					A	1-
OCD Hot	bs			••	A75	-15-1
Form 3160-3 (June 2015)		HOBBS	300	OMB:	I APPROVI No. 1004-01 January 31,	37
UNITED STAT DEPARTMENT OF THE		JAN 2	5 2016	5. Lease Serial No		
BUREAU OF LAND MA		1	IVED	NMLC 0 07		& 0 07054
APPLICATION FOR PERMIT TO	DRILL OR	REENTER	· · · · · · · · · · · · · · · · · · ·	6. If Indian, Allote	e or Tribe N	ame NM O
a. Type of work: 🗹 DRILL	REENTER			7. If Unit or CA A	greement, N	ame and No.
b. Type of Well: Oil Well Gas Well	Other	,	• • •	8. Lease Name and	i Well No.	-1-
c. Type of Completion: Hydraulic Fracturing	Single Zone	Multiple Zone		North Bell Lake U		<u>ан (313</u>
. Name of Operator Kaiser-Francis Oil Company				9. API Well No. 30-02		
a. Address 733 South Yale Ave Tulsa Oklahoma 74136	3b. Phone N 918-494-00	lo. <i>(include area cod</i>)00	le)	10. Field and Pool North Bell Lake		
. Location of Well (Report location clearly and in accordance	(-1)	requirements.*)		11. Sec., T. R. M. (
At surface 2057' FSL & 800' FEL Section 6-23S-34E		a1		Section 6-23S-34	E	
At proposed prod. zone 330' FNL & 800' FEL Section 4. Distance in miles and direction from nearest town or post of Approximately 21 miles southwest of Eunice, NM		4)		12. County or Pari Lea		13. State
5. Distance from proposed* 300'	16. No of ac	res in lease		g Unit dedicated to		
location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	1898.22		160 acres	6		
8. Distance from proposed location* to nearest well, drilling, completed,	19. Propose	d Depth	20. BLM/E	BIA Bond No. in fil	e	
applied for, on this lease, ft.	MD: 18,23		WYB0000			
 Elevations (Show whether DF, KDB, RT, GL, etc.) 3456' GL 	22. Approxi	mate date work will	start*	 23. Estimated dura 25 days 	tion .	
	24. Attac	hments				
he following, completed in accordance with the requirements	of Onshore Oil	and Gas Order No. 1	, and the Hy	ydraulic Fracturing	rule per 43 (CFR 3162.3-3
is applicable)				•		
Well plat certified by a registered surveyor. A Drilling Plan.		 Bond to cover th Item 20 above). 	e operations	unless covered by a	in existing b	ond on file (see
	tem Lands, the	5. Operator certific 6. Such other site sr		nation and/or plans a	s may be req	uested by the
A Surface Use Plan (if the location is on National Forest Syst SUPO must be filed with the appropriate Forest Service Office	ce).	BLM.				
SUPO must be filed with the appropriate Forest Service Office	Name				Date 11/9/201	5
SUPO must be filed with the appropriate Forest Service Office 5. Signature itle Consulting Engineer for Kaiser-Franciz Oil Company	Name	BLM. (Printed/Typed)				5
SUPO must be filed with the appropriate Forest Service Office 5. Signature itle Consulting Engineer for Kaiser-Francis Oil Company	Name Steve	BLM. (Printed/Typed)		· · · · · · · · · · · · · · · · · · ·	11/9/201	
SUPO must be filed with the appropriate Forest Service Office 5. Signature ittle Consulting Engineer for Kaiser-Francip Oil Company pproved by (Signa Steve Caffey tle	Name Steve	BLM. (Printed/Typed) n A. Dowdy			11/9/201	5 <u>1 9 2016</u>
SUPO must be filed with the appropriate Forest Service Office 5. Signature ittle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey ttle Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applicat pplicant to conduct operations thereon.	Name Steve Name Office	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed)	ose rights in	n the subject lease w	11/9/2011 Date JAN	1 9 2016
SUPO must be filed with the appropriate Forest Service Office 5. Signature intle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Sign Steve Caffey the Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applicat plicant to conduct operations thereon. onditions of approval, if any, are attached.	Name Steve Name Office ant holds legal o	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th		· · · · · · · · · · · · · · · · · · ·	Date JAN	1 9 2016 entitle the
SUPO must be filed with the appropriate Forest Service Office 5. Signature ittle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey tle Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applicat policant to conduct operations thereon. onditions of approval, if any, are attached. tte 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 'the United States any false, fictitious or fraudulent statements	Name Steve Name Office ant holds legal o make it a crime s or representation	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th for any person know ons as to any matter	vingly and w	villfully to make to	Date JAN	1 9 2016 entitle the
SUPO must be filed with the appropriate Forest Service Office 5. Signature ittle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey ittle Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applicate pplication approval does not warrant or certify that the applicate pplication of approval, if any, are attached. the 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 'the United States any false, fictitious or fraudulent statements	Name Steve Name Office ant holds legal o make it a crime	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th for any person know ons as to any matter	vingly and w within its ju	villfully to make to risdiction.	Date JAN	1 9 2016 entitle the
SUPO must be filed with the appropriate Forest Service Office 5. Signature ittle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey ittle Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applicate pplication approval does not warrant or certify that the applicate pplication of approval, if any, are attached. the 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 'the United States any false, fictitious or fraudulent statements	Name Steve Name Office ant holds legal o make it a crime s or representation	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th for any person know ons as to any matter	vingly and w within its ju	villfully to make to risdiction.	Date JAN	1 9 2016 entitle the
SUPO must be filed with the appropriate Forest Service Office 5. Signature itle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey Itle Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applica pplicant to conduct operations thereon. onditions of approval, if any, are attached. Itle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, The United States any false, fictitious or fraudulent statements	Name Steve Name Office ant holds legal o make it a crime s or representatio	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th for any person know ons as to any matter	vingly and w within its ju	villfully to make to	Date JAN	1 9 2016 entitle the
SUPO must be filed with the appropriate Forest Service Office 5. Signature ittle Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey ittle Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applicate pplication approval does not warrant or certify that the applicate pplication of approval, if any, are attached. the 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 'the United States any false, fictitious or fraudulent statements	Name Steve Name Office ant holds legal o make it a crime s or representatio	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th for any person know ons as to any matter	vingly and w within its ju	villfully to make to risdiction.	Date JAN	1 9 2016 entitle the
SUPO must be filed with the appropriate Forest Service Office S. Signature itile Consulting Engineer for Kaiser-Francis Oil Company pproved by (Signa Steve Caffey the Consulting Engineer for Kaiser-Francis Oil Company pplication approval does not warrant or certify that the applica- plicant to conduct operations thereon. onditions of approval, if any, are attached. the 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, the United States any false, fictitious or fraudulent statements States any false, fictitious or fraudulent statements States any false, fictitious or fraudulent statements States and States any false, fictitious or fraudulent statements States and States any false, fictitious or fraudulent statements	Name Steve Name Office ant holds legal o make it a crime s or representatio	BLM. (Printed/Typed) n A. Dowdy (Printed/Typed) r equitable title to th for any person know ons as to any matter C	vingly and w within its ju	villfully to make to risdiction.	Date JAN	1 9 2016 entitle the

.

KAISER-FRANCIS OIL COMPANY	P. O. BOX 21468	HGRERSOKDAHOMA 74121-1468
 · ·		JAN 252016 (918) 494-0000
		RECEIVED

October 26, 2014

Carlsbad Field Office Bureau of Land Management 620 E. Greene Street Carlsbad, NM 88220

Re: Letter of Authorization

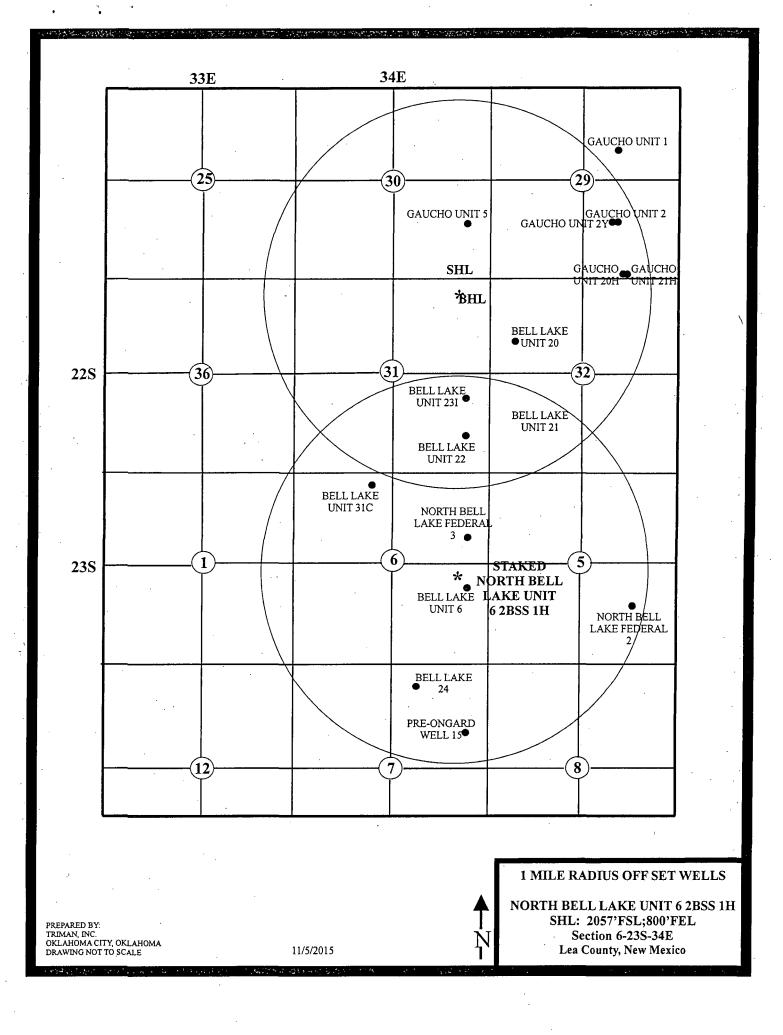
Dear Sir,

Please consider this letter as notice of authorization for Steven A, Dowdy with Triman, Inc., to act on behalf of Kaiser-Francis Oil Company. Please allow him to represent and secure Federal permits to drill and subsequent filings, amendments, onsite inspections, and notices.

Thank you,

ala a Michael D. Maxey

Landman



DRILLING PROGRAM

North Bell Lake Unit 6 2BSS #1H

SHL: 2057' FSL, 800' FEL, SEC. 6 T23S-R34E BHL: 330' FNL, 800' FEL, SEC. 31 T22S-R34E

LEA COUNTY, NEW MEXICO

Submitted by: Kaiser Francis Oil Company 6733 S Yale Avenue Tulsa, OK 74136

Copies Sent To: 1 Bureau of Land Management

ONSHORE OIL & GAS ORDER NO.1

1. ESTIMATED TOPS OF ALL GEOLOGIC GROUPS, FORMATIONS, MEMBERS, OR ZONES

Elevation above sea level:3456'Geologic Name of Surface Formation:Quaternary Aeolian Deposits

Estimated tops of important geologic markers are as follows:

		Interval	Depth	Mineral
Formation	Depth TVD	Thickness	Subsea	Zone
· .				·
Surface	350			Water
Rustler Anhydrite	1130			Barren
Salado	1500			Barren
Bell Canyon	5050			Oil / Water
Cherry Canyon	5890			Oil / Water
Brushy Canyon	7250			Oil / Water
Leonard Shale	8257			Oil / Water
Upper Bone Spring Lime	8490			Oil / Water
Avalon	8553			Oil / Water
1 st Bone Spring Lime	8858			Oil / Water
1 st Bone Spring	9493			Oil / Water
2 nd Bone Spring Lime	9961		······································	Oil / Water
2 nd Bone Spring	10026			Oil / Water
			· · · · · · · · · · · · · · · · · · ·	
			· · · · · · · · · · · · · · · · · · ·	

2. ESTIMATED DEPTH AND THICKNESS OF OIL, GAS, WATER & OTHER MINERAL ZONES

a. The estimated depths at which water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Substance	Formation(Primary Target Zone)	Depth (MD)	Thickness
Oil	2 nd Bone Spring	10,627	460′

All shows of fresh water and minerals will be reported and protected.

See

3. <u>SPECIFICATIONS FOR BLOWOUT PREVENTION EQUIPMENT AND</u> <u>DIVERTER SYSTEMS</u>

Kaiser Francis Oil Company minimum specifications for pressure control equipment are as follows:

Ram Type: 5000 psi working pressure

Ram type preventers and associated equipment shall be tested to working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed
- b. whenever any seal subject to test pressure is broken
- c. following related repair
- d. 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all downstream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

The kill lines should be separate from the fill line. Kill lines should be installed a safe distance (usually not less than 75 feet) from the BOP assembly in a conspicuous place and not in areas of suspected H2S concentration. Slow pump speeds for kill purposes must be posted.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

The choke manifold, BOP extension rods and hand wheels will be located outside the substructure. The BOP remote control unit will be located on the rig floor. The casing head and BOP will be flanged 13 5/8″ 5000 psi w.p. Kill line will be 2" i.d. with burst pressure rating of at least 10,000 psi. These items will be pressure tested concurrently with BOP's. The BOP will be tested when the stack is first installed on the well. It will also be tested at each casing shoe and at least every 30 days. BOP and choke manifold sizes will be in accordance with API-RP-53 as per the attached. See attached schematic of choke manifold.

- a. The size and rating of the BOP stack is shown on the attached diagram.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line. There will be no remote kill line used.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. The accumulator will be certified, and date of certification will be logged within 6 months of spud of subject well.
- e. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

- f. A Manufacturers' certification that BOPE and other equipment with potential to be exposed to H2S, is suitable for H2S service will be available at the rig.
- g. ______ There will be a 50' Flex Hose used from the BOP to the choke manifold.
 - The Flex Hose will not be straight and will conform to Onshore Order No 2. III.A.2.a
 - a. The flex hose will have an ID of 3.0" minimum with a min. bend radius of 5' or 60".
 - b. Rated pressure rating of 5000 psi with a test pressure of 10,000 psi.
 - c. Has a minimum temperature rating of -22 to 200 deg. F but can withstand a min. of 5 min. at 700 deg C at maximum working pressure.
 - d. Manufacture in accordance to specification for H2S Service and NACE treated compliance.

4. <u>PROPOSED DIRECTIONAL PLAN</u>

The well will be drilled vertically until approximately 600' TVD above target zone. The well will then be kicked off as per attached directional program.

5. <u>PROPOSED CASING PROGRAM</u> See COTT

a) The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including: presence/absence of Hydrocarbons, formation pressures; lost circulation zones, other minerals or other unusual characteristics. All indications of usable water shall be reported. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out. c) All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.



- d) The surface casing shall be cemented back to surface with a minimum of one centralizer per three joints, and a maximum one centralizer per joint. .3. Per Onshore Order
- e) Surface Casing-Three centralizers will be run on the bottom two joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- f) All casing strings below the conductor shall be pressure tested to 1500 psi.
- g) KFOC default design for the production casing is to use a conventional cemented casing back to surface, and perform a plug and perforation completion. Depending on well conditions at the end of drilling, we may employ sliding sleeves with swell packers on the casing run. Neither case would require a frac string.
- h) The proposed casing program will be as follows:

NOTE: DEPTHS FROM DIRECTIONAL PLAN

Purpose	Depth	Hole Size	O.D.	Weight	Grade	Туре	New/Used
Surface	1400'	17 1/2"	13 3/8″	54.50#	J-55	ST&C	New
Intermediate	6700′	12 ¹ / ₄ ″	9 5/8″	40#	P-110	LT&C	New
Production	0' to	<u>8 1/2 "</u>	5 1/2"	20#	P-110	BT&C	New
Liner	TD′		-				

Interval-Surface 0-1400'

13-3/8″ 54.50# J-55 STC	Collapse	Burst	Tension (connection)	Tension (body of pipe)
Design	1130 psi	2730 psi	514K	853K
Actual	655 psi	1500 psi	81.7K	81.7K
Safety Factor	1.7	1.82	6.2	10.4

Interval- Intermediate 0-6700'

95/8"40#P110 HCP LTC	Collapse	Burst	Tension (connection)	Tension (body of pipe)
Design	4230 psi	7900 psi	737K	1260K
Actual	3484 psi	2500psi	268K	268K
Safety Factor	1.2	3.1	2.7	4.7

5.5" 20# P-110 BTC	Collapse	Burst	Tension (connection)	Tension (body of pipe)
Design	11,100 psi	12,640 psi	548K	641K
Actual	10,500 psi	9,000 psi	206K	206K
Safety Factor	1+	1.4	2.6	3.1

Interval-Production Liner KOP'-TD'

.

i) Casing design subject to revision based on geologic conditions encountered.

6.

PROPOSED CEMENTING PROGRAM

a. The cement program will be as follows:

Interval	Type and Amount
SURFACE 13 3/8"	
TOC @ Surface	Lead: ECONOCEM (TM) CEMENT w/ 0.125 lbm/sk Poly- E-Flake (Lost Circulation Additive) Fluid Weight 12.7 lbm/gal Slurry Yield: 1.939 ft3/sk Total Mixing Fluid: 10.51 Gal/sk Proposed Sacks: 780 sks
	Tail: HALCEM (TM) CEMENT w/ 0.125 lbm/sk Poly-E- Flake (Lost Circulation Additive) Fluid Weight 14.8 lbm/gal Slurry Yield: 1.326 ft3/sk Total Mixing Fluid: 6.34 Gal/sk Proposed Sacks: 345 sks
INTERMEDIATE 9 5/8"	
TOC @ Surface	Lead: ECONOCEM (TM) SYSTEM with 5% Salt, 0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive) Fluid Weight 12.5 lbm/gal Slurry Yield: 2.039 ft3/sk
	Total Mixing Fluid: 11.25 Gal/sk

	Proposed Sacks: 1733 sks
	Tail: HALCEM (TM) SYSTEM with 0.125 lbm/sk Poly-E- Flake (Lost Circulation Additive), 0.3 % HR-5 (Retarder), 35 % SSA-1 (Heavy Weight Additive), & 0.07 % Ez-Flo LI (Dispersant) Fluid Weight 14.8 lbm/gal Slurry Yield: 1.326 ft3/sk Total Mixing Fluid: 6.34 Gal/sk Proposed Sacks: 249 sks
Production 200	
TOC to 100 [°] into 95/8″ casing if	If cemented option used:
cemented option used.	Lead cement: VERSACEM (TM) SYSTEM with 10% Bentonite, 0.125 lbs/bbl PolyE-Flake, 0.10 % HR-601 (Retarder) & 0.5 % D-AIR 5000 (defoamer) Fluid Weight 11.9 lbm/gal Slurry Yield: 2.243 ft3/sk Total Mixing Fluid: 12.8 Gal/sk Proposed Sacks: 795 sks
	 Tail cement: SOLUCEM ™ CEMENT 0.25 lb/bbl D-AIR 5000, and 0.60% HR-601 Fluid Weight 15.0 lbm/gal Slurry Yield: 2.622 ft3/sk Total Mixing Fluid: 11.38 Gal/sk Proposed Sacks: 1045 sks

- b. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe.
- c. The following reports shall be filed with the District Manager within 30 days after the work is completed.

DRILLING PROGRAM

.

Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:

- a) Setting of each string of casing, showing the size, grade, weight of casing set, hole size; setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
- b) Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- **d.** Auxiliary equipment to be used is as follows:
 - 1. Upper and lower kelly cock valves with handles will be used if kelly utilized.
 - 2. If top drive system utilized then a full opening safety valve or an IBOP (internal blow out preventer) will be installed.

7. **PROPOSED CIRCULATING MEDIUM OR MEDIUMS**

a. The proposed circulating mediums to be employed in drilling are as follows: Note- Depths are taken from the Directional Plan.

~ Drill fluids will be self-contained and recycled via closed loop system. Cuttings will be hauled off-site to **R360 disposal site.**

Interval	Mud Type	Mud Weight.	Viscocity	Fluid Loss	pН
Surface (80'- 1400')	FW	8.8-9.0	28-30	NC	7.5
Intermediate Vertical					
Surface to 9 5/8 casing point	BRINE	9.4-10	30-40	4-8 ML 30 min	9.0
(1400′-6700′)		4			

PAGE 8

1)

Lower Vertical and Curve	Cut Brine	0105	20.40		
Drillout to Landing Point (6700'-10500')	and lite mud up	9.1-9.5	30-40	4-6 ML 30 min	9.0
Lateral					
Landing Point to TD (10500-18000')	Cut Brine and lite mud up	9.1-9.5	29/40	4-6 ML 30 min	9.0

A mud test shall be performed every 24 hours after mudding-up to determine, as applicable, density, viscosity, gel strength, filtration, and pH.

- b. Mud monitoring equipment to be used is as follows:
 - 1) Periodic checks will be made each tour of the mud system. The mud level will be checked visually.
 - 2) The minimum quantity of mud material to be kept on location, in case of an emergency, is 700 Bbls.

PROPOSED TESTING, LOGGING, AND CORING

The anticipated type and amount of testing, logging and coring are as follows:

- a. The logging program will consist of: a SLB Quad-Combo logging suite to be run at kick off point, consisting of gamma ray, resistivity, neutron density, and sonic logs.
- b. No cores are anticipated.
- c. The anticipated completion program is as follows: After drilling the Bone Spring lateral, a 5-1/2" production casing with cemented liner for isolation will be run from Surface to the lateral TD.

9. <u>EXPECTED BOTTOM HOLE PRESSURE</u>

- **a.** The maximum bottom hole pressure 5350 psi. The maximum bottom hole temperature is 195 degrees Fahrenheit.
- b. <u>H2S is not anticipated.</u> However, an H2S Plan has been prepared by Kaiser Francis and is attached to this APD package.

DRILLING PROGRAM

PAGE 9

8.

10. OTHER INFORMATION & NOTIFICATION REQUIREMENTS

- a. Kaiser Francis Oil Company agrees to be responsible under the terms and conditions of the lease for the operations on the lease.
- b. Drilling is planned to commence on approximately February 1,
 2016, using Cactus Rig #170. It is anticipated that completion operations will begin within 40 days after the well has been drilled.
- c. The approved New Mexico OCD permit will be submitted upon its receipt.
- d. It is anticipated that the drilling of this well will take approximately 35 days.
- e. The following shall be entered on the well site supervisor's log:
 - 1) Blowout preventer pressure tests, including test pressures and results;
 - 2) Blowout preventer tests for proper functioning;
 - 3) Blowout prevention drills conducted;
 - 4) Casing run, including size, grade, weight, and depth set;
 - 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.
 - 6) Waiting on cement (WOC) time for each casing string;
 - 7) Casing pressure tests after cementing, including test pressures and results.
- f. Section 102 (b) (3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provision of the operating regulations at Title 43 CFR 3162.4-1, requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on the lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5 or orally to be followed by a letter or sundry notice of the date on which such production has begun or resumed." The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas sales as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the

date on which gas is first measured through permanent metering facilities, whichever first occurs. If the operator fails to comply with these requirements in the manner and time allowed, the operator shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109 (3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.4.

Notification Requirements:

- The BLM in Carlsbad will be notified verbally not more than 48 hours after the well is spudded, or on the next regular work day.
- 2. The BLM will be notified verbally at least 48 hours prior to running/cementing surface casing.
- 3. For verbal plugging orders on drilling locations, the BLM will be notified 24 hours prior to plugging.

The following standards apply to the abandonment of newly drilled dry or nonproductive wells in accordance with 43 CFR 3162.3-4. Approval shall be obtained prior to the commencement of abandonment. All formations being useable quality water, oil, gas, or geothermal resources, and/or a prospectively valuable deposit of minerals shall be protected. Approval may be given orally by the authorized officer before abandonment operations are initiated. This oral request and approval shall be followed by a written notice of intent to abandon filed not later than the fifth business day following oral approval. Failure to obtain approval prior to commencement of abandonment operations shall result in immediate assessment under 43 CFR 3163.1 (b) (3). The hole shall be in static condition at the time any plugs are placed (this does not pertain to plugging lost circulation zones). Within 30 days of completion of abandonment, a subsequent report of abandonment shall be filed.

4. BLM Representatives- Office Telephone No. XXXXXXXXXXXXXXXXXX

Name	Telephone			
Ed Fernandez	575-234-2220			
		<i>p</i> .		

CASING TABLES

Dimensional & Grade Designators								Collapse	
OD Size	. Weight T&C PE		NOM Wall	NOM ID	API Drift	Alternate Drift	Product	Resistance	
in.	lb/ft	lb/ft	in.	in.	in.	in.	Grade	[′] psi	
9 5/8 9 5/8 9 5/8	36.00	34.89	0.352	8.921	8.765		USS C110	2,480	
9 5/8	36.00	34.89	0.352	8.921	8.765		USS RYH110	2,480	
	36.00	34.89	0.352	8.921	8.765		USS RYS110	2,480	
9 5/8 9 5/8	36.00	34.89	0.352	8.921	8.765		P110 SR16	2,480	
9 5/8	36.00	34.89	0.352	8.921	8.765		P110	2,480	
9 5/8	36.00	34.89	0.352	8.921	8.765		P110 HC	3,090	
9 5/8 9 5/8	36.00	34.89	0.352	8.921	8.765		P110 HP	3,360	
9 5/8	36.00	34.89	0.352	8.921	8.765		Q125	2,480	
9 5/8	36.00	34.89	0.352	8.921	8.765		Q125 HC	3,120	
9 5/8	36.00	34.89	0.352	8.921	8,765		Q125 HP	3,390	
9 5/8	36.00	34.89	0.352	8.921	8.765		USS 140	2,480	
9 5/8	36.00	34.89	0.352	8.921	8.765		USS V150	2,480	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	J55	2,570	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	K55	2,570	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS HCK55	3,810	
9 5/8	40.00	38,97	0.395	8.835	8.679	8.750	USS GT80S	3,090	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	L80	3,090	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	L80 HC	3,870	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	L80 HP	4,230	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	N80	3,090 '	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	N80 HC	3,940	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	N80 HP	4,290	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	C90	3,250	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS C90	3,250	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	R95	3,320	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	T95	3,320	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS C95	3,320	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS C100	3,380	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS RYS100	3,380	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	C110	3,470	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS C110	3,470	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS RYH110	3,470	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS RYS110	3,470	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	P110 SR16	3,470	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	P110	3,470	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	P110 HC	4,230	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	P110 HP	4,590	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	Q125	, 3,530	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	Q125 HC	4,300	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	Q125 HP	4,660	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS 140	3,530	
9 5/8	40.00	38.97	0.395	8.835	8.679	8.750	USS V150	3,530	
9 5/8	43.50	42.73	0.435	8.755	8.599		J55	3,250	
9 5/8	43.50	42.73	0.435	8.755	8.599		К55	3,250	
9 5/8	43.50	42.73	0.435	8.755	8.599		USS GT80S	3,810	

176

					e ce,								
TENSION						Intern	al Yield			Ductile	Outsido	Outside Diameter	
					API Historical				Von Mises	Rupture	Outside	Diameter	
Joint	t Strength	, 1,000 lt	35	Pipe	Thre	Threaded & Coupled			Capped	Capped	Regular	Special Clr	
Yield	Thread	ded and C	oupled	Body	STC	LTC ·	BTC	End	End	End	Coupling	Coupling	
Pipe Body	STC	LTC	втс	psi	psi	psi	psi	psi	psi	psi	in.	in.	
1,128				7,040				7,020	7,850	7,660			
1,128				7,040				7,020	7,850	7,660		~~ ·	
1,128	·			7,040				7,020	7,850	7,660			
1,128				7,040				7,020	7,850	7,230			
1,128				7,040				7,020	7,850	7,980			
1,128				7,040				7,020	7,850	7,980			
1,282				8,000				7,980	8,920	8,360			
1,282			、	8,000				7,980	8,920	8,680			
1,282				8,000				7,980	8,920	8,680			
1,384				8,640				8,620	9,630	9,050			
1,436				8,960				8,940	9,990	9,720			
1,538				9,600				9,580	10,700	10,420			
630	452	520	714	3,950	3,950	3,950	3,950	3,940	4,390	3,950	10.625	10.125	
630	486	561	843	3,950	3,950	3,950	3,950	3,940	4,390	5,000	10.625	10.125	
630	486	561	843	3,950	3,950	3,950	3,950	3,940	4,390	5,000	10.625	10.125	
916		727	947	5,750		5,750	5,750	5,730	6,380	6,100	10.625	10.125	
916		727	947	5,750		5,750	5,750	5,730	6,380	6,100	10.625	10.125	
916		727	947	5,750		5,750	5,750	5,730	6,380	6,100	10.625	10.125	
974		760	968	6,110		6,110	6,110	6,090	6,780	6,100	10.625	10.125	
916		737	979	5,750		5,750	5,750	5,730	6,380	6,430	10.625	10.125	
916		737	979	5,750		5,750	5,750	5,730	6,380	6,430	10.625	10.125	
1,088		847	1,074	6,830		6,830	6,830	6,810	7,580	6,800	10,625	10.125	
1,031		804	1,021	6,470		6,470	6,470	6,450	7,180	7,120	10.625	10.125	
1,031		804	1,021	6,470		6,470	6,470	6,450	7,180	7,120	10.625	10.125	
1,088		847	1,074	6,830		6,830	6,830	6,810	7,580	6,800	10.625	10.125	
1,088		847	1,074	6,830		6,830	6,830	6,810	7,580	7,500	10.625	10.125	
1,088		847	1,074	6,830		6,830	6,830	6,810	7,580	7,500	10.625	10.125	
1,145		870	1,062	7,190		7,190	7,190	7,170	7,980	7,160	10.625	10.125	
1,145		870	1,062	7,190		7,190	7,190	7,170	7,980	7,160	10.625	10.125	
1,260				7,910				7,880	8,770	8,280			
1,260				7,910				7,880	8,770	8,640			
1,260				7,910				7,880	8,770	8,640			
				. ,	. ,		. ,		1 '		1	1	

--7,910 --- -- -7,880 ---988 1,266 7,910 --7,910 7,910 7,880 1,266 7,910 7,910 7,880 988 7,910 --7,910 988 1,266 7,910 --7,910 7,880 --1,098 1,360 8,990 8,990 8,990 8,960 1,108 1,393 8,990 --8,990 8,990 8,960 1,393 1,108 8,990

1,260

1,260

1,260

1,260

1,432

1,432

1,432

1,546

1,604

1,718

691

691

1,005

- -

- -

--

--

--

- -

- -

--

- -

- -

--

--

- -

1,185

1,239

1,326

--

- -

813

1,467

1,552

1,658

- -

--

1,038

9,710

4,350

8,990 8,990 8,960 9,970 ----9,710 9,710 9,670 10,770 10,070 --10,070 10,070 10,030 11,170 10,780 10,780 10,780 10,750 11,960 --4,340 4,810 ------------4,340 4,810 6,310 7,000

4,350 6,330 - --6,330 6,330

8,640

8,150

9,000

9,000

9,430

9,790

9,790

10,200

10,960

11,750

4,360

5,520

6,740

--

10.625

10.625

10.625

10.625

10.625

10.625

10.625

10.625

10.625

--

--

10.625

--

10.125

10.125

10.125

10.125

--

--

--

- -

--

--

--

10.125

8,770

8,770

8,770

8,770

9,970

9,970

Updated Exhibit Al **General Drill** Site Layout Well: North Bell Lake Unit 6 2BSS #1H H2SSIgn Briefing Area Secondary North A Company Man House frailer 12 x 72 Top Soil Storage 150 ft minimum H2S monitors at cellar and flowline | shakers Tool Pusher House Trailer 12 x 72 Ø Rig Substructure Trailer 12 x 72 75' truck access Drill Flare ale Pit / Shakers Doghouse 400' Pipe Rack Cuttings bin Acumu Mud Pump Rig is side-laydowr V door East Cuttings bir Suction Pit Mud Pump Trailer - 12 x 72 Primary Briefing Area Mud Logger Mud PreMix roll-off track Light Plant Mud Storage Lug E secondary egress (emergency) 20'

400'

۰,

EXTRA COPY

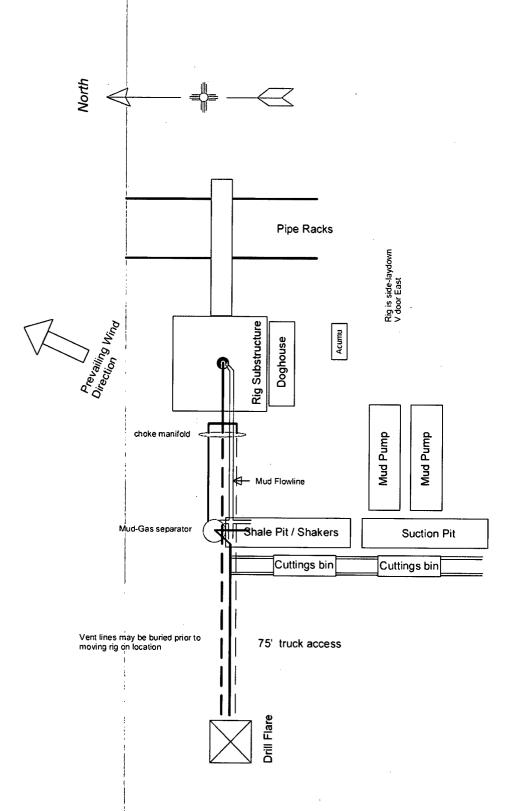
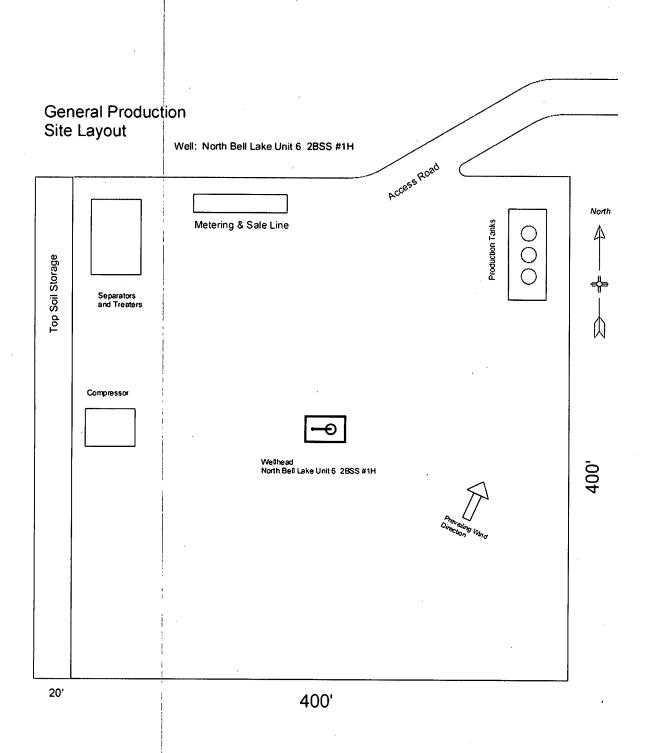


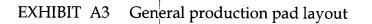
EXHIBIT A2 Expanded view of flowlines to mud-gas separator and blow-down lines to flare

DRILLING PROGRAM

٠.

PAGE 13





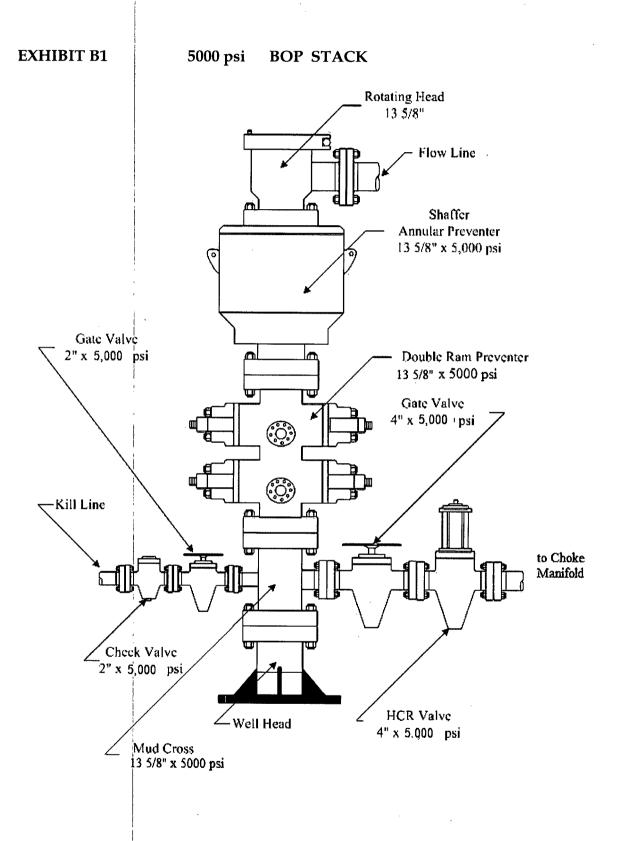
DRILLING PROGRAM

٠.

...

.

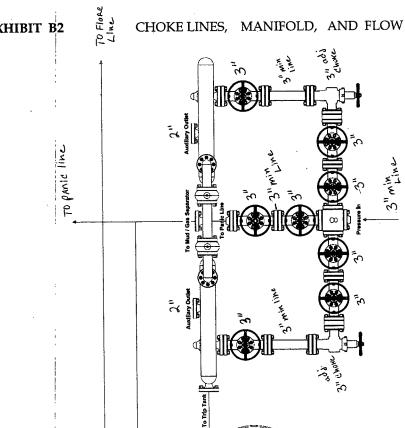
PAGE 14



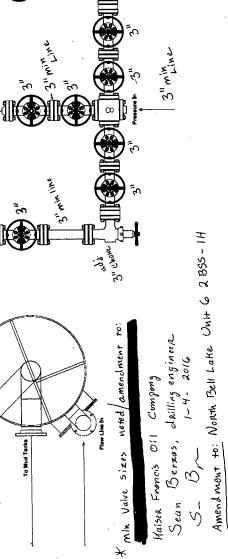
· ·

.





fo Flare Lin



3" add

EXHIBIT B2