

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised July 18, 2013

Oil Conservation Division
1220 South St. Francis Dr.

Santa Fe, NM 87505

HOBBS OCO

☒ AMENDED Report

MAY 03 2016

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

¹ Operator Name and Address Lime Rock Resources II-A, L.P. 1111 Bagby Street, Suite 4600 Houston, Texas 77002		² OGRID Number 277558
⁴ Property Code 309030		³ API Number 30-015-43299
⁵ Property Name Simpson 15B		⁶ Well No #4

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	15	18S	26E		230	N	1760	E	Eddy

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	15	18S	26E		230	N	1760	E	Eddy

⁹ Pool Information

Atoka; Glorieta-Yeso	3250
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Additional Well Information

⁹ Work Type N	¹⁰ Well Type O	¹¹ Cable/ Rotary R	¹² Lease Type P	¹³ Ground Level Elevation 3335.5
¹⁴ Multiple N	¹⁵ Proposed Depth 4000' MD / 4000' TVD	¹⁶ Formation Yeso	¹⁷ Contractor United Drilling, Inc.	¹⁸ Spud Date After 5/1/2016
Depth to Ground Water: 8 Ft.		Distance from nearest fresh water well: 0.085227273 Miles		Distance from nearest surface water: 2.5 Miles

☒ We will be using a closed-loop system in lieu of lined pits

¹⁹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Conductor	26"	20"	91.5	80	80	Surface
Surface	12-1/4"	8-5/8"	24	895	560	Surface
Production	7-7/8"	5-1/2"	17	4000	820	Surface

Casing/Cement Program: Additional Comments

Surface Csg set 50' above first oil show & top of San Andres. Cement will be circulated as required.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
XLT 11"	5000	2000	National Varco

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC 0, if applicable. ☒

Signature: *Eric P. McClusky*

Printed Name: Eric McClusky

Title: Operations Engineer

E-mail Address: emcclusky@limerockresources.com

Date: 4/27/2016

Phone: 713-360-5714

OIL CONSERVATION DIVISION

Approved By:

Denied

Title:

Approved Date:

**SEE ATTACHED
FOR EXPLANATION**

Conditions of Approval Attached

District I
1625 N. French Dr., Hobbs, NM 88240
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HOBBS OCD
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

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☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-43299	² Pool Code 3250	³ Pool Name Atoka: Glorieta - Yeso
⁴ Property Code 309030	⁵ Property Name SIMPSON 15B	
⁷ OGRID No. 277558	⁸ Operator Name LIME ROCK RESOURCES II-A, L.P.	
		⁶ Well Number 4
		⁹ Elevation 3335.7

" Surface Location

UL or lot no. B	Section 15	Township 18 S	Range 26 E	Lot Idn	Feet from the 230	North/South line NORTH	Feet from the 1760	East/West line EAST	County EDDY
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" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹⁰ Dedicated Acres 40	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
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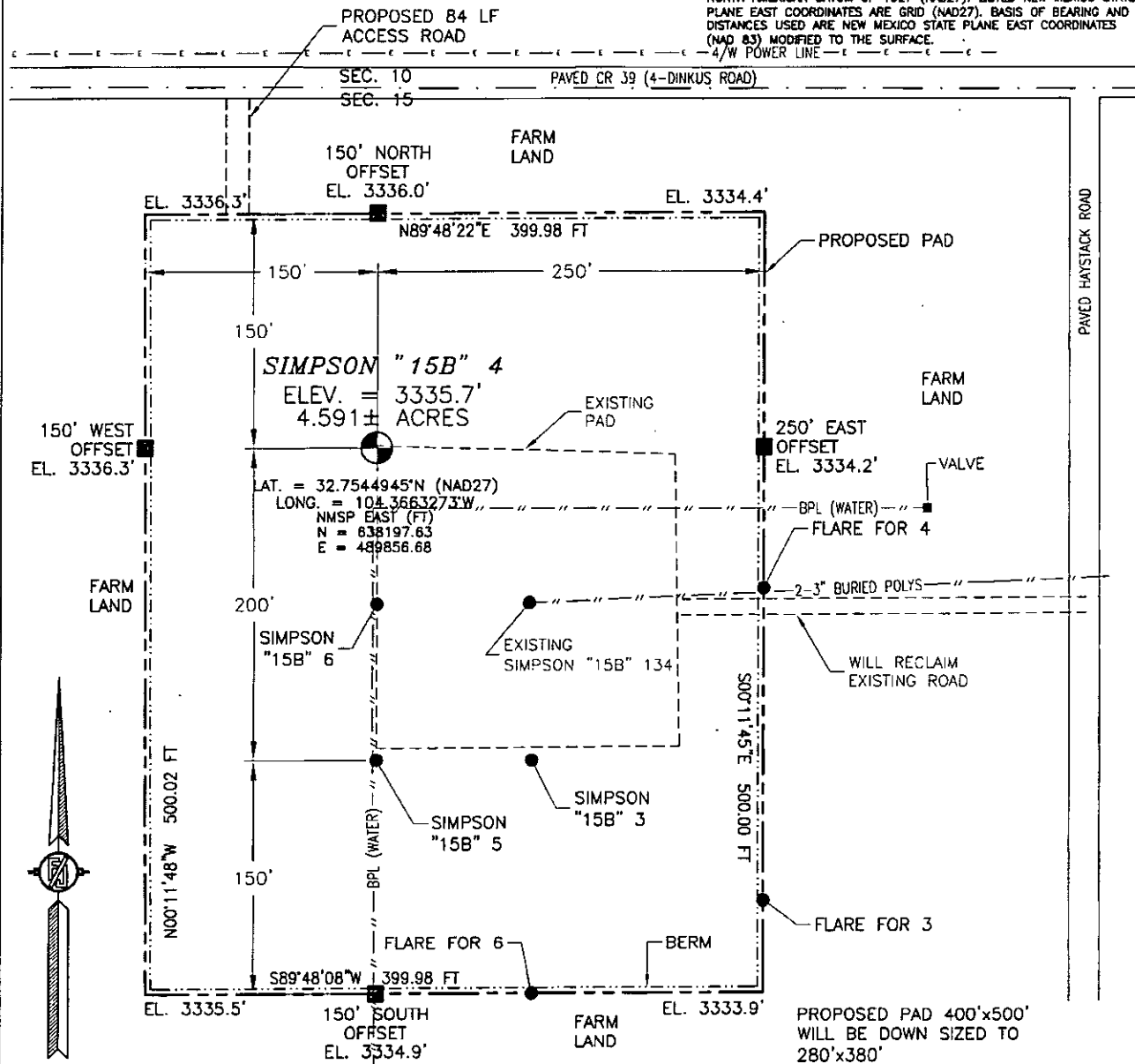
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p style="text-align: center;">S89°56'45"E 2645.71 FT</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>NW CORNER SEC. 15 LAT. = 32.7551324°N LONG. = 104.3778141°W NMSP EAST (FT) N = 638430.97 E = 486325.39</p> </div> <div style="width: 10%; text-align: center;"> <p>DNF</p> </div> <div style="width: 45%;"> <p>NE CORNER SEC. 15 LAT. = 32.7551234°N LONG. = 104.3606067°W NMSP EAST (FT) N = 638425.92 E = 491615.44</p> </div> </div> <p style="text-align: center;">SURFACE LOCATION 230'</p> <p style="text-align: center;">SIMPSON "15B" 4 ELEV. = 3335.7' LAT. = 32.7544945°N (NAD27) LONG. = 104.3663273°W NMSP EAST (FT) N = 638197.63 E = 489856.68</p> <p style="text-align: center;">NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD27). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST (NAD83) COORDINATES MODIFIED TO THE SURFACE.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>SW CORNER SEC. 15 LAT. = 32.7406052°N LONG. = 104.3779091°W NMSP EAST (FT) N = 633146.00 E = 486293.97</p> </div> <div style="width: 10%; text-align: center;"> <p>DNF</p> </div> <div style="width: 45%;"> <p>S/4 CORNER SEC. 15 LAT. = 32.7405229°N LONG. = 104.3692841°W NMSP EAST (FT) N = 633115.06 E = 488945.96</p> </div> </div> <p style="text-align: center;">SE CORNER SEC. 15 LAT. = 32.7405050°N LONG. = 104.3605383°W NMSP EAST (FT) N = 633107.74 E = 491635.08</p> <p style="text-align: center;">N89°19'55"W 2652.86 FT</p>	<p style="text-align: center;">" OPERATOR CERTIFICATION</p> <p><i>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 heretofore entered by the division.</i></p> <p><i>Eric P. McClusky</i> 7/27/16 Signature Date Eric McClusky Printed Name emcclusky@linerockresources.com E-mail Address</p> <p style="text-align: center;">" SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>APRIL 6 2016 Date of Survey</p> <p style="text-align: center;">12797</p> <p><i>William F. Jaramillo</i> Signature and Seal of Professional Surveyor Certificate Number: WILLIAM F. JARAMILLO, PLS 12797 SURVEY NO. 3169B</p>
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SECTION 15, TOWNSHIP 18 SOUTH, RANGE 26 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 1927 (NAD27). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD27). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES (NAD 83) MODIFIED TO THE SURFACE.
4" W POWER LINE



010 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM STATE ROAD 229 (HALDEMAN) AND CR 39 (FOUR DINKUS) GO WEST ON CR 39 0.3 OF A MILE TO A PROPOSED ROAD SURVEY AND FOLLOW FLAGS SOUTH 84' TO THE PROPOSED NORTHWEST PAD CORNER FOR THIS LOCATION.

LIME ROCK RESOURCES II-A, L.P.

SIMPSON "15B" 4

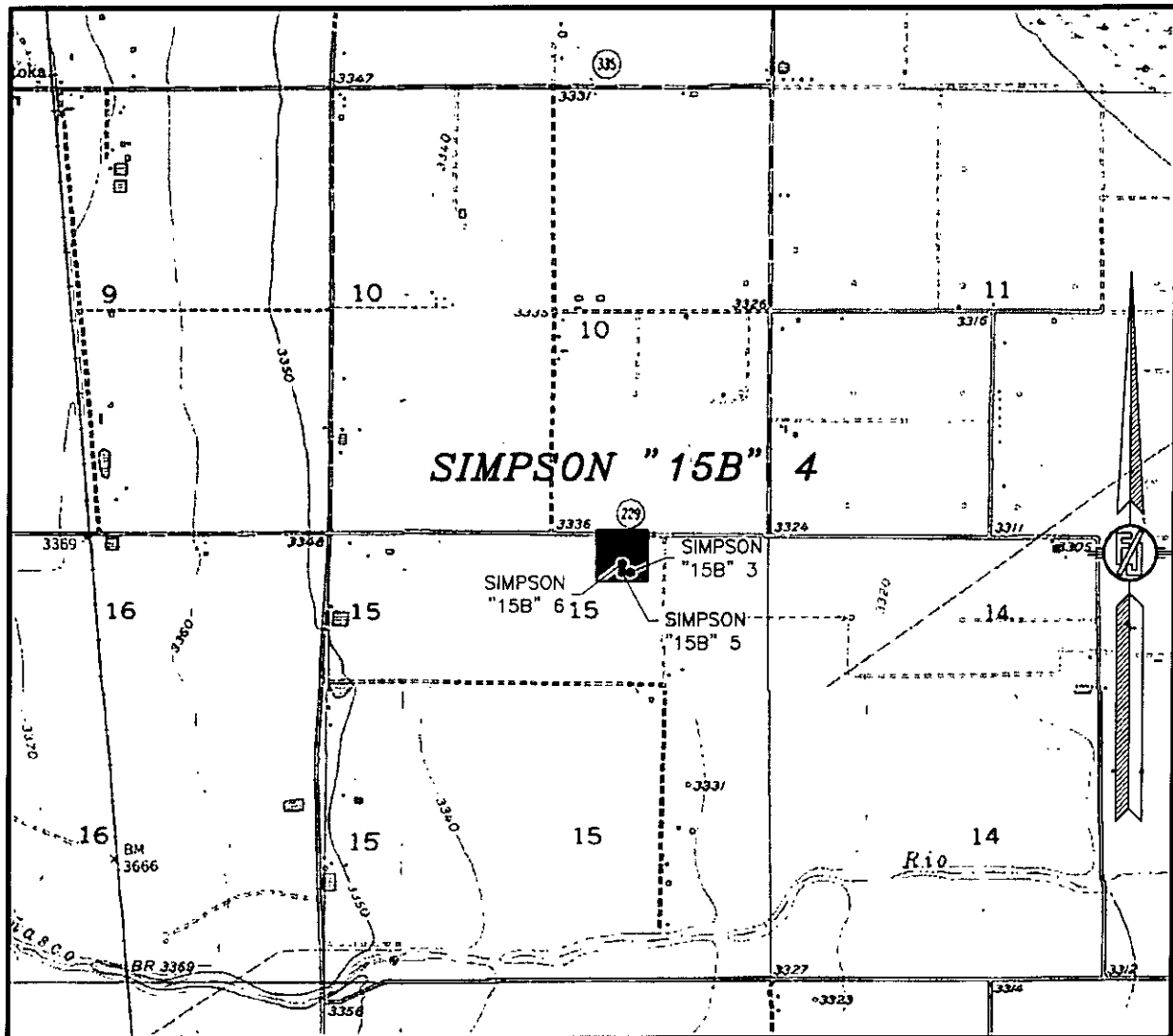
LOCATED 230 FT. FROM THE NORTH LINE
AND 1760 FT. FROM THE EAST LINE OF
SECTION 15, TOWNSHIP 18 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

APRIL 6, 2016

SURVEY NO. 3169B

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

SECTION 15, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 LOCATION VERIFICATION MAP



USGS QUAD MAP:
 SPRING LAKE

NOT TO SCALE

LIME ROCK RESOURCES II-A, L.P.

SIMPSON "15B" 4

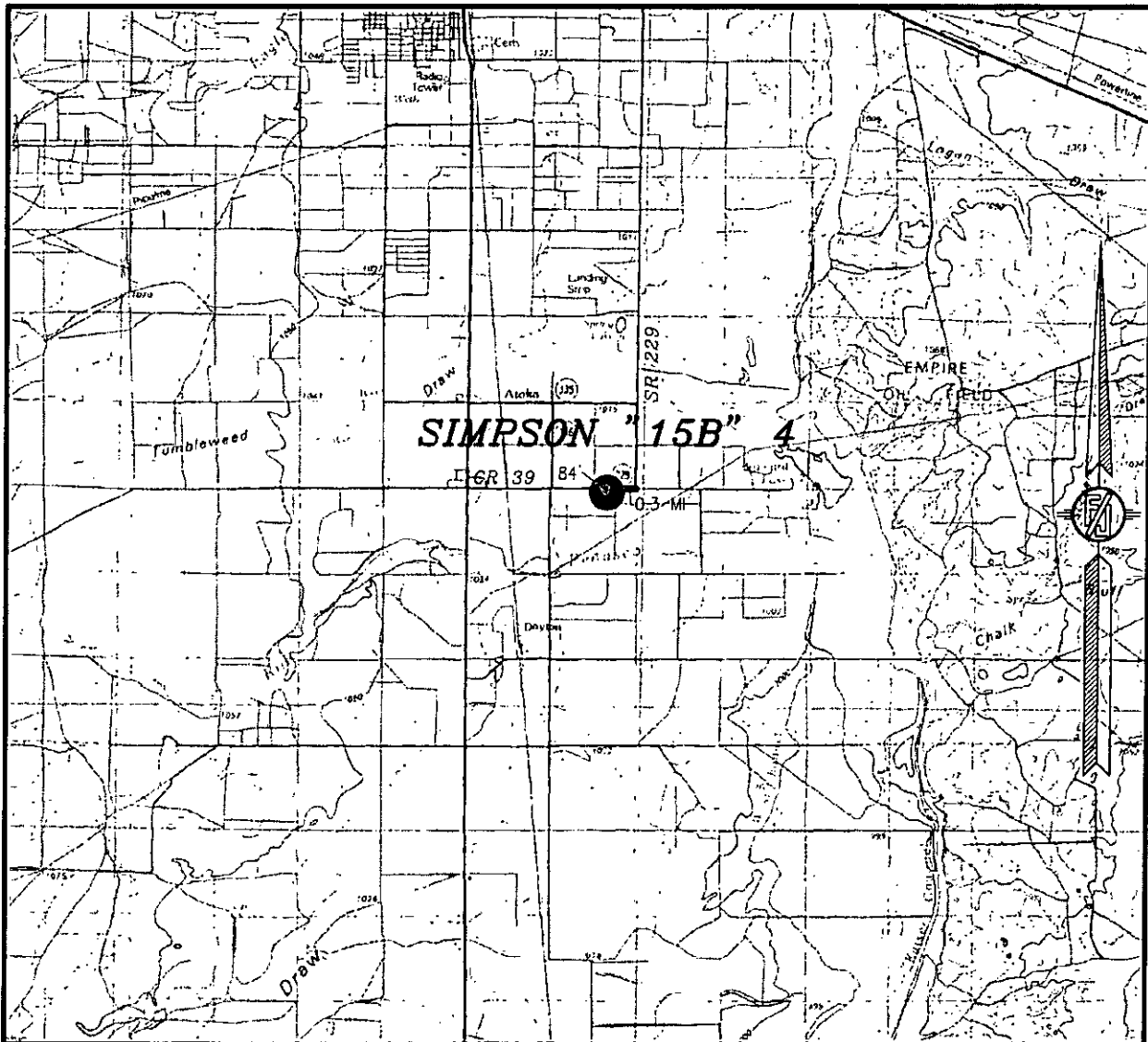
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 RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

APRIL 6, 2016

SURVEY NO. 3169B

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

SECTION 15, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



DISTANCES IN MILES

NOT TO SCALE

DIRECTIONS TO LOCATION

FROM STATE ROAD 229 (HALDEMAN) AND CR 39 (FOUR DINKUS) GO WEST ON CR 39 0.3 OF A MILE TO A PROPOSED ROAD SURVEY AND FOLLOW FLAGS SOUTH 84° TO THE PROPOSED NORTHWEST PAD CORNER FOR THIS LOCATION.

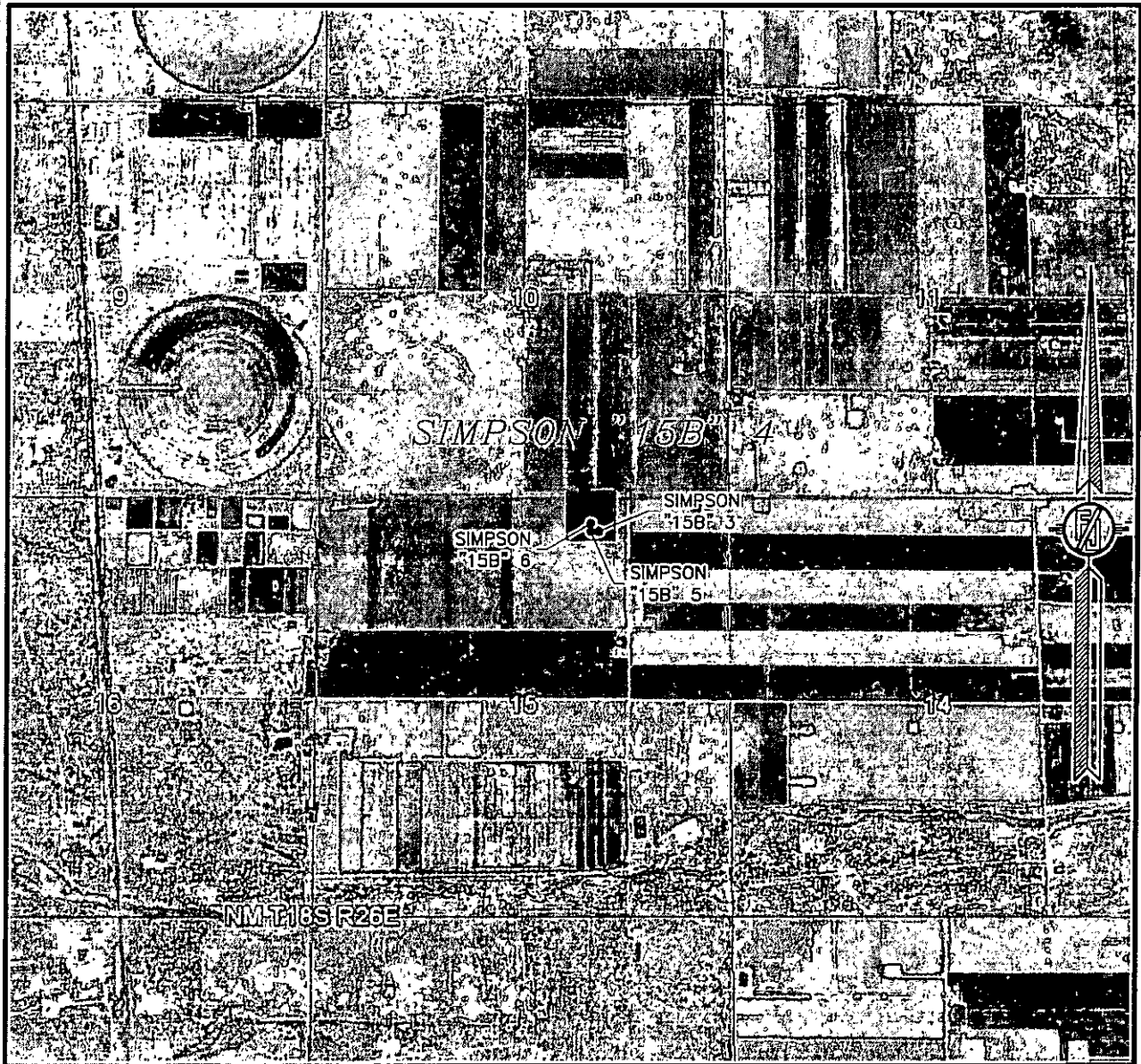
LIME ROCK RESOURCES II-A, L.P.
SIMPSON "15B" 4
LOCATED 230 FT. FROM THE NORTH LINE
AND 1760 FT. FROM THE EAST LINE OF
SECTION 15, TOWNSHIP 18 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

APRIL 6, 2016

SURVEY NO. 3169B

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

SECTION 15, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 AERIAL PHOTO



NOT TO SCALE
 AERIAL PHOTO:
 GOOGLE EARTH
 MAY 2014

LIME ROCK RESOURCES II-A, L.P.

SIMPSON "15B" 4

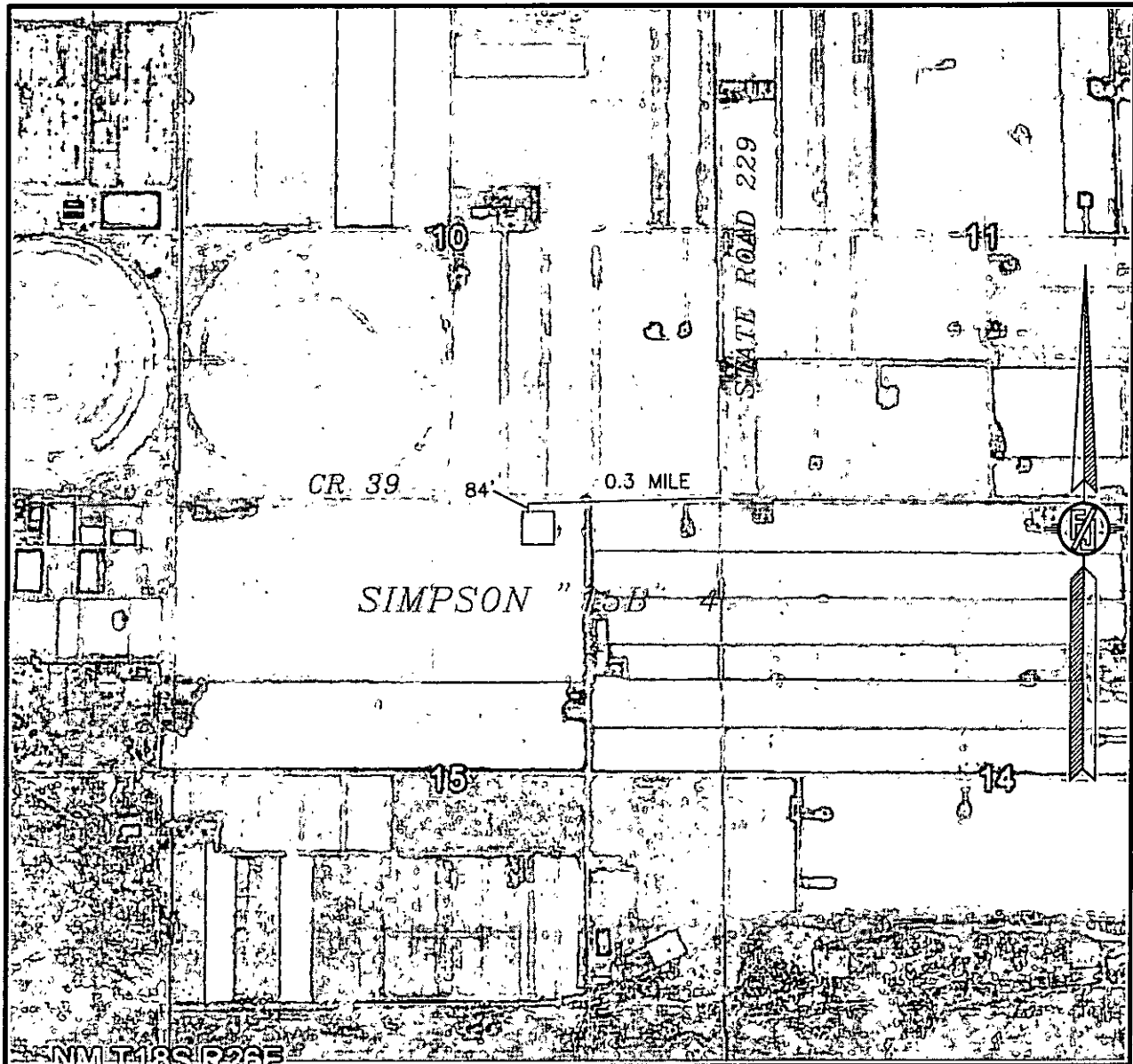
LOCATED 230 FT. FROM THE NORTH LINE
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 SECTION 15, TOWNSHIP 18 SOUTH,
 RANGE 26 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

APRIL 6, 2016

SURVEY NO. 3169B

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

SECTION 15, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
ACCESS AERIAL ROUTE MAP



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
MAY 2014

LIME ROCK RESOURCES II-A, L.P.
SIMPSON "15B" 4
LOCATED 230 FT. FROM THE NORTH LINE
AND 1760 FT. FROM THE EAST LINE OF
SECTION 15, TOWNSHIP 18 SOUTH,
RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

APRIL 6, 2016

SURVEY NO. 3169B

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

**Lime Rock Resources II-A, L.P.
Drilling Plan**

**Simpson 15B #4
230' FNL 1760' FEL
(B) 15-18S-26E
Eddy County, NM**

HOBBS OCD

MAY 03 2016

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1. The elevation of the unprepared ground is 3335.5 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 4000' 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 4000' MD.

5. Estimated tops of geologic markers:

	MD	TVD
Quaternary – Alluvium	Surface	Surface
Yates	NA	NA
7 Rivers	NA	NA
Queen	260	260
Grayburg	637	637
Premier	906	906
San Andres	946	946
Glorieta	2305	2305
Yeso	2395	2395
Tubb	3808	3808
TD	4000	4000

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

	MD	TVD
Yates	NA	NA
7 Rivers	NA	NA
Queen	260	260
Grayburg	637	637
Premier	906	906
San Andres	946	946
Glorieta	2305	2305
Yeso	2395	2395
Tubb	3808	3808
TD	4000	4000

7. Proposed Casing and Cement program is as follows:

Type	Hole	Casing	Wt	Grade	Thread	Depth	Sx	Density	Yield	Components
Conductor	26"	20"	91.5	B	Welded	80	80			Ready Mix
Surface	12-1/4"	8-5/8"	24	J-55	ST&C	895	560	14.8	1.35	Cl C Cmt + 0.25 lbs/sk Cello Flake + 2% CaCl ₂
Intermediate										
Production	7-7/8"	5-1/2"	17	J-55	LT&C	4000	200	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
							620	14.8	1.33	Cl H w/ 0.6% R-3, 0.125% Cello Flake, 2% Gel

8. Proposed Mud Program is as follows

Depth	0-895	895-3850	3850-4000
Mud Type	Fresh Water Mud	Brine	Brine, Salt Gel, & Starch
Properties			
MW	8.4-9.2	9.8-10.1	9.9-10.1
pH	9.0-10.5	10.0-12.0	10.0-12.0
WL	NC	NC	20-30
Vis	28-34	28-29	32-34
MC	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 4000 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 1760 psi based on 0.44 x TD. The estimated BHT is 125 degrees F.

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

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

KEY PERSONNEL

Name	Title	Location	Office #	Cell #	Home #
Steve Hunter	Production Manager	Houston	713-292-9516	832-330-7313	Same as Cell
Spencer Cox	Operations Engineer	Houston	713-292-9528	432-254-5140	Same as Cell
Eric McClusky	Operations Engineer	Houston	713-360-5714	832-491-3079	405-821-0534
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
Gary McClland	Well Site Supervisor	Rotates on Site	NA	903-503-8997	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 Commission ("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

Emergency 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 Oilfield 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	Albuquerque	505-842-4433	Same
Artesia General Hospital	Emergency Medical Care	Artesia	575-748-3333	702 North 13th Street

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.

[illegible]

MGV = Manual Gate Valve
CKV = Check Valve
HCR = Hydraulically Controlled Remote Valve

NOTE: All lines, valves and chokes are shown at the minimum size allowed, but may be larger

Lime Rock Resources II-A, L.P.
Simpson 15B #4
Unit B, S15-T18S-R26E, 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.

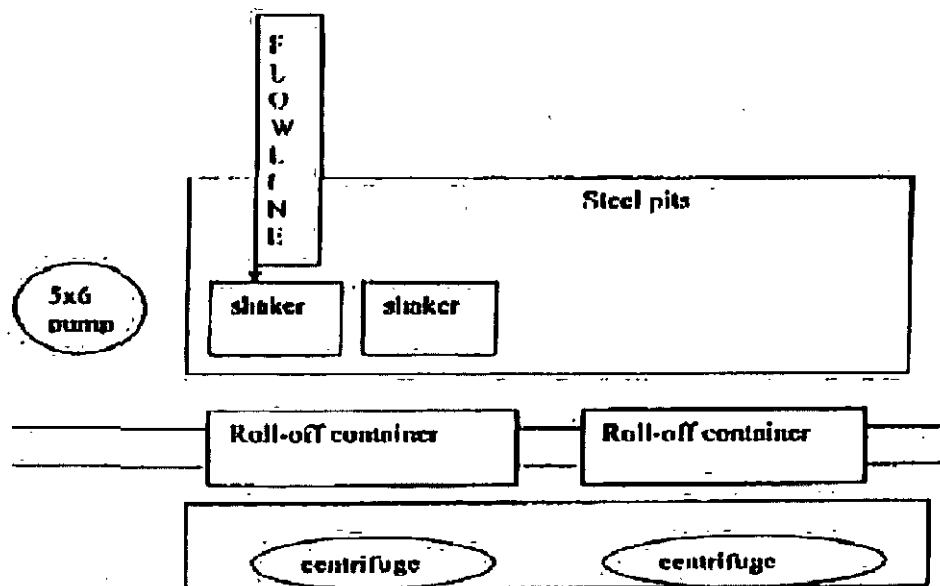
2- (250 bbl) tanks to hold fluid
2-CRI bins with track system
2-500 bbl frac tanks with fresh water
2-500 bbl frac tanks for brine water

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.

Closure:

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



This will be maintained by 24 hour solids control personnel that stay on location.

TOMMY WILSON



**CLOSED LOOP
SPECIALTY**

Office: 975.746.1689

Cell: 975.748.6367

PLEASE NOTE THE FOLLOWING

Until Emergency Order 42 has been addressed, only three string casing programs will be permitted. Surface casing should be set at 450 feet with intermediate set between 750 – 1300 feet, dependent on first occurrence of oil. Hole size must be two inches greater than the outer diameter of the coupling.