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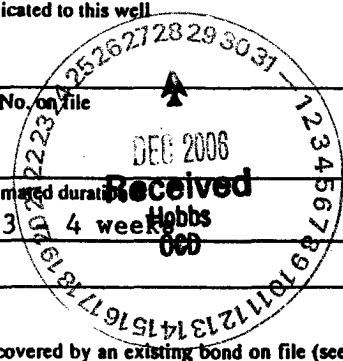
ATS-07-129

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			POTASH AREA		
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other			<input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		
2. Name of Operator Patterson Petroleum, LP			141928		
3a. Address P.O. Box 1416 Snyder, TX 79550		3b. Phone No. (include area code) (325) 573-1938		7. If Unit or CA Agreement, Name and No. 34942	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2095' FNL & 330' FELROS WELL CONTROLLED WATER BASIN At proposed prod. zone same Unit H			8. Lease Name and Well No. Paddy 24 Federal, Well #2		
14. Distance in miles and direction from nearest town or post office* 4 miles SE of Maljamar, NM			9. API Well No. 30-025-38228		
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'			10. Field and Pool, or Exploratory Maljamar Paddock East		
16. No. of Acres in lease 480			11. Sec., T., R., M., or Blk. and Survey or Area Sec. 24-T17S-R32E		
17. Spacing Unit dedicated to this well 40			12. County or Parish. Lea		
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 647'			13. State NM		
19. Proposed Depth 6,200'			20. BLM/BIA Bond No. on file NMB000359		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4089' GL			22. Approximate date work will start* January 8, 2007		
23. Estimated duration 3 1/4 weeks			24. Attachments		



The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 11/22/06
Title Agent for Patterson Petroleum, LP		
Approved by (Signature) <i>Rebecca L. Hunter</i>	Name (Printed/Typed) Rebecca L. Hunter	Date DEC 22 2006
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify the 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 1 YEAR

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 reverse)

Lease Responsibility Statement: Patterson Petroleum, LP accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

George R. Smith, agent

DISTRICT I
1025 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-38228	Pool Code 97417	Pool Name Maljamar; Paddock, East
Property Code 34942	Property Name PADDY 24 FEDERAL	Well Number 2
OGRID No. 141928	Operator Name PATTERSON PETROLEUM, LP	Elevation 4089'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	17-S	32-E		2095	NORTH	330	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME Y=663099.3 N X=690917.2 E LAT.=32.821404° N LONG.=103.711862° W</p> <p>DETAIL 4090.9' 4097.5' 600' 600' 4078.4' 4086.5'</p> <p>SEE DETAIL 330'</p> <p>2095'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Nolan von Roeder</i> 11/9/06 Signature Date Nolan von Roeder Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 16, 2006</p> <p>Date Surveyed LA Signature & Seal of Professional Surveyor <i>Gary E. Edson</i> 10/27/06 06.11.1639 Certificate No. GARY EDSON 12641</p>
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APPLICATION FOR DRILLING

PATTERSON PETROLEUM, LP

Paddy 24 Federal, Well No. 2
2095' FNL & 330' FEL, Sec. 24-T17S-R32E
Lea County, New Mexico
Lease No.: LC-059152b'
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Patterson Petroleum, LP submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.

2. The estimated tops of geologic markers are as follows:

Rustler	1,135'	Queen	3,400'
Top of salt	1,150'	Grayburg	4,200'
Tansill	2,160'	San Andres	4,450'
Yates	2,410'	Paddock	5,800'
7 Rivers	2,630'	T.D.	6,200'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 300'.

Oil and Gas: Possible in the Paddock below 5,800'.

Gas: Possible in the Paddock below 5,800'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48.0#	H-40	ST&C	0' - 400'	Circ. 500 sx. "C" to surface
12 1/4"	8 5/8"	32.0#	J-55	LT&C	0' - 4,800'	Circ. 1500 sx HLPP & 200 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0' - 6,200'	500 sx "C" 50/50 POZ+ additives, TOC estimated @ 4600' from surface

5. Minimum Specifications for Pressure Control Equipment:

An 11" 3M Shaffer Type E Double Gate BOP over single 3M annular preventer will be installed on the 13 3/8" before drilling the 12 1/4" and will be operated as a 2000-psi system. Will perform a test on the casing and BOP before drilling below with the 12 1/4" and the 7 7/8" as per Onshore Order No. 2.

6. MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 400': Fresh water mud:	8.5 ppg	32 - 36	No W/L control
400' - 1,130': Fresh water mud	8.5 ppg	32 - 36	No W/L control
1,130' - 4,800': Cut brine, paper, lime	10.0 ppg	28 - 32	No W/L control
4,800' - 6,200': FW, PAC, caustic	8.4 - 9.2 ppg	32 - 50	W/L control 8 - 15 cc

7. Auxiliary Equipment: Blowout Preventer, flow sensors, kelly cock and stabbing valve.

PATTERSON PETROLEUM, LP

Paddy 24 Federal, Well No. 2

Page 2

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None unless conditions warrant.

Logging: 4,800' to T.D.: GR-Array Induction log, GR-CND.

4,800' to Surface: GR-CNL

Coring: Rotary sidewall in select intervals, if dictated by logs.

Further testing procedures will be determined after the production casing has been cemented at TD; based on drill shows and log evaluations.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated evacuated BHP = 2728 psi and surface pressure of 1364 psi with a temperature of 122°.

10. H_2S : None expected. None in existing wells in close vicinity, but the Mud Log Unit will be cautioned to use a gas trap to detect H_2S and if any is detected the mud weight will be increased along with H_2S inhibitors sufficient to control the gas.

11. Anticipated starting date: January 8, 2007.

Anticipated completion of drilling operations: Approximately 6 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

PATTERSON PETROLEUM, LP
Paddy 24 Federal, Well No. 2
2095' FNL & 330' FEL, Sec. 24-T17S -R32E
Lea County, New Mexico
Lease No.: NM-059152b
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well; the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM minerals map showing the location of the proposed well as staked. The well site location is approximately 4 road miles southeast of Maljamar, NM. Traveling east of Artesia, NM on U.S. Highway 82, there will be approximately 42 miles of paved highway and .1 mile of gravel oil field road.
- B. Directions: Travel east of Artesia, NM on U.S. Highway 82 for approximately 38 miles to Maljamar, NM. Turn south on CR#126, Maljamar Rd, for .6 mile to a "Y". Take southeast road, CR #125, Mescalero Rd. for 3.3 miles. Turn east across cattle guard. The proposed access road for the Paddy 24 Federal, #2 will start approximately 500' east of the cattle guard and run east for 195 feet to the southwest corner of this well pad.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be constructed to a surface width of 12 feet and will be approximately 195 feet long. The proposed and existing roads are color coded on Exhibit "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required. There is one in place at the county road turnoff.
- G. Off lease right of way: None required.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

PATTERSON PETROLEUM, LP

Paddy 24 Federal, Well No. 2

Page 2

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. Patterson Petroleum, LP has production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment will be installed on the drilling pad. A 2.5" J-55 steel line will be buried parallel to the access road north for approximately 1700 feet to the Paddy Federal 24, #1 tank battery.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or will purchase caliche from the closest open pit. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged, 600' X 600'.
- B. Mat Size: 165' X 225', plus 100' X 100' reserve pits on the north.
- C. Cut & Fill: The location will require a cutting of 1-2.0 foot on the north and east with fill to the south and west.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road are located west of the Mescalero Ridge and in the Querecho Plains with a 2% slope to the south/southwest from an elevation of 4089' GL.
- B. Soil: The topsoil at the well site is a tan sandy loam with possible caliche below the surface. The soil is part of the Pyote and Maljamar fine sands series.
- C. Flora and Fauna: The vegetation cover has a poor to fair grass stand consisting of three-awn, muhly, grama, showy chloris and other miscellaneous grasses along with plants of mesquite, yucca, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, antelope, deer, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the immediate vicinity.
- E. Residences and Other Structures: None in the immediate vicinity except oil field facilities.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road is on State surface and with Federal minerals. Surface lessee is the Caswell Ranch, 1702 Gilham Dr., Brownfield, TX 79316 and they have been notified.
- H. There is no visible evidence of archaeological, historical or cultural sites in the staked area. Southern New Mexico Archaeological Services, Inc., P. O. Box 1, Bent, NM 88314, is conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

PATTERSON PETROLEUM, LP

Paddy 24 Federal, Well No. 2

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12. OPERATOR'S REPRESENTATIVE:


- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

Nolan Von Roeder
PATTERSON PETROLEUM, LP
P. O. Box 1416
Snyder, Texas 79549
Office Phone: (325) 573-1938
Cell Phone: (325) 207-2915

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Patterson Petroleum, LP and its 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.

November 22, 2006



George R. Smith
Agent for: Patterson Petroleum, LP

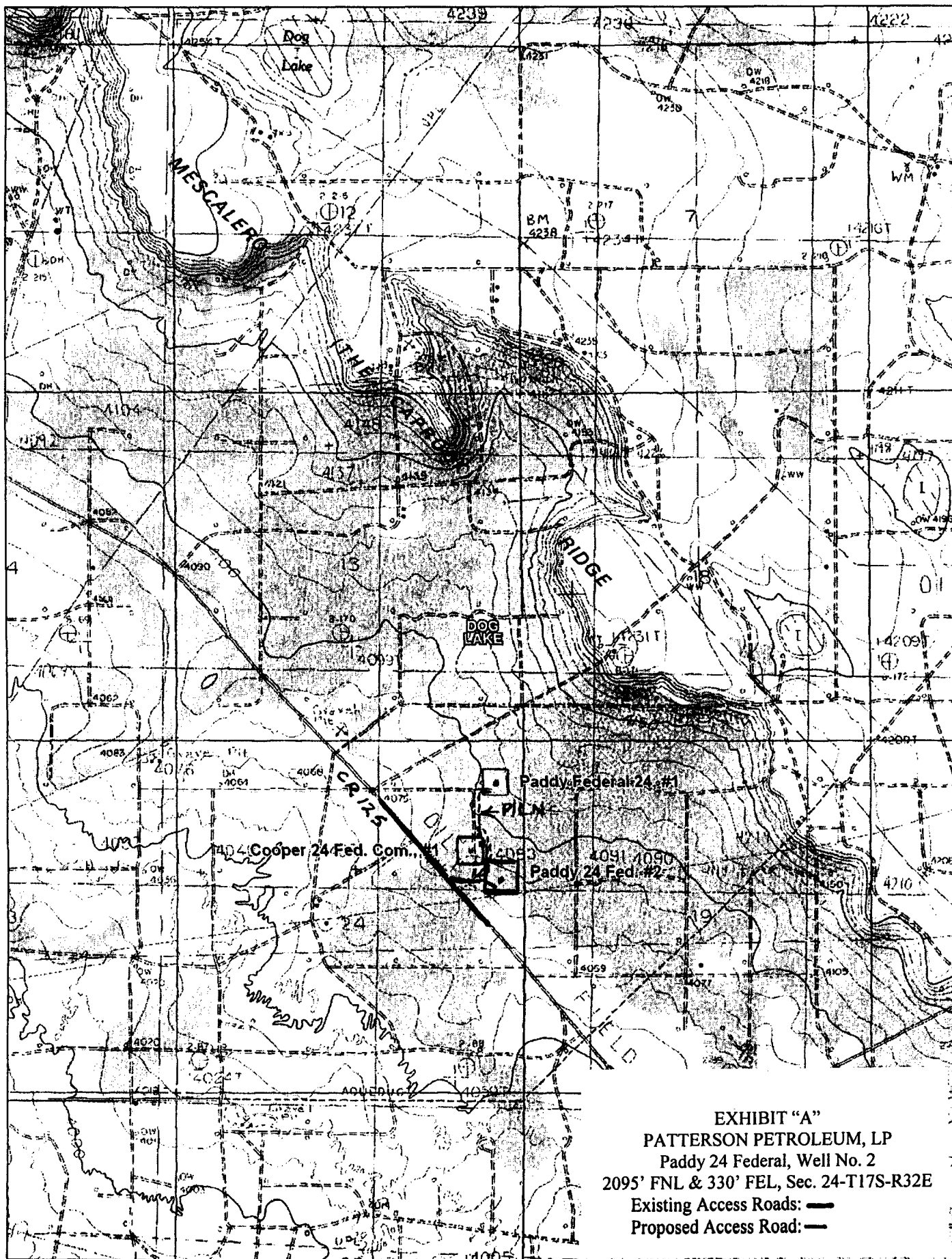


EXHIBIT "A"
 PATTERSON PETROLEUM, LP
 Paddy 24 Federal, Well No. 2
 2095' FNL & 330' FEL, Sec. 24-T17S-R32E
 Existing Access Roads: —
 Proposed Access Road: - - -

DeLORME

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 www.delorme.com

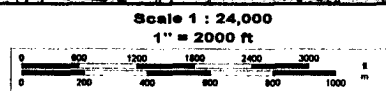
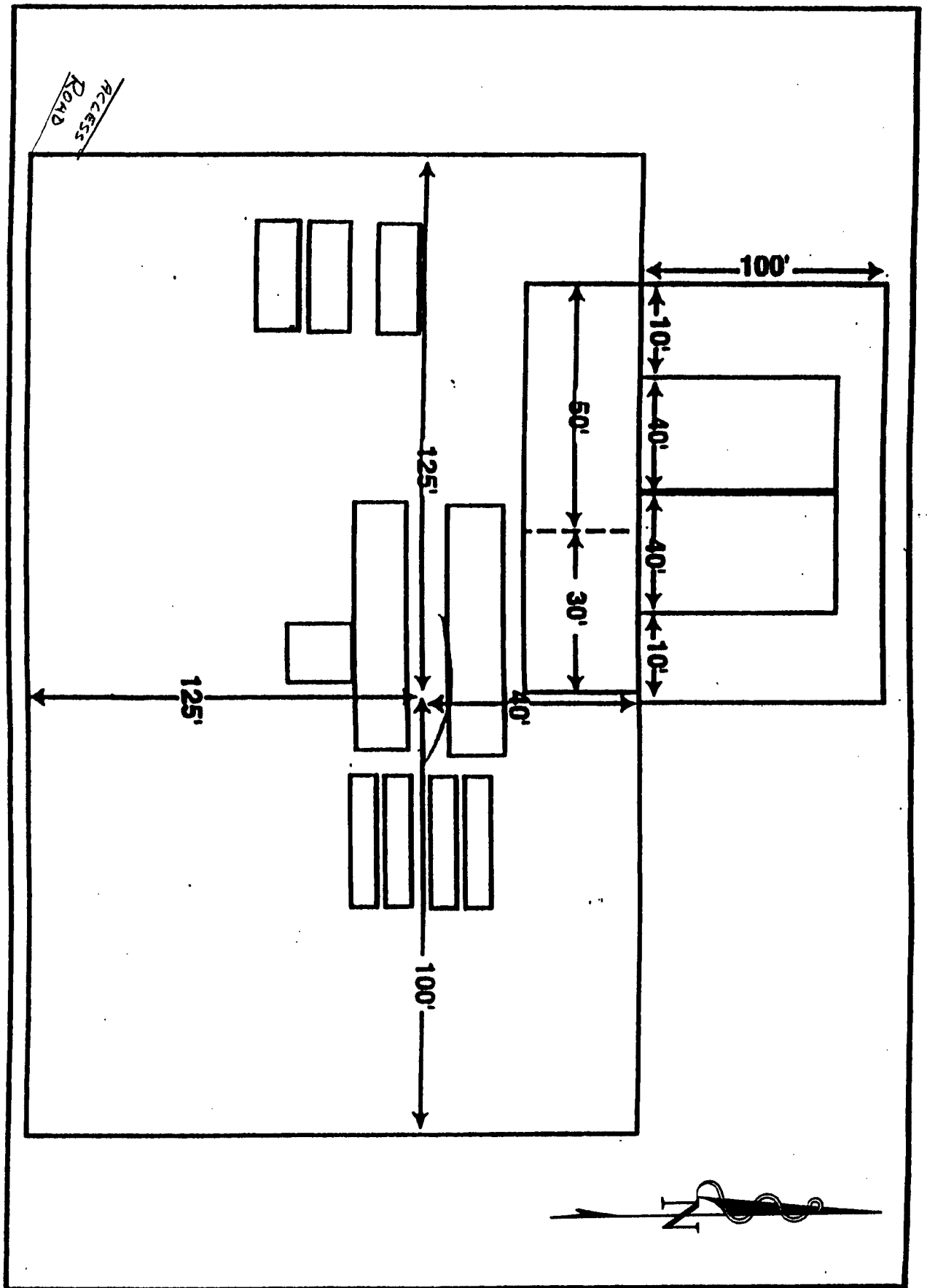




EXHIBIT "C"
PATTERSON PETROLEUM, LP
Paddy 24 Federal, Well No. 2
2095' FNL & 330' FEI, Sec. 24-T17S-R32E
Existing Wells



Rig 65

EXHIBIT "D"
 PATTERSON PETROLEUM, LP
 Paddy 24 Federal, Well No. 2
 Pad & Pit Layout

RIG #

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

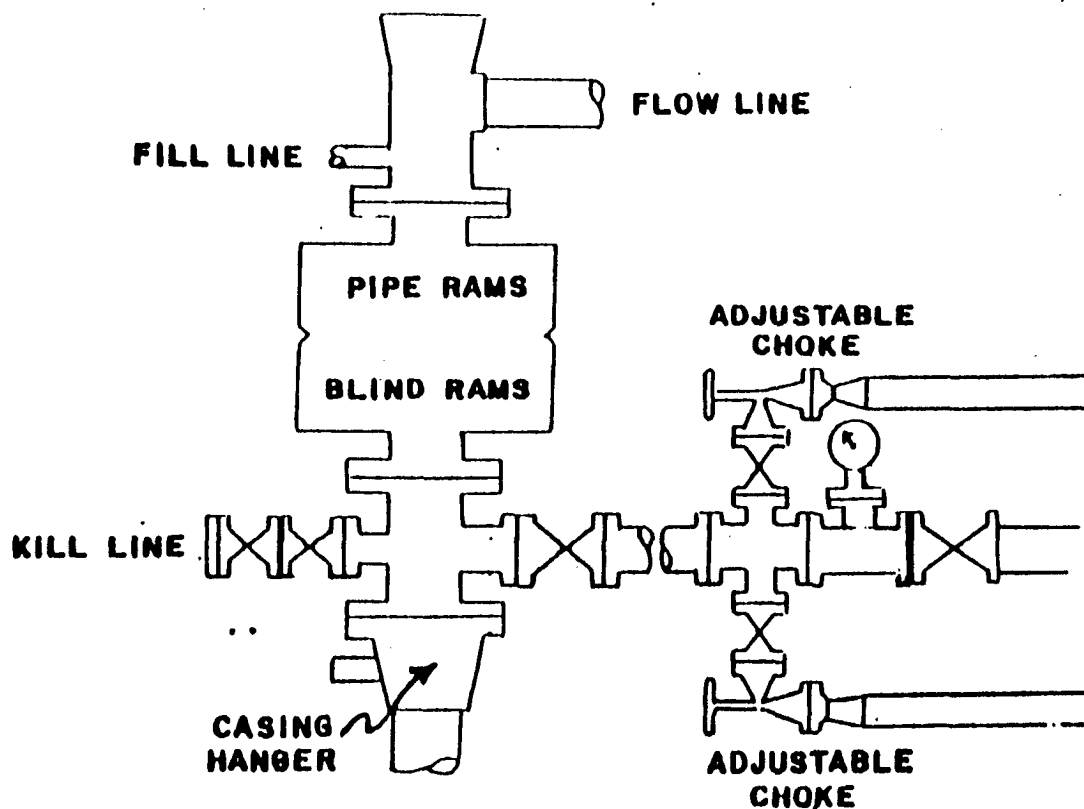


EXHIBIT "E"
PATTERSON PETROLEUM, LP
Paddy 24 Federal, Well No. 2
BOP Specifications

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

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Patterson Petroleum, LP Telephone: 325/572-1938 e-mail address:

Address: P.O. Box 1416 Snyder, TX 79550

Facility or well name: Paddy 24 Federal, Well No. 2 API #: 30-025-38228 U/L or Qtr/Qtr SENE Sec 24 T 17S_R 32E

County: Lea Latitude 32.821404' N Longitude 103.711862' W NAD: 1927 X 1983 ☐ Surface Owner Federal ☐ State X Private ☐ Indian ☐

Pit

Type: Drilling: X Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined X Unlined ☐

Liner type: Synthetic ☐ Thickness 12 mil Clay ☐ Volume

10,000 +/- bbl

Below-grade tank

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes ☐ If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) $\approx 75'$

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

10

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

Ranking Score (Total Points)

10

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility (3) Attach a general description of remedial action taken including remediation start date and

end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: November 22, 2006

Printed Name/Title Agent for Patterson Petroleum, LP

Signature

George R. Smith

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 12/29/06

Printed Name/Title CHRIS WILLIAMS / DIST. SUPER

Signature

Chris Williams

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Paddy 24 Federal # 2
Operator's Name: Patterson Petroleum LP
Location: 2095' FNL, 330' FEL, SEC24, T17S, R32E, Lea County, NM
Lease: LC-059152B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
- A. Spudding
- B. Cementing casing: 13.375 inch 8.625 inch 5.5 inch,
- C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.
3. 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.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13.375 inch surface casing shall be set @ APPROXIMATELY 400 FEET, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 8 5/8 inch salt protection casing is CIRCULATE CEMENT TO THE SURFACE.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall CIRCULATE to 200 feet above the base of the intermediate casing shoe.
5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13.378 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the _____ to the reduced pressure of _____psi with the rig pumps is approved.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineers can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 12/22/06