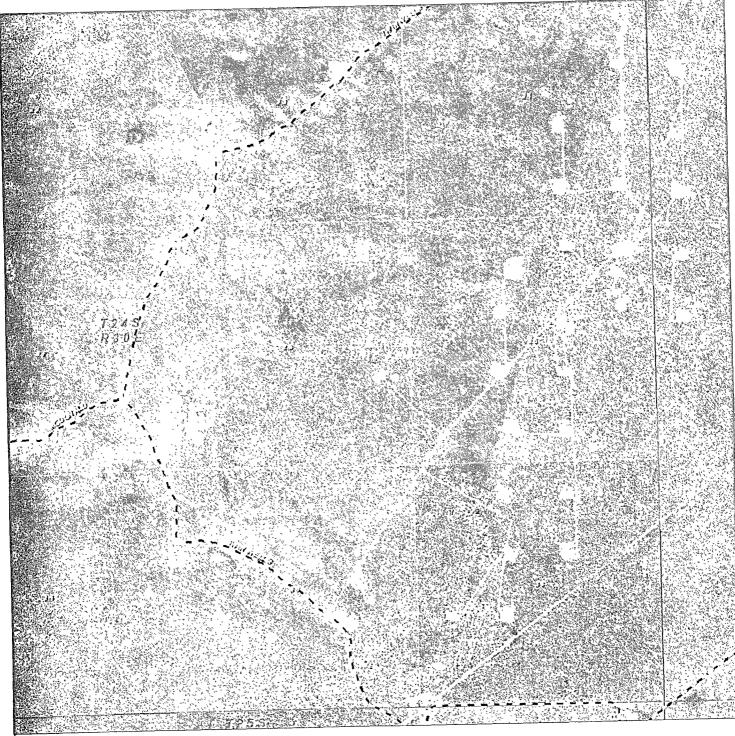
POKER LAKE UNIT #308H Located 1880' FSL and 330' FEL Section 26, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



focused on excellence <u>in the ollfield</u> P O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

WO. Nu	ımber.	JMS	22319	
Survey	Date	02-0	03-2010	(
	1" = 2	Miles		Q.
8	02-03-	2010		

BOPCO, L.P.



POKER LAKE UNIT #308H Located 1880' FSL and 330' FEL Section 26, Township 24 South, Range 30 East. N.M.P.M., Eddy County, New Mexico.



P.O. 87x 1786 1120 N. West County Ra. Hobbs, New Mexico 88241 (575) 593-7316 - Offico (575) 392-0206 - Fax pasinaurveys.com WO NUMBER ONS 22019

SOCIE 1" - 2000

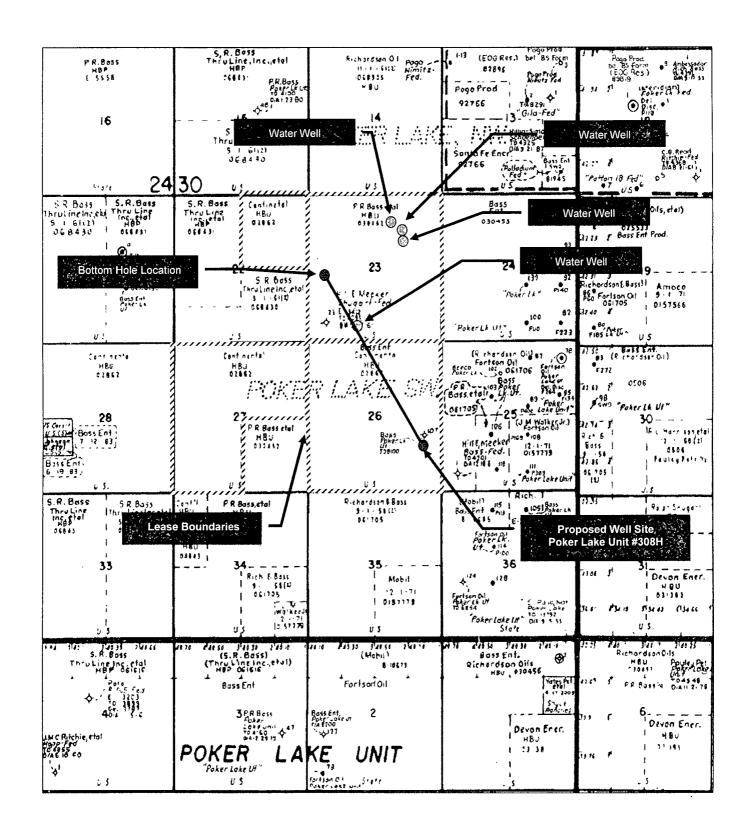
YELLOW TINT - USA LAND
BLUE TINI - STATE LAND
NATURAL COLOR - FEE LAID

BOPCO, L.P.

focused on excellence in the cliffeld

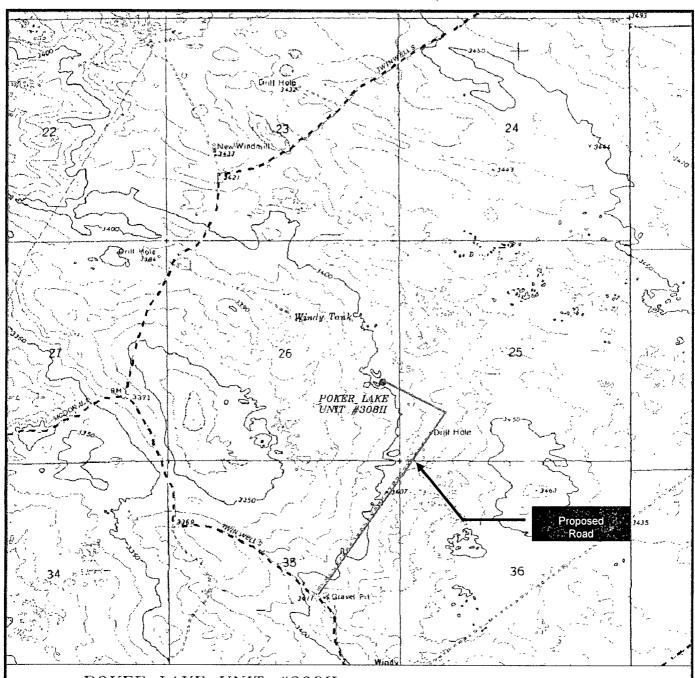
Poker Lake Unit #308H Exhibit "A"





Poker Lake Unit #308H Exhibit "C"

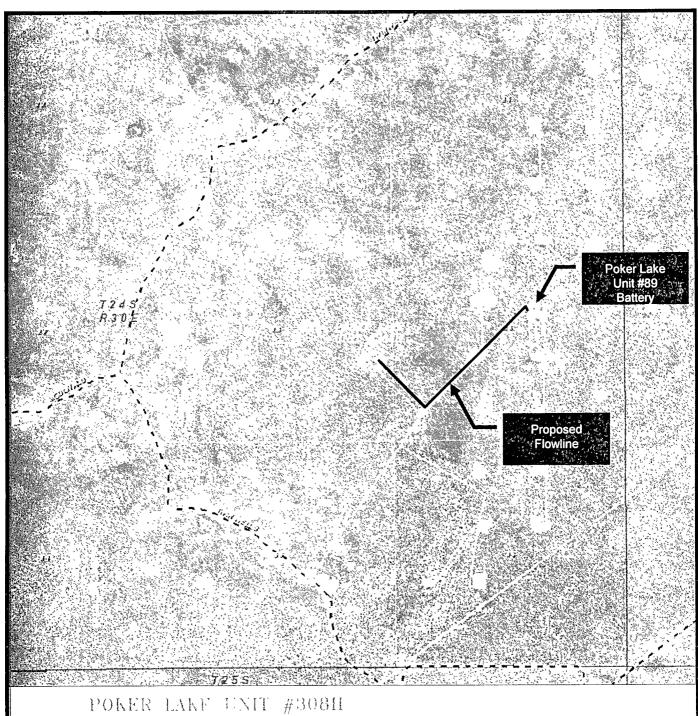




POKER LAKE UNIT #308H Located 1880' FSL and 330' FEL Section 26, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Poker Lake Unit #308H Exhibit "E"

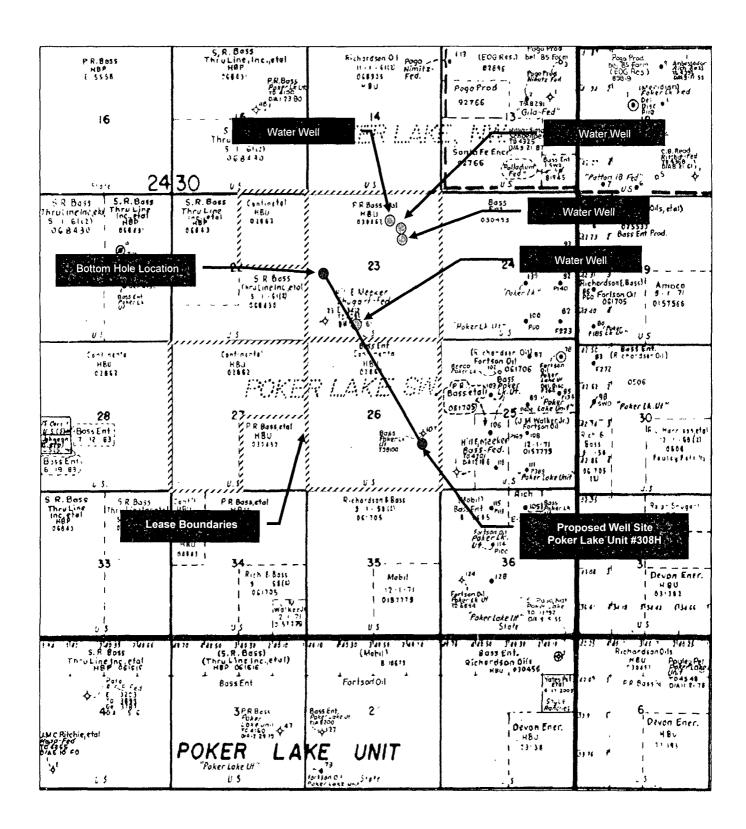




POKER LAKE UNIT #308H Located (380' ESL and 330' EEL Section CG, Township CI South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Poker Lake Unit #308H Exhibit "A"

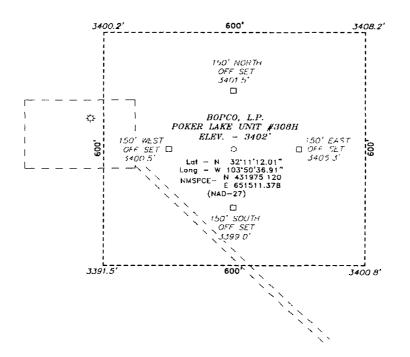




Poker Lake Unit #308H Exhibit "B"



SECTION 26, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.



Directions to Location.

FROM THE JUNCTION OF HWY 128 AND TWIN WELLS, SO SOUTHEASTERLY ON TWIN WELLS FOR 11.1 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHEAST D.8 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHWEST 0.3 MILES TO PAD AND PROPOSED LOCATION

BASIN SURVEYS PO BOX 1786 -HOBBS, NEW MEXICO

W O. Number, 22319 Drawn By. J. SMALL Date: 02-03-2010 Disk, JMS 22319

200 0 200 400 FEET

SCALE: 1" = 200'

BOPCO, L.P.

REF POKER LAKE UNIT #308H / WELL PAD TOPO

THE POKER LAKE UNIT #308H LOCATED 1880'

FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF SECTION 26, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

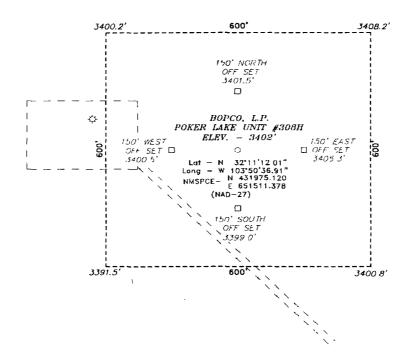
N.M.P M., EDDY COUNTY, NEW MEXICO.

Survey Date 02-03-2010 Sheet 1 of 1 Sheets

Poker Lake Unit #308H Exhibit "B"



SECTION 26, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.EDDY COUNTY, NEW MEXICO.



200

Directions to Location

FROM THE JONCTION OF HWY 128 AND TWIN WELLS, GO SOUTHEASTERLY ON TWIN WELLS FOR 11-1 MILES TO LEASE ROAD, ON LEASE POAD GO NORTHEAST 0.8 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHWEST C.3 VILES TO FAD AND PROPOSED

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

Number: 22319 Drawn By SMALL 02-03-2010 Disk IMS 22319 Date

SCALE: 1" = 200

BOPCO, L.P.

200

REF POKER LAKE JNIT #308H / WELL PAD TOPO

THE POKER LAKE UNIT #308H LOCATED 1880'

FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF SECTION 26, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

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

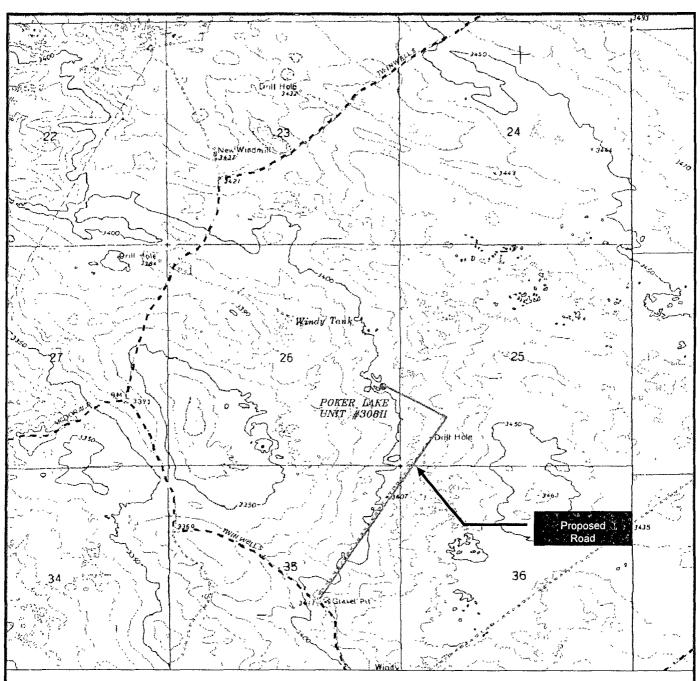
Survey Date: 02-03-2010

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Poker Lake Unit #308H Exhibit "C"

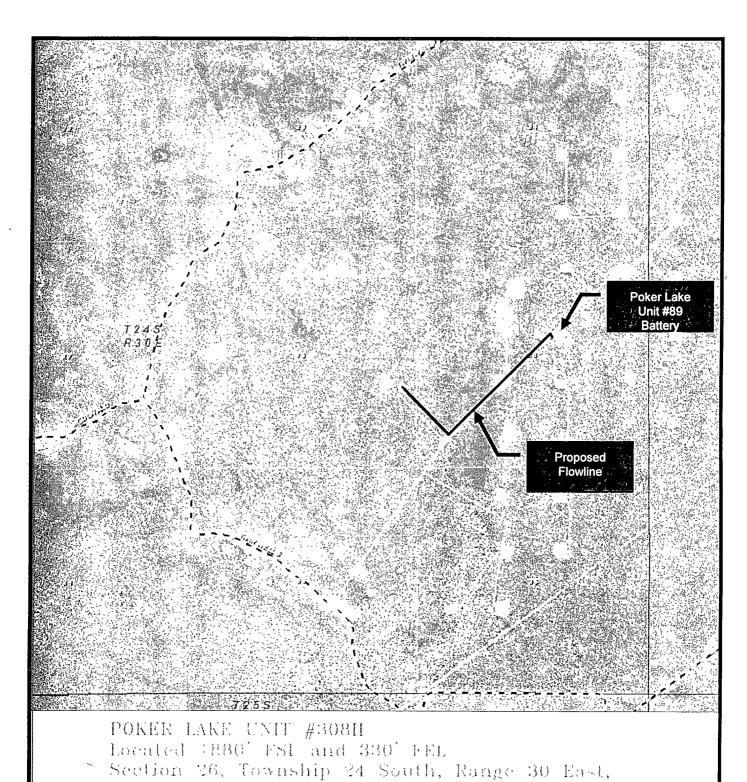




POKER LAKE UNIT #308H Located 1880' FSL and 330' FEL Section 26, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Poker Lake Unit #308H Exhibit "E"





N.M.P.M., Eddy County, New Mexico.

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

7" casing will be set at approximately 8223' (thru curve) and cemented in two stages with DV Tool set at approximately 5000'. Cement will be circulated 500' up into the 9-5/8" casing.

Production liner will be 4-1/2" run, with Baker hydraulic packers for zone isolation. Top of 4-1/2" liner will be approximately 200' above KOP (7422').

Drilling procedure, BOP diagram, and anticipated tops are attached.

This well is located outside the R111 Potash area and outside Secretary's Potash area.

The surface and bottom hole locations are both orthodox.

BOPCO, L.P., at P. O. Box 2760, Midland, TX, 79702 is a subsidiary of BOPCO, L.P., 201 Mail Street, Ft. Worth, TX, 76102. Bond No. COB000050 (Nationwide).

EIGHT POINT DRILLING PROGRAM BOPCO, L.P.

NAME OF WELL: Poker Lake Unit #308H

LEGAL DESCRIPTION - SURFACE: 1880' FSL, 330' FEL, Section 26, T24S, R30E, Eddy County, NM.

BHL: 1980' FSL, 330' FWL, Section 23, T24S, R30E, 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 3421' (estimated)

GL 3402'

	ESTIMA	ATED		
	TOP FR	OM KB	ESTIMATED	
FORMATION	TVD	_MD_	SUB-SEA TOP	BEARING
T/Rustler	532'	532'	+ 2,889'	Barren
T/Salt	894'	894'	+ 2,517'	Barren
B/Salt	3,860'	3,860'	- 439'	Barren
T/Lamar	4,070'	4,070'	- 649'	Barren
T/Ramsey	4,104'	4,104'	- 683'	Oil/Gas
T/Lower Cherry Canyon	6,190'	6,190'	- 2,769'	Oil/Gas
KOP	7,422'	7,422'	- 4,001'	Oil/Gas
T/Lwr Brushy Canyon	7,641'	7,641'	- 4,220'	Oil/Gas
T/"Y" Sand	7,807	7,807'	- 4,386'	Oil/Gas
EOC	7,817'	8,173'	- 4,396'	Oil/Gas
TD Horizontal Hole	7,767'	-14,900'	- 4,346'	Oil/Gas
		14,750		

POINT 3: CASING PROGRAM

Su

TYPE	INTERVALS (MD)	Hole Size	<u>PURPOSE</u>	CONDITION
20"	0'- 60'	24"	Conductor	Contractor Discretion
13-3/8", 48#, H-40, 8rd, ST&C	0'- 894 8 69'	17-1/2"	Surface	New
9-5/8", 36#, J-55, 8rd, LT&C	0' - 4090'	12-1/4"	Intermediate	New
7", 26#, N-80, 8rd, LT&C	0' - 8223'	8/3/4"	Production	New
4-1/2", 11.6#, HCP-110, UFJT	7,222' - 8223'	6-1/8"	Production	New
4-1/2", 11 6#, HCP-110, 8rd, LT&C	8,223' - <u>14,900'</u>	6-1/8"	Production	New
	14,750			

CASING DESIGN SAFETY FACTORS:

TYPE	TENSION	COLLAPSE	<u>BURST</u>	
13-3/8", 48#, H-40, 8rd, ST&C	8.73	1.78	1.98	
9-5/8", 36#, J-55, 8rd, LT&C	3.74	1.21	1.05	•
7", 26#, N-80, LT&C	2.95	1.46	1 08	
4-1/2", 11 6#, HCP-110, UFJT	3.78	2 05	1.30	
4-1/2", 11 6#, HCP-110, 8rd, LT&C	3.78	2.05	1.30	

DESIGN CRITERIA AND CASING LOADING ASSUMPTIONS:

SURFACE CASING - (13-3/8")

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 a 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 - (9-5/8")

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.

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

2ND INTERMEDIATE CASING - (7")

Tension A 1.6 design factor utilizing the effects of buoyancy (9.0 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 (5000 psig) on top of the maximum

anticipated packer fluid gradient (0 433 psi/ft) Backup on production strings will be formation pore

pressure (0.433 psi/ft) The effects of tension on burst will not be utilized.

PRODUCTION CASING - (4-1/2")

Tension A 1.6 design factor utilizing the effects of buoyancy (9.0 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 (5000 psig) on top of the maximum

anticipated packer fluid gradient. (0 433 psi/ft) Backup on production strings will be formation pore

pressure. (0.433 psi/ft) The effects of tension on burst will not be utilized.

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

The blowout preventer equipment will be as shown in Diagram #2 and will consist of a double ram type preventer (5000 psi WP) and a bag type (Hydril) annular preventer (5000 psi WP). The same BOPE will be installed on the surface casinghead and on all subsequent casing strings. The BOP stack, chokes, kill lines, upper and lower kelly cocks, inside BOP, choke manifold when installed on the surface casinghead will be hydro-tested to 200 psig & 2000 psig by a independent tester. The BOP stack, chokes, kill lines, upper and lower kelly cocks, inside BOP, choke manifold, when rigged up on the intermediate casing spool will be tested to 3000 psig by independent tester. (hydril to 2500 psig) In addition to the high pressure test, a low pressure (250 psig) test will be required.

These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen days after a previous test
- d) As required by well conditions

A function test to insure that the preventers are operating correctly will be performed on each trip.

POINT 5: MUD PROGRAM

DEPTH	MUD TYPE	WEIGHT	_FV	PV	YP_	FL	Ph
0' 884"	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
869 - 4090'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5 - 10.5
4090' - 8223'	FW/Gel	8.7 - 9.0	28-36	NC	NC	NC	9.5 – 10 0
8223' - 14,900'	FW/Gel/Starch	87 – 9.0	28-36	NC	NC	<100	9.5 - 10.0

NOTE: May increase vis for logging purposes only.

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

None anticipated.

B) LOGGING

Run #1: GR with MWD during drilling of build and horizontal portions of 8-3/4" and 6-1/8" hole.

Run #2: Shuttle log w/GR, PE, Density, Neutron, Resistivity in lateral leg open hole (lateral).

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	<u>PPG</u>	FT ³ /SX
SURFACE: Lead: 0 – 594' (100% excess Circ to surface)	500	584	Class "C" + 4% Extender + 2% CaCl ₂	9.15	13.50	1 74
Tail ⁻ 584' – 884' (100% excess)	330	300	Class "C" + 2% CaCl ₂	6.35	14.80	1.34
INTERMEDIATE: Lead. 0' – 3590' (100% excess Circ to surface)	1050	3590	35/65 Poz + 5% NaCl + 0.20% Anti Foam + 6%+ Extender + 0.125 lb/sk Lost circulation material	11.44	12 60	2.08
Tail: 3590' – 4090' (100% excess)	300	500	Class "C" cement	6.36	14 8	1 33
2ND INTERMEDIATE Stage 1:	Ē					
Lead. 5000' - 8223' (50% excess)	360	3223	Lite CRETE + 3 lb/sk extender + 0 20% Anti Foam + 0.30% Retarder + 0.30% Dispersant	7.48	10 20	2 18
DV Tool @ 5,000'			0.0070 Diopordant			
Stage 2' Lead: 3590' – 4900' (50% excess) (TOC 500' into 9-5/8	150	1090	35/65 Poz + 5% NaCl + 0.60% Extender + 0 20% Anti Foam	10 92	12.60	1 98
Tail. 4900'-5000' (50% excess)	50	100	Cass "C" + 0 20% Retarder	6.35	14.80	1.33

E) DIRECTIONAL DRILLING

BOPCO, L.P. plans to drill out the 9-5/8" intermediate casing with a 8-3/4" bit to a TVD of approximately 7422'. At this depth a 8-3/4" directional hole will be initiated at an azimuth of 322°, building angle at 12.00°/100' to a max of 90° at a TVD of 7817' (MD 8223'). At this depth 7" casing will be installed and TOC circulated 500' up into the 9-5/8" casing. A 6-1/8" open hole will be drilled thru the lateral to a MD of 14,900' (TVD 7817'). At a measured depth of 8305' the azimuth will be turned to 318° and this azimuth continued to TD. 4-1/2" casing will be installed in the lateral using Baker Hydraulic packers to isolated pay intervals in the "Y" Sand

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3581 psi (max) or MWE of 8.4 ppg is expected. Lost circulation may exist in the Delaware Section from 4070'-7807' TVD. No H_2S 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

30 days drilling operations

14 days completion operations

Gary E. Gerhard

GEG/mac February 16, 2010



Planned Wellpath Report Plan #1 Page 1 of 5



RECENT	ENCE WELLPATH IDENTIFICATION		
Operator	BOPCO, L.P.	Slot	No. 308H SHL
Area	Eddy County, NM	Well	No. 308H
Field	Poker Lake Unit	Wellbore	No. 308H PWB
Facility	Poker Lake Unit No. 308H		

REPORT SETUP	INFORMATION		
Projection System	NAD27 / TM New Mexico State Planes, Eastern Zone (3001),	Software System	WellArchitect® 2.0
	US feet		
North Reference	Grid	User	Victor Hernandez
Scale	0.999935	Report Generated	2/5/2010 at 10:45:53 AM
Convergence at slot	0.26° East	Database/Source file	WA_Midland/No308H_PWB.xml

WELLPATH LOCATION								
	Local coordinates		Grid co	ordinates	Geographic coordinates			
	North[ft]	East[ft]	Easting[USft]	Northing[USft]	Latitude	Longitude		
Slot Location	0.00	0.00	651511.38	431975.12	32°11'12.006"N	103°50'36.911"W		
Facility Reference Pt			651511.38	431975.12	32°11'12.006"N	103°50'36.911"W		
Field Reference Pt		i	630272.49	405347.85	32°06'49.387"N	103°54'45 266"W		

WELLERATH DATUM			
Calculation method	Minimum curvature	Rig on No. 308H SHL (RT) to GL	19.00ft
Horizontal Reference Pt	Surface Location	Rig on No. 308H SHL (RT) to Mean Sea Level	3421.00ft
Vertical Reference Pt	Rig on No. 308H SHL (RT)	GL to Mud Line (Facility)	0.00ft
MD Reference Pt	Rig on No. 308H SHL (RT)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	318.68°



Planned Wellpath Report Plan #1 Page 2 of 5

BAKER HUGHES INTEQ

REMEDIA	ENCE WELLPATH IDENTIFICATION		
Operator	BOPCO, L.P.	Slot	No. 308H SHL
Area	Eddy County, NM	Well	No. 308H
Field	Poker Lake Unit	Wellbore	No. 308H PWB
Facility	Poker Lake Unit No. 308H		

WELLI	PATH DA	TA (88	station	is) †=	interpo	olated/e	xtrapolat	ed station		***************************************	AND AND THE PROPERTY OF	
MD	Inclination	Azimuth	TVD	Vert Sect	North	East	Grid East	Grid North	Latitude	Longitude	DLS	Comments
[ft]	[°]	[°]	[ft]	[ft]	[ft]	[ft]	[srv ft]	[srv ft]	20011110 006111	102050126 0111376	[°/100ft]	
0.00		329 000	0.00	0.00	0.00	0.00	651511 38	431975.12	r	103°50'36.911"W		Tie On
531.00†		329.000	531 00	0.00	0.00	0.00	651511.38			103°50'36.911"W		Rustler
903.00†	1	329.000		0.00	0.00	0.00	651511.38		32°11'12 006"N	103°50'36.911"W	0.00	
3859.00†	PROPERTY AND A AMERICAN	329.000		0.00	0.00	0.00	651511 38	VICTORIA DE LA CONTRA C	32°11'12.006"N	103°50'36.911"W	Same and the same	B / Salt
4069.00†	A TOTAL OF THE PARTY OF THE PAR	329.000	Managarina 1 2 Tr	:00.00	0.00	Section of the sectio	\$ 720 70 AZ 2000 AZ 2000 AZ 2 AZ 2000 AZ 2 AZ 2	431975.12	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	103°50'36.911".W	2002 2002 200 200 c	Lamar Linie
4103.00†		329.000	*** * * * * ** *	0.00	0.00	0.00		431975.12	32°11'12.006"N	103°50'36.911"W	form a series was	Ramsey
6189.00†		329 000		0.00 ;	0.00	0.00	651511.38	yann a a	32°11'12.006"N	103°50'36.911"W		Lower Cherry Canyon
7322.00	1	329.000		0.00	0.00	0.00		431975 12	32°11'12.006"N	103°50'36.911"W		EST KOP
7422.00†	termoscorpina an an anan	329.000		9.92	8.65	-5.20	651506.18	431983 77	32°11'12.092"N	103°50'36.971"W	11 60	
7522.00†	Symmetry or the court of a mount	329:000	or the second se	39.29	34.23	Second commences of		432009.35	/ ,	103°50'37.149"W	11.60	
7622.00†		329.000		86.90	75.71	-45 49	651465.89	432050.83	32°11'12.758"N	103°50'37.436"W	11.60	
7667 48†	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	329 000		114 09	99.40	-59.73	651451.66	m / m m m m water m	32°11'12.993"N	103°50'37.601"W		Lower Brushy Canyon
7722.00†		329 000		150.81	131 39	-78.95	651432 43	432106.50	32°11'13.310"N	103°50'37.823"W	11.60	
7822.00†	Server on the server of the se	329 000		228.41	199.00	: - :	651391.82	A	32°11'13.981"N	103°50'38 292"W	11.60	
7922.00†	and company is a few yours, you provide a	329.000	THE WAS TO DOWNWARD !	316,52	2, 2,000,000,000,000,000,000	200000 20000000000000000000000000000000	Entrancement was required and the	Section to the second	A CONTRACT OF SOURCE MANY PROPERTY AND A SOURCE ASSESSMENT OF SOURCE ASS	3103°50'38:824"W	11.60	Section and a commentation of the comment of the co
7998.41†		329.000		388.72	338.67	-203.49		432313.77	32°11'15.367"N	103°50'39.261"W	;	LBC Y Sand
8022 00†		329.000	ment to the same and	411.56	358.58	-215.45	651295.94	432333 67	32°11'15 564"N	103°50'39.399"W	11 60	
8097.97		329.000		486.01	423.44	-254.43	651256.97		32°11'16.208"N	103°50'39.849"W	,,,,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	END OF CURVE
8122.00†		328.280		509.68	443.96	-266.93	651244.46	Vierge concession and are a construction of the same	32°11'16.411"N	103°50'39.993"W	3 00	and the second contract of the second contrac
8222.00†		325.282		608.67	527.61	\$ 12 00 T \$ 40 to 17	651189.69		Fig. 7 > A country of the control of	103°50'40.626"W	3, 7, 4,000, 1	
8322.00†		322.284	,	708.26	608.27	-380.79	651130 62		32°11'18.043"N	103°50'41.310"W	3.00	
8422.00†	? ~	319.286	***	808.18	685.74	-444.00	651067.41	,	32°11'18.812"N	103°50'42.041"W	3.00	
8478.36		317 597		864.54	727.91		651030.02		32°11'19.231"N	103°50'42.474"W	1	TARGET LINE
8522.00†	the secretary and a summer	317.597		908.17			651000 60	ger in adv. Argennerring in the art Australia	32°11'19.551"N	103°50'42.814"W	0.00	
8622.00†	· · · · · · · · · · · · · · · · · · ·	317.597	i. a waaningaa	1008.15			650933,17	(100 740KA V. 1 V	"Legings a promongraphic displays to any cope of "	103°50'43.595"W	Source and a committee of	
8722 00†	to a word word a second	317.597		1108.13	907.82	-645.68	650865 74		32°11'21 019"N	103°50'44.376"W	0.00	gare. The title That he does promptly to them to promptly the state of the second of t
8822.00†		317.597		1208.11	981.66	-713.11	650798 31	432956 71	32°11'21.752"N	103°50'45.157"W	0.00	
8922 00†	4	317.597			1055 50	-780.54	650730 89	433030 55	32°11'22.486"N	103°50'45.937"W	0.00	
9022.00†	2	317.597		£	1129.34	-847.98	£	433104.38	32°11'23.220"N	103°50'46.718"W	0 00	proprogramme and recommendate the second
9122.00†	90.443	317.597	7809.54	1508.04	1203.18	-915.41	650596.03	433178.22	-32°11 23.953 N	103°50'47.499"W	0.00	



Planned Wellpath Report Plan #1 Page 3 of 5

BAKER HUGHES INTEQ

REDUCE	ENCE WELLPATH IDENTIFICATION		
Operator	BOPCO, L.P.	Slot	No. 308H SHL
Area	Eddy County, NM	Well	No. 308H
Field	Poker Lake Unit	Wellbore	No. 308H PWB
Facility	Poker Lake Unit No. 308H	***************************************	

WELLPA	TH DAT	'A (88 s	tations)	† = int	terpolate	ed/extrap	olated sta	ition			·	
MD	Inclination		TVD	Vert Sect		East	Grid East	Grid North	Latitude	Longitude		Comments
[ft]	[°]	[°]	[ft]	[ft]	[ft]	[ft]	[srv ft]	[srv ft]		and once an advantage of Appellation Review of	[°/100ft]	
9222.00†	90.443	317.597	7808 77	1608.02	1277.02	-982.84	650528.60	ł.	32°11'24.687"N	103°50'48.280"W	0.00	
9322.00†	90.443	317.597		1708 00	1350 85	-1050.27	650461.18		32°11'25 421"N	103°50'49.060"W	0.00	
9422 00†	90.443	317.597	7807.22	1807.98	1424.69	-1117.70	650393.75	433399.72	32°11'26 154"N	103°50'49.841"W	0.00	
9522.00†	90.443	317.597	7806.45	1907 96	1498.53	-1185.14	650326 32	433473.55	32°11'26 888"N	103°50'50.622"W	0.00	:
9622.00†	90.443	317.597	7805.68	2007.94	1572.37	-1252.57	650258.89	433547.39	32°11'27.622"N	103°50'51.403"W	0.00	
9722.00†	90.443	317.597	7804.90	2107.92	1646.21	-1320.00	650191.46	433621.22	32°11'28.356"N	103°50'52.183"W	0.00	1
9822.00†	90.443	317.597	7804.13	2207.90	1720.05	-1387.43	650124.04	433695.06	32°11'29 089"N	103°50'52.964"W	0.00	
9922.00†	90.443	317.597	7803.35	2307.88	1793.89	-1454.87	650056.61	433768.89	32°11'29.823"N	103°50'53 745"W	0.00	1
10022.00†	90 443	317.597	7802.58	2407.86	1867.73	-1522.30	649989.18	433842 73	32°11'30.557"N	103°50'54 526"W	0 00	,
10122.00†	90.443	317.597	7801.81	2507.83	1941.57	⊶1589.73	649921.75	433916.56	32°11'31,290"N	∞ 103°50′55.307″W	0.00	
10222.00†	90.443	317.597	7801.03	2607.81	2015.41	-1657.16	649854.33	433990.40	32°11'32.024"N	103°50'56.087"W	0.00	1
10322.00†	90.443	317.597	7800.26	2707.79	2089.25	-1724.59	649786.90	434064.23	32°11'32.758"N	103°50'56.868"W	0 00	
10422 00†	90.443	317.597	7799 49	2807.77	2163 09	-1792.03	649719 47	434138 07	32°11'33 491"N	103°50'57 649"W	0.00	}
10522.00†	90.443	317.597	7798.71	2907.75	2236.93	-1859.46	649652.04	434211.90	32°11'34 225"N	103°50'58.430"W	0.00	1
10622.00†	90.443	317,597	7797.94	3007.73	2310.77	-1926.89	649584.62	434285.74	32°11'34.959"N	103°50'59.211"W	0.00	
10722 00†	90.443	317 597	7797.16	3107 71	2384.61	-1994.32	649517.19	434359.57	32°11'35 692"N	103°50'59.991"W	0.00	
10822 00†	90.443	317,597	7796.39	3207 69	2458.45	-2061 75	649449 76	434433.41	32°11'36.426"N	103°51'00.772"W	0 00	·
10922.00†	90.443	317.597	7795.62	3307.67	2532 29	-2129.19	649382.33	434507.24	32°11'37.160"N	103°51'01.553"W	0.00	
11022.00†	90.443	317.597	7794 84	3407.65	2606.13	-2196.62	649314.91	434581.08	32°11'37.893"N	103°51'02 334"W	0.00	
11122.00†	90,443	317.597	7794.07	3507.62	2679.97	-2264.05	649247.48	434654.91	32°11'38.627"N	103°51'03.115"W	0.00	
11222 00†	90.443	317.597	7793.30	3607.60	2753.81	-2331.48	649180 05	434728.75	32°11'39 361"N	103°51'03.895"W	0.00	
11322.00†	90 443	317.597	7792.52	3707.58	2827.65	-2398.92	649112.62	434802 58	32°11'40.094"N	103°51'04.676"W	0.00	
11422.00†	90.443	317.597	7791.75	3807.56	2901.49	-2466.35	649045.19	434876 42	32°11'40.828"N	103°51'05.457"W	0.00	
11522.00†	90.443	317.597	7790.97	3907 54	2975.33	-2533.78	648977.77	434950.25	32°11'41.562"N	103°51'06.238"W	0.00	<i>"</i>
11622:00+	90.443	317.597	7790.20	4007,52	*************	-2601:21	648910.34	435024.09	32°11'42.295"N	103°51'07:019"W	0.00	
11722 00†			7789.43	San a com make mi	V / 1 / 2000 / 00 / 00 / 00 / 00 / 00 / 0	-2668.64	648842.91	435097.92	32°11'43.029"N	103°51'07.800"W	0 00	,
11822.00†	90.443	· · · · · · · · · · · · · · · · · · ·	7788.65	processor . At the reasons	3196 85	-2736.08	648775 48	435171.76	32°11'43 763"N	103°51'08 580"W	0.00	†
11922.00†	90.443	317.597	7787.88	4307.46	3270.69	-2803 51	648708.06	435245.59	32°11'44.496"N	103°51'09.361"W	0.00	
12022.00†	90.443	317.597	7787.11	4407.44		-2870.94	648640 63	435319.42	32°11'45 230"N	103°51'10.142"W	0.00	f c {
12122:00†	90.443	317.597	7786.33	4507.41	3418.37	-2938.37	648573.20	435393.26	32°11'45.964"N	103°51'10.923"W	0.00	



Planned Wellpath Report Plan #1 Page 4 of 5



RIDIDIDIR	ENCE WELLPATH IDENTIFICATION		
Operator	BOPCO, L.P.	Slot	No. 308H SHL
Area	Eddy County, NM	Well	No. 308H
Field	Poker Lake Unit	Wellbore	No. 308H PWB
Facility	Poker Lake Unit No. 308H		

WELLPA	ATH DA'	TA (88	stations)) † = ir	iterpola	ted/extr	apolated s	station	7.7			to the second
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	DLS [°/100ft]	Comments
12222.00†	90.443	317.597	7785.56	4607.39	3492.21	-3005.81	648505.77	435467.09	32°11'46.697"N	103°51'11.704"W	0.00	
12322.00†	90.443	317.597	7784.79	4707.37	3566.05	-3073.24	648438.35	435540.93	32°11'47.431"N	103°51'12.485"W	0.00	
12422 00†	90.443	317.597				-3140.67		435614.76	32°11'48 165"N	103°51'13 266"W	, 000	
12522.00†	90.443	317.597	7783.24	4907.33	3713.73	-3208.10	648303.49	435688.60	32°11'48.898"N	103°51'14 046"W	0.00	
12622.00†	90.443	317,597	7782.46	5007.31	3787.57	-3275.53	648236.06	435762.43	32°11'49.632"N	#103°51'14.82 7 "W	0.00	
12722 00†	90 443	317.597	7781.69	5107.29	3861.41	-3342.97	648168.63	435836.27	32°11'50.366"N	103°51'15.608"W	0.00	
12822.00†	90.443	317.597	7780.92	5207.27	3935.25	-3410.40	648101.21	435910.10	32°11'51.099"N	103°51'16.389"W	0.00	
12922 00†	90.443	317.597	7780.14	5307.25	4009.09	-3477.83	648033 78	435983.94	32°11'51.833"N	103°51'17.170"W	0 00	
13022 00†	90 443	317.597	7779 37	5407.23	4082.92	-3545.26	647966.35	436057.77	32°11'52 566"N	103°51'17.951"W	0.00	
13122.00†	90.443	317.597	7778.60	5507.20	4156.76	-3612.69	647898.92	436131.61	32°11′53.300′'N	103°51'18.732"W	0.00	
13222 00†	90 443	317 597	7777 82	5607 18	4230.60	-3680 13	647831.50	436205 44	rememe when he is a see to	103°51'19 513"W	0.00	
13322 00†	90 443	317 597	7777 05	5707.16	4304.44	-3747.56	647764.07	436279.28	32°11'54 767"N	103°51'20.293"W	0.00	
13422.00†			**************************************	· · · · · · · · · · · · · · · · · · ·		~~~~~~ ~~ ~~	647696.64	<u></u>		103°51'21.074"W	0 00	
13522 00†	* #47 AND ****** ************ YA & A	To accompany to the contract of the contract o	XX Well-way concentration of	·		rani manana manana ranak	647629.21	436426.95	32°11'56.235"N	103°51'21 855"W	0.00	.a.a.a.aaaa
13622.00†		S. A. C. A.		- Mariana Mariana	J 448-0000			provide Da Said No. 575.	32°11'56.968"N	/103°51'22.636"W	0.00	
13648 28†					~ ~ ~ ~ ~ ~	-3967.57		436520.18		103°51'22.841"W	0.00	
13722.00†		g			***************************************	-4017.29	***************************************	436574.62	32°11'57.702"N	103°51'23.417"W	0.00	
13822.00†		·		,	******************		647426.93	·	32°11'58.436"N	103°51'24.198"W		
13922 00†	STORY CHANGES AND WASHING	Production of the Sales	engerman and mean		· · · · · · · · · · · · · · · · · · ·	Care Maria Care Care Care Care Care Care Care Car	647359.50	AND THE PROPERTY OF THE PROPER	32°11'59.169"N	103°51'24.979"W	0 00	
14022.00†	100 34 38 mer - 10.0 30	her was " Drown" by	50000 - LEE 1	A STREET, WOUNTY OF VINCE		`Z'\Z'MXXXXXXXXXXXXX	And the second s	\$ 17-17 months and course in a con-	with the second comments of	103°51'25,760"W	0.00	
14122 00†			·····					أستنا سنست سندار	32°12'00.636"N	103°51'26.541"W	0.00	
14222.00†		,						; u 1.	32°12'01.370"N	103°51'27 322"W	0.00	
14322 00†	2.7.2		7769.31	~ ~ ~ ~ ~ '	***** ****** ******			L	32°12'02.104"N	103°51'28.103"W	0.00	,
14422 00†	remaining an arrangement of appropriate	Service and the service of the servi				armer rannan man an armeri		manuscrape of the second	32°12'02.837"N	103°51'28.883"W	0.00	
14522.00†	~~~~	1 20 1 0 . 0 . 0 Marson 1	September 1997 of	beautiful a	man in a state of the same	* art Terram transmires \$	See 1973 STEPS SWOLD CO.	Autoria, improve en	32°12'03,571"N	~103°51'29.664"W	0.00	
14622 00†			* * * * * * * * * * * * * * * * * * * *	***********	O TOY AND COMPOSED	CONTRACT CONTRACT AND THE	CC c an area c muse comment of	y contraction and a second contract	A A CO C SUCRESSION OF THE SECTION AS	103°51'30 445"W	0.00	
14722 00†	3	, ^				. ~		4		103°51'31.226"W	1	
14749 93	90 443	317 597	7766.00 ¹	7134.80	5358.83	-4710:44	646801.25	437333.59	32°12'05.243"N	103°51'31.444"W	0.00	No 308H PBHL



Planned Wellpath Report Plan #1 Page 5 of 5



REDUCE	ENCE WELLPATH IDENTIFICATION		
Operator	BOPCO, L.P.	Slot	No. 308H SHL
Area	Eddy County, NM	Well	No. 308H
Field	Poker Lake Unit	Wellbore	No. 308H PWB
Facility	Poker Lake Unit No. 308H		

TARGETS	4 5	· ** ;,			,	-			
Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	[srv ft]	Grid North [srv ft]	Latitude	S	Shape
1) No. 308H PBHL	14749.93	7,766.00	5358.83	-4710.44	646801.25	437333.59	32°12'05.243"N	103°51'31 <u>'3444</u> ''W	point
No. 308H TGT		7925.00	281.85	-174.22	651337.17	432256.95	32°11'14.803"N	103°50'38.923"W	point

SURVEY PRO	GRAM Ref W	ellbore: No. 308H PWB Ref Wellpath	: Plan #1	a and the second second
Start MD	End MD	Positional Uncertainty Model	Log Name/Comment	Wellbore
[ft]	[ft]			
19.00	14749.93 N	JaviTrak (Standard)		No. 308H PWB



BOPCO, L.P. Poker Lake Unit #308H Sec 26, T24S-R30E Eddy County, NM

McVay Rig #5

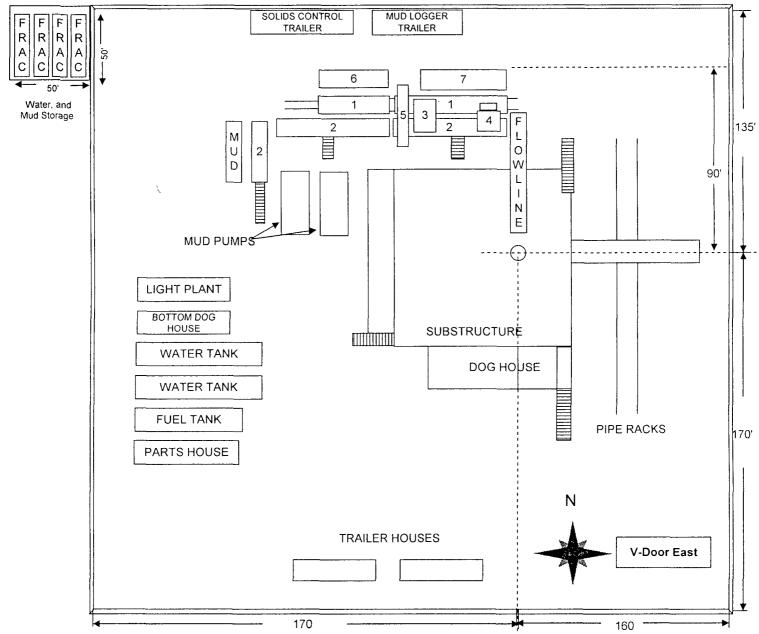
RIG LAYOUT SCHEMATIC INCLUSIVE OF CLOSED-LOOP DESIGN PLAN

Solids Control Equipment Legend

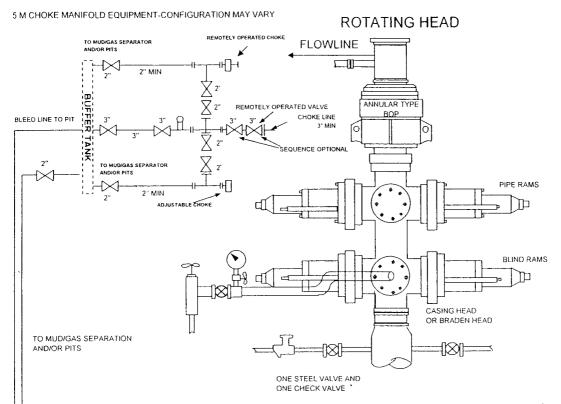
- 1) Roll Off Bin
- 2) Steel Tank
- 3) Mud Cleaner
- 4) Shaker

- 5) Centrifuge
- 6) Dewatering Unit
- 7) Catch Tank

EDGE OF LOCATION W/ BERM



BOPCO, L. P. 5-M WP BOPE WITH 5-M WP ANNULAR



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 suffficient 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

■ TO STEEL MUD TANKS

- 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

BLEED LINE TO STEEL PIT (NOT CONNECTED TO BUFFER TANK

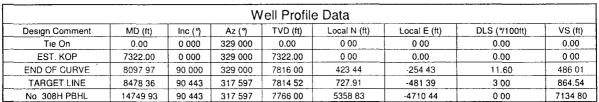


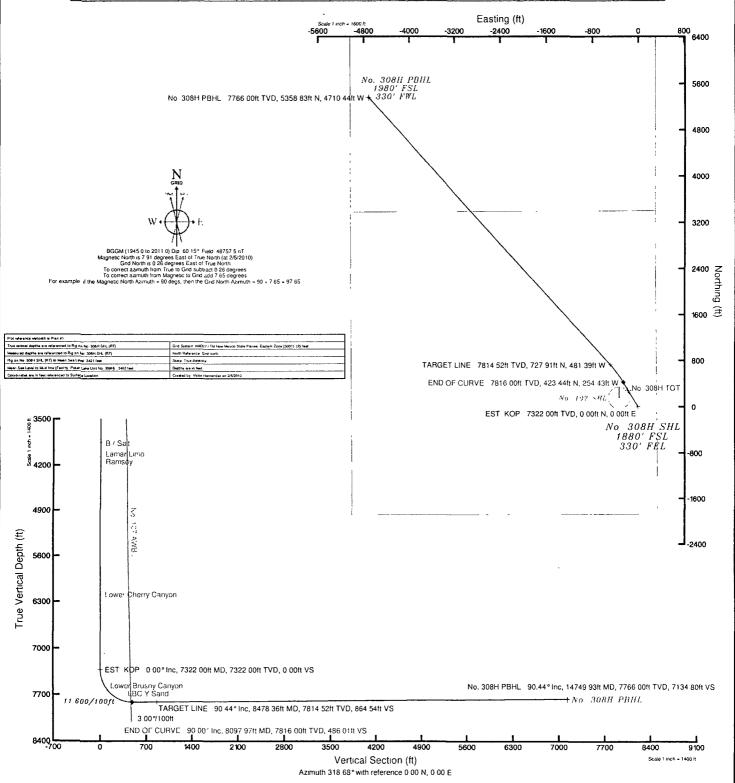
BOPCO, L.P.

Location Eddy County, NM
Field Poker Lake Unit
Facility Poker Lake Unit No 308H

Slot No 308H SHL Well No 308H Wellbore No 308H PWB







Form NM 8140-9 (March 2008)

United States Department of the Interior Bureau of Land Management New Mexico State Office

Permian Basin Cultural Resource Mitigation Fund

The company shown below has agreed to contribute funding to the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III survey for cultural resources associated with their project. This form verifies that the company has elected to have the Bureau of Land Management (BLM) follow the procedures specified within the Memorandum of Agreement (MOA) concerning improved strategies for managing historic properties within the Permian Basin, New Mexico, for the undertaking rather than the Protocol to meet the agency's Section 106 obligations.

Company Name:	BOPCO, L.P.
Address:	P. O. Box 2760
	Midland, Texas 79702
Project description:	Drilling and completion of Lower Brushy Canyon horizontal well
	Poker Lake Unit #308H
T, <u>24S</u> , R <u>30E</u>	, Section26 NMPM,EddyCounty, New Mexico
Amount of contribution: \$_	1,339.00

Provisions of the MOA:

- A. No new Class III inventories are required of industry within the Project Area for those projects where industry elects to contribute to the mitigation fund.
- B. The amount of funds contributed was derived from the rate schedule established within Appendix B of the MOA. The amount of the funding contribution acknowledged on this form reflects those rates.
- C. The BLM will utilize the funding to carry out a program of mitigation at high-priority sited whose study is needed to answer key questions identified within the Regional Research Design.
- D. Donating to the fund is voluntary. Industry acknowledges that it is aware it has the right to pay for Class III survey rather than contributing to the mitigation fund, and that it must avoid or fund data recovery at those sites already recorded that are eligible for nomination to the National Register or whose eligibility is unknown and that any such payments are independent of the mitigation funds established by this MOA.
- E. Previously recorded archeological sites determined eligible for nomination to the National Register or whose eligibility remains undetermined must be avoided or mitigated.
- F. If any skeletal remains that might be human or funerary objects are discovered by any activities, the land-use applicant will cease activities in the area of discovery, protect the remains, and notify the BLM within 24 hours. The BLM will determine the appropriate treatment of the remains in consultation with culturally affiliated Indian Tribe(s) and lineal descendents. Applicants will be requited to pay for treatment of the cultural items independent and outside of the mitigation fund.

Company-Authorized Officer	2/18/10 Date
BLM-Authorized Officer	Date

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #308H

LEGAL DESCRIPTION - SURFACE: 1880' FSL, 330' FEL, Section 26, T24S, R30E, Eddy County, NM. BHL: 1980' FSL, 330' FWL, Section 23, T24S, R30E, Eddy County, New Mexico.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit "B" & "C".

B) Existing Roads:

From the junction of State Hwy 128 and Twin Wells, go southeasterly on Twin Wells road continuing pass intersection with McDonald road to lease road (total 11.1 miles). On lease road go northeast 0.8 miles to lease road, on lease road go northwest 0.3 miles to pad and proposed location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit "B"

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 1600' of existing lease road will be up-graded.

B) Width

12' wide

C) Maximum Grade

Grade to match existing topography or as per BLM requirements.

D) Turnout Ditches

As required by BLM stipulations

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

Exhibits "A" indicates existing wells within the surrounding area.

- A) Existing production facilities within one mile owned or controlled by lessee / operator are located at Poker Lake Unit #89 battery.
- B) New Facilities in the Event of Production:

New production facilities will be built at Poker Lake Unit #89 battery (located in SWNE quarter Sec 25, T24S, R30E. A new separator / treater will be set at the Poker Lake Unit battery #89. A 2-7/8" flowline carrying oil, water, and gas will be laid on top of ground from Poker Lake Unit #308H to Poker Lake Unit #89 battery following existing roads. (See attached Exhibit E)

C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following the 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

On-site caliche will be used. If this is not sufficient, caliche will be hauled from a BLM approved pit.

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 "C" & "B".

POINT 7: METHODS FOR HANDLING WASTE MATERIAL

Page 3

A) Cuttings

Cuttings will be contained in the roll off bins and disposed of a CRI.

B) Drilling Fluids

Drilling fluids will be contained in the steel pits, frac tanks and disposed at licensed disposal sites.

C) Produced Fluids

Water production will be contained in the steel pits.

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. 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, closed loop system, 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 Access Road

See Exhibits "C" and "B".

C) Lining of the Pits

No reserve pits - closed loop system.

A) Reserve Pit Cleanup - Not applicable

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

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

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

A) Terrain

Slightly rolling hills

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 four existing water wells within 1-1/2 miles of proposed location. These wells are located in Section 23, T24S, R30E. (See Exhibit "A")

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

1) Archeological Resources

> Review of BLM records by BOPCO, L.P. indicates no known archeological sites will be impacted. A Payment of \$1339.00 has been submitted to the BLM (MOA). Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site is on federally owned land. There will be no new access roads required for this location.

- K) Well signs will be posted at the drilling site.
- L) Open Pits

No open pits will be used for drilling or production. Any open top tanks will be netted.

POINT 12: OPERATOR'S FIELD REPRESENTATIVE

(Field personnel responsible for compliance with development plan for surface use)

DRILLING W.R Dannels Box 2760 Midland, Texas 79702 (432) 683-2277

Dean Clemmer 3104 East Green Street Carlsbad, New Mexico 88220

(575) 887-7329

PRODUCTION

Carlos Cruz Box 2760

Midland, Texas 79702 (432) 683-2277

2/16/10

My C. Sechand

Date

OPERATOR CERTIFICATION

2/16/10

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 BOPCO, L.P. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filling of a false statement.

Date

Gary E. Gerhard

Address Stub - Discard Before Deposit

BUREAU OF LAND MANAGEMENT

(Formerly BEPCO Operating Co.) 201 MAIN ST SUITE 2700 FORT WORTH, TX 76102	JPMORGAN CHASE BANK	DATE 02/10/2010
APD-POKER LAKE UNIT 308H		

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT. SECURITY BOCK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

BOPCO, L.P. (Formerly BEPCO Operating Co.) 201 MAIN ST., SUITE 2700 FORT WORTH, TX 76102

BOPCO, L.P.

JPMORGAN CHASE BANK SAN ANGELO, TEXAS

CHECK NO

801485

DATE 02/10/2010

PAY EXACTLY Six Thousand, Five Hundred and NO/100 Dollars

PAY TO... BUREAU OF LAND MANAGEMENT ***6,500.00

"BO1485" (111300880) O6300066878"

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:
LEASE NO.:
WELL NAME & NO.:
SURFACE HOLE FOOTAGE:
BOTTOM HOLE FOOTAGE
LOCATION:
COUNTY:
BOPCO LP
NM030452
308H Poker Lake Unit
1880' FSL & 330' FEL
1980' FSL & 330' FWL
Section 26, T. 24 S., R 30 E., NMPM
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
Lesser Prairie-Chicken Timing Stipulations
Ground-level Abandoned Well Marker
Commercial Well Determination
Unit Plan of Development
Construction
Notification
V-Door Direction - East
Topsoil
Closed Loop System
Federal Mineral Material Pits – Flipping Caliche
Well Pads
Roads
Road Section Diagram
□ Drilling
Casing Depth Change
Medium Cave/Karst Potential
Logging Requirements
Production (Post Drilling)
Well Structures & Facilities
Pipelines – 3" Steel Surface
Electric Lines
☐ 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. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, see Section X.

Commercial Well Determination

Well is outside of NMNM – 71016FC participating area. A commercial well determination will need to be submitted.

Plan of Development

Operator is to submit a Unit Plan of Development (UPOD) annually to the BLM. Guidelines for UPOD are available upon request at the BLM Carlsbad Field Office.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 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. V-DOOR DIRECTION: East

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 8 inches in depth. The topsoil will be used for interim and final reclamation.

Operator shall separate top-soil from any other materials placed on location as a result of "flipping" surface materials to expose and/or extract caliche from underneath the well-pad location.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

F. 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.

G. 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

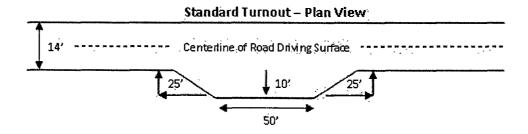
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on the uphill side 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:



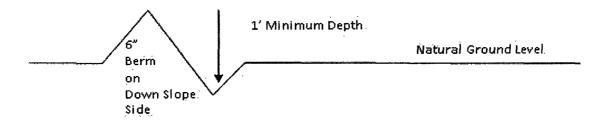
Drainage

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Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping 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 foot road with 4% road slope:
$$\frac{400'}{4\%}$$
 + 100' = 200' 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

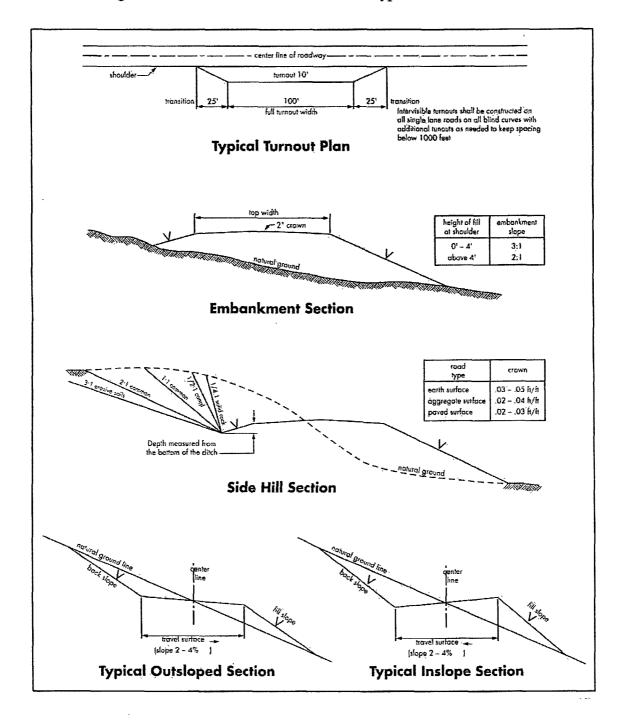
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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



VII. 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 Hydrogen Sulfide has not been reported in this section, 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.
- 4. The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

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 for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Medium Cave/Karst

Possible lost circulation in the Delaware and Bone Spring formations.

- 1. The 13-3/8 inch surface casing shall be set at approximately 869 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If the salt is encountered set the casing 25 feet above the top of the salt.
 - 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - 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 cementing will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:
 - □ Cement to surface. If cement does not circulate see B.1.a, c-d above.
 Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.
- 3. The minimum required fill of cement behind the 7 inch production casing is:
 - Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.
- 4. Cement not required on the 4-1/2" liner. Packer system being used.

5. 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi. Operator installing a 5M system but testing as a 2M.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
- 3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 inch intermediate casing shoe shall be 3000 (3M) psi. Operator installing a 5M system but testing as a 3M.
- 4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.
 - b. The tests shall be done by an independent service company utilizing a test plug.
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. 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.

e. 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.

D. DRILL STEM TEST

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

CRW 031610

VIII. 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 grant 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.
- c. 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

way width of 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 of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features. 9. The pipeline shall be buried with a minimum of <u>24</u> 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

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

of any responsibility as provided herein.

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.

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.

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

IX. 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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation 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 that is free of contaminants 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.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

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At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared; these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Requirements for ground level dry hole markers <u>Well Identification Markers</u> Conditions of Approval (COA)

The BLM Carlsbad Field Office (CFO) Conditions of Approval (COA) Requires that ground level dry hole markers be placed on well within the Lesser Prairie Chicken habitat area. The dry hole markers will be to the following specifications. The operator will construct the markers as follows:

- 1. An 8 inch X 8 inch steel plate 1/8 to 3/16 of an inch thick is to be placed on the old dry hole marker stand pipe 2 inches from ground level, in the Lesser Prairie Chicken habitat area.
- 2. Steel plate may be welded or bolted approximately 2 inches from ground level on the stand pipes. If plates are bolted to the stand pipe, the person installing the plate will be required to weld a pipe collar on the plate and place a minimum of two set screws/bolt on each collar. Aluminum data plates may be bolted with minimum ¼ inch bolt and locking nuts or self tapping fine threaded screws. A minimum of one in each corner is to be installed on each plate.
- 3. An 8 inch x 8 inch aluminum plate, which is 12 gauge or .080 sign material (1/8 inch aluminum plate may be used in place of the .080 plate) with the required information for that well stamped or engraved in a minimum 3/8 inch tall letter or number.
- 4. The following information will be stamped or engraved on the 8 inch X 8 inch aluminum plate in the following order.

a. First row: Operators name

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- b. Second row: Well name and number
- c. Third row: Legal location to include ¼ ¼, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the ¼ ¼ (example: 1980 FNL 1980 FWL) being on the top row.

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- d. Fourth row: Lease Number and API number.
 - i. Example marker plate: (attached)

NMOCD Order No. R-12965 also required the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a ground level dry hole marker was installed as required in the COA's from the BLM.

Seed Mixture for LPC Sand/Shinnery 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 <u>no</u> 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:

Species

Plains Bristlegrass 5lbs/A

lb/acre

Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

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

^{**}Four-winged Saltbush

* This can be used around well pads and other areas where caliche cannot be removed.

^{*}Pounds of pure live seed: