

CDD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
BEPCO, L.P.

3a. Address **P.O. BOX 2760 MIDLAND TX 79702-2760**
3b. Phone No. (include area code) **(432)683-2277**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1625' FNL, 660' FEL, SEC 36, R24S, T29E

5. Lease Serial No.

6. Indian, Allottee or Tribe Name

7. NM Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

HORNED TOAD 36 STATE # 1H

9. API Well No.

30-015-34764

10. Field and Pool, or Exploratory Area

Nash Draw (Delaware, BS, Aval)

11. County or Parish, State

**EDDY
NM**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other COMMINGLING
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	& OFF LEASE
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	STORAGE

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BEPCO, L. P. respectfully request permission for Surface Commingling and Off Lease Storage for the referenced well to the Poker Lake Unit #227 Battery located 330 FSL, 560 FEL of Section 30, R30E, T24S, Eddy County, NM. The PLU Battery currently has a commingling permit, PCL-275, which allows commingling with the Horned Toad 36 State #7 well. BEPCO will lay a 2-7/8" steel flowline that will be laid within 50' of the center line of the existing lease road. A 3 phase separator will be installed at the 227 Battery. The existing power line consisting of 12,470 volts 3 phase running from the Horned Toad 36 State #7 well will be utilized. The Oil, Water and Casing head gas will be metered separately from the production on BLM land. A copy of OCD form C-107-B (Application for Surface Commingling) is attached.

**Subject to
Like Approval
by State**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

ANN MOORE

Title **PRODUCTION CLERK**

Signature

Ann Moore

Date **04/11/2007**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Don Peterson **ACTING**

Title **FIELD MANAGER**

Date **MAY 24 2007**

Conditions of approval, if any, are attached. Approval of this notice 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.

Office **CARLSBAD FIELD 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.

(Instructions on page 2)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, 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 Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: BEPCO, L.P.

OPERATOR ADDRESS: P.O. BOX 2760 MIDLAND, TX 79702-2760

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If #Yes#, please include the appropriate Order No. PLC-275

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Corral Canyon, NW (Delaware) - 96464	41.6	41.84			20 bbls/da
Nash Draw (Delaware, BS, Avalon) - 47545	41.9	41.84			80 bbls/day

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If #yes#, describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☒ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

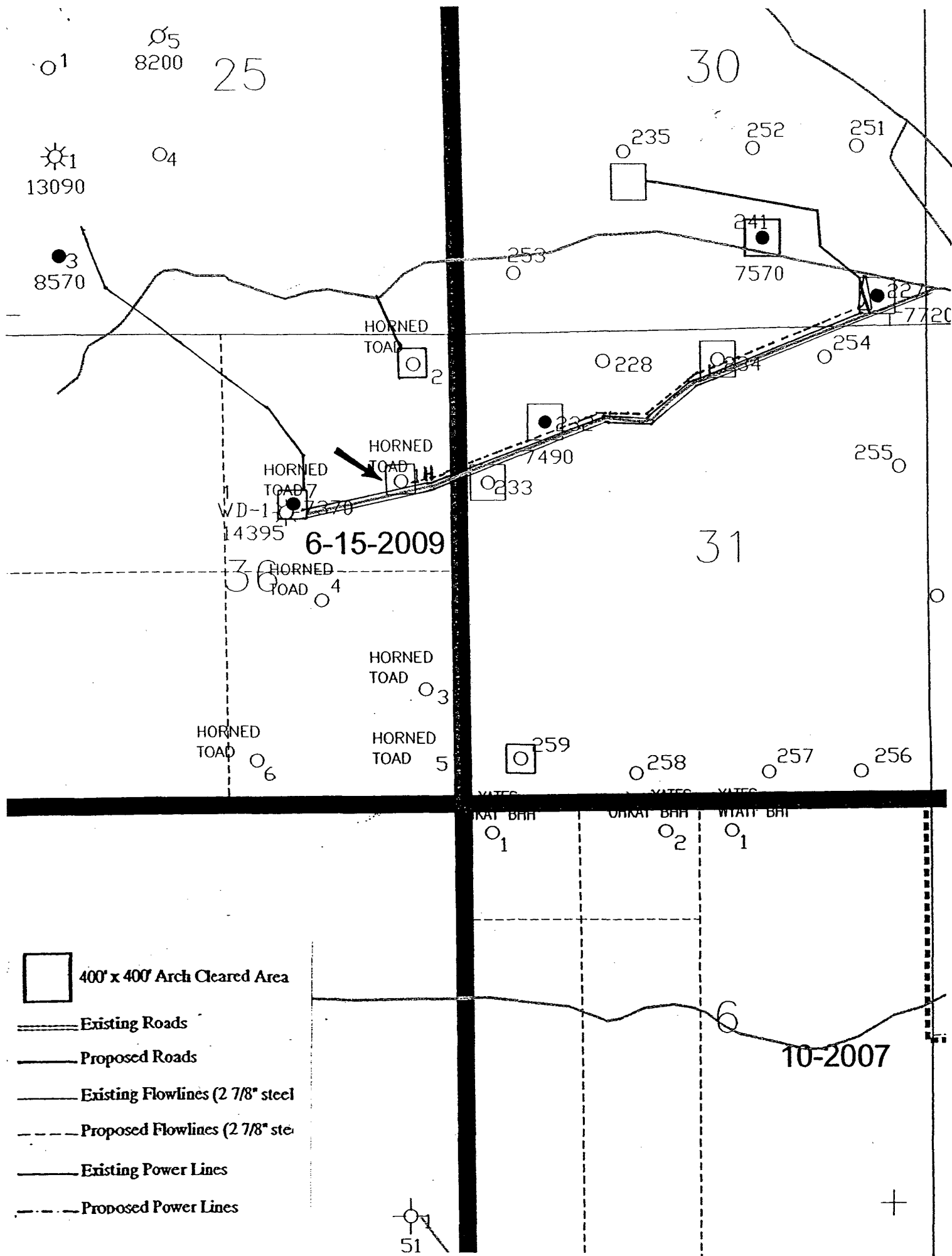
SIGNATURE: Ann Moore TITLE: PRODUCTION CLERK

DATE: 04/10/2007

TYPE OR PRINT NAME ANN MOORE

TELEPHONE NO.: (432)683-2277

E-MAIL ADDRESS: camoorebasspet.com



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
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

Operator Name and Address BEPCO, L.P. P. O. Box 2760 Midland, Texas 79702		OGRID Number 001801
Property Code 35100	Property Name Horned Toad 36 State	API Number 30 - 015 - 34764
Well No. 1H		
Proposed Pool 1 Nash Draw, Delaware / Bone Spring (Avalanche)		Proposed Pool 2

UL or lot no. H	Section 36	Township 24S	Range 29E	Lot Idn	Feet from the 1625'	North/South line North	Feet from the 660	East/West line East	County Eddy
--------------------	---------------	-----------------	--------------	---------	------------------------	---------------------------	----------------------	------------------------	----------------

Proposed Bottom Hole Location If Different From Surface									
UL or lot no. P	Section 36	Township 24S	Range 29E	Lot Idn	Feet from the 355	North/South line South	Feet from the 660	East/West line East	County Eddy

Additional Well Information

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3130' GL
Multiple No	Proposed Depth 8444' MD 5542' TVD	Formation Delaware	Contractor Adobe Drilling	Spud Date 3/03/2007
Depth to Groundwater 150'		Distance from nearest fresh water well 2-1/2 miles		Distance from nearest surface water 6 miles
Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume 1500 bbls Drilling Method: 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"/>				

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#	857' MD	475	Surface
11"	8-5/8"	32#	3367' MD	750	Surface
7-7/8"	5-1/2"	17#	8644' MD	730	3040'

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.

SURFACE IS OWNED BY THE STATE OF NEW MEXICO. ATTACHED IS A DRILLING PROGNOSIS AND A BOP DIAGRAM. Surface location is unorthodox, bottom-hole is orthodox.

As stated in the attached drilling plan this well will be a horizontal well with KOP of approximately 5077' TVD an azimuth of 180°, build angle of 13.48°, and a bottom hole target of 8644' MD (lateral displacement 3300') TVD 5542'. See attached directional plan and 8 point drilling plan for details.

NSC - 5358

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: BRYAN G. ARRANT	
Title: Administrative Assistant		Title: DISTRICT II GEOLOGIST	
E-mail Address: machilders@basspet.com		Approval Date: MAR 06 2007	
Date: 3-1-2007		Expiration Date: MAR 06 2008	
Phone: 432-683-2277		Conditions of Approval Attached <input type="checkbox"/>	

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005



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

Submitted to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
Month-Year
MAR - 5 2007
OCD - ARTESIA, NM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34764	Pool Code 47545	Pool Name Nash Draw
Property Code V 7100	Property Name HORNED TOAD "36" STATE	Well Number 1H
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3130'

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	36	24 S	29 E		1625	NORTH	660	EAST	EDDY

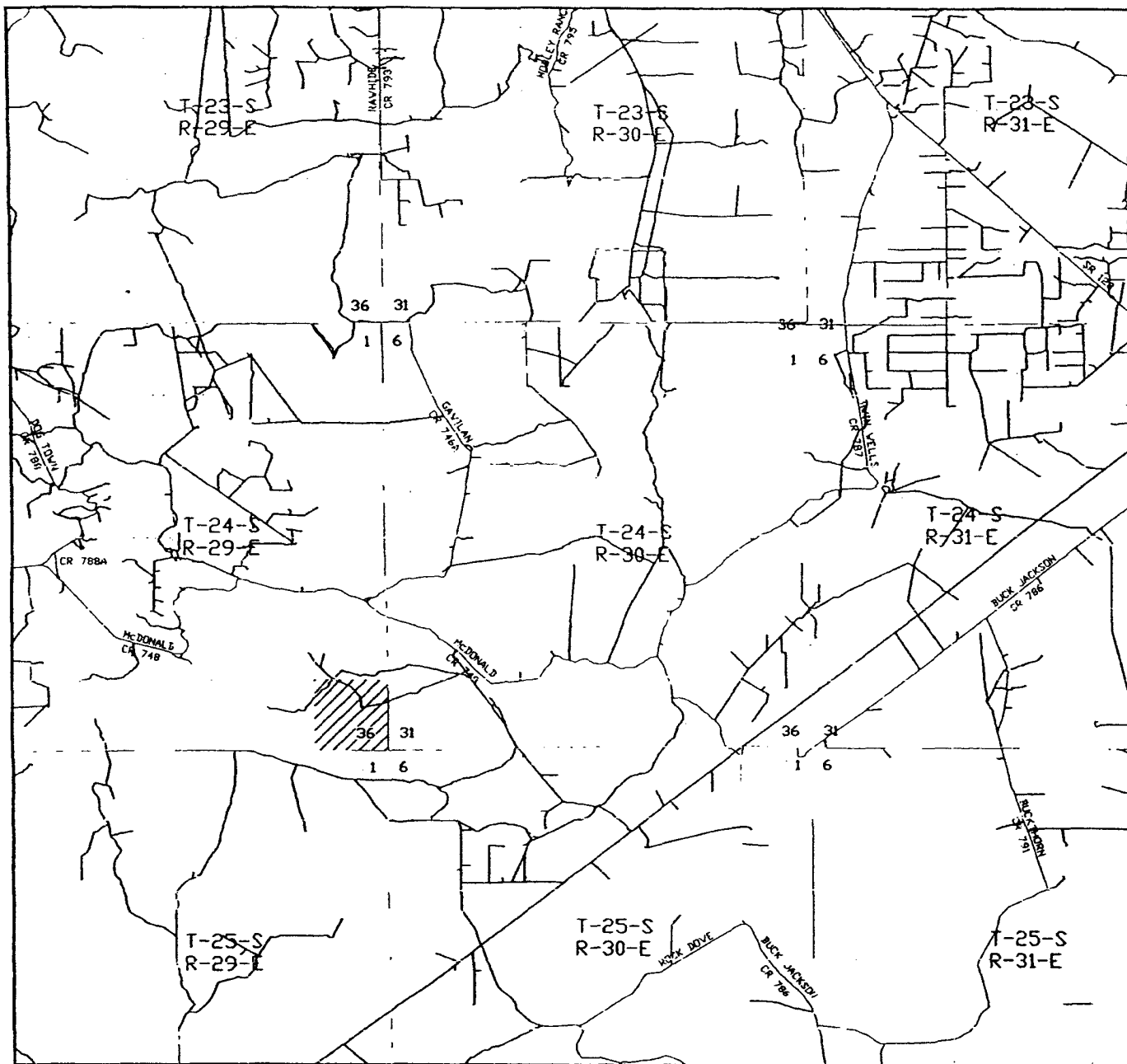
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	36	24 S	29 E		355	SOUTH	660	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
120	N		

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>SURFACE LOCATION LAT - N32°10'35.9" LONG - W103°55'53.7"</p> <p>162.31 acres</p> <p>161.82 acres</p> <p>161.69 acres</p> <p>161.20 acres</p> <p>BOTTOM HOLE LAT - N32°10'03.1" LONG - W103°55'53.7"</p>	<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>Gary E. Gerhard</i> 3/1/07 Signature Date</p> <p>Gary E. Gerhard Printed Name</p> <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>AUG 15 49 2005 Date Surveyed Signature of State of Professional Surveyor 7977 Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>
--	--



HORNED TOAD "36" STATE #1H
 Located at 1625' FNL and 660' FEL
 Section 36, Township 24 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

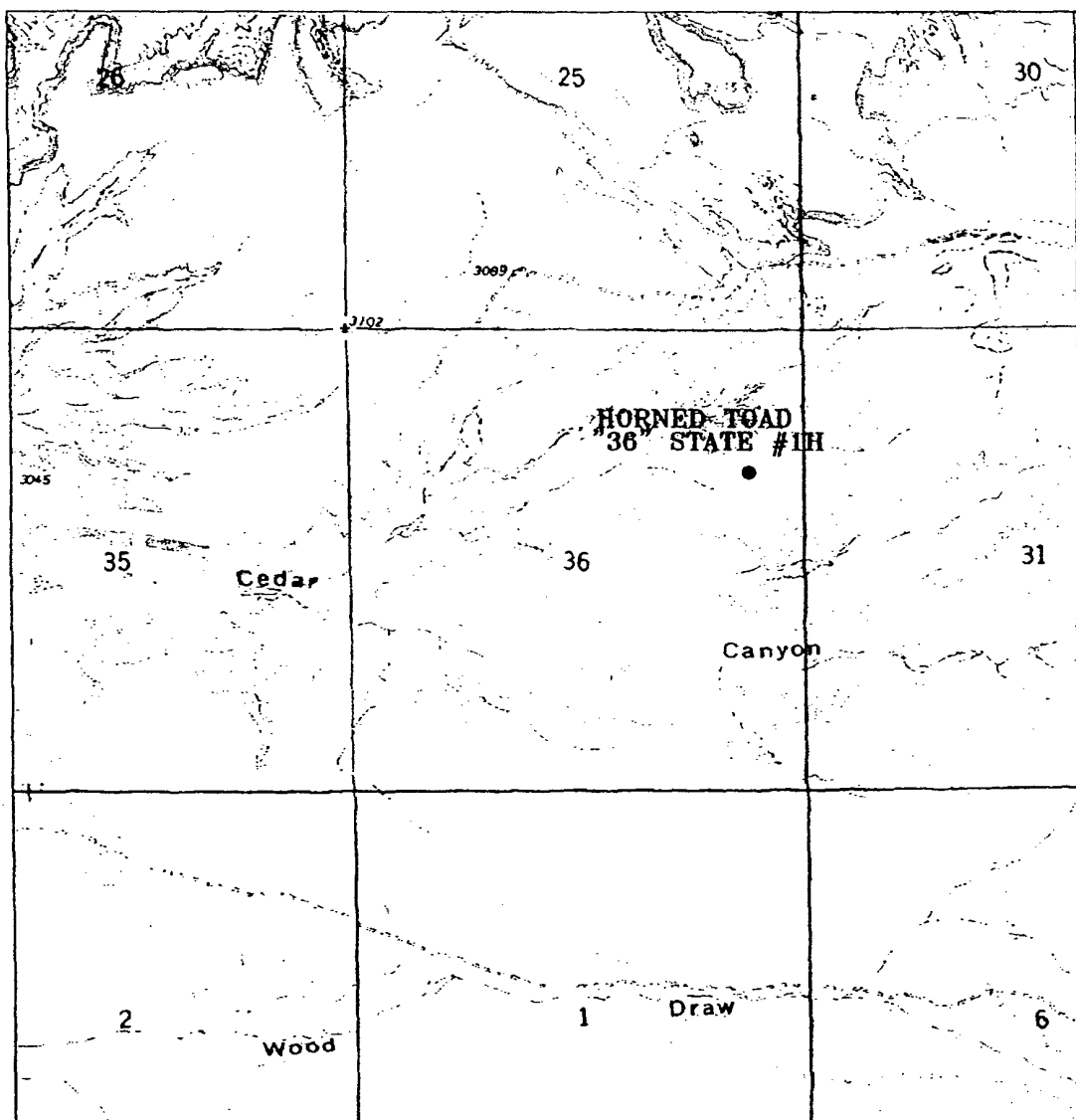
W.O. Number: 5768AA - KJG #7

Survey Date: 08-19-2005

Scale: 1" = 2 MILES

Date: 08-25-2005

BEPCO, L.P.



HORNER TOAD "36" STATE #1H
 Located at 1625' FNL and 660' FEL
 Section 36, Township 24 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: 5768AA - KJG #7

Survey Date: 08-19-2005

Scale: 1" = 2000'

Date: 08-25-2005

BEPCO, L.P.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33929	Pool Code 47545	Pool Name NASH DRAW - DELAWARE
Property Code 001796	Property Name POKER LAKE UNIT	Well Number 227
OGRID No. 001801	Operator Name BASS ENTERPRISES PRODUCTION COMPANY	Elevation 3218'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	24 S	30 E		330	SOUTH	560	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 I	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

LOT 1 40.62 acres	40.62 acres	40.72 acres	40.72 acres
LOT 2 40.63 acres	40.63 acres	40.71 acres	40.71 acres
LOT 3 40.65 acres	40.65 acres	40.69 acres	40.69 acres
LOT 4 40.66 acres	40.66 acres	40.68 acres	40.68 acres

LAT - N32°10'55.9"
 LONG - W103°54'50.1"

3212.0' 3221.1'
 560' 3208.6'
 3206.9'

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

William R. Dannels
Signature

W.R. DANNELS
Printed Name

DIVISION DRILLING SUPT.
Title

12/28/04
Date

SURVEYOR CERTIFICATION

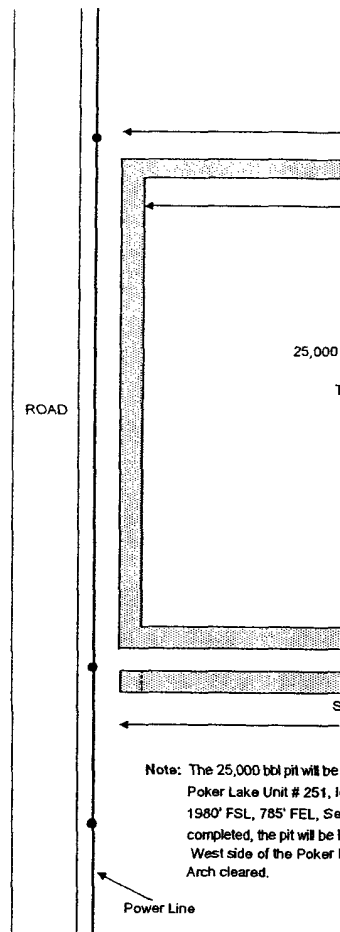
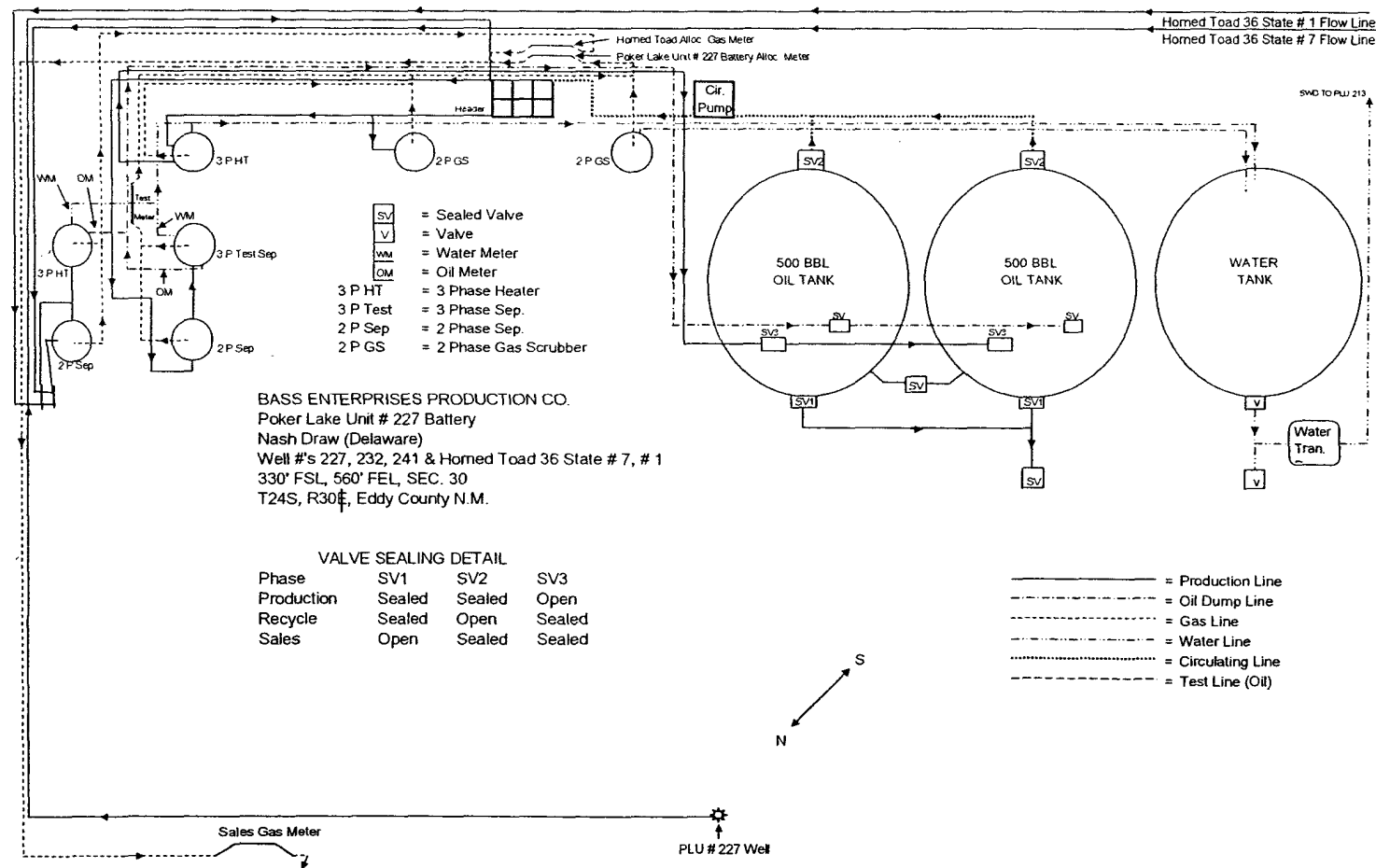
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 24, 2004

Date Surveyed

[Signature]
Signature

Professional Seal of
GARY L. JONES
NEW MEXICO
W.O. No. 4785
Certificate No. Gary L. Jones 7977
BASS SURVEYS



Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220-6292
(505) 234-5972

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days an application for right-of-way approval must be submitted to the Realty Section to this office.