

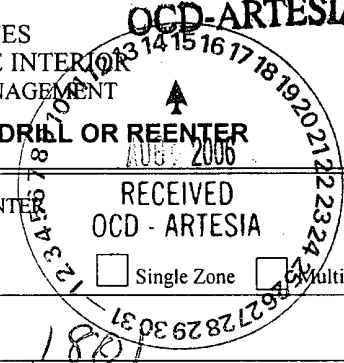
4/K 1118

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

J-06-21 FORM APPROVED OMB No. 1004-0136 Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER



1a. Type of Work: [X] DRILL [ ] REENTER
1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other
2. Name of Operator: BEPCO, L.P.
3a. Address: P. O. Box 2760 Midland, Texas 79702
3b. Phone No. (include area code): (432)683-2277
4. Location of Well: At surface SENE, UL H, 1830' FNL, 660' FEL, Lat N 32.234338 deg, Long W 103.931639 deg
14. Distance in miles and direction from nearest town or post office\*: 14 miles East of Malaga, NM
15. Distance from proposed location to nearest property or lease line, ft.: 660'
16. No. of Acres in lease: 399.94
17. Spacing Unit dedicated to this well: 40.00
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.: 1312'
19. Proposed Depth: 7560'
20. BLM/BIA Bond No. on file: 103997445 - BLM NM 2204
21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3148' GL
22. Approximate date work will start\*: 09/15/2006
23. Estimated duration: 12 days
24. Attachments: Carlsbad Controlled Water Basin

- The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall 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 shall 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. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature: Annette Childers, Name: Annette Childers, Date: 07/07/2006
Title: Administrative Assistant
Approved by: /s/ James Stovall, Name: /s/ James Stovall, Date: AUG 11 2006
Title: ACTING FIELD MANAGER, Office: CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the 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 1 YEAR
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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

Witness Surface Casing

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Surface casing to be set into the Rustler below all fresh water sands.  
Production casing will be cemented using DS Litecrete w/TOC 500' above uppermost pay.  
Drilling procedure, BOP diagram, anticipated tops and surface plans attached.

This well is located outside the Secretary's Potash area and outside the R-111 Potash area. There are no potash leases within 1 mile of the location.



DISTRICT I  
1625 R. French Dr., Hobbs, NM 58240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 58210

DISTRICT III  
1000 Elc Brazos Ed., Artesia, NM 57410

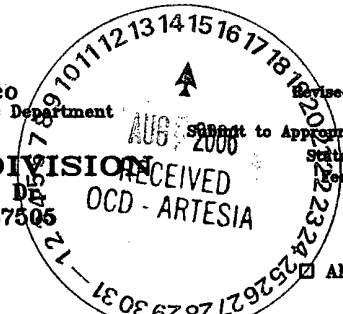
DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2006

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87506

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



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 47545	Pool Name Nash Draw (Delaware, BS, Avalon Sd)
Property Code 001796	Property Name POKER LAKE UNIT	Well Number 281
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3148'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	12	24 S	29 E		1830	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

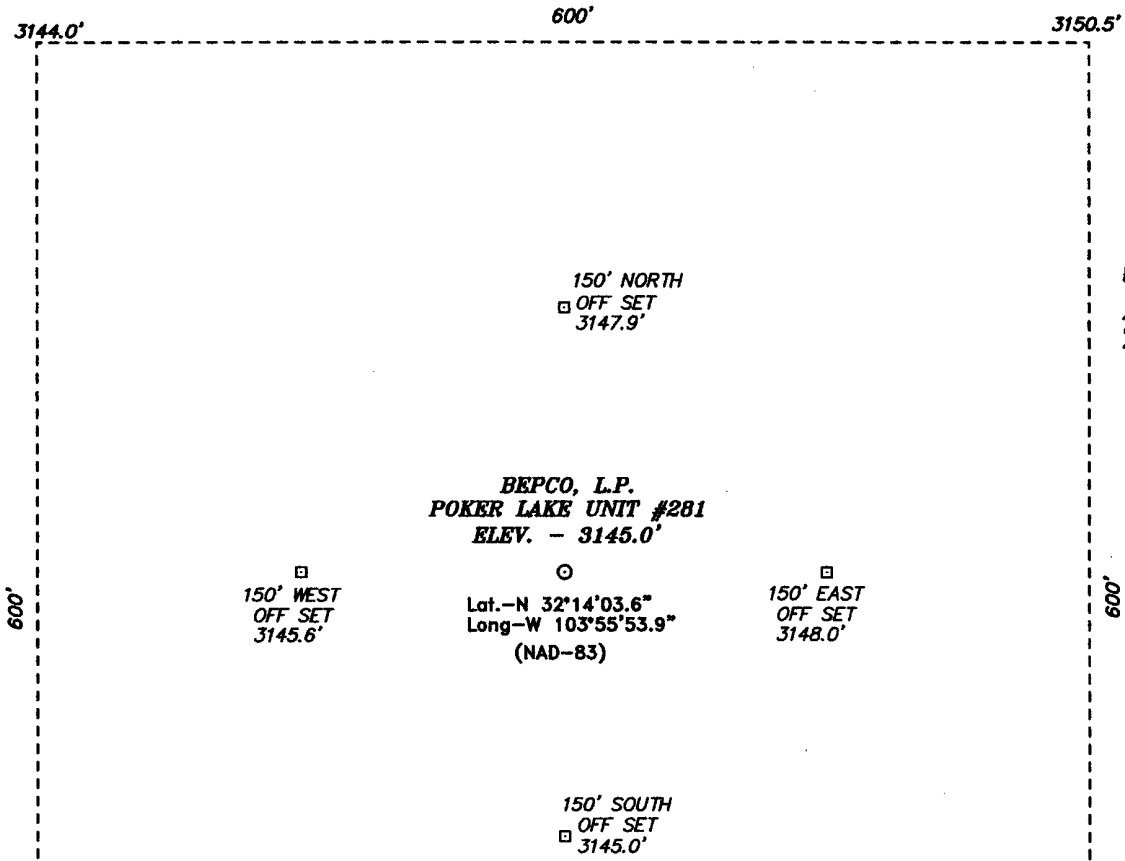
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No.
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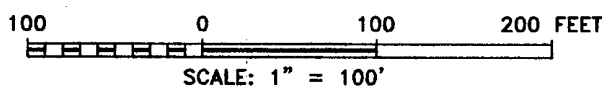
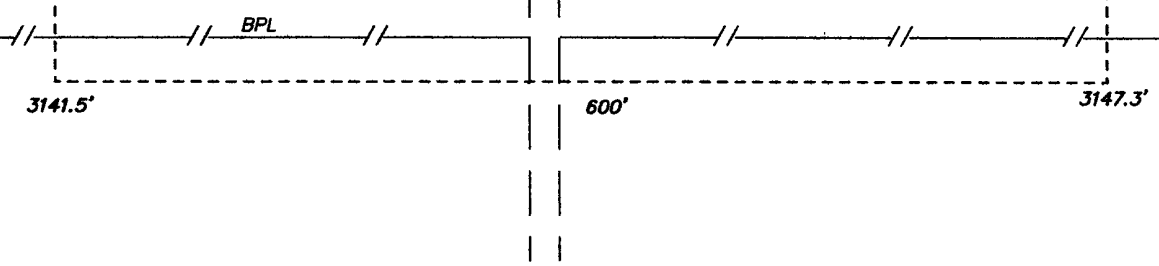
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

159.56 ACRES		159.56 ACRES		<p><b>OPERATOR CERTIFICATION</b></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>Signature: <i>W.R. Dannels</i> Date: 7/7/06</p> <p>Printed Name: W.R. Dannels</p>
159.76 ACRES		159.76 ACRES		

SECTION 12, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



LEASE ROAD



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 793 (RAWHIDE) AND STATE #128, GO SOUTH ON CO. RD. 793 FOR APPROX. 7.8 MILES PAST WATER TANK TO LEASE ROAD; THENCE WEST ON LEASE ROAD FOR 1.0 MILE TO PROPOSED LOCATION.

**BEPCO, L.P.**

REF: POKER LAKE UNIT #281 / WELL PAD AND TOPO

THE POKER LAKE UNIT #281 LOCATED 1830' FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF SECTION 12, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 6432 Drawn By: J. SMALL

Date: 05-02-2006 Disk: 6432W

Survey Date: 04-28-2006 Sheet 1 of 1 Sheets

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

**NAME OF WELL: Poker Lake Unit #281**

LEGAL DESCRIPTION - SURFACE: 1830' FNL & 660' FEL, Section 12, T-29-S, R-24-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 3165' (est)      GL 3148'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	115'	+3050'	
B/Rustler	445'	+2720'	Barren
T/Salt	475'	+2690'	Barren
B/Salt	3140'	-25'	Barren
T/Lamar	3390'	-225'	Oil/Gas
T/Bone Spring	7135'	-3970'	Oil/Gas
T/Avalon	7215'	-4050'	Oil/Gas
TD	7560'	-4395'	

**POINT 3: CASING PROGRAM**

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 40'	Conductor	Contractor Discretion
8-5/8", 32#, J-55, LT&C	0' - 465'	Surface	New
5-1/2", 15.5#, J-55, LT&C	0' - 6300'	Production	New
5-1/2", 17#, J-55, LT&C	6300' - 7560'	Production	New

**WITNESS**

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

A BOPE equivalent to requirements of Onshore Oil & Gas Order No. 2 – 3000 psi system (Diagram 1) will be nipped up on the surface casing head. The BOP stack, choke, kill lines, Kelly cocks, inside BOP, etc. when installed on the surface casing head will be hydro-tested to 70% of internal yield pressure of casing or 1000 psig whichever is less with the rig pump.

- a) Upon installation
- b) After any component changes
- c) Fifteen 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**

<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' - 465'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
465' - 5600'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5 - 10.5
5600' - TD	BW/Diesel	8.8 - 9.0	40	8	2	<100 cc	9.5 - 10.5

**NOTE:** May increase vis for logging purposes only.

**POINT 6: TECHNICAL STAGES OF OPERATION**

## A) TESTING

None anticipated.

## B) LOGGING

GR-CNL-LDT-AIT from TD to base of Salt (+/- 3190').  
GR-CNL-CAL from base of Salt to surface.

## 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>FT<sup>3</sup>/SX</u>	<u>W/L</u>
<b>SURFACE:</b> Lead 0 - 465' (100% excess circ to surface)	300	465	Class 'C' + 2% CaCl <sub>2</sub>	6.33	14.8	1.35	NC
<b>PRODUCTION:</b> Lead 2890' - 6000' (50% excess)	330	2890	Litecrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05gps D604AM + 0.03 gps DM45 + 2ppg D24 + 0.04gpsD801	9.825	10.2	2.37	<400
Tail 6000' - 7560' (50% excess)	200	1560	Litecrete 39/61 (D961/ D124)+ 2% bwob D153 + 0.05gps D604AM + 0.03 gps DM45 + 2ppg D24 + 0.04gpsD801	7.335	10.5	2.04	<400

## E) DIRECTIONAL DRILLING

No directional services anticipated.

**POINT 7: ANTICIPATED RESERVOIR CONDITIONS**

Normal pressures are anticipated throughout Delaware section. A BHP of 3285 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3390-7135'. 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

12 days drilling operations

14 days completion operations

GEG/cnt  
July 7, 2006

## MULTI-POINT SURFACE USE PLAN

**NAME OF WELL: Poker Lake Unit #281**

**LEGAL DESCRIPTION - SURFACE:** 1830 FNL & 660' FEL, Section 12, T-24-S, R-29-E, Eddy County, New Mexico.

### **POINT 1: EXISTING ROADS**

A) Proposed Well Site Location:

See Exhibit A and Survey Plats

B) Existing Roads:

From the junction of County Road 793 (Rawhide) and State #128, go south on CR 793 for approximately 7.8 miles past water tank to lease road; thence west on lease road for 1.0 mile to proposed location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

### **POINT 2: NEW PLANNED ACCESS ROUTE**

A) Route Location:

No new road is required.

B) Width

NA

C) Maximum Grade

Grade to match existing topography or as per BLM requirements.

D) Turnout Ditches

Spaced per BLM requirements.

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**

Exhibit A indicates existing wells within the surrounding area.



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

Page 2

- A) Existing facilities are located within one mile which are owned or controlled by lessee/operator:

Closest Oil/Gas production facilities are located at Poker Lake Unit #158 wellsite. Poker Lake Unit #158 is located approximately 1 mile northeast of proposed well.

- B) New Facilities in the Event of Production:

Production facilities located at Poker Lake Unit #158 battery will be used via flowline. Additional separators/treaters will be added as necessary. A new flowline consisting of 2-7/8" steel pipe will be laid within 30' of the center line of the access road and existing roads which have previously been Arch cleared. A power line will be installed, consisting of 12,470 volts 3-phase. The power line will also follow the row and will connect with the existing power line that services the PLU #182 well.

- C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following flowline 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

Exhibit B shows location of caliche source.

- 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 Exhibit B.

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

A) Cuttings

Cuttings will be contained in the reserve pit.

B) Drilling Fluids

Drilling fluids will be contained in the reserve pit.

C) Produced Fluids

Water production will be contained in the reserve pit.

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. The reserve pit will be fenced and bird netted. The fence will be maintained until the pit is backfilled. 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

Exhibit "D" shows the dimensions of the well pad and reserve pits, 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.

**B) Locations of Pits and Access Road**

See Exhibits "B", "C" & "D".

**C) Lining of the Pits**

The reserve pit will be lined with plastic.

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

**A) Reserve Pit Cleanup**

The pits will be fenced immediately after construction and shall be maintained until they are backfilled. Previous to backfill operations, any hydrocarbon material on the pits' surfaces shall be removed. The fluids and solids contained in the pits shall be backfilled with soil excavated from the site and soil adjacent to the reserve pits. The restored surface of the pits shall be contoured to prevent impoundment of surface water flow. Water-bars will be constructed as needed to prevent excessive erosion. Topsoil, as available, shall be placed over the restored surface in a uniform layer. The area will be seeded according to the Bureau of Land Management stipulations during the appropriate season following restoration.

**B) Restoration Plans - Production Developed**

The reserve pits will be backfilled and restored as described above under Item A. In addition, those areas not required for production will be graded to blend with the surrounding topography. Topsoil, as available, will be placed upon those areas and seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. Following depletion and abandonment of the site, restoration procedures will be those that follow under Item C.

**C) Restoration Plans - No Production Developed**

The reserve pits will be restored as described above. With no production developed, the entire surface disturbed by construction of the well site will be restored. The site will be contoured to blend with the surrounding topography and provide drainage of surface water. The topsoil, as available, shall be replaced in a uniform layer and seeded according to the Bureau of Land Management's stipulations.

**D) Rehabilitation's Timetable**

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

**POINT 11: OTHER INFORMATION**

Page 5

A) Terrain

Relatively flat.

B) Soil

Caliche and sand.

C) Vegetation

Sparse, primarily grasses and mesquite with very little grass.

D) Surface Use

Primarily grazing.

E) Surface Water

There are no ponds, lakes, streams or rivers within several miles of the wellsite.

F) Water Wells

There is one water well located within 1-3/4 miles of the proposed well. This well is approximately 9240' Southeast of the proposed well. (See Exhibit A)

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey will be obtained for this area. Before any construction begins, a full and complete archeological survey will be submitted to the Bureau of Land Management. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site is on federally owned land.

K) Well signs will be posted at the drilling site.

L) Open Pits

All pits containing liquid or mud will be fenced and bird-netted.

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

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

**DRILLING**  
William R. Dannels  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

**PRODUCTION**  
Mike Waygood  
3104 East Green Street  
Carlsbad, New Mexico 88220  
(505) 887-7329

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

**POINT 13: CERTIFICATION**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Bass Enterprises Production Co. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

7/7/06

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
William R. Dannels

GEG/cnt

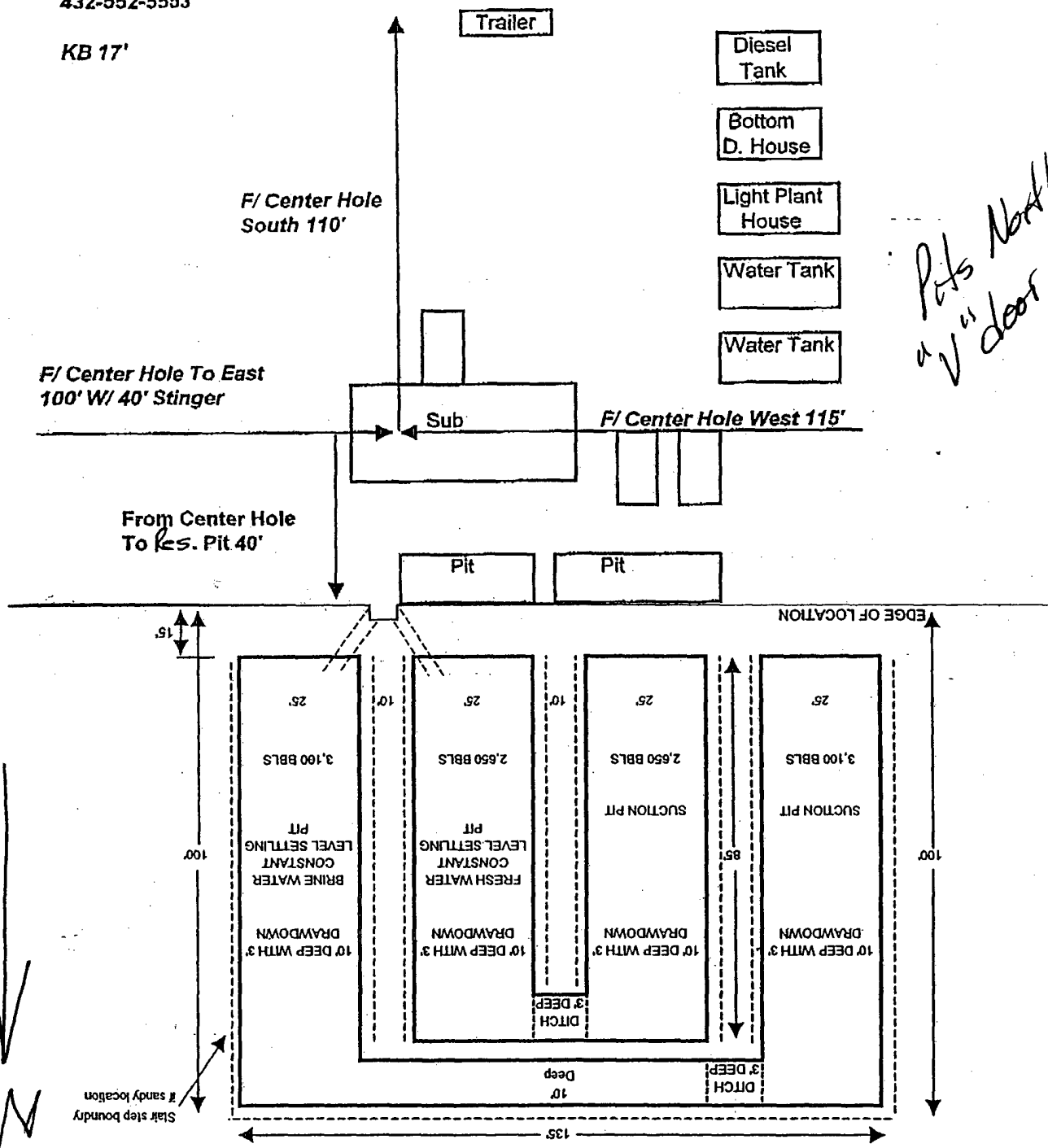
Surface casing to be set into the Rustler below all fresh water sands.  
Production casing will be cemented using DS Litecrete w/TOC 500' above uppermost pay.  
Drilling procedure, BOP diagram, anticipated tops and surface plans attached.

This well is located outside the Secretary's Potash area and outside the R-111 Potash area. There are no potash leases within 1 mile of the location.

Adobe Drilling Rig No. Longhorn

432-552-5553

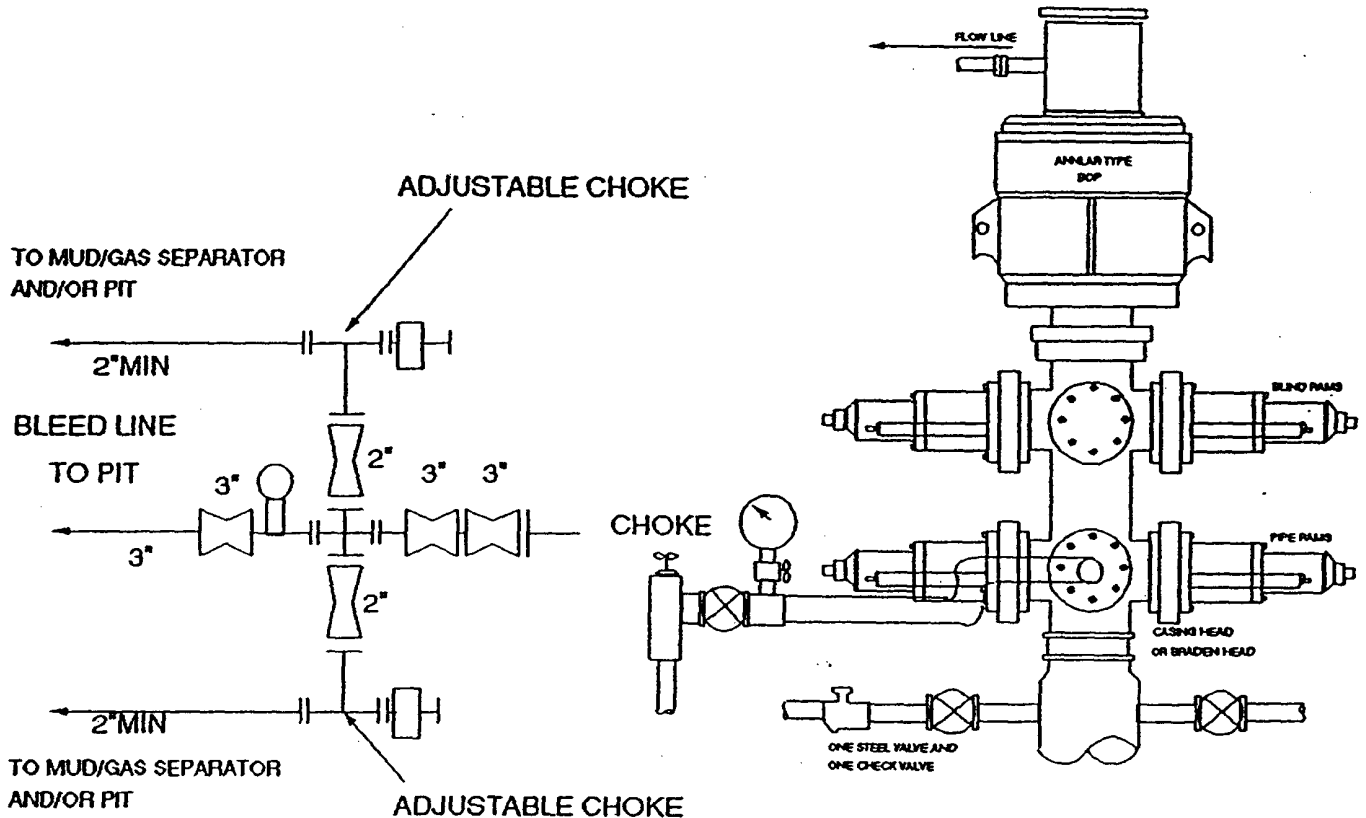
KB 17'



*Pits North  
"V" clear East*

Exhibit "D"

# 3000 PSI WP



## 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. All chokes will be adjustable. Choke spool may be used between rams.

DIAGRAM 2



## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Bass Enterprises Production Company  
Well Name & No. Poker Lake Unit #281  
Location: 1830 1930' FNL, 660' FEL, Section 12, T. 24 S., R. 29 E., Eddy County, New Mexico  
Lease: LC-070175A

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

- A. Well spud
  - B. Cementing casing: 8-5/8 inch 5-1/2 inch
  - C. BOP tests
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.
3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

### II. CASING:

1. The 8-5/8 inch surface casing shall be set at approximately 465 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is to be sufficient to reach at least 500 feet above the top of the uppermost productive hydrocarbon bearing interval.

### III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.