

REVISED

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

RECEIVED Energy Minerals and Natural Resources

JUL 19 2006

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-101

May 27, 2004

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 BEPCO, L.P. P.O. BOX 2760 MIDLAND, TX 79702-2760		<sup>2</sup> OGRID Number 001801
<sup>3</sup> Property Code 35867		<sup>4</sup> Property Name PALMILLO 12 STATE COM
<sup>5</sup> Proposed Pool 1 TURKEY TRACK (MORROW)		<sup>6</sup> Well No. 1
<sup>7</sup> Surface Location		<sup>8</sup> Proposed Pool 2

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
E	12	19S	28E		1650	NORTH	660	WEST	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 N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3409'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 11,355'	<sup>18</sup> Formation MORROW	<sup>19</sup> Contractor Adobe	<sup>20</sup> Spud Date 09/01/2006
Depth to Groundwater None		Distance from nearest fresh water well None		Distance from nearest surface water None
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mil thick Clay <input type="checkbox"/> Pit Volume: 1200 bbls Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				
Closed-Loop System <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
14-3/4"	11-3/4"	42#	411'	290	SURFACE
11"	8-5/8"	32#	3356'	845	SURFACE
7-7/8"	5-1/2"	15.5# & 17#	11,355'	1160	2850' ✓

<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.  
 BEPCO, L.P. proposes to drill & cement three strings of casing as described in the attached procedure.  
 A BOP diagram is also attached.

<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 NMOCD guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Annette Childers

Title: Administrative Assistant

E-mail Address: machilders@basspet.com

Date: 07/17/2006

Phone: (432)683-2277

## OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARANT

Title:

DISTRICT II GEOLOGIST

Approval Date:

JUL 22 2006

Expiration Date:

JUL 22 2007

Conditions of Approval:

CEMENT TO COVER ALL OIL, GAS AND WATER BEARING ZONES ✓

59.5

44

New Mexico Office of the State Engineer  
POD Reports and Downloads

Township: 19S Range: 28E Sections: 1,2,11,14,15

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

POD / Surface Data Report Avg Depth to Water Report Water Column Report

Clear Form iwATERS Menu Help

AVERAGE DEPTH OF WATER REPORT 07/17/2006

(Depth Water in Feet)

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
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No Records found, try again

*New Mexico Office of the State Engineer*  
**POD Reports and Downloads**

Township:  Range:  Sections:

NAD27 X:  Y:  Zone:  Search Radius:

County:  Basin:  Number:  Suffix:

Owner Name: (First)  (Last)  ☐ Non-Domestic ☐ Domestic ☒ All

**AVERAGE DEPTH OF WATER REPORT 07/17/2006**

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
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No Records found, try again

**DISTRICT IV**  
1820 St. Francis Dr., Santa Fe, NM 87505

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

**Submit to Appropriate District Office**  
**State Lease - 4 Copies**  
**For Lease - 3 Copies**

**□ AMENDED REPORT**

API Number	Pool Code 36480	Pool Name Turkey Track (Morrow)
Property Code	Property Name PALMILLO "12" STATE COM	Well Number 1
OGED No. 001801	Operator Name BEPCO, L.P.	Elevation 3409'

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	19 S	28 E		1650	NORTH	660	WEST	EDDY

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

159.05 ACRES

162.26 ACRES

160.67 ACRES

161.05 ACRES

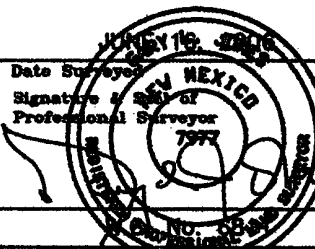
LAT - N32°40'40.0"  
LONG - W105°08'13.8"  
(NAD-83)

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 possesses 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.

Signature William R. Denech Date 6/30/66

W.R. DANNELS  
Printed Name William R. Dannels

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.



Certificate No. GARY L. Jones 7977

## BASIN SURVEYS

SECTION 12, TOWNSHIP 19 SOUTH, RANGE 28 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

150' NORTH  
OFF SET  
3409.1'  
□

BEPCO, L.P.  
PALMILLO "12" STATE COM #1  
ELEV. - 3409'

Lat. -N 32°40'40.0"  
Long -W 104°08'13.8"  
(NAD-83)

150' EAST  
□ OFF SET  
3407.8'

150' WEST  
OFF SET □  
3409.2'

□  
150' SOUTH  
OFF SET  
3408.3'

PROPOSED LEASE ROAD 1516.8'

LEASE ROAD

EXISTING TWO TRACK

CO. RD. 235 (CURRY COMB)

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 62-180 AND  
STATE HWY 31, PROCEED WEST 2.2 MILE OR 0.2 MILE  
WEST OF MILE MARKER 51 TO STATE HWY 36; ON  
STATE HWY 36 GO NORTH 5.6 MILE TO CO. RD. 235  
(CURRY COMB); THENCE NORTHWEST ON CO. RD 235  
11.8 MILE TO LEASE ROAD; ON LEASE ROAD PROCEED  
NORTH 0.2 MILE PROPOSED LEASE ROAD.



SCALE: 1" = 100'

**BEPCO, L.P.**

REF: PALMILLO "12" STATE COM #1/ WELL PAD AND TOPO

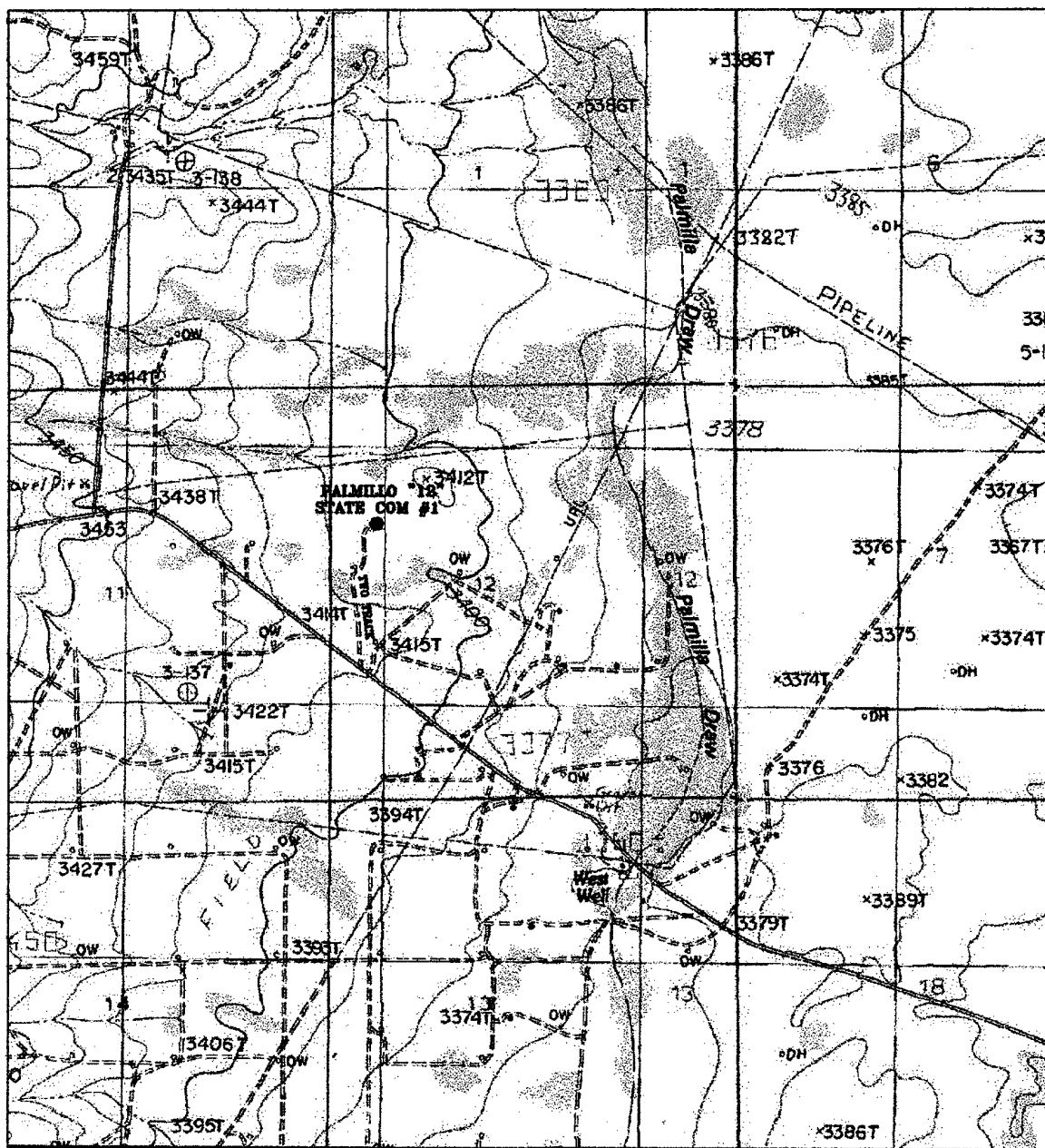
THE PALMILLO "12" STATE COM #1 LOCATED 1650'  
FROM THE NORTH LINE AND 660' FROM THE WEST LINE OF  
SECTION 12, TOWNSHIP 19 SOUTH, RANGE 28 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 6811 Drawn By: J. SMALL

Date: 06-19-2006 Disk: 6811W JMS

Survey Date: 06-16-2006 Sheet 1 of 1 Sheets



**PALMILLO "12" STATE COM #1**  
 Located at 1650' FNL and 660' FWL  
 Section 12, Township 19 South, Range 28 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

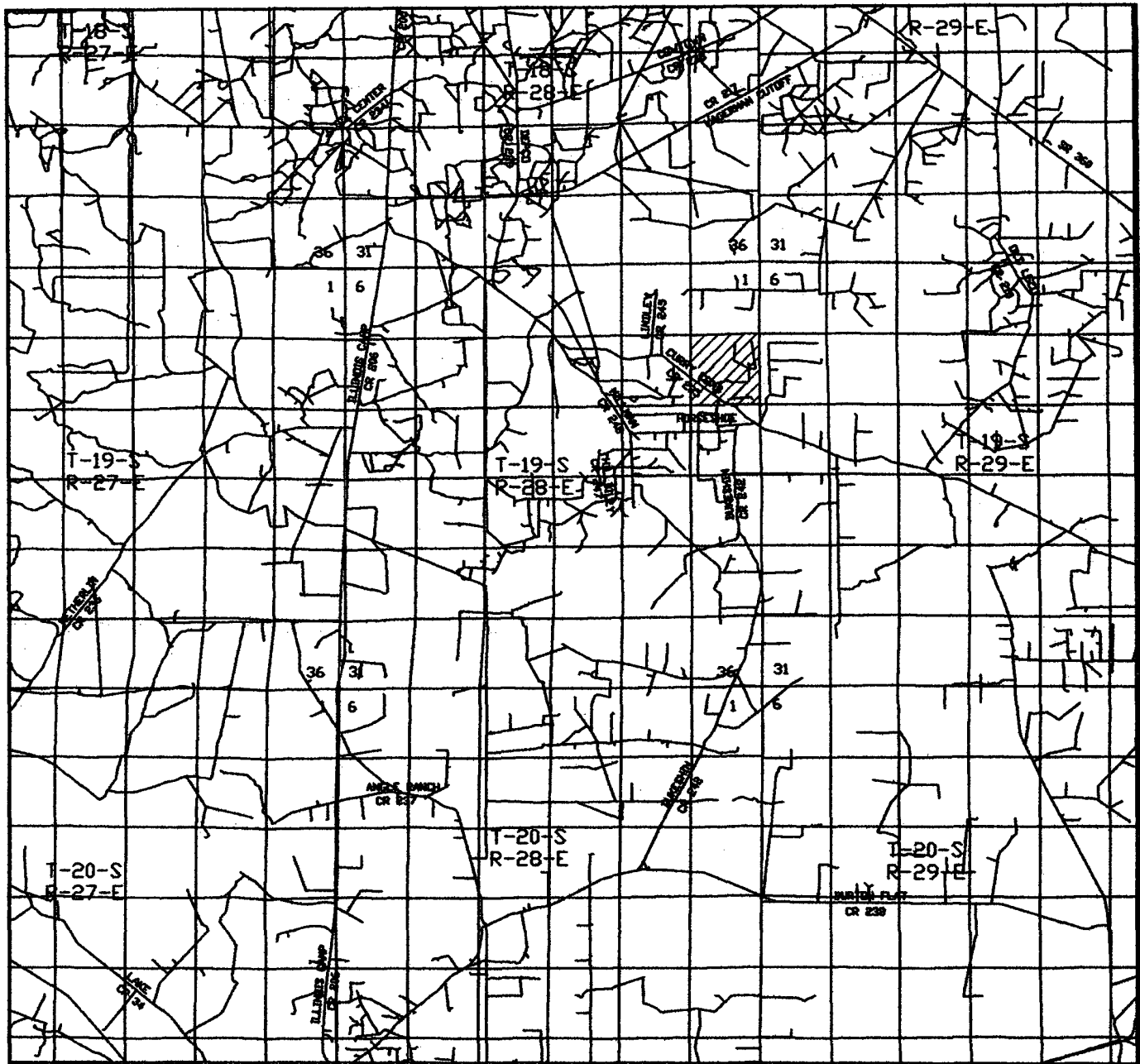
W.O. Number: JMS 6811T

Survey Date: 06-18-2006

Scale: 1" = 2000'

Date: 06-19-2006

**BEPCO, L.P.**



**PALMILLO "12" STATE COM #1**  
 Located at 1650' FNL and 660' FWL  
 Section 12, Township 19 South, Range 28 East,  
 N.M.P.M., Eddy County, New Mexico.

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Date: 06-19-2006

**BEPCO, L.P.**

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

**NAME OF WELL: PALMILLO 12 STATE COM #1**

**LEGAL DESCRIPTION - SURFACE:** 1650' FNL & 660' FWL, Section 12, T-19-S, R-28-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 3431' (est)  
GL 3409'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	321'	+ 3,110'	
T/Salt	421'	+ 3,010'	
B/Salt	661'	+ 2,770'	
T/Queen	1,711'	+ 1,720'	Oil/Gas
T/San Andres	2,531'	+ 900'	Oil/Gas
T/Bone Springs	3,331'	+ 100'	Oil/Gas
T/Wolf	8,681'	- 5,250'	Oil/Gas
T/Strawn	9,881'	- 6,450'	Oil/Gas
T/Atoka	10,261'	- 6,830'	Oil/Gas
T/Morrow	10,691'	- 7,260'	Oil/Gas
T/L. Morrow	10,991'	- 7,560'	Oil/Gas
TD	11,355'	- 7,924'	Oil/Gas

**POINT 3: CASING PROGRAM**

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 60'	Conductor	Contractor Discretion
11-3/4", 42#, J-55, ST&C	0' - 408'	Surface	New
8-5/8", 32#, J-55, LT&C	0' - 3,350'	Intermediate	New
5-1/2", 15.50#, K-55, LT&C	0' - 2,200'	Production	New
5-1/2", 17#, K-55, LT&C	2,200' - 6,000'	Production	New
5-1/2", 17#, N-80, LT&C	6,000' - 11,355'	Production	New



#### POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nipped up on the surface casinghead and on the intermediate casinghead. The BOP stack choke, kill lines, kelly cocks, inside BOP, etc. when rigged up on the surface casing will be hydro-tested to 70% of internal yield pressure of casing or 1000 psig which ever is less with the rig pump. The BOP stack, etc. when rigged up on the intermediate casing spool, all equipment will be tested to 5000 psig by independent tester. In addition to the high pressure test, a low pressure (200 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.

#### POINT 5: MUD PROGRAM

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0' - 418'	FW	8.5 - 9.2	45-35	NC	NC	NC	9.5
418' - 3,356'	BW	10.0	28-30	NC	NC	NC	9.5
3,356' - 8,500'	FW	8.6 - 8.9	28-30	4	2	NC	9.5
8,500' - TD	CBW/Polymer	8.9 -10.5	30-34	6	4	50	9.5

#### POINT 6: TECHNICAL STAGES OF OPERATION

##### A) TESTING

Drill stem tests may be performed on significant shows in zones of interest, but none are anticipated.

##### B) LOGGING

Run #1:

GR-CNL-LDT-LLD run from 11,355' (TD) to intermediate casing at 3,356', GR-CNL to surface.

##### C) CORING

No cores are anticipated.

## D) CEMENT

<u>INTERVAL</u>	<u>AMOUNT</u>	<u>FT OF</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT<sup>3</sup>/SX</u>
<u>SURFACE:</u>		<u>FILL</u>				
Circ to surface						
Lead 0'-411'	290	411	Premium Plus + 2%	6.32	14.8	1.34
(100% excess)			CaCl <sub>2</sub> + 1/4#/sk Flocele			
<u>INTERMEDIATE</u>						
Circ to surface						
Lead 0'-2856'	635	2856	Interill C + 1/4#/sx	14.10	11.9	2.45
(100% excess)			Flocele			
Tail 2856'-3356'	210	500	Pemium Plus + 2%	6.34	14.8	1.34
(100% excess)			CaCl <sub>2</sub>			
<u>PRODUCTION</u>						
Lead 2856'-8000'	545	5144	Interfill H + 5pps	13.61	11.9	2.47
(50% excess)			Gilsonite + 0.5% Halad 9 + 1/4pps Flocelel			
Tail: 8000'-11355'	615	3355	Super H + 0.5% Halad	8.20	13.0	1.67
(50% excess)			344 + 0.4% CFR3 + 5pps Gilsonite + 1pps Salt + 0.2% HRT			

## E) DIRECTIONAL DRILLING

No directional services anticipated.

## POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware, Bone Spring & Wolfcamp sections. The Strawn expected BHP is 5400 (max) or an equivalent mud weight of 10.5 ppg. 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 140° 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

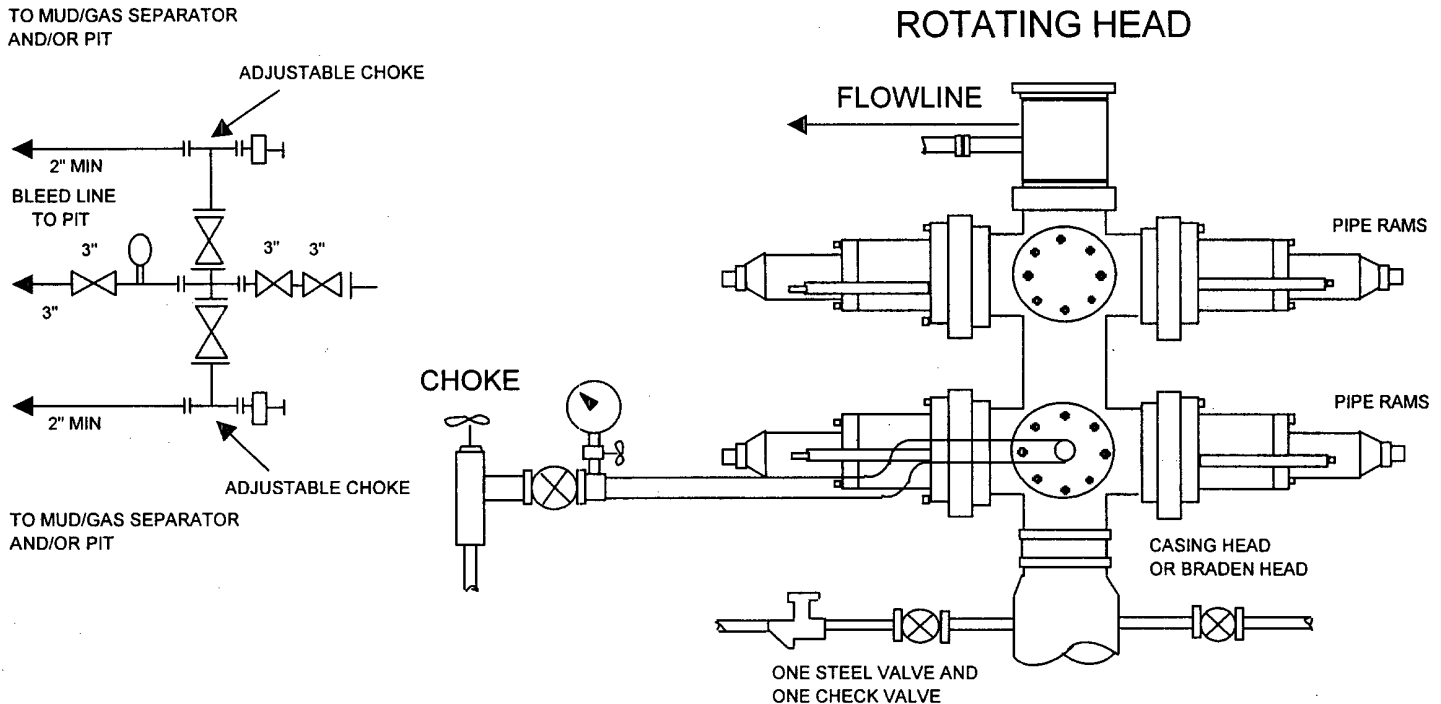
Upon approval

45 days drilling operations

20 days completion operations

GEG/cnt

# 5000 PSI WP



5000# PSI CHOKES MANIFOLD EQUIPMENT - CONFIGURATION MAY VARY

## THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate Blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. Chokes must be adjustable. Choke spool may be used between rams.

## DIAGRAM 1