

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

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

☐ AMENDED REPORT

RCVD OCT 17 '14
OIL CONS. DIV.

DIST. 3

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

¹ Operator Name and Address Huntington Energy, L.L.C. 908 N.W. 7 th St. Oklahoma City, OK 73116		² OGRID Number 208706
		³ API Number 30-045-35609
⁴ Property Code 313807	⁵ Property Name Atsa 2513 16	⁶ Well No. 2

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
K	16	25N	13W		1400	South	1850	West	San Juan

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

Pool Name	Fruitland Coal	Pool Code	71629
-----------	----------------	-----------	-------

Additional Well Information

¹¹ Work Type N	¹² Well Type G	¹³ Cable/Rotary	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 6292'
¹⁶ Multiple No	¹⁷ Proposed Depth 1352'	¹⁸ Formation Fruitland Coal	¹⁹ Contractor D&D Drilling	²⁰ Spud Date 2/1/2015
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

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

²¹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	9 7/8	7 5/8	29.7	150	70	Surface
Prod	6 1/8	4 1/2	10.5	1351	170	Surface

Casing/Cement Program: Additional Comments

--

²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	

²³ 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 <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> , if applicable. Signature: Catherine Smith		OIL CONSERVATION DIVISION	
Printed name: Catherine Smith		Approved By: <i>Charles Bern...</i> 10-17-2014	
Title: Regulatory		Title: SUPERVISOR DISTRICT # 2	
E-mail Address: csmith@huntingtonenergy.com		Approved Date: OCT 17 2014 Expiration Date: OCT 17 2016	
Date: 10/13/2014	Phone: 405-840-9876	*Conditions of Approval Attached*	

FV

6

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 & 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 30-045-35609		² Pool Code 71629	³ Pool Name Fruitland Coal
⁴ Property Code 313807	⁵ Property Name A'TSA' 25-13-16		⁶ Well Number 2
⁷ OGRID No. 208706	⁸ Operator Name HUNTINGTON ENERGY, LLC.		⁹ Elevation 6292'

¹⁰ Surface Location

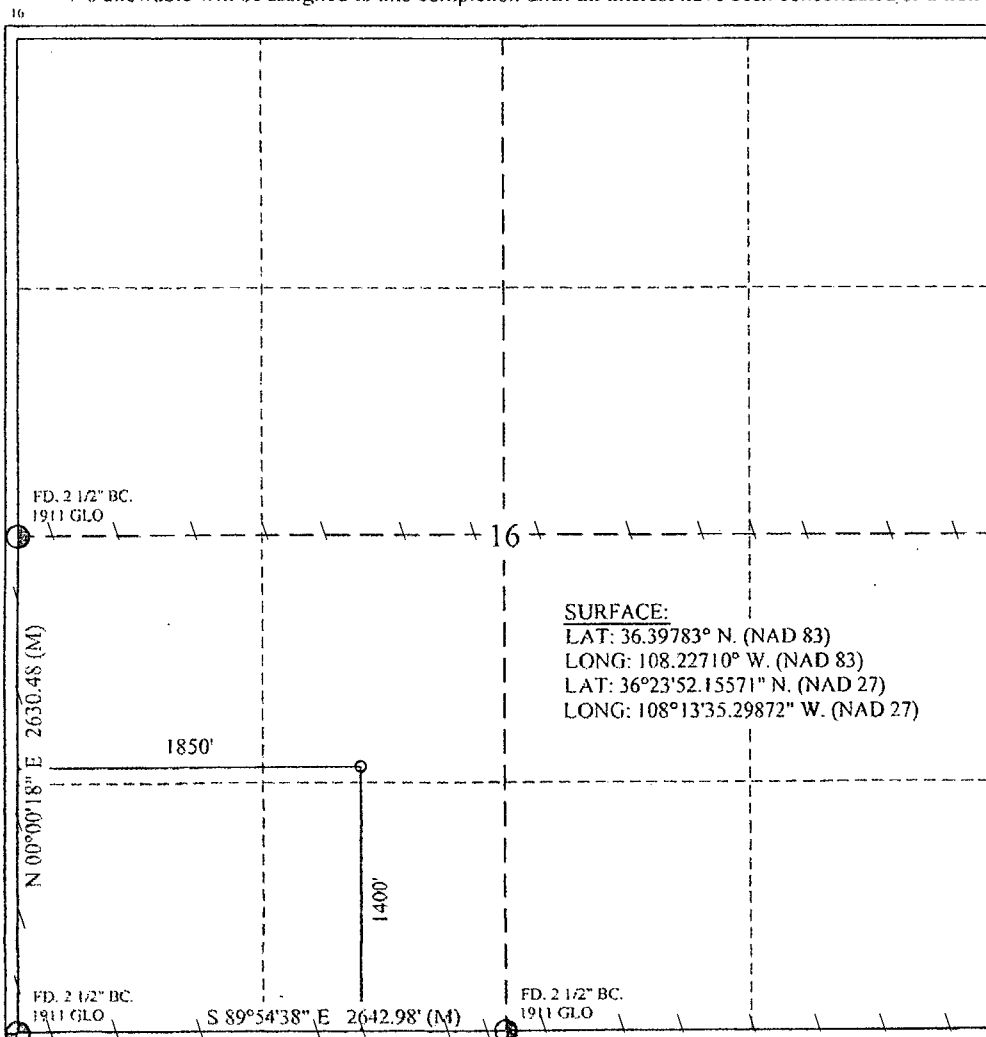
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	16	25-N	13-W		1400	SOUTH	1850	WEST	SAN JUAN

¹¹ 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
¹² Dedicated Acres S/2 - 320		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No. R-13826			

RCUD OCT 17 '14

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



DIST. 3
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 unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Catherine Smith 10/03/2014
Signature Date

Catherine Smith
Printed Name

csmith@huntingtonenergy.com
E-mail Address

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.

OCTOBER 15, 2012
Date of Survey

Signature and Seal of Professional Surveyor

Roy A. Rush
Professional Surveyor
22-201
Certificate Number

Operations Plan

Well Name: Atsa 25-13-16 #2

Location: T25N, R13W Sec. 16
1,400' FSL, 1,850' FWL

Formation: Fruitland Coal

County: San Juan

Elevation: 6,292' GL

State: NM

Geology:

<u>Formation</u>	<u>MD</u>
Kirtland Shale	'
Fruitland	1,017'
Fruitland Coal	1,117'
Picture Cliffs	1,152'
TD	1,352'

Logging Program:

Mud log - None
Open hole logs - None
Cased hole logs - GR/CCL/Neutron 0' to TD, GR/CBL – If no circulation
Cores & DST's - None

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0' – 150'	Spud	8.4-8.9	40 - 50	no control
150' – 1352'	LSND	8.4-9.0	40 - 60	LCM if needed

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program:

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>	<u>Thread</u>
9-7/8"	0' – 150'	7-5/8"	29.7#	J-55	ST&C
6-1/8"	0' – 1352'	4-1/2"	10.5#	J-55	ST&C

Tubing Program:

<u>Depth</u>	<u>Size</u>	<u>Wt.</u>	<u>Grade</u>
0' – 1152'	2-3/8"	4.6#	J-55

BOP Specifications, Wellhead and Tests:

Surface to TD --

11" 3000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out, surface casing will be tested to 600 psi for 30 minutes. BOP will be tested Low: 500#/5min. & High: 3000#/10 min. Drilling Spool may or may not be employed.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Completion Operations:

6" 3000 psi double gate BOP stack (Reference Figure #1). After nipple-up prior to completion, pipe rams and casing top will be tested to 3000 psi for 30 minutes.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Wellhead:

8 5/8" x 4 1/2" x 2" x 2" x 3000 psi tree assembly.

General:

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper Kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- A BOP pit level drill will be conducted weekly for each drilling crew.
- All of the BOP tests and drills will be recorded in the daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

Surface Casing - 7-5/8"

Cement to surface w/70 sx Class "G" premium cement w/2% calcium chloride and 0.125#/sx Poly-E-Flake (82 cu. ft. of slurry, 100% excess to circulate to surface).

WOC 8 hr. prior to drilling out surface casing. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

Production Casing - 4-1/2"

Cement to surface w/170 sx Class "G" premium cement w/2% calcium chloride, 0.125#/sx Poly-E-Flake, 5#/sx Kol-Seal and 0.1% CFR-3 (228 cu. ft. of slurry, 50% excess to circulate to surface).

Float shoe on bottom. Centralizers every 3 jts.

Additional Information:

The **Fruitland Coal** formation will be completed.

- No abnormal temperatures or hazards are anticipated.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The south half of the Section 16 is dedicated to this well.
- This gas is dedicated.
- Anticipated pore pressure

Fruitland Coal	340	psi
Pictured Cliffs	350	psi

Daggett Enterprises, Inc.

Surveying and Oil Field Services

P. O. Box 510 ♦ Farmington, NM 87499 U.S.A.
Phone (505) 326-1772 Fax (505) 326-6019

A LEGAL DESCRIPTION FOR HUNTINGTON ENERGY, LLC CROSSING NAVAJO INDIAN LAND PROPOSED A'TSA' 25-13-16 No. 2 PIPELINE AND ACCESS ROAD

A 20 FOOT EASEMENT FOR HUNTINGTON ENERGY, LLC, LOCATED IN THE NE/4 SE/4 OF SECTION 17, AND IN THE NW/4 SW/4, NE/4 SW/4 OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 13 WEST, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO. BEING MORE PARTICULARLY DESCRIBED AS BEING 10 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

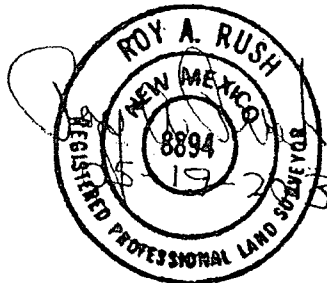
COMMENCING AT A POINT LOCATED IN THE NE/4 SE/4 OF SAID SECTION 17, BEING THE "TRUE POINT OF BEGINNING", SAID POINT BEARS S 15°05'16" W, A DISTANCE OF 1,146.02 FEET, FROM A FOUND 2 1/2" BRASS CAP, FOR THE WEST QUARTER CORNER OF SAID SECTION 17.

THENCE: S 89°59'59" E A DISTANCE OF 2,037.21 FEET TO THE "TRUE POINT OF ENDING" FOR THIS DESCRIPTION;

WHENCE THE SOUTHWEST CORNER OF SAID SECTION 16, BEING A FOUND 2 1/2" BRASS CAP, BEARS S 48°47'15" W, A DISTANCE OF 2,311.85 FEET.

BASIS OF BEARING: BETWEEN MONUMENTS AT THE SOUTHWEST CORNER AND THE WEST QUARTER CORNER OF SAID SECTION 16. LINE BEARS N 00°00'18" E A DISTANCE OF 2,630.48 FEET.

TOTAL LENGTH IS 2,037.21 FEET OR 123.47 RODS. CONTAINS 0.94 ACRES MORE OR LESS.



State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



**New Mexico Oil Conservation Division Conditions of Approval
(C-101 Application for permit to drill)**

- ✓ Notify Aztec OCD 24hrs prior to casing & cement.
- Hold C-104 for directional survey & "As Drilled" Plat
- Hold C-104 for NSL, NSP, DHC
- Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:
 - A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A
 - A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A
 - A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C
- Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
- ✓ Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84
- ✓ Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.
- ✓ Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.

Proof of SURFACE OWNER Notification Required Before Spud