

Form 3160-3  
(March 2012)

SECRETARY'S POTASH

OC D Artesia

JUL 02 2014  
FORM APPROVED  
OMB No. 1004-0137  
Expires October 31, 2014

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED  
5. Lease Serial No. NMLC 068408  
6. If Indian, Allottee or Tribe Name  
TCS  
7-2-2014

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. Big Eddy Unit NM68294X
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Big Eddy Unit D14 #264H C305860
2. Name of Operator BOPCO, L.P.		9. API Well No. 260137-30-015-42478
3a. Address P.O. Box 2760 Midland, TX 79702	3b. Phone No. (include area code) 432-683-2277	10. Field and Pool, or Exploration W-6 William Sink (Bone Spring) GATUNA CANYON 296688
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface NWNE, ULB, 660' FNL & 2,220' FEL, Lat:N32.607672, Long:W103.889581 At proposed prod. zone 660' FNL, 330' FWT, Sec6, T20S-R31E, Lat:N32.6076, Long:W103.91540		11. Sec., T. R. M. or Blk. and Survey or Area Section 5, T20S-R31E
14. Distance in miles and direction from nearest town or post office* 23 miles northeast of Carlsbad, NM		12. County or Parish Eddy County
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of acres in lease 1328.58		17. Spacing Unit dedicated to this well 280' 261.17 150.05
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3,838'		20. BLM/BIA Bond No. on file COB 000050
19. Proposed Depth 17,230' MD / 8,855' TVD 19093 8485		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,465' GL
22. Approximate date work will start* 06/01/2014		23. Estimated duration 30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25. Signature <i>Courtney Lockhart</i>	Name (Printed/Typed) Courtney Lockhart	Date 7-12-14
Title Regulatory Analyst		
Approved by (Signature) /s/George MacDonell	Name (Printed/Typed) /s/George MacDonell	Date JUN 27 2014
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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

(Continued on page 2)

\*(Instructions on page 2)

Capitan Controlled Water Basin

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Approval Subject to General Requirements  
& Special Stipulations Attached

**OPERATOR'S CERTIFICATION**

APPLICATION FOR PERMIT TO DRILL  
BIG EDDY UNIT DI4 #264H  
660' FNL, 2,220' FEL, Sec. 5, T20S, R31E, Eddy County, NM

In reference to the above captioned well, I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 12<sup>th</sup> day of February, 2014.

If you have any questions regarding the accuracy of the plan provided herein, please do not hesitate to contact me at (432) 683-2277.



Courtney Lockhart  
Regulatory Analyst

DISTRICT I  
1626 N. French Dr., Hobbs, NM 88240  
Phone (875) 309-6161 Fax (875) 393-0720

DISTRICT II  
611 S. First St., Artesia, NM 88210  
Phone (875) 748-1289 Fax: (875) 748-0720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 284-8178 Fax: (505) 384-9170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87508  
Phone (505) 478-3480 Fax: (505) 478-3488

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-015-42478</b>	Pool Code <b>97650</b>	Property Name <b>GATONA CANYON</b>	Well Number <b>264H</b>
Property Code <b>305860</b>	Property Name <b>BIG EDDY UNIT D14</b>	Well Number <b>264H</b>	Elevation <b>3465'</b>
OGRID No. <b>260737</b>	Operator Name <b>BOPCO, L.P.</b>		

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	5	20 S	31 E		660	NORTH	2220	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	6	20 S	31 E		660	NORTH	2320	EAST	EDDY

Dedicated Acre <b>150.05</b>	Joint or Infill	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

**PROPOSED BOTTOM HOLE LOCATION**  
Lat - N 32°36'27.44"  
Long - W 103°54'25.59"  
NMSPC - N 585027.9  
E 631249.3  
(NAD-27)

**SURFACE LOCATION**  
Lat - N 32°36'27.52"  
Long - W 103°53'22.49"  
NMSPC - N 585067.7  
E 636648.7  
(NAD-27)

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

*Whitney B. McKee* 6/11/14  
Signature Date  
Whitney McKee  
Printed Name  
wbmckee@basspet.com  
Email Address

**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.

Date Surveyed: 6/11/14  
Signature & Seal of Professional Surveyor  
Certification No. 7977  
BASS SURVEYS

0' 1500' 5000' 4500' 8000'  
SCALE: 1" = 3000'  
WG Num.: 20680

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-6181 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax: (575) 748-0720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3480 Fax: (505) 476-3452

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code 97650	Pool Name WC WILLIAM SINK (BONE SPRING)
Property Code 305860	Property Name BIG EDDY UNIT D14		Well Number 264H
OGRID No. 260737	Operator Name BOPCO, L.P.		Elevation 3465'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	5	20 S	31 E		660	NORTH	2220	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	6	20 S	31 E		660	NORTH	330	WEST	EDDY

Dedicated Acres 280	Joint or Infill	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

**PROPOSED BOTTOM HOLE LOCATION**  
Lat - N 32°36'27.41"  
Long - W 103°54'55.47"  
NMSPC- N 585014.2  
E 628693.0  
(NAD-27)

**SURFACE LOCATION**  
Lat - N 32°36'27.62"  
Long - W 103°53'22.49"  
NMSPC- N 585067.7  
E 636646.7  
(NAD-27)

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

Signature: *Courtney Lockhart* Date: 7-12-14  
Printed Name: Courtney Lockhart  
Email Address: cjlockhart@basspet.com

**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.

Date Surveyed: 7/14  
Signature & Seal of Professional Surveyor: *[Signature]*  
Certificate No.: Jones 7977  
BASIN SURVEYS

Scale: 1" = 3000'  
WO Num.: 29980

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
NMLC068408

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

7. If Unit or CA/Agreement, Name and/or No.  
NM68294X

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and No.  
BIG EDDY UNIT D14 264H

2. Name of Operator  
BOPCO, L.P. Contact: COURTNEY LOCKHART  
E-Mail: CJLOCKHART@BASSPET.COM

9. API Well No.  
**30015-92478**

3a. Address  
PO BOX 2760  
MIDLAND, TX 79702

3b. Phone No. (include area code)  
Ph: 432-221-7307

10. Field and Pool, or Exploratory  
WC WILLIAM SINK (B.S.)

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

Sec 5 T20S R31E NWNE 660FNL 2220FEL  
32.607672 N Lat, 103.889581 W Lon

11. County or Parish, and State  
EDDY COUNTY COUNTY, NM

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

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

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

BOPCO, L.P respectfully requests to begin construction on the Big Eddy Unit D14 pad before final APD approval.

Accepted for record  
NMOC D  
tes  
7-2-2014

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.  
Electronic Submission #236887 verified by the BLM Well Information System  
For BOPCO, L.P., sent to the Carlsbad

Name (Printed/Typed) COURTNEY LOCKHART

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 02/26/2014

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

Approved By *Stephen J. Poff*

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

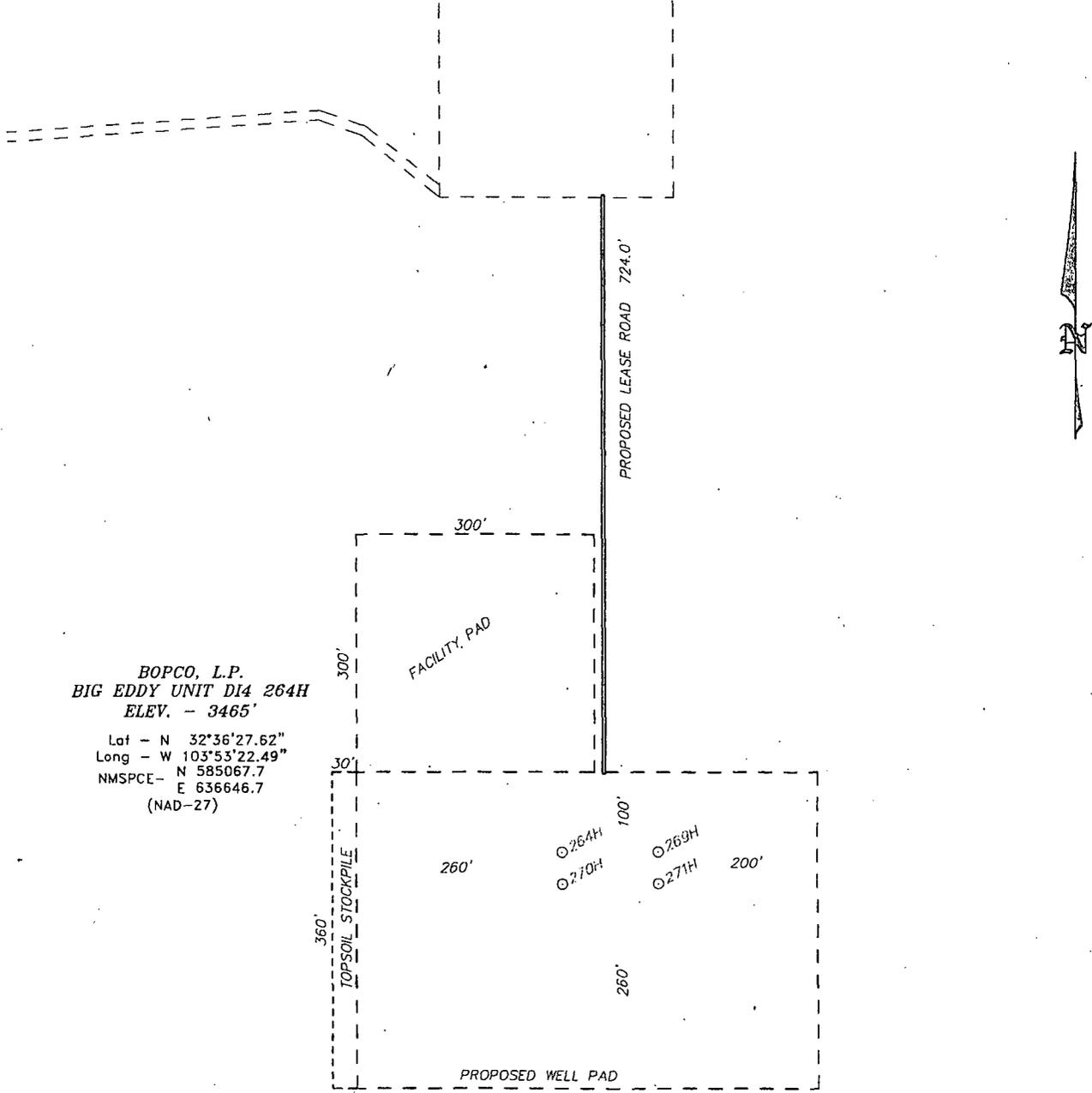
Office

**MAR 6 2014**

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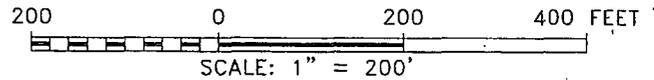
BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



**BOPCO, L.P.**  
**BIG EDDY UNIT D14 264H**  
**ELEV. - 3465'**  
 Lat - N 32°36'27.62"  
 Long - W 103°53'22.49"  
 NMSPCE - N 585067.7  
 E 636646.7  
 (NAD-27)

CARLSBAD, NM IS ±24 MILES TO THE SOUTHWEST OF LOCATION.



Directions to Location:

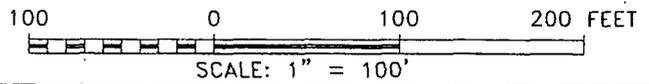
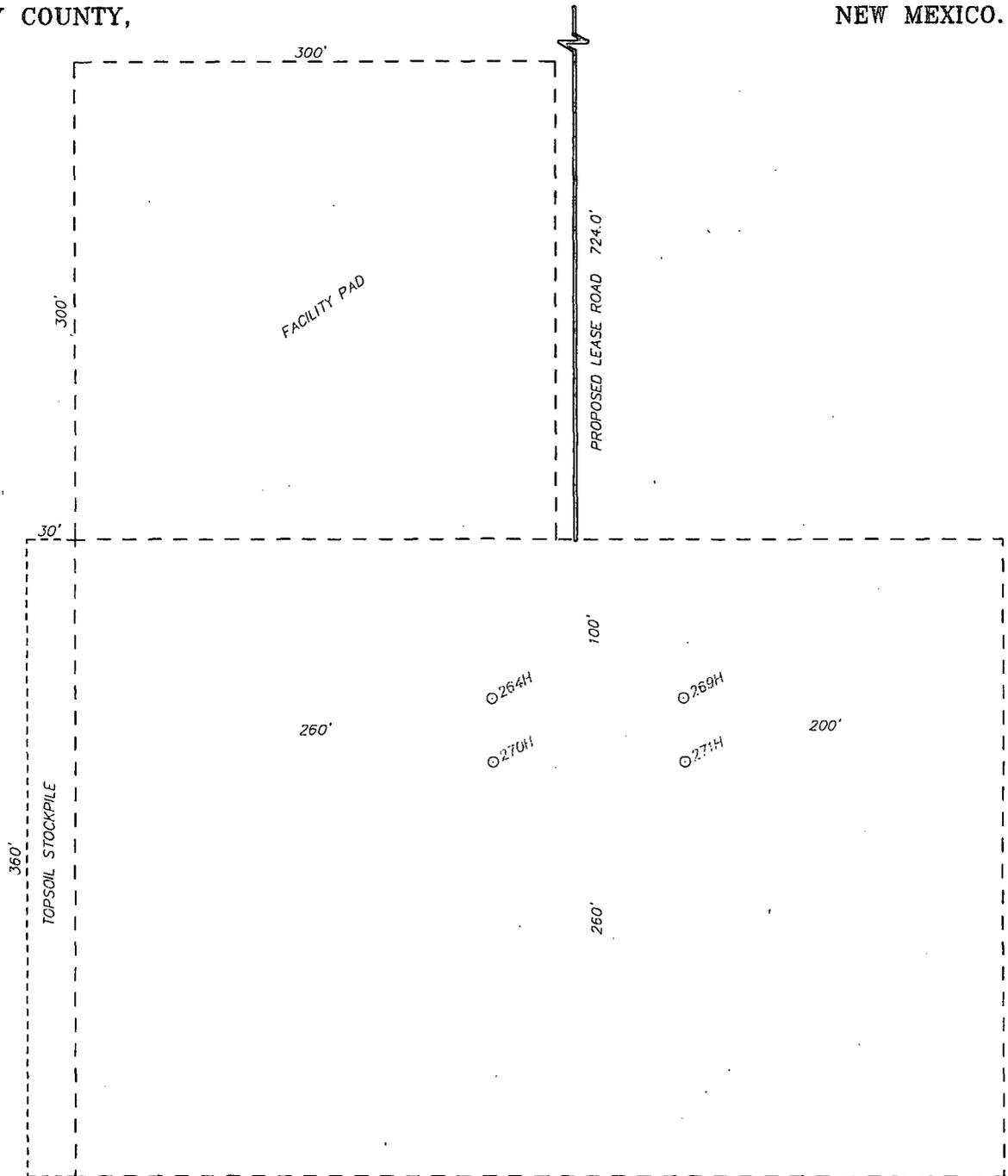
FROM HWY 360 AND CO. RD. 222, GO EAST ON SHUGART FOR 4.0 MILES TURNING SOUTHWEST 1.4 MILES TO PROPOSED LEASE ROAD.



P.O. Box 1786 (575) 393-7316 - Office  
 1120 N. West County Rd. (575) 392-2206 - Fax  
 Hobbs, New Mexico 88241 basin-surveys.com

<b>BOPCO, L.P.</b>
REF: BIG EDDY UNIT D14 264H / WELL PAD TOPO
THE BIG EDDY UNIT D14 264H LOCATED 660' FROM THE NORTH LINE AND 2220' FROM THE EAST LINE OF SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



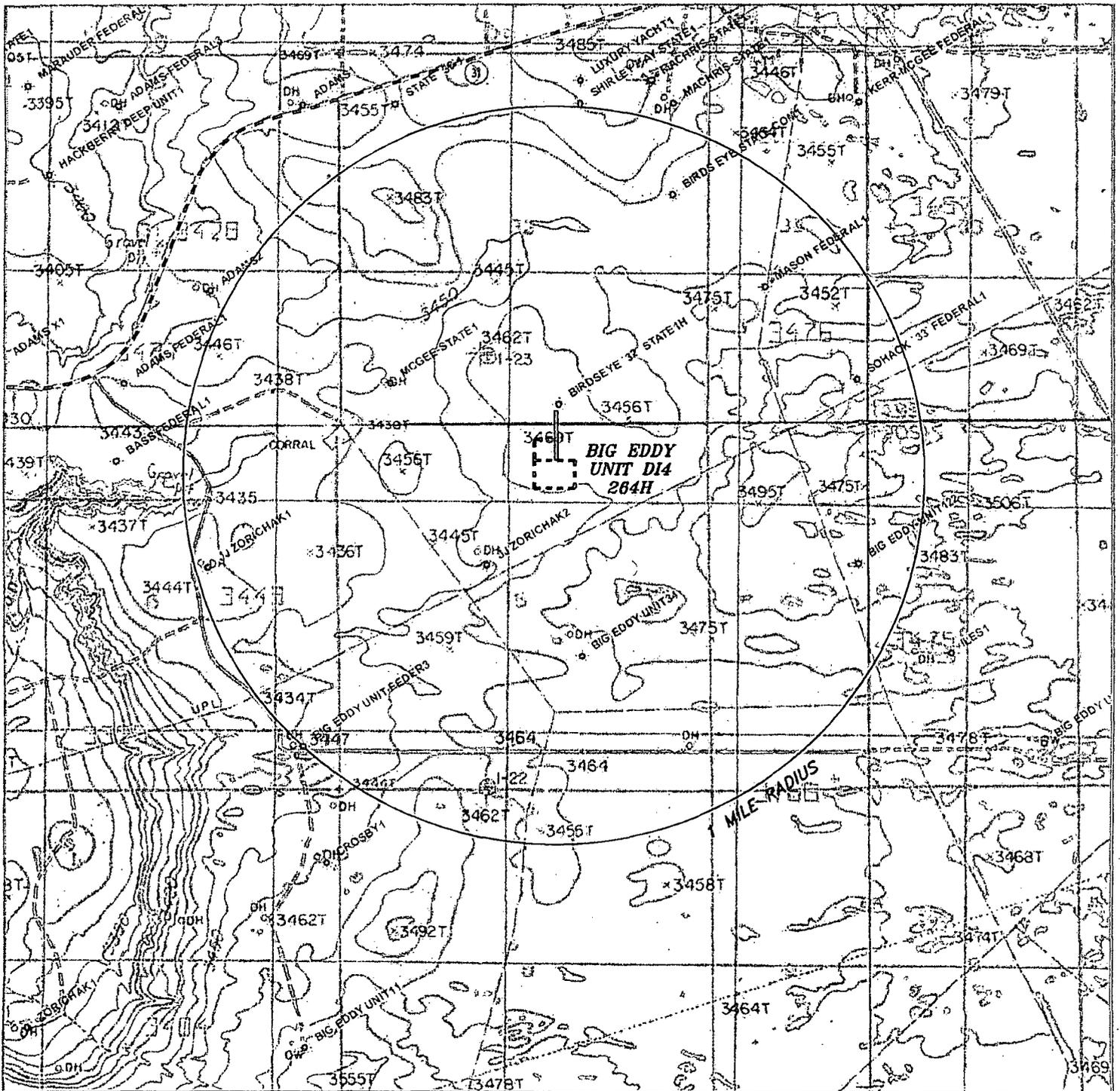
**BOPCO, L.P.** 

REF: BIG EDDY UNIT D14 264H / WELL PAD TOPO

THE BIG EDDY UNIT D14 264H LOCATED 660' FROM  
 THE NORTH LINE AND 2220' FROM THE EAST LINE OF  
 SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.



P.O. Box 1785 (575) 393-7316 - Office  
 1120 N. West County Rd. (575) 392-2206 - Fax  
 Hobbs, New Mexico 88241 basinsurveys.com



**BIG EDDY UNIT DI4 264H**

Located 660' FNL and 2220' FEL

Section 5, Township 20 South, Range 31 East,  
N.M.P.M., Eddy County, New Mexico.

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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

0' 1000' 2000' 3000' 4000'

SCALE: 1" = 2000'

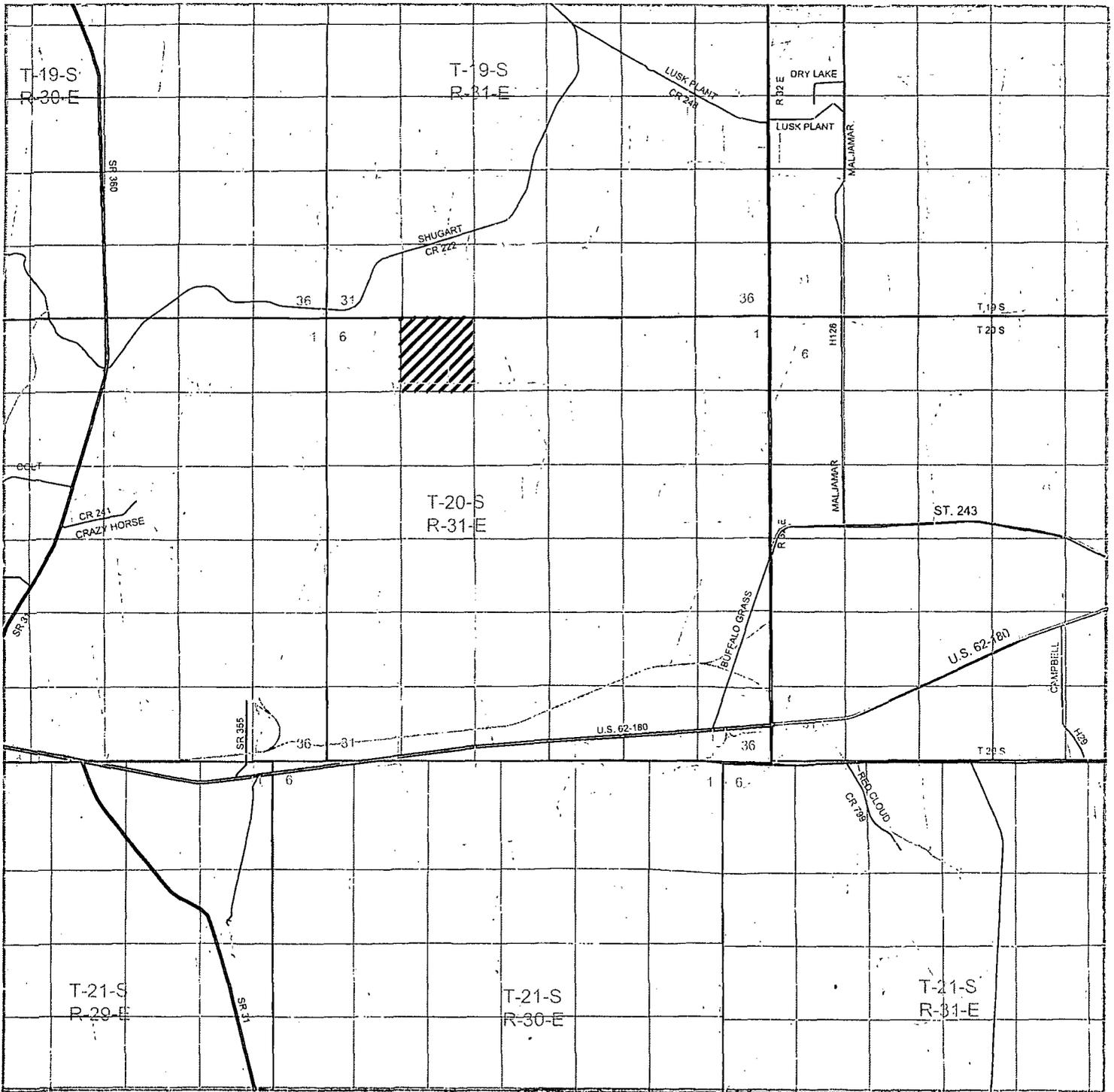
W.C. Number: JMS 29980

Survey Date: 01-21-2014

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

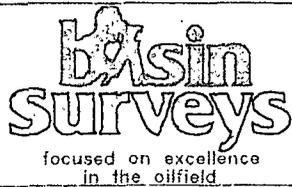
**BOPCO, L.P.**





**BIG EDDY UNIT DI4 264H**

Located 660' FNL and 2220' FEL  
 Section 5, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 -- Office  
 (575) 392-2206 -- Fax  
 basinsurveys.com

0 1 MI 2 MI 3 MI 4 MI

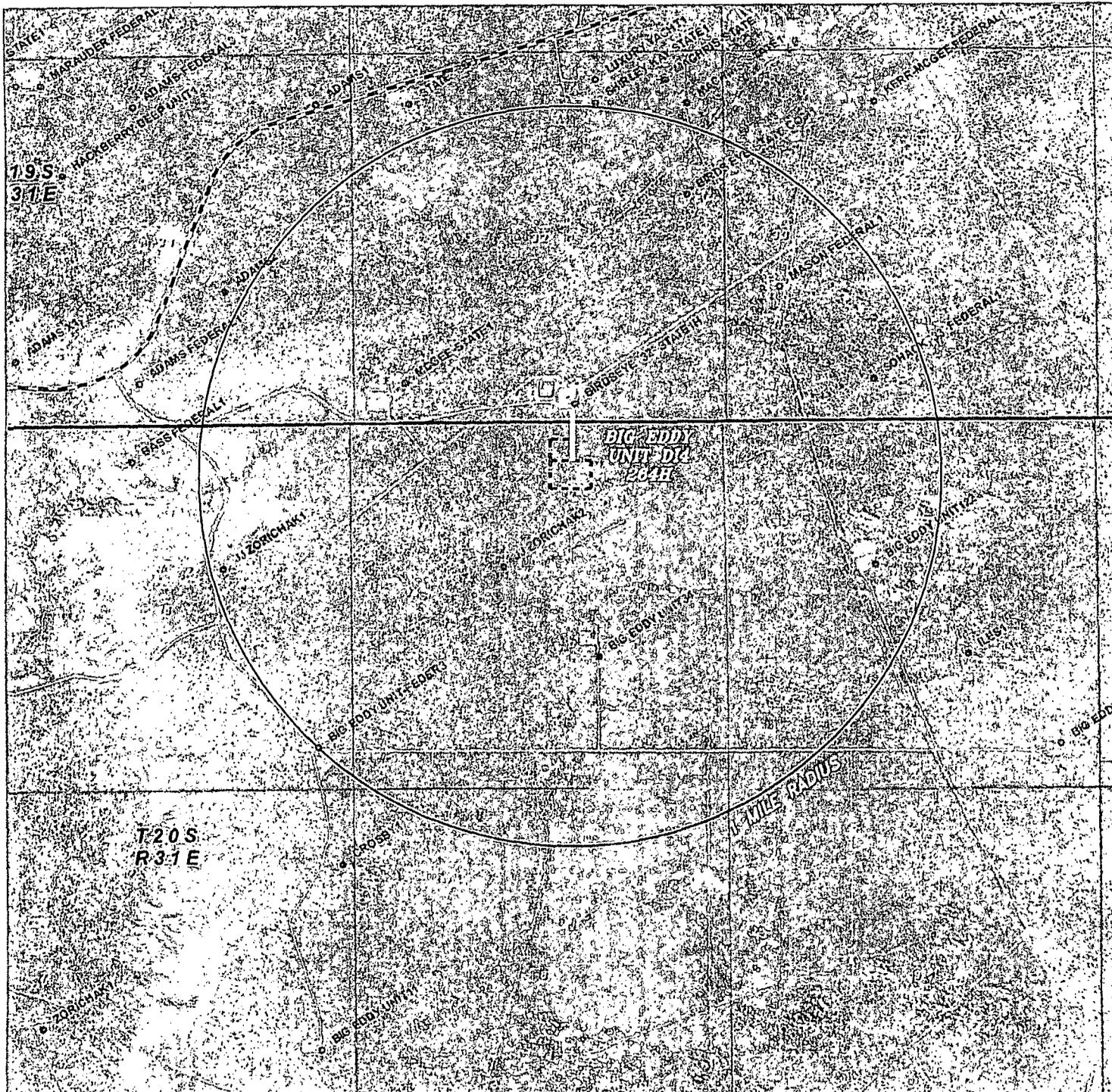
SCALE: 1" = 2 MILES

W.O. Number: JMS 29980

Survey Date: 01-21-2014

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

**BOPCO, L.P.**



**BIG EDDY UNIT DI4 264H**

Located 660' FNL and 2220' FEL  
 Section 5, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.

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 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basin-surveys.com

0' 1000' 2000' 3000' 4000'

SCALE: 1" = 2000'

W.C. Number: JMS 29980

Survey Date: 01-21-2014

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



**BOPCO, L.P.** 



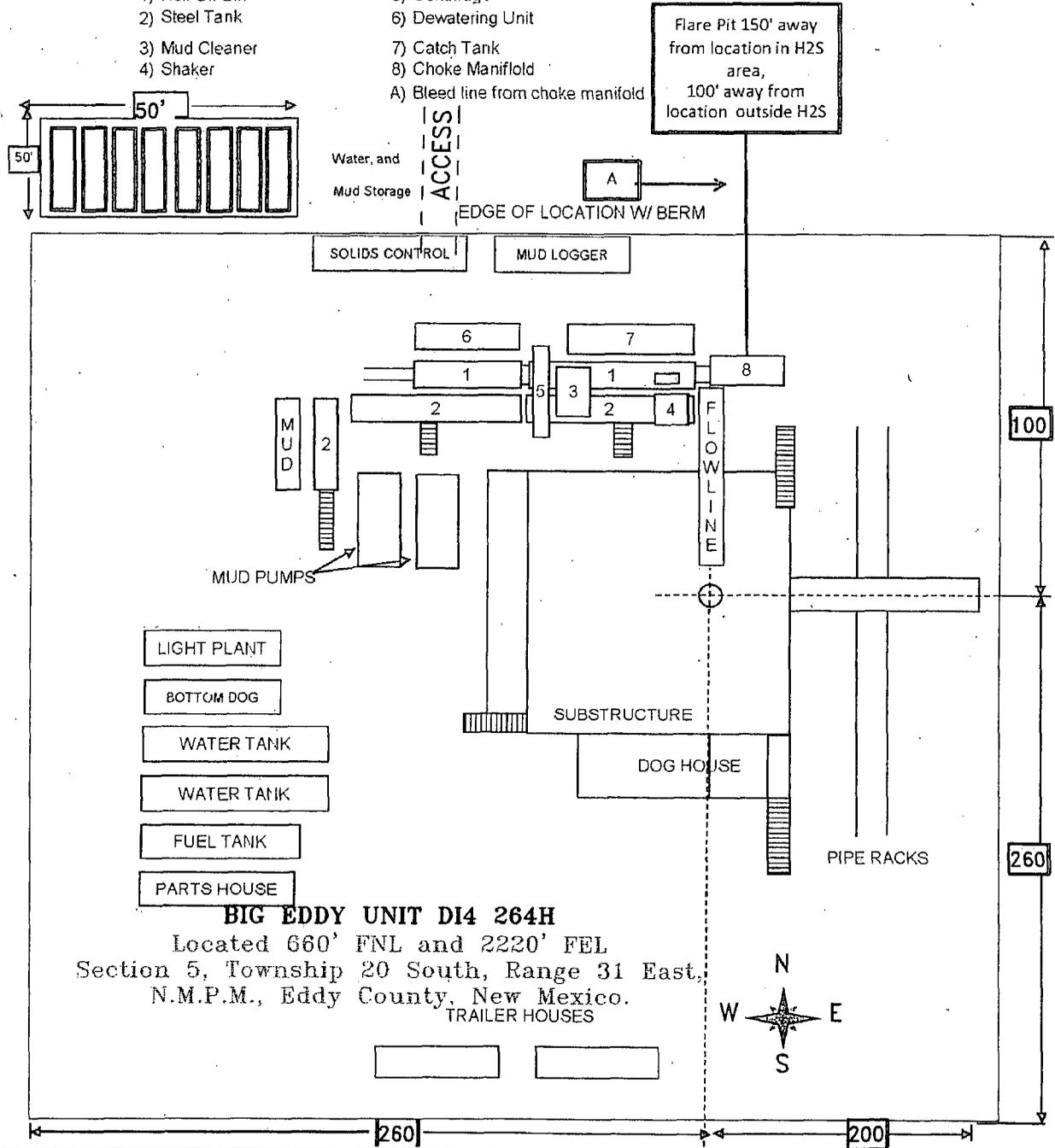


Exhibit "D"

### 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
- 8) Choke Manifold
- A) Bleed line from choke manifold



**BIG EDDY UNIT DI4 264H**  
 Located 660' FNL and 2220' FEL  
 Section 5, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.

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P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 -- Office  
 (575) 392-2206 -- Fax  
 basinsurveys.com

SCALE: NONE

W.O. Number: JMS 29980  
 Survey Date: 01-21-2014

**BOPCO, L.P.**

## MULTI-POINT SURFACE USE PLAN

**NAME OF WELL: Big Eddy Unit DI4 #264H**

### LEGAL DESCRIPTION

SURFACE: 660' FNL, 2,220' FEL, Section 5, T20S, R31E, Eddy County, NM.

BHL: 660' FNL, 330' FWL, Section 6, T20S, R31E, Eddy County, NM.

### POINT 1: EXISTING ROADS

- A) Proposed Well Site Location:

See Form C-102 (Survey Plat).

- B) Existing Roads:

From the junction of Potash Mines Rd. and Shugart Rd. go northeast for about 3.8 miles. Go left at the gravel road for about 0.2 miles. At the fork in the road go left for about 1.2 miles. Then go right at the proposed lease road for about 0.14 miles to the proposed well location.

- C) Existing Road Maintenance or Improvement Plan:

Existing roads will be maintained and kept in the same or better condition than before operations began. See the Well Pad Layout and Topo Map of the survey plat (Sheet 1 and 2 of plat package)

### POINT 2: NEW PLANNED ACCESS ROUTE

- A) Route Location:

There will be 755.7' of new road built. (See the Well Pad Layout of the survey plat (Sheet 1 of plat package).

- B) Width

14' 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

The following wells are located within a one-mile radius of the location site. See the One-Mile Radius Map (Sheet 5 of the plat package).

Existing wells..... 1 (One)  
Water wells..... 1 (One)

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

- A) No existing production facilities operated by BOPCO, L.P. are located within one mile of the Big Eddy Unit DI4 #264H.

- B) New Facilities the Event of Production:

New production facilities (to be referred to as BEU Drilling Island "DI" #4 Battery) will be built on the same pad north of the proposed well located within Sec 5, T20S, R31E. A new 2-7/8" or 3-1/2" diameter steel flowline is to be run above ground. The flowline is expected to carry oil, water and gas. In the event that the power is not accessible or insufficient, power will be supplied by a generator until adequate power can be supplied from the utility company.

- 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 the Well Pad Layout and Aerial Map of the survey plat (Sheet 1 and 4 of plat package).

**POINT 7: METHODS FOR HANDLING WASTE MATERIAL**

## A) Cuttings

Cuttings will be contained in the roll off bins and disposed at R360 Environmental located in Lea county, NM.

## 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

The "Rig Layout Schematic" (Sheet 6 of plat package) 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. **The top soil will be stockpiled on the east side of the location.**

B) Locations of Access Road

See the Well Pad Layout, Topo Map, and Vicinity Map of the survey plat (Sheet 1, 2, and 3 of plat package).

C) Lining of the Pits

No reserve pits - closed loop system.

**POINT 10: PLANS FOR RESTORATION OF THE SURFACE**

A) Reserve Pit Cleanup - Not applicable. Closed loop drilling fluid system will be used

B) Restoration Plans - Production Developed

BOPCO, L.P. has no plans for interim reclamation to allow for additional wells to be drilled on this pad

C) Restoration Plans - No Production Developed

BOPCO, L.P. has no plans for interim reclamation to allow for additional wells to be drilled on this pad

**POINT 11: OTHER INFORMATION**

## A) On-Site

Location on-site conducted by Todd Carpenter-BOPCO L.P., Legion Brumley-BLM, and Robert Gomez- Basin Surveys on 01/15/2014 for the Big Eddy Unit Drilling Island 4. The location had to be moved from the original footage call to the potash agreement area. The entire 580' x 400' location was approved as proposed. A 300' x 300' facilities pad was added to the north/northwest corner of the drilling island. Location layout is as follows: v-door will face the east, frac pad extension to the north/northwest, access road will enter from the north, top soil will be stock piled on the west side of location.

## 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 within a 1 mile radius of the proposed location.

## G) Residences and Buildings

None in the immediate vicinity.

## H) Historical Sites

None observed.

## I) Archeological Resources

No independent archeological survey has been done. This well location is located in the area covered by Memorandum of Agreement – Permian Basin. A Payment of \$1,507.00 fee for this project is included in this application. Any location or construction conflicts will be resolved before construction begins. Please see diagram 4 for flowline route.

J) Surface Ownership

The well site is on federally owned land. There will be 755.7' of new road 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.

M) Terrain

Slightly rolling hills.

**POINT 12: OPERATOR'S FIELD REPRESENTATIVE**

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

**DRILLING**

Stephen Martinez  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

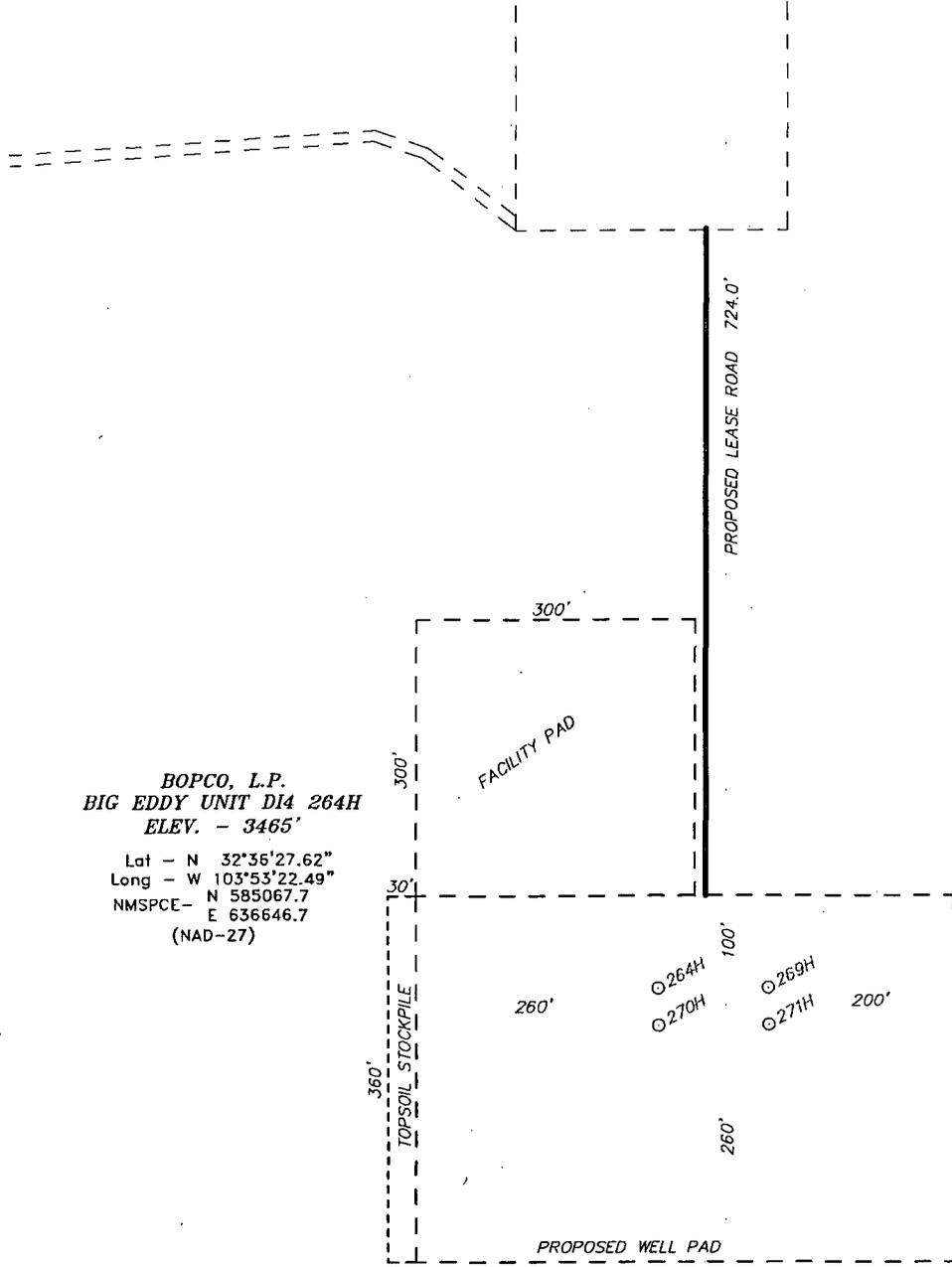
**PRODUCTION**

Gary Fletcher  
3104 East Green Street  
Carlsbad, New Mexico 88220  
(575) 887-7329

Fritz Schoch  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

WBM

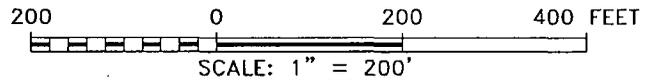
SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



**BOPCO, L.P.**  
**BIG EDDY UNIT D14 264H**  
**ELEV. - 3465'**

Lat - N 32°36'27.62"  
Long - W 103°53'22.49"  
NMSPCE - N 585067.7  
E 636646.7  
(NAD-27)

CARLSBAD, NM IS ±24 MILES TO THE SOUTHWEST OF LOCATION.



**Directions to Location:**

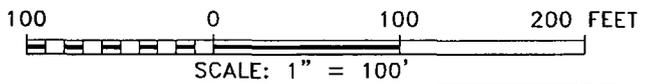
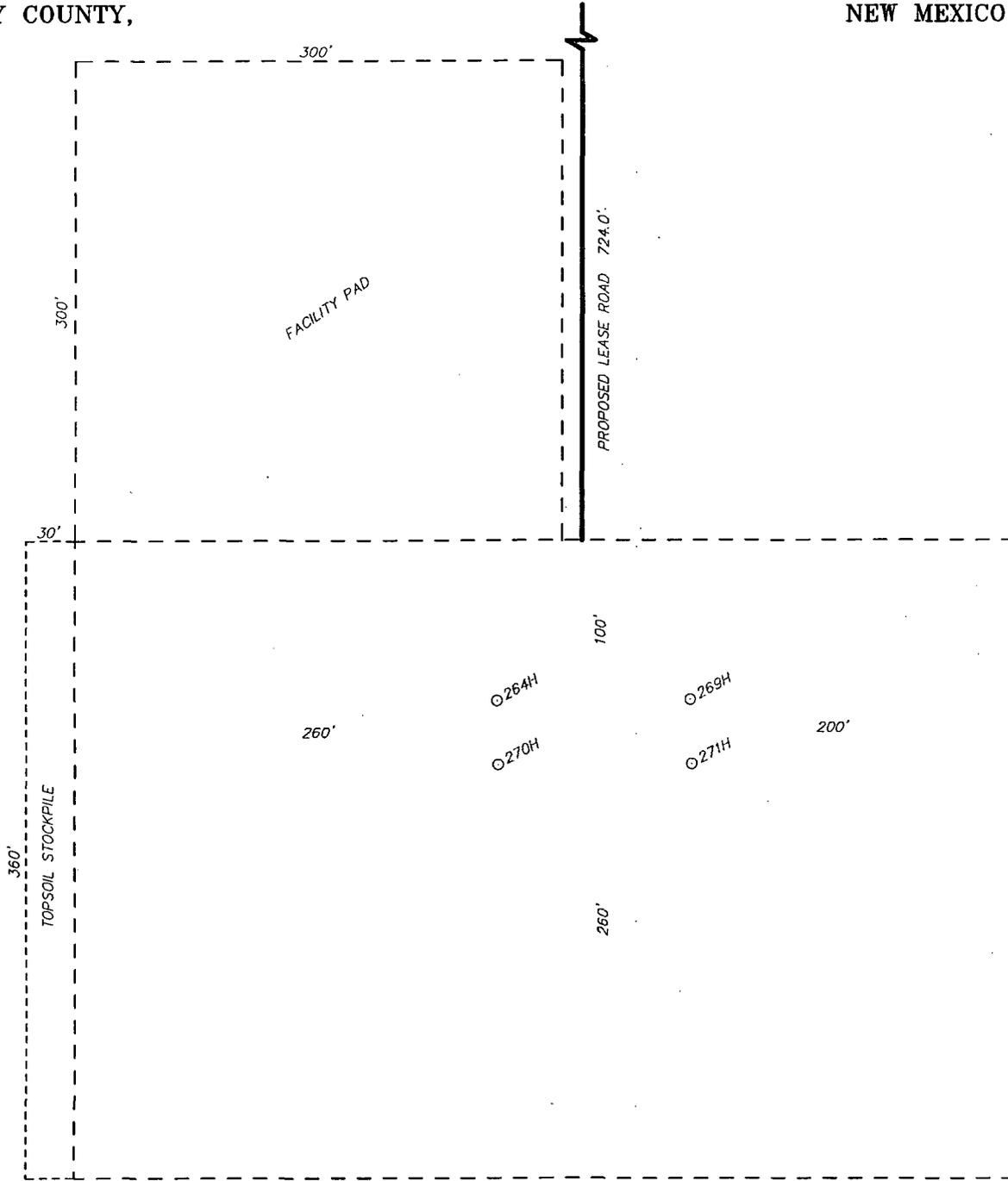
FROM HWY 360 AND CO. RD. 222, GO EAST ON SHUGART FOR 4.0 MILES TURNING SOUTHWEST 1.4 MILES TO PROPOSED LEASE ROAD.

<b>BOPCO, L.P.</b> 
REF: BIG EDDY UNIT D14 264H / WELL PAD TOPO
THE BIG EDDY UNIT D14 264H LOCATED 660' FROM THE NORTH LINE AND 2220' FROM THE EAST LINE OF SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 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

SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



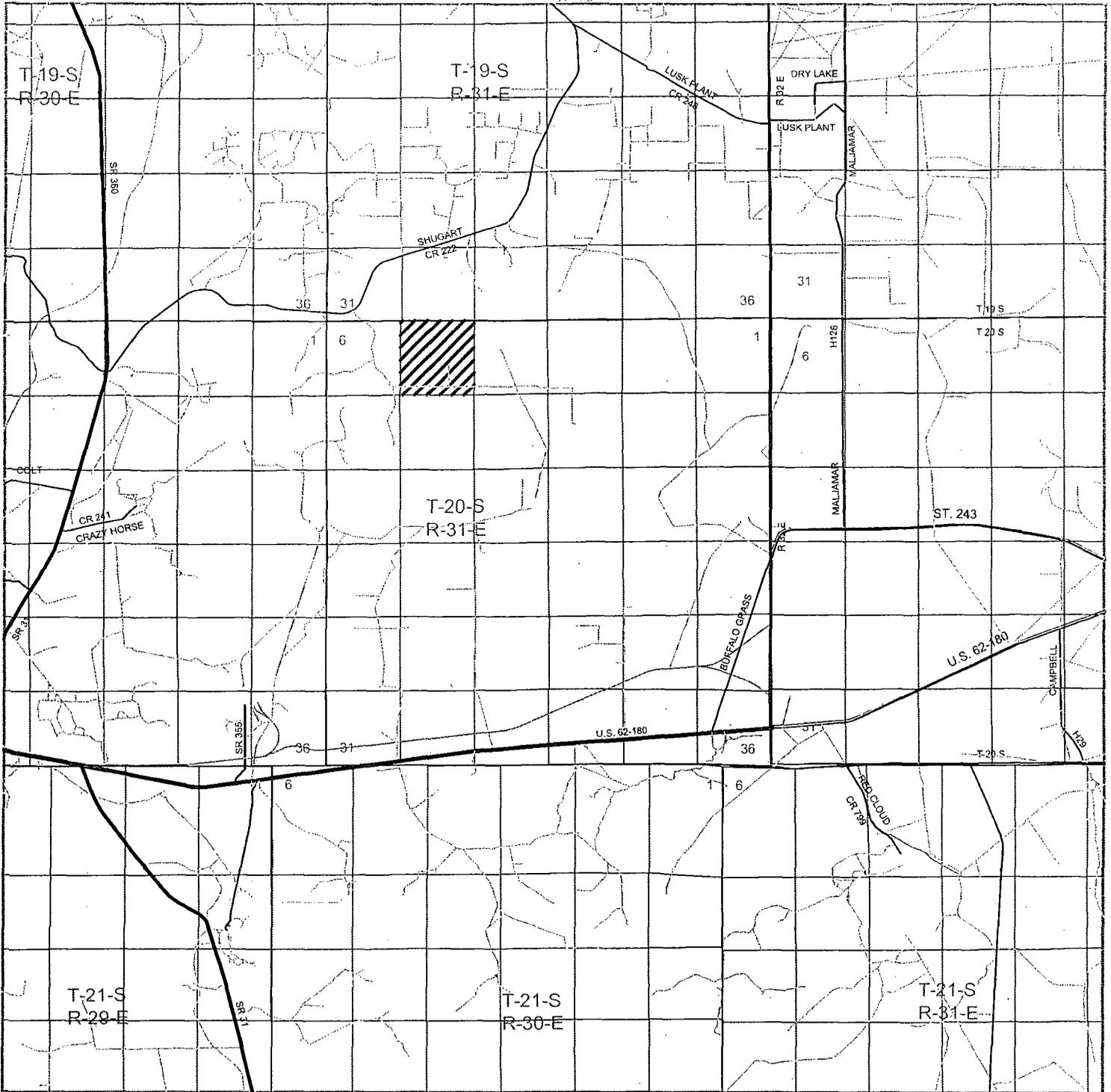
**BOPCO, L.P.** 

REF: BIG EDDY UNIT D14 264H / WELL PAD TOPO

THE BIG EDDY UNIT D14 264H LOCATED 660' FROM  
 THE NORTH LINE AND 2220' FROM THE EAST LINE OF  
 SECTION 5, TOWNSHIP 20 SOUTH, RANGE 31 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.



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 1120 N. West County Rd. (575) 392-2206 - Fax  
 Hobbs, New Mexico 88241 basin-surveys.com



**BIG EDDY UNIT DI4 264H**  
 Located 660' FNL and 2220' FEL  
 Section 5, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.



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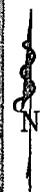
0 1 MI 2 MI 3 MI 4 MI

SCALE: 1" = 2 MILES

W.O. Number: JMS 29980

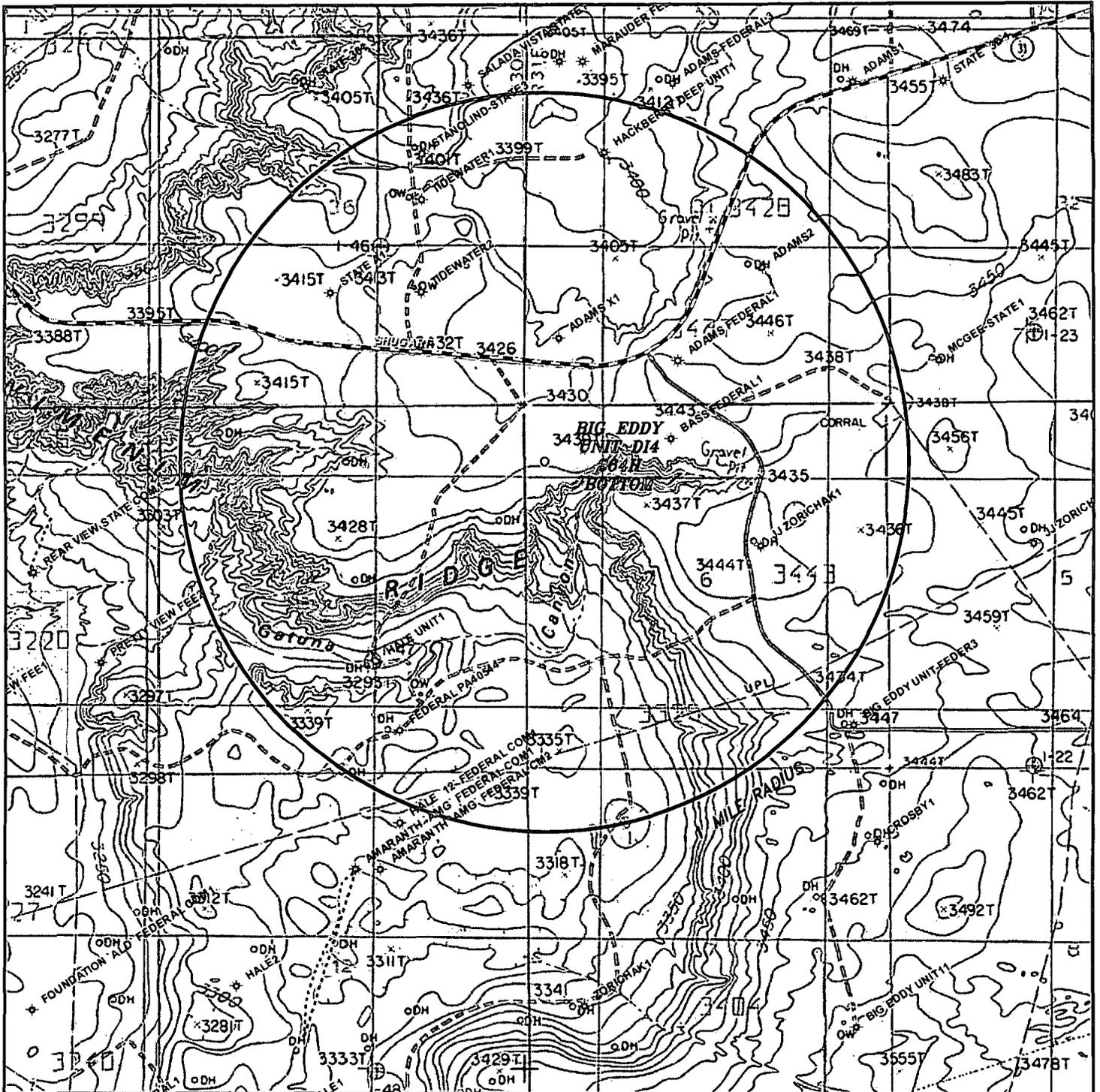
Survey Date: 01-21-2014

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



**BOPCO, L.P.**



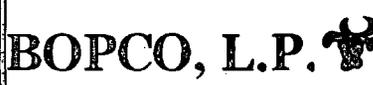


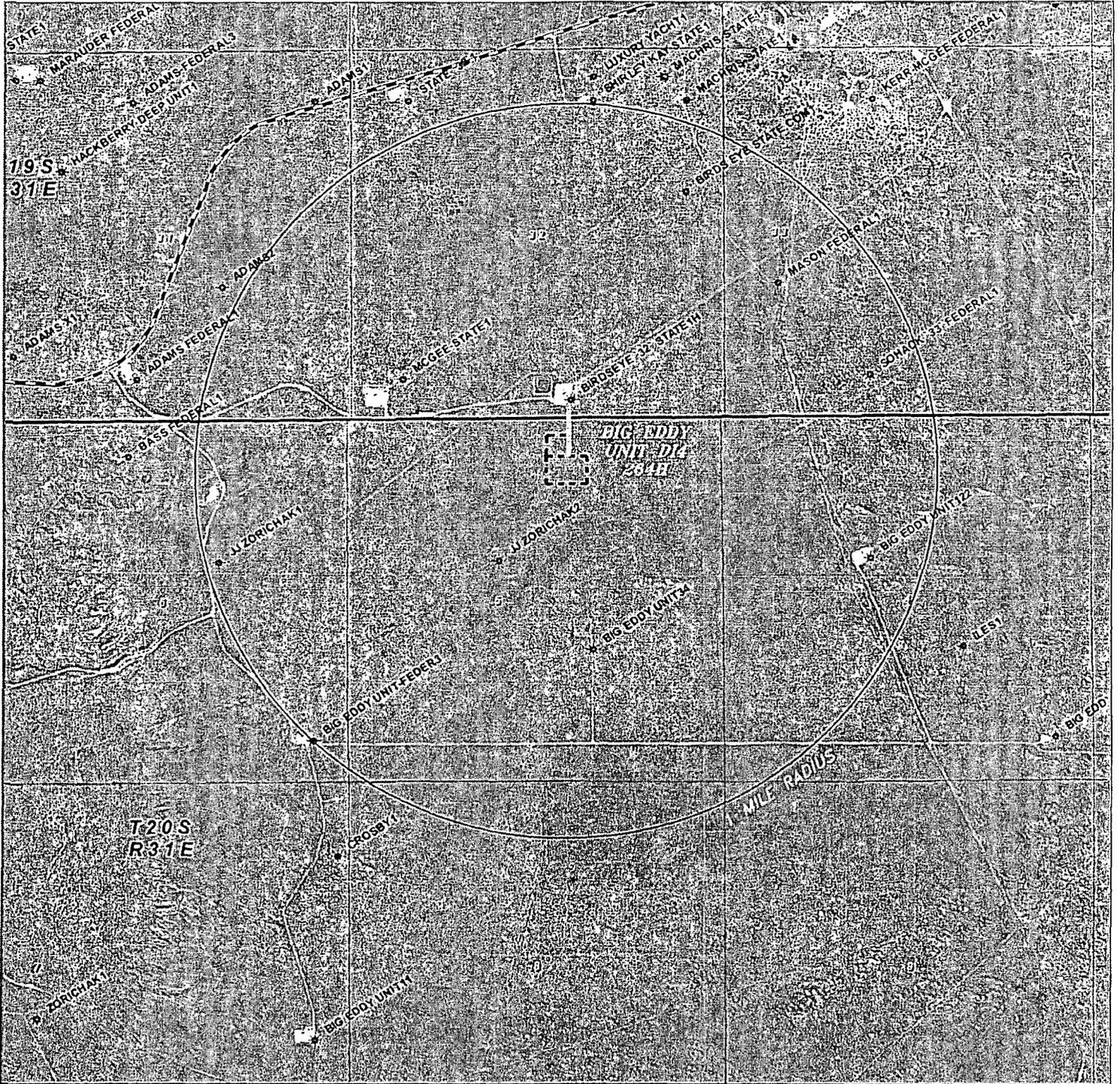
**BIG EDDY UNIT DI4 264H BOTTOM**  
 Located 660' FNL and 2320' FEL  
 Section 6, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.

  
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0' 1000' 2000' 3000' 4000'  
 SCALE: 1" = 2000'  
 W.O. Number: JMS 29980  
 Survey Date: 01-21-2014  
 YELLOW TINT - USA LAND  
 BLUE TINT - STATE LAND  
 NATURAL COLOR - FEE LAND





**BIG EDDY UNIT DI4 264H**  
 Located 660' FNL and 2220' FEL  
 Section 5, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.

  
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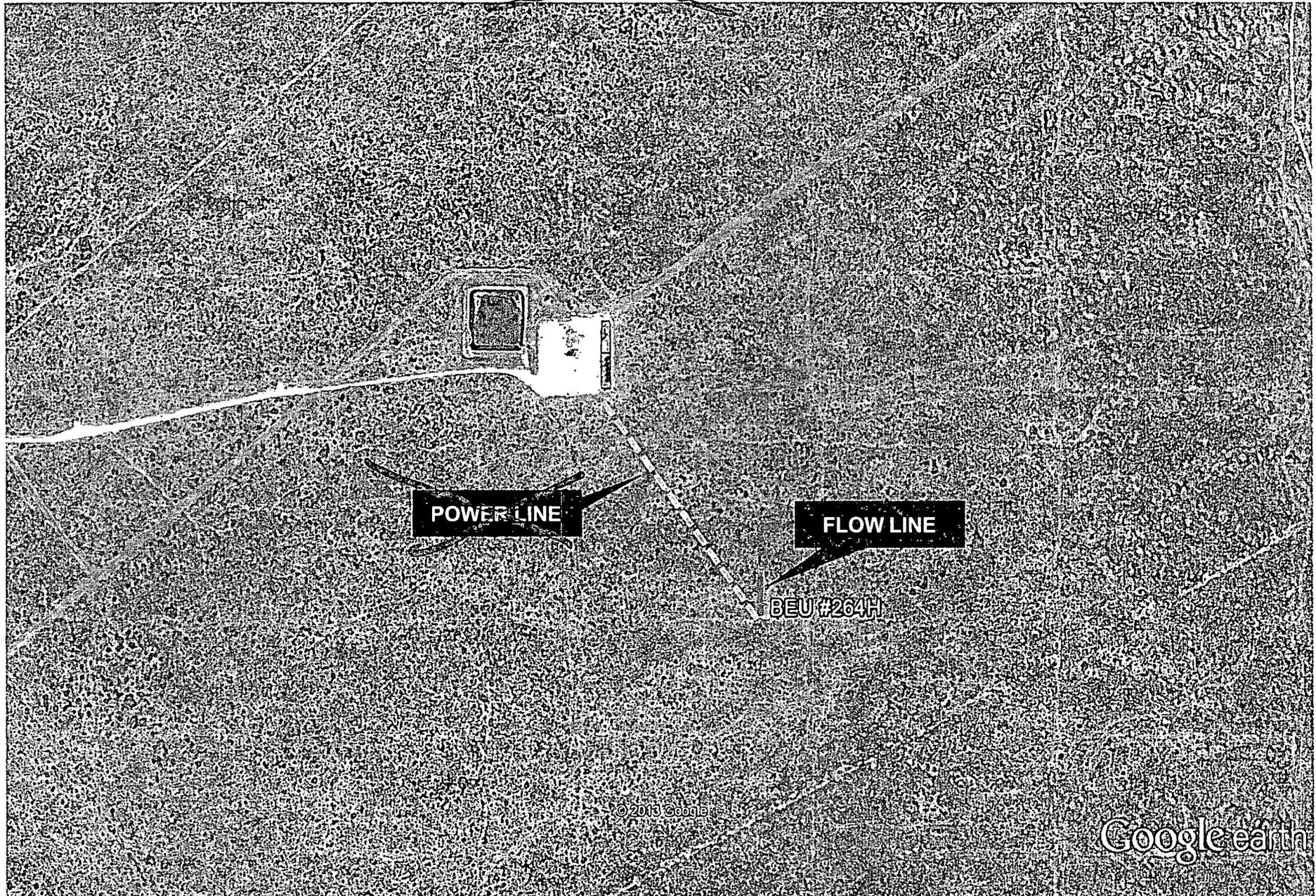
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0' 1000' 2000' 3000' 4000'  
 SCALE: 1" = 2000'  
 W.O. Number: JMS 29980  
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 YELLOW TINT - USA LAND  
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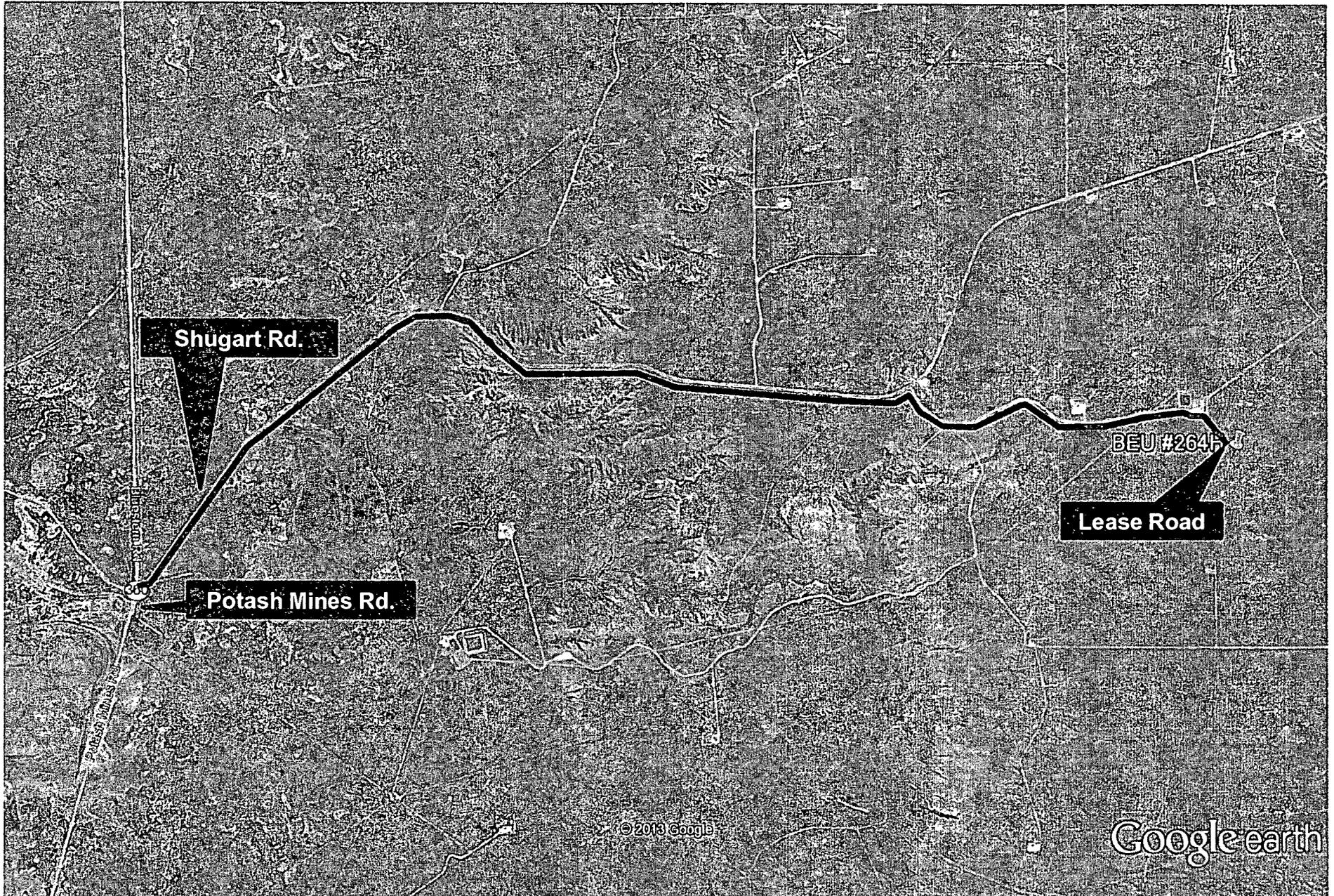

**BOPCO, L.P.**




# Flowline and Powerline Route Diagram 4



# Access Road Diagram



Surface casing is to be set into the Rustler below all fresh water sands at an approximate depth of 830' and cement circulated to surface.

A Capitan Reef string will be set at an approximate depth of 2,845', cement will be circulated to surface.

The end of the 7" casing will be set at approximately 9,310' MD, 9,020' TVD (in curve) and cemented in two stages, utilizing a DV Tool set at approximately 5,000'. Cement will be circulated to 50' above the Capitan reef.

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

This well is located outside the R-111 Potash area and ~~outside~~ <sup>inside</sup> the Secretary's Potash area.

The surface location is nonstandard and located inside the Big Eddy Unit.

The bottom hole location is standard and located inside the Big Eddy Unit.

**Surface Lease Numbers – NMLC 068408**

**Bottom Hole Lease Numbers – NMLC 068408**

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

**EIGHT POINT DRILLING PROGRAM  
BOPCO, L.P.**

**NAME OF WELL: Big Eddy Unit DI4 #264H**

LEGAL DESCRIPTION - SURFACE: 660' FNL, 2,220' FEL, Section 5, T20S, R31E, Eddy County, NM.

BHL: 660' FNL, 330' FWL, Section 6, T20S, R31E, Eddy County, NM.

**POINT 1: ESTIMATED FORMATION TOPS (See No. 2 Below)**

**POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS**

Anticipated Formation Tops: KB 3,495' (estimated)  
GL 3,465'

Formation Description	Est. Top (KB TVD)	Est. Top (MD)	Est. Top (Sub Sea)	Bearing
T/Fresh Water	125'	125'	+ 3,370'	Fresh Water
Rustler Anhydrite	595'	595'	+ 2,900'	Barren
T/Salado	850'	850'	+ 2,645'	Barren
T/Yates	2,572'	2,572'	+ 923'	Oil/Gas
T/Reef	2,895'	2,895'	+ 600'	Water
T/Delaware Mnt. Group	4,045'	4,045'	- 550'	Oil/Gas
Bone Spring	6,926'	6,926'	- 3,431'	Oil/Gas
1 <sup>st</sup> Bone Spring Sand	8,135'	6,926'	- 4,640'	Oil/Gas
Est KOP	8,378'	8,378'	- 4,883'	Oil/Gas
2 <sup>nd</sup> Bone Spring Sand	8,955'	9,180'	- 5,460'	Oil/Gas
2 <sup>nd</sup> BS "B" Sand/Target 1	9,020'	9,478'	- 5,525'	Oil/Gas
TD Horizontal Hole	8,855'	16,680'	- 5,360'	Oil/Gas

**POINT 3: CASING PROGRAM**

\* Depending on availability

Casing Description	Interval (MD)	Hole Size	Purpose	Material Status
20"	0' - 120'	30"	Conductor	New
16", 84 ppf, J-55, BT&C	0' - 830'	18-1/8"	Surface	New
13-3/8", 68 ppf, HCL-80 Ultra Flush Joint	0' - <del>2,845'</del> 2,750'	14-3/4"	1 <sup>st</sup> Intermediate	New
9-5/8", 40 ppf, J-55, LT&C*	0' - 4,100'	12-1/4"	2 <sup>nd</sup> Intermediate	New
7", 26 ppf, HCP-110, Buttress or 8rd LTC*	0' - 9,278'	8-3/4"	Production	New

Completion System	Interval (MD)	Hole Size	Purpose	Material Status
4-1/2", 11.6 ppf, HCP-110, 8rd, LT&C, BTC	9,228' - <del>16,680'</del>	6-1/8"	Completion System	New

14,093.13' per directional plan

See  
COA

14093

**CASING DESIGN SAFETY FACTORS:**

Type	Tension	Collapse	Burst
16", 84 ppf, J-55, BT&C	22.13	3.50	1.94
13-3/8", 68 ppf, HCL-80 Ultra Flush Joint	4.42	1.53	2.82
9-5/8", 40 ppf, J-55, LT&C	4.45	1.21	1.73
7", 26 ppf, HCP-110, 8rd*	3.44	1.59	1.99

Completion System	Tension	Collapse	Burst
4-1/2", 11.6 ppf, HCP-110 8rd. LT&C	3.09	1.71	2.12
4-1/2", 11.6 ppf, HCP-110 BTC	4.07	1.82	2.12

\* Depending on availability.

**DESIGN CRITERIA AND CASING LOADING ASSUMPTIONS:**SURFACE CASING - (16")

- Tension** A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).
- Collapse** A 1.125 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.
- Burst** A 1.3 design factor with a surface pressure equal to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Backup pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient. The effects of tension on burst will not be utilized.

PROTECTIVE CASING - (13-3/8")

- Tension** A 1.6 design factor utilizing the effects of buoyancy (10.2 ppg).
- Collapse** A 1.125 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. 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.

First Intermediate Casing - (9-5/8")

- Tension** A 1.6 design factor utilizing the effects of buoyancy (9.0 ppg).
- Collapse** A 1.125 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.

Production CASING - (7")

- Tension** A 1.6 design factor utilizing the effects of buoyancy (9.0 ppg).
- Collapse** A 1.125 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.

Completion System - (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 1.125 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 A, B, C or D)**

**BOPCO, L.P. will be utilizing a standard wellhead for this well.**

The BOPE when rigged up on the 16" surface casing head (18-1/8" hole) will consist of 20" hydril and diverter system per diagram B (2,000 psi WP). The hydril when installed on surface casing will be tested to 1,000 psi.

After running the 13-3/8" casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed, used, maintained and tested as per Onshore Order 2. In addition to the high pressure test, a low pressure (250-300 psig) test will be performed.

After running the 9-5/8" intermediate casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed on the 9-5/8" intermediate casing spool (8-3/4" open hole), used, maintained and tested as per Onshore Order 2. In addition to the high pressure test, a low pressure (250-300 psig) test will be performed.

After running the 7" intermediate casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed on the 9-5/8" intermediate casing spool (8-3/4" open hole), used, maintained and tested as per Onshore Order 2. In addition to the high pressure test, a low pressure (250-300 psig) test will be performed.

These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Thirty days after a previous test
- d) As required by well conditions
- e) Anytime a seal is broken within the system

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

*See COA*

BOPCO, L.P. would like to request a variance to use an armored, 3", 5000 psi WP flex hose for the choke line in the drilling of the well if the rig is equip with hose. (See specification for hose that might be used, attached with APD exhibits). This is rig equipment and will help quicken nipple up time thus saving money without a safety problem. The hose itself is rated to 5000 psi, and has 5000 psi flanges on each end. This well is to be drilled to 16,680' MD (8,855' TVD) and max surface pressure should be +/- 2196 psi as prescribed in Onshore Order #2 shown as max BHP minus 0.22 psi/ft. Thus, 3000 psi BOPE is all that is needed for this well. **Please refer to diagrams A, B or for choke manifold and closed loop system layout. If an armored flex hose is utilized, the company man will have all of the proper certified paper work for that hose available on location.**

**POINT 5: MUD PROGRAM**

Depth (MD)	Mud Type	Density (ppg)	FV (sec/qt)	PV	YP	FL (cc)	PH
0' - 830' <sup>2750'</sup>	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
830' - 2,845'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5 - 10.5
2,845' - 9,278'	FW/Gel	8.7 - 9.0	28-36	NC	NC	NC	9.5 - 10.0
9,278' - 16,680' <sup>1409.3</sup>	FW/Gel/Starch	8.7 - 9.0	28-36	<20			9.5- 10.0

*See COA*

NOTE: May increase vis for logging purposes only.

## MUD MONITORING SYSTEM

1. BOPCO L.P. plans to drill the proposed well with water and does not expect to mud up. In the event of abnormal pressures that require mudding up, BOPCO L.P will record slow pump rates on the daily drilling report on a daily basis.
2. Visual mud monitoring equipment will be installed to detect volume changes.
3. Pit volume totalizers are installed on rig before spud.
4. BOPCO L.P. has the drilling mud checked every 24 hrs., and the daily mud check will be posted in the company man's trailer.
5. BOPCO L.P will be using a 3M system so trip tanks will not be required per Onshore Order #2.
6. Gas detections systems will be installed on exploratory wells per Onshore Order #2. Please refer to section G under point 6 in the 8pt drilling program for H2S safety information.
7. Sufficient mud materials will be kept at the well site to maintain mud properties and meet minimum lost circulation and weight increase requirements at all times (sack or bulk barite will not be on location until 500' above the top of the Wolfcamp).

## 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, also possible PEX\BHC in vertical portion of hole.

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

Mud Logger: Rigged up at surface.

### C) CONVENTIONAL CORING

None anticipated

D) CEMENT

Interval (MD)	Amt. (sx)	Fill Ht. (ft)	Type	Water (gal/sx)	Density (ppg)	Vol. (cu. ft)
<b>SURFACE:</b>						
Lead: 0' - 530'	250	530	Class C +2% CACL + 4% Bentonite + 0.25 LB/SK Cello Flake + 3 lb/sk LCM-1	8.69	13.50	1.75
Tail: 530' - 830'	220	300	Class C + 2% CACL + 0.25 LB/SK CF	6.35	14.80	1.35
<b>INTERMEDIATE:</b>						
Lead: 0' - 2,345'	480	2,345'	EconoCem HLC +5% salt	9.32	12.90	1.85
Tail: 2,345' - <del>2,845'</del> <sup>2740</sup>	220	500	HalCem C	6.34	14.80	1.33
<b>INTERMEDIATE 2</b>						
Stage:1						
Lead: 2,895' - 4,100'	350	1,205'	HalCem C 4% bentonite + 0.6% Halad(R)-9	8.69	13.5	1.74
External Casing Packer and DV Tool @ 2,895'						
Stage 2:						
Lead: 0' - 2,695'	540	2,695'	EconoCem HLC + NaCL	9.83	12.90	1.85
Tail: 2,695' - 2,895'	100	300	HalCem C	6.34	14.80	1.33
<b>PRODUCTION</b>						
Stage:1						
Lead: 5,000' - 8,378'	290	3,378'	VariCem H + 0.55% Halad(R) -344	14.87	11.0	2.64
Tail: 8,378' - 9,278'	130	900'	Tuned Light + 0.125 pps Poly-E-Flake	11.41	12.0	2.03
Top DV tool @ 5,000'						
Stage: 2						
Lead: <del>2,845'</del> - 5,000'	180	2,155'	Tuned Light + 0.125 pps Poly-E-Flake	11.70	11.0	2.35

See COA

See COA

minimum of 50' above Capitan Reef

Cement excesses will be as follows:

Surface – 100% excess with cement circulated to surface.

1<sup>st</sup> Intermediate – 30% excess above fluid caliper with cement circulated to surface

2<sup>nd</sup> Intermediate – 50% excess above fluid caliper in stage 1. 50% excess above fluid caliper for stage 2 with cement circulated to surface.

3<sup>rd</sup> Intermediate/Production – 50% excess above fluid caliper with cement circulated 50' above the Capitan reef. Cement volumes will be adjusted proportionately for depth changes of the multi stage tool.

#### E) SKID RIG OPERATIONS

BOPCO, L.P. plans to drill this well in conjunction with the BEU 270H utilizing rig skidding operations. BOPCO, L.P. requests a variance to the approved APD for Item #2 under VII. Drilling, Section A. Drilling Operations Requirements, which states the rig shall not be moved off of the hole until production casing is set. The request is to allow the rig to skid in between wellbores and drill both wells sequentially.

The Latshaw Rig #18 will be used to drill the same hole interval on all of the wells in sequence by skidding between the wells. Once a hole section has been drilled, it will be cased and cemented according to all applicable rules and regulations. The wellhead will be nipped up and tested as soon as casing is cut off after the applicable WOC time has been reached. A blind flange of the same pressure rating as the wellhead will be utilized to seal the wellbore on all casing strings except the second intermediate and lateral well sections in which the tubing head will be utilized. Pressure will be monitored via wing valves on each wellhead section and a means for intervention will be maintained while rig is not over the well. The BOP stack will be nipped up and tested on the wellhead before drilling operations resume on each casing string. The rig will skid between the wells until each well has been drilled to TD.

#### F) 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 8,378' at which point a directional hole will be kicked off and drilled at an azimuth of 271.82 degrees, building angle at 10 deg/100' to 70 degrees at a TVD of 8,917' (MD 9,078'). This angle and azimuth will be maintained for 200' to a measured depth of 9,278' (TVD 8,985'). At this point, 7" casing will be set and cemented to 50' above the Capitan reef. A 6-1/8" open hole lateral will then be drilled out from the 7" casing building angle at 10 deg/100' to 91.31 degrees, 272.04 azimuth at 9,545' MD (TVD 9,019'). This angle and azimuth will be held to a total depth of 16,680' MD (8,855' TVD).

G) COMPLETIONS SYSTEM

A 4-1/2" completion system with open hole packers will be run in the producing lateral to a depth of 16,680'. The top of the Completion System will be set at approximately 9,228'. Cement will not be required for this system.

H) H<sub>2</sub>S SAFETY EQUIPMENT

*See  
COA*

H<sub>2</sub>S monitors shall be installed prior to drilling out the surface shoe. If H<sub>2</sub>S is encountered in quantities greater than 10 PPM, the well will be shut in and H<sub>2</sub>S equipment will be installed, including a flare line that will be extended pursuant to Onshore Oil and Gas Order #6.

I) CLOSED LOOP AND CHOKE MANIFOLD

**Please see diagram A, B, C, or D** depending on configuration.

**POINT 7: ANTICIPATED RESERVOIR CONDITIONS**

Normal pressures are anticipated throughout Delaware and Bone Spring sections. A BHP of 4221 psi (max) or MWE of 9.0 ppg is expected. Lost circulation may exist in the Delaware and Bone Spring sections from 4,045'-9,020' TVD.

**POINT 8: OTHER PERTINENT INFORMATION**

A) Auxiliary Equipment

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

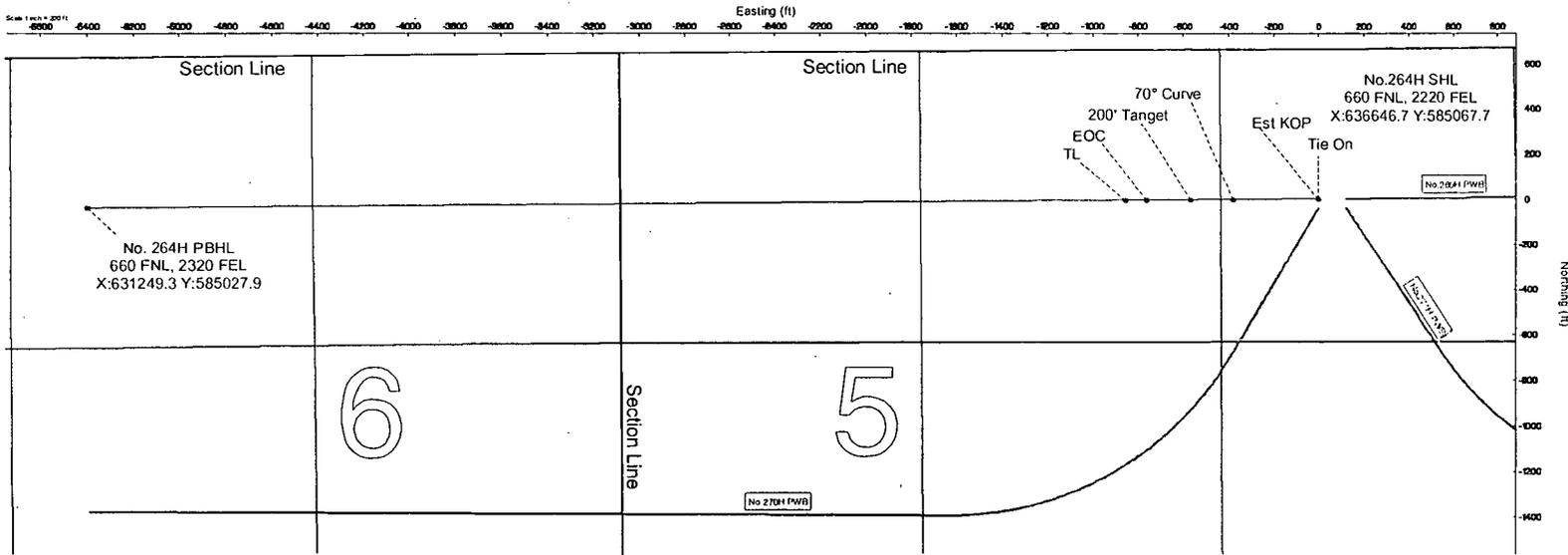
B) Anticipated Starting Date

Upon approval

30 days drilling operations

14 days completion operations

Todd Carpenter



# BOPCO, L.P.

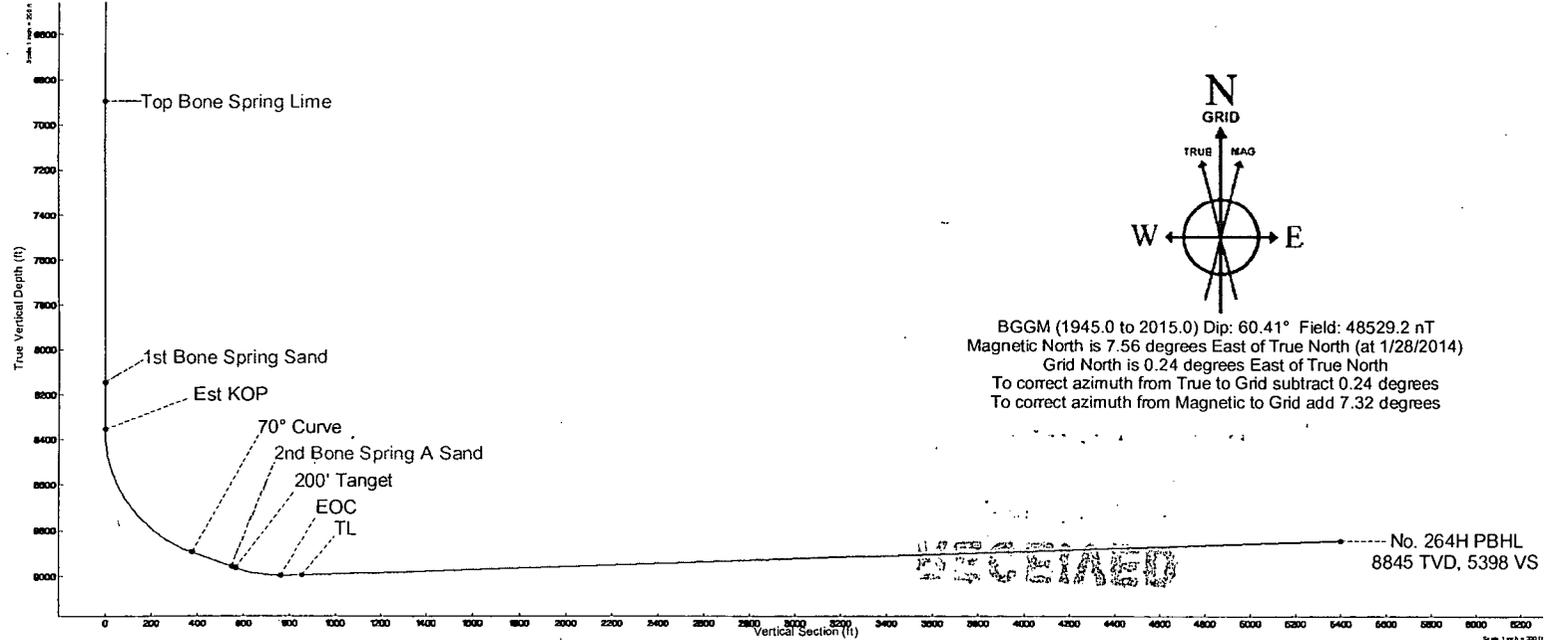
No.264H SHL (Rev-G.0)  
No.264H SHL  
Big Eddy



This information is subject to Rev-G.0  
True vertical depths as a reference to Rig on No.264H SHL (R/S)  
Measured depths as a reference to Rig on No.264H SHL (R/S)  
Rig on No.264H SHL (R/S) to Mean Sea Level (MSL)  
Mean Sea Level (MSL) to Mud Line (M/L) of No.264H SHL (R/S)  
Mud Line (M/L) to Mud Line (M/L) of No.264H SHL (R/S)  
Coordinates as in East of or west of Grid

Location Information					
Facility Name	Grid East (US #)	Grid North (US #)	Latitude	Longitude	
Big Eddy Unit D1-4	637293.900	585075.100	32°36'27.606"N	103°53'15.274"W	
No. 264H SHL	630948.700	585007.700	32°36'27.610"N	103°53'22.460"W	
Rig on No.264H SHL (R/S) to Mud Line (M/L) of No.264H SHL (R/S)			3485R		
Mean Sea Level (MSL) to Mud Line (M/L) of No.264H SHL (R/S)			0R		
Mud Line (M/L) to Mud Line (M/L) of No.264H SHL (R/S)			3485R		

Well Profile Data								
Design Comment	MD (ft)	Inc (")	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (*/100R)	VS (ft)
Tie On	30.00	0.000	269.578	30.00	0.00	0.00	0.00	0.00
Est KOP	8353.65	0.000	269.578	8353.65	0.00	0.00	0.00	0.00
70° Curve	9053.65	70.000	269.578	8692.05	-2.78	-376.98	10.00	376.99
200' Tangent	9253.65	70.000	269.578	8990.46	-4.17	-564.92	0.00	564.93
EOC	9453.65	90.000	269.578	8995.01	-5.61	-760.88	10.00	760.90
TL	9547.24	91.872	269.578	8990.48	-6.30	-854.45	2.00	854.47
No. 264H PBHL	14093.13	91.872	269.578	6845.00	-39.60	-5397.70	0.00	5397.93



BGGM (1945.0 to 2015.0) Dip: 60.41° Field: 48529.2 nT  
Magnetic North is 7.56 degrees East of True North (at 1/28/2014)  
Grid North is 0.24 degrees East of True North  
To correct azimuth from True to Grid subtract 0.24 degrees  
To correct azimuth from Magnetic to Grid add 7.32 degrees

NO. 264H SHL  
NO. 264H SHL  
NO. 264H SHL

No Operator logo

# Planned Wellpath Report

Rev-G.0  
Page n of nn



## REFERENCE WELLPATH IDENTIFICATION

Operator	BOPCO, L.P.	Slot	No.264H SHL
Area	Eddy County, NM	Well	No.264H
Field	Big Eddy	Wellbore	No.264H PWB
Facility	Big Eddy Unit DI-4		

## REPORT SETUP INFORMATION

Projection System	NAD27 / TM New Mexico SP, Eastern Zone (3001), US feet	Software System	WellArchitect© 4.0.0
North Reference	Grid	User	Burnranj
Scale	0.99993	Report Generated	4/22/2014 at 12:34:07 PM
Convergence at slot	0.24° East	Database/Source file	WA_MIDLAND/C:\Users\burnranj\AppData\Roaming\Well Explorer\temp\BOPCO, L.P. No.264H SHL (Rev-G.0).xml

## WELLPATH LOCATION

	Local coordinates		Grid coordinates		Geographic coordinates	
	North[ft]	East[ft]	Easting[US ft]	Northing[US ft]	Latitude	Longitude
Slot Location	-7.40	-617.24	636646.70	585067.70	32°36'27.619"N	103°53'22.489"W
Facility Reference Pt			637263.90	585075.10	32°36'27.666"N	103°53'15.274"W
Field Reference Pt			610823.03	524402.80	32°26'28.262"N	103°58'26.774"W

## WELLPATH DATUM

Calculation method	Minimum curvature	Rig on No.264H SHL (KB) to Facility Vertical Datum	3495.00ft
Horizontal Reference Pt	Slot	Rig on No.264H SHL (KB) to Mean Sea Level	3495.00ft
Vertical Reference Pt	Rig on No.264H SHL (KB)	Rig on No.264H SHL (KB) to Mud Line at Slot (No.264H SHL)	3495.00ft
MD Reference Pt	Rig on No.264H SHL (KB)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	269.58°

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WELLPATH IDENTIFICATION

✕ No Operator logo

# Planned Wellpath Report

Rev-G.0  
Page n of nn



REFERENCE WELLPATH IDENTIFICATION			
Operator	BOPCO, L.P.	Slot	No.264H SHL
Area	Eddy County, NM	Well	No.264H
Field	Big Eddy	Wellbore	No.264H PWB
Facility	Big Eddy Unit DI-4		

WELLPATH DATA (74 stations) † = interpolated/extrapolated station								
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
0.00†	0.000	269.578	0.00	0.00	0.00	0.00	0.00	
30.00	0.000	269.578	30.00	0.00	0.00	0.00	0.00	Tic On
583.00†	0.000	269.578	583.00	0.00	0.00	0.00	0.00	Top Rustler Anhydrite
846.00†	0.000	269.578	846.00	0.00	0.00	0.00	0.00	Top Salt
2325.00†	0.000	269.578	2325.00	0.00	0.00	0.00	0.00	B/Salt
2894.00†	0.000	269.578	2894.00	0.00	0.00	0.00	0.00	T/Reef
4084.00†	0.000	269.578	4084.00	0.00	0.00	0.00	0.00	T/Delaware Mnt. Group
6894.00†	0.000	269.578	6894.00	0.00	0.00	0.00	0.00	Top Bone Spring Lime
8144.00†	0.000	269.578	8144.00	0.00	0.00	0.00	0.00	1st Bone Spring Sand
8353.65†	0.000	269.578	8353.65	0.00	0.00	0.00	0.00	Est KOP
8400.00†	4.635	269.578	8399.95	1.87	-0.01	-1.87	10.00	
8500.00†	14.635	269.578	8498.41	18.59	-0.14	-18.59	10.00	
8600.00†	24.635	269.578	8592.48	52.15	-0.38	-52.15	10.00	
8700.00†	34.635	269.578	8679.29	101.53	-0.75	-101.53	10.00	
8800.00†	44.635	269.578	8756.20	165.24	-1.22	-165.24	10.00	
8900.00†	54.635	269.578	8820.89	241.34	-1.78	-241.33	10.00	
9000.00†	64.635	269.578	8871.37	327.51	-2.41	-327.50	10.00	
9053.65	70.000	269.578	8892.05	376.99	-2.78	-376.98	10.00	70° Curve
9100.00†	70.000	269.578	8907.91	420.55	-3.10	-420.54	0.00	
9200.00†	70.000	269.578	8942.11	514.52	-3.79	-514.50	0.00	
9234.77†	70.000	269.578	8954.00	547.19	-4.03	-547.17	0.00	2nd Bone Spring A Sand
9253.65	70.000	269.578	8960.46	564.93	-4.17	-564.92	0.00	200' Target
9300.00†	74.635	269.578	8974.53	609.08	-4.49	-609.06	10.00	
9400.00†	84.635	269.578	8992.50	707.32	-5.22	-707.31	10.00	
9453.65	90.000	269.578	8995.01	760.90	-5.61	-760.88	10.00	EOC
9500.00†	90.927	269.578	8994.64	807.24	-5.95	-807.22	2.00	
9547.24	91.872	269.578	8993.48	854.47	-6.30	-854.45	2.00	TL
9600.00†	91.872	269.578	8991.76	907.20	-6.69	-907.18	0.00	
9700.00†	91.872	269.578	8988.49	1007.15	-7.43	-1007.12	0.00	
9800.00†	91.872	269.578	8985.23	1107.09	-8.16	-1107.06	0.00	
9900.00†	91.872	269.578	8981.96	1207.04	-8.90	-1207.01	0.00	
10000.00†	91.872	269.578	8978.69	1306.99	-9.64	-1306.95	0.00	
10100.00†	91.872	269.578	8975.43	1406.93	-10.37	-1406.90	0.00	
10200.00†	91.872	269.578	8972.16	1506.88	-11.11	-1506.84	0.00	
10300.00†	91.872	269.578	8968.90	1606.83	-11.85	-1606.78	0.00	
10400.00†	91.872	269.578	8965.63	1706.77	-12.59	-1706.73	0.00	
10500.00†	91.872	269.578	8962.36	1806.72	-13.32	-1806.67	0.00	
10600.00†	91.872	269.578	8959.10	1906.67	-14.06	-1906.62	0.00	
10700.00†	91.872	269.578	8955.83	2006.61	-14.80	-2006.56	0.00	
10756.04†	91.872	269.578	8954.00	2062.62	-15.21	-2062.57	0.00	2nd Bone Spring A Sand
10800.00†	91.872	269.578	8952.56	2106.56	-15.53	-2106.50	0.00	
10900.00†	91.872	269.578	8949.30	2206.51	-16.27	-2206.45	0.00	
11000.00†	91.872	269.578	8946.03	2306.45	-17.01	-2306.39	0.00	
11100.00†	91.872	269.578	8942.77	2406.40	-17.74	-2406.34	0.00	
11200.00†	91.872	269.578	8939.50	2506.35	-18.48	-2506.28	0.00	

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OPERATOR: BOPCO, L.P.  
WELL: NO. 264H  
WELLBORE: NO. 264H PWB

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# Planned Wellpath Report

Rev-G.0  
Page n of nn



REFERENCE WELLPATH IDENTIFICATION			
Operator	BOPCO, L.P.	Slot	No.264H SHL
Area	Eddy County, NM	Well	No.264H
Field	Big Eddy	Wellbore	No.264H PWB
Facility	Big Eddy Unit DI-4		

**WELLPATH DATA (74 stations) † = interpolated/extrapolated station**

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
11300.00†	91.872	269.578	8936.23	2606.29	-19.22	-2606.22	0.00	
11400.00†	91.872	269.578	8932.97	2706.24	-19.96	-2706.17	0.00	
11500.00†	91.872	269.578	8929.70	2806.19	-20.69	-2806.11	0.00	
11600.00†	91.872	269.578	8926.43	2906.13	-21.43	-2906.06	0.00	
11700.00†	91.872	269.578	8923.17	3006.08	-22.17	-3006.00	0.00	
11800.00†	91.872	269.578	8919.90	3106.03	-22.90	-3105.94	0.00	
11900.00†	91.872	269.578	8916.63	3205.97	-23.64	-3205.89	0.00	
12000.00†	91.872	269.578	8913.37	3305.92	-24.38	-3305.83	0.00	
12100.00†	91.872	269.578	8910.10	3405.87	-25.11	-3405.77	0.00	
12200.00†	91.872	269.578	8906.84	3505.81	-25.85	-3505.72	0.00	
12300.00†	91.872	269.578	8903.57	3605.76	-26.59	-3605.66	0.00	
12400.00†	91.872	269.578	8900.30	3705.71	-27.32	-3705.61	0.00	
12500.00†	91.872	269.578	8897.04	3805.65	-28.06	-3805.55	0.00	
12600.00†	91.872	269.578	8893.77	3905.60	-28.80	-3905.49	0.00	
12700.00†	91.872	269.578	8890.50	4005.55	-29.54	-4005.44	0.00	
12800.00†	91.872	269.578	8887.24	4105.49	-30.27	-4105.38	0.00	
12900.00†	91.872	269.578	8883.97	4205.44	-31.01	-4205.33	0.00	
13000.00†	91.872	269.578	8880.71	4305.39	-31.75	-4305.27	0.00	
13100.00†	91.872	269.578	8877.44	4405.33	-32.48	-4405.21	0.00	
13200.00†	91.872	269.578	8874.17	4505.28	-33.22	-4505.16	0.00	
13300.00†	91.872	269.578	8870.91	4605.23	-33.96	-4605.10	0.00	
13400.00†	91.872	269.578	8867.64	4705.17	-34.69	-4705.05	0.00	
13500.00†	91.872	269.578	8864.37	4805.12	-35.43	-4804.99	0.00	
13600.00†	91.872	269.578	8861.11	4905.07	-36.17	-4904.93	0.00	
13700.00†	91.872	269.578	8857.84	5005.01	-36.91	-5004.88	0.00	
13800.00†	91.872	269.578	8854.57	5104.96	-37.64	-5104.82	0.00	
13900.00†	91.872	269.578	8851.31	5204.91	-38.38	-5204.77	0.00	
14000.00†	91.872	269.578	8848.04	5304.85	-39.12	-5304.71	0.00	
14093.13	91.872	269.578	8845.00	5397.93	-39.80	-5397.79	0.00	No. 264H PBHL

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JUN 11 2011 11 53 AM

OPERATIONAL FIELD OFFICE  
MAY 10 2011 10 53 AM

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# Planned Wellpath Report

Rev-G.0  
Page n of nn



REFERENCE WELLPATH IDENTIFICATION			
Operator	BOPCO, L.P.	Slot	No.264H SHL
Area	Eddy County, NM	Well	No.264H
Field	Big Eddy	Wellbore	No.264H PWB
Facility	Big Eddy Unit DI-4		

TARGETS									
Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [US ft]	Grid North [US ft]	Latitude	Longitude	Shape
BEU #264H PBHL (Rev-1)		8845.00	280.53	-7955.66	628691.61	585348.21	32°36'30.713"N	103°54'55.476"W	point
BEU #264H PBHL		8855.00	-39.80	-5397.79	631249.30	585027.90	32°36'27.443"N	103°54'25.590"W	point

SURVEY PROGRAM - Ref Wellbore: No.264H PWB Ref Wellpath: Rev-G.0				
Start MD [ft]	End MD [ft]	Positional Uncertainty Model	Log Name/Comment	Wellbore
30.00	16654.93	NaviTrak (Standard)		No.264H PWB

RECEIVED

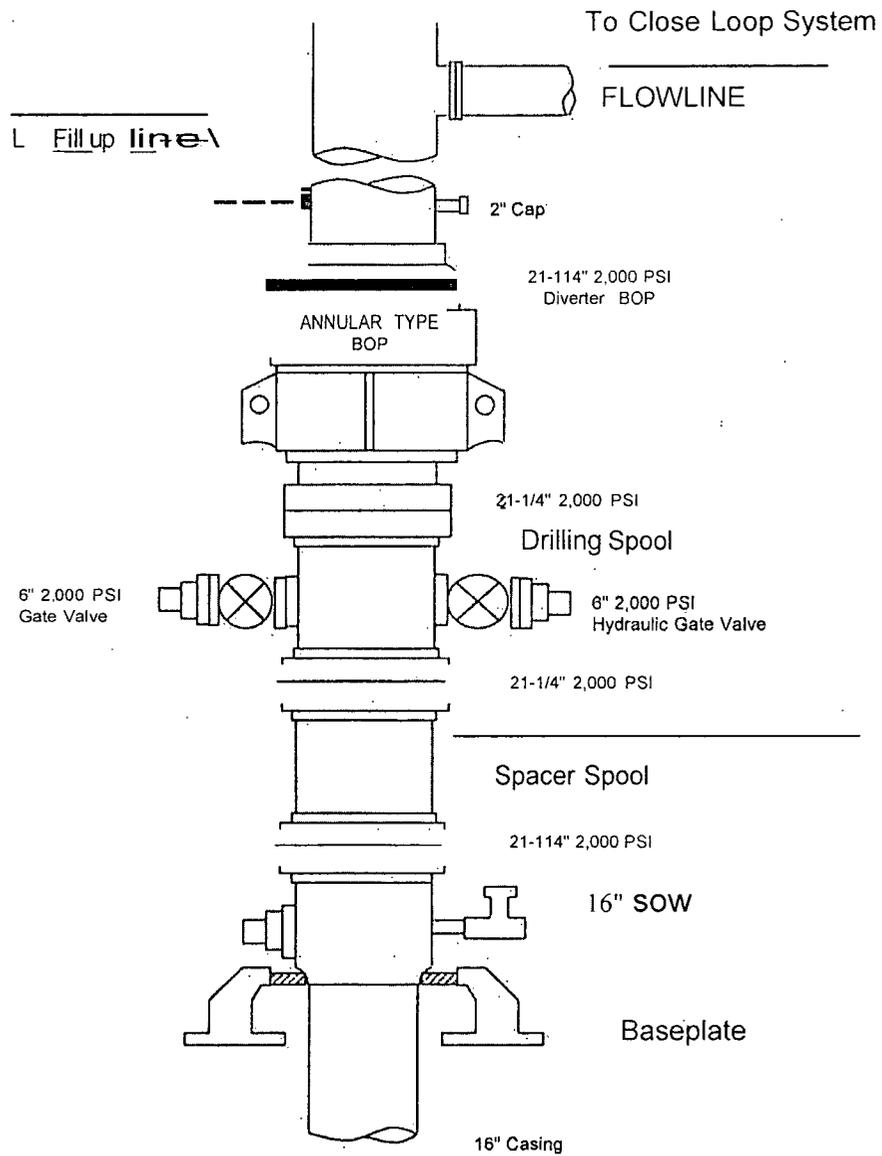
MAR 14 2010 10:55 AM

DAVID W. GIBBS  
SPECIAL AGENT

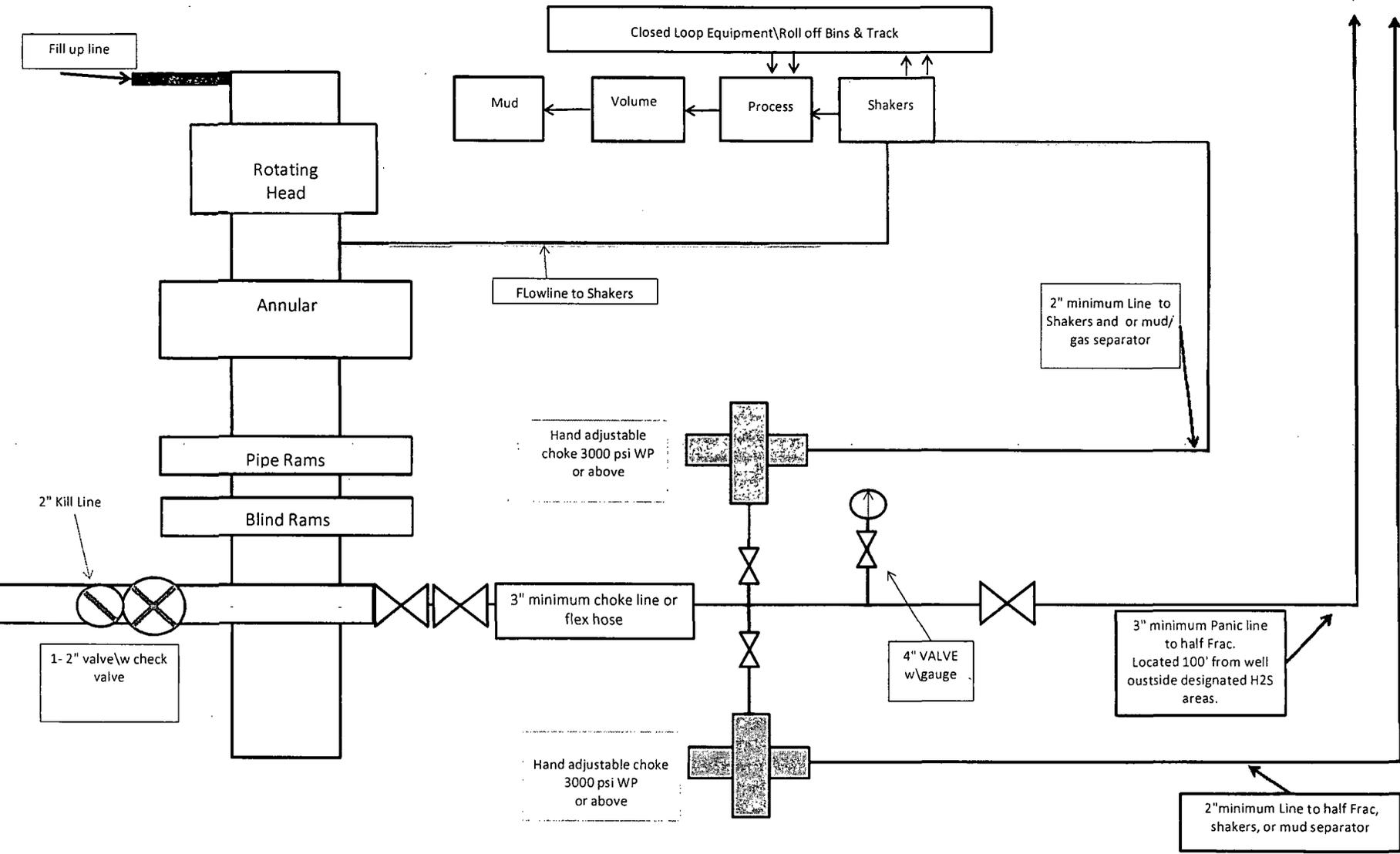
# BOPCO, L. P

## 20" 2,000 PSI Diverter

### Diagram D

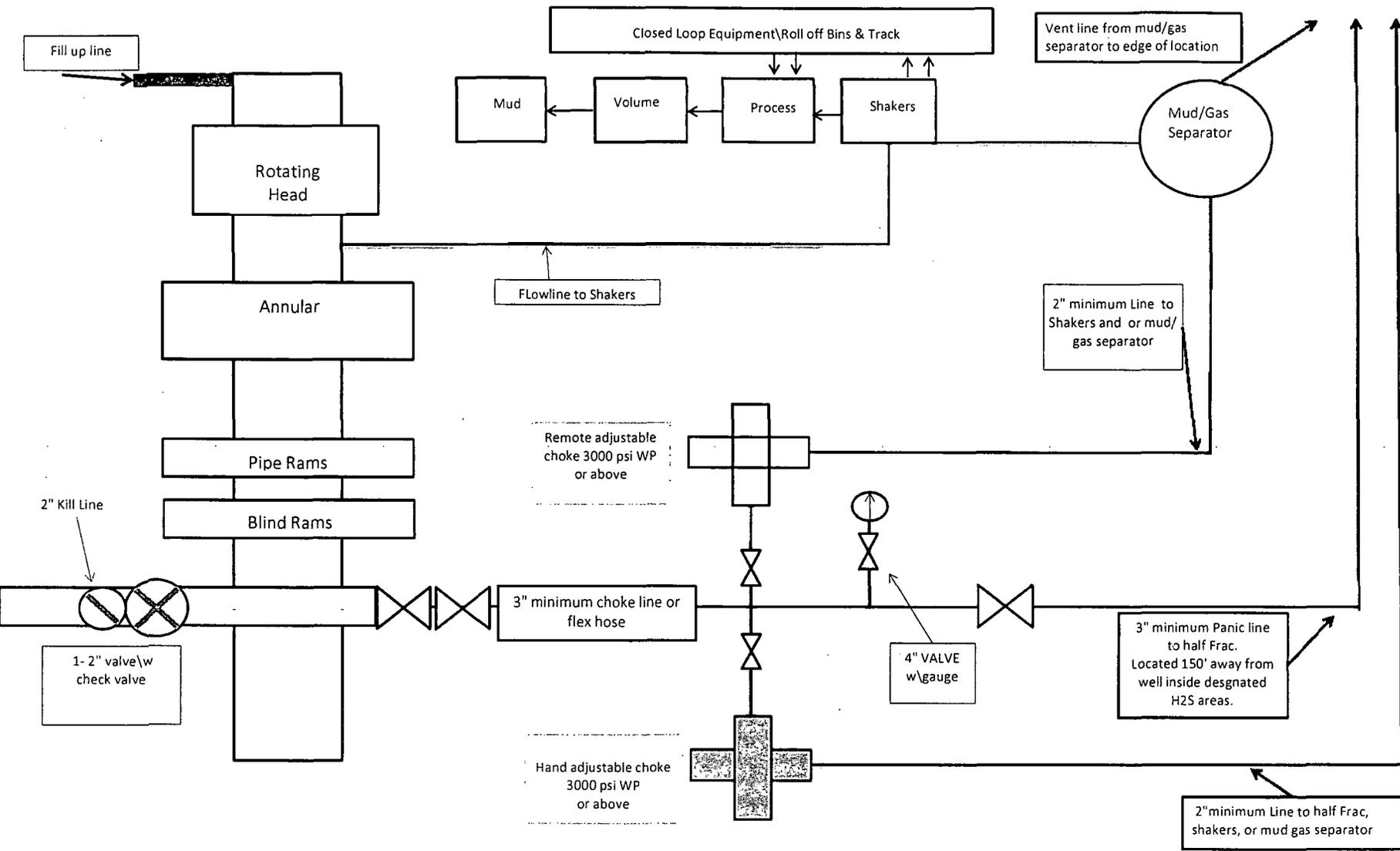


Note: Actual lengths of casing heads may vary. Always measure items prior to installing in order to ensure proper spacing.



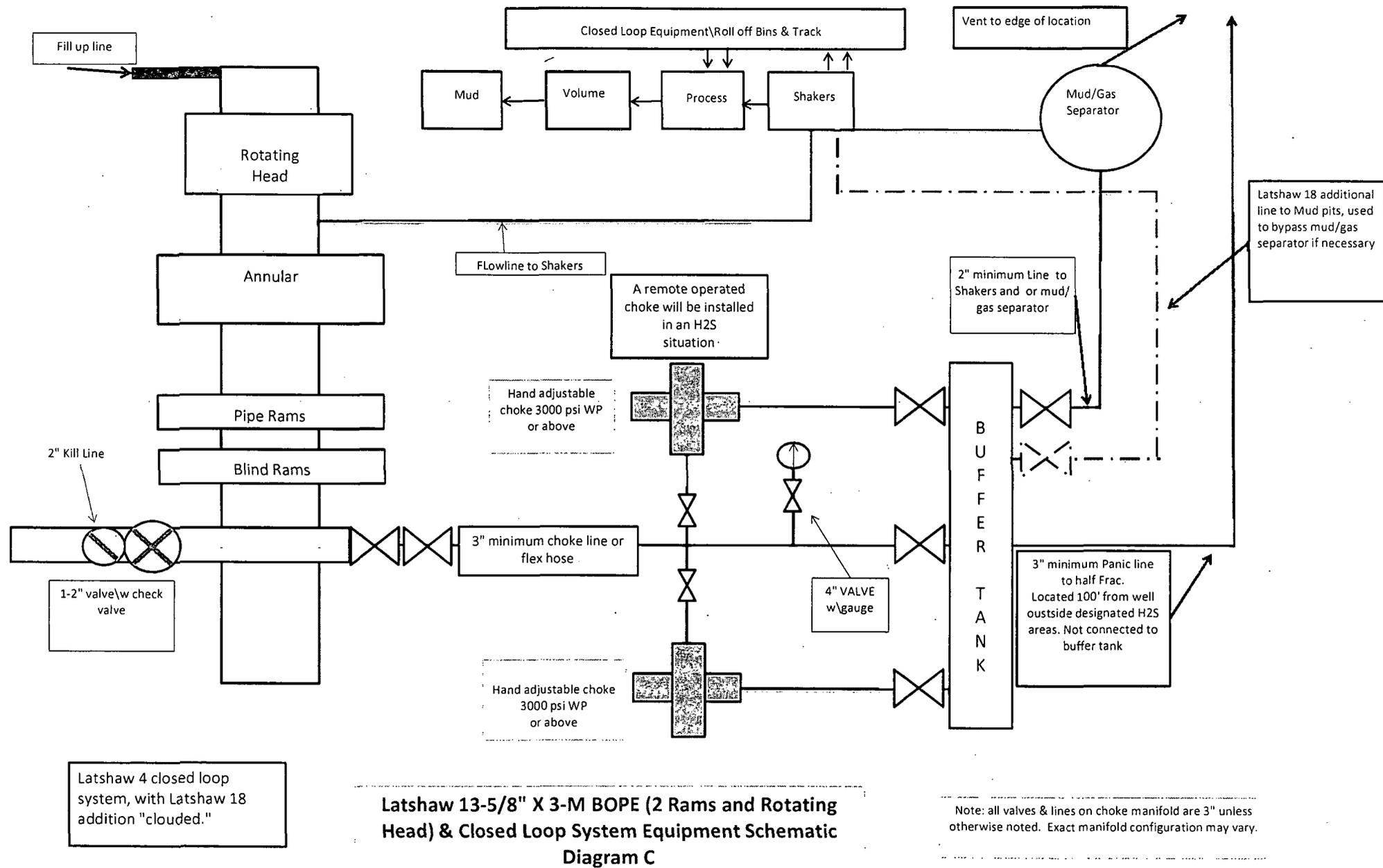
**13-5/8" X 3-M BOPE (2 Rams and Rotating Head) & Closed Loop System Equipment Schematic Diagram A**

Note: all valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.



**13-5/8" X 3-M BOPE (2 Rams and Rotating Head) & Closed Loop System Equipment Schematic H2S contingency Diagram B**

Note: all valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.



**MIDWEST  
HOSE AND SPECIALTY INC.**

INTERNAL HYDROSTATIC TEST REPORT		
Customer: LATSHAW DRILLING	P.O. Number: RIG#4	
HOSE SPECIFICATIONS		
Type: CHOKER LINE	Length: 30'	
I.D. 3" INCHES	O.D. 6" INCHES	
WORKING PRESSURE 5,000 PSI	TEST PRESSURE 10,000 PSI	BURST PRESSURE PSI
COUPLINGS		
Type of End Fitting 4 1/16 5K FLANGE		
Type of Coupling: SWEDGED	MANUFACTURED BY MIDWEST HOSE & SPECIALTY	
PROCEDURE		
<i>Hose assembly pressure tested with water at ambient temperature.</i>		
TIME HELD AT TEST PRESSURE 1 MIN.	ACTUAL BURST PRESSURE: 0 PSI	
COMMENTS: SO#81610 Hose is covered with stainless steel armour cover and wrapped with fire resistant vermiculite coated fiberglass insulation rated for 1500 degrees complete with lifting eyes		
Date: 3/2/2011	Tested By: BOBBY FINK	Approved: MENDI JACKSON



Midwest Hose & Specialty, Inc.

### Internal Hydrostatic Test Graph

April 4, 2012

Customer: Latshaw

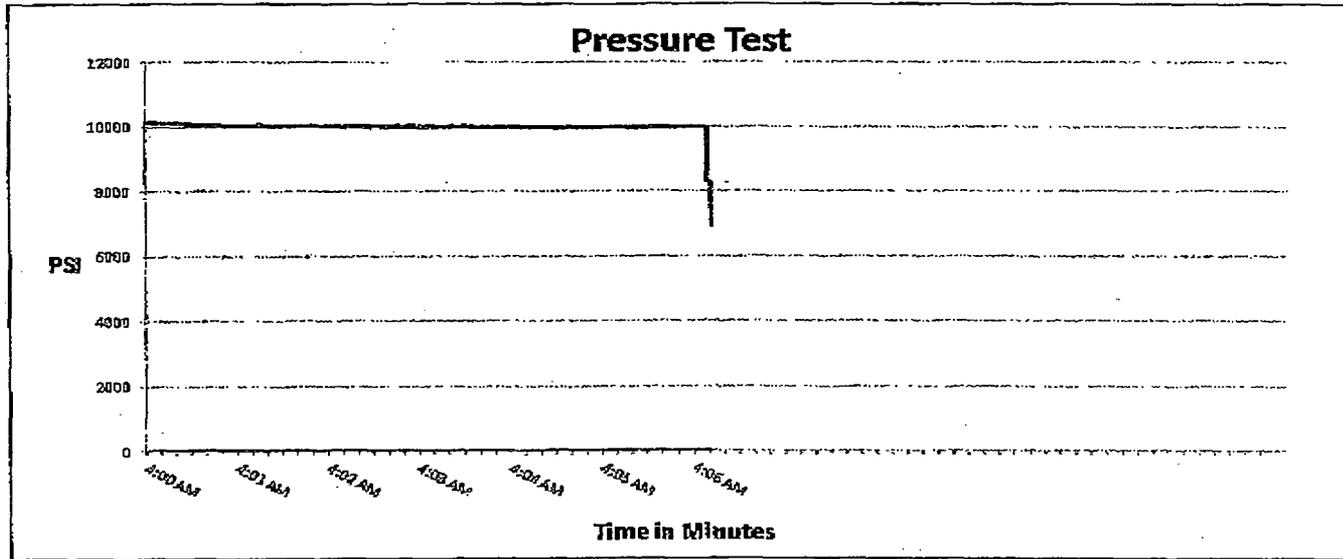
Pick Ticket #: 81610

#### Hose Specifications

<u>Hose Type</u>	<u>Length</u>
D	30'
<u>I.D.</u>	<u>O.D.</u>
3"	4 15/32"
<u>Working Pressure</u>	<u>Burst Pressure</u>
5000 PSI	Standard Safety Multiplier Applies

#### Verification

<u>Type of Fitting</u>	<u>Coupling Method</u>
41/16 SK	Swage
<u>Die Size</u>	<u>Final O.D.</u>
5.12"	5.16"
<u>Hose Serial #</u>	<u>Hose Assembly Serial #</u>
8884	81610



Test Pressure  
10000 PSI

Time Held at Test Pressure  
6 1/4 Minutes

Actual Burst Pressure

Peak Pressure  
10195 PSI

**Comments:** Hose assembly pressure tested with water at ambient temperature.

**Tested By:** Donnie McLemore

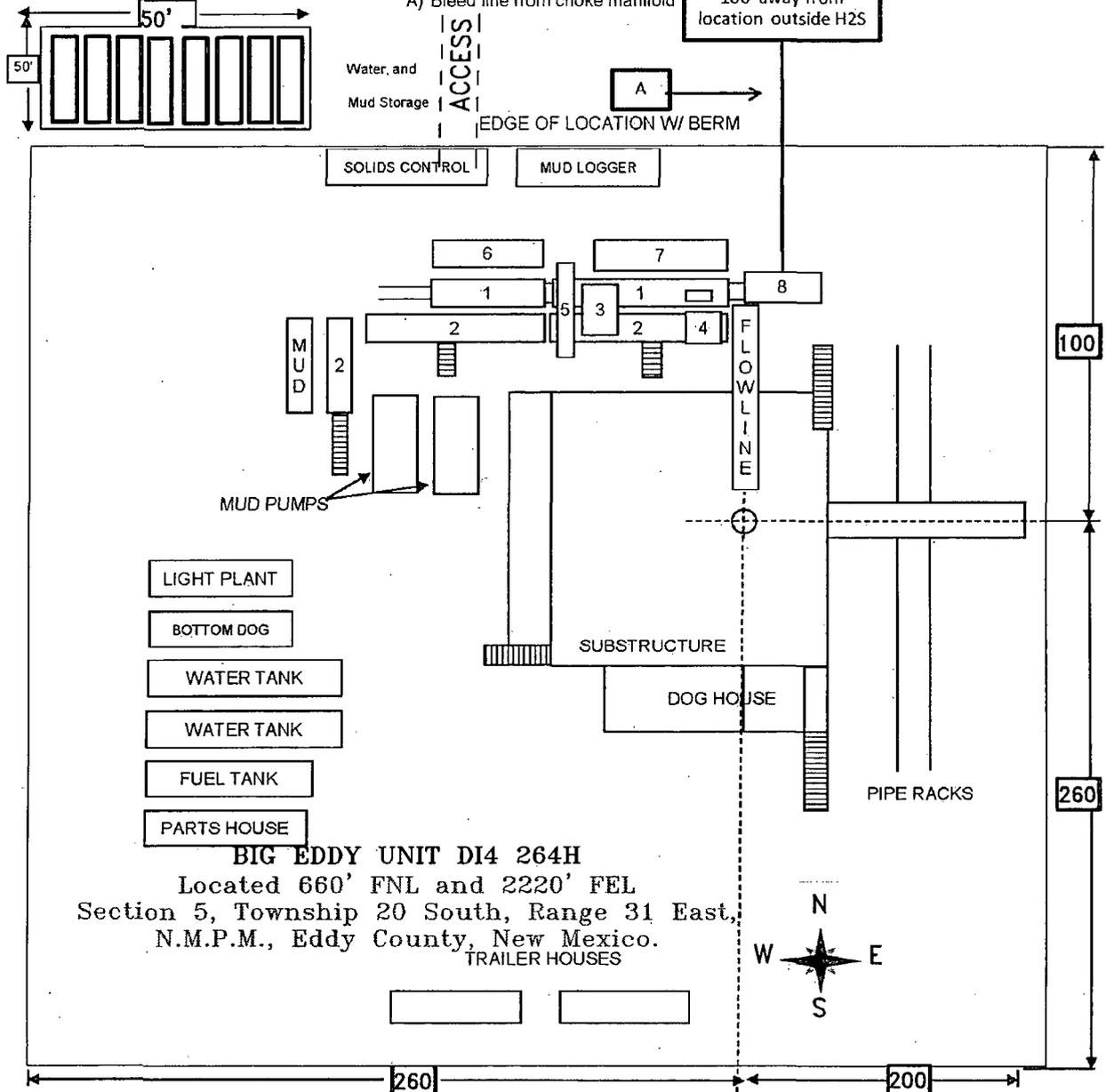
**Approved By:** Bobby Fink

Exhibit "D"

**RIG LAYOUT SCHEMATIC  
INCLUSIVE OF CLOSED-LOOP DESIGN PLAN**

**Solids Control Equipment Legend**

- |                 |                                   |
|-----------------|-----------------------------------|
| 1) Roll Off Bin | 5) Centrifuge                     |
| 2) Steel Tank   | 6) Dewatering Unit                |
| 3) Mud Cleaner  | 7) Catch Tank                     |
| 4) Shaker       | 8) Choke Manifold                 |
|                 | A) Bleed line from choke manifold |



**BIG EDDY UNIT DI4 264H**  
 Located 660' FNL and 2220' FEL  
 Section 5, Township 20 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.  
 TRAILER HOUSES

**basin surveys**  
 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

SCALE: NONE

W.O. Number: JMS 29980

Survey Date: 01-21-2014



**BOPCO, L.P.**

## **TABLE OF CONTENTS**

- I. H<sub>2</sub>S Contingency Plan**
  - A. Scope
  - B. Objective
  - C. Discussion of Plan
  
- II. Emergency Procedures**
  - A. Emergency Procedures and Public Protection
  - B. Emergency Procedures Implementation
  - C. Simulated Blowout Control Drills
  
- III. Ignition Procedures**
  - A. Responsibility
  - B. Instructions
  
- IV. Training Requirements**
  
- V. Emergency Equipment**
  
- VI. Evacuation Plan**
  - A. General Plan
  - B. Emergency Phone Lists
  
- VII. General Information**
  - A. H<sub>2</sub>S Toxicity Table
  - B. Respirator Use
  - C. Emergency Rescue

## H<sub>2</sub>S CONTINGENCY PLAN SECTION

### Scope:

This contingency plan provides an organized plan of action for alerting and protecting the public within an area of exposure prior to an intentional release, or following the accidental release of a potentially hazardous volume of hydrogen sulfide. The plan establishes guidelines for all personnel whose work activity may involve exposure to Hydrogen Sulfide Gas (H<sub>2</sub>S).

### Objective:

Prevent any and all accidents, and prevent the uncontrolled release of H<sub>2</sub>S into the atmosphere.

Provide proper evacuation procedures to cope with emergencies.

Provide immediate and adequate medical attention should an injury occur.

### Discussion of Plan:

#### ***Suspected Problem Zones:***

***Implementation:*** This plan, with all details, is to be fully implemented 500' above or three days prior to drilling into the first known sour zone

***Emergency Response and Public Protection Procedure:*** This section outlines the conditions and denotes steps to be taken in the event of an emergency.

***Emergency Equipment and Procedure:*** This section outlines the safety and emergency equipment that will be required for the drilling of this well.

***Training Provisions:*** This section outlines the training provisions that must be adhered to 500 feet above or three days prior to drilling into the first known sour zone.

***Emergency call lists:*** Included are the telephone numbers of all persons that would need to be contacted should an H<sub>2</sub>S emergency occur.

***Briefing:*** This section deals with the briefing of all persons involved with the drilling of this well.

***Public Safety:*** Public Safety Personnel will be made aware of the drilling of this well.

## EMERGENCY PROCEDURES AND PUBLIC PROTECTION SECTION

- I. In the event of any evidence of H<sub>2</sub>S levels above 10 ppm, take the following steps immediately:
  - A. Secure breathing apparatus.
  - B. Order non-essential personnel out of the danger zone.
  - C. Take steps to determine if the H<sub>2</sub>S level can be corrected or suppressed, and if so, proceed with normal operations.
- II. If uncontrollable conditions occur, proceed with the following:
  - A. Take steps to protect and/or remove any public downwind of the rig, including partial evacuation or isolation. Notify necessary public safety personnel and the New Mexico Oil & Gas of the situation.
  - B. Isolate area and prevent entry by unauthorized persons into the 100 ppm ROE.
  - C. Remove all personnel to the Safe Briefing Area.
  - D. Notify public safety personnel for help with maintaining roadblocks and implementing evacuation. Phone number list attached.
  - E. Determine and proceed with the best possible plan to regain control of the well. Maintain tight security and safety measures.
- III. Responsibility:
  - A. The Company Approved Supervisor shall be responsible for the total implementation of the plan.
  - B. The Company Approved Supervisor shall be in complete command during any emergency.
  - C. The Company Approved Supervisor shall designate a back up Supervisor in the event that he/she is not available.

## **EMERGENCY PROCEDURE IMPLEMENTATION**

### **I. Drilling or Tripping**

#### **A. All Personnel**

1. When alarm sounds, don escape unit and report to upwind Safe Briefing Area.
2. Check status of other personnel (buddy system).
3. Secure breathing apparatus.
4. Wait for orders from supervisor.

#### **B. Drilling Foreman**

1. Report to the upwind Safe Briefing Area.
2. Don Breathing Apparatus and return to the point of release with the Tool Pusher or Driller (buddy system).
3. Determine the concentration of H<sub>2</sub>S.
4. Assess the situation and take appropriate control measures.

#### **C. Tool Pusher**

1. Report to the upwind Safe Briefing Area.
2. Don breathing apparatus and return to the point of release with the Drilling Foreman or the Driller (buddy system).
3. Determine the concentration.
4. Assess the situation and take appropriate control measures.

#### **D. Driller**

1. Check the status of other personnel (in a rescue attempt, always use the buddy system).
2. Assign the least essential person to notify the Drilling Foreman and Tool Pusher, in the event of their absence.

3. Assume the responsibility of the Drilling Foreman and the Tool Pusher until they arrive, in the event of their absence.

E. Derrick Man and Floor Hands

1. Remain in the upwind Safe Briefing Area until otherwise instructed by a supervisor.

F. Mud Engineer

1. Report to the upwind Safe Briefing Area.
2. When instructed, begin check of mud for pH level and H<sub>2</sub>S level.

G. On-site Safety Personnel

1. Don Breathing Apparatus.
2. Check status of all personnel.
3. Wait for instructions from Drilling Foreman or Tool Pusher.

**II. Taking a Kick**

- A. All personnel report to the upwind Safe Briefing Area.
- B. Follow standard BOP procedures.

**III. Open Hole Logging**

- A. All unnecessary personnel should leave the rig floor.
- B. Drilling Foreman and Safety Personnel should monitor the conditions and make necessary safety equipment recommendations.

**IV. Running Casing or Plugging**

- A. Follow "Drilling or Tripping" procedures.
- B. Assure that all personnel have access to protective equipment.

## **SIMULATED BLOWOUT CONTROL DRILLS**

All drills will be initiated by activating alarm devices (air horn). Use one long blast on the air horn for ACTUAL and SIMULATED Blowout Control Drills. This operation will be performed by the Drilling Foreman or Tool Pusher at least one time per week for each of the following conditions, with each crew:

Drill # 1      Bottom Drilling

Drill # 2      Tripping Drill Pipe

In each of these drills, the initial reaction time to shutting in the well shall be timed as well as the total time for the crew to complete its entire pit drill assignment. The times must be recorded on the IADC Driller's Log as "Blowout Control Drill".

Drill No.:			
Reaction Time to Shut-In:	minutes,	seconds.	
Total Time to Complete Assignment:	minutes,	seconds.	

### **I. Drill Overviews**

#### **A. Drill No. 1- Bottom Drilling**

1. Sound the alarm immediately.
2. Stop the rotary and hoist kelly joint above the rotary table.
3. Stop the circulatory pump.
4. Close the drill pipe rams.
5. Record casing and drill pipe shut-in pressures and pit volume increases.

#### **B. Drill No. 2 – Tripping Drill Pipe**

1. Sound the alarm immediately.
2. Position the upper tool joint just above the rotary table and set the slips.

3. Install a full opening valve or inside blowout preventor tool in order to close the drill pipe.
4. Close the drill pipe rams.
5. Record the shut-in annular pressure.

## **II. Crew Assignments**

### **A. Drill No. 1 – Bottom Drilling**

1. Driller
  - a) Stop the rotary and hoist kelly joint above the rotary table.
  - b) Stop the circulatory pump.
  - c) Check flow.
  - d) If flowing, sound the alarm immediately.
  - e) Record the shut-in drill pipe pressure.
  - f) Determine the mud weight increase needed or other courses of action.
2. Derrickman
  - a) Open choke line valve at BOP.
  - b) Signal Floor Man # 1 at accumulator that choke line is open.
  - c) Close choke and upstream valve after pipe tams have been closed.
  - d) Read the shut-in annular pressure and report readings to Driller.
3. Floor Man # 1
  - a) Close the pipe rams after receiving the signal from the Derrickman.
  - b) Report to Driller for further instructions.

4. Floor Man # 2
  - a) Notify the Tool Pusher and Operator Representative of the H<sub>2</sub>S alarms.
  - b) Check for open fires and, if safe to do so, extinguish them.
  - c) Stop all welding operations.
  - d) Turn-off all non-explosion proof lights and instruments.
  - e) Report to Driller for further instructions.
5. Tool Pusher
  - a) Report to the rig floor.
  - b) Have a meeting with all crews.
  - c) Compile and summarize all information.
  - d) Calculate the proper kill weight.
  - e) Ensure that proper well procedures are put into action.
6. Operator Representative
  - a) Notify the Drilling Superintendent.
  - b) Determine if an emergency exists and if so, activate the contingency plan.

**B. Drill No. 2 – Tripping Pipe**

1. Driller
  - a) Sound the alarm immediately when mud volume increase has been detected.
  - b) Position the upper tool joint just above the rotary table and set slips.
  - c) Install a full opening valve or inside blowout preventor tool to close the drill pipe.
  - d) Check flow.

- e) Record all data reported by the crew.
- f) Determine the course of action.

2. Derrickman

- a) Come down out of derrick.
- b) Notify Tool Pusher and Operator Representative.
- c) Check for open fires and, if safe to do so, extinguish them.
- d) Stop all welding operations.
- e) Report to Driller for further instructions.

3. Floor Man # 1

- a) Pick up full opening valve or inside blowout preventor tool and stab into tool joint above rotary table (with Floor Man # 2).
- b) Tighten valve with back-up tongs.
- c) Close pipe rams after signal from Floor Man # 2.
- d) Read accumulator pressure and check for possible high pressure fluid leaks in valves or piping.
- e) Report to Driller for further instructions.

4. Floor Man # 2

- a) Pick-up full opening valve or inside blowout preventor tool and stab into tool joint above rotary table (with Floor Man # 1).
- b) Position back-up tongs on drill pipe.
- c) Open choke line valve at BOP.
- d) Signal Floor Man # 1 at accumulator that choke line is open.
- e) Close choke and upstream valve after pipe rams have been closed.
- f) Check for leaks on BOP stack and choke manifold.

- g) Read annular pressure.
- h) Report readings to the Driller.

5. Tool Pusher

- a) Report to the rig floor.
- b) Have a meeting with all of the crews.
- c) Compile and summarize all information.
- d) See that proper well kill procedures are put into action.

6. Operator Representative

- a) Notify Drilling Superintendent
- b) Determine if an emergency exists, and if so, activate the contingency plan.

## IGNITION PROCEDURES

### Responsibility:

The decision to ignite the well is the responsibility of the DRILLING FOREMAN in concurrence with the STATE POLICE. The State Police shall be the Incident Command on the scene of any major release. Intentional ignition must be coordinated with the NMOCD and local officials. In the event the Drilling Foreman is incapacitated, it becomes the responsibility of the RIG TOOL PUSHER. This decision should be made only as a last resort and in a situation where it is clear that:

1. Human life and property are endangered.
2. There is no hope of controlling the blowout under the prevailing conditions.

If time permits, notify the main office, but do not delay if human life is in danger. Initiate the first phase of the evacuation plan.

### Instructions for Igniting the Well:

1. Two people are required for the actual igniting operation. Both men must wear self-contained breathing apparatus and must use a full body harness and attach a retrievable safety line to the D-Ring in the back. One man must monitor the atmosphere for explosive gases with the LEL monitor, while the Drilling Foreman is responsible for igniting the well.
2. The primary method to ignite is a 25mm flare gun with a range of approximately 500 feet.
3. Ignite from upwind and do not approach any closer than is warranted.
4. Select the ignition site best suited for protection and which offers an easy escape route.
5. Before igniting, check for the presence of combustible gases.
6. After igniting, continue emergency actions and procedures as before.
7. All unassigned personnel will limit their actions to those directed by the Drilling Foreman.

**NOTE:** After the well is ignited, burning Hydrogen Sulfide will convert to Sulfur Dioxide (SO<sub>2</sub>), which is also highly toxic. Do not assume the area is safe after the well is ignited.

## TRAINING REQUIREMENTS

When working in an area where Hydrogen Sulfide (H<sub>2</sub>S) might be encountered, definite training requirements must be carried out. The Company Supervisor will ensure that all personnel at the well site, whether regularly assigned, contracted, or employed on an unscheduled basis, have had adequate training by a qualified instructor in the following:

1. Hazards and Characteristics of Hydrogen Sulfide and Sulfur Dioxide.
2. Physicals effects of Hydrogen Sulfide on the human body.
3. Toxicity of Hydrogen Sulfide and Sulfur Dioxide.
4. H<sub>2</sub>S detection, emergency alarm and sensor location.
5. Emergency rescue.
6. First aid and artificial resuscitation.
7. The effects of Hydrogen Sulfide on metals.
8. Location safety.

In addition, Supervisory Personnel will be trained in the following areas:

1. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well as well as blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Contingency Plan and the Public Protection Plan.

Service company personnel and visiting personnel must be notified if the zone contains H<sub>2</sub>S, and each service company must provide adequate training and equipment for their employees before they arrive at the well site.

## EMERGENCY EQUIPMENT

As stated in the BLM Onshore Order 6, for wells located in a known H<sub>2</sub>S areas, H<sub>2</sub>S equipment will be rigged up after setting surface casing. For wells located inside known H<sub>2</sub>S areas, the flare pit will be located 150' from the location and for wells located outside known H<sub>2</sub>S areas, the flare pit will be located 100' away from the location. (See page 6 of Survey plat package and diagram B or C.)

**It is not anticipated that any H<sub>2</sub>S is in the area, however in the event that H<sub>2</sub>S is encountered, the attached H<sub>2</sub>S Contingency Plan will be implemented.** (Please refer to diagrams B or C for choke manifold and closed loop system layout.) See H<sub>2</sub>S location layout diagram for location of all H<sub>2</sub>S equipment on location.

All H<sub>2</sub>S safety equipment and systems will be installed, tested and be operational when drilling reaches a depth of 500' above, or three days prior to penetrating a known formation containing H<sub>2</sub>S.

### **Lease Entrance Sign:**

Caution signs should be located at all roads providing direct access to the location. Signs shall have a yellow background with black lettering and contain the words "CAUTION" and "POISON GAS" that is legible from a distance of at least 50 feet.

**LEASE NAME  
CAUTION – POTENTIAL POISON GAS  
HYDROGEN SULFIDE  
NO ADMITTANCE WITHOUT AUTHORIZATION**

### **Windssocks or Wind Streamers:**

- A minimum of two 10" windssocks located at strategic locations so that they may be seen from any point on location.
- Wind streamers (if preferred) should be placed at various locations on the well site to ensure wind consciousness at all times. (Corners of location)

### **Hydrogen Sulfide Detector and Alarms:**

- H<sub>2</sub>S monitors with alarms will be located on the rig floor, at the cellar, and at the mud pits. These monitors will be set to alarm at 10 PPM with a red light and to alarm at 15 PPM with a red light and audible alarm.

### **Well Condition Flags:**

The Well Condition flags should be located at all roads providing direct access to the location. It should have three (3) color coded flags (green, yellow and red) that will be used to denote the following location conditions:

GREEN – Normal Operating Conditions  
YELLOW – Potential Danger  
RED – Danger, H<sub>2</sub>S Gas Present

### **Respiratory Equipment:**

- Fresh air breathing equipment should be placed at the company supervision trailer and the safe briefing areas and should include the following:
  - A minimum of two SCBA's at each briefing area and the supervisor company supervision trailer.
  - Enough air line units to operate safely, anytime the H<sub>2</sub>S concentration reaches the IDLH level (100 PPM).
  - Cascade system with enough breathing air hose and manifolds to reach the rig floor, the derrickman and the other operation areas.

### **Fire Extinguishers:**

Adequate fire extinguishers shall be located at strategic locations.

### **Mud Program:**

The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weight, safe drilling practices and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S bearing zones.

### **Metallurgy:**

All drill strings, casing, tubing, wellhead; blowout preventer, drilling spools, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.

### **Well Control Equipment:**

- Flare Line (See page 6 of survey plat package for flare line reference).
- Choke manifold (See diagram B or C and refer to H2S location diagram for location of important H2S safety items ).
- Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing units.
- Auxiliary equipment may include, if applicable, annular preventer & rotating head.

### **Communication Equipment:**

- Proper communication equipment such as cell phones or 2 – way radios should be available for communication between the company man's trailer, rig floor and tool pusher's trailer.

### **Well Testing:**

- There will be no drill stem testing.

### **Evacuation Plan:**

- Evacuation routes should be established prior to spudding the well.
- Should be discussed with all rig personnel.

### **Designated Areas:**

#### ***Parking and Visitor area:***

- All vehicles are to be parked at a pre-determined safe distance from the wellhead.
- A smoking area will be designated at a pre-determined safe distance from the wellhead and any other possible flammable areas.

#### ***Safe Briefing Areas:***

- Two Safe Briefing Areas shall be designated on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds or they are at a 180 degree angle if wind directions tend to shift in the area.

- Personal protective equipment should be stored at both briefing areas or if a moveable cascade trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both briefing areas should be accessible.

**NOTE:**

- Additional equipment will be available at Indian Fire and Safety in Hobbs, NM or at Total Safety in Hobbs, NM.

## **EVACUATION PLAN**

### **General Plan**

The direct lines of action to protect the public from hazardous gas situations are as follows:

1. When the company approved supervisor (Drilling Foremen, Tool Pusher or Driller) determine that Hydrogen Sulfide gas cannot be limited to the well location, and the public will be involved, he will activate the evacuation plan. Escape routes are noted on the Area Map.
2. Company safety personnel or designee will notify the appropriate local government agency that a hazardous condition exists and evacuation needs to be implemented.
3. Company approved safety personnel that have been trained in the use of the proper emergency equipment will be utilized.
4. Law enforcement personnel (State Police, Local Police Department, Fire Department, and the Sheriff's Department) will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

NOTE: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

5. After the discharge of gas has been controlled, Company approved safety personnel will determine when the area is safe for re-entry.

### **See Emergency Action Plan**

### **Contacting Authorities**

BOPCO L.P. personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. (Operator Name)'s response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

**H<sub>2</sub>S CONTINGENCY PLAN EMERGENCY CONTACTS**  
BOPCO L.P. Midland Office 432-683-2277

Key Personnel

<u>Name</u>	<u>Title</u>	<u>Cell Phone Number</u>
Stephen Martinez	Drilling & Completions Manager	432-556-0262
Charles Warne	Division Engineer	432-312-4431
Don Wood	Division Drilling Specialist	432-266-2674
Leo Bojorquez	Area Drilling Superintendent	702-280-4424
Chris Giese	Engineer	432-661-7328
Chris Volek	Engineer	785-979-2643
Brian Braun	Engineer	210-683-9849
Jeremy Braden	Engineering Assistant	432-312-1113

Artesia

Ambulance	911
State Police	575-746-2703
City Police	575-746-2703
Sheriff's Office	575-746-9888
Fire Department	575-746-2701
Local Emergency Planning Committee	575-746-2122
New Mexico Oil Conservation Division	575-748-1283

Carlsbad

Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-887-3798
Local Emergency Planning Committee	575-887-6544
US Bureau of Land Management	575-887-6544

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
24 Hour	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635
National Emergency Response Center (Washington, DC)	800-424-8802

Other

Wild Well Control	432-550-6202 (Permian Basin)
Cudd PressureControl	432-580-3544 or 432-570-5300 (Permian Basin)
Flight For Life – 4000 24 <sup>th</sup> St. Lubbock, Texas	806-743-9911
Aerocare – R3, Box 49F, Lubbock, Texas	806-747-8923
Med Flight Air Amb – 2301 Yale Blvd SE #D3, Albuquerque, NM	505-842-4433
S B Air Med Service – 2505 Clark Carr Loop SE, Albuquerque, NM	505-842-4949
Indian Fire and Safety – 3317 NW Cnty Rd, Hobbs, NM	575-393-3093

Total Safety – 3229 Industrial Dr., Hobbs, NM \_\_\_\_\_ 575-392-2973

## TOXIC EFFECTS OF HYDROGEN SULFIDE

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity = 1.192) and colorless. It forms an explosive mixture with air between 4.3 and 46.0 percent by volume. Hydrogen sulfide is almost as toxic as hydrogen cyanide and is between five and six times more toxic than carbon monoxide. Toxicity data for hydrogen sulfide and various other gases are compared in Table I. Physical effects at various Hydrogen Sulfide exposure levels are shown in Table II.

**Table I - TOXICITY OF VARIOUS GASES**

Common Name	Chemical Formula	Specific Gravity (SC=1)	Threshold Limit (1)	Hazardous Limit (2)	Lethal Concentration (3)
Hydrogen Cyanide	HCN	0.94	10 PPM	150 PPM/HR	300 PPM
Hydrogen Sulfide	H <sub>2</sub> S	1.18	10 PPM	250 PPM/HR	600 PPM
Sulfur Dioxide	SO <sub>2</sub>	2.21	5 PPM	--	1000 PPM
Chlorine	CL <sub>2</sub>	2.45	1 PPM	4 PPM/HR	1000 PPM
Carbon Monoxide	CO	0.97	50 PPM	400 PPM/HR	1000 PPM
Carbon Dioxide	CO <sub>2</sub>	1.52	5000 PPM	5%	10%
Methane	CH <sub>4</sub>	0.55	90,000 PPM	Combustible in air	Above 5%

- 1) **Threshold Limit** – Concentration at which it is believed that all worker may be repeatedly exposed day after day without adverse effects.
- 2) **Hazardous Limit** – Concentration that will cause death with short-term exposure.
- 3) **Lethal Concentration** – Concentration that will cause death with short-term exposure.

**Table II – PHYSICAL EFFECTS OF HYDROGEN SULFIDE**

<b>Percent (%)</b>	<b>PPM</b>	<b>Concentration Grains 100 STD. FT3*</b>	<b>Physical Effects</b>
<b>0.001</b>	<b>&lt; 10</b>	<b>00.65</b>	<b>Obvious &amp; unpleasant odor.</b>
<b>0.002</b>	<b>10</b>	<b>01.30</b>	<b>Safe for 8 hours of exposure.</b>
<b>0.010</b>	<b>100</b>	<b>06.48</b>	<b>Kills smell in 3-15 minutes. May sting eyes &amp; throat.</b>
<b>0.020</b>	<b>200</b>	<b>12.96</b>	<b>Kills smell shortly; stings eyes &amp; throat.</b>
<b>0.050</b>	<b>500</b>	<b>32.96</b>	<b>Dizziness; Breathing ceases in a few minutes. Needs prompt artificial respiration.</b>
<b>0.070</b>	<b>700</b>	<b>45.36</b>	<b>Unconscious quickly; Death will result if not rescued promptly.</b>
<b>0.100</b>	<b>1000</b>	<b>64.30</b>	<b>Unconscious at once; Followed by death within minutes.</b>

- At 15.00 PSIA and 60° F.

## **USE OF SELF-CONTAINED BREATHING APPARATUS**

1. Anyone who uses an SCBA shall: Be approved by a physician or licensed health care practitioner; Pass a fit test; Be trained in donning and doffing, proper use, including how to ensure a proper face seal, conducting an inspection of the SCBA, and conduct proper maintenance.
2. Such items as facial hair (beard or sideburns) and eyeglasses will not allow a proper face mask seal.
3. Anyone reasonably expected to wear SCBA's shall have these items removed before entering a toxic atmosphere.
4. A special mask with a mount for prescription glasses must be obtained for anyone who must wear eyeglasses in order to see while using an SCBA.
5. SCBA's should be worn in H<sub>2</sub>S concentrations above 10 PPM.

## **RESCUE & FIRST AID FOR H<sub>2</sub>S POISONING**

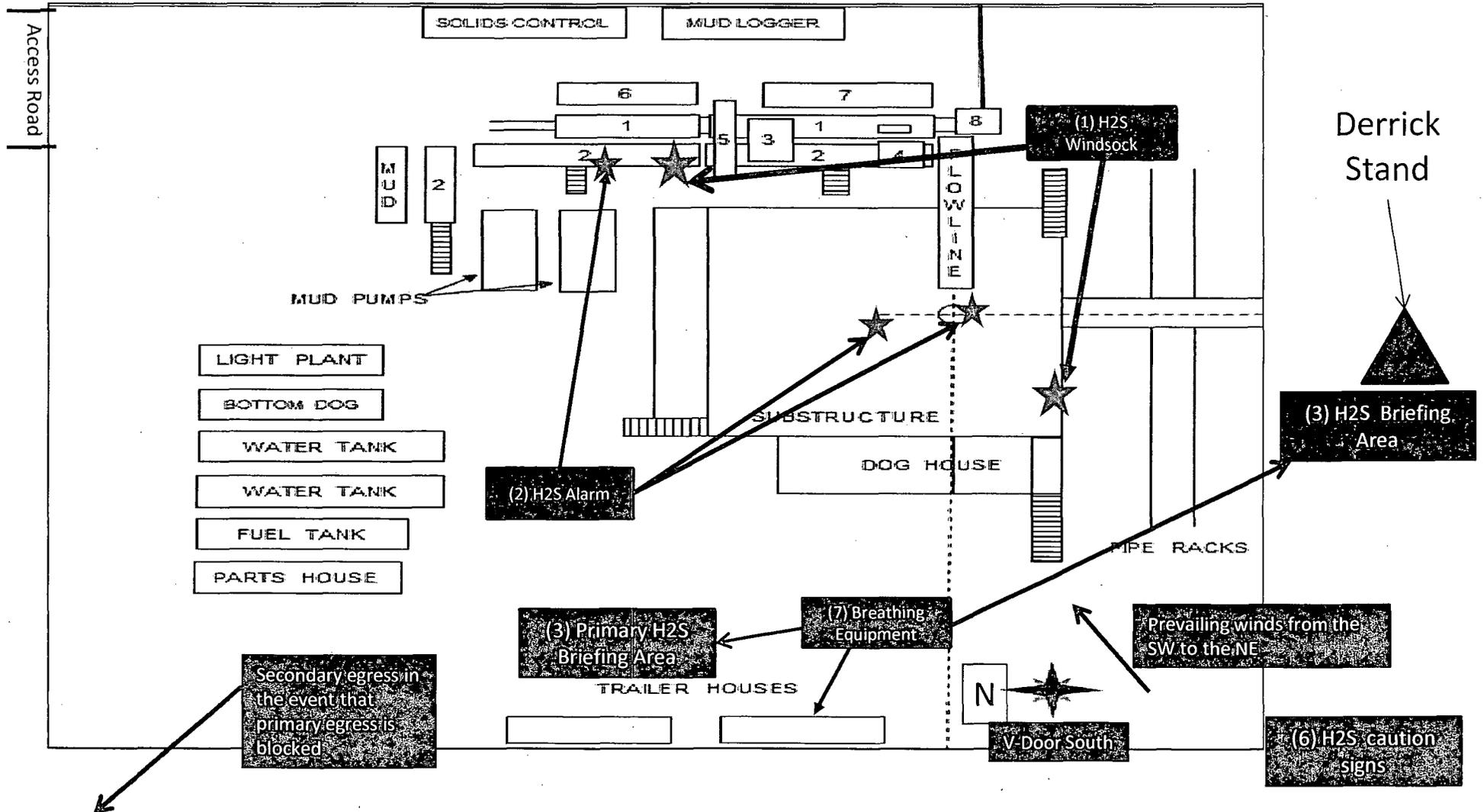
**DO NOT PANIC – REMAIN CALM – THINK**

1. Hold your breath – do not inhale first.
2. Put on SCBA.
3. Remove victim(s) to fresh air as quickly as possible. Go upwind from source or at right angle to the wind. Do not go downwind.
4. Briefly apply chest pressure – using arm lift method of artificial respiration to clean victim's lungs and to avoid inhaling any toxic gas directly from victim's lungs.
5. Provide artificial respiration if needed.
6. Provide for prompt transportation to the hospital and continue giving artificial respiration if needed.
7. Inform hospital/medical facilities of the possibility of H<sub>2</sub>S gas poisoning before they treat.

Besides basic first aid, everyone on location should have a good working knowledge of artificial respiration and CPR, as well as first aid for eyes and skin contact with liquid H<sub>2</sub>S.

# Proposed H2S Safety Schematic

- 1) Location of windsocks.
- 2) Location of H2S alarms
- 3) Location of briefing areas.
- 4) Terrain of surrounding area (Please refer to page 2 of survey plat package also see point 11 of multi-surface use plan)
- 5) Location of flare line(s) and pit(s) (Please refer to diagram 2 choke manifold diagram and or page six of survey plat packet)
- 6) Location of caution and/or danger signs.
- 7) Location of Breathing Equipment



## Location On-Site Notes

Location on-site conducted by Todd Carpenter-BOPCO L.P., Legion Brumley-BLM, and Robert Gomez- Basin Surveys on 01/15/2014 for the Big Eddy Unit Drilling Island 4. The location had to be moved from the original footage call to the potash agreement area. The entire 580' x 400' location was approved as proposed. A 300' x 300' facilities pad was added to the north/northwest corner of the drilling island. Location layout is as follows: v-door will face the east, frac pad extension to the north/northwest, access road will enter from the north, top soil will be stock piled on the west side of location.

**MULTI-POINT SURFACE USE PLAN**

**NAME OF WELL: Big Eddy Unit D14 #264H**

**LEGAL DESCRIPTION**

SURFACE: 660' FNL, 2,220' FEL, Section 5, T20S, R31E, Eddy County, NM.

BHL: 660' FNL, 330' FWL, Section 6, T20S, R31E, Eddy County, NM.

**POINT 1: EXISTING ROADS**

A) Proposed Well Site Location:

See Form C-102 (Survey Plat).

B) Existing Roads:

From the junction of Potash Mines Rd. and Shugart Rd. go northeast for about 3.8 miles. Go left at the gravel road for about 0.2 miles. At the fork in the road go left for about 1.2 miles. Then go right at the proposed lease road for about 0.14 miles to the proposed well location.

C) Existing Road Maintenance or Improvement Plan:

Existing roads will be maintained and kept in the same or better condition than before operations began. See the Well Pad Layout and Topo Map of the survey plat (Sheet 1 and 2 of plat package)

**POINT 2: NEW PLANNED ACCESS ROUTE**

A) Route Location:

*724' R 2/24/A*

There will be ~~755.7'~~ of new road built. (See the Well Pad Layout of the survey plat (Sheet 1 of plat package).

B) Width

14' 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

The following wells are located within a one-mile radius of the location site. See the One-Mile Radius Map (Sheet 5 of the plat package).

Existing wells..... 1 (One)  
Water wells..... 1 (One)

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

- A) No existing production facilities operated by BOPCO, L.P. are located within one mile of the Big Eddy Unit DI4 #264H.

- B) New Facilities the Event of Production:

New production facilities (to be referred to as BEU Drilling Island "DI" #4 Battery) will be built on the same pad north of the proposed well located within Sec 5, T20S, R31E. A new 2-7/8" or 3-1/2" diameter steel flowline is to be run above ground. The flowline is expected to carry oil, water and gas. In the event that the power is not accessible or insufficient, power will be supplied by a generator until adequate power can be supplied from the utility company.

- 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 the Well Pad Layout and Aerial Map of the survey plat (Sheet 1 and 4 of plat package).

**POINT 7: METHODS FOR HANDLING WASTE MATERIAL**

## A) Cuttings

Cuttings will be contained in the roll off bins and disposed at R360 Environmental located in Lea county, NM.

## 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

The "Rig Layout Schematic" (Sheet 6 of plat package) 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. **The top soil will be stockpiled on the east side of the location.**

B) Locations of Access Road

See the Well Pad Layout, Topo Map, and Vicinity Map of the survey plat (Sheet 1, 2, and 3 of plat package).

C) Lining of the Pits

No reserve pits - closed loop system.

**POINT 10: PLANS FOR RESTORATION OF THE SURFACE**

A) Reserve Pit Cleanup - Not applicable. Closed loop drilling fluid system will be used

B) Restoration Plans - Production Developed

BOPCO, L.P. has no plans for interim reclamation to allow for additional wells to be drilled on this pad

C) Restoration Plans - No Production Developed

BOPCO, L.P. has no plans for interim reclamation to allow for additional wells to be drilled on this pad

**POINT 11: OTHER INFORMATION**

## A) On-Site

Location on-site conducted by Todd Carpenter-BOPCO L.P., Legion Brumley-BLM, and Robert Gomez- Basin Surveys on 01/15/2014 for the Big Eddy Unit Drilling Island 4. The location had to be moved from the original footage call to the potash agreement area. The entire 580' x 400' location was approved as proposed. A 300' x 300' facilities pad was added to the north/northwest corner of the drilling island. Location layout is as follows: v-door will face the east, frac pad extension to the north/northwest, access road will enter from the north, top soil will be stock piled on the west side of location.

## 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 within a 1 mile radius of the proposed location.

## G) Residences and Buildings

None in the immediate vicinity.

## H) Historical Sites

None observed.

## I) Archeological Resources

No independent archeological survey has been done. This well location is located in the area covered by Memorandum of Agreement – Permian Basin. A Payment of \$1,507.00 fee for this project is included in this application. Any location or construction conflicts will be resolved before construction begins. Please see diagram 4 for flowline route.

J) Surface Ownership

The well site is on federally owned land. There will be 755.7' of new road 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.

M) Terrain

Slightly rolling hills.

**POINT 12: OPERATOR'S FIELD REPRESENTATIVE**

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

**DRILLING**

Stephen Martinez  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

**PRODUCTION**

Gary Fletcher  
3104 East Green Street  
Carlsbad, New Mexico 88220  
(575) 887-7329

Fritz Schoch

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

WBM

# PECOS DISTRICT CONDITIONS OF APPROVAL

<b>OPERATOR'S NAME:</b>	<b>BOPCO, L.P.</b>
<b>LEASE NO.:</b>	<b>NMLC-068408</b>
<b>WELL NAME &amp; NO.:</b>	<b>Big Eddy Unit 264H</b>
<b>SURFACE HOLE FOOTAGE:</b>	<b>0660' FNL &amp; 2220' FEL</b>
<b>BOTTOM HOLE FOOTAGE</b>	<b>0660' FNL &amp; 2320' FEL Sec. 06, T. 20 S., R 31 E.,</b>
<b>LOCATION:</b>	<b>Section 05, T. 20 S., R 31 E., NMPM</b>
<b>COUNTY:</b>	<b>Eddy County, New Mexico</b>

## 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
  - Hackberry OHV Area Stipulations
  - Commercial Well Determination
  - Unit Well Sign Specs
- Construction**
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- Road Section Diagram**
- Drilling**
  - Cement Requirements
  - H2S Requirements
  - Secretary's Potash
  - Logging Requirements
  - Waste Material and Fluids
- Production (Post Drilling)**
  - Well Structures & Facilities
- Interim Reclamation**
  - Delayed 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, geophysical exploration other than 3-D operations, and 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 ft. 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, contact the Carlsbad Field Office at 575-234-5972.

### **Hackberry OHV Area Stipulations**

Pipelines shall be buried a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. Power poles and associated ground structures (poles, guy wires) will not be placed within 20 feet of recreation trails. Guy wires must be equipped with a sleeve, tape or other industry approved apparatus that is highly visible during the day and reflective at night. Appropriate safety signage will be in place during all phases of the project. Upon completion of construction, the road shall be returned to pre-construction condition with no bumps or dips. All vehicle and equipment operators will observe speed limits and practice responsible defensive driving habits.

### **Commercial Well Determination**

A commercial well determination shall be submitted after production has been established for at least six months.

### **Unit Wells**

The well sign for a unit well shall include the unit number in addition to the surface and bottom hole lease numbers. This also applies to participating area numbers. If a participating area has not been established, the operator can use the general unit designation, but will replace the unit number with the participating area number when the sign is replaced.

## 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) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

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

### B. TOPSOIL

**Due to the size of the drilling island and associated facilities pad, the operator shall not be required to stockpile topsoil. All soil shall be used for leveling of the pads. The operator shall contact the BLM prior to interim and final reclamation to develop a suitable reclamation plan.**

Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

### C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

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

### D. 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.

### E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

### F. EXCLOSURE FENCING (CELLARS & PITS)

**Exclosure Fencing**

The operator will install and maintain enclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of enclosure fencing design, refer to BLM's Oil and Gas Gold Book, Enclosure Fence Illustrations, Figure 1, Page 18.)

## **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 twenty-five (25) feet.

### **Surfacing**

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

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

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

### **Crowning**

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

### **Ditching**

Ditching shall be required on both sides of the road.

### **Turnouts**

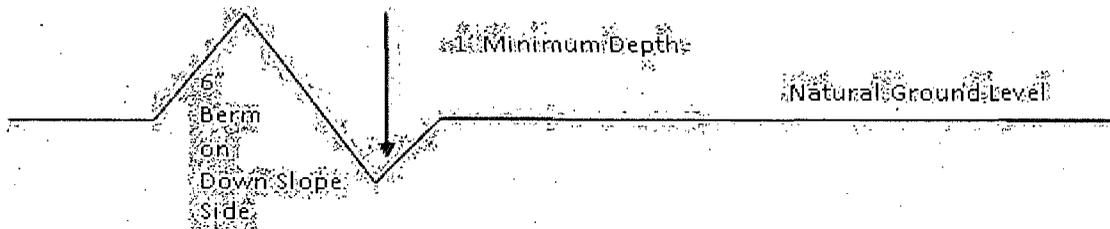
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

### **Drainage**

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:

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

### Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

### Fence Requirement

Where entry is granted 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 fences.

### Public Access

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

**Construction Steps**

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

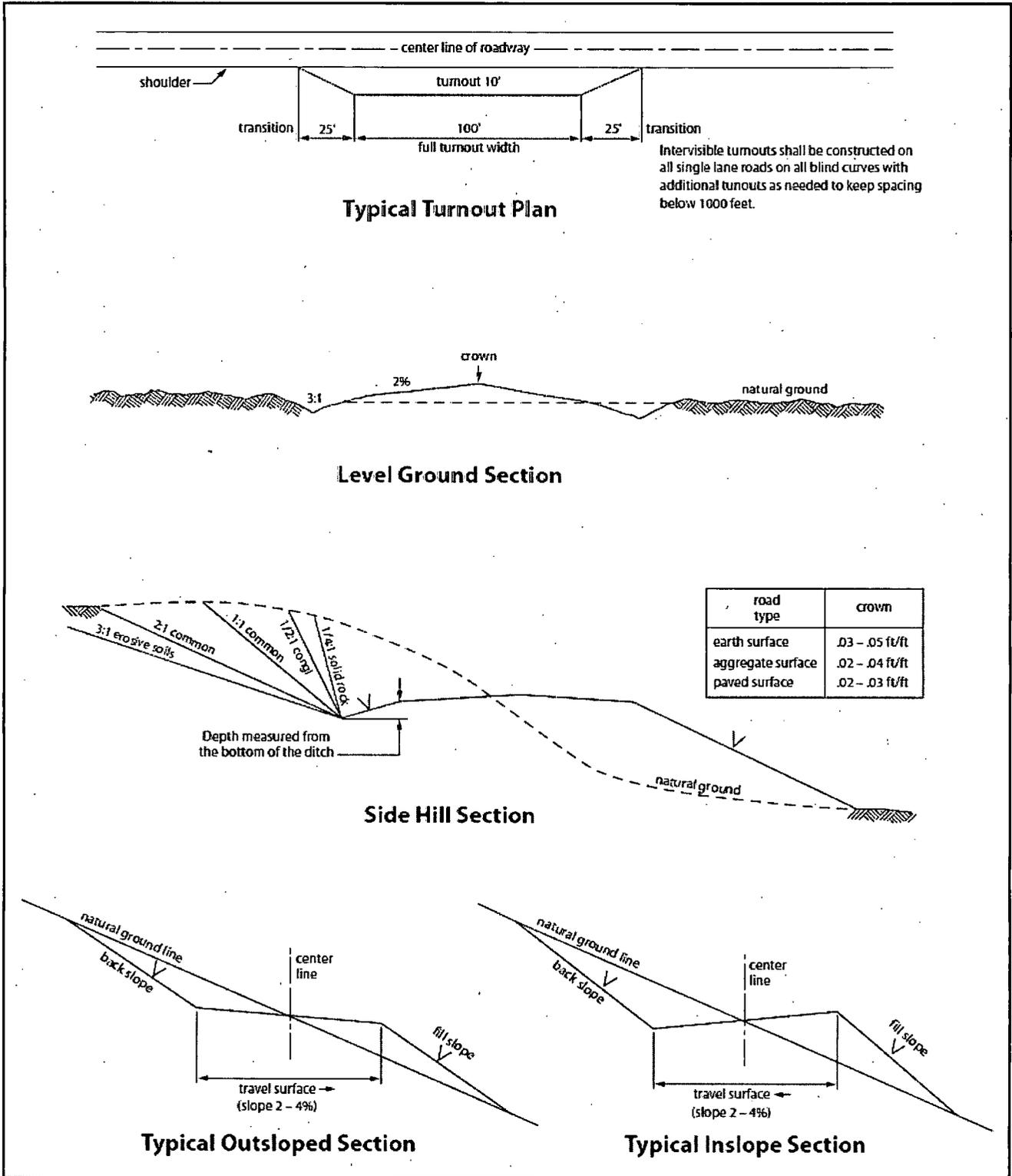


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

## VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

**Eddy County**

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

1. **Hydrogen Sulfide (H<sub>2</sub>S) monitors shall be installed prior to drilling out the surface shoe. If H<sub>2</sub>S is encountered in quantities greater than 10 PPM the well shall be shut in and H<sub>2</sub>S equipment shall be installed and flare line must be extended pursuant to Onshore Oil and Gas Order #6. Report measured values and formation to the BLM. After detection, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items.**
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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
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 is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall 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 program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

**Wait on cement (WOC) time prior to drilling out 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. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. 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.**

### **Secretary's Potash**

**Possibility of water flows in the Artesia Group and Salado.**

**Possibility of lost circulation in the Red Beds, Artesia Group, Rustler, Capitan Reef, and Delaware.**

1. **The 16 inch surface casing shall be set at approximately 830 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If salt is encountered, set casing at least 25 feet above 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 13-3/8 inch 1<sup>st</sup> intermediate casing, which shall be set at approximately 2750 feet, 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 potash.**

3. The minimum required fill of cement behind the 9-5/8 inch 2<sup>nd</sup> intermediate casing is:

**Operator has proposed DV tool at depth of 2895', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range. If an ECP is used, it is to be set a minimum of 50' below the shoe to provide cement across the shoe. If it cannot be set below the shoe, a CBL shall be run to verify cement coverage.**

- a. First stage to DV tool:

Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

- b. Second stage above DV tool:

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 potash and Capitan Reef. Excess calculates to 17% - Additional cement may be required.**

**Centralizers required through the curve and a minimum of one every other joint.**

4. The minimum required fill of cement behind the 7 inch production casing is:

**Operator has proposed DV tool at depth of 5000', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range.**

- a. First stage to DV tool:

Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve approved top of cement on the next stage.

- b. Second stage above DV tool:

Cement should tie-back at least **50 feet above the Capitan Reef** (Top of Capitan Reef estimated at 2804'). Operator shall provide method of verification. **Excess calculates to 21% - Additional cement may be required**

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.
6. Cement not required on the 4-1/2" casing. **Packer system being used.**

### **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. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **A variance is granted for the use of a diverter on the 16" surface casing.**
4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 13-3/8 inch 1<sup>st</sup> intermediate casing shoe shall be **3000 (3M)** psi.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
  - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.
  - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
  - d. The results of the test shall be reported to the appropriate BLM office.
  - e. 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.**
  - f. 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. This test shall be performed prior to the test at full stack pressure.

#### **D. DRILL STEM TEST**

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

## **E. WASTE MATERIAL AND FLUIDS**

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

**JAM 062314**

## 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.

#### **Exclosure Netting (Open-top Tanks)**

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

#### **Chemical and Fuel Secondary Containment and Exclosure Screening**

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

#### **Open-Vent Exhaust Stack Exclosures**

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

#### **Containment Structures**

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

**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** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

**B. PIPELINES (Not applied for in APD)**

**C. ELECTRIC LINES (Not applied for in APD)**

**IX. INTERIM RECLAMATION**

**Since it is expected that multiple wells will be drilled from this location in the future, no interim reclamation will be required. However, during the life of the development, all disturbed areas not needed for future wells or active support of production operations should undergo reclamation in order to minimize the environmental impacts of development on other resources and uses.**

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**

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).

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.

## 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 no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

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

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

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

\*Pounds of pure live seed:

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