

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-3 APD form.

Operator Signature Date: 1-20-15

Well information;

Operator EnerVest, Well Name and Number Jicarilla Contract 146 #11m

API# 30-039-31304, Section 4, Township 25 N/S, Range 5 E/W

Conditions of Approval:

(See the below checked and handwritten conditions)

- ☒ Notify Aztec OCD 24hrs prior to casing & cement.
- Hold C-104 for directional survey & "As Drilled" Plat
- ☒ Hold C-104 for NSL, NSP, DHC simultaneous dedication
- ☐ 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.


NMOCD Approved by Signature

9-18-2015
Date KC

AUG 12 2015

RECEIVED

Form 3160-3
(March 2012)FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JAN 22 2015

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
Jicarilla Apache Tribal Contract 1466. If Indian, Allottee or Tribe Name
Jicarilla Apache

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Jicarilla Contract 146 #11 M9. API Well No.
30-039-3130410. Field and Pool, or Exploratory
Blanco Mesa Verde/Basin Dakota11. Sec., T. R. M. or Blk. and Survey or Area
Sec. 4, T25N, R05W12. County or Parish
Rio Arriba13. State
NM1a. Type of work: ☒ DRILL☐ REENTER1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator EnerVest Operating, LLC

3a. Address 1001 Fannin St., Suite 800
Houston, Texas 77002-67073b. Phone No. (include area code)
713-659-3500

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 1880' FSL, 824' FWL (UL L)

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*
30 miles NW of Lindrith15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)16. No. of acres in lease
2,557.2017. Spacing Unit dedicated to this well
MV - SW 1/4, 159 +/- AC: DK - S1/2, 316 +/- AC18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.19. Proposed Depth
7,399'20. BLM/BIA Bond No. on file
RLB000788621. Elevations (Show whether DF, KDB, RT, GL, etc.)
6648' GL22. Approximate date work will start*
04/01/201523. Estimated duration
5 weeks

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

Title

Regulatory Consultant

Name (Printed/Typed)

Michelle Doescher

Date

01/20/2015

Approved by (Signature)

Title

Name (Printed/Typed)

Office

Date

8/7/15

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.

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)

DRILLING OPERATIONS
AUTHORIZED ARE SUBJECT TO
COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"BLM'S APPROVAL OR ACCEPTANCE OF THIS
ACTION DOES NOT RELIEVE THE LESSEE AND
OPERATOR FROM OBTAINING ANY OTHER
AUTHORIZATION REQUIRED FOR OPERATIONS
ON FEDERAL AND INDIAN LANDS
NMOCD
NThis action is subject to technical
and procedural review pursuant to
43 CFR 3165.3 and appeal
pursuant to 43 CFR 3165.4
*(Instructions on page 2)

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

JAN 22 2015

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31304	² Pool Code 72319/71599	³ Pool Name BLANCO MESAVERDE/BASIN DAKOTA
⁴ Property Code 306755	⁵ Property Name JICARILLA CONTRACT 146	⁶ Well Number 11M
⁷ OGRID No. 1431993	⁸ Operator Name ENERVEST OPERATING, LLC	⁹ Elevation 6648'

¹⁰Surface Location

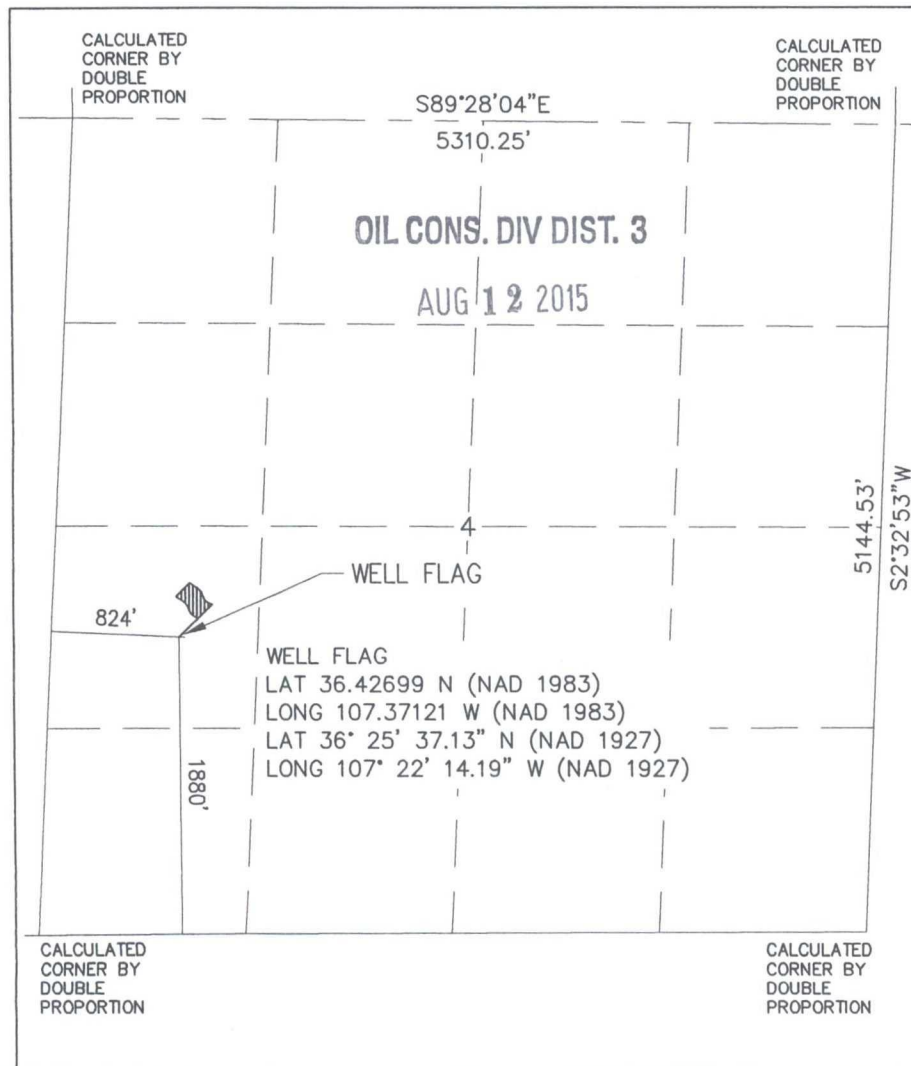
UL or lot no. L	Section 4	Township 25N	Range 5W	Lot Idn	Feet from the 1880'	North/South line SOUTH	Feet from the 824'	East/West line WEST	County RIO ARRIBA
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¹¹Bottom Hole Location If Different From Surface

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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¹² Dedicated Acres MV-SW/4, 159± AC.; DK-S/2, 316± AC.	¹³ Joint of Infill	¹⁴ Consolidation Code	¹⁵ 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.



¹⁷OPERATOR 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.

[Signature] 01-2015
Signature Date
Michelle Doescher
Printed Name
mdoescher@enervest.net
E-mail Address

¹⁸SURVEYOR 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.

Survey Date: OCT. 31, 2014

Signature and Seal of Professional Surveyor



Certificate Number 11643

EnerVest Operating, LLC

Jicarrilla Contract 146 #11M

1880' FSL, 824' FWL

Lat: 36.426981 N Long: 107.370608 W (NAD 1927) Unit L

Sec. 4, T25N R05W Rio Arriba County, NM

GL Elev: 6648'

Drilling Plan (11-17-2014)

All Lease and /or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations, BLM Onshore orders and EnerVest's approved Further Development Project Plan. The operator is fully responsible for the actions of its subcontractors. A copy of the APD and Conditions of Approval will be available to the field representatives to ensure compliance.

I. & II. ESTIMATED FORMATION TOPS (KB) and NOTABLE ZONES:

The following formation depths and proposed casing depths are estimates only and may be modified as determined by well conditions while drilling.

<u>Formation Name</u>	<u>Depth</u>	<u>Rock Type</u>	<u>Comments</u>
San Jose	Surface	Sandstone	
Ojo Alamo	2351'	Sandstone	Possible Gas, Water
Kirtland	2508'	Shale	
Fruitland	2776'	Coal, Shale, Sandstone	Possible Lost Circ, Gas, Water
Pictured Cliffs	2908'	Sandstone	Possible Lost Circ, Gas, water
Lewis	2985'	Shale	Sloughing Shale
Mesa Verde (Cliffhouse)	4566'	Sandstone	Possible Lost Circ, Gas, Water
Mesa Verde (Menefee)	4593'	Coal, Sandstone, Shale	Possible Lost Circ, Gas, Water
Mesa Verde (Point Lookout)	5096'	Sandstone	Possible Lost Circ, Gas, Water
Mancos	5295'	Shale	Sloughing Shale
Gallup	6250'	Siltstone, Shale	Gas, Oil
Greenhorn	7020'	Limestone	Gas, Oil
Graneros	7075'	Shale	Gas, Oil, Water
Dakota	7099'	Sandstone	Gas, Oil, Water
Proposed Total Depth	7399'		

Fresh water zones will be adequately protected by setting and cementing the surface casing. All zones containing commercial quantities of oil or gas will be cased and cemented.

EnerVest Operating, LLC

Jicarrilla Contract 146 #11M

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III. PRESSURE CONTROL:

Maximum expected pressure is ~1628 (0.22 pressure gradient) psi. The drilling contract has not yet been awarded, thus the exact BOP and Choke Manifold model to be used is not yet known. A typical 11" 2000 psi model is pictured in Exhibits A & B.

A remote accumulator will be used, the pressures, capacities location of the remote and manual controls will be identified at the time of the BLM supervised BOP test.

BOP equipment, accumulator, choke manifold and all accessories will meet or exceed BLM requirements as listed in Onshore Order #2 for the 2M systems. The pressure control equipment considerations include but will not be limited to:

1. BOP will be a double gate ram preventer with a set of blind rams and a set of properly-sized pipe rams.
2. Accumulator will have sufficient capacity to close the BOP rams and retain 200 psi above pre charge.
3. Accumulator fluid volume is to be maintained at manufacturer's recommendations.
4. BOP will also have manual closing handles available.
5. 2" minimum kill line and kill line valves (2).
6. Choke manifold (2" lines) with 2 adjustable chokes with valves and gauge.
7. Manually operated Kelly cocks available.
8. Safety valve and sub(s) with adequate opening for all drill strings used.
9. Fill line and flow line above the upper-most BOP rams.

BOPs will be pressure tested; after initial installation, before drilling out from under all set and cemented casing strings and any time a seal is broken. The BOPs will also be pressure tested a minimum of once every 21 days by a 3rd party. Additionally, the BOPs will be operationally checked every 24 hours.

All tests and pressure tests will be recorded on IADC log.

Ram type preventors, choke manifold and related pressure control equipment will be pressure tested to the rated working pressure of 2000 psi (high) and 250 psi (low).

The casing strings will be pressure tested per BLM Onshore Order #2 for 30 min as follows:

- a. Surface casing tested to 600 psi prior to drilling out the shoe.
- b. Production casing will be tested to 6000 psi at the commencement of completion operations.

EnerVest Operating, LLC**Jicarrilla Contract 146 #11M**

1880' FSL, 824' FWL

Lat: 36.426981 N Long: 107.370608 W (NAD 1927) Unit L

Sec. 4, T25N R05W Rio Arriba County, NM

GL Elev: 6648'

IV. PROPOSED CASING PROGRAM :

Hole/Casing Description	Hole Size	Casing OD	Weight lb/ft	Casing Design			Top MD	Bottom MD
				Grade	Age	Connection		
Surface	12 1/4"	8 5/8"	24	J-55	New	ST&C	0	500'
Prod Casing	7 7/8"	4 1/2"	11.6	N-80	New	LT&C	0	7399'

Surface casing is to be cemented to surface. The production casing is to be cemented in 3 stages covering all zones of production potential and the 3rd stage is intended to circulate cement to surface.

V. CASING CEMENT:

A prototypical cementing program is listed as follows, site-specific cement designs will be produced for each well as the hole conditions warrant. The cement program will be designed to meet the BLM Onshore Order #2 and NMOCD requirements.

Surface casing will be cemented to the surface.

Cement and properties; Mix and pump 310 sacks Type III cement (or equivalent) cement.

Slurry density is to be 14.6 (yield = 1.39 cu ft/sx). Volume will include 100% excess.

Cement is to be displaced using a top plug.

Two centralizers will be run on the shoe joint, one centralizer each on the next two joints and then one centralizer on every third joint thereafter.

The surface casing will be pressure tested to 600 psi prior to drilling out the shoe.

Production casing will be cemented in 3 stages covering all zones of production potential and the 3rd stage is intended to circulate cement to surface. Volumes based on 45% - 50% excess over OH gauge volume.

Stage 1 cement; mix and pump 495 sacks premium lite slurry with CaCl₂, cello flake and gilsonite. Estimated slurry density is to be 12.1 (yield = 2.13 cu ft/sx).

DV tool at +/- 4226 ft.

EnerVest Operating, LLC

Jicarrilla Contract 146 #11M

1880' FSL, 824' FWL

Lat: 36.426981 N Long: 107.370608 W (NAD 1927) Unit L

Sec. 4, T25N R05W Rio Arriba County, NM

GL Elev: 6648'

Stage 2 Lead cement; mix and pump 255 sacks premium lite slurry with CaCl₂, cello flake and gilsonite. Estimated slurry density is to be 12.1 (yield = 2.13 cu ft/sx).

Stage 2 Tail cement; mix and pump 50 sacks Type III cement (or equivalent) cement. Slurry density is to be 14.6 (yield = 1.39 cu ft/sx). or equivalent cement.

DV tool at +/- 2358 ft.

Stage 3 Lead cement; mix and pump 335 sacks premium lite slurry with CaCl₂, cello flake and gilsonite. Estimated slurry density is to be 12.1 (yield = 2.13 cu ft/sx).

Stage 3 Tail cement; mix and pump 50 sacks Type III cement (or equivalent) cement. Slurry density is to be 14.6 (yield = 1.39 cu ft/sx). or equivalent cement.

Two centralizers will be run on the shoe joint, one centralizer on every third joint into the surface casing.

The production casing will be pressure tested for 30 minutes at the commencement of completion operations as outlined above

Where cement has not been circulated to surface (or to planned depth) a CBL or temperature survey will be run to determine the TOC for that casing string. A CBL log will be run in the production casing prior to the commencement of completion operations.

Cement specifications may vary slightly due to cement type and cement contractor availability.

VI. MUD PROGRAM

Depth	Type	Wt / pp	Visc	Fluid Loss
0-500'	FW gel/Lime Spud Mud	8.4-9.0	30-40	N/C
500'- 7520'	LSND/Gel sweeps, LCM as needed	8.7-9.0	20-32	4-6 cc

EnerVest Operating, LLC

Jicarrilla Contract 146 #11M

1880' FSL, 824' FWL

Lat: 36.426981 N Long: 107.370608 W (NAD 1927) Unit L

Sec. 4, T25N R05W Rio Arriba County, NM

GL Elev: 6648'

- ✓ The well will be drilled utilizing a closed loop mud and solids control system. The closed loop system will comply with the NMOCD pit rules pertaining to the use of the system and disposal of the drill cuttings and waste. Drilling mud will be moved for re-use to drill subsequent wells whenever possible.

Viscosity, mud weight and other physical and chemical characteristics of the drilling mud will be varied as required to keep the hole clean, circulate drill cuttings, prevent caving, prevent lost circulation and maximize penetration rate.

Sufficient mud and materials will be kept on site to maintain mud properties and meet lost circulation or mud weight requirements at all times.

Mud design may change depending on well conditions, LCM, fluid loss and viscosity will be determined by the EnerVest representative and the mud engineer on site.

VII. CORING, TESTING, & LOGGING

No cores or drill stem tests are planned. Well logs to be run are:

Surface to TD; GR/ Cement Bond Log, at the commencement of completion operations.
2500' to TD; GR/Cased hole Neutron.

Deviation surveys will be run at 500 ft intervals and at the base of each hole section prior to setting casing.

VIII. ANTICIPATED PRESSURES AND TEMPERATURES:

- | | | |
|----|---|------------|
| a. | Expected bottom hole pressure: | < 1628 psi |
| b. | Anticipated abnormal pressure: | None |
| c. | Anticipated abnormal temperatures: | None |
| d. | Anticipated hazardous gas (H ₂ S): | None |

If any of the foregoing conditions are unexpectedly encountered, suitable steps will be taken to mitigate according to accepted industry best practices.

EnerVest Operating, LLC

Jicarrilla Contract 146 #11M

1880' FSL, 824' FWL

Lat: 36.426981 N Long: 107.370608 W (NAD 1927) Unit L

Sec. 4, T25N R05W Rio Arriba County, NM

GL Elev: 6648'

IX. OTHER INFORMATION:

The anticipated spud date is spring 2015. The spud date will be dependent on the weather conditions, road conditions and the Conditions of Approval.

The dirt work for road and well pad construction will commence upon approval of the APD and will be dependent on weather conditions.

The well will be spud after well pad construction is complete and a suitable rig becomes available. The duration of drilling operations is expected to be from one to two weeks. The drilling rig and associated equipment will be removed and preparations will be made for the completion of the well.

Completion will start about one to four weeks after the finish of the drilling operations. A completion rig will be moved in for the completion phase. The completion phase of the well is expected to +/- two weeks. The completion phase will include; perforating, acidizing, fracture stimulation and well testing.

Some events/situations may arise that could potentially change the starting date or project duration that are out of EnerVest's control. If such events/situations arise, the proper officials will be promptly notified.

EnerVest Operating, LLC
Jicarilla Contract 146 #11M
SHL: 1880' FSL, 824' FWL, Unit L, Sec 4, T26N, R05W
Rio Arriba, NM

5. WELL SITE LAYOUT

The attached figure (Fig A) shows the proposed well location layout while drilling this well. The drilling contractor has not been chosen and the layout of the may vary with the particular drilling contractor's rig requirements. A construction zone will be built as needed around the perimeter of the location as shown on the attached survey plats. The area will be reclaimed as per item # 11 below upon the completion of the well.

6. PROPOSED PRODUCTION FACILITIES

The actual equipment used and the configuration will be determined after the well is completed. At a minimum, the facilities will include a meter run, a separator, a produced water storage tank and a condensate/oil storage tank. All surface equipment will be painted with a non-reflective paint color as per specifications as specified by the Conditions of Approval.

7. WATER SUPPLY

Drilling and completion water will come from sources as agreed with the Jicarilla Apache Tribe. Fresh water will be trucked from several sources; local ponds, or wells from the area. No water wells are to be drilled for this location.

8. CONSTRUCTION MATERIALS & METHODS

NM One Call (811), US Forest Service and BLM will be notified before construction starts. The top 6" of soil from the location will be saved and will be piled at near the location to be used for reclamation at a later date. Any road base, gravel or other fill material will be hauled from a source as agreed upon by the Jicarilla Apache Tribe or as specified in the Conditions of Approval.

9. WASTE DISPOSAL

- A. The drill cuttings will be handled with a closed loop system and stored in steel rig tanks. These will then be hauled to a properly-permitted site for disposal. The drilling fluid will be processed for re-use, any drilling fluid that cannot be re-used will be hauled to a properly-permitted facility for disposal. The closed loop system will be closed and removed as per NMOCD.
- B. Drilling mud that cannot be re-used will be disposed of at a properly permitted facility.
- C. Produced water will be collected and disposed of a properly permitted facility.
- D. Any sewage will be collected by the portable toilet provider for disposal.
- E. All garbage and general trash will be collected in a portable trash cage and will be removed from the site and disposed of in a properly permitted disposal facility. There will be no burning of trash.
- F. Drilling crews under the supervision of the contractor or operator will control and dispose of garbage and waste materials during the drilling operations.
- G. Roustabout or completion crews will dispose of all garbage or trash generated during the completion (or abandonment) of the well site.

**EnerVest
Jicarilla 2015
Drilling Program
Blowout Preventer
2000 psi**

Exhibit A

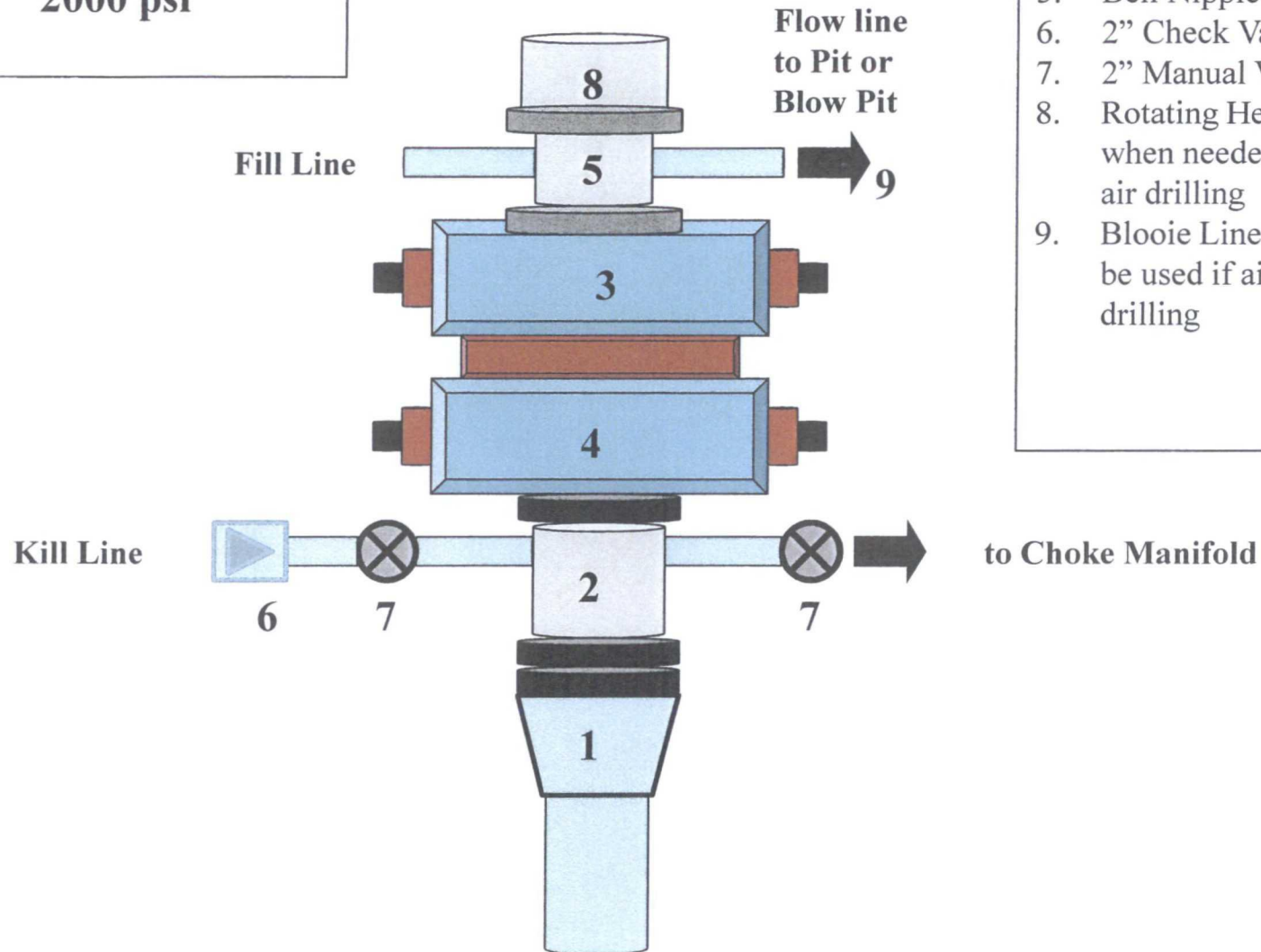


Exhibit B

**EnerVest
Jicarilla 2015 Drilling
Program
2000 psi Choke Manifold**

Components

1. 2" Valves (2M)
2. Adjustable Chokes
3. Gauge

