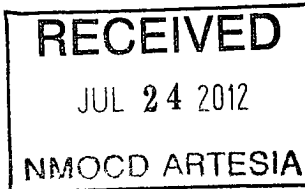


District I
1625 N. French Dr. Hobbs NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St. Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr. Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised December 16, 2011

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



Permit

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address EnerVest Operating Ltd. 1001 Fannin Street, Suite 800 Houston, TX 77002		² OGRID Number 143199
⁴ Property Code 305988		³ Property Name WLH G4S UNIT
		⁵ API Number 30-015- 40525
		⁶ Well No. 55

⁷ Surface Location

UL - Lot L	Section 2	Township 18-S	Range 29-E	Lot Idn	Feet from 1,560	N/S Line SOUTH	Feet From 80	E/W Line WEST	County EDDY
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⁸ Pool Information

LOCO Hills; GRAYBURG - SAN ANTONIO - QU		39520
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Additional Well Information

⁹ Work Type N	¹⁰ Well Type O	¹¹ Cable/Rotary R	¹² Lease Type S	¹³ Ground Level Elevation 3,510'
¹⁴ Multiple No	¹⁵ Proposed Depth 2,640	¹⁶ Formation G4 Sand	¹⁷ Contractor TBD	¹⁸ Spud Date 8/15/2012
Depth to Ground water 150'		Distance from nearest fresh water well 7,100'		Distance to nearest surface water 1,800' (Bear Grass Draw)

¹⁹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	12-1/4"	8-5/8"	24#	0-300'	187	0
Production	7-7/8"	5-1/2"	15.5#	0-2,800'	415	0

Casing/Cement Program: Additional Comments

--

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular Preventer	3000psi	2000psi	TBD

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC D guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Signature: Printed name: BART TREVINO Title: ASSOCIATE REGULATORY ANALYST E-mail Address: BTREVINO@ENERVEST.NET Date: 7/23/2012	OIL CONSERVATION DIVISION	
	Approved By:	
	Title: GEOLOGIST	
	Approved Date: 7/25/2012	Expiration Date: 7/25/2014
	Conditions of Approval Attached	

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED
JUL 25 2012
Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office
NMOCD ARTESIA
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40525	Pool Code 39520	Pool Name LOCO HILLS QUEEN - GRAYBURG - SAN ANTONIO
Property Code 305988	Property Name WLHU G4S UNIT	Well Number 55
OGRID No. 143199	Operator Name ENERVEST OPERATING, LLC	Elevation 3510'

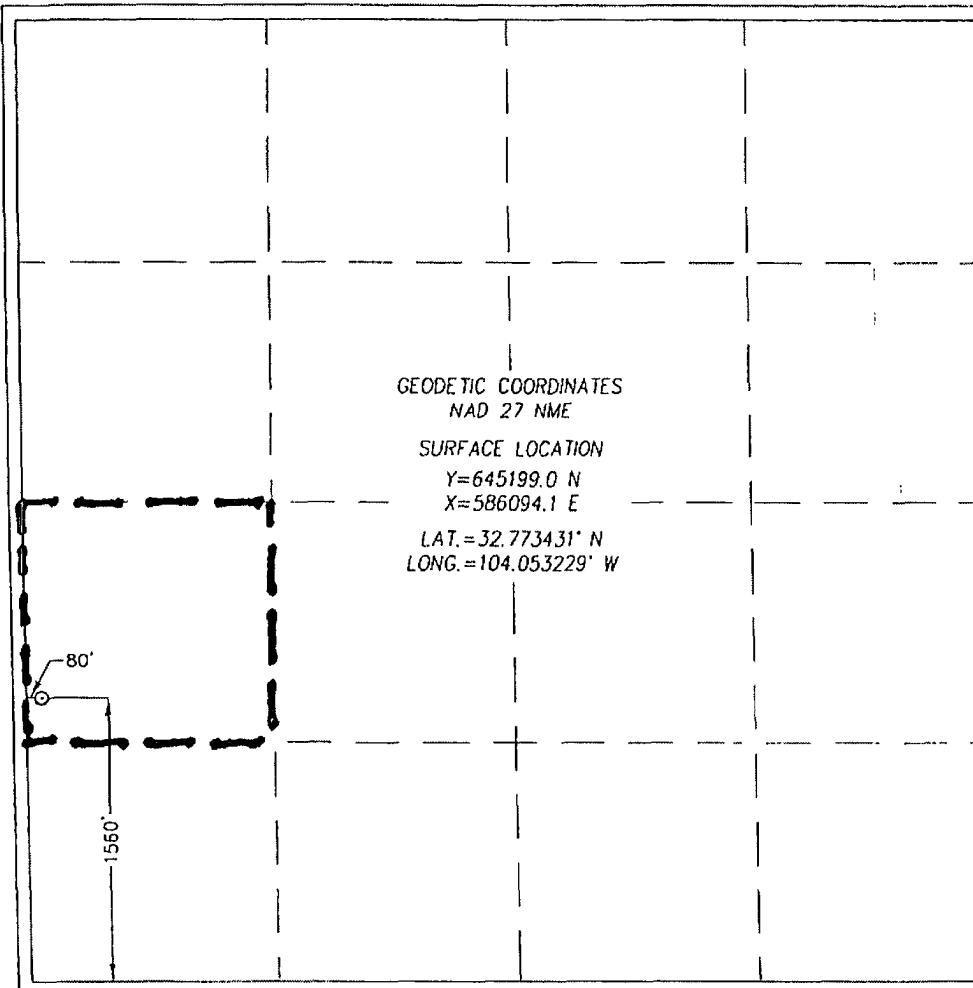
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	2	18-S	29-E		1560	SOUTH	80	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information 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.

[Signature] 7/23/2012
Signature Date

BART TREVIN
Printed Name

BTRVINO@ENERVEST.NET
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JUNE 16, 2010

Date of Survey
Signature & Seal of Professional Surveyor:

[Signature]
GARY C. EIDSON
NEW MEXICO
1234
RECEIVED
JUL 12 2012
Certificate Number Gary C. Eidson 12641
Ronald J. Eidson 3239
AF REL. WO# 10.11.0467 WSC W.O. 12.11.0851

Closed-Loop Design Plan:

The closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will entail an above ground haul-off bin suitable for holding the cuttings and fluids for rig operations. The haul-off bin will be of sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1.) Fencing is not required for an above ground closed-loop system.
- 2.) This site will be signed in compliance with 19.15.3.103 NMAC.
- 3.) Please see attached Closed-Loop System diagram.

Closed-Loop Operating and Maintenance Plan:

In order to protect public health and environment, the closed-loop haul-off bin will be operated and maintained to contain liquids and solids. This will aid in the prevention of contamination of fresh water sources. To attain this goal the following steps will be followed:

- 1.) The solids and liquids in the closed-loop haul-off bin will be transported off the drilling facility and disposed of at the CRI facility (Permit No. R9166) in Halfway, NM on a periodic basis once a bin is determined to be at full volume capacity.
- 2.) No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cuttings used or generated by rig operations will be placed or stored in the tank.
- 3.) The division district office will be notified within 48 hours of the discovery of compromised integrity of the haul-off bin. Upon the discovery of the compromised haul-off bin, repairs will be enacted immediately.
- 4.) All of the above operations will be inspected and a log will be signed and dated. During rig operations, the inspection will be daily.

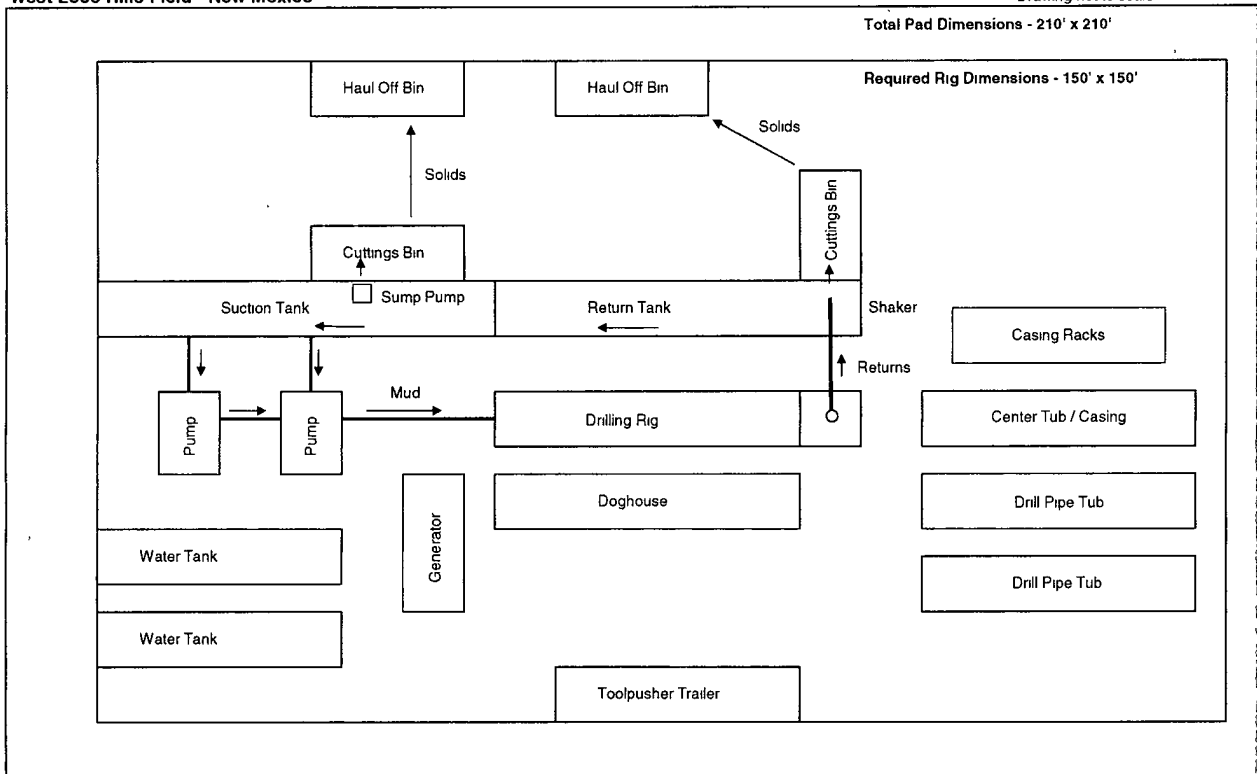
Closed-Loop Closure Plan:

The haul-off bin will be maintained in accordance with 19.15.17.13 NMAC. This will be done by transporting and disposing all cuttings and liquids to the CRI Facility (Permit No. R9166) during and immediately following rig operations. The haul-off bins will be removed from the location as part of the rig move. At the time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.

Location Schematic

West Loco Hills Field - New Mexico

Drawing not to scale



Well Name	West Loco Hills # 55	Elevation & KB	3510'
Enervest No		API No	
Drilling Permit No		USDW depth	
Drilling Contractor	TBD	Vertical	Yes
Enervest Rep	Loren Diede	Directional	No
		Horizontal	No

West Loco Hills - MASTER DRILLING PROGRAM

1 Directions to Well

Directions to well: From Loco Hills NM, go south on CR 217 4 mi turn right on CR 212, go 1/2 mi. Location is on the right.

★ Prior to Spud, running and cementing all casing call NM OCD at required time to notify them of activity anticipated. DOCUMENT ON IADC REPORT AS WELL AS ENERVEST DAILY DRILLING REPORT DATE & TIME OF CALL, PERSON CALLED AND NATURE OF CONVERSATION OR MESSAGE LEFT.

2 Estimated Tops of Important Geologic Markers

MD	SS	Formation	Objective	Rock Type
320	3,193	Salado Salt		Salt
928	2,585	Tansill		Carbonate/Evaporite/Siltstone beds
1,092	2,421	Yates		Anhydrite & Limestone
1,458	2,055	7 Rivers		Anhydrite & Dolomite
2,121	1,392	Queen		Anhydrite & Dolomite
2,617	896	Grayburg		Limestone & Sandstone
2,640	873	G4 Sand	Primary	Sandstone

3 Estimated Depths of Anticipated Fresh Water, Oil and Gas

MD	SS	Formation	Objective	Fluid Type
150	3,360	Quaternary		(Fresh Water)
2,640	873	G4 Sand	Primary	(Oil)



EnerVest Operating, Ltd.
Master Drilling Plan
West Loco Hills Field
Location: 1560' FSL & 80' FWL Sec 2, T18S R29E
Eddy County, NM

Rig - TBD
Rig Telephone # - TBD

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 8-5/8" casing to +/-300' and circulating cement back to the surface will protect the surface fresh water sand. Pressure test casing to 600psi and hold for 30 mins, and document on report. Production casing will be set +/-2800' and circulate cement back to surface. Cement volumes will be pumped to provide cement back to surface.

4 BHA

BHA #1	Surface	Slick
BHA #2	Production	Slick

5 Bit Program

	Size	Type	RPM	WOB	Depth Out	Total Feet
Surface	12-1/4"	Tri-cone	60-100	30k	+/- 350'	300
Production	7-7/8"	Tri-cone / PDC	60-90	30k	+/- 2800'	2500

6 Casing Program

Hole Size	Interval	OD Casing	Weight	Grade	Conn./New?	Bur/Col/Tens
12-1/4"	0-300'	8-5/8"	24#	J-55	STC/New	2950 / 1370 / 244
7-7/8"	0-2,800'	5-1/2"	15.50#	J-55	LTC/New	4810 / 4040 / 217

7 Cement Program

8-5/8" Surface Csg
100% XS LEAD/TAIL 187 Skts Class "C" 2% CaCl₂ (1 32 YLD, 14 8 PPG)

5-1/2" Production Csg
75% XS LEAD 215 SKS 50 50 POZ C & 2% CaCl₂ (11 8 PPG 2.56 CF/SK)
TAIL 200 SKS CLASS "C" (14.8 PPG 1 33 CF/SK)

5 1/2 Prod. Csg DISPL Displace cement with 2% KCL water in Production Casing

After running and cementing surface casing and casing WOC, TIH & drill out float collar plus 20' cement. Close BOP's around drill pipe and test surface casing to 600 psi for 30 minutes. Record pressure test.

This must be recorded on IADC as well as Enervest daily report form.

Size	Weight	Grade	1/3 Burst	Csg Test
8-5/8"	24#	J-55	983	600
5-1/2"	15.50#	J-55	1603	1500



Testing of Production casing will be accomplished by person completing well after Drilling rig is moved off.

8 Minimum Specifications for Pressure Control & Wellhead Equipment

The blowout preventer equipment (BOPE) shown in the BOPE Diagram will consist of an annular preventer (3000 psi WP). This unit will be hydraulically operated and will be nipped up on the 8 5/8" surface casing and tested to 2000 psi by a third party. The BOPE will be checked daily and these checks will be noted in the tour sheets. Other accessories to the BOPE will include a kelly cock and floor safety valve, choke lines and a choke manifold, and will have a 2000 psi WP rating.



EnerVest Operating, Ltd.
Master Drilling Plan
West Loco Hills Field
Location: 1560' FSL & 80' FWL Sec 2, T18S R29E
Eddy County, NM

Rig - TBD
Rig Telephone # - TBD

A 2,000 psi WP Larkin Type Wellhead will be used.

9 Types and Characteristics of the Proposed Mud System

The surface hole will be drilled with native.

The production hole will be drilled with saturated brine water

DEPTH	TYPE	WEIGHT	VISCOSITY	WATER LOSS
0 - 300'	Native	8 4-8 6	28-30	N.C.
300' - TD	Brine	9.8-10 1	28-30	12 cc

Sufficient mud materials will be kept at the well site to maintain mud properties and meet minimum lost circulation and weight increase requirements at all times.

10 Auxillary Well Control and Monitoring Equipment

- A. Kelly cock will be kept in the drill string at all times.
- B. Rotating Head to be installed before drilling Production Hole
- C. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times

11 Logging, Testing and Coring Program

- A. The electric logging program will consist of a Spectral GR/Density Neutron/Induction logs run from TD to the surface casing shoe.
- B. A GR-Neutron will be run to surface on selected wells.
- C. Mud logger will be used on selected wells.
- D. Sidewall cores are planned for selected intervals in this well

12 Abnormal conditions, Pressure, Temperatures and Potential Hazards

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temp at TD is 95°F and the est maximum bottom hole pressure is 1,000 psi. This well is to be drilled in a pre-existing water flood.

13 Anticipated Starting Date and Duration of Operations

Anticipated Start Date is September 1, 2012

Once commenced, drilling operations should be finished in approximately 7 days

An additional 30 days will be required for completion, testing and installation of permanent production facilities

14 Safety

Conduct Four Safety Meetings with all crews and record topics of these meetings on the IADC and morning reports. Document all personnel in attendance and topics of these Safety Meetings. Keep these documents on file in company representative's office for inspection.

15 Notes

Stamp, Code and Sign all Invoices

This well is in a potential H₂S Area. A H₂S contingency plan is attached

Inclinations Survey every 500' or bit trip

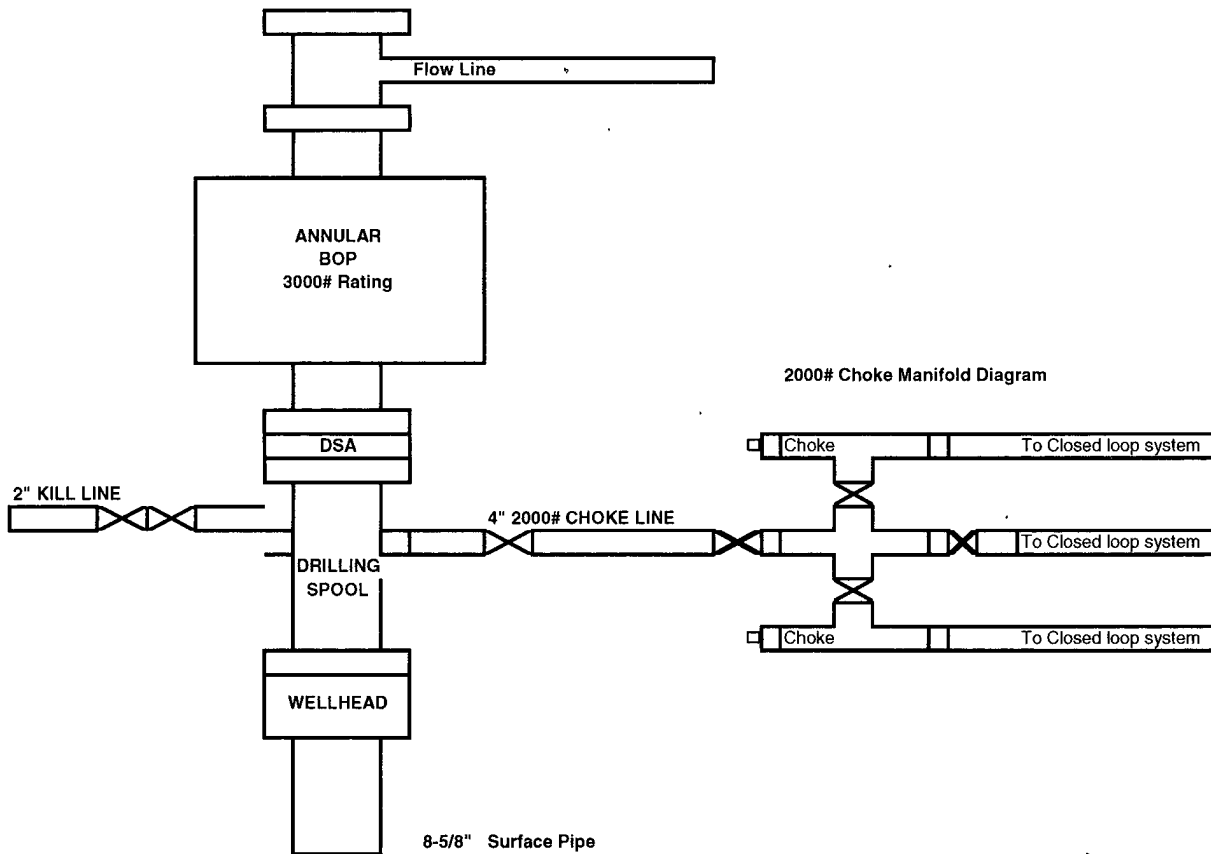
Drop Totco every trip out to check the angle. Max inclination = 3°

WELL		WLHU INJECTOR/PRODUCER TYPE WELL				ENERVEST			
TYPE	VERTICAL-PROD	RIG	TBD		DATE	7/10/2012			
FIELD	WEST LOCO HILLS	COUNTY	EDDY		ELEVATION	3516			
GAS/OIL	OIL	MUD	TBD		CEMENT	????			
LOCATION Surf; 1980 FSL & 660' FWL: BH; 1922' FSL & 490' FWL Sec 1, T18S R29E					SBHT	NA			
COMMENTS. OBJECTIVE FORMATIONS: GRAYBURG SAND and GRAYBURG 4 SAND									
NOTE									
MUD- LOGGER	SURVEYS	WOB/GPM BIT	FORMATION TOPS HOLE SIZES	VERTICAL DEPTH	MUD WEIGHT	OPEN HOLE LOGS	CEMENT	WELLHEAD	REMARKS
14" CONDUCTOR				40'					
INCLINATIONS 200' & 400'		5K/300 10K/350 15K/350	12-1/4" HOLE		8.4 - 8.6 PPG NATIVE				
NO MUD LOGGER	SEC EBXSC1C SLICK BHA		RED BEDS >		CMT: 187 Sks Class "C" 2% CaCl ₂ (1.32 YLD, 14.8 PPG) 100% Excess FLOAT COLLAR & TEXAS PATTERN SHOE				
8-5/8" 24# J55 STC				300'	TOP OUT. IF NEEDED				
INCLINATIONS EVERY 500' OR AS NEEDED		SEC EBXS20SR 40K/350 GPM 80-90 RPM SLICK BHA	7-7/8" HOLE		9.8 - 10.1 PPG BRINE				
			ANHYDRITE / SALT >	320'	PUMP HIGH VIS POLY SWEEPS ON CONNECTIONS				
		40K/350 GPM							
		40K/350 GPM			< POS WATER INFLUX ~ 1700'				
					OPEN HOLE LOGS: CONTRACTOR TBD TD TO SC: GR / LITHO DENSITY / NEUTRON / INDUCTION TD TO SURFACE: POSSIBLE GR / NEUTRON SIDEWALL CORES IN THE GRAYBURG 4 SAND				
			GRAYBURG SAND (LS/SS) >	2617'	CEMENT FOR 5-1/2" CASING LEAD: 215 SKS 50.50 POZ.C & 2% CaCl ₂ (11.8 PPG 2.56 CF/SK) TAIL: 200 SKS CLASS "C" (14.8 PPG 1.33 CF/SK) (75% EXCESS OVER GAUGE HOLE) CEMENT TO SURFACE FLOAT SHOE, 1 JT, FLOAT COLLAR				
PRODUCER: 5-1/2" 15.50# J55 LTC				MD =2800'					
					OFFICE		HOME		
AFE #	TBD	REGULATORY R. Young / B. Trevino			713.659.3500				
EV #	TBD	SAFETY, HEALTH & ENVIRONMENTAL							
API #	TBD	ENGINEER R. Trueheart/ L. Diede			713.495.1561 / 505.334.8867				
		GEOLOGIST P. LeMay			713.495.5340				



BOP DIAGRAM
WEST LOCO HILLS

Eddy County, New Mexico



EnerVest Operating, Ltd.

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. **The concentrations of H₂S of wells in this area from surface to TD are low enough that a contingency plan is not required.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H2S.

1. Well Control Equipment:

- A. Flare line.
- B. Choke manifold.
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
- D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. Protective equipment for essential personnel:

- A. Mark II Survive air 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

- A. 1 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram (Exhibit #8).
- B. Caution/Danger signs (Exhibit #7) shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
- B. All elastomers used for packing and seals shall be H₂S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephone and 2-way radio.
- B. Land line (telephone) communication at Office.

8. Well testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H₂S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

EXHIBIT #7

WARNING
YOU ARE ENTERING AN H₂S AREA
AUTHORIZED PERSONNEL ONLY

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CHECK WITH ENERVEST DRILLING MANAGER AT**

EnerVest Operating, Ltd.
1-713-659-3500

DRILLING LOCATION H₂S SAFETY EQUIPMENT Exhibit # 8

