Form 3160-3 (April 2004)

UNITED STATES

R-111-POTASH 5. Lease Serial No.

DEPARTMENT OF THE IN BUREAU OF LAND MANA	NM02953 & E5229			
APPLICATION FOR PERMIT TO D	ADILL OD DEENTED	1PP	6. If Indian, Allotee	or Tribe Name
la. Type of work: DRILL REENTED		111	7 If Unit or CA Agree	ment, Name and No.
lb. Type of Well: Oil Well Gas Well Other	Single Zone Multip	le Zone	8. Lease Name and W James Ranch U	
2. Name of Operator BOPCO, L. P. (26073	7		9. API Well No. 30-015-	`
	8b. Phone No. (include area code) 432-683-2277		10. Field and Pool, or E	
4. Location of Well (Report location clearly and in accordance with any	State requirements.*)		11. Sec., T. R. M. or Bll	k. and Survey or Area
At surface SENE, UL H, 2185' FNL, 180' FEL, At proposed prod. zone 1800' FNL, 330' FEL, Sec 31, T22S,	•		Sec 36, T22S, R	30E, Mer NMP
14. Distance in miles and direction from nearest town or post office*			12. County or Parish	13. State
17 miles east of Malaga, NM			Eddy County	NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any)	16. No. of acres in lease8027.9	17. Spacin	g Unit dedicated to this w	ell
18. Distance from proposed location*	19. Proposed Depth	20. BLM/I	BIA Bond No. on file	
to nearest well, drilling, completed, applied for, on this lease, ft. 255'	12,532' MD, 7735' TVD	СОВ	000050	DECENTER
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3321' GL	22. Approximate date work will sta 10/01/2010	rt*	23. Estimated duration 24 days	RECEIVED
	24. Attachments			NOV 1 3 2010
The following, completed in accordance with the requirements of Onshore	e Oil and Gas Order No.1, shall be a	and Gas Order No.1, shall be attached to this form:		
Well plat certified by a registered surveyor. A Drilling Plan.	4. Bond to cover t Item 20 above).	he operatio	ns unless covered by an	existing bond on file (see
3. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).		specific inf	ormation and/or plans as	may be required by the
25. Signature	Name (Printed/Typed) Katy Holster			Date 7/27/10
Title Administrative Assistant				
Approved by (Sign/ss/) Linda S. C. Rundell	Name (Printed Typed) /S/Linda	S. C. 1	Rundell	Date NOV 0 4 2018
STATE DIRECTOR			TE OFFICE	
Application approval does not warrant or certify that the applicant hold conduct operations thereon. Conditions of approval, if any, are attached.	s legal or equitable title to those rigi	nts in the su	bject lease which would e APPROVAL F	ntitle the applicant to OR 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)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Carlsbad Controlled Water Basin

KZ 12/13/10

APPROVAL SUBJECT TO **GENERAL REQUIREMENTS** AND SPECIAL STIPULATIONS **ATTACHED**

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

DISTRICT II

DISTRICT IV

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

1301 W. Grand Avenue, Artesia, NM 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

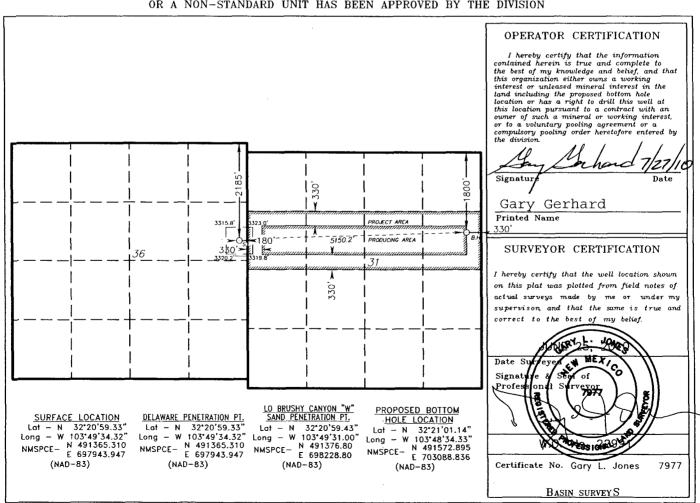
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API 1	lumber		Pool Code P						
30-014.	- 38	308	50	443		Quahada F	Ridge SE (Delaware)	
Property C	ode		Property Name Well Number						
3064	01		JAMES RANCH UNIT 130H						
OGRID No					Operator Nam	ie		Elevat	
260737			BOPCO, L.P. 3321'						1′
_	Surface Location								
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
н _]	36	22 S	30 E		2185	NORTH	180	EAST	EDDY
			Bottom	Hole Loc	cation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	31	22 S	31 E		1800	NORTH	330	EAST	EDDY
Dedicated Acres	Joint o	r Infill Co	nsolidation	Code Or	der No.				
160	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



Form 3160-5 (April2004)

UNIT DEPARTMEN

EDSTATES NT OF THE INTERIOR	FORMAPPROVED OM B No. 1004-0137 Expires: March 31, 20
AND MANAGEMENT OCD Artesia	5. Lease Serial No.
AND REPORTS ON WELLS	NM02953 & E5229

	DEFACTIVIENT OF THE INTI				expires: March 31, 2007
	BUREAU OF LAND MANAGEN NOTICES AND REPORT		OCD Artesia LLS	5. Lease Seria NM02953	
	is form for proposals to dri ell. Use Form 3160-3 (APD)			6. If Indian, A	Allottee or Tribe Name
SUBMIT IN TR	PLICATE - Other instruction	ns on rever	se side.	7. If Unit or	CA/Agreement, Name and/or No.
I. Type of Well X Oil Well	Gas Well Other			8. Well Name	e and No.
2. Name of Operator				James R	anch Unit #130H
BOPCO, L.P.				9. API Well	
3a. Address	3b. J	Phone No. (include	e area code)		
P.O. Box 2760 Midland TX 79702 (432)683-2277					Pool, or Exploratory Area
4. Location of Well (Footage, Se	c., T., R., M., or Survey Description)			Quahada	Ridge SE (Delaware)
2185' FNL, 180' FEL, Sec 36, T22S, R30E					or Parish, State
12. CHECK A	PPROPRIATE BOX(ES)TO INDI	ICATE NATUR	E OF NOTICE, R	EPORT, OR	OTHER DATA
TYPE OF SUBMISSION		TYI	PEOF ACTION		
X Notice of Intent		eepen	Production (Sta	art/Resume)	Water Shut-Off
14onecol men		ractureTreat	Reclamation	L	Well Integrity
Subsequent Report		ew Construction	Recomplete	-	Other Powerline
Final Abandonment Notice	Change Plans	lug and Abandon	Temporarily Ab	andon	description
Final Abandonment Notice	Convert to Injection Plan	lugBack	Water Disposal	•	
If the proposal is to deepen din Attach the Bond under which following completion of the in testing has been completed. Fin determined that the site is read	• •	e subsurface location e Bond No. on file sin a multiple composity after all require	ons and measured and to with BLM/BIA. Requi- oletion or recompletion ments, including reclan	rue vertical depth ired subsequent r in a new interval nation, have beer	ns of all pertinent markers and zones, reports shall be filed within 30 days, a Form 3160-4 shall be filed once in completed, and the operator has
#130H.	ly requests permission to	install an el	ectric line that	will service	e the James Ranch Unit
The proposed electric east approximately 130	powerline will begin at the 00' to the JRU #130H.	southwest	corner of the J	RU #18 we	ell pad and will proceed
Δ man is attached sho	wing the proposed route o	of the electri	c line		

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)	1	
Valerie Truax	Title	Regulatory Clerk
Signature Cale Friay	Date	10/20/2010
THIS SPACE FOR FEDERA	LORS	STATE OFFICE USE
Approved by /s/ Linda S. C. Rundell		TSTATE DIRECTOR Date NOV 0 4 2010
Conditions of approval, if any, are attached. Approval of this notice does not wa certify that the applicant holds legal or equitable title to those rights in the subject which would entitle the applicant to conduct operations thereon.	.4 1	om NM STATE OFFICE

States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Supplemental Project Info received 8 = 10 +1 James Paul Unit #18 R31E

> JAMES RANCH UNIT #130H Located 2185' FNL and 180' FEL Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com W.O. Number: JMS 22991

Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

7003 YF

Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

6. If Indian, Allottee or Tribe Name

I	BUREAU OF I	LAND	MANAGEMEN	17
SUNDRY	NOTICES	AND	REPORTS	ON WELLS

5. Lease Serial No.
WMO2953+E622

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

7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. Gas Well □ □ 8. Well Name and No. James Rauch Unit # 130H 2. Name of Operator BOPCO, L. P. API Well No. 3b. Phone No. (include area code) 3a Address P. O. Box 2760 Midland, TX 79702 432-683-2277 10. Field and Pool, or Exploratory Area Quahada Edge SE (Delaware) 4 Location of Well (Footage, Sec., E., R., M., or Survey Description) SL: 2185' FNL + 180' FEL Sec 36 TZZS B30E 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 Production (Start/Resume) Water Shut-Off Deenen Notice of Intent JWell integrity Alter Casing Fracture Treat Reclamation Casing Repair New Construction Wother Howev 2 Recomplete Subsequent Report Change Plans Plug and Abandon J Temporarily Abandon Final Abandonment Notice Convert to Injection ___ Plug Back 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 recomplete 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 recompletion 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.)

The proposed electric power line will start at the southwest corner of the JRU#18 well pad and will proceed east to JRU#136H. Total distance approximately 1306. See attached plat.

14. Thereby certify that the foregoing is true and correct Name (Printed/Typed) Title	Drilling En	GIVEER
Signature Stange Sterhand Date	8/10/10	
THIS SPACE FOR FEDERAL OR	STATE OFFICE USE	
Approved by	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	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person states any false, fictifious or fraudulent statements or representations as to any matter within		to any department or agency of the Unit

(Instructions on page 2)

Supplemental Project INFO Rec'd 8-10-10
Accepted to File FAID James Rovel Usut 418 T 2 2 S R31E T-235 R31E

JAMES RANCH UNIT #130H

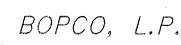
Located 2185' FNL and 189' FEL Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



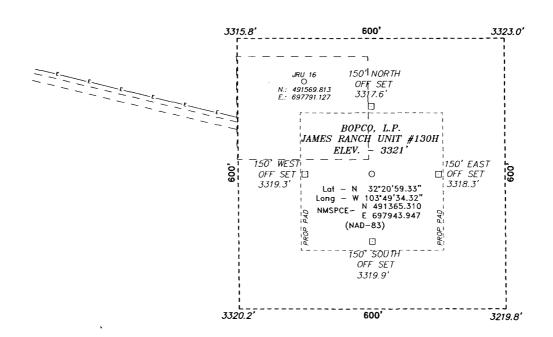
P.O. Box 1786 1120 N. West County Rd. Hobbs, Naw Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax

Scale: 1" == 2600"

YELLOW TINT - USA LAND BLUE TINT - STATE LAND NATURAL COLOR - FEE LAND



SECTION 36, TOWNSHIP 22 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 128 AND WIPP ROAD, GO NORTH ON WIPP ROAD 0.8 MILES TO LEASE ROAD, ON LEASE ROAD GO WEST 0.4 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTH 1.0 MILES THENCE EAST 0.1 TO WELL PAD AND PROPOSED LOCATION.

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

W.O. Number: 22991 Drawn By: J. SMALL

Date: 06-28-2010 Disk: JMS 22991

200 0 200 400 FEET

SCALE: 1" = 200'

BOPCO, L.P.

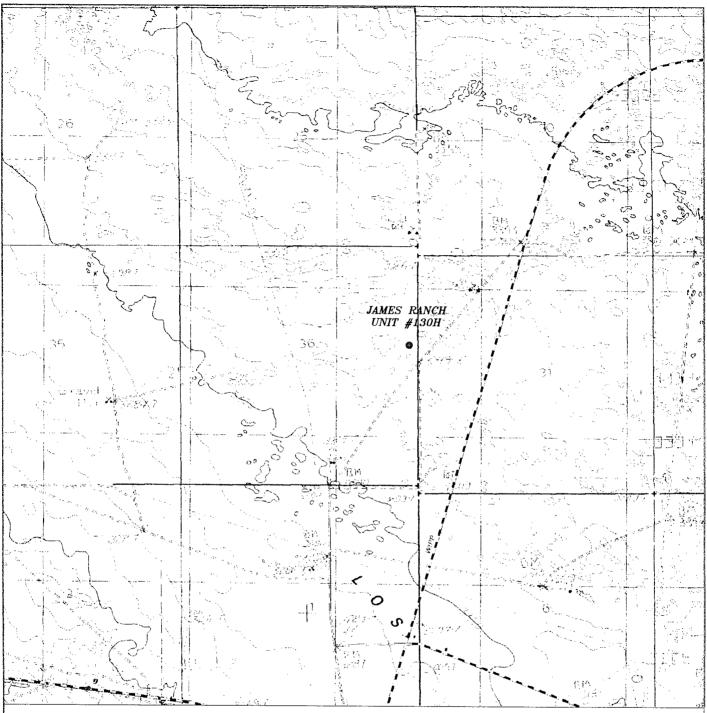
REF: JAMES RANCH UNIT #130H / WELL PAD TOPO

THE JAMES RANCH UNIT #130H LOCATED 2185'

FROM THE NORTH LINE AND 180' FROM THE EAST LINE OF SECTION 36, TOWNSHIP 22 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-25-2010 Sheet 1 of 1 Sheets



JAMES RANCH UNIT #130H Located 2185' FNL and 180' FEL Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

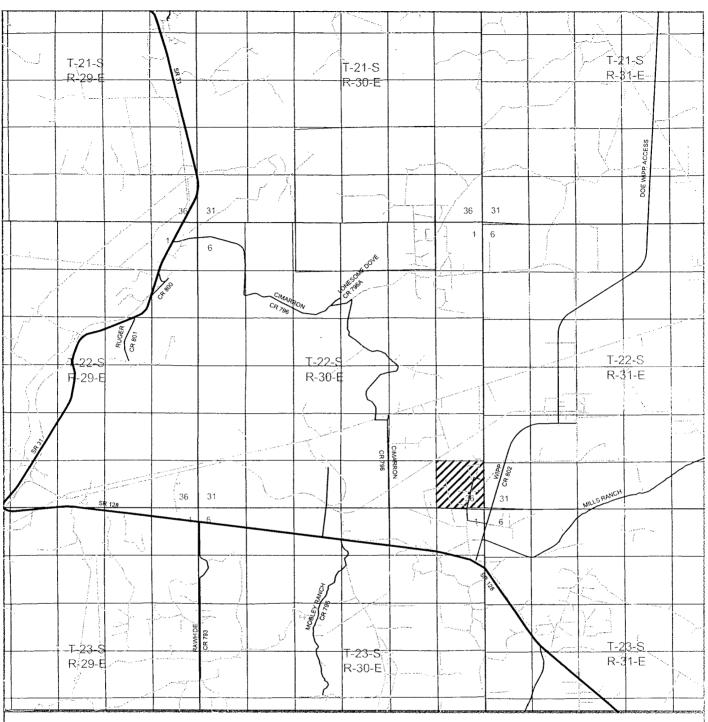
Date:



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

W.O. Number:	QMD 22001
Survey Date:	06-25-2010
Sadar 1" —	SOUC,

06-28-2010



JAMES RANCH UNIT #130H Located 2185' FNL and 180' FEL Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

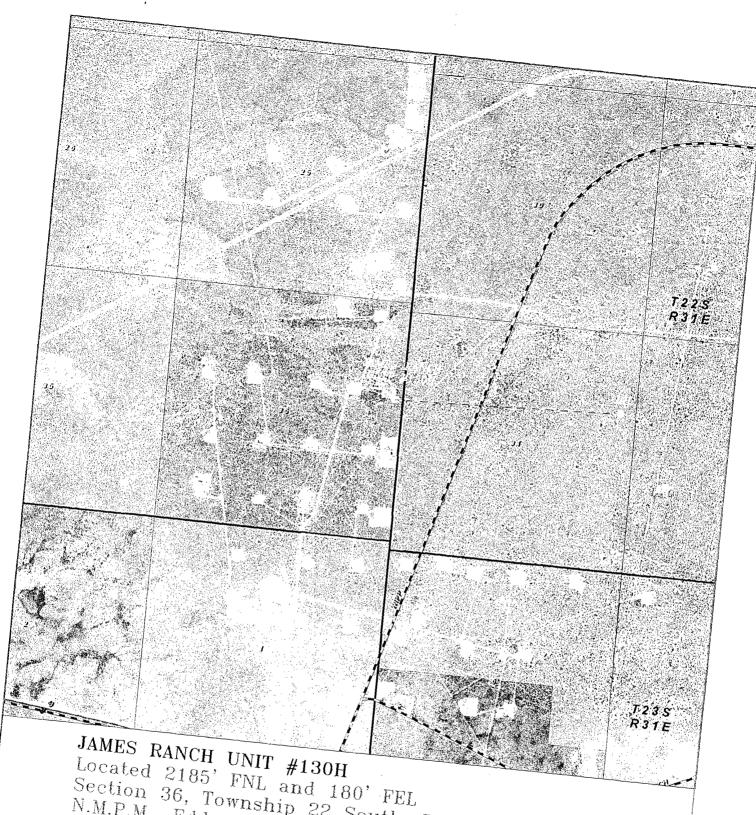


P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 — Office (575) 392-2206 — Fax basinsurveys.com W.O. Number: JMS 22991

Survey Date: 06-25-2010

Scale: 1" = 2 Miles

Date: 06-28-2010



Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



P.C. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

JMS 22991 Scale: 1" = 2000 YELLOW TINT - USA LAND BLUE TINT - STATE LAND NATURAL COLOR - FEE LAND

James Ranch Unit #130H Exhibit "A"

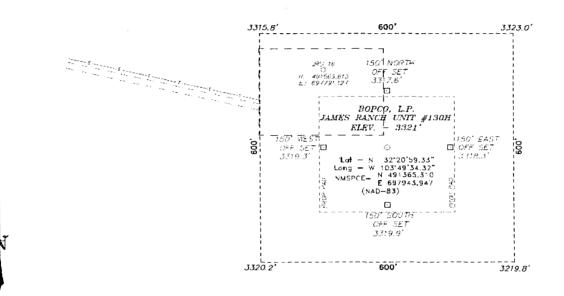


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James Ranch Unit #130H



SECTION 36, TOWNSHIP 22 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.



Directions to Leaguen:

FROM THE JUNCTION OF HWY 128 AND WIPP ROAD, SO NORTH ON WIPP ROAD OB MILES TO LEASE ROAD, ON LEASE ROAD SO WEST 0.4 MILES TO LEASE ROAD, ON LEASE ROAD SO NORTH 1.0 MILES THENCE EAST 0.1 TO WELL PAD AND PROPOSED LOCATION.

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

W.O. Number: 22991 | Drawn By: J. SMALL |
Date: 06-28-2010 | Disk: JMS | 22991

200 0 200 400 FEET

| SCALE: 1" = 200'

BOPCO, L.P.

REF: JAMES RANCH UNIT #130H / WELL PAD TOPO

THE JAMES RANCH UNIT #130H LOCATED 2185'

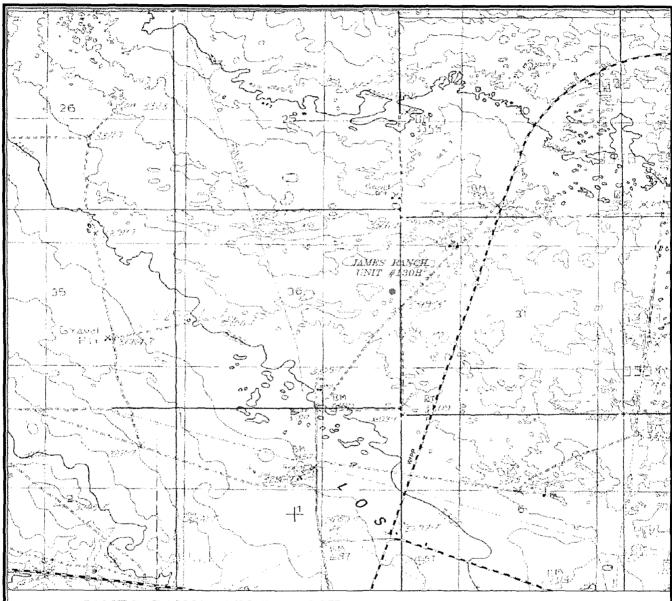
FROM THE NORTH LINE AND 180' FROM THE EAST LINE OF SECTION 36, TOWNSHIP 22 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-25-2010 Sheet 1 of 1 Sheets

James Ranch Unit #130H Exhibit "C"





JAMES RANCH UNIT #130H Located 2185' FNL and 180' FEL Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

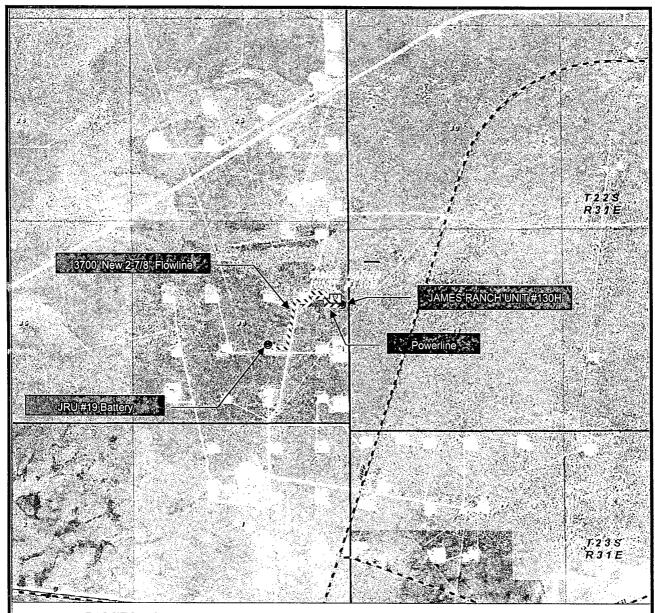


P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

2010
CONTRACTOR OF STREET
NOT A PARTY NAMED IN COLUMN

James Ranch Unit #130H Exhibit "E"

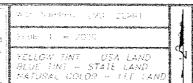


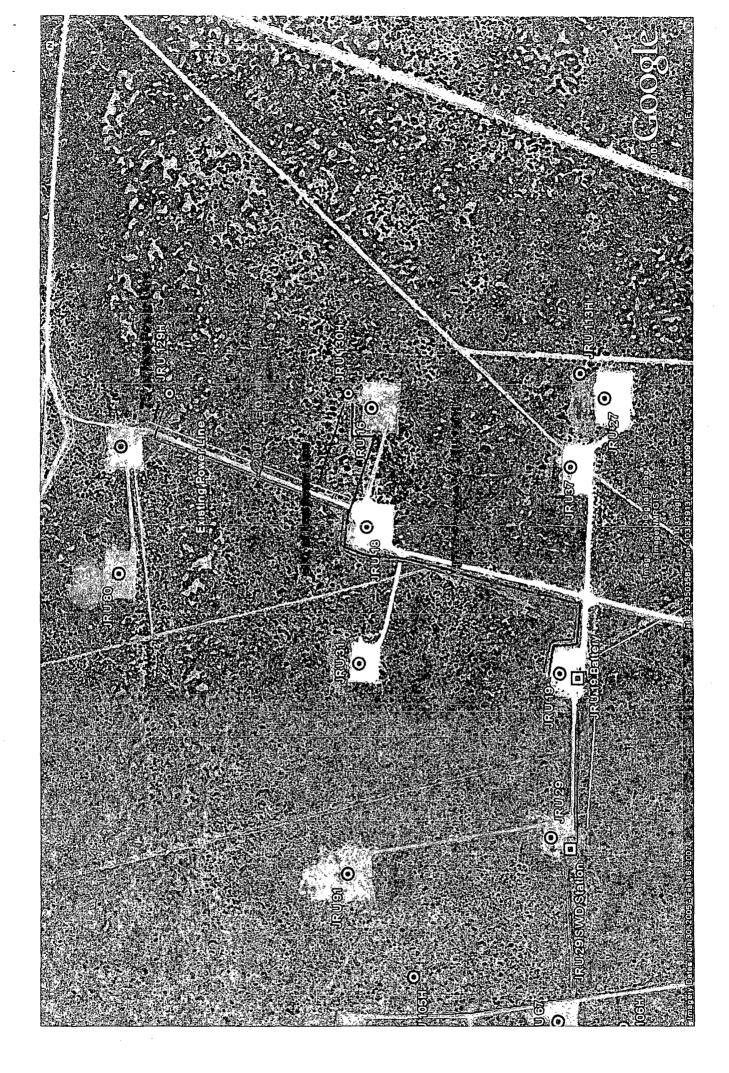


JAMES RANCH UNIT #130H Located 2185 FNL and 180 FEL Section 36, Township 22 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



F.O. Rox. 1786 1720 N. West County Rd. Hobbs. New Mexico 88241 (875) 893-7316 - Office (875) 392-7206 - Fay





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 (5000 psi WP) and a bag type (Hydril) annular preventer (5000 psi WP). The same BOPE will be installed on the surface casinghead and on all subsequent casing strings. The BOP stack, chokes, kill lines, upper and lower kelly cocks, inside BOP, choke manifold when installed on the surface casinghead will be hydro-tested to 200 psig & 2000 psig by a independent tester. The BOP stack, chokes, kill lines, upper and lower kelly cocks, inside BOP, choke manifold, when rigged up on the intermediate casing spool will be tested to 3000 psig by independent tester. (hydril to 2500 psig) In addition to the high pressure test, a low pressure (250 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 . A	MUD TYPE	WEIGHT	_FV_	PV	YP_	_FL	<u>Ph</u>
0' - 690 '460	FW Spud Mud	8.5 - 9.2	38-70	NC	NC	NC	10.0
ゴ(り - 690 - 3880'	Brine Water	9.8 - 10.2	28-30	NC	NC	NC	9.5 - 10.5
3880' - 7893'	FW/Gel	8.7 - 9.0	28-36	NC	NC	NC	9.5 - 10.0
7893' - 12,532'	FW/Gel	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: GR with MWD during drilling of build and horizontal portions of 8-3/4" and 6-1/8" hole.

see COA

Run #2: Drill pipe conveyed caliper/ GR in lateral leg open hole (lateral).

Run #3: GR/NL log will be run by production department from 9-5/8" casing shoe to surface as part of the completion procedure.

C) CONVENTIONAL CORING

None anticipated.



BOPCO, L.P. James Ranch Unit #130H Sec 6, T23S-R31E Eddy County, NM

RIG LAYOUT SCHEMATIC (McVay Rig #5)
INCLUSIVE OF CLOSED-LOOP DESIGN PLAN

Solids Control Equipment Legend 1) Roll Off Bin 5) Centrifuge 2) Steel Tank 6) Dewatering Unit 3) Mud Cleaner 7) Catch Tank 4) Shaker 50' A C Water, and Mud Storage EDGE OF LOCATION W/ BERM SOLIDS CONTROL MUD LOGGER TRAILER TRAILER 6 4 2 135' М 0 U D W 90' L Ν Ε MUD PUMPS LIGHT PLANT BOTTOM DOG HOUSE SUBSTRUCTURE WATER TANK DOG HOUSE WATER TANK **FUEL TANK** PIPE RACKS 170' PARTS HOUSE V-Door East TRAILER HOUSES

170

POINT 10: PLANS FOR RESTORATION OF THE SURFACE

A) Reserve Pit Cleanup - Not applicable (see Point 9C above).

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

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

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.

Page 5

F) Water Wells

The closest known fresh water wells are located in NWNW quarter Sec 5 and SESE quarter of Sec 6, T22S, R30E.

G) Residences and Buildings

Mills Ranch house is approximately 1 1/2 mile southeast of this location.

H) Historical Sites

None observed.

I) Archeological Resources

This project is entirely located in the MOA area. A fee of \$1339 for location flowlines and electric lines will be submitted with this APD. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site is on state owned minerals bottom hole is on federal minerals. There will be no new access roads required for this location.

- K) Well signs will be posted at the drilling site.
- L) Open Pits None used. Closed loop system.

POINT 12: OPERATOR'S FIELD REPRESENTATIVE

(Field personnel responsible for compliance with development plan or surface use).

DRILLING Stephen Martinez Box 2760

Midland, Texas 79702

(432) 683-2277

PRODUCTION Dean Clemmer

3104 East Green Street

Carlsbad, New Mexico 88220

(505) 887-7329

Carlos Cruz Box 2760

Midland, Texas 79702

(432) 683-2277

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 BOPCO, 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.

7/27/10 Date Sury Serhard
Gary Gerhard

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	
LEASE NO.:	NM02953
WELL NAME & NO.:	JAMES RANCH UNIT #130H
SURFACE HOLE FOOTAGE:	2185' FNL & 0180' FEL, Sec. 36, T. 22 S., R. 30 E.
BOTTOM HOLE FOOTAGE	1800' FNL & 0330' FEL, Sec 31, T. 22S., R 31E
LOCATION:	Sec. 36, T22 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.

☐ General Provisions
Permit Expiration
Archaeology, Paleontology, and Historical Sites
Noxious Weeds
Special Requirements
Lesser prairie-chicken stipulations (HEA)
Cave/Karst
Unit Plan of Development
☐ Construction
Notification
V-Door Direction
Topsoil
Closed Loop System
Federal Mineral Material Pits
Well Pads
Roads
Road Section Diagram
□ Drilling
Logging Requirements
High Cave/Karst
WIPP/R-111-P Potash
Waste Material and Fluids
Production (Post Drilling)
Well Structures & Facilities
Pipelines
Electric Lines
Interim Reclamation Interim Reclamation Interim Reclamation
Final Abandonment & Reclamation

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)

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cavebearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, power line, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Attention: The proposed action occurs within the WIPP Lesser Prairie-Chicken Habitat Evaluation Area (HEA) as described in the 2008 Special Status Species Resource Management Plan Amendment. Therefore, according to the prescriptions set forth in the RMPA for management of HEAs, non-emergency exceptions to the Timing Limitation Condition-of-Approval will not be granted to afford the species protection during its breeding season.

Ground-level Abandoned Well Marker to avoid raptor perching:

Upon the plugging and subsequent abandonment of the well, a well marker will be installed approximately 2 inches above ground level and contain the following information: operator name, lease name, and well number and location, including unit letter, section, township, and range. The previous listed information will be welded, stamped, or otherwise permanently engraved into the metal of the marker. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

Plan of Development

Operator is to submit a Unit Plan of Development (UPOD) annually to the BLM. Guidelines for UPOD are available upon request at the BLM Carlsbad Field Office.

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 (575) 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. V-DOOR DIRECTION: East

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used for interim and final reclamation.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

F. 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.

G. 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

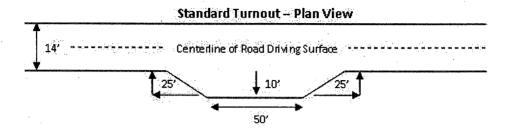
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

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:

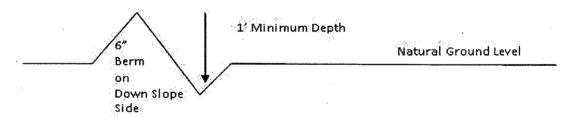


Drainage

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:

400 foot road with 4% road slope:
$$\frac{400'}{4\%}$$
 + 100' = 200' 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.

shoulderturnout 10' 100 ransino.
Intervisible ternouts shall be constructed on all single lone roods at all blind curves with additional tunouts as needed to keep spacing below 1000 (see. **Typical Turnout Plan** height of fill at shoulder embankment slope 3:1 2:1 **Embankment Section** road type earth surface .03 - .05 ft/ft aggregate surf .02 - .04 fi/fr .02 - .03 A/H **Side Hill Section**

Figure 1 – Cross Sections and Plans For Typical Road Sections

Typical Inslope Section

Typical Outsloped Section

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. BOPE tests

Eddy County

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

- 1. Due to recent H2S encounters in the salt formation, it is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide prior to drilling out the surface shoe. If Hydrogen Sulfide is encountered, please report measurements 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. If the drilling rig is removed without approval an Incident of Non-Compliance will be written and will be a "Major" violation.
- 3. Floor controls are required for 3M or Greater systems. These 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.
- 4. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well vertical portion of hole) will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

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.

Wait on cement (WOC) time prior to drilling out 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 for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

HIGH CAVE/KARST

Possible water and brine flows in the Salado and Castile formations. Possible lost circulation within the Delaware and Bone Spring. WIPP/R-111-P Potash

- 1. The 13-3/8 inch surface casing shall be set at approximately 460 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - 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, c-d above. Casing to be set within the Lamar Limestone. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.

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 7 inch production casing is:
 - a. First stage to DV tool, cement shall:
 - □ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage. Excess cement calculates to 11% Additional cement may be required.
 - b. Second stage above DV tool, cement shall:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.
- 4. The minimum required fill of cement behind the 4-1/2 inch production liner is:
 - ⊠ Cement not required; packer system to be used. Minimum overlap 250 feet.
- 5. 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.
- 6. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi. 5M tested as a 2M.
 - a. For surface casing only: If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

- 3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 inch intermediate casing shoe shall be 3000 (3M) psi. 5M tested as a 3M.
- 4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) prior to initiating the test.
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. 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.
 - e. 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. WIPP Requirements

The proposed well is located within 330' of the WIPP Land Withdrawal Area boundary. As a result, BOPCO, L.P. is required to submit daily logs and deviation survey information to the Department of Energy per requirements of the Joint Powers Agreement. Information from this well will be included in the Quarterly Drilling Report. Information will also be provided to the New Mexico Oil Conservation Division after drilling activities have been completed. Any future entry into the well for purposes of completing additional drilling will require supplemental information.

BOPCO, L.P. can email the required information to Mr. Mel Balderrama at

melvin.balderrama@wipp.ws or fax to his attention at 575-234-6062.

F. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

DHW 100610

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

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the grant 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-ofway 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 grant 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:

- Limit all disturbance to authorized width of approved access road.
- For reclamation remove poles, lines, transformer, etc. and dispose of properly.
- Fill in any holes from the poles removed.

IX. 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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation 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 that is free of contaminants 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.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture for LPC Sand/Shinnery 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 <u>no</u> 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 seed 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	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

^{*}Pounds of pure live seed:

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