

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

Form C-101
August 1, 2011

Permit 238569

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

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

1. Operator Name and Address AMTEX ENERGY INC P.O. Box 3418 Midland, TX 79702		2. OGRID Number 785
		3. API Number 30-025-43909
4. Property Code 40156	5. Property Name MERCHANT STATE UNIT	6. Well No. 503H

7. Surface Location

UL - Lot N	Section 26	Township 21S	Range 33E	Lot Idn N	Feet From 280	N/S Line S	Feet From 2250	E/W Line W	County Lea
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8. Proposed Bottom Hole Location

UL - Lot N	Section 2	Township 22S	Range 33E	Lot Idn N	Feet From 100	N/S Line S	Feet From 2250	E/W Line W	County Lea
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9. Pool Information

WC-025 G-06 S213326D;BONE SPRING	97929
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3680
16. Multiple N	17. Proposed Depth 22000	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 9/1/2017
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	1750	1100	0
Int1	12.25	9.625	40	5450	1780	0
Prod	8.5	5.5	20	22000	4400	0

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	Cameron

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 Karol Eads Title: Office Manager/Accounting Supervisor Email Address: keads@amtenergy.com Date: 7/25/2017	OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 7/28/2017 Expiration Date: 7/28/2019 Conditions of Approval Attached
Phone: 432-686-0847	

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Form C-102
August 1, 2011
Permit 238569

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-43909	2. Pool Code 97929	3. Pool Name WC-025 G-06 S213326D;BONE SPRING
4. Property Code 40156	5. Property Name MERCHANT STATE UNIT	6. Well No. 503H
7. OGRID No. 785	8. Operator Name AMTEX ENERGY INC	9. Elevation 3680

10. Surface Location

UL - Lot N	Section 26	Township 21S	Range 33E	Lot Idn N	Feet From 280	N/S Line S	Feet From 2250	E/W Line W	County Lea
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11. Bottom Hole Location If Different From Surface

UL - Lot N	Section 2	Township 22S	Range 33E	Lot Idn N	Feet From 100	N/S Line S	Feet From 2250	E/W Line W	County Lea
12. Dedicated Acres 320.03	13. Joint or Infill			14. Consolidation Code			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

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <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: Karol Eads Title: Office Manager/Accounting Supervisor Date: 7/25/2017</p>
	<p style="text-align: center;">SURVEYOR CERTIFICATION</p> <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: Terry Asel Date of Survey: 7/21/2017 Certificate Number: 15079</p>

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State of New Mexico

Energy, Minerals and Natural Resources

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1220 S. St Francis Dr.

Santa Fe, NM 87505

Form APD Comments

Permit 238569

PERMIT COMMENTS

Operator Name and Address: AMTEX ENERGY INC [785] P.O. Box 3418 Midland, TX 79702		API Number: 30-025-43909
		Well: MERCHANT STATE UNIT #503H

Created By	Comment	Comment Date
pkautz	Well located in potash area	7/26/2017
pkautz	Potash area - R-111-P requires all 3 strings to circulate cement to surface. External casing packer and stage tool required on intermediate string to isolate reef.	7/26/2017

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Form APD Conditions

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Energy, Minerals and Natural Resources
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Santa Fe, NM 87505

Permit 238569

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: AMTEX ENERGY INC [785] P.O. Box 3418 Midland, TX 79702	API Number: 30-025-43909
	Well: MERCHANT STATE UNIT #503H

OCD Reviewer	Condition
pkautz	Will require a directional survey with the C-104
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	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	Only Fresh Water and Air are Valid Drilling Fluids for Surface Casing
pkautz	Operator shall notify appropriate District office when setting conductor pipe
pkautz	1)- The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 20 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104
pkautz	It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD.
pkautz	Lost Circulation - Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186
pkautz	Stage Tool - 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	Potash Area Three String Casing Program - In accordance with R-111-P all strings shall be cemented to surface. Salt Protection String - If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or other survey and additional cementing shall be done until the cement is brought to the surface.
pkautz	Operator to Submit Gas Capture Plan form prior spud
pkautz	Potash area - R-111-P requires all 3 strings to circulate cement to surface. External casing packer and stage tool required on intermediate string to isolate reef.