

CONDITIONS OF APPROVAL

| API # | Operator | Well name & Number |
|--------------|--------------------------------|----------------------------------|
| 30-025-45631 | CATENA RESOURCES Operating LLC | Anchor 19 35 28 State Com # 001H |

Applicable conditions of approval marked with XXXXXX

Drilling

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| 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 |
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Casing

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| XXXXXXX | SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface -- |
| XXXXXXX | PRODUCTION CASING - Cement must tie back into intermediate casing -- |
| XXXXXXX | 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 |
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Lost Circulation

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

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

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| XXXXXXX | If stage tool was not part of original drilling plan must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 |
| XXXXXXX | |
| XXXXXXX | When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
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Completion & Production

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| XXXXXXX | Will require a directional survey with the C-104 |
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