

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

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

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

|   |               |   |              |                                     |  |                           |                      |                       |                |
|---|---------------|---|--------------|-------------------------------------|--|---------------------------|----------------------|-----------------------|----------------|
| <sup>1</sup> Operator Name and Address<br>BEPCO, L. P.<br>P. O. Box 2760 - Midland, Texas 79702 |               |   |              | <sup>2</sup> OGRID Number<br>001801 |  |                           |                      |                       |                |
| <sup>3</sup> Property Code<br>15439   |               | <sup>4</sup> Property Name<br>Remuda Basin 30 State Com |              |                                     | <sup>5</sup> API Number<br>30-01335006 |                           |                      |                       |                |
|   |               |   |              | <sup>6</sup> Well No.<br>12         |  |                           |                      |                       |                |
| <sup>9</sup> Proposed Pool 1<br>Under: Dog Town Draw; Morrow                                    |               |   |              | <sup>10</sup> Proposed Pool 2       |  |                           |                      |                       |                |
| <sup>7</sup> Surface Location   |               |   |              |                                     |  |                           |                      |                       |                |
| UL or lot no.<br>Lot 1  | Section<br>30 | Township<br>23S   | Range<br>30E | Lot Idn                             | Feet from the<br>660                   | North/South line<br>North | Feet from the<br>660 | East/Westline<br>West | County<br>Eddy |

<sup>8</sup> 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|---------------|--------|

Additional Well Information

|  |   |  |                                     |   |
|--|---|--|-------------------------------------|---|
| <sup>11</sup> Work Type Code<br>N  | <sup>12</sup> Well Type Code<br>G       | <sup>13</sup> Cable/Rotary<br>R                            | <sup>14</sup> Lease Type Code<br>S  | <sup>15</sup> Ground Level Elevation<br>3062.5'     |
| <sup>16</sup> Multiple<br>No   | <sup>17</sup> Proposed Depth<br>14,285' | <sup>18</sup> Formation<br>Morrow                          | <sup>19</sup> Contractor<br>Unknown | <sup>20</sup> Spud Date<br>11/15/2006               |
| Depth to Groundwater<br>350'   |   | Distance from nearest fresh water well<br>1 mile northwest |                                     | Distance from nearest surface water<br>None in area |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mil thick Clay <input type="checkbox"/> Pit Volume: 18000 bbls Drilling Method:<br>Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> |   |  |                                     |   |

<sup>21</sup> 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#                | +/- 338' *    | 360             | Surface       |
| 12-1/4"   | 9-5/8"      | 36#                | +/- 3350'     | 1480            | Surface       |
| 8-3/4"    | 7"          | 26#                | +/- 12,000'   | 1225            | 2895' *       |
| 6-1/8"    | 4-1/2"      | 13.50#             | +/- 14,285'   | 235             | 11,500'       |

<sup>22</sup> 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 7000'. If no commercial pay is encountered, cement will be brought to +/- 500' above upper most pay zone.

**DENIED** Please refer to NMOC 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 the  
Salado

|   |                      |   |  |
|---|----------------------|---|--|
| <sup>23</sup> 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 NMOC 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>  |                      | Approved by: <b>BRYAN G. ARRANT</b>                                   |  |
| Title: Administrative Assistant   |                      | Title: <b>DISTRICT II GEOLOGIST</b>                                   |  |
| E-mail Address: machilders@basspet.com  |                      | Approval Date: <b>JUL 14 2006</b> Expiration Date: <b>JUL 14 2007</b> |  |
| 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<br>96070           | Unders. Dog Town (Pool Name)<br>Drew. (Morrow) |
| Property Name      | REMUDA BASIN "30" STATE COM  | Well Number<br>12                              |
| OGED No.<br>001801 | Operator Name<br>BEPCO, L.P. | Elevation<br>3063'                             |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| LOT 1         | 30      | 23 S     | 30 E  |         | 660           | NORTH            | 660           | WEST           | 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<br>320 | Joint or Infill<br>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>LAT - N32°16'52.9"</p> <p>LONG - W103°55'58.9"</p> <p>(NAD-83)</p> |              |  |
|  | 80.83 ACRES   | 160.57 ACRES |  |
|  | 79.91 ACRES   | 160.11 ACRES |  |
|  |   |              |  |

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location 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.

*William Dannels*  
Signature Date 6/29/06

W.R. Dannels  
Printed Name

**SURVEYOR CERTIFICATION**

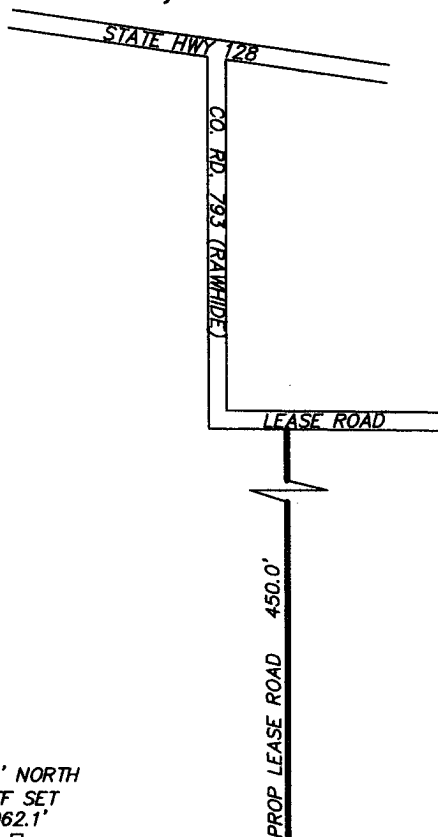
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Surveyed  
Signature & Seal of Professional Surveyor 7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

**SECTION 30, TOWNSHIP 23 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



150' NORTH  
OFF SET  
3062.1'  
□

**BEPCO, L.P.**  
**REMUDA BASIN "30" STATE COM #12**  
**ELEV. - 3063'**

150' WEST  
OFF SET □  
3064.2'

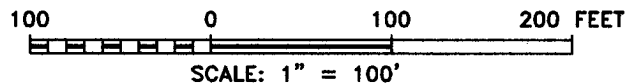
○  
Lat.-N 32°16'52.9"  
Long-W 103°55'38.9"  
(NAD-83)

150' EAST  
□ OFF SET  
3060.7'

□  
150' SOUTH  
OFF SET  
3069.8'

**DIRECTIONS TO LOCATION:**

FROM THE JUNCTION OF STATE HWY 128 AND CO. RD. 793 (RAWHIDE), PROCEED SOUTH ON CO. RD. 793 FOR APPROX. 3.9 MILE TO LEASE ROAD; THENCE EAST ON LEASE ROAD 0.2 MILE PROPOSED LEASE ROAD.



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

W.O. Number: 6797

Drawn By: J. SMALL

Date: 06-19-2006

Disk: 6797W JMS

**BEPCO, L.P.**

REF: REMUDA BASIN "30" ST. COM #12/WELL PAD AND TOPO

THE REMUDA BASIN "30" STATE COM #12 LOCATED 660'

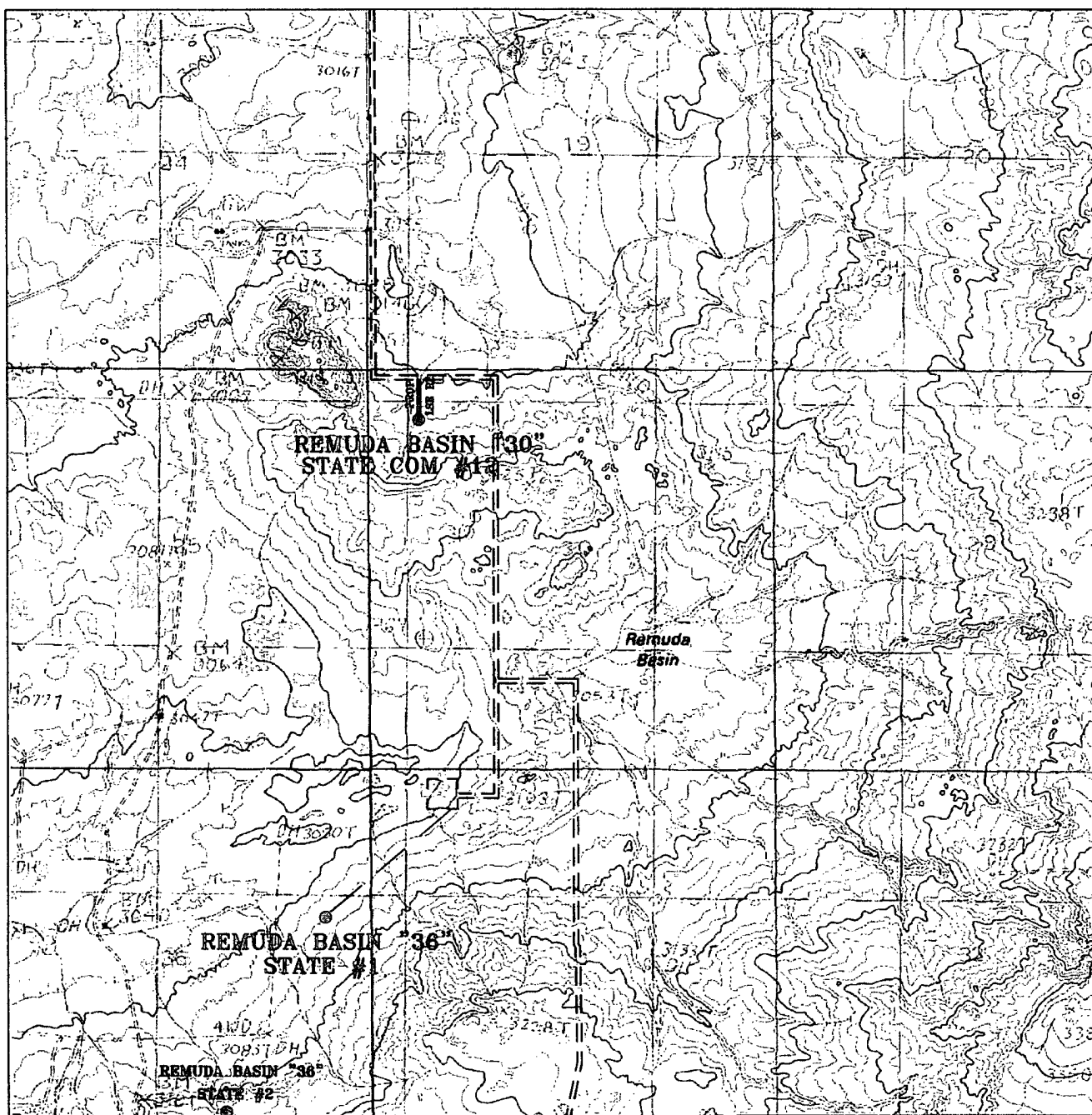
FROM THE NORTH LINE AND 660' FROM THE WEST LINE OF

SECTION 30, TOWNSHIP 23 SOUTH, RANGE 30 EAST,

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

Survey Date: 06-18-2006

Sheet 1 of 1 Sheets



REMUDA BASIN "30" STATE COM #12  
 Located at 660' FNL and 660' FWL  
 Section 30, Township 23 South, Range 30 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

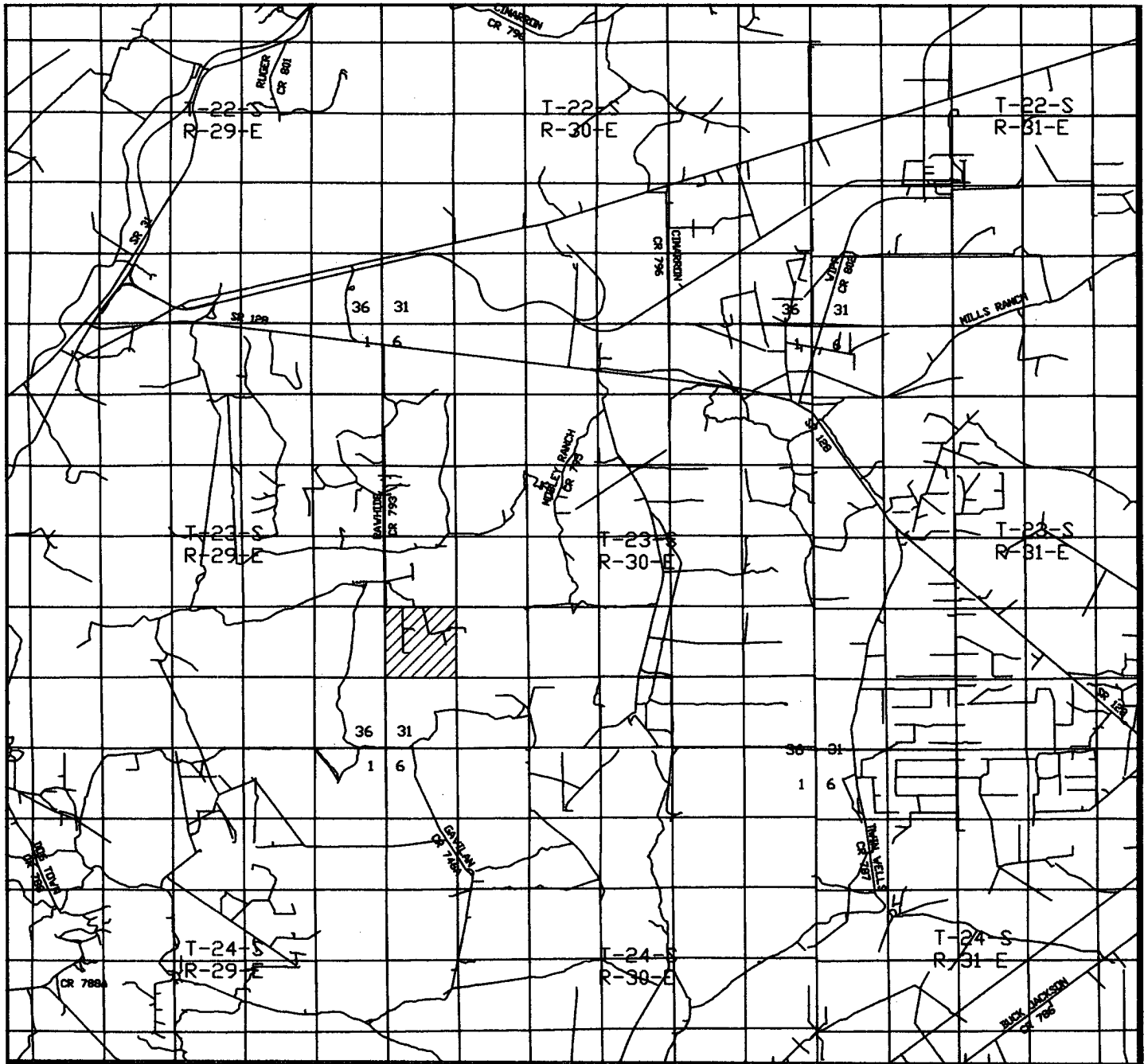
W.O. Number: JMS 6797T

Survey Date: 06-18-2006

Scale: 1" = 2000'

Date: 06-19-2006

**BEPCO, L.P.**



REMUDA BASIN "30" STATE COM #12  
 Located at 660' FNL and 660' FWL  
 Section 30, Township 23 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

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BEPCO, L.P.

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

**NAME OF WELL: REMUDA BASIN 30 STATE COM #12**

LEGAL DESCRIPTION - SURFACE: 660' FWL & 660' FNL, Section 30, T-23-S, R-30-E, Eddy County, New Mexico.

**POINT 1: ESTIMATED FORMATION TOPS**

(See No. 2 Below)

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

Anticipated Formation Tops: KB 3087.5' (est)  
GL 3062.5'

| <u>FORMATION</u> | <u>ESTIMATED<br/>TOP FROM KB</u> | <u>ESTIMATED<br/>SUB-SEA TOP</u> | <u>BEARING</u> |
|------------------|----------------------------------|----------------------------------|----------------|
| B/Rustler        | 285'                             | + 2805'                          | Barren         |
| T/Salt           | 350'                             | + 2740'                          | Barren         |
| B/Salt           | 3120'                            | - 20'                            | Barren         |
| T/Delaware       | 3370'                            | - 280'                           | Oil/Gas        |
| T/Bone Spring    | 7060'                            | - 3970'                          | Oil/Gas        |
| T/Wolfcamp       | 10306'                           | - 7216'                          | Oil/Gas        |
| T/Atoka Sand     | 12516'                           | - 9426'                          | Oil/Gas        |
| T/Atoka Bank     | 12595'                           | - 9505'                          | Oil/Gas        |
| T/Morrow         | 13070'                           | - 9980'                          | Oil/Gas        |
| T/Middle Morrow  | 13435'                           | - 10345'                         | Oil/Gas        |
| T/Lower Morrow   | 13840'                           | - 10750'                         | Oil/Gas        |
| TD               | 14285'                           | - 11196'                         |                |

**POINT 3: CASING PROGRAM**

| <u>TYPE</u>              | <u>INTERVALS</u>  | <u>PURPOSE</u>      | <u>CONDITION</u> |
|--------------------------|-------------------|---------------------|------------------|
| 20"                      | 0' - 40'          | Conductor           | New              |
| 13-3/8", 48#, J55, STC   | 0' - 338'         | Surface             | New              |
| 9-5/8", 36#, N80, LTC    | 0' - 3,350'       | First Intermediate  | New              |
| 7", 26#, P110, LTC       | 0' - 12,000'      | Second Intermediate | New              |
| 4-1/2", 13.5#, P110, LTC | 11,500' - 14,285' | 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' - 348'       | FW Spud         | 8.4 - 9.0     | 32-38     | NC        | NC        | NC        | 9-10      |
| 348' - 3350'    | Brine           | 9.8 - 10.2    | 28-32     | NC        | NC        | NC        | 9-10      |
| 3350' - 7000'   | FW              | 8.3 - 8.6     | 28-32     | NC        | NC        | NC        | 9-10      |
| 7000' - 11200'  | FW/C-Brine      | 8.6 - 9.0     | 28-32     | NC        | NC        | <100      | 9-10      |
| 11200' - 12500' | C-Brine/Brine   | 9.5 - 10.0    | 30-32     | 6-10      | 6-10      | <100      | 9-10      |
| 12500' - 14285' | C-Brine/Brine   | 10.0 - 13.9   | 34-38     | 8-10      | 6-10      | <25       | 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 12,000'-3,350'  
GR-CNL from 3,350'-surface.  
GR-CNL-LDT w/Dual Lateral Log from 12,500'-TD.

##### C) CONVENTIONAL CORING

None Anticipated.

# D) CEMENT

| INTERVAL  | AMOUNT SXS | FT OF<br>FILL | TYPE   | GALS/SX | PPG   | FT <sup>3</sup> /SX |
|---|------------|---------------|--|---------|-------|---------------------|
| SURFACE<br>0' - 338'<br>(100% excess)<br>(Circ to Surface)                        | 360        | 338           | Premium Plus + 2% CaCl <sub>2</sub>  | 6.32    | 14.80 | 1.34                |
| 1st INTERMEDIATE<br>Lead: 0' - 2850'<br>(200% excess)<br>(Circ to Surface)        | 1125       | 2850          | Interfil C + 1 #/sk salt<br>+ 1/4 #/sk Flocele   | 14.10   | 11.90 | 2.42                |
| Tail: 2850' - 3350'<br>(200% excess)  | 355        | 500           | Premium Plus + 2% CaCl <sub>2</sub>  | 6.34    | 14.80 | 1.34                |
| 2nd INTERMEDIATE<br>2 <sup>nd</sup> Stage<br>Lead: 2895' - 7,500'<br>(50% excess) | 605        | 4605          | Super H w/5#/sk Gilsonite<br>+ 1 lb/sk salt + 0.5% Halad 344<br>+ 0.4% CFR-3 + 0.1% HR-7 | 8.23    | 13.00 | 1.67                |
| DV Tool @ 7500'   |            |               |  |         |       |                     |
| 1 <sup>st</sup> Stage<br>Lead: 7500' - 12,000'<br>(50% excess)                    | 620        | 4500          | Super H w/5#/sk Gilsonite<br>+ 1 lb/sk salt + 0.5% Halad 344<br>+ 0.4% CFR-3 + 0.1% HR-7 | 8.23    | 13.00 | 1.67                |
| PRODUCTION LINER<br>Lead: 11,500' - 14,285'<br>(50% excess)                       | 235        | 2785          | Super H + 1 #/sk salt +<br>+ 0.5% Halad 344 + 0.4%<br>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 H<sub>2</sub>S 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

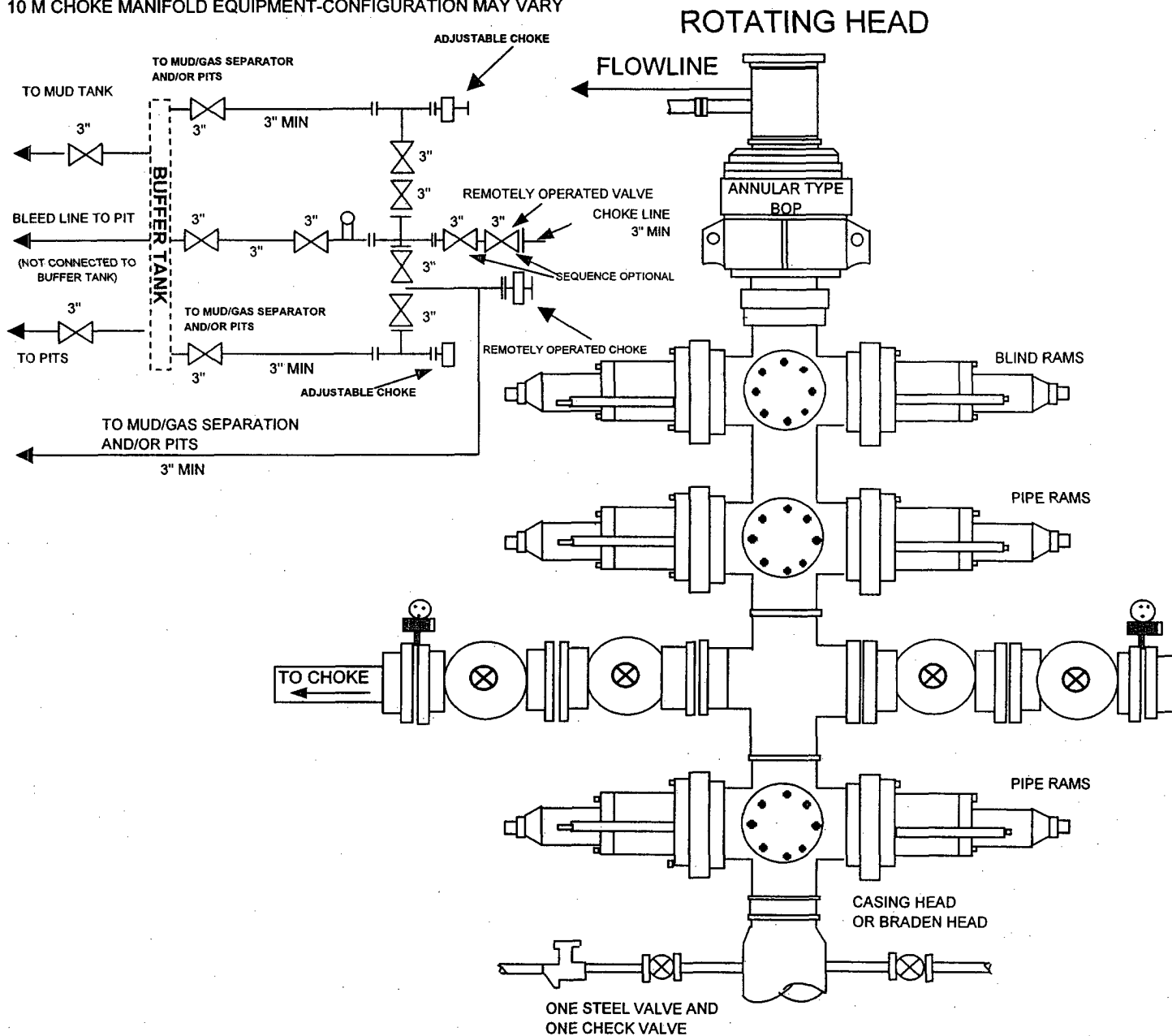


DIAGRAM 1