

Submit a Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-015-47952
5. Indicate Type of Lease
STATE [] FEE []
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [X] Gas Well [] Other []
2. Name of Operator
MR NM Operating LLC
3. Address of Operator
5950 Berkshire Lane, Suite 100 Dallas TX 75225
4. Well Location
Unit Letter A 1289 feet from the North line and 654 feet from the East line
Section 11 Township 17S Range 30E NMPM County Eddy
11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3747

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS [X]
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: APD Revision []

SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This well was formerly the Bones Federal 5H. A sundry to rename the well to the Data Federal 1H and move it to its current location was approved by BLM on 12/5/22 and approved by NMOCD on 3/6/23.

EOG was the former Operator of this well. There was confusion regarding the BLM APD extension request and somehow an existing extension request was canceled. MR NM assumed the extension request had been granted and spudded the well on 2/17/23. When the APD extension cancelation was discovered, BLM requested MR NM submit an "administrative" APD to document the actual location at which the well was drilled. The APD was approved on 11/17/23.

Attached is the BLM 3160, COA, Drill Plan, C102, revised NGMP.

Spud Date: [] Rig Release Date: []

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Cory Walk DATE 12/11/23

Type or print name Cory Walk E-mail address: cory@permitswest.com PHONE: 505-466-8120

For State Use Only

APPROVED BY: TITLE DATE
Conditions of Approval (if any):

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 30-015-47952		² Pool Code 96718		³ Pool Name LOCO HILLS; GLORIETA-YESO	
⁴ Property Code 332303		⁵ Property Name DATA FEDERAL			⁶ Well Number 1H
⁷ OGRID No. 330506		⁸ Operator Name MR NM OPERATING, LLC			⁹ Elevation 3744'

¹⁰Surface Location

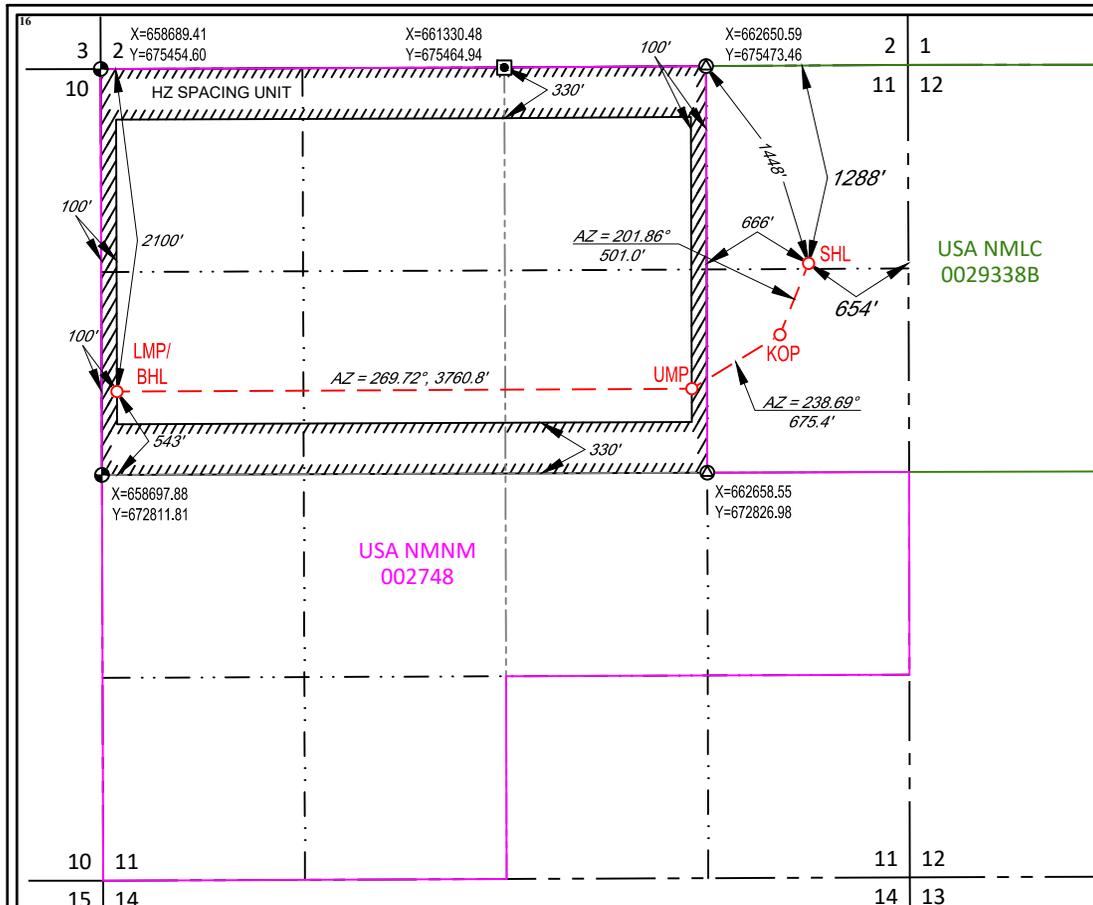
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	11	17-S	30-E	-	1288	NORTH	654	EAST	EDDY

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
E	11	17-S	30-E	-	2100	NORTH	100	WEST	EDDY

¹² Dedicated Acres 240.00	¹³ Joint or 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.

Cory Walk **08/16/2023**
Signature Date

Cory Walk
Printed Name

cory@permitswest.com
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 to the best of my belief.

08/16/2018

Date of Survey
Signature and Seal of Professional Surveyor



8/9/2023 7:21:45 AM
Certificate Number

NEW MEXICO EAST
NAD 1983

SURFACE LOCATION (SHL)	KICK OFF POINT (KOP)	UPPER MOST PERF. (UMP)
1288' FNL - SEC. 11 654' FEL - SEC. 11 X=663320 Y=674190 LAT.: N 32.8527403 LONG.: W 103.9361057	1752' FNL - SEC. 11 842' FEL - SEC. 11 X=663134 Y=673725 LAT.: N 32.8514642 LONG.: W 103.9367189	2099' FSL - SEC. 11 1419' FEL - SEC. 11 X=662557 Y=673374 LAT.: N 32.8505053 LONG.: W 103.9386021

**LOWER MOST PERF. (LMP)
BOTTOM HOLE LOCATION (BHL)**

2100' FNL - SEC. 11 100' FWL - SEC. 11 X=658796 Y=673355 LAT.: N 32.8504923 LONG.: W 103.9508484
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U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Drilling Plan Data Report

12/08/2023

APD ID: 10400094092

Submission Date: 08/23/2023

Highlighted data
reflects the most
recent changes

Operator Name: MR NM OPERATING LLC

Well Name: DATA FEDERAL

Well Number: 1H

Well Type: OIL WELL

Well Work Type: Drill

[Show Final Text](#)

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical	Measured Depth	Lithologies	Mineral Resources	Producing Formatio
12486143	QUATERNARY	3744	0	0	OTHER : None	USEABLE WATER	N
12486144	RUSTLER ANHYDRITE	3308	436	436	ANHYDRITE	OIL, USEABLE WATER	N
12486145	TANSILL	2452	1292	1292	ANHYDRITE	NONE	N
12486146	YATES	2279	1465	1465	ANHYDRITE	NONE	N
12486147	QUEEN	1415	2329	2329	SANDSTONE	NONE	N
12486148	GRAYBURG	1007	2737	2737	DOLOMITE	OIL	N
12486149	SAN ANDRES	692	3052	3052	DOLOMITE	OIL	N
12486150	GLORIETA	-748	4492	4625	DOLOMITE	OIL	N
12486151	YESO	-855	4599	4793	DOLOMITE	OIL	Y

Section 2 - Blowout Prevention

Pressure Rating (PSI): 3M

Rating Depth: 10000

Equipment: The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a double rams with blind rams & pipe rams preventer (3,000 psi WP) and an annular preventer (3,000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with 43 CFR 3172. A kelly cock will be kept in the drill string at all times. A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times. H2S monitoring and detection equipment will be utilized from surface casing point to TD.

Requesting Variance? YES

Variance request: A variance is requested to use a co-flex line between the BOP and choke manifold dependent on rig selection (instead of using a steel line). Certification and specs are attached.

Testing Procedure: Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 3,000/ 250 psig and the annular preventer to 1,500/ 250 psig. The surface casing will be tested to 1200 psi for 30 minutes. 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.

Operator Name: MR NM OPERATING LLC

Well Name: DATA FEDERAL

Well Number: 1H

A hydraulically operated choke will be installed prior to drilling out of the surface casing shoe.

Choke Diagram Attachment:

3M_Choke_Diagram_20230823093909.pdf

BOP Diagram Attachment:

3M_BOP_Diagram_20230823093929.pdf

Section 3 - Casing

Casing ID	String Type	Hole Size	Csg Size	Condition	Standard	Tapered String	Top Set MD	Bottom Set MD	Top Set TVD	Bottom Set TVD	Top Set MSL	Bottom Set MSL	Calculated casing length MD	Grade	Weight	Joint Type	Collapse SF	Burst SF	Joint SF Type	Joint SF	Body SF Type	Body SF
1	INTERMEDIATE	12.25	9.625	NEW	API	N	0	100	0	100	3744	3644	100	J-55	40	LT&C	1.125	1.25	DRY	1.6	DRY	1.6
2	SURFACE	17.5	13.375	NEW	API	N	0	417	0	417	3744	3327	417	H-40	48	ST&C	1.125	1.25	DRY	1.6	DRY	1.6
3	INTERMEDIATE	12.25	9.625	NEW	API	N	100	3300	100	3300	3644	444	3200	J-55	36	LT&C	1.125	1.125	DRY	1.6	DRY	1.6
4	INTERMEDIATE	12.25	9.625	NEW	API	N	3300	3500	3300	3497	444	247	200	J-55	40	LT&C	1.125	1.125	DRY	1.6	DRY	1.6
5	PRODUCTION	8.75	7.0	NEW	API	N	0	4965	0	4694	3744	-950	4965	L-80	29	BUTT	1.125	1.125	DRY	1.6	DRY	1.6
6	PRODUCTION	8.75	5.5	NEW	API	Y	4965	9145	4694	4800	-950	-1056	4180	L-80	17	BUTT	1.125	1.125	DRY	1.6	DRY	1.6

Casing Attachments

Operator Name: MR NM OPERATING LLC

Well Name: DATA FEDERAL

Well Number: 1H

Casing Attachments

Casing ID: 1 **String** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20230823095031.pdf

Casing ID: 2 **String** SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20230823094923.pdf

Casing ID: 3 **String** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20230823095124.pdf

Operator Name: MR NM OPERATING LLC

Well Name: DATA FEDERAL

Well Number: 1H

Casing Attachments

Casing ID: 4 **String** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20230823095220.pdf

Casing ID: 5 **String** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20230823095335.pdf

Casing ID: 6 **String** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing_Design_Assumptions_20230823095455.pdf

Casing Design Assumptions and Worksheet(s):

Casing_Design_Assumptions_20230823095533.pdf

Section 4 - Cement

Operator Name: MR NM OPERATING LLC

Well Name: DATA FEDERAL

Well Number: 1H

String Type	Lead/Tail	Stage Tool Depth	Top MD	Bottom MD	Quantity(sx)	Yield	Density	Cu Ft	Excess%	Cement type	Additives
SURFACE	Lead		0	0	0	0	0	0	0	None	None
SURFACE	Tail		0	417	450	1.34	14.8	603	100	Class C	2%PF1(Calcium Chloride)
INTERMEDIATE	Lead		0	3500	1075	1.79	12.8	1924	100	35:65 Poz C	.02 gal/sk Anti Foam + 1% Extender + .13 lb/sk
INTERMEDIATE	Tail		0	3500	200	1.33	14.8	266	100	Class C	0.13% Anti Foam
PRODUCTION	Lead		3000	9145	165	2.47	11.9	408	35	Class 50/50 Poz C	%PF44(BWOW)(Salt) + 10% PF20(Bentonite Gel) +.2%PF153(Anti Settling Agent(+ 3#/sk OF42(Kolseal) + 0.125#/sk PF29 (celloflake) + 0.4#/sk PF45 (Defoamer)
PRODUCTION	Tail		3000	9145	965	1.48	13	1428	35	Class PVL	1.3% PF44(BWOW)(Salt) + 5% PF174 (Expanding Cement) + 0.5% PF606 (Fluid Loss) + 0.1% PF153 (Anti Settling Agent) + 0.4#/sk PF45 (Defoamer)

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

Describe the mud monitoring system utilized: An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

Circulating Medium Table

Operator Name: MR NM OPERATING LLC

Well Name: DATA FEDERAL

Well Number: 1H

Top Depth	Bottom Depth	Mud Type	Min Weight (lbs/gal)	Max Weight (lbs/gal)	Density (lbs/cu ft)	Gel Strength (lbs/100 sqft)	PH	Viscosity (CP)	Salinity (ppm)	Filtration (cc)	Additional Characteristics
0	417	OTHER : Fresh Water	8.6	8.8							
417	3500	OTHER : Brine	9.2	10.2							
3500	9145	OTHER : Cut Brine	8.8	9.4							

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

Open-hole logs are not planned for this well. GR Directional surveys will be run in open hole during drilling phase of operations.

List of open and cased hole logs run in the well:

GAMMA RAY LOG,

Coring operation description for the well:

None

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 2546

Anticipated Surface Pressure: 1489

Anticipated Bottom Hole Temperature(F): 110

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geohazards description:

Contingency Plans geohazards

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations

Data_H2S_Contingency_Plan_20230823100953.pdf

Operator Name: MR NM OPERATING LLC**Well Name:** DATA FEDERAL**Well Number:** 1H

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Data_1H_Directional_Plan_20230823101034.pdf

Other proposed operations facets description:

This well was spudded without realizing the APD had expired and an extension was not granted. See the following information below regarding what was done.

Spud: 15:30 on 2/17

TD: 19:30 on 2/17 @ 417'

Ran 13 3/8" casing to 417'

Cemented casing w/ 450 sxs (107 bbls) Class C + 2% Calcium Chloride - 14.8 ppg, 1.34 yield

Displaced w/ 58 bbls of fresh water. Bumped Plug at 01:00 2/18; recovered 58 bbls of cement

Tested casing to 1500 psi for 30 min

Spudder rig moved 2/18.

MR NM Operating requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. After WOC 8 hours or 500 psi compressive strength (whichever is greater), the Surface Rig will move off so the wellhead can be installed. A welder will cut the casing to the proper height and weld on the wellhead (both A and B sections). The weld will be tested to 1000 psi. All valves will be closed and a wellhead cap will be installed (diagram attached). If the timing between rigs is such that MR NM Operating would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

Other proposed operations facets attachment:

Data_1H_Drill_Plan_20230823101056.pdf

CoFlex_Hose_20230823101106.pdf

Wellhead_Diagram_20230823101115.pdf

Data_1H_Anticollision_Report_20230823101136.pdf

Other Variance attachment:

a

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: MR NM OPERATING

OGRID: 330506

Date: 11-28-23

II. Type: Original Amendment due to 19.15.27.9.D(6)(a) NMAC 19.15.27.9.D(6)(b) NMAC Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Data Federal 1H	30-15-46668	A-11-17S-30E	1288 FNL & 654 FEL	425	750	1,800

IV. Central Delivery Point Name: DCP Midstream, LLC in E-12-17S-30E [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Data Federal 1H	30-015-46668	2-17-2023	5-1-24	5-15-24	6-1-24	6-5-24

VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan
EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system will will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator does does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

Attach Operator’s plan to manage production in response to the increased line pressure.

XIV. Confidentiality: Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: 
Printed Name: Aaron Ausburn
Title: VP
E-mail Address: aaron@cypressnr.com
Date: 12-1-2023
Phone: 214-500-8352

OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)

Approved By:
Title:
Approval Date:
Conditions of Approval:

MR NM Operating, LLC Natural Gas Management Plan

VI. Separation Equipment

Separation equipment will be built on the Picard 4H pad. The anticipated production rates from the Picard 4H will be accounted for during design/construction to ensure sufficient capacity exists at the surface to capture all produced fluids.

VII. Operational Practices

MR NM Operating, LLC will take the following actions outlined below to comply with 19.15.27.8 NMAC

- A. MR NM Operating, LLC plans to maximize recovery of natural gas and minimize waste thru venting/flaring
- B. MR NM Operating, LLC plans to flare during drilling operations from a location exceeding 100' away from the SHL. The flare will be used to combust natural gas brought to the surface during normal drilling operations. Safety will remain priority #1, and MR NM Operating, LLC will account and report appropriately pertaining to any potential emergency.
- C. MR NM Operating, LLC plans flare any natural gas brought to the surface during normal completions operations. During flowback, fluids will immediately flow thru a separator on location. Gas will not be flared/vented unless there's a safety concern with pressures at the surface. Gas is expected to meet pipeline standards; if not, MR NM Operating, LLC will flare for the allowed 60 days or less until the gas meets quality specifications. MR NM Operating, LLC plans to sample the produced gas at a reasonable frequency or upon request from regulatory bodies.
- D. MR NM Operating, LLC does not plan to flare or vent natural gas except during the situations outlined in 19.15.27.8 D. (1-4).
- E. MR NM Operating, LLC will comply with standards outlined in 19.15.27.8 E. (1-8). EOG Resources, Inc. will conduct AVO inspections as described in 19.15.27.8 E (5) (a) with frequencies specified in 19.15.27.8 E (5) (b) and (c). All emergencies will be resolved as quickly and safely as feasible to minimize waste.
- F. The volume of natural gas that is vented or flared as the result of malfunction or emergency during drilling and completions operations will be estimated. The volume of natural gas that is vented, flared, or beneficially used during production operations, will be measured, or estimated. If metering is not practicable due to circumstances such as low flow rate or low pressure venting and flaring, EOG Resources, Inc. will estimate the volume of vented or flared natural gas. Measuring equipment will conform to industry standards and will not be designed or equipped with a manifold that allows the diversion of natural gas around the metering element except for the sole purpose of inspecting and servicing the measurement equipment.

VIII. Best Management Practices

Pressure maintenance at surface is vital to maintain safe working conditions; venting will be utilized only to depressurize our surface equipment. When maintaining surface or downhole equipment associated with the current production, the well will be shut-in to eliminate venting. If maintenance work takes place on the gas gathering side, gas will route to the flare to eliminate venting.

Form 3160-3
(June 2015)

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other 1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		5. Lease Serial No. NMNM02748
		6. If Indian, Allottee or Tribe Name
		7. If Unit or CA Agreement, Name and No.
		8. Lease Name and Well No. DATA FEDERAL 1H
2. Name of Operator MR NM OPERATING LLC		9. API Well No.
3a. Address 5950 BERKSHIRE LANE, SUITE 1000, DALLAS, TX 7522	3b. Phone No. (include area code) (469) 906-2004	10. Field and Pool, or Exploratory LOCO HILLS/GLORIETA-YESO
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE / 1288 FNL / 654 FEL / LAT 32.8527403 / LONG -103.9361057 At proposed prod. zone SWNW / 2100 FNL / 100 FWL / LAT 32.8504923 / LONG -103.9508484		11. Sec., T. R. M. or Blk. and Survey or Area SEC 11/T17S/R30E/NMP
14. Distance in miles and direction from nearest town or post office* 3.5 miles		12. County or Parish EDDY
		13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 666 feet	16. No of acres in lease	17. Spacing Unit dedicated to this well 240.0
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 30 feet	19. Proposed Depth 4800 feet / 9145 feet	20. BLM/BIA Bond No. in file FED: NMB002039
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3744 feet	22. Approximate date work will start* 09/01/2023	23. Estimated duration 30 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be requested by the BLM. |
|---|---|

25. Signature (Electronic Submission)	Name (Printed/Typed) BRIAN WOOD / Ph: (469) 906-2004	Date 08/23/2023
Title President		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) CODY LAYTON / Ph: (575) 234-5959	Date 11/17/2023
Title Assistant Field Manager Lands & Minerals Office Carlsbad Field Office		

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)

*(Instructions on page 2)

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	MR NM
LEASE NO.:	NMNM02748
LOCATION:	Section 11, T.17 S, R.30 E., NMPM
COUNTY:	Eddy County, New Mexico
WELL NAME & NO.:	Data Fed 1
SURFACE HOLE FOOTAGE:	1288'/N & 654'/E
BOTTOM HOLE FOOTAGE:	2100'/N & 100'/W

COA

H₂S	<input checked="" type="radio"/> Yes	<input type="radio"/> No		
Potash / WIPP	<input checked="" type="radio"/> None	<input type="radio"/> Secretary	<input type="radio"/> R-111-P	<input type="checkbox"/> WIPP
Cave / Karst	<input checked="" type="radio"/> Low	<input type="radio"/> Medium	<input type="radio"/> High	<input type="radio"/> Critical
Wellhead	<input type="radio"/> Conventional	<input checked="" type="radio"/> Multibowl	<input type="radio"/> Both	<input type="radio"/> Diverter
Cementing	<input type="checkbox"/> Primary Squeeze	<input type="checkbox"/> Cont. Squeeze	<input type="checkbox"/> EchoMeter	<input type="checkbox"/> DV Tool
Special Req	<input type="checkbox"/> Break Testing	<input type="checkbox"/> Water Disposal	<input type="checkbox"/> COM	<input type="checkbox"/> Unit
Variance	<input checked="" type="checkbox"/> Flex Hose	<input type="checkbox"/> Casing Clearance	<input type="checkbox"/> Pilot Hole	<input type="checkbox"/> Capitan Reef
Variance	<input type="checkbox"/> Four-String	<input type="checkbox"/> Offline Cementing	<input type="checkbox"/> Fluid-Filled	<input type="checkbox"/> Open Annulus
<input type="checkbox"/> Batch APD / Sundry				

A. HYDROGEN SULFIDE

A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the **Grayburg** formation. As a result, the Hydrogen Sulfide area must meet all requirements from **43 CFR 3176**, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.

B. CASING

Surface Hole previously drilled.

1. The **13-3/8** inch surface casing shall be set at approximately **417** feet (a minimum of **70 feet (Eddy County)** into the Rustler Anhydrite, above the salt, and below usable fresh water) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum of **8 hours** or 500 pounds compressive strength, whichever is greater. (This is to

- include the lead cement)
- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:
- Cement to surface. If cement does not circulate see B.1.a, c-d above.
- Wait on cement (WOC) time for a primary cement job is to include the tail cement slurry due to cave/karst.**
3. The minimum required fill of cement behind the 7 x 5.5-inch production casing is: Cement should tie-back at least **200 feet** into previous casing string. Operator shall provide method of verification.

C. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).
 2. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the casing shoe shall be **3000 (3M)** psi.
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in 43 CFR 3172 must be followed.

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

Email **or** call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, BLM_NM_CFO_DrillingNotifications@BLM.GOV
(575) 361-2822

Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 689-5981

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
 - BOP/BOPE test to be conducted per **43 CFR part 3170 Subpart 3172** as soon as 2nd Rig is rigged up on well.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. 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. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in **43 CFR part 3170 Subpart 3172** and **API STD 53 Sec. 5.3**.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. Whenever any seal subject to test pressure is broken, all the tests in **43 CFR part 3170 Subpart 3172** must be followed.
 - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin

after cut-off or once cement reaches 500 psi compressive strength (including lead cement), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the cement plug. The BOPE test can be initiated after bumping the cement plug with the casing valve open. (only applies to single stage cement jobs, prior to the cement setting up.)
- c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer and can be initiated immediately with the casing valve open. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to **43 CFR part 3170 Subpart 3172** with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
- e. The results of the test shall be reported to the appropriate BLM office.
- f. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- g. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per **43 CFR part 3170 Subpart 3172**.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

ZS 11/13/2023

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

CONDITIONS

Action 292757

CONDITIONS

Operator: MR NM Operating LLC 5950 Berkshire Lane Dallas, TX 75225	OGRID: 330506
	Action Number: 292757
	Action Type: [C-103] NOI Change of Plans (C-103A)

CONDITIONS

Created By	Condition	Condition Date
ward.rikala	All previous COA's still apply.	12/18/2023