

(April 2004)



OCD-ARTESIA

FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007

APR 1 2 2007

UNITED STATES

Month.	Aeca /
1 00.	6 cm 1
VLU ,	RTESIA, NAM
OCD - L	

DEPARTMENT OF THE I	NTERIOR	:KARS	5. Lease Serial No. NMNM 06840	LC-068430 as	
APPLICATION FOR PERMIT TO I	AGEMENT HIGH CAVE DRILL OR REENTER		6. If Indian, Allotee or Tr		
la. Type of work: DRILL REENTE	R		7. If Unit or CA Agreement NMNM 71016		
lb. Type of Well: Oil Well Gas Well Other	Single Zone Multip	le Zone	8. Lease Name and Well N Poker Lake Unit #2	1 1 4 7 7	
2. Name of Operator BEPCO, L. P. 180	/		9. API Well No.	35546	
3a. Address P. O. Box 2760	3b. Phone No. (include area code)		10. Field and Pool, or Explor	atory	
Midland, TX 79702	432-683-2277		Nash Draw (Dela, F	SS Avalon Sd)	
4. Location of Well (Report location clearly and in accordance with any	4. Location of Well (Report location clearly and in accordance with any State requirements.*)				
At surface -NWSE, UL J. 1650' FSL & 1980' F	• •	.500888			
	hunger for attack	Splan	Sec 21, T24S, R30E	, Mer NMP	
14. Distance in miles and direction from nearest town or post office*	92	uz = v = ·	12. County or Parish	13. State	
14 miles East of Malaga, NM	A THE OLD BUILDING DA	CIN	Eddy County	NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 2480	17. Spacin 40.00	g Unit dedicated to this well		
18. Distance from proposed location*	19. Proposed Depth	20. BLM/I	BIA Bond No. on file		
to nearest well, drilling, completed, applied for, on this lease, ft. 1458	8000'	NM 2	2204		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will star	rt*	23. Estimated duration		
3289' GL	05/01/2007		12 days		
	24. Attachments		· · · · · · · · · · · · · · · · · · ·		
The following, completed in accordance with the requirements of Onshor	e Oil and Gas Order No.1, shall be a	ttached to th	is form:		
 Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). 	Lands, the Item 20 above). 5. Operator certific	ation	ons unless covered by an existing or sometion and/or plans as may		
	authorized offic	er.			
25. Signature Childre	Name (Printed/Typed) Annette Childers		Date 3	-9-2007	
Title Administrative Assistant					

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. APPROVAL FOR 1 YEAR Conditions of approval, if any, are attached.

Office

Name (Printed/Typed)

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.

Isl James Stovall

FIELD MANAGER

*(Instructions on page 2)

Approved by (Signature)

SEE ATTACHED FOR CONDITIONS OF APPROVAL APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

Surface casing to be set into the Rustler below all fresh water sands.

Production casing will be cemented using DS LiteCrete system with TOC 500' above all productive pay zones.

Drilling procedure, BOP diagram, anticipated tops and surface plans attached.

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

Form 3160-5 (April 2004)

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB No. 1004-0137 Expires: March 31, 2007

BUREAU OF LAND MANAGEMENT

Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS					NMLC 068430		
Do not use this form for abandoned well. Use F	6. If Indian, A	Ilottee or Tribe Name					
SUBMIT IN TRIPLICAT	E- Other instructi	ons on revers	se side.		A/Agreement, Name and/or No.		
1. Type of Well Oil Well □ □ Gas Well □	Other			8. Well Name			
2. Name of Operator BEPCO, L. P.		ke Unit #291					
3a Address P. O. Box 2760 Midland, TX 79702		Phone No. (include	area code)		Pool, or Exploratory Area		
4. Location of Well (Footage, Sec., T., R., M., or.	Survey Description)		 		w (Dela, BS, Avalon Sd)		
NESW, UL K, 1650' FSL & 1980' FWL, S	ec 21, T24S R30E, Lat	N32.200500, Lon V	W103.500888	11. County or Eddy Co	Parish, State unty, NM		
12. CHECK APPROPRIA	TE BOX(ES) TO IND	ICATE NATURI	E OF NOTICE,	REPORT, OR	OTHER DATA		
TYPE OF SUBMISSION		TYP	E OF ACTION				
Subsequent Report Casin Char	Casing F ng Repair P nge Plans F	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Production Reclamation Recomplete Temporarily Water Disp	Abandon	Water Shut-Off Well Integrity Other		
13. Describe Proposed or Completed Operation If the proposal is to deepen directionally or reaction Attach the Bond under which the work will be following completion of the involved operative testing has been completed. Final Abandons determined that the site is ready for final insp. The Poker Lake Unit #291 well plan of This 11" hole gives the option to instate BEPCO, L.P. to run and cement this (80-90 funnel sec); or 3) other unforced.	ecomplete horizontally, give performed or provide the ons. If the operation result nent Notices shall be filed election.) alls for 11-3/4" surface II an 8-5/8" intermedia: 8-5/8" string are: 1) los	e subsurface location Bond No. on file w s in a multiple compl only after all requiren casing to allow BI te casing string if h	s and measured are the BLM/BIA. Retetion or recomplet the the thing is the thing in the thing is the thing in the thing is the thing in the thing is	d true vertical depths quired subsequent region in a new interval, clamation, have been rill an 11" hole to a o dictate. The cond	of all pertinent markers and zones. orts shall be filed within 30 days a Form 3160-4 shall be filed once completed, and the operator has depth of approximately 3750'. litions which would cause		
The 8-5/8" casing will be cemented wi 200 sx Class C + 1% CaCl2 (14.8 ppg working pressure and will be hydrost	, 1.35 cuft/sx yld). Ceme	ent will be circulat					
Notification to the BLM of the decision 8-5/8" casing.	n to run and cement th	is 8-5/8" casing wo	uld be given th	ru Sundry Notice p	rior to actually running the		
SEE ATTACHED FO	R	W.M.	1				
CONDITIONS OF AP	PROVAL	4/1	1/2/07				
14. I hereby certify that the foregoing is true Name (Printed/Typed)	e and correct						
Annette Childers	^ 1	1 itle Ac	lministrative As	_			
Signature Churchte Chu	SPACE FOR FEE	Date	4-11-D	<u> </u>			
<u></u>							
Approved by Pay Don Pe		ACTINGIE	UD MAN	AGER Da	te		
Conditions of approval, if any, are attached. Ap- certify that the applicant holds legal or equitable	title to those rights in the	audiana laura	fice CAR	LSBAD FIE	LD OFFICE		

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.

Conditions of Approval for Contingency String Poker Lake Unit #291

- 1. As soon as hole conditions are encountered which will necessitate setting the 8-5/8" casing, the BLM engineer will be notified by phone (duty hours 505-234-5982 or 505-234-5938/after hours 505-706-2779).
- 2. A sundry notice should be prepared at that time for the engineer's approval.
- 3. In addition, the BLM will be notified a minimum of 12 hours prior to the setting of this casing.
- 4. If the 8-5/8" casing string is set, cement shall circulate to surface.

WWI 041007

DISTRICT I 1625 M. French Dr., Hobbs, NM 66240 DISTRICT II 1301 W. Grand Avenus, Artosia, NM 86210

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

DISTRICT III 1000 Rio Brazos Rd., Axtec, NM 87410 DISTRICT IV

1220 St. Francis Dr., Santa Fo. NM 87505

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	Pool Name Nash Draw (Delaware, Bone Spring Avalon Sand)		
	47545			
Property Code	Proj	perty Name	Well Number	
068430	POKER	291		
OGRID No.	Operator Name		Elevation	
001801	BEP	CO, L.P.	3289'	

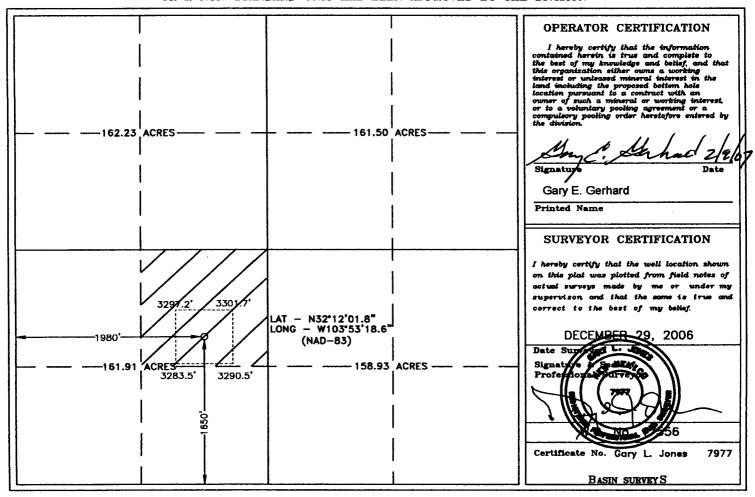
Surface Location

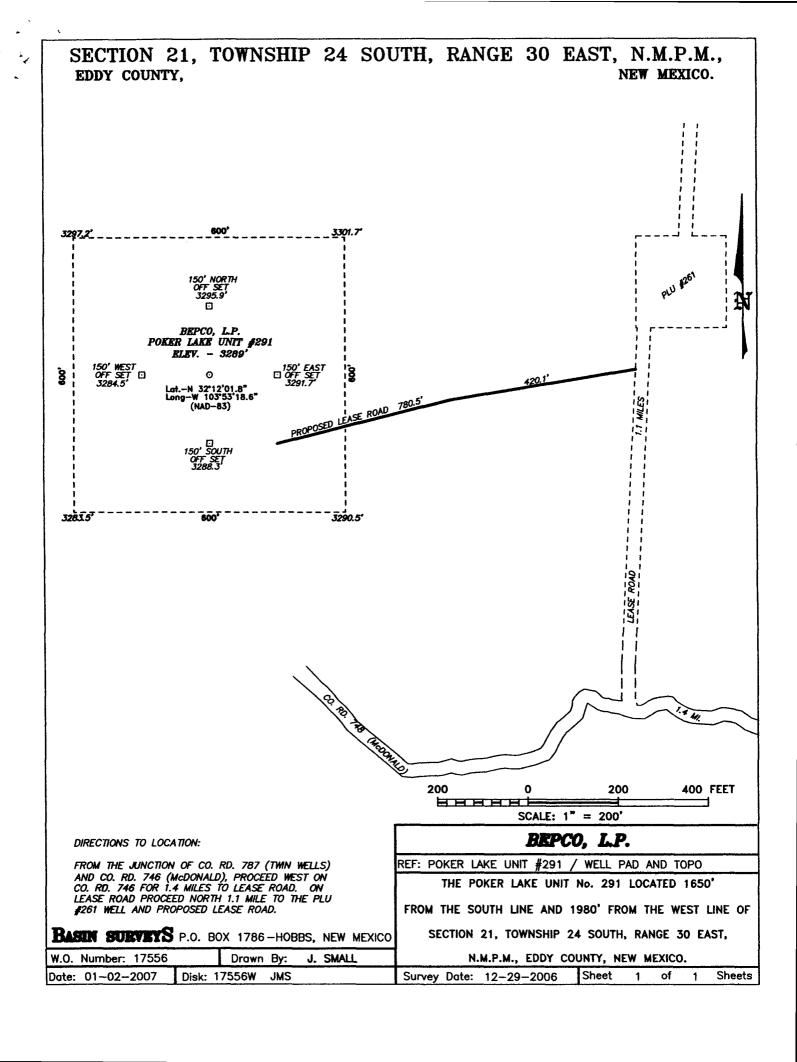
UL or lot No.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
K	21	24 S	30 E		1650	SOUTH	1980	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section T	ľownship	Range	Lot Idn	Feet from the	North/South line	Peet from the	East/West line	County
Dedicated Acres 40	Joint or 1	Infill Con	nsolidation (ode Ord	ler 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





EIGHT POINT DRILLING PROGRAM BEPCO, L.P.

NAME OF WELL: Poker Lake Unit #291

LEGAL DESCRIPTION - SURFACE: 1650' FSL & 1980' FWL, Section 21, T-24-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 3306' (est.)

GL 3289'

FORMATION	ESTIMATED TOP FROM KB	ESTIMATED SUB-SEA TOP BEARING	cerpulated allow My a
T/Rustler T/Salt	26' 432'	+ 3280' Barren + 2874' Barren	V
B/Salt	3522'	- 216' Barren	* IF LE OR SAND/SITALE
T/Lamar Lime	3728'	- 422' Oil/Gas	UNSTABLE HOLE WILLS
T/Ramsey	3764'	- 458' Oil/G as	
T/Lower Brushy Canyon (8A)	7301'	- 3995' Oil/Gas	ES18"@ 3750' IN LAMAI
T/"Y" Sand	7431'	- 4125' Oil/Gas	L'IME - IF NO DRIVE!
T/Bone Spring Lime	7601'	- 4295' Oil/Gas	progrems will Redu
T/Avalon Sand	7686'	- 4380' Oil/Gas	Have no 77/6" AND RU
TD	8000'	- 4694' Oil/Gas	The to produce the second
			51/2" PIPE HERM C TO !
POINT 3: CASING PROGRAM			HOLE TO 77/8" AND RU 51/2" PIPE From C TO T (Subject 2/20/01

TYPE	<u>INTERVALS</u>	Hole Size	<u>PURPOSE</u>	CONDITION
16"	0'- 40'	20"	Conductor	Contractor Discretion
WITNESS/4", 42#,H-40, ST&C, WITNE	55 0'- 422'560	14 3/4"	Surface Production of	New
α5/2 5-1/2", 15.5#, J-55, LT&C **	0'- 3750'	11"	Production of	"New
្សំ 5-1/2", 15.5#, J-55, LT&C	3750' -6400'	7 7/8"	Production	New
31 5-1/2", 17#, J-55, LT&C	6400' -8000'	7 7/8"	Production	New
- イ・ウィ				

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOPE equivalent to requirements of Onshore Oil & Gas Order No. 2 - 3000 psi system (Diagram 2) will be nippled 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.

These tests will be performed:

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

POINT 5: MUD PROGRAM

DEPTH	MUD TYPE	<u>WEIGHT</u>	_FV_	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 432'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
432' - 5400'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5 - 10.5
5400' - TD	BW/Diesel	8.8 - 9.0	32-40	8	2	<25 cc	9.5 - 10.0

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 (+/- 3500'). GR-CNL-CAL from base of Salt to surface.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL SURFACE: Lead 0 – 422'	AMOUNT SXS 310	FT OF FILL 422	TYPE Class C + 2% CaCl ₂	<u>GALS/SX</u> 6.33	PPG	FT ³ /SX	<u>WL</u>
(100% excess circ to	* . *	422	Class C + 2% CaCl ₂	0.33	14.8	1.34	NC
PRODUCTION: Lead 3228' 6000' (50% excess)	295	2772	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	9.875	10.2	2.37	200
Tail 6000' – 8000' (50% excess)	255	2000	LiteCrete 39/61 (D961/ D124) + 2% bwob D153 + 0.05 gpsb D604AM + 0.03 gpsb M45 + 2 pps D24 + 0.04 gpsb D801	7.336	10.5	2.04	115

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3615 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3728'-7601'. No H_2S is anticipated.

POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

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

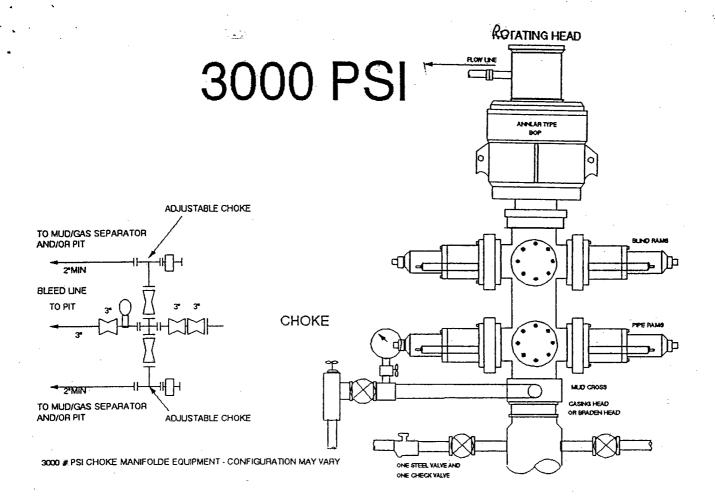
B) Anticipated Starting Date

Upon approval

12 days drilling operations

14 days completion operations

JAB/GEG:cnt February 9, 2007



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.

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #291

LEGAL DESCRIPTION - SURFACE: 1650' FSL & 1980' FWL, Section 21, T-24-S, R-30-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 Co. Rd. 787 (Twin Wells) and Co. Rd. 746 (McDonald), proceed west on Co. Rd. 746 for 1.4 miles to lease road. On lease road proceed north 1.1 miles to the PLU #261 well and proposed lease road.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 1200' of new road will be built from the existing lease road to Poker Lake Unit #261.

B) Width

12'

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.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

BEPCO, L.P.

Well Name & No.

291 - POKER LAKE UNIT

Location:

1650' FSL & 1980' FWL - SEC 21 - T24S - R30E - EDDY

Lease:

NMLC-068430

I. DRILLING OPERATIONS REQUIREMENTS:

- **A.** The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
 - 1. Spudding well
 - 2. Setting and/or Cementing of all casing strings
 - 3. BOPE tests
 - Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- **B.** 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.

II. CASING:

- A. The 11-3/4 inch surface casing shall be set above the salt and a minimum of 25 feet into the Rustler Anhydrite at approximately 520 feet and cemented to the surface. Fresh water mud to be used to setting of surface casing.
 - 1. 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 - 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 - 4. If cement falls back, remedial action will be done prior to drilling out that string.
- B. The minimum required fill of cement behind the <u>5-1/2</u> inch production casing is <u>cement shall extend a</u> minimum of 200 feet inside the surface casing.
- C. 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 I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. 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 RP 53.
- **B.** Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be <u>2000</u> psi.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. 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.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. 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.
 - 5. A variance to test the surface casing and BOP/BOPE to the reduced pressure of <u>1000</u> psi with the rig pumps is approved.