OCD Artesia

ATS 14-829

Form 3160-3
(March 2012)

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

5. Lease Serial No. NMLC 0069707 NM-059365 LC SHL

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

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

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. Big Eddy Unit #287H

2. Name of Operator BOPCO, L.P.

9. API Well No. 30-015-43235

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

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

10. Field and Pool, or Exploratory Fenton Draw; Bone Spring

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

At surface ~~NWNE~~ 2 EDW ULF, 2260' FNL & 2335' FWL, Lat:N32.481197,Long:W104.109203

At proposed prod. zone 1980' FNL,330'FEL,Sec16, T21S-R28E,Lat:N32.4820, Long:W104.08350

11. Sec., T. R. M. or Blk. and Survey or Area Section 17, T21S-R28E

14. Distance in miles and direction from nearest town or post office* 8 miles northeast of Carlsbad, NM

12. County or Parish Eddy County

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of acres in lease 797.88	17. Spacing Unit dedicated to this well 240
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3,838'	19. Proposed Depth 15,649' MD / 8,219' TVD	20. BLM/BIA Bond No. on file COB 000050
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,277' GL	22. Approximate date work will start* 10/09/2014	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:

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

25. Signature Whitney B McKee	Name *(Printed/Typed)* Whitney McKee	Date 06/19/2014

Title: Engineering Assistant

Approved by *(Signature)* Steve Caffey	Name *(Printed/Typed)*	Date JUL 2 - 2015
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)

NM OIL CONSERVATION
ARTESIA DISTRICT
JUL 10 2015
RECEIVED

Capitan Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

BLM 7/17/15

OPERATOR'S CERTIFICATION

APPLICATION FOR PERMIT TO DRILL
BIG EDDY UNIT #287H
2260' FNL, 2335' FWL, Section 17, T21S, R28E, 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 28th day of May, 2014.

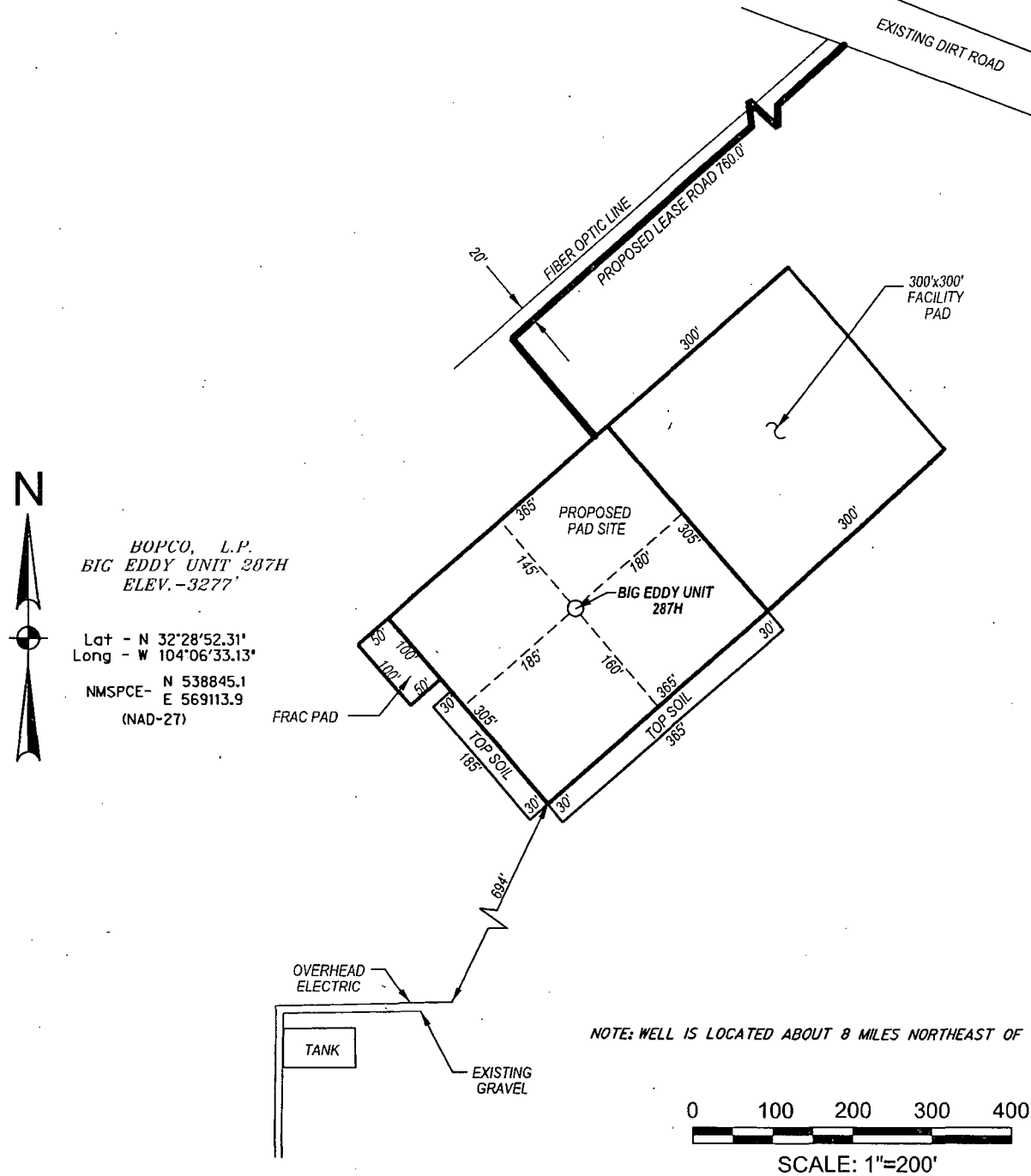
If you have any questions regarding the accuracy of the plan provided herein, please do not hesitate to contact me at (432) 683-2277.

Courtney Foster

Courtney Foster
Regulatory Analyst

SECTION 17, TOWNSHIP 21 SOUTH, RANGE 28 EAST, N.M.P.M.,

EDDY COUNTY, WELL PAD LAYOUT NEW MEXICO



NOTE: WELL IS LOCATED ABOUT 8 MILES NORTHEAST OF CARLSBAD, NM

0 100 200 300 400

SCALE: 1"=200'

Directions to Location:

FROM THE JUNCTION OF HOBBS HIGHWAY WITH QUAHADA ROAD, TURN SOUTH ON QUAHADA ROAD CONTINUE 0.1 OF A MILE TO THE JUNCTION QUAHADA ROAD AND AN OLD GRAVEL ROAD TURN NORTHEAST ON OLD GRAVEL ROAD, CONTINUE 0.2 OF A MILE TURN SOUTHEAST CONTINUE 0.06 OF A MILE TO PROPOSED PAD SITE

HALFF

HALFF ASSOCIATES, INC.
ENGINEERS ~ SURVEYORS
1201 NORTH BOWSER ROAD
RICHARDSON, TEXAS ~ 75081-2275
PHONE: (214) 346-6200
FAX: (214) 739-0095

BOPCO, L.P.

REF: Big Eddy Unit 287H / WELL PAD TOPO

THE Big Eddy Unit 287H LOCATED 2260'

FROM THE NORTH LINE AND 2335' FROM THE WEST LINE OF

SECTION 17, TOWNSHIP 21 SOUTH, RANGE 28 EAST,

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

AVO. 29714-W025	Drawn By: RG		
Date: 4/22/2014	Checked By: TP	Survey Date: 04-16-2014	Sheet 1 of 7 Sheets

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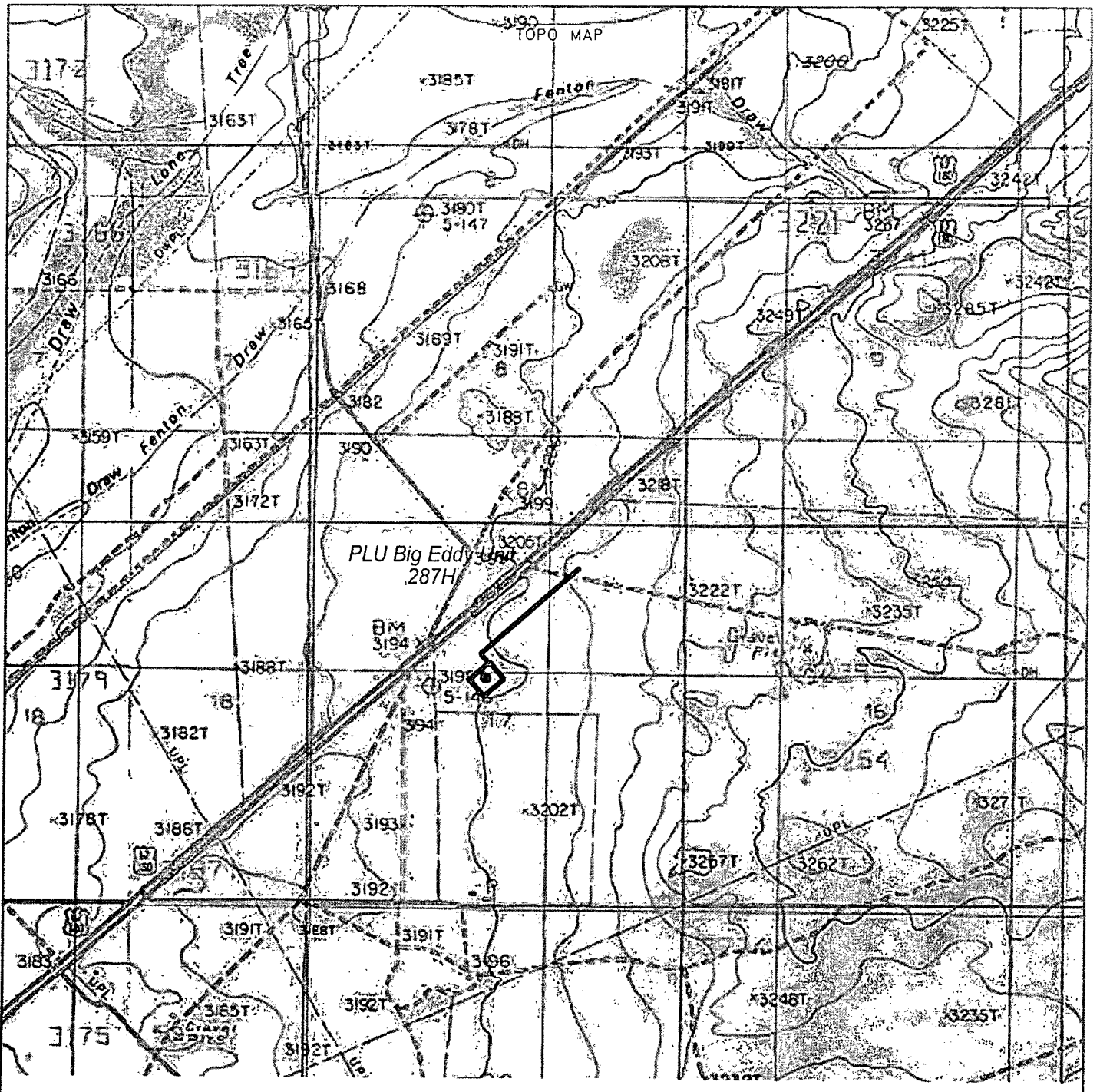

BIG EDDY UNIT # 287H

Located 2260' FNL, 2335' FWL
Section 17, Township 21 South, Range 28 East
N.M.P.M., Eddy County, New Mexico.

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AVO. 29714-W025

Survey Date: 04-16-2014

Scale: 1"=2000'

Date: 4/22/2014

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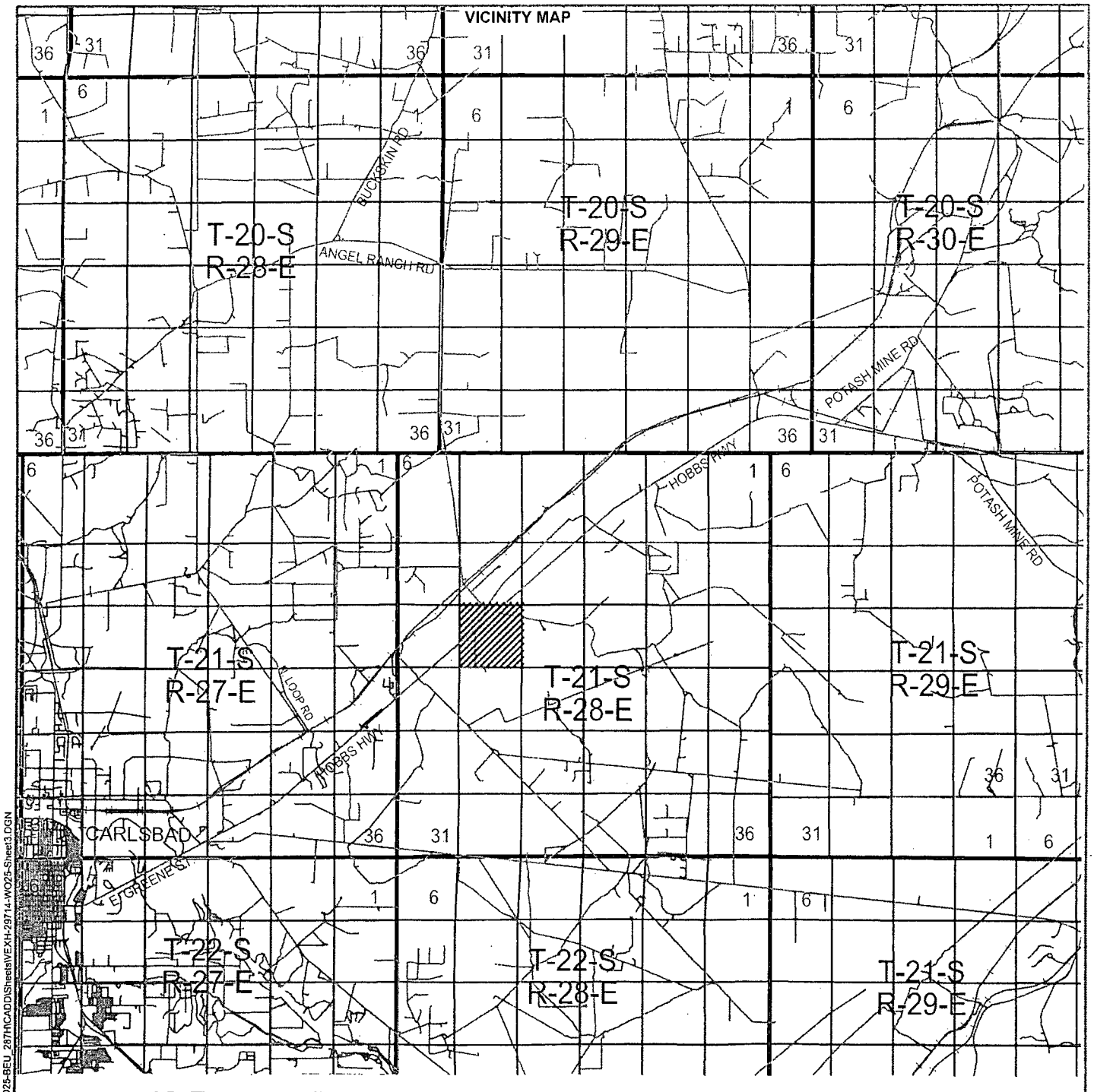
BOPCO, L.P.



BIG EDDY UNIT #287H

Located 2260' FNL, 2335' FWL
Section 17, Township 21 South, Range 28 East
N.M.P.M., Eddy County, New Mexico.

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AVO. 29714-W025
Survey Date: 04-16-2014
Scale: 1" = 2 MILES
Date: 4/22/2014

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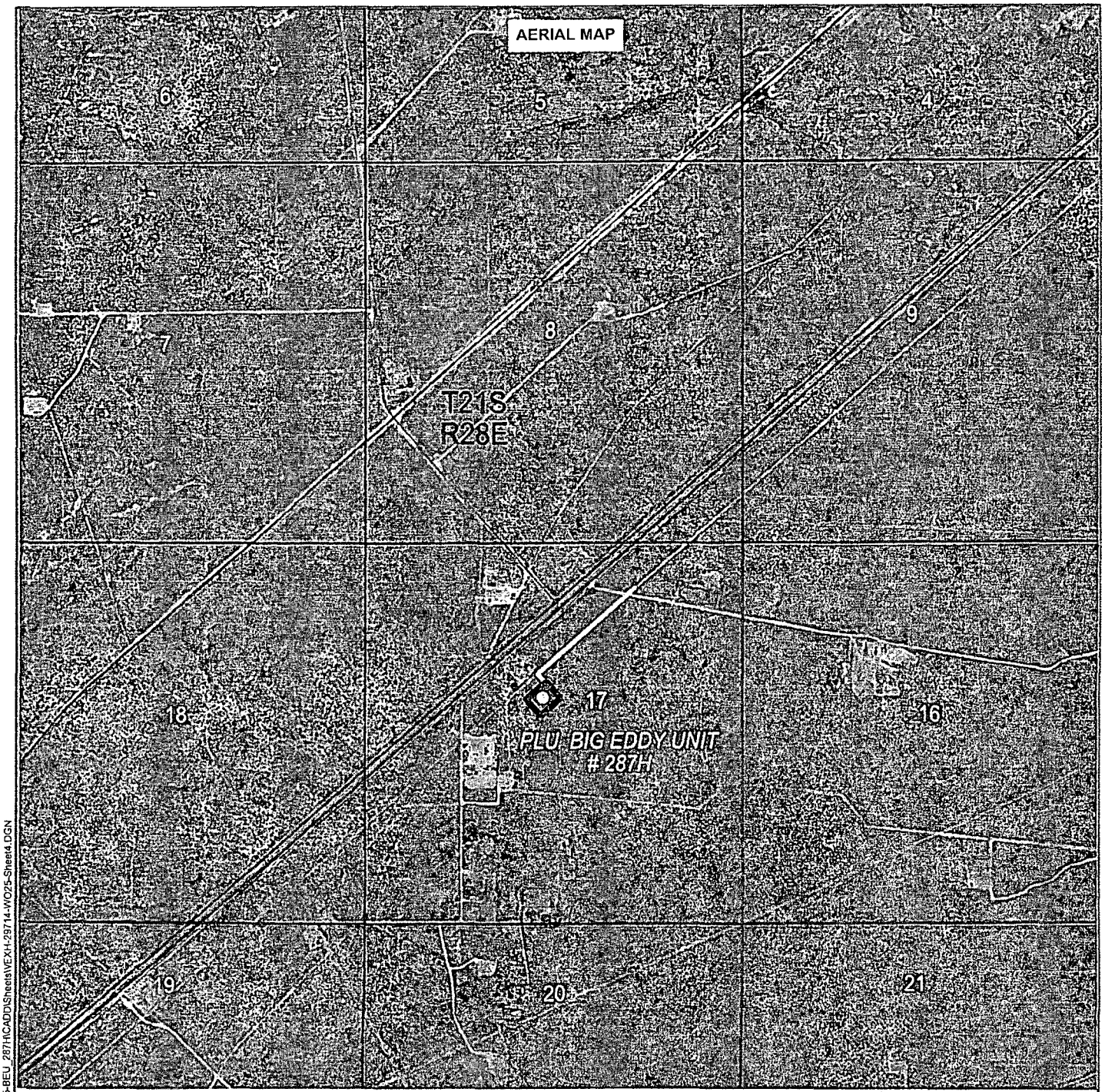
BOPCO, L.P.



BIG EDDY UNIT #287H

Located 2260' FNL, 2335' FWL
Section 17, Township 21 South, Range 28 East
N.M.P.M., Eddy County, New Mexico.

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AVO. 29714-W025

Survey Date: 04-16-2014

Scale: 1"=2000'

Date: 4/22/2014

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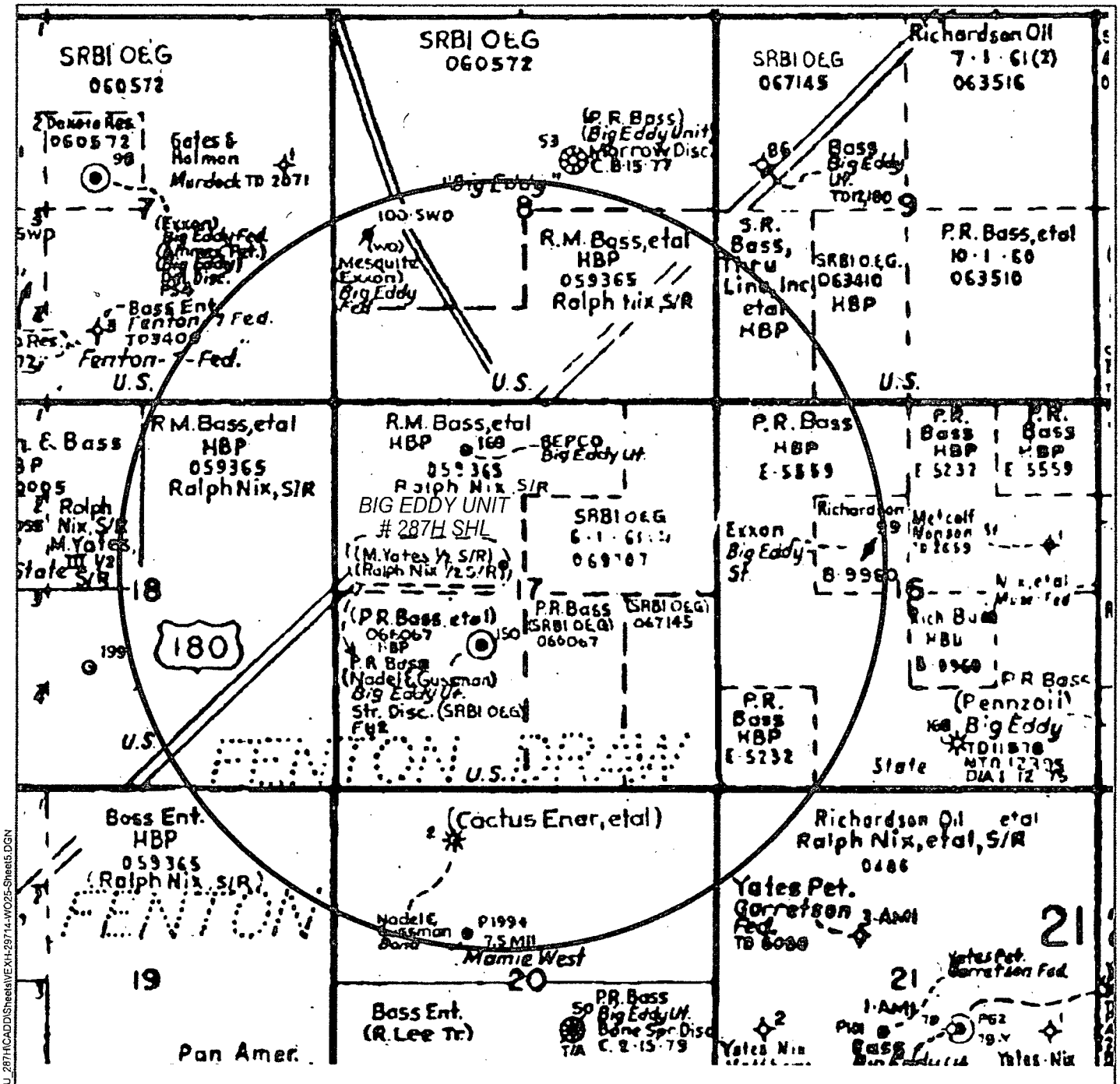
BOPCO, L.P.

Sheet 4 of 7 Sheets



BIG EDDY UNIT # 287H (SURFACE HOLE MAP)
Located 2260' FNL, 2335' FWL
Section 17, Township 21 South, Range 28 East
N.M.P.M., Eddy County, New Mexico.

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RICHARDSON, TEXAS ~ 75081-2275
PHONE: (214) 346-6200
FAX: (214) 739-0095

AVO. 29714-W025 | Scale: 1"=2000'

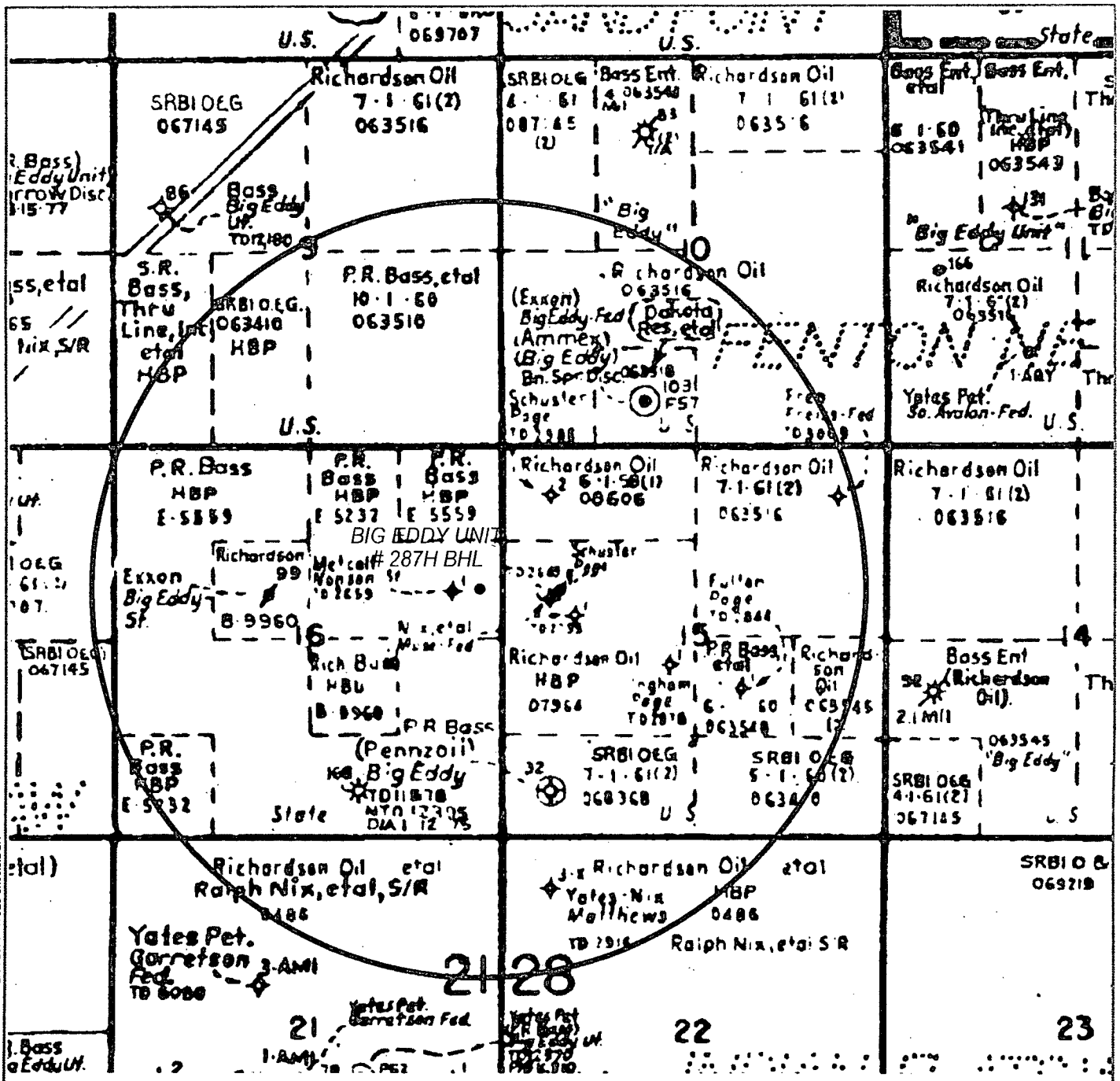
Survey Date: 04-16-2014
Date: 4/22/2014

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

N

BOPCO, L.P.

Sheet 5 of 7 Sheets



BIG EDDY UNIT # 287H (BOTTOM HOLE MAP)
Located 1980' FSL, 330' FEL
Section 16, Township 21 South, Range 28 East
N.M.P.M., Eddy County, New Mexico.

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PHONE: (214) 346-6200
FAX: (214) 739-0095

AVO. 29714-W025 | Scale: 1"=2000'

Survey Date: 04-16-2014
Date: 4/22/2014

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

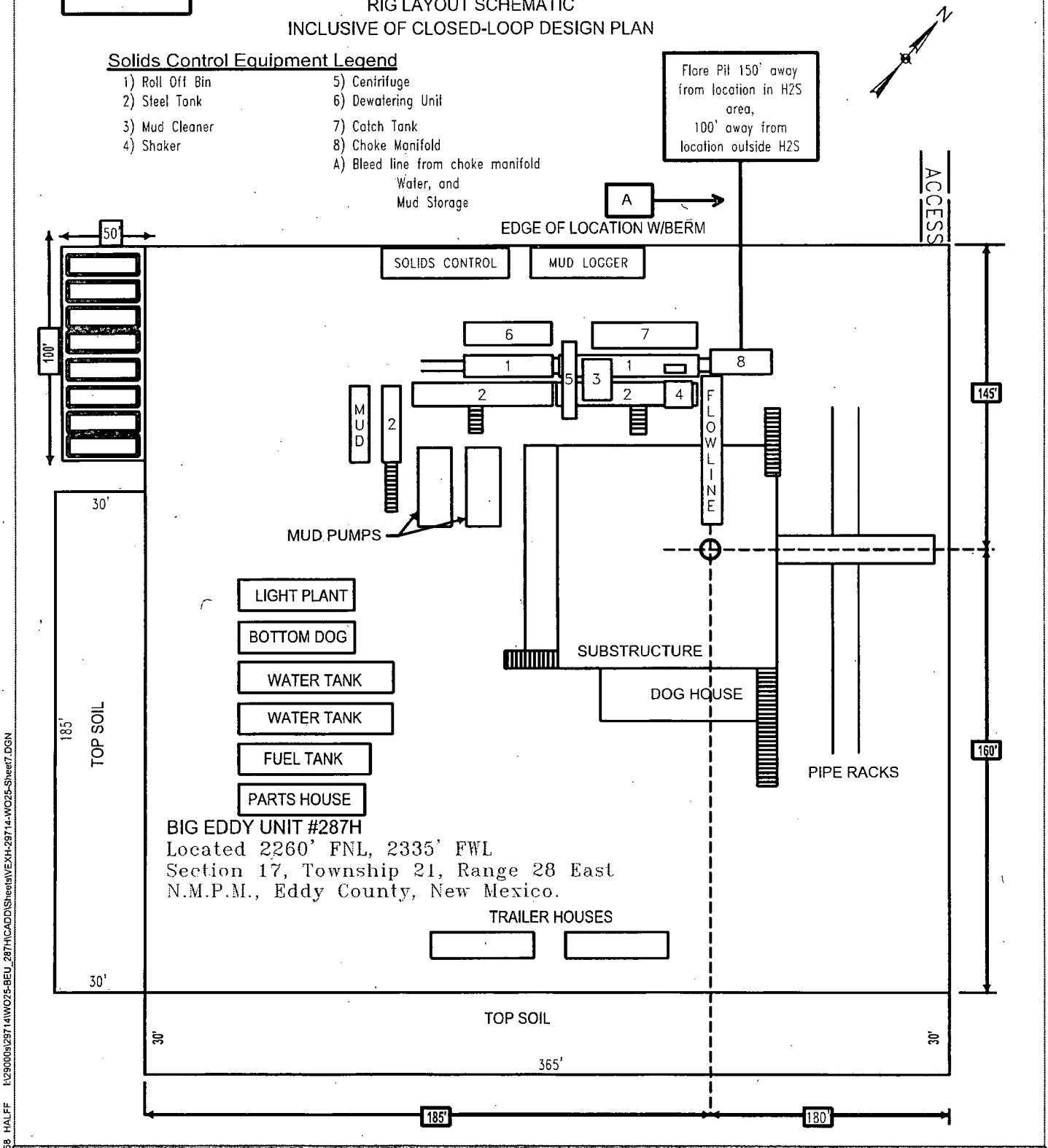
N

BOPCO, L.P.

Exhibit"D"

RIG LAYOUT

RIG LAYOUT SCHEMATIC
INCLUSIVE OF CLOSED-LOOP DESIGN PLAN



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AVO. 29714-W025

Survey Date: 04-16-2014

NOT TO SCALE

Date: 4/22/2014

BOPCO, L.P.

Sheet 7 of 7 Sheets

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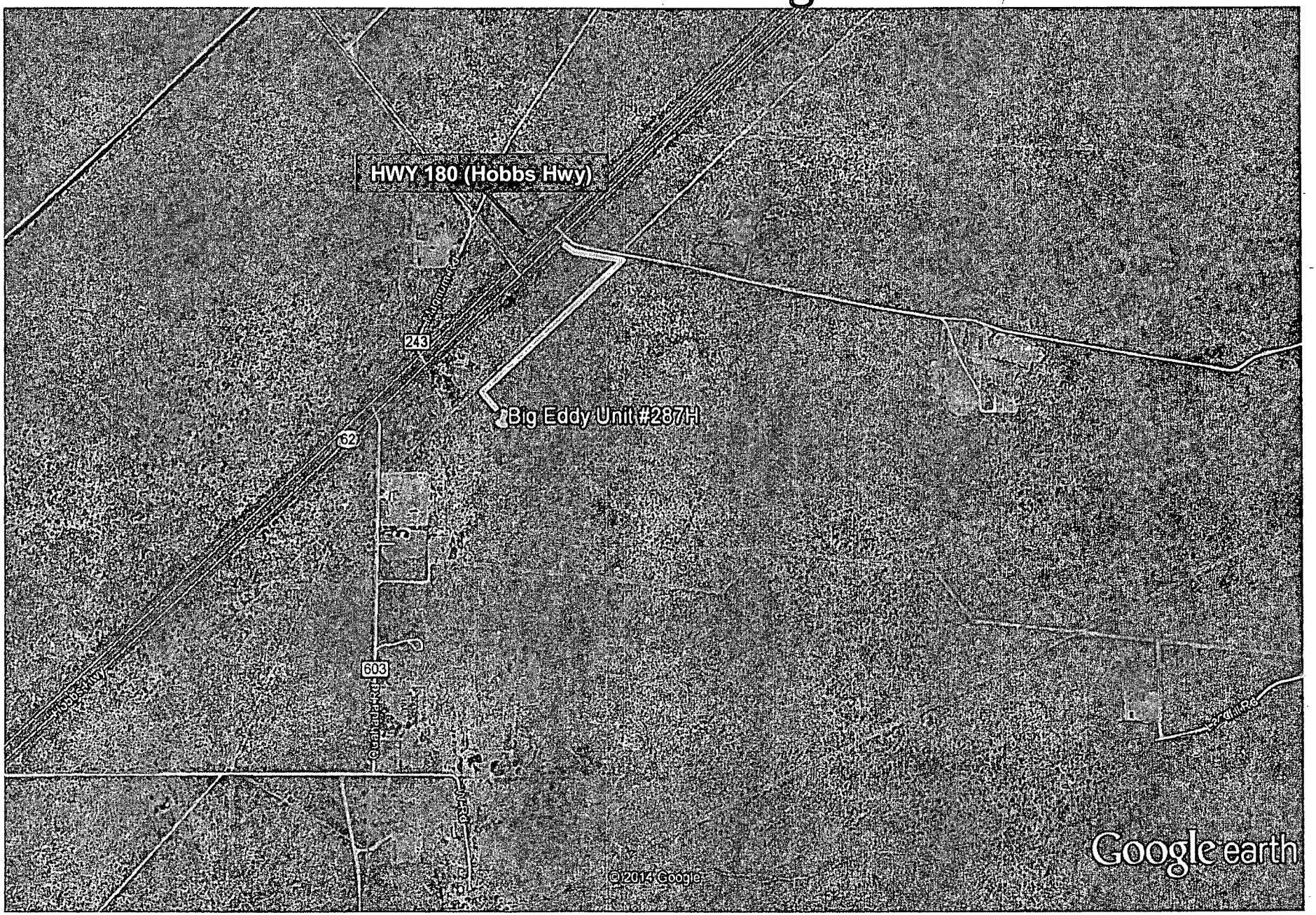
Flowline Route Diagram 4

Access Road Diagram



EIGHT POINT DRILLING PROGRAM
BOPCO, L.P.

NAME OF WELL: Big Eddy Unit 287H
LEGAL DESCRIPTION - SURFACE: 2,260' FNL, 2,335' FWL, Section 17, T21S, R28E, Eddy County, NM.
BHL: 1,980' FSL, 330' FEL, Section 16, T21S, R28E, Eddy County, New Mexico.

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

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

Anticipated Formation Tops: KB 3,299' (estimated)
GL 3,277'

Formation Description	Est. Top (KB TVD)	Est. Top (MD)	Est. Top (Sub Sea)	Bearing
Fresh Water	125'	125'	+ 3,174'	Fresh Water
Rustler	369'	369'	+ 2,930'	Barren
Salado	641'	641'	+ 2,658'	Barren
T/Reef	1,021'	1,021'	+ 2,278'	Water
Delaware Mnt. Group	2,584'	2,584'	+ 715 '	Oil/Gas
Brushy Canyon	4,531'	4,531'	- 1,232'	Oil/Gas
Bone Spring Lime	5,836'	5,836'	- 2,537'	Oil/Gas
1st Bone Spring Sand	7,067'	7,067'	- 3,768'	Oil/Gas
KOP	7,374'	7,374'	- 4.075'	Oil/Gas
2nd Bone Spring Sand	7,677'	7,693'	- 4,378'	Oil/Gas
Target #1	8,039'	8,607'	- 4,740'	Oil/Gas
TD Horizontal Hole	8,219'	15,649'	- 4,920'	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' – ~~630'~~ 390'	18-1/8"	Surface	New
13-3/8", 68 ppf, HCL-80 Ultra Flush Joint	0' – ~~971'~~ 1100'	14-3/4"	1st Intermediate	New
9-5/8", 40 ppf, J-55, LT&C*	0' – 2,634'	12-1/4"	2nd Intermediate	New
7", 26 ppf, HCP-110, Buttress or 8rd LTC*	0' – 8,274	8-3/4"	Production	New

See COA

Completion System				
4-1/2", 11.6 ppf, HCP-110, 8rd, LT&C, BTC	~~8,224'~~ – 15,649'	6-1/8"	Completion System	New

8174' (100' minimum tie back)

CASING DESIGN SAFETY FACTORS:

Type	Tension	Collapse	Burst
16", 84 ppf, J-55, BT&C	29.15	4.63	1.95
13-3/8", 68 ppf, HCL-80 Ultra Flush Joint	27.91	5.58	9.27
9-5/8", 40 ppf, J-55, LT&C	6.93	1.97	2.69
7", 26 ppf, HCP-110, 8rd*	3.87	1.84	2.23

Completion System			
4-1/2", 11.6 ppf, HCP-110 8rd. LT&C	3.39	1.92	2.33
4-1/2", 11.6 ppf, HCP-110 BTC	4.46	2.03	2.33

*** 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 a that depth. Backup pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient. The effects of tension on burst will not be utilized.

PROTECTIVE CASING - (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. 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.

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

Tension — A 1.6 design factor utilizing the effects of buoyancy (9 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.
See COA 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 15,649' MD (8,219' TVD) and max surface pressure should be +/- 2038 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

See COA

Depth (MD)	Mud Type	Density (ppg)	FV (sec/qt)	PV	YP	FL (cc)	PH
0' - ~~630'~~ 390'	FW Spud Mud	8.5 – 9.2	38-70	NC	NC	NC	10.0
~~630' - 971'~~ 1100'	Brine Water	9.8 – 10.2	28-30	NC	NC	NC	9.5 – 10.5
~~971'~~ – 8,274'	FW/Gel	8.7 – 9.0	28-36	NC	NC	NC	9.5 – 10.0
8,274' – 15,649'	FW/Gel/Starch	8.7 – 9.0	28-36	<20			9.5- 10.0

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)
SURFACE: Lead: 0' – 330'	150	330	Class C +2% CACL + 4% Bentonite + 0.25 LB/SK Cello Flake + 3 lb/sk LCM-1	8.69	13.50	1.75
Tail: 330' – 630'	220	300	Class C + 2% CACL + 0.25 LB/SK CF	6.35	14.80	1.35
INTERMEDIATE: Lead: 0' – 471'	80	471'	EconoCem HLC +5% salt	9.32	12.90	1.85
Tail: 471' – 971'	210	500	HalCem C	6.34	14.80	1.33
INTERMEDIATE 2 Stage:1						
Lead: 1,021' – 2,634'	470	1,613'	HalCem C 4% bentonite + 0.6% Halad(R)-9	8.69	13.5	1.74
External Casing Packer and DV Tool @ ~~1,021'~~ 50' below previous casing shoe						
Stage 2:						
Lead: 0' – 721'	150	721'	EconoCem HLC + NaCL	9.83	12.90	1.85
Tail: 721' – 1,021'	110	300	HalCem C	6.34	14.80	1.33
PRODUCTION Stage:1						
Lead: 5,000' – 7,374'	210	2374	VariCem H + 0.55% Halad(R) -344	14.87	11.0	2.64
Tail: 7,374' – 8,274'	110	900	Tuned Light + 0.125 pps Poly-E-Flake	11.41	12.0	2.03
Top DV tool @ 5,000'						
Stage: 2						
Lead: 971' – 5,000'	360	4,029	Tuned Light + 0.125 pps Poly-E-Flake	11.70	11.0	2.

See COA

See COA

Cement excesses will be as follows:

Surface – 100% excess with cement circulated to surface.

1st Intermediate – 30% excess above fluid caliper with cement circulated to surface

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

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

11

E) DIRECTIONAL DRILLING

BOPCO, L.P. plans to drill out the 9-5/8" intermediate casing with a 8-3/4" bit to a TVD of approximately 7,374' at which point a directional hole will be kicked off and drilled at an azimuth of 87.75 degrees, building angle at 10 deg/100' to 70 degrees at a TVD of 7,913' (MD 8,074'). This angle and azimuth will be maintained for 200' to a measured depth of 8,274' (TVD 7,981'). 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 6 deg/100' and azimuth to 88.52 degrees, 87.75 azimuth at 8,607' MD (TVD 8,039). This angle and azimuth will be held to a total depth of 15,649' MD (8,219' TVD).

F) COMPLETIONS SYSTEM

A 4-1/2" completion system with open hole packers will be run in the producing lateral to a depth of 15,649'. The top of the Completion System will be set at approximately 8,224'. Cement will not be required for this system.

G) H_2S SAFTEY EQUIPMENT

H2S monitors shall be installed prior to drilling out the surface shoe. If H2S is encountered in quantities greater than 10 PPM, the well will be shut in and H2S equipment will be installed, including a flare line that will be extended pursuant to Onshore Oil and Gas Order #6.

H) CLOSED LOOP AND CHOKE MANIFLOLD

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 3846 psi (max) or MWE of 9.0 ppg is expected. Lost circulation may exist in the Delaware and Bone Spring sections from 2,584'-8,139' TVD.

POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

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

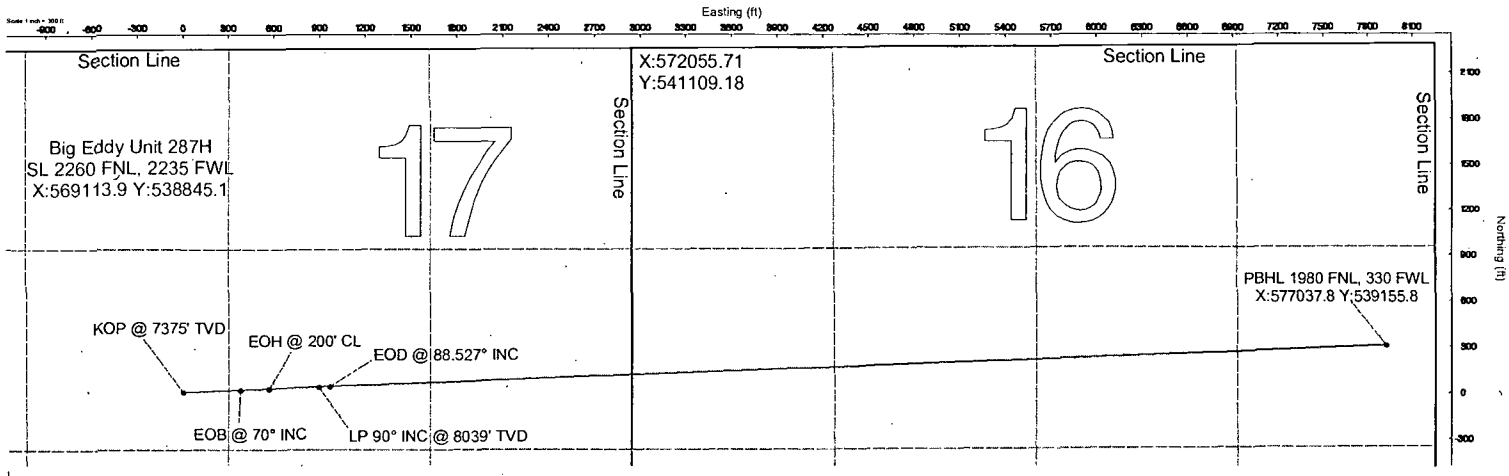
B) Anticipated Starting Date

Upon approval

30 days drilling operations

14 days completion operations

JRB



BOPCO, LP

Big Eddy Unit 287H (Latshaw #4) (Plan A)
Big Eddy Unit 287H (Latshaw #4)
Eddy County, NM (NAD 27 / Grid)

BAKER HUGHES

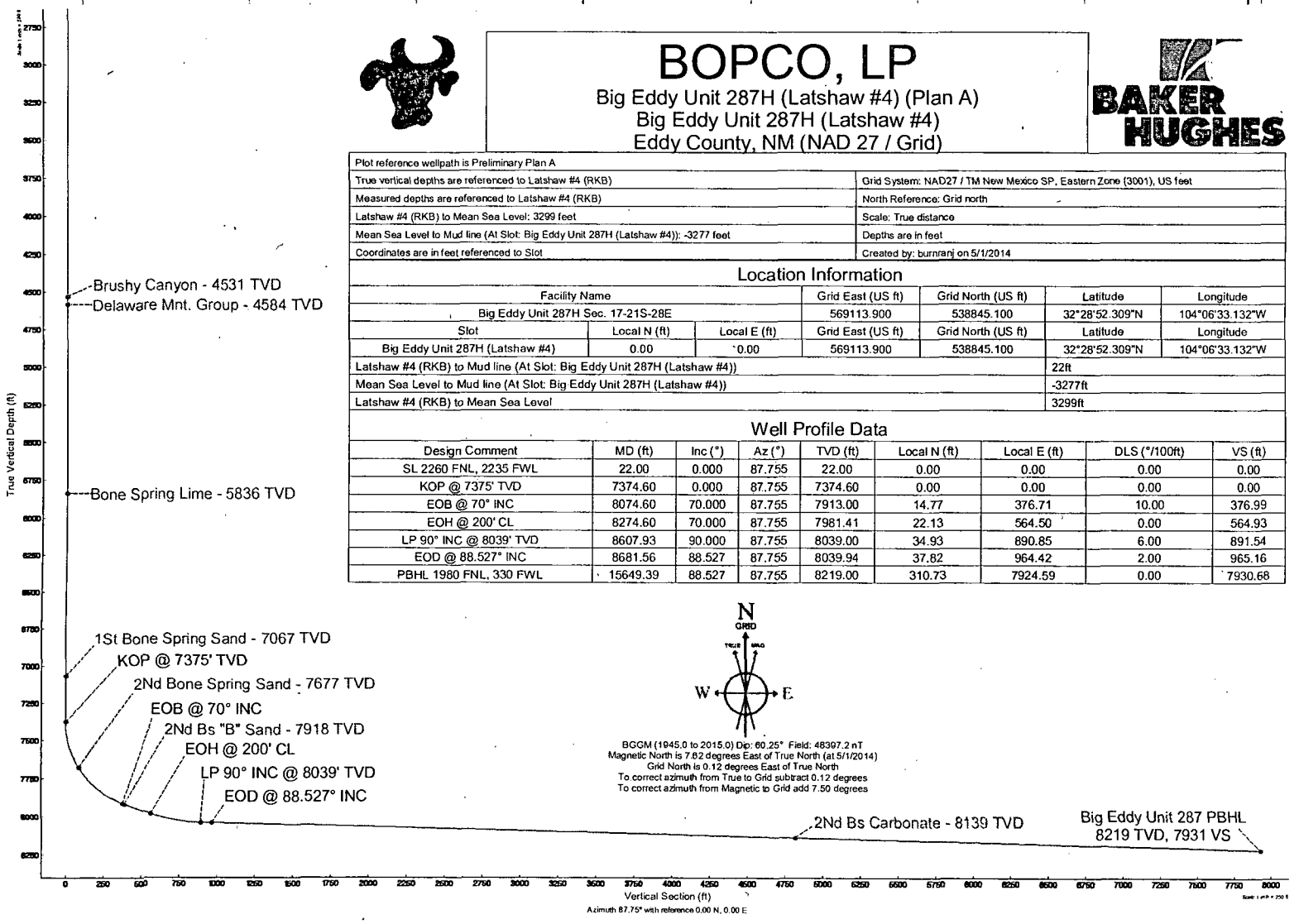
Plot reference wellpath is Preliminary Plan A	
True vertical depths are referenced to Latshaw #4 (RKB)	Grid System: NAD27 / TM New Mexico SP, Eastern Zone (3001), US feet
Measured depths are referenced to Latshaw #4 (RKB)	North Reference: Grid north
Latshaw #4 (RKB) to Mean Sea Level: 3299 feet	Scale: True distance
Mean Sea Level to Mud line (At Slot: Big Eddy Unit 287H (Latshaw #4)): -3277 feet	Depths are in feet
Coordinates are in feet referenced to Slot	Created by: burnranj on 5/1/2014

Location Information

Facility Name			Grid East (US ft)	Grid North (US ft)	Latitude	Longitude
Big Eddy Unit 287H Sec. 17-21S-28E			569113.900	538845.100	32°28'52.309"N	104°06'33.132"W
Slot	Local N (ft)	Local E (ft)	Grid East (US ft)	Grid North (US ft)	Latitude	Longitude
Big Eddy Unit 287H (Latshaw #4)	0.00	0.00	569113.900	538845.100	32°28'52.309"N	104°06'33.132"W
Latshaw #4 (RKB) to Mud line (At Slot: Big Eddy Unit 287H (Latshaw #4))					22ft	
Mean Sea Level to Mud line (At Slot: Big Eddy Unit 287H (Latshaw #4))					-3277ft	
Latshaw #4 (RKB) to Mean Sea Level					3299ft	

Well Profile Data

Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (°/100ft)	VS (ft)
SL 2260 FNL, 2235 FWL	22.00	0.000	87.755	22.00	0.00	0.00	0.00	0.00
KOP @ 7375' TVD	7374.60	0.000	87.755	7374.60	0.00	0.00	0.00	0.00
EOB @ 70° INC	8074.60	70.000	87.755	7913.00	14.77	376.71	10.00	376.99
EOH @ 200' CL	8274.60	70.000	87.755	7981.41	22.13	564.50	0.00	564.93
LP 90° INC @ 8039' TVD	8607.93	90.000	87.755	8039.00	34.93	890.85	6.00	891.54
EOD @ 88.527° INC	8681.56	88.527	87.755	8039.94	37.82	964.42	2.00	965.16
PBHL 1980 FNL, 330 FWL	15649.39	88.527	87.755	8219.00	310.73	7924.59	0.00	7930.68



BGGM (1945.0 to 2015.0) Dip: 60.25° Field: 48397.2 nT
Magnetic North is 7.62 degrees East of True North (at 5/1/2014)
Grid North is 0.12 degrees East of True North
To correct azimuth from True to Grid subtract 0.12 degrees
To correct azimuth from Magnetic to Grid add 7.50 degrees

Planned Wellpath Report

Preliminary Plan A

REFERENCE WELLPATH IDENTIFICATION			
Operator	BOPCO, LP	Slot	Big Eddy Unit 287H (Latshaw #4)
Area	Eddy County, NM	Well	Big Eddy Unit 287H (SL 2260 FNL, 2235 FWL)
Field	Eddy County, NM (NAD 27 / Grid)	Wellbore	Big Eddy Unit 287H (Latshaw #4) Planned
Facility	Big Eddy Unit 287H Sec. 17-21S-28E		

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	0.999915	Report Generated	5/5/2014 at 1:41:15 PM
Convergence at slot	0.12° East	Database/Source file	WA_MIDLAND/C:\Users\burnranj\AppData\Roaming\Well Explorer\temp\BOPCO, LP Big Eddy Unit 287H (Latshaw #4) (Plan A).xml

WELLPATH LOCATION	Local coordinates		Grid coordinates		Geographic coordinates	
	North[ft]	East[ft]	Easting[US ft]	Northing[US ft]	Latitude	Longitude
Slot Location	0.00	0.00	569113.90	538845.10	32°28'52.309"N	104°06'33.132"W
Facility Reference Pt			569113.90	538845.10	32°28'52.309"N	104°06'33.132"W
Field Reference Pt			510280.10	534700.83	32°28'12.000"N	104°18'00.000"W

WELLPATH DATUM			
Calculation method	Minimum curvature	Latshaw #4 (RKB) to Facility Vertical Datum	22.00ft
Horizontal Reference Pt	Slot	Latshaw #4 (RKB) to Mean Sea Level	3299.00ft
Vertical Reference Pt	Latshaw #4 (RKB)	Latshaw #4 (RKB) to Mud Line at Slot (Big Eddy Unit 287H (Latshaw #4))	22.00ft
MD Reference Pt	Latshaw #4 (RKB)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	87.75°

Planned Wellpath Report

Preliminary Plan A

REFERENCE WELLPATH IDENTIFICATION			
Operator	BOPCO, LP	Slot	Big Eddy Unit 287H (Latshaw #4)
Area	Eddy County, NM	Well	Big Eddy Unit 287H (SL 2260 FNL, 2235 FWL)
Field	Eddy County, NM (NAD 27 / Grid)	Wellbore	Big Eddy Unit 287H (Latshaw #4) Planned
Facility	Big Eddy Unit 287H Sec. 17-21S-28E		

WELLPATH DATA (102 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
0.00†	0.000	87.755	0.00	0.00	0.00	0.00	0.00	
22.00	0.000	87.755	22.00	0.00	0.00	0.00	0.00	SL 2260 FNL, 2235 FWL
125.00†	0.000	87.755	125.00	0.00	0.00	0.00	0.00	Fresh Water - 125 TVD
369.00†	0.000	87.755	369.00	0.00	0.00	0.00	0.00	Rustler - 369 TVD
641.00†	0.000	87.755	641.00	0.00	0.00	0.00	0.00	Salado - 641 TVD
1021.00†	0.000	87.755	1021.00	0.00	0.00	0.00	0.00	T/Reef - 1021 TVD
4531.00†	0.000	87.755	4531.00	0.00	0.00	0.00	0.00	Brushy Canyon - 4531 TVD
4584.00†	0.000	87.755	4584.00	0.00	0.00	0.00	0.00	Delaware Mnt. Group - 4584 TVD
5836.00†	0.000	87.755	5836.00	0.00	0.00	0.00	0.00	Bone Spring Lime - 5836 TVD
7067.00†	0.000	87.755	7067.00	0.00	0.00	0.00	0.00	1St Bone Spring Sand - 7067 TVD
7374.60	0.000	87.755	7374.60	0.00	0.00	0.00	0.00	KOP @ 7375' TVD
7400.00†	2.540	87.755	7399.99	0.56	0.02	0.56	10.00	
7500.00†	12.540	87.755	7499.00	13.67	0.54	13.66	10.00	
7600.00†	22.540	87.755	7594.23	43.77	1.71	43.73	10.00	
7693.16†	31.856	87.755	7677.00	86.30	3.38	86.23	10.00	2Nd Bone Spring Sand - 7677 TVD
7700.00†	32.540	87.755	7682.79	89.95	3.52	89.88	10.00	
7800.00†	42.540	87.755	7761.98	150.80	5.91	150.68	10.00	
7900.00†	52.540	87.755	7829.40	224.48	8.80	224.31	10.00	
8000.00†	62.540	87.755	7883.00	308.75	12.10	308.51	10.00	
8074.60	70.000	87.755	7913.00	376.99	14.77	376.71	10.00	EOB @ 70° INC
8089.21†	70.000	87.755	7918.00	390.72	15.31	390.42	0.00	2Nd Bs "B" Sand - 7918 TVD
8100.00†	70.000	87.755	7921.69	400.86	15.71	400.56	0.00	
8200.00†	70.000	87.755	7955.89	494.83	19.39	494.45	0.00	
8274.60	70.000	87.755	7981.41	564.93	22.13	564.50	0.00	EOH @ 200' CL
8300.00†	71.524	87.755	7989.78	588.91	23.07	588.46	6.00	
8400.00†	77.524	87.755	8016.45	685.24	26.85	684.72	6.00	
8500.00†	83.524	87.755	8032.90	783.83	30.71	783.23	6.00	
8600.00†	89.524	87.755	8038.96	883.61	34.62	882.93	6.00	
8607.93	90.000	87.755	8039.00	891.54	34.93	890.85	6.00	LP 90° INC @ 8039' TVD
8681.56	88.527	87.755	8039.94	965.16	37.82	964.42	2.00	EOD @ 88.527° INC
8700.00†	88.527	87.755	8040.42	983.59	38.54	982.84	0.00	
8800.00†	88.527	87.755	8042.99	1083.56	42.45	1082.73	0.00	
8900.00†	88.527	87.755	8045.56	1183.52	46.37	1182.62	0.00	
9000.00†	88.527	87.755	8048.13	1283.49	50.29	1282.51	0.00	
9100.00†	88.527	87.755	8050.70	1383.46	54.20	1382.40	0.00	
9200.00†	88.527	87.755	8053.27	1483.43	58.12	1482.29	0.00	
9300.00†	88.527	87.755	8055.84	1583.39	62.04	1582.18	0.00	
9400.00†	88.527	87.755	8058.41	1683.36	65.95	1682.07	0.00	
9500.00†	88.527	87.755	8060.98	1783.33	69.87	1781.96	0.00	
9600.00†	88.527	87.755	8063.55	1883.29	73.79	1881.85	0.00	
9700.00†	88.527	87.755	8066.12	1983.26	77.70	1981.74	0.00	
9800.00†	88.527	87.755	8068.68	2083.23	81.62	2081.63	0.00	
9900.00†	88.527	87.755	8071.25	2183.19	85.54	2181.52	0.00	
10000.00†	88.527	87.755	8073.82	2283.16	89.46	2281.41	0.00	
10100.00†	88.527	87.755	8076.39	2383.13	93.37	2381.30	0.00	

Planned Wellpath Report

Preliminary Plan A

REFERENCE WELLPATH IDENTIFICATION			
Operator	BOPCO, LP	Slot	Big Eddy Unit 287H (Latshaw #4)
Area	Eddy County, NM	Well	Big Eddy Unit 287H (SL 2260 FNL, 2235 FWL)
Field	Eddy County, NM (NAD 27 / Grid)	Wellbore	Big Eddy Unit 287H (Latshaw #4) Planned
Facility	Big Eddy Unit 287H Sec. 17-21S-28E		

WELLPATH DATA (102 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
10200.00†	88.527	87.755	8078.96	2483.10	97.29	2481.19	0.00	
10300.00†	88.527	87.755	8081.53	2583.06	101.21	2581.08	0.00	
10400.00†	88.527	87.755	8084.10	2683.03	105.12	2680.97	0.00	
10500.00†	88.527	87.755	8086.67	2783.00	109.04	2780.86	0.00	
10600.00†	88.527	87.755	8089.24	2882.96	112.96	2880.75	0.00	
10700.00†	88.527	87.755	8091.81	2982.93	116.87	2980.64	0.00	
10800.00†	88.527	87.755	8094.38	3082.90	120.79	3080.53	0.00	
10900.00†	88.527	87.755	8096.95	3182.86	124.71	3180.42	0.00	
11000.00†	88.527	87.755	8099.52	3282.83	128.62	3280.31	0.00	
11100.00†	88.527	87.755	8102.09	3382.80	132.54	3380.20	0.00	
11200.00†	88.527	87.755	8104.66	3482.77	136.46	3480.09	0.00	
11300.00†	88.527	87.755	8107.23	3582.73	140.37	3579.98	0.00	
11400.00†	88.527	87.755	8109.80	3682.70	144.29	3679.87	0.00	
11500.00†	88.527	87.755	8112.37	3782.67	148.21	3779.76	0.00	
11600.00†	88.527	87.755	8114.94	3882.63	152.12	3879.65	0.00	
11700.00†	88.527	87.755	8117.51	3982.60	156.04	3979.54	0.00	
11800.00†	88.527	87.755	8120.08	4082.57	159.96	4079.43	0.00	
11900.00†	88.527	87.755	8122.65	4182.53	163.87	4179.32	0.00	
12000.00†	88.527	87.755	8125.22	4282.50	167.79	4279.21	0.00	
12100.00†	88.527	87.755	8127.79	4382.47	171.71	4379.10	0.00	
12200.00†	88.527	87.755	8130.36	4482.44	175.62	4478.99	0.00	
12300.00†	88.527	87.755	8132.93	4582.40	179.54	4578.88	0.00	
12400.00†	88.527	87.755	8135.50	4682.37	183.46	4678.77	0.00	
12500.00†	88.527	87.755	8138.07	4782.34	187.37	4778.66	0.00	
12536.25†	88.527	87.755	8139.00	4818.58	188.79	4814.88	0.00	2Nd Bs Carbonate - 8139 TVD
12600.00†	88.527	87.755	8140.64	4882.30	191.29	4878.55	0.00	
12700.00†	88.527	87.755	8143.21	4982.27	195.21	4978.44	0.00	
12800.00†	88.527	87.755	8145.78	5082.24	199.12	5078.33	0.00	
12900.00†	88.527	87.755	8148.35	5182.20	203.04	5178.22	0.00	
13000.00†	88.527	87.755	8150.92	5282.17	206.96	5278.11	0.00	
13100.00†	88.527	87.755	8153.49	5382.14	210.87	5378.01	0.00	
13200.00†	88.527	87.755	8156.06	5482.10	214.79	5477.90	0.00	
13300.00†	88.527	87.755	8158.63	5582.07	218.71	5577.79	0.00	
13400.00†	88.527	87.755	8161.20	5682.04	222.62	5677.68	0.00	
13500.00†	88.527	87.755	8163.77	5782.01	226.54	5777.57	0.00	
13600.00†	88.527	87.755	8166.34	5881.97	230.46	5877.46	0.00	
13700.00†	88.527	87.755	8168.91	5981.94	234.37	5977.35	0.00	
13800.00†	88.527	87.755	8171.48	6081.91	238.29	6077.24	0.00	
13900.00†	88.527	87.755	8174.04	6181.87	242.21	6177.13	0.00	
14000.00†	88.527	87.755	8176.61	6281.84	246.12	6277.02	0.00	
14100.00†	88.527	87.755	8179.18	6381.81	250.04	6376.91	0.00	
14200.00†	88.527	87.755	8181.75	6481.77	253.96	6476.80	0.00	
14300.00†	88.527	87.755	8184.32	6581.74	257.88	6576.69	0.00	
14400.00†	88.527	87.755	8186.89	6681.71	261.79	6676.58	0.00	
14500.00†	88.527	87.755	8189.46	6781.68	265.71	6776.47	0.00	

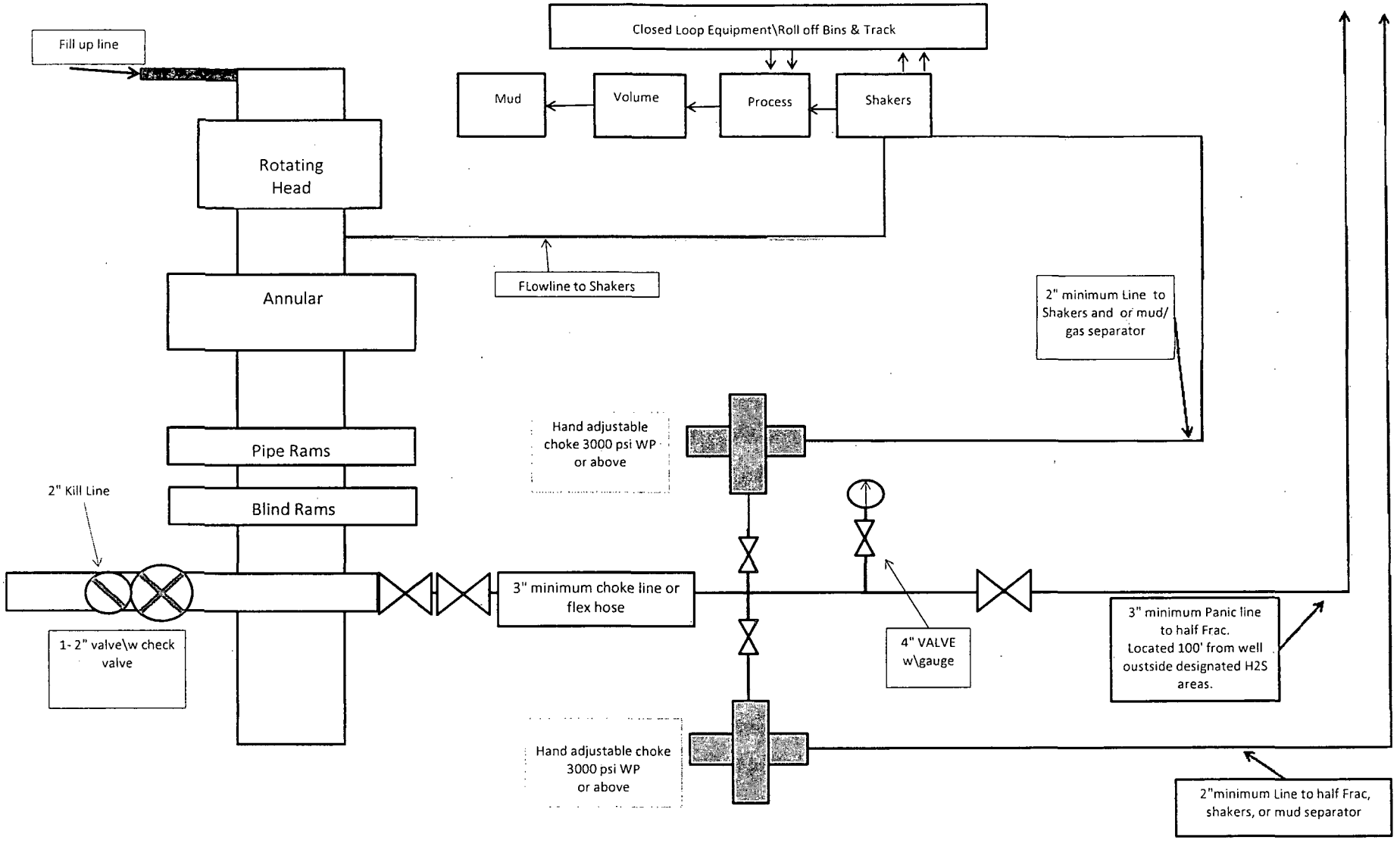
Planned Wellpath Report

Preliminary Plan A

REFERENCE WELLPATH IDENTIFICATION			
Operator	**BOPCO, LP**	Slot	**Big Eddy Unit 287H (Latshaw #4)**
Area	**Eddy County, NM**	Well	**Big Eddy Unit 287H (SL 2260 FNL, 2235 FWL)**
Field	**Eddy County, NM (NAD 27 / Grid)**	Wellbore	**Big Eddy Unit 287H (Latshaw #4) Planned**
Facility	**Big Eddy Unit 287H Sec. 17-21S-28E**		

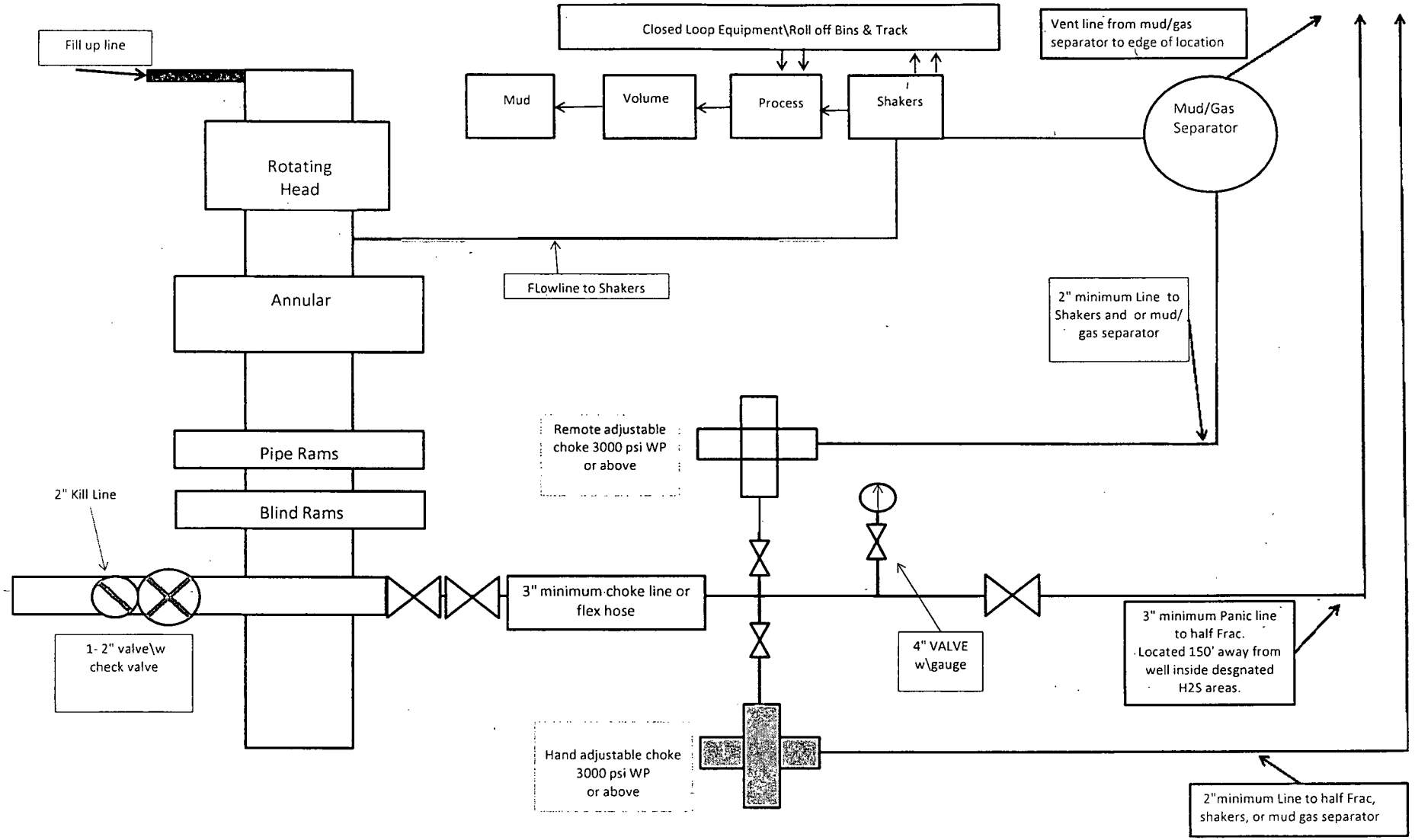
WELLPATH DATA (102 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
14600.00†	88.527	87.755	8192.03	6881.64	269.63	6876.36	0.00	
14700.00†	88.527	87.755	8194.60	6981.61	273.54	6976.25	0.00	
14800.00†	88.527	87.755	8197.17	7081.58	277.46	7076.14	0.00	
14900.00†	88.527	87.755	8199.74	7181.54	281.38	7176.03	0.00	
15000.00†	88.527	87.755	8202.31	7281.51	285.29	7275.92	0.00	
15100.00†	88.527	87.755	8204.88	7381.48	289.21	7375.81	0.00	
15200.00†	88.527	87.755	8207.45	7481.44	293.13	7475.70	0.00	
15300.00†	88.527	87.755	8210.02	7581.41	297.04	7575.59	0.00	
15400.00†	88.527	87.755	8212.59	7681.38	300.96	7675.48	0.00	
15500.00†	88.527	87.755	8215.16	7781.35	304.88	7775.37	0.00	
15600.00†	88.527	87.755	8217.73	7881.31	308.79	7875.26	0.00	
15649.39	88.527	87.755	8219.00	7930.68	310.73	7924.59	0.00	PBHL 1980 FNL, 330 FWL



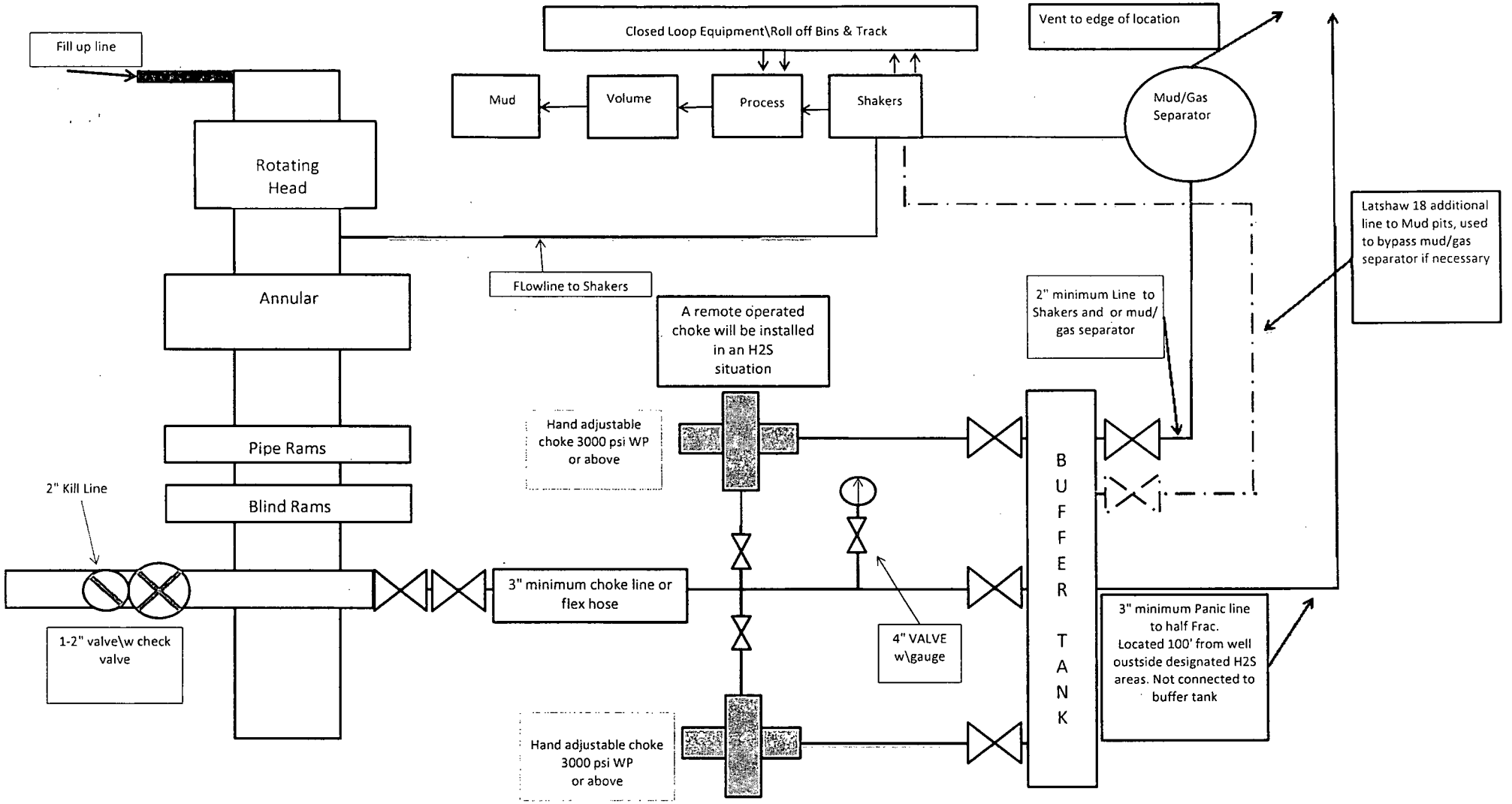
13-5/8" X 3-M BOPE (2 Rams and Rotating Head) & Closed Loop System Equipment Schematic
Diagram A

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.

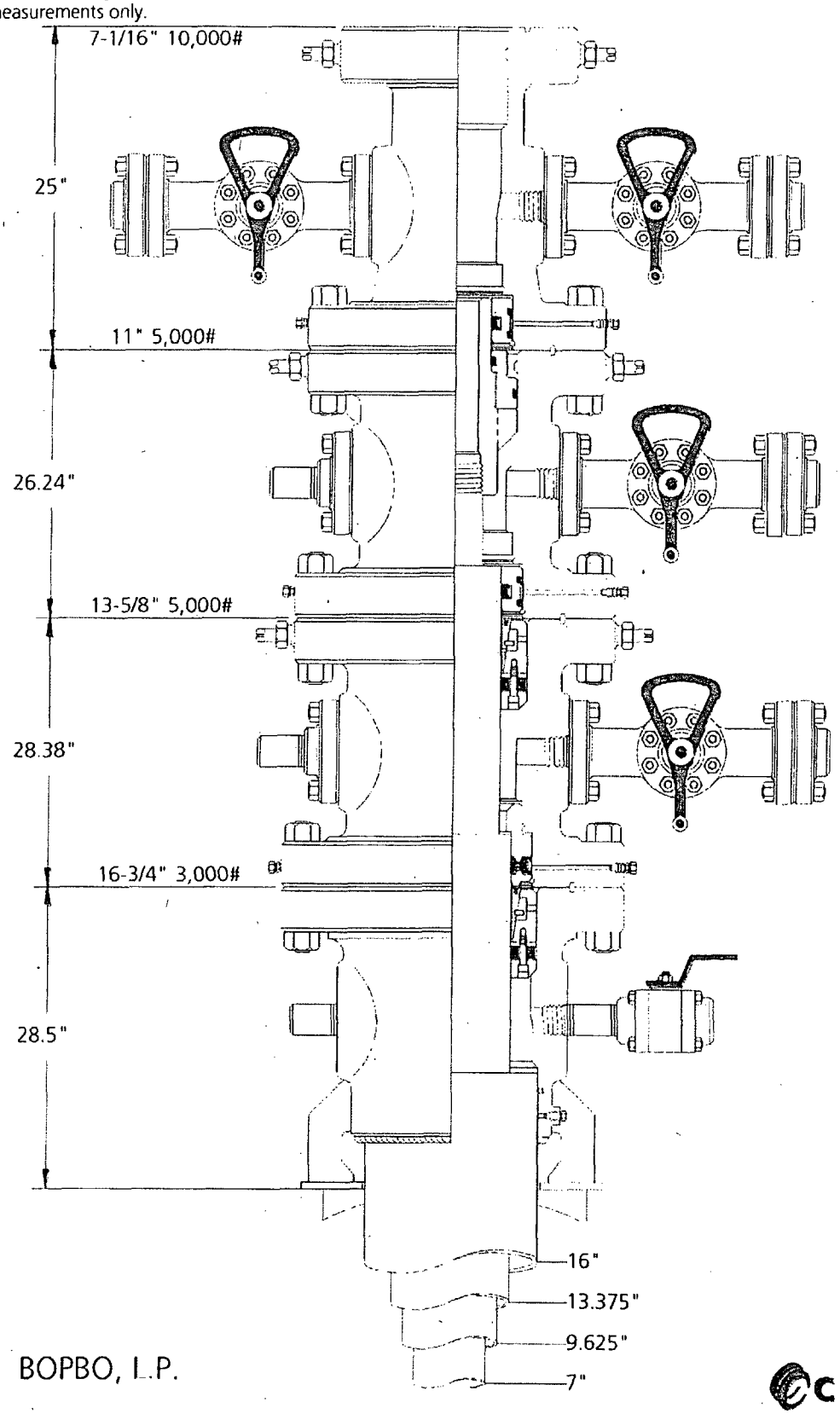


Latshaw 4 closed loop system, with Latshaw 18 addition "clouded."

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

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

Note: Dimensional information reflected on this drawing are estimated measurements only.



BOPBO, L.P.

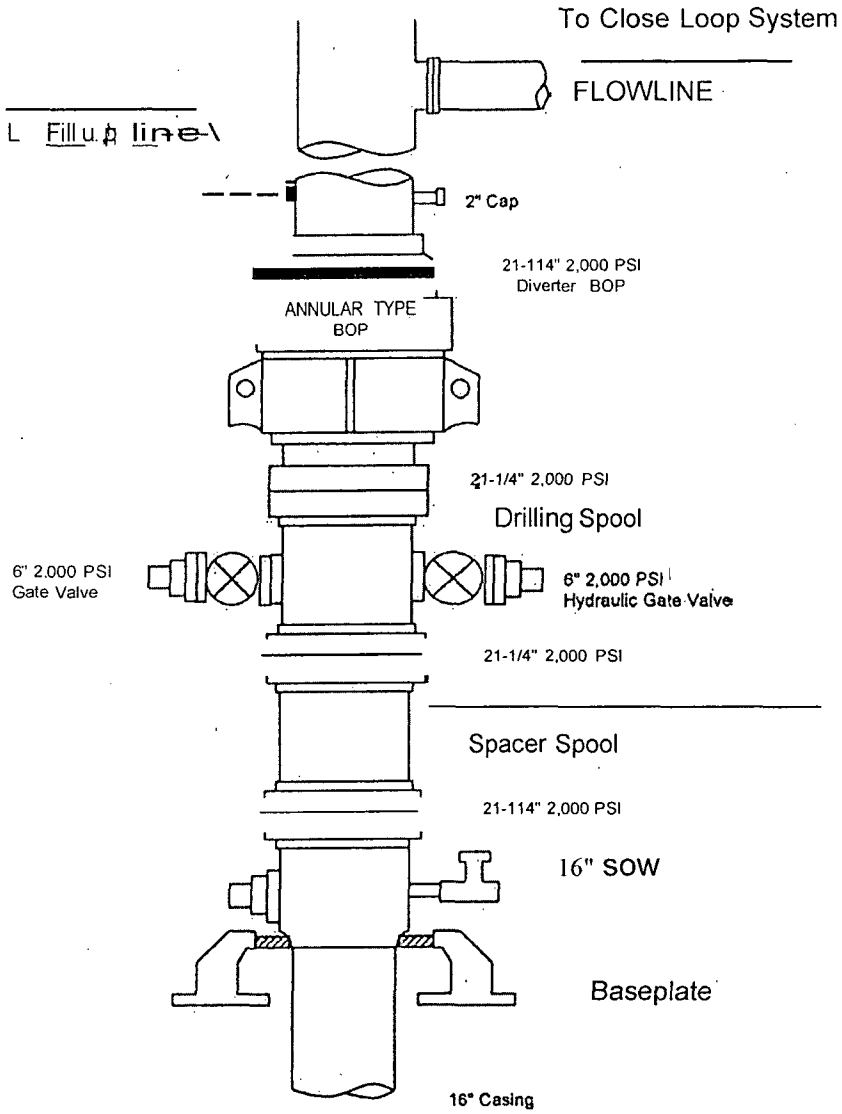
CAMERON

Casing Design: 16" x 13.375" x 9.625" x 7"	Name: Jeanette	Date: 3-26-13	Working Pressure:	#	J-8968

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.

Midwest Hose & Specialty, Inc.

Internal Hydrostatic Test Graph

April 4, 2012

Customer: Latshaw

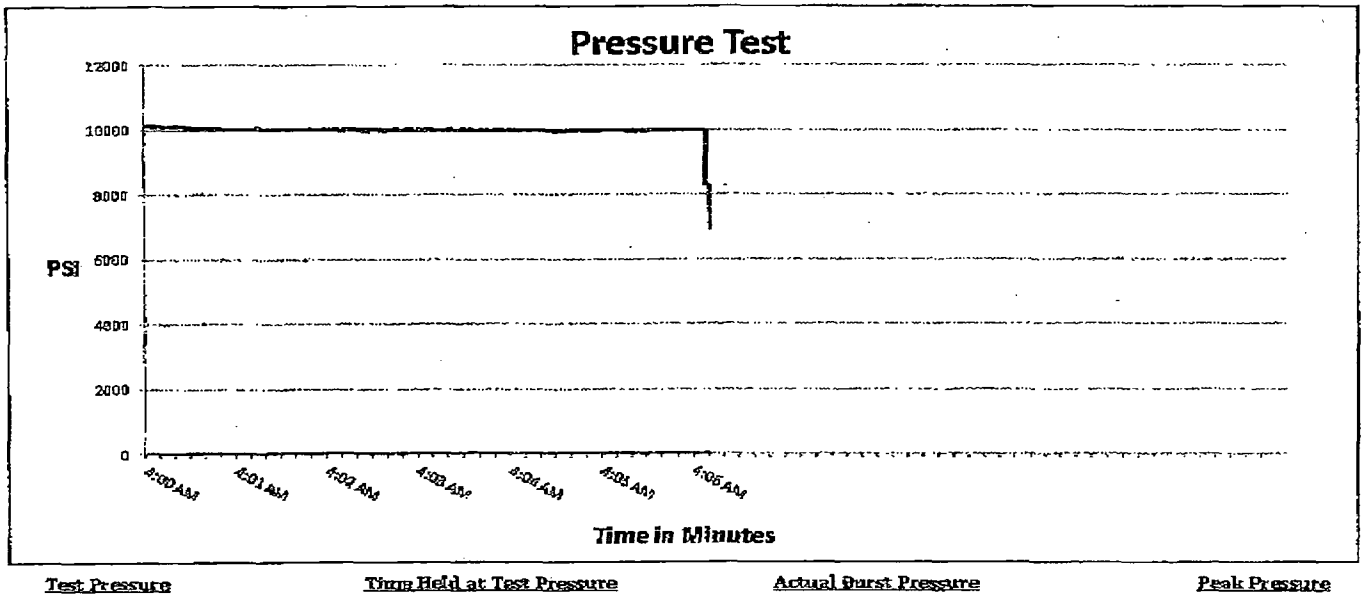
Pick Ticket #: 81610

Hose Specifications

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

Verification

Type of Fitting	Coupling Method
41/16 5K	Swage
Die Size	Final O.D.
5.12"	5.16"
Hose Serial #	Hose Assembly Serial #
6884	81610



Test Pressure	Time Held at Test Pressure	Actual Burst Pressure	Peak Pressure
10000 PSI	6 1/4 Minutes		10195 PSI

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

Tested By: *Donnie Mclemore*

Approved By: *Bobby Fink*

MIDWEST

HOSE AND SPECIALTY INC.

INTERNAL HYDROSTATIC TEST REPORT		
Customer: LATSHAW DRILLING		**P.O. Number:** RIG#4
HOSE SPECIFICATIONS		
Type: CHOKE 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		
Hose assembly pressure tested with water at ambient temperature.		
TIME HELD AT TEST PRESSURE 1 *MIN.*	ACTUAL BURST PRESSURE: 0 *PSI*	
COMMENTS: SO#81610 Hose is covered with stainless steel armour cover and wraped 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

TABLE OF CONTENTS

H_2S 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_2S).

Objective:

Prevent any and all accidents, and prevent the uncontrolled release of H_2S 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_2S 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_2S 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_2S 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_2S.
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_2S 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_2S 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_2), 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_2S) 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_2S 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_2S Drilling Operations Contingency Plan and the Public Protection Plan.

Service company personnel and visiting personnel must be notified if the zone contains H_2S, 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_2S areas, H_2S equipment will be rigged up after setting surface casing. For wells located inside known H_2S areas, the flare pit will be located 150' from the location and for wells located outside known H_2S 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_2S is in the area, however in the event that H_2S is encountered, the attached H_2S Contingency Plan will be implemented. (Please refer to diagrams B or C for choke manifold and closed loop system layout.) See H_2S location layout diagram for location of all H_2S equipment on location.

All H_2S 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_2S.

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

Windsocks or Wind Streamers:

- A minimum of two 10" windsocks 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_2S 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_2S 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_2S 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_2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H_2S scavengers will minimize hazards when penetrating H_2S 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_2S 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_2S CONTINGENCY PLAN EMERGENCY CONTACTS

BOPCO L.P. Midland Office 432-683-2277

Key Personnel

Name	Title	Cell Phone Number
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	Engineer	432-312-1113
Kevin Burns	Engineer	432-934-5499

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 24th St. Lubbock, Texas	806-743-9911
Aerocare – R3, Box 49F, Lubbock, Texas	806-747-8923
Med Flight Air Amb – 2301 Yale Blvd SE #D3, Albuq., NM	505-842-4433
S B Air Med Service – 2505 Clark Carr Loop SE, Albuq., 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	H2S	1.18	10 PPM	250 PPM/HR	600 PPM
Sulfur Dioxide	SO2	2.21	5 PPM	--	1000 PPM
Chlorine	CL2	2.45	1 PPM	4 PPM/HR	1000 PPM
Carbon Monoxide	CO	0.97	50 PPM	400 PPM/HR	1000 PPM
Carbon Dioxide	CO2	1.52	5000 PPM	5%	10%
Methane	CH4	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

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

- 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_2S concentrations above 10 PPM.

RESCUE & FIRST AID FOR H_2S 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 H2S 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_2S.

Proposed H2S Safety Schematic

1) Location of windsocks.

2) Location of H2S alarms

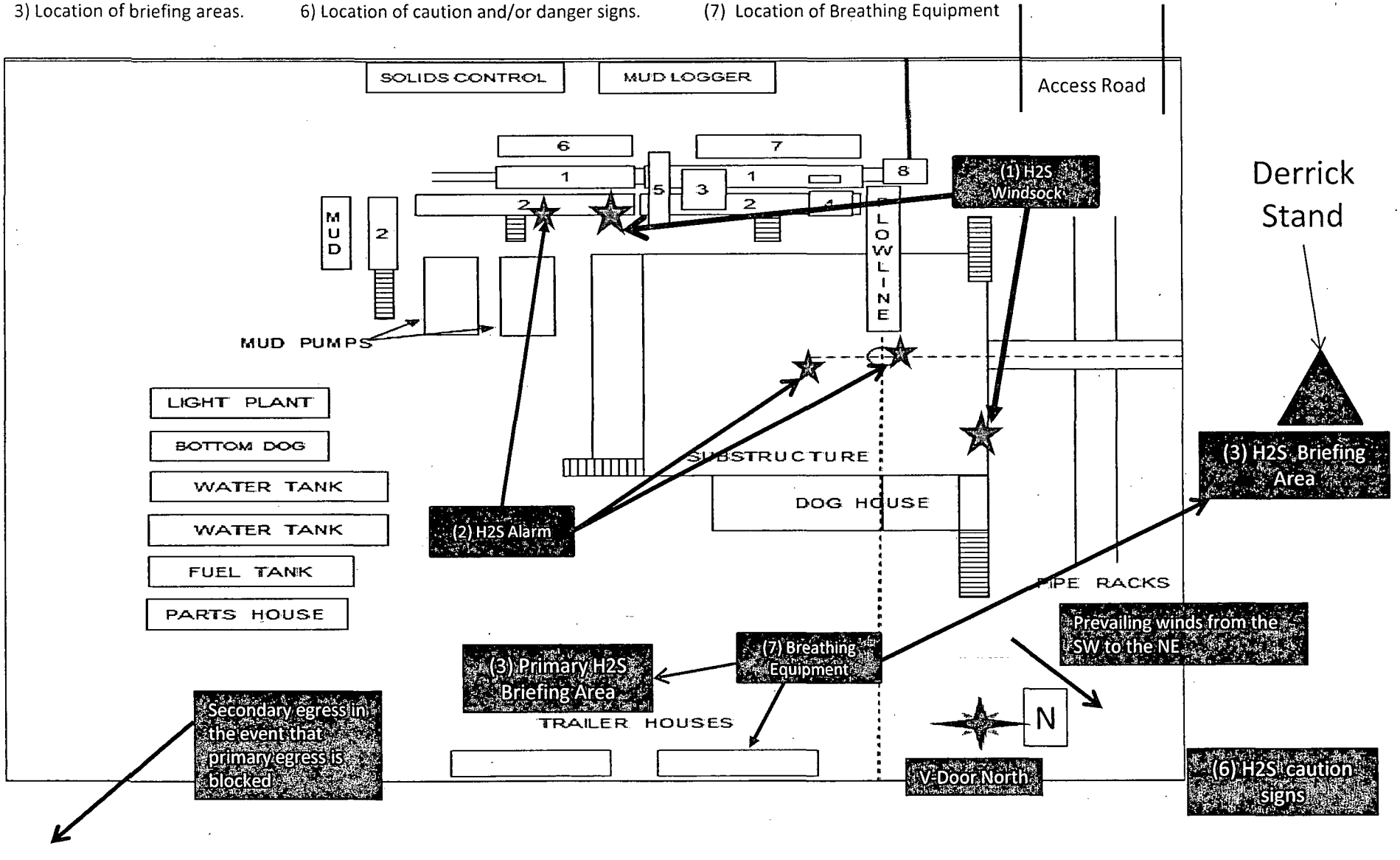
3) Location of briefing areas.

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 Cecil Watkins-BOPCO L.P., Jarrel Brooks-BOPCO L.P., Jesse Rice-BLM, and Alan Record-Halff Associates on 04/16/2014. The Big Eddy Unit #287 was moved from the surface footage call of 1980' FNL & 2170' FWL of Sec 17-T21S-R28E to a new surface footage call of 2260' FNL & 2335' FWL of Sec 17-T21S-R28E in order to avoid fiber optics line. Location layout is as follows: v-door will face the north, frac tank pad will be on south/southeast corner, access road will enter location from the north/northwest corner and topsoil will be stockpiled to both the south and east side of location.

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Big Eddy Unit #287H

LEGAL DESCRIPTION
SURFACE: 2260' FNL, 2335' FEL, Section 17, T21S, R28E, Eddy County, NM.
BHL: 1980' FNL, 330' FEL, Section 16, T21S, R28E, 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 Hobbs hwy and Quahada Rd., turn south on Quahada and go 0.1 mile to the junction with a gravel road. Go northeast on the gravel road for 0.2 mile then turn southeast and go 0.06 mile to the proposed pad site.

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 760' 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..... 5 (Five)
Water wells..... 0 (Zero)

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

A) A new BOPCO, L.P. operated production facility will be constructed on the adjacent facilities pad to handle production from the Big Eddy Unit #287H.

B) In the Event of Production:

Big Eddy Unit #287H will pipe production to the Big Eddy Unit #287H Battery (located in Sec 17, T21S, R28E). A new 3-1/2" diameter steel flowline is to be run above ground, approx. 1000 feet in length. The flowline is expected to carry oil, water, and gas.

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 both the south and 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 Cecil Watkins-BOPCO L.P., Jarrel Brooks-BOPCO L.P., Jesse Rice-BLM, and Alan Record-Halff Associates on 04/16/2014. The Big Eddy Unit #287 was moved from the surface footage call of 1980' FNL & 2170' FWL of Sec 17-T21S-R28E to a new surface footage call of 2260' FNL & 2335' FWL of Sec 17-T21S-R28E in order to avoid fiber optics line. Location layout is as follows: v-door will face the north, frac tank pad will be on south/southeast corner, access road will enter location from the north/northwest corner and topsoil will be stockpiled to both the south and east 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 are no water wells 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

An independent archeological survey has been done. This well location is not located in the area covered by Memorandum of Agreement – Permian Basin. 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 760' 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

OPERATOR'S NAME:	**BOPCO, L.P.**
LEASE NO.:	**NMLC-059365**
WELL NAME & NO.:	**Big Eddy Unit 287H**
SURFACE HOLE FOOTAGE:	**2260' FNL & 2335' FWL**
BOTTOM HOLE FOOTAGE	**1980' FNL & 0330' FEL Sec. 16, T. 21 S., R 28 E.**
LOCATION:	**Section 17, T. 21 S., R 28 E., NMPM**
COUNTY:	**Eddy County, New Mexico**

TABLE OF CONTENTS

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

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)

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:
The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:
Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Drilling:

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

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. 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 exclosure 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 exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure 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

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

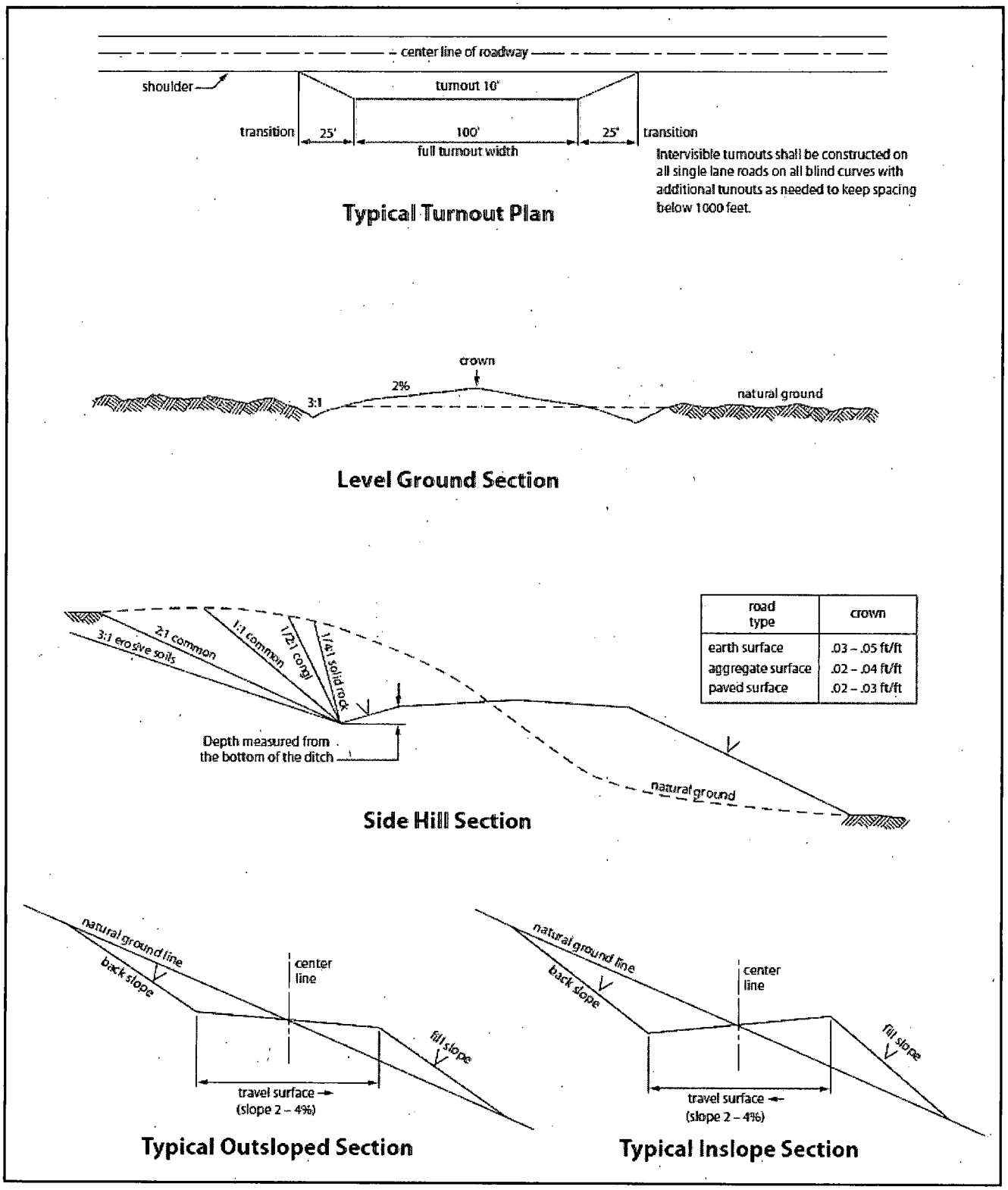


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

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 (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is encountered in quantities greater than 10 PPM the well shall be shut in and H2S 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 or are Non-API. 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.). The initial wellhead installed on the well will remain on the well with spools used as needed.

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

Wait on cement (WOC) for Water Basin:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. 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.

Capitan Reef
High Cave/Karst
Possibility of water flows in the Salado and Yates.
Possibility of lost circulation in the Rustler, Red Beds, Yates, Capitan Reef, and Delaware.

A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.

1. The **16** inch surface casing shall be set at approximately **390** 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 1st intermediate casing, which shall be set at approximately **1100** feet (**base of the Yates formation**), is:

    ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

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

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 Capitan Reef. Excess calculates to 10% - 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. **Excess calculates to negative 9% - Additional cement will be required.**

b. Second stage above DV tool:

☒ Cement should tie-back at least **50 feet above the Capitan Reef**. Operator shall provide method of verification. **Excess calculates to 16% - Additional cement may be required.**

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

6. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.

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 20" surface casing.**

4. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.**
    a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
    b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
    c. **Manufacturer representative shall install the test plug for the initial BOP test.**
    d. **Operator shall perform the 9-5/8" and 7" casing integrity tests to 70% of the casing burst. This will test the multi-bowl seals.**
    e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, 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. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

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 070115

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

The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

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

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

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
b. Activities of other parties including, but not limited to:
    (1) Land clearing.

(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

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

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

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **20** feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

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

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

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

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

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

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

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

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

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

16. 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, powerline 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.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

IX. INTERIM RECLAMATION

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

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

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

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

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

X. FINAL ABANDONMENT & RECLAMATION

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).

SEED MIXTURE 2 (SANDY LOCATIONS)

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 months prior to purchase. Commercial seed will be 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 to 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 double the amounts listed below. 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 (note: if broadcasting seed, amounts are to be doubled):

Species	**Pound/acre**
Plains Bristlegrass (*Setaria macrostachya*)	2.0
Sand Lovegrass (*Eragrostis trichodes*)	1.0
Sand Dropseed (*Sporobolus cryptandrus*)	1.0

* Pounds of pure live seed = (Pounds of seed) x (Percent purity) x (Percent germination)