NTS-08-586

JUN 12 2008
OCD-ARTESIA

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Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

724

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No LC 069627A	
6 If Indian, Allotee or Tribe Name	
1a. Type of work ☑ DRILL ☐ REENTER	7 If Unit or CA Agreement, Name and No NMNM 71016x
1b Type of Well. ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☑ Multiple Zone	8 Lease Name and Well No. 1796 Poker Lake Unit #252H
2 Name of Operator BEPCO, L. P. 1801	UNORTHODOX LOCATION (BHL) 9 API Well No 30-015-36519
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 (Dela, BS Avalon Sd)
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface NWSE, UL J, 1875' FSL, 1875' FEL, Lat N32.186375, Lon W103.918156 At proposed prod zone 1400' FNL, 1580' FWL, Lat N32.191814, Lon W103.924319	11 Sec, T R M or Blk and Survey or Area Sec 30, 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 County 13 State NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg unit line, if any) 1875'	16 No of acres in lease 1922	17 Spacing Unit dedicated to this well 160 120
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1046'	19 Proposed Depth 9750' MD 7163'(TVD)	20 BLM/BIA Bond No on file NM 2204
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3167' GL	22 Approximate date work will start* 07/01/2008	23 Estimated duration 38 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 4-10-08
Title Administrative Assistant		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	Date JUN 11 2008
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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)

Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

NOTE: NEW PIT RULE
19-15-17 NMAC PART 17
A form C-144 must be approved
before starting drilling operations.

Approval Subject to General Requirements & Special Stipulations Attached

IRP

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

AUG – 6 2008
OCD-ARTESIA

July 25, 2008
Administrative Order NSL-5885

James Bruce, Esq.
Agent for BEPCO, L.P.
Post office Box 1056
Santa Fe, NM 87504

RE: BEPCO's NSL Application: Poker Lake Unit Well No. 252-H
1875' FSL, 1875' FEL, Unit J (Surface Location)
1400' FNL, 1580' FWL, Unit F (Bottom Hole Location)
Section 30, T24S, R30E, NMPM, Eddy County, NM
40 Acre Oil Spacing Unit
Nash Draw Delaware Pool (97148)

Dear Mr. Bruce;

Reference is made to the following:

(a) BEPCO, L.P.("BEPCO") application for a non-standard oil well location ***(administrative application reference No. pKVR0815545458)*** for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 3, 2008; and

(b) the Division's records pertinent to BEPCO's request.

BEPCO has requested authority to drill the above referenced well at this non-standard location in order to capture oil reserves from the Delaware Formation. The SW/4 NE/4, SE/4 NW/4, NE/4 SW/4 and Nw/4 SE/4 of Section 30 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. The Southwest Poker Lake-Delaware Pool is currently governed by Division Rule 19.15.3.104.B(1).

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 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
	47545	Nash Draw (Delaware, Bone Spring, Avalon Sd)

Property Code	Property Name	Well Number
1796	POKER LAKE UNIT	252H

OGRID No.	Operator Name	Elevation
001801	BEPCO, L.P.	3167'

Surface Location

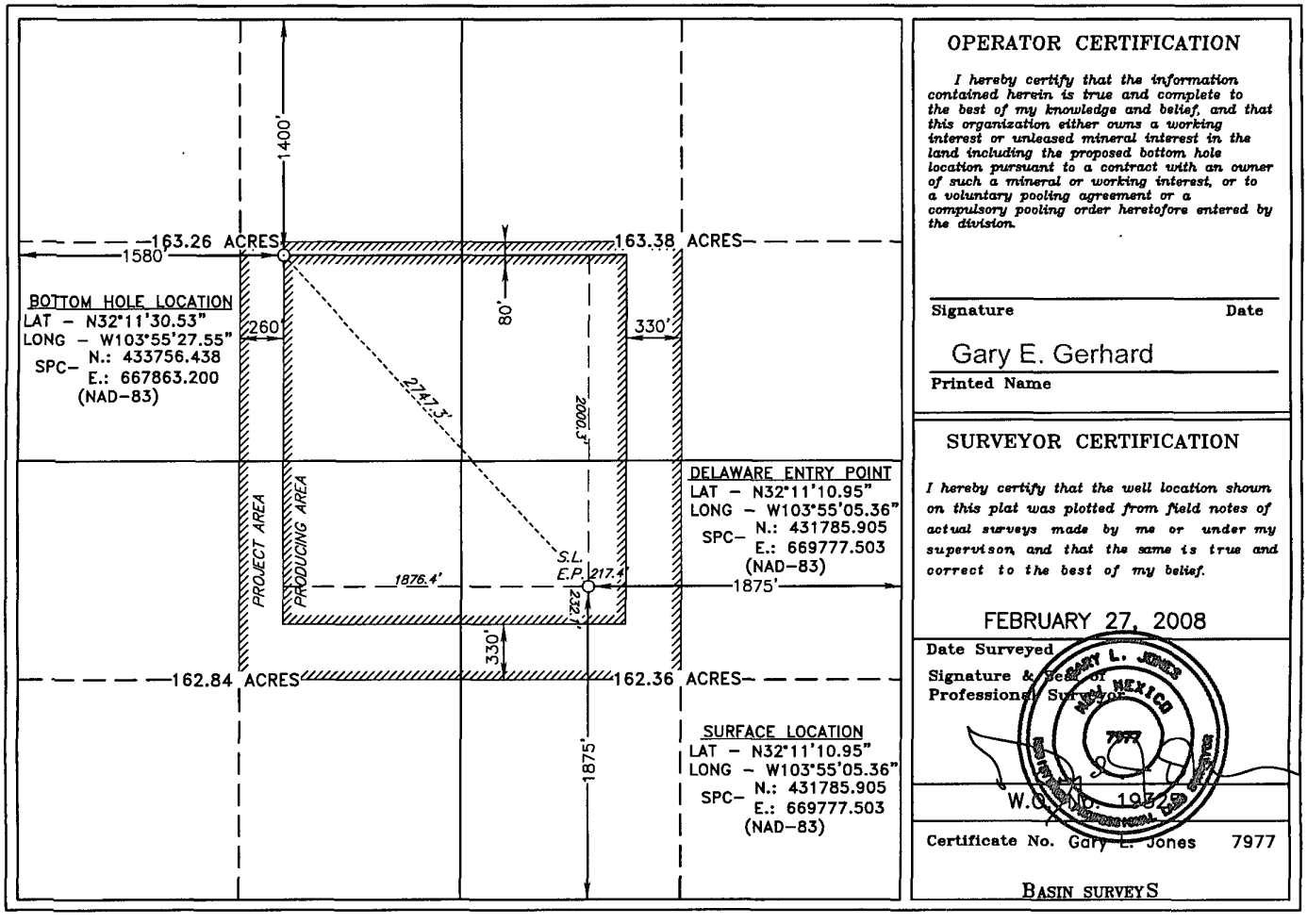
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	24 S	30 E		1875	SOUTH	1875	EAST	EDDY

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
F	30	24 S	30 E		1400	NORTH	1580	WEST	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



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.

Signature Date

Gary E. Gerhard
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.

FEBRUARY 27, 2008
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

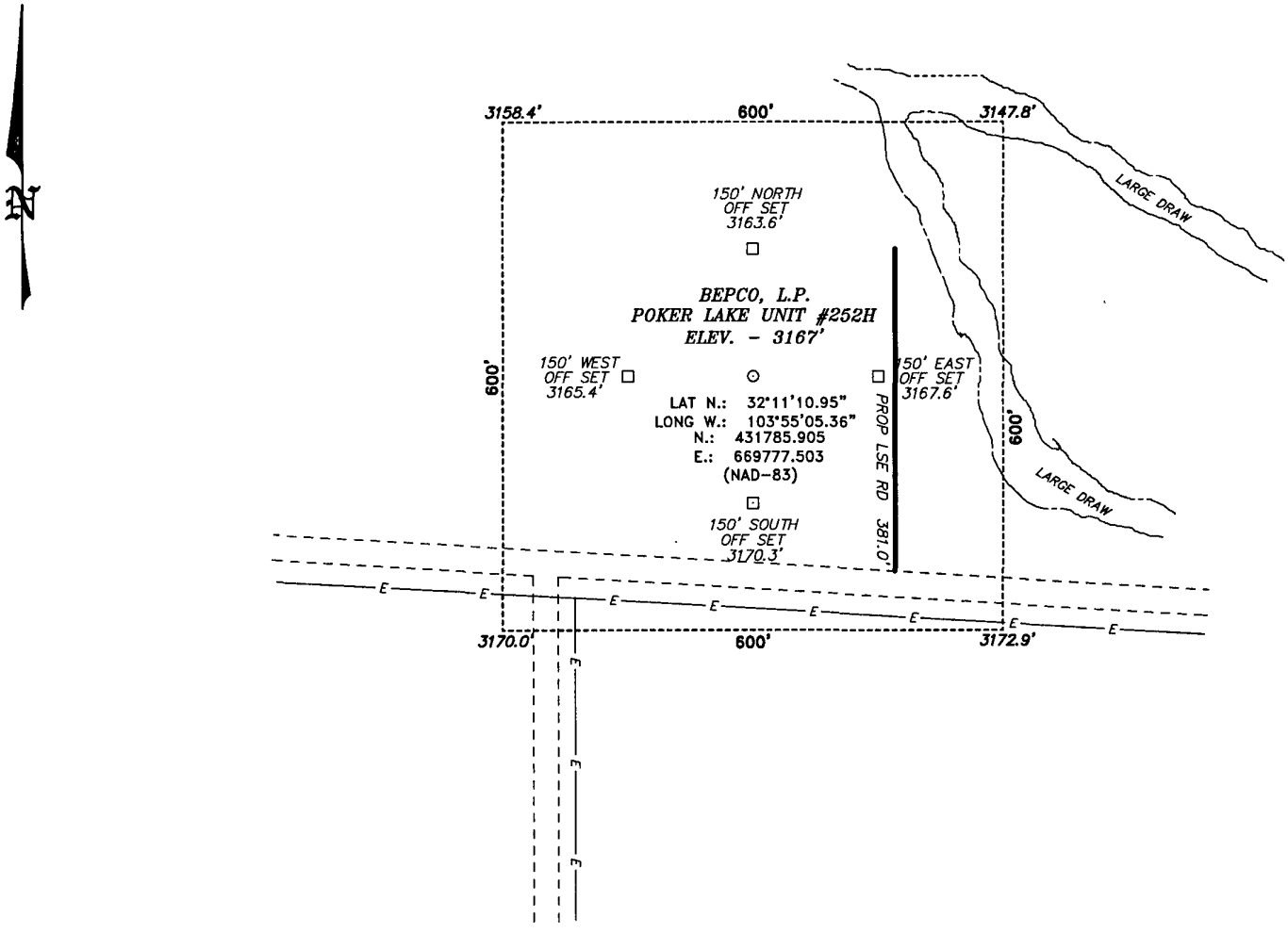
W.O. No. 19789

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

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

EDDY COUNTY, **NEW MEXICO.**



200 0 200 400 FEET

SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 128 AND CO. RD. 787, GO 9.5 MILES SOUTH TO CO. RD. 746, GO 3.2 MILES ON CO. RD. 746 TO LEASE ROAD, ON LEASE ROAD GO SOUTH BY SOUTHEAST PAST COMPRESSOR 0.4 MILES TO CATTLEGUARD, GO RIGHT 0.2 MILES TO THE PLU 229 LOCATION, GO NORTH ON LEASE ROAD 0.1 MILES THEN WEST 0.1 MILES TO PROPOSED LEASE ROAD.

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

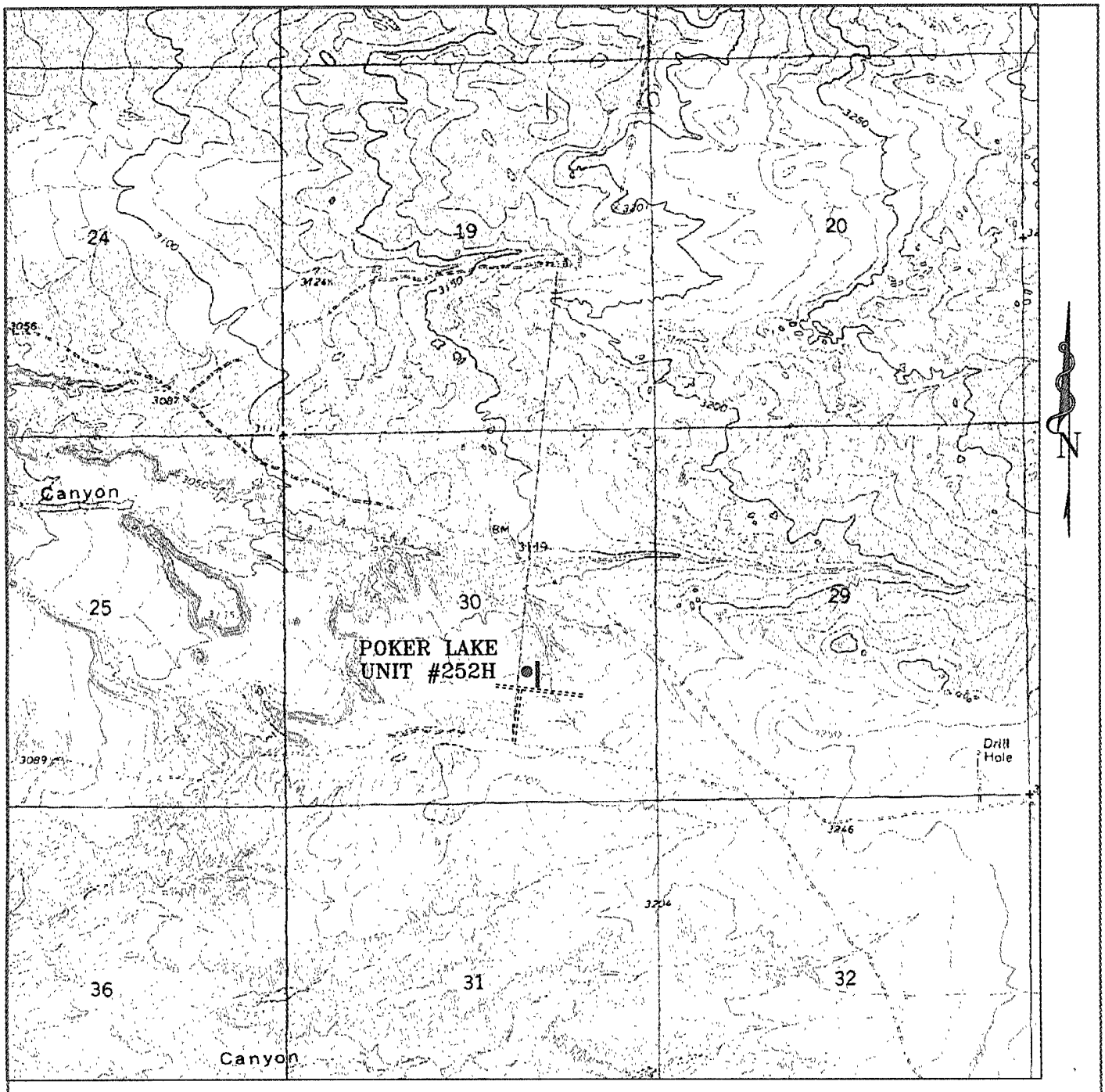
W.O. Number: 19325	Drawn By: J. SMALL	
Date: 02-28-2008	Disk: 19325W JMS	

BEPCO, L.P.

REF: POKER LAKE UNIT #252H / WELL PAD AND TOPO

THE POKER LAKE UNIT #252H LOCATED 1875' FROM THE SOUTH LINE AND 1875' FROM THE EAST LINE OF SECTION 30, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 02-27-2008	Sheet 1 of 1 Sheets



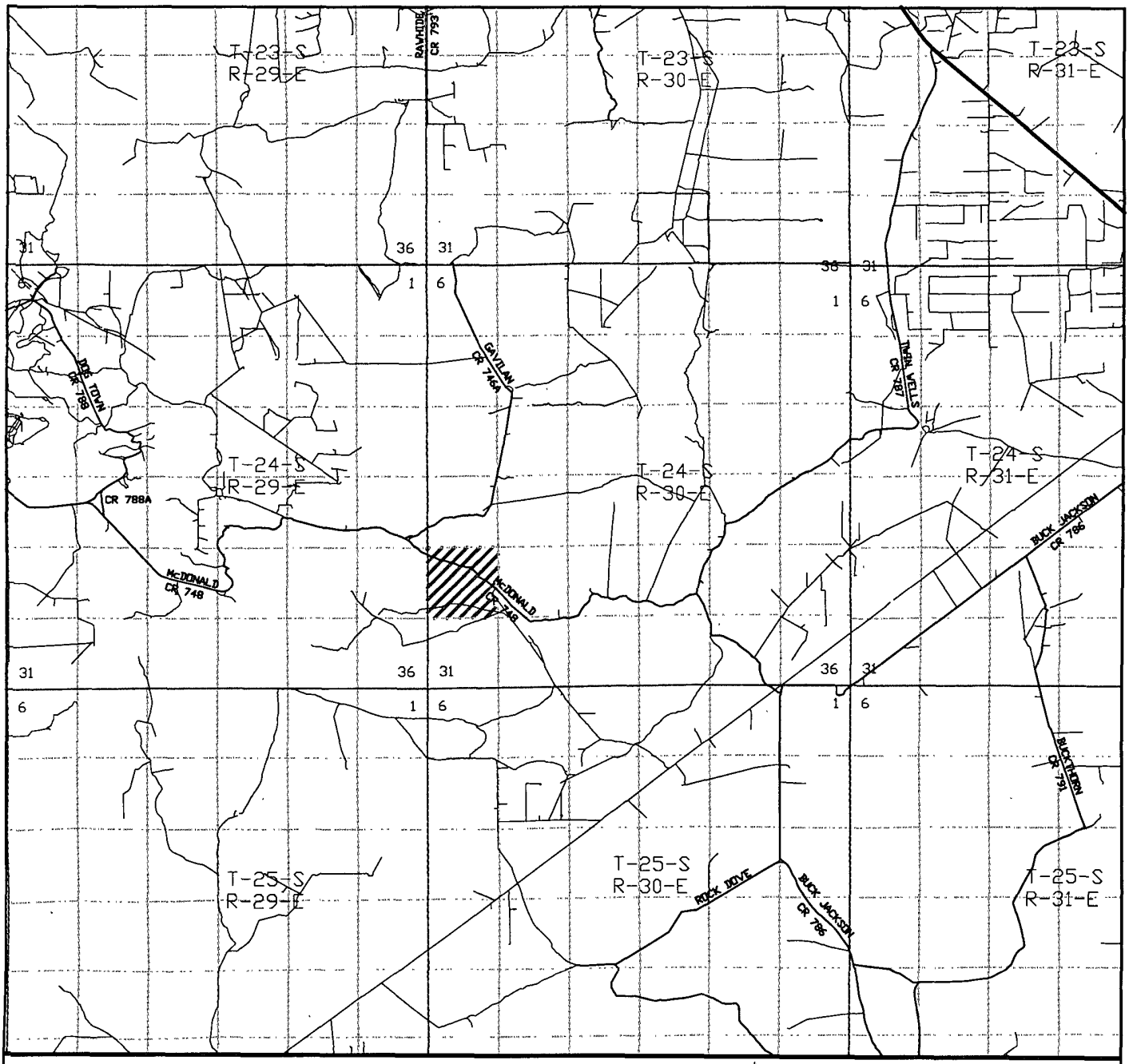
POKER LAKE UNIT #252H
1875' FSL and 1875' FEL
Section 30, Township 24 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

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:	JMS 19325T
Survey Date:	02-27-2008
Scale:	1" = 2000'
Date:	02-28-2008

BEPCO, L.P.



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Hobbs, New Mexico 88241
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(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19325TR
Survey Date:	02-27-2008
Scale:	1" = 2 MILES
Date:	02-28-2008

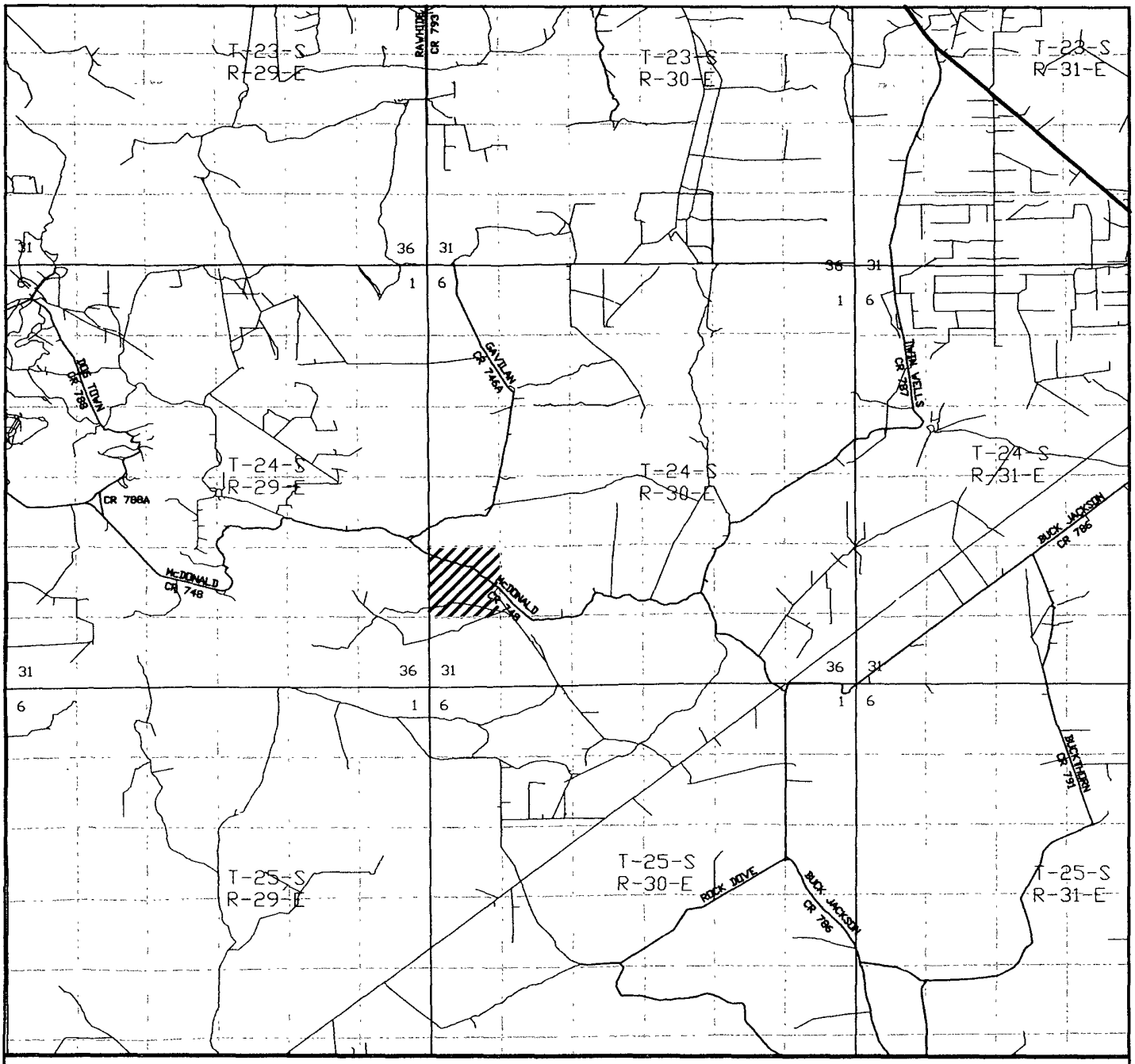
BEPCO, L.P.

Surface casing to be set into the Rustler below all fresh water sands.
Production casing will be cemented using Halliburton acid soluble cement system in lateral hole with TOC at approximately 2,950' (approximately 500' into intermediate casing).
Drilling procedure, BOP diagram, anticipated tops attached.

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

The bottom hole location is unorthodox.

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).



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Section 30, Township 24 South, Range 30 East,
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W.O. Number:	JMS 19325TR
Survey Date:	02-27-2008
Scale:	1" = 2 MILES
Date:	02-28-2008

BEPCO, L.P.

EIGHT POINT DRILLING PROGRAM
BEPCO, L.P.

NAME OF WELL: Poker Lake Unit #252-H
LEGAL DESCRIPTION - SURFACE: 1875' FSL, 1875' FEL, Section 30, T24S, R30E, Eddy County, NM.
BHL: 1400' FNL, 1580' FWL, Section 30, T24S, R30E, 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 3185' (estimated)
GL 3167'

FORMATION	ESTIMATED TOP FROM KB TVD	MD	ESTIMATED SUB-SEA TOP	BEARING
T/Rustler	355'	355'	+ 2830'	Barren
B/Rustler	635'	635'	+ 2550'	Barren
T/Salt	655'	905'	+ 2530'	Barren
B/Salt	3215'	3125'	- 30'	Barren
T/Lamar Lime	3435'	3435'	- 250'	Barren
T/Ramsey	3465'	3465'	- 280'	Oil/Gas
T/Lower Cherry Canyon	5545'	5545'	- 2360'	Oil/Gas
KOP (Kick Off Point)	6725'	6725'	- 3540'	N/A
T/Lower Brushy Canyon	7007'	7032'	- 3822'	Oil/Gas
LBC "Y" Sand	7132'	7250'	- 3947'	Oil/Gas
LBC EOC Target	7157'	7350'	- 3972'	Oil/Gas
TD (end of lateral)	7120'	9684'	- 3935'	Oil/Gas

POINT 3: CASING PROGRAM

TYPE	INTERVALS (MD)	Hole Size	PURPOSE	CONDITION
20"	0'- 60'	24"	Conductor	Contractor Discretion
13-3/8", 48#, H-40, ST&C	0' - 645'	17-1/2"	Surface	New
9-5/8", 36#, J-55, 8RD, LT&C	0' - 3450'	12-1/4"	Intermediate	New
5-1/2", 17#, P-110, LT&C	0' - 6720'	8-3/4"	Production	New
5-1/2", 17#, P-110, Ultra Flush JT	6720' - 9684'	8-3/4"	Production	New

CASING DESIGN SAFETY FACTORS:

TYPE	TENSION	COLLAPSE	BURST
13-3/8", 48#, H-40, ST&C	10.67	2.34	2.82
9-5/8", 36#, J-55, LT&C	3.69	1.14	1.12
5-1/2", 17#, J-55, LT&C	3.33	2.07	3.16
5-1/2", 17#, P110, Ultra Flush Jt	2.38	2.07	3.16

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)

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 200 psig & 1000 psig with the rig mud pump. The BOPE when rigged up on the intermediate casing spool will be tested to 3000 psig by independent tester. 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' - 645'	FW Spud Mud	8.5 – 9.2	38-70	NC	NC	NC	10.0
648' - 3450'	Brine Water	9.8 – 10.2	28-30	NC	NC	NC	9.5 – 10.5
3450' - 6720'	FW/Gel	8.7 – 9.0	28-36	NC	NC	NC	9.5 – 10.0
6720' - 9684'	FW/Gel/Starch	8.7 – 9.0	28-36	NC	NC	<100	9.5 – 10.0

NOTE: May increase vis for logging purposes only.

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

None anticipated.

B) LOGGING

Run #1: PEX (GR-CNL/LDT-AIT) from as deep as possible in deviated hole (±7075') to 3458' with GR-CNL to surface.
Run #2: GR with MWD during drilling of build and horizontal portions of 8-3/4" hole.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT^3/SX
SURFACE:						
Lead: 0 – 345' (100% excess Circ to surface)	298	345	Halliburton Light + 2.7 #/sk Salt	10.14	12.8	1.87
Tail: 345' – 645' (100% excess)	335	300	Premium Plus + 2% $CaCl_2$	6.37	14.8	1.35
INTERMEDIATE:						
Lead: 0' – 2950' (100% excess Circ to surface)	652	2950	Interfill C + 0.125 lb/sk Poly-e-flake	16.43	11.5	2.76
Tail: 2950' – 3450' (100% excess)	262	500	Premium Plus + 0.4% Halad-9	6.29	14.8	1.33

PRODUCTION:						
Lead 2950' - 6720' (50% excess circ to surface)	560	3770	50/50 Poz C + 10% D20 + 0.02% D46 + 0.125 pps D130 + 5% D44	14.68	11.8	2.52
Tail 6720' – 9684' (50% excess)	434	2964	Super H Cement + 0.5% LAP-1 + 0.3% CFR-3 + 3 #/sk Salt + 5 #/sk Gilsonite + 0.25 #/sk D-AIR 3000	11.20	15.0	2.61

E) DIRECTIONAL DRILLING

BEPCO, L.P. plans to drill out the 9-5/8" intermediate casing with a 8-3/4" bit to a TVD of approximately 6725' at which point a directional hole will be kicked off and drilled at an azimuth of 317.70°, building angle at 13.00°/100' to a max angle of 90° at a TVD of 7161' (MD 7420'). This 90° angle will be maintained to a MD of 9684' or TVD of 7126'.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 2397 psi (max) or MWE of 8.4 ppg is expected. Lost circulation may exist in the Delaware Section from 3342'-7150' TVD. 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

39 days drilling operations

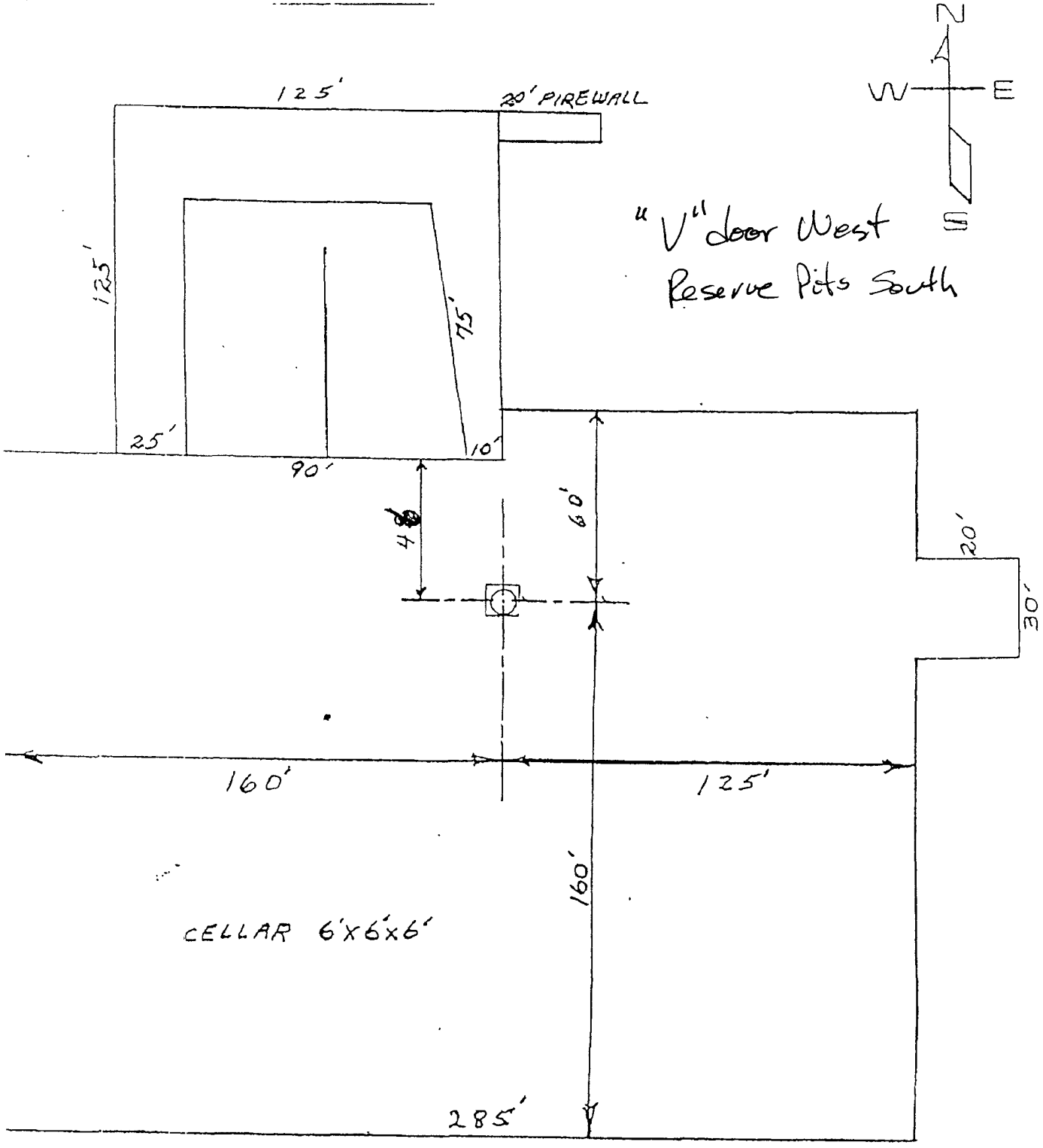
14 days completion operations

Gary E. Gerhard

GEG/mac
May 12, 2008

JW DRILLING INC.

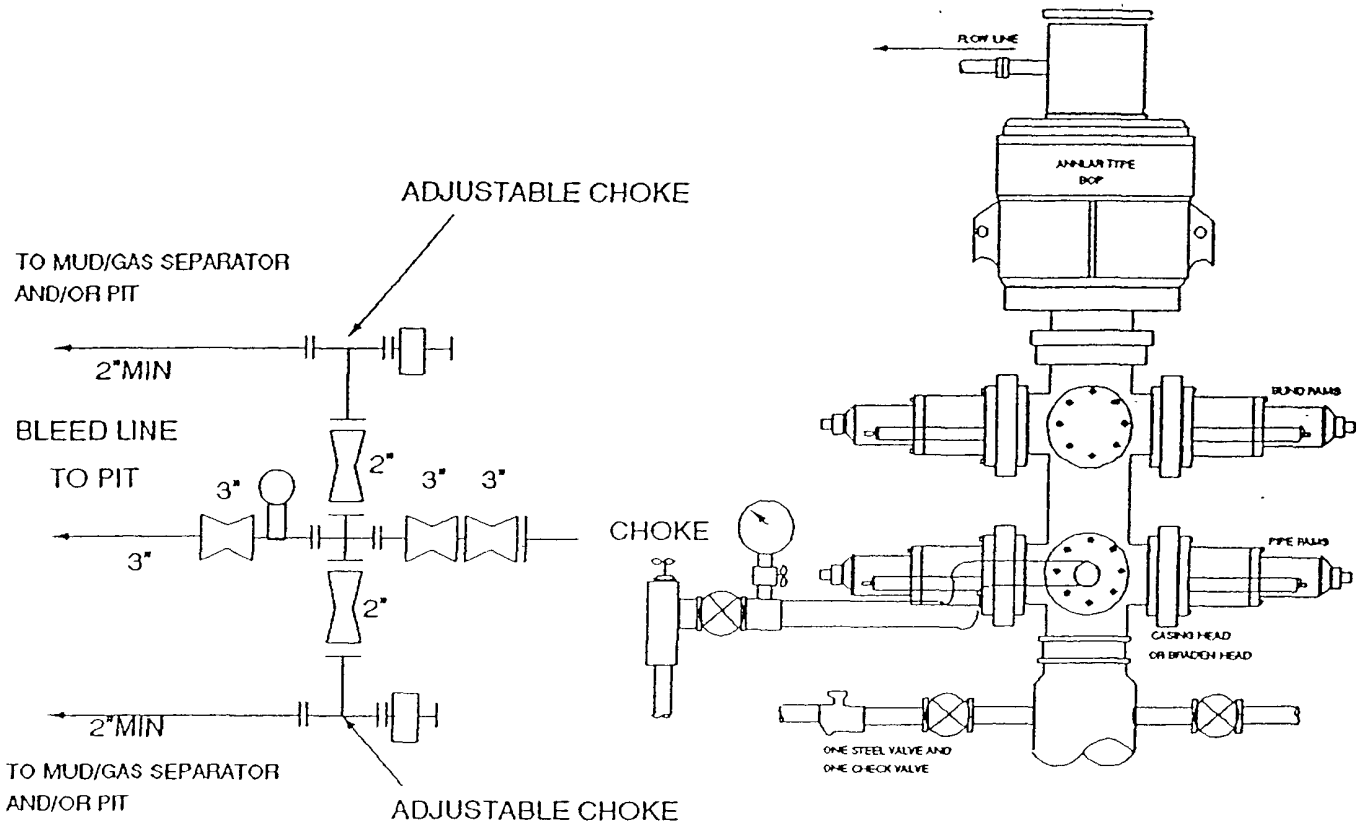
RIG 3



B.E.P CO. L.P

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

Project Eddy Co., New Mexico (Nad 83)
Site Poker Lake Unit #252H
Well Poker Lake Unit #252H
Wellbore Lateral
Plan Plan #1a (Poker Lake Unit #252H/Lateral)

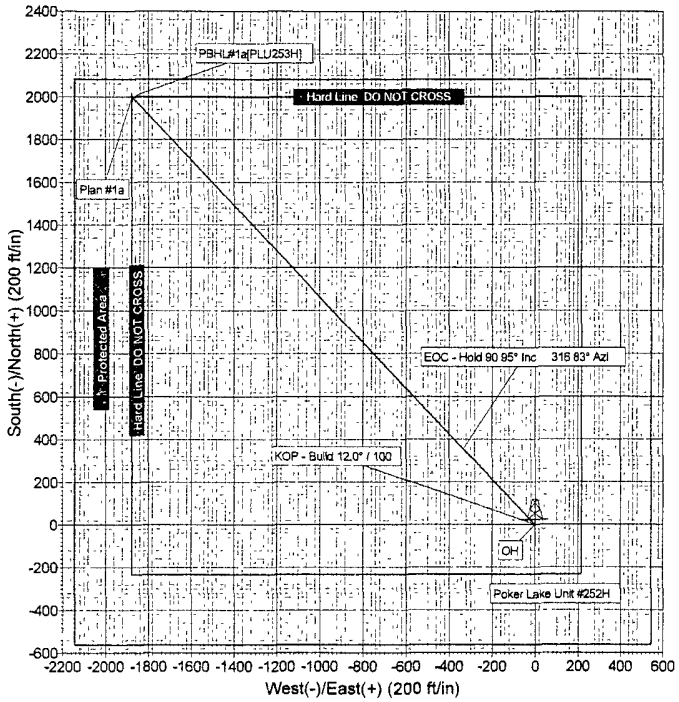
PROJECT DETAILS Eddy Co , New Mexico (Nad 83)

Geodetic System US State Plane 1983
Datum North American Datum 1983
Ellipsoid GRS 1980
Zone New Mexico Eastern Zone

System Datum Mean Sea Level

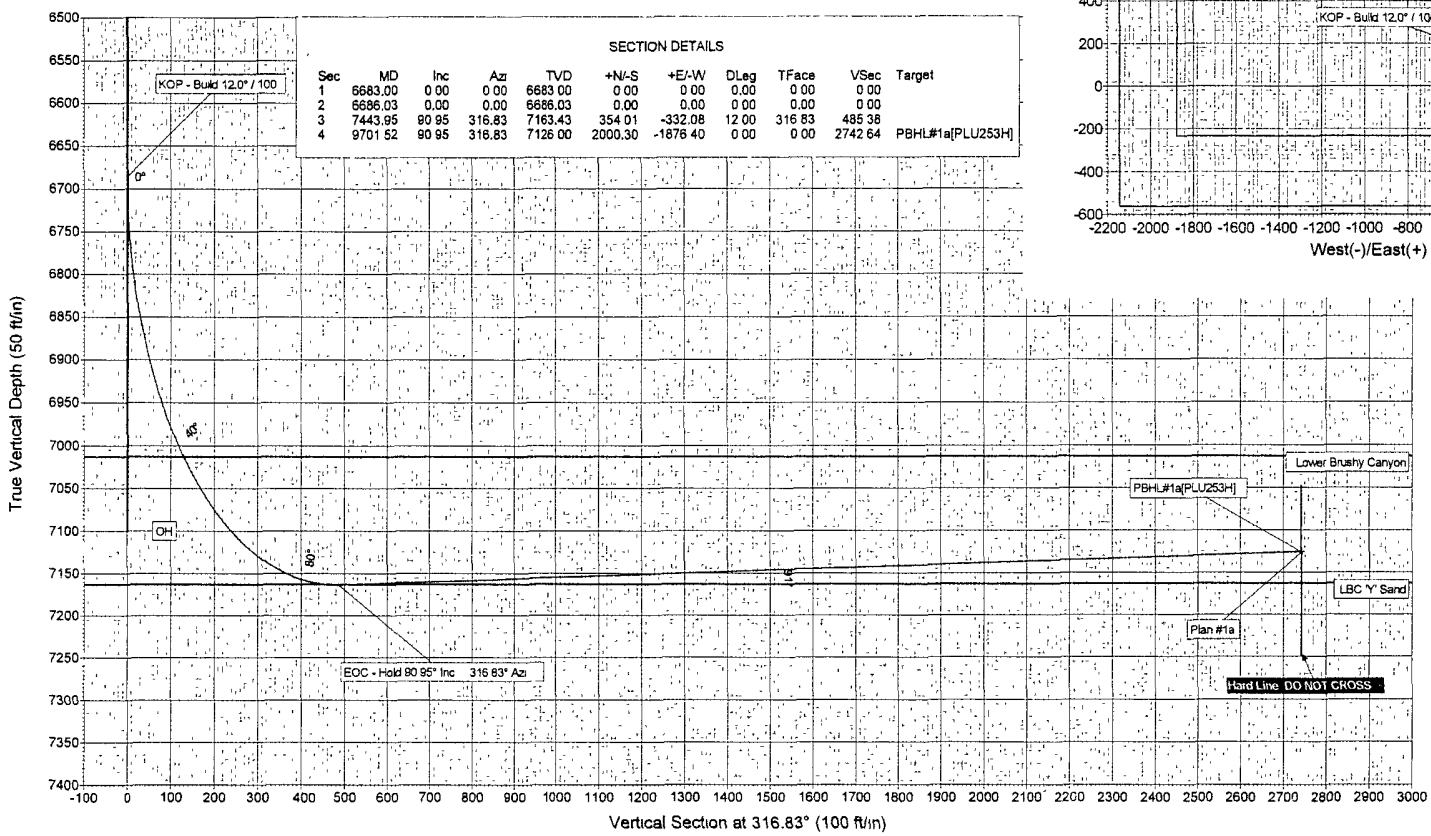
ANNOTATIONS

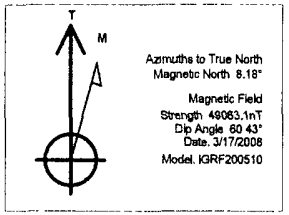
TVD	MD	Annotation
6686 03	6686.03	KOP - Build 12 0° / 100
7163.43	7443 95	EOC - Hold 90.95° Inc 316 83° Azi



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	6683.00	0 00	0 00	6683 00	0 00	0 00	0.00	0 00	0 00	
2	6686.03	0.00	0.00	6686.03	0.00	0.00	0 00	0.00	0 00	
3	7443.95	90 95	316.83	7163.43	354 01	-332.08	12 00	316 83	485 38	
4	9701 52	90 95	316.83	7126 00	2000.30	-1876 40	0 00	0 00	2742 64	PBHL#1a[PLU253H]





Azimuths to True North
Magnetic North 8.18°

Magnetic Field
Strength 48063.1nT
Dip Angle 60 43°
Date 3/17/2008
Model IGRF200510

1a

Plan Plan #1a (Poker Lake Unit #252H/Lateral)
Created By Heather Vennoy Date April 2, 2008

BEPCO, LP.

Eddy Co., New Mexico (Nad 83)
Poker Lake Unit #252H
Poker Lake Unit #252H
Lateral

Plan: Plan #1a

Standard Survey Report

02 April, 2008

Black Viper Energy

Survey Report

Company:	BEPCO, LP	**Local Co-ordinate Reference:**	Well Poker Lake Unit #252H
Project:	Eddy Co., New Mexico (Nad 83)	**TVD Reference:**	Rig KB @ 3191.00ft (Rig KB Elev. (Est))
Site:	Poker Lake Unit #252H	**MD Reference:**	Rig KB @ 3191.00ft (Rig KB Elev. (Est))
Well:	Poker Lake Unit #252H	**North Reference:**	True
Wellbore:	Lateral	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1a	**Database:**	EDM 2003.14 Server Db

Project	Eddy Co., New Mexico (Nad 83)		
Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site	Poker Lake Unit #252H				
Site Position:		**Northing:**	532,630 15 ft	**Latitude:**	32° 27' 49 751 N
From:	Lat/Long	**Easting:**	644,144.85 ft	**Longitude:**	104° 0' 0 000 W
Position Uncertainty:	0 00 ft	**Slot Radius:**	"	**Grid Convergence:**	0 18 °

Well	Poker Lake Unit #252H					
Well Position	**+N/-S**	0 00 ft	**Northing:**	532,630.15 ft	**Latitude:**	32° 27' 49 751 N
	+E/-W	0 00 ft	**Easting:**	644,144.85 ft	**Longitude:**	104° 0' 0.000 W
Position Uncertainty		0 00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	3,170 00 ft

Wellbore	Lateral				
Magnetics	**Model Name**	**Sample Date**	**Declination (°)**	**Dip Angle (°)**	**Field Strength (nT)**
	IGRF200510	3/17/2008	8 18	60 43	49,063

Design	Plan #1a				
Audit Notes:					
Version:		**Phase:**	PLAN	**Tie On Depth:**	6,683 00
Vertical Section:	**Depth From (TVD) (ft)**	**+N/-S (ft)**	**+E/-W (ft)**	**Direction (°)**	
	0.00	0 00	0.00	316 83	

Survey Tool Program	**Date** 4/2/2008		
From (ft)	**To (ft)**	**Survey (Wellbore)**	**Tool Name**	**Description**
6,683.00	9,701.52	Plan #1a (Lateral)	MWD	MWD - Standard

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
6,683 00	0 00	0 00	6,683 00	0.00	0.00	0 00	0 00	0.00	0 00
6,686 03	0.00	0 00	6,686.03	0.00	0 00	0 00	0.00	0 00	0 00
KOP - Build 12.0° / 100									
7,046.20	43.22	316 83	7,013 00	94 47	-88 61	129 52	12 00	12 00	0 00
Lower Brushy Canyon									
7,414 27	87 39	316 83	7,163 00	332 37	-311 78	455 71	12 00	12 00	0 00
LBC 'Y' Sand									
7,443 95	90.95	316 83	7,163.43	354.01	-332 08	485.38	12 00	12 00	0.00
EOC - Hold 90.95° Inc. :: 316.83° Azi.									
9,701.52	90 95	316 83	7,126 00	2,000 30	-1,876 40	2,742.64	0 00	0 00	0 00

Black Viper Energy

Survey Report

Company:	BEPCO, LP.	**Local Co-ordinate Reference:**	Well Poker Lake Unit #252H
Project:	Eddy Co , New Mexico (Nad 83)	**TVD Reference:**	Rig KB @ 3191.00ft (Rig KB Elev. (Est))
Site:	Poker Lake Unit #252H	**MD Reference:**	Rig KB @ 3191 00ft (Rig KB Elev. (Est.))
Well:	Poker Lake Unit #252H	**North Reference:**	True
Wellbore:	Lateral	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1a	**Database:**	EDM 2003 14 Server Db

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
HL[PLU235H]	0 00	0 00	0.00	0 00	0 00	532,630.15	644,144 85	32° 27' 49.751 N	104° 0' 0.000 W
- plan misses by 6683.00ft at 6683 00ft MD (6683 00 TVD, 0.00 N, 0 00 E)									
- Rectangle (sides W2,232 40 H2,093 80 D0 00)									
LL[PLU252H]	0 00	0.00	0 00	0 00	0.00	532,630 15	644,144 85	32° 27' 49.751 N	104° 0' 0 000 W
- plan misses by 6683.00ft at 6683 00ft MD (6683.00 TVD, 0.00 N, 0 00 E)									
- Rectangle (sides W2,642 40 H2,691 80 D0.00)									
PBHL#1a[PLU253H]	0 00	0 00	7,126.00	2,000 30	-1,876 40	534,624 58	642,262.21	32° 28' 9 545 N	104° 0' 21 903 W
- plan hits target									
- Point									
PBHL#1[PLU253H]	0.00	0 00	7,126.00	2,005 14	-1,824 54	534,629 59	642,314.06	32° 28' 9 593 N	104° 0' 21.298 W
- plan misses by 41 14ft at 9669 57ft MD (7126.53 TVD, 1977.00 N, -1854.55 E)									
- Point									

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
7,046 20	7,013.00	Lower Brushy Canyon		0 00	
7,414.27	7,163 00	LBC 'Y' Sand		0 00	

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates +N/-S (ft)	Local Coordinates +E/-W (ft)	Comment
6,686 03	6,686 03	0 00	0 00	KOP - Build 12.0° / 100
7,443.95	7,163 43	354 01	-332.08	EOC - Hold 90 95° Inc. :. 316.83° Azi.

Checked By: _____ Approved By. _____ Date: _____

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: Poker Lake Unit #252-H

LEGAL DESCRIPTION - SURFACE: 1875' FSL & 1875' FEL, Section 30, T-24-S, R-30-E, Eddy County, N.M.

POINT 1: EXISTING ROADS

A) Proposed Well Site Location:

See Exhibit "A" & "C".

B) Existing Roads:

From Carlsbad, New Mexico, go 8 miles south on Hwy 285 to Hwy 31. Turn north and go 7 miles on Hwy 31. Turn east on Hwy 128 and go 4 miles to Rawhide Road (located between mile markers 4 and 5 at Mosiac Mine Shaft). Go south for 3.8 miles to lease road, then east for 0.25 miles, then south 0.9 miles, then east 0.3 miles, then southeasterly for 5.5 miles to windmill then westerly for 1.2 miles to Co. Road 748, then southeasterly for approximately 1.8 miles to lease road. Turn right and proceed southeasterly past Southern Union Gas Compressor thru cattle guard. Turn east and go approximately 0.2 miles to Poker Lake Unit #277. Turn northwest across PLU #227 location to lease road to Poker Lake Unit #252H.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit "E"

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

Approximately 381' long from the existing lease road.

B) Width

12' wide

C) Maximum Grade

Grade to match existing topography or as per BLM requirements.

D) Turnout Ditches

As required by BLM stipulations

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

Exhibits "A" indicates existing wells within the surrounding area.

POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES

A) Existing facilities within one mile owned or controlled by lessee/operator:

Poker Lake Unit #227 located in the SE corner of Section 30, T24S, R30E, Eddy County N.M.

B) New Facilities in the Event of Production:

New production facilities will not be installed at the new location. Proposed Flow lines and power lines are displayed in Exhibit "E". New production facilities will be built at PLU #227 battery.

C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following the 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

On-site caliche will be used. If this is not sufficient, caliche will be hauled from a BLM approved pit.

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 Exhibits "B" & "E".

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" and "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 an existing water well approximately 500' away from the proposed well to the east. There is also an existing water well in the NE corner of section 20.

G) Residences and Buildings

None in the immediate vicinity.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey has been performed for this area and 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. There will be no new access roads required for this location.

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

Steve Johnson
Box 2760
Midland, Texas 79702
(432) 683-2277

5/12/08
Date

Gary E. Gerhard

GEG/mac

OPERATOR CERTIFICATION

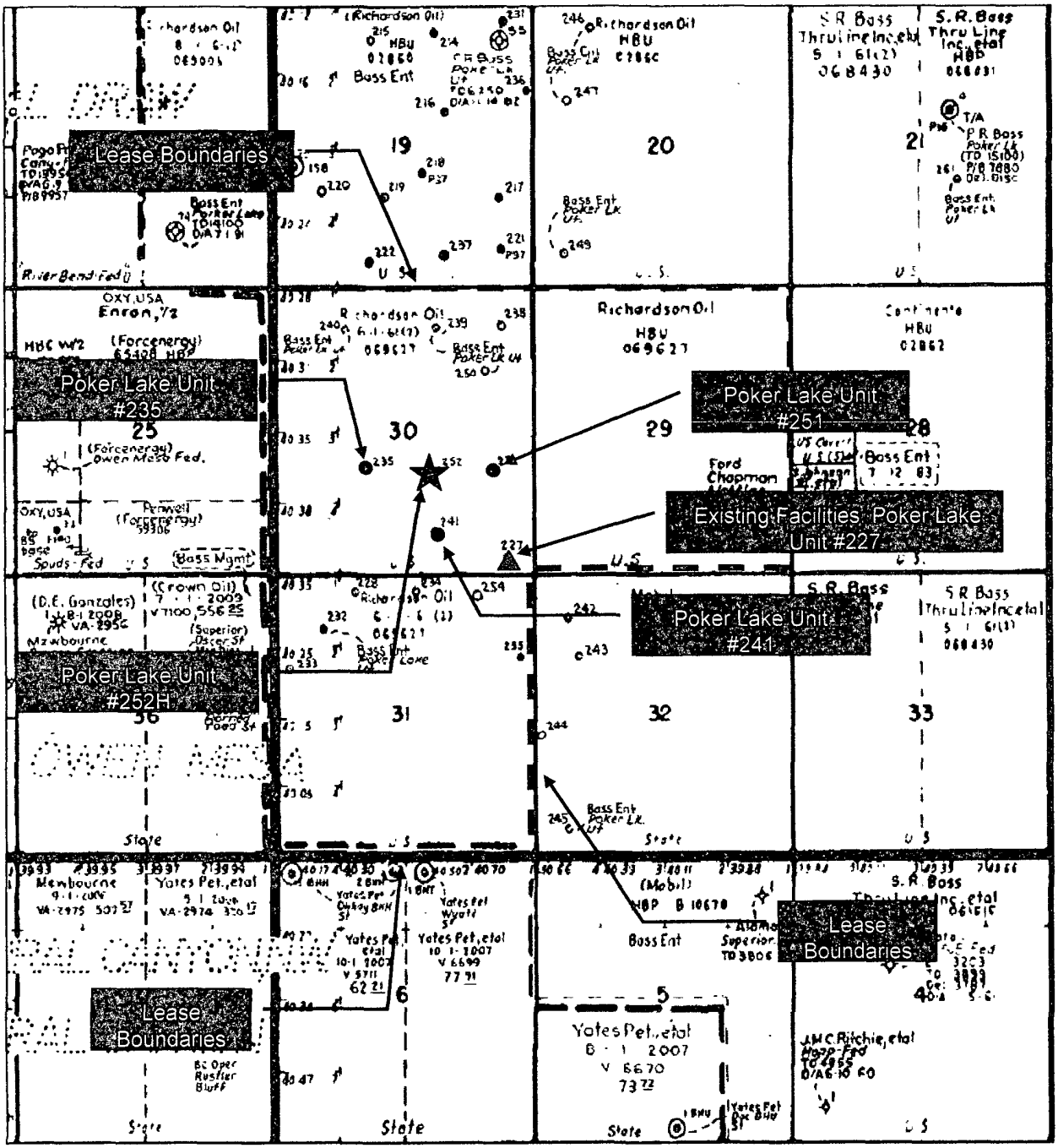
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated 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.

5/12/08
Date

Gary E. Gerhard

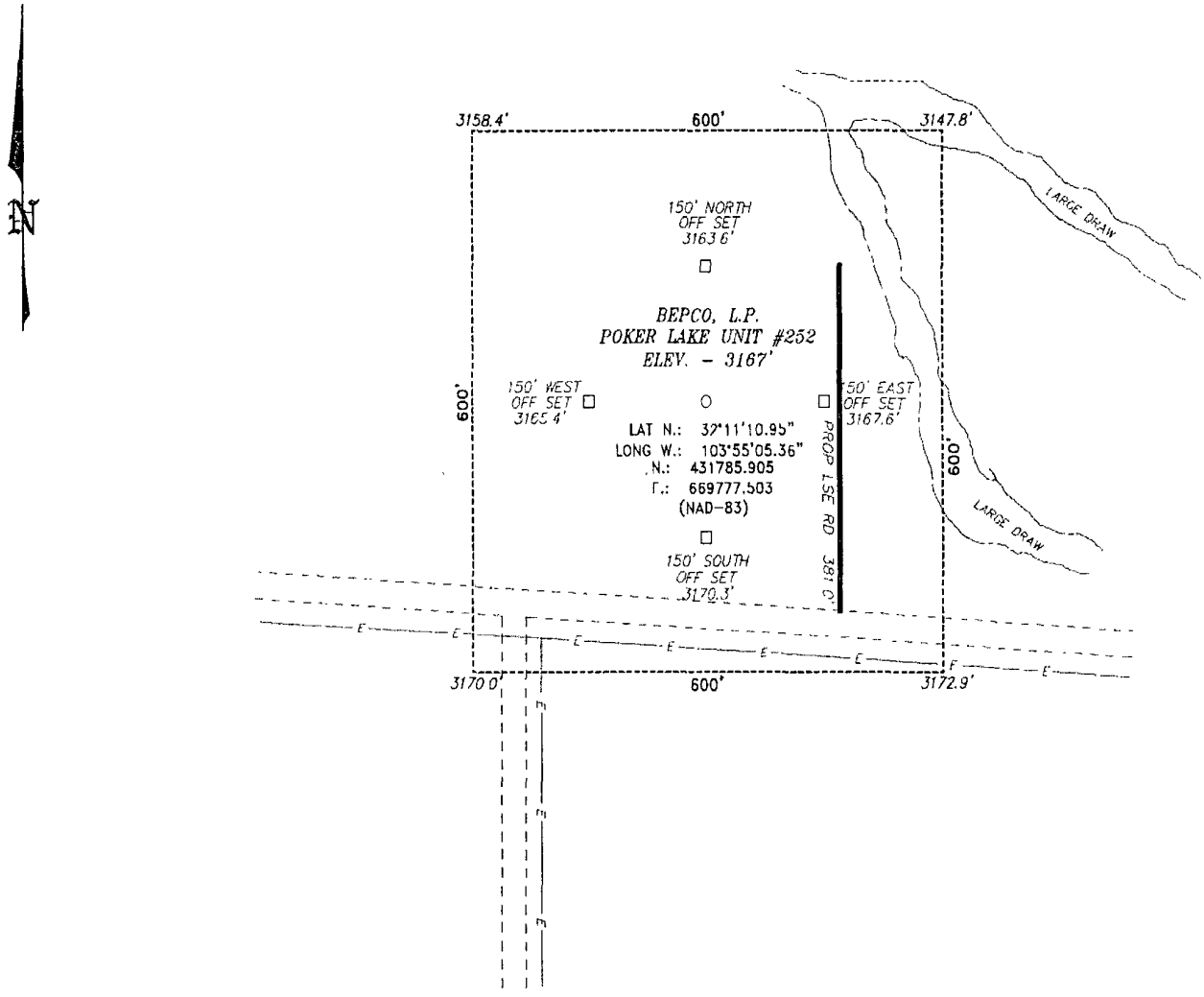
Poker Lake Unit #252H

Exhibit A



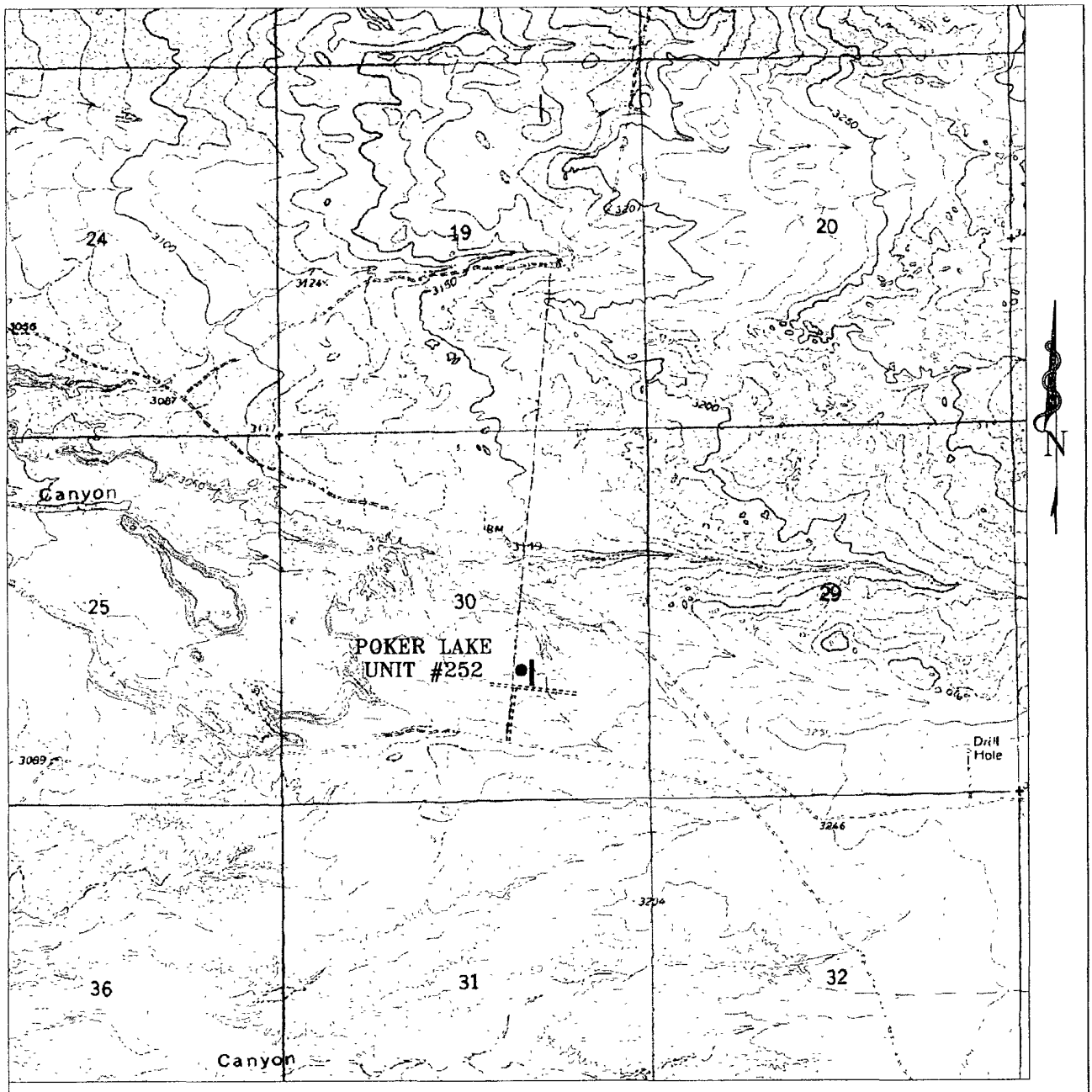
Poker Lake Unit #252H
Exhibit B

SECTION 30, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Poker Lake Unit #252H

Exhibit C

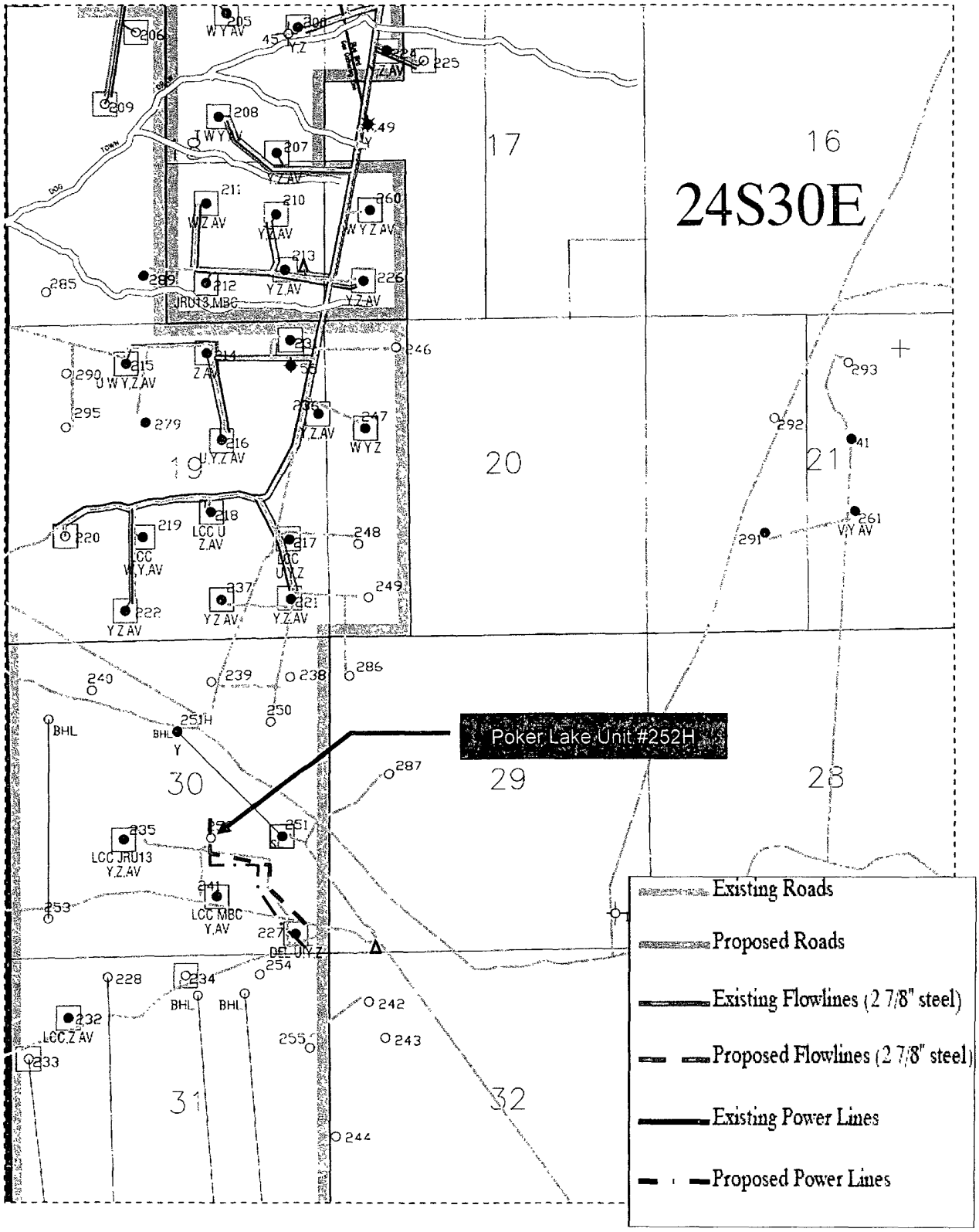


POKER LAKE UNIT #252
1875' FSL and 1875' FEL
Section 30, Township 24 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

Poker Lake Unit #252H

Flow Lines and Power lines

Exhibit E



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220-6292

TAKE PRIDE IN AMERICA

In reply refer to
3162.4
LC069627A

4/21/2008

BEPCO LP
Attn: Annette Childers
P O Box 2760
Midland, TX 79702

RE: 252H-POKER LAKE UNIT, LEASE LC069627A
1875FSL 1875FEL, SEC.30, T24S, R30E, EDDY COUNTY, NM

Your Application for Permit to Drill (APD), for the referenced well, was received on 4/17/2008.
The APD has been reviewed pursuant to part III.B.2 of Oil and Gas Onshore Order No.1 and is found to be:

- ☐ Complete
- ☑ Deficient in the following area(s)
  - ☐ Form 3160-3
  - ☐ Survey Plat
  - ☑ Drilling Plan (BOPE, Casing Program, etc.)
  - ☐ Surface Use Plan
  - ☐ Bonding
  - ☐ Operator Certification Statement
  - ☐ Onsite Not Performed
  - ☐ Original Signature
  - ☐ Other

BEPCO - WTD PRODUCTION
APR 24 2008
RECEIVED

Comments: Please include Safety Factors in your Casing program.

Please submit six (6) copies of each of the above noted deficiencies. If you would like to know whether the Archaeological Survey Report has been filed with the BLM, call the cultural staff at (505) 234-5972. You will be notified if additional information is needed during the processing of your APD.

If you have any questions, please contact Debbie McKinney at (575) 234-5931.

Sincerely,

Debbie McKinney

for Don Peterson
Assistant Field Manager, Minerals

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	BEPCO LP
LEASE NO.:	LC-069627A
WELL NAME & NO.:	252H-Poker Lake Unit
SURFACE HOLE FOOTAGE:	1875' FSL & 1875' FEL
BOTTOM HOLE FOOTAGE	1400' FNL & 1580' FWL
LOCATION:	Section 30, T. 24 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

V-DOOR WEST (RESERVE PITS SOUTH)
CHANGE ACCESS ROAD TO COME IN ON THE WEST SIDE INSTEAD OF THE EAST, SO AS TO AVOID THE DRAW AREA.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 125' X 125' on the South side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

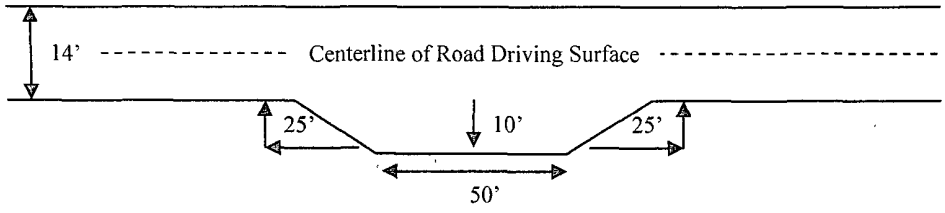
Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

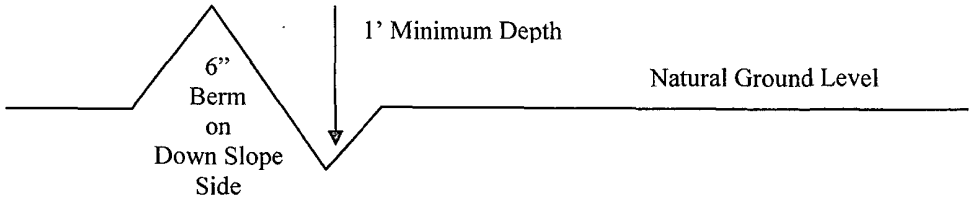


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$\text{400 foot road with 4\% road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

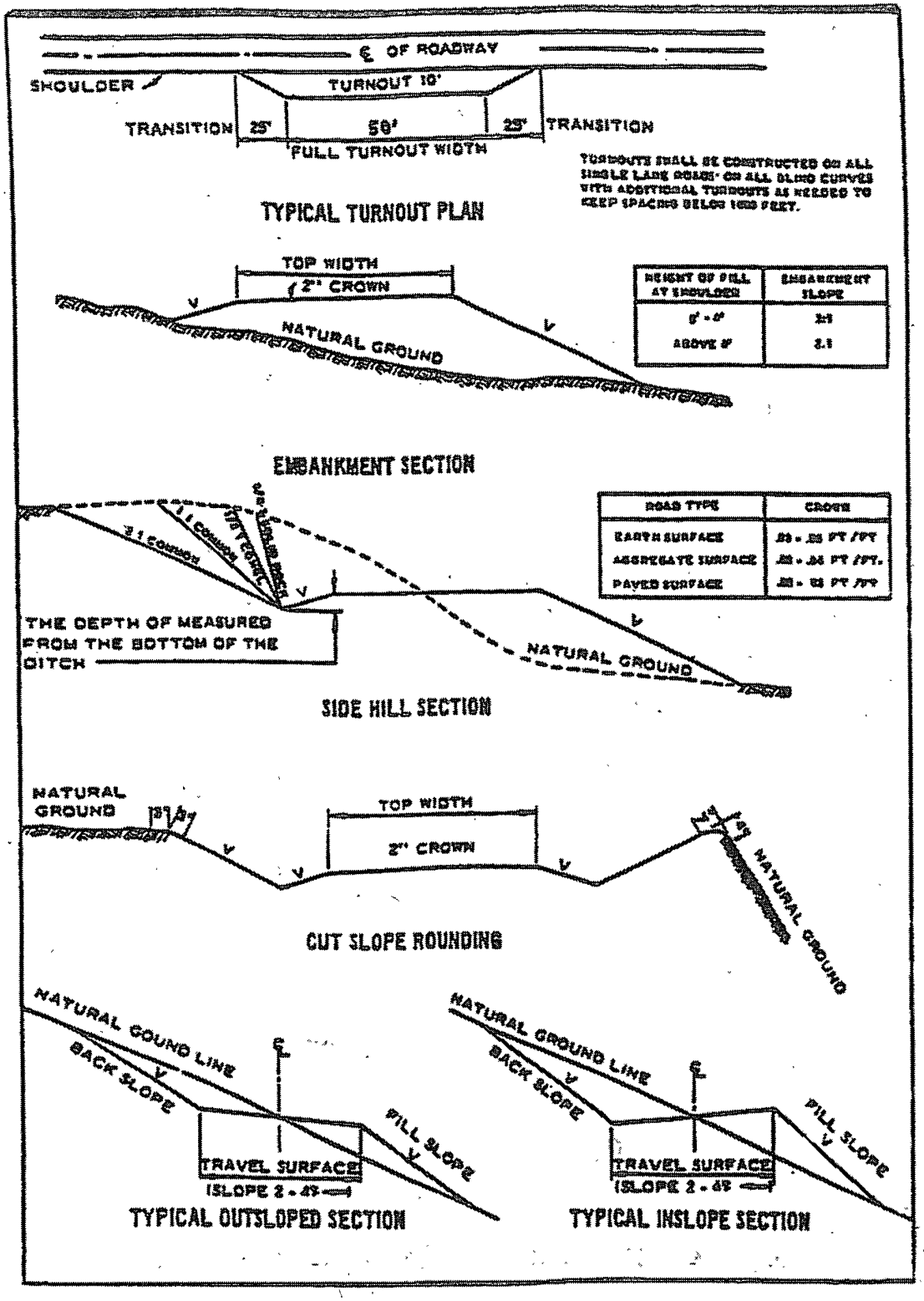
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. 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 Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts 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. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

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

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Medium cave/karst.
Possible lost circulation in the Delaware and Bone Spring formations.

1. The **13-3/8** inch surface casing shall be set **at approximately 645 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.**

    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 cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

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

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

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 **(entire system)** 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.

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VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

VRM Facility Requirement
Low-profile tanks not greater than eight-feet-high shall be used.

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full

expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **25** feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline

route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of

the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.

5. Powerlines shall be constructed in accordance to standards outlined in "Suggested Practices for Raptor Protection on Powerlines, " Raptor Research Foundation, Inc., 1981. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "raptor safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations:
    - For reclamation remove poles, lines, transformer, etc. and dispose of properly.
    - Fill in any holes from the poles removed.

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The see mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.