

NM OIL CONSERVATION

ARTESIA DISTRICT

APR 20 2015

COPY

ATS-14-839

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RECEIVED
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NMLC 062996B
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name:
2. Name of Operator: Alamo Permian Resources, LLC OGRID #274841		7. If Unit or CA Agreement, Name and No.
3a. Address: 415 W. Wall Street, Suite 500 Midland, TX 79701		8. Lease Name and Well No. Atkins Federal #2 <308441>
3b. Phone No. (include area code) (432) 897-0673		9. API Well No. 30-015-43067
4. Location of Well (Report location, clearly and in accordance with any State requirements.) At surface 990' FNL and 1650' FWL, Unit C At proposed prod. zone		10. Field and Pool, or Exploratory High Lonesome, Queen
14. Distance in miles and direction from nearest town or post office* Approximately 8 miles NW of Loco Hills, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec 17, T-16S, R-29E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'	16. No. of acres in lease 240	12. County or Parish Eddy
17. Spacing Unit dedicated to this well 40	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1320'	19. Proposed Depth 2000'	20. BLM/BIA Bond No. on file NMB 000741
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3660.3'	22. Approximate date work will start* 07/15/2014	23. Estimated duration 30-45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must 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 BLM.

25. Signature <i>Vicki Johnston</i>	Name (Printed/Typed) Vicki Johnston	Date 05/30/2014
Title Gray Surface Specialties, Agent for Alamo Permian Resources, LLC <i>VJohnston1@gmail.com</i>		
Approved by (Signature) Steve Caffey	Name (Printed/Typed)	Date APR 13 2015
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR 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.

(Continued on page 2)

*(Instructions on page 2)

Roswell Controlled Water Basin

820
4/27/15

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

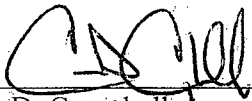
Approval Subject to General Requirements
& Special Stipulations Attached

**Alamo Permian Resources, LLC
Atkins Federal #2
990' FNL & 1650' FWL, Unit C
Sec 17 T-16S R-29E
Eddy County, New Mexico**

COPY

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 presently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this Application for Permit to Drill (APD) package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Alamo Permian Resources, LLC, and its contractors and subcontractors in conformity with this APD Package and the terms and conditions under which it is approved. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



Carl D. Campbell
Chief Operating Officer
Alamo Permian Resources, LLC

3/14/14

Date

Office Phone: (713) 224-2500
Cell Phone: (713) 299-1353
E-mail: carl@alamoresources.com

EXHIBIT A

COPY

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 293-6161 Fax: (575) 293-0720
District II
311 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-43067		² Pool Code 30780	³ Pool Name HIGH LONSEOME; QUEEN
⁴ Property Code 18138	⁵ Property Name ATKINS FEDERAL		⁶ Well Number 2
⁷ OGRID No. 274841	⁸ Operator Name ALAMO PERMIAN RESOURCES, LLC		⁹ Elevation 3660.3

¹⁰ Surface Location

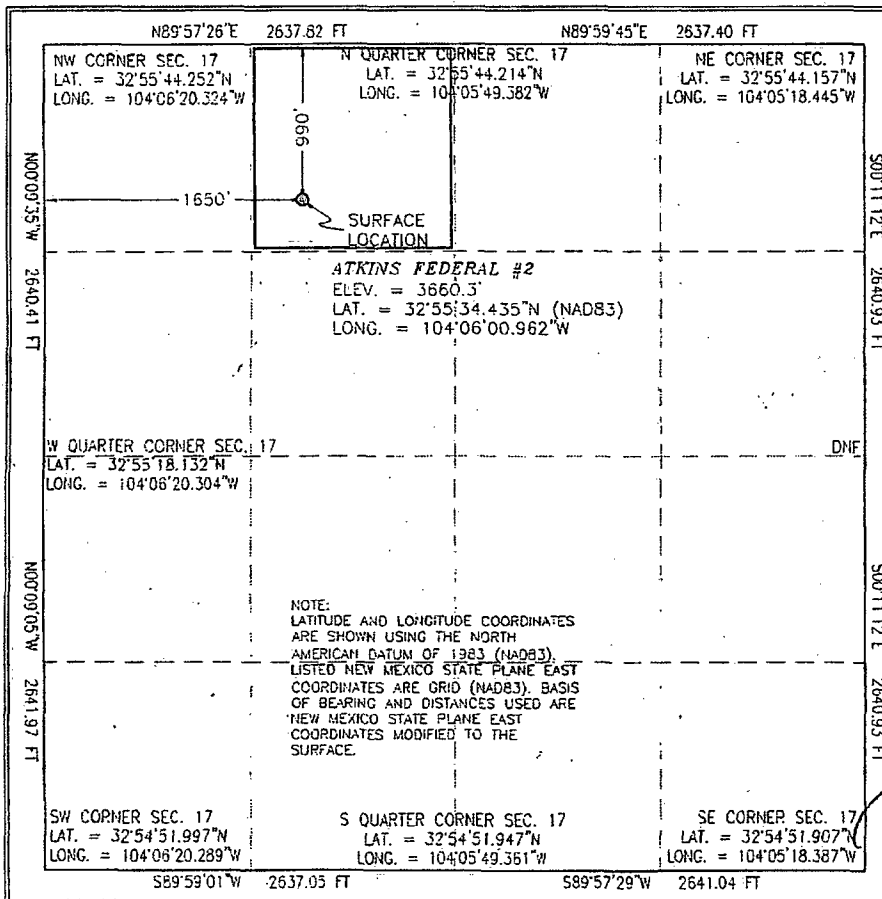
U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	17	16 S	29 E		990	NORTH	1650	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order previously entered by the division.

Signature: *[Signature]* Date: **3/14/14**

Printed Name: **Carl Campbell**

E-mail Address: **carl@alamoresources.com**

¹⁸ 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.

NOVEMBER 25, 2013

Date of Survey

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

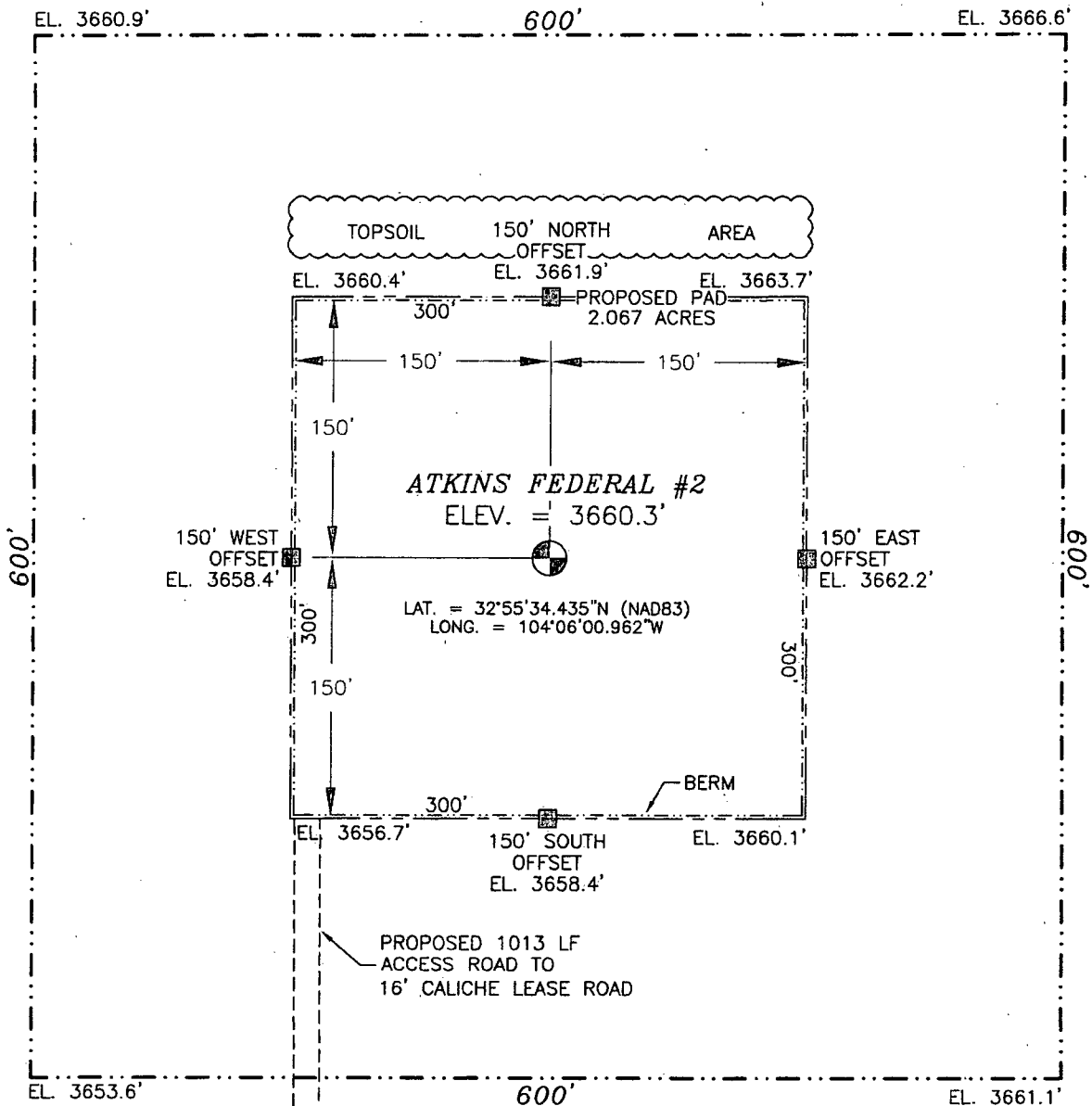
Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

EXHIBIT B

SECTION 17, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE



0 10 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. 82 (LOVINGTON HIGHWAY) AND CR 214 (BARNAVAL DRAW ROAD) GO NORTH ON CR 214 6.71 MILES TO A FORK IN THE ROAD RIGHT CR 214, MID TO WELL PAD, TAKE LEFT GO 1.01 MILES, ON RIGHT FOLLOW FLAG 1013' TO SOUTHWEST CORNER PAD.

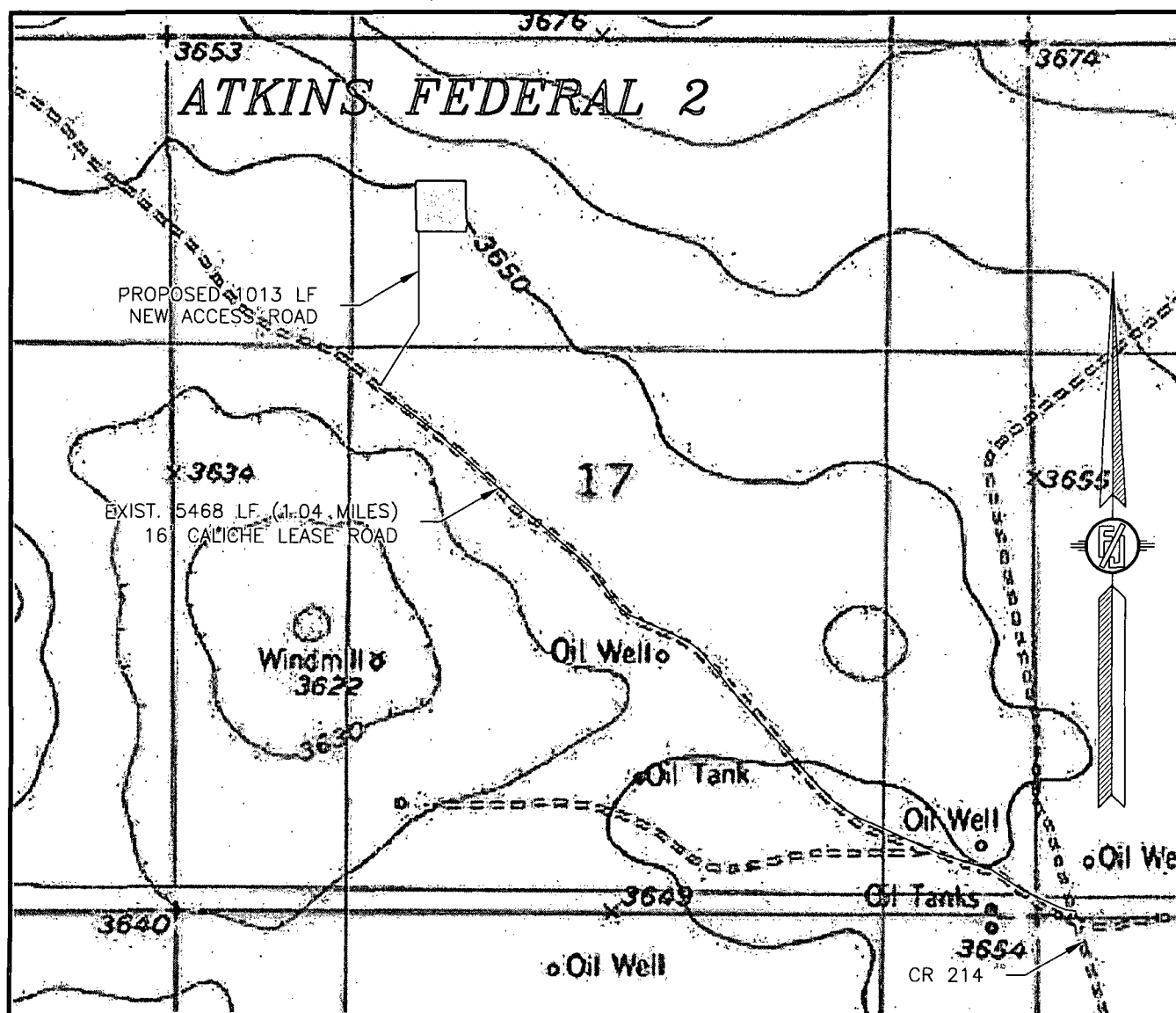
ALAMO PERMIAN RESOURCES, LLC
ATKINS FEDERAL #2
LOCATED 990 FT. FROM THE NORTH LINE
AND 1650 FT. FROM THE WEST LINE OF
SECTION 17, TOWNSHIP 16 SOUTH,
RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

DECEMBER 3, 2013

SURVEY NO. 2493A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 17, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:
BASIN WELL

NOT TO SCALE

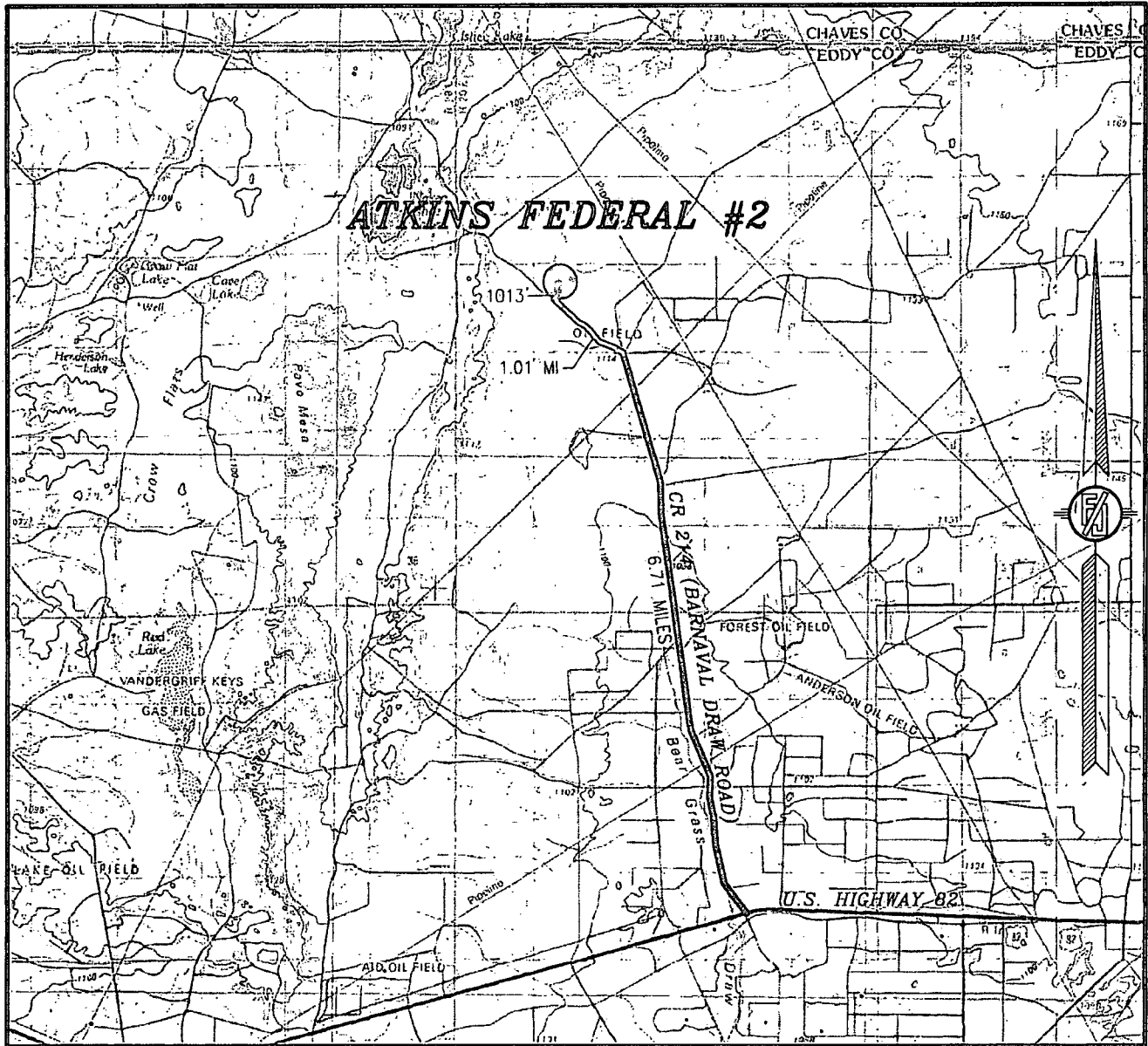
ALAMO PERMIAN RESOURCES, LLC
ATKINS FEDERAL 2
LOCATED 990 FT. FROM THE NORTH LINE
AND 1650 FT. FROM THE WEST LINE OF
SECTION 17, TOWNSHIP 16 SOUTH,
RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

SEPTEMBER 12, 2014

SURVEY NO. 2493B

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 17, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 VICINITY MAP



NOT TO SCALE

ALAMO PERMIAN RESOURCES, LLC
ATKINS FEDERAL #2
 LOCATED 990 FT. FROM THE NORTH LINE
 AND 1650 FT. FROM THE WEST LINE OF
 SECTION 17, TOWNSHIP 16 SOUTH,
 RANGE 29 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

DIRECTIONS TO LOCATION

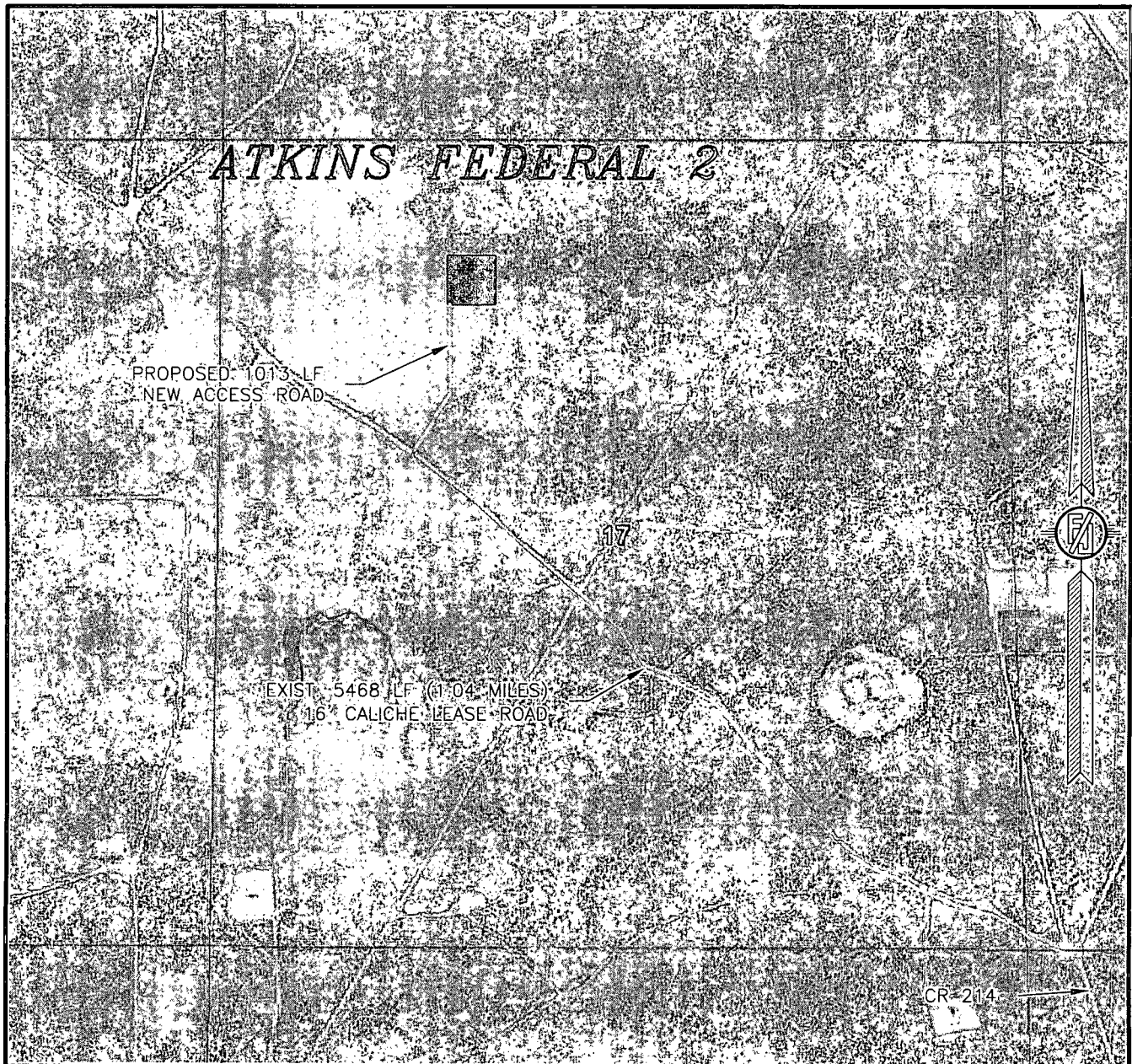
FROM THE INTERSECTION OF U.S. 82 (LOVINGTON HIGHWAY) AND CR 214 (BARNAVAL DRAW ROAD) GO NORTH ON CR 214 6.71 MILES TO A FORK IN THE ROAD RIGHT CR 214, MID TO WELL PAD, TAKE LEFT GO 1.01 MILES, ON RIGHT FOLLOW FLAG 1013' TO SOUTHWEST CORNER PAD.

DECEMBER 3, 2013

SURVEY NO. 2493A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 17, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
ACCESS AERIAL ROUTE MAP



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
APRIL 2013

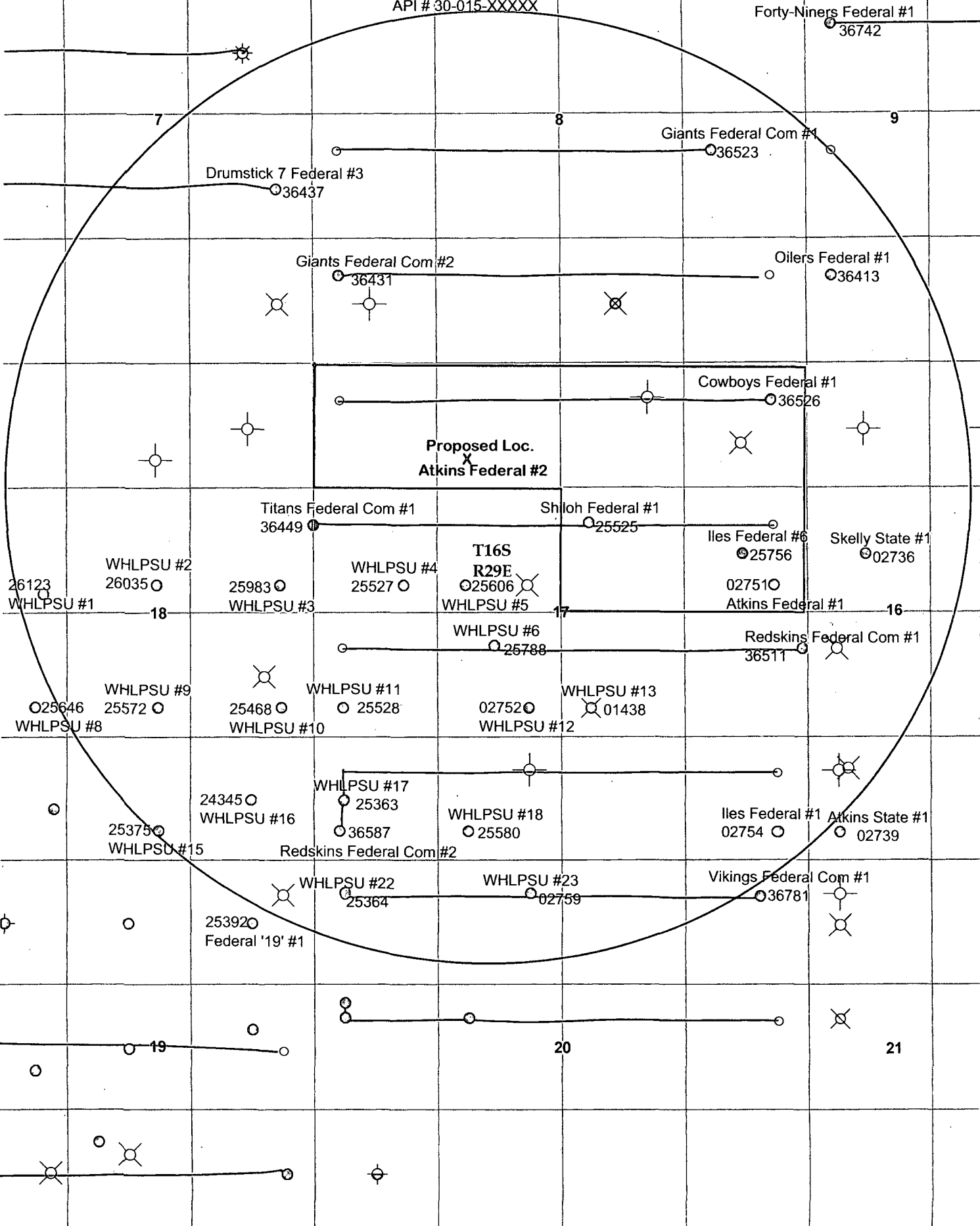
ALAMO PERMIAN RESOURCES, LLC
ATKINS FEDERAL 2
LOCATED 990 FT. FROM THE NORTH LINE
AND 1650 FT. FROM THE WEST LINE OF
SECTION 17, TOWNSHIP 16 SOUTH,
RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

SEPTEMBER 12, 2014

SURVEY NO. 2493B

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

EXHIBIT D-1
One-Mile Radius Map
Atkins Federal #2
990' FNL & 1650' FWL
Sec 17, T-16S, R-29E, Unit C
Eddy County, New Mexico
API # 30-015-XXXXX



ALAMO PERMIAN RESOURCES, LLC
OGRID #274841

EXHIBIT D-2
ONE-MILE RADIUS
ATKINS FEDERAL #2

990' FNL and 1650' FWL
Section 17, T-16S, R-29E, Eddy County, NM

API NUMBER	NOTES	WELL NAME & NUMBER	LEGAL DESCRIPTION	SEC	TWS	RANGE
30-015-36437		Drumstick 7 Federal #3	I-1880' FSL & 330' FEL	7	16S	29E
30-015-36523		Giants Federal Com #1	I-2285' FSL & 955' FEL	8	16S	29E
30-015-36431		Giants Federal Com #2	M-965' FSL & 330' FWL	8	16S	29E
30-015-36413		Oilers Federal #1	M-965' FSL & 330' FWL	9	16S	29E
30-015-36526		Cowboys Federal #1	A-355' FNL & 330' FEL	17	16S	29E
30-015-36449		Titans Federal Com #1	E-1675' FNL & 30' FWL	17	16S	29E
30-015-25525		Shiloh Federal #1	G-1650' FNL & 2308' FEL	17	16S	29E
30-015-25756		Iles Federal #6	I-1980' FSL & 660' FEL	17	16S	29E
30-015-02736		Skelly State #1	E-1980' FNL & 660' FWL	16	16S	29E
30-015-26123		WHLPSU #1	F-2410' FNL & 1932' FWL	18	16S	29E
30-015-26035		WHLPSU #2	G-2310' FNL & 1650' FEL	18	16S	29E
30-015-25983		WHLPSU #3	H-2310' FNL & 330' FEL	18	16S	29E
30-015-25527		WHLPSU #4	E-2310' FNL & 988' FWL	17	16S	29E
30-015-25606		WHLPSU #5	F-2310' FNL & 1650' FWL	17	16S	29E
30-015-02751		Atkins Federal #1	H-2310' FNL & 330' FEL	17	16S	29E
30-015-25788		WHLPSU #6	K-2310' FSL & 1950' FWL	17	16S	29E
30-015-36511		Redskins Federal Com #1	I-2285' FSL & 40' FEL	17	16S	29E
30-015-25646		WHLPSU #8	K-1650' FSL & 1835' FWL	18	16S	29E
30-015-25572		WHLPSU #9	J-1650' FSL & 1650' FEL	18	16S	29E
30-015-25468		WHLPSU #10	I-1650' FSL & 330' FEL	18	16S	29E
30-015-25528		WHLPSU #11	L-1650' FSL & 330' FWL	17	16S	29E
30-015-02752		WHLPSU #12	K-1650' FSL & 2310' FEL	17	16S	29E
30-015-01438		WHLPSU #13	J-1650' FSL & 2310' FEL	17	16S	29E
30-015-25375		WHLPSU #15	O-330' FSL & 1650' FEL	18	16S	29E
30-015-24345		WHLPSU #16	P-660' FSL & 660' FEL	18	16S	29E
30-015-25363		WHLPSU #17	M-330' FSL & 280' FWL	17	16S	29E
30-015-36587		Redskins Federal Com #2	M-330' FSL & 1650' FWL	17	17S	30E
30-015-25580		WHLPSU #18	N-330' FSL & 1650' FWL	17	17S	30E
30-015-02754		Iles Federal #1	P-345' FSL & 330' FEL	17	17S	30E
30-015-02739		Atkins State #1	M-330' FSL & 330' FWL	16	17S	30E
30-015-25364		WHLPSU #22	D-330' FNL & 330' FWL	20	17S	30E
30-015-02759		WHLPSU #23	C-330' FNL & 2310' FWL	20	17S	30E
30-015-36781		Vikings Federal Com #1	A-355' FNL & 530' FEL	10	17S	30E

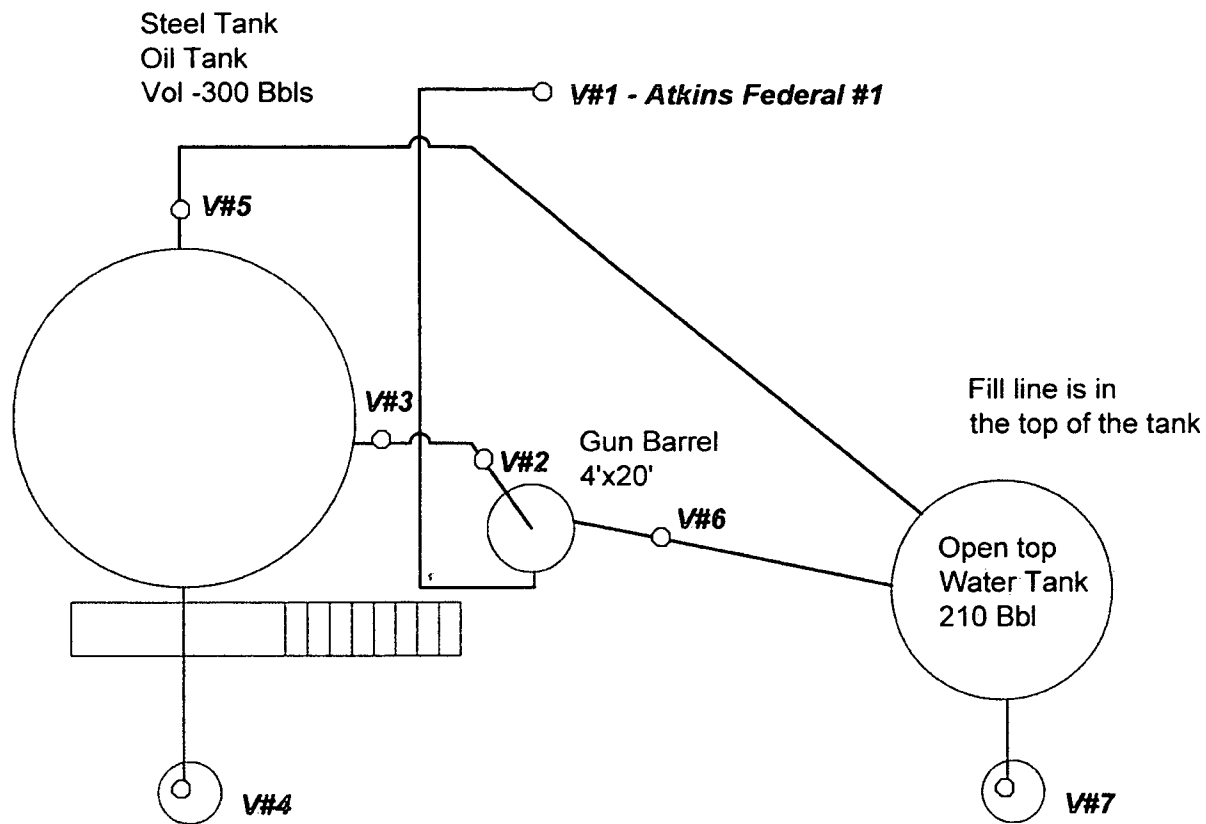


Exhibit E - Proposed Tank Battery
 Alamo Permian Resources, LLC
 Atkins Federal #2
 990' FNL and 1650' FWL, UNIT C
 Sec 17, T16S, R29E
 Eddy County, New Mexico

I. Production Phase

Open Valves # 1,2,3,6
 Closed Valves # 4, 5, 7

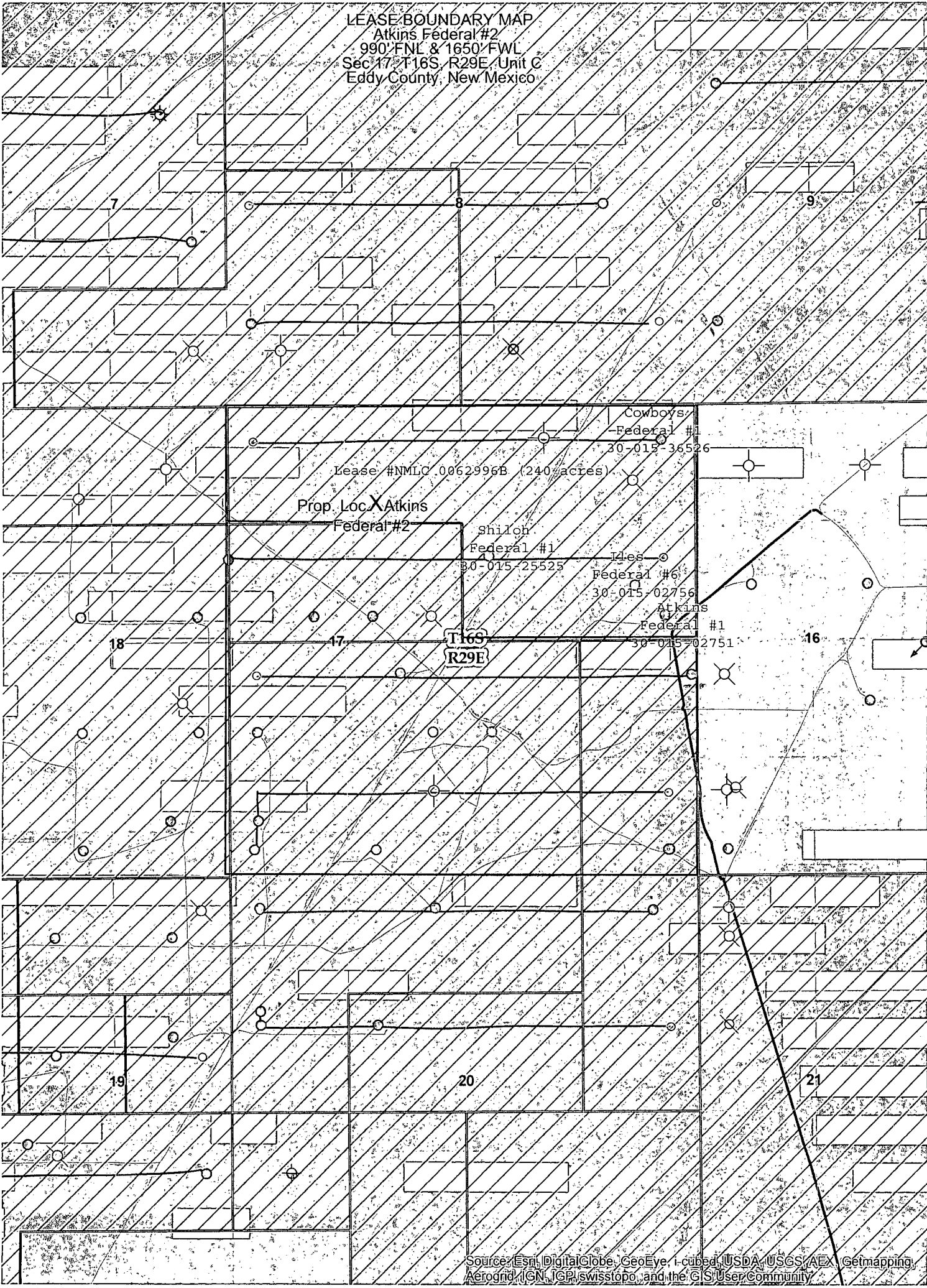
II. Oil Sales Phase from Tank 147792

Open Valves # 4
 Closed Valves #1, 2, 3, 5, 6, 7

III. Water Hauling

Open Valves # 7
 Closed Valves # 1, 2, 3, 4, 5, 6

LEASE BOUNDARY MAP
Atkins Federal #2
990' FNL & 1650' FWL
Sec 17, T16S, R29E, Unit C
Eddy County, New Mexico



ATTACHMENT TO FORM 3160-3
Alamo Permian Resources, LLC
Atkins Federal #2
990' FNL and 1650' FWL, UNIT C
Sec 17, T16S, R29E
Eddy County, New Mexico

1. ESTIMATED FORMATION TOPS

Geological Name of Surface Formation – Qoa – older (middle to lower Pleistocene age) alluvial deposits of upland plains and piedmont areas

Formation	Depth (RKB)	Subsurface
Qoa – older (middle to lower Pleistocene age) alluvial deposits of upland plains and piedmont areas	100'	3,560'
T. Salt	300'	3,360
B. Salt	690'	2,970
Yates	775'	2,885
7 Rivers	1000'	2,660
Bower SS	1320'	2,340
Queen	1510'	2,150
Penrose SS	1750'	1,910
Base Penrose SS	1780'	1,880
TVD	1950'	1,710

Anticipated Formation Tops: Ground Level – 3,660' KB – 3,678

2. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

Fresh Water 75' – 110' Surface Fresh Water Sands (based on fresh water mapping)
Oil/Gas 1510' to 1950' Queen thru Penrose SS

3. CASING AND CEMENTING PROGRAM

A. Casing Program

See COA

Casing Size	Hole Size	From To	Weight	Grade	Joint	Condition	Purpose
8-5/8"	12-1/4"	0' to 275'	24.00	K-55	ST&C	New	Surface
5-1/2"	7-7/8"	0' to 1950'	17.00	J-55	LT&C	New	Production

Csg Size	Burst			Collapse			Tension			
	Load	Internal Strength	Safety Factor	Load	Internal Strength	Safety Factor	Load	Joint Strength	Joint Safety Factor	Body Safety Factor
8-5/8"	125	2950	23.6	142	1370	9.64	6.6	244	36.96	35.28
5-1/2"	892	5320	5.96	1003	4910	4.89	33.15	247	7.45	5.02

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

SURFACE CASING:

Tension Calculated using weight of casing times landing depth without utilizing buoyancy effects

Collapse Calculated with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run. The effects of axial load on collapse will be considered.

Burst In all cases a conservative fracture pressure will be used such that it represents the upper limit of potential fracture gradients up to a 1.0 psi/ft. gradient. The effects of tension on burst will not be utilized.

Attachment to Form 3160-3
ALAMO PERMIAN RESOURCES, LLC
 Atkins Federal #2
 Page 2 of 5

PRODUCTION CASING:

- Tension** Calculated using weight of casing times landing depth without utilizing buoyancy effects.
- Collapse** Calculated with full internal evacuation and a collapse force equal to the mud gradient in which the casing will be run. The effects of axial load on collapse will be considered.
- Burst** Maximum surface treating pressure will be limited to 70% of the rated burst pressure.

B. Cement Program

The cement volumes are estimates and will be adjusted based on the volume based on the open hole volume determined by logging

Casing String	Interval	TOC	Cement Type / Class	Description	Cement Req'd for % Excess
Surf	0 to 275'	Surf	C	Lead: 75 sx "C" Lite + 1/4 pps celloflake 13.0 ppg, 1.89 cuft/sx Tail: 125 sx "C" + 2% CaCl 14.8 ppg, 1.32 cuft/sx	130% over Theoretical Volumes
Prod	0 to 1950'	Surf	C	Lead: 200 sx 35/65 "Poz / C + 6% gel + 5 #/sx Salt + 6% STE + 3/10% C-45 + 2/10% C-41P + 1/4 ppg celloflake 12.5 ppg, 2.17 cuft/sx Tail: 125 sx Class "C" w/ 2% CaCl 14.8 ppg, 1.32 cuft/sx	70% over Theoretical Volumes

CEMENTING PROCEDURES:

Casing will be cemented by the "Pump and Plug" method. A bottom plug will be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry. A top plug will be used to reduce contamination of cement by displacement fluid. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out, or a minimum of 18 hrs, whichever is greater.

CASING TESTING:

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield.

SHOE TESTING:

If pressure declines more than 10 percent in 30 minutes, the cement job shall be deemed unacceptable, and corrective action taken. All of the above- described tests will be recorded in the drilling log.

4. PRESSURE CONTROL EQUIPMENT

A. Blowout Preventer (BOP) – Exhibit F-1

A BOP and related equipment (BOPE) will be installed, used, maintained, and tested in a manner necessary to assure well control and shall be in place and operational prior to drilling the surface casing shoe. The anticipated surface pressure, assuming a fully evacuated hole with a pressure gradient of 0.52 psi/ft. at a TD of 1950 is 1014 psi. This is well within the capabilities of the 3K system proposed to be used. All BOP and BOPE shall comply with well control requirements as stated in Onshore Oil & Gas Order No. 2.

Attachment to Form 3160-3
ALAMO PERMIAN RESOURCES, LLC
Atkins Federal #2
Page 3 of 5

That system consists of:

- Rotating Head
- 3K 11" BOP installed on the 8-5/8" surface casing
- kill line (2" minimum)
- 1 kill line valve (2" minimum)
- 1 choke line valve
- 2 chokes (refer to diagram in Exhibit F-1)
- Upper kelly cock valve with handle available on drill floor
- Safety valve and subs to fit all drill strings in use
- Pressure gauge on choke manifold
- 2" minimum choke lines
- Fill-up line above the uppermost preventer.

B. Choke Manifold Equipment – Exhibit F-2

- a. All choke lines shall be straight lines unless turns use tee blocks or are targeted with running teed, and shall be anchored to prevent whip and reduce vibration.
- b. Choke manifold equipment configuration shall be as indicated on the example diagram shown in Exhibit F-2.
- c. All valves (except chokes) in the kill line choke manifold, and choke line are a type that does not restrict the flow (full opening) and that allows a straight through flow.
- d. Pressure gauges in the well control system are a type designed for drilling fluid service.
- e. The 3K system accumulator has sufficient capacity to close all BOP's and retain 200 psi above precharge, using nitrogen bottles that meet manufacturer's specifications.
- f. A precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack. The accumulator pressure will be adjusted with nitrogen gas to be within the operating limits as shown Pressure Operating Precharge Pressure rating.

Pressure Rating	Operating Pressure	Precharge Pressure		
		Desired	Maximum	Minimum
1,500 psi	1,500 psi	750 psi	800 psi	700 psi
2,000 psi	2,000 psi	1,000 psi	1,100 psi	900 psi
3,000 psi	3,000 psi	1,000 psi	1,100 psi	900 psi

- g. Power for the closing unit pumps shall be available to the unit at all times so that the pumps shall automatically start when the closing valve manifold pressure has decreased to the pre-set level.
 - h. The BOP closing unit shall be equipped with sufficient number and sizes of pumps so that, with the accumulator system isolated from service, the pumps shall be capable of opening the hydraulically-operated gate valve plus closing the annular preventer on the smallest size drill pipe to be used within 2 minutes, and obtain a minimum of 200 psi above specified accumulator precharge pressure.
 - i. A manual locking device (i.e., hand wheels) or automatic locking devices shall be installed. A valve is installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will be maintained in the open position and shall be closed only when the power source for the accumulator system is inoperative.
- C. Tests and Testing Schedule**
- a. The annular preventer shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer. This test shall be performed:
 - i. when initially installed:
 - ii. whenever any seal subject to test pressure is broken:
 - iii. following related repairs: and
 - iv. at 30-day intervals.
 - b. Valves shall be tested from working pressure side during BOPE tests with all downstream valves open.
 - c. When testing the kill line valve(s), the check valve shall be held open or the ball removed.

Attachment to Form 3160-3
ALAMO PERMIAN RESOURCES, LLC
Atkins Federal #2
Page 4 of 5

- d. Annular preventers shall be functionally operated at least weekly.
- e. A BOPE pit level drill shall be conducted weekly for each drilling crew.
- f. Pressure tests shall apply to all related well control equipment.
- g. All of the above described tests and/or drills shall be recorded in the drilling log.
See Exhibits F-1 – F-2.

5. MUD PROGRAM

Drilling Interval	Fluid Type	Weight	Description
0 to 275'	Fresh Water	8.6 to 9.2 ppg	32-34 Vis FL no Control Gel/Lime Circ Steel Pits Closed loop Cutting Via Backhoe to rolloff
275' to 690'	Brine	9.6 to 10.1 ppg	29-32 Vis no Control MF-55 for Solids and MF -55 & paper sweeps Circ Steel Pits Closed loop Cutting Via Backhoe to rolloff
690' to 1950'	Cut Brine Water	9.6 to 10.1 ppg	Lower FL w/ starch <16 add SW gel - 32-36 Vis no Control MF-55 for Solids and MF -55 & paper sweeps Circ Steel Pits Closed loop Cutting Via Backhoe to rolloff

Mud additions will be coordinated through contract representative. This program is only a guide, and hole conditions will dictate mud system requirements and changes. Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run open-hole logs and casing, the viscosity and water loss may have to be adjusted to meet these needs.

The mud program and related drilling procedures as proposed is designed to prevent the loss of well control and produce a borehole ready to receive casing and allow efficacious cementing of the casing. This will be accomplished by:

- Mud monitoring equipment shall be in place to visually detect volume changes indicating loss or gain of circulating fluid volume.
- Testing and Record Keeping
 - Slow pump speed will be recorded on daily drilling report after mudding up.
 - A mud test shall be performed at least every 24 hours after mudding up to determine density, viscosity, gel strength, filtration, and pH.
 - These will be recorded on daily drilling report every time they are taken.
- Gas detecting equipment shall be installed in the mud return system, and hydrocarbon gas shall be monitored for pore pressure changes.

6. TECHNICAL STAGES OF OPERATION

- A. Testing: None planned.
- B. Logging:
 - Mud logging – Base of Surface Casing to TD
 - Based on the Borehole conditions Open Hole Logging is planned
 - i. TD thru Pay – Gamma Ray Neutron Density Laterolog
 - ii. TD thru Surface – Gamma Ray Neutron
- C. Conventional Coring: None anticipated.
- D. Directional Drilling: No directional drilling is anticipated.

7. ANTICIPATED RESERVOIR CONDITIONS

No abnormal temperatures or pressures are anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight. The estimated

Attachment to Form 3160-3
ALAMO PERMIAN RESOURCES, LLC
Atkins Federal #2
Page **5 of 5**

evacuated BHP = 1014 psi with a temperature of 80 degrees F. Low levels of H₂S have been monitored in producing wells in the area, so H₂S may be present while drilling the well. An H₂S Plan and H₂S Rig Layout (Exhibit G) are attached to the Drilling Program.

8. OTHER PERTINENT INFORMATION

A. Auxiliary Equipment

- Upper and lower Kelly cocks. Full opening stab in valve on the rig floor.

B. Anticipated Starting Date

- Anticipated starting date: Immediately upon approval.
- Anticipated completion of drilling operations: Approximately 3 Weeks after spud date.

Exhibit – F-1 - BOP Diagram

Alamo Permian Resources, LLC

Atkins Federal #2

990' FNL and 1650' FWL, UNIT C

Sec 17, T16S, R29E

Eddy County, New Mexico

Dual Ram BOP

3000 PSI WP

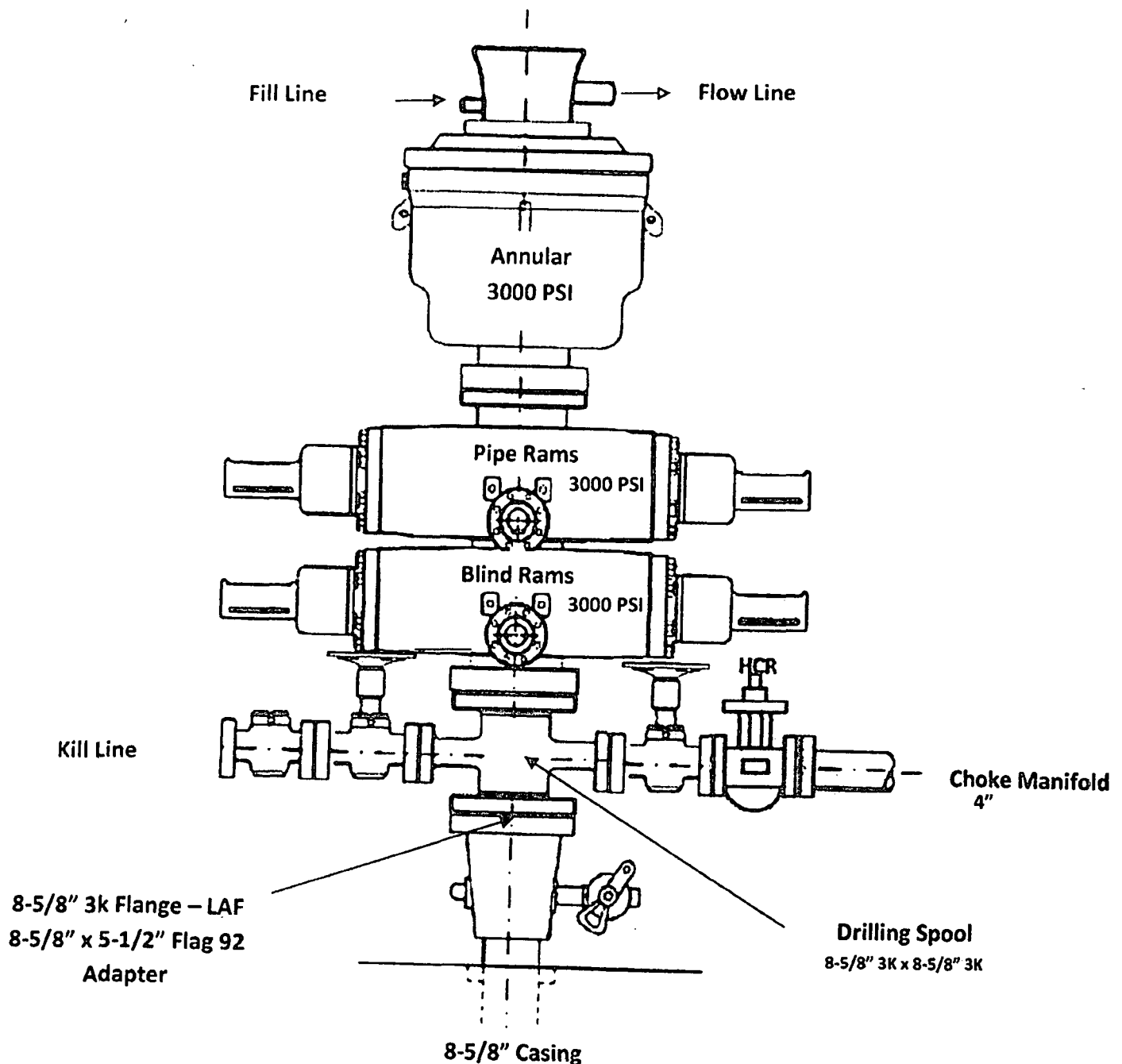


Exhibit –F-2 - Choke Manifold

Alamo Permian Resources, LLC

Atkins Federal #2

990' FNL and 1650' FWL, UNIT C

Sec 17, T16S, R29E

Eddy County, New Mexico

Green Energy Remotely Operated Adjustable Choke

3000 PSI WP

Additional information regarding the
BOP can be found on Exhibit F-1 –
BOP Diagram

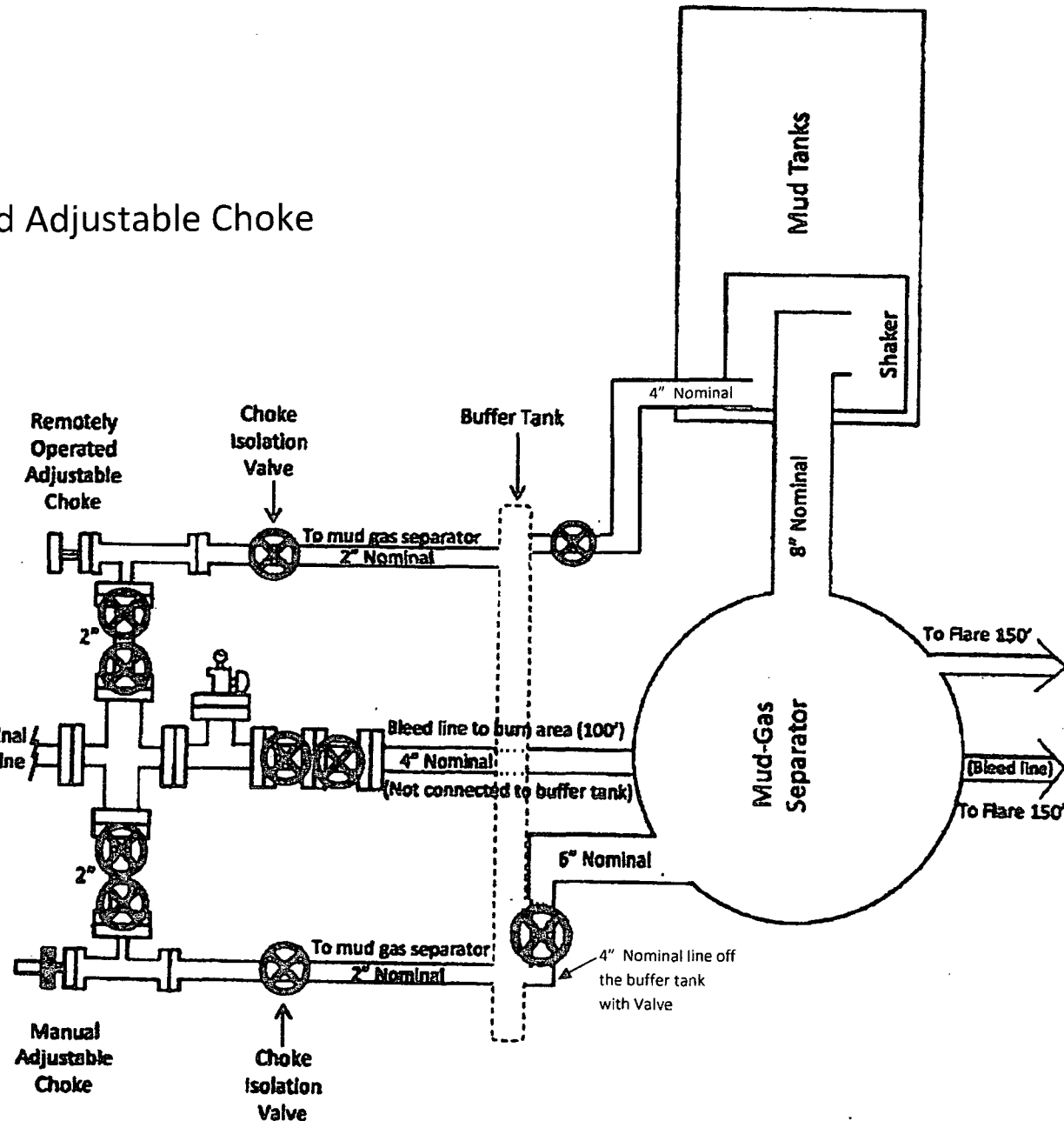
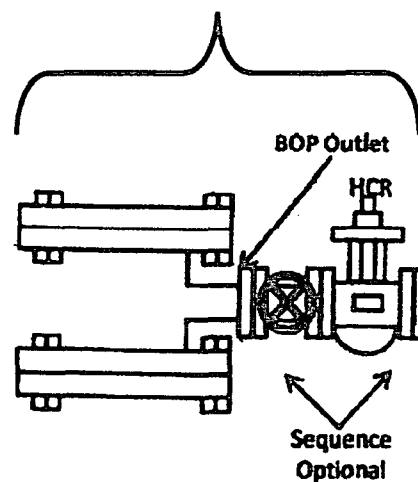
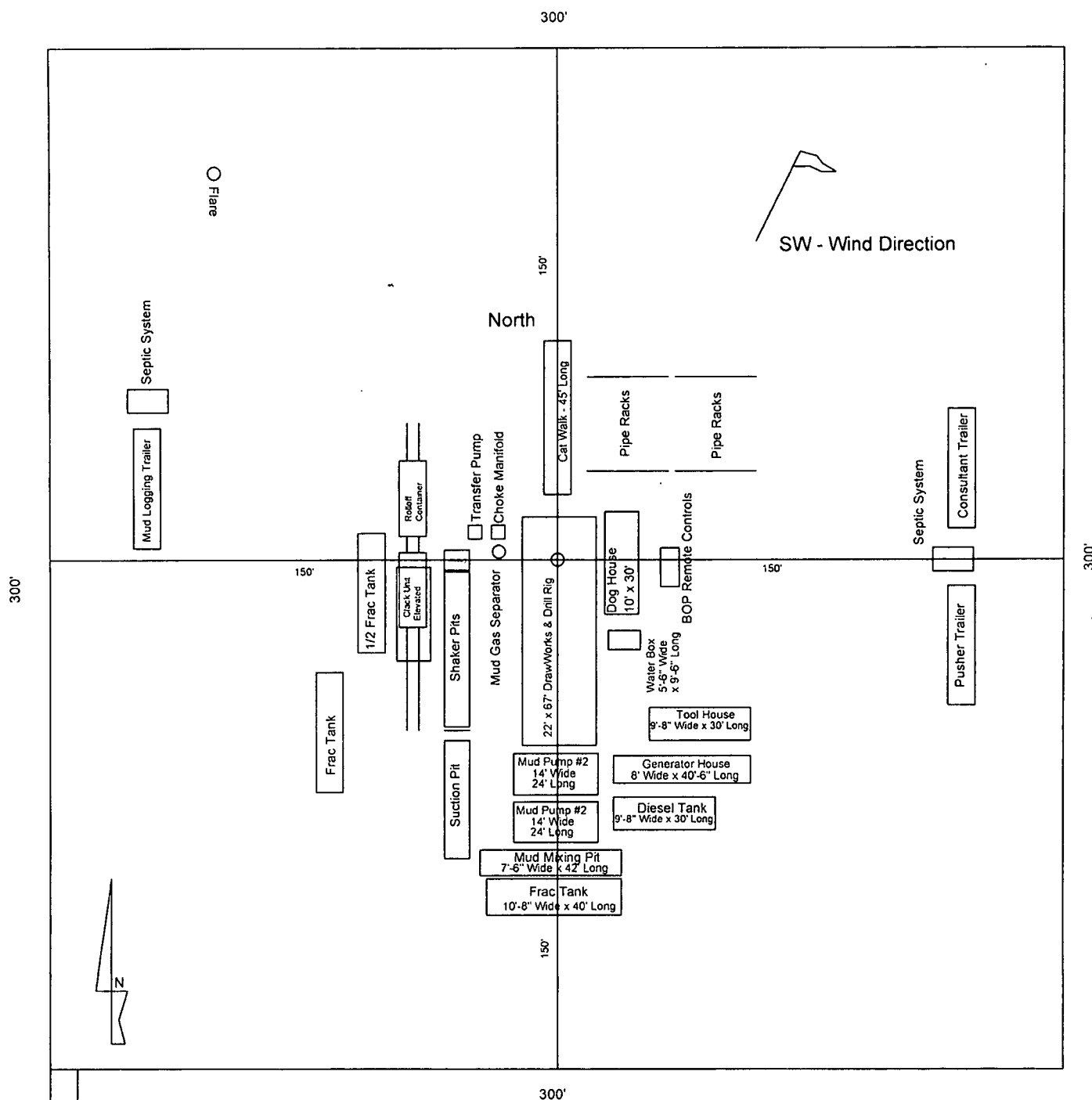


Exhibit G Drilling Rig / Well Pad Layout

Date : March 21 2014
Draftsman : H. Lamb



Alamo Permian Resources, LLC
Drilling Rig Layout
Atkins Federal #2
990' FNL & 1650' FWL, Section 17
T-16-S R-29-E Unit Letter C
Eddy County New Mexico

Overall Pad Dimension 300' x 300'
Topsoil to be stockpiled on the North
side of location
V-Door Faces North
Prevailing Wind Direction - South West

ALAMO PERMIAN RESOURCES, LLC
ATKINS FEDERAL #2

Hydrogen Sulfide Drilling Plan Summary
(attach to detailed H2S Plan)

- A. All personnel shall receive proper H2S training according to Onshore Order 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): One unit placed at each breathing area; two units stored in the safety trailer.
 - b. Work/Escape packs: Four packs stored on the rig floor with sufficient air hose not to restrict work activity.
 - c. Emergency Escape Packs: Four packs stored in the doghouse for emergency evacuation.
 - Auxiliary Rescue Equipment:
 - a. Stretcher
 - b. Two OSHA full body harnesses
 - c. 100' of 5/8" 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 at 10 ppm and audible at 15 ppm. Calibrate a minimum of every 30 days or as needed. 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 placed at site entrance reflecting possible conditions at the site.
 - b. A colored condition flag on display, reflecting the current condition at the site.
 - c. Two wind socks 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 cell phones and land lines.

ALAMO PERMIAN RESOURCES, LLC

**HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING / COMPLETING / WORKOVER / FACILITY
WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM**

**ALAMO PERMIAN RESOURCES, LLC
NEW DRILL WELL:**

**ATKINS FEDERAL #2
990' FNL & 1650' FWL, Unit C
Sec 17, T16S, R29E
Eddy County, New Mexico**

This well/facility is not expected to have H₂S, but the following is submitted as requested.

TABLE OF CONTENTS

I.	General Emergency Plan	Page 3
II.	Emergency Procedures for Uncontrolled Release of H ₂ S	Page 3
III.	Emergency Call List	Page 3
IV.	Emergency Response Numbers	Page 4
V.	Protection of the General (ROE) Radius of Exposure	Page 5
Vi.	Public Evacuation Plan	Page 5
VII.	Procedure for Igniting an Uncontrollable Condition	Page 6
VIII.	Required Emergency Equipment	Page 6
IX.	Using Self-Contained Breathing Air Equipment (SCBA)	Page 7
X.	Rescue & First Aid for Victims of H ₂ S Poisoning	Page 7
XI.	H ₂ S Toxic Effects	Page 8
XII.	H ₂ S Physical Properties	Page 9
XIII.	Location Map	Page 10
XIV.	Vicinity Map	Page 11

GENERAL H2S EMERGENCY ACTIONS

In the event of any evidence of H2S emergency, the following plan will be initiated:

1. All personnel will immediately evacuate to an upwind and if possible uphill "safe area."
2. If for any reason a person must enter the hazardous area, they must wear a SCBA (self-contained breathing apparatus).
3. Always use the "buddy system."
4. Isolate the well/problem if possible.
5. Account for all personnel.
6. Display the proper colors warning all unsuspecting personnel of the danger at hand.
7. Contact the company representative as soon as possible if not at the location (use the enclosed call list as instructed).

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

1. All personnel will don the self-contained breathing apparatus.
2. Remove all personnel to the "safe area" (always use the "buddy system").
3. Contact company representative if not on location.
4. Set in motion the steps to protect and/or remove the general public to any upwind "safe area." Maintain strict security and safety procedures while dealing with the source.
5. No entry to any unauthorized personnel.
6. Notify the appropriate agencies:
City Police - City streets
State Police - State Roads
County Sheriff - County Roads
7. Call the NMOCD.

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in harm's way, he will immediately notify public safety personnel.

EMERGENCY CALL LIST

	<u>Office</u>	<u>Cell</u>	
Steven Masten	(432) 897-0673	(432) 557-5847	Operations Manager
Michael Stewart	(432) 682-1122	(432) 638-9009	Drilling Engineer
Pat Seale	(432) 897-0673	(713) 899-1712	Sr. VP/Operations
Tony Pelletier	(832) 657-8002	(281) 413-4578	President/CEO
Alamo Office-Houston	(713) 224-2500		
Alamo Office-Midland	(432) 897-0673		

EMERGENCY RESPONSE NUMBERS

Eddy County, New Mexico

State Police – Carlsbad	575-885-3137
City Police – Carlsbad	575-885-2111
State & City Police - Artesia	575-746-2703
 Eddy County Sheriff - Carlsbad	 575-887-7551
 Fire Department – Carlsbad	 575-887-3798
Fire Department – Artesia	575-746-2701
 Local Emergency Planning – Carlsbad	 575-887-6544
Local Emergency Planning – Artesia	575-746-2122
 New Mexico Oil Conservation Division - Carlsbad	 575-748-1283
Randy Dade – OCD District Supervisor-Carlsbad	575-626-1372 (cell)
Bureau of Land Management - Carlsbad	575-234-5972
 State Emergency Response Center (SERC) – Santa Fe	 505-476-9600
24 hour	505-827-9126
NM State Emergency Operations Center	505-476-9635
National Emergency Response Center (Washington DC)	800-424-8802
 Other:	
Boots & Coots IWD	800-256-9688 or 281-934-8884
Cudd Pressure Control	432-699-0139 or 432-563-3356
Halliburton	575-746-2757
BJ Services	575-746-3569
Flight for Life – 4000 24 th St, Lubbock, Texas	806-746-9911
Aerocare – R3, Box 49F, Lubbock, Texas	806-747-8923
Med Flight Air Ambulance – 2301 Yale Blvd., Albuq, NM	505-842-4433
SB Aid Med Serv – 2505 Clark Carr Loop SE, Albuq, NM	505-842-4949

PROTECTION OF THE GENERAL (ROE) RADIUS OF EXPOSURE

In the event greater than 100 ppm H₂S is present, the ROE calculations will be done to determine if the following conditions exist and whether the Plan must be activated:

- * 100 ppm at any public area (any place not associated with this site)
- * 500 ppm at any public road (any road which the general public may travel).
- * 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE: (H₂S concentrations in decimal form)

$$\text{ROE} = [(1.589)(\text{H}_2\text{S concentration})(Q)]^{(.6258)}$$

10,000 ppm + = .01
1,000 ppm + = .001

Calculation for the 500 ppm ROE:

100 ppm + = .0001
10 ppm + = .00001

$$\text{ROE} = [(0.4546)(\text{H}_2\text{S concentration})(Q)]^{(.6258)}$$

EXAMPLE: If a well/facility has been determined to have 650 ppm H₂S in the gas mixture and the well/facility is producing at a gas rate of 200 MCFD then:

ROE for 100 ppm ROE=[(1.589)(.00065)(200,000)] ^0.6258
 ROE=28.1'

ROE for 500 ppm ROE=[(.4546)(.00065)(200,000)] ^0.6258
 ROE=12.8'

These calculations will be forwarded to the appropriate NMOCD district office when applicable.

PUBLIC EVACUATION PLAN

When the supervisor has determined that the general public will be involved, the following plan will be implemented.

1. Notification of the emergency response agencies of the hazardous condition and implement evacuation procedures.
2. A trained person in H₂S safety shall monitor with detection equipment the H₂S concentration, wind and area of exposure. This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. All monitoring equipment shall be UL approved for use in Class I Groups A, B, C & D, Division I hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values.
3. Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
4. The company representative shall stay in communication with all agencies throughout the duration of the situation and inform such agencies when the situation has been contained and the affected area is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION

The decision to ignite a well should be a last resort with one, if not both, of the following conditions:

1. Human life and/or property are endangered.
2. There is no hope of bringing the situation under control with the prevailing conditions at the site.

Instructions for Igniting the Well:

1. Two people are required. They must be equipped with positive pressure, self-contained breathing apparatus and "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
2. One of the people will be a qualified safety person who will test the atmosphere for H₂S, oxygen and LFL. The other person will be the designated company representative.
3. Ignite upwind from a distance no closer than necessary. Make sure that the ignition site has the maximum escape avenue available. A 25mm flare gun with a range of approximately +/- 500 feet shall be used to ignite the gas.
4. Before igniting, check for the presence of combustible gases.
5. After igniting, continue emergency actions and procedures as before.

REQUIRED EMERGENCY EQUIPMENT

1. Breathing Apparatus

- Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
- Work / Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
- Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

2. Signage and Flagging

- One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
- A Colored Condition flag will be on display reflecting the condition at the site at that time.

3. Briefing Area

- Two perpendicular areas will be designated by signs and readily accessible.

4. Windsocks

- Two windsocks will be placed in strategic locations, visible from all angles.

5. H₂S Detectors and Alarms

- The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible alarm @ 15 ppm. Calibrate a

minimum of every 30 days or as needed. The three sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer):

- Rig Floor
- Bell Nipple
- End of flow line or where well bore fluid is being discharged

6. Auxiliary Rescue Equipment

- Stretcher
- Two OSHA full body harnesses
- 100' of 5/8" OSHA approved rope
- One 20 lb. Class ABC fire extinguisher
- Communication via cell phones on location and vehicles on location

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA)

1. SCBA should be worn when any of the following are performed:
 - Working near the top or on top of a tank
 - Disconnecting any line where H₂S can reasonably be expected.
 - Sampling air in the area to determine if toxic concentrations of H₂S exist.
 - Working in areas where over 10 ppm of H₂S has been detected.
 - At any time there is a doubt of the level of H₂S in the area.
2. All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.
3. Facial hair and standard eyeglasses are not allowed with SCBA.
4. Contact lenses are never allowed with SCBA.
5. When breaking out any line where H₂S can reasonably be expected.
6. After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.
7. All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF H₂S POISONING

- Do not panic.
- Remain calm and think.
- Put on the breathing apparatus.
- Remove the victim to the safe breathing area as quickly as possible, upwind and uphill from source or crosswind to achieve upwind.
- Notify emergency response personnel.
- Provide artificial respiration and/or CPR as necessary.
- Remove all contaminated clothing to avoid further exposure.
- A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

TOXIC EFFECTS OF H₂S POISONING

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity-1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen sulfide and other gasses are compared below in Table 1. Toxicity table for H₂S and physical effects are shown in Table II.

Table 1
Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	C	
Hydrogen Sulfide	H ₂ S	1.192	10 ppm	15 ppm	100 ppm
Sulfide Dioxide	SO ₂	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	CO	.97	25 ppm	200 ppm	
Carbon Dioxide	CO ₂	1.52	5000 ppm	30,000 ppm	
Methane	CH ₄	.55	4.7% LEL	14% UEL	

Definitions

- A. TLV – Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists and regulated by OSHA.
- B. STEL – Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H₂S is 19 PPM.
- C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H₂S is 100 PPM.
- D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on an TWA.

TABLE II
Toxicity Table of H₂S

Percent %	PPM	Physical Effects
.0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure
.0015	15	STEL for 15 minutes of exposure
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes.
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H₂S

The properties of all gases are usually described in the context of seven major categories:

COLOR
ODOR
VAPOR DENSITY
EXPLOSIVE LIMITS
FLAMMABILITY
SOLUBILITY (IN WATER)
BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR – TRANSPARENT

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence, a fact that makes the gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs." For this reason it earned its common name "sour gas." However, H₂S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H₂S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H₂S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO₂), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

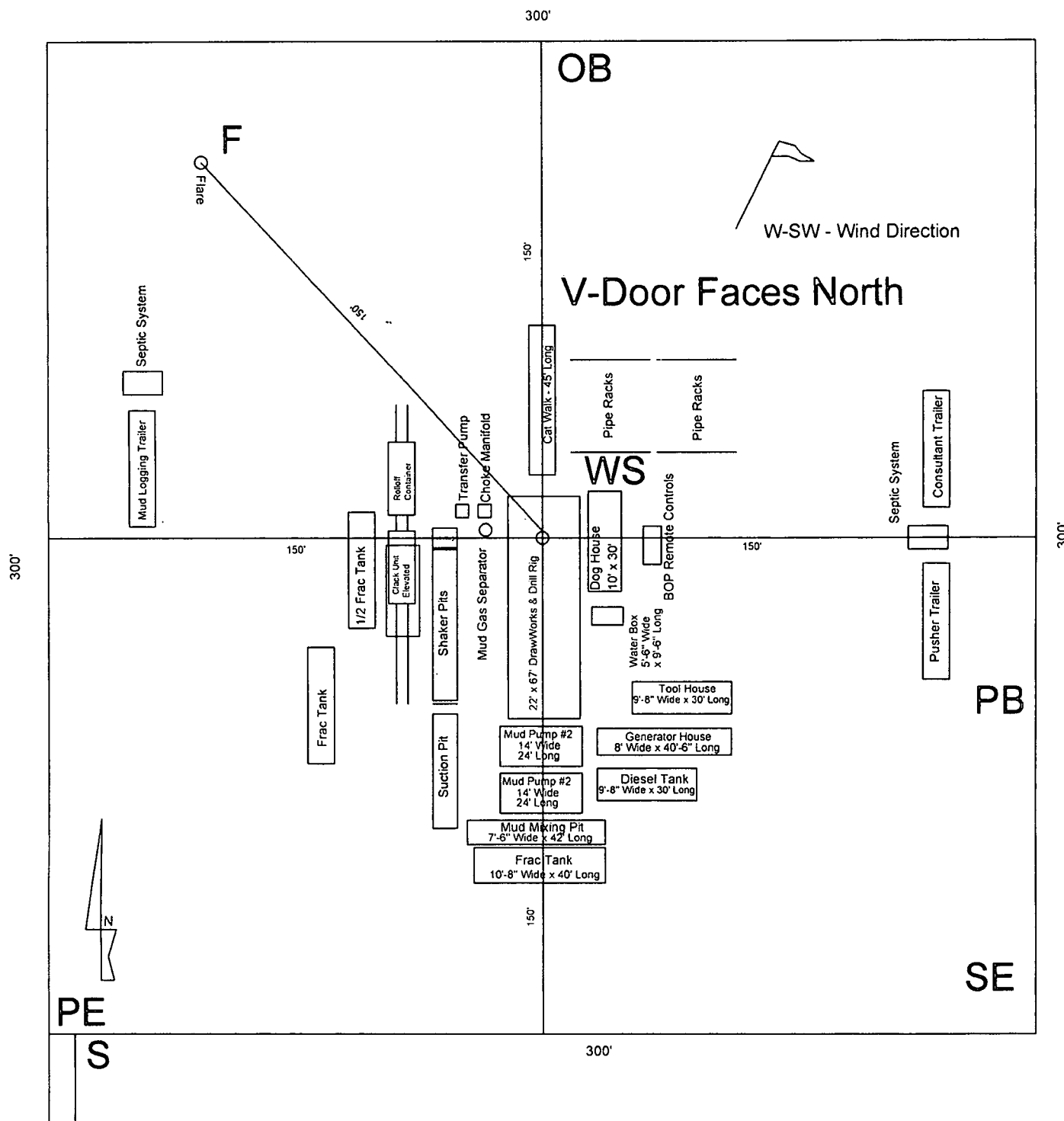
Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H₂S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H₂S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

H2S Rig Layout

Date : March 21 2014
Draftsman : H. Lamb



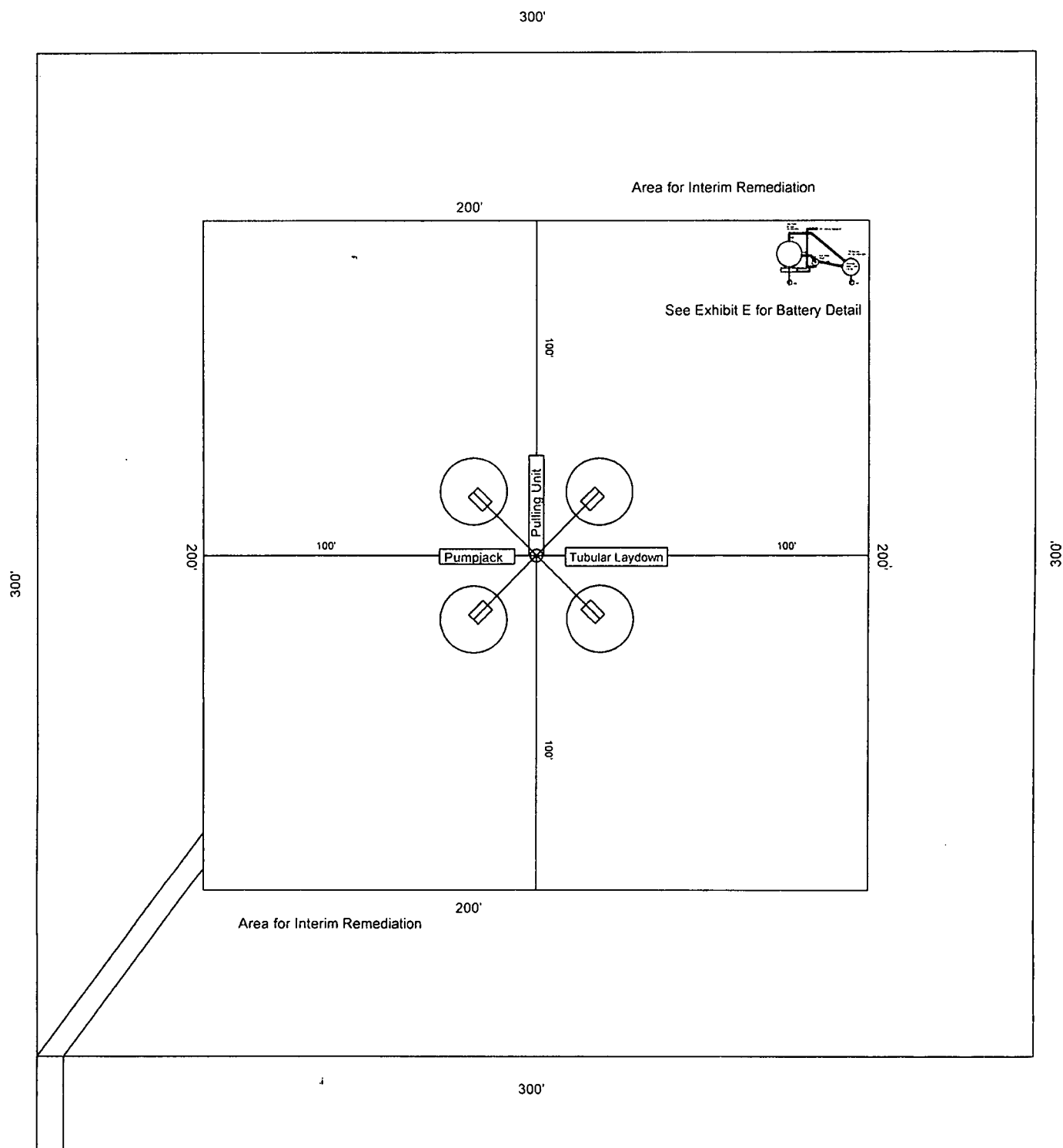
Legend

PE - Primary Egress
SE - Secondary Egress
W - Wind Direction
F - Flare
PB - Primary Briefing Area
OB - Other Briefing Area
S - H2S Warning Signage
WS - Wind Sock
Prevailing Wind Direction - SW

Alamo Permian Resources, LLC
H2S Rig Layout
Atkins Federal #2
990' FNL & 1650' FWL, Section 17
T-16-S R-29-E Unit Letter C
Eddy County New Mexico

Exhibit H
Interim Reclamation Diagram

Date : March 21 2014
Draftsman : H. Lamb



Alamo Permian Resources, LLC
Interim Reclamation Diagram
Atkins Federal #2
990' FNL & 1650' FWL, Section 17
T-16-S R-29-E Unit Letter C
Eddy County New Mexico

ALAMO PERMIAN RESOURCES, LLC
SURFACE USE AND OPERATIONS PLAN

Atkins Federal #2
990' FNL & 1650' FWL, Unit C
Sec 17, T16S, R29E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above-described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING AND PLANNED ROADS

EXISTING ROADS:

- a. The well site and elevation plat for the proposed well are reflected on Form C-102: Well Location and Acreage Dedication Plat. The well was staked by Frank Jaramillo of Madron Surveying, Inc. Tanner Nygren, BLM Natural Resource Specialist, conducted the on-site inspection on November 24, 2013.
- b. Exhibit C-1—C-3 is a portion of a topo map and an aerial map showing the proposed well site and roads in the vicinity of the proposed location. Access to the well site will be via existing caliche roads and two-track lease roads.
- c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

DIRECTIONS:

From the intersection of U.S. 82 (Lovington Highway) and CR 214 (Barnaval Draw Road), go north on CR 214 6.71 miles to a fork in the road, take left. Go 1.01 miles, on right follow flag 1013' to southwest corner of well pad.

PLANNED ACCESS ROAD:

Exhibit B-1—B-3 is a portion of a section map showing a proposed temporary access road approximately 1013', from southwest corner of well pad to existing 16' caliche lease road.

- a. The maximum width of the running surface will be 14'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4' wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and be consistent with local drainage patterns.
 - b. The average grade will be less than 1%.
 - c. No turnouts are planned.
 - d. No culverts, cattle guards, gates, low water crossings, or fence cuts are necessary.
 - e. Surfacing material will consist of native caliche which will be obtained from the actual well site if available. If not available on site, caliche will be hauled from the nearest BLM caliche pit.
- 2. LOCATION OF EXISTING WELLS**
- Exhibit D is a map and list of all existing wells within a one-mile radius of the proposed well site.
- 3. LOCATION OF EXISTING/PROPOSED FACILITIES**
- If the well is productive tank battery facilities will be installed on the northeast corner of the well pad (see Exhibit H). Tank battery facilities will be constructed according to API specifications as shown on Exhibit E.

4. **LOCATION AND TYPE OF WATER SUPPLY**

The well will be drilled using a combination of water mud systems as outlined in the Drilling Program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck using the existing and proposed roads shown in Exhibits C-1 –C-3. If a commercial fresh water source is nearby, fast line may be laid along existing road ROWs and fresh water pumped to the well. No water well will be drilled on the location.

5. **SOURCE OF CONSTRUCTION MATERIALS**

All caliche utilized for the drilling pad will be obtained from an existing BLM-approved pit.

6. **METHODS OF HANDLING WASTE MATERIAL**

- a. The well will be drilled using a closed loop system – see Exhibit G.
- b. Drilling fluids will be contained in steel mud pits.
- c. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD-approved commercial disposal facility.
- d. Oil produced during testing will be stored in test tanks.
- e. Portable toilets will be furnished and serviced by a toilet rental company, and laws and regulations pertaining to the disposal of human waste will be complied with.
- f. All trash and debris will be contained in trash bins and will be removed from well site within 30 days after finishing drilling and/or completion activities.

7. **ANCILLARY FACILITIES**

No campsite or other facilities will be constructed as a result of this well.

8. **WELL SITE LAYOUT**

- a. Exhibit G shows the proposed well site layout with dimensions of the pad layout. The well pad size is 300' x 300'.
- b. The ground surface at the well site is essentially flat.
- c. The V Door direction is north.
- d. Topsoil, if available, will be stockpiled on the north side of the location until it is needed for reclamation.
- e. No permanent living facilities are planned, but a temporary foreman/tool pusher's trailer will be on location during the drilling operations.

9. **PLANS FOR SURFACE RECLAMATION**

- a. If the well is productive, all sides of the well pad will be reclaimed, and the pad will be downsized to approximately 200' x 200'. Exhibit H is a diagram showing plans for interim reclamation. These locations were approved by BLM Representative Tanner Nygren during an on-site inspection of the proposed site. The pad will be downsized by reclaiming the areas not needed for production operations. The portions that are not needed for production operations will be re-contoured to the original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. Any stockpiled topsoil will be spread over reclaimed area and reseeded with a BLM-approved seed mixture. Alamo Permian Resources, LLC, will notify the BLM and receive approval (via Form 3160-5) before initiating interim reclamation.
- b. Final reclamation will take place if the well is not productive. Upon plugging and abandoning the well, all caliche will be removed from the well pad and access road, and surface will be contoured to match the original topography as much as possible. Caliche will be recycled for road repair or reused for another well pad on the same lease. If any topsoil remains, it will be spread out and reseeded with a BLM-approved seed mixture.

10. SURFACE OWNERSHIP

- a. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface has multiple uses, primarily grazing of livestock and oil and gas production.
- b. The surface tenant for this site is: Bogle LTD, Attn: Lewis Derrick, PO Box 460, Dexter, NM 88230

11. OTHER INFORMATION

The proposed project site falls within Permian Basin PA boundaries, and is eligible for processing under the PA guidelines. Form NM 8140-9 and appropriate PA funding are included with this APD package.

12. BOND COVERAGE: NM000741

13. OPERATOR'S REPRESENTATIVE:

A. Through APD Approval:

Vicki Johnston, Regulatory Specialist
Gray Surface Specialties, Agent for
Alamo Permian Resources, LLC
3106 N. Big Spring, Suite 100
Midland, TX 79705
Phone: (830) 537-4599
Cell: (281) 468-2448

B. Through Drilling Operations:

Steven Masten, Drilling Engineer
Alamo Permian Resources, LLC
415 W. Wall Street, Suite 500
Midland, Texas 79701

Cell: (432) 557-5847
Michael Stewart
Cell: (432) 638-9009

EXHIBITS

- A Form C-102 Well Location & Acreage Dedication Map
- B-1 – B-3 Proposed Well Site, Existing Access Road
- C-1 – C-3 Vicinity Map (Topographical), Location Verification Map
- D One-Mile Radius Map
- E Proposed Tank Battery
- F-1 – F-2 BOP and Choke Manifold Diagram (for attachment to Drilling Program)
- G Proposed Well Pad Layout Map
- H Interim Reclamation Diagram
H2S Diagram (for attachment to H2S Plan)

Form NM 8140-9

(March 2008)

**United States Department of the Interior
Bureau of Land Management
New Mexico State Office**

Permian Basin Cultural Resource Mitigation Fund

The company shown below has agreed to contribute funding to the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III survey for cultural resources associated with their project. This form verifies that the company has elected to have the Bureau of Land Management (BLM) follow the procedures specified within the Memorandum of Agreement (MOA) concerning improved strategies for managing historic properties within the Permian Basin, New Mexico, for the undertaking rather than the Protocol to meet the agency's Section 106 obligations.

Company Name: Alamo Permian Resources, LLC

Address: 820 Gessner Road, Suite 1650

Houston, Texas 77024

Project description: Atkins Federal #2 well pad located 990' FNL and 1650' FWL
and 1013' of new access road.

T. 17S, R. 29E, Section 17 NMPM, Eddy County, New Mexico

Amount of contribution: \$1507.00

Provisions of the MOA:

A. No new Class III inventories are required of industry within the Project Area for those projects where industry elects to contribute to the mitigation fund.

B. The amount of funds contributed was derived from the rate schedule established within Appendix B of the MOA. The amount of the funding contribution acknowledged on this form reflects those rates.

C. The BLM will utilize the funding to carry out a program of mitigation at high-priority sites whose study is needed to answer key questions identified within the Regional Research Design.

D. Donating to the fund is voluntary. Industry acknowledges that it is aware it has the right to pay for Class III survey rather than contributing to the mitigation fund, and that it must avoid or fund data recovery at those sites already recorded that are eligible for nomination to the National Register or whose eligibility is unknown and that any such payments are independent of the mitigation funds established by this MOA.

E. Previously recorded archeological sites determined eligible for nomination to the National Register or whose eligibility remains undetermined must be avoided or mitigated.

F. If any skeletal remains that might be human or funerary objects are discovered by any activities, the land-use applicant will cease activities in the area of discovery, protect the remains, and notify the BLM within 24 hours. The BLM will determine the appropriate treatment of the remains in consultation with culturally affiliated Indian Tribe(s) and lineal descendants. Applicants will be required to pay for treatment of the cultural items independent and outside of the mitigation fund.



Company-Authorized Officer

5/28/14

Date

BLM-Authorized Officer

Date

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Alamo Permian Resources
LEASE NO.:	LC062996B
WELL NAME & NO.:	2-Atkins Federal
SURFACE HOLE FOOTAGE:	990'/N & 1650'/W
BOTTOM HOLE FOOTAGE:	'/ & '/
LOCATION:	Sec. 17, T. 16 S., R. 29 E.
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**
 - Cave/Karst
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☐ **Drilling**
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
- ☐ **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 entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:

Tank battery locations and all facilities 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, siting valves 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 valves, 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 cave-bearing 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.

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) 234-5909 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. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

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

D. 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.

E. 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.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

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 twenty-five (25) 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

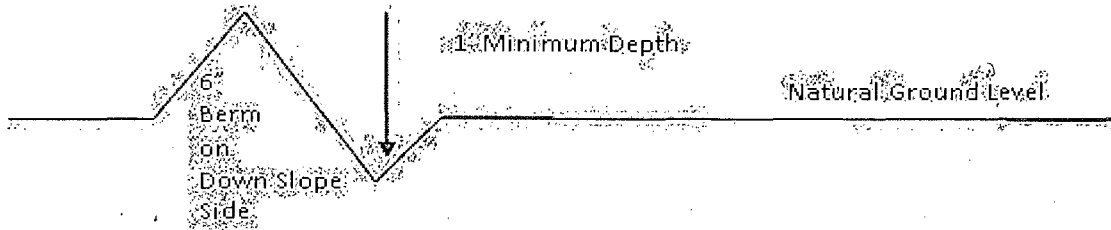
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing 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:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

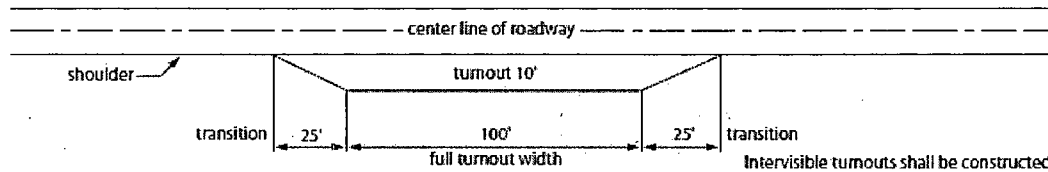
Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

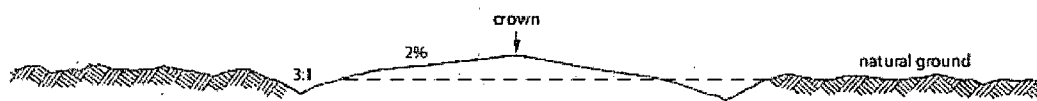
1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

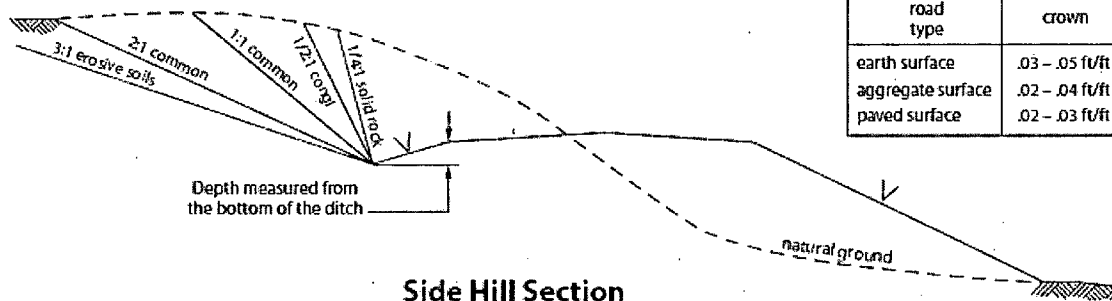


Typical Turnout Plan

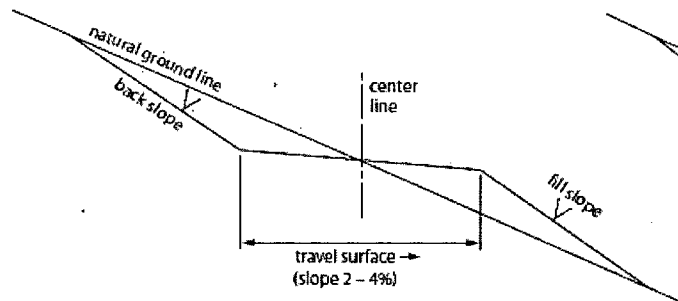
Intervisible turnouts shall be constructed on all single lane roads on all blind curves with additional turnouts as needed to keep spacing below 1000 feet.



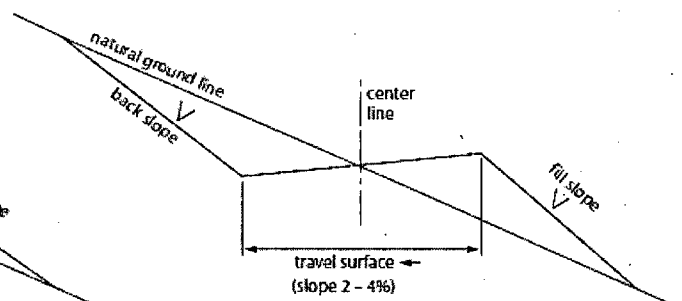
Level Ground Section



Side Hill Section



Typical Outslowed Section



Typical Insloped Section

Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

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. **Hydrogen Sulfide (H₂S) monitors shall be installed prior to drilling out the surface shoe. If H₂S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values 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.
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 is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. 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) for Water Basin:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least **8 hours**. WOC time will be recorded in the driller's log. 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.

Possible lost circulation in the Grayburg, San Andres and Abo Formations

High Cave/Karst

A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH. ON TWO STRING DESIGN CONTINGENCY CASING WILL BE REQUIRED IF LOST CIRCULATION (TOTAL LOSS) OCCURS WHILE DRILLING THE SURFACE HOLE. THE SURFACE HOLE WILL HAVE TO BE REAMED AND A LARGER CASING INSTALLED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. WHERE THE SURFACE CASING HAD A SUCCESSFUL CEMENT JOB; IF LOST CIRCULATION (TOTAL LOSS) OCCURS WHILE DRILLING THE 7-7/8" PRODUCTION HOLE, THE CEMENT PROGRAM FOR THE PRODUCTION CASING WILL NEED TO BE MODIFIED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. A DV TOOL WILL BE REQUIRED.

1. The 8-5/8 inch surface casing shall be set at approximately 275 feet and cemented to the surface. If the salt is encountered at a shallower depth set surface casing 25 feet above the top of the salt. Freshwater based mud to be used to setting depth.
 - 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.
 - 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 5-1/2 inch production casing is:
 - ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.
3. 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.

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 **3000 (3M)** psi
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, 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. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - 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 (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. 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.**
- f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

CRW 041415

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.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

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).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

(Insert Seed Mixture Here)

Seed Mixture 1, for Loamy 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 no 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 regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/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:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

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