

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

Form C-101
August 1, 2011
Permit 185898

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--|-------------------------------|
| 1. Operator Name and Address BRECK OPERATING CORP PO BOX 911 BRECKENRIDGE, TX 764240911 | | 2. OGRID Number 2799 |
| 4. Property Code 313215 | | 3. API Number 30-025-41842 |
| 5. Property Name STATE 12 | | 6. Well No. 001 |

7. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|---------------|
| UL - Lot F | Section 12 | Township 19S | Range 35E | Lot Idn | Feet From 2310 | N/S Line N | Feet From 1650 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|---------------|

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|-------------------|---------------|---------------|
| UL - Lot F | Section 12 | Township 19S | Range 35E | Lot Idn F | Feet From 2310 | N/S Line N | Feet From 1650 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|-------------------|---------------|---------------|

9. Pool Information

| | |
|----------------------------|-------|
| SCHARB;WOLFCAMP, SOUTHEAST | 55650 |
|----------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3763 |
| 16. Multiple N | 17. Proposed Depth 11000 | 18. Formation Wolfcamp | 19. Contractor | 20. Spud Date 2/1/2015 |
| 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

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 54.5 | 1775 | 450 | 0 |
| Int1 | 12.25 | 8.675 | 32 | 4150 | 1900 | 0 |
| Prod | 7.875 | 5.5 | 17 | 11000 | 1650 | 4000 |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| | | | |
|------------|------------------|---------------|---------------------|
| Type | Working Pressure | Test Pressure | Manufacturer |
| Double Ram | 3000 | 3000 | Cameron or Schaffer |

| | |
|--|--|
| 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 <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: | OIL CONSERVATION DIVISION |
| Printed Name: Electronically filed by Linda Venekamp | Approved By: Paul Kautz |
| Title: Managerq | Title: Geologist |
| Email Address: lvenekamp@breckop.com | Approved Date: 5/12/2014 Expiration Date: 5/12/2016 |
| Date: 5/8/2014 Phone: 254-559-3355 | Conditions of Approval Attached |

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-8161 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

Form C-102
 August 1, 2011
 Permit 185898

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-025-41842 | 2. Pool Code 55650 | 3. Pool Name SCHARB;WOLFCAMP, SOUTHEAST |
| 4. Property Code 313215 | 5. Property Name STATE 12 | 6. Well No. 001 |
| 7. OGRID No. 2799 | 8. Operator Name BRECK OPERATING CORP | 9. Elevation 3763 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|---------------|
| UL - Lot F | Section 12 | Township 19S | Range 35E | Lot Idn | Feet From 2310 | N/S Line N | Feet From 1650 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|------------------------------|---------|----------|-------|---------------------|-------------------------------|----------|-----------|---------------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 40.00 | | | | 13. Joint or Infill | 14. Consolidation Code N/A | | | 15. Order No. | |

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

| | |
|--|---|
| <div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> <!-- Empty grid for well location --> </div> | <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 10px;"> OPERATOR CERTIFICATION </div> <p><i>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(s) 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.</i></p> <p>E-Signed By: Linda Venekamp Title: Manager Date: 5/8/2014</p> <div style="text-align: center; border-bottom: 1px solid black; margin-top: 10px;"> SURVEYOR CERTIFICATION </div> <p><i>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 and correct to the best of my belief.</i></p> <p>Surveyed By: Macon McDonald Date of Survey: 4/23/2014 Certificate Number: 12185</p> |
|--|---|

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8181 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) 334-8178 Fax:(505) 334-8170
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 APD Comments

Permit 185898

PERMIT COMMENTS

| | | |
|--|--|-----------------------------|
| Operator Name and Address: BRECK OPERATING CORP [2799] PO BOX 911 BRECKENRIDGE , TX 764240911 | | API Number: 30-025-41842 |
| | | Well: STATE 12 #001 |

| | | |
|------------|----------|--------------|
| Created By | Comment | Comment Date |
| pkautz | Land s/S | 5/9/2014 |

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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

Form APD Conditions

Permit 185898

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

PERMIT CONDITIONS OF APPROVAL

| | |
|--|-----------------------------|
| Operator Name and Address: BRECK OPERATING CORP [2799] PO BOX 911 BRECKENRIDGE , TX 764240911 | API Number: 30-025-41842 |
| | Well: STATE 12 #001 |

| OCD Reviewer | Condition |
|-----------------|--|
| 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 & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing -- |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |