<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

Phone:(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., Azteo, 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

APPLICATION FOR PERMIT TO DRILL, RE-	ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE
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		APPLICATION	FOR PERIMIT I	O DRILL, RE-E	:N IEK, DEEPEN	I, PLUGBACK	I, OR ADD A ZO	NE		
Operator Name and Address     BLACK MOUNTAIN OPERATING LLC				2. OGR	371127					
	ain Street /orth, TX 76102						3. API !	Number 30-025-43623		
4. Property Code 31744	1	5. Prop	erty Name GRAMA RIDGE	STATE COM			6. Well	No. 010H		
	7. Surface Location									
UL - Lot	Section 36	Township 21S	Range 34E	Lot Idn N	Feet From 267	N/S Line S	Feet From 1789	E/W Line W	County	Lea

# 8. Proposed Bottom Hole Location

UL - Lot	Section	1 ownship	Range	Lot Ian	Feet From	N/S Line	2010	E/VV Line	County
C	25	215	34E	C	2310	5	2010	VV	Lea

#### 9. Pool Information

GRAMA RIDGE;BONE SPRING, NE	a Na limbarah Malanda	28435

#### Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3608
16. Multiple N	17. Proposed Depth 17800	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 5/1/2017
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

			Z I. FTOPOSCU Cusing	una cement riogium		
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1750	1850	0
Int1	12.25	9.625	40	5820	1200	0
Int2	8.75	7	29	9100	860	0
Prod	6	4.5	13.5	17800	1230	8850

#### Casing/Cement Program: Additional Comments

### 22. Proposed Blowout Prevention Program

12	ZZ. Floposed Blowout Flevel	idon Frogram	
Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	
Annular	3500	3500	

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.  I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.  Signature:				OIL CONSERVA	TION DIVISION
Printed Name:				Paul Kautz	
Title:	C00		Title:	Geologist	L. Caller 110
Email Address:	michael.mccracken@blackmtn.com		Approved Date:	2/24/2017	Expiration Date: 2/24/2019
Date:	2/22/2017 Phone: 817-698-9901		Conditions of App	roval Attached	

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Form APD Comments

Permit 232237

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1000 Rio Brazos Rd., Azteo, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170 <u>District IV</u>:
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

#### PERMIT COMMENTS

Operator Name and Address:	API Number:
BLACK MOUNTAIN OPERATING LLC [371127]	30-025-43623
500 Main Street	Well:
Fort Worth, TX 76102	GRAMA RIDGE STATE COM #010H

Created By Comment Comment Date District I
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# State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

Permit 232237

#### PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:	API Number:
BLACK MOUNTAIN OPERATING LLC [371127]	30-025-43623
500 Main Street	Well:
Fort Worth, TX 76102	GRAMA RIDGE STATE COM #010H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
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
pkautz	If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well.
pkautz	1) SURFACE & INTERMEDIATE1 CASING - Cement must circulate to surface 2) INTERMEDIATE2 CASING - Cement must tie back into intermediate1 casing 3) PRODUCTION CASING - Cement must tie back into intermediate2 casing
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
pkautz	Only Fresh Water and Air are Valid Drilling Fluids for Surface Casing
pkautz	Operator shall notify appropriate District office when setting conductor pipe.
pkautz	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of spudding a well.
pkautz	It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD.
pkautz	If an APD expires and if site construction has occurred, site remediation is required.
pkautz	1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.
pkautz	Submit Gas Capture Plan form prior to spud