District 1 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II_				State of New Mexico EnergyMinerals and Natural Resources					Form C-101 Revised July 18, 2013	
District II 811 S. First St., Art Phone: (575) 748-1 District III 1000 Rio Brazos R. Phone: (505) 334-6 District IV 1220 S. St. Francis Phone: (505) 476-3	1283 Fax: (575) 7 Road, Aztec, NM 8 6178 Fax: (505) 3 s Dr., Santa Fe, NI	748-9720 87410 334-6170 IM 87505		1220 Sou	Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505			CONSERV SIA DISTRIC 1 1 2014	СТ	
			OR PERMIT T	'O DRILL RI	F-ENTER	DEEPE	N PLUGBA	meture).	ADD A ZONE	
			¹ Operator Name and Ad LRE Operating,	ddress		<u>,</u>		OGRID Number 281994		
		1111 Bagt	by Street, Suite 4600 H		2		317-015		2726	
	roperty Code 309874			⁵ Property Na Staley	Name y State			⁶ Well	1 No. #29	
				⁷ Surfac	e Location	n	1			
UL - Lot O	Section 30	Township 17S	Range 28E	Lot Idn Feet I		N/S Line S	Feet From 2140	E/W Line E	County Eddy	
				Proposed Botto				L.		
UL - Lot O	Section 30	Township 17S	Range 28E	Lot Idn Feet I	From 1	N/S Line S	Feet From 2140	E/W Line E	County Eddy	
	1 00 1		2012		nformatio		l	L		
Red Lake; Glo	ariota Veca N								96836	
Neu Lake, Oil	Jiela- 1 650 13	<u>1E</u>		Additional W	ell Inforn				70030	
	ork Type N		¹⁰ Well Type O•	¹¹ Cable/R R		12	Lease Type S	¹³ Ground Level Elevation 3638.9		
	Multiple N		¹³ Proposed Depth 0' MD / 5100' TVD	¹⁶ Format Yeso		¹⁷ Contractor United Drilling, Inc.		¹⁸ Soud Date After 10/1/2014		
Depth to Groun		40	I Distance from	m nearest fresh water.		0.73 Mi	Distance from	nearest surface		
X We will	l be using a c	losed-loop sys	stem in lieu of lined pi ¹⁹ Proj	its posed Casing	and Cem	ent Prog	ram			
Туре	Hole	e Size	Casing Size	Casing Weight/ft		ng Depth	Sacks of Cer	ment	Estimated TOC	
Conductor	<u>r 2</u> (.0"	14"	68.7		40	40		Surface	
Surface		1"	8-5/8" 5-1/2"	24		425 5100	250		Surface	
Production	<u>1</u> /-/	7/8"		Cement Progra			955 mments	, I	Surface	
			Propo	osed Blowout	Preventio	n Prograr	m			
	Туре		Worki	ng Pressure		Test Pressu	Test Pressure		Manufacturer	
	XLT II"			5000		2000			National Varco	
of my knowled	ige and belief.	e complied wi	above is true and comp ith 19.15.14.9 (A) NM/ X		Approved By		DNSERVATIO	ON DIVIS	SION	
Signature:	Elin 1.	null	why			T.C.	Shapar	d	١	
Printed Name	e: Eric McCl	lusky			Title:		"Géolo	aist"		
Title: Produc	ction Engine	er			Approved Dat	1e: 10-14	11014	ation Date:	10-14-2016	
E-mail Addres	ss: emcclus	sky@limerocl	kresources.com			,			- • *	
Date: 9/8/20)14		Phone: 713-360-571	14	Conditions of Approval Attached					

District JState of New Mexico1625 N, French Dr., Hobbs, NM 88240State of New MexicoPhone: (575) 393-6161 Fax: (575) 393-0720Energy, Minerals & Natural Resources DepartmentDistrict JIOIL CONSERVATION DIVISIONPhone: (575) 748-1283 Fax: (575) 748-97201220 South St. Francis Dr.District III1000 Rio Brazos Road, Aztec, NM 87410Phone: (505) 334-6170Santa Fe, NM 87505

Phone: (505) 476-3460 Fax: (505) 476-3462

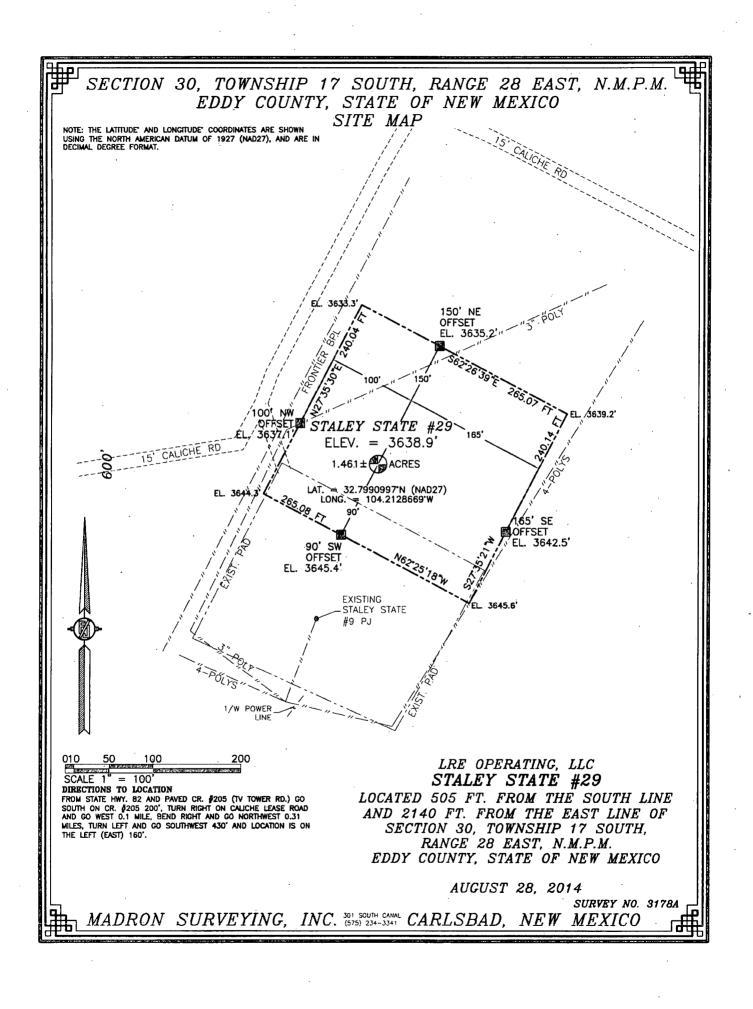
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

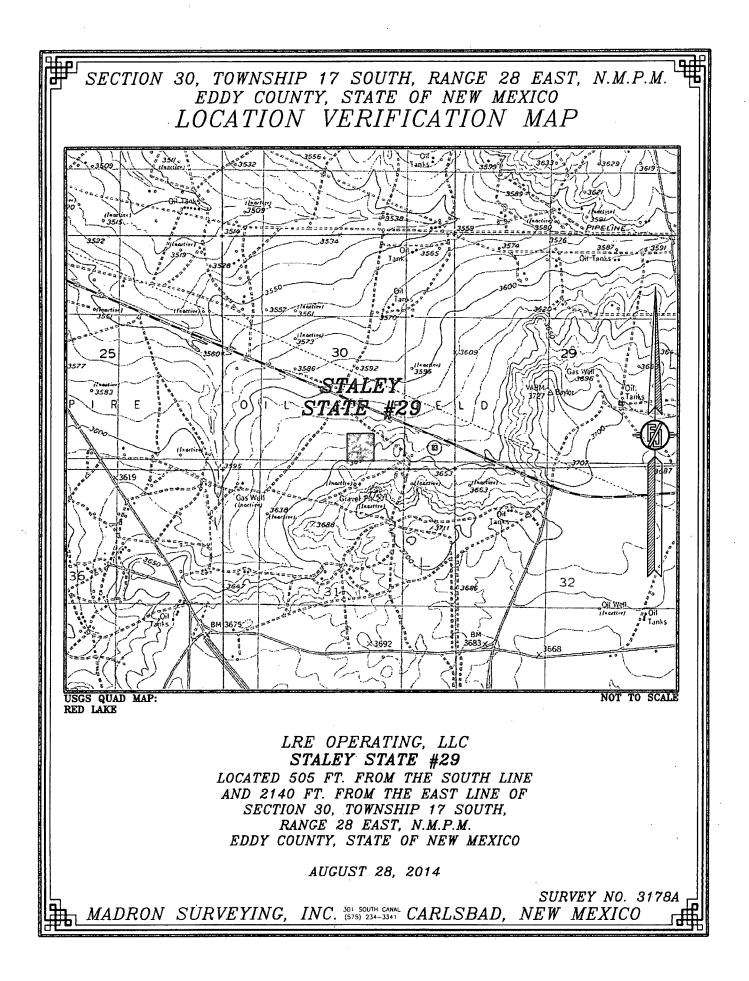
AMENDED REPORT

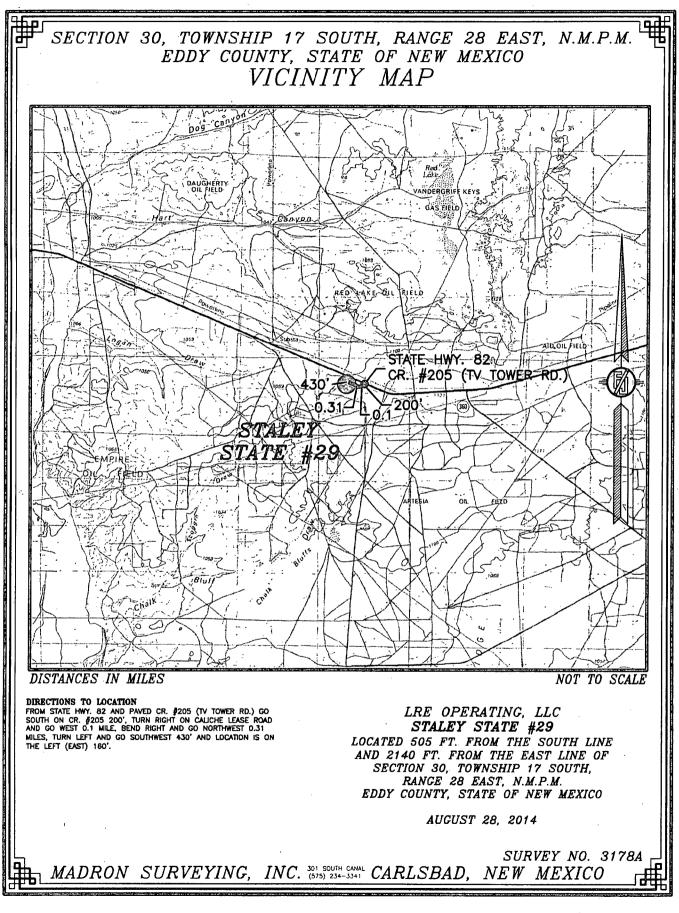
		W	ELL LO	DCATIO	N AND ACI	REAGE DEDIC	CATION PLA	ΛT			
30-01	APL Number	2724	2 76	² Pool Code 5 8 7 6	Re	edlake; Glo	Pool Na	ime 60 NE	•		
* Property					⁵ Property	-Name	·	Ţ	6	Well Number	
3098	74				STALEY	STATE				29	
⁷ OGRID	No.			,	⁸ Operator	Name .				⁹ Elevation	
28199	4			I	LRE OPERAT	ΓING, LLC			3638.9		
			•		¹⁰ Surface	Location				· · · · · · · · · · · · · · · · · · ·	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
0	30	17 S	28 E		505	SOUTH	2140	EAS	ST	EDDY	
,			" Bo	ttom Hol	e Location I	f Different From	n Surface			· .	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
¹² Dedicated Acre	s ¹³ Joint o	r İnfill 🔤 ¹⁴ C	onsolidation	Code ¹⁵ Or	der No.						
40			te bar			·····		*		•	

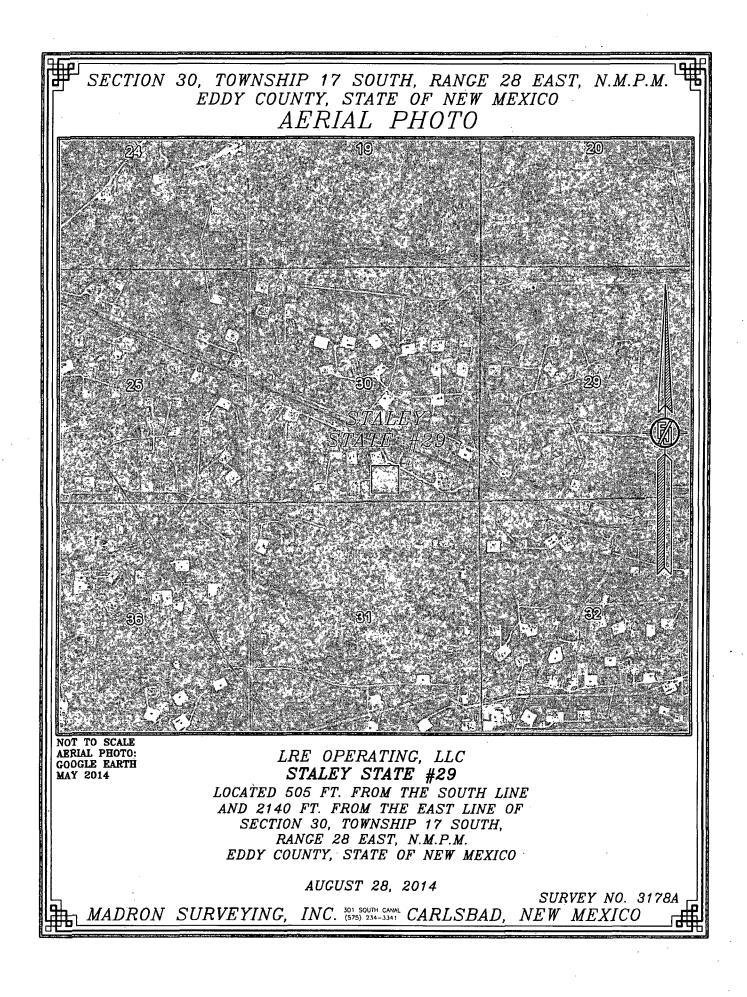
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

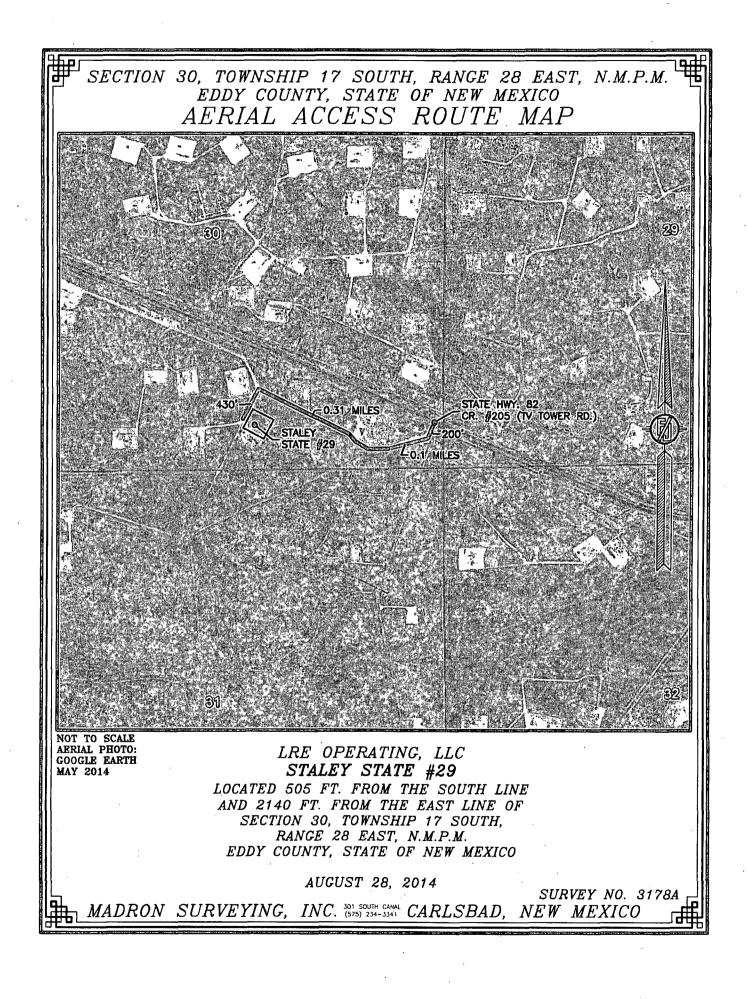
	N89'32'54"E	2722.64 FT .	N89'30'51"E 2621.96 FT		"OPERATOR CERTIFICATION	
	NW CORNER SEC. 30	N/4 CORNER SEC.			I hereby certify that the information contained herein is true and complete	
	LAT. = 32.8121896'N	LAT. = 32/8122404 LONG. = 104.214304			to the best of my knowledge and belief, and that this organization either	
	LONG. = 104.2231638'W	LUNG. = 104.214304	+1 LONG. = 104.2037728 W		owns a working interest or unleased mineral interest in the land including	
		i I			the proposed bottom hole location or has a right to drill this well at this	
NOO		1	Į	Ē	location pursuant to a contract with an owner of such a mineral or working	
0"21		+	1	1	interest, or to a voluntary pooling agreement or a compulsory pooling	
29		• • 1		647	order heretofore entered by the division.	
W 2642.01		NOTE: LATITUDE AND LONGITUDE CCORDINATES ARE SHOWN USING THE NORTH	;	05 W 2	Etin J. no Elinday 9/8/14 Signature Date	
- ד		AMERICAN DATUM OF 1927 (NA027), AND ARE IN DECIMAL DEGREE FORMAT.		\$00.26'	Eric McClusky Printed Name	
					Cmcclusky & Lime rock Vasources	6
	W/4_CORNER_SEC 30	<u>.</u>	E/4 CORNER SEC. 30 LAT. = 32.8050190 N			
	LAT. = 32.8049295'N LONG. = 104.2231191'W		LONG. = 104.2058486°W		*SURVEYOR CERTIFICATION	
		· · ·			I hereby certify that the well location shown on this	
		i i		-	plat was plotted from field notes of actual surveys	
N00.		i i		1 1	made by me or under my supervision, and that the	
19				7.07	same is invertand correct to the pest of my belief.	
55"		· · ·		2647.	AUGUST 28 2014	
>	h	+	·	×.	is isomed to	
642		1	STALEY STATE #29	.03	Date of Survey	
2.32		5 77	FIEV - 36380'	.23	121 - 1.0	
כו		SURFACE	LAT. = 32.7990997 'N (NAD27)	.00S		
-		LOCATION	LONG. = 104.2128669 W		The Alter Min	
	SW CORNER SEC. 30	S/4 CORNER SEC. 30	SE CORNER SEC. 30	$ \land$	Signature and Scal of Professional Surveyor:	
	LAT. = 32.7976686'N LONG. = 104.2230783'W	LAT. = 32.7977048'N C LONG. = 104.2143104'W	LAT. = 32.7977451'N LONG. = 104.2059167'W		Certificate Number: FILMON F, JARAMILLO, PLS 12797	
		2694.96 FT	\$89'36'26"W 2579.94 FT		SURVEY NO. 3178A	
			•			











LRE Operating, LLC Drilling Plan

Staley State #29 505' FSL 2140' FEL (O) 30-17S-28E Eddy County, NM

- 1. The elevation of the unprepared ground is 3638.9 feet above sea level.
- 2. The geologic name of the surface formation is Quaternary Alluvium.
- 3. A rotary rig will be utilized to drill the well to 5100' and run casing. This equipment will be rigged down and the well will be completed with a workover rig.
- 4. Well will be drilled to a total proposed depth of 5100 MD.
- 5. Estimated tops of geologic markers:

	MD	TVD
Quaternary – Alluvium	Surface	Surface
Yates	242	242
7 Rivers	464	464
Queen	1013	1013
Grayburg	1452	1452
Premier	1713	1713
San Andres	1752	1752
Glorieta	3151	3151
Yeso	3263	3263
Tubb	4635	4635
TD	5100	5100

 Estimated depths at which anticipated oil, gas, or other mineral bearing formations are expected to be encountered:

·	MD	TVD
Yates	242	242
7 Rivers	464	464
Queen	1013	1013
Grayburg	1452	1452
Premier	1713	1713
San Andres	1752	1752
Glorieta	3151	3151
Yeso	3263	3263
Tubb	4635	4635
TD	5100	5100

7. Proposed Casing and Cement program is as follows:

Туре	Hole	Casing	Ŵŧ	Grade	Thread	Depth	Sx.	Density	Yield	Components
Conductor	20"	14"	68.7	В	Welded	40	40			Ready Mix
Surface	11"	8-5/8"	24	J-55	ST&C	425	250	14.8	1.35	CI C Cmt + 0.25 lbs/sk Cello Flake + 2% CaCl2
Intermediate										
					• •					
Production	7-7/8"	5-1/2"	17	J-55	LT&C	5100	330	12.8	1.903	(35:65) Poz/Cl C Cmt + 5% NaCl + 0.25 lbs/sk Cello Flake + 5 lbs/sk LCM-1 +0.2% R-3 + 6% Gel
					i		625	14.8	1.33	Class C w/ 0.6% R-3 and 1/4 pps cello flake

8. Proposed Mud Program is as follows

Depth	0-435	435-4950	4950-5100
Mud Type	Fresh Water Mud	Brine	Brine, Salt Gel, & Starch
Properties			
мw	8.4-9.2	9.8-10.1	. 9.9-10.1
pН	9.0-10.5	10.0-12.0	10.0-12.0
WL	NC	NC	20-30
Vis	28-34	28-29	32-34
МС	NC	NC	<2
Solids	NC	<2%	<3%
Pump Rate	300-500 gpm	375-425 gpm	400-425 gpm
Special		Use Poymers sticks and MF-55 Hi-Vis Sweeps as necessary	Hi Vis Sweeps, add acid and starch as req. Raise Vis to 35 for log.

9 Pressure Control Equipment: See Attached Description and diagram of Pressure Control Equipment.

10. Testing, Logging and Coring Program

Testing Program: No drill stem tests are anticipated **Electric Logging Program:** SGR-DLL-CDL-CNL Quad Combo from 5100 to surf. Csg. SGR-CNL to Surf. **Coring Program:** No full or sidewall cores are anticipated.

11. Potential Hazards:

No abnormal temperatures or pressures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 2244 psi based on 0.44 x TD. The estimated BHT is 125 degrees F.

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12. Duration of Operations:

Anticipated spud date will be soon after approval and as soon as a rig will be available. Move in operations and drilling is expected to take 10 days. An additional 14 days will be needed it complete the well and to construct surface facilities.

Hydrogen Sulfide Drilling Plan Summary

A. All personnel shall receive proper H2S training in accordance with Onshore Order 6 III.C.3.a.

B. Briefing Area: two perpendicular areas will be designated by signs and readily accessible.

C. Required Emergency Equipment:

- Well control equipment
 - a. Flare line 150' from wellhead to be ignited by flare gun.
 - b. Choke manifold with a remotely operated choke.
 - c. Mud/gas separator

Protective equipment for essential personnel.

Breathing apparatus:

a. Rescue Packs (SCBA) — 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.

b. Work/Escape packs —4 packs shall be stored on the rig floor and contain sufficiently long air hoses as to not to restrict work activity.

c. Emergency Escape Packs —4 packs shall be stored in the doghouse for emergency evacuation.

Auxiliary Rescue Equipment:

- a. Stretcher
- b. Two OSHA full body harness
- c. 100 ft 5/8 inch OSHA approved rope
- d. 1-20# class ABC fire extinguisher

H2S detection and monitoring equipment:

The stationary detector with three sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 14 ppm. Calibrate a minimum of every 30 days or as needed. The sensors will be placed in the following places: Rig floor / Bell nipple / End of flow line or where well bore fluid is being discharged.

(Gas sample tubes will be stored in the safety trailer)

Visual warning systems:

a. One color code condition sign will be placed at the entrance to the site reflecting the possible conditions at the site.

b. A colored condition flag will be on display, reflecting the current condition at the site at the time.c. Two wind socks will be placed in strategic locations, visible from all angles.

Mud program:

The mud program has been designed to minimize the volume of H2S circulated to surface. The operator will have the necessary mud products to minimize hazards while drilling in H2S bearing zones.

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.

Communication:

Communication will be via two way radio in emergency and company vehicles. Cell phones and land lines where available.

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Company Offices - Lime Rock Houston Office Answering Service (After Hours) Artesia, NM Office Roswell, NM

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713-292-9510 713-292-9555 575-748-9724 575-623-8424

KEY PERSONNEL

Name	Title	Location	Office #	Cell #	Home #
Mike Loudermilk	Operations Manager	Houston	713-292-9526	832-331-7367	Same as Cell
Spencer Cox	Production Engineer	Houston	713-292-9528	432-254-5140	Same as Cell
Eric McClusky	Production Engineer	Houston	713-360-5714	405-821-0534	832-491-3079
Jerry Smith	Assistant Production Supervisor	Artesia	575-748-9724	505-918-0556	575-746-2478
Michael Barrett	Production Supervisor	Roswell	575-623-8424	505-353-2644	575-623-4707
Dalw Kennard	Well Site Supervisor	Rotates on Site	NA .	575-420-1651	NA
Gary McCelland	Well Site Supervisor	Rotates on Site	NA	903-503-8997	NA
Brad Tate	Well Site Supervisor	Rotates on Site	NA	575-441-1966	NA
Dave Williamson	Well Site Supervisor	Rotates on Site	NA	575-308-9980	NA

	Agency Call List						
City	Agency or Office	Telephone #					
Artesia	Ambulance	911					
Artesia	State Police	575-746-2703					
Artesia	Sherriff's Office	575-746-9888					
Artesia	City Police	575-746-2703					
Artesia	Fire Department	575-746-2701					
Artesia	Local Emergency Planning Committee	575-746-2122					
Artesia	New Mexico OCD District II	575-748-1283					
Carlsbad	Ambulance	911					
Carlsbad	State Police	575-885-3137					
Carlsbad	Sherriff's Office	575-887-7551					
Carlsbad	City Police	575-885-2111					
Carlsbad	Fire Department	575-885-2111					
Carlsbad	Local Emergency Planning Committee	575-887-3798					
Carlsbad	US DOI Bureau of Land Management	575-887-6544					
State Wide	New Mexico Emergency Response Commisssion ("NMERC")	505-476-9600					
State Wide	NMERC 24 Hour Number	505-827-9126					
State Wide	New Mexico State Emergency Operations Center	505-476-9635					
National	National Emergency Response Center (Washington D.C.)	800-424-8802					

	Emerge	ency Services			
Name	Service	Location	Telephone Number	Alternate Number	
Boots & Coots International Well Control	Well Control	Houston / Odessa	1-800-256-9688	281-931-8884	
Cudd Pressure Control	Well Control/Pumping	Odessa	915-699-0139	915-563-3356	
Baker Hughes Inc.	Pumping Services	Artesia, Hobbs & Odessa	575-746-2757	Same	
Total Safety	Safety Equipment & Personnel	Artesia	575-746-2847	Same	
Cutter Oilfirld Services	Drilling Systems Equipment	Midland	432-488-6707	Same	
Safety Dog	Safety Equipment & Personnel	Artesia	575-748-5847	575-441-1370	
Fighting for Life	Emergency Helicopter Evacuation	Lubbock	806-743-9911	Same	
Aerocare	Emergency Helicopter Evacuation	Lubbock	806-747-8923	Same	
Med Flight Air Ambulance	Emergency Helicopter Evacuation	Alburquerque	505-842-4433	Same	
Artesia General Hospital	Emergency Medical Care	Artesia	575-748-3333	702 North 13th Street	

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Pressure Control Equipment

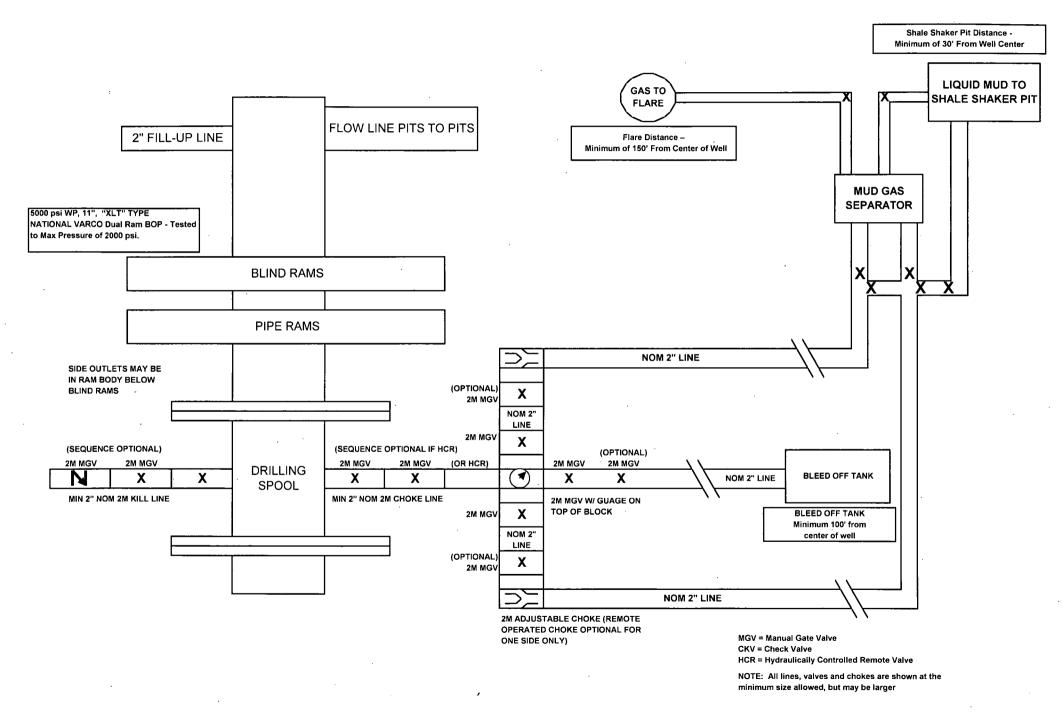
The blowout preventer equipment (BOP) will consist of a 5000 psi rated, "XLT" type, National VARCO double ram preventer that will be tested to a maximum pressure of 2000 psi. The unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and drill pipe rams on bottom. The 2M BOP will be installed on the 8 5/8" surface casing and utilized continuously until total depth is reached. All casing strings will be tested as per Onshore Order #2. This also includes a thirty day (30) test, should the rig still be operating on the same well in thirty days.

Pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drilling logs.

The BOP equipment will consist of the following:

- Double ram with blind rams (top) and pipe rams (bottom),
- Drilling spool, or blowout preventer with 2 side outlets (choke side shall be a 2" minimum diameter, kill side will be at least 2 inch diameter),
- Kill line (2 inch minimum),
- A minimum of 2 choke line valves (2 inch minimum),
- 2 inch diameter choke line,
- 2 kill valves, one of which will be a check valve (2 inch minimum),
- 2 chokes, one of which will be capable of remote operation,
- Pressure gauge on choke manifold,
- Upper Kelly cock valve with handle available,
- Safety valve and subs to fit all drill string connections in use,
- All BOPE connections subjected to well pressure will be flanged, welded, or clamped,
- A Fill-up line above the uppermost preventer.

2M BOP SCHEMATIC



LRE Operating, LLC

Staley State #29

Unit O, S30-T17S-R28E, Eddy County, NM

Design: Closed Loop System with roll-off steel bins (pits)

CRI/HOBBS will supply (2) bins (100 bbl) volume, rails and transportation relating to the Close Loop System. Specification of the Closed Loop System is attached.

Contacts: Gary Wallace (432) 638-4076 Cell (575) 393-1079 Office

Scomi Oil Tool: Supervisor – Armando Soto (432) 553-7979 Hobbs, NM

Monitoring 24 Hour service Equipment:

Centrifuges – Derrick Brand Rig Shakers – Brandt Brand D-watering Unit Air pumps on location for immediate remediation process Layout of Close Loop System with bins, centrifuges and shakers attached.

Cuttings and associated liquids will be hauled to a State regulated third party disposal site (CRI or Controlled Recovery, Inc.). The disposal site permit is DFP = #R9166.

2- (250 bbl) tanks to hold fluid2-CRI bins with track system2-500 bbl frac tanks with fresh water2-500 bbl frac tanks for brine water

Operations:

Closed Loop System equipment will be inspected daily by each tour and any necessary maintenance performed. leak in system will be repaired and/or contained immediately. OCD will be notified within 48 hours of any spill. Remediation process will start immediately.

<u>Closure:</u>

During drilling operations all liquids, drilling fluids and cuttings will be hauled off via CRI equipment to DFP #R9166.

