

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

RECEIVED Submit to appropriate District Office
Oil Conservation Division
1220 South St. Francis Dr. JUL - 3 2006
Santa Fe, NM 87505 ~~OCU-ARTESIA~~ ☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address BEPCO, L. P. P. O. Box 2760 - Midland, Texas 79702		² OGRID Number 001801
³ Property Code 26997		⁴ Property Name Remuda Basin 24 State
⁵ Proposed Pool 1 Wildcat - Morrow		⁶ Well No. 9

⁷ Surface Location

UL or lot no. A	Section 24	Township 23S	Range 29E	Lot Idn	Feet from the 660	North/South line North	Feet from the 660	East/Westline East	County Eddy
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⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
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Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3005'
¹⁶ Multiple No	¹⁷ Proposed Depth 14,085'	¹⁸ Formation Morrow	¹⁹ Contractor Unknown	²⁰ Spud Date 12/01/2006
Depth to Groundwater 350'		Distance from nearest fresh water well 1/2 mile southeast		Distance from nearest surface water None in area
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mil thick Clay <input type="checkbox"/>		Pit Volume: 18000 bbls		
Closed-Loop System <input type="checkbox"/>		Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	+/- 287' X	300	Surface
12-1/4"	9-5/8"	36#	+/- 3240'	1500	Surface
8-3/4"	7"	26#	+/- 11,800'	1225	2780' *
6-1/8"	4-1/2"	13.50#	+/- 14,085'	240	11,300'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

* Only if pay intervals encountered above 8000'. If no commercial pay is encountered, cement will be brought to +/- 500' above upper most pay zone.

DENIED *BGA Please refer to NMOCD Rule 19.15.3.106*

This well is included within the secretarial order potash area yet outside the R-111P area. The surface and minerals are owned by the State of New Mexico.

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES

** Operator to set surface casing above Salado.*

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Annette Childers <i>Annette Childers</i> WDA		Approved by: BRYAN G. ARRANT	
Title: Administrative Assistant		Title: DISTRICT II GEOLOGIST	
E-mail Address: machilders@basspet.com		Approval Date: JUL 14 2006 Expiration Date: JUL 14 2007	
Date: 06/29/2006	Phone: (432)683-2277	Conditions of Approval Attached <input type="checkbox"/>	

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96070	Pool Name Wildcat (morrow)
Property Code	Property Name REMUDA BASIN "24" STATE	Well Number 9
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3005'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	24	23 S	29 E		660	NORTH	660	EAST	EDDY

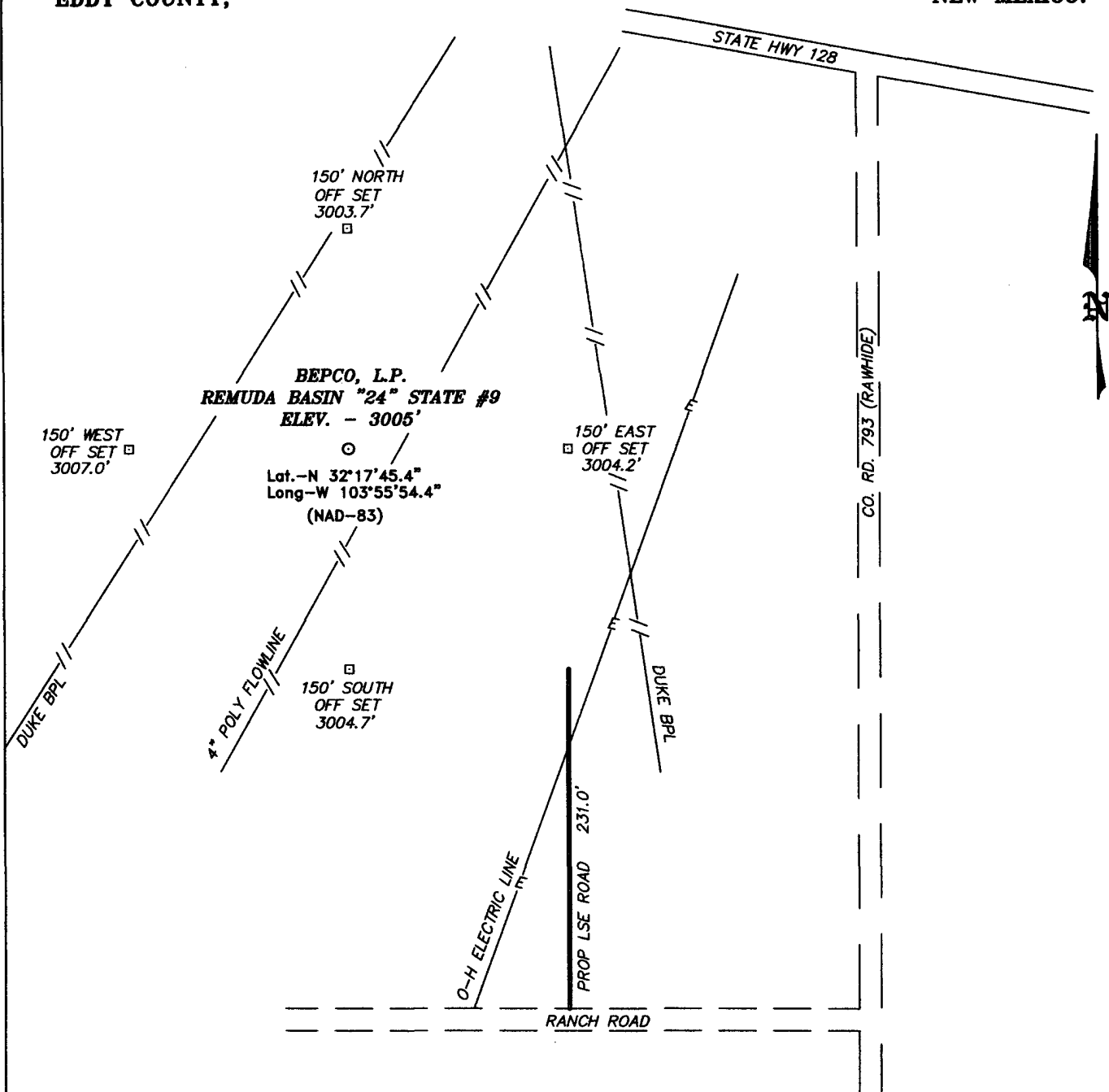
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill N	Consolidation Code	Order No.						

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

		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>William R. Dannels</i> Signature Date 6/29/06</p> <p>W.R. Dannels Printed Name</p>
159.25 ACRES	162.08 ACRES	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p> </p> <p>Date Surveyed Signature of Professional Surveyor Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
159.09 ACRES	159.81 ACRES	

**SECTION 24, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 128 AND CO. RD. 793 (RAWHIDE), PROCEED SOUTH ON CO. RD. 793 FOR APPROX. 3.1 MILE TO RANCH ROAD; THENCE WEST ON LEASE ROAD 0.1 MILE TO PROPOSED LEASE ROAD.



SCALE: 1" = 100'

BEPCO, L.P.

REF: REMUDA BASIN "24" STATE #9 / WELL PAD AND TOPO

THE REMUDA BASIN "24" STATE #9 LOCATED 660'

FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF

SECTION 24, TOWNSHIP 23 SOUTH, RANGE 29 EAST,

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

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

W.O. Number: 6798

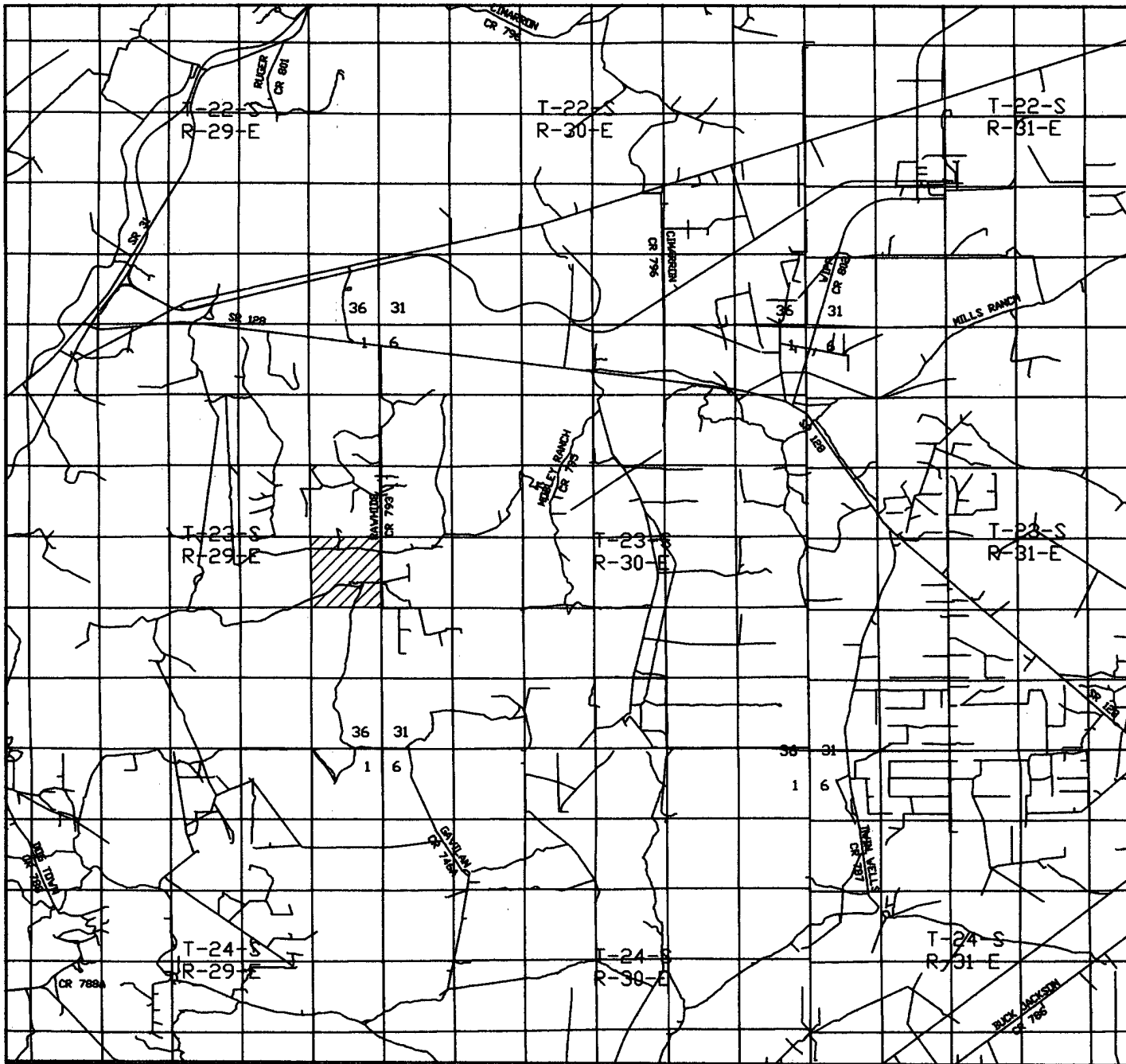
Drawn By: J. SMALL

Date: 06-17-2006

Disk: 6798W JMS

Survey Date: 06-16-2006

Sheet 1 of 1 Sheets



REMUDA BASIN "24" STATE #9
 Located at 660' FNL and 660' FEL
 Section 24, Township 23 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

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

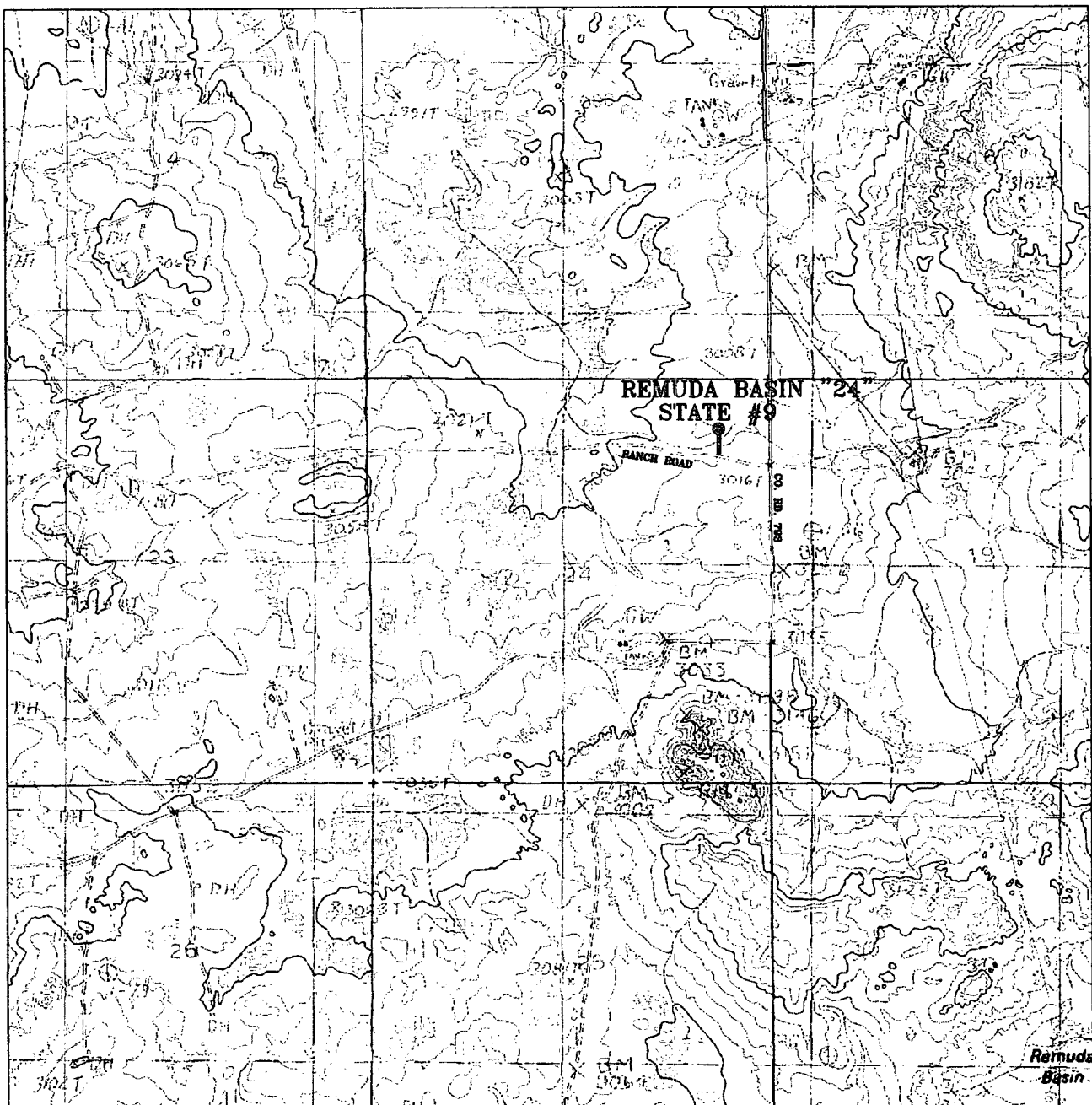
W.O. Number: JMS 6798T

Survey Date: 06-16-2006

Scale: 1" = 2000'

Date: 06-17-2006

BEPCO, L.P.



REMUDA BASIN "24" STATE #9
 Located at 660' FNL and 660' FEL
 Section 24, Township 23 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
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BEPCO, L.P.

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

NAME OF WELL: Remuda Basin 24 State # 9

LEGAL DESCRIPTION - SURFACE: 660' FNL & 660' FEL, Section 24, T-23-S, R-29-E, Eddy County, New Mexico.

POINT 1: ESTIMATED FORMATION TOPS

(See No. 2 Below)

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

Anticipated Formation Tops: KB 3031.7' (est)
GL 3004.7'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
B/Rustler	232'	+ 2800'	Barren
T/Salt	297'	+ 2735'	Barren
B/Salt	2997'	+ 35'	Barren
T/Delaware	3257'	- 225'	Barren
T/Bone Spring	6903'	- 3871'	Oil/Gas
T/Wolfcamp	10,153'	- 7121'	Oil/Gas
T/Atoka Sand	12,363'	- 9331'	Oil/Gas
T/Atoka Bank	12,442'	- 9410'	Oil/Gas
T/Morrow	12,912'	- 9880'	Oil/Gas
T/Middle Morrow "A"	13,242'	-10,210'	Oil/Gas
T/Lower Morrow	13,632'	-10,600'	Oil/Gas
TD	14,085'	-11,053'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
20"	0' - 40'	Conductor	Contractor Discretion
13-3/8", 48#, J-55, ST&C	0' - 287'	Surface	New
9-5/8", 36#, N-80, LT&C	0' - 3240'	First Intermediate	New
7", 26#, P-110, LT&C	0' -11,800'	Second Intermediate	New
4-1/2", 13.5#, P-110, LT&C	11,800'-14,085'	Production Liner	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A rotating head will be nipped up on the surface casing. The rotating head will not be hydro-tested.

A BOP equivalent to Diagram 1 will be nipped up on the surface, first and second intermediate casing. When the BOP is installed on the surface casinghead, it will be tested to 70% of internal yield of casing or 1000 psig whichever is less. In addition, the BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 3,000 psi on the first intermediate and 10,000 psi on the second intermediate casing.

The annular preventer will be tested to 3000 psi on both intermediate casings. In addition to the rated working pressure test, a low pressure (250 psi) test will be required. These tests will be performed:

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

A function test to insure that the preventers are operating correctly will be performed on each trip. See the attached Diagram 1 for the minimum criteria for the choke manifold.

POINT 5: MUD PROGRAM

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 295'	FW Spud	8.4 - 9.0	32-38	NC	NC	NC	9-10
295' - 3240'	Brine	9.8 - 10.2	28-32	NC	NC	NC	9-10
3240' -10000'	FW	8.3 - 8.6	28-32	NC	NC	NC	9-10
10000' -11800'	FW/C-Brine	8.6 - 9.0	28-32	NC	NC	<100	9-10
11800' - 12500'	C-Brine/Brine	9.5 - 13.9	30-34	6-10	6-10	<100	9-10
12500' - 14085'	C-Brine/Polymer	10.0 - 13.9	34-38	8-10	6-10	<20	9-10

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

No DST's are planned, however any shows of significance will be tested.

B) LOGGING

GR-CNL-LDT w/Dual Induction Log from 3,240'-11,800'
 GR-CNL from 3,240'-surface.
 GR-CNL-LDT w/Dual Lateral Log from 11,800'-TD.

C) CONVENTIONAL CORING

None Anticipated.

D) CEMENT

<u>INTERVAL</u>	<u>AMOUNT SXS</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
SURFACE 0' - 287' (100% excess) (Circ to Surface)	300	287	Premium Plus + 2% CaCl ₂ 1/4 #/sk Flocele	6.32	14.80	1.34
1st INTERMEDIATE Lead: 0' - 2740' (200% excess) (Circ to Surface)	1080	2740	Interfil C + 1 #/sk salt + 1/4 #/sk Flocele	14.10	11.90	2.45
Tail: 2740' - 3240' (200% excess)	360	500	Premium Plus + 2% CaCl ₂	6.34	14.80	1.34
2nd INTERMEDIATE 2 nd Stage Lead: 2780' - 7500' (50% excess)	637	4720	Super H w/16#/sk Gilsonite + 1 lb/sk salt + 0.5% Halad 344 + 0.4% CFR-3 + 0.1% HR-7	8.23	13.00	1.67
DV Tool @ 7500'						
1 st Stage Lead: 7500' - 11,800' (50% excess)	580	4300	Super H w/16#/sk Gilsonite + 1 lb/sk salt + 0.5% Halad 344 + 0.4% CFR-3 + 0.1% HR-7	8.23	13.00	1.67
PRODUCTION LINER Lead: 11,500' - 14,285' (50% excess)	250	2785	Super H + 1 #/sk salt + + 0.5% Halad 344 + 0.4% CFR-3 + 3% HR-7	8.23	13.00	1.67

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware, Bone Spring & Wolfcamp sections. The Atoka Bank may be abnormally pressured with expected BHP of 9250 psi (max) or an equivalent mud weight of 13.9 ppg. The Morrow expected BHP is 7800 (max) or an equivalent mud weight of 10.5 ppg @ TD. Due to the tight nature of the reservoir rock (high pressure, low volume), the well will be drilled under balanced utilizing a rotating head. The expected BHT at TD is 230°F. No H₂S is anticipated.

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

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

B) Anticipated Starting Date

Upon approval

60 days drilling operations

25 days completion operations

GEG/cnt
June 29, 2006

10-M WP BOPE WITH 5-M WP ANNULAR

10 M CHOKE MANIFOLD EQUIPMENT-CONFIGURATION MAY VARY

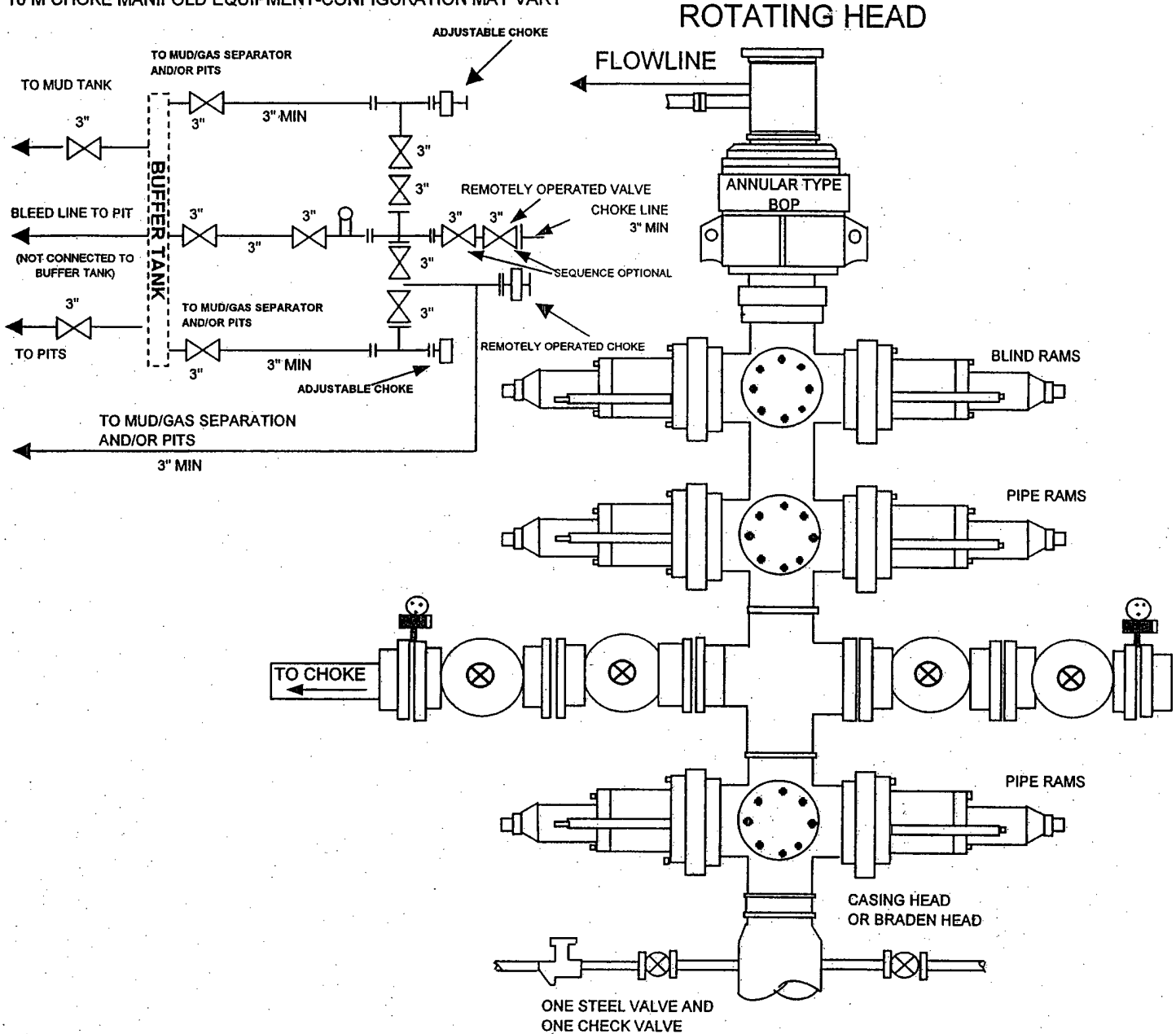


DIAGRAM 1