



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second St.
Roswell, New Mexico 88201
www.nm.blm.gov



IN REPLY REFER TO

NOV 07 2000

CERTIFIED MAIL RETURN RECEIPT REQUESTED

7099 3220 0004 0011 3412

Re: Amendment to the minimum surface casing setting depth for the Bitsy Federal No. 02.

Dear Mr. Muncy:

It has come to our attention to correct the APD Drilling Stipulations for the Bitsy Federal No. 02 located 1980' FNL & 1980' FWL, Section 07, T. 23 S., R. 32 E. Lea County, New Mexico requiring the setting depth of the 13 $\frac{3}{8}$ " surface casing to be a minimum of 900 feet. The original Geologist report requires the minimum depth to be 900 feet. The APD sites the setting depth for the surface casing to be 860 feet. However, it is our requirement for the 13 $\frac{3}{8}$ " surface casing to be set at a minimum of 900 feet or 25 feet into the top of the Rustler Anhydrite. Enclosed is an amended Drilling Stipulation.

Should you have any questions regarding this matter, contact Gary Gourley at the Division of Minerals at 505-627-0249.

Sincerely,

Larry D. Bray

Larry D. Bray
Assistant Field Manager
Lands And Minerals

cc: NM 06010 (G Gourley, **NM86923-Bitsy Fed. 02 7-23-32 APD**)

NM 08310 (Inspectors T23S, R32E)

☒ NMOCD Artesia

NM 0800 (CFO)

This is an Amended Drilling Stipulation changing the minimum surface Casing setting depth from 600 Ft. to 900 Ft. The original Geo Report states this depth but was overlooked due to the comparison of the Bitsy Fed No. 01 well.

CONDITIONS OF APPROVAL FOR DRILLING

Operator's Name: Myco Industries Inc.

Well Name & No. Bitsy Federal No. 02

Location: 1980' FNL & 1980' FWL, Sec. 07, T-23-S, R-32-E

Lease: NMNM 86923

I. DRILLING OPERATIONS REQUIREMENTS:

The Bureau of Land Management (BLM) is to be notified at the BLM Hobbs Office, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness: 1) Spudding, 2) Cementing Casing: 13 3/8", 8 5/8", 5 1/2", 3) BOP Testing 4) An H2S Contingency Plan shall be exempt for this well due to the fact Myco states NO h2S has ben discovered or found in the proximity wells which they drilled also. 5. 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. 6. The APINo. assigned to the well by NMOCD shall be included on the subsequent sundry report of setting the first casing string.

II. CASING:

1. The 13 3/8" Surface Casing shall be set at 900' and circulate cement 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. The casing shall be set above the Top of the Salt.
2. The **minimum required fill** of cement behind the 8 5/8" Intermediate Casing is to circulate to surface.
3. The **minimum required fill** of cement behind the 5 1/2" Production Casing is to cover and seal all possible hydrocarbon producing. The operator is planning to circulate the long string. Tying back to the intermediate by 200 feet is sufficient.

III. PRESSURE CONTROL:

Before drilling below the 13 3/8" Casing Shoe, the blowout preventer assembly shall consist of a minimum of: One Annular Preventer, Two Ram-Type Preventers, Kelly Cock/Stabbing Valve

Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2 M psi for intermediate and production string respectively and shall be tested as described in **Onshore Order No. 2**. Any equipment failing to test satisfactorily shall be repaired or replaced. A 1000 psi test on the BOPE can be utilized on surface hole, but a 2000 psi test must be run on the BOPE prior to drilling out of the 8 5/8" intermediate casing.

G. Gourley, RFO, BLM 11/02/00