2036

OCD-ARTESIA

APS-07-671

OCT 02 2007

OCD-ARTESIA

Form 3160-3
(April 2004)

RESUBMITTAL

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of work: ☑ DRILL ☐ REENTER	5 Lease Serial No. **NMNM 02860**
	6 If Indian, Allotee or Tribe Name
	7 If Unit or CA Agreement, Name and No **NMNM 71016**
1b Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8 Lease Name and Well No. **Poker Lake Unit #246**
2 Name of Operator **BEPCO, L. P.**	9 API Well No. 30-015-35844
3a Address **P. O. Box 2760 Midland, TX 79702** / 3b Phone No. *(include area code)* **432-683-2277**	10 Field and Pool, or Exploratory **Nash Draw (Delaware, BS, Avalon)**
4 Location of Well *(Report location clearly and in accordance with any State requirements *)* At surface **NWNW, UL D, 460 FNL, 1190' FWL, Lat 32.200750, Lon 103.910000** At proposed prod zone **Same** Carlsbad Controlled Water Basin	11 Sec, T R M or Blk and Survey or Area **Sec 20, T24S, R30E Mer NMP**
14 Distance in miles and direction from nearest town or post office* **14 miles east of Malaga NM**	12 County or Parish **Eddy** / 13 State **NM**

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any)	**460'**	16 No of acres in lease **2520**	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	**1241'**	19 Proposed Depth **7800' MD, 7800' TVD**	20 BLM/BIA Bond No. on file **NM 2204**
21 Elevations (Show whether DF, KDB, RT, GL, etc) **3208' GL**		22 Approximate date work will start* **10/01/2007**	23 Estimated duration **12 days**

24. Attachments

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 Operator certification
6 Such other site specific information and/or plans as may be required by the authorized officer

25 Signature Annette Childers	Name *(Printed/Typed)* **Annette Childers**	Date 8-29-2007
Title **Administrative Assistant**		
Approved by *(Signature)* **/s/ James Stovall**	Name *(Printed/Typed)* **/s/ James Stovall**	Date SEP 30 2007
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

plicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to

APPROVAL FOR TWO YEARS

make it a crime for any person knowingly and willfully to make to any department or agency of the United ntations as to any matter within its jurisdiction

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

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005

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	Pool Name
30-015-~~35528~~ 35844	47545	Nash Draw (Delaware, Bone Spring, Avalon Sd)

Property Code	Property Name	Well Number
001796	POKER LAKE UNIT	246

OGRID No.	Operator Name	Elevation
001801	BEPCO, L.P.	3208'

Surface Location

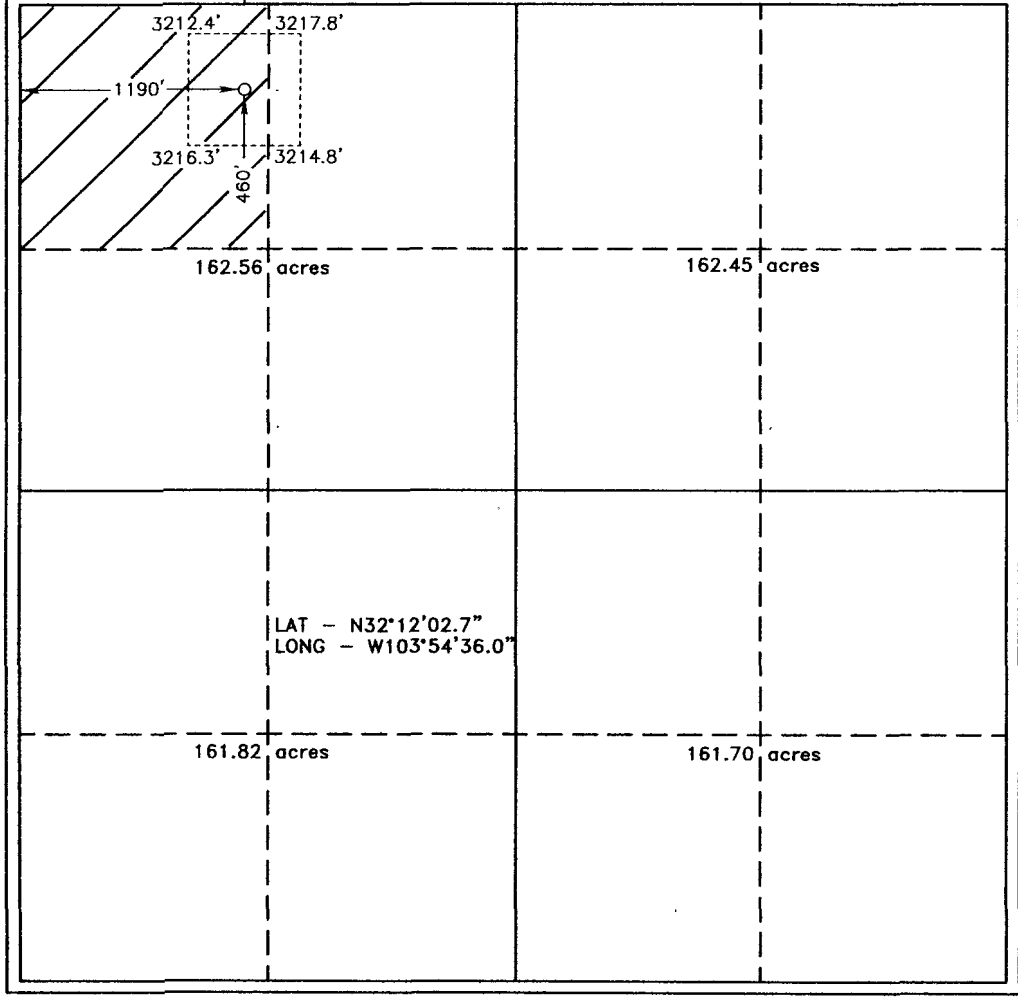
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	24 S	30 E		460	NORTH	1190	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
40	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



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.

Refer to original plat

Signature Date

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 supervison, and that the same is true and correct to the best of my belief.

AUGUST 24, 2005

Date Surveyed

Signature & Seal Professional Surveyor

GARY L. JONES NEW MEXICO 7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

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	Pool Name
	47545	NASH DRAW - DELAWARE

Property Code	Property Name	Well Number
001796	POKER LAKE UNIT	246

OGRID No.	Operator Name	Elevation
001801	BASS ENTERPRISES PRODUCTION COMPANY	3208'

Surface Location

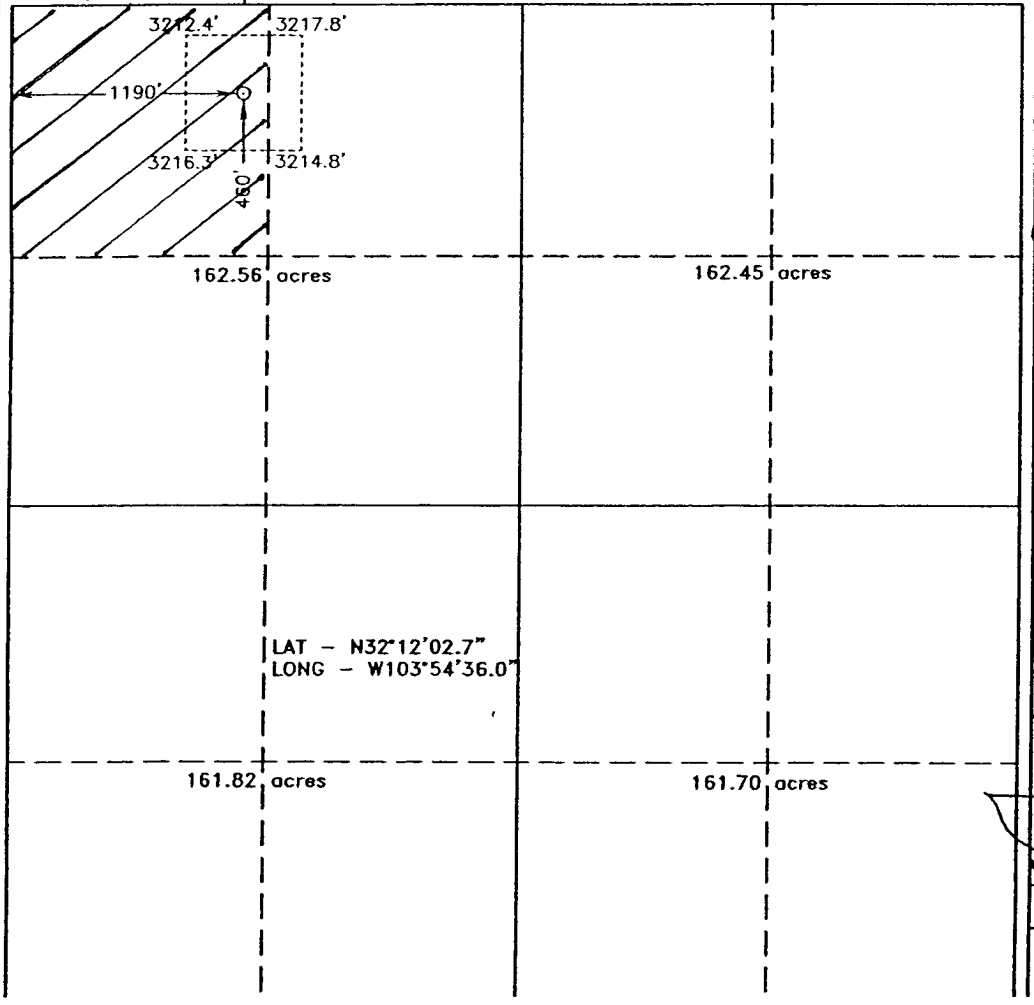
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	24 S	30 E		460	NORTH	1190	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Signature

W.R. DANNELS
Printed Name

DIVISION DRILLING SUPT.
Title

9/12/05
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 supervison, and that the same is true and correct to the best of my belief.

AUGUST 24, 2005
Date Surveyed

Signature & Seal of Professional Surveyor

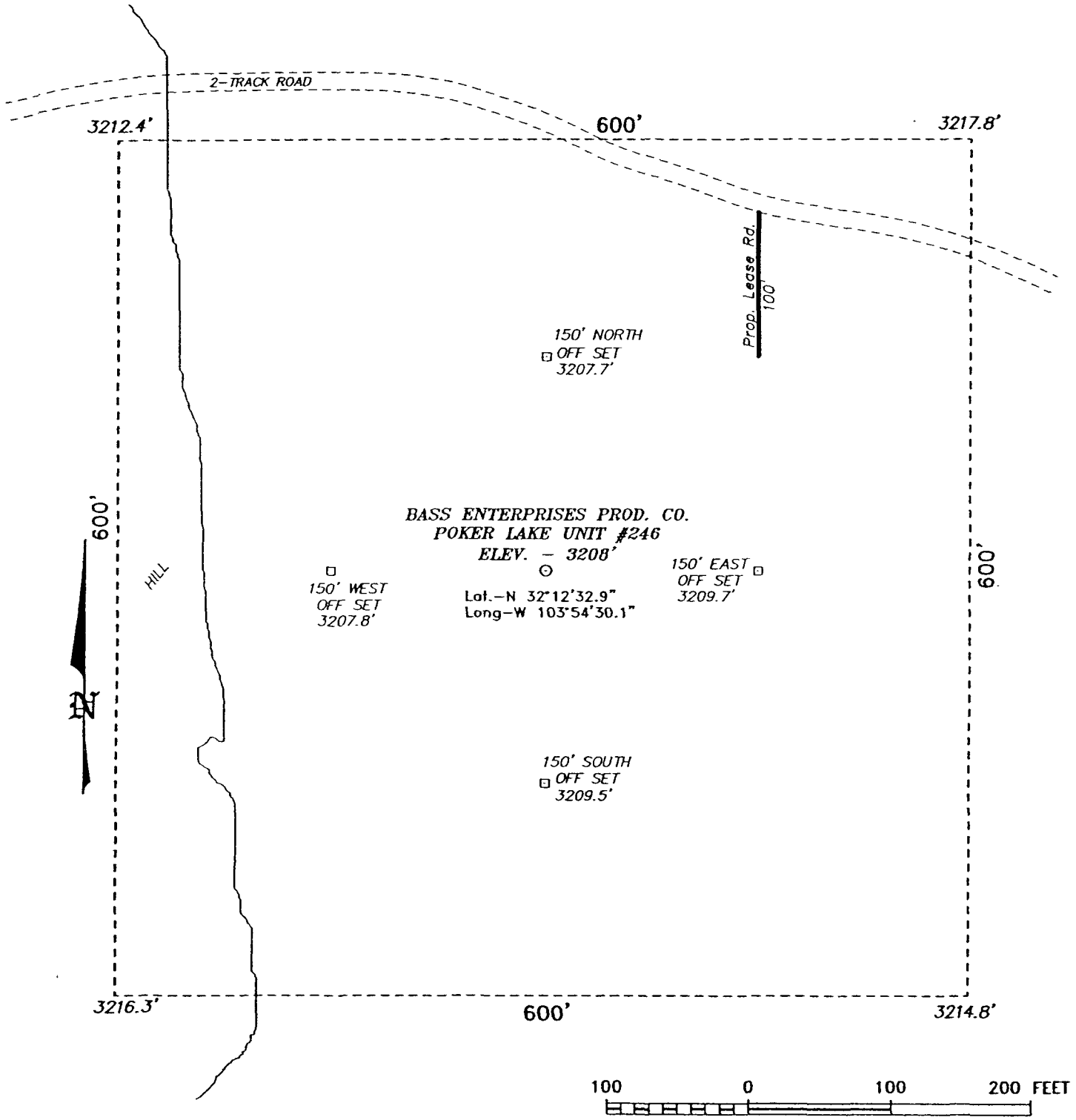
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 5639

Certificate No. Gary L. Jones 7977

SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 746A AND CO. RD. 748, GO EASTERLY ON CO. RD. 746A FOR APPROX. 1.0 MILE; THENCE SOUTHERLY FOR APPROX. 0.1 MILE TO A 2-TRACK ROAD; THENCE EAST ON 2-TRACK TO PROPOSED LEASE ROAD.

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

W.O. Number: 5639 | Drawn By: K. GOAD

BASS ENTERPRISES PRODUCTION CO.

REF: POKER LAKE UNIT UNIT No. 246 / Well Pad Topo

THE POKER LAKE UNIT UNIT No. 246 LOCATED 460' FROM THE NORTH LINE AND 1190' FROM THE WEST LINE OF SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Surface casing to be set into the Rustler below all fresh water sands.
Production casing will be cemented using Zone Seal cement.
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.

BEPCO, L.P., at P. O. Box 2760, Midland, TX, 79702 is a subsidiary of BEPCO, L.P., 201 Mail Street, Ft. Worth, TX, 76102. Bond No. NM 2204 (Nationwide).

EIGHT POINT DRILLING PROGRAM
BASS ENTERPRISES PRODUCTION CO.

NAME OF WELL: Poker Lake Unit #246

LEGAL DESCRIPTION - SURFACE: 460' FNL & 1190' FWL, Section 20, 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 3225' (est) GL 3208'

FORMATION	ESTIMATED TOP FROM KB	ESTIMATED SUBSEA TOP	BEARING
T/Rustler	Not Present		
T/Salt	855'	+2370'	Barren
T/Lamar	3515'	-290'	Oil/Gas
T/Lwr Brushy Canyon "8" A	7075'	-3850'	Oil/Gas
TD	7800'	-4575'	

POINT 3: CASING PROGRAM

TYPE	HOLE SIZE	INTERVALS	PURPOSE	CONDITION
16"	20"	0'- 40'	Conductor	Contractor Discretion
11-3/4", 42#,H-40, ST&C	14-3/4"	0'- 845'	Surface	New
8-5/8", 32#, J-55, LT&C	11"	0'- 3531'	Intermediate	New *
5-1/2", 15.5#, J-55, LT&C	7-7/8"	0' -6300'	Production	New
5-1/2", 17#, J-55, LT&C	7-7/8"	6300' -7800'	Production	New

*If there is no flowing sand or Loss Circulation this string will not be run.

CASING DESIGN SAFETY FACTORS:

TYPE	TENSION	COLLAPSE	BURST
11-3/4", 42#, H-40, ST&C	8.65	2.65	2.34
8-5/8", 32#, J-55, LT&C	3.29	1.38	1.11
5-1/2", 15.5#, J-55, LT&C	1.77	1.29	1.37
5-1/2", 17#, J-55, LT&C	11.62	1.32	1.52

DESIGN CRITERIA AND CASING LOADING ASSUMPTIONS:

SURFACE CASING

Tension — A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).

Collapse — A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.

Burst — A 1.3 design factor with a surface pressure equal to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure a that depth. Backup pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient. The effects of tension on burst will not be utilized.

PROTECTIVE CASING

Tension — A 1.6 design factor utilizing the effects of buoyancy (10 ppg).

Collapse — A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.52 psi/ft). The effects of axial load on collapse will be considered.

In the case of development drilling, collapse design should be analyzed using internal evacuation equal to 1/3 the proposed total depth of the well. This criterion will be used when there is absolutely no potential of the protective string being used as a production casing string.

Burst — A 1.0 surface design factor and a 1.3 downhole design factor with a surface pressure equivalent to the fracture gradient at setting depth less a gas gradient to the surface. Internal burst force at the shoe will be fracture pressure at that depth. Back pressure will be formation pore pressure. In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture resistance up to a 1.0 psi/ft gradient.

PRODUCTION CASING

Tension — A 1.6 design factor utilizing the effects of buoyancy (9.2 ppg).

Collapse — A 1.0 design factor with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run (0.48 psi/ft). The effects of axial load on collapse will be considered.

Burst — A 1.25 design factor with anticipated maximum tubing pressure (3529 psig) on top of the maximum anticipated packer fluid gradient. Backup on production strings will be formation pore pressure. The effects of tension on burst will not be utilized.

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

See COA

The blowout preventer equipment will be as shown in Diagram #2 and will consist of a double ram type preventer (3000 psi WP) and a bag type (Hydril) annular preventer (3000 psi WP). The same BOPE will be installed on the surface casinghead and on all subsequent casing strings. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. when installed on the surface casinghead will be hydro-tested to 1000 psig by the independent tester. The BOPE when rigged up on the intermediate casing spool will be tested to 3000 psig by independent tester. (As per Onshore Oil & Gas Order No 2 – 3000 psig system) In addition to the high pressure test, a low pressure (200 psig) test will be required.

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

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' - 855'	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
855' - 3531'	Brine Water	9.8 -10.2	28-30	NC	NC	NC	9.5 - 10.5**
3530' - 6000'	FW	8.8 - 9.2	30-34	NC	NC	NC	9.5 – 10.5**
6000' - 6900'	FW/Starch	8.8 - 9.2	30-34	8	2	<100 cc	9.5 - 10.5**
6900' - TD	FW/Starch/Gel	8.8 - 9.2	30-34	8	2	<25 cc	9.5 - 10.5**

***** If there is no intermediate casing set @ 3530', the drilling fluid will be 10 ppg BW to 5600' where it will be converted to BW/Diesel with properties as follows: 8.8 – 9 ppg, 32 – 40 funnel secs vis, YP 2, PV 8, FL 100 cc or less, Ph 9.5 – 10.***

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 (+/- 3300').
GR-CNL-CAL from base of Salt to surface.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT *

INTERVAL	AMOUNT SKS	FT OF FILL	TYPE	GALS/SK	PPG	FT^3/SK
SURFACE:						
Lead 0 – 545' (100% excess circ to surface)	290	545	35/65 Poz C + 6% D20 + 3% S1 + 5 pps D130	10.27	12.6	1.98
Tail 545' – 845' (100% excess circ to surface)	215	300	Class C + 2% S1	6.34	14.8	1.34
PRODUCTION: Stage 2						
Lead 0 - 4900' (50% excess circ to surface)	1105	4900	50/50 Poz C + 10% D20 + 0.02% D46 + 0.125 pps D130 + 5% D44	14.71	11.9	2.50
Tail 4900' - 5000' (50% excess)	55	100	Class C + 1% D13	6.32	14.8	1.34
DV Tool @ ± 5000'						
Stage 1						
Lead 5000' - 6000' (50% excess)	105	1000	CemCrete 39/31 + 2% D53 + 0.05 gps D604AM + 0.03 gps M45 + 2 pps D24 + 0.04 gps D801	9.88	10.2	2.47

INTERVAL	AMOUNT SKS	FT OF FILL	TYPE	GALS/SK	PPG	FT^3/SK
Tail 6000' - 7800' (50% excess)	228	1800	CemCrete 39/31 + 2% D53 + 0.05 gps D604AM + 0.03 gps M45 + 2 pps D24 + 0.04 gps D801	7.34	10.5	2.10
* INTERMEDIATE (if required):						
Lead 0' - 3281' (100% excess Circ to surface)	710	3281	50/50 Poz C + 10% D20 + 0.02% D46 + 0.125 pps D130 + 5% D44	14.71	11.9	2.50
Tail 3281' – 3531' (100% excess)	115	250	Class "C" + 1% $CaCl_2$	6.34	14.8	1.34

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3529 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware Section from 3531-7800'. No H_sS 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

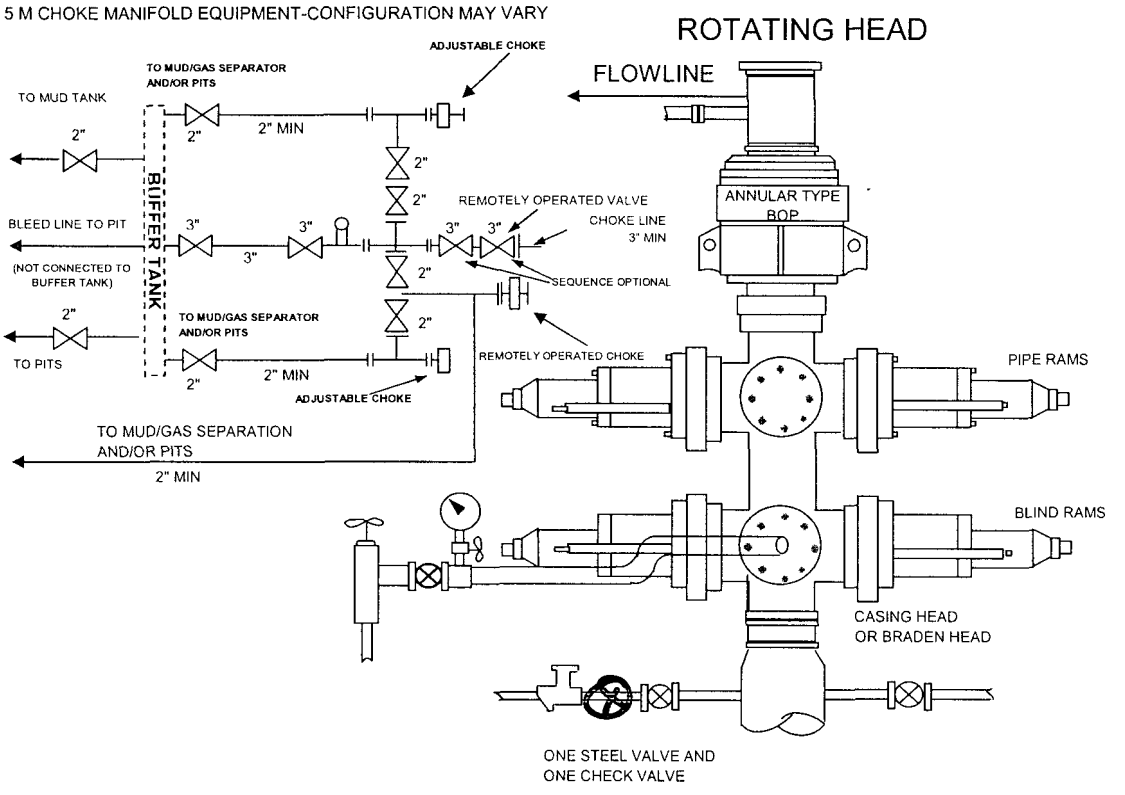
Upon approval

12 days drilling operations

14 days completion operations

GEG/mac
August 29, 2007

BEPCO, L. P.
5-M WP BOPE WITH 5-M WP ANNULAR



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

A. One double gate Blowout preventer with lower pipe rams and upper blind rams, 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 mininum of one inch in diameter.

D. The available closing pressure shall be at least 15% in excess of that required with suffficient 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 BOPs.

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 2

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #246

LEGAL DESCRIPTION - SURFACE: 460 FNL & 1190' FWL, Section 20, 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 Carlsbad, New Mexico, go 8 miles south on Highway 285 to Highway 31. Turn north and go 7 miles on Highway 31. Turn east on Highway 128 and go 4 miles to Rawhide Road (located between mile markers 4 and 5). Go south for 3.8 miles to lease road; then east for 0.25 mile, then south 0.9 miles, then east 0.3 mile, then southeasterly for 5.5 miles, to windmill then southwesterly for approximately 1.0 mile to lease road. Turn east 1/8 mile to location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit B and Survey Plats.

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 860' of existing two track road will be used and brought to BLM requirements. An additional 100' of new road will be required.

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.

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

A) No 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 #213 wellsite. Poker Lake Unit #213 is located ½ miles north of proposed well.

B) New Facilities in the Event of Production:

Production facilities are currently being built at PLU #213 and will be used for Poker Lake Unit #246 via flowlines. Additional separators/treaters will be added as necessary. A new flowline consisting of 2-7/8" steel pipe, will be laid within 50' of the centerline of the access road and existing roads which have this well with poles placed within 50' of the centerline.

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

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 wells located within 1/2 miles of the proposed well. This well is approximately 2640' Southwest of the proposed well.

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

8/29/07
Date

Gary E. Gerhard

GEG/mac

OPERATOR 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 BEPCO, L.P. 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.

8/29/07
Date

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VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822

1. A Hydrogen Sulfide (H2S) Drilling Plan is N/A.

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. When floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

1. The 11.75 inch surface casing shall be set above the salt @ approximately 845 feet and cemented to the surface.
   a. 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.

   b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial action will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 8.625 inch **contingency** intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the 5.5 inch production casing is:

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

4. 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 joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. 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 Sec. 17.

2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.

a. The tests shall be done by an independent service company.

b. The results of the test shall be reported to the appropriate BLM office.

c. 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.

d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. 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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. HAZARDS

1. Our geologist has indicated that there is potential for lost circulation in the Delaware and the Bone Springs.

Engineering can be reached @ 505-706-2779 for variances.

FWright: 9/6/07 (date)