

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
 August 1, 2011
 Permit 139522

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

| | | |
|--|-----------------------------------|-------------------------------|
| 1. Operator Name and Address THREE RIVERS OPERATING COMPANY LLC 1122 S. Capital of Texas Hwy Austin, TX 78746 | | 2. OGRID Number 272295 |
| | | 3. API Number 30-025-40348 |
| 4. Property Code 38900 | 5. Property Name COSMO 8 STATE | 6. Well No. 004H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 8 | 21S | 34E | P | 660 | S | 660 | E | LEA |

8. Pool Information

| | |
|--------------------------|-------|
| BERRY;BONE SPRING, SOUTH | 96660 |
|--------------------------|-------|

Additional Well Information

| | | | | |
|--------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3714 |
| 14. Multiple N | 15. Proposed Depth 15200 | 16. Formation Wolfcamp | 17. Contractor | 18. Spud Date 4/29/2012 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.37 | 54.5 | 1600 | 1625 | |
| Int1 | 12.25 | 9.625 | 40 | 4100 | 1275 | |
| Prod | 8.75 | 5.5 | 17 | 15500 | 2860 | |

Casing/Cement Program: Additional Comments

1. There are no known Potash leases within 1 (one) mile of this location. 2. Surface Casing will be set in the Basal Rustler Formation at 1600'. Top of the salt is projected to be 1708'. The salt protection string will be set at 4100', 600' below the base of the salt. The base of the salt is projected to be 3500'. A pilot hole will be drilled to 12,200' TVD/MD. After logging, the well will be plugged back to 10,318' and a horizontal lateral drilled at a TVD of 10,918' to 15,500' MD. The Production Casing will be cemented to surface utilizing a DV tool set at +/- 5500'.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|----------------|
| Annular | 5000 | 5000 | Hydril/Cameron |

| | |
|--|--|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 12/6/2011 Expiration Date: 12/6/2013 |
| Printed Name: Electronically filed by Jim Keisling | |
| Title: VP Engineering | |
| Email Address: jkeisling@3rnr.com | |
| Date: 11/2/2011 | Phone: 512-600-3182 |
| Conditions of Approval Attached | |

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 August 1, 2011
 Permit 139522

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-025-40348 | 2. Pool Code 96660 | 3. Pool Name BERRY;BONE SPRING, SOUTH |
| 4. Property Code 38900 | 5. Property Name COSMO 8 STATE | 6. Well No. 004H |
| 7. OGRID No. 272295 | 8. Operator Name THREE RIVERS OPERATING COMPANY LLC | 9. Elevation 3714 |


10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 8 | 21S | 34E | | 660 | S | 660 | E | LEA |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|-------------------------------|---------|---------------------|-------|------------------------|-----------|---------------|-----------|----------|--------|
| M | 8 | 21S | 34E | M | 660 | S | 330 | W | LEA |
| 12. Dedicated Acres 160.00 | | 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

| | |
|---|--|
|  | <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 unleased mineral interest in the land including the proposed bottom hole location(s) 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>E-Signed By: Jim Keisling Title: VP Engineering Date: 11/2/2011</p> <hr/> <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>Surveyed By: Terry Asel Date of Survey: 9/13/2011 Certificate Number: 15079</p> |
|---|--|

Permit Comments

Operator: THREE RIVERS OPERATING COMPANY LLC , 272295

Well: COSMO 8 STATE #004H

API: 30-025-40348

| Created By | Comment | Comment Date |
|------------|----------|--------------|
| pkautz | Land s/S | 11/2/2011 |

Permit Conditions of Approval

Operator: THREE RIVERS OPERATING COMPANY LLC , 272295

Well: COSMO 8 STATE #004H

API: 30-025-40348

| OCD Reviewer | Condition |
|-------------------------|--|
| pkautz | 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 |