· · · · · · · · · · · · · · · · · · ·		15-897
HOBBS COD	OCD Hobbs	FORM APPROVED OMB No. 1004-0137
March 2012) APR 21 2016		Expires October 31, 2014
UNITED STATES CRECEIVED DEPARTMENT OF THE INTERIC BUREAU OF LAND MANAGEME APPLICATION FOR PERMIT TO DRILL	ENT	5. Lease Serial No. SHL: NMNM043564 BHL: NMNM043565 6. If Indian, Allotee or Tribe Name
a. Type of Work:		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: 🔽 Oil Well 🗍 Gas Well 🗍 Other	Single Zone Multipl	8. Lease Name and Well No. 71610 e Zone Squints Federal Com #7H
2. Name of Operator		9. API Well No.
	9131)	30-025-73161
Ba. Address 3b. Phone No. (inclu 2208 West Main Street Artesia, NM 88210	575-748-6940	10. Field and Pool, or Exploratory OJO Chiso; Bone Spring
4. Location of Well (Report location clearly and in accordance with any State requirement		11. Sec., T.R.M. or Blk and Survey or Area
At surface 190' FSL & 2010' FWL Unit Letter N (S		
At proposed prod. Zone 330' FNL & 1980' FWL Unit Letter C (f 14. Distance in miles and direction from nearest town or post office*	NENW) Sec 22.1225.R34E	Sec. 27 - T22S - R34E 12. County or Parish 13. State
About 17 miles from Eunice		Lea County NM
 Distance from proposed* location to nearest property or lease line, ft. 	16. No. of acres in lease NMNM043565: 640 NMNM043564: 1,920	17. Spacing Unit dedicated to this well
(Also to nearest drig. Unit line, if any) 190' 18. Distance from location*	19. Proposed Depth	320 20. BLM/BIA Bond No. on file
to nearest well, drilling, completed, SHL: 30' (Prop. Squints #3H)		
applied for, on this lease, ft. BHL: 6608' 21. Elevations (Show whether DF, KDB, RT, GL, etc.)	TVD: 10,380 MD: 20,217' 22. Approximate date work will s	NMB000740 &NMB000215 start* 23. Estimated duration
3404.4' GL	10/1/201	5 30 days
24	. Attachments	
 Fhe following, completed in accordance with the requirements of Onshore Oil and 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 shall be filed with the appropriate Forest Service Office). 	 Bond to cover the operation Item 20 above). Operator certification 	to this form: ons unless covered by an existing bond on file (see ormation and/or plans as may be required by the
25. Signature A P . Name (Prin	ted/Typed)	Date
- TI ale Las	Mayte Reyes	7-20-15
Regulatory Analyst Approved by (Signo /S/STEPHEN J. CAFFEY Name (Prin	ted/Typed)	Date
For the There with a		APR 1 4 2018
Title FOR FIFID MANAGER Office	ALM-CARLSBAD FI	ELD OFFICE
Application app conduct operat Conditions of a Application app the NMOCD <u>Gas Capture Plan</u> notice has been posted on the web site under Announcements/Notice to Operators. A copy of	f the APPROVAL FO	subject lease which would entitle the applicant to
GCPform is included with the notice and is alsoTitle 18 U.S.C. SForms section under Unnumbered forms. PleasStates any falsesubmit accordingly in a timely manner.	o in the	make to any department or agency of the United
(Continued on page 2)	EMED FOR	*(Instructions on page
Witness Surface & CONDIT Intermediate Casing	TIONS OF APPRO	VALAPPROVAL SUBJECT TO GENERAL REQUIREMENTS SPECIAL STIPULATIONS ATTACHED APR 2.5.2

APR 2 5 2016

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1. Geologic Formations

TVD of target	10380'	Pilot hole depth	NA
MD at TD:	20217'	Deepest expected fresh water:	605'

Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	1687'	Water	
Top of Salt	1883'	Salt	
Tansill	3623'	Barren	
Yates	3702'	Oil/Gas	
Capitan Reef	4031'	Water	Possible lost circ
Delaware Group	5299'	Oil/Gas	Possible lost circ
Bone Spring	8520'	Oil/Gas	
2 nd Bone Spring Sand	10087'	Target Zone	
Wolfcamp	11329'	Oil/Gas	

2. Casing Program

Hole	Casing	Interval	Csg.	Weight	Grade	Conn.	SF	SF	SF
Size	From	То	Size	(lbs)			Collapse	Búršt	Tension
17.5"	0'	, 1840'	13.375"	54.5	J55	STC	1.30	1.03	5.13
12.25"	0'	5420-5600	9.625"	40	L80	BTC	1.17	1.17	4.09
8.75"	0'	20217'	5-1/2"	17	P110	BTC	1.52	2.17	*1.59D
			-	BLM Mini	mum Safet	y Factor	1.125	1.00	1.6 Dry
									1.8 Wet

- All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h
- BLM standard formulas were used on all SF calculations.
- Used 9.1 PPG for pore pressure calculations
- Will set DV tool within 100' of the top of the Capitan Reef. Estimated setting depth is 3940'.
- *Explanation for SF's below BLM's minimum standards:
 - 5-1/2" 17# P110 BTC SF Tension = 1.59D.

More than half of the string length is below the KOP; therefore most of the string weight below the KOP will be supported by the bottom of the hole. The net effect on tension for this portion of the string would be the friction factor ($\sim 0.30 - 0.45$) of the lateral times the supported string weight.

	9 4 4 4 C 4 4 4 5		
	Y or N		
Is casing new? If used, attach certification as required in Onshore Order #1	Y		
Does casing meet API specifications? If no, attach casing specification sheet.			
Is premium or uncommon casing planned? If yes attach casing specification sheet.	Ν		
Does the above casing design meet or exceed BLM's minimum standards? If not provide	N		
justification (loading assumptions, casing design criteria).			
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching	Y		
the collapse pressure rating of the casing?			
Is well located within Capitan Reef?	<u>Y</u>		
If yes, does production casing cement tie back a minimum of 50' above the Reef?	Y		
Is well within the designated 4 string boundary.	N		
	12.0.07.2.45.7		
Is well located in SOPA but not in R-111-P?	<u>N</u>		
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back			
500' into previous casing?			
Is well located in R-111-P and SOPA?	N		
If yes, are the first three strings cemented to surface?			
Is 2 nd string set 100' to 600' below the base of salt?			
	et. Status		
Is well located in high Cave/Karst?	<u>N</u>		
If yes, are there two strings cemented to surface?			
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?			
Is well located in critical Cave/Karst?	N		
If yes, are there three strings cemented to surface?			

2. Cementing Program

Casing	# Sks	19 Mar 19 Mar 19 Mar	Yld ft3/ sack	H20 gal/sk	500# Comp. Strength (hours)	Slurry Description
Surf.	790	13.5	1.75	9.2	13	Lead: Class C + 4% Gel + 2% CaCl2
	275	14.8	1.34	6.4	6	Tail: Class C + 2% CaCl2
Inter.	280	12.9	1.92	10.0	12	Lead: Class C Lite (65:35:6) + 4% Salt + 5# Kolseal
Stg 1	200	14.8	1.34	6.4	6	Tail: Class C
Inter.	970	12.9	1.92	10.0	12	Lead: Class C Lite (65:35:6) + 4% Salt + 5# Kolseal
Stg 2	200	14.8	1.34	6.4	6	Tail: Class C
Prod.	1010	10.3	3.52	21.3	75	Lead: Halliburton Tuned Lite w/ 2# kolseal, 1.5# salt, 1/4# D-Air 5000, 1/8# PEF, etc
	2470	14.4	1.25	5.7	22	Tail:50:50:2 H blend (FR, Retarder, FL adds as necessary)

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Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
Surface	0'	36%
Intermediate – Stage 1	3940'	51%
Intermediate – Stage 2	0'	124%
Production	0'	39%

Pilot hole depth: <u>NA</u> KOP: <u>9903'</u>

4. Pressure Control Equipment

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type		V	Tested to:
			Annular	2	x	50% of working pressure
			Blind Ran	n		
12-1/4"	13-5/8"	2M	Pipe Ram			2M
			Double Ram			2111
			Other*			
			Annular	2	x	50% testing pressure
		3М	Blind Ram			
8-3/4"	13-5/8"		Pipe Ram			
0-514			Double Ram		x	3M
			Other *			

* Actual equipment is 13-5/8" 5M Hydril Annular, will use for 2M WP System.

** - Actual equipment is 13-5/8" 5M Hydril Annular & 13-5/8" 10M Cameron triple ram, will use for 3M WP System.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

λ.

	N	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.					
Sel	Y	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.					
	N	Are anchors required by manufacturer? No. A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of					
	30 days. If any seal subject to test pressure is broken the system must be tested. See attached schematic.						

5. Mud Program

	L. S.	Depth	Туре	Weight (ppg)	Viscosity	Water Loss
al	From	То				
Sea	0	Surf. shoe	FW Gel	8.6 - 9.0	28-34	N/C
(Dr)	Surf csg	Int shoe	*Saturated Brine	10.0 - 10.2	28-34	N/C
-	Int shoe	TMD	Cut Brine	8.6 - 9.3	28-34	N/C

*If lost circulation is encountered, will switch to fresh water.

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

What will be used		1 6 6 1 10	Pason PVT	
1 M/bot will be used	to monitor the look	or com of thudy		
I What which he used	to manual the loss			
i mat mat office abea	to moment me tob.	, or guill or mana,		

6. Logging and Testing Procedures

Logg	ing, Coring and Testing.
v	Will run GR/CNL from TD to surface (horizontal well – vertical portion of hole). Stated
Λ	logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
	Coring? If yes, explain

Add	tional logs planned	Interval
X	Mud log	Production

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	4911 psi – 2 nd Bone Spring Sand (10380' TVD)
Abnormal Temperature	No

Mitigation measure for abnormal conditions.

- Lost circulation material/sweeps/mud scavengers.
- Maintain stock of LCM and weighting materials onsite.



Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

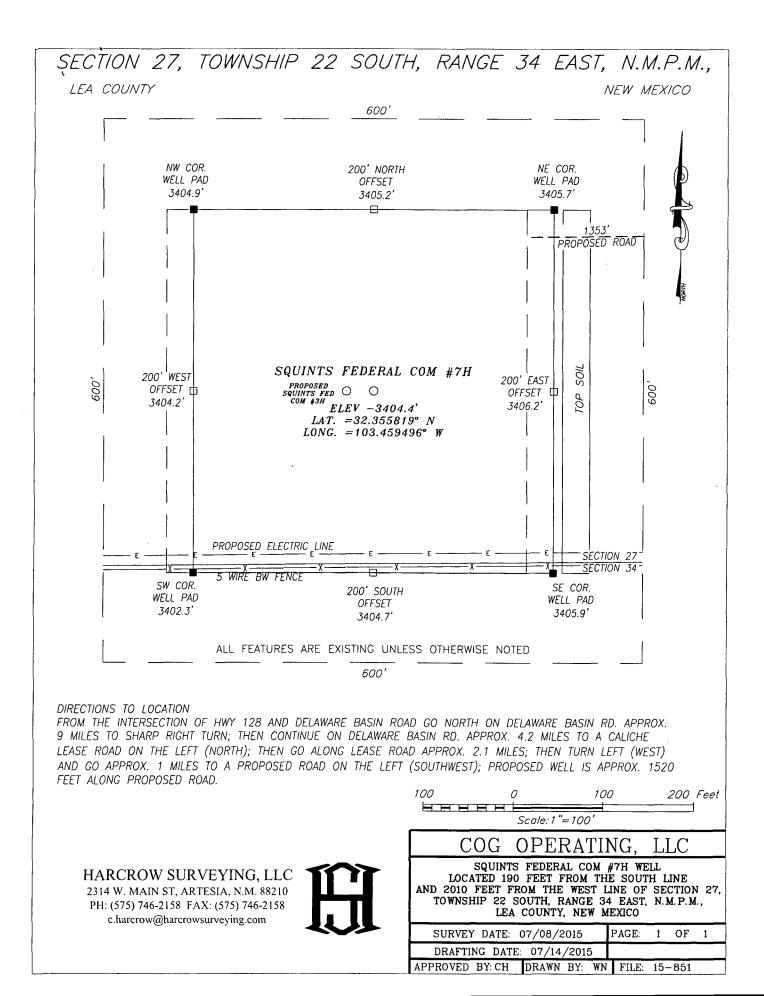
NH2S is presentyH2S Plan attached

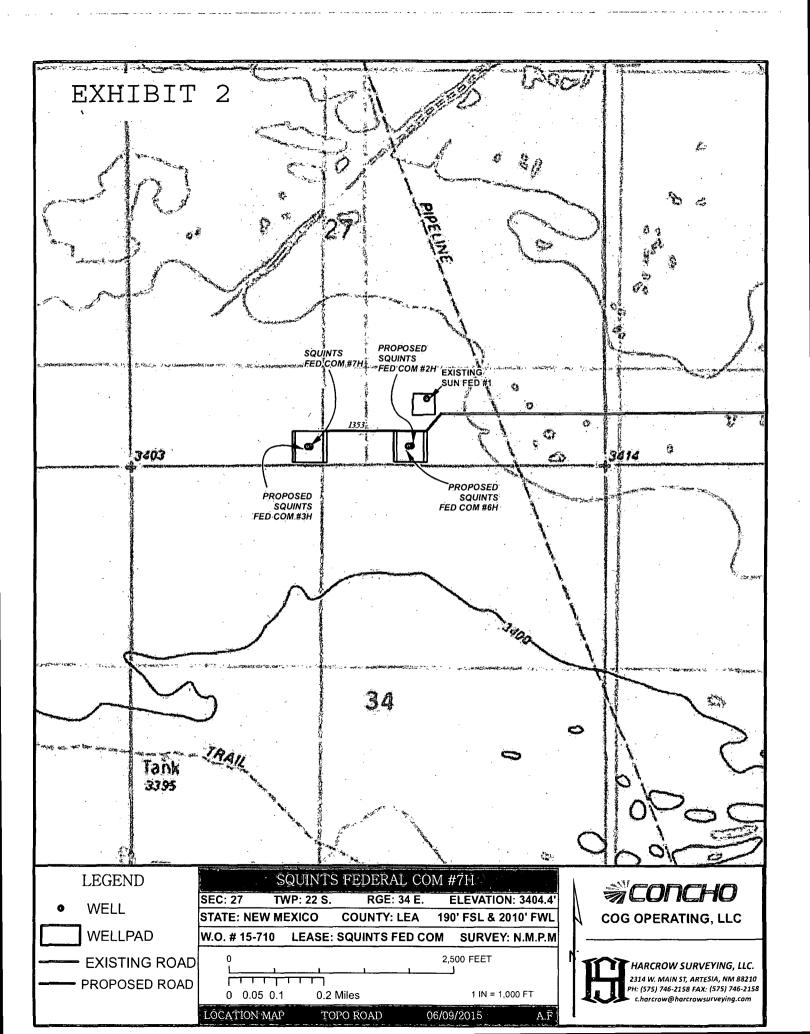
8. Other facets of operation

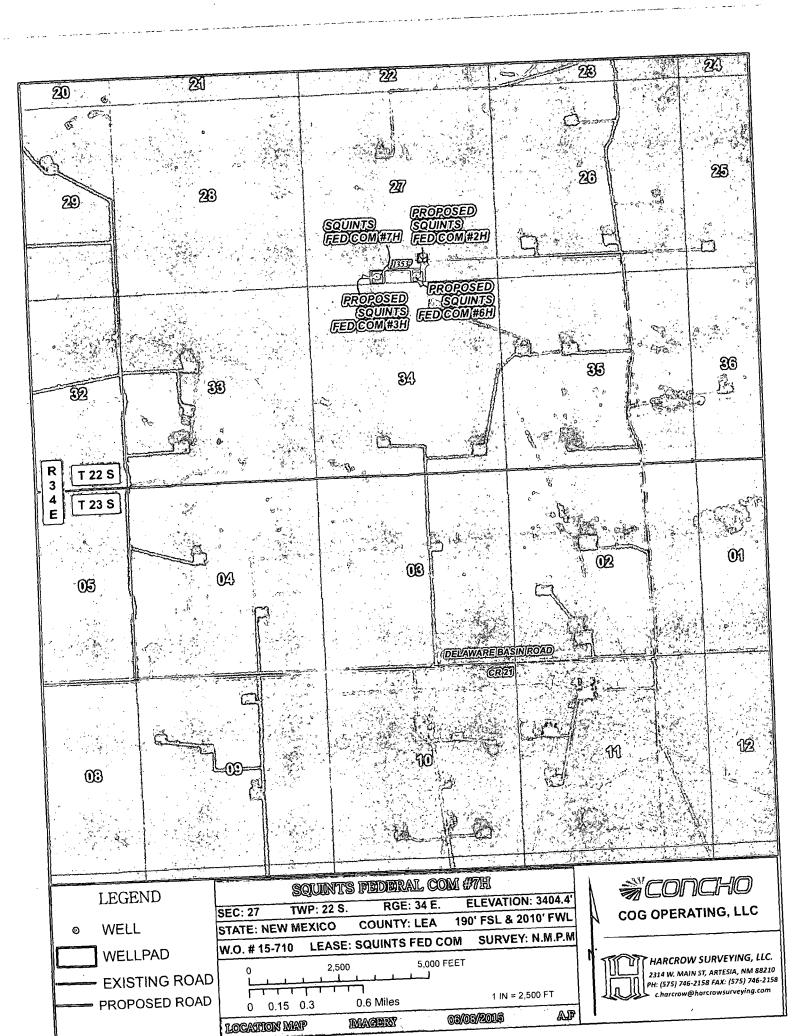
Is this a walking operation? <u>Yes.</u> See CoA Will be pre-setting casing? <u>No.</u> Will well be hydraulically fractured? <u>Yes.</u>

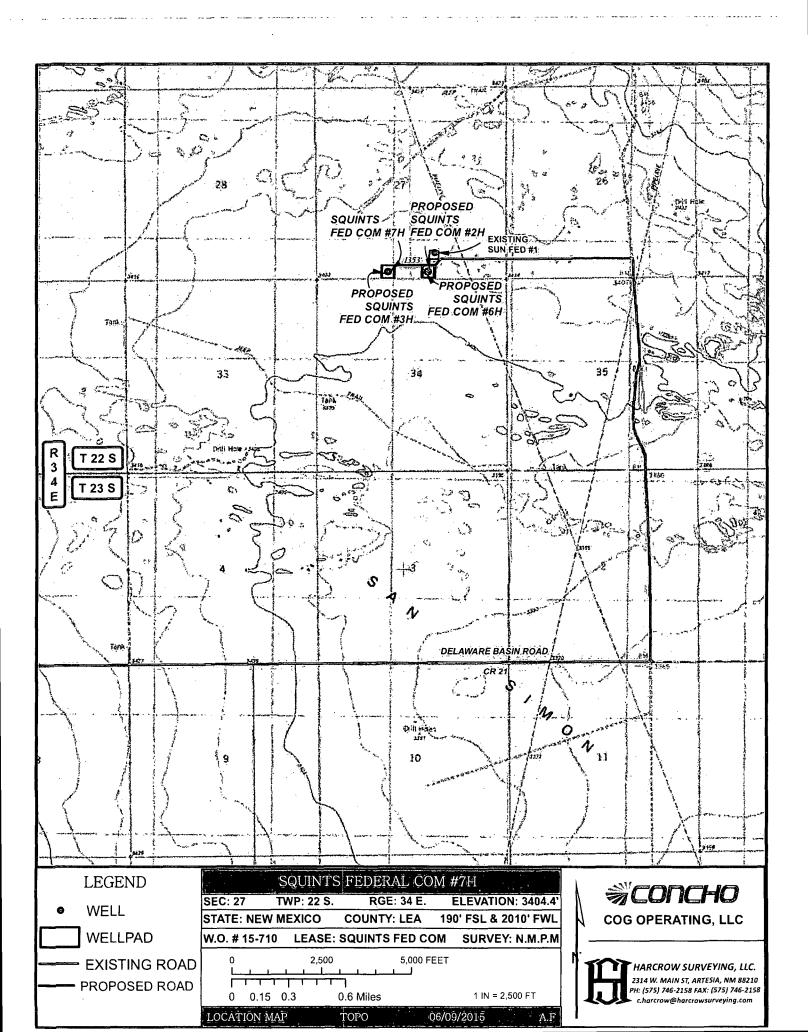
Attachments

- Directional Plan
- Anticollision Report
- BOP & Choke Schematics
- C102 and supporting maps
- Rig plat
- H2S schematic
- H2S contingency plan
- Interim reclamation plat









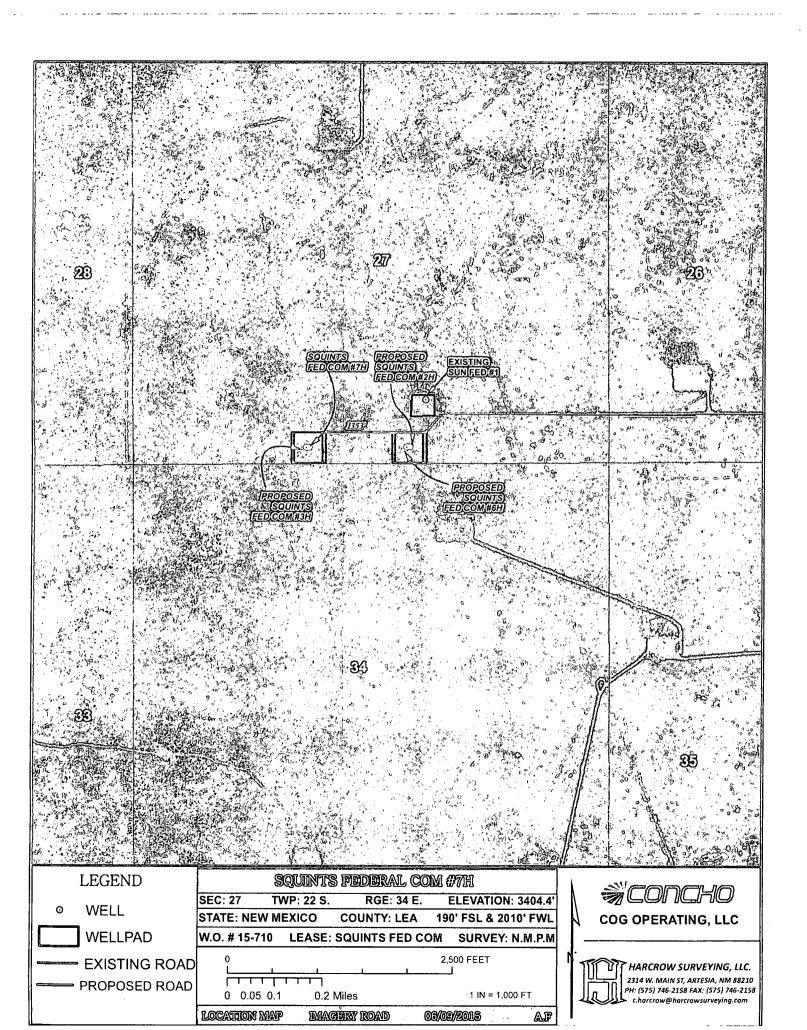
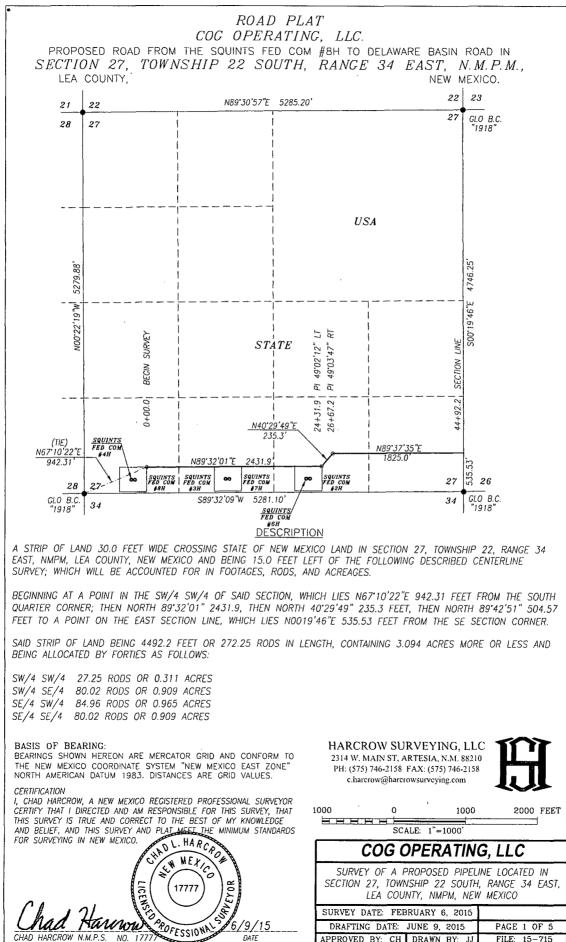


EXHIBIT 2A



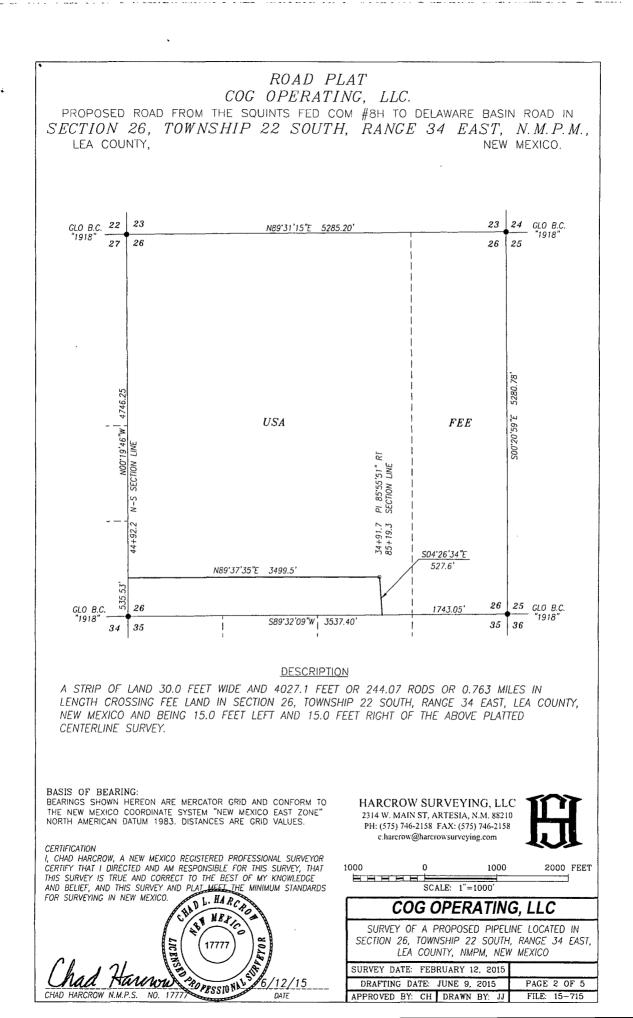
CHAD HARCROW NMPS

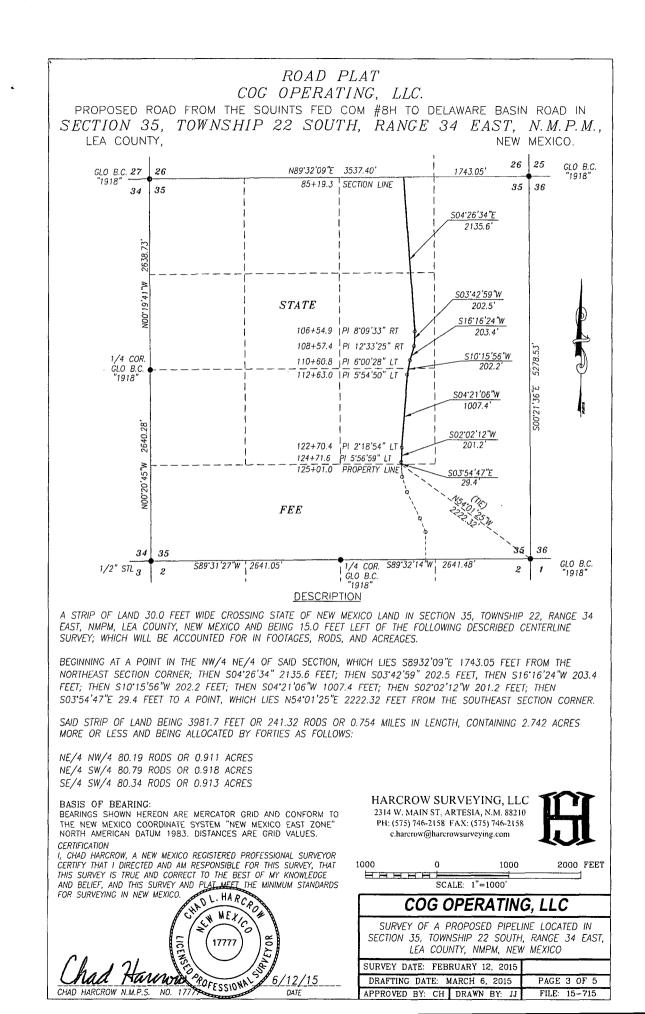
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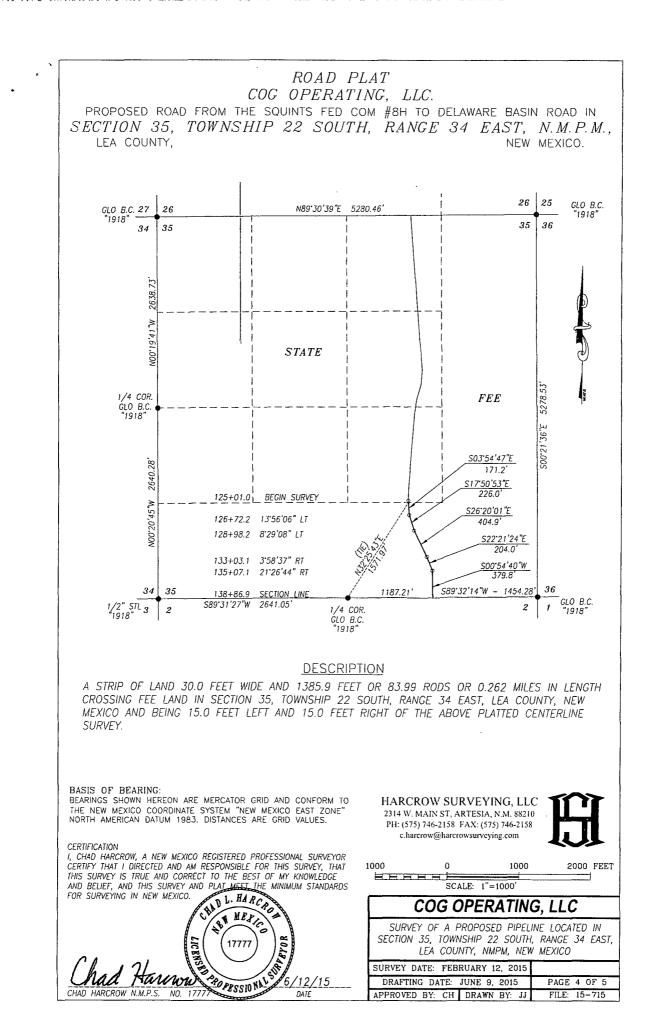
DATE

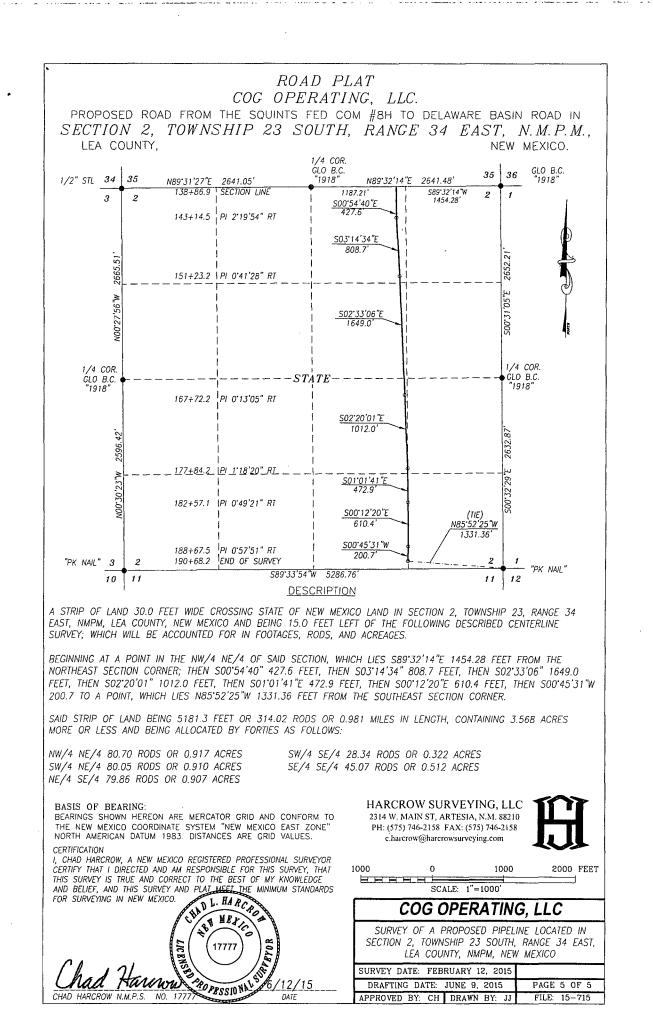
APPROVED BY: CH DRAWN BY: JJ

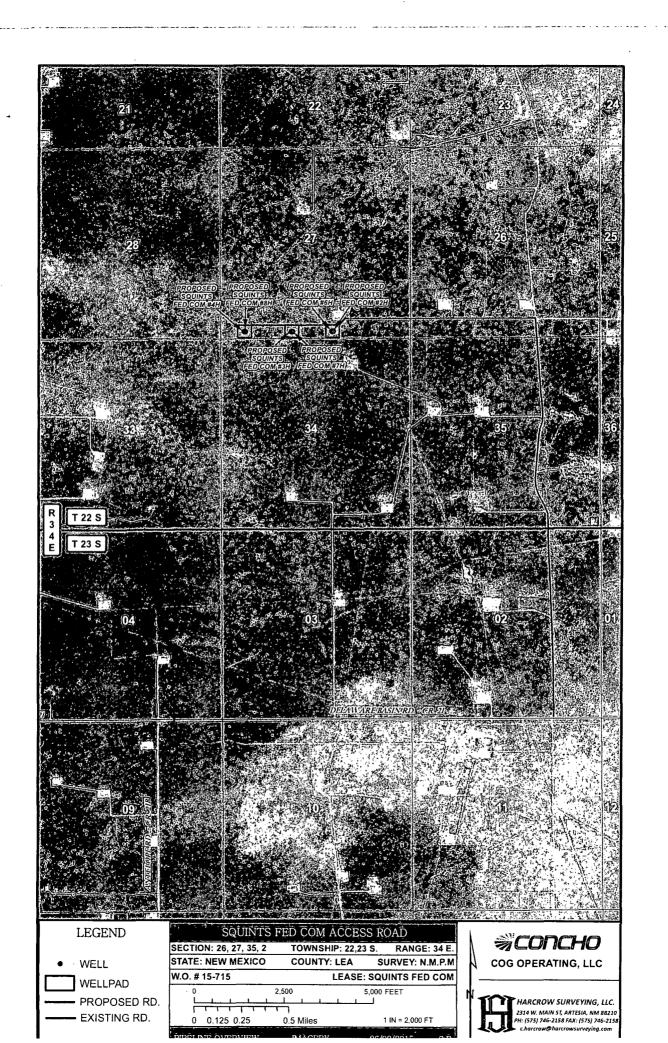
FILE: 15-715

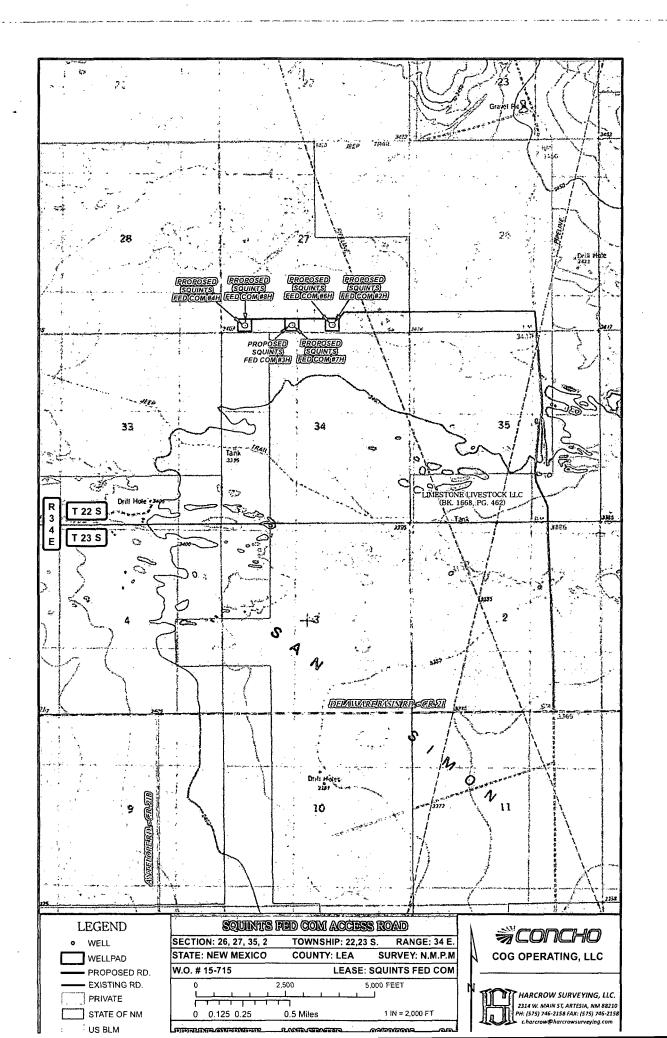




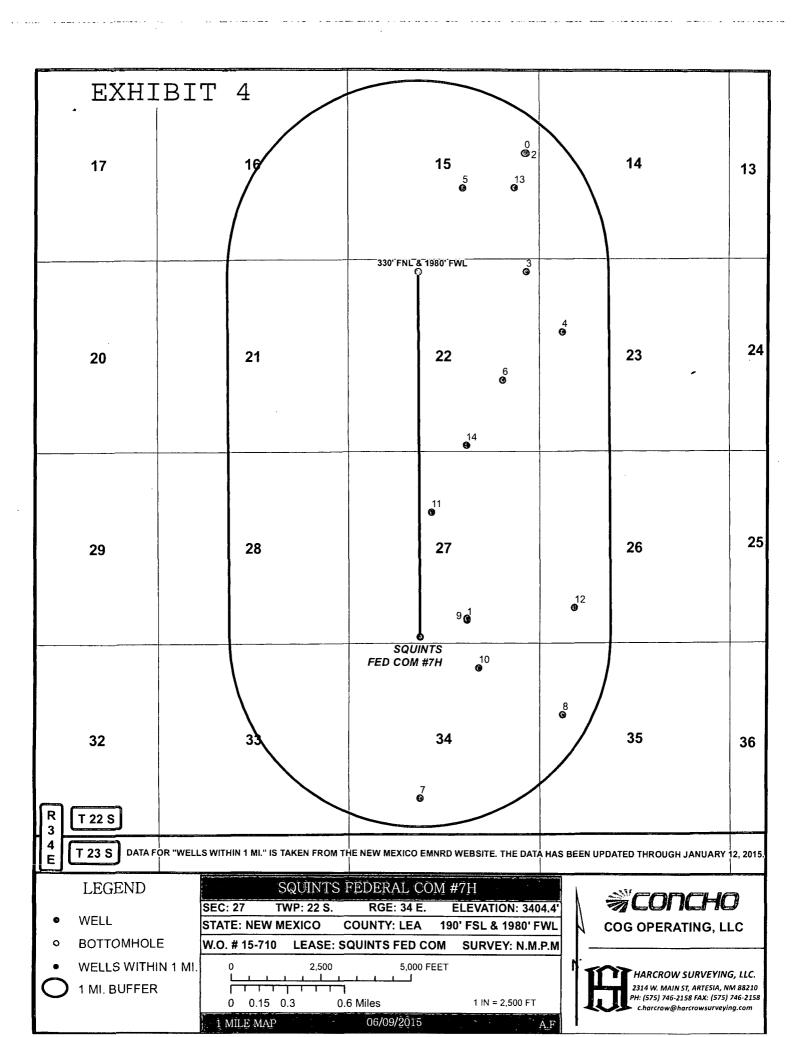








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• V	EGEND VELL VELLPAD	W.O .	27 TW E: NEW ME # 15-710 0 2,500 5,0	P: 22 S. XICO CO LEASE: SQL	DERAL CO RGE: 34 E. UNTY: LEA JINTS FED CO	ELEVATIO 190' FSL & OM SURVE 00 17,500 FEET	ON: 3404.4' 2010' FWL Y: N.M.P.M	COG		IG, LLC
	XISTING F ROPOSED F		0 0.5	<u>L, , , , , , , , , , , , , , , , , , , </u>	7 2 Miles 06/09/2015		7,000 FT A.F	▕▕▕▌▙▙▃▄▋▖	HARCROW SUR 2314 W. MAIN ST, AR 'H: (575) 746-2158 FA c.harcrow@harcrov	TESIA, NM 88210 X: (575) 746-2158



 TVD DEPTH COMPL STAT 	4053 Plugged	4202 Plugged	690 Plugged	3881 Plugged	14739 Plugged	13575 Plugged	13435 Plugged	13428 Active	12500 Active	12780 Active	13500 Plugged	13530 Plugged	13572 Active	0	0 New (Not drilled or compl)
FTG EW EW CD	380 E	1980 E	330 E	330 E	660 W	2080 E	3066	1980 W	660 W	1980 E	1650 E	2310 W	M 066	661 E	1980 E
FTG NS NS CD	2340 N	660 S	2340 N	330 N	N 0861	1980 S	1980 S	S 066	1980 N	710 S	660 N	1650 N	S 066	1981 5	185 S
IIF RANGE	34E	34E	34E	34E	34E	34E	34E	34E	34E	34E	34E	34E	34E	34E	34E
SECTION TOWNSHIF RANGE	15 22.05	27 22.05	15 22.05	22 22.05	23 22.05 ·	15 22.0S	22 22.0S	34 22.0S	35 22.05	27 22.0S	34 22.0S	27 22.0S	26 22.0S	15 22.05	22 22.05
LONGITUDE API S	-103.450437 3002508479	-103.455758 3002508481	-103.450274 3002512566	-103.450303 3002524146	-103.447096 3002524459	-103.45598 3002524780	-103.452478 3002529795	-103.460025 3002530032	-103.44719 3002530128	-103.455757 3002530603	-103.454695 3002530661	-103.45889 3002530687	-103.446089 3002530733	-103.45136 3002538747	-103.455715 3002542288
LATITUDE	32.392497	32.357233	32.392497	32.383521	32.378983	32.38987	32.375364	32.343644	32.349969	32.35737	32.353603	32.365388	32.358133	32.389873	32.370431
WELL NAME	L B MERCHANT PERMIT 001	SORRELLS 001	L B MERCHANT PERMIT 001	JACQUIE ANN 001	OJO CHISO 001	OJO CHISO UNIT 002	FEDERAL 22 001	MAXUS B 8026 JV-P 002	MADDOX FEDERAL B 8016 JV-P 002	SUN FEDERAL COM 001	MAXUS B 8026 JV-P 003	ANTELOPE FEDERAL COM 001	OJO CHISO FED. 003	FEDERAL 15-43 001!	PERRO LOCO 22 B30B FEDERAL 001H
Squints Fed Com #7H FID OPERATOR	0 MAREAND OIL CO	1 J W SORRELLS	2 MARLAND OIL CO	3 BYRON, MCKNIGHT & NO	4 AMERICAN QUASAR PET	5 AMERICAN QUASAR PET	6 APACHE CORP	7 BTA OIL PRODUCERS, LLC	8 BTA OIL PRODUCERS, LLC	9 COG OPERATING LLC	10 BTA OIL PRODUCERS	11 ORYX ENERGY CO	12 BTA OIL PRODUCERS, LLC	13 PETROGULF CORPORATION	14 MEWBOURNE OIL CO
Squints FID															