

# CONDITIONS OF APPROVAL

API #	Operator	Well name & Number
30-025-43419	SANTOS OPERATING LLC	OCOTILLO SUNRISE # 001H

Applicable conditions of approval marked with XXXXXX

## Administrative Orders Required

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Other wells

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Drilling

XXXXXXX	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

Casing

XXXXXXX	SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface --
XXXXXXX	PRODUCTION CASING - Cement must tie back into intermediate casing --
XXXXXXXXX	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
XXXXXXX	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water

Lost Circulation

XXXXXXX	Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186

Continued

Water flows

XXXXXXX	Must notify OCD Hobbs Office of any water flow in the Salado formation at 575-370-3186. Report depth and flow rate.
XXXXXXX	Must notify OCD Hobbs Office of any water flow in the Castile formation at 575-370-3186. Report depth and flow rate.

Stage Tool

XXXXXXX	Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186
XXXXXXX	If using Stage Tool on Surface casing, Stage Tool must be greater than 350' and a minimum 200 feet above surface shoe.
XXXXXXX	When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.

## Pits

XXXXXXX	If using a pit for drilling and completions, must have an approved pit form prior to spudding the well

## Completion & Production

XXXXXXX	Will require a directional survey with the C-104

## Gas Capture Plan

XXXXXXX	The New! Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.