

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) 749-1283 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) 476-3482

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 220036

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

| | | |
|--|--|-------------------------------|
| 1. Operator Name and Address CML EXPLORATION, LLC P.O. Box 890 Snyder, TX 79550 | | 2. OGRID Number 256512 |
| 4. Property Code 316142 | | 3. API Number 30-025-43241 |
| 5. Property Name CAMERON 22 STATE | | 6. Well No. 001 |

7. Surface Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|
| UL - Lot | O | Section | 22 | Township | 17S | Range | 33E | Lot Idn | O | Feet From | 571 | N/S Line | S | Feet From | 2037 | E/W Line | E | County | Lea |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|

8. Proposed Bottom Hole Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|
| UL - Lot | O | Section | 22 | Township | 17S | Range | 33E | Lot Idn | O | Feet From | 571 | N/S Line | S | Feet From | 2037 | E/W Line | E | County | Lea |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|------|----------|---|--------|-----|

9. Pool Information

| | |
|-------------|-------|
| LEAMEX;PENN | 37810 |
|-------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 4146 |
| 16. Multiple N | 17. Proposed Depth 11600 | 18. Formation Cisco | 19. Contractor | 20. Spud Date 6/1/2016 |
| 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 | 12.25 | 9.625 | 36 | 1700 | 675 | 0 |
| Prod | 8.75 | 5.5 | 17 | 11580 | 2079 | 1400 |

Casing/Cement Program: Additional Comments

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

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Annular | 5000 | 5000 | Shaffer |
| Double Ram | 5000 | 5000 | Shaffer |

| | |
|--|--|
| 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: _____ Printed Name: Electronically filed by Judy Wilkinson Title: Production Assistant Email Address: wilkinsonj@cmlexp.com Date: 4/26/2016 | OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 5/17/2016 Expiration Date: 5/17/2018 Conditions of Approval Attached |
| Phone: 325-573-0750 | |

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------|-----------|----------------------|-------------|
| API Number | Pool Code | Property Name | Well Number |
| | | CAMERON 22 STATE | 1 |
| Property Code | | Operator Name | Elevation |
| | | CML EXPLORATION, LLC | 4146' |
| OGRID No. | | | |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| O | 22 | 17-S | 33-E | 571 | 2037 | SOUTH | | EAST | LEA |

Bottom 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 |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres | Joint or Infill | Consolidation Code | 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

| | | | |
|--|--|--|--|
| GEODETIC COORDINATES NAD 27 WME SURFACE LOCATION Y= 660664.0 N X= 710399.2 E LAT= 32.814380° N LONG= 103.648499° W | | GEODETIC COORDINATES NAD 83 WME SURFACE LOCATION Y= 660728.7 N X= 751571.7 E LAT= 32.814501° N LONG= 103.649001° W | |
| | | | |
| OPERATOR CERTIFICATION I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. | | | |
| Signature: <i>Jordan Owens</i> Printed Name: <i>Jordan Owens</i> E-mail Address: <i>owensj@cml-exp.com</i> | | Date: <i>4/26/15</i> | |
| SURVEYOR 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 and correct to the best of my belief. | | | |
| Date of Survey: <i>JANUARY 8, 2015</i> Signature & Seal of Professional Surveyor: <i>Ronald J. Edison</i> | | | |
| LSL Certificate Number: <i>Ronald J. Edison 02/02/2015</i> Gary G. Edison 12641 Ronald J. Edison 3239 JWSCW O-15111-0004 | | | |

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Energy, Minerals and Natural Resources
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1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Comments

Permit 220036

PERMIT COMMENTS

| | |
|---|--------------------------------|
| Operator Name and Address: CML EXPLORATION, LLC [256512] P.O. Box 890 Snyder, TX 79550 | API Number: 30-025-43241 |
| | Well: CAMERON 22 STATE #001 |

| | | |
|------------|---------|--------------|
| Created By | Comment | Comment Date |
|------------|---------|--------------|

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Form APD Conditions

Permit 220036

PERMIT CONDITIONS OF APPROVAL

| | |
|---|--------------------------------|
| Operator Name and Address: CML EXPLORATION, LLC [256512] P.O. Box 890 Snyder, TX 79550 | API Number: 30-025-43241 |
| | Well: CAMERON 22 STATE #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 | Cement is required to circulate on both surface and production strings of casing |
| pkautz | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |
| pkautz | Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186 |
| pkautz | 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
| pkautz | The NMOCD Gas Capture Plan notice has been posted on the web site under Announcements/Notice to Operators. A copy of the GCP form is included with the notice and it is also in the Forms section under Unnumbered Forms. Please submit accordingly in a timely manner. |
| pkautz | Must submit a C-103 prior to spudding the well. Surface hole size to small. When drilling through fresh water zones the hole size must be 2" grater than the coupling size. Coupling O.D. on 9.625 casing is 10.625. Whole size has to be at least 12.625. |