

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No NMLC 069627-A
2 Name of Operator BEPCO, L. P.		6 If Indian, Allottee or Tribe Name
3a Address P. O. Box 2760 Midland, TX 79702		7 If Unit or CA/Agreement, Name and/or No NMNM 71016
3b Phone No (include area code) 432-683-2277		8 Well Name and No Poker Lake Unit #233
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) SWNW, Lot 2, 1650 FNL, 330 FWL, Lat N32.177139 deg, Long W103.923528 Sec 31, T24S, R30E		9 API Well No. 30-015-35608
		10 Field and Pool, or Exploratory Area Nash Draw (Dela, BS, Avalon Sd)
		11 County or Parish, State Eddy County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 Extension
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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. request to extend the APD application to drill for another 24 months from 05/08/2008 to 05/08/2010.

*See drilling COA attached
to 233 H sundry of 3-13-2008*

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

APPROVED FOR 24 MONTH PERIOD
ENDING 5-8-10

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Annette Childers		Title Administrative Assistant
Signature <i>Annette Childers</i>		Date 3-11-08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>/s/ Don Peterson</i>	Title	Date
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	APR 18 2008

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)

Accepted for record - NMOCD

**PECOS DISTRICT
CONDITIONS OF APPROVAL**

OPERATOR'S NAME:	BEPCO, L.P.
LEASE NO.:	NMLC069627A Unit #NM71016X
WELL NAME & NO.:	Poker Lake Unit #233H
SURFACE HOLE FOOTAGE:	1650' FNL & 0330' FWL
BOTTOM HOLE FOOTAGE:	0352' FSL & 0447' FWL
LOCATION:	Section 31, T24S., R30E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

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

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
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.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work.

**Centralizers required on surface casing per Onshore Order 2.III.B.1.f.
Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.**

Medium cave/karst.

Possible lost circulation in the Delaware and Bone Springs formations.

Possible water flows in the Salado, Delaware Mountain Groups and Bone Springs.

1. The 13-3/8 inch surface casing shall be set **at approximately 760 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If salt is penetrated surface casing shall be set 25 feet above the salt.**

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing.

- 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 9-5/8 inch intermediate casing **(to be set in the basal anhydrite at approximately 3400')** is:

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

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.
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 4 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.
 - e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.

D. DRILL STEM TEST

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

WWI 041108

**CULTURAL RESOURCES STIPULATIONS
CARLSBAD FIELD OFFICE**

PROJECT NAME: Poker Lake Unit #233 Well Location
REPORT NUMBER: BLM 05-NM-523-704; BAS-05-05-18
DATE: 6/10/2005

SITE PROTECTION AND EMPLOYEE EDUCATION: All employees of the project and subcontractors shall be informed that cultural sites are to be avoided by all personnel, personal vehicles and company equipment. They shall also be notified that it is illegal to collect, damage or disturb cultural resources.

YES A. Monitoring is required.

YES 1. A copy of these stipulations shall be supplied to the archaeological monitor at least five (5) working days prior to the start of construction activities.

YES 2. No construction activities, including vegetation removal, may begin before the arrival of the archaeological monitor.

YES 3. The archaeological monitor will:

NO a. Ensure that the site protection barrier is located as indicated on the attached map.

YES b. Observe all surface disturbing activities within 200 feet of cultural sites LA 148402 and LA 147703 (see attached map).

YES c. Other: Ensure LA 148402 and LA 147703 are not impacted by the proposed construction.

YES d. Submit a report of the monitoring activities within thirty (30) days of completion of monitoring unless other arrangements are made with the BLM. These stipulations must be attached to the report.

NO B. The grantee must select one of the following alternatives:

NO 1. Controlled test excavations to determine if cultural resources are present;

NO 2. Reduction of the project size to avoid all significant cultural materials

NO 3. Relocation of the project;

NO 4. Preparation and implementation of a data recovery plan for cultural sites(s)

NO C. SITE BARRIER/FENCING:

NO 1. A temporary site protection barrier(s) shall be erected prior to construction. The barrier(s) shall, at a minimum, consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s).

NO 2. A permanent fence shall be erected prior to construction. There shall be no construction activities or vehicle traffic past the fence. **An archaeologist shall monitor the construction of the fence.**

NO 3. The barrier/fence shall be placed as indicated on the attached map.

YES D. CONSTRUCTION ZONES: No construction zone allowed within the cultural sites.

NO E. OTHER:
